
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) April 17, 2007

WASHINGTON REAL ESTATE INVESTMENT TRUST

(Exact name of registrant as specified in its charter)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition

and

Item 7.01 Regulation FD Disclosure

A press release issued by the Registrant on April 17, 2007, regarding earnings for the three months ended March 31, 2007, is attached as Exhibit 99.1. Also, certain supplemental information not included in the press release is attached as Exhibit 99.2. This information is being furnished pursuant to Item 7.01 and Item 2.02 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.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 99.1 Press release issued April 17, 2007 regarding earnings for the three months ended March 31, 2007

Exhibit 99.2 Certain supplemental information not included in the press release

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

April 17, 2007
(Date)

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued April 17, 2007 regarding earnings for the three months ended March 31, 2007.
99.2	Certain supplemental information not included in the press release

NEWS RELEASE

WRIT Washington Real Estate Investment Trust

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Page 1 of 7

Newspaper Quote: WRIT
 FOR IMMEDIATE RELEASE

April 17, 2007

WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES FIRST QUARTER 2007 RESULTS

Washington Real Estate Investment Trust (WRIT) (NYSE: WRE) reported financial and operating results today for the first quarter ended March 31, 2007:

- Net income for the quarter ended March 31, 2007 was \$9.4 million, or \$0.21 per diluted share, compared to \$10.6 million, or \$0.25 per diluted share in the same period one year ago. The decrease is primarily due to depreciation and amortization associated with owning more properties. Recent acquisitions increased revenue by \$9.3 million, while interest expense increased \$4.1 million, as the acquisitions were funded primarily by debt.
- Funds from Operations (FFO)⁽¹⁾ for the quarter ended March 31, 2007 was \$26.2 million, or \$0.58 per diluted share, an increase of \$3.6 million, or \$0.04 per diluted share from the prior year. Recent acquisitions increased revenue by \$9.3 million, while interest expense increased \$4.1 million, as the acquisitions were funded primarily by debt.

Operating Results

Core Net Operating Income (NOI)⁽³⁾ for the first quarter increased 2.6% compared to the same period one year ago, and increased 3.1% from the prior quarter. The increases in Core NOI are primarily due to increased economic occupancy and rental rate growth in WRIT's general purpose office and retail sectors.

- General purpose office properties' Core NOI increased 4.7% compared to the same period one year ago and increased 3.6% from the prior quarter. The gains are primarily due to increased occupancy, 230 bps higher than the same period the prior year and 60 bps higher than the prior quarter.
- Retail properties' Core NOI increased 7.3% compared to the same period one year ago and increased 13.9% from the prior quarter. The gains are due to rental rate increases associated with the completion of The Shoppes at Foxchase, a redevelopment project completed in fourth quarter 2006.
- Medical office properties' Core NOI decreased 0.5% compared to the same period one year ago and increased 7.6% from the prior quarter. Occupancy remains high for the medical office sector at 98.8% with no change from the prior year.
- Multifamily properties' Core NOI increased 1.3% compared to the same period one year ago and decreased 6.7% from the prior quarter. The decrease from the prior quarter is primarily due to the decline in occupancy and increased operating expenses for snow removal and real estate taxes.
- Industrial properties' Core NOI decreased 3.8% compared to the same period one year ago and decreased 4.8% from the prior quarter. The decrease is primarily due to increased operating expenses for snow removal, utilities and real estate taxes.

Core occupancy was 94.2% during the first quarter of 2007, an increase of 50 bps from the same period the prior year.

Development Activity

At quarter end, three development projects were in progress:

- Bennett Park, formerly Rosslyn Towers, is a ground-up development project in Arlington, VA consisting of high-rise and mid-rise class A apartment buildings with a total of 224 units and 5,900 square feet of retail space. Construction is anticipated to be complete on the high-rise building in fourth quarter 2007 and on the mid-rise in third quarter 2007. Total cost of the project is estimated to be \$76.6 million.
- The Clayborne Apartments, formerly South Washington Street, is a ground-up development project in Alexandria, VA, adjacent to our 800 South Washington retail property. This project is a 75-unit high-end apartment building that will include 2,600 square feet of additional retail space. Construction is anticipated to be completed on the building in second quarter 2007. Total cost of the project is estimated to be \$32.7 million.
- Dulles Station is a 180,000 square foot development project of office and retail space located in Herndon, VA. Phase One of the Dulles Station development is anticipated to be complete in the third quarter 2007 with an estimated cost of \$52.0 million.

Acquisition Activity

During the first quarter of 2007, WRIT acquired approximately \$155 million of assets. Acquisitions this quarter included a portfolio of five industrial/flex buildings, one class A, general purpose office building, and one medical office building. The acquisitions were financed with cash from operations, borrowings on our line of credit, and proceeds from the January convertible note offering.

- On February 8, 2007, WRIT acquired a portfolio of five single-story flex buildings, consisting of 157,000 square feet, within 270 Technology Park in Frederick, Maryland for \$26.5 million. 270 Technology Park presents a solid investment opportunity in high-quality flex buildings ideally located with excellent visibility just south of the City of Frederick along I-270 in one of Frederick's fast-growing development areas.
- On March 1, 2007, WRIT acquired the 100% leased Monument II, a class A, 205,000 square foot, eight-story office building with a detached five-level parking garage located along the Dulles Toll Road in Herndon, Virginia for \$78.2 million. Monument II was completed in 2000 as part of the Monument at Worldgate complex, a mixed-use development consisting of class A office, retail, restaurants, hotels, health clubs, and residential buildings.
- On March 9, 2007, WRIT acquired 2440 M Street, a class A medical office building, consisting of 110,000 square feet, with a three-level parking garage in northwest Washington, D.C. for \$50.0 million. 2440 M Street is well-positioned in the West End business district, just three blocks from George Washington University Hospital and 1 1/2 miles from Georgetown University Hospital.

Capital Structure

On January 17, 2007, WRIT issued \$135 million of 37/8% Convertible Senior Notes due 2026. WRIT used the net proceeds from the offering to repay borrowings under its lines of credit and for general corporate purposes. The \$15 million over-allotment option was exercised and closed on January 30, 2007.

On February 14, 2007, the Trustees of WRIT announced a quarterly dividend of \$.4125 per share to be paid on March 30, 2007 to shareholders of record on March 14, 2007. This is WRIT's 181st consecutive quarterly dividend at equal or increasing rates. WRIT dividends have increased every year for 36 consecutive years.

As of March 31, 2007 WRIT had a total capitalization of \$2.9 billion.

Earnings Guidance

WRIT is increasing its previously issued 2007 FFO per share guidance to \$2.23-\$2.26 from \$2.17-\$2.20. The increase in FFO is due to the repayment of higher interest rate debt with the January convertible note offering and our accelerated acquisition pace.

Annual Meeting

WRIT's annual shareholders' meeting will be held at the Bethesda North Marriott Hotel & Conference Center, 5701 Marinelli Road, North Bethesda, Maryland (Northwest corner of Rockville Pike and Marinelli Rd., across the street from the White Flint Metro Stop) on Thursday, May 17, 2007 at 11:00 a.m.

Conference Call Information

WRIT will conduct a Conference/Webcast Call to discuss 1st Quarter Earnings on Wednesday, April 18, 2007 at 11:00 A.M., Eastern Time. Conference call access information is as follows:

USA Toll Free Number: 1-888-271-8857
International Toll Number: 1-706-679-7697
Leader: Sara Grootwassink
Conference ID: 4033352

The instant replay of the Conference Call will be available until May 2, 2007 at 11:59 PM Eastern Time. Instant Replay access information is as follows:

USA Toll Free Number: 1-800-642-1687
International Toll Number: 1-706-645-9291
Conference ID: 4033352

The live on-demand webcast of the Conference Call will also be available on WRIT's website at www.writ.com. On-line playback of the webcast will be available at <http://www.writ.com> for two weeks following the Conference Call.

About WRIT

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 85 properties consisting of 14 retail centers, 25 general purpose office properties, 14 medical office properties, 23 industrial/flex properties, 9 multi-family properties and land for development. WRIT's dividends have increased every year for 36 consecutive years and FFO per share has increased every year for 34 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 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, and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2006 Form 10-K. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

- (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 real estate depreciation and amortization. We consider FFO to be a standard supplemental measure for equity real estate investment trusts ("REITs") because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that FFO more accurately provides investors an indication of our 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 our properties and revenue stream and (2) straight line rents, then adding (3) non-real estate depreciation and amortization, (4) amortization of restricted share and unit compensation, and adding or subtracting amortization of lease intangibles, as appropriate. FAD is included herein, because we consider it to be a measure of a REIT's ability to incur

(3) and service debt and to distribute dividends to its shareholders. FAD is a non-GAAP and non-standardized measure, and may be calculated differently by other REITs. For purposes of evaluating comparative operating performance, we categorize our properties as “core” or “non-core”. Core Operating NOI is calculated as real estate rental revenue less real estate operating expenses for those properties owned for the entirety of the periods being evaluated. Core Operating NOI is a non-GAAP measure.

Economic Occupancy Levels by Core Portfolio ⁽ⁱ⁾ and All Properties

Sector	Core Portfolio		All Properties	
	1ST QTR 2007	1ST QTR 2006	1ST QTR 2007	1ST QTR 2006
Multifamily	90.6% ⁽ⁱⁱ⁾	90.8%	90.6%	90.8%
Office Buildings	93.7%	91.4%	92.9%	91.1%
Medical Office	98.8%	98.8%	98.9%	98.8%
Retail Centers	97.3%	99.5%	94.8% ⁽ⁱⁱⁱ⁾	99.5%
Industrial/Flex Centers	93.9%	94.0%	94.2%	93.5%
Overall Portfolio	94.2%	93.7%	93.8%	93.4%

(i) Core portfolio properties include all properties that were owned for the entirety of the current and prior year reporting periods. For Q1 2007 and Q1 2006, core portfolio properties exclude: Office Acquisitions: Monument II, 6565 Arlington Blvd, West Gude Office Park and The Ridges; Medical Office Acquisitions: 2440 M Street, Alexandria Professional Center, 9707 Medical Center Drive, 15001 Shady Grove Rd, Plumtree Medical Center, 15005 Shady Grove Rd and The Crescent; Retail Acquisitions: Randolph Shopping Center and Montrose Shopping Center, and Industrial Acquisitions: 270 Technology Park, Hampton Overlook, Hampton South and 9950 Business Parkway.

(ii) Multifamily occupancy level for Q107 is 91.3% without the impact of units off-line for planned renovations. The overall portfolio occupancy is 94.4% without this impact.

(iii) Montrose Shopping Center was 58% leased when purchased in May 2006.

FINANCIAL HIGHLIGHTS
(In thousands, except per share data)
(Unaudited)

OPERATING RESULTS	Three Months Ended March 31,	
	2007	2006
Revenue		
Real estate rental revenue	\$ 60,798	\$ 49,220
Expenses		
Real estate expenses	18,959	14,777
Depreciation and amortization	16,378	11,496
General and administrative	2,883	2,656
	<u>38,220</u>	<u>28,929</u>
Other (expense) income:		
Interest expense	(14,376)	(10,322)
Other income	618	170
	<u>(13,758)</u>	<u>(10,152)</u>
Income from continuing operations	8,820	10,139
Discontinued operations:		
Income from operations of properties sold or held for sale	589	493
Net Income	<u>\$ 9,409</u>	<u>\$ 10,632</u>
Income from continuing operations	\$ 8,820	\$ 10,139
Continuing operations real estate depreciation and amortization	16,378	11,496
Funds from continuing operations	<u>\$ 25,198</u>	<u>\$ 21,635</u>
Income from discontinued operations before gain on disposal	589	493
Discontinued operations real estate depreciation and amortization	397	472
Funds from discontinued operations	986	965
Funds from operations⁽¹⁾	<u>\$ 26,184</u>	<u>\$ 22,600</u>
Tenant improvements	(2,161)	(2,695)
External and internal leasing commissions capitalized	(2,068)	(960)
Recurring capital improvements	(1,936)	(2,295)
Straight-line rents, net	(1,171)	(812)
Non real estate depreciation & amortization of debt costs	750	495
Amortization of lease intangibles, net	(595)	13
Amortization and expensing of restricted share and unit compensation	782	340
Funds Available for Distribution ⁽²⁾	<u>\$ 19,785</u>	<u>\$ 16,686</u>

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

Per Share Data		Three Months Ended March 31,	
		2007	2006
Income from continuing operations	(Basic)	\$ 0.20	\$ 0.24
	(Diluted)	\$ 0.20	\$ 0.24
Net income	(Basic)	\$ 0.21	\$ 0.25
	(Diluted)	\$ 0.21	\$ 0.25
Funds from continuing operations	(Basic)	\$ 0.56	\$ 0.51
	(Diluted)	\$ 0.56	\$ 0.51
Funds from operations	(Basic)	\$ 0.58	\$ 0.54
	(Diluted)	\$ 0.58	\$ 0.54
Dividends paid		\$ 0.4125	\$ 0.4025
Weighted average shares outstanding		44,931	42,052
Fully diluted weighted average shares outstanding		45,153	42,197

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

	(Unaudited) March 31, 2007	December 31, 2006
Assets		
Land	\$ 316,269	\$ 288,821
Income producing property	1,394,944	1,264,442
	1,711,213	1,553,263
Accumulated depreciation and amortization	(290,663)	(277,016)
Net income producing property	1,420,550	1,276,247
Development in progress ⁽⁴⁾	136,831	120,656
Total investment in real estate, net	1,557,381	1,396,903
Investment in real estate sold or held for sale	29,167	29,551
Cash and cash equivalents	7,305	8,721
Restricted cash	5,143	4,151
Rents and other receivables, net of allowance for doubtful accounts of \$3,735 and \$3,464, respectively	33,342	31,649
Prepaid expenses and other assets	68,960	58,192
Other assets related to properties sold or held for sale	2,039	2,098
Total Assets	<u>\$ 1,703,337</u>	<u>\$ 1,531,265</u>
Liabilities		
Notes payable	\$ 879,035	\$ 728,255
Mortgage notes payable	228,367	237,073
Lines of credit	91,200	61,000
Accounts payable and other liabilities	52,227	45,089
Advance rents	6,838	5,894
Tenant security deposits	9,510	9,231
Other liabilities related to property sold or held for sale	1,062	1,053
Total Liabilities	<u>1,268,239</u>	<u>1,087,595</u>
Minority interest		
	1,758	1,739
Shareholders' Equity		
Shares of beneficial interest, \$.01 par value; 100,000 shares authorized: 45,045 and 45,042 shares issued and outstanding, respectively	451	451
Additional paid-in capital	501,325	500,727
Distributions in excess of net income	(68,436)	(59,247)
Total Shareholders' Equity	433,340	441,931
Total Liabilities and Shareholders' Equity	<u>\$ 1,703,337</u>	<u>\$ 1,531,265</u>

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

⁽⁴⁾ Includes cost of land acquired for development.

WRIT

WASHINGTON
REAL ESTATE
INVESTMENT
TRUST

Monument II

Acquired March 1, 2007



First Quarter 2007

Supplemental Operating and Financial Data

for the Quarter Ended March 31, 2007

Contact:
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Chief Financial Officer
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Company Background and Highlights First Quarter 2007

Washington Real Estate Investment Trust (the "Company") is a self-administered, self-managed, equity real estate investment trust (REIT) investing in income-producing properties in the greater Washington metropolitan region. WRIT is diversified, as it invests in multi-family, retail, industrial/flex, office, and medical office segments.

In the year 2006, WRIT increased its dividend for the 36th consecutive year and achieved its 34th consecutive year of increased FFO per share. WRIT acquired 14 properties for \$303 million and added 1.5 million square feet to the portfolio. We raised over \$350 million of capital and entered into an unsecured revolving credit facility with an initial capacity of \$200 million. WRIT strengthened its level of corporate governance appointing two new Trustees to the Board. And George "Skip" McKenzie was promoted to President and Chief Operating Officer.

In first quarter 2007, WRIT continued its momentum in both acquisitions and capital markets activity. This quarter, we raised \$150 million of capital and acquired \$155 million of assets. Our three development projects are progressing well and will be completed in 2007. WRIT announced its 181st consecutive quarterly dividend at equal or increasing rates.

On February 8, 2007, WRIT acquired a portfolio of five single-story flex buildings, consisting of 157,000 square feet, within 270 Technology Park in Frederick, Maryland for \$26.5 million. 270 Technology Park presents a solid investment opportunity in high-quality flex buildings ideally located with excellent visibility just south of the City of Frederick along I-270 in one of Frederick's fast-growing development areas.

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In addition to the recent acquisitions, WRIT has several developments in progress. Bennett Park, formerly Rosslyn Towers, is a ground-up development project in Arlington, Virginia consisting of high-rise and mid-rise class A apartment buildings with a total of 224 units and 5,900 square feet of retail space. Construction is anticipated to be complete on the high-rise building in fourth quarter 2007 and on the mid-rise in third quarter 2007. Total cost of the project is estimated to be \$76.6 million.

The Clayborne Apartments, formerly South Washington Street, is a ground-up development project in Alexandria, Virginia, adjacent to our 800 South Washington retail property. This project is a 75-unit class A apartment building that will include 2,600 square feet of additional retail space. Construction is anticipated to be completed on the building in third quarter 2007. Total cost of the project is estimated to be \$32.7 million.

Dulles Station is a 180,000 square foot development project of office and retail space located in Herndon, Virginia. Phase One of the Dulles Station development is anticipated to be complete in third quarter 2007 with an estimated cost of \$52.0 million.

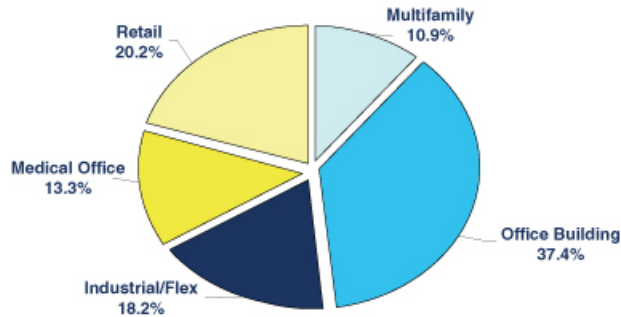
This quarter, WRIT raised more than \$150 million in capital. On January 17, 2007, WRIT issued \$135 million of 3⁷/₈% Convertible Senior Notes due 2026. The \$15 million over-allotment option was exercised and closed on January 30, 2007. Acquisitions and development were financed with proceeds from the January convertible note offering, borrowings on our line of credit and cash from operations.

As of March 31, 2007, WRIT owns a diversified portfolio of 85 properties consisting of 14 retail centers, 25 general purpose office properties, 14 medical office properties, 23 industrial/flex properties, 9 multi-family properties and land for development. WRIT's dividends have increased every year for 36 consecutive years and its FFO per share has increased every year for 34 consecutive years. WRIT shares are publicly traded on the New York Stock Exchange (NYSE:WRE).



Net Operating Income Contribution by Sector—First Quarter 2007

With investments in the multifamily, retail, industrial/flex, office and medical office segments, WRIT is uniquely diversified. This balanced portfolio provides stability during market fluctuations in specific property types.



First Quarter 2007 Acquisitions

2440 M Street
 Washington, D.C.



Monument II
 Herndon, VA



270 Technology Park
 Frederick, MD



Certain statements in the supplemental disclosures which follow 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, and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2006 Form 10-K. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

**Supplemental Financial and Operating Data
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March 31, 2007**

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Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

OPERATING RESULTS	Three Months Ended				
	03/31/07	12/31/06	09/30/06	06/30/06	03/31/06
Real estate rental revenue	\$ 60,798	\$ 57,111	\$ 54,857	\$ 51,351	\$ 49,220
Real estate expenses	(18,959)	(17,443)	(17,025)	(14,840)	(14,777)
	41,839	39,668	37,832	36,511	34,443
Real estate depreciation and amortization	(16,378)	(14,526)	(13,588)	(12,462)	(11,496)
Income from real estate	25,461	25,142	24,244	24,049	22,947
Other income	618	269	293	175	170
Interest expense	(14,376)	(13,392)	(12,527)	(11,604)	(10,322)
General and administrative	(2,883)	(2,461)	(2,230)	(5,276)	(2,656)
Income from continuing operations	8,820	9,558	9,780	7,344	10,139
Discontinued operations:					
Income from operations of properties sold or held for sale	589	523	450	375	493
Net Income	\$ 9,409	\$ 10,081	\$ 10,230	\$ 7,719	\$ 10,632
Per Share Data					
Net Income	\$ 0.21	\$ 0.22	\$ 0.23	\$ 0.18	\$ 0.25
Fully diluted weighted average shares outstanding	45,153	45,122	45,093	43,037	42,197
Percentage of Revenues:					
Real estate expenses	31.2%	30.5%	31.0%	28.9%	30.0%
General and administrative	4.7%	4.3%	4.1%	10.3%	5.4%
Ratios:					
EBITDA / Interest expense	2.8 x	2.9 x	2.9 x	2.8 x	3.2 x
Income from continuing operations/Total real estate revenue	14.5%	16.7%	17.8%	14.3%	20.6%
Net income/Total real estate revenue	15.5%	17.7%	18.6%	15.0%	21.6%

Note: Certain prior quarter amounts have been reclassified to conform to the current quarter presentation.

Consolidated Balance Sheets
(In thousands)
(unaudited)

	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
Assets					
Land	\$ 316,269	\$ 288,821	\$ 288,822	\$ 261,354	\$ 227,110
Income producing property	<u>1,394,944</u>	<u>1,264,442</u>	<u>1,246,046</u>	<u>1,123,365</u>	<u>1,013,412</u>
	1,711,213	1,553,263	1,534,868	1,384,719	1,240,522
Accumulated depreciation and amortization	<u>(290,663)</u>	<u>(277,016)</u>	<u>(263,732)</u>	<u>(251,317)</u>	<u>(239,763)</u>
Net income producing property	1,420,550	1,276,247	1,271,136	1,133,402	1,000,759
Development in progress, including land held for development	<u>136,831</u>	<u>120,656</u>	<u>110,394</u>	<u>90,612</u>	<u>69,820</u>
Total investment in real estate, net	1,557,381	1,396,903	1,381,530	1,224,014	1,070,579
Investment in real estate held for sale, net	29,167	29,551	29,824	29,301	29,161
Cash and cash equivalents	7,305	8,721	11,832	13,970	2,981
Restricted cash	5,143	4,151	4,692	2,540	2,401
Rents and other receivables, net of allowance for doubtful accounts	33,342	31,649	29,567	28,202	26,345
Prepaid expenses and other assets	68,960	58,192	53,895	44,112	39,763
Other assets related to properties sold or held for sale	2,039	2,098	2,159	1,656	1,551
Total Assets	<u>\$ 1,703,337</u>	<u>\$ 1,531,265</u>	<u>\$ 1,513,499</u>	<u>\$ 1,343,795</u>	<u>\$ 1,172,781</u>
Liabilities and Shareholders' Equity					
Notes payable	\$ 879,035	\$ 728,255	\$ 728,216	\$ 618,662	\$ 518,656
Mortgage notes payable	228,367	237,073	238,051	178,834	168,965
Lines of credit/short-term note payable	91,200	61,000	28,000	19,000	59,000
Accounts payable and other liabilities	52,227	45,089	52,191	53,995	36,255
Advance rents	6,838	5,894	6,145	5,796	5,227
Tenant security deposits	9,510	9,231	9,087	8,099	7,168
Other liabilities related to properties sold or held for sale	1,062	1,053	1,002	1,100	877
Total Liabilities	<u>1,268,239</u>	<u>1,087,595</u>	<u>1,062,692</u>	<u>885,486</u>	<u>796,148</u>
Minority interest	<u>1,758</u>	<u>1,739</u>	<u>1,717</u>	<u>1,699</u>	<u>1,687</u>
Shareholders' Equity					
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized	451	451	450	450	422
Additional paid-in capital	501,325	500,727	499,393	498,577	406,098
Distributions in excess of net income	<u>(68,436)</u>	<u>(59,247)</u>	<u>(50,753)</u>	<u>(42,417)</u>	<u>(31,574)</u>
Total Shareholders' Equity	<u>433,340</u>	<u>441,931</u>	<u>449,090</u>	<u>456,610</u>	<u>374,946</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,703,337</u>	<u>\$ 1,531,265</u>	<u>\$ 1,513,499</u>	<u>\$ 1,343,795</u>	<u>\$ 1,172,781</u>
Total Debt / Total Market Capitalization	<u>0.42:1</u>	<u>0.36:1</u>	<u>0.36:1</u>	<u>0.33:1</u>	<u>0.35:1</u>

Note: Certain prior quarter amounts have been reclassified to conform to the current quarter presentation.

Funds From Operations and Funds Available for Distribution
(In thousands, except per share data)
(unaudited)

	Three Months Ended				
	3/31/2007	12/31/2006	9/30/2006	6/30/2006	03/31/06
Funds From Operations⁽¹⁾					
Net Income	\$ 9,409	\$ 10,081	\$ 10,230	\$ 7,719	\$ 10,632
Real estate depreciation and amortization	16,378	14,526	13,588	12,462	11,496
Discontinued operations:					
Real estate depreciation and amortization	397	548	550	528	472
Funds From Operations (FFO)	<u>\$26,184</u>	<u>\$ 25,155</u>	<u>\$24,368</u>	<u>\$20,709</u>	<u>\$22,600</u>
FFO per share - basic	\$ 0.58	\$ 0.56	\$ 0.54	\$ 0.48	\$ 0.54
FFO per share - fully diluted	\$ 0.58	\$ 0.56	\$ 0.54	\$ 0.48	\$ 0.54
Funds Available for Distribution⁽²⁾					
Tenant Improvements	(2,161)	(2,143)	(2,602)	(2,033)	(2,695)
External and Internal Leasing Commissions Capitalized	(2,068)	(1,554)	(1,604)	(1,477)	(960)
Recurring Capital Improvements	(1,936)	(1,648)	(2,019)	(2,724)	(2,295)
Straight-Line Rent, Net	(1,171)	(757)	(836)	(686)	(812)
Non-real estate depreciation and amortization	750	765	640	554	495
Amortization of lease intangibles, net	(595)	197	91	(17)	13
Amortization and expensing of restricted share and unit compensation	782	1,081	556	1,487	340
Funds Available for Distribution (FAD)	<u>\$19,785</u>	<u>\$ 21,096</u>	<u>\$18,594</u>	<u>\$15,813</u>	<u>\$16,686</u>
Total Dividends Paid	\$18,581	\$ 18,580	\$18,567	\$18,562	\$16,979
Average shares - basic	44,931	44,894	44,874	42,852	42,052
Average shares - fully diluted	45,153	45,122	45,093	43,037	42,197

- (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 real estate depreciation and amortization. We consider FFO to be a standard supplemental measure for equity real estate investment trusts ("REITs") because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs. FFO is a non-GAAP measure.
- (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 our properties and revenue stream and (2) straight line rents, then adding (3) non-real estate depreciation and amortization and adding or subtracting the amortization of lease intangibles as appropriate. FAD is included herein, because we consider it to be a measure of a REIT's ability to incur and service debt and to distribute dividends to its shareholders. FAD is a non-GAAP and non-standardized measure, and may be calculated differently by other REITs.

Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)
(In thousands)
(unaudited)

	Three Months Ended				
	03/31/07	12/31/06	09/30/06	06/30/06	03/31/06
EBITDA⁽¹⁾					
Net income	\$ 9,409	\$10,081	\$10,230	\$ 7,719	\$10,632
Add:					
Interest expense	14,376	13,392	12,527	11,604	10,322
Real estate depreciation and amortization	16,775	15,074	14,138	12,990	11,968
Non-real estate depreciation	136	117	107	87	73
Less:					
Other income	(618)	(269)	(293)	(175)	(170)
EBITDA	<u>\$40,078</u>	<u>\$38,395</u>	<u>\$36,709</u>	<u>\$32,225</u>	<u>\$32,825</u>

(1) EBITDA is earnings before interest, taxes, depreciation and amortization. We consider 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. EBITDA is a non-GAAP measure.

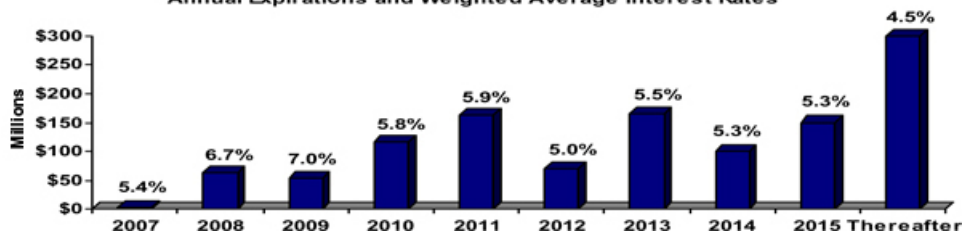
Long-Term Debt Analysis
(In thousands, except per share amounts)

	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
Balances Outstanding					
Secured					
Conventional fixed rate	\$ 228,367	\$ 237,073	\$ 238,051	\$178,834	\$168,965
Secured total	<u>228,367</u>	<u>237,073</u>	<u>238,051</u>	<u>178,834</u>	<u>168,965</u>
Unsecured					
Fixed rate bonds and notes	879,035	728,255	728,216	618,662	518,656
Credit facility	91,200	61,000	28,000	19,000	59,000
Unsecured total	<u>970,235</u>	<u>789,255</u>	<u>756,216</u>	<u>637,662</u>	<u>577,656</u>
Total	<u>\$1,198,602</u>	<u>\$1,026,328</u>	<u>\$ 994,267</u>	<u>\$816,496</u>	<u>\$746,621</u>
Average Interest Rates					
Secured					
Conventional fixed rate	5.9%	5.9%	5.9%	5.9%	5.9%
Secured total	<u>5.9%</u>	<u>5.9%</u>	<u>5.9%</u>	<u>5.9%</u>	<u>5.9%</u>
Unsecured					
Fixed rate bonds	5.2%	5.5%	5.5%	5.9%	5.9%
Credit facilities	5.8%	6.0%	5.9%	5.9%	5.3%
Unsecured total	<u>5.3%</u>	<u>5.6%</u>	<u>5.5%</u>	<u>5.9%</u>	<u>5.8%</u>
Average	<u>5.4%</u>	<u>5.6%</u>	<u>5.6%</u>	<u>5.9%</u>	<u>5.9%</u>

Note: The current balance outstanding of the fixed rate bonds and notes is shown net of discounts/premiums in the amount of \$965,477.

Long-Term Debt Analysis
(In thousands, except per share amounts)
Continued from previous page

Debt Maturity Schedule
Annual Expirations and Weighted Average Interest Rates



Year	Future Maturities of Debt				Average Interest Rate
	Secured Debt	Unsecured Debt	Credit Facilities	Total Debt	
2007	\$ 2,558	\$ —	\$ —	\$ 2,558	5.4%
2008	3,571	60,000	—	63,571	6.7%
2009	53,768	—	—	53,768	7.0%
2010	25,428	—	91,200	116,628	5.8%
2011	12,763	150,000	—	162,763	5.9%
2012	20,483	50,000	—	70,483	5.0%
2013	105,396	60,000	—	165,396	5.5%
2014	205	100,000	—	100,205	5.3%
2015	216	150,000	—	150,216	5.3%
Thereafter	3,979	310,000	—	313,979	4.5%
Total maturities	\$ 228,367	\$ 880,000	\$ 91,200	\$1,199,567	5.4%

Weighted average maturity = 9.1 years

Capital Analysis
(In thousands, except per share amounts)

	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
Market Data					
Shares Outstanding	45,045	45,042	45,011	44,998	42,183
Market Price per Share	\$ 37.42	\$ 40.00	\$ 39.80	\$ 36.70	\$ 33.09
Equity Market Capitalization	\$1,685,584	\$1,801,680	\$ 1,791,438	\$1,651,427	\$1,395,835
Total Debt	\$1,198,602	\$1,026,328	\$ 994,267	\$ 816,496	\$ 746,621
Total Market Capitalization	\$2,884,186	\$2,828,008	\$ 2,785,705	\$2,467,923	\$2,142,456
Total Debt to Market Capitalization	<u>0.42:1</u>	<u>0.36:1</u>	<u>0.36:1</u>	<u>0.33:1</u>	<u>0.35:1</u>
Earnings to Fixed Charges ⁽¹⁾	1.5 x	1.6 x	1.6 x	1.5 x	1.9 x
Debt Service Coverage Ratio ⁽²⁾	2.6 x	2.7 x	2.8 x	2.6 x	3.0 x
Dividend Data					
Total Dividends Paid	\$ 18,581	\$ 18,580	\$ 18,567	\$ 18,562	\$ 16,979
Common Dividend per Share	\$ 0.4125	\$ 0.4125	\$ 0.4125	\$ 0.4125	\$ 0.4025
Payout Ratio (FFO per share basis)	71.1%	73.7%	76.4%	85.9%	74.5%

- (1) The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, including amortized costs of debt issuance, plus interest costs capitalized.
- (2) Debt service coverage ratio is computed by dividing earnings before interest income and expense, depreciation, amortization and gain on sale of real estate by interest expense and principal amortization.

**Core Portfolio Net Operating Income (NOI) Growth & Rental Rate Growth
2007 vs. 2006**

Cash Basis

Sector	First Quarter ⁽¹⁾	
	NOI Growth	Rental Rate Growth
Multifamily	1.2%	5.1%
Office Buildings	4.6%	1.8%
Medical Office Buildings	5.6%	2.9%
Retail Centers	3.4%	4.8%
Industrial / Flex Properties	-0.6%	3.2%
Overall Core Portfolio	2.9%	3.2%

GAAP Basis

Sector	First Quarter ⁽¹⁾	
	NOI Growth	Rental Rate Growth
Multifamily	1.3%	5.2%
Office Buildings	4.7%	2.1%
Medical Office Buildings	-0.5%	0.2%
Retail Centers	7.3%	8.2%
Industrial / Flex Properties	-3.8%	2.4%
Overall Core Portfolio	2.6%	3.5%

¹ Non-core acquired properties were:

2007 acquisitions - 270 Technology Park, Monument II and 2440 M Street

2006 acquisitions - Hampton Overlook, Hampton South, Alexandria Professional Center, 9707 Medical Center Dr., 15001 Shady Grove Rd., Plumtree Medical Center, Randolph Shopping Center, Montrose Shopping Center, 9950 Business Parkway, 15005 Shady Grove Road, 6565 Arlington Blvd, West Gude Drive, The Ridges and The Crescent.

**Core Portfolio Net Operating Income (NOI) Summary
(In Thousands)**

	Three Months Ended March 31,		
	2007	2006	% Change
Cash Basis:			
Multifamily	\$ 4,547	\$ 4,494	1.2%
Office Buildings	12,716	12,152	4.6%
Medical Office Buildings	3,431	3,248	5.6%
Retail Centers	7,061	6,831	3.4%
Industrial/Flex	6,762	6,802	-0.6%
	<u>\$34,517</u>	<u>\$33,527</u>	<u>2.9%</u>
GAAP Basis:			
Multifamily	\$ 4,554	\$ 4,496	1.3%
Office Buildings	13,072	12,484	4.7%
Medical Office Buildings	3,309	3,323	-0.4%
Retail Centers	7,575	7,057	7.3%
Industrial/Flex	6,655	6,920	-3.8%
	<u>\$35,165</u>	<u>\$34,280</u>	<u>2.6%</u>

**Core Portfolio Net Operating Income (NOI) Detail
(In Thousands)**

	Three Months Ended March 31, 2007						Corporate and Other	Total
	Multifamily	Office	Medical Office	Retail	Industrial			
Real estate rental revenue								
Core Portfolio	\$ 8,172	\$19,793	\$ 4,595	\$ 9,639	\$ 9,088	\$ —	\$ 51,287	
Non-core- acquired ¹	—	3,785	3,367	1,050	1,309	—	9,511	
Total	8,172	23,578	7,962	10,689	10,397	—	60,798	
Real estate expenses								
Core Portfolio	3,618	6,721	1,286	2,064	2,433	—	16,122	
Non-core- acquired ¹	—	1,194	1,105	190	348	—	2,837	
Total	3,618	7,915	2,391	2,254	2,781	—	18,959	
Net Operating Income (NOI)								
Core Portfolio	4,554	13,072	3,309	7,575	6,655	—	35,165	
Non-core- acquired ¹	—	2,591	2,262	860	961	—	6,674	
Total	\$ 4,554	\$15,663	\$ 5,571	\$ 8,435	\$ 7,616	\$ —	\$ 41,839	
Core Portfolio NOI GAAP Basis (from above)	\$ 4,554	\$13,072	\$ 3,309	\$ 7,575	\$ 6,655	\$ —	\$ 35,165	
Straight-line revenue, net for core properties	(7)	(316)	30	(457)	14	—	(736)	
FAS 141 Min Rent	—	(44)	92	(60)	89	—	77	
Amortization of lease intangibles for core properties	—	4	—	3	4	—	11	
Core portfolio NOI, Cash Basis	\$ 4,547	\$12,716	\$ 3,431	\$ 7,061	\$ 6,762	\$ —	\$ 34,517	
Reconciliation of NOI to Net Income								
Total NOI	\$ 4,554	\$15,663	\$ 5,571	\$ 8,435	\$ 7,616	\$ —	\$ 41,839	
Other revenue	—	—	—	—	—	618	618	
Interest expense	(913)	(749)	(1,154)	(336)	(243)	(10,981)	(14,376)	
Depreciation and amortization	(1,596)	(6,739)	(2,909)	(1,954)	(3,061)	(119)	(16,378)	
Discontinued Operations ²	—	589	—	—	—	—	589	
General and administrative	—	—	—	—	—	(2,883)	(2,883)	
Net Income	\$ 2,045	\$ 8,764	\$ 1,508	\$ 6,145	\$ 4,312	\$ (13,365)	\$ 9,409	

¹ Non-core acquired properties were:

2007 acquisitions - 270 Technology Park, Monument II and 2440 M Street

2006 acquisitions - Hampton Overlook, Hampton South, Alexandria Professional Center, 9707 Medical Center Dr., 15001 Shady Grove Rd., Plumtree Medical Center, Randolph Shopping Center, Montrose Shopping Center, 9950 Business Parkway, 15005 Shady Grove Road, 6565 Arlington Blvd., West Gude Drive, The Ridges and The Crescent.

² Discontinued operations include: Maryland Trade Center I and II

**Core Portfolio Net Operating Income (NOI) Detail
(In Thousands)**

	Three Months Ended March 31, 2006						Total
	Multifamily	Office	Medical Office	Retail	Industrial	Corporate and Other	
Real estate rental revenue							
Core Portfolio	\$ 7,846	\$18,536	\$ 4,533	\$ 8,919	\$ 9,158	\$ —	\$ 48,992
Non-core- acquired ¹	—	—	—	—	228	—	228
Total	7,846	18,536	4,533	8,919	9,386	—	49,220
Real estate expenses							
Core Portfolio	3,350	6,052	1,210	1,862	2,238	—	14,712
Non-core- acquired ¹	—	—	—	—	65	—	65
Total	3,350	6,052	1,210	1,862	2,303	—	14,777
Net Operating Income (NOI)							
Core Portfolio	4,496	12,484	3,323	7,057	6,920	—	34,280
Non-core- acquired ¹	—	—	—	—	163	—	163
Total	\$ 4,496	\$12,484	\$ 3,323	\$ 7,057	\$ 7,083	\$ —	\$ 34,443
Core Portfolio NOI GAAP Basis (from above)	\$ 4,496	\$12,484	\$ 3,323	\$ 7,057	\$ 6,920	\$ —	\$ 34,280
Straight-line revenue, net for core properties	(2)	(289)	(102)	(155)	(219)	—	(767)
FAS 141 Min Rent	—	(44)	27	(71)	95	—	7
Amortization of lease intangibles for core properties	—	1	—	—	6	—	7
Core portfolio NOI, Cash Basis	\$ 4,494	\$12,152	\$ 3,248	\$ 6,831	\$ 6,802	\$ —	\$ 33,527
Reconciliation of NOI to Net Income							
Total NOI	\$ 4,496	\$12,484	\$ 3,323	\$ 7,057	\$ 7,083	\$ —	\$ 34,443
Other revenue	—	—	—	—	—	170	170
Interest expense	(913)	—	(789)	(341)	(499)	(7,780)	(10,322)
Depreciation and amortization	(1,534)	(4,804)	(1,248)	(1,289)	(2,542)	(79)	(11,496)
Discontinued Operations ²	—	493	—	—	—	—	493
General and administrative	—	—	—	—	—	(2,656)	(2,656)
Net Income	\$ 2,049	\$ 8,173	\$ 1,286	\$ 5,427	\$ 4,042	\$ (10,345)	\$ 10,632

¹ Non-core acquired properties were:

2006 acquisitions - Hampton Overlook and Hampton South

² Discontinued operations include: Maryland Trade Center I and II

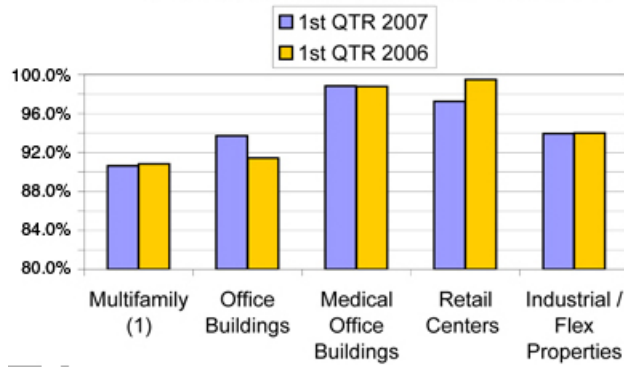
**Core Portfolio & Overall Economic Occupancy Levels by Sector
Q1 2007 vs. Q1 2006**

GAAP Basis

Sector	Core Portfolio		All Properties	
	1st QTR 2007	1st QTR 2006	1st QTR 2007	1st QTR 2006
Multifamily ⁽¹⁾	90.6%	90.8%	90.6%	90.8%
Office Buildings	93.7%	91.4%	92.9%	91.1%
Medical Office Buildings	98.8%	98.8%	98.9%	98.8%
Retail Centers	97.3%	99.5%	94.8%	99.5%
Industrial / Flex Properties	93.9%	94.0%	94.2%	93.5%
Overall Portfolio	94.2%	93.7%	93.8%	93.4%

⁽¹⁾ Multifamily occupancy level for Q1 '07 is 91.3% and 91.7% for Q1 '06 without the impact of units off-line for planned renovations. The overall portfolio is 94.4% for Q1 '07 and 93.9% for Q1 '06 occupied without this impact.

Core Portfolio Economic Occupancy Levels by Sector



	<u>1st Quarter 2007</u>	
Gross Leasing Square Footage		
Office Buildings		185,062
Medical Office Buildings		21,403
Retail Centers		73,875
Industrial Centers		<u>85,192</u>
Total		<u>365,532</u>
Weighted Average Term (yrs)		
Office Buildings		4.4
Medical Office Buildings		5.8
Retail Centers		6.5
Industrial Centers		<u>4.4</u>
Total		<u>4.9</u>
Rental Rate Increases:	<u>GAAP</u>	<u>CASH</u>
Rate on expiring leases		
Office Buildings	\$ 24.82	\$ 25.92
Medical Office Buildings	27.66	27.97
Retail Centers	16.59	16.74
Industrial Centers	8.60	9.12
Total	<u>\$ 19.54</u>	<u>\$ 20.27</u>
Rate on new and renewal leases		
Office Buildings	\$ 24.28	\$ 24.80
Medical Office Buildings	30.55	28.19
Retail Centers	19.57	18.28
Industrial Centers	10.20	9.59
Total	<u>\$ 20.42</u>	<u>\$ 20.14</u>
Percentage Increase		
Office Buildings	-2.18%	-4.32%
Medical Office Buildings	10.45%	0.79%
Retail Centers	17.96%	9.20%
Industrial Centers	18.60%	5.15%
Total	<u>4.50%</u>	<u>-0.64%</u>

Commercial Leasing Summary
Three months ended 03/31/07
Continued from previous page

	<u>Total Dollars</u>	<u>Dollars per Square Foot</u>
Tenant Improvements		
Office Buildings	\$2,148,932	\$ 11.61
Medical Office Buildings	38,536	1.80
Retail Centers	114,875	1.55
Industrial Centers	350,724	4.12
Subtotal	<u>\$2,653,067</u>	<u>\$ 7.26</u>
	<u>Total Dollars</u>	<u>Dollars per Square Foot</u>
Leasing Costs		
Office Buildings	\$1,554,090	\$ 8.40
Medical Office Buildings	19,853	0.93
Retail Centers	452,741	6.13
Industrial Centers	225,744	2.65
Subtotal	<u>\$2,252,428</u>	<u>\$ 6.16</u>
	<u>Total Dollars</u>	<u>Dollars per Square Foot</u>
Tenant Improvements and Leasing Costs		
Office Buildings	\$3,703,022	\$ 20.01
Medical Office Buildings	58,389	2.73
Retail Centers	567,616	7.68
Industrial Centers	576,468	6.77
Total	<u>\$4,905,495</u>	<u>\$ 13.42</u>

10 Largest Tenants - Based on Annualized Rent

March 31, 2007

Tenant	Number of Buildings	Weighted Average Remaining Lease Term in Months	Percentage of Aggregate Portfolio Annualized Rent	Aggregate Rentable Square Feet	Percentage of Aggregate Occupied Square Feet
World Bank	1	38	4.58%	210,354	2.15%
Sunrise Senior Living, Inc.	1	78	2.66%	184,202	1.89%
General Services Administration	8	29	2.16%	286,434	2.93%
URS Corporation	1	81	1.46%	97,208	1.00%
INOVA Health Care Services	4	42	1.45%	80,722	0.83%
Lafarge North America, Inc.	1	40	1.40%	80,610	0.83%
George Washington University	2	15	1.27%	73,915	0.76%
Lockheed Corporation	3	23	1.15%	94,693	0.97%
Science Application Int'l Corp.	2	31	1.02%	87,541	0.90%
Sun Microsystems, Inc.	1	57	0.96%	65,443	0.67%
Total/Weighted Average		44	18.11%	1,261,122	12.93%

**Industry Diversification
March 31, 2007**

Industry Classification (NAICS)	Annualized Base Rental Revenue	Percentage of Aggregate Annualized Rent	Aggregate Rentable Square Feet	Percentage of Aggregate Square Feet
Professional, Scientific and Technical Services	\$ 46,224,136	24.29%	2,113,731	21.65%
Ambulatory Health Care Services	31,644,846	16.63%	1,104,169	11.30%
Credit Intermediation and Related Activities	15,417,943	8.10%	470,864	4.82%
Executive, Legislative & Other General Government Support	8,157,122	4.29%	445,177	4.56%
Nursing and Residential Care Facilities	5,531,033	2.91%	207,460	2.12%
Food Services and Drinking Places	5,398,215	2.84%	223,206	2.29%
Educational Services	4,687,808	2.46%	191,318	1.96%
Religious, Grantmaking, Civic, Professional & Similar Org.	4,501,718	2.37%	157,121	1.61%
Administrative and Support Services	4,324,842	2.27%	267,077	2.73%
Food and Beverage Stores	4,050,611	2.13%	257,333	2.63%
Furniture and Home Furnishing Stores	3,628,765	1.91%	241,382	2.47%
Specialty Trade Contractors	3,448,297	1.81%	416,237	4.26%
Miscellaneous Store Retailers	3,127,539	1.64%	236,814	2.42%
Transportation Equipment Manufacturing	3,028,911	1.59%	163,029	1.67%
Merchant Wholesalers-Durable Goods	2,876,325	1.51%	326,020	3.34%
Personal and Laundry Services	2,729,845	1.43%	127,979	1.31%
Real Estate	2,520,946	1.32%	109,081	1.12%
Clothing & Clothing Accessories Stores	2,361,908	1.24%	148,410	1.52%
Publishing Industries (except Internet)	2,280,934	1.20%	89,994	0.92%
Computer & Electronic Product Manufacturing	2,242,933	1.18%	194,512	1.99%
Insurance Carriers and Related Activities	1,969,050	1.03%	99,714	1.02%
Other	30,159,081	15.85%	2,176,544	22.29%
Total	\$190,312,808	100.00%	9,767,172	100.00%

**Lease Expirations
March 31, 2007**

Year	Number of Leases	Rentable Square Feet	Percent of Rentable Square Feet	Annualized Rent *	Average Rental Rate	Percent of Annualized Rent *
Office:						
2007	66	267,376	7.70%	\$ 7,464,508	\$ 27.92	7.86%
2008	77	338,430	9.74%	9,586,343	28.33	10.09%
2009	113	604,406	17.40%	16,001,842	26.48	16.85%
2010	94	814,364	23.45%	23,569,149	28.94	24.81%
2011	83	458,032	13.19%	12,849,907	28.05	13.53%
2012 and thereafter	102	990,783	28.52%	25,526,585	25.76	26.86%
	<u>535</u>	<u>3,473,391</u>	<u>100.00%</u>	<u>\$ 94,998,334</u>	<u>\$ 27.35</u>	<u>100.00%</u>
Medical Office:						
2007	22	66,431	6.93%	\$ 1,766,185	\$ 26.59	5.95%
2008	34	78,139	8.15%	2,521,114	32.26	8.50%
2009	30	93,261	9.73%	2,781,379	29.82	9.37%
2010	40	166,487	17.36%	5,192,788	31.19	17.50%
2011	44	186,276	19.43%	5,835,937	31.33	19.66%
2012 and thereafter	92	368,220	38.40%	11,582,086	31.45	39.02%
	<u>262</u>	<u>958,814</u>	<u>100.00%</u>	<u>\$ 29,679,489</u>	<u>\$ 30.95</u>	<u>100.00%</u>
Retail:						
2007	45	153,887	8.19%	\$ 3,030,042	\$ 19.69	9.80%
2008	39	205,198	10.92%	2,183,025	10.64	7.06%
2009	42	148,280	7.89%	3,203,238	21.60	10.36%
2010	48	292,667	15.57%	5,018,832	17.15	16.23%
2011	24	149,813	7.97%	2,610,149	17.42	8.44%
2012 and thereafter	93	929,967	49.46%	14,875,595	16.00	48.11%
	<u>291</u>	<u>1,879,812</u>	<u>100.00%</u>	<u>\$ 30,920,881</u>	<u>\$ 16.45</u>	<u>100.00%</u>
Industrial:						
2007	44	382,624	11.07%	\$ 4,046,263	\$ 10.58	11.66%
2008	66	778,293	22.53%	7,462,992	9.59	21.50%
2009	56	684,429	19.81%	6,940,118	10.14	19.99%
2010	38	283,585	8.21%	3,157,659	11.13	9.10%
2011	33	437,612	12.67%	3,567,894	8.15	10.28%
2012 and thereafter	48	888,612	25.71%	9,539,178	10.73	27.47%
	<u>285</u>	<u>3,455,155</u>	<u>100.00%</u>	<u>\$ 34,714,104</u>	<u>\$ 10.05</u>	<u>100.00%</u>
Total:						
2007	177	870,318	8.91%	\$ 16,306,998	\$ 18.74	8.57%
2008	216	1,400,060	14.33%	21,753,474	15.54	11.43%
2009	241	1,530,376	15.67%	28,926,577	18.90	15.20%
2010	220	1,557,103	15.94%	36,938,428	23.72	19.41%
2011	184	1,231,733	12.61%	24,863,887	20.19	13.07%
2012 and thereafter	335	3,177,582	32.54%	61,523,444	19.36	32.32%
	<u>1,373</u>	<u>9,767,172</u>	<u>100.00%</u>	<u>\$ 190,312,808</u>	<u>\$ 19.48</u>	<u>100.00%</u>

* Annualized Rent is as of March 31, 2007 rental revenue (cash basis) multiplied by 12.



2007 Acquisition Summary
as of March 31, 2007
(\$'s in thousands)

Acquisition Summary

		<u>Acquisition Date</u>	<u>Square Feet</u>	<u>Leased Percentage at Acquisition</u>	<u>March 31, 2007 Leased Percentage</u>	<u>Investment</u>
270 Technology Park	Frederick, MD	February 8, 2007	157,000	97%	97%	26,500
Monument II	Herndon, VA	March 1, 2007	205,000	100%	100%	78,200
2440 M Street	Washington, DC	March 9, 2007	110,000	96%	96%	50,000
		Total	<u>472,000</u>			<u>\$154,700</u>

**2007 Development Summary
as of March 31, 2007
(\$'s in thousands)**

Property and Location	Total Rentable Square Feet or # of Units	Percentage Leased or Committed	Anticipated Total Cash Cost	Cash Cost to Date	Anticipated Construction Completion Date
Development					
Bennett Park ¹ Arlington, VA (High Rise)	178 units, 1,600 sq ft. retail & 498 parking spaces underground (includes parking for existing office)	0%	\$ 76,600	\$ 53,124 ³	4Q 07
(Mid Rise)	46 units, 4,300 sq ft. retail	0%			3Q 07
The Clayborne Apartments ² Alexandria, VA	75 units & 2,600 sq ft. retail	0%	\$ 32,700	\$ 20,540 ³	3Q 07
Dulles Station ⁴ Phase I Herndon, VA	179,995 sq ft office	0%	\$ 52,000 ⁵	\$ 35,287 ³	3Q 07
Phase II	360,005 sq ft office		TBD	\$ 22,594 ³	TBD
Total			<u>\$161,300</u>	<u>\$131,545</u>	

¹ Bennett Park, formerly known as Rosslyn Towers, is a planned 224 unit multifamily property. 1620 Wilson Boulevard was acquired in conjunction with the overall development plan for Bennett Park.

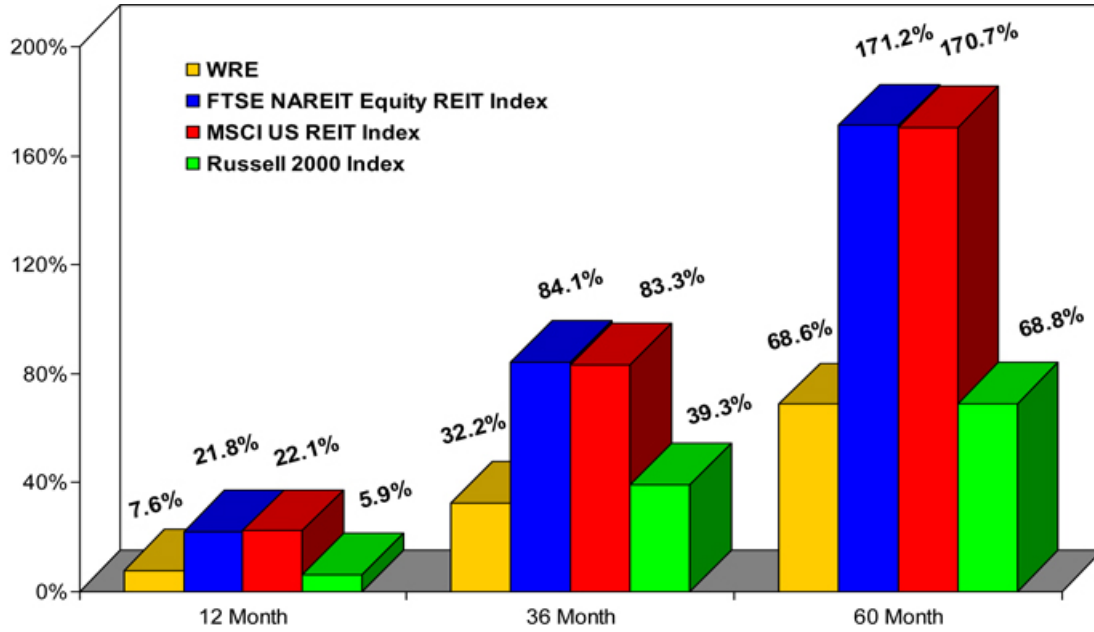
² 718 E. Jefferson Street was acquired to complete our ownership of the entire block of 800 S. Washington Street. The surface parking lot on this block is in development. We currently refer to this development project as The Clayborne Apartments.

³ Includes land cost (Dulles Station Phase II land allocation \$16.1M).

⁴ Dulles Station is 5.27 acres acquired in December 2005.

⁵ Represents total costs associated with Phase I. We will concurrently build a portion of the structured garage, allocated to Phase II, which will cost an additional \$7.2M.

WRIT vs.
FTSE NAREIT Equity REITs, MSCI US REIT
& Russell 2000 Indices
12, 36, and 60 Month Total Returns
March 31, 2007



Sources: SNL Interactive, NAREIT, and MSCI

**Schedule of Properties
March 31, 2007**

<u>PROPERTIES</u>	<u>LOCATION</u>	<u>YEAR ACQUIRED</u>	<u>YEAR CONSTRUCTED</u>	<u>NET RENTABLE SQUARE FEET</u>
<u>Office Buildings</u>				
1901 Pennsylvania Avenue	Washington, DC	1977	1960	97,000
51 Monroe Street	Rockville, MD	1979	1975	210,000
515 King Street	Alexandria, VA	1992	1966	76,000
The Lexington Building	Rockville, MD	1993	1970	46,000
The Saratoga Building	Rockville, MD	1993	1977	58,000
Brandywine Center	Rockville, MD	1993	1969	35,000
6110 Executive Boulevard	Rockville, MD	1995	1971	198,000
1220 19th Street	Washington, DC	1995	1976	102,000
Maryland Trade Center I	Greenbelt, MD	1996	1981	184,000
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 ¹	523,000
600 Jefferson Plaza	Rockville, MD	1999	1985	112,000
1700 Research Boulevard	Rockville, MD	1999	1982	101,000
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	80,000
1776 G Street	Washington, DC	2003	1979	263,000
Albemarle Point	Chantilly, VA	2005	2001	89,000
6565 Arlington Blvd	Falls Church, VA	2006	1967/1998	140,000
West Gude Drive	Rockville, MD	2006	1984/1986/1988	289,000
The Ridges	Gaithersburg, MD	2006	1990	104,000
Monument II	Herndon, VA	2007	2000	205,000
Subtotal				<u>3,747,000</u>
<u>Medical Office Buildings</u>				
Woodburn Medical Park I	Annandale, VA	1998	1984	71,000
Woodburn Medical Park II	Annandale, VA	1998	1988	96,000
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
Shady Grove Medical Village II	Rockville, MD	2004	1999	66,000
8301 Arlington Boulevard	Fairfax, VA	2004	1965	49,000
Alexandria Professional Center	Alexandria, VA	2006	1968	113,000
9707 Medical Center Drive	Rockville, MD	2006	1994	38,000
15001 Shady Grove Road	Rockville, MD	2006	1999	51,000
Plumtree Medical Center	Bel Air, MD	2006	1991	33,000
15005 Shady Grove Road	Rockville, MD	2006	2002	52,000
The Crescent	Gaithersburg, MD	2006	1989	49,000
2440 M Street	Washington, DC	2007	1986/2006	110,000
Subtotal				<u>983,000</u>
<u>Retail Centers</u>				
Takoma Park	Takoma Park, MD	1963	1962	51,000
Westminster	Westminster, MD	1972	1969	151,000
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	49,000
Montgomery Village Center	Gaithersburg, MD	1992	1969	198,000
Shoppes of Foxchase	Alexandria, VA	1994	1960	134,000
Frederick County Square	Frederick, MD	1995	1973	227,000
800 S. Washington Street ²	Alexandria, VA	1998/2003	1955/1959	44,000
Centre at Hagerstown	Hagerstown, MD	2002	2000	332,000
Frederick Crossing	Frederick, MD	2005	1999/2003	295,000
Randolph Shopping Center	Rockville, MD	2006	1972	82,000
Montrose Shopping Center	Rockville, MD	2006	1970	143,000
Subtotal				<u>2,022,000</u>

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

² South Washington Street includes 718 Jefferson Street, acquired in May 2003 to complete the ownership of the entire block of 800 S. Washington Street. See Development Summary on page 23.

**Schedule of Properties (Cont.)
March 31, 2007**

<u>PROPERTIES</u>	<u>LOCATION</u>	<u>YEAR ACQUIRED</u>	<u>YEAR CONSTRUCTED</u>	<u>NET RENTABLE* SQUARE FEET</u>
<u>Multifamily Buildings * / # units</u>				
3801 Connecticut Avenue / 307	Washington, DC	1963	1951	179,000
Roosevelt Towers / 190	Falls Church, VA	1965	1964	170,000
Country Club Towers / 227	Arlington, VA	1969	1965	163,000
Park Adams / 200	Arlington, VA	1969	1959	173,000
Munson Hill Towers / 279	Falls Church, VA	1970	1963	259,000
The Ashby at McLean / 250	McLean, VA	1996	1982	252,000
Walker House Apartments / 212	Gaithersburg, MD	1996	1971/2003 ⁴	159,000
Bethesda Hill Apartments / 194	Bethesda, MD	1997	1986	226,000
Avondale / 236	Laurel, MD	1999	1987	170,000
Subtotal (2,095 units)				<u>1,751,000</u>
<u>Industrial Distribution / Flex Properties</u>				
Fullerton Business Center	Springfield, VA	1985	1980	104,000
Charleston Business Center	Rockville, MD	1993	1973	85,000
Tech 100 Industrial Park	Elkridge, MD	1995	1990	166,000
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	92,000
Ammendale Technology Park I	Beltsville, MD	1997	1985	167,000
Ammendale Technology Park II	Beltsville, MD	1997	1986	107,000
Pickett Industrial Park	Alexandria, VA	1997	1973	246,000
Northern Virginia Industrial Park	Lorton, VA	1998	1968/1991	787,000
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	244,000
Fullerton Industrial Center	Springfield, VA	2003	1980	137,000
8880 Gorman Road	Laurel, MD	2004	2000	141,000
Dulles Business Park Portfolio	Chantilly, VA	2004/2005	1999-2005	324,000
Albemarle Point	Chantilly, VA	2005	2001/2003/2005	207,000
Hampton Overlook	Capital Heights, MD	2006	1989	134,000
Hampton South	Capital Heights, MD	2006	1989/2005	168,000
9950 Business Parkway	Lanham, MD	2006	2005	102,000
270 Technology Park	Frederick, MD	2007	1986-1987	157,000
Subtotal				<u>3,781,000</u>
TOTAL				<u>12,284,000</u>

* Multifamily buildings are presented in gross square feet.

⁴ A 16 unit addition referred to as The Gardens at Walker House was completed in October 2003.

Supplemental Definitions
March 31, 2007

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 (a non-GAAP measure) is earnings before interest, taxes, depreciation and amortization.

Ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations (or net income if there are no discontinued operations) plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, including amortized costs of debt issuance, plus interest costs capitalized.

Debt service coverage ratio is computed by dividing earnings before interest income and expense, depreciation, amortization and gain on sale of real estate by interest expense and 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. FFO is a non-GAAP measure.

Funds Available for Distribution (FAD), a non-GAAP measure, 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 and adding or subtracting amortization of lease intangibles, as appropriate.

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 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.