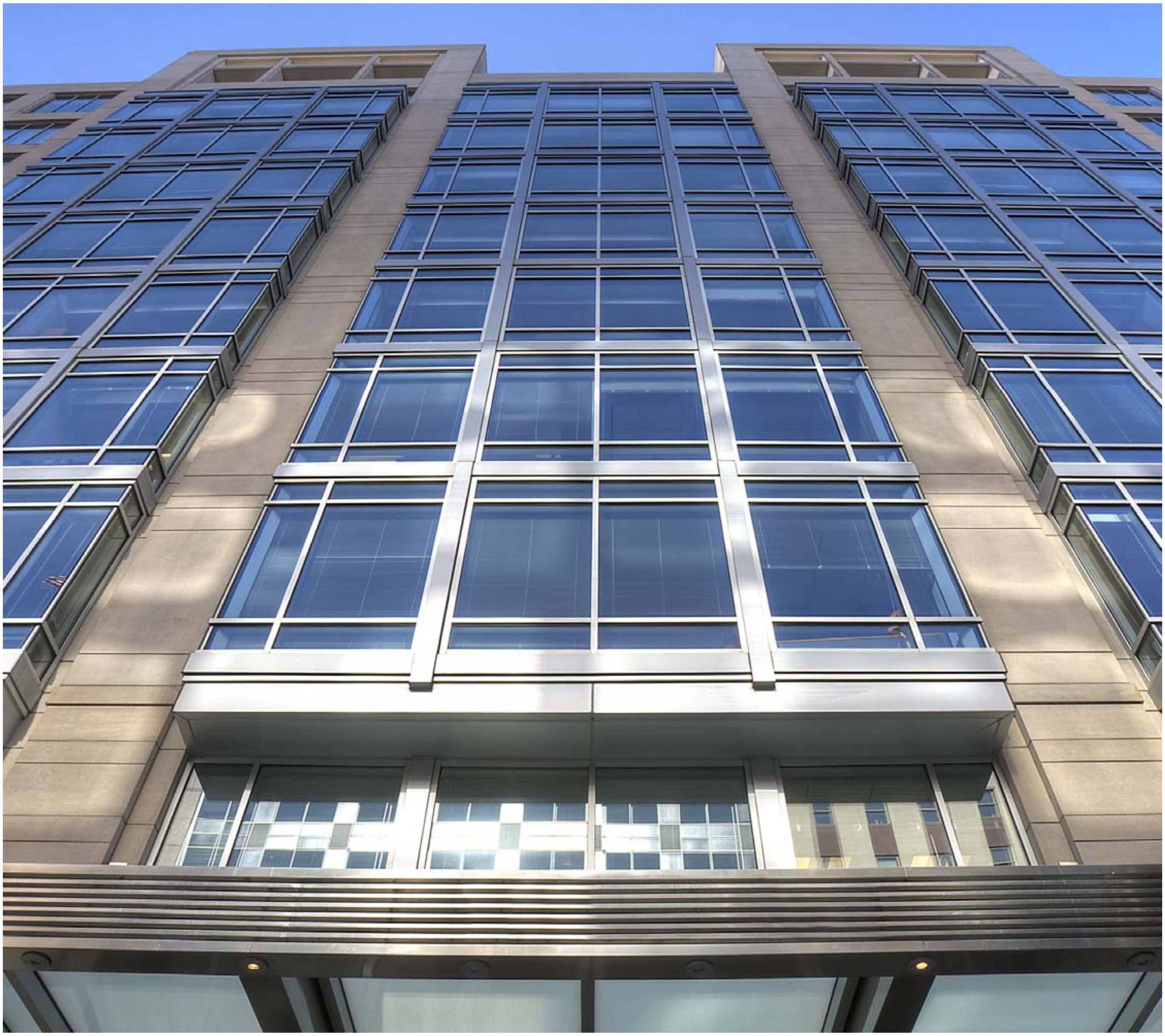


Fourth Quarter 2012
Supplemental Financial Information

FIRST POTOMAC
REALTY TRUST

www.first-potomac.com

FIRST POTOMAC REALTY TRUST

Index to Supplemental Information

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

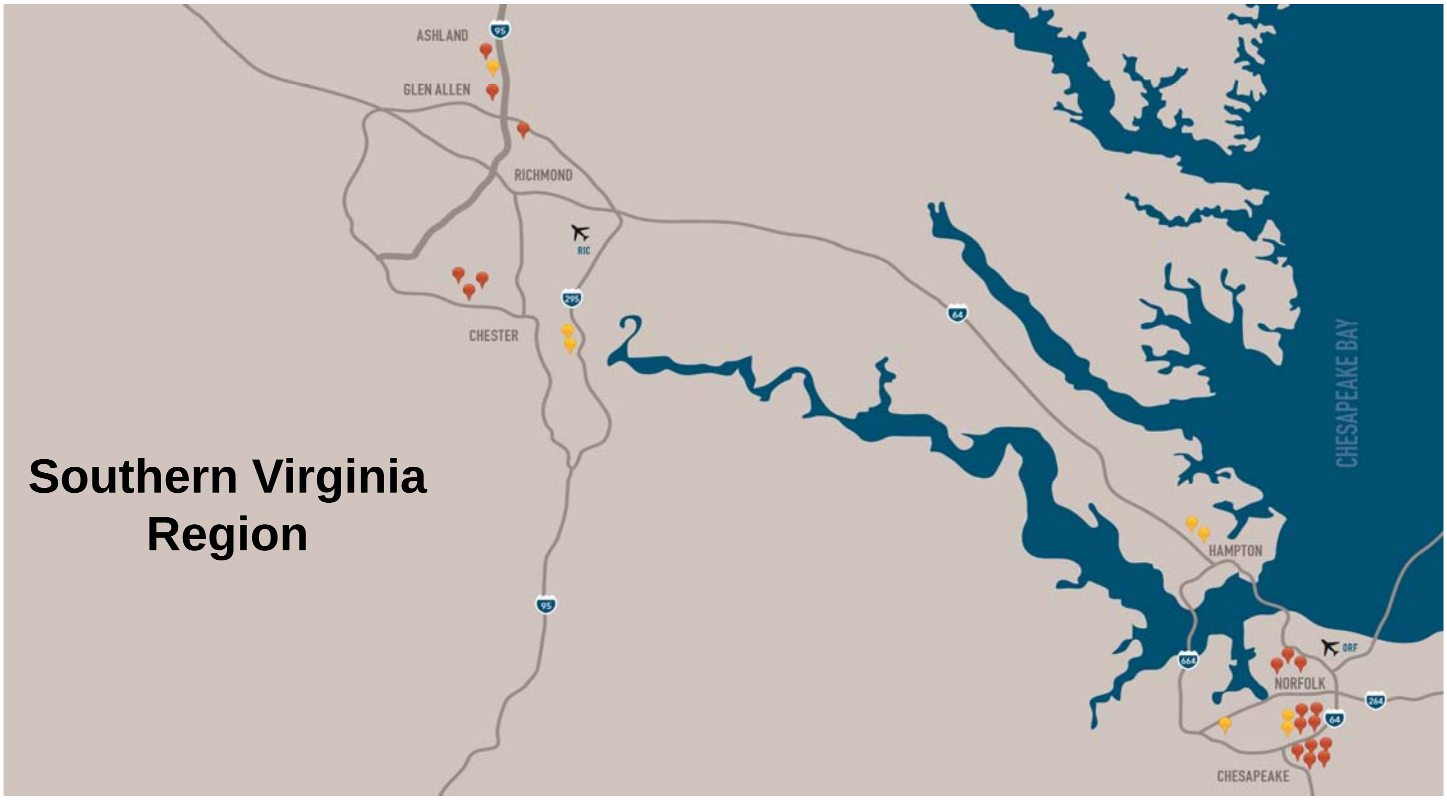
Corporate Headquarters	7600 Wisconsin Avenue 11th Floor Bethesda, MD 20814
New York Stock Exchange	FPO LISTED NYSE
Web Site	www.first-potomac.com
Investor Relations	Jaime N. Marcus Manager, Investor Relations (301) 986-9200 jmarcus@first-potomac.com

Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, there can be no assurance that its expectations will be achieved. Certain factors that could cause actual results to differ materially from the Company's expectations include changes in general or regional economic conditions; the Company's ability to timely lease or re-lease space at current or anticipated rents; changes in interest rates; changes in operating costs; the Company's ability to complete acquisitions on acceptable terms; the Company's ability to manage its current debt levels and repay or refinance its indebtedness upon maturity or other required payment dates; the Company's ability to maintain financial covenant compliance under its debt agreements; the Company's ability to remediate the material weakness in its internal controls over financial reporting described in its 10-K for the year ended December 31, 2011 and to re-establish and maintain effective internal controls over financial reporting and disclosure controls and procedures; the impact of the Company's recent internal investigation, including any remedial actions and enhancement measures implemented in response to the internal investigation; the Company's ability to obtain debt and/or financing on attractive terms, or at all; and other risks detailed in the Company's Annual Report on Form 10-K and described from time to time in the Company's filings with the SEC. Many of these factors are beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of performance. For forward-looking statements herein, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. 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.

Washington / Baltimore Metro Regions

Southern Virginia Region



Note: Properties in yellow are being marketed for disposition in 2013 as part of the industrial portfolio sale.

FIRST POTOMAC REALTY TRUST REPORTS
FOURTH QUARTER AND FULL-YEAR 2012 RESULTS

Exceeds Goal of 850,000 Square Feet of New Leasing for 2012

WASHINGTON, D.C. (February 21, 2013) – First Potomac Realty Trust (NYSE: FPO), a leader in the ownership, management, development and redevelopment of office and industrial properties in the greater Washington, D.C. region, reported results for the three and twelve months ended December 31, 2012.

Fourth Quarter 2012 and Subsequent Highlights

- *Core Funds From Operations of $16.8 million, or $0.32 per diluted share.*
- *Same-property net operating income increased by 6.3% on an accrual basis and 5.3% on a cash basis.*
- *Executed 609,000 square feet of leases, including 291,000 square feet of new leases.*
- *Sold two buildings totaling 39,000 square feet at Owing Mills Business Park in Maryland for net proceeds of $3.5 million.*
- *Provided an updated Strategic and Capital Plan, which included the marketing of its industrial properties, the implementation of targeted portfolio management initiatives, the execution of steps designed to increase balance sheet flexibility and reduce leverage, and a rightsizing of its quarterly dividend.*

Full-Year 2012 Highlights

- *Core Funds From Operations of $63.6 million, or $1.20 per diluted share.*
- *Same-property net operating income increased by 3.8% on an accrual basis and 3.0% on a cash basis.*
- *Executed 2.2 million square feet of leases, including 921,000 square feet of new leases.*

Douglas J. Donatelli, Chairman and CEO of First Potomac Realty Trust, stated, “We ended the year with strong leasing momentum, bringing our total new leasing to 921,000 square feet, which exceeded our goal of 850,000 square feet for the year. We realized solid NOI growth in the quarter as we focused on strengthening our core portfolio performance. We have also announced strategic initiatives that include significant steps to increase our balance sheet capacity, enhance our liquidity, and improve our financial flexibility. As we execute on the steps in our updated strategic and capital plan, we will continue to evolve our portfolio in order to maximize cash flow and focus on long term value creation.”

Funds From Operations (“FFO”) and Core FFO increased for the three months ended December 31, 2012 compared with the same period in 2011 primarily due to an increase in the Company’s net operating income. Increases in net operating income also resulted in an increase in Core FFO for the twelve months ended December 31, 2012 compared with the same period in 2011. The increase in net operating income in 2012 compared to 2011 was a result of higher occupancy in the Company’s portfolio and the benefit of a full year of operations from the Company’s 2011 property acquisitions.

FFO decreased for the twelve months ended December 31, 2012 compared with the same period in 2011 due to costs associated with the Company's internal investigation, certain remedial and enhancement measures implemented in response to such investigation and debt extinguishment charges. In 2012, the Company incurred $3.4 million of legal and accounting fees associated with the internal investigation and $1.1 million of personnel separation costs. In the second quarter of 2012, the Company recorded $13.2 million of debt extinguishment charges, primarily related to the prepayment of its senior notes.

A reconciliation between Core FFO and FFO available to common shareholders for the three and twelve months ended December 31, 2012 and 2011 is presented below (in thousands, except per share amounts):

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2012		2011		2012		2011	
	Amount	Per diluted share	Amount	Per diluted share	Amount	Per diluted share	Amount	Per diluted share
Core FFO	$ 16,805	$ 0.32	$ 15,578	$ 0.30	$ 63,605	$ 1.20	$ 56,720	$ 1.10
Acquisition costs	-	-	(567)	(0.01)	(49)	-	(5,042)	(0.09)
Development and redevelopment costs	(397)	(0.01)	(200)	(0.01)	(397)	(0.01)	(200)	(0.01)
Contingent consideration related to acquisition of property	(39)	-	-	-	(152)	-	1,487	0.03
Deferred abatement and straight-line amortization[1]	1,567	0.03	-	-	3,134	0.06	-	-
Change in tax regulations[2]	-	-	-	-	4,327	0.08	-	-
Internal investigation costs	(137)	-	-	-	(3,412)	(0.06)	-	-
Personnel separation costs	(732)	(0.02)	-	-	(1,128)	(0.03)	-	-
Loss on debt extinguishment[3]	(466)	(0.01)	-	-	(13,792)	(0.26)	-	-
FFO available to common shareholders	$ 16,601	$ 0.31	$ 14,811	$ 0.28	$ 52,136	$ 0.98	$ 52,965	$ 1.03
Net income (loss)	$ 880		$ (1,899)		$ (8,381)		$ (8,752)	
Net loss per diluted common share	$ (0.04)		$ (0.08)		$ (0.40)		$ (0.35)	

(1) Represents the accelerated amortization of the straight-line balance and the deferred abatement for Engineering Solutions at I-66 Commerce Center, which is terminating its lease prior to completion. The tenant is expected to vacate the property at the end of March 2013.

(2) Reflects the one-time non-cash impact of new tax regulations enacted by the District of Columbia that became effective in September 2012.

(3) During the three months ended December 31, 2012, the Company incurred a $0.5 million charge related to the defeasance of a mortgage loan that encumbered four buildings at Owings Mills Business Park.

The Company's consolidated portfolio was 84.9% leased and 83.0% occupied at December 31, 2012 compared with 84.9% leased and 83.2% occupied at September 30, 2012 and 84.3% leased and 81.8% occupied at December 31, 2011. On a year-over-year basis, the increase in both the leased and occupied percentages reflects the lease up of previously vacant space in the Company's portfolio. A list of the Company's properties, as well as additional information regarding the Company's results of operations can be found in the Company's Fourth Quarter 2012 Supplemental Financial Report, which is posted on the Company's website, www.first-potomac.com.

A reconciliation of net income (loss) to FFO available to common shareholders and Core FFO, as well as definitions and statements of purpose, are included below in the financial tables accompanying this press release and under "Non-GAAP Financial Measures," respectively.

Property Operations

During the fourth quarter, the Company executed 609,000 square feet of leases, which consisted of 291,000 square feet of new leases and 318,000 square feet of renewal leases. The 318,000 square feet of renewal leases in the quarter reflects a 58% retention rate, which is a result of a large number of move-outs in the Company's Maryland region. For the year ended December 31, 2012, the Company executed 2.2 million square feet of leases, which included 921,000 square feet of new leases.

Same-property net operating income ("Same-Property NOI") increased 6.3% and 3.8% for the three and twelve months ended December 31, 2012, respectively, compared with the same periods in 2011. The increase in Same-Property NOI was primarily due to an increase in occupancy at Redland Corporate Center and Atlantic Corporate Park, both of which were acquired with significant vacancy.

A reconciliation of net income (loss) to Same-Property NOI and a definition and statement of purpose are included below in the financial tables accompanying this press release and under "Non-GAAP Financial Measures," respectively.

Dispositions

On November 7, 2012, the Company sold two buildings, totaling 39,000 square feet, at Owings Mills Business Park for net proceeds of $3.5 million. The operating results of the property are reflected as discontinued operations in the Company's consolidated statement of operations for each of the periods presented in this press release.

Financing Activity

On October 1, 2012, the Company repaid a $23.4 million mortgage loan that encumbered Crossways Commerce Center and a $14.7 million mortgage loan that encumbered Newington Business Park Center with proceeds from a draw under its unsecured revolving credit facility.

On October 17, 2012, the Company placed a $22.0 million mortgage loan on 1005 First Street, NE, a consolidated joint venture in which the Company has a 97% ownership interest. The mortgage loan incurs interest at a variable rate of LIBOR plus a spread of 2.75% (with a floor of 5.0%) and matures in October 2014, with a one-year extension option at the Company's discretion. The Company used a portion of its share of the proceeds from the mortgage loan, which totaled $19.1 million, to pay down $16.0 million of the outstanding balance under its unsecured revolving credit facility.

On December 27, 2012, the Company repaid $10 million of the outstanding balance under its secured term loan with proceeds from a draw under its unsecured revolving credit facility.

On January 2, 2013, the Company repaid a $3.2 million mortgage loan that encumbered Prosperity Business Center with proceeds from a draw under its unsecured revolving credit facility.

On February 7, 2013, the Company entered into a senior secured multi-tranche term loan facility (the "Bridge Loan") with KeyBank National Association and borrowed $30.0 million under the Bridge Loan to repay a $15.4 million mortgage loan that encumbered Cedar Hill and a $13.3 million mortgage loan that encumbered the Merrill Lynch Building. The Bridge Loan has a borrowing capacity of up to $40.0 million, which can be drawn in four separate tranches before March 31, 2013. The Bridge Loan has a variable interest rate of LIBOR plus a spread of 2.15% and matures in November 2013, with a three-month extension at the Company's option. The Company can repay all or a portion of the Bridge Loan at any time during the term of the loan. In March 2013, the Company intends to use proceeds from a draw under the Bridge Loan to repay a $7.6 million mortgage loan that encumbers Crossways Commerce Center.

On February 8, 2013, the Company and its bank lenders amended its unsecured revolving credit facility and existing term loans to provide increased flexibility on a short-term basis under certain financial covenants, specifically extending the December 31, 2012 requirements under the consolidated total leverage, unencumbered pool leverage and consolidated debt yield covenants in the near term, and proactively addressing the impact that the potential industrial portfolio sale would have on the covenants relating to tangible net worth and dispositions as a percentage of gross asset value.

Industrial Portfolio Sale

As previously announced in connection with its updated strategic and capital plan, the Company is currently marketing the majority of its industrial properties in a portfolio sale through Eastdil Secured. The industrial portfolio represents approximately 4.3 million square feet, 2.6 million square feet of which are located in Southern Virginia.

The Company believes that a portfolio sale of its industrial properties provides the most efficient means of de-levering its balance sheet, while preserving net asset value for shareholders. Potential proceeds from the sale of the industrial properties will largely be utilized to repay outstanding debt. In addition to providing capital to improve balance sheet flexibility, the potential sale of the Company's industrial portfolio is expected to strengthen First Potomac's operating metrics, and further streamline the Company's focus on office properties, which would represent more than 50% of total revenues after the sale.

The Company can provide no assurances regarding the timing or pricing of the industrial portfolio sale, or that the sale will occur at all.

Balance Sheet

The Company had $933.9 million of debt outstanding at December 31, 2012, of which $418.9 million was fixed-rate debt and $350.0 million was variable-rate debt that had been swapped to a fixed interest rate. The remainder of the Company's debt, $165.0 million, was variable-rate debt that consisted of borrowings under its secured term loan and unsecured revolving credit facility.

Dividends

On January 22, 2013, the Company declared a dividend of $0.15 per common share, equating to an annualized dividend of $0.60 per common share. The dividend was paid on February 15, 2013 to common shareholders of record as of February 8, 2013. The Company also declared a dividend of $0.484375 per share on its Series A Preferred Shares. The dividend was paid on February 15, 2013 to preferred shareholders of record as of February 8, 2013.

Core FFO Guidance

The Company issued its full-year 2013 Core FFO guidance of $1.17 to $1.23 per diluted share. The following guidance does not include the impact of the industrial portfolio sale. At this time, the Company is not providing any guidance with respect to the timing or anticipated proceeds from the industrial portfolio sale. The Company's guidance is also based on a number of other assumptions, many of which are outside the Company's control and all of which are subject to change. The Company may change its guidance as actual and anticipated results vary from these assumptions.

The following is a summary of the assumptions that the Company used in arriving at its guidance (unaudited, amounts in thousands except percentages and per share amounts):

	Expected Ranges[1]		
Portfolio NOI[2]	$ 125,000	-	$ 128,000
Interest and Other Income		6,000	
FFO from Unconsolidated Joint Ventures	5,000	-	5,500
Interest Expense	$ 39,000	-	$ 41,000
G&A	19,500	-	20,500
Preferred Dividends		12,400	
Weighted Average Shares	53,000	-	53,500
Average Occupancy	83.5%	-	84.5%
Year-End Occupancy	84.0%	-	85.5%
Same-Property NOI Growth – Accrual Basis	(2.0)%	-	0%

(1) The Company's guidance does not take into consideration any additional dispositions, acquisitions, asset impairments or capital raising activities.

(2) Does not include the $1.5 million straight-line rent impact associated with Engineering Solutions at I-66 Commerce Center. The tenant has notified the Company of its intention to terminate its lease at the end of the first quarter of 2013, and the resulting adjustment reflects the amortization of the tenant's deferred abatement and straight-line balance over the tenant's remaining lease term.

Guidance Range for 2013	Low Range	High Range
Net loss attributable to common shareholders per diluted share	$ (0.19)	$ (0.13)
Real estate depreciation[(1)]	1.40	1.40
I-66 Commerce Center accelerated amortization	(0.03)	(0.03)
Net loss attributable to noncontrolling interests and items excluded from Core FFO per diluted share[(2)]	(0.01)	(0.01)
Core FFO per diluted share	$ 1.17	$ 1.23

(1) Includes the Company's pro-rata share of depreciation from its unconsolidated joint ventures.

(2) Items excluded from Core FFO consist of costs associated with the potential industrial portfolio sale, contingent consideration, debt retirement charges, debt modification charges and the acceleration of the amortizations of deferred abatement and straight-line balance mentioned above in footnote 2 to the table above regarding the Company's expected ranges.

Investor Conference Call and Webcast

First Potomac will host a conference call on February 22, 2013 at 9:00 AM ET to discuss fourth quarter and full-year results, its 2013 Core FFO guidance and its updated strategic and capital plan in greater detail.

The conference call can be accessed by dialing (877) 705-6003 or (201) 493-6725 for international participants. A replay of the call will be available from 12:00 Noon ET on February 22, 2013, until midnight ET on March 1, 2013. The replay can be accessed by dialing (877) 870-5176 or (858) 384-5517 for international callers, and entering pin number 407568.

A live broadcast of the conference call will also be available online at the Company's website, www.first-potomac.com, on February 22, 2013, beginning at 9:00 AM ET. An online replay will follow shortly after the call and will continue for 90 days.

About First Potomac Realty Trust

First Potomac Realty Trust is a self-administered, self-managed real estate investment trust that focuses on owning, operating, developing and redeveloping office and industrial properties in the greater Washington, D.C. region. As of December 31, 2012, the Company's consolidated portfolio totaled approximately 14 million square feet. Based on annualized cash basis rent, the Company's portfolio consists of 43% office properties, 34% business parks and 23% industrial properties. A key element of First Potomac's overarching strategy is its dedication to sustainability. Nearly a million square feet of First Potomac property is LEED Certified, with the potential for another one million square feet in future development projects. Approximately half of the portfolio's total square footage of multi-story office property is either LEED or Energy Star Certified and 82% of First Potomac's Washington, DC portfolio is Energy Star Certified. FPO common shares (NYSE:FPO) and preferred shares (NYSE:FPO-PA) are publicly traded on the New York Stock Exchange.

Non-GAAP Financial Measures

Funds from Operations – Funds from operations ("FFO") represents net income (computed in accordance with U.S. generally accepted accounting principles ("GAAP")), excluding gains (losses) on sales of real estate and impairments of real estate assets, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. On October 31, 2011, NAREIT issued revised guidance regarding the exclusion of impairment write-downs of depreciable assets reported in FFO. As a result, the Company began excluding impairment losses from FFO in the fourth quarter of 2011 and has restated FFO from prior periods to exclude such charges consistent with NAREIT's guidance. The Company also excludes, from its FFO calculation, any depreciation and amortization related to third parties from its consolidated joint ventures. The Company considers FFO a useful 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 assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999, April 2002 and January 2012), which may differ from the methodology for calculating FFO utilized by other equity real estate investment trusts ("REITs") and, accordingly, may not be comparable to such other REITs. Further, FFO does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments and uncertainties, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. 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.

The Company's presentation of FFO in accordance with the NAREIT white paper, or as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company's financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The Company's FFO calculations are reconciled to net income in the Company's Consolidated Statements of Operations included in this release.

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, legal and accounting costs related to the Company's internal investigation, personnel separations costs, contingent consideration charges and acquisition costs. The Company provides a reconciliation of FFO to Core FFO in the financial tables accompanying this press release.

NOI – The Company defines net operating income ("NOI") as operating revenues (rental income, tenant reimbursements and other income) less property and related expenses (property expenses, real estate taxes and insurance). Management believes that NOI is a useful measure of the Company's property operating performance as it provides a performance measure of the revenues and expenses directly associated with owning, operating, developing and redeveloping office and industrial properties, and provides a perspective not immediately apparent from net income or FFO. Other REITs may use different methodologies for calculating NOI, and accordingly, the Company's NOI may not be comparable to other REITs. The Company's NOI calculations are reconciled to total revenues and total operating expenses at the end of this release.

Same-Property NOI – Same-Property Net Operating Income ("Same-Property NOI"), defined as operating revenues (rental, tenant reimbursements and other revenues) less operating expenses (property operating expenses, real estate taxes and insurance) from the properties owned by the Company for the entirety of the periods compared, is a primary performance measure the Company uses to assess the results of operations at its properties. As an indication of the Company's operating performance, Same-Property NOI should not be considered an alternative to net income calculated in accordance with GAAP. A reconciliation of the Company's Same-Property NOI to net income from its consolidated statements of operations is presented below. The Same-Property NOI results exclude corporate-level expenses, as well as certain transactions, such as the collection of termination fees, as these items vary significantly period-over-period thus impacting trends and comparability. Also, the Company eliminates depreciation and amortization expense, which are property level expenses, in computing Same-Property NOI as these are non-cash expenses that are based on historical cost accounting assumptions and do not offer the investor significant insight into the operations of the property. This presentation allows management and investors to distinguish whether growth or declines in net operating income are a result of increases or decreases in property operations or the acquisition of additional properties. While this presentation provides useful information to management and investors, the results below should be read in conjunction with the results from the consolidated statements of operations to provide a complete depiction of total Company performance.

Forward Looking Statements

The forward-looking statements contained in this press release, including statements regarding the Company's 2013 Core FFO guidance and related assumptions, the potential sale of the Company's industrial portfolio and the timing of such sale, and anticipated debt repayment, are subject to various risks and uncertainties. Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, there can be no assurance that its expectations will be achieved. Certain factors that could cause actual results to differ materially from the Company's expectations include changes in general or regional economic conditions; the Company's ability to timely lease or re-lease space at current or anticipated rents; changes in interest rates; changes in operating costs; the Company's ability to complete acquisitions on acceptable terms; the Company's ability to manage its current debt levels and repay or refinance its indebtedness upon maturity or other required payment dates; the Company's ability to maintain financial covenant compliance under its debt agreements; the Company's ability to remediate the material weakness in its internal controls over financial reporting described in its 10-K for the year ended December 31, 2011 and to re-establish and maintain effective internal controls over financial reporting and disclosure controls and procedures; the impact of the Company's recent internal investigation, including any remedial actions and enhancement measures implemented in response to the internal investigation; the Company's ability to obtain debt and/or financing on attractive terms, or at all; changes in the assumptions underlying the Company's earnings and Core FFO guidance and other risks detailed in the Company's Annual Report on Form 10-K and described from time to time in the Company's filings with the SEC. Many of these factors are beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of performance. For forward-looking statements herein, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

FIRST POTOMAC REALTY TRUST

Consolidated Statements of Operations

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

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Revenues:				
Rental	$ 40,283	$ 36,451	$ 155,126	$ 138,261
Tenant reimbursements and other	9,917	8,414	38,193	32,929
Total revenues	50,200	44,865	193,319	171,190
Operating expenses:				
Property operating	11,901	10,403	45,936	41,123
Real estate taxes and insurance	4,553	4,457	18,262	16,563
General and administrative	5,781	3,481	23,568	16,027
Acquisition costs	-	567	49	5,042
Depreciation and amortization	17,440	15,086	66,284	59,997
Impairment of real estate assets	-	-	2,444	-
Contingent consideration related to acquisition of property	39	-	152	(1,487)
Total operating expenses	39,714	33,994	156,695	137,265
Operating income	10,486	10,871	36,624	33,925
Other expenses, net:				
Interest expense	10,668	11,300	43,322	41,367
Interest and other income	(1,522)	(1,521)	(6,052)	(5,290)
Equity in earnings of affiliates	(92)	(132)	(40)	(20)
Gain on sale of investment	-	-	(2,951)	-
Loss on debt extinguishment	466	-	13,687	-
Total other expenses, net	9,520	9,647	47,966	36,057
Income (loss) from continuing operations before income taxes	966	1,224	(11,342)	(2,132)
(Provision) benefit for income taxes	-	(23)	4,142	633
Income (loss) from continuing operations	966	1,201	(7,200)	(1,499)
Discontinued operations:				
Loss from operations	(86)	(3,100)	(1,342)	(9,207)
Gain on sale of real estate property	-	-	161	1,954
Loss from discontinued operations	(86)	(3,100)	(1,181)	(7,253)
Net income (loss)	880	(1,899)	(8,381)	(8,752)
Less: Net loss attributable to noncontrolling interests	110	219	986	688
Net income (loss) attributable to First Potomac Realty Trust	990	(1,680)	(7,395)	(8,064)
Less: Dividends on preferred shares	(3,100)	(2,228)	(11,964)	(8,467)
Net loss attributable to common shareholders	$ (2,110)	$ (3,908)	$ (19,359)	$ (16,531)
Depreciation and amortization:				
Real estate assets	17,440	15,086	66,284	59,997
Discontinued operations	-	158	131	1,147
Unconsolidated joint ventures	1,428	833	5,883	2,391
Consolidated joint ventures	(49)	(36)	(177)	(108)
Impairment of real estate assets	-	2,905	3,516	8,726
Gain on sale	-	-	(3,091)	(1,954)
Net loss attributable to noncontrolling interests in the Operating Partnership	(108)	(227)	(1,051)	(703)
Funds from operations available to common shareholders	$ 16,601	$ 14,811	$ 52,136	$ 52,965

FIRST POTOMAC REALTY TRUST
Consolidated Statements of Operations
(unaudited, amounts in thousands, except per share amounts)

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Funds from operations (FFO)	$ 19,701	$ 17,039	$ 64,100	$ 61,432
Less: Dividends on preferred shares	(3,100)	(2,228)	(11,964)	(8,467)
FFO available to common shareholders	16,601	14,811	52,136	52,965
Acquisition costs	-	567	49	5,042
Development and redevelopment costs	397	200	397	200
Contingent consideration related to acquisition of property	39	-	152	(1,487)
Deferred abatement and straight-line amortization	(1,567)	-	(3,134)	-
Change in tax regulations[1]	-	-	(4,327)	-
Internal investigation costs	137	-	3,412	-
Personnel separation costs	732	-	1,128	-
Loss on debt extinguishment[2]	466	-	13,792	-
Core FFO	$ 16,805	$ 15,578	$ 63,605	$ 56,720
Basic and diluted earnings per common share:				
Loss from continuing operations	$ (0.04)	$ (0.01)	$ (0.38)	$ (0.21)
Loss from discontinued operations	-	(0.07)	(0.02)	(0.14)
Net loss	$ (0.04)	$ (0.08)	$ (0.40)	$ (0.35)
Weighted average common shares outstanding:				
Basic and diluted	50,329	49,463	50,120	49,323
FFO available to common shareholders per share – basic and diluted	$ 0.31	$ 0.28	$ 0.98	$ 1.03
Core FFO per share – diluted	$ 0.32	$ 0.30	$ 1.20	$ 1.10
Weighted average common shares and units outstanding:				
Basic	52,927	52,384	52,833	51,521
Diluted	53,026	52,510	52,921	51,663

(1) Reflects the one-time non-cash impact of new tax regulations enacted by the District of Columbia that became effective in September 2012.
(2) Includes $0.1 million of costs incurred in conjunction with the expansion of the Company's unsecured term loan in the first quarter of 2012, which are included in "Interest expense" in the Company's consolidated statements of operations.

FIRST POTOMAC REALTY TRUST
Consolidated Balance Sheets
(Amounts in thousands, except per share amounts)

	December 31, 2012	December 31, 2011
	(unaudited)	
Assets:		
Rental property, net	$ 1,450,679	$ 1,439,661
Assets held-for-sale	-	5,297
Cash and cash equivalents	9,374	16,749
Escrows and reserves	13,421	18,455
Accounts and other receivables, net of allowance for doubtful accounts of $1,799 and $3,065, respectively	15,271	11,404
Accrued straight-line rents, net of allowance for doubtful accounts of $530 and $369, respectively	28,133	18,028
Notes receivable, net	54,730	54,661
Investment in affiliates	50,596	72,518
Deferred costs, net	40,370	34,683
Prepaid expenses and other assets	8,597	9,275
Intangible assets, net	46,577	59,021
Total assets	$ 1,717,748	$ 1,739,752
Liabilities:		
Mortgage loans	$ 418,864	$ 432,023
Senior notes	-	75,000
Secured term loan	10,000	30,000
Unsecured term loan	300,000	225,000
Unsecured revolving credit facility	205,000	183,000
Accounts payable and other liabilities	64,920	53,507
Accrued interest	2,653	2,782
Rents received in advance	9,948	11,550
Tenant security deposits	5,968	5,603
Deferred market rent, net	3,535	4,815
Total liabilities	1,020,888	1,023,280
Noncontrolling interests in the Operating Partnership	34,367	39,981
Equity:		
Preferred Shares, $0.001 par value, 50,000 shares authorized; Series A Preferred Shares, $25 liquidation preference, 6,400 and 4,600 shares issued and outstanding, respectively	160,000	115,000
Common shares, $0.001 par value, 150,000 shares authorized; 51,047 and 50,321 shares issued and outstanding, respectively	51	50
Additional paid-in capital	804,584	798,171
Noncontrolling interests in consolidated partnerships	3,728	4,245
Accumulated other comprehensive loss	(10,917)	(5,849)
Dividends in excess of accumulated earnings	(294,953)	(235,126)
Total equity	662,493	676,491
Total liabilities, noncontrolling interests and equity	$ 1,717,748	$ 1,739,752

FIRST POTOMAC REALTY TRUST
Same-Property Analysis
(unaudited, dollars in thousands)

Same-Property NOI[1]	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Total base rent	$ 37,885	$ 36,231	$ 127,117	$ 122,727
Tenant reimbursements and other	8,746	7,533	25,645	25,286
Property operating expenses	(10,855)	(9,937)	(34,845)	(34,268)
Real estate taxes and insurance	(4,377)	(4,296)	(14,465)	(14,098)
Same-Property NOI - accrual basis	31,399	29,531	103,452	99,647
Straight-line revenue, net	(265)	(159)	(570)	226
Deferred market rental revenue, net	(277)	(56)	(921)	(872)
Same-Property NOI - cash basis	$ 30,857	$ 29,316	$ 101,961	$ 99,001
Change in same-property NOI - accrual basis	6.3%		3.8%	
Change in same-property NOI - cash basis	5.3%		3.0%	
Same-property percentage of total portfolio (sf)	97.7%		91.2%	

Reconciliation of Consolidated NOI to Same-Property NOI	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Total revenues	$ 50,200	$ 44,865	$ 193,319	$ 171,190
Property operating expenses	(11,901)	(10,403)	(45,936)	(41,123)
Real estate taxes and insurance	(4,553)	(4,457)	(18,262)	(16,563)
NOI	33,746	30,005	129,121	113,504
Less: Non-same property NOI[2]	(2,347)	(474)	(25,669)	(13,857)
Same-Property NOI – accrual basis	$ 31,399	$ 29,531	$ 103,452	$ 99,647

Change in Same-Property NOI by Region (accrual basis)	Three Months Ended December 31, 2012	Percentage of Base Rent	Twelve Months Ended December 31, 2012	Percentage of Base Rent
Washington, D.C.	7.5%	12%	2.1%	7%
Maryland	11.9%	31%	11.8%	34%
Northern Virginia	6.5%	29%	4.0%	29%
Southern Virginia	0.0%	28%	(3.7)%	30%
Change in Same-Property NOI by Property Type (accrual basis)				
Business Park	4.0%	34%	2.8%	38%
Industrial	3.8%	22%	(4.8)%	26%
Office / Office Park	9.9%	44%	14.4%	36%

(1) Same-property comparisons are based upon those consolidated properties owned for the entirety of the periods presented. Same-property results exclude the operating results of the following non same-properties: Three Flint Hill, 440 First Street, NW, Hillside and Davis Drive. For the twelve months ended December 31, 2012 and 2011, same property comparisons also exclude the operating results of 1005 First Street, NE, Greenbrier Towers I & II, One Fair Oaks, Cedar Hill I & II, Merrill Lynch and 840 First Street, NE.

(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.

Highlights

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

	Q4-2012	Q3-2012	Q2-2012	Q1-2012	Q4-2011
Performance Metrics					
FFO available to common shareholders[1]	$ 16,601	$ 19,931	$ 1,152	$ 14,433	$ 14,811
Core FFO[1]	$ 16,805	$ 15,297	$ 16,929	$ 14,555	$ 15,578
FFO available to common shareholders per share	$ 0.31	$ 0.38	$ 0.02	$ 0.27	$ 0.28
Core FFO per share	$ 0.32	$ 0.29	$ 0.32	$ 0.28	$ 0.30
Operating Metrics					
Change in Same-Property NOI					
Cash Basis	5.3%	1.6%	3.0%	2.8%	(1.0)%
Accrual Basis	6.3%	3.2%	3.5%	2.0%	(0.8)%
Assets					
Total Assets	$ 1,717,748	$ 1,714,237	$ 1,728,479	$ 1,738,610	$ 1,739,752
Debt Balances					
Unhedged Variable Rate Debt	$ 165,000	$ 129,000	$ 194,000	$ 152,000	$ 238,000
Hedged Variable Rate Debt[2]	350,000	350,000	350,000	275,000	200,000
Fixed Rate Debt	418,864	442,267	384,752	483,241	507,023
Total	**$ 933,864**	**$ 921,267**	**$ 928,752**	**$ 910,241**	**$ 945,023**
Leasing Metrics					
Net Absorption (Square Feet)[3]	48,946	54,841	12,445	133,916	(80,056)
Tenant Retention Rate	58%	75%	76%	51%	63%
Leased %	84.9%	84.9%	85.4%	84.9%	84.3%
Occupancy %	83.0%	83.2%	84.0%	83.0%	81.8%

[1] See page 19 for a reconciliation of the Company's FFO available to common shareholders and Core FFO to net income (loss) attributable to common shareholders.
[2] As of December 31, 2012, the Company had fixed LIBOR at a weighted averaged rate of 1.5% on $350.0 million of its variable rate debt through twelve interest rate swap agreements.
[3] Net Absorption includes adjustments made for pre-leasing, deals signed in advance of an existing lease expiration and unforeseen terminations.

FIRST POTOMAC REALTY TRUST

Quarterly Financial Results

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

	Three Months Ended									
	December 31, 2012		September 30, 2012		June 30, 2012		March 31, 2012		December 31, 2011	
OPERATING REVENUES										
Rental	$ 40,283	80.2%	$ 39,800	81.9%	$ 37,582	78.5%	$ 37,462	80.4%	$ 36,451	81.2%
Tenant reimbursements and other	9,917	19.8%	8,821	18.1%	10,306	21.5%	9,149	19.6%	8,414	18.8%
	50,200	100.0%	48,621	100.0%	47,888	100.0%	46,611	100.0%	44,865	100.0%
PROPERTY EXPENSES										
Property operating	11,901	23.7%	12,043	24.8%	10,351	21.6%	11,639	25.0%	10,477	23.4%
Real estate taxes and insurance	4,553	9.1%	4,440	9.1%	4,688	9.8%	4,582	9.8%	4,383	9.8%
NET OPERATING INCOME	33,746	67.2%	32,138	66.1%	32,849	68.6%	30,390	65.2%	30,005	66.8%
OTHER (EXPENSES) INCOME										
General and administrative	(5,781)	11.5%	(5,645)	11.6%	(7,245)	15.1%	(4,897)	10.5%	(3,481)	7.8%
Acquisition costs	-	0.0%	(8)	0.0%	(23)	0.0%	(17)	0.0%	(567)	1.3%
Interest and other income	1,522	3.0%	1,522	3.1%	1,499	3.1%	1,508	3.2%	1,521	3.4%
Equity in earnings (losses) of affiliates	92	0.2%	(30)	0.0%	24	0.1%	(46)	0.0%	132	0.3%
EBITDA	29,579	58.9%	27,977	57.6%	27,104	56.7%	26,938	57.9%	27,610	61.4%
Depreciation and amortization	(17,440)		(16,633)		(16,169)		(16,042)		(15,086)	
Interest expense	(10,668)		(10,555)		(10,940)		(11,159)		(11,300)	
Loss on debt extinguishment	(466)		-		(13,221)		-		-	
Contingent consideration related to acquisition of property	(39)		(112)		-		-		-	
Impairment of real estate assets	-		(496)		-		(1,949)		-	
Gain on sale of investment[1]	-		2,951		-		-		-	
Income (loss) from continuing operations before income taxes	966		3,132		(13,226)		(2,212)		1,224	
Benefit (provision) from income taxes	-		4,304		(101)		(61)		(23)	
Income (loss) from continuing operations	966		7,436		(13,327)		(2,273)		1,201	
DISCONTINUED OPERATIONS										
Loss from operations	(86)		(1)		(53)		(1,201)		(3,100)	
Gain on sale of real estate property	-		-		161		-		-	
(Loss) income from discontinued operations	(86)		(1)		108		(1,201)		(3,100)	
NET INCOME (LOSS)	880		7,435		(13,219)		(3,474)		(1,899)	
Less: Net loss (income) attributable to noncontrolling interests	110		(232)		789		318		219	
NET INCOME (LOSS) ATTRIBUTABLE TO FIRST POTOMAC REALTY TRUST	990		7,203		(12,430)		(3,156)		(1,680)	
Less: Dividends on preferred shares	(3,100)		(3,100)		(3,100)		(2,664)		(2,228)	
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (2,110)		$ 4,103		$ (15,530)		$ (5,820)		$ (3,908)	

Supplemental Financial Results Items:

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

	Three Months Ended				
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
Termination fees	$ 606	$ 63	$ 1,141	$ 179	$ 349
Capitalized interest	334	603	727	752	601
Change in tax regulations[2]	-	4,327	-	-	-
Snow and ice removal costs (excluding reimbursements)[3]	(76)	-	-	(313)	(2)
Reserves for bad debt expense	(119)	(335)	(178)	(60)	(283)
Internal investigation costs	(137)	(743)	(2,533)	-	-
Personnel separation costs	(731)	(397)	-	-	-
Discontinued Operations[4]					
Revenues	$ (59)	$ 130	$ 186	$ 370	$ 345
Operating expenses	(33)	(52)	(110)	(340)	(302)
Depreciation and amortization expense	-	-	(51)	(80)	(158)
Interest expense, net of interest income	6	(79)	(78)	(79)	(80)
Impairment of real estate assets	-	-	-	(1,072)	(2,905)
Gain on sale of real estate property	-	-	161	-	-
	$ (86)	$ (1)	$ 108	$ (1,201)	$ (3,100)

(1) During the third quarter of 2012, the Company recorded a $3.0 million gain on the sale of its 95% interest in 1200 17th Street, NW, an office building in Washington, D.C.

(2) Reflects the one-time non-cash impact of new tax regulations enacted by the District of Columbia that became effective in September 2012. Included in Benefit (provision) from income taxes in the above Quarterly Financial Results.

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

(4) Represents the operating results of two buildings at Owings Mills Business Park, which were sold in the fourth quarter of 2012, Goldenrod Lane and Woodlands Business Center, which were both sold in the second quarter of 2012, and Airpark Place Business Center, which was sold in the first quarter of 2012.

Quarterly Financial Measures

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

FUNDS FROM OPERATIONS ("FFO")	Three Months Ended December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
Net (loss) income attributable to common shareholders	$ (2,110)	$ 4,103	$ (15,530)	$ (5,820)	$ (3,908)
Depreciation and amortization:					
Real estate assets	17,440	16,633	16,169	16,042	15,086
Discontinued operations	-	-	51	79	158
Unconsolidated joint ventures	1,428	1,487	1,484	1,484	834
Consolidated joint ventures	(49)	(46)	(44)	(38)	(36)
Net (loss) income attributable to noncontrolling interests in the Operating Partnership	(108)	209	(817)	(335)	(228)
Impairment of real estate assets	-	496	-	3,021	2,905
Gain on sale	-	(2,951)	(161)	-	-
FFO available to common shareholders	16,601	19,931	1,152	14,433	14,811
Dividends on preferred shares	3,100	3,100	3,100	2,664	2,228
FFO	$ 19,701	$ 23,031	$ 4,252	$ 17,097	$ 17,039
FFO available to common shareholders	16,601	19,931	1,152	14,433	14,811
Acquisition costs	-	8	23	17	567
Development and redevelopment costs(1)	397	-	-	-	200
Loss on debt extinguishment(2)	466	-	13,221	105	-
Internal investigation costs(3)	137	743	2,533	-	-
Personnel separation costs	732	397	-	-	-
Change in tax regulations(4)	-	(4,327)	-	-	-
Deferred abatement and straight-line amortization(5)	(1,567)	(1,567)	-	-	-
Contingent consideration related to acquisition of property	39	112	-	-	-
Core FFO	$ 16,805	$ 15,297	$ 16,929	$ 14,555	$ 15,578
ADJUSTED FUNDS FROM OPERATIONS ("AFFO")					
Core FFO	$ 16,805	$ 15,297	$ 16,929	$ 14,555	$ 15,578
Non-cash share-based compensation expense	1,271	856	749	696	573
Straight-line rent, net(6)	(226)	(361)	(39)	(250)	(105)
Deferred market rent, net	(74)	228	10	(20)	(95)
Non-real estate depreciation and amortization(7)	245	251	155	245	172
Debt fair value amortization	(24)	(35)	(176)	(215)	(248)
Provision for income taxes	-	23	101	61	23
Amortization of finance costs	777	683	721	717	703
Amortization of discounts	-	-	-	-	93
Tenant improvements(8)	(4,898)	(3,108)	(4,485)	(5,133)	(2,228)
Leasing commissions(8)	(941)	(830)	(2,208)	(944)	(1,243)
Capital expenditures(8)	(4,034)	(1,634)	(1,105)	(975)	(1,784)
AFFO	$ 8,901	$ 11,370	$ 10,652	$ 8,737	$ 11,439
Total weighted average common shares and OP units:					
Basic	52,927	52,869	52,834	52,701	52,384
Diluted	53,026	52,947	52,889	52,805	52,510
FFO available to common shareholders and units per share:					
FFO - basic and diluted	$ 0.31	$ 0.38	$ 0.02	$ 0.27	$ 0.28
Core FFO - diluted	$ 0.32	$ 0.29	$ 0.32	$ 0.28	$ 0.30
AFFO per share:					
AFFO - basic	$ 0.17	$ 0.22	$ 0.20	$ 0.17	$ 0.22
AFFO - diluted	$ 0.17	$ 0.21	$ 0.20	$ 0.17	$ 0.22

(1)During the fourth quarter of 2012 and 2011, the Company expensed development and redevelopment costs related to projects that were deferred at Greenbrier Technology Center and Plaza 500, respectively.

(2)The Company incurred a $0.5 million charge in the fourth quarter of 2012 related to the defeasance of a mortgage loan that encumbered four buildings at Owings Mills Business Park, of which two buildings were sold on November 7, 2012. During the second quarter of 2012, the Company recorded a $10.2 million make-whole payment associated with the extinguishment of its Series A and Series B Senior Notes and the expensing of unamortized deferred financing costs and legal and bank fees associated with amending certain loan agreements. During the first quarter of 2012, the Company incurred legal fees as a result of the expansion of the Company's $300.0 million unsecured term loan.

(3)Represents legal and accounting fees associated with the Company's internal investigation.

(4)Reflects the one-time non-cash impact of new tax regulations enacted by the District of Columbia that became effective in September 2012.

(5) Represents the accelerated amortization of the straight line balance and the deferred abatement for a tenant at I-66 Commerce Center that is terminating their lease prior to completion. The tenant is expected to vacate the property at the end of March 2013.

(6)Includes the Company's amortization of the following: straight-line rents and associated uncollectable amounts, rent abatements and lease incentives.

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

(8)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.

	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
First-generation costs					
Tenant improvements(a)	$ 3,881	$ 3,289	$ 6,298	$ 8,915	$ 1,347
Leasing commissions	516	1,021	311	861	2,018
Capital expenditures(b)	4,513	1,633	1,816	1,098	2,161
Total first-generation costs	8,910	5,943	8,425	10,874	5,526
Development and redevelopment	4,939	2,653	762	961	3,517
	$ 13,849	$ 8,596	$ 9,187	$ 11,835	$ 9,043

(a)Includes $1.7 million, $1.6 million, $3.7 million and $6.1 million for the three months ended December 31, 2012, September 30, 2012, June 30, 2012 and March 31, 2012, respectively, related to leasing activity at Redland Corporate Center and Three Flint Hill.

(b)Includes $2.2 million, $0.2 million, $0.7 million and $0.5 million for the three months ended December 31, 2012, September 30, 2012, June 30, 2012 and March 31, 2012, respectively, related to capital improvements at the Merrill Lynch Building.

Annual Financial Results

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

	Years Ended December 31, 2012		2011		2010	
OPERATING REVENUES						
Rental	$ 155,126	80.2%	$ 138,261	80.8%	$ 107,808	80.6%
Tenant reimbursements and other	38,193	19.8%	32,929	19.2%	25,955	19.4%
	193,319	100.0%	171,190	100.0%	133,763	100.0%
PROPERTY EXPENSES						
Property operating	45,936	23.8%	41,123	24.0%	31,606	23.6%
Real estate taxes and insurance	18,262	9.4%	16,563	9.7%	12,431	9.3%
NET OPERATING INCOME	129,121	66.8%	113,504	66.3%	89,726	67.1%
OTHER (EXPENSES) INCOME						
General and administrative	(23,568)	12.2%	(16,027)	9.4%	(14,523)	10.9%
Acquisition costs	(49)	0.0%	(5,042)	2.9%	(7,169)	5.4%
Interest and other income	6,052	3.1%	5,290	3.1%	630	0.5%
Equity in earnings (losses) of affiliates	40	0.0%	20	0.0%	(124)	0.1%
EBITDA	111,596	57.7%	97,745	57.1%	68,540	51.2%
Depreciation and amortization	(66,284)		(59,997)		(41,217)	
Interest expense	(43,322)		(41,367)		(33,397)	
Impairment of real estate assets	(2,444)		-		(2,386)	
Contingent consideration related to acquisition of property	(152)		1,487		(710)	
Gain on sale of investment[1]	2,951		-		-	
Loss on debt extinguishment	(13,687)		-		164	
Loss from continuing operations before income taxes	(11,342)		(2,132)		(9,006)	
Benefit (provision) from income taxes	4,142		633		(31)	
Loss from continuing operations	(7,200)		(1,499)		(9,037)	
DISCONTINUED OPERATIONS						
Loss from operations	(1,342)		(9,207)		(3,195)	
Gain on sale of real estate property	161		1,954		557	
Loss from discontinued operations	(1,181)		(7,253)		(2,638)	
NET LOSS	(8,381)		(8,752)		(11,675)	
Less: Net loss attributable to noncontrolling interests	986		688		232	
NET LOSS ATTRIBUTABLE TO FIRST POTOMAC REALTY TRUST	(7,395)		(8,064)		(11,443)	
Less: Dividends on preferred shares	(11,964)		(8,467)		-	
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (19,359)		$ (16,531)		$ (11,443)	

Supplemental Financial Results Items:

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

	Years Ended December 31, 2012	2011	2010
Termination fees	$ 1,989	$ 824	$ 1,016
Capitalized interest	2,416	1,882	811
Change in tax regulations[2]	4,327	-	-
Snow and ice removal costs (excluding reimbursements)[3]	(389)	(1,213)	(2,808)
Reserves for bad debt expense	(692)	(958)	(1,302)
Internal investigation costs	(3,413)	-	-
Personnel separation costs	(1,128)	-	-
Discontinued Operations[4]			
Revenues	$ 626	$ 2,876	$ 6,527
Operating expenses	(534)	(1,842)	(3,365)
Depreciation and amortization expense	(131)	(1,148)	(1,993)
Interest expense, net of interest income	(231)	(367)	(351)
Impairment of real estate assets	(1,072)	(8,726)	(4,013)
Gain on sale of real estate property	161	1,954	557
	$ (1,181)	$ (7,253)	$ (2,638)

(1)During the third quarter of 2012, the Company recorded a $3.0 million gain on the sale of its 95% interest in 1200 17th Street, NW, an office building in Washington, D.C.
(2)Reflects the one-time non-cash impact of new tax regulations enacted by the District of Columbia that became effective in September 2012. Included in Benefit (provision) from income taxes in the above Annual Financial Results.
(3)The Company recovered approximately 65% of these costs.
(4)Represents the operating results of properties that were sold subsequent to January 1, 2010 for the period the properties were owned by the Company.

Annual Financial Measures

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

	Years Ended December 31,		
FUNDS FROM OPERATIONS ("FFO")	2012	2011	2010
Net loss attributable to common shareholders	$ (19,359)	$ (16,531)	$ (11,443)
Depreciation and amortization:			
Real estate assets	66,284	59,997	41,217
Discontinued operations	131	1,147	1,993
Unconsolidated joint ventures	5,883	2,391	793
Consolidated joint ventures	(177)	(108)	(13)
Net loss attributable to noncontrolling interests in the Operating Partnership	(1,051)	(703)	(230)
Impairment of real estate assets	3,516	8,726	6,398
Gain on sale	(3,091)	(1,954)	(557)
FFO available to common shareholders	52,136	52,965	38,158
Dividends on preferred shares	11,964	8,467	-
FFO	$ 64,100	$ 61,432	$ 38,158
FFO available to common shareholders	52,136	52,965	38,158
Acquisition costs	49	5,042	7,169
Contingent consideration related to acquisition of property	152	(1,487)	710
Gain on early retirement of debt	-	-	(164)
Development and redevelopment costs[(1)]	397	200	-
Loss on debt extinguishment[(2)]	13,792	-	-
Internal investigation costs[(3)]	3,412	-	-
Personnel separation costs	1,128	-	-
Change in tax regulations[(4)]	(4,327)	-	-
Deferred abatement and straight-line amortization[(5)]	(3,134)	-	-
Core FFO	$ 63,605	$ 56,720	$ 45,873
ADJUSTED FUNDS FROM OPERATIONS ("AFFO")			
Core FFO	$ 63,605	$ 56,720	$ 45,873
Non-cash share-based compensation expense	3,572	2,585	3,735
Straight-line rent, net[(6)]	(876)	289	372
Deferred market rent, net	144	(600)	(1,356)
Non-real estate depreciation and amortization[(7)]	896	740	826
Debt fair value amortization	(450)	(1,129)	(2,012)
Provision (benefit) for income taxes	185	(633)	31
Amortization of finance costs	2,898	3,098	2,055
Amortization of discounts	-	514	715
Tenant improvements[(8)]	(17,624)	(14,680)	(8,601)
Leasing commissions[(8)]	(4,923)	(5,396)	(3,867)
Capital expenditures[(8)]	(7,748)	(3,358)	(3,157)
AFFO	$ 39,679	$ 38,150	$ 34,614
Total weighted average common shares and OP units:			
Basic	52,833	51,521	37,756
Diluted	52,921	51,663	37,950
FFO available to common shareholders per share and unit:			
FFO - basic and diluted	$ 0.99	$ 1.03	$ 1.01
Core FFO - diluted	$ 1.20	$ 1.10	$ 1.21
AFFO per share and unit:			
AFFO - basic and diluted	$ 0.75	$ 0.74	$ 0.91

(1) During the fourth quarter of 2012 and 2011, the Company expensed development and redevelopment costs related to projects that were deferred at Greenbrier Technology Center and Plaza 500, respectively.
(2) The Company incurred a $0.5 million charge in the fourth quarter of 2012 related to the defeasance of a mortgage loan that encumbered four buildings at Owings Mills Business Park, of which two buildings were sold on November 7, 2012. During the second quarter of 2012, the Company recorded a $10.2 million make-whole payment associated with the extinguishment of its Series A and Series B Senior Notes and the expensing of unamortized deferred financing costs and legal and bank fees associated with amending certain loan agreements. During the first quarter of 2012, the Company incurred legal fees as a result of the expansion of the Company's $300.0 million unsecured term loan.
(3) Represents legal and accounting fees associated with the Company's internal investigation.
(4) Reflects the one-time non-cash impact of new tax regulations enacted by the District of Columbia that became effective in September 2012.
(5) Represents the accelerated amortization of the straight line balance and the deferred abatement for a tenant at I-66 Commerce Center that is terminating their lease prior to completion. The tenant is expected to vacate the property at the end of March 2013.
(6) Includes the Company's amortization of the following: straight-line rents and associated uncollectable amounts, rent abatements and lease incentives.
(7) Most non-real estate depreciation is classified in general and administrative expense.
(8) 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.

	2012	2011	2010
First-generation costs			
Tenant improvements[(a)]	$ 22,383	$ 7,977	$ 3,327
Leasing commissions	2,709	8,638	1,155
Capital expenditures[(b)]	9,060	6,051	3,260
Total first-generation costs	34,152	22,666	7,742
Development and redevelopment	9,315	13,766	4,835
	$ 43,467	$ 36,432	$ 12,577

(a) For the year ended December 31, 2012, includes $13.1 million related to leasing activity at Redland Corporate Center and Three Flint Hill.
(b) For the year ended December 31, 2012, includes $3.6 million related to capital improvements at the Merrill Lynch Building.

FIRST POTOMAC REALTY TRUST

Net Operating Income (NOI) Same-Property Analysis

(unaudited, dollars in thousands)

Same-Property NOI[1]	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Total base rent	$ 37,885	$ 36,231	$ 127,117	$ 122,727
Tenant reimbursements and other	8,746	7,533	25,645	25,286
Property operating expenses	(10,855)	(9,937)	(34,845)	(34,268)
Real estate taxes and insurance	(4,377)	(4,296)	(14,465)	(14,098)
Same-Property NOI - accrual basis	31,399	29,531	103,452	99,647
Straight-line revenue, net	(265)	(159)	(570)	226
Deferred market rental revenue, net	(277)	(56)	(921)	(872)
Same-Property NOI - cash basis	$ 30,857	$ 29,316	$ 101,961	$ 99,001
Change in same-property NOI - accrual basis	6.3%		3.8%	
Change in same-property NOI - cash basis	5.3%		3.0%	
Same-property percentage of total consolidated portfolio (SF)	97.7%		91.2%	

Reconciliation of Consolidated NOI to Same-Property NOI	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2011
Total revenues	$ 50,200	$ 44,865	$ 193,319	$ 171,190
Property operating expenses	(11,901)	(10,403)	(45,936)	(41,123)
Real estate taxes and insurance	(4,553)	(4,457)	(18,262)	(16,563)
NOI	33,746	30,005	129,121	113,504
Less: Non-same property NOI[2]	(2,347)	(474)	(25,669)	(13,857)
Same-Property NOI - accrual basis	31,399	29,531	103,452	99,647

Change in Same-Property NOI by Region (accrual basis)	Three Months Ended December 31, 2012	Percentage of Base Rent	Twelve Months Ended December 31, 2012	Percentage of Base Rent
Washington, D.C.	7.5%	12%	2.1%	7%
Maryland	11.9%	31%	11.8%	34%
Northern Virginia	6.5%	29%	4.0%	29%
Southern Virginia	0.0%	28%	(3.7)%	30%

Change in Same-Property NOI by Property Type (accrual basis)	Three Months Ended December 31, 2012	Percentage of Base Rent	Twelve Months Ended December 31, 2012	Percentage of Base Rent
Business Park	4.0%	34%	2.8%	38%
Industrial	3.8%	22%	(4.8)%	26%
Office	9.9%	44%	14.4%	36%

[1] Same-property comparisons are based upon those consolidated properties owned for the entirety of the periods presented. Same-property results exclude the operating results of the following non same-properties: Three Flint Hill, 440 First Street, NW, Hillside Center and Davis Drive. The twelve months ended December 31, 2012 and 2011 also exclude the operating results of 1005 First Street, NE, Greenbrier Towers I & II, One Fair Oaks, Cedar Hill I & III, Merrill Lynch and 840 First Street, NE.

[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.

Consolidated Balance Sheets

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

	December 31, 2012	December 31, 2011
Assets		
Rental property	$ 1,681,763	$ 1,628,660
Less: Accumulated depreciation	(231,084)	(188,999)
Rental property, net	1,450,679	1,439,661
Assets held-for-sale	-	5,297
Cash and cash equivalents	9,374	16,749
Escrows and reserves	13,421	18,455
Investment in affiliates	50,596	72,518
Other assets	193,678	187,072
Total assets	$ 1,717,748	$ 1,739,752
Liabilities		
Mortgage loans	$ 418,864	$ 432,023
Unsecured notes	-	75,000
Bank debt	515,000	438,000
Accounts payable and accrued interest	67,573	56,289
Other liabilities	19,451	21,968
Total liabilities	1,020,888	1,023,280
Noncontrolling interests in the Operating Partnership	34,367	39,981
Equity		
Preferred Shares, $0.001 par value, 50,000 shares authorized; Series A Preferred Shares, $25 liquidation preference, 6,400 and 4,600 shares issued and outstanding, respectively	160,000	115,000
Common shares, $0.001 par value, 150,000 common shares authorized; 51,047 and 50,321 shares issued and outstanding, respectively	51	50
Additional paid-in capital	804,584	798,171
Noncontrolling interests in consolidated partnerships	3,728	4,245
Accumulated other comprehensive loss	(10,917)	(5,849)
Dividends in excess of accumulated earnings	(294,953)	(235,126)
Total equity	662,493	676,491
Total liabilities, noncontrolling interests and equity	$ 1,717,748	$ 1,739,752

Total Capitalization and Selected Ratios

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

TOTAL CAPITALIZATION

		Percent of Total Capitalization
Common Shares and Units		
Total common shares outstanding	51,047	
Operating Partnership ("OP") units held by third parties	2,598	
Total common shares and OP units outstanding	53,645	
Market price at December 31, 2012	$ 12.36	
Market Value of Common Equity	$ 663,052	37.6%
Preferred Shares		
Total Series A Preferred Shares outstanding	6,400	
Market price at December 31, 2012	$ 25.75	
Market Value of Preferred Equity	$ 164,800	9.4%
Debt		
Fixed-rate debt	$ 418,864	23.8%
Hedged variable-rate debt(1)	350,000	19.9%
Unhedged variable-rate debt	165,000	8.9%
Total debt	$ 933,864	53.0%
Total Capitalization	**$ 1,761,716**	**100.0%**

SELECTED RATIOS

	Three Months Ended					Twelve Months Ended
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	December 31, 2012
COVERAGE RATIOS						
Interest Coverage Ratio						
EBITDA, excluding acquisition costs(2)	$ 29,579	$ 27,985	$ 27,127	$ 26,955	$ 28,177	$ 111,646
Interest expense	10,668	10,555	10,940	11,159	11,300	43,322
	2.77x	**2.65x**	**2.48x**	**2.42x**	**2.49x**	**2.58x**
Fixed Charge Coverage Ratio						
EBITDA, excluding acquisition costs(2)	$ 29,579	$ 27,985	$ 27,127	$ 26,955	$ 28,177	$ 111,646
Fixed charges(3)	15,808	15,641	15,954	15,772	15,500	63,175
	1.87x	**1.79x**	**1.70x**	**1.71x**	**1.82x**	**1.77x**
OVERHEAD RATIO						
G&A to Real Estate Revenues(4)						
General and administrative expense	$ 4,912	$ 4,505	$ 4,712	$ 4,897	$ 3,481	$ 19,026
Total revenues	50,200	48,621	47,888	46,611	44,865	193,320
	9.8%	**9.3%**	**9.8%**	**10.5%**	**7.8%**	**9.8%**
LEVERAGE RATIO						
Debt/Undepreciated Book Value						
Total debt	$ 933,864	$ 921,267	$ 919,853	$ 910,241	$ 945,023	
Undepreciated book value	1,681,763	1,660,704	1,642,920	1,636,433	1,628,660	
	55.5%	**55.5%**	**56.0%**	**55.6%**	**58.0%**	

(1)At December 31, 2012, the Company had fixed LIBOR, at a weighted average rate of 1.5%, on $350.0 million of its variable rate debt through twelve interest rate swap agreements.
(2)Acquisition costs were omitted due to their variability, which impacts the comparability of period-over-period results.
(3)Fixed charges include interest expense, debt principal amortization and quarterly accumulated dividends on the Company's preferred shares.
(4)For the three months ended December 31, 2012, September 30, 2012 and June 30, 2012, general and administrative expenses exclude $0.9 million, $1.1 million and $2.5 million, respectively, of legal and accounting costs associated with the Company's internal investigation and personnel separation costs.

Outstanding Debt

(unaudited, dollars in thousands)

Fixed Rate Debt	Effective Interest Rate	Balance at December 31, 2012	Annualized Debt Service	Maturity Date	Balance at Maturity
Encumbered Properties					
Prosperity Business Center[1]	5.75%	$ 3,242	$ 332	1/1/2013	$ 3,242
Cedar Hill[2][3]	6.58%	15,404	1,336	2/11/2013	15,364
Merrill Lynch Building[2][3]	7.29%	13,291	1,155	2/13/2013	13,273
1434 Crossways Boulevard Building I[3]	5.38%	7,650	665	3/5/2013	7,597
Linden Business Center[3]	5.58%	6,747	559	10/1/2013	6,596
840 First Street, NE[3]	6.05%	54,704	4,272	10/1/2013	53,877
Annapolis Business Center[3]	6.25%	8,223	665	6/1/2014	8,010
Cloverleaf Center	6.75%	16,595	1,464	10/8/2014	15,953
1005 First Street, NE[4]	5.80%	22,000	1,100	10/16/2014	22,000
Jackson Loan[5]	5.19%	96,132	6,582	8/1/2015	91,588
Hanover Business Center					
Hanover Building D[3]	6.63%	391	161	8/1/2015	13
Hanover Building C[3]	6.63%	791	186	12/1/2017	13
Chesterfield Business Center					
Chesterfield Buildings C, D, G and H[3]	6.63%	1,036	414	8/1/2015	34
Chesterfield Buildings A, B, E and F[3]	6.63%	2,060	318	6/1/2021	26
Mercedes Center - Note 1[3]	6.04%	4,677	320	1/1/2016	3,965
Mercedes Center - Note 2[3]	6.30%	9,498	800	1/1/2016	8,639
Gateway Centre Manassas Building I[3]	5.88%	833	239	11/1/2016	-
Hillside Center[3]	4.62%	13,741	945	12/6/2016	12,160
Redland Corporate Center	4.64%	68,209	4,014	11/1/2017	62,064
500 First Street, NW	5.79%	37,730	2,722	7/1/2020	32,000
Battlefield Corporate Center	4.40%	4,003	320	11/1/2020	2,618
Airpark Business Center[3]	6.63%	1,123	173	6/1/2021	14
1211 Connecticut Avenue, NW	4.47%	30,784	1,823	7/1/2022	24,668
Total Fixed Rate Debt	5.49%[6]	418,864	$ 30,565		$ 383,714
Unamortized fair value adjustments		(696)			
Total Principal Balance		$ 418,168			

Outstanding Debt - Continued

(unaudited, dollars in thousands)

	Effective Interest Rate	Balance at December 31, 2012	Annualized Debt Service	Maturity Date	Balance at Maturity
Total Fixed Rate Debt	5.49%[6]	$ 418,864	$ 30,565		$ 383,714
Variable Rate Debt[7]					
Secured Term Loan[8]	LIBOR + 4.50%	10,000	471	1/15/2014	10,000
Unsecured Revolving Credit Facility[9][10]	LIBOR + 2.75%	205,000	6,068	1/15/2015	205,000
Unsecured Term Loan					
Tranche A	LIBOR + 2.40%	60,000	1,566	7/18/2016	60,000
Tranche B	LIBOR + 2.50%	147,500	3,997	7/18/2017	147,500
Tranche C	LIBOR + 2.55%	92,500	2,553	7/18/2018	92,500
	2.71%[6]	300,000	8,116		300,000
Total Variable Rate Debt	2.85%[6]	$ 515,000	$ 14,655		$ 515,000
Total at December 31, 2012	**4.52%[6][11]**	**$ 933,864**	**$ 45,220** [12]		**$ 898,714**

(1)The loan was repaid in January 2013 with borrowings under the Company's unsecured revolving credit facility.

(2)On February 7, 2013, the Company entered into a senior secured multi-tranche term loan facility (the "Facility") and borrowed $30.0 million to repay the mortgage loans encumbering Cedar Hill and Merrill Lynch. The Facility has a variable interest rate of LIBOR plus a spread of 2.15% and matures in November 2013, with a three-month extension at the Company's option.

(3)The balance includes the fair value impacts recorded at acquisition upon assumption of the mortgages encumbering these properties.

(4)The loan incurs interest at a variable rate of LIBOR plus a spread of 2.75% (with a floor of 5.0%) and matures in October 2014, with a one-year extension at the Company's option.

(5)At December 31, 2012, the loan was secured by the following properties: Plaza 500, Van Buren Office Park, Rumsey Center, Snowden Center, Greenbrier Technology Center II, Norfolk Business Center, Northridge and 15395 John Marshall Highway. The terms of the loan allow the Company to substitute collateral as long as certain debt-service coverage and loan-to-value ratios are maintained.

(6)Represents the weighted average interest rate

(7)All of the Company's variable rate debt is based on one-month LIBOR. For the purposes of calculating the annualized debt service and the effective interest rate, the Company used the one-month LIBOR rate at December 31, 2012, which was 0.21%.

(8)On January 1, 2013, the loan's applicable interest rate increased to LIBOR plus 5.50%.

(9)The unsecured revolving credit facility matures in January 2014 with a one-year extension at the Company's option, which it intends to exercise.

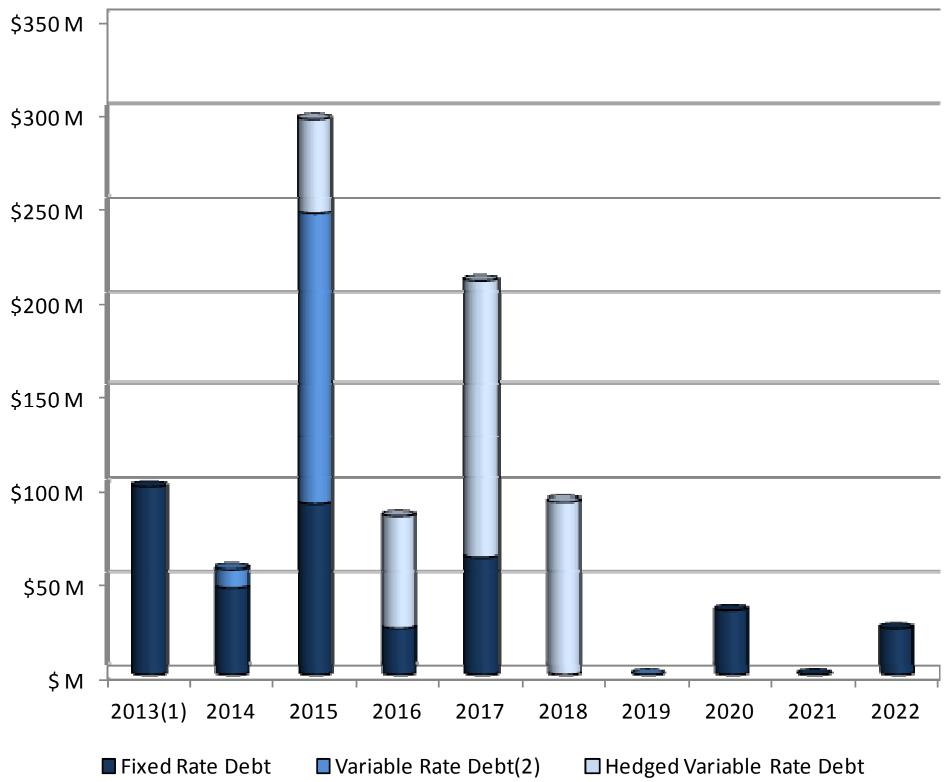
(10)As of December 31, 2012, the borrowing base for the Company's unsecured bank debt included the following properties: 13129 Airpark Road, Virginia Center Technology Park, Glenn Dale Business Center, Campus at Metro Park North, Crossways II, Reston Business Campus, Cavalier Industrial Park, Gateway Centre Manassas (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, Gateway 270, Gateway II, Greenbrier Circle Corporate Center, Greenbrier Technology Center I, Pine Glen, Ammendale Commerce Center, River's Bend Center II, Park Central, Hanover AB, Herndon Corporate Center, 6900 English Muffin Way, 4451 Georgia Pacific, Patrick Center, West Park, Worman's Mill Court, Girard Business Center, Girard Place, Owings Mills Commerce Center, 4200 Tech Court, Triangle Business Center, Corporate Campus at Ashburn Center, Enterprise Center, Interstate Plaza, 4212 Tech Court, Atlantic Corporate Park, Indian Creek, Greenbrier Towers, 403 & 405 Glenn Drive, 4612 Navistar Drive, Norfolk Commerce Park, Windsor at Battlefield, Davis Drive, Three Flint Hill, 440 First Street, One Fair Oaks, 1434 Crossways Boulevard Building II, Newington Business Park Center and Crossways Commerce Center.

(11)At December 31, 2012, the Company had fixed LIBOR on $350.0 million of it variable rate debt through twelve interest rate swap agreements. The effective interest rate reflects the impact of the Company's interest rate swap agreements.

(12)During 2012, the Company paid approximately $7.9 million in principal payments on its consolidated mortgage debt, which excludes $126.2 million related to mortgage debt that was repaid in 2012.

Debt Maturity Schedule

(unaudited, dollars in thousands)



NOI of Pledged Properties and Supported Indebtedness

Year of Maturity	Type	Annualized NOI	Total Maturing Indebtedness	Total Supported Indebtedness	Debt Yield
2013[1]	Secured Property Debt	11,261	99,949	99,949	11.3%
2014[3]	Secured Term Loan	13,851	10,000	106,008	13.1%
2014	Secured Property Debt	6,776	45,963	45,963	14.7%
2015	Unsecured Revolving Credit Facility	71,414	205,000	505,000	14.1%
2015	Secured Property Debt	22,413	91,635	91,635	24.5%
2016	Unsecured Term Loan	71,414	60,000	505,000	14.1%
2016	Secured Property Debt	4,165	24,764	24,764	16.8%
2017	Secured Property Debt	7,132	62,077	62,077	11.5%
2017	Unsecured Term Loan	71,414	147,500	505,000	14.1%
2018	Unsecured Term Loan	71,414	92,500	505,000	14.1%
2020	Secured Property Debt	5,734	34,618	34,618	16.6%
2022	Secured Property Debt	3,072	24,668	24,668	12.5%

[1] In January 2013, the Company repaid the loans for Prosperity Business Center, Cedar Hill, and the Merrill Lynch Building.
[2] At December 31, 2012, the Company had fixed LIBOR on $350.0 million of its variable rate debt through twelve interest rate swap agreements.
[3] Secured Term Loan is mezzanine debt. Total supported indebtedness includes underlying first mortgage financing that matures from 2013 through 2022.

Select Debt Covenants

(unaudited, dollars in thousands)

	Credit Facility / Unsecured & Secured Term Loans	
	Quarter Ending December 31, 2012	Covenant[1]
Unencumbered Pool Leverage[2]	57.3%	≤ 65%
Unencumbered Pool Interest Coverage Ratio[2]	3.89x	≥ 1.75x
Consolidated Total Leverage Ratio	54.6%	≤ 65%
Net Worth	$ 831,767	≥ $ 650,000
Fixed Charge Coverage Ratio	1.81x	≥ 1.50x
Consolidated Debt Yield	13.2%	≥ 10%
Maximum Dividend Payout Ratio	69.5%	≤ 95%
Restricted Investments:		
Joint Ventures	5.4%	≤ 10%
Real Estate Assets Under Development	4.0%	≤ 15%
Undeveloped Land	1.8%	≤ 5%
Structured Finance Investments	3.0%	≤ 5%
Total Restricted Investments	14.2%	≤ 25%
Restricted Indebtedness:		
Unhedged Variable Rate Debt	9.4%	≤ 25%
Maximum Secured Debt	26.5%	≤ 40%
Maximum Secured Recourse Debt	1.4%	≤ 15%

[1]Covenant thresholds shown are after giving effect to the amendments the Company executed on May 10, 2012 on the revolving credit facility, unsecured and secured term loans.
[2]Covenant does not apply to Secured Term Loan covenants.

Net Asset Value Analysis

(unaudited, dollars in thousands)

Income Statement Items[1]	Three Months Ended December 31, 2012	
Total Portfolio In-Place Cash NOI		
Total GAAP Revenue	$	50,200
Straight-line and Deferred Market Rents		(1,923)
Management Fee Adjustment[2]		185
Property Operating Costs		(16,454)
Total Portfolio In-Place Cash NOI	$	32,008
Occupancy as of December 31, 2012		83.0%

Balance Sheet Items		
Development & Redevelopment Assets		
Original Cost Basis of Land held for Future Development	$	33,518
Original Cost Basis of Land in Current Development/Redevelopment		26,797
Construction Costs to Date for Current Development/Redevelopment		16,522
Total Development & Redevelopment Assets	$	76,837
Other Assets		
Investments in Affiliates	$	50,596
Notes Receivable, net		54,731
Total Other Assets	$	105,327
Net Liabilities at 12/31/12		
Mortgage and Senior Debt, cash principal balances	$	(933,168)
Accrued interest		(2,653)
Rents received in advance		(9,948)
Tenant security deposits		(5,968)
Accounts payable and other liabilities		(64,920)
Cash and cash equivalents, escrows and reserves		22,795
Accounts and other receivables, net of allowance		15,271
Prepaid expenses and other assets		8,597
Total Net Liabilities	$	(969,994)
Preferred Shares Outstanding at 12/31/12		6,400
Par Value of Preferred Shares Outstanding at 12/31/12	$	160,000
Weighted Average Diluted Shares and OP Units Outstanding at 12/31/12		53,026

[1] Does not include figures from discontinued operations.
[2] Management fee adjustment, which equates to 4% of cash basis revenue, is used in lieu of an administrative overhead allocation for comparative purposes.

Investment in Joint Ventures

(unaudited, dollars in thousands)

Unconsolidated Joint Ventures

	FPO Ownership	FPO Intial Investment	FPO Investment at December 31, 2012	Property Type	Location	Square Feet	Leased at December 31, 2012	Occupied at December 31, 2012
RiversPark I and II	25%	$ 3,857	$ 3,074	Business Park	Columbia, MD	307,747	89.1%	89.1%
Aviation Business Park	50%	4,190	4,713	Office	Glen Burnie, MD	120,285	41.0%	32.5%
1750 H Street, NW	50%	16,795	16,130	Office	Washington, DC	111,373	93.9%	93.9%
Metro Place III & IV	51%	28,124	26,679	Office	Fairfax, VA	325,328	100.0%	100.0%
Total		**$ 52,966**	**$ 50,596**			**864,733**	**87.1%**	**86.0%**

Outstanding Debt	FPO Ownership	Effective Interest Rate	Principal Balance at December 31, 2012[1]	Annualized Debt Service	Maturity Date	Balance at Maturity
RiversPark I and II	25%	2.75%	$ 28,000	$ 770	9/26/2013	$ 28,000
1750 H Street, NW	50%	5.17%	29,699	2,634	6/11/2014	27,975
Metro Place III & IV	51%	3.86%	51,728	3,628	1/11/2015	48,140
		3.93%	**$ 109,427**	**$ 7,032**		**$ 104,115**

Income Statement - Unconsolidated Joint Ventures

	Three Months Ended[2]				
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
Total Revenues	$ 6,370	$ 6,254	$ 6,241	$ 6,080	$ 4,529
Total Operating Expenses	(1,918)	(1,883)	(1,808)	(1,768)	(1,413)
Net Operating Income	4,452	4,371	4,433	4,312	3,116
Depreciation	(3,054)	(3,174)	(3,168)	(3,168)	(1,890)
Other Expenses, net	(1,112)	(1,070)	(1,083)	(1,082)	(845)
Net Income	$ 286	$ 127	$ 182	$ 62	$ 381

[1]Reflects the principal balance of the properties, not First Potomac's portion of the principal balance.
[2]Reflects the operating results of the property, not First Potomac's economic interest in the properties.

CONSOLIDATED PORTFOLIO

	Number of Buildings	Square Feet[1]	% Leased[1]	% Occupied[1]	Annualized Cash Basis Rent[2][3]	% of Annualized Cash Basis Rent
Washington, DC	**4**	**531,714**	**99.3%**	**99.3%**	**$ 17,809,866**	**12.9%**
Maryland	**62**	**3,781,379**	**82.6%**	**80.9%**	**40,095,417**	**29.1%**
Northern VA	**56**	**3,654,527**	**83.9%**	**79.2%**	**42,477,163**	**30.8%**
Southern VA	**57**	**5,483,781**	**85.8%**	**85.3%**	**37,532,916**	**27.2%**
Richmond	27	1,761,804	89.3%	89.2%	11,259,369	8.1%
Norfolk	30	3,721,977	84.1%	83.4%	26,273,547	19.1%
Total	**179**	**13,451,401**	**84.9%**	**83.0%**	**$ 137,915,362**	**100.0%**

Significant Development/Redevelopment[4][5][6]	Region	Square Feet	Projected Total Investment[7]	Investment To Date[7]	Estimated Date In Service[8]	Expected Return
Redevelopment						
440 First Street, NW	Washington DC	135,000	58,650	39,821	Q2-2014	8%
Total Consolidated Portfolio		**13,586,401**				

	Number of Buildings	Square Feet[1]	% Leased[1]	% Occupied[1]	Annualized Cash Basis Rent[2][3]
Unconsolidated Joint Ventures	12	864,733	87.1%	86.0%	$ 15,533,832

[1] Does not include space in development or redevelopment.

[2] Annualized cash basis rent at the end of the quarter, which is calculated as the contractual rent due under the terms of the lease, without taking into account rent abatements, is reflected on a triple-net equivalent basis, by deducting operating expense reimbursements that are included, along with base rent, in the contractual payments of the Company's full service leases.

[3] Includes leased spaces that are not yet occupied.

[4] During the quarter, 48,000 square feet of predevelopment at Greenbrier Business Park was deemed inactive and written off. Redevelopment projects at Van Buren Business Park (25,968 square feet) and Sterling Park Business Center (10,829 square feet) were placed back into service and are now part of the consolidated portfolio.

[5] An additional 117,600 square feet is considered to be in predevelopment at Cavalier Industrial Park. This is part of the industrial portfolio being marketed for disposition.

[6] 1,688,845 square feet of additional land is available for development, not including 1005 First Street, NE.

[7] Total Investment includes original cost basis of property.

[8] Development/redevelopment is estimated to be placed in service one year from substantial completion.

Leasing and Occupancy Summary

(unaudited)

Total Portfolio by Property Type

	Square Feet	% of Total Portfolio	Number of Buildings	Occupied Portfolio by Property Type: Occupied Square Feet	% Occupied	Annualized Cash Basis Rent[2]	% of Annualized Cash Basis Rent	Leased Portfolio by Property Type: Leased Square Feet[3]	% Leased	Annualized Cash Basis Rent[2][3]	% of Annualized Cash Basis Rent
Business Park	5,039,396	37.5%	90	4,127,643	81.9%	$ 46,027,730	34.1%	4,254,993	84.4%	$ 47,067,559	34.1%
Office	3,370,541	25.0%	53	2,730,747	81.0%	57,237,854	42.4%	2,841,318	84.3%	59,015,987	42.8%
Industrial	5,041,464	37.5%	36	4,301,831	85.3%	31,645,585	23.5%	4,325,110	85.8%	31,831,816	23.1%
Total	**13,451,401**	**100.0%**	**179**	**11,160,221**	**83.0%**	**$ 134,911,169**	**100.0%**	**11,421,421**	**84.9%**	**$ 137,915,362**	**100.0%**

Market Concentration by Annualized Cash Basis Rent[2][3]

	Washington, DC	Maryland	Northern VA	Southern VA: Richmond	Southern VA: Norfolk	Southern VA: Subtotal	**Total**
Business Park	-	10.3%	6.8%	4.1%	12.9%	17.0%	**34.1%**
Office	12.9%	13.8%	14.9%	-	1.2%	1.2%	**42.8%**
Industrial	-	5.0%	9.1%	4.0%	5.0%	9.0%	**23.1%**
Total	**12.9%**	**29.1%**	**30.8%**	**8.1%**	**19.1%**	**27.2%**	**100.0%**

[1] Does not include space in development or redevelopment

[2] Annualized cash basis rent at the end of the quarter, which is calculated as the contractual rent due under the terms of the lease, without taking into account rent abatements, is reflected on a triple-net equivalent basis, by deducting operating expense reimbursements that are included, along with base rent, in the contractual payments of the Company's full service leases.

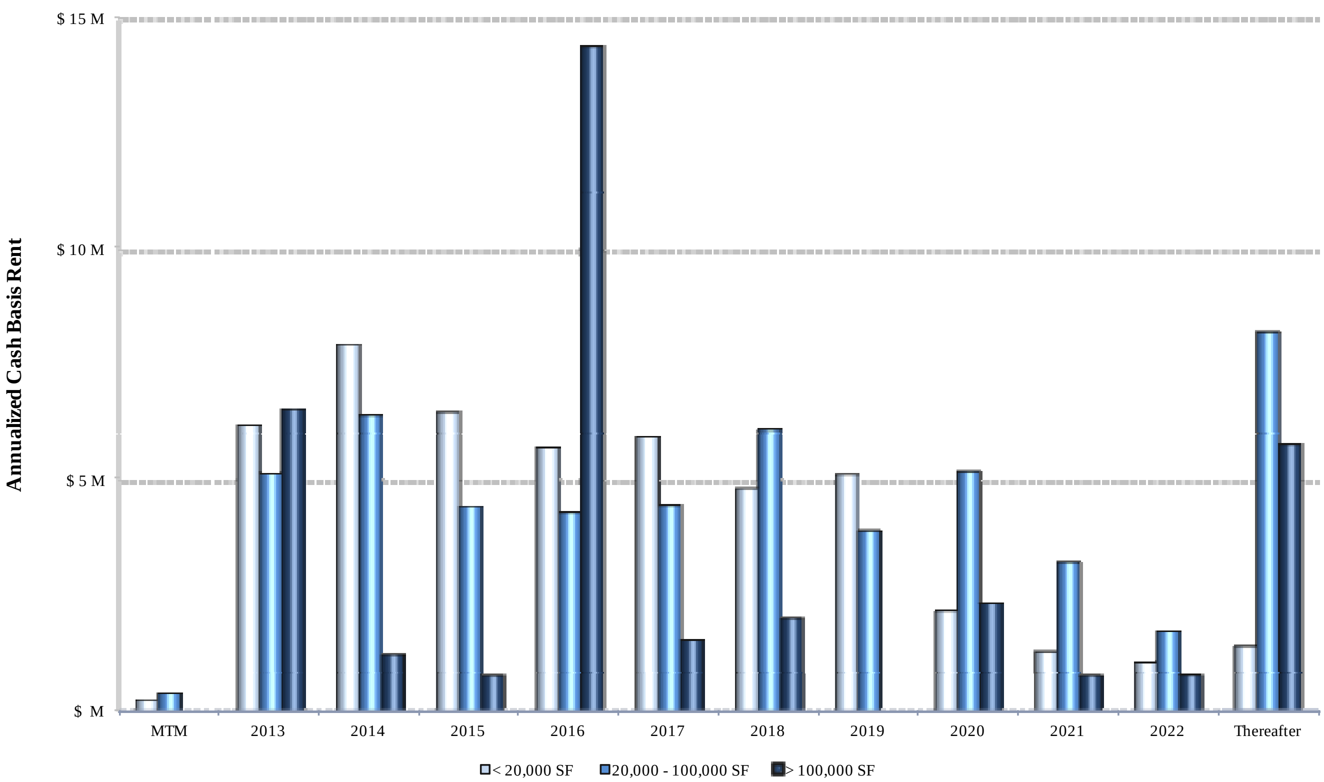
[3] Includes leased spaces that are not yet occupied

FIRST POTOMAC REALTY TRUST

Portfolio by Size

(unaudited)

Square Feet Under Lease	Number of Leases	Leased Square Feet	% of Total Square Feet	Annualized Cash Basis Rent[1]	% of Annualized Cash Basis Rent	Average Base Rent per Square Foot[1][2]
0-2,500	173	259,064	2.3%	$ 3,752,808	2.7%	$ 14.49
2,501-10,000	371	1,971,871	17.3%	23,952,993	17.4%	12.15
10,001-20,000	123	1,675,641	14.7%	20,604,854	14.9%	12.30
20,001-40,000	82	2,211,251	19.3%	25,372,964	18.4%	10.49
40,001-100,000	39	2,380,283	20.8%	25,683,308	18.6%	10.79
100,000 +	20	2,923,311	25.6%	38,548,435	28.0%	13.19
Total	**808**	**11,421,421**	**100.0%**	**$ 137,915,362**	**100.0%**	**$ 11.89**



[1] Annualized cash basis rent at the end of the quarter, which is calculated as the contractual rent due under the terms of the lease, without taking into account rent abatements, is reflected on a triple-net equivalent basis, by deducting operating expense reimbursements that are included, along with base rent, in the contractual payments of the Company's full service leases.

[2] Per square foot rents do not include the Greyhound Lines, Inc leaseback at 1005 First Street, NE.

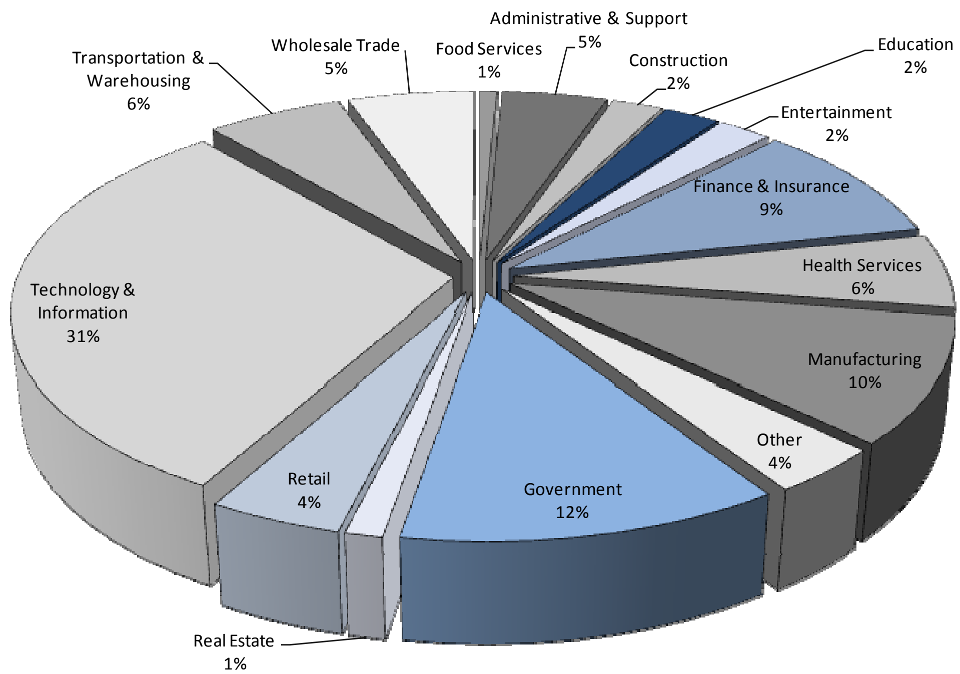
Top Twenty-Five Tenants

(unaudited)

Ranking	Tenant	Number of Leases	Total Leased Square Feet	Annualized Cash Basis Rent[(1)]	% of Annualized Cash Basis Rent	Weighted Average Remaining Lease Years
1	U.S. Government	25	613,190	$ 12,621,629	9.2%	4.6
2	BlueCross BlueShield	1	247,146	7,011,353	5.1%	8.9
3	CACI International	1	214,214	5,150,404	3.7%	4.0
4	Engineering Solutions	1	236,082	3,470,406	2.5%	0.2
5	BAE Systems Technology Solutions & Services	3	167,881	3,258,569	2.4%	7.3
6	Greyhound Lines, Inc.	1	30,414	2,496,000	1.8%	0.6
7	Sentara Healthcare	7	280,487	2,471,884	1.8%	7.6
8	ICF Consulting Group Inc.	1	97,910	2,295,989	1.7%	11.5
9	Stock Building Supply, Inc.	2	171,996	2,106,951	1.5%	4.2
10	FKI Industries, Inc.	1	215,085	2,045,848	1.5%	3.8
11	Latisys-Ashburn, LLC	2	123,097	1,679,982	1.2%	8.4
12	State of Maryland - AOC	13	96,898	1,615,318	1.2%	7.0
13	Vocus, Inc.	1	93,000	1,593,614	1.2%	10.3
14	First Data Corporation	1	117,336	1,452,620	1.1%	0.9
15	Iron Mountain	2	188,911	1,347,456	1.0%	5.7
16	Montgomery County, Maryland	2	57,825	1,334,724	1.0%	8.9
17	First American Registry	1	55,851	1,260,557	0.9%	1.1
18	Affiliated Computer Services, Inc	1	107,422	1,213,869	0.9%	4.0
19	Vangent, Inc.	1	123,200	1,206,128	0.9%	1.0
20	Capital One Financial Corp	1	158,400	1,113,552	0.8%	5.6
21	Siemens Real Estate	1	76,292	1,083,346	0.8%	3.3
22	Lyttle Corp	1	54,530	1,049,452	0.8%	10.1
23	Verizon	5	70,627	953,275	0.7%	2.7
24	International Resources Group	5	36,016	951,238	0.7%	1.3
25	Harris Corporation	3	47,404	949,964	0.7%	2.1
	Subtotal Top 25 Tenants	83	3,681,214	61,734,128	44.8%	5.3
	All Remaining Tenants	725	7,740,207	76,181,234	55.2%	4.4
	Total / Weighted Average	**808**	**11,421,421**	**$ 137,915,362**	**100.0%**	**4.8**

Tenant Diversification by Industry

All Tenants



(1)Annualized cash basis rent at the end of the quarter, which is calculated as the contractual rent due under the terms of the lease, without taking into account rent abatements, is reflected on a triple-net equivalent basis, by deducting operating expense reimbursements that are included, along with base rent, in the contractual payments of the Company's full service leases.

Lease Expirations

(unaudited)

	Total Portfolio					Property Type					
						Business Park		Office		Industrial	
Year of Lease Expiration	Number of Leases Expiring	Leased Square Feet	% of Leased Square Feet	Annualized Cash Basis Rent[(1)]	Average Base Rent per Square Foot[(1)(2)]	Leased Square Feet	Average Base Rent per Square Foot[(1)]	Leased Square Feet	Average Base Rent per Square Foot[(1)(2)]	Leased Square Feet	Average Base Rent per Square Foot[(1)]
MTM	6	56,290	0.5%	$ 607,382	$ 10.79	3,667	$ 7.57	16,473	$ 12.25	36,150	$ 10.45
2013	125	1,363,933	11.9%	17,867,493	11.53	495,808	11.00	228,723	18.59	639,402	9.75
2014	147	1,522,020	13.3%	15,553,781	10.22	427,527	10.37	344,919	19.02	749,574	6.08
2015	115	1,233,206	10.9%	11,684,908	9.48	382,332	9.98	232,316	16.71	618,558	6.45
2016	101	1,901,348	16.6%	24,422,188	12.84	585,073	11.25	484,998	25.23	831,277	6.74
2017	94	1,111,652	9.7%	11,933,250	10.73	405,460	11.02	201,927	17.08	504,265	7.97
2018	71	1,315,079	11.5%	12,924,774	9.83	729,546	9.72	150,424	16.05	435,109	7.86
2019	56	593,698	5.2%	9,038,329	15.22	292,218	13.45	301,480	16.94	-	-
2020	27	614,226	5.4%	9,684,778	15.77	250,462	12.99	283,421	19.74	80,343	10.40
2021	20	496,391	4.3%	5,258,705	10.59	323,496	11.21	36,595	17.20	136,300	7.36
2022	23	395,330	3.5%	3,535,287	8.94	107,514	8.24	79,964	19.40	207,852	5.28
Thereafter	23	818,248	7.2%	15,404,487	18.83	251,890	13.92	480,078	23.35	86,280	8.00
Total / Weighted Average	**808**	**11,421,421**	**100.0%**	**$ 137,915,362**	**$ 11.89**	**4,254,993**	**$ 11.06**	**2,841,318**	**$ 20.11**	**4,325,110**	**$ 7.36**

(1)Annualized cash basis rent at the end of the quarter, which is calculated as the contractual rent due under the terms of the lease, without taking into account rent abatements, is reflected on a triple-net equivalent basis, by deducting operating expense reimbursements that are included, along with base rent, in the contractual payments of the Company's full service leases.

(2)Per square foot rents do not include the Greyhound Lines, Inc. leaseback at 1005 First Street, NE.

Three Months Ending December 31, 2012

	Square Footage	Number of Leases Signed	Cash Basis: Base Rent	Cash Basis: Previous Base Rent	Cash Basis: Percentage Change	GAAP Basis: Base Rent	GAAP Basis: Previous Base Rent	GAAP Basis: Percentage Change	Average Lease Term
New Leases	291,103	36	$ 8.87	$ 10.51	-15.6%	$ 9.17	$ 9.79	-6.3%	6.7
Renewal Leases	317,441	28	8.28	8.97	-7.6%	8.59	8.46	1.6%	4.0
Total/Average	***608,544***	***64***	***8.41***	***9.29***	***-9.5%***	***8.71***	***8.74***	***-0.3%***	***4.6***

Twelve Months Ending December 31, 2012

	Square Footage	Number of Leases Signed	Cash Basis: Base Rent	Cash Basis: Previous Base Rent	Cash Basis: Percentage Change	GAAP Basis: Base Rent	GAAP Basis: Previous Base Rent	GAAP Basis: Percentage Change	Average Lease Term
New Leases	921,125	111	$ 9.14	$ 10.18	-11.3%	$ 9.33	$ 9.35	-0.2%	6.7
Renewal Leases	1,298,615	112	9.35	10.21	-8.5%	10.27	9.85	4.2%	4.1
	2,219,740	***223***	***9.28***	***10.21***	***-9.1%***	***10.07***	***9.75***	***3.3%***	***4.6***

Leasing Transaction Costs

	Three Months Ending December 31, 2012: Square Footage	Number of Leases Signed	Average Capital Cost	Twelve Months Ending December 31, 2012: Square Footage	Number of Leases Signed	Average Capital Cost
First Generation New Leases	60,840	9	$ 62.78	277,824	29	$ 53.53
Second Generation New Leases	230,263	27	15.45	643,301	82	18.89
Renewal Leases	317,441	28	2.68	1,298,615	112	5.23
	608,544	***64***	***13.52***	***2,219,740***	***223***	***15.24***

Retention Analysis

	Three Months Ending December 31, 2012: Square Footage Expiring	Square Footage Renewed	Retention Rate	Twelve Months Ending December 31, 2012: Square Footage Expiring	Square Footage Renewed	Retention Rate
Total Portfolio	543,222	317,441	58%	1,990,705	1,298,615	65%
Washington DC	0	0	N/A	12,811	10,293	80%
Maryland	217,399	50,653	23%	638,387	316,568	50%
Northern Virginia	116,388	106,225	91%	446,827	273,548	61%
Southern Virginia	209,435	160,563	77%	892,680	698,206	78%

Office Properties

(unaudited)

Property	Buildings	Location	Square Feet	Annualized Cash Basis Rent[1]	Leased at December 31, 2012[2]	Occupied at December 31, 2012[2]
Washington DC						
500 First Street, NW	1	Capitol Hill	129,035	$ 4,847,301	100.0%	100.0%
840 First Street, NE	1	NoMA[3]	247,146	7,011,352	100.0%	100.0%
1005 First Street, NE	1	NoMA[3]	30,414	2,496,000	100.0%	100.0%
1211 Connecticut Avenue, NW	1	CBD[3]	125,119	3,455,213	97.1%	97.1%
	4		531,714	17,809,866	99.3%	99.3%
Maryland						
Worman's Mill Court	1	Frederick	40,051	366,999	87.7%	87.7%
Annapolis Business Center	2	Annapolis	101,898	1,667,096	98.8%	98.8%
Campus at Metro Park North	4	Rockville	190,720	3,587,431	89.6%	89.6%
Cloverleaf Center	4	Germantown	173,655	2,217,959	74.1%	74.1%
Gateway Center	2	Gaithersburg	44,344	508,398	66.6%	65.0%
Hillside I and II	2	Columbia	86,189	890,524	73.9%	73.9%
Merrill Lynch Building	1	Columbia	138,816	1,685,939	80.3%	74.6%
Patrick Center	1	Frederick	66,469	947,164	77.0%	77.0%
Redland Corporate Center	2	Rockville	348,469	6,789,221	88.0%	88.0%
West Park	1	Frederick	28,417	268,463	81.7%	75.0%
	20		1,219,028	18,929,194	83.8%	82.9%
Northern Virginia						
Atlantic Corporate Park	2	Sterling	221,372	1,380,140	38.5%	29.8%
Cedar Hill	2	Tyson's Corner	102,632	2,164,498	100.0%	100.0%
Herndon Corporate Center	4	Herndon	128,063	1,762,843	88.4%	88.4%
Lafayette Business Center[4]	6	Chantilly	253,867	3,471,179	82.4%	81.1%
One Fair Oaks	1	Fairfax	214,214	5,150,404	100.0%	100.0%
Reston Business Campus	4	Reston	83,373	973,414	75.9%	62.5%
Three Flint Hill	1	Oakton	180,489	2,512,945	80.7%	54.2%
Van Buren Office Park	5	Herndon	107,896	1,119,017	75.3%	58.4%
Windsor at Battlefield	2	Manassas	155,511	2,069,464	90.3%	90.3%
	27		1,447,417	20,603,904	79.8%	72.9%
Southern Virginia						
Greenbrier Towers	2	Chesapeake	172,382	1,673,023	79.4%	79.4%
Total	**53**		**3,370,541**	**$ 59,015,987**	**84.3%**	**81.0%**
Unconsolidated Joint Ventures						
1750 H Street, NW	1	CBD - DC[3]	111,373	3,821,538	93.9%	93.9%
Aviation Business Park	3	Glen Burnie - MD	120,285	724,616	41.0%	32.5%
Metro Place III & IV	2	Merrifield - NOVA	325,328	7,234,359	100.0%	100.0%
	6		556,986	11,780,513	86.0%	84.2%

[1]Annualized cash basis rent at the end of the quarter, which is calculated as the contractual rent due under the terms of the lease, without taking into account rent abatements, is reflected on a triple-net equivalent basis, by deducting operating expense reimbursements that are included, along with base rent, in the contractual payments of the Company's full service leases.

[2]Does not include space in development or redevelopment

[3]CBD = Central Business District; NoMa = North of Massachusetts Avenue

[4]Lafayette Business Center consists of the following properties: Enterprise Center and Tech Court.

Property	Buildings	Location	Square Feet	Annualized Cash Basis Rent[1]	Leased at December 31, 2012[2]	Occupied at December 31, 2012[2]
Maryland						
Ammendale Business Park[3]	7	Beltsville	312,846	$ 4,027,514	100.0%	97.0%
Gateway 270 West	6	Clarksburg	255,865	2,339,943	67.6%	64.1%
Girard Business Center[4]	7	Gaithersburg	298,009	2,625,477	74.9%	74.9%
Owings Mills Business Park[5]	4	Owings Mills	180,359	1,440,972	57.4%	57.4%
Rumsey Center	4	Columbia	134,651	1,300,194	89.5%	81.4%
Snowden Center	5	Columbia	144,981	2,129,860	98.8%	98.8%
Triangle Business Center	4	Baltimore	74,182	358,516	47.8%	47.8%
	37		1,400,893	14,222,476	79.4%	77.3%
Northern Virginia						
Corporate Campus at Ashburn Center	3	Ashburn	194,184	2,837,463	100.0%	100.0%
Gateway Centre Manassas	3	Manassas	102,388	539,581	51.1%	51.1%
Linden Business Center	3	Manassas	109,725	785,459	67.8%	67.8%
Prosperity Business Center	1	Merrifield	71,343	902,819	100.0%	100.0%
Sterling Park Business Center[6]	7	Sterling	474,941	4,219,936	91.7%	77.0%
	17		952,581	9,285,258	86.9%	79.6%
Southern Virginia						
Chesterfield Business Center[7]	11	Richmond	320,308	1,836,008	88.9%	88.9%
Hanover Business Center	4	Ashland	183,670	824,082	73.3%	73.3%
Park Central	3	Richmond	204,762	1,910,210	81.8%	81.8%
Virginia Center Technology Park	1	Glen Allen	118,579	1,233,366	83.8%	82.3%
Crossways Commerce Center[8]	9	Chesapeake	1,087,250	11,002,325	94.2%	93.1%
Battlefield Corporate Center	1	Chesapeake	96,720	795,456	100.0%	100.0%
Greenbrier Business Park[9]	4	Chesapeake	411,950	3,880,652	78.1%	77.3%
Norfolk Commerce Park[10]	3	Norfolk	262,683	2,077,726	71.1%	66.6%
	36		2,685,922	23,559,825	86.2%	85.2%
Total	**90**		**5,039,396**	**$ 47,067,559**	**84.4%**	**81.9%**
Unconsolidated Joint Ventures						
RiversPark I and II	6	Columbia - MD	307,747	$ 3,753,318	89.1%	89.1%

(1) Annualized cash basis rent at the end of the quarter, which is calculated as the contractual rent due under the terms of the lease, without taking into account rent abatements, is reflected on a triple-net equivalent basis, by deducting operating expense reimbursements that are included, along with base rent, in the contractual payments of the Company's full service leases.

(2) Does not include space in development or redevelopment

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

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

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

(6) Sterling Park Business Center consists of the following properties: 22370/22400/22446/22455 Davis Drive and 403/405/22560 Glenn Drive.

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

(8) 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.

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

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

FIRST POTOMAC REALTY TRUST

Industrial Properties[1]

(unaudited)

Property	Buildings	Location	Square Feet	Annualized Cash Basis Rent[2]	Leased at December 31, 2012[3]	Occupied at December 31, 2012[3]
Maryland						
Frederick Industrial Park[4]	3	Frederick	550,490	$ 3,890,665	86.0%	86.0%
Glenn Dale Business Center	1	Glenn Dale	315,962	1,750,021	94.3%	86.9%
Mercedes Center	1	Hanover	295,006	1,303,062	74.0%	74.0%
	5		1,161,458	6,943,748	85.2%	83.2%
Northern Virginia						
13129 Airpark Drive	1	Culpeper	149,888	724,094	100.0%	100.0%
I-66 Commerce Center	1	Haymarket	236,082	3,470,406	100.0%	100.0%
Interstate Plaza	1	Alexandria	109,029	1,124,321	98.9%	98.9%
Newington Business Park Center[1]	7	Lorton	254,272	2,366,582	83.6%	83.6%
Plaza 500[1]	2	Alexandria	505,258	4,902,597	74.5%	74.5%
	12		1,254,529	12,588,000	86.3%	86.3%
Southern Virginia						
Cavalier Industrial Park	4	Chesapeake	394,308	1,468,128	80.4%	80.4%
Diamond Hill Distribution Center	4	Chesapeake	712,339	2,870,157	95.1%	95.1%
Hampton Roads Center[5]	3	Hampton	584,345	2,506,080	63.5%	63.5%
Northridge	2	Ashland	139,346	775,444	82.9%	82.9%
River's Bend Center[6]	6	Chester	795,139	4,680,259	97.0%	97.0%
	19		2,625,477	12,300,068	85.8%	85.8%
Total	**36**		**5,041,464**	**31,831,816**	**85.8%**	**85.3%**

(1) The entire industrial portfolio except for Newington Business Park Center and Plaza 500 is currently being marketed for disposition in 2013.

(2) Annualized cash basis rent at the end of the quarter, which is calculated as the contractual rent due under the terms of the lease, without taking into account rent abatements, is reflected on a triple-net equivalent basis, by deducting operating expense reimbursements that are included, along with base rent, in the contractual payments of the Company's full service leases.

(3) Does not include space in development or redevelopment

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

(5) Hampton Roads Center consists of the following properties: 1000 Lucas Way and Enterprise Parkway.

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

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 depreciation/amortization of real estate assets (in accordance with U.S. generally accepted accounting principles (“GAAP”)). 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. 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

The Company defines net operating income (“NOI”) as operating revenues (rental income, tenant reimbursements and other income) less property and related expenses (property expenses, real estate taxes and insurance). Management believes that NOI is a useful measure of the Company’s property operating performance as it provides a performance measure of the revenues and expenses directly associated with owning, operating, developing and redeveloping office and industrial properties, and provides a perspective not immediately apparent from net income or FFO. Other real estate investment trusts (“REITs”) may use different methodologies for calculating NOI, and accordingly, the Company’s NOI may not be comparable to other REITs. The Company’s NOI calculations are reconciled to total revenues and total operating expenses earlier in this Supplemental Financial Report.

Same-Property NOI

Same-Property Net Operating Income (“Same-Property NOI”), defined as operating revenues (rental, tenant reimbursements and other revenues) less operating expenses (property operating expenses, real estate taxes and insurance) from the properties owned by the Company for the entirety of the periods presented, is a primary performance measure the Company uses to assess the results of operations at its properties. As an indication of the Company’s operating performance, Same-Property NOI should not be considered an alternative to net income calculated in accordance with GAAP. A reconciliation of the Company’s Same-Property NOI to net income from its consolidated statements of operations is presented earlier in this Supplemental Financial Report. The Same-Property NOI results exclude corporate-level expenses, as well as certain transactions, such as the collection of termination fees, as these items vary significantly period-over-period thus impacting trends and comparability. Also, the Company eliminates depreciation and amortization expense, which are property level expenses, in computing Same-Property NOI as these are non-cash expenses that are based on historical cost accounting assumptions and do not offer the investor significant insight into the operations of the property. This presentation allows management and investors to distinguish whether growth or declines in net operating income are a result of increases or decreases in property operations or the acquisition of additional properties. While this presentation provides useful information to management and investors, the results below should be read in conjunction with the results from the consolidated statements of operations to provide a complete depiction of total Company performance.

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. EBITDA is reconciled to net income (loss) earlier in this Supplemental Financial Report.

Funds from Operations

Funds from operations (“FFO”) represents net income (computed in accordance with GAAP) excluding gains (losses) on sales of real estate and impairments of real estate assets, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. On October 31, 2011, NAREIT issued revised guidance regarding the exclusion of impairment write-downs of depreciable assets reported in FFO. As a result, the Company began excluding impairment losses from FFO in the fourth quarter of 2011 and has restated FFO from prior periods to exclude such charges consistent with NAREIT’s guidance. The Company also excludes, from its FFO calculation, any depreciation and amortization related to third parties from its consolidated joint ventures. The Company considers FFO a useful 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 assume that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, the Company believes that FFO provides a meaningful indication of its performance. The Company also considers FFO an appropriate performance measure given its wide use by investors and analysts. The Company computes FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999, April 2002 and January 2012), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs. Further, FFO does not represent amounts available for management’s discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments and uncertainties, nor is it indicative of funds available to fund the Company’s cash needs, including its ability to make distributions. 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.

The Company’s presentation of FFO in accordance with the NAREIT white paper, or as adjusted by the Company, should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of the Company’s financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of its liquidity. The Company’s FFO calculations are reconciled to net income earlier in this Supplemental Financial Report.

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 extinguishment of debt, legal and accounting costs related to the Company’s internal investigation, personnel separation costs, contingent consideration charges and acquisition costs. The Company provides a reconciliation of FFO to Core FFO earlier in this Supplemental Financial Report.

AFFO

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. However, other REITs may use different methodologies for calculating AFFO and, accordingly, the Company's AFFO may not be comparable to other REITs. The Company provides a reconciliation of Core FFO to AFFO earlier in this Supplemental Financial Report.