FIRST POTOMAC
REALTY TRUST

# Third Quarter 2009 Supplemental Financial Report

Enterprise Center
Chantilly, VA

# Index to Supplemental Information





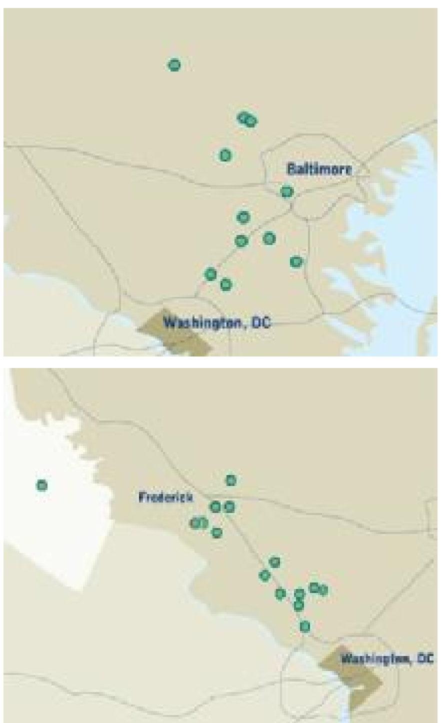
FIRST POTOMAC REALTY TRUST

# Company Information

First Potomac Realty Trust is a self-managed, self-administered real estate investment trust that focuses on owning, developing, redeveloping and operating industrial properties and business parks in the Washington, D.C. metropolitan area and other major markets in Virginia and Maryland. The Company's focus is acquiring properties that can benefit from its intensive property management and seeking to reposition these properties to increase their profitability and value.

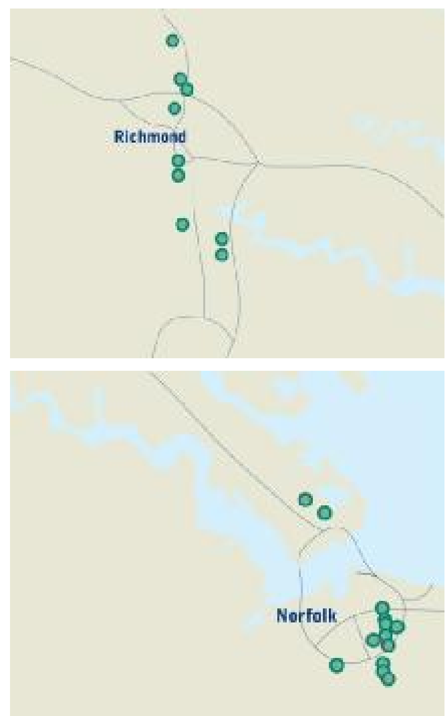
| | | | |
|---|---|---|---|
| **Corporate Headquarters** | 7600 Wisconsin Avenue<br>11th Floor<br>Bethesda, MD 20814 | **Investor Relations** | ICR, Inc.<br>(301) 244-6200 |
| **New York Stock Exchange** | FPO<br>LISTED<br>NYSE | | Barry H. Bass<br>Chief Financial Officer<br>(301) 986-9200<br>bbass@first-potomac.com |
| **Web Site** | www.first-potomac.com | | |

***Property Locations***




***Maryland***


***Northern Virginia***




***Southern Virginia***

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

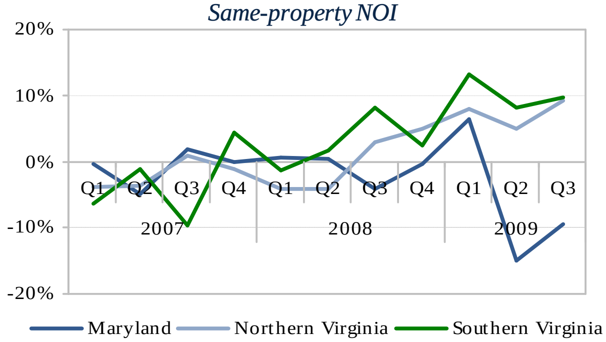
# Highlights

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

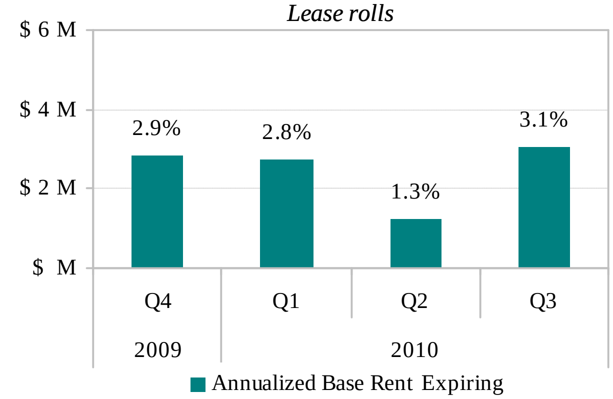
| Performance Metrics | Q3-2009 | Q2-2009 | Q1-2009 | Q4-2008 | Q3-2008 |
|---|---|---|---|---|---|
| Net income, attributable to FPO | $ 608 | $ 1,607 | $ 4,997 | $ 1,704 | $ 322 |
| Reported FFO | 10,698 | 11,624 | 14,825 | 11,798 | 9,445 |
| Reported FFO per share | $ 0.37 | $ 0.42 | $ 0.53 | $ 0.43 | $ 0.38 |
| FFO per share, excluding gains[(1)] | $ 0.35 | $ 0.37 | $ 0.38 | $ 0.38 | $ 0.38 |
| **Operating Metrics** | | | | | |
| Change in Same-Property NOI | | | | | |
| Cash basis | 3.3% | 0.1% | 5.9% | 0.4% | 1.5% |
| Accrual basis | 3.3% | -0.9% | 4.7% | 2.1% | 2.2% |
| Tenant retention rate | 90% | 88% | 80% | 81% | 55% |
| **Capitalization** | | | | | |
| Debt to Gross asset value[(2)] | 53.6% | 55.3% | 54.3% | 55.3% | 56.1% |
| **Debt Balances** | | | | | |
| Unhedged variable rate debt | $ 114,400 | $ 114,400 | $ 100,500 | $ 90,500 | $ 80,800 |
| Hedged variable rate debt | 94,856 | 94,856 | 94,856 | 113,000 | 113,000 |
| Fixed rate debt | 405,376 | 415,124 | 432,931 | 450,281 | 457,077 |
| **Total** | **$ 614,632** | **$ 624,380** | **$ 628,287** | **$ 653,781** | **$ 650,877** |
| **Coverage Ratio** | | | | | |
| Interest Coverage Ratio | 2.28x | 2.27x | 2.30x | 2.15x | 2.09x |

| Leasing Metrics | QTD | Leased |
|---|---|---|
| Net Absorption (Square Feet) | 5,741 | 86.9% |

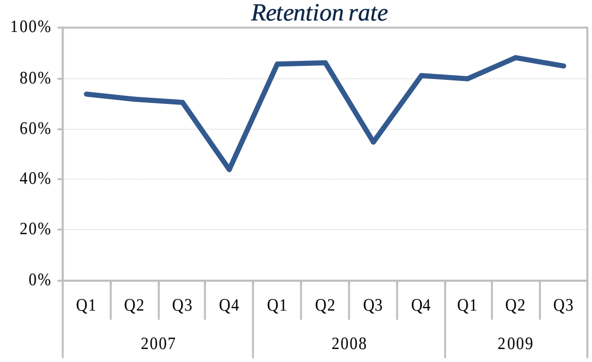
*Same-property NOI*




*Lease rolls*




*Retention rate*




*Portfolio Concentration*

| Market | % of Annualized Base Rent | % Leased at September 30, 2009 |
|---|---|---|
| Greater Washington D.C.[(3)] | 58.7% | 85.6% |
| Baltimore | 5.0% | 75.5% |
| Richmond | 11.7% | 90.0% |
| Norfolk | 24.6% | 89.5% |

(1) Excludes gains on debt extinguishment.
(2) Debt does not include accrued liabilities. Gross asset value calculation as defined in the unsecured revolving credit facility agreement.
(3) Includes properties in Suburban Maryland and Northern Virginia.

# Reconciliation of EBITDA to Net Income

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

| | Three Months Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | September 30, 2009 | | June 30, 2009 | | March 31, 2009 | | December 31, 2008 | | September 30, 2008 | |
| **OPERATING REVENUES** | | | | | | | | | | |
| Rental | $ 27,149 | 82.6% | $ 26,709 | 82.1% | $ 27,027 | 80.4% | $ 26,528 | 81.2% | $ 25,491 | 82.0% |
| Tenant reimbursements and other | 5,725 | 17.4% | 5,810 | 17.9% | 6,599 | 19.6% | 6,145 | 18.8% | 5,577 | 18.0% |
| | 32,874 | 100.0% | 32,519 | 100.0% | 33,626 | 100.0% | 32,673 | 100.0% | 31,068 | 100.0% |
| **PROPERTY EXPENSES** | | | | | | | | | | |
| Property operating | 8,149 | 24.8% | 8,052 | 24.8% | 8,317 | 24.7% | 7,154 | 21.9% | 7,160 | 23.1% |
| Real estate taxes and insurance | 3,183 | 9.7% | 3,213 | 9.8% | 3,313 | 9.9% | 3,110 | 9.5% | 3,173 | 10.2% |
| **NET OPERATING INCOME** | 21,542 | 65.5% | 21,254 | 65.4% | 21,996 | 65.4% | 22,409 | 68.6% | 20,735 | 66.7% |
| **OTHER INCOME (EXPENSE)** | | | | | | | | | | |
| General and administrative | (3,609) | 11.0% | (2,922) | 9.1% | (2,956) | 8.9% | (3,603) | 11.1% | (2,797) | 9.0% |
| Interest and other income | 150 | 0.5% | 118 | 0.4% | 139 | 0.4% | 299 | 0.9% | 142 | 0.5% |
| Equity in losses of affiliate | (38) | 0.1% | (47) | 0.1% | (7) | 0.0% | - | 0.0% | - | 0.0% |
| **EBITDA** | 18,045 | 54.9% | 18,403 | 56.6% | 19,172 | 56.9% | 19,105 | 58.4% | 18,080 | 58.2% |
| Depreciation and amortization | (10,132) | | (10,005) | | (10,046) | | (9,835) | | (9,113) | |
| Interest expense | (7,929) | | (8,113) | | (8,327) | | (8,887) | | (8,635) | |
| Gain on early retirement of debt | 640 | | 1,367 | | 4,339 | | 1,369 | | - | |
| **NET INCOME** | 624 | | 1,652 | | 5,138 | | 1,752 | | 332 | |
| Less: Net income attributable to noncontrolling interests in the Operating Partnership | (16) | | (45) | | (141) | | (48) | | (10) | |
| **NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 608 | | $ 1,607 | | $ 4,997 | | $ 1,704 | | $ 322 | |



FIRST POTOMAC REALTY TRUST

# Financial Measures

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

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| **FUNDS FROM OPERATIONS ("FFO")** | September 30, 2009 | June 30, 2009 | March 31, 2009 | December 31, 2008 | September 30, 2008 |
| Net income attributable to common shareholders | $ 608 | $ 1,607 | $ 4,997 | $ 1,704 | $ 322 |
| Add back: | | | | | |
| Depreciation and amortization: | | | | | |
| Real estate assets[1] | 9,983 | 9,876 | 9,673 | 9,835 | 9,113 |
| Unconsolidated joint venture | 91 | 96 | 14 | - | - |
| Joint venture acquisition fee | - | - | - | 211 | - |
| Net income attributable to noncontrolling interests | 16 | 45 | 141 | 48 | 10 |
| FFO | $ 10,698 | $ 11,624 | $ 14,825 | $ 11,798 | $ 9,445 |
| | | | | | |
| **ADJUSTED FUNDS FROM OPERATIONS ("AFFO")** | | | | | |
| FFO | $ 10,698 | $ 11,624 | $ 14,825 | $ 11,798 | $ 9,445 |
| Non-cash share-based compensation expense | 934 | 728 | 563 | 526 | 540 |
| Gain on early retirement of debt | (640) | (1,367) | (4,339) | (1,369) | - |
| Rental payments treated as basis reduction[2] | 113 | 99 | 99 | 1,398 | - |
| Straight-line rent, net[3] | (377) | 157 | (90) | (533) | (126) |
| Deferred market rent | (247) | (388) | (473) | (365) | (452) |
| Non-real estate depreciation[4] | 213 | 211 | 220 | 220 | 218 |
| Debt fair value amortization | (532) | (541) | (568) | (575) | (747) |
| Amortization of finance costs | 338 | 370 | 389 | 392 | 353 |
| Amortization of discounts | 261 | 298 | 355 | 410 | 419 |
| Tenant improvements[5] | (995) | (4,413) | (2,611) | (2,694) | (2,153) |
| Leasing commissions[5] | (605) | (1,221) | (752) | (793) | (1,872) |
| Capital expenditures[5] | (936) | (298) | (269) | (125) | (377) |
| AFFO | $ 8,225 | $ 5,259 | $ 7,349 | $ 8,290 | $ 5,248 |
| | | | | | |
| Total weighted average shares and OP units: | | | | | |
| Basic | 28,894 | 27,930 | 27,772 | 27,747 | 24,927 |
| Diluted | 28,991 | 28,002 | 27,801 | 27,755 | 24,980 |
| | | | | | |
| FFO per share: | | | | | |
| FFO per share and unit - basic and diluted | $ 0.37 | $ 0.42 | $ 0.53 | $ 0.43 | $ 0.38 |
| | | | | | |
| AFFO per share: | | | | | |
| AFFO per share and unit - basic and diluted | $ 0.28 | $ 0.19 | $ 0.26 | $ 0.30 | $ 0.21 |

[1] For the three months ended September 30, June 30 and March 31, 2009, depreciation and amortization expense of $149 thousand, $129 thousand and $373 thousand, respectively, related to a third party's portion of a consolidated joint venture was not added back when calculating the Company's FFO.
[2] Represents cash received from space leased to a former owner of a property the Company acquired in September 2008. All cash received from these leases is treated as a reduction in the basis of the property acquired.
[3] Straight-line rent, less uncollectable amounts and rent abatements.
[4] Most non-real estate depreciation is classified in general and administrative expense.
[5] Does not include first generation costs, which the Company defines as tenant improvement, leasing commissions and capital expenditure costs that were taken into consideration when underwriting the purchase of a property or incurred to bring the property to operating standard for its intended use.

| | | | | | |
|---|---|---|---|---|---|
| First-generation costs | | | | | |
| Tenant improvements | $ 1,092 | $ 2,835 | $ 2,100 | $ 4,006 | $ 2,305 |
| Leasing commissions | 83 | 466 | 271 | 460 | 625 |
| Capital expenditures | 568 | 923 | 604 | 1,565 | 3,322 |
| Total first-generation costs | 1,743 | 4,224 | 2,975 | 6,031 | 6,252 |
| | | | | | |
| Development | 53 | 108 | 77 | 105 | 1,143 |
| Redevelopment | 43 | 127 | 501 | 99 | 326 |
| | $ 1,839 | $ 4,459 | $ 3,553 | $ 6,235 | $ 7,721 |

# Net Operating Income (NOI) Same-Property Analysis

(unaudited, amounts in thousands)

| Same-Property NOI[(1)(2)] | Three Months Ended September 30, 2009 | Three Months Ended September 30, 2008 | Nine Months Ended September 30, 2009 | Nine Months Ended September 30, 2008 |
|---|---|---|---|---|
| Total base rent | $ 26,452 | $ 25,431 | $ 78,332 | $ 75,257 |
| Tenant reimbursements and other | 5,511 | 5,475 | 17,195 | 15,294 |
| Property operating expenses | (7,404) | (6,971) | (22,433) | (19,247) |
| Real estate taxes and insurance | (3,121) | (3,177) | (9,493) | (9,161) |
| **Same-property NOI - accrual basis** | 21,438 | 20,758 | 63,601 | 62,143 |
| Straight-line revenue, net | (359) | (123) | (314) | (396) |
| Deferred market rental revenue, net | (242) | (454) | (1,051) | (1,366) |
| **Same-property NOI - cash basis** | $ 20,837 | $ 20,181 | $ 62,236 | $ 60,381 |
| Change in same-property NOI - accrual basis | 3.3% | | 2.3% | |
| Change in same-property NOI - cash basis | 3.3% | | 3.1% | |
| **Change in Same-Property NOI - accrual basis** | | | | |
| Rental revenue increase | $ 1,021 | | $ 3,075 | |
| Tenant reimbursement and other increase | 36 | | 1,901 | |
| Expense increase | (377) | | (3,518) | |
| | $ 680 | | $ 1,458 | |
| Same-property percentage of total portfolio (sf) | 97.3% | | 97.3% | |

| Reconciliation of Consolidated NOI to Same-Property NOI | Three Months Ended September 30, 2009 | Three Months Ended September 30, 2008 | Nine Months Ended September 30, 2009 | Nine Months Ended September 30, 2008 |
|---|---|---|---|---|
| Total revenues | $ 32,874 | $ 31,068 | $ 66,145 | $ 60,552 |
| Property operating expenses | (8,149) | (7,160) | (16,369) | (12,931) |
| Real estate taxes and insurance | (3,183) | (3,173) | (6,526) | (5,949) |
| NOI | 21,542 | 20,735 | 43,250 | 41,672 |
| Less: Non-same property NOI[(3)] | (104) | 23 | 20,351 | 20,471 |
| **Same-property NOI - accrual basis** | 21,438 | 20,758 | 63,601 | 62,143 |
| Straight-line revenue, net | (359) | (123) | (314) | (396) |
| Deferred market rental revenue | (242) | (454) | (1,051) | (1,366) |
| **Same-property NOI - cash basis** | $ 20,837 | $ 20,181 | $ 62,236 | $ 60,381 |

| Change in Same-Property NOI by Region | Three Months Ended September 30, 2009 | Nine Months Ended September 30, 2009 |
|---|---|---|
| Maryland | -8.7% | -10.1% |
| Northern Virginia | 9.1% | 7.4% |
| Southern Virginia | 9.8% | 10.3% |

(1)Same property comparisons are based upon those properties owned for the entirety of the periods presented. Same property results exclude the results of the following non same-properties: Alexandria Corporate Park, Triangle Business Center and RiversPark I and II.
(2)Excludes a 76,000 square foot redevelopment building at Ammendale Commerce Center, which was placed in service during the fourth quarter of 2008.
(3) 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, amounts in thousands, except per share amounts)

| | September 30, 2009 (unaudited) | December 31, 2008 |
|---|---|---|
| **Assets** | | |
| Rental property | $ 1,095,008 | $ 1,106,571 |
| Less: Accumulated depreciation | (133,668) | (111,658) |
| Rental property, net | 961,340 | 994,913 |
| Cash and cash equivalents | 11,968 | 16,352 |
| Escrows and reserves | 9,141 | 8,808 |
| Investment in affiliate | 1,909 | - |
| Other assets | 59,224 | 60,176 |
| Total assets | $ 1,043,582 | $ 1,080,249 |
| **Liabilities** | | |
| Mortgage loans | $ 291,747 | $ 322,846 |
| Unsecured notes | 123,485 | 155,435 |
| Bank debt | 199,400 | 175,500 |
| Accounts payable and accrued interest | 19,245 | 20,513 |
| Other liabilities | 21,505 | 30,035 |
| Total liabilities | 655,382 | 704,329 |
| Noncontrolling interests (redemption value $8,470 and $7,186, respectively) | 9,800 | 10,627 |
| Shareholders' equity: | | |
| Common shares, $0.001 par value, 100,000 common shares authorized; 29,966 and 27,353 shares issued and outstanding, respectively | 30 | 27 |
| Additional paid-in capital | 509,807 | 484,825 |
| Accumulated other comprehensive loss | (2,394) | (3,823) |
| Dividends in excess of accumulated earnings | (129,043) | (115,736) |
| Total shareholders' equity | 378,400 | 365,293 |
| Total liabilities, noncontrolling interests and shareholders' equity | $ 1,043,582 | $ 1,080,249 |

# Total Market Capitalization and Selected Ratios

(unaudited, amounts in thousands)

## MARKET CAPITALIZATION

| | | Percent of Total Market Capitalization |
|---|---|---|
| Total common shares outstanding | 29,966 | |
| Operating Partnership ("OP") units held by third parties | 733 | |
| Total common shares and OP units | 30,699 | |
| Market price at September 30, 2009 | $ 11.56 | |
| Total equity capitalization | $ 354,880 | 36.6% |
| Debt capitalization | | |
| Fixed-rate debt | $ 405,376 | 41.8% |
| Floating-rate debt [1][2] | 209,256 | 21.6% |
| Total debt capitalization | $ 614,632 | 63.4% |
| Total market capitalization | $ 969,512 | 100.0% |

## SELECTED RATIOS

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | September 30, 2009 | June 30, 2009 | March 31, 2009 | December 31, 2008 | September 30, 2008 |
| **COVERAGE RATIO** | | | | | |
| **Interest Coverage Ratio** | | | | | |
| EBITDA | $ 18,045 | $ 18,403 | $ 19,172 | $ 19,105 | $ 18,080 |
| Interest expense | 7,929 | 8,113 | 8,327 | 8,887 | 8,635 |
| | **2.28x** | **2.27x** | **2.30x** | **2.15x** | **2.09x** |
| **OVERHEAD RATIO** | | | | | |
| **G&A to Real Estate Revenues** | | | | | |
| General and administrative expense | $ 3,609 | $ 2,922 | $ 2,956 | $ 3,603 | $ 2,797 |
| Total revenues | 32,874 | 32,519 | 33,626 | 32,673 | 31,068 |
| | **11.0%** | **9.0%** | **8.8%** | **11.0%** | **9.0%** |
| **LEVERAGE RATIO** | | | | | |
| **Debt/Undepreciated Book Value** | | | | | |
| Total debt | $ 614,632 | $ 624,380 | $ 628,287 | $ 653,781 | $ 650,877 |
| Undepreciated book value | 1,095,008 | 1,091,709 | 1,086,264 | 1,106,571 | 1,098,409 |
| | **56.1%** | **57.2%** | **57.8%** | **59.1%** | **59.3%** |

[1] As of September 30, 2009, the Company had entered into interest rate swap agreements that fixed interest rates on $94.9 million of its variable rate debt, therefore, only $114.4 million, or 18.6%, of the Company's debt is exposed to variable interest rate fluctuations.

[2] On March 16, 2009, the Company deconsolidated a joint venture that owned RiversPark II due to the renewal of a tenant's lease, which effectively terminated a lease guarantee to the joint venture. As a result, $18.1 million of hedged, variable-rate debt for River's Park II was deconsolidated.

# Outstanding Debt

(unaudited, amounts in thousands)

| **Fixed Rate Debt** | Effective Interest Rate | Principal Balance at September 30, 2009 | Annualized Debt Service | Maturity Date | Balance at Maturity |
|---|---|---|---|---|---|
| Encumbered Properties | | | | | |
| 4200 Tech Court[1][2] | 8.07% | $ 1,705 | $ 168 | 10/1/2009 | $ 1,705 |
| Park Central I[3] | 5.66% | 4,565 | 519 | 11/1/2009 | 4,523 |
| 4212 Tech Court | 8.53% | 1,671 | 169 | 6/1/2010 | 1,654 |
| Park Central II[3] | 5.66% | 5,670 | 638 | 11/1/2010 | 5,289 |
| Enterprise Center[2][3] | 5.20% | 17,576 | 1,647 | 12/1/2010 | 16,712 |
| Indian Creek Court[2][3] | 5.90% | 12,518 | 1,162 | 1/1/2011 | 11,982 |
| 403/405 Glenn Drive[3] | 5.50% | 8,324 | 746 | 7/1/2011 | 7,807 |
| 4612 Navistar Drive[2][3] | 5.20% | 12,791 | 1,131 | 7/11/2011 | 11,921 |
| Campus at Metro Park[2][3] | 5.25% | 23,579 | 2,028 | 2/11/2012 | 21,581 |
| 1434 Crossways Boulevard Building II[3] | 5.38% | 9,940 | 826 | 8/5/2012 | 8,866 |
| Crossways Commerce Center | 6.70% | 24,711 | 2,087 | 10/1/2012 | 23,313 |
| Newington Business Park Center | 6.70% | 15,588 | 1,316 | 10/1/2012 | 14,706 |
| Prosperity Business Center[3] | 5.75% | 3,665 | 332 | 1/1/2013 | 3,242 |
| Aquia Commerce Center I | 7.28% | 518 | 165 | 2/1/2013 | 42 |
| 1434 Crossways Boulevard Building I[3] | 5.38% | 8,557 | 665 | 3/5/2013 | 7,597 |
| Linden Business Center[3] | 5.58% | 7,271 | 559 | 10/1/2013 | 6,596 |
| Owings Mills Business Center[3] | 5.75% | 5,577 | 425 | 3/1/2014 | 5,066 |
| Annapolis Commerce Park East[3] | 6.25% | 8,643 | 665 | 6/1/2014 | 8,010 |
| Plaza 500<br>Van Buren Business Park<br>Rumsey Center<br>Snowden Center<br>Greenbrier Technology Center II<br>Norfolk Business Center<br>Northridge I & II<br>15395 John Marshall Highway | 5.19% | 99,625 | 5,171 | 8/1/2015 | 91,588 |
| Hanover Business Center | | | | | |
| Hanover Building D[3] | 6.63% | 783 | 161 | 8/1/2015 | 13 |
| Hanover Building C[3] | 6.63% | 1,181 | 186 | 12/1/2017 | 13 |
| Chesterfield Business Center | | | | | |
| Chesterfield Buildings C, D, G and H[3] | 6.63% | 2,042 | 414 | 8/1/2015 | 34 |
| Chesterfield Buildings A, B, E and F[3] | 6.63% | 2,588 | 318 | 6/1/2021 | 26 |
| Gateway Centre Building I[3] | 5.88% | 1,391 | 239 | 11/1/2016 | - |
| Airpark Business Center[3] | 6.63% | 1,412 | 173 | 6/1/2021 | 14 |
| | 5.63%[4] | $ 281,891 | $ 21,910 | | $ 252,300 |
| Convertible Debt | | | | | |
| Exchangeable Senior Notes[4] | 5.84% | $ 48,485 | $ 2,020 | 12/15/2011 | $ 50,500 |
| Senior Unsecured Debt | | | | | |
| Series A Notes | 6.41% | $ 37,500 | $ 2,404 | 6/15/2013 | $ 37,500 |
| Series B Notes | 6.55% | 37,500 | 2,456 | 6/15/2016 | 37,500 |
| | | $ 75,000 | $ 4,860 | | $ 75,000 |
| **Total Fixed Rate Debt** | 5.81%[5] | $ 405,376 | $ 28,790 | | $ 377,800 |



FIRST POTOMAC REALTY TRUST

# Outstanding Debt Continued

(unaudited, amounts in thousands)

| | Effective Interest Rate | Principal Balance at September 30, 2009 | Annualized Debt Service | Maturity Date | Balance at Maturity |
|---|---|---|---|---|---|
| **Total Fixed Rate Debt** | 5.81%[5] | $ 405,376 | $ 28,790 | | $ 377,800 |
| **Hedged Floating Rate Debt** | | | | | |
| Secured Term Loan I[6] | 3.81% | $ 50,000 | $ 1,905 | 8/7/2011 | $ 50,000 |
| Secured Term Loan II[7] | 5.83% | 35,000 | 2,041 | 8/11/2011 | 35,000 |
| RiversPark I[8] | 5.97% | 9,856 | 588 | 9/26/2011 | 9,856 |
| | 4.78%[5] | $ 94,856 | $ 4,534 | | $ 94,856 |
| **Unhedged Floating Rate Debt** | | | | | |
| Unsecured Revolving Credit Facility[9] | LIBOR + 1.20% | $ 99,400 | $ 1,441 | 4/26/2011 | $ 99,400 |
| Secured Term Loan II[7] | LIBOR + 2.50% | 15,000 | 413 | 8/11/2011 | 15,000 |
| | 1.62%[5] | $ 114,400 | $ 1,854 | | $ 114,400 |
| **Total at September 30, 2009** | **4.87%[5]** | **$ 614,632** | **$ 35,178** [10] | | **$ 587,056** |

(1)In October 2009, the Company repaid the $1.7 million mortgage encumbering 4200 Tech Court with available cash.

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

(3)The balance includes the fair value impacts recorded at acquisition upon assumption of the mortgages encumbering these properties. The fair value impacts at September 30, 2009 and actual interest rates are:

| Property | Fair Value Impact | Contractual Interest Rate |
|---|---|---|
| Park Central I | $ 17 | 8.00% |
| Park Central II | 162 | 8.32% |
| Enterprise Center | 546 | 8.03% |
| Indian Creek Court | 281 | 7.80% |
| 403/405 Glenn Drive | 280 | 7.60% |
| 4612 Navistar Drive | 481 | 7.48% |
| Campus at Metro Park | 955 | 7.11% |
| 1434 Crossways Boulevard Building II | 558 | 7.05% |
| Prosperity Business Center | 42 | 6.25% |
| 1434 Crossways Boulevard Building I | 376 | 6.25% |
| Linden Business Center | 110 | 6.01% |
| Owings Mills Business Center | 21 | 5.85% |
| Annapolis Commerce Park East | (176) | 5.74% |
| Hanover Business Center Building D | 46 | 8.88% |
| Hanover Business Center Building C | 53 | 7.88% |
| Chesterfield Buildings C, D, G and H | 102 | 8.50% |
| Chesterfield Buildings A, B, E and F | 105 | 7.45% |
| Gateway Centre Building I | 61 | 7.35% |
| Airpark Business Center | 57 | 7.45% |
| **Total fair value increase** | $ 4,077 | |

(4)During the third quarter of 2009, the Company retired $8.5 million of its Exchangeable Senior Notes.

(5)Represents the weighted average interest rate.

(6)Borrowings on the $50 million secured term loan bear interest at a rate of LIBOR plus 110 basis points. The Company has entered into an interest rate swap agreement that fixed the interest rate on the loan at 2.71%, plus a spread of 0.70% to 1.25% (depending on the Company's overall leverage). The loan, which matures in August 2010, has a one-year extension at the Company's option, which it intends to exercise.

(7)On August 11, 2008, the Company entered into a $35.0 million secured term loan with KeyBank, N.A., which can be expanded to $70.0 million. In August 2008, the Company entered into an interest rate swap agreement that fixed the interest rate on the initial $35.0 million loan at 5.58%. On December 9, 2008, the Company borrowed an additional $15.0 million under an amendment to the loan agreement, which increased its total commitment to $50.0 million. The transaction increased the base interest rate on the entire loan balance and on the interest rate swap agreement by 0.25%. The loan, which matures in August 2010, has a one-year extension at the Company's option, which it intends to exercise.

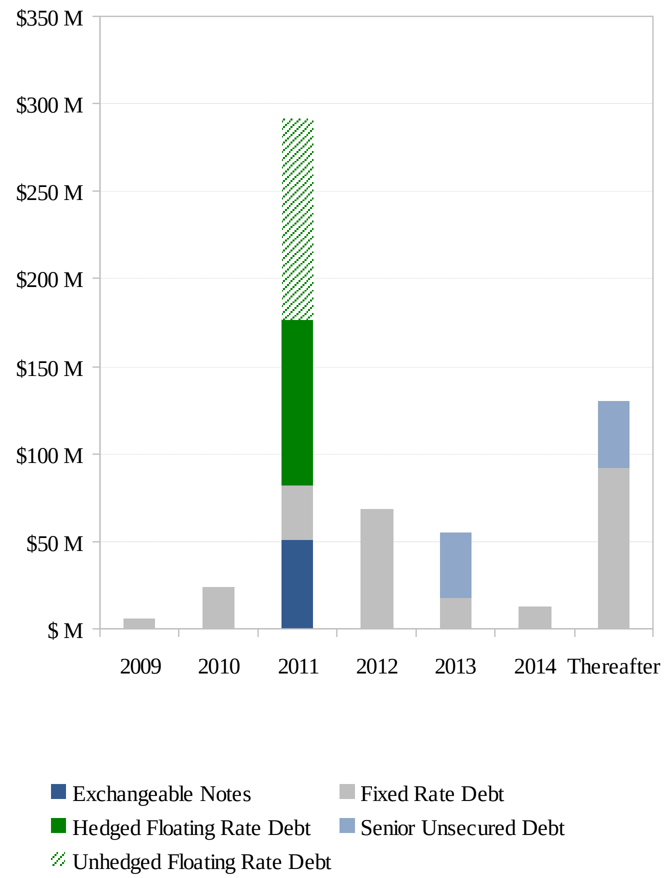
(8)The mortgage loan matures in September 2011 and has two one-year renewal options. Borrowing on the loan bear interest at LIBOR plus 250 basic points. The Company has entered into an interest rate swap agreement that fixed the interest rate on the loan at 5.97% for its initial three-year term. On December 12, 2008, the Company entered into a joint venture with an affiliate of AEW Capital Management, L.P. ("AEW") to own RiversPark I. The joint venture is owned 25% by the Company and 75% by AEW. As a result of lease guarantees and its continuing involvement, the Company consolidates the joint venture and its respective operating results within its financial statements. The cash contributed to the joint venture by AEW is reflected in the liability section of the Company's balance sheet under "Financing Obligation." This amount was recorded based on AEW's initial investment and is adjusted to reflect AEW's share of earnings in the joint venture or any distributions received by AEW. The earnings from the joint venture attributable to AEW are recorded as interest expense on the Company's statements of operations.

(9)As of September 30, 2009, the borrowing base for the Company's unsecured revolving credit facility included the following properties: 13129 Airpark Road, Virginia Center, Aquia Commerce Center II, Airpark Place, Gateway West II, Crossways II, Reston Business Campus, Cavalier Industrial Park, Gateway Centre (Building II), Enterprise Parkway, Diamond Hill Distribution Center, Linden Business Center (Building I), 1000 Lucas Way, River's Bend Center, Crossways I, Sterling Park Business Center, Sterling Park Land, 1408 Stephanie Way, Davis Drive, Gateway 270, Gateway II, Greenbrier Circle Corporate Center, Greenbrier Technology Center I, Pine Glen, Ammendale Commerce Center, River's Bend Center II, Park Central (Building V), Hanover AB, Herndon Corporate Center, Deer Park, 6900 English Muffin Way, Gateway West, 4451 Georgia Pacific, 20270 Goldenrod Lane, 7561 Lindbergh Drive, Old Courthouse Square, Patrick Center, West Park, Woodlands Business Center and 15 Worman's Mill Court. The loan, which matures in April 2010, has a one-year extension at the Company's option, which it intends to exercise.

(10)During the third quarter of 2009, the Company paid approximately $1.3 million in principal payments.

# Debt Maturity Schedule

(unaudited, amounts in thousands)




NOI of Pledged Properties and Supported Indebtedness

| Year of Maturity | Type | Annualized NOI | Total Maturing Indebtedness | Total Supported Indebtedness | Debt Yield |
|---|---|---|---|---|---|
| 2009 | Secured Property Debt | $ 678 | $ 6,228 | $ 6,228 | 10.9% |
| 2010 | Secured Property Debt | 4,067 | 23,655 | 23,655 | 17.2% |
| 2011 | Secured Property Debt | 5,262 | 41,566 | 41,566 | 12.7% |
| 2011 | Unsecured Debt[1] | 33,289 | 149,900 | 224,900 | 14.8% |
| 2011 | Secured Term Loan I[2] | 34,687 | 50,000 | 274,576 | 12.6% |
| 2011 | Secured Term Loan II | 8,653 | 50,000 | 50,000 | 17.3% |
| 2012 | Secured Property Debt | 11,602 | 68,466 | 68,466 | 16.9% |
| 2013 | Secured Property Debt | 3,134 | 17,477 | 17,477 | 17.9% |
| 2014 | Secured Property Debt | 2,490 | 13,076 | 13,076 | 19.0% |

[1]The unsecured debt also includes private debt of $37.5 million maturing in 2013 and $37.5 million maturing in 2016.
[2]Secured Term Loan I is mezzanine debt that shows an encumbered borrowing base with first mortgage property debt that matures from 2010 through 2021.



FIRST POTOMAC REALTY TRUST

# Debt Covenants

(unaudited, amounts in thousands)

| | Credit Facility / Secured Term Loan I | | Senior Notes | |
|---|---|---|---|---|
| | Quarter Ending September 30, 2009 | Covenant | Quarter Ending September 30, 2009 | Covenant |
| Unencumbered Pool Leverage[1] | 51.9% | ≤ 65% | 53.5% | ≤ 65% |
| Unencumbered Pool Debt Service Coverage Ratio[1],[2] | 3.37x | ≥ 1.75x | N/A | N/A |
| Maximum Consolidated Total Indebtedness | 55.0% | ≤ 60%[3] | 56.6% | ≤ 65% |
| Minimum Tangible Net Worth | $ 517,030 | ≥ $359,685 | $ 483,654 | ≥ $359,685 |
| Fixed Charge Coverage Ratio | 1.93x | ≥ 1.50x | 1.93x | ≥ 1.50x |
| Maximum Dividend Payout Ratio | 53.5% | ≤ 95% | 53.5% | ≤ 95% |
| *Restricted Investments* [2] *:* | | | | |
| Joint Ventures[2] | 0.2% | ≤ 20% | N/A | N/A |
| Construction in Progress[2] | 1.1% | ≤ 10% | N/A | N/A |
| Undeveloped Land[2] | 1.6% | ≤ 5% | N/A | N/A |
| Mortgage Notes[2] | 0.0% | ≤ 5% | N/A | N/A |
| *Total Restricted Investments* [2] | 2.9% | ≤ 25% | N/A | N/A |
| *Restricted Indebtedness :* | | | | |
| Unhedged Variable Rate Debt[2] | 10.0% | ≤ 25% | N/A | N/A |
| Maximum Secured Debt | 33.9% | ≤ 55% | 34.9% | ≤ 40% |
| Maximum Secured Recourse Debt[2] | 9.3% | ≤ 10% | N/A | N/A |

(1) Covenant does not apply to Secured Term Loan I's covenants.
(2) Covenant only applies to the unsecured revolving credit facility.
(3) Company has a one time right to increase indebtedness to 65% for three consecutive quarters.



FIRST POTOMAC REALTY TRUST

# Portfolio Summary

(unaudited)

| | Square Feet |
|---|---|
| **Portfolio In Service** | |
| Maryland | 3,568,362 |
| Northern Virginia | 2,763,980 |
| Southern Virginia | 5,143,347 |
| **Total Portfolio In Service** | **11,475,689** |
| | |
| **Assets in Development /Redevelopment** | |
| Redevelopment | 112,593 |
| Development | 104,555 |
| **Total Assets in Development / Redevelopment** | **217,148** |
| | |
| **Total Portfolio** | **11,692,837** |
| | |
| **Unconsolidated Joint Venture** | |
| RiversPark II | 146,197 |

# Occupancy Summary

(unaudited)

**CURRENT OCCUPANCY**

| **Property Type** | **Occupied Square Feet** | **% of Occupied Square Feet** | **% Occupied at September 30, 2009[1]** | **Annualized Base Rent[2] - Cash Basis** | **% of Annualized Base Rent** |
|---|---|---|---|---|---|
| Business Park | 5,704,081 | 57.4% | 83.5% | $ 65,296,042 | 66.6% |
| Industrial | 3,850,084 | 38.8% | 91.6% | 28,140,377 | 28.7% |
| Office | 192,194 | 1.9% | 81.7% | 3,331,180 | 3.4% |
| Retail | 186,879 | 1.9% | 92.9% | 1,204,347 | 1.3% |
| **Total** | **9,933,238** | **100.0%** | **86.6%** | **$ 97,971,946** | **100.0%** |

**LEASED BUT NOT YET OCCUPIED**

Leased at September 30, 2009 (In-Place Portfolio[1]) **86.9%**

[1]Does not include space in development or redevelopment.
[2]Triple-net equivalent.



FIRST POTOMAC REALTY TRUST

# Net Asset Value Analysis

(unaudited, in thousands)

| Income Statement Items[1] | Three Months Ended September 30, 2009 | Annualized |
|---|---|---|
| **Total Portfolio In-Place Cash NOI** | | |
| Total GAAP Revenue | $ 32,874 | $ 131,496 |
| Straight-line and Deferred Market Rents | (1,098) | (4,392) |
| Management Fee Adjustment | 527 | 2,108 |
| Property Operating Costs | (11,186) | (44,742) |
| **Total Portfolio In-Place Cash NOI** | $ 21,117 | $ 84,470 |
| | | |
| **Total Portfolio Cash NOI @ 94% Occupancy** | | |
| Total Revenue | $ 36,563 | $ 146,252 |
| Straight-line and Deferred Market Rents | (1,211) | (4,844) |
| Property Operating Costs | (11,443) | (45,772) |
| **Total Portfolio Cash NOI** | $ 23,909 | $ 95,636 |

| Balance Sheet Items[1] | |
|---|---|
| **Land for Future Development & CIP** | |
| Original Cost Basis of Land held for Future Development | $ 18,395 |
| Original Cost Basis of Development Assets | 2,010 |
| Original Cost Basis of Redevelopment Assets[2] | 4,464 |
| Construction In Progress | 13,234 |
| **Total Land for Future Development & CIP** | $ 38,103 |
| | |
| **Investments in Affiliate** | $ 1,909 |
| **Total Investments in Affiliate** | $ 1,909 |
| | |
| **Current Quarter Acquisitions** | $ - |
| **Total Current Quarter Acquisitions** | $ - |
| | |
| **Select Balance Sheet Items** | |
| Cash and cash equivalents, escrows and reserves | $ 11,968 |
| Accounts and other receivables, net of allowance | 6,257 |
| Prepaid expenses and other assets | 9,835 |
| Accounts payable and other liabilities | (15,465) |
| Accrued interest | (3,780) |
| Rents received in advance | (5,924) |
| Tenant security deposits | (5,031) |
| Mortgage and Senior Debt, cash principal balances | 610,555 |
| **Total** | $ 608,415 |

[1]Consolidated figures include RiversPark I, but do not include RiversPark II.
[2]Represents portion of original purchase under redevelopment.



FIRST POTOMAC REALTY TRUST

# Investment in Joint Venture

(unaudited, amounts in thousands)

**Unconsolidated Joint Venture**

| | FPO Ownership | FPO Investment at September 30, 2009 | Property Type | Location | Square Feet | Leased at September 30, 2009 | Occupied at September 30, 2009 |
|---|---|---|---|---|---|---|---|
| **RiversPark II[(1)]** | 25% | $ 1,909 | BP | Columbia, MD | 146,197 | 100.0% | 100.0% |

| Outstanding Debt | Effective Interest Rate | Principal Balance at September 30, 2009 | Annualized Debt Service | Maturity Date | Balance at Maturity |
|---|---|---|---|---|---|
| Hedged Floating Rate Debt[(2)] | 5.97% | $ 18,144 | $ 1,083 | 9/26/2011 | $ 18,144 |

**Consolidated Joint Venture**

| | FPO Ownership | Property Type | Location | Square Feet | Leased at September 30, 2009 | Occupied at September 30, 2009 |
|---|---|---|---|---|---|---|
| **RiversPark I** | 25% | BP | Columbia, MD | 160,470 | 73.7% | 73.7% |

| Outstanding Debt | Effective Interest Rate | Principal Balance at September 30, 2009 | Annualized Debt Service | Maturity Date | Balance at Maturity |
|---|---|---|---|---|---|
| Hedged Floating Rate Debt[(2)] | 5.97% | $ 9,856 | $ 588 | 9/26/2011 | $ 9,856 |

(1) On December 12, 2008, the Company entered into a joint venture with a third party to own RiversPark I and II. As a condition of the joint venture, the Company provided a guarantee to the joint venture for several lease agreements entered into by the former owner for certain vacancy at RiversPark I and rental payments in the event a specified tenant does not renew its lease at RiversPark II. On March 17, 2009, the specified tenant renewed its lease at RiversPark II, which effectively terminated the Company's lease guarantee related to RiversPark II. As a result, the Company applied equity accounting to RiversPark II and therefore, the assets, liabilities and operating results of RiversPark II are no longer consolidated on the Company's financial statements effective March 17, 2009.

(2) The mortgage loan matures in September 2011 and has two one-year renewal options. Borrowing on the loan bear interest at LIBOR plus 250 basis points. The Company has entered into an interest rate swap agreement that fixed the interest rate on the loan at 5.97% for its initial three-year term.



FIRST POTOMAC REALTY TRUST

# Top Thirty Tenants

(unaudited)

| Ranking | Tenant | Number of Leases | Total Leased Square Feet | Total Annualized Rental Revenue[1] | Percentage of Total Annualized Rental Revenue - Cash Basis | Weighted Average Remaining Lease Years |
|---|---|---|---|---|---|---|
| 1 | U.S. Government | 30 | 662,107 | $ 7,025,089 | 7.1% | 3.7 |
| 2 | Engineering Solutions | 1 | 236,082 | 3,175,303 | 3.2% | 7.5 |
| 3 | HP Corporation | 2 | 220,501 | 2,692,453 | 2.7% | 1.7 |
| 4 | FKI Industries, Inc | 1 | 215,085 | 1,890,048 | 1.9% | 7.0 |
| 5 | Lockheed Martin Corporation | 9 | 148,520 | 1,862,227 | 1.9% | 2.3 |
| 6 | Sentara Healthcare | 7 | 183,767 | 1,825,687 | 1.9% | 5.9 |
| 7 | Verizon Virginia, Inc. | 6 | 92,829 | 1,373,250 | 1.4% | 3.2 |
| 8 | Montgomery County | 2 | 57,825 | 1,301,318 | 1.3% | 5.8 |
| 9 | First Data Corporation | 1 | 117,336 | 1,290,696 | 1.3% | 4.2 |
| 10 | State of Maryland | 10 | 76,242 | 1,285,564 | 1.3% | 10.3 |
| 11 | Iron Mountain | 2 | 188,911 | 1,266,071 | 1.3% | 9.0 |
| 12 | Stock Building Supply, Inc | 1 | 124,501 | 1,177,086 | 1.2% | 7.4 |
| 13 | Capital One Financial Corp | 1 | 158,400 | 1,111,104 | 1.1% | 1.8 |
| 14 | Vangent, Inc | 1 | 123,200 | 1,039,968 | 1.1% | 4.3 |
| 15 | Harris Corporation | 3 | 47,680 | 1,006,750 | 1.0% | 3.8 |
| 16 | General Dynamics Information Technology, Inc | 6 | 147,651 | 1,004,019 | 1.0% | 2.9 |
| 17 | Siemens Real Estate | 1 | 76,292 | 991,796 | 1.0% | 6.6 |
| 18 | First American Registry | 1 | 55,851 | 955,052 | 1.0% | 4.8 |
| 19 | D.D. Jones | 4 | 272,624 | 940,318 | 1.0% | 2.1 |
| 20 | Lyttle Corp | 1 | 54,530 | 905,266 | 0.9% | 3.3 |
| 21 | Allstate Insurance Company | 2 | 48,785 | 791,737 | 0.8% | 2.4 |
| 22 | Wachovia Bank/Harris Connect | 1 | 58,954 | 765,449 | 0.8% | 2.0 |
| 23 | Eska Graphic Board USA BV | 2 | 152,600 | 752,318 | 0.8% | 4.4 |
| 24 | Measurement Specialties, Inc. | 1 | 120,000 | 716,992 | 0.7% | 11.8 |
| 25 | Baxter Healthcare Corp., Amvax, Inc. | 2 | 36,740 | 700,772 | 0.7% | 4.2 |
| 26 | Home Depot | 4 | 129,988 | 659,443 | 0.7% | 1.6 |
| 27 | ServiceSource, Inc. | 4 | 64,683 | 654,914 | 0.7% | 5.0 |
| 28 | TVI Corporation | 1 | 118,273 | 654,050 | 0.7% | 5.6 |
| 29 | Capital Office Solutions | 1 | 46,781 | 643,238 | 0.7% | 9.3 |
| 30 | American Public University System, Inc. | 2 | 48,968 | 631,487 | 0.6% | 5.5 |
| | Subtotal Top 30 Tenants | 110 | 4,085,706 | 41,089,465 | 41.8% | 4.8 |
| | All Remaining Tenants | 685 | 5,889,279 | 57,219,532 | 58.2% | 3.7 |
| | **Total / Weighted Average** | **795** | **9,974,985** | **$ 98,308,997** | **100.0%** | **4.2** |

[1] Annualized rental revenue is based on triple-net equivalent cash basis rental revenue as of September 30, 2009.

# Portfolio Analysis

(unaudited)

**PORTFOLIO BY MARKET**

| | Number of Buildings | Square Feet[1] | Percent Leased[1] | Percent Occupied[1] | Annualized Base Rent[2] - Cash Basis | Percentage of Annualized Base Rent |
|---|---|---|---|---|---|---|
| **Maryland** | **72** | **3,568,362** | **82.6%** | **82.1%** | **$ 32,996,831** | **33.6%** |
| Baltimore | 18 | 575,732 | 75.5% | 75.5% | 4,927,475 | 5.0% |
| Suburban MD | 54 | 2,992,630 | 84.0% | 83.4% | 28,069,356 | 28.6% |
| **Northern VA** | **48** | **2,763,980** | **87.4%** | **87.3%** | **29,596,873** | **30.1%** |
| **Southern VA** | **54** | **5,143,347** | **89.6%** | **89.2%** | **35,715,293** | **36.3%** |
| Richmond | 27 | 1,761,976 | 90.0% | 90.0% | 11,521,507 | 11.7% |
| Norfolk | 27 | 3,381,371 | 89.5% | 88.8% | 24,193,786 | 24.6% |
| **Total** | 174 | 11,475,689 | 86.9% | 86.6% | $ 98,308,997 | 100.0% |

**PORTFOLIO BY PROPERTY TYPE**

| | Number of Buildings | Square Feet[1] | Percent Leased[1] | Percent Occupied[1] | Annualized Base Rent[2] - Cash Basis | Percentage of Annualized Base Rent |
|---|---|---|---|---|---|---|
| Industrial | 33 | 4,204,220 | 91.6% | 91.6% | $ 28,140,377 | 28.6% |
| Business Park | 135 | 6,835,138 | 83.9% | 83.5% | 65,556,742 | 66.7% |
| Office | 5 | 235,113 | 87.1% | 81.7% | 3,407,531 | 3.5% |
| Retail | 1 | 201,218 | 92.9% | 92.9% | 1,204,347 | 1.2% |
| **Total** | 174 | 11,475,689 | 86.9% | 86.6% | $ 98,308,997 | 100.0% |

**PORTFOLIO BY LEASE TYPE**

| | Number of Leases | Square Feet[3] | Percentage of Leased Portfolio |
|---|---|---|---|
| Triple net | 548 | 7,304,074 | 73.2% |
| Industrial gross | 55 | 545,923 | 5.5% |
| Full service | 192 | 2,124,988 | 21.3% |
| **Total** | 795 | 9,974,985 | 100.0% |

[1]Does not include space under redevelopment or completed construction yet to be placed into service.
[2]Triple-net equivalent; reflects leased, not yet occupied spaces.
[3]Does not include vacant and core factor space.



FIRST POTOMAC REALTY TRUST

# Market Concentration

(unaudited)

**Market Concentration by Square Footage**

| | Maryland | | | Northern VA | Southern VA | | | |
|---|---|---|---|---|---|---|---|---|
| | Baltimore | Suburban MD | Subtotal | | Richmond | Norfolk | Subtotal | **Total** |
| Industrial | - | 8.5% | 8.5% | 11.4% | 8.8% | 9.9% | 18.7% | **38.6%** |
| Business Park | 4.4% | 12.7% | 17.1% | 12.7% | 7.1% | 20.5% | 27.6% | **57.4%** |
| Office | - | 2.1% | 2.1% | - | - | - | - | **2.1%** |
| Retail | - | 1.9% | 1.9% | - | - | - | - | **1.9%** |
| **Total** | 4.4% | 25.2% | **29.6%** | **24.1%** | 15.9% | 30.4% | **46.3%** | **100.0%** |

**Market Concentration by Annualized Rent**

| | Maryland | | | Northern VA | Southern VA | | | |
|---|---|---|---|---|---|---|---|---|
| | Baltimore | Suburban MD | Subtotal | | Richmond | Norfolk | Subtotal | **Total** |
| Industrial | - | 6.3% | 6.3% | 12.9% | 5.3% | 4.2% | 9.5% | **28.7%** |
| Business Park | 5.0% | 17.6% | 22.6% | 17.2% | 6.4% | 20.4% | 26.8% | **66.6%** |
| Office | - | 3.5% | 3.5% | - | - | - | - | **3.5%** |
| Retail | - | 1.2% | 1.2% | - | - | - | - | **1.2%** |
| **Total** | 5.0% | 28.6% | **33.6%** | **30.1%** | 11.7% | 24.6% | **36.3%** | **100.0%** |

# Leasing Analysis

(unaudited)

| Leasing Production[1] | Three Months Ended September 30, 2009 | | Nine Months Ended September 30, 2009 | |
|---|---|---|---|---|
| **New and Renewal Leases** | | | | |
| Square footage of new and renewal leases | | 450,151 | | 1,502,412 |
| Number of new and renewal leases commencing | | 50 | | 150 |
| **Expired/Early Renewal/Terminated leases** | | | | |
| Square footage of expired/early renewal leases | | 433,990 | | 1,402,811 |
| Square footage of terminated leases | | 85,408 | | 280,817 |
| Total - expired/early renewal/terminated leases | | 519,398 | | 1,683,628 |
| Signed in advance of existing tenant's lease expiration | | 12,437 | | 25,644 |
| Pre-Leasing | | - | | 39,852 |
| Recognition of previous advance leases and pre-leasing | | 87,425 | | 200,001 |
| Net Absorption | | 5,741 | | (46,711) |
| **New Leases** | | | | |
| New square footage | | 79,856 | | 331,535 |
| Number of new leases commencing | | 15 | | 45 |
| Rental Change - Cash[2] | | | | |
| New base rent | $ | 12.62 | $ | 10.20 |
| Percentage change in base rent | | 20.4% | | 9.7% |
| Rental Change - GAAP[2] | | | | |
| New base rent | $ | 15.69 | $ | 11.42 |
| Percentage change in base rent | | 47.9% | | 19.9% |
| Average capital cost per square foot[3] | $ | 5.94 | $ | 16.15 |
| Average downtime between leases (months) | | 6.3 | | 13.1 |
| Average lease term (months) | | 77.4 | | 64.3 |
| **Renewal Leases** | | | | |
| Square footage of renewal leases[4] | | 370,295 | | 1,170,877 |
| Number of renewal leases commencing | | 35 | | 105 |
| Retention rate | | 90% | | 85% |
| Maryland | | 92% | | 81% |
| Northern VA | | 74% | | 74% |
| Southern VA | | 93% | | 93% |
| Rental Change - Cash | | | | |
| New base rent | $ | 13.10 | $ | 10.69 |
| Expiring base rent | $ | 12.30 | $ | 10.50 |
| Percentage change in base rent | | 6.5% | | 1.7% |
| Rental Change - GAAP | | | | |
| New base rent | $ | 14.00 | $ | 11.29 |
| Expiring base rent | $ | 12.37 | $ | 10.24 |
| Percentage change in base rent | | 13.2% | | 10.3% |
| Average capital cost per square foot | $ | 2.88 | $ | 3.88 |
| Average lease term (months) | | 56.5 | | 48.7 |

(1)Includes 32,542 square feet of leases and associated costs for leases signed in the third quarter for subsequent periods. Of the total, 11,452 square feet will commence in Q4 2009, 15,494 square feet will commence in Q1 2010 and 5,596 square feet in Q2 2010.

(2)Quarter lease comparison based on eleven leases totaling 42,667 square feet. Nine months-ended figures excludes 44,900 square feet lease at below market rent that was signed in an effort to mitigate the loss associated with a tenant who vacated their space during their lease term.

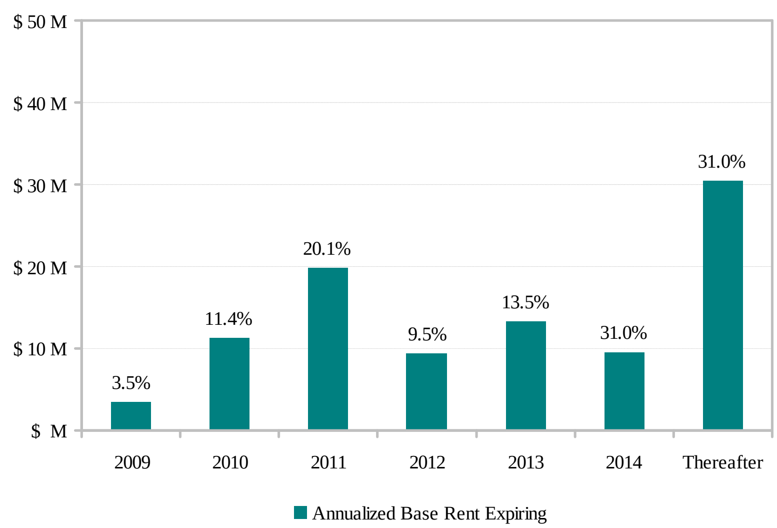
(3)Includes first and second generation TI costs. Second generation capital costs averaged $3.82 per square foot.

(4)Includes 21,242 square feet of lease extensions from restructured leases. Average lease term consisted of 44.8 months. Changes in cash and GAAP rents were 0.3% and 7.6% respectively.

# Lease Expirations

(unaudited)

| Year of Lease Expiration | Number of Leases Expiring | Square Footage | Percent of Total | Amount | Percent of Total | Average Base Rent per Sq. Ft.[1] |
|---|---|---|---|---|---|---|
| MTM | 21 | 185,060 | 1.9% | $ 1,247,050 | 1.3% | $ 6.74 |
| 2009 | 48 | 385,679 | 3.9% | 3,454,403 | 3.5% | 8.96 |
| 2010 | 143 | 1,118,800 | 11.2% | 11,246,513 | 11.4% | 10.05 |
| 2011 | 161 | 2,278,286 | 22.8% | 19,799,156 | 20.1% | 8.69 |
| 2012 | 103 | 841,514 | 8.4% | 9,359,859 | 9.5% | 11.12 |
| 2013 | 103 | 1,281,790 | 12.9% | 13,232,896 | 13.5% | 10.32 |
| 2014 | 85 | 1,008,706 | 10.1% | 9,505,654 | 9.7% | 9.42 |
| Thereafter | 131 | 2,875,150 | 28.8% | 30,463,466 | 31.0% | 10.60 |
| **Total** | **795** | **9,974,985** | **100.0%** | **$ 98,308,997** | **100.0%** | **$ 9.86** |




[1] Triple-net equivalent

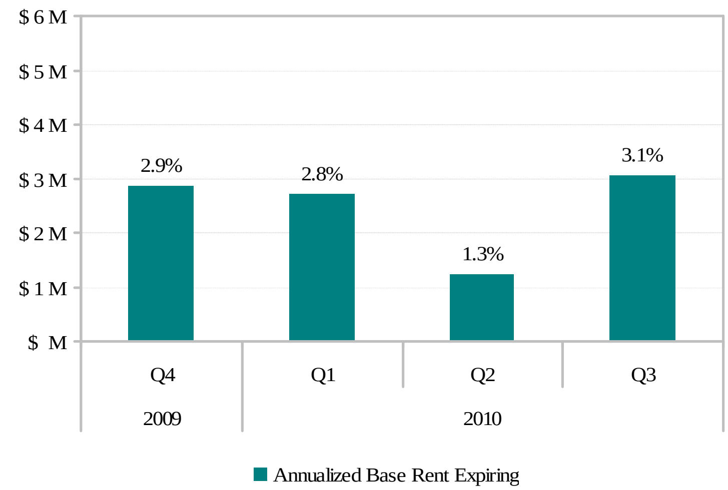


FIRST POTOMAC REALTY TRUST

# Lease Expirations – Current and Next Four Quarters

(unaudited)

| Quarter of Lease Expiration | Number of Leases Expiring | Gross Leased Area: Square Footage | Gross Leased Area: Percent of Total | Annualized Cash Rental Revenue: Amount | Annualized Cash Rental Revenue: Percent of Total Portfolio | Annualized Cash Rental Revenue: Average Base Rent per Sq. Ft.[1] |
|---|---|---|---|---|---|---|
| 2009 - Q3[2] | 7 | 45,078 | 4.4% | $ 599,483 | 0.6% | $ 13.30 |
| 2009 - Q4 | 41 | 340,601 | 33.2% | 2,854,919 | 2.9% | 8.38 |
| 2010 - Q1 | 41 | 293,699 | 28.6% | 2,722,008 | 2.8% | 9.27 |
| 2010 - Q2 | 22 | 95,095 | 9.3% | 1,245,688 | 1.3% | 13.10 |
| 2010 - Q3 | 38 | 252,169 | 24.5% | 3,062,141 | 3.1% | 12.14 |
| **Total** | **149** | **1,026,642** | **100.0%** | **$ 10,484,239** | **10.7%** | **$ 10.21** |




[1] Triple-net equivalent
[2] The Company treats leases that expired on the last day of the quarter as leased square footage since the tenant is contractually entitled to the space. Of the 45,078 square feet of leases that expired on September 30, 2009, 33,198 square feet were moved out, 4,680 square feet were renewed and 7,200 square feet were held over.

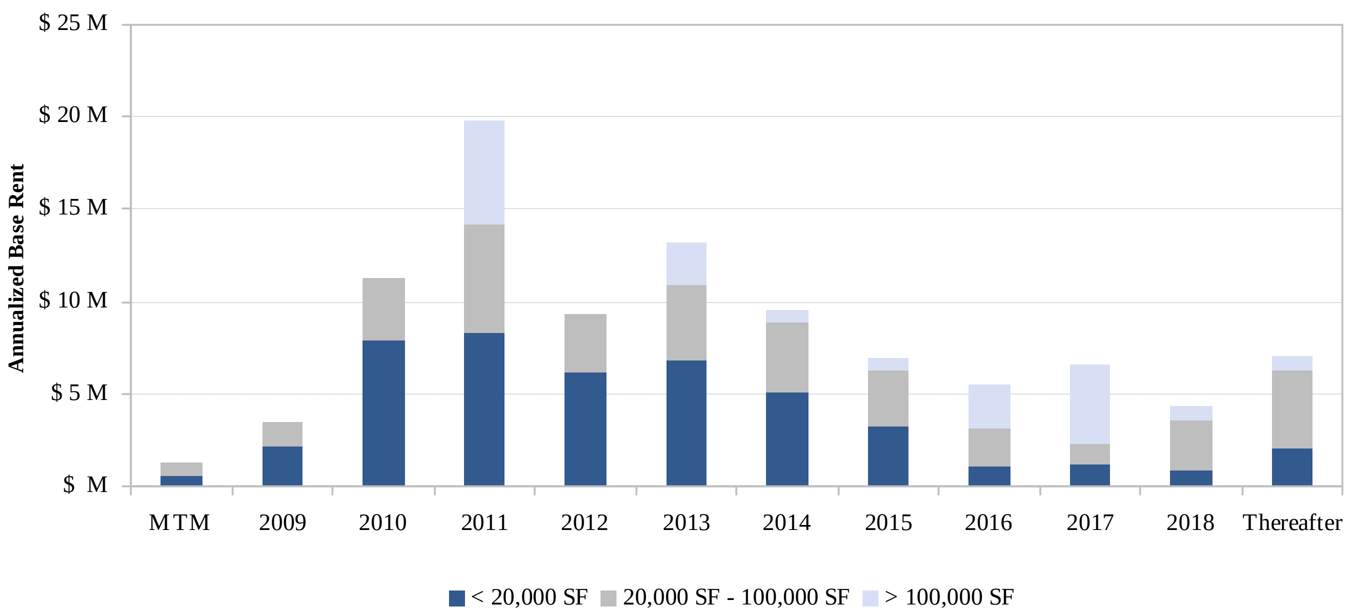


FIRST POTOMAC REALTY TRUST

# Portfolio by Size

(unaudited)

| Square Feet Under Lease | Number of Leases | Leased Square Feet | % of Total Square Feet | Annualized Base Rent[1] | % of Annualized Rent | Revenue per SF |
|---|---|---|---|---|---|---|
| 0-4,999 | 369 | 901,352 | 9.0% | $ 11,036,437 | 11.2% | $ 12.24 |
| 5,000-9,999 | 174 | 1,232,584 | 12.4% | 14,621,132 | 14.9% | 11.86 |
| 10,000-14,999 | 93 | 1,114,353 | 11.2% | 12,786,725 | 13.0% | 11.47 |
| 15,000-19,999 | 38 | 647,818 | 6.5% | 7,080,519 | 7.2% | 10.93 |
| 20,000-24,999 | 30 | 680,005 | 6.8% | 6,753,334 | 6.9% | 9.93 |
| 25,000-29,999 | 19 | 512,009 | 5.1% | 5,947,704 | 6.1% | 11.62 |
| 30,000-34,999 | 14 | 454,051 | 4.6% | 4,433,700 | 4.5% | 9.76 |
| 35,000-39,999 | 10 | 368,097 | 3.7% | 2,647,916 | 2.7% | 7.19 |
| 40,000-44,999 | 7 | 294,670 | 3.0% | 2,452,482 | 2.5% | 8.32 |
| 45,000-49,999 | 10 | 467,263 | 4.7% | 4,433,658 | 4.5% | 9.49 |
| 50,000-54,999 | 3 | 159,368 | 1.6% | 1,995,468 | 2.0% | 12.52 |
| 55,000-59,999 | 2 | 114,805 | 1.2% | 1,720,501 | 1.8% | 14.99 |
| 60,000-64,999 | 2 | 121,992 | 1.2% | 1,001,898 | 1.0% | 8.21 |
| 65,000-69,999 | 2 | 135,321 | 1.4% | 615,164 | 0.6% | 4.55 |
| 70,000-74,999 | 1 | 70,460 | 0.7% | 479,713 | 0.5% | 6.81 |
| 75,000-79,999 | 3 | 228,092 | 2.3% | 1,824,476 | 1.9% | 8.00 |
| 85,000-89,999 | 1 | 87,120 | 0.9% | 370,260 | 0.4% | 4.25 |
| 90,000-94,999 | 1 | 94,950 | 1.0% | 559,256 | 0.6% | 5.89 |
| 100,000-104,999 | 1 | 104,218 | 1.0% | 1,274,586 | 1.3% | 12.23 |
| 115,000-119,999 | 4 | 466,892 | 4.7% | 3,838,564 | 3.9% | 8.22 |
| 120,000-124,999 | 5 | 608,301 | 6.1% | 4,350,604 | 4.4% | 7.15 |
| 125,000-129,999 | 1 | 127,108 | 1.2% | 603,763 | 0.6% | 4.75 |
| 130,000-134,999 | 1 | 134,589 | 1.3% | 542,736 | 0.6% | 4.03 |
| 155,000-159,999 | 1 | 158,400 | 1.6% | 1,111,104 | 1.1% | 7.01 |
| 215,000-219,999 | 1 | 215,085 | 2.1% | 1,890,048 | 1.8% | 8.79 |
| 235,000-239,999 | 2 | 476,082 | 4.7% | 3,937,249 | 4.0% | 8.27 |
| **Total** | **795** | **9,974,985** | **100.0%** | **$ 98,308,997** | **100.0%** | **$ 9.86** |




(1) Triple-net equivalent



FIRST POTOMAC REALTY TRUST

# Land and Properties Available for Development or Redevelopment

(unaudited, amounts in thousands)

| ACTIVE DEVELOPMENT / REDEVELOPMENT | Region | Square Feet Under Development /Redevelopment | Projected Cost | Cost to Date | Estimated Date In Service | Estimated Stabilization Date | Expected Return |
|---|---|---|---|---|---|---|---|
| **Development** | | | | | | | |
| Sterling Park Business Center - Lot 7 | Northern VA | 56,555 | $ 7,300 | $ 4,006 | TBD | TBD | 9% |
| Greenbrier | Southern VA | 48,000 | 8,100 | 408 | TBD | TBD | 10% |
| | | 104,555 | 15,400 | 4,414 | | | |
| **Redevelopment**[1] | | | | | | | |
| Gateway 270 West | Maryland | 41,710 | 1,400 | 751 | Q1-2010 | Q2-2011 | 10% |
| Enterprise Parkway | Southern VA | 70,883 | 950 | 775 | Q1-2010 | Q2-2011 | 10% |
| | | 112,593 | 2,350 | 1,526 | | | |
| **Total Active Development / Redevelopment** | | **217,148** | **$ 17,750** | **$ 5,940** | | | |

**COMPLETED DEVELOPMENT / REDEVELOPMENT**

| PLACED IN SERVICE DURING QUARTER | Region | Square Feet Placed in Service | Leased Square Feet | Total Cost | Estimated Stabilization Date | Expected Return |
|---|---|---|---|---|---|---|
| **Redevelopment**[1] | | | | | | |
| Interstate Plaza | Northern VA | 56,578 | 34,025 | $ 371 | Q1-2011 | 7% |
| Park Central | Southern Virginia | 7,822 | 7,822 | 106 | Q3-2009 | 10% |
| **Total Completed Assets** | | **64,400** | **41,847** | **$ 477** | | |

| ADDITIONAL DEVELOPABLE LAND | | Developable Square Feet |
|---|---|---|
| Glenn Dale Business Center | Maryland | 100,000 |
| 4612 Navistar Drive | Maryland | 50,000 |
| Sterling Park Business Center | Northern VA | 335,545 |
| Plaza 500 | Northern VA | 200,000 |
| Linden Business Center | Northern VA | 32,400 |
| River's Bend Center II | Southern VA | 600,000 |
| Chesterfield | Southern VA | 35,700 |
| Norfolk Commerce Park II | Southern VA | 17,500 |
| | | 1,371,145 |

(1) Redevelopment of existing structures.



FIRST POTOMAC REALTY TRUST

# Maryland Region

(unaudited)

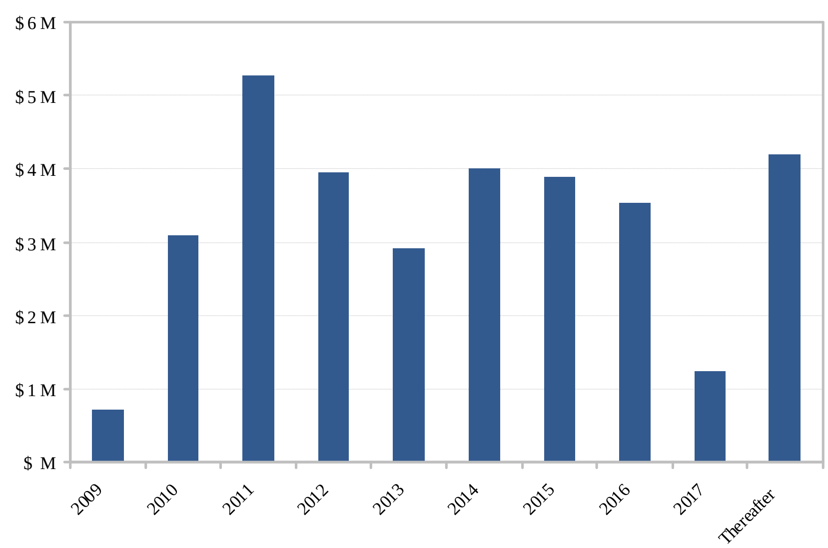
| Property | Buildings | Property Type[1],[2] | Location | Square Footage | Annualized Cash Basis Rent[3] | Leased at September 30, 2009[4] | Occupied at September 30, 2009[4] |
|---|---|---|---|---|---|---|---|
| **SUBURBAN MD** | | | | | | | |
| ***Frederick*** | | | | | | | |
| 15 Worman's Mill Court | 1 | BP | Frederick | 39,966 | $ 380,042 | 100.0% | 100.0% |
| Frederick Industrial Park[5] | 3 | I | Frederick | 550,418 | 3,997,957 | 93.7% | 93.7% |
| Patrick Center | 1 | Office | Frederick | 66,260 | 1,064,454 | 72.1% | 72.1% |
| West Park | 1 | Office | Frederick | 28,933 | 354,540 | 87.9% | 87.9% |
| ***I-270 Corridor*** | | | | | | | |
| 20270 Goldenrod Lane | 1 | BP | Germantown | 24,468 | 114,389 | 46.0% | 46.0% |
| 7561 Lindbergh Drive | 1 | I | Gaithersburg | 36,000 | 328,295 | 100.0% | 100.0% |
| Airpark Place | 3 | BP | Gaithersburg | 82,290 | 636,757 | 55.3% | 55.3% |
| Campus at Metro Park North | 4 | BP | Rockville | 190,912 | 3,033,826 | 85.1% | 85.1% |
| Gateway 270 West | 6 | BP | Clarksburg | 213,341 | 2,977,713 | 99.1% | 99.1% |
| Gateway Center | 2 | BP | Gaithersburg | 44,144 | 567,564 | 88.4% | 84.5% |
| Girard Business Park[6] | 7 | BP | Gaithersburg | 299,878 | 2,559,547 | 76.4% | 75.4% |
| ***Beltsville*** | | | | | | | |
| Ammendale Business Park[7] | 7 | BP | Beltsville | 313,890 | 2,437,900 | 61.1% | 61.1% |
| ***Columbia*** | | | | | | | |
| Rumsey Center | 4 | BP | Columbia | 134,321 | 1,304,034 | 82.4% | 82.4% |
| Snowden Center | 5 | BP | Columbia | 144,807 | 1,717,994 | 77.5% | 77.5% |
| RiversPark I[8] | 3 | BP | Columbia | 160,470 | 1,572,190 | 73.7% | 73.7% |
| ***Other*** | | | | | | | |
| Annapolis Commerce Park | 2 | Office | Annapolis | 101,464 | 1,524,451 | 98.8% | 86.4% |
| Glenn Dale Business Center | 1 | I | Glenn Dale | 321,394 | 1,829,270 | 93.0% | 93.0% |
| Old Courthouse Square | 1 | Retail | Martinsburg, WV | 201,218 | 1,204,347 | 92.9% | 92.9% |
| Woodlands Business Center | 1 | Office | Largo | 38,456 | 464,086 | 81.4% | 81.4% |
| Total | 54 | | | 2,992,630 | 28,069,356 | 84.0% | 83.4% |
| **BALTIMORE** | | | | | | | |
| ***Owings Mills*** | | | | | | | |
| Owings Mills Business Park[9] | 6 | BP | Owings Mills | 219,430 | 2,684,155 | 93.8% | 93.8% |
| ***Other*** | | | | | | | |
| Deer Park | 4 | BP | Randallstown | 171,125 | 1,053,190 | 72.0% | 72.0% |
| Gateway West | 4 | BP | Westminster | 111,165 | 645,075 | 48.6% | 48.6% |
| Triangle Business Center | 4 | BP | Baltimore | 74,012 | 545,055 | 69.9% | 69.9% |
| Total | 18 | | | 575,732 | 4,927,475 | 75.5% | 75.5% |
| **Grand Total** | **72** | | | **3,568,362** | **$ 32,996,831** | **82.6%** | **82.1%** |

[1] I = Industrial
[2] BP = Business Park
[3] Triple-net equivalent
[4] Does not include space in development or redevelopment.
[5] Frederick Industrial Park consists of the following properties: 4451 Georgia Pacific Boulevard, 4612 Navistar Drive and 6900 English Muffin Way.
[6] Girard Business Park consists of the following properties: Girard Business Center and Girard Place.
[7] Ammendale Business Park consists of the following properties: Ammendale Commerce Center and Indian Creek Court.
[8] Occupancy includes seller lease-back. Effective March 17, 2009, RiversPark II was no longer consolidated in the Company's portfolio.
[9] Owings Mills Business Park consists of the following properties: Owings Mills Business Center and Owings Mills Commerce Center.

# Maryland Region - Lease Expirations

(unaudited)

| Year of Lease Expiration | SF of Expiring Leases | % of Total SF | Annual Base Rent[1] | % of Annual Base Rent[1] | Base Rent[1] per SF |
|---|---|---|---|---|---|
| Vacant | 620,087 | 17.4% | $ - | - | $ - |
| MTM | 15,420 | 0.4% | 189,060 | 0.6% | 12.26 |
| 2009 | 83,208 | 2.3% | 710,905 | 2.2% | 8.54 |
| 2010 | 307,924 | 8.6% | 3,080,024 | 9.3% | 10.00 |
| 2011 | 552,056 | 15.5% | 5,264,046 | 16.0% | 9.54 |
| 2012 | 318,525 | 8.9% | 3,949,390 | 12.0% | 12.40 |
| 2013 | 232,264 | 6.5% | 2,919,336 | 8.8% | 12.57 |
| 2014 | 295,595 | 8.3% | 4,013,599 | 12.2% | 13.58 |
| 2015 | 311,398 | 8.7% | 3,902,515 | 11.8% | 12.53 |
| 2016 | 345,116 | 9.7% | 3,532,960 | 10.7% | 10.24 |
| 2017 | 94,296 | 2.7% | 1,238,914 | 3.8% | 13.14 |
| Thereafter | 392,473 | 11.0% | 4,196,082 | 12.6% | 10.69 |
| **Total** | **3,568,362** | **100.0%** | **$ 32,996,831** | **100.0%** | **$ 11.19** |




[1] Triple-net equivalent

# Northern Virginia Region

(unaudited)

| Property | Buildings | Property Type[1][2] | Location | Square Footage | Annualized Cash Basis Rent[3] | Leased at September 30, 2009[4] | Occupied at September 30, 2009[4] |
|---|---|---|---|---|---|---|---|
| ***Alexandria*** | | | | | | | |
| Interstate Plaza | 1 | I | Alexandria | 109,029 | $ 947,001 | 78.2% | 78.2% |
| Plaza 500 | 2 | I | Alexandria | 504,089 | 5,305,922 | 91.7% | 91.7% |
| ***Manassas*** | | | | | | | |
| Gateway Centre | 3 | BP | Manassas | 101,021 | 825,434 | 67.7% | 67.7% |
| Linden Business Center | 3 | BP | Manassas | 109,597 | 1,089,389 | 79.8% | 79.8% |
| Windsor at Battlefield | 2 | BP | Manassas | 154,989 | 1,935,850 | 100.0% | 100.0% |
| ***Reston/Herndon*** | | | | | | | |
| Herndon Corporate Center | 4 | BP | Herndon | 127,443 | 1,471,396 | 73.0% | 73.0% |
| Van Buren Business Park | 5 | BP | Herndon | 108,047 | 1,551,825 | 93.9% | 93.9% |
| Reston Business Campus | 4 | BP | Reston | 82,584 | 1,103,562 | 93.9% | 93.9% |
| ***Sterling*** | | | | | | | |
| Sterling Park Business Center[5] | 6 | BP | Sterling | 437,195 | 3,901,708 | 82.2% | 82.2% |
| ***Chantilly*** | | | | | | | |
| Lafayette Business Park[6] | 6 | BP | Chantilly | 253,987 | 3,360,395 | 82.3% | 81.2% |
| ***Other*** | | | | | | | |
| 13129 Airpark Road | 1 | I | Culpeper | 149,888 | 663,596 | 75.9% | 75.9% |
| 15395 John Marshall Highway | 1 | I | Haymarket | 236,082 | 3,175,303 | 100.0% | 100.0% |
| Newington Business Park Center | 7 | I | Lorton | 254,242 | 2,578,860 | 93.2% | 93.2% |
| Prosperity Business Center | 1 | BP | Merrifield | 71,299 | 807,193 | 92.5% | 92.5% |
| Aquia Commerce Center I & II | 2 | BP | Stafford | 64,488 | 879,439 | 100.0% | 100.0% |
| Total | **48** | | | **2,763,980** | **$ 29,596,873** | **87.4%** | **87.3%** |

[1]I = Industrial
[2]BP = Business Park
[3]Triple-net equivalent
[4]Does not include space in development or redevelopment.
[5]Sterling Park Business Center consists of the following properties: 403/405 Glenn Drive, Davis Drive and Sterling Park Business Center.
[6]Lafayette Business Park consists of the following properties: Enterprise Center and Tech Court.

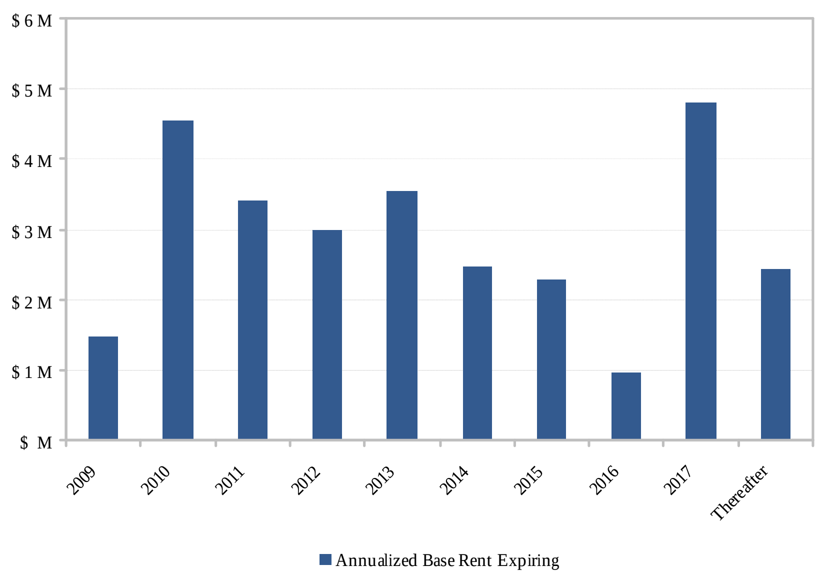


FIRST POTOMAC REALTY TRUST

# Northern Virginia Region - Lease Expirations

(unaudited)

| Year of Lease Expiration | SF of Expiring Leases | % of Total SF | Annual Base Rent[(1)] | % of Annual Base Rent[(1)] | Base Rent[(1)] per SF |
|---|---|---|---|---|---|
| Vacant | 347,736 | 12.6% | $ - | - | $ - |
| MTM | 84,475 | 3.1% | 642,379 | 2.2% | 7.60 |
| 2009 | 121,792 | 4.4% | 1,483,859 | 5.0% | 12.18 |
| 2010 | 327,989 | 11.9% | 4,552,192 | 15.4% | 13.88 |
| 2011 | 272,863 | 9.9% | 3,410,927 | 11.5% | 12.50 |
| 2012 | 268,713 | 9.7% | 2,990,054 | 10.1% | 11.13 |
| 2013 | 263,322 | 9.5% | 3,551,887 | 12.0% | 13.49 |
| 2014 | 230,299 | 8.3% | 2,475,394 | 8.4% | 10.75 |
| 2015 | 168,833 | 6.1% | 2,300,197 | 7.8% | 13.62 |
| 2016 | 45,848 | 1.7% | 950,515 | 3.2% | 20.73 |
| 2017 | 408,078 | 14.8% | 4,801,427 | 16.2% | 11.77 |
| Thereafter | 224,032 | 8.0% | 2,438,042 | 8.2% | 10.88 |
| **Total** | **2,763,980** | **100.0%** | **$ 29,596,873** | **100.0%** | **$ 12.25** |




[(1)]Triple-net equivalent



FIRST POTOMAC REALTY TRUST

# Southern Virginia Region

(unaudited)

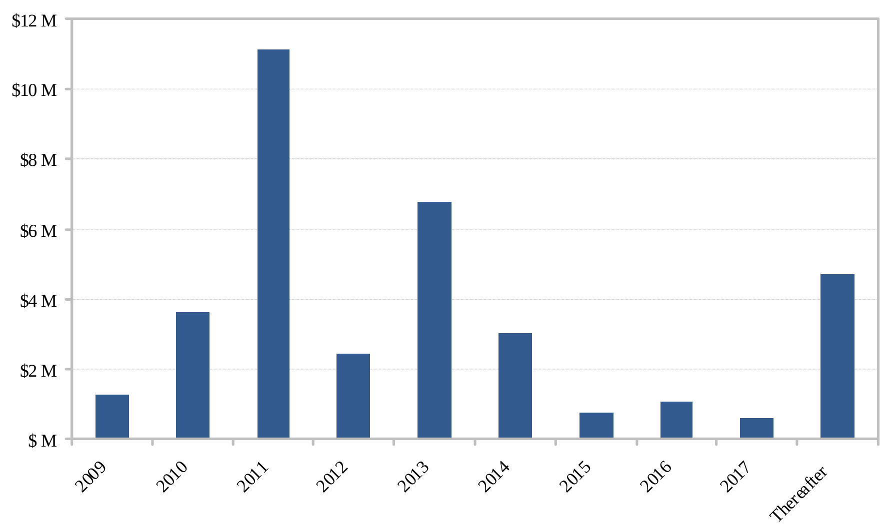
| Property | Buildings | Property Type[1],[2] | Location | Square Footage | Annualized Cash Basis Rent[3] | Leased at September 30, 2009[4] | Occupied at September 30, 2009[4] |
|---|---|---|---|---|---|---|---|
| **RICHMOND** | | | | | | | |
| ***North*** | | | | | | | |
| Virginia Center | 1 | BP | Glen Allen | 119,921 | $ 1,221,045 | 87.4% | 87.4% |
| Northridge I, II | 2 | I | Ashland | 140,424 | 776,140 | 85.6% | 85.6% |
| Hanover Business Center | 4 | BP | Ashland | 182,968 | 992,125 | 89.5% | 89.5% |
| Park Central | 3 | BP | Richmond | 204,280 | 2,368,064 | 90.9% | 90.9% |
| ***South*** | | | | | | | |
| River's Bend Center[5] | 6 | I | Chester | 795,037 | 4,425,869 | 95.8% | 95.8% |
| Chesterfield Business Center[6] | 11 | BP | Richmond | 319,346 | 1,738,264 | 78.2% | 78.2% |
| Total | 27 | | | 1,761,976 | 11,521,507 | 90.0% | 90.0% |
| **NORFOLK** | | | | | | | |
| ***Crossways*** | | | | | | | |
| Crossways Commerce Center[7] | 9 | BP | Chesapeake | 1,086,838 | 10,837,925 | 96.7% | 96.7% |
| ***Greenbrier*** | | | | | | | |
| Greenbrier Business Center[8] | 4 | BP | Chesapeake | 410,613 | 3,824,541 | 86.3% | 81.0% |
| ***Chesapeake Other*** | | | | | | | |
| 1400 Cavalier Boulevard | 4 | I | Chesapeake | 394,723 | 1,405,181 | 86.3% | 86.3% |
| Diamond Hill Distribution Center | 4 | I | Chesapeake | 712,894 | 2,706,983 | 90.1% | 90.1% |
| ***Hampton*** | | | | | | | |
| 1000 Lucas Way | 2 | BP | Hampton | 182,323 | 1,361,507 | 96.3% | 96.3% |
| Enterprise Parkway | 1 | BP | Hampton | 332,536 | 1,574,195 | 65.2% | 65.2% |
| ***Norfolk*** | | | | | | | |
| Norfolk Commerce Park[9] | 3 | BP | Norfolk | 261,444 | 2,483,454 | 93.2% | 93.2% |
| Total | 27 | | | 3,381,371 | 24,193,786 | 89.5% | 88.8% |
| **Grand Total** | **54** | | | **5,143,347** | **$ 35,715,293** | **89.6%** | **89.2%** |

(1) I = Industrial
(2) BP = Business Park
(3) Triple-net equivalent
(4) Does not include space in development or redevelopment.
(5) River's Bend Center consists of the following properties: River's Bend Center and River's Bend Center II.
(6) Chesterfield Business Center consists of the following properties: Airpark Business Center, Chesterfield Business Center and Pine Glen.
(7) Crossways Commerce Center consists of the following properties: Coast Guard Building, Crossways Commerce Center I, Crossways Commerce Center II, Crossways I, Crossways II, 1434 Crossways Boulevard and 1408 Stephanie Way.
(8) Greenbrier Business Center consists of the following properties: Greenbrier Technology Center I, Greenbrier Technology Center II and Greenbrier Circle Corporate Center.
(9) Norfolk Commerce Park consists of the following properties: Norfolk Business Center, Norfolk Commerce Park II and Gateway II.

# Southern Virginia Region - Lease Expirations

(unaudited)

| 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 | 532,881 | 10.4% | $ - | - | $ - |
| MTM | 85,165 | 1.7% | 415,611 | 1.2% | 4.88 |
| 2009 | 180,679 | 3.5% | 1,259,639 | 3.5% | 6.97 |
| 2010 | 482,887 | 9.4% | 3,614,297 | 10.1% | 7.48 |
| 2011 | 1,453,367 | 28.3% | 11,124,183 | 31.1% | 7.65 |
| 2012 | 254,276 | 4.9% | 2,420,415 | 6.8% | 9.52 |
| 2013 | 786,204 | 15.3% | 6,761,673 | 18.9% | 8.60 |
| 2014 | 482,812 | 9.4% | 3,016,660 | 8.4% | 6.25 |
| 2015 | 76,975 | 1.5% | 738,420 | 2.1% | 9.59 |
| 2016 | 182,424 | 3.5% | 1,057,144 | 3.0% | 5.79 |
| 2017 | 132,270 | 2.6% | 598,268 | 1.7% | 4.52 |
| Thereafter | 493,407 | 9.5% | 4,708,983 | 13.2% | 9.54 |
| **Total** | **5,143,347** | **100.0%** | **$ 35,715,293** | **100.0%** | **$ 7.75** |




[1] Triple-net equivalent



FIRST POTOMAC REALTY TRUST

# Management Statements on Non-GAAP Supplemental Measures

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

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

**NOI**

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

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

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

**SAME-PROPERTY NOI**

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

**EBITDA**

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

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

**FFO**

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

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

**AFFO**

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

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