UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For quarterly period ended March 31, 2013

OR

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

COMMISSION FILE NO. 1-6622

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

MARYLAND	**53-0261100**
(State of incorporation)	**(IRS Employer Identification Number)**

6110 EXECUTIVE BOULEVARD, SUITE 800, ROCKVILLE, MARYLAND 20852
(Address of principal executive office) (Zip code)

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

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

Title of Each Class	**Name of exchange on which registered**
Shares of Beneficial Interest	New York Stock Exchange

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

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

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

As of May 7, 2013, 66,500,018 common shares were outstanding.

WASHINGTON REAL ESTATE INVESTMENT TRUST

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PART I
FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Condensed Consolidated Statements of Income, Consolidated Statement of Shareholders' Equity and Consolidated Statements of Cash Flows reflects all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The accompanying financial statements and notes thereto should be read in conjunction with the financial statements and notes for the three years ended December 31, 2012 included in WRIT’s 2012 Annual Report on Form 10-K.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	March 31, 2013 (Unaudited)	December 31, 2012
Assets		
Land	$ 483,198	$ 483,198
Income producing property	1,988,929	1,979,348
	2,472,127	2,462,546
Accumulated depreciation and amortization	(625,774)	(604,614)
Net income producing property	1,846,353	1,857,932
Properties under development or held for future development	52,906	49,135
Total real estate sold or held for investment, net	1,899,259	1,907,067
Investment in real estate held for sale, net	—	11,528
Cash and cash equivalents	16,743	19,324
Restricted cash	10,804	14,582
Rents and other receivables, net of allowance for doubtful accounts of $9,544 and $10,958, respectively	59,429	57,076
Prepaid expenses and other assets	109,885	114,541
Other assets related to properties sold or held for sale	—	258
Total assets	$ 2,096,120	$ 2,124,376
Liabilities		
Notes payable	$ 846,323	$ 906,190
Mortgage notes payable	312,396	342,970
Lines of credit	70,000	—
Accounts payable and other liabilities	57,523	52,823
Advance rents	15,203	16,096
Tenant security deposits	9,849	9,936
Other liabilities related to properties sold or held for sale	—	218
Total liabilities	1,311,294	1,328,233
Equity		
Shareholders' equity		
Preferred shares; $0.01 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Shares of beneficial interest; $0.01 par value; 100,000 shares authorized: 66,485 and 66,437 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	665	664
Additional paid in capital	1,146,683	1,145,515
Distributions in excess of net income	(366,821)	(354,122)
Total shareholders' equity	780,527	792,057
Noncontrolling interests in subsidiaries	4,299	4,086
Total equity	784,826	796,143
Total liabilities and equity	$ 2,096,120	$ 2,124,376

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Revenue		
Real estate rental revenue	$ 76,924	$ 75,214
Expenses		
Real estate expenses	27,091	25,551
Depreciation and amortization	25,524	25,582
Acquisition costs	213	54
General and administrative	3,862	3,606
	56,690	54,793
Real estate operating income	20,234	20,421
Other income (expense)		
Interest expense	(16,518)	(15,831)
Other income	239	244
	(16,279)	(15,587)
Income from continuing operations	3,955	4,834
Discontinued operations:		
Income from operations of properties sold or held for sale	185	347
Gain on sale of real estate	3,195	—
Net income	$ 7,335	$ 5,181
Basic net income per share:		
Continuing operations	$ 0.06	$ 0.07
Discontinued operations	0.05	0.01
Net income per share	$ 0.11	$ 0.08
Diluted net income per share:		
Continuing operations	$ 0.06	$ 0.07
Discontinued operations	0.05	0.01
Net income per share	$ 0.11	$ 0.08
Weighted average shares outstanding – basic	66,393	66,194
Weighted average shares outstanding – diluted	66,519	66,328
Dividends declared per share	$ 0.3000	$ 0.4338

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(IN THOUSANDS)
(UNAUDITED)

	Shares Outstanding	Shares of Beneficial Interest at Par Value	Additional Paid in Capital	Distributions in Excess of Net Income Attributable to the Controlling Interests	Total Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance, December 31, 2012	66,437	$ 664	$ 1,145,515	$ (354,122)	$ 792,057	$ 4,086	$ 796,143
Net income attributable to the controlling interests	—	—	—	7,335	7,335	—	7,335
Contributions from noncontrolling interests	—	—	—	—	—	213	213
Dividends	—	—	—	(20,034)	(20,034)	—	(20,034)
Share grants, net of share grant amortization and forfeitures	48	1	1,168	—	1,169	—	1,169
Balance, March 31, 2013	66,485	$ 665	$ 1,146,683	$ (366,821)	$ 780,527	$ 4,299	$ 784,826

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended March 31, 2013	2012
Cash flows from operating activities		
Net income	$ 7,335	$ 5,181
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amounts in discontinued operations	25,524	25,994
Provision for losses on accounts receivable	1,566	1,098
Gain on sale of real estate	(3,195)	—
Amortization of share grants, net	1,026	1,429
Amortization of debt premiums, discounts and related financing costs	1,016	968
Changes in operating other assets	(628)	(3,953)
Changes in operating other liabilities	4,260	4,842
Net cash provided by operating activities	36,904	35,559
Cash flows from investing activities		
Net cash received for sale of real estate	15,161	—
Capital improvements to real estate	(10,202)	(10,459)
Development in progress	(3,788)	(780)
Non-real estate capital improvements	(7)	(210)
Net cash provided by (used in) investing activities	1,164	(11,449)
Cash flows from financing activities		
Line of credit borrowings (repayments), net	70,000	10,000
Dividends paid	(20,034)	(28,900)
Net contributions from noncontrolling interests	213	22
Proceeds from dividend reinvestment program	—	1,242
Principal payments – mortgage notes payable	(30,828)	(1,453)
Notes payable repayments	(60,000)	—
Net proceeds from exercise of share options	—	23
Net cash used in financing activities	(40,649)	(19,066)
Net (decrease) increase in cash and cash equivalents	(2,581)	5,044
Cash and cash equivalents at beginning of period	19,324	12,765
Cash and cash equivalents at end of period	$ 16,743	$ 17,809
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 10,684	$ 12,215
Cash paid for income taxes, net of refund	$ 4	$ —

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2013
(UNAUDITED)

NOTE 1: NATURE OF BUSINESS

Washington Real Estate Investment Trust ("WRIT"), a Maryland real estate investment trust, is a self-administered, self-managed equity real estate investment trust, successor to a trust organized in 1960. Our business consists of the ownership and operation of income-producing real estate properties in the greater Washington metro region. We own a diversified portfolio of office buildings, medical office buildings, multifamily buildings and retail centers.

Federal Income Taxes

We believe that we qualify as a real estate investment trust ("REIT") under Sections 856-860 of the Internal Revenue Code and intend to continue to qualify as such. To maintain our status as a REIT, we are required to distribute 90% of our ordinary taxable income to our shareholders. When selling properties, we have the option of (a) reinvesting the sales proceeds of properties sold, allowing for a deferral of income taxes on the sale, (b) paying out capital gains to the shareholders with no tax to WRIT or (c) treating the capital gains as having been distributed to the shareholders, paying the tax on the gain deemed distributed and allocating the tax paid as a credit to the shareholders. During the 2013 Quarter, we sold the Atrium Building, an office property, for a contract sales price of $15.8 million, and the capital gain from the sale is expected to be treated as a distribution to shareholders.

Generally, and subject to our ongoing qualification as a REIT, no provisions for income taxes are necessary except for taxes on undistributed REIT taxable income and taxes on the income generated by our taxable REIT subsidiaries ("TRSs"). Our TRSs are subject to corporate federal and state income tax on their taxable income at regular statutory rates. There were no material income tax provisions or material net deferred income tax items for our TRSs for the three months ended March 31, 2013 and 2012.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Significant Accounting Policies

We have prepared our consolidated financial statements using the accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2012.

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements include the consolidated accounts of WRIT, our majority-owned subsidiaries and entities in which WRIT has a controlling interest, including where WRIT has been determined to be a primary beneficiary of a variable interest entity ("VIE"). See note 3 for additional information on the properties for which there is a noncontrolling interest. All intercompany balances and transactions have been eliminated in consolidation.

We have prepared the accompanying unaudited financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information presented not misleading. In addition, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the periods presented have been included. These unaudited financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2012.

Within these notes to the financial statements, we refer to the three months ended March 31, 2013 and March 31, 2012 as the "2013 Quarter" and the "2012 Quarter," respectively.

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation due to the reclassification of certain properties as discontinued operations (see note 3 to the consolidated financial statements).

NOTE 3: REAL ESTATE

Variable Interest Entities

In June 2011, we executed a joint venture operating agreement with a real estate development company to develop a mid-rise multifamily property at 650 North Glebe Road in Arlington, Virginia. We estimate the total cost of the project to be $49.9 million, and, during the 2013 Quarter, secured third-party debt financing for approximately 70% of the project's cost. WRIT is the 90% owner of the joint venture, and will have management and leasing responsibilities when the project is completed and stabilized (defined as 90% of the residential units leased). The real estate development company owns 10% of the joint venture and is responsible for the development and construction of the property. The joint venture currently expects to complete this development project during the fourth quarter of 2014.

In November 2011, we executed a joint venture operating agreement with a real estate development company to develop a high-rise multifamily property at 1225 First Street (formerly 1219 First Street) in Alexandria, Virginia. We estimate the total cost of the project to be $95.3 million, with approximately 70% of the project financed with debt. WRIT is the 95% owner of the joint venture and will have management and leasing responsibilities when the project is completed and stabilized. The real estate development company owns 5% of the joint venture and is responsible for the development and construction of the property. During the 2013 Quarter, we decided to delay commencement of construction due to market conditions and concerns of oversupply, and stopped capitalizing interest costs on this project. We will reassess this project on a periodic basis going forward.

We have determined that the 650 North Glebe Road and 1225 First Street joint ventures are variable interest entities (“VIE's”) primarily based on the fact that the equity investment at risk is not sufficient to permit either entity to finance its activities without additional financial support. We expect that 70% of the total development costs will be financed through debt. We have also determined that WRIT is the primary beneficiary of each VIE due to the fact that WRIT is providing 90% to 95% of the equity contributions and will manage each property after stabilization.

We include the joint venture land acquisitions on our consolidated balance sheets in properties under development or held for future development. As of March 31, 2013 and December 31, 2012, the land and capitalized development costs are as follows (in thousands):

	March 31, 2013	December 31, 2012
650 North Glebe	$ 17,616	$ 15,646
1225 First Street	21,561	19,807

As of March 31, 2013 and December 31, 2012, the accounts payable and accrued liabilities related to the joint ventures are as follows (in thousands):

	March 31, 2013	December 31, 2012
650 North Glebe	$ 875	$ 115
1225 First Street	952	1,676

Discontinued Operations

We dispose of assets that no longer meet our long-term strategy or return objectives and where market conditions for sale are favorable. The proceeds from the sales may be reinvested into other properties, used to fund development operations or to support other corporate needs, or distributed to our shareholders. Properties are considered held for sale when they meet the criteria specified (see "Discontinued Operations" in Note 2 of the consolidated financial statements included in WRIT's Annual Report on Form 10-K for the year ended December 31, 2012). Depreciation on these properties is discontinued at that time, but operating revenues, other operating expenses and interest continue to be recognized until the date of sale.

We sold the following properties in 2013 and 2012:

Disposition Date	Property Name	Segment	Rentable Square Feet	Contract Purchase Price (In thousands)
March 19, 2013	Atrium Building	Office	79,000	$ 15,750
August 31, 2012	1700 Research Boulevard	Office	101,000	$ 14,250
December 20, 2012	Plumtree Medical Center	Medical Office	33,000	8,750
		Total 2012	134,000	$ 23,000

Income from operations of properties sold or held for sale for the three months ended March 31, 2013 and 2012 were as follows (in thousands):

	Three Months Ended March 31, 2013	2012
Revenues	$ 347	$ 1,285
Property expenses	(162)	(462)
Depreciation and amortization	—	(412)
Interest expense	—	(64)
	$ 185	$ 347

Income from operations of properties sold or held for sale by property were as follows (in thousands):

Property	Segment	Three Months Ended March 31, 2013	2012
1700 Research Boulevard	Office	$ —	$ 44
Atrium Building	Office	185	289
Plumtree Medical Center	Medical Office	—	14
		$ 185	$ 347

NOTE 4: MORTGAGE NOTES PAYABLE

On January 11, 2013, we repaid without penalty the remaining $30.0 million of principal on the mortgage note secured by West Gude Drive.

NOTE 5: UNSECURED LINES OF CREDIT PAYABLE

As of March 31, 2013, we maintained a $100.0 million unsecured line of credit maturing in June 2015 ("Credit Facility No. 1") and a $400.0 million unsecured line of credit maturing in July 2016 ("Credit Facility No. 2"). Credit Facilities No. 1 and No. 2 have accordion features that allow us to increase the facilities to $200.0 million and $600.0 million, respectively, subject to additional lender commitments. The amounts of these lines of credit unused and available at March 31, 2013 are as follows (in thousands):

	Credit Facility No. 1	Credit Facility No. 2
Committed capacity	$ 100,000	$ 400,000
Borrowings outstanding	(10,000)	(60,000)
Unused and available	$ 90,000	$ 340,000

We executed borrowings and repayments on the unsecured lines of credit during the 2013 Quarter as follows (in thousands):

	Credit Facility No. 1	Credit Facility No. 2
Balance at December 31, 2012	$ —	$ —
Borrowings	25,000	60,000
Repayments	(15,000)	—
Balance at March 31, 2013	$ 10,000	$ 60,000

We made borrowings during the 2013 Quarter to partially pay off the West Gude mortgage note and repay our5.125% unsecured notes. We made repayments during the 2013 Quarter using proceeds from the sale of The Atrium Building and cash from operations.

NOTE 6: NOTES PAYABLE

We repaid without penalty the remaining $60.0 million of our 5.125% unsecured notes on their due date of March 15, 2013, using borrowings on our unsecured line of credit.

NOTE 7: STOCK BASED COMPENSATION

WRIT maintains short-term ("STIP") and long-term ("LTIP") incentive plans that allow for stock-based awards to officers and non-officer employees. Stock based awards are provided to officers and non-officer employees, as well as trustees, under the Washington Real Estate Investment Trust 2007 Omnibus Long-Term Incentive Plan which allows for awards in the form of restricted shares, restricted share units, options and other awards up to an aggregate of 2,000,000 shares over the ten year period in which the plan will be in effect. Restricted share units are converted into shares of our stock upon full vesting through the issuance of new shares.

Total Compensation Expense

Total compensation expense recognized in the consolidated financial statements for all outstanding share based awards was$1.0 million and $1.4 million for the 2013 and 2012 Quarters, respectively.

Restricted Share Awards

During the 2013 Quarter, 102,641 restricted share grants were awarded at a weighted average grant date fair value of$26.98.

The total fair values of restricted share grants vested was$0.5 million and $0.3 million for the 2013 and 2012 Quarters, respectively.

The total unvested restricted share awards atMarch 31, 2013 was 233,378 shares, which had a weighted average grant date fair value of $27.27 per share.

As of March 31, 2013, the total compensation cost related to non-vested restricted share awards was$3.6 million, which we expect to recognize over a weighted average period of 15 months.

NOTE 8: FAIR VALUE DISCLOSURES

Assets and Liabilities Measured at Fair Value

For assets and liabilities measured at fair value on a recurring basis, quantitative disclosures about the fair value measurements are required to be disclosed separately for each major category of assets and liabilities, as follows:

Level 1: Quoted prices in active markets for identical assets
Level 2: Significant other observable inputs
Level 3: Significant unobservable inputs

The only assets or liabilities we had atMarch 31, 2013 and December 31, 2012 that are recorded at fair value on a recurring basis are the assets held in the Supplemental Executive Retirement Program (“SERP”). We base the valuations related to this asset on assumptions derived from significant other observable inputs and accordingly these valuations fall into Level 2 in the fair value hierarchy. The fair values of these assets at March 31, 2013 and December 31, 2012 were as follows (in thousands):

	March 31, 2013				December 31, 2012			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Assets:								
SERP	$ 2,650	$ —	$ 2,650	$ —	$ 2,421	$ —	$ 2,421	$ —

Financial Assets and Liabilities Not Measured at Fair Value

The following disclosures of estimated fair value were determined by management using available market information and established valuation methodologies, including discounted cash flow. Many of these estimates involve significant judgment. The estimated fair value disclosed may not necessarily be indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions or estimation methodologies could have an effect on the estimated fair value amounts. In addition, fair value estimates are made at a point in time and thus, estimates of fair value subsequent to March 31, 2013 may differ significantly from the amounts presented.

Following is a summary of significant methodologies used in estimating fair values and a schedule of fair values at March 31, 2013.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents and restricted cash include cash and commercial paper with original maturities of less than 90 days, which are valued at the carrying value, which approximates fair value due to the short maturity of these instruments (Level 1 inputs).

Notes Receivable

We acquired a note receivable ("2445 M Street note") in 2008 with the purchase of 2445 M Street. We estimate the fair value of the 2445 M Street note based on a discounted cash flow methodology using market discount rates (Level 3 inputs).

Debt

Mortgage notes payable consist of instruments in which certain of our real estate assets are used for collateral. We estimate the fair value of the mortgage notes payable by discounting the contractual cash flows at a rate equal to the relevant treasury rates (with respect to the timing of each cash flow) plus credit spreads estimated through independent comparisons to real estate assets or loans with similar characteristics. Lines of credit payable consist of bank facilities which we use for various purposes including working capital, acquisition funding or capital improvements. The lines of credit advances are priced at a specified rate plus a spread. We estimate the market value based on a comparison of the spreads of the advances to market given the adjustable base rate. We estimate the fair value of the notes payable by discounting the contractual cash flows at a rate equal to the relevant treasury rates (with respect to the timing of each cash flow) plus credit spreads derived using the relevant securities' market prices. We classify these fair value measurements as Level 3 as we use significant unobservable inputs and management judgment due to the absence of quoted market prices.

As of March 31, 2013 and December 31, 2012, the carrying values and estimated fair values of our financial instruments were as follows (in thousands):

	March 31, 2013		December 31, 2012	
(in thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 16,743	$ 16,743	$ 19,324	$ 19,324
Restricted cash	10,804	10,804	14,582	14,582
2445 M Street note receivable	6,804	7,413	6,617	6,654
Mortgage notes payable	312,396	341,230	342,970	374,591
Lines of credit payable	70,000	70,000	—	—
Notes payable	846,323	895,303	906,190	968,040

NOTE 9: EARNINGS PER COMMON SHARE

We determine "Basic earnings per share" using the two-class method as our unvested restricted share awards have non-forfeitable rights to dividends, and are therefore considered participating securities. We compute basic earnings per share by dividing net income attributable to the controlling interest less the allocation of undistributed earnings to unvested restricted share awards by the weighted-average number of common shares outstanding for the period.

We also determine "Diluted earnings per share" under the two-class method with respect to the unvested restricted share awards. We further evaluate any other potentially dilutive securities at the end of the period and adjust the basic earnings per share calculation for the impact of those securities that are dilutive. Our diluted earnings per share calculation includes the dilutive impact of employee stock options based on the treasury stock method and our incentive share awards with performance or market conditions under the contingently issuable method. The diluted earnings per share calculation also considers our operating partnership units under the if-converted method.

The computations of basic and diluted earnings per share for the three months ended March 31, 2013 and 2012 were as follows(in thousands; except per share data):

	Three Months Ended March 31,	
	2013	2012
Numerator:		
Income from continuing operations	$ 3,955	$ 4,834
Allocation of undistributed earnings to unvested restricted share awards	(65)	(175)
Adjusted income from continuing operations attributable to the controlling interests	3,890	4,659
Income from discontinued operations, including gain on sale of real estate, net of taxes	3,380	347
Allocation of undistributed earnings to unvested restricted share awards	(55)	(13)
Adjusted income from discontinuing operations attributable to the controlling interests	3,325	334
Adjusted net income attributable to the controlling interests	$ 7,215	$ 4,993
Denominator:		
Weighted average shares outstanding – basic	66,393	66,194
Effect of dilutive securities:		
Operating partnership units	117	117
Employee stock options and restricted share awards	9	17
Weighted average shares outstanding – diluted	66,519	66,328
Earnings per common share, basic:		
Continuing operations	$ 0.06	$ 0.07
Discontinued operations	0.05	0.01
	$ 0.11	$ 0.08
Earnings per common share, diluted:		
Continuing operations	$ 0.06	$ 0.07
Discontinued operations	0.05	0.01
	$ 0.11	$ 0.08

NOTE 10: SEGMENT INFORMATION

We have four reportable segments: office, medical office, retail and multifamily. Office buildings provide office space for various types of businesses and professions. Medical office buildings provide offices and facilities for a variety of medical services. Retail centers are typically neighborhood grocery store or drug store anchored retail centers. Multifamily properties provide rental housing for individuals and families throughout the Washington metropolitan area.

We evaluate performance based upon operating income from the combined properties in each segment. Our reportable operating segments are consolidations of similar properties. GAAP requires that segment disclosures present the measure(s) used by the chief operating decision maker for purposes of assessing segments' performance. Net operating income is a key measurement of our segment profit and loss. Net operating income is defined as segment real estate rental revenue less segment real estate expenses.

The following tables present revenues, net operating income, capital expenditures and total assets for the2013 and 2012 Quarters from these segments, and reconciles net operating income of reportable segments to net income attributable to the controlling interests as reported (in thousands):

	Three Months Ended March 31, 2013					
	Office	Medical Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	$ 38,729	$ 11,028	$ 13,834	$ 13,333	$ —	$ 76,924
Real estate expenses	14,078	4,058	3,565	5,390	—	27,091
Net operating income	$ 24,651	$ 6,970	$ 10,269	$ 7,943	$ —	$ 49,833
Depreciation and amortization						(25,524)
General and administrative						(3,862)
Acquisition costs						(213)
Interest expense						(16,518)
Other income						239
Discontinued operations:						
Income from operations of properties sold or held for sale						185
Gain on sale of real estate						3,195
Net income						$ 7,335
Capital expenditures	$ 7,575	$ 1,077	$ 766	$ 784	$ 7	$ 10,209
Total assets	$ 1,118,579	$ 325,281	$ 351,967	$ 250,680	$ 49,613	$ 2,096,120

	Three Months Ended March 31, 2012					
	Office	Medical Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	$ 37,547	$ 11,225	$ 13,446	$ 12,996	$ —	$ 75,214
Real estate expenses	13,477	3,699	3,444	4,931	—	25,551
Net operating income	$ 24,070	$ 7,526	$ 10,002	$ 8,065	$ —	$ 49,663
Depreciation and amortization						(25,582)
Acquisition costs						(54)
General and administrative						(3,606)
Interest expense						(15,831)
Other income						244
Discontinued operations:						
Income from operations of properties sold or held for sale						347
Net income						$ 5,181
Capital expenditures	$ 7,740	$ 1,473	$ 260	$ 986	$ 210	$ 10,669
Total assets	$ 1,113,521	$ 346,145	$ 362,307	$ 246,730	$ 47,843	$ 2,116,546

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto appearing in Item 1 of this report and the more detailed information contained in our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the Securities and Exchange Commission on February 27, 2013.

We refer to the three months ended March 31, 2013 and March 31, 2012 as the "2013 Quarter" and the "2012 Quarter," respectively.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements which involve risks and uncertainties. Forward-looking statements include statements in this report preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for these statements. The following important factors, in addition to those discussed elsewhere in this Form 10-Q, could affect our future results and could cause those results to differ materially from those expressed in the forward-looking statements: (a) the effect of credit and financial market conditions; (b) the availability and cost of capital; (c) fluctuations in interest rates; (d) the economic health of our tenants; (e) the timing and pricing of lease transactions; (f) the economic health of the greater Washington metro region, or other markets we may enter; (g) the effects of changes in Federal government spending; (h) the supply of competing properties; (i) consumer confidence; (j) unemployment rates; (k) consumer tastes and preferences; (l) our future capital requirements; (m) inflation; (n) compliance with applicable laws, including those concerning the environment and access by persons with disabilities; (o) governmental or regulatory actions and initiatives; (p) changes in general economic and business conditions; (q) terrorist attacks or actions; (r) acts of war; (s) weather conditions; (t) the effects of changes in capital available to the technology and biotechnology sectors of the economy, and (u) other factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the Securities and Exchange Commission on February 27, 2013 and our subsequent Quarterly Reports on Form 10-Q. We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events, or otherwise.

General

Introductory Matters

We provide our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations and financial condition. We organize the MD&A as follows:

- *Overview.* Discussion of our business, operating results, investment activity and capital requirements, and summary of our significant transactions to provide context for the remainder of MD&A.
- *Results of Operations.* Discussion of our financial results comparing the 2013 Quarter to the 2012 Quarter.
- *Liquidity and Capital Resources.* Discussion of our financial condition and analysis of changes in our capital structure and cash flows.
- *Critical Accounting Policies and Estimates.* Descriptions of accounting policies that reflect significant judgments and estimates used in the preparation of our consolidated financial statements.

When evaluating our financial condition and operating performance, we focus on the following financial and non-financial indicators:

- Net operating income ("NOI"), calculated as real estate rental revenue less real estate expenses excluding depreciation and amortization and general and administrative expenses. NOI is a non-GAAP supplemental measure to net income.
- Funds From Operations ("FFO"), calculated as set forth below under the caption "Funds from Operations." FFO is a non-GAAP supplemental measure to net income.
- Occupancy, calculated as occupied square footage as a percentage of total square footage as of the last day of that period.
- Leased percentage, calculated as the percentage of available physical net rentable area leased for our commercial segments and percentage of apartments leased for our multifamily segment;
- Rental rates.
- Leasing activity, including new leases, renewals and expirations.

For purposes of evaluating comparative operating performance, we categorize our properties as "same-store," "non-same-store" or discontinued operations. A "same-store" property is one that was owned for the entirety of the periods being evaluated, is stabilized from an occupancy standpoint and is included in continuing operations. We consider newly constructed properties to be stabilized when they achieve 90% occupancy. A "non-same-store" property is one that was acquired or placed into service during either of the periods being evaluated or is not stabilized from an occupancy standpoint, and is included in continuing operations. We classify results for properties sold or held for sale during any of the periods evaluated as discontinued operations.

Overview

Business

Our revenues are derived primarily from the ownership and operation of income-producing properties in the greater Washington metro region. As of March 31, 2013, we owned a diversified portfolio of 69 properties, totaling approximately 8.5 million square feet of commercial space and 2,540 multifamily units, and land held for development. These 69 properties consisted of 25 office properties, 17 medical office properties, 16 retail centers and 11 multifamily properties.

Operating Results

Real estate rental revenue, NOI, net income and FFO for the three months ended March 31, 2013 and 2012 were as follows (in thousands):

	Three Months Ended March 31,			
	2013	2012	$ Change	% Change
Real estate rental revenue	$ 76,924	$ 75,214	$ 1,710	2.3 %
NOI [1]	$ 49,833	$ 49,663	$ 170	0.3 %
Net income	$ 7,335	$ 5,181	$ 2,154	41.6 %
FFO [2]	$ 29,664	$ 31,175	$ (1,511)	(4.8)%

[1] See page 20 of the MD&A for reconciliations of NOI to net income.

[2] See page 29 of the MD&A for reconciliations of FFO to net income.

The increases in real estate rental revenue and NOI are due to the acquisition made during 2012. NOI for same-store properties decreased by $0.7 million primarily due to lower occupancy, as continued challenges in leasing vacant space caused occupancy in our largest segment, office, to decrease to 85.4%, from 86.4% one year ago. For the Washington metro region, overall office vacancy was 13.5% for the 2013 Quarter, an increase from 12.5% one year ago, according to Delta Associates/Transwestern Commercial Services ("Delta"). We expect real estate market conditions to remain challenging for the remainder of 2013, as, according to Delta, federal government austerity measures and limited private sector growth are expected to limit demand for office space and suppress rental rates.

Capital Requirements

We repaid without penalty the remaining $60.0 million of our 5.125% unsecured notes and the remaining $30.0 million of principal on the mortgage note secured by West Gude Drive during the 2013 Quarter, using borrowings on our unsecured lines of credit. There are no more debt maturities for the remainder of 2013, though we will continue to make recurring principal amortization payments. As of March 31, 2013, our unsecured lines of credit had $70.0 million borrowings outstanding, leaving a remaining borrowing capacity of $430.0 million.

Significant Transactions

We summarize below our significant transactions during the 2013 and 2012 Quarters:

2013 Quarter

- The disposition of the Atrium Building, an 80,000 square foot office building, for a contract sales price of $15.75 million, resulting in a gain on sale of $3.2 million.
- The execution of new leases for 0.4 million square feet of commercial space (excluding first generation leases at recently-built properties and properties sold or held for sale), with an average rental rate increase of 10.9% over expiring leases.

2012 Quarter

- The execution of new leases for 0.2 million square feet of commercial space (excluding first generation leases at recently-built properties), with an average rental rate increase of 8.6% from expiring leases.

Results of Operations

The discussion that follows is based on our consolidated results of operations for the2013 and 2012 Quarters. The ability to compare one period to another may be significantly affected by acquisitions completed and dispositions made during those periods. To provide more insight into our operating results, we divide our discussion into two main sections:

- ***Consolidated Results of Operations*****:** Overview analysis of results on a consolidated basis.
- ***Net Operating Income*****:** Detailed analysis of same-store and non-same-store NOI results by segment.

Consolidated Results of Operations

Real Estate Rental Revenue

Real estate rental revenue for properties classified as continuing operations for the three months ended March 31, 2013 and 2012 were as follows (in thousands):

	Three Months Ended March 31,		Change	
	2013	2012	$	%
Minimum base rent	$ 67,174	$ 66,077	$ 1,097	1.7 %
Recoveries from tenants	7,594	6,905	689	10.0 %
Provisions for doubtful accounts	(1,119)	(1,066)	(53)	5.0 %
Parking and other tenant charges	3,275	3,298	(23)	(0.7)%
	$ 76,924	$ 75,214	$ 1,710	2.3 %

Minimum Base Rent: Minimum base rent increased by $1.1 million in the 2013 Quarter primarily due to acquisitions ($1.2 million) and higher rental rates ($1.8 million) at same-store properties, partially offset by lower occupancy ($1.7 million) at same-store properties.

Recoveries from Tenants: Recoveries from tenants increased by $0.7 million in the 2013 Quarter primarily due to higher reimbursements for operating expenses at same-store properties.

Provisions for Doubtful Accounts: Provisions for doubtful accounts increased by $0.1 million in the 2013 Quarter due to higher provisions in the office ($0.1 million) and medical office ($0.1 million) segments, partially offset by lower provisions in the retail segment ($0.2 million).

Parking and Other Tenant Charges: Parking and other tenant charges slightly decreased in the 2013 Quarter primarily due to lower lease termination fees ($0.2 million), partially offset by acquisitions ($0.1 million) and higher parking income ($0.1 million) from same-store properties.

Occupancy for properties classified as continuing operations by segment as of March 31, 2013 and 2012 was as follows:

	As of March 31,		
	2013	2012	Change
Office	85.4 %	86.4 %	(1.0)%
Medical Office	85.2 %	86.9 %	(1.7)%
Retail	92.4 %	92.9 %	(0.5)%
Multifamily	93.8 %	95.2 %	(1.4)%
Total	88.6 %	89.7 %	(1.1)%

Occupancy represents occupied square footage indicated as a percentage of total square footage as of the last day of that period.

A detailed discussion of occupancy by segment can be found in the Net Operating Income section.

Real Estate Expenses

Real estate expenses for properties classified as continuing operations for the three months ended March 31, 2013 and 2012 were as follows (in thousands):

	Three Months Ended March 31,		Change	
	2013	2012	$	%
Property operating expenses	$ 19,061	$ 17,820	$ 1,241	7.0%
Real estate taxes	8,030	7,731	299	3.9%
	$ 27,091	$ 25,551	$ 1,540	6.0%

Real estate expenses as a percentage of revenue were 35.2% and 34.0% for the 2013 and 2012 Quarters, respectively.

Property Operating Expenses: Property operating expenses include utilities, repairs and maintenance, property administration and management, operating services, common area maintenance, property insurance, bad debt and other operating expenses.

Property operating expenses increased by $1.2 million in the 2013 Quarter primarily due to acquisitions ($0.3 million), and higher bad debt expense ($0.4 million) and snow removal costs ($0.3 million) from same-store properties.

Real Estate Taxes: Real estate taxes increased by $0.3 million in the 2013 Quarter primarily due to acquisitions.

Other Operating Expenses

Other operating expenses for the three months ended March 31, 2013 and 2012 were as follows (in thousands):

	Three Months Ended March 31,		Change	
	2013	2012	$	%
Depreciation and amortization	$ 25,524	$ 25,582	$ (58)	(0.2)%
Interest expense	16,518	15,831	687	4.3 %
Acquisition costs	213	54	159	294.4 %
General and administrative	3,862	3,606	256	7.1 %
	$ 46,117	$ 45,073	$ 1,044	2.3 %

Interest Expense: Interest expense by debt type for the three months ended March 31,2013 and 2012 was as follows (in thousands):

	Three Months Ended March 31,		Change	
	2013	2012	$	%
Notes payable	$ 11,243	$ 9,033	$ 2,210	24.5 %
Mortgages	4,876	6,448	(1,572)	(24.4)%
Lines of credit	692	775	(83)	(10.7)%
Capitalized interest	(293)	(425)	132	(31.1)%
Total	$ 16,518	$ 15,831	$ 687	4.3 %

Interest expense from notes payable increased in the 2013 Quarter primarily due to the issuance of our 3.95% unsecured notes in September 2012, partially offset by the paydown of our 5.05% notes. Interest expense from mortgage notes decreased primarily due to the repayments of various mortgage notes during 2012 and 2013. Interest expense from our unsecured lines of credit decreased due lower borrowings. Capitalized interest decreased because we stopped capitalizing interest on expenditures on our joint venture to develop a multifamily property at 1225 First Street during the 2013 Quarter because there was no qualified development activity. We decided to delay commencement of construction at this development due to market conditions and concerns of oversupply.

General and Administrative Expense: General and administrative expense increased by $0.3 million in the 2013 Quarter, primarily due to recruitment fees associated with the search for a new chief executive officer ($0.2 million) and higher shareholder relations expenses ($0.1 million).

Discontinued Operations

We sold the following properties in 2013 and 2012:

Disposition Date	Property	Type	Rentable Square Feet	Contract Sales Price (in thousands)
March 19, 2013	Atrium Building	Office	79,000	$ 15,750
August 31, 2012	1700 Research Boulevard	Office	101,000	$ 14,250
December 20, 2012	Plumtree Medical Center	Medical Office	33,000	$ 8,750
		Total 2012	134,000	$ 23,000

Operating results of the properties classified as discontinued operations are summarized as follows (in thousands):

	Three Months Ended March 31,		Change	
	2013	2012	$	%
Revenues	$ 347	$ 1,285	$ (938)	(73.0)%
Property expenses	(162)	(462)	300	64.9 %
Depreciation and amortization	—	(412)	412	100.0 %
Interest expense	—	(64)	64	100.0 %
Total	$ 185	$ 347	$ (162)	(46.7)%

Net Operating Income

NOI is the primary performance measure we use to assess the results of our operations at the property level. We believe that NOI is useful as a performance measure because, when compared across periods, NOI reflects the impact on operations of trends in occupancy rates, rental rates and operating costs on an unleveraged basis, providing perspective not immediately apparent from net income. NOI excludes certain components from net income in order to provide results more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. As a result of the foregoing, we provide NOI as a supplement to net income or income from continuing operations, calculated in accordance with GAAP. NOI does not represent net income or income from continuing operations, in either case calculated in accordance with GAAP. As such, it should not be considered an alternative to these measures as an indication of our operating performance. NOI is calculated as real estate rental revenue less real estate expenses excluding depreciation and amortization, interest expense and general and administrative expenses. A reconciliation of NOI to net income follows.

2013 Quarter Compared to 2012 Quarter

The following tables of selected operating data reconcile NOI to net income and provide the basis for our discussion of NOI in the 2013 Quarter compared to the 2012 Quarter (in thousands).

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 75,294	$ 74,984	$ 310	0.4 %
Non-same-store [1]	1,630	230	1,400	608.7 %
Total real estate rental revenue	$ 76,924	$ 75,214	$ 1,710	2.3 %
Real Estate Expenses				
Same-store	$ 26,398	$ 25,342	$ 1,056	4.2 %
Non-same-store [1]	693	209	484	231.6 %
Total real estate expenses	$ 27,091	$ 25,551	$ 1,540	6.0 %
NOI				
Same-store	$ 48,896	$ 49,642	$ (746)	(1.5)%
Non-same-store [1]	937	21	916	4,361.9 %
Total NOI	$ 49,833	$ 49,663	$ 170	0.3 %
Reconciliation to Net Income				
NOI	$ 49,833	$ 49,663		
Depreciation and amortization	(25,524)	(25,582)		
General and administrative expenses	(3,862)	(3,606)		
Interest expense	(16,518)	(15,831)		
Other income	239	244		
Acquisition costs	(213)	(54)		
Discontinued operations:				
Income from operations of properties sold or held for sale[2]	185	347		
Gain on sale of real estate	3,195	—		
Net income	$ 7,335	$ 5,181		

(1) Non-same-store properties include:

2012 Office acquisition – Fairgate at Ballston

2009 Medical Office acquisition – 19500 at Riverside Office Park (formerly Lansdowne Medical Office Building)

(2) Discontinued operations include gains on disposals and income from operations for:

2013 disposition – The Atrium Building

2012 dispositions – Plumtree Medical Center and 1700 Research Boulevard

Real estate rental revenue from same-store properties increased by $0.3 million in the 2013 Quarter primarily due to higher rental rates ($1.8 million), partially offset by lower occupancy ($1.7 million).

Real estate expenses from same-store properties increased by $1.1 million in the 2013 Quarter due to higher bad debt expense ($0.4 million), snow removal costs ($0.3 million), administrative expenses ($0.1 million), repairs and maintenances expenses ($0.1 million) and real estate taxes ($0.1 million).

Occupancy	As of March 31, 2013	As of March 31, 2012
Same-store	89.1 %	90.2 %
Non-same-store	68.2 %	35.9 %
Total	88.6 %	89.7 %

The decrease in same-store occupancy reflects declines in all segments. The increase in non-same-store occupancy reflects the acquisition made during 2012. During the 2013 Quarter, 72.2% of the commercial square footage expiring was renewed as compared to 64.9% in the 2012 Quarter, excluding properties sold or classified as held for sale. During the 2013 Quarter, we executed new leases (excluding first generation leases at recently-built properties) for 387,656 commercial square feet at an average rental rate of $30.77 per square foot, an increase of 10.9%, with average tenant improvements and leasing commissions and incentives (including free rent) of $26.34 per square foot.

An analysis of NOI by segment follows.

Office Segment:

	Three Months Ended March 31,			
	2013	2012	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 37,393	$ 37,547	$ (154)	(0.4)%
Non-same-store [1]	1,336	—	1,336	N/A
Total real estate rental revenue	$ 38,729	$ 37,547	$ 1,182	3.1 %
Real Estate Expenses				
Same-store	$ 13,573	$ 13,432	$ 141	1.0 %
Non-same-store [1]	505	45	460	1,022.2 %
Total real estate expenses	$ 14,078	$ 13,477	$ 601	4.5 %
NOI				
Same-store	$ 23,820	$ 24,115	$ (295)	(1.2)%
Non-same-store [1]	831	(45)	876	(1,946.7)%
Total NOI	$ 24,651	$ 24,070	$ 581	2.4 %

(1) Non-same-store properties include:

2012 acquisition - Fairgate at Ballston

Real estate rental revenue from same-store properties decreased by $0.2 million in the 2013 Quarter primarily due to lower occupancy ($0.8 million) and higher reserves for uncollectible revenue ($0.1 million), partially offset by higher rental rates ($0.7 million).

Real estate expenses from same-store properties increased by $0.1 million due to higher bad debt expense ($0.2 million) and snow removal costs ($0.1 million), partially offset by lower real estate taxes ($0.2 million).

	As of March 31,	
Occupancy	2013	2012
Same-store	85.4%	86.4%
Non-same-store	86.1%	-
Total	85.4%	86.4%

The decrease in same-store occupancy was primarily due to lower occupancy at Braddock Metro Center and 6110 Executive Boulevard, partially offset by higher occupancy at 2000 M Street and 1140 Connecticut Avenue. During the 2013 Quarter, 56.3% of the square footage that expired was renewed compared to 51.9% in the 2012 Quarter, excluding properties sold or classified as held for sale. During the 2013 Quarter, we executed new leases for 258,509 square feet of office space at an average rental rate of $31.85 per square foot, an increase of 7.6%, with average tenant improvements and leasing commissions and incentives (including free rent) of $25.04 per square foot.

Medical Office Segment:

	Three Months Ended March 31,			
	2013	2012	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 10,734	$ 10,995	$ (261)	(2.4)%
Non-same-store [(1)]	294	230	64	27.8 %
Total real estate rental revenue	$ 11,028	$ 11,225	$ (197)	(1.8)%
Real Estate Expenses				
Same-store	$ 3,870	$ 3,535	$ 335	9.5 %
Non-same-store [(1)]	188	164	24	14.6 %
Total real estate expenses	$ 4,058	$ 3,699	$ 359	9.7 %
NOI				
Same-store	$ 6,864	$ 7,460	$ (596)	(8.0)%
Non-same-store [(1)]	106	66	40	60.6 %
Total NOI	$ 6,970	$ 7,526	$ (556)	(7.4)%

(1) Non-same-store properties include:

2009 acquisition – 19500 at Riverside Office Park (formerly Lansdowne Medical Office Building)

Real estate rental revenue from same-store properties decreased by $0.3 million in the 2013 Quarter due to lower occupancy ($0.4 million) and higher reserves for uncollectible revenue ($0.1 million), partially offset by higher rental rates ($0.2 million).

Real estate expenses from same-store properties increased by $0.3 million in the 2013 Quarter primarily due to higher bad debt expense ($0.2 million) and snow removal costs ($0.1 million).

	As of March 31,	
Occupancy	2013	2012
Same-store	88.4 %	90.5 %
Non-same-store	40.2 %	35.9 %
Total	85.2 %	86.9 %

The decrease in same-store occupancy was driven by lower occupancy at 8501 Arlington Boulevard and 15005 Shady Grove Road, partially offset by higher occupancy at Woodholme Medical Center. The increase in non-same-store occupancy reflects the continued lease-up of 19500 at Riverside Office Park, which was newly-constructed and vacant when purchased during the fourth quarter of 2009. During the 2013 Quarter, 70.5% of the square footage that expired was renewed compared to 65.7% in the 2012 Quarter. During the 2013 Quarter, we executed new leases (excluding first generation leases) for 36,923 square feet of medical office space at an average rental rate of $38.21, an increase of 6.0%, with average tenant improvements and leasing commissions and incentives (including free rent) of $28.48 per square foot.

Retail Segment:

	Three Months Ended March 31,			
	2013	2012	$ Change	% Change
Real Estate Rental Revenue	$ 13,834	$ 13,446	$ 388	2.9%
Real Estate Expenses	$ 3,565	$ 3,444	$ 121	3.5%
NOI	$ 10,269	$ 10,002	$ 267	2.7%

Real estate rental revenue increased by $0.4 million in the 2013 Quarter primarily due to higher rental rates ($0.4 million), higher reimbursements for operating expenses ($0.2 million) and lower provisions for uncollectible revenue ($0.2 million), partially offset by lower occupancy ($0.4 million).

Real estate expenses increased by $0.1 million in the 2013 Quarter primarily due to higher snow removal costs ($0.2 million), partially offset by lower bad debt expense ($0.1 million).

	As of March 31,	
Occupancy	2013	2012
Total	92.4%	92.9%

The decrease in occupancy was driven by lower occupancy at Concord Center and Randolph Shopping Center, partially offset by higher occupancy at Frederick Crossing. During the 2013 Quarter, 92.8% of the square footage that expired was renewed compared to91.0% in the 2012 Quarter. During the 2013 Quarter, we executed new leases for 92,224 square feet of retail space at an average rental rate of$24.76, an increase of 28.5%, with average tenant improvements and leasing commissions and incentives (including free rent) of $29.13 per square foot.

Multifamily Segment:

	Three Months Ended March 31,			
	2013	2012	$ Change	% Change
Real Estate Rental Revenue	$ 13,333	$ 12,996	$ 337	2.6 %
Real Estate Expenses	$ 5,390	$ 4,931	$ 459	9.3 %
NOI	$ 7,943	$ 8,065	$ (122)	(1.5)%

Real estate rental revenue increased by $0.3 million in the 2013 Quarter due to higher rental rates ($0.5 million), partially offset by lower occupancy ($0.2 million).

Real estate expenses increased by $0.5 million in the 2013 Quarter primarily due to higher real estate taxes ($0.2 million) and the true-up of certain utility reimbursements ($0.2 million).

	As of March 31,	
Occupancy	**2013**	**2012**
Total	93.8 %	95.2 %

The decrease in occupancy was driven by lower occupancy at the Ashby at McLean and 3801 Connecticut Avenue.

Liquidity and Capital Resources

Capital Structure

We expect that we will have the capital requirements in 2013 listed below. There can be no assurance that our capital requirements will not be materially higher or lower than these expectations.

- Funding dividends on our common shares and noncontrolling interest distributions to third party unit holders;
- Approximately $55.0 - $65.0 million to invest in our existing portfolio of operating assets, including approximately $25.0 - $35.0 million to fund tenant-related capital requirements and leasing commissions;
- Approximately $30.0 - $35.0 million to invest in our development projects;
- Funding to cover any costs related to property acquisitions; and
- Funding for potential property acquisitions throughout the remainder of 2013, offset by proceeds from potential property dispositions (including the potential disposition of our medical office segment).

Debt Financing

Our total debt at March 31, 2013 and December 31, 2012 is as follows (in thousands):

	March 31, 2013	December 31, 2012
Fixed rate mortgages	$ 312,396	$ 342,970
Unsecured credit facilities	70,000	—
Unsecured notes payable	846,323	906,190
	$ 1,228,719	$ 1,249,160

Mortgage Debt

At March 31, 2013, our $312.4 million in fixed rate mortgages, which includes a net $3.3 million in unamortized discounts due to fair value adjustments, bore an effective weighted average fair value interest rate of 6.1% and had a weighted average maturity of 4.3 years. We may either initiate secured mortgage debt or assume mortgage debt from time-to-time in conjunction with property acquisitions. During the 2013 Quarter, we prepaid $30.0 million of mortgage notes payable without penalty primarily using borrowings on our unsecured lines of credit.

Unsecured Credit Facilities

Our primary external sources of liquidity are our two revolving credit facilities.

Credit Facility No. 1 is a four-year, $100.0 million unsecured credit facility maturing in June 2015, and may be extended by one year at our option. We had $10.0 million in borrowings outstanding as of March 31, 2013, related to Credit Facility No. 1. Borrowings under the facility bear interest at LIBOR plus a spread based on the credit rating on our publicly issued debt. The interest rate spread is currently 120 basis points. All outstanding advances are due and payable upon maturity in June 2015, and may be extended by one year at our option. Interest only payments are due and payable generally on a monthly basis. In addition, we pay a facility fee based on the credit rating of our publicly issued debt which currently equals 0.25% per annum of the $100.0 million committed capacity, without regard to usage. Rates and fees may be increased or decreased based on changes in our senior unsecured credit ratings. These fees are payable quarterly.

Credit Facility No. 2 is a four-year $400.0 million unsecured credit facility maturing in July 2016, and may be extended for one year at our option. We had $60.0 million in borrowings outstanding as of March 31, 2013 related to Credit Facility No. 2. Advances under this agreement bear interest at LIBOR plus a spread based on the credit rating of our publicly issued debt. The interest rate spread is currently 120 basis points. All outstanding advances are due and payable upon maturity in July 2016, and may be extended for one year at our option. Interest only payments are due and payable generally on a monthly basis. In addition, we pay a facility fee based on the credit rating of our publicly issued debt which currently equals 0.25% per annum of the $400.0 million committed capacity, without regard to usage. Rates and fees may be increased or decreased based on changes in our senior unsecured credit ratings. These fees are payable quarterly.

Our unsecured credit facilities contain financial and other covenants with which we must comply. Some of these covenants include:

- A minimum tangible net worth;
- A maximum ratio of total liabilities to gross asset value, calculated using an estimate of fair market value of our assets;
- A maximum ratio of secured indebtedness to gross asset value, calculated using an estimate of fair market value of our assets;
- A minimum ratio of quarterly EBITDA (earnings before interest, taxes, depreciation, amortization and extraordinary and

nonrecurring gains and losses) to fixed charges, including interest expense;

- A minimum ratio of unencumbered asset value, calculated using a fair value of our assets, to unsecured indebtedness;
- A minimum ratio of net operating income from our unencumbered properties to unsecured interest expense; and
- A maximum ratio of permitted investments to gross asset value, calculated using an estimate of fair market value of our assets.

Failure to comply with any of the covenants under our unsecured credit facilities or other debt instruments could result in a default under one or more of our debt instruments. This could cause our lenders to accelerate the timing of payments and would therefore have a material adverse effect on our business, operations, financial condition and liquidity. In addition, our ability to draw on our unsecured credit facilities or incur other unsecured debt in the future could be restricted by the loan covenants. As of March 31, 2013, we were in compliance with our loan covenants.

We anticipate that in the near term we may rely to a greater extent upon our unsecured credit facilities. To the extent that we maintain larger balances on our unsecured credit facilities or maintain balances on our unsecured credit facilities for longer periods, adverse fluctuations in interest rates could have a material adverse effect on earnings.

Unsecured Notes

We generally issue unsecured notes to fund our real estate assets long term. In issuing future unsecured notes, we intend to ladder the maturities of our debt to mitigate exposure to interest rate risk in future years.

During the 2013 Quarter, we repaid the remaining $60.0 million of our 5.125% unsecured notes using borrowings on our unsecured line of credit.

As of March 31, 2013, our unsecured notes have maturities ranging from January 2014 through February 2028, as follows (in thousands):

	March 31, 2013 Note Principal
5.25% notes due 2014	$ 100,000
5.35% notes due 2015	150,000
4.95% notes due 2020	250,000
3.95% notes due 2022	300,000
7.25% notes due 2028	50,000
	$ 850,000

Our unsecured notes contain covenants with which we must comply, including:

- Limits on our total indebtedness;
- Limits on our secured indebtedness;
- Limits on our required debt service payments; and
- Maintenance of a minimum level of unencumbered assets.

Failure to comply with any of the covenants under our unsecured notes could result in a default under one or more of our debt instruments. This could cause our debt holders to accelerate the timing of payments and would therefore have a material adverse effect on our business, operations, financial condition and liquidity. As of March 31, 2013, we were in compliance with our unsecured notes covenants.

From time to time, we may seek to repurchase and cancel our outstanding notes through open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Common Equity

We have authorized for issuance 100.0 million common shares, of which 66.5 million shares were outstanding at March 31, 2013.

We are party to a sales agency financing agreement with BNY Mellon Capital Markets, LLC relating to the issuance and sale of up to $250.0 million of our common shares from time to time over a period of no more than 36 months from June 2012. Sales of our common shares are made at market prices prevailing at the time of sale. We would use net proceeds from the sale of common shares under this program for general corporate purposes. As of March 31, 2013, we have not issued any common shares under this program.

We have a dividend reinvestment program, whereby shareholders may use their dividends and optional cash payments to purchase common shares. The common shares sold under this program may either be common shares issued by us or common shares purchased in the open market. We did not issue any shares under this program during the 2013 Quarter.

Preferred Equity

WRIT's board of trustees can, at its discretion, authorize the issuance of up to 10.0 million shares of preferred stock. The ability to issue preferred equity provides WRIT an additional financing tool that may be used to raise capital for future acquisitions or other business purposes. As of March 31, 2013, no shares of preferred stock had been issued.

Dividends

We currently pay dividends quarterly at a rate of $0.30 per share. The maintenance of our dividend level is subject to various factors reviewed by the Board of Trustees in its discretion. These factors include our results of operations, the availability of cash to make the necessary dividend payments and the effect of REIT distribution requirements, which require at least 90% of our taxable income to be distributed to shareholders. When setting the dividend level, our Board looks in particular at trends in our level of funds from operations, together with associated recurring capital improvements, tenant improvements, leasing commissions and incentives, and adjustments to straight-line rents to reflect cash rents received.

Our dividend and distribution payments for the 2013 and 2012 Quarters are as follows (in thousands):

	Quarter Ended March 31,			
			Change	
	2013	2012	$	%
Common dividends	$ 20,034	$ 28,900	$ (8,866)	(30.7)%
Distributions to noncontrolling interests	—	7	(7)	(100.0)%
	$ 20,034	$ 28,907	$ (8,873)	(30.7)%

Dividends paid for the 2013 Quarter decreased due to the reduction of our quarterly dividend rate from $0.43375 per share to $0.30 per share in September 2012.

Historical Cash Flows

Cash flows from operations are an important factor in our ability to sustain our dividend at its current rate. If our cash flows from operations were to decline significantly, we may have to reduce our dividend. Consolidated cash flow information is summarized as follows (in thousands):

	Quarter Ended March 31,			
			Change	
	2013	2012	$	%
Net cash provided by operating activities	$ 36.9	$ 35.6	$ 1.3	3.7 %
Net cash provided by (used in) investing activities	1.2	(11.4)	12.6	(110.5)%
Net cash used in financing activities	(40.6)	(19.1)	(21.5)	112.6 %

Cash provided by operating activities increased primarily due to the acquisition made during 2012.

Cash provided by investing activities increased primarily due to the sale of the Atrium Building during the 2013 Quarter, partially offset by higher spending on our development projects.

Cash used in financing activities increased primarily due to the repayments of the remaining $60.0 million of our 5.125% unsecured notes and the remaining $30.0 million of the mortgage note secured by West Gude Drive, partially offset by $70.0 million in borrowings on our unsecured lines of credit and lower dividends paid due to the reduction of our quarterly dividend rate during 2012.

Ratios of Earnings to Fixed Charges and Debt Service Coverage

The following table sets forth our ratios of earnings to fixed charges and debt service coverage for the three months ended March 31, 2013 and 2012:

	Quarter Ended March 31,	
	2013	2012
Earnings to fixed charges	1.22 x	1.27 x
Debt service coverage	2.67 x	2.73 x

We computed the ratio of earnings to fixed charges by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations attributable to the controlling interests plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, including amortized costs of debt issuance, and interest costs capitalized.

We computed the debt service coverage ratio by dividing Adjusted EBITDA (which is earnings before interest expense, taxes, depreciation, amortization, real estate impairment, gain on sale of real estate, gain/loss from the extinguishment of debt and gain/loss on non-disposal activities) by interest expense and principal amortization. We believe that Adjusted EBITDA is appropriate for use in our debt service coverage ratio because it provides an estimate of the cash available to pay down long term debt. Adjusted EBITDA does not represent net income calculated in accordance with GAAP. As such, it should not be considered an alternative to net income as an indication of our operating performance. A reconciliation of Adjusted EBITDA to net income attributable to the controlling interests is in Exhibit 12 – Computation of Ratios.

Funds From Operations

FFO is a widely used measure of operating performance for real estate companies. We provide FFO as a supplemental measure to net income calculated in accordance with GAAP. Although FFO is a widely used measure of operating performance for REITs, FFO does not represent net income calculated in accordance with GAAP. As such, it should not be considered an alternative to net income as an indication of our operating performance. In addition, FFO does not represent cash generated from operating activities in accordance with GAAP, nor does it represent cash available to pay distributions and should not be considered as an alternative to cash flow from operating activities, determined in accordance with GAAP, as a measure of our liquidity. The National Association of Real Estate Investment Trusts, Inc. (“NAREIT”) defines FFO (April, 2002 White Paper) as net income (computed in accordance with GAAP) excluding gains (or losses) from sales of property and impairments of depreciable real estate, if any, plus real estate depreciation and amortization. We consider FFO to be a standard supplemental measure for 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. Our FFO may not be comparable to FFO reported by other REITs. These other REITs may not define the term in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently.

The following table provides the calculation of our FFO and a reconciliation of FFO to net income for the three months ended March 31, 2013 and 2012 (in thousands):

	Quarter Ended March 31,	
	2013	2012
Net income attributable to the controlling interests	$ 7,335	$ 5,181
Adjustments:		
Depreciation and amortization	25,524	25,582
Discontinued operations:		
Depreciation and amortization	—	412
Gain on sale of real estate	(3,195)	—
FFO as defined by NAREIT	$ 29,664	$ 31,175

Critical Accounting Policies and Estimates

We base the discussion and analysis of our financial condition and results of operations upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We discuss the most critical estimates in our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the Securities and Exchange Commission on February 27, 2013.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The principal material financial market risk to which we are exposed is interest-rate risk. Our exposure to market risk for changes in interest rates relates primarily to refinancing long-term fixed rate obligations, the opportunity cost of fixed rate obligations in a falling interest rate environment and our variable rate lines of credit. We primarily enter into debt obligations to support general corporate purposes including acquisition of real estate properties, capital improvements and working capital needs.

As the majority of our outstanding debt is long-term, fixed rate debt, our interest rate risk has not changed significantly from what was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the Securities and Exchange Commission on February 27, 2013. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Debt Financing."

ITEM 4: CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, Chief Financial Officer and Executive Vice President of Accounting, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Executive Vice President of Accounting, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer, Chief Financial Officer and Executive Vice President of Accounting concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in WRIT's internal control over financial reporting (as defined by Rule 13a-15(f)) that occurred during the period covered by the report that have materially affected, or are reasonably likely to materially affect, WRIT's internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

None.

ITEM 1A: RISK FACTORS

None.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

None.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	File Number	Exhibit	Filing Date	Filed Herewith
10.45*	Amendment to Deferred Compensation Plan for Officers, adopted as of February 13, 2013					X
10.46*	Amendment to Deferred Compensation Plan for Directors, adopted as of February 13, 2013					X
10.47*	Amendment to Short Term Incentive Plan, adopted as of January 22, 2013					X
12	Computation of Ratios					X
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (“the Exchange Act”)					X
31.2	Certification of the Executive Vice President – Accounting and Administration pursuant to Rule 13a-14(a) of the Exchange Act					X
31.3	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32	Certification of the Chief Executive Officer, Executive Vice President – Accounting and Administration and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101	The following materials from our Quarterly Report on Form 10–Q for the quarter ended March 31, 2013 formatted in eXtensible Business Reporting Language (“XBRL”): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Shareholders’ Equity, (iv) the Consolidated Statements of Cash Flows, and (v) notes to these consolidated financial statements					X

* Management contracts or compensation plans or arrangements in which trustees or executive officers are eligible to participate.

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, thereunto duly authorized.

WASHINGTON REAL ESTATE INVESTMENT TRUST

/s/ George F. McKenzie

George F. McKenzie

President and Chief Executive Officer

/s/ Laura M. Franklin

Laura M. Franklin

Executive Vice President
Accounting, Administration and Corporate Secretary
(Principal Accounting Officer)

/s/ William T. Camp

William T. Camp

Executive Vice President and Chief Financial Officer
(Principal Finance Officer)

DATE: May 9, 2013

STATEMENT OF AMENDMENT TO THE
WASHINGTON REAL ESTATE INVESTMENT TRUST
DEFERRED COMPENSATION PLAN FOR OFFICERS

The Washington Real Estate Investment Trust Deferred Compensation Plan for Officers (the "Plan") shall be amended, as set forth below, to clarify the application of certain provisions of the Plan, effective as of the date such original provisions first became operative.

1. Section 1.4 is modified in its entirety to read as follows:

   1.4 "Change in Control" means an occasion upon which (i) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code) other than a trustee or other fiduciary holding securities under an employee benefit plan of the Trust or a corporation controlled by the Trust, acquires securities of the Trust representing 40% or more of the combined voting power of the Trust's then outstanding securities (or has acquired securities representing 40% or more of the combined voting power of the Trust's then outstanding securities during the 12-month period ending on the date of the most recent acquisition of Trust securities by such person); or (ii) during any period of twelve (12) consecutive months (not including any period prior to the adoption of this Plan), individuals who at the beginning of such period constitute the Board and any new trustee (other than a trustee designated by a person who has entered into an agreement with the Trust to effect a transaction described in clauses (i) or (iii) of this Paragraph) whose election by the Board or nomination for election by the Trust's shareholders was approved by a vote of at least a majority of the trustees then still in office who either were trustees at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or (iii) any of (a) the Trust consummates a merger, consolidation, reorganization, recapitalization or statutory share exchange (a "Business Combination"), if, as a result of such Business Combination any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires securities of the Trust that, together with securities of the Trust already held by such person or group, represents more than fifty percent (50%) of the total fair market value or total voting power of the securities of the Trust, as applicable, (b) the liquidation of the Trust, or (c) the acquisition by any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), during the 12-month period ending on the date of the most recent acquisition by such person or persons, of assets of the Trust that have a total gross fair market value of more than fifty percent (50%) of the total gross fair market value of all of the assets of the Trust, immediately before such acquisition or acquisitions. For purposes of this provision, "gross fair market value" means the value of the assets of the Trust, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. This definition of Change in Control shall be interpreted and administered in a manner consistent with Section 409A of the Code and the regulations and additional guidelines thereunder.

2. Section 1.26 is modified by the amendment of the first sentence to read as follows:

   "Unforeseeable Emergency "means a severe financial hardship of the Participant or Beneficiary, resulting from an illness or accident of the Participant or Beneficiary, the Participant's spouse, or the Participant's dependent (as defined in Section 152(a) of the Code); loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary, as described in regulations issued under Section 409A of the Code, as determined by the Committee.

3. Section 3.1.2 is modified by the restatement of the second sentence thereof to read as follows:

   A Participant's election will automatically terminate as of (i) the end of the Plan Year to which the election relates, or (ii) the date of the Participant's termination of employment, since no additional services will be performed after such dates to which an ongoing election would relate. However the prior election will remain in effect in respect of any Fees attributable to services performed by the Participant prior to the end of the Plan Year to which the election relates or prior to the date of the Participant's termination of employment, as the case may be.

4. Section 3.2.2 is modified by the restatement of the second sentence thereof as follows:

   A Participant's election will automatically terminate as of (i) the end of the Plan Year to which the election relates, or (ii) the date of the Participant's termination of employment, since no additional services will be performed after such dates to which an ongoing election would relate. However the prior election will remain in effect in respect of any Fees attributable to services performed by the Participant prior to the end of the Plan Year to which the election relates or prior to the date of the Participant's termination of employment, as the case may be.

**STATEMENT OF AMENDMENT TO THE
WASHINGTON REAL ESTATE INVESTMENT TRUST
DEFERRED COMPENSATION PLAN FOR DIRECTORS**

The Washington Real Estate Investment Trust Deferred Compensation Plan for Directors (the "Plan") shall be amended, as set forth below, to clarify the application of certain provisions of the Plan, effective as of the date such original provisions first became operative.

1. Section 3.3 is modified in its entirety to read as follows:

   If a Participant terminates from the Board of the Company prior to the end of the Deferral Period, the Deferral Period shall end as of the date of the termination since no additional services will be performed after such termination to which an ongoing election would relate and, in accordance with the provisions of Section 5.1, payment of the full balance of a Participant's Account and all outstanding RSU's must commence upon a Separation from Service.

2. Section 5.3 is modified by the restatement of the second sentence thereof to read as follows:

   Payments shall commence no later than sixty (60) days after all information necessary to calculate the benefit amount has been received by the Company following the date of Retirement, termination, or death and in all events no more than ninety (90) days following the date of Retirement, termination or death.

3. Section 5.3 is modified by restating the paragraph between subpart (b) and subpart (c) to read as follows:

   Earnings on the unpaid balance of the Account in connection with payments made on an installment basis shall be equal to the average rate of Earnings which would have been applicable on the Account over the thirty-six (36) months immediately preceding commencement of benefit payments. In the event that a Participant dies prior to receipt of all installments payable in connection with an elected installment payment method, the Beneficiary of the remaining payments may request the Committee to accelerate the payment of some or all of the remaining installments in the event that the Beneficiary incurs an "unforeseeable emergency" within the meaning of Section 409A(a)(2)(B)(ii). The Committee may consider any such request in its sole discretion but shall not be bound to grant any such request.

4. Section 5.4 is modified by the restatement of the second to last sentence thereof to read as follows:

   The settlement date shall be no more than sixty five (65) days after the Valuation Date and, in accordance with Section 5.3, no later than sixty (60) days after all information necessary to calculate the benefit amount has been received by the Company and in all events no more than ninety (90) days after the date on which the Participant terminates or dies.

AMENDMENT
TO
WASHINGTON REAL ESTATE INVESTMENT TRUST
SHORT-TERM INCENTIVE PLAN
(Effective January 22, 2013)

This Amendment (this "Amendment') to the Washington Real Estate Investment Trust Short-Term Incentive Plan (the "Plan") is made effective January 22, 2013.

INTRODUCTION

Washington Real Estate Investment Trust (the "Trust") maintains the Plan under a document effective January 1, 2012. The Plan covers Officers of the Trust who are employees of the Trust, including Managing Director employees. Effective for performance periods beginning after January 22, 2013, the Compensation Committee of the Board of Trustees of the Trust (the "Committee") has approved adoption by the Trust of a separate short-term incentive plan covering Managing Director employees, in lieu of the Trust continuing to cover the Managing Director employees under the Plan for such performance periods. Accordingly, the Committee has authorized an amendment to the Plan to make Managing Directors employees ineligible to participate in the Plan with respect to performance periods beginning after January 22, 2013.

NOW, THEREFORE, the Trust hereby amends the Plan, effective January 22, 2013, as follows:

"Notwithstanding Section 3.1 or 4.1 of the Plan or any other provision of the Plan, Managing Director employees of the Trust are not eligible to participate in the Plan with respect to Performance Periods beginning after January 22, 2013."

Except as specifically amended hereby, the Plan shall remain in full force and effect as prior to this Amendment.

WASHINGTON REAL ESTATE INVESTMENT TRUST

By: /s/ Laura M. Franklin
Laura M. Franklin

Title: Executive Vice President Accounting,
Administration and Corporate Secretary

WASHINGTON REAL ESTATE INVESTMENT TRUST
Computation of Ratios
(In thousands)

Earnings to fixed charges ratio:

	Q1 2013	Q1 2012
Income from continuing operations	$ 3,955	$ 4,834
Additions:		
Fixed charges		
Interest expense	16,518	15,831
Capitalized interest	293	425
	16,811	16,256
Deductions:		
Capitalized interest	(293)	(425)
Adjusted earnings	20,473	20,665
Fixed charges (from above)	$ 16,811	$ 16,256
Ratio of earnings to fixed charges	**1.22**	**1.27**

Debt service coverage ratio:

	Q1 2013	Q1 2012
Net income attributable to the controlling interests	$ 7,335	$ 5,181
Additions:		
Interest expense	16,518	15,895
Real estate depreciation and amortization	25,524	25,994
Income tax expense	—	13
Non-real estate depreciation	196	268
	42,238	42,170
Deductions:		
Gain on sale of real estate	(3,195)	—
Adjusted EBITDA	46,378	47,351
Debt service		
Interest expense	16,518	15,895
Principal amortization	832	1,453
	$ 17,350	$ 17,348
Debt service coverage ratio	**2.67**	**2.73**

Exhibit 31.1

CERTIFICATION

I, George F. McKenzie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Washington Real Estate Investment Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 9, 2013

/s/ George F. McKenzie

George F. McKenzie
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Laura M. Franklin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Washington Real Estate Investment Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 9, 2013

/s/ Laura M. Franklin

Laura M. Franklin
Executive Vice President
Accounting, Administration and Corporate Secretary
(Principal Accounting Officer)

Exhibit 31.3

CERTIFICATION

I, William T. Camp, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Washington Real Estate Investment Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 9, 2013

/s/ William T. Camp

William T. Camp
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

WRITTEN STATEMENT OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the President and Chief Executive Officer, the Executive Vice President Accounting, Administration and Corporate Secretary, and the Chief Financial Officer of Washington Real Estate Investment Trust ("WRIT"), each hereby certifies on the date hereof, that:

(a) the Quarterly Report on Form 10-Q for the quarter endedMarch 31, 2013 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of WRIT.

DATE: May 9, 2013	/s/ George F. McKenzie
	George F. McKenzie
	Chief Executive Officer
DATE: May 9, 2013	/s/ Laura M. Franklin
	Laura M. Franklin
	Executive Vice President
	Accounting, Administration and Corporate Secretary
	(Principal Accounting Officer)
DATE: May 9, 2013	/s/ William T. Camp
	William T. Camp
	Chief Financial Officer
	(Principal Financial Officer)