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

FORM 10-Q

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

For quarterly period ended March 31, 2011

OR

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

COMMISSION FILE NO. 1-6622

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

MARYLAND **(State of incorporation)**	**53-0261100** **(IRS Employer Identification Number)**
6110 EXECUTIVE BOULEVARD, SUITE 800, ROCKVILLE, MARYLAND **(Address of principal executive office)**	**20852** **(Zip code)**

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

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

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

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

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

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

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

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

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

As of April 28, 2011, 65,943,591 common shares were outstanding.

WASHINGTON REAL ESTATE INVESTMENT TRUST

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PART I
FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Statements of Income, Statement of Changes in Shareholders' Equity and Statements of Cash Flows reflects all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The accompanying financial statements and notes thereto should be read in conjunction with the financial statements and notes for the three years ended December 31, 2010 included in WRIT's 2010 Annual Report on Form 10-K.

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

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

	March 31, 2011	December 31, 2010[(1)]
Assets		
Land	$ 475,458	$ 432,149
Income producing property	2,013,854	1,938,629
	2,489,312	2,370,778
Accumulated depreciation and amortization	(555,578)	(534,570)
Net income producing property	1,933,734	1,836,208
Development in progress	26,263	26,240
Total real estate held for investment, net	1,959,997	1,862,448
Investment in real estate sold or held for sale, net	40,868	41,892
Cash and cash equivalents	12,480	78,767
Restricted cash	24,316	21,552
Rents and other receivables, net of allowance for doubtful accounts of $9,082 and $8,394, respectively	53,278	49,227
Prepaid expenses and other assets	108,042	96,466
Other assets related to properties sold or held for sale	17,231	17,529
Total assets	$2,216,212	$2,167,881
Liabilities		
Notes payable	$ 753,692	$ 753,587
Mortgage notes payable	379,333	380,171
Lines of credit	160,000	100,000
Accounts payable and other liabilities	60,129	51,036
Advance rents	12,722	12,589
Tenant security deposits	10,040	9,418
Other liabilities related to properties sold or held for sale	480	222
Total liabilities	1,376,396	1,307,023
Equity		
Shareholders' equity		
Shares of beneficial interest; $0.01 par value; 100,000 shares authorized:		
65,941 and 65,870 shares issued and outstanding, respectively	660	659
Additional paid in capital	1,130,297	1,127,825
Distributions in excess of net income	(293,860)	(269,935)
Accumulated other comprehensive income (loss)	(1,057)	(1,469)
Total shareholders' equity	836,040	857,080
Noncontrolling interests in subsidiaries	3,776	3,778
Total equity	839,816	860,858
Total liabilities and shareholders' equity	$2,216,212	$2,167,881

(1) As adjusted (see note 3 to the consolidated financial statements)

See accompanying notes to the financial statements.

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Revenue		
Real estate rental revenue	$ 78,155	$ 73,551
Expenses		
Real estate expenses	26,088	26,169
Depreciation and amortization	24,750	22,587
General and administrative	3,702	3,783
	54,540	52,539
Real estate operating income	23,615	21,012
Other income (expense)		
Interest expense	(17,126)	(16,838)
Acquisition costs	(1,649)	(55)
Other income	306	289
Gain (loss) on extinguishment of debt, net	—	(42)
	(18,469)	(16,646)
Income from continuing operations	5,146	4,366
Discontinued operations:		
Income (loss) from operations of properties sold or held for sale	(458)	899
Net income	4,688	5,265
Less: Net income attributable to noncontrolling interests in subsidiaries	(23)	(49)
Net income attributable to the controlling interests	$ 4,665	$ 5,216
Basic net income attributable to the controlling interests per share		
Continuing operations	$ 0.08	$ 0.07
Discontinued operations	(0.01)	0.02
Net income attributable to the controlling interests per share	$ 0.07	$ 0.09
Diluted net income attributable to the controlling interests per share		
Continuing operations	$ 0.08	$ 0.07
Discontinued operations	(0.01)	0.02
Net income attributable to the controlling interests per share	$ 0.07	$ 0.09
Weighted average shares outstanding – basic	65,885	59,898
Weighted average shares outstanding – diluted	65,907	60,001
Dividends declared and paid per share	$ 0.4338	$ 0.4325

See accompanying notes to the financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

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

	Shares	Shares of Beneficial Interest at Par Value	Additional Paid in Capital	Distributions in Excess of Net Income Attributable to the Controlling Interests	Accumulated Other Comprehensive Income	Total Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance, December 31, 2010	65,870	$ 659	$1,127,825	$ (269,935)	$ (1,469)	$ 857,080	$ 3,778	$860,858
Comprehensive income:								
Net income attributable to the controlling interests	—	—	—	4,665	—	4,665	—	4,665
Net income attributable to noncontrolling interests	—	—	—	—	—	—	23	23
Change in fair value of interest rate hedge	—	—	—	—	412	412	—	412
Total comprehensive income	—	—	—	—	—	5,077	23	5,100
Distributions to noncontrolling interests	—	—	—	—	—	—	(25)	(25)
Dividends	—	—	—	(28,590)	—	(28,590)	—	(28,590)
Equity offerings, net of issuance costs	—	—	—	—	—	—	—	—
Shares issued under Dividend Reinvestment Program	43	1	1,366	—	—	1,367	—	1,367
Share options exercised	7	—	180	—	—	180	—	180
Share grants, net of share grant amortization and forfeitures	21	—	926	—	—	926	—	926
Balance, March 31, 2011	65,941	$ 660	$1,130,297	$ (293,860)	$ (1,057)	$ 836,040	$ 3,776	$839,816

See accompanying notes to the financial statements.

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Cash flows from operating activities		
Net income	$ 4,688	$ 5,265
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amounts in discontinued operations	25,249	23,608
Provision for losses on accounts receivable	1,341	1,569
Real estate impairment	599	—
Amortization of share grants, net	1,050	1,413
Amortization of debt premiums, discounts and related financing costs	785	1,497
Loss on extinguishment of debt, net	—	42
Changes in operating other assets	(10,392)	(4,316)
Changes in operating other liabilities	9,241	(52)
Net cash provided by operating activities	32,561	29,026
Cash flows from investing activities		
Real estate acquisitions, net	(126,947)	—
Capital improvements to real estate	(3,690)	(3,466)
Development in progress	(33)	(485)
Non-real estate capital improvements	(105)	(61)
Net cash used in investing activities	(130,775)	(4,012)
Cash flows from financing activities		
Line of credit borrowings	78,000	—
Line of credit repayments	(18,000)	(18,000)
Dividends paid	(28,590)	(25,898)
Distributions to noncontrolling interests	(25)	(47)
Proceeds from dividend reinvestment program	1,367	1,280
Principal payments – mortgage notes payable	(1,005)	(1,108)
Net proceeds from equity offerings	—	15,755
Notes payable repayments, including penalties for early extinguishment	—	(1,224)
Net proceeds from exercise of share options	180	3,783
Net cash provided by (used in) financing activities	31,927	(25,459)
Net decrease in cash and cash equivalents	(66,287)	(445)
Cash and cash equivalents at beginning of year	78,767	11,203
Cash and cash equivalents at end of period	$ 12,480	$ 10,758
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 12,062	$ 15,017

See accompanying notes to the financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011
(UNAUDITED)

NOTE 1: NATURE OF BUSINESS

Washington Real Estate Investment Trust ("We" or "WRIT"), a Maryland real estate investment trust, is a self-administered, self-managed equity real estate investment trust, successor to a trust organized in 1960. Our business consists of the ownership and 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 buildings and retail centers.

Federal Income Taxes

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

Generally, and subject to our ongoing qualification as a REIT, no provisions for income taxes are necessary except for taxes on undistributed REIT taxable income and taxes on the income generated by our taxable REIT subsidiaries ("TRS"). Our TRS is subject to corporate federal and state income tax on its taxable income at regular statutory rates. Our TRS has net operating loss carryforwards available of approximately $4.7 million. These carryforwards begin to expire in 2028. We have determined that there were no material income tax provisions or material net deferred income tax items for our TRS for the quarters ended March 31, 2011 and 2010.

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

Significant Accounting Policies

We have prepared our consolidated financial statements using the accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2010.

New Accounting Pronouncement

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures About Fair Value* ("ASU 2010-06"), which requires new disclosures about fair value measurements. Specifically, a reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. Additionally, the reconciliation for Level 3 fair value measurements should present separately information about purchasers, sales, issuances and settlements. To date, we have not had any transfers in and out of Level 1 and Level 2 fair value measurements, nor do we have any Level 3 fair value measurements. Therefore, ASU 2010-06 did not have any impact on the fair value disclosures included in our consolidated financial statements.

Basis of Presentation

The accompanying unaudited consolidated 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 ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information presented not misleading. In addition, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the periods presented have been included. These unaudited financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Within these notes to the financial statements, we refer to the three months ended March 31, 2011 and March 31, 2010 as the "2011 Quarter" and the "2010 Quarter", respectively.

Use of Estimates in the Financial Statements

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

Reclassifications

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

NOTE 3: REAL ESTATE ACQUISITIONS AND DISCONTINUED OPERATIONS

Acquisitions

WRIT acquired the following Washington, DC office properties during the 2011 Quarter:

Acquisition Date	Property Name	Property Type	Rentable Square Feet	Contract Purchase Price (in thousands)
January 11, 2011	1140 Connecticut Avenue	Office	184,000	$ 80,250
March 30, 2011	1227 25th Street	Office	130,000	$ 47,000
		Total	314,000	$ 127,250

The results of operations from these acquired properties are included in the income statement as of their acquisition dates. The total contract purchase price of $127.3 million does not reflect credits received at settlement totaling $0.3 million.

Discontinued Operations

We dispose of assets (sometimes using tax-deferred exchanges) that no longer meet our long-term strategy or return objectives and where market conditions for sale are favorable. The proceeds from the sales may be reinvested into other properties, used to fund development operations or to support other corporate needs, or distributed to our shareholders. Properties are considered held for sale when they meet the criteria specified by GAAP. Depreciation on these properties is discontinued at that time, but operating revenues, other operating expenses and interest continue to be recognized until the date of sale.

During the 2011 Quarter we committed to, and actively embarked upon, a plan to sell Dulles Station, Phase I, a 180,000 square foot office building in Herndon, Virginia. Subsequent to the end of the 2011 Quarter, we sold this property for a contract sales price of $58.8 million. During the 2011 Quarter, we recorded a $0.6 million impairment charge to reflect the property's fair value less any selling costs based on the contract sales price. We have classified this property as held for sale at March 31, 2011 and December 31, 2010.

We sold the following properties during 2010:

Disposition Date	Property Name	Property Type	Rentable Square Feet	Contract Purchase Price (In thousands)
June 18, 2010	Parklawn Portfolio(1)	Office/Industrial	229,000	$ 23,400
December 21, 2010	The Ridges	Office	104,000	27,500
December 22, 2010	Ammendale I&II and Amvax	Industrial	305,000	23,000
		Total 2010	638,000	$ 73,900

(1) *The Parklawn Portfolio consists of three office properties (Parklawn Plaza, Lexington Building and Saratoga Building) and one industrial property (Charleston Business Center).*

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

	Quarters Ended March 31, 2011	2010
Revenues	$ 1,132	$ 3,788
Property expenses	(492)	(1,642)
Real estate impairment	(599)	—
Depreciation and amortization	(499)	(1,021)
Interest expense	—	(226)
	$ (458)	$ 899

Operating income (loss) by each property classified as discontinued operations is summarized below (in thousands):

Property	Segment	Quarters Ended March 31, 2011	2010
Parklawn Plaza	Office	$ —	$ 72
Lexington Building	Office	—	19
Saratoga Building	Office	—	103
Charleston Business Center	Industrial	—	194
The Ridges	Office	—	107
Ammendale I&II	Industrial	—	251
Amvax	Industrial	—	90
Dulles Station, Phase I	Office	(458)	63
		$(458)	$899

NOTE 4: MORTGAGE NOTES PAYABLE

	March 31, 2011	December 31, 2010
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 Prosperity Medical Center. 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.	43,814	43,987
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.	9,293	9,375
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.	18,144	18,311
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 our acquisition of Frederick Crossing. The mortgage bears interest at 5.95% per annum. Principal and interest are payable monthly until November 1, 2012, at which time all unpaid principal and interest are payable in full.	22,116	22,268

	March 31, 2011	December 31, 2010
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 through June 30, 2012, at which time the rate will be reset based on the Moody's Long-term Corporate Bond Yield Average, but never lower than 5.0% per annum. The interest rate will be reset annually thereafter for the duration of the note. Principal and interest are payable monthly until July 1, 2028, at which time all unpaid principal and interest are payable in full. During the first 90 days of 2013, the lender has the option to elect to accelerate the maturity date of the note to July 1, 2013. For the remainder of 2013, we have the right to prepay the note without any prepayment penalties.	4,912	4,955
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.	4,488	4,512
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.	8,105	8,149
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 February 11, 2013, at which time all unpaid principal and interest are payable in full.	31,303	31,486
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 and interest are payable monthly until November 1, 2015, at which time all unpaid principal and interest are payable in full.	20,200	20,285
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.	4,781	4,841
On May 29, 2008, we executed three mortgage notes payable totaling $81.0 million secured by 3801 Connecticut Avenue, Walker House and Bethesda Hill. The mortgages bear interest at 5.71% per annum and interest only is payable monthly until June 1, 2017, at which time all unpaid principal and interest are payable in full.	81,029	81,029
On December 2, 2008, we assumed a $101.9 million mortgage note payable with an estimated fair value* of $91.7 million as partial consideration for the acquisition of 2445 M Street. The mortgage bears interest at 5.62% per annum. Interest is payable monthly until January 6, 2017, at which time all unpaid principal and interest are payable in full.	94,652	94,339
On February 16, 2009, we executed a $37.5 million mortgage note payable secured by Kenmore Apartments. The mortgage bears interest at 5.37% per annum. Principal and interest are payable monthly until March 1, 2019, at which time all unpaid principal and interest are payable in full.	36,496	36,634
	$379,333	$ 380,171

* *The fair value of the mortgage notes payable was estimated upon acquisition by WRIT based upon market information and data, such as dealer or banker quotes for instruments with similar terms and maturities. There is no notation when the fair value at the inception of the mortgage is the same as the carrying value.*

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Total carrying amount of the above mortgaged properties was $624.4 million and $623.6 million at March 31, 2011 and December 31, 2010, respectively. Scheduled principal payments during the remaining nine months in 2011 and the years subsequent to December 31, 2011 are as follows (in thousands):

	Principal Payments
2011	$ 12,344
2012	42,489
2013	85,504
2014	1,516
2015	20,040
Thereafter	223,978
	385,871
Net discounts/premiums	(6,538)
Total	$ 379,333

NOTE 5: UNSECURED LINES OF CREDIT PAYABLE

As of March 31, 2011, we maintained a $75.0 million unsecured line of credit (“Credit Facility No. 1”) maturing in June 2011 and a $262.0 million unsecured line of credit (“Credit Facility No. 2”) maturing in November 2011. Subsequent to the end of the 2011 Quarter, we exercised a one-year extension option on Credit Facility No. 1, which now expires in June 2012. The amounts of these lines of credit unused and available at March 31, 2011 are as follows (in millions):

	Credit Facility No. 1	Credit Facility No. 2
Committed capacity	$ 75.0	$ 262.0
Borrowings outstanding	(60.0)	(100.0)
Letters of credit issued	(0.8)	(0.9)
Unused and available	$ 14.2	$ 161.1

We executed borrowings and repayments on the unsecured lines of credit during the 2011 Quarter as follows (in millions):

	Credit Facility No. 1	Credit Facility No. 2
Balance at December 31, 2010	$ —	$ 100.0
Borrowings	78.0	—
Repayments	(18.0)	—
Balance at March 31, 2011	$ 60.0	$ 100.0

We borrowed $18.0 million on Credit Facility No. 1 in January 2011 to partially fund the purchase of 1140 Connecticut Avenue. We repaid this borrowing later in the 2011 Quarter with cash from operations. We subsequently borrowed $60.0 million on Credit Facility No. 1 during March 2011 to fund the purchase of 1227 25th Street and for general corporate purposes. This borrowing remained outstanding at the end of the 2011 Quarter.

NOTE 6: DERIVATIVE INSTRUMENTS

In May 2009, we entered into a forward interest rate swap with a notional amount of $100 million that qualifies as a cash flow hedge. We enter into interest rate swaps to manage our exposure to variable rate interest risk. We do not purchase derivatives for speculation. We record our cash flow hedges at fair value in accordance with GAAP, based on various discounted cash flow methodologies and observable inputs. We record the effective portion of changes in fair value of cash flow hedges in other comprehensive income. This change in fair value of cash flow hedges is the only activity in other comprehensive income (loss) during the periods presented in our consolidated financial statements. We record the ineffective portion of changes in fair value of cash flow hedges in earnings in the period affected. We assess the effectiveness of our cash flow hedges both at inception and on an ongoing basis. We deemed the hedges to be effective for the 2011 and 2010 Quarters, as applicable.

The fair value and balance sheet locations of the interest rate swaps as of March 31, 2011 and December 31, 2010 are as follows (in millions):

	March 31, 2011 Fair Value	December 31, 2010 Fair Value
Accounts payable and other liabilities	$ 1.1	$ 1.5

The interest rate swap has been effective since inception. The gain or loss on the effective swaps is recognized in other comprehensive income, as follows (in millions):

	Quarters Ended March 31,	
	2011	2010
	Fair Value	Fair Value
Change in other comprehensive income (loss)	$ 0.4	$ (0.2)

Derivative instruments expose us to credit risk in the event of non-performance by the counterparty under the terms of the interest rate hedge agreement. We believe that we minimize our credit risk on these transactions by dealing with major, creditworthy financial institutions. As part of our on-going control procedures, we monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing our credit risk concentration.

NOTE 7: STOCK BASED COMPENSATION

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

WRIT's Compensation Committee conducted an extensive review of our executive compensation philosophy and a fundamental redesign of our short-term and long-term incentive plans for our officers, resulting in new short-term incentive ("New STIP") and new long-term incentive ("New LTIP") plans, which were approved by the Compensation Committee and Board on February 17, 2011 and were effective as of January 1, 2011.

New STIP

Under the New STIP, officers will earn awards, payable 50% in cash and 50% in restricted shares, based on a percentage of salary and achieving various performance conditions within a one-year performance period (except for 15% of such restricted share awards which will be exclusively service-based).

With respect to the 50% of the New STIP award payable in restricted shares, (i) the restricted shares subject to performance conditions will vest over a three-year period commencing on the January 1 following the end of the one-year performance period, and (ii) the restricted shares subject only to a service condition will vest over a three year period commencing at the beginning of the one-year performance period.

With respect to the 50% of the award payable in cash, the officer may elect to defer up to 80% of the cash portion pursuant to WRIT's deferred compensation plan for officers. If the officer makes such election, the cash will be converted to restricted share units and WRIT will match 25% of deferred amounts in restricted share units.

For the service based awards we recognize compensation expense based on the grant date fair value, ratably over a three-year period commencing with the start of the performance period. With respect to the restricted shares subject to performance conditions expected to be awarded under the New STIP at the end of the one-year performance period, we recognize compensation expense based on the current fair market value of the probable award until the performance condition has been met, according to a graded vesting schedule over a four-year period commencing with the date the performance targets were established. Approximately 20% of the restricted shares subject to performance conditions awarded by the Compensation Committee at the end of the one-year performance period are based on subjective strategic acquisition and disposition goal criteria, for which we recognize compensation expense when the grant date occurs at the end of the one-year period.

New LTIP

Under the New LTIP, officers will earn awards, payable 50% in unrestricted shares and 50% in restricted shares, based on a percentage of salary and achieving various market and performance conditions during a defined three-year performance period (e.g., commencing on January 1, 2011 and concluding on December 31, 2013).

New LTIP performance will be evaluated on objective and subjective performance goals and weightings. Of the officers' total potential award, 40% is subject to market conditions based on absolute total shareholder return ("TSR") and relative TSR. The remaining 60% of the award is based primarily on strategic plan fulfillment, evaluated and determined by the Compensation Committee in its discretion at the end of the three-year performance period.

The unrestricted shares vest immediately at the end of the three-year performance period, and the restricted shares vest over a one-year period commencing on the January 1 following the end of the three-year performance period.

With respect to the 40% of the New LTIP subject to market conditions we recognize compensation expense ratably (over three years for the 50% unrestricted shares and over four years for the 50% restricted shares) based on the grant date fair value, as determined using a Monte Carlo simulation, and regardless of whether the market conditions are achieved and the awards ultimately vest. With respect to the 60% subjective portion of the New LTIP, we will recognize compensation expense for the 50% unrestricted shares when the grant date has occurred at the end of the three year performance period. We will recognize compensation expense for the 50% restricted shares over the one-year vesting period commencing upon the grant date at the end of the three-year performance period.

Modification of Prior LTIP Awards

In connection with the adoption of the New STIP and the New LTIP, the prior LTIP for officers was amended such that awards subject to performance conditions through 2012 under the prior LTIP were converted when the new plans were adopted into 154,400 restricted share units as of February 17, 2011. Such restricted share units will vest consistent with the periods in which they otherwise would have vested under the terms of the prior LTIP (i.e., either December 31, 2011 or December 31, 2012). We accounted for the amendment of these awards as a modification.

Prior LTIP

Other non-officer members of management continue to earn restricted share units under the prior LTIP based upon various percentages of their salaries that vest ratably over five years from the grant date based upon continued employment. We recognize compensation expense for these awards according to a graded vesting schedule over six years from the date the performance target was established.

Trustee Awards

We continue to award trustees share based compensation on an annual basis in the form of restricted shares which vest immediately and are restricted from sale for the period of the trustees' service.

Total Compensation Expense

Total compensation expense recognized in the consolidated financial statements for all share based awards, including share grants, restricted share units and performance share units, in the 2011 and 2010 Quarters was (in thousands):

	Quarter Ended March 31, 2011	Quarter Ended March 31, 2010
Stock Based Compensation Expense	$1,257	$1,633

Restricted and Unrestricted Shares

The total fair value of prior period shares vested during the 2011 Quarter is $28,800. As of March 31, 2011, there are no remaining unvested restricted shares granted under prior LTIPs.

During the 2011 Quarter, 10,822 restricted shares, with a total fair value of $0.3 million, were granted under the New STIP to officers for the portion of the New STIP award subject only to service conditions. We value these awards based on the fair market value on the date of grant. As of March 31, 2011, the total unamortized value of these unvested share awards was $324,700, which we expect to recognize as compensation expense over a weighted average period of thirty-three months. As of March 31, 2011, the future expected expense related to restricted shares with performance conditions, estimated based on the probable number of restricted shares expected to be awarded under the New STIP, totaled $1.0 million, which we expect to recognize as compensation cost over a weighted average period of 33 months.

Restricted and Unrestricted Shares with Market Conditions

Stock based awards with market conditions under the New LTIP were granted in February 2011 with fair market values, as determined using a Monte Carlo simulation, as follows (in thousands):

	Grant Date Fair Value	
	Restricted	Unrestricted
Relative TSR	$ 1,016	$ 1,016
Absolute TSR	$ 348	$ 348

The unamortized value of these awards with market conditions as of March 31, 2011 was as follows (in thousands):

	Unamortized Value at March 31, 2011	
	Restricted	Unrestricted
Relative TSR	$ 984	$ 973
Absolute TSR	$ 341	$ 339

We expect to recognize these unamortized values as compensation expense over a weighted average life of 45 months for the restricted shares and 33 months for the unrestricted shares.

Restricted Share Units

Restricted share units granted to officers and non-officers in prior periods continue to vest in the current year. The total fair value of restricted share units vested during the 2011 Quarter is $247,100. In connection with the adoption of new executive incentive plans, on February 17, 2011, all performance share units were converted into a fixed number of restricted share units. The total number of restricted share units awarded was 89,000 and 65,400, which vest on December 31, 2011 and December 31, 2012, respectively. The value of unvested restricted share units at March 31, 2011 was $6.1 million, which we expect to recognize as compensation cost over a weighted average period of 29 months. As of March 31, 2011, the future expected expense related to restricted share units with performance conditions expected to be awarded to non-officers in December 2011 is $1.1 million, which we expect to recognize as compensation cost over a weighted average period of 44 months.

Options

WRIT still has options outstanding from the 2001 Stock Option Plan and Stock Option Plan for Trustees. The 138,785 options outstanding at March 31, 2011, all of which are exercisable, have exercise prices between $24.85 and $33.09, with a weighted-average exercise price of $26.83 and a weighted average remaining contractual life of 1.8 years. The aggregate intrinsic value of outstanding exercisable shares at March 31, 2011 was $0.6 million. In the 2010 Quarter, the aggregate intrinsic value of options exercised was minimal. There were 7,200 options exercised in the 2011 Quarter.

NOTE 8: FAIR VALUE DISCLOSURES

Financial Assets and Liabilities Measured at Fair Value

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

Level 1: Quoted Prices in Active Markets for Identical Assets
Level 2: Significant Other Observable Inputs
Level 3: Significant Unobservable Inputs

The only assets or liabilities we had at March 31, 2011 and December 31, 2010 that are recorded at fair value on a recurring basis are the assets held in the Supplemental Executive Retirement Program ("SERP") and the interest rate hedge contracts. We base the valuations related to these items on assumptions derived from significant other observable inputs and accordingly these valuations fall into Level 2 in the fair value hierarchy. The fair values of these assets and liabilities at March 31, 2011 and December 31, 2010 are as follows (in millions):

	March 31, 2011				December 31, 2010			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Assets:								
SERP	$1.6	$—	$ 1.6	$—	$ 1.7	$—	$ 1.7	$—
Liabilities:								
Derivatives	$1.1	$—	$ 1.1	$—	$ 1.5	$—	$ 1.5	$—

The nonrecurring fair value assessment for the held for sale asset discussed in note 3 to the consolidated financial statements was based on sales price less costs to sell, a Level 2 assessment in the fair value hierarchy.

Financial Assets and Liabilities Not Measured at Fair Value

The following disclosures of estimated fair value were determined by management using available market information and established valuation methodologies, including discounted cash flow. Many of these estimates involve significant judgment. The estimated fair value disclosed may not necessarily be indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions or estimation methodologies could have an effect on the estimated fair value amounts. In addition, fair value estimates are made at a point in time and thus, estimates of fair value subsequent to March 31, 2011 may differ significantly from the amounts presented.

Below is a summary of significant methodologies used in estimating fair values and a schedule of fair values at March 31, 2011.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and commercial paper with original maturities of less than 90 days, which are valued at the carrying value, which approximates fair value due to the short maturity of these instruments.

Notes Receivable

The fair value of the notes is estimated based on quotes for debt with similar terms and characteristics or a discounted cash flow methodology using market discount rates if reliable quotes are not available.

Derivatives

The company reports its interest rate swap at fair value in accordance with GAAP, and thus the carrying value is the fair value.

Mortgage Notes Payable

Mortgage notes payable consist of instruments in which certain of our real estate assets are used for collateral. The fair value of the mortgage notes payable is estimated by discounting the contractual cash flows at a rate equal to the relevant treasury rates (with respect to the timing of each cash flow) plus credit spreads estimated through independent comparisons to real estate assets or loans with similar characteristics.

Lines of Credit Payable

Lines of credit payable consist of bank facilities which we use for various purposes including working capital, acquisition funding or capital improvements. The lines of credit advances are priced at a specified rate plus a spread. The carrying value of the lines of credit payable is estimated to be market value given the adjustable rate of these borrowings.

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Notes Payable

The fair value of the notes payable is estimated by discounting the contractual cash flows at a rate equal to the relevant treasury rates (with respect to the timing of each cash flow) plus credit spreads derived using the relevant securities' market prices.

	March 31, 2011		December 31, 2010	
(in thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 12,480	$ 12,480	$ 78,767	$ 78,767
Restricted cash	$ 24,316	$ 24,316	$ 21,552	$ 21,552
2445 M Street note receivable	$ 7,273	$ 7,974	$ 7,090	$ 8,048
Mortgage notes payable	$379,333	$399,425	$380,171	$399,282
Lines of credit payable	$160,000	$160,000	$100,000	$100,000
Notes payable	$753,692	$789,954	$753,587	$785,637

NOTE 9: EARNINGS PER COMMON SHARE

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

We also determine "Diluted earnings per share" under the two-class method with respect to the unvested restricted share awards. We further evaluate any other potentially dilutive securities at the end of the period and adjust the basic earnings per share calculation for the impact of those securities that are dilutive. Our diluted earnings per share calculation includes the dilutive impact of employee stock options based on the treasury stock method and our long-term incentive share units under the contingently issuable method. The diluted earnings per share calculation also considers our operating partnership units and 3.875% convertible notes under the if-converted method. The operating partnership units and 3.875% convertible notes were anti-dilutive for the 2011 and 2010 Quarters and are not included in our earnings per share calculations.

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

	Quarter Ended March 31, 2011 Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
Basic earnings:			
Income from continuing operations	$ 5,146	65,885	$ 0.08
Less: Net income attributable to noncontrolling interests	(23)		
Allocation of undistributed earnings to unvested restricted share awards and units	(46)		
Adjusted income from continuing operations attributable to the controlling interests	5,077	65,885	0.08
Income (loss) from discontinued operations	(458)	65,885	(0.01)
Adjusted net income attributable to the controlling interests	4,619	65,885	0.07
Effect of dilutive securities:			
Employee stock options and restricted share awards	—	22	
Diluted earnings:			
Adjusted income from continuing operations attributable to the controlling interests	5,077	65,907	0.08
Income (loss) from discontinued operations	(458)	65,907	(0.01)
Adjusted net income attributable to the controlling interests	$ 4,619	65,907	$ 0.07

	Quarter Ended March 31, 2010 Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
Basic earnings:			
Income from continuing operations	$ 4,366	59,898	$ 0.07
Less: Net income attributable to noncontrolling interests	(49)		
Allocation of undistributed earnings to unvested restricted share awards and units	(28)		
Adjusted income from continuing operations attributable to the controlling interests	4,289	59,898	0.07
Income from discontinued operations, including gain on sale of real estate	899	59,898	0.02
Adjusted net income attributable to the controlling interests	5,188	59,898	0.09
Effect of dilutive securities:			
Employee stock options and restricted share awards	—	103	
Diluted earnings:			
Adjusted income from continuing operations attributable to the controlling interests	4,289	60,001	0.07
Income from discontinued operations, including gain on sale of real estate	899	60,001	0.02
Adjusted net income attributable to the controlling interests	$ 5,188	60,001	$ 0.09

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NOTE 10: SEGMENT INFORMATION

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

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

The following table presents revenues and net operating income for the 2011 and 2010 Quarters from these segments, and reconciles net operating income of reportable segments to net income as reported (in thousands):

	Quarter Ended March 31, 2011						
	Office	Medical Office	Retail	Multifamily	Industrial/ Flex	Corporate and Other	Consolidated
Real estate rental revenue	$ 34,103	$ 11,131	$ 12,147	$ 12,493	$ 8,281	$ —	$ 78,155
Real estate expenses	11,488	3,669	3,542	4,828	2,561	—	26,088
Net operating income	$ 22,615	$ 7,462	$ 8,605	$ 7,665	$ 5,720	$ —	$ 52,067
Depreciation and amortization							(24,750)
Interest expense							(17,126)
General and administrative							(3,702)
Acquisition costs							(1,649)
Other income							306
Income (loss) from discontinued operations							(458)
Net income							4,688
Less: Net income attributable to noncontrolling interests							(23)
Net income attributable to the controlling interests							$ 4,665
Capital expenditures	$ 2,466	$ 669	$ 441	$ (125)	$ 239	$ 105	$ 3,795
Total assets	$1,056,647	$351,939	$310,795	$225,776	$224,923	$46,132	$2,216,212

	Quarter Ended March 31, 2010						
	Office	Medical Office	Retail	Multifamily	Industrial/ Flex	Corporate and Other	Consolidated
Real estate rental revenue	$ 30,973	$ 11,415	$ 10,501	$ 11,842	$ 8,820	$ —	$ 73,551
Real estate expenses	10,775	3,951	3,284	5,103	3,056	—	26,169
Net operating income	$ 20,198	$ 7,464	$ 7,217	$ 6,739	$ 5,764	$ —	$ 47,382
Depreciation and amortization							(22,587)
Interest expense							(16,838)
General and administrative							(3,783)
Acquisition costs							(55)
Other income							289
Gain (loss) on extinguishment of debt, net							(42)
Income from discontinued operations							899
Net income							5,265
Less: Net income attributable to noncontrolling interests							(49)
Net income attributable to the controlling interests							$ 5,216
Capital expenditures	$ 2,325	$ 762	$ (82)	$ 233	$ 228	$ 61	$ 3,527
Total assets	$ 917,761	$358,979	$224,040	$237,032	$249,543	$39,621	$2,026,976

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NOTE 11: SUBSEQUENT EVENTS

Subsequent to the end of the 2011 Quarter, we settled on the sale of Dulles Station, Phase I, for the contract purchase price of $58.8 million (see note 3 to the consolidated financial statements). We recognized a real estate impairment loss of $0.6 million during the 2011 Quarter.

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

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto appearing in Item 1 of this report and the more detailed information contained in our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the Securities and Exchange Commission on February 25, 2011.

We refer to the three months ended March 31, 2011 and March 31, 2010 as the "2011 Quarter" and the "2010 Quarter", respectively.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements which involve risks and uncertainties. Forward-looking statements include statements in this report preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for these statements. The following important factors, in addition to those discussed elsewhere in this Form 10-Q, could affect our future results and could cause those results to differ materially from those expressed in the forward-looking statements: (a) the effects of changes in Federal government spending; (b) the economic health of the greater Washington metro region, or other markets we may enter; (c) the timing and pricing of lease transactions; (d) the effect of the recent credit and financial market conditions; (e) the availability and cost of capital; (f) fluctuations in interest rates; (g) the economic health of our tenants; (h) the supply of competing properties; (i) consumer confidence; (j) unemployment rates; (k) consumer tastes and preferences; (l) our future capital requirements; (m) inflation; (n) compliance with applicable laws, including those concerning the environment and access by persons with disabilities; (o) governmental or regulatory actions and initiatives; (p) changes in general economic and business conditions; (q) terrorist attacks or actions; (r) acts of war; (s) weather conditions; (t) the effects of changes in capital available to the technology and biotechnology sectors of the economy, and (u) other factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the Securities and Exchange Commission on February 25, 2011. We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events, or otherwise.

General

Introductory Matters

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

- *Overview.* Discussion of our business, operating results, investment activity and capital requirements, and summary of our significant transactions to provide context for the remainder of MD&A.
- *Critical Accounting Policies and Estimates.* Descriptions of accounting policies that reflect significant judgments and estimates used in the preparation of our consolidated financial statements.
- *Results of Operations.* Discussion of our financial results comparing the 2011 Quarter to the 2010 Quarter.
- *Liquidity and Capital Resources.* Discussion of our financial condition and analysis of changes in our capital structure and cash flows.

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

- Net operating income ("NOI"), calculated as real estate rental revenue less real estate expenses excluding depreciation and amortization, interest expense and general and administrative expenses. NOI is a non-GAAP supplemental measure to net income.
- Funds From Operations ("FFO"), calculated as set forth below under the caption "Funds from Operations." FFO is a non-GAAP supplemental measure to net income.
- Occupancy, calculated as occupied square footage as a percentage of total square footage as of the last day of that period.

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- Leased percentage, calculated as the percentage of physical net rentable area leased for our commercial segments and percentage of apartments leased for our multifamily segment.
- Rental rates.
- Leasing activity, including new leases, renewals and expirations.

Overview

Business

Our revenues are derived primarily from the ownership and operation of income-producing properties in the greater Washington metro region. As of March 31, 2011, we owned a diversified portfolio of 87 properties, totaling approximately 11.0 million square feet of commercial space and 2,540 multifamily units, and land held for development. These 87 properties consisted of 27 office properties, 16 industrial/flex properties, 18 medical office properties, 15 retail centers and 11 multifamily properties.

We have a fundamental strategy of regional focus and diversification by property type. During the 2011 Quarter we acquired two Washington, DC office buildings, 1140 Connecticut Avenue and 1227 25th Street, totaling approximately 314,000 square feet. After the end of the 2011 Quarter, we sold Dulles Station, Phase I, an office building in Herndon, Virginia, for a contract sales price of $58.8 million. These purchase and sale transactions are consistent with our strategy in recent years of upgrading our portfolio by acquiring or developing higher quality properties that are inside the Beltway, near major transportation nodes or associated with Base Realignment and Closure ("BRAC") initiatives or other significant employment drivers in the greater metro area. We will seek to continue to upgrade our portfolio as opportunities arise. However, market conditions may limit our ability to acquire or sell properties at attractive prices in the future.

Operating Results

Real estate rental revenue, NOI, net income and FFO for the 2011 and 2010 Quarters were as follows (in thousands):

	2011 Quarter	2010 Quarter	$ Change	% Change
Real estate rental revenue	$78,155	$73,551	$ 4,604	6.3%
NOI [(1)]	$52,067	$47,382	$ 4,685	9.9%
Net income attributable to the controlling interests	$ 4,665	$ 5,216	$ (551)	(10.6%)
FFO [(2)]	$29,914	$28,824	$ 1,090	3.8%

(1) See page 28 of the MD&A for reconciliations of NOI to net income.
(2) See page 40 of the MD&A for reconciliations of FFO to net income.

Real estate rental revenue increased by $4.6 million in the 2011 Quarter as compared to the 2010 Quarter due to the acquisitions made during 2010 and the 2011 Quarter, and higher occupancy and rental rates in the multifamily segment. These were partially offset by lower occupancy in the rest of the portfolio. The $4.7 million increase in NOI reflects the higher real estate rental revenue and a $0.1 million decrease in real estate expenses, as lower snow removal costs during the 2011 Quarter were offset by real estate expenses from properties acquired during 2010 and the 2011 Quarter.

The decrease in net income attributable to the controlling interests reflects acquisitions costs related to the purchase of 1140 Connecticut Avenue and 1227 25th Street and a real estate impairment charge recognized during the 2011 Quarter related to the sale of Dulles Station, Phase I.

Investment and Sales Activity

We executed two property acquisitions during the 2011 Quarter, while selling a property shortly after the end of the quarter. We are currently exploring the marketplace for potential acquisitions during the remainder of 2011, continuing with our stated acquisition strategy of focusing on properties inside the Washington metro region's Beltway, near major transportation nodes and in areas with strong employment drivers and superior growth demographics. We also continue to explore the sale of all or a portion of our industrial/flex segment and potentially using the sales proceeds to further our acquisition strategy.

Capital Requirements

As of March 31, 2011, our unsecured lines of credit had $160.0 million outstanding, leaving a remaining borrowing capacity of $177.0 million, and mature in 2011. Subsequent to the end of the 2011 Quarter, we extended for one year our $75.0 million unsecured line of credit, which now expires in June 2012. We currently expect to enter into a new unsecured revolving credit facility at an amount at least equal to our $262.0 million unsecured line of credit during 2011.

We have a combined $105.7 million of unsecured and mortgage notes payable that mature during the remainder of 2011. We currently expect to pay these maturities with some combination of proceeds from new debt, property sales and equity issuances.

Significant Transactions

We summarize below our significant transactions during the 2011 and 2010 Quarters:

2011 Quarter

- The acquisition of two office buildings for $127.3 million, adding approximately 314,000 square feet. We incurred $1.6 million in acquisition costs related to these purchase transactions.
- The execution of new leases for 0.4 million square feet of commercial space (excluding first generation leases at recently-built properties), with an average rental rate decrease of 0.6% from expiring leases.

2010 Quarter

- The repurchase of $1.2 million of our 3.875% convertible notes at 99.3% of par, resulting in a net loss on extinguishment of debt of $41,600.
- The issuance of 0.5 million common shares at a weighted average price of $30.00 under our sales agency financing agreement, raising $15.8 million in net proceeds.
- The execution of new leases for 0.3 million square feet of commercial space (excluding first generation leases at recently-built properties), with an average rental rate increase of 15.8% over expiring leases.

Critical Accounting Policies and Estimates

We base the discussion and analysis of our financial condition and results of operations upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate these estimates, including those related to estimated useful lives of real estate assets, estimated fair value of acquired leases, cost reimbursement income, bad debts, contingencies and litigation. We base the estimates on historical experience and on various other assumptions that we believe 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. We cannot assure you that actual results will not differ from those estimates.

We believe the following accounting estimates are the most critical to aid in fully understanding our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Allowance for Doubtful Accounts

We recognize rental income and rental abatements from our multifamily and commercial leases when earned on a straight-line basis over the lease term. We record a provision for losses on accounts receivable equal to the estimated uncollectible amounts. We base this estimate on our historical experience and a monthly review of the current status of our receivables. We consider factors such as the age of the receivable, the payment history of our tenants and our assessment of our tenants' ability to perform under their lease obligations, among other things. 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. Our estimate of uncollectible accounts is subject to revision as these factors change and is sensitive to the impact of economic and market conditions on tenants.

Real Estate

We record acquired or assumed assets, including physical assets and in-place leases, and liabilities, based on their fair values. We record goodwill when the purchase price exceeds the fair value of the assets and liabilities acquired. We determine the estimated fair values of the assets and liabilities in accordance with current GAAP fair value provisions. We determine the fair values of acquired buildings on an “as-if-vacant” basis considering a variety of factors, including the replacement cost of the property, estimated rental and absorption rates, estimated future cash flows and valuation assumptions consistent with current market conditions. We determine the fair value of land based on comparisons to similar properties that have been recently marketed for sale or sold.

The fair value of in-place leases consists of the following components – (a) 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”), (b) the estimated cost of tenant improvements, and other direct costs associated with obtaining a new tenant (referred to as “tenant origination cost”); (c) estimated leasing commissions associated with obtaining a new tenant (referred to as “leasing commissions”); (d) 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 (e) 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”).

We discount the amounts used to calculate net lease intangibles using an interest rate which reflects the risks associated with the leases acquired. We include tenant origination costs in income producing property on our balance sheet and amortize the tenant origination costs as depreciation expense on a straight-line basis over the useful life of the asset, which is typically the remaining life of the underlying leases. We classify leasing commissions and absorption costs as other assets and amortize leasing commissions and absorption costs as amortization expense on a straight-line basis over the remaining life of the underlying leases. We classify above market net lease intangible assets as other assets and amortize net lease intangible assets on a straight-line basis as a decrease to real estate rental revenue over the remaining term of the underlying leases. We classify below market net lease intangible liabilities as other liabilities and amortize net lease intangible liabilities 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, we write off the unamortized portion of the tenant origination cost (if it has no future value), leasing commissions, absorption costs and net lease intangible associated with that lease.

Capitalized Interest

We capitalize interest costs incurred on borrowing obligations while qualifying assets are being readied for their intended use. We amortize capitalized interest over the useful life of the related underlying assets upon those assets being placed into service.

Real Estate Impairment

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. The estimated fair value would be calculated in accordance with current GAAP fair value provisions.

Stock Based Compensation

We initially measure compensation expense for performance-based restricted share units, restricted shares and unrestricted shares at fair value at the grant date as payouts are probable, and we re-measure compensation expense at subsequent reporting dates until all of the award’s key terms and conditions are known and a vesting has occurred. The number of performance-based restricted share units, restricted shares and unrestricted shares that actually vest or are issued may differ significantly from our estimates. We amortize such performance-based share units to expense over the performance period.

We measure compensation expense for performance-based restricted shares and unrestricted shares with market conditions based on the grant date fair value, as determined using a Monte Carlo simulation. We amortize the expense ratably over the requisite service period, regardless of whether the market conditions are achieved and the awards ultimately vest.

We estimate forfeitures for unvested stock based compensation based on historical pre-vesting employee forfeiture patterns. We ultimately adjust our pre-vesting forfeiture assumptions to actual forfeiture rates, so changes in forfeiture assumptions would not affect the expense ultimately recognized over the vesting period. Estimated forfeitures are reassessed each reporting period based on historical experience and current projections for the future.

Federal Income Taxes

Generally, and subject to our ongoing qualification as a REIT, no provisions for income taxes are necessary except for taxes on undistributed REIT taxable income and taxes on the income generated by our taxable REIT subsidiaries ("TRS"). Our TRS is subject to corporate federal and state income tax on its taxable income at regular statutory rates. Our TRS has net operating loss carryforwards that begin to expire in 2028. We have determined that there were no material income tax provisions or material net deferred income tax items for our TRS.

Results of Operations

The discussion that follows is based on our consolidated results of operations for the 2011 and 2010 Quarters. 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 "same-store", "non-same-store" or discontinued operations. A "same-store" property is one that was owned for the entirety of the periods being evaluated and is included in continuing operations. A "non-same-store" property is one that was acquired or placed into service 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.

To provide more insight into our operating results, we divide our discussion into two main sections:

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

Consolidated Results of Operations

Real Estate Rental Revenue

Real estate rental revenue for properties classified as continuing operations is summarized as follows (all data in thousands except percentage amounts):

	Quarters Ended March 31,			
			Change	
	2011	2010	$	%
Minimum base rent	$68,740	$62,976	$ 5,764	9.2%
Recoveries from tenants	7,847	9,255	(1,408)	(15.2%)
Provisions for doubtful accounts	(1,625)	(1,546)	(79)	(5.1%)
Lease termination fees	284	315	(31)	(9.8%)
Parking and other tenant charges	2,909	2,551	358	14.0%
	$78,155	$73,551	$ 4,604	6.3%

Real estate rental revenue is comprised of (a) minimum base rent, which includes rental revenues recognized on a straight-line basis, (b) revenue from the recovery of operating expenses from our tenants, (c) provisions for doubtful accounts, which includes provisions for straight-line receivables, (d) revenue from the collection of lease termination fees and (e) parking and other tenant charges such as percentage rents.

Minimum Base Rent: Minimum base rent increased by $5.8 million in the 2011 Quarter as compared to the 2010 Quarter due primarily to real estate acquisitions ($5.5 million), as well as a $0.3 million increase in minimum base rent from same-store properties. The same-store increase was due to higher rental rates ($1.6 million), partially offset by lower occupancy ($1.2 million).

Recoveries from Tenants: Recoveries from tenants decreased by $1.4 million in the 2011 Quarter as compared to the 2010 Quarter due to lower reimbursements for operating expenses and utilities ($0.5 million), common area maintenance ($0.7 million) and real estate taxes ($0.5 million) at same-store properties. Lower occupancy across the commercial properties caused these decreases, as well as lower snow removal costs and property tax assessments in the 2011 Quarter. Recoveries from tenants at acquisition properties ($0.4 million) partially offset the same-store decreases.

Provisions for Doubtful Accounts: Provisions for doubtful accounts increased by $0.1 million in the 2011 Quarter as compared to the 2010 Quarter due to higher provisions in the retail ($0.3 million) and medical office ($0.2 million) segments, partially offset by lower provisions in the office ($0.2 million) and industrial ($0.2 million) segments.

Lease Termination Fees: Lease termination fees slightly decreased in the 2011 Quarter as compared to the 2010 Quarter.

Parking and Other Tenant Charges: Parking and other tenant charges increased by $0.4 million in 2011 Quarter as compared to the 2010 Quarter due to higher parking income ($0.1 million) and percentage rents ($0.1 million) from same-store properties, as well as parking income from acquisitions ($0.1 million).

A summary of occupancy for properties classified as continuing operations by segment follows:

	Quarters Ended March 31,		
	2011	2010	Change
Office	88.9%	90.2%	(1.3%)
Medical Office	88.3%	87.7%	0.6%
Retail	92.0%	93.2%	(1.2%)
Multifamily	95.3%	94.4%	0.9%
Industrial	80.2%	83.0%	(2.8%)
Total	88.4%	89.4%	(1.0%)

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

Our overall occupancy decreased to 88.4% in the 2011 Quarter from 89.4% in the 2010 Quarter due to lower occupancy across the office, retail and industrial segments, partially offset by higher multifamily and medical office occupancy.

A detailed discussion of occupancy by sector can be found in the NOI section.

Real Estate Expenses

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

	Quarters Ended March 31,			
			Change	
	2011	2010	$	%
Property operating expenses	$18,419	$18,915	$(496)	(2.6%)
Real estate taxes	7,669	7,254	415	5.7%
	$26,088	$26,169	$ (81)	(0.3%)

Real estate expenses as a percentage of revenue were 33.4% and 35.6% for the 2011 and 2010 Quarters, respectively.

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

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Property operating expenses decreased by $0.5 million in the 2011 Quarter as compared to the 2010 Quarter as lower snow removal costs ($1.4 million) and higher recoveries of bad debt ($0.3 million) at same-store properties were offset by operating expenses from acquisition properties ($1.2 million).

Real Estate Taxes: Real estate taxes increased $0.4 million in the 2011 Quarter as compared to the 2010 Quarter as real estate taxes on acquisitions ($0.7 million) were partially offset by lower assessments across the same-store portfolio ($0.3 million).

Other Operating Expenses

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

	Quarters Ended March 31,			
			Change	
	2011	2010	$	%
Depreciation and amortization	$24,750	$22,587	$2,163	9.6%
Interest expense	17,126	16,838	288	1.7%
Acquisition costs	1,649	55	1,594	2,898.2%
General and administrative	3,702	3,783	(81)	(2.1%)
	$47,227	$43,263	$3,964	9.2%

Depreciation and Amortization: Depreciation and amortization expense increased by $2.2 million in the 2011 Quarter as compared to the 2010 Quarter due to acquisition properties ($3.2 million). The $1.0 million decline in the same-store portfolio is due to lower amortization of intangible assets associated with the acquisition of properties.

Interest Expense: A summary of interest expense by debt type for the 2011 and 2010 Quarters appears below (in millions, except percentage amounts):

	Quarters Ended March 31,			
			Change	
	2011	2010	$	%
Notes payable	$10.5	$10.2	$ 0.3	2.9%
Mortgages	5.8	5.9	(0.1)	(1.7%)
Lines of credit/short-term note payable	0.9	1.0	(0.1)	(10.0%)
Capitalized interest	(0.1)	(0.3)	0.2	66.7%
Total	$17.1	$16.8	$ 0.3	1.8%

Interest expense increased $0.3 million in the 2011 Quarter compared to the 2010 Quarter due the net impact of issuing 4.95% senior notes during 2010, and using the proceeds to pay down significant portions of our 3.875% convertible notes and our 5.95% senior notes.

Acquisition Costs: Acquisition costs increased by $1.6 million in the 2011 Quarter as compared to the 2010 Quarter due to costs associated with the purchases of 1140 Connecticut Avenue and 1227 25th Street during the 2011 Quarter. We did not acquire any properties during the 2010 Quarter.

General and Administrative Expense: General and administrative expense decreased by $0.1 million in the 2011 Quarter as compared to the 2010 Quarter as lower expense related to incentive compensation ($0.4 million) was partially offset by higher salaries ($0.2 million) due to annual pay increases.

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Discontinued Operations

We dispose of assets (sometimes using tax-deferred exchanges) that no longer meet our long-term strategy or return objectives and where market conditions for sale are favorable. The proceeds from the sales may be reinvested into other properties, used to fund development operations or to support other corporate needs, or distributed to our shareholders.

Properties we sold during 2010 are as follows:

Disposition Date	Property	Type	Rentable Square Feet	Contract Purchase Price (In thousands)
June 18, 2010	Parklawn Portfolio[1]	Office/Industrial	229,000	$ 23,400
December 21, 2010	The Ridges	Office	104,000	27,500
December 22, 2010	Ammendale I&II and Amvax	Industrial	305,000	23,000
		2010 Total	638,000	$ 73,900

[1] *The Parklawn Portfolio is comprised of three office properties (Parklawn Plaza, Lexington Building and Saratoga Building) and one industrial property (Charleston Business Center).*

During the 2011 Quarter we committed to, and actively embarked upon, a plan to sell Dulles Station, Phase I, an office property in Herndon, Virginia. We completed the sale subsequent to the 2011 Quarter on April 6, 2011. We treat revenues and expenses of properties classified as held for sale as discontinued operations for all periods presented in the consolidated statements of income.

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

	Quarters Ended March 31,			
			Change	
	2011	2010	$	%
Revenues	$1,132	$ 3,788	$(2,656)	(70.1%)
Property expenses	(492)	(1,642)	1,150	70.0%
Real estate impairment	(599)	—	(599)	—
Depreciation and amortization	(499)	(1,021)	522	51.1%
Interest expense	—	(226)	226	—
Total	$ (458)	$ 899	$(1,357)	(150.9%)

The $0.5 million loss from discontinued operations during the 2011 Quarter is due to a $0.6 million impairment of real estate at Dulles Station, Phase I. We sold this property subsequent to the 2011 Quarter and recorded an impairment charge to reduce the property's carrying amount to its fair value.

Net Operating Income

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

2011 Quarter Compared to 2010 Quarter

The following tables of selected operating data provide the basis for our discussion of NOI in the 2011 Quarter compared to the 2010 Quarter. All amounts are in thousands except percentage amounts.

	Quarters Ended March 31, 2011	2010	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 72,095	$ 73,551	$(1,456)	(2.0%)
Non-same-store (1)	6,060	—	6,060	—
Total real estate rental revenue	$ 78,155	$ 73,551	$ 4,604	6.3%
Real Estate Expenses				
Same-store	$ 24,045	$ 26,030	$(1,985)	(7.6%)
Non-same-store (1)	2,043	139	1,904	1,369.8%
Total real estate expenses	$ 26,088	$ 26,169	$ (81)	(0.3%)
NOI				
Same-store	$ 48,050	$ 47,521	$ 529	1.1%
Non-same-store (1)	4,017	(139)	4,156	2,989.9%
Total NOI	$ 52,067	$ 47,382	$ 4,685	9.9%
Reconciliation to Net Income				
NOI	$ 52,067	$ 47,382		
Acquisition costs	(1,649)	(55)		
Other income	306	289		
Interest expense	(17,126)	(16,838)		
Depreciation and amortization	(24,750)	(22,587)		
General and administrative expenses	(3,702)	(3,783)		
Gain (loss) on extinguishment of debt	—	(42)		
Discontinued operations(2)	(458)	899		
Net income	4,688	5,265		
Less: Net income attributable to noncontrolling interests	(23)	(49)		
Net income attributable to the controlling interests	$ 4,665	$ 5,216		

Occupancy	Quarters Ended March 31, 2011	2010
Same-store	88.7%	90.0%
Non-same-store (1)	84.8%	1.8%
Total	88.4%	89.4%

(1) Non-same-store properties include:

2011 Office acquisitions – 1140 Connecticut Avenue and 1227 25th Street
2010 Office acquisitions – Quantico Corporate Center (925 and 1000 Corporate Drive)
2010 Retail acquisition – Gateway Overlook
2009 Medical Office acquisition – Lansdowne Medical Office Building

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

2011 held for sale – Dulles Station, Phase I
2010 dispositions – Parklawn Plaza, Lexington Building, Saratoga Building, Charleston Business Center, the Ridges, Ammendale I&II and Amvax

Real estate rental revenue increased by $4.6 million in the 2011 Quarter as compared to the 2010 Quarter due to acquisitions ($6.1 million), partially offset by a $1.5 million decrease in real estate rental revenues from same-store properties. This decrease at same-store properties was due to lower occupancy ($1.2 million), lower operating expense and common area maintenance reimbursements ($1.2 million) and lower real estate tax reimbursements ($0.5 million), partially offset by higher rental rates ($1.6 million).

Real estate expenses decreased by $0.1 million in the 2011 Quarter as compared to the 2010 Quarter due to lower snow removal costs ($1.4 million), lower real estate taxes ($0.3 million) and higher recoveries of bad debt ($0.3 million) at same-store properties. These were offset by $1.9 million in operating expenses from acquisitions.

Same-store occupancy decreased to 88.7% in the 2011 Quarter from 90.0% in the 2010 Quarter, as decreases in the office, medical office, retail and industrial segments were partially offset by higher occupancy in the multifamily segment. Non-same-store occupancy increased to 84.8% in the 2011 Quarter from 1.8% in the 2010 Quarter, reflecting the acquisitions made during the 2011 Quarter and 2010. Lansdowne Medical Office Building, which was vacant upon acquisition during the 2009 Quarter, was 22.8% leased as of the end of the 2011 Quarter. During the 2011 Quarter, 76.9% of the commercial square footage expiring was renewed as compared to 68.1% in the 2010 Quarter, excluding properties sold or classified as held for sale. During the 2011 Quarter, we executed new leases (excluding first generation leases at recently-built properties) for 416,200 commercial square feet at an average rental rate of $20.53 per square foot, a decrease of 0.6%, with average tenant improvements and leasing costs of $6.65 per square foot.

An analysis of NOI by segment follows.

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Office Segment:

	Quarters Ended March 31, 2011	2010	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$30,073	$30,973	$ (900)	(2.9%)
Non-same-store (1)	4,030	—	4,030	—
Total real estate rental revenue	$34,103	$30,973	$ 3,130	10.1%
Real Estate Expenses				
Same-store	$10,168	$10,775	$ (607)	(5.6%)
Non-same-store (1)	1,320	—	1,320	—
Total real estate expenses	$11,488	$10,775	$ 713	6.6%
NOI				
Same-store	$19,905	$20,198	$ (293)	(1.5%)
Non-same-store (1)	2,710	—	2,710	—
Total NOI	$22,615	$20,198	$ 2,417	12.0%

Occupancy	2011	2010
Same-store	88.3%	90.2%
Non-same-store (1)	93.3%	—
Total	88.9%	90.2%

(1) Non-same-store properties include:

2011 acquisitions – 1140 Connecticut Avenue and 1227 25th Street
2010 acquisitions – Quantico Corporate Center (925 and 1000 Corporate Drive)

Real estate rental revenue in the office segment increased by $3.1 million in the 2011 Quarter as compared to the 2010 Quarter due to acquisitions ($4.0 million), partially offset by a decrease in real estate rental revenue from same-store properties ($0.9 million). This decrease at same-store properties was due to lower occupancy ($0.8 million) and lower real estate tax ($0.4 million) and operating expense ($0.3 million) reimbursements, partially offset by higher rental rates ($0.6 million).

Real estate expenses in the office segment increased by $0.7 million in the 2011 Quarter as compared to the 2010 Quarter due to the acquisitions ($1.3 million), partially offset by lower real estate taxes ($0.4 million) and higher recoveries of bad debt ($0.3 million) at same-store properties.

Same-store occupancy decreased to 88.3% in the 2011 Quarter from 90.2% in the 2010 Quarter, driven by lower occupancy at Monument II and 2000 M Street. These were partially offset by higher occupancy at Courthouse Square. The non-same-store occupancy of 93.3% reflects high occupancy at Quantico Corporate Center and 1140 Connecticut Avenue, partially offset by 1227 25th Street, which was 72% occupied upon its acquisition near the end of the 2011 Quarter. During the 2011 Quarter, 33.8% of the square footage that expired was renewed compared to 71.0% in the 2010 Quarter, excluding properties sold or classified as held for sale. During the 2011 Quarter, we executed new leases for 138,100 square feet of office space at an average rental rate of $30.97 per square foot, a decrease of 1.4%, with average tenant improvements and leasing costs of $8.05 per square foot.

Medical Office Segment:

	Quarters Ended March 31, 2011	2010	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$11,023	$11,415	$ (392)	(3.4%)
Non-same-store (1)	108	—	108	—
Total real estate rental revenue	$11,131	$11,415	$ (284)	(2.5%)
Real Estate Expenses				
Same-store	$ 3,518	$ 3,812	$ (294)	(7.7%)
Non-same-store (1)	151	139	12	8.6%
Total real estate expenses	$ 3,669	$ 3,951	$ (282)	(7.1%)
NOI				
Same-store	$ 7,505	$ 7,603	$ (98)	(1.3%)
Non-same-store (1)	(43)	(139)	96	69.1%
Total NOI	$ 7,462	$ 7,464	$ (2)	0.0%

Occupancy	2011	2010
Same-store	93.5%	93.8%
Non-same-store (1)	14.7%	1.8%
Total	88.3%	87.7%

(1) Non-same-store properties include:

2009 acquisition – Lansdowne Medical Office Building

Real estate rental revenue in the medical office segment decreased by $0.3 million in 2011 Quarter as compared to the 2010 Quarter due to lower occupancy ($0.2 million), higher bad debt ($0.2 million) and lower operating expense ($0.3 million) and real estate tax ($0.1 million) reimbursements at same-store properties. These were partially offset by higher rental rates ($0.4 million) at same-store properties and higher occupancy ($0.1 million) at Lansdowne Medical Office Building.

Real estate expenses in the medical office segment decreased by $0.3 million in the 2011 Quarter as compared to the 2010 Quarter due to lower snow removal costs ($0.2 million) and utilities expense ($0.1 million).

Same-store occupancy decreased to 93.5% in the 2011 Quarter from 93.8% in the 2010 Quarter, driven by lower occupancy at 8501 Arlington Boulevard, Plumtree Medical Center and 15005 Shady Grove Road. These were partially offset by higher occupancy at Sterling Medical Office Building and Alexandria Professional Center. The increase in non-same-store occupancy to 14.7% in the 2011 Quarter from 1.8% in the 2010 Quarter reflects the continued lease-up of Lansdowne Medical Office Building, which was newly-constructed and vacant when purchased during the fourth quarter of 2009. During the 2011 Quarter, 84.3% of the square footage that expired was renewed compared to 48.8% in the 2010 Quarter. During the 2011 Quarter, we executed new leases (excluding first generation leases) for 43,400 square feet of medical office space at an average rental rate of $37.24, an increase of 13.1%, with average tenant improvements and leasing costs of $21.10 per square foot.

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Retail Segment:

	Quarters Ended March 31,			
	2011	2010	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$10,225	$10,501	$ (276)	(2.6%)
Non-same-store (1)	1,922	—	1,922	—
Total real estate rental revenue	$12,147	$10,501	$ 1,646	15.7%
Real Estate Expenses				
Same-store	$ 2,970	$ 3,284	$ (314)	(9.6%)
Non-same-store (1)	572	—	572	—
Total real estate expenses	$ 3,542	$ 3,284	$ 258	7.9%
NOI				
Same-store	$ 7,255	$ 7,217	$ 38	0.5%
Non-same-store (1)	1,350	—	1,350	—
Total NOI	$ 8,605	$ 7,217	$ 1,388	19.2%

Occupancy	2011	2010
Same-store	92.2%	93.2%
Non-same-store (1)	90.0%	—
Total	92.0%	93.2%

(1) Non-same-store properties include:

2010 acquisition – Gateway Overlook

Real estate rental revenue in the retail segment increased by $1.6 million in the 2011 Quarter as compared to the 2010 Quarter due to the acquisition of Gateway Overlook in 2010 ($1.9 million). Real estate rental revenue from same-store properties decreased by $0.3 million due to higher bad debt ($0.3 million) and lower common area maintenance reimbursements ($0.2 million), partially offset by higher percentage rents ($0.1 million) and occupancy ($0.1 million).

Real estate expenses in the retail segment increased by $0.3 million in the 2011 Quarter as compared to the 2010 Quarter due to the acquisition of Gateway Overlook ($0.6 million), partially offset by lower snow removal costs ($0.4 million) at same-store properties.

Same-store occupancy decreased to 92.2% in the 2011 Quarter from 93.2% in the 2010 Quarter, driven by lower occupancy at Wheaton Park and the Centre at Hagerstown, partially offset by higher occupancy at Frederick Crossing. The non-same-store occupancy of 90.0% reflects the acquisition of Gateway Overlook in 2010. During the 2011 Quarter, 99.6% of the square footage that expired was renewed compared to 86.4% in the 2010 Quarter. During the 2011 Quarter, we executed new leases for 78,700 square feet of retail space at an average rental rate of $16.48, an increase of 5.4%, with average tenant improvements and leasing costs of $1.07 per square foot.

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Multifamily Segment:

	Quarters Ended March 31, 2011	2010	$ Change	% Change
Real Estate Rental Revenue				
Total	$12,493	$11,842	$ 651	5.5%
Real Estate Expenses				
Total	$ 4,828	$ 5,103	$ (275)	(5.4%)
NOI				
Total	$ 7,665	$ 6,739	$ 926	13.7%

Occupancy	2011	2010
Total	95.3%	94.4%

Real estate rental revenue in the multifamily segment increased by $0.7 million in the 2011 Quarter as compared to the 2010 Quarter due primarily to higher rental rates ($0.4 million), lower rent abatements ($0.2 million) and higher occupancy ($0.1 million).

Real estate expenses in the multifamily segment decreased by $0.3 million in the 2011 Quarter as compared to the 2010 Quarter due primarily to lower snow removal costs ($0.2 million) and utilities expense ($0.1 million).

Occupancy increased to 95.3% in the 2011 Quarter from 94.4% in the 2010 Quarter, driven by higher occupancy at 3801 Connecticut Avenue and Roosevelt Towers.

Industrial Segment:

	Quarters Ended March 31, 2011	2010	$ Change	% Change
Real Estate Rental Revenue				
Total	$8,281	$8,820	$ (539)	(6.1%)
Real Estate Expenses				
Total	$2,561	$3,056	$ (495)	(16.2%)
NOI				
Total	$5,720	$5,764	$ (44)	(0.8%)

Occupancy	2011	2010
Total	80.2%	83.0%

Real estate rental revenue in the industrial segment decreased by $0.5 million in the 2011 Quarter as compared to the 2010 Quarter due primarily to lower occupancy ($0.4 million) and lower common area maintenance reimbursements ($0.5 million), partially offset by higher rental rates ($0.2 million) and lower bad debt ($0.2 million).

Real estate expenses in the industrial segment decreased by $0.5 million in the 2011 Quarter as compared to the 2010 Quarter due to lower snow removal costs.

Occupancy decreased to 80.2% in the 2011 Quarter from 83.0% in the 2010 Quarter, driven by lower occupancy at Dulles Business Park, NVIP and Fullerton Industrial Center. During the 2011 Quarter, 60.4% of the square footage that expired was renewed compared to 51.5% in the 2010 Quarter, excluding properties sold or classified as held for sale. During the 2011 Quarter, we executed new leases for 156,100 square feet of industrial space at an average rental rate of $8.70, a decrease of 15.3%, with average tenant improvements and leasing costs of $4.21 per square foot.

Liquidity and Capital Resources

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 secured and unsecured 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, general market conditions for REITs, our operating performance, our debt rating and the current trading price of our common shares. We analyze which source of capital we believe to be most advantageous to us at any particular point in time. However, the capital markets may not consistently be available on terms that we consider attractive. While we have seen increased investor appetite for securities issued by REITs, we have learned from the recent economic downturn that investor appetite can change dramatically in a very short period of time. As a result, there can be no assurance that we will be able to access the public or private debt and equity markets at a given point in the future.

We currently expect that our potential sources of liquidity for acquisitions, development, expansion and renovation of properties, and operating and administrative expenses, may include:

- Cash flow from operations;
- Borrowings under our unsecured credit facilities or other short-term facilities;
- Issuances of our equity securities and/or common units in our operating partnership;
- Proceeds from long-term secured or unsecured debt financings;
- Investment from joint venture partners; and
- Net proceeds from the sale of assets.

During 2011, we expect that we will have the following capital requirements. There can be no assurance that our capital requirements will not be materially higher or lower than these expectations.

- Funding dividends on our common shares and noncontrolling interest distributions to third party unit holders;
- Capital to refinance the $105.7 million of remaining 2011 maturities on our mortgage notes payable and unsecured notes payable;
- Capital to refinance our $262.0 million unsecured line of credit which expires in 2011;
- Approximately $35.0 - $45.0 million to invest in our existing portfolio of operating assets, including approximately $20.0 - $25.0 million to fund tenant-related capital requirements and leasing commissions;
- Approximately $1.0 million to fund first generation tenant-related capital requirements and leasing commissions;
- Approximately $1.0 - $5.0 million to invest in our development projects;
- Approximately $200.8 million to fund our known property acquisitions, including $127.3 million of acquisitions that closed in the 2011 Quarter; and
- Funding for potential property acquisitions throughout the remainder of 2011, with a portion expected to be offset by proceeds from potential property dispositions.

We currently 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 the potential for federal government budget reductions, general market conditions in the greater Washington metro region, economic downturns affecting the ability to attract and retain tenants, unfavorable fluctuations in interest rates or our share price, unfavorable changes in the supply of competing properties, or our properties not performing as expected and charges in lenders' institutional regulations, we may not generate sufficient cash flow from operations or otherwise have access to capital on favorable terms, or at all. As a result, if we are unable to obtain capital from other sources, we may need to alter our capital spending plans which may limit our future growth. If we are unable to obtain capital, 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 re-development opportunities with respect to our existing portfolio of operating assets.

Debt Financing

We generally use secured or unsecured, corporate-level debt, including mortgages, unsecured notes and our unsecured credit facilities, to meet our borrowing needs. Long-term, we generally use fixed rate debt instruments in order to match the returns from our real estate assets. We also utilize variable rate debt for short-term financing purposes. At times, our mix of variable and fixed rate debt may not suit our needs. At those times, we may use derivative financial instruments including interest rate swaps and caps, forward interest rate options or interest rate options in order to assist us in managing our debt mix. We may either hedge our variable rate debt to give it an effective fixed interest rate or hedge fixed rate debt to give it an effective variable interest rate.

Our total debt at March 31, 2011 and December 31, 2010 is summarized as follows (in thousands):

	March 31, 2011	December 31, 2010
Fixed rate mortgages	$ 379,333	$ 380,171
Unsecured credit facilities	160,000	100,000
Unsecured notes payable	753,692	753,587
	$1,293,025	$1,233,758

If principal amounts due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new 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 or inhibit our ability to finance our obligations.

Mortgage Debt

At March 31, 2011, our $379.3 million in fixed rate mortgages, which includes a net $6.5 million in unamortized discounts due to fair value adjustments, bore an effective weighted average fair value interest rate of 5.9% and had a weighted average maturity of 4.7 years. We may either initiate secured mortgage debt or assume mortgage debt from time-to-time in conjunction with property acquisitions.

Unsecured Credit Facilities

Our primary external source of liquidity is our two revolving credit facilities. We can borrow up to $337.0 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 originally set to expire in June 2011. After the end of the 2011 Quarter, we exercised a one-year extension option on this facility, which now expires in June 2012. We had $60.0 million outstanding and $0.8 million in letters of credit issued as of March 31, 2011, related to Credit Facility No. 1. 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 the higher of SunTrust Bank’s prime rate and the Federal Funds Rate in effect plus 0.5%. The interest rate spread is currently 42.5 basis points. All outstanding advances are due and payable upon maturity in June 2011, and may be extended for one year at our option. Interest only payments are due and payable generally on a monthly basis. In addition, we pay a facility fee based on the credit rating of our publicly issued debt which currently equals 0.15% 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.

Credit Facility No. 2 is a four-year $262.0 million unsecured credit facility expiring in November 2011. We had $100.0 million outstanding and $0.9 million in letters of credit issued as of March 31, 2011, related to Credit Facility No. 2. Advances under this agreement bear interest at our option of LIBOR plus a spread based on the credit rating of 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%. The interest rate spread is currently 42.5 basis points. An interest rate swap fixes the interest rate at 2.525% (2.10% plus 42.5 basis points) through the interest rate swap’s maturity date of November 1, 2011. All outstanding advances are due and payable upon maturity in November 2011. Interest only payments are due and payable generally on a monthly basis. 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.

We currently anticipate that, prior to the November 2011 expiration of Credit Facility No. 2, we will negotiate a replacement facility substantially similar to the expiring facility. Although we anticipate that we will be able to obtain a replacement facility in the same or greater amount than the expiring facility, there is no assurance that we will be able to do so. Further, we anticipate that the interest rates and facility fees on the replacement facility will be higher than the expiring facility, though we do not currently expect that the revised terms will have a material adverse effect on our financial results. The terms of the replacement facility will be subject to the condition of the financial and lending markets, which, while improving, remain volatile and less predictable than in past periods.

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

- A minimum tangible net worth;
- A maximum ratio of total liabilities to gross asset value, calculated using an estimate of fair market value of our assets;
- A maximum ratio of secured indebtedness to gross asset value, calculated using an estimate of fair market value of our assets;
- A minimum ratio of annual EBITDA (earnings before interest, taxes, depreciation and amortization) to fixed charges, including interest expense;
- A minimum ratio of unencumbered asset value, calculated using a fair value of our assets, to unsecured indebtedness;
- A minimum ratio of net operating income from our unencumbered properties to unsecured interest expense; and
- A maximum ratio of permitted investments to gross asset value, calculated using an estimate of fair market value of our assets.

Failure to comply with any of the covenants under our unsecured credit facilities or other debt instruments could result in a default under one or more of our debt instruments. This could cause our lenders to accelerate the timing of payments and would therefore have a material adverse effect on our business, operations, financial condition and liquidity. In addition, our ability to draw on our unsecured credit facilities or incur other unsecured debt in the future could be restricted by the loan covenants. As of March 31, 2011, we were in compliance with our loan covenants.

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

Unsecured Notes

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

Depending upon market conditions, opportunities to issue unsecured notes on attractive terms may not be available. During periods in the recent past, unsecured notes were essentially unavailable for extended periods of time. While debt markets have materially improved, it is difficult to predict if the improvement is sustainable.

Our unsecured notes have maturities ranging from June 2011 through February 2028, as follows (in thousands):

	March 31, 2011 Note Principal
5.95% notes due 2011	$ 93,862
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
4.95% notes due 2020	250,000
3.875% notes due 2026[1]	2,659
7.25% notes due 2028	50,000
	$ 756,521

(1) On or after September 20, 2011, we may redeem the convertible 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, 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.

Our unsecured notes contain covenants with which we must comply. These include:

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

Failure to comply with any of the covenants under our unsecured notes could result in a default under one or more of our debt instruments. This could cause our debt holders to accelerate the timing of payments and would therefore have a material adverse effect on our business, operations, financial condition and liquidity. As of March 31, 2011, we were in compliance with our unsecured notes covenants.

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

Common Equity

We have authorized for issuance 100.0 million common shares, of which 65.9 million shares were outstanding at March 31, 2011.

We have a dividend reinvestment program, whereby shareholders may use their dividends and optional cash payments to purchase common shares. The common shares sold under this program may either be common shares issued by us or common shares purchased in the open market. We use net proceeds under this program for general corporate purposes. For the 2011 Quarter, we issued 42,682 common shares at a weighted average price of $30.81 per share, raising $1.3 million in net proceeds.

Dividends

We pay dividends quarterly. The maintenance of these dividends is subject to various factors, including the discretion of our Board of Trustees, our results of operations, 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.

The table below details our dividend and distribution payments for the 2011 and 2010 Quarters (in thousands).

	Quarters Ended March 31,			
			Change	
	2011	2010	$	%
Common dividends	$28,590	$25,898	$2,692	10.4%
Distributions to noncontrolling interests	25	47	(22)	(46.8%)
	$28,615	$25,945	$2,670	10.3%

Dividends paid for the 2011 Quarter as compared to the 2010 Quarter increased due primarily to the issuance of 5.6 million common shares under our sales agency financing agreement during 2010.

Cash flows from operations are an important factor in our ability to sustain our dividend at its current rate. If our cash flows from operations were to decline significantly, we may have to borrow on our lines of credit to sustain the dividend rate or reduce our dividend.

Historical Cash Flows

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

	Quarters Ended March 31,			
			Change	
	2011	2010	$	%
Net cash provided by (used in) operating activities	$ 32.6	$ 29.0	$ 3.6	12.4%
Net cash provided by (used in) investing activities	$(130.8)	$ (4.0)	$(126.8)	(3,170.0%)
Net cash provided by (used in) financing activities	$ 31.9	$(25.4)	$ 57.3	225.6%

Our operating activities generated $32.6 million of net cash in the 2011 Quarter, an increase from $29.0 million in the 2010 Quarter that is attributable to the operations of the properties acquired in 2010 and the 2011 Quarter, as well as lower interest payments. The decrease in interest payments is primarily due to a change in the timing of the semi-annual interest payments on our unsecured notes.

Our investing activities used net cash of $130.8 million in the 2011 Quarter compared to $4.0 million in the 2010 Quarter. The increase in cash used by investing activities is due to the acquisition of two properties during the 2011 Quarter, as compared to no acquisitions during the 2010 Quarter.

Our financing activities provided net cash of $31.9 million in the 2011 Quarter as compared to using $25.4 million in the 2010 Quarter. The increase in cash provided by financing activities is primarily due to net borrowings of $60.0 million from our unsecured lines of credit during the 2011 Quarter.

Ratios of Earnings to Fixed Charges and Debt Service Coverage

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

	Quarters Ended March 31,	
	2011	2010
Earnings to fixed charges	1.3x	1.2x
Debt service coverage	2.7x	2.5x

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

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

Funds From Operations

FFO is a widely used measure of operating performance for real estate companies. We provide FFO as a supplemental measure to net income calculated in accordance with GAAP. Although FFO is a widely used measure of operating performance for REITs, FFO does not represent net income calculated in accordance with GAAP. As such, it should not be considered an alternative to net income as an indication of our operating performance. In addition, FFO does not represent cash generated from operating activities in accordance with GAAP, nor does it represent cash available to pay distributions and should not be considered as an alternative to cash flow from operating activities, determined in accordance with GAAP, as a measure of our liquidity. The National Association of Real Estate Investment Trusts, Inc. (“NAREIT”) defines FFO (April, 2002 White Paper) as net income (computed in accordance with GAAP) excluding gains (or losses) from sales of property plus real estate depreciation and amortization. We consider FFO to be a standard supplemental measure for REITs because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs. Our FFO may not be comparable to FFO reported by other REITs. These other REITs may not define the term in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently.

The following table provides the calculation of our FFO and a reconciliation of FFO to net income for the periods shown (in thousands):

	Quarters Ended March 31,	
	2011	2010
Net income attributable to the controlling interests	$ 4,665	$ 5,216
Adjustments		
Depreciation and amortization	24,750	22,587
Discontinued operations depreciation and amortization	499	1,021
FFO as defined by NAREIT	$29,914	$28,824

ITEM 3: QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

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

As the majority of our outstanding debt is long-term, fixed rate debt, our interest rate risk has not changed significantly from what was disclosed in our 2010 Annual Report on Form 10-K. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Debt Financing.”

ITEM 4: CONTROLS AND PROCEDURES

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

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

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

PART II
OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

None.

ITEM 1A: RISK FACTORS

None.

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

None.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: (REMOVED AND RESERVED)

ITEM 5: OTHER INFORMATION

None.

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ITEM 6: EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit	Filing Date	Filed Herewith
10.33*	Amendment to 2009 Long Term Incentive Plan					X
10.34*	Long Term Incentive Plan, effective January 1, 2011					X
10.35*	Short Term Incentive Plan, effective January 1, 2011					X
10.36*	Deferred Compensation Plan for Directors, effective January 1, 2011					X
12	Computation of Ratios					X
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended ("the Exchange Act")					X
31.2	Certification of the Executive Vice President – Accounting and Administration pursuant to Rule 13a-14(a) of the Exchange Act					X
31.3	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32	Certification of the Chief Executive Officer, Executive Vice President – Accounting and Administration and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101	The following materials from our Quarterly Report on Form 10–Q for the quarter ended March 31, 2011 formatted in eXtensible Business Reporting Language ("XBRL"): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Shareholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) notes to these consolidated financial statements, tagged as blocks of text					X

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

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, 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/ WILLIAM T. CAMP

William T. Camp
Executive Vice President and Chief Financial Officer

DATE: May 6, 2011

Exhibit 10.33

AMENDMENT TO WASHINGTON REAL ESTATE INVESTMENT TRUST LONG-TERM INCENTIVE PLAN

This Amendment (this "Amendment") to the Washington Real Estate Investment Trust Long-Term Incentive Plan is made as of February 17, 2011.

Background. Washington Real Estate Investment Trust ("WRIT") has adopted the new 2011 Long-Term Incentive Compensation Plan (the "New Plan") to replace the Long-Term Incentive Plan that became effective January 1, 2009 (the "2009 Plan"). In connection with the adoption of the New Plan, WRIT is now amending the 2009 Plan with respect to the performance share units ("PSUs") relating to the 2009 – 2011 and the 2010 – 2012 performance periods to convert them into restricted share units ("RSUs"). No further grants of PSUs will be made after 2010, or remain outstanding, under the 2009 Plan. All RSUs granted under the 2009 Plan before 2011 will remain in effect in accordance with the terms of the 2009 Plan, but after 2010 no further grants of RSUs will be made under the 2009 Plan, other than the above-described PSUs that have been converted into RSUs.

NOW THEREFORE, WRIT hereby amends the 2009 Plan as follows, generally effective January 1, 2011 (the "Effective Date"):

With respect to the PSUs attributable to the three-year performance periods of 2009 – 2011 and 2010 – 2012 (the "2009 – 2011 PSUs" and the "2010 – 2012 PSUs," respectively), the performance period shall be treated as if it ended December 31, 2010, using (i) for TSR PSUs, actual TSR and the ending share price determined at December 1, 2010, and (ii) for FFO PSUs, actual FFO per share through December 31, 2010 and target FFO per share for the remaining years of the applicable three-year performance period.

In lieu of the PSUs being converted into common shares and delivered within 2 1/2 months of the end of the performance period, the PSUs shall as of the date of this Amendment be converted into RSUs.

The RSUs attributable to the 2009 – 2011 PSUs (the "2009 – 2011 RSUs") shall vest as of December 31, 2011 if the Participant remains employed by WRIT on that date, and the RSUs attributable to the 2010 – 2012 PSUs (the ("2010 – 2012 RSUs") shall vest as of December 31, 2012 if the Participant remains employed by WRIT on that date. The RSUs shall also fully vest upon termination of employment before the applicable December 31 vesting date under the same conditions that apply to vesting of RSUs under Section 11 of the 2009 Plan, except that (i) no RSUs shall vest due to the Participant's retirement, and (ii) in order for a termination to be considered for good reason, in addition to the other requirements of the 2009 Plan, the Participant must give written notice to WRIT or its successor within thirty (30) days following the event creating good reason or receipt of notice of the event of his objection to the event, WRIT or its successor must fail to remedy the event within thirty (30) days following the Participant's written notice, and the Participant must terminate his employment within thirty (30) days following the failure of WRIT or its successor to remedy the event. Except as provided in this paragraph, all nonvested RSUs are forfeited at termination of employment.

RSUs will be converted into common shares of beneficial interest in WRIT and delivered as soon as administratively feasible after vesting, but in no event later than March 15th of the year following the year in which vesting occurs.

An amount equal to the dividends paid per WRIT common share from January 1, 2009 through the date of this Amendment shall be paid, within thirty (30) days after the date of this Amendment, in cash for each WRIT share represented by the RSUs. Thereafter and until the earlier of the date of issuance of WRIT shares for the RSUs or the date of forfeiture of the RSUs upon termination of employment (if applicable), an amount equal to the dividends paid per WRIT common share after the date of this Amendment shall be paid, at the same date dividends on WRIT common shares are paid, in cash for each WRIT share represented by the RSUs.

The foregoing provisions of this Amendment apply only to the 2009 – 2011 RSUs and the 2010 – 2012 RSUs. All other RSUs that are outstanding on the date of this Amendment shall remain subject to the provisions of the 2009 Plan as in effect prior to this Amendment.

Notwithstanding any other provision of this Amendment or of the 2009 Plan, no new grants of PSUs or RSUs shall be made under the 2009 Plan after 2010, except for the 2009 – 2011 RSUs and the 2010 – 2012 RSUs described herein.

Except as specifically amended hereby, the 2009 Plan shall remain in full force and effect as prior to this Amendment.

Exhibit 10.34

WASHINGTON REAL ESTATE INVESTMENT TRUST
2011 LONG-TERM
INCENTIVE PLAN
(Effective January 1, 2011)

ARTICLE I. INTRODUCTION

1.1 Purpose. The purposes of the Washington Real Estate Investment Trust 2011 Long-Term Incentive Plan (the "Plan") contained herein are to allow Washington Real Estate Investment Trust (the "Trust") to attract and retain talented executives, to provide incentives to executives to achieve certain performance targets, and to link executive compensation to shareholder results by rewarding competitive and superior performance. In furtherance of those purposes, the Plan is designed to provide long-term incentive compensation to officers of the Trust, the amount of which is dependent on the degree of attainment of certain performance goals of the Trust over the performance period beginning on January 1, 2011 and ending on December 31, 2013.

1.2 Background. The Plan replaces the Long-Term Incentive Plan that became effective January 1, 2009 (the "Prior Plan") with respect to the performance period beginning January 1, 2011 and ending December 31, 2013. The Prior Plan has been amended in connection with the adoption of this Plan with respect to the performance share units ("PSUs") relating to the 2009 – 2011 and the 2010 – 2012 performance periods to convert them into restricted share units ("RSUs"), and no further grants of PSUs will be made after 2010, or remain outstanding, under the Prior Plan. All RSUs granted under the Prior Plan before 2011 remain in effect in accordance with the terms of the Prior Plan, but after 2010 no further grants of RSUs will be made under the Prior Plan, other than the above-described PSUs that have been converted into RSUs. The foregoing amendment to the Prior Plan is set forth in the Amendment to Long-Term Incentive Plan made as of February 17, 2011.

1.3 Overview. Each award under the Plan is initially expressed as a dollar amount that is a multiple of the participant's annual base salary, which multiple varies depending on the participant's job position and the degree of achievement of the performance goals over the three-year performance period under the Plan. The dollar amount is converted into a number of common shares of the Trust with equivalent value at the end of the performance period. The awards are payable 50% in unrestricted (i.e., fully vested) common shares and 50% in restricted common shares that are subject to a vesting schedule that normally runs for one year after the completion of the three-year performance period. Grants under the Plan are made pursuant to and from the common share reserve established under the Trust's 2007 Omnibus Long-Term Incentive Plan.

1.4 Effective Date. This Plan is effective as of January 1, 2011 (the "Effective Date"), and was approved by the Compensation Committee of the Board of Trustees of the Trust (the "Committee") and by the Board of Trustees of the Trust (the "Board") on February 17, 2011.

ARTICLE II. DEFINITIONS

2.1 "Award" means an award of fully vested Common Shares and Common Shares subject to vesting under the Plan.

2.2 "Absolute Total Shareholder Return" means annual compounded Total Shareholder Return for the Performance Period (or if a Change in Control occurs during the Performance Period, annualized compounded Total Shareholder Return for the Performance Period).

2.3 "Beginning Share Price" means the average closing price per Common Share for the twenty (20) trading days ending December 1, 2010 on the exchange on which Common Shares are traded.

2.4 "Cause" means

(a) commission by the Participant of a felony or crime of moral turpitude;

(b) conduct by the Participant in the performance of the Participant's duties to the Trust which is illegal, dishonest, fraudulent or disloyal;

(c) the breach by the Participant of any fiduciary duty the Participant owes to the Trust; or

(d) gross neglect of duty which is not cured by the Participant to the reasonable satisfaction of the Trust within thirty (30) days of the Participant's receipt of written notice from the Trust advising the Participant of said gross neglect

2.5 "Change in Control" means an event or occurrence set forth in any one or more of subsections (a) through (d) below (including any event or occurrence that constitutes a Change in Control under one of such subsections but is specifically exempted from another such subsection):

(a) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership of any shares of beneficial interest in the Trust if, after such acquisition, such Person beneficially owns (within the meaning of rule 13d-3 promulgated under the Exchange Act) forty percent (40%) or more of either (1) the then-outstanding shares of beneficial interest in the Trust (the "Outstanding Trust Shares") or (2) the combined voting power of the then-outstanding shares of beneficial interest the Trust entitled to vote generally in the election of trustees (the "Outstanding Trust Voting Shares"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Trust or any corporation controlled by the Trust, or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (1) and (2) of subsection (c) of this Section; or

(b) such time as the Continuing Trustees (as defined below) do not constitute a majority of the Board (or, if applicable, the board of directors or trustees of a successor corporation or other entity to the Trust), where the term "Continuing Trustee" means at any date a member of the Board (1) who was a member of the Board on the date hereof or (2) who was nominated or elected subsequent to the date hereof with the approval of other Board members who themselves constitute Continuing Trustees at the time of such nomination or election; provided, however, that there shall be excluded from this clause (2) any individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of trustees or other actual or threatened solicitation of proxies or consents, by or on behalf of a person other than the Board; or

(c) the consummation of a merger, consolidation, reorganization, recapitalization or statutory share exchange involving the Trust or a sale or other disposition of all or substantially all of the assets of the Trust in one or a series of transactions (a "Business Combination"), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (1) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Trust Shares and Outstanding Trust Voting Shares immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of beneficial interest or stock, as the case may be, and the combined voting power of the then-outstanding shares or stock, as the case may be, entitled to vote generally in the election of trustees, or directors, as the case may be, respectively, of the resulting or acquiring corporation or other entity in such Business Combination (which shall include, without limitation, a corporation or other entity which as a result of such transaction owns the Trust or substantially all of the Trust's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation or other entity referred to herein as the "Acquiring Entity") in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Trust Shares and Outstanding Trust Voting Shares, respectively; and (2) no Person (excluding the Acquiring Entity or any employee benefit plan (or related trust) maintained or sponsored by the Trust or by the Acquiring Entity) beneficially owns, directly or indirectly, 40% or more of the then outstanding shares of beneficial interest or stock, as the case may be, of the Acquiring Entity, or of the combined voting power of the then-outstanding shares of such corporation or other entity entitled to vote generally in the election of trustees or directors, as the case may be; or

(d) a liquidation or dissolution of the Trust.

Notwithstanding the foregoing, no Change in Control shall be deemed to have occurred unless the event also constitutes a "change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation" within the meaning of Section 409A(a)(2)(v) of the Internal Revenue Code.

2.6 "Common Shares" means common shares of the Trust.

2.7 "Core FAD" means core funds available for distribution of the Trust, as adjusted and calculated in accordance with the Trust's accounting principles.

2.8 "Disability" means any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, as a result of which the Participant is receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Trust. The determination of whether the Participant's physical or mental impairment satisfies the conditions set forth in this Section shall be made under a disability insurance program covering employees of the Trust; provided, however, that if the Participant is determined to be totally disabled by the Social Security Administration, his physical or mental impairment shall be deemed to satisfy the conditions of this Section.

2.9 "EBITDA" means earnings before interest, taxes, depreciation and amortization of the Trust, as adjusted and calculated in accordance with the Trust's accounting principles.

2.10 "Ending Share Price" means the average closing price per Common Share for the twenty (20) trading days ending December 1, 2013 on the exchange on which Common Shares are traded (unless a Change in Control occurs before January 1, 2014, in which case the term means the value per Common Share determined as of the date of the Change in Control, such value to be determined by the Committee in its reasonable discretion based on the actual or implied price per share paid in the Change in Control transaction).

2.11 "Good Reason" means the occurrence of an event listed in Subsection (a), (b) or (c) below:

(a) the Trust materially diminishes the Participant's job responsibilities such that the Participant would no longer have responsibilities substantially equivalent to those of other officers holding an equivalent job position to that held by the Participant before the diminution at companies with similar revenues and market capitalization;

(b) the Trust reduces the Participant's annual base salary (except for a reduction that is a uniform percentage of annual base salary for each officer of the Trust and does not exceed ten percent (10%) of annual base salary) or annual bonus opportunity at high, target or threshold performance as a percentage of annual base salary; or

(c) the Trust requires the Participant to relocate the Participant's primary place of employment to a new location that is more than fifty (50) miles from its current location (determined using the most direct driving route), without the Participant's consent;

provided however, as to each event in Subsection (a), (b) or (c),

(i) the Participant gives written notice to the Trust within thirty (30) days following the event or receipt of notice of the event of his objection to the event;

(ii) the Trust fails to remedy the event within thirty (30) days following the Participant's written notice; and

(iii) the Participant terminates his employment within thirty (30) days following the Trust's failure to remedy the event.

2.12 "Participant" means a person who participates in the Plan pursuant to Section 3.1.

2.13 "Performance Period" means the period from and including January 1, 2011 through the earlier of December 31, 2013 or the date of a Change in Control.

2.14 "Relative Total Shareholder Return" means Total Shareholder Return ranked on a percentile basis relative to the total shareholder return of companies comprising the peer group of companies for the Performance Period using the same methodology used for calculating Total Shareholder Return. For this purpose, the peer group of companies shall be the group of twenty (20) companies selected by the Committee in 2010 and disclosed on page 26 of the Trust's 2011 proxy statement, and if the Committee decides that any company shall cease to be a peer during the Performance Period, it shall be deleted from the peer group, but no new companies shall be added to the peer group during the Performance Period.

2.15 "Retire" means a Participant resigns upon or after reaching (a) age 55 and being employed by the Trust for at least twenty (20) years or (b) age 65.

2.16 "Strategic Plan Fulfillment" means the Committee's assessment, in its discretion, following completion of the Performance Period, of the degree of achievement of the Trust's strategic plan for the Performance Period taking into account such factors as the Committee in its discretion may wish to consider (and input from the Board and a written presentation regarding strategic plan fulfillment to be provided by the Trust's Chief Executive Officer). This assessment shall consider, among other factors, the following (in each case at levels and in manners that promote the fulfillment of the Trust's strategic plan):

(a) maintenance of an appropriate Core FAD/share growth rate;

(b) maintenance of an appropriate debt/EBITDA ratio;

(c) maintenance of an appropriate debt service coverage ratio;

(d) maintenance of an appropriate Core FAD/dividend coverage ratio;

(e) development of the Trust's management team;

(f) formation of appropriate strategic partnerships for the Trust;

(g) creation of appropriate development transactional activity at the Trust; and

(h) overall improvement of the quality of the Trust portfolio.

The Committee may provide informal guidelines from time to time with respect to the financial criteria noted above based on current market conditions, but its final determination of Strategic Plan Fulfillment following the end of the Performance Period shall not be bound by any such guidelines.

2.17 “Total Shareholder Return” means (a) the sum of the total change in the Ending Share Price as compared to the Beginning Share Price, plus any dividends paid to a shareholder of record with respect to one Common Share during the Performance Period, expressed as a percentage of (b) the Beginning Share Price.

ARTICLE III. ELIGIBILITY AND ADMINISTRATION

3.1 Eligibility. Officers of the Trust who are employees of the Trust as of the first day of the Performance Period shall be the initial Participants. The Committee may designate additional employees as Participants during the Performance Period. If the Committee adds Participants after the first day of the Performance Period, the Participant’s Award opportunity will be as established by the Committee by written notice to the Participant in lieu of the level specified in Section 4.1. Unless otherwise specified by the Committee, the Award for any Participant who is not a Participant on the first day of the Performance Period shall be prorated in the proportion that the number of days the Participant is employed by the Trust during the Performance Period bears to the number of days in the Performance Period. Once a person becomes a Participant in the Plan, the Participant shall remain a Participant until any Award payable hereunder has been paid and is vested or forfeited.

3.2 Administration. The Plan shall be administered by the Committee, which shall have discretionary authority to interpret and make all determinations relating to the Plan. Any interpretation or determination by the Committee shall be binding on all parties.

ARTICLE IV. AWARDS

4.1 Award Opportunity. Each Participant’s total Award under the Plan shall initially be stated as a percentage of the Participant’s annual base salary determined as of January 1, 2011 (provided, however, that the President and Chief Executive Officer’s annual base salary as of such date shall be deemed to be $500,000 solely for such purpose), which percentage shall depend upon the Participant’s position and the degree of achievement of threshold, target, and high performance goals for the Performance Period as set forth in the table below:

	Threshold	*Target*	*High*
President and Chief Executive Officer	80%	150%	270%
Executive Vice President	50%	95%	170%
Senior Vice President	40%	80%	140%
Managing Director	35%	65%	115%

The percentages in the table at left reflect annualized percentages. To calculate Awards at the conclusion of the three-year Performance Period, these percentages shall be multiplied by three.

4.2 Performance Goals. The performance goals under the Plan are, and are weighted, as follows:

(a) Absolute Total Shareholder Return (20%);

(b) Relative Total Shareholder Return (20%); and

(c) Strategic Plan Fulfillment (60%).

The Absolute Total Shareholder Return performance levels shall be as follows:

Threshold: 6%
Target: 8%
High: 10%

If Absolute Total Shareholder Return falls between 6% and 8% or between 8% and 10%, Absolute Total Shareholder Return shall be rounded to the closest percentage in increments of 0.5% (e.g., 8.3% shall be rounded to 8.5%) and the portion of the Award that is dependent upon Absolute Total Shareholder Return shall be determined by linear interpolation.

The Relative Total Shareholder Return performance levels shall be as follows:

Threshold: 33rd percentile
Target : 51st percentile
High: 76th percentile or above

If Relative Total Shareholder Return falls between the 33d percentile and the 51st percentile or between the 51st percentile and the 76th percentile, the portion of the Award that is dependent upon Relative Total Shareholder Return shall be determined by linear interpolation.

Following completion of the Performance Period, Strategic Plan Fulfillment shall be determined by the Committee in its discretion, and the Committee shall evaluate Strategic Plan Fulfillment on a scale of below 1 (below threshold), 1 (threshold), 2 (target) or 3 (high) or any fractional number between 1 and 3. If the Committee determines that Strategic Plan Fulfillment is a fractional number between 1 and 3, the portion of the Award that is dependent upon Strategic Plan Fulfillment shall be determined by linear interpolation.

If the degree of achievement of any performance goal falls below threshold, the portion of the Award that is dependent on that performance goal shall not be paid.

4.3 Eligibility for, Timing and Form of Payment of Award. Except as provided in Sections 4.5 and 4.6, the Participant must be employed by the Trust on the last day of the Performance Period to receive an Award, and the Award shall be issued as follows:

(a) as of the end of the Performance Period, the dollar amount earned pursuant to Sections 4.1 and 4.2 shall be determined for each Participant;

(b) the dollar amount for each Participant determined in subsection (a) shall be converted into a number of Common Shares by dividing the dollar amount by the closing price per share of Common Share on the January 1 following the end of the Performance Period (or if such January 1 is not a trading day, the first trading day preceding such January 1) on the exchange on which Common Shares are traded; and

(c) in the year following the Performance Period by no later than the fifteenth day of the third month following the end of the Performance Period, fifty percent (50%) of the number of Common Shares for each Participant determined in subsection (b) shall be issued in unrestricted (i.e., fully vested) Common Shares and fifty percent (50%) of the number of Common Shares for each Participant determined in subsection (b) shall be issued in Common Shares subject to vesting as described in Section 4.4. All such Common Shares shall be awarded under and in accordance with the Trust's 2007 Omnibus Long Term Incentive Plan.

4.4 Common Shares subject to Vesting. The Common Shares that are subject to vesting as described in Section 4.3(c) (i.e., fifty (50%) percent of the aggregate number of Common Shares in Section 4.3) shall vest only (a) if the Participant remains employed by the Trust until December 31, 2014, (b) if during the period from the last day of the Performance Period through December 31, 2014, the Participant's employment is terminated by the Trust without Cause, or the Participant resigns for Good Reason, Retires, dies or becomes subject to a Disability while employed by the Trust, or a Change in Control occurs while the Participant is employed by the Trust, or (c) if, and to the extent provided by, Section 4.5 or 4.6.

4.5 Qualifying Termination during the Performance Period. If during the Performance Period, the Participant's employment is terminated by the Trust without Cause, or the Participant resigns with Good Reason, Retires, dies or becomes subject to a Disability while employed by the Trust, the Participant shall receive an Award calculated based on (1) actual levels of achievement of prorated performance goals as of the date of such event with respect to the portion of the Award that is dependent on the degree of achievement of the Absolute Total Shareholder Return and Relative Total Shareholder Return performance goals and (2) the target performance level with respect to the portion of the Award that is dependent on Strategic Plan Fulfillment. In either case, the Award shall be prorated in the proportion that the number of days elapsed from the beginning of the Performance Period through the date the Participant ceases to be an employee of the Trust bears to the total number of days in the Performance Period. In such event, the number of Common Shares shall be calculated based on the closing price per Common Share on the trading date coinciding with (or if that is not a trading day, next following) such event in lieu of the price described in Section 4.3(b), all of the Participant's Common Shares shall be fully vested, and the Common Shares shall be issued to the Participant within thirty (30) days after such event; provided, however, if a Participant is a "specified employee" (within the meaning of Section 409A of the Internal Revenue Code), the issuance shall occur six (6) months after the Participant's termination of employment (or if earlier and if permitted under Section 409A, the date specified in Section 4.3(c)), except if the Participant dies in which case the issuance shall occur within thirty (30) days after the Participant's death.

4.6 Change in Control during the Performance Period. If a Change in Control occurs while the Participant is employed by the Trust during the Performance Period, the Participant shall receive an Award calculated and determined in all respects in a similar manner as described in Section 4.5, substituting for this purpose the date of the Change in Control for the date of termination of employment; provided, however, that the Award shall not be prorated as provided in the second sentence of Section 4.5 based on the period of employment during the Performance Period through the date of the Change in Control. In such event, the Common Shares issued to the Participant with respect to such Performance Period shall be fully vested and the number of Common Shares shall be calculated based on the closing price per Common Share on the exchange on which Common Shares are traded on the trading day coinciding with (or if that is not a trading day, immediately preceding) the date of the Change in Control, or if Common Shares are no longer traded on an exchange as of such date, based on the value determined by the Committee in its reasonable discretion based on the actual or implied price paid in the Change in Control transaction. The Award shall be issued on the date of the Change in Control.

4.7 Forfeiture. Except as otherwise provided in this Article, any Award that is not vested as of the earlier of termination of employment or December 31, 2014 shall be forfeited.

ARTICLE V. MISCELLANEOUS

5.1 Dividends on Unvested Shares. Dividends declared with respect to unvested Common Shares shall be paid currently.

5.2 Tax Withholding. In order to satisfy applicable tax withholding, the Award shall be reduced by that whole number of vested Common Shares which have a value equal to the minimum amount of the required tax obligations imposed on the Trust, and to the extent any remainder of the required tax withholding remains unsatisfied because no fraction of a Common Share is reduced, the Trust shall deduct the remainder from other cash payable to the Participant or if no cash is payable to the Participant, the Trust may require the Participant to remit the remainder.

5.3 Restrictions on Transfer. Except for the transfer by bequest or inheritance, the Participant shall not have the right to make or permit to exist any transfer or hypothecation, whether outright or as security, with or without consideration, voluntary or involuntary, of all or any part of any right, title or interest in or to an Award until such date as, and only to the extent that, vested shares have been issued. Any such disposition not made in accordance with this Plan shall be deemed null and void. Any permitted transferee under this Section shall be bound by the terms of this Plan.

5.4 Change in Capitalization. The number and kind of shares issuable under this Plan shall be subject to adjustment pursuant to the provisions of the Trust's 2007 Omnibus Long-Term Incentive Plan.

5.5 Successors. This Plan shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

5.6 Notice. Except as otherwise specified herein, all notices and other communications under this Plan shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

5.7 Severability. In the event that any one or more of the provisions or portion thereof contained in this Plan shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Plan, and this Plan shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

5.8 No Right to Continued Retention. Neither the establishment of the Plan nor the Award hereunder shall be construed as giving any Participant the right to continued service with the Trust.

5.9 Interpretation and IRC Section 409A. Section headings used herein are for convenience of reference only and shall not be considered in construing this Plan. Sections 1.1 through 1.3 are intended to introduce and summarize the Plan only and shall not apply for purposes of determining a Participant's rights under the Plan. Termination of employment under the Plan shall be considered to have occurred for purposes of Sections 4.4 and 4.5 only if the Participant has a termination of employment that constitutes a "separation from service" within the meaning of Section 409A of the Internal Revenue Code. The Plan is intended to comply with Section 409A, and the Plan shall be interpreted in manner consistent with such intent.

5.10 Amendment and Termination of the Plan. The Committee reserves the right to amend or terminate the Plan at any time, provided that no amendment shall deprive a Participant of any Award that is earned up to the date of the amendment or termination or result in the acceleration of any award payable under the Plan if such acceleration would result in any Participants incurring a tax under Section 409A of the Internal Revenue Code.

5.11 Governing Laws. The laws of the State of Maryland shall govern the Plan, to the extent not preempted by federal law, without reference to the principles of conflict of laws; provided, however, no Common Shares shall be issued except, in the reasonable judgment of the Committee, in compliance with exemptions under applicable securities laws.

WASHINGTON REAL ESTATE INVESTMENT TRUST

By: /s/ Laura M. Franklin

Title: Executive Vice President – Accounting and Administration

Exhibit 10.35

**WASHINGTON REAL ESTATE INVESTMENT TRUST
SHORT-TERM
INCENTIVE PLAN
(Effective January 1, 2011)**

ARTICLE I. INTRODUCTION

1.1 Purpose. The purposes of the Washington Real Estate Investment Trust 2011 Short-Term Incentive Plan (the "Plan") contained herein are to allow Washington Real Estate Investment Trust (the "Trust") to attract and retain talented executives, to provide incentives to executives to achieve certain performance targets, and to link executive compensation to shareholder results by rewarding competitive and superior performance. In furtherance of those purposes, the Plan is designed to provide short-term incentive compensation to officers of the Trust, the amount of which is dependent on the degree of attainment of certain performance goals of the Trust over one-year performance periods beginning on or after January 1, 2011.

1.2 Background. The Plan replaces the Short-Term Incentive Plan that became effective January 1, 2009 (the "Prior Plan") with respect to one-year performance periods beginning on or after January 1, 2011. The Prior Plan has been terminated with respect to performance periods after 2010.

1.3 Overview. Each award under the Plan is comprised fifty percent (50%) of cash and fifty percent (50%) of restricted common shares of the Trust, which restricted common shares will have a value equal to the cash component of the award. The restricted common shares component is comprised of a service-based portion with a common share value equal to fifteen percent (15%) of the participant's annual base salary (the service-based restricted shares) and an additional performance-based portion (the performance-based restricted shares). The cash and the performance-based restricted shares are each initially expressed as a dollar amount that is a multiple of the participant's annual base salary, which multiple varies depending on the participant's job position and the degree of achievement of the performance goals over the one-year performance period under the Plan. The cash component of the award is paid upon completion of the one-year performance period. The dollar amount attributable to the performance-based restricted shares is converted into a number of restricted common shares. The service-based restricted shares are subject to a ratable vesting schedule that normally runs for three years from the first day of the one-year performance period, and the performance-based restricted shares are subject to a ratable vesting schedule that normally runs for three years from the January 1 following completion of the one-year performance period. Grants of restricted common shares under the Plan are made pursuant to and from the common share reserve established under the Trust's 2007 Omnibus Long-Term Incentive Plan.

1.4 Effective Date. This Plan is effective as of January 1, 2011 (the "Effective Date"), and was approved by the Compensation Committee of the Board of Trustees of the Trust (the "Committee") and by the Board of Trustees of the Trust (the "Board") on February 17, 2011.

ARTICLE II. DEFINITIONS

2.1 "Award" means an award of cash and Common Shares subject to vesting under the Plan.

2.2 "Cause" means

(a) commission by the Participant of a felony or crime of moral turpitude;

(b) conduct by the Participant in the performance of the Participant's duties to the Trust which is illegal, dishonest, fraudulent or disloyal;

(c) the breach by the Participant of any fiduciary duty the Participant owes to the Trust; or

(d) gross neglect of duty which is not cured by the Participant to the reasonable satisfaction of the Trust within thirty (30) days of the Participant's receipt of written notice from the Trust advising the Participant of said gross neglect.

2.3 "Change in Control" means an event or occurrence set forth in any one or more of subsections (a) through (d) below (including any event or occurrence that constitutes a Change in Control under one of such subsections but is specifically exempted from another such subsection):

(a) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership of any shares of beneficial interest in the Trust if, after such acquisition, such Person beneficially owns (within the meaning of rule 13d-3 promulgated under the Exchange Act) forty percent (40%) or more of either (1) the then-outstanding shares of beneficial interest in the Trust (the "Outstanding Trust Shares") or (2) the combined voting power of the then-outstanding shares of beneficial interest the Trust entitled to vote generally in the election of trustees (the "Outstanding Trust Voting Shares"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Trust or any corporation controlled by the Trust, or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (1) and (2) of subsection (c) of this Section; or

(b) such time as the Continuing Trustees (as defined below) do not constitute a majority of the Board (or, if applicable, the board of directors or trustees of a successor corporation or other entity to the Trust), where the term "Continuing Trustee" means at any date a member of the Board (1) who was a member of the Board on the date hereof or (2) who was nominated or elected subsequent to the date hereof with the approval of other Board members who themselves constitute Continuing Trustees at the time of such nomination or election; provided, however, that there shall be excluded from this clause (2) any individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of trustees or other actual or threatened solicitation of proxies or consents, by or on behalf of a person other than the Board; or

(c) the consummation of a merger, consolidation, reorganization, recapitalization or statutory share exchange involving the Trust or a sale or other disposition of all or substantially all of the assets of the Trust in one or a series of transactions (a "Business Combination"), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (1) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Trust Shares and Outstanding Trust Voting Shares immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of beneficial interest or stock, as the case may be, and the combined voting power of the then-outstanding shares or stock, as the case may be, entitled to vote generally in the election of trustees, or directors, as the case may be, respectively, of the resulting or acquiring corporation or other entity in such Business Combination (which shall include, without limitation, a corporation or other entity which as a result of such transaction owns the Trust or substantially all of the Trust's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation or other entity referred to herein as the "Acquiring Entity") in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Trust Shares and Outstanding Trust Voting Shares, respectively; and (2) no Person (excluding the Acquiring Entity or any employee benefit plan (or related trust) maintained or sponsored by the Trust or by the Acquiring Entity) beneficially owns, directly or indirectly, 40% or more of the then outstanding shares of beneficial interest or stock, as the case may be, of the Acquiring Entity, or of the combined voting power of the then-outstanding shares of such corporation or other entity entitled to vote generally in the election of trustees or directors, as the case may be; or

(d) a liquidation or dissolution of the Trust.

Notwithstanding the foregoing, no Change in Control shall be deemed to have occurred unless the event also constitutes a "change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation" within the meaning of Section 409A(a)(2)(v) of the Internal Revenue Code.

2.4 "Common Shares" means common shares of the Trust.

2.5 "Core FAD" means core funds available for distribution of the Trust for the Performance Period, as adjusted and calculated in accordance with the Trust's accounting principles.

2.6 "Core FFO" means core funds from operations of the Trust for the Performance Period, as adjusted and calculated in accordance with the Trust's accounting principles.

2.7 "Disability" means any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, as a result of which the Participant is receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Trust. The determination of whether the Participant's physical or mental impairment satisfies the conditions set forth in this Section shall be made under a disability insurance program covering employees of the Trust; provided, however, that if the Participant is determined to be totally disabled by the Social Security Administration, his physical or mental impairment shall be deemed to satisfy the conditions of this Section.

2.8 "Good Reason" means the occurrence of an event listed in Subsection (a), (b) or (c) below:

(a) the Trust materially diminishes the Participant's job responsibilities such that the Participant would no longer have responsibilities substantially equivalent to those of other officers holding an equivalent job position to that held by the Participant before the diminution at companies with similar revenues and market capitalization;

(b) the Trust reduces the Participant's annual base salary (except for a reduction that is a uniform percentage of annual base salary for each officer of the Trust and does not exceed ten percent (10%) of annual base salary) or annual bonus opportunity at high, target or threshold performance as a percentage of annual base salary; or

(c) the Trust requires the Participant to relocate the Participant's primary place of employment to a new location that is more than fifty (50) miles from its current location (determined using the most direct driving route), without the Participant's consent;

provided however, as to each event in Subsection (a), (b) or (c),

(i) the Participant gives written notice to the Trust within thirty (30) days following the event or receipt of notice of the event of his objection to the event;

(ii) the Trust fails to remedy the event within thirty (30) days following the Participant's written notice; and

(iii) the Participant terminates his employment within thirty (30) days following the Trust's failure to remedy the event.

2.9 "Participant" means a person who participates in the Plan pursuant to Section 3.1.

2.10 "Performance Period" means the period from and including January 1 through the earlier of December 31 of that year or the date of a Change in Control.

2.11 "Retire" means a Participant resigns upon or after reaching (a) age 55 and being employed by the Trust for at least twenty (20) years, or (b) age 65.

2.12 "Same Store NOI Growth" means the growth in same store net operating income of the Trust for the Performance Period as compared to the prior Performance Period, as adjusted and calculated in accordance with the Trust's accounting principles.

ARTICLE III. ELIGIBILITY AND ADMINISTRATION

3.1 Eligibility. Officers of the Trust who are employees of the Trust as of the first day of the Performance Period shall be the initial Participants. The Committee may designate additional employees as Participants during the Performance Period. If the Committee adds Participants after the first day of the Performance Period, the Participant's Award opportunity will be as established by the Committee by written notice to the Participant in lieu of the level specified in Section 4.1. Unless otherwise specified by the Committee, the Award for any Participant who is not a Participant on the first day of the Performance Period shall be prorated in the proportion that the number of days the Participant is employed by the Trust during the Performance Period bears to the number of days in the Performance Period. Once a person becomes a Participant in the Plan, the Participant shall remain a Participant until any Award payable hereunder has been paid and is vested or forfeited.

3.2 Administration. The Plan shall be administered by the Committee, which shall have discretionary authority to interpret and make all determinations relating to the Plan. Any interpretation or determination by the Committee shall be binding on all parties.

ARTICLE IV. AWARDS

4.1 Award Opportunity. Each Participant's total Award under the Plan with respect to a Performance Period shall be divided into a cash component and a restricted Common Shares component, each of which shall initially be stated as a percentage of the Participant's annual base salary determined as of the first day of that Performance Period, which percentage shall depend upon the Participant's position and (except as to the service-based restricted shares component shown in the table below) the degree of achievement of threshold, target, and high performance goals for the Performance Period as set forth in the table below:

		Cash Component (50%)			Restricted Share Component (50%)		
		Threshold	*Target*	*High*	*Threshold*	*Target*	*High*
President and Chief Executive Officer	*Performance-based*	58%	113%	195%	43%	98%	180%
	Service-based	0%	0%	0%	15%	15%	15%
Executive Vice President	*Performance-based*	48%	93%	160%	33%	78%	145%
	Service-based	0%	0%	0%	15%	15%	15%
Senior Vice President	*Performance-based*	35%	65%	115%	20%	50%	100%
	Service-based	0%	0%	0%	15%	15%	15%
Managing Director	*Performance-based*	25%	50%	88%	10%	35%	73%
	Service-based	0%	0%	0%	15%	15%	15%

4.2 Performance Goals. The initial performance goals under the Plan are, and are weighted, as follows:

(a) Objective performance goals, comprised of:

(i) Core FFO per share (20%);

(ii) Core FAD per share (20%); and

(iii) Same Store NOI Growth (20%); and

(b) Subjective goals, comprised of:

(i) strategic acquisition/disposition activity of the Trust for the Performance Period (20%); and

(ii) individual objectives (20%).

The specific threshold, target and high metrics underlying the objective performance goals shall be set by the Committee no later than the first 90 days of the Performance Period (taking into account input from the Board and the Chief Executive Officer) in which the metrics are to take effect. If the degree of achievement of any objective performance goal falls between threshold and target or between target and high performance levels, the portion of the Award that is dependent upon that performance goal shall be determined by linear interpolation. If the degree of achievement of any objective or subjective performance goal falls below threshold, the portion of the Award that is dependent on that performance goal shall not be paid. At any time, the Committee may make an assessment of market conditions with respect to the Performance Period and may in its discretion adjust the performance outcome measures by up to five percentage points (added to or subtracted from the performance outcome).

On or about completion of the Performance Period, (1) the degree of achievement of the subjective goals shall be determined (i) by the Committee in its discretion with respect to the strategic acquisition/disposition activity and other subjective performance goals (taking into account input from the Board and a written presentation to be provided by the Chief Executive Officer), and (ii) with respect to individual objectives, by the Committee in its discretion with respect to the Chief Executive Officer, and by the Chief Executive Officer or other immediate supervisor in his or her discretion with respect to all other Participants (subject to final approval by the Committee), and (2) the Committee shall evaluate subjective goals performance on a scale of below 1 (below threshold), 1 (threshold), 2 (target) or 3 (high) or any fractional number between 1 and 3. If the Committee determines that subjective goals performance is a fractional number between 1 and 3, the portion of the Award that is dependent upon subjective goals performance shall be determined by linear interpolation.

While the objective and subjective performance goals shall apply as of the Effective Date, such objective and subjective performance goals shall be re-evaluated by the Committee (taking into account input from the Chief Executive Officer and the Board) on an annual basis as to their appropriateness for use with respect to the 2012 Performance Period and subsequent

Performance Periods under the Plan based on potential future changes in the Trust's business goals and strategy. Any modification to the performance goals shall be approved by the Committee and the Board no later than the first ninety (90) days of the Performance Period in which the modification is to take effect.

4.3 Eligibility for, Timing and Form of Payment of Award Except as provided in Section 4.3(d) or Sections 4.4 through 4.6, the Participant must be employed by the Trust on the last day of the Performance Period to receive an Award, and the Award shall be paid as follows:

(a) as of the end of the Performance Period, the dollar amount payable in cash and the dollar amount payable in restricted Common Shares pursuant to Sections 4.1 and 4.2 shall be determined for each Participant;

(b) of the cash portion of the Award for each Participant, eighty percent (80%) shall be paid on or before the last day of the Performance Period (except to the extent that the Participant has made an election to defer such cash portion of the Award pursuant to Section 4.8) and twenty percent (20%) shall be paid in the year following the Performance Period by no later than the fifteenth day of the third month following the end of the Performance Period;

(c) the dollar amount payable in restricted Common Shares for each Participant shall be divided into the service-based component (in an amount equal to fifteen percent (15%) of the Participant's annual base salary as provided in Section 4.1) and the performance-based component.

(1) The service-based component shall be converted into a number of Common Shares by dividing the dollar amount by the closing price per Common Share on January 1 of the Performance Period (or if such January 1 is not a trading day, the first trading day preceding such January 1) on the exchange on which Common Shares are traded (the "Service-Based Restricted Shares").

(2) The performance-based component shall be converted into a number of Common Shares by dividing the dollar amount by the closing price per Common Share on the January 1 following the Performance Period (or if such January 1 is not a trading day, the first trading day preceding such January 1) on the exchange on which Common Shares are traded (the "Performance-Based Restricted Shares"); and

(d) (1) The Service-Based Restricted Shares shall be issued as of the first day of the Performance Period (or as of the date of adoption of the Plan in the case of the 2011 Performance Period) and shall be subject to vesting as provided in Section 4.4(a).

(2) The Performance-Based Restricted Shares shall be issued in the year following the Performance Period by no later than the fifteenth day of the third month following the end of the Performance Period and shall be subject to vesting as described in Section 4.4(b).

All such Common Shares shall be awarded under and in accordance with the Trust's 2007 Omnibus Long Term Incentive Plan.

4.4 Common Shares subject to Vesting.

(a) The Service-Based Restricted Shares shall vest (1) as to one-third of the shares on the last day of the Performance Period and to an additional one-third of the shares on each of the two subsequent anniversaries thereof, subject to the Participant remaining employed by the Trust through the applicable vesting date, or (2) as to all of the shares, if during the period from the first day of the Performance Period through the second anniversary of the last day of the Performance Period, the Participant's employment is terminated by the Trust without Cause, or the Participant resigns for Good Reason, Retires, dies or becomes subject to a Disability while employed by the Trust, or a Change in Control occurs while the Participant is employed by the Trust.

(b) The Performance-Based Restricted Shares shall vest (1) as to one-third of the shares on each of the first three anniversaries of the last day of the Performance Period, subject to the Participant remaining employed by the Trust through the applicable vesting date, (2) as to all of the shares, if during the period from the last day of the Performance Period through the third anniversary of the last day of the Performance Period, the Participant's employment is terminated by the Trust without Cause, or the Participant resigns for Good Reason, Retires, dies or becomes subject to a Disability while employed by the Trust, or a Change in Control occurs while the Participant is employed by the Trust, or (3) if, and to the extent determined under Section 4.5 or 4.6, if applicable.

4.5 Qualifying Termination during the Performance Period. If during the Performance Period, the Participant's employment is terminated by the Trust without Cause, or the Participant resigns with Good Reason, Retires, dies or becomes subject to a Disability while employed by the Trust, the Participant shall receive an Award calculated based on the actual levels of achievement of the performance goals for the entire Performance Period, but the Award shall be prorated in the proportion that the number of days elapsed from the beginning of the Performance Period through the date the Participant ceases to be an employee of the Trust bears to the total number of days in the Performance Period. In such event, the Performance-Based Restricted Shares issued to the Participant with respect to such Performance Period shall be fully vested. Notwithstanding the foregoing, this Section shall not apply to the Service-Based Restricted Shares (and Section 4.4(a)(2) shall instead be applicable).

4.6 Change in Control during the Performance Period. If a Change in Control occurs while the Participant is employed by the Trust during the Performance Period, the Participant shall receive an Award calculated based on the actual levels of achievement of the prorated performance goals as of the date of the Change in Control, but the Award shall be prorated in the proportion that the number of days elapsed from the beginning of the Performance Period through the date of the Change in Control bears to 365. In such event, the Performance-Based Restricted Shares issued to the Participant with respect to such Performance Period shall be fully vested and the number of shares shall be calculated based on the closing price per Common Share on the exchange on which Common Shares are traded on the trading day coinciding with (or if that is not a trading day, immediately preceding) the date of the Change in Control, or if

Common Shares are no longer traded on an exchange as of such date, based on the value determined by the Committee in its reasonable discretion based on the actual or implied price paid in the Change in Control transaction. The Award shall be issued on the date of the Change in Control. Notwithstanding the foregoing, this Section shall not apply to the Service-Based Restricted Shares (and Section 4.4(a)(2) shall instead be applicable).

4.7 Forfeiture. Except as otherwise provided in this Article, any Award that is not vested as of the earlier of termination of employment or the second anniversary of the last day of the Performance Period in the case of the Service-Based Restricted Shares, or the third anniversary of the last day of the Performance Period in the case of the Performance-Based Restricted Shares, shall be forfeited.

4.8 Deferral Election as to Cash Portion of Award. Each Participant who is eligible under the Trust's Deferred Compensation Plan for Officers (the "DCP") may elect to defer all or a portion of the cash portion of the Award that is payable with respect to a Performance Period on or before the last day of the Performance Period (i.e., up to eighty percent (80%) of the cash portion of the Award) by making a timely deferral election under the DCP. Elections must be made by December 15 of the year prior to the Performance Period, unless otherwise permitted by the DCP. If a Participant makes deferral election, the deferral will be converted into restricted share units and held pursuant to the DCP. The deferred restricted share units will be matched twenty-five percent (25%) by the Trust in accordance with the terms of the DCP.

ARTICLE V. MISCELLANEOUS

5.1 Dividends on Unvested Shares. Dividends declared with respect to unvested Common Shares shall be paid currently.

5.2 Payroll Withholding on Cash Portion of Award. The cash portion of the Award shall be reduced by all required tax withholding and all other applicable payroll deductions.

5.3 Tax Withholding on Common Shares Portion of Award. In order to satisfy applicable tax withholding, the portion of the Award payable in Common Shares shall be reduced by that whole number of vested Common Shares which have a value equal to the minimum amount of the required tax obligations imposed on the Trust, and to the extent any remainder of the required tax withholding remains unsatisfied because no fraction of a Common Share is reduced, the Trust shall deduct the remainder from other cash payable to the Participant or if no cash is payable to the Participant, the Trust may require the Participant to remit the remainder.

5.4 Restrictions on Transfer. Except for the transfer by bequest or inheritance, the Participant shall not have the right to make or permit to exist any transfer or hypothecation, whether outright or as security, with or without consideration, voluntary or involuntary, of all or any part of any right, title or interest in or to an Award until such date as, and only to the extent that, cash has been paid or vested shares have been issued. Any such disposition not made in accordance with this Plan shall be deemed null and void. Any permitted transferee under this Section shall be bound by the terms of this Plan.

5.5 Change in Capitalization. The number and kind of shares issuable under this Plan shall be subject to adjustment pursuant to the provisions of the Trust's 2007 Omnibus Long-Term Incentive Plan.

5.6 Successors. This Plan shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

5.7 Notice. Except as otherwise specified herein, all notices and other communications under this Plan shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

5.8 Severability. In the event that any one or more of the provisions or portion thereof contained in this Plan shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Plan, and this Plan shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

5.9 No Right to Continued Retention. Neither the establishment of the Plan nor the Award hereunder shall be construed as giving any Participant the right to continued service with the Trust.

5.10 Interpretation and IRC Section 409A. Section headings used herein are for convenience of reference only and shall not be considered in construing this Plan. Sections 1.1 through 1.3 are intended to introduce and summarize the Plan only and shall not apply for purposes of determining a Participant's rights under the Plan. Termination of employment under the Plan shall be considered to have occurred for purposes of Sections 4.4 and 4.5 only if the Participant has a termination of employment that constitutes a "separation from service" within the meaning of Section 409A of the Internal Revenue Code. Awards under the Plan that are not deferred under the DCP are intended to be exempt from Section 409A as "short-term deferrals" within the meaning of the Treasury Regulations under Section 409A, but in any event Awards under the Plan are payable on a specified date or upon a Change in Control in compliance with Section 409A, and the Plan shall be interpreted in a manner to be exempt from or otherwise in compliance with Section 409A.

5.11 Amendment and Termination of the Plan. The Committee reserves the right to amend or terminate the Plan at any time, provided that no amendment shall deprive a Participant of any Award that is earned up to the date of the amendment or termination or result in the acceleration of any award payable under the Plan if such acceleration would result in any Participants incurring a tax under Section 409A of the Internal Revenue Code.

5.12 Governing Laws. The laws of the State of Maryland shall govern the Plan, to the extent not preempted by federal law, without reference to the principles of conflict of laws; provided, however, no Common Shares shall be issued except, in the reasonable judgment of the Committee, in compliance with exemptions under applicable securities laws.

WASHINGTON REAL ESTATE INVESTMENT TRUST

By: /s/ Laura M. Franklin

Title: Executive Vice President – Accounting and Administration

Exhibit 10.36*

WASHINGTON REAL ESTATE INVESTMENT TRUST

DEFERRED COMPENSATION PLAN FOR DIRECTORS

(As Amended and Restated, Effective January 1, 2011)

* This exhibit replaces Exhibit 10.30 - Amended and Restated Deferred Compensation Plan for Directors, adopted October 27, 2010

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WASHINGTON REAL ESTATE INVESTMENT TRUST

DEFERRED COMPENSATION PLAN FOR DIRECTORS

(AS AMENDED AND RESTATED, EFFECTIVE JANUARY 1, 2011)

ARTICLE 1

PURPOSE; EFFECTIVE DATE

1.1 Purpose

The purpose of this restated Deferred Compensation Plan for Directors is to provide current tax planning opportunities to Board Members of the Company.

1.2 Effective Date

The Plan was originally effective as of December 1, 2000. The Plan, as amended and restated, is effective January 1, 2011.

ARTICLE 2

DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Account

"Account" means the account maintained by the Company, including the subaccounts described in Section 4.1, to measure and determine the amounts to be paid to a Participant under the Plan. The maintenance of these Accounts is for recordkeeping purposes only and shall not require any segregation of assets.

2.2 Beneficiary

"Beneficiary" means the person, persons or entity as designated by the Participant, entitled under Article VI to receive any Plan Benefits payable after the Participant's death.

2.3 Board

"Board" means the Board of Directors of the Company.

2.4 Change in Control

"Change in Control" means an occasion upon which (i) any 'person' (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as now in effect or as hereafter amended ('Exchange Act')) other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation controlled by the Company, acquires (either directly and/or through becoming the 'beneficial owner' (as defined in Rule 13d-3 under the Exchange Act)), directly or indirectly, securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities (or has acquired securities representing 40% or more of the combined voting power of the Company's then outstanding securities during the 12-month period ending on the date of the most recent acquisition of Company securities by such person); or (ii) during any period of twelve (12) consecutive months (not including any period prior to the adoption of this Plan), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clauses (i) or (iii) of this Paragraph) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or (iii) any of (a) the Company consummates a merger, consolidation, reorganization, recapitalization or statutory share exchange (a 'Business Combination'), other than a Business Combination which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power and at least 50% of the combined total fair market value of the securities of the Company or such surviving entity outstanding immediately after such Business Combination, (b) the Company's shareholders approve a plan of complete liquidation of the Company, or (c) the Company completes the sale or other disposition of all or substantially all of its assets in one or a series of transactions."

2.5 Committee

"Committee" means the committee appointed by the Board to administer the Plan pursuant to Article VII. The initial Committee so designated by the Board shall be the Administrative Committee.

2.6 Company

"Company" means Washington Real Estate Investment Trust, a Maryland corporation, and directly or indirectly affiliated subsidiary corporations, any other affiliate designated by the Board, or any successor to the business thereof.

2.7 Deferral Commitment

"Deferral Commitment" means a commitment made by a Participant to defer a percentage or flat dollar amount of any or each of the three types of Fees pursuant to Article III or to defer all but not less than all of an annual Stock Award pursuant to Article III. The

Deferral Commitment may, but need not, specify a different percentage or flat dollar amount in respect of (i) the Annual Board Retainer, (ii) a Committee Chair Retainer, and (iii) Committee Meeting Fees. All but not less than all of the Annual Board Retainer and all but not less than all of an annual Stock Award may be converted into RSUs. A specified percentage or a flat dollar amount of the Annual Board Retainer, a Committee Chair Retainer and Committee Meeting Fees may be deferred into the appropriate subaccount of a Participant's Account. No portion of a Committee Chair Retainer or any Committee Meeting Fee can be converted into RSUs. The Deferral Commitment shall apply to each installment of Fees otherwise payable to a Participant and to each grant of an annual Stock Award otherwise payable to a Participant. A Deferral Commitment shall remain in effect until amended or revoked as provided under Section 3.2. Although the Annual Board Retainer is otherwise payable on a monthly basis, if the Participant elects to convert the Annual Board Retainer into RSUs, such RSUs will be issued as of the last business day of each quarter during the applicable calendar year.

2.8 Deferral Period

"Deferral Period" means each calendar year. The initial Deferral Period, however, shall be January 1, 2001 through and including December 31, 2001.

2.9 Determination Date

"Determination Date" means the last day of each calendar month.

2.10 Director

"Director" means a member of the Board of Washington Real Estate Investment Trust.

2.11 Earnings

"Earnings" means, with respect to the portion of a Director's Account associated with Fees deferred pursuant to Article III, a rate of interest. The rate shall equal the Company's weighted average interest rate on its fixed rate bonds as of December 31 of each calendar year. Such rate may be changed to any other rate approved by the Board as of any subsequent January 1. With respect to an annual Stock Award and/or Board Retainer which has been deferred and converted into RSUs pursuant to Article III, the aggregate amount of dividends which would have been paid on a number of Shares equal to the number of RSUs outstanding on such dividend paid date shall be computed and converted into a number of additional RSUs which shall be credited to such Participant as of the date such dividends are declared.

2.12 Fees

"Fees" means the Directors' fees otherwise payable to the Participant by the Company. The term Fees shall include (i) the Annual Board Retainer, (ii) a Committee Chair Retainer and (iii) Committee Meeting Fees.

2.13 Form of Payment Designation

"Form of Payment Designation" means the form prescribed by the Committee and completed by the Participant, indicating the chosen form of payment for benefits payable under this Plan, as elected by the Participant.

2.14 Participant

"Participant" means any Director who is eligible, pursuant to Section 3.1, to participate in this Plan, and who has elected to defer Fees or an annual Stock Award under this Plan.

2.15 Plan

"Plan" means this Deferred Compensation Plan for Directors as amended from time to time.

2.16 Plan Benefit

"Plan Benefit" means the benefit payable to the Participant as calculated in Article V.

2.17 Plan Year

"Plan Year" means the consecutive twelve (12) month period ending on each December 31.

2.18 RSU

"RSU" means a Restricted Share Unit, issued under the authority of the 2007 Omnibus Long Term Incentive Plan, or any successor of such plan, which has a value equal to the value of one Share.

2.19 Separation from Service

"Separation from Service" means the definition set forth in Treas. Reg. § 1.409A-1(h).

2.20 Share

"Share" means a share of beneficial interest in WRIT that is publicly traded on the New York Stock Exchange.

2.21 Stock Award

"Stock Award" means the annual award of Shares which is otherwise paid to a Director in December by the Company.

ARTICLE 3

PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation.

(a) **Eligibility**. Eligibility to participate in the Plan shall be limited to individuals who are Directors.

(b) **Participation**. A Director's participation in the Plan shall be effective upon election to the Board of Directors of the Company and completion and submission of a Deferral Commitment and a Form of Payment Designation to the Committee by the thirtieth (30^{th}) day of the second (2nd) month immediately preceding the beginning of the Deferral Period. Such Deferral Commitment and Form of Payment Designation shall remain in effect with respect to each succeeding Deferral Period, until such time as another Deferral Commitment is filed with the Committee as described in Section 3.2(b) below.

(c) **Part-Year Participation**. When an individual first becomes eligible to participate during a Deferral Period, a Deferral Commitment may be submitted to the Committee within thirty (30) days after the Committee notifies the individual of eligibility to participate. Such Deferral Commitment will be effective only with regard to Fees and Stock Dividends earned following submission of the Deferral Commitment to the Committee.

3.2 Form of Deferral

A Participant may elect a Deferral Commitment as follows:

(a) **Form of Deferral Commitment**. A Deferral Commitment may apply to each installment of Fees otherwise payable by the Company to a Participant during the Deferral Period. The Deferral Commitment may provide that all or any portion of such deferred Fees be credited to the Participant's Account. In addition, and if so elected by the Participant, a Deferral Commitment may also cause the full amount of the Annual Board Retainer and/or the full amount of the annual Stock Award, which would otherwise have been paid to the Participant in December by the Company, to be converted into RSUs (including fractional RSUs) having a fair market value equal to the fees and the value of the number of Shares (including fractional shares) attributable to such annual Stock Award.

(b) **Period of Commitment**. Once a Participant has made a Deferral Commitment, that Commitment shall remain in effect for that Deferral Period and shall remain in effect for all future Deferral Periods unless revoked or amended in writing by the Participant and delivered to the Committee no later than November 30 of the year preceding the Deferral Period for which it is in intended to be effective.

3.3 Commitment Limited by Termination

If a Participant terminates from the Board of the Company prior to the end of the Deferral Period, the Deferral Period shall end as of the date of termination.

3.4 Modification of Deferral Commitment

A Deferral Commitment shall be irrevocable by the Participant during a Deferral Period.

ARTICLE 4

DEFERRED COMPENSATION ACCOUNT

4.1 Account

For recordkeeping purposes only, an Account shall be maintained for each Participant and shall be subject to periodic credits and adjustments as described herein. A separate subaccount shall be maintained within the Account to reflect deferrals attributable to (i) the Annual Board Retainer, (ii) a Committee Chair Retainer and (iii) Committee Meeting Fees, as the case may be. The Account shall be a book-keeping device utilized for the sole purpose of determining the benefits payable under the Plan and shall not constitute a separate fund of assets.

4.2 Determination of Accounts

Each Account as of each Determination Date shall consist of the balance of all subaccounts within the Account as of the immediately preceding Determination Date, adjusted as follows:

(a) **New Deferrals**. The appropriate subaccount of each Account shall be increased by any deferred Fees credited since such Determination Date and any amount treated as a divided equivalent amount under Section 2.11. RSUs issued to a Participant shall be recorded in the Plan's files but shall not be treated as an addition to a Participant's Account.

(b) **Distributions**. The Account shall be reduced by any benefits distributed to the Participant since such immediately preceding Determination Date.

(c) **Earnings.** The Account shall be increased by the Earnings on the average daily balance in the Account since such immediately preceding Determination Date.

4.3 Vesting of Accounts and RSUs

A Participant shall be one hundred percent (100%) vested at all times in the amount of Fees elected to be deferred under this Plan and Earnings thereon credited to the Participant's Account, in all RSUs issued to the Participant (whether through the deferral of the annual Stock Award, the deferral of the Annual Board Retainer or through the dividend equivalent mechanism described in Section 2.11).

4.4 Statement of Accounts and RSUs

The Committee shall give to each Participant a statement showing the balances in the Participant's Account (including all subaccounts maintained for such Account, to the extent applicable) and the outstanding number of RSUs both on an annual basis and at such times as may be determined by the Committee.

ARTICLE 5

PLAN BENEFITS

5.1 Benefits Upon Termination/Separation from Service

If a Deferral Commitment has specified that any portion of an Account shall be paid upon a specified date, payment shall be made on such date unless the Participant incurs a Separation from Service prior to such date in which case the remaining portion of this Section 5.1 shall apply. If a Participant terminates as a Director for the Board of the Company and (with respect to any portion of a Participant's Account which is subject to Section 409A) incurs a Separation from Service for any reason other than death, the Company shall pay the Participant benefits equal to the full balance in the Participant's Account and all outstanding RSUs.

5.2 Death Benefit

Upon the death of the Participant, the Company shall pay to the Participant's Beneficiary an amount determined as follows:

(a) If the Participant dies prior to termination as a Director for the Board of the Company (including Retirement), the amount payable under this paragraph shall be in lieu of any other benefit payment under this Plan and shall equal the Participant's Account and all outstanding RSUs.

(b) If the Participant dies after termination or Retirement as a Director for the Board of the Company, the amount payable shall be equal to the remaining unpaid balance of the Participant's Account and all outstanding RSUs.

5.3 Form of Payment

Retirement, termination and death benefits attributable to RSUs will be paid in a lump sum in the form of Shares upon the Participant's Separation from Service. Retirement, termination and death benefits, attributable to a Participant's Account shall be paid in the form of benefit as provided below, specified by the Participant in the Form of Payment Designation unless the benefit is based on a "small account" as defined in Subsection (c) below. Payments shall commence no later than sixty (60) days after all information necessary to calculate the benefit amount has been received by the Company following the date of Retirement, termination, or death. The Form of Payment Designation selected in (a) or (b) below shall be for the entire Account. If upon termination or Retirement, the Participant's most recent election as to the form of payment was made within one (1) year of such termination or Retirement, then the prior election shall be used to determine the form of payment. The forms of benefit payment associated with the Account are:

(a) A lump-sum amount which is equal to the balance of the Account; or

(b) Equal annual installments which are equal to the Account amortized over a period of up to five (5), ten (10), fifteen (15) or twenty (20) years.

Earnings shall continue to be credited on the unpaid balance of the Account in connection with payments made on an installment basis. In the event that a Participant dies prior to receipt of all installments payable in connection with an elected installment payment method, the Beneficiary of the remaining payments may request the Committee to accelerate the payment of some or all of the remaining installments. The Committee may consider any such request in its sole discretion but shall not be bound to grant any such request.

(c) Small Account. If the aggregate value of the Participant's Account is under fifty thousand dollars ($50,000) on the Valuation Date as defined in Section 5.4, the benefit shall be paid in a lump sum.

Again, with respect to distributions involving RSUs, Shares shall be distributed in an amount equal to the number of RSUs associated with such distributions.

5.4 Valuation and Settlement

The last day of the month in which the Participant terminates, or dies shall be the Valuation Date. The amount of any lump sum payment and the initial amount of installments shall be based on the value of the Participant's Account balance on the Valuation Date. The date on which a lump sum is paid or the date on which installments commence shall be the settlement date. The settlement date shall be no more than sixty-five (65) days after the Valuation Date. All payments shall be made as of the first (1st) day of the month.

5.5 Payment to Guardian

If a Plan Benefit is otherwise payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Committee may direct payment to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Committee and Company from all liability with respect to such benefit.

ARTICLE 6

BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate one (1) or more persons or entities as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Participant's death prior to complete distribution of the Participant's Account balance. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only when filed with the Committee during the Participant's lifetime.

6.2 Changing Beneficiary

Any Beneficiary designation may be changed by an unmarried Participant without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Committee. The filing of a new designation shall cancel all designations previously filed.

6.3 No Beneficiary Designation

If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person in the first of the following classes in which there is a survivor:

(a) The Participant's surviving spouse;

(b) The Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take, by right of representation, the share the deceased child would have taken if living;

(c) The Participant's estate.

6.4 Effect of Payment

Payment to the Beneficiary shall completely discharge the Company's obligations under this Plan.

ARTICLE 7

ADMINISTRATION

7.1 Committee; Duties

This Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Board, except after a Change in Control as provided in Section 7.5 below. The Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under this Plan.

7.2 Agents

The Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

7.3 Binding Effect of Decisions

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Company shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member’s service on the Committee, except in the case of gross negligence or willful misconduct.

7.5 Election of Committee After Change in Control

After a Change in Control, vacancies on the Committee shall be filled by majority vote of the remaining Committee members and Committee members may be removed only by such a vote. If no Committee members remain, a new Committee shall be elected by majority vote of the Participants in the Plan immediately preceding such Change in Control. No amendment shall be made to Article VII or other Plan provisions regarding Committee authority with respect to the Plan without prior approval by the Committee.

ARTICLE 8

CLAIMS PROCEDURE

8.1 Claim

Any person or entity claiming a benefit, requesting an interpretation or ruling under the Plan (hereinafter referred to as "Claimant"), or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing as soon as practicable.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based;

(b) A description of any additional material or information required and an explanation of why it is necessary; and

(c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

Any Claimant whose claim or request is denied or who has not received a response within sixty (60) days may request a review by notice given in writing to the Committee. Such request must be made within sixty (60) days after receipt by the Claimant of the written notice of denial, or in the event Claimant has not received a response sixty (60) days after receipt by the Committee of Claimant's claim or request. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the Claimant a hearing. On review, the Claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days after the Committee's receipt of Claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the Claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE 9

AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

The Board may at any time amend the Plan by written instrument, notice of which is given to all Participants and to Beneficiaries receiving installment payments, subject to the following:

(a) Preservation of Account Balance. No amendment shall reduce the amount accrued in any Account or the outstanding amount of any RSUs to the date such notice of the amendment is given.

(b) Changes in Earnings Rate. No amendment shall reduce, either prospectively or retroactively, the rate of Earnings to be credited to the amount already accrued in a Participant's Account and any Fees or other additions to be credited to the Account under Deferral Commitments already in effect on that date.

The Board may also effectuate an amendment to the Plan through a written Board resolution which shall be viewed as part of this Plan. If such resolution applies to fewer then all Participants and Beneficiaries, then only those Participants and Beneficiaries who are directly affected by such resolution need be given notice of such resolution.

9.2 Company's Right to Terminate

The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of Company.

(a) Partial Termination. The Board may partially terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments. If such a partial termination occurs, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such partial termination.

(b) Complete Termination. The Board may completely terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. In the event of complete termination, the Plan shall cease to operate and Company shall pay out each Account and convert all RSUs into Shares. Payment of an Account shall be made as a lump sum or in equal monthly installments, based on the Account balance, provided, however, that in the event of a complete termination of the Plan subsequent to a Change in Control, payment of the entire Account in a lump sum will be made no more than thirty (30) days subsequent to the effective date of such complete termination. Notwithstanding the above, the payment of any portion of an Account which is subject to Section 409A and the conversion of RSUs into Shares may not be accelerated except in compliance with the provisions of Treas. Reg. Section 1.409A-3(j)(4)(ix) or such other events and conditions which may be permitted in generally applicable guidelines published in the Internal Revenue Bulletin. The Board reserves any discretion to distribute benefits in accordance with the requirements of such regulations and/or such guidelines

Earnings shall continue to be credited on the unpaid balance in each Account.

ARTICLE 10

MISCELLANEOUS

10.1 Unfunded Plan

This Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of “management or highly-compensated employees” within the meaning. of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, the Board may terminate the Plan and make no further benefit payments or remove certain employees as Participants if it is determined by the United States Department of Labor, a court of competent jurisdiction, or an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA (as currently in effect or hereafter amended) which is not so exempt.

10.2 Company Obligation

The obligation to make benefit payments to any Participant under the Plan shall be an obligation solely of the Company.

10.3 Unsecured General Creditor

Except as provided in Section 10.4, Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of Company or any other party for payment of benefits under this Plan. Any property held by Company for the purpose of generating the cash flow for benefit payments shall remain its general, unpledged and unrestricted assets. Company’s obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

10.4 Trust Fund

Company shall be responsible for the payment of all benefits provided under the Plan. At its discretion, Company may establish one (1) or more Trusts, with such Trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Although such a Trust shall be irrevocable, its assets shall be held for payment of all of Company’s general creditors in the event of insolvency. To the extent any benefits provided under the Plan are paid from any such Trust, Company shall have no further obligation to pay them. If not paid from the Trust, such benefits shall remain the obligation of Company.

10.5 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.6 Not a Contract of Employment

This Plan shall not constitute a contract of employment between Company and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of Company or to interfere with the right of Company to discipline or discharge a Participant at any time.

10.7 Protective Provisions

A Participant will cooperate with Company by furnishing any and all information requested by Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Company may deem necessary and taking such other action as may be requested by Company.

10.8 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Maryland, except as preempted by federal law.

10.9 Validity

If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.10 Notice

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in Company's records.

10.11 Successors

The provisions of this Plan shall bind and inure to the benefit of Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Company, and successors of any such corporation or other business entity.

10.12 Section 409A of the Code

To the extent that such requirements are applicable, the Plan is intended to comply with the requirements of Section 409A and shall be interpreted and administered in accordance with that intent. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. The nature of any such amendment shall be determined by the Board. Notwithstanding the above, if the Participant qualifies as a "specified employee," as defined in Treas. Reg. Section 1.409A-1(i), incurs a Separation from Service for any reason other than death and becomes entitled to a distribution under the Plan, then to the extent required by Section 409A, no distribution otherwise payable to the Participant during the first six (6) months after the date of such Separation from Service, shall be paid to the Participant until the date which is one day after the date which is six (6) months after the date of such separation from service (or, if earlier, the date of the Participant's death).

WASHINGTON REAL ESTATE
INVESTMENT TRUST

By: /s/ Laura M. Franklin
Its

Dated: October 27, 2010

EXHIBIT 12

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

Earnings to fixed charges ratio:

	Q1 2011	Q1 2010
Income from continuing operations	$ 5,146	$ 4,366
Additions:		
Fixed charges		
Interest expense	17,126	16,838
Capitalized interest	83	342
	17,209	17,180
Deductions:		
Capitalized interest	(83)	(342)
Net income attributable to noncontrolling interests	(23)	(49)
Adjusted earnings	$22,249	$21,155
Fixed charges (from above)	$17,209	$17,180
Ratio of Earnings to Fixed Charges	1.29	1.23

Debt service coverage ratio:

	Q1 2011	Q1 2010
Net income attributable to the controlling interests	$ 4,665	$ 5,216
Additions:		
Interest expense	17,126	17,065
Real estate depreciation and amortization	25,249	23,608
Real estate impairment	599	—
Non-real estate depreciation	268	272
	47,907	46,161
Deductions:		
Loss (gain) on extinguishment of debt	—	42
Adjusted EBITDA	$47,907	$46,203
Debt service		
Interest expense	$17,126	$17,065
Principal amortization	747	1,108
	$17,873	$18,173
Debt service coverage ratio	2.68	2.54

Exhibit 31.1

CERTIFICATION

I, George F. McKenzie, certify that:

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

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

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

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

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

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

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

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

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

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

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

DATE: May 6, 2011

/s/ George F. McKenzie
George F. McKenzie
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: May 6, 2011

/s/ Laura M. Franklin
Laura M. Franklin
Executive Vice President
Accounting, Administration and Corporate Secretary

Exhibit 31.3

CERTIFICATION

I, William T. Camp, certify that:

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

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

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

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

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

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

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

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

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

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

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

DATE: May 6, 2011

/s/ William T. Camp

William T. Camp
Chief Financial Officer

Exhibit 32

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

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

(a) the Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934; and
(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of WRIT.

Dated: May 6, 2011

/s/ George F. McKenzie
George F. McKenzie
President & CEO

Dated: May 6, 2011

/s/ Laura M. Franklin
Laura M. Franklin
Executive Vice President
Accounting, Administration and Corporate
Secretary

Dated: May 6, 2011

/s/ William T. Camp
William T. Camp
Chief Financial Officer