

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1997 (Unaudited)

NOTE C: REAL ESTATE INVESTMENTS

WRIT's real estate investment portfolio, at cost, consists of properties located in Maryland, Washington, D.C., Virginia and Delaware as follows:

	March 31, 1997 (In Thousands)
Office buildings	\$164,927
Shopping centers	85,657
Apartment buildings	61,108
Industrial distribution centers	58,568
	\$370,260

Properties acquired by WRIT during the first quarter of 1997 are as follows:

<TABLE>
<CAPTION>

Acquisition Date	Property	Type	Rentable Square Feet	Acquisition Cost (In Thousands)
<S>	<C>	<C>	<C>	<C>
2/28/97	Ammendale Technology Park I	Industrial	167,000	\$ 7,847
2/28/97	Ammendale Technology Park II	Industrial	108,000	5,885
			275,000	\$13,732
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NOTE D: UNSECURED LINES OF CREDIT PAYABLE

As of March 31, 1997, WRIT had an unsecured credit commitment of \$25 million, \$4 million of which was outstanding with an interest rate of 6.83%. Interest only is payable monthly, in arrears, on the unpaid principal balance. All new advances and interest rate adjustments upon the expiration of WRIT's interest lock-in dates will bear interest at LIBOR plus a spread based on WRIT's credit rating on its publicly issued debt. All unpaid interest and principal can be prepaid prior to the expiration of WRIT's interest rate lock-in periods subject to a yield maintenance obligation and all unpaid principal and interest are due January 31, 1999.

The \$25.0 million credit commitment requires WRIT to pay the lender an unused commitment fee at the rate of .175% per annum on the amount by which \$25.0 million exceeds the balance of outstanding advances and term loans. At March 31, 1997, \$21 million of this commitment was unused. This fee is payable monthly. This commitment also contains certain financial covenants related to debt, net worth, and cash flow, and non-financial covenants which WRIT has met as of March 31, 1997.

On July 27, 1995 WRIT renegotiated its other \$25.0 million unsecured credit commitment and replaced it with an unsecured credit commitment of \$50.0 million from the same bank and a participating bank for the express purpose of purchasing income-producing property and to make capital improvements to real property.

As of March 31, 1997, \$18 million was outstanding on the \$50.0 million credit commitment with rates ranging from 6.04% to 6.29%. Interest only is payable monthly, in arrears, on the unpaid principal balance. All unpaid interest and principal are due July 25, 1997, and can be prepaid prior to this date without any prepayment fee or yield maintenance obligation. Any new advances shall bear interest at LIBOR plus a spread based on WRIT's interest coverage ratio.

OPERATING EXPENSES AND OTHER RESULTS OF OPERATIONS (continued)

Other income decreased as compared to the first three months of 1996 due to decreased investment earnings. This decrease resulted from a lower average balance of cash and temporary investments in the first quarter of 1997 as compared to the first quarter of 1996.

Total interest expense was \$2.2 million for the first three months of 1997 as compared to \$654,000 for the first three months of 1996. This increase is primarily attributed to the issuance of \$100 million in debt securities in August 1996. For the first three months of 1997, senior notes payable interest expense was \$1.8 million, lines of credit interest expense was \$167,000 attributable to advances for 1996 and 1997 acquisitions and mortgage interest expense was \$171,000. For the first three months of 1996, lines of credit interest expense was \$481,000 attributable to advances for 1995 and 1996 acquisitions and mortgage interest expense was \$173,000.

General and administrative expenses increased \$202,000 to \$957,000 as compared to \$755,000 for the first three months of 1996. The increase for the first three months of 1997 as compared to the first three months of 1996 is primarily attributable to personnel additions in 1996 and incentive compensation charged to operations in the first quarter of 1997 but not charged to operations in the first quarter of 1996.

CAPITAL RESOURCES AND LIQUIDITY

WRIT has utilized the proceeds of share offerings, medium and long-term fixed interest rate debt, bank lines of credit and cash flow from operations for its capital needs. External sources of capital will continue to be available to WRIT from its existing unsecured credit commitments and management believes that additional sources of capital are available from selling additional shares and/or the sale of medium or long-term notes. The funds raised would be used to pay off any outstanding advances on our lines of credit and for new acquisitions and capital improvements.

On March 12, 1997, WRIT filed a shelf registration statement with the Securities and Exchange Commission which registers up to \$200 million of securities for sale at WRIT's option. The securities to be sold may be any combination of common shares, debt, preferred stock or common share warrants. Any issuance of preferred shares would require the prior approval of the Board of Trustees and a majority of the shareholders. The shelf registration statement effectively pre-files a registration statement for securities thereby shortening the time required to get to market when a decision to raise capital is made. The registration statement is effective for an unlimited period as long as WRIT continues to meet certain Securities and Exchange Commission reporting requirements.

WRIT has line of credit commitments in place from commercial banks for up to \$75.0 million which bear interest at an adjustable spread over LIBOR based on the Trust's interest coverage ratio and public debt rating. As of March 31, 1997, WRIT had outstanding under its lines of credit \$22 million in advances with an average interest rate of 6.16%, and \$53 million available for future advances. These advances were used for the acquisition of the Ammendale Technology Park I and II and capital improvements and major renovations to WRIT's various properties. The \$22 million in advances have maturities ranging from May 25, 1997 until September 25, 1997. WRIT intends to renew these advances at the then current market rate.