

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 8-K

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### CURRENT REPORT

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

Date of Report (Date of earliest event reported) October 23, 2008

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### WASHINGTON REAL ESTATE INVESTMENT TRUST

(Exact name of registrant as specified in its charter)

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

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

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

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

**20852**  
(Zip Code)

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

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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))

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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 23, 2008, regarding earnings for the three and nine months ended September 30, 2008, 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 23, 2008 regarding earnings for the three and nine months ended September 30, 2008

Exhibit 99.2 Certain supplemental information not included in the press release

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**SIGNATURES**

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

WASHINGTON REAL ESTATE INVESTMENT TRUST  
(Registrant)

By: /s/ Laura M. Franklin

(Signature)

Laura M. Franklin

Executive Vice President Accounting,

Administration and Corporate Secretary

October 23, 2008  
(Date)

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Exhibit Index

**Exhibit  
Number**

**Description**

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99.1	Press Release issued October 23, 2008 regarding earnings for the three and nine months ended September 30, 2008.
99.2	Certain supplemental information not included in the press release



## NEWS RELEASE

### CONTACT:

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 Executive Vice President and  
 Chief Financial Officer  
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[www.writ.com](http://www.writ.com)

**October 23, 2008**

### WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES THIRD QUARTER FINANCIAL AND OPERATING RESULTS

Washington Real Estate Investment Trust (WRIT) (NYSE: WRE) reported financial and operating results today for the quarter ended September 30, 2008:

- Funds from operations (FFO)<sup>(1)</sup> for the quarter were \$27.4 million, or \$0.55 per diluted share. This compares to FFO for the same period one year ago of \$27.7 million, or \$0.59 per diluted share.
- Net income for the quarter ended September 30, 2008 was \$0.12 per diluted share, compared to \$0.73 per diluted share in the same period one year ago. Net income in the third quarter 2007 included a \$25.0 million, or \$0.53 per diluted share, gain on disposed assets, related to the sale of Maryland Trade Centers I & II.
- Rent increases on commercial lease rollovers in third quarter 2008 were 20.9%. Residential rental rates increased 1.2% over the same period.
- In the third quarter, WRIT executed two major leases, totaling 154,000 square feet, with IBM and National Student Clearinghouse at its previously unleased Dulles Station West office development.
- During the third quarter and through October 1, 2008, WRIT has raised more than \$100 million in equity and has fully repaid borrowings on its lines of credit. WRIT has no near-term maturities for the remainder of 2008 and its next maturity of \$50 million comes due in the fourth quarter 2009.

### Operating Results

Core net revenue growth was 2.0% compared to the same period last year and core occupancy was 93.8% during the third quarter of 2008. Core Net Operating Income (NOI)<sup>(2)</sup> for third quarter decreased 0.2% compared to the same period last year.

- Medical office properties' core NOI for the third quarter increased 2.4%. Core economic occupancy was 96.7% and core net revenue growth was 3.6% for the sector.
- Retail properties' core NOI for the third quarter increased 1.4% compared to the same period one year ago. Core net revenue growth was 2.0% and core economic occupancy was 94.4% for the sector.
- Multifamily properties' core NOI for the third quarter increased 1.2% compared to the same period one year ago. Core net revenue growth was 1.6% and core economic occupancy was 94.7% for the sector.
- Office properties' core NOI for the third quarter decreased 0.1% compared to the same period one year ago. Core net revenue growth was 2.3% and core economic occupancy was 92.5% for the office sector.
- Industrial/Flex properties' core NOI for the third quarter decreased 5.0% compared to the same period one year ago. Core net revenue growth was 0.1%, but was offset by an increase in bad debt expense. Core economic occupancy was 92.7% for the industrial/flex sector.

### Leasing Activity

On September 29, 2008, WRIT announced it executed two leases totaling 154,000 square feet at Dulles Station West, Phase I. International Business Machines Corp. (NYSE: IBM) will occupy 123,000 square feet and National Student Clearinghouse will occupy 31,000 square feet, resulting in an 86% leased rate. Dulles Station West, Phase I is a 180,000 square foot, six-story office building prominently located on the Dulles Toll Road, less than one mile from Washington Dulles International Airport. Last year, the building received the Northern Virginia NAIOF's Award of Excellence for Best Suburban Mid-Rise Office Building.

Excluding the leases above, WRIT signed commercial leases for a total of 458,000 square feet, with an average rental rate increase of 20.9% and tenant improvement costs of \$9.41 per square foot during the third quarter. Residential rental rates increased 1.2% in the third quarter compared to the same period one year ago.

- Rental rates for new and renewed retail leases increased 32.0%, with \$7.72 per square foot in tenant improvement costs.
- Rental rates for new and renewed industrial/flex leases increased 28.7%, with \$1.20 per square foot in tenant improvement costs.
- Rental rates for new and renewed office leases increased 16.1%, with \$21.72 per square foot in tenant improvement costs.
- Rental rates for new and renewed medical office leases increased 13.2%, with \$13.51 per square foot in tenant improvement costs.

### Acquisition and Disposition Activity

- On September 3, 2008, WRIT acquired The Kenmore, a 374-unit, 269,000 square foot apartment building located in Washington, DC for \$58.3 million. The property was acquired for \$155,750 per unit, less than half of estimated replacement cost. WRIT expects to achieve a first-year, unleveraged yield of 6.2% on a cash and GAAP basis. The acquisition was funded with borrowings on WRIT's line of credit and cash from operations.

### Capital Structure & Maturities

WRIT has no near-term maturities for the remainder of 2008. In 2009, WRIT's only debt maturity is a \$50 million residential property mortgage, due October 2009. As of October 23, 2008, WRIT had repaid all outstanding balances on its lines of credit, providing a potential borrowing capacity totaling \$337 million.

- On August 28, 2008, WRIT entered into a Sales Agency Financing Agreement with BNY Mellon Capital Markets, LLC. Under the agreement, WRIT may offer and sell up to \$150 million of common shares for a period of no more than 36 months. As of September 30, 2008, WRIT had issued an aggregate of 1,141,410 shares at a weighted average share price of \$36.15 for \$41.2 million in gross proceeds pursuant to this arrangement.
- On September 30, 2008, WRIT paid a quarterly dividend of \$0.4325 per share for its 187th consecutive quarterly dividend at equal or increasing rates.
- As of September 30, 2008, WRIT had a total capitalization of \$3.2 billion.
- Subsequent to the quarter-end on October 1, 2008, WRIT closed a \$60.4 million equity offering of 1.725 million common shares at a price of \$35.00 per share. WRIT used the net proceeds from the offering to repay borrowings under its lines of credit and for general corporate purposes.

**Earnings Guidance**

Guidance for 2008 FFO per diluted share is lowered from a range of \$2.11 to \$2.21 to a range of \$2.07 to \$2.12. The decrease is primarily due to dilution associated with additional equity offerings and delay in the timing of planned acquisitions.

**Other News and Events**

On October 14, 2008, WRIT announced the appointment of William "Bill" T. Camp as Executive Vice President and Chief Financial Officer—Elect effective November 12, 2008. Mr. Camp will succeed Sara L. Grootwassink as EVP/CFO as she plans to resign due to a personal relocation to the West Coast. He brings 16 years of finance and capital markets experience to WRIT, serving most recently as Vice President, Assistant Director of Equities at Wachovia Securities, LLC.

**Conference Call Information**

The Conference Call for 3rd Quarter Earnings is scheduled for Friday, October 24, 2008 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 7, 2008 at 11:59 P.M. 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
Account:	286
Conference ID:	295251

The live on-demand webcast of the Conference Call will also be available on WRIT's website at [www.writ.com](http://www.writ.com). 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 metro region. WRIT's dividends have increased every year for 38 consecutive years. WRIT owns a diversified portfolio of 92 properties consisting of 27 office properties, 22 industrial/flex properties, 17 medical office properties, 14 retail centers, 12 multifamily properties and land for development. WRIT shares are publicly traded on the New York Stock Exchange (NYSE:WRE).

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

Certain statements in this press release and the supplemental disclosures attached hereto are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, fluctuations in interest rates, availability of raw materials and labor costs, levels of competition, the effect of government regulation, the availability and cost 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 2007 Form 10-K. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

<sup>(1)</sup> Funds From Operations ("FFO") – The National Association of Real Estate Investment Trusts, Inc. ("NAREIT") defines FFO (April, 2002 White Paper) as net income (computed in accordance with generally accepted accounting principles ("GAAP")) excluding gains (or losses) from sales of property plus 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. A reconciliation of FFO to net income is provided on page 6.

<sup>(2)</sup> For purposes of evaluating comparative operating performance, we categorize our properties as "core" or "non-core". Core NOI is calculated as real estate rental revenue less real estate expenses for those properties owned for the entirety of the periods being evaluated. Core NOI is a non-GAAP measure. A reconciliation of Core NOI to net income is provided on pages 14 and 15 of the Supplemental Operating and Financial Data for the quarter ended September 30, 2008.

<sup>(3)</sup> Funds Available for Distribution ("FAD") is calculated by subtracting from FFO (1) recurring capital 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 (4) amortization of restricted share and unit compensation, and adding or subtracting (5) 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. A reconciliation of FAD to net income is provided on page 6.



**Economic Occupancy Levels by Core Properties<sup>(i)</sup> and All Properties**

Sector	Core Properties		All Properties	
	3rd QTR 2008	3rd QTR 2007	3rd QTR 2008	3rd QTR 2007
Residential	94.7%	93.4%	85.6% <sup>(ii)</sup>	91.5%
Office	92.5%	94.9%	90.2%	94.2%
Medical Office	96.7%	99.6%	95.8%	99.7%
Retail	94.4%	95.0%	94.4%	95.0%
Industrial	92.7%	95.4%	92.9%	94.8%
Overall Portfolio	93.8%	95.5%	91.1%	94.8%

(i) Core properties include all properties that were owned for the entirety of the current and prior year reporting periods. For Q3 2008 and Q3 2007, core properties exclude:

Residential Acquisition: The Kenmore

Office Acquisition: 2000 M Street

Medical Office Acquisitions: CentreMed I & II, and Sterling Medical Office Building

Retail Acquisitions: none

Industrial Acquisition: 6100 Columbia Pike Road

Also excluded from Core Properties in Q3 2008 and Q3 2007 are Sold Properties: Maryland Trade Centers I & II, Sullyfield Center and The Earhart Building; and Held for Sale Properties: Avondale; and In Development Properties: Bennett Park, Clayborne Apartments, Dulles Station, and 4661 Kenmore Ave.

(ii) Residential occupancy for all properties decreased from 91.5% to 85.6%, primarily due to the completion of Bennett Park and Clayborne Apartments. At 9/30/08, 159 of 224 units were leased at Bennett Park and 41 of 74 units were leased at Clayborne Apartments.

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

	Three Months Ended		Nine Months Ended	
	September 30,	2007	September 30,	2007
<b>OPERATING RESULTS</b>				
Revenue				
Real estate rental revenue	\$ 70,639	\$ 64,286	\$209,227	\$185,931
Expenses				
Real estate expenses	24,031	20,021	69,101	57,526
Depreciation and amortization	21,422	17,852	62,799	50,310
General and administrative	2,780	3,174	8,971	11,424
	<u>48,233</u>	<u>41,047</u>	<u>140,871</u>	<u>119,260</u>
Real Estate Operating Income	22,406	23,239	68,356	66,671
Other income/(expense):				
Interest expense	(17,148)	(15,824)	(52,395)	(45,498)
Loss on extinguishment of debt	—	—	(8,449)	—
Other income	338	357	796	1,395
Gain from non-disposal activities	17	—	17	1,303
	<u>(16,793)</u>	<u>(15,467)</u>	<u>(60,031)</u>	<u>(42,800)</u>
Income from continuing operations	5,613	7,772	8,325	23,871
Discontinued operations:				
Income from operations of properties held for sale	266	1,596	1,999	4,546
Gain on sale of real estate	—	25,022	15,275	25,022
Net Income	<u>\$ 5,879</u>	<u>\$ 34,390</u>	<u>\$ 25,599</u>	<u>\$ 53,439</u>
Income from continuing operations	\$ 5,613	\$ 7,772	\$ 8,325	\$ 23,871
Gain from non-disposal activities	(17)	—	(17)	(1,303)
Continuing operations real estate depreciation and amortization	21,422	17,852	62,799	50,310
Funds from continuing operations	<u>\$ 27,018</u>	<u>\$ 25,624</u>	<u>\$ 71,107</u>	<u>\$ 72,878</u>
Income from discontinued operations before gain on sale	266	1,596	1,999	4,546
Discontinued operations real estate depreciation and amortization	123	433	469	1,630
Funds from discontinued operations	<u>389</u>	<u>2,029</u>	<u>2,468</u>	<u>6,176</u>
<b>Funds from operations<sup>(1)</sup></b>	<u><b>\$ 27,407</b></u>	<u><b>\$ 27,653</b></u>	<u><b>\$ 73,575</b></u>	<u><b>\$ 79,054</b></u>
Tenant improvements	(1,452)	(4,215)	(8,591)	(11,561)
External and internal leasing commissions capitalized	(1,851)	(1,159)	(5,303)	(4,392)
Recurring capital improvements	(1,936)	(2,635)	(7,104)	(7,997)
Straight-line rents, net	(779)	(988)	(2,235)	(3,247)
Non real estate depreciation & amortization of debt costs	996	987	2,983	2,561
Amortization of lease intangibles, net	(533)	(315)	(1,576)	(1,190)
Amortization and expensing of restricted share and unit compensation	706	882	2,121	3,238
Other	—	102	—	1,303
<b>Funds Available for Distribution <sup>(3)</sup></b>	<u><b>\$ 22,558</b></u>	<u><b>\$ 20,312</b></u>	<u><b>\$ 53,870</b></u>	<u><b>\$ 57,769</b></u>

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

Per Share Data		Three Months Ended September 30,		Nine Months Ended September 30,	
		2008	2007	2008	2007
Income from continuing operations	(Basic)	\$ 0.11	\$ 0.17	\$ 0.17	\$ 0.52
	(Diluted)	\$ 0.11	\$ 0.17	\$ 0.17	\$ 0.52
Net income	(Basic)	\$ 0.12	\$ 0.74	\$ 0.53	\$ 1.17
	(Diluted)	\$ 0.12	\$ 0.73	\$ 0.53	\$ 1.16
Funds from continuing operations	(Basic)	\$ 0.54	\$ 0.55	\$ 1.48	\$ 1.60
	(Diluted)	\$ 0.54	\$ 0.55	\$ 1.47	\$ 1.59
Funds from operations	(Basic)	\$ 0.55	\$ 0.59	\$ 1.53	\$ 1.73
	(Diluted)	\$ 0.55	\$ 0.59	\$ 1.52	\$ 1.72
Dividends paid		\$ 0.4325	\$ 0.4225	\$ 1.2875	\$ 1.2575
Weighted average shares outstanding		49,599	46,596	48,057	45,678
Fully diluted weighted average shares outstanding		49,849	46,802	48,298	45,877

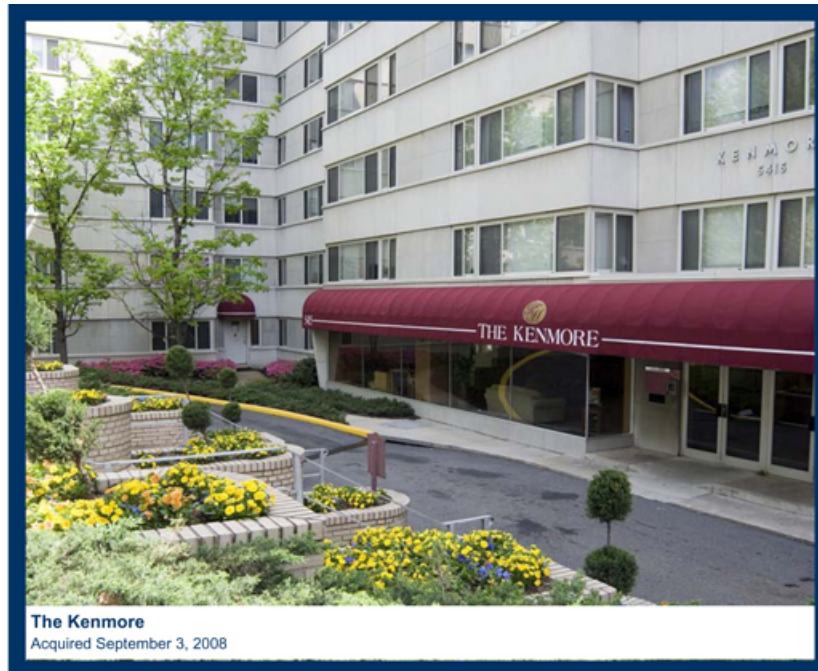
WASHINGTON REAL ESTATE INVESTMENT TRUST  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except per share data)  
(Unaudited)

	September 30, 2008	December 31, 2007
<b>Assets</b>		
Land	\$ 368,371	\$ 325,490
Income producing property	<u>1,751,057</u>	<u>1,621,679</u>
	2,119,428	1,947,169
Accumulated depreciation and amortization	<u>(382,261)</u>	<u>(327,759)</u>
Net income producing property	1,737,167	1,619,410
Development in progress	<u>23,469</u>	<u>98,321</u>
Total real estate held for investment, net	1,760,636	1,717,731
Investment in real estate sold or held for sale	12,546	36,562
Cash and cash equivalents	7,813	21,485
Restricted cash	47,074	6,030
Rents and other receivables, net of allowance for doubtful accounts of \$5,943 and \$4,196	38,121	36,548
Prepaid expenses and other assets	104,291	78,394
Other assets related to property sold or held for sale	<u>211</u>	<u>1,576</u>
Total Assets	<u>\$ 1,970,692</u>	<u>\$ 1,898,326</u>
<b>Liabilities</b>		
Notes payable	\$ 918,873	\$ 879,123
Mortgage notes payable	330,569	252,484
Lines of credit	47,000	192,500
Accounts payable and other liabilities	65,724	63,327
Advance rents	9,291	9,537
Tenant security deposits	10,209	10,419
Other liabilities related to property sold or held for sale	<u>137</u>	<u>616</u>
Total Liabilities	<u>1,381,803</u>	<u>1,408,006</u>
Minority interest	<u>3,790</u>	<u>3,776</u>
<b>Shareholders' Equity</b>		
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized; 50,661 and 46,682 shares issued and outstanding, respectively	508	468
Additional paid-in capital	696,885	561,492
Distributions in excess of net income	<u>(112,570)</u>	<u>(75,416)</u>
Accumulated other comprehensive income	<u>276</u>	<u>—</u>
Total Shareholders' Equity	<u>585,099</u>	<u>486,544</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,970,692</u>	<u>\$ 1,898,326</u>

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

**WRIT**

WASHINGTON  
REAL ESTATE  
INVESTMENT  
TRUST



**Third Quarter 2008**  
**Supplemental Operating and Financial Data**  
*for the Quarter Ended September 30, 2008*

Contact:  
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Chief Financial Officer  
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(301) 984-9400  
(301) 984-9610 fax

**Company Background and Highlights  
Third Quarter 2008**

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 properties.

During third quarter 2008, WRIT focused on leasing its development projects and capitalizing on opportunities to recycle capital. In addition, WRIT continued to strengthen its balance sheet by issuing more than \$100 million of equity, which it used to pay down all of its short-term variable rate debt, subsequent to quarter-end. Finally, WRIT paid its quarterly dividend for its 187th consecutive quarterly dividend at equal or increasing rates.

On September 3, 2008, WRIT acquired The Kenmore, a 374-unit, 269,000 square foot apartment building located in Washington, DC for \$58.3 million. The property was acquired for \$155,750 per unit, less than half of estimated replacement cost. With an excellent location, proximate to the intersection of Military Road and Connecticut Avenue in the affluent Upper Northwest submarket, WRIT expects steady rental rate growth and significant leasing demand. WRIT expects to achieve a first-year, unleveraged yield of 6.2% on a cash and GAAP basis. The acquisition was funded with borrowings on WRIT's line of credit and cash from operations.

This quarter WRIT executed two leases totaling 154,000 square feet at Dulles Station West, Phase I. International Business Machines Corp. (NYSE: IBM) will occupy 123,000 square feet and National Student Clearinghouse will occupy 31,000 square feet, resulting in an 86% leased rate. Dulles Station West, Phase I is a 180,000 square foot, six-story office building prominently located on the Dulles Toll Road, less than one mile from Washington Dulles International Airport. Last year, the building received the Northern Virginia NAIOP's Award of Excellence for Best Suburban Mid-Rise Office Building. The building is part of a mixed-use development which will include over one million square feet of office space, two hotels, 1,095 multifamily units and 56,000 square feet of retail and restaurant space.

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 5,800 square feet of retail space, completed in fourth quarter 2007. The property was 71% leased at quarter-end 9/30/08.

The Clayborne is a ground-up development project in Alexandria, VA, adjacent to our 800 South Washington retail property, completed in first quarter 2008. The project consists of a 74-unit Class A apartment building that will include 2,700 square feet of additional retail space. The property was 55% leased at quarter-end 9/30/08.

On August 28, 2008, WRIT entered into a Sales Agency Financing Agreement with BNY Mellon Capital Markets, LLC. Under the agreement, WRIT may offer and sell up to \$150 million of common shares for a period of no more than 36 months. As of September 30, 2008, WRIT had issued an aggregate of 1,141,410 shares for \$41.2 million in gross proceeds through this agreement. Subsequent to the quarter-end on October 1, 2008, WRIT completed a \$60.4 million equity offering of 1.725 million common shares at a price of \$35.00 per share. WRIT used the net proceeds from both offerings to repay borrowings under its lines of credit and for general corporate purposes. On September 30, 2008, WRIT paid its quarterly dividend of \$0.4325 per share for its 187th consecutive quarterly dividend at equal or increasing rates.

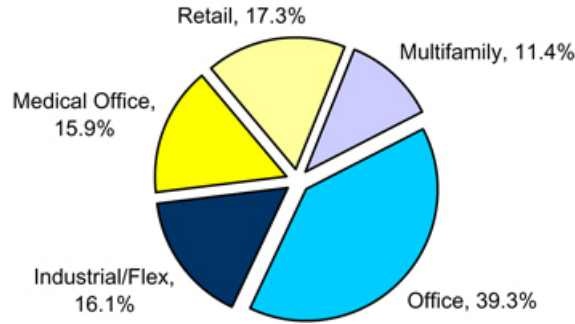
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WRIT is a self-administered, self-managed, equity real estate investment trust investing in income-producing properties in the greater Washington metro region. WRIT's dividends have increased every year for 38 consecutive years. WRIT owns a diversified portfolio of 92 properties consisting of 27 office properties, 22 industrial/flex properties, 17 medical office properties, 14 retail centers, 12 multifamily properties and land for development. WRIT shares are publicly traded on the New York Stock Exchange (NYSE:WRE).



**Net Operating Income Contribution by Sector - Third Quarter 2008**

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 2008 Acquisition and Purchase Agreement**

**Acquired:**  
**The Kenmore**  
Washington, DC



*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 2007 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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September 30, 2008**

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*Certain statements discussed in this Supplemental regarding anticipated operating results and future events are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although such statements and projections are based upon what we believe to be reasonable assumptions, actual results may differ from those projected. Key factors that could cause actual results to differ materially include changes in the economy, the successful and timely completion of acquisitions, changes in interest rates, leasing activities and other risks associated with the commercial real estate business and as detailed in our filings from time to time with the Securities and Exchange Commission.*

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

	Three Months Ended				
	09/30/08	06/30/08	03/31/08	12/31/07	09/30/07
<b>OPERATING RESULTS</b>					
Real estate rental revenue	\$ 70,639	\$ 68,992	\$ 69,596	\$ 66,801	\$ 64,286
Real estate expenses	<u>(24,031)</u>	<u>(22,341)</u>	<u>(22,730)</u>	<u>(20,898)</u>	<u>(20,021)</u>
	46,608	46,651	46,866	45,903	44,265
Real estate depreciation and amortization	<u>(21,422)</u>	<u>(21,020)</u>	<u>(20,357)</u>	<u>(18,825)</u>	<u>(17,852)</u>
Income from real estate	25,186	25,631	26,509	27,078	26,413
Other income	338	220	238	480	357
Gain from non-disposal activities	17	—	—	—	—
Loss on extinguishment of debt	—	—	(8,449)	—	—
Interest expense	(17,148)	(17,582)	(17,664)	(16,400)	(15,824)
General and administrative	<u>(2,780)</u>	<u>(3,111)</u>	<u>(3,080)</u>	<u>(3,675)</u>	<u>(3,174)</u>
Income (loss) from continuing operations	5,613	5,158	(2,446)	7,483	7,772
Discontinued operations:					
Income from operations of properties held for sale	266	775	958	959	1,596
Gain on sale of real estate	—	<u>15,275</u>	—	—	<u>25,022</u>
Income from discontinued operations	266	16,050	958	959	26,618
<b>Net Income (loss)</b>	<b><u>\$ 5,879</u></b>	<b><u>\$ 21,208</u></b>	<b><u>\$ (1,488)</u></b>	<b><u>\$ 8,442</u></b>	<b><u>\$ 34,390</u></b>
<b>Per Share Data</b>					
Net Income	\$ 0.12	\$ 0.44	\$ (0.03)	\$ 0.18	\$ 0.73
Fully diluted weighted average shares outstanding	49,849	48,148	46,623	46,822	46,802
<b>Percentage of Revenues:</b>					
Real estate expenses	34.0%	32.4%	32.7%	31.3%	31.1%
General and administrative	3.9%	4.5%	4.4%	5.5%	4.9%
<b>Ratios:</b>					
EBITDA / Interest expense	2.6x	2.1x	2.1x <sup>(1)</sup>	2.7x	2.7x
Income from continuing operations/Total real estate revenue	7.9%	7.5%	-3.5% <sup>(1)</sup>	11.2%	12.1%
Net income/Total real estate revenue	8.3%	30.7%	-2.1% <sup>(1)</sup>	12.6%	53.5%

Note: Certain prior quarter amounts have been reclassified to conform to the current quarter presentation.  
<sup>(1)</sup> Includes the impact of the loss on extinguishment of debt of \$8.4 million in the first quarter of 2008

**Consolidated Balance Sheets**  
(In thousands)  
(unaudited)

	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007
<b>Assets</b>					
Land	\$ 368,371	\$ 334,221	\$ 333,250	\$ 325,490	\$ 331,024
Income producing property	1,751,057	1,679,649	1,660,770	1,621,679	1,483,585
	2,119,428	2,013,870	1,994,020	1,947,169	1,814,609
Accumulated depreciation and amortization	(382,261)	(363,620)	(345,523)	(327,759)	(311,385)
Net income producing property	1,737,167	1,650,250	1,648,497	1,619,410	1,503,224
Development in progress, including land held for development	23,469	58,760	58,784	98,321	138,093
Total real estate held for investment, net	1,760,636	1,709,010	1,707,281	1,717,731	1,641,317
Investment in real estate held for sale, net	12,546	12,615	36,220	36,562	35,929
Cash and cash equivalents	7,813	12,721	12,856	21,485	9,916
Restricted cash	47,074	48,868	7,637	6,030	46,002
Rents and other receivables, net of allowance for doubtful accounts	38,121	37,082	38,989	36,548	34,469
Prepaid expenses and other assets	104,291	85,129	87,453	78,394	76,508
Other assets related to properties sold or held for sale	211	16	1,762	1,576	1,660
<b>Total Assets</b>	<b>\$ 1,970,692</b>	<b>\$ 1,905,441</b>	<b>\$ 1,892,198</b>	<b>\$ 1,898,326</b>	<b>\$ 1,845,801</b>
<b>Liabilities and Shareholders' Equity</b>					
Notes payable	\$ 918,873	\$ 918,834	\$ 918,783	\$ 879,123	\$ 879,094
Mortgage notes payable	330,569	331,575	251,539	252,484	253,500
Lines of credit/short-term note payable	47,000	15,000	174,500	192,500	128,500
Accounts payable and other liabilities	65,724	59,114	57,543	63,327	65,074
Advance rents	9,291	8,788	9,378	9,537	6,413
Tenant security deposits	10,209	10,365	10,389	10,419	9,893
Other liabilities related to properties sold or held for sale	137	155	542	616	591
<b>Total Liabilities</b>	<b>1,381,803</b>	<b>1,343,831</b>	<b>1,422,674</b>	<b>1,408,006</b>	<b>1,343,065</b>
Minority interest	3,790	3,791	3,786	3,776	5,593
<b>Shareholders' Equity</b>					
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized	508	496	468	468	467
Additional paid-in capital	696,885	653,816	563,174	561,492	560,695
Distributions in excess of net income	(112,570)	(96,873)	(96,660)	(75,416)	(64,019)
Accumulated other comprehensive income (loss)	276	380	(1,244)	—	—
<b>Total Shareholders' Equity</b>	<b>585,099</b>	<b>557,819</b>	<b>465,738</b>	<b>486,544</b>	<b>497,143</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,970,692</b>	<b>\$ 1,905,441</b>	<b>\$ 1,892,198</b>	<b>\$ 1,898,326</b>	<b>\$ 1,845,801</b>
<b>Total Debt / Total Market Capitalization</b>	<b>0.41:1</b>	<b>0.46:1</b>	<b>0.46:1</b>	<b>0.47:1</b>	<b>0.44:1</b>

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				
	9/30/2008	6/30/2008	3/31/2008	12/31/2007	9/30/2007
<b>Funds From Operations<sup>(1)</sup></b>					
Net Income (loss)	\$ 5,879	\$ 21,208	\$ (1,488)	\$ 8,442	\$ 34,390
Real estate depreciation and amortization	21,422	21,020	20,357	18,825	17,852
Gain from non-disposal activities	(17)	—	—	—	—
Discontinued operations:					
Gain on sale of real estate	—	(15,275)	—	—	(25,022)
Real estate depreciation and amortization	123	178	168	260	433
Funds From Operations (FFO)	<u>\$27,407</u>	<u>\$ 27,131</u>	<u>\$19,037</u>	<u>\$ 27,527</u>	<u>\$ 27,653</u>
FFO per share—basic	\$ 0.55	\$ 0.57	\$ 0.41	\$ 0.59	\$ 0.59
FFO per share—fully diluted	\$ 0.55	\$ 0.56	\$ 0.41	\$ 0.59	\$ 0.59
FFO per share—fully diluted, excluding loss on extinguishment of debt	\$ 0.55	\$ 0.56	\$ 0.59	\$ 0.59	\$ 0.59
<b>Funds Available for Distribution<sup>(2)</sup></b>					
Tenant Improvements	(1,452)	(5,029)	(2,110)	(5,026)	(4,215)
External and Internal Leasing Commissions Capitalized	(1,851)	(1,429)	(2,023)	(1,613)	(1,159)
Recurring Capital Improvements	(1,936)	(3,052)	(2,116)	(3,899)	(2,635)
Straight-Line Rent, Net	(779)	(712)	(744)	(957)	(988)
Non-real estate depreciation and amortization	996	987	1,000	1,011	987
Amortization of lease intangibles, net	(533)	(537)	(506)	(191)	(315)
Amortization and expensing of restricted share and unit compensation	706	716	699	850	882
Other	—	—	—	—	102
Funds Available for Distribution (FAD)	<u>\$22,558</u>	<u>\$ 18,075</u>	<u>\$13,237</u>	<u>\$ 17,702</u>	<u>\$ 20,312</u>
Total Dividends Paid	\$21,533	\$ 21,376	\$19,724	\$ 19,723	\$ 19,716
Average shares—basic	49,599	47,933	46,623	46,604	46,596
Average shares—fully diluted	49,849	48,148	46,623	46,822	46,802

(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				
	09/30/08	06/30/08	03/31/08	12/31/07	09/30/07
<b>EBITDA<sup>(1)</sup></b>					
Net income (loss)	\$ 5,879	\$ 21,208	\$ (1,488)	\$ 8,442	\$ 34,390
Add:					
Interest expense	17,148	17,582	17,664	16,400	15,824
Real estate depreciation and amortization	21,545	21,198	20,525	19,085	18,285
Non-real estate depreciation	299	285	276	277	261
Less:					
Gain on sale of real estate	—	(15,275)	—	—	(25,022)
Gain from non-disposal activities	(17)	—	—	—	—
Other income	(338)	(220)	(238)	(480)	(357)
<b>EBITDA</b>	<u>\$44,516</u>	<u>\$ 44,778</u>	<u>\$36,739</u>	<u>\$43,724</u>	<u>\$ 43,381</u>

<sup>(1)</sup> 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.

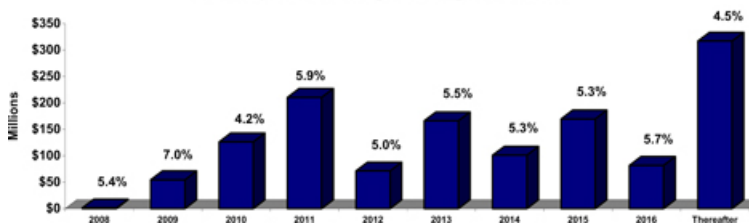
**Long-Term Debt Analysis**  
(In thousands, except per share amounts)

	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007
<b>Balances Outstanding</b>					
<b>Secured</b>					
Conventional fixed rate	\$ 330,569	\$ 331,575	\$ 251,539	\$ 252,484	\$ 253,500
Secured total	<u>330,569</u>	<u>331,575</u>	<u>251,539</u>	<u>252,484</u>	<u>253,500</u>
<b>Unsecured</b>					
Fixed rate bonds and notes	918,873	918,834	918,783	879,123	879,094
Credit facility	47,000	15,000	174,500	192,500	128,500
Unsecured total	<u>965,873</u>	<u>933,834</u>	<u>1,093,283</u>	<u>1,071,623</u>	<u>1,007,594</u>
Total	<u>\$ 1,296,442</u>	<u>\$ 1,265,409</u>	<u>\$ 1,344,822</u>	<u>\$ 1,324,107</u>	<u>\$ 1,261,094</u>
<b>Average Interest Rates</b>					
<b>Secured</b>					
Conventional fixed rate	5.8%	5.8%	5.8%	5.8%	5.8%
Secured total	<u>5.8%</u>	<u>5.8%</u>	<u>5.8%</u>	<u>5.8%</u>	<u>5.8%</u>
<b>Unsecured</b>					
Fixed rate bonds	5.0%	5.0%	5.0%	5.2%	5.2%
Credit facilities	2.9%	5.1%	5.1%	5.4%	5.9%
Unsecured total	<u>4.9%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>5.2%</u>	<u>5.3%</u>
Average	<u>5.1%</u>	<u>5.2%</u>	<u>5.2%</u>	<u>5.3%</u>	<u>5.4%</u>

Note: The current balance outstanding of the fixed rate bonds and notes is shown net of discounts/premiums in the amount of \$1,127,023.

**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			Total Debt	Average Interest Rate
	Secured Debt	Unsecured Debt	Credit Facilities		
2008	\$ 1,113	\$ —	\$ —	\$ 1,113	5.4%
2009	54,285	—	—	54,285	7.0%
2010	25,973	100,000	47,000	172,973	4.2%
2011	13,339	150,000	—	163,339	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%
2016	81,582	—	—	81,582	5.7%
Thereafter	6,893	310,000	—	316,893	4.5%
<b>Total maturities</b>	<b>\$ 330,569</b>	<b>\$ 920,000</b>	<b>\$ 47,000</b>	<b>\$1,297,569</b>	<b>5.1%</b>

Weighted average maturity = 7.7 years

**Capital Analysis**  
(In thousands, except per share amounts)

	<u>September 30, 2008</u>	<u>June 30, 2008</u>	<u>March 31, 2008</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>
<b>Market Data</b>					
Shares Outstanding	50,661	49,461	46,716	46,682	46,669
Market Price per Share	\$ 36.63	\$ 30.05	\$ 33.42	\$ 31.41	\$ 33.18
Equity Market Capitalization	\$ 1,855,712	\$ 1,486,303	\$ 1,561,249	\$ 1,466,282	\$ 1,548,477
Total Debt	\$ 1,296,442	\$ 1,265,409	\$ 1,344,822	\$ 1,324,107	\$ 1,261,094
Total Market Capitalization	\$ 3,152,154	\$ 2,751,712	\$ 2,906,071	\$ 2,790,389	\$ 2,809,571
Total Debt to Market Capitalization	<u>0.41:1</u>	<u>0.46:1</u>	<u>0.46:1</u>	<u>0.47:1</u>	<u>0.44:1</u>
Earnings to Fixed Charges <sup>(1)</sup>	1.3 x	1.3 x	0.8 x <sup>(3)</sup>	1.3 x	1.3 x
Debt Service Coverage Ratio <sup>(2)</sup>	2.5 x	2.4 x	1.9 x <sup>(3)</sup>	2.5 x	2.6 x

**Dividend Data**

Total Dividends Paid	\$ 21,533	\$ 21,376	\$ 19,724	\$ 19,723	\$ 19,716
Common Dividend per Share	\$ 0.4325	\$ 0.4325	\$ 0.4225	\$ 0.4225	\$ 0.4225
Payout Ratio (FFO per share basis)	78.6%	77.2%	103.0%	71.6%	71.6%

- (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.
- (3) Includes the impact of the loss on extinguishment of debt of \$8.4 million and the write off of related note premium in the first quarter of 2008.



**Core Portfolio Net Operating Income (NOI) Growth & Rental Rate Growth  
2008 vs. 2007**

**Cash Basis**

Sector	Third Quarter <sup>(1)</sup>	
	NOI Growth	Rental Rate Growth
Multifamily	1.2%	1.3%
Office Buildings	2.4%	2.9%
Medical Office Buildings	1.9%	3.5%
Retail Centers	-1.1%	3.5%
Industrial / Flex Properties	-4.8%	3.0%
<b>Overall Core Portfolio</b>	<b>0.3%</b>	<b>2.9%</b>

**GAAP Basis**

Sector	Third Quarter <sup>(1)</sup>	
	NOI Growth	Rental Rate Growth
Multifamily	1.2%	1.2%
Office Buildings	-0.1%	1.8%
Medical Office Buildings	2.4%	2.1%
Retail Centers	1.4%	4.1%
Industrial / Flex Properties	-5.0%	2.3%
<b>Overall Core Portfolio</b>	<b>-0.2%</b>	<b>2.2%</b>

<sup>1</sup> Non-core properties were:

2007 and 2008 sold properties—Maryland Trade Centers I and II, Sullyfield Center and The Earhart Building.

2007 acquisitions—CentreMed I & II, 4661 Kenmore Ave (land for development) and 2000 M Street.

2008 acquisitions—6100 Columbia Park Road, Sterling Medical Office Building and The Kenmore Apartments.

2008 held for sale property—Avondale.

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

	Three Months Ended September 30,		
	2008	2007	% Change
<b>Cash Basis:</b>			
Multifamily	\$ 4,805	\$ 4,748	1.2%
Office Buildings	16,991	16,592	2.4%
Medical Office Buildings	6,741	6,613	1.9%
Retail Centers	7,594	7,679	-1.1%
Industrial/Flex	7,183	7,546	-4.8%
	<u>\$ 43,314</u>	<u>\$ 43,178</u>	<u>0.3%</u>
<b>GAAP Basis:</b>			
Multifamily	\$ 4,809	\$ 4,754	1.2%
Office Buildings	17,123	17,136	-0.1%
Medical Office Buildings	7,071	6,907	2.4%
Retail Centers	8,071	7,963	1.4%
Industrial/Flex	7,246	7,628	-5.0%
	<u>\$ 44,320</u>	<u>\$ 44,388</u>	<u>-0.2%</u>

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

	Three Months Ended September 30, 2008						Corporate and Other	Total
	Multifamily	Office	Medical Office	Retail	Industrial			
<b>Real estate rental revenue</b>								
Core Portfolio	\$ 8,168	\$26,578	\$ 10,453	\$10,260	\$ 9,844	\$ —	\$ 65,303	
Non-core—acquired and in development <sup>1</sup>	1,554	2,797	588	—	397	—	5,336	
Total	9,722	29,375	11,041	10,260	10,241	—	70,639	
<b>Real estate expenses</b>								
Core Portfolio	3,359	9,455	3,382	2,189	2,598	—	20,983	
Non-core—acquired and in development <sup>1</sup>	1,045	1,614	235	—	154	—	3,048	
Total	4,404	11,069	3,617	2,189	2,752	—	24,031	
<b>Net Operating Income (NOI)</b>								
Core Portfolio	4,809	17,123	7,071	8,071	7,246	—	44,320	
Non-core—acquired and in development <sup>1</sup>	509	1,183	353	—	243	—	2,288	
Total	\$ 5,318	\$18,306	\$ 7,424	\$ 8,071	\$ 7,489	\$ —	\$ 46,608	
Core Portfolio NOI GAAP Basis (from above)	\$ 4,809	\$17,123	\$ 7,071	\$ 8,071	\$ 7,246	\$ —	\$ 44,320	
Straight-line revenue, net for core properties	(4)	(7)	(163)	(392)	(75)	—	(641)	
FAS 141 Min Rent	—	(119)	(167)	(88)	7	—	(367)	
Amortization of lease intangibles for core properties	—	(6)	—	3	5	—	2	
Core portfolio NOI, Cash Basis	\$ 4,805	\$16,991	\$ 6,741	\$ 7,594	\$ 7,183	\$ —	\$ 43,314	
<b>Reconciliation of NOI to Net Income (loss)</b>								
Total NOI	\$ 5,318	\$18,306	\$ 7,424	\$ 8,071	\$ 7,489	\$ —	\$ 46,608	
Other income	—	—	—	—	—	338	338	
Interest expense	(2,146)	(854)	(1,409)	(336)	(245)	(12,158)	(17,148)	
Depreciation and amortization	(2,996)	(9,544)	(3,644)	(1,902)	(3,149)	(187)	(21,422)	
General and administrative	—	—	—	—	—	(2,780)	(2,780)	
Discontinued Operations <sup>2</sup>	266	—	—	—	—	—	266	
Gain from non-disposal activities	—	—	—	—	—	17	17	
Net Income (loss)	\$ 442	\$ 7,908	\$ 2,371	\$ 5,833	\$ 4,095	\$ (14,770)	\$ 5,879	

<sup>1</sup> Non-core acquired and in development properties:

2007 in development—Bennett Park, Clayborne Apartments and Dulles Station.

2007 acquisitions—CentreMed I & II, 4661 Kenmore Ave (land for development) and 2000 M Street.

2008 acquisitions—6100 Columbia Park Road, Sterling Medical Office Building and Kenmore Apartments.

<sup>2</sup> Discontinued operations include: Sold Properties—Maryland Trade Center I and II, Sullyfield Center and The Earhart Building.  
Held for Sale Property—Avondale.

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

	Three Months Ended September 30, 2007						Corporate and Other	Total
	Multifamily	Office	Medical Office	Retail	Industrial			
<b>Real estate rental revenue</b>								
Core Portfolio	\$ 8,041	\$25,981	\$ 10,087	\$10,061	\$ 9,831	\$ —	\$ 64,001	
Non-core—acquired and in development <sup>1</sup>	67	—	218	—	—	—	285	
Total	8,108	25,981	10,305	10,061	9,831	—	64,286	
<b>Real estate expenses</b>								
Core Portfolio	3,287	8,845	3,180	2,098	2,203	—	19,613	
Non-core—acquired and in development <sup>1</sup>	212	138	58	—	—	—	408	
Total	3,499	8,983	3,238	2,098	2,203	—	20,021	
<b>Net Operating Income (NOI)</b>								
Core Portfolio	4,754	17,136	6,907	7,963	7,628	—	44,388	
Non-core—acquired and in development <sup>1</sup>	(145)	(138)	160	—	—	—	(123)	
Total	\$ 4,609	\$16,998	\$ 7,067	\$ 7,963	\$ 7,628	\$ —	\$ 44,265	
Core Portfolio NOI GAAP Basis (from above)	\$ 4,754	\$17,136	\$ 6,907	\$ 7,963	\$ 7,628	\$ —	\$ 44,388	
Straight-line revenue, net for core properties	(7)	(448)	(149)	(149)	(140)	—	(893)	
FAS 141 Min Rent	—	(103)	(145)	(138)	52	—	(334)	
Amortization of lease intangibles for core properties	1	7	—	3	6	—	17	
Core portfolio NOI, Cash Basis	\$ 4,748	\$16,592	\$ 6,613	\$ 7,679	\$ 7,546	\$ —	\$ 43,178	
<b>Reconciliation of NOI to Net Income</b>								
Total NOI	\$ 4,609	\$16,998	\$ 7,067	\$ 7,963	\$ 7,628	\$ —	\$ 44,265	
Other income	—	—	—	—	—	357	357	
Interest expense	(913)	(870)	(1,425)	(344)	(249)	(12,023)	(15,824)	
Depreciation and amortization	(1,733)	(7,863)	(3,384)	(1,758)	(2,980)	(134)	(17,852)	
General and administrative	—	—	—	—	—	(3,174)	(3,174)	
Discontinued Operations <sup>2</sup>	194	870	—	—	532	—	1,596	
Gain on sale of real estate	—	—	—	—	—	25,022	25,022	
Net Income	\$ 2,157	\$ 9,135	\$ 2,258	\$ 5,861	\$ 4,931	\$ 10,048	\$ 34,390	

<sup>1</sup> Non-core acquired and in development properties were:

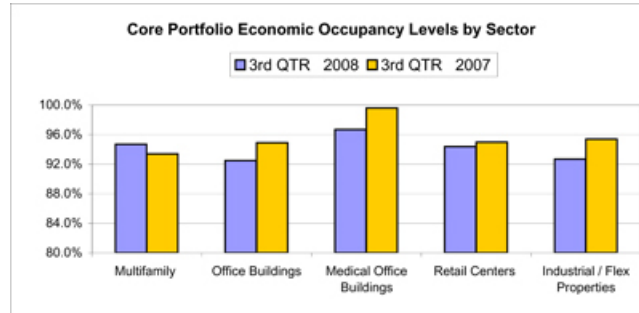
2007 in development—Bennett Park, Clayborne Apartments and Dulles Station.  
2007 acquisitions—CentreMed I & II, 4661 Kenmore Ave (land for development) and 2000 M Street.

<sup>2</sup> Discontinued operations include: Sold Properties—Maryland Trade Center I and II, Sullyfield Center and The Earhart Building.  
Held for Sale Property—Avondale.

**Core Portfolio & Overall Economic Occupancy Levels by Sector  
Q3 2008 vs. Q3 2007**

**GAAP Basis**

Sector	Core Portfolio		All Properties	
	3rd QTR 2008	3rd QTR 2007	3rd QTR 2008	3rd QTR 2007
Multifamily	94.7%	93.4%	85.6%	91.5%
Office Buildings	92.5%	94.9%	90.2%	94.2%
Medical Office Buildings	96.7%	99.6%	95.8%	99.7%
Retail Centers	94.4%	95.0%	94.4%	95.0%
Industrial / Flex Properties	92.7%	95.4%	92.9%	94.8%
<b>Overall Portfolio</b>	<b>93.8%</b>	<b>95.5%</b>	<b>91.1%</b>	<b>94.8%</b>



**Commercial Leasing Summary  
Three and Nine months ended 9/30/08**

	<u>3rd Quarter 2008</u>		<u>Year-to-Date</u>	
<b>Gross Leasing Square Footage</b>				
Office Buildings	121,711		439,825	
Medical Office Buildings	61,293		121,734	
Retail Centers	77,595		154,164	
Industrial Centers	197,471		485,118	
<b>Total</b>	<u>458,070</u>		<u>1,200,841</u>	
<b>Weighted Average Term (yrs)</b>				
Office Buildings	7.1		5.1	
Medical Office Buildings	5.0		5.4	
Retail Centers	7.6		7.0	
Industrial Centers	3.2		3.9	
<b>Total</b>	<u>5.2</u>		<u>4.9</u>	
<b>Rental Rate Increases:</b>	<u>GAAP</u>	<u>CASH</u>	<u>GAAP</u>	<u>CASH</u>
<b>Rate on expiring leases</b>				
Office Buildings	\$28.73	\$29.96	\$28.20	\$29.33
Medical Office Buildings	30.11	30.69	30.07	31.46
Retail Centers	17.81	18.02	19.20	19.92
Industrial Centers	9.83	11.04	10.40	11.05
<b>Total</b>	<u>\$18.92</u>	<u>\$19.88</u>	<u>\$20.04</u>	<u>\$20.95</u>
<b>Rate on new and renewal leases</b>				
Office Buildings	\$33.36	\$30.53	\$31.47	\$30.95
Medical Office Buildings	34.08	32.33	35.95	33.85
Retail Centers	23.51	22.74	24.82	23.35
Industrial Centers	12.65	12.28	12.18	11.62
<b>Total</b>	<u>\$22.86</u>	<u>\$21.58</u>	<u>\$23.28</u>	<u>\$22.46</u>
<b>Percentage Increase</b>				
Office Buildings	16.12%	1.88%	11.61%	5.54%
Medical Office Buildings	13.19%	5.35%	19.56%	7.60%
Retail Centers	32.03%	26.19%	29.26%	17.21%
Industrial Centers	28.73%	11.16%	17.16%	5.21%
<b>Total</b>	<u>20.86%</u>	<u>8.55%</u>	<u>16.15%</u>	<u>7.21%</u>

Note: The information presented excludes leases executed during the quarter and year-to-date periods for Dulles Station.

**Commercial Leasing Summary**  
*Continued from previous page*  
**Three and Nine months ended 9/30/08**

	3rd Quarter 2008		Year-to-Date	
	Total Dollars	Dollars per Square Foot	Total Dollars	Dollars per Square Foot
<b>Tenant Improvements</b>				
Office Buildings	\$2,644,118	\$ 21.72	\$ 4,874,483	\$ 11.08
Medical Office Buildings	827,849	13.51	1,807,088	14.84
Retail Centers	599,385	7.72	614,885	3.99
Industrial Centers	237,760	1.20	720,435	1.49
<b>Subtotal</b>	<b>\$4,309,112</b>	<b>\$ 9.41</b>	<b>\$ 8,016,891</b>	<b>\$ 6.68</b>
<b>Leasing Costs</b>				
Office Buildings	\$1,127,618	\$ 9.26	\$ 2,971,944	\$ 6.76
Medical Office Buildings	356,321	5.81	813,661	6.68
Retail Centers	396,669	5.11	598,986	3.89
Industrial Centers	362,065	1.83	908,665	1.87
<b>Subtotal</b>	<b>\$2,242,673</b>	<b>\$ 4.90</b>	<b>\$ 5,293,256</b>	<b>\$ 4.41</b>
<b>Tenant Improvements and Leasing Costs</b>				
Office Buildings	\$3,771,736	\$ 30.99	\$ 7,846,427	\$ 17.84
Medical Office Buildings	1,184,170	19.32	2,620,749	21.53
Retail Centers	996,054	12.84	1,213,871	7.87
Industrial Centers	599,825	3.04	1,629,100	3.36
<b>Total</b>	<b>\$6,551,785</b>	<b>\$ 14.30</b>	<b>\$13,310,147</b>	<b>\$ 11.08</b>

Note: The information presented excludes leases executed during the quarter and year-to-date periods for Dulles Station.

**10 Largest Tenants - Based on Annualized Rent  
September 30, 2008**

<u>Tenant</u>	<u>Number of Buildings</u>	<u>Weighted Average Remaining Lease Term in Months</u>	<u>Percentage of Aggregate Portfolio Annualized Rent</u>	<u>Aggregate Rentable Square Feet</u>	<u>Percentage of Aggregate Occupied Square Feet</u>
World Bank	1	38	4.41%	210,354	2.16%
Sunrise Assisted Living, Inc.	1	60	2.56%	184,202	1.89%
General Services Administration	8	17	2.01%	256,038	2.63%
IBM Corporation	2	125	1.99%	134,734	1.38%
INOVA Health System Hospital	6	33	1.66%	99,477	1.02%
URS Corporation	1	63	1.38%	97,208	1.00%
Lafarge North America, Inc.	1	22	1.33%	80,610	0.83%
George Washington University	2	89	1.15%	77,538	0.80%
Science Applications Int'l Corporation	1	57	0.93%	80,561	0.83%
Sun Microsystems, Inc.	1	39	0.91%	65,443	0.67%
<b>Total/Weighted Average</b>		<u>50</u>	<u>18.33%</u>	<u>1,286,165</u>	<u>13.21%</u>



**Industry Diversification  
September 30, 2008**

<b>Industry Classification (NAICS)</b>	<b>Annualized Base Rental Revenue</b>	<b>Percentage of Aggregate Annualized Rent</b>	<b>Aggregate Rentable Square Feet</b>	<b>Percentage of Aggregate Square Feet</b>
Professional, Scientific and Technical Services	\$ 47,689,265	23.00%	1,930,499	19.82%
Ambulatory Health Care Services	39,340,324	18.97%	1,327,315	13.63%
Credit Intermediation and Related Activities	15,538,160	7.49%	418,837	4.30%
Executive, Legislative & Other General Government	8,270,504	3.99%	428,794	4.40%
Educational Services	6,527,088	3.15%	246,128	2.53%
Religious, Grantmaking, Civic, Professional	6,255,919	3.02%	200,213	2.06%
Nursing and Residential Care Facilities	5,890,480	2.84%	214,534	2.20%
Food Services and Drinking Places	5,694,072	2.75%	223,439	2.29%
Administrative and Support Services	5,372,981	2.59%	365,708	3.75%
Food and Beverage Stores	4,093,275	1.97%	256,562	2.63%
Furniture and Home Furnishing Stores	3,707,319	1.79%	231,581	2.38%
Miscellaneous Store Retailers	3,525,790	1.70%	256,789	2.64%
Merchant Wholesalers-Durable Goods	3,494,731	1.69%	366,847	3.77%
Specialty Trade Contractors	3,152,293	1.52%	342,457	3.52%
Nonmetallic Mineral Product Manufacturing	3,140,533	1.51%	119,474	1.23%
Broadcasting (except Internet)	3,038,730	1.47%	87,939	0.90%
Personal and Laundry Services	3,005,051	1.45%	134,986	1.39%
Health & Personal Care Services	2,325,078	1.12%	79,701	0.82%
Clothing & Clothing Accessories Stores	2,231,297	1.08%	141,486	1.45%
Real Estate	2,205,041	1.06%	84,424	0.87%
Merchant Wholesalers-Non Durable Goods	2,099,190	1.01%	226,518	2.33%
Amusement, Gambling and Recreation industries	1,974,258	0.95%	142,780	1.47%
Miscellaneous Manufacturing	1,845,498	0.89%	184,857	1.90%
Hospitals	1,810,354	0.87%	59,118	0.61%
Construction of Buildings	1,696,082	0.82%	111,142	1.14%
General Merchandise Stores	1,670,304	0.81%	222,430	2.28%
Sporting Goods/Books/Hobby/Music Stores	1,638,808	0.79%	122,058	1.25%
Insurance Carriers and Related Activities	1,575,753	0.76%	71,383	0.73%
Telecommunications	1,318,346	0.64%	48,757	0.50%
Other	17,221,768	8.31%	1,094,935	11.24%
<b>Total</b>	<b>\$207,348,292</b>	<b>100.00%</b>	<b>9,741,691</b>	<b>100.00%</b>

**Lease Expirations  
September 30, 2008**

<b>Year</b>	<b>Number of Leases</b>	<b>Rentable Square Feet</b>	<b>Percent of Rentable Square Feet</b>	<b>Annualized Rent *</b>	<b>Average Rental Rate</b>	<b>Percent of Annualized Rent *</b>
<b>Office:</b>						
2008	29	56,570	1.58%	\$ 1,638,261	\$ 28.96	1.39%
2009	132	419,341	11.70%	12,102,562	28.86	10.29%
2010	129	786,891	21.96%	25,573,836	32.50	21.75%
2011	108	546,149	15.24%	18,152,539	33.24	15.44%
2012	69	320,496	8.94%	9,940,824	31.02	8.45%
2013 and thereafter	161	1,454,216	40.58%	50,174,881	34.50	42.68%
	<u>628</u>	<u>3,583,663</u>	<u>100.00%</u>	<u>\$ 117,582,903</u>	<u>\$ 32.81</u>	<u>100.00%</u>
<b>Medical Office:</b>						
2008	8	10,730	0.91%	\$ 369,116	\$ 34.40	0.87%
2009	48	117,482	9.95%	3,674,991	31.28	8.63%
2010	55	185,224	15.69%	6,305,008	34.04	14.80%
2011	65	200,735	17.01%	6,932,694	34.54	16.27%
2012	43	141,375	11.98%	5,284,034	37.38	12.40%
2013 and thereafter	139	524,868	44.46%	20,035,273	38.17	47.03%
	<u>358</u>	<u>1,180,414</u>	<u>100.00%</u>	<u>\$ 42,601,116</u>	<u>\$ 36.09</u>	<u>100.00%</u>
<b>Retail:</b>						
2008	3	97,872	5.22%	\$ 301,216	\$ 3.08	0.81%
2009	53	162,052	8.64%	3,509,978	21.66	9.58%
2010	52	306,471	16.35%	5,556,141	18.13	15.16%
2011	36	161,524	8.62%	3,081,747	19.08	8.41%
2012	38	140,319	7.49%	3,187,004	22.71	8.70%
2013 and thereafter	116	1,006,313	53.68%	21,016,547	20.88	57.34%
	<u>298</u>	<u>1,874,551</u>	<u>100.00%</u>	<u>\$ 36,652,633</u>	<u>\$ 19.55</u>	<u>100.00%</u>
<b>Industrial:</b>						
2008	16	129,209	4.04%	\$ 1,363,772	\$ 10.55	3.73%
2009	51	470,214	14.69%	4,444,451	9.45	12.15%
2010	58	396,691	12.39%	4,783,320	12.06	13.08%
2011	62	555,900	17.37%	5,308,576	9.55	14.51%
2012	29	424,661	13.27%	5,027,686	11.84	13.74%
2013 and thereafter	65	1,224,585	38.24%	15,652,062	12.78	42.79%
	<u>281</u>	<u>3,201,260</u>	<u>100.00%</u>	<u>\$ 36,579,867</u>	<u>\$ 11.43</u>	<u>100.00%</u>
<b>Total:</b>						
2008	56	294,381	2.99%	\$ 3,672,365	\$ 12.47	1.57%
2009	284	1,169,089	11.88%	23,731,982	20.30	10.17%
2010	294	1,675,277	17.03%	42,218,305	25.20	18.09%
2011	271	1,464,308	14.88%	33,475,556	22.86	14.34%
2012	179	1,026,851	10.44%	23,439,548	20.30	10.04%
2013 and thereafter	481	4,209,982	42.78%	106,878,763	25.39	45.79%
	<u>1,565</u>	<u>9,839,888</u>	<u>100.00%</u>	<u>\$ 233,416,519</u>	<u>\$ 23.72</u>	<u>100.00%</u>

\* Annualized Rent is equal to the last rental rate in effect when the lease expires multiplied by 12.

**2008 Acquisition and Disposition Summary  
as of September 30, 2008  
(\$'s in thousands)**

**Acquisition Summary**

		<u>Acquisition Date</u>	<u>Square Feet</u>	<u>Leased Percentage at Acquisition</u>	<u>September 30, 2008 Leased Percentage</u>	<u>Investment</u>
6100 Columbia Park Road	Landover, MD	February 22, 2008	150,000	78%	100%	\$ 11,200
Sterling Medical Office Building <sup>1</sup>	Sterling, VA	May 21, 2008	36,000	100%	100%	\$ 6,500
Kenmore Apartments (374 units)	Washington, DC	September 3, 2008	269,000	96%	96%	\$ 58,300
	Total		<u>455,000</u>			<u>\$ 76,000</u>

**Disposition Summary**

		<u>Disposition Date</u>	<u>Property Type</u>	<u>Square Feet</u>	<u>Sale Price</u>	<u>GAAP Gain</u>
Sullyfield Center/The Earhart Building	Chantilly, VA	June 6, 2008	Industrial	336,000	\$ 41,100	\$ 15,300

(1) The sellers of Sterling Medical Office Building agreed to lease 37% of the building's space for a period of 12 - 18 months.

**2008 Development Summary  
as of September 30, 2008  
(\$'s in thousands)**

<u>Property</u>	<u>Location</u>	<u>Total SF</u>	<u>Est. Total Investment</u>	<u>Investment to Date</u>	<u>Placed Into Service</u>	<u>Date Placed Into Service</u>	<u>Balance Sheet: Development In Progress</u>	<u>Percentage Leased</u>
<i><u>Value-Creation Pipeline</u></i>								
Dulles Station Phase II	Herndon, VA	360,000	n/a	\$ 25,477 <sup>(1)</sup>	\$ 8,009 <sup>(1)</sup>	3Q07 <sup>(1)</sup>	\$ 17,468	n/a
Kenmore Avenue	Alexandria, VA	tbd	n/a	4,539	—	n/a	4,539	n/a
Other	Various	n/a	n/a	1,218	—	n/a	1,218	n/a
				<u>\$ 31,234</u>	<u>\$ 8,009</u>		<u>\$ 23,225</u>	
<i><u>Projects Placed in Service During 2007 and 2008</u></i>								
Dulles Station Phase I	Herndon, VA	180,000	\$ 60,575	\$ 44,538	\$ 44,501	3Q07/3Q08 <sup>(2)</sup>	\$ 37	86%
Bennett Park Apartments	Arlington, VA	268,000	86,900 <sup>(3)</sup>	86,039 <sup>(3)</sup>	85,852 <sup>(3)</sup>	4Q07	187	71%
Clayborne Apartments	Alexandria, VA	87,000	36,525 <sup>(4)</sup>	36,502 <sup>(4)</sup>	36,482 <sup>(4)</sup>	1Q08	20	55%
			<u>\$184,000</u>	<u>\$167,079</u>	<u>\$166,835</u>		<u>\$ 244</u>	

- (1) Represents allocation of completed garage at Dulles Station to Phase II.
- (2) The Dulles Station garage was placed into service in 3Q07, and the building was placed into service in 3Q08.
- (3) Includes shared garage investment at 1600 Wilson Boulevard of \$4,625.
- (4) Includes shared garage and retail space investment at South Washington Street of \$6,240.

**Schedule of Properties  
September 30, 2008**

<u>PROPERTIES</u>	<u>LOCATION</u>	<u>YEAR ACQUIRED</u>	<u>YEAR CONSTRUCTED</u>	<u>NET RENTABLE SQUARE FEET*</u>
<b>Office Buildings</b>				
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	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 Boulevard	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
The Crescent	Gaithersburg, MD	2006	1989	49,000
Monument II	Herndon, VA	2007	2000	205,000
Woodholme Center	Pikesville, MD	2007	1989	73,000
2000 M Street	Washington, DC	2007	1971	227,000
Subtotal				3,754,000
<b>Medical Office Buildings</b>				
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
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 & II	Centreville, VA	2007	1998	52,000
Sterling Medical Office Building	Sterling, VA	2008	1986/2000	36,000
Subtotal				1,222,000
<b>Retail Centers</b>				
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 <sup>1</sup>	Alexandria, VA	1994	1960	134,000
Frederick County Square	Frederick, MD	1995	1973	227,000
800 S. Washington Street	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

<sup>1</sup> Development on approximately 60,000 square feet of the center was completed in December 2006.

**Schedule of Properties (Cont.)  
September 30, 2008**

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET*
<b>Multifamily Buildings * / # units</b>				
3801 Connecticut Avenue / 307	Washington, DC	1963	1951	179,000
Roosevelt Towers / 191	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 / 253	McLean, VA	1996	1982	252,000
Walker House Apartments / 212	Gaithersburg, MD	1996	1971/2003 <sup>2</sup>	159,000
Bethesda Hill Apartments / 195	Bethesda, MD	1997	1986	226,000
Avondale / 237	Laurel, MD	1999	1987	170,000
Bennett Park / 224	Arlington, VA	2007	2007	268,000
Clayborne / 74	Alexandria, VA	2008	2008	87,000
Kenmore Apartments / 374	Washington, DC	2008	1948	269,000
Subtotal (2,773 units)				2,375,000
<b>Industrial Distribution / Flex Properties</b>				
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
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
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
6100 Columbia Park Road	Landover, MD	2008	1969	150,000
Subtotal				3,595,000
<b>TOTAL</b>				<b>12,968,000</b>

\* Multifamily buildings are presented in gross square feet.

<sup>2</sup> A 16 unit addition referred to as The Gardens at Walker House was completed in October 2003.

**Supplemental Definitions  
September 30, 2008**

**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.