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) October 24, 2007

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

Maryland	1-6622	53-0261100
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

6110 Executive Boulevard, Suite 800, Rockville, Maryland	20852
(Address of principal executive offices)	(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 October 24, 2007, regarding earnings for the three and nine months ended September 30, 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 October 24, 2007 regarding earnings for the three and nine months ended September 30, 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
Executive Vice President Accounting,
Administration and Corporate Secretary

October 24, 2007
(Date)

Exhibit Index

Exhibit Number	Description
99.1	Press Release issued October 24, 2007 regarding earnings for the three and nine months ended September 30, 2007.
99.2	Certain supplemental information not included in the press release

NEWS RELEASE

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WRE LISTED NYSE

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 FOR IMMEDIATE RELEASE **October 24, 2007**

WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES THIRD QUARTER 2007 RESULTS

Washington Real Estate Investment Trust (WRIT) (NYSE: WRE) reported financial and operating results today for the third quarter ended September 30, 2007:

- Net income for the quarter ended September 30, 2007 was $34.4 million, or $0.73 per diluted share, compared to $10.2 million, or $0.23 per diluted share in the same period one year ago. Net income this quarter included a $25.0 million gain on disposed assets, related to the sale of Maryland Trade Center I & II.
- Funds from Operations (FFO) (1) for the quarter ended September 30, 2007 was $27.7 million, or $0.59 per diluted share, an increase of $3.3 million, or $0.05 per diluted share from the same period last year.

Operating Results

Core Net Operating Income (NOI) (3) for the third quarter increased by 6.8%, or $2.5 million, compared to the same period one year ago. The increase in Core NOI is due to rental rate growth of 2.7% and economic occupancy increase of 110 basis points. Rental rate growth was achieved in all sectors; the increase in economic occupancy was primarily achieved in the office sector.

- Office properties' Core NOI increased 9.8% compared to the same period one year ago. Economic occupancy increased 290 bps to 95.5%, mainly due to lease ups at 7900 Westpark, 6110 Executive Boulevard, and Lexington office buildings. Rental rate growth for the office sector increased 1.9%.
- Retail properties' Core NOI increased 7.3% compared to the same period one year ago. Rental rate growth was 2.9%, primarily due to rate increases at the newly redeveloped Shoppes at Foxchase, Bradlee Shopping Center, and Frederick County Square. Economic occupancy increased 110 bps to 95.0% due to occupancy gains at Montrose Shopping Center.
- Industrial properties' Core NOI increased 5.4% compared to the same period one year ago due to rental rate growth of 2.3%. Economic occupancy increased 20 bps to 94.6% from the same quarter one year ago.
- Medical office properties' Core NOI increased 3.9% compared to the same period one year ago. Rental rate growth was 1.9% and economic occupancy remains high for the medical office sector at 99.4%.
- Multifamily properties' Core NOI increased 3.6% compared to the same period one year ago. Rental rate growth was 4.9% while economic occupancy declined 120 bps quarter-over-quarter to 93.2%, but increased 240 bps sequentially. Rental rate growth was driven by new leases at 3801 Connecticut Avenue and Bethesda Hill Apartments.

Core occupancy was 95.3% during the third quarter of 2007, an increase of 110 bps from the same period the prior year.

Leasing Activity

During the third quarter, WRIT signed commercial leases for 323,000 square feet, with an average rental rate increase of 22.6% and tenant improvement costs of $6.36 per square foot. Residential rental rates increased 4.9%.

- Rental rates for new and renewed retail leases increased 37.2%, with no tenant improvement costs.
- Rental rates for new and renewed office leases increased 22.7%, with $17.66 per square foot in tenant improvement costs.
- Rental rates for new and renewed medical office leases increased 19.8%, with $18.33 per square foot in tenant improvement costs.
- Rental rates for new and renewed industrial/flex leases increased 15.6%, with $0.88 per square foot in tenant improvement costs.

Acquisition and Disposition Activity

During the third quarter of 2007, WRIT acquired one medical office property for $15.3 million and land for development. WRIT sold two Class A office buildings for $58.0 million achieving a net gain on sale of $25 million. The acquisitions were financed with borrowings on our line of credit, cash from operations and operating partnership units. The proceeds from the disposition will be reinvested in a 1031 exchange.

- On August 17, 2007, WRIT acquired CentreMed I & II medical office buildings, located in Centreville, VA consisting of 52,000 net rentable square feet and 258 parking spaces, for $15.3 million. The buildings are located off Route 28/Centreville Road near I-66, in close proximity to Inova Fair Oaks Hospital and Prince William Hospital. Upon acquisition, the property was 100% leased to 14 tenants and is expected to achieve a first-year, unleveraged yield of 7.2% on a cash basis and 7.6% on a GAAP basis.
- On September 13, 2007, WRIT acquired a 0.8 acre parcel of land, located at 4661 Kenmore Avenue, Alexandria, VA for future medical office development. The acquisition was funded by issuing operating units in a consolidated subsidiary of WRIT. The land is adjacent to WRIT's Alexandria Professional Center, one-half mile from Inova Alexandria Hospital and directly off I-395. WRIT currently has the right to develop 70,000 square feet of office space on the site, but will pursue a modification of the existing zoning to develop additional square footage.
- On September 27, 2007, WRIT completed the sale of Maryland Trade Center I & II for $58 million. Maryland Trade Center I is a 16-story, office tower consisting of 190,000 net rentable square feet. Maryland Trade Center II is a 12-story, office tower consisting of 160,000 net rentable square feet. WRIT acquired the office properties on May 17, 1996 for $28 million and achieved a net book gain on sale of $25 million. The unlevered internal rate of return was 16.9% over the WRIT ownership period. Proceeds from the sale will be reinvested in a 1031 exchange.

Development Activity

- In July, WRIT completed base construction on Dulles Station, a 180,000 square foot development project of Class A office and retail space located in Herndon, VA. The building, prominently visible from the Dulles Toll Road, is part of a mixed-use development which will include 1,095 multifamily units and 56,000 square feet of retail and restaurant space.
- This quarter WRIT began delivering units in the mid-rise tower of Bennett Park, fully delivering all 46 units by quarter-end. Bennett Park 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. The mid-rise tower was 70% leased at quarter-end. Construction is anticipated to be substantially complete on the high-rise tower in the fourth quarter 2007.
- Construction is nearing completion at The Clayborne Apartments. The Clayborne is a ground-up development project in Alexandria, VA, adjacent to our 800 South Washington retail property. The project consists of a 74-unit Class A apartment building that will include 2,600 square feet of additional retail space. Construction is

anticipated to be substantially complete during the fourth quarter 2007.

Capital Structure

On September 28, 2007, WRIT paid a quarterly dividend of $0.4225 per share for its 183 rd consecutive quarterly dividend at equal or increasing rates.

As of September 30, 2007 WRIT had a total capitalization of $2.8 billion.

Earnings Guidance

WRIT is increasing its previously issued 2007 FFO per share guidance from $2.23-$2.26 to $2.28-$2.31.

Conference Call Information

The Conference Call for 3rd Quarter Earnings is scheduled for Thursday, October 25, 2007 at 11:00 A.M. Eastern Daylight Time. Conference Call access information is as follows:

USA Toll Free Number:	1-877-407-9205
International Toll Number:	1-201-689-8054
Leader:	Sara Grootwassink

The instant replay of the Conference Call will be available until November 25, 2007 at 11:59 PM Eastern Standard Time. Instant Replay access information is as follows:

USA Toll Free Number:	1-877-660-6853
International Toll Number:	1-201-612-7415
Conference ID:	256605

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 metropolitan region. WRIT owns a diversified portfolio of 88 properties consisting of 14 retail centers, 24 office properties, 17 medical office properties, 23 industrial/flex properties, 10 multifamily properties and land for development. WRIT's dividends have increased every year for 37 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 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.

(3) 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 3rd QTR 2007	Core Portfolio 3rd QTR 2006	All Properties 3rd QTR 2007	All Properties 3rd QTR 2006
Multifamily	93.2%	94.4%	91.5%	94.4%
Office Buildings	95.5%	92.6%	94.3%	92.6%
Medical Office	99.4%	99.5%	99.4%	99.5%
Retail Centers	95.0%	93.9%	95.0%	93.9%
Industrial/Flex Centers	94.6%	94.4%	94.8%	94.4%
Overall Portfolio	95.3%	94.2%	94.8%	94.2%

(i) Core portfolio properties include all properties that were owned for the entirety of the current and prior year reporting periods. For Q3 2007 and Q3 2006, core portfolio properties exclude:
Office Acquisitions: Woodholme Center, Monument II, West Gude Office Park, The Ridges and 6565 Arlington Blvd.
Medical Office Acquisitions: CentreMed I & II, Ashburn Farm Office Park, Woodholme Medical Office Building, 2440 M Street, 15005 Shady Grove Rd and The Crescent;
Retail Acquisitions: none;
Industrial Acquisitions: 270 Technology Park
Also excluded from Core Properties in Q3 2007 and Q3 2006 are Sold Properties: Maryland Trade Centers I & II and In Development Properties: Bennett Park, Clayborne Apartments, and 4661 Kenmore Ave

WASHINGTON REAL ESTATE INVESTMENT TRUST
FINANCIAL HIGHLIGHTS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
OPERATING RESULTS	**2007**	**2006**	**2007**	**2006**
Revenue				
Real estate rental revenue	$ 66,028	$ 54,857	$ 191,028	$ 155,428
Expenses				
Real estate expenses	20,604	17,025	59,319	46,643
Depreciation and amortization	18,285	13,588	51,543	37,546
General and administrative	3,174	2,230	11,424	10,161
	42,063	32,843	122,286	94,350
Other (expense) income:				
Interest expense	(15,824)	(12,527)	(45,498)	(34,453)
Other income	357	293	1,395	637
Other income from life insurance proceeds	—	—	1,303	—
	(15,467)	(12,234)	(42,800)	(33,816)
Income from continuing operations	8,498	9,780	25,942	27,262
Discontinued operations:				
Income from operations of properties sold or held for sale	870	450	2,475	1,319
Gain on property disposed	25,022	—	25,022	—
Net Income	$ 34,390	$ 10,230	$ 53,439	$ 28,581
Income from continuing operations	$ 8,498	$ 9,780	$ 25,942	$ 27,262
Other income from life insurance proceeds	—	—	(1,303)	—
Continuing operations real estate depreciation and amortization	18,285	13,588	51,543	37,546
Funds from continuing operations	$ 26,783	$ 23,368	$ 76,182	$ 64,808
Income from discontinued operations before gain on disposal	870	450	2,475	1,319
Discontinued operations real estate depreciation and amortization	—	550	397	1,551
Funds from discontinued operations	870	1,000	2,872	2,870
Funds from operations(1)	$ 27,653	$ 24,368	$ 79,054	$ 67,678
Tenant improvements	(4,215)	(2,602)	(11,561)	(7,330)
External and internal leasing commissions capitalized	(1,159)	(1,604)	(4,392)	(4,041)
Recurring capital improvements	(2,635)	(2,019)	(7,997)	(7,037)
Straight-line rents, net	(988)	(836)	(3,247)	(2,336)
Non real estate depreciation & amortization of debt costs	987	640	2,561	1,688
Amortization of lease intangibles, net	(315)	91	(1,190)	87
Amortization and expensing of restricted share and unit compensation	882	556	3,238	2,383
Other	102	—	1,303	—
Funds Available for Distribution(2)	$ 20,312	$ 18,594	$ 57,769	$ 51,092

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
Per Share Data		**2007**	**2006**	**2007**	**2006**
Income from continuing operations	(Basic)	$ 0.18	$ 0.22	$ 0.57	$ 0.63
	(Diluted)	$ 0.18	$ 0.22	$ 0.57	$ 0.63
Net income	(Basic)	$ 0.74	$ 0.23	$ 1.17	$ 0.66
	(Diluted)	$ 0.73	$ 0.23	$ 1.16	$ 0.66
Funds from continuing operations	(Basic)	$ 0.57	$ 0.52	$ 1.67	$ 1.50
	(Diluted)	$ 0.57	$ 0.52	$ 1.66	$ 1.49
Funds from operations	(Basic)	$ 0.59	$ 0.54	$ 1.73	$ 1.56
	(Diluted)	$ 0.59	$ 0.54	$ 1.72	$ 1.56
Dividends paid		$ 0.4225	$ 0.4125	$ 1.2575	$ 1.2275
Weighted average shares outstanding		46,596	44,874	45,678	43,270
Fully diluted weighted average shares outstanding		46,802	45,093	45,877	43,453

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

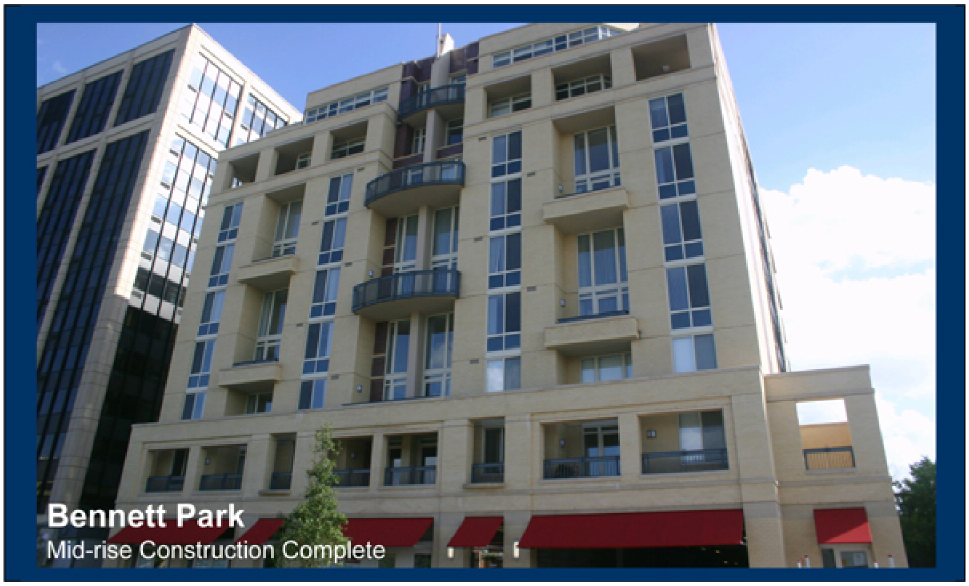
	(Unaudited) September 30, 2007	December 31, 2006
Assets		
Land	$ 338,203	$ 288,821
Income producing property	1,522,790	1,264,442
	1,860,993	1,553,263
Accumulated depreciation and amortization	(321,840)	(277,016)
Net income producing property	1,539,153	1,276,247
Development in progress [4]	138,093	120,656
Total investment in real estate, net	1,677,246	1,396,903
Investment in real estate sold or held for sale	—	29,551
Cash and cash equivalents	9,919	8,721
Restricted cash	46,002	4,151
Rents and other receivables, net of allowance for doubtful accounts of $5,096 and $3,464, respectively	35,677	31,649
Prepaid expenses and other assets	76,957	58,192
Other assets related to property sold or held for sale	—	2,098
Total Assets	$ 1,845,801	$ 1,531,265
Liabilities		
Notes payable	$ 879,094	$ 728,255
Mortgage notes payable	253,500	237,073
Lines of credit	128,500	61,000
Accounts payable and other liabilities	65,335	45,089
Advance rents	6,561	5,894
Tenant security deposits	10,075	9,231
Other liabilities related to property sold or held for sale	—	1,053
Total Liabilities	1,343,065	1,087,595
Minority interest	5,593	1,739
Shareholders' Equity		
Shares of beneficial interest, $.01 par value; 100,000 shares authorized: 46,669 and 45,042 shares issued and outstanding, respectively	467	451
Additional paid-in capital	560,695	500,727
Distributions in excess of net income	(64,019)	(59,247)
Total Shareholders' Equity	497,143	441,931
Total Liabilities and Shareholders' Equity	$ 1,845,801	$ 1,531,265

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

[4] Includes cost of land acquired for development.

Exhibit 99.2

WRIT WASHINGTON REAL ESTATE INVESTMENT TRUST



Third Quarter 2007

Supplemental Operating and Financial Data

for the Quarter Ended September 30, 2007

Contact:
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Company Background and Highlights
Third 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 multifamily, retail, industrial/flex, office, and medical office segments.

Through the third quarter 2007, WRIT has acquired $247 million of assets and land for development, disposed of $58 million of assets, and completed the development of a $52 million office building and a 46 unit mid-rise apartment building. WRIT raised over $200 million of capital, closed on a new unsecured borrowing facility, and successfully amended its bond covenants. Also, WRIT announced its 183rd consecutive quarterly dividend per share at equal or increasing rates.

On August 17, 2007, WRIT acquired CentreMed I & II medical office buildings, located in Centreville, VA consisting of 52,000 net rentable square feet and 258 parking spaces, for $15.3 million. The buildings are located off Route 28/Centreville Road near I-66, in close proximity to INOVA Fair Oaks Hospital and Prince William Hospital. Upon acquisition, the property was 100% leased to 14 tenants and is expected to achieve a first-year, unleveraged yield of 7.2% on a cash basis and 7.6% on a GAAP basis.

On September 13, 2007, WRIT acquired a 0.8 acre parcel of land, located at 4661 Kenmore Avenue, Alexandria, VA for future medical office development. The acquisition was funded by issuing operating units in a consolidated subsidiary. The land is adjacent to WRIT’s Alexandria Professional Center, one-half mile from Inova Alexandria Hospital and directly off I-395. By right, WRIT may develop 70,000 square feet of office space on the site with the potential to develop additional square footage with a modification of the existing zoning. Prior to development, the land will serve as space for additional parking at WRIT's Alexandria Professional Center, purchased in April 2006 for $26.9 million.

On September 27, 2007, WRIT completed the sale of Maryland Trade Center I & II for $58 million. Maryland Trade Center I is a 16-story, office tower consisting of 190,000 net rentable square feet. Maryland Trade Center II is a 12-story, office tower consisting of 160,000 net rentable square feet. WRIT acquired the office properties on May 17, 1996 for $28 million and achieved a net book gain on sale of $25 million. The unlevered internal rate of return was 16.9% over the WRIT ownership period. Proceeds from the sale will be reinvested in a 1031 exchange.

In July, WRIT completed base construction on Dulles Station, a 180,000 square foot development project of Class A office and retail space located in Herndon, VA. The building, prominently visible from the Dulles Toll Road, is part of a mixed-use development which will include 1,095 multifamily units and 56,000 square feet of retail and restaurant space.

This quarter WRIT began delivering units in the mid-rise tower of Bennett Park, fully delivering all 46 units by quarter-end. Bennett Park 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. The mid-rise building was 70% leased at quarter-end. Construction is anticipated to be substantially complete on the high-rise tower in the fourth quarter 2007.

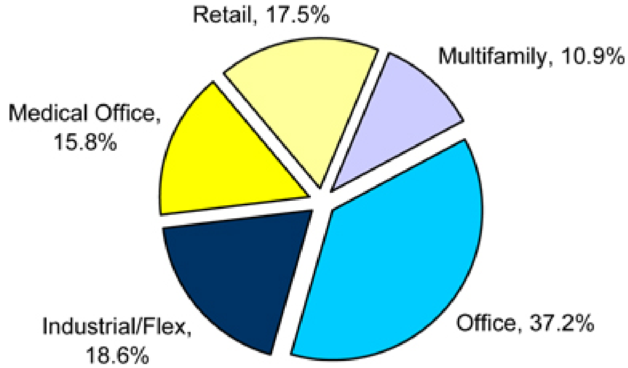
Construction is nearing completion at The Clayborne Apartments. The Clayborne is a ground-up development project in Alexandria, VA, adjacent to our 800 South Washington retail property. The project consists of a 74-unit Class A apartment building that will include 2,600 square feet of additional retail space. Construction is anticipated to be substantially complete during the fourth quarter 2007.

Subsequent to the quarter-end, Thomas Regnell was promoted to Senior Vice President, Acquisitions. Mr. Regnell joined WRIT in 1995 and most recently served as Managing Director, Acquisitions. Over the past 12 years, Mr. Regnell was responsible for the acquisition of over $1.5 billion dollars of investment property for the WRIT portfolio through almost 70 individual transactions representing over 10 million square feet.

As of September 30, 2007, WRIT owns a diversified portfolio of 88 properties consisting of 14 retail centers, 24 general purpose office properties, 17 medical office properties, 23 industrial/flex properties, 10 multifamily properties and land for development. WRIT's dividends have increased every year for 37 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—Third 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.



Third Quarter 2007 Acquisitions

CentreMed I & II
Centreville, VA
52,000 s.f. acquired for $15.3M

4661 Kenmore Avenue
Alexandria, VA
Land for development

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
Table of Contents
September 30, 2007

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

OPERATING RESULTS	Three Months Ended 09/30/07	06/30/07	03/31/07	12/31/06	09/30/06
Real estate rental revenue	$ 66,028	$ 64,202	$ 60,798	$ 57,111	$ 54,857
Real estate expenses	(20,604)	(19,756)	(18,959)	(17,443)	(17,025)
	45,424	44,446	41,839	39,668	37,832
Real estate depreciation and amortization	(18,285)	(16,880)	(16,378)	(14,526)	(13,588)
Income from real estate	27,139	27,566	25,461	25,142	24,244
Other income	357	420	618	269	293
Other income from life insurance proceeds	—	—	1,303	—	—
Interest expense	(15,824)	(15,298)	(14,376)	(13,392)	(12,527)
General and administrative	(3,174)	(5,367)	(2,883)	(2,461)	(2,230)
Income from continuing operations	8,498	7,321	10,123	9,558	9,780
Discontinued operations:					
Income from operations of properties sold or held for sale	870	1,016	589	523	450
Gain on sale of real estate investment	25,022	—	—	—	—
Income from discontinued operations	25,892	1,016	589	523	450
Net Income	**$ 34,390**	**$ 8,337**	**$ 10,712**	**$ 10,081**	**$ 10,230**
Per Share Data					
Net Income	$ 0.73	$ 0.18	$ 0.24	$ 0.22	$ 0.23
Fully diluted weighted average shares outstanding	46,802	45,658	45,153	45,122	45,093
Percentage of Revenues:					
Real estate expenses	31.2%	30.8%	31.2%	30.5%	31.0%
General and administrative	4.8%	8.4%	4.7%	4.3%	4.1%
Ratios:					
EBITDA/Interest expense	2.7x	2.6x	2.8x	2.9x	2.9x
Income from continuing operations/Total real estate revenue	12.9%	11.4%	16.7%	16.7%	17.8%
Net income/Total real estate revenue	52.1%	13.0%	17.6%	17.7%	18.6%

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

Consolidated Balance Sheets
(In thousands)
(unaudited)

	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
Assets					
Land	$ 338,203	$ 326,452	$ 316,269	$ 288,821	$ 288,822
Income producing property	1,522,790	1,474,874	1,394,944	1,264,442	1,246,046
	1,860,993	1,801,326	1,711,213	1,553,263	1,534,868
Accumulated depreciation and amortization	(321,840)	(305,647)	(290,663)	(277,016)	(263,732)
Net income producing property	1,539,153	1,495,679	1,420,550	1,276,247	1,271,136
Development in progress, including land held for development	138,093	151,393	136,831	120,656	110,394
Total investment in real estate, net	1,677,246	1,647,072	1,557,381	1,396,903	1,381,530
Investment in real estate held for sale, net	—	29,341	29,167	29,551	29,824
Cash and cash equivalents	9,919	8,133	7,305	8,721	11,832
Restricted cash	46,002	6,835	5,143	4,151	4,692
Rents and other receivables, net of allowance for doubtful accounts	35,677	35,435	33,342	31,649	29,567
Prepaid expenses and other assets	76,957	68,439	68,960	58,192	53,895
Other assets related to properties sold or held for sale	—	1,940	2,039	2,098	2,159
Total Assets	$ 1,845,801	$1,797,195	$1,703,337	$ 1,531,265	$ 1,513,499
Liabilities and Shareholders' Equity					
Notes payable	$ 879,094	$ 879,064	$ 879,035	$ 728,255	$ 728,216
Mortgage notes payable	253,500	254,324	228,367	237,073	238,051
Lines of credit/short-term note payable	128,500	95,500	91,200	61,000	28,000
Accounts payable and other liabilities	65,335	66,529	52,227	45,089	52,191
Advance rents	6,561	6,666	6,838	5,894	6,145
Tenant security deposits	10,075	10,376	9,510	9,231	9,087
Other liabilities related to properties sold or held for sale	—	818	1,062	1,053	1,002
Total Liabilities	1,343,065	1,313,277	1,268,239	1,087,595	1,062,692
Minority interest	5,593	1,776	1,758	1,739	1,717
Shareholders' Equity					
Shares of beneficial interest, $0.01 par value; 100,000 shares authorized	467	467	451	451	450
Additional paid-in capital	560,695	560,276	501,325	500,727	499,393
Distributions in excess of net income	(64,019)	(78,601)	(68,436)	(59,247)	(50,753)
Total Shareholders' Equity	497,143	482,142	433,340	441,931	449,090
Total Liabilities and Shareholders' Equity	$ 1,845,801	$1,797,195	$1,703,337	$ 1,531,265	$ 1,513,499
Total Debt/Total Market Capitalization	0.44:1	0.44:1	0.42:1	0.36:1	0.36:1

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				
	9/30/2007	6/30/2007	3/31/2007	12/31/2006	9/30/2006
Funds From Operations[1]					
Net Income	$ 34,390	$ 8,337	$ 10,712	$ 10,081	$ 10,230
Real estate depreciation and amortization	18,285	16,880	16,378	14,526	13,588
Other income from life insurance proceeds	—	—	(1,303)	—	—
Discontinued operations:					
Gain on sale	(25,022)	—	—	—	—
Real estate depreciation and amortization	—	—	397	548	550
Funds From Operations (FFO)	$ 27,653	$ 25,217	$ 26,184	$ 25,155	$ 24,368
FFO per share—basic	$ 0.59	$ 0.55	$ 0.58	$ 0.56	$ 0.54
FFO per share—fully diluted	$ 0.59	$ 0.55	$ 0.58	$ 0.56	$ 0.54
Funds Available for Distribution[2]					
Tenant Improvements	(4,215)	(5,185)	(2,161)	(2,143)	(2,602)
External and Internal Leasing Commissions Capitalized	(1,159)	(1,165)	(2,068)	(1,554)	(1,604)
Recurring Capital Improvements	(2,635)	(3,425)	(1,936)	(1,648)	(2,019)
Straight-Line Rent, Net	(988)	(1,088)	(1,171)	(757)	(836)
Non-real estate depreciation and amortization	987	824	750	765	640
Amortization of lease intangibles, net	(315)	(280)	(595)	197	91
Amortization and expensing of restricted share and unit compensation	882	1,574	782	1,081	556
Other	102	1,201	—	—	—
Funds Available for Distribution (FAD)	$ 20,312	$ 17,673	$ 19,785	$ 21,096	$ 18,594
Total Dividends Paid	$ 19,716	$ 19,716	$ 18,581	$ 18,580	$ 18,567
Average shares—basic	46,596	45,490	44,931	44,894	44,874
Average shares—fully diluted	46,802	45,658	45,153	45,122	45,093

(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				
	09/30/07	06/30/07	03/31/07	12/31/06	09/30/06
EBITDA[1]					
Net income	$ 34,390	$ 8,337	$ 10,712	$ 10,081	$ 10,230
Add:					
Interest expense	15,824	15,298	14,376	13,392	12,527
Real estate depreciation and amortization	18,285	16,880	16,775	15,074	14,138
Non-real estate depreciation	261	202	136	117	107
Less:					
Gain on sale of real estate	(25,022)	—	—	—	—
Other income	(357)	(420)	(1,921)	(269)	(293)
EBITDA	$ 43,381	$ 40,297	$ 40,078	$ 38,395	$ 36,709

[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.

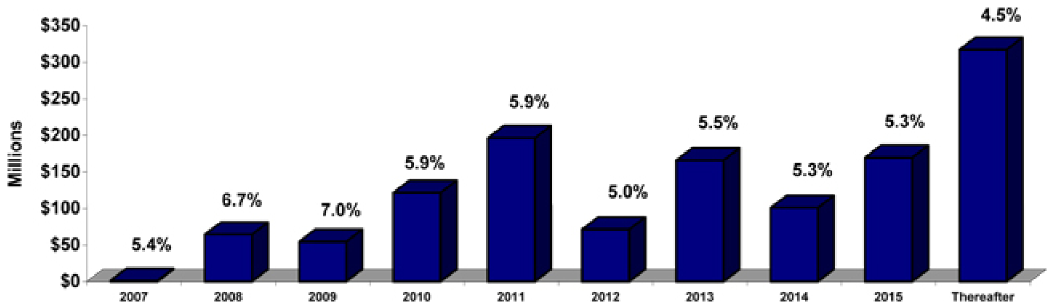
Long-Term Debt Analysis
(In thousands, except per share amounts)

	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
Balances Outstanding					
Secured					
Conventional fixed rate	$ 253,500	$ 254,323	$ 228,367	$ 237,073	$ 238,051
Secured total	253,500	254,323	228,367	237,073	238,051
Unsecured					
Fixed rate bonds and notes	879,094	879,064	879,035	728,255	728,216
Credit facility	128,500	95,000	91,200	61,000	28,000
Unsecured total	1,007,594	974,064	970,235	789,255	756,216
Total	$ 1,261,094	$1,228,387	$1,198,602	$ 1,026,328	$ 994,267
Average Interest Rates					
Secured					
Conventional fixed rate	5.8%	5.8%	5.9%	5.9%	5.9%
Secured total	5.8%	5.8%	5.9%	5.9%	5.9%
Unsecured					
Fixed rate bonds	5.2%	5.2%	5.2%	5.5%	5.5%
Credit facilities	5.9%	5.8%	5.8%	6.0%	5.9%
Unsecured total	5.3%	5.3%	5.3%	5.6%	5.5%
Average	5.4%	5.4%	5.4%	5.6%	5.6%

Note: The current balance outstanding of the fixed rate bonds and notes is shown net of discounts/premiums in the amount of $906,325.

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

Debt Maturity Schedule
Annual Expirations and Weighted Average Interest Rates



	Future Maturities of Debt				
Year	**Secured Debt**	**Unsecured Debt**	**Credit Facilities**	**Total Debt**	**Average Interest Rate**
2007	$ 1,016	$ —	$ —	$ 1,016	5.4%
2008	4,057	60,000	—	64,057	6.7%
2009	54,285	—	—	54,285	7.0%
2010	25,973	—	95,500	121,473	5.9%
2011	13,339	150,000	33,000	196,339	5.9%
2012	21,088	50,000	—	71,088	5.0%
2013	106,039	60,000	—	166,039	5.5%
2014	884	100,000	—	100,884	5.3%
2015	19,373	150,000	—	169,373	5.3%
Thereafter	7,446	310,000	—	317,446	4.5%
Total maturities	$ 253,500	$ 880,000	$ 128,500	$1,262,000	5.4%

Weighted average maturity = 8.4 years

Capital Analysis
(In thousands, except per share amounts)

	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
Market Data					
Shares Outstanding	46,669	46,665	45,045	45,042	45,011
Market Price per Share	$ 33.18	$ 34.00	$ 37.42	$ 40.00	$ 39.80
Equity Market Capitalization	$ 1,548,477	$1,586,610	$1,685,584	$ 1,801,680	$ 1,791,438
Total Debt	$ 1,261,094	$1,228,888	$1,198,602	$ 1,026,328	$ 994,267
Total Market Capitalization	$ 2,809,571	$2,815,498	$2,884,186	$ 2,828,008	$ 2,785,705
Total Debt to Market Capitalization	0.44:1	0.44:1	0.42:1	0.36:1	0.36:1
Earnings to Fixed Charges[1]	1.4x	1.3x	1.5x	1.6x	1.6x
Debt Service Coverage Ratio[2]	2.6x	2.5x	2.6x	2.7x	2.8x
Dividend Data					
Total Dividends Paid	$ 19,716	$ 19,716	$ 18,581	$ 18,580	$ 18,567
Common Dividend per Share	$ 0.4225	$ 0.4225	$ 0.4125	$ 0.4125	$ 0.4125
Payout Ratio (FFO per share basis)	71.6%	76.8%	71.1%	73.7%	76.4%

[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

	Third Quarter[1]	
Sector	NOI Growth	Rental Rate Growth
Multifamily	3.7%	4.9%
Office Buildings	9.1%	2.1%
Medical Office Buildings	5.6%	2.9%
Retail Centers	7.7%	3.1%
Industrial / Flex Properties	6.8%	3.8%
Overall Core Portfolio	**7.2%**	**3.2%**

GAAP Basis

	Third Quarter[1]	
Sector	NOI Growth	Rental Rate Growth
Multifamily	3.6%	4.9%
Office Buildings	9.8%	1.9%
Medical Office Buildings	3.9%	1.9%
Retail Centers	7.3%	2.9%
Industrial / Flex Properties	5.4%	2.3%
Overall Core Portfolio	**6.8%**	**2.7%**

[1] Non-core properties were:

2007 Held for sale—Maryland Trade Centers I and II
2007 acquisitions—270 Technology Park, Monument II, 2440 M Street, Woodholme Medical Office Building, Woodholme Center, Ashburn Farm Office Park and CentreMed I & II
2006 acquisitions—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 September 30, 2007	2006	% Change
Cash Basis:			
Multifamily	$ 5,110	$ 4,926	3.7%
Office Buildings	13,120	12,031	9.1%
Medical Office Buildings	4,725	4,474	5.6%
Retail Centers	7,678	7,128	7.7%
Industrial/Flex	7,846	7,348	6.8%
	$38,479	$35,907	7.2%
GAAP Basis:			
Multifamily	$ 5,114	$ 4,935	3.6%
Office Buildings	13,426	12,233	9.8%
Medical Office Buildings	4,695	4,516	3.9%
Retail Centers	7,962	7,420	7.3%
Industrial/Flex	7,894	7,489	5.4%
	$39,091	$36,593	6.8%

Core Portfolio Net Operating Income (NOI) Detail
(In thousands)

	Three Months Ended September 30, 2007						
	Multifamily	Office	Medical Office	Retail	Industrial	Corporate and Other	Total
Real estate rental revenue							
Core Portfolio	$ 8,773	$20,275	$ 6,602	$10,061	$ 10,168	$ —	$ 55,879
Non-core-acquired and in development [1]	67	5,504	3,906	—	672	—	10,149
Total	8,840	25,779	10,508	10,061	10,840	—	66,028
Real estate expenses							
Core Portfolio	3,659	6,849	1,909	2,098	2,273	—	16,788
Non-core-acquired and in development [1]	213	2,045	1,419	—	139	—	3,816
Total	3,872	8,894	3,328	2,098	2,412	—	20,604
Net Operating Income (NOI)							
Core Portfolio	5,114	13,426	4,693	7,963	7,895	—	39,091
Non-core-acquired and in development [1]	(146)	3,459	2,487	—	533	—	6,333
Total	$ 4,968	$16,885	$ 7,180	$ 7,963	$ 8,428	$ —	$ 45,424
Core Portfolio NOI GAAP Basis (from above)	$ 5,114	$13,426	$ 4,693	$ 7,963	$ 7,895	$ —	$ 39,091
Straight-line revenue, net for core properties	(5)	(267)	32	(149)	(130)	—	(519)
FAS 141 Min Rent	—	(44)	(2)	(138)	76	—	(108)
Amortization of lease intangibles for core properties	1	5	—	3	6	—	15
Core portfolio NOI, Cash Basis	$ 5,110	$13,120	$ 4,723	$ 7,679	$ 7,847	$ —	$ 38,479
Reconciliation of NOI to Net Income							
Total NOI	$ 4,968	$16,885	$ 7,180	$ 7,963	$ 8,428	$ —	$ 45,424
Other revenue	—	—	—	—	—	357	357
Interest expense	(913)	(761)	(1,534)	(344)	(249)	(12,023)	(15,824)
Depreciation and amortization	(1,901)	(7,766)	(3,479)	(1,758)	(3,247)	(134)	(18,285)
General and administrative	—	—	—	—	—	(3,174)	(3,174)
Discontinued Operations [2]	—	870	—	—	—	25,022	25,892
Net Income	$ 2,154	$ 9,228	$ 2,167	$ 5,861	$ 4,932	$ 10,048	$ 34,390

[1] Non-core acquired and in development properties:

2007 in development - Bennett Park, Clayborne Apartments, Dulles Station

2007 acquisitions - 270 Technology Park, Monument II, 2440 M Street Woodholme Medical Office Building, Woodholme Center, Ashburn Farm Office Park and CentreMed I and II

2006 acquisitions - 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 September 30, 2006						
	Multifamily	Office	Medical Office	Retail	Industrial	Corporate and Other	Total
Real estate rental revenue							
Core Portfolio	$ 8,354	$18,849	$ 6,510	$ 9,499	$ 9,770	$ —	$ 52,982
Non-core-acquired[1]	—	1,340	535	—	—	—	1,875
Total	8,354	20,189	7,045	9,499	9,770	—	54,857
Real estate expenses							
Core Portfolio	3,419	6,616	1,993	2,079	2,281	—	16,388
Non-core-acquired[1]	—	443	194	—	—	—	637
Total	3,419	7,059	2,187	2,079	2,281	—	17,025
Net Operating Income (NOI)							
Core Portfolio	4,935	12,233	4,517	7,420	7,489	—	36,594
Non-core-acquired[1]	—	897	341	—	—	—	1,238
Total	$ 4,935	$13,130	$ 4,858	$ 7,420	$ 7,489	$ —	$ 37,832
Core Portfolio NOI GAAP Basis (from above)	$ 4,935	$12,233	$ 4,517	$ 7,420	$ 7,489	$ —	$ 36,594
Straight-line revenue, net for core properties	(9)	(166)	(129)	(125)	(238)	—	(667)
FAS 141 Min Rent	—	(44)	87	(167)	93	—	(31)
Amortization of lease intangibles for core properties	—	8	—	—	4	—	12
Core portfolio NOI, Cash Basis	$ 4,926	$12,031	$ 4,475	$ 7,128	$ 7,348	$ —	$ 35,908
Reconciliation of NOI to Net Income							
Total NOI	$ 4,935	$13,130	$ 4,858	$ 7,420	$ 7,489	$ —	$ 37,832
Other revenue	—	—	—	—	—	293	293
Interest expense	(913)	(305)	(1,105)	(347)	(401)	(9,456)	(12,527)
Depreciation and amortization	(1,569)	(5,454)	(2,028)	(1,661)	(2,772)	(104)	(13,588)
General and administrative	—	—	—	—	—	(2,230)	(2,230)
Discontinued Operations[2]	—	450	—	—	—	—	450
Net Income	$ 2,453	$ 7,821	$ 1,725	$ 5,412	$ 4,316	$ (11,497)	$ 10,230

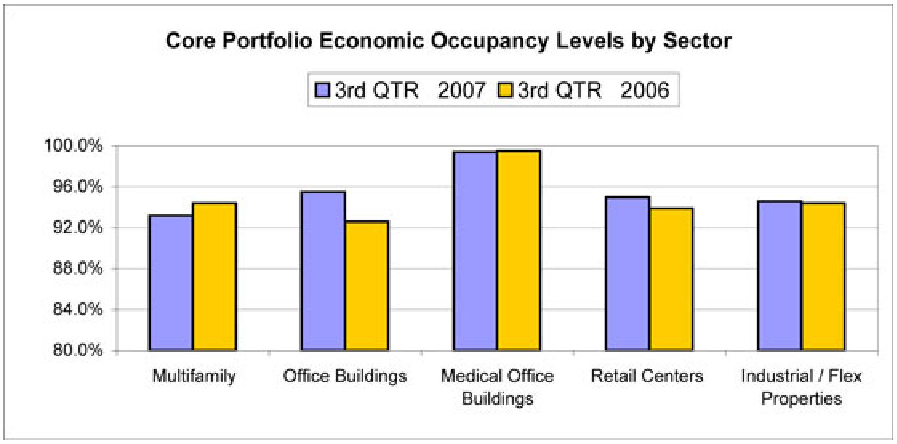
[1] Non-core acquired properties were:
2006 acquisitions—15005 Shady Grove Road, 6565 Arlington Blvd, West Gude Drive, The Ridges and The Crescent.

[2] Discontinued operations include: Maryland Trade Center I and II

Core Portfolio & Overall Economic Occupancy Levels by Sector
Q3 2007 vs. Q3 2006

GAAP Basis

	Core Portfolio		All Properties	
Sector	3rd QTR 2007	3rd QTR 2006	3rd QTR 2007	3rd QTR 2006
Multifamily	93.2%	94.4%	91.5%	94.4%
Office Buildings	95.5%	92.6%	94.3%	92.6%
Medical Office Buildings	99.4%	99.5%	99.4%	99.5%
Retail Centers	95.0%	93.9%	95.0%	93.9%
Industrial / Flex Properties	94.6%	94.4%	94.8%	94.4%
Overall Portfolio	**95.3%**	**94.2%**	**94.8%**	**94.2%**



Commercial Leasing Summary
Three and Nine months ended 9/30/07

	3rd Quarter 2007	Year-To-Date
Gross Leasing Square Footage		
Office Buildings	82,090	383,289
Medical Office Buildings	24,396	60,993
Retail Centers	34,362	187,548
Industrial Centers	182,448	591,092
Total	323,296	1,222,922
Weighted Average Term (yrs)		
Office Buildings	4.7	4.9
Medical Office Buildings	7.1	6.0
Retail Centers	5.3	6.4
Industrial Centers	3.5	3.9
Total	4.3	4.7

	GAAP	CASH	GAAP	CASH
Rental Rate Increases:				
Rate on expiring leases				
Office Buildings	$ 23.95	$ 24.49	$23.80	$24.72
Medical Office Buildings	30.47	30.83	29.14	29.55
Retail Centers	23.62	24.88	18.38	18.92
Industrial Centers	7.89	8.29	9.22	9.51
Total	$ 15.34	$ 15.87	$16.19	$16.72
Rate on new and renewal leases				
Office Buildings	$ 29.39	$ 27.86	$26.72	$25.14
Medical Office Buildings	36.49	33.28	33.85	31.29
Retail Centers	32.41	29.70	24.22	22.41
Industrial Centers	9.12	8.75	10.84	10.36
Total	$ 18.81	$ 17.68	$19.02	$17.88
Percentage Increase				
Office Buildings	22.72%	13.75%	12.29%	1.70%
Medical Office Buildings	19.75%	7.93%	16.16%	5.87%
Retail Centers	37.22%	19.37%	31.76%	18.43%
Industrial Centers	15.63%	5.61%	17.62%	8.92%
Total	22.59%	11.43%	17.49%	6.96%

Commercial Leasing Summary

Continued from previous page

Three and Nine months ended 9/30/07

	3rd Quarter 2007		Year-To-Date	
	Total Dollars	Dollars per Square Foot	Total Dollars	Dollars per Square Foot
Tenant Improvements				
Office Buildings	$1,449,428	$ 17.66	$ 5,665,950	$ 14.78
Medical Office Buildings	447,300	18.33	577,618	9.47
Retail Centers	—	—	294,875	1.57
Industrial Centers	160,115	0.88	1,732,495	2.93
Subtotal	$2,056,843	$ 6.36	$ 8,270,938	$ 6.76
	Total Dollars	Dollars per Square Foot	Total Dollars	Dollars per Square Foot
Leasing Costs				
Office Buildings	$ 384,007	$ 4.68	$ 3,078,816	$ 8.03
Medical Office Buildings	148,688	6.09	213,425	3.50
Retail Centers	73,676	2.14	1,169,924	6.24
Industrial Centers	272,344	1.49	1,122,488	1.90
Subtotal	$ 878,715	$ 2.72	$ 5,584,653	$ 4.57
	Total Dollars	Dollars per Square Foot	Total Dollars	Dollars per Square Foot
Tenant Improvements and Leasing Costs				
Office Buildings	$1,833,435	$ 22.33	$ 8,744,766	$ 22.82
Medical Office Buildings	595,988	24.43	791,043	12.97
Retail Centers	73,676	2.14	1,464,799	7.81
Industrial Centers	432,459	2.37	2,854,983	4.83
Total	$2,935,558	$ 9.08	$13,855,591	$ 11.33

10 Largest Tenants—Based on Annualized Rent
September 30, 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	32	4.51%	210,354	2.14%
Sunrise Assisted Living, Inc.	1	72	2.64%	184,202	1.88%
General Services Administration	8	27	2.09%	254,617	2.60%
INOVA Health System Hospital	6	38	1.58%	93,038	0.95%
URS Corporation	1	75	1.42%	97,208	0.99%
Lafarge North America, Inc	1	34	1.39%	80,610	0.82%
George Washington University	2	9	1.25%	74,634	0.76%
Westat, Inc.	2	36	0.95%	83,549	0.85%
Sun Microsystems, Inc.	1	51	0.94%	65,443	0.67%
United Communications Group, L.P.	1	8	0.92%	63,441	0.65%
Total/Weighted Average		40	17.68%	1,207,096	12.31%

Industry Diversification
September 30, 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	$ 44,434,325	22.70%	1,957,266	19.95%
Ambulatory Health Care Services	37,778,176	19.30%	1,303,379	13.29%
Credit Intermediation and Related Activities	15,274,316	7.80%	425,883	4.34%
Executive, Legislative & Other General Government Support	8,112,623	4.15%	413,745	4.22%
Nursing and Residential Care Facilities	5,691,904	2.91%	209,060	2.13%
Food Services and Drinking Places	5,590,474	2.86%	225,797	2.30%
Educational Services	4,880,949	2.49%	192,841	1.97%
Religious, Grantmaking, Civic, Professional & Similar Org.	4,254,941	2.17%	145,238	1.48%
Administrative and Support Services	4,231,663	2.16%	267,317	2.73%
Food and Beverage Stores	4,090,547	2.09%	256,822	2.62%
Furniture and Home Furnishing Stores	3,828,038	1.96%	246,343	2.51%
Specialty Trade Contractors	3,657,916	1.87%	427,377	4.36%
Miscellaneous Store Retailers	3,345,978	1.71%	255,061	2.60%
Merchant Wholesalers-Durable Goods	2,938,528	1.50%	345,336	3.52%
Nonmetallic Mineral Product Manufacturing	2,936,684	1.50%	97,874	1.00%
Personal and Laundry Services	2,870,263	1.47%	128,582	1.31%
Real Estate	2,657,894	1.36%	117,123	1.19%
Publishing Industries (except Internet)	2,504,037	1.28%	92,713	0.95%
Clothing & Clothing Accessories Stores	2,377,652	1.21%	148,410	1.51%
Computer & Electronic Product Manufacturing	2,134,670	1.09%	189,832	1.94%
Amusement, Gambling and Recreation Industries	2,002,666	1.02%	148,857	1.52%
Transportation Equipment Manufacturing	1,673,440	0.86%	95,092	0.97%
Insurance Carriers and Related Activities	1,554,800	0.79%	78,847	0.80%
Other	26,884,221	13.75%	2,040,240	20.79%
Total	$195,706,705	100.00%	$ 9,809,035	100.00%

Lease Expirations
September 30, 2007

Year	Number of Leases	Rentable Square Feet	Percent of Rentable Square Feet	Annualized Rent *	Average Rental Rate	Percent of Annualized Rent *
Office:						
2007	16	92,438	2.84%	$ 2,900,161	$ 31.37	3.15%
2008	79	338,029	10.37%	9,772,502	28.91	10.60%
2009	103	529,313	16.24%	14,638,760	27.66	15.88%
2010	92	796,396	24.43%	23,708,116	29.77	25.72%
2011	73	428,004	13.13%	12,628,965	29.51	13.70%
2012 and thereafter	115	1,075,305	32.99%	28,532,689	26.53	30.95%
	478	3,259,485	100.00%	$ 92,181,193	$ 28.28	100.00%
Medical Office:						
2007	4	18,817	1.59%	$ 378,189	$ 20.10	1.04%
2008	46	114,668	9.69%	3,594,722	31.35	9.90%
2009	43	127,802	10.80%	3,811,235	29.82	10.50%
2010	49	178,058	15.04%	5,613,434	31.53	15.46%
2011	61	228,878	19.33%	7,110,456	31.07	19.59%
2012 and thereafter	126	515,550	43.55%	15,796,044	30.64	43.51%
	329	1,183,773	100.00%	$ 36,304,080	$ 30.67	100.00%
Retail:						
2007	11	70,333	3.73%	$ 1,277,153	$ 18.16	4.02%
2008	35	203,820	10.80%	2,178,680	10.69	6.86%
2009	38	142,983	7.58%	3,090,700	21.62	9.73%
2010	49	306,329	16.23%	5,358,976	17.49	16.86%
2011	25	151,733	8.04%	2,687,314	17.71	8.46%
2012 and thereafter	115	1,011,883	53.62%	17,187,884	16.99	54.07%
	273	1,887,081	100.00%	$ 31,780,707	$ 16.84	100.00%
Industrial:						
2007	11	77,569	2.23%	$ 832,531	$ 10.73	2.35%
2008	69	758,955	21.82%	7,771,895	10.24	21.93%
2009	55	607,829	17.47%	5,953,749	9.80	16.80%
2010	53	355,954	10.23%	3,903,748	10.97	11.02%
2011	35	462,298	13.29%	3,793,448	8.21	10.70%
2012 and thereafter	64	1,216,091	34.96%	13,185,354	10.84	37.20%
	287	3,478,696	100.00%	$ 35,440,725	$ 10.19	100.00%
Total:						
2007	42	259,157	2.64%	$ 5,388,034	$ 20.79	2.75%
2008	229	1,415,472	14.43%	23,317,799	16.47	11.92%
2009	239	1,407,927	14.35%	27,494,444	19.53	14.05%
2010	243	1,636,737	16.69%	38,584,274	23.57	19.72%
2011	194	1,270,913	12.96%	26,220,183	20.63	13.40%
2012 and thereafter	420	3,818,829	38.93%	74,701,971	19.56	38.16%
	1,367	9,809,035	100.00%	$ 195,706,705	$ 19.95	100.00%

* *Annualized Rent is as of September 30, 2007 rental revenue (cash basis) multiplied by 12 .*

2007 Acquisition Summary
as of September 30, 2007
($'s in thousands)

Acquisition Summary

		Acquisition Date	Square Feet	Leased Percentage at Acquisition	September 30, 2007 Leased Percentage	Investment
270 Technology Park	Frederick, MD	February 8, 2007	157,000	97%	97%	$ 26,500
Monument II	Herndon, VA	March 1, 2007	205,000	100%	97%	78,200
2440 M Street	Washington, DC	March 9, 2007	110,000	96%	96%	50,000
Woodlholme Medical Office Building	Pikesville, MD	June 1, 2007	125,000	97%	97%	30,800
Woodholme Center	Pikesville, MD	June 1, 2007	73,000	95%	95%	18,200
Ashburn Farm Office Park	Ashburn, VA	June 1, 2007	75,400	100%	100%	23,000
CentreMed I&II	Centreville, VA	August 17, 2007	52,000	100%	100%	15,300
4661 Kenmore Ave	Alexandria, VA	September 13, 2007	land for development	NA	NA	3,750
		Total	797,400			$ 245,750

2007 Development Summary
as of September 30, 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			$ 83,200[1]	$ 69,463	
Arlington, VA					
(High Rise)	178 units, 1,600 sq ft. retail & 498 parking spaces underground (includes parking for existing office)	0%			4Q 07
(Mid Rise)	46 units, 4,300 sq ft. retail	70%			3Q 07
The Clayborne Apartments	74 units & 2,600 sq ft. retail	0%	$ 32,700[1]	$ 27,251	4Q 07
Alexandria, VA					
Dulles Station Phase I	180,000 sq ft office	0%	$ 52,000[1]	$ 41,616	3Q 07
Herndon, VA Phase II	360,000 sq ft office		TBD	$ 24,081[2]	TBD
		Total	$ 167,900	$162,411	

[1] Includes land cost.

[2] Dulles Station Phase II cost includes land allocation of $16.1M and allocation of the parking garage structure of $7.2M.

Schedule of Properties
September 30, 2007

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET*
Office Buildings				
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
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
Woodholme Center	Pikesville, MD	2007	1989	73,000
Subtotal				3,478,000
Medical Office Buildings				
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
Woodholme Medical Office Building	Pikesville, MD	2007	1996	125,000
Ashburn Office Park	Ashburn, VA	2007	1998/2000/2002	75,000
CentreMed I	Centreville, VA	2007	1998	26,000
CentreMed II	Centreville, VA	2007	1998	25,000
Subtotal				1,234,000
Retail Centers				
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				2,022,000

Schedule of Properties (Cont.)
September 30, 2007

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET*
Multifamily Buildings * / # units				
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
Bennett Park(Mid-Rise)/46	Arlington, VA	2007	2007	75,000
Subtotal (2,141 units)				1,826,000
Industrial Distribution / Flex Properties				
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				3,781,000
TOTAL				**12,341,000**

[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.

* 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
September 30, 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.