# 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 June 30, 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 July 30, 2013, 66,500,381 common shares were outstanding.

WASHINGTON REAL ESTATE INVESTMENT TRUST

INDEX


| | | Page |
|---|---|---|
| Part I: Financial Information | | |
| Item 1. | Consolidated Financial Statements (Unaudited) | |
| | Consolidated Balance Sheets | 4 |
| | Condensed Consolidated Statements of Income | 5 |
| | Consolidated Statement of Shareholders' Equity | 6 |
| | Consolidated Statements of Cash Flows | 7 |
| | Notes to Consolidated Financial Statements | 8 |
| Item 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 16 |
| Item 3. | Quantitative and Qualitative Disclosures about Market Risk | 37 |
| Item 4. | Controls and Procedures | 37 |
| Part II: Other Information | | |
| Item 1. | Legal Proceedings | 38 |
| Item 1A. | Risk Factors | 38 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 38 |
| Item 3. | Defaults upon Senior Securities | 38 |
| Item 4. | Mine Safety Disclosures | 38 |
| Item 5. | Other Information | 38 |
| Item 6. | Exhibits | 39 |
| | Signatures | 40 |

**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)**

| | June 30, 2013 (Unaudited) | December 31, 2012 |
|---|---|---|
| Assets | | |
| Land | $ 483,198 | $ 483,198 |
| Income producing property | 2,003,826 | 1,979,348 |
| | 2,487,024 | 2,462,546 |
| Accumulated depreciation and amortization | (646,993 ) | (604,614 ) |
| Net income producing property | 1,840,031 | 1,857,932 |
| Properties under development or held for future development | 55,262 | 49,135 |
| Total real estate held for investment, net | 1,895,293 | 1,907,067 |
| Investment in real estate sold or held for sale, net | — | 11,528 |
| Cash and cash equivalents | 5,919 | 19,324 |
| Restricted cash | 10,839 | 14,582 |
| Rents and other receivables, net of allowance for doubtful accounts of $9,585 and $10,958, respectively | 60,100 | 57,076 |
| Prepaid expenses and other assets | 108,591 | 114,541 |
| Other assets related to properties sold or held for sale | — | 258 |
| Total assets | $ 2,080,742 | $ 2,124,376 |
| Liabilities | | |
| Notes payable | $ 846,450 | $ 906,190 |
| Mortgage notes payable | 312,211 | 342,970 |
| Lines of credit | 75,000 | — |
| Accounts payable and other liabilities | 51,715 | 52,823 |
| Advance rents | 14,239 | 16,096 |
| Tenant security deposits | 9,899 | 9,936 |
| Other liabilities related to properties sold or held for sale | — | 218 |
| Total liabilities | 1,309,514 | 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: 66,500 and 66,437 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively | 665 | 664 |
| Additional paid in capital | 1,147,710 | 1,145,515 |
| Distributions in excess of net income | (381,623 ) | (354,122 ) |
| Total shareholders' equity | 766,752 | 792,057 |
| Noncontrolling interests in subsidiaries | 4,476 | 4,086 |
| Total equity | 771,228 | 796,143 |
| Total liabilities and equity | $ 2,080,742 | $ 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 June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Revenue | | | | |
| Real estate rental revenue | $ 78,272 | $ 75,590 | $ 155,196 | $ 150,804 |
| Expenses | | | | |
| Real estate expenses | 27,429 | 25,033 | 54,520 | 50,584 |
| Depreciation and amortization | 25,582 | 25,227 | 51,106 | 50,809 |
| Acquisition costs | 87 | 254 | 300 | 308 |
| General and administrative | 4,005 | 4,164 | 7,867 | 7,770 |
| | 57,103 | 54,678 | 113,793 | 109,471 |
| Real estate operating income | 21,169 | 20,912 | 41,403 | 41,333 |
| Other income (expense) | | | | |
| Interest expense | (16,152) | (15,470) | (32,670) | (31,301) |
| Other income | 246 | 252 | 485 | 496 |
| | (15,906) | (15,218) | (32,185) | (30,805) |
| Income from continuing operations | 5,263 | 5,694 | 9,218 | 10,528 |
| Discontinued operations: | | | | |
| Income from operations of properties sold or held for sale | — | 314 | 185 | 661 |
| Gain on sale of real estate | — | — | 3,195 | — |
| Net income | 5,263 | 6,008 | 12,598 | 11,189 |
| Less: Net income attributable to noncontrolling interests in subsidiaries | — | — | — | — |
| Net income attributable to the controlling interests | $ 5,263 | $ 6,008 | $ 12,598 | $ 11,189 |
| Basic net income per share: | | | | |
| Continuing operations | $ 0.08 | $ 0.08 | $ 0.14 | $ 0.15 |
| Discontinued operations | — | 0.01 | 0.05 | 0.01 |
| Net income per share | $ 0.08 | $ 0.09 | $ 0.19 | $ 0.16 |
| Diluted net income per share: | | | | |
| Continuing operations | $ 0.08 | $ 0.08 | $ 0.14 | $ 0.15 |
| Discontinued operations | — | 0.01 | 0.05 | 0.01 |
| Net income per share | $ 0.08 | $ 0.09 | $ 0.19 | $ 0.16 |
| Weighted average shares outstanding – basic | 66,405 | 66,241 | 66,399 | 66,218 |
| Weighted average shares outstanding – diluted | 66,556 | 66,380 | 66,537 | 66,354 |
| Dividends declared per share | $ 0.3000 | $ 0.4338 | $ 0.6000 | $ 0.8676 |

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 | — | — | — | 12,598 | 12,598 | — | 12,598 |
| Contributions from noncontrolling interests | — | — | — | — | — | 390 | 390 |
| Dividends | — | — | — | (40,099) | (40,099) | — | (40,099) |
| Share grants, net of share grant amortization and forfeitures | 63 | 1 | 2,195 | — | 2,196 | — | 2,196 |
| Balance, June 30, 2013 | 66,500 | $ 665 | $ 1,147,710 | $ (381,623) | $ 766,752 | $ 4,476 | $ 771,228 |

See accompanying notes to the consolidated financial statements.

**WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES**

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

| | Six Months Ended June 30, | |
|---|---|---|
| | 2013 | 2012 |
| Cash flows from operating activities | | |
| Net income | $ 12,598 | $ 11,189 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization, including amounts in discontinued operations | 51,106 | 51,585 |
| Provision for losses on accounts receivable | 2,291 | 2,013 |
| Gain on sale of real estate | (3,195 ) | — |
| Amortization of share grants, net | 2,390 | 2,763 |
| Amortization of debt premiums, discounts and related financing costs | 1,989 | 1,885 |
| Changes in operating other assets | (1,515 ) | (4,609 ) |
| Changes in operating other liabilities | (2,671 ) | 2,294 |
| Net cash provided by operating activities | 62,993 | 67,120 |
| Cash flows from investing activities | | |
| Real estate acquisitions, net | — | (52,142 ) |
| Net cash received for sale of real estate | 15,161 | — |
| Capital improvements to real estate | (25,069 ) | (21,525 ) |
| Development in progress | (6,505 ) | (2,218 ) |
| Real estate deposits | (3,900 ) | — |
| Non-real estate capital improvements | (109 ) | (415 ) |
| Net cash used in investing activities | (20,422 ) | (76,300 ) |
| Cash flows from financing activities | | |
| Line of credit borrowings, net | 75,000 | 122,000 |
| Dividends paid | (40,099 ) | (57,807 ) |
| Net contributions from noncontrolling interests | 390 | 88 |
| Financing costs | — | (1,967 ) |
| Proceeds from dividend reinvestment program | — | 1,345 |
| Principal payments – mortgage notes payable | (31,267 ) | (2,900 ) |
| Notes payable repayments | (60,000 ) | (50,000 ) |
| Net proceeds from exercise of share options | — | 23 |
| Net cash (used in) provided by financing activities | (55,976 ) | 10,782 |
| Net (decrease) increase in cash and cash equivalents | (13,405 ) | 1,602 |
| Cash and cash equivalents at beginning of period | 19,324 | 12,765 |
| Cash and cash equivalents at end of period | $ 5,919 | $ 14,367 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest, net of amounts capitalized | $ 32,643 | $ 29,995 |
| Decrease (increase) in accrued capital improvements and development costs | $ 683 | $ (3,103 ) |

See accompanying notes to the consolidated financial statements.

## 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.

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 and six months ended June 30, 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 June 30, 2013 and June 30, 2012 as the "2013 Quarter" and the "2012 Quarter," respectively, and the six months ended June 30, 2013 and June 30, 2012 as the "2013 Period" and the "2012 Period," 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).

**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. During the first quarter of 2013, we 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 to be 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 first quarter of 2013, 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 June 30, 2013 and December 31, 2012, the land and capitalized development costs are as follows (in thousands):

| | June 30, 2013 | December 31, 2012 |
|---|---|---|
| 650 North Glebe | $ 19,904 | $ 15,646 |
| 1225 First Street | 21,576 | 19,807 |

As of June 30, 2013 and December 31, 2012, the accounts payable and accrued liabilities related to the joint ventures are as follows (in thousands):

| | June 30, 2013 | December 31, 2012 |
|---|---|---|
| 650 North Glebe | $ 1,089 | $ 115 |
| 1225 First Street | 394 | 1,676 |

On February 21, 2013, WRIT, through its consolidated joint venture to develop a mid-rise multifamily property at 650 North Glebe Road, entered into a construction loan agreement with Citizens Bank for $33.0 million. The loan bears interest at LIBOR plus 2.15%, which decreases to LIBOR plus 2.0% upon completion of construction and the joint venture not being in default. The loan matures on February 21, 2016, with two one year extension options exercisable by the joint venture, subject to fees and compliance with certain provisions in the loan agreement. As of June 30, 2013, the consolidated joint venture had $0.4 million outstanding on this construction loan agreement.

*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 classified as held for sale or 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 thethree and six months ended June 30, 2013 and 2012were as follows (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | $ — | $ 1,187 | 347 | 2,472 |
| Property expenses | — | (446 ) | (162 ) | (908 ) |
| Depreciation and amortization | — | (364 ) | — | (776 ) |
| Interest expense | — | (63 ) | — | (127 ) |
| | $ — | $ 314 | $ 185 | $ 661 |

Income from operations of properties sold or held for sale by property for thethree and six months ended June 30, 2013 and 2012were as follows (in thousands):

| | | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|---|
| Property | Segment | 2013 | 2012 | 2013 | 2012 |
| 1700 Research Boulevard | Office | $ — | $ 74 | — | 118 |
| Atrium Building | Office | — | 225 | 185 | 514 |
| Plumtree Medical Center | Medical Office | — | 15 | — | 29 |
| | | $ — | $ 314 | $ 185 | $ 661 |

**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 June 30, 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 atJune 30, 2013 are as follows (in thousands):

| | Credit Facility No. 1 | Credit Facility No. 2 |
|---|---|---|
| Committed capacity | $ 100,000 | $ 400,000 |
| Borrowings outstanding | (15,000 ) | (60,000 ) |
| Unused and available | $ 85,000 | $ 340,000 |

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

| | Credit Facility No. 1 | Credit Facility No. 2 |
|---|---|---|
| Balance at December 31, 2012 | $ — | $ — |
| Borrowings | 30,000 | 60,000 |
| Repayments | (15,000 ) | — |
| Balance at June 30, 2013 | $ 15,000 | $ 60,000 |

We made borrowings during the 2013 Period to pay off the West Gude mortgage note, repay our 5.125% unsecured notes and for general corporate purposes. We made repayments during the 2013 Period 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 $1.4 million and $1.3 million for the 2013 and 2012 Quarters, respectively, and $2.4 million and $2.7 million for the 2013 and 2012 Periods, respectively.

*Restricted Share Awards*

During the 2013 Period, 102,966 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 $0.7 million and $0.3 million for the 2013 and 2012 Periods, respectively.

The total unvested restricted share awards at June 30, 2013 was 226,475 shares, which had a weighted average grant date fair value of $27.25 per share.

As of June 30, 2013, the total compensation cost related to non-vested restricted share awards was $2.8 million, which we expect to recognize over a weighted average period of 12 months.

During the first quarter of 2013, our president and Chief Executive Officer announced his intention to retire from WRIT at the end of 2013. As such, we have entered into a separation and general release agreement with the executive dated July 23, 2013, the terms of which were previously disclosed on a Current Report on Form 8-K dated January 28, 2013. The agreement includes a modification to certain of his stock awards. In addition, the agreement provides for the payment of consulting fees during 2014 and 2015 totaling $0.5 million, which will be expensed during the fourth quarter of 2013.

**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 at June 30, 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 June 30, 2013 and December 31, 2012 were as follows (in thousands):

| | June 30, 2013 | | | | December 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair Value | Level 1 | Level 2 | Level 3 | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets: | | | | | | | | |
| SERP | $ 2,695 | $ — | $ 2,695 | $ — | $ 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 June 30, 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 June 30, 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 June 30, 2013 and December 31, 2012, the carrying values and estimated fair values of our financial instruments were as follows (in thousands):

| | June 30, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Cash and cash equivalents | $ 5,919 | $ 5,919 | $ 19,324 | $ 19,324 |
| Restricted cash | 10,839 | 10,839 | 14,582 | 14,582 |
| 2445 M Street note | 6,091 | 7,311 | 6,617 | 6,654 |
| Mortgage notes payable | 312,211 | 337,949 | 342,970 | 374,591 |
| Lines of credit | 75,000 | 75,000 | — | — |
| Notes payable | 846,450 | 865,556 | 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 thethree and six months ended June 30, 2013 and 2012were as follows (in thousands, except per share data):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| **Numerator:** | | | | |
| Income from continuing operations | $ 5,263 | $ 5,694 | $ 9,218 | $ 10,528 |
| Allocation of undistributed earnings to unvested restricted share awards | (142) | (167) | (192) | (342) |
| Adjusted income from continuing operations attributable to the controlling interests | 5,121 | 5,527 | 9,026 | 10,186 |
| Income from discontinued operations, including gain on sale of real estate, net of taxes | — | 314 | 3,380 | 661 |
| Allocation of undistributed earnings to unvested restricted share awards | — | (9) | (70) | (21) |
| Adjusted income from discontinuing operations attributable to the controlling interests | — | 305 | 3,310 | 640 |
| Adjusted net income attributable to the controlling interests | $ 5,121 | $ 5,832 | $ 12,336 | $ 10,826 |
| **Denominator:** | | | | |
| Weighted average shares outstanding – basic | 66,405 | 66,241 | 66,399 | 66,218 |
| Effect of dilutive securities: | | | | |
| Operating partnership units | 117 | 117 | 117 | 117 |
| Employee stock options and restricted share awards | 34 | 22 | 21 | 19 |
| Weighted average shares outstanding – diluted | 66,556 | 66,380 | 66,537 | 66,354 |
| **Earnings per common share, basic:** | | | | |
| Continuing operations | $ 0.08 | $ 0.08 | $ 0.14 | $ 0.15 |
| Discontinued operations | — | 0.01 | 0.05 | 0.01 |
| | $ 0.08 | $ 0.09 | $ 0.19 | $ 0.16 |
| **Earnings per common share, diluted:** | | | | |
| Continuing operations | $ 0.08 | $ 0.08 | $ 0.14 | $ 0.15 |
| Discontinued operations | — | 0.01 | 0.05 | 0.01 |
| | $ 0.08 | $ 0.09 | $ 0.19 | $ 0.16 |

**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 and Periods 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 June 30, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Office | Medical Office | Retail | Multifamily | Corporate and Other | Consolidated |
| Real estate rental revenue | $ 39,582 | $ 11,010 | $ 14,281 | $ 13,399 | $ — | $ 78,272 |
| Real estate expenses | 15,024 | 3,316 | 3,583 | 5,506 | — | 27,429 |
| Net operating income | $ 24,558 | $ 7,694 | $ 10,698 | $ 7,893 | $ — | $ 50,843 |
| Depreciation and amortization | | | | | | (25,582 ) |
| General and administrative | | | | | | (4,005 ) |
| Acquisition costs | | | | | | (87 ) |
| Interest expense | | | | | | (16,152 ) |
| Other income | | | | | | 246 |
| Net income | | | | | | 5,263 |
| Less: Net income attributable to noncontrolling interests in subsidiaries | | | | | | — |
| Net income attributable to the controlling interests | | | | | | 5,263 |
| Capital expenditures | $ 9,663 | $ 1,453 | $ 1,768 | $ 1,983 | $ 102 | $ 14,969 |
| Total assets | $ 1,116,570 | $ 321,532 | $ 349,937 | $ 251,604 | $ 41,099 | $ 2,080,742 |

| | Three Months Ended June 30, 2012 | | | | | |
|---|---|---|---|---|---|---|
| | Office | Medical Office | Retail | Multifamily | Corporate and Other | Consolidated |
| Real estate rental revenue | $ 37,451 | $ 11,073 | $ 13,970 | $ 13,096 | $ — | $ 75,590 |
| Real estate expenses | 13,175 | 3,730 | 3,030 | 5,098 | — | 25,033 |
| Net operating income | $ 24,276 | $ 7,343 | $ 10,940 | $ 7,998 | $ — | $ 50,557 |
| Depreciation and amortization | | | | | | (25,227 ) |
| Acquisition costs | | | | | | (254 ) |
| General and administrative | | | | | | (4,164 ) |
| Interest expense | | | | | | (15,470 ) |
| Other income | | | | | | 252 |
| Discontinued operations: | | | | | | |
| Income from operations of properties sold or held for sale | | | | | | 314 |
| Net income | | | | | | 6,008 |
| Less: Net income attributable to noncontrolling interests in subsidiaries | | | | | | — |
| Net income attributable to the controlling interests | | | | | | $ 6,008 |
| Capital expenditures | $ 7,278 | $ 1,148 | $ 1,154 | $ 1,486 | $ 205 | $ 11,271 |
| Total assets | $ 1,158,617 | $ 343,557 | $ 360,012 | $ 245,947 | $ 45,538 | $ 2,153,671 |

| | Six Months Ended June 30, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Office | Medical Office | Retail | Multifamily | Corporate and Other | Consolidated |
| Real estate rental revenue | $ 78,311 | $ 22,038 | $ 28,115 | $ 26,732 | $ — | $ 155,196 |
| Real estate expenses | 29,102 | 7,374 | 7,148 | 10,896 | — | 54,520 |
| Net operating income | $ 49,209 | $ 14,664 | $ 20,967 | $ 15,836 | $ — | $ 100,676 |
| Depreciation and amortization | | | | | | (51,106 ) |
| General and administrative | | | | | | (7,867 ) |
| Acquisition costs | | | | | | (300 ) |
| Interest expense | | | | | | (32,670 ) |
| Other income | | | | | | 485 |
| Discontinued operations: | | | | | | |
| Income from operations of properties sold or held for sale | | | | | | 185 |
| Gain on sale of real estate | | | | | | 3,195 |
| Net income | | | | | | 12,598 |
| Less: Net income attributable to noncontrolling interests in subsidiaries | | | | | | — |
| Net income attributable to the controlling interests | | | | | | $ 12,598 |
| Capital expenditures | $ 17,238 | $ 2,530 | $ 2,534 | $ 2,767 | $ 109 | $ 25,178 |

| | Six Months Ended June 30, 2012 | | | | | |
|---|---|---|---|---|---|---|
| | Office | Medical Office | Retail | Multifamily | Corporate and Other | Consolidated |
| Real estate rental revenue | $ 74,998 | $ 22,298 | $ 27,416 | $ 26,092 | $ — | $ 150,804 |
| Real estate expenses | 26,652 | 7,429 | 6,474 | 10,029 | — | 50,584 |
| Net operating income | $ 48,346 | $ 14,869 | $ 20,942 | $ 16,063 | $ — | $ 100,220 |
| Depreciation and amortization | | | | | | (50,809 ) |
| General and administrative | | | | | | (7,770 ) |
| Acquisition costs | | | | | | (308 ) |
| Interest expense | | | | | | (31,301 ) |
| Other income | | | | | | 496 |
| Discontinued operations: | | | | | | |
| Income from operations of properties sold or held for sale | | | | | | 661 |
| Net income | | | | | | 11,189 |
| Less: Net income attributable to noncontrolling interests in subsidiaries | | | | | | — |
| Net income attributable to the controlling interests | | | | | | $ 11,189 |
| Capital expenditures | $ 15,018 | $ 2,621 | $ 1,414 | $ 2,472 | $ 415 | $ 21,940 |

**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 June 30, 2013 and June 30, 2012 as the “2013 Quarter” and the “2012 Quarter,” respectively, and the the six months ended June 30, 2013 and June 30, 2012 as the “2013 Period” and the “2012 Period,” 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 and the 2013 Period to the 2012 Period.
- *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 June 30, 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 June 30, 2013 and 2012 were as follows (in thousands):

| | Three Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| Real estate rental revenue | $ 78,272 | $ 75,590 | $ 2,682 | 3.5 % |
| NOI [1] | $ 50,843 | $ 50,557 | $ 286 | 0.6 % |
| Net income | $ 5,263 | $ 6,008 | $ (745 ) | (12.4 )% |
| FFO [2] | $ 30,845 | $ 31,599 | $ (754 ) | (2.4 )% |

[1] See page 22 of the MD&A for reconciliations of NOI to net income.

[2] See page 36 of the MD&A for reconciliations of FFO to net income.

The increase in NOI is primarily due to the acquisition made in 2012 and higher rental rates at same-store properties, partially offset by lower occupancy and higher real estate taxes at same-store properties. Occupancy decreased to 89.1% from 89.5% one year ago, as decreases in the medical office, retail and multifamily segments were partially offset by a small increase occupancy in the office segment.

*Investment Activity*

We are pursuing the potential sale of all or a portion of our medical office segment during 2013. We believe that this sale would enhance our focus on the office, multifamily and retail segments, while providing funds to upgrade our portfolio. However, we may not receive acceptable offers for these properties. If we did receive an offer we considered acceptable, the completion of a definitive transaction with respect to such offer would still require the successful negotiation of a sale agreement and the approval of our Board of Trustees. Lastly, if we identify a potential purchaser of all or a portion of the medical office segment, negotiate an acceptable sale agreement and receive approval from the Board of Trustees to execute any such sale, there could still be conditions to the closing of such transaction that may not be achieved, or we or the potential purchaser otherwise may not be successful in completing such transaction. We may also not be successful in reinvesting all or a portion of the proceeds of any such sale on a substantially concurrent basis. If we do sell all or a portion of the medical office segment during 2013, the resulting decrease in 2013's net income attributable to the controlling interests may not be completely offset by income from the reinvestment of disposition proceeds.

*Capital Requirements*

There are no debt maturities for the remainder of 2013, though we will continue to make recurring principal amortization payments. As of June 30, 2013, our unsecured lines of credit had $75.0 million of borrowings outstanding, leaving a remaining borrowing capacity of $425.0 million.

*Significant Transactions*

Our significant transactions during the 2013 and 2012 Periods are summarized as follows:

2013 Period

- The disposition of the Atrium Building, an 79,000 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 0.8 million square feet of commercial space, with an average rental rate increase of 9.7% over expiring leases.

2012 Period

- The acquisition of Fairgate at Ballston, a 142,000 square foot office building, for $52.3 million. We incurred $0.2 million in acquisition costs related to this transaction.
- The execution of an amended and restated credit agreement for our Credit Facility No. 1 to expand the facility from $75.0 million to $100.0 million, with an accordion feature that allows us to increase the facility to $200.0 million, subject to additional lender commitments. The amended and restated facility matures June 2015, with a one-year extension option, and bears interest at a rate of LIBOR plus a margin, based on our credit rating.
- The execution of an amended and restated credit agreement for Credit Facility No. 2, our $400.0 million unsecured line of credit, to extend the maturity date of the facility to July 2016, with a one-year extension option, and bears interest at a rate of LIBOR plus a margin, based on our credit rating.
- The execution of new leases for 0.5 million square feet of commercial space, with an average rental rate increase of 12.5% over expiring leases.

**Results of Operations**

The discussion that follows is based on our consolidated results of operations for the 2013 and 2012 Quarters and Periods. 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 and six months ended June 30, 2013 and 2012 were as follows (in thousands):

| | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | $ | % | 2013 | 2012 | $ | % |
| Minimum base rent | $ 67,735 | $ 66,206 | $ 1,529 | 2.3 % | $ 134,909 | $ 132,283 | $ 2,626 | 2.0 % |
| Recoveries from tenants | 8,009 | 7,470 | 539 | 7.2 % | 15,603 | 14,375 | 1,228 | 8.5 % |
| Provisions for doubtful accounts | (1,137 ) | (1,472 ) | 335 | (22.8 )% | (2,256 ) | (2,538 ) | 282 | (11.1 )% |
| Parking and other tenant charges | 3,665 | 3,386 | 279 | 8.2 % | 6,940 | 6,684 | 256 | 3.8 % |
| | $ 78,272 | $ 75,590 | $ 2,682 | 3.5 % | $ 155,196 | $ 150,804 | $ 4,392 | 2.9 % |

*Minimum Base Rent*: Minimum base rent increased by $1.5 million in the 2013 Quarter primarily due to acquisitions ($1.0 million) and higher rental rates ($1.8 million) at same-store properties, partially offset by lower occupancy ($0.9 million) and higher rent abatements ($0.3 million) at same-store properties.

Minimum base rent increased by $2.6 million in the 2013 Period primarily due to acquisitions ($2.3 million) and higher rental rates ($3.6 million) at same-store properties, partially offset by lower occupancy ($2.7 million) and higher rent abatements ($0.4 million) at same-store properties.

*Recoveries from Tenants:* Recoveries from tenants increased by $0.5 million in the 2013 Quarter primarily due to higher reimbursements for real estate taxes at same-store properties.

Recoveries from tenants increased by $1.2 million in the 2013 Period primarily due to higher reimbursements for operating expenses ($0.6 million) and real estate taxes ($0.4 million) at same-store properties and reimbursements for real estate taxes ($0.1 million) at acquisitions.

*Provisions for Doubtful Accounts:* Provisions for doubtful accounts decreased by $0.3 million in the 2013 Quarter due to lower net provisions in the retail ($0.4 million) segment, partially offset by higher net provisions in the medical office segment ($0.1 million).

Provisions for doubtful accounts decreased by $0.3 million in the 2013 Period due to lower net provisions in the retail segment ($0.6 million), partially offset by higher net provisions in the office ($0.2 million) and medical office ($0.1 million) segments.

*Parking and Other Tenant Charges*: Parking and other tenant charges increased by $0.3 million in the 2013 Quarter primarily due to acquisitions ($0.2 million) and higher parking income ($0.1 million) from same-store properties.

Parking and other tenant charges increased by $0.3 million in the 2013 Period primarily due to acquisitions ($0.3 million) and higher parking income ($0.2 million) from same-store properties, partially offset by lower lease termination fees ($0.2 million) from same-store properties.

Occupancy for properties classified as continuing operations by segment as of June 30, 2013 and 2012 was as follows:

| | As of June 30, | | |
|---|---|---|---|
| | 2013 | 2012 | Change |
| Office | 86.3% | 86.0% | 0.3 % |
| Medical Office | 84.8% | 86.1% | (1.3)% |
| Retail | 93.2% | 93.3% | (0.1)% |
| Multifamily | 93.1% | 94.8% | (1.7)% |
| Total | 89.1% | 89.5% | (0.4)% |

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 and six months ended June 30, 2013 and 2012 were as follows (in thousands):

| | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | $ | % | 2013 | 2012 | $ | % |
| Property operating expenses | $ 18,961 | $ 17,564 | $ 1,397 | 8.0% | $ 38,022 | $ 35,384 | $ 2,638 | 7.5% |
| Real estate taxes | 8,468 | 7,469 | 999 | 13.4% | 16,498 | 15,200 | 1,298 | 8.5% |
| | $ 27,429 | $ 25,033 | $ 2,396 | 9.6% | $ 54,520 | $ 50,584 | $ 3,936 | 7.8% |

Real estate expenses as a percentage of revenue were 35.0% and 33.1% for the 2013 and 2012 Quarters, respectively, and 35.1% and 33.5% for the 2013 and 2012 Periods, 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 $1.4 million in the 2013 Quarter primarily due to acquisitions ($0.3 million) and higher repairs and maintenance ($0.3 million), administrative ($0.3 million), bad debt ($0.2 million) and utilities ($0.1 million) expenses from same-store properties.

Property operating expenses increased by $2.6 million in the 2013 Period primarily due to acquisitions ($0.6 million), and higher bad debt ($0.6 million), administrative ($0.5 million), repairs and maintenance ($0.4 million) and snow removal ($0.3 million) expenses from same-store properties.

*Real Estate Taxes*: Real estate taxes increased by $1.0 million in the 2013 Quarter primarily due to higher assessments at same-store properties.

Real estate taxes increased by $1.3 million in the 2013 Period primarily due to higher assessments at same-store properties ($1.0 million) and acquisitions ($0.3 million).

Other Operating Expenses

Other operating expenses for the three and six months ended June 30, 2013 and 2012were as follows (in thousands):

| | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | $ | % | 2013 | 2012 | $ | % |
| Depreciation and amortization | $ 25,582 | $ 25,227 | $ 355 | 1.4 % | $ 51,106 | $ 50,809 | $ 297 | 0.6 % |
| Interest expense | 16,152 | 15,470 | 682 | 4.4 % | 32,670 | 31,301 | 1,369 | 4.4 % |
| Acquisition costs | 87 | 254 | (167 ) | (65.7 )% | 300 | 308 | (8) | (2.6)% |
| General and administrative | 4,005 | 4,164 | (159 ) | (3.8 )% | 7,867 | 7,770 | 97 | 1.2 % |
| | $ 45,826 | $ 45,115 | $ 711 | 1.6 % | $ 91,943 | $ 90,188 | $ 1,755 | 1.9 % |

*Interest Expense*: Interest expense by debt type for thethree and six months ended June 30, 2013 and 2012was as follows (in thousands):

| | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | $ | % | 2013 | 2012 | $ | % |
| Notes payable | $ 10,647 | $ 8,597 | $ 2,050 | 23.8 % | $ 21,890 | $ 17,630 | $ 4,260 | 24.2 % |
| Mortgages | 4,854 | 6,425 | (1,571 ) | (24.5 )% | 9,730 | 12,873 | (3,143 ) | (24.4 )% |
| Lines of credit | 841 | 881 | (40 ) | (4.5 )% | 1,533 | 1,656 | (123 ) | (7.4 )% |
| Capitalized interest | (190 ) | (433 ) | 243 | (56.1 )% | (483 ) | (858 ) | 375 | (43.7 )% |
| Total | $ 16,152 | $ 15,470 | $ 682 | 4.4 % | $ 32,670 | $ 31,301 | $ 1,369 | 4.4 % |

Interest expense from notes payable increased in the 2013 Quarter and Period primarily due to the issuance of $300.0 million of 3.95% unsecured notes in September 2012, partially offset by the paydown of $50.0 million of 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 to 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 decreased by$0.2 million in the 2013 Quarter, primarily due to lower provisions for incentive compensation.

General and administrative expense increased by $0.1 million in the 2013 Period, primarily due to recruitment fees associated with the search for a new chief executive officer.

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 for thethree and six months ended June 30, 2013 and 2012were as follows (in thousands):

| | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | $ | % | 2013 | 2012 | $ | % |
| Revenues | $ — | $ 1,187 | $ (1,187) | (100.0)% | $ 347 | $ 2,472 | $ (2,125) | (86.0)% |
| Property expenses | — | (446) | 446 | 100.0 % | (162) | (908) | 746 | (82.2)% |
| Depreciation and amortization | — | (364) | 364 | 100.0 % | — | (776) | 776 | (100.0)% |
| Interest expense | — | (63) | 63 | 100.0 % | — | (127) | 127 | (100.0)% |
| Total | $ — | $ 314 | $ (314) | (100.0)% | $ 185 | $ 661 | $ (476) | (72.0)% |

*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 June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| **Real Estate Rental Revenue** | | | | |
| Same-store | $ 76,534 | $ 75,197 | $ 1,337 | 1.8 % |
| Non-same-store [1] | 1,738 | 393 | 1,345 | 342.2 % |
| Total real estate rental revenue | $ 78,272 | $ 75,590 | $ 2,682 | 3.5 % |
| **Real Estate Expenses** | | | | |
| Same-store | $ 26,745 | $ 24,782 | $ 1,963 | 7.9 % |
| Non-same-store [1] | 684 | 251 | 433 | 172.5 % |
| Total real estate expenses | $ 27,429 | $ 25,033 | $ 2,396 | 9.6 % |
| **NOI** | | | | |
| Same-store | $ 49,789 | $ 50,415 | $ (626 ) | (1.2 )% |
| Non-same-store [1] | 1,054 | 142 | 912 | 642.3 % |
| Total NOI | $ 50,843 | $ 50,557 | $ 286 | 0.6 % |
| **Reconciliation to Net Income** | | | | |
| NOI | $ 50,843 | $ 50,557 | | |
| Depreciation and amortization | (25,582 ) | (25,227 ) | | |
| General and administrative expenses | (4,005 ) | (4,164 ) | | |
| Interest expense | (16,152 ) | (15,470 ) | | |
| Other income | 246 | 252 | | |
| Acquisition costs | (87 ) | (254 ) | | |
| Discontinued operations: | | | | |
| Income from operations of properties sold or held for sale [2] | — | 314 | | |
| Net income | 5,263 | 6,008 | | |
| Less: Net income attributable to noncontrolling interests | — | — | | |
| Net income attributable to the controlling interests | $ 5,263 | $ 6,008 | | |

(1) Non-same-store properties include:

2012 Office acquisition – Fairgate at Ballston

(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 $1.3 million in the 2013 Quarter primarily due to higher rental rates ($1.8 million) and higher reimbursements for real estate taxes ($0.4 million), partially offset by lower occupancy ($0.9 million).

Real estate expenses from same-store properties increased by $2.0 million in the 2013 Quarter due to higher real estate taxes ($0.9 million), administrative expenses ($0.3 million), repairs and maintenance expenses ($0.3 million), bad debt expense ($0.2 million) and utilities expense ($0.1 million).

| Occupancy | As of June 30, 2013 | 2012 |
|---|---|---|
| Same-store | 89.5 % | 89.9 % |
| Non-same-store | 70.2 % | 65.6 % |
| Total | 89.1 % | 89.5 % |

The decrease in same-store occupancy reflects declines in all segments except office, which had a small increase. The increase in non-same-store occupancy reflects the acquisition made during 2012. During the 2013 Quarter, 62.3% of the commercial square footage expiring was renewed as compared to 51.8% 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 417,615 commercial square feet at an average rental rate of $22.53 per square foot, an increase of 8.2%, with average tenant improvements and leasing commissions and incentives (including free rent) of $17.86 per square foot.

An analysis of NOI by segment follows.

*Office Segment:*

| | Three Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| **Real Estate Rental Revenue** | | | | |
| Same-store | $ 38,200 | $ 37,317 | $ 883 | 2.4 % |
| Non-same-store [1] | 1,382 | 134 | 1,248 | 931.3 % |
| Total real estate rental revenue | $ 39,582 | $ 37,451 | $ 2,131 | 5.7 % |
| **Real Estate Expenses** | | | | |
| Same-store | $ 14,492 | $ 13,093 | $ 1,399 | 10.7 % |
| Non-same-store [1] | 532 | 82 | 450 | 548.8 % |
| Total real estate expenses | $ 15,024 | $ 13,175 | $ 1,849 | 14.0 % |
| **NOI** | | | | |
| Same-store | $ 23,708 | $ 24,224 | $ (516 ) | (2.1 )% |
| Non-same-store [1] | 850 | 52 | 798 | 1,534.6 % |
| Total NOI | $ 24,558 | $ 24,276 | $ 282 | 1.2 % |

(1) Non-same-store properties include:

2012 acquisition - Fairgate at Ballston

Real estate rental revenue from same-store properties increased by $0.9 million in the 2013 Quarter primarily due to higher rental rates ($0.7 million) and higher reimbursements for real estate taxes ($0.4 million), partially offset by lower occupancy ($0.2 million).

Real estate expenses from same-store properties increased by $1.4 million due to higher real estate taxes ($0.6 million), administrative ($0.2 million), utilities ($0.2 million) and repairs and maintenance ($0.2 million) expenses.

| | As of June 30, | |
|---|---|---|
| **Occupancy** | 2013 | 2012 |
| Same-store | 86.3 % | 86.0 % |
| Non-same-store | 86.6 % | 83.0 % |
| Total | 86.3 % | 86.0 % |

The increase in same-store occupancy was primarily due to higher occupancy at 2000 M Street and 1140 Connecticut Avenue, partially offset by lower occupancy at Braddock Metro Center. During the 2013 Quarter, 50.5% of the square footage that expired was renewed compared to 59.8% in the 2012 Quarter, excluding properties sold or classified as held for sale. During the 2013 Quarter, we executed new leases for 186,436 square feet of office space at an average rental rate of $31.41 per square foot, an increase of 6.5%, with average tenant improvements and leasing commissions and incentives (including free rent) of $33.49 per square foot.

*Medical Office Segment:*

| | Three Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| **Real Estate Rental Revenue** | | | | |
| Same-store | $ 10,654 | $ 10,814 | $ (160) | (1.5)% |
| Non-same-store [(1)] | 356 | 259 | 97 | 37.5 % |
| Total real estate rental revenue | $ 11,010 | $ 11,073 | $ (63) | (0.6)% |
| **Real Estate Expenses** | | | | |
| Same-store | $ 3,164 | $ 3,561 | $ (397) | (11.1)% |
| Non-same-store [(1)] | 152 | 169 | (17) | (10.1)% |
| Total real estate expenses | $ 3,316 | $ 3,730 | $ (414) | (11.1)% |
| **NOI** | | | | |
| Same-store | $ 7,490 | $ 7,253 | $ 237 | 3.3 % |
| Non-same-store [(1)] | 204 | 90 | 114 | 126.7 % |
| Total NOI | $ 7,694 | $ 7,343 | $ 351 | 4.8 % |

(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 $0.2 million in the 2013 Quarter due to lower occupancy ($0.4 million), partially offset by higher reimbursements for real estate taxes ($0.2 million).

Real estate expenses from same-store properties decreased by $0.4 million in the 2013 Quarter primarily due to lower bad debt expense.

| | As of June 30, | |
|---|---|---|
| **Occupancy** | 2013 | 2012 |
| Same-store | 87.8 % | 89.7 % |
| Non-same-store | 43.6 % | 35.9 % |
| Total | 84.8 % | 86.1 % |

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, 71.6% of the square footage that expired was renewed compared to 31.3% in the 2012 Quarter. During the 2013 Quarter, we executed new leases (excluding first generation leases) for 52,465 square feet of medical office space at an average rental rate of $34.98, an increase of 10.7%, with average tenant improvements and leasing commissions and incentives (including free rent) of $16.68 per square foot.

*Retail Segment:*

| | Three Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| Real Estate Rental Revenue | $ 14,281 | $ 13,970 | $ 311 | 2.2 % |
| Real Estate Expenses | $ 3,583 | $ 3,030 | $ 553 | 18.3 % |
| NOI | $ 10,698 | $ 10,940 | $ (242 ) | (2.2 )% |

Real estate rental revenue increased by $0.3 million in the 2013 Quarter primarily due to higher rental rates ($0.5 million) and lower provisions for uncollectible revenue ($0.4 million), partially offset by lower occupancy ($0.2 million) and lower reimbursements for real estate taxes ($0.2 million) and operating expenses ($0.2 million).

Real estate expenses increased by $0.6 million in the 2013 Quarter primarily due to higher bad debt expense ($0.4 million) and vacant space preparation ($0.1 million).

| | As of June 30, | |
|---|---|---|
| **Occupancy** | 2013 | 2012 |
| Total | 93.2 % | 93.3 % |

The decrease in occupancy was driven by lower occupancy at Concord Center and Randolph Shopping Center, partially offset by higher occupancy at the Centre at Hagerstown and Gateway Overlook. During the2013 Quarter, 84.6% of the square footage that expired was renewed compared to 53.0% in the 2012 Quarter. During the 2013 Quarter, we executed new leases for 178,714 square feet of retail space at an average rental rate of$9.60, an increase of 11.6%, with average tenant improvements and leasing commissions and incentives (including free rent) of $1.90 per square foot.

*Multifamily Segment:*

| | Three Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| Real Estate Rental Revenue | $ 13,399 | $ 13,096 | $ 303 | 2.3 % |
| Real Estate Expenses | $ 5,506 | $ 5,098 | $ 408 | 8.0 % |
| NOI | $ 7,893 | $ 7,998 | $ (105 ) | (1.3 )% |

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 $0.4 million in the 2013 Quarter primarily due to higher real estate taxes ($0.1 million), administrative expenses ($0.1 million), repairs and maintenance expenses ($0.1 million) and bad debt expense ($0.1 million).

| | As of June 30, | |
|---|---|---|
| **Occupancy** | 2013 | 2012 |
| Total | 93.1 % | 94.8 % |

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

2013 Period Compared to 2012 Period

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

| | Six Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| **Real Estate Rental Revenue** | | | | |
| Same-store | $ 151,828 | $ 150,181 | $ 1,647 | 1.1 % |
| Non-same-store [1] | 3,368 | 623 | 2,745 | 440.6 % |
| Total real estate rental revenue | $ 155,196 | $ 150,804 | $ 4,392 | 2.9 % |
| **Real Estate Expenses** | | | | |
| Same-store | $ 53,143 | $ 50,124 | $ 3,019 | 6.0 % |
| Non-same-store [1] | 1,377 | 460 | 917 | 199.3 % |
| Total real estate expenses | $ 54,520 | $ 50,584 | $ 3,936 | 7.8 % |
| **NOI** | | | | |
| Same-store | $ 98,685 | $ 100,057 | $ (1,372 ) | (1.4 )% |
| Non-same-store [1] | 1,991 | 163 | 1,828 | 1,121.5 % |
| Total NOI | $ 100,676 | $ 100,220 | $ 456 | 0.5 % |
| **Reconciliation to Net Income** | | | | |
| NOI | $ 100,676 | $ 100,220 | | |
| Depreciation and amortization | (51,106 ) | (50,809 ) | | |
| General and administrative expenses | (7,867 ) | (7,770 ) | | |
| Interest expense | (32,670 ) | (31,301 ) | | |
| Other income | 485 | 496 | | |
| Acquisition costs | (300 ) | (308 ) | | |
| Discontinued operations: | | | | |
| Income from operations of properties sold or held for sale[2] | 185 | 661 | | |
| Gain on sale of real estate | 3,195 | — | | |
| Net income | 12,598 | 11,189 | | |
| Less: Net income attributable to noncontrolling interests | — | — | | |
| Net income attributable to the controlling interests | $ 12,598 | $ 11,189 | | |

(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 $1.6 million in the 2013 Period primarily due to higher rental rates ($3.6 million), higher reimbursements for real estate taxes ($0.4 million) and lower provisions for uncollectible revenue ($0.3 million), partially offset by lower occupancy ($2.7 million).

Real estate expenses from same-store properties increased by $3.0 million in the 2013 Period due to higher real estate taxes ($1.0 million), bad debt expense ($0.6 million), administrative expenses ($0.5 million), snow removal costs ($0.3 million) and repairs and maintenances expenses ($0.4 million).

During the 2013 Period, 66.7% of the commercial square footage expiring was renewed as compared to 59.6% in the 2012 Period, excluding properties sold or classified as held for sale. During the 2013 Period, we executed new leases (excluding first generation leases at recently-built properties) for 805,271 commercial square feet at an average rental rate of $26.49 per square foot, an

increase of 9.7%, with average tenant improvements and leasing commissions and incentives (including free rent) of$21.94 per square foot.

An analysis of NOI by segment follows.

*Office Segment:*

| | Six Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| **Real Estate Rental Revenue** | | | | |
| Same-store | $ 75,593 | $ 74,864 | $ 729 | 1.0 % |
| Non-same-store [(1)] | 2,718 | 134 | 2,584 | 1,928.4 % |
| Total real estate rental revenue | $ 78,311 | $ 74,998 | $ 3,313 | 4.4 % |
| **Real Estate Expenses** | | | | |
| Same-store | $ 28,065 | $ 26,525 | $ 1,540 | 5.8 % |
| Non-same-store [(1)] | 1,037 | 127 | 910 | 716.5 % |
| Total real estate expenses | $ 29,102 | $ 26,652 | $ 2,450 | 9.2 % |
| **NOI** | | | | |
| Same-store | $ 47,528 | $ 48,339 | $ (811 ) | (1.7 )% |
| Non-same-store [(1)] | 1,681 | 7 | 1,674 | 23,914.3 % |
| Total NOI | $ 49,209 | $ 48,346 | $ 863 | 1.8 % |

(1) Non-same-store properties include:

2012 acquisition - Fairgate at Ballston

Real estate rental revenue from same-store properties increased by $0.7 million in the 2013 Period primarily due to higher rental rates ($1.4 million) and higher reimbursements for real estate taxes ($0.5 million), partially offset by lower occupancy ($1.0 million) and higher reserves for uncollectible revenue ($0.2 million).

Real estate expenses from same-store properties increased by $1.5 million due to higher real estate taxes ($0.4 million), bad debt expense ($0.3 million), administrative expenses ($0.3 million) and repairs and maintenance expenses ($0.3 million).

During the 2013 Period, 52.5% of the square footage that expired was renewed compared to 56.1% in the 2012 Period, excluding properties sold or classified as held for sale. During the 2013 Period, we executed new leases for 444,945 square feet of office space at an average rental rate of $31.66 per square foot, an increase of 7.2%, with average tenant improvements and leasing commissions and incentives (including free rent) of $28.58 per square foot.

*Medical Office Segment:*

| | Six Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| **Real Estate Rental Revenue** | | | | |
| Same-store | $ 21,388 | $ 21,809 | $ (421 ) | (1.9 )% |
| Non-same-store [(1)] | 650 | 489 | 161 | 32.9 % |
| Total real estate rental revenue | $ 22,038 | $ 22,298 | $ (260 ) | (1.2 )% |
| **Real Estate Expenses** | | | | |
| Same-store | $ 7,034 | $ 7,096 | $ (62 ) | (0.9 )% |
| Non-same-store [(1)] | 340 | 333 | 7 | 2.1 % |
| Total real estate expenses | $ 7,374 | $ 7,429 | $ (55 ) | (0.7 )% |
| **NOI** | | | | |
| Same-store | $ 14,354 | $ 14,713 | $ (359 ) | (2.4 )% |
| Non-same-store [(1)] | 310 | 156 | 154 | 98.7 % |
| Total NOI | $ 14,664 | $ 14,869 | $ (205 ) | (1.4 )% |

(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 $0.4 million in the 2013 Period due to lower occupancy ($0.8 million), partially offset by higher rental rates ($0.3 million).

Real estate expenses from same-store properties decreased by $0.1 million in the 2013 Period primarily due to lower bad debt ($0.2 million) and utilities expenses ($0.1 million), partially offset by higher real estate taxes ($0.2 million).

During the 2013 Period, 72.8% of the square footage that expired was renewed compared to 54.5% in the 2012 Period. During the 2013 Period, we executed new leases (excluding first generation leases) for 89,388 square feet of medical office space at an average rental rate of $36.31, an increase of 8.6%, with average tenant improvements and leasing commissions and incentives (including free rent) of $21.55 per square foot.

*Retail Segment:*

| | Six Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| Real Estate Rental Revenue | $ 28,115 | $ 27,416 | $ 699 | 2.5% |
| Real Estate Expenses | $ 7,148 | $ 6,474 | $ 674 | 10.4% |
| NOI | $ 20,967 | $ 20,942 | $ 25 | 0.1% |

Real estate rental revenue increased by $0.7 million in the 2013 Period primarily due to higher rental rates ($0.9 million) and lower provisions for uncollectible revenue ($0.6 million), partially offset by lower occupancy ($0.5 million) and lower reimbursements for real estate taxes ($0.2 million).

Real estate expenses increased by $0.7 million in the 2013 Period primarily due to higher bad debt expense ($0.3 million), snow removal costs ($0.2 million) and real estate taxes ($0.1 million).

During the 2013 Period, 88.7% of the square footage that expired was renewed compared to 70.9% in the 2012 Period. During the 2013 Period, we executed new leases for 270,938 square feet of retail space at an average rental rate of $14.76, an increase of 20.7%, with average tenant improvements and leasing commissions and incentives (including free rent) of $11.17 per square foot.

*Multifamily Segment:*

| | Six Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change |
| Real Estate Rental Revenue | $ 26,732 | $ 26,092 | $ 640 | 2.5 % |
| Real Estate Expenses | $ 10,896 | $ 10,029 | $ 867 | 8.6 % |
| NOI | $ 15,836 | $ 16,063 | $ (227 ) | (1.4 )% |

Real estate rental revenue increased by $0.6 million in the 2013 Period due to higher rental rates ($0.9 million) and lower rent abatements ($0.1 million), partially offset by lower occupancy ($0.4 million).

Real estate expenses increased by $0.9 million in the 2013 Period primarily due to higher real estate taxes ($0.3 million), higher bad debt expense ($0.2 million) and the true-up of certain utility reimbursements ($0.2 million).

**Liquidity and Capital Resources**

*Capital Requirements*

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 - $65 million to invest in our existing portfolio of operating assets, including approximately $25 - $35 million to fund tenant-related capital requirements and leasing commissions;
- Approximately $30 - $35 million to invest in our development projects; and
- Funding for potential property acquisitions and related costs 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 June 30, 2013 and December 31, 2012 is as follows (in thousands):

| | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Mortgage notes payable | $ 312,211 | $ 342,970 |
| Unsecured credit facilities | 75,000 | — |
| Unsecured notes payable | 846,450 | 906,190 |
| | $ 1,233,661 | $ 1,249,160 |

Mortgage Debt

At June 30, 2013, our $312.2 million in mortgage notes payable, which include a net $3.0 million in unamortized discounts due to fair value adjustments, bore an effective weighted average fair value interest rate of 5.1% and had a weighted average maturity of 4.0 years. We may either initiate secured mortgage debt or assume mortgage debt from time-to-time in conjunction with property acquisitions.

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 $15.0 million in borrowings outstanding as of June 30, 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 June 30, 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 June 30, 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.

As of June 30, 2013, our unsecured notes have maturities ranging from January 2014 through February 2028, as follows (in thousands):

| | | |
|---|---|---|
| 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 June 30, 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.

*Common Equity*

We have authorized for issuance 100.0 million common shares, of which 66.5 million shares were outstanding at June 30, 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 June 30, 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 Period.

*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 June 30, 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 three and six months ended June 30,2013 and 2012 are as follows (in thousands):

| | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | $ | % | 2013 | 2012 | $ | % |
| Common dividends | $ 20,065 | $ 28,907 | $ (8,842) | (30.6)% | $ 40,099 | $ 57,807 | $ (17,708) | (30.6)% |
| Distributions to noncontrolling interests | — | 7 | (7) | (100.0)% | — | 14 | (14) | (100.0)% |
| | $ 20,065 | $ 28,914 | $ (8,849) | (30.6)% | $ 40,099 | $ 57,821 | $ (17,722) | (30.6)% |

Dividends paid for the 2013 Quarter and Period 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):

| | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|
| | 2013 | 2012 | $ | % |
| Net cash provided by operating activities | $ 63.0 | $ 67.1 | $ (4.1) | (6.1)% |
| Net cash used in investing activities | (20.4) | (76.3) | 55.9 | (73.3)% |
| Net cash (used in) provided by financing activities | (56.0) | 10.8 | (66.8) | (618.5)% |

Cash provided by operating activities decreased primarily due to higher interest payments due to the issuance of $300.0 million of 3.95% unsecured notes in September 2012.

Cash used in investing activities decreased primarily due to the acquisition of Fairgate at Ballston during the 2012 Quarter and the sale of the Atrium Building during the 2013 Period, 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 $75.0 million in net 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 and six months ended June 30, 2013 and 2012:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Earnings to fixed charges | 1.31 x | 1.33 x | 1.26 x | 1.30 x |
| Debt service coverage | 2.78 x | 2.80 x | 2.73 x | 2.76 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 and six months ended June 30, 2013 and 2012 (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Net income attributable to the controlling interests | $ 5,263 | $ 6,008 | $ 12,598 | $ 11,189 |
| Adjustments: | | | | |
| Depreciation and amortization | 25,582 | 25,227 | 51,106 | 50,809 |
| Discontinued operations: | | | | |
| Depreciation and amortization | — | 364 | — | 776 |
| Gain on sale of real estate | — | — | (3,195 ) | — |
| FFO as defined by NAREIT | $ 30,845 | $ 31,599 | $ 60,509 | $ 62,774 |

**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 |
|---|---|---|---|---|---|---|
| 10.48* | Separation Agreement and General Release between George F. McKenzie and Washington Real Estate Investment Trust dated July 23, 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 June 30, 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: July 31, 2013

## SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release ("Agreement"), effective as of the date described in Section 14 below (the "Effective Date"), is made and entered into by and between Washington Real Estate Investment Trust ("WRIT") and George F. "Skip" McKenzie ("Employee").

WHEREAS, Employee has been employed by WRIT as its President & CEO; and

WHEREAS, Employee has communicated to the Board of Trustees his decision to retire from WRIT; and

WHEREAS, the parties wish to provide for the orderly transition of affairs to a new President & CEO, and to resolve all matters between the parties on a full and final basis;

NOW, THEREFORE, in consideration of the promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Resignation, Transition Arrangements and Return of Property: Employee will continue to serve as President & CEO of WRIT through December 31, 2013 or such shorter period as may be determined by the Board. Consistent with the foregoing, Employee shall resign from the following positions on December 31, 2013 or such earlier time as may be determined by the Board (and shall execute all documents reasonably requested by WRIT to effectuate such resignations): (a) President & CEO of WRIT, (ii) a member of the Board of Trustees and (c) all officer, board of director and board of manager positions (or comparable positions) with all affiliated entities of WRIT (collectively, “Affiliates”). If the Board determines a shorter period, Employee shall remain an employee of WRIT through the balance of 2013. Employee will diligently pursue the responsibilities of the President & Chief Executive Officer as long as he remains in such position. Thereafter, as an employee of WRIT, Employee will assist WRIT in (a) execution of strategic acquisition and disposition activities, (b) transitioning the role of the chief executive to a new person designated by the Board and (c) performing such other duties as shall be reasonably requested by the Board. If Employee is no longer serving as President & Chief Executive, Employee will continue as an employee of WRIT through December 31, 2013 at his current salary and with existing benefits, except as specifically noted in this Agreement. The last day of Employee's final employment with WRIT is referred to as the “Resignation Date.” The period between the Effective Date of this Agreement and the Resignation Date is referred to as the “Transition Period.” On or before the Resignation Date, Employee will return all property of WRIT and its Affiliates, and all copies, excerpts or summaries of such property, in his possession, custody or control.

2. Final Paycheck and Severance Benefits:

A. WRIT will pay Employee for all earned but unpaid salary and vacation as of the Resignation Date in accordance with its payroll practices. In addition, WRIT will pay to Employee no later than February 28, 2014 all compensation earned by Employee during the performance periods accruing prior to the Resignation Date pursuant to (i) WRIT's Short-Term Incentive Plan dated January 1, 2011, as amended February 17, 2012 and as further amended herein (the "STIP") and (ii) the WRIT Long-Term Incentive Plan dated January 1, 2011, as amended herein (the "LTIP").

B. The current STIP (meaning the STIP prior to the effect of the amendments below) provides for (a) a 60% weighting to three financial performance measures (core funds from operations per share, core funds available for distribution per share and same store net operating income); (b) a 20%

weighting to acquisition and disposition activity; and (c) a 20% weighting to individual performance measures. With respect to Employee only, the STIP will be revised for the year 2013 as follows:

(i) In lieu of the weightings above, the following weightings will apply: (a) a 40% weighting to three financial performance measures (core funds from operations per share, core funds available for distribution per share and same store net operating income, evaluated in the same manner as provided in the current STIP) and the completion of a smooth transition to a new Chief Executive Officer; (b) a 30% weighting to execution of the proposed sale of WRIT's medical office division and related reinvestment activities; and (c) a 30% weighting to successful pricing of the proposed medical office division sale. Notwithstanding the foregoing, if the WRIT Board of Directors (the "Board") determines to abandon the proposed medical office division sale, then the Board will make one of the following two determinations: (x) a determination that such abandonment was because management's execution of the transaction was not satisfactory to the Board, in which case the weightings described in the previous sentence will remain in place; or (y) a determination that such abandonment was due to other circumstances (such as market conditions or a change in strategic direction by the Board), in which case Employee will have a 100% weighting to clause (a) of the preceding sentence (and clauses (b) and (c) will not be applicable).

(ii) The quantitative scoring of Employee's performance will continue to be on a 1 (low), 2 (target) and 3 (high) scoring system as set forth in the current STIP, but will be based on the weightings described above. The aggregate threshold, target and high award opportunities under the "performance-based" portion of the current STIP (inclusive of both cash and equity portions) will be revised as follows: (a) threshold rating (i.e., 1.0 score) at 150% of base salary (increased from the current STIP level of 101%); (b) target rating (i.e., 2.0) at 260% (increased from the current STIP level of 211%); and (c) high rating (i.e., 3.0) at 375% (no increase from the current STIP level). The proportions of cash and equity for the "performance based" portion will remain as set forth in the current STIP.

(iii) Employee's STIP award will not be prorated for any reason, as Employee is to remain an employee of WRIT for the balance of 2013.

(iv) The restricted share portion of the STIP award will be delivered in fully-vested, unrestricted WRIT common shares.

(v) The form and timing of delivery of the STIP award are subject to Section 409A as described in Section 17 below.

C. The LTIP currently provides for a three-year award to be issued with respect to the 2011-2013 performance period at the conclusion of 2013. With respect to Employee, the LTIP will be revised as follows:

(i) Employee's LTIP award will not be prorated for any reason as Employee is to remain an employee of WRIT for the balance of 2013.

(ii) The restricted share portion of the LTIP award will be delivered in fully-vested, unrestricted WRIT common shares.

(iii) The form and timing of delivery of the LTIP award are subject to Section 409A as described in Section 17 below.

D. Furthermore, subject to his compliance with this Agreement, WRIT will provide Employee with the following benefits as indicated after the Effective Date:

(i) Restricted Stock Units: All of Employee's unvested Restricted Stock Units (7,618 Units) will vest on December 31, 2013. The form and timing of delivery of the units are subject to Section 409A as described in Section 17 below.

(ii) Restricted Shares: All of Employee's unvested Restricted Shares (15,784 shares) will vest on December 31, 2013. The form and timing of delivery of the shares are subject to Section 409A as described in Section 17 below.

(iii) SERP Vesting: Employee is fully vested in his SERP account. The form and timing of delivery are subject to Section 409A as described in Section 17below.

It is understood and agreed that in accepting the benefits specified in this Section 2, Employee will forfeit any rights he may have to any other form of compensation from WRIT. All amounts payable under this Section 2 shall be subject to applicable federal and state withholding requirements. All vestings and deliveries of WRIT equity will be subject to completion of any necessary time periods required for IRC Section 409A compliance as defined in Section 17 below.

3. Benefits: Employee and Employee's dependents will continue to participate in WRIT's group health plan through the Resignation Date in accordance with its terms and conditions. Thereafter, Employee will be eligible to continue participation in WRIT's group health plan at his own expense in accordance with and to the extent required by the federal COBRA law, provided that WRIT will pay Employee's COBRA premium as described in Section 12 below. Except as expressly provided otherwise in this Agreement, Employee's entitlement to, participation in, and accrual of, all other salary, compensation or benefits from WRIT shall cease as of the Resignation Date, except that Employee shall have such rights in such benefits as are required by law and plan documents, including without limitation, Employee's vested benefits in WRIT's 401(k) plan, in accordance with and to the extent permitted by plan documents.

4. Unemployment Compensation Benefits: WRIT will not contest any claim for unemployment benefits that Employee makes for any period after the Resignation Date.

5. Mutual Releases:

A. Employee's Release: In consideration for the benefits described herein, and for other good and valuable consideration, which are of greater value than Employee would normally be entitled upon resignation, Employee, on behalf of himself, his heirs, executors, administrators, attorneys, agents, representatives and assigns, hereby forever releases WRIT and its Affiliates, and its and their officers, directors, trustees, owners, shareholders, employees, insurers, benefit plans, agents, attorneys and representatives, and each of their predecessors, successors and assigns, from any and all claims, demands, suits, actions, damages, losses, expenses, charges or causes of action of any nature whatsoever, whether known or unknown, relating in any way to any act, omission, event, relationship, conduct, policy or practice prior to the Effective Date, including without limitation his employment with WRIT and the separation thereof ("Claims"). This release includes without limitation Claims for discrimination, harassment, retaliation or any other violation under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Maryland Human Rights Act, the Montgomery County Human Rights Act, and any other Claims under all other federal, state or local laws; Claims for breach of contract; Claims for wrongful discharge; Claims for emotional distress, defamation, fraud, misrepresentation or any other personal injury; Claims for unpaid compensation; Claims relating to benefits; Claims for attorneys'

fees and costs, Claims for reinstatement or employment; and all other Claims under any federal, state or local law or cause of action. Employee represents that he has not filed any such Claims, and he further agrees not to assert or file any such Claims in the future or to seek or accept any monetary relief with respect to Claims filed by him or on his behalf with the EEOC or any other fair employment agency to the fullest extent permitted by law. It is understood and agreed that this Release does not apply to claims for breach of this Agreement or Claims that cannot be released by law.

B. WRIT's Release: In consideration for the benefits described herein, and for other good and valuable consideration, WRIT and its Affiliates hereby forever release Employee, his heirs, executors, administrators, agents, representatives and assigns, from any and all claims, demands, suits, actions, damages, losses, expenses, charges or causes of action of any nature whatsoever, whether known or unknown, relating in any way to any act, omission, event, relationship, conduct, policy or practice prior to the Effective Date. This release includes without limitation Claims for breach of any contract or duty; Claims for emotional distress, defamation, fraud, misrepresentation or any other personal injury; Claims for overpaid compensation; Claims relating to benefits; Claims for attorneys' fees and costs; and all other Claims under any federal, state or local law or cause of action. WRIT represents that it has not filed any such Claims, and it further agrees not to assert or file any such Claims in the future. It is understood and agreed that this Release does not apply to claims for breach of this Agreement or Claims that cannot be released by law, or Claims for fraud, embezzlement, intentional misconduct or any other malfeasance.

If any claim, demand, suit, action, damages, loss, expense, charge or cause of action are filed by third parties against Employee arising out of his employment at WRIT, WRIT agrees to indemnify Employee for any costs, fees or liability arising out of such claim, demand, suit, action, damages, loss, expense, charge or cause of action to the extent such costs, fees or liability are not covered by any applicable insurance policy held by WRIT,

6. Reinstatement: Employee waives all claims for reinstatement or employment with WRIT and its Affiliates, and its and their successors and assigns, and he agrees not to seek such reinstatement or employment in the future unless the parties agree otherwise in writing.

7. SEC Filing: The parties acknowledge and agree that this Agreement will be publicly filed with the SEC.

8. Nondisparagement and Nonassistance: Employee agrees not to make any disparaging comments about WRIT or any of its Affiliates or its or their past, present or future management, officers, trustees or employees to any person or entity who is not a party to this Agreement, and he further agrees not to provide any form of assistance to, or to cooperate with, any person or entity asserting or intending to assert any claim or legal proceeding against WRIT or any of its Affiliates except as may be required by law or legal process. WRIT agrees that its Officers and Board members will not make any disparaging comments about Employee to any person or entity who is not a party to this Agreement, and it agrees not to provide any form of assistance to, or to cooperate with, any person or entity asserting or intending to assert any claim or legal proceeding against Employee, except as may be required by law or legal process. The only information anyone in WRIT's Human Resources Department shall disclose about Employee, absent a subpoena or court order, is his position title, dates of employment and the fact that he retired.

9. Cooperation: Employee agrees to reasonably cooperate with WRIT upon request by answering questions and providing information about matters of which he has personal knowledge. In the event that WRIT becomes involved in any civil or criminal litigation, administrative proceeding or governmental investigation, Employee shall, upon request, provide reasonable cooperation and assistance to WRIT, including without limitation, furnishing relevant information, attending meetings and providing statements

and testimony. WRIT will reimburse Employee for all reasonable and necessary time and expenses he incurs in complying with this Section 9.

10. Confidential Information: Employee shall not, except as required by law, use or disclose to any person or entity any Confidential Information. For the purposes of this Section 10, "Confidential Information" means information Employee obtained through or as a consequence of his employment with WRIT relating to WRIT's business or its tenants which is not in the public domain and includes, without limitation, trade secrets, tenant lists, lease rates, methods of operation, business plans, leads, financial information, research and statistical data. Information does not lose its protection as Confidential Information if it is disclosed in violation of an obligation not to disclose it.

11. Nonsolicitation: During the Transition Period and for a period of twelve (12) months thereafter, Employee shall not directly or indirectly for himself or any other person or entity, whether as an employee, officer, director, consultant, agent, representative, partner, owner, stockholder or in any other capacity, a) solicit any person who then is or was at any time in the preceding six month period employed by WRIT as an employee or independent contractor, to resign from WRIT or to accept employment as an employee or independent contractor with any other person or entity; or b) solicit any person or entity who then is or was at any time in the preceding six month period in a business relationship with WRIT to end or curtail such relationship or to engage in business of the type engaged in by WRIT with another person or entity. Employee agrees that these restrictions are reasonable and necessary for the protection of WRIT's business. Employee further agrees that in the event he breaches any provision in this Section 11, WRIT shall be entitled to injunctive relief in addition to such other relief as a court may deem proper.

12. Engagement as Consultant and Non-Competition:

A. Employee will be reasonably available to provide consulting services to WRIT as mutually agreed by the parties for a two (2) year period commencing on January 1, 2014 and ending on December 31, 2015 (it being understood that if mutually agreed upon, such consulting services would not require "full time" involvement from Employee, but would instead involve advisory services on a reasonable basis upon request by WRIT and agreement by Employee). In exchange for his agreement to remain available to provide such consulting services, WRIT will pay (i) Employee a monthly fee of $20,000 during years 2014 and 2015; and (ii) the costs of Employee's COBRA coverage for each of years 2014 and 2015 based on Employee's current health coverage from WRIT (if such COBRA coverage terminates after 18 months, then WRIT will pay to Employee the amount of the COBRA payments for the remaining six months).

B. Employee will not directly or indirectly compete with WRIT during the Transition Period and for a period of two (2) years following the Resignation Date. For the purposes of this Agreement, competition is defined as employment for, board service with or consulting for a public real estate investment trust with more than ten (10) properties in the Washington, DC metropolitan area (with Employee's board service to Chesapeake Lodging Trust being permitted in all events). If Employee desires to pursue an opportunity that would constitute such "competition," Employee may present such opportunity to the Board and request a waiver, which may or may not be granted in the discretion of the Board. If such waiver is granted, Employee's service to WRIT as a consultant and payments with respect to this service (as described above) may be terminated upon the effective date of such waiver, as the Board so determines.

13. Miscellaneous: This Agreement represents the entire agreement of the parties, and supersedes all other agreements, discussions and understandings of the parties, concerning the subject matter, except for the Amended and Restated Change In Control Agreement for President and Chief Executive Officer, dated December 1, 2011. All other express or implied agreements of the parties not expressly contained or incorporated by reference herein are terminated and of no further force or effect. This Agreement may not

be modified in any manner except in a written document signed by both parties. Should any provision of this Agreement be held to be invalid or unenforceable by a court of competent jurisdiction, it shall be deemed severed from the Agreement, and the remaining provisions of the Agreement shall continue in full force and effect, provided that, should the court determine that any provision of Section 11 or 12 is unenforceable, the court shall modify such provision to make it valid to the maximum extent permitted by law. In the event of any litigation to enforce this Agreement, the prevailing party shall be awarded his or its reasonable attorneys' fees and costs. None of the arrangements made hereunder will be considered a termination without “Cause” or a resignation for “Good Reason” under any agreements or benefit plans or arrangements between Employee and WRIT.

14. Consultation and Consideration: WRIT hereby advises Employee to consult with an attorney at his own expense prior to signing this Agreement. Employee may take up to twenty-one (21) days from the date he is given this Agreement to consider it, but he may sign it sooner if he wishes. If he signs the Agreement, he will have a period of seven (7) days to revoke his signature (the "Revocation Period"). Thus, this Agreement will not become effective or enforceable until the date that each party has signed the Agreement and the Revocation Period has expired without Employee exercising his right of revocation (the "Effective Date"). Any notice of revocation must be in writing and must be received by Laura Franklin prior to the expiration of the Revocation Period. If Employee signs this Agreement, he represents that he has had sufficient time to consider it, and that she enters into it knowingly and voluntarily with full understanding of its meaning and effect.

15. Governing Law: This Agreement shall be construed exclusively in accordance with the laws of the State of Maryland, without regard to the principles of conflicts of laws therein.

16. Assignment: This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. Employee may not assign any right or obligation hereunder without WRIT's prior written consent. WRIT may assign its rights and obligations here under to any successor in interest.

17. Section 409A of the Code. To the extent that such requirements are applicable, this Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code ("Section 409A") and shall be interpreted and administered in accordance with that intent. If any provision of the Agreement would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Further, for purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation for purposes of applying the deferral election rules under Section 409A and the exclusion from Section 409A for certain short-term deferral amounts. Anything to the contrary herein notwithstanding, in the event that any such benefit or payment is deemed to not comply with Section 409A, WRIT and Employee agree to renegotiate in good faith any such benefit or payment so that either (i) Section 409A will not apply or (ii) compliance with Section 409A will be achieved, provided, however, that any resulting renegotiated terms shall provide to Employee, to the extent reasonably practicable, the after-tax economic equivalent based on what otherwise would have been provided to Employee pursuant to the terms of this Agreement.

18. Counterparts: This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together which shall constitute one and the same instrument.

**THIS SPACE INTENTIONALLY LEFT BLANK**

19. Nonadmissions: By entering into this Agreement, neither party is admitting that it did anything wrong or improper or that it has any liability to the other party.

Employee has had an opportunity to carefully review and consider this Agreement with an attorney, and he has had sufficient time to consider it. After such careful consideration, he knowingly and voluntarily enters into this Agreement with full understanding of its meaning and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement.

| **GEORGE F. "SKIP" McKENZIE** | **WASHINGTON REAL ESTATE INVESTMENT TRUST** |
|---|---|
| /s/ George F. McKenzie | By: /s/ Laura M. Franklin |
| Signature | |
| | Title: EVP - Accounting and Administration |
| Date: 7/23/2013 | Date: 7/22/2013 |

**Exhibit 12**

WASHINGTON REAL ESTATE INVESTMENT TRUST

**Computation of Ratios**

(In thousands)

**Earnings to fixed charges ratio:**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Income from continuing operations | $ 5,263 | $ 5,694 | $ 9,218 | $ 10,528 |
| **Additions:** | | | | |
| Fixed charges | | | | |
| Interest expense | 16,152 | 15,470 | 32,670 | 31,301 |
| Capitalized interest | 190 | 433 | 483 | 858 |
| | 16,342 | 15,903 | 33,153 | 32,159 |
| **Deductions:** | | | | |
| Capitalized interest | (190) | (433) | (483) | (858) |
| Adjusted earnings | 21,415 | 21,164 | 41,888 | 41,829 |
| Fixed charges (from above) | $ 16,342 | $ 15,903 | $ 33,153 | $ 32,159 |
| **Ratio of earnings to fixed charges** | **1.31** | **1.33** | **1.26** | **1.30** |

**Debt service coverage ratio:**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Net income attributable to the controlling interests | $ 5,263 | $ 6,008 | 12,598 | $ 11,189 |
| **Additions:** | | | | |
| Interest expense | 16,152 | 15,533 | 32,670 | 31,428 |
| Real estate depreciation and amortization | 25,582 | 25,591 | 51,106 | 51,585 |
| Income tax expense | 24 | 158 | 24 | 171 |
| Non-real estate depreciation | 215 | 261 | 411 | 529 |
| | 41,973 | 41,543 | 84,211 | 83,713 |
| **Deductions:** | | | | |
| Gain on sale of real estate | — | — | (3,195) | — |
| Adjusted EBITDA | 47,236 | 47,551 | 93,614 | 94,902 |
| Debt service | | | | |
| Interest expense | 16,152 | 15,533 | 32,670 | 31,428 |
| Principal amortization | 811 | 1,447 | 1,643 | 2,900 |
| | $ 16,963 | $ 16,980 | $ 34,313 | $ 34,328 |
| **Debt service coverage ratio** | **2.78** | **2.80** | **2.73** | **2.76** |

**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: July 31, 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: July 31, 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: July 31, 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 endedJune 30, 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: July 31, 2013

/s/ George F. McKenzie
George F. McKenzie
Chief Executive Officer

DATE: July 31, 2013

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

DATE: July 31, 2013

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