



FIRST POTOMAC
REALTY TRUST

Established. Focused. *Trusted.*



Fourth Quarter 2010 Supplemental Financial Report

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FIRST POTOMAC
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Company Information



FIRST POTOMAC
REALTY TRUST

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.

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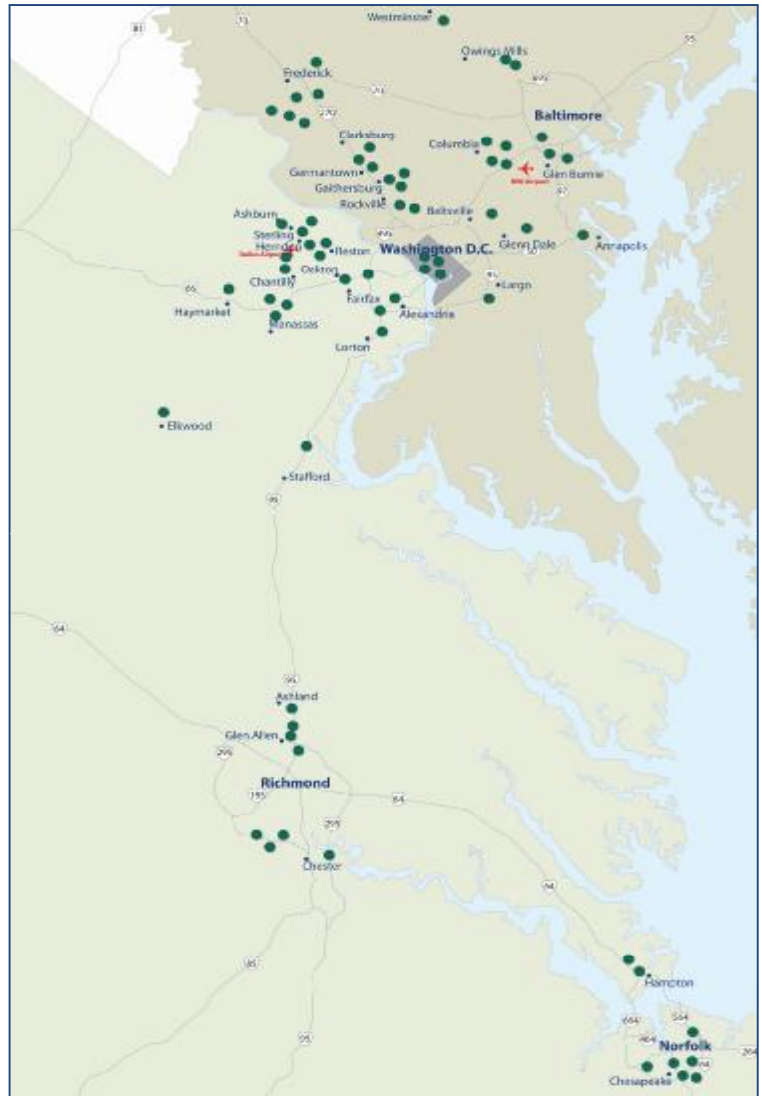
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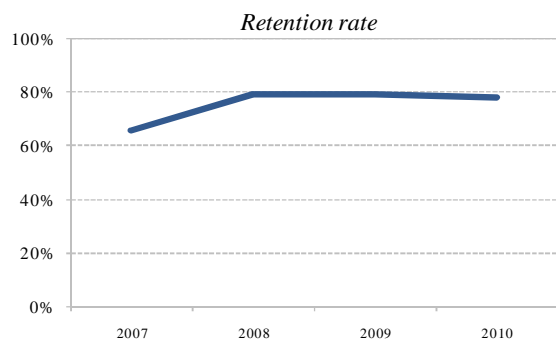
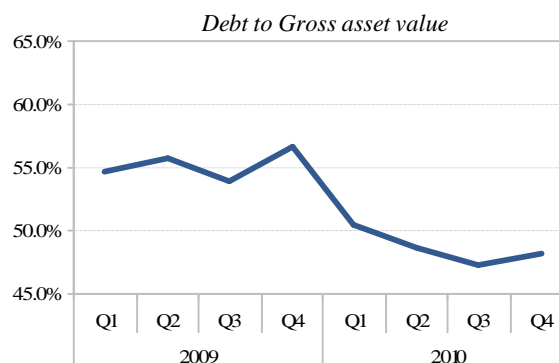
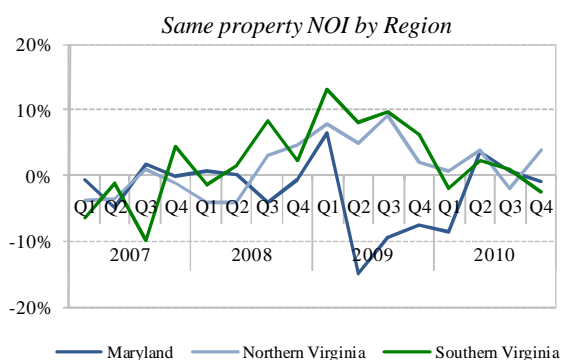
Matters other than historical facts set forth within this Quarterly Supplemental Financial Report are forward-looking statements within the meaning of the federal securities laws. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown 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	Q4-2010	Q3-2010	Q2-2010	Q1-2010	Q4-2009
Net (loss) income attributable to shareholders	\$ (6,436)	\$ (2,880)	\$ 32	\$ (2,159)	\$ (3,280)
Reported FFO	5,414	8,145	10,158	8,042	7,250
Core FFO ⁽¹⁾	12,945	11,954	11,639	9,336	10,968
Reported FFO per share	\$ 0.12	\$ 0.21	\$ 0.27	\$ 0.26	\$ 0.24
Core FFO per share	\$ 0.29	\$ 0.31	\$ 0.31	\$ 0.30	\$ 0.36
Operating Metrics					
Change in Same-Property NOI					
Cash Basis	2.4%	2.4%	3.9%	-3.6%	2.2%
Accrual Basis	-0.1%	0.0%	3.3%	-3.3%	0.4%
Capitalization					
Debt to Gross Asset Value ⁽²⁾	48.2%	49.4%	48.7%	50.5%	56.6%
Debt Balances					
Unhedged Variable Rate Debt ⁽³⁾	\$ 301,000	\$ 188,000	\$ 98,000	\$ 52,000	\$ 134,900
Hedged Variable Rate Debt	-	-	85,000	85,000	94,856
Fixed Rate Debt	424,032	428,914	430,535	414,019	415,325
Total	\$ 725,032	\$ 616,914	\$ 613,535	\$ 551,019	\$ 645,081
Coverage Ratio					
Interest Coverage Ratio ⁽⁴⁾	2.50x	2.39x	2.43x	2.03x	2.33x
Leasing Metrics					
Net Absorption (Square Feet)	(30,248)	97,744	28,094	67,648	(33,760)
Tenant Retention Rate	67%	84%	69%	89%	79%
Leased % ⁽⁵⁾	87.2%	87.4%	86.6%	86.3%	86.3%
Occupancy % ⁽⁵⁾	85.2%	85.7%	84.0%	84.2%	85.1%



Portfolio concentration

Market	% of Annualized Base Rent	% Leased at December 31, 2010 ⁽⁵⁾
Greater Washington DC ⁽⁶⁾	63.8%	88.1%
Baltimore	4.8%	81.6%
Richmond	9.5%	89.3%
Norfolk	21.9%	85.3%

⁽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⁾Acquisition costs were omitted due to their variability, which impacted the comparability of period over period results.

⁽⁵⁾Excludes Lease-Up Properties: Redland Corporate Center, Bldg 2 and Atlantic Corporate Park.

⁽⁶⁾Includes properties in Suburban Maryland, Northern Virginia and Washington, DC.

Financial Results



FIRST POTOMAC
REALTY TRUST

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

	December 31, 2010		September 30, 2010		June 30, 2010		March 31, 2010		December 31, 2009						
OPERATING REVENUES															
Rental	\$	29,977	81.7%	\$	28,325	81.7%	\$	27,413	81.8%	\$	27,327	77.7%	\$	27,607	80.2%
Tenant reimbursements and other		6,710	18.3%		6,332	18.3%		6,081	18.2%		7,851	22.3%		6,833	19.8%
		36,687	100.0%		34,657	100.0%		33,494	100.0%		35,178	100.0%		34,440	100.0%
PROPERTY EXPENSES															
Property operating		8,892	24.2%		7,932	22.9%		7,058	21.1%		10,171	28.9%		8,627	25.0%
Real estate taxes and insurance		3,470	9.5%		3,059	8.8%		3,240	9.7%		3,371	9.6%		3,287	9.5%
NET OPERATING INCOME		24,325	66.3%		23,666	68.3%		23,196	69.2%		21,636	61.5%		22,526	65.4%
OTHER (EXPENSES) INCOME															
General and administrative		(3,665)	10.0%		(3,475)	10.0%		(3,675)	11.0%		(3,709)	10.5%		(3,810)	11.1%
Acquisition costs		(5,145)	14.0%		(361)	1.0%		(1,645)	4.9%		(19)	0.1%		(997)	2.9%
Interest and other income		348	0.9%		89	0.3%		87	0.3%		114	0.3%		122	0.4%
Equity in earnings (losses) of affiliates		10	0.0%		(75)	0.2%		(20)	0.1%		(38)	0.1%		(3)	0.0%
EBITDA		15,873	43.3%		19,844	57.4%		17,943	53.5%		17,984	51.1%		17,838	51.8%
Depreciation and amortization		(11,623)			(10,892)			(10,488)			(9,975)			(10,607)	
Interest expense		(8,398)			(8,439)			(8,061)			(8,861)			(8,043)	
Impairment of real estate assets		(2,386)			(3,448)			-			-			(2,541)	
Contingent consideration related to acquisition of property		-			-			-			(710)			-	
Gains on early retirement of debt		-			-			164			-			(180)	
Loss from continuing operations before income taxes		(6,534)			(2,935)			(442)			(1,562)			(3,533)	
Provision for income taxes		(31)			-			-			-			-	
Loss from continuing operations		(6,565)			(2,935)			(442)			(1,562)			(3,533)	
DISCONTINUED OPERATIONS															
(Loss) income from operations of disposed properties		-			-			(82)			(646)			175	
Gain on sale of real estate properties		-			-			557			-			-	
Income (loss) from discontinued operations		-			-			475			(646)			175	
NET (LOSS) INCOME		(6,565)			(2,935)			33			(2,208)			(3,358)	
Less: Net loss (income) attributable to noncontrolling interests		129			55			(1)			49			78	
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$	(6,436)		\$	(2,880)		\$	32		\$	(2,159)		\$	(3,280)	

Supplemental Financial Results Items:

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

	Three Months Ended									
	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009					
Termination fees	\$	117	\$	109	\$	459	\$	335	\$	313
Capitalized interest		210		221		220		160		66
Snow and ice removal costs (excluding reimbursements) ⁽¹⁾		(586)		(9)		7		(2,425)		(968)
Reserves for bad debt expense ⁽²⁾		(523)		(17)		(385)		(422)		(550)
Dispositions⁽³⁾										
Revenues	\$	-	\$	-	\$	81	\$	193	\$	418
Operating expenses		-		-		(94)		(115)		(162)
Depreciation expense		-		-		(69)		(162)		(83)
Interest income		-		-		-		3		2
Impairment of real estate asset		-		-		-		(565)		-
Gain on sale of real estate properties		-		-		557		-		-
	\$	-	\$	-	\$	475	\$	(646)	\$	175

⁽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, which were both sold in the second quarter of 2010.

Financial Measures



FIRST POTOMAC
REALTY TRUST

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

FUNDS FROM OPERATIONS ("FFO")	Three Months Ended				
	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009
Net (loss) income attributable to common shareholders	\$ (6,436)	\$ (2,880)	\$ 32	\$ (2,159)	\$ (3,280)
Depreciation and amortization:					
Real estate assets ⁽¹⁾	11,610	10,892	10,488	9,974	10,457
Discontinued operations	-	-	69	162	83
Unconsolidated joint ventures	367	188	125	114	68
Net (loss) income attributable to noncontrolling interests	(127)	(55)	1	(49)	(78)
Gain on sale of real estate properties	-	-	(557)	-	-
FFO	\$ 5,414	\$ 8,145	\$ 10,158	\$ 8,042	\$ 7,250
Acquisition costs	5,145	361	1,645	19	997
Gains on early retirement of debt	-	-	(164)	-	180
Contingent consideration related to acquisition of property	-	-	-	710	-
Impairment of real estate assets	2,386	3,448	-	565	2,541
Core FFO	\$ 12,945	\$ 11,954	\$ 11,639	\$ 9,336	\$ 10,968
ADJUSTED FUNDS FROM OPERATIONS ("AFFO")					
Core FFO	\$ 12,945	\$ 11,954	\$ 11,639	\$ 9,336	\$ 10,968
Non-cash share-based compensation expense	866	813	1,003	1,053	887
Rental payments treated as basis reduction ⁽²⁾	-	-	-	-	239
Straight-line rent, net ⁽³⁾	237	75	113	(53)	(31)
Deferred market rent, net	(311)	(368)	(296)	(381)	(465)
Non-real estate depreciation and amortization ⁽⁴⁾	204	204	206	212	219
Debt fair value amortization	(473)	(522)	(513)	(503)	(528)
Amortization of finance costs	552	573	481	449	373
Amortization of discounts	140	140	202	232	232
Tenant improvements ⁽⁵⁾	(2,166)	(2,709)	(1,875)	(1,851)	(416)
Leasing commissions ⁽⁵⁾	(1,125)	(617)	(1,394)	(731)	(965)
Capital expenditures ⁽⁵⁾	(635)	(1,861)	(361)	(300)	(1,468)
AFFO	\$ 10,234	\$ 7,682	\$ 9,205	\$ 7,463	\$ 9,045
Total weighted average shares and OP units:					
Basic	44,344	37,999	37,243	31,292	30,236
Diluted	44,577	38,165	37,430	31,489	30,388
FFO per share:					
FFO per share and unit - basic and diluted	\$ 0.12	\$ 0.21	\$ 0.27	\$ 0.26	\$ 0.24
Core FFO per share and unit - diluted	\$ 0.29	\$ 0.31	\$ 0.31	\$ 0.30	\$ 0.36
AFFO per share:					
AFFO per share and unit - basic and diluted	\$ 0.23	\$ 0.20	\$ 0.25	\$ 0.24	\$ 0.30
First-generation costs					
Tenant improvements	\$ 2,593	\$ 534	\$ 54	\$ 146	\$ 1,420
Leasing commissions	212	67	777	99	117
Capital expenditures	1,142	1,416	518	184	803
Total first-generation costs	3,947	2,017	1,349	429	2,340
Development	1,914	946	32	14	35
Redevelopment	1,158	552	92	127	7
	\$ 7,019	\$ 3,515	\$ 1,473	\$ 570	\$ 2,382

⁽¹⁾For the three months ended December 31, 2010 and 2009, depreciation and amortization expense of \$13 thousand and \$150 thousand, respectively, related to a third party's portion of a consolidated joint venture was not added back when calculating the Company's FFO.

⁽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.

⁽³⁾Straight-line rent, less uncollectable amounts and rent abatements.

⁽⁴⁾Most non-real estate depreciation is classified in general and administrative expense.

⁽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.

Yearly Financial Results



FIRST POTOMAC
REALTY TRUST

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

	Years Ended December 31,					
	2010		2009		2008	
OPERATING REVENUES						
Rental	\$ 113,041	80.7%	\$ 107,383	81.3%	\$ 100,229	81.9%
Tenant reimbursements and other	26,975	19.3%	24,765	18.7%	22,173	18.1%
	140,016	100.0%	132,148	100.0%	122,402	100.0%
PROPERTY EXPENSES						
Property operating	34,053	24.3%	32,567	24.6%	26,854	21.9%
Real estate taxes and insurance	13,140	9.4%	12,849	9.7%	12,042	9.8%
NET OPERATING INCOME	92,823	66.3%	86,732	65.6%	83,506	68.2%
OTHER (EXPENSES) INCOME						
General and administrative	(14,523)	10.4%	(13,219)	10.0%	(11,938)	9.8%
Acquisition costs	(7,169)	5.1%	(1,076)	0.8%	-	0.0%
Interest and other income	637	0.5%	522	0.4%	667	0.5%
Equity in losses of affiliates	(124)	-0.1%	(95)	0.1%	-	0.0%
EBITDA	71,644	51.2%	72,864	55.2%	72,235	58.9%
Depreciation and amortization	(42,979)		(40,642)		(36,769)	
Interest expense	(33,758)		(32,412)		(35,873)	
Impairment of real estate assets	(5,834)		(2,541)		-	
Contingent consideration related to acquisition of property	(710)		-		-	
Gains on early retirement of debt	164		6,167		4,374	
(Loss) income from continuing operations before income taxes	(11,473)		3,436		3,967	
Provision for income taxes	(31)		-		-	
(Loss) income from continuing operations	(11,504)		3,436		3,967	
DISCONTINUED OPERATIONS						
(Loss) income from operations of disposed properties	(728)		620		1,900	
Gain on sale of real estate properties	557		-		14,274	
(Loss) income from discontinued operations	(171)		620		16,174	
NET (LOSS) INCOME	(11,675)		4,056		20,141	
Less: Net loss (income) attributable to noncontrolling interests	232		(124)		(615)	
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (11,443)		\$ 3,932		\$ 19,526	

Supplemental Financial Results Items:

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

	Years Ended December 31,		
	2010	2009	2008
Termination fees	\$ 1,020	\$ 418	\$ 1,230
Capitalized interest	811	359	1,580
Snow and ice removal costs (excluding reimbursements) ⁽¹⁾	(3,013)	(1,732)	(400)
Reserves for bad debt expense ⁽²⁾	(1,347)	(2,082)	(662)
Dispositions⁽³⁾			
Revenues	\$ 274	\$ 1,729	\$ 4,364
Operating expenses	(209)	(887)	(1,240)
Depreciation expense	(231)	(230)	(918)
Interest income (expense)	3	8	(306)
Impairment of real estate asset	(565)	-	-
Gain on sale of real estate properties	557	-	14,274
	\$ (171)	\$ 620	\$ 16,174

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

⁽²⁾For the year ended December 31, 2010, the Company recorded a reduction of bad debt expense of \$527 thousand related to straight-line rent reserves previously recorded as a result of uncertainty associated with a tenant renewal.

⁽³⁾Represents the operating results of Deer Park and 7561 Lindbergh Drive, which were both sold in the second quarter of 2010 and Alexandria Corporate Park, which was sold in the second quarter of 2008.

Yearly Financial Measures



FIRST POTOMAC
REALTY TRUST

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

	Years Ended December 31,		
	2010	2009	2008
FUNDS FROM OPERATIONS ("FFO")			
Net (loss) income attributable to common shareholders	\$ (11,443)	\$ 3,932	\$ 19,526
Depreciation and amortization:			
Real estate assets ⁽¹⁾	42,966	39,841	36,769
Discontinued operations	231	230	918
Unconsolidated joint ventures	793	270	-
Joint venture acquisition fee	-	-	210
Net (loss) income attributable to noncontrolling interests	(230)	124	615
Gain on sale of real estate properties	(557)	-	(14,274)
FFO	\$ 31,760	\$ 44,397	\$ 43,764
Acquisition costs	7,169	1,076	-
Gains on early retirement of debt	(164)	(6,167)	(6,351)
Contingent consideration related to acquisition of property	710	-	-
Impairment of real estate assets	6,398	2,541	-
Core FFO	\$ 45,873	\$ 41,847	\$ 37,413
ADJUSTED FUNDS FROM OPERATIONS ("AFFO")			
Core FFO	\$ 45,873	\$ 41,847	\$ 37,413
Non-cash share-based compensation expense	3,735	3,112	1,985
Rental payments treated as basis reduction ⁽²⁾	-	550	1,398
Straight-line rent, net ⁽³⁾	372	(341)	(951)
Deferred market rent, net	(1,356)	(1,573)	(1,729)
Non-real estate depreciation and amortization ⁽⁴⁾	826	863	872
Debt fair value amortization	(2,012)	(2,169)	(2,913)
Amortization of finance costs	2,055	1,470	1,379
Amortization of discounts	715	1,146	447
Tenant improvements ⁽⁵⁾	(8,601)	(8,435)	(7,594)
Leasing commissions ⁽⁵⁾	(3,867)	(3,543)	(4,355)
Capital expenditures ⁽⁵⁾	(3,157)	(2,971)	(1,313)
AFFO	\$ 34,583	\$ 29,956	\$ 24,639
Total weighted average shares and OP units:			
Basic	37,756	28,715	25,617
Diluted	37,950	28,804	25,637
FFO per share:			
FFO per share and unit - basic	\$ 0.84	\$ 1.55	\$ 1.71
FFO per share and unit - diluted	\$ 0.84	\$ 1.54	\$ 1.71
Core FFO per share and unit - diluted	\$ 1.21	\$ 1.45	\$ 1.46
AFFO per share:			
AFFO per share and unit - basic	\$ 0.92	\$ 1.04	\$ 0.96
AFFO per share and unit - diluted	\$ 0.91	\$ 1.04	\$ 0.96

⁽¹⁾For the years ended December 31, 2010 and 2009, depreciation and amortization expense of \$13 thousand and \$801 thousand, respectively, related to a third party's portion of a consolidated joint venture was not added back when calculating the Company's FFO.

⁽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 is treated as a reduction in the basis of the property acquired.

⁽³⁾Straight-line rent, less uncollectable amounts and rent abatements.

⁽⁴⁾Most non-real estate depreciation is classified in general and administrative expense.

⁽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.

First-generation costs			
Tenant improvements	\$ 3,327	\$ 7,447	\$ 10,328
Leasing commissions	1,155	937	1,521
Capital expenditures	3,260	2,898	6,994
Total first-generation costs	7,742	11,282	18,843
Development	2,906	273	7,648
Redevelopment	1,929	678	917
	\$ 12,577	\$ 12,233	\$ 27,408

Net Operating Income (NOI) Same-Property Analysis



FIRST POTOMAC
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(unaudited, amounts in thousands)

Same-Property NOI ⁽¹⁾	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
Total base rent	\$ 25,974	\$ 26,459	\$ 104,274	\$ 104,774
Tenant reimbursements and other	5,700	6,074	23,459	23,278
Property operating expenses	(7,408)	(7,990)	(30,656)	(30,260)
Real estate taxes and insurance	(2,912)	(3,159)	(11,906)	(12,574)
Same-Property NOI - accrual basis	21,354	21,384	85,171	85,218
Straight-line revenue, net	411	18	669	(370)
Deferred market rental revenue, net	(292)	(429)	(1,335)	(1,398)
Same-Property NOI - cash basis	\$ 21,473	\$ 20,973	\$ 84,505	\$ 83,450
Change in same-property NOI - accrual basis	(0.1)%		(0.1)%	
Change in same-property NOI - cash basis	2.4%		1.3%	
Change in Same-Property NOI - accrual basis				
Rental revenue decrease	\$ (485)		\$ (500)	
Tenant reimbursement and other (decrease) increase	(374)		181	
Expense decrease	829		272	
	\$ (30)		\$ (47)	
Same-property percentage of total consolidated portfolio (sf)	87.6%		87.6%	

Reconciliation of Consolidated NOI to Same-Property NOI	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
Total revenues	\$ 36,687	\$ 34,440	\$ 140,016	\$ 132,148
Property operating expenses	(8,892)	(8,627)	(34,053)	(32,567)
Real estate taxes and insurance	(3,470)	(3,287)	(13,140)	(12,849)
NOI	24,325	22,526	92,823	86,732
Less: Non-same property NOI ⁽²⁾	(2,971)	(1,142)	(7,652)	(1,514)
Same-Property NOI - accrual basis	21,354	21,384	85,171	85,218
Straight-line revenue, net	411	18	669	(370)
Deferred market rental revenue, net	(292)	(429)	(1,335)	(1,398)
Same-Property NOI - cash basis	\$ 21,473	\$ 20,973	\$ 84,505	\$ 83,450

Change in Same-Property NOI by Region (accrual basis)	Three Months Ended	Percentage of	Twelve Months Ended	Percentage of
	December 31, 2010	Base Rent	December 31, 2010	Base Rent
Maryland	(1.0)%	32%	(1.4)%	32%
Northern Virginia	3.8%	32%	1.6%	32%
Southern Virginia	(2.6)%	36%	(0.4)%	36%

Change in Same-Property NOI by Property Type (accrual basis) ⁽³⁾	Three Months Ended	Percentage of	Twelve Months Ended	Percentage of
	December 31, 2010	Base Rent	December 31, 2010	Base Rent
Business Park	(0.1)%	50%	(1.7)%	50%
Industrial	(2.6)%	27%	2.4%	27%
Office/Office Park	5.0%	23%	0.2%	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, 500 First Street, NW, Battlefield Corporate Center, Redland Corporate Center, Atlantic Corporate Center, 1211 Connecticut Ave, NW, 440 First Street, NW, 7458 Candlewood Road, 1750 H Street, NW and Aviation Business Park.

⁽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 Sheet



FIRST POTOMAC
REALTY TRUST

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

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Assets		
Rental property	\$ 1,388,887	\$ 1,128,956
Less: Accumulated depreciation	(170,990)	(141,481)
Rental property, net	<u>1,217,897</u>	<u>987,475</u>
Cash and cash equivalents	33,280	9,320
Escrows and reserves	8,070	9,978
Investment in affiliates	23,721	1,819
Other assets	<u>113,714</u>	<u>62,581</u>
Total assets	<u>\$ 1,396,682</u>	<u>\$ 1,071,173</u>
Liabilities		
Mortgage loans	\$ 319,096	\$ 301,463
Unsecured notes	104,936	123,718
Bank debt	301,000	219,900
Accounts payable and accrued interest	18,997	15,172
Other liabilities	<u>18,471</u>	<u>23,576</u>
Total liabilities	<u>762,500</u>	<u>683,829</u>
Noncontrolling interests in the Operating Partnership	16,122	9,585
Shareholders' equity:		
Common shares, \$0.001 par value, 100,000 common shares authorized; 49,922 and 30,589 shares issued and outstanding, respectively	50	31
Additional paid-in capital	794,051	517,940
Noncontrolling interests	3,077	-
Accumulated other comprehensive loss	(545)	(1,879)
Dividends in excess of accumulated earnings	<u>(178,573)</u>	<u>(138,333)</u>
Total shareholders' equity	<u>618,060</u>	<u>377,759</u>
Total liabilities, noncontrolling interests and shareholders' equity	<u>\$ 1,396,682</u>	<u>\$ 1,071,173</u>

Total Market Capitalization and Selected Ratios



FIRST POTOMAC
REALTY TRUST

(unaudited, amounts in thousands)

MARKET CAPITALIZATION

		<u>Percent of Total Market Capitalization</u>
Total common shares outstanding	49,922	
Operating Partnership ("OP") units held by third parties	<u>958</u>	
Total common shares and OP units	50,880	
Market price at December 31, 2010	<u>\$ 16.82</u>	
Total equity capitalization	<u>\$ 855,802</u>	<u>54.1%</u>
Debt capitalization		
Fixed-rate debt	\$ 424,032	26.8%
Floating-rate debt ⁽¹⁾	<u>301,000</u>	<u>19.1%</u>
Total debt capitalization	<u>\$ 725,032</u>	<u>45.9%</u>
Total market capitalization	<u>\$ 1,580,834</u>	<u>100.0%</u>

SELECTED RATIOS

	<u>Three Months Ended</u>				Twelve Months Ended
	<u>December 31, 2010</u>	<u>September 30, 2010</u>	<u>June 30, 2010</u>	<u>March 31, 2010</u>	<u>December 31, 2010</u>
<u>COVERAGE RATIO</u>					
Interest Coverage Ratio					
EBITDA, less acquisition costs ⁽²⁾	\$ 21,018	\$ 20,205	\$ 19,588	\$ 18,003	\$ 78,813
Interest expense	<u>8,398</u>	<u>8,439</u>	<u>8,061</u>	<u>8,861</u>	<u>33,758</u>
	2.50x	2.39x	2.43x	2.03x	2.33x
<u>OVERHEAD RATIO</u>					
G&A to Real Estate Revenues					
General and administrative expense	\$ 3,665	\$ 3,475	\$ 3,675	\$ 3,709	\$ 14,523
Total revenues	<u>36,687</u>	<u>34,657</u>	<u>33,494</u>	<u>35,178</u>	<u>140,016</u>
	10.0%	10.0%	11.0%	10.5%	10.4%
<u>LEVERAGE RATIO</u>					
Debt/Undepreciated Book Value					
Total debt	\$ 725,032	\$ 616,914	\$ 613,535	\$ 549,361	
Undepreciated book value	<u>1,388,887</u>	<u>1,190,669</u>	<u>1,184,262</u>	<u>1,107,965</u>	
	52.2%	51.8%	51.8%	49.6%	

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

⁽²⁾Acquisition costs were omitted due to their variability, which impacted the comparability of period over period results.

Outstanding Debt



FIRST POTOMAC
REALTY TRUST

(unaudited, amounts in thousands)

Fixed Rate Debt	Effective Interest Rate	Balance at December 31, 2010	Annualized Debt Service	Maturity Date	Balance at Maturity
Encumbered Properties					
Indian Creek Court ⁽¹⁾	5.90%	\$ 11,982	\$ 1,162	1/1/2011	\$ 11,982
403/405 Glenn Drive ⁽²⁾	5.50%	7,960	746	7/1/2011	7,807
4612 Navistar Drive ⁽²⁾⁽³⁾	5.20%	12,189	1,131	7/11/2011	11,921
Campus at Metro Park ⁽²⁾⁽³⁾	5.25%	22,556	2,028	2/11/2012	21,581
1434 Crossways Boulevard Building II ⁽²⁾	5.38%	9,484	826	8/5/2012	8,866
Crossways Commerce Center	6.70%	24,179	2,087	10/1/2012	23,313
Newington Business Park Center	6.70%	15,252	1,316	10/1/2012	14,706
Prosperity Business Center ⁽²⁾	5.75%	3,502	305	1/1/2013	3,242
Aquia Commerce Center I	7.28%	353	165	2/1/2013	42
1434 Crossways Boulevard Building I ⁽²⁾	5.38%	8,225	665	3/5/2013	7,597
Linden Business Center ⁽²⁾	5.58%	7,080	512	10/1/2013	6,596
Owings Mills Business Center ⁽²⁾	5.75%	5,448	425	3/1/2014	5,066
Annapolis Commerce Park East ⁽²⁾	6.25%	8,491	665	6/1/2014	8,010
Cloverleaf Center	6.75%	17,204	1,464	10/8/2014	15,953
Plaza 500	5.19%	99,151	5,146	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 ⁽²⁾	6.63%	642	161	8/1/2015	13
Hanover Building C ⁽²⁾	6.63%	1,041	186	12/1/2017	13
Chesterfield Business Center					
Chesterfield Buildings C, D, G and H ⁽²⁾	6.63%	1,681	414	8/1/2015	34
Chesterfield Buildings A, B, E and F ⁽²⁾	6.63%	2,398	291	6/1/2021	26
7458 Candlewood Road - Note 1 ⁽²⁾	6.04%	4,761	424	1/1/2016	3,965
7458 Candlewood Road - Note 2 ⁽²⁾	6.30%	9,938	819	1/1/2016	8,639
Gateway Centre Building I ⁽²⁾	5.88%	1,189	219	11/1/2016	-
500 First Street, NW	5.79%	38,793	2,722	7/1/2020	32,000
Battlefield Corporate Center	4.26%	4,289	320	11/1/2020	2,618
Airpark Business Center ⁽²⁾	6.63%	1,308	173	6/1/2021	14
	5.71% ⁽⁴⁾	\$ 319,096	\$ 24,372		\$ 285,592
Convertible Debt					
Exchangeable Senior Notes ⁽⁵⁾	5.84%	\$ 29,936	\$ 1,218	12/15/2011	\$ 30,450
Senior Unsecured Debt					
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% ⁽⁴⁾	\$ 75,000	\$ 4,860		\$ 75,000
Total Fixed Rate Debt	5.85% ⁽⁴⁾	\$ 424,032	\$ 30,450		\$ 391,042

Outstanding Debt - Continued



FIRST POTOMAC
REALTY TRUST

(unaudited, amounts in thousands)

	Effective Interest Rate	Balance at December 31, 2010	Annualized Debt Service	Maturity Date	Balance at Maturity
Total Fixed Rate Debt	5.85% ⁽⁴⁾	\$ 424,032	\$ 30,450		\$ 391,042
Variable Rate Debt					
Secured Term Loan I ⁽⁶⁾					
Loan A ⁽⁶⁾	LIBOR + 2.50%	10,000	276	1/15/2011	10,000
Loan B	LIBOR + 2.50%	10,000	276	1/15/2012	10,000
Loan C	LIBOR + 2.50%	10,000	276	1/15/2013	10,000
Loan D	LIBOR + 2.50%	10,000	276	1/15/2014	10,000
Secured Term Loan II	LIBOR + 2.50%	20,000	552	8/11/2011	20,000
Senior Secured Term Loan ⁽⁷⁾	LIBOR + 3.50%	50,000	1,880	5/10/2011	50,000
Unsecured Revolving Credit Facility ⁽⁸⁾⁽⁹⁾	LIBOR + 3.00%	191,000	6,227	1/15/2014	191,000
Total Variable Rate Debt	3.24% ⁽⁴⁾⁽¹⁰⁾	\$ 301,000	\$ 9,763		\$ 301,000
Total at December 31, 2010	4.77%⁽⁴⁾⁽¹⁰⁾	\$ 725,032	\$ 40,213⁽¹¹⁾		\$ 692,042

⁽¹⁾In January 2011, the Company repaid the \$12.0 million mortgage encumbering Indian Creek Court with available cash.

⁽²⁾The balance includes the fair value impacts recorded at acquisition upon assumption of the mortgages encumbering these properties. The fair value impacts at December 31, 2010 and contractual interest rates are:

Property	Fair Value Impact	Contractual Interest Rate
403/405 Glenn Drive	\$ 82	7.60%
4612 Navistar Drive	137	7.48%
Campus at Metro Park	452	7.11%
1434 Crossways Boulevard Building II	317	7.05%
Prosperity Business Center	26	6.25%
1434 Crossways Boulevard Building I	243	6.25%
Linden Business Center	78	6.01%
Owings Mills Business Center	16	5.85%
Annapolis Commerce Park East	(132)	5.74%
Hanover Business Center Building D	30	8.88%
Hanover Business Center Building C	40	7.88%
Chesterfield Business Center Bldgs C, D, G and H	68	8.50%
Chesterfield Business Center Bldgs A, B, E and F	88	7.45%
Gateway Centre Building I	44	7.35%
Airpark Business Center	48	7.45%
7458 Candlewood Road - Note 1	(239)	4.67%
7458 Candlewood Road - Note 2	280	6.57%
Total fair value increases, net	\$ 1,578	

⁽³⁾The maturity date on these loans represents the anticipated repayment date of the loans, after which the interest rates on the loans increase.

⁽⁴⁾Represents the weighted average interest rate.

⁽⁵⁾During 2010, the Company retired \$20.1 million of its Exchangeable Senior Notes.

⁽⁶⁾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. In January 2011, the Company repaid the \$10.0 million balance of Loan A with available cash.

⁽⁷⁾On November 10, 2010, the Company entered into a three month \$50.0 million senior secured term loan with KeyBank, N.A. In February 2011, the Company extended the maturity date of the term loan to May 10, 2011.

⁽⁸⁾The unsecured revolving credit facility matures in January 2013 with a one-year extension at the Company's option, which it intends to exercise.

⁽⁹⁾As of December 31, 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 A/B, 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 Woman's Mill Court, Girard Business Center, Girard Place, Owings Mills Commerce Center, 4200 Tech Court, Park Central I, Triangle Business Center and Ashburn Center.

⁽¹⁰⁾In July 2010, the Company entered into an interest rate swap agreement that, beginning on January 18, 2011, fixed LIBOR at 1.474% on \$50.0 million of the Company's variable rate debt. The swap agreement will expire on January 15, 2014.

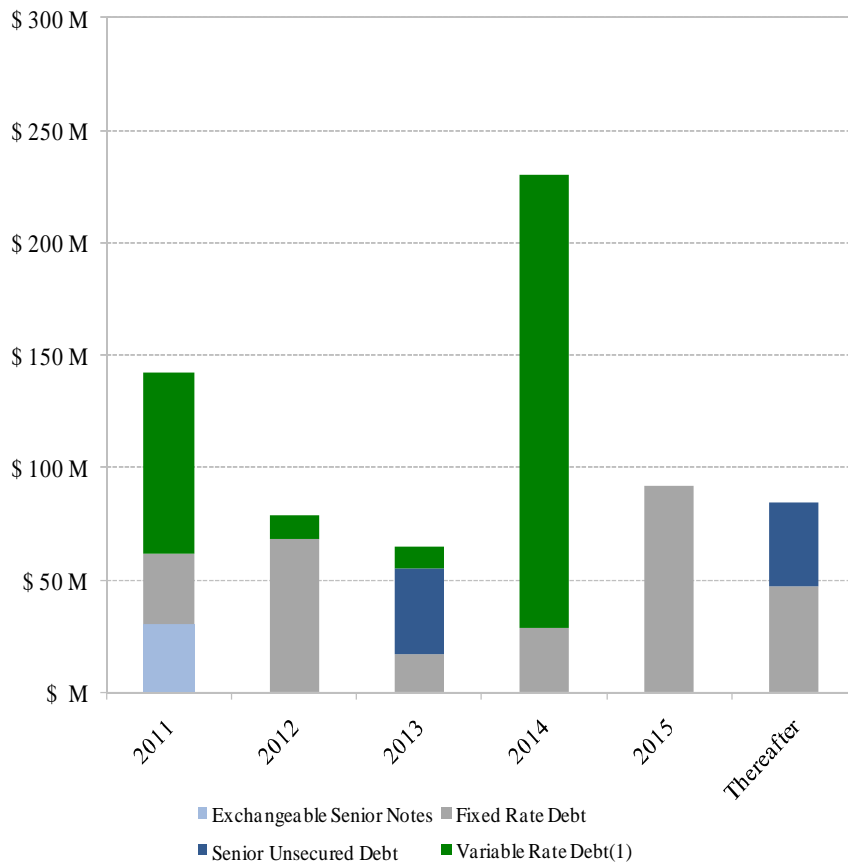
⁽¹¹⁾During 2010, the Company paid approximately \$4.8 million in principal payments, which excludes \$23.7 million related to mortgage debt that was repaid in 2010.

Debt Maturity Schedule



FIRST POTOMAC
REALTY TRUST

(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
2011	Secured Property Debt	\$ 3,593	\$ 31,710	\$ 31,710	11.3%
2011	Exchangeable Notes	39,293	30,450	296,450 ⁽²⁾	13.3%
2011	Secured Term Loan II	3,501	20,000	20,000	17.5%
2011- 2014	Secured Term Loan I	37,247	40,000 ⁽³⁾	243,159	15.3%
2012	Secured Property Debt	11,216	68,466	68,466	16.4%
2013	Secured Property Debt	3,249	17,477	17,477	18.6%
2013	Senior Unsecured Notes	39,293	37,500	296,450 ⁽²⁾	13.3%
2014	Secured Property Debt	5,780	29,029	29,029	19.9%
2014	Unsecured Revolving Credit Facility	39,293	191,000	296,450 ⁽²⁾	13.3%
2015	Secured Property Debt	14,487	91,635	91,635	15.8%

⁽¹⁾In July 2010, the Company entered into an interest rate swap agreement that, beginning on January 18, 2011, fixed LIBOR at 1.474% on \$50.0 million of the Company's variable rate debt. The 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 notes with staggered yearly maturities, with the first \$10 million note repaid in January 2011.

Debt Covenants



FIRST POTOMAC
REALTY TRUST

(unaudited, amounts in thousands)

	Credit Facility / Secured Term Loan I		Secured Term Loan II		Senior Notes	
	Quarter Ending December 31, 2010	Covenant	Quarter Ending December 31, 2010	Covenant	Quarter Ending December 31, 2010	Covenant
Unencumbered Pool Leverage ⁽¹⁾	61.2%	≤ 62.5%	N/A	N/A	2.08x	≥ 1.50x
Unencumbered Pool Debt Service Coverage Ratio ⁽¹⁾	2.9x	≥ 1.75x	N/A	N/A	3.07x	≥ 1.75x
Maximum Consolidated Total Indebtedness	51.3%	≤ 62.5%	49.1%	≤ 60%	50.2%	≤ 65%
Minimum Tangible Net Worth	\$ 731,189	≥ 601,477	\$ 800,802	≥ 601,477	\$ 764,941	≥ 601,477
Fixed Charge Coverage Ratio	2.04x	≥ 1.50x	2.04x	≥ 1.50x	2.04x	≥ 1.50x
Maximum Dividend Payout Ratio	92.2%	≤ 95%	92.2%	≤ 95%	92.2%	≤ 95%
<i>Restricted Investments⁽²⁾:</i>						
Joint Ventures ⁽²⁾	1.5%	≤ 20%	1.4%	≤ 20%	N/A	N/A
Construction in Progress ⁽²⁾	2.7%	≤ 10%	2.6%	≤ 10%	N/A	N/A
Undeveloped Land ⁽²⁾	2.2%	≤ 5%	2.1%	≤ 5%	N/A	N/A
Mortgage Notes ⁽²⁾	1.6%	≤ 5%	1.6%	≤ 5%	N/A	N/A
<i>Total Restricted Investments⁽²⁾</i>	8.0%	≤ 25%	7.7%	≤ 25%	N/A	N/A
<i>Restricted Indebtedness:</i>						
Unhedged Variable Rate Debt ⁽²⁾	16.7%	≤ 25%	16.0%	≤ 25%	N/A	N/A
Maximum Secured Debt	30.1%	≤ 40%	28.7%	≤ 40%	29.4%	≤ 40%
Maximum Secured Recourse Debt ⁽²⁾	5.0%	≤ 15%	4.8%	≤ 10%	N/A	N/A

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

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

Portfolio Summary



FIRST POTOMAC
REALTY TRUST

(unaudited)

<u>Portfolio In Service</u>	<u>Square Feet</u>
Washington, DC	254,154
Maryland	4,039,753
Northern Virginia	3,179,308
Southern Virginia	5,272,765
Total Portfolio In Service	12,745,980
<u>Assets in Development / Redevelopment</u>	
Development	104,915
Redevelopment	317,760
Completed Development / Redevelopment Not Yet Placed in Service	12,443
Total Assets in Development / Redevelopment	435,118
Total Consolidated Portfolio	13,181,098
<u>Unconsolidated Joint Ventures</u>	
<u>Maryland</u>	
RiversPark I	160,691
RiversPark II	146,197
Aviation Business Park	120,927
Total Joint Ventures in Maryland	427,815
<u>Washington, DC</u>	
1750 H Street, NW	111,373
Total Unconsolidated Joint Ventures	539,188
Total Portfolio	13,720,286

Acquisitions and Dispositions



FIRST POTOMAC
REALTY TRUST

(unaudited, amounts in thousands)

<u>Acquisitions</u>	<u>Initial Investment</u>	<u>Square Feet</u>	<u>Number of Properties</u>
Pre-IPO Acquisitions	\$ 150,516	2,295,427	12
2003 Acquisitions	67,625	592,122	4
2004 Acquisitions	272,300	2,723,003	24
2005 Acquisitions	217,680	3,026,103	13
2006 Acquisitions	218,900	2,291,779	15
2007 Acquisitions	83,800	947,638	5
2008 Acquisitions	467,130	381,043	2
2009 Acquisitions	39,500	367,839	2
<u>2010⁽¹⁾</u>			
First Quarter	-	-	-
Second Quarter	81,493	302,797	2
Third Quarter	-	-	-
Fourth Quarter	249,239	1,422,884	7
2010 Acquisitions	<u>330,732</u>	<u>1,725,681</u>	<u>9</u>
<u>2011⁽¹⁾</u>			
First Quarter ⁽²⁾	<u>33,800</u>	<u>240,200</u>	<u>2</u>
Total Acquisitions	<u>\$ 1,881,983</u>	<u>14,590,835</u>	<u>88</u>

<u>Dispositions</u>	<u>Region</u>	<u>Closing Date</u>	<u>Total Investment</u>	<u>Sold For</u>	<u>Square Feet</u>
Ammendale	Maryland	11/19/04	\$ 6,263	\$ 8,550	86,818
Elkridge	Maryland	05/11/06	7,943	15,350	172,200
Alexandria Corporate Park	Northern VA	06/05/08	41,461	52,525	278,130
Deer Park	Maryland	04/23/10	9,628	8,000	171,140
Lindbergh Drive	Maryland	06/15/10	3,248	4,000	36,000
Old Courthouse Square ⁽³⁾	Maryland	02/18/11	14,123	10,800	201,208
Total Dispositions			<u>\$ 82,666</u>	<u>\$ 99,225</u>	<u>945,496</u>

⁽¹⁾See page 17 for details.

⁽²⁾First quarter acquisitions as of February 25, 2011.

⁽³⁾On February 18, 2011 the Company sold the property for net proceeds of \$10.8 million.

Acquisition Details



FIRST POTOMAC
REALTY TRUST

(unaudited, amounts in thousands)

Acquisition Detail for 2010 and 2011:

<u>Property</u>	<u>Region</u>	<u>Closing Date</u>	<u>Initial Investment</u>	<u>Square Feet</u>	<u>Percent Leased at Acquisition</u>
2010					
<u>Second Quarter 2010</u>					
Three Flint Hill ⁽¹⁾	Northern VA	04/28/10	\$ 13,655	173,762	0.0%
500 First Street, NW	Washington, DC	06/30/10	<u>67,838</u>	<u>129,035</u>	100.0%
Second Quarter Total			<u>81,493</u>	<u>302,797</u>	42.6%
<u>Fourth Quarter 2010</u>					
1328 Cavalier Boulevard	Southern VA	10/19/10	2,700	N/A	N/A
1750 H Street, NW	Washington, DC	10/28/10	32,500 ⁽²⁾	111,373	100.0%
Battlefield Corporate Center	Southern VA	10/28/10	8,000	96,720	100.0%
Redland Corporate Center	Maryland	11/10/10	84,089	347,462	43.7%
Atlantic Corporate Park	Northern VA	11/19/10	22,550	220,610	0.0%
1211 Connecticut Avenue	Washington, DC	12/09/10	49,500	125,119	100.0%
440 First Street, NW ⁽¹⁾	Washington, DC	12/28/10	23,300 ⁽³⁾	105,000	0.0%
7458 Candlewood Road	Maryland	12/29/10	22,600	295,673	92.0%
Aviation Business Park	Maryland	12/29/10	<u>4,000⁽²⁾</u>	<u>120,927</u>	12.5%
Fourth Quarter Total			<u>249,239</u>	<u>1,422,884</u>	54.3%
Total 2010 Acquisitions			<u>\$ 330,732</u>	<u>1,725,681</u>	52.2%
2011					
<u>First Quarter 2011⁽⁴⁾</u>					
Merrill Lynch Building	Maryland	02/22/11	\$ 11,000	137,600	70.0%
Cedar Hill I & III	Northern VA	02/22/11	<u>22,800</u>	<u>102,600</u>	100.0%
First Quarter Total			<u>\$ 33,800</u>	<u>240,200</u>	82.8%
<u>Pending Acquisitions</u>					
<u>Property</u>	<u>Region</u>	<u>Anticipated Closing Date</u>	<u>Initial Investment</u>	<u>Square Feet</u>	<u>Percent Leased at Acquisition</u>
840 First Street, NE	Washington, DC	Q1 2011	\$ 90,000	248,500	100.0%
One Fair Oaks	Northern Virginia	Q1 2011	61,300	214,200	100.0%
1200 17th Street, NW ⁽⁵⁾	Washington, DC	Q4 2011	<u>39,600</u>	<u>N/A</u>	N/A
Total Pending Acquisitions			<u>\$ 190,900</u>	<u>462,700</u>	100.0%

⁽¹⁾Placed into redevelopment at acquisition.

⁽²⁾Represents Company's ownership in joint venture.

⁽³⁾Includes \$8.0 million paid by the Company in January 2011 to acquire the ground lease for the building.

⁽⁴⁾First quarter acquisitions as of February 25, 2011.

⁽⁵⁾Development joint venture.

Land and Properties Available for Development and Redevelopment



FIRST POTOMAC
REALTY TRUST

(unaudited, amounts in thousands)

ACTIVE DEVELOPMENT / REDEVELOPMENT

	Region	Square Feet Under Development / Redevelopment	Original 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	\$ 5,500	\$ 5,304	Q1-2011	Q1-2012	8%
Greenbrier	Southern VA	48,000	118	8,000	347	TBD	TBD	10%
		<u>104,915</u>	<u>2,011</u>	<u>13,500</u>	<u>5,651</u>			
Redevelopment⁽¹⁾								
440 First Street, NW ⁽²⁾	Washington DC	105,000	15,300	13,300	11	Q2-2013	Q3-2014	8%
Three Flint Hill	Northern VA	173,762	13,655	11,500	1,371	Q2-2012	Q2-2015	8%
Enterprise Parkway	Southern VA	38,998	1,834	1,000	808	Q2-2012	Q4-2012	10%
		<u>317,760</u>	<u>30,789</u>	<u>25,800</u>	<u>2,190</u>			
Total Active Development / Redevelopment		<u>422,675</u>	<u>\$ 32,800</u>	<u>\$ 39,300</u>	<u>\$ 7,841</u>			

COMPLETED DEVELOPMENT / REDEVELOPMENT

PLACED IN SERVICE DURING QUARTER	Region	Square Feet Placed in Service	Leased Square Feet	Original Cost Basis	Total Incremental Investment	Estimated Stabilization Date	Expected Return
Redevelopment⁽¹⁾							
Enterprise Parkway	Southern VA	31,356	31,356	\$ 1,475	\$ 710	Q4-2010	10%
NOT YET PLACED IN SERVICE							
	Region	Total Completed Square Feet	Square Feet Not Placed in Service	Original Cost Basis	Incremental Investment to Date	Estimated Stabilization Date	Expected Return
Redevelopment⁽¹⁾							
Gateway 270 West	Maryland	12,443	12,443	1,078	297	Q3-2011	10%
Total Completed Assets		<u>43,799</u>	<u>43,799</u>	<u>\$ 2,553</u>	<u>\$ 1,007</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
Enterprise Parkway	Southern VA	97,700
1434 Crossways Boulevard	Southern VA	90,000
1328 Cavalier Blvd	Southern VA	118,000
		<u>1,706,845</u>

⁽¹⁾Redevelopment of existing structures.

⁽²⁾Does not include \$8.0 million paid by the Company in January 2011 to acquire the ground lease for the building.

Net Asset Value Analysis



FIRST POTOMAC
REALTY TRUST

(unaudited, amounts in thousands)

<u>Income Statement Items</u>	<u>Three Months Ended December 31, 2010</u>	<u>Annualized</u>
Total Portfolio In-Place Cash NOI		
Total GAAP Revenue	\$ 36,687	\$ 146,748
Straight-line and Deferred Market Rents	(80)	(320)
Management Fee Adjustment ⁽¹⁾	340	1,360
Property Operating Costs	(12,197)	(48,788)
Total Portfolio In-Place Cash NOI	\$ 24,750	\$ 99,000
Total Portfolio Cash NOI @ 90% Occupancy		
Total Revenue	\$ 40,062	\$ 160,248
Straight-line and Deferred Market Rents	(164)	(656)
Property Operating Costs	(12,492)	(49,968)
Total Portfolio Cash NOI	\$ 27,406	\$ 109,624
Balance Sheet Items		
Land Held for Future Development & CIP		
Original Cost Basis of Land held for Future Development	\$ 32,500	
Original Cost Basis of Land under Development	2,011	
Original Cost Basis of Redevelopment Assets ⁽²⁾	31,867	
Construction In Progress	9,051	
Total Land Held for Future Development & CIP	\$ 75,429	
Investments in Affiliates		
Total Investments in Affiliates	\$ 23,721	
Current Quarter Acquisitions		
Total Current Quarter Acquisitions	\$ 209,126	
Select Balance Sheet Items		
Cash and cash equivalents, escrows and reserves	\$ 41,350	
Accounts and other receivables, net of allowance	7,238	
Prepaid expenses and other assets	13,357	
Accounts payable and other liabilities	(16,826)	
Accrued interest	(2,171)	
Rents received in advance	(7,049)	
Tenant security deposits	(5,390)	
Mortgage and Senior Debt, cash principal balances	723,454	

⁽¹⁾Management fee adjustment, which calculates 4% of revenue, is used in lieu of an administrative overhead allocation for comparative purposes.

⁽²⁾Represents portion of original purchase under redevelopment.

⁽³⁾Does not include \$8.0 million paid by the Company in January 2011 to acquire the ground lease for 440 First Street, NW.

Investment in Joint Ventures



FIRST POTOMAC
REALTY TRUST

(unaudited, amounts in thousands)

Unconsolidated Joint Ventures

	FPO Ownership	FPO Investment at December 31, 2010	Property Type	Location	Square Feet	Percent Office Buildout	Leased at December 31, 2010	Occupied at December 31, 2010
RiversPark I and II	25%	\$ 2,701	Office Park	Columbia, MD	306,888	100.0%	94.4%	94.4%
1750 H Street, NW	50%	16,842	Office	Washington, DC	111,373	100.0%	100.0%	100.0%
Aviation Business Park	50%	4,190	Office Park	Glen Burnie, MD	120,927	100.0%	12.5%	12.5%
Total		\$ 23,733			539,188	100.0%	77.2%	77.2%

	Effective Interest Rate	Principal Balance at December 31, 2010	Annualized Debt Service	Maturity Date	Balance at Maturity
<u>Outstanding Debt</u>					
RiversPark I and II ⁽¹⁾	5.97%	\$ 28,000	\$ 1,672	9/26/2011	\$ 28,000
1750 H Street, NW	5.60%	31,914	2,634	6/11/2014	27,975
	5.77%	\$ 59,914	\$ 4,306		\$ 55,975

	Three Months Ended			
	December 31, 2010	September 30, 2010 ⁽²⁾	June 30, 2010 ⁽²⁾	March 31, 2010 ⁽²⁾
Total Revenues	\$ 1,868	\$ 1,158	\$ 1,183	\$ 1,118
Total Operating Expenses	(462)	(237)	(299)	(352)
Net Operating Income	1,406	921	884	766
Depreciation	(750)	(751)	(500)	(453)
Interest expense, net	(615)	(471)	(465)	(466)
Net Income (Loss)	\$ 41	\$ (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.

⁽²⁾Does not include 1750 H Street and Aviation Business Park.

Leasing and Occupancy Summary



FIRST POTOMAC
REALTY TRUST

(unaudited)

PORTFOLIO BY PROPERTY TYPE

	Number of Buildings	Square Feet ⁽¹⁾	Percent Leased ⁽¹⁾	Percent Occupied ⁽¹⁾	Annualized Base Rent ^{(2),(3)} - Cash Basis	% of Annualized Base Rent
Business Park	97	5,653,877	84.0%	80.2%	\$ 50,153,229	43.0%
Office / Office Park	50	2,433,269	73.0%	71.7%	34,864,004	29.8%
Industrial	33	4,457,626	90.9%	90.3%	30,485,382	26.1%
Retail	1	201,208	90.9%	90.9%	1,254,080	1.1%
Total	181	12,745,980	84.4%	82.3%	\$ 116,756,695	100.0%

CURRENT OCCUPANCY

	Occupied Square Feet	% of Occupied Square Feet	Occupied at December 31, 2010 ⁽¹⁾	Annualized Base Rent ⁽²⁾ - Cash Basis	% of Annualized Base Rent
Business Park	4,536,977	43.2%	80.2%	\$ 48,688,979	42.5%
Office / Office Park	1,744,427	16.6%	71.7%	34,273,474	29.9%
Industrial	4,027,385	38.4%	90.3%	30,322,848	26.5%
Retail	182,879	1.8%	90.9%	1,254,080	1.1%
Total	10,491,668	100.0%	82.3%	\$ 114,539,381	100.0%

PORTFOLIO BY LEASE TYPE

	Number of Leases ⁽⁴⁾	Square Feet ⁽⁵⁾	Percentage of Leased Portfolio
Triple Net	536	7,678,137	71.4%
Industrial Gross	37	593,361	5.5%
Full Service	233	2,487,051	23.1%
Total	806	10,758,549	100.0%

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

⁽²⁾ Triple-net equivalent

⁽³⁾ Reflects leased, not yet occupied spaces.

⁽⁴⁾ Includes leases on property amenities, such as garage, antenna and land.

⁽⁵⁾ Does not include vacant and core factor space.

Top Thirty Tenants



FIRST POTOMAC
REALTY TRUST

(unaudited)

<u>Ranking</u>	<u>Tenant</u>	<u>Number of Leases</u>	<u>Total Leased Square Feet</u>	<u>Total Annualized Rental Revenue⁽¹⁾</u>	<u>Percentage of Total Annualized Rental Revenue - Cash Basis</u>	<u>Weighted Average Remaining Lease Years</u>
1	U.S. Government	27	682,889	\$ 11,952,532	10.2%	4.9
2	Engineering Solutions	1	236,082	3,269,736	2.8%	6.3
3	BAE Systems Technology Solutions & Services	2	139,120	3,251,622	2.8%	9.8
4	HP Corporation	2	220,501	2,692,453	2.3%	0.4
5	Sentara Healthcare	8	280,487	2,660,001	2.3%	6.1
6	State of Maryland - AOC	13	96,898	2,190,947	1.9%	9.0
7	Stock Building Supply, Inc.	2	171,996	2,106,951	1.8%	6.2
8	FKI Industries, Inc.	1	215,085	1,966,405	1.7%	5.8
9	Frank Parsons Inc.	2	217,442	1,479,925	1.3%	13.3
10	Lockheed Martin Corporation	7	107,934	1,447,791	1.2%	1.6
11	Montgomery County	2	57,825	1,393,661	1.2%	4.7
12	First Data Corporation	1	117,336	1,329,417	1.1%	2.9
13	Iron Mountain	2	188,911	1,294,908	1.1%	7.7
14	Capital One Financial Corp	1	158,400	1,133,328	1.0%	7.6
15	Verizon Virginia, Inc.	4	92,829	1,079,940	0.9%	3.6
16	Vangent, Inc.	1	123,200	1,039,968	0.9%	3.0
17	First American Registry	1	55,851	1,034,360	0.9%	3.1
18	Siemens Real Estate	1	76,292	1,021,550	0.9%	5.3
19	Lyttle Corp	1	54,530	989,209	0.8%	2.1
20	Telogy Networks, Inc.	1	52,145	985,019	0.8%	2.4
21	General Dynamics Information Technology, Inc.	4	140,037	960,423	0.8%	1.8
22	International Resources Group	5	36,016	884,137	0.8%	3.3
23	GG Ashburn, LLC (Gold's Gym)	2	54,560	878,416	0.8%	16.3
24	Allstate Insurance Company	2	48,785	829,067	0.7%	1.2
25	American Public University System, Inc.	3	63,455	818,816	0.7%	4.2
26	Harris Connect	2	64,486	812,524	0.7%	5.8
27	Harris Corporation	3	37,895	765,565	0.7%	4.0
28	Eska Graphic Board USA BV	2	152,600	752,318	0.6%	3.2
29	Measurement Specialties, Inc.	1	120,000	738,501	0.6%	10.6
30	ServiceSource, Inc.	4	64,683	702,881	0.6%	3.8
	Subtotal Top 30 Tenants	108	4,128,270	52,462,371	44.9%	5.5
	All Remaining Tenants	681	6,630,279	64,294,324	55.1%	3.8
	Total / Weighted Average	789	10,758,549	\$ 116,756,695	100.0%	4.5

⁽¹⁾Annualized rental revenue is based on triple-net equivalent cash basis rental revenue as of December 31, 2010.

Portfolio Analysis



FIRST POTOMAC
REALTY TRUST

(unaudited)

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	2	254,154	100.0%	100.0%	\$ 8,799,577	7.5%
Maryland	71	4,039,753	83.1%	78.9%	39,633,337	34.0%
Baltimore	15	700,504	81.6%	78.6%	5,576,281	4.8%
Suburban MD	56	3,339,249	83.4%	79.0%	34,057,056	29.2%
Northern VA	53	3,179,308	81.1%	79.0%	31,719,464	27.1%
Southern VA	55	5,272,765	86.7%	86.0%	36,604,317	31.4%
Richmond	27	1,760,996	89.3%	87.5%	11,128,235	9.5%
Norfolk	28	3,511,769	85.3%	85.3%	25,476,082	21.9%
Total	181	12,745,980	84.4%	82.3%	\$ 116,756,695	100.0%

	Number of Buildings	Square Feet ⁽¹⁾	Percent Leased ⁽¹⁾	Percent Occupied ⁽¹⁾
Stabilized Portfolio	178	12,317,028	87.2%	85.2%
Lease-up Portfolio ⁽³⁾	3	428,952	5.2%	0.3%
Current Operating Portfolio	181	12,745,980	84.4%	82.3%

⁽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⁾Includes Atlantic Corporate Park and Redland Corporate Center, Bldg 2.

Market Concentration



FIRST POTOMAC
REALTY TRUST

(unaudited)

Market Concentration by Square Footage

	Washington, DC	Maryland			Northern VA	Southern VA			Total
		Baltimore	Suburban MD	Subtotal		Richmond	Norfolk	Subtotal	
Business Park	-	2.2%	9.4%	11.6%	7.0%	6.3%	19.2%	25.5%	44.1%
Office / Office Park	2.4%	0.4%	7.2%	7.6%	6.5%	-	-	-	16.5%
Industrial	-	2.7%	7.5%	10.2%	10.5%	8.3%	8.7%	17.0%	37.7%
Retail	-	-	1.7%	1.7%	-	-	-	-	1.7%
Total	2.4%	5.3%	25.8%	31.1%	24.0%	14.6%	27.9%	42.5%	100.0%

Market Concentration by Annualized Rent

	Washington, DC	Maryland			Northern VA	Southern VA			Total
		Baltimore	Suburban MD	Subtotal		Richmond	Norfolk	Subtotal	
Business Park	-	2.6%	10.4%	13.0%	6.9%	5.0%	18.1%	23.1%	43.0%
Office / Office Park	7.5%	0.5%	12.8%	13.3%	9.0%	-	-	-	29.8%
Industrial	-	1.7%	4.9%	6.6%	11.2%	4.5%	3.8%	8.3%	26.1%
Retail	-	-	1.1%	1.1%	-	-	-	-	1.1%
Total	7.5%	4.8%	29.2%	34.0%	27.1%	9.5%	21.9%	31.4%	100.0%

Leasing Analysis



FIRST POTOMAC
REALTY TRUST

(unaudited)

<u>Leasing Production</u> ⁽¹⁾	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2010
New and Renewal Leases		
Square footage of new and renewal leases	421,549	2,339,611
Number of new and renewal leases commencing	40	188
Expired/Early Renewal/Terminated leases		
Square footage of expired/early renewal leases	(421,589)	(1,772,490)
Square footage of terminated leases	<u>(33,876)</u>	<u>(418,948)</u>
Total - expired/early renewal/terminated leases	(455,465)	(2,191,438)
Signed in advance of existing tenant's lease expiration	-	(38,840)
Pre-Leasing		(24,230)
Recognition of previous advance leases and pre-leasing	3,668	78,135
Net Absorption ⁽²⁾	(30,248)	163,238

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	138,138	14,088	124,050	954,494	252,713	701,781
Number of new leases commencing	23	5	18	77	20	57
Rental Change - Cash						
New base rent	\$ 9.33	\$ 12.03		\$ 6.43	\$ 9.85	
Previous base rent	\$ 9.48	N/A		\$ 6.45	N/A	
Percentage change in base rent	-1.5%	N/A		-0.2%	N/A	
Rental Change - GAAP						
New base rent	\$ 9.57	\$ 13.32		\$ 6.82	\$ 10.64	
Previous base rent	\$ 8.99	N/A		\$ 6.25	N/A	
Percentage change in base rent	6.5%	N/A		9.1%	N/A	
Average capital cost per square foot ⁽⁵⁾	\$ 6.72	\$ 34.23		\$ 6.87	\$ 25.17	
Average downtime between leases (months)	6.9	29.7		3.7	24.1	
Average lease term (months)	49.7	82.3		59.2	88.9	

Renewal Leases						
Square footage of renewal leases ⁽⁶⁾		283,411			1,385,117	
Number of renewal leases commencing		17			111	
Retention rate		67%			78%	
Maryland		85%			84%	
Northern VA		37%			79%	
Southern VA		65%			75%	
Rental Change - Cash						
New base rent	\$ 8.26			\$ 7.83		
Expiring base rent	\$ 8.62			\$ 8.28		
Percentage change in base rent	-4.2%			-5.5%		
Rental Change - GAAP						
New base rent	\$ 8.57			\$ 8.12		
Expiring base rent	\$ 8.56			\$ 8.24		
Percentage change in base rent	0.1%			-1.4%		
Average capital cost per square foot	\$ 6.06			\$ 2.84		
Average lease term (months)	59.8			45.9		

⁽¹⁾Includes 94,853 square feet of leases and associated costs for leases signed in 4th quarter for subsequent periods. Of the total, 61,791 square feet will commence in Q1 2011, 21,081 square feet will commence in Q2 2011, and 11,981 square feet will commence in Q3 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 a downtime of greater than one year or acquired vacancy.

⁽⁵⁾Includes first and second generation TI costs. Second generation capital costs averaged \$17.53 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.

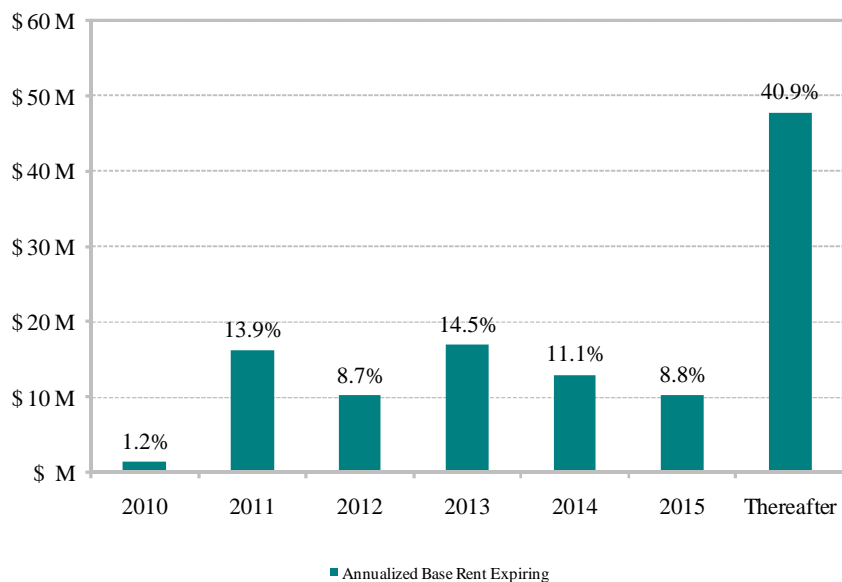
Lease Expirations



FIRST POTOMAC
REALTY TRUST

(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	16	113,783	1.1%	\$ 992,471	0.9%	\$ 8.72
2010 ⁽²⁾	16	99,710	0.9%	1,393,180	1.2%	13.97
2011	158	1,660,637	15.4%	16,171,658	13.9%	9.74
2012	107	819,773	7.6%	10,177,541	8.7%	12.42
2013	139	1,651,304	15.4%	16,939,287	14.5%	10.26
2014	109	1,269,380	11.8%	13,001,541	11.1%	10.24
2015	78	903,032	8.4%	10,321,652	8.8%	11.43
Thereafter	166	4,240,930	39.4%	47,759,365	40.9%	11.26
Total	789	10,758,549	100.0%	\$ 116,756,695	100.0%	\$ 10.85



⁽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 99,710 square feet of leases that expired on December 31, 2010, 81,118 square feet were moved out, 16,692 square feet were renewed and 1,900 square feet were holdover.

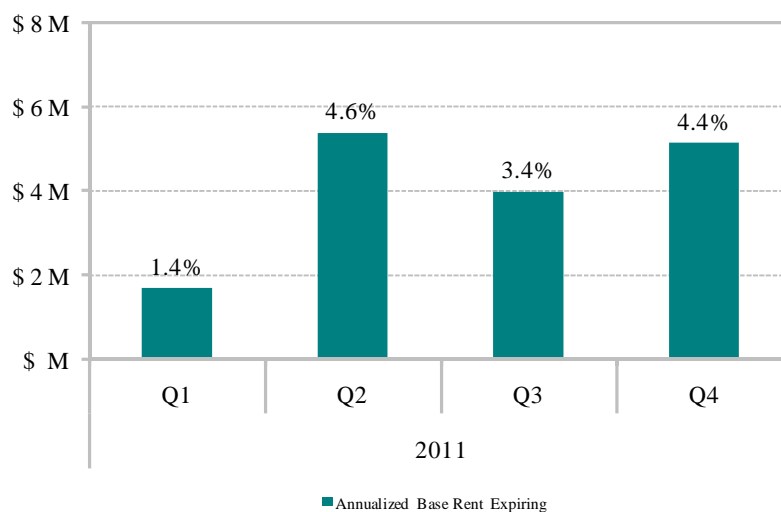
Lease Expirations – Current and Next Four Quarters



FIRST POTOMAC
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(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 - Q4 ⁽²⁾	16	99,710	5.7%	\$ 1,393,180	1.2%	\$ 13.97
2011 - Q1	27	177,946	10.1%	1,683,802	1.4%	9.46
2011 - Q2	39	572,692	32.5%	5,386,784	4.6%	9.41
2011 - Q3	35	357,030	20.3%	3,974,789	3.4%	11.13
2011 - Q4	57	552,969	31.4%	5,126,283	4.4%	9.27
Total	174	1,760,347	100.0%	\$ 17,564,838	15.0%	\$ 9.98



⁽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 99,710 square feet of leases that expired on December 31, 2010, 81,118 square feet were moved out, 16,692 square feet were renewed and 1,900 square feet were holdover.

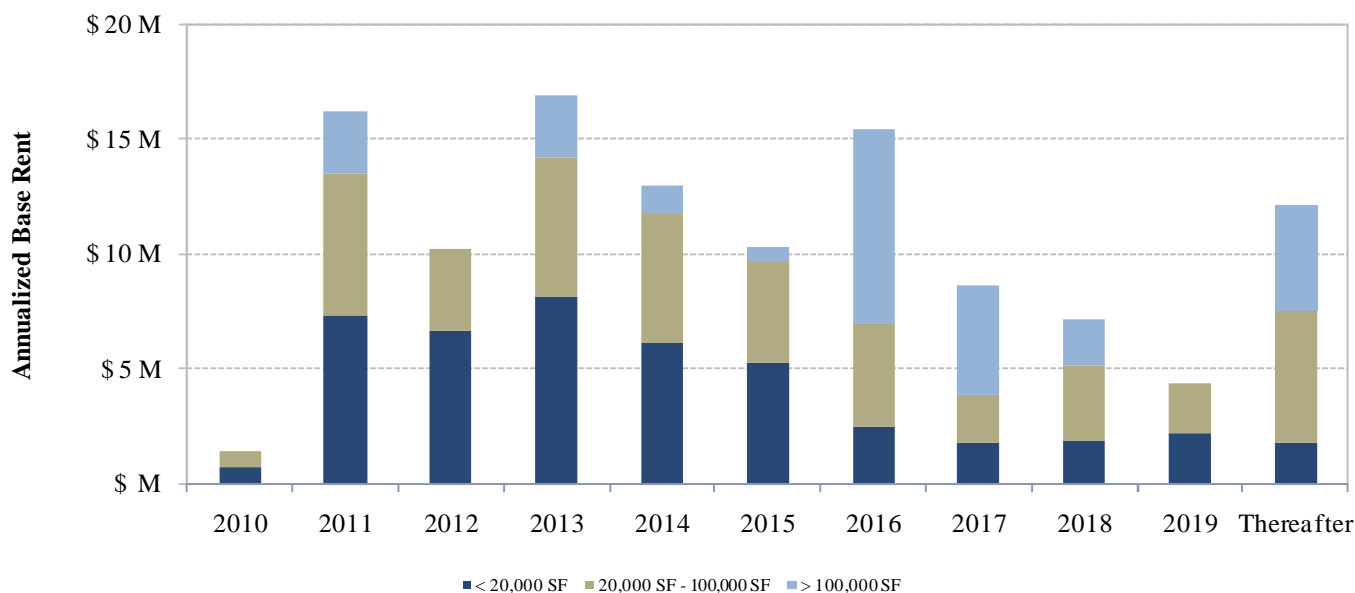
Portfolio by Size



FIRST POTOMAC
REALTY TRUST

(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 ⁽¹⁾ per SF
0-4,999	358	908,736	8.4%	\$ 11,488,745	9.8%	\$ 12.64
5,000-9,999	174	1,238,414	11.5%	15,087,463	12.9%	12.18
10,000-14,999	80	956,511	8.9%	11,861,967	10.2%	12.40
15,000-19,999	34	580,405	5.4%	6,474,538	5.6%	11.16
20,000-24,999	39	884,581	8.2%	10,027,473	8.6%	11.34
25,000-29,999	21	566,878	5.3%	6,350,098	5.4%	11.20
30,000-34,999	21	679,736	6.3%	7,140,332	6.1%	10.50
35,000-39,999	9	330,893	3.1%	2,521,540	2.2%	7.62
40,000-44,999	6	249,770	2.3%	2,503,757	2.1%	10.02
45,000-49,999	9	420,303	3.9%	4,605,027	3.9%	10.96
50,000-54,999	5	263,418	2.4%	3,695,076	3.2%	14.03
55,000-59,999	2	114,805	1.1%	1,799,809	1.5%	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	0.5%	4.54
70,000-74,999	2	141,652	1.3%	770,128	0.7%	5.44
75,000-79,999	3	228,092	2.1%	2,159,889	1.8%	9.47
85,000-89,999	1	87,120	0.8%	370,260	0.3%	4.25
90,000-94,999	1	93,000	0.9%	156,825	0.1%	1.69
95,000-99,999	1	96,720	0.9%	749,580	0.6%	7.75
100,000-104,999	2	204,218	1.9%	1,701,582	1.5%	8.33
110,000-114,999	1	114,580	1.1%	2,637,631	2.3%	23.02
115,000-119,999	4	466,892	4.3%	3,851,204	3.3%	8.25
120,000-124,999	5	608,301	5.6%	4,753,765	4.1%	7.81
125,000-129,999	2	256,143	2.4%	6,087,750	5.2%	23.77
130,000-134,999	1	134,589	1.3%	554,849	0.5%	4.12
140,000-144,999	1	141,050	1.3%	373,947	0.3%	2.65
155,000-159,999	1	158,400	1.5%	1,133,328	1.0%	7.15
180,000-184,999	1	184,862	1.7%	1,269,540	1.1%	6.87
215,000-219,999	1	215,085	2.0%	1,966,405	1.7%	9.14
235,000-239,999	1	236,082	2.2%	3,269,736	2.8%	13.85
Total	789	10,758,549	100.0%	\$ 116,756,695	100.0%	\$ 10.85



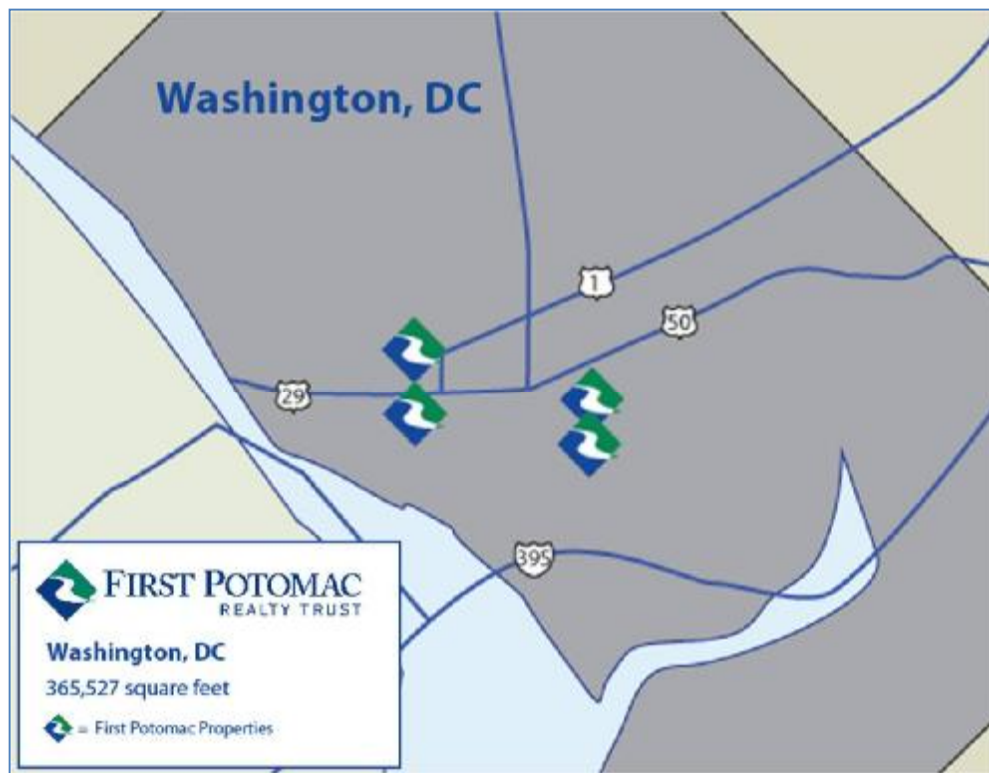
⁽¹⁾Triple-net equivalent

Washington, DC



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(unaudited)



Washington, DC



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(unaudited)

Property	Buildings	Property Type	Sub-Market ⁽¹⁾	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽²⁾	Leased at December 31, 2010 ⁽³⁾	Occupied at December 31, 2010 ⁽³⁾
<i>Downtown DC</i>								
500 First Street, NW	1	Office	Capitol Hill	129,035	100.0%	\$ 5,483,987	100.0%	100.0%
1211 Connecticut Avenue, NW	1	Office	CBD	125,119	82.0%	3,315,590	100.0%	100.0%
Total	2			254,154		\$ 8,799,577	100.0%	100.0%

⁽¹⁾CBD = Central Business District

⁽²⁾Triple-net equivalent

⁽³⁾Does not include space in development or redevelopment.

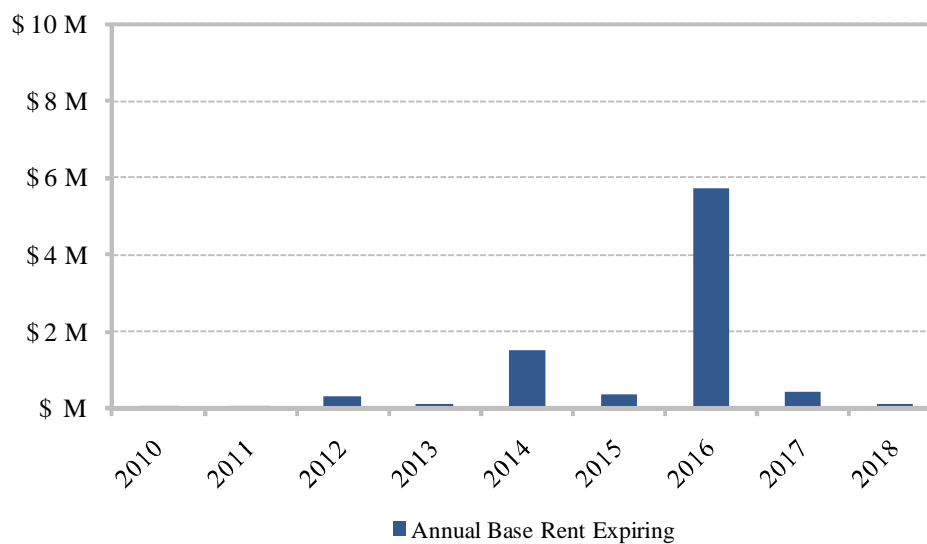
Washington, DC – Lease Expirations

(unaudited)



FIRST POTOMAC
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<u>Year of Lease Expiration</u>	<u>Number of Leases Expiring</u>	<u>SF of Expiring Leases</u>	<u>% of Total SF</u>	<u>Annual Base Rent⁽¹⁾</u>	<u>% of Annual Base Rent</u>	<u>Base Rent⁽¹⁾ per SF</u>
2010	1	1,602	0.6%	\$ 89,410	1.0%	\$ 55.81
2011	1	1,583	0.6%	39,710	0.5%	25.09
2012	7	10,038	3.9%	304,517	3.5%	30.34
2013	3	5,841	2.3%	141,142	1.6%	24.16
2014	7	57,967	22.8%	1,538,936	17.5%	26.55
2015	3	13,968	5.5%	355,706	4.0%	25.47
2016	4	139,617	54.9%	5,740,058	65.2%	41.11
2017	3	17,733	7.0%	449,327	5.1%	25.34
2018	1	5,805	2.3%	140,771	1.6%	24.25
Total	30	254,154	100.0%	\$ 8,799,577	100.0%	\$ 34.62



⁽¹⁾Triple-net equivalent

Maryland Region



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(unaudited)



Maryland Region



FIRST POTOMAC
REALTY TRUST

(unaudited)

Property	Buildings	Property Type ^{(1),(2),(3)}	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽⁴⁾	Leased at December 31, 2010 ⁽⁵⁾	Occupied at December 31, 2010 ⁽⁵⁾
<u>SUBURBAN MD</u>								
<u>Frederick</u>								
15 Worman's Mill Court	1	OP	Frederick	40,051	100.0%	\$ 353,464	87.7%	87.7%
Frederick Industrial Park ⁽⁶⁾	3	I	Frederick	550,418	25.3%	4,130,960	93.7%	93.7%
Patrick Center	1	Office	Frederick	66,420	100.0%	1,042,893	79.1%	77.8%
West Park	1	Office	Frederick	28,620	100.0%	292,544	75.2%	75.2%
<u>I-270 Corridor</u>								
20270 Goldenrod Lane	1	Office	Germantown	23,518	98.0%	137,037	52.0%	52.0%
Airpark Place	3	BP	Gaithersburg	82,414	53.8%	607,589	57.6%	52.8%
Campus at Metro Park North	4	OP	Rockville	190,912	98.2%	3,353,399	85.1%	85.1%
Cloverleaf	4	OP	Germantown	173,655	99.0%	3,029,155	100.0%	100.0%
Gateway 270 West	6	BP	Clarksburg	243,048	60.8%	2,950,714	89.8%	89.8%
Gateway Center	2	Office	Gaithersburg	44,150	100.0%	671,982	96.0%	92.4%
Girard Business Park ⁽⁷⁾	7	BP	Gaithersburg	299,530	55.8%	2,582,731	72.7%	72.7%
Redland Corporate Center, Bldg 3	1	Office	Rockville	139,120	100.0%	3,251,622	100.0%	100.0%
<u>Beltsville</u>								
Ammendale Business Park ⁽⁸⁾	7	BP	Beltsville	312,736	68.3%	2,603,084	91.8%	59.2%
<u>Columbia</u>								
Rumsey Center	4	BP	Columbia	134,431	72.4%	1,363,574	83.1%	79.6%
Snowden Center	5	BP	Columbia	144,930	84.4%	2,016,455	92.1%	77.4%
<u>Other</u>								
Annapolis Commerce Park	2	OP	Annapolis	101,898	72.2%	2,249,836	98.8%	98.8%
Glenn Dale Business Center	1	I	Glenn Dale	315,962	16.0%	1,568,618	92.1%	92.1%
Old Courthouse Square ⁽⁹⁾	1	Retail	Martinsburg, WV	201,208	0.0%	1,254,080	90.9%	90.9%
Woodlands Business Center	1	Office	Largo	37,886	100.0%	299,480	68.3%	68.3%
Total Suburban Maryland	55			3,130,907	57.3%	33,759,217	88.5%	84.2%
<u>BALTIMORE</u>								
<u>Owings Mills</u>								
Owings Mills Business Park ⁽¹⁰⁾	6	BP	Owings Mills	219,168	88.9%	2,446,727	82.3%	82.3%
<u>Other</u>								
Gateway West	4	OP	Westminster	111,481	79.3%	582,287	37.0%	37.0%
Triangle Business Center	4	BP	Baltimore	74,182	56.1%	595,023	76.3%	76.3%
7458 Candlewood Road	1	I	Hanover	295,673	30.0%	1,952,244	99.1%	92.0%
Total Baltimore	15			700,504	59.0%	5,576,281	81.6%	78.6%
Stabilized Portfolio	70			3,831,411	57.6%	39,335,498	87.2%	83.2%
<u>Lease Up Property</u>								
Redland Corporate Center, Bldg 2	1	Office	Rockville	208,342	100.0%	297,839	6.4%	0.6%
Grand Total	71			4,039,753	59.8%	\$ 39,633,337	83.1%	78.9%

⁽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⁾On February 18, 2011, the Company sold the property for net proceeds of \$10.8 million.

⁽¹⁰⁾Owings Mills Business Park consists of the following properties: Owings Mills Business Center and Owings Mills Commerce Center.

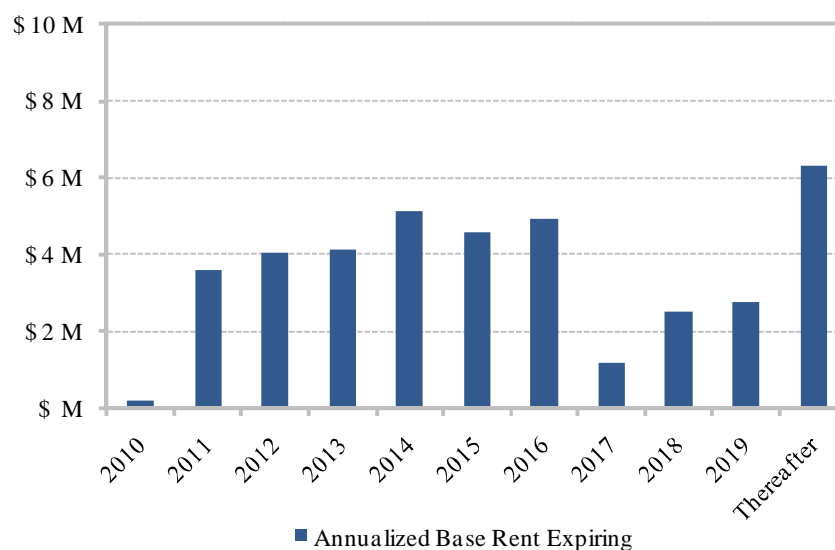
Maryland Region – Lease Expirations



FIRST POTOMAC
REALTY TRUST

(unaudited)

Year of Lease Expiration	Number of Leases Expiring	SF of Expiring Leases	% of Total SF	Annual Base Rent ⁽¹⁾	% of Annual Base Rent	Base Rent ⁽¹⁾ per SF
Vacant	-	683,737	16.9%	\$ -	-	\$ -
MTM	6	29,631	0.7%	256,953	0.6%	8.67
2010	3	30,344	0.8%	221,389	0.6%	7.30
2011	52	350,409	8.7%	3,583,622	9.0%	10.23
2012	41	295,561	7.3%	4,026,588	10.2%	13.62
2013	45	298,106	7.4%	4,146,057	10.5%	13.91
2014	43	452,333	11.2%	5,132,276	12.9%	11.35
2015	37	393,657	9.7%	4,564,479	11.5%	11.60
2016	21	455,352	11.3%	4,933,043	12.4%	10.83
2017	11	83,002	2.1%	1,177,036	3.0%	14.18
2018	11	241,934	6.0%	2,527,634	6.4%	10.45
2019	21	138,344	3.4%	2,780,707	7.0%	20.10
Thereafter	16	587,343	14.5%	6,283,553	15.9%	10.70
Total	307	4,039,753	100.0%	\$ 39,633,337	100.0%	\$ 11.81



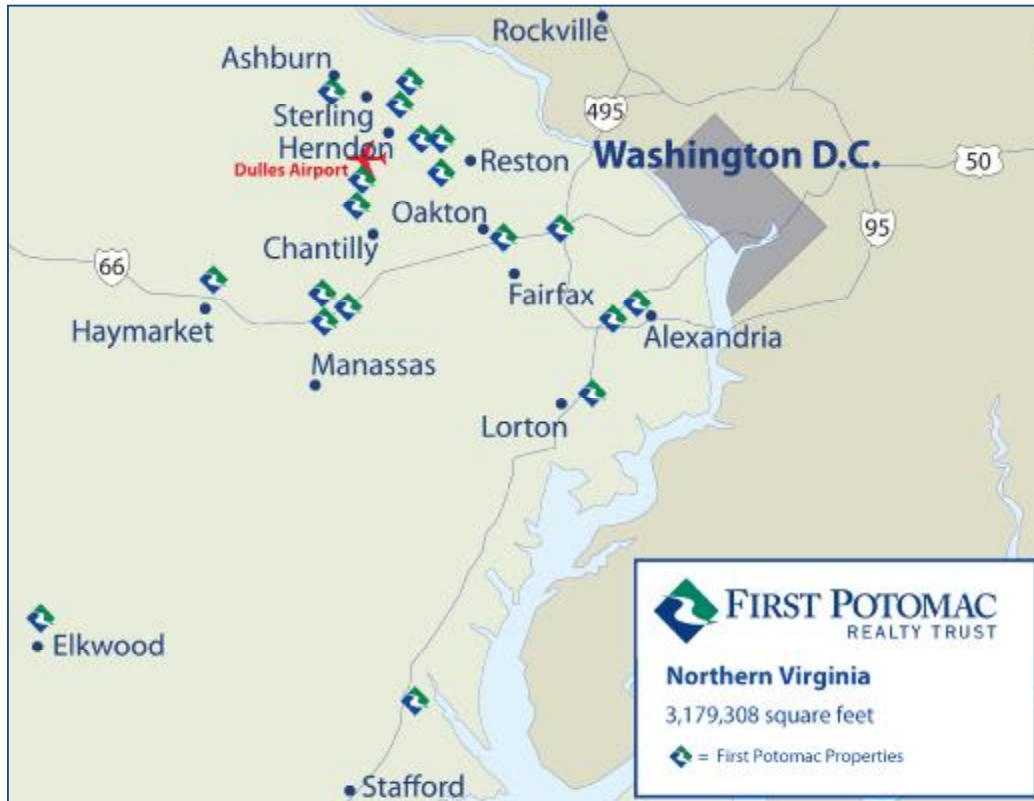
⁽¹⁾Triple-net equivalent

Northern Virginia Region



FIRST POTOMAC
REALTY TRUST

(unaudited)



Northern Virginia Region



FIRST POTOMAC
REALTY TRUST

(unaudited)

Property	Buildings	Property Type ^{(1),(2),(3)}	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽⁴⁾	Leased at December 31, 2010 ⁽⁵⁾	Occupied at December 31, 2010 ⁽⁵⁾
<u>Alexandria</u>								
Interstate Plaza	1	I	Alexandria	109,029	25.0%	\$ 947,001	78.2%	78.2%
Plaza 500	2	I	Alexandria	504,089	34.0%	5,777,868	91.7%	91.7%
<u>Manassas</u>								
Gateway Centre	3	BP	Manassas	101,534	57.5%	999,837	83.7%	83.7%
Linden Business Center	3	BP	Manassas	109,838	77.8%	983,593	75.4%	75.4%
Windsor at Battlefield	2	OP	Manassas	154,989	96.4%	1,972,952	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%	1,444,436	83.5%	83.5%
Reston Business Campus	4	OP	Reston	82,988	98.3%	1,116,441	86.0%	86.0%
<u>Sterling</u>								
Sterling Park Business Center ⁽⁶⁾	6	BP	Sterling	436,018	45.0%	3,455,679	72.2%	72.2%
<u>Chantilly</u>								
Lafayette Business Park ⁽⁷⁾	6	OP	Chantilly	254,060	90.0%	3,239,629	78.3%	78.3%
<u>Other</u>								
13129 Airpark Road	1	I	Culpeper	149,888	10.0%	622,409	75.9%	75.9%
15395 John Marshall Highway	1	I	Haymarket	236,082	20.0%	3,269,736	100.0%	100.0%
Ashburn Center	3	BP	Ashburn	194,184	11.5%	1,727,068	100.0%	76.4%
Newington Business Park Center	7	I	Lorton	254,272	7.0%	2,544,657	91.3%	89.7%
Prosperity Business Center	1	BP	Merrifield	71,312	9.0%	888,728	100.0%	100.0%
Aquia Commerce Center I & II	2	OP	Stafford	64,488	95.5%	978,706	100.0%	100.0%
Stabilized Portfolio	51			2,958,698	47.5%	31,578,139	86.6%	84.9%
<u>Lease Up Property</u>								
Atlantic Corporate Park	2	Office	Sterling	220,610	100.0%	141,325	4.1%	0.0%
Grand Total	53			3,179,308	51.1%	\$ 31,719,464	81.1%	79.0%

⁽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.

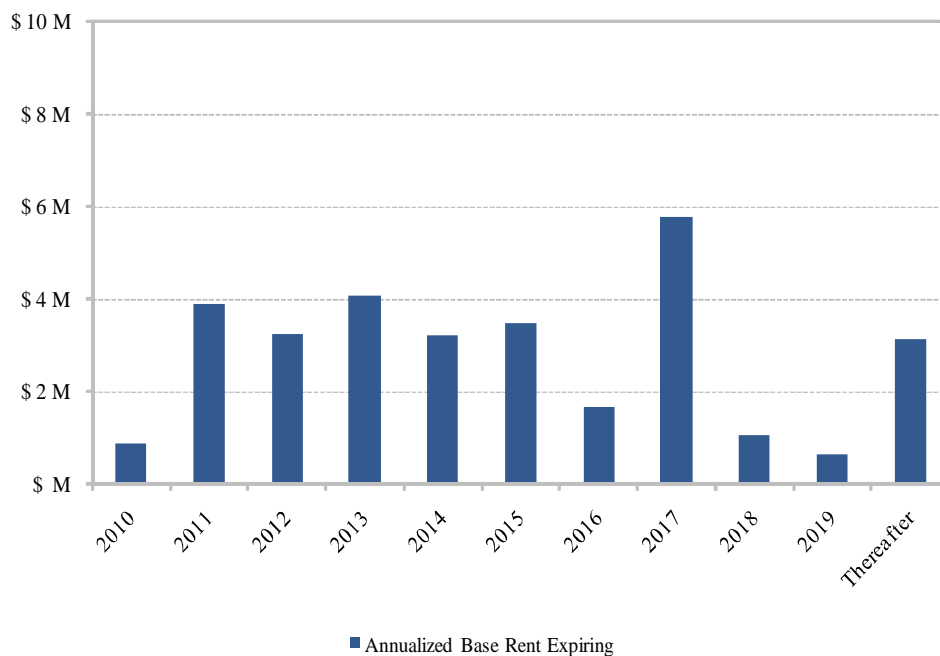
Northern Virginia – Lease Expirations



FIRST POTOMAC
REALTY TRUST

(unaudited)

<u>Year of Lease Expiration</u>	<u>Number of Leases Expiring</u>	<u>SF of Expiring Leases</u>	<u>% of Total SF</u>	<u>Annual Base Rent⁽¹⁾</u>	<u>% of Annual Base Rent</u>	<u>Base Rent⁽¹⁾ per SF</u>
Vacant	-	600,526	18.9%	\$ -	-	\$ -
MTM	9	74,152	2.3%	672,618	2.1%	9.07
2010	9	52,035	1.6%	880,362	2.8%	16.92
2011	45	319,920	10.1%	3,901,814	12.3%	12.20
2012	33	243,138	7.6%	3,243,001	10.2%	13.34
2013	32	289,872	9.1%	4,069,882	12.8%	14.04
2014	24	275,011	8.7%	3,203,831	10.1%	11.65
2015	22	253,017	8.0%	3,478,635	11.0%	13.75
2016	5	110,336	3.5%	1,651,059	5.2%	14.96
2017	8	484,938	15.3%	5,785,874	18.2%	11.93
2018	5	109,565	3.4%	1,065,142	3.4%	9.72
2019	7	47,755	1.5%	627,353	2.0%	13.14
Thereafter	14	319,043	10.0%	3,139,893	9.9%	9.84
Total	213	3,179,308	100.0%	\$ 31,719,464	100.0%	\$ 12.30



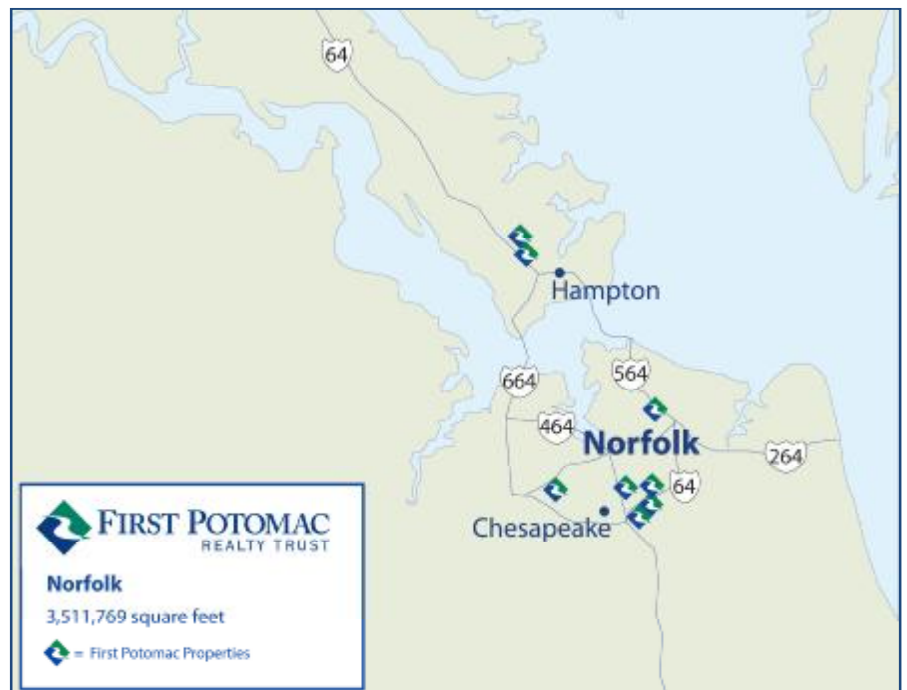
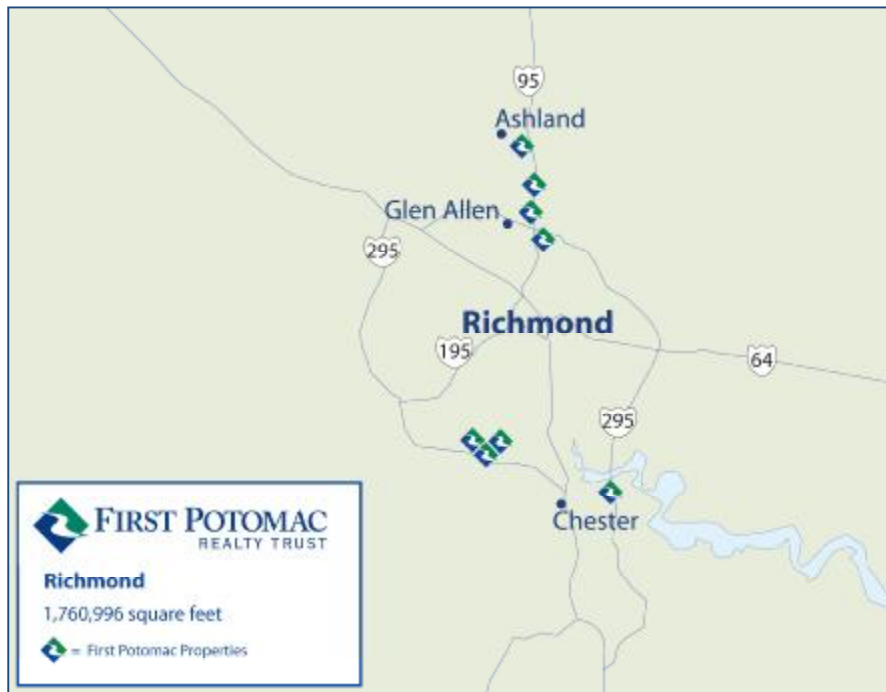
⁽¹⁾Triple-net equivalent

Southern Virginia



FIRST POTOMAC
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(unaudited)



Southern Virginia



FIRST POTOMAC
REALTY TRUST

(unaudited)

Property	Buildings	Property Type ^{(1),(2)}	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽³⁾	Leased at December 31, 2010 ⁽⁴⁾	Occupied at December 31, 2010 ⁽⁴⁾
<u>RICHMOND</u>								
<u>North</u>								
Virginia Center	1	BP	Glen Allen	118,145	27.0%	\$ 1,183,887	85.2%	85.2%
Northridge I, II	2	I	Ashland	140,185	14.5%	866,633	100.0%	100.0%
Hanover Business Center	4	BP	Ashland	182,967	51.7%	854,557	78.3%	74.4%
Park Central	3	BP	Richmond	204,280	50.0%	2,059,337	84.8%	84.8%
<u>South</u>								
River's Bend Center ⁽⁵⁾	6	I	Chester	795,037	32.6%	4,417,369	94.2%	94.2%
Chesterfield Business Center ⁽⁶⁾	11	BP	Richmond	320,382	48.0%	1,746,452	83.3%	75.2%
Total	27			1,760,996	37.6%	11,128,235	89.3%	87.5%
<u>NORFOLK</u>								
<u>Crossways</u>								
Crossways Commerce Center ⁽⁷⁾	9	BP	Chesapeake	1,089,786	66.6%	10,600,663	91.6%	91.6%
<u>Greenbrier</u>								
Greenbrier Business Center ⁽⁸⁾	4	BP	Chesapeake	410,613	75.0%	4,241,700	83.5%	83.5%
<u>Chesapeake Other</u>								
1400 Cavalier Boulevard	4	I	Chesapeake	394,308	7.5%	1,560,357	88.6%	88.6%
Diamond Hill Distribution Center	4	I	Chesapeake	712,683	3.9%	2,827,530	82.0%	82.0%
Battlefield Corporate Center	1	Office	Chesapeake	96,720	100.0%	749,580	100.0%	100.0%
<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	363,892	20.0%	1,787,703	60.1%	60.1%
<u>Norfolk</u>								
Norfolk Commerce Park ⁽⁹⁾	3	BP	Norfolk	261,444	81.6%	2,325,532	88.2%	88.2%
Total	28			3,511,769	44.6%	25,476,082	85.3%	85.3%
Grand Total	55			5,272,765	42.3%	\$ 36,604,317	86.7%	86.0%

⁽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.

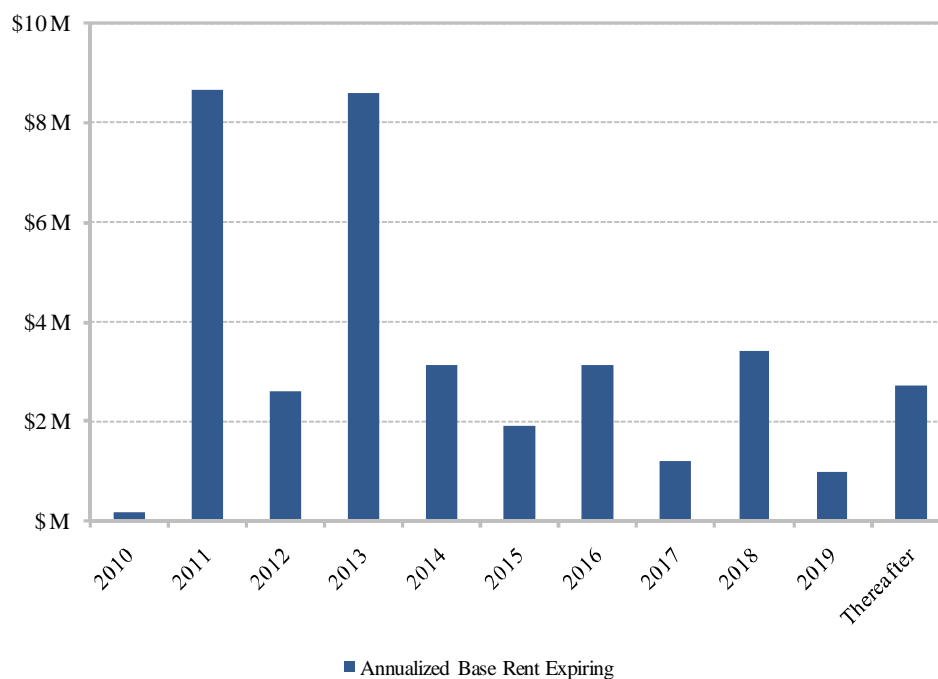
Southern Virginia – Lease Expirations



FIRST POTOMAC
REALTY TRUST

(unaudited)

<u>Year of Lease Expiration</u>	<u>Number of Leases Expiring</u>	<u>SF of Expiring Leases</u>	<u>% of Total SF</u>	<u>Annual Base Rent⁽¹⁾</u>	<u>% of Annual Base Rent</u>	<u>Base Rent⁽¹⁾ per SF</u>
Vacant	-	703,168	13.3%	\$ -	-	\$ -
MTM	1	10,000	0.2%	62,900	0.2%	6.29
2010	3	15,729	0.3%	202,020	0.6%	12.84
2011	60	988,725	18.8%	8,646,512	23.6%	8.75
2012	26	271,036	5.1%	2,603,435	7.1%	9.61
2013	59	1,057,485	20.1%	8,582,206	23.4%	8.12
2014	35	484,069	9.2%	3,126,498	8.5%	6.46
2015	16	242,390	4.6%	1,922,832	5.3%	7.93
2016	13	506,269	9.6%	3,139,066	8.6%	6.20
2017	4	187,206	3.5%	1,191,725	3.3%	6.37
2018	10	388,398	7.4%	3,417,691	9.3%	8.80
2019	6	81,417	1.5%	986,480	2.7%	12.12
Thereafter	6	336,873	6.4%	2,722,952	7.4%	8.08
Total	239	5,272,765	100.0%	\$ 36,604,317	100.0%	\$ 8.01



⁽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 Core 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.