



Second Quarter 2006 Supplemental Financial Report

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



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June 30, 2006**

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Quarterly Supplemental Disclosure
June 30, 2006

Company Information

First Potomac Realty Trust is a self-managed, self-administered real estate investment trust that focuses on owning and operating industrial and flex properties in the Washington, DC metropolitan area and other major markets in Virginia and Maryland. Our focus is acquiring properties that can benefit from our intensive property management and seeking to reposition these properties to increase their profitability and value.

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Note that figures are rounded to the nearest thousand throughout this document which may impact footing and/or crossfooting of subtotals and totals.



Quarterly Supplemental Disclosure
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RECONCILIATION OF EBITDA TO NET INCOME
(unaudited, in thousands)

| | Three Months Ended | | | | |
|--|--------------------|------------------|-------------------|--------------------|------------------|
| | June 30, 2006 | March 31, 2006 | December 31, 2005 | September 30, 2005 | June 30, 2005 |
| OPERATING REVENUES | | | | | |
| Rental revenues | \$ 21,093 | \$ 20,319 | \$ 18,496 | \$ 16,315 | \$ 15,615 |
| Tenant reimbursements and other | 4,131 | 4,055 | 3,653 | 4,095 | 2,129 |
| | <u>25,224</u> | <u>24,374</u> | <u>22,149</u> | <u>20,410</u> | <u>17,744</u> |
| PROPERTY EXPENSES | | | | | |
| Property operating | 4,413 | 4,702 | 4,066 | 3,277 | 3,136 |
| Real estate taxes and insurance | 2,149 | 2,172 | 1,978 | 1,610 | 1,493 |
| | <u>6,562</u> | <u>6,874</u> | <u>6,044</u> | <u>4,887</u> | <u>4,629</u> |
| NET OPERATING INCOME | <u>\$ 18,662</u> | <u>\$ 17,500</u> | <u>\$ 16,105</u> | <u>\$ 15,523</u> | <u>\$ 13,115</u> |
| OTHER INCOME (EXPENSE) | | | | | |
| General and administrative | (2,530) | (2,534) | (2,249) | (2,054) | (1,767) |
| Interest and other income | 165 | 403 | 59 | 41 | 23 |
| | <u>(2,365)</u> | <u>(2,131)</u> | <u>(2,190)</u> | <u>(2,013)</u> | <u>(1,744)</u> |
| EBITDA | <u>16,297</u> | <u>15,369</u> | <u>13,915</u> | <u>13,510</u> | <u>11,371</u> |
| Depreciation and amortization | (7,957) | (7,863) | (7,340) | (6,577) | (5,793) |
| Interest expense | (7,253) | (6,590) | (5,862) | (5,312) | (4,588) |
| Loss on interest-rate lock agreement | (671) | - | - | - | - |
| Loss on early retirement of debt | (121) | - | (2,451) | (95) | - |
| | <u>(15,992)</u> | <u>(14,453)</u> | <u>(15,653)</u> | <u>(11,984)</u> | <u>(10,381)</u> |
| Income (loss) from continuing operations before minority interests | 295 | 916 | (1,738) | 1,526 | 990 |
| Minority interests | (15) | (52) | 110 | (95) | (68) |
| | <u>280</u> | <u>864</u> | <u>(1,628)</u> | <u>1,431</u> | <u>922</u> |
| DISCONTINUED OPERATIONS | | | | | |
| Income (loss) from operations of disposed property | 116 | 259 | (161) | 139 | 125 |
| Gain on sale of disposed property | 7,475 | - | - | - | - |
| | <u>7,591</u> | <u>259</u> | <u>(161)</u> | <u>139</u> | <u>125</u> |
| Minority interests in discontinued operations | (370) | (15) | 13 | (9) | (9) |
| | <u>7,221</u> | <u>244</u> | <u>(148)</u> | <u>130</u> | <u>116</u> |
| NET INCOME (LOSS) | <u>\$ 7,501</u> | <u>\$ 1,108</u> | <u>\$ (1,776)</u> | <u>\$ 1,561</u> | <u>\$ 1,038</u> |



Quarterly Supplemental Disclosure
June 30, 2006

FINANCIAL MEASURES
(unaudited)
(in thousands, except per share data)

| FUNDS FROM OPERATIONS ("FFO") | Three Months Ended | | | | |
|--|--------------------|-----------------|-------------------|--------------------|-----------------|
| | June 30, 2006 | March 31, 2006 | December 31, 2005 | September 30, 2005 | June 30, 2005 |
| Net income (loss) | \$ 7,501 | \$ 1,108 | \$ (1,776) | \$ 1,561 | \$ 1,038 |
| Add back: | | | | | |
| Depreciation & amortization of real estate assets ¹ | 7,957 | 7,863 | 7,340 | 6,577 | 5,793 |
| Depreciation & amortization related to discontinued operations | - | 3 | 40 | 36 | 35 |
| Minority interest | 385 | 67 | (123) | 104 | 77 |
| Deduct: | | | | | |
| Gain on sale of asset | (7,475) | - | - | - | - |
| FFO | \$ 8,368 | \$ 9,041 | \$ 5,481 | \$ 8,278 | \$ 6,943 |
| Charges: | | | | | |
| G&A | 178 | - | - | - | - |
| Debt retirement charges | 121 | - | 2,451 | 95 | - |
| Loss on interest-rate lock agreement | 671 | - | - | - | - |
| Debt retirement charges related to discontinued operations | - | - | 325 | - | - |
| FFO before charges | \$ 9,338 | \$ 9,041 | \$ 8,257 | \$ 8,373 | \$ 6,943 |
| ADJUSTED FUNDS FROM OPERATIONS ("AFFO") | | | | | |
| FFO before charges | \$ 9,338 | \$ 9,041 | \$ 8,257 | \$ 8,373 | \$ 6,943 |
| Non-cash stock-based compensation | 123 | 460 | 91 | 82 | 90 |
| Straight-line rent, net ² | (398) | (328) | (320) | (214) | (348) |
| Deferred market rent | (486) | (546) | (504) | (319) | (300) |
| Non real-estate depreciation | 108 | 57 | 46 | 33 | 19 |
| Debt fair value amortization | (677) | (652) | (681) | (599) | (667) |
| Amortization of finance costs | 244 | 209 | 208 | 177 | 207 |
| Tenant improvements ⁴ | (324) | (379) | (226) | (548) | (630) |
| Leasing commissions ⁴ | (392) | (337) | (572) | (360) | (151) |
| Capital expenditures ^{3,4} | (655) | (552) | (436) | (520) | (305) |
| AFFO | \$ 6,881 | \$ 6,973 | \$ 5,863 | \$ 6,105 | \$ 4,858 |
| Total weighted average shares and OP units | | | | | |
| Basic | 21,451 | 21,440 | 20,407 | 17,655 | 17,555 |
| Diluted | 21,661 | 21,675 | 20,627 | 17,895 | 17,750 |
| FFO per share: | | | | | |
| FFO per share and unit - basic | \$ 0.39 | \$ 0.42 | \$ 0.27 | \$ 0.47 | \$ 0.40 |
| FFO per share and unit - diluted | \$ 0.39 | \$ 0.42 | \$ 0.27 | \$ 0.46 | \$ 0.39 |
| FFO per share and unit - diluted before charges | \$ 0.43 | \$ 0.42 | \$ 0.40 | \$ 0.47 | \$ 0.39 |
| AFFO per share: | | | | | |
| AFFO per share and unit - basic | \$ 0.32 | \$ 0.33 | \$ 0.29 | \$ 0.35 | \$ 0.28 |
| AFFO per share and unit - diluted | \$ 0.32 | \$ 0.32 | \$ 0.28 | \$ 0.34 | \$ 0.27 |

¹Non-real estate depreciation is classified in General and Administrative expense.

²Straight-line rent is net of rent abatement and write-off of uncollectible accounts.

³Capital expenditures exclude \$0.4 million of non-real estate expenditures during third quarter 2005.

⁴The following first-generation and development costs have been excluded from the calculation of AFFO:

| | | | | | |
|----------------------|-----------------|---------------|---------------|---------------|---------------|
| Tenant improvements | \$ 625 | \$ 97 | \$ 20 | \$ 29 | \$ 92 |
| Leasing commissions | 131 | 63 | 51 | - | 9 |
| Capital expenditures | 208 | 348 | 771 | 384 | 208 |
| Development | 580 | 138 | 38 | 13 | 2 |
| | \$ 1,544 | \$ 646 | \$ 880 | \$ 426 | \$ 311 |

**NET OPERATING INCOME (NOI)
SAME-PROPERTY ANALYSIS
(unaudited, in thousands)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|------------------|---------------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Total base rent | \$ 14,551 | \$ 14,451 | \$ 28,202 | \$ 27,943 |
| Tenant reimbursement and other | 2,668 | 2,014 | 5,203 | 4,241 |
| Property operating expenses | (2,871) | (2,966) | (5,890) | (5,844) |
| Real estate taxes and insurance | (1,455) | (1,396) | (2,886) | (2,727) |
| Same-property¹ NOI - accrual basis | 12,893 | 12,103 | 24,629 | 23,613 |
| Straight-line revenue, net | (245) | (339) | (382) | (652) |
| Deferred market rental revenue | (209) | (264) | (462) | (530) |
| Same-property NOI - cash basis | \$ 12,439 | \$ 11,500 | \$ 23,785 | \$ 22,431 |
| Same-property NOI growth - accrual basis | 6.5% | | 4.3% | |
| Same-property NOI growth - cash basis | 8.2% | | 6.0% | |
| Components of Same Property NOI Increase - accrual basis | | | | |
| Rental revenue increase | \$ 194 | | \$ 453 | |
| Tenant reimbursement and other increase | 654 | | 962 | |
| Occupancy increase / (decrease) | (94) | | (194) | |
| Expense decrease / (increase) | 36 | | (205) | |
| | \$ 790 | | \$ 1,016 | |
| Same property percentage of total portfolio (sf) | 57.6% | 86.4% | 57.6% | 86.4% |

| Reconciliation of GAAP to Same Property NOI: | | | | |
|--|------------------|------------------|------------------|------------------|
| Total revenue | \$ 25,224 | \$ 17,744 | \$ 49,597 | \$ 33,879 |
| Property operating expenses | 4,413 | 3,136 | 9,115 | 6,134 |
| Real estate taxes and insurance | 2,149 | 1,493 | 4,321 | 2,852 |
| NOI | 18,662 | 13,115 | 36,161 | 24,893 |
| Less: Non-same property NOI | (5,769) | (1,012) | (11,532) | (1,280) |
| Same-property¹ NOI - accrual basis | 12,893 | 12,103 | 24,629 | 23,613 |
| Straight-line revenue, net | (245) | (339) | (382) | (652) |
| Deferred market rental revenue | (209) | (264) | (462) | (530) |
| Same-property NOI - cash basis | \$ 12,439 | \$ 11,500 | \$ 23,785 | \$ 22,431 |
| Same-property NOI growth - accrual basis | 6.5% | | 4.3% | |
| Same-property NOI growth - cash basis | 8.2% | | 6.0% | |

¹ Same-property comparisons are based upon those properties owned for the entirety of the periods presented. Same properties for the periods compared exclude the following non-same properties: 1400 Cavalier Boulevard, Enterprise Center, Glenn Dale Business Center, Gateway Centre Manassas, 1434 Crossways Boulevard, 2000 Gateway Boulevard, 403/405 Glenn Drive, Diamond Hill Distribution Center, Linden Business Center, Prosperity Business Center, Owings Mills Business Center, 1000 Lucas Way, River's Bend Center, Northridge I & II, Crossways I, Sterling Park Business Center, 1408 Stephanie Way, Airpark Business Center, Chesterfield Business Center and Hanover Business Center. The three months ended June 30, 2006 and 2005 includes Reston Business Campus.



Quarterly Supplemental Disclosure
June 30, 2006

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

| | <u>June 30, 2006</u> (unaudited) | <u>December 31, 2005</u> |
|--|-------------------------------------|--------------------------|
| Assets | | |
| Rental property, net | \$ 774,205 | \$ 668,730 |
| Cash and cash equivalents | 4,352 | 3,356 |
| Escrows and reserves | 10,520 | 9,818 |
| Accounts and other receivables, net | 2,732 | 2,705 |
| Accrued straight-line rents, net | 3,967 | 3,638 |
| Deferred costs, net | 8,089 | 6,676 |
| Prepaid expenses and other assets | 3,965 | 3,322 |
| Intangible assets, net | 31,913 | 29,518 |
| | <hr/> | <hr/> |
| Total assets | <u>\$ 839,743</u> | <u>\$ 727,763</u> |
| Liabilities | | |
| Mortgage loans | \$ 379,390 | \$ 369,266 |
| Notes payable | 75,000 | - |
| Credit facility | 55,000 | 26,999 |
| Accounts payable and accrued expenses | 4,975 | 4,734 |
| Accrued interest | 2,233 | 1,618 |
| Rents received in advance | 2,571 | 2,932 |
| Tenant security deposits | 4,297 | 3,973 |
| Deferred market rent | 8,553 | 7,281 |
| | <hr/> | <hr/> |
| Total liabilities | <u>532,019</u> | <u>416,803</u> |
| Minority interest | 16,055 | 21,629 |
| Shareholders' equity | | |
| Common shares, \$0.001 par value, 100,000,000 common shares authorized: 20,538,647 and 20,072,755 shares issued and outstanding, respectively | 21 | 20 |
| Additional paid-in capital | 344,876 | 338,564 |
| Dividends in excess of accumulated earnings | (53,228) | (49,253) |
| | <hr/> | <hr/> |
| Total shareholders' equity | 291,669 | 289,331 |
| Total liabilities and shareholders' equity | <u>\$ 839,743</u> | <u>\$ 727,763</u> |



Quarterly Supplemental Disclosure
June 30, 2006

TOTAL MARKET CAPITALIZATION
(unaudited, in thousands)

| | | <u>Percent of Total Market Capitalization</u> | <u>Proforma Capitalization¹</u> | |
|--|---------------------|---|--|---------------|
| Total common shares outstanding | 20,539 | | 23,989 | |
| Common operating partnership ("OP") units held by third parties | <u>1,035</u> | | <u>1,035</u> | |
| Total common shares and OP units | 21,574 | | 25,024 | |
| Market price at June 30, 2006 | <u>\$ 29.79</u> | | <u>\$ 29.79</u> | |
| Total equity capitalization | \$ 642,689 | 55.8% | \$ 745,465 | 62.1% |
| Debt capitalization | | | | |
| Fixed-rate debt | \$ 454,390 | 39.4% | \$ 454,390 | 37.9% |
| Floating-rate debt | <u>55,000</u> | <u>4.8%</u> | <u>-</u> | <u>-</u> |
| Total debt capitalization | <u>\$ 509,390</u> | <u>44.2%</u> | <u>\$ 454,390</u> | <u>37.9%</u> |
| Total market capitalization | <u>\$ 1,152,079</u> | <u>100.0%</u> | <u>\$ 1,199,855</u> | <u>100.0%</u> |

¹Proforma capitalization reflects the Company's issuance of 3,450,000 common shares in July 2006. A portion of the proceeds was subsequently used to repay indebtedness on the credit facility.

DEBT ANALYSIS

(unaudited, in thousands)

| Encumbered Properties | GAAP Interest Rate | Principal Balance | | Annualized Debt Service ² | Maturity Date | Balance at Maturity |
|---|--------------------|-------------------|------------------|--------------------------------------|---------------|---------------------|
| | | June 30, 2006 | | | | |
| Fixed Rate Debt | | | | | | |
| 4200 Tech Court | 8.07% | \$ 1,786 | \$ 168 | | 10/1/2009 | \$ 1,705 |
| 4212 Tech Court | 8.53% | 1,739 | 169 | | 6/1/2010 | 1,654 |
| Crossways Commerce Center | 6.70% | 25,891 | 2,087 | | 10/1/2012 | 23,313 |
| Newington Business Park Center | 6.70% | 16,332 | 1,316 | | 10/1/2012 | 14,706 |
| Interstate Plaza ¹ | 5.30% | 8,411 | 726 | | 1/1/2007 | 8,282 |
| Herndon Corporate Center ¹ | 5.66% | 8,710 | 603 | | 4/1/2008 | 8,548 |
| Aquia Commerce Center ¹ | 6.50% | 882 | 165 | | 2/1/2013 | 42 |
| Deer Park ¹ | | | | | | |
| 6900 English Muffin Way ¹ | | | | | | |
| Gateway Center ¹ | | | | | | |
| Gateway West ¹ | | | | | | |
| 4451 Georgia Pacific ¹ | | | | | | |
| 20270 Goldenrod Lane ¹ | | | | | | |
| 15 Worman's Mills Court ¹ | | | | | | |
| Girard Business Center ¹ | 5.54% | 76,956 | 6,434 | | 9/11/2008 | 71,825 |
| Girard Place ¹ | | | | | | |
| Old Courthouse ¹ | | | | | | |
| Patrick Center ¹ | | | | | | |
| 7561 Lindbergh Drive ¹ | | | | | | |
| West Park ¹ | | | | | | |
| Woodlands Business Center ¹ | | | | | | |
| Norfolk Commerce Park I ¹ | 5.28% | 7,578 | 648 | | 8/7/2008 | 7,034 |
| 4612 Navistar Drive ¹ | 5.20% | 14,180 | 1,131 | | 7/11/2011 | 11,921 |
| Campus at Metro Park North ¹ | 5.25% | 25,936 | 2,028 | | 2/11/2012 | 21,581 |
| Plaza 500 | | | | | | |
| Van Buren Business Park | | | | | | |
| Rumsey Center | | | | | | |
| Snowden Center | 5.19% | 100,000 | 5,190 | | 8/1/2015 | 100,000 |
| Greenbrier Technology Center I | | | | | | |
| Norfolk Business Center | | | | | | |
| Alexandria Corporate Park | | | | | | |
| Enterprise Center ¹ | 5.20% | 19,717 | 1,647 | | 12/1/2010 | 16,712 |
| Glenn Dale Business Center ¹ | 5.13% | 8,982 | 780 | | 5/1/2009 | 8,033 |
| Gateway Centre Manassas ¹ | 5.88% | 1,851 | 239 | | 11/1/2016 | 0 |
| 1434 Crossways Boulevard ¹ | 5.38% | 20,340 | 1,491 | | 8/5/2012 | 16,463 |
| 403 & 405 Glenn Drive ¹ | 5.50% | 9,156 | 746 | | 7/1/2011 | 7,807 |
| Linden Business Center ¹ | 5.58% | 7,706 | 559 | | 10/1/2013 | 6,596 |
| Owings Mills Business Center ¹ | 5.75% | 5,870 | 425 | | 3/1/2014 | 5,066 |
| Prosperity Business Center ¹ | 5.75% | 4,015 | 332 | | 1/1/2013 | 3,242 |
| Airpark Business Center ¹ | 6.63% | 1,640 | 173 | | 6/1/2021 | 14 |
| Hanover Business Center ¹ | | | | | | |
| Hanover Building II A ¹ | 8.00% | 1,304 | 108 | | 6/25/2015 | 1,273 |
| Hanover Building II B ¹ | 8.00% | 1,975 | 154 | | 6/15/2016 | 1,911 |
| Hanover Building C ¹ | 6.63% | 1,491 | 161 | | 12/1/2017 | 13 |
| Hanover Building D ¹ | 6.63% | 1,094 | 161 | | 8/1/2015 | 13 |
| Chesterfield Business Center ¹ | 6.63% | 5,848 | 318 | | 8/1/2015 | 26 |
| Series A Notes | 6.41% | 37,500 | 2,404 | | 6/15/2013 | 37,500 |
| Series B Notes | 6.55% | 37,500 | 2,456 | | 6/15/2016 | 37,500 |
| | | <u>\$ 454,390</u> | <u>\$ 32,819</u> | | | <u>\$ 412,780</u> |
| Floating Rate Debt | | | | | | |
| Credit Facility ³ | LIBOR + 1.20% | 55,000 | 3,592 | | 4/26/2009 | 55,000 |
| Total at June 30, 2006 | | <u>\$ 509,390</u> | <u>\$ 36,411</u> | | | <u>\$ 467,780</u> |

¹The balance at June 30, 2006 includes the fair value impacts recorded at acquisition upon assumption of the mortgages encumbering these properties. The fair value impact and actual interest rates are:

| Property | Fair Value | Interest Rate |
|---|---------------|---------------|
| Interstate Plaza | \$0.4 million | 7.45% |
| Herndon Corporate Center | \$0.2 million | 5.11% |
| Deer Park through Woodlands Business Center | \$3.6 million | 6.71% |
| Norfolk Commerce Park II | \$0.3 million | 6.90% |
| 4612 Navistar Drive | \$1.7 million | 7.48% |
| Campus at Metro Park North | \$2.7 million | 7.11% |
| Enterprise Center | \$2.5 million | 8.03% |
| Glenn Dale Business Center | \$0.8 million | 7.83% |
| Gateway Centre Manassas | \$0.1 million | 7.35% |
| 1434 Crossways I | \$0.8 million | 6.25% |
| 1434 Crossways II | \$1.3 million | 7.05% |
| 403 & 405 Glenn Drive | \$0.9 million | 7.60% |
| Linden Business Center | \$0.2 million | 6.01% |
| Owings Mills Business Center | \$0.4 million | 5.85% |
| Prosperity Business Center | \$0.1 million | 6.25% |
| Airpark Business Center | \$0.1 million | 7.45% |
| Hanover Building II B | \$7 thousand | 4.00% |
| Hanover Building C | \$0.1 million | 8.88% |
| Hanover Building D | \$0.1 million | 8.88% |
| Chesterfield Business Center | \$0.1 million | 7.45% |

The Company paid-off the debt associated with Hanover Building II A in July 2006. The mortgage assumed upon acquisition of Aquia Commerce Center I approximated its market value.

² Annual debt service for floating rate loans reflects the principal balance at the end of the period multiplied by the variable interest rate in effect at the end of the period.

³ As of June 30, 2006, the borrowing base for the Credit Facility included the following properties: 13129 Airpark Road, Virginia Center, Aquia Commerce Center II, Airpark Place, 15395 John Marshall Highway, Gateway West II, Crossways II, Windsor @ Battlefield, Reston Business Campus, 1400 Cavalier Boulevard, Gateway Centre Manassas II, 2000 Gateway Boulevard, Diamond Hill Distribution Center, Linden II (Building I), 1000 Lucas Way, River's Bend Center, Northridge I & II, Crossways I, Sterling Park Business Center and Sterling I Land.



Quarterly Supplemental Disclosure
June 30, 2006

SELECTED OPERATING RATIOS

(unaudited, in thousands)

| | Three Months Ended | | | | |
|---|--------------------|----------------|-------------------|--------------------|---------------|
| | June 30, 2006 | March 31, 2006 | December 31, 2005 | September 30, 2005 | June 30, 2005 |
| <u>COVERAGE RATIOS</u> | | | | | |
| Interest Coverage Ratio | | | | | |
| EBITDA | \$ 16,297 | \$ 15,369 | \$ 13,915 | \$ 13,510 | \$ 11,371 |
| Divided by Interest Expense | 7,253 | 6,590 | 5,862 | 5,312 | 4,588 |
| | <u>2.25x</u> | <u>2.33x</u> | <u>2.37x</u> | <u>2.54x</u> | <u>2.48x</u> |
| Fixed Charge Coverage Ratio | | | | | |
| EBITDA | \$ 16,297 | \$ 15,369 | \$ 13,915 | \$ 13,510 | \$ 11,371 |
| Divided by Interest Expense | 7,253 | 6,590 | 5,862 | 5,312 | 4,588 |
| + Principal Amortization | 977 | 971 | 1,095 | 909 | 827 |
| | <u>1.98x</u> | <u>2.03x</u> | <u>2.00x</u> | <u>2.17x</u> | <u>2.10x</u> |
| <u>OVERHEAD RATIO</u> | | | | | |
| G&A to Real Estate Revenues | | | | | |
| General and Administrative Expense | \$ 2,530 | \$ 2,534 | \$ 2,249 | \$ 2,054 | \$ 1,767 |
| Real Estate Revenues | 25,224 | 24,374 | 22,149 | 20,410 | 17,744 |
| | <u>10.0%</u> | <u>10.4%</u> | <u>10.2%</u> | <u>10.1%</u> | <u>10.0%</u> |
| <u>LEVERAGE RATIO</u> | | | | | |
| Debt/Total Market Capitalization | | | | | |
| Total Debt | \$ 509,390 | \$ 485,651 | \$ 396,266 | \$ 390,043 | \$ 331,462 |
| Total Market Capitalization | 1,152,079 | 1,092,772 | 967,553 | 843,699 | 769,331 |
| | <u>44.2%</u> | <u>44.4%</u> | <u>41.0%</u> | <u>46.2%</u> | <u>43.1%</u> |

**FIRST POTOMAC REALTY TRUST
DESCRIPTION OF PROPERTIES**

| Property | Property Type | Location | Year of Acquisition | Square Footage | Annualized Cash Base Rent | Leased at June 30, 2006 |
|----------------------------------|--------------------------|------------------|---------------------|------------------|---------------------------|-------------------------|
| Plaza 500 | Multi-tenant Industrial | Alexandria, VA | 1997 | 506,725 | \$ 4,826,116 | 96.1% |
| Van Buren Business Park | Flex | Herndon, VA | 1997 | 109,310 | 1,734,716 | 96.5% |
| 13129 Airpark Road | Multi-tenant Industrial | Culpeper, VA | 1997 | 150,400 | 761,134 | 100.0% |
| Tech Court | Flex | Chantilly, VA | 1998 | 64,064 | 743,324 | 74.6% |
| Newington Business Park Center | Multi-tenant Industrial | Lorton, VA | 1999 | 254,114 | 2,336,543 | 94.7% |
| Crossways Commerce Center I | Multi-tenant Industrial | Chesapeake, VA | 1999 | 348,615 | 1,986,682 | 100.0% |
| Crossways Commerce Center II | Flex | Chesapeake, VA | 1999 | 147,736 | 1,518,606 | 100.0% |
| Coast Guard Building | Flex | Chesapeake, VA | 1999 | 61,992 | 826,706 | 100.0% |
| Snowden Center | Flex | Columbia, MD | 2002 | 140,438 | 1,867,068 | 89.7% |
| Rumsey Center | Flex | Columbia, MD | 2002 | 134,654 | 1,048,172 | 70.8% |
| Greenbrier Technology Center II | Flex | Chesapeake, VA | 2002 | 79,684 | 1,084,700 | 99.0% |
| Norfolk Business Center | Flex | Norfolk, VA | 2002 | 90,682 | 784,205 | 92.9% |
| Virginia Center | Flex | Glen Allen, VA | 2003 | 119,324 | 1,328,296 | 89.4% |
| Interstate Plaza | Single-tenant Industrial | Alexandria, VA | 2003 | 107,320 | 1,146,298 | 100.0% |
| Alexandria Corporate Park | Multi-tenant Industrial | Alexandria, VA | 2003 | 278,130 | 3,829,588 | 81.9% |
| Herndon Corporate Center | Flex | Herndon, VA | 2004 | 127,353 | 1,950,879 | 97.7% |
| Aquia Commerce Center I & II | Flex | Stafford, VA | 2004 | 64,488 | 1,010,176 | 100.0% |
| Deer Park | Flex | Randallstown, MD | 2004 | 171,140 | 1,112,010 | 79.3% |
| Gateway Center | Flex | Gaithersburg, MD | 2004 | 44,307 | 647,086 | 100.0% |
| Gateway West | Flex | Westminster, MD | 2004 | 110,147 | 970,002 | 79.7% |
| Girard Business Center | Flex | Gaithersburg, MD | 2004 | 123,900 | 1,180,092 | 85.5% |
| Girard Place | Flex | Gaithersburg, MD | 2004 | 175,217 | 1,450,338 | 100.0% |
| 15 Worman's Mill Court | Flex | Frederick, MD | 2004 | 39,966 | 377,810 | 100.0% |
| 20270 Goldenrod Lane | Flex | Germantown, MD | 2004 | 24,468 | 347,812 | 75.2% |
| 6900 English Muffin Way | Multi-tenant Industrial | Frederick, MD | 2004 | 165,690 | 1,120,757 | 100.0% |
| 4451 Georgia Pacific Boulevard | Multi-tenant Industrial | Frederick, MD | 2004 | 169,750 | 1,147,833 | 100.0% |
| 7561 Lindbergh Drive | Single-tenant Industrial | Gaithersburg, MD | 2004 | 36,000 | 300,437 | 100.0% |
| Patrick Center | Office | Frederick, MD | 2004 | 66,706 | 1,197,237 | 83.3% |
| West Park | Office | Frederick, MD | 2004 | 28,950 | 501,242 | 93.4% |
| Woodlands Business Center | Office | Largo, MD | 2004 | 37,940 | 464,262 | 60.1% |
| Old Courthouse Square | Retail | Martinsburg, WV | 2004 | 201,350 | 1,217,196 | 96.6% |
| Airpark Place | Flex | Gaithersburg, MD | 2004 | 82,200 | 930,360 | 89.1% |
| 15395 John Marshall Highway | Single-tenant Industrial | Haymarket, VA | 2004 | 123,777 | 1,147,416 | 100.0% |
| Norfolk Commerce Park II | Flex | Norfolk, VA | 2004 | 128,147 | 1,376,118 | 100.0% |
| Crossways II | Flex | Chesapeake, VA | 2004 | 85,004 | 901,906 | 100.0% |
| Windsor at Battlefield | Flex | Manassas, VA | 2004 | 154,226 | 1,440,420 | 83.1% |
| Campus at Metro Park North | Flex | Rockville, MD | 2004 | 190,238 | 3,452,832 | 100.0% |
| 4612 Navistar Drive | Single-tenant Industrial | Frederick, MD | 2004 | 215,085 | 1,781,034 | 100.0% |
| Reston Business Campus | Flex | Reston, VA | 2005 | 83,000 | 1,410,666 | 91.6% |
| Enterprise Center | Flex | Chantilly, VA | 2005 | 189,116 | 2,884,664 | 82.5% |
| 1400 Cavalier Boulevard | Multi-tenant Industrial | Chesapeake, VA | 2005 | 299,963 | 1,283,179 | 100.0% |
| Glenn Dale Business Center | Multi-tenant Industrial | Glenn Dale, MD | 2005 | 315,191 | 1,727,357 | 99.2% |
| Gateway Centre | Flex | Manassas, VA | 2005 | 99,607 | 1,015,611 | 94.9% |
| 1434 Crossways Boulevard | Office | Chesapeake, VA | 2005 | 220,501 | 2,447,394 | 100.0% |
| 2000 Gateway Boulevard | Multi-tenant Industrial | Hampton, VA | 2005 | 421,100 | 280,000 | 3.8% |
| 403/405 Glenn Drive | Flex | Sterling, VA | 2005 | 197,201 | 1,222,174 | 81.7% |
| Diamond Hill Distribution Center | Multi-tenant Industrial | Chesapeake, VA | 2005 | 712,550 | 2,737,917 | 90.2% |
| Linden Business Center | Flex | Manassas, VA | 2005 | 108,004 | 1,286,866 | 90.4% |
| Owings Mills Business Center | Flex | Owings Mills, MD | 2005 | 87,148 | 1,035,419 | 100.0% |
| Prosperity Business Center | Multi-tenant Industrial | Merrifield, VA | 2005 | 71,572 | 792,471 | 100.0% |
| 1000 Lucas Way | Flex | Hampton, VA | 2005 | 182,175 | 1,069,307 | 91.5% |
| River's Bend Center | Multi-tenant Industrial | Richmond, VA | 2006 | 492,400 | 2,834,833 | 93.1% |
| Northridge I, II | Multi-tenant Industrial | Ashland, VA | 2006 | 140,390 | 812,957 | 100.0% |
| Crossways I | Flex | Chesapeake, VA | 2006 | 143,398 | 1,635,123 | 85.1% |
| Sterling Park Business Center | Flex | Sterling, VA | 2006 | 127,814 | 1,116,642 | 80.8% |
| 1408 Stephanie Way | Flex | Chesapeake, VA | 2006 | 51,209 | - | 0.0% |
| Airpark Business Center | Flex | Richmond, VA | 2006 | 42,178 | 350,207 | 100.0% |
| Chesterfield Business Center | Flex | Richmond, VA | 2006 | 190,049 | 1,432,828 | 93.1% |
| Hanover Business Center | Flex | Ashland, VA | 2006 | 183,612 | 1,296,923 | 92.8% |
| Total | | | | 9,517,415 | \$ 80,519,947 | 88.7% |



Quarterly Supplemental Disclosure
June 30, 2006

**FIRST POTOMAC REALTY TRUST
LAND AVAILABLE FOR DEVELOPMENT**

| | <u>Square Feet</u> |
|-------------------------------|--------------------|
| 1400 Cavalier Boulevard | 100,000 |
| Glenn Dale Business Center | 200,000 |
| Navistar | 50,000 |
| Plaza 500 | 200,000 |
| Linden Business Center | 30,000 |
| Sterling Park Business Center | 400,000 |
| | <u>980,000</u> |

LAND UNDER DEVELOPMENT / PRE-DEVELOPMENT

| | <u>Square Feet</u> |
|------------------------------------|--------------------|
| John Marshall Highway ¹ | 112,300 |
| Crossways Commerce Center I | 25,000 |
| Snowden Center | 5,000 |
| Sterling Park Phase I | 100,000 |
| | <u>242,300</u> |

¹ Construction in progress for building addition pre-leased to Engineering Solutions & Products. Completion is anticipated in 1Q 2007.



Quarterly Supplemental Disclosure
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TOP TEN TENANTS

| <u>Ranking</u> | <u>Tenant</u> | <u>Number of Leases</u> | <u>Total Leased Square Feet</u> | <u>Total Annualized Rental Revenue ¹</u> | <u>Percentage of Total Annualized Rental Revenue - Cash Basis</u> | <u>Weighted Average Remaining Lease Term</u> |
|----------------|----------------------------|---------------------------------|---|---|---|--|
| 1 | U.S. Government | 29 | 746,813 | \$ 8,713,252 | 10.8% | 4.2 |
| 2 | EDS | 2 | 220,501 | 2,447,394 | 3.0% | 5.0 |
| 3 | FKI Logistex | 1 | 215,085 | 1,781,034 | 2.2% | 10.3 |
| 4 | Sentara Healthcare | 5 | 145,019 | 1,492,819 | 1.9% | 6.7 |
| 5 | TDS Logistics, Inc | 3 | 248,050 | 1,265,238 | 1.6% | 1.8 |
| 6 | First Data Corporation | 1 | 117,336 | 1,238,622 | 1.5% | 2.4 |
| 7 | CACI | 6 | 76,472 | 1,168,694 | 1.5% | 4.5 |
| 8 | Engineering Solutions | 1 | 123,777 | 1,147,416 | 1.4% | 6.3 |
| 9 | Stock Building Supply, Inc | 1 | 124,501 | 1,137,283 | 1.4% | 3.7 |
| 10 | Capital One Financial Corp | 1 | 158,400 | 1,026,492 | 1.3% | 5.1 |
| | Subtotal Top 10 Tenants | 50 | 2,175,954 | \$ 21,418,244 | 26.6% | 4.8 |
| | All Remaining Tenants | 643 | 6,267,007 | \$ 59,101,703 | 73.4% | 3.6 |
| | Total / Weighted Average | 693 | 8,442,961 | \$ 80,519,947 | 100.0% | 3.8 |

¹ Annualized rental revenue is based on triple-net equivalent rental revenue as of June 30, 2006.



Quarterly Supplemental Disclosure
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**FIRST POTOMAC REALTY TRUST
LEASE EXPIRATIONS**

| Year of Lease Expiration | <u>Gross Leased Area</u> | | | <u>Annualized Cash Rental Revenue</u> | | |
|--------------------------|---------------------------|------------------|------------------|---------------------------------------|------------------|--|
| | Number of Leases Expiring | Square Footage | Percent of Total | Amount | Percent of Total | Average Base Rent ¹ per Sq. Ft. |
| MTM | 13 | 65,799 | 0.8% | \$ 433,359 | 0.5% | \$ 6.59 |
| 2006 | 70 | 800,853 | 9.5% | 5,580,298 | 6.9% | 6.97 |
| 2007 | 138 | 1,275,440 | 15.1% | 12,258,787 | 15.2% | 9.61 |
| 2008 | 137 | 1,303,248 | 15.4% | 12,486,645 | 15.5% | 9.58 |
| 2009 | 120 | 1,323,754 | 15.7% | 12,253,803 | 15.2% | 9.26 |
| 2010 | 77 | 1,017,446 | 12.0% | 10,415,086 | 12.9% | 10.24 |
| 2011 | 66 | 1,344,904 | 15.9% | 12,184,620 | 15.2% | 9.06 |
| 2012 | 24 | 335,811 | 4.0% | 3,368,953 | 4.2% | 10.03 |
| 2013 and thereafter | 48 | 975,706 | 11.6% | 11,538,396 | 14.4% | 11.83 |
| Total | 693 | 8,442,961 | 100.0% | \$ 80,519,947 | 100.0% | \$ 9.54 |

LEASE EXPIRATIONS—NEXT FOUR QUARTERS

| Quarter of Lease Expiration | <u>Gross Leased Area</u> | | | <u>Annualized Cash Rental Revenue</u> | | |
|-----------------------------|---------------------------|------------------|------------------|---------------------------------------|------------------|--|
| | Number of Leases Expiring | Square Footage | Percent of Total | Amount | Percent of Total | Average Base Rent ¹ per Sq. Ft. |
| 2006 - Q3 | 25 | 126,396 | 1.5% | \$ 1,647,463 | 2.0% | \$ 13.03 |
| 2006 - Q4 | 38 | 643,042 | 7.6% | 3,615,469 | 4.5% | 5.62 |
| 2007 - Q1 | 28 | 250,647 | 3.0% | 2,276,638 | 2.8% | 9.08 |
| 2007 - Q2 | 35 | 237,924 | 2.8% | 2,478,778 | 3.1% | 10.42 |
| Total | 126 | 1,258,009 | 14.9% | \$ 10,018,348 | 12.4% | \$ 7.96 |

¹Triple-net Equivalent



Quarterly Supplemental Disclosure
June 30, 2006

LEASING ANALYSIS

| <u>Leasing Production</u> ¹ | 3 months ended <u>June 30, 2006</u> | 6 months ended <u>June 30, 2006</u> |
|---|--|--|
| New and Renewal Leases | | |
| Square footage of new and renewal leases | 603,845 | 1,177,271 |
| Number of new and renewal leases commencing | 43 | 80 |
| Expired/Early Renewal/Terminated leases | | |
| Square footage of expired/early renewal leases | 515,033 | 1,036,683 |
| Square footage of terminated leases | <u>15,776</u> | <u>28,387</u> |
| Total - expired/early renewal/terminated leases | <u>530,809</u> | <u>1,065,070</u> |
| Pre-Leasing ² | 112,305 | 112,305 |
| 2000 Gateway Boulevard ³ | 16,000 | 16,000 |
| Net Absorption | (39,269) | (104) |
| New Leases | | |
| New square footage | 205,083 | 315,466 |
| Number of new leases commencing | 18 | 35 |
| <u>Rental Change - Cash</u> | | |
| New base rent | \$ 11.88 | \$ 10.61 |
| Percentage change in base rent | -0.5% | 9.9% |
| <u>Rental Change - GAAP</u> | | |
| New base rent | \$ 11.44 | \$ 10.46 |
| Percentage change in base rent | 1.8% | 1.6% |
| Average capital cost per square foot | \$ 5.30 | \$ 5.93 |
| Average downtime between leases (months) | 3.2 | 5.3 |
| Average lease term (months) | 97.5 | 79.8 |
| Renewal Leases | | |
| Square footage of renewal leases | 398,762 | 861,805 |
| Number of renewal leases commencing | 25 | 45 |
| Retention rate | 77% | 83% |
| <u>Rental Change - Cash</u> | | |
| New base rent | \$ 11.81 | \$ 8.81 |
| Expiring base rent | \$ 10.24 | \$ 7.76 |
| Percentage change in base rent | 15.4% | 13.6% |
| <u>Rental Change - GAAP</u> | | |
| New base rent | \$ 11.12 | \$ 8.52 |
| Expiring base rent | \$ 10.31 | \$ 8.01 |
| Percentage change in base rent | 7.9% | 6.4% |
| Average capital cost per square foot | \$ 0.36 | \$ 0.27 |
| Average lease term (months) | 59.8 | 44.2 |

¹ Includes 151,170 square feet and associated costs for leases signed in 2nd quarter for subsequent periods.

² Leasing at John Marshall Highway; estimated construction completion in 1Q 2007.

³ Northrop Grumman - Further leasing contingent upon winning Air Force contract.



Quarterly Supplemental Disclosure
June 30, 2006

**FIRST POTOMAC REALTY TRUST
PORTFOLIO BY SIZE**

| Square Feet Under Lease | Number of Leases | Leased Square Feet | % of Total Square Feet | Annualized Base Rent ¹ | % of Annualized Base Rent ¹ | Base Rent ¹ per SF |
|-------------------------|------------------|--------------------|------------------------|-----------------------------------|--|-------------------------------|
| 0-4,999 | 356 | 848,294 | 10.0% | \$ 10,320,227 | 12.8% | \$ 12.17 |
| 5,000-9,999 | 136 | 935,306 | 11.1% | 10,909,907 | 13.5% | 11.66 |
| 10,000-14,999 | 66 | 786,110 | 9.3% | 9,513,748 | 11.7% | 12.10 |
| 15,000-19,999 | 34 | 571,647 | 6.8% | 5,560,177 | 6.9% | 9.73 |
| 20,000-24,999 | 17 | 375,403 | 4.4% | 4,205,738 | 5.2% | 11.20 |
| 25,000-29,999 | 17 | 452,952 | 5.4% | 5,553,667 | 7.0% | 12.26 |
| 30,000-34,999 | 14 | 453,622 | 5.4% | 3,387,955 | 4.2% | 7.47 |
| 35,000-39,999 | 10 | 366,151 | 4.3% | 2,354,209 | 2.9% | 6.43 |
| 40,000-44,999 | 5 | 209,770 | 2.5% | 1,728,707 | 2.2% | 8.24 |
| 45,000-49,999 | 10 | 467,337 | 5.5% | 3,464,469 | 4.3% | 7.41 |
| 50,000-54,999 | 2 | 107,483 | 1.3% | 1,475,150 | 1.8% | 13.72 |
| 55,000-59,999 | 2 | 114,805 | 1.4% | 1,598,043 | 2.0% | 13.92 |
| 60,000-64,999 | 4 | 246,072 | 2.9% | 3,119,200 | 3.9% | 12.68 |
| 65,000-69,999 | 2 | 135,321 | 1.6% | 668,988 | 0.8% | 4.94 |
| 70,000-74,999 | 2 | 143,860 | 1.7% | 889,232 | 1.1% | 6.18 |
| 90,000-94,999 | 1 | 94,950 | 1.1% | 559,256 | 0.7% | 5.89 |
| 100,000-104,999 | 1 | 104,218 | 1.2% | 1,158,424 | 1.4% | 11.12 |
| 105,000-109,999 | 1 | 107,320 | 1.3% | 1,146,298 | 1.4% | 10.68 |
| 115,000-119,999 | 2 | 233,619 | 2.8% | 2,527,592 | 3.1% | 10.82 |
| 120,000-124,999 | 6 | 732,078 | 8.7% | 5,221,433 | 6.6% | 7.13 |
| 125,000-129,999 | 1 | 127,108 | 1.5% | 603,763 | 0.8% | 4.75 |
| 155,000-159,999 | 1 | 158,400 | 1.9% | 1,026,492 | 1.3% | 6.48 |
| 215,000-219,999 | 2 | 431,135 | 5.1% | 2,807,272 | 3.5% | 6.51 |
| 240,000-244,999 | 1 | 240,000 | 2.8% | 720,000 | 0.9% | 3.00 |
| Total | 693 | 8,442,961 | 100.0% | \$ 80,519,947 | 100.0% | \$ 9.54 |

¹Triple-Net Equivalent



Quarterly Supplemental Disclosure
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MARKET CONCENTRATION

Market Concentration by Square Footage

| | Washington | | Subtotal | Norfolk | Baltimore | Richmond | Total |
|--------------------------|-------------|-------------|--------------|--------------|-------------|--------------|---------------|
| | Suburban MD | Northern VA | | | | | |
| Single-tenant Industrial | 2.6% | 2.5% | 5.1% | - | - | - | 5.1% |
| Multi-tenant Industrial | 6.9% | 13.2% | 20.1% | 18.7% | - | 6.7% | 45.5% |
| Flex | 7.1% | 13.9% | 21.0% | 10.2% | 6.8% | 5.6% | 43.6% |
| Office | 1.4% | 0.0% | 1.4% | 2.3% | - | - | 3.7% |
| Retail | 0.0% | 2.1% | 2.1% | - | - | - | 2.1% |
| | 18.0% | 31.7% | 49.7% | 31.2% | 6.8% | 12.3% | 100.0% |

Market Concentration by Annualized Rent

| | Washington | | Subtotal | Norfolk | Baltimore | Richmond | Total |
|--------------------------|-------------|-------------|--------------|--------------|-------------|--------------|---------------|
| | Suburban MD | Northern VA | | | | | |
| Single-tenant Industrial | 2.6% | 2.8% | 5.4% | - | - | - | 5.4% |
| Multi-tenant Industrial | 4.9% | 15.6% | 20.5% | 7.9% | - | 4.5% | 32.9% |
| Flex | 10.4% | 19.7% | 30.1% | 11.4% | 7.5% | 5.5% | 54.5% |
| Office | 2.7% | 0.0% | 2.7% | 3.0% | - | - | 5.7% |
| Retail | 0.0% | 1.5% | 1.5% | - | - | - | 1.5% |
| Total | 20.6% | 39.6% | 60.2% | 22.3% | 7.5% | 10.0% | 100.0% |



Quarterly Supplemental Disclosure
June 30, 2006

PORTFOLIO ANALYSIS

PORTFOLIO BY MARKET

| | Number of Buildings | Square Feet | Percent Leased | Annualized Base Rent ¹ - Cash Basis | Percentage of Annualized Base Rent ¹ |
|-------------|---------------------|-------------|----------------|--|---|
| Washington | 74 | 4,733,179 | 93.3% | \$ 48,499,392 | 60.2% |
| Suburban MD | 26 | 1,715,608 | 96.3% | 16,626,492 | 20.6% |
| Northern VA | 48 | 3,017,571 | 91.5% | 31,872,900 | 39.6% |
| Norfolk | 22 | 2,972,756 | 80.8% | 17,931,840 | 22.3% |
| Baltimore | 20 | 643,527 | 82.7% | 6,032,671 | 7.5% |
| Richmond | 21 | 1,167,953 | 93.8% | 8,056,044 | 10.0% |
| Total | 137 | 9,517,415 | 88.7% | \$ 80,519,947 | 100.0% |

PORTFOLIO BY PROPERTY TYPE

| | Number of Buildings | Square Feet | Percent Leased | Annualized Base Rent ¹ - Cash Basis | Percentage of Annualized Base Rent ¹ |
|--------------------------|---------------------|-------------|----------------|--|---|
| Single-tenant Industrial | 4 | 482,182 | 100.0% | \$ 4,375,185 | 5.4% |
| Multi-tenant Industrial | 30 | 4,326,590 | 86.2% | 26,477,366 | 32.9% |
| Flex | 97 | 4,153,196 | 89.3% | 43,840,064 | 54.5% |
| Office | 5 | 354,097 | 92.0% | 4,610,136 | 5.7% |
| Retail | 1 | 201,350 | 96.6% | 1,217,196 | 1.5% |
| Total | 137 | 9,517,415 | 88.7% | \$ 80,519,947 | 100.0% |

PORTFOLIO BY LEASE TYPE

| | Number of Leases | Square Feet ² | Percentage of Leased Portfolio |
|------------------|------------------|--------------------------|--------------------------------|
| Triple Net | 403 | 5,902,661 | 69.9% |
| Industrial Gross | 138 | 952,051 | 11.3% |
| Full Service | 152 | 1,588,249 | 18.8% |
| Total | 693 | 8,442,961 | 100.0% |

¹ Triple-net Equivalent

² Does not include vacant and core factor space.

**FIRST POTOMAC REALTY TRUST
WASHINGTON MARKET**

| Washington | Square | | % of Total | % Leased |
|--------------------------------|-----------|------------------|---------------|--------------|
| | Buildings | Feet | | |
| <i>Suburban MD</i> | | | | |
| 15 Worman's Mill Court | 1 | 39,966 | 0.8% | 100.0% |
| 20270 Goldenrod Lane | 1 | 24,468 | 0.5% | 75.2% |
| 4451 Georgia Pacific Boulevard | 1 | 169,750 | 3.6% | 100.0% |
| 4612 Navistar Drive | 1 | 215,085 | 4.6% | 100.0% |
| 6900 English Muffin Way | 1 | 165,690 | 3.5% | 100.0% |
| 7561 Lindbergh Drive | 1 | 36,000 | 0.8% | 100.0% |
| Airpark Place | 3 | 82,200 | 1.7% | 89.1% |
| Campus at Metro Park North | 4 | 190,238 | 4.0% | 100.0% |
| Gateway Center | 2 | 44,307 | 0.9% | 100.0% |
| Girard Business Center | 3 | 123,900 | 2.6% | 85.5% |
| Girard Place | 4 | 175,217 | 3.7% | 100.0% |
| Glenn Dale Business Center | 1 | 315,191 | 6.7% | 99.2% |
| Patrick Center | 1 | 66,706 | 1.4% | 83.3% |
| West Park | 1 | 28,950 | 0.6% | 93.4% |
| Woodlands Business Center | 1 | 37,940 | 0.8% | 60.1% |
| Subtotal | 26 | 1,715,608 | 36.2% | 96.3% |
| <i>Northern VA</i> | | | | |
| 13129 Airpark Road | 1 | 150,400 | 3.3% | 100.0% |
| 15395 John Marshall Highway | 1 | 123,777 | 2.6% | 100.0% |
| 403/405 Glenn Drive | 2 | 197,201 | 4.2% | 81.7% |
| Alexandria Corporate Park | 1 | 278,130 | 5.9% | 81.9% |
| Aquia Commerce Center I & II | 2 | 64,488 | 1.4% | 100.0% |
| Enterprise Center | 4 | 189,116 | 4.0% | 82.5% |
| Gateway Centre | 3 | 99,607 | 2.1% | 94.9% |
| Herdon Corporate Center | 4 | 127,353 | 2.7% | 97.7% |
| Interstate Plaza | 1 | 107,320 | 2.3% | 100.0% |
| Linden Business Center | 3 | 108,004 | 2.3% | 90.4% |
| Newington Business Park Center | 7 | 254,114 | 5.4% | 94.7% |
| Old Courthouse Square | 1 | 201,350 | 4.2% | 96.6% |
| Plaza 500 | 2 | 506,725 | 10.7% | 96.1% |
| Prosperity Business Center | 1 | 71,572 | 1.5% | 100.0% |
| Reston Business Campus | 4 | 83,000 | 1.7% | 91.6% |
| Tech Court | 2 | 64,064 | 1.3% | 74.6% |
| Van Buren Business Park | 5 | 109,310 | 2.3% | 96.5% |
| Windsor at Battlefield | 2 | 154,226 | 3.3% | 83.1% |
| Sterling Park Business Center | 2 | 127,814 | 2.7% | 80.8% |
| Subtotal | 48 | 3,017,571 | 63.8% | 91.5% |
| Total | 74 | 4,733,179 | 100.0% | 93.3% |

LEASE EXPIRATIONS

| Year of Lease Expiration | SF of Expiring Leases | % of Total SF | Annual Base Rent ¹ | % of Annual Base Rent ¹ | Base Rent ¹ per SF |
|--------------------------|-----------------------|---------------|-------------------------------|------------------------------------|-------------------------------|
| Vacant | 319,344 | 6.7% | \$ - | 0.0% | \$ - |
| MTM | 5,867 | 0.1% | 72,669 | 0.1% | 12.39 |
| 2006 | 251,848 | 5.3% | 2,669,949 | 5.5% | 10.60 |
| 2007 | 659,678 | 13.9% | 7,513,771 | 15.5% | 11.39 |
| 2008 | 510,171 | 10.8% | 6,265,729 | 12.9% | 12.28 |
| 2009 | 749,412 | 16.0% | 7,256,691 | 15.0% | 9.68 |
| 2010 | 733,853 | 15.5% | 7,889,427 | 16.3% | 10.75 |
| 2011 | 488,073 | 10.3% | 5,149,380 | 10.6% | 10.55 |
| 2012 | 251,887 | 5.3% | 2,453,602 | 5.1% | 9.74 |
| 2013 | 125,916 | 2.7% | 2,529,218 | 5.2% | 20.09 |
| 2014 | 213,377 | 4.5% | 2,509,400 | 5.2% | 11.76 |
| 2015 | 132,883 | 2.8% | 1,753,638 | 3.6% | 13.20 |
| 2016 | 251,693 | 5.3% | 2,240,033 | 4.6% | 8.90 |
| 2023 | 39,177 | 0.8% | 195,885 | 0.4% | 5.00 |
| | 4,733,179 | 100.0% | \$48,499,392 | 100.0% | \$ 10.99 |

¹Triple-Net Equivalent



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**FIRST POTOMAC REALTY TRUST
NORFOLK MARKET**

| Norfolk | Buildings | Square Feet | % of Total | % Leased |
|----------------------------------|------------------|--------------------|-------------------|---------------------|
| 1000 Lucas Way | 2 | 182,175 | 6.1% | 91.5% |
| 1400 Cavalier Boulevard | 3 | 299,963 | 10.1% | 100.0% |
| 1434 Crossways Boulevard | 2 | 220,501 | 7.4% | 100.0% |
| 2000 Gateway Boulevard | 1 | 421,100 | 14.2% | 3.8% |
| Coast Guard Building | 1 | 61,992 | 2.1% | 100.0% |
| Crossways Commerce Center I | 1 | 348,615 | 11.7% | 100.0% |
| Crossways Commerce Center II | 2 | 147,736 | 5.0% | 100.0% |
| Crossways I | 1 | 143,398 | 4.8% | 85.1% |
| Crossways II | 1 | 85,004 | 2.9% | 100.0% |
| Diamond Hill Distribution Center | 4 | 712,550 | 24.0% | 90.2% |
| Greenbrier Technology Center II | 1 | 79,684 | 2.7% | 99.0% |
| Norfolk Business Center | 1 | 90,682 | 3.1% | 92.9% |
| Norfolk Commerce Park II | 1 | 128,147 | 4.3% | 100.0% |
| 1408 Stephanie Way | 1 | 51,209 | 1.7% | 0.0% |
| Total | 22 | 2,972,756 | 100.0% | 80.8% |

LEASE EXPIRATIONS

| Year of Lease Expiration | SF of Expiring Leases | % of Total SF | Annual Base Rent¹ | % of Annual Base Rent¹ | Base Rent¹ per SF |
|---------------------------------|--------------------------------------|--------------------------|---|--|---|
| Vacant | 570,585 | 19.2% | \$ - | 0.0% | \$ - |
| MTM | 48,000 | 1.6% | 268,944 | 1.5% | 5.60 |
| 2006 | 421,010 | 14.2% | 1,973,940 | 11.0% | 4.69 |
| 2007 | 345,688 | 11.6% | 2,336,730 | 13.0% | 6.76 |
| 2008 | 468,771 | 15.8% | 3,425,770 | 19.1% | 7.31 |
| 2009 | 358,541 | 12.1% | 3,093,111 | 17.3% | 8.63 |
| 2010 | 39,428 | 1.3% | 519,941 | 2.9% | 13.19 |
| 2011 | 579,561 | 19.5% | 4,827,790 | 26.9% | 8.33 |
| 2012 | 27,889 | 0.9% | 406,018 | 2.3% | 14.56 |
| 2013 | 47,448 | 1.6% | 647,665 | 3.6% | 13.65 |
| 2014 | 5,835 | 0.2% | 87,525 | 0.5% | 15.00 |
| 2017 | 60,000 | 2.0% | 344,406 | 1.9% | 5.74 |
| Total | 2,972,756 | 100.0% | \$ 17,931,840 | 100.0% | \$ 7.46 |

¹Triple-net Equivalent



Quarterly Supplemental Disclosure
June 30, 2006

**FIRST POTOMAC REALTY TRUST
BALTIMORE MARKET**

| Baltimore | Buildings | Square Feet | % of Total | % Leased |
|------------------------------|------------------|--------------------|-------------------|-----------------|
| Deer Park | 4 | 171,140 | 26.6% | 79.3% |
| Gateway West | 4 | 110,147 | 17.1% | 79.7% |
| Owings Mills Business Center | 4 | 87,148 | 13.6% | 100.0% |
| Rumsey Center | 4 | 134,654 | 20.9% | 70.8% |
| Snowden Center | 4 | 140,438 | 21.8% | 89.7% |
| Total | 20 | 643,527 | 100.0% | 82.7% |

LEASE EXPIRATIONS

| Year of Lease Expiration | SF of Expiring Leases | % of Total SF | Annual Base Rent¹ | % of Annual Base Rent¹ | Base Rent¹ per SF |
|---------------------------------|------------------------------|----------------------|-------------------------------------|--|-------------------------------------|
| Vacant | 111,619 | 17.4% | \$ - | 0.0% | \$ - |
| MTM | 4,042 | 0.6% | 35,241 | 0.6% | 8.72 |
| 2006 | 27,306 | 4.2% | 343,810 | 5.7% | 12.59 |
| 2007 | 99,999 | 15.5% | 1,199,771 | 19.9% | 12.00 |
| 2008 | 101,844 | 15.8% | 1,198,101 | 19.9% | 11.76 |
| 2009 | 74,084 | 11.5% | 714,164 | 11.8% | 9.64 |
| 2010 | 71,207 | 11.1% | 678,598 | 11.3% | 9.53 |
| 2011 | 77,618 | 12.1% | 874,415 | 14.5% | 11.27 |
| 2012 | 16,638 | 2.6% | 232,024 | 3.8% | 13.95 |
| 2015 | 59,170 | 9.2% | 756,547 | 12.5% | 12.79 |
| Total | 643,527 | 100.0% | \$ 6,032,671 | 100.0% | \$ 11.34 |

¹Triple-net Equivalent



Quarterly Supplemental Disclosure
June 30, 2006

**FIRST POTOMAC REALTY TRUST
RICHMOND MARKET**

| Richmond | Buildings | Square Feet | % of Total | % Leased |
|------------------------------|------------------|--------------------|-------------------|-----------------|
| Virginia Center | 1 | 119,324 | 10.2% | 89.4% |
| River's Bend Center | 4 | 492,400 | 42.2% | 93.1% |
| Northridge I, II | 2 | 140,390 | 12.0% | 100.0% |
| Airpark Business Center | 2 | 42,178 | 3.6% | 100.0% |
| Chesterfield Business Center | 2 | 190,049 | 16.3% | 93.1% |
| Hanover Business Center | 2 | 183,612 | 15.7% | 92.8% |
| Total | 13 | 1,167,953 | 100.0% | 93.8% |

LEASE EXPIRATIONS

| Year of Lease Expiration | SF of Expiring Leases | % of Total SF | Annual Base Rent¹ | % of Annual Base Rent¹ | Base Rent¹ per SF |
|---------------------------------|------------------------------|----------------------|-------------------------------------|--|-------------------------------------|
| Vacant | 72,906 | 6.3% | \$ - | 0.0% | \$ - |
| MTM | 7,890 | 0.7% | 56,505 | 0.7% | 7.16 |
| 2006 | 100,689 | 8.6% | 592,600 | 7.4% | 5.89 |
| 2007 | 170,075 | 14.6% | 1,208,515 | 15.0% | 7.11 |
| 2008 | 222,462 | 19.0% | 1,597,044 | 19.8% | 7.18 |
| 2009 | 141,717 | 12.1% | 1,189,837 | 14.8% | 8.40 |
| 2010 | 172,958 | 14.8% | 1,327,120 | 16.5% | 7.67 |
| 2011 | 199,652 | 17.1% | 1,333,035 | 16.5% | 6.68 |
| 2012 | 39,397 | 3.4% | 277,309 | 3.4% | 7.04 |
| 2013 | 3,593 | 0.3% | 41,319 | 0.5% | 11.50 |
| 2014 | 23,254 | 2.0% | 359,140 | 4.5% | 15.44 |
| 2015 | 13,360 | 1.1% | 73,620 | 0.9% | 5.51 |
| Total | 1,167,953 | 100.0% | \$ 8,056,044 | 100.0% | \$ 7.36 |

¹Triple-net Equivalent

MANAGEMENT STATEMENTS ON NON-GAAP SUPPLEMENTAL MEASURES

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

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

Net Operating Income

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

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

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

EBITDA

Management believes that EBITDA is a useful supplemental 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.

Funds From Operations

Management believes that FFO is a useful supplemental measure of the Company's operating performance. As defined by the National Association of Real Estate Investment Trusts, or NAREIT, FFO represents net income (loss) before minority interest (computed in accordance with GAAP), including gains (or losses) from debt restructuring and excluding gain on sale of property, plus real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures. Other REITs may use different methodologies for calculating FFO and, accordingly, the Company's FFO may not be comparable to other REITs.

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

However, FFO should not be viewed as an alternative measure of the Company's operating performance since it does not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs necessary to maintain the operating performance of the Company's properties, which are significant economic costs that could materially impact the Company's results of operations.

Adjusted Funds From Operations

Management believes that AFFO is a useful measure of the Company's liquidity. The Company computes AFFO by adding to FFO equity based compensation expense and the non-cash amortization of deferred financing costs and non-real estate depreciation, and then subtracting cash paid for any recurring tenant improvements, leasing commissions, and recurring capital expenditures, and eliminating the net effect of straight-line rents, deferred market rent and debt fair value amortization. First generation costs exclude non recurring 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 related expenditures. AFFO provides an additional perspective on the Company's ability to fund cash needs and make distributions to shareholders by adjusting for the effect of these non-cash items included in FFO, as well as recurring capital expenditures and leasing costs. However, other REITs may use different methodologies for calculating AFFO and, accordingly, the Company's AFFO may not be comparable to other REITs.