SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

OR

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

FOR THE FISCAL YEAR ENDED December 31, 1997 COMMISSION FILE NO. 1-6622

WASHINGTON REAL ESTATE INVESTMENT TRUST

(Exact name of registrant as specified in its charter)

<TABLE>
<CAPTION>

MARYLAND	53-0261100
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

<S><C>
</TABLE>

10400 CONNECTICUT AVENUE, KENSINGTON, MARYLAND 20895

(Address of principal executive office) (Zip code)

Registrant's telephone number, including area code (301) 929-5900

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or such shorter period that the Registrant was required to file such report) and (2) has been subject to such filing requirements for the past ninety (90) days. YES X NO

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

As of February 20, 1998, 35,683,987 Shares of Beneficial Interest were outstanding and the aggregate market value of such shares held by non-affiliates of the registrant was approximately $585,349,000 (based on the closing price of the stock on February 20, 1998).

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K is incorporated by reference from the Trust's 1998 Notice of Annual Meeting and Proxy Statement.

WASHINGTON REAL ESTATE INVESTMENT TRUST

1997 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS

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

WRIT has elected to qualify as a REIT under the Internal Revenue Code ("the Code"). Accordingly, WRIT is relieved of Federal income taxes provided that capital gains and at least 95% of its ordinary income are distributed to shareholders in the form of dividends and that it complies with all REIT related aspects of the Code. Over the last five years dividends paid per share have been $1.07 for 1997, $1.03 for 1996, $.99 for 1995, $.92 for 1994 and $.89 for 1993. The indicated annualized dividend rate for 1998, based upon the March 31, 1998 dividend, is $1.08.

WRIT's geographic focus is based on two basic principles:

1. Real estate is a local business and is much more effectively selected and managed by owners located and expert in the region.

2. Geographic markets deserving of focus must be amongst the nation's best markets with a strong primary industry foundation but be diversified enough to withstand downturns in its primary industry.

WRIT considers markets to be local if they can be reached from Washington, D.C. within two hours by car and have the demographics of a megalopolis. WRIT's ideal geographic market reaches from Philadelphia, Pennsylvania on the north to Richmond, Virginia on the south. While WRIT has historically focused most of its investments in the Greater Washington-Baltimore Region, in order to maximize acquisition opportunities, WRIT will consider investments within the two hour radius described above.

All of WRIT's Trustees, Officers and employees live and work in the Greater Washington-Baltimore region and WRIT's Officers average over 17 years of experience in this region.

The Greater Washington-Baltimore region is the nation's fourth largest with a population exceeding 7.1 million. Combining the Richmond to Philadelphia areas with the Washington-Baltimore area, the total population is approximately 13 million. The Washington-Baltimore region is ranked first in the U.S. in median household income and percentage of population with education at the undergraduate and postgraduate level.

While the Federal government is the foundation of the region's economy, private sector job growth has resulted in total non-farm employment in the Washington area growing 91% from 1.6 million jobs in 1970, to 13.1 million jobs in 1997, while the percentage of Federal government civilian employment in the region decreased from 21.2% to 11.4%. Since January 1980, seasonally-adjusted unemployment in the Washington area has averaged 4.1% with December 1997 unemployment standing at 3.1%.

The Greater Washington-Baltimore region is a leader in the rapidly growing technology/infocom and biotech/health care industries. It is the center of the U.S. Space Commerce/Satellite Industry with Comsat, GTE Spacenet, Intelsat, Lockheed-Martin and NASA all headquartered here in the region. The region has the nation's second highest concentration of technology companies and the third highest concentration of biotech companies.

This region is also the headquarters for several of the largest U.S. and international financial institutions including the World Bank, International Monetary Fund, Inter-American Development Bank, Export-

Import Bank, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corp. (Freddie Mac) and the Student Loan Marketing Association (Sallie Mae).

Other major public companies headquartered in the region include Mobil Oil, MCI, USAirways, Marriott International, Lockheed-Martin, McCormick Spice Co. and Gannett Co. The region is also the second most popular tourist destination in the world. Most importantly, the Mid-Atlantic region is known as a job center, with solid educational opportunities and easy access to leisure time activities.

While the region has clearly diversified beyond the Federal government town of the past, the Federal government is still the foundation of the region's economy. Therefore, it is important to understand how government "cutbacks" have impacted the region.

First, despite a 13.8% decrease in direct Federal civilian employment from 1994 through 1997, the region's unemployment rate never rose above a seasonally adjusted 4.5% and was at 3.1% in December 1997. This is partially due to the strength and diversity of this local economy, and partially due to the fact that accompanying these direct employment decreases were substantial local increases in Federal procurement (purchases of goods and services).

While Federal procurement spending decreased nationally, it became more concentrated and increased in the Greater Washington-Baltimore area because Federal contractors moved closer to their Federal clients in order to better compete for this business. Federal procurement decreased by 3.5% nationally from 1991 to 1997, but increased in the Washington area by over 42.5%.

The Trust currently owns a diversified portfolio consisting of twelve shopping centers, eighteen office buildings, eight apartment buildings and fifteen industrial distribution centers. WRIT's principal objective is to invest in high quality real estate in prime locations and to monitor closely the management of these properties, including active leasing and ongoing capital improvement programs. The percentage of total real estate rental revenue by property group for 1997, 1996 and 1995, and the percent leased as of December 31, 1997 were as follows:

Percent Leased December 31, 1997		Real Estate Rental Revenue 1997	1996	1995
96%	Office buildings	45%	44%	41%
95%	Shopping centers	20%	23%	26%
97%	Apartment buildings	23%	22%	22%
93%	Industrial distribution	12%	11%	11%
		100%	100%	100%

On a combined basis, WRIT's portfolio was 95% occupied in 1997 and 93% occupied in 1996 and 1995.

Total revenue was $79.4 million for 1997, $65.5 million for 1996 and $52.6 million for 1995. In 1995 through 1997, WRIT acquired six office buildings, one shopping center, three apartment buildings and seven industrial distribution centers for a total of seventeen properties. These acquisitions were the primary reason for the shifting of each group's percentage of total revenue. No single tenant accounted for more than 3.04% of revenue in 1997, 2.39% in 1996 and 2.05%

in 1995. Various agencies of the U.S. government are counted separately and include the Department of Commerce, Immigration and Naturalization Service, U.S. Postal Service, Social Security Administration and U.S. Patent Office. All Federal government tenants in the aggregate accounted for approximately 5.13% of WRIT's 1997 total revenue. The larger non-Federal government tenants include TJ Maxx, District of Columbia Metropolitan Police Department, Pepsi Cola, Giant Food, Crestar Bank, CVS, George Washington University, Lockheed-Martin, NationsBank, OAO, Montgomery County and Prince George's County, Maryland and also the State of Maryland.

As of December 31, 1997, 7900 Westpark Office building accounted for 16% of total assets based upon book value. No other single property accounted for more than 10% of total assets. No single property accounted for more than 10% of total revenues.

The actual day-to-day property management functions at the properties owned by the Trust are carried out by an independent management company whose only client is WRIT. WRIT closely monitors the activities of this company to assure the highest quality of service and cost effectiveness. No WRIT Trustee or Officer is a director or owns any interest in the management company.

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

Historically, WRIT has acquired 100% ownership in property. However, in 1995 WRIT formed a subsidiary partnership in which WRIT currently owns substantially all of the partnership interests. As of December 31, 1997, the WRIT partnership has acquired fourteen properties for cash contributed or loaned by WRIT.

WRIT intends to use the WRIT partnership to offer property owners an opportunity to contribute properties in exchange for WRIT limited partnership units. Such a transaction will enable property owners to diversify their holdings and to obtain a tax deferred contribution for WRIT limited partnership units rather than make a taxable cash sale. To date, no such exchange transactions have occurred. The terms of the partnership agreement provide that the limited partnership units are entitled to distributions substantially equivalent to the distributions on WRIT shares. A holder of limited partnership units in the WRIT partnership will be entitled to demand that the partnership redeem the holder's units upon 10 business days notice. Upon such demand, WRIT, at its option, may redeem such units for cash or WRIT shares.

WRIT believes that the WRIT partnership will provide WRIT an opportunity to acquire real estate assets which might not otherwise have been offered to it.

WRIT makes capital improvements on an ongoing basis to its properties for the purpose of maintaining and increasing their value. Major improvements and/or renovations to the properties in 1997 are discussed on page 8.

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

The number of persons employed by the Trust was 39 as of February 20, 1998.

ITEM 2. PROPERTIES

The schedule on the following page lists the Trust's real estate investment portfolio as of December 31, 1997. The total number of properties was fifty-three (53) at that date.

As of December 31, 1997, the percent leased is the percentage of net rentable space for which fully executed leases exist and may include signed leases for space not yet occupied by the tenant.

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

SCHEDULE OF PROPERTIES

<TABLE>
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Properties	Location	Year Acquired	Year Constructed	Net Rentable* Square Feet	Percent Leased 12/31/97
<S><C>					
Office Buildings					
The WRIT Building	Kensington, MD	1979	1965	65,000	100%
1901 Pennsylvania Avenue	Washington, D.C.	1977	1960	97,000	91%
51 Monroe Street	Rockville, MD	1979	1975	210,000	95%
444 N. Frederick Avenue	Gaithersburg, MD	1989	1981	66,000	96%
7700 Leesburg Pike	Falls Church, VA	1990	1976	145,000	93%
Arlington Financial Center	Arlington, VA	1992	1963	51,000	100%
515 King Street	Alexandria, VA	1992	1966	78,000	90%
The Lexington Building	Rockville, MD	1993	1970	47,000	100%
The Saratoga Building	Rockville, MD	1993	1977	59,000	96%
Brandywine Center	Rockville, MD	1993	1969	35,000	100%
Tycon Plaza II	Vienna, VA	1994	1981	131,000	99%
Tycon Plaza III	Vienna, VA	1994	1978	152,000	97%
6110 Executive Boulevard	Rockville, MD	1995	1971	199,000	90%
1220 19th Street	Washington, D.C.	1995	1976	104,000	95%
Maryland Trade Center I	Greenbelt, MD	1996	1981	191,000	98%
Maryland Trade Center II	Greenbelt, MD	1996	1984	159,000	100%
1600 Wilson Boulevard	Arlington, VA	1997	1973	167,000	96%
7900 Westpark Drive	McLean, VA	1997	1972/1986	478,000	100%
Subtotal				2,434,000	96%
Shopping Centers					
Concord Centre	Springfield, VA	1973	1960	76,000	93%
Bradlee	Alexandria, VA	1984	1955	168,000	93%
Clairmont	Salisbury, MD	1976	1965	40,000	87%
Dover Mart	Dover, DE	1973	1960	44,000	68%
Chevy Chase Metro Plaza	Washington, D.C.	1985	1975	51,000	100%
Prince William Plaza	Woodbridge, VA	1968	1967	55,000	88%
Takoma Park	Takoma Park, MD	1963	1962	59,000	100%
Westminster	Westminster, MD	1972	1969	165,000	87%
Wheaton Park	Wheaton, MD	1977	1967	71,000	98%
Montgomery Village Center	Gaithersburg, MD	1992	1969	196,000	97%
Shoppes of Foxchase	Alexandria, VA	1994	1960	128,000	99%
Frederick County Square	Frederick, MD	1995	1973	233,000	99%
Subtotal				1,286,000	

				=========	95% ===
Apartment Buildings/# units					
Country Club Towers/227	Arlington, VA	1969	1965	276,000	92%
Munson Hill Towers/279	Falls Church, VA	1970	1963	340,000	97%
Park Adams/200	Arlington, VA	1969	1959	210,000	97%
Roosevelt Towers/191	Falls Church, VA	1965	1964	229,000	97%
3801 Connecticut Avenue/307	Washington, D.C.	1963	1951	242,000	98%
The Ashby at McLean/250	McLean, VA	1996	1982	349,000	98%
Walker House Apartments/196	Gaithersburg, MD	1996	1971	148,000	97%
Bethesda Hills Apartments/195	Bethesda, MD	1997	1986	226,000	97%
				---------	---
Subtotal (1,845 units)				2,020,000	97%
				=========	===
Industrial Distribution Centers					
Pepsi-Cola Distribution Center	Forestville, MD	1987	1971	69,000	100%
Capitol Freeway Center	Washington, D.C.	1974	1940	145,000	100%
Department of Commence	Springfield, VA	1971	1964	105,000	100%
Fullerton Business Center	Springfield, VA	1985	1980	103,000	95%
Ravensworth Center	Springfield, VA	1986	1965	29,000	62%
Shirley-I-395 Business Center	Arlington, VA	1961/1986	1960	113,000	95%
V Street Distribution Center	Washington, D.C.	1973	1960	31,000	100%
Charleston Business Center	Rockville, MD	1993	1973	85,000	95%
Tech 100 Industrial Park	Elk Ridge, MD	1995	1990	167,000	100%
Crossroads Distribution Center	Elk Ridge, MD	1995	1987	85,000	71%
The Alban Business Center	Springfield, VA	1996	1981/1982	87,000	100%
The Earhart Building	Chantilly, VA	1996	1987	92,000	100%
Ammendale Technology Park I	Beltsville, MD	1997	1985	167,000	91%
Ammendale Technology Park II	Beltsville, MD	1997	1986	108,000	97%
Pickett Industrial Park	Alexandria, VA	1997	1973	246,000	85%
				---------	---
Subtotal				1,632,000	93%
				=========	===
TOTAL				7,372,000	
				=========	

</TABLE>

*Apartment buildings are presented in gross square feet

OFFICE BUILDINGS
- ----------------

WRIT's office building sector was WRIT's strongest performer during 1997 with operating income in the core group of office buildings (excluding 1996 and 1997 acquisitions) increasing 11%. This increase was a result of significant occupancy gains and strong rental rate growth throughout the sector. WRIT's office markets continue to tighten and while there is a substantial amount of office development underway in the market, management anticipates that this sector will continue to be the strong sector for WRIT in 1998.

During 1997, WRIT's office building revenues and operating income increased by 25% and 30% respectively over 1996. These increases were primarily due to 1996 acquisitions (Maryland Trade Centers I & II) and 1997 acquisitions (1600 Wilson Boulevard & 7900 Westpark Drive) combining with the 11% core group operating income increase described above.

Economic occupancy rates for the core group of office buildings averaged 93% in 1997 compared to 90% in 1996. 1901 Pennsylvania Avenue, which underwent a significant renovation in 1996 and 1997, averaged 89% economic occupancy in 1997 compared to 75% in 1996 and 57% in 1995.

Rental rate increases of 4% for the sector were the result of increases at nearly all of the properties. During 1997, WRIT executed office leases for 572,000 square feet of office space at an average face rent increase of 10% on a non-straight line basis. The current average market rate for 357,000 square feet of office space leases expiring during 1998 exceed the average expiring lease rates by over 11% ($2.00 per square foot) on a non-straight line basis.

Further details about the performance of the office building sector in 1996 and 1997 are provided in Management's Discussion and Analysis commencing on page 12.

INDUSTRIAL DISTRIBUTION CENTERS

During 1997, WRIT's industrial distribution center revenues and operating income both increased by 43% over 1996. These increases were primarily due to 1996 acquisitions (Alban Business Center and the Earhart Building) and 1997 acquisitions (Ammendale Technology Park I & II and the Pickett Industrial Park).

Operating income in WRIT's core group of industrial distribution centers (excluding 1996 and 1997 acquisitions) decreased 5%. Occupancy rates for the core group of industrial distribution centers averaged 95% in 1997 compared to 98% in 1996 and rental rates decreased 0.3% in 1997.

Further details about the performance of the industrial distribution center sector in 1996 and 1997 are provided in Management's Discussion and Analysis commencing on page 12.

SHOPPING CENTERS

During 1997, WRIT's shopping center revenues and operating income increased by 2% and 4%, respectively, over 1996. These increases were primarily due to occupancy gains and rental rate growth throughout the sector, partially offset by increased bad debts.

Economic occupancy rates for the shopping center sector averaged 93% in 1997 compared to 91% in 1996. This significant occupancy gain was primarily the result of the 1997 releasing of the vacancies caused by the bankruptcies of Evans Jewelers & Distributors, SoFro Fabrics and F&M Drugs.

Shopping center rental rates increased 4% in 1997 over 1996 as a result of WRIT executing leases for 282,000 square feet of space at an average rental rate increase of over 22%. This increase was the result of increases throughout the sector, the most significant being the 9% rental rate increase at Frederick County Square.

In 1996 and 1997, WRIT capitalized on three opportunities at Frederick County Square. Through bankruptcies and aggressive negotiations, WRIT recaptured over 45,000 square feet of space which had

been subject to long term leases with little or no rental rate growth. These leases were producing a total of approximately $219,000 in annual rent. After recapture and reletting, these spaces now produce over $629,000 in annual rent. This represents a 53% increase in rent on these spaces and a 14% annualized rent increase at the center.

Further details about the performance of the Shopping Center Sector in 1996 and 1997 are provided in Management's Discussion and Analysis commencing on page 12.

APARTMENTS

During 1997, WRIT's apartment revenues and operating income increased by 23% and 26% respectively over 1996. These increases were primarily due to increased rental rates throughout the sector combining with the 1996 acquisitions of

Walker House Apartments and The Ashby at McLean and the 1997 acquisition of Bethesda Hill Apartments.

WRIT's apartment sector continued its four year run of steady growth in core group operating income (excluding Walker House Apartments and The Ashby at McLean acquired in 1996 and Bethesda Hill Apartments acquired in 1997) with an increase of 4%.

This increase was the result of continued high occupancy levels combined with 2% rental rate increases throughout the group. Economic occupancy rates for the core group of apartments (excluding Walker House Apartments and The Ashby at McLean acquired in 1996 and Bethesda Hill Apartments acquired in 1997) averaged 96% in 1997 and 1996.

Further details about the performance of the Apartment Sector in 1996 and 1997 are provided in Management's Discussion and Analysis commencing on page 12.

PROPERTY EXPANSIONS & MAJOR RENOVATIONS

WHEATON PARK SHOPPING CENTER

In 1997, WRIT completed construction of a 26,000 square foot addition to this Shopping Center. The addition was 98% leased at year end to tenants including Hollywood Video and Crown Books.

51 MONROE STREET

This property underwent major renovations from 1995 through 1997 including new elevator controls and HVAC equipment, new energy management, fire alarm and sprinkler systems, as well as major renovations to the main lobby and common areas. Economic occupancy of this property averaged 93% in 1997 as compared to averages of 83% in 1996 and 85% in 1995.

BRADLEE SHOPPING CENTER

This property is expected to undergo a major renovation commencing in 1998. This renovation coincides with the expiration and expected releasing of the space formerly occupied by GC Murphy and the conversion of the free standing Roy Rogers restaurant to a newly constructed McDonalds. WRIT anticipates substantial increases in rents from these two spaces and also believes that the result of the renovation and these transactions will increase traffic and rents on renewals and turnover.

7900 WESTPARK DRIVE

In 1998, WRIT expects to commence construction of a 49,000 square foot office space addition to its recently acquired office building located at 7900 Westpark Drive in McLean, Virginia. This addition will be constructed on the top of the existing structured parking deck, similar to the Trust's 1996 addition at 7700 Leesburg Pike. Similar to the 7700 Leesburg Pike addition, the Westpark Drive addition is likely to be 100% preleased.

ITEM 3. LEGAL PROCEEDINGS

None.

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

No matters were submitted to a vote of security holders during the fourth quarter of 1997.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND

RELATED STOCKHOLDER MATTERS

The Trust's shares have been traded on the American Stock Exchange since 1971, and there are approximately 37,000 shareholders. The Trust's shares were split 3-for-1 in March 1981, 3-for-2 in July 1985, 3-for-2 in December 1988, and 3-for-2 in May 1992.

The high and low sales price for the Trust's shares for 1997 and 1996, by quarter, and the amount of dividends paid by the Trust are as follows:

		Quarterly Share Price Range	
Quarter	Dividends Per Share	High	Low
1997			
4	$.27	$17 1/4	$15 1/2
3	.27	18 1/2	15 3/4
2	.27	18 5/8	16 1/4
1	.26	19 5/8	16 7/8
1996			
4	$.26	$17 1/2	$15 1/2
3	.26	16 3/4	15 1/4
2	.26	16 3/4	15 1/4
1	.25	17	15 1/4

The Trust has historically paid dividends on a quarterly basis. Dividends are normally paid based on the Trust's cash flow from operating activities. The 1998 indicated annual dividend rate is $1.08 based on the annualization of the March 31, 1998 dividend.

ITEM 6. SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

	1997	1996	1995	1994	1993
	(in thousands, except per share data)				
<S><C>					
Real estate rental revenue	$79,429	$65,541	$52,597	$45,511	$39,375
Income before gain on sale of real estate	30,136	27,964	26,103	23,122	22,506
Gain on sale of real estate	-	-	-	-	741
Net income	30,136	27,964	26,103	23,122	23,247
Net income per share before gain on sale of real estate	0.90	0.88	0.88	0.82	0.80
Basic earnings per share	0.90	0.88	0.88	0.82	0.82
Total assets	468,571	318,488	241,784	178,806	162,011
Lines of credit payable	95,250	5,000	28,000	18,000	-
Mortgage note payable	7,461	7,590	7,706	-	-
Senior notes payable	100,000	100,000	-	-	-
Shareholders' equity	252,088	195,623	199,735	154,659	157,348
Cash dividends paid	36,108	32,718	29,712	25,981	24,380
Distribution of gain on sale of real estate	-	-	-	-	741
Cash dividends paid per share	1.07	1.03	0.99	0.92	0.89

</TABLE>

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

RESULTS OF OPERATIONS

REAL ESTATE RENTAL REVENUE: 1997 VERSUS 1996

Total revenues for 1997 increased $13.9 million or 21% to $79.4 million from $65.5 million in 1996. The percentage increase in real estate rental revenue from 1996 to 1997 by property type was as follows:

Office Buildings	25%
Shopping Centers	2%
Apartments	23%
Industrial Distribution Centers	43%

During 1997, WRIT's office building revenues and operating income increased by 25% and 30%, respectively, over 1996. These increases were primarily due to 1996 acquisitions (Maryland Trade Centers I & II) and 1997 acquisitions (1600 Wilson Boulevard and 7900 Westpark Drive) combining with increased occupancy levels and rental rates overall for the sector.

During 1997, WRIT's shopping center revenues and operating income increased by 2% and 4%, respectively, over 1996. These increases were primarily due to increased occupancy levels and rental rates overall for the sector partially offset by increased bad debts.

WRIT's apartment revenues and operating income increased by 23% and 26%, respectively, in 1997 over 1996. These increases were primarily due to increased rental rates throughout the sector combining with the 1996 acquisitions of Walker House Apartments and The Ashby at McLean and the 1997 acquisition of Bethesda Hill Apartments.

WRIT's industrial distribution center revenues and operating income each increased by 43% over 1996. These increases were primarily due to the 1996 acquisition of the Alban Business Center and Earhart Business Center and the 1997 acquisitions of Ammendale Technology Parks I & II and the Pickett Industrial Park.

REAL ESTATE RENTAL REVENUE: 1996 VERSUS 1995

Total revenues for 1996 increased $12.9 million to $65.5 million from $52.6 million in 1995. The percentage increase in real estate rental revenue from 1995 to 1996 by property type was as follows:

Office Buildings	33%
Shopping Centers	10%
Apartments	28%
Industrial Distribution Centers	21%

During 1996, WRIT's office building revenues and operating income increased by 33% and 34%, respectively, over 1995. These increases were primarily due to 1995 acquisitions (6110 Executive Boulevard and 1220 19th Street) and 1996 acquisitions (Maryland Trade Centers I & II), combining with increased rental rates overall for the group.

During 1996, WRIT's shopping center revenues and operating income increased by 10% and 6%, respectively, over 1995. These increases were primarily due to the 1995 acquisition of Frederick County

Square combining with increased rental rates overall for the group. These increases were partially offset by decreased occupancy levels in Concord and Montgomery Village.

WRIT's apartment revenues and operating income increased by 28% and 25%, respectively, in 1996 over 1995. These increases were primarily due to increased rental rates throughout the group combining with the 1996 acquisitions of Walker House Apartments and The Ashby at McLean.

WRIT's industrial distribution center revenues and operating income increased by 21% and 19%, respectively, over 1995. These increases were primarily due to increased rental rates and occupancy levels overall for the group, combining with the 1995 acquisitions (Tech 100 Industrial Park and Crossroads Distribution Center) and the 1996 acquisition of the Alban Business Center. In December of 1996, WRIT also acquired Earhart Building, a 92,300 square foot flex property which is 100% leased.

OPERATING EXPENSES AND OTHER RESULTS OF OPERATIONS
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Real estate operating expenses as a percentage of revenue was 32% for 1997 as compared to 33% for 1996 and 32% for 1995. This decrease is attributable to a revenue increase in the office building segment of WRIT's portfolio of 25% resulting from increases in occupancy levels and rental rates in 1997 combined with only an 18% increase in the office building segment's operating expenses. WRIT's percentage of revenue from office buildings within its entire real estate portfolio has increased to 45% at December 31, 1997 from 44% at December 31, 1996 and 41% at December 31, 1995. The increase over 1995 is attributable to 1996 and 1997 office building acquisitions.

Interest expense increased $4.2 million in 1997 from 1996. This is attributable to an increase in outstanding line of credit advances due to a greater amount of acquisitions in 1997. Additionally, WRIT's $100 million debt securities, issued in August 1996, were outstanding for the entire year in 1997. Interest expense of $5.4 million in 1996 increased $3.3 million over 1995 interest expense. This increase is primarily attributable to the issuance of $100 million in debt securities in August 1996.

General and administrative expenses were $4.2 million for 1997 as compared to $3.1 million for 1996 and $2.9 million for 1995. The increase in general and administrative expenses in 1997, as compared to 1996, is attributable to increased compensation and personnel additions. The majority of the increase in 1996, as compared to 1995, is attributable to personnel additions during 1996 and 1995, partially offset by reduced pension costs and the completion of severance pay in June 1995 to WRIT's former Chairman and Chief Executive Officer, B. Franklin Kahn, who retired in March 1995.

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

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

In August 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. On August 13, 1996, WRIT received $97.9 million net of underwriting fees from the sale of the notes. WRIT's other underwriting expenses were $302,000 resulting in net

proceeds received by the Trust from the sale of $97.6 million. Approximately $67 million of net proceeds was used to repay all borrowings outstanding under WRIT's lines of credit. Those borrowings were used for various 1995 and 1996 property acquisitions. An additional $25.7 million was used for acquisitions for The Ashby at McLean and the Alban Business Center, subsequent to August 13, 1996. The balance of the net proceeds was used to renovate, expand or improve other Trust properties.

On July 25, 1995, WRIT received $48.9 million net of underwriting fees from the issuance and sale of 3.5 million shares. WRIT's other underwriting expenses were $233,000 resulting in net proceeds received by the Trust of $48.6 million. Approximately $36.0 million of the net proceeds was used to repay certain borrowings outstanding under the Trust's lines of credit resulting from 1994 and

1995 property acquisitions. $7.0 million of the net proceeds in addition to financing was used to acquire Frederick County Square and 1220 19th Street. The balance of the net proceeds was used to renovate, expand or improve other Trust properties.

As of December 31, 1997, WRIT had line of credit commitments in place from commercial banks for up to $75 million with an additional $20.25 million bridge-loan facility. WRIT acquired six properties for total acquisition costs of $138.8 million in 1997 and acquired six properties for total acquisition costs of $69.9 million in 1996. The 1997 acquisitions were financed through line of credit advances and through the issuance in August, 1997 of 3,750,000 shares. The line of credit advances were subsequently repaid with proceeds from the February 1998 issuance of $110 million of medium-term notes. 1996 acquisitions were financed through additional advances on the lines of credit of $39.0 million and were subsequently repaid with proceeds from the issuance of the notes in 1996.

On February 20, 1998, WRIT sold $50 million of 7.25% unsecured notes due February 25, 2028 at 98.653% to yield approximately 7.36%. WRIT also sold $60 million of 6.898% unsecured Mandatory Par Put Remarketed Securities ("MOPPRS") at an effective borrowing rate through the remarketing date (February 2008) of approximately 6.74%. WRIT used the proceeds of these notes for general business purposes, including repayment of $95 million, of outstanding advances under its lines of credit. WRIT intends to use the remainder of the proceeds to finance acquisitions and capital improvements to its properties. WRIT had four interest rate lock agreements related to this transaction which settled for $5.4 million and treated that settlement and the cost of a related interest rate cap agreement as transaction costs of the borrowing. These costs will be amortized over the life of the unsecured notes using the effective interest rate method.

Cash flow from operating activities totaled $42.5 million, $37.6 million, and $31.0 million for the years ended December 31, 1997, 1996, and 1995, respectively, including net income of $30.1 million, $28.0 million, and $26.1 million, respectively, and depreciation and amortization of $10.9 million, $7.8 million, and $5.1 million, respectively. The increase in cash flows from operating activities for all years is primarily due to the increase in acquisitions and the resultant increase in net income.

Rental revenue has been the principal source of funds to pay WRIT's operating expenses, interest expense and dividends to shareholders. In 1997, 1996 and 1995, WRIT paid dividends totaling $36.1 million, $32.7 million and $29.7 million, respectively.

Capital improvements of $13.9 million were completed in 1997, including tenant improvements. Capital improvements to WRIT properties in 1996 and 1995 were approximately $12.0 million and $8.1 million, respectively.

The components of WRIT's capital improvement costs for 1997 were as follows:

	(In thousands)
Acquisition Related	$ 2,591
Expansions and Major Renovations	2,054
Tenant Improvements	3,714
Capital Expenditures	5,554
Total	$13,913

Acquisition related costs are capital improvements made to properties acquired during 1997, 1996 and 1995, which were planned during the investment underwriting due diligence process.

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.

Historically, WRIT has acquired 100% ownership in property. However, in 1995 WRIT formed a subsidiary partnership, WRIT Limited Partnership, in which WRIT currently owns 99.9% of the partnership interest. As of December 31, 1997, WRIT Limited Partnership had acquired fourteen properties for cash contributed or loaned to the partnership by WRIT. WRIT intends to use WRIT Limited Partnership to offer property owners an opportunity to contribute properties in exchange for WRIT Limited Partnership units. Such a transaction will enable property owners to diversify their holdings and to obtain a tax deferred contribution for WRIT Limited Partnership units rather than make a taxable cash sale. To date, no such exchange transactions have occurred. WRIT believes that WRIT Limited Partnership will provide WRIT an opportunity to acquire real estate assets which might not otherwise have been offered to it.

On March 23, 1998, WRIT sold the Shirley-I-395 Business Center. The property was sold for approximately $8 million resulting in a gain of approximately $6 million. WRIT intends to use the proceeds from the sale to invest in other real estate.

YEAR 2000

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. As 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.

WRIT has implemented a new reporting system. Implementation of the new system was not done in response to Year 2000 issues but in order to improve reporting processes. The new system is Year 2000 compliant. Management is reviewing the remaining operating systems, including building operations, to determine if there is any Year 2000 issues related to such systems.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements which involve risks and uncertainties. Such forward looking statements include (a) WRIT's intention to invest in properties that it believes will continue to increase in income and value; (b) WRIT's belief that the WRIT Partnership will provide WRIT an opportunity to acquire real estate assets which might not otherwise have been offered to it; (c) WRIT's belief that the office building sector will continue to lead WRIT's growth in 1998; (d) WRIT's belief that renovations and other changes at the Bradlees Shopping Center will increase traffic and enable it to raise rents; (e) WRIT's belief that external sources of capital will continue to be available and that additional sources of capital will be available from the sale of shares or notes; (f) WRIT's belief that it has the liquidity and capital resources necessary to meet its known obligations and to make additional property acquisitions and capital improvements when appropriate to enhance long-term growth; and (g) other statements preceded by, followed by or that include the words "believes," "expects," "intends," "anticipates," "potential" and other similar expressions.

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

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth the Trust's ratios of earnings to fixed charges for the periods shown:

Year Ended December 31,		
1997	1996	1995
4.08x	6.11x	12.95x

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data listed under Item 14 (a) and filed as part of this report on the pages indicated are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

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

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is hereby incorporated herein by reference to WRIT's 1998 Annual Meeting Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is hereby incorporated herein by reference to WRIT's 1998 Annual Meeting Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is hereby incorporated herein by reference to WRIT's 1998 Annual Meeting Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is hereby incorporated herein by reference to WRIT's 1998 Annual Meeting Proxy Statement.

PART IV

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

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

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

   Report of Arthur Andersen LLP.

   Report of Price Waterhouse LLP.

   Consolidated Balance Sheets at December 31, 1997 and 1996.

   Consolidated Statements of Income for the years ended December 31, 1997, 1996 and 1995.

   Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 1997, 1996 and 1995.

   Consolidated Statements of Cash Flows for the years ended December 31, 1997, 1996 and 1995.

   Notes to Consolidated Financial Statements.

2. Financial Statement Schedules: The following financial statement

schedules of Washington Real Estate Investment Trust for the periods indicated are filed as part of this Report and should be read in conjunction with the Financial Statements of Washington Real Estate Investment Trust.

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

3. Exhibits:

3. Declaration of Trust and Bylaws

(a) Declaration of Trust. Incorporated herein by reference to Exhibit 3 to the Trust's registration statement on Form 8-B dated July 10, 1996.

(b) Bylaws. Incorporated herein by reference to Exhibit 4 to the Trust's registration statement on Form 8-B dated July 10, 1996.

4.

(a) Credit agreement dated March 1, 1995 between Washington Real Estate Investment Trust, as borrower, The First National Bank of Chicago, as lender, and The First National Bank of Chicago as agent. Incorporated herein by reference to the Exhibit of the same designation to the Trust's Form 10-K dated March 28, 1996.

(b) Credit agreement dated July 25, 1997, among Washington Real Estate Investment Trust, as borrower, Crestar Bank, as lender, Signet Bank/Virginia, as lender, and Crestar Bank, as agent.

(c) Indenture dated as of August 1, 1996 between Washington Real Estate Investment Trust and The First National Bank of Chicago.*

(d) Officers' Certificate Establishing Terms of the Notes, dated August 8, 1996.*

(e) Form of 2003 Notes.*

(f) Form of 2006 Notes.*

(g) Form of MOPPRS Notes.****

(h) Form of 30 year Notes.****

(i) Remarketing Agreement.****

(j) The Trust is a party to a number of other instruments defining the rights of holders of long-term debt. No such instrument authorizes an amount of securities in excess of 10 percent of the total assets of the Trust and its Subsidiaries on a consolidated basis. On request, the Trust agrees to furnish a copy of each such instrument to the Commission.

10. Management contracts, plans and arrangements

(a) Employment Agreement dated May 11, 1994 with Edmund B. Cronin, Jr.**

(b) 1991 Incentive Stock Option Plan, as amended.**

(c) Nonqualified Stock Option Agreement dated June 27, 1990 with B. Franklin Kahn.**

(d) Nonqualified Stock Option Agreement dated December 14, 1994 with Edmund B. Cronin, Jr.**

(e) Nonqualified Stock Option Agreement dated December 19, 1995 with Edmund B. Cronin, Jr. Incorporated herein by reference to Exhibit 10(e) to the 1995 Form 10-K.

(f) Share Grant Plan.***

(g) Share Option Plan for Trustees.***

21. Subsidiaries of Registrant

In 1995, WRIT formed a subsidiary partnership, WRIT Limited Partnership, a Maryland limited partnership, in which WRIT owns 99.9% of the partnership interest.

22. Consents

(a) Consent of Arthur Andersen LLP

27. Financial Data Schedules

(a) 1997 Financial Data Schedule

(b) 1996 Financial Data Schedule

(c) 1995 Financial Data Schedule

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

(1) October 17, 1997- Report pursuant to Item 2 on the acquisition of 1600 Wilson Boulevard and financial statements of the acquired property pursuant to Item 7.

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

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

*** Incorporated herein by reference to the Exhibit of the same designation to the Trust's Registration Statement on Form S-8 filed October 25, 1995.

**** Incorporated herein by reference to the Exhibit of the same designation to the Trust's Registration Statement on Form S-3 filed March 17, 1998.

(2) November 12, 1997- Report pursuant to Item 2 on the acquisition of Bethesda Hill and 7900 Westpark Drive and financial statements of the acquired properties pursuant to Item 7.

SIGNATURES

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

WASHINGTON REAL ESTATE INVESTMENT TRUST

Date: March 30, 1998 By: /s/ Edmund B. Cronin, Jr.

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

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

Signature	Title	Date
/s/ Arthur A. Birney Arthur A. Birney	Chairman and Trustee	March 31, 1998

/s/ William N. Cafritz __________________________ William N. Cafritz	Trustee	March 31, 1998
/s/ John M. Derrick, Jr. __________________________ John M. Derrick, Jr.	Trustee	March 31, 1998
/s/ Benjamin H. Dorsey __________________________ Benjamin H. Dorsey	Secretary and Trustee	March 31, 1998
/s/ David M. Osnos __________________________ David M. Osnos	Trustee	March 31, 1998
/s/ Stanley P. Snyder __________________________ Stanley P. Snyder	Trustee	March 31, 1998
/s/ Larry E. Finger __________________________ Larry E. Finger	Senior Vice President and Chief Financial Officer	March 31, 1998
/s/ Laura M. Franklin __________________________ Laura M. Franklin	Vice President and Chief Accounting Officer	March 31, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of
Washington Real Estate Investment Trust:

We have audited the accompanying consolidated balance sheets of Washington Real Estate Investment Trust (the "Trust," a Maryland real estate investment trust) and Subsidiary as of December 31, 1997 and 1996, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust and Subsidiary as of December 31, 1997 and 1996, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statement schedule included on pages 42 through 44 of the Form 10-K is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Washington, D.C.
February 20, 1998

REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees and Shareholders of
Washington Real Estate Investment Trust

In our opinion, the financial statements listed in the index appearing under Item 14(a)(1) and (2) on page 17 present fairly, in all material respects, the results of operations and cash flows of Washington Real Estate Investment Trust for the year ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Trust's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above. We have not audited the financial statements of Washington Real Estate Investment Trust for any period subsequent to December 31, 1995.

PRICE WATERHOUSE LLP

Washington, D.C.
March 27, 1996

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 1997 AND 1996
(IN THOUSANDS)

<TABLE>
<CAPTION>

ASSETS	1997	1996
<S><C>		
Real estate, at cost	$504,315	$352,579
Accumulated depreciation and amortization	(56,015)	(46,639)
	448,300	305,940
Mortgage note receivable	-	799
Total investment in real estate, net	448,300	306,739
Cash and temporary investments	7,908	1,676
Rents and other receivables, net of allowance for doubtful accounts of $884 and $534, respectively	4,035	3,429
Prepaid expenses and other assets	8,328	6,644
Total assets	$468,571	$318,488
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and other liabilities	$ 8,068	$ 5,954
Advance rents	2,615	1,798
Tenant security deposits	3,089	2,523
Mortgage note payable	7,461	7,590
Lines of credit payable	95,250	5,000
Senior notes payable	100,000	100,000
Total liabilities	216,483	122,865
Shareholders' equity:		
Shares of beneficial interest, $.01 par value; 100,000 shares authorized: 35,678 and 31,803 shares issued and outstanding, respectively	357	318
Additional paid in capital	251,731	195,305
Total shareholders' equity	252,088	195,623
Total liabilities and shareholders' equity	$468,571	$318,488

</TABLE>

The accompanying notes are an integral part of these statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

<S><C>	1997	1996	1995
REAL ESTATE RENTAL REVENUE	$79,429	$65,541	$52,597
REAL ESTATE EXPENSES:			
Utilities	5,897	5,194	3,838
Real estate taxes	5,746	4,782	3,683
Repairs and maintenance	3,576	3,190	2,607
Other expenses	10,240	8,766	6,910
Total real estate expenses	25,459	21,932	17,038
Depreciation and amortization	10,911	7,784	5,084
INCOME FROM REAL ESTATE	43,059	35,825	30,475
OTHER INCOME	1,011	708	715
INTEREST EXPENSE	(9,691)	(5,474)	(2,170)
GENERAL AND ADMINISTRATIVE EXPENSES	(4,243)	(3,095)	(2,917)
Net income	$30,136	$27,964	$26,103
Basic earnings per share	$0.90	$0.88	$0.88

</TABLE>

The accompanying notes are an integral part of these statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(IN THOUSANDS)

<TABLE>
<CAPTION>

<S><C>	Shares	Shares of Beneficial Interest at Par Value	Additional Paid in Capital	Shareholders' Equity
BALANCE, December 31, 1994	28,243	$ -	$154,659	$154,659
Net income	-	-	26,103	26,103
Net proceeds from sale of shares	3,500	-	48,610	48,610
Dividends	-	-	(29,712)	(29,712)
Share options exercised	9	-	75	75
BALANCE, December 31, 1995	31,752	-	199,735	199,735
Net income	-	-	27,964	27,964
Dividends	-	-	(32,718)	(32,718)
State of Maryland reorganization	-	318	(318)	-
Share options exercised	51	-	642	642
BALANCE, December 31, 1996	31,803	318	195,305	195,623
Net income	-	-	30,136	30,136
Net proceeds from sale of shares	3,750	38	60,825	60,863
Dividends	-	-	(36,108)	(36,108)
Share options exercised	125	1	1,573	1,574
BALANCE, December 31, 1997	35,678	$357	$251,731	$252,088

</TABLE>

The accompanying notes are an integral part of these statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(IN THOUSANDS)

<TABLE>
<CAPTION>

	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 30,136	$ 27,964	$ 26,103
Adjustments to reconcile net income to cash provided by operating activities-			
Depreciation and amortization	10,911	7,784	5,084
Increases in other assets	(2,047)	(2,120)	(395)
Increases in other liabilities	3,499	3,932	195
Cash provided by operating activities	42,499	37,560	30,987
CASH FLOWS FROM INVESTING ACTIVITIES:			
Real estate acquisitions, net*	(138,804)	(69,888)	(50,994)
Improvements to real estate	(13,913)	(11,972)	(8,124)
Cash used in investing activities	(152,717)	(81,860)	(59,118)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid	(36,108)	(32,718)	(29,712)
Draws on lines of credit	113,250	44,000	46,000
Repayments of lines of credit	(23,000)	(67,000)	(36,000)
Mortgage principal payments	(129)	(117)	(46)
Net proceeds from sale of shares	60,863	-	48,610
Net proceeds from debt offering	-	97,637	-
Share options exercised	1,574	642	75
Cash provided by financing activities	116,450	42,444	28,927
Net increase (decrease) in cash and temporary investments	6,232	(1,856)	796
Cash and temporary investments at beginning of year	1,676	3,532	2,736
Cash and temporary investments at end of year	$ 7,908	$ 1,676	$ 3,532
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 9,433	$ 2,747	$ 2,111

</TABLE>

*Supplemental schedule of non-cash investing and financing activities

On August 22, 1995 WRIT purchased Frederick Square Shopping Center for an acquisition cost of $13.4 million. WRIT assumed a mortgage in the amount of $7.8 million and paid the balance in cash. The $7.8 million is not included in the $51 million amount shown as real estate acquisitions.

The accompanying notes are an integral part of these statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

1. NATURE OF BUSINESS:

Washington Real Estate Investment Trust ("WRIT" or the "Trust") 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 properties in the Mid-Atlantic 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 percent of its taxable income to its shareholders each year, and which meets certain other conditions, will not be taxed on that portion of its taxable income which is distributed to its shareholders. Accordingly, no provision for Federal income taxes is required.

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

2. ACCOUNTING POLICIES:

BASIS OF PRESENTATION

In 1995 WRIT formed a subsidiary partnership, WRIT Limited Partnership, a Maryland limited partnership, in which WRIT currently owns 99.9 percent of the partnership interest. WRIT Limited Partnership's financial statements are consolidated with WRIT's financial statements. All significant intercompany balances and transactions have been eliminated. Minority interests are included in other income and accounts payable and other liabilities on the accompanying consolidated statements.

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

REAL ESTATE AND DEPRECIATION

Real estate assets are recorded at cost. Buildings are depreciated on a straight-line basis over estimated useful lives not exceeding 50 years. Effective January 1, 1995, WRIT revised its estimate of useful lives for major capital improvements to real estate. All capital improvement expenditures associated with replacements, improvements or major repairs to real property are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 30 years. All tenant improvements are amortized using the straight-line method over 5 years or the term of the lease if it differs significantly from 5 years. Capital improvements placed in service prior to January 1, 1995 will continue to be depreciated on a straight-line basis over their previously estimated useful lives not exceeding 30 years. Maintenance and repair costs are expensed as incurred. Depreciation expense for Federal income tax purposes differs from that reported for financial statement purposes by $2.5 million in 1997 and $2.8 million in 1996 due to the use of different lives and depreciation methods. Additionally, net assets as reported in WRIT's financial statements exceed the net basis for Federal income tax purposes by $17.1 million in 1997 and $14.6 million in 1996 due to a lower basis of certain real estate assets acquired by tax-free exchanges.

WRIT quarterly evaluates the carrying value of its long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." In cases where management is holding for sale particular properties, the Company assesses impairment based on whether the net realizable value (estimated sales price less costs of disposal) of each individual property to be sold is less than the net book value. A property is considered to be held for sale when the Company has made the decision to dispose of the property. Otherwise, the Company assesses impairment of its real estate properties based on whether it is probable that undiscounted future cash flows from each individual property will be less than its net book value. If a property is impaired, its basis is adjusted to its fair market value. There were no property impairments recognized during the three year period ending December 31, 1997.

CASH AND TEMPORARY INVESTMENTS

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

INTEREST RATE PROTECTION AGREEMENTS

WRIT has entered into a series of interest rate protection agreements to reduce its exposure to interest rate risk on anticipated borrowings. The costs (if any) of such agreements which qualify for hedge accounting are included in other assets and are amortized over the interest rate agreement term. To qualify for hedge accounting, the interest rate protection agreement must meet two criteria: (i) the debt to be hedged exposes WRIT to interest rate risk and (ii) the interest rate protection agreement reduces WRIT's exposure to interest rate risk. In the event that interest rate protection agreements that qualify for hedge accounting are terminated or are closed out, the associated gain or loss is deferred and amortized over the term of the underlying hedged asset or liability. Amounts to be paid or received under interest rate cap agreements are accrued currently and are netted with interest expense for financial statement presentation

purposes. Additionally, in the event that interest rate protection agreements do not qualify as hedges, such agreements are reclassified to be investments accounted for at fair value, with any gain or loss included as a component of income.

EARNINGS PER COMMON SHARE

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

"Basic earnings per share" is computed as net income divided by the weighted average common shares outstanding. "Diluted earnings per share" is computed as net income divided by the total weighted average common shares outstanding and the effect of dilutive common equivalent shares outstanding for the period. Dilutive common equivalent shares reflect the assumed issuance of additional common shares pursuant to certain of the Trust's share based compensation plans (see Note 9) that could potentially reduce or "dilute" earnings per share, based on the treasury stock method.

The weighted average number of shares outstanding for the year ended December 31, 1997, 1996 and 1995 was 33.4, 31.8 and 29.8 million shares, respectively.

The impact of dilution of common equivalent shares on the basic weighted average shares outstanding is immaterial.

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.

NEW STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

During 1997, WRIT adopted the provisions of SFAS No. 129, "Disclosure of Information about Capital Structure." The adoption of SFAS No. 129 did not have a material effect on WRIT's financial statements.

WRIT also adopted the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement establishes standards for the way that

public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. See Note 14 for WRIT's segment disclosures.

In February 1998, SFAS No. 132 "Employers' Disclosure about Pension and Other Postretirement Benefits" was issued. This Statement revises employers' disclosures about pension and other postretirement benefit plans. It does not change the measurement or recognition of those plans. It standardizes the disclosure requirements for pensions and other postretirement benefits to the extent practicable, requires additional information on changes in the benefit obligations and fair values of plan assets that will facilitate financial analysis, and eliminates certain disclosures previously required. This Statement is effective for fiscal years beginning after December 15, 1997 and is not expected to have a material effect on the financial statements.

RECLASSIFICATIONS

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

3. REAL ESTATE INVESTMENTS:

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

	December 31, 1997 (In thousands)	December 31, 1996 (In thousands)
Office buildings	$268,977	$163,192
Shopping centers	87,618	60,694
Apartment buildings	80,173	84,060
Industrial distribution centers	67,547	44,633
	$504,315	$352,579

WRIT's results of operations are dependent on the overall economic health of its tenants and the specific segments in which WRIT holds properties, as well as the overall economic health of the Washington, D.C. metropolitan region. These segments include commercial, residential, retail, and industrial properties. Although all sectors are affected by external factors, such as inflation, consumer confidence, unemployment rates, and consumer tastes and preferences, the retail segment is particularly sensitive to such factors. A decline in the retail segment could reduce merchant sales, which could adversely affect the operating results of WRIT. As of December 31, 1997, 7900 Westpark office building accounted for 16% of total assets. No other single property accounted for more than 10% of total assets. As of December 31, 1997, 1996 and 1995, no single tenant or property accounted for more than 10 percent of total revenues.

Properties acquired by WRIT during the year ending December 31, 1997 are as follows:

<TABLE>
<CAPTION>

Acquisition Date	Property	Type	Rentable Square Feet/Units	Acquisition Cost (In thousands)
<S><C>				
2/28/97	Ammendale Technology Park I	Industrial	167,000	$ 7,827
2/28/97	Ammendale Technology Park II	Industrial	108,000	5,878
10/17/97	1600 Wilson Boulevard	Office	167,000	23,401
10/31/97	Pickett Industrial Center	Industrial	246,000	8,199
11/12/97	Bethesda Hill	Residential	226,000*/195	17,238
11/14/97	7900 Westpark Drive	Office	478,000	76,261
			1,392,000/195	$138,804

</TABLE>

*Apartment buildings are presented in gross square feet.

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

4. MORTGAGE NOTE PAYABLE:

On August 22, 1995, WRIT assumed a $7.8 million mortgage note payable as partial consideration for its acquisition of Frederick County Square. The mortgage bears interest at 9 percent. Principal and interest are payable monthly until January 1, 2003, at which time all unpaid principal and interest are payable in full. Annual maturities of principal as of December 31, 1997, are as follows:

	(In thousands)
1998	$ 140
1999	153
2000	167

2001	183
2002	200
Thereafter	6,618
	$7,461

5. UNSECURED LINES OF CREDIT PAYABLE:

WRIT currently maintains two unsecured lines of credit: a $25 million line of credit ("Credit Facility No. 1") and a $50 million line of credit ("Credit Facility No. 2"). Both lines of credit require monthly interest payments, in arrears, on the unpaid principal balances.

CREDIT FACILITY NO. 1

WRIT had $25 million and $4 million outstanding as of December 31, 1997 and 1996, respectively, related to Credit Facility No. 1.

The following advances have been made under this commitment:

<TABLE>
<CAPTION>

Advance Date	Date Paid in Full	Amount (In thousands)	1997 Rate	1996 Rate	1995 Rate
May 15, 1995	August 19, 1996	$ 7,000	-	5.99%	5.99%-6.42%
November 2, 1995	September 28, 1996	18,000	-	6.11%-5.74%	6.11%
September 26, 1996	September 26, 1997	4,000	6.83%	6.83%	-
November 14, 1997	February 25, 1998	25,000	6.40%-6.64%	-	-

</TABLE>

All new advances and interest rate adjustments upon the expiration of WRIT's interest lock-in dates will bear interest at LIBOR plus a spread based on WRIT's public debt rating. 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 and all unpaid principal and interest are due January 31, 1999.

This $25 million credit commitment requires WRIT to pay the lender an unused commitment fee at the rate of 0.15% per annum in the first year, .20% per annum through August 1996, and .175% thereafter, on the amount that the $25 million commitment exceeds the balance of outstanding advances and term loans. At December 31, 1997 and 1996, $0 and $21.0 million, respectively, of this commitment was unused and available for subsequent acquisitions or capital improvements. This fee is paid quarterly beginning in March 1995 until January 1999. This commitment also contains certain financial and non-financial covenants that WRIT has met as of December 31, 1997.

CREDIT FACILITY NO. 2

WRIT had $50 million and $1 million outstanding as of December 31, 1997 and 1996, respectively, related to Credit Facility No. 2.

The following advances have been made under this commitment:

<TABLE>
<CAPTION>

Advance Date	Date Paid in Full	Amount (In thousands)	1997 Rate	1996 Rate	1995 Rate
December 21, 1995	August 13, 1996	$ 3,000	-	6.06%-6.15%	6.15%
March 13, 1996	August 13, 1996	11,000	-	5.78%-6.25%	-
May 17, 1996	August 13, 1996	28,000	-	6.06%	-
November 26, 1996	August 1, 1997	1,000	6.29%	6.05%	-
February 28, 1997	August 1, 1997	14,000	6.25%	-	-
March 27, 1997	August 1, 1997	3,000	6.25%	-	-
June 27, 1997	August 1, 1997	1,000	6.19%	-	-
November 12, 1997	February 25, 1998	17,000	6.36%-6.64%	-	-
November 14, 1997	February 25, 1998	33,000	6.40%-6.61%	-	-

</TABLE>

All unpaid interest and principal are due July 25, 1998 and can be prepaid prior to this date without any prepayment fee or yield maintenance obligation. WRIT has the option to extend this agreement until July 25, 1999. Any new advances shall bear interest at LIBOR plus a spread based on WRIT's public debt rating.

Credit Facility No. 2 provides WRIT the option to convert any advances or portions thereof into a term loan at any time after January 25, 1998, and prior to July 25, 1998, or July 25, 1999, if extended. The principal amount of each term loan, if any, shall be repaid on July 25, 2011. Such term loan(s) may be prepaid subject to a prepayment fee.

This $50 million credit commitment requires WRIT to pay the lender an unused commitment fee at the rate of 0.175% per annum on the amount that the $50 million commitment exceeds the balance of outstanding advances and term loans. At December 31, 1997 and 1996, $0 and $49 million, respectively, of this commitment was unused. This fee is paid quarterly in arrears. This commitment also contains certain financial and non-financial covenants that WRIT has met as of December 31, 1997.

BRIDGE LOAN

During 1997, WRIT temporarily expanded one of its lines of credit to provide up to an additional $20.25 million through February 27, 1998, all of which was outstanding at December 31, 1997. The bridge loan accrued interest at LIBOR plus .70%. At December 31, 1997, the interest rate was 6.64%. WRIT was required to pay a commitment fee equal to .10% of the commitment. The bridge loan also requires WRIT to pay the lender an unused commitment fee at the rate of .175% on the amount that the $20.25 million commitment exceeds the balance of outstanding advances. This fee is paid quarterly in arrears. This commitment also contains financial and non-financial covenants that WRIT has met as of December 31, 1997. The bridge loan was repaid on February 27, 1998.

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

	1997	1996
Maximum Amount Outstanding	$95,250	$67,000
Average Amount Outstanding	23,000	31,000
Weighted Average Interest Rate	6.51%	6.18%

6. SENIOR NOTES PAYABLE:

On August 8, 1996, WRIT entered into an underwriting agreement to sell $50 million in 7.125 percent 7-year unsecured notes due August 13, 2003, and $50 million in 7.25 percent unsecured 10-year notes due August 13, 2006. This transaction closed on August 13, 1996. The 7-year notes were sold at 99.107 percent of par and the 10-year notes were sold at 98.166 percent of par. Net proceeds to the Trust after deducting underwriting expenses were $97.6 million. The 7-year notes bear an effective interest rate of 7.46 percent, and the 10-year notes bear an effective interest rate of 7.49 percent, for a combined effective interest rate of 7.47 percent. In 1996, WRIT used the proceeds of these notes to pay down its lines of credit and to finance acquisitions and capital improvements to its properties. This commitment also contains certain financial and non-financial covenants which WRIT has met as of December 31, 1997.

7. INTEREST RATE PROTECTION AGREEMENTS:

In the second and third quarter of 1997, WRIT entered into a series of interest rate protection agreements to partially limit the adverse effects of rising interest rates on its anticipated unsecured note offering (see Note 15). Interest rate caps provide protection to WRIT to the extent interest rates, based on a readily determinable interest rate index, increase above the stated interest rate cap, in which case, WRIT would receive payments based on the difference between the index and the cap. The cost to acquire the cap was approximately $114,000. The cap expired in December 1997 but was replaced prior to expiration by an interest rate lock agreement. Interest rate lock agreements provide protection to WRIT to the extent interest rates rise above the specified lock level based on a readily determinable interest rate index in which case WRIT is paid the present value (based on the change in value of the Reference Security for each one basis point change in the yield to maturity of such Reference Security) of the increase in interest rates above that locked interest rate times the notional value of the underlying agreement. If interest rates do not rise above the locked interest rate WRIT is obligated to pay to the counterparty the present value (based on the change in value of the Reference Security for each one basis point change in the yield to maturity of such Reference Security) of the difference in interest rates below the locked interest rate times the notional value of the underlying agreement. None of WRIT's caps or rate locks are held for trading purposes. At December 31, 1997, WRIT held interest rate protection locks with a notional amount of $100 million.

Notional Amount	Effective Date	Maturity Date	Locked Interest Rate	Reference Security
$25,000,000	September 17, 1997	February 23, 1998	6.439	6.375% U.S. Treasury Note maturing on August 15, 2027
$25,000,000	October 24, 1997	February 23, 1998	6.384	6.375% U.S. Treasury Note maturing on August 15, 2027
$25,000,000	October 24, 1997	February 23, 1998	6.1475	6.125% U.S. Treasury Note maturing on August 15, 2007
$25,000,000	December 17, 1997	February 23, 1998	5.838	6.125% U.S. Treasury Note maturing on August 15, 2007

WRIT is exposed to credit loss in the event of non-performance by the counterparties to the interest rate protection agreements should interest rates exceed the caps or the rate established in the rate lock agreement. However, management does not anticipate non-

performance by any of the counterparties. All of the counterparties have long-term debt ratings of A+ or above by Standard and Poor's and Al or above by Moody's. Management believes that these caps are highly liquid. The caps and rate locks could be sold or transferred with the consent of the counterparties. Management does not believe that this consent would be withheld. Although none of WRIT's caps and rate locks are exchange-traded, there are a number of financial institutions which enter into these types of transactions as part of their day-to-day activities.

8. SHARES OF BENEFICIAL INTEREST AND DIVIDENDS:

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

The following is a breakdown of the taxable percentage of WRIT's dividends for 1997, 1996, and 1995, respectively:

	Ordinary Income	Return of Capital
1997	93%	7%
1996	91%	9%
1995	89%	11%

9. SHARE OPTIONS:

WRIT maintains a Share Option Plan ("the Plan"), which includes qualified and non-qualified options. As of December 31, 1997, 1.5 million shares may be awarded to eligible employees. Under the Plan, options, which are issued at market price on the date of grant, vest after not more than two years and expire ten years following the date of grant. Options may be granted under the Plan at any time prior to June 25, 2001. Activity under the Plan is summarized below:

	1997		1996		1995	
	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price
Outstanding at January 1	365,000	$14.776	320,000	$14.003	265,000	$13.983

Granted	183,000	16.125	96,000	16.150	64,000	14.625
Exercised	(125,000)	12.581	(51,000)	12.536	(9,000)	8.090
Expired	(14,000)	18.333	-	-	-	-
Outstanding at December 31	409,000	15.933	365,000	14.776	320,000	14.003
Exercisable at December 31	173,000	15.839	216,000	14.449	201,000	13.760
Weighted average fair value of options granted		$ 4.060		$ 4.600		$ 4.170

</TABLE>

173,000 of the options outstanding at December 31, 1997, have exercise prices between $12.410 and $20.625, with a weighted average exercise price of $15.839 and a weighted average remaining contractual life of 7.29 years. All of these options are exercisable. The remaining 236,000 options have exercise prices between $15.50 and $16.1875, with a weighted average exercise price of $16.002 and a remaining contractual life of 9.53 years.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 1997; risk-free interest rates of 5.75 percent for the Plan options, expected dividend yields of 4.60 percent, expected lives of 7 years, and expected volatility of 31 percent.

On December 16, 1997, 101,000 non-qualified share options were granted at $16.125, the per share market price that day. Of those share, 55,000 were granted to Mr. Edmund B. Cronin, President and Chief Executive Officer, of WRIT. The remainder of the options were granted to various other employees.

On December 17, 1996 and December 19, 1995 non-qualified share options were granted to Mr. Cronin for 20,000 and 13,333 shares, respectively, at $16.1875 and $14.625, the per share market price that day. All options are 50 percent exercisable after the first anniversary date and 100 percent exercisable after the second anniversary date. As of December 31, 1997, 33,000 shares are exercisable.

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

		1997	1996
Net Income:	As Reported	$30,136	$27,964
	Pro Forma	29,392	27,522
Basic Earnings Per Share:	As Reported	0.90	0.88
	Pro Forma	0.88	0.87

Because the method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation may not be representative of that to be expected in future years.

WRIT has computed basic earnings per share. The calculation of diluted earnings per share is immaterial and therefore not presented.

10. PENSION PLAN AND OTHER BENEFIT PLANS:

WRIT maintained a noncontributory defined benefit pension plan for all eligible employees through December 31, 1995. At December 31, 1995, all benefit accruals under the plan were frozen and thus the projected benefit obligation ("PBO") and the accumulated benefit obligation

("ABO") became equal. WRIT anticipates terminating the plan no later than December 31, 1999. Since there are no further benefit accruals provided under the plan, WRIT has substantially reduced its funding obligation and there will be no further increases in the ABO or PBO. Benefits under the plan were generally based on years of service and final average pay. Pension costs are accrued and funded annually from plan entry date in the plan to projected retirement date and include service costs for benefits earned during the period and interest costs on the projected benefit obligation less the return on plan assets.

Pension costs are accrued and funded annually from plan entry date in the plan to projected retirement date and includes the following components (in thousands).

<TABLE>
<CAPTION>

<S><C>

	1997	1996	1995
Service cost	$ 8	$ 4	$ 17
Interest cost on projected benefit obligation	123	122	180
Actual return on plan assets	(10)	(83)	(140)
Net amortization and deferral	8	54	(30)
Net pension expense	$129	$ 97	$ 27

</TABLE>

The assumed long-term rate of return is 7.00 percent in 1997 and 1996 and 8.00 percent for 1995. Plan obligations in excess of amounts permitted under the Tax Equity and Fiscal Responsibility Act of 1982 are accrued as a liability of WRIT and included in total pension cost. The funded status of the plan is as follows:

<TABLE>
<CAPTION>

<S><C>

	1997	1996
Actuarial present value of benefit obligation:		
Accumulated benefit obligation-		
Vested benefits	$1,426	$1,507
Nonvested benefits	280	246
Total accumulated benefit obligation	$1,706	$1,753
Projected benefit obligation for service rendered to date	$1,706	$1,753
Plan assets at fair value	1,022	827
Projected benefit obligation in excess of plan assets	684	926
Unrecognized net loss	(107)	(200)
Unrecognized net transition obligation accrued pension liability	(3)	(5)
Total accrued pension liability	$ 574	$ 721

</TABLE>

The plan assets are invested in bonds and certificates of deposit.

The liabilities are calculated using an assumed discount rate of 7.00 percent for December 31, 1997 and 1996, and an assumed compensation increase of 5 percent for 1995.

In 1995, annuity contracts were purchased with plan assets for two participants who retired during 1995, one being WRIT's former Chairman and Chief Executive Officer B. Franklin Kahn. The cost of said annuities was $1,593,000 and the reduction in the PBO was $1,632,000.

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

During 1996, management adopted an Incentive Compensation Plan ("the Compensation Plan") for its senior personnel which is intended to align their compensation growth with shareholders' interests. Essentially, the Compensation Plan limits future salary increases and provides cash bonus incentives and stock option grants under the Incentive Share Option Plan based on performance. The financial incentives to management are earned after WRIT has achieved a prescribed growth. This plan is effective for the 1997 and 1996 years and will be reviewed by the Board of Trustees' Compensation Committee each year.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Statement of Financial Accounting Standards No. 107 requires disclosure about the fair value of financial instruments. Based on the current interest rate environment and management estimates, the carrying values of the mortgage note payable, lines of credit payable, mortgage note receivable and senior subordinated notes approximates their fair values.

The fair value of WRIT's interest rate protection agreements are as follows:

Index	Book Value	Fair Value

5.838%	$ - 0 -	$ (182,000)
6.1475%	$ - 0 -	$ (758,000)
6.439%	$ - 0 -	$(1,732,000)
6.384%	$ - 0 -	$(1,536,000)

The fair value for the interest rate protection agreements represent the cost to WRIT to cancel the agreements. As noted in Note 7, the above agreements matured on February 23, 1998.

12. RENTALS UNDER OPERATING LEASES:

Noncancellable commercial operating leases provide for minimum rental income during each of the next five years of approximately $68.2, $59.1, $48.4, $35.6, $21.0 and $39.2 million thereafter. Apartment leases are not included as they are generally for one year. Most of these commercial rentals increase in future years are based on changes in the Consumer Price Index or agreed-upon percentages. Contingent rentals from the shopping centers, based on a percentage of tenants' gross sales, were $351,000, $483,000, and $496,000 in 1997, 1996 and 1995, respectively.

13. ENVIRONMENTAL MATTERS:

During 1995, WRIT retained the services of an environmental consulting firm to test for asbestos in 29 of its properties built before 1981, in accordance with Occupational Safety and Health

Administration standards. In the second quarter of 1996, asbestos containing materials were identified for remediation at 11 properties for an estimated cost of $295,000. Of this amount, WRIT had incurred $261,000 relating to this matter as of December 31, 1997.

14. SEGMENT INFORMATION:

WRIT has four reportable segments: Apartment Buildings, Office Buildings, Shopping Centers and Industrial Distribution Centers. Apartment Buildings represent 23 percent of real estate rental revenue. These properties provide housing for families throughout the Washington Metropolitan area. Office Buildings represent 45 percent and provide office space for various types of businesses. Shopping Centers represent 20 percent and are retail outlets for a variety of stores. Industrial Distribution Centers represent the remaining 12 percent and are used for warehousing and distribution.

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

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

<TABLE>
<CAPTION>

	1997					
	Office Buildings	Industrial Centers	Apartment Buildings	Shopping Centers	Corporate and Other	Consolidated
<S><C>						
Real estate rental revenue	$ 35,972	$ 9,877	$18,040	$15,540	$ -	$ 79,429
Real estate expenses	12,579	2,051	7,145	3,684	-	25,459
Depreciation and amortization	5,404	1,585	2,091	1,831	-	10,911
Income from real estate	17,989	6,241	8,804	10,025	-	43,059
Other income	-	-	-	-	1,011	1,011
Interest expense	-	-	-	(677)	(9,014)	(9,691)
General and administrative	-	-	-	-	(4,243)	(4,243)
Net income	$ 17,989	$ 6,241	$ 8,804	$ 9,348	$(12,246)	$ 30,136
Capital investments	$106,264	$22,919	$19,885	$ 3,649	$ -	$152,717
Total assets	$253,233	$60,290	$65,087	$77,233	$ 12,728	$468,571

</TABLE>

<TABLE>
<CAPTION>

	1996					
	Office Buildings	Industrial Centers	Apartment Buildings	Shopping Centers	Corporate and Other	Consolidated
<S><C>						
Real estate rental revenue	$ 28,708	$ 6,901	$14,709	$15,223	$ -	$ 65,541
Real estate expenses	10,667	1,433	6,025	3,807	-	21,932
Depreciation and amortization	3,923	890	1,416	1,555	-	7,784
Income from real estate	14,118	4,578	7,268	9,861	-	38,825
Other income	-	-	-	-	708	708
Interest expense	-	-	-	632	(4,842)	5,474
General and administrative	-	-	-	-	(3,095)	3,095
Net income	$ 14,118	$ 4,578	$ 7,268	$ 9,229	$(7,229)	$ 27,964
Capital investments	$ 36,316	$ 9,623	$33,915	$ 2,006	$ -	$ 81,860
Total assets	$150,452	$38,484	$47,044	$74,866	$ 7,642	$318,488

</TABLE>

15. SUBSEQUENT EVENT:

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%. WRIT used the proceeds of these notes for general business purposes, including repayment of outstanding advances under its lines of credit and to finance acquisitions and capital improvements to its properties. WRIT settled the interest rate lock agreements for $5.4 million and treated that settlement and the cost of the interest rate caps as a transaction cost of the borrowing. These costs will be amortized over the life of the unsecured notes using the effective interest rate method.

SCHEDULE III

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARY

SUMMARY OF REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

<TABLE>
<CAPTION>

		Initial Cost (b)		Net Improvements (Retirements) since Acquisition	Gross Amounts at which carried at December 31, 1997		
Properties	Location	Land	Building and Improvements		Land	Buildings and Improvements	Total (d)
<S><C>							
OFFICE BUILDINGS							
The WRIT Building	Maryland	$ 222,000	$ 1,691,000	$ 3,338,000	$ 222,000	$ 5,029,000	$ 5,251,000
1901 Pennsylvania Avenue	Washington, D.C.	892,000	3,481,000	5,563,000	892,000	9,044,000	9,936,000
51 Monroe Street	Maryland	840,000	10,869,000	7,415,000	840,000	18,284,000	19,124,000
444 North Frederick Avenue	Maryland	813,000	3,818,000	1,601,000	813,000	5,419,000	6,232,000
7700 Leesburg Pike	Virginia	3,669,000	4,000,000	5,047,000	3,669,000		

						9,047,000	12,716,000
Arlington Financial Center	Virginia	3,000,000	3,293,000	215,000	3,000,000	3,508,000	6,508,000
515 King Street	Virginia	4,102,000	3,931,000	861,000	4,102,000	4,792,000	8,894,000
The Lexington Building	Maryland	1,180,000	1,263,000	508,000	1,180,000	1,771,000	2,951,000
The Saratoga Building	Maryland	1,464,000	1,554,000	761,000	1,464,000	2,315,000	3,779,000
Brandywine Center	Maryland	718,000	735,000	336,000	718,000	1,071,000	1,789,000
Tycon Plaza II	Virginia	3,262,000	7,243,000	1,587,000	3,262,000	8,830,000	12,092,000
Tycon Plaza III	Virginia	3,255,000	7,794,000	1,050,000	3,255,000	8,844,000	12,099,000
6110 Executive Boulevard	Maryland	4,621,000	11,895,000	1,858,000	4,621,000	13,753,000	18,374,000
1220 19th Street	Washington, D.C.	7,802,000	11,366,000	305,000	7,802,000	11,671,000	19,473,000
Maryland Trade Center I	Maryland	3,330,000	12,747,000	974,000	3,330,000	13,721,000	17,051,000
Maryland Trade Center II	Maryland	2,826,000	9,487,000	442,000	2,826,000	9,929,000	12,755,000
1600 Wilson Boulevard	Virginia	6,661,000	16,740,000	291,000	6,661,000	17,031,000	23,692,000
7900 Westpark Drive	Virginia	12,049,000	64,212,000	-	12,049,000	64,212,000	76,261,000
		60,706,000	176,119,000	32,152,000	60,706,000	208,271,000	268,977,000
SHOPPING CENTERS							
Concord Centre	Virginia	413,000	850,000	2,792,000	413,000	3,642,000	4,055,000
Bradlee	Virginia	4,152,000	5,428,000	3,773,000	4,152,000	9,201,000	13,353,000
Clairmont	Maryland	155,000	892,000	683,000	155,000	1,575,000	1,730,000
Dover Mart	Delaware	244,000	464,000	728,000	244,000	1,192,000	1,436,000
Chevy Chase Metro Plaza	Washington, D.C.	1,549,000	4,304,000	3,006,000	1,549,000	7,310,000	8,859,000
Prince William Plaza	Virginia	171,000	820,000	986,000	171,000	1,806,000	1,977,000
Takoma Park	Maryland	415,000	1,085,000	1,000	415,000	1,086,000	1,501,000
Westminster	Maryland	553,000	1,889,000	1,791,000	553,000	3,680,000	4,233,000
Wheaton Park	Maryland	623,000	857,000	3,385,000	623,000	4,242,000	4,865,000
Montgomery Village Center	Maryland	11,624,000	9,105,000	770,000	11,624,000	9,875,000	21,499,000
Shoppes of Foxchase	Virginia	5,838,000	2,980,000	1,068,000	5,838,000	4,048,000	9,886,000
Frederick County Square (e)	Maryland	6,561,000	6,830,000	833,000	6,561,000	7,663,000	14,224,000
		32,298,000	35,504,000	19,816,000	32,298,000	55,320,000	87,618,000
APARTMENT BUILDINGS							
Country Club Towers	Virginia	299,000	2,561,000	2,553,000	299,000	5,114,000	5,413,000
Munson Hill Towers	Virginia	(a) -	3,337,000	3,957,000	(a) -	7,294,000	7,294,000
Park Adams	Virginia	287,000	1,654,000	3,399,000	287,000	5,053,000	5,340,000
Roosevelt Towers	Virginia	336,000	1,996,000	1,755,000	336,000	3,751,000	4,087,000
3801 Connecticut Avenue	Washington, D.C.	420,000	2,678,000	4,232,000	420,000	6,910,000	7,330,000
The Ashby at McLean	Virginia	4,356,000	17,125,000	815,000	4,356,000	17,940,000	22,296,000
Walker House Apartments	Virginia	2,851,000	7,946,000	280,000	2,851,000	8,226,000	11,077,000
Bethesda Hill	Maryland	3,900,000	13,338,000	98,000	3,900,000	13,436,000	17,336,000
		12,449,000	50,635,000	17,089,000	12,449,000	67,724,000	80,173,000

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<CAPTION>

	Accumulated Depreciation at December 31, 1997	Date of Construction	Date of Acquisition		Net Rentable Square Feet (f)	Units	Depreciation Life (c)
<S><C>							
OFFICE BUILDINGS							
The WRIT Building	$ 1,562,000	1965	August	1979	65,000		31 Years
1901 Pennsylvania Avenue	3,252,000	1960	May	1977	97,000		28 Years
51 Monroe Street	6,434,000	1975	August	1979	210,000		41 Years
444 North Frederick Avenue	749,000	1981	October	1989	66,000		50 Years
7700 Leesburg Pike	789,000	1976	October	1990	145,000		50 Years
Arlington Financial Center	385,000	1963	June	1992	51,000		50 Years
515 King Street	511,000	1966	July	1992	78,000		50 Years
The Lexington Building	75,000	1970	November	1993	47,000		50 Years
The Saratoga Building	208,000	1977	November	1993	59,000		50 Years
Brandywine Center	56,000	1969	November	1993	35,000		50 Years
Tycon Plaza II	668,000	1981	June	1994	131,000		50 Years
Tycon Plaza III	632,000	1978	June	1994	152,000		50 Years
6110 Executive Boulevard	1,195,000	1971	January	1995	199,000		30 Years
1220 19th Street	845,000	1976	November	1995	104,000		30 Years
Maryland Trade Center I	800,000	1981	May	1996	191,000		30 Years
Maryland Trade Center II	555,000	1984	May	1996	159,000		30 Years
1600 Wilson Boulevard	116,000	1973	October	1997	167,000		30 Years
7900 Westpark Drive	290,000	1972/1986	November	1997	478,000		30 Years
	19,122,000				2,434,000		
SHOPPING CENTERS							
Concord Centre	1,127,000	1960	December	1973	76,000		33 Years
Bradlee	3,220,000	1955	December	1984	168,000		40 Years
Clairmont	766,000	1965	December	1976	40,000		39 Years
Dover Mart	492,000	1960	January	1973	44,000		40 Years
Chevy Chase Metro Plaza	1,454,000	1975	September	1985	51,000		50 Years
Prince William Plaza	821,000	1967	August	1968	55,000		50 Years
Takoma Park	773,000	1962	July	1963	59,000		50 Years
Westminster	1,977,000	1969	September	1972	165,000		37 Years
Wheaton Park	554,000	1967	September	1977	71,000		49 Years
Montgomery Village Center	902,000	1969	December	1992	196,000		50 Years
Shoppes of Foxchase	286,000	1960	June	1994	128,000		50 Years
Frederick County Square (e)	579,000	1973	August	1995	233,000		30 Years
	12,951,000				1,286,000		
APARTMENT BUILDINGS							
Country Club Towers	2,747,000	1965	July	1969	276,000	227	35 Years

Munson Hill Towers	3,686,000	1963	January	1970	340,000	279	33 Years
Park Adams	2,107,000	1959	January	1969	210,000	200	35 Years
Roosevelt Towers	2,004,000	1964	May	1965	229,000	191	40 Years
3801 Connecticut Avenue	3,719,000	1951	January	1963	242,000	307	30 Years
The Ashby at McLean	811,000	1982	August	1996	349,000	250	30 Years
Walker House Apartments	450,000	1971	March	1996	148,000	196	30 Years
Bethesda Hill	62,000	1986	November	1997	226,000	195	30 Years
	15,586,000				2,020,000	1,845	

</TABLE>

SCHEDULE III
(Continued)

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARY

SUMMARY OF REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

<TABLE>
<CAPTION>

		Initial Cost (b)		Net	Gross Amounts at which carried at December 31, 1997		
Properties	Location	Land	Building and Improvements	Improvements (Retirements) since Acquisition	Land	Buildings and Improvements	Total (d)
<S><C>							
INDUSTRIAL DISTRIBUTION CENTERS							
Pepsi-Cola	Maryland	$ 760,000	$ 1,792,000	$ 1,560,000	$ 760,000	$ 3,352,000	$ 4,112,000
Capitol Freeway Center	Washington, D.C.	300,000	1,205,000	2,627,000	300,000	3,832,000	4,132,000
Department of Commerce	Virginia	347,000	1,009,000	1,358,000	347,000	2,367,000	2,714,000
Fullerton	Virginia	950,000	3,317,000	836,000	950,000	4,153,000	5,103,000
Ravensworth Center	Virginia	392,000	1,059,000	399,000	392,000	1,458,000	1,850,000
Shirley-I-395 Business Center	Virginia	652,000	1,265,000	1,102,000	652,000	2,367,000	3,019,000
V Street Distribution Center	Washington, D.C.	126,000	317,000	164,000	126,000	481,000	607,000
Charleston Business Center	Maryland	2,045,000	2,091,000	211,000	2,045,000	2,302,000	4,347,000
Tech 100 Industrial Park	Maryland	2,086,000	4,744,000	254,000	2,086,000	4,998,000	7,084,000
Crossroads Distribution Center	Maryland	894,000	1,945,000	24,000	894,000	1,969,000	2,863,000
The Alban Business Center	Virginia	878,000	3,298,000	332,000	878,000	3,630,000	4,508,000
The Earhart Building	Virginia	916,000	4,128,000	40,000	916,000	4,168,000	5,084,000
Ammendale Technology Park I	Maryland	1,335,000	6,492,000	144,000	1,335,000	6,636,000	7,971,000
Ammendale Technology Park II	Maryland	862,000	5,016,000	51,000	862,000	5,067,000	5,929,000
Pickett Industrial Park	Virginia	3,300,000	4,899,000	25,000	3,300,000	4,924,000	8,224,000
		15,843,000	42,577,000	9,127,000	15,843,000	51,704,000	67,547,000
Totals		$121,296,000	$304,835,000	$78,184,000	$121,296,000	$383,019,000	$504,315,000

<CAPTION>

	Accumulated Depreciation at December 31, 1997	Date of Construction	Date of Acquisition		Net Rentable Square Feet (f)	Units	Depreciation Life (c)
<S><C>							
INDUSTRIAL DISTRIBUTION CENTERS							
Pepsi-Cola	$ 648,000	1971	October	1987	69,000		40 Years
Capitol Freeway Center	1,721,000	1940	July	1974	145,000		25 Years
Department of Commerce	1,628,000	1964	December	1971	105,000		43 Years
Fullerton	1,009,000	1980	September	1985	103,000		50 Years
Ravensworth Center	340,000	1965	December	1986	29,000		40 Years
Shirley I-395 Business Center	1,389,000	1960	September	1961	113,000		40 Years
V Street Distribution Center	238,000	1960	October	1973	31,000		40 Years
Charleston Business Center	197,000	1973	November	1993	85,000		50 Years
Tech 100 Industrial Park	401,000	1990	May	1995	167,000		30 Years
Crossroads Distribution Center	135,000	1987	December	1995	85,000		30 Years
The Alban Business Center	145,000	1981	October	1996	87,000		30 Years
The Earhart Building	143,000	1987	December	1996	92,000		30 Years
Ammendale Technology Park I	192,000	1985	February	1997	167,000		30 Years
Ammendale Technology Park II	143,000	1986	February	1997	108,000		30 Years
Pickett Industrial Park	27,000	1973	October	1997	246,000		30 Years
	8,356,000				1,632,000		
Totals	$56,015,000				7,372,000	1,845	

</TABLE>

Notes:

(a) The site of Munson Hill Towers is rented under a lease requiring annual payments of $22,600 until the expiration of the lease in 2060.

(b) The purchase of real estate investments has been divided between land and buildings and improvements on the basis of valuations by the Trust.

(c) The useful life shown is for the main structure. Buildings and improvements are depreciated over various useful lives ranging from 3 to 50 years.

(d) At December 31, 1997 total land, buildings and improvements are carried at $489,744,000 for federal income tax purposes.

(e) At December 31, 1997, the only mortgage encumbrance was the $7,461,000 mortgage note payable on Frederick County Square.

(f) Residential properties are presented in gross square feet.

SCHEDULE III
(Continued)

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARY

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

The following is a reconciliation of real estate assets and accumulated depreciation for the years ended December 31, 1997, 1996 and 1995:

<TABLE>
<CAPTION>

	Years Ended December 31,		
	1997	1996	1995
REAL ESTATE ASSETS			
Balance, beginning of period	$352,579	$272,597	$206,378
Additions - property acquisitions	138,802	69,888	58,746
- improvements	13,915	11,972	8,124
Deductions - write-off of fully depreciated assets	(981)	(1,878)	(651)
Balance, end of period	$504,315	$352,579	$272,597
ACCUMULATED DEPRECIATION			
Balance, beginning of period	$ 46,639	$ 41,021	$ 36,588
Additions - depreciation	10,357	7,496	5,084
Deductions - write-off of fully depreciated assets	(981)	(1,878)	(651)
Balance, end of period	$ 56,015	$ 46,639	$ 41,021

</TABLE>

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARY

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

<TABLE>
<CAPTION>

	Quarter			
	First	Second	Third	Fourth
1997:				
Real estate rental revenue	$18,498	$19,104	$19,436	$22,391
Net income	7,028	7,140	7,664	8,304
Net income per share	$0.22	$0.22	$0.23	$0.23
1996:				
Real estate rental revenue	$14,681	$15,830	$17,056	$17,974
Net income	6,952	7,083	6,848	7,081
Net income per share	$0.22	$0.22	$0.22	$0.22
1995:				
Real estate rental revenue	$12,464	$12,828	$13,273	$14,032
Net income	6,159	6,198	6,835	6,911
Net income per share	$0.22	$0.22	$0.22	$0.22

</TABLE>

CREDIT AGREEMEENT

THIS CREDIT AGREEMENT, dated as of July 25, 1997 (the "Agreement"), by and between WASHINGTON REAL ESTATE INVESTMENT TRUST, a Maryland real estate investment trust (the "Borrower"), CRESTAR BANK, a Virginia banking corporation, SIGNET BANK, a Virginia banking corporation, and any other banks that are parties to this Agreement at any time (the "Banks"), and CRESTAR BANK, a Virginia banking corporation, in its capacity as agent for the Banks (the "Agent"), recites and provides:

RECITALS

The Borrower has requested that the Banks extend credit to the Borrower. The Banks are willing to do so upon the terms and subject to the conditions set forth below. Accordingly, the Borrower, the Banks and the Agent agree as follows:

ARTICLE 1
DEFINITIONS

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

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

"Agreement" means this Credit Agreement, as the same may be amended, modified or supplemented from time to time.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City, or Richmond, Virginia, and which dealings are carried on in the London interbank market.

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

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

"Closing Date" has the meaning assigned to such term in Section 2.2(d).

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

"Commitment Percentage" means, with respect to any Bank, the percentage of the aggregate Commitments represented by such Bank's Commitment.

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

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

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

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

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

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

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

"Defaulting Bank" has the meaning assigned to such term in Section 2.10.

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

"ERISA" has the meaning assigned to such term in Section 5.1 (a).

"Event of Default" has the meaning assigned to such term in Section 6.1.

"Existing Credit Agreement" has the meaning assigned to such term in Section 2.2(d).

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of Richmond, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Financing Lease" means any lease of property, real or personal, the obligations of the lessee in respect of which are, in accordance with GAAP, capitalized on a balance sheet of the lessee.

"First Chicago Agreement" means the Credit Agreement, dated as of March 1, 1995, between the Borrower and First National Bank of Chicago, as amended from time to time.

"Funding Bank" has the meaning assigned to such term in Section 2.10.

"GAAP" means generally accepted accounting principles consistent with those applied in the preparation of the Borrower's financial statements for the fiscal year ended on December 31, 1996.

"Guarantee Obligation" means, as to any Person (the "guaranteeing person"), any obligation (determined without duplication) of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefore, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise maintain the net worth or solvency of the primary obligor, (iii) to purchase

property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the maximum stated amount of the primary obligation relating to such Guarantee Obligation (or, if less, the maximum stated liability set forth in the instrument embodying such Guarantee Obligation), provided, that in the absence of any such stated amount or stated liability, the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

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

"Indemnified Liabilities" has the meaning assigned to such term in Section 8.5.

"Interest Period" means, for each Advance or Term Loan, the period commencing on the date of such Advance or Term Loan and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. When interest is based on the Prime Rate, the duration of each such Interest Period may be any period of time of up to 30 days selected by the Borrower. In all other cases, the duration of each such Interest Period shall be one, two, three, six, nine or twelve months for the Advances, or any period of more than 90 days for the Term Loans, as the Borrower may select, upon notice given by the Agent not later than 11:00 A.M. (Eastern time) on the third Business Day prior to the first day of such Interest Period (prompt written notice of which shall be given by the Agent to the Banks); provided, however, that (1) whenever the last day of any Interest Period for an Advance would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, unless such extension would cause the last day of such Interest Period to occur

in the next following calendar month, in which case the last day of such Interest Period shall occur on the next preceding Business Day, (2) if no Interest Period is selected by the Borrower, the Interest Period shall be one month for Advances and 90 days for Term Loans, (3) no Interest Period for Advances shall expire later than the Termination Date, and (4) no Interest Period for Term Loans shall expire later than the Maturity Date.

"LIBOR" means, with respect to each day during each Interest Period pertaining to an Advance, the rate of interest determined on the basis of the rate for deposits in dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Telerate Service as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Telerate Service (or otherwise on such service), "LIBOR" shall be determined by reference to such other publicly available service for displaying eurodollar rates as may be agreed upon by the Agent and the Borrower or, in the absence of such agreement, "LIBOR" shall instead be the rate per annum equal to the rate at which Crestar Bank is offered dollar deposits at or about 10:00 A.M., New York City time, two (2) Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations in respect of its Advance are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of its Advance to be outstanding during such Interest Period.

"LIBOR Advances" means any Advance or portion thereof with respect to which the interest rate is calculated by reference to LIBOR.

"LIBOR Spread" has the meaning assigned to such term in Section 2.4(c).

"Lien" has the meaning assigned to such term in Section 5.2(a).

"Loan Documents" means this Agreement, the Notes, each Subsidiary Guaranty, and any guarantees, security agreements, notes, or any other document now or hereafter executed or delivered in connection with the Loans, in evidence thereof or as security therefor, as any of the same may be amended, modified or supplemented from time to time.

"Loans" means the Advances and the Term Loans.

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

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

"Maturity Date" has the meaning assigned to such term in Section 2.3(b).

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

"Non-Usage Fee Rate" has the meaning assigned to such term in Section 2.7.

"Note" has the meaning assigned to such term in Section 2.8.

"Partial Loan" has the meaning assigned to such term in Section 2.10.

"Participant" has the meaning assigned to such term in Section 8.12.

"Permitted Liens" means those Liens which do not violate Section 5.2 (a) hereof.

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

"Prime Rate" means the rate established from time to time by the Agent as its prime rate, which rate is recorded in the Agent's Central Credit Administration Division and used as a reference for fixing the lending rate on commercial loans. The Borrower acknowledges that the prime rate is not necessarily the lowest rate of interest charged by the Bank. For purposes of this Agreement, any change in the Prime Rate shall be effective on the date such change in the Prime Rate is announced.

"Prime Rate Advance" means any Advance or portion thereof with respect to which the interest rate is calculated by reference to the Prime Rate.

"Prime Rate Spread" has the meaning assigned to such term in Section 2.4(c).

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

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

"Recovery Bank" has the meaning assigned to such term in Section 2.11.

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

"Subsidiary," as to any Person, means a corporation, partnership, limited partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or

both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guaranty " has the meaning assigned to such term in Section 5.1 (c).

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

"Term Loans" has the meaning assigned to such term in Section 2.3(a).

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

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

"Transferee Bank" has the meaning assigned to such term in Section 8.13.

"Treasury Rate" means, for any Interest Period, the rate per annum, rounded upwards, if necessary, to the next higher 1/100th of 1%, which is the average yield on United States Treasury Securities, adjusted to a constant maturity corresponding to the length of the applicable Interest Period, as reported for the most recent weekly reporting period covered in the weekly statistical release (currently entitled "Weekly Summary of Banking and Credit Measures") published by the Board of Governors of the Federal Reserve System for the Friday immediately preceding the first day of such Interest Period (or as reasonably established by the Agent for an Interest Period for which no such yield is published).

"Treasury Rate Spread" has the meaning assigned to such term in Section 2.4(c).

"Unencumbered Asset," with respect to any asset, at any date of determination, means the circumstance that such asset on such date (a) is not subject to any Liens of any kind, other than Permitted Liens, (b) is not subject to any agreement (including (i) any agreement governing Indebtedness incurred in order to finance or refinance the acquisition of such asset, and (ii) if applicable, the organizational documents of any Subsidiary) (other than the First Chicago Agreement, the terms of which restrict the Borrower's and its Subsidiaries' ability to encumber certain assets) which prohibits or limits the ability of the Borrower or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any assets or Capital Stock of the Borrower or any of its Subsidiaries (excluding any agreement which limits generally the amount of secured Indebtedness which may be incurred by the Borrower and its Subsidiaries), and (c) is not subject to any agreement (including any agreement

governing Indebtedness incurred in order to finance or refinance the acquisition of such asset, but excluding the terms of the First Chicago Agreement) which entitles any Person to the benefit of any Lien (other than Permitted Liens) on any assets or Capital Stock of the Borrower or any of its Subsidiaries, or would entitle any Person to the benefit of any Lien (other than Permitted Liens) on such assets or Capital Stock upon the occurrence of any contingency (including, without limitation, pursuant to an "equal and ratable" clause). For the purposes of this Agreement, any Property of a Subsidiary which is not a Wholly-Owned Subsidiary shall not be deemed to be unencumbered unless both (i) such Property and (ii) all Capital Stock of such Subsidiary held by, the Borrower is unencumbered.

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

"Value of Unencumbered Assets," as of any date, means the gross book value, as determined in accordance with GAAP, of all Unencumbered Assets owned by the Borrower or any of its Subsidiaries as of such date.

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

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

ARTICLE 2
LOANS

SECTION 2.1 Advances. Subject to the terms and conditions and relying upon the representations and warranties set forth in this Agreement, each Bank severally agrees to make advances (the "Advances") to the Borrower, from time to time on any Business Day (as defined below) during the period from the date hereof until July 25, 1998 (the "Termination Date") in an aggregate amount not to exceed at any time outstanding the commitment of such Bank (as to each Bank, its "Commitment") as set forth on the Commitment schedule attached as Schedule 2.1 (as amended from time to time, the "Commitment Schedule"), provided that at no time shall the outstanding Advances and Term Loans (as defined below) exceed $50,000,000. If no Event of Default has occurred and is continuing on July 25, 1998, the Banks agree to extend, at the Borrower's option, the Termination Date to July 25, 1999. The Advances made on any Business Day shall be in an amount not less than $1,000,000 or an integral multiple thereof. The Advances shall be used only for the purpose of refinancing existing Indebtedness of the Borrower to the Banks and purchasing income producing real estate in the Market Area (as defined below) and to make

capital improvements to real property owned by the Borrower and located in the Market Area. "Market Area" means Washington D.C., Virginia, Maryland, Delaware and southeastern Pennsylvania. Advances may not be used to prepay or refinance outstanding Advances. (The Banks agree that establishing a new Interest Period for an Advance at the expiration of the current Interest Period shall not constitute a refinancing of an Advance.) Advances may be used to purchase income producing real estate outside of the Market Area with the prior written consent of the Majority Banks, which shall not be unreasonably withheld. "Majority Banks" means, as of any date, Banks whose aggregate Commitments total at least 66 2/3% of all Commitments.

SECTION 2.2 Making Advances

(a) Advances shall be made on written request, given not later than 11:00 A.M. (Eastern time) at least three Business Days prior to the date of the proposed Advances, from the Borrower to the Agent, identifying the real estate to be purchased or the capital improvements to be made, specifying the date and amount of the Advances and selecting the initial Interest Period for such Advances. The Agent shall give prompt written notice of each borrowing request to the Banks. Not later than 1:00 P.M. (Eastern time) on the date of such Advances and upon fulfillment of the applicable conditions set forth in Article Error! Reference source not found, each Bank will make its ratable share of such Advances available to the Agent in same day funds in accordance with such Banks Commitment Percentage. Upon the Agent's receipt of such funds, it shall credit the proceeds to the Borrower's operating account with the Agent.

(b) Each written request from the Borrower to the Agent for Advances shall be irrevocable and binding on the Borrower. The Borrower shall indemnify each Bank against any loss, cost or expense incurred by such Bank as a result of any failure to fulfill on or before the date specified in such request for such Advances the applicable conditions set forth in Article Error! Reference source not found, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund the Advance when the Advance, as a result of such failure, is not made on such date.

(c) The Advances shall be repaid on the Termination Date, unless converted into Term Loans as provided in Section Error! Reference source not found below.

(d) On the date of the closing of this Agreement (the "Closing Date"), all indebtedness outstanding under the July 27, 1995 Credit Agreement between the Borrower, Crestar Bank and Signet Bank/Virginia (the "Existing Credit Agreement") shall be repaid with Advances under this Agreement and the Existing Credit Agreement shall be terminated as of the Closing Date.

(e) Unless the Agent shall have received notice from a Bank prior to the date of any Advances that such Bank will not make available to the Agent such Bank's

ratable portion of such Advances, the Agent may assume that such Bank has made such portion available to the Agent on the date of such Advances in accordance with Section 2.2(a) and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such ratable portion available to the Agent, such Bank and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (1) in the case of the Borrower, the interest rate applicable at the time to such Advances, and (2) in the case of such Bank, the Federal Funds Rate. If such Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Bank's Advance for purposes of this Agreement.

(f) The failure of any Bank to make the Advances to be made by such Bank shall not relieve the other Banks of their obligations, if any, hereunder to make their Advances, but none of the Banks shall be responsible for the failure of the other Banks to make Advances.

SECTION 2.3 Term Loans.

(a) The Borrower may convert the Advances or portions thereof into a term loan (the "Term Loans") at any time after January 25, 1998 and prior to the Termination Date, provided, however, that any such conversion must be made on the last day of the current Interest Period for each Advance to be converted (as defined below). Each election to convert Advances or portions thereof into Term Loans shall be in an aggregate amount not less than $1,000,000 or an integral multiple thereof and shall be made on written notice, given to the Agent not later than 11:00 A.M. (Eastern time) three Business Days prior to the date of the proposed conversion. The Agent shall give prompt written notice of each such conversion request to the Banks. Not later than 1:00 P.M. (Eastern time) on the date of such conversion and upon fulfillment of the applicable conditions set forth in Article 2, the Term Loans will be deemed to be applied to the prepayment of the Advances ratably in accordance with the Banks' respective Commitment Percentages made by such Bank.

(b) The principal amount of each Term Loan shall be repaid on July 25, 2001 (the "Maturity Date"), or on such earlier date as may be selected by the Borrower at its option. The term of any individual Term Loan shall not exceed forty-two (42) months.

SECTION 2.4 Interest.

(a) The Borrower shall pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount shall be paid in full, monthly in arrears, on the first day of each calendar month, at the sum of (1) in the case of an Interest Period of one month or more, LIBOR for the applicable Interest Period

plus the applicable LIBOR Spread, and (2) in the case of an Interest Period of less than one month, the Prime Rate plus the applicable Prime Rate Spread, adjusted daily when and as the Prime Rate is changed.

(b) The Borrower shall pay interest on the unpaid principal amount of each Term Loan from the date on which such Term Loan is made until such principal amount shall be paid in full, monthly in arrears, on the first day of each calendar month, at the sum of (1) in the case of an Interest Period of one month or more, the Treasury Rate for the applicable Interest Period plus the applicable Treasury Rate Spread, and (2) in the case of an Interest Period of less than one month, the Prime Rate plus the Prime Rate Spread, adjusted daily when and as the Prime Rate is changed.

(c) Initially, the "LIBOR Spread" shall be 0.70%,the"Treasury Rate Spread" shall be 1.30% and the "Prime Rate Spread" shall be 0%. Thereafter the applicable LIBOR Spread, Treasury Rate Spread and Prime Rate Spread applicable to the Advances and Term Loans shall be subject to change at any time as determined based upon the lower (i.e. less desirable) of the Borrower's Moody's debt rating, and the Borrower's S&P's debt rating, as the case may be. The applicable Spreads shall be adjusted effective on the next Business Day following any change in the Borrower's Moody's debt rating and/or S&P's debt rating, as the case may be. The applicable debt ratings and corresponding LIBOR Spreads, Treasury Rate Spreads and Prime Rate Spreads are as follows:

<TABLE>
<CAPTION>

		Advances	Term Loans	Advances/ Term Loans
S&P Rating	Moody's Rating	LIBOR Spread	Treasury Rate Spread	Prime Rate Spread
<S><C>				
A or higher	A2 or higher	.50%	1.10%	0%
A-	A3	.625%	1.225%	0%
BBB+	Baa1	.70%	1.30%	0%

BBB	Baa2	1.00%	1.60%	0%
BBB-	Baa3	1.25%	1.85%	0%
Less than BBB-	Less than Baa3	2.25%	2.85%	.50%
No Rating	No Rating	2.25%	2.85%	.50%

</TABLE>

(d) After maturity or upon the occurrence and during the continuance of an Event of Default hereunder, the Prime Rate Spread shall be 2.50%, the LIBOR Spread shall be 4.25% and the Treasury Rate Spread shall be 4.8%.

SECTION 2.5 Prepayments. The Borrower shall have the right to prepay any Advances or Term Loans at any time subject to the payment of the prepayment penalty described below with respect to any Term Loan; provided, however, that each partial prepayment shall be in an aggregate principal amount of not less than $1,000,000 or an integral multiple thereof. No prepayment penalty will be imposed with respect to the Advances. The prepayment penalty for a Term Loan will be equal to the present value of the difference between the amount that would have been realized by the Banks for the remaining term of the applicable Interest Period, and any lesser amount that would have been realized by the Banks by reinvesting the prepaid amount at the Treasury Rate with a maturity most closely equal to, but not longer than, the remaining term of the applicable Interest Period. To determine such present value, the foregoing difference shall be discounted to its present value at a discount rate equal to the applicable Treasury Rate. The Borrower shall give the Agent at least three Business Days' prior written notice of prepayment (prompt written notice of which shall be given to the Banks by the Agent) and in such notice specify the prepayment date and the principal amount of each Advance or Term Loan to be prepaid. Such notice of prepayment shall be irrevocable and shall commit the Borrower to prepay in the amount stated therein. All prepayments under this Section shall be accompanied by accrued interest on the principal amount being prepaid to the date of prepayment. Amounts prepaid shall be available to be reborrowed from the Banks hereunder in accordance with the terms of this Agreement.

SECTION 2.6 Funding Provisions.

(a) Increased Costs. If, due to either (1) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements, referred to in subsection (b) below) in any law or regulation or (2) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to a Bank of agreeing to make or making, funding or maintaining the Advances or the Term Loans, then the Borrower shall from time to time, within 20 Business Days after written demand by such Bank, pay to such Bank additional amounts sufficient to compensate such Bank for such increased cost. A certificate as to the amount of such increased cost shall be submitted to the Borrower by such Bank with such demand, and such certificate shall be presumed to be correct.

(b) Additional Interest. The Borrower shall pay to each Bank, so long as such Bank shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency liabilities (as such term is defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time), additional interest on the unpaid principal amount of each Advance made by such Bank, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (1) LIBOR for the Interest Period for such Advance from (2) the rate obtained by dividing such LIBOR by a percentage equal to 100% minus the reserve percentage applicable during such Interest Period (or if more than one such

percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Bank with respect to liabilities or assets consisting of or including Eurocurrency liabilities having a term equal to such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Bank and notified to the Borrower. The Agent acknowledges that as of the date hereof, banks are not required to maintain reserves with respect to Eurocurrency liabilities.

(c) Increased Capital. If a Bank reasonably determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) reasonably affects or would affect the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank and that the amount of such capital is increased by or based upon the existence of such Bank's commitment to lend hereunder and other commitments of this type, then, within 20 Business Days after written demand by such Bank, the Borrower shall pay to such Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank or such corporation in the light of such circumstances, to the extent that such Bank reasonably determines such increase in capital to be allocable to the existence of such Bank's commitment to lend hereunder. A certificate as to such amounts shall be submitted to the Borrower by such Bank with such demand, and such certificate shall be presumed to be correct.

(d) Illegality. Notwithstanding any other provision of this Agreement, if a Bank shall notify the Borrower that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Bank to perform its obligations hereunder to make, fund or maintain Advances hereunder based on LIBOR, or if such Bank notifies the Borrower that such Bank in good faith has determined that LIBOR will not adequately reflect the cost to the Bank of making or maintaining Advances, such Bank shall provide the Borrower with a comparable interest rate option for the Advances.

SECTION 2.7 Non-Usage Fee. The Borrower agrees to pay to the Banks a fee on the daily Unused Amount from the date hereof until the Termination Date, as extended from time to time, at the rate per annum set forth in the schedule below (the "Non-Usage Fee Rate"), payable in arrears on the first Business Day of each January, April, July and October, during the term of the Commitments of the Banks, beginning on October 1, 1997, and on the Termination Date, as extended from time to time. The "Unused Amount" means, on a daily basis, the amount by which $50,000,000 exceeds the aggregate outstanding balances of Advances and Term Loans. The Agent shall submit a quarterly statement for such fee to the Borrower.

S&P Rating	Moody's Rating	Non-Usage Fee Rate
A or higher	A2 or higher	.15%
A-	A3	.175%
BBB+	Baa1	.175%
BBB	Baa2	.20%
BBB-	Baa3	.20%
Less than BBB-	Less than Baa3	.25%
No Rating	No Rating	.25%

The Non-Usage Fee Rate shall be determined in the same manner as the determination of the LIBOR Spread pursuant to Section 2.4(c) hereof (e.g., if the Borrower's Moody's debt rating is Baa 1 and its S&P debt rating is A, the Applicable Percentage shall be based on the Moody's debt rating), with adjustments becoming effective on the next Business Day following any change in the applicable debt rating. As of the date hereof, the Non-Usage Fee Rate is .175%.

SECTION 2.8 Note. The Borrower's obligation to repay the Advances and the Term Loans made by a Bank, together with accrued interest thereon, shall be evidenced by a single promissory note in the amount of such Bank's Commitment, in the form of Exhibit A attached hereto, duly executed on behalf of the Borrower and payable to such Bank (as amended from time to time, the "Notes").

SECTION 2.9 Payments and Computations.

(a) The Borrower shall make each payment hereunder and under the Notes not later than 12:00 noon (Eastern time) on the day when due in U.S. dollars to the Agent at its address at 8245 Boone Boulevard, 8th Floor, Vienna, Virginia 22182, Attention: Michael E. Forry, in same day funds. The Agent will promptly thereafter cause to be distributed in like funds relating to the payment of principal, interest or fees ratably (other than amounts payable to a particular Bank pursuant to Section 2.6) to the Banks in accordance with wire transfer instructions provided to the Agent by the Banks from time to time.

(b) The Borrower shall establish an account with the Agent into which the proceeds of the Advances will be deposited. The Borrower hereby authorizes the Agent, if and to the extent payment is not made when due hereunder or under the Notes, to charge from time to time against such account with the Agent any amount so due.

(c) All computations of interest and non-usage fees shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days

(including the first day but excluding the last day) occurring in the period for which such interest or fee is payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest and fees, as the case may be; provided, however, if such extension would cause the payment of principal or interest of the Advances bearing interest based on LIBOR to be made in the next following calendar month, such payment should be made on the next preceding Business Day.

SECTION 2.10 Sharing of Payments, etc. Except to the extent otherwise expressly provided herein, (a) Advances and Term Loans shall be made by the Banks PRO RATA IN accordance with their respective Commitment Percentages, and (b) each payment of the principal of or interest on the Advances and Term Loans or of fees shall be made for the account of the Banks PRO RATA in accordance with their respective amounts thereof then due and payable. If any Bank shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances made by it or on account of its share of the Term Loans (other than pursuant to Sections 2.6 or 8.5(b)) in excess of its ratable share of payments on account of the Advances or the Term Loans obtained by all the Banks, such Bank shall forthwith purchase from the other Banks such participations in the Advances made by them or in the Term Loans as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Bank, such purchase from each Bank shall be rescinded and such Bank shall repay to the purchasing Bank the purchase price to the extent of such recovery together with an amount equal to such Bank's ratable share (according to the proportion of (1) the amount of such Bank's required repayment to (2) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 2.10 may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation. If a Bank shall default in its obligation to fund any Advance or Term Loan hereunder (a "Defaulting Bank"), then simultaneously with any funding by any of the remaining Banks (each, a "Funding Bank"), of their respective Commitment Percentages of such Advance or Term Loan (such an Advance or Term Loan is sometimes referred to as a "Partial Loan"), the respective PRO RATA payments to be received by each Funding Bank shall be adjusted to correspond to the aggregate percentage of all then outstanding Advances and Term Loans (including all Partial Loans) made by such Funding Bank. Following any adjustment of each Bank's PRO RATA share pursuant to the preceding sentence, such Bank's PRO RATA share shall be readjusted only upon the first to occur of (i) a Defaulting Bank subsequently funding its Commitment Percentage of any such Partial Loan,

or (ii) the repayment in full (including all interest thereon) to each Bank of its Commitment Percentage of any such Partial Loan. Notwithstanding anything contained herein to the contrary, in no event shall any Defaulting Bank be entitled to receive any repayment of its Commitment Percentage of any Advances or Term Loans (or any interest earned thereon) until such time as the Funding Banks have received repayment in full of the amount of any Partial Loan, together with all interest thereon. The Borrower shall have the right to replace a Defaulting Bank in the manner set forth in Section 2.11 below, and upon the replacement of any Defaulting Bank, such Defaulting Bank shall refund to the Borrower the PRO RATA share of all commitment fees paid to such Defaulting Bank which have not been earned by such Defaulting Bank as of the date of such replacement, determined by multiplying the amount of all commitment fees paid by the Borrower to or for the benefit of such Defaulting Bank by a fraction, the numerator of which is the number of months (it being understood and agreed that for purposes of this provision a portion of any month shall constitute a complete "month") which have elapsed in the term of the Commitment, and the denominator of which is 24.

SECTION 2.11 Replacement of Bank by Reason of Change in Circumstances. In the event that any Bank (a "Recovery Bank") requires the Borrower to make any payment to such Recovery Bank in accordance with the provisions of Section 2.6, then upon written notice from the Borrower to Agent, the Borrower and the Agent shall mutually use their respective best efforts to find another lender to replace the Recovery Bank. If a replacement lender is found then the Borrower shall pay to the Recovery Bank all amounts owed to such Recovery Bank under this Agreement and the Note (including, without limitation, any amounts owed under Section 2.6), such Recovery Bank shall no longer be a "Bank" hereunder, and concurrently therewith the remaining parties hereto shall execute such instruments as shall be necessary to have the replacement lender become a "Bank" hereunder having a Commitment equal to that of the Recovery Bank.

ARTICLE 3
CONDITIONS OF LENDING

SECTION 3.1 Condition Precedent to Initial Advance. The obligation of the Banks to make the initial Advance under this Agreement is subject to the condition precedent that the Agent shall have received on or before the day of such Advance the following, each dated such day, in form and substance satisfactory to the Agent:

(a) The Notes and a Subsidiary Guaranty from each Subsidiary;

(b) Certified copies of the declaration of trust and bylaws of the Borrower, together with resolutions of the Board of Trustees of the Borrower approving this Agreement and the Notes, and of all documents evidencing other necessary trust action and governmental approvals, if any, with respect to this Agreement or the Notes;

(c) Current good standing certificates as to the Borrower's existence in the State of Maryland as a real estate investment trust and as to the existence of each Subsidiary in the jurisdiction in which it is organized;

(d) A certificate of a duly authorized officer of the Borrower certifying the incumbency names and true signatures of the officers of the Borrower authorized to sign this Agreement, the Notes, and the other documents to be delivered hereunder;

(e) Certified copies of the organizational documents and resolutions of each Subsidiary authorizing the Subsidiary Guaranty, and a certificate of a duly authorized representative of such Subsidiary certifying the incumbency, names and true signatures of the representatives of such Subsidiary authorized to sign the Subsidiary Guaranty; and

(f) A favorable opinion of Arent Fox Kintner Plotkin & Kahn, counsel for the Borrower and the Subsidiaries, as to such matters as the Banks may reasonably request.

SECTION 3.2 Conditions Precedent to All Advances and Term Loans. The obligation of the Banks to make each Advance (including the initial Advance) and each Term Loan shall be subject to the further conditions precedent that on the date of such Advance or such Term Loan the following statements shall be true (and each of the giving of the applicable notice requesting such Advance or Term Loan and the acceptance by the Borrower of the proceeds of such Advance or Term Loan shall constitute a representation and warranty by the Borrower that on the date of such Advance or Term Loan such statements are true):

(a) The representations and warranties contained in Section 4.1 are correct on and as of the date of such Loan, before and after giving effect to such Loan and to the application of the proceeds therefrom, as though made on and as of such date, except that the representation made in Section 4.1 (a) shall be deemed to be made with respect to any Subsidiaries acquired or formed in accordance with Section 5.1 (b) and the representations made in Section 4(e) shall be deemed to be made with respect to the financial statements most recently delivered in accordance with Section 5.1 (e); and

(b) No event has occurred and is continuing, or would result from such Loan or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

SECTION 4.1 Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a real estate investment trust duly formed, validly existing and in good standing under the laws of the State of Maryland, and is qualified to do business in each jurisdiction where such qualification is required. The only Subsidiary of the Borrower as of the date of this Agreement is WRIT LP.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes are within the Borrower's trust powers, have been duly authorized by all necessary trust action, and do not contravene (1) the Borrower's declaration of trust or bylaws or (2) law or any contractual restriction binding on or affecting the Borrower.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes.

(d) This Agreement and the Notes when delivered hereunder will be legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

(e) The consolidated balance sheet of the Borrower and its Subsidiaries reported on SEC Form 10-Q for the fiscal quarter ended on March 31, 1997, and the related consolidated statements of income, equity and cash flows of the Borrower and its Subsidiaries for the fiscal quarter then ended, copies of which have been furnished to the Bank, fairly present the financial condition of the Borrower and its Subsidiaries as of such date and the results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and since March 31, 1997, there has been no material adverse change in such condition or operations.

(f) To the best of the Borrower's knowledge, there is no pending or threatened action or proceeding affecting the Borrower before any court, governmental agency or arbitrator, which may materially adversely affect the financial condition or operations of the Borrower or which purports to affect the legality, validity or enforceability of this Agreement or the Notes.

(g) No proceeds of any Loan will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(i) The Borrower is not an "investment company" within the meaning of, or is exempt from, the provisions of the Investment Company Act of 1940, as amended.

(j) The Borrower is qualified as a real estate investment trust under Sections 856 to 860 of the Internal Revenue Code.

ARTICLE 5
COVENANTS OF THE BORROWER

SECTION 5.1 Affirmative Covenants. So long as the Notes shall remain unpaid or any Bank shall have any Commitment hereunder, the Borrower will, unless the Majority Banks shall otherwise consent in writing:

(a) Compliance with Laws. Comply, and cause each Subsidiary to comply, in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, (1) paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith, (2) maintaining all employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") in conformity with the provisions thereof, including the minimum funding requirements of ERISA, and (3) the treatment, disposal, removal, storage and release of hazardous or toxic substances in accordance with applicable environmental laws and regulations.

(b) Reporting Requirements. Furnish to each Bank:

(1) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, the SEC Form 10-Q of the Borrower filed for such quarter;

(2) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the SEC Form 10-K of the Borrower for such year for the Borrower, containing audited financial statements for such year certified by independent public accountants reasonably acceptable to the Banks, accompanied by an operating statement for such year for each real estate project owned by the Borrower or a Subsidiary setting forth a breakdown of revenues, expenses, net operating income and occupancy for each such project, and an itemization of any lease of space of 10,000 square feet or more that will expire within 12 months after the date of such operating statement. The operating statements and the information contained therein shall be confidential information and, unless required by applicable law, shall not be provided to any person except each Bank's regulators and accountants;

(3) Within 45 days after the end of each fiscal quarter, a certificate of the chief financial officer of the Borrower to the effect that no Event of Default, and no event which, with the giving of notice or lapse of time, or both, would constitute an Event of

Default, occurred during the prior quarter and containing calculations of the financial covenants set forth in Section 5.2(d); and

(4) as soon as possible and in any event within five days after an officer of the Borrower has knowledge of the occurrence of each Event of Default and each event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(5) promptly after the sending or filing thereof, copies of all other reports which the Borrower sends to any of its security holders or regulators, and copies of all reports and registration statements which the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange; and

(6) such other information respecting the condition or operations, financial or otherwise, of the Borrower, the Subsidiaries or any of their Properties as the Banks may from time to time reasonably request.

(c) Delivery of Subsidiary Guaranties. Payment of all Indebtedness of the Borrower arising under this Agreement and the Notes shall be guaranteed by WRIT LP and each other Subsidiary of the Borrower formed or acquired after the date of this Agreement. The Borrower shall promptly notify the Agent of any planned formation or acquisition of any Subsidiary. Within 10 days after the Borrower forms or acquires any Subsidiary, the Borrower shall cause such Subsidiary to execute and deliver to the Banks a valid and enforceable guaranty agreement (as "Subsidiary Guaranty") together with such other documents as the Banks shall reasonably request. Each Subsidiary Guaranty and such other documents each shall be in form and substance satisfactory to the Banks. Such documents shall include, without limitation:

(1) an opinion of counsel to the Subsidiary, addressed to the Agent, covering such matters as the Agent may reasonably request;

(2) copies of evidence of all actions taken by the Subsidiary to authorize the execution, delivery and performance of the Subsidiary Guaranty;

(3) certified copies of the organizational documents of the Subsidiary;

(4) a certificate as to the authority, incumbency and signatures of the representatives of the Subsidiary authorized to execute the Subsidiary Guaranty; and

(5) a current certificate of good standing or formation (or similar instrument) issued by the appropriate state official of the state

of organization of the Subsidiary.

SECTION 5.2 Negative Covenants. So long as the Notes shall remain unpaid or any Bank shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Banks:

(a) Liens. Create or permit to exist, or permit any of its Subsidiaries to create or permit to exist, any lien, security interest or other charge or encumbrance or any other type of preferential arrangement (collectively, a "Lien"), upon or with respect to any of its Properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, in each case to secure or provide for the payment of any Indebtedness of any person or entity, other than (1) the lien for real estate taxes and any similar assessments or charges which are not yet due and payable (2) mechanics' liens and/or judgments which the Borrower will have released or bonded off, or otherwise provide adequate security for, within 60 days, (3) liens or security interests existing on income producing Property at the time of its acquisition by the Borrower, and any refinancings thereof that do not increase the amount of such liens, and (4) liens in an aggregate amount not to exceed $500,000 at any time outstanding. In case any Property is subjected to a Lien in violation of this, Section 5.2(a), the Borrower and the applicable Subsidiary will make or cause to be made provision whereby the Notes will be secured equally and ratably with all other obligations secured thereby, and in any case the Banks shall have the benefit, to the full extent that and with such priority as the Banks may be entitled thereto under applicable law, of an equitable lien on such property securing the Notes. Such violation shall constitute an Event of Default hereunder, however, whether or not such provision for an equal and ratable lien is made.

(b) Financial Covenants. Allow or permit to exist, or permit any of its Subsidiaries to permit to exist, on a consolidated basis together with its Subsidiaries: (1) a Cash Flow to Debt Service Ratio of less than 2.5, as determined at the end of each fiscal quarter, based upon annualized results for the preceding two fiscal quarters; (2) a Consolidated Tangible Net Worth of less than $225,000,000; (3) Consolidated Total Indebtedness greater than forty-five percent (45%) of Total Capitalization Value; (4) Consolidated Secured Indebtedness greater than fifteen percent (15%) of Total Capitalization Value; (5) the Value of Unencumbered Assets to be less than 2.25 times the Consolidated Senior Unsecured Indebtedness; or (6) annualized EBITDA (determined by multiplying by two (2) the sum of EBITDA for the two (2) most recently ended fiscal quarters) to be less than twenty percent (20%) of Consolidated Total Indebtedness.

(c) Mergers. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (or permit any Subsidiary to do so), whether in one transaction or in a series of transactions all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any person or entity, except (1) for real estate assets acquired in the ordinary course of business, (2) the Borrower may form and acquire "qualified REIT subsidiaries" (as such term is defined in the Internal Revenue Code) and may transfer assets to such Subsidiary, provided that each such Subsidiary complies with the provisions of Section 5.1 (c), and (3) that the Borrower may

merge or consolidate with or into any other person or entity, provided that, immediately after giving effect to such proposed transaction, no Event of Default or event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default would exist and the Borrower is the surviving entity.

(d) Acquisition of Non-Income Producing Property. Acquire, or permit any Subsidiary to acquire, any undeveloped or unimproved real estate unless it is contiguous to income producing real estate (1) already owned by the Borrower or Subsidiary, or (2) being acquired by the Borrower or the Subsidiary simultaneously with the acquisition of income producing real estate.

(e) Asset Sales. During any fiscal year sell assets that in the aggregate generated 10% or more of consolidated EBITDA for the Borrower and its Subsidiaries for the immediately preceding fiscal year.

ARTICLE 6
EVENTS OF DEFAULT

SECTION 6.1 Events of Default. If any of the following events ("Events of Default") shall occur and be continuing, the Agent shall, at the request of the

Majority Banks, be entitled to exercise the remedies provided for in Section 6.2:

(a) The Borrower shall fail to pay any principal of any Note when the same becomes due and payable and such failure continues for a period of five days after written notice to the Borrower from the Agent; or

(b) The Borrower shall fail to pay any interest on the Notes when the same shall become due and payable and such failure continues for a period of ten days after written notice from the Agent to the Borrower; or

(c) Any representation or warranty made by the Borrower or a Subsidiary in any Loan Document or by the Borrower or any Subsidiary (or any of its officers or representatives) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(d) The Borrower or a Subsidiary shall fail to perform or observe any term, covenant or agreement contained in this Agreement or in the Subsidiary Guaranty on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower or such Subsidiary, as applicable, by the Agent, provided that the Borrower or such Subsidiary, as applicable, shall be entitled such additional time, as may be reasonably approved by the Banks, but not more than 90 days, to cure a default under Section 5.1 (a) which cannot reasonably be cured within 30 days so long as the Borrower or such Subsidiary, as applicable, commences such cure promptly and proceeds diligently with such cure; or

(e) The Borrower shall fail to pay any principal of or interest on any Indebtedness which is outstanding in a principal amount of at least $100,000 in the aggregate (but excluding Indebtedness evidenced by the Notes) of the Borrower (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise, provided that a demand instrument issued by the Borrower shall not be deemed to be due and payable until demand is made by the holder thereof), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or

(f) The Borrower shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower shall take any action to authorize any of the actions set forth above in this subsection (f); or

(g) The Borrower shall fail to qualify as a real estate investment trust under Sections 856 to 860 of the Internal Revenue Code; or

(h) Any judgment or order for the payment of money in excess of $1,000,000 shall be rendered against the Borrower and either (1) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (2) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) The occurrence of an event described in Sections 6.1(e) or (h) shall occur with respect to any Subsidiary or the occurrence of an event described in Section 6.1(f) with respect to a Subsidiary or Subsidiaries with aggregate Total Tangible Assets of more than $10,000,000.

SECTION 6.2 REMEDIES. Upon the occurrence of any Event of Default, the Agent shall, at the request of the Majority Banks:

(a) by notice to the Borrower, declare the obligation of each Bank to make Loans to be terminated, whereupon the same shall forthwith terminate; and

(b) by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (1) the obligation of each Bank to make Loans shall automatically be terminated and (2) the Loans, the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE 7
THE AGENT

SECTION 7.1 Authorization and Action. Each Bank hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Banks, and such instructions shall be binding upon all Banks and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement, any Note or applicable law. The Agent agrees to give to each Bank prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.2 Agent's Reliance, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (1) may treat the payee of any Note as the holder thereof, subject to the provisions of Section 8.13; (2) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such

counsel, accountants or experts; (3) makes no warranty or representation to any Bank and shall not be responsible to any Bank for any statements, warranties or representations (whether written or oral) made by the Borrower or another Bank in or in connection with this Agreement; (4) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (5) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any Note or any other instrument or document furnished pursuant hereto; and (6) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) reasonably believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.3 Agent and Affiliates. With respect to its Commitment, the Loans made by it, the Note issued to it and the Indebtedness due to it, the Agent shall have the same ri .ghts and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include Crestar Bank in its individual capacity. Crestar Bank and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower and any person or entity who may do business with or own common stock of the Borrower, all as if Crestar Bank were not the Agent and without any duty to account therefor to the Banks.

SECTION 7.4 Bank Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank and based on the financial statements referred to in Section 4. 1 (e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.5 Indemnification. The Banks agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to their respective Commitment Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement, provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification,

amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.6 Successor Agent. The Agent may resign at any time by giving written notice thereof to the Banks and the Borrower. Upon any such resignation, the Banks shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Banks, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation, then the retiring Agent, on behalf of the Banks, may appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 7.7 Borrower's Reliance. The Borrower shall be entitled to rely upon written confirmation from the Agent as to the consent of the Banks to any action by the Borrower for which such consent is required. Crestar Bank agrees with the Borrower that it shall use good faith efforts to remain the Agent under this Agreement.

ARTICLE 8
MISCELLANEOUS

SECTION 8.1 Amendments. No amendment or waiver of any provision of this Agreement or the Note, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower, the Agent and the Majority Banks, or where unanimous consent is required, by all Banks, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The unanimous consent of all Banks will be required for any amendment, waiver or consent, the effect of which is to (a) reduce any amount payable hereunder or under the Note, or (b) extend the time of payment of any amount payable hereunder or under the Note, (c) increase the amount of any Commitment, (d) release the Borrower from any liabilities hereunder or under the Note, (e) change the definition of Majority Banks, or (f) amend the provisions of this Section 8.1.

SECTION 8.2 Notices. All notices and other communications provided for hereunder shall be in writing and mailed, by certified mail, postage prepaid, or delivered by reputable overnight courier service, if to the Borrower, at its address at 10400 Connecticut Avenue, Kensington, Maryland 20895, Attention: Larry E. Finger, with a copy of any notice of an Event of Default to David M. Osnos, Esq., at Arent Fox Kintner Plotkin & Kahn at

1050 Connecticut Avenue, N.W., Washington, D.C. 20036, if to the Agent, at its address at 8245 Boone Boulevard, 8th Floor, Vienna, Virginia 22182, Attention: Michael E. Forry; and if to the Banks, at their respective addresses set forth on the Commitment Schedule attached hereto or any updates thereof; or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall be effective upon receipt.

SECTION 8.3 No Waiver; Remedies. No failure on the part of the Agent or the Banks to exercise, and no delay in exercising, any right hereunder or under the Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.4 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

SECTION 8.5 Costs, Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Agent on demand for all its costs and expenses incurred in connection with the preparation, execution and delivery of, and any amendment, supplement or modification to, this Agreement, the Notes and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Agent; (b) to pay or reimburse the Agent and each Bank for all of their respective costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes and any such other documents, including, without limitation, reasonable fees and disbursements of counsel to the Agent and each Bank, except that the Borrower shall not be responsible for any costs or expenses attributable to disputes among the Banks or among the Agent and any Bank; (c) to pay, indemnify and hold each Bank and the Agent harmless from any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery or consummation of any of the transactions contemplated by, or any amendment, supplement or modification to, or any waiver or consent under or in respect of, this Agreement, the Notes and any such other documents; and (d) to pay, indemnify and hold each Bank and the Agent harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses or disbursements of any kind or nature whatsoever arising out of or relating to the making or maintaining of the Loans, or the enforcement, performance and administration of this Agreement, the Notes and any such other documents, or expenses or other liabilities arising out of any bankruptcy or insolvency proceeding of the Borrower (all of the foregoing, collectively, the "indemnified liabilities"), provided, that the Borrower shall not have any obligations hereunder to the Agent or any Bank with respect to indemnified liabilities arising from the gross negligence or willful misconduct of the Agent or any such Bank. The agreements in this Section 8.5 shall survive repayment of the Notes. The Borrower shall not be responsible for the fees and expenses

incurred by any Participant, any Transferee Bank (as such terms are defined below), the Agent or any Bank in connection with any acquisition of any interest in the Loans, other than the fees and expenses of counsel to the Agent in connection with the execution and delivery of this Agreement.

SECTION 8.6 Survival of Agreements, Representations and Warranties. All warranties, representations and covenants made by the Borrower herein or in any certificate or other instrument delivered by it or on its behalf in connection with this Agreement shall be considered to have been relied upon by the Agent and the Banks and shall survive the making of the Loans herein contemplated and the issuance and delivery to the Banks of the Notes regardless of any investigation made by the Banks or on their behalf and shall continue in full force and effect so long as any amount due or to become due hereunder is outstanding and unpaid. All statements in any such certificate or other instrument shall constitute representations and warranties by the Borrower hereunder.

SECTION 8.7 Binding Effect. This Agreement and the Notes issued hereunder, shall be binding upon and inure to the benefit of the Borrower, the Agent and the Banks and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Banks.

SECTION 8.8 Entire Agreement. Except for the other loan documents expressly referred to in this Agreement, this Agreement represents the entire agreement between the Agent, the Banks and the Borrower and supersedes all prior commitments.

SECTION 8.9 Severability. In case any one or more of the provisions contained in this Agreement or the Notes shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8.10 Section Headings. The section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

SECTION 8.11 No Assignment. The Borrower may not assign its rights or obligations under this Agreement.

SECTION 8.12 Participations by Banks. Any Bank may at any time sell to one or more financial institutions (each of such financial institutions being herein called a "Participant") participating interests in any of the Loans held by such Bank and its Commitment, provided, however, that:

(a) No participation contemplated by this Section 8.12 shall relieve such Bank from its obligations hereunder;

(b) Such Bank shall remain solely responsible for the performance of such obligations; and

(c) The Borrower, the Agent, and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement.

SECTION 8.13 Assignments by Banks. Any Bank, with the prior written consent of the Agent, may at any time agree to assign a portion of such Bank's Commitment to another financial institution (a "Transferee Bank") provided that, after giving effect to such assignment, such Bank must continue to hold a Commitment of not less than $7,500,000 and unless the Borrower's written consent is first obtained, there will not be more than five Banks at anytime. Crestar Bank agrees that unless an Event of Default has occurred and is continuing, it shall not hold a Commitment of less than $12,500,000. In such event the Bank and the Transferee Bank shall so notify the Agent and the Borrower of the date on which such assignment is to be effective. On such effective date:

(a) The Agent shall deliver to the Borrower and each of the Banks a Commitment Schedule as of such effective date, reflecting the Commitments of the Banks after giving effect to such assignment.

(b) The Agent, the assigning Bank and the Transferee Bank shall execute and deliver an assignment agreement, in Form and substance acceptable to the Agent, which shall constitute an amendment to this Agreement to the extent necessary to reflect such transfer.

(c) Upon request by any Bank following an assignment made in accordance with this Section 8.13, the Borrower shall issue, in exchange for the existing Note held by such Bank, new Notes to the assignor and assignee reflecting the assignment.

SECTION 8.14 Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the Commonwealth of Virginia.

SECTION 8.15 No Officer, Etc., Liability. No trustee, officer or agent of the trust shall be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the transactions contemplated by this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

WASHINGTON REAL ESTATE
INVESTMENT TRUST

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

Name: Edmund B. Cronin, Jr.
____

Title: President
____

AGENT:

CRESTAR BANK

By: /s/ Michael E. Forry
____
Michael E. Forry
Vice President

BANKS:

CRESTAR BANK

By: /s/ Michael E. Forry
____
Michael E. Forry
Vice President

SIGNET BANK

By: /s/ Eric A. Lawrence
____
Eric A. Lawrence
Senior Vice President

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated February 20, 1998 included in Washington Real Estate Investment Trust's Form 10-K for the year ended December 31, 1997, into Washington Real Estate Investment Trust's previously filed Registration Statements on Form S-8, File No. 33-63671, Form S-3, File No. 333-23157 and Form S-8, File No. 333-48081.

/s/ Arthur Andersen LLP

Washington, D.C.
March 31, 1998

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