WASHINGTON REAL ESTATE INVESTMENT TRUST
Form 424B5
April 30, 2009
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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)

Registration File No. 333-136921

SUBJECT TO COMPLETION, DATED APRIL 29, 2009

PROSPECTUS SUPPLEMENT dated April , 2009 to Prospectus dated August 28, 2008

4,000,000 shares

Common shares of beneficial interest

Washington Real Estate Investment Trust is offering 4,000,000 common shares. Our shares are listed on The New York Stock Exchange under the symbol WRE. The last reported sale price of our shares on The New York Stock Exchange on April 29, 2009 was $22.31 per share.

Investing in our Common Shares involves risks. See Risk Factors beginning on page S-6 of this Prospectus Supplement and the Risk Factors section in our Annual Report on Form 10-K for the year ended December 31, 2008.

	Per share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds to WRIT	$	$

We have granted the underwriters an option to purchase 600,000 additional shares to cover over-allotments of shares, exercisable at any time until 30 days after the date of this Prospectus Supplement.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the shares will be made on or about , 2009.

Joint Book-Running Managers

Wachovia Securities	**Citi**	**Raymond James**

Co-Lead Manager

J.P.Morgan

Co-Managers

Credit Suisse	**RBC Capital Markets**	**Robert W. Baird & Co.**	**BNY Mellon Capital Markets, LLC**	**Morgan Keegan & Company, Inc.**

The date of this prospectus supplement is April   , 2009.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different from that contained in this prospectus supplement and the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell common shares and seeking offers to buy common shares only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as information we previously filed with the Securities and Exchange Commission and incorporated herein by reference, is accurate only as of their respective dates or on other dates which are specified in those documents, regardless of the time of delivery of this prospectus supplement or of any sale of the common shares. Our business, financial condition, results of operations and prospects may have changed since those dates.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference in each contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act). Also, documents we subsequently file with the Securities and Exchange Commission and incorporate by reference will contain forward-looking statements. Such forward-looking statements include statements in these documents concerning the Washington metro region s economy, gross regional product, unemployment and job growth and real estate market performance. Such forward-looking statements also include the following statements with respect to WRIT: (a) our intention to invest in properties that we believe will increase in income and value; (b) our 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; and (c) our belief that we have the liquidity and capital resources necessary to meet our known obligations and to make additional property acquisitions and capital improvements when appropriate to enhance long-term growth. Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates or anticipates or the negative of these similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: (a) the effect of the current credit and financial market conditions; (b) the availability and cost of capital; (c) fluctuations in interest rates; (d) the economic health of our tenants; (e) the timing and pricing of lease transactions; (f) the economic health of the greater Washington Metro region, or other markets we may enter; (g) the effects of changes in Federal government spending; (h) the supply of competing properties; (i) consumer confidence; (j) unemployment rates; (k) consumer tastes and preferences; (l) our future capital requirements; (m) inflation; (n) compliance with applicable laws, including those concerning the environment and access by persons with disabilities; (o) governmental or regulatory actions and initiatives; (p) changes in general economic and business conditions; (q) terrorist attacks or actions; (r) acts of war; (s) weather conditions; (t) the effects of changes in capital available to the technology and biotechnology sectors of the economy; (u) the impact of newly adopted accounting principles; and (v) other factors discussed under the caption Risk Factors in this prospectus supplement and our most recent Annual Report on Form 10-K, as updated by our future filings.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a further discussion of these and other factors that could impact our future results, performance or transactions, see Risk Factors beginning on page S-6 and the Risk Factors section in our most recent Annual Report on Form 10-K, as updated by our future filings.

PROSPECTUS SUPPLEMENT SUMMARY

This summary may not contain all of the information that may be important to you. You should read this prospectus supplement, the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference into the prospectus, including the financial data and the related notes, in their entirety before making an investment decision. When used in this prospectus supplement, the terms we, our, us and WRIT refer to Washington Real Estate Investment Trust.

WRIT

Washington Real Estate Investment Trust is a self-administered, self-managed equity real estate investment trust. Our business consists of the ownership and development of income-producing real properties. We have a fundamental strategy of regional focus, diversification by property type and conservative capital management. Our principal objective is to invest in high quality properties in prime locations, then proactively manage, lease and develop ongoing capital improvement programs to improve their long-term economic performance. On April 29, 2009, we owned 93 properties, consisting of 28 office buildings, 22 industrial/flex properties, 17 medical office buildings, 14 retail shopping centers and 12 multifamily buildings, and land for development.

Our principal offices are located at 6110 Executive Boulevard, Suite 800, Rockville, Maryland 20852. Our telephone number there is (301) 984-9400.

Recent Developments

Earnings and Operations

While our Form 10-Q is not complete and has not yet been reviewed by our auditor, on April 27, 2009, we issued a press release announcing our results for the quarter ended March 31, 2009. The following results of first quarter 2009 are preliminary and are not final until the filing of our Form 10-Q with the Securities and Exchange Commission and, therefore, remain subject to adjustment.

Our first quarter 2009 net income was $0.20 per diluted share compared to $(0.06) per diluted share in the same period one year ago. Included in the first quarter 2009 and first quarter 2008 net income are respective charges of $0.05 and $0.03 per diluted share from the adoption of an accounting pronouncement impacting the accounting of our 3.875% convertible notes. Also included in the first quarter 2009 net income is a gain of $0.11 per diluted share related to the repurchase of convertible debt. Also included in the first quarter 2008 net income is a $0.18 per diluted share non-recurring charge for the extinguishment of $60 million of 10-year Mandatory Par Put Remarketed Securities (MOPPRS).

Our Funds From Operations (FFO) was $0.65 per diluted share compared to $0.38 per diluted share in the same period one year ago. Included in the first quarter 2009 and first quarter 2008 FFO are respective charges of $0.05 and $0.03 per diluted share from the adoption of an accounting pronouncement impacting the accounting of our 3.875% convertible notes. Also included in the first quarter 2009 FFO is a gain of $0.11 per diluted share related to the repurchase of convertible debt. Also included in the first quarter 2008 FFO is a $0.18 per diluted share non-recurring charge for the extinguishment of $60 million of 10-year MOPPRS. We report FFO, a non-GAAP amount, in accordance with the standards established by the National Association of Real Estate Investment Trusts, Inc. (NAREIT) as a supplemental earnings measure. We believe it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization. A reconciliation of FFO to net income is presented below.

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WASHINGTON REAL ESTATE INVESTMENT TRUST

FINANCIAL HIGHLIGHTS

(In thousands, except per share data)

(Unaudited)

		Three Months Ended March 31, 2009	2008
OPERATING RESULTS			
Revenue			
Real estate rental revenue		$ 77,860	$ 69,346
Expenses			
Real estate expenses		27,404	22,678
Depreciation and amortization		23,275	20,333
General and administrative		3,182	3,023
		53,861	46,034
Real estate operating income		23,999	23,312
Other income/(expense):			
Interest expense[(1)]		(19,681)	(18,900)
Gain (loss) on extinguishment of debt		5,845	(8,449)
Other income		320	238
		(13,516)	(27,111)
Income from continuing operations		10,483	(3,799)
Discontinued operations:			
Income from operations of properties held for sale		417	1,132
Net income		10,900	(2,667)
Less: Net income attributable to noncontrolling interests[(2)]		(49)	(57)
Net income attributable to the controlling interests[(2)]		$ 10,851	$ (2,724)
Income from continuing operations attributable to the controlling interests		$ 10,434	$ (3,856)
Continuing operations real estate depreciation and amortization		23,275	20,333
Funds from continuing operations		$ 33,709	$ 16,477
Income from discontinued operations before gain on sale		417	1,132
Discontinued operations real estate depreciation and amortization		27	192
Funds from discontinued operations		444	1,324
Funds from operations[(3)]		$ 34,153	$ 17,801
Per share data attributable to the controlling interests:			
Income from continuing operations	(Basic)	$ 0.197	$ (0.083)
	(Diluted)	0.197	(0.083)
Net income	(Basic)	0.203	(0.058)

	(Diluted)	0.203	(0.058)
Funds from continuing operations	(Basic)	0.637	0.353
	(Diluted)	0.637	0.353
Funds from operations	(Basic)	0.645	0.382
	(Diluted)	0.645	0.382
Dividends paid		0.4325	0.4225
Weighted average shares outstanding		52,914	46,623
Fully diluted weighted average shares outstanding		52,915	46,623

Note: Certain prior period amounts have been reclassified to conform to the current presentation.

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WASHINGTON REAL ESTATE INVESTMENT TRUST

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

(Unaudited)

	March 31, 2009	December 31, 2008
Assets		
Total real estate held for investment, net	$ 1,888,423	$ 1,903,997
Cash and cash equivalents	9,685	11,874
Prepaid expenses and other assets[1]	105,615	112,599
Other assets	83,450	80,937
Total assets	$ 2,087,173	$ 2,109,407
Liabilities		
Notes payable[1]	$ 845,364	$ 890,679
Other liabilities	597,177	578,303
Total liabilities	1,442,541	1,468,982
Shareholders equity		
Total shareholders equity[1]	640,837	636,630
Noncontrolling interests in subsidiaries[2]	3,795	3,795
Total equity	644,632	640,425
Total liabilities and equity	$ 2,087,173	$ 2,109,407

Note: Certain prior year amounts have been reclassified to conform to the current year presentation.

(1) Financial Accounting Standards Board Staff Position APB14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (FSP 14-1), requires the bifurcation of a component of our 3.875% convertible notes, classification of that component in shareholders equity, and accretion of the resulting discount on the convertible notes to interest expense. As a result of the adoption of FSP 14-1, equity increased by $21.0 million as of March 31, 2009 and December 31, 2008. The principal balance of our 3.875% convertible notes was reduced by $8.7 million and $11.9 million as of March 31, 2009 and December 31, 2008, respectively, and the unamortized balance of the related loan origination costs was reduced by $2.2 million and $2.7 million, respectively. The decline in principal reflects the unamortized discount balance related to the adoption of FSP 14-1. Interest expense increased $1.2 million in the first quarters of both 2009 and 2008 as a result of the adoption. The gain on extinguishment of debt decreased by $1.5 million for the first quarter of 2009 as a result of the adoption.

(2) As of the first quarter of 2009, we adopted SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (FAS 160), under which noncontrolling interests of consolidated partnerships (previously referred to as minority interests) are reported as a component of equity. Under FAS 160, net income encompasses the total income of all consolidated subsidiaries and there is a separate disclosure on

the face of the consolidated statement of income of the attribution of that income between controlling and noncontrolling interests. The implementation of this standard had no effect on our basic or diluted earnings per share calculation.

(3) The National Association of Real Estate Investment Trusts, Inc. defines FFO (April, 2002 White Paper) as net income (computed in accordance with generally accepted accounting principles (GAAP)) excluding gains (or losses) from sales of property plus real estate depreciation and amortization. FFO is a non-GAAP measure and does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. We consider FFO to be a standard supplemental measure for equity real estate investment trusts (REITs)

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because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs.

Lease Renewal

On April 28, 2009, we announced that we extended our lease with The International Bank for Reconstruction and Development, one of the two development institutions that make up the World Bank, at 1776 G Street in Washington, DC. The extension is for approximately 150,000 square feet and commences January 1, 2011 for a 5-year term. The International Bank for Reconstruction and Development also occupies an additional 61,000 square feet in the building which expires February 28, 2014.

Dividend Declaration

On April 27, 2009, we announced a quarterly dividend of $0.4325 per share to be paid on June 30, 2009 to shareholders of record on June 15, 2009.

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The Offering

Shares offered by WRIT	4,000,000 shares*
Shares outstanding after the offering	57,000,386 shares*
Use of proceeds	We intend to use the net proceeds of this offering to repay borrowings outstanding under our line of credit and for general corporate purposes.
NYSE symbol	WRE

* Assumes that the underwriters over-allotment option is not exercised. If the over-allotment option is exercised in full, we will issue and sell an additional 600,000 shares.

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RISK FACTORS

You should carefully consider each of the risks described below, together with all of the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus before deciding to invest in our common shares. Risks pertaining to us and our business are described in our Annual Report on Form 10-K for the year ended December 31, 2008 under the heading Risk Factors, which is incorporated by reference into this prospectus supplement. See Where You Can Find More Information on page 28 of the accompanying prospectus.

Recent disruptions in the financial markets could affect our ability to obtain financing or have other adverse effects on us or the market price of our common shares.

The United States and global equity and credit markets have recently experienced significant price volatility and liquidity disruptions which have caused the market prices of stocks to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances have significantly negatively impacted liquidity in the financial markets, making terms for certain financings less attractive or unavailable. Continued uncertainty in the equity and credit markets will negatively impact our ability to access additional financing at reasonable terms or at all. In the event of a debt financing, our cost of borrowing in the future will likely be significantly higher than historical levels. In the case of a common equity financing, the disruptions in the financial markets could continue to have a material adverse effect on the market value of our common shares, potentially requiring us to issue more shares than we would otherwise have issued with a higher market value for our common shares. These financial market circumstances also will negatively affect our ability to make acquisitions, undertake new development projects and refinance our debt. These circumstances have also made it more difficult for us to sell properties and may adversely affect the price we receive for properties that we do sell, as prospective buyers are experiencing increased costs of financing and difficulties in obtaining financing. There is a risk that government responses to the disruptions in the financial markets will not restore consumer confidence, stabilize the markets or increase liquidity and the availability of equity or credit financing.

The current market conditions are also adversely affecting many of our tenants and their businesses, including their ability to pay rents when due. Tenants may decide not to renew leases, and we may not be able to re-let the space. The terms of renewals, including the cost of required improvements or concessions, may be less favorable than current lease terms. As a result, our cash flow could decrease and our ability to make distributions to our shareholders could be adversely affected.

In light of the current economic recession, it is possible that major tenants could file for bankruptcy protection or become insolvent. We cannot evict a tenant solely because of its bankruptcy. On the other hand, a court might authorize the tenant to reject and terminate its lease. In such case, our claim against the bankrupt tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease, and our claim for unpaid rent would likely not be paid in full. This shortfall could adversely affect our cash flow and results from operations.

The price of our common shares is volatile and may decline.

The market price of our common shares may fluctuate widely as a result of a number of factors, many of which are outside our control. In addition, the stock market is subject to fluctuations in share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have adversely affected and may continue to adversely affect the market price of our common shares. Among the factors that could affect the market price of our common shares are:

- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- changes in revenues or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs;
- the ability of our tenants to pay rent to us and meet their other obligations to us under current lease terms;

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- our ability to re-lease space as leases expire;
- our ability to refinance our indebtedness as it matures;
- any changes in our distribution policy;
- any future issuances of equity securities;
- speculation in the press or investment community;
- general market conditions and, in particular, developments related to market conditions for the real estate industry;
- domestic and international economic factors unrelated to our performance; and
- the realization of any of the other risk factors included in, or incorporated by reference to, this supplement.

This offering is expected to be dilutive, and there may be future dilution of our common shares.

Giving effect to the issuance of common shares in this offering, the receipt of the expected net proceeds and the use of those proceeds, we expect that this offering will have a dilutive effect on our expected earnings per share and funds from operations per share for the year ending December 31, 2009. The actual amount of dilution cannot be determined at this time and will be based on numerous factors.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the shares we are offering with this prospectus supplement, assuming no exercise of the underwriters over-allotment option, will be approximately $ million. Net proceeds is what we expect to receive after paying expenses of the offering, which we estimate will be approximately $200,000, and the deduction of the underwriting discount. We intend to use the net proceeds of this offering to repay borrowings outstanding under our $262.0 million line of credit and for general corporate purposes. As of April 29, 2009, borrowings under our line of credit bore interest at a weighted average rate of approximately 0.976% per annum and totaled $59.0 million. The line of credit has a maturity date of November 2010.

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UNDERWRITING

We are offering the common shares of beneficial interest described in this prospectus supplement through a number of underwriters. Wachovia Capital Markets, LLC, Citigroup Global Markets Inc. and Raymond James & Associates, Inc. are acting as joint book-running managers and are acting as representatives of the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement, the number of shares listed next to its name in the following table:

Underwriter	Number of Shares
Wachovia Capital Markets, LLC	
Citigroup Global Markets Inc.	
Raymond James & Associates, Inc.	
J.P. Morgan Securities, Inc.	
Credit Suisse Securities (USA) LLC	
RBC Capital Markets Corporation	
Robert W. Baird & Co. Incorporated	
BNY Mellon Capital Markets, LLC	
Morgan Keegan & Company, Inc.	
Total	4,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase and accept delivery of the shares offered by this prospectus supplement are subject to approval by their counsel of legal matters and to other conditions set forth in the underwriting agreement. The underwriters are obligated to purchase and accept delivery of all shares offered by this prospectus supplement, if any of the shares are purchased, other than those covered by the over-allotment option described below.

The underwriters propose to offer our shares directly to the public at the public offering price indicated on the cover page of this prospectus supplement and to various dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may re-allow, a concession not in excess of $ per share to other dealers. If all the shares are not sold at the public offering price, the underwriters may change the public offering price and other selling terms. The shares are offered by the underwriters as stated in this prospectus supplement, subject to receipt and acceptance by them. The underwriters reserve the right to reject an order for the purchase of our shares in whole or in part.

We have granted the underwriters an option, exercisable for 30 days after the date of this prospectus supplement, to purchase from time to time up to an aggregate of 600,000 additional shares to cover overallotments, if any, at the public offering price less the underwriting discounts set forth on the cover page of this prospectus supplement. If the underwriters exercise this option, each underwriter, subject to certain conditions, will become obligated to purchase its pro rata portion of these additional shares based on the underwriter s percentage purchase commitment in this offering as indicated in the table above. The underwriters may exercise the over-allotment option only to cover over allotments made in connection with the sale of the shares offered in this offering.

The following table shows the amount per share and total underwriting discounts we will pay to the underwriters (dollars in thousands, except per share). The amounts are shown assuming both no exercise and full exercise of the underwriters over-allotment option.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts to be paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

In connection with the offering, we expect to incur expenses, excluding underwriting discounts and commissions, of approximately $200,000.

We have agreed in the underwriting agreement to indemnify the underwriters against various liabilities that may arise in connection with this offering, including liabilities under the Securities Act. If we cannot indemnify the underwriters, we have agreed to contribute to payments the underwriters may be required to make in respect of those liabilities.

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act of 1933 relating to, any of our common shares of beneficial interest or securities convertible into or exchangeable or exercisable for any of our common shares of beneficial interest, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 30 days after the date of this prospectus, except issuances pursuant to the exercise of employee stock options outstanding on the date hereof or pursuant to our dividend reinvestment plan. However, in the event that either (1) during the last 17 days of the lock-up period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, then in either case the expiration of the lock-up will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless the underwriters waive, in writing, such an extension.

Our executive officers and trustees have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common shares of beneficial interest or securities convertible into or exchangeable or exercisable for any of our common shares of beneficial interest, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common shares of beneficial interest, whether any of these transactions are to be settled by delivery of our common shares of beneficial interest or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 30 days after the date of this prospectus supplement. However, in the event that either (1) during the last 17 days of the lock-up period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, then in either case the expiration of the lock-up will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless the underwriters waive, in writing, such an extension.

Our common shares are listed on the NYSE under the symbol WRE.

Until the offering is completed, rules of the Securities and Exchange Commission may limit the ability of the underwriters and various selling group members to bid for and purchase our common shares. As an exception to these rules, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common shares, including:

- short sales,
- syndicate covering transactions,
- imposition of penalty bids, and
- purchases to cover positions created by short sales.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common shares while the offering is in progress. Stabilizing transactions may include making short sales of our common shares, which involve the sale by the underwriter of a greater number of shares than it is required to purchase in the offering, and purchasing shares from us or in the open market to cover positions created by short sales. Short sales may be covered shorts, which are short positions in an amount not greater than the underwriters over-allotment option referred to above, or may be naked shorts, which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares pursuant to the over-allotment option.

A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market that could adversely affect investors who purchased in the offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters also may impose a penalty bid on selling group members. This means that if the underwriters purchase shares in the open market in stabilizing transactions or to cover short sales, the underwriters can require the selling group members that sold those shares as part of the offering to repay the selling concession received by them.

As a result of these activities, the price of our common shares may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them without notice at any time. The underwriters may carry out these transactions on the NYSE, in the over-the-counter market or otherwise.

The underwriters and their respective affiliates have from time to time provided, and may in the future provide, various investment banking, commercial banking, financial advisory and other services for us for which they have received or will receive customary fees and expenses. Affiliates of Wachovia Capital Markets, LLC, BNY Mellon Capital Markets, LLC and J.P. Morgan Securities Inc. are lenders under our credit facility with Wells Fargo Bank, National Association. As described above, we may use a portion of the net proceeds from this offering to repay a portion of the borrowings outstanding under our line of credit. Because affiliates of certain of the underwriters are lenders under our line of credit, such affiliates will receive their pro rata share of the amount of the credit facility to be repaid with the net proceeds of this offering.

A prospectus supplement and an accompanying prospectus in electronic format may be available on the Internet sites or through other online services maintained by one or more of the underwriters and selling group members participating in the offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the underwriter or the selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations.

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EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements and schedule included in our Annual Report on Form 10-K for the year ended December 31, 2008, and the effectiveness of our internal control over financial reporting as of December 31, 2008, as set fo