



Third Quarter 2010 Supplemental Financial Report



1750 H Street, NW
Washington, DC

Index to Supplemental Information

	<u>Page</u>
Company Information	2
Highlights	3
Financial Results	4
Financial Measures	5
Net Operating Income (NOI) Same-Property Analysis	6
Consolidated Balance Sheets	7
Total Market Capitalization and Selected Ratios	8
Outstanding Debt	9
Debt Maturity Schedule	11
Debt Covenants	12
Portfolio Summary	13
Occupancy Summary	14
Net Asset Value Analysis	15
Investment in Joint Ventures	16
Top Thirty Tenants	17
Portfolio Analysis	18
Market Concentration	19
Leasing Analysis	20
Lease Expirations	21
Lease Expirations - Current and Next Four Quarters	22
Portfolio by Size	23
Land and Properties Available for Development or Redevelopment	24
Washington, DC	25
Maryland Region	26
Maryland Region - Lease Expirations	27
Northern Virginia Region	28
Northern Virginia Region - Lease Expirations	29
Southern Virginia Region	30
Southern Virginia Region - Lease Expirations	31
Management Statements on Non-GAAP Supplemental Measures	32

Company Information

First Potomac Realty Trust is a leader in the ownership, management, development and redevelopment of office and industrial properties in the greater Washington, D.C. region. The Company's focus is acquiring properties that can benefit from its intensive property management and seeking to reposition these properties to increase their profitability and value.

Corporate Headquarters 7600 Wisconsin Avenue
11th Floor
Bethesda, MD 20814

New York Stock Exchange

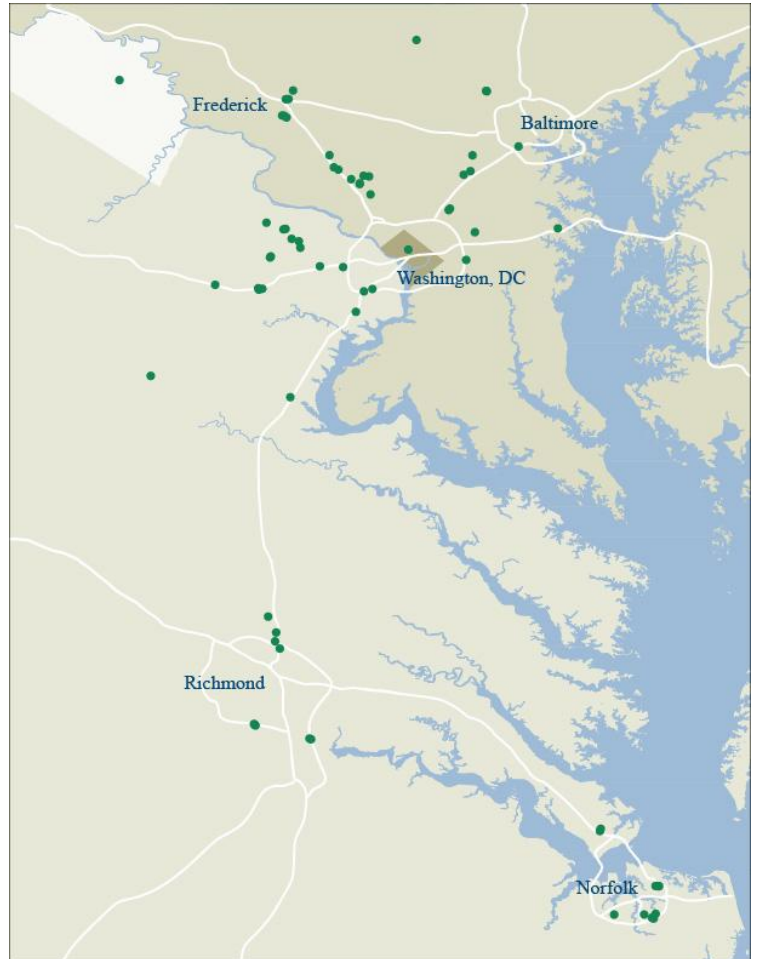
FPO
LISTED
NYSE

Web Site www.first-potomac.com

Investor Relations

ICR, Inc.
(301) 244-6200

Barry H. Bass
Chief Financial Officer
(301) 986-9200
bbass@first-potomac.com



Matters other than historical facts set forth within this Quarterly Supplemental Financial Report are forward-looking statements within the meaning of the federal securities laws. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that could materially affect actual results, performance or achievements. These factors include, without limitation, the ability to enter into new leases or renew leases on favorable terms, the financial condition of tenants, the uncertainties of acquisition activity, the cost and availability of financing, the effects of general and local economic and market conditions, regulatory changes and other risks and uncertainties detailed in the Company's Annual Report on Form 10-K. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events. Note that certain figures are rounded to the nearest thousands throughout the document, which may impact footing and/or crossfooting of totals and subtotals.

Highlights

(unaudited, amounts in thousands, except per share data)

Performance Metrics

	Q3-2010	Q2-2010	Q1-2010	Q4-2009	Q3-2009
Net (loss) income attributable to shareholders	\$ (2,880)	\$ 32	\$ (2,159)	\$ (3,280)	\$ 608
Reported FFO	8,145	10,158	8,042	7,250	10,698
Core FFO ⁽¹⁾	11,954	11,639	9,336	10,968	10,114
Reported FFO per share	\$ 0.21	\$ 0.27	\$ 0.26	\$ 0.24	\$ 0.37
Core FFO per share	\$ 0.31	\$ 0.31	\$ 0.30	\$ 0.36	\$ 0.35

Operating Metrics

Change in Same-Property NOI					
Cash Basis	2.4%	3.9%	-3.6%	2.2%	3.3%
Accrual Basis	0.0%	3.3%	-3.3%	0.4%	3.3%

Capitalization

Debt to Gross Asset Value ⁽²⁾	49.4%	48.7%	50.5%	56.6%	53.9%
--	-------	-------	-------	-------	-------

Debt Balances

Unhedged Variable Rate Debt ⁽³⁾	\$ 188,000	\$ 98,000	\$ 52,000	\$ 134,900	\$ 114,400
Hedged Variable Rate Debt	-	85,000	85,000	94,856	94,856
Fixed Rate Debt	428,914	430,535	414,019	415,325	405,376
Total	\$ 616,914	\$ 613,535	\$ 551,019	\$ 645,081	\$ 614,632

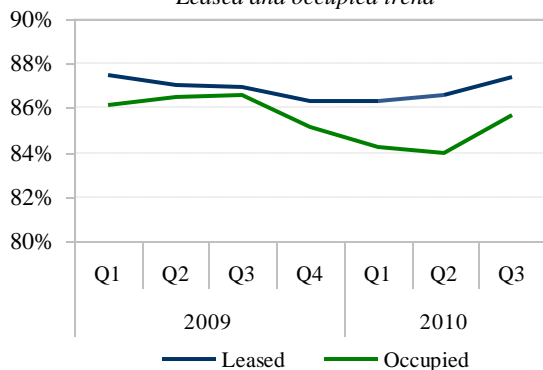
Coverage Ratio

Interest Coverage Ratio	2.35x	2.23x	2.03x	2.22x	2.24x
-------------------------	-------	-------	-------	-------	-------

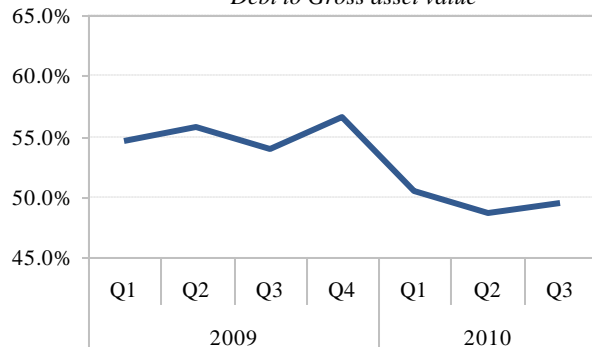
Leasing Metrics

Net Absorption (Square Feet)	97,744	28,094	67,648	(33,760)	5,741
Tenant Retention Rate	84%	69%	89%	79%	90%
Leased %	87.4%	86.6%	86.3%	86.3%	86.9%
Occupancy %	85.7%	84.0%	84.2%	85.1%	86.6%

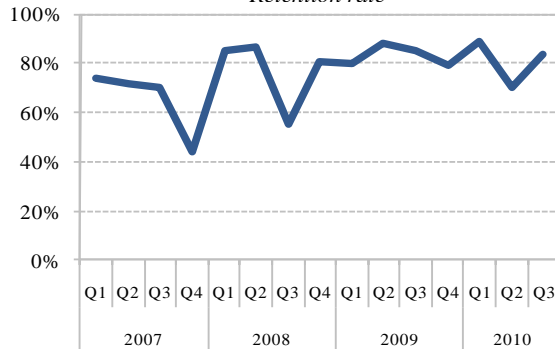
Leased and occupied trend



Debt to Gross asset value



Retention rate



Portfolio concentration

Market	% of Annualized Base Rent	% Leased at September 30, 2010
Greater Washington DC ⁽⁴⁾	63.0%	86.4%
Baltimore	3.3%	68.9%
Richmond	10.6%	89.5%
Norfolk	23.1%	88.0%

⁽¹⁾See page 5 for a reconciliation of the Company's FFO to Core FFO.

⁽²⁾Gross asset value calculation as defined in the unsecured revolving credit facility agreement.

⁽³⁾In July 2010, the Company entered into an interest rate swap agreement that will fix LIBOR at 1.474% on \$50.0 million of the Company's variable rate debt beginning on January 18, 2011.

⁽⁴⁾Includes properties in Suburban Maryland, Northern Virginia and Washington, DC.

Financial Results

(unaudited, amounts in thousands)
(percentages are representative of total revenues)

	Three Months Ended									
	September 30, 2010		June 30, 2010		March 31, 2010		December 31, 2009		September 30, 2009	
OPERATING REVENUES										
Rental	\$ 28,325	81.7%	\$ 27,413	81.8%	\$ 27,327	77.7%	\$ 27,607	80.2%	\$ 26,789	82.6%
Tenant reimbursements and other	6,332	18.3%	6,081	18.2%	7,851	22.3%	6,833	19.8%	5,661	17.4%
	34,657	100.0%	33,494	100.0%	35,178	100.0%	34,440	100.0%	32,450	100.0%
PROPERTY EXPENSES										
Property operating	7,932	22.9%	7,058	21.1%	10,171	28.9%	8,627	25.0%	7,966	24.5%
Real estate taxes and insurance	3,059	8.8%	3,240	9.7%	3,371	9.6%	3,287	9.5%	3,136	9.7%
NET OPERATING INCOME	23,666	68.3%	23,196	69.2%	21,636	61.5%	22,526	65.5%	21,348	65.8%
OTHER (EXPENSES) INCOME										
General and administrative	(3,475)	10.0%	(3,675)	11.0%	(3,709)	10.5%	(3,810)	11.1%	(3,553)	10.9%
Acquisition costs	(361)	1.0%	(1,645)	4.9%	(19)	0.1%	(997)	2.9%	(56)	0.2%
Interest and other income	89	0.3%	87	0.3%	114	0.3%	122	0.4%	148	0.5%
Equity in losses of affiliates	(75)	0.2%	(20)	0.1%	(38)	0.1%	(3)	0.0%	(38)	0.1%
EBITDA	19,844	57.4%	17,943	53.5%	17,984	51.1%	17,838	51.9%	17,849	55.1%
Depreciation and amortization	(10,892)		(10,488)		(9,975)		(10,607)		(10,180)	
Interest expense	(8,439)		(8,061)		(8,861)		(8,043)		(7,929)	
Impairment of real estate asset	(3,448)		-		-		-		-	
Contingent consideration related to acquisition of property	-		-		(710)		-		-	
Gains (losses) on early retirement of debt	-		164		-		(180)		640	
(Loss) income from continuing operations	(2,935)		(442)		(1,562)		(992)		380	
DISCONTINUED OPERATIONS										
(Loss) income from operations of disposed properties	-		(82)		(646)		(2,366)		244	
Gain on sale of real estate properties	-		557		-		-		-	
Income (loss) from discontinued operations	-		475		(646)		(2,366)		244	
NET (LOSS) INCOME	(2,935)		33		(2,208)		(3,358)		624	
Less: Net loss (income) attributable to noncontrolling interests in the Operating Partnership	55		(1)		49		78		(16)	
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (2,880)		\$ 32		\$ (2,159)		\$ (3,280)		\$ 608	

Supplemental Financial Results Items:

The following items were included in the determination of net (loss) income:

	Three Months Ended									
	September 30, 2010		June 30, 2010		March 31, 2010		December 31, 2009		September 30, 2009	
Termination fees	\$ 109		\$ 459		\$ 335		\$ 313		\$ 5	
Capitalized interest	221		220		160		66		69	
Snow and ice removal costs (excluding reimbursements) ⁽¹⁾	(9)		7		(2,425)		(968)		(4)	
Reserves for bad debt expense ⁽²⁾	(17)		(385)		(442)		(555)		(166)	
Dispositions⁽³⁾										
Revenues	\$ -		\$ 81		\$ 193		\$ 418		\$ 424	
Operating expenses	-		(94)		(115)		(162)		(231)	
Depreciation expense	-		(69)		(162)		(83)		48	
Interest income	-		-		3		2		3	
Impairment of real estate asset	-		-		(565)		(2,541)		-	
Gain on sale of real estate properties	-		557		-		-		-	
	\$ -		\$ 475		\$ (646)		\$ (2,366)		\$ 244	

⁽¹⁾The Company recovered approximately 65% of these costs.

⁽²⁾For the three months ended September 30, 2010, the Company recorded a reduction of bad debt expense of \$527 thousand previously recorded as a result of uncertainty associated with a tenant renewal.

⁽³⁾Represents the operating results of Deer Park and 7561 Lindbergh Drive.

Financial Measures

(unaudited, amounts in thousands, except per share data)

	Three Months Ended				
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009
FUNDS FROM OPERATIONS ("FFO")					
Net (loss) income attributable to common shareholders	\$ (2,880)	\$ 32	\$ (2,159)	\$ (3,280)	\$ 608
Depreciation and amortization:					
Real estate assets ⁽¹⁾	10,892	10,488	9,974	10,457	10,031
Discontinued operations	-	69	162	83	(48)
Unconsolidated joint ventures	188	125	114	68	91
Net (loss) income attributable to noncontrolling interests	(55)	1	(49)	(78)	16
Gain on sale of real estate properties	-	(557)	-	-	-
FFO	\$ 8,145	\$ 10,158	\$ 8,042	\$ 7,250	\$ 10,698
Acquisition costs	361	1,645	19	997	56
(Gains) losses on early retirement of debt	-	(164)	-	180	(640)
Contingent consideration related to acquisition of property	-	-	710	-	-
Impairment of real estate assets	3,448	-	565	2,541	-
Core FFO	\$ 11,954	\$ 11,639	\$ 9,336	\$ 10,968	\$ 10,114
ADJUSTED FUNDS FROM OPERATIONS ("AFFO")					
FFO	\$ 8,145	\$ 10,158	\$ 8,042	\$ 7,250	\$ 10,698
Non-cash share-based compensation expense	813	1,003	1,053	887	934
Impairment of real estate assets	3,448	-	565	2,541	-
Contingent consideration related to acquisition of property	-	-	710	-	-
(Gains) losses on early retirement of debt	-	(164)	-	180	(640)
Rental payments treated as basis reduction ⁽²⁾	-	-	-	239	113
Straight-line rent, net ⁽³⁾	75	113	(53)	(31)	(377)
Deferred market rent, net	(368)	(296)	(381)	(465)	(247)
Non-real estate depreciation and amortization ⁽⁴⁾	204	206	212	219	213
Debt fair value amortization	(522)	(513)	(503)	(528)	(532)
Amortization of finance costs	573	481	449	373	338
Amortization of discounts	140	202	232	232	261
Tenant improvements ⁽⁵⁾	(2,709)	(1,875)	(1,851)	(416)	(995)
Leasing commissions ⁽⁵⁾	(617)	(1,394)	(731)	(965)	(605)
Capital expenditures ⁽⁵⁾	(1,861)	(361)	(300)	(1,468)	(936)
AFFO	\$ 7,321	\$ 7,560	\$ 7,444	\$ 8,048	\$ 8,225
Total weighted average shares and OP units:					
Basic	37,999	37,243	31,292	30,236	28,894
Diluted	38,165	37,430	31,489	30,388	28,991
FFO per share:					
FFO per share and unit - basic and diluted	\$ 0.21	\$ 0.27	\$ 0.26	\$ 0.24	\$ 0.37
Core FFO per share and unit - diluted	\$ 0.31	\$ 0.31	\$ 0.30	\$ 0.36	\$ 0.35
AFFO per share:					
AFFO per share and unit - basic	\$ 0.19	\$ 0.20	\$ 0.24	\$ 0.27	\$ 0.28
AFFO per share and unit - diluted	\$ 0.19	\$ 0.20	\$ 0.24	\$ 0.26	\$ 0.28
<p>⁽¹⁾For the three months ended December 31 and September 30, 2009, depreciation and amortization expense of \$150 thousand and \$149 thousand, respectively, related to a third party's portion of a consolidated joint venture was not added back when calculating the Company's FFO. On January 1, 2010, the Company deconsolidated its remaining consolidated joint venture.</p> <p>⁽²⁾Represents cash received from space leased to a former owner of a property the Company acquired in September 2008. All cash received from these leases in 2009 was treated as a reduction in the basis of the property.</p> <p>⁽³⁾Straight-line rent, less uncollectable amounts and rent abatements.</p> <p>⁽⁴⁾Most non-real estate depreciation is classified in general and administrative expense.</p> <p>⁽⁵⁾Does not include first generation costs, which the Company defines as tenant improvement, leasing commissions and capital expenditure costs that were taken into consideration when underwriting the purchase of a property or incurred to bring the property to operating standard for its intended use.</p>					
First-generation costs					
Tenant improvements	\$ 534	\$ 54	\$ 146	\$ 1,420	\$ 1,092
Leasing commissions	67	777	99	117	83
Capital expenditures	1,416	518	184	803	568
Total first-generation costs	2,017	1,349	429	2,340	1,743
Development	946	32	14	35	53
Redevelopment	552	92	127	7	43
	\$ 3,515	\$ 1,473	\$ 570	\$ 2,382	\$ 1,839

Net Operating Income (NOI) Same-Property Analysis

(unaudited, amounts in thousands)

Same-Property NOI ⁽¹⁾	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Total base rent	\$ 26,209	\$ 26,447	\$ 78,300	\$ 78,314
Tenant reimbursements and other	5,483	5,475	17,759	17,204
Property operating expenses	(7,482)	(7,325)	(23,248)	(22,269)
Real estate taxes and insurance	(2,714)	(3,096)	(8,994)	(9,415)
Same-Property NOI - accrual basis	21,496	21,501	63,817	63,834
Straight-line revenue, net	289	(361)	257	(388)
Deferred market rental revenue, net	(366)	(225)	(1,043)	(969)
Same-Property NOI - cash basis	\$ 21,419	\$ 20,915	\$ 63,031	\$ 62,477
Change in same-property NOI - accrual basis	0.0%		0.0%	
Change in same-property NOI - cash basis	2.4%		0.9%	
Change in Same-Property NOI - accrual basis				
Rental revenue decrease	\$ (238)		\$ (14)	
Tenant reimbursement and other increase	8		555	
Expense decrease (increase)	225		(558)	
	\$ (5)		\$ (17)	
Same-property percentage of total portfolio (sf)	95.7%		95.7%	

Reconciliation of Consolidated NOI to Same-Property NOI	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Total revenues	\$ 34,657	\$ 32,450	\$ 103,328	\$ 97,708
Property operating expenses	(7,932)	(7,966)	(25,160)	(23,941)
Real estate taxes and insurance	(3,059)	(3,136)	(9,670)	(9,562)
NOI	23,666	21,348	68,498	64,205
Less: Non-same property NOI ⁽²⁾	(2,170)	153	(4,681)	(371)
Same-Property NOI - accrual basis	21,496	21,501	63,817	63,834
Straight-line revenue, net	289	(361)	257	(388)
Deferred market rental revenue, net	(366)	(225)	(1,043)	(969)
Same-Property NOI - cash basis	\$ 21,419	\$ 20,915	\$ 63,031	\$ 62,477

Change in Same-Property NOI by Region	Three Months Ended	Percentage of	Nine Months Ended	Percentage of
	September 30, 2010	Base Rent	September 30, 2010	Base Rent
Maryland	0.8 %	32%	(1.5)%	32%
Northern Virginia	(1.9)%	32%	0.9 %	32%
Southern Virginia	0.9 %	36%	0.4 %	36%

Change in Same-Property NOI by Property Type ⁽³⁾	Three Months Ended	Percentage of	Nine Months Ended	Percentage of
	September 30, 2010	Base Rent	September 30, 2010	Base Rent
Business Park	(0.6)%	50%	(2.2)%	50%
Industrial	3.0 %	27%	4.1 %	27%
Office/Office Park	(4.3)%	23%	(1.4)%	23%

⁽¹⁾ Same property comparisons are based upon those properties owned for the entirety of the periods presented. Same property results exclude the results of the following non same-properties: RiversPark I and II, Cloverleaf Business Center, Ashburn Center, Three Flint Hill and 500 First Street, NW.

⁽²⁾ Non-same property NOI has been adjusted to reflect a normalized management fee percentage in lieu of an administrative overhead allocation for comparative purposes.

⁽³⁾ Does not include one retail property.

Consolidated Balance Sheets

(unaudited, amounts in thousands, except per share amounts)

	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Assets		
Rental property	\$ 1,187,252	\$ 1,128,956
Less: Accumulated depreciation	(163,196)	(141,481)
Rental property, net	<u>1,024,056</u>	<u>987,475</u>
Cash and cash equivalents	9,110	9,320
Escrows and reserves	9,094	9,978
Investment in affiliates	2,827	1,819
Other assets	<u>82,474</u>	<u>65,900</u>
Total assets	<u>\$ 1,127,561</u>	<u>\$ 1,074,492</u>
Liabilities		
Mortgage loans	\$ 324,118	\$ 301,463
Unsecured notes	104,796	123,718
Bank debt	188,000	219,900
Accounts payable and accrued interest	23,829	18,491
Other liabilities	<u>16,515</u>	<u>23,576</u>
Total liabilities	<u>657,258</u>	<u>687,148</u>
Noncontrolling interests in the Operating Partnership	10,919	9,585
Shareholders' equity:		
Common shares, \$0.001 par value, 100,000 common shares authorized; 38,434 and 30,589 shares issued and outstanding, respectively	38	31
Additional paid-in capital	624,797	517,940
Accumulated other comprehensive loss	(997)	(1,879)
Dividends in excess of accumulated earnings	<u>(164,454)</u>	<u>(138,333)</u>
Total shareholders' equity	<u>459,384</u>	<u>377,759</u>
Total liabilities, noncontrolling interests and shareholders' equity	<u>\$ 1,127,561</u>	<u>\$ 1,074,492</u>

Total Market Capitalization and Selected Ratios

(unaudited, amounts in thousands)

MARKET CAPITALIZATION

		Percent of Total Market Capitalization
Total common shares outstanding	38,434	
Operating Partnership ("OP") units held by third parties	728	
Total common shares and OP units	39,162	
Market price at September 30, 2010	\$ 15.00	
Total equity capitalization	\$ 587,430	48.8%
Debt capitalization		
Fixed-rate debt	\$ 428,914	35.6%
Floating-rate debt	188,000	15.6%
Total debt capitalization	\$ 616,914	51.2%
Total market capitalization	\$ 1,204,344	100.0%

SELECTED RATIOS

	Three Months Ended				
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009
<u>COVERAGE RATIO</u>					
Interest Coverage Ratio					
EBITDA	\$ 19,844	\$ 17,943	\$ 17,984	\$ 17,838	\$ 17,849
Interest expense	8,439	8,061	8,861	8,043	7,929
	2.35x	2.23x	2.03x	2.22x	2.24x
<u>OVERHEAD RATIO</u>					
G&A to Real Estate Revenues					
General and administrative expense	\$ 3,475	\$ 3,675	\$ 3,709	\$ 3,810	\$ 3,553
Total revenues	34,657	33,494	35,178	34,440	32,450
	10.0%	11.0%	10.5%	11.1%	10.9%
<u>LEVERAGE RATIO</u>					
Debt/Undepreciated Book Value					
Total debt	\$ 616,914	\$ 613,535	\$ 549,361	\$ 645,081	\$ 614,632
Undepreciated book value	1,190,669	1,184,262	1,107,965	1,128,956	1,095,008
	51.8%	51.8%	49.6%	57.1%	56.1%

Outstanding Debt

(unaudited, amounts in thousands)

Fixed Rate Debt	<u>Effective Interest Rate</u>	<u>Principal Balance at September 30, 2010</u>	<u>Annualized Debt Service</u>	<u>Maturity Date</u>	<u>Balance at Maturity</u>
<u>Encumbered Properties</u>					
Park Central II ⁽¹⁾	5.66%	\$ 5,345	\$ 638	11/1/2010	\$ 5,306
Enterprise Center ⁽¹⁾⁽²⁾	5.20%	16,839	1,647	12/1/2010	16,712
Indian Creek Court ⁽¹⁾⁽²⁾	5.90%	12,093	1,162	1/1/2011	11,982
403/405 Glenn Drive ⁽¹⁾	5.50%	8,035	746	7/1/2011	7,807
4612 Navistar Drive ⁽¹⁾⁽²⁾	5.20%	12,315	1,131	7/11/2011	11,921
Campus at Metro Park ⁽¹⁾⁽²⁾	5.25%	22,770	2,028	2/11/2012	21,581
1434 Crossways Boulevard Building II ⁽¹⁾	5.38%	9,576	826	8/5/2012	8,866
Crossways Commerce Center	6.70%	24,290	2,087	10/1/2012	23,313
Newington Business Park Center	6.70%	15,322	1,316	10/1/2012	14,706
Prosperity Business Center ⁽¹⁾	5.75%	3,543	305	1/1/2013	3,242
Aquia Commerce Center I	7.28%	387	165	2/1/2013	42
1434 Crossways Boulevard Building I ⁽¹⁾	5.38%	8,292	665	3/5/2013	7,597
Linden Business Center ⁽¹⁾	5.58%	7,120	512	10/1/2013	6,596
Owings Mills Business Center ⁽¹⁾	5.75%	5,475	425	3/1/2014	5,066
Annapolis Commerce Park East ⁽¹⁾	6.25%	8,523	665	6/1/2014	8,010
Cloverleaf Center	6.75%	17,275	1,464	10/8/2014	15,953
Plaza 500	5.19%	99,507	5,164	8/1/2015	91,588
Van Buren Business Park					
Rumsey Center					
Snowden Center					
Greenbrier Technology Center II					
Norfolk Business Center					
Northridge I & II					
15395 John Marshall Highway					
Hanover Business Center					
Hanover Building D ⁽¹⁾	6.63%	671	161	8/1/2015	13
Hanover Building C ⁽¹⁾	6.63%	1,070	186	12/1/2017	13
Chesterfield Business Center					
Chesterfield Buildings C, D, G and H ⁽¹⁾	6.63%	1,755	414	8/1/2015	34
Chesterfield Buildings A, B, E and F ⁽¹⁾	6.63%	2,437	291	6/1/2021	26
Gateway Centre Building I ⁽¹⁾	5.88%	1,230	219	11/1/2016	-
500 First Street, NW	5.79%	38,918	2,722	7/1/2020	32,000
Airpark Business Center ⁽¹⁾	6.63%	1,330	173	6/1/2021	14
	5.68% ⁽³⁾	\$ 324,118	\$ 25,112		\$ 292,388
<u>Convertible Debt</u>					
Exchangeable Senior Notes	5.84%	\$ 29,796	\$ 1,218	12/15/2011	\$ 30,450
<u>Senior Unsecured Debt</u>					
Series A Notes	6.41%	\$ 37,500	\$ 2,404	6/15/2013	\$ 37,500
Series B Notes	6.55%	37,500	2,456	6/15/2016	37,500
	6.48% ⁽³⁾	\$ 75,000	\$ 4,860		\$ 75,000
Total Fixed Rate Debt	5.83% ⁽³⁾	\$ 428,914	\$ 31,190		\$ 397,838

Outstanding Debt Continued

(unaudited, amounts in thousands)

	Effective Interest Rate	Principal Balance at September 30, 2010	Annualized Debt Service	Maturity Date	Balance at Maturity
Total Fixed Rate Debt	5.83% ⁽³⁾	\$ 428,914	\$ 31,190		\$ 397,838
Variable Rate Debt					
Secured Term Loan I ⁽⁴⁾					
Term Loan A	LIBOR + 2.50%	10,000	276	1/15/2011	10,000
Term Loan B	LIBOR + 2.50%	10,000	276	1/15/2012	10,000
Term Loan C	LIBOR + 2.50%	10,000	276	1/15/2013	10,000
Term Loan D	LIBOR + 2.50%	10,000	276	1/15/2014	10,000
Secured Term Loan II ⁽⁵⁾	LIBOR + 2.50%	20,000	552	8/11/2011	20,000
Unsecured Revolving Credit Facility ⁽⁶⁾⁽⁷⁾	LIBOR + 3.00%	128,000	4,173	1/15/2014	128,000
Total Variable Rate Debt	3.10% ⁽³⁾⁽⁸⁾	\$ 188,000	\$ 5,829		\$ 188,000
Total at September 30, 2010	5.00%⁽³⁾⁽⁸⁾	\$ 616,914	\$ 37,019⁽⁹⁾		\$ 585,838

⁽¹⁾The balance includes the fair value impacts recorded at acquisition upon assumption of the mortgages encumbering these properties. The fair value impacts at September 30, 2010 and contractual interest rates are:

Property	Fair Value Impact	Contractual Interest Rate
Park Central II	\$ 23	8.32%
Enterprise Center	80	8.03%
Indian Creek Court	58	7.80%
403/405 Glenn Drive	122	7.60%
4612 Navistar Drive	209	7.48%
Campus at Metro Park	557	7.11%
1434 Crossways Boulevard Building II	365	7.05%
Prosperity Business Center	29	6.25%
1434 Crossways Boulevard Building I	269	6.25%
Linden Business Center	84	6.01%
Owings Mills Business Center	17	5.85%
Annapolis Commerce Park East	(141)	5.74%
Hanover Business Center Building D	33	8.88%
Hanover Business Center Building C	43	7.88%
Chesterfield Buildings C, D, G and H	74	8.50%
Chesterfield Buildings A, B, E and F	91	7.45%
Gateway Centre Building I	47	7.35%
Airpark Business Center	50	7.45%
Total fair value increase, net	\$ 2,010	

⁽²⁾The maturity date on these loans represents the anticipated repayment date of the loans, after which the interest rates on the loans increase.

⁽³⁾Represents the weighted average interest rate.

⁽⁴⁾Interest on the loan is LIBOR plus 250 basis points, which increases by 100 basis points each year beginning on January 1, 2011, to a maximum of 550 basis points.

⁽⁵⁾During the third quarter of 2010, the Company exercised its one year extension option on the \$20 million term loan, which matures in August 2011.

⁽⁶⁾The unsecured revolving credit facility matures in January 2013 with a one-year extension at the Company's option, which it intends to exercise.

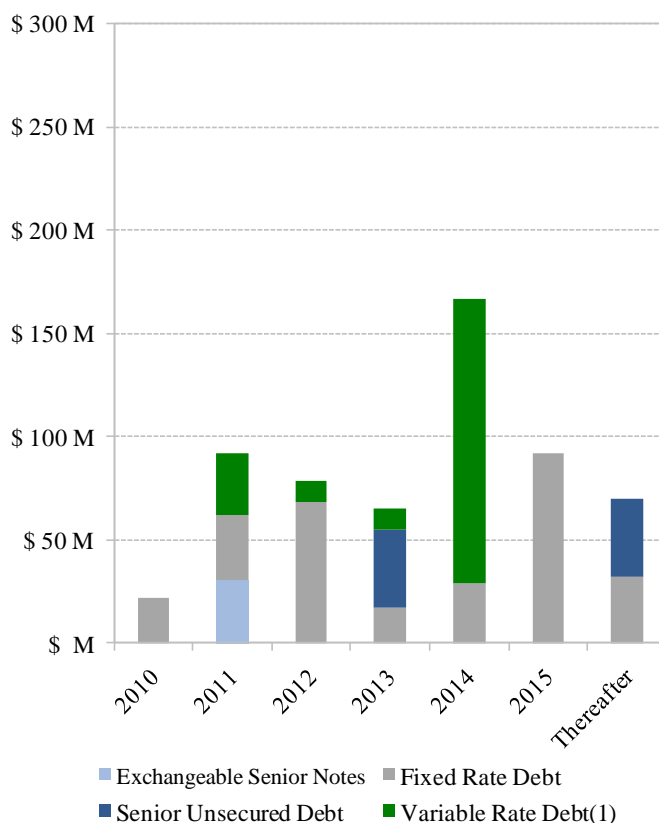
⁽⁷⁾As of September 30, 2010, the borrowing base for the Company's unsecured revolving credit facility included the following properties: 13129 Airpark Road, Virginia Center, Aquia Commerce Center II, Airpark Place, Gateway West II, Crossways II, Reston Business Campus, Cavalier Industrial Park, Gateway Centre (Building II), Enterprise Parkway, Diamond Hill Distribution Center, Linden Business Center (Building I), 1000 Lucas Way, River's Bend Center, Crossways I, Sterling Park Business Center, Sterling Park Land, 1408 Stephanie Way, Davis Drive, Gateway 270, Gateway II, Greenbrier Circle Corporate Center, Greenbrier Technology Center I, Pine Glen, Ammendale Commerce Center, River's Bend Center II, Park Central (Building V), Hanover AB, Herndon Corporate Center, 6900 English Muffin Way, Gateway West, 4451 Georgia Pacific, 20270 Goldenrod Lane, Old Courthouse Square, Patrick Center, West Park, Woodlands Business Center, 15 Worman's Mill Court, Girard Business Center, Girard Place, Owings Mills Commerce Center, 4200 Tech Court, Park Central I, Triangle Business Center and Ashburn Center.

⁽⁸⁾In July 2010, the Company entered into an interest rate swap agreement that will, beginning on January 18, 2011, fix LIBOR at 1.474% on \$50.0 million of the Company's variable rate debt. The new swap agreement will expire on January 15, 2014.

⁽⁹⁾During the third quarter of 2010, the Company paid approximately \$1.2 million in principal payments.

Debt Maturity Schedule

(unaudited, amounts in thousands)



NOI of Pledged Properties and Supported Indebtedness

Year of Maturity	Type	Annualized NOI	Total Maturing Indebtedness	Total Supported Indebtedness	Debt Yield
2010	Secured Property Debt	\$ 3,350	\$ 22,001	\$ 22,001	15.2%
2011	Secured Property Debt	3,616	31,710	31,710	11.4%
2011	Exchangeable Notes	41,554	30,450	233,450 ⁽²⁾	17.8%
2011	Secured Term Loan II	3,448	20,000	20,000	17.2%
2011- 2014	Secured Term Loan I	36,629	40,000 ⁽³⁾	261,024	14.0%
2012	Secured Property Debt	11,254	68,466	68,466	16.4%
2013	Secured Property Debt	3,017	17,477	17,477	17.3%
2013	Senior Unsecured Notes	41,554	37,500	233,450 ⁽²⁾	17.8%
2014	Secured Property Debt	5,528	29,029	29,029	19.0%
2014	Unsecured Revolving Credit Facility	41,554	128,000	233,450 ⁽²⁾	17.8%
2015	Secured Property Debt	14,645	91,635	91,635	16.0%

⁽¹⁾In July 2010, the Company entered into an interest rate swap agreement that will fix LIBOR at 1.474% on \$50.0 million of the Company's variable rate debt beginning on January 18, 2011. The new swap agreement will expire on January 15, 2014.

⁽²⁾The borrowing base for the Exchangeable Notes, Unsecured Revolving Credit Facility and Senior Unsecured Notes also supports Senior Unsecured Notes of \$37.5 million maturing in 2016.

⁽³⁾Secured Term Loan I is mezzanine debt. Total supported indebtedness includes underlying first mortgage financing that matures from 2010 through 2021. The term loan is comprised of four \$10 million dollar notes with staggered yearly maturities, with the first \$10 million dollar note maturing in 2011.

Debt Covenants

(unaudited, amounts in thousands)

	Credit Facility / Secured Term Loan I		Secured Term Loan II		Senior Notes	
	Quarter Ending September 30, 2010	Covenant	Quarter Ending September 30, 2010	Covenant	Quarter Ending September 30, 2010	Covenant
Unencumbered Pool Leverage ⁽¹⁾	46.0%	≤ 65%	N/A	N/A	44.7%	≤ 65%
Unencumbered Pool Debt Service Coverage Ratio ^{(1),(2)}	3.04x	≥ 1.75x	N/A	N/A	N/A	N/A
Maximum Consolidated Total Indebtedness	52.2%	≤ 65%	49.4%	≤ 60%	50.8%	≤ 65%
Minimum Tangible Net Worth	\$ 597,141	≥ \$464,938	\$ 666,689	≥ \$464,938	\$ 630,861	≥ \$464,938
Fixed Charge Coverage Ratio	1.95x	≥ 1.50x	1.95x	≥ 1.50x	1.95x	≥ 1.50x
Maximum Dividend Payout Ratio	82.8%	≤ 95%	82.8%	≤ 95%	82.8%	≤ 95%
<i>Restricted Investments⁽²⁾ :</i>						
Joint Ventures ⁽²⁾	0.8%	≤ 20%	0.8%	≤ 20%	N/A	N/A
Construction in Progress ⁽²⁾	2.0%	≤ 10%	1.9%	≤ 10%	N/A	N/A
Undeveloped Land ⁽²⁾	1.7%	≤ 5%	1.6%	≤ 5%	N/A	N/A
Mortgage Notes ⁽²⁾	0.6%	≤ 5%	0.6%	≤ 5%	N/A	N/A
<i>Total Restricted Investments⁽²⁾</i>	5.2%	≤ 25%	4.9%	≤ 25%	N/A	N/A
<i>Restricted Indebtedness :</i>						
Unhedged Variable Rate Debt ⁽²⁾	15.1%	≤ 25%	14.3%	≤ 25%	N/A	N/A
Maximum Secured Debt	31.3%	≤ 45%	29.7%	≤ 55%	30.5%	≤ 40%
Maximum Secured Recourse Debt ⁽²⁾	5.6%	≤ 15%	5.3%	≤ 10%	N/A	N/A

⁽¹⁾Covenant does not apply to Secured Term Loans covenants.

⁽²⁾Covenant does not apply to Senior Notes covenants.

<u>Portfolio In Service</u>	<u>Square Feet</u>
Washington, DC	129,035
Maryland	3,401,974
Northern Virginia	2,958,521
Southern Virginia	5,144,671
Total Portfolio In Service	<u>11,634,201</u>
<u>Assets in Development / Redevelopment</u>	
Development	104,915
Redevelopment	244,116
Completed Development / Redevelopment Not Yet Placed in Service	12,443
Total Assets in Development / Redevelopment	<u>361,474</u>
Total Portfolio	<u>11,995,675</u>
<u>Unconsolidated Joint Ventures</u>	
RiversPark I & II	<u>306,861</u>

Occupancy Summary

(unaudited)

CURRENT OCCUPANCY

<u>Property Type</u>	<u>Occupied Square Feet</u>	<u>% of Occupied Square Feet</u>	<u>% Occupied at September 30, 2010⁽¹⁾</u>	<u>Annualized Base Rent⁽²⁾ - Cash Basis</u>	<u>% of Annualized Base Rent</u>
Business Park	4,477,725	44.9%	81.0%	\$ 48,233,690	45.3%
Office / Office Park	1,487,943	14.9%	85.5%	27,953,872	26.2%
Industrial	3,817,902	38.3%	91.6%	29,075,389	27.3%
Retail	182,879	1.9%	90.9%	1,251,835	1.2%
Total	9,966,449	100.0%	85.7%	\$ 106,514,786	100.0%

⁽¹⁾Does not include space in development or redevelopment.

⁽²⁾Triple-net equivalent.

Net Asset Value Analysis

(unaudited, in thousands)

Income Statement Items⁽¹⁾

	Three Months Ended September 30, 2010	Annualized
Total Portfolio In-Place Cash NOI		
Total GAAP Revenue	\$ 34,657	\$ 138,628
Straight-line and Deferred Market Rents	(293)	(1,172)
Management Fee Adjustment ⁽²⁾	325	1,300
Property Operating Costs	(11,383)	(45,532)
Total Portfolio In-Place Cash NOI	\$ 23,306	\$ 93,224

Total Portfolio Cash NOI @ 90% Occupancy

Total Revenue	\$ 37,326	\$ 149,304
Straight-line and Deferred Market Rents	(316)	(1,264)
Property Operating Costs	(11,615)	(46,460)
Total Portfolio Cash NOI	\$ 25,395	\$ 101,580

Balance Sheet Items

Land Held for Future Development & CIP

Original Cost Basis of Land held for Future Development	\$ 21,536
Original Cost Basis of Land under Development	2,011
Original Cost Basis of Redevelopment Assets ⁽³⁾	16,962
Construction In Progress	29,179
Total Land Held for Future Development & CIP	\$ 69,688

Investments in Affiliates

Total Investments in Affiliates	\$ 2,827
--	-----------------

Current Quarter Acquisitions

Total Current Quarter Acquisitions	\$ -
---	-------------

Select Balance Sheet Items

Cash and cash equivalents, escrows and reserves	\$ 18,204
Accounts and other receivables, net of allowance	7,101
Prepaid expenses and other assets	17,628
Accounts payable and other liabilities	(20,092)
Accrued interest	(3,737)
Rents received in advance	(7,048)
Tenant security deposits	(4,853)
Mortgage and Senior Debt, cash principal balances	614,904

⁽¹⁾Includes figures from discontinued operations.

⁽²⁾Management fee adjustment, which calculates 4% of revenue, is used in lieu of an administrative overhead allocation for comparative purposes.

⁽³⁾Represents portion of original purchase under redevelopment.

Investment in Joint Ventures

(unaudited, amounts in thousands)

Unconsolidated Joint Ventures

	<u>FPO Ownership</u>	<u>FPO Investment at September 30, 2010</u>	<u>Property Type</u>	<u>Location</u>	<u>Square Feet</u>	<u>Percent Office Buildout</u>	<u>Leased at September 30, 2010</u>	<u>Occupied at September 30, 2010</u>
RiversPark I and II	25%	\$ 2,827	Office Park	Columbia, MD	306,861	100.0%	100.0%	100.0%

<u>Outstanding Debt</u>	<u>Effective Interest Rate</u>	<u>Principal Balance at September 30, 2010</u>	<u>Annualized Debt Service</u>	<u>Maturity Date</u>	<u>Balance at Maturity</u>
Hedged Floating Rate Debt ⁽¹⁾	5.97%	\$ 28,000	\$ 1,672	9/26/2011	\$ 28,000

	<u>Three Months Ended</u>		
	<u>September 30, 2010</u>	<u>June 30, 2010</u>	<u>March 31, 2010</u>
Total Revenues	\$ 1,158	\$ 1,183	\$ 1,118
Total Operating Expenses	(237)	(299)	(352)
Net Operating Income	921	884	766
Depreciation	(751)	(500)	(453)
Interest expense, net	(471)	(465)	(466)
Net Loss	\$ (301)	\$ (81)	\$ (153)

⁽¹⁾The mortgage loan matures in September 2011 and has two one-year renewal options. Borrowings on the loan bear interest at LIBOR plus 250 basis points. The Company entered into an interest rate swap agreement that fixed the interest rate on the loan at 5.97% for its initial three-year term. Of the \$28 million principal balance, 25% is recourse to the Company.

Top Thirty Tenants

(unaudited)

Ranking	Tenant	Number of Leases	Total Leased Square Feet	Total Annualized Rental Revenue ⁽¹⁾	Percentage of Total Annualized Rental Revenue - Cash Basis	Weighted Average Remaining Lease Years
1	U.S. Government	29	694,571	\$ 12,400,070	11.5%	4.9
2	Engineering Solutions	1	236,082	3,269,736	3.0%	6.5
3	HP Corporation	2	220,501	2,692,453	2.5%	0.7
4	State of Maryland - AOC	13	96,898	2,173,512	2.0%	9.3
5	Stock Building Supply, Inc	2	171,996	2,106,951	2.0%	6.4
6	FKI Industries, Inc	1	215,085	1,927,849	1.8%	6.0
7	Sentara Healthcare	7	183,767	1,896,776	1.8%	4.9
8	Lockheed Martin Corporation	9	148,520	1,866,990	1.7%	1.6
9	Verizon Virginia, Inc.	6	92,829	1,399,040	1.3%	4.4
10	Montgomery County	2	57,825	1,348,449	1.2%	5.0
11	First Data Corporation	1	117,336	1,329,417	1.2%	3.2
12	Iron Mountain	2	188,911	1,294,908	1.2%	8.0
13	Capital One Financial Corp	1	158,400	1,133,328	1.0%	0.8
14	Vangent, Inc	1	123,200	1,039,968	1.0%	3.3
15	First American Registry	1	55,851	1,034,361	1.0%	3.8
16	Siemens Real Estate	1	76,292	1,021,550	0.9%	5.6
17	Lyttle Corp	1	54,530	989,209	0.9%	2.3
18	Telogy Networks, Inc.	1	52,145	985,019	0.9%	2.7
19	General Dynamics Information Technology, Inc	5	140,037	956,558	0.9%	2.1
20	GG Ashburn, LLC (Gold's Gym)	1	54,560	878,416	0.8%	16.5
21	Allstate Insurance Company	2	48,785	829,067	0.8%	1.4
22	American Public University System, Inc.	3	63,455	818,816	0.8%	4.5
23	Harris Connect	2	64,486	812,400	0.8%	6.0
24	Harris Corporation	3	37,895	765,565	0.7%	4.2
25	Eska Graphic Board USA BV	2	152,600	752,318	0.7%	3.4
26	Measurement Specialties, Inc.	1	120,000	738,501	0.7%	10.8
27	Energy Enterprise Solutions	5	41,565	709,060	0.7%	2.5
28	Fibertek, Inc.	3	38,872	708,864	0.7%	0.3
29	ServiceSource, Inc.	4	64,683	699,581	0.6%	4.0
30	Home Depot	4	129,988	659,443	0.6%	3.6
	Subtotal Top 30 Tenants	116	3,901,665	49,238,175	45.7%	4.8
	All Remaining Tenants	643	6,262,731	58,711,142	54.3%	3.9
	Total / Weighted Average	759	10,164,396	\$ 107,949,317	100.0%	4.3

⁽¹⁾Annualized rental revenue is based on triple-net equivalent cash basis rental revenue as of September 30, 2010.

PORTFOLIO BY MARKET

	Number of Buildings	Square Feet ⁽¹⁾	Percent Leased ⁽¹⁾	Percent Occupied ⁽¹⁾	Annualized Base Rent ⁽²⁾ - Cash Basis	Percentage of Annualized Base Rent
Washington, DC	1	129,035	100.0%	100.0%	\$ 5,483,988	5.1%
Maryland	68	3,401,974	85.5%	82.1%	34,221,554	31.7%
Baltimore	14	404,831	68.9%	68.9%	3,654,830	3.3%
Suburban MD	54	2,997,143	87.7%	83.9%	30,566,724	28.4%
Northern VA	51	2,958,521	86.9%	85.0%	31,839,825	29.5%
Southern VA	54	5,144,671	88.6%	88.1%	36,403,950	33.7%
Richmond	27	1,760,978	89.5%	88.1%	11,440,188	10.6%
Norfolk	27	3,383,693	88.0%	88.0%	24,963,762	23.1%
Total	174	11,634,201	87.4%	85.7%	\$ 107,949,317	100.0%

PORTFOLIO BY PROPERTY TYPE

	Number of Buildings	Square Feet ⁽¹⁾	Percent Leased ⁽¹⁾	Percent Occupied ⁽¹⁾	Annualized Base Rent ⁽²⁾ - Cash Basis	Percentage of Annualized Base Rent
Business Park	96	5,526,037	84.6%	81.0%	\$ 49,668,220	46.0%
Office / Office Park	45	1,739,571	85.5%	85.5%	27,953,873	25.9%
Industrial	32	4,167,385	91.6%	91.6%	29,075,389	26.9%
Retail	1	201,208	90.9%	90.9%	1,251,835	1.2%
Total	174	11,634,201	87.4%	85.7%	\$ 107,949,317	100.0%

PORTFOLIO BY LEASE TYPE

	Number of Leases	Square Feet ⁽³⁾	Percentage of Leased Portfolio
Triple net	523	7,300,361	71.8%
Industrial gross	37	593,361	5.8%
Full service	199	2,270,674	22.4%
Total	759	10,164,396	100.0%

⁽¹⁾Does not include space under redevelopment or completed construction yet to be placed into service.

⁽²⁾Triple-net equivalent; reflects leased, not yet occupied spaces.

⁽³⁾Does not include vacant and core factor space.

Market Concentration

(unaudited)

Market Concentration by Square Footage

	Washington, DC	Maryland			Northern VA	Southern VA			Total
		Baltimore	Suburban MD	Subtotal		Richmond	Norfolk	Subtotal	
Business Park	-	2.3%	9.8%	12.1%	7.5%	6.8%	19.6%	26.4%	46.0%
Office / Office Park	1.3%	0.4%	6.2%	6.6%	6.8%	-	-	-	14.7%
Industrial	-	-	8.0%	8.0%	11.1%	8.7%	9.7%	18.4%	37.5%
Retail	-	-	1.8%	1.8%	-	-	-	-	1.8%
Total	1.3%	2.7%	25.8%	28.5%	25.4%	15.5%	29.3%	44.8%	100.0%

Market Concentration by Annualized Rent

	Washington, DC	Maryland			Northern VA	Southern VA			Total
		Baltimore	Suburban MD	Subtotal		Richmond	Norfolk	Subtotal	
Business Park	-	2.8%	11.0%	13.8%	7.6%	5.7%	18.9%	24.6%	46.0%
Office / Office Park	5.1%	0.5%	10.8%	11.3%	9.5%	-	-	-	25.9%
Industrial	-	-	5.4%	5.4%	12.4%	4.9%	4.2%	9.1%	26.9%
Retail	-	-	1.2%	1.2%	-	-	-	-	1.2%
Total	5.1%	3.3%	28.4%	31.7%	29.5%	10.6%	23.1%	33.7%	100.0%

Leasing Analysis

(unaudited)

<u>Leasing Production</u> ⁽¹⁾	Three Months Ended September 30, 2010			Nine Months Ended September 30, 2010		
New and Renewal Leases						
Square footage of new and renewal leases	760,052			1,918,062		
Number of new and renewal leases commencing	45			148		
Expired/Early Renewal/Terminated leases						
Square footage of expired/early renewal leases	(634,124)			(1,350,901)		
Square footage of terminated leases	(38,812)			(385,072)		
Total - expired/early renewal/terminated leases	(672,936)			(1,735,973)		
Signed in advance of existing tenant's lease expiration	-			(35,172)		
Pre-Leasing	(3,668)			(27,898)		
Recognition of previous advance leases and pre-leasing	14,296			74,467		
Net Absorption ⁽²⁾	97,744			193,486		
New Leases						
	<u>Total</u>	<u>Comparable</u> ⁽³⁾	<u>Not Comparable</u> ⁽⁴⁾	<u>Total</u>	<u>Comparable</u> ⁽³⁾	<u>Not Comparable</u> ⁽⁴⁾
New square footage	226,731	28,755	197,976	816,356	238,625	577,731
Number of new leases commencing	14	3	11	54	15	39
Rental Change - Cash						
New base rent	\$ 5.74	\$ 4.89	\$ 6.26	\$ 9.39		
Previous base rent	\$ 7.30	N/A	\$ 6.27	N/A		
Percentage change in base rent	-21.3%	N/A	-0.1%	N/A		
Rental Change - GAAP						
New base rent	\$ 6.04	\$ 4.89	\$ 6.65	\$ 10.07		
Previous base rent	\$ 8.99	N/A	\$ 6.09	N/A		
Percentage change in base rent	-32.8%	N/A	9.3%	N/A		
Average capital cost per square foot ⁽⁵⁾	\$ 12.41	\$ 4.06	\$ 6.88	\$ 23.22		
Average downtime between leases (months)	6.1	31.8	3.5	23.0		
Average lease term (months)	63.4	48.0	59.8	90.3		
Renewal Leases						
Square footage of renewal leases ⁽⁶⁾	533,321			1,101,706		
Number of renewal leases commencing	31			94		
Retention rate	84%			82%		
Maryland	84%			84%		
Northern VA	95%			83%		
Southern VA	73%			79%		
Rental Change - Cash						
New base rent	\$ 6.58			\$ 7.72		
Expiring base rent	\$ 7.06			\$ 8.20		
Percentage change in base rent	-6.8%			-5.8%		
Rental Change - GAAP						
New base rent	\$ 6.90			\$ 8.01		
Expiring base rent	\$ 7.27			\$ 8.16		
Percentage change in base rent	-5.2%			-1.9%		
Average capital cost per square foot	\$ 1.16			\$ 2.01		
Average lease term (months)	48.7			42.4		

⁽¹⁾Includes 50,682 square feet of leases and associated costs for leases signed in the third quarter for subsequent periods. Of the total, 28,382 square feet will commence in Q4 2010 and 22,300 square feet in Q1 2011.

⁽²⁾Year-to-date net absorption includes 50,000 square feet from a license agreement converted into a new lease.

⁽³⁾Comparable leases include leases with a term greater than or equal to one year and downtime of less than or equal to one year.

⁽⁴⁾Non-comparable leases include leases with a term less than one year or downtime of greater than one year or acquired vacancy.

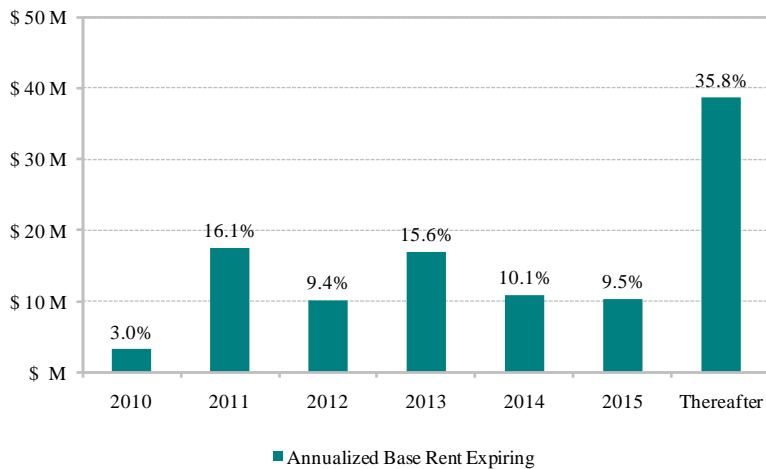
⁽⁵⁾Includes first and second generation TI costs. Second generation capital costs averaged \$5.12 per square foot.

⁽⁶⁾Year-to-date leases include 21,078 square feet of lease extensions from restructured leases. Average lease term was 28 months. Changes in cash and GAAP rents were 0.5% and -2.2%, respectively.

Lease Expirations

(unaudited)

Year of Lease Expiration	<u>Gross Leased Area</u>			<u>Annualized Cash Rental Revenue</u>		
	Number of Leases Expiring	Square Footage	Percent of Total	Amount	Percent of Total	Average Base Rent per Sq. Ft. ⁽¹⁾
MTM	12	70,658	0.7%	\$ 574,325	0.5%	\$ 8.13
2010	46	329,219	3.2%	3,197,570	3.0%	9.71
2011	152	1,803,115	17.7%	17,429,782	16.1%	9.67
2012	103	842,555	8.3%	10,151,965	9.4%	12.05
2013	139	1,654,182	16.3%	16,853,874	15.6%	10.19
2014	95	1,134,718	11.2%	10,880,506	10.1%	9.59
2015	73	906,612	8.9%	10,249,313	9.5%	11.31
Thereafter	139	3,423,337	33.7%	38,611,982	35.8%	11.28
Total	759	10,164,396	100.0%	\$ 107,949,317	100.0%	\$ 10.62

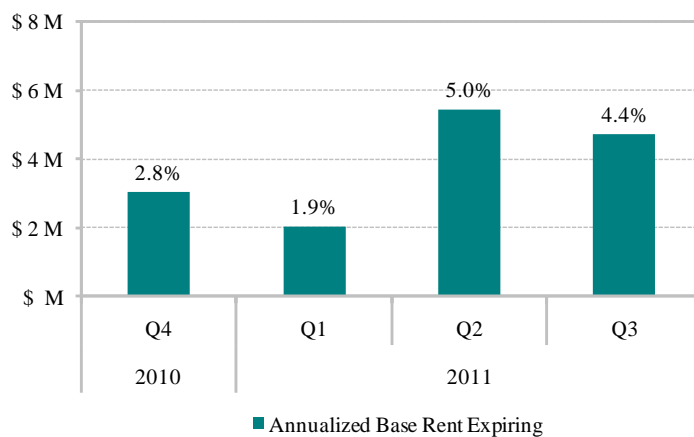


⁽¹⁾Triple-net equivalent

Lease Expirations – Current and Next Four Quarters

(unaudited)

Quarter of Lease Expiration	Number of Leases Expiring	<u>Gross Leased Area</u>		<u>Annualized Cash Rental Revenue</u>		
		Square Footage	Percent of Total	Amount	Percent of Total Portfolio	Average Base Rent per Sq. Ft. ⁽¹⁾
2010 - Q3 ⁽²⁾	5	11,646	0.7%	\$ 157,985	0.1%	\$ 13.57
2010 - Q4	41	317,573	19.9%	3,039,585	2.8%	9.57
2011 - Q1	30	204,848	12.8%	2,037,675	1.9%	9.95
2011 - Q2	40	580,109	36.2%	5,442,509	5.0%	9.38
2011 - Q3	35	485,629	30.4%	4,712,323	4.4%	9.70
Total	151	1,599,805	100.0%	\$ 15,390,077	14.2%	\$ 9.62



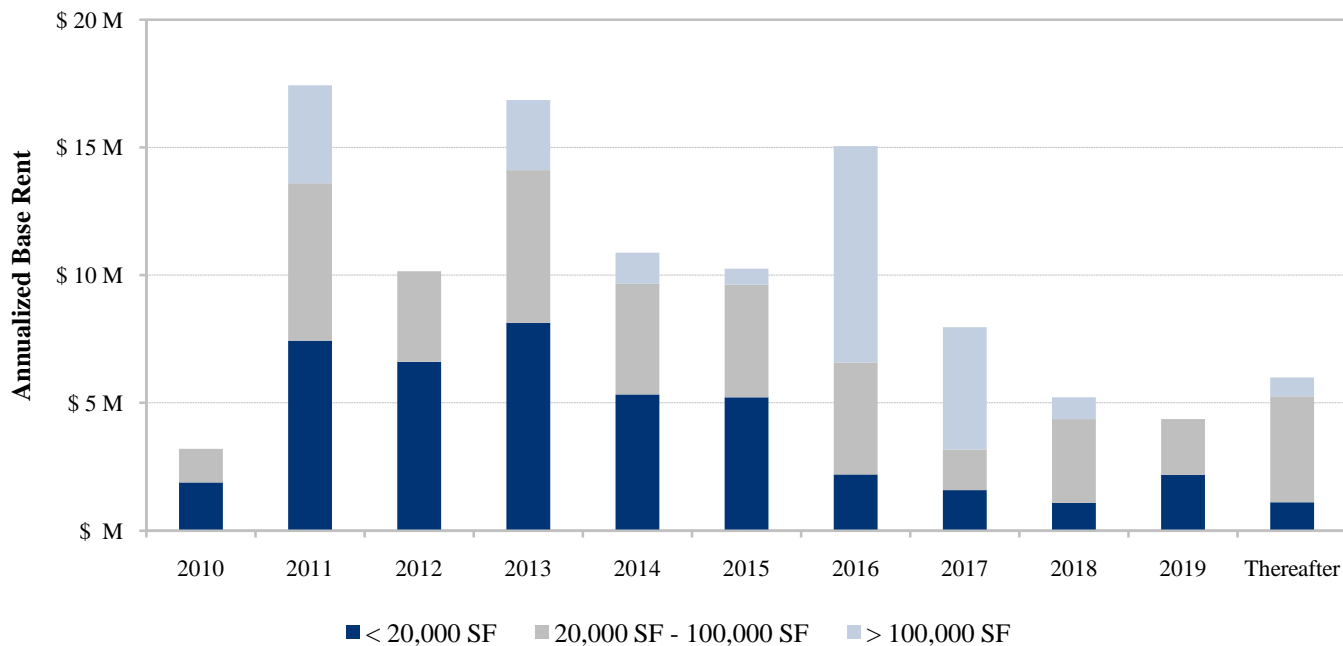
⁽¹⁾Triple-net equivalent

⁽²⁾The Company classifies leases that expired on the last day of the quarter as leased square footage since the tenant is contractually entitled to the space. Of the 11,646 square feet of leases that expired on September 30, 2010, 7,006 square feet were held over and 4,640 square feet were moved out.

Portfolio by Size

(unaudited)

Square Feet Under Lease	Number of Leases	Leased Square Feet	% of Total Square Feet	Annualized Base Rent ⁽¹⁾	% of Annualized Rent	Average Base Rent per SF
0-4,999	343	849,533	8.4%	\$ 10,599,327	9.8%	\$ 12.48
5,000-9,999	165	1,168,065	11.5%	14,083,114	13.0%	12.06
10,000-14,999	80	956,807	9.4%	11,680,809	10.8%	12.21
15,000-19,999	36	616,368	6.1%	6,874,133	6.4%	11.15
20,000-24,999	36	815,419	8.0%	8,205,978	7.6%	10.06
25,000-29,999	20	541,578	5.3%	6,251,905	5.8%	11.54
30,000-34,999	19	615,800	6.1%	6,447,477	6.0%	10.47
35,000-39,999	9	330,893	3.3%	2,509,655	2.3%	7.58
40,000-44,999	7	294,670	2.9%	2,597,146	2.4%	8.81
45,000-49,999	8	374,543	3.7%	3,815,527	3.5%	10.19
50,000-54,999	6	317,978	3.1%	4,573,492	4.2%	14.38
55,000-59,999	2	114,805	1.1%	1,799,809	1.8%	15.68
60,000-64,999	1	61,992	0.6%	779,898	0.7%	12.58
65,000-69,999	2	135,321	1.3%	614,553	0.6%	4.54
70,000-74,999	2	141,652	1.4%	770,128	0.8%	5.44
75,000-79,999	3	228,092	2.2%	2,159,889	2.0%	9.47
85,000-89,999	1	87,120	0.9%	370,260	0.3%	4.25
90,000-94,999	1	93,000	0.9%	156,825	0.1%	1.69
100,000-104,999	2	204,218	2.0%	1,701,582	1.6%	8.33
115,000-119,999	4	466,892	4.6%	3,851,204	3.6%	8.25
120,000-124,999	5	608,301	6.0%	4,753,765	4.5%	7.81
125,000-129,999	2	256,143	2.5%	6,087,750	5.6%	23.77
130,000-134,999	1	134,589	1.3%	560,232	0.5%	4.16
140,000-144,999	1	141,050	1.4%	373,947	0.3%	2.65
155,000-159,999	1	158,400	1.6%	1,133,328	1.0%	7.15
215,000-219,999	1	215,085	2.1%	1,927,848	1.8%	8.96
235,000-239,999	1	236,082	2.3%	3,269,736	3.0%	13.85
Total	759	10,164,396	100.0%	\$ 107,949,317	100.0%	\$ 10.62



⁽¹⁾Triple-net equivalent

Land and Properties Available for Development or Redevelopment

(unaudited, amounts in thousands)

ACTIVE DEVELOPMENT / REDEVELOPMENT

	Region	Square Feet Under Development / Redevelopment	Cost Basis	Projected Incremental Investment	Incremental Investment to Date	Estimated Date In Service	Estimated Stabilization Date	Expected Return
Development								
Sterling Park Business Center - Lot 7	Northern VA	56,915	\$ 1,893	\$ 5,900	\$ 3,825	Q1-2011	Q1-2012	8%
Greenbrier	Southern VA	48,000	118	8,000	361	TBD	TBD	10%
		<u>104,915</u>	<u>2,011</u>	<u>13,900</u>	<u>4,186</u>			
Redevelopment⁽¹⁾								
Three Flint Hill	Northern VA	173,762	13,655	9,300	644	Q2-2012	Q2-2013	9%
Enterprise Parkway	Southern VA	70,354	3,309	1,650	1,497	Q4-2010	Q2-2011	10%
		<u>244,116</u>	<u>16,964</u>	<u>10,950</u>	<u>2,141</u>			
Total Active Development / Redevelopment		<u>349,031</u>	<u>\$ 18,975</u>	<u>\$ 24,850</u>	<u>\$ 6,327</u>			

COMPLETED DEVELOPMENT / REDEVELOPMENT

PLACED IN SERVICE DURING QUARTER							
	Region	Square Feet Placed in Service	Leased Square Feet	Cost Basis	Total Incremental Investment	Estimated Stabilization Date	Expected Return
Redevelopment⁽¹⁾							
500 First Street, NW ⁽²⁾	Washington, DC	14,436	14,436	\$ 4,449	\$ 48	Q3-2010	8%
Gateway 270 West	Maryland	13,552	10,000	1,175	478	Q3-2010	10%
		<u>27,988</u>	<u>24,436</u>	<u>5,624</u>	<u>526</u>		
NOT YET PLACED IN SERVICE							
	Region	Total Completed Square Feet	Square Feet Not Placed in Service	Cost Basis	Incremental Investment to Date	Estimated Stabilization Date	Expected Return
Redevelopment⁽¹⁾							
Gateway 270 West	Maryland	12,443	12,443	1,078	290	Q3-2011	10%
Total Completed Assets		<u>40,431</u>	<u>36,879</u>	<u>\$ 6,702</u>	<u>\$ 816</u>		

ADDITIONAL DEVELOPABLE LAND

		Developable Square Feet
500 First Street, NW	Washington, DC	30,000
Glenn Dale Business Center	Maryland	100,000
4612 Navistar Drive	Maryland	50,000
Sterling Park Business Center	Northern VA	335,545
Plaza 500	Northern VA	200,000
Linden Business Center	Northern VA	32,400
River's Bend Center II	Southern VA	600,000
Chesterfield	Southern VA	35,700
Norfolk Commerce Park II	Southern VA	17,500
		<u>1,401,145</u>

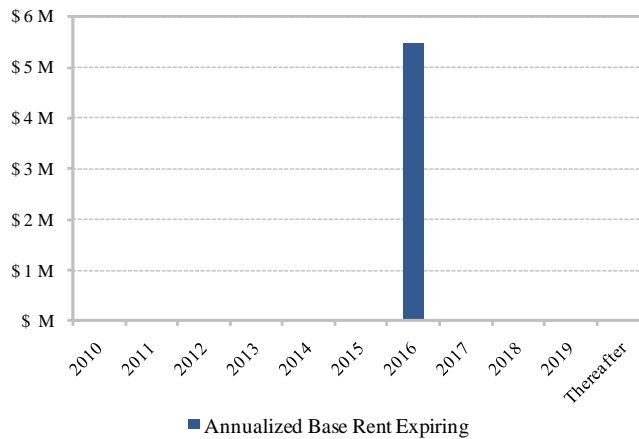
⁽¹⁾Redevelopment of existing structures

⁽²⁾Total costs were funded by an escrow account that was created at acquisition.

Property	Buildings	Property Type	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽¹⁾	Leased at September 30, 2010	Occupied at September 30, 2010
<u>Downtown DC</u> 500 First Street, NW	1	Office	Washington, DC	129,035	100.0%	\$ 5,483,988	100.0%	100.0%

Lease Expiration Schedule

Year of Lease Expiration	SF of Expiring Leases	% of Total SF	Annual Base Rent ⁽¹⁾	% of Annual Base Rent	Base Rent ⁽¹⁾ per SF
2016	129,035	100.0%	\$ 5,483,988	100.0%	\$ 42.50



⁽¹⁾Triple-net equivalent

Maryland Region

(unaudited)

Property	Buildings	Property Type ^{(1),(2),(3)}	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽⁴⁾	Leased at September 30, 2010 ⁽⁵⁾	Occupied at September 30, 2010 ⁽⁵⁾
<u>SUBURBAN MD</u>								
<u>Frederick</u>								
15 Worman's Mill Court	1	OP	Frederick	39,966	100.0%	\$ 369,200	95.9%	95.9%
Frederick Industrial Park ⁽⁶⁾	3	I	Frederick	550,418	27.1%	4,089,404	93.7%	93.7%
Patrick Center	1	Office	Frederick	66,338	100.0%	1,172,067	77.9%	77.9%
West Park	1	Office	Frederick	28,620	100.0%	284,682	75.2%	75.2%
<u>I-270 Corridor</u>								
20270 Goldenrod Lane	1	Office	Germantown	23,518	100.0%	133,100	52.0%	52.0%
Airpark Place	3	BP	Gaithersburg	82,414	69.2%	564,129	52.8%	52.8%
Campus at Metro Park North	4	OP	Rockville	190,912	100.0%	3,308,187	85.1%	85.1%
Cloverleaf	4	OP	Germantown	173,655	100.0%	3,068,170	100.0%	100.0%
Gateway 270 West	6	BP	Clarksburg	243,048	75.2%	2,924,687	89.8%	89.8%
Gateway Center	2	Office	Gaithersburg	44,150	100.0%	603,078	92.4%	92.4%
Girard Business Park ⁽⁷⁾	7	BP	Gaithersburg	299,423	68.3%	2,566,719	72.8%	72.8%
<u>Beltsville</u>								
Ammendale Business Park ⁽⁸⁾	7	BP	Beltsville	312,934	50.2%	2,514,924	88.9%	59.1%
<u>Columbia</u>								
Rumsey Center	4	BP	Columbia	134,431	75.0%	1,302,473	79.6%	79.6%
Snowden Center	5	BP	Columbia	144,930	78.6%	2,022,853	92.1%	77.4%
<u>Other</u>								
Annapolis Commerce Park	2	OP	Annapolis	101,898	72.6%	2,232,400	98.8%	98.8%
Glenn Dale Business Center	1	I	Glenn Dale	321,394	25.0%	1,690,578	93.0%	93.0%
Old Courthouse Square	1	Retail	Martinsburg, WV	201,208	0.0%	1,251,835	90.9%	90.9%
Woodlands Business Center	1	Office	Largo	37,886	100.0%	468,238	83.7%	83.7%
Total	54			2,997,143	57.5%	30,566,724	87.7%	83.9%
<u>BALTIMORE</u>								
<u>Owings Mills</u>								
Owings Mills Business Park ⁽⁹⁾	6	BP	Owings Mills	219,168	83.9%	2,552,764	86.4%	86.4%
<u>Other</u>								
Gateway West	4	OP	Westminster	111,481	88.8%	581,975	37.0%	37.0%
Triangle Business Center	4	BP	Baltimore	74,182	71.7%	520,091	65.2%	65.2%
Total	14			404,831	83.0%	3,654,830	68.9%	68.9%
Grand Total	68			3,401,974	60.6%	\$ 34,221,554	85.5%	82.1%

⁽¹⁾I = Industrial

⁽²⁾BP = Business Park

⁽³⁾OP = Office Park

⁽⁴⁾Triple-net equivalent

⁽⁵⁾Does not include space in development or redevelopment.

⁽⁶⁾Frederick Industrial Park consists of the following properties: 4451 Georgia Pacific Boulevard, 4612 Navistar Drive and 6900 English Muffin Way.

⁽⁷⁾Girard Business Park consists of the following properties: Girard Business Center and Girard Place.

⁽⁸⁾Ammendale Business Park consists of the following properties: Ammendale Commerce Center and Indian Creek Court.

⁽⁹⁾Owings Mills Business Park consists of the following properties: Owings Mills Business Center and Owings Mills Commerce Center.

Maryland Region - Lease Expirations

(unaudited)

Year of Lease Expiration	SF of Expiring Leases	% of Total SF	Annual Base Rent ⁽¹⁾	% of Annual Base Rent ⁽¹⁾	Base Rent ⁽¹⁾ per SF
Vacant	494,182	14.5%	\$ -	-	\$ -
MTM	9,796	0.3%	82,624	0.2%	8.43
2010	79,656	2.3%	713,302	2.1%	8.95
2011	352,034	10.3%	3,719,012	10.9%	10.56
2012	321,641	9.5%	4,209,207	12.3%	13.09
2013	308,187	9.1%	4,248,558	12.4%	13.79
2014	380,543	11.2%	4,589,689	13.4%	12.06
2015	423,675	12.5%	4,943,650	14.4%	11.67
2016	409,604	12.0%	4,485,203	13.1%	10.95
2017	96,340	2.8%	1,462,135	4.3%	15.18
2018	211,603	6.2%	2,014,896	5.9%	9.52
2019	135,091	4.0%	2,759,523	8.1%	20.43
Thereafter	179,622	5.3%	993,755	2.9%	5.53
Total	3,401,974	100.0%	\$ 34,221,554	100.0%	\$ 11.77



⁽¹⁾Triple-net equivalent

Northern Virginia Region

(unaudited)

Property	Buildings	Property Type ^{(1),(2),(3)}	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽⁴⁾	Leased at September 30, 2010 ⁽⁵⁾	Occupied at September 30, 2010 ⁽⁵⁾
<u>Alexandria</u>								
Interstate Plaza	1	I	Alexandria	109,029	30.0%	\$ 947,001	78.2%	78.2%
Plaza 500	2	I	Alexandria	504,089	30.0%	6,093,669	91.7%	91.7%
<u>Manassas</u>								
Gateway Centre	3	BP	Manassas	101,534	55.9%	999,837	83.7%	83.7%
Linden Business Center	3	BP	Manassas	109,838	69.1%	990,850	76.5%	76.5%
Windsor at Battlefield	2	OP	Manassas	154,989	89.5%	1,973,552	100.0%	100.0%
<u>Reston/Herndon</u>								
Herndon Corporate Center	4	OP	Herndon	127,812	100.0%	1,609,399	81.7%	81.7%
Van Buren Business Park	5	OP	Herndon	108,115	100.0%	1,451,305	83.5%	83.5%
Reston Business Campus	4	OP	Reston	82,648	100.0%	1,116,441	86.4%	86.4%
<u>Sterling</u>								
Sterling Park Business Center ⁽⁶⁾	6	BP	Sterling	436,181	47.7%	3,560,008	75.0%	74.1%
<u>Chantilly</u>								
Lafayette Business Park ⁽⁷⁾	6	OP	Chantilly	254,060	90.0%	3,119,383	78.3%	78.3%
<u>Other</u>								
13129 Airpark Road	1	I	Culpeper	149,888	15.0%	614,857	75.9%	75.9%
15395 John Marshall Highway	1	I	Haymarket	236,082	15.0%	3,269,736	100.0%	100.0%
Ashburn Center	3	BP	Ashburn	194,184	9.8%	1,727,068	100.0%	71.9%
Newington Business Park Center	7	I	Lorton	254,272	16.5%	2,499,285	89.7%	89.7%
Prosperity Business Center	1	BP	Merrifield	71,312	15.0%	888,728	100.0%	100.0%
Aquia Commerce Center I & II	2	OP	Stafford	64,488	97.4%	978,706	100.0%	100.0%
Total	51			2,958,521	47.4%	\$ 31,839,825	86.9%	85.0%

⁽¹⁾I = Industrial

⁽²⁾BP = Business Park

⁽³⁾OP = Office Park

⁽⁴⁾Triple-net equivalent

⁽⁵⁾Does not include space in development or redevelopment.

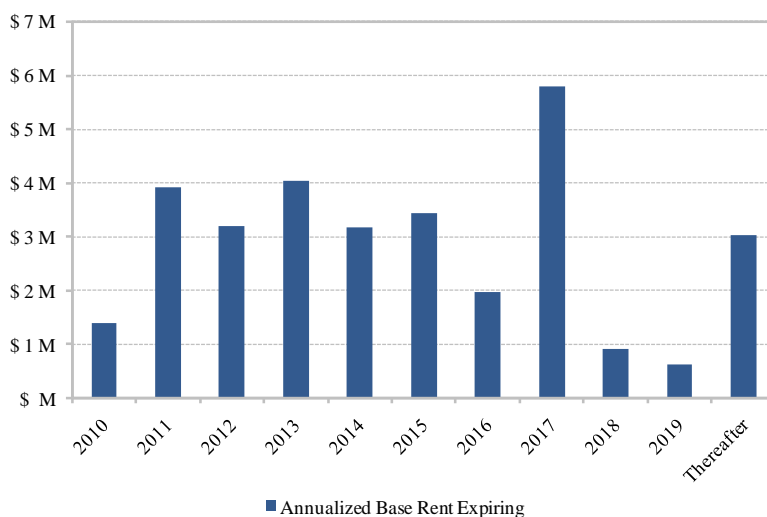
⁽⁶⁾Sterling Park Business Center consists of the following properties: 403/405 Glenn Drive, Davis Drive and Sterling Park Business Center.

⁽⁷⁾Lafayette Business Park consists of the following properties: Enterprise Center and Tech Court.

Northern Virginia Region - Lease Expirations

(unaudited)

<u>Year of Lease Expiration</u>	<u>SF of Expiring Leases</u>	<u>% of Total SF</u>	<u>Annual Base Rent⁽¹⁾</u>	<u>% of Annual Base Rent⁽¹⁾</u>	<u>Base Rent⁽¹⁾ per SF</u>
Vacant	386,575	13.1%	\$ -	-	\$ -
MTM	36,462	1.2%	344,562	1.1%	9.45
2010	115,051	3.9%	1,387,971	4.4%	12.06
2011	315,712	10.7%	3,920,467	12.3%	12.42
2012	238,692	8.1%	3,198,162	10.0%	13.40
2013	286,872	9.7%	4,030,180	12.7%	14.05
2014	274,866	9.3%	3,182,426	10.0%	11.58
2015	248,777	8.4%	3,434,752	10.8%	13.81
2016	110,336	3.7%	1,970,760	6.2%	17.86
2017	484,938	16.4%	5,785,874	18.2%	11.93
2018	100,592	3.4%	923,817	2.8%	9.18
2019	47,755	1.6%	627,353	2.0%	13.14
Thereafter	311,893	10.5%	3,033,501	9.5%	9.73
Total	2,958,521	100.0%	\$ 31,839,825	100.0%	\$ 12.38



⁽¹⁾Triple-net equivalent

Southern Virginia Region

(unaudited)

Property	Buildings	Property Type ^{(1),(2)}	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽³⁾	Leased at September 30, 2010 ⁽⁴⁾	Occupied at September 30, 2010 ⁽⁴⁾
<u>RICHMOND</u>								
<u>North</u>								
Virginia Center	1	BP	Glen Allen	118,145	80.0%	\$ 1,185,900	85.2%	85.2%
Northridge I, II	2	I	Ashland	140,185	32.5%	866,633	100.0%	100.0%
Hanover Business Center	4	BP	Ashland	182,967	46.9%	816,460	74.4%	74.4%
Park Central	3	BP	Richmond	204,280	74.5%	2,398,790	90.9%	90.9%
<u>South</u>								
River's Bend Center ⁽⁵⁾	6	I	Chester	795,037	48.7%	4,436,715	94.2%	94.2%
Chesterfield Business Center ⁽⁶⁾	11	BP	Richmond	320,364	38.7%	1,735,690	82.7%	74.9%
Total	27			1,760,978	50.5%	11,440,188	89.5%	88.1%
<u>NORFOLK</u>								
<u>Crossways</u>								
Crossways Commerce Center ⁽⁷⁾	9	BP	Chesapeake	1,089,786	70.0%	10,582,624	91.6%	91.6%
<u>Greenbrier</u>								
Greenbrier Business Center ⁽⁸⁾	4	BP	Chesapeake	410,613	85.0%	4,266,546	84.9%	84.9%
<u>Chesapeake Other</u>								
1400 Cavalier Boulevard	4	I	Chesapeake	394,308	20.0%	1,669,234	100.0%	100.0%
Diamond Hill Distribution Center	4	I	Chesapeake	712,683	5.0%	2,898,278	83.4%	83.4%
<u>Hampton</u>								
1000 Lucas Way	2	BP	Hampton	182,323	50.6%	1,383,017	96.3%	96.3%
Enterprise Parkway	1	BP	Hampton	332,536	65.0%	1,607,692	65.2%	65.2%
<u>Norfolk</u>								
Norfolk Commerce Park ⁽⁹⁾	3	BP	Norfolk	261,444	79.4%	2,556,371	95.9%	95.9%
Total	27			3,383,693	51.5%	24,963,762	88.0%	88.0%
Grand Total	54			5,144,671	51.2%	\$ 36,403,950	88.6%	88.1%

⁽¹⁾I = Industrial

⁽²⁾BP = Business Park

⁽³⁾Triple-net equivalent

⁽⁴⁾Does not include space in development or redevelopment.

⁽⁵⁾River's Bend Center consists of the following properties: River's Bend Center and River's Bend Center II.

⁽⁶⁾Chesterfield Business Center consists of the following properties: Airpark Business Center, Chesterfield Business Center and Pine Glen.

⁽⁷⁾Crossways Commerce Center consists of the following properties: Coast Guard Building, Crossways Commerce Center I, Crossways Commerce Center II, Crossways I, Crossways II, 1434 Crossways Boulevard and 1408 Stephanie Way.

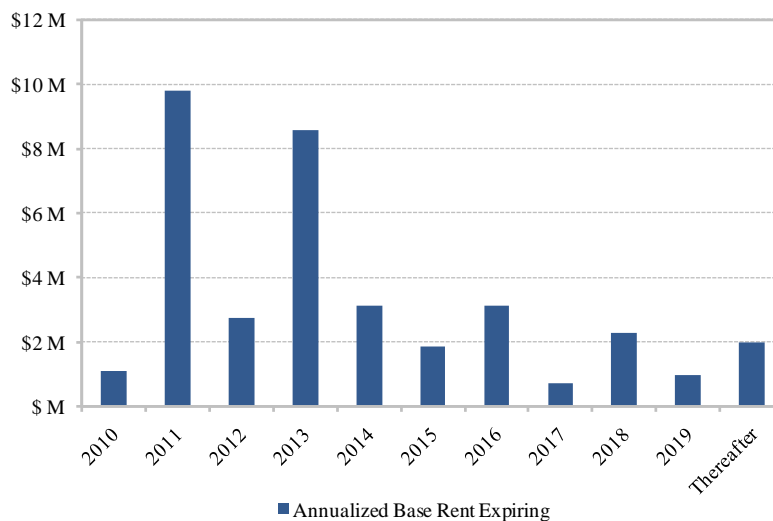
⁽⁸⁾Greenbrier Business Center consists of the following properties: Greenbrier Technology Center I, Greenbrier Technology Center II and Greenbrier Circle Corporate Center.

⁽⁹⁾Norfolk Commerce Park consists of the following properties: Norfolk Business Center, Norfolk Commerce Park II and Gateway II.

Southern Virginia Region - Lease Expirations

(unaudited)

<u>Year of Lease Expiration</u>	<u>SF of Expiring Leases</u>	<u>% of Total SF</u>	<u>Annual Base Rent⁽¹⁾</u>	<u>% of Annual Base Rent⁽¹⁾</u>	<u>Base Rent⁽¹⁾ per SF</u>
Vacant	589,048	11.4%	\$ -	-	\$ -
MTM	24,400	0.5%	147,140	0.4%	6.03
2010	134,512	2.6%	1,096,297	3.0%	8.15
2011	1,135,369	22.1%	9,790,303	26.9%	8.62
2012	282,222	5.5%	2,744,596	7.5%	9.72
2013	1,059,123	20.6%	8,575,135	23.6%	8.10
2014	479,309	9.3%	3,108,392	8.5%	6.49
2015	234,160	4.6%	1,870,912	5.1%	7.99
2016	499,110	9.7%	3,107,458	8.5%	6.23
2017	155,850	3.0%	719,504	2.0%	4.62
2018	229,998	4.5%	2,284,363	6.3%	9.93
2019	81,417	1.6%	986,478	2.7%	12.12
Thereafter	240,153	4.6%	1,973,372	5.5%	8.22
Total	5,144,671	100.0%	\$ 36,403,950	100.0%	\$ 8.03



⁽¹⁾Triple-net equivalent

Management Statements on Non-GAAP Supplemental Measures

Investors and analysts following the real estate industry utilize funds from operations ("FFO"), net operating income ("NOI"), earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted funds from operations ("AFFO"), variously defined, as supplemental performance measures.

The Company believes FFO, NOI, EBITDA and AFFO are appropriate measures given their wide use by and relevance to investors and analysts. FFO, reflecting the assumption that real estate asset values rise or fall with market conditions, principally adjusts for the effects of GAAP depreciation/amortization of real estate assets. NOI provides a measure of rental operations and does not factor in depreciation/amortization and non-property specific expenses such as general and administrative expenses. EBITDA provides a further tool to evaluate the ability to incur and service debt and to fund dividends and other cash needs. AFFO provides a further tool to evaluate the ability to fund dividends. In addition, FFO, NOI, EBITDA and AFFO are commonly used in various ratios, pricing multiples/yields and returns and valuation calculations used to measure financial position, performance and value.

NOI

Management believes that NOI is a useful measure of the Company's property operating performance. The Company defines NOI as operating revenues (rental, tenant reimbursements and other income) less property and related expenses (property expenses, real estate taxes and insurance). Other real estate investment trust ("REITs") may use different methodologies for calculating NOI, and accordingly, the Company's NOI may not be comparable to other REITs.

Because NOI excludes general and administrative expenses, interest expense, depreciation and amortization, gains and losses from property dispositions, discontinued operations and extraordinary items, it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate properties and the impact to operations from trends in occupancy rates, rental rates and operating costs, providing perspective not immediately apparent from net income. The Company uses NOI to evaluate its operating performance since NOI allows the Company to evaluate the impact that factors such as occupancy levels, lease structure, lease rates and tenant base have on the Company's results, margins and returns. In addition, management believes that NOI provides useful information to the investment community about the Company's property and operating performance when compared to other REITs since NOI is generally recognized as a standard measure of property performance in the real estate industry.

However, NOI should not be viewed as a measure of the Company's overall financial performance since it does not reflect general and administrative expenses, interest expense, depreciation and amortization costs, the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties.

SAME-PROPERTY NOI

The Company defines same-property NOI as NOI for the Company's properties wholly owned during the entirety of the periods reported. Other REITs may use different methodologies for calculating same-property NOI and, accordingly, the Company's same-property NOI may not be comparable to other REITs.

EBITDA

Management believes that EBITDA is a useful measure of the Company's operating performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

Management considers EBITDA to be an appropriate supplemental performance measure since it represents earnings prior to the impact of depreciation, amortization, gain (loss) from property dispositions and loss on early retirement of debt. This calculation facilitates the review of income from operations without considering the effect of non-cash depreciation and amortization or the cost of debt.

FFO

Management believes that FFO is a useful measure of the Company's operating performance. The Company computes FFO as defined by the National Association of Real Estate Investment Trusts, or NAREIT, which states FFO should represent net income (loss) before minority interest (computed in accordance with GAAP) plus real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures and excluding gains on the sale of property. Further, other REITs may use different methodologies for calculating FFO and, accordingly, the Company's FFO may not be comparable to other REITs. The Company presents FFO per diluted share calculations that are based on the outstanding dilutive common shares plus the outstanding Operating Partnership units for the periods presented.

Management considers FFO a useful additional measure of performance for an equity REIT because it facilitates an understanding of the operating performance of its properties without giving effect to real estate depreciation and amortization, which assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, we believe that FFO provides a more meaningful and accurate indication of our performance. In addition, management believes that FFO provides useful information to the investment community about the Company's financial performance when compared to other REITs since FFO is generally recognized as the industry standard for reporting the operations of REITs.

CORE FFO

Management believes that the computation of FFO in accordance with NAREIT's definition includes certain items that are not indicative of the results provided by the Company's operating portfolio and affect the comparability of the Company's period-over-period performance. These items include, but are not limited to, gains and losses on the retirement of debt, acquisition costs, and impairments to real estate assets.

AFFO

Management believes that AFFO is a useful measure of the Company's liquidity. The Company computes AFFO by adding to FFO equity based compensation expense and the non-cash amortization of deferred financing costs and non-real estate depreciation, and then subtracting cash paid for any recurring tenant improvements, leasing commissions, and recurring capital expenditures, and eliminating the net effect of straight-line rents, deferred market rent and debt fair value amortization.

First generation costs include tenant improvements, leasing commissions and capital expenditures that were taken into consideration when underwriting the purchase of a property or incurred to bring the property to operating standard for its intended use. The Company also excludes development and redevelopment related expenditures. AFFO provides an additional perspective on the Company's ability to fund cash needs and make distributions to shareholders by adjusting for the effect of these non-cash items included in FFO, as well as recurring capital expenditures and leasing costs. However, other REITs may use different methodologies for calculating AFFO and, accordingly, the Company's AFFO may not be comparable to other REITs.