

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2008 Commission File Number: 1-6622

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

MARYLAND
(State or other jurisdiction of
incorporation or organization)

53-0261100
(IRS Employer
Identification Number)

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

20852
(Zip code)

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

(Former name, former address and former fiscal year, if changed since last report)

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 twelve (12) months (or such shorter period that the Registrant was required to file such report) and (2) has been subject to such filing requirements for the past ninety (90) days. 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" or "smaller reporting company" in Rule 12b-2 of the Exchange Act). (Check One):

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

Number of shares outstanding of common stock, as of August 7, 2008: 49,467,772

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST

INDEX

	<u>Page</u>
Part I: Financial Information	
Item 1. Financial Statements (Unaudited)	
Consolidated Balance Sheets	3
Condensed Consolidated Statements of Income	4
Consolidated Statement of Changes in Shareholders' Equity	5
Consolidated Statements of Cash Flows	6
Notes to Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3. Qualitative and Quantitative Disclosures about Financial Market Risk	54
Item 4. Controls and Procedures	54
Part II: Other Information	
Item 1. Legal Proceedings	55
Item 1A. Risk Factors	55
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	55
Item 3. Defaults upon Senior Securities	55
Item 4. Submission of Matters to a Vote of Security Holders	55
Item 5. Other Information	55
Item 6. Exhibits	55
Signatures	57

Part I

FINANCIAL INFORMATION

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Statements of Income, Statements of Cash Flows and Statement of Changes in Shareholders' Equity 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, 2007 included in the Trust's 2007 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

[Table of Contents](#)

ITEM I. FINANCIAL STATEMENTS
WASHINGTON REAL ESTATE INVESTMENT TRUST
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	(Unaudited) June 30, 2008	December 31, 2007
Assets		
Land	\$ 337,680	\$ 328,951
Income producing property	1,693,384	1,635,169
	2,031,064	1,964,120
Accumulated depreciation and amortization	(368,200)	(331,991)
Net income producing property	1,662,864	1,632,129
Development in progress	58,760	98,321
Total real estate held for investment, net	1,721,624	1,730,450
Investment in real estate held for sale, net	—	23,843
Cash and cash equivalents	12,724	21,488
Restricted cash	48,868	6,030
Rents and other receivables, net of allowance for doubtful accounts of \$5,585 and \$4,227, respectively	37,096	36,595
Prepaid expenses and other assets	85,129	78,517
Other assets related to properties held for sale	—	1,403
Total assets	<u>\$ 1,905,441</u>	<u>\$ 1,898,326</u>
Liabilities		
Notes payable	\$ 918,834	\$ 879,123
Mortgage notes payable	331,575	252,484
Lines of credit	15,000	192,500
Accounts payable and other liabilities	59,193	63,543
Advance rents	8,793	9,552
Tenant security deposits	10,436	10,487
Other liabilities related to properties held for sale	—	317
Total liabilities	<u>1,343,831</u>	<u>1,408,006</u>
Minority interest	<u>3,791</u>	<u>3,776</u>
Shareholders' equity		
Shares of beneficial interest; \$0.01 par value; 100,000 shares authorized; 49,461 and 46,682 shares issued and outstanding	496	468
Additional paid-in capital	653,816	561,492
Distributions in excess of net income	(96,873)	(75,416)
Accumulated other comprehensive income	380	—
Total shareholders' equity	<u>557,819</u>	<u>486,544</u>
Total liabilities and shareholders' equity	<u>\$ 1,905,441</u>	<u>\$ 1,898,326</u>

See accompanying notes to the financial statements.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30,	2007	June 30,	2007
	2008	2007	2008	2007
Revenue				
Real estate rental revenue	\$ 69,768	\$ 63,255	\$140,046	\$123,107
Expenses				
Real estate expenses	22,803	19,542	45,936	38,248
Depreciation and amortization	21,198	16,632	41,723	32,758
General and administrative	3,111	5,367	6,191	8,250
	<u>47,112</u>	<u>41,541</u>	<u>93,850</u>	<u>79,256</u>
Real estate operating income	<u>22,656</u>	<u>21,714</u>	<u>46,196</u>	<u>43,851</u>
Other income (expense)				
Interest expense	(17,582)	(15,298)	(35,246)	(29,682)
Other income	220	420	458	1,038
Loss on extinguishment of debt	—	—	(8,449)	—
Other income from life insurance proceeds	—	—	—	1,303
	<u>(17,362)</u>	<u>(14,878)</u>	<u>(43,237)</u>	<u>(27,341)</u>
Income from continuing operations	5,294	6,836	2,959	16,510
Discontinued operations:				
Gain on sale of real estate	15,275	—	15,275	—
Income from operations of properties held for sale	639	1,501	1,486	2,539
Net income	<u>\$ 21,208</u>	<u>\$ 8,337</u>	<u>\$ 19,720</u>	<u>\$ 19,049</u>
Basic net income per share				
Continuing operations	\$ 0.11	\$ 0.15	\$ 0.06	\$ 0.37
Discontinued operations	0.33	0.03	0.36	0.05
Basic net income per share	<u>\$ 0.44</u>	<u>\$ 0.18</u>	<u>\$ 0.42</u>	<u>\$ 0.42</u>
Diluted net income per share				
Continuing operations	\$ 0.11	\$ 0.15	\$ 0.06	\$ 0.36
Discontinued operations	0.33	0.03	0.36	0.06
Diluted net income per share	<u>\$ 0.44</u>	<u>\$ 0.18</u>	<u>\$ 0.42</u>	<u>\$ 0.42</u>
Weighted average shares outstanding – basic	47,933	45,490	47,278	45,212
Weighted average shares outstanding – diluted	48,148	45,658	47,495	45,407
Dividends declared and paid per share	\$ 0.4325	\$ 0.4225	\$ 0.8550	\$ 0.8350

See accompanying notes to the financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands)
(UNAUDITED)

	<u>Shares</u>	<u>Shares of Beneficial Interest at Par Value</u>	<u>Additional Paid in Capital</u>	<u>Distributions In Excess of Net Income</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Shareholders' Equity</u>
Balance, December 31, 2007	46,682	\$ 468	\$561,492	\$ (75,416)	\$ —	\$ 486,544
Comprehensive income:						
Net income	—	—	—	19,720		19,720
Change in fair value of interest rate hedge					380	380
Total comprehensive income						20,100
Dividends	—	—	—	(41,177)		(41,177)
Equity offering	2,600	26	86,657			86,683
Shares issued under Dividend Reinvestment Program	80	1	2,559			2,560
Share options exercised	99	1	2,136			2,137
Share grants, net of share grant amortization and forfeitures	—	—	972			972
Balance, June 30, 2008	<u>49,461</u>	<u>\$ 496</u>	<u>\$653,816</u>	<u>\$ (96,873)</u>	<u>\$ 380</u>	<u>\$ 557,819</u>

See accompanying notes to the financial statements.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(UNAUDITED)

	Six Months Ended	
	June 30,	
	2008	2007
Cash flows from operating activities		
Net income	\$ 19,720	\$ 19,049
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amounts in discontinued operations	41,723	33,655
Provision for losses on accounts receivable	1,679	948
Amortization of share grants	1,031	1,598
Gain on sale of real estate	(15,275)	—
Loss on extinguishment of debt	8,449	—
Changes in operating other assets	(2,182)	(3,500)
Changes in operating other liabilities	3,314	14,406
Net cash provided by operating activities	58,459	66,156
Cash flows from investing activities		
Real estate acquisitions, net	(16,842)	(200,123)
Net cash received for sale of real estate	40,231	—
Restricted cash – tax free exchange escrow	(40,231)	—
Capital improvements to real estate	(18,016)	(20,341)
Development in progress	(13,556)	(34,359)
Non-real estate capital improvements	(224)	(2,359)
Net cash used in investing activities	(48,638)	(257,182)
Cash flows from financing activities		
Line of credit borrowings	—	161,200
Line of credit repayments	(177,500)	(126,700)
Dividends paid	(41,177)	(38,402)
Proceeds from equity offering under Dividend Reinvestment Program	2,560	—
Proceeds from mortgage notes payable	81,029	—
Principal payments – mortgage notes payable	(1,938)	(9,548)
Proceeds from debt offering	100,076	150,809
Financing costs	(1,640)	(4,887)
Net proceeds from equity offering	86,683	57,790
Note repayments	(60,366)	—
Loss on extinguishment	(8,449)	—
Net proceeds from the exercise of share options	2,137	176
Net cash provided by (used in) financing activities	(18,585)	190,438
Net (decrease) in cash and cash equivalents	(8,764)	(588)
Cash and cash equivalents, beginning of period	21,488	8,721
Cash and cash equivalents, end of period	<u>\$ 12,724</u>	<u>\$ 8,133</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	<u>\$ 35,248</u>	<u>\$ 26,765</u>

See accompanying notes to the financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

NOTE 1: NATURE OF BUSINESS

Washington Real Estate Investment Trust (“WRIT,” the “Company” or the “Trust”), 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 development of income-producing real estate properties in the greater Washington metro region. We own a diversified portfolio of office buildings, medical office buildings, industrial/flex centers, multifamily properties 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 at least 90% of our ordinary taxable income to our shareholders. When selling properties, we have the option of (i) reinvesting the sale price of properties sold, allowing for a deferral of income taxes on the sale, (ii) paying out capital gains to the shareholders with no tax to the company or (iii) 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. In June 2008, two industrial properties, Sullyfield Center and The Earhart Building, were sold for a gain of \$15.3 million. The proceeds from the sale are expected to be reinvested in a replacement property.

NOTE 2: ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited financial statements have been prepared 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 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 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, 2007.

Within these notes to the financial statements, we refer to the three and six months ended June 30, 2008 as the “2008 Quarter” and the “2008 Period”, respectively, and the three and six months ended June 30, 2007 as the “2007 Quarter” and the “2007 Period”, respectively.

New Accounting Pronouncements

In September 2006, the FASB issued FASB Statement No. 157, “Fair Value Measurements” (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. On February 12, 2007, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157* (“the FSP”). The FSP amends SFAS No. 157 to delay the effective date for all non-financial assets and non-financial liabilities, except for those that are recognized or disclosed at fair value in the financial statements on a recurring basis (i.e. at least annually). The FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of the proposed FSP. The effective date of the statement related to those items not covered by the deferral (all financial assets and liabilities or non-financial assets and liabilities recorded at fair value on a recurring basis) is for fiscal years beginning after November 15, 2007. We do not have significant assets or liabilities recorded at fair value on a recurring basis, and therefore the adoption of this statement on January 1, 2008 did not have a material impact on our financial statements. However, this statement requires us to provide expanded disclosures of our valuation techniques.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115.” SFAS No. 159 permits entities to choose to measure eligible items at fair value at specified election dates and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We have not elected the fair value option for any assets or liabilities, and therefore the adoption of the statement did not have a material impact on our financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations," a revision of SFAS No. 141. This statement changes the accounting for acquisitions by specifically eliminating the step acquisition model, changing the recognition of contingent consideration from being recognized when it is probable to being recognized at the time of acquisition, disallowing the capitalization of transaction costs, and delaying when restructuring related to acquisitions can be recognized. The standard is effective for fiscal years beginning after December 15, 2008, and will only impact the accounting for acquisitions we make after our adoption. Accordingly, upon our adoption of this standard on January 1, 2009, there will not be any impact on our historical financial statements.

Also in December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements," which clarifies the classification of noncontrolling interests in consolidated statements of financial position and the accounting for and reporting of transactions between the reporting entity and holders of such noncontrolling interests. Under the new standard noncontrolling interests are considered equity and should be reported as an element of consolidated equity. Net income will encompass the total income of all consolidated subsidiaries and there will be a separate disclosure on the face of the income statement of the attribution of that income between the controlling and noncontrolling interests. Increases and decreases in the noncontrolling ownership interest amount will be accounted for as equity transactions. The standard is effective for fiscal years beginning after December 15, 2008. The statement will require us to change the presentation only of minority interest on our financial statements.

In March 2008 the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133" (FAS 161). This statement requires entities to provide greater transparency about how and why an entity uses derivative instruments, and how derivative instruments and related hedged items affect an entity's financial position, results of operations, and cash flows. To meet these objectives, FAS 161 requires (1) qualitative disclosures about objectives for using derivatives by primary underlying risk exposure and by purpose or strategy, (2) information about the volume of derivative activity, (3) tabular disclosures about balance sheet location and gross fair value amounts of derivative instruments, income statement and other comprehensive income location and amounts of gains and losses on derivative instruments by type of contract, and (4) disclosures about credit risk-related contingent features in derivative agreements. FAS 161 is effective for financial statements issued for fiscal years beginning after November 15, 2008. This statement will require us to provide expanded disclosures only of our interest rate hedge contract.

On May 9, 2008, the FASB issued FASB Staff Position APB 14-a ("the FSP"). This guidance clarifies the accounting for convertible debt instruments that may be settled in cash (including partial cash settlement) upon conversion. This guidance will significantly impact the accounting of the Company's convertible debt by requiring bifurcation of a component of the debt, classification of that component in stockholders' equity, and then accretion of the resulting discount on the debt to result in interest expense equal to the issuer's nonconvertible debt borrowing rate. The calculation of earnings-per-share will not be affected, other than the impact on net income from the debt discount amortization. The FSP will be effective for fiscal years beginning after December 15, 2008. We believe that the adoption of the proposed FSP will have a significant impact on our financial statements due to our convertible debt outstanding and are in the process of quantifying the impact.

Revenue Recognition

Residential properties (our multifamily segment) are leased under operating leases with terms of generally one year or less, and commercial properties (our office, medical office, retail and industrial segments) are leased under operating leases with average terms of three to seven years. We recognize rental income and rental abatements from our residential and commercial leases when earned on a straight-line basis in accordance with SFAS No. 13 "Accounting for Leases." Recognition of rental income commences when control of the facility has been given to the tenant. We record a provision for losses on accounts receivable equal to the estimated uncollectible amounts. This estimate is based on our historical experience and a review of the current status of the Company's receivables. Percentage rents, which represent additional rents based on gross tenant sales, are recognized when tenants' sales exceed specified thresholds.

In accordance with SFAS No. 66, "Accounting for Sales of Real Estate," sales are recognized at closing only when sufficient down payments have been obtained, possession and other attributes of ownership have been transferred to the buyer and we have no significant continuing involvement.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

We recognize cost reimbursement income from pass-through expenses on an accrual basis over the periods in which the expenses were incurred. Pass-through expenses are comprised of real estate taxes, operating expenses and common area maintenance costs which are reimbursed by tenants in accordance with specific allowable costs per tenant lease agreements.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable primarily represents amounts accrued and unpaid from tenants in accordance with the terms of the respective leases, subject to our revenue recognition policy. Receivables are reviewed monthly and reserves are established when, in the opinion of management, collection of the receivable is doubtful. When the collection of a receivable is deemed doubtful in the same quarter that the receivable was established, then the allowance for that receivable is recognized as an offset to real estate revenues. When a receivable that was initially established in a prior quarter is deemed doubtful, then the allowance is recognized as an operating expense. In addition to rents due currently, accounts receivable include amounts representing minimal rental income accrued on a straight-line basis to be paid by tenants over the remaining term of their respective leases. Reserves are established for tenants whose rent payment history or financial condition casts doubt upon the tenant's ability to perform under its lease obligation.

Minority Interest

We entered into an operating agreement with a member of the entity that previously owned Northern Virginia Industrial Park in conjunction with the acquisition of this property in May 1998. This resulted in a minority ownership interest in this property based upon defined company ownership units at the date of purchase. The operating agreement was amended and restated in 2002 resulting in a reduced minority ownership percentage interest. We account for this activity by recording minority interest expense by applying the minority owner's percentage ownership interest to the net income of the property and including such amount in our general and administrative expenses, thereby reducing net income.

In August 2007 we acquired a 0.8 acre parcel of land located at 4661 Kenmore Avenue, Alexandria, Virginia for future medical office development. The acquisition was funded by issuing operating units in a consolidated subsidiary of WRIT. This resulted in a minority ownership interest in this property based upon defined company ownership units at the date of purchase. We account for this activity by recording minority interest expense by applying the minority owner's percentage ownership interest to the net income of the property and including such amount in our general and administrative expenses, thereby reducing net income.

Minority interest expense was \$52,800 and \$110,200 for the 2008 Quarter and 2008 Period, respectively, and \$52,900 and \$105,200 for the 2007 Quarter and 2007 Period, respectively. Quarterly distributions are made to the minority owners equal to the quarterly dividend per share for each ownership unit.

Deferred Financing Costs

External costs associated with the issuance or assumption of mortgages, notes payable and fees associated with the lines of credit are capitalized and amortized using the effective interest rate method or the straight-line method which approximates the effective interest rate method over the term of the related debt. As of June 30, 2008 and December 31, 2007, deferred financing costs of \$21.4 million and \$23.9 million, respectively, net of accumulated amortization of \$5.0 million and \$7.9 million, were included in Prepaid Expenses and Other Assets on the balance sheets. The amortization is included in Interest Expense in the accompanying statements of income. The amortization of debt costs included in Interest Expense totaled \$0.6 million and \$1.3 million for the 2008 Quarter and 2008 Period, respectively, and \$0.6 million and \$1.1 million for the 2007 Quarter and the 2007 Period, respectively.

Deferred Leasing Costs

Costs associated with the successful negotiation of leases, both external commissions and internal direct costs, are capitalized and amortized on a straight-line basis over the terms of the respective leases. If an applicable lease terminates prior to the expiration of its initial lease term, the carrying amount of the costs are written-off to amortization expense. As of June 30, 2008 and December 31, 2007 deferred leasing costs of \$26.1 million and \$23.8 million, respectively, net of accumulated amortization of \$9.3 million and \$8.3 million, were included in Prepaid Expenses and Other Assets on the balance sheets. The amortization of deferred leasing costs included in Amortization Expense for properties classified as continuing operations totaled \$0.8 million and \$1.7 million for the 2008 Quarter and the 2008 Period, respectively, and \$0.7 million and \$1.5 million for the 2007 Quarter and the 2007 Period, respectively.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

Real Estate and Depreciation

Buildings are depreciated on a straight-line basis over estimated useful lives ranging from 28 to 50 years. All capital improvement expenditures associated with replacements, improvements, or major repairs to real property that extend its useful life are capitalized and depreciated using the straight-line method over their estimated useful lives ranging from 3 to 30 years. We also capitalize costs incurred in connection with our development projects, including capitalizing interest and other internal costs during periods in which development projects are in progress. In addition, we capitalize tenant leasehold improvements when certain criteria are met, including when we supervise construction and will own the improvements. All tenant improvements are amortized over the shorter of the useful life of the improvements or the term of the related tenant lease. Real estate depreciation expense from continuing operations was \$17.2 million and \$34.0 million for the 2008 Quarter and Period, respectively, and \$13.6 million and \$26.1 million for the 2007 Quarter and Period, respectively. Maintenance and repair costs that do not extend an asset's life are charged to expense as incurred.

We capitalize interest costs incurred on borrowing obligations while qualifying assets are being readied for their intended use in accordance with SFAS No. 34, "Capitalization of Interest Cost." Total interest expense capitalized to real estate assets related to development and major renovation activities was \$0.7 million and \$1.4 million for the 2008 Quarter and Period, respectively, and \$1.6 million and \$2.9 million for the 2007 Quarter and Period, respectively. Interest capitalized is amortized over the useful life of the related underlying assets upon those assets being placed into service.

We recognize impairment losses on long-lived assets used in operations and held for sale, development assets or land held for future development, if indicators of impairment are present and the net undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount and estimated undiscounted cash flows associated with future development expenditures. If such carrying amount is in excess of the estimated cash flows from the operation and disposal of the property, we would recognize an impairment loss equivalent to an amount required to adjust the carrying amount to the estimated fair value. There were no property impairments recognized during 2008 and 2007 Quarters and 2008 and 2007 Periods.

We allocate the purchase price of acquired properties to the related physical assets and in-place leases based on their fair values, in accordance with SFAS No. 141, "Business Combinations." The fair values of acquired buildings are determined on an "as-if-vacant" basis considering a variety of factors, including the physical condition and quality of the buildings, estimated rental and absorption rates, estimated future cash flows and valuation assumptions consistent with current market conditions. The "as-if-vacant" fair value is allocated to land, building and tenant improvements based on property tax assessments and other relevant information obtained in connection with the acquisition of the property. No goodwill was recorded on our acquisitions for the 2008 and 2007 Quarters and 2008 and 2007 Periods.

The fair value of in-place leases consists of the following components – (1) the estimated cost to us to replace the leases, including foregone rents during the period of finding a new tenant and foregone recovery of tenant pass-throughs (referred to as "Absorption Cost"); (2) the estimated cost of tenant improvements, and other direct costs associated with obtaining a new tenant (referred to as "Tenant Origination Cost"); (3) estimated leasing commissions associated with obtaining a new tenant (referred to as "Leasing Commissions"); (4) the above/below market cash flow of the leases, determined by comparing the projected cash flows of the leases in place to projected cash flows of comparable market-rate leases (referred to as "Net Lease Intangible"); and (5) the value, if any, of customer relationships, determined based on our evaluation of the specific characteristics of each tenant's lease and our overall relationship with the tenant (referred to as "Customer Relationship Value").

The amounts used to calculate Net Lease Intangible are discounted using an interest rate which reflects the risks associated with the leases acquired. Tenant Origination Costs are included in Real Estate Assets on our balance sheet and are amortized as depreciation expense on a straight-line basis over the remaining life of the underlying leases. Leasing Commissions and Absorption Costs are classified as Other Assets and are amortized as amortization expense on a straight-line basis over the remaining life of the underlying leases. Net Lease Intangible Assets are classified as Other Assets and are amortized on a straight-line basis as a decrease to Real Estate Rental Revenue over the remaining term of the underlying leases. Net Lease Intangible Liabilities are classified as Other Liabilities and are amortized on a straight-line basis as an increase to Real Estate Rental Revenue over the remaining term of the underlying leases. Should a tenant terminate its lease, the unamortized portion of the Tenant Origination Cost, Leasing Commissions, Absorption Costs and Net Lease Intangible associated with that lease are written off to depreciation expense, amortization expense, and rental revenue, respectively.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

Balances, net of accumulated depreciation or amortization, as appropriate, of the components of the fair value of in-place leases at June 30, 2008 and December 31, 2007 are as follows (in millions):

	June 30, 2008			December 31, 2007		
	Gross Carrying Value	Accumulated Amortization	Net	Gross Carrying Value	Accumulated Amortization	Net
Tenant Origination Costs	\$ 31.3	\$ 13.5	\$17.8	\$ 31.3	\$ 10.9	\$20.4
Leasing Commissions/Absorption Costs	\$ 34.1	\$ 12.0	\$22.1	\$ 33.8	\$ 8.8	\$25.0
Net Lease Intangible Assets	\$ 8.8	\$ 5.0	\$ 3.8	\$ 8.9	\$ 4.3	\$ 4.6
Net Lease Intangible Liabilities	\$ 22.8	\$ 8.2	\$14.6	\$ 23.5	\$ 6.3	\$17.2

Amortization of these components combined was \$2.5 million and \$4.7 million for the 2008 Quarter and Period, respectively, and \$2.0 million and \$4.2 million for the 2007 Quarter and Period, respectively. In addition, we have a below-market ground lease intangible asset from a 2007 acquisition with a gross carrying value of \$12.1 million as of June 30, 2008. No value had been assigned to Customer Relationship Value at June 30, 2008 or December 31, 2007.

Discontinued Operations

We classify properties as held for sale when they meet the necessary criteria specified by SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" and EITF 03-13, "Applying the Conditions in Paragraph 42 of FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, in Determining Whether to Report Discontinued Operations." These include: senior management commits to and actively embarks upon a plan to sell the assets, the sale is expected to be completed within one year under terms usual and customary for such sales and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Depreciation on these properties is discontinued, but operating revenues, operating expenses and interest expense continue to be recognized until the date of sale.

Under SFAS No. 144, revenues and expenses of properties that are either sold or classified as held for sale are presented as discontinued operations for all periods presented in the Statements of Income. Interest on debt that can be identified as specifically attributed to these properties is included in discontinued operations. We do not have significant continuing involvement in the operations of any of our disposed properties.

Cash and Cash Equivalents

Cash and cash equivalents include investments readily convertible to known amounts of cash with original maturities of 90 days or less.

Restricted Cash

Restricted cash at June 30, 2008 and December 31, 2007 consisted of \$48.9 million and \$6.0 million, respectively, in funds escrowed for tenant security deposits for certain tenants, real estate tax, insurance and mortgage escrows and escrow deposits required by lenders on certain of our properties to be used for future building renovations or tenant improvements. The balance at June 30, 2008 includes proceeds from the sale of real estate of \$40.2 million escrowed in a tax free property exchange account (see Note 3).

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

Assets and Liabilities Measured at Fair Value

For assets and liabilities measured at fair value on a recurring basis, SFAS No. 157, *Fair Value Measurements*, requires quantitative disclosures about the fair value measurements separately for each major category of assets and liabilities. The only assets or liabilities the Company has at June 30, 2008 that are recorded at fair value on a recurring basis are the assets held in the Supplemental Executive Retirement Program (“SERP”) and an interest rate hedge contract. The Company’s valuations related to these items are based on assumptions derived from significant other observable inputs and accordingly fall into Level 2 in the fair value hierarchy. The fair value of these assets and liabilities at June 30, 2008 is as follows (in millions):

	June 30, 2008			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
SERP	\$ 0.8	\$ —	\$ 0.8	\$ —
Derivatives	\$ 0.4	\$ —	\$ 0.4	\$ —

Derivative Instruments

In February 2008, we entered into an interest rate swap with a notional amount of \$100 million that qualifies as a cash flow hedge under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (see Note 6 for further details). We enter into interest rate swaps to manage our exposure to variable rate interest risk. We do not purchase derivatives for speculation. Our cash flow hedges are recorded at fair value. The effective portion of changes in fair value of cash flow hedges is recorded in other comprehensive income. The ineffective portion of changes in fair value of cash flow hedges is recorded in earnings in the period affected. We assess effectiveness of our cash flow hedges both at inception and on an ongoing basis. The hedge was deemed effective in the 2008 Quarter and Period. We did not have any cash flow hedges during 2007.

Stock Based Compensation

We maintained a Share Grant Plan and Incentive Stock Option Plans as described in Note 7, and pursuant to those plans we made restricted share grants and granted share options to officers, eligible employees and trustees. Officer share grants vesting over five years vest in annual installments commencing one year after the date of grant, and share grants vesting over three years vest twenty-five percent from date of grant in years one and two and fifty percent in year three. Officer performance share units, granted under an amendment to the Share Grant Plan, cliff vest at the end of a three year performance period. Officer and non-officer employee restricted share units, granted under an amendment to the Share Grant Plan, vest over five years. Trustee share grants are fully vested immediately upon date of share grant and are restricted from transferability for the period of the trustee’s service.

In March 2007, the WRIT Board of Trustees adopted, and in July 2007 WRIT shareholders approved, the Washington Real Estate Investment Trust 2007 Omnibus Long-Term Incentive Plan (“2007 Plan”). This plan replaced the Share Grant Plan, which expired on December 15, 2007, as well as the 2001 Stock Option Plan and Stock Option Plan for Trustees. As described above, the shares and options granted pursuant to the above plans are not affected by the adoption of the 2007 Plan. However, if an award under the Share Grant Plan is forfeited or an award of options granted under the Option Plans expires without being exercised, the shares covered by those awards will not be available for issuance under the 2007 Plan.

The 2007 Plan provides for the award to WRIT’s trustees, officers and non-officer employees of restricted shares, restricted share units, options and other awards to acquire up to an aggregate of 2,000,000 shares over the ten year period in which the plan will be in effect. If an award under the 2007 Plan of restricted shares or restricted share units is forfeited or an award of options or any other rights granted under the 2007 Plan expires without being exercised, the shares covered by any such award would again become available for issuance under new awards.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

Compensation expense is recognized for share grants over the vesting period equal to the fair market value of the shares on the date of issuance. Compensation expense for the trustee grants, which fully vest immediately, is fully recognized upon issuance based upon the fair market value of the shares on the date of grant. The unvested portion of officer and non-officer employee share grants is recognized in compensation cost over the vesting period.

Unvested shares are forfeited upon an employee's termination except for employees eligible for retirement whose unvested shares fully vest upon retirement. For shares granted to employees who are eligible for retirement or will become eligible for retirement during the vesting period, compensation cost is recognized over the explicit service period with acceleration of expense upon the date of actual retirement for these employees. The Company will continue this practice for awards granted prior to January 1, 2006, when SFAS No. 123R was adopted, and for shares granted after the adoption of SFAS No. 123R the Company will recognize compensation expense through the date that the employee is no longer required to provide service to earn the award (e.g. the date the employee is eligible to retire).

Stock options were historically issued annually to officers, non-officer key employees and trustees under the Incentive Stock Option Plans. They were last issued to officers in 2002, to non-officer key employees in 2003 and to trustees in 2004. The options vested over a 2-year period in annual installments commencing one year after the date of grant, except for trustee options which vested immediately upon the date of grant. Stock options issued prior to the adoption of SFAS No. 123R are accounted for in accordance with APB No. 25, whereby if options are priced at fair market value or above at the date of grant and if other requirements are met then the plans are considered fixed and no compensation expense is recognized. Accordingly, we have recognized no compensation cost for stock options.

Earnings per Common Share

We calculate basic and diluted earnings per share in accordance with SFAS No. 128, "Earnings per Share." "Basic earnings per share" excludes dilution and is computed by dividing net income by the weighted-average number of common shares outstanding for the period. "Diluted earnings per share" reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares, and then shared in our earnings. Sources of potentially dilutive common shares are our share based payment plans, operating partnership units and senior convertible notes. The senior convertible notes were not dilutive for the three and six months ended June 30, 2008 or June 30, 2007.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

The following table sets forth the computation of basic and diluted earnings per share (dollars in thousands; except per share data):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Numerator for basic and diluted per share calculations:				
Income from continuing operations	\$ 5,294	\$ 6,836	\$ 2,959	\$ 16,510
Discontinued operations including gain on sale of real estate	15,914	1,501	16,761	2,539
Net income	\$21,208	\$ 8,337	\$19,720	\$19,049
Denominator for basic and diluted per share calculations:				
Denominator for basic per share amounts – weighted average shares	47,933	45,490	47,278	45,212
Effect of dilutive securities:				
Employee stock options/restricted share awards and units	133	168	135	195
Operating partnership units	82	—	82	—
Denominator for diluted per share amounts	48,148	45,658	47,495	45,407
Income from continuing operations per share				
Basic	\$ 0.11	\$ 0.15	\$ 0.06	\$ 0.37
Diluted	\$ 0.11	\$ 0.15	\$ 0.06	\$ 0.36
Discontinued operations including gain on disposal				
Basic	\$ 0.33	\$ 0.03	\$ 0.36	\$ 0.05
Diluted	\$ 0.33	\$ 0.03	\$ 0.36	\$ 0.06
Net income per share				
Basic	\$ 0.44	\$ 0.18	\$ 0.42	\$ 0.42
Diluted	\$ 0.44	\$ 0.18	\$ 0.42	\$ 0.42

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with U. S. generally accepted accounting principles 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.

Other Comprehensive Income (Loss)

We recorded other comprehensive income of \$0.4 million for the period ended June 30, 2008 to account for the change in valuation of an interest rate swap agreement that qualifies as a cash flow hedge under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. We recorded no other comprehensive income or loss for 2007.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

NOTE 3: REAL ESTATE INVESTMENTS

Our real estate investment portfolio, at cost, consists of properties located in Maryland, Washington, D.C. and Virginia as follows (in thousands):

	June 30, 2008	December 31, 2007
Office buildings	\$ 817,110	\$ 817,508
Medical office buildings	363,885	354,485
Retail centers	265,734	257,966
Multifamily properties	267,051	229,241
Industrial/Flex properties	317,284	304,920
	<u>\$ 2,031,064</u>	<u>\$ 1,964,120</u>

The amounts above reflect properties classified as continuing operations, which means they are to be held and used in rental operations (income producing property).

We have several properties in development in our office and multifamily sectors. In the multifamily sector, Bennett Park was substantially completed in the fourth quarter of 2007, and The Clayborne Apartments were substantially completed in the first quarter of 2008. The cost of our real estate portfolio in development is illustrated below (in thousands):

	June 30, 2008	December 31, 2007
Office buildings	\$53,758	\$ 56,311
Medical office buildings	4,289	4,016
Retail centers	159	74
Multifamily	301	37,920
Industrial/Flex properties	253	—
	<u>\$58,760</u>	<u>\$ 98,321</u>

We dispose of assets (sometimes using tax-deferred exchanges) that are inconsistent with our long-term strategic or return objectives and when market conditions for sale are favorable. The proceeds from the sales may be redeployed into other properties, used to fund development operations or to support other corporate needs, or distributed to our shareholders. Two office properties, Maryland Trade Centers I and II, were sold as of September 30, 2007 and initially classified as held for sale as of March 31, 2007. Two industrial properties, Sullyfield Center and The Earhart Building, were sold on June 6, 2008 and initially classified as held for sale in November 2007. They were sold for a contract sales price of \$41.1 million that resulted in a gain on sale of \$15.3 million.

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

	Three Months Ended		Six Months Ended	
	June 30, 2008	2007	June 30, 2008	2007
Revenues	\$ 832	\$ 2,777	\$1,930	\$ 5,519
Property expenses	(193)	(1,028)	(444)	(2,083)
Depreciation and amortization	—	(248)	—	(897)
	<u>\$ 639</u>	<u>\$ 1,501</u>	<u>\$1,486</u>	<u>\$ 2,539</u>

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

Operating results by property are summarized below (in thousands):

Property	Segment	Three Months Ended June 30,		Six Months Ended June 30,	
		2008	2007	2008	2007
Maryland Trade Center I	Office	\$ —	\$ 533	\$ —	\$ 840
Maryland Trade Center II	Office	—	483	—	765
Sullyfield Center	Industrial	469	301	1,065	584
The Earhart Building	Industrial	170	184	421	350
		<u>\$ 639</u>	<u>\$ 1,501</u>	<u>\$ 1,486</u>	<u>\$ 2,539</u>

Our results of operations are dependent on the overall economic health of our markets, tenants and the specific segments in which we own properties. These segments include commercial office, medical office, retail, multifamily and industrial. All sectors are affected by external economic factors, such as inflation, consumer confidence, unemployment rates, etc., as well as by changing tenant and consumer requirements. Because the properties are located in the Washington metro region, the Company is subject to a concentration of credit risk related to these properties.

WRIT acquired the following properties during the first six months of 2008:

Acquisition Date	Property Name	Property Type	Rentable Square Feet	Purchase Price (in thousands)
February 22, 2008	6100 Columbia Park Road	Industrial/Flex	150,000	\$ 11,200
May 21, 2008	Sterling Medical Office Building	Medical office	36,000	6,500
Total 2008 Period			<u>186,000</u>	<u>\$ 17,700</u>

As discussed in Note 2, we allocate the purchase price to the related physical assets (land, building and tenant improvements) and in-place leases (absorption, tenant origination costs, leasing commissions, and net lease intangible assets/liabilities) based on their fair values, in accordance with SFAS No. 141, "Business Combinations." Our acquisition of the properties listed above resulted in the recognition of \$1.1 million in absorption costs and \$0.2 million in leasing commissions, \$0.6 million in tenant origination costs and \$0.2 million in net intangible lease liabilities. The weighted average remaining life for these components are 57 months for tenant origination costs, 66 months for leasing commissions/absorption costs, and 49 months for net intangible lease liabilities. The results of operations from these acquired properties are included in the income statement as of their respective acquisition dates.

The purchases were funded with cash from operations and borrowings on our line of credit.

The following unaudited pro-forma combined condensed statements of operations present the consolidated results of operations for the 2008 Quarter and Period and the 2007 Quarter and Period, as if the above described acquisitions had occurred at the beginning of the period of acquisition and the same period in the year prior to the acquisition. The unaudited pro-forma information does not purport to be indicative of the results that actually would have occurred if the acquisitions had been in effect for the Quarters and Periods presented. The unaudited data presented is in millions, except per share data.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Real estate revenues	\$ 69.9	\$ 63.7	\$140.5	\$ 124.1
Income from continuing operations	\$ 5.3	\$ 6.9	\$ 3.0	\$ 16.7
Net income	\$ 21.2	\$ 8.4	\$ 19.8	\$ 19.3
Diluted earnings per share	\$ 0.44	\$ 0.18	\$ 0.42	\$ 0.42

WASHINGTON REAL ESTATE INVESTMENT TRUST
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2008
 (UNAUDITED)

NOTE 4: MORTGAGE NOTES PAYABLE

	(in thousands)	
	June 30, 2008	December 31, 2007
On September 27, 1999, we executed a \$50.0 million mortgage note payable secured by Munson Hill Towers, Country Club Towers, Roosevelt Towers, Park Adams Apartments and the Ashby of McLean. The mortgage bears interest at 7.14% per annum and interest only is payable monthly until October 1, 2009, at which time all unpaid principal and interest are payable in full.	\$50,000	\$ 50,000
On October 9, 2003, we assumed a \$36.1 million mortgage note payable and a \$13.7 million mortgage note payable as partial consideration for our acquisition of the Prosperity Medical Centers. The mortgages bear interest at 5.36% per annum and 5.34% per annum, respectively. Principal and interest are payable monthly until May 1, 2013, at which time all unpaid principal and interest are payable in full.	46,299	46,644
On August 12, 2004, we assumed a \$10.1 million mortgage note payable, with an estimated fair value* of \$11.2 million, as partial consideration for our acquisition of Shady Grove Medical Village II. The mortgage bears interest at 6.98% per annum. Principal and interest are payable monthly until December 1, 2011, at which time all unpaid principal and interest are payable in full.	10,140	10,286
On December 22, 2004, we assumed a \$15.6 million mortgage note payable, with an estimated fair value* of \$17.8 million, and a \$3.9 million mortgage note payable with an estimated fair value of \$4.2 million as partial consideration for our acquisition of Dulles Business Park. The mortgages bear interest at 7.09% per annum and 5.94% per annum, respectively. Principal and interest are payable monthly until August 10, 2012, at which time all unpaid principal and interest are payable in full.	19,924	20,235
On March 23, 2005 we assumed a \$24.3 million mortgage note payable, with an estimated fair value* of \$25.0 million, as partial consideration for the acquisition of Frederick Crossing. The mortgage bears interest at 5.95% per annum. Principal and interest are payable monthly until January 1, 2013 at which time all unpaid principal and interest are payable in full.	23,547	23,783
On April 13, 2006, we assumed a \$5.7 million mortgage note payable as partial consideration for the acquisition of 9707 Medical Center Drive. The mortgage bears interest at 5.32% per annum. Principal and interest are payable monthly until July 1, 2028 at which time all unpaid principal and interest are payable in full.	5,354	5,428
On June 22, 2006, we assumed a \$4.9 million mortgage note payable as partial consideration for the acquisition of Plumtree Medical Center. The mortgage bears interest at 5.68% per annum. Principal and interest are payable monthly until March 11, 2013 at which time all unpaid principal and interest are payable in full.	4,723	4,762
On July 12, 2006, we assumed an \$8.8 million mortgage note payable as partial consideration for the acquisition of 15005 Shady Grove Road. The mortgage bears interest at 5.73% per annum. Principal and interest are payable monthly until March 11, 2013 at which time all unpaid principal and interest are payable in full.	8,541	8,613
On August 25, 2006, we assumed a \$34.2 million mortgage note payable as partial consideration for the acquisition of 20-50 West Gude Drive. The mortgage bears interest at 5.86% per annum. Principal and interest are payable monthly until March 11, 2013 at which time all unpaid principal and interest are payable in full.	33,121	33,417
On August 25, 2006, we assumed a \$23.1 million mortgage note payable as partial consideration for the acquisition of 902-904 Wind River Lane and 200 Orchard Ridge Road. The mortgage bears interest at 5.82%** per annum. Principal and interest are payable monthly until August 11, 2033** at which time all unpaid principal and interest are payable in full. The note may be repaid without penalty on August 11, 2010.	22,462	22,641

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

On June 1, 2007, we assumed a \$21.2 million mortgage note payable as partial consideration for the acquisition of Woodholme Medical Office Building. The mortgage bears interest at 5.29% per annum. Principal is payable beginning November 1, 2007, and principal and interest are payable monthly until November 1, 2015 at which time all unpaid principal and interest are payable in full.	21,038	21,176
On June 1, 2007, we assumed a \$3.1 million mortgage note payable and a \$3.0 million mortgage note payable as partial consideration for our acquisition of the Ashburn Farm Office Park. The mortgages bear interest at 5.56% per annum and 5.69% per annum, respectively. Principal and interest are payable monthly until May 31, 2025 and July 31, 2023, respectively, at which time all unpaid principal and interest are payable in full.	5,397	5,499
On May 29, 2008, we executed an \$81.0 million mortgage note payable secured by 3801 Connecticut, Walker House and Bethesda Hill. The mortgage bears interest at 5.71% per annum and interest only is payable monthly until May 31, 2016, at which time all unpaid principal and interest are payable in full.	81,029	—
	<u>\$ 331,575</u>	<u>\$ 252,484</u>

- * The fair value of the mortgage notes payable was estimated upon acquisition based upon dealer quotes for instruments with similar terms and maturities. There is no notation when the fair value approximates the carrying value.
- ** If the loan is not repaid on August 11, 2010, from and after August 11, 2010, the interest rate adjusts to one of the following rates: (i) the greater of (A) 10.82% or (B) the Treasury Rate (determined as of August 11, 2010, and defined as the yield calculated using linear interpolation approximating the period from August 11, 2010 to August 11, 2033 on the basis of Federal Reserve Stat. Release H.15-Selected Interest Rates under the heading U.S. Governmental Security/Treasury Constant Maturities) plus 5%; or (ii) if the Note is an asset of an entity formed for purposes of securitization and pursuant thereto securities rated by a rating agency have been issued, then the rate will equal: the greater of (A) 7.82% or (B) the Treasury Rate plus 2%. Due to the high probability that the mortgage will be paid off on August 11, 2010, that date is reflected in the future maturities schedule.

Total carrying amount of the above mortgaged properties was \$507.6 million and \$449.3 million at June 30, 2008 and December 31, 2007, respectively. Scheduled principal payments for the remaining six months in 2008 and the remaining years subsequent to December 31, 2008 are as follows (in thousands):

<u>Total Principal Payments</u>	
2008	\$ 2,119
2009	54,285
2010	25,973
2011	13,339
2012	21,088
Thereafter	214,771
Total	<u>\$331,575</u>

NOTE 5: UNSECURED LINES OF CREDIT PAYABLE

As of June 30, 2008, we maintained a \$75.0 million unsecured line of credit maturing in June 2011 ("Credit Facility No. 1") and a \$262.0 million line of credit maturing in November 2010 ("Credit Facility No. 2").

Credit Facility No. 1

Credit Facility No. 1 replaced Credit Facility No. 3 (see below) on June 29, 2007. We had \$15.0 million outstanding as of June 30, 2008 related to Credit Facility No. 1, and \$14.5 million in Letters of Credit issued, with \$45.5 million unused and available capacity. The balance under this facility was \$70.0 million at December 31, 2007. During the second quarter of 2008, \$37.0 million was repaid using a portion of the proceeds of the \$90.5 million equity offering. WRIT has the option to further increase the capacity under the facility up to \$200 million to the extent the bank agrees to provide the additional commitment.

Borrowings under the facility bear interest at our option of LIBOR plus a spread based on the credit rating on our publicly issued debt or SunTrust Bank's prime rate. All outstanding advances are due and payable upon maturity in June 2011. Interest only payments are due and payable generally on a monthly basis. For 2008 Quarter and Period, we incurred interest expense (excluding facility fees) of \$589,200 and \$1,417,100, respectively, representing an average interest rate of 5.36% and 5.27% per annum, respectively.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

In addition, we pay a facility fee, based on the credit rating of our publicly-issued debt, currently equal to 0.15% per annum of the \$75.0 million committed capacity, without regard to usage. Rates and fees may be adjusted up or down based on changes in our senior unsecured credit ratings. For the 2008 Quarter and Period, we incurred facility fees of \$28,400 and \$46,300, respectively. During the 2007 Quarter and Period, there were no borrowings, and no facility fees or interest expense were incurred on Credit Facility No. 1.

Credit Facility No. 2

We had no borrowings outstanding as of June 30, 2008 related to Credit Facility No. 2, and \$0.9 million in Letters of Credit issued, with \$261.1 million unused and available for subsequent acquisitions or capital improvements. At December 31, 2007, \$122.5 million was outstanding under this facility. During the second quarter of 2008, \$122.5 million was repaid, using a portion of the proceeds of the \$90.5 million equity offering and the new mortgages of \$81.0 million (see Note 4).

On January 25, 2008, WRIT exercised the right to increase the capacity of the unsecured revolving credit facility with a syndicate of banks led by Wells Fargo Bank, National Association from \$200 million to \$262 million. The maturity date and all other terms remain materially unchanged. WRIT has the option to further increase the capacity under the facility up to \$400 million to the extent banks (from the syndicate or otherwise) agree to provide the additional commitment.

Advances under this agreement bear interest at our option of LIBOR plus a spread based on the credit rating on our publicly issued debt or the higher of Wells Fargo Bank's prime rate and the Federal Funds Rate in effect on that day plus 0.5%. All outstanding advances are due and payable upon maturity in November 2010. Interest only payments are due and payable generally on a monthly basis. For the 2008 Quarter and Period, we incurred interest expense (excluding facility fees) of approximately \$1,238,900 and \$2,836,400, respectively, representing an average interest rate of 5.58% and 5.33%, respectively, per annum. For the 2007 Quarter and Period, we incurred interest expense (excluding facility fees) of approximately \$1,341,600 and \$1,817,800, respectively, representing an average interest rate of 5.81% and 5.79%, respectively, per annum.

Currently, Credit Facility No. 2 requires us to pay the lender a facility fee on the total commitment of 0.15% per annum. These fees are payable quarterly. For the 2008 Quarter and Period, we incurred facility fees of \$99,300 and \$192,500, respectively. For the 2007 Quarter and Period, we incurred facility fees of \$76,000 and \$151,000, respectively.

Credit Facility No. 3

Credit Facility No. 3 was replaced by Credit Facility No. 1 on June 29, 2007. Advances under this agreement bore interest at LIBOR plus a spread based on the credit rating on our publicly issued debt. There were no borrowings outstanding and payable under the facility upon the termination of the agreement in June 2007. Interest only payments were due and payable on a monthly basis. For the 2007 Period, we incurred \$96,400 in interest expense (excluding facility fees) representing an average interest rate of 5.90%.

Credit Facility No. 3 required us to pay the lender a facility fee on the total commitment of 0.15% per annum, based on the credit rating on our publicly issued debt. These fees were payable quarterly. We incurred facility fees of \$26,500 and \$52,800 for the 2007 Quarter and Period, respectively.

Credit Facility No. 1 and No. 2 contain certain financial and non-financial covenants, all of which we have been met as of June 30, 2008.

NOTE 6: NOTES PAYABLE

On February 20, 1998, we issued \$50.0 million of 7.25% unsecured notes due February 25, 2028 at 98.653% to yield approximately 7.36%. We also sold \$60.0 million in unsecured Mandatory Par Put Remarketed Securities ("MOPPRS") at an effective borrowing rate through the remarketing date (February 2008) of approximately 6.74%. On February 25, 2008, we repaid the \$60 million outstanding principal balance under the MOPPRS notes. The total aggregate consideration paid to repurchase the notes was \$70.8 million, which included \$8.7 million for the remarketing option value paid to the remarketing dealer and accrued interest paid to the noteholders. Accordingly, WRIT recognized a loss on extinguishment of debt of \$8.4 million, net of unamortized loan premium costs, upon settlement of these securities. WRIT refinanced the repurchase of these notes, and refinanced a portion of the line outstanding, by issuing the \$100 million 2-year term loan described below.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

On March 17, 2003, we issued \$60.0 million of 5.125% unsecured notes due March 2013. The notes bear an effective interest rate of 5.23%. Our total proceeds, net of underwriting fees, were \$59.1 million. We used portions of the proceeds of these notes to repay advances on our lines of credit and to fund general corporate purposes.

On December 11, 2003, we issued \$100.0 million of 5.25% unsecured notes due January 2014. The notes bear an effective interest rate of 5.34%. Our total proceeds, net of underwriting fees, were \$99.3 million. We used portions of the proceeds of these notes to repay advances on our lines of credit.

On April 26, 2005, we issued \$50.0 million of 5.05% senior unsecured notes due May 1, 2012 and \$50.0 million of 5.35% senior unsecured notes due May 1, 2015, at effective yields of 5.064% and 5.359% respectively. The net proceeds from the sale of the notes of \$99.1 million were used to repay borrowings under our lines of credit totaling \$90.5 million and the remainder was used for general corporate purposes.

On October 6, 2005, we issued an additional \$100.0 million of notes of the series of 5.35% senior unsecured notes due May 1, 2015, at an effective yield of 5.49%. \$93.5 million of the \$98.1 million net proceeds from the sale of these notes was used to repay borrowings under our lines of credit and the remainder was used to fund general corporate purposes.

On June 6, 2006, we issued \$100.0 million of 5.95% unsecured notes due June 15, 2011 at 99.951% of par, resulting in an effective interest rate of 5.96%. Our total proceeds, net of underwriting fees, were \$99.4 million. We used the proceeds of these notes to repay advances on one of our lines of credit.

On July 26, 2006, we issued an additional \$50.0 million of the series of 5.95% unsecured notes due June 15, 2011 at 100.127% of par, resulting in an effective yield of 5.92%. Our total proceeds, net of underwriting fees, were \$50.2 million. We used the proceeds of these notes to repay borrowings under our lines of credit and to fund general corporate purposes.

On September 11, 2006, we issued \$100.0 million of 3.875% senior convertible notes due September 15, 2026. On September 22, 2006, we issued an additional \$10.0 million of the 3.875% senior convertible notes due September 15, 2026, upon the exercise by the underwriter of an over-allotment option granted by WRIT. The notes were issued at 99.5% of par, resulting in an effective interest rate of 4.000%. Our total proceeds, net of underwriting fees, were \$106.7 million. We used the proceeds of these notes to repay borrowings under our lines of credit and to fund general corporate purposes.

On January 22, 2007, we issued an additional \$135.0 million of the 3.875% senior convertible notes due September 15, 2026. On January 30, 2007, we issued an additional \$15.0 million of the 3.875% senior convertible notes due September 15, 2026, upon the exercise by the underwriter of an over-allotment option granted by WRIT. The notes were issued at 100.5% of par, resulting in an effective interest rate of 4.003%. Our total proceeds, net of underwriting fees, were \$146.0 million. We used the proceeds of these notes to fund the acquisition of 270 Technology Park and a portion of the acquisition of Monument II, to repay borrowings under our lines of credit, and to fund general corporate purposes.

The senior convertible notes are convertible into shares of our common stock, at the option of the holder, under specific circumstances or on or after July 15, 2026, at an initial exchange rate of 20.090 shares of common stock per \$1,000 principal amount of notes. This is equivalent to an initial conversion price of \$49.78 per share, which represents a 22% premium over the \$40.80 closing price of our shares at the time the September 2006 transaction was priced and a 21% premium over the \$41.17 closing price of our shares at the time the January 2007 transaction was priced. Holders may convert their notes into shares of our common stock prior to the maturity date based on the applicable conversion rate during any fiscal quarter if the closing price of our common stock for at least 20 trading days in the 30 consecutive trading day period ending on the last trading day of the immediate preceding fiscal quarter is more than 130% of the conversion price per share on the last day of such preceding fiscal quarter. The initial conversion rate is subject to adjustment in certain circumstances including an adjustment to the rate if the quarterly dividend rate to common shareholders is in excess of \$0.4125 per share. In addition, the conversion rate will be adjusted if we make distributions of cash or other consideration by us or any of our subsidiaries in respect of a tender offer or exchange offer for our common stock, to the extent such cash and the value of any such other consideration per share of common stock validly tendered or exchanged exceeds the closing price of our common stock as defined in the note offering. Upon an exchange of notes, we will settle any amounts up to the principal amount of the notes in cash and the remaining exchange value, if any, will be settled, at our option, in cash, common shares or a combination thereof. The senior convertible notes could have a dilutive impact on our earnings per share calculation in the future. However, these notes are not dilutive for the 2008 and 2007 Quarters or Periods, and are not included in our earnings per share calculations.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

On or after September 20, 2011, we may redeem the notes at a redemption price equal to the principal amount of the notes plus any accrued and unpaid interest, if any, up to, but excluding, the purchase date. In addition, on September 15, 2011, September 15, 2016 and September 15, 2021 or following the occurrence of certain change in control transactions prior to September 15, 2011, holders of these notes may require us to repurchase the notes for an amount equal to the principal amount of the notes plus any accrued and unpaid interest thereon.

On February 21, 2008 we entered into a \$100 million unsecured term loan (the "2010 Term Loan") with Wells Fargo Bank, National Association. The 2010 Term Loan has a maturity date of February 19, 2010 and bears interest at our option of LIBOR plus 1.50% or Wells Fargo's prime rate. To hedge our exposure to interest rate fluctuations on the \$100 million note, we entered into an interest rate swap, which fixed the LIBOR portion of the interest rate on the term loan at 2.95% through February 2010. The current interest rate, taking into account the swap, is 4.45% (2.95% plus 150 basis points) on a notional amount of \$100 million. The interest rate swap agreement will settle contemporaneously with the maturity of the loan. This swap qualifies as a cash flow hedge as discussed in Note 1.

The following is a summary of our unsecured note borrowings (in thousands):

	June 30, 2008	December 31, 2007
6.74% notes due 2008	\$ —	\$ 60,000
4.45% note due 2010	100,000	—
5.95% notes due 2011	150,000	150,000
5.05% notes due 2012	50,000	50,000
5.125% notes due 2013	60,000	60,000
5.25% notes due 2014	100,000	100,000
5.35% notes due 2015	150,000	150,000
3.875% notes due 2026	260,000	260,000
7.25% notes due 2028	50,000	50,000
Discount on notes issued	(1,897)	(1,999)
Premium on notes issued	731	1,122
Total	\$918,834	\$ 879,123

The required principal payments excluding the effects of note discounts or premium for the remaining six months in 2008 and the remaining years subsequent to December 31, 2008 are as follows (in thousands):

2008	\$ —
2009	—
2010	100,000
2011	150,000
2012	50,000
Thereafter	620,000
	\$920,000

Interest on these notes is payable semi-annually, with the exception of the 2010 Term Loan, on which interest is payable monthly. All of the notes include certain non-financial covenants, and the non-convertible notes also include certain financial covenants, with which we must comply. The financial covenants include limits on our total debt, limits on our secured debt, limits on our required debt service payments and maintenance of a minimum level of unencumbered assets. We were in compliance with all of our note covenants as of June 30, 2008.

The covenants under the line of credit agreements require us to insure our properties against loss or damage in the amount of the replacement cost of the improvements at the properties. The covenants for the notes require us to keep all of our insurable properties insured against loss or damage at least equal to their then full insurable value. We have an insurance policy which has no terrorism exclusion; however, our financial condition and results of operations are subject to the risks associated with acts of terrorism and the potential for uninsured losses as the result of any such acts. Effective November 26, 2002, under this existing coverage, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula the United States pays 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance provider, and insurers pay 10% until aggregate insured losses from all insurers reach \$100 billion in a calendar year. If the aggregate amount of insured losses under the Act exceeds \$100 billion

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

during the applicable period for all insured and insurers combined, then each insurance provider will not be liable for payment of any amount which exceeds the aggregate amount of \$100 billion. On December 26, 2007, the Terrorism Risk Insurance Program Reauthorization Act of 2007 was signed into law and extends the Program through December 31, 2014.

NOTE 7: BENEFIT PLANS

Share Options and Grants

Options

In March 2007, the WRIT Board of Trustees adopted, and in July 2007 WRIT shareholders approved, the Washington Real Estate Investment Trust 2007 Omnibus Long-Term Incentive Plan ("2007 Plan"). This plan replaced the Share Grant Plan, which expired on December 15, 2007, as well as the 2001 Stock Option Plan and Stock Option Plan for Trustees. As described above, the shares and options granted pursuant to the above plans are not affected by the adoption of the 2007 Plan. However, if an award under the Share Grant Plan is forfeited or an award of options granted under the Option Plans expires without being exercised, the shares covered by those awards will not be available for issuance under the 2007 Plan.

The 2007 Plan provides for the award to WRIT's trustees, officers and non-officer employees 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. If an award under the 2007 Plan of restricted shares or restricted share units is forfeited or an award of options or any other rights granted under the 2007 Plan expires without being exercised, the shares covered by any such award would again become available for issuance under new awards.

We adopted the Washington Real Estate Investment Trust 2001 Stock Option Plan to replace the 1991 Stock Option Plan that expired on June 25, 2001. The plans provided for the grant of qualified and non-qualified options. Options granted under the plans were granted with exercise prices equal to the market price on the date of grant vested 50% after year one and 50% after year two and expire ten years following the date of grant. We adopted the Washington Real Estate Investment Trust Stock Option Plan for Trustees in March 1998. Options granted to trustees were granted with exercise prices equal to the market price on the date of grant and were fully vested on the grant date. The last option awards to officers were in 2002, to non-officer key employees in 2003 and to trustees in 2004.

	2008	
	Shares	Wtd Avg Ex Price
Outstanding at January 1	438,000	24.40
Granted	—	—
Exercised	(99,000)	21.57
Expired/Forfeited	—	—
Outstanding at June 30	339,000	25.23
Exercisable at June 30	339,000	25.23

The 339,000 options outstanding at June 30, 2008, all of which are exercisable, have exercise prices between \$14.47 and \$33.09, with a weighted-average exercise price of \$25.23 and a weighted average remaining contractual life of 4.0 years. The aggregate intrinsic value of outstanding exercisable shares at June 30, 2008 was \$1.6 million. The aggregate intrinsic value of options exercised in the 2008 Period was \$1.1 million. There were no forfeitures of options in the 2008 Period.

Share Grants, Performance Share Units and Restricted Share Units

We maintained a Share Grant Plan for officers, trustees, and other members of management.

In 2004 and 2005, awards were granted to officers and other members of management in the form of restricted shares, with a value equal to various percentages of a participant's salary based upon WRIT's performance compared to an appropriate benchmark target, with minimum and maximum thresholds. The awards were valued based on market value at the date of grant. Shares vest ratably over a five year period from the date of grant.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

In December 2006, the WRIT Board of Trustees approved a program providing for the granting of restricted share units to officers and other members of management and performance share units to officers based upon various percentages of their salaries and their positions with WRIT. For officers, one-third of the award is in the form of restricted share units that vest twenty percent per year based upon continued employment and two-thirds of the award is in the form of performance share units. Performance targets are set annually based on appropriate benchmarks with minimum and maximum thresholds. The performance share unit awards are based on cumulative performance over three years, and will cliff vest at the end of the three year period. For other members of management, 100% of the award will be in the form of restricted shares that vest 20% per year from date of grant based on performance targets. WRIT's Chairman and former CEO was excluded from long-term awards under the program in view of his announced intention to retire in 2007. With respect to the performance share units, which are based on three-year cumulative performance targets set at the beginning of each year, the grant date does not occur until all such targets are set and thus the significant terms of the award are known. Because payouts are probable, the Company estimates the compensation expense at each reporting period, until the grant date occurs and as progress towards meeting target is known, and recognizes this expense ratably over the three-year period. The estimated expense related to the 2006 performance share units is approximately \$1.6 million, of which \$128,000 and \$154,000 were recognized during the 2008 Quarter and Period, respectively. The 2006 estimate is based on the stock price on the grant date that coincides with the date that the three-year target was approved. The estimated expense related to the 2007 performance share units at the end of the three-year period is approximately \$1.7 million, with minimal expense recognized during the 2008 Quarter and Period. The estimated expense related to the 2008 performance share units at the end of the three-year period is approximately \$1.7 million, of which \$105,000 and \$269,000 were recognized during the 2008 Quarter and Period, respectively. Participants who terminate prior to the end of the three-year performance period forfeit their entire portion of the award. There were 2,734 restricted share units awarded to other members of management in February 2008. Effective in 2007 under the Long Term Incentive Plan, elected deferrals of short term incentive awards by officers are converted into restricted share units which vest immediately on the grant date and WRIT will match 25% of the deferred short term incentive in restricted share units, which vest at the end of three years. Dividends on these restricted share units are paid in the form of restricted share units valued based on the market value of WRIT's stock on the date dividends are paid. WRIT granted 4,783 restricted share units to officers in 2007 pursuant to elective short term incentive deferrals. Performance and restricted share units awarded were valued at a weighted average price per share based upon the market value on the date of grant, as follows:

	Shares	Wtd Avg Grant Price
2006	21,877	39.54
2007	62,572	32.96
2008	2,864	31.70

In May 2007, the value of the restricted shares awarded to trustees was increased to \$55,000 from \$30,000. These shares vest immediately and are restricted from sale for the period of the trustee's service.

The following are tables of activity for the quarter ended June 30, 2008 related to our share grants and restricted share unit grants.

Share Grants

	2008	
	Shares	Wtd Avg Grant Price
Vested at January 1	271,650	28.97
Unvested at January 1	62,530	34.15
Granted	—	—
Vested during period	(18,653)	34.47
Expired/Forfeited	—	—
Unvested at June 30	43,877	34.02
Vested at June 30	290,303	29.32

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

There were no shares granted during the 2008 Period. The total fair value of shares vested during the Period ending June 30, 2008 is \$0.6 million. As of June 30, 2008, the total compensation cost related to non-vested share awards not yet recognized was \$0.9 million, which is expected to be recognized over a weighted-average period of 14 months on a straight-line basis.

Restricted Share Units

	2008	
	Shares	Wtd Avg Grant Price
Vested at January 1	8,154	35.73
Unvested at January 1	80,831	34.35
Granted	2,864	31.70
Vested during period	(8,138)	36.90
Expired/Forfeited	(694)	32.99
Unvested at June 30	74,863	33.99
Vested at June 30	16,292	36.31

The value of unvested restricted share units at June 30, 2008 was \$2.3 million, which is expected to be recognized as compensation cost over a period of 43 months on a straight-line basis.

Total compensation expense recognized for stock based awards in the 2008 Quarter and Period was \$0.5 million and \$1.0 million, respectively, and \$1.2 million and \$1.7 million for the 2007 Quarter and Period, respectively.

Other Benefit Plans

We have a Retirement Savings Plan (the "401K Plan"), which permits all eligible employees to defer a portion of their compensation in accordance with the Internal Revenue Code. Under the 401K Plan, the Company may make discretionary contributions on behalf of eligible employees. The Company made contributions to the 401K Plan of \$102,000 and \$221,000 for the 2008 Quarter and Period, respectively, and \$94,000 and \$198,000 for the 2007 Quarter and Period, respectively.

We have adopted a non-qualified deferred compensation plan for the officers and members of the Board of Trustees. The plan allows for a deferral of a percentage of annual cash compensation and trustee fees. The plan is unfunded and payments are to be made out of the general assets of the Trust. The deferred compensation liability was \$2.0 million and \$2.1 million at June 30, 2008 and December 31, 2007, respectively. Subsequent to the end of the 2008 Period, the prior CEO received a lump sum distribution of the present value of his deferred compensation. The plan's liability after the distribution is minimal. Effective in 2007 under the Long Term Incentive Plan, elected deferrals of short term incentive awards by officers are converted into restricted share units and WRIT will match 25% of the deferred short term incentive in restricted share units, which vests at the end of three years.

We established a Supplemental Executive Retirement Plan ("SERP") effective July 1, 2002 for the benefit of our prior CEO, who retired on May 31, 2007. Under this plan, upon the prior CEO's termination of employment from the Trust for any reason other than death, discharge for cause, or total and permanent disability he was entitled to receive an annual benefit equal to his accrued benefit times his vested interest. We accounted for this plan in accordance with SFAS No. 87, "Employers' Accounting for Pensions," whereby we accrued benefit cost in an amount that resulted in an accrued balance at the end of the prior CEO's employment which was not less than the present value of the estimated benefit payments to be made. At June 30, 2008 the accrued benefit liability was \$2.0 million. For the 2008 Quarter and Period, we recognized current service cost of \$33,000 and \$66,000, respectively. For the 2007 Quarter and Period, we recognized current service cost of \$190,000 and \$253,000, respectively. On December 31, 2006, WRIT adopted the recognition and disclosure provisions of SFAS No. 158. SFAS No. 158 required the Trust to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plan in the December 31, 2006 statement of financial position, with a corresponding adjustment to accumulated other comprehensive income, net of tax. Because the prior CEO's SERP is unfunded, the adoption of SFAS No. 158 did not have an effect on the Trust's consolidated financial condition at December 31, 2006, or for any prior period presented and it will not affect the Trust's operating results in future periods. The Trust currently has an investment in corporate owned life insurance intended to meet the SERP benefit liability since the prior CEO's retirement. Benefit payments to the prior CEO began in July 2008.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

In November 2005, the Board of Trustees approved the establishment of a SERP for the benefit of the officers, other than the prior CEO. This is a defined contribution plan under which, upon a participant's termination of employment from the Trust for any reason other than discharge for cause, the participant will be entitled to receive a benefit equal to the participant's accrued benefit times the participant's vested interest. We account for this plan in accordance with EITF 97-14, "Accounting for Deferred Compensation Arrangements Where Amounts Earned are Held in a Rabbi Trust and Invested" and SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," whereby the investments are reported at fair value, and unrealized holding gains and losses are included in earnings. For the 2008 Quarter and Period, we recognized current service cost of \$76,000 and \$161,000, respectively. For the 2007 Quarter and Period, we recognized current service cost of \$53,000 and \$106,000, respectively.

NOTE 8: SEGMENT INFORMATION

We have five reportable segments: office buildings, medical office buildings, retail centers, multifamily properties and industrial/flex centers. 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 housing for families throughout the Washington metropolitan area. Industrial/flex centers are used for flex-office, warehousing and distribution type facilities.

Real estate revenue as a percentage of total revenue for each of the five reportable operating segments is as follows:

	Quarter Ended June 30,		Period Ended June 30,	
	2008	2007	2008	2007
Office Buildings	41%	41%	42%	40%
Medical Office Buildings	15%	14%	15%	14%
Retail Centers	15%	16%	15%	17%
Multifamily Properties	14%	13%	13%	13%
Industrial/Flex Centers	15%	16%	15%	16%

The percentage of total real estate assets, at cost, for each of the five reportable operating segments (excluding properties held for sale and in-development) is as follows:

	June 30,	December 31,
	2008	2007
Office Buildings	40%	42%
Medical Office Buildings	18%	18%
Retail Centers	13%	13%
Multifamily Properties	13%	12%
Industrial/Flex Centers	16%	15%

The accounting policies of each of the segments are the same as those described in Note 2. We evaluate performance based upon operating income from the combined properties in each segment. Our reportable operating segments are consolidations of similar properties. SFAS No.131, "Disclosures about Segments of an Enterprise and Related Information," 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 revenues less direct segment operating expenses.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

The following table presents revenues and net operating income for the 2008 and 2007 Quarters and Periods from these segments, and reconciles net operating income of reportable segments to operating income as reported (in thousands):

	Three Months Ended June 30, 2008						Consolidated
	Office Buildings	Medical Office Buildings	Retail Centers	Multifamily	Industrial/Flex Centers	Corporate And Other	
Real estate rental revenue	\$ 28,717	\$ 10,868	\$ 10,341	\$ 9,565	\$ 10,277	\$ —	\$ 69,768
Real estate expenses	9,810	3,439	2,411	4,592	2,551	—	22,803
Real estate operating income	18,907	7,429	7,930	4,973	7,726	—	46,965
Depreciation and amortization							(21,198)
Interest expense							(17,582)
General and administration expense							(3,111)
Other income							220
Gain on sale of real estate							15,275
Income from discontinued operations							639
Net Income (loss)							\$ 21,208
Capital expenditures	\$ 5,840	\$ 2,113	\$ 1,291	\$ 1,621	\$ 1,830	\$ 181	\$ 12,876
Total assets	\$761,213	\$ 349,481	\$233,775	\$ 203,446	\$ 272,279	\$ 85,247	\$ 1,905,441

	Three Months Ended June 30, 2007						Consolidated
	Office Buildings	Medical Office Buildings	Retail Centers	Multifamily	Industrial/Flex Centers	Corporate And Other	
Real estate rental revenue	\$ 25,708	\$ 9,071	\$ 10,064	\$ 8,430	\$ 9,982	\$ —	\$ 63,255
Real estate expenses	8,538	2,776	2,291	3,537	2,400	—	19,542
Real estate operating income	17,170	6,295	7,773	4,893	7,582	—	43,713
Depreciation and amortization							(16,632)
Interest expense							(15,298)
General and administration expense							(5,367)
Other income							420
Income from discontinued operations							1,501
Net Income							\$ 8,337
Capital expenditures	\$ 7,437	\$ 1,439	\$ 826	\$ 1,928	\$ 1,195	\$ 1,902	\$ 14,727
Total assets	\$722,852	\$ 329,479	\$230,931	\$ 184,808	\$ 291,831	\$ 37,294	\$ 1,797,195

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2008
 (UNAUDITED)

	Six Months Ended June 30, 2008						Consolidated
	Office Buildings	Medical Office Buildings	Retail Centers	Multifamily	Industrial/Flex Centers	Corporate And Other	
Real estate rental revenue	\$ 58,419	\$ 21,602	\$ 20,987	\$ 18,379	\$ 20,659	\$ —	\$ 140,046
Real estate expenses	20,355	6,949	4,683	8,837	5,112	—	45,936
Real estate operating income	38,064	14,653	16,304	9,542	15,547	—	94,110
Depreciation and amortization							(41,723)
Interest expense							(35,246)
General and administration expense							(6,191)
Other income							458
Loss on extinguishment of debt							(8,449)
Gain on sale of real estate							15,275
Income from discontinued operations							1,486
Net Income (loss)							\$ 19,720
Capital expenditures	\$ 7,913	\$ 3,074	\$ 1,656	\$ 2,951	\$ 2,422	\$ 224	\$ 18,240

	Six Months Ended June 30, 2007						Consolidated
	Office Buildings	Medical Office Buildings	Retail Centers	Multifamily	Industrial/Flex Centers	Corporate And Other	
Real estate rental revenue	\$ 49,547	\$ 16,772	\$ 20,753	\$ 16,603	\$ 19,432	\$ —	\$ 123,107
Real estate expenses	16,534	5,087	4,545	7,155	4,927	—	38,248
Real estate operating income	33,013	11,685	16,208	9,448	14,505	—	84,859
Depreciation and amortization							(32,758)
Interest expense							(29,682)
General and administration expense							(8,250)
Other income							1,038
Other income from life insurance proceeds							1,303
Income from discontinued operations							2,539
Net Income							\$ 19,049
Capital expenditures	\$ 10,387	\$ 2,069	\$ 1,010	\$ 5,280	\$ 1,595	\$ 2,359	\$ 22,700

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

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

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Company 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, 2007 filed with the Securities and Exchange Commission on February 29, 2008.

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate these estimates, including those related to useful lives of real estate assets, cost reimbursement income, bad debts, impairment, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. There can be no assurance that actual results will not differ from those estimates.

The discussion that follows is based on our consolidated results of operations for the three and six months ended June 30, 2008, the "2008 Quarter" and "2008 Period", respectively, and the three and six months ended June 30, 2007, the "2007 Quarter" and "2007 Period", respectively.

Forward Looking Statements

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for the statements contained herein. The following important factors, in addition to those discussed elsewhere in our 2007 Annual Report on Form 10-K under the caption "Risk Factors", could affect our future results and could cause those results to differ materially from those expressed in the forward-looking statements: (a) the economic health of our tenants; (b) the economic health of the greater Washington metro region, or other markets we may enter, including the effects of changes in Federal government spending; (c) the supply of competing properties; (d) inflation; (e) consumer confidence; (f) unemployment rates; (g) consumer tastes and preferences; (h) stock price and interest rate fluctuations; (i) our future capital requirements; (j) compliance with applicable laws, including those concerning the environment and access by persons with disabilities; (k) governmental or regulatory actions and initiatives; (l) changes in general economic and business conditions; (m) changes in the capital markets; (n) terrorist attacks or actions; (o) acts of war; (p) weather conditions; (q) the effects of changes in capital available to the technology and biotechnology sectors of the economy, and (r) other factors discussed under the caption "Risk Factors." We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events, or otherwise.

Overview

Our revenues are derived primarily from the ownership and operation of income-producing real properties in the greater Washington metro region. As of June 30, 2008, we owned a diversified portfolio of 90 properties, consisting of 14 retail centers, 26 general purpose office properties, 17 medical office buildings, 22 industrial/flex properties and 11 multifamily properties, totaling 12.7 million net rentable square feet, and land held for development. We have a fundamental strategy of regional focus, diversification by property type and conservative capital management.

When evaluating our financial condition and operating performance, management focuses on the following financial and non-financial indicators, discussed in further detail herein:

- Net Operating Income ("NOI") by segment (Non-GAAP). NOI is calculated as real estate rental revenue less real estate operating expenses. It is a supplemental measure to Net Income.
- Economic occupancy (or "occupancy" – defined as actual rental revenues recognized for the period indicated as a percentage of gross potential rental revenues for that period), leased percentage (the percentage of available physical net rentable area leased for our commercial segments and percentage of apartment units leased for our multifamily segment) and rental rates.
- Leasing activity – new leases, renewals and expirations.
- Funds From Operations ("FFO"), a non –GAAP supplemental measure to Net Income.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

Our results in the second quarter of 2008 as compared to the second quarter of 2007 showed NOI growth in all sectors due to strong rental rate growth offset by a small decrease in overall occupancy. The commercial sectors are benefiting from the NOI contributions of the acquisitions in the last two years. The multifamily NOI was relatively flat due to lower occupancy caused by the fact that two properties were recently completed and are in lease-up. We substantially completed construction at Bennett Park in the fourth quarter of 2007, and began delivering units at The Clayborne in the first quarter of 2008. The two properties were 55% and 36% leased at the end of the 2008 quarter, respectively.

GENERAL

During the first six months of 2008 we completed the following significant transactions:

- The acquisition of one industrial/flex property for \$11.2 million, adding approximately 150,000 square feet which was 100% leased at the end of the 2008 Period.
- The acquisition of one medical office building for \$6.5 million, adding approximately 36,000 square feet which was 100% leased at the end of the 2008 Period. The sellers of this property agreed to lease 37% of the building's space for a period of 12 to 18 months.
- The sale of two industrial properties for a contract sales price of \$41.1 million, resulting in a gain on sale of \$15.3 million.
- An agreement to acquire one medical office property, currently under construction, for \$19.5 million. The purchase is expected to occur in the first quarter of 2009 and will add 85,300 square feet of medical office space.
- The completion of a public offering of 2,600,000 shares of beneficial interest priced at \$34.80 per share, raising \$86.7 million, net.
- The execution of three mortgage loans totaling approximately \$81 million at a fixed rate of 5.71%, secured by three multifamily properties.
- The repayment of the \$60 million outstanding principal balance under 6.74% 10-year Mandatory Par Put Remarketed Securities ("MOPPRS") notes. The total aggregate consideration paid to repurchase the notes was \$70.8 million, which amount included the \$8.7 million remarketing option value paid to the remarketing dealer and accrued interest paid to the holders. The loss on extinguishment of debt was \$8.4 million, net of unamortized loan premium costs, upon settlement of these securities. WRIT refinanced the repurchase of these notes, and refinanced a portion of line outstandings, by issuing a \$100 million 2-year term loan, which was swapped for a fixed rate of 4.45%.
- The exercise of the right to increase the capacity of the unsecured revolving credit facility with a syndicate of banks led by Wells Fargo Bank, National Association from \$200 million to \$262 million.
- The execution of new leases for 470,000 square feet of commercial space, with an average rental rate increase of 18.0%.

During the first six months of 2007 we completed the following significant transactions:

- The acquisition of two general purpose office properties for \$96.4 million adding approximately 278,000 square feet which were 98.7% leased at the end of the 2007 Period, three medical office properties for \$103.8 million adding approximately 310,400 square feet which were 96.9% leased at the end of the 2007 Period, and one industrial/flex property for \$26.5 million adding approximately 157,000 square feet which was 97.3% leased at the end of the 2007 Period.
- The issuance of \$150.0 million of 3.875% senior unsecured convertible notes due 2026 at an effective yield of 4.003% raising \$146.0 million, net.
- The completion of a public offering of 1,600,000 shares of beneficial interest priced at \$37.00 per share raising \$57.8 million, net.
- The opening of a new unsecured revolving credit facility with SunTrust Bank with a committed capacity of \$75.0 million and a maturity date of June 29, 2011.

¹ feet which was 100% leased at the end of the 2008 Period. The sellers of this property agreed to lease 37% of the building's space for a period of 12 to 18 months.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

- The completion of modification to our bond covenants from a restrictive total assets definition to a market based asset definition.
- The investment of \$34.4 million in our development projects.
- The execution of new leases for 899,600 square feet of commercial space.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements. Our significant accounting policies are described in Note 2 in the Notes to the Consolidated Financial Statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

Revenue Recognition

Residential properties (our multifamily segment) are leased under operating leases with terms of generally one year or less, and commercial properties (our office, medical office, retail and industrial segments) are leased under operating leases with average terms of three to seven years. We recognize rental income and rental abatements from our residential and commercial leases when earned on a straight-line basis in accordance with SFAS No. 13 "Accounting for Leases." Recognition of rental income commences when control of the facility has been given to the tenant. We record a provision for losses on accounts receivable equal to the estimated uncollectible amounts. This estimate is based on our historical experience and a review of the current status of the Company's receivables. Percentage rents, which represent additional rents based on gross tenant sales, are recognized when tenants' sales exceed specified thresholds.

In accordance with SFAS No. 66, "Accounting for Sales of Real Estate," sales are recognized at closing only when sufficient down payments have been obtained, possession and other attributes of ownership have been transferred to the buyer and we have no significant continuing involvement.

We recognize cost reimbursement income from pass-through expenses on an accrual basis over the periods in which the expenses were incurred. Pass-through expenses are comprised of real estate taxes, operating expenses and common area maintenance costs which are reimbursed by tenants in accordance with specific allowable costs per tenant lease agreements.

Provision for Doubtful Accounts

Accounts receivable primarily represents amounts accrued and unpaid from tenants in accordance with the terms of the respective leases, subject to our revenue recognition policy. Receivables are reviewed monthly and reserves are established when, in the opinion of management, collection of the receivable is doubtful. In addition to rents due currently, accounts receivable include amounts representing minimal rental income accrued on a straight-line basis to be paid by tenants over the remaining term of their respective leases. Reserves are established for tenants whose rent payment history or financial condition casts doubt upon the tenant's ability to perform under its lease obligation.

When the collection of a receivable is deemed doubtful in the same quarter that the receivable was established, then the allowance for that receivable is recognized as an offset to real estate revenues. When a receivable that was established in a prior quarter is deemed doubtful, then the allowance is recognized as an operating expense.

Capital Expenditures

We capitalize those expenditures related to acquiring new assets, significantly increasing the value of an existing asset, or substantially extending the useful life of an existing asset. We also capitalize costs incurred in connection with our development projects, including capitalizing interest during periods in which development projects are in progress. Expenditures necessary to maintain an existing property in ordinary operating condition are expensed as incurred. In addition, we capitalize tenant leasehold improvements when certain conditions are met, including when we supervise construction and will own the improvements.

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

Real Estate Assets

Real estate assets are depreciated on a straight-line basis over estimated useful lives ranging from 28 to 50 years. All capital improvement expenditures associated with replacements, improvements, or major repairs to real property are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 30 years. All tenant improvements are amortized over the shorter of the useful life or the term of the lease.

We allocate the purchase price of acquired properties to the related physical assets and in-place leases based on their fair values, based on SFAS No. 141, "Business Combinations." The fair values of acquired buildings are determined on an "as-if-vacant" basis considering a variety of factors, including the physical condition and quality of the buildings, estimated rental and absorption rates, estimated future cash flows and valuation assumptions consistent with current market conditions. The "as-if-vacant" fair value is allocated to land, building and tenant improvements based on property tax assessments and other relevant information obtained in connection with the acquisition of the property.

The fair value of in-place leases consists of the following components – (1) the estimated cost to us to replace the leases, including foregone rents during the period of finding a new tenant and foregone recovery of tenant pass-through expenses (referred to as "Absorption Cost"), (2) the estimated cost of tenant improvements, and other direct costs associated with obtaining a new tenant (referred to as "Tenant Origination Cost"); (3) the estimated leasing commissions associated with obtaining a new tenant (referred to as "Leasing Commissions"); (4) the above/at/below market cash flow of the leases, determined by comparing the projected cash flows of the leases in place to projected cash flows of comparable market-rate leases (referred to as "Net Lease Intangible"); and (5) the value, if any, of customer relationships, determined based on our evaluation of the specific characteristics of each tenant's lease and our overall relationship with the tenant (referred to as "Customer Relationship Value").

The amounts used to calculate Net Lease Intangibles are discounted using an interest rate which reflects the risks associated with the leases acquired. Tenant Origination Costs are included in Real Estate Assets on our balance sheet and are amortized as depreciation expense on a straight-line basis over the remaining life of the underlying leases. Leasing Commissions and Absorption Costs are classified as Other Assets and are amortized as amortization expense on a straight-line basis over the remaining life of the underlying leases. Net Lease Intangible Assets are classified as Other Assets and are amortized on a straight-line basis as a decrease to Real Estate Rental Revenue over the remaining term of the underlying leases. Net Lease Intangible Liabilities are classified as Other Liabilities and are amortized on a straight-line basis as an increase to Real Estate Rental Revenue over the remaining term of the underlying leases. Should a tenant terminate its lease, the unamortized portions of the Tenant Origination Cost, Leasing Commissions, Absorption Costs and Net Lease Intangible associated with that lease are written off to depreciation expense, amortization expense, and rental revenue, respectively. We have attributed no value to Customer Relationship Value as of June 30, 2008 or December 31, 2007.

Impairment Losses on Long-Lived Assets

We recognize impairment losses on long-lived assets used in operations when indicators of impairment are present and the net undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. If such carrying amount is in excess of the estimated cash flows from the operation and disposal of the property, we would recognize an impairment loss equivalent to an amount required to adjust the carrying amount to the estimated fair market value. There were no property impairments recognized during the first six months of 2008 and 2007.

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 at least 90% of our ordinary taxable income to our shareholders. When selling properties, we have the option of (i) reinvesting the sale price of properties sold, allowing for a deferral of income taxes on the sale, (ii) paying out capital gains to the shareholders with no tax to the company or (iii) 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. In June 2008, two industrial properties, Sullyfield Center and The Earhart Building, were sold for a gain of \$15.3 million. The proceeds from the sale are expected to be reinvested in a replacement property.

WASHINGTON REAL ESTATE INVESTMENT TRUST
 JUNE 30, 2008
 (UNAUDITED)

RESULTS OF OPERATIONS

The discussion that follows is based on our consolidated results of operations for the Quarters ended June 30, 2008 and 2007. The ability to compare one period to another may be significantly affected by acquisitions completed and dispositions made during those periods.

For purposes of evaluating comparative operating performance, we categorize our properties as “core”, “non-core” or discontinued operations. A “core” property is one that was owned for the entirety of the periods being evaluated. A “non-core” property is one that was acquired during either of the periods being evaluated and is included in continuing operations. Results for properties sold or held for sale during any of the periods evaluated are classified as discontinued operations. One property was acquired during the 2008 Quarter and three properties were acquired during the 2007 Quarter. Four properties were classified as held for sale or sold during the 2008 and 2007 Quarters.

To provide more insight into our operating results, our discussion is divided into two main sections: (1) Consolidated Results of Operations where we provide an overview analysis of results on a consolidated basis and (2) Net Operating Income (“NOI”) where we provide a detailed analysis of core versus non-core property-level NOI results by segment. NOI is calculated as real estate rental revenue less real estate operating expenses.

CONSOLIDATED RESULTS OF OPERATIONS

REAL ESTATE RENTAL REVENUE

Real Estate Rental Revenue for properties classified as continuing operations is summarized as follows (all data in thousands, except percentage amounts):

	Quarter Ended June 30,				Period Ended June 30,			
	2008	2007	Change		2008	2007	Change	
			\$	%			\$	%
Minimum base rent	\$61,551	\$55,856	\$5,695	10.2%	\$122,738	\$108,748	\$13,990	12.9%
Recoveries from tenants	7,855	6,362	1,493	23.5%	15,715	12,180	3,535	29.0%
Parking and other tenant charges	362	1,037	(675)	(65.1)%	1,593	2,179	(586)	(26.9)%
	<u>\$69,768</u>	<u>\$63,255</u>	<u>\$6,513</u>	<u>10.3%</u>	<u>\$140,046</u>	<u>\$123,107</u>	<u>\$16,939</u>	<u>13.8%</u>

Real estate rental revenue is comprised of (1) minimum base rent, which includes rental revenues recognized on a straight-line basis, (2) revenue from the recovery of operating expenses from our tenants and (3) other revenue such as parking, termination fees and percentage rent.

Minimum base rent increased \$5.7 million (10.2%) in the 2008 Quarter compared to the 2007 Quarter primarily due to acquisitions and development properties placed into service in 2007 and 2008. These acquisitions and development properties accounted for \$4.7 million of the increase in minimum base rent in the 2008 Quarter over the 2007 Quarter and \$0.7 million of the increase in recoveries from tenants. Minimum base rent from core properties in the 2008 Quarter increased \$1.0 million over the prior year driven by rental rate growth in all sectors. Minimum base rent increased \$14.0 million (12.9%) in the 2008 Period compared to the 2007 Period primarily due to the acquisitions in 2007 and 2008. These acquisitions accounted for \$12.0 million of the minimum rent increase and \$1.9 million of the increase in recoveries from tenants. Minimum base rent from core properties in the 2008 Period increased by \$2.0 million due to rental rate growth in all sectors.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

A summary of consolidated economic occupancy from continuing operations by sector follows:

Sector	Quarter Ended June 30,			Period Ended June 30,		
	2008	2007	Change	2008	2007	Change
Office Buildings	94.1%	95.1%	(1.0)%	94.8%	94.0%	0.8%
Medical Office Buildings	97.2%	96.3%	0.9%	97.5%	97.6%	(0.1)%
Retail Centers	95.1%	95.0%	0.1%	95.2%	94.8%	0.4%
Multifamily Properties	81.0%	90.8%	(9.8)%	80.3%	90.7%	(10.4)%
Industrial/Flex Centers	93.3%	94.9%	(1.6)%	93.9%	95.0%	(1.1)%
Total	92.4%	94.6%	(2.2)%	92.7%	94.2%	(1.5)%

Economic occupancy represents actual rental revenues recognized for the period indicated as a percentage of gross potential rental revenues for that period. Percentage rents and expense reimbursements are not considered in computing economic occupancy percentages.

Our overall consolidated economic occupancy decreased 220 basis points for the 2008 Quarter over the 2007 Quarter. The overall decrease was driven by the multifamily sector, which decreased by 980 basis points due to the multifamily development properties, Bennett Park and Clayborne, being placed into service during fourth quarter 2007 and first quarter 2008. The properties are in lease-up and were 55% and 36% leased, respectively, as of the end of the 2008 Quarter. Occupancy in the office sector decreased by 100 basis points due to vacated space at Lexington and 2000 M Street. Industrial sector occupancy decreased by 160 basis points due vacated space at Tech 100, Ammendale Technology Park and 270 Tech Park. Occupancy in the retail sector was flat, while the Medical Office sector improved by 90 basis points due to leasing activity at 2440 M Street.

Consolidated economic occupancy was 92.7% for the 2008 Period, a decrease of 150 basis points compared to the 2007 Period. Occupancy at the various sectors was impacted by the activity in the second quarter, discussed above.

REAL ESTATE OPERATING EXPENSES

Real estate operating expenses, for properties classified as continuing operations, are summarized as follows (all data in thousands, except percentage amounts):

	Quarter Ended June 30,				Period Months Ended June 30,			
	2008	2007	Change		2008	2007	Change	
			\$	%			\$	%
Property operating expenses	\$15,936	\$14,195	\$1,741	12.3%	\$32,475	\$27,824	\$4,651	16.7%
Real estate taxes	6,867	5,347	1,520	28.4%	13,461	10,424	3,037	29.1%
	<u>\$22,803</u>	<u>\$19,542</u>	<u>\$3,261</u>	<u>16.7%</u>	<u>\$45,936</u>	<u>\$38,248</u>	<u>\$7,688</u>	<u>20.1%</u>

Property operating expenses include utilities, repairs and maintenance, property administration and management, operating services, common area maintenance and other operating expenses.

Real estate operating expenses were 32.7% of revenue in the 2008 Quarter and 30.9% of the revenue in the 2007 Quarter. The properties acquired or placed into service in 2007 and 2008 accounted for a \$2.0 million increase in property operating expenses, offset by a \$0.3 million decrease for core properties. The properties acquired or placed into service in 2007 and 2008 also accounted for \$0.9 million of the \$1.5 million increase real estate taxes. The \$0.6 million increase in real estate taxes for core properties was due to higher property assessments across the portfolio.

Real estate operating expenses were 32.8% of revenue for the 2008 Period and 31.1% of revenue for the 2007 Period. The properties acquired or placed into service in 2007 and 2008 accounted for all of the \$4.7 million increase in property operating expenses and \$2.1 million (70.0%) of the \$3.0 million increase in real estate taxes over the 2007 Period. Real estate taxes increased due to higher assessments across the portfolio.

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

OTHER OPERATING EXPENSES

Other operating expenses are summarized as follows (all data in thousands, except percentage amounts):

	Quarter Ended June 30,				Period Ended June 30,			
	2008	2007	Change		2008	2007	Change	
			\$	%			\$	%
Depreciation & amortization	\$21,198	\$16,632	\$ 4,566	27.5%	\$41,723	\$32,758	\$ 8,965	27.4%
Interest expense	17,582	15,298	2,284	14.9%	35,246	29,682	5,564	18.7%
Loss on extinguishment of debt	—	—	—	—	8,449	—	8,449	—
General & administrative	3,111	5,367	(2,256)	(42.0)%	6,191	8,250	(2,059)	(25.0)%
	<u>\$41,891</u>	<u>\$37,297</u>	<u>\$ 4,594</u>	<u>12.3%</u>	<u>\$91,609</u>	<u>\$70,690</u>	<u>\$20,919</u>	<u>29.6%</u>

Depreciation and amortization expense increased \$4.6 million (27.5%) to \$21.2 million in the 2008 Quarter from \$16.6 million in the 2007 Quarter and \$8.9 million (27.4%) to \$41.7 million in the 2008 Period from \$32.8 million in the 2007 Period due primarily to acquisitions, development properties placed into service, capital expenditures and tenant improvements.

General and administrative expenses decreased by \$2.3 million and \$2.1 million in the 2008 Quarter and Period, respectively. This decrease is due primarily to a bondholder consent solicitation fee and the full amortization of equity compensation for the retired CEO in the 2007 Quarter.

The loss on extinguishment of debt is a non-recurring charge associated with the refinancing of \$60 million of 10-year Mandatory Par Put Remarketed Securities (“MOPPRS”) with a \$100 million 2-year term loan in February 2008. WRIT entered into a \$100 million unsecured term loan which was swapped for a fixed rate of 4.45% to refinance the extinguished debt.

Interest expense increased \$2.3 million and \$5.5 million in the 2008 Quarter and Period, respectively. The increase is primarily due to 2007 and 2008 acquisitions, which were partially funded by debt. Mortgage interest also increased \$0.7 million for the 2008 Quarter and \$0.9 million for the 2008 Period due to the mortgage assumptions for some acquisitions in 2007 and three new mortgages on multifamily properties in the 2008 Quarter. Capitalized interest decreased due to placing into service the multifamily development projects in fourth quarter 2007 and first quarter 2008.

A summary of interest expense for the Quarter and Period ended June 30, 2008 and 2007, respectively, appears below (in millions):

Debt Type	Quarter Ended June 30,			Period Ended June 30,		
	2008	2007	\$ Change	2008	2007	\$ Change
Notes payable	\$12.0	\$11.9	\$ 0.1	\$24.0	\$23.3	\$ 0.7
Mortgages	4.2	3.5	0.7	7.8	6.9	0.9
Lines of credit	2.1	1.5	0.6	4.8	2.4	2.4
Capitalized interest	(0.7)	(1.6)	0.9	(1.4)	(2.9)	1.5
Total	<u>\$17.6</u>	<u>\$15.3</u>	<u>\$ 2.3</u>	<u>\$35.2</u>	<u>\$29.7</u>	<u>\$ 5.5</u>

OTHER INCOME

In March 2007, upon the death of a retired executive officer, the Company, as beneficiary on a life insurance policy, recognized proceeds of \$1.3 million in excess of cash surrender value, which has been reported as other income in the financial statements for the 2007 Period.

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

DISCONTINUED OPERATIONS

We dispose of assets that are inconsistent with our long-term strategic or return objectives and where market conditions for sale are favorable. The proceeds from the sales are reinvested into other properties, used to fund development operations, support corporate needs, or distributed to our shareholders.

We sold two properties in 2007 and two properties in the 2008 Quarter. Maryland Trade Centers I and II were classified as held for sale as of March 31, 2007 and sold as of September 26, 2007. They were sold for a contract sales price of \$58.0 million, and we recognized a gain on disposal of \$25.0 million, in accordance with SFAS No. 66, "Accounting for Sales of Real Estate." \$15.3 million of the proceeds from the disposition was used to fund the purchase of CentreMed I & II on August 16, 2007 in a reverse tax free property exchange, and \$40.1 million of the proceeds from the disposition were escrowed in a tax free property exchange account and subsequently used to fund a portion of the purchase price of 2000 M Street on December 4, 2007.

Sullyfield Center and The Earhart Building were classified as held for sale in November 2007 and sold in June 2008. They were sold for a contract sales price of \$41.1 million, and we recognized a gain on sale of \$15.3 million, in accordance with SFAS No. 66, "Accounting for Sales of Real Estate." The proceeds from the sale were escrowed into a tax free property exchange account intended to be used for the acquisition of a new property.

Operating results of the properties classified as discontinued operations for the 2008 and 2007 Quarters and Periods are summarized as follows (in thousands):

	Quarter ended June 30,			Period ended June 30,		
	2008	2007	\$ Change	2008	2007	\$ Change
Revenues	\$ 832	\$ 2,777	\$(1,945)	\$ 1,930	\$ 5,519	\$(3,589)
Property expenses	(193)	(1,028)	835	(444)	(2,083)	1,639
Depreciation and amortization	—	(248)	248	—	(897)	897
	<u>\$ 639</u>	<u>\$ 1,501</u>	<u>\$ (862)</u>	<u>\$ 1,486</u>	<u>\$ 2,539</u>	<u>\$(1,053)</u>

NET OPERATING INCOME

Real estate NOI is one of the key performance measures we use to assess the results of our operations at the property level. We provide NOI as a supplement to net income calculated in accordance with U. S. generally accepted accounting principles ("GAAP"). NOI 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. NOI is calculated as net income, less non-real estate ("other") revenue, plus interest expense, depreciation and amortization and general and administrative expenses. A reconciliation of NOI to net income is provided below.

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

2008 Quarter Compared to the 2007 Quarter

The following tables of selected consolidated operating data provide the basis for our discussion of NOI in the 2008 Quarter compared to the 2007 Quarter. All amounts are in thousands except percentage amounts.

	Three Months Ended June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$ 63,472	\$ 62,551	\$ 921	1.5%
Non-core ⁽¹⁾	6,296	704	5,592	794.3%
Total Real Estate Rental Revenue	\$ 69,768	\$ 63,255	\$ 6,513	10.3%
Real Estate Expenses				
Core	\$ 19,546	\$ 19,203	\$ 343	1.8%
Non-core ⁽¹⁾	3,257	339	2,918	860.8%
Total Real Estate Expenses	\$ 22,803	\$ 19,542	\$ 3,261	16.7%
Net Operating Income				
Core	\$ 43,926	\$ 43,348	\$ 578	1.3%
Non-core ⁽¹⁾	3,039	365	2,674	732.6%
Total Net Operating Income	\$ 46,965	\$ 43,713	\$ 3,252	7.4%
Reconciliation to Net Income				
NOI	\$ 46,965	\$ 43,713		
Other income	220	420		
Interest expense	(17,582)	(15,298)		
Depreciation and amortization	(21,198)	(16,632)		
General and administrative expenses	(3,111)	(5,367)		
Other income – life insurance proceeds	—	—		
Gain on sale of real estate	15,275	—		
Discontinued operations ⁽²⁾	639	1,501		
Net Income	\$ 21,208	\$ 8,337		

	Three Months Ended June 30,	
	2008	2007
Economic Occupancy		
Core	94.8%	94.5%
Non-core ⁽¹⁾	72.2%	97.6%
Total	92.4%	94.6%

⁽¹⁾ Non-core properties include:

2008 acquisitions – 6100 Columbia Park Road and Sterling MOB

2007 acquisitions – Woodholme Medical Office Building, Woodholme Center, Ashburn Farm Office Park, CentreMed and 2000 M Street

2008 and 2007 in development – Bennett Park, Clayborne Apartments and Dulles Station

⁽²⁾ Discontinued operations include income from operations for:

2008 and 2007 Quarter sold properties – Sullyfield Center, The Earhart Building and Maryland Trade Centers I & II

We recognized NOI of \$47.0 million in the 2008 Quarter, which was \$3.3 million or 7.4% greater than in the 2007 Quarter due primarily to our acquisitions in 2007 and 2008. The non-core properties contributed \$3.0 million in NOI in the 2008 Quarter (6.4% of total NOI).

Core properties experienced a \$0.6 million increase (1.3%) in NOI due to a \$0.9 million increase in revenue offset by a \$0.3 million increase in property expenses. Real estate revenue benefited from increased rental rates. The increase in core expenses was driven by higher real estate taxes in the all sectors due to higher property assessments.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

Overall economic occupancy decreased from 94.6% in the 2007 Quarter to 92.4% in the 2008 Quarter as non-core economic occupancy decreased from 97.6% to 72.2%, because the newly-developed Bennett Park and Clayborne were placed into service and are in the initial lease-up phase. As of June 30, 2008, 11.9% of the total commercial square footage leased is scheduled to expire in the next twelve months. During the 2008 Quarter we executed new leases for 473,200 square feet at an average rental rate increase of 18.0%. An analysis of NOI by sector follows.

Office Sector

	Three Months Ended June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$25,550	\$25,532	\$ 18	0.1%
Non-core ⁽¹⁾	<u>3,167</u>	<u>176</u>	<u>2,991</u>	<u>1,699.4%</u>
Total Real Estate Rental Revenue	\$28,717	\$25,708	\$ 3,009	11.7%
Real Estate Expenses				
Core	\$ 8,183	\$ 8,477	\$ (294)	(3.5)%
Non-core ⁽¹⁾	<u>1,627</u>	<u>61</u>	<u>1,566</u>	<u>2,567.2%</u>
Total Real Estate Expenses	\$ 9,810	\$ 8,538	\$ 1,272	14.9%
Net Operating Income				
Core	\$17,367	\$17,055	\$ 312	1.8%
Non-core ⁽¹⁾	<u>1,540</u>	<u>115</u>	<u>1,425</u>	<u>1,239.1%</u>
Total Net Operating Income	<u>\$18,907</u>	<u>\$17,170</u>	<u>\$ 1,737</u>	<u>10.1%</u>
Economic Occupancy				
	Three Months Ended June 30,			
	2008	2007		
Core		94.8%	95.1%	
Non-core ⁽¹⁾		<u>87.8%</u>	<u>95.6%</u>	
Total		<u>94.1%</u>	<u>95.1%</u>	

⁽¹⁾ Non-core properties include:
2008 and 2007 in development – Dulles Station
2007 acquisitions – Woodholme Center and 2000 M Street

The office sector recognized NOI of \$18.9 million in the 2008 Quarter, which was \$1.7 million or 10.1% higher than in the 2007 Quarter due primarily to the NOI contribution of the properties acquired in 2007. Those properties contributed \$1.4 million to the increase in NOI. Core office sector NOI was \$0.3 million (1.8%) higher than in the comparable quarter in 2007 due to higher rental rates offset by lower occupancy.

Core economic occupancy decreased to 94.8% from 95.1% as a result of tenants vacating at Lexington and One Central Plaza.

As of June 30, 2008, 9.4% of the total office square footage leased is scheduled to expire in the next twelve months. We executed new leases for 167,800 square feet of office space with a 14.3% increase in rental rates.

WASHINGTON REAL ESTATE INVESTMENT TRUST
 JUNE 30, 2008
 (UNAUDITED)

Medical Office Sector

	Three Months Ended June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$ 8,759	\$8,543	\$ 216	2.5%
Non-core ⁽¹⁾	2,109	528	1,581	299.4%
Total Real Estate Rental Revenue	\$10,868	\$9,071	\$ 1,797	19.8%
Real Estate Expenses				
Core	\$ 2,729	\$2,606	\$ 123	4.7%
Non-core ⁽¹⁾	710	170	540	317.6%
Total Real Estate Expenses	\$ 3,439	\$2,776	\$ 663	23.9%
Net Operating Income				
Core	\$ 6,030	\$5,937	\$ 93	1.6%
Non-core ⁽¹⁾	1,399	358	1,041	290.8%
Total Net Operating Income	<u>\$ 7,429</u>	<u>\$6,295</u>	<u>\$ 1,134</u>	<u>18.0%</u>
Economic Occupancy				
Three Months Ended June 30,				
	2008			2007
Core		97.6%		96.2%
Non-core ⁽¹⁾		95.8%		98.3%
Total		<u>97.2%</u>		<u>96.3%</u>

⁽¹⁾ Non-core properties include:
 2008 acquisition – Sterling MOB
 2007 acquisitions – Woodholme Medical Office Building, Ashburn Farm Office Park and CentreMed

The medical office sector recognized NOI of \$7.4 million in the 2008 Quarter which was \$1.1 million or 18.0% higher than the 2007 Quarter due to the properties acquired in 2007 and 2008. The acquired properties contributed \$1.0 million to the increase in NOI. Core medical office sector NOI increased \$0.1 million due to higher occupancy.

Core economic occupancy increased 140 basis points in the 2008 Quarter as compared to the 2007 Quarter. As of June 30, 2008, 9.9% of the total medical office square footage leased is scheduled to expire in the next twelve months. We executed new leases for 47,700 square feet of medical office space with a 28.2% increase in rental rates.

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

Retail Sector

	Three Months June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Total	\$10,341	\$10,064	\$ 277	2.8%
Real Estate Expenses				
Total	<u>\$ 2,411</u>	<u>\$ 2,291</u>	<u>\$ 120</u>	<u>5.2%</u>
Net Operating Income				
Total	<u>\$ 7,930</u>	<u>\$ 7,773</u>	<u>\$ 157</u>	<u>2.0%</u>
		Three Months Ended June 30,		
		2008	2007	
Economic Occupancy				
Total		95.1%	95.0%	

Retail sector NOI increased slightly in the 2008 Quarter from the 2007 Quarter due to higher rental rates.

As of June 30, 2008, 13.5% of the total retail square footage leased is scheduled to expire in the next twelve months. We executed new leases for 59,200 square feet of retail space at an average rent increase of 28.3%.

WASHINGTON REAL ESTATE INVESTMENT TRUST
 JUNE 30, 2008
 (UNAUDITED)

Multifamily Sector

	Three Months Ended June 30			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$8,884	\$8,430	\$ 454	5.4%
Non-core ⁽¹⁾	681	—	681	—
Total Real Estate Rental Revenue	<u>\$9,565</u>	<u>\$8,430</u>	<u>\$ 1,135</u>	<u>13.5%</u>
Real Estate Expenses				
Core	\$3,780	\$3,429	\$ 351	10.2%
Non-core ⁽¹⁾	812	108	704	651.9%
Total Real Estate Expenses	<u>\$4,592</u>	<u>\$3,537</u>	<u>\$ 1,055</u>	<u>29.8%</u>
Net Operating Income				
Core	\$5,104	\$5,001	\$ 103	2.1%
Non-core ⁽¹⁾	(131)	(108)	(23)	21.3%
Total Net Operating Income	<u>\$4,973</u>	<u>\$4,893</u>	<u>\$ 80</u>	<u>1.6%</u>
Economic Occupancy				
		Three Months Ended June 30		
		2008	2007	
Core		93.3%	90.8%	
Non-core ⁽¹⁾		29.1%	N/A	
Total		<u>81.0%</u>	<u>90.8%</u>	

⁽¹⁾ Non-core properties include:
 2008 and 2007 in development – Bennett Park and Clayborne Apartments

Multifamily NOI was flat. Core revenues were higher in the 2008 Quarter due to increased occupancy and rental rate growth.

Occupancy decreased by 980 basis points compared to the 2007 Quarter because the newly-developed Bennett Park and Clayborne were placed into service in fourth quarter 2007 and first quarter 2008, respectively, and are in the initial lease-up phase. Bennett Park was 55% leased and Clayborne was 36% leased at the end of the 2008 Quarter.

WASHINGTON REAL ESTATE INVESTMENT TRUST
 JUNE 30, 2008
 (UNAUDITED)

Industrial Sector

	Three Months Ended June 30			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$ 9,938	\$9,982	\$ (44)	(0.4)%
Non-core ⁽¹⁾	339	—	339	—
Total Real Estate Rental Revenue	\$10,277	\$9,982	\$ 295	3.0%
Real Estate Expenses				
Core	\$ 2,443	\$2,400	\$ 43	1.8%
Non-core ⁽¹⁾	108	—	108	—
Total Real Estate Expenses	\$ 2,551	\$2,400	\$ 151	6.3%
Net Operating Income				
Core	\$ 7,495	\$7,582	\$ (87)	(1.1)%
Non-core ⁽¹⁾	231	—	231	—
Total Net Operating Income	<u>\$ 7,726</u>	<u>\$7,582</u>	<u>\$ 144</u>	<u>1.9%</u>
Economic Occupancy				
Three Months Ended June 30				
	2008	2007		
Core		93.4%	94.9%	
Non-core ⁽¹⁾		88.2%	N/A	
Total		<u>93.3%</u>	<u>94.9%</u>	

⁽¹⁾ Non-core properties include:
 2008 acquisition – 6100 Columbia Park Road

The industrial sector recognized NOI of \$7.7 million in the 2008 Quarter, which was \$0.1 million (1.9%) greater than in the 2007 Quarter due to the 2008 acquisition. Core NOI decreased by \$0.1 million due to lower occupancy offset by higher rental rates.

Core economic occupancy decreased by 150 basis points for the 2008 Quarter as compared to the 2007 Quarter. As of June 30, 2008, 14.3% of the total industrial square footage leased is scheduled to expire in the next twelve months. We executed new leases for 198,600 square feet of industrial space at an average rent increase of 11.3%.

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

2008 Period Compared to the 2007 Period

The following tables of selected consolidated operating data provide the basis for our discussion of NOI in the 2008 Period compared to the 2007 Period. All amounts are in thousands except percentage amounts.

	Period Ended June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$ 119,769	\$ 117,320	\$ 2,449	2.1%
Non-core ⁽¹⁾	20,277	5,787	14,490	250.4%
Total Real Estate Rental Revenue	\$ 140,046	\$ 123,107	\$ 16,939	13.8%
Real Estate Expenses				
Core	\$ 37,294	\$ 36,521	\$ 773	2.1%
Non-core ⁽¹⁾	8,642	1,727	6,915	400.4%
Total Real Estate Expenses	\$ 45,936	\$ 38,248	\$ 7,688	20.1%
Net Operating Income				
Core	\$ 82,475	\$ 80,799	\$ 1,676	2.1%
Non-core ⁽¹⁾	11,635	4,060	7,575	186.6%
Total Net Operating Income	<u>\$ 94,110</u>	<u>\$ 84,859</u>	<u>\$ 9,251</u>	<u>10.9%</u>
Reconciliation to Net Income				
NOI	\$ 94,110	\$ 84,859		
Other income	458	1,038		
Other income from life insurance proceeds	—	1,303		
Interest expense	(35,246)	(29,682)		
Depreciation and amortization	(41,723)	(32,758)		
General and administrative expenses	(6,191)	(8,250)		
Loss on extinguishment of debt	(8,449)	—		
Gain on sale of real estate	15,275	—		
Discontinued operations ⁽²⁾	1,486	2,539		
Net Income	<u>\$ 19,720</u>	<u>\$ 19,049</u>		

	Period Ended June 30,	
	2008	2007
Economic Occupancy		
Core	95.0%	94.2%
Non-core ⁽¹⁾	80.0%	95.1%
Total	<u>92.7%</u>	<u>94.2%</u>

⁽¹⁾ Non-core properties include:

2008 acquisitions – 6100 Columbia Park Road and Sterling MOB

2007 acquisitions – 270 Technology Park, Monument II, 2440 M Street, Woodholme Medical Office Building, Woodholme Center, Ashburn Farm Office Park, CentreMed and 2000 M Street

2008 and 2007 in development – Bennett Park, Clayborne Apartments and Dulles Station

⁽²⁾ Discontinued operations include income from operations for:

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

We recognized NOI of \$94.1 million in the 2008 Period, which was \$9.3 million or 10.9% greater than in the 2007 Period due primarily to our acquisitions in 2007 and 2008. These acquired properties contributed \$7.6 million, or 81.7%, of the increase in total NOI.

Core properties experienced a \$1.7 million increase (2.1%) in NOI due to a \$2.5 million increase in revenue offset somewhat by a \$0.8 million increase in property expenses. Real estate revenue benefited from increased occupancy in the office, multifamily and retail sectors, as well as increased rental rates in all sectors. The increase in core expenses was due to increased real estate taxes caused by higher property assessments across the portfolio.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
 JUNE 30, 2008
 (UNAUDITED)

Overall economic occupancy decreased from 94.2% in the 2007 Period to 92.7% in the 2008 Period as non-core occupancy decreased. The lower non-core occupancy is due to placing the in development multifamily properties, Bennett Park and Clayborne, into service in fourth quarter 2007 and first quarter 2008, respectively. Core economic occupancy increased from 94.2% to 95.0%, due to increases in the office, retail and multifamily sectors, offset somewhat by decreases in core industrial and medical office sector occupancy. As of June 30, 2008, 11.9% of the total commercial square footage leased is scheduled to expire in the next twelve months. During the 2008 Period we executed new leases for 742,800 square feet with a 17.3% increase in rental rates. An analysis of NOI by sector follows.

Office Sector

	Period Ended June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$47,782	\$46,835	\$ 947	2.0%
Non-core ⁽¹⁾	10,637	2,712	7,925	292.2%
Total Real Estate Rental Revenue	\$58,419	\$49,547	\$ 8,872	17.9%
Real Estate Expenses				
Core	\$16,043	\$15,874	\$ 169	1.1%
Non-core ⁽¹⁾	4,312	660	3,652	553.3%
Total Real Estate Expenses	\$20,355	\$16,534	\$ 3,821	23.1%
Net Operating Income				
Core	\$31,739	\$30,961	\$ 778	2.5%
Non-core ⁽¹⁾	6,325	2,052	4,273	208.2%
Total Net Operating Income	\$38,064	\$33,013	\$ 5,051	15.3%
Economic Occupancy				
			2008	2007
Core			95.0%	93.7%
Non-core ⁽¹⁾			93.7%	99.7%
Total			94.8%	94.0%

⁽¹⁾ Non-core properties include:
 2008 and 2007 in development – Dulles Station
 2007 acquisitions – Monument II, Woodholme Center and 2000 M Street

The office sector recognized NOI of \$38.1 million in the 2008 Period, which was \$5.1 million, or 15.3%, higher than in the 2007 Period due primarily to the NOI contribution of the properties acquired in 2007. Those properties contributed \$4.3 million, or 84.3%, to the increase in total office sector NOI. Core office sector NOI was \$0.8 million (2.5%) higher than in the comparable period in 2007 due primarily to increased occupancy and rental rates.

The core office rental revenue increased compared to the 2007 Period as rental rates increased 0.9% and occupancy increased 130 basis points. This occupancy increase was driven by the leasing activity at Wayne Plaza, 7900 Westpark and West Gude.

Non-core economic occupancy decreased by 600 basis points, mainly due to vacated space at 2000 M Street.

As of June 30, 2008, 9.4% of the total office square footage leased is scheduled to expire in the next twelve months. During the 2008 Period we executed new leases for 318,000 square feet of office space with a 16.3% increase in rental rates.

WASHINGTON REAL ESTATE INVESTMENT TRUST
 JUNE 30, 2008
 (UNAUDITED)

Medical Office Sector

	Period Ended June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$14,791	\$14,750	\$ 41	0.3%
Non-core ⁽¹⁾	6,811	2,022	4,789	236.8%
Total Real Estate Rental Revenue	\$21,602	\$16,772	\$ 4,830	28.8%
Real Estate Expenses				
Core	\$ 4,486	\$ 4,384	\$ 102	2.3%
Non-core ⁽¹⁾	2,463	703	1,760	250.4%
Total Real Estate Expenses	\$ 6,949	\$ 5,087	\$ 1,862	36.6%
Net Operating Income				
Core	\$10,305	\$10,366	\$ (61)	(0.6)%
Non-core ⁽¹⁾	4,348	1,319	3,029	229.6%
Total Net Operating Income	<u>\$14,653</u>	<u>\$11,685</u>	<u>\$ 2,968</u>	<u>25.4%</u>
Economic Occupancy				
Core			98.4%	99.0%
Non-core ⁽¹⁾			95.7%	87.5%
Total			<u>97.5%</u>	<u>97.6%</u>

⁽¹⁾ Non-core properties include:
 2008 acquisition – Sterling MOB
 2007 acquisitions – 2440 M Street, Woodholme Medical Office Building, Ashburn Farm Office Park and CentreMed

The medical office sector recognized NOI of \$14.7 million in the 2008 Period which was \$3.0 million, or 25.4%, higher than the 2007 Period due to the properties acquired in 2007 and 2008. The acquired properties contributed all of the increase in NOI.

Core economic occupancy decreased 60 basis points in the 2008 period compared to the 2007 Period. As of June 30, 2008, 9.9% of the total medical office square footage leased is scheduled to expire in the next twelve months. During the 2008 Period we executed new leases for 60,400 square feet of medical office space with a 26.0% increase in rental rates.

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

Retail Sector

	Period Ended June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core/Total	\$20,987	\$20,753	\$ 234	1.1%
Real Estate Expenses				
Core/Total	\$ 4,683	\$ 4,545	\$ 138	3.0%
Net Operating Income				
Core	\$16,304	\$16,208	\$ 96	0.6%
Economic Occupancy				
Core			95.2%	94.8%

Retail sector NOI remained relatively flat in the 2008 Period compared to the 2007 Period. The increase in rental revenue of \$0.2 million was due to higher occupancy. Real estate expenses increased by \$0.1 million due to higher real estate taxes caused by higher property assessments.

Economic occupancy increased by 40 basis points. As of June 30, 2008, 13.5% of the total retail square footage leased is scheduled to expire in the next twelve months. During the 2008 Period we executed new leases for 76,600 square feet of retail space at an average rent increase of 26.8%.

WASHINGTON REAL ESTATE INVESTMENT TRUST
 JUNE 30, 2008
 (UNAUDITED)

Multifamily Sector

	Period Ended June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$17,319	\$16,603	\$ 716	4.3%
Non-core ⁽¹⁾	1,060	—	1,060	—
Total Real Estate Rental Revenue	\$18,379	\$16,603	\$ 1,776	10.7%
Real Estate Expenses				
Core	\$ 7,417	\$ 7,046	\$ 371	5.3%
Non-core ⁽¹⁾	1,420	109	1,311	1,202.8%
Total Real Estate Expenses	\$ 8,837	\$ 7,155	\$ 1,682	23.5%
Net Operating Income				
Core	\$ 9,902	\$ 9,557	\$ 345	3.6%
Non-core ⁽¹⁾	(360)	(109)	(251)	230.3%
Total Net Operating Income	\$ 9,542	\$ 9,448	\$ 94	1.0%
Economic Occupancy				
Core			93.0%	90.7%
Non-core ⁽¹⁾			23.8%	N/A
Total			80.3%	90.7%

⁽¹⁾ Non-core properties include:
 2008 and 2007 in development – Bennett Park and Clayborne Apartments

Multifamily NOI was flat due to a \$1.1 million increase in non-core revenue offset by a \$1.3 million increase in non-core expenses related to the two development properties, Bennett Park and Clayborne, being placed into service in fourth quarter 2007 and first quarter 2008, respectively. The properties are in lease-up and were 55% and 36% leased, respectively, as of the end of the 2008 Period. Core NOI increased by \$0.3 million due to an increase in core occupancy.

[Table of Contents](#)WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)***Industrial Sector***

	Period Ended June 30,			
	2008	2007	\$ Change	% Change
Real Estate Rental Revenue				
Core	\$18,890	\$18,379	\$ 511	2.8%
Non-core ⁽¹⁾	<u>1,769</u>	<u>1,053</u>	<u>716</u>	<u>68.0%</u>
Total Real Estate Rental Revenue	\$20,659	\$19,432	\$ 1,227	6.3%
Real Estate Expenses				
Core	\$ 4,665	\$ 4,672	\$ (7)	(0.1)%
Non-core ⁽¹⁾	<u>447</u>	<u>255</u>	<u>192</u>	<u>75.3%</u>
Total Real Estate Expenses	\$ 5,112	\$ 4,927	\$ 185	3.7%
Net Operating Income				
Core	\$14,225	\$13,707	\$ 518	3.8%
Non-core ⁽¹⁾	<u>1,322</u>	<u>798</u>	<u>524</u>	<u>65.7%</u>
Total Net Operating Income	<u>\$15,547</u>	<u>\$14,505</u>	<u>\$ 1,042</u>	<u>7.2%</u>
Economic Occupancy				
			2008	2007
Core			94.3%	94.9%
Non-core ⁽¹⁾			89.0%	97.7%
Total			<u>93.9%</u>	<u>95.0%</u>

- ⁽¹⁾ Non-core properties include:
2008 acquisition – 6100 Columbia Park Road
2007 acquisition – 270 Technology Park

The industrial sector recognized NOI of \$15.5 million in the 2008 Period, which was \$1.0 million (7.2 %) greater than in the 2007 Period due to the acquisitions of 270 Technology Park in February 2007 and 6100 Columbia Park Road in February 2008.

Core property NOI increased by \$0.5 million, or 3.8%, in the 2008 Period from the 2007 Period due to a \$0.5 million increase in revenue caused by higher rental rates.

Overall economic occupancy decreased by 110 basis points. As of June 30, 2008, 14.3% of the total industrial square footage leased is scheduled to expire in the next twelve months. During the 2008 Period we executed new leases for 287,600 square feet of industrial space at an average rent increase of 9.9%.

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash from our real estate operations and our unsecured credit facilities. As of June 30, 2008, we had approximately \$12.7 million in cash and cash equivalents and \$306.6 million available for borrowing under our unsecured credit facilities.

In January 2008, WRIT exercised a portion of the accordion feature on one of its unsecured revolving credit facilities. WRIT's total borrowing capacity was increased to \$337 million at a rate of LIBOR plus 0.425%. In February 2008, WRIT completed an extinguishment of debt on \$60 million of 10-year Mandatory Par Put Remarketed Securities ("MOPPRS"). WRIT issued a \$100 million 2-year term loan, which was swapped for a fixed rate of 4.45% to refinance the 6.74% debt. Also, \$18.0 million under our unsecured credit facilities was repaid using the proceeds of the \$100 million term loan. There were no new advances under the unsecured credit facilities during the 2008 Period.

In May 2008 we completed a public offering of 2,600,000 shares of beneficial interest priced at \$34.80 per share, raising \$86.7 million, net. The proceeds were used to pay down borrowings under lines of credit.

Also in May 2008, we executed three mortgage loans totaling approximately \$81 million at a fixed rate of 5.71%, secured by three multifamily properties. The proceeds were used to repay borrowings under lines of credit.

We derive substantially all of our revenue from tenants under leases at our properties. Our operating cash flow therefore depends materially on our ability to lease our properties to tenants, the rents that we are able to charge to our tenants, and the ability of these tenants to make their rental payments.

Our primary uses of cash are to fund distributions to shareholders, to fund capital investments in our existing portfolio of operating assets, to fund new acquisitions, redevelopment and ground-up development activities and to fund operating and administrative expenses. As a REIT, we are required to distribute at least 90% of our taxable income to our shareholders on an annual basis. We also regularly require capital to invest in our existing portfolio of operating assets in connection with large-scale renovations, routine capital improvements, deferred maintenance on properties we have recently acquired, and our leasing activities, including funding tenant improvement allowances and leasing commissions. The amounts of the leasing-related expenditures can vary significantly depending on negotiations with tenants and the current competitive leasing environment.

As we review the results of the first six months and anticipate the business activity for the remainder of 2008, we expect to complete the year with significant capital requirements. For the twelve months ended December 31, 2008, total anticipated costs are as follows:

- Funding dividends on our common shares and minority interest distributions to third party unit holders;
- Approximately \$40.0 million to invest in our existing portfolio of operating assets, including approximately \$14.0 million to fund tenant-related capital requirements;
- Approximately \$15.4 million to invest in our development projects;
- Approximately \$200 million to fund our expected property acquisitions, less \$40.2 million of net proceeds held escrowed in a tax free property exchange account and less a \$102 million mortgage that is expected to be assumed;
- In the first quarter of 2008, \$8.7 million was used to fund a non-recurring charge, resulting from an extinguishment of debt on \$60 million on 10-year Mandatory Par Put Remarketed Securities ("MOPPRS");

We expect to meet our capital requirements using cash generated by our real estate operations and through borrowings on our unsecured credit facilities, additional debt or equity capital raised in the public markets, possible asset dispositions or funding through property-specific mortgage debt.

We believe that we will generate sufficient cash flow from operations and have access to the capital resources necessary to fund our requirements. However, as a result of general, greater Washington metro regional, or tenant economic downturns, unfavorable changes in the supply of competing properties, changes in the capital markets or our properties not performing as expected, we may not generate sufficient cash flow from operations or otherwise have access to capital on favorable terms, or

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

at all. If we are unable to obtain capital from other sources, we may not be able to pay the dividend required to maintain our status as a REIT, make required principal and interest payments, make strategic acquisitions, or make necessary routine capital improvements or undertake redevelopment opportunities with respect to our existing portfolio of operating assets. In addition, if a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the holder of the mortgage could foreclose on the property, resulting in loss of income and asset value.

If principal amounts due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new debt or equity capital, our cash flow may be insufficient to repay all maturing debt. Prevailing interest rates or other factors at the time of a refinancing (such as possible reluctance of lenders to make commercial real estate loans) may result in higher interest rates and increased interest expense.

Capital Structure

We manage our capital structure to reflect a long-term investment approach, generally seeking to match the cash flow of our assets with a mix of equity and various debt instruments. We expect that our capital structure will allow us to obtain additional capital from diverse sources that could include additional equity offerings of common shares, public and private debt financings and possible asset dispositions. Our ability to raise funds through the sale of debt and equity securities is dependent on, among other things, general economic conditions, conditions in the capital markets, general market conditions for REITs, our operating performance, our debt rating and the current trading price of our shares. We will always analyze which source of capital is most advantageous to us at any particular point in time; however, the capital markets may not consistently be available on terms that are attractive.

Debt Financing

We generally use unsecured, corporate-level debt, including unsecured notes and our unsecured credit facilities, to meet our borrowing needs. Our total debt at June 30, 2008 is summarized as follows (in thousands):

Fixed rate mortgages	\$ 331,575
Unsecured credit facilities	15,000
Unsecured notes payable	920,000
Total debt	<u>\$ 1,266,575</u>

The \$331.6 million in fixed rate mortgages, which includes \$2.2 million in unamortized premiums due to fair value adjustments associated with assumption of certain mortgages in connection with acquisitions, bore an effective weighted average interest rate of 5.8% at June 30, 2008 and had a weighted average maturity of 5.4 years.

Our primary external source of liquidity is our two revolving credit facilities. At June 30, 2008 we had availability to borrow an additional \$306.6 million under these lines, which bear interest at an adjustable spread over LIBOR based on our public debt rating. Credit Facility No. 1 is a four-year, \$75.0 million unsecured credit facility expiring in June 2011, with an option for a one-year extension. Credit Facility No. 2 is a four-year \$262.0 million unsecured credit facility that expires in November 2010, with an option for a one-year extension.

In February, WRIT completed an extinguishment of debt on \$60 million of 10-year Mandatory Par Put Remarketed Securities ("MOPPRS"), resulting in an \$8.4 million non-recurring charge, net of unamortized loan premium costs. WRIT entered into a \$100 million unsecured term loan (the "Term Loan"), which was swapped for a fixed rate of 4.45% to refinance the extinguished debt. The 2010 Term Loan has a maturity date of February 19, 2010, and bears interest at WRIT's option of LIBOR plus 1.50% or Wells Fargo's prime rate. To hedge our exposure to interest rate fluctuations on the 2010 Term Loan, we entered into an interest rate swap agreement, which fixed the LIBOR portion of the interest rate on the term loan at 2.95% through February 2010. As a result of the interest rate swap agreement, the 2010 Term Loan bears interest at an effective fixed rate of 4.45% (2.95% plus 1.50% margin). The interest rate swap agreement will settle contemporaneously with the maturity of the 2010 Term Loan.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
 JUNE 30, 2008
 (UNAUDITED)

We anticipate that over the near term, interest rate fluctuations will not have a material adverse effect on earnings. Our unsecured fixed-rate notes payable have maturities ranging from February 2010 through February 2028 (see Note 6), as follows (in thousands):

	<u>Note Principal</u>
4.45% notes due 2010	\$ 100,000
5.95% notes due 2011	150,000
5.05% notes due 2012	50,000
5.125% notes due 2013	60,000
5.25% notes due 2014	100,000
5.35% notes due 2015	150,000
3.875% notes due 2026	260,000
7.25% notes due 2028	50,000
	<u>\$ 920,000</u>

Our unsecured revolving credit facilities and the unsecured notes payable contain certain financial and non-financial covenants, discussed in greater detail in our 2007 10-K, all of which were met as of June 30, 2008.

Our unsecured notes include certain non-financial covenants, and our unsecured, non-convertible notes also include certain financial covenants, with which we must comply. The financial covenants include limits on our total debt, limits on our secured debt, limits on our required debt service payments and maintenance of a minimum level of unencumbered assets. As of June 30, 2008 we were in compliance with all of our unsecured note covenants.

Dividends

We pay dividends quarterly. The maintenance of these dividends is subject to various factors, including the discretion of the Board of Trustees, the ability to pay dividends under Maryland law, 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. Dividend and distribution payments were as follows for the 2008 and 2007 Quarters (in thousands):

	<u>Quarter Ended June 30,</u>		<u>Period Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Common dividends	\$ 21,421	\$ 19,812	\$ 41,177	\$ 38,402
Minority interest distributions	48	35	95	68
	<u>\$ 21,469</u>	<u>\$ 19,847</u>	<u>\$ 41,272</u>	<u>\$ 38,470</u>

Dividends paid for the 2008 Quarter increased as a result of a quarterly dividend rate increase from \$0.4225 per share to \$0.4325 per share in June 2008 and the addition of 2.6 million shares from the equity offering in May 2008.

Acquisitions and Development

As of June 30, 2008 we had acquired two properties:

<u>Acquisition Date</u>	<u>Property Name</u>	<u>Property Type</u>	<u>Rentable Square Feet</u>	<u>Purchase Price (in thousands)</u>
February 22, 2008	6100 Columbia Park Road	Industrial/Flex	150,000	\$ 11,200
May 21, 2008	Sterling Medical Office Building	Medical office	36,000	6,500
		Total 2008 Period	<u>186,000</u>	<u>\$ 17,700</u>

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

As of June 30, 2007 we had acquired six properties:

Acquisition Date	Property Name	Property Type	Rentable Square Feet	Purchase Price (in thousands)
February 8, 2007	270 Technology Park	Industrial/Flex	157,000	\$ 26,500
March 1, 2007	Monument II	Office	205,000	78,200
March 9, 2007	2440 M Street	Medical office	110,000	50,000
June 1, 2007	Woodholme Medical Office Building	Medical office	125,000	29,000
June 1, 2007	Woodholme Center	Office	73,000	20,000
June 1, 2007	Ashburn Farm Office Park	Medical office	75,400	23,000
		Total 2007 Period	<u>745,400</u>	<u>\$ 226,700</u>

The acquisitions in 2008 were funded with cash from operations and borrowings on our line of credit.

The purchase of 270 Technology Park in February 2007 was funded from proceeds of our convertible debt offering in January 2007. The purchase of Monument II in March 2007 was funded with proceeds from the January convertible debt offering and borrowings of \$30 million on our line of credit. The purchase of the 2440 M Street property was funded by borrowings on our line of credit. The three acquisitions in June, 2007 were funded with borrowings on our lines of credit.

As of June 30, 2008, we had funded \$69.5 million, in development and land costs, on Phases I and II of the major development project at Dulles Station. The building shell for Phase I was completed in third quarter 2007.

Historical Cash Flows

Consolidated cash flow information is summarized as follows (in millions):

	Six Months Ended June 30,		
	2008	2007	Change
Cash provided by operating activities	\$ 58.4	\$ 66.2	\$ (7.8)
Cash used in investing activities	\$(48.6)	\$(257.2)	\$ 208.6
Cash provided by (used in) financing activities	\$(18.6)	\$ 190.4	\$(209.0)

Operations generated \$58.4 million of net cash in the 2008 Period compared to \$66.2 million of net cash generated during the comparable period in 2007. The decrease in cash flow is driven by the timing of the payment of expenses.

Our investing activities used net cash of \$48.6 million in the 2008 Period compared to \$257.2 million in the 2007 Period. The change is due to the fact that there were two acquisitions in the 2008 Period for \$16.8 million, as compared to six acquisitions for \$200.1 million in the 2007 Period. Also, spending on the development projects was \$13.6 million in the 2008 Period compared to \$34.4 million in the 2007 Period.

Our financing activities used net cash of \$18.6 million in the 2008 Period compared to \$190.4 million provided in the 2007 Period. This difference was due primarily to the fact that the 2008 Period borrowings and proceeds from equity issuance were used to pay down the lines of credit and to pay off the \$60 million MOPPRS debt and the related \$8.4 million loss on extinguishment. The 2007 Period borrowings and proceeds from equity issuance were primarily used for the acquisition of new properties.

[Table of Contents](#)

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

RATIOS OF EARNINGS TO FIXED CHARGES AND DEBT SERVICE COVERAGE

The following table sets forth the Trust's ratios of earnings to fixed charges and debt service coverage for the periods shown:

	<u>Quarter Ended June 30,</u>		<u>Period Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Earnings to fixed charges	1.3x	1.3x	1.0x	1.4x
Debt service coverage	2.4x	2.5x	2.2x	2.6x

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 plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, including amortized costs of debt issuance, plus interest costs capitalized.

We computed the debt service coverage ratio by dividing earnings before interest income and expense, depreciation, amortization and gain on sale of real estate by interest expense and principal amortization.

Both the earnings to fixed charges ratio and the debt service coverage ratio for the Period ended June 30, 2008 include the impact of the loss on extinguishment of debt of \$8.4 million during first the quarter of 2008 (see *Consolidated Results of Operations* in Item 2).

FUNDS FROM OPERATIONS

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 U. S. generally accepted accounting principles ("GAAP"). Although FFO is a widely used measure of operating performance for equity real estate investment trusts ("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 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 (in thousands):

	<u>Quarter Ended June 30,</u>		<u>Period Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net income	\$ 21,208	\$ 8,337	\$ 19,720	\$ 19,049
Adjustments:				
Other income from life insurance proceeds	—	—	—	(1,303)
Gain on sale of real estate	(15,275)	—	(15,275)	—
Depreciation and amortization	21,198	16,632	41,723	32,758
Discontinued operations depreciation & amortization	—	248	—	897
FFO as defined by NAREIT	<u>\$ 27,131</u>	<u>\$ 25,217</u>	<u>\$ 46,168</u>	<u>\$ 51,401</u>

WASHINGTON REAL ESTATE INVESTMENT TRUST
JUNE 30, 2008
(UNAUDITED)

ITEM 3: QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL 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.

In February 2008, we entered into an interest rate swap that qualifies as a cash flow hedge under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. We enter into interest rate swaps to manage our exposure to variable rate interest risk. We do not purchase derivatives for speculation. Our cash flow hedges are recorded at fair value. The effective portion of changes in fair value of cash flow hedges is recorded in other comprehensive income. The ineffective portion of changes in fair value of cash flow hedges is recorded in earnings in the period affected. We assess effectiveness of our cash flow hedges both at inception and on an ongoing basis.

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 2007 Form 10-K.

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 the report. Based on the foregoing, our Chief Executive Officer, Chief Financial Officer and Executive Vice President of Accounting concluded that the Trust's disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in the Company'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, the Company's internal control over financial reporting, other than as described above.

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. Submission of Matters to a Vote of Security Holders
At WRIT'S annual meeting of Shareholders on May 15, 2008, the following member was elected to the Board of Trustees for a period of three years:

	Affirmative Votes	Negative/Withheld Votes
Mr. Edward S. Civera	37,821,222	893,075

Mr. Civera was elected as a Trustee. Trustees whose term in office continued after the meeting were Mr. Edmund B. Cronin, Jr, Mr. John M. Derrick, Jr, Mr. John P. McDaniel, Mr. Charles T. Nason, Mr. Edward S. Civera, and Mr. Thomas E. Russell, III.

The Shareholders approved the recommendation of the Trustees to ratify the appointment of Ernst & Young LLP as WRIT'S independent registered public accounting firm for 2008. The proposal received the following votes:

	Affirmative Votes	Negative Votes	Abstain Votes
Auditors	38,334,935	202,750	176,612

Item 5. Other Information
None

Item 6. Exhibits

(a) Exhibits

4. Instruments Defining Rights of Security Holders

(oo) Multifamily Note Agreement (Walker House Apartments) dated as of May 29, 2008 by and between Washington Real Estate Investment Trust and Wells Fargo Bank, National Association.

(pp) Multifamily Note Agreement (3801 Connecticut Avenue) dated as of May 29, 2008 by and between Washington Real Estate Investment Trust and Wells Fargo Bank, National Association.

(qq) Multifamily Note Agreement (Bethesda Hill Apartments) dated as of May 29, 2008 by and between Washington Real Estate Investment Trust and Wells Fargo Bank, National Association.

10. Material Contracts

(jj) Purchase and Sale Agreement dated as of June 16, 2008 for 2445 M Street, NW, Washington, DC.

12. Computation of Ratios

31. Sarbanes-Oxley Act of 2002 Section 302 Certifications

(a) Certification – Chief Executive Officer

(b) Certification – Executive Vice President

(c) Certification – Chief Financial Officer

[Table of Contents](#)

- 32. Sarbanes-Oxley Act of 2002 section 906 Certification
 - (a) Written Statement of Chief Executive Officer, Executive Vice President and Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has fully 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

/s/ Sara L. Grootwassink

Sara L. Grootwassink
Executive Vice President and Chief Financial Officer

Date August 8, 2008

MULTIFAMILY NOTE
MULTISTATE – FIXED TO FLOAT
(REVISION DATE 2-15-2008)

US \$16,531,344.00

Effective Date: As of May 29, 2008

FOR VALUE RECEIVED, the undersigned (together with such party's or parties' successors and assigns, "Borrower"), jointly and severally (if more than one) promises to pay to the order of **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, the principal sum of Sixteen Million Five Hundred Thirty-One Thousand Three Hundred Forty-Four and 00/100 Dollars (US \$16,531,344.00), with interest on the unpaid principal balance, as hereinafter provided.

1. Defined Terms.

(a) As used in this Note:

"**Adjustable Interest Rate**" means the variable annual interest rate calculated for each Interest Adjustment Period so as to equal the Index Rate for such Interest Adjustment Period (truncated at the fifth (5th) decimal place if necessary) plus the Margin.

"**Amortization Period**" means a period of 0 full consecutive calendar months.

"**Base Recourse**" means a portion of the Indebtedness equal to zero percent (0%) of the original principal balance of this Note.

"**Business Day**" means any day other than a Saturday, a Sunday or any other day on which Lender or the national banking associations are not open for business.

"**Default Rate**" means (i) during the Fixed Rate Period, an annual interest rate equal to four (4) percentage points above the Fixed Interest Rate; and (ii) during the Extension Period, a variable annual interest rate equal to four (4) percentage points above the Adjustable Interest Rate in effect from time to time. However, at no time will the Default Rate exceed the Maximum Interest Rate.

"**Extended Maturity Date**" means, if the Extension Period becomes effective pursuant to this Note, the earlier of (i) June 1, 2017 and (ii) the date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise pursuant to the Loan Documents or the exercise by Lender of any right or remedy thereunder.

"**Extension Period**" means the twelve (12) consecutive calendar months period commencing on the Scheduled Initial Maturity Date.

"**Fixed Interest Rate**" means the annual interest rate of five and seven hundred ten thousandths percent (5.710%).

"Fixed Rate Period" means the period beginning on the date of this Note and continuing through May 31, 2016.

"Index Rate" means, for any Interest Adjustment Period, the Reference Bill® Index Rate for such Interest Adjustment Period.

"Initial Maturity Date" means the earlier of (i) June 1, 2016 (the "Scheduled Initial Maturity Date"), and (ii) the date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise pursuant to the Loan Documents or the exercise by Lender of any right or remedy thereunder.

"Installment Due Date" means, for any monthly installment of interest only or principal and interest, the date on which such monthly installment is due and payable pursuant to Section 3 of this Note. The "First Installment Due Date" under this Note is July 1, 2008.

"Interest Adjustment Period" means each successive one calendar month period during the Extension Period and until the entire Indebtedness is paid in full.

"Lender" means the holder from time to time of this Note.

"LIBOR Index" means the British Bankers Association's (BBA) one (1) month LIBOR Rate for United States Dollar deposits, as displayed on the LIBOR Index Page used to establish the LIBOR Index Rate.

"LIBOR Index Rate" means, for any Interest Adjustment Period after the first Interest Adjustment Period, the BBA's LIBOR Rate for the LIBOR Index released by the BBA most recently preceding the first day of such Interest Adjustment Period, as such LIBOR Rate is displayed on the LIBOR Index Page. The LIBOR Index Rate for the first Interest Adjustment Period means the British Bankers Association's (BBA) LIBOR Rate for the LIBOR Index released by the BBA most recently preceding the first day of the month in which the first Interest Adjustment Period begins, as such LIBOR Rate is displayed on the LIBOR Index Page. "LIBOR Index Page" is the Bloomberg L.P., page "BBAM", or such other page for the LIBOR Index as may replace page BBAM on that service, or at the option of Lender (i) the applicable page for the LIBOR Index on another service which electronically transmits or displays BBA LIBOR Rates, or (ii) any publication of LIBOR rates available from the BBA. In the event the BBA ceases to set or publish a LIBOR rate/interest settlement rate for the LIBOR Index, Lender will designate an alternative index, and such alternative index shall constitute the LIBOR Index Page.

"Loan" means the loan evidenced by this Note.

"Margin" means two and one-half (2.5) percentage points (250 basis points).

"Maturity Date" means the Extended Maturity Date unless pursuant to Section 3(c) of this Note the Extension Period does not or cannot become effective, in which case the Maturity Date means the Initial Maturity Date.

"Maximum Interest Rate" means the rate of interest that results in the maximum amount of interest allowed by applicable law.

"Prepayment Premium Period" means the period during which, if a prepayment of principal occurs, a prepayment premium will be payable by Borrower to Lender. The Prepayment Premium Period is the period from and including the date of this Note until but not including the first day of the Window Period. For this Note, the Prepayment Premium Period equals the Yield Maintenance Period.

"Reference Bills®" means the unsecured general obligations of the Federal Home Loan Mortgage Corporation ("Freddie Mac") designated by Freddie Mac as "Reference Bills® Securities" and having original durations to maturity most comparable to the term of the Reference Bill Index, and issued by Freddie Mac at regularly scheduled auctions. In the event Freddie Mac shall at any time cease to designate any unsecured general obligations of Freddie Mac as "Reference Bills Securities", then at the option of Lender (i) Lender may select from time to time another unsecured general obligation of Freddie Mac having original durations to maturity most comparable to the term of the Reference Bill Index and issued by Freddie Mac at regularly scheduled auctions, and the term "Reference Bills" as used in this Note shall mean such other unsecured general obligations as selected by Lender; or (ii) for any one or more Interest Adjustment Periods, Lender may use the applicable LIBOR Index Rate as the Index Rate for such Interest Adjustment Period(s).

"Reference Bill Index" means the one-month Reference Bills. One-month reference bills have original durations to maturity of approximately 30 days.

"Reference Bill Index Rate" means, for any Interest Adjustment Period after the first Interest Adjustment Period, the Money Market Yield for the Reference Bills as established by the Reference Bill auction conducted by Freddie Mac most recently preceding the first day of such Interest Adjustment Period, as displayed on the Reference Bill Index Page. The Reference Bill Index Rate for the first Interest Adjustment Period means the Money Market Yield for the Reference Bills as established by the Reference Bill auction conducted by Freddie Mac most recently preceding the first day of the month in which the first Interest Adjustment Period begins, as displayed on the Reference Bill Index Page. The "Reference Bill Index Page" is the Freddie Mac Debt Securities Web Page (accessed via the Freddie Mac internet site at www.freddiemac.com), or at the option of Lender, any publication of Reference Bills auction results available from Freddie Mac. However, if Freddie Mac has not conducted a Reference Bill auction within the 60-calendar day period prior to the first day of an Interest Adjustment Period, the Reference Bill Index Rate for such Interest Adjustment Period will be the LIBOR Index Rate for such Interest Adjustment Period.

"Remaining Amortization Period" means, at any point in time, the number of consecutive calendar months equal to the number of months in the Amortization Period minus the number of scheduled monthly installments of principal and interest that have elapsed since the date of this Note.

"Security Instrument" means the multifamily mortgage, deed to secure debt or deed of trust effective as of the effective date of this Note, from Borrower to or for the benefit of Lender and securing this Note.

"Treasury Security" means the 7.500% U.S. Treasury Security due November 15, 2016.

"Window Period" means the Extension Period.

"Yield Maintenance Period" means the period from and including the date of this Note until but not including the Scheduled Initial Maturity Date.

(b) Other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Security Instrument.

2. **Address for Payment.** All payments due under this Note shall be payable at 2010 Corporate Ridge, Suite 1000, McLean, Virginia 22102, or such other place as may be designated by Notice to Borrower from or on behalf of Lender.

3. **Payments.**

(a) During the Fixed Rate Period, interest will accrue on the outstanding principal balance of this Note at the Fixed Interest Rate, subject to the provisions of Section 8 of this Note. During the Extension Period, interest will accrue on the outstanding principal balance of this Note at the Adjustable Interest Rate, subject to the provisions of Section 8 of this Note.

(b) Interest under this Note shall be computed, payable and allocated on the basis of an actual/360 interest calculation schedule (interest is payable for the actual number of days in each month, and each month's interest is calculated by multiplying the unpaid principal amount of this Note as of the first day of the month for which interest is being calculated by the Fixed Interest Rate (during the Fixed Rate Period) or the applicable Adjustable Interest Rate (during the Extension Period), dividing the product by 360, and multiplying the quotient by the number of days in the month for which interest is being calculated). For convenience in determining the amount of a monthly installment of principal and interest under this Note, Lender will use a 30/360 interest calculation payment schedule (each year is treated as consisting of twelve 30-day months). However, as provided above, the portion of the monthly installment actually payable as and allocated to interest will be based upon an actual/360 interest calculation schedule, and the amount of each installment attributable to principal and the amount attributable to interest will vary based upon the number of days in the month for which such installment is paid. Each monthly payment of principal and interest will first be applied to pay in full interest due, and the balance of the monthly payment paid by Borrower will be credited to principal.

(c) Unless disbursement of principal is made by Lender to Borrower on the first day of a calendar month, interest for the period beginning on the date of disbursement and ending on and including the last day of such calendar month shall be payable by Borrower simultaneously with the execution of this Note. If disbursement of principal is made by Lender to Borrower on the first day of a calendar month, then no payment will be due from Borrower at the time of the execution of this Note. The Installment Due Date for the first monthly installment payment under Section 3(d) of interest only or principal and interest, as applicable, will be the First Installment Due Date set forth in Section 1(a) of this Note. Except as provided in this Section 3(c) and in Section 10, accrued interest will be payable in arrears.

(d) Beginning on the First Installment Due Date, and continuing until and including the monthly installment due on the Initial Maturity Date, accrued interest only shall be payable by Borrower in consecutive monthly installments due and payable on the first day of each calendar month. The amount of each monthly installment of interest only payable pursuant to this Section 3(d) on an Installment Due Date shall vary, and shall equal \$2,622.05484 multiplied by the number of days in the month prior to the Installment Due Date.

(e) Except as otherwise provided in this Section 3(e), all remaining Indebtedness, including all principal and interest, shall be due and payable by Borrower on the Initial Maturity Date. However, so long as (i) the Initial Maturity Date has not occurred prior to the Scheduled Initial Maturity Date, and (ii) no Event of Default or event or circumstance which, with the giving of notice or passage of time or both, could constitute an Event of Default exists on the

Scheduled Initial Maturity Date, then the Extension Period automatically will become effective and the date for full payment of the Indebtedness automatically shall be extended until the Extended Maturity Date. If the Extension Period becomes effective, monthly installments of principal and interest or interest only will be payable during the Extension Period as provided in Section 3(f). Anything in Section 21 of the Security Instrument to the contrary notwithstanding, during the Extension Period, Borrower will not request that Lender consent to, and Lender will not consent to, a Transfer that, absent such consent, would constitute an Event of Default.

(f) If the Extension Period becomes effective, beginning on July 1, 2016, and continuing until and including the monthly installment due on the Extended Maturity Date, accrued interest only shall be payable by Borrower in consecutive monthly installments due and payable on the first day of each calendar month. The amount of the monthly installment of interest only payable pursuant to this Section 3(f) on an Installment Due Date shall equal the product of (i) annual interest on the unpaid principal balance of this Note as of the first day of the Interest Adjustment Period immediately preceding the Installment Due Date (annual interest being such principal balance of this Note multiplied by the Adjustable Interest Rate in effect for such Interest Adjustment Period), divided by 360, multiplied by (ii) the number of days in such Interest Adjustment Period.

(g) During the Extension Period, Lender shall provide Borrower with Notice, given in the manner specified in the Security Instrument, of the amount of each monthly installment due under this Note. However, if Lender has not provided Borrower with prior notice of the monthly payment due on any Installment Due Date, then Borrower shall pay on that Installment Due Date an amount equal to the monthly installment payment for which Borrower last received notice. If Lender at any time determines that Borrower has paid one or more monthly installments in an incorrect amount because of the operation of the preceding sentence, or because Lender has miscalculated the Adjustable Interest Rate or has otherwise miscalculated the amount of any monthly installment, then Lender shall give notice to Borrower of such determination. If such determination discloses that Borrower has paid less than the full amount due for the period for which the determination was made, Borrower, within 30 calendar days after receipt of the notice from Lender, shall pay to Lender the full amount of the deficiency. If such determination discloses that Borrower has paid more than the full amount due for the period for which the determination was made, then the amount of the overpayment shall be credited to the next installment(s) of interest only or principal and interest, as applicable, due under this Note (or, if an Event of Default has occurred and is continuing, such overpayment shall be credited against any amount owing by Borrower to Lender).

(h) All payments under this Note shall be made in immediately available U.S. funds.

(i) Any regularly scheduled monthly installment of interest only or principal and interest payable pursuant to this Section 3 that is received by Lender before the date it is due shall be deemed to have been received on the due date for the purpose of calculating interest due.

(j) Any accrued interest remaining past due for 30 days or more, at Lender's discretion, may be added to and become part of the unpaid principal balance of this Note and any reference to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Any amount added to principal pursuant to the Loan Documents shall bear interest at the applicable rate or rates specified in this Note and shall be payable with such interest upon demand by Lender and absent such demand, as provided in this Note for the payment of principal and interest.

(k) In accordance with Section 14, interest charged under this Note cannot exceed the Maximum Interest Rate. If the Adjustable Interest Rate at any time exceeds the Maximum Interest Rate, resulting in the charging of interest hereunder to be limited to the Maximum Interest Rate, then any subsequent reduction in the Adjustable Interest Rate shall not reduce the rate at which interest under this Note accrues below the Maximum Interest Rate until the total

amount of interest accrued hereunder equals the amount of interest which would have accrued had the Adjustable Interest Rate at all times been in effect.

4. Application of Payments. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Lender may apply the amount received to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. Security. The Indebtedness is secured by, among other things, the Security Instrument, and reference is made to the Security Instrument for other rights of Lender as to collateral for the Indebtedness.

6. Acceleration. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, any prepayment premium payable under Section 10, and all other amounts payable under this Note and any other Loan Document, shall at once become due and payable, at the option of Lender, without any prior notice to Borrower (except if notice is required by applicable law, then after such notice). Lender may exercise this option to accelerate regardless of any prior forbearance. For purposes of exercising such option, Lender shall calculate the prepayment premium as if prepayment occurred on the date of acceleration. If prepayment occurs thereafter, Lender shall recalculate the prepayment premium as of the actual prepayment date.

7. Late Charge.

(a) If any monthly installment of interest or principal and interest or other amount payable under this Note or under the Security Instrument or any other Loan Document is not received in full by Lender (i) during the Fixed Rate Period, within ten (10) days after the installment or other amount is due, or (ii) during the Extension Period, within five (5) days after the installment or other amount is due, counting from and including the date such installment or other amount is due (unless applicable law requires a longer period of time before a late charge may be imposed, in which event such longer period shall be substituted), Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to five percent (5%) of such installment or other amount due (unless applicable law requires a lesser amount be charged, in which event such lesser amount shall be substituted).

(b) Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 8.

8. Default Rate.

(a) So long as (i) any monthly installment under this Note remains past due for thirty (30) days or more or (ii) any other Event of Default has occurred and is continuing, then notwithstanding anything in Section 3 of this Note to the contrary, interest under this Note shall accrue on the unpaid principal balance from the Installment Due Date of the first such unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at the Default Rate.

(b) From and after the Maturity Date, the unpaid principal balance shall continue to bear interest at the Default Rate until and including the date on which the entire principal balance is paid in full.

(c) Borrower acknowledges that (i) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, (ii) during the time that any monthly installment under this Note is delinquent for thirty (30) days or more, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities; and (iii) it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent for thirty (30) days or more or any other Event of Default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. Limits on Personal Liability.

(a) Except as otherwise provided in this Section 9, Borrower shall have no personal liability under this Note, the Security Instrument or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents and Lender's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to the Mortgaged Property and to any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any other obligations of Borrower.

(b) Borrower shall be personally liable to Lender for the amount of the Base Recourse, plus any other amounts for which Borrower has personal liability under this Section 9.

(c) In addition to the Base Recourse, Borrower shall be personally liable to Lender for the repayment of a further portion of the Indebtedness equal to any loss or damage suffered by Lender as a result of the occurrence of any of the following events:

- (i) Borrower fails to pay to Lender upon demand after an Event of Default all Rents to which Lender is entitled under Section 3(a) of the Security Instrument and the amount of all security deposits collected by Borrower from tenants then in residence. However, Borrower will not be personally liable for any failure described in this subsection (i) if Borrower is unable to pay to Lender all Rents and security deposits as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.
- (ii) Borrower fails to apply all insurance proceeds and condemnation proceeds as required by the Security Instrument. However, Borrower will not be personally liable for any failure described in this subsection (ii) if Borrower is unable to apply insurance or condemnation proceeds as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.

(iii) Borrower fails to comply with Section 14(g) or (h) of the Security Instrument relating to the delivery of books and records, statements, schedules and reports.

(iv) Borrower fails to pay when due in accordance with the terms of the Security Instrument the amount of any item below marked "Deferred"; provided however, that if no item is marked "Deferred", this Section 9(c)(iv) shall be of no force or effect.

[Deferred]	Hazard Insurance premiums or other insurance premiums,
[Deferred]	Taxes,
[Deferred]	water and sewer charges (that could become a lien on the Mortgaged Property),
[N/A]	ground rents,
[Deferred]	assessments or other charges (that could become a lien on the Mortgaged Property)

(d) In addition to the Base Recourse, Borrower shall be personally liable to Lender for:

(i) the performance of all of Borrower's obligations under Section 18 of the Security Instrument (relating to environmental matters);

(ii) the costs of any audit under Section 14(g) of the Security Instrument; and

(iii) any costs and expenses incurred by Lender in connection with the collection of any amount for which Borrower is personally liable under this Section 9, including Attorneys' Fees and Costs and the costs of conducting any independent audit of Borrower's books and records to determine the amount for which Borrower has personal liability.

(e) All payments made by Borrower with respect to the Indebtedness and all amounts received by Lender from the enforcement of its rights under the Security Instrument and the other Loan Documents shall be applied first to the portion of the Indebtedness for which Borrower has no personal liability.

(f) Notwithstanding the Base Recourse, Borrower shall become personally liable to Lender for the repayment of all of the Indebtedness upon the occurrence of any of the following Events of Default:

(i) Borrower's ownership of any property or operation of any business not permitted by Section 33 of the Security Instrument;

(ii) a Transfer (including, but not limited to, a lien or encumbrance) that is an Event of Default under Section 21 of the Security Instrument, other than a Transfer consisting solely of the involuntary removal or involuntary withdrawal of a general partner in a limited partnership or a manager in a limited liability company; or

(iii) fraud or written material misrepresentation by Borrower or any officer, director, partner, member or employee of Borrower in connection with the application for or creation of the Indebtedness or any request for any action or consent by Lender.

(g) To the extent that Borrower has personal liability under this Section 9, Lender may exercise its rights against Borrower personally without regard to whether Lender has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Lender under this Note, the Security Instrument, any other Loan Document or applicable law. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Section 9, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

10. Voluntary and Involuntary Prepayments.

(a) Any receipt by Lender of principal due under this Note prior to the Maturity Date, other than principal required to be paid in monthly installments pursuant to Section 3, constitutes a prepayment of principal under this Note. Without limiting the foregoing, any application by Lender, prior to the Maturity Date, of any proceeds of collateral or other security to the repayment of any portion of the unpaid principal balance of this Note constitutes a prepayment under this Note.

(b) Borrower may voluntarily prepay all of the unpaid principal balance of this Note on an Installment Due Date so long as Borrower designates the date for such prepayment in a Notice from Borrower to Lender given at least 30 days prior to the date of such prepayment. If an Installment Due Date (as defined in Section 1(a)) falls on a day which is not a Business Day, then with respect to payments made under this Section 10 only, the term "Installment Due Date" shall mean the Business Day immediately preceding the scheduled Installment Due Date.

(c) Notwithstanding subsection (b) above, Borrower may voluntarily prepay all of the unpaid principal balance of this Note on a Business Day other than an Installment Due Date if Borrower provides Lender with the Notice set forth in subsection (b) and meets the other requirements set forth in this subsection. Borrower acknowledges that Lender has agreed that Borrower may prepay principal on a Business Day other than an Installment Due Date only because Lender shall deem any prepayment received by Lender on any day other than an Installment Due Date to have been received on the Installment Due Date immediately following such prepayment and Borrower shall be responsible for all interest that would have been due if the prepayment had actually been made on the Installment Due Date immediately following such prepayment.

(d) Unless otherwise expressly provided in the Loan Documents, Borrower may not voluntarily prepay less than all of the unpaid principal balance of this Note. In order to voluntarily prepay all or any part of the principal of this Note, Borrower must also pay to Lender, together with the amount of principal being prepaid, (i) all accrued and unpaid interest due under this Note, plus (ii) all other sums due to Lender at the time of such prepayment, plus (iii) any prepayment premium calculated pursuant to Section 10(e).

(e) Except as provided in Section 10(f), a prepayment premium shall be due and payable by Borrower in connection with any prepayment of principal under this Note during the Prepayment Premium Period. The prepayment premium shall be whichever is the greater of subsections (A) and (B) below:

- (A) 1.0% of the amount of principal being prepaid; or
 - (B) the product obtained by multiplying:
 - (1) the amount of principal being prepaid or accelerated,
- by*

- (2) the excess (if any) of the Monthly Note Rate over the Assumed Reinvestment Rate,

by

- (3) the Present Value Factor.

For purposes of subsection (B), the following definitions shall apply:

Monthly Note Rate: one-twelfth (1/12) of the Fixed Interest Rate, expressed as a decimal calculated to five digits.

Prepayment Date: in the case of a voluntary prepayment, the date on which the prepayment is made; in the case of the application by Lender of collateral or security to a portion of the principal balance, the date of such application.

Assumed Reinvestment Rate: one-twelfth (1/12) of the yield rate, as of the close of the trading session which is 5 Business Days before the Prepayment Date, on the Treasury Security, as reported in *The Wall Street Journal*, expressed as a decimal calculated to five digits. In the event that no yield is published on the applicable date for the Treasury Security, Lender, in its discretion, shall select the non-callable Treasury Security maturing in the same year as the Treasury Security with the lowest yield published in *The Wall Street Journal* as of the applicable date. If the publication of such yield rates in *The Wall Street Journal* is discontinued for any reason, Lender shall select a security with a comparable rate and term to the Treasury Security. The selection of an alternate security pursuant to this Section shall be made in Lender's discretion.

Present Value Factor: the factor that discounts to present value the costs resulting to Lender from the difference in interest rates during the months remaining in the Yield Maintenance Period, using the Assumed Reinvestment Rate as the discount rate, with monthly compounding, expressed numerically as follows:

$$\frac{I - \left(\frac{I}{I + ARR} \right)^n}{ARR}$$

n = the number of months remaining in Yield Maintenance Period; provided, however, if a prepayment occurs on an Installment Due Date, then the number of months remaining in the Yield Maintenance Period shall be calculated beginning with the month in which such prepayment occurs and if such prepayment occurs on a Business Day other than an Installment Due Date, then the number of months remaining in the Yield Maintenance Period shall be calculated beginning with the month immediately following the date of such prepayment.

ARR = Assumed Reinvestment Rate

(f) Notwithstanding any other provision of this Section 10, no prepayment premium shall be payable with respect to (i) any prepayment made during the Window Period, or (ii) any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under the Security Instrument.

(g) Unless Lender agrees otherwise in writing, a permitted or required prepayment of less than the unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments.

(h) Borrower recognizes that any prepayment of any of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from an Event of Default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third parties. Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth in this Note represents a reasonable estimate of the damages Lender will incur because of a prepayment. Borrower further acknowledges that any lockout and the prepayment premium provisions of this Note are a material part of the consideration for the Loan, and that the terms of this Note are in other respects more favorable to Borrower as a result of the Borrower's voluntary agreement to the lockout and prepayment premium provisions.

11. Costs and Expenses. To the fullest extent allowed by applicable law, Borrower shall pay all expenses and costs, including Attorneys' Fees and Costs incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

12. Forbearance. Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

13. Waivers. Borrower and all endorsers and guarantors of this Note and all other third party obligors waive presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness.

14. Loan Charges. Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the Maximum Interest Rate. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from

Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

15. **Commercial Purpose.** Borrower represents that Borrower is incurring the Indebtedness solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family, household, or agricultural purposes.

16. **Counting of Days.** Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

17. **Governing Law.** This Note shall be governed by the law of the Property Jurisdiction.

18. **Captions.** The captions of the Sections of this Note are for convenience only and shall be disregarded in construing this Note.

19. **Notices; Written Modifications.**

(a) All Notices, demands and other communications required or permitted to be given pursuant to this Note shall be given in accordance with Section 31 of the Security Instrument.

(b) Any modification or amendment to this Note shall be ineffective unless in writing signed by the party sought to be charged with such modification or amendment; provided, however, that in the event of a Transfer under the terms of the Security Instrument that requires Lender's consent, any or some or all of the Modifications to Multifamily Note set forth in Exhibit A to this Note may be modified or rendered void by Lender at Lender's option, by Notice to Borrower and the transferee, as a condition of Lender's consent.

20. **Consent to Jurisdiction and Venue.** Borrower agrees that any controversy arising under or in relation to this Note may be litigated in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have jurisdiction over all controversies that shall arise under or in relation to this Note. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this Note is intended to limit any right that Lender may have to bring any suit, action or proceeding relating to matters arising under this Note in any court of any other jurisdiction.

21. **WAIVER OF TRIAL BY JURY. BORROWER AND LENDER EACH (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS LENDER AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.**

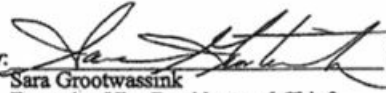
22. **State-Specific Provisions.** N/A.

ATTACHED EXHIBIT. The Exhibit noted below, if marked with an "X" in the space provided, is attached to this Note:

IN WITNESS WHEREOF, and in consideration of the Lender's agreement to lend Borrower the principal amount set forth above, Borrower has signed and delivered this Note under seal or has caused this Note to be signed and delivered under seal by its duly authorized representative. Borrower intends that this Note shall be deemed to be signed and delivered as a sealed instrument.

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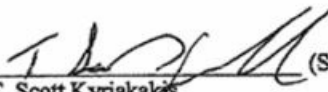
WASHINGTON REAL ESTATE
INVESTMENT TRUST, a Maryland
investment trust

By:  (SEAL)
Sara Grootwassink
Executive Vice President and Chief
Financial Officer

52-1969764
Borrower's Social Security/Employer ID Number

PAY TO THE ORDER OF FEDERAL HOME LOAN
MORTGAGE CORPORATION, WITHOUT
RECOURSE.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, a national banking
association

By:  (SEAL)
T. Scott Kyriakakis
Vice President

FHLMC Loan No. 487792483

EXHIBIT A

MODIFICATIONS TO MULTIFAMILY NOTE

The following modifications are made to the text of the Note that precedes this Exhibit.

I. MARYLAND IDOT NOTE MODIFICATIONS (REVISION DATE 4-15-2008)

1. Section 1 is modified by adding the definitions for "Grantor", "Guaranteed Obligations" and "Pledge" below:

"Grantor" means the party or parties (jointly and severally if more than one party) who has or have (i) guaranteed payment of the entire indebtedness and performance of all of Borrower's obligations under the Loan Documents pursuant to that certain Guaranty dated the date of this Note (the "Grantor's Guaranty" or "Guaranty"), and (ii) executed and delivered the Security Instrument to secure the payment and performance by Grantor under the Grantor's Guaranty.

"Guaranteed Obligations" shall have the meaning given to such term in Grantor's Guaranty.

"Pledge" means Not Applicable.

2. Section 1 is modified by deleting the definition of "Security Instrument" in its entirety and replacing it with the following:

"Security Instrument" means the Multifamily Indemnity Deed of Trust, Assignment of Rents and Security Agreement effective as of the effective date of this Note, from Grantor to or for the benefit of Lender and securing the Grantor's Guaranty.

3. Section 5 is deleted in its entirety and replaced by the following:

5. **Guaranty and Security.** The obligations of Borrower under this Note and the other Loan Documents are guaranteed by, among others, Grantor pursuant to the terms and provisions of the Grantor's Guaranty. The Security Instrument secures, among other things, the obligations of Grantor under the Grantor's Guaranty and other Loan Documents to which Grantor is a party. The Pledge secures, among other things, the obligations of Borrower and Grantor under the Loan Documents. The Security Instrument constitutes a first lien on and security interest in the Mortgaged Property, as more particularly described in the Security Instrument. The Pledge constitutes a first lien pledge of and security interest in the "Collateral" described in the Pledge. Borrower hereby acknowledges its receipt of the fully executed copy of the Grantor's Guaranty, the Security Instrument, and the Pledge. By its execution and delivery of this Note, Borrower agrees (i) to cause Grantor to fully and timely perform and comply with all of Grantor's obligations under the Security Instrument and other Loan Documents to which Grantor is a party, (ii) to cause Pledgor to fully and timely perform and comply with all of Pledgor's obligations under the Pledge, and (iii) to perform and comply with all of the obligations of Grantor and to be bound by the covenants of Grantor under the Security Instrument as if Borrower was named as the

grantor under the Security Instrument. Without limiting the foregoing, to the extent the provisions of Section 42 of the Security Instrument are applicable, Borrower hereby joins in the pledge and assignment of the Cap Collateral. All of the terms of the Security Instrument are incorporated into this Note by reference.

4. Section 9(a) is deleted in its entirety and replaced with the following:

(a) Except as otherwise provided in this Section 9, Borrower shall have no personal liability under this Note or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents and Lender's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to any collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against Grantor or any other guarantor of the Indebtedness or any guarantor of any other obligations of Borrower.

5. Section 9(c) is deleted in its entirety and replaced with the following:

(c) In addition to the Base Recourse, Borrower shall be personally liable to Lender for the repayment of a further portion of the Indebtedness equal to any loss or damage suffered by Lender as a result of the occurrence of any of the following events:

- (i) Borrower or Grantor fails to pay to Lender upon demand after an Event of Default all Rents to which Lender is entitled under Section 3(a) of the Security Instrument and the amount of all security deposits collected by Grantor or Borrower from tenants then in residence. However, Borrower will not be personally liable for any failure described in this subsection (i) if Borrower and Grantor are unable to pay to Lender all Rents and security deposits as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.
- (ii) Borrower or Grantor fails to apply all insurance proceeds and condemnation proceeds as required by the Security Instrument. However, Borrower will not be personally liable for any failure described in this subsection (ii) if Borrower and Grantor are unable to apply insurance or condemnation proceeds as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.
- (iii) Borrower or Grantor fails to comply with Section 14(g) or (h) of the Security Instrument relating to the delivery of books and records, statements, schedules and reports.
- (iv) Borrower or Grantor fails to pay when due in accordance with the terms of the Security Instrument the amount of any item below marked "Deferred"; provided however, that if

no item is marked "Deferred", this Section 9(c)(iv) shall be of no force or effect.

[Deferred] Hazard Insurance premiums or other insurance premiums,
[Deferred] Taxes,
[Deferred] water and sewer charges (that could become a lien on the Mortgaged Property),
[N/A] ground rents,
[Deferred] assessments or other charges (that could become a lien on the Mortgaged Property)

(v) Borrower, Grantor, Pledgor or any other party seeks to set aside the Guaranty in bankruptcy.

6. Sections 9(d)(i) and 9(d)(iii) are deleted in their entirety and replaced with the following:

(i) the performance of all of Borrower's and Grantor's obligations under Section 18 of the Security Instrument (relating to environmental matters);

(iii) any costs and expenses incurred by Lender in connection with the collection of any amount for which Borrower is personally liable under this Section 9, including Attorneys' Fees and Costs and the costs of conducting any independent audit of Borrower's or Grantor's books and records to determine the amount for which Borrower has personal liability.

7. Section 9(d) is modified to include the following new sentence at the end of the Section:

In addition, Borrower shall be personally liable to Lender for the amount of all recordation, transfer, documentary, or similar taxes, if any, that may be due because of the making of the Loan evidenced by this Note, the execution, delivery or recordation of the Security Instrument, the execution or delivery of the Grantor's Guaranty or any other guaranty, the occurrence of any Event of Default under the Security Instrument, or otherwise arising out of the loan transaction to which the Loan Documents pertain, plus all interest, penalties and fines that may be or may become due.

8. Section 9(e) is deleted in its entirety and replaced with the following:

(e) All payments made by Borrower with respect to the Indebtedness or by Grantor with respect to the Guaranteed Obligations, respectively, and all amounts received by Lender from the enforcement of its rights under the Security Instrument and the other Loan Documents shall be applied first to the portion of the Indebtedness for which Borrower has no personal liability.

9. Section 9(f)(i) and 9(f)(iii) are deleted in their entirety and replaced with the following:

(i) Borrower's or Grantor's ownership of any property or operation of any business not permitted by Section 33 of the Security Instrument;

- (iii) fraud or written material misrepresentation by Borrower or Grantor or Pledgor or any officer, director, partner, member or employee of Borrower or Grantor or Pledgor in connection with the application for or creation of the Indebtedness or any request for any action or consent by Lender.

10. Section 9(g) is deleted in its entirety and replaced with the following:

(g) To the extent that Borrower has personal liability under this Section 9, Lender may exercise its rights against Borrower personally without regard to whether Lender has exercised any rights against the Mortgaged Property, the Collateral or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Lender under this Note, the Security Instrument, any other Loan Document or applicable law. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Section 9, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

11. Section 13 is modified to include the following new sentence at the end of the Section:

Each such party agrees that his, her or its liability on or with respect to this Note shall not be affected by any release of or change in the Pledge, the Guaranty, the Security Instrument, or any other guaranty or security at any time existing, or by any failure to protect or to maintain perfection of any lien against or security interest in any such security or the partial or complete enforceability of any guaranty or other security obligation with or without notice and before or after the Maturity Date.

12. Section 19(a) is modified to include the following new sentence at the beginning of the Section:

Borrower's address for notice is: 6110 Executive Boulevard, Suite 800, Rockville, Maryland 20852.

13. The following new Sections are added to the Note after the last numbered Section:

- 23. **Waiver of Statute of Limitations.** Borrower hereby waives the right to assert any statute of limitations as a bar to any action brought to enforce this Note or any other Loan Document.
- 24. **Further Assurances.** Borrower shall execute, acknowledge, and deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements or amendments, transfers and assurances as Lender may require from time to time in order to better assure, grant, and convey to Lender the rights intended to be granted, now or in the future, to Lender under this Note and the other Loan Documents.
- 25. **Estoppel Certificate.** Within 10 days after a request from Lender, Borrower shall deliver to Lender a written statement, signed and acknowledged by Borrower, certifying to Lender or any person designated by Lender, as of the date of such statement, (i) that the Loan Documents

are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications); (ii) the unpaid principal balance of the Note; (iii) the date to which interest under the Note has been paid; (iv) that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Note or any of the other Loan Documents (or, if the Borrower is in default, describing such default in reasonable detail); (v) whether or not there are then existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Lender under the Loan Documents; and (vi) any additional facts requested by Lender.

26. **Sale of Note.** This Note or a partial interest in this Note (together with the other Loan Documents) may be sold one or more times without prior Notice to Borrower. A sale may result in a change of the Loan Servicer. There also may be one or more changes of the Loan Servicer unrelated to a sale of this Note. If there is a change of the Loan Servicer, Borrower will be given Notice of the change. All actions regarding the servicing of the loan evidenced by this Note, including the collection of payments, the giving and receipt of Notice, inspections of books and records, and the granting of consents and approvals, may be taken by the Loan Servicer unless Borrower receives Notice to the contrary. If Borrower receives conflicting Notices regarding the identity of the Loan Servicer or any other subject, any such Notice from Lender shall govern.
27. **Relationship of Parties; No Third Party Beneficiary.**
- (a) The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Instrument shall create any other relationship between Lender and Borrower.
- (b) No creditor of any party to this Note and no other person shall be a third party beneficiary of this Note or any other Loan Document. Without limiting the generality of the preceding sentence, (i) any arrangement (a "Servicing Arrangement") between the Lender and any Loan Servicer for loss sharing or interim advancement of funds shall constitute a contractual obligation of such Loan Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness, (ii) Borrower shall not be a third party beneficiary of any Servicing Arrangement, and (iii) no payment by the Loan Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.
28. **Disclosure of Information.** Lender may furnish information regarding Borrower to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, purchase or securitization of the Indebtedness, including but not limited to trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans. Grantor irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including but not limited to any right of privacy.

29. **No Change in Facts or Circumstances.** Borrower warrants that (a) all information in the application for the loan submitted to Lender (the "Loan Application") and in all financial statements, rent schedules, reports, certificates and other documents submitted in connection with the Loan Application are complete and accurate in all material respects; and (b) there has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

II. Additional Modifications.

1. Section 3(d) is modified by inserting the following at the end of the Section:

"If Lender accepts a partial prepayment of principal, then the per diem amount in the previous sentence will be recalculated by Lender at the time of the partial prepayment by multiplying the principal balance of this Note after the prepayment by the Fixed Interest Rate, and dividing the product by 360."

2. A new subsection (iv) is added to Section 9(f) as follows:

- (iv) WRIT Limited Partnership files for bankruptcy protection under the United States Bankruptcy Code, or becomes subject to any reorganization, receivership, insolvency proceeding, or other similar proceeding pursuant to any other federal or state law affecting debtor and creditor rights, or an order of relief is entered against WRIT Limited Partnership pursuant to the United States Bankruptcy Code or other federal or state law affecting debtor and creditor rights in any involuntary bankruptcy proceeding.

FHLMC Loan No. 487792467
3801 Connecticut Avenue

MULTIFAMILY NOTE
MULTISTATE – FIXED TO FLOAT
(REVISION DATE 2-15-2008)

US \$35,398,704.00

Effective Date: As of May 29, 2008

FOR VALUE RECEIVED, the undersigned (together with such party's or parties' successors and assigns, "**Borrower**"), jointly and severally (if more than one) promises to pay to the order of **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, the principal sum of Thirty-Five Million Three Hundred Ninety-Eight Thousand Seven Hundred Four and 00/100 Dollars (US \$35,398,704.00), with interest on the unpaid principal balance, as hereinafter provided.

I. Defined Terms.

(a) As used in this Note:

"**Adjustable Interest Rate**" means the variable annual interest rate calculated for each Interest Adjustment Period so as to equal the Index Rate for such Interest Adjustment Period (truncated at the fifth (5th) decimal place if necessary) plus the Margin.

"**Amortization Period**" means a period of 0 full consecutive calendar months.

"**Base Recourse**" means a portion of the Indebtedness equal to zero percent (0%) of the original principal balance of this Note.

"**Business Day**" means any day other than a Saturday, a Sunday or any other day on which Lender or the national banking associations are not open for business.

"**Default Rate**" means (i) during the Fixed Rate Period, an annual interest rate equal to four (4) percentage points above the Fixed Interest Rate; and (ii) during the Extension Period, a variable annual interest rate equal to four (4) percentage points above the Adjustable Interest Rate in effect from time to time. However, at no time will the Default Rate exceed the Maximum Interest Rate.

"**Extended Maturity Date**" means, if the Extension Period becomes effective pursuant to this Note, the earlier of (i) June 1, 2017, and (ii) the date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise pursuant to the Loan Documents or the exercise by Lender of any right or remedy thereunder.

"**Extension Period**" means the twelve (12) consecutive calendar months period commencing on the Scheduled Initial Maturity Date.

"**Fixed Interest Rate**" means the annual interest rate of five and seventy-one hundredths percent (5.71%).

"**Fixed Rate Period**" means the period beginning on the date of this Note and continuing through May 31, 2016.

"**Index Rate**" means, for any Interest Adjustment Period, the Reference Bill@ Index Rate for such Interest Adjustment Period.

"**Initial Maturity Date**" means the earlier of (i) June 1, 2016 (the "**Scheduled Initial Maturity Date**"), and (ii) the date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise pursuant to the Loan Documents or the exercise by Lender of any right or remedy thereunder.

"**Installment Due Date**" means, for any monthly installment of interest only or principal and interest, the date on which such monthly installment is due and payable pursuant to Section 3 of this Note. The "**First Installment Due Date**" under this Note is July 1, 2008.

"**Interest Adjustment Period**" means each successive one calendar month period during the Extension Period and until the entire Indebtedness is paid in full.

"**Lender**" means the holder from time to time of this Note.

"**LIBOR Index**" means the British Bankers Association's (BBA) one (1) month LIBOR Rate for United States Dollar deposits, as displayed on the LIBOR Index Page used to establish the LIBOR Index Rate.

"**LIBOR Index Rate**" means, for any Interest Adjustment Period after the first Interest Adjustment Period, the BBA's LIBOR Rate for the LIBOR Index released by the BBA most recently preceding the first day of such Interest Adjustment Period, as such LIBOR Rate is displayed on the LIBOR Index Page. The LIBOR Index Rate for the first Interest Adjustment Period means the British Bankers Association's (BBA) LIBOR Rate for the LIBOR Index released by the BBA most recently preceding the first day of the month in which the first Interest Adjustment Period begins, as such LIBOR Rate is displayed on the LIBOR Index Page. "**LIBOR Index Page**" is the Bloomberg L.P., page "BBAM", or such other page for the LIBOR Index as may replace page BBAM on that service, or at the option of Lender (i) the applicable page for the LIBOR Index on another service which electronically transmits or displays BBA LIBOR Rates, or (ii) any publication of LIBOR rates available from the BBA. In the event the BBA ceases to set or publish a LIBOR rate/interest settlement rate for the LIBOR Index, Lender will designate an alternative index, and such alternative index shall constitute the LIBOR Index Page.

"**Loan**" means the loan evidenced by this Note.

"**Margin**" means two and one-half (2.5) percentage points (250 basis points).

"**Maturity Date**" means the Extended Maturity Date unless pursuant to Section 3(e) of this Note the Extension Period does not or cannot become effective, in which case the Maturity Date means the Initial Maturity Date.

"**Maximum Interest Rate**" means the rate of interest that results in the maximum amount of interest allowed by applicable law.

"Prepayment Premium Period" means the period during which, if a prepayment of principal occurs, a prepayment premium will be payable by Borrower to Lender. The Prepayment Premium Period is the period from and including the date of this Note until but not including the first day of the Window Period. For this Note, the Prepayment Premium Period equals the Yield Maintenance Period.

"Reference Bills®" means the unsecured general obligations of the Federal Home Loan Mortgage Corporation ("**Freddie Mac**") designated by Freddie Mac as "Reference Bills® Securities" and having original durations to maturity most comparable to the term of the Reference Bill Index, and issued by Freddie Mac at regularly scheduled auctions. In the event Freddie Mac shall at any time cease to designate any unsecured general obligations of Freddie Mac as "Reference Bills Securities", then at the option of Lender (i) Lender may select from time to time another unsecured general obligation of Freddie Mac having original durations to maturity most comparable to the term of the Reference Bill Index and issued by Freddie Mac at regularly scheduled auctions, and the term "Reference Bills" as used in this Note shall mean such other unsecured general obligations as selected by Lender; or (ii) for any one or more Interest Adjustment Periods, Lender may use the applicable LIBOR Index Rate as the Index Rate for such Interest Adjustment Period(s).

"Reference Bill Index" means the one-month Reference Bills. One-month reference bills have original durations to maturity of approximately 30 days.

"Reference Bill Index Rate" means, for any Interest Adjustment Period after the first Interest Adjustment Period, the Money Market Yield for the Reference Bills as established by the Reference Bill auction conducted by Freddie Mac most recently preceding the first day of such Interest Adjustment Period, as displayed on the Reference Bill Index Page. The Reference Bill Index Rate for the first Interest Adjustment Period means the Money Market Yield for the Reference Bills as established by the Reference Bill auction conducted by Freddie Mac most recently preceding the first day of the month in which the first Interest Adjustment Period begins, as displayed on the Reference Bill Index Page. The "**Reference Bill Index Page**" is the Freddie Mac Debt Securities Web Page (accessed via the Freddie Mac internet site at www.freddiemac.com), or at the option of Lender, any publication of Reference Bills auction results available from Freddie Mac. However, if Freddie Mac has not conducted a Reference Bill auction within the 60-calendar day period prior to the first day of an Interest Adjustment Period, the Reference Bill Index Rate for such Interest Adjustment Period will be the LIBOR Index Rate for such Interest Adjustment Period.

"Remaining Amortization Period" means, at any point in time, the number of consecutive calendar months equal to the number of months in the Amortization Period minus the number of scheduled monthly installments of principal and interest that have elapsed since the date of this Note.

"Security Instrument" means the multifamily mortgage, deed to secure debt or deed of trust effective as of the effective date of this Note, from Borrower to or for the benefit of Lender and securing this Note.

"Treasury Security" means the 7.500% U.S. Treasury Security due November 15, 2016.

"Window Period" means the Extension Period.

"Yield Maintenance Period" means the period from and including the date of this Note until but not including the Scheduled Initial Maturity Date.

(b) Other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Security Instrument.

2. **Address for Payment.** All payments due under this Note shall be payable at 2010 Corporate Ridge, Suite 1000, McLean, Virginia 22102, or such other place as may be designated by Notice to Borrower from or on behalf of Lender.

3. **Payments.**

(a) During the Fixed Rate Period, interest will accrue on the outstanding principal balance of this Note at the Fixed Interest Rate, subject to the provisions of Section 8 of this Note. During the Extension Period, interest will accrue on the outstanding principal balance of this Note at the Adjustable Interest Rate, subject to the provisions of Section 8 of this Note.

(b) Interest under this Note shall be computed, payable and allocated on the basis of an actual/360 interest calculation schedule (interest is payable for the actual number of days in each month, and each month's interest is calculated by multiplying the unpaid principal amount of this Note as of the first day of the month for which interest is being calculated by the Fixed Interest Rate (during the Fixed Rate Period) or the applicable Adjustable Interest Rate (during the Extension Period), dividing the product by 360, and multiplying the quotient by the number of days in the month for which interest is being calculated). For convenience in determining the amount of a monthly installment of principal and interest under this Note, Lender will use a 30/360 interest calculation payment schedule (each year is treated as consisting of twelve 30-day months). However, as provided above, the portion of the monthly installment actually payable as and allocated to interest will be based upon an actual/360 interest calculation schedule, and the amount of each installment attributable to principal and the amount attributable to interest will vary based upon the number of days in the month for which such installment is paid. Each monthly payment of principal and interest will first be applied to pay in full interest due, and the balance of the monthly payment paid by Borrower will be credited to principal.

(c) Unless disbursement of principal is made by Lender to Borrower on the first day of a calendar month, interest for the period beginning on the date of disbursement and ending on and including the last day of such calendar month shall be payable by Borrower simultaneously with the execution of this Note. If disbursement of principal is made by Lender to Borrower on the first day of a calendar month, then no payment will be due from Borrower at the time of the execution of this Note. The Installment Due Date for the first monthly installment payment under Section 3(d) of interest only or principal and interest, as applicable, will be the First Installment Due Date set forth in Section 1(a) of this Note. Except as provided in this Section 3(c) and in Section 10, accrued interest will be payable in arrears.

(d) Beginning on the First Installment Due Date, and continuing until and including the monthly installment due on the Initial Maturity Date, accrued interest only shall be payable by Borrower in consecutive monthly installments due and payable on the first day of each calendar month. The amount of each monthly installment of interest only payable pursuant to this Section 3(d) on an Installment Due Date shall vary, and shall equal \$5,614.62777 multiplied by the number of days in the month prior to the Installment Due Date.

(e) Except as otherwise provided in this Section 3(e), all remaining Indebtedness, including all principal and interest, shall be due and payable by Borrower on the Initial Maturity Date. However, so long as (i) the Initial Maturity Date has not occurred prior to the Scheduled Initial Maturity Date, and (ii) no Event of Default or event or circumstance which, with the giving of notice or passage of time or both, could constitute an Event of Default exists on the

Scheduled Initial Maturity Date, then the Extension Period automatically will become effective and the date for full payment of the Indebtedness automatically shall be extended until the Extended Maturity Date. If the Extension Period becomes effective, monthly installments of principal and interest or interest only will be payable during the Extension Period as provided in Section 3(f). Anything in Section 21 of the Security Instrument to the contrary notwithstanding, during the Extension Period, Borrower will not request that Lender consent to, and Lender will not consent to, a Transfer that, absent such consent, would constitute an Event of Default.

(f) If the Extension Period becomes effective, beginning on July 1, 2016, and continuing until and including the monthly installment due on the Extended Maturity Date, accrued interest only shall be payable by Borrower in consecutive monthly installments due and payable on the first day of each calendar month. The amount of the monthly installment of interest only payable pursuant to this Section 3(f) on an Installment Due Date shall equal the product of (i) annual interest on the unpaid principal balance of this Note as of the first day of the Interest Adjustment Period immediately preceding the Installment Due Date (annual interest being such principal balance of this Note multiplied by the Adjustable Interest Rate in effect for such Interest Adjustment Period), divided by 360, multiplied by (ii) the number of days in such Interest Adjustment Period.

(g) During the Extension Period, Lender shall provide Borrower with Notice, given in the manner specified in the Security Instrument, of the amount of each monthly installment due under this Note. However, if Lender has not provided Borrower with prior notice of the monthly payment due on any Installment Due Date, then Borrower shall pay on that Installment Due Date an amount equal to the monthly installment payment for which Borrower last received notice. If Lender at any time determines that Borrower has paid one or more monthly installments in an incorrect amount because of the operation of the preceding sentence, or because Lender has miscalculated the Adjustable Interest Rate or has otherwise miscalculated the amount of any monthly installment, then Lender shall give notice to Borrower of such determination. If such determination discloses that Borrower has paid less than the full amount due for the period for which the determination was made, Borrower, within 30 calendar days after receipt of the notice from Lender, shall pay to Lender the full amount of the deficiency. If such determination discloses that Borrower has paid more than the full amount due for the period for which the determination was made, then the amount of the overpayment shall be credited to the next installment(s) of interest only or principal and interest, as applicable, due under this Note (or, if an Event of Default has occurred and is continuing, such overpayment shall be credited against any amount owing by Borrower to Lender).

(h) All payments under this Note shall be made in immediately available U.S. funds.

(i) Any regularly scheduled monthly installment of interest only or principal and interest payable pursuant to this Section 3 that is received by Lender before the date it is due shall be deemed to have been received on the due date for the purpose of calculating interest due.

(j) Any accrued interest remaining past due for 30 days or more, at Lender's discretion, may be added to and become part of the unpaid principal balance of this Note and any reference to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Any amount added to principal pursuant to the Loan Documents shall bear interest at the applicable rate or rates specified in this Note and shall be payable with such interest upon demand by Lender and absent such demand, as provided in this Note for the payment of principal and interest.

(k) In accordance with Section 14, interest charged under this Note cannot exceed the Maximum Interest Rate. If the Adjustable Interest Rate at any time exceeds the Maximum Interest Rate, resulting in the charging of interest hereunder to be limited to the Maximum Interest Rate, then any subsequent reduction in the Adjustable Interest Rate shall not reduce the

rate at which interest under this Note accrues below the Maximum Interest Rate until the total amount of interest accrued hereunder equals the amount of interest which would have accrued had the Adjustable Interest Rate at all times been in effect.

4. Application of Payments. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Lender may apply the amount received to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. Security. The Indebtedness is secured by, among other things, the Security Instrument, and reference is made to the Security Instrument for other rights of Lender as to collateral for the Indebtedness.

6. Acceleration. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, any prepayment premium payable under Section 10, and all other amounts payable under this Note and any other Loan Document, shall at once become due and payable, at the option of Lender, without any prior notice to Borrower (except if notice is required by applicable law, then after such notice). Lender may exercise this option to accelerate regardless of any prior forbearance. For purposes of exercising such option, Lender shall calculate the prepayment premium as if prepayment occurred on the date of acceleration. If prepayment occurs thereafter, Lender shall recalculate the prepayment premium as of the actual prepayment date.

7. Late Charge.

(a) If any monthly installment of interest or principal and interest or other amount payable under this Note or under the Security Instrument or any other Loan Document is not received in full by Lender (i) during the Fixed Rate Period, within ten (10) days after the installment or other amount is due, or (ii) during the Extension Period, within five (5) days after the installment or other amount is due, counting from and including the date such installment or other amount is due (unless applicable law requires a longer period of time before a late charge may be imposed, in which event such longer period shall be substituted), Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to five percent (5%) of such installment or other amount due (unless applicable law requires a lesser amount be charged, in which event such lesser amount shall be substituted).

(b) Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 8.

8. Default Rate.

(a) So long as (i) any monthly installment under this Note remains past due for thirty (30) days or more or (ii) any other Event of Default has occurred and is continuing, then notwithstanding anything in Section 3 of this Note to the contrary, interest under this Note shall accrue on the unpaid principal balance from the Installment Due Date of the first such unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at the Default Rate.

(b) From and after the Maturity Date, the unpaid principal balance shall continue to bear interest at the Default Rate until and including the date on which the entire principal balance is paid in full.

(c) Borrower acknowledges that (i) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, (ii) during the time that any monthly installment under this Note is delinquent for thirty (30) days or more, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities; and (iii) it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent for thirty (30) days or more or any other Event of Default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. Limits on Personal Liability.

(a) Except as otherwise provided in this Section 9, Borrower shall have no personal liability under this Note, the Security Instrument or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents and Lender's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to the Mortgaged Property and to any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any other obligations of Borrower.

(b) Borrower shall be personally liable to Lender for the amount of the Base Recourse, plus any other amounts for which Borrower has personal liability under this Section 9.

(c) In addition to the Base Recourse, Borrower shall be personally liable to Lender for the repayment of a further portion of the Indebtedness equal to any loss or damage suffered by Lender as a result of the occurrence of any of the following events:

- (i) Borrower fails to pay to Lender upon demand after an Event of Default all Rents to which Lender is entitled under Section 3(a) of the Security Instrument and the amount of all security deposits collected by Borrower from tenants then in residence. However, Borrower will not be personally liable for any failure described in this subsection (i) if Borrower is unable to pay to Lender all Rents and security deposits as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.
- (ii) Borrower fails to apply all insurance proceeds and condemnation proceeds as required by the Security Instrument. However, Borrower will not be personally liable for any failure described in this subsection (ii) if Borrower is unable to apply insurance or condemnation proceeds as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.

(iii) Borrower fails to comply with Section 14(g) or (h) of the Security Instrument relating to the delivery of books and records, statements, schedules and reports.

(iv) Borrower fails to pay when due in accordance with the terms of the Security Instrument the amount of any item below marked "Deferred"; provided however, that if no item is marked "Deferred", this Section 9(c)(iv) shall be of no force or effect.

[Deferred]	Hazard Insurance premiums or other insurance premiums,
[Deferred]	Taxes,
[Deferred]	water and sewer charges (that could become a lien on the Mortgaged Property),
[N/A]	ground rents,
[Deferred]	assessments or other charges (that could become a lien on the Mortgaged Property)

(d) In addition to the Base Recourse, Borrower shall be personally liable to Lender for:

(i) the performance of all of Borrower's obligations under Section 18 of the Security Instrument (relating to environmental matters);

(ii) the costs of any audit under Section 14(g) of the Security Instrument; and

(iii) any costs and expenses incurred by Lender in connection with the collection of any amount for which Borrower is personally liable under this Section 9, including Attorneys' Fees and Costs and the costs of conducting any independent audit of Borrower's books and records to determine the amount for which Borrower has personal liability.

(e) All payments made by Borrower with respect to the Indebtedness and all amounts received by Lender from the enforcement of its rights under the Security Instrument and the other Loan Documents shall be applied first to the portion of the Indebtedness for which Borrower has no personal liability.

(f) Notwithstanding the Base Recourse, Borrower shall become personally liable to Lender for the repayment of all of the Indebtedness upon the occurrence of any of the following Events of Default:

(i) Borrower's ownership of any property or operation of any business not permitted by Section 33 of the Security Instrument;

(ii) a Transfer (including, but not limited to, a lien or encumbrance) that is an Event of Default under Section 21 of the Security Instrument, other than a Transfer consisting solely of the involuntary removal or involuntary withdrawal of a general partner in a limited partnership or a manager in a limited liability company; or

(iii) fraud or written material misrepresentation by Borrower or any officer, director, partner, member or employee of Borrower in connection with the application for or creation of the Indebtedness or any request for any action or consent by Lender.

(g) To the extent that Borrower has personal liability under this Section 9, Lender may exercise its rights against Borrower personally without regard to whether Lender has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Lender under this Note, the Security Instrument, any other Loan Document or applicable law. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Section 9, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

10. Voluntary and Involuntary Prepayments.

(a) Any receipt by Lender of principal due under this Note prior to the Maturity Date, other than principal required to be paid in monthly installments pursuant to Section 3, constitutes a prepayment of principal under this Note. Without limiting the foregoing, any application by Lender, prior to the Maturity Date, of any proceeds of collateral or other security to the repayment of any portion of the unpaid principal balance of this Note constitutes a prepayment under this Note.

(b) Borrower may voluntarily prepay all of the unpaid principal balance of this Note on an Installment Due Date so long as Borrower designates the date for such prepayment in a Notice from Borrower to Lender given at least 30 days prior to the date of such prepayment. If an Installment Due Date (as defined in Section 1(a)) falls on a day which is not a Business Day, then with respect to payments made under this Section 10 only, the term "Installment Due Date" shall mean the Business Day immediately preceding the scheduled Installment Due Date.

(c) Notwithstanding subsection (b) above, Borrower may voluntarily prepay all of the unpaid principal balance of this Note on a Business Day other than an Installment Due Date if Borrower provides Lender with the Notice set forth in subsection (b) and meets the other requirements set forth in this subsection. Borrower acknowledges that Lender has agreed that Borrower may prepay principal on a Business Day other than an Installment Due Date only because Lender shall deem any prepayment received by Lender on any day other than an Installment Due Date to have been received on the Installment Due Date immediately following such prepayment and Borrower shall be responsible for all interest that would have been due if the prepayment had actually been made on the Installment Due Date immediately following such prepayment.

(d) Unless otherwise expressly provided in the Loan Documents, Borrower may not voluntarily prepay less than all of the unpaid principal balance of this Note. In order to voluntarily prepay all or any part of the principal of this Note, Borrower must also pay to Lender, together with the amount of principal being prepaid, (i) all accrued and unpaid interest due under this Note, plus (ii) all other sums due to Lender at the time of such prepayment, plus (iii) any prepayment premium calculated pursuant to Section 10(e).

(e) Except as provided in Section 10(f), a prepayment premium shall be due and payable by Borrower in connection with any prepayment of principal under this Note during the Prepayment Premium Period. The prepayment premium shall be whichever is the greater of subsections (A) and (B) below:

- (A) 1.0% of the amount of principal being prepaid; or
 - (B) the product obtained by multiplying:
 - (1) the amount of principal being prepaid or accelerated,
- by*

(2) the excess (if any) of the Monthly Note Rate over the Assumed Reinvestment Rate,

by

(3) the Present Value Factor.

For purposes of subsection (B), the following definitions shall apply:

Monthly Note Rate: one-twelfth (1/12) of the Fixed Interest Rate, expressed as a decimal calculated to five digits.

Prepayment Date: in the case of a voluntary prepayment, the date on which the prepayment is made; in the case of the application by Lender of collateral or security to a portion of the principal balance, the date of such application.

Assumed Reinvestment Rate: one-twelfth (1/12) of the yield rate, as of the close of the trading session which is 5 Business Days before the Prepayment Date, on the Treasury Security, as reported in *The Wall Street Journal*, expressed as a decimal calculated to five digits. In the event that no yield is published on the applicable date for the Treasury Security, Lender, in its discretion, shall select the non-callable Treasury Security maturing in the same year as the Treasury Security with the lowest yield published in *The Wall Street Journal* as of the applicable date. If the publication of such yield rates in *The Wall Street Journal* is discontinued for any reason, Lender shall select a security with a comparable rate and term to the Treasury Security. The selection of an alternate security pursuant to this Section shall be made in Lender's discretion.

Present Value Factor: the factor that discounts to present value the costs resulting to Lender from the difference in interest rates during the months remaining in the Yield Maintenance Period, using the Assumed Reinvestment Rate as the discount rate, with monthly compounding, expressed numerically as follows:

$$\frac{1 - \left(\frac{1}{1 + ARR} \right)^n}{ARR}$$

n = the number of months remaining in Yield Maintenance Period; provided, however, if a prepayment occurs on an Installment Due Date, then the number of months remaining in the Yield Maintenance Period shall be calculated beginning with the month in which such prepayment occurs and if such prepayment occurs on a Business Day other than an Installment Due Date, then the number of months remaining in the Yield Maintenance Period shall be calculated beginning with the month immediately following the date of such prepayment.

ARR = Assumed Reinvestment Rate

(f) Notwithstanding any other provision of this Section 10, no prepayment premium shall be payable with respect to (i) any prepayment made during the Window Period, or (ii) any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under the Security Instrument.

(g) Unless Lender agrees otherwise in writing, a permitted or required prepayment of less than the unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments.

(h) Borrower recognizes that any prepayment of any of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from an Event of Default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third parties. Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth in this Note represents a reasonable estimate of the damages Lender will incur because of a prepayment. Borrower further acknowledges that any lockout and the prepayment premium provisions of this Note are a material part of the consideration for the Loan, and that the terms of this Note are in other respects more favorable to Borrower as a result of the Borrower's voluntary agreement to the lockout and prepayment premium provisions.

11. Costs and Expenses. To the fullest extent allowed by applicable law, Borrower shall pay all expenses and costs, including Attorneys' Fees and Costs incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

12. Forbearance. Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

13. Waivers. Borrower and all endorsers and guarantors of this Note and all other third party obligors waive presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness.

14. Loan Charges. Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the Maximum Interest Rate. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any

applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

15. Commercial Purpose. Borrower represents that Borrower is incurring the Indebtedness solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family, household, or agricultural purposes.

16. Counting of Days. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

17. Governing Law. This Note shall be governed by the law of the Property Jurisdiction.

18. Captions. The captions of the Sections of this Note are for convenience only and shall be disregarded in construing this Note.

19. Notices; Written Modifications.

(a) All Notices, demands and other communications required or permitted to be given pursuant to this Note shall be given in accordance with Section 31 of the Security Instrument.

(b) Any modification or amendment to this Note shall be ineffective unless in writing signed by the party sought to be charged with such modification or amendment; provided, however, that in the event of a Transfer under the terms of the Security Instrument that requires Lender's consent, any or some or all of the Modifications to Multifamily Note set forth in Exhibit A to this Note may be modified or rendered void by Lender at Lender's option, by Notice to Borrower and the transferee, as a condition of Lender's consent.

20. Consent to Jurisdiction and Venue. Borrower agrees that any controversy arising under or in relation to this Note may be litigated in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have jurisdiction over all controversies that shall arise under or in relation to this Note. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this Note is intended to limit any right that Lender may have to bring any suit, action or proceeding relating to matters arising under this Note in any court of any other jurisdiction.

21. WAIVER OF TRIAL BY JURY. BORROWER AND LENDER EACH (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS LENDER AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

22. State-Specific Provisions. N/A.

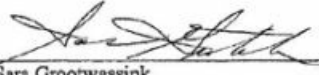
ATTACHED EXHIBIT. The Exhibit noted below, if marked with an "X" in the space provided, is attached to this Note:

Exhibit A Modifications to Multifamily Note

IN WITNESS WHEREOF, and in consideration of the Lender's agreement to lend Borrower the principal amount set forth above, Borrower has signed and delivered this Note under seal or has caused this Note to be signed and delivered under seal by its duly authorized representative. Borrower intends that this Note shall be deemed to be signed and delivered as a sealed instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]


WASHINGTON REAL ESTATE
INVESTMENT TRUST, a Maryland
investment trust

By:  (SEAL)
Sara Grootwassink
Executive Vice President and Chief
Financial Officer

52-1969764
Borrower's Social Security/Employer ID Number

PAY TO THE ORDER OF FEDERAL HOME LOAN
MORTGAGE CORPORATION, WITHOUT
RECOURSE.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, a national banking
association

By:  (SEAL)
T. Scott Kyriakakis
Vice President

FHLMC Loan No. 487792467

EXHIBIT A

MODIFICATIONS TO MULTIFAMILY NOTE

The following modifications are made to the text of the Note that precedes this Exhibit.

1. Section 3(d) of this Note is modified by inserting the following at the end of said Section:

"If Lender accepts a partial prepayment of principal, then the per diem amount in the previous sentence will be recalculated by Lender at the time of the partial prepayment by multiplying the principal balance of this Note after the prepayment by the Fixed Interest Rate, and dividing the product by 360."

FHLMC Loan No.487793382
Bethesda Hill Apartments

MULTIFAMILY NOTE
MULTISTATE – FIXED TO FLOAT
(REVISION DATE 2-15-2008)

US \$29,098,971.00

Effective Date: As of May 29, 2008

FOR VALUE RECEIVED, the undersigned (together with such party's or parties' successors and assigns, "**Borrower**"), jointly and severally (if more than one) promises to pay to the order of **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, the principal sum of Twenty Nine Million Ninety Eight Thousand Nine Hundred Seventy-One and 00/100 Dollars (US \$29,098,971.00), with interest on the unpaid principal balance, as hereinafter provided.

1. Defined Terms.

(a) As used in this Note:

"**Adjustable Interest Rate**" means the variable annual interest rate calculated for each Interest Adjustment Period so as to equal the Index Rate for such Interest Adjustment Period (truncated at the fifth (5th) decimal place if necessary) plus the Margin.

"**Amortization Period**" means a period of 0 full consecutive calendar months.

"**Base Recourse**" means a portion of the Indebtedness equal to zero percent (0%) of the original principal balance of this Note.

"**Business Day**" means any day other than a Saturday, a Sunday or any other day on which Lender or the national banking associations are not open for business.

"**Default Rate**" means (i) during the Fixed Rate Period, an annual interest rate equal to four (4) percentage points above the Fixed Interest Rate; and (ii) during the Extension Period, a variable annual interest rate equal to four (4) percentage points above the Adjustable Interest Rate in effect from time to time. However, at no time will the Default Rate exceed the Maximum Interest Rate.

"**Extended Maturity Date**" means, if the Extension Period becomes effective pursuant to this Note, the earlier of (i) June 1, 2017 and (ii) the date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise pursuant to the Loan Documents or the exercise by Lender of any right or remedy thereunder.

"**Extension Period**" means the twelve (12) consecutive calendar months period commencing on the Scheduled Initial Maturity Date.

"**Fixed Interest Rate**" means the annual interest rate of five and seven hundred ten thousandths percent (5.710%).

"**Fixed Rate Period**" means the period beginning on the date of this Note and continuing through May 31, 2016.

"**Index Rate**" means, for any Interest Adjustment Period, the Reference Bill® Index Rate for such Interest Adjustment Period.

"**Initial Maturity Date**" means the earlier of (i) June 1, 2016 (the "**Scheduled Initial Maturity Date**"), and (ii) the date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise pursuant to the Loan Documents or the exercise by Lender of any right or remedy thereunder.

"**Installment Due Date**" means, for any monthly installment of interest only or principal and interest, the date on which such monthly installment is due and payable pursuant to Section 3 of this Note. The "**First Installment Due Date**" under this Note is July 1, 2008.

"**Interest Adjustment Period**" means each successive one calendar month period during the Extension Period and until the entire Indebtedness is paid in full.

"**Lender**" means the holder from time to time of this Note.

"**LIBOR Index**" means the British Bankers Association's (BBA) one (1) month LIBOR Rate for United States Dollar deposits, as displayed on the LIBOR Index Page used to establish the LIBOR Index Rate.

"**LIBOR Index Rate**" means, for any Interest Adjustment Period after the first Interest Adjustment Period, the BBA's LIBOR Rate for the LIBOR Index released by the BBA most recently preceding the first day of such Interest Adjustment Period, as such LIBOR Rate is displayed on the LIBOR Index Page. The LIBOR Index Rate for the first Interest Adjustment Period means the British Bankers Association's (BBA) LIBOR Rate for the LIBOR Index released by the BBA most recently preceding the first day of the month in which the first Interest Adjustment Period begins, as such LIBOR Rate is displayed on the LIBOR Index Page. "**LIBOR Index Page**" is the Bloomberg L.P., page "BBAM", or such other page for the LIBOR Index as may replace page BBAM on that service, or at the option of Lender (i) the applicable page for the LIBOR Index on another service which electronically transmits or displays BBA LIBOR Rates, or (ii) any publication of LIBOR rates available from the BBA. In the event the BBA ceases to set or publish a LIBOR rate/interest settlement rate for the LIBOR Index, Lender will designate an alternative index, and such alternative index shall constitute the LIBOR Index Page.

"**Loan**" means the loan evidenced by this Note.

"**Margin**" means two and one-half (2.5) percentage points (250 basis points).

"**Maturity Date**" means the Extended Maturity Date unless pursuant to Section 3(e) of this Note the Extension Period does not or cannot become effective, in which case the Maturity Date means the Initial Maturity Date.

"**Maximum Interest Rate**" means the rate of interest that results in the maximum amount of interest allowed by applicable law.

"Prepayment Premium Period" means the period during which, if a prepayment of principal occurs, a prepayment premium will be payable by Borrower to Lender. The Prepayment Premium Period is the period from and including the date of this Note until but not including the first day of the Window Period. For this Note, the Prepayment Premium Period equals the Yield Maintenance Period.

"Reference Bills®" means the unsecured general obligations of the Federal Home Loan Mortgage Corporation ("**Freddie Mac**") designated by Freddie Mac as "Reference Bills® Securities" and having original durations to maturity most comparable to the term of the Reference Bill Index, and issued by Freddie Mac at regularly scheduled auctions. In the event Freddie Mac shall at any time cease to designate any unsecured general obligations of Freddie Mac as "Reference Bills Securities", then at the option of Lender (i) Lender may select from time to time another unsecured general obligation of Freddie Mac having original durations to maturity most comparable to the term of the Reference Bill Index and issued by Freddie Mac at regularly scheduled auctions, and the term "Reference Bills" as used in this Note shall mean such other unsecured general obligations as selected by Lender; or (ii) for any one or more Interest Adjustment Periods, Lender may use the applicable LIBOR Index Rate as the Index Rate for such Interest Adjustment Period(s).

"Reference Bill Index" means the one-month Reference Bills. One-month reference bills have original durations to maturity of approximately 30 days.

"Reference Bill Index Rate" means, for any Interest Adjustment Period after the first Interest Adjustment Period, the Money Market Yield for the Reference Bills as established by the Reference Bill auction conducted by Freddie Mac most recently preceding the first day of such Interest Adjustment Period, as displayed on the Reference Bill Index Page. The Reference Bill Index Rate for the first Interest Adjustment Period means the Money Market Yield for the Reference Bills as established by the Reference Bill auction conducted by Freddie Mac most recently preceding the first day of the month in which the first Interest Adjustment Period begins, as displayed on the Reference Bill Index Page. The "**Reference Bill Index Page**" is the Freddie Mac Debt Securities Web Page (accessed via the Freddie Mac internet site at www.freddiemac.com), or at the option of Lender, any publication of Reference Bills auction results available from Freddie Mac. However, if Freddie Mac has not conducted a Reference Bill auction within the 60-calendar day period prior to the first day of an Interest Adjustment Period, the Reference Bill Index Rate for such Interest Adjustment Period will be the LIBOR Index Rate for such Interest Adjustment Period.

"Remaining Amortization Period" means, at any point in time, the number of consecutive calendar months equal to the number of months in the Amortization Period minus the number of scheduled monthly installments of principal and interest that have elapsed since the date of this Note.

"Security Instrument" means the multifamily mortgage, deed to secure debt or deed of trust effective as of the effective date of this Note, from Borrower to or for the benefit of Lender and securing this Note.

"Treasury Security" means the 7.500% U.S. Treasury Security due November 15, 2016.

"Window Period" means the Extension Period.

"Yield Maintenance Period" means the period from and including the date of this Note until but not including the Scheduled Initial Maturity Date.

(b) Other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Security Instrument.

2. **Address for Payment.** All payments due under this Note shall be payable at 2010 Corporate Ridge, Suite 1000, McLean, Virginia 22102, or such other place as may be designated by Notice to Borrower from or on behalf of Lender.

3. **Payments.**

(a) During the Fixed Rate Period, interest will accrue on the outstanding principal balance of this Note at the Fixed Interest Rate, subject to the provisions of Section 8 of this Note. During the Extension Period, interest will accrue on the outstanding principal balance of this Note at the Adjustable Interest Rate, subject to the provisions of Section 8 of this Note.

(b) Interest under this Note shall be computed, payable and allocated on the basis of an actual/360 interest calculation schedule (interest is payable for the actual number of days in each month, and each month's interest is calculated by multiplying the unpaid principal amount of this Note as of the first day of the month for which interest is being calculated by the Fixed Interest Rate (during the Fixed Rate Period) or the applicable Adjustable Interest Rate (during the Extension Period), dividing the product by 360, and multiplying the quotient by the number of days in the month for which interest is being calculated). For convenience in determining the amount of a monthly installment of principal and interest under this Note, Lender will use a 30/360 interest calculation payment schedule (each year is treated as consisting of twelve 30-day months). However, as provided above, the portion of the monthly installment actually payable as and allocated to interest will be based upon an actual/360 interest calculation schedule, and the amount of each installment attributable to principal and the amount attributable to interest will vary based upon the number of days in the month for which such installment is paid. Each monthly payment of principal and interest will first be applied to pay in full interest due, and the balance of the monthly payment paid by Borrower will be credited to principal.

(c) Unless disbursement of principal is made by Lender to Borrower on the first day of a calendar month, interest for the period beginning on the date of disbursement and ending on and including the last day of such calendar month shall be payable by Borrower simultaneously with the execution of this Note. If disbursement of principal is made by Lender to Borrower on the first day of a calendar month, then no payment will be due from Borrower at the time of the execution of this Note. The Installment Due Date for the first monthly installment payment under Section 3(d) of interest only or principal and interest, as applicable, will be the First Installment Due Date set forth in Section 1(a) of this Note. Except as provided in this Section 3(c) and in Section 10, accrued interest will be payable in arrears.

(d) Beginning on the First Installment Due Date, and continuing until and including the monthly installment due on the Initial Maturity Date, accrued interest only shall be payable by Borrower in consecutive monthly installments due and payable on the first day of each calendar month. The amount of each monthly installment of interest only payable pursuant to this Section 3(d) on an Installment Due Date shall vary, and shall equal \$4,615.42012 multiplied by the number of days in the month prior to the Installment Due Date.

(e) Except as otherwise provided in this Section 3(e), all remaining Indebtedness, including all principal and interest, shall be due and payable by Borrower on the Initial Maturity Date. However, so long as (i) the Initial Maturity Date has not occurred prior to the Scheduled Initial Maturity Date, and (ii) no Event of Default or event or circumstance which, with the giving of notice or passage of time or both, could constitute an Event of Default exists on the

Scheduled Initial Maturity Date, then the Extension Period automatically will become effective and the date for full payment of the Indebtedness automatically shall be extended until the Extended Maturity Date. If the Extension Period becomes effective, monthly installments of principal and interest or interest only will be payable during the Extension Period as provided in Section 3(f). Anything in Section 21 of the Security Instrument to the contrary notwithstanding, during the Extension Period, Borrower will not request that Lender consent to, and Lender will not consent to, a Transfer that, absent such consent, would constitute an Event of Default.

(f) If the Extension Period becomes effective, beginning on July 1, 2016, and continuing until and including the monthly installment due on the Extended Maturity Date, accrued interest only shall be payable by Borrower in consecutive monthly installments due and payable on the first day of each calendar month. The amount of the monthly installment of interest only payable pursuant to this Section 3(f) on an Installment Due Date shall equal the product of (i) annual interest on the unpaid principal balance of this Note as of the first day of the Interest Adjustment Period immediately preceding the Installment Due Date (annual interest being such principal balance of this Note multiplied by the Adjustable Interest Rate in effect for such Interest Adjustment Period), divided by 360, multiplied by (ii) the number of days in such Interest Adjustment Period.

(g) During the Extension Period, Lender shall provide Borrower with Notice, given in the manner specified in the Security Instrument, of the amount of each monthly installment due under this Note. However, if Lender has not provided Borrower with prior notice of the monthly payment due on any Installment Due Date, then Borrower shall pay on that Installment Due Date an amount equal to the monthly installment payment for which Borrower last received notice. If Lender at any time determines that Borrower has paid one or more monthly installments in an incorrect amount because of the operation of the preceding sentence, or because Lender has miscalculated the Adjustable Interest Rate or has otherwise miscalculated the amount of any monthly installment, then Lender shall give notice to Borrower of such determination. If such determination discloses that Borrower has paid less than the full amount due for the period for which the determination was made, Borrower, within 30 calendar days after receipt of the notice from Lender, shall pay to Lender the full amount of the deficiency. If such determination discloses that Borrower has paid more than the full amount due for the period for which the determination was made, then the amount of the overpayment shall be credited to the next installment(s) of interest only or principal and interest, as applicable, due under this Note (or, if an Event of Default has occurred and is continuing, such overpayment shall be credited against any amount owing by Borrower to Lender).

(h) All payments under this Note shall be made in immediately available U.S. funds.

(i) Any regularly scheduled monthly installment of interest only or principal and interest payable pursuant to this Section 3 that is received by Lender before the date it is due shall be deemed to have been received on the due date for the purpose of calculating interest due.

(j) Any accrued interest remaining past due for 30 days or more, at Lender's discretion, may be added to and become part of the unpaid principal balance of this Note and any reference to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Any amount added to principal pursuant to the Loan Documents shall bear interest at the applicable rate or rates specified in this Note and shall be payable with such interest upon demand by Lender and absent such demand, as provided in this Note for the payment of principal and interest.

(k) In accordance with Section 14, interest charged under this Note cannot exceed the Maximum Interest Rate. If the Adjustable Interest Rate at any time exceeds the Maximum Interest Rate, resulting in the charging of interest hereunder to be limited to the Maximum Interest Rate, then any subsequent reduction in the Adjustable Interest Rate shall not reduce the rate at which interest under this Note accrues below the Maximum Interest Rate until the total

amount of interest accrued hereunder equals the amount of interest which would have accrued had the Adjustable Interest Rate at all times been in effect.

4. Application of Payments. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Lender may apply the amount received to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Borrower agrees that neither Lender's acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. Security. The Indebtedness is secured by, among other things, the Security Instrument, and reference is made to the Security Instrument for other rights of Lender as to collateral for the Indebtedness.

6. Acceleration. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, any prepayment premium payable under Section 10, and all other amounts payable under this Note and any other Loan Document, shall at once become due and payable, at the option of Lender, without any prior notice to Borrower (except if notice is required by applicable law, then after such notice). Lender may exercise this option to accelerate regardless of any prior forbearance. For purposes of exercising such option, Lender shall calculate the prepayment premium as if prepayment occurred on the date of acceleration. If prepayment occurs thereafter, Lender shall recalculate the prepayment premium as of the actual prepayment date.

7. Late Charge.

(a) If any monthly installment of interest or principal and interest or other amount payable under this Note or under the Security Instrument or any other Loan Document is not received in full by Lender (i) during the Fixed Rate Period, within ten (10) days after the installment or other amount is due, or (ii) during the Extension Period, within five (5) days after the installment or other amount is due, counting from and including the date such installment or other amount is due (unless applicable law requires a longer period of time before a late charge may be imposed, in which event such longer period shall be substituted), Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to five percent (5%) of such installment or other amount due (unless applicable law requires a lesser amount be charged, in which event such lesser amount shall be substituted).

(b) Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 8.

8. Default Rate.

(a) So long as (i) any monthly installment under this Note remains past due for thirty (30) days or more or (ii) any other Event of Default has occurred and is continuing, then notwithstanding anything in Section 3 of this Note to the contrary, interest under this Note shall accrue on the unpaid principal balance from the Installment Due Date of the first such unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at the Default Rate.

(b) From and after the Maturity Date, the unpaid principal balance shall continue to bear interest at the Default Rate until and including the date on which the entire principal balance is paid in full.

(c) Borrower acknowledges that (i) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, (ii) during the time that any monthly installment under this Note is delinquent for thirty (30) days or more, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities; and (iii) it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent for thirty (30) days or more or any other Event of Default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. Limits on Personal Liability.

(a) Except as otherwise provided in this Section 9, Borrower shall have no personal liability under this Note, the Security Instrument or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents and Lender's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to the Mortgaged Property and to any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any other obligations of Borrower.

(b) Borrower shall be personally liable to Lender for the amount of the Base Recourse, plus any other amounts for which Borrower has personal liability under this Section 9.

(c) In addition to the Base Recourse, Borrower shall be personally liable to Lender for the repayment of a further portion of the Indebtedness equal to any loss or damage suffered by Lender as a result of the occurrence of any of the following events:

- (i) Borrower fails to pay to Lender upon demand after an Event of Default all Rents to which Lender is entitled under Section 3(a) of the Security Instrument and the amount of all security deposits collected by Borrower from tenants then in residence. However, Borrower will not be personally liable for any failure described in this subsection (i) if Borrower is unable to pay to Lender all Rents and security deposits as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.
- (ii) Borrower fails to apply all insurance proceeds and condemnation proceeds as required by the Security Instrument. However, Borrower will not be personally liable for any failure described in this subsection (ii) if Borrower is unable to apply insurance or condemnation proceeds as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.

- (iii) Borrower fails to comply with Section 14(g) or (h) of the Security Instrument relating to the delivery of books and records, statements, schedules and reports.
- (iv) Borrower fails to pay when due in accordance with the terms of the Security Instrument the amount of any item below marked "Deferred"; provided however, that if no item is marked "Deferred", this Section 9(c)(iv) shall be of no force or effect.

[Deferred]	Hazard Insurance premiums or other insurance premiums,
[Deferred]	Taxes,
[Deferred]	water and sewer charges (that could become a lien on the Mortgaged Property),
[N/A]	ground rents,
[Deferred]	assessments or other charges (that could become a lien on the Mortgaged Property)

(d) In addition to the Base Recourse, Borrower shall be personally liable to Lender for:

- (i) the performance of all of Borrower's obligations under Section 18 of the Security Instrument (relating to environmental matters);
- (ii) the costs of any audit under Section 14(g) of the Security Instrument; and
- (iii) any costs and expenses incurred by Lender in connection with the collection of any amount for which Borrower is personally liable under this Section 9, including Attorneys' Fees and Costs and the costs of conducting any independent audit of Borrower's books and records to determine the amount for which Borrower has personal liability.

(e) All payments made by Borrower with respect to the Indebtedness and all amounts received by Lender from the enforcement of its rights under the Security Instrument and the other Loan Documents shall be applied first to the portion of the Indebtedness for which Borrower has no personal liability.

(f) Notwithstanding the Base Recourse, Borrower shall become personally liable to Lender for the repayment of all of the Indebtedness upon the occurrence of any of the following Events of Default:

- (i) Borrower's ownership of any property or operation of any business not permitted by Section 33 of the Security Instrument;
- (ii) a Transfer (including, but not limited to, a lien or encumbrance) that is an Event of Default under Section 21 of the Security Instrument, other than a Transfer consisting solely of the involuntary removal or involuntary withdrawal of a general partner in a limited partnership or a manager in a limited liability company; or
- (iii) fraud or written material misrepresentation by Borrower or any officer, director, partner, member or employee of Borrower in connection with the application for or creation of the Indebtedness or any request for any action or consent by Lender.

(g) To the extent that Borrower has personal liability under this Section 9, Lender may exercise its rights against Borrower personally without regard to whether Lender has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Lender under this Note, the Security Instrument, any other Loan Document or applicable law. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Section 9, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

10. Voluntary and Involuntary Prepayments.

(a) Any receipt by Lender of principal due under this Note prior to the Maturity Date, other than principal required to be paid in monthly installments pursuant to Section 3, constitutes a prepayment of principal under this Note. Without limiting the foregoing, any application by Lender, prior to the Maturity Date, of any proceeds of collateral or other security to the repayment of any portion of the unpaid principal balance of this Note constitutes a prepayment under this Note.

(b) Borrower may voluntarily prepay all of the unpaid principal balance of this Note on an Installment Due Date so long as Borrower designates the date for such prepayment in a Notice from Borrower to Lender given at least 30 days prior to the date of such prepayment. If an Installment Due Date (as defined in Section 1(a)) falls on a day which is not a Business Day, then with respect to payments made under this Section 10 only, the term "Installment Due Date" shall mean the Business Day immediately preceding the scheduled Installment Due Date.

(c) Notwithstanding subsection (b) above, Borrower may voluntarily prepay all of the unpaid principal balance of this Note on a Business Day other than an Installment Due Date if Borrower provides Lender with the Notice set forth in subsection (b) and meets the other requirements set forth in this subsection. Borrower acknowledges that Lender has agreed that Borrower may prepay principal on a Business Day other than an Installment Due Date only because Lender shall deem any prepayment received by Lender on any day other than an Installment Due Date to have been received on the Installment Due Date immediately following such prepayment and Borrower shall be responsible for all interest that would have been due if the prepayment had actually been made on the Installment Due Date immediately following such prepayment.

(d) Unless otherwise expressly provided in the Loan Documents, Borrower may not voluntarily prepay less than all of the unpaid principal balance of this Note. In order to voluntarily prepay all or any part of the principal of this Note, Borrower must also pay to Lender, together with the amount of principal being prepaid, (i) all accrued and unpaid interest due under this Note, plus (ii) all other sums due to Lender at the time of such prepayment, plus (iii) any prepayment premium calculated pursuant to Section 10(e).

(e) Except as provided in Section 10(f), a prepayment premium shall be due and payable by Borrower in connection with any prepayment of principal under this Note during the Prepayment Premium Period. The prepayment premium shall be whichever is the greater of subsections (A) and (B) below:

- (A) 1.0% of the amount of principal being prepaid; or
 - (B) the product obtained by multiplying:
 - (1) the amount of principal being prepaid or accelerated,
- by*

(2) the excess (if any) of the Monthly Note Rate over the Assumed Reinvestment Rate,

by

(3) the Present Value Factor.

For purposes of subsection (B), the following definitions shall apply:

Monthly Note Rate: one-twelfth (1/12) of the Fixed Interest Rate, expressed as a decimal calculated to five digits.

Prepayment Date: in the case of a voluntary prepayment, the date on which the prepayment is made; in the case of the application by Lender of collateral or security to a portion of the principal balance, the date of such application.

Assumed Reinvestment Rate: one-twelfth (1/12) of the yield rate, as of the close of the trading session which is 5 Business Days before the Prepayment Date, on the Treasury Security, as reported in *The Wall Street Journal*, expressed as a decimal calculated to five digits. In the event that no yield is published on the applicable date for the Treasury Security, Lender, in its discretion, shall select the non-callable Treasury Security maturing in the same year as the Treasury Security with the lowest yield published in *The Wall Street Journal* as of the applicable date. If the publication of such yield rates in *The Wall Street Journal* is discontinued for any reason, Lender shall select a security with a comparable rate and term to the Treasury Security. The selection of an alternate security pursuant to this Section shall be made in Lender's discretion.

Present Value Factor: the factor that discounts to present value the costs resulting to Lender from the difference in interest rates during the months remaining in the Yield Maintenance Period, using the Assumed Reinvestment Rate as the discount rate, with monthly compounding, expressed numerically as follows:

$$\frac{1 - \left(\frac{1}{1 + ARR} \right)^n}{ARR}$$

n = the number of months remaining in Yield Maintenance Period; provided, however, if a prepayment occurs on an Installment Due Date, then the number of months remaining in the Yield Maintenance Period shall be calculated beginning with the month in which such prepayment occurs and if such prepayment occurs on a Business Day other than an Installment Due Date, then the number of months remaining in the Yield Maintenance Period shall be calculated beginning with the month immediately following the date of such prepayment.

ARR = Assumed Reinvestment Rate

(f) Notwithstanding any other provision of this Section 10, no prepayment premium shall be payable with respect to (i) any prepayment made during the Window Period, or (ii) any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under the Security Instrument.

(g) Unless Lender agrees otherwise in writing, a permitted or required prepayment of less than the unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments.

(h) Borrower recognizes that any prepayment of any of the unpaid principal balance of this Note, whether voluntary or involuntary or resulting from an Event of Default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third parties. Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth in this Note represents a reasonable estimate of the damages Lender will incur because of a prepayment. Borrower further acknowledges that any lockout and the prepayment premium provisions of this Note are a material part of the consideration for the Loan, and that the terms of this Note are in other respects more favorable to Borrower as a result of the Borrower's voluntary agreement to the lockout and prepayment premium provisions.

11. Costs and Expenses. To the fullest extent allowed by applicable law, Borrower shall pay all expenses and costs, including Attorneys' Fees and Costs incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

12. Forbearance. Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

13. Waivers. Borrower and all endorsers and guarantors of this Note and all other third party obligors waive presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness.

14. Loan Charges. Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the Maximum Interest Rate. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from

Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, shall be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

15. Commercial Purpose. Borrower represents that Borrower is incurring the Indebtedness solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family, household, or agricultural purposes.

16. Counting of Days. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

17. Governing Law. This Note shall be governed by the law of the Property Jurisdiction.

18. Captions. The captions of the Sections of this Note are for convenience only and shall be disregarded in construing this Note.

19. Notices; Written Modifications.

(a) All Notices, demands and other communications required or permitted to be given pursuant to this Note shall be given in accordance with Section 31 of the Security Instrument.

(b) Any modification or amendment to this Note shall be ineffective unless in writing signed by the party sought to be charged with such modification or amendment; provided, however, that in the event of a Transfer under the terms of the Security Instrument that requires Lender's consent, any or some or all of the Modifications to Multifamily Note set forth in Exhibit A to this Note may be modified or rendered void by Lender at Lender's option, by Notice to Borrower and the transferee, as a condition of Lender's consent.

20. Consent to Jurisdiction and Venue. Borrower agrees that any controversy arising under or in relation to this Note may be litigated in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have jurisdiction over all controversies that shall arise under or in relation to this Note. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this Note is intended to limit any right that Lender may have to bring any suit, action or proceeding relating to matters arising under this Note in any court of any other jurisdiction.

21. WAIVER OF TRIAL BY JURY. BORROWER AND LENDER EACH (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS LENDER AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

22. State-Specific Provisions. N/A.

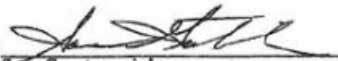
ATTACHED EXHIBIT. The Exhibit noted below, if marked with an "X" in the space provided, is attached to this Note:

Exhibit A Modifications to Multifamily Note

IN WITNESS WHEREOF, and in consideration of the Lender's agreement to lend Borrower the principal amount set forth above, Borrower has signed and delivered this Note under seal or has caused this Note to be signed and delivered under seal by its duly authorized representative. Borrower intends that this Note shall be deemed to be signed and delivered as a sealed instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

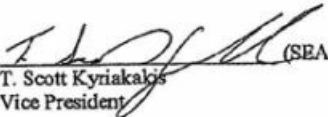
**WASHINGTON REAL ESTATE
INVESTMENT TRUST, a Maryland
investment trust**

By:  (SEAL)
Sara Grootwassink
Executive Vice President and Chief
Financial Officer

52-1969764
Borrower's Social Security/Employer ID Number

PAY TO THE ORDER OF FEDERAL HOME LOAN
MORTGAGE CORPORATION, WITHOUT
RECOURSE.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, a national banking
association

By:  (SEAL)
T. Scott Kyriakalos
Vice President

FHLMC Loan No. 487793382

EXHIBIT A

MODIFICATIONS TO MULTIFAMILY NOTE

The following modifications are made to the text of the Note that precedes this Exhibit.

I. MARYLAND IDOT NOTE MODIFICATIONS (REVISION DATE 4-15-2008)

1. Section 1 is modified by adding the definitions for "Grantor", "Guaranteed Obligations" and "Pledge" below:

"Grantor" means the party or parties (jointly and severally if more than one party) who has or have (i) guaranteed payment of the entire Indebtedness and performance of all of Borrower's obligations under the Loan Documents pursuant to that certain Guaranty dated the date of this Note (the "Grantor's Guaranty" or "Guaranty"), and (ii) executed and delivered the Security Instrument to secure the payment and performance by Grantor under the Grantor's Guaranty.

"Guaranteed Obligations" shall have the meaning given to such term in Grantor's Guaranty.

"Pledge" means Not Applicable.

2. Section 1 is modified by deleting the definition of "Security Instrument" in its entirety and replacing it with the following:

"Security Instrument" means the Multifamily Indemnity Deed of Trust, Assignment of Rents and Security Agreement effective as of the effective date of this Note, from Grantor to or for the benefit of Lender and securing the Grantor's Guaranty.

3. Section 5 is deleted in its entirety and replaced by the following:

5. **Guaranty and Security.** The obligations of Borrower under this Note and the other Loan Documents are guaranteed by, among others, Grantor pursuant to the terms and provisions of the Grantor's Guaranty. The Security Instrument secures, among other things, the obligations of Grantor under the Grantor's Guaranty and other Loan Documents to which Grantor is a party. The Pledge secures, among other things, the obligations of Borrower and Grantor under the Loan Documents. The Security Instrument constitutes a first lien on and security interest in the Mortgaged Property, as more particularly described in the Security Instrument. The Pledge constitutes a first lien pledge of and security interest in the "Collateral" described in the Pledge. Borrower hereby acknowledges its receipt of the fully executed copy of the Grantor's Guaranty, the Security Instrument, and the Pledge. By its execution and delivery of this Note, Borrower agrees (i) to cause Grantor to fully and timely perform and comply with all of Grantor's obligations under the Security Instrument and other Loan Documents to which Grantor is a party, (ii) to cause Pledgor to

fully and timely perform and comply with all of Pledgor's obligations under the Pledge, and (iii) to perform and comply with all of the obligations of Grantor and to be bound by the covenants of Grantor under the Security Instrument as if Borrower was named as the grantor under the Security Instrument. Without limiting the foregoing, to the extent the provisions of Section 42 of the Security Instrument are applicable, Borrower hereby joins in the pledge and assignment of the Cap Collateral. All of the terms of the Security Instrument are incorporated into this Note by reference.

4. Section 9(a) is deleted in its entirety and replaced with the following:

(a) Except as otherwise provided in this Section 9, Borrower shall have no personal liability under this Note or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents and Lender's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to any collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against Grantor or any other guarantor of the Indebtedness or any guarantor of any other obligations of Borrower.

5. Section 9(c) is deleted in its entirety and replaced with the following:

(c) In addition to the Base Recourse, Borrower shall be personally liable to Lender for the repayment of a further portion of the Indebtedness equal to any loss or damage suffered by Lender as a result of the occurrence of any of the following events:

- (i) Borrower or Grantor fails to pay to Lender upon demand after an Event of Default all Rents to which Lender is entitled under Section 3(a) of the Security Instrument and the amount of all security deposits collected by Grantor or Borrower from tenants then in residence. However, Borrower will not be personally liable for any failure described in this subsection (i) if Borrower and Grantor are unable to pay to Lender all Rents and security deposits as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.
- (ii) Borrower or Grantor fails to apply all insurance proceeds and condemnation proceeds as required by the Security Instrument. However, Borrower will not be personally liable for any failure described in this subsection (ii) if Borrower and Grantor are unable to apply insurance or condemnation proceeds as required by the Security Instrument because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding.

- (iii) Borrower or Grantor fails to comply with Section 14(g) or (h) of the Security Instrument relating to the delivery of books and records, statements, schedules and reports.
 - (iv) Borrower or Grantor fails to pay when due in accordance with the terms of the Security Instrument the amount of any item below marked "Deferred"; provided however, that if no item is marked "Deferred", this Section 9(c)(iv) shall be of no force or effect.
 - [Deferred] Hazard Insurance premiums or other insurance premiums,
 - [Deferred] Taxes,
 - [Deferred] water and sewer charges (that could become a lien on the Mortgaged Property),
 - [N/A] ground rents,
 - [Deferred] assessments or other charges (that could become a lien on the Mortgaged Property)
 - (v) Borrower, Grantor, Pledgor or any other party seeks to set aside the Guaranty in bankruptcy.
6. Sections 9(d)(i) and 9(d)(iii) are deleted in their entirety and replaced with the following:
- (i) the performance of all of Borrower's and Grantor's obligations under Section 18 of the Security Instrument (relating to environmental matters);
 - (iii) any costs and expenses incurred by Lender in connection with the collection of any amount for which Borrower is personally liable under this Section 9, including Attorneys' Fees and Costs and the costs of conducting any independent audit of Borrower's or Grantor's books and records to determine the amount for which Borrower has personal liability.
7. Section 9(d) is modified to include the following new sentence at the end of the Section:
- In addition, Borrower shall be personally liable to Lender for the amount of all recordation, transfer, documentary, or similar taxes, if any, that may be due because of the making of the Loan evidenced by this Note, the execution, delivery or recordation of the Security Instrument, the execution or delivery of the Grantor's Guaranty or any other guaranty, the occurrence of any Event of Default under the Security Instrument, or otherwise arising out of the loan transaction to which the Loan Documents pertain, plus all interest, penalties and fines that may be or may become due.
8. Section 9(e) is deleted in its entirety and replaced with the following:
- (e) All payments made by Borrower with respect to the Indebtedness or by Grantor with respect to the Guaranteed Obligations, respectively, and all amounts received by Lender from the enforcement of its rights under the Security Instrument and the other Loan Documents

shall be applied first to the portion of the Indebtedness for which Borrower has no personal liability.

9. Section 9(f)(i) and 9(f)(iii) are deleted in their entirety and replaced with the following:

- (i) Borrower's or Grantor's ownership of any property or operation of any business not permitted by Section 33 of the Security Instrument;
- (iii) fraud or written material misrepresentation by Borrower or Grantor or Pledgor or any officer, director, partner, member or employee of Borrower or Grantor or Pledgor in connection with the application for or creation of the Indebtedness or any request for any action or consent by Lender.

10. Section 9(g) is deleted in its entirety and replaced with the following:

(g) To the extent that Borrower has personal liability under this Section 9, Lender may exercise its rights against Borrower personally without regard to whether Lender has exercised any rights against the Mortgaged Property, the Collateral or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Lender under this Note, the Security Instrument, any other Loan Document or applicable law. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Section 9, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

11. Section 13 is modified to include the following new sentence at the end of the Section:

Each such party agrees that his, her or its liability on or with respect to this Note shall not be affected by any release of or change in the Pledge, the Guaranty, the Security Instrument, or any other guaranty or security at any time existing, or by any failure to protect or to maintain perfection of any lien against or security interest in any such security or the partial or complete enforceability of any guaranty or other security obligation with or without notice and before or after the Maturity Date.

12. Section 19(a) is modified to include the following new sentence at the beginning of the Section:

Borrower's address for notice is: 6110 Executive Boulevard, Suite 800, Rockville, Maryland 20852.

13. The following new Sections are added to the Note after the last numbered Section:

- 23. **Waiver of Statute of Limitations.** Borrower hereby waives the right to assert any statute of limitations as a bar to any action brought to enforce this Note or any other Loan Document.
- 24. **Further Assurances.** Borrower shall execute, acknowledge, and deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements or amendments,

transfers and assurances as Lender may require from time to time in order to better assure, grant, and convey to Lender the rights intended to be granted, now or in the future, to Lender under this Note and the other Loan Documents.

25. **Estoppel Certificate.** Within 10 days after a request from Lender, Borrower shall deliver to Lender a written statement, signed and acknowledged by Borrower, certifying to Lender or any person designated by Lender, as of the date of such statement, (i) that the Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications); (ii) the unpaid principal balance of the Note; (iii) the date to which interest under the Note has been paid; (iv) that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Note or any of the other Loan Documents (or, if the Borrower is in default, describing such default in reasonable detail); (v) whether or not there are then existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Lender under the Loan Documents; and (vi) any additional facts requested by Lender.
26. **Sale of Note.** This Note or a partial interest in this Note (together with the other Loan Documents) may be sold one or more times without prior Notice to Borrower. A sale may result in a change of the Loan Servicer. There also may be one or more changes of the Loan Servicer unrelated to a sale of this Note. If there is a change of the Loan Servicer, Borrower will be given Notice of the change. All actions regarding the servicing of the loan evidenced by this Note, including the collection of payments, the giving and receipt of Notice, inspections of books and records, and the granting of consents and approvals, may be taken by the Loan Servicer unless Borrower receives Notice to the contrary. If Borrower receives conflicting Notices regarding the identity of the Loan Servicer or any other subject, any such Notice from Lender shall govern.
27. **Relationship of Parties; No Third Party Beneficiary.**
- (a) The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Instrument shall create any other relationship between Lender and Borrower.
- (b) No creditor of any party to this Note and no other person shall be a third party beneficiary of this Note or any other Loan Document. Without limiting the generality of the preceding sentence, (i) any arrangement (a "Servicing Arrangement") between the Lender and any Loan Servicer for loss sharing or interim advancement of funds shall constitute a contractual obligation of such Loan Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness, (ii) Borrower shall not be a third party beneficiary of any Servicing Arrangement, and (iii) no payment by the Loan Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.
28. **Disclosure of Information.** Lender may furnish information regarding Borrower to third parties with an existing or prospective interest in the

servicing, enforcement, evaluation, performance, purchase or securitization of the Indebtedness, including but not limited to trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans. Grantor irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including but not limited to any right of privacy.

29. **No Change in Facts or Circumstances.** Borrower warrants that (a) all information in the application for the loan submitted to Lender (the "Loan Application") and in all financial statements, rent schedules, reports, certificates and other documents submitted in connection with the Loan Application are complete and accurate in all material respects; and (b) there has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

II. Additional Modifications.

1. Section 3(d) is modified by inserting the following at the end of the Section:

"If Lender accepts a partial prepayment of principal, then the per diem amount in the previous sentence will be recalculated by Lender at the time of the partial prepayment by multiplying the principal balance of this Note after the prepayment by the Fixed Interest Rate, and dividing the product by 360."

2. A new subsection (iv) is added to Section 9(f) as follows:

- (iv) WRIT Limited Partnership files for bankruptcy protection under the United States Bankruptcy Code, or becomes subject to any reorganization, receivership, insolvency proceeding, or other similar proceeding pursuant to any other federal or state law affecting debtor and creditor rights, or an order of relief is entered against WRIT Limited Partnership pursuant to the United States Bankruptcy Code or other federal or state law affecting debtor and creditor rights in any involuntary bankruptcy proceeding.

PURCHASE AND SALE AGREEMENT

Between

**2445 M STREET PROPERTY LLC and 2445 DEBT HOLDING TRUST
SELLER,**

and

WRIT – 2445 M, LLC

PURCHASER.

**Premises: 2445 M Street, NW
Washington, D.C.**

June 16, 2008

TABLE OF CONTENTS

	<u>Page</u>
1. <u>DEFINITIONS</u>	1
2. <u>PURCHASE AND SALE</u>	1
3. <u>ACCESS; DUE DILIGENCE</u>	4
4. <u>PURCHASE PRICE AND DEPOSIT</u>	7
5. <u>STATUS OF TITLE</u>	11
6. <u>TITLE INSURANCE; LIENS</u>	12
7. <u>APPORTIONMENTS</u>	14
8. <u>PROPERTY NOT INCLUDED IN SALE</u>	23
9. <u>COVENANTS OF SELLER</u>	23
10. <u>ASSIGNMENTS BY SELLER AND ASSUMPTIONS BY PURCHASER; SECURITY DEPOSITS; CONDITIONS TO CLOSING</u>	25
11. <u>CONDITION OF THE PROPERTY; REPRESENTATIONS</u>	27
12. <u>DAMAGE AND DESTRUCTION</u>	34
13. <u>CONDEMNATION</u>	36
14. <u>BROKERS AND ADVISORS</u>	37
15. <u>TAX REDUCTION PROCEEDINGS</u>	38
16. <u>TRANSFER TAXES AND TRANSACTION COSTS</u>	39
17. <u>DELIVERIES TO BE MADE ON THE CLOSING DATE</u>	39
18. <u>CLOSING DATE</u>	42
19. <u>NOTICES</u>	43
20. <u>DEFAULT BY PURCHASER OR SELLER</u>	45
21. <u>FIRPTA COMPLIANCE</u>	46
22. <u>ENTIRE AGREEMENT</u>	46

<u>23.</u>	<u>AMENDMENTS.....</u>	<u>47</u>
<u>24.</u>	<u>WAIVER.....</u>	<u>47</u>
<u>25.</u>	<u>PARTIAL INVALIDITY.....</u>	<u>47</u>
<u>26.</u>	<u>SECTION HEADINGS.....</u>	<u>47</u>
<u>27.</u>	<u>GOVERNING LAW.....</u>	<u>47</u>
<u>28.</u>	<u>PARTIES; ASSIGNMENT AND RECORDING.....</u>	<u>47</u>
<u>29.</u>	<u>CONFIDENTIALITY AND PRESS RELEASES.....</u>	<u>48</u>
<u>30.</u>	<u>FURTHER ASSURANCES.....</u>	<u>48</u>
<u>31.</u>	<u>THIRD PARTY BENEFICIARY.....</u>	<u>48</u>
<u>32.</u>	<u>JURISDICTION AND SERVICE OF PROCESS.....</u>	<u>49</u>
<u>33.</u>	<u>WAIVER OF TRIAL BY JURY.....</u>	<u>49</u>
<u>34.</u>	<u>MISCELLANEOUS.....</u>	<u>49</u>
<u>35.</u>	<u>ATTORNEYS' FEES.....</u>	<u>50</u>
<u>36.</u>	<u>ADDITIONAL CONDITIONS TO CLOSING.....</u>	<u>50</u>
<u>37.</u>	<u>EXCULPATION.....</u>	<u>54</u>

Schedules

- A. Description of the Land
- B. Personalty
- C. Loan Documents
- D. List of Leases
- E. List of Contracts
- F. List of Security Deposits
- G. Litigation
- H. Brokerage Agreements
- I. Outstanding Leasing Commissions and Tenant Improvement Allowances
- J-1. Survey
- J-2. Permitted Encumbrances - Title
- K. Wilmer Payments Received Through May 2008
- L. Loan Document Changes

Exhibits

- 1. Escrow Agent's Wire Instructions
- 2. Form of Deed
- 3. Form of Bill of Sale
- 4. Form of Notice to Tenants
- 5. Form of FIRPTA Affidavit
- 6. Form of Assignment and Assumption of Leases and Contracts
- 7. Form of Omnibus Assignment and Assumption Agreement
- 8. Form of Assignment and Assumption of Parking Management Agreement and Parking Garage Agreement
- 9. Form of Tenant Estoppel Certificate
- 10. Form of Assignment Application
- 11. Form of Owner's Affidavit and Gap Indemnity

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") made on this 16th day of June, 2008 (the "Effective Date") between **2445 M STREET PROPERTY LLC**, a Delaware limited liability company ("Owner") and **2445 DEBT HOLDING TRUST**, a Massachusetts trust ("2445 Trust"; Owner and 2445 Trust are collectively "Seller"), both having an address c/o Broadway Partners Fund Manager, LLC, 375 Park Avenue, 29th Floor, New York, New York 10152, and **WRIT – 2445 M, LLC**, a Delaware limited liability company, having an address at 6110 Executive Boulevard, Suite 800, Rockville, Maryland 20852 ("Purchaser").

WITNESSETH:

WHEREAS, Owner is the owner and holder of the fee simple estate in and to that certain plot, piece and parcel of land (the "Land") commonly known as 2445 M Street, N.W., Washington, D.C., and more particularly described in Schedule A, together with the building and all other improvements (collectively, the "Building") located on the Land (the Building and the Land being sometimes referred to hereinafter, collectively, as the "Premises");

WHEREAS, 2445 Trust is the holder of that certain Promissory Note in the original principal amount \$22,644,207.00 made by Wilmer Cutler & Pickering ("Wilmer") dated October 20, 2003 (the "Wilmer Note"), and the beneficiary under that certain \$6,000,000 Irrevocable Standby Letter of Credit No. 61615305, as amended, issued by Citibank, NA (the "Wilmer LC"), which was delivered by Wilmer as collateral to secure Wilmer's obligations under the Wilmer Note and as a security deposit under Wilmer's lease; the Wilmer LC together with the Wilmer Note and all other documents evidencing the pledge of the Wilmer LC (including, but not limited to, the Security Deposit Agreement and Amended and Restated Security Agreement between Wilmer and Owner dated as of October 20, 2003, as amended (the "Wilmer Security Agreement")) are collectively, the "Wilmer Receivable"; and

WHEREAS, Seller desires to sell the Property (as hereinafter defined) to Purchaser, and Purchaser desires to purchase the Property from Seller, upon and subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. **DEFINITIONS**

2445 Trust	Preamble
ABC Audit	Section 7(b)(ix)
ABC Other Audit	Section 7(b)(ix)
ABC Rent Audit	Section 7(b)(ix)
Additional Rent	Section 7(b)(xi)
Agreement	Preamble
Apportionment Date	Section 7(a)
Approved Letter of Credit	Section 4(a)

Assumption Agreement	Section 36(b)(i)(B)
Base Rents	Section 7(b)(i)
Broker	Section 14(a)
Brokerage Agreements	Section 11(c)(viii)
Building	Recitals
business day	Section 4(f)
Closing	Section 18(a)
Closing Date	Section 18(a)
Consent Date	Section 18(b)
Contracts	Section 10(a)(ii)
Cure Extension Notice	Section 11(h)
Default Rate	Section 7(m)
Deposit	Section 4(a)
Diligence Party	Section 11(d)
Diligence Termination Date	Section 3(f)
Disclosed Survey Items	Section 5(a)
Effective Date	Preamble
Environmental Law	Section 11(c)(xvii)
ERISA	Section 11(f)(iii)
Escrow Agent	Section 4(a)
Estoppels	Section 36(a)
Exculpated Parties	Section 11(a)
Existing Financing	Section 4(d)
Existing Lender	Section 36(b)(i)
Existing Lender Reserves and Escrows	Section 36(b)(vi)
Existing Mezzanine Debt	Section 4(d)
Final Closing Statement	Section 7(l)
FIRPTA	Section 21
Future Commissions	Section 7(g)(i)
Future Tenant Inducement Costs	Section 7(g)(ii)
Government Lists	Section 11(f)(v)
Interpark	Section 7(k)
Land	Recitals
Leases	Section 10(a)(i)
Lender	Section 4(d)
Lender's Consent	Section 36(b)(i)(B)
Limitation Period	Section 11(h)
Loan Assumption Fees	Section 36(b)(v)
Loan Documents	Section 4(d)
Mezz	Section 4(d)
New Closing Notice	Section 6(d)
Notices	Section 19
Non-Objectable Encumbrances	Section 6(a)(iii)
OFAC	Section 11(f)(v)
Operating Statements	Section 3(b)

Overage Rent	Section 7(b)(iii)
Owner	Preamble
Parking Garage Agreement	Section 9(b)(v)
Parking Management Agreement	Section 7(k)
Patriot Act Offense	Section 11(f)(v)
PB Rent Audit	Section 7(b)(ix)
Permitted Encumbrances	Section 5
Personalty	Section 2(a)
Preliminary Closing Statement	Section 7(l)
Premises	Recitals
Principal	Section 3(e)
Proceeding	Section 11(h)
Property	Section 2(a)
Property Taxes	Section 7(a)(ii)
Purchase Price	Section 4
Purchaser	Preamble
Purchaser's Representatives	Section 3(a)
Rent Audit	Section 7(b)(viii)
Rents	Section 7(a)(i)
Seller	Preamble
Seller Knowledge Individual	Section 11(c)
Seller Related Parties	Section 3(e)
Seller's Actual Knowledge	Section 11(c)
Seller's Affiliates	Section 37
Seller's Broker	Section 14(a)
Seller's Indemnity	Section 36(b)(i)(B)
Seller's Post-Closing Indemnitor	Section 37
Seller's Representations	Section 11(d)
Substitute Guarantor	Section 36(b)(iii)
Survey	Section 5(a)
Taking	Section 13(a)
Tax Certiorari Proceeding	Section 15
Tenant Inducement Costs	Section 7(g)(ii)
Tenant Violations	Section 6(f)
Termination Notice	Section 3(f)
Title Commitment	Section 6(a)(i)
Title Company	Section 6(a)(i)
Title Cure Period	Section 6(a)(iii)
Title Objections	Section 6(a)(ii)
Transfer Taxes	Section 16(a)
Transfer Tax Laws	Section 16(a)
Transferred Security Deposits	Section 17(a)(vii)
Underlying Documents	Section 6(a)(i)
Update Exception	Section 6(a)(ii)
Update Objection Deadline	Section 6(a)(ii)

Utilities	Section 7(c)
Violations	Section 6(f)
Westin	Section 9(a)(iv)
Westin Documents	Section 9(b)(v)
Westin Estoppel	Section 9(a)(vii)
Wilmer	Recitals
Wilmer LC	Recitals
Wilmer Note	Recitals
Wilmer Receivable	Recitals
Wilmer Security Agreement	Recitals

2. PURCHASE AND SALE.

(a) Seller shall sell, assign and convey to Purchaser, and Purchaser shall purchase and assume from Seller, subject to the terms and conditions of this Agreement, all of Seller's right, title and interest in and to (i) the Premises; (ii) the fixtures, furnishings, furniture, equipment, machinery, inventory, appliances and other personal property owned by Seller, located at the Premises (as listed on Schedule B hereto) (collectively, the "Personalty"), subject to depletions, replacements or additions thereto in the ordinary course of business of the Property; and (iii) the Leases in effect on the Closing Date (subject to Section 9), (iv) the Contracts in effect on the Closing Date that Purchaser elects to or must assume (subject to Section 9), (v) any trade name used in connection with the ownership, operation and promotion of the Premises, all logos used in connection with the advertising and promotion of the Premises, any assignable licenses issued by a governmental authority to Seller and necessary for the operation of the Premises, and all local telephone numbers and listings for the Premises, (vi) all assignable warranties or guaranties presently in effect from contractors, suppliers or manufacturers of Personalty installed in or used in connection with the Premises or any work performed or improvements included as a part of the Premises, and (vii) the Wilmer Receivable. The items described in clauses (i) through (vii) above are sometimes referred to hereinafter, collectively, as the "Property."

(b) The parties hereto acknowledge and agree that the value of the Personalty is de minimis and that no part of the Purchase Price is allocable thereto.

3. ACCESS; DUE DILIGENCE

(a) Subject to the provisions of Section 3(c), provided no Purchaser default has occurred under this Section 3, Purchaser, and its agents, employees, consultants, inspectors, appraisers, engineers and contractors (collectively, "Purchaser's Representatives") shall have the right, through the Closing Date, from time to time, upon the advance notice required pursuant to Section 3(c), to enter upon and pass through the Premises during normal business hours to examine and inspect the same for purposes of interviewing tenants and conducting such surveys and environmental and engineering tests, including inspections, investigations and studies, as Purchaser deems necessary or desirable to evaluate the Property. In addition, Purchaser may conduct such non-intrusive (or intrusive, subject to the provisions of Sections 3(c) and 3(d)) architectural, engineering, environmental, economic and other studies of

the Real Property as Purchaser may deem desirable. Purchaser's inspections of the Premises shall be subject to the provisions of Section 3(c) and Section 3(d). Notwithstanding any such inspection, or anything to the contrary herein contained, except as set forth in Section 3(f) hereof, Purchaser's obligations hereunder shall not be limited or otherwise affected as a result of any fact, circumstance or other matter of any kind discovered by Purchaser's Representatives prior to the Diligence Termination Date in connection with any such inspection, access or otherwise; it being agreed that Seller is permitting Purchaser such right of inspection to allow Purchaser to determine whether or not to terminate this Agreement under the provisions of Section 3(f).

(b) (i) Seller shall make available to Purchaser, either at Seller's management office at the Premises or at the offices of Broadway Partners Fund Manager, LLC, 375 Park Avenue, 29th Floor, New York, New York 10152, the following items, to the extent in Seller's possession and without representation or warranty whatsoever, except as otherwise expressly set forth herein: (i) architectural, mechanical, electrical and structural plans and specifications for the Premises; (ii) engineering, architectural, physical inspection, maintenance, geological and environmental reports relating to the Premises; (iii) copies of all Leases and Contracts; (iv) Seller's books and records relating to the operation of the Property (but excluding Seller's income tax records, its corporate records with its members or partners and any records relating to Seller's selling or financing negotiations or third party appraisals or any internal documents relating to the value of the Property); (v) the latest survey of the Land showing all improvements, rights of way, easements, dedications and similar matters; (vi) all licenses and all certificates of occupancy issued for the Building or to the tenants in the Building; (vii) certificates of insurance for all casualty, liability and other insurance policies currently in effect with respect to the Premises, except to the extent the same is part of a "portfolio insurance program" maintained by Seller's parent entity, plus a history of claims for the last three (3) years; (viii) statements of income and expense of the Premises for calendar years 2005, 2006 and 2007, and monthly statements of income and expense for the Premises for the months of January through April, 2008 (collectively, the "Operating Statements"), and copies of all tenant billings for 2007 covered by the Operating Statements; (ix) all assessments and bills for real estate and any other taxes affecting the Premises, and for special assessments affecting the Premises, for the preceding three (3) full tax years, together with a summary of any contested tax assessments affecting the Premises during such three (3)-year period and copies of any income and expense statements filed with any governmental authorities having jurisdiction for such three (3)-year period; (x) a copy of Seller's current rent roll (in such detail as is used by Seller) of all Leases in effect; (xi) a list of all outstanding material litigation affecting the Premises; (xii) all business and professional license/tax returns filed by Seller for the last two (2) fiscal years and copies of any material correspondence from governmental authorities related to such returns; (xiii) all warranties and guarantees related to the Property which are currently in effect; (xiv) a list of proposed leases/renewals/expansions being actively negotiated by Seller, showing proposed effective/expiration dates, rental rates, expense stops, rent concessions or abatements, tenant improvements and expected completion dates, escalation provisions, common area maintenance charges, tax, insurance and maintenance charges to be reimbursed by the proposed tenant, and options to extend or expand to be granted to such proposed tenant; (xv) payment history for each tenant for the twelve (12) months prior to the Effective Date; and (xvi) copies of the actual utility bills for all utilities serving the Premises for the twelve (12) months prior to the Effective Date.

(c) In conducting any inspection of the Premises or otherwise accessing the Premises, Purchaser shall at all times comply with all laws and regulations of all applicable governmental authorities, and neither Purchaser nor any of Purchaser's Representatives shall (i) contact or have any discussions with any of Seller's employees, agents or representatives (including, without limitation, the property manager), or with tenants, without first arranging such contact or discussions with Anthony Chang at (212) 810-4942, (ii) interfere with the business of Seller (or any of its tenants or contractors providing services to the Premises) conducted at the Premises or disturb the use or occupancy of any occupant of the Premises, or (iii) damage the Property. In conducting the foregoing inspection or otherwise accessing the Premises, Purchaser and Purchaser's Representatives shall at all times comply with, and shall be subject to, the rights of the tenants under the Leases (and any persons claiming under or through such tenants). Seller may from time to time establish reasonable rules of conduct for Purchaser and Purchaser's Representatives in furtherance of the foregoing. Purchaser shall schedule and coordinate all inspections or other access with Seller and shall give Seller at least one (1) business day prior written notice thereof. Seller shall be entitled to have a representative present at all times during each such inspection or other access. Purchaser agrees to pay to Seller on demand the cost of repairing and restoring any damage which Purchaser or Purchaser's Representatives shall cause to the Property. All inspection fees, appraisal fees, engineering fees and other costs and expenses of any kind incurred by Purchaser or Purchaser's Representatives relating to such inspection and its other access shall be at the sole expense of Purchaser. In the event that the Closing hereunder shall not occur for any reason whatsoever (other than Seller's default), Purchaser shall: (A) promptly deliver to Seller, at no cost to Seller, the originals of all tests, reports and inspections of the Premises made and conducted by Purchaser or Purchaser's Representatives or for Purchaser's benefit which are in the possession or control of Purchaser or Purchaser's Representatives, and (B) promptly return to Seller copies of all due diligence materials delivered by Seller to Purchaser and destroy all copies and abstracts thereof. Purchaser and Purchaser's Representatives shall not be permitted to conduct borings of the Premises or drilling in or on the Premises, or any other invasive testing, in connection with the preparation of an environmental audit or in connection with any other inspection of the Premises without the prior written consent of Seller, which may be granted or withheld in Seller's sole discretion (and, if such consent is given, Purchaser shall be obligated to pay to Seller on demand the cost of repairing and restoring any damage as aforesaid). The provisions of Section 3(c) shall survive the Closing or any termination of this Agreement.

(d) Prior to conducting any physical inspection or testing at the Premises, other than mere visual examination, including without limitation, boring, drilling and sampling of soil, Purchaser shall obtain, and during the period of such inspection or testing shall maintain, at its sole cost and expense, commercial general liability insurance, including a contractual liability endorsement, and personal injury liability coverage, with Seller, Broadway Real Estate Services LLC, and each lender, if any, as additional insureds, from an insurer reasonably acceptable to Seller, which insurance policies must have limits for bodily injury and death of not less than Five Million Dollars (\$5,000,000) for any one occurrence and not less than Five Million Dollars (\$5,000,000) for property damage liability for any one occurrence. Prior to making any entry upon the Premises, Purchaser shall furnish to Seller a certificate of insurance evidencing the foregoing coverages.

(e) Purchaser and, by its execution hereof, Washington Real Estate Investment Trust, a Maryland real estate investment trust ("Principal"), jointly and severally agree to indemnify and hold Seller and its direct and indirect shareholders, officers, directors, partners, principals, members, employees, agents, affiliates, representatives, accountants, lawyers and contractors, and any successors or assigns of the foregoing (collectively with Seller, "Seller Related Parties") harmless from and against any and all losses, costs, damages, liens, claims, liabilities or expenses (including, but not limited to, reasonable attorneys' fees, court costs and disbursements) incurred by any of Seller's Related Parties arising from or by reason of Purchaser's and/or Purchaser's Representatives' access to, or inspection of, the Premises, or any tests, inspections or other due diligence conducted by or on behalf of Purchaser. The provisions of Section 3(e) shall survive the Closing or any termination of this Agreement.

(f) Purchaser shall have the right, exercisable on or before the Effective Date (the "Diligence Termination Date") to terminate this Agreement for any reason or no reason. Any such termination, to be effective, shall be delivered by written notice (a "Termination Notice") to Seller and Escrow Agent on or before 5:00 P.M. Eastern Time on the Diligence Termination Date, TIME BEING OF THE ESSENCE. Upon any such termination in accordance with this provision, Escrow Agent shall return the Deposit to Purchaser and neither party shall have any further liability to the other pursuant to this Agreement except for those obligations that expressly survive the termination hereof. In the event that Purchaser does not deliver the Termination Notice on or before the Diligence Termination Date, Purchaser's right to terminate this Agreement pursuant to this Section 3(f) shall be waived and, and Purchaser shall be deemed to have elected to proceed to Closing subject to the terms of this Agreement. Purchaser acknowledges as of the Effective Date that it has received the due diligence documents and other Property documents necessary to perform its inspection, has had the opportunity to inspect the Property and shall have no right to terminate this Agreement pursuant to this Section 3.

4. PURCHASE PRICE AND DEPOSIT.

The purchase price to be paid by Purchaser to Seller for the Property (the "Purchase Price") is One Hundred Eighty-One Million Seven Hundred Fifty Thousand Dollars (\$181,750,000.00), subject to apportionment as provided in Section 7, payable as follows:

(a) Within three (3) business days after the execution of this Agreement by Purchaser and Seller, Purchaser shall deliver to the Title Company (as hereinafter defined), as escrow agent (the "Escrow Agent") a deposit, which shall be either (i) a wire transfer in immediately available federal funds equal to Nine Million One Hundred Thousand Dollars (\$9,100,000.00) to the escrow account of Escrow Agent in accordance with the wire instructions set forth on Exhibit 1, or (ii) an Approved Letter of Credit (as hereinafter defined) payable to Escrow Agent or Seller (i.e. can be drawn by either), in the amount of Nine Million One Hundred Thousand Dollars (\$9,100,000.00) (such deposit, together with interest accrued thereon, if in cash, which is made pursuant to this Section 4(a) is referred to as the "Deposit"). If Purchaser fails to deliver the Deposit, then this Agreement shall be deemed terminated and neither party hereto shall have any further liability to the other. As used herein "Approved Letter of Credit" means an irrevocable standby letter of credit issued by a financial institution

acceptable to Seller and which (a) is payable to Escrow Agent or Seller (i.e. can be drawn by either) upon presentment to a local branch of the issuing party of a sight draft or certificate stating only that Escrow Agent or Seller (as applicable) is entitled to draw on such letter of credit, and (b) is for term not less than one year. Notwithstanding anything contained herein to the contrary, if such letter of credit does not automatically renew on its face, and Purchaser has not caused such letter of credit to be renewed at least thirty (30) days prior to the then current expiration date of the letter of credit for a period of at least one year, then the Escrow Agent is irrevocably authorized and directed to draw on such letter of credit and hold the proceeds therefrom as the Deposit hereunder.

(b) (i) Upon receipt by Escrow Agent of the Deposit, if the Deposit is in the form of cash (whether initially or as a result of Escrow Agent's actions under Section 4(a)), Escrow Agent shall cause the same to be deposited into an interest bearing account or other investment in New York, New York designated by Escrow Agent and reasonably approved by Seller and Purchaser, it being agreed that Escrow Agent shall not be liable for (y) any loss of such investment (unless due to Escrow Agent's gross negligence, willful misconduct or breach of this Agreement) or (z) any failure to attain a favorable rate of return on such investment. Escrow Agent shall deliver the Deposit to Seller or to Purchaser, as the case may be, under the following conditions:

(1) The Deposit shall be delivered to Seller at the Closing if the Deposit is in the form of cash, or to Purchaser at the Closing if the Deposit is in the form of a letter of credit; or

(2) The Deposit shall be delivered to Seller following receipt by Escrow Agent of written demand therefor from Seller stating that Purchaser has defaulted in the performance of its obligations under this Agreement, provided Purchaser shall not have given written notice of objection in accordance with the provisions set forth below; or

(3) The Deposit shall be delivered to Purchaser following receipt by Escrow Agent of written demand therefor from Purchaser stating that Seller has defaulted in the performance of its obligations under this Agreement or that this Agreement was terminated under circumstances entitling Purchaser to the return of the Deposit (other than pursuant to Section 3(f)), and specifying the Section of this Agreement which entitles Purchaser to the return of the Deposit, in each case provided Seller shall not have given written notice of objection in accordance with the provisions set forth below;

(4) The Deposit shall be delivered to Purchaser or Seller as directed by joint written instructions of Seller and Purchaser; or

(5) The Deposit shall be delivered to Purchaser following receipt by Escrow Agent of a timely written demand therefor from Purchaser stating that Purchaser has terminated this Agreement under the provisions of Section 3(f), and Seller shall not have the right to object to such delivery, notwithstanding the foregoing provisions of this Section 4(b).

(ii) Upon the filing of a written demand for the Deposit by Seller or Purchaser, pursuant to subsection (2) or (3) above, Escrow Agent shall promptly give notice thereof (including a copy of such demand) to the other party. The other party shall have the right to object to the delivery of the Deposit, by giving written notice of such objection to Escrow Agent at any time within five business (5) days after such party's receipt of notice from Escrow Agent, but not thereafter. Such notice shall set forth the basis (in reasonable detail) for objecting to the delivery of the Deposit. Upon receipt of such notice of objection, Escrow Agent shall promptly give a copy of such notice to the party who filed the written demand. If Escrow Agent shall have timely received such notice of objection, Escrow Agent shall continue to hold the Deposit until (x) Escrow Agent receives written notice from Seller and Purchaser directing the disbursement of the Deposit, in which case Escrow Agent shall then disburse the Deposit, in accordance with said direction, or (y) litigation is commenced between Seller and Purchaser, in which case Escrow Agent shall deposit the Deposit with the clerk of the court in which said litigation is pending (provided that if the Deposit is a letter of credit, the Escrow Agent is irrevocably authorized and directed to draw on such letter of credit prior to depositing the Deposit with such clerk), or (z) Escrow Agent takes such affirmative steps as Escrow Agent may elect, at Escrow Agent's option, in order to terminate Escrow Agent's duties hereunder, including but not limited to depositing the Deposit, in court and commencing an action for interpleader, the costs thereof to be borne by whichever of Seller or Purchaser is the losing party in such interpleader action.

(iii) Escrow Agent may rely and act upon any instrument or other writing reasonably believed by Escrow Agent to be genuine and purporting to be signed and presented by any person or persons purporting to have authority to act on behalf of Seller or Purchaser, as the case may be, and shall not be liable in connection with the performance of any duties imposed upon Escrow Agent by the provisions of this Agreement, except for Escrow Agent's own gross negligence, willful misconduct or default. Escrow Agent shall have no duties or responsibilities except those set forth herein. Escrow Agent shall not be bound by any modification, cancellation or rescission of this Agreement unless the same is in writing and signed by Purchaser and Seller, and, if Escrow Agent's duties hereunder are affected, unless Escrow Agent shall have given prior written consent thereto. Escrow Agent shall be reimbursed by Seller and Purchaser for any expenses (including reasonable legal fees and disbursements of outside counsel), including all of Escrow Agent's fees and expenses with respect to any interpleader action incurred in connection with this Agreement, and such liability shall be joint and several; provided, however, that, as between Purchaser and Seller, the prevailing party in any dispute over the Deposit shall be entitled to reimbursement by the losing party of any such expenses paid to Escrow Agent. In the event that Escrow Agent shall be uncertain as to Escrow Agent's duties or rights hereunder, or shall receive instructions from Purchaser or Seller that, in Escrow Agent's opinion, are in conflict with any of the provisions hereof, Escrow Agent shall, except as otherwise permitted pursuant to Section 4(b)(ii) above, hold the Deposit and decline to take any other action. After delivery of the Deposit in accordance herewith, Escrow Agent shall have no further liability or obligation of any kind whatsoever.

(iv) Escrow Agent shall have the right at any time to resign upon ten (10) business days prior notice to Seller and Purchaser. Seller shall select a successor Escrow Agent, subject to Purchaser's approval, not to be unreasonably withheld, and shall notify

Escrow Agent of the name and address of such successor Escrow Agent within ten (10) business days after receipt of notice of Escrow Agent of its intent to resign. If Escrow Agent has not received notice of the name and address of such successor Escrow Agent within such period, Escrow Agent shall have the right to select on behalf of Seller and Purchaser a bank or trust company approved by them to act as successor Escrow Agent hereunder. At any time after the ten (10) business day period, Escrow Agent shall have the right to deliver the Deposit, and the interest accrued thereon, to any successor Escrow Agent selected hereunder, provided such successor Escrow Agent shall execute and deliver to Seller and Purchaser an assumption agreement whereby it assumes all of Escrow Agent's obligations hereunder. Upon the delivery of all such amounts and such assumption agreement, the successor Escrow Agent shall become the Escrow Agent for all purposes hereunder and shall have all of the rights and obligations of the Escrow Agent hereunder, and the resigning Escrow Agent shall have no further responsibilities or obligations hereunder.

(v) If the Deposit is in cash, the party receiving interest that is a part of the Deposit shall pay any income taxes thereon. Seller's taxpayer identification numbers are 42-6642458 (2445 M Street Property LLC) and 20-0741869 (2445 Debt Holding Trust); Purchaser's taxpayer identification number is 52-1969764. The provisions of this Section 4(b) shall survive the Closing or termination of this Agreement.

(c) On the Closing Date, TIME BEING OF THE ESSENCE, if the Deposit is in the form of cash, Escrow Agent shall pay the Deposit to Seller as a part of the Purchase Price, and Purchaser shall deliver the balance of the Purchase Price (i.e., the Purchase Price less the cash Deposit, or the entire Purchase Price if the Deposit is a letter of credit) to Seller, as adjusted pursuant to Section 7.

(d) Purchaser acknowledges that (i) Owner is the borrower under that certain mortgage loan encumbering the Property originated by Greenwich Capital Financial Products Inc. and Lehman Brothers Bank, FSB (collectively, "Lender") in the principal amount of One Hundred and One Million Eight Hundred Sixty-Five Thousand Five Hundred Seventy-Two Dollars (\$101,865,572) (the "Existing Financing"); and (ii) Purchaser's acquisition of the Property shall be subject to the Existing Financing. The "Loan Documents" as such term is used herein shall mean all of the material instruments and documents evidencing and securing the Existing Financing, which are listed on Schedule C. Seller acknowledges, has advised Purchaser and agrees that (i) 2445 M Street Holding LLC ("Mezz") is a borrower under that certain mezzanine loan from Lender secured in part by a pledge of Mezz's membership interest in Seller (the "Existing Mezzanine Debt"); and (ii) at or prior to Closing, Seller will obtain a release of the Existing Mezzanine Debt.

(e) All monies payable by Purchaser under this Agreement, unless otherwise specified in this Agreement, shall be paid by Purchaser causing such monies to be wire transferred in immediately available federal funds at such bank account or accounts designated by Seller, and divided into such amounts designated by Seller as may be required to consummate the transactions contemplated by this Agreement.

(f) As used in this Agreement, the term "business day" shall mean every day other than Saturdays, Sundays, all days observed by the federal or the District of Columbia government as legal holidays and all days on which commercial banks in the District of Columbia are required by law to be closed. Any reference in this Agreement to a "day" or a number of "days" (other than references to a "business day" or "business days") shall mean a calendar day or calendar days.

(g) The provisions of this Section 4 shall survive the Closing or the termination hereof.

5. STATUS OF TITLE.

Subject to the terms and provisions of this Agreement, Owner's right, title and interest in the Premises shall be sold, assigned and conveyed by Owner to Purchaser, and Purchaser shall accept and assume same, subject to the following (collectively, the "Permitted Encumbrances"):

(a) the state of facts disclosed (the "Disclosed Survey Items") on the Survey obtained by Purchaser (the "Survey"), the existing survey as set forth on Schedule J-1, and any further state of facts which are not Disclosed Survey Items as an accurate and current ALTA survey of the Premises would disclose;

(b) the standard printed exclusions from coverage contained in the ALTA form of owner's title policy currently in use by the Title Company, the easements, conditions, restrictions, agreements and encumbrances and those permitted exceptions on Schedule J-2, including, without limitation, those certain liens and encumbrances created by the Existing Financing, it being understood and agreed that at Closing Seller will execute an owner's affidavit in the form attached hereto as Exhibit 11;

(c) Non-Objectionable Encumbrances (as hereinafter defined); and any liens, encumbrances or other title exceptions approved or waived by Purchaser as provided in this Agreement;

(d) Property Taxes (as hereinafter defined) which are a lien but not due and payable as of the Closing, subject to proration in accordance with Section 7 hereof;

(e) any laws, rules, regulations, statutes, ordinances, orders or other legal requirements affecting the Premises, including, without limitation, those relating to zoning and land use;

(f) any utility company or governmental rights, easements, vault rights or vault agreements and franchises for electricity, water, steam, gas, telephone or other service or the right to use and maintain poles, lines, wires, cables, pipes, boxes and other fixtures and facilities in, over, under and upon the Premises, provided that, in the case of any of the foregoing items which shall not be of record, the same do not materially adversely affect the present use of the Premises;

(g) any installment not yet due and payable of assessments imposed by a governmental authority after the Effective Date and affecting the Premises or any portion thereof;

(h) all Violations (as hereinafter defined) now or hereafter issued or noted, subject to Section 6(f);

(i) the rights and interests held by tenants under the Leases in effect at Closing (and any non-disturbance agreements and memorandum of lease relating thereto);

(j) any lien or encumbrance against the Property, which is a result of any act done or suffered by any tenant (or subtenant thereof) or Purchaser or their agents or contractors; and

(k) all other matters which, pursuant to the terms of this Agreement, are deemed Permitted Encumbrances.

6. TITLE INSURANCE; LIENS.

(a) (i) Purchaser has received a commitment (the "Title Commitment") for an owner's policy of title insurance with respect to Purchaser's acquisition of the Premises from Chicago Title Insurance Company (the "Title Company") and copies of the instruments (the "Underlying Documents") shown on the Title Commitment.

(ii) Purchaser shall direct the Title Company to deliver a copy of any update to the Title Commitment to Seller simultaneously with its delivery of the same to Purchaser. If, after the Diligence Termination Date and prior to the Closing Date, the Title Company shall deliver any update to the Title Commitment which discloses liens, encumbrances or other title exceptions which do not constitute Permitted Encumbrances hereunder (each, an "Update Exception"), then Purchaser shall have until the earlier of (x) three (3) business days after delivery of such update to Purchaser or its counsel or (y) the business day immediately preceding the Closing Date, time being of the essence (the "Update Objection Deadline") to deliver written notice to Seller objecting to any one or more of the Update Exceptions (collectively, the "Title Objections"). If Purchaser fails to deliver such objection notice by the Update Objection Deadline, Purchaser shall be deemed to have waived its right to object to any Update Exceptions (and the same shall not constitute Title Objections, but shall instead be deemed Permitted Encumbrances). If Purchaser shall deliver such objection notice by the Update Objection Deadline, any Update Exceptions, which are not objected to in such notice, shall not constitute Title Objections, but shall be Permitted Encumbrances.

(iii) Purchaser shall not be entitled to object to, and shall be deemed to have approved, any liens, encumbrances or other title exceptions (and the same shall not constitute Title Objections, but shall instead be deemed to be Permitted Encumbrances) (A) over which the Title Company is willing to insure (without additional cost to Purchaser or where Seller pays such cost for Purchaser), (B) against which the Title Company is willing to provide affirmative insurance (without additional cost to Purchaser or where Seller pays such

cost for Purchaser), (C) which will be extinguished upon the transfer of the Property, or (D) which are the responsibility of any tenant (or any subtenant thereof) under the Leases, or Purchaser or their contractors to cure, correct or remove (collectively, the "Non-Objectionable Encumbrances"). Notwithstanding anything to the contrary contained herein, if Seller elects to cure a Title Objection but is unable to eliminate the Title Objections by the Closing Date, unless the same are waived by Purchaser without any abatement in the Purchase Price, Seller may, upon at least two (2) business days' prior notice to Purchaser (except with respect to matters first disclosed during such two (2) business day period, as to which matters notice may be given at any time through and including the Closing Date) adjourn the Closing Date, for a period not to exceed sixty (60) days (the "Title Cure Period"), in order to attempt to eliminate such exceptions.

(b) If Seller is unable or unwilling to eliminate any Title Objection prior to Closing or within the Title Cure Period, then Purchaser may (i) accept the Property subject to such Title Objection without abatement of the Purchase Price, in which event (x) such Title Objection shall be deemed to be, for all purposes, a Permitted Encumbrance, (y) Purchaser shall close hereunder notwithstanding the existence of same, and (z) Seller shall have no obligations whatsoever after the Closing Date with respect to Seller's failure to cause such Title Objection to be eliminated, or (ii) terminate this Agreement by notice given to Seller on or prior to the Closing Date, or not later than five (5) business days following expiration of the Title Cure Period, as the case may be, TIME BEING OF THE ESSENCE, in which event Purchaser shall be entitled to a return of the Deposit. If Purchaser shall fail timely to deliver the termination notice described in clause (ii), time being of the essence, Purchaser shall be deemed to have made the election under clause (i). Upon the timely giving of any termination notice under clause (ii), this Agreement shall terminate and neither party hereto shall have any further rights or obligations hereunder other than those which are expressly provided to survive the termination hereof.

(c) It is expressly understood that in no event shall Seller be required to bring any action or institute any proceeding, or to otherwise incur any costs or expenses in order to attempt to eliminate any Title Objections, or take any other actions to cure or remove any Title Objections, or to otherwise cause title to the Premises to be in accordance with the terms of this Agreement on the Closing Date. Notwithstanding anything in this Section 6 to the contrary, Seller shall be required to remove, by payment, bonding or otherwise, any Title Objections which have been voluntarily recorded or otherwise placed by Seller against the Property following the Effective Date (other than with the approval or deemed approval of Purchaser which approval shall not be unreasonably withheld, conditioned or delayed).

(d) If Seller shall have adjourned the Closing Date in order to cure Title Objections in accordance with the provisions of this Section 6, Seller shall, upon the satisfactory cure thereof, promptly reschedule the Closing Date, upon at least five (5) business days' prior notice to Purchaser (the "New Closing Notice"); it being agreed, however, that if any Title Objections arise between the date the New Closing Notice is given and the rescheduled Closing Date, Seller may again adjourn the Closing for a reasonable period or periods, in order to attempt to cause such exceptions to be eliminated (in which event the provisions of this Section 6 shall again apply); provided, however, that Seller shall not be entitled to adjourn the new Closing Date pursuant to this Section 6 for a period or periods in excess of sixty (60) days in the aggregate.

(e) If the Title Commitment discloses judgments or bankruptcies against other persons having names the same as or similar to that of Seller, on request Seller shall deliver to the Title Company affidavits showing that such judgments or bankruptcies are not against Seller in order to request the Title Company to omit exceptions with respect to such judgments or bankruptcies or to insure over same.

(f) Subject to the terms hereof regarding Tenant Violations or Violations (as hereinafter defined) noted or issued in writing after the Diligence Termination Date, Purchaser agrees to purchase the Premises subject to (1) any Tenant Violations, and (2) any Violations. If any Tenant Violations are noted or issued in writing after the Diligence Termination Date which (1) do not relate to the manner of use or occupancy of the leased premises, and (2) cost greater than \$150,000 to cure, and if Seller does not cause the applicable tenant to cure such Tenant Violation on or prior to Closing, then Purchaser may elect to either terminate this Agreement or proceed to Closing pursuant to the provisions hereof with no abatement to the Purchase Price. If Purchaser elects to terminate this Agreement, Seller may elect, by delivering written notice within five (5) days of such termination notice, to credit Purchaser at Closing with an amount sufficient to cure such Tenant Violations which exceed \$150,000 and in such event Purchaser shall proceed to Closing pursuant to the provisions hereof. If any Violations are noted or issued in writing after the Diligence Termination Date which have a material adverse effect on the Property, then Purchaser may elect to either terminate this Agreement or proceed to Closing pursuant to the provisions hereof with no abatement to the Purchase Price. If Purchaser elects to terminate this Agreement, Seller may elect, by delivering written notice within five (5) days of such termination notice, to credit Purchaser at Closing with an amount sufficient to cure such Violations and in such event Purchaser shall proceed to Closing pursuant to the provisions hereof. If Purchaser terminates this Agreement in accordance with this provision, Escrow Agent shall return the Deposit to Purchaser and neither party shall have any further liability to the other pursuant to this Agreement except for those obligations that expressly survive the termination hereof. As used herein "Violations" means all notes or notices of violations of law, or municipal ordinances, orders, designations or requirements whatsoever noted in or issued by any federal, state, municipal or other governmental department, agency or bureau or any other governmental authority having jurisdiction over the Premises. "Tenant Violations" means any Violation that a Tenant is required or obligated to cure under its respective Lease. Seller shall have no duty to remove or comply with or repair any Tenant Violations, and other than as provided hereinabove, Seller shall have no duty to remove or comply with or repair any non-Tenant Violations or any other condition, matter or thing whether or not noted, which, if noted, would result in a violation being placed on the Premises. Except as provided hereinabove, Purchaser shall accept the Premises subject to all such Tenant and non-Tenant Violations, the existence of any conditions at the Premises which would give rise to such Violations, if any, and any governmental claims arising from the existence of such Violations, in each case without any abatement of or credit against the Purchase Price.

7. APPORTIONMENTS.

(a) For purposes of this Section 7, all references to "Seller" shall be limited to "Owner", except in the case of subsection (j) below where reference to Seller shall mean 2445 Trust. The following shall be apportioned between Seller and Purchaser as of 11:59

p.m. on the day immediately preceding the Closing Date (the "Apportionment Date") on the basis of the actual number of days of the month which shall have elapsed as of the Closing Date and based upon the actual number of days in the month and a 365 day year:

(i) subject to Section 7(b), prepaid rents, fixed rents and additional rents payable pursuant to the Leases (including, without limitation, operating expense escalation payments, real estate tax escalation payments and percentage rent, if any, payable under the Leases) to the extent collected (collectively, "Rents");

(ii) real estate taxes, sewer rents and taxes, water rates and charges (to the extent not accounted for pursuant to clause (i) above), vault charges and taxes, business improvement district taxes and assessments and any other governmental taxes, charges or assessments levied or assessed against the Premises (collectively, "Property Taxes"), on the basis of the respective periods for which each is assessed or imposed, to be apportioned in accordance with Section 7(c);

(iii) fuel, if any, as estimated by Seller's supplier, at current cost, together with any sales taxes payable in connection therewith, if any (a letter from Seller's fuel supplier shall be conclusive evidence as to the quantity of fuel on hand and the current cost therefor);

(iv) prepaid fees for licenses and other permits assigned to Purchaser at the Closing;

(v) any amounts prepaid or payable by the owner of the Property under the Contracts that are assumed by Purchaser;

(vi) all other operating expenses with respect to the Property;

and

(vii) such other items as are customarily apportioned in real estate closings of commercial properties in Washington, D.C.

(b) (i) Monthly base rents (collectively, "Base Rents") under the Leases shall be adjusted and prorated on an if, as and when collected basis. Base Rents collected by Purchaser or Seller after the Closing Date from tenants who owe Base Rents for periods prior to the Closing Date, shall be applied, (A) first, in payment of Base Rents for the calendar month in which the Closing Date occurs (subject to apportionment under this Section 7); (B) second, in payment of Base Rents for all periods after the Closing Date (until any amounts then currently due are satisfied); and (C) third, in payment of Base Rents for all periods preceding the Closing Date. Each such amount, less reasonable collection costs, shall be adjusted and prorated as provided above, and the party receiving such amount shall, within five (5) business days, pay to the other party the portion thereof to which it is so entitled.

(ii) Purchaser shall bill tenants owing Base Rents for periods prior to the Closing Date, on a monthly basis and Purchaser shall use commercially reasonable

efforts to collect such past due Base Rents; provided, however, that Purchaser shall have no obligation to commence any actions or proceedings to collect any such past due Base Rents. Rents collected by Purchaser after the Closing Date to which Seller is entitled shall be paid to Seller within five (5) business days after receipt thereof by Purchaser. In addition to the foregoing, Seller shall have the right to pursue tenants to collect such delinquencies (including, without limitation, the prosecution of one or more lawsuits); provided, however, that Seller may not cause any Lease to be terminated.

(iii) With respect to any Lease that provides for the payment of additional or escalation rent based upon increases in real estate taxes, operating expenses, labor costs, cost of living indices or porter's wages (collectively, "Overage Rent"), such Overage Rent shall be adjusted and prorated on an if, as and when collected basis.

(iv) Purchaser shall (A) promptly render bills for any Overage Rent payable for any accounting period that expired prior to the Closing Date, but which is to be paid after the Closing Date; (B) bill tenants for such Overage Rent attributable to an accounting period that expired prior to the Closing Date, on a monthly basis; and (C) use commercially reasonable efforts in the collection of such Overage Rent; provided, however, that Purchaser shall have no obligation to commence any actions or proceedings to collect any such Overage Rents. In addition to the foregoing, Seller shall have the right to pursue tenants to collect such delinquencies (including, without limitation, the prosecution of one or more lawsuits); provided, however, that Seller may not cause any Lease to be terminated. Seller shall furnish to Purchaser all information relating to the period prior to the Closing Date necessary for the billing of such Overage Rent, and Purchaser shall deliver to Seller, concurrently with delivery to tenants, copies of all statements relating to Overage Rent for any period prior to the Closing Date. Purchaser shall bill tenants for Overage Rents for accounting periods prior to the Closing Date in accordance with and on the basis of such information furnished by Seller.

(v) Overage Rent payable for the accounting period in which the Closing Date occurs shall be apportioned between Seller and Purchaser based upon the ratio that the portion of such accounting period prior to the Closing Date bears to the entire such accounting period. If, prior to the Closing Date, Seller receives any installments of Overage Rent attributable to Overage Rent for periods from and after the Closing Date, such sums shall be apportioned at the Closing Date. If Purchaser receives any installments of Overage Rent attributable to Overage Rent for periods prior to the Closing Date, such sums (less reasonable collection costs actually incurred by Purchaser) shall be paid to Seller within five (5) business days after Purchaser receives payment thereof.

(vi) Any payment by tenants of Overage Rent shall be applied to Overage Rents then due and payable in the following order of priority: (A) first, in payment of Overage Rents for the accounting period in which the Closing Date occurs (subject to apportionment pursuant to this Section 7); (B) second, in payment of Overage Rents for the accounting period following the one in which the Closing Date occurs (until any amounts then currently due are satisfied); and (C) third, in payment of Overage Rents for the period preceding the accounting period in which the Closing Date occurs.

(vii) To the extent any portion of Overage Rent is required to be paid monthly by tenants on account of estimated amounts for the current period, and at the end of each calendar year (or, if applicable, at the end of each lease year or tax year or any other applicable accounting period), such estimated amounts are to be recalculated based upon the actual expenses, taxes and other relevant factors for that calendar (lease or tax) year, with the appropriate adjustments being made with such tenants, then such portion of the Overage Rent shall be prorated between Seller and Purchaser on the Closing Date based on such estimated payments (i.e., with (x) Seller entitled to retain all monthly installments of such amounts with respect to periods prior to the calendar month in which the Closing Date occurs, to the extent such amounts are as of the Closing Date estimated to equal the amounts ultimately due to Seller for such periods), (y) Purchaser entitled to receive all monthly installments of such amounts with respect to periods following the calendar month in which the Closing Date occurs, and (z) Seller and Purchaser apportioning all monthly installments of such amounts with respect to the calendar month in which the Closing Date occurs). At the time(s) of final calculation and collection from (or refund to) tenants of the amounts in reconciliation of actual Overage Rent for a period for which estimated amounts have been prorated, there shall be a re-proration between Seller and Purchaser, with the net credit resulting from such re-proration, after accounting for amounts required to be collected from (or refunded to) tenants, being payable to the appropriate party.

(viii) Except to the extent provided in Section 7(b)(ix) below with respect to the ABC Audit and the PB Audit, to the extent that any tenant, pursuant to a right contained in a Lease, conducts an audit respecting any Overage Rent calculation (a "Rent Audit") for an accounting period that expired prior to the Closing Date, or otherwise becomes entitled to a refund of Overage Rent with respect to a period prior to the Closing Date, Seller shall be liable for any refunds due to such tenant or shall be entitled to receive and retain any additional payments due from such tenant as the result of such Rent Audit. The results of any Rent Audit for any other accounting period shall be apportioned in the same manner as Overage Rent. Rent Audits for accounting periods that expire prior to the Closing Date shall be settled by Seller in accordance with the applicable existing tenant Lease, subject to Purchaser's approval, which shall not be unreasonably withheld, delayed or conditioned; provided, however, that Purchaser's consent to any such settlement shall not be required if the tenant as part of such settlement agrees that such settlement shall not be binding on the landlord in calculating similar amounts for subsequent years and that such tenant will not introduce any such settlement in challenging amounts due in any such subsequent year. Except as set forth hereinbelow, Rent Audits for accounting periods prior to the Closing Date but extending after the Closing Date shall be settled by Purchaser in accordance with the applicable existing Lease, but Seller shall receive notice of all negotiations or proceedings in connection therewith, shall have the right to participate and/or intervene therein and shall be entitled to approve all matters to be approved by the landlord under the applicable existing tenant Lease in connection therewith, which approval shall not be unreasonably withheld, delayed or conditioned.

(ix) Seller and Purchaser acknowledge that The Advisory Board Company has been conducting a Rent Audit for 2005, 2006 and 2007 (the "ABC Rent Audit") and other audits under the Lease ("ABC Other Audit"); the ABC Rent Audit and ABC Other Audit are collectively the "ABC Audit". Notwithstanding the provisions of this Section 7(b), until Closing, Seller shall have the sole right to negotiate and settle the ABC Audit. If Seller is

successful in settling the ABC Audit prior to Closing, and if Seller provides Purchaser with a written notice executed by The Advisory Board Company confirming that the ABC Audit has been settled in full, together with evidence of payment of such settlement amount to The Advisory Board Company, Seller shall be relieved of any further liability on account of the ABC Audit from and after Closing. If Seller is unable to settle the ABC Audit on or prior to Closing in accordance with the preceding sentence, but Seller produces a written notice executed by ABC setting forth the amount it is willing to accept in full settlement of the ABC Audit or The Advisory Board Company confirms such amount in The Advisory Board Company Estoppel provided that such amount does not exceed \$475,000 (the "ABC Settlement Amount"), then at Closing, Seller shall give Purchaser a credit equal to the ABC Settlement Amount (or such lesser amount if Seller is able to produce a written notice executed by The Advisory Board Company confirming that The Advisory Board Company will agree to a full settlement of the ABC Audit for such lesser amount) and Seller shall be relieved of any further liability on account of the ABC Audit from and after Closing. If the ABC Settlement Amount noted in The Advisory Board Estoppel or in the written notice from the Advisory Board Company exceeds \$475,000, Seller has the right, but not the obligation, to elect to credit Purchaser for the entire ABC Settlement Amount and if so credited, Seller shall be relieved of any further liability on account of the ABC Audit from and after Closing. If the ABC Settlement Amount exceeds \$475,000, and if Seller does not elect to credit Purchaser on the Closing Date with the entire ABC Settlement Amount, then Purchaser shall have the right to terminate this Agreement by delivering written notice to Seller on or prior to the Closing Date, in which event Purchaser shall be entitled to a return of the Deposit and neither party hereto shall have any further rights or obligations hereunder other than those which are expressly provided to survive the termination hereof. Seller and Purchaser acknowledge that Patton Boggs LLP has commenced a Rent Audit for years prior to 2008 (the "PB Audit"). Notwithstanding the provisions of this Section 7(b), until Closing, Seller shall have the sole right to negotiate and settle the PB Audit. If Seller is successful in settling the PB Audit prior to Closing, and if Seller provides Purchaser with a written notice executed by Patton Boggs LLP confirming that the PB Audit has been settled in full, together with evidence of payment of such settlement amount to Patton Boggs LLP, then Seller shall be relieved of any further liability on account of the PB Audit from and after Closing. If Seller is unable to settle the PB Audit on or prior to Closing in accordance with the preceding sentence, then at Closing, Seller shall give Purchaser a credit of \$400,000 (or such lesser amount if Seller is able to produce a written notice, executed by Patton Boggs confirming that Patton Boggs will agree to a full settlement of the PB Audit for such lesser amount) and Seller shall be relieved of any further liability on account of the PB Audit from and after Closing.

(x) To the extent that any amounts are paid or payable to Seller by a tenant under a Lease in advance of the period to which such expense applies, whether as a one time payment or in installments (e.g. for real property tax escalations), such amounts shall be apportioned as provided above but based upon the period for which such payments were or are being made.

(xi) To the extent tenants pay items of Rent which are not Base Rents or Overage Rents, such as charges for electricity, steam, water, cleaning, overtime services, sundry charges or other charges of a similar nature (collectively, "Additional Rent"), such rent shall be applied based on the period covered by such Additional Rent charge (i.e., the

period the applicable work, utility or service was provided). In the case of any Additional Rent payable for a period that expired prior to the Closing Date, but which is to be paid after the Closing Date, Purchaser shall pay the entire amount thereof to Seller within five (5) business days after receipt thereof, less any reasonable collection costs actually incurred. Purchaser shall (A) promptly render bills for any Additional Rent payable for any period that expired prior to the Closing Date, but which is to be paid after the Closing Date; (B) bill tenants for such Additional Rent attributable to a period that expired prior to the Closing Date, on a monthly basis, and (C) use commercially reasonable efforts in the collection of such Additional Rent; provided, however, that Purchaser shall have no obligation to commence any actions or proceedings to collect any such Additional Rent. In addition to the foregoing, Seller shall have the right to pursue tenants to collect delinquencies in the payment of Additional Rent for periods prior to the Closing Date (including, without limitation, the prosecution of one or more lawsuits); provided, however, that Seller may not cause any Lease to be terminated. Additional Rent payable for the period in which the Closing Date occurs shall be apportioned between Seller and Purchaser based upon the same method used to apportion the underlying expense being billed to such tenant, or if such expense is not being apportioned, then based upon the ratio that the portion of such accounting period prior to the Closing Date bears to the entire such accounting period. Purchaser agrees to send bills to tenants for any such Additional Rent and, in such connection, Seller shall furnish to Purchaser all information relating to the period prior to the Closing Date necessary for the billing of such Additional Rent. Purchaser shall deliver to Seller, concurrently with delivery to tenants, copies of all statements relating to Additional Rent for any period prior to the Closing Date. Purchaser shall bill tenants for Additional Rent relating to periods prior to the Closing Date in accordance with and on the basis of such information furnished by Seller.

(xii) To the extent any payment received from a tenant after Closing does not indicate whether the payment is for an item of Base Rent, Overage Rent or Additional Rent, and the same cannot be clearly determined from the context of such payment, then such payment will be applied (x) first to payment of any Base Rent then due or delinquent, in accordance with paragraphs (i) and (ii) above, (y) second to payment of any Additional Rent then due or delinquent, in accordance with paragraph (x) above and (z) third to any Overage Rent then due or delinquent, in accordance with paragraphs (iii)-(ix) above.

(c) Property Taxes shall be apportioned on the basis of the fiscal period for which assessed. If the Closing Date shall occur before an assessment is made or a tax rate is fixed for the tax period in which the Closing Date occurs, the apportionment of such Property Taxes based thereon shall be made at the Closing Date by applying the tax rate for the preceding year to the latest assessed valuation, but, promptly after the assessment and/or tax rate for the current year are fixed, the apportionment thereof shall be recalculated and Seller or Purchaser, as the case may be, shall make an appropriate payment to the other within five (5) business days based on such recalculation. If as of the Closing Date the Premises or any portion thereof shall be affected by any special or general assessments which are or may become payable in installments of which the first installment is then a lien and has become payable, Seller shall pay the unpaid installments of such assessments which are due prior to the Closing Date and Purchaser shall pay the installments which are due on or after the Closing Date.

(d) If there are water meters at the Premises, the unfixed water rates and charges and sewer rents and taxes covered by meters, if any, shall be apportioned (i) on the basis of an actual reading done within thirty (30) days prior to the Apportionment Date, or (ii) if such reading has not been made, on the basis of the last available reading. If the apportionment is not based on an actual current reading, then, upon the taking of a subsequent actual reading, the parties shall, within ten (10) business days following notice of the determination of such actual reading, readjust such apportionment and Seller shall deliver to Purchaser or Purchaser shall deliver to Seller, as the case may be, the amount determined to be due upon such readjustment.

(e) Charges for all electricity, steam, gas and other utility services (collectively, "Utilities") shall be billed to Seller's account up to the Apportionment Date and, from and after the Apportionment Date, all Utilities shall be billed to Purchaser's account. If for any reason such changeover in billing is not practicable as of the Closing Date as to any Utility, such Utility shall be apportioned on the basis of actual current readings or, if such readings have not been made, on the basis of the most recent bills that are available. If any apportionment is not based on an actual current reading, then upon the taking of a subsequent actual reading, the parties shall, within ten (10) business days following notice of the determination of such actual reading, readjust such apportionment and Seller shall promptly deliver to Purchaser, or Purchaser shall promptly deliver to Seller, as the case may be, the amount determined to be due upon such adjustment.

(f) Purchaser shall have no right to receive any rental insurance proceeds which relate to the period prior to the Closing Date and, if any such proceeds are delivered to Purchaser, Purchaser shall, within five (5) business days following receipt thereof, pay the same to Seller.

(g) (i) Purchaser agrees that it shall be responsible for the payment of all Future Commissions as set forth in this subsection. For purposes hereof, the term "Future Commissions" shall mean (1) all leasing commissions which may become due and payable (whether before or after the Closing Date) by reason of the exercise of any renewal option, extension option, expansion option, lease of additional space, right of first offer, right of first refusal or similar right or option or the lapse or waiver of any right of cancellation contained in a Lease to the extent applicable to the period after the Effective Date, (2) all leasing commissions which may become due and payable (whether before or after the Closing Date) in connection with any new Leases entered into between the Effective Date and the Closing Date, in each case which have been approved (or deemed approved) by Purchaser in accordance with the terms of this Agreement, and (3) any leasing commissions that may become due under the Brokerage Agreements. Seller shall be responsible for the payment of all leasing commissions listed on Schedule I hereto. If as of the Closing Date any leasing commissions as set forth on Schedule I remain unpaid, Seller shall pay the same or credit Purchaser therefor at Closing, and Purchaser shall assume the obligation to pay such leasing commissions for which a credit was given.

(ii) Purchaser further agrees that it shall be responsible for the payment of all Future Tenant Inducement Costs as set forth in this subsection. For purposes hereof, the term "Future Tenant Inducement Costs" shall mean (1) any Tenant Inducement Costs which may become due and payable (whether before or after the Closing Date) by reason of the

exercise of any renewal option, extension option, expansion option, lease of additional space, right of first offer, right of first refusal or similar right or option or the lapse or waiver of any right of cancellation contained in a Lease, to the extent applicable to periods after the Effective Date, and (2) all Tenant Inducement Costs which may become due and payable (whether before or after the Closing Date) in connection with any new Leases entered into between the Effective Date and the Closing Date, in each case which have been approved (or deemed approved) by Purchaser to the extent required by the terms hereof. For purposes hereof, the term "Tenant Inducement Costs" shall mean any out-of-pocket payments required under a Lease or other agreement with a tenant to be paid by the landlord thereunder to or for the benefit of the tenant thereunder which are in the nature of a tenant inducement or concession, including, without limitation, tenant improvement costs, free rent, design, refurbishment and other work allowances, lease buyout costs, and moving allowances. Seller shall be responsible for the payment of all Tenant Inducement Costs listed on Schedule I hereto. If as of the Closing Date any Tenant Inducement Costs for which Seller is responsible as set forth on Schedule I remain unpaid, Seller shall pay the same or credit Purchaser therefor at Closing, and Purchaser shall assume the obligation to pay such Tenant Inducement Costs for which a credit was given; provided, however, if, prior to Closing, The Advisory Board Company confirms in writing that Seller has paid The Advisory Board Company (either as part of the ABC Settlement Amount or otherwise) an amount equal to at least Seventy Thousand Two Hundred Sixteen Dollars (\$70,216.00) (the "ABC Stairwell Payment Amount"), and such payment fully satisfies the dispute with respect to the 5th floor stairwell in the amount of Seventy Thousand Two Hundred Sixteen Dollars (\$70,216.00) as shown on Schedule I hereto, or if The Advisory Board Company confirms in writing that the ABC Stairwell Payment Amount is included within the ABC Settlement Amount if a credit is given to Purchaser pursuant to Section 7(b)(ix) for the ABC Settlement Amount, then Purchaser shall not be entitled to a credit under this subsection (ii) for the ABC Stairwell Amount. Seller and Purchaser acknowledge that The Advisory Board Company is entitled to a free rent credit for the period of September 1, 2008 through December 31, 2008 in the aggregate amount of Four Hundred Forty-Nine Thousand Eight Hundred Fifty-Eight and 32/100 Dollars (\$449,858.32) (i.e. One Hundred Twelve Thousand Four Hundred Sixty-Four and 58/100 Dollars (\$112,464.58) per month during such free rent period). Provided that the Closing occurs on or before December 31, 2008, Purchaser shall be entitled to a credit equal to the amount of unapplied free rent as of the Closing Date, and if the Closing Date is not the first day of the month, the credit due Purchaser for such month's free rent shall be pro-rated on a daily basis (The "ABC Rent Credit Amount"). At Purchaser's election, Purchaser may direct the Escrow Agent to pay the ABC Rent Credit Amount directly to The Advisory Board Company at Closing.

(h) Seller shall deliver the original letters of credit which are the security deposits under the Leases, together with duly executed assignment documents assigning its rights under such letter of credit, to Purchaser at Closing.

(i) If applicable, debt service payments allocable to the month of Closing under the Existing Financing shall be adjusted as of the Apportionment Date. Purchaser shall receive a credit for the outstanding principal balance of the Existing Financing as of the Closing Date and Seller shall receive a credit at Closing for Loan Assumption Fees, to the extent paid by Seller, and the Existing Lender Reserves and Escrows, all set forth in Section 36(b).

(j) The Rent Subsidy, and the Rent Equivalent Payment (if any) (as such terms are defined in the Wilmer Note) payment paid for the month of Closing under the Wilmer Note shall be adjusted as of the Apportionment Date. The Stipend (as defined in the Wilmer Note) payment paid for the period of June 1, 2008 - May 31, 2009 shall be adjusted as of the Apportionment Date based upon a 365-day year. No other payments under the Wilmer Note will be prorated hereunder and Seller shall be entitled to retain all other amounts paid by Wilmer under the note as of the Closing Date. At Closing, Seller shall deliver to Purchaser the Wilmer LC, and shall assign the Wilmer Receivable, including, without limitation, the Wilmer Note, without recourse, to Purchaser.

(k) All payments due Owner under that certain Parking Management Agreement by and between Owner, as successor to Square 24 Associates, and InterPark Incorporated ("Interpark"), as successor to C&C Corporation, dated October 15, 1985, as amended by Amendment to Parking Management Agreement dated February 16, 1993, and a Letter dated January 27, 2005 (the "Parking Management Agreement") shall be applied (A) first, in payment for the month prior to Closing, (B) second, in payment for the month in which Closing occurs, (C) third, to Purchaser in payment of any amounts then due and owing, until such amounts are satisfied, and (D) fourth, to Seller in payment of any amounts for the period preceding the Closing Date (exclusive of the month prior to the Closing Date).

(l) At or prior to the Closing, Seller and Purchaser and/or their respective agents or designees will jointly prepare a preliminary closing statement (the "Preliminary Closing Statement") which will show the net amount due either to Seller or to Purchaser as the result of the adjustments and prorations provided for in this Agreement, and such net due amount will be added to or subtracted from the cash balance of the Purchase Price to be paid to Seller at the Closing pursuant to Section 4, as applicable. As soon as practicable, but not later than the first (1st) anniversary of the Closing Date, Seller and Purchaser will jointly prepare a final closing statement reasonably satisfactory to Seller and Purchaser in form and substance (the "Final Closing Statement") setting forth the final determination of the adjustments and prorations provided for herein and setting forth any items which are not capable of being determined at such time (and the manner in which such items shall be determined and paid). The net amount due Seller or Purchaser, if any, by reason of adjustments to the Preliminary Closing Statement as shown in the Final Closing Statement, shall be paid in cash by the party obligated therefor within five (5) business days following that party's receipt of the approved Final Closing Statement. The adjustments, prorations and determinations agreed to by Seller and Purchaser in the Final Closing Statement shall be conclusive and binding on the parties hereto except for (i) any items which are not capable of being determined at the time the Final Closing Statement is agreed to by Seller and Purchaser, which items shall be determined and paid in the manner set forth in the Final Closing Statement and (ii) other amounts payable hereunder pursuant to provisions which survive the Closing. Prior to and following the Closing Date, each party shall provide the other with such information as the other shall reasonably request (including, without limitation, access to the books, records, files, ledgers, information and data with respect to the Property during normal business hours upon reasonable advance notice) in order to make the preliminary and final adjustments and prorations provided for herein.

(m) If any payment to be made after Closing under this Section 7 shall not be paid when due hereunder, the same shall bear interest (which shall be paid together with the applicable payment hereunder) from the date due until so paid at a rate per annum equal to the Prime Rate (as such rate may vary from time to time) as reported in The Wall Street Journal plus 3% (the "Default Rate"). To the extent a payment provision in this Section 7 does not specify a period for payment, then for purposes hereof such payment shall be due within five (5) business days of the date such payment obligation is triggered.

(n) The provisions of this Section 7 shall survive the Closing for a period of two (2) years.

8. PROPERTY NOT INCLUDED IN SALE.

Notwithstanding anything to the contrary contained herein, it is expressly agreed by the parties hereto that any fixtures, furniture, furnishings, equipment or other personal property (including, without limitation, trade fixtures in, on, around or affixed to the Building) owned or leased by any tenant, managing agent, leasing agent, contractor, or employee at the Building shall not be included in the Property to be sold to Purchaser hereunder.

9. COVENANTS OF SELLER.

(a) During the period from the Effective Date until the Closing Date, Seller shall:

(i) be permitted to enter into any agreements (other than leases) with respect to all or any portion of the Property provided that such agreements expire by their terms on or prior to the Closing Date or, in accordance with their terms, would not be effective following the Closing Date, or, in the case of Contracts, may be terminated by the owner of the Property without penalty to Purchaser upon not more than thirty (30) days' (or less) prior notice;

(ii) maintain in full force and effect the insurance policies currently in effect with respect to the Premises (or replacements continuing similar coverage); and

(iii) operate and manage the Premises in a manner consistent in all material respects with past practice.

(iv) deliver to Purchaser, promptly after receipt by Seller, a copy of any material (1) notices from tenants under Leases, (2) notices from the service providers under any Contracts, (3) notices of Violations, (4) notices from the Existing Lender and (5) notices from Wilmer or any third party in respect of the Wilmer Note; and (5) notices from Westin Hotels & Resorts or the successor thereto under the Westin Documents ("Westin") and Interpark;

(v) terminate all Brokerage Agreements effective as of the Closing Date, at no cost or expense to Purchaser, so that Purchaser shall have no liability or

obligation under the Brokerage Agreements from and after the Closing Date, except as expressly provided in Section 7(g); and

(vi) terminate any Contracts that Purchaser has designated in writing on or before the Diligence Termination Date to be terminated (other than those which must be assumed by Purchaser as set forth in Section 10(a)(ii)), to the extent that such Contracts so designated may be terminated without penalty or premium (unless Purchaser has agreed to pay such penalty or premium).

(vii) deliver to Westin for execution an estoppel in the form provided by Purchaser (the "Westin Estoppel"), it being agreed that the failure to obtain the Westin Estoppel shall not be a breach by Seller under this Agreement nor constitute a failure of any condition precedent to Purchaser's obligation to close under this Agreement. Purchaser shall deliver the form Westin Estoppel to Seller within fifteen (15) days of the Effective Date.

(b) During the period from the Effective Date until the Closing Date, Seller shall not, to the extent the same would be binding on or affect the Premises or any owner thereof after the Closing without Purchaser's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed:

(i) enter in any new Lease or terminate (other than the termination of any Lease by its terms or as a result of the tenant's default thereunder), amend or modify any Lease or consent to an assignment or sublease under any Lease (except in each case as required pursuant to its terms); provided that any agreement entered into by Seller with a tenant to confirm the terms of any right or option exercised by such tenant shall not require Purchaser's consent;

(ii) amend or modify (other than non-material amendments or modifications) or renew any of the Contracts;

(iii) affirmatively subject the Property to any additional liens, encumbrances, covenants or easements, which would not constitute Permitted Encumbrances;

(iv) enter into a contract for the sale of the Property to any other Person unless such contract covers at least one (1) additional property owned by an affiliate of Seller or Seller's Post-Closing Indemnitor;

(v) amend or modify (A) any of the Loan Documents or (B) any of the documents constituting the Wilmer Receivable in any material respect, or (C) any of those recorded documents listed as Items 5, 8-12 and 14 on Schedule J-2 hereto and that certain unrecorded Parking Agreement ("Parking Garage Agreement") dated August 13, 1985 between predecessors of Owner and Westin Center Hotel Company, a Delaware corporation (collectively, the "Westin Documents"), in any material respect, or (D) amend or modify the Parking Management Agreement in any material respect;

(c) Whenever in Section 9(b) Seller is required to obtain Purchaser's approval with respect to any transaction described therein, Purchaser shall, within five (5) business days after receipt of Seller's request therefor, notify Seller of its approval or disapproval of same and, if Purchaser fails to notify Seller of its disapproval within said five (5) business day period, Purchaser shall be deemed to have approved same.

(d) Seller's covenants contained in this Section 9 shall survive Closing for a period of two hundred seventy (270) days from the Closing Date; provided that if prior to the Closing, Purchaser or any Diligence Party shall obtain actual knowledge of any information that is contradictory to, or would constitute the basis of a breach of any covenant of Seller under this Section 9 and Purchaser shall have closed notwithstanding such knowledge, Purchaser shall not be entitled to bring any action after the Closing Date based on such breach.

10. ASSIGNMENTS BY SELLER AND ASSUMPTIONS BY PURCHASER; SECURITY DEPOSITS; CONDITIONS TO CLOSING.

(a) Assignment. On the Closing Date, Seller agrees to assign to Purchaser, pursuant to the instruments referenced in Sections 17 (c)(ii) and (iii), without recourse, representation or warranty (except as expressly set forth in this Agreement), all of Seller's right, title and interest in, and Purchaser agrees to assume Seller's obligations accruing on and after the Closing Date under, the documents or matters described in clauses (i), (ii), (iii), (iv) (v) and (vi) below:

(i) the leases, licenses and other occupancy agreements demising space at the Premises, whether written or oral, together with all amendments and modifications thereof and supplements relating thereto set forth on Schedule D hereto (collectively, "Leases"; the term Leases shall not include subleases, licenses and occupancy agreements entered into by tenants under the Leases) which are then in effect;

(ii) to the extent transferable, the service, maintenance, supply and other agreements relating to the operation of the Property, together with all amendments and modifications thereof and supplements relating thereto (collectively, "Contracts") which are then in effect and not terminated as of the Closing Date by Seller pursuant to Section 9(a)(vi); provided however that the Contracts designated as "Must be assumed" set forth on Schedule E shall not be terminated at Closing and shall be assumed by Purchaser hereunder;

(iii) the transferable permits and licenses, if any, relating to the Property and the other intangible Personalty;

(iv) all Future Commissions and Future Tenant Inducement Costs;

(v) all leasing commissions payable by Seller (in accordance with the terms of the Brokerage Agreements), and all Tenant Inducement Costs payable by Seller, to the extent Seller has given Purchaser a credit pursuant to Section 7(g); and

(vi) the Parking Management Agreement and the Parking Garage Agreement.

(b) Security Deposits. Prior to the Closing, Seller shall have the right (i) to apply any security deposits held under Leases in respect of defaults by tenants under the applicable Leases and (ii) to return the security deposit of any tenant thereunder who in the good faith judgment of Seller is entitled to the return of such deposit pursuant to the terms of its Lease or otherwise by law; provided that Seller shall notify Purchaser of such actions in writing.

(c) Conditions to Obligations of Seller. The obligation of Seller to effect the Closing shall be subject to the fulfillment (or written waiver by Seller) at or prior to the Closing Date of the following conditions:

(i) Purchaser's Representations and Warranties. The representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Closing Date, as though made at and as of the Closing Date.

(ii) Performance of Obligations. Purchaser shall have paid the full balance of the Purchase Price, executed, acknowledged (if applicable) and/or delivered all documents required to be executed, acknowledged (if applicable) and/or delivered by Purchaser hereunder on the Closing Date; and in all material respects performed all other obligations required to be performed by it under this Agreement on or prior to the Closing Date.

(iii) Consent of Existing Lender. Lender's Consent shall have been received, as more fully set forth in Section 36(b) hereof, and shall be in effect as of the Closing Date.

(d) Conditions to Obligations of Purchaser. The obligations of Purchaser to effect the Closing shall be subject to the fulfillment (or written waiver by Purchaser) at or prior to the Closing Date of the following conditions:

(i) Seller's Representations and Warranties. All of the representations and warranties of Seller contained in Sections 11(c), except those set forth in Sections 11(c)(iii), (c)(iv), (c)(vi), (c)(xi) and (c)(xix) of this Agreement, shall be true and correct in all material respects as of the Closing Date, as though made at and as of the Closing Date, except to the extent that the failure of any such representations to be true and correct in all material respects as of the Closing Date would not result in a material adverse effect.

(ii) Performance of Obligations. Seller shall have executed, acknowledged (if applicable) and/or delivered all documents required to be executed, acknowledged (if applicable) and/or delivered by Seller hereunder on the Closing Date and Seller shall in all material respects performed all other obligations required to be performed by Seller under this Agreement on or prior to the Closing Date.

(iii) Additional Conditions to Closing. The conditions to Closing set forth in Section 36 shall have been satisfied.

(iv) Consent of Existing Lender. Lender's Consent shall have been received, as more fully set forth in Section 36(b) hereof, and shall be in effect as of the Closing Date.

(v) Additional Conditions to Closing. The condition to Closing set forth in Section 36(a) (relating to the Estoppels) shall have been satisfied.

(vi) Title. On the Closing Date, Seller's title to the Premises shall conform to the provisions of Sections 5 and 6.

(e) Failure of Condition. Subject to the adjournment rights under Section 18, or the adjournment rights under Section 36 for the failure to obtain the Estoppels, if Purchaser or Seller is unable to timely satisfy the conditions precedent to the other party's obligation to effect the Closing (and such party benefited by the failed condition precedent has not waived such condition in writing), then the party benefited by the failed condition shall be entitled to terminate this Agreement by notice thereof to the other party. If this Agreement is so terminated, then Purchaser shall be entitled to receive the Deposit and neither party shall have any further obligations hereunder, except those expressly stated to survive the termination hereof, subject to the provisions of Section 20 in the case where a failure of a condition is caused by the default of a party.

11. CONDITION OF THE PROPERTY; REPRESENTATIONS.

(a) PURCHASER HEREBY ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER SELLER, NOR ANY PERSON ACTING ON BEHALF OF SELLER, NOR ANY PERSON OR ENTITY WHICH PREPARED OR PROVIDED ANY OF THE MATERIALS REVIEWED BY PURCHASER IN CONDUCTING ITS DUE DILIGENCE, NOR ANY DIRECT OR INDIRECT OFFICER, DIRECTOR, PARTNER, MEMBER, SHAREHOLDER, EMPLOYEE, AGENT, REPRESENTATIVE, ACCOUNTANT, ADVISOR, ATTORNEY, PRINCIPAL, AFFILIATE, CONSULTANT, CONTRACTOR, SUCCESSOR OR ASSIGN OF ANY OF THE FOREGOING PARTIES (SELLER, AND ALL OF THE OTHER PARTIES DESCRIBED IN THE PRECEDING PORTIONS OF THIS SENTENCE (OTHER THAN PURCHASER) SHALL BE REFERRED TO HEREIN COLLECTIVELY AS THE "EXCULPATED PARTIES") HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY ORAL OR WRITTEN REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESSED OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), WITH RESPECT TO THE PROPERTY, THE PERMITTED USE OF THE PROPERTY OR THE ZONING AND OTHER LAWS, REGULATIONS AND RULES APPLICABLE THERETO OR THE COMPLIANCE BY THE PROPERTY THEREWITH, THE REVENUES AND EXPENSES GENERATED BY OR ASSOCIATED WITH THE PROPERTY, OR OTHERWISE RELATING TO THE PROPERTY OR THE TRANSACTIONS CONTEMPLATED HEREIN. PURCHASER FURTHER ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ALL MATERIALS WHICH HAVE BEEN PROVIDED BY ANY OF THE EXCULPATED

PARTIES HAVE BEEN PROVIDED WITHOUT ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED AS TO THEIR CONTENT, SUITABILITY FOR ANY PURPOSE, ACCURACY, TRUTHFULNESS OR COMPLETENESS AND PURCHASER SHALL NOT HAVE ANY RECOURSE AGAINST SELLER OR ANY OF THE OTHER EXCULPATED PARTIES IN THE EVENT OF ANY ERRORS THEREIN OR OMISSIONS THEREFROM. PURCHASER IS ACQUIRING THE PROPERTY BASED SOLELY ON ITS OWN INDEPENDENT INVESTIGATION AND INSPECTION OF THE PROPERTY AND NOT IN RELIANCE ON ANY INFORMATION PROVIDED BY SELLER, OR ANY OF THE OTHER EXCULPATED PARTIES, EXCEPT FOR THE REPRESENTATIONS EXPRESSLY SET FORTH HEREIN. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, PURCHASER EXPRESSLY DISCLAIMS ANY INTENT TO RELY ON ANY SUCH MATERIALS PROVIDED TO IT BY SELLER IN CONNECTION WITH ITS DUE DILIGENCE AND AGREES THAT IT SHALL RELY SOLELY ON ITS OWN INDEPENDENTLY DEVELOPED OR VERIFIED INFORMATION.

(b) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, PURCHASER ACKNOWLEDGES AND AGREES THAT IT IS PURCHASING THE PROPERTY "AS IS" AND "WITH ALL FAULTS", BASED UPON THE CONDITION (PHYSICAL OR OTHERWISE) OF THE PROPERTY AS OF THE DATE OF THIS AGREEMENT, REASONABLE WEAR AND TEAR AND, SUBJECT TO THE PROVISIONS OF SECTIONS 6(f), 12 AND 13 OF THIS AGREEMENT, LOSS BY CONDEMNATION OR FIRE OR OTHER CASUALTY EXCEPTED. PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ITS OBLIGATIONS UNDER THIS AGREEMENT SHALL NOT BE SUBJECT TO ANY FINANCING CONTINGENCY OR OTHER CONTINGENCIES OR SATISFACTION OF CONDITIONS AND PURCHASER SHALL HAVE NO RIGHT TO TERMINATE THIS AGREEMENT OR RECEIVE A RETURN OF THE DEPOSIT EXCEPT AS EXPRESSLY PROVIDED FOR IN THIS AGREEMENT.

(c) Seller hereby represents and warrants to Purchaser as of the Effective Date as follows:

(i) Seller has full power and authority to enter into and, subject to Lender's Consent, perform this Agreement in accordance with its terms. This Agreement and all documents executed by Seller which are to be delivered to Purchaser at Closing are, and at the time of Closing will be, duly authorized, executed and delivered by Seller, and at the time of Closing will be the legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms, and do not and, at the time of Closing will not, violate any provision of any agreement or judicial order to which Seller or the Property is subject.

(ii) Schedule D sets forth a true, correct and complete list of the Leases in effect and Seller has delivered to Purchaser, or made available to Purchaser for review, true and complete copies of all Leases set forth on Schedule D, and all such Leases are in full force and effect. Except as set forth on Schedule D, there are no other written agreements or understandings between Seller and any tenant in the Premises. Seller has neither received nor delivered any written notices from or to any of the tenants under the Leases asserting that either

Seller or any such tenant is in default in any material respects under any of the respective Leases (other than defaults that have been cured in all material respects).

(iii) To Seller's Actual Knowledge, (x) Schedule E sets forth a true, correct and complete list of the material Contracts in effect as of the Effective Date and (y) Seller has delivered to Purchaser, or made available to Purchaser for review, true and complete copies of all Contracts, as set forth on Schedule E. Seller has neither received nor delivered any written notices from or to any of the service providers under the Contracts asserting that either Seller or any such service provider is in default in any material respects under any of the respective Contracts (other than defaults that have been cured in all material respects).

(iv) Schedule F sets forth is a true, correct and complete list of the security deposits currently held by Seller under the Leases.

(v) Except for the matters set forth on Schedule G, there is no action, suit, litigation, hearing or administrative proceeding pending against Seller, or, to Seller's Actual Knowledge, threatened against Seller regarding all or any portion of the Premises in each case which is not or would not be covered by insurance.

(vi) There are no condemnation or eminent domain proceedings pending, or to Seller's Actual Knowledge, threatened against the Premises.

(vii) Schedule C sets forth a true, and complete list of all material Loan Documents. Seller has delivered to Purchaser, or made available to Purchaser for review, true and complete copies of all of the material Loan Documents set forth of Schedule C. Purchaser hereby acknowledges having received a copy of the material Loan Documents. Seller (or an affiliate thereof) (i) has made all payments of principal, interest and any other sums that are due and payable under, or with respect to such Loan Documents, (ii) has not received any written notice alleging that Seller (or an affiliate thereof) are in default in the performance or observance of any of the terms, covenants or conditions to be kept, observed or performed by such parties under such Loan Documents, and (iii) is not in material default of any material non-monetary covenant that would entitle the Existing Lenders to accelerate the Existing Financing or to exercise remedies against the guarantor due to a breach of any so-called non-recourse carve-outs (other than to a de minimis extent). To Seller's Actual Knowledge, the principal amount of the Existing Mortgage Debt that is outstanding under the Loan Documents as of the Effective Date is \$101,865,572.

(viii) Schedule H sets forth a true, and complete list of all brokerage and commission agreements related to the leasing of the Property (the "Brokerage Agreements"). Seller has delivered to Purchaser, or made available to Purchaser for review, true and complete copies of all of the Brokerage Agreements set forth on Schedule H.

(ix) To Seller's Actual Knowledge, no party, other than Purchaser, has any option, right of first refusal, or other right to purchase the Property. Seller has not entered into any written agreement providing for a sale of the Property to any party which agreement remains in effect on the Effective Date.

(x) Neither Seller nor the Property is in the hands of a receiver nor is an application pending for a receiver for Seller or the Property. Seller has not made any assignment for the benefit of creditors, nor has Seller filed, or had filed against it, any petition in bankruptcy under federal or state bankruptcy laws.

(xi) Except as shown on Schedule I, there are no leasing commissions, fees or other compensation or tenant improvement costs with respect to any Lease, or any renewal, extension or the expansion of the leased premises thereunder, or with respect to the Brokerage Agreements, which are due and payable with respect to the current lease term of any Lease.

(xii) There is no contract or agreement in effect for the management of the Premises which will be binding on the Purchaser from and after the Closing Date.

(xiii) Seller is a "United States person" within the meaning of Sections 1445(f)(3) and 7701(a)(30) of the Internal Revenue Code of 1986, as amended.

(xiv) The Operating Statements of Seller are in accordance with the books and records of Seller in all material respects and were prepared in the ordinary course of business for use by Seller.

(xv) Seller has no employees for which Purchaser shall be liable from and after the Closing Date.

(xvi) Seller has delivered to Purchaser, or made available to Purchaser for review, a true and complete copy of the Wilmer Note, the Wilmer LC and all other documents constituting the Wilmer Receivable, and all of the documents constituting the Wilmer Receivable are in full force and effect. Seller has not sent or received any written notice of default with respect to the Wilmer Note and attached hereto as Schedule K is schedule of payments received by Seller under the Wilmer Note through May, 2008.

(xvii) Seller has delivered or made available to Purchaser copies of all environmental phase I assessment reports ordered by Seller. Seller has not received any written notice from any governmental agency that any portion of the Property is in violation of any Environmental Law. For purposes hereof, "Environmental Law" means any law relating to the environment and environmental conditions or to any Hazardous Material (including, without limitation, CERCLA, 42 U.S.C. § 9601 *et seq.*, and any so-called "Super Fund" or "Super Lien" law, any law requiring the filing of reports and notices relating to hazardous materials), environmental laws administered by the Environmental Protection Agency, and any District of Columbia laws concerning the environment, industrial hygiene or public health or safety).

(xviii) Seller has delivered to Purchaser, or made available to Purchaser for review, a true and complete copy of all of the material Westin Documents (to the extent not recorded), and, to Seller's Actual Knowledge, all of the Westin Documents are in full force and effect. Except for the Westin Documents, there are no agreements between Seller and

Westin. Seller has not sent or received any written notice of default with respect to any of the Westin Documents.

(xix) Seller has delivered to Purchaser, or made available to Purchaser for review, a true and complete copy of the Parking Management Agreement, and, to Seller's Actual Knowledge, the Parking Management Agreement is in full force and effect. Except for the Parking Management Agreement, there are no agreements between Seller and Interpark. Seller has not sent or received any written notice of default with respect to the Parking Management Agreement.

Any and all uses of the phrase, "to Seller's Actual Knowledge" or other references to Seller's knowledge in this Agreement or any other document or instrument executed and delivered by Seller to Purchaser at Closing, shall mean the actual, present, conscious knowledge of Anthony Chang, the asset manager of the Property, Aharon Friedman, Associate General Counsel, Jason Semmel, Executive Vice President and General Counsel, and David Peretz, Director of Acquisitions – Eastern US (collectively, the "Seller Knowledge Individual") as to a fact at the time given without any investigation or inquiry. Without limiting the foregoing, Purchaser acknowledges that the Seller Knowledge Individual has not performed and is not obligated to perform any investigation or review of any files or other information in the possession of Seller, or to make any inquiry of any persons, or to take any other actions in connection with the representations and warranties of Seller set forth in this Agreement. Neither the actual, present, conscious knowledge of any other individual or entity, nor the constructive knowledge of the Seller Knowledge Individual or of any other individual or entity, shall be imputed to the Seller Knowledge Individual. In no event shall the Seller Knowledge Individual have any personal liability under this Agreement.

(d) The representations and warranties of Seller contained in Sections 11(c) and 14(b) and in any document or instrument executed and delivered by Seller to Purchaser at Closing (collectively, the "Seller's Representations"), are subject to the following additional limitations: (i) Seller does not represent or warrant that any particular Contract will be in force or effect as of the Closing or that the service providers thereunder will not be in default thereunder, and Seller will not be in default hereunder if any particular Lease is not in force or effect as of the Closing or if any tenant under a Lease is in default thereunder (ii) to the extent that Seller has delivered or made available to Purchaser (or to any Diligence Party (as defined below)) any Leases, Contracts or other written information with respect to the Property at any time prior to the Effective Date, and such Leases, Contracts or other written information contain provisions inconsistent with any of such representations and warranties, then such representations and warranties shall be deemed modified to conform to such provisions and Purchaser shall be deemed to have knowledge thereof, (iii) Seller shall not be deemed in breach of its representations and warranties contained in Section 11(c)(iii), as the case may be, if Seller does not require Purchaser to assume, or Purchaser elects not to assume, responsibility for the Contract(s), respectively, which violate(s) such representations and warranties and neither Purchaser nor the Property would otherwise be bound thereby, and (iv) in the event that, prior to the Closing, Purchaser or any Diligence Party shall obtain actual knowledge of any information that is contradictory to, and would constitute the basis of a breach of, any representation or warranty or failure to satisfy any condition on the part of Seller, and Purchaser shall have closed

notwithstanding such knowledge, Purchaser shall not be entitled to bring any action after the Closing Date based on such representation or warranty. Without limiting the generality of the foregoing, Purchaser shall be deemed to know that any representation or warranty contained herein is untrue, inaccurate or breached to the extent that (1) Purchaser or any Diligence Party has actual knowledge of any fact or written information which is inconsistent with such representation or warranty or (2) this Agreement or any Leases, Contracts or other written information with respect to the Property delivered or made available to Purchaser or any Diligence Party contain provisions inconsistent with any of such representations and warranties. "Diligence Party" shall mean any of the following: (i) Purchaser, and (ii) any officers, directors, employees, agents, consultants, advisors, affiliates, attorneys and representatives of Purchaser, who were directly involved in the negotiation of this Agreement, the review of any Leases, Contracts or other information relating to the Property, or the performance of the due diligence with respect to the transactions contemplated by this Agreement.

(e) Each of Seller's Representations shall survive the Closing, but such survival shall be limited in the manner set forth in Sections 11(d) and 11(h).

(f) Purchaser hereby represents and warrants to Seller as of the Effective Date and as of Closing that:

(i) Purchaser is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware and, is and in good standing and qualified to do business under the laws of the District of Columbia.

(ii) Purchaser has full power and authority to enter into and perform this Agreement in accordance with its terms and this Agreement and all documents executed by Purchaser which are to be delivered to Seller at Closing will be at the time of Closing, duly authorized, executed and delivered by Purchaser and will be, at the time of Closing the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms.

(iii) Purchaser is not acquiring the Property with the assets of an employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) or, if plan assets will be used to acquire the Property, Purchaser will deliver to Seller at Closing a certificate containing such factual representations as shall permit Seller and its counsel to conclude that no prohibited transaction would result from the consummation of the transactions contemplated by this Agreement. Purchaser is not a "party in interest" within the meaning of Section 3(3) of ERISA with respect to any beneficial owner of Seller.

(iv) There are no judgments, orders or decrees of any kind against Purchaser unpaid or unsatisfied of record and no legal action, suit or other legal or administrative proceeding pending, threatened or reasonably anticipated which could be filed before any court or administrative agency which has, or is likely to have, any material adverse effect on (i) the business or assets or the condition, financial or otherwise, of Purchaser or (ii) the ability of Purchaser to perform its obligations under this Agreement.

(v) Neither Purchaser nor any member, partner or shareholder of Purchaser, nor any owner of a direct interest in Purchaser (x) is listed on any Government Lists (as defined below), (y) is a Person who has been determined by competent authority to be subject to the prohibitions contained in Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC (as defined below) or in any enabling legislation or other Executive Orders in respect thereof, or (z) is currently under investigation by any Governmental Authority for alleged criminal activity. For purposes hereof, the term "Patriot Act Offense" means any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) the Bank Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense. For purposes hereof, the term "Government Lists" means (I) the Specially Designated Nationals and Blocked Persons Lists maintained by the Office of Foreign Assets Control ("OFAC"), (II) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Lender or its servicer notified Purchaser in writing is now included in "Governmental Lists", or (III) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other government authority or pursuant to any Executive Order of the President of the United States of America.

(g) Except with respect to any claims made after the Closing arising out of any breach of the Seller's Representations, Purchaser, for itself and its agents, affiliates, successors and assigns, hereby releases and forever discharges Seller, its employees, agents, affiliates, successors and assigns from any and all rights, claims and demands at law or in equity, whether known or unknown at the time of this Agreement, which Purchaser has or may have in the future, arising out of the physical, environmental, economic or legal condition of the Property, including, without limitation, any claim for indemnification or contribution arising under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.) or any similar federal, state or local statute, rule or ordinance relating to liability of property owners for environmental matters.

(h) (1) Subject to the provisions of Section 7(n) and Section 37, Seller's Representations and covenants under this Agreement or under any documents executed and delivered by Seller to Purchaser at Closing and the provisions of this Section 11(h) shall survive the Closing for two hundred seventy (270) days following the Closing Date (the "Limitation Period"). Except as expressly set forth herein, each of Seller's Representations, and covenants to be performed prior to the Closing Date, shall automatically be null and void and of no further force and effect on or after the 270th day following the Closing Date unless, prior to such 270th day, Purchaser shall have provided Seller with a notice alleging that Seller was in breach of such Seller's Representation or covenant on the Closing Date (as such Seller's Representations and covenants may be updated) and specifying in reasonable detail the nature of such breach. Purchaser shall allow Seller sixty (60) days after its notice within which to cure such breach or if such breach cannot be cured within such sixty (60) day period, and Seller

notifies Purchaser it wishes to extend its cure period (the "Cure Extension Notice"), such additional reasonable period of time as is required to cure the same so long as such cure has been commenced within such sixty (60) day period and is being diligently pursued to completion (not to exceed one hundred twenty (120) days in the aggregate). If Seller fails to cure such breach after written notice thereof, Purchaser's sole remedy (subject to Section 11(h)(2)) shall be to commence a legal proceeding against Seller alleging that Seller was in breach of such Seller's Representations on the Effective Date, or Seller was in breach of a covenant, and that Purchaser shall have suffered actual damages as a result thereof (a "Proceeding"), which Proceeding must be commenced, if at all, within sixty (60) days after the expiration of the Limitation Period; provided, however, that if Purchaser gives Seller written notice of such a breach within the Limitation Period and Seller subsequently sends a Cure Extension Notice, then Purchaser shall have until the date which is thirty (30) days after the date Seller notifies Purchaser it has ceased endeavoring to cure such breach or the expiration of the applicable cure period, whichever is later, to commence such Proceeding. In the event that Seller shall be in breach of any of the Seller's Representations or covenants, and except as expressly set forth in Section 37, Purchaser shall have no recourse to the property or other assets of Seller or any of the other Exculpated Parties, other than the net sale proceeds from the sale of the Property and Purchaser's sole remedy, in such event, shall be as described above. Notwithstanding anything contained in this Agreement to the contrary, in no event shall Seller be liable to Purchaser, and Purchaser shall have no action against Seller, for a breach of any of Seller's Representations prior to Closing, except as set forth in Section 20.

(2) Notwithstanding anything to the contrary set forth in this Agreement, and subject to the limitations set forth in this Section 11, regarding all claims against Seller after the Closing Date: (x) Purchaser shall not assert any claim against Seller for breach of Seller's Representations or a breach of any of Seller's covenants hereunder unless the aggregate liability for such claim and all prior claims so asserted shall exceed the sum of Ninety Thousand Dollars (\$90,000.00); provided, however, that if Purchaser's damages exceed such amount, the liability of Seller shall be with respect to the entire amount of such damages (i.e. Purchaser shall be permitted to make claims beginning with "dollar one"); and further provided that Seller's liability for post-Closing adjustments under Section 7 shall not be subject to the \$90,000 limitation herein; and (y) Seller's aggregate liability for any and all claims arising out of any such covenants, agreements, representations and warranties shall not exceed Five Million Dollars (\$5,000,000.00) in the aggregate. In addition, in no event shall Seller be liable for any incidental, consequential, indirect, punitive, special or exemplary damages, or for lost profits, unrealized expectations or other similar claims, and in every case Purchaser's recovery for any claims referenced above shall be net of any insurance proceeds recovered by Purchaser from any insurance company. Purchaser agrees to diligently pursue the recovery of insurance proceeds as applicable to any claims referenced above.

12. DAMAGE AND DESTRUCTION.

(a) If all or any part of the Building is damaged by fire or other casualty occurring on or after the Effective Date and prior to the Closing Date, whether or not such damage affects a material part of the Building, then:

(i) if the estimated cost of repair or restoration is less than or equal to Five Million Dollars (\$5,000,000) and if the estimated time to substantially complete such repair or restoration is twelve (12) months or less, Purchaser shall not have the right to terminate this Agreement and the parties shall nonetheless consummate this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such destruction or damage. In such event, Seller shall assign to Purchaser and Purchaser shall have the right to make a claim for and to retain any casualty insurance proceeds received under the casualty insurance policies in effect with respect to the Premises on account of such physical damage or destruction as shall be necessary to perform repairs to the Building and/or to rebuild the Building to substantially the same condition as it existed prior to the occurrence of such fire or other casualty and Purchaser shall receive a credit against the cash due at Closing for the amount of the deductible on such casualty insurance policy less any amounts reasonably and actually expended by Seller to collect any such insurance proceeds or to remedy any unsafe conditions at the Property or to repair or restore any damages, in no event to exceed the amount of the loss. In the event such amount spent by Seller shall exceed the amount of the deductible on such casualty insurance policy, then Purchaser shall deliver such excess amount to Seller, within five (5) business days of its receipt of any casualty insurance proceeds received on account of such casualty.

(ii) if the estimated cost of repair or restoration exceeds Five Million Dollars (\$5,000,000) or if the estimated time to substantially complete such repair or restoration exceeds twelve (12) months, Purchaser shall have the option, exercisable within ten (10) days after receipt of notice of the occurrence of such fire or other casualty, time being of the essence, to terminate this Agreement by delivering notice of such termination to Seller, whereupon the Deposit shall be returned to Purchaser and this Agreement shall be deemed canceled and of no further force or effect, and neither party shall have any further rights or liabilities against or to the other except for such provisions which are expressly provided in this Agreement to survive the termination hereof. If a fire or other casualty described in this clause (ii) shall occur and Purchaser shall not timely elect to terminate this Agreement, then Purchaser and Seller shall consummate this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such destruction or damage and, in such event, Seller shall assign to Purchaser and Purchaser shall have the right to make a claim for and to retain any casualty insurance proceeds received under the casualty insurance policies in effect with respect to the Premises on account of such physical damage or destruction as shall be necessary to perform repairs to the Building and/or to rebuild the Building to substantially the same condition as existed prior to the occurrence of such fire or other casualty and Purchaser shall receive a credit against the cash due at Closing for the amount of the deductible on such casualty insurance policy less any amounts reasonably and actually expended by Seller to collect any such insurance proceeds or to remedy any unsafe conditions at the Property or to repair or restore any damages, in no event to exceed the amount of the loss. In the event such amount spent by Seller shall exceed the amount of the deductible on such casualty insurance policy, then Purchaser shall deliver such excess amount to Seller, within five (5) business days of its receipt of any casualty insurance proceeds received on account of such casualty.

(b) The estimated cost to repair and/or restore and the estimated time to complete contemplated in subsection (a) above shall be established by estimates obtained by Seller from independent contractors, subject to Purchaser's review and reasonable approval of the same and the provisions of Section 12(c) below. The Closing Date may be extended up to a maximum extension of ninety (90) days, as reasonably required to obtain such estimates (including the resolution of any arbitration required pursuant to paragraph (c)), determine the availability and amount of insurance proceeds and give the notices required under this Section 12. Seller and Purchaser shall cooperate and exercise due diligence to obtain damage estimation and insurance proceeds.

(c) The provisions of this Section 12 supersede any law applicable to the Premises governing the effect of fire or other casualty in contracts for real property. Any disputes under this Section 12 as to the cost of repair or restoration or the time for completion of such repair or restoration shall be resolved by expedited arbitration before a single arbitrator acceptable to both Seller and Purchaser in their reasonable judgment in accordance with the rules of the American Arbitration Association; provided that if Seller and Purchaser fail to agree on an arbitrator within five days after a dispute arises, then either party may request the office of the American Arbitration Association located in Washington, D.C. to designate an arbitrator. Such arbitrator shall be an independent architect or engineer having at least ten (10) years of experience in the construction of office buildings in Washington, D.C. The determination of the arbitrator shall be conclusive and binding upon the parties. The costs and expenses of such Arbitrator shall be borne equally by Seller and Purchaser.

(d) The provisions of this Section 12 shall survive the Closing.

13. CONDEMNATION.

(a) If, prior to the Closing Date, any part of the Premises is taken (other than a temporary taking), or if Seller shall receive an official notice from any governmental authority having eminent domain power over the Premises of its intention to take, by eminent domain proceeding, any part of the Premises (a "Taking"), then:

(i) if such Taking results in a diminution of value to the Premises of Five Million Dollars (\$5,000,000) or less as determined by an independent appraiser chosen by Seller (subject to Purchaser's review and reasonable approval of such determination and the provisions of Section 13(b)), Purchaser shall not have any right to terminate this Agreement, and the parties shall nonetheless consummate this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such Taking; provided, however, that Seller shall, on the Closing Date, (i) assign and remit to Purchaser the net proceeds of any award or other proceeds of such Taking which may have been collected by Seller as a result of such Taking less the reasonable expenses incurred by Seller in connection with such Taking, or (ii) if no award or other proceeds shall have been collected, deliver to Purchaser an assignment of Seller's right to any such award or other proceeds which may be payable to Seller as a result of such Taking and Purchaser shall reimburse Seller for the reasonable expenses incurred by Seller in connection with such Taking.

(ii) if such Taking results in a diminution of value to the Premises of more than Five Million Dollars (\$5,000,000) as determined by an independent appraiser chosen by Seller (subject to Purchaser's review and reasonable approval of such determination and the provisions of Section 13(b)), Purchaser shall have the option, exercisable within ten (10) days after receipt of notice of such Taking, time being of the essence, to terminate this Agreement by delivering notice of such termination to Seller, whereupon the Deposit shall be returned to Purchaser and this Agreement shall be deemed canceled and of no further force or effect, and neither party shall have any further rights or liabilities against or to the other except pursuant to the provisions of this Agreement which are expressly provided to survive the termination hereof. If a Taking described in this clause (ii) shall occur and Purchaser shall not timely elect to terminate this Agreement, then Purchaser and Seller shall consummate this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such Taking; provided, however, that Seller shall, on the Closing Date, (i) assign and remit to Purchaser the net proceeds of any award or other proceeds of such Taking which may have been collected by Seller as a result of such Taking less the reasonable expenses incurred by Seller in connection with such Taking, or (ii) if no award or other proceeds shall have been collected, deliver to Purchaser an assignment of Seller's right to any such award or other proceeds which may be payable to Seller as a result of such Taking and Purchaser shall reimburse Seller for the reasonable expenses incurred by Seller in connection with such Taking.

(b) The provisions of this Section 13 supersede any law applicable to the Premises governing the affect of condemnation in contracts for real property. Any disputes under this Section 13 as to whether the Taking results in a diminution of value to the Premises of more than Five Million Dollars (\$5,000,000) shall be resolved by expedited arbitration before a single arbitrator acceptable to both Seller and Purchaser in their reasonable judgment in accordance with the rules of the American Arbitration Association; provided that if Seller and Purchaser fail to agree on an arbitrator within five days after a dispute arises, then either party may request the office of the American Arbitration Association located in Washington, D.C. to designate an arbitrator. Such arbitrator shall be an independent architect having at least ten (10) years of experience in the construction of office buildings in Washington, D.C. The costs and expenses of such Arbitrator shall be borne equally by Seller and Purchaser.

(c) The provisions of this Section 13 shall survive the Closing.

14. BROKERS AND ADVISORS.

(a) Purchaser represents and warrants to Seller that it has not dealt or negotiated with, or engaged on its own behalf or for its benefit, any broker, finder, consultant, advisor, or professional in the capacity of a broker or finder (each a "Broker") in connection with this Agreement or the transactions contemplated hereby other than Eastdil Secured, L.L.C. ("Seller's Broker"). Purchaser hereby agrees to indemnify, defend and hold Seller and the other Seller Related Parties harmless from and against any and all claims, demands, causes of action, losses, costs and expenses (including reasonable attorneys' fees, court costs and disbursements) arising from any claim for commission, fees or other compensation or reimbursement for

expenses made by any Broker (other than Seller's Broker) engaged by or claiming to have dealt with Purchaser in connection with this Agreement or the transactions contemplated hereby.

(b) Seller represents and warrants to Purchaser that it has not dealt or negotiated with, or engaged on its own behalf or for its benefit, any Broker in connection with this Agreement or the transactions contemplated hereby other than Seller's Broker. Seller hereby agrees to indemnify, defend and hold Purchaser and its direct and indirect shareholders, officers, directors, partners, principals, members, employees, agents, contractors and any successors or assigns of the foregoing, harmless from and against any and all claims, demands, causes of action, losses, costs and expenses (including reasonable attorneys' fees, court costs and disbursements) arising from any claim for commission, fees or other compensation or reimbursement for expenses made by any Broker (including Seller's Broker) engaged by or claiming to have dealt with Seller in connection with this Agreement or the transactions contemplated hereby.

(c) The provisions of this Section 14 shall survive the termination of this Agreement or the Closing.

15. TAX REDUCTION PROCEEDINGS.

Seller may file and/or prosecute an application for the reduction of the assessed valuation of the Premises or any portion thereof for real estate taxes or a refund of Property Taxes previously paid (a "Tax Certiorari Proceeding") to the District of Columbia for any fiscal year. Seller shall have the right to withdraw, settle or otherwise compromise Tax Certiorari Proceedings affecting real estate taxes assessed against the Premises (i) for any fiscal period prior to the fiscal year in which the Closing shall occur without the prior consent of Purchaser, and (ii) for the fiscal year in which the Closing shall occur, provided Purchaser shall have consented with respect thereto, which consent shall not be unreasonably withheld or delayed. The amount of any tax refunds (net of attorneys' fees and other costs of obtaining such tax refunds) with respect to any portion of the Premises for the tax year in which the Apportionment Date occurs shall be apportioned between Seller and Purchaser as of the Apportionment Date with a prior allocation of the portion thereof which must be returned to tenants pursuant to the terms of the Leases; Seller hereby agreeing to be responsible for the return of such refund to such tenants for the period up to and including the Apportionment Date and Purchaser having such obligation for the return of such refunds attributable to the period from and after the Closing Date. If, in lieu of a tax refund, a tax credit is received with respect to any portion of the Premises for the tax year in which the Apportionment Date occurs, then (x) within thirty (30) days after receipt by Seller or Purchaser, as the case may be, of evidence of the actual amount of such tax credit (net of attorneys' fees and other costs of obtaining such tax credit), the tax credit apportionment shall be readjusted between Seller and Purchaser, and (y) upon realization by Purchaser of a tax savings on account of such credit, Purchaser shall pay to Seller an amount equal to the savings realized (as apportioned). All refunds, credits or other benefits applicable to any fiscal period prior to the fiscal year in which the Closing shall occur shall belong solely to Seller (and Purchaser shall have no interest therein) and, if the same shall be paid to Purchaser or anyone acting on behalf of Purchaser, same shall be paid to Seller within five (5) days following receipt thereof and, if not timely paid, with interest thereon from the fifth day following such

receipt until paid to Seller at a rate equal to the Default Rate. The provisions of this Section 15 shall survive the Closing.

16. TRANSFER TAXES AND TRANSACTION COSTS.

(a) At the Closing, Seller and Purchaser shall execute, acknowledge, deliver and file all such forms or returns as may be necessary to comply with any District of Columbia tax laws with respect to the transfer of real property or the recordation of instruments in connection therewith (the "Transfer Tax Laws"). The transfer and recordation taxes payable pursuant to the Transfer Tax Laws shall collectively be referred to as the "Transfer Taxes". Seller and Purchaser shall each pay (or cause to be paid) to the appropriate party one-half (1/2) of the Transfer Taxes payable in connection with the consummation of the transactions contemplated by this Agreement.

(b) Seller shall be responsible for the costs of its legal counsel, advisors and other professionals employed by it in connection with the sale of the Property.

(c) Except as otherwise provided above, Purchaser shall be responsible for (i) the costs and expenses associated with its due diligence, (ii) the costs and expenses of its legal counsel, advisors and other professionals employed by it in connection with the sale of the Property, (iii) all premiums and fees for title examination and title insurance and endorsements obtained and all related charges and survey costs in connection therewith, (iv) all costs and expenses incurred in connection with any financing obtained by Purchaser, including without limitation, loan fees, mortgage recording taxes, financing costs and lender's legal fees and all Loan Assumption Fees, (v) all escrow and/or closing fees, and (vi) any nominal recording fees for documentation to be recorded in connection with the transactions contemplated by this Agreement.

(d) The provisions of this Section 16 shall survive the Closing.

17. DELIVERIES TO BE MADE ON THE CLOSING DATE.

(a) Seller's Documents and Deliveries: On the Closing Date, Seller shall deliver or cause to be delivered to Purchaser the following:

(i) A duly executed and acknowledged Special Warranty Deed the form of Exhibit 2 conveying the Premises to Purchaser, subject to the Permitted Encumbrances;

(ii) A duly executed Bill of Sale in the form of Exhibit 3;

(iii) Originals or, if originals are unavailable, copies, of the Leases and Contracts then in effect to the extent in Seller's possession;

(iv) Letters to all tenants under the Leases in the form of Exhibit 4;

(v) Originals or, if originals are unavailable, copies, to the extent same are in Seller's possession, of the plans and specifications, technical manuals and similar materials for the Building, and any space plans relating to Leases of space in the Building prepared by Seller or on its behalf, and any "as built" computer aided design files (both hard copies and computer disk or CD Rom) relating to the Premises or tenant spaces within the Building prepared by Seller or on its behalf;

(vi) A duly executed certification as to Seller's nonforeign status as prescribed in Section 21, if appropriate, in the form of Exhibit 5;

(vii) The letters of credit held by Seller as security under the Leases (together with a duly executed assignment thereof), but only to the extent the same have not been applied or returned in accordance with Section 10(b) (the "Transferred Security Deposits");

(viii) Originals or, if originals are unavailable, copies, of all permits, licenses and approvals relating to the ownership, use or operation of the Premises, to the extent same are in Seller's possession;

(ix) Keys and combinations in Seller's possession relating to the operation of the Premises; and

(x) Originals of the Estoppels obtained (and, if obtained, the Westin Estoppel);

(xi) An owner's affidavit and gap indemnity agreement in the form attached hereto as Exhibit 11;

(xii) The original Wilmer Note (or if unavailable, a lost note affidavit), the original Wilmer LC, and originals or, if originals are unavailable, copies, of all other documents evidencing or governing the Wilmer Receivable which are still in effect, together with an assignment of 2445 Trust's interest therein, and a notice to Wilmer from Seller, in a form reasonably acceptable to Purchaser, notifying Wilmer of the assignment of the Wilmer Receivable hereunder;

(xiii) A certificate of Seller certifying that Seller's Representations are true and correct as of the Closing Date, subject to update by Seller therein;

(xiv) an updated rent roll, without representation or warranty, for the Building as of the Closing Date, in the form previously provided by Seller to Purchaser;

(xv) (1) copies of Seller's articles of organization and operating agreement and consent of the members of Seller authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, all of the foregoing being certified as true and correct by the manager(s)/managing member(s), as applicable, of Seller; (2) a good standing certificate issued for Seller by the state of organization of Seller, dated within thirty (30) days of the Closing Date; (3) a good standing

certificate for Seller issued by the District of Columbia dated within thirty (30) days of the Closing Date; and (4) an incumbency certificate executed by an officer or manager(s)/managing member(s), as applicable, of Seller with respect to individuals executing any documents or instruments on behalf of Seller in connection with the transactions contemplated herein; and

(xvi) All documents to be executed by Seller in connection with the assumption of the Existing Financing in accordance with the provisions of Section 36(b).

Seller shall be deemed to have delivered the items set forth in clauses (v), (viii), and (ix) above if the same are left in the Building management office on the Closing Date.

(b) Purchaser's Documents and Deliveries: On the Closing Date, Purchaser shall deliver or cause to be delivered to Seller the following:

(i) Payment of the balance of the Purchase Price payable at the Closing by 10:00 a.m., Eastern time, on the Closing Date, as adjusted for apportionments under Section 7, in the manner required under this Agreement;

(ii) (1) copies of Purchaser's articles of organization and operating agreement and consent of the members of Purchaser authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, all of the foregoing being certified as true and correct by the manager(s)/managing member(s), as applicable, of Purchaser; (2) a good standing certificate issued for Purchaser by the State of Delaware, dated within thirty (30) days of the Closing Date; (3) a good standing certificate for Purchaser issued by the District of Columbia dated within thirty (30) days of the Closing Date; and (4) an incumbency certificate executed by an officer or manager(s)/managing member(s), as applicable, of Purchaser with respect to individuals executing any documents or instruments on behalf of Purchaser in connection with the transactions contemplated herein; and

(iii) All documents required to be executed by Purchaser and/or Substitute Guarantor in connection with the assumption of the Existing Financing in accordance with Section 36(b).

(c) Jointly Executed Documents: Seller and Purchaser shall, on the Closing Date, each execute, acknowledge (as appropriate) and exchange the following documents:

(i) The returns required under the Transfer Tax Laws, if any, and any other tax laws applicable to the transactions contemplated herein;

(ii) An Assignment and Assumption of Leases and Contracts in the form of Exhibit 6;

(iii) An Omnibus Assignment and Assumption Agreement in the form of Exhibit 7;

(iv) An Assignment and Assumption of the Parking Management Agreement and Parking Garage Agreement in the form of Exhibit 8;

(v) Any other affidavit, document or instrument required to be delivered by Seller or Purchaser or reasonably requested by the Title Company (so long as such request does not add additional warranties, covenants or indemnities from Seller) pursuant to the terms of this Agreement or applicable law in order to effectuate the transfer of title to the Premises, and

(vi) Closing Statement.

18. CLOSING DATE.

(a) The closing of the transactions contemplated hereunder (the "Closing") shall occur, and the documents referred to in Section 17 shall be delivered upon tender of the Purchase Price provided for in this Agreement, by 10:00 a.m., Eastern time, on the day which is five (5) business days following the date Existing Lender issues its written indication that it is prepared to give non-contingent preliminary approval of the assumption of the Loan by Purchaser and Lender's Consent, subject only to the execution of the documents and the delivery of the requirements specified in Section 36 ("Preliminary Approval") (or if later, the date specified in the Preliminary Approval), (such date, as may extended under this Agreement, is referred to as the "Closing Date"), but in no event shall the Closing Date extend beyond December 2, 2008 (the "Outside Closing Date"). Closing shall be effectuated by deliveries to the Escrow Agent pursuant to reasonable and customary escrow instructions. TIME IS OF THE ESSENCE as to the Purchaser's and Seller's obligations to close the transactions contemplated hereunder on the Closing Date. In addition to the rights set forth in Sections 18(b) and (c) below, Seller shall have the right to postpone the scheduled Closing Date for up to thirty (30) days to solely coordinate the payoff of the Existing Mezzanine Debt by delivering Purchaser written notice of such postponement; provided, however that Seller may not extend the Closing Date beyond the earlier to occur of (i) the Outside Closing Date, or (ii) or the date, if any, that the Existing Lender confirms in writing (either in the Preliminary Approval or otherwise) after which the Preliminary Approval would be void or would no longer be valid (the "Preliminary Approval Termination Date").

(b) In addition to the Seller's right to extend the Closing Date under Section 18(a) above, Seller shall have the several right to extend the Closing Date for up to an additional thirty (30) days to solely coordinate the payoff of the Existing Mezzanine Debt (but not beyond the earlier of the Outside Closing Date or the Preliminary Approval Termination Date) by delivering notice of such extension(s) to Purchaser. Purchaser shall be entitled to a credit at Closing of \$11,250 per day for each day Seller extends the Closing Date under this Section 18(b). In the event that Existing Lender delivers a written notice indicating that it will not issue Lender's Consent, or if the Existing Lender shall fail or refuse to grant Lender's Consent on or before December 2, 2008, either party may terminate this Agreement, provided such party is not in default of Section 36 of this Agreement, by delivering written notice to the other party whereupon the Deposit shall be returned to Purchaser and neither Seller nor

Purchaser shall have further liability hereunder or by reason hereof (except pursuant to the provisions of this Agreement which expressly survive termination).

(c) Notwithstanding anything contained in this Agreement to the contrary, Seller shall have the right for any reason or no reason to terminate this Agreement at anytime on or prior to the Closing Date by giving Purchaser written notice of Seller's election to terminate this Agreement. In consideration of Seller's right to terminate this Agreement under this Section 18(c), Seller shall pay Purchaser, a termination fee of Ten Million Dollars (\$10,000,000) in cash, by wire transfer of immediately available funds, within three (3) business days after Seller's notice to terminate pursuant to this Section 18(c). If this Agreement is so terminated, then Purchaser shall be entitled to receive the Deposit and neither party shall have any further obligations hereunder, except those expressly stated to survive the termination hereof. Purchaser acknowledges that if Seller terminates this Agreement by reason of Purchaser's default, a failure of a condition precedent to Seller's obligation to close or pursuant to any provision of this Agreement other than this Section 18(c), no termination fee shall be due or payable.

19. NOTICES.

All notices, demands, requests or other communications (collectively, "Notices") required to be given or which may be given hereunder shall be in writing and shall be sent by (a) certified or registered mail, return receipt requested, postage prepaid, or (b) national overnight delivery service, or (c) facsimile transmission or e-mail transmission (provided that the original shall be simultaneously delivered by national overnight delivery service or personal delivery), or (d) personal delivery, addressed as follows:

- (i) If to Seller:
c/o Broadway Partners
375 Park Avenue, 29th Floor
New York, New York 10152
Attention: Jonathon K. Yormak and Jason P. Semmel (with
separate notices to each)
Yormak Fax: 212-658-9392
Semmel Fax: 212-658-9397
E-Mail: jyormak@broadwaypartners.com
jsemmel@broadwaypartners.com

with a copy to:

Blank Rome LLP
The Chrysler Building
405 Lexington Avenue

New York, NY 10174-0208
Attention: Martin Luskin, Esq.
Fax: 917-332-3714
E-Mail: mluskin@blankrome.com

And

Blank Rome LLP
600 New Hampshire Avenue, N.W.
Washington, DC 20037
Attention: C. Vincent Leon-Guerrero, Esq.
Fax: 202-772-1676
E-Mail: leon-guerrero@blankrome.com

(ii) If to Purchaser:

6110 Executive Boulevard
Suite 800
Rockville, MD 20852
Attention: George F. McKenzie, President
Fax: 301-984-9610
E-Mail: gmckenzie@writ.com

and also, for any pre-Closing notices,

Attention: Karen Clark
Fax: 301-984-9610
E-Mail: kclark@writ.com

with a copy to:

Arent Fox LLP
1050 Connecticut Avenue
Washington, D. C. 20036
Attention: Michael H. Leahy, Esq.
Fax: 202- 857-6395
E-Mail: leahy.michael@arentfox.com

(iii) If to Escrow Agent:

Chicago Title Insurance Company
Washington DC National Commercial Center
2000 M Street, N.W.
Suite 610
Washington, DC 20036

Attention: Eric Taylor
Fax: 202-466-5070
E-Mail: eric.taylor@ctt.com

Any Notice so sent by certified or registered mail, national overnight delivery service or personal delivery shall be deemed given on the date of receipt or refusal as indicated on the return receipt, or the receipt of the national overnight delivery service or personal delivery service. Any Notice sent by facsimile or e-mail transmission shall be deemed given when received as confirmed by the telecopier electronic confirmation receipt. A Notice may be given either by a party or by such party's attorney. Seller or Purchaser may designate, by not less than five (5) business days' notice given to the others in accordance with the terms of this Section 19, additional or substituted parties to whom Notices should be sent hereunder.

20. DEFAULT BY PURCHASER OR SELLER.

(a) If (i) Purchaser shall default in the payment of the Purchase Price or (ii) Purchase shall default in the performance of any of its other obligations to be performed under this Agreement in any material respect and such default shall continue for ten (10) business days after notice to Purchaser (other than a failure of Purchaser to perform its obligations to close on the Closing Date, for which there shall be no cure period), Seller's sole remedy by reason thereof shall be to terminate this Agreement and, upon such termination, Seller shall be entitled to retain the Deposit, as liquidated damages for Purchaser's default hereunder, it being agreed that the damages by reason of Purchaser's default are difficult, if not impossible, to ascertain, and thereafter Purchaser and Seller shall have no further rights or obligations under this Agreement except for those that are expressly provided in this Agreement to survive the termination hereof. If Seller terminates this Agreement pursuant to a right given to it hereunder and commences any action to recover the Deposit, or if Purchaser takes any wrongful action which interferes with Seller's ability to sell, exchange, transfer, lease, dispose of or finance the Property or takes any other wrongful actions with respect thereto (including, without limitation, the filing of any lis pendens or other form of attachment against the Property) after this Agreement has been terminated by Seller, then the named Purchaser (and any permitted assignee of Purchaser's interest hereunder) and, by its signature hereto, Principal shall be jointly and severally liable for all loss, cost, damage, liability or expense (including, without limitation, reasonable attorneys' fees, court costs and disbursements and consequential damages) incurred by Seller by reason of such wrongful action by Purchaser.

(b) If (x) Seller shall default in the performance of any of its obligations to be performed under this Agreement in any material respect, or (y) any of Seller's Representations in his Agreement made as of the Effective Date prove to be untrue in any material respect as of the Effective Date, and any such default or untruth shall continue for ten (10) business days after notice to Seller, Purchaser as its sole remedy by reason thereof (in lieu of prosecuting an action for damages or proceeding with any other legal or equitable course of conduct, the right to bring such actions or proceedings being expressly and voluntarily waived by Purchaser, to the extent legally permissible, following and upon advice of its counsel) shall have the right, subject to the limitations and conditions set forth in this Section 20(b), (i) to seek to obtain specific performance of Seller's obligations hereunder, provided that any action for

specific performance shall be commenced within sixty (60) days after such default, and if Purchaser prevails thereunder, Seller shall reimburse Purchaser for all reasonable legal fees, court costs and all other reasonable costs of such action; and further provided that should the remedy of specific performance be awarded, Seller shall not be obligated to spend, or incur any costs, in excess of \$500,000 in the aggregate to cure or remedy any of Seller's Representations, or (ii) to terminate this Agreement and receive a return of the Deposit and a reimbursement of Purchaser's actual out of pocket due diligence costs not to exceed \$250,000 (including Purchaser's legal fees and any non-refundable amounts paid to the Existing Lender), it being understood that if Purchaser fails to commence an action for specific performance within sixty (60) days after such Seller default or misrepresentation, Purchaser's sole remedy shall be to receive a return of the Deposit and such reimbursement of due diligence costs. Upon any such termination of this Agreement by Purchaser, neither party hereto shall have any further obligations hereunder except for those that are expressly provided in this Agreement to survive the termination hereof. Notwithstanding the foregoing, Purchaser shall have no right to seek specific performance, if Seller shall be prohibited from performing its obligations hereunder by reason of any law, regulation, or other legal requirement applicable to Seller.

(c) The provisions of this Section 20 shall survive the termination hereof.

21. FIRPTA COMPLIANCE.

Seller shall comply with the provisions of the Foreign Investment in Real Property Tax Act, Section 1445 of the Internal Revenue Code of 1986 (as amended, "FIRPTA"). Seller acknowledges that Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform Purchaser that withholding of tax is not required upon the disposition of a United States real property interest by Seller, Seller hereby represents and warrants that Seller is not a foreign person as that term is defined in the Internal Revenue Code and Income Tax Regulations. On the Closing Date, Seller shall deliver to Purchaser a certification as to Seller's non-foreign status in the form of Exhibit 5, and shall comply with any temporary or final regulations promulgated with respect thereto and any relevant revenue procedures or other officially published announcements of the Internal Revenue Service of the U.S. Department of the Treasury in connection therewith.

22. ENTIRE AGREEMENT.

This Agreement contains all of the terms agreed upon between Seller and Purchaser with respect to the subject matter hereof, and all prior agreements, understandings, representations and statements, oral or written, between Seller and Purchaser are merged into this Agreement. The provisions of this Section 22 shall survive the Closing or the termination hereof.

23. AMENDMENTS.

This Agreement may not be changed, modified or terminated, except by an instrument executed by Seller and Purchaser. The provisions of this Section 23 shall survive the Closing or the termination hereof.

24. WAIVER.

No waiver by either party of any failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent failure or refusal to so comply. The provisions of this Section 24 shall survive the Closing or the termination hereof.

25. PARTIAL INVALIDITY.

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law. The provisions of this Section 25 shall survive the Closing or the termination hereof.

26. SECTION HEADINGS.

The headings of the various sections of this Agreement have been inserted only for the purposes of convenience, and are not part of this Agreement and shall not be deemed in any manner to modify, explain, expand or restrict any of the provisions of this Agreement. The provisions of this Section 26 shall survive the Closing or the termination hereof.

27. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of New York without giving effect to conflict of laws principles thereof. The provisions of this Section 27 shall survive the Closing or the termination hereof.

28. PARTIES; ASSIGNMENT AND RECORDING.

(a) This Agreement and the various rights and obligations arising hereunder shall inure to the benefit of and be binding upon Seller and Purchaser and their respective successors and permitted assigns; provided, however, that none of the representations or warranties made by Seller hereunder shall inure to the benefit of any person or entity which is not an affiliate of Purchaser that may, after the Closing Date, succeed to Purchaser's interest in the Property.

(b) Purchaser may not assign or otherwise transfer this Agreement or any of its rights or obligations hereunder or any of the direct or indirect ownership interests in Purchaser, without first obtaining Seller's consent thereto; provided, however that Seller's

consent shall not be required for (i) an assignment after the Diligence Termination Date of this Agreement to any limited liability company which is controlled by, and which is at least 50% owned by, Principal and upon further condition that any such assignment does not delay Lender's Consent and Purchaser and Principal shall not be released from any liability hereunder in connection with such assignment, (ii) transfers of shares in Principal, and (iii) the designation of an entity which complies with subsection (i) herein to take title to the Wilmer Receivable at Closing.

(c) Neither this Agreement nor any memorandum hereof may be recorded without first obtaining Seller's consent thereto.

(d) The provisions of Section 28(a) and 28(c) shall survive the Closing or the termination hereof. The provisions of Section 28(b) shall survive the termination hereof.

29. CONFIDENTIALITY AND PRESS RELEASES.

(a) Until the Closing, Purchaser and its partners, members, attorneys, agents, employees and consultants will treat the information disclosed to it by Seller, or otherwise gained through Purchaser's access to the Property and Seller's books and records, as confidential, giving it the same care as Purchaser's own confidential information, and make no use of any such disclosed information not independently known to Purchaser except in connection with the transactions contemplated hereby. In the event of a termination of this Agreement, Purchaser shall promptly return all such confidential information to Seller.

(b) Neither Purchaser nor Seller shall issue any press releases (or other public statements) with respect to the transaction contemplated in this Agreement without approval of the other party, which approval may be withheld in such other party's sole and absolute discretion.

(c) The provisions of Section 29(a) shall survive the termination of this Agreement and the provisions of Section 29(b) shall survive the termination hereof or the Closing.

30. FURTHER ASSURANCES.

Seller and Purchaser will do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, assignments, notices, transfers and assurances as may be reasonably required by the other party, for the better assuring, conveying, assigning, transferring and confirming unto Purchaser the Property and for carrying out the intentions or facilitating the consummation of this Agreement. The provisions of this Section 30 shall survive the Closing.

31. THIRD PARTY BENEFICIARY.

This Agreement is an agreement solely for the benefit of Seller and Purchaser (and their permitted successors and/or assigns). No other person, party or entity shall have any rights hereunder nor shall any other person, party or entity be entitled to rely upon the terms,

covenants and provisions contained herein. The provisions of this Section 31 shall survive the Closing or the termination hereof.

32. JURISDICTION AND SERVICE OF PROCESS.

The parties hereto agree to submit to personal jurisdiction in the State of New York in any action or proceeding arising out of this Agreement and, in furtherance of such agreement, the parties hereby agree and consent that without limiting other methods of obtaining jurisdiction, personal jurisdiction over the parties in any such action or proceeding may be obtained within or without the jurisdiction of any court located in New York and that any process or notice of motion or other application to any such court in connection with any such action or proceeding may be served upon the parties by registered or certified mail to or by personal service at the last known address of the parties, whether such address be within or without the jurisdiction of any such court. The provisions of this Section 32 shall survive the Closing or termination hereof.

33. WAIVER OF TRIAL BY JURY.

Seller and Purchaser hereby irrevocably and unconditionally waive any and all right to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to this agreement. The provisions of this Section 33 shall survive the Closing or the termination hereof.

34. MISCELLANEOUS.

(a) This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

(b) Any consent or approval to be given hereunder (whether by Seller or Purchaser) shall not be effective unless the same shall be given in advance of the taking of the action for which consent or approval is requested and shall be in writing. Except as otherwise expressly provided herein, any consent or approval requested of Seller or Purchaser may be withheld by Seller or Purchaser in its sole and absolute discretion.

(c) Escrow Agent is hereby designated the "real estate reporting person" for purposes of Section 6045 of the Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Agent shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Agent shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation. Seller and Purchaser shall promptly furnish their federal tax identification numbers to Escrow Agent and shall otherwise reasonably cooperate with Escrow Agent in connection with Escrow Agent's duties as real estate reporting person.

(d) The delivery of the Deed by Seller, and the acceptance thereof by Purchaser shall be deemed to be the full performance and discharge of every covenant and

obligation on the part of Seller to be performed hereunder except those obligations that are expressly provided to survive Closing. No action shall be commenced after the Closing on any covenant or obligation except to the extent expressly provided for herein.

(e) Seller or, provided such exchange does not delay or affect Lender's Consent, Purchaser shall have the right to structure the sale of the Property as a forward or reverse exchange thereof for other real property of a like-kind to be designated by Seller or Purchaser (including the ability to assign this Agreement to an entity established in order to effectuate such exchange including a qualified intermediary, an exchange accommodation title holder or one or more single member limited liability companies that are owned by any of the foregoing persons), with the result that the exchange shall qualify for non-recognition of gain or loss under Section 1031 of the Internal Revenue Code of 1986, as amended, the Treasury Regulations thereunder and IRS Revenue Procedure 2000-37. Each party shall execute any and all documents reasonably requested by the other to effect such exchange, and otherwise assist and cooperate with such party in effecting such exchange, provided that any additional reasonable costs and expenses incurred by a party as a result of structuring such transaction as an exchange at the request of the other party, as opposed to an outright sale, shall be borne by the party requesting the exchange.

(f) If required by rules of the Securities and Exchange Commission, Seller grants Purchaser the right, at Purchaser's sole expense, to prepare an audited income statement of the Property for the most recent fiscal year(s) as specified by Rule 3-14 of Regulation S-X under the Securities Act of 1933 and the Securities Exchange Act of 1934, and Seller shall, so long as Seller is not required to assume any liability or make any representations, provide and/or fully cooperate in obtaining any and all such other data and financial information which shall be available to Seller (including, without limitation, data and information obtainable from Seller's management agent for the Property) and as advisable in connection with fulfilling Purchaser's disclosure obligations as a public company subject to the rules and regulations of the Securities and Exchange Commission.

(g) The provisions of this Section 34 shall survive the Closing or the termination hereof.

35. ATTORNEYS' FEES.

In the event of any litigation between the parties hereto to enforce any of the provisions of this Agreement or any right of either party hereto, the unsuccessful party to such litigation agrees to pay to the successful party all costs and expenses, including reasonable attorneys' fees and disbursements, incurred herein by the successful party in and as part of the judgment rendered in such litigation.

36. ADDITIONAL CONDITIONS TO CLOSING.

(a) Tenant Estoppels. Seller shall request a tenant estoppel certificate in the form of Exhibit 9 from Patton Boggs LLP and The Advisory Board Company. It shall be a condition precedent to Purchaser's obligations hereunder that Seller deliver to Purchaser on or

before the Closing Date tenant estoppel certificates from Patton Boggs LLP and The Advisory Board Company, substantially in the form of Exhibit 9 or such other form as is provided in the terms of the tenants' respective Leases, dated not more than forty-five (45) days prior to the Closing Date, and containing statements that are consistent in all material respects with the Lease and Seller's Representations regarding such Leases, subject to (a) non-material modification thereof, (b) such tenant making note of items which constitute Permitted Encumbrances or items which Seller otherwise agrees to discharge at or prior to Closing, (c) modifications thereof to conform the same to the Leases or other information delivered to Purchaser prior to the Effective Date, (d) any reference in the estoppel from The Advisory Board Company to the ABC Audit if: (1) the ABC Audit has not been settled pursuant to the third sentence of Section 7(b)(ix); (2) Seller provides Purchaser at Closing with a credit for the ABC Settlement Amount, and (3) the estoppel from The Advisory Board Company confirms that the total amount in question regarding the ABC Audit does not exceed the ABC Settlement Amount, and (e) any reference in the estoppel from Patton Boggs to the PB Audit if: (1) the PB Audit has not been settled pursuant to the seventh sentence of Section 7(b)(ix); and (2) Seller provides Purchaser at Closing with a credit for the PB Audit in the amount described in Section 7(b)(ix) (collectively, the "Estoppels"). Seller shall have the right to extend the Closing Date for up to forty-five (45) days (but in no event later than December 2, 2008) to obtain the Estoppels by providing Purchaser with prior written notice of such extension. Purchaser shall have the right to review and affirm each tenant estoppel certificate before it is sent to a tenant.

(b) Assumption Of Existing Financing

(i) Lender's Consent. (A) Subject to the provisions of this Section 36(b), Seller and Purchaser shall diligently and in good faith seek the written consent of all of the holders of the Existing Financing (collectively, with the servicer of the Existing Financing, the "Existing Lender"), which consent may be executed and delivered by the servicer servicing the Existing Financing, to the following:

(1) the conveyance of the Property to Purchaser and the assumption by Purchaser of Seller's obligations under the Loan Documents, without material change, as to matters first accruing after the Closing Date;

(2) the substitution of Substitute Guarantor in place of any and all existing guarantor(s) and indemnitor(s) under all applicable Loan Documents, without material change, as to matters first accruing after the Closing Date; provided that the requirement contained in this subsection (2) shall be for the benefit of Seller only, and Seller may waive such requirement in its sole discretion; and

(3) the release, by Existing Lender, of Seller and any guarantor(s) or indemnitor(s) from all obligations and liability under and with respect to the Existing Financing first accruing from and after the Closing Date; provided that the requirement contained in this subsection (3) shall be for the benefit of Seller only, and Seller may waive such requirement in its sole discretion.

(B) It is understood and agreed that the consent and agreement of the Existing Lender to the foregoing actions will be contained in an Assumption Agreement (or similarly styled agreement) to be executed by Seller, Purchaser, Existing Lender and Substitute Guarantor, and documents ancillary thereto, containing terms and conditions that are reasonably acceptable to Seller, Purchaser, Existing Lender and Substitute Guarantor and which otherwise complies with the provisions herein (the "Assumption Agreement"). It is understood and agreed that neither Purchaser nor Substitute Guarantor shall be required to execute and deliver such Assumption Agreement, or any document ancillary thereto, unless, pursuant to the provisions thereof, (i) Purchaser is assuming the obligations of Seller under the Loan Documents only as to matters first accruing from and after the Closing Date, (ii) Substitute Guarantor is assuming the obligations of the guarantors under the Loan Documents only as to matters first accruing from and after the Closing Date and (iii) the provisions of the Loan Documents are not being amended in a manner that would increase the obligations or liabilities of the obligors thereunder in any material respect; provided however that should Lender refuse to agree to limit Purchaser's and/or Substitute Guarantor's liability to matters first accruing from and after the Closing Date, then the foregoing requirements shall be deemed satisfied if Seller indemnifies Purchaser and/or Substitute Guarantor for liability against matters which accrued prior to the Closing Date ("Seller's Indemnity"). In addition, Purchaser shall not seek any changes to the terms and provisions of Loan Documents, except for those set forth on Schedule L; provided, however that Lender's agreement to any of the changes set forth on Schedule L shall not be a condition of Closing nor a requirement of Lender's Consent or the Assumption Agreement (unless any change set forth on Schedule L is also set forth in this Agreement and is a condition to Closing or a requirement of Lender's Consent or the Assumption Agreement (e.g., the requirements set forth in subsection (A) above)). Such Assumption Agreement, in the form required by the foregoing provisions, and ancillary documents, are herein referred to collectively as the as the "Lender's Consent". The parties agree the Lender's Consent shall be deemed given if the assumption contemplated hereby is permitted, even if such consent is conditioned upon or subject to the execution and delivery at Closing of the documents and deliveries contemplated by this Section 36(b).

(C) Further, and notwithstanding any provision of this Agreement to the contrary, Purchaser understands and agrees that (i) in no event are Purchaser's obligations under this Agreement conditioned upon any preferred or other equity investor agreeing to terms with Purchaser, or providing any funds to Purchaser, (ii) the provisions of the Loan Documents prohibit additional indebtedness, and the Existing Lender could disapprove a preferred equity investment by any Person for any number of reasons, including for reasons similar to why the Loan Documents prohibit additional indebtedness, (iii) the Lender's Consent does not include consent to the terms of any joint venture agreement of the Purchaser or the terms or structure of any preferred equity or other investment by any other Person. Purchaser covenants that the structure of Purchaser, as of the Closing Date and as proposed to Lender pursuant to this Section 36(b), shall not involve any other property level or Purchaser debt or mezzanine financing, it being understood that a proposal in violation of the foregoing is materially less likely to result in successfully obtaining Lender's Consent.

(ii) Request for Consent. On or before the date that is ten (10) days after the execution of this Agreement by Seller and Purchaser, Seller and Purchaser shall

notify the Existing Lender of the proposed conveyance of the Property to Purchaser and request that the Existing Lender provide the Lender's Consent. In such connection, Purchaser shall deliver to the Existing Lender an application to assume the Existing Financing (in form and substance as set forth on Exhibit 10 attached hereto), together with a copy of this Agreement and all information required to be delivered to the Existing Lender by Purchaser in connection with a request for such Lender's Consent, including a financial statement for its proposed Substitute Guarantor and a preliminary structure chart of Purchaser and its constituent members/partners (inclusive of the Substitute Guarantor). Seller and Purchaser will provide the Existing Lender in a timely fashion with such information and any additional information as may be required by Existing Lender in order to evaluate an initial extension of credit to Purchaser and process of the request for Lenders' Consent. Purchaser's submission shall be accompanied by Purchaser's check in payment of any application fee and any advance legal and processing fees required by the Loan Documents and/or the Existing Lender to commence and expedite the processing of such request. Purchaser shall be responsible for payment of Loan Assumption Fees (as defined hereinafter) whether or not the Existing Lender approves the assumption of the Existing Financing by Purchaser. Purchaser shall keep Seller apprised of its efforts to obtain the Lender's Consent, shall provide to Seller copies of all drafts and revisions to the Assumption Agreement and all ancillary documents or agreements prepared in connection therewith. Purchaser shall advise Seller of any negotiations with the Existing Lender and allow Seller to participate in such negotiations, provided however that Purchaser shall not be in default under this sentence so long as Seller is given the opportunity to participate in any material negotiations or communications with the Existing Lender. Purchaser and Seller shall use all commercially reasonable efforts to obtain Lender's Consent and shall act diligently and in good faith to expeditiously procure Lender's Consent; however, Purchaser shall not unduly influence the Existing Lender to insert a Preliminary Approval Termination Date in the Preliminary Approval (or any other written notice from Existing Lender); provided, however, Seller acknowledges that Purchaser has previously paid a fee to Existing Lender to expedite the loan assumption process and payment of such fee does not constitute "undue influence". Seller shall cooperate with Purchaser and the Existing Lender in connection with Purchaser's procurement of Lender's Consent. Purchaser and Seller shall from time to time upon the other party's reasonable request provide information and status reports on its efforts to obtain Lender's Consent.

(iii) Purchaser's Obligations. Purchaser shall execute and/or deliver or cause to be delivered to the Existing Lender the Assumption Agreement, legal opinions, resolutions, certificates, hazard and title insurance endorsements, and such other instruments and documents as the Existing Lender may require in connection with Purchaser's assumption of the Existing Financing and obtaining the Lender's Consent, subject to Purchaser's reasonable approval as to those documents to be executed by Purchaser and/or Substitute Guarantor. Purchaser shall comply with all of the requirements and provisions of the Loan Documents applicable to it that are conditions to obtaining Lender's Consent, including provisions requiring Purchaser and certain affiliated entities to be bankruptcy-remote, single-purpose entities. Without limiting the generality of the foregoing, Purchaser agrees that it shall cause Principal (the "Substitute Guarantor") to execute and deliver replacement guaranties and indemnities in the form required by the Loan Documents. Purchaser further agrees to indemnify, defend and hold Seller harmless from and against any claims, damages, losses,

liabilities, judgments, costs and expenses, including, but not limited to, reasonable attorneys' fees and disbursements arising as a result of Purchaser's failure to perform its obligations under the Loan Documents accruing from and after the Closing Date, such indemnity to survive the Closing.

(iv) Seller's Obligations. Seller shall execute and/or deliver or cause to be delivered to the Existing Lender the Assumption Agreement, legal opinions, resolutions, certificates and such other instruments and documents as the Existing Lender may require in connection with Purchaser's assumption of the Existing Financing and obtaining the Lender's Consent and to promptly deliver any requested submissions to Existing Lender in connection with the assumption of the Existing Financing. If applicable, Seller shall also deliver the executed Seller's Indemnity. Seller shall comply with all of the requirements and provisions of the Loan Documents applicable to it that are conditions to obtaining Lender's Consent. Seller shall execute and deliver such releases of the Existing Lender as may be requested by the Existing Lender to obtain Lender's Consent.

(v) Payment of Expenses. Purchaser shall timely pay to the Existing Lender, to the extent provided for in the Loan Documents or the application to assume the Existing Financing (A) all of the Existing Lender's costs and expenses in connection with Purchaser's proposed assumption of the Existing Financing and obtaining the Lender's Consent, including, but not limited to all application or processing fees, application fees, attorneys' fees, recording fees, underwriting and rating agency fees, (B) the aggregate assumption fee specified in the Loan Documents, (C) all of the Existing Lender's (or its servicers') other out-of-pocket costs and expenses in connection with such assumption and obtaining the Lenders' Consent; and (D) any other fees or expenses provided for in the Loan Documents or the application with respect to the assumption (collectively, "Loan Assumption Fees").

(vi) Reimbursements and Reserves. At the Closing, in addition to the Purchase Price, Purchaser shall reimburse Seller, in the same manner as is provided for herein for the payment of the balance of the Purchase Price, for any and all (A) cash deposits, reserves and escrows being held as of the Closing Date by the Existing Lender (or its servicers) under the Loan Documents for real estate taxes, insurance, deferred maintenance, capital replacements, re-letting costs and/or tenant improvements and leasing commissions, (B) the cash escrow, if any, being held to secure Wilmer's obligations under the Wilmer Note (the "Existing Lender Reserves and Escrows"); and (C) for any and all other funds derived from the Premises held by the Existing Lender (or its servicer) for Seller's benefit in any lockbox or other account or subaccount, subject to adjustment in accordance with proration provisions specified herein. At the Closing, Seller shall assign all of Seller's right, title and interest in the Existing Lender Reserves and Escrows, and funds in any such lockbox or other account or subaccount, to Purchaser. The provisions of this Section 36(b) shall survive the Closing or earlier termination of this Agreement.³⁷ EXCULPATION.

Except as expressly provided hereinbelow for post-Closing obligations, Purchaser agrees that it does not have and will not have any claims or causes of action against any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other affiliate of Seller, other than Seller's Post-Closing Indemnitor (as defined hereinbelow),

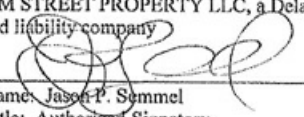
including, without limitation, Broadway Partners Fund Manager LLC, or any officer, director, employee, trustee, shareholder, partner or principal of any such parent, subsidiary or other affiliate (collectively, "Seller's Affiliates"), arising out of or in connection with this Agreement or the transactions contemplated hereby. Purchaser agrees to look solely to Seller and its assets, and after Closing, to Seller's Post-Closing Indemnitor, for the satisfaction of any liability or obligation arising under this Agreement or the transactions contemplated hereby, or for the performance of any of the covenants, warranties or other agreements contained herein, and further agrees not to sue or otherwise seek to enforce any personal obligation against any of Seller's Affiliates (other than Seller's Post-Closing Indemnitor after Closing) with respect to any matters arising out of or in connection with this Agreement or the transactions contemplated hereby. Without limiting the generality of the foregoing provisions of this Section 37, Purchaser hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Seller's Affiliates (but not including Seller's Post-Closing Indemnitor after Closing), and hereby unconditionally and irrevocably releases and discharges Seller's Affiliates (but not including Seller's Post-Closing Indemnitor after Closing) from any and all liability whatsoever which may now or hereafter accrue in favor of Purchaser against Seller's Affiliates, in connection with or arising out of this Agreement or the transactions contemplated hereby. After the Closing Date, and subject to the limitations set forth in Section 11 and Section 20 above, Broadway Partners Real Estate Fund II, L.P., a Delaware limited partnership, Broadway Partners Parallel Fund B II, L.P., a Delaware limited partnership, Broadway Partners Parallel Fund P II, L.P., a Delaware limited partnership, and Broadway Partners Parallel Fund C II, L.P., a Delaware limited partnership, jointly and severally ("Seller's Post-Closing Indemnitor") agree to guaranty the payment and performance of Seller's liabilities and obligations that survive Closing under this Agreement, including Seller's obligations under the Seller's Indemnity. During the Limitation Period, Seller's Post-Closing Indemnitor agrees to maintain a net worth of at least \$10,000,000, and thereafter if a claim is made against Seller in accordance with the provisions of Section 11, at least two hundred percent (200%) of the amount of such claim (not to exceed \$10,000,000), until such claim is resolved. The provisions of this Section 37 shall survive the termination of this Agreement and the Closing.

[No further text on this page; signature page follows]

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed the day and year first above written.

SELLER:

2445 M STREET PROPERTY LLC, a Delaware limited liability company

By: 
Name: Jason P. Semmel
Title: Authorized Signatory

2445 DEBT HOLDING TRUST, a Massachusetts trust

By: 
Name:
Title: **JASON P. SEMMEL
AUTHORIZED SIGNATORY**

PURCHASER:

WRIT - 2445 M, LLC, a Delaware limited liability company

By: Washington Real Estate Investment Trust,
Member

By: _____
Name: George F. McKenzie
Title: President and Chief Executive Officer

[Signature Page to Purchase and Sale Agreement]
[signatures continue on next page]

[Purchase and Sale Agreement]

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed the day and year first above written.

SELLER:

2445 M STREET PROPERTY LLC, a Delaware limited liability company

By: _____
Name: Jason P. Semmel
Title: Authorized Signatory


2445 DEBT HOLDING TRUST, a Massachusetts trust

By: _____
Name:
Title:

PURCHASER:

WRIT - 2445 M, LLC, a Delaware limited liability company

By: Washington Real Estate Investment Trust,
Member

By: 
Name: George F. McKenzie
Title: President and Chief Executive Officer

[Signature Page to Purchase and Sale Agreement]
[signatures continue on next page]


[Purchase and Sale Agreement]

Joinder by Principal

The undersigned hereby
acknowledges and agrees to be bound by
the provisions of Section 3(e):

Washington Real Estate Investment Trust

By

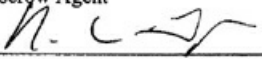

George J. McKenzie, President and
Chief Executive Officer

[Signature Page to Purchase and Sale Agreement]
[signatures continue on next page]

Joinder by Escrow Agent

The undersigned hereby acknowledges and agrees
to be bound by the provisions of this
Agreement applicable to it:

Chicago Title Insurance Company,
as Escrow Agent

By: 
Name: **R. Eric Taylor**
Title: **Vice President and Senior Counsel**

[Signature Page to Purchase and Sale Agreement]
[signatures continue on next page]

Joinder by Seller's Post-Closing Indemnitor

The undersigned hereby
acknowledges and agrees
to be bound by the provisions of Sections 36(b)(iv) and 37:

Broadway Partners Real Estate Fund II, L.P.,
Broadway Partners Parallel Fund B II, L.P.,
Broadway Partners Parallel Fund P II, L.P., and
Broadway Partners Parallel Fund C II, L.P.

By: Broadway Partners Fund GP II, L.P.,
a Delaware limited partnership,
its general partner

By: Broadway Partners Fund GP II, LLC,
a Delaware limited liability company,
its general partner

By: 
Name: _____
Title:

**JASON P. SEMMEL
AUTHORIZED SIGNATORY**

[Signature Page to Purchase and Sale Agreement]

SCHEDULE A

Description of the Land

All of that certain lot or parcel of land, together with the improvements thereon, situated, lying and being in the District of Columbia, and being more particularly described as follows:

Part of Lot 108, Square 24, shown on subdivision plat recorded in the District of Columbia Surveyor's Office in Book 175, page 19, and more particularly described as follows:

BEGINNING at the intersection of the north line of M Street, N.W. (90 feet wide) with the east line of 25th Street, N.W. (90 feet wide); thence along said east line of 25th Street North 175.50 feet, record (175.35 feet, measured); thence with the center line of an alley closed per plat recorded in the District of Columbia Surveyor's Office in Book 175, page 11, East 204.02 feet, record (204.00 feet, measured); thence through aforementioned Lot 108, South 74.65 feet, record (74.31 feet, measured); thence East 80.01 feet, record (80.00 feet, measured); thence South 100.85 feet, record (100.38 feet, measured); thence West along aforementioned North line of M Street, West 284.03 feet, record (S 89 degrees 52' W 284.00 feet, measured) to the place of beginning.

Said property being now known for assessment and taxation purposes as Lot 871 in Square 24.

TOGETHER WITH Easement for pedestrian access and walkway, set forth in Deed dated September 15, 1983 recorded September 16, 1983 as Instrument 29864.

FURTHER TOGETHER WITH Easement for open space set forth in Deed dated September 15, 1983 recorded September 16, 1983 as Instrument 29864.

9386713.1

Sched A-1

900200.00001/35854407v.12

SCHEDULE B

Personalty

HAND TOOLS

Bolt Cutters
B-X Splitter
C-Clamps
Chisel set
Conduit bender 3/4
Crow Bars (one large and one small)
Drill bit set 1/16 to 1/2
Drill bits Miscell.
Files
Fish Tape (100 ft)
Gear and Pulley Pullers
Grease gun
Hacksaw
Hand Auger
Hand saw crosscut
Hole saw kit 1/2 to 2 1/2 pipe
Knock out punch set 1/2 to 1-1/4
Level (two large and two small)
Measuring tape 25 ft
Riveter (pop)
Rubber Mallet
Tap and Die
Tin Snips 12 inch
Tubing cutters
Yard Stick (Metal)

DRILLS

Drill (Battery) B&D CD500
Drill 3/8 Milwaukee hole shooter
Hilt TE125 Hammer Drill with Case

WRENCHES

1/4, 3/8, 1/2 Wrench & Sockets set black case
Adjustable Wrenches
Hex Keys T handle 3/32 to 3/8 hex keys folding
Nut Driver Set 3/16 to 7/16
Open End Wrench Set
Packing Nut Socket Set
Sloan Valve Wrench
Socket sets 1/4, 3/8, and 1/2
Strap Wrench #2

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Sched B-1

900200.00001/35854407v.12

SCHEDULE B

Personalty (continued)

METERS

Amprobe current recorder
Amprobe Megger AMC-3
Current Tracer Amprobe
Dayton Battery Load Tester
Fluke 23
Fluke 87
Simpson multimeter

POWER TOOLS

Bench Grinder (Dayton) Model 2Z425P
Engraver
Grinder
Proheat heat gun
Sawzall Milwaukee with case
Utility Pump

LIFTS

Genie (Man Lift)

LADDERS (FIBERGLASS)

4 Feet Step
6 Feet Step
8 Feet Step
10 Feet Step
20 Feet Step

Miscellaneous Other Tools

Camera Polaroid
Chain fall 1 ton
Hand truck (barrel)
Key cut code machine HPC1200cm
Key machine ILCO modle 025
Labeler-electronic brother model pt-20
Refrigerant manifold gauges
Torch Oxygen-Acetylene
Vacuum-wet/dry shop

Miscellaneous Other Tools

Generator (portable) Onan 4000

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Sched B-2

900200.00001/35854407v.12

SCHEDULE B

Personalty (continued)

Outdoor Tools

Pressure Washer
Snow Blower Cub Cadet Model-317E653F100- Mfg.Code-15286B40185 9HP

Communications Equipment

Nextel Phones

Office Equipment (Engineer & Management)

Desks
Filing Cabinets
Chairs
Directory Board Laptop Dell Latitude with Windows XP
EMS desktop Dell Dimension 3000 Siemens software
Assistant Property Manager desktop Dell Dimension 4400 with Windows XP
Engineer's desktop Dell Dimension 4600 with Windows XP
Security Guard laptop Dell Inspiron 5160 with Windows XP
Bookcase

Fitness Room

Fitness Equipment
Two Flat Screen TVs

Lobby

Lobby Furniture (Four Chairs and One Table)
Security Desk and Chair
Digital Directory Monitor

SCHEDULE C

Loan Documents

(All documents are dated as of December 28, 2006 unless otherwise noted)

1. Loan Agreement between 2445 M Street Property LLC, as Borrower, and Greenwich Capital Finance Products, Inc. and Lehman Brothers Bank, FSB, collectively as Lender;
2. \$101,865,572 Promissory Note made by 2445 M Street Property, LLC in favor of Greenwich Capital Finance Products, Inc. and Lehman Brothers Bank, FSB, collectively as Payee;
3. Purchase Money Deed of Trust, Assignment of Leases and Rents and Security Agreement made by 2445 M Street Property, LLC, as Trustor, to Lawyers Title Realty Services, Inc., as Trustee, for the benefit of Greenwich Capital Financial Products, Inc., as Beneficiary, recorded in the Land Records of the District of Columbia on January 26, 2007 as Document Number 2007012832;
4. Assignment of Leases and Rents made by 2445 M Street Property, LLC, as Assignor, and Greenwich Capital Financial Products, Inc., as Assignee, recorded in the Land Records of the District of Columbia on January 26, 2007 as Document Number 2007012833.
5. Assignment of Agreements, Licenses, Permits and Contracts made by 2445 M Street Property, LLC, as Assignor, and Greenwich Capital Financial Products, Inc., as Assignee;
6. UCC Financing Statements naming 2445 M Street Property, LLC as Debtor and Greenwich Capital Financial Products, Inc., as Secured Party:
 - a. Delaware Secretary of State: Filed on December 29, 2006 as Filing Number 6457617 9; and
 - b. District of Columbia Land Records: Filed on January 26, 2007 as Document Number 2007012834.
7. Clearing Account Agreement among 2445 M Street Property, LLC, as Borrower, Wachovia Bank, National Association, as Clearing Bank, and Greenwich Capital Financial Products, Inc., as Lender; and
8. Guaranty of Recourse Obligations made by Broadway Partners Parallel Fund C II, L.P., Broadway Partners Parallel Fund P II, L.P., Broadway Partners Parallel Fund B II, L.P. and Broadway Partners Real Estate Fund II, L.P., collectively as Guarantor, in favor of Greenwich Capital Financial Products, Inc.

SCHEDULE C

Loan Documents (continued)

9. Deposit Account Agreement among 2445 M Street Property, LLC, as Borrower, Wachovia Bank, National Association, as Deposit Bank, and Greenwich Capital Financial Products, Inc., as Lender.

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900200.00001/35854407v.12

Sched C-2

SCHEDULE D

List of Leases

The Advisory Board Company

1. Tenant Lease dated 10/20/2003
2. Amendment No. 1 dated 6/1/2004
3. Amendment No. 2 dated 11/4/2004
4. Amendment No. 3 dated 8/7/2007
5. Amendment No. 4 dated 5/2/08

Patton Boggs LLP

1. Tenant Lease dated 10/15/2004
2. Letter Agreement dated 3/17/2005
3. Consent to sublease dated 10/17/2005 (and consent to amendment to said Sublease dated 7/5/2006)
4. "Second Amendment" dated 11/30/2006
5. Consent to sublease dated 3/15/2007

Wilmer Cutler Pickering Hale and Dorr LLP

1. Tenant Lease dated 12/27/1995
2. Addendum No. 1 dated 4/9/1997
3. Addendum No. 2 dated 4/6/1998
4. Addendum No. 3 dated 4/6/1998
5. Addendum No. 4 dated 7/13/1998
6. Addendum No. 5 dated 10/5/1998
7. Addendum No. 6 dated 6/9/1999
8. Addendum No. 7 dated 9/15/1999
9. Addendum No. 8 dated 3/10/2000
10. Addendum No. 9 dated 8/8/2000
11. Addendum No. 10 dated 8/8/2000
12. Addendum No. 11 dated 4/5/2002
13. Addendum No. 12 dated 10/20/2003
14. Addendum No. 13 dated 12/30/2003
15. Addendum No. 14 dated 8/6/2004
16. Sublease lease letter for ABC 6th floor Telecommunications Room dated 10/20/2003
17. Letter Extension of Lease dated 1/30/2006

SCHEDULE E

List of Contracts

Type	Vendor	Contract Date
Installation of Fire Safety System MUST ASSUME	Truland Service Corp.	March 4, 2008
Electricity Supply Agreement MUST ASSUME	Constellation NewEnergy	June 28, 2006, September 26, 2006, and November 12, 2007
Parking Services MUST ASSUME	Interpark Incorporated	October, 15, 1985, February 16, 1993, March 15, 1993 and January 27, 2005
Parking Garage Agreement MUST ASSUME	N/A – Agreement with Westin Center Hotel Company	August 13, 1985

Type	Vendor	Contract Date
Air Compressor	Densel Company	July 3, 2007, May 1, 2008
Alarm Monitoring & Access Control	HSM Protection Services, Inc.	October 29, 2007
Copier	Masterfax & Copier Source	July 3, 2007, May 1, 2008
Elevator Maintenance	Schindler Elevator Corporation	May 1, 2008
Energy Management	Siemens	February 22, 2007, May 1, 2008

9386713.1

900200.00001/35854407v.12

Sched E-1

SCHEDULE E

List of Contracts (continued)

Type	Vendor	Contract Date
Fitness Center Equipment	National Fitness Consultants, Inc.	June 15, 2007, May 1, 2008
Fire Alarm Testing	Truland	May 1, 2008
Fire Extinguisher Service	ACE Fire Extinguisher Services, Inc.	July 3, 2007, May 1, 2008
Janitorial Service	ABM Janitorial Services	September 26, 2007
Landscaping-Exterior	Rolling Greens, Inc.	January 1, 2008
Landscaping-Interior	Rolling Greens, Inc.	January 1, 2008
Loading Dock Door Maintenance	AGW and Associates, Inc.	July 3, 2007, May 1, 2008
Metal/Stone/Marble Maintenance	Stuart Dean	July 3, 2007, May 1, 2008
Pest Control	Steritech	July 3, 2007, May 1, 2008
Recycling	The World Recycling Company	July 3, 2007, May 1, 2008
Security	Admiral Security Services	July 3, 2007, May 1, 2008
Shuttle Bus	Beltway Transportation	July 3, 2007, May 1, 2008

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900200.00001/35854407v.12

SCHEDULE E

List of Contracts (continued)

Type	Vendor	Contract Date
Sprinkler	Eastern Fire Protection	May 1, 2008
Trash Removal	Allied Waste Systems, LLC	July 3, 2007, May 1, 2008
Uniforms	Cintas	May 2, 2002, May 1, 2008
Water Treatment	Chem-Aqua	July 3, 2007, May 1, 2008
Window Washing	Valcourt Building Services	June 15, 2007, May 1, 2008

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900200.00001/35854407v.12

Sched E-3

SCHEDULE F

List of Security Deposits

Tenant Name	Expiration	Letter of Credit #	Amount	Issuing Bank
Patton Boggs LLP	4/30/2017	SM210587	3,283,980.00	Wachovia
The Advisory Board Co	10/5/2008	200626	3,198,150.00	Merrill Lynch
Wilmer Cutler	6/1/2019	61615305	6,000,000.00	Citibank, NA

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900200.00001/35854407v.12

Sched F-1

SCHEDULE G

List of Litigation

NONE

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900200.00001/35854407v.12

Sched G-1

SCHEDULE H

Brokerage Agreements

Exclusive Leasing Agreement between Owner and Colliers Cassidy & Pinkard, LLC dated March 1, 2007

Letter Agreement dated October 8, 2003 from Cassidy & Pinkard concerning commission agreement with Spaulding & Slye LLC

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900200.00001/35854407v.12

Sched H-1

SCHEDULE I

Outstanding Leasing Commissions and Tenant Improvement Obligations

Tenant Improvements:	Outstanding Amounts as of Effective Date:
Advisory Board (5 th Floor)	\$2,347,166.25
Advisory Board (5 th Floor)	\$250,000.00
Advisory Board (life/safety allowance)	\$63,831.25
Advisory Board (5 th Floor Stairwell)	\$70,216.00
Patton Boggs (3 rd & 4 th Floor)	\$465,492.00
Patton Boggs (4 th Floor)	\$70,216.00
Patton Boggs (other T/I)	\$1,439,849.62
Leasing Commissions:	
Advisory Board (1 st Floor)	\$62,410.50
Advisory Board (5 th Floor)	\$360,457.58

SCHEDULE J-1

Survey

All matters as shown on the ALTA/ACSM Land Title Survey entitled "A & T Lot 871, Square 24, 2445 M Street, N.W., Washington, D.C.", prepared by Stephen J. Wenthold of Meridian Surveys, Inc., dated May 16, 2008 and designated as MSI No. 08-1616, including without limitation:

- a. light poles
- b. grates
- c. storm manholes
- d. overhead canopies encroaching onto public right of way
- e. steps and planters encroaching onto public right of way
- f. basement walls of A&T Lot 870 encroach onto subject property
- g. face of building encroaching onto A&T Lot 870
- h. planters in easement area

All matters as shown on the ALTA/ACSM Land Title Survey entitled "A & T Lot 871, Square 24, 2445 M Street, N.W., Washington, D.C.", prepared by Stephen J. Wenthold of Meridian Surveys, Inc., dated November 2006, last revised December 8, 2006, and designated as MSI No. 06-4989, including without limitation:

- a. light poles
- b. grates
- c. storm manholes
- d. overhead canopies encroaching onto public right of way
- e. steps and planters encroaching onto public right of way
- f. basement walls of A&T Lot 870 encroach onto subject property
- g. face of building encroaching onto A&T Lot 870
- h. planters in easement area

SCHEDULE J-2

Permitted Encumbrances - Title

1. Real Estate Taxes subsequent to those levied for the installment period ending March 31, 2008, a lien not yet due and payable.
2. Public Space (Vault Rents) arising subsequent to June 30, 2008, a lien not yet due and payable.
3. Water and Sewer Charges in connection with the land arising subsequent to _____, a lien not yet due and payable.
4. Rights of parties entitled to possession, as tenants only, under unrecorded leases.
5. Agreement of Covenants and Easements dated March 22, 1985 and recorded on May 8, 1985 as Instrument No. 16565.
6. Restrictive Covenant and Easement Agreement dated March 30, 1983 and recorded on July 26, 1983 as Instrument No. 22960.
7. Restrictive Covenant dated July 19, 1983 and recorded on July 26, 1983 as Instrument No. 22961.
8. Allocation of Development Rights Covenant dated September 13, 1983 and recorded September 16, 1983 as Instrument No. 29861.
9. Declaration of Covenants (Use and Development) dated September 15, 1983 and recorded on September 16, 1983 as Instrument No. 29862.
10. Declaration of Covenants (Parking) dated September 15, 1983 and recorded on September 16, 1983 as Instrument No. 29863 and re-recorded on October 21, 1983 as Instrument No. 34309.
11. Deed dated September 15, 1983 and recorded on September 16, 1983 as Instrument No. 29864.
12. Declaration of Covenants (Cross-Indemnification) dated September 15, 1983 and recorded on September 16, 1983 as Instrument No. 29865.
13. Public space rental payments pursuant to an Agreement with the District of Columbia relating to projection of sub-surface vaults into public rights-of-way abutting caption property, as set forth in an instrument recorded September 16, 1983 as Instrument No. 29867.
14. Restrictive Covenant and Easement Agreement dated January 16, 1985 and recorded on May 8, 1985 as Instrument No. 16566.

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Sched J-2

900200.00001/35854407v.12

SCHEDULE K

Wilmer Payments

<i>Rent Subsidy</i>	
1/1/2007- 5/31/2007 (5 Mos)	\$8,110
	\$8,110
	\$8,110
	\$8,110
	<u>\$8,110</u>
	\$40,550
<i>Rent Subsidy (B)</i>	
6/1/2007- 8/31/2007 (3 Mos)	\$12,317
	\$12,317
	<u>\$12,317</u>
	\$36,951
<i>Rent Subsidy (C)</i>	
9/1/2007- 5/31/2008 (9 Mos)	\$13,337
	\$13,337
	\$13,337
	\$13,337
	\$13,337
	\$13,337
	\$13,337
	\$13,337
	<u>\$13,337</u>
	\$120,033
<i>Stipend</i>	
6/1/2007	\$529,827
<i>Improvement Allowance</i>	
5/1/2007	\$494,010
<i>Rent Eq Payments</i>	
5/1/07-8/31/07 (4 Mos)	\$38,089
	\$38,089
	\$38,089
	<u>\$38,089</u>
	\$152,356
<i>Rent Eq Payments</i>	
5/1/2008	<u>\$154,602</u>
	\$154,602

SCHEDULE L

Loan Document Changes

1. Section 2.2.4 Confirm that Payment Date is the 6th of each month and it will not change.
2. Section 3.1 Change the Clearing Bank to Wells Fargo or Wachovia.
3. Section 3.3 Eliminate insurance escrow component of Section 3.3 because WRIT provides insurance under a blanket policy. See reference to Section 7.1 below.
4. Section 3.4
 - (a) Confirm the amount of the Capital Reserve as of closing.
 - (b) Allow the Purchaser to replace the Capital Reserve with a letter of credit.
5. Section 3.5
 - (a) Confirm the amount of the Rollover Reserve as of closing.
 - (b) Allow the Purchaser to withdraw from the Rollover Reserve an amount sufficient to induce Advisory Board to relinquish its free rent allowance and agree to pay full contractual rent for balance of the lease term.
6. Section 3.11
 - (a) Simplify waterfall to eliminate step (a)(iv) and change step (a)(v) to provide that all remaining funds are distributed to the Purchaser (Borrower). This assumes that the requirement of an approved annual operating budget is eliminated.
7. Section 4.4 If (and only if) the Purchaser is required to update the litigation representation), revise the litigation representation to state, in the case of litigation against WRIT, that there is no pending or threatened litigation against WRIT as a result of which it is reasonable to expect that there will be an unfavorable outcome that has a material adverse effect.
8. Section 4.7 Revise bankruptcy representation to state that (i) no subsidiary of WRIT has gone into bankruptcy in the last 10 years and (ii) to the Purchaser's knowledge, no beneficial holder of 20% or more of WRIT's equity has been in bankruptcy in the last 10 years.
9. Section 4.18 Revise ownership representation to eliminate references to the ownership interests in WRIT, some of which may well be subject to liens, warrants, options and other rights.
10. Section 5.10
 - (a) Submit new standard form of lease to be used for all new leases at 2445 M Street to Lender for approval and get approval as part of loan assumption.

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900200.00001/35854407v.12

Sched L-1

SCHEDULE L

Loan Document Changes (continued)

- (b) If possible, establish objective economic standards for Material Leases that will be satisfactory to the Lender. It is understood that this goes only to the economics of the proposed Material Lease and not the suitability or qualification of the tenant.
11. Section 5.12 Obtain Lender approval of WRIT (or another WRIT management entity) as property manager and the applicable form of property management agreement.
12. Section 5.22 Revise Section 5.22(ii)(c) to provide that the permitted trade debt must be payable, by its terms, within 60 days of the invoice date, not that it must actually be paid within that time period.
13. Section 5.27 Delete prohibition of liens on ownership interests in WRIT. This will not affect prohibition of liens on the ownership interests in the Purchaser.
14. Section 5.31 Revise Patriot Act covenant to provide that (i) no record holder of a 10% or greater direct ownership interest in WRIT may be on the OFAC list and (ii) to WRIT's actual knowledge, no holder of a 10% or greater beneficial ownership interest in WRIT may be on the OFAC list.
15. Section 6.3.5 Eliminate requirement for Approved Operating Budget, because this is only relevant as long as there is a mezzanine loan. This will result in the removal of certain steps in the waterfall provided in Section 3.11(a). See above.
16. Section 7.1
- (a) Modify insurance provisions to allow the coverage to be provided by WRIT's company-wide blanket policy.
- (b) If Lender has not agreed to eliminate insurance escrow component of Section 3.3, provide that Lender will disburse amount in the Tax and Insurance Subaccount reserved for insurance premiums to reimburse the Purchaser (Borrower) for the deemed cost of the insurance when the blanket policy is renewed and renewal is demonstrated to the Lender.
17. Article 9
- (a) Eliminate securitization provisions because the Loan has already been securitized.
- (b) If Article 9 remains, delete Section 9.1.8, which allows Lender to split the loan into component parts, which is clearly not necessary given that securitization has already occurred.

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900200.00001/35854407v.12

Sched L-1

EXHIBIT 1

Escrow Agent's Wire Instructions

CHICAGO TITLE INSURANCE COMPANY
2000 M St. NW #610
WASHINGTON DC 20036

The following constitute wiring information for the funds being transferred to the escrow account of Chicago Title Insurance Company, Washington DC.

Bank:	Bank of America Wire Room 100 West 33 rd Street New York, New York 10001 Telephone: (800) 227-3337
ABA No.:	026009593
Credit Account of:	Chicago Title Insurance Company Custodial Escrow Account Bank of America 275 Valencia Blvd 2nd Floor Brea CA 92823 6340 Telephone: (888) 635-2714
Account No.:	1233020186
Reference:	Case No. WRIT
Notify:	Dee Laskody @ (202) 263-4718

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900200.00001/35854407v.12

Exh 1-1

EXHIBIT 2

Form of Special Warranty Deed

After recordation, please return to:

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED (this "Deed"), made and entered into this ___ day of _____, 2008, by and between _____, having an address at _____ ("Grantor"), and _____, having an address at _____ ("Grantee").

WITNESSETH:

That in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, Grantor does hereby grant unto Grantee, in fee simple forever, all that certain piece or parcel of land, together with the improvements, rights, privileges and appurtenances to the same belonging, situate in the District of Columbia, described as follows, to wit:

See Exhibit A attached hereto and incorporated herein by this reference.

TOGETHER WITH any and all of Grantor's right, title and interest in all improvements thereupon and all and singular the tenements, hereditaments, rights-of-way, easements, privileges, and appurtenances to the same belonging or in anywise appertaining.

TO HAVE AND TO HOLD the said described land and premises unto and to the use of Grantee, its successors and assigns forever.

This conveyance is expressly made subject to the permitted exceptions set forth on Exhibit B hereto and any other easements, covenants, conditions and restrictions of record insofar as they lawfully affect the Property.

Grantor covenants to warrant specially the Property and to execute such further assurances of the Property as may be requisite.

[Signature page follows]

IN WITNESS WHEREOF, Grantor has duly executed and delivered this Deed as of the date first above written.

WITNESS: _____

_____))
_____)) SS:
_____))

I, _____, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that _____, who is personally well known to me as the person named as _____ of _____, which is the Grantor in the foregoing and annexed Special Warranty Deed dated _____, personally appeared before me in said jurisdiction, and acknowledged the same to be the act and deed of _____, and that he delivered the same as such.

Given under my hand and notarial seal this ____ day of _____, 2008.

Notary Public

My Commission Expires: _____

[NOTARY SEAL]

EXHIBIT A
(To Deed)

LEGAL DESCRIPTION

9386713.1

900200.00001/35854407v.12

Exh 2-1

EXHIBIT B
(To Deed)

PERMITTED EXCEPTIONS

9386713.1

900200.00001/35854407v.12

Exh 2-1

EXHIBIT 3

FORM OF BILL OF SALE

_____, a _____, having an office
c/o Broadway Partner Fund Manager, LLC, 375 Park Avenue, 29th Floor, New York, New York
10152 ("Seller"), in consideration of Ten Dollars (\$10.00) and other good and valuable
consideration paid to Seller by _____, a _____, having
an address at _____ ("Purchaser"), the receipt and sufficiency
of which are hereby acknowledged, hereby sells, conveys, assigns, transfers, delivers and sets
over to Purchaser all fixtures, furniture, furnishings, equipment, machinery, inventory,
appliances and other articles of tangible personal property (other than the Excluded Personalty,
as defined in that certain Purchase and Sale Agreement dated _____, 2008 between Seller
and Purchaser) listed on Schedule A attached hereto owned by Seller and which are located at
and used or usable in connection with the real property located at 2445 M Street, Washington,
D.C.

TO HAVE AND TO HOLD unto Purchaser and its successors and assigns to its
and their own use and benefit forever.

This Bill of Sale is made by Seller without recourse and without any expressed or
implied representation or warranty whatsoever.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed as of
this ___ day of _____, 2008.

By: _____
Name: _____
Title: _____

[Add Schedule A]

EXHIBIT 4

NOTICE TO TENANTS



Washington Real Estate Investment Trust
6110 Executive Boulevard, Suite 800, Rockville, Maryland 20852
PH: (301) 984-9400 FAX: (301) 984-9610

_____, 200__

Tenant Company Name
Street Address
City, State, Zip
ATTN: *Contact Name*

Dear Tenant:

This letter is to inform you that as of today, the property in which your business is located, *{insert Property name and address}*, has been sold by *{insert Seller's name}*, your previous landlord, to Washington Real Estate Investment Trust (WRIT).

As of today, all rent or other payments should be made payable and sent to _____ [to conform lock box requirements]. Any amounts owed for periods prior to this date should also be paid to WRIT, and WRIT will see that *{insert Seller's name}* is paid any funds it is due. Security deposits, if any, have been transferred to WRIT, as well. This is also to remind you that, according to your lease agreement, you must provide us with a Certificate of Insurance with Washington Real Estate Investment Trust named as an additional insured. Please refer to your lease agreement for the specific insurance requirements.

Washington Real Estate Investment Trust is a publicly owned company with a diversified portfolio of properties in the Washington-Baltimore area (see enclosed Annual Report). WRIT self-manages its properties, and accompanying this letter is a letter of introduction from WRIT's property management department. Should you have any questions concerning the management of the property, please contact us at the telephone numbers or address indicated in the property management department's letter. Should you have any questions concerning your lease, please contact Washington Real Estate Investment Trust, 6110 Executive Boulevard, Suite 800, Rockville, Maryland 20852 (PH: 301-984-9400).

Please acknowledge receipt of this letter by signing below. Return an originally signed copy in the enclosed self-addressed stamped envelope and retain a copy for your files.

Washington Real Estate Investment Trust looks forward to providing you with professional real estate services in a prompt and courteous manner.

Sincerely,

WASHINGTON REAL ESTATE INVESTMENT TRUST *{SELLER'S NAME}*

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900200.00001/35854407v.12

Exh 4-1

By: _____
George F. McKenzie, President

By: _____
Authorized Agent

RECEIPT ACKNOWLEDGED:

By: _____
Tenant Representative

Date: _____

9386713.1

900200.00001/35854407v.12

Exh 4-2

EXHIBIT 5

FIRPTA AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by _____ the undersigned hereby certifies the following on behalf of _____ ("Seller").

1. Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as such terms are defined in the Internal Revenue Code and Income Tax Regulations).

2. Seller's U.S. employer identification number is _____.

3. Seller's office is:

The undersigned understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Seller.

[_____], a
[_____]

By: _____
Name:
Title:

_____, 2008

EXHIBIT 6
ASSIGNMENT AND ASSUMPTION OF LEASES AND CONTRACTS

_____, a _____, having an office c/o Broadway Partner Fund Manager, LLC, 375 Park Avenue, 29th Floor, New York, New York 10152 ("Assignor"), in consideration of Ten Dollars (\$10.00) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby assigns to _____, a _____ having an address at _____ ("Assignee"), (1) all right, title and interest of Assignor as lessor under all the leases, license agreements and other occupancy agreements in effect for space at the real property located at 2445 M Street, Washington, D.C. (the "Premises") and listed on Schedule A (collectively, the "Leases"), and (2) all right, title and interest of Assignor under all of the service, maintenance, supply and other agreements in effect relating to the operation of the Premises and listed on Schedule B (collectively, the "Contracts").

Assignee hereby expressly assumes (x) all of the obligations imposed upon the lessor under the Leases which accrue from and after the date hereof (including, without limitation, the lessor's obligation to return any Transferred Security Deposits (as defined in that certain Purchase and Sale Agreement between Assignor and Assignee dated as of _____ [], 2008 (the "Purchase Agreement")), (y) all of the obligations imposed upon the owner of the Premises under the Contracts which accrue from and after the date hereof. Without limiting Assignee's obligations hereunder or under the Purchase Agreement, Assignee expressly acknowledges, and agrees to perform, and (z) its obligation to pay Future Commissions and Future Tenant Inducement Costs (as defined in the Purchase Agreement) in accordance with and to the extent provided by the terms of Section 7(g) of the Purchase Agreement for which Seller has given Purchaser a credit and listed on Schedule C. Assignee acknowledges that, simultaneously with the execution hereof, Assignee has received the letters of credit set forth on Schedule D attached hereto in respect of the Transferred Security Deposits.

This Assignment and Assumption of Leases and Contracts and is made by Assignor without recourse and without any express or implied representation or warranty whatsoever except to the extent expressly provided in the Purchase Agreement.

This Assignment and Assumption of Leases and Contracts shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment and Assumption of Leases and Contracts to be executed as of this ____ day of _____, 2008.

ASSIGNOR:

By: _____
Name:
Title:

ASSIGNEE:

[_____]

By: _____
Name:
Title:

SCHEDULE A

Leases

9386713.1

Sched A-1

900200.00001/35854407v.12

SCHEDULE B

Contracts

[List of Contracts]

9386713.1

Sched B-1

900200.00001/35854407v.12

SCHEDULE C

Leasing Commissions and Tenant Inducement Costs

9386713.1

Sched C-1

900200.00001/35854407v.12

SCHEDULE D

Letters of Credit

9386713.1

Sched D-1

900200.00001/35854407v.12

EXHIBIT 7

FORM OF OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT, made and entered into this ____ day of _____, 2008, between _____, a _____, having an address c/o _____ ("Assignor") and _____, a _____ having an address at _____ ("Assignee").

WITNESSETH:

Assignor for Ten Dollars (\$10.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby assigns to Assignee all of Assignor's right, title and interest in, to and under (i) all books, records, and files owned by Assignor and relating to the occupancy, use or operation of the real property located at 2445 M Street, Washington, D.C. (the "Premises"), (ii) all transferable licenses, approvals, certificates and permits held by Assignor and exclusively relating to the occupancy, use or operation of the Premises, and (iii) all other items of intangible personal property owned by Assignor and exclusively relating to the occupancy, use or operation of the Premises (the items set forth in clauses (i) through (iii) above are hereinafter referred to collectively as the "Property Matters");

TO HAVE AND TO HOLD unto Assignee and its successors and assigns to its and their own use and benefit forever.

Assignee hereby expressly assumes the obligations of Assignor in respect of the Property Matters accruing from and after the date hereof.

This Agreement is made by Assignor without recourse and without any expressed or implied representation or warranty whatsoever.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Omnibus Assignment and Assumption Agreement as of the date first above written.

ASSIGNOR:

By: _____
Name:
Title:

ASSIGNEE:

[_____]

By: _____
Name:
Title:

EXHIBIT 8

FORM OF ASSIGNMENT AND ASSUMPTION OF PARKING MANAGEMENT
AGREEMENT AND PARKING GARAGE AGREEMENT

_____, a _____, having an office
c/o _____ ("Assignor"), in consideration of Ten
Dollars (\$10.00) and for other good and valuable consideration, the receipt and sufficiency of
which are hereby acknowledged, hereby assigns to _____, a
_____, having an address _____ ("Assignee"), all right,
title and interest of Assignor in and to the Parking Management Agreement and Parking Garage
Agreement (as defined hereinbelow), relating to certain premises located at 2445 M Street,
Washington, D.C.

Assignee hereby expressly assumes all of the obligations imposed upon Assignor
under the Agreements accruing from and after the date hereof.

"Parking Management Agreement" means that certain Parking Management
Agreement by and between Assignor, as successor to Square 24 Associates, and
InterPark Incorporated, as successor to C&C Corporation, dated October 15,
1985, as amended by Amendment to Parking Management Agreement dated
February 16, 1993, and a Letter dated January 27, 2005.

"Parking Garage Agreement" means that certain Parking Agreement by and
between Assignor, as successor to Square 24 Associates, and Westin Center Hotel
Company, dated August 13, 1985.

This Assignment and Assumption of Parking Management Agreement and
Parking Garage Agreement is made by Assignor without any express or implied representation
or warranty whatsoever except to the extent expressly provided in that certain Purchase and Sale
Agreement between Assignor and Assignee dated as of _____, 2008.

This Assignment and Assumption of Parking Management Agreement and
Parking Garage Agreement shall be binding upon and inure to the benefit of the parties hereto
and their respective successors and assigns.

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Exh. 8-1

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IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment and Assumption of Parking Management Agreement and Parking Garage Agreement to be executed as of this ____ day of _____, 2008.

ASSIGNOR:

By: _____
Name:
Title:

ASSIGNEE:

[_____]

By: _____
Name:
Title:

EXHIBIT 9

FORM OF TENANT ESTOPPEL

Date _____, 2008

Washington Real Estate Investment Trust
6110 Executive Boulevard, Suite 800
Rockville, MD 20852
Attention: _____

Re: 2445 M Street NW, Washington, DC

Ladies and Gentlemen:

_____ (“**Tenant**”) acknowledges that (a) 2445 M Street Property LLC (“**Landlord**”) entered into an agreement with WRIT-2445 M, LLC (“**Purchaser**”) involving the sale and purchase of the building commonly known as 2445 M Street NW, Washington, DC (the “**Building**”), (b) Landlord has requested Tenant to execute and deliver this Tenant Estoppel Certificate to Purchaser and all present and future lenders providing financing with respect to the Building and related property (“**Lender**”) and (c) Purchaser, Lender and their respective successors and assigns, will rely upon the certifications by Tenant in this Tenant Estoppel Certificate in connection with the purchase and financing of the Building.

Tenant hereby certifies as follows:

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Exh. 9-1

900200.00001/35854407v.12

1. Tenant currently leases in the Building the premises (the "Premises") commonly known as Suite _____, consisting of _____ square feet, pursuant to the terms and conditions of the lease described on Exhibit A (the "Lease"). Except for the Lease, there are no agreements (written or oral) or documents that are binding on Landlord in connection with the lease of the Premises. The Lease is valid, binding and in full force and effect, and has not been modified or amended in any manner whatsoever except as shown on Exhibit A.¹

2. The term of the Lease commenced on _____ and including any presently exercised option or renewal term, ends on _____, subject to any rights of Tenant to extend the term expressly set forth in the Lease. Tenant has no rights to extend the term of the Lease except to the extent expressly set forth in the Lease.

3. Landlord has delivered possession of the Premises to Tenant, and Tenant has accepted possession of, and currently occupies, the Premises.

4. The current monthly base rent payable under the Lease is \$ _____. Rent and all other charges payable under the Lease on or before the date hereof have been paid. No amounts of monthly base rent payable under the Lease have been prepaid except through the end of the current calendar month, and no other charges payable under the Lease have been prepaid for any period, other than estimated payments of operating expenses and taxes. There are no applicable abatements on rent or other charges now or hereafter existing under the Lease, except as follows:

5. All reconciliations of actual taxes and operating expenses for calendar year 2007 and all previous calendar years (the "Expenses") with payments made by Tenant therefor have been made and a report thereof delivered to Tenant.

6. Tenant has no options, rights of offer, rights of refusal or other rights to purchase all or any portion of the Building. Tenant has no options, rights of offer, rights of refusal or other rights to expand the Premises or lease any other premises in the Building, except to the extent expressly set forth in the Lease.²

7. All obligations, if any, of Landlord under the terms of the Lease with respect to improvements or repairs to the Premises have been fully performed, and all allowances, reimbursements or other obligations of Landlord for the payment of monies to or for the benefit of Tenant have been fully paid, all in accordance with the terms of the Lease, except as follows:

8. To the best of Tenant's knowledge, neither Landlord nor Tenant is in default in the performance of any covenant, agreement or condition contained in the Lease, and no event has

¹ The form estoppel will include a representation by Tenant that the Lease attached as Schedule 1 to the estoppel is true, complete and correct and will request that Tenant attach the Lease, however if the Tenant deletes the representation or fails to attach the Lease, the estoppel will still qualify pursuant to Section 36(a) (subject to the other conditions and requirements set forth therein).

² The Patton Boggs Estoppel Certificate will include a statement regarding outstanding Tenant Inducement Costs for Patton Boggs.

occurred and no condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party under the Lease.

9. Tenant is not the subject of any bankruptcy, insolvency or similar proceeding in any federal, state or other court or jurisdiction.

10. Tenant is in possession of the Premises and has not subleased any portion of the Premises or assigned or otherwise transferred any of its rights under the Lease, except as follows:

11. Tenant has deposited a letter of credit in the amount of \$_____ with Landlord in as a security deposit under the Lease. Tenant has provided no other security to Landlord with respect to the Lease. Tenant will attorn to and recognize Purchaser as the Landlord under the Lease and will pay all rents and other amounts due thereunder to Purchaser upon notice to Tenant from Landlord that Purchaser has become the owner of Landlord's interest in the Premises under the Lease.

12. The individual executing this Tenant Estoppel Certificate has the authority to do so on behalf of Tenant and to bind Tenant to the terms hereof.

By: _____

Its: _____

EXHIBIT 10

FORM OF ASSUMPTION APPLICATION

[to be provided]

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LOAN ASSUMPTION APPLICATION

Loan No.: 30-9991098 (A), 18-4000011 (A), 18-6000170 (B) & 18-6000011 (B)
Property Name: 2445 M Street

Proposed Borrower and Current Borrower (each as indicated on the Applicant Sheet attached hereto and collectively referred to herein as "Applicant") hereby apply to Wachovia Bank, National Association ("Servicer") to assume that certain first priority loan ("Loan") secured by a lien on the real property and to the appurtenant personally described below ("Property") on the terms and conditions set forth herein below ("Proposed Assumption").

Applicant recognizes that the Lender Parties will offer or withhold their consent to the Proposed Assumption and the terms of the Proposed Assumption in their sole discretion based upon information to be provided to the Servicer or otherwise to the Servicer. The terms of the Proposed Assumption will be determined by the Servicer, among other things, Servicer's evaluation of the cash flow, inspection of the Property, historical performance of the Property, review of third party reports, and the sobriety and prior experience of each of the Proposed Borrower, Proposed Indemnitee, and the Proposed Manager (each as identified on the Applicant Sheet).

ALL ALTERATIONS TO THE BODY OF THIS APPLICATION MUST BE PLACED IN THE SPECIAL STIPULATIONS ADDENDUM OF THE APPLICATION. ALL BLANKS INCLUDING THE BLANKS ON THE APPLICANT SHEET TO BE COMPLETED BY APPLICANT AT SUBMISSION OF APPLICATION.

I. APPLICANT, LOAN, LENDER PARTIES, AND PROPERTY

- A. Applicant and other Parties (See attached Applicant Sheet)
B-1. Loan Information: Loan Number: 30-9991098 (A), 18-4000011 (A)
B-2. Loan Information: Loan Number: 18-6000170 (B) & 18-6000011 (B)
C-1. Lender Information (collectively, the "Lender Parties"):
C-2. Lender Information (collectively, the "Lender Parties"):

E. Proposed Borrower History: Please check the appropriate space regarding the statements below. If "yes" is checked for any statement, please attach an explanatory statement, which is subject to the Lender Parties' approval.

- (i) Ever defaulted and/or been delinquent on a commercial mortgage loan?
(ii) Ever had any outstanding tax liens against them?
(iii) Ever had any outstanding judgments against them?
(iv) Ever been a debtor in a bankruptcy action?
(v) Ever had any extraordinary course of business litigation pending?
(vi) Ever had any criminal convictions?

F. Proposed Closing: If approved, the closing of the Proposed Assumption will occur upon the delivery of all Assumption Documents and the satisfaction of all closing conditions.
G. Last financial statements on record 03/31/2008. Last Real Roll on record 03/31/2008.

II. FEES, PROCESSING COSTS AND EXPENSES

Applicant shall pay the following fees and expenses to Lender Parties in connection with the Proposed Assumption, delivered to Lender Parties within the appropriate time periods set forth below:

- A. Application Fee: Applicant shall pay a non-refundable application fee in the amount of \$5,000.00 to Servicer along with the submission of this Application.
B. Third Party Expense Deposit: Applicant shall make a deposit in the amount of \$1,500.00 for the estimated costs and expenses of obtaining a property inspection of the Property, conducting UCC, Bankruptcy, Litigation, Judgment and Lien and Credit searches on the various parties, insurance review, and the estimated costs and expenses of Servicer's escrow agent.
C. Underwriting Fee: Applicant shall pay an underwriting fee in the amount of \$3,000.00 to cover the cost of underwriting.
D. Legal Fees: Please note that Applicant will be responsible for all legal fees and expenses of Servicer's legal fees regardless of whether a Conditional Approval Letter is issued or whether the Proposed Assumption closes.
E. Rating Agency Fees: Pursuant to the Servicing Agreement (as defined below), the approval of each Rating Agency indicated above is necessary for the Proposed Assumption.
F. Assumption Fee: Proposed Borrower and/or Current Borrower will pay an Assumption Fee in the amount of \$200,000.00 upon the closing of the Proposed Assumption.
G. Next Month's Payment: For administrative reasons, Servicer reserves the right to require that the next regularly scheduled payment of principal, interest and escrow amounts be paid at closing of the Proposed Assumption.
H. Documentation and Due Diligence Expenses: In addition to the above fees, Applicant shall pay all other costs and expenses incurred in connection with the preparation for and closing of the Proposed Assumption, whether or not such closing occurs, including, without limitation, appraisal review fees, environmental review and report fees, engineering review fees, inspection and travel fees, credit report fees, insurance policy review fees, tax service fees, title insurance report fees, surveyor's fees, zoning and surveyor consultant's fees, escrow fees, legal fees and disbursements (including fees and disbursements of Servicer's counsel, as well as local counsel selected by Servicer), intangibles taxes, note taxes, mortgage recordation taxes, stamp taxes, transfer taxes, all recording costs and filing fees, all license and permit fees, all title UCC/litigation/liens search fees and all title and other insurance premiums and all other fees required by Servicer.

III. DESCRIPTION OF PROPOSED ASSUMPTION & PROPOSED BORROWER REQUIREMENTS (Subject to Servicer's requirements provided to Applicant subsequent to this Application. Applicant acknowledges)

- A. Assumption Documents: The Current Borrower, Current Indemnitee(s) (identified on the Applicant Sheet), Proposed Borrower, Proposed Indemnitee(s) and Proposed Manager shall be required to execute Servicer's standard loan assumption documents (the "Assumption Documents").
B. Original Loan Documents: In connection with the Proposed Assumption, Proposed Borrower and Proposed Indemnitee(s) will be assuming all of the obligations and liabilities of Current Borrower and Current Indemnitee(s) under pre-existing loan documents which may include, without limitation, the following: a promissory note, mortgage, deed of trust or security deed, loan agreement, assignment of leases and rents, security agreement, environmental indemnity, indemnity and guaranty relating to recourse items, escrow agreements and various collateral assignments, together with all other documents recorded in connection with the Loan, the "Original Loan Documents".
C. Lender Representations: Other than representations regarding current principal and escrow balances and current payment amounts, neither Servicer nor any other Lender Party has made or will make any representations or warranties regarding the Original Loan Documents, the Loan, the Property, or the Current Borrower or Current Indemnitee(s).
D. Limited Recourse: The recourse of the "Lender" under the Original Loan Documents and Assumption Documents shall be limited as provided in the Original Loan Documents.
E. Special Purpose Entity Requirements: The Proposed Borrower shall be a newly formed special purpose entity, which complies with the requirements contained in the Original Loan Documents and Servicer's standard SPE Requirements.
F. Subordinate Financing: Subordinate or secondary financing whether secured or unsecured, including, without limitation any seller financing, pledges of interest, equity lines of credit or reverse lender lines, shall be prohibited in connection with the Proposed Assumption except to the extent specifically permitted under the Original Loan Documents specifically consented to in this proposed assumption through the Conditional Approval Letter.
G. Submission of Indemnitee: The Proposed Indemnitee(s) must be person(s) or entities acceptable to the Lender Parties. The Lender Parties reserve the right at all times to require additional persons or entities to serve as "Indemnitees".

Initials

Proposed Indemnitor: For purposes of this Application, a Key Principal is a person or entity that Servicer determines, in its sole discretion, to be critical (in a financial or managerial sense or otherwise) to the successful operation and management of the Proposed Borrower and the Property. All individuals and entities with a 20% or greater ownership interest (direct or indirect) in the Proposed Borrower or who have managing control of the Proposed Borrower, or its general partner or manager, as applicable, shall be considered a Key Principal. Proposed Borrower and Proposed Indemnitor(s) will be required to assume all obligations of the Current Borrower and Current Indemnitor(s) under any existing indemnity and/or guaranty agreements.

- H. **Escrow:** Please note that the Original Loan Documents require that the Current Borrower maintain certain escrows and/or reserves with the Servicer, which may include escrows for the payment of property taxes and insurance premiums, or reserves for necessary capital improvements, ongoing repairs, tenant utility and license commissions and/or for environmental remediation or other purposes. In connection with the Proposed Assumption, Proposed Borrower will be assuming all escrow obligations of the Current Borrower and all existing escrow balances will be transferred by Servicer for the benefit of the Proposed Borrower. Please also note that the Original Loan Documents provide that the Servicer may re-examine existing escrow and reserve balances and monthly payment amounts at any time (including in connection with the Proposed Assumption), and may modify required escrow and reserve requirements as it deems necessary.
- I. **Management:** The Property shall be managed by an entity acceptable to Servicer in accordance with a management agreement approved by Servicer. All management contracts or agreements, other than hotel operating agreements, shall be subordinate to the Original Loan Documents, shall be assigned as additional security and may be terminated by the "Lender", at its election, upon the occurrence of an Event of Default (as defined in the Original Loan Documents). Hotel franchise and management agreements with national chains shall be subject to the terms of a recognition agreement in form and substance acceptable to Servicer.
- J. **Insurance:** Servicer will require satisfactory evidence from Proposed Borrower regarding Proposed Borrower's proposed fire and hazard, rent loss or business interruption, liability and such other hazard insurance coverage (including flood, if applicable) as required under the Original Loan Documents and otherwise in accordance with Servicer's current insurance requirements. Please note that both the insurance companies chosen and the coverages provided must meet the requirements contained in the Original Loan Documents. To prevent delays in closing, it is requested that the Proposed Borrower submit evidence regarding insurance to Servicer at least five (5) business days prior to the anticipated closing date.

IV. CONDITIONS TO CLOSING

- A. **Closing Requirements:** If the Proposed Assumption receives conditional underwriting approval, the requirements for closing the Proposed Assumption will be set forth in the Conditional Approval Letter and in the Closing Checklist to be prepared by Servicer's counsel. Servicer's form Closing Checklist will be provided by Servicer's counsel promptly following engagement of such counsel by Servicer. Please note that this form checklist is for illustrative purposes only and that the actual closing requirements will be established by the Lender Parties based on their analysis of the Proposed Assumption and the information and documentation you have provided.
- B. **Conditional Approval Letter:** Applicant agrees that the Lender Parties are under no obligation to issue a Conditional Approval Letter or to close the Proposed Assumption, such decision being within the absolute sole discretion of the Lender Parties. Furthermore, should the Lender Parties agree to close the Proposed Assumption, the Proposed Assumption may close absent a Conditional Approval Letter. Such omission will not limit the Lender Parties' rights under the constraint of the Original Loan Documents, the Assumption Documents or the Application.
- C. **Continued Title Insurance Program:** In order to expedite the closing process, Servicer has established a continued title insurance program with the national offices of the approved title insurance companies listed on the Special Stipulations page. Applicant should indicate its selection of a title insurance company on that page, and if no selection is made, Servicer shall select an approved title insurance company (the "Designated Company") to issue a title endorsement to the existing mortgage's title policy or a replacement title policy insurance policy through its affiliate Union Commerce. Unless Applicant has already done so, Servicer (or its counsel) shall order the required title report from the Designated Company at Applicant's expense and the Designated Company shall thereafter contact Applicant directly. If the Proposed Assumption fails to close for any reason, Applicant shall be responsible for and shall be required to pay all costs and expenses incurred including any customary cancellation charges imposed by such Designated Company.
- D. **Special Stipulations:** The Special Stipulations Rider attached hereto shall contain any and all changes to the body of this Application and any additional conditions to the closing, which conditions are incorporated herein by reference. Furthermore, Applicant agrees to furnish promptly to Servicer any additional information and documentation that Servicer shall reasonably request in order to process this Application and in order to prepare the necessary Assumption Documents. Any changes to the body of this Application, other than the input of missing information on Sections I & II and the attached Applicant Sheet, do not constitute a part of the Application.

V. MISCELLANEOUS PROVISIONS

- A. **Brokerage Commission:** In the event that one or more Brokers have been engaged by Applicant with respect to this transaction and have arrived upon an agreement with the Applicant regarding payment for their service as a broker, the broker's payment shall be paid by the Applicant out of sale proceeds upon the closing of the Proposed Assumption. Applicant agrees to pay the commission of any other broker used in this transaction and to hold the Lender Parties harmless and to defend the Lender Parties from and against any and all claims for broker's or finder's fees and commissions in connection with the transactions described in this Application.
- B. **Application Expiration:** In the event that (i) this Application shall not be fully executed and returned to Servicer with the required funds and submission items within thirty (30) days from the date hereof or (ii) the Proposed Assumption is not actually closed within forty-five (45) days from the date the fully executed Application, together with the required funds and submission items, is submitted to Servicer, then the Proposed Assumption is subject to amendment or termination by Servicer.
- C. **Role of Servicer:** Applicant understands that Servicer, as a servicer of the Loan, may not have the sole authority to approve the Proposed Assumption or issue a Conditional Approval Letter. Applicant understands that the Proposed Assumption may need to receive the approval of one or more of the other Lender Parties.
- D. **No Assignment:** Neither this Application nor any Conditional Approval Letter subsequently issued in connection herewith may be assignable in whole or in part by Applicant by operation of law or otherwise and any purported assignment shall be null and void and shall be deemed a termination of this Application at Servicer's option.
- E. **REMIC Trust Structure and Pooling and Servicing Agreement:** Please note that the Loan has been securitized and is currently held by the Trustee identified above in a Real Estate Mortgage Investment Conduit (REMIC) trust structure (the "Trust"). The Trust and each loan within the Trust, including, without limitation, the Loan, is subject to federal statutes and regulations regarding REMICs which impose certain limitations on the Loan and the Lender Parties. If you have any questions regarding REMICs, it is suggested that you consult with your tax attorney. Please also note that in connection with their servicing of the Loan, Servicer has executed a Pooling and Servicing Agreement (the "Servicing Agreement"), which governs its servicing relationship with the Trust and governs its servicing of the Loan. Again, the Servicing Agreement imposes certain limitations on the Loan and the Lender Parties.
- F. **Insights:** Applicant hereby authorizes the Lender Parties and any representative of the foregoing to make inquiries in respect to each Applicant and its respective principals in respect to the character, general reputation or personal characteristics, financial and credit data in respect to such Applicant and such principals. Upon any Lender Party's request, Applicant shall provide additional information as to such matters as such Lender Parties may require. Further, Applicant acknowledges that the Lender Parties or representatives of the Lender Parties shall be reviewing, processing and examining financial and other information set forth in the Application and any submissions made in connection herewith. Pursuant to that review, the Lender Parties or such representatives may submit and/or discuss such information with other Lender Parties and with third-party vendors such as underwriters, search firms, attorneys, accountants, brokers, appraisers and consultants. Applicant hereby consents to the examination and sharing of this information among the Lender Parties and with such third parties.
- G. **Submission:** Attached hereto is a schedule of required materials to be submitted with this Application.
- H. **Important information about entering into a business relationship with Wachovia:** To help fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person or corporation who opens an account and/or enters into a business relationship.
- I. **Credit Authorization:** By signature below, Current Borrower, Current Indemnitor(s), Proposed Borrower and Proposed Indemnitor(s) and their respective principals authorize Servicer and/or its agents to order a consumer credit report, verify other credit information including past and present mortgage references, and to conduct such searches and independent investigations as Servicer deems necessary or advisable.

Date: _____	Date: _____
CURRENT BORROWER _____	PROPOSED BORROWER _____
Signature: _____	Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
CURRENT INDEMNITOR (1) Signature: _____	PROPOSED INDEMNITOR (1) Signature: _____
Name: _____	Name: _____
CURRENT INDEMNITOR (2) Signature: _____	PROPOSED INDEMNITOR (2) Signature: _____
Name: _____	Name: _____

(Initials)

(Initials)

APPLICANT SHEET

Current Borrower:	Name: Contact: Address: City, State, Zip: Ph: Fax: Email: EIN: State of Formation:		Proposed Borrower:	Name: Contact: Address: City, State, Zip: Ph: Fax: Email: EIN: State of Formation:
Current Indemnitor(1):	Name: Home Address: City, State, Zip: Ph: Fax: Email: SSN#: DOB: U.S. Citizen? Yes <input type="checkbox"/> No <input type="checkbox"/>		Proposed Indemnitor(1):	Name: Home Address: City, State, Zip: Ph: Fax: Email: SSN#: DOB: U.S. Citizen? Yes <input type="checkbox"/> No <input type="checkbox"/>
Current Indemnitor(2): (Attach separate sheet for additional parties as necessary)	Name: Home Address: City, State, Zip: Ph: Fax: Email: SSN#: DOB: U.S. Citizen? Yes <input type="checkbox"/> No <input type="checkbox"/>		Proposed Indemnitor(2) and EACH entity to hold a 20% or greater interest in Proposed Borrower: (Attach separate sheet for additional parties as necessary)	Name: Home Address: City, State, Zip: Ph: Fax: Email: SSN#: DOB: U.S. Citizen? Yes <input type="checkbox"/> No <input type="checkbox"/>
Current Property Manager:	Name: Contact: Address: City, State, Zip: Ph: Fax: Email:		Proposed Property Manager:	Name: Contact: Address: City, State, Zip: Ph: Fax: Email:
Attorney for Current Borrower:	Firm: Attorney: Address: City, State, Zip: Ph: Fax: Email:		Attorney for Proposed Borrower:	Firm: Attorney: Address: City, State, Zip: Ph: Fax: Email:
Broker for Current Borrower: (if applicable)	Company: Broker: Address: City, State, Zip: Ph: Fax: Email:		Broker for Proposed Borrower: (if applicable)	Company: Broker: Address: City, State, Zip: Ph: Fax: Email:
1031 Facilitator for Current Borrower: (if applicable)	Company: Broker: Address: City, State, Zip: Ph: Fax: Email:		1031 Facilitator for Proposed Borrower: (if applicable)	Company: Broker: Address: City, State, Zip: Ph: Fax: Email:

Initials



SPECIAL STIPULATIONS RIDER

- **Approved Title Insurance Companies:** (see section IV. C.)

Applicant to initial one:

- ___ Fidelity National Title Insurance Company ("Fidelity National") – contact Diane Crawford at (212) 481-5858
- ___ First American Title Insurance Company ("First American") – contact Steven Napolitano at (800) 437-1234
- ___ Stewart Title Guaranty ("Stewart") – contact Regina Figel at (800) 342-7588
- ___ Union Commerce, an affiliate of Servicer (writing for Fidelity and Stewart) – contact Danielle Skowell at (888) 921-8866
- ___ Title Company that had issued the current policy at the closing of the loan. (Please provide contact)

Initials

MATERIALS TO BE SUBMITTED WITH APPLICATION

The following materials are required to be submitted to Servicer in connection with Applicant's submission of this Application [check if applicable]. Wachovia also reserves the right to request additional information and documentation based on its review of the information you provide or based on its independent investigations.

Property Name	LOAN #
---------------	--------

PROVIDED BY CURRENT BORROWER (Seller): *

DOCUMENT	COMMENTS
1. Executed Application Signed by the Current Borrower(s) & Current Indemnitor(s) including a completed Applicant Sheet	
2. Purchase and Sale Agreement (including all amendments)	
3. Current Property Management Agreement & Company Profile (including a list of properties currently managed which should specify property type, property location, property square footage and current occupancy)	
4. Two Years Certified Year End Operating Statements	
5. Year to Date Certified Operating Statement (Trailing Twelve, if available)	
6. Current Certified Rent Roll <ul style="list-style-type: none"> • Hotel Properties, please provide a STAR Report • Multifamily Properties, please also provide a Unit Mix Breakdown summarizing each unit type and how many units are occupied & vacant 	
7. Sale Volume Report for Retail Properties	
8. Current Indemnitor(s) please provide: <ul style="list-style-type: none"> • Company Profile or individual's Resume including Real Estate Experience • Current Certified Balance Sheet/Financial Statement • Property Schedule of Owned Real Estate (please see Exhibit C) 	
9. Organization Chart for Current Borrower (please see Exhibit A). Please include: <ul style="list-style-type: none"> • Percentage Ownership for each Organizational Layer • Identification of the Managing Member or General Partner • Complete Organizational Break Down to the "Warm Bodies" or Operating Company 	
10. Copies of Leases for all Tenants occupying 20% or more of the gross leaseable area, as well as a copy of any ground lease that may relate to the property	
11. Leasing Activity Report that specifies potential leases for current vacancies and/or for current leases that expire/renew within six months	
12. 3 rd Party Reports Completed at Origination or Subsequent Updated Reports	

PROVIDED BY PROPOSED BORROWER (Buyer): *

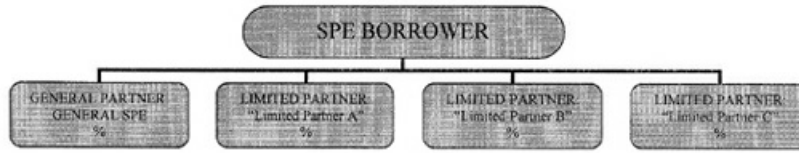
DOCUMENT	COMMENTS
1. Executed Application Signed by the Proposed Borrower(s) and Indemnitor(s) including a completed Applicant Sheet	
2. Application Fee, Third Party Deposit and Underwriting Fee**	
3. Transaction Narrative - Written narrative of proposed transaction including the proposed structure and the sources and uses for the proposed transaction	
4. Organization Chart for Proposed Borrower (please see Exhibit A). Please include: <ul style="list-style-type: none"> • Percentage Ownership for each Organizational Layer • Identification of the Managing Member or General Partner • Complete Organizational Break Down to the "Warm Bodies" or Operating Company 	
5. Draft Organizational documents for the Proposed Borrower and its general partner or manager, as applicable	
6. Proposed Replacement Indemnitor(s)/Guarantor(s)/ Key Principal(s)*** please provide: <ul style="list-style-type: none"> • Company Profile or Individual's Resume including Real Estate Experience • Current Certified Balance Sheet/Financial Statement • Property Schedule of Owned Real Estate (please see Exhibit C) • Most Recent Two Years Federal Tax Returns • Three Completed Lender Credit References (Indemnitor(s) only) (please see Exhibit B) • Credit Search Authorization (please see Exhibits D1-D-2) 	
7. Proposed Property Management Agreement	
8. Proposed Property Management Company Profile (including a list of properties currently managed which should specify property type, property location, property square footage and current occupancy)	
9. Property Pro Forma Operating Statements - Include a three-year pro forma of operations with lease projections and rollover risk	
10. Source of Equity & Verification of Funds (i.e. current bank statements, brokerage account statement, 1031 exchange funds, etc)	
11. 1031 Exchange Information (if applicable) - Include expiration date for 1031 exchange period, exchange accommodator's letter and 1031 exchange agreement	
12. Prior to closing, Assumptor to provide satisfactory Certificates of Insurance evidencing or binding all required coverages and Limits, including perils of terrorism.	

* An updated appraisal, and/or new property survey may be required
 ** This check may come from either the current or proposed borrower
 *** Key Principal is defined as all individuals and entities with a 20% or greater ownership interest (direct or indirect) in the Proposed Borrower

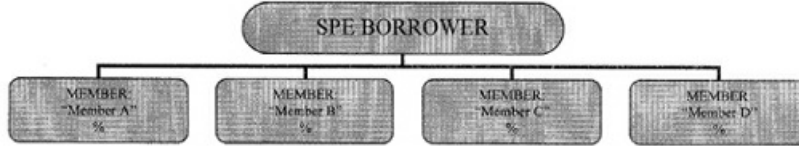
Exhibit A

SAMPLE DIAGRAMS OF THE CURRENT/PROPOSED BORROWER

If current/proposed borrower is a limited partnership:

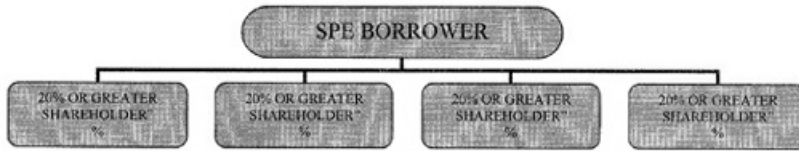


If current/proposed borrower is a limited liability company:



Manager: _____

If current/proposed borrower is a corporation:



Officers

President: _____

Vice President: _____

Secretary: _____

Treasurer: _____

Indemnitor: _____

Exhibit B
Credit Reference

*To be completed, signed, and dated by 3 different Creditors.

Wachovia Loan number: 30-9991098 (A), 18-400011 (A)
18-6000170 (B), 18-600011 (B)

Borrower Name:

Name of Key Principal:
Account #:

Credit Reference Contact:
Contact Person:
Company:
Address:
Phone #:
Date of Contact:

Q: Please characterize the nature and length of your relationship with the key principal.
A:

Q: Would you consider providing real estate financing or other financing to the key principal in the future? Please explain.
A:

Q: Has the key principal ever had a delinquent loan? If so, please explain the situation and how it was resolved.
A:

Q: With regards to your business dealings with the key principal, what else can you tell me about them or their related entities and businesses?
A:

Signed by: _____ Date: _____
Title: _____

Exhibit D-1

INDIVIDUAL CREDIT SEARCH AUTHORIZATION FORM

This form must be complete by:

- Indemnitors
- Individuals who indirectly or directly own 20% or more of the new borrowing entity
- Individuals that hold the controlling interest in the new borrowing entity

Date _____, 2008

Loan Number: 30-9991098 (A), 18-4000011 (A)
18-6000170 (B), 18-6000011 (B)

Property Name:

Property Address:

To Whom It May Concern:

By signing below, I hereby authorize Wachovia Bank, National Association and their affiliates and/or agents to obtain any consumer credit reports, verify other credit information including past and present mortgage references, and to conduct such searches and independent investigations as deemed necessary or advisable. Facsimile copies of the signature should also be deemed acceptable.

Signature: _____

Name (printed): _____

Home Address: _____

Social Security: _____

Birth Date: _____

Exhibit D-2

BUSINESS CREDIT SEARCH AUTHORIZATION FORM

This form must be complete by:

- **Indemnitors**
- **Entities that indirectly or directly own 20% or more of the new borrowing entity**
- **New formed Special Purpose Entity**

Date _____, 2008

Loan Number: 30-9991098 (A), 18-4000011 (A)
18-6000170 (B), 18-6000011 (B)

Property Name:

Property Address:

To Whom It May Concern:

By signing below, I hereby authorize Wachovia Bank, National Association and their affiliates and/or agents to obtain any consumer credit reports, verify other credit information including past and present mortgage references, and to conduct such searches and independent investigations as deemed necessary or advisable. Facsimile copies of the signature should also be deemed acceptable.

Signature: _____

Name (printed): _____

Title: _____

Company Name: _____

Business Address: _____

State of Formation: _____

Date of Formation: _____

Tax ID #: _____

EXHIBIT 11

FORM OF OWNER'S AFFIDAVIT AND GAP INDEMNITY

The undersigned, a [STATE and FORM OF ENTITY], hereby certifies to [_____] , as agent for [_____] (the "Insurer") the following:

1. The undersigned is the owner ("Owner") of certain property (the "Property") situated in [_____] , described in title commitment No. _____ (the "Title Commitment") issued by Insurer.
2. The only tenants of the undersigned are tenants under the leases (the "Leases") set forth on the rent roll annexed hereto as Exhibit A (or subleases thereunder).
3. During the period of 120 days immediately preceding the date of this certification no improvements or alterations have been made (other than minor repairs) to the Property by or on behalf of Owner that have not been paid for (or if unpaid will be paid in the ordinary course of business) and that no claims against Owner of laborers or materialmen remain unpaid (or if unpaid will be paid in the ordinary course of business) for work performed by or on behalf of Owner and that no material incorporated into the Property by Owner is subject to a security interest (other than in connection with any mortgage described in the Title Commitment).
4. No proceedings in bankruptcy or receivership have been instituted by or against Owner which are now pending, nor has the Owner made any assignment for the benefit of creditors which is in effect as to the Property.
5. Owner agrees not to cause any lien or encumbrance to be filed against the Property between the date hereof and the earlier of (a) the date the documents creating the interest being insured pursuant to the Title Commitment have been filed of record and (b) three (3) days following the date hereof.
6. This certification is made for the purpose of inducing Insurer to issue its title policy insuring the Property.

Dated this ____ day of _____

[SIGNATURES ON FOLLOWING PAGE]

_____]
a [STATE and FORM OF ENTITY]

By: _____], a [STATE and
FORM OF ENTITY]

By: _____
Name:
Title:



WASHINGTON REAL ESTATE INVESTMENT TRUST
Computation of Ratio of Earnings to Fixed Charges
For the Period Ended June 30, 2008
(In thousands)

	<u>Q2 2008</u>	<u>Q2 2007</u>	<u>YTD 2008</u>	<u>YTD 2007</u>
Income from continuing operations	\$ 5,294	\$ 6,836	\$ 2,959	\$ 16,510
Additions:				
Fixed charges				
Interest expense	17,582	15,298	35,246	29,682
Capitalized interest	<u>671</u>	<u>1,643</u>	<u>1,429</u>	<u>2,903</u>
	18,253	16,941	36,675	32,585
Deductions:				
Capitalized interest	<u>(671)</u>	<u>(1,643)</u>	<u>(1,429)</u>	<u>(2,903)</u>
Adjusted earnings	<u>\$22,876</u>	<u>\$22,134</u>	<u>\$38,205</u>	<u>\$46,192</u>
Fixed Charges (from above)	\$18,253	\$16,941	\$36,675	\$32,585
Ratio of Earnings to Fixed Charges	1.25	1.31	1.04	1.42

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: August 8, 2008

/s/ George F. McKenzie

George F. McKenzie
President and Chief Executive Officer

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: August 8, 2008

/s/ Laura M. Franklin

Laura M. Franklin
Executive Vice President
Accounting, Administration and Corporate Secretary

CERTIFICATION

I, Sara L. Grootwassink, 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: August 8, 2008

/s/ Sara L. Grootwassink

Sara L. Grootwassink
Executive Vice President and Chief Financial Officer

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 ended June 30, 2008 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.

Dated: August 8, 2008

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

Dated: August 8, 2008

/s/ Laura M. Franklin
Laura M. Franklin
Executive Vice President
Accounting, Administration and Corporate Secretary

Dated: August 8, 2008

/s/ Sara L. Grootwassink
Sara L. Grootwassink
Executive Vice President and Chief Financial Officer