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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) February 19, 2004

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**WASHINGTON REAL ESTATE INVESTMENT TRUST**

(Exact name of registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction  
of incorporation)

**1-6622**  
(Commission File  
Number)

**53-0261100**  
(IRS Employer  
Identification Number)

**6110 Executive Boulevard, Suite 800, Rockville, Maryland**  
(Address of principal executive offices)

**20852**  
(Zip Code)

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

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Item 7. Financial Statements and Exhibits

(c) Exhibits

Exhibit 99.1 Press release issued February 19, 2004 regarding earnings for fourth quarter 2003

Exhibit 99.2 Certain supplemental information not included in the press release

Item 9. Regulation FD Disclosure

Item 12. Results of Operations and Financial Condition

Incorporated by reference is a press release issued by the Registrant on February 19, 2004, regarding earnings for the fourth quarter 2003, attached as Exhibit 99.1. Also incorporated by reference is certain supplemental information not included in the press release, attached as Exhibit 99.2. This information is being furnished pursuant to Item 9 and Item 12 - Results of Operations and Financial Condition, of Form 8-K. This information is not deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 and is not incorporated by reference into any Securities Act registration statements.

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**SIGNATURES**

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

WASHINGTON REAL ESTATE INVESTMENT TRUST  
(Registrant)

By: /s/ Laura M. Franklin

\_\_\_\_\_  
(Signature)

Laura M. Franklin  
Senior Vice President Accounting,  
Administration and Corporate Secretary

February 19, 2004  
(Date)

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Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued February 19, 2004 regarding earnings for the fourth quarter 2003
99.2	Certain supplemental information not included in the press release

NEWS RELEASE

# WRIT Washington Real Estate Investment Trust

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Newspaper Quote: WRIT

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FOR IMMEDIATE RELEASE

February 19, 2004

## WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES FOURTH QUARTER AND YEAR END 2003 RESULTS

Financial Results

- Fourth quarter 2003 Net Income per fully diluted share was \$0.28, compared to \$0.31 in the fourth quarter 2002. The 9.7% decrease in Net Income per fully diluted share is due primarily to a 30.9% increase in depreciation expense in fourth quarter 2003.
- 2003 Net Income per fully diluted share was \$1.13, compared to \$1.32 in 2002, representing a decrease of 14.4%. The decrease was due to a \$0.10 per fully diluted share gain on property disposed in 2002, as well as increased depreciation expense in 2003.
- Funds from Operations ("FFO"), a non-GAAP financial measure, per fully diluted share, for the fourth quarter 2003 was \$0.54, representing a 5.9% increase over FFO per fully diluted share of \$0.51 in the fourth quarter of 2002.
- FFO per fully diluted share, for the year ended 2003 was \$2.04, representing a 3.6% increase over FFO per fully diluted share of \$1.97 in 2002.

A reconciliation of net income to funds from operations is provided on the attached income statement.

Edmund B. Cronin, Jr., Chairman, President and CEO, stated, "WRIT's property type diversification and focus on the greater Washington/Baltimore region has once again enabled the Trust to produce strong positive results. Our performance has exceeded consensus expectations and the average FFO per share growth of our peer group."

Company Information

WRIT is a self-administered, self-managed, equity real estate investment trust investing in income-producing properties in the greater Washington/Baltimore metropolitan region. WRIT owns a diversified portfolio of 66 properties consisting of 11 retail centers, 29 office properties, 17 industrial properties and 9 multifamily properties.

WRIT's dividends have increased every year for 33 consecutive years. WRIT's FFO per share has increased every year for 31 consecutive years. WRIT shares are publicly traded on the New York Stock Exchange (symbol: WRE).

Note: WRIT's press releases and supplemental financial information are available on the company website at [www.writ.com](http://www.writ.com) or by contacting Investor Relations at 301-984-9400.

*Certain statements in this press release and the supplemental disclosures attached hereto are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, fluctuations in interest rates, availability of raw materials and labor costs, levels of competition, the effect of government regulation, the availability of capital, weather conditions, the timing and pricing of lease transactions and changes in general and local economic and real estate market conditions.*

WASHINGTON REAL ESTATE INVESTMENT TRUST  
FINANCIAL HIGHLIGHTS  
(In thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2003	2002	2003	2002
<b>OPERATING RESULTS</b>				
<b>Revenue</b>				
Real estate rental revenue	\$ 43,854	\$ 39,027	\$ 163,405	\$ 152,929
Other income	72	127	414	680
	<u>43,926</u>	<u>39,154</u>	<u>163,819</u>	<u>153,609</u>
<b>Expenses</b>				
Real estate expenses	(12,598)	(11,124)	(47,862)	(43,905)
Interest expense	(8,011)	(7,010)	(30,040)	(27,849)
Depreciation and amortization	(10,336)	(7,894)	(35,755)	(29,200)
General and administrative	(1,583)	(1,074)	(5,275)	(4,575)
	<u>(32,528)</u>	<u>(27,102)</u>	<u>(118,932)</u>	<u>(105,529)</u>
Income from continuing operations	11,398	12,052	44,887	48,080
Discontinued operations:				
Loss from operations of property disposed	—	—	—	(82)
Gain on property disposed	—	—	—	3,838
<b>Net Income</b>	<u>11,398</u>	<u>12,052</u>	<u>44,887</u>	<u>51,836</u>
<b>Real estate depreciation and amortization</b>				
Discontinued operations:				
Gain on property disposed	—	—	—	(3,838)
Real estate depreciation and amortization	—	—	—	11
	<u>—</u>	<u>—</u>	<u>—</u>	<u>11</u>
<b>Funds from operations<sup>(1)</sup></b>	<u>21,734</u>	<u>19,946</u>	<u>80,642</u>	<u>77,209</u>
<b>Accretive:</b>				
Tenant improvements <sup>(3)</sup>	(4,958)	(1,267)	(9,506)	(4,656)
Leasing commissions capitalized	(935)	(496)	(4,241)	(1,418)
<b>Non-Accretive:</b>				
Recurring capital improvements	(2,887)	(2,475)	(6,548)	(8,068)
Straight line rents, net of reserve	(395)	(484)	(1,689)	(1,848)
Non real estate depreciation & amortization	448	501	1,844	1,995
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Funds Available for Distribution<sup>(2)</sup></b>	<u>\$ 13,007</u>	<u>\$ 15,725</u>	<u>\$ 60,502</u>	<u>\$ 63,214</u>
<b>Total Dividends Paid</b>	<u>\$ 15,499</u>	<u>\$ 13,806</u>	<u>\$ 58,604</u>	<u>\$ 54,352</u>

(1) Funds From Operations ("FFO") – The National Association of Real Estate Investment Trusts, Inc. ("NAREIT") defines FFO (April, 2002 White Paper) as net income (computed in accordance with generally accepted accounting principles ("GAAP")) excluding gains (or losses) from sales of property plus depreciation and amortization. WRIT considers FFO to be a standard supplemental measure for equity real estate investment trusts ("REITs") because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminish predictably over time. Since real estate values have instead historically risen or fallen with market conditions, WRIT believes that FFO more accurately provides investors an indication of its ability to incur and service debt, make capital expenditures and fund other needs.

(2) Funds Available for Distribution ("FAD") is calculated by subtracting from FFO (1) recurring expenditures, tenant improvements and leasing costs, that are capitalized and amortized and are necessary to maintain WRIT's properties and revenue stream and (2) straight line rents, then adding non-real estate depreciation and amortization. FAD is included herein, because WRIT considers it to be a measure of a REIT's ability to incur and service debt and to distribute dividends to its shareholders. FAD is not a standardized measure, and may be calculated differently by other REITs.

(3) Tenant improvements for the three months and twelve months ended December 31, 2003 includes a payment of \$3.5 million to one tenant.

WASHINGTON REAL ESTATE INVESTMENT TRUST  
FINANCIAL HIGHLIGHTS

Per Share Data		Three Months Ended December 31,		Twelve Months Ended December 31,	
		2003	2002	2003	2002
Income from continuing operations	(Basic)	\$ 0.29	\$ 0.31	\$ 1.14	\$ 1.23
	(Diluted)	\$ 0.28	\$ 0.31	\$ 1.13	\$ 1.22
Net income	(Basic)	\$ 0.29	\$ 0.31	\$ 1.14	\$ 1.33
	(Diluted)	\$ 0.28	\$ 0.31	\$ 1.13	\$ 1.32
Funds from operations	(Basic)	\$ 0.55	\$ 0.51	\$ 2.05	\$ 1.98
	(Diluted)	\$ 0.54	\$ 0.51	\$ 2.04	\$ 1.97
Dividends paid		\$ 0.3725	\$ 0.3525	\$ 1.4700	\$ 1.3900
Weighted average shares outstanding		39,862,110	39,150,598	39,398,646	39,060,598
Fully diluted weighted average shares outstanding		40,121,060	39,328,198	39,599,684	39,281,248

WASHINGTON REAL ESTATE INVESTMENT TRUST  
CONSOLIDATED BALANCE SHEETS  
(In thousands)

	December 31, 2003	December 31, 2002
<b>Assets</b>		
Land	\$ 210,366	\$ 169,045
Building	846,411	684,657
	<u>1,056,777</u>	<u>853,702</u>
Total real estate, at cost	1,056,777	853,702
Accumulated depreciation	(177,983)	(146,912)
	<u>878,794</u>	<u>706,790</u>
Total investment in real estate, net	878,794	706,790
Cash and cash equivalents	5,486	13,076
Rents and other receivables, net of allowance for doubtful accounts of \$2,674 and \$2,188, respectively	18,397	14,072
Prepaid expenses and other assets	24,452	22,059
	<u>927,129</u>	<u>755,997</u>
Total Assets	\$ 927,129	\$ 755,997
<b>Liabilities</b>		
Accounts payable and other liabilities	\$ 18,108	\$ 14,661
Advance rents	5,322	4,409
Tenant security deposits	6,168	6,495
Mortgage notes payable	142,182	86,951
Lines of credit/short-term note payable	—	50,750
Notes payable	375,000	265,000
	<u>546,780</u>	<u>428,266</u>
Total Liabilities	546,780	428,266
Minority interest	1,601	1,554
<b>Shareholders' Equity</b>		
Shares of beneficial interest, \$.01 par value; 100,000 shares authorized: 41,607 and 39,168 shares issued and outstanding, respectively	416	392
Additional paid-in capital	396,462	328,797
Retained earnings (deficit)	(16,272)	(2,554)
Less: Deferred compensation on restricted shares	(1,858)	(458)
	<u>378,748</u>	<u>326,177</u>
Total Shareholders' Equity	378,748	326,177
Total Liabilities and Shareholders' Equity	\$ 927,129	\$ 755,997



**Occupancy Levels by Core Portfolio<sup>(1)</sup> and All Properties**

Sector	Core Portfolio		All Properties	
	4th QTR 2003	4th QTR 2002	4th QTR 2003	4th QTR 2002
Multifamily	89.2%*	91.2%	89.2%*	91.2%
Office Buildings	86.9%	87.9%	88.1%	87.9%
Retail Centers	96.0%	95.6%	96.1%	95.6%
Industrial/Flex Centers	88.5%	91.0%	88.8%	91.0%
<b>Overall Portfolio</b>	<b>88.9%**</b>	<b>90.1%</b>	<b>89.5%**</b>	<b>90.1%</b>

\* Multifamily occupancy for the Core Portfolio and All Properties would be 91.2% without the 36 HUD units and 4 additional units at The Ashby at McLean taken off the market for complete renovation.

\*\* Overall Portfolio occupancy at 12/31/03 for the Core Portfolio and All Properties would be 89.3% and 89.8% without the impact of the 36 former HUD units and 4 additional units at The Ashby at McLean taken off the market for complete renovation.

**2003 Acquisition Summary**

	Acquisition Date	Square Feet	Occupied Sq. Ft. at Acquisition	Occupancy Percentage at Acquisition	December 31, 2003 Leased Percentage	Investment
Fullerton Industrial Center	1/24/03	137,000	137,000	100%	94%	\$ 10,600,000
718 Jefferson Street <sup>(2)</sup>	5/29/03	5,000	5,000	100%	100%	\$ 1,100,000
1776 G Street	8/6/03	262,000	230,900	88%	100%	\$ 84,750,000
Prosperity Medical Center	10/9/03	255,000	249,900	98%	98%	\$ 78,000,000

<sup>(1)</sup> Core portfolio properties include all properties that were owned for the entirety of the current and prior year reporting periods. For Q4 2003 and Q4 2002, core portfolio properties exclude Fullerton Industrial Center, 718 Jefferson Street, 1776 G Street and Prosperity Medical Center.

<sup>(2)</sup> 718 Jefferson Street in Alexandria, Virginia, was acquired to complete WRIT's ownership of the entire block of 800 S. Washington Street. This block is now in the preliminary stages of redevelopment.

**Conference Call Information**

WRIT will conduct a Conference/Webcast Call to discuss 4th Quarter on Friday, February 20, 2004 at 11:00 AM, Eastern Time. Conference call access information is as follows:

USA Toll Free Number:	1-800-901-5231
International Toll Number:	1-617-786-2961
Leader:	Sara Grootwassink
Passcode:	24238935

The instant replay of the Conference Call will be available until February 27, 2004 at 11:59 PM Eastern Time. Instant Replay access information is as follows:

USA Toll Free Number:	1-888-286-8010
International Toll Number:	1-617-801-6888
Passcode:	92157041

The live on-demand webcast of the Conference Call will also be available on WRIT's website at [www.writ.com](http://www.writ.com). The on-line playback of the webcast will be available at [www.writ.com](http://www.writ.com) for 30 days following the Conference Call.



**Washington Real Estate Investment Trust**

Supplemental Information  
December 31, 2003

Contact:  
Sara Grootwassink  
Chief Financial Officer  
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**Washington Real Estate Investment Trust**  
**Supplemental Information**  
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**Washington Real Estate Investment Trust**  
**About the Trust**

**Mission Statement**

Washington Real Estate Investment Trust, founded in 1960 and headquartered in Rockville, Maryland, invests in a diversified range of income-producing property types. Our purpose is to acquire and manage real estate investments in markets we know well and protect our assets from single property-type value fluctuations through diversified holdings. Our goal is to continue to safely increase earnings and shareholder value.

**Company Background**

WRIT is a self-administered, self-managed, equity real estate investment trust investing in income-producing properties in the greater Washington-Baltimore region. The Trust owns a diversified portfolio of 66 properties consisting of 11 retail centers, 29 office properties, 17 industrial properties and 9 multifamily properties.

WRIT's dividends have increased every year for 33 consecutive years. WRIT's FFO per share has increased every year for 31 consecutive years. WRIT shares are publicly traded on the New York Stock Exchange (symbol: WRE).

**Washington Real Estate Investment Trust**  
**Consolidated Statements of Operations**  
(In thousands, except per share data)

OPERATING RESULTS	Twelve Months Ended		Three Months Ended				
	12/31/03	12/31/02	12/31/03	09/30/03	06/30/03	03/31/03	12/31/02
Real estate rental revenue	\$ 163,405	\$ 152,929	\$ 43,854	\$ 41,109	\$ 39,481	\$ 38,961	\$ 39,027
Real estate expenses	(47,862)	(43,905)	(12,598)	(12,426)	(11,235)	(11,603)	(11,124)
	115,543	109,024	31,256	28,683	28,246	27,358	27,903
Real estate depreciation and amortization	(35,755)	(29,200)	(10,336)	(9,101)	(8,245)	(8,073)	(7,894)
Income from real estate	79,788	79,824	20,920	19,582	20,001	19,285	20,009
Other income	414	680	72	102	132	108	127
Interest expense	(30,040)	(27,849)	(8,011)	(7,401)	(7,581)	(7,047)	(7,010)
General and administrative	(5,275)	(4,575)	(1,583)	(1,296)	(1,264)	(1,132)	(1,074)
Income from continuing operations	44,887	48,080	11,398	10,987	11,288	11,214	12,052
Discontinued Operations:							
Income (loss) from operations of property disposed	—	(82)	—	—	—	—	—
Gain on sale of real estate investment	—	3,838	—	—	—	—	—
Income (loss) from discontinued operations	—	3,756	—	—	—	—	—
<b>Net Income</b>	<b>\$ 44,887</b>	<b>\$ 51,836</b>	<b>\$ 11,398</b>	<b>\$ 10,987</b>	<b>\$ 11,288</b>	<b>\$ 11,214</b>	<b>\$ 12,052</b>
<b>Per Share Data</b>							
Net Income	\$ 1.13	\$ 1.32	\$ 0.28	\$ 0.28	\$ 0.29	\$ 0.28	\$ 0.31
Fully diluted weighted average shares outstanding	39,599,684	39,281,248	40,121,060	39,528,812	39,451,560	39,357,895	39,328,198
<b>Percentage of Revenues:</b>							
Real estate expenses	29.3%	28.7%	28.7%	30.2%	28.5%	29.8%	28.5%
General and administrative	3.2%	3.0%	3.6%	3.2%	3.2%	2.9%	2.8%
<b>Ratios:</b>							
EBITDA / Interest Expense	3.7x	3.8x	3.7x	3.7x	3.6x	3.6x	3.9x
Net income /							
Total revenue	27.5%	33.9%	26.0%	26.7%	28.6%	28.8%	30.9%

**Washington Real Estate Investment Trust**  
**Consolidated Balance Sheets**  
(In thousands)

	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
<b>Assets</b>					
Land	\$ 210,366	\$ 203,878	\$ 172,378	\$ 171,514	\$ 169,045
Building	846,411	763,148	703,251	697,394	684,657
<b>Total real estate, at cost</b>	<b>1,056,777</b>	<b>967,026</b>	<b>875,629</b>	<b>868,908</b>	<b>853,702</b>
Accumulated depreciation	(177,983)	(168,524)	(161,264)	(154,004)	(146,912)
<b>Total investment in real estate, net</b>	<b>878,794</b>	<b>798,502</b>	<b>714,365</b>	<b>714,904</b>	<b>706,790</b>
Cash and cash equivalents	5,486	5,968	20,669	17,350	13,076
Rents and other receivables, net of allowance for doubtful accounts	18,397	17,266	15,967	14,822	14,072
Prepaid expenses and other assets	24,452	25,412	18,857	21,852	22,059
<b>Total Assets</b>	<b>\$ 927,129</b>	<b>\$ 847,148</b>	<b>\$ 769,858</b>	<b>\$ 768,928</b>	<b>\$ 755,997</b>
<b>Liabilities</b>					
Accounts payable and other liabilities	\$ 18,108	\$ 14,369	\$ 16,400	\$ 12,887	\$ 14,661
Advance rents	5,322	4,833	5,071	5,440	4,409
Tenant security deposits	6,168	6,276	6,282	6,582	6,495
Mortgage notes payable	142,182	92,909	93,201	93,499	86,951
Lines of credit/short-term note payable	—	132,500	—	—	50,750
Notes payable	375,000	275,000	325,000	325,000	265,000
<b>Total Liabilities</b>	<b>546,780</b>	<b>525,887</b>	<b>445,954</b>	<b>443,408</b>	<b>428,266</b>
Minority interest	1,601	1,618	1,581	1,565	1,554
<b>Shareholders' Equity</b>					
Shares of beneficial interest, \$.01 par value; 100,000 shares authorized	\$ 416	\$ 394	\$ 393	\$ 392	\$ 392
Additional paid-in capital	396,462	332,261	330,808	329,134	328,797
Retained earnings (deficit)	(16,272)	(12,171)	(8,498)	(5,152)	(2,554)
Less: Deferred Compensation on restricted shares	(1,858)	(841)	(380)	(419)	(458)
<b>Total Shareholders' Equity</b>	<b>378,748</b>	<b>319,643</b>	<b>322,323</b>	<b>323,955</b>	<b>326,177</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 927,129</b>	<b>\$ 847,148</b>	<b>\$ 769,858</b>	<b>\$ 768,928</b>	<b>\$ 755,997</b>
<b>Total Debt / Total Market Capitalization</b>	<b>0.30:1</b>	<b>0.30:1</b>	<b>0.28:1</b>	<b>0.29:1</b>	<b>0.29:1</b>

**Washington Real Estate Investment Trust**  
**Funds From Operations and Funds Available for Distribution**  
(In thousands, except per share data)

	Twelve Months Ended		Three Months Ended				
	12/31/03	12/31/02	12/31/03	09/30/03	06/30/03	03/31/03	12/31/02
<b>Funds From Operations<sup>(1)</sup></b>							
Net Income	\$ 44,887	\$ 51,836	\$ 11,398	\$ 10,987	\$ 11,288	\$ 11,214	\$ 12,052
Real estate depreciation and amortization	35,755	29,200	10,336	9,101	8,245	8,073	7,894
Discontinued operations:							
Gain on property disposed	—	(3,838)	—	—	—	—	—
Real estate depreciation and amortization	—	11	—	—	—	—	—
<b>Funds From Operations (FFO)</b>	<b>80,642</b>	<b>77,209</b>	<b>21,734</b>	<b>20,088</b>	<b>19,533</b>	<b>19,287</b>	<b>19,946</b>
FFO per share - basic	\$ 2.05	\$ 1.98	\$ 0.55	\$ 0.51	\$ 0.50	\$ 0.49	\$ 0.51
FFO per share - fully diluted	\$ 2.04	\$ 1.97	\$ 0.54	\$ 0.51	\$ 0.50	\$ 0.49	\$ 0.51
<b>Funds Available for Distribution<sup>(2)</sup></b>							
Accretive:							
Tenant Improvements <sup>(3)</sup>	(9,506)	(4,656)	(4,958)	(1,239)	(1,696)	(1,613)	(1,267)
Leasing Commissions Capitalized	(4,241)	(1,418)	(935)	(1,515)	(372)	(1,419)	(496)
Non-Accretive:							
Recurring Capital Improvements	(6,548)	(8,068)	(2,887)	(1,277)	(1,519)	(865)	(2,475)
Straight-Line Rent, Net	(1,689)	(1,848)	(395)	(503)	(473)	(318)	(484)
Non-real estate depreciation and amortization	1,844	1,995	448	467	453	476	501
<b>Funds Available for Distribution (FAD)</b>	<b>\$ 60,502</b>	<b>\$ 63,214</b>	<b>\$ 13,007</b>	<b>\$ 16,021</b>	<b>\$ 15,926</b>	<b>\$ 15,548</b>	<b>\$ 15,725</b>
Total Dividends Paid	\$ 58,604	\$ 54,352	\$ 15,499	\$ 14,659	\$ 14,634	\$ 13,812	\$ 13,806
Average shares - basic	39,398,646	39,060,598	39,862,110	39,311,293	39,240,682	39,173,898	39,150,598
Average shares - fully diluted	39,599,684	39,281,248	40,121,060	39,528,812	39,451,560	39,357,895	39,328,198

<sup>(1)</sup> Funds From Operations ("FFO") – The National Association of Real Estate Investment Trusts, Inc. ("NAREIT") defines FFO (April, 2002 White Paper) as net income (computed in accordance with generally accepted accounting principles ("GAAP")) excluding gains (or losses) from sales of property plus depreciation and amortization. WRIT considers FFO to be a standard supplemental measure for equity real estate investment trusts ("REITs") because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminish predictably over time. Since real estate values have instead historically risen or fallen with market conditions, WRIT believes that FFO more accurately provides investors an indication of its ability to incur and service debt, make capital expenditures and fund other needs.

<sup>(2)</sup> Funds Available for Distribution ("FAD") is calculated by subtracting from FFO recurring expenditures, tenant improvements and leasing costs, that are capitalized and amortized and are necessary to maintain WRIT's properties and revenue stream, and straight line rents, then adding non-real estate depreciation and amortization. FAD is included herein, because WRIT considers it to be a measure of a REIT's ability to incur and service debt and to distribute dividends to its shareholders. FAD is not a standardized measure, and may be calculated differently by other REITs.

<sup>(3)</sup> Tenant improvements for the three months and twelve months ended December 31, 2003 includes a payment of \$3.5 million to one tenant.



**Washington Real Estate Investment Trust**  
**Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)**  
(In thousands)

	Three Months Ended				
	12/31/03	09/30/03	06/30/03	03/31/03	12/31/02
<b>EBITDA<sup>(1)</sup></b>					
Net income	\$ 11,398	\$ 10,987	\$ 11,288	\$ 11,214	\$ 12,052
Add:					
Interest expense	8,011	7,401	7,581	7,047	7,010
Real estate depreciation and amortization	10,336	9,101	8,245	8,073	7,894
Non-real estate depreciation	117	120	127	149	203
Less:					
Other income	(72)	(102)	(132)	(108)	(127)
<b>EBITDA</b>	<b>\$ 29,790</b>	<b>\$ 27,507</b>	<b>\$ 27,109</b>	<b>\$ 26,375</b>	<b>\$ 27,032</b>

<sup>(1)</sup> EBITDA is earnings before interest, taxes, depreciation and amortization. WRIT considers EBITDA to be an appropriate supplemental performance measure because it eliminates depreciation, interest and the gain (loss) from property dispositions, which permits investors to view income from operations without the effect of non-cash depreciation or the cost of debt.

**Washington Real Estate Investment Trust**  
**Long-Term Debt Analysis**  
(In thousands)

	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
<b>Balances Outstanding</b>					
<b>Secured</b>					
Conventional fixed rate	\$ 142,182	\$ 92,909	\$ 93,201	\$ 93,499	\$ 86,951
Secured total	142,182	92,909	93,201	93,499	86,951
<b>Unsecured</b>					
Fixed rate bonds and notes	375,000	275,000	325,000	325,000	265,000
Credit facilities	—	132,500	—	—	50,750
Unsecured total	375,000	407,500	325,000	325,000	315,750
Total	\$ 517,182	\$ 500,409	\$ 418,201	\$ 418,499	\$ 402,701
<b>Average Interest Rates</b>					
<b>Secured</b>					
Conventional fixed rate	6.6%	7.2%	7.2%	7.2%	7.3%
Secured total	6.6%	7.2%	7.2%	7.2%	7.3%
<b>Unsecured</b>					
Fixed rate bonds	6.5%	6.9%	7.0%	7.0%	7.4%
Credit facilities	0.0%	1.8%	0.0%	0.0%	2.1%
Unsecured total	6.5%	5.2%	7.0%	7.0%	6.5%
Average	6.5%	5.6%	7.0%	7.0%	6.7%

**Maturity Schedule**

Year	Future Maturities of Debt			Average Interest Rate
	Secured Debt	Unsecured Debt	Total Debt	
2004	\$ 1,958	\$ 55,000	\$ 56,958	7.8%
2005	27,549	—	27,549	7.7%
2006	7,388	50,000	57,388	7.3%
2007	8,642	—	8,642	6.7%
2008	834	60,000	60,834	6.7%
2009	50,887	—	50,887	7.1%
2010	937	—	937	5.4%
2011	989	—	989	5.4%
2012	1,037	—	1,037	5.4%
Thereafter	41,961	210,000	251,961	5.7%
Total maturities	\$ 142,182	\$ 375,000	\$ 517,182	6.5%

Weighted average maturity = 7.9 years

**Washington Real Estate Investment Trust**  
**Capital Analysis**  
(In thousands, except per share amounts)

	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
<b>Market Data</b>					
Shares Outstanding	41,607	39,354	39,286	39,184	39,168
Market Price per Share	\$ 29.20	\$ 29.00	\$ 27.20	\$ 25.97	\$ 25.50
Equity Market Capitalization	\$ 1,214,924	\$ 1,141,266	\$ 1,068,579	\$ 1,017,608	\$ 998,784
Total Debt	\$ 517,182	\$ 500,409	\$ 418,201	\$ 418,499	\$ 402,701
Total Market Capitalization	\$ 1,732,106	\$ 1,641,675	\$ 1,486,778	\$ 1,436,101	\$ 1,401,485
Total Debt to Market Capitalization	0.30:1	0.30:1	0.28:1	0.29:1	0.29:1
Earnings to Fixed Charges <sup>(1)</sup>	2.4x	2.5x	2.5x	2.6x	2.7x
Debt Service Coverage Ratio <sup>(2)</sup>	3.5x	3.6x	3.4x	3.6x	3.7x
<b>Dividend Data</b>					
Total Dividends Paid	\$ 15,499	\$ 14,659	\$ 14,634	\$ 13,812	\$ 13,806
Common Dividend per Share	\$ 0.3725	\$ 0.3725	\$ 0.3725	\$ 0.3525	\$ 0.3525
Payout Ratio (FFO per share basis)	68.8%	73.3%	74.5%	71.9%	69.1%

<sup>(1)</sup> Earnings to Fixed Charges is computed by dividing income before (a) gain on sale of real estate; (b) interest expense, including amortization; and (c) capitalized interest by the sum of interest expense, capitalized interest and amortized debt costs.

<sup>(2)</sup> Debt Service Coverage Ratio is computed by dividing income before (a) gain on sale of real estate; (b) interest income; (c) interest expense; and (d) depreciation and amortization by the sum of interest expense, including interest costs capitalized, and the amortized costs of debt issuance plus mortgage principal amortization.

**Washington Real Estate Investment Trust**  
**Core Portfolio Net Operating Income (NOI) Growth & Rental Rate Growth**  
**Q4 2003 vs. Q4 2002**

**Cash Basis**

<u>Sector</u>	<u>NOI Growth</u>	<u>Rental Rate Growth</u>
Multifamily <sup>(1)</sup>	-7.1%	1.0%
Office Buildings	0.3%	0.7%
Retail Centers	3.2%	3.2%
Industrial / Flex Properties	-0.3%	3.1%
<b>Overall Core Portfolio</b>	<b>-0.5%</b>	<b>1.4%</b>

**GAAP Basis**

<u>Sector</u>	<u>NOI Growth</u>	<u>Rental Rate Growth</u>
Multifamily <sup>(1)</sup>	-7.3%	0.9%
Office Buildings	-1.1%	0.7%
Retail Centers	1.1%	2.2%
Industrial / Flex Properties	-1.5%	2.9%
<b>Overall Core Portfolio</b>	<b>-1.8%</b>	<b>1.2%</b>

<sup>(1)</sup> NOI for Multifamily and Core Portfolio for Q4 2003 would be as follows without the impact of the 36 HUD units and 4 additional units taken off the market at The Ashby at McLean for complete renovation. After renovation, these former HUD units will be leased at market rates.

	<u>Cash Basis</u>
Multifamily	-4.9%
Overall Core Portfolio	-0.1%

	<u>GAAP Basis</u>
Multifamily	-5.1%
Overall Core Portfolio	-1.4%

**Washington Real Estate Investment Trust**  
**Core Portfolio Net Operating Income (NOI)**  
(In Thousands)

	Three Months Ended December 31,	
	2003	2002
Net income	\$ 11,398	\$ 12,052
Real estate depreciation and amortization	10,336	7,894
<b>Funds From Operations</b>	<b>21,734</b>	<b>19,946</b>
<b>Add:</b>		
General and administrative	1,583	1,074
Interest expense	8,011	7,010
<b>Less:</b>		
NOI for non-core properties <sup>(1)</sup>	(3,758)	—
Reaudit fees	—	99
Other income	(72)	(128)
<b>Core portfolio NOI, GAAP Basis</b>	<b>27,498</b>	<b>28,001</b>
Straight-line revenue, net for core properties	(165)	(484)
Effect of SFAS 141	50	—
<b>Core portfolio NOI, Cash Basis</b>	<b>\$ 27,383</b>	<b>\$ 27,517</b>
<b>Core portfolio NOI by segment:</b>		
<b>GAAP Basis:</b>		
Multifamily	\$ 4,281	\$ 4,620
Office Buildings	13,995	14,155
Retail Centers	5,296	5,239
Industrial/Flex	3,926	3,987
	<b>27,498</b>	<b>28,001</b>
<b>Cash Basis:</b>		
Multifamily	\$ 4,289	\$ 4,618
Office Buildings	13,916	13,869
Retail Centers	5,246	5,084
Industrial/Flex	3,932	3,946
	<b>27,383</b>	<b>27,517</b>

<sup>(1)</sup> Non-core properties for Q4 2003 and Q4 2002 were Fullerton Industrial Center, 718 Jefferson Street, 1776 G Street and Prosperity Medical Center.

**Washington Real Estate Investment Trust**  
**Core Portfolio & Overall Occupancy Levels by Sector**  
**Q4 2003 vs. Q4 2002**

**GAAP Basis**

Sector	Core Portfolio		All Properties	
	4th QTR 2003	4th QTR 2002	4th QTR 2003	4th QTR 2002
Multifamily <sup>(1)</sup>	89.2%	91.2%	89.2%	91.2%
Office Buildings	86.9%	87.9%	88.1%	87.9%
Retail Centers	96.0%	95.6%	96.1%	95.6%
Industrial / Flex Properties	88.5%	91.0%	88.8%	91.0%
<b>Overall Portfolio<sup>(2)</sup></b>	<b>88.9%</b>	<b>90.1%</b>	<b>89.5%</b>	<b>90.1%</b>

<sup>(1)</sup> Multifamily occupancy at 12/31/03 for the Core Portfolio and All Properties would be 91.2% without the 36 HUD units and 4 additional units at The Ashby at McLean taken off the market for complete renovation.

<sup>(2)</sup> Overall Portfolio occupancy at 12/31/03 for the Core Portfolio and All Properties would be 89.3% and 89.8% without the impact of the 36 former HUD units and 4 additional units at The Ashby at McLean taken off the market for complete renovation.

**Washington Real Estate Investment Trust**  
**Schedule of Properties**  
**December 31, 2003**

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET
<b>Office Buildings</b>				
1901 Pennsylvania Avenue	Washington, DC	1977	1960	97,000
51 Monroe Street	Rockville, MD	1979	1975	210,000
7700 Leesburg Pike	Falls Church, VA	1990	1976	147,000
515 King Street	Alexandria, VA	1992	1966	78,000
The Lexington Building	Rockville, MD	1993	1970	46,000
The Saratoga Building	Rockville, MD	1993	1977	59,000
Brandywine Center	Rockville, MD	1993	1969	35,000
Tycon Plaza II	Vienna, VA	1994	1981	127,000
Tycon Plaza III	Vienna, VA	1994	1978	151,000
6110 Executive Boulevard	Rockville, MD	1995	1971	199,000
1220 19th Street	Washington, DC	1995	1976	102,000
Maryland Trade Center I	Greenbelt, MD	1996	1981	190,000
Maryland Trade Center II	Greenbelt, MD	1996	1984	158,000
1600 Wilson Boulevard	Arlington, VA	1997	1973	166,000
7900 Westpark Drive	McLean, VA	1997	1972/1986/1999 <sup>1</sup>	526,000
8230 Boone Boulevard	Vienna, VA	1998	1981	58,000
Woodburn Medical Park I	Annandale, VA	1998	1984	71,000
Woodburn Medical Park II	Annandale, VA	1998	1988	96,000
600 Jefferson Plaza	Rockville, MD	1999	1985	115,000
1700 Research Boulevard	Rockville, MD	1999	1982	103,000
Parklawn Plaza	Rockville, MD	1999	1986	40,000
Wayne Plaza	Silver Spring, MD	2000	1970	91,000
Courthouse Square	Alexandria, VA	2000	1979	113,000
One Central Plaza	Rockville, MD	2001	1974	267,000
The Atrium Building	Rockville, MD	2002	1980	81,000
1776 G Street	Washington, DC	2003	1979	262,000
Prosperity Medical Center I	Merrifield, VA	2003	2000	92,000
Prosperity Medical Center II	Merrifield, VA	2003	2001	88,000
Prosperity Medical Center III	Merrifield, VA	2003	2002	75,000
<b>Subtotal</b>				<b>3,843,000</b>
<b>Retail Centers</b>				
Takoma Park	Takoma Park, MD	1963	1962	51,000
Westminster	Westminster, MD	1972	1969	146,000
Concord Centre	Springfield, VA	1973	1960	76,000
Wheaton Park	Wheaton, MD	1977	1967	72,000
Bradlee	Alexandria, VA	1984	1955	168,000
Chevy Chase Metro Plaza	Washington, DC	1985	1975	50,000
Montgomery Village Center	Gaithersburg, MD	1992	1969	198,000
Shoppes of Foxchase	Alexandria, VA	1994	1960	128,000
Frederick County Square	Frederick, MD	1995	1973	235,000
800 S. Washington Street <sup>2</sup>	Alexandria, VA	1998	1955/1959	56,000
1620 Wilson Boulevard	Arlington, VA	2002	1959	5,000
Centre at Hagerstown	Hagerstown, MD	2002	2000	334,000
<b>Subtotal</b>				<b>1,519,000</b>

<sup>1</sup> A 49,000 square foot addition to 7900 Westpark Drive was completed in September 1999.

<sup>2</sup> South Washington Street includes 5,000 square feet for the May 2003 acquisition of 718 E. Jefferson Street. 718 Jefferson Street was acquired to complete WRIT's ownership of the entire block of 800 S. Washington Street. The surface parking lot on this block is now in the preliminary stages of development.

**Washington Real Estate Investment Trust**  
**Schedule of Properties (Cont.)**  
**December 31, 2003**

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE* SQUARE FEET
<b>Multifamily Buildings / # units</b>				
3801 Connecticut Avenue / 307	Washington, DC	1963	1951	177,000
Roosevelt Towers / 190	Falls Church, VA	1965	1964	168,000
Country Club Towers / 227	Arlington, VA	1969	1965	159,000
Park Adams / 200	Arlington, VA	1969	1959	172,000
Munson Hill Towers / 279	Falls Church, VA	1970	1963	259,000
The Ashby at McLean / 250	McLean, VA	1996	1982	244,000
Walker House Apartments / 212 <sup>3</sup>	Gaithersburg, MD	1996	1971/2003	154,000
Bethesda Hills Apartments / 194	Bethesda, MD	1997	1986	226,000
Avondale / 236	Laurel, MD	1999	1987	170,000
Subtotal (2,095 units)				1,729,000
<b>Industrial Distribution / Flex Properties</b>				
Fullerton Business Center	Springfield, VA	1985	1980	104,000
Pepsi-Cola Distribution Center	Forestville, MD	1987	1971	69,000
Charleston Business Center	Rockville, MD	1993	1973	85,000
Tech 100 Industrial Park	Elkridge, MD	1995	1990	167,000
Crossroads Distribution Center	Elkridge, MD	1995	1987	85,000
The Alban Business Center	Springfield, VA	1996	1981/1982	87,000
The Earhart Building	Chantilly, VA	1996	1987	90,000
Ammendale Technology Park I	Beltsville, MD	1997	1985	167,000
Ammendale Technology Park II	Beltsville, MD	1997	1986	108,000
Pickett Industrial Park	Alexandria, VA	1997	1973	246,000
Northern Virginia Industrial Park	Lorton, VA	1998	1968/1991	788,000
8900 Telegraph Road	Lorton, VA	1998	1985	32,000
Dulles South IV	Chantilly, VA	1999	1988	83,000
Sully Square	Chantilly, VA	1999	1986	95,000
Amvax	Beltsville, MD	1999	1986	31,000
Sullyfield Center	Chantilly, VA	2001	1985	245,000
Fullerton Industrial Center	Springfield, VA	2003	1980	137,000
Subtotal				2,619,000
<b>TOTAL</b>				<b>9,710,000</b>

<sup>3</sup> A 16 unit addition referred to as The Gardens at Walker House was completed in October 2003.

\* Multifamily buildings are presented in gross square feet.



**Washington Real Estate Investment Trust**  
**Commercial Leasing Summary**  
**Three months and Twelve months ended 12/31/03**

	<u>4th Quarter 2003</u>	<u>YTD 2003</u>		
<b>Gross Leasing Square Footage</b>				
Office Buildings	204,983	864,502		
Retail Centers	105,555	273,488		
Industrial Centers	189,874	573,771		
<b>Total</b>	<b>500,412</b>	<b>1,711,761</b>		
<b>Weighted Average Term (yrs)</b>				
Office Buildings	4.9	4.8		
Retail Centers	5.0	6.9		
Industrial Centers	3.8	3.4		
<b>Total</b>	<b>4.4</b>	<b>4.7</b>		
	<u>GAAP</u>	<u>CASH</u>	<u>GAAP</u>	<u>CASH</u>
<b>Rental Rate Increases:</b>				
<b>Rate on expiring leases</b>				
Office Buildings	\$ 26.61	\$ 27.20	\$ 24.87	\$ 25.63
Retail Centers	3.90	3.96	8.96	9.26
Industrial Centers	8.57	7.94	7.96	7.93
<b>Total</b>	<b>\$ 14.97</b>	<b>\$ 14.99</b>	<b>\$ 16.66</b>	<b>\$ 17.08</b>
<b>Rate on new and renewal leases</b>				
Office Buildings	\$ 28.48	\$ 27.18	\$ 27.25	\$ 25.95
Retail Centers	4.23	4.13	11.72	11.11
Industrial Centers	7.42	6.98	8.12	7.74
<b>Total</b>	<b>\$ 15.37</b>	<b>\$ 14.65</b>	<b>\$ 18.35</b>	<b>\$ 17.47</b>
<b>Percentage Increase</b>				
Office Buildings	7.03%	-0.07%	9.57%	1.25%
Retail Centers	8.46%	4.29%	30.80%	19.98%
Industrial Centers	-13.42%	-12.09%	2.01%	-2.40%
<b>Total</b>	<b>2.67%</b>	<b>-2.27%</b>	<b>10.14%</b>	<b>2.28%</b>
	<u>Total Dollars</u>	<u>Dollars per Square Foot</u>	<u>Total Dollars</u>	<u>Dollars per Square Foot</u>
<b>Tenant Improvements and Leasing Costs</b>				
Office Buildings	\$ 3,032,164	\$ 14.79	\$ 14,417,395	\$ 16.68
Retail Centers	31,308	0.30	645,430	2.36
Industrial Centers	538,742	2.84	1,886,957	3.29
<b>Total</b>	<b>\$ 3,602,213</b>	<b>\$ 7.20</b>	<b>\$ 16,949,781</b>	<b>\$ 9.90</b>

**Washington Real Estate Investment Trust**  
**10 Largest Tenants - Based on Annualized Base Rent**  
**December 31, 2003**

<u>Tenant</u>	<u>Number of Buildings</u>	<u>Weighted Average Remaining Lease Term in Months</u>	<u>Percentage of Aggregate Portfolio Annualized Rent</u>	<u>Aggregate Rentable Square Feet</u>	<u>Percentage of Aggregate Occupied Square Feet</u>
World Bank	1	35	4.42%	149,284	2.09%
Sunrise Senior Living, Inc.	1	117	3.47%	180,066	2.52%
Lockheed Corporation	2	6	2.86%	164,626	2.31%
General Services Administration	7	22	2.49%	262,265	3.67%
Xerox Corporation	1	8	2.23%	90,994	1.27%
SunTrust Bank	4	14	2.22%	104,290	1.46%
Sun Microsystems, Inc.	1	36	2.17%	110,184	1.54%
INOVA Health Care Services	4	74	1.95%	83,631	1.17%
Northrup Grumman	3	14	1.87%	116,607	1.63%
International Monetary Fund	1	24	1.72%	59,146	0.83%
<b>Total/Weighted Average</b>		<b>37</b>	<b>25.40%</b>	<b>1,321,093</b>	<b>18.51%</b>

**Washington Real Estate Investment Trust**  
**Lease Expirations as of**  
**December 31, 2003**

Year	Number of Leases	Rentable Square Feet	Percent of Rentable Square Feet	Annualized Base Rent	Average Rental Rate	Percent of Annualized Rent
<b>Office:</b>						
2004	125	833,800	25.2%	\$ 21,443,855	\$ 25.72	23.8%
2005	115	438,841	13.3%	13,663,296	31.13	15.2%
2006	112	482,061	14.6%	12,464,556	25.86	13.9%
2007	55	252,422	7.6%	6,466,516	25.62	7.2%
2008	70	356,060	10.8%	9,870,816	27.72	11.0%
2009 and thereafter	118	945,735	28.6%	26,052,801	27.55	29.0%
	595	3,308,919	100.0%	\$ 89,961,840	\$ 27.19	100.0%
<b>Retail:</b>						
2004	41	137,257	9.8%	\$ 2,005,559	\$ 14.61	9.3%
2005	44	199,786	14.3%	3,452,007	17.28	16.0%
2006	45	148,971	10.7%	2,825,022	18.96	13.1%
2007	40	130,026	9.3%	2,858,866	21.99	13.3%
2008	26	173,747	12.4%	1,568,356	9.03	7.3%
2009 and thereafter	70	608,186	43.5%	8,836,463	14.53	41.0%
	266	1,397,973	100.0%	\$ 21,546,274	\$ 15.41	100.0%
<b>Industrial:</b>						
2004	50	477,806	20.8%	\$ 3,478,676	\$ 7.28	19.4%
2005	46	540,176	23.6%	3,925,088	7.27	21.8%
2006	47	500,202	21.8%	4,473,640	8.94	24.9%
2007	17	214,361	9.3%	1,626,142	7.59	9.0%
2008	22	261,844	11.4%	2,170,645	8.29	12.1%
2009 and thereafter	16	299,220	13.0%	2,299,074	7.68	12.8%
	198	2,293,609	100.0%	\$ 17,973,265	\$ 7.84	100.0%
<b>Total:</b>						
2004	216	1,448,863	20.7%	\$ 26,928,091	\$ 18.59	20.8%
2005	205	1,178,803	16.8%	21,040,391	17.85	16.2%
2006	204	1,131,234	16.2%	19,763,218	17.47	15.3%
2007	112	596,809	8.5%	10,951,524	18.35	8.5%
2008	118	791,651	11.3%	13,609,817	17.19	10.5%
2009 and thereafter	204	1,853,141	26.5%	37,188,338	20.07	28.7%
	1,059	7,000,501	100.0%	\$ 129,481,379	\$ 18.50	100.0%

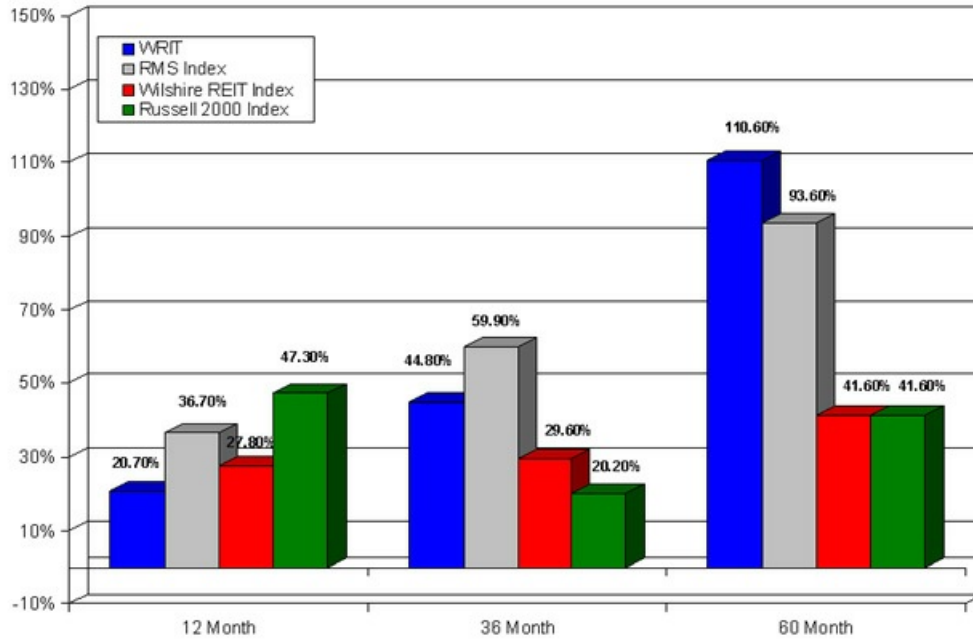
\* Annualized Rent is as of December 31, 2003 rental revenue (cash basis) multiplied by 12.

**Washington Real Estate Investment Trust**  
**2003 Acquisition Summary**  
(Dollars in thousands)

	<u>Acquisition Date</u>	<u>Square Feet</u>	<u>Occupancy Percentage at Acquisition</u>	<u>December 31, 2003 Leased Percentage</u>	<u>Investment</u>
Fullerton Industrial Center	01/24/03	137,000	100%	94%	\$ 10,600
718 Jefferson Street <sup>(1)</sup>	05/29/03	5,000	100%	100%	\$ 1,100
1776 G Street	08/06/03	262,000	88%	100%	\$ 84,750
Prosperity Medical Center	10/09/03	255,000	98%	98%	\$ 78,000

<sup>(1)</sup> 718 Jefferson Street in Alexandria, Virginia, was acquired to complete WRIT's ownership of the entire block of 800 S. Washington Street. The surface parking lot on this block is now in the preliminary stages of redevelopment.

WRIT vs. Morgan Stanley REIT Index, Russell 2000 Index & Wilshire REIT Index  
12, 36 and 60 Month Total Returns  
through December 31, 2003



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**Washington Real Estate Investment Trust**  
**Reporting Definitions**  
**December 31, 2003**

**Annualized base rent (ABR)** is calculated as monthly base rent (cash basis) per the lease, as of the reporting period, multiplied by 12.

**Debt to total market capitalization** is total debt from the balance sheet divided by the sum of total debt from the balance sheet plus the market value of shares outstanding at the end of the period.

**EBITDA** is earnings before interest, taxes, depreciation and amortization.

**Earnings to Fixed Charges** is computed by dividing income before (a) gain on sale of real estate; (b) interest expense, including amortization; and (c) capitalized interest by the sum of interest expense, capitalized interest and amortized debt costs.

**Debt Service Coverage Ratio** is computed by dividing income before (a) gain on sale of real estate; (b) interest income; (c) interest expense; and (d) depreciation and amortization by the sum of interest expense, including interest costs capitalized, and the amortized costs of debt issuance plus mortgage principal amortization.

**Funds from operations (FFO)** - The National Association of Real Estate Investment Trusts, Inc. (NAREIT) defines FFO (April, 2002 White Paper) as net income (computed in accordance with generally accepted accounting principles (GAAP)) excluding gains (or losses) from sales of property plus real estate depreciation and amortization.

**Funds Available for Distribution (FAD)** is calculated by subtracting from FFO recurring expenditures, tenant improvements and leasing costs, that are capitalized and amortized and are necessary to maintain our properties and revenue stream and straight line rents, then adding non-real estate depreciation and amortization.

**Recurring capital expenditures** represents non-accretive building improvements and leasing costs required to maintain current revenues. Recurring capital expenditures do not include acquisition capital that was taken into consideration when underwriting the purchase of a building or which are incurred to bring a building up to "operating standard."

**Rent increases on renewals and rollovers** are calculated as the difference, weighted by square feet, of the net ABR due to the first month after a term commencement date and the net ABR due the last month prior to the termination date of the former tenant's term.

**Core portfolio properties** include all properties that were owned for the entirety of the current and prior year reporting periods.

**Core portfolio net operating income (NOI) growth** is the change in the NOI of the core portfolio properties from the prior reporting period to the current reporting period.