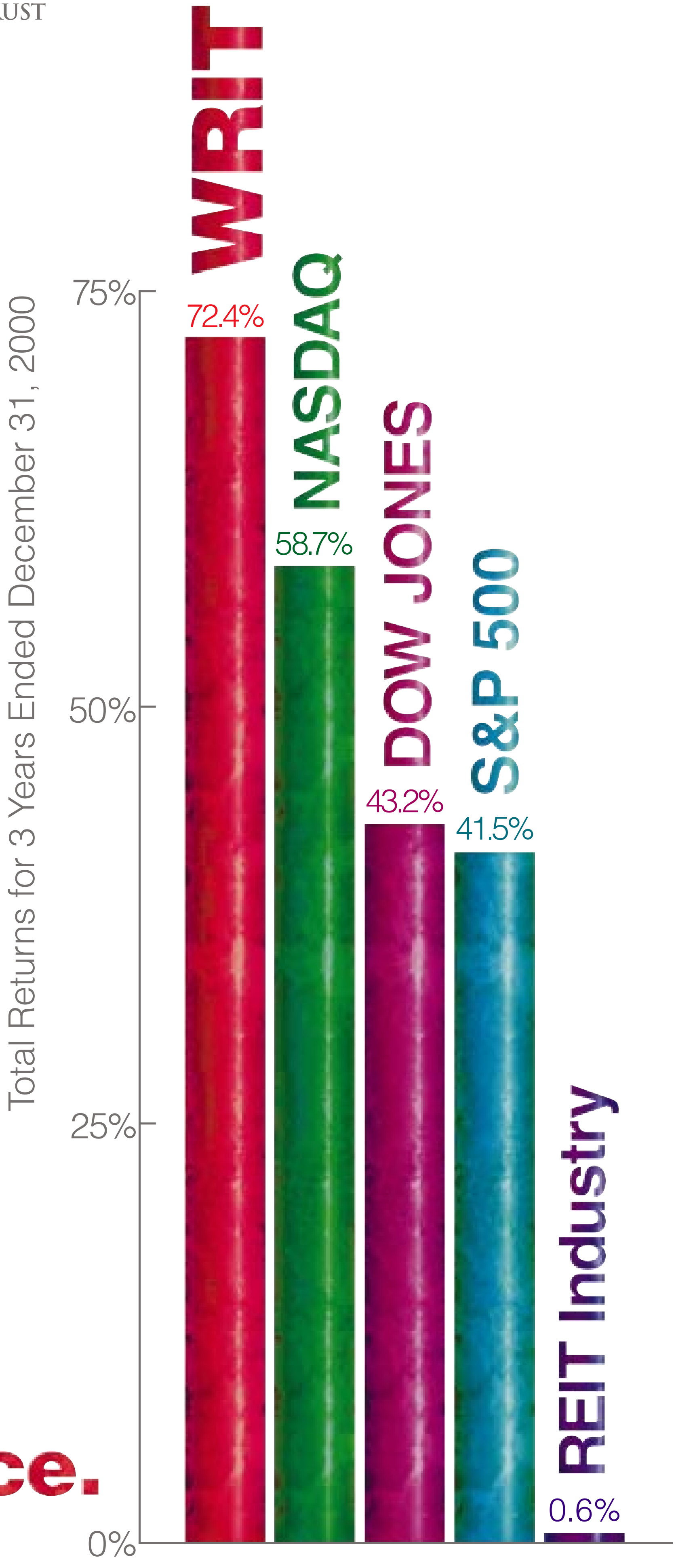


Performance.

Mission Statement *Washington Real Estate Investment Trust, founded in 1960 and headquartered in Rockville, Maryland, invests in a diversified range of income-producing property types. Our purpose is to acquire and manage real estate investments in markets we know well and protect our assets from single property-type value fluctuations through diversified holdings. Our goal is to continue to safely increase earnings and shareholder value.*

Performance *This approach has resulted in WRIT achieving 35 consecutive years of increased earnings per share, 30 consecutive years of increased dividends per share and 28 consecutive years of increased funds from operations per share.*

Table of Contents

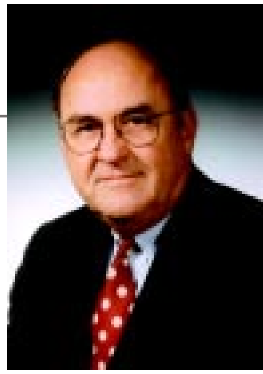
Selected Financial and Operating Data

(In millions, except per share amounts)

For the Year	2000	1999	1998	1997	1996
Real Estate Revenue	$ 135	$ 119	$ 104	$ 79	$ 66
Income before Gain on Sale of Real Estate	42	36	34	30	28
Net Income	45	44	41	30	28
Funds From Operations	64	56	50	41	36
Cash Dividends Paid	44	41	40	36	33
Average Shares Outstanding	36	36	36	33	32
Per Common Share					
Income before Gain on Real Estate	$1.16	$1.02	$ .96	$ .90	$ .88
Net Income	1.26	1.24	1.15	.90	.88
Funds From Operations	1.79	1.57	1.39	1.23	1.13
Cash Dividends Paid	1.23	1.16	1.11	1.07	1.03
At Year End					
Total Assets	$ 632	$ 608	$ 559	$ 469	$ 318
Total Debt	351	330	283	203	113
Shareholders' Equity	259	257	254	252	196

On the Cover: The graph on the cover reflects the total return (dividends plus price appreciation with all dividends reinvested) of WRIT, the NASDAQ Composite Index, the Dow Jones Industrials Average, the S&P 500 and the Morgan Stanley REIT Industry for the three years ended December 31, 2000.

To Our Shareholders

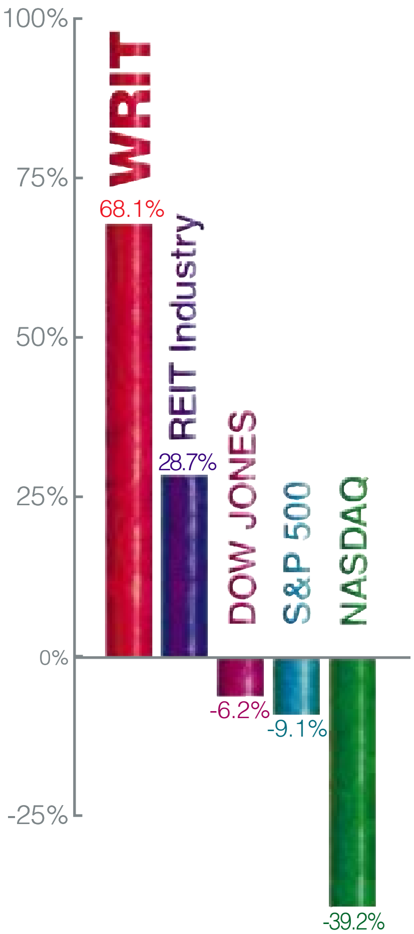


Dear Shareholder,

In my report last year I commented that sustained earnings growth is ultimately reflected in stock price performance. The REIT industry along with others in 1999 received "no respect" for their operating performance, as they stood in the shadow of emerging technology companies. We have now come full circle. REIT's in general and WRIT in particular are being rewarded for their historical sustained earnings growth as reflected by this year's stock performance. In the meantime, for many operational and economic reasons technology stocks are being hammered. Someday those companies which survive will also ultimately be measured by sustained earnings growth combined with future potential, rather than hype.

WRIT's year 2000 total return exceeded all published real estate indices, as well as the Dow Jones, NASDAQ and S&P 500. Looking back at the stock performance over the last 30 years, it is clear to me that WRIT should be included in everyone's balanced investment portfolio. With regard to this 30 year stock performance, be sure to look at the graph on the back cover of this report. The real estate markets have been and continue to be strong. Never resting on our laurels, we subscribe to the "get better or get beat" axiom. WRIT's mission is stated on the inside cover of this report. It is achieved through our business plan. First and most important is that the Trustees and Management understand and agree with the plan, and that the resources are available to carry it out. The plan requires strategic use of capital, investing to maximize return on invested capital, limiting single asset exposure through real estate asset allocation, attention to value added opportunities, rotation of mature assets, hands on property management and leasing, attention to customer needs, attracting and retaining high quality personnel supported by in place education programs, and state of the art technology. By adhering to the plan and carefully observing changing market conditions, earnings, dividends and share value should all increase. The trick is to do it every year, and do it better.

Total Returns for One Year Ended December 31, 2000



At this time the national economy is slowing and this will undoubtedly impact the real estate industry. What does that mean to WRIT in its market place? Based on most economic models a so-called soft landing, not a recession, is expected. Historically the Greater Washington-Baltimore region has out performed the national economy in all economic cycles. I see no reason today why history will not repeat itself. Greater Washington's economic engines in a softening economy as well as during growth periods are the Federal Government and the technology industry. The latter has a risk profile substantially lower than many of those on the West Coast and in New England. One aspect of this lower risk profile is that the Greater Washington-Baltimore technology sector achieves 38% of its sales to the federal government, as compared to 5% in Silicon Valley. That, along with the fact that federal government spending will continue to grow, provides a platform for a soft landing in this region.

During an economic slow down, industry as a whole, including real estate, is faced with capital market constraints. These limitations include more restrictive credit underwriting, increased equity investment, and a reduction in speculation. In an economic downturn, real estate vacancy rates escalate and rental rate growth moderates or declines. There is also a high probability that property acquisition costs will stabilize rather than increase. Speculative development risk increases in a soft or declining economy but this is not a significant part of WRIT's business.

WRIT is well positioned in this market place. Our diversified portfolio will continue to provide us with stable cash flows protecting us from the volatility associated with single property type portfolios. Additionally, our future performance will enjoy continued success due to the strength of our locations, in place below-market rents, leases with embedded rental escalations, stable markets and limited speculative development. Therefore, I fully expect we will extend WRIT's record of 35 consecutive years of increased earnings per share, 30 consecutive years of increased dividends per share and 28 years of increased funds from operations per share.

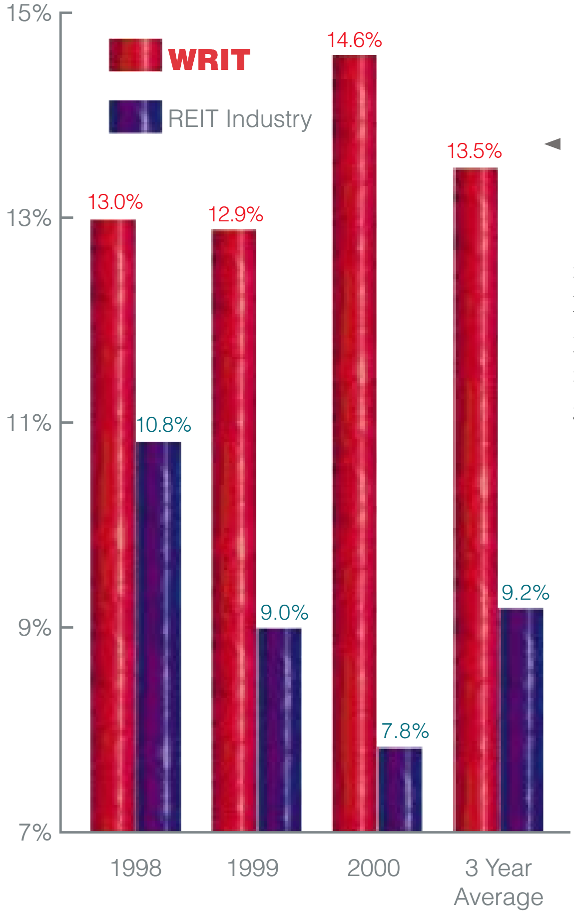
On behalf of the shareholders and Trustees, I want to thank all of WRIT's officers and employees for your dedication and hard work. The following pages provide the financial and operating details for the year 2000 and an insight to our value added projects for 2001 and 2002.

Your support is appreciated and I look forward to our continued success story.

Best Regards,

Edmund B. Cronin, Jr.
Chairman of the Board, President and Chief Executive Officer

Operating Performance



Source for REIT Industry data: SNL Securities

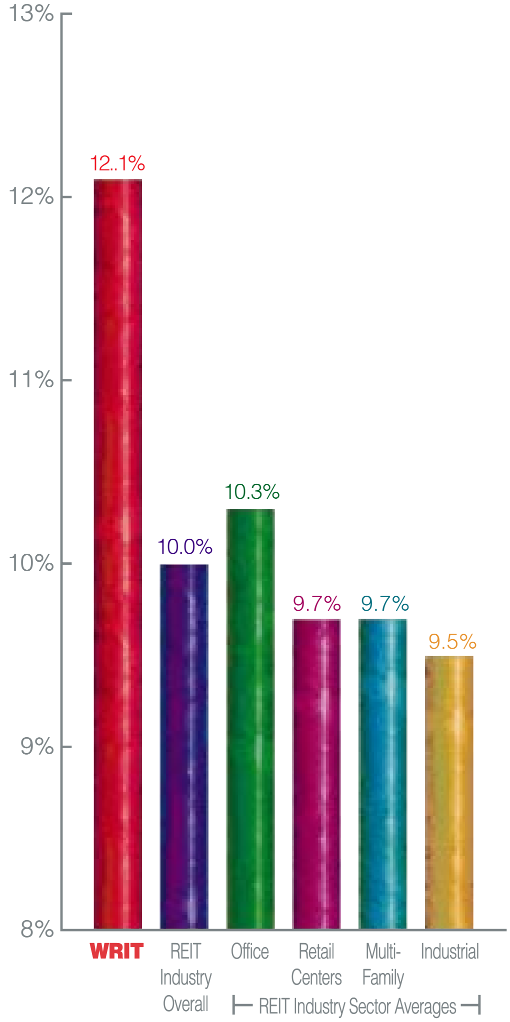
◄ WRIT vs. REIT Industry FFO per Share Growth 1998 - 2000

FFO Per Share growth is the most widely recognized earnings performance measure in the REIT Industry. As reflected in the accompanying graph, WRIT has out-performed industry average FFO per share growth by over 400 basis points over the last three years. The extent of our out-performance has increased in each of the last three years. WRIT's average 13.5% FFO Per Share growth over the last three years is one of the highest in the industry.

WRIT vs. REIT Industry ►
Average Return on Invested Capital by Sector
Q1 1997 - Q3 2000

WRIT's strong real estate markets combined with the effective deployment of capital and our hands on management, leasing and value added focus, continue to result in industry leading performance as measured by earnings growth and Return on Invested Capital (ROIC). ROIC is an important measure of any company's performance.

Credit Suisse First Boston has tracked REIT Industry Returns on Invested Capital over 15 quarters from Q1 1997 through Q3 2000, with the results reflected in the accompanying graph. As shown, WRIT's ROIC over the period has averaged approximately 200 basis points higher than both the REIT Industry overall and each of the four REIT Industry Sectors (in which WRIT invests). WRIT's average 12.1% ROIC ranks 7th out of 122 companies studied and has been achieved utilizing what we believe is the lowest risk operating strategy in the industry.



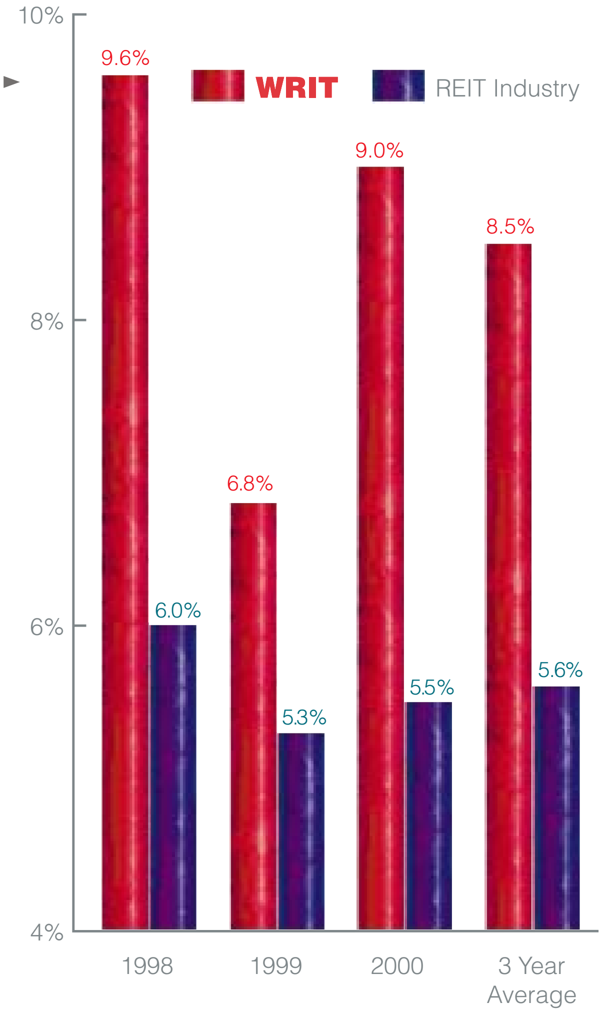
Source: Credit Suisse First Boston

WRIT vs. REIT Industry Core Portfolio Net Operating Income Growth 1998 - 2000

Another common REIT Industry performance measure is Core Portfolio Net Operating Income (NOI) Growth or Same Store NOI growth. NOI represents real estate portfolio income before interest expense, depreciation and corporate general and administrative expenses.

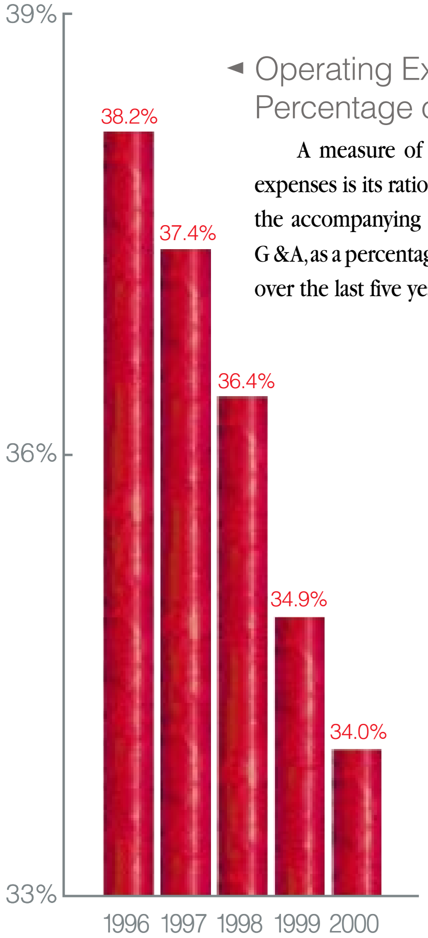
Core Portfolio NOI Growth excludes income attributable to new acquisitions and developments, and is therefore a good measure of how a company's existing portfolio performed in the most recent period as compared to the prior period.

WRIT's Core Portfolio NOI growth is among the highest in the industry and dramatically higher than the REIT Industry overall.

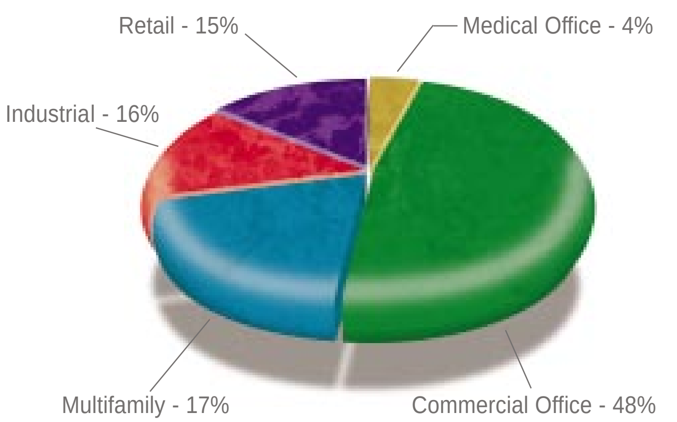


Operating Expenses and G&A as a Percentage of Revenue

A measure of how well a company is managing its expenses is its ratio of expenses to revenue. As reflected in the accompanying graph, WRIT's operating expenses plus G &A, as a percentage of revenues, has declined significantly over the last five years.



2001 Operating Income by Sector



REGIONAL ECONOMY

The Greater Washington, D.C. economy is a unique blend of "old economy" service companies and "new economy" high technology growth companies, anchored by the very significant Federal Government presence. On the growth side:

- Washington Dulles International Airport at 25.8% and Baltimore-Washington International Airport at 16.7% were ranked Nos. 1 and 2 in passenger growth in the U.S. in 1999, the most recent year for which data is available.
- The Greater Washington region ranks 1st in the U.S. in high-tech and bio-tech employment.
- George Mason University Center for Regional Analysis (GMU) projects economic growth in the region of 4.1% in 2001, but still very strong and substantially higher than is projected for the U.S. as a whole.

38% of Washington area technology sales are to the Federal Governement

While growth is very important, from an investment perspective, economic stability is equally important. In this context, no other region in the country can compete with the Greater Washington region:

- According to GMU, approximately 38% of Washington area technology sales are to the Federal government. This compares to 5% in Silicon Valley.
- Federal government spending accounts for 31% of the area's Gross Regional Product
- Federal spending in this region has increased every year for 20 consecutive years, even in years when federal spending has decreased nationally.
- The GMU projects Federal spending in the region to grow by 3% in 2001.

Federal spending accounts for 31% of the Washington area's Gross Regional Product and has increased every year for 20 consecutive years

- As reflected in the box at the bottom of this page, Washington area technology firms are concentrated in more stable sub-sectors than other technology centered regions.
- The Greater Washington region is not exposed to new or old economy manufacturing fluctuations.
- Greater Washington is home to 32 colleges and universities, several of which have world class reputations at both the undergraduate and graduate levels.

Clearly in the Greater Washington region, high tech growth combined with Federal government stability will continue to create one of the most favorable economic environments in the U.S. This will further enhance the value of WRIT's portfolio and continue to create future growth opportunities.

Washington Area Technology Firms	San Francisco Area Technology Firms
Internet portals, service providers and content providers	Electronic designers: web pages, games, animation and entertainment
Network applications	Software designers
Telecomm	Hardware manufacturers
Bio-med	Dot.com retailers
38% of sales are to the Federal Government	5% of sales are to the Federal Government

REAL ESTATE MARKETS

The combination of economic growth and stability in the Greater Washington region translates into very strong real estate market performance as reflected in the sector data provided by Delta Associates/ Transwestern Commercial Services (Delta) below.

Office Buildings - The Greater Washington Metro area year 2000 office market performance was the best ever recorded.

- Net absorption totaled 15.6 million square feet, up from 11 million square feet in 1999 and the highest of any metro area in the U.S for the second straight year.

15.6 million square feet of Washington area office space was absorbed during 2000, the most of any metro area in the U.S. for the second straight year

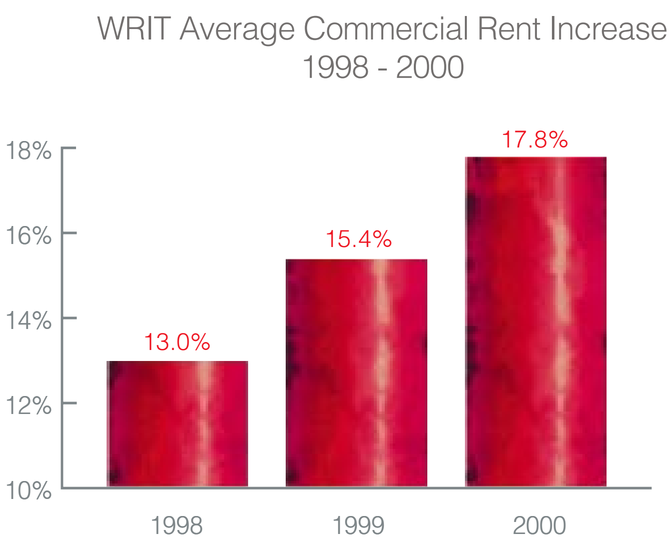
- Direct vacancy was 3.6% (4.3% with sublet space included) at year end 2000 down from 5.0% at year end 1999 and 3.8% at the end of Q3 2000.
- Rents increased by an average of 11% in the region with some submarkets (Tysons/Dulles and Bethesda/I-270 Corridors) up 20%.
- Of the 21.3 million square feet of space under construction at year end 2000, 53% was pre-leased.
- The overall vacancy rate is projected to rise to between 7% and 8% over the next two years due to new development and an anticipated slow down in economic growth.
- Rents are projected to continue to rise over the next two years, albeit at a slower rate than in 2000.

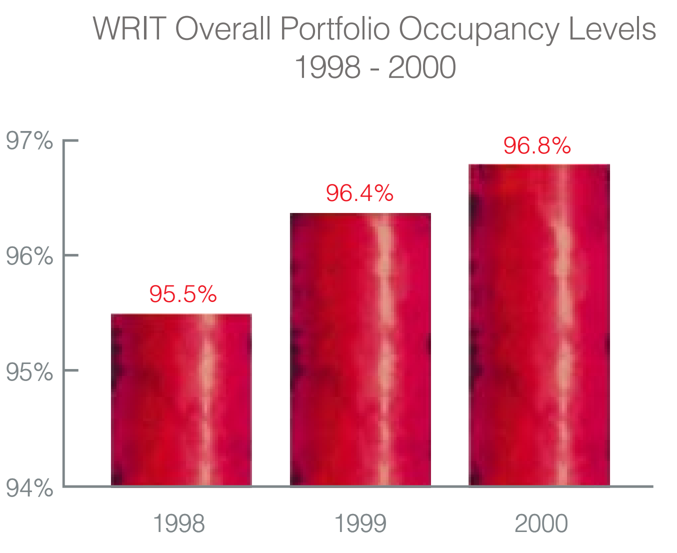
Multifamily Properties - In 2000, the Washington Metro area apartment market produced very strong rental rate growth as a result of continued extraordinarily low vacancy rates.

The .7% vacancy rate at year end 2000 in Washington area Class B apartments was the lowest recorded since World War II

- The .7% vacancy rate at year end 2000 in Class B apartments was the lowest recorded since World War II.
- Class B apartment rents rose over 15%.
- While nearly 26,000 units are in the development pipeline for delivery by December, 2003, new demand for approximately 22,000 units is projected over that period. As a result the vacancy rate is projected to increase to 4.7% at December, 2003 – still very low by historical standards.
- Rents are projected to continue to rise at 5% to 10% per annum over the next two years.

The Strength of the Washington Area Markets Has Contributed to Record Occupancy Levels and Rent Increases for WRIT





Greater Washington Economy and Real Estate Markets (cont'd)

Grocery-Anchored Retail Centers – The Greater Washington metro area market continues to be a strong retail market due to:

- The highest per capita income of any major metro area in the U.S.
- The high growth rate – 25,000 new households per year since 1993.
- Demand outstripping new supply since the early 1990's.
- The stability of the regional economy.

As a result of these factors:

- Overall market vacancy in grocery-anchored retail centers fell to 2.2% at year end 2000 from 2.7% at year end 1999.
- Rents for in-line tenants increased by 6.3% in 2000.
- Strong performance is expected to continue as the development pipeline is inadequate to meet demand.

Industrial/Flex Properties – The Greater Washington-Baltimore industrial market is experiencing its strongest conditions ever:

- Year 2000 net absorption of 9.8 million square feet was the highest since the mid-1980's.

Greater Washington Area Occupancy Rates at December 31, 2000:

Office	*95.7%*
Multi-Family	*99.3%*
Retail	*97.8%*
Industrial	*92.2%*

- Vacancy was 7.8% at year end 2000, the lowest since the early 1980's.
- Average industrial rents rose 7.5% in the region while Northern Virginia Flex/R&D rents increased 20%.
- Of the 8.5 million square feet of industrial space under construction at year end 2000, 22% was pre-leased.
- The regional industrial vacancy rate is projected to increase slightly to just over 8% by year-end 2001.

Funds From Operations

In accordance with the National Association of Real Estate Investment Trusts' definition of Funds From Operations (FFO), as clarified in 1999, WRIT's calculation of FFO for 1998 - 2000 is as follows:

(In thousands, except per share amounts)

	2000	1999	1998
Net Income per GAAP financial statements	$45,139	$44,301	$41,064
Gain on sale of real estate	(3,567)	(7,909)	(6,764)
Losses (gains) on restructuring of debt, or other extraordinary items	-	-	-
Subtotal	41,572	36,392	34,300
Plus:			
Depreciation and amortization of real estate assets	22,723	19,590	15,399
Funds From Operations	$64,295	$55,982	$49,699
Funds From Operations Per Share (basic)	$ 1.80	$ 1.57	$ 1.39
Funds From Operations Per Share (diluted)	$ 1.79	$ 1.57	$ 1.39

Acquisitions & Dispositions

ACQUISITIONS

Wayne Plaza, a nine-story office building containing 91,127 rentable square feet and a two-level underground parking garage, was acquired for $7.7 million. Wayne Plaza is projected to produce a 10.6% return on investment in WRIT's first year of ownership and at $85 per square foot, the property was acquired at substantially below replacement cost.

Wayne Plaza was 89.7% leased at acquisition and 98.5% leased at December 31, 2000.

Wayne Plaza is located at 962 Wayne Avenue in Silver Spring, Maryland, across from the world headquarters of Discovery Communications and the Downtown Silver Spring Redevelopment Project, both of which are currently under construction.

Wayne Plaza was 89.7% leased at acquisition and 98.5% leased at December 31, 2000. The acquisition provides WRIT with an extraordinary value-added opportunity. Despite its prime location, deferred maintenance has kept rents below market. WRIT has already begun to invest approximately $2,000,000 in the building to renovate and replace aging building systems including HVAC equipment, elevators and building cosmetics. These capital improvements and the major redevelopment of the area, combined with a focused hands on property management and leasing program, have resulted in increased occupancies and revenue earlier than projected.

833 South Washington Street, a mixed-use retail/office building and an adjoining parking lot in Alexandria, Virginia was acquired for $1.35 million. With this acquisition, WRIT now owns 100% of the frontage of the 800 Block of South Washington Street and the adjoining off-street parking.

The 6,026 square foot building and .24 acres of land are strategically located in historic Old Town Alexandria, Virginia. The building was unoccupied at date of acquisition, but WRIT has since leased the entire building to Work Bench Furniture. WRIT's holdings on the 800 South Washington Street Block now total 42,326 square feet of retail space, 5,600 square feet of office space and 2,800 square feet of warehouse space. These holdings are 100% leased to 15 tenants including Williams-Sonoma, Laura Ashley, Storehouse Furniture and Next Day Blinds. Over 100,000 people, with an average household income of over $86,000, live within a three-mile radius of the property .

Over the first two years, leases for 31% of Courthouse Square's rentable area expire at rents currently 36% below market.

Courthouse Square, an office/retail complex in Old Town Alexandria, Virginia, was acquired for $17 million. The 113,000 rentable square foot building, with 139 parking spaces, was 98% leased at acquisition. At a purchase price of $150 per square foot, the building was acquired at a substantial discount to replacement cost.

WRIT expects this acquisition to produce a first year cash return on investment of 10.5%. This initial return is expected to significantly increase as leases for 31% of the building's rentable area expire over the next two years, at rents currently 36% below market.

Courthouse Square is located in the heart of historic Old Town Alexandria, Virginia, adjacent to the City of Alexandria Courthouse and one block west of the Alexandria City Hall. Leasing and operational synergies are anticipated at Courthouse Square as it is located directly across from WRIT's 515 King Street property, a 78,140 square foot office building.

DISPOSITIONS

In 2000, WRIT sold the Prince William Plaza and Clairmont Shopping Centers for a total of $5.8 million, resulting in a gain of approximately $3.1 million. Since the commencement of WRIT's asset disposition program in 1998, WRIT has sold nine properties for a total of $39.6 million, yielding a total gain of $18.2 million. In each case the sales proceeds were invested, on a tax deferred basis, in properties which we believe will have substantially stronger earnings growth more in line with WRIT's long term objectives.

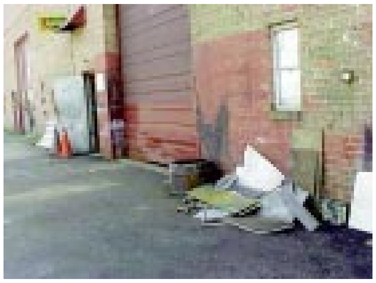
Expansions, Major Renovations & Capital Improvements

WRIT has developed a strong reputation for finding creative ways to improve the performance and add value to newly acquired and existing assets. xRecent such efforts have included:

- 70,000 square feet of office space built on top of the pre-existing structured parking garages at 7700 Leesburg Pike and 7900 Westpark Drive
- Bradlee Shopping Center renovation
- 20,000 square foot Wheaton Park Shopping Center expansion
- conversion of the 12,000 square foot two story theater space at Chevy Chase Metro Center to two floors of retail space containing 22,600 square feet, leased at double the per square foot rate.

WRIT invested $17.5 million in these recent projects and earned an average cash return on investment of over 16%.

In 2000, WRIT completed the renovation of the 790,000 square foot Northern Virginia Industrial Park (NVIP). NVIP was acquired for $30.4 million with a projected initial return on investment of 8.6%. The property had been physically and operationally neglected and the "Before Renovation" photos on this pages provide a glimpse of the condition of the property at acquisition. Upon acquisition, NVIP was only 83% occupied at rents that ranged from 15% to 25% below market. This provided WRIT a unique opportunity.

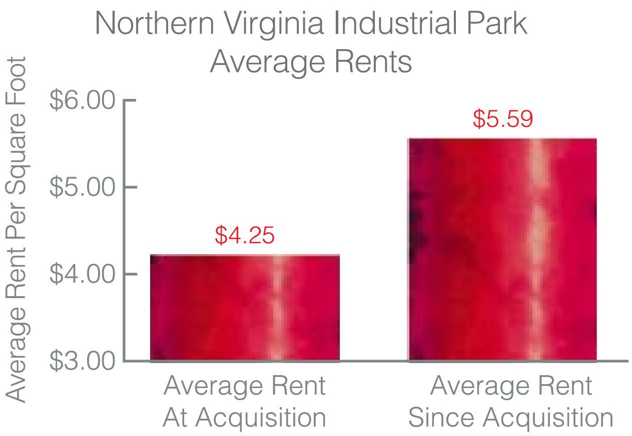


NVIP Before Renovation

The return on investment at Northern Virginia Industrial Park is projected to grow from 8.6% at acquisition in 1998 to 12% in 2001

After closing, WRIT commenced a $3 million renovation program which included:

- roof repairs and replacements
- new site lighting throughout the property
- repaving the entire site
- sprinkler system improvements
- new alarm systems
- facade renovation
- new tenant and property signage
- new landscaping
- construction of 90 additional truck/auto parking spaces



NVIP After Renovation

The physical results of the renovation program can be seen in the accompanying "After Renovation" photo. The financial results of the renovation program and our hands-on management and leasing are even more dramatic. NVIP was 96% leased at December 31, 2000, with the average rent on leases signed since acquisition being 31% higher than the average NVIP rent in place upon acquisition. As a result, we project that the return on our total investment at NVIP will reach 12% in 2001.

Current value added projects in various stages of planning include:

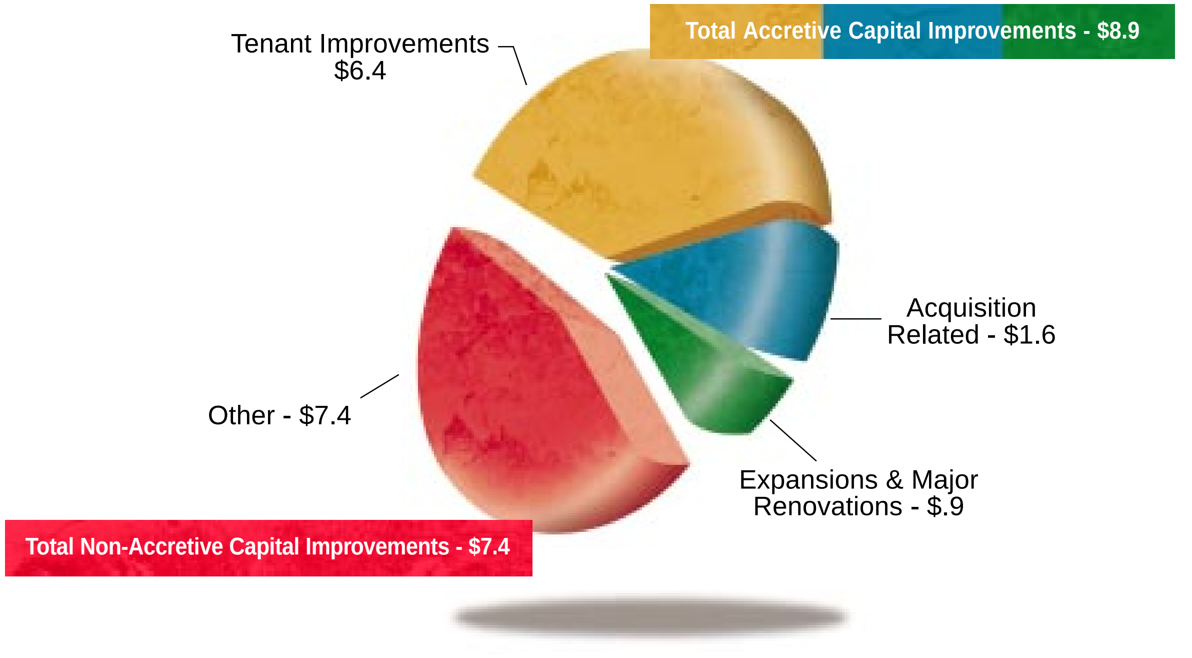
- facade renovation at 1901 Pennsylvania Avenue N.W., Washington D.C., a 97,000 square foot office building
- Tyson's Technology Center, a 131,000 square foot, five story office building to be built on the existing parking lot adjoining Tycon III
- major renovation of the Westminster Shopping Center
- conversion of the Walker House Apartments mechanical equipment building into apartments
- major renovation of the Foxchase Shopping Center.

We anticipate these projects to begin producing earnings in 2002 and to ultimately be substantial contributors to our earnings.

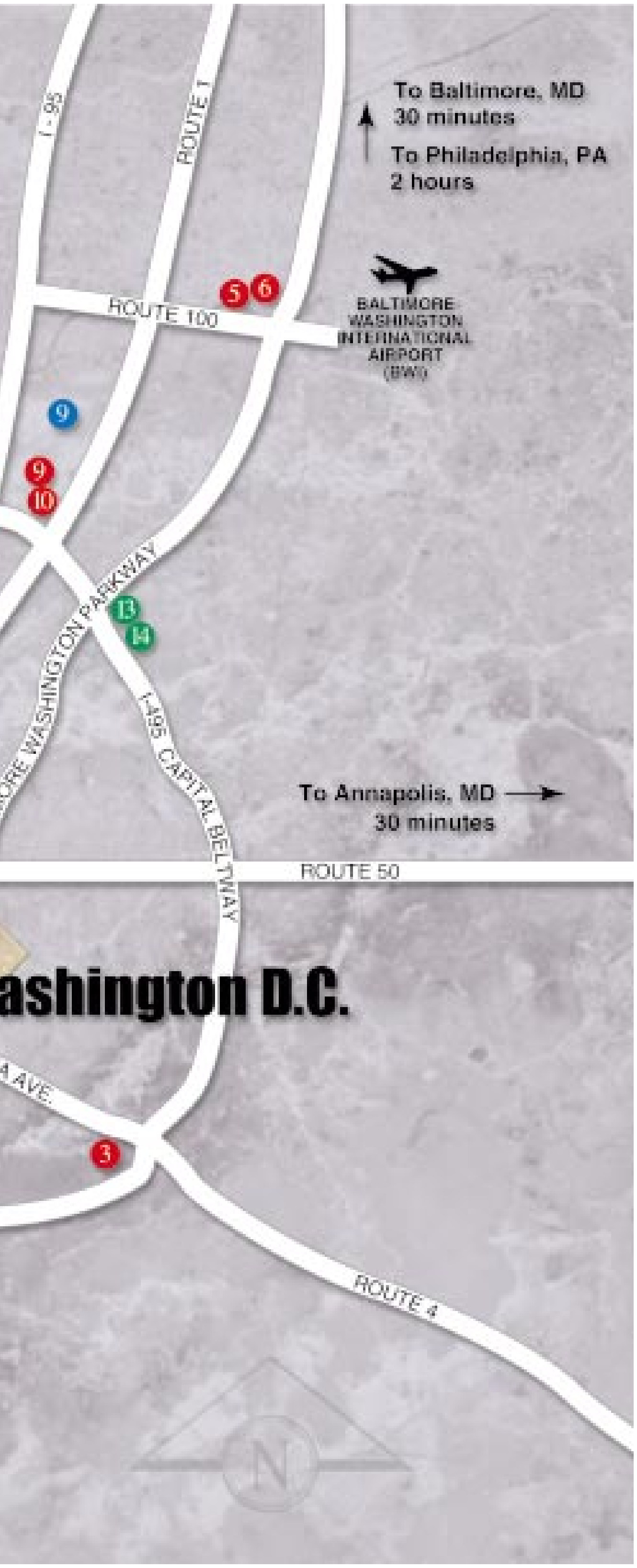
Artist's rendering of the new facade at 1901 Pennsylvania Avenue

Capital Improvements

During 2000, WRIT's $16.3 million Capital Improvement costs were as follows (in millions):



WRIT Properties



Retail Centers

1. Takoma Park Shopping Center
Takoma Park, Maryland
2. Westminster Shopping Center
Westminster, Maryland
3. Concord Centre
Springfield, Virginia
4. Wheaton Park Shopping Center
Wheaton, Maryland
5. Bradlee Shopping Center
Alexandria, Virginia
6. Chevy Chase Metro Plaza
Washington, D.C.
7. Montgomery Village Center
Gaithersburg, Maryland
8. The Shoppes of Foxchase
Alexandria, Virginia
9. Frederick County Square
Frederick, Maryland
10. The 800 Block of South Washington Street
Alexandria, Virginia

Industrial Centers

1. Capital Freeway Center
Washington, D.C.
2. Fullerton Industrial Park
Springfield, Virginia
3. Pepsi-Cola Distribution Center
Forestville, Maryland
4. Charleston Business Center
Rockville, Maryland
5. Tech 100 Industrial Park
Elkridge, Maryland
6. Crossroads Distribution Center
Elkridge, Maryland
7. Alban Business Center
Springfield, Virginia
8. The Earhart Building
Chantilly, Virginia
9. Ammendale Technology Park I
Beltsville, Maryland
10. Ammendale Technology Park II
Beltsville, Maryland
11. Pickett Industrial Park
Alexandria, Virginia
12. Northern Virginia Industrial Park
Lorton, Virginia
13. 8900 Telegraph Road
Lorton, Virginia
14. Dulles South IV
Chantilly, Virginia
15. Sully Square
Chantilly, Virginia

Apartment Buildings

1. Roosevelt Towers
Falls Church, Virginia
2. Park Adams
Arlington, Virginia
3. Munson Hill Towers
Falls Church, Virginia
4. Country Club Towers
Arlington, Virginia
5. 3801 Connecticut Avenue
Washington, D.C.
6. Walker House Apartments
Gaithersburg, Maryland
7. The Ashby at McLean
McLean, Virginia
8. Bethesda Hill Apartments
Bethesda, Maryland
9. Avondale Apartments
Laurel, Maryland

Office Buildings

1. 1901 Pennsylvania Avenue, N.W.
Washington, D.C.
2. 10400 Connecticut Avenue
Kensington, Maryland
3. 51 Monroe Street
Rockville, Maryland
4. 7700 Leesburg Pike
Tysons Corner, Virginia
5. 515 King Street
Alexandria, Virginia
6. The Saratoga Building
Rockville, Maryland
7. The Lexington Building
Rockville, Maryland
8. Brandywine Center
Rockville, Maryland
9. Tycon II
Tysons Corner, Virginia
10. Tycon III
Tysons Corner, Virginia
11. 6110 Executive Boulevard
Rockville, Maryland
12 1220 19th Street, N.W.
Washington, D.C.
13. Maryland Trade Center I
Greenbelt, Maryland
14. Maryland Trade Center II
Greenbelt, Maryland
15. 1600 Wilson Boulevard
Arlington, Virginia
16. 7900 Westpark Drive
Tysons Corner, Virginia
17. Woodburn Medical Park I&II
Fairfax, Virginia
18. 8230 Boone Boulevard
Tysons Corner, Virginia
19. 600 Jefferson Plaza
Rockville, Maryland
20. 1700 Research Boulevard
Rockville, Maryland
21. 11821 Parklawn Dirve
Rockville, Maryland
22. Wayne Plaza
Silver Spring, Maryland
23. Courthouse Square
Alexandria, Virginia

RESULTS OF OPERATIONS

REAL ESTATE RENTAL REVENUE: 2000 VERSUS 1999

Total revenues for 2000 increased $15.8 million, or 13%, to $134.7 million from $119.0 million in 1999. The percentage increase in real estate rental revenue from 1999 to 2000 by property type was as follows:

Office Buildings	15%
Retail Centers	1%
Multifamily	14%
Industrial	19%

During 2000, WRIT's office building revenues and operating income increased by 15% and 17%, respectively, over 1999. These increases were primarily due to increased rental rates for the sector, 2000 acquisitions of Wayne Plaza and Courthouse Square and 1999 acquisitions of 600 Jefferson Plaza, 1700 Research Boulevard and Parklawn Plaza, offset in part by the 1999 sales of Arlington Financial Center and 444 N. Frederick Road and a slight decline in occupancy rates.

During 2000, WRIT's retail center revenues and operating income increased by 1% and 2%, respectively, over 1999. The increases were due to the 2000 acquisition of 833 S. Washington Street combined with increased rental rates and occupancy levels, offset by the 2000 sales of Prince William Plaza and Clairmont Center.

WRIT's multifamily revenues and operating income increased by 14% and 19%, respectively, in 2000 over 1999. These increases were primarily due to the 1999 acquisition of Avondale Apartments, combined with increased rental rates and occupancy levels across the sector.

WRIT's industrial revenues and operating income increased by 19% and 21%, respectively, in 2000 over 1999. These increases were primarily due to the 1999 acquisitions of Dulles South IV, Amvax and Sully Square, as well as increased rental rates and occupancy levels primarily at Northern Virginia Industrial Park, offset in part by the loss of revenues from the 1999 sales of the Department of Commerce Industrial Center and V Street Distribution Center.

REAL ESTATE RENTAL REVENUE: 1999 VERSUS 1998

Total revenues for 1999 increased $15.4 million, or 15%, to $119.0 million from $103.6 million in 1998. The percentage increase in real estate rental revenue from 1998 to 1999 by property type was as follows:

Office Buildings	20%
Retail Centers	4%
Multifamily	8%
Industrial	20%

During 1999, WRIT's office building revenues and operating income increased by 20% and 23%, respectively, over 1998. These increases were primarily due to 1999 acquisitions of 600 Jefferson Plaza and 1700 Research Boulevard and 1998 acquisitions of 8230 Boone Boulevard and Woodburn Medical Park I and II combined with increased rental rates and occupancy levels for the sector and offset in part by the 1999 sales of Arlington Financial Center and 444 N. Frederick Road.

During 1999, WRIT's retail center revenues and operating income increased by 4% and 2%, respectively, over 1998. The change was primarily attributable to increased rental rates and tenant recovery income across the sector offset by the December 1998 sale of Dover Mart retail center.

WRIT's multifamily revenues and operating income increased by 8% and 9%, respectively, in 1999 over 1998. These increases were primarily due to the 1999 acquisition of Avondale Apartments, combined with increased rental rates and occupancy levels across the sector.

WRIT's industrial revenues and operating income increased by 20% and 16%, respectively, in 1999 over 1998. These increases were primarily due to 1999 acquisitions of Dulles South IV and Amvax and 1998 acquisitions of Northern Virginia Industrial Park and 8900 Telegraph Road as well as increased rental rates across the sector, offset in part by the 1999 sales of the Department of Commerce Industrial Center and V Street Distribution Center.

OPERATING EXPENSES AND OTHER RESULTS OF OPERATIONS

Real estate operating expenses as a percentage of revenue were 28% for 2000 as compared to 30% for 1999 and 1998. The decrease in 2000 compared to 1999 and 1998 is attributable to a 15% revenue increase in WRIT's office building segment resulting from 2000, 1999 and 1998 property acquisitions and increased rental rates, combined with only an 11% increase in the office building segment's operating expenses. WRIT's percentage of revenue from office buildings, including medical buildings, within its entire real estate portfolio has increased to 53% at December 31, 2000, from 52% December 31, 1999 and 50% at December 31, 1998. The increase is attributable to 2000, 1999 and 1998 office building acquisitions. 3.9% of the real estate portfolio revenues are attributable to WRIT's medical office buildings which WRIT considers to have less exposure to potential competition than typical office buildings. WRIT's percentage of revenue from industrial centers increased to 14.3% at December 31, 2000 from 13.6% at December 31, 1999 and 13.1% at December 31, 1998. The increase is attributable to 1999 and 1998 acquisitions. Generally, real estate operating expenses have increased to $38.3 million in 2000 from $35.3 million in 1999 and $31.1 million in 1998 due to the acquisition of three real estate properties in 2000, seven real estate properties in 1999 and six real estate properties in 1998.

Interest expense increased $3.3 million in 2000 from 1999. The increase is primarily attributable to a higher average unsecured line of credit balance outstanding combined with higher variable interest rates, the issuance of $55.0 million in medium-term notes in November 2000 used to pay off WRIT's unsecured lines of credit and the assumption of an $8.7 million mortgage in September 1999 in connection with the acquisition of Avondale

Apartments. Interest expense increased $5.2 million in 1999 from 1998 primarily due to the assumption of an $8.7 million mortgage in September 1999 in connection with the acquisition of Avondale Apartments, the issuance of $110.0 million medium-term notes in February 1998 and the assumption of $21.6 million in mortgages in November 1998 in connection with the acquisition of Woodburn Medical Park. In addition, WRIT closed on a $50.0 mortgage note in September 1999 at a 7.14% interest rate that was used to pay off WRIT's unsecured lines of credit at slightly lower interest rates.

General and administrative expenses were $7.5 million for 2000 as compared to $6.2 million for 1999 and $6.6 million for 1998. The increase in general and administrative expenses in 2000 from 1999 was primarily attributable to increased compensation due to the increased portfolio and growth of the Trust. The decrease in general and administrative expenses in 1999, as compared to 1998, was primarily attributable to increased property management profits in 1999 that in turn reduced the administrative expenses of the Trust.

CAPITAL RESOURCES AND LIQUIDITY

WRIT has utilized the proceeds of share offerings, unsecured and secured debt issuance (medium and long-term fixed interest rate debt), bank lines of credit and cash flow from operations for its capital needs. Management believes that external sources of capital will continue to be available to WRIT from its existing unsecured bank line of credit commitments and from selling additional shares and/or the sale of medium or long-term secured or unsecured notes. The funds raised would be used for new acquisitions and capital improvements.

Management believes that WRIT has the liquidity and the capital resources necessary to meet all of its known obligations and to make additional property acquisitions and capital improvements when appropriate to enhance long-term growth.

As of December 31, 2000, WRIT had line of credit commitments in place from commercial banks for up to $75.0 million, which bear interest at an adjustable spread over LIBOR based on the Trust's interest coverage ratio and public debt ratings. WRIT acquired three improved properties and the land under Munson Hill Towers for a total acquisition cost of $26.6 million in 2000, and acquired seven properties for a total acquisition cost of $61.9 million in 1999. The 2000 acquisitions were financed by line of credit advances and the use of proceeds from property sales in February and August 2000. WRIT disposed of two properties in 2000 resulting in net proceeds of $5.7 million. The proceeds from these sales were used to partially fund 2000 acquisitions. On November 6, 2000, WRIT sold $55.0 million of 7.78% unsecured notes due November 2004. The notes bear an effective interest rate of 7.89%. Total proceeds to the Trust, net of underwriting fees, were $54.8 million. WRIT used the proceeds of these notes to repay advances on its lines of credit.

The 1999 acquisitions were financed by line of credit advances, the use of proceeds from property sales in February 1999 and the assumption of a non-recourse mortgage payable of $8.7 million. WRIT disposed of six properties in 1999 resulting in net proceeds of $22.0 million. On September 27, 1999, WRIT closed on a $50.0 million mortgage note payable, the proceeds of which were used to pay down WRIT's unsecured lines of credit. The mortgage is secured by WRIT's five Virginia multifamily properties.

The 1998 acquisitions were primarily financed through line of credit advances, from the February 1998 issuance of $110.0 million of medium-term notes (after repayment of amounts outstanding on line of credit borrowings of $95.0 million), the assumption of mortgages amounting to $21.6 million and from the reinvestment of the $10.8 million proceeds of the sales of three properties in 1998.

On February 20, 1998, WRIT sold $50.0 million of 7.25% unsecured notes due February 25, 2028 at 98.653% to yield approximately 7.36%. WRIT also sold $60.0 million of 6.898% unsecured Mandatory Par Put Remarketed Securities ("MOPPRS") at an effective borrowing rate through the remarketing date (February 2008) of approximately 6.74%. WRIT used the proceeds of these notes for general business purposes, including repayment of $95.3 million of outstanding advances under its lines of credit. WRIT used the remainder of the proceeds to finance acquisitions and capital improvements to its properties. WRIT had four interest rate lock agreements related to this transaction which settled for $5.4 million and treated that settlement and the cost of a related interest rate cap agreement as transaction costs of the borrowing. These costs are being amortized over the life of the unsecured notes using the effective interest rate method.

Cash flow from operating activities totaled $62.0 million, $53.2 million and $53.6 million for the years ended December 31, 2000, 1999 and 1998, respectively, including net income of $45.1 million (net of $3.6 million gain on property sales), $44.3 million (net of $7.9 million gain on property sales) and $41.1 million (net of $6.8 million gain on property sales), respectively, and depreciation and amortization of $22.7 million, $19.6 million and $15.4 million, respectively. The increase in cash flows from operating activities in 2000 from 1999 was primarily due to real estate acquisitions, increased operating income from previously owned properties and the resultant increase in net income. The decrease in cash flows from operating activities in 1999 from 1998 was primarily due to the timing of payments for trade accounts payable.

Cash flows used in investing activities totaled $37.4 million, $49.9 million and $68.9 million for the years ended December 31, 2000, 1999 and 1998, respectively. The decline in cash flows used in investing activities in 2000 from 1999 and in 1999 from 1998 is attributable to a reduction in real estate acquisitions.

Cash flows used in financing activities were $22.9 million and $3.2 million for the years ended December 31, 2000 and 1999, respectively, compared to cash flows provided by financing activities of $12.0 million for the year ended December 31, 1998. Cash flows used in financing activities in 2000 compared to 1999 increased as a result of increased dividend payments in

2000, increased line of credit repayments in excess of advances, offset by net proceeds from the debt offering in 2000. Cash flows used in financing activities in 1999 declined from 1998 as a result of increased dividend payments in 1999, offset by decreased line of credit repayments in excess of advances and no debt issuance in 1999.

Rental revenue has been the principal source of funds to pay WRIT's operating expenses, interest expense and dividends to shareholders. In 2000, 1999 and 1998, WRIT paid dividends totaling $44.0 million, $41.3 million and $39.6 million, respectively.

CAPITAL IMPROVEMENTS

Capital improvements of $16.3 million were completed in 2000, including tenant improvements. Capital improvements to WRIT properties in 1999 and 1998 were approximately $18.4 million and $18.7 million, respectively.

WRIT's capital improvement costs for 1998 - 2000 were as follows (in thousands):

	Year Ended December 31,		
	2000	1999	1998
Accretive capital improvements:			
Acquisition related	$ 1,640	$ 5,716	$ 4,943
Expansions and major renovations	892	5,929	2,856
Tenant improvements	6,342	2,342	5,653
Total Accretive capital improvements	8,874	13,987	13,452
Other:	7,394	4,384	5,200
Total	$16,268	$ 18,371	$18,652

Accretive Capital Improvements

Acquisition Related – These are capital improvements to properties acquired during the current and preceding two years which were planned during WRIT's investment analysis. In 2000, the most significant of these improvements were made to Pickett Industrial Center, Northern Virginia Industrial Park, Earhart Building, South Washington Street Bethesda Hill Apartments and Munson Hill Towers. In 1999, the most significant of these improvements were made to 7900 Westpark Drive, Woodburn Medical Park, Bethesda Hill Apartments, Ammendale Technology Park II and Northern Virginia Industrial Park. In 1998, the most significant of these improvements were made to Maryland Trade Center, 7900 Westpark, The Ashby at McLean, Bethesda Hill Apartments, Pickett Industrial Center and Northern Virginia Industrial Park.

Expansions and Major Renovations – Expansions and major renovations increase the rentable area of a property. During 1999, WRIT completed the 49,000 square foot expansion at 7900 Westpark Drive. Major renovations are improvements sufficient to increase the income otherwise achievable at a property. During 1999, WRIT completed the renovation of the Bradlee Shopping Center.

Tenant Improvements – Tenant Improvements are costs associated with commercial lease transactions such as painting and carpeting.

WRIT's average Tenant Improvement Costs for 1998 - 2000 per square foot of space leased were as follows:

	Year Ended December 31,		
	2000	1999	1998
Office	$4.71	$4.59	$5.05
Retail	$1.81	$0.69	$1.30
Industrial	$1.47	$0.55	$1.61

The Retail and Industrial Tenant Improvement costs are substantially lower than Office Improvement costs because the tenant improvements required in these property types are substantially less extensive than in offices. WRIT's office tenant improvement costs are among the lowest in the industry for a number of reasons. Approximately 81% of our office tenants renew their leases with WRIT, and renewing tenants generally require minimal tenant improvements. In addition, lower tenant improvement costs is one of the many benefits of WRIT's focus on leasing to smaller office tenants. Smaller office suites have limited configuration alternatives. Therefore, WRIT is often able to lease an existing suite with tenant improvements being limited to new paint and carpet.

Other Capital Improvements

Other Capital Improvements are those not included in the above categories. These are also referred to as recurring capital improvements. Over time these costs will be reincurred to maintain a property's income and value. In the Trust's residential properties, these include new appliances, flooring, cabinets, bathroom fixtures, and the like. These improvements are made as needed upon vacancy of an apartment and averaged $855 for the 768 apartments turned over in 2000. In 2000, WRIT also expensed an average of $350 per apartment turnover for items which do not have a long-term life and are, therefore, not capitalized.

YEAR 2000

WRIT's Year 2000 Project completion resulted in no interruption or failure of normal business activities or operations. No material failures or significant interruptions were experienced that materially or adversely affected WRIT's results of operations, liquidity or financial condition. The total costs incurred to become Year 2000 compliant were not material to WRIT's financial position. Any future cost associated with Year 2000 compliancy is not expected to be material to WRIT's financial position.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements which involve risks and uncertainties. Such forward-looking statements include (a) WRIT's intention to invest in properties that it believes will continue to increase in income and value; (b) WRIT's belief that its real estate markets will continue to perform well; (c) WRIT's belief that external sources of capital will continue to be available and that additional sources of capital will be available from the sale of shares or notes; (d) WRIT's belief that it has the liquidity and capital resources necessary to meet its known obligations and to make additional property acquisitions and capital improvements when appropriate to enhance long-term growth and (e) other statements preceded by, followed by or that include the words "believes," "expects," "intends," "anticipates," "potential" and other similar expressions.

WRIT claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for the foregoing statements. The following important factors, in addition to those discussed elsewhere in this Annual Report, could affect WRIT's future results and could cause those results to differ materially from those expressed in the forward-looking statements: (a) the economic health of WRIT's tenants; (b) the economic health of the Greater Washington-Baltimore region, or other markets WRIT may enter, including the effects of changes in Federal government spending; (c) the supply of competing properties; (d) inflation; (e) consumer confidence; (f) unemployment rates; (g) consumer tastes and preferences; (h) stock price and interest rate fluctuations; (i) WRIT's future capital requirements; (j) competition; (k) compliance with applicable laws, including those concerning the environment and access by persons with disabilities; (l) weather conditions and (m) the effects of changes in capital availability to the technology and biotechnology sectors of the economy.

RATIOS OF EARNINGS TO FIXED CHARGES AND DEBT SERVICE COVERAGE

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

	Year Ended December 31,		
	2000	1999	1998
Earnings to fixed charges	2.63x	2.61x	3.01x
Debt service coverage	3.40x	3.42x	3.84x

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

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

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The principal material financial market risk to which WRIT is exposed is interest-rate risk. WRIT's 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 its variable rate lines of credit. WRIT primarily enters into debt obligations to support general corporate purposes including acquisition of real estate properties, capital improvements and working capital needs. In the past WRIT has used interest rate hedge agreements to hedge against rising interest rates in anticipation of imminent refinancing or new debt issuance.

The table below presents principal, interest and related weighted average interest rates by year of maturity, with respect to debt outstanding on December 31, 2000 .

	2001	2002	2003	2004	2005	Thereafter	Total	Fair Value
	In thousands							
DEBT (all fixed rate except lines of credit)								
Unsecured debt								
Principal	$ —	$ —	$50,000	$55,000	$ —	$160,000	$265,000	$258,513
Interest	$19,230	$19,230	$18,043	$15,311	$11,389	$ 91,738	$174,941	
Average interest rate	7.37%	7.37%	7.37%	7.35%	7.35%	7.20%	7.25%	
Mortgages								
Principal amortization (30 year schedule)	$ 834	$ 903	$ 7,368	$ 820	$26,335	$ 50,000	$ 86,260	$ 87,493
Interest	$ 6,436	$ 6,367	$ 5,705	$ 5,644	$ 5,064	$ 13,388	$ 42,604	
Average interest rate	7.50%	7.50%	7.50%	7.36%	7.36%	7.36%	7.37%	

Consolidated Balance Sheets

As of December 31, 2000 and 1999
(In thousands)

	2000	1999
Assets		
Real estate, at cost	$ 698,513	$ 661,870
Accumulated depreciation	(100,906)	(83,574)
Total investment in real estate, net	597,607	578,296
Cash and cash equivalents	6,426	4,716
Rents and other receivables, net of allowance for doubtful accounts of $1,743 and $799, respectively	8,427	6,572
Prepaid expenses and other assets	19,587	18,896
Total assets	$ 632,047	$ 608,480
Liabilities and shareholders' equity		
Accounts payable and other liabilities	$ 13,048	$ 11,421
Advance rents	1,901	3,304
Tenant security deposits	5,624	5,006
Mortgage notes payable	86,260	87,038
Lines of credit payable	-	33,000
Notes payable	265,000	210,000
Total liabilities	371,833	349,769
Minority interest	1,558	1,522
Shareholders' Equity		
Shares of beneficial interest, $.01 par value; 100,000 shares authorized: 35,740 and 35,721 shares issued and outstanding, respectively	357	357
Additional paid in capital	258,299	256,832
Total shareholders' equity	258,656	257,189
Total liabilities and shareholders' equity	$ 632,047	$ 608,480

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

For the Years Ended December 31, 2000, 1999 and 1998
(In thousands, except per share data)

	2000	1999	1998
Real estate rental revenue	$134,732	$ 118,975	$103,597
Real estate expenses:			
Utilities	7,682	7,298	7,012
Real estate taxes	9,347	8,496	7,372
Repairs and maintenance	5,580	4,765	4,296
Administrative	2,753	2,520	2,130
Management fees	4,195	3,693	3,185
Operating services and supplies	5,459	4,856	4,569
Common area maintenance	1,961	1,850	1,573
Other expenses	1,339	1,803	977
Total real estate expenses	38,316	35,281	31,114
Operating income	96,416	83,694	72,483
Depreciation and amortization	22,723	19,590	15,399
Income from real estate	73,693	64,104	57,084
Other income	943	732	880
Interest expense	(25,531)	(22,271)	(17,106)
General and administrative expenses	(7,533)	(6,173)	(6,558)
Income before gain on sale of real estate	41,572	36,392	34,300
Gain on sale of real estate	3,567	7,909	6,764
Net income	$ 45,139	$ 44,301	$ 41,064
Basic and diluted earnings per share	$ 1.26	$ 1.24	$ 1.15
Weighted Average Shares Outstanding - Basic	35,735	35,714	35,688
Weighted Average Shares Outstanding - Diluted	35,872	35,723	35,714

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended December 31, 2000, 1999 and 1998
(In thousands, except share data)

	Shares	Par Value	Additional Paid in Capital	Shareholders' Equity
Balance, December 31, 1997	35,678	$ 357	$ 251,731	$ 252,088
Net income	-	-	41,064	41,064
Dividends	-	-	(39,614)	(39,614)
Share options exercised and Share Grants	14	-	195	195
Balance, December 31, 1998	35,692	357	253,376	253,733
Net income	-	-	44,301	44,301
Dividends	-	-	(41,341)	(41,341)
Share options exercised and Share Grants	29	-	496	496
Balance, December 31, 1999	35,721	357	256,832	257,189
Net income	-	-	45,139	45,139
Dividends	-	-	(43,955)	(43,955)
Share options exercised and Share Grants	19	-	283	283
Balance, December 31, 2000	35,740	$ 357	$ 258,299	$ 258,656

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2000, 1999 and 1998
(In thousands)

	2000	1999	1998
Cash Flows From Operating Activities			
Net income	$ 45,139	$ 44,301	$ 41,064
Adjustments to reconcile net income to cash provided by operating activities:			
Gain on sale of real estate	(3,567)	(7,909)	(6,764)
Depreciation and amortization	22,723	19,590	15,399
Increases in other assets	(3,382)	(1,954)	(2,895)
Increases (decreases) in other liabilities	1,061	(808)	6,789
Cash provided by operating activities	61,974	53,220	53,593
Cash Flows From Investing Activities			
Real estate acquisitions, net*	(26,581)	(53,197)	(59,087)
Improvements to real estate	(16,268)	(18,371)	(18,652)
Non-real estate capital improvements	(267)	(350)	(1,967)
Net proceeds from sale of real estate	5,732	22,033	10,844
Cash used in investing activities	(37,384)	(49,885)	(68,862)
Cash Flows From Financing Activities			
Dividends paid	(43,955)	(41,341)	(39,614)
Line of credit advances	21,000	33,000	44,000
Repayments of lines of credit	(54,000)	(44,000)	(95,250)
Proceeds from mortgage note payable	-	49,225	-
Mortgage principal payments	(778)	(594)	(172)
Net proceeds from debt offering	54,753	-	102,797
Net proceeds from the exercise of share options	100	496	195
Cash (used in) provided by financing activities	(22,880)	(3,214)	11,956
Net increase (decrease) in cash and cash equivalents	1,710	121	(3,313)
Cash and cash equivalents at beginning of year	4,716	4,595	7,908
Cash and cash equivalents at end of year	$ 6,426	$ 4,716	$ 4,595
Supplemental disclosure of cash flow information			
Cash paid for interest	$ 24,001	$ 18,968	$ 13,475

Supplemental schedule of non-cash investing and financing activities:

*On September 20, 1999, WRIT purchased Avondale Apartments for an acquisition cost of $13.0 million. WRIT assumed a mortgage in the amount of $8.7 million and paid the balance in cash. The $8.7 million of assumed mortgage is not included in the $53.2 million amount shown as 1999 real estate acquisitions.

On November 30, 1998, WRIT purchased Woodburn Medical Park I and II for an acquisition cost of $35.2 million. WRIT assumed two mortgages in the amount of $9.2 million and $12.4 million and paid the balance in cash. The $21.6 million of assumed mortgages is not included in the $59.1 million amount shown as 1998 real estate acquisitions.

The accompanying notes are an integral part of these statements.

1. Nature of Business:

Washington Real Estate Investment Trust ("WRIT" or the "Trust", a Maryland real estate investment trust) is a self-administered, self managed equity real estate investment trust, successor to a trust organized in 1960. The Trust's business consists of the ownership and operation of income-producing real estate properties in the greater Washington – Baltimore region.

WRIT operates in a manner intended to enable it to qualify as a real estate investment trust under the Internal Revenue Code (the "Code"). In accordance with the Code, a trust which distributes its capital gains and at least 95 percent of its taxable income to its shareholders each year, and which meets certain other conditions, will not be taxed on that portion of its taxable income which is distributed to its shareholders. Accordingly, no provision for federal income taxes is required.

2. Accounting Policies:

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Trust and its majority owned subsidiaries, after eliminating all intercompany transactions.

New Accounting Pronouncements

In June 1998, Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", was issued. This statement (as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB Statement No. 133) establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of the foreign currency exposure to a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security, or a foreign-currency-denominated forecasted transaction. This statement is effective for all fiscal quarters of fiscal years beginning after January 1, 2001. Although WRIT currently has no derivative instruments, this statement will affect the reporting of derivative instruments acquired by WRIT in future periods. WRIT has entered into interest rate protection agreements to reduce its exposure to interest rate risk on anticipated borrowings. The costs (if any) of such agreements which qualify for hedge accounting are included in other assets and are amortized over the interest rate protection agreement term. In the event that interest rate protection agreements that qualify for hedge accounting are terminated or are closed out, the associated gain or loss is deferred and amortized over the term of the underlying hedged asset or liability. Amounts to be paid or received under interest rate protection agreements are accrued currently and are netted with interest expense for financial statement presentation purposes.

Revenue Recognition

Residential properties are leased under operating leases with terms of generally one year or less, and commercial properties are leased under operating leases with average terms of three to five years. WRIT recognizes rental income and rental abatements from its residential and commercial leases when earned on the straight-line method in accordance with Statement of Financial Accounting Standards ("SFAS") No. 13. WRIT records an allowance for doubtful accounts equal to the estimated uncollectible amounts. This estimate is based on WRIT's historical experience and a review of the current status of its receivables. Contingent rents are recorded when cumulative sales exceed the amount necessary for the contingent rents to equal minimum annual rent, and WRIT has been informed of cumulative sales data; thereafter, percentage rent is accrued based on subsequent sales.

Minority Interest

WRIT entered into an operating agreement with a member of the previous ownership entity of Northern Virginia Industrial Park in conjunction with the acquisition of this property in May 1998. This resulted in a minority ownership interest in this property based upon defined company ownership units at the date of purchase. WRIT accounts for this activity by allocating the percentage ownership interest of the net operating income of the property to minority interest. Quarterly distributions are made to the minority owner equal to the quarterly dividend per share for each ownership unit.

Deferred Financing Costs

Costs associated with the issuance of mortgage and other notes and draws on lines of credit are capitalized and amortized using the effective interest rate method over the term of the related notes and are included in interest expense on the accompanying statements of income.

Real Estate and Depreciation

Buildings are depreciated on a straight-line basis over estimated useful lives not exceeding 50 years. All capital improvement expenditures associated with replacements, improvements, or major repairs to real property are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 30 years. All tenant improvements are amortized over the shorter of the useful life or the term of the lease. Maintenance and repair costs are charged to expense as incurred.

WRIT recognizes impairment losses on long-lived assets used in operations when indicators of impairment are present and the net undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is generally assessed through comparison of amortized value to fair value. There were no property impairments recognized during the three-year period ending December 31, 2000.

Cash and Cash Equivalents

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

Comprehensive Income

WRIT has no items of comprehensive income that would require separate reporting in the accompanying consolidated statements of income.

Earnings Per Common Share

"Basic earnings per share" is computed as net income divided by the weighted-average common shares outstanding. "Diluted earnings per share" is computed as net income divided by the total weighted average common shares outstanding plus the effect of dilutive common equivalent shares outstanding for the period. Dilutive common equivalent shares reflect the assumed issuance of additional common shares pursuant to certain of the Trust's share based compensation plans (see Note 8) that could potentially reduce or "dilute" earnings per share, based on the treasury stock method.

The weighted-average number of shares outstanding for the years ended December 31, 2000, 1999 and 1998 were 35.7 million shares for each respective year and 35.9 million, 35.7 million and 35.7 million on a diluted basis for the years ended December 31, 2000, 1999 and 1998.

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

3. Real Estate Investments:

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

	December 31, 2000	December 31, 1999
(In thousands)		
Office buildings	$383,542	$352,145
Retail centers	94,893	97,004
Multifamily	102,142	99,125
Industrial distribution/flex properties	117,936	113,596
	$698,513	$661,870

WRIT's results of operations are dependent on the overall economic health of its tenants and the specific segments in which WRIT holds properties, as well as the overall economic health of the markets in which it owns property. These segments include commercial office, multifamily, retail and industrial. Although all sectors are affected by external factors, such as inflation, consumer confidence, unemployment rates and consumer tastes and preferences, the retail segment is particularly sensitive to such factors. A decline in the retail sector of the economy could reduce merchant sales, which could adversely affect the operating results of WRIT.

As of December 31, 2000, 7900 Westpark office building accounted for 13 percent of total assets and 9 percent of total revenues. No other single property or tenant accounted for more than 10 percent of total assets or total revenues.

Properties acquired by WRIT during the years ending December 31, 2000, 1999 and 1998 are as follows:

Acquisition Date	Property	Type	Rentable Square Feet	Acquisition Cost (In thousands)
Feb. 29, 2000	833 S. Washington Street	Retail	6,000	$1,400
May 5, 2000	962 Wayne Plaza	Office	91,000	7,800
Aug. 9, 2000	Munson Hill Towers Land Lease	Multifamily	N/A	300
Oct. 10, 2000	Courthouse Square			
	510 and 526 King Street	Office	113,000	17,100
			210,000	$26,600
Jan. 27, 1999	Dulles South IV	Industrial	83,000	$6,909
Apr. 16, 1999	Sully Square	Industrial	95,000	7,557
May 21, 1999	600 Jefferson Plaza	Office	115,000	14,472
May 21, 1999	1700 Research Boulevard	Office	103,000	12,941
Sept. 10, 1999	Amvax	Industrial	32,000	2,231
Sept. 20, 1999	Avondale	Multifamily	162,000	12,908
Nov. 30, 1999	Parklawn Plaza	Office	40,000	4,764
			630,000	$61,782
May 22, 1998	Northern Virginia Industrial Park	Industrial	790,000	$30,350
June 23, 1998	800 South Washington Street	Retail	45,000	6,100
Sept. 11, 1998	8900 Telegraph Road	Industrial	32,000	1,810
Sept. 30, 1998	8230 Boone Boulevard	Office	58,000	8,100
Nov. 30, 1998	Woodburn Medical Park I and II	Office	167,000	35,200
			1,092,000	$81,560

WRIT accounted for each acquisition using the purchase method of accounting. WRIT allocates the purchase price between land and building using an equity allocation approach.

Properties sold by WRIT during the years ending December 31, 2000, 1999 and 1998 are as follows:

Disposition Date	Property	Type	Rentable Square Feet	Acquisition Cost (In thousands)
Feb. 29, 2000	Prince William Plaza	Retail	55,000	$2,800
July 7, 2000	Westminster parcel	Retail parcel	10,000	425
Aug. 22, 2000	Clairmont Center	Retail	40,000	3,000
			105,000	$6,225
Feb. 5, 1999	444 North Frederick Avenue	Office	66,000	$5,671
Feb. 5, 1999	Arlington Financial Center	Office	51,000	9,798
Feb. 5, 1999	Department of Commerce	Industrial	105,000	7,031
Feb. 26, 1999	V Street Distribution Center	Industrial	31,000	600
			253,000	$23,100
Mar. 23, 1998	Shirley I-395 Business Center	Industrial	113,000	$7,815
May 7, 1998	Ravensworth Center	Industrial	29,000	1,650
Dec. 17, 1998	Dover Mart	Retail	44,000	1,975
			186,000	$11,440

4. Mortgage Notes Payable:

On August 22, 1995, WRIT assumed a $7.8 million mortgage note payable as partial consideration for its acquisition of Frederick County Square retail center. The mortgage bears interest at 9 percent. Principal and interest are payable monthly until January 1, 2003, at which time all unpaid principal and interest are payable in full.

On November 30, 1998, WRIT assumed a $9.2 million mortgage note payable and a $12.4 million mortgage note payable as partial consideration for its acquisition of Woodburn Medical Park I and II. Both mortgages bear interest at 7.69 percent per annum. Principal and interest are payable monthly until September 15, 2005, at which time all unpaid principal and interest are payable in full.

On September 20, 1999, WRIT assumed an $8.7 million mortgage note payable as partial consideration for its acquisition of the Avondale Apartments. The mortgage bears interest at 7.88 percent per annum. Principal and interest are payable monthly until November 1, 2005, at which time all unpaid principal and interest are payable in full.

On September 27, 1999, WRIT executed a $50.0 million mortgage note payable secured by Munson Hill Towers, Country Club Towers, Roosevelt Towers, Park Adams Apartments, and the Ashby Apartments. The mortgage bears interest at 7.14 percent per annum and is payable monthly until October 1, 2009, at which time all unpaid principal and interest are payable in full. These funds were used to repay advances on its lines of credit.

Annual payments of mortgage principal as of December 31, 2000 are as follows:

	(In thousands)
2001	$ 834
2002	903
2003	7,368
2004	820
2005	26,335
Thereafter	50,000
	$86,260

5. Unsecured Lines of Credit Payable:

During 2000, WRIT maintained two unsecured lines of credit: a $25.0 million line of credit ("Credit Facility No. 1") and a $50.0 million line of credit ("Credit Facility No. 2").

Credit Facility No. 1

WRIT had $0 and $22.0 million outstanding as of December 31, 2000 and 1999, respectively, related to Credit Facility No. 1.

The following advances have been made under this commitment:

Advance Date	Date Paid in Full	Amount (In thousands)	2000 Rate	1999 Rate	1998 Rate
Nov. 1997	Feb.1998	$25,000	—	—	6.64%-8.50%
May 1999	July 1999	12,000	—	5.67%	—
Mar. - Sept. 1999	Jan. - Mar. 2000	22,000	6.33%	6.33%	—
Jan. - Mar. 2000	Nov. 2000	$22,000	7.33%	—	—

Prior to March 17, 1999, all new advances and interest rate adjustments, upon the expiration of WRIT's interest lock-in dates, bore interest at LIBOR plus a spread based on WRIT's public debt rating. All unpaid interest and principal could be prepaid prior to the expiration of WRIT's interest rate lock-in periods subject to a yield maintenance obligation.

On March 17, 1999, WRIT executed an amended and restated agreement extending the maturity date to March 17, 2002. Under the amended agreement, WRIT may choose either a Corporate Base Rate ("CBR") or a LIBOR advance. Both advances have interest rates based on the applicable rate plus a spread based on the most recent ratings from Moody's and/or S&P for WRIT's long-term unsecured debt.

This $25.0 million credit commitment requires WRIT to pay the lender an unused commitment fee at the rate of 0.375 percent per annum on the amount by which the $25.0 million commitment exceeds the balance of outstanding advances and term loans. At December 31, 2000 and 1999, $25.0 million and $3.0 million, respectively, of this commitment was unused and available for subsequent acquisitions or capital improvements. This fee is paid quarterly. This commitment also contains certain financial and non-financial covenants including debt service coverage, net worth, and permitted indebtedness ratios, which WRIT has met as of December 31,

2000. In addition, this commitment requires approval to be obtained from the lender for purchases by the Trust over an agreed upon amount.

Credit Facility No. 2

WRIT had $0 and $11.0 million outstanding as of December 31, 2000 and 1999, respectively, related to Credit Facility No. 2.

The following advances have been made under this commitment:

Advance Date	Date Paid in Full	Amount (In thousands)	2000 Rate	1999 Rate	1998 Rate
Nov. 1997	Feb. 1998	$17,000	—	—	6.64%
Nov. 1997	Feb. 1998	33,000	—	—	6.61%
May 1998	July 1999	13,000	—	5.54%	5.54% -6.39%
June 1998	June 1999	4,000	—	6.02%	6.02% -6.39%
Sept. - Nov. 1998	Mar. -May 1999	27,000	—	5.85%	5.85%
Jan. - Sept. 1999	July - Sept. 1999	51,000	—	5.90%	—
Sept. - Nov. 1999	June - Aug. 2000	11,000	—	6.72%	—
Mar. 2000	Nov. 2000	2,000	7.45%-7.81%	—	—
May 2000	Nov. 2000	5,000	7.80%-7.81%	—	—
June 2000	Nov. 2000	7,000	6.64%-7.81%	—	—
Aug. 2000	Nov. 2000	4,000	6.86%-7.51%	—	—
Oct. 2000	Nov. 2000	$14,000	7.46%	—	—

On July 25, 1999, WRIT executed an agreement to amend and restate the original Credit Facility No. 2 agreement. All unpaid interest and principal are due July 2002 and can be prepaid prior to this date without any prepayment fee or yield maintenance obligation. Any new advances shall bear interest at LIBOR plus a spread based on WRIT's public debt rating.

Credit Facility No. 2 provides WRIT the option to convert any advances or portions thereof into a term loan at any time through July 2002. The principal amount of each term loan, if any, shall be repaid in July 2002.

This $50.0 million credit commitment requires WRIT to pay the lender an unused commitment fee ranging from 0.15 to 0.25 percent per annum based on WRIT's public debt rating. The fee is paid on the amount by which the $50.0 million commitment exceeds the balance of outstanding advances and term loans. At December 31, 2000 and 1999, $50.0 million and $39.0 million, respectively, of this commitment was unused. This fee is paid quarterly in arrears. This commitment also contains certain financial covenants including cash flow to debt service, net worth, capitalization and permitted indebtedness ratios, which WRIT has met as of December 31, 2000.

Information related to short-term borrowings are as follows (in thousands):

	2000	1999
Maximum Amount Outstanding	$54,000	$72,000
Average Amount Outstanding	$33,734	$50,847
Weighted Average Interest Rate	7.22%	5.93%

6. Senior and Medium-Term Notes Payable:

Senior Notes

On August 13, 1996 WRIT sold $50.0 million of 7.125 percent 7-year unsecured notes due August 13, 2003, and $50.0 million of 7.25 percent unsecured 10-year notes due August 13, 2006. The 7-year notes were sold at 99.107 percent of par and the 10-year notes were sold at 98.166 percent of par. Net proceeds to the Trust after deducting underwriting expenses were $97.6 million. The 7-year notes bear an effective interest rate of 7.46 percent, and the 10-year notes bear an effective interest rate of 7.49 percent, for a combined effective interest rate of 7.47 percent. WRIT used the proceeds of these notes to repay advances on its lines of credit and to finance acquisitions and capital improvements

Medium-Term Notes

On February 20, 1998, WRIT sold $50.0 million of 7.25 percent unsecured notes due February 25, 2028 at 98.653 percent to yield approximately 7.36 percent. WRIT also sold $60.0 million in unsecured Mandatory Par Put Remarketed Securities ("MOPPRS") at an effective borrowing rate through the remarketing date (February 2008) of approximately 6.74 percent. The net proceeds to WRIT after deducting loan origination fees was $102.8 million. WRIT used the proceeds of these notes for general business purposes, including repayment of outstanding advances under its lines of credit and to finance acquisitions and capital improvements to its properties. WRIT's costs of the borrowings and related closed hedge settlements of approximately $7.2 million will be amortized over the lives of the notes using the effective interest method.

On November 6, 2000, WRIT sold $55.0 million of 7.78 percent unsecured notes due November 2004. The notes bear an effective interest rate of 7.89 percent. Total proceeds to the Trust, net of underwriting fees, were $54.8 million. WRIT used the proceeds of these notes to repay advances on its lines of credit.

These notes contain certain financial and non-financial covenants, all of which WRIT has met as of December 31, 2000.

7. Dividends:

The following is a breakdown of the taxable percentage of WRIT's dividends for 2000, 1999 and 1998, respectively:

	Ordinary Income	Return of Capital
2000	100%	0%
1999	100%	0%
1998	98%	2%

8. Share Options and Grants:

WRIT maintains an Incentive Stock Option Plan (the "Plan"), which includes qualified and non-qualified options. As of December 31, 2000, 1.8 million shares may be awarded to eligible employees. Under the Plan, options, which are issued at market price on the date of grant, vest after not more than two years and expire ten years following the date of grant. Options may be granted under the Plan at any time prior to June 25, 2001. Activity under the Plan is summarized below:

	2000		1999		1998	
	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price
Outstanding at January 1	1,273,000	$15.87	806,000	$16.83	409,000	$15.93
Granted	376,000	21.34	513,000	14.47	430,000	17.59
Exercised	(6,000)	15.21	(12,000)	15.89	(8,000)	12.41
Expired	(22,000)	14.74	(34,000)	17.28	(25,000)	16.76
Outstanding at Dec. 31	1,621,000	17.16	1,273,000	15.87	806,000	16.83
Exercisable at Dec. 31	1,008,000	16.31	560,000	16.54	288,000	15.90

The 1,008,000 exercisable options outstanding at December 31, 2000 have exercise prices between $12.41 and $21.34, with a weighted-average exercise price of $16.31 and a weighted average remaining contractual life of 7.6 years. The remaining 613,000 options have exercise prices between $14.47 and $21.34, with a weighted average exercise price of $18.56 and a weighted average remaining contractual life of 9.6 years.

WRIT accounts for the Plan under APB Opinion No. 25, under which no compensation cost has been recognized. Had compensation cost for the Plan been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," WRIT's net income and earnings per share would have been reduced to the following pro-forma amounts:

		2000	1999	1998
Net Income:	As Reported	$45,139	$44,301	$41,064
	Pro-Forma	44,214	43,419	40,240
Basic Earnings Per Share:	As Reported	1.26	1.24	1.15
	Pro-Forma	1.24	1.22	1.13
Weighted-average fair value of options granted		2.46	1.76	1.92
Weighted-average assumptions:				
Expected lives (years)		7	7	7
Risk free interest rate		5.49%	6.42%	5.09%
Expected volatility		17.57%	21.05%	19.21%
Expected dividend yield		5.85%	7.12%	6.27%

The assumptions used in the calculations of weighted average fair value of options granted are as prescribed under accounting principles generally accepted in the United States. Such assumptions may not be the same as those used by the financial community and others in determining the fair value of such options.

WRIT has computed basic earnings per share. There was no impact of dilution of common equivalent shares on the basic weighted-average shares outstanding for the years ended December 31, 2000, 1999 and 1998.

During 2000 and 1999, WRIT issued 36,417 and 12,299 share grants, respectively, to executives and trustees of the Trust. The respective compensation expense was recorded based upon the share price at the grant date. The Board of Trustees awards share grants subject to Compensation Committee recommendations.

9. Benefit Plans:

During 1996, management adopted an Incentive Compensation Plan ("the Compensation Plan") for its senior personnel which is intended to align their compensation growth with shareholders' interests. Essentially, the Compensation Plan limits future salary increases and provides cash bonus incentives, share options under the Incentive Share Option Plan and share grants under the Share Grant Plan based on financial performance of the Trust. The financial incentives to management are earned after WRIT has achieved a prescribed level of growth. This plan is effective from 1996 forward and is reviewed by the Board of Trustees' Compensation Committee each year. The amounts charged to expense for the share grants were $629.1 thousand, $183.2 thousand and $222.5 thousand for the years ended December 31, 2000, 1999 and 1998, respectively.

In 1997, WRIT implemented a Retirement Savings Plan (the "Savings Plan"). It was established so that participants in the Savings Plan may elect to contribute a portion of their earnings to the Savings Plan, and WRIT may, at its discretion, make a voluntary contribution to the Savings Plan.

WRIT maintained a noncontributory defined benefit pension plan for all eligible employees through December 31, 1995. At December 31, 1995, all benefit accruals under the plan were frozen and thus the projected benefit obligation ("PBO") and the accumulated benefit obligation ("ABO") became equal. WRIT terminated the plan as of December 31, 1999, and final participant distributions were made in July 2000.

The Trust adopted a split dollar life insurance plan for senior officers, excluding the President, Chief Executive Officer, in 2000. It is intended that the Trust will recover its costs from the life insurance policies at death prior to retirement, termination prior to retirement or at retirement age 65. It is intended that the cash values of the policy in excess of the Trust's interest can be used by the executive. The Trust has a security interest in the cash value and death benefit of each policy to the extent of the sum of premium payments made by the Trust.

The Trust has adopted a non-qualified deferred compensation plan for the Chief Executive Officer. The plan allows for a deferral of a percentage of annual cash compensation. Compensation deferred will be credited with interest equal to the Trust's current cost of funds. As an incentive, if the

Chief Executive Officer should remain employed by WRIT until age 70, the compensation deferred will be credited with an additional 2.5 percent per anum. In the event of death or retirement prior to age 70, the compensation plus interest can be paid in either a lump sum or in equal installments plus interest at the discretion of the plan participant. The plan is unfunded and payments are to be made from general assets of the Trust.

10. Fair Value of Financial Instruments:

Statement of Financial Accounting Standards No. 107 requires disclosure of the fair value of financial instruments. Whenever possible the estimated fair value has been determined using quoted market information as of December 31, 2000. The estimated fair value information presented is not necessarily indicative of amounts the Trust could realize currently in a market sale since the Trust may be unable to sell such instruments due to contractual restrictions or the lack of an established market. The estimated market values have not been updated since December 31, 2000, therefore, current estimates of fair value 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 December 31, 2000.

Cash and cash equivalents

Includes cash and commercial paper with remaining maturities of less than 90 days, which are valued at the carrying value.

Mortgage notes payable

Mortgage notes payable consist of instruments in which certain of the Trust's real estate assets are used for collateral. The fair value of the mortgage notes payable is estimated based upon dealer quotes for instruments with similar terms and maturities.

Lines of credit payable

Lines of credit payable consist of bank facilities which the Trust uses 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 since the interest rate adjusts with the market. There were no outstanding balances due on the lines of credit at December 31, 2000.

Notes payable

Notes payable consists of $50 million, 7.125 %, 7 year unsecured notes due August 13, 2003, $50 million, 7.25%, 10 year unsecured notes due August 13, 2006, $50 million, 7.25%, 20 year unsecured notes due February 25, 2028, $60 million unsecured Mandatory Par Put Remarketed Securities with an effective yield of 6.74% and $55 million, 7.78%, 4 year unsecured notes due November 15, 2004. The fair value of these securities is estimated based on dealer quotes for securities with similar terms and characteristics.

(In Thousands)

	2000		1999	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 6,426	$ 6,426	$ 4,716	$ 4,716
Mortgage notes payable	$ 86,260	$ 87,493	$ 87,037	$ 84,520
Lines of credit payable	-	-	$ 33,000	$ 33,000
Notes payable	$265,000	$258,513	$210,000	$192,420

11. Rentals Under Operating Leases:

Noncancellable commercial operating leases provide for minimum rental income during each of the next five years of approximately $91.5 million, $72.0 million, $54.6 million, $40.5 million, $27.1 million and $60.8 million thereafter. Apartment leases are not included as they are generally for one year. Most of these commercial leases increase in future years based on changes in the Consumer Price Index or agreed-upon percentages. Contingent rentals from the shopping centers, based on a percentage of tenants' gross sales, were $217,000, $425,000 and $462,000 in 2000, 1999 and 1998, respectively.

12. Contingencies:

In the normal course of business, WRIT is involved in various types of pending or unasserted claims. In the opinion of management, these claims will not have a material impact on the financial condition or future operations of the Trust.

13. Segment Information:

WRIT has four reportable segments: Office Buildings, Industrial, Multifamily and Retail Centers. Office Buildings, including medical office buildings, represent 53 percent of real estate rental revenue and provide office space for various types of businesses. Industrial represents 14 percent of real estate rental revenue and are used for warehousing and distribution. Multifamily properties represent 19 percent of real estate rental revenue. These properties provide housing for families throughout the Washington Metropolitan area. Retail Centers represent the remaining 14 percent of real estate rental revenue and are typically neighborhood grocery store or drug store anchored retail centers.

The accounting policies of the segments are the same as those described in Note 2. WRIT evaluates performance based upon operating income from the combined properties in each segment. WRIT's reportable segments are consolidations of similar properties. They are managed separately because each segment requires different operating, pricing and leasing strategies. All of these properties have been acquired separately and are incorporated into the applicable segment.

2000 (in thousands)

	Office Buildings	Industrial	Multifamily	Retail Centers	Corporate and Other	Consolidated
Real estate rental revenue	$ 70,885	$ 19,249	$26,234	$18,364	$ —	$134,732
Real estate expenses	21,118	3,997	9,258	3,943	—	38,316
Operating income	49,767	15,252	16,976	14,421	—	96,416
Depreciation and amortization	13,050	3,765	3,486	2,422	—	22,723
Income from real estate	36,717	11,487	13,490	11,999	—	73,693
Other income	—	—	—	—	943	943
Interest expense	(1,630)	—	(4,329)	(637)	(18,935)	(25,531)
General and administrative	—	—	—	—	(7,533)	(7,533)
Income before gain on sale of real estate	35,087	11,487	9,161	11,362	(25,525)	41,572
Gain on sale of real estate	-	-	-	3,567	-	3,567
Net income	$ 35,087	$ 11,487	$ 9,161	$14,929	$(25,525)	$ 45,139
Capital investments	$ 31,925	$ 4,525	$ 3,613	$ 2,787	$ 814	$ 43,664
Total assets	$342,745	$107,811	$79,622	$82,435	$19,434	$632,047

1999 (in thousands)

	Office Buildings	Industrial	Multifamily	Retail Centers	Corporate and Other	Consolidated
Real estate rental revenue	$ 61,657	$ 16,196	$22,926	$18,196	$ —	$118,975
Real estate expenses	18,950	3,568	8,714	4,049	—	35,281
Operating income	42,707	12,628	14,212	14,147	—	83,694
Depreciation and amortization	10,979	3,301	2,915	2,395	—	19,590
Income from real estate	31,728	9,327	11,297	11,752	—	64,104
Other income	—	—	—	—	732	732
Interest expense	(1,731)	—	(1,145)	(653)	(18,742)	(22,271)
General and administrative	—	—	—	—	(6,173)	(6,173)
Income before gain on sale of real estate	29,997	9,327	10,152	11,099	(24,183)	36,392
Gain on sale of real estate	2,044	5,865	-	-	-	7,909
Net income	$ 32,041	$ 15,192	$10,152	$11,099	$(24,183)	$ 44,301
Capital investments	$ 37,691	$ 19,591	$20,324	$ 2,049	$ 1,216	$ 80,871
Total assets	$321,741	$105,177	$79,548	$84,041	$ 17,973	$608,480

	1998 (in thousands)					
	Office Buildings	Industrial	Multifamily	Retail Centers	Corporate and Other	Consolidated
Real estate rental revenue	$ 51,311	$13,547	$21,170	$17,569	$ —	$103,597
Real estate expenses	16,610	2,703	8,096	3,705	—	31,114
Operating income	34,701	10,844	13,074	13,864	—	72,483
Depreciation and amortization	8,447	2,330	2,581	2,041	—	15,399
Income from real estate	26,254	8,514	10,493	11,823	—	57,084
Other income	—	—	—	—	880	880
Interest expense	(69)	—	—	(665)	(16,372)	(17,106)
General and administrative	—	—	—	—	(6,558)	(6,558)
Income before gain on sale of real estate	26,185	8,514	10,493	11,158	(22,050)	34,300
Gain on sale of real estate	—	5,926	—	838	—	6,764
Net income	$ 26,185	$14,440	$10,493	$11,996	$(22,050)	$ 41,064
Capital investments	$ 54,389	$34,706	$ 3,012	$ 8,755	$ 1,967	$102,829
Total assets	$300,043	$90,077	$65,679	$84,198	$ 18,710	$558,707

14. Selected Quarterly Financial Data (Unaudited, in thousands):

The following table summarizes financial data by quarter for WRIT for 2000, 1999 and 1998.

	Quarter			
	First	Second	Third	Fourth
2000:				
Real estate rental revenue	$31,935	$33,350	$34,230	$35,217
Net income	10,910	9,963	12,793	11,473
Net income per share*	$0.31	$0.28	$0.36	$0.32
1999:				
Real estate rental revenue	$27,654	$28,864	$29,566	$32,891
Net income	16,358	8,765	8,826	10,352
Net income per share*	$0.46	$0.25	$0.25	$0.29
1998:				
Real estate rental revenue	$24,501	$25,413	$26,243	$27,440
Net income	14,499	8,351	8,277	9,937
Net income per share*	$0.41	$0.23	$0.23	$0.28

*Includes gain on the sale of real estate of $.04 and $.06 per share in the first and third quarters of 2000, $.22 per share in the first quarter of 1999 and $.16 and $.02 per share in share in the first and fourth quarters of 1998, respectively.

15. Subsequent Event (Unaudited):

Subsequent to December 31, 2000, WRIT closed on the purchase of 1611 N. Clarendon Boulevard. On February 15, 2001, WRIT acquired this multifamily property for $1.5 million.

ARTHUR ANDERSEN LLP

Report of Independent Public Accountants

To the Shareholders of
Washington Real Estate Investment Trust

We have audited the accompanying consolidated balance sheets of Washington Real Estate Investment Trust (the "Trust," a Maryland real estate investment trust) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust and subsidiaries as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Vienna, Virginia
February 20, 2001

Arthur Andersen LLP

QUARTERLY PERFORMANCE OF WRIT SHARES (unaudited)

Quarter of 2000	Dividends Per Share	Quarterly Share Price Range High	Low
Fourth	$.3125	$25	$18 $\frac{3}{4}$
Third	$.3125	$20 $\frac{15}{16}$	$16 $\frac{1}{2}$
Second	$.3125	$17 $\frac{57}{64}$	$14 $\frac{1}{4}$
First	$.2925	$16 $\frac{15}{16}$	$14 $\frac{5}{16}$

Quarter of 1999	Dividends Per Share	Quarterly Share Price Range High	Low
Fourth	$.2925	$15 $\frac{15}{16}$	$13 $\frac{13}{16}$
Third	$.2925	$17	$14 $\frac{15}{16}$
Second	$.2925	$17 $\frac{15}{16}$	$15 $\frac{13}{16}$
First	$.28	$18 $\frac{3}{4}$	$15 $\frac{1}{2}$

Per share dividends paid for 1996 through 2000 have been $1.03, $1.07, $1.11, $1.16 and $1.23 respectively. The indicated annual dividend rate was $1.25 based on the annualization of the March 2001 dividend.

WRIT Trustees and Officers

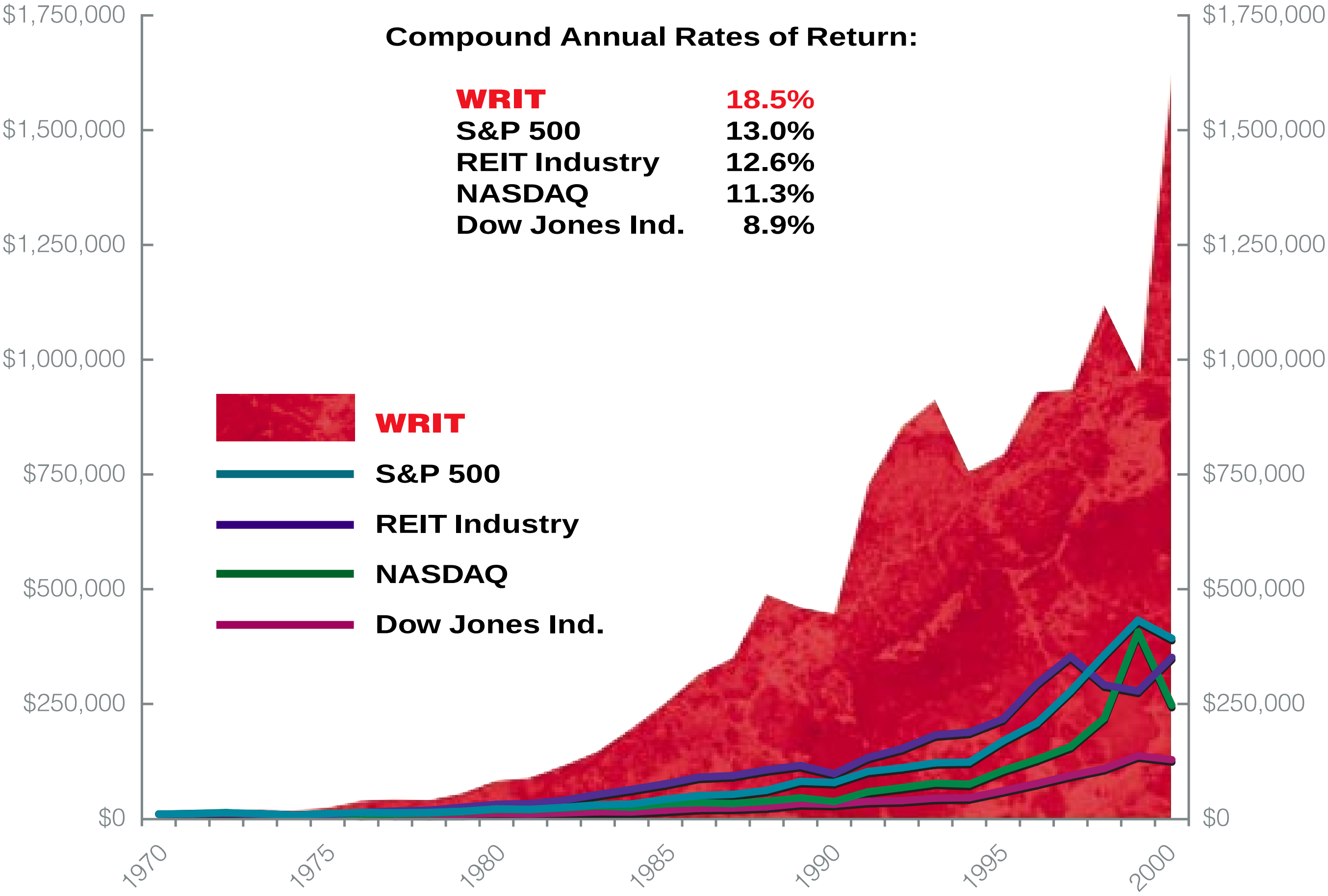
OTHER

Counsel:
Arent Fox Kintner Plotkin & Kahn, PLLC
1050 Connecticut Avenue, N.W.
Washington, DC 20036-5339

Independent Public Accountant:
Arthur Andersen LLP
1666 K Street N.W.
Washington, DC 20006-2873

Member:
National Association of Real Estate Investment Trusts®
1875 Eye Street, NW, Suite 600
Washington, DC 20006-5413

$10,000 Invested in WRIT Since 1971, With Dividends Reinvested, Would Have Been Worth Over $1.6 Million as of 12/31/00



WRIT's ANNUAL MEETING will be held on Tuesday, May 22, 2001 at 11:00 AM at the Hyatt Regency Hotel - Bethesda, One Bethesda Metro Center, Bethesda, Maryland.

WRIT DIRECT:
WRIT's dividend reinvestment and direct stock purchase plan permits cash investment of up to $25,000 per month, plus dividends, with nominal fees and is IRA eligible.

TRANSFER AGENT:
EquiServe Trust Company, N.A. • P.O. Box 2598 Jersey City, NJ 07303-2598
LISTED: New York Stock Exchange
NEWSPAPER LISTING: WRIT
TRADING SYMBOL: WRE

10-K NOTICE: A copy of the company's Annual Report to the Securities and Exchange Commission on Form 10-K may be obtained without charge. Please direct your request to WRIT's Investor Relations Department.

WASHINGTON REAL ESTATE INVESTMENT TRUST
6110 Executive Boulevard • Rockville, Maryland 20852-3927
(301) 984-9400
(800) 565-9748
Fax: (301) 984-9610
www.writ.com