



First Quarter 2010 Supplemental Financial Report



Ashburn Center
Ashburn, VA

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Company Information

First Potomac Realty Trust is a self-managed, self-administered real estate investment trust that focuses on owning, operating, developing and redeveloping office parks, business parks and industrial properties 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.

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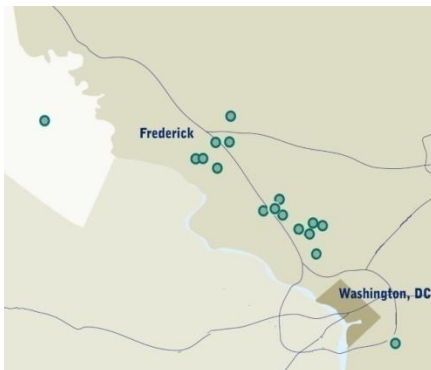
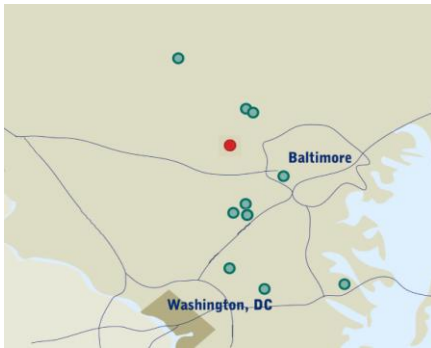
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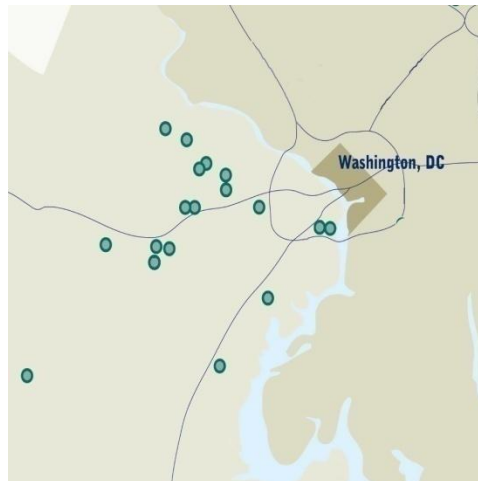
Web Site

www.first-potomac.com

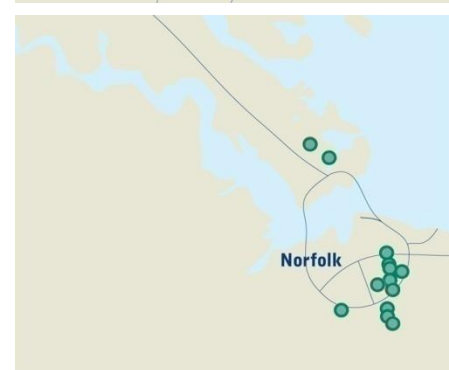
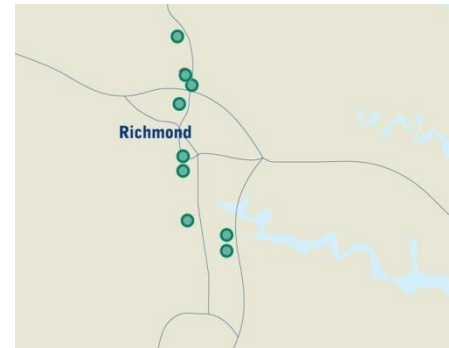
Property Locations



Maryland



Northern Virginia



Southern Virginia

● Represents asset held for sale

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

	Q1-2010	Q4-2009	Q3-2009	Q2-2009	Q1-2009
Net (loss) income attributable to FPO	\$ (2,159)	\$ (3,280)	\$ 608	\$ 1,607	\$ 4,997
Reported FFO	8,043	7,250	10,698	11,624	14,825
Core FFO ⁽¹⁾	9,337	10,968	10,114	10,262	10,486
Reported FFO per share	\$ 0.26	\$ 0.24	\$ 0.37	\$ 0.42	\$ 0.53
Core FFO per share	\$ 0.30	\$ 0.36	\$ 0.35	\$ 0.37	\$ 0.38

Operating Metrics

Change in Same-Property NOI					
Cash basis	(3.6)%	2.2%	3.3%	0.1%	5.9%
Accrual basis	(3.3)%	0.4%	3.3%	(0.9)%	4.7%

Capitalization

Debt to Gross Asset Value ⁽²⁾	50.5%	56.6%	53.9%	55.6%	54.6%
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Debt Balances

Unhedged variable rate debt	\$ 52,000	\$ 134,900	\$ 114,400	\$ 114,400	\$ 100,500
Hedged variable rate debt	85,000	94,856	94,856	94,856	94,856
Fixed rate debt	414,019	415,325	405,376	415,124	432,931
Total	\$ 551,019	\$ 645,081	\$ 614,632	\$ 624,380	\$ 628,287

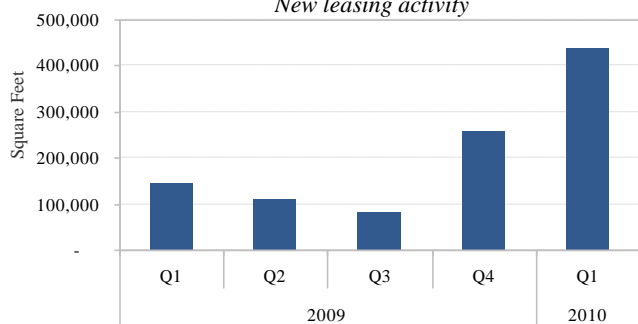
Coverage Ratio

Interest Coverage Ratio	2.04x	2.23x	2.26x	2.25x	2.29x
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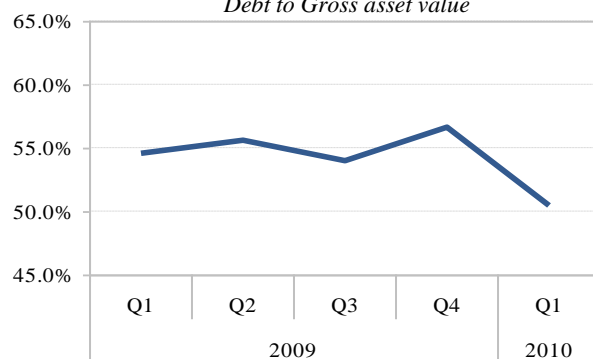
Leasing Metrics

Net Absorption (Square Feet)	67,648	(33,760)	5,741	9,054	(61,506)
Tenant retention rate	89%	79%	90%	88%	80%
Leased %	86.3%	86.3%	86.9%	87.0%	87.5%
Occupancy %	84.2%	85.1%	86.6%	86.5%	86.1%

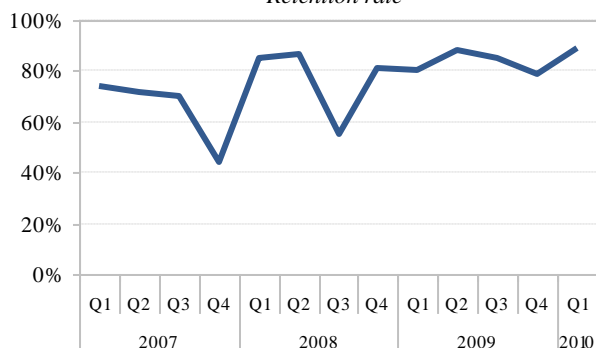
New leasing activity



Debt to Gross asset value



Retention rate



Portfolio concentration

Market	% of Annualized Base Rent	% Leased at March 31, 2010
Greater Washington D.C. ⁽³⁾	60.5%	87.6%
Baltimore	4.6%	72.6%
Richmond	11.4%	93.5%
Norfolk	23.5%	82.3%

⁽¹⁾See page 31 for the definition of Core FFO.

⁽²⁾Gross asset value calculation as defined in the unsecured revolving credit facility agreement, excluding unconsolidated joint venture.

⁽³⁾Includes properties in Suburban Maryland and Northern Virginia.

Financial Results

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

	Three Months Ended														
	March 31, 2010		December 31, 2009		September 30, 2009		June 30, 2009		March 31, 2009						
OPERATING REVENUES															
Rental	\$	27,425	77.7%	\$	27,707	80.2%	\$	26,880	82.6%	\$	26,440	82.1%	\$	26,742	80.4%
Tenant reimbursements and other		7,860	22.3%		6,843	19.8%		5,671	17.4%		5,760	17.9%		6,528	19.6%
		35,285	100.0%		34,550	100.0%		32,551	100.0%		32,200	100.0%		33,270	100.0%
PROPERTY EXPENSES															
Property operating		10,185	28.9%		8,667	25.1%		7,981	24.5%		7,876	24.5%		8,144	24.5%
Real estate taxes and insurance		3,382	9.6%		3,298	9.5%		3,147	9.7%		3,178	9.8%		3,268	9.8%
NET OPERATING INCOME		21,718	61.5%		22,585	65.4%		21,423	65.8%		21,146	65.7%		21,858	65.7%
OTHER INCOME (EXPENSE)															
General and administrative		(3,728)	10.6%		(4,807)	13.9%		(3,609)	11.1%		(2,922)	9.1%		(2,956)	8.9%
Interest and other income		115	0.3%		122	0.4%		148	0.5%		117	0.4%		138	0.4%
Equity in losses of affiliate		(38)	0.1%		(3)	0.0%		(38)	0.1%		(47)	0.1%		(7)	0.0%
EBITDA		18,067	51.1%		17,897	51.9%		17,924	55.1%		18,294	56.9%		19,033	57.2%
Depreciation and amortization		(9,985)			(10,617)			(10,060)			(9,926)			(9,963)	
Interest expense		(8,861)			(8,043)			(7,929)			(8,113)			(8,327)	
Contingent consideration charge		(710)			-			-			-			-	
(Losses) gains on early retirement of debt		-			(180)			640			1,367			4,339	
(Loss) income from continuing operations		(1,489)			(943)			575			1,622			5,082	
DISCONTINUED OPERATIONS															
(Loss) income from operations of disposed property		(719)			(2,415)			49			30			56	
NET (LOSS) INCOME		(2,208)			(3,358)			624			1,652			5,138	
Less: Net loss (income) attributable to noncontrolling interests in the Operating Partnership		49			78			(16)			(45)			(141)	
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$	(2,159)		\$	(3,280)		\$	608		\$	1,607		\$	4,997	

Supplemental Financial Results items:

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

	Three Months Ended									
	March 31, 2010		December 31, 2009		September 30, 2009		June 30, 2009		March 31, 2009	
(Losses) gains on early retirement of debt	\$	-	\$	(180)	\$	640	\$	1,367	\$	4,339
Termination fees		335		313		5		18		82
Capitalized interest		160		66		69		79		145
Acquisition costs		(19)		(997)		(56)		(5)		-
Snow and ice removal costs (excluding reimbursements)		(2,503)		(1,001)		(4)		(60)		(728)
Reserves for bad debt expense		(324)		(522)		(374)		(983)		(423)
Deer Park										
Revenues ⁽¹⁾	\$	86	\$	308	\$	323	\$	318	\$	356
Operating expenses		(90)		(111)		(204)		(210)		(218)
Depreciation expense ⁽¹⁾		(152)		(73)		(72)		(79)		(83)
Interest income		2		2		2		1		1
Impairment of real estate asset		(565)		(2,541)		-		-		-
	\$	(719)	\$	(2,415)	\$	49	\$	30	\$	56

⁽¹⁾Deer Park was classified as held-for-sale at March 31, 2010. During the first quarter of 2010, the Company accelerated amortization on the property's intangible assets, which resulted in a \$240 thousand reduction rental revenues and a \$93 thousand increase to depreciation expense.

Financial Measures

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

FUNDS FROM OPERATIONS ("FFO")	Three Months Ended				
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Net (loss) income attributable to common shareholders	\$ (2,159)	\$ (3,280)	\$ 608	\$ 1,607	\$ 4,997
Add back:					
Depreciation and amortization:					
Real estate assets ⁽¹⁾	9,985	10,467	9,911	9,797	9,590
Discontinued operations	152	73	72	79	83
Unconsolidated joint venture	114	68	91	96	14
Net (loss) income attributable to noncontrolling interests	(49)	(78)	16	45	141
FFO	\$ 8,043	\$ 7,250	\$ 10,698	\$ 11,624	\$ 14,825
Acquisition costs	19	997	56	5	-
Losses (gains) on early retirement of debt	-	180	(640)	(1,367)	(4,339)
Contingent consideration charge	710	-	-	-	-
Impairment of real estate asset	565	2,541	-	-	-
Core FFO	\$ 9,337	\$ 10,968	\$ 10,114	\$ 10,262	\$ 10,486
ADJUSTED FUNDS FROM OPERATIONS ("AFFO")					
FFO	\$ 8,043	\$ 7,250	\$ 10,698	\$ 11,624	\$ 14,825
Non-cash share-based compensation expense	1,053	887	934	728	563
Impairment of real estate asset	565	2,541	-	-	-
Contingent consideration charge	710	-	-	-	-
Losses (gains) on early retirement of debt	-	180	(640)	(1,367)	(4,339)
Rental payments treated as basis reduction ⁽²⁾	-	239	113	99	99
Straight-line rent, net ⁽³⁾	(53)	(31)	(377)	157	(90)
Deferred market rent	(381)	(465)	(247)	(388)	(473)
Non-real estate depreciation and amortization ⁽⁴⁾	212	219	213	211	220
Debt fair value amortization	(503)	(528)	(532)	(541)	(568)
Amortization of finance costs	449	373	338	370	389
Amortization of discounts	232	232	261	298	355
Tenant improvements ⁽⁵⁾	(1,851)	(416)	(995)	(4,413)	(2,611)
Leasing commissions ⁽⁵⁾	(731)	(965)	(605)	(1,221)	(752)
Capital expenditures ⁽⁵⁾	(300)	(1,468)	(936)	(298)	(269)
AFFO	\$ 7,445	\$ 8,048	\$ 8,225	\$ 5,259	\$ 7,349
Total weighted average shares and OP units:					
Basic	31,292	30,236	28,894	27,930	27,772
Diluted	31,489	30,431	28,991	28,002	27,801
FFO per share:					
FFO per share and unit - basic and diluted	\$ 0.26	\$ 0.24	\$ 0.37	\$ 0.42	\$ 0.53
Core FFO per share and unit - diluted	\$ 0.30	\$ 0.36	\$ 0.35	\$ 0.37	\$ 0.38
AFFO per share:					
AFFO per share and unit - basic	\$ 0.24	\$ 0.27	\$ 0.28	\$ 0.19	\$ 0.26
AFFO per share and unit - diluted	\$ 0.24	\$ 0.26	\$ 0.28	\$ 0.19	\$ 0.26
First-generation costs					
Tenant improvements	\$ 146	\$ 1,420	\$ 1,092	\$ 2,835	\$ 2,100
Leasing commissions	99	117	83	466	271
Capital expenditures	184	803	568	923	604
Total first-generation costs	429	2,340	1,743	4,224	2,975
Development	14	35	53	108	77
Redevelopment	127	7	43	127	501
	\$ 570	\$ 2,382	\$ 1,839	\$ 4,459	\$ 3,553

⁽¹⁾For the three months ended December 31, September 30, June 30 and March 31, 2009, depreciation and amortization expense of \$150 thousand, \$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. On January 1, 2010, the Company deconsolidated its remaining consolidated joint venture.

⁽²⁾Represents cash received from space leased to a former owner of a property the Company acquired in September 2008. All cash received from these leases in 2009 was treated as a reduction in the basis of the property.

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

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

⁽⁵⁾Does not include first generation costs, which the Company defines as tenant improvement, leasing commissions and capital expenditure costs that were taken into consideration when underwriting the purchase of a property or incurred to bring the property to operating standard for its intended use.

Net Operating Income (NOI) Same-Property Analysis

(unaudited, amounts in thousands)

Same-Property NOI⁽¹⁾

	Three Months Ended March 31,	
	2010	2009
Total base rent	\$ 26,179	\$ 25,962
Tenant reimbursements and other	7,089	6,077
Property operating expenses	(9,470)	(7,550)
Real estate taxes and insurance	(3,207)	(3,200)
Same-property NOI - accrual basis⁽²⁾	20,591	21,289
Straight-line revenue, net	(126)	(69)
Deferred market rental revenue, net	(399)	(402)
Same-property NOI - cash basis	\$ 20,066	\$ 20,818
Weighted average occupancy	85.3%	86.7%
Change in same-property NOI - accrual basis	(3.3)%	
Change in same-property NOI - cash basis	(3.6)%	
Change in Same-Property NOI - accrual basis		
Rental revenue increase	\$ 217	
Tenant reimbursement and other increase	1,012	
Expense increase	(1,927)	
	\$ (698)	
Same-property percentage of total portfolio (sf)	95.4%	

Reconciliation of Consolidated NOI to Same-Property NOI

	Three Months Ended March 31,	
	2010	2009
Total revenues	\$ 35,285	\$ 33,270
Property operating expenses	(10,185)	(8,144)
Real estate taxes and insurance	(3,382)	(3,268)
NOI	21,718	21,858
Less: Non-same property NOI ⁽³⁾	(1,127)	(569)
Same-property NOI - accrual basis⁽²⁾	20,591	21,289
Straight-line expense revenue, net	(126)	(69)
Deferred market rental revenue, net	(399)	(402)
Same-property NOI - cash basis	\$ 20,066	\$ 20,818

Change in Same-Property NOI by Region

	Three Months Ended March 31, 2010	Percentage of Base Rent
Maryland	(8.5)%	33%
Northern Virginia	0.7%	31%
Southern Virginia	(2.0)%	36%

Change in Same-Property NOI by Property Type⁽⁴⁾

	Three Months Ended March 31, 2010	Percentage of Base Rent
Business Park	(5.7)%	69%
Industrial	0.7%	27%
Office	1.6%	4%

⁽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: Deer Park, RiversPark I and II, Cloverleaf Center and Ashburn Center.

⁽²⁾ Excluding snow and ice removal costs, same-property NOI decreased 0.6% for the three months ended March 31, 2010.

⁽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.

⁽⁴⁾ Does not include one retail property.

Consolidated Balance Sheets

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

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
Assets		
Rental property	\$ 1,108,346	\$ 1,128,956
Less: Accumulated depreciation	(147,359)	(141,481)
Rental property, net	<u>960,987</u>	<u>987,475</u>
Cash and cash equivalents	11,240	9,320
Escrows and reserves	9,174	9,978
Investment in affiliate	3,218	1,819
Assets held for sale	7,743	-
Other assets	<u>62,881</u>	<u>65,900</u>
Total assets	<u>\$ 1,055,243</u>	<u>\$ 1,074,492</u>
Liabilities		
Mortgage loans	\$ 290,069	\$ 301,463
Unsecured notes	123,950	123,718
Bank debt	137,000	219,900
Accounts payable and accrued interest	19,374	18,491
Other liabilities	<u>17,484</u>	<u>23,576</u>
Total liabilities	<u>587,877</u>	<u>687,148</u>
Noncontrolling interests (redemption value \$11,009 and \$9,207, respectively)	11,009	9,585
Shareholders' equity:		
Common shares, \$0.001 par value, 100,000 common shares authorized; 37,069 and 30,589 shares issued and outstanding, respectively	37	31
Additional paid-in capital	603,999	517,940
Accumulated other comprehensive loss	(1,072)	(1,879)
Dividends in excess of accumulated earnings	<u>(146,607)</u>	<u>(138,333)</u>
Total shareholders' equity	<u>456,357</u>	<u>377,759</u>
Total liabilities, noncontrolling interests and shareholders' equity	<u>\$ 1,055,243</u>	<u>\$ 1,074,492</u>

Total Market Capitalization and Selected Ratios

(unaudited, amounts in thousands)

MARKET CAPITALIZATION

		Percent of Total Market Capitalization
Total common shares outstanding	37,069	
Operating Partnership ("OP") units held by third parties	732	
Total common shares and OP units	37,801	
Market price at March 31, 2010	\$ 15.03	
Total equity capitalization	\$ 568,149	50.8%
Debt capitalization		
Fixed-rate debt	\$ 414,019	37.0%
Floating-rate debt ⁽¹⁾	137,000	12.2%
Total debt capitalization	\$ 551,019	49.2%
Total market capitalization	\$ 1,119,168	100.0%

SELECTED RATIOS

	Three Months Ended				
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
<u>COVERAGE RATIO</u>					
Interest Coverage Ratio					
EBITDA	\$ 18,067	\$ 17,897	\$ 17,924	\$ 18,294	\$ 19,033
Interest expense	8,861	8,043	7,929	8,113	8,327
	2.04x	2.23x	2.26x	2.25x	2.29x
<u>OVERHEAD RATIO</u>					
G&A to Real Estate Revenues⁽²⁾					
General and administrative expense	\$ 3,728	\$ 4,807	\$ 3,609	\$ 2,922	\$ 2,956
Total revenues	35,285	34,550	32,551	32,200	33,270
	10.6%	13.9%	11.1%	9.1%	8.9%
<u>LEVERAGE RATIO</u>					
Debt/Undepreciated Book Value					
Total debt	\$ 551,019	\$ 645,081	\$ 614,632	\$ 624,380	\$ 628,287
Undepreciated book value	1,107,965	1,128,956	1,095,008	1,091,709	1,086,264
	49.7%	57.1%	56.1%	57.2%	57.8%

⁽¹⁾The Company had entered into interest rate swap agreements that fixed interest rates on \$85 million of its variable rate debt. Therefore, as of March 31, 2010, \$52.0 million, or 9.4%, of the Company's debt is exposed to variable interest rate fluctuations.

⁽²⁾General and administrative expense increased \$20 thousand, \$1.0 million and \$56 thousand for the three months ended March 31, 2010, December 31, 2009 and September 30, 2009, respectively, due to the adoption of a new accounting standard in 2009 that does not allow for the capitalization of acquisition costs.

Outstanding Debt

(unaudited, amounts in thousands)

Fixed Rate Debt	Effective Interest Rate	Principal Balance at March 31, 2010	Annualized Debt Service	Maturity Date	Balance at Maturity
Encumbered Properties					
4212 Tech Court	8.53%	\$ 1,658	\$ 169	6/1/2010	\$ 1,654
Park Central II ⁽¹⁾	5.66%	5,510	638	11/1/2010	5,289
Enterprise Center ⁽¹⁾⁽²⁾	5.20%	17,207	1,647	12/1/2010	16,712
Indian Creek Court ⁽¹⁾⁽²⁾	5.90%	12,305	1,162	1/1/2011	11,982
403/405 Glenn Drive ⁽¹⁾	5.50%	8,179	746	7/1/2011	7,807
4612 Navistar Drive ⁽¹⁾⁽²⁾	5.20%	12,554	1,131	7/11/2011	11,921
Campus at Metro Park ⁽¹⁾⁽²⁾	5.25%	23,175	2,028	2/11/2012	21,581
1434 Crossways Boulevard Building II ⁽¹⁾	5.38%	9,759	826	8/5/2012	8,866
Crossways Commerce Center	6.70%	24,497	2,087	10/1/2012	23,313
Newington Business Park Center	6.70%	15,453	1,316	10/1/2012	14,706
Prosperity Business Center ⁽¹⁾	5.75%	3,605	305	1/1/2013	3,242
Aquia Commerce Center I	7.28%	453	165	2/1/2013	42
1434 Crossways Boulevard Building I ⁽¹⁾	5.38%	8,425	665	3/5/2013	7,597
Linden Business Center ⁽¹⁾	5.58%	7,195	512	10/1/2013	6,596
Owings Mills Business Center ⁽¹⁾	5.75%	5,526	425	3/1/2014	5,066
Annapolis Commerce Park East ⁽¹⁾	6.25%	8,581	665	6/1/2014	8,010
Cloverleaf Center	6.75%	17,409	1,464	10/8/2014	15,953
Plaza 500	5.19%	99,625	5,171	8/1/2015	91,588
Van Buren Business Park					
Rumsey Center					
Snowden Center					
Greenbrier Technology Center II					
Norfolk Business Center					
Northridge I & II					
15395 John Marshall Highway					
Hanover Business Center					
Hanover Building D ⁽¹⁾	6.63%	728	161	8/1/2015	13
Hanover Building C ⁽¹⁾	6.63%	1,127	186	12/1/2017	13
Chesterfield Business Center					
Chesterfield Buildings C, D, G and H ⁽¹⁾	6.63%	1,901	414	8/1/2015	34
Chesterfield Buildings A, B, E and F ⁽¹⁾	6.63%	2,514	291	6/1/2021	26
Gateway Centre Building I ⁽¹⁾	5.88%	1,312	219	11/1/2016	-
Airpark Business Center ⁽¹⁾	6.63%	1,371	173	6/1/2021	14
	5.68% ⁽³⁾	\$ 290,069	\$ 22,566		\$ 262,025
Convertible Debt					
Exchangeable Senior Notes	5.84%	\$ 48,950	\$ 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
	6.48% ⁽³⁾	\$ 75,000	\$ 4,860		\$ 75,000
Total Fixed Rate Debt	5.84% ⁽³⁾	\$ 414,019	\$ 29,446		\$ 387,525

Outstanding Debt Continued

(unaudited, amounts in thousands)

	Effective Interest Rate	Principal Balance at March 31, 2010	Annualized Debt Service	Maturity Date	Balance at Maturity
Total Fixed Rate Debt	5.84% ⁽³⁾	\$ 414,019	\$ 29,446		\$ 387,525
Variable Rate Debt					
Secured Term Loan I ⁽⁴⁾					
Term Loan A	LIBOR + 2.50%	10,000	275	1/15/2011	10,000
Term Loan B	LIBOR + 2.50%	10,000	275	1/15/2012	10,000
Term Loan C	LIBOR + 2.50%	10,000	275	1/15/2013	10,000
Term Loan D	LIBOR + 2.50%	10,000	275	1/15/2014	10,000
Secured Term Loan II ⁽⁵⁾	LIBOR + 2.50%	20,000	550	8/11/2011	20,000
Unsecured Revolving Credit Facility ⁽⁶⁾⁽⁷⁾	LIBOR + 3.25%	77,000	3,273	1/15/2014	77,000
Total Variable Rate Debt	5.00% ⁽³⁾⁽⁸⁾	\$ 137,000	\$ 4,923		\$ 137,000
Total at March 31, 2010	5.63%⁽³⁾⁽⁸⁾	\$ 551,019	\$ 34,369⁽⁹⁾		\$ 524,525

⁽¹⁾The balance includes the fair value impacts recorded at acquisition upon assumption of the mortgages encumbering these properties. The fair value impacts at March 31, 2010 and contractual interest rates are:

Property	Fair Value Impact	Contractual Interest Rate
Park Central II	\$ 93	8.32%
Enterprise Center	316	8.03%
Indian Creek Court	171	7.80%
403/405 Glenn Drive	202	7.60%
4612 Navistar Drive	347	7.48%
Campus at Metro Park	760	7.11%
1434 Crossways Boulevard Building II	461	7.05%
Prosperity Business Center	35	6.25%
1434 Crossways Boulevard Building I	323	6.25%
Linden Business Center	97	6.01%
Owings Mills Business Center	19	5.85%
Annapolis Commerce Park East	(159)	5.74%
Hanover Business Center Building D	39	8.88%
Hanover Business Center Building C	48	7.88%
Chesterfield Buildings C, D, G and H	88	8.50%
Chesterfield Buildings A, B, E and F	98	7.45%
Gateway Centre Building I	54	7.35%
Airpark Business Center	53	7.45%
Total fair value increase, net	\$ 3,045	

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

⁽³⁾Represents the weighted average interest rate.

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

⁽⁵⁾The loan, which matures in August 2010, has a one-year extension at the Company's option, which it intends to exercise.

⁽⁶⁾The unsecured revolving credit facility matures in January 2013 with a one-year extension at the Company's option, which it intends to exercise. The variable interest rate on the facility is LIBOR plus 275 to 375 basis points, depending on the Company's overall leverage, and includes a LIBOR floor of 1.0% (LIBOR was 0.25% at March 31, 2010) for any amounts that are not hedged.

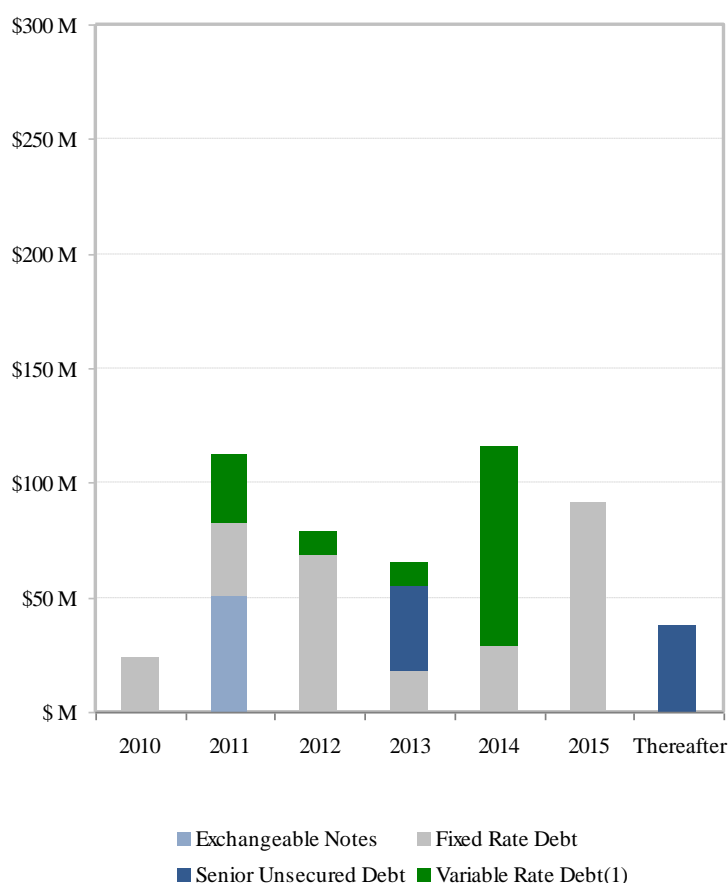
⁽⁷⁾As of March 31, 2010, the borrowing base for the Company's unsecured revolving credit facility included the following properties: 13129 Airpark Road, Virginia Center, Aquia Commerce Center II, Airpark Place, Gateway West II, Crossways II, Reston Business Campus, Cavalier Industrial Park, Gateway Centre (Building II), Enterprise Parkway, Diamond Hill Distribution Center, Linden Business Center (Building I), 1000 Lucas Way, River's Bend Center, Crossways I, Sterling Park Business Center, Sterling Park Land, 1408 Stephanie Way, Davis Drive, Gateway 270, Gateway II, Greenbrier Circle Corporate Center, Greenbrier Technology Center I, Pine Glen, Ammendale Commerce Center, River's Bend Center II, Park Central (Building V), Hanover 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, 15 Worman's Mill Court, Girard Business Center, Girard Place, Owings Mills Commerce Center, 4200 Tech Court, Park Central I and Triangle Business Center.

⁽⁸⁾In January 2008, the Company entered into an interest rate swap agreement to fix the applicable LIBOR interest rate on \$50 million of its variable rate debt to 2.71%. In August 2008, the Company entered into an interest rate swap agreement to fix the applicable LIBOR interest rate on \$35 million of its variable rate debt to 3.33%. The effective interest rate reflects the impact of the swap agreements on \$85.0 million of the Company's variable rate debt.

⁽⁹⁾During the first quarter of 2010, the Company paid approximately \$1.0 million in principal payments.

Debt Maturity Schedule

(unaudited, amounts in thousands)



NOI of Pledged Properties and Supported Indebtedness

Year of Maturity	Type	Annualized NOI	Total Maturing Indebtedness	Total Supported Indebtedness	Debt Yield
2010	Secured Property Debt	3,571	23,655	23,655	15.1%
2011	Secured Property Debt	4,013	31,710	31,710	12.7%
2011	Exchangeable Notes	38,712	50,500	202,500 ⁽²⁾	19.1%
2011	Secured Term Loan II	3,482	20,000	20,000	17.4%
2011- 2014	Secured Term Loan I	36,471	40,000 ⁽³⁾	264,576	13.8%
2012	Secured Property Debt	10,421	68,466	68,466	15.2%
2013	Secured Property Debt	3,033	17,477	17,477	17.4%
2014	Secured Property Debt	5,410	29,029	29,029	18.6%
2014	Unsecured Revolving Credit Facility	38,712	77,000	202,500 ⁽²⁾	19.1%
2015	Secured Property Debt	13,567	91,635	91,635	14.8%

⁽¹⁾\$85 million of \$137 million of variable rate debt is subject to cash flow hedges.

⁽²⁾The Exchangeable Notes and Unsecured Revolving Credit Facility also include Senior Debt of \$37.5 million maturing in 2013 and \$37.5 million maturing in 2016.

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

Debt Covenants

(unaudited, amounts in thousands)

	Credit Facility / Secured Term Loan I		Secured Term Loan II		Senior Notes	
	Quarter Ending March 31, 2010	Covenant	Quarter Ending March 31, 2010	Covenant	Quarter Ending March 31, 2010	Covenant
Unencumbered Pool Leverage ⁽¹⁾	43.9%	≤ 65%	N/A	N/A	42.6%	≤ 65%
Unencumbered Pool Debt Service Coverage Ratio ^{(1),(2)}	2.82x	≥ 1.75x	N/A	N/A	N/A	N/A
Maximum Consolidated Total Indebtedness	52.8%	≤ 65%	49.9%	≤ 60%	51.4%	≤ 65%
Minimum Tangible Net Worth	\$ 517,828	≥ \$449,172	\$ 580,939	≥ \$449,172	\$ 548,427	≥ \$449,172
Fixed Charge Coverage Ratio	1.92x	≥ 1.50x	1.92x	≥ 1.50x	1.92x	≥ 1.50x
Maximum Dividend Payout Ratio	63.3%	≤ 95%	63.3%	≤ 95%	63.3%	≤ 95%
<i>Restricted Investments⁽²⁾:</i>						
Joint Ventures ⁽²⁾	0.9%	≤ 20%	0.8%	≤ 20%	N/A	N/A
Construction in Progress ⁽²⁾	1.0%	≤ 10%	0.9%	≤ 10%	N/A	N/A
Undeveloped Land ⁽²⁾	2.0%	≤ 5%	1.9%	≤ 5%	N/A	N/A
Mortgage Notes ⁽²⁾	0.0%	≤ 5%	0.0%	≤ 5%	N/A	N/A
<i>Total Restricted Investments⁽²⁾</i>	3.8%	≤ 25%	3.6%	≤ 25%	N/A	N/A
<i>Restricted Indebtedness:</i>						
Unhedged Variable Rate Debt ⁽²⁾	4.7%	≤ 25%	4.5%	≤ 25%	N/A	N/A
Maximum Secured Debt	32.5%	≤ 45%	30.8%	≤ 55%	31.7%	≤ 40%
Maximum Secured Recourse Debt ⁽²⁾	6.4%	≤ 15%	6.1%	≤ 10%	N/A	N/A

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

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

	<u>Square Feet</u>
<u>Portfolio In Service</u>	
Maryland	3,579,728
Northern Virginia	2,937,064
Southern Virginia	5,145,219
Total Portfolio In Service	<u>11,662,011</u>
 <u>Assets in Development / Redevelopment</u>	
Development	104,915
Redevelopment	135,096
Total Assets in Development / Redevelopment	<u>240,011</u>
 Total Portfolio	 <u><u>11,902,022</u></u>
 <u>Unconsolidated Joint Venture</u>	
RiversPark I & II	<u>306,861</u>

Occupancy Summary

(unaudited)

CURRENT OCCUPANCY

<u>Property Type</u>	<u>Occupied Square Feet</u>	<u>% of Occupied Square Feet</u>	<u>% Occupied at March 31, 2010⁽¹⁾</u>	<u>Annualized Base Rent⁽²⁾ - Cash Basis</u>	<u>% of Annualized Base Rent</u>
Business Park	5,572,425	56.7%	81.1%	\$ 63,729,493	63.5%
Industrial	3,696,952	37.6%	88.4%	29,252,374	29.1%
Office	370,203	3.8%	90.6%	6,170,863	6.2%
Retail	184,479	1.9%	91.7%	1,182,075	1.2%
Total	9,824,059	100.0%	84.2%	\$ 100,334,805	100.0%

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

⁽²⁾Triple-net equivalent.

Net Asset Value Analysis

(unaudited, in thousands)

<u>Income Statement Items</u> ⁽¹⁾	Three Months Ended March 31, 2010	Annualized
Total Portfolio In-Place Cash NOI		
Total GAAP Revenue	\$ 35,371	\$ 141,484
Straight-line and Deferred Market Rents	(434)	(1,736)
Management Fee Adjustment ⁽²⁾	547	2,188
Property Operating Costs ⁽³⁾	(13,689)	(54,756)
Total Portfolio In-Place Cash NOI	\$ 21,795	\$ 87,180
Total Portfolio Cash NOI @ 90% Occupancy		
Total Revenue	\$ 37,410	\$ 149,640
Straight-line and Deferred Market Rents	(447)	(1,788)
Property Operating Costs ⁽³⁾	(13,836)	(55,344)
Total Portfolio Cash NOI	\$ 23,127	\$ 92,508
Balance Sheet Items		
Land Held for Future Development & CIP		
Original Cost Basis of Land held for Future Development	\$ 21,536	
Original Cost Basis of Development Assets	2,011	
Original Cost Basis of Redevelopment Assets ⁽⁴⁾	3,869	
Construction In Progress	8,703	
Total Land Held for Future Development & CIP	\$ 36,119	
Investments in Affiliate		
Total Investments in Affiliate	\$ 3,218	
Current Quarter Acquisitions		
Total Current Quarter Acquisitions	\$ -	
Select Balance Sheet Items		
Cash and cash equivalents, escrows and reserves	\$ 20,414	
Accounts and other receivables, net of allowance	7,944	
Prepaid expenses and other assets	5,083	
Accounts payable and other liabilities	(15,459)	
Accrued interest	(3,915)	
Rents received in advance	(7,034)	
Tenant security deposits	(4,932)	
Mortgage and Senior Debt, cash principal balances	547,974	

⁽¹⁾Includes figures from discontinued operations.

⁽²⁾Management fee adjustment, which calculates 3% of revenue, is used in lieu of an administrative overhead allocation for comparative purposes.

⁽³⁾Includes \$2.5 million of snow removal costs. See page 4 for previous quarters' information.

⁽⁴⁾Represents portion of original purchase under redevelopment.

Investment in Joint Venture

(unaudited, amounts in thousands)

Unconsolidated Joint Venture

	<u>FPO Ownership</u>	<u>FPO Investment at March 31, 2010</u>	<u>Property Type⁽²⁾</u>	<u>Location</u>	<u>Square Feet</u>	<u>Leased at March 31, 2010</u>	<u>Occupied at March 31, 2010</u>
RiversPark I & II⁽¹⁾	25%	\$ 3,218	BP	Columbia, MD	306,861	100.0%	81.3%
<u>Outstanding Debt</u>			<u>Effective Interest Rate</u>	<u>Principal Balance at March 31, 2010</u>	<u>Annualized Debt Service</u>	<u>Maturity Date</u>	<u>Balance at Maturity</u>
Hedged Floating Rate Debt ⁽³⁾			5.97%	\$ 28,000	\$ 1,672	9/26/2011	\$ 28,000

⁽¹⁾On January 1, 2010, in accordance with new accounting standards, the Company deconsolidated the assets, liabilities and operating results of RiversPark I from its consolidated financial statements.

⁽²⁾BP = Business Park

⁽³⁾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. 25% of principal balance is recourse to the Company.

Top Thirty Tenants

(unaudited)

Ranking	Tenant	Number of Leases	Total Leased Square Feet	Total Annualized Rental Revenue ⁽¹⁾	Percentage of Total Annualized Rental Revenue - Cash Basis	Weighted Average Remaining Lease Years
1	U.S. Government	27	559,217	\$ 6,657,648	6.5%	4.2
2	Engineering Solutions	1	236,082	3,175,303	3.1%	7.0
3	HP Corporation	2	220,501	2,692,453	2.6%	1.2
4	Stock Building Supply, Inc	2	171,996	2,106,951	2.0%	6.9
5	FKI Industries, Inc	1	215,085	1,890,048	1.8%	6.5
6	Sentara Healthcare	7	183,767	1,856,539	1.8%	5.3
7	Lockheed Martin Corporation	9	148,520	1,833,472	1.8%	2.1
8	Verizon Virginia, Inc.	6	92,829	1,399,040	1.4%	4.7
9	Montgomery County	2	57,825	1,348,449	1.3%	5.3
10	State of Maryland - AOC	12	91,464	1,345,315	1.3%	9.8
11	First Data Corporation	1	117,336	1,329,417	1.3%	3.7
12	Iron Mountain	2	188,911	1,261,308	1.2%	8.5
13	Capital One Financial Corp	1	158,400	1,111,104	1.1%	1.3
14	Vangent, Inc	1	123,200	1,039,968	1.0%	3.8
15	Siemens Real Estate	1	76,292	991,796	1.0%	6.1
16	Lyttle Corp	1	54,530	989,209	1.0%	2.8
17	General Dynamics Information Technology, Inc	5	140,037	956,558	0.9%	2.6
18	Telogy Networks, Inc.	1	52,145	956,339	0.9%	3.2
19	First American Registry	1	55,851	955,052	0.9%	4.3
20	Vocus, Inc	1	58,184	893,124	0.9%	13.0
21	Gold's Gym	1	54,560	878,416	0.9%	17.0
22	Harris Connect	2	64,486	812,400	0.8%	6.5
23	Windspeed Logistics	4	109,989	795,183	0.8%	3.3
24	Allstate Insurance Company	2	48,785	791,737	0.8%	1.9
25	Harris Corporation	3	37,895	765,565	0.7%	4.7
26	Eska Graphic Board USA BV	2	152,600	752,318	0.7%	3.9
27	Baxter Healthcare Corp., Amvax, Inc.	2	36,740	726,536	0.7%	3.7
28	Measurement Specialties, Inc.	1	120,000	716,992	0.7%	11.3
29	Fibertek, Inc.	3	38,872	708,862	0.6%	0.8
30	ServiceSource, Inc.	4	64,683	699,581	0.6%	4.5
	Subtotal Top 30 Tenants	108	3,730,782	42,436,683	41.1%	5.1
	All Remaining Tenants	694	6,329,631	60,733,501	58.9%	3.8
	Total / Weighted Average	802	10,060,413	\$ 103,170,184	100.0%	4.3

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

PORTFOLIO BY MARKET

	Number of Buildings	Square Feet ⁽¹⁾	Percent Leased ⁽¹⁾	Percent Occupied ⁽¹⁾	Annualized Base Rent ⁽²⁾ - Cash Basis	Percentage of Annualized Base Rent
Maryland	73	3,579,728	85.0%	82.6%	\$ 35,074,770	34.0%
Baltimore	18	575,890	72.6%	71.5%	4,759,088	4.6%
Suburban MD	55	3,003,838	87.3%	84.7%	30,315,682	29.4%
Northern VA	51	2,937,064	88.0%	85.1%	32,125,998	31.1%
Southern VA	54	5,145,219	86.2%	84.9%	35,969,416	34.9%
Richmond	27	1,761,315	93.5%	91.5%	11,679,372	11.4%
Norfolk	27	3,383,904	82.3%	81.5%	24,290,044	23.5%
Total	178	11,662,011	86.3%	84.2%	\$ 103,170,184	100.0%

PORTFOLIO BY PROPERTY TYPE

	Number of Buildings	Square Feet ⁽¹⁾	Percent Leased ⁽¹⁾	Percent Occupied ⁽¹⁾	Annualized Base Rent ⁽²⁾ - Cash Basis	Percentage of Annualized Base Rent
Business Park	135	6,871,056	83.7%	81.1%	\$ 66,153,698	64.1%
Industrial	33	4,181,282	89.7%	88.4%	29,504,290	28.6%
Office	9	408,455	92.4%	90.6%	6,330,121	6.2%
Retail	1	201,218	91.7%	91.7%	1,182,075	1.1%
Total	178	11,662,011	86.3%	84.2%	\$ 103,170,184	100.0%

PORTFOLIO BY LEASE TYPE

	Number of Leases	Square Feet ⁽³⁾	Percentage of Leased Portfolio
Triple net	555	7,445,235	74.0%
Industrial gross	44	501,765	5.0%
Full service	203	2,113,413	21.0%
Total	802	10,060,413	100.0%

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

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

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

Market Concentration

(unaudited)

Market Concentration by Square Footage

	Maryland			Northern VA	Southern VA			Total
	Baltimore	Suburban MD	Subtotal		Richmond	Norfolk	Subtotal	
Industrial	-	8.5%	8.5%	11.3%	9.2%	8.3%	17.5%	37.3%
Business Park	4.2%	12.0%	16.2%	14.4%	7.2%	19.4%	26.6%	57.2%
Office	-	3.7%	3.7%	-	-	-	-	3.7%
Retail	-	1.8%	1.8%	-	-	-	-	1.8%
Total	4.2%	26.0%	30.2%	25.7%	16.4%	27.7%	44.1%	100.0%

Market Concentration by Annualized Rent

	Maryland			Northern VA	Southern VA			Total
	Baltimore	Suburban MD	Subtotal		Richmond	Norfolk	Subtotal	
Industrial	-	6.0%	6.0%	13.1%	5.2%	4.3%	9.5%	28.6%
Business Park	4.6%	16.1%	20.7%	18.0%	6.2%	19.3%	25.5%	64.2%
Office	-	6.1%	6.1%	-	-	-	-	6.1%
Retail	-	1.1%	1.1%	-	-	-	-	1.1%
Total	4.6%	29.3%	33.9%	31.1%	11.4%	23.6%	35.0%	100.0%

<u>Leasing Production</u> ⁽¹⁾	Three Months Ended March 31, 2010		
New and Renewal Leases			
Square footage of new and renewal leases		764,295	
Number of new and renewal leases commencing		59	
Expired/Early Renewal/Terminated leases			
Square footage of expired/early renewal leases		(371,119)	
Square footage of terminated leases		<u>(307,931)</u>	
Total - expired/early renewal/terminated leases		(679,050)	
Signed in advance of existing tenant's lease expiration		(35,172)	
Pre-Leasing		-	
Recognition of previous advance leases and pre-leasing		17,575	
Net Absorption ⁽²⁾		67,648	
New Leases			
	<u>Total</u>	<u>Comparable</u> ⁽³⁾	<u>Not Comparable</u> ⁽⁴⁾
New square footage	435,129	140,023	295,106
Number of new leases commencing	23	5	18
Rental Change - Cash			
New base rent	\$	5.03	\$ 12.59
Percentage change in base rent		8.4%	N/A
Rental Change - GAAP			
New base rent	\$	5.23	\$ 13.84
Percentage change in base rent		24.3%	N/A
Average capital cost per square foot ⁽⁵⁾	\$	1.47	\$ 38.07
Average downtime between leases (months)		1.3	17.1
Average lease term (months)		36.4	123.5
Renewal Leases			
Square footage of renewal leases ⁽⁶⁾		329,166	
Number of renewal leases commencing		36	
Retention rate		89%	
Maryland		73%	
Northern VA		93%	
Southern VA		88%	
Rental Change - Cash			
New base rent	\$	8.77	
Expiring base rent	\$	9.44	
Percentage change in base rent		-7.1%	
Rental Change - GAAP			
New base rent	\$	9.01	
Expiring base rent	\$	9.04	
Percentage change in base rent		-0.3%	
Average capital cost per square foot	\$	3.20	
Average lease term (months)		39.6	

⁽¹⁾Includes 210,035 square feet of leases and associated costs for leases signed in the first quarter for subsequent periods. Of the total, 60,624 square feet will commence in Q2 2010, 1,851 square feet will commence in Q3 2010, 54,560 square feet in Q4 2010 and 93,000 square feet in Q1 2011.

⁽²⁾Includes 50,000 square feet from a license agreement converted into a new lease.

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

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

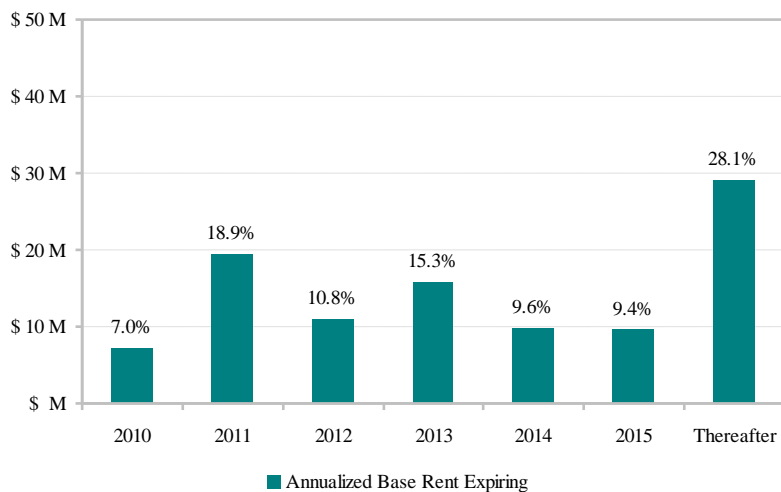
⁽⁵⁾Includes first and second generation TI costs. Second generation capital costs averaged \$22.25 per square foot.

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

Lease Expirations

(unaudited)

Year of Lease Expiration	<u>Gross Leased Area</u>			<u>Annualized Cash Rental Revenue</u>		
	Number of Leases Expiring	Square Footage	Percent of Total	Amount	Percent of Total	Average Base Rent per Sq. Ft. ⁽¹⁾
MTM	20	85,986	0.9%	\$ 903,094	0.9%	\$ 10.50
2010	114	713,523	7.1%	7,215,122	7.0%	10.11
2011	163	2,131,306	21.2%	19,512,183	18.9%	9.16
2012	111	970,306	9.6%	11,097,684	10.8%	11.44
2013	121	1,448,765	14.4%	15,781,133	15.3%	10.89
2014	94	1,023,562	10.2%	9,901,354	9.6%	9.67
2015	65	915,003	9.1%	9,682,362	9.4%	10.58
Thereafter	114	2,771,962	27.5%	29,077,252	28.1%	10.49
Total	802	10,060,413	100.0%	\$ 103,170,184	100.0%	\$ 10.26

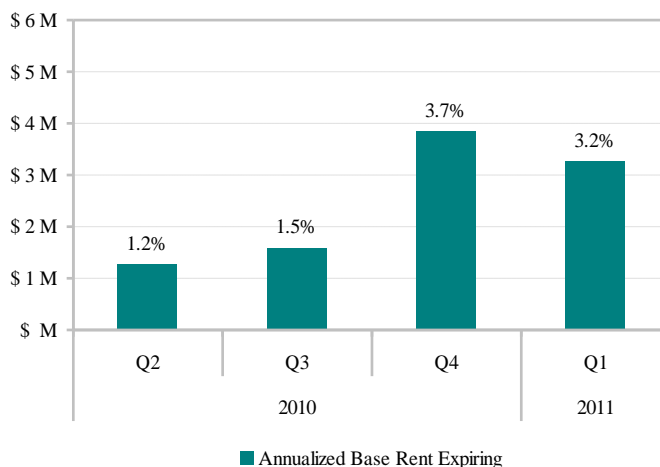


⁽¹⁾Triple-net equivalent

Lease Expirations – Current and Next Four Quarters

(unaudited)

Quarter of Lease Expiration	Number of Leases Expiring	<u>Gross Leased Area</u>		<u>Annualized Cash Rental Revenue</u>		
		Square Footage	Percent of Total	Amount	Percent of Total Portfolio	Average Base Rent per Sq. Ft. ⁽¹⁾
2010 - Q1 ⁽²⁾	12	49,745	4.8%	\$ 537,804	0.5%	\$ 10.81
2010 - Q2	22	105,800	10.3%	1,256,168	1.2%	11.87
2010 - Q3	30	134,317	13.1%	1,570,670	1.5%	11.69
2010 - Q4	50	423,661	41.2%	3,850,480	3.7%	9.09
2011 - Q1	36	313,655	30.6%	3,261,283	3.2%	10.40
Total	150	1,027,178	100.0%	\$ 10,476,405	10.1%	\$ 10.20



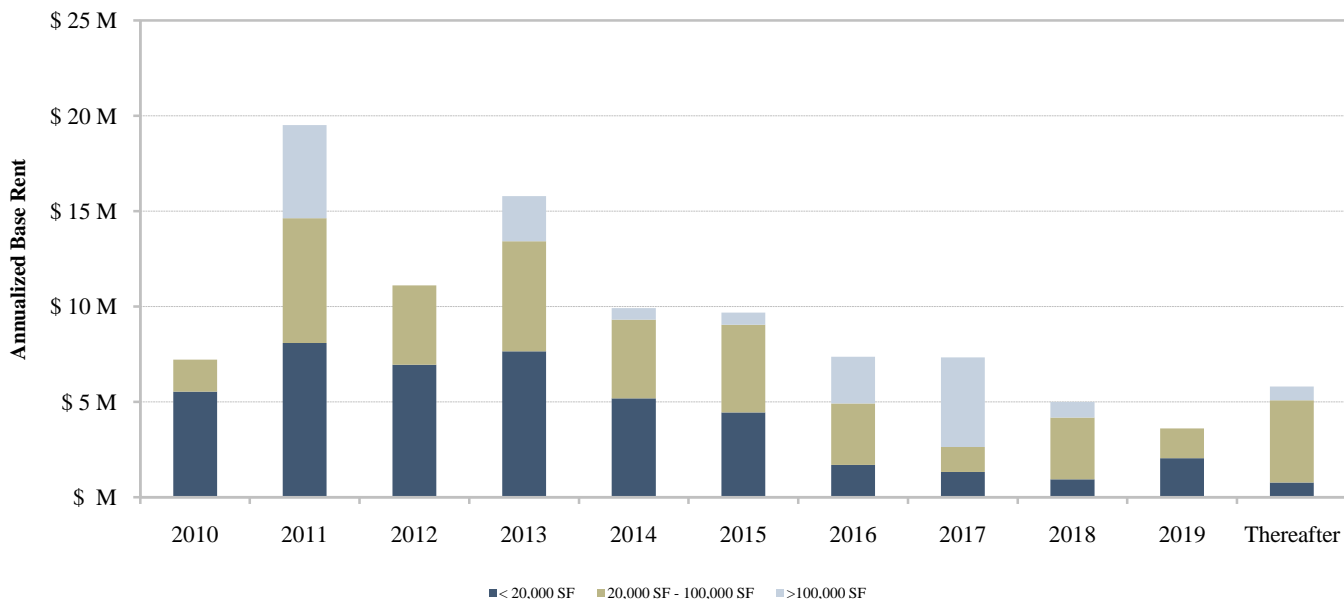
⁽¹⁾Triple-net equivalent

⁽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 49,745 square feet of leases that expired on March 31, 2010, 17,517 square feet were moved out and 32,228 square feet were held over.

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	374	910,191	9.0%	\$ 11,188,721	10.8%	\$ 12.29
5,000-9,999	171	1,209,857	12.0%	14,391,396	13.9%	11.90
10,000-14,999	88	1,047,417	10.4%	12,467,078	12.1%	11.90
15,000-19,999	38	649,675	6.5%	7,181,994	7.0%	11.05
20,000-24,999	34	774,169	7.7%	7,706,944	7.5%	9.96
25,000-29,999	20	541,578	5.4%	6,193,830	6.0%	11.44
30,000-34,999	17	549,662	5.5%	5,265,331	5.1%	9.58
35,000-39,999	10	366,893	3.6%	2,863,797	2.8%	7.81
40,000-44,999	7	294,670	2.9%	2,512,707	2.4%	8.53
45,000-49,999	9	420,482	4.2%	3,981,640	3.9%	9.47
50,000-54,999	6	317,978	3.2%	4,544,812	4.4%	14.29
55,000-59,999	3	172,989	1.7%	2,613,625	2.5%	15.11
60,000-64,999	1	61,992	0.6%	779,898	0.8%	12.58
65,000-69,999	2	135,321	1.3%	610,401	0.6%	4.51
70,000-74,999	2	141,652	1.4%	770,128	0.7%	5.44
75,000-79,999	3	228,092	2.3%	2,115,543	2.1%	9.27
85,000-89,999	1	87,120	0.9%	370,260	0.4%	4.25
100,000-104,999	2	204,218	2.0%	1,701,582	1.6%	8.33
115,000-119,999	4	466,892	4.6%	3,871,393	3.8%	8.29
120,000-124,999	5	608,301	6.0%	4,698,655	4.6%	7.72
125,000-129,999	1	127,108	1.3%	603,763	0.6%	4.75
130,000-134,999	1	134,589	1.3%	560,232	0.5%	4.16
155,000-159,999	1	158,400	1.6%	1,111,104	1.1%	7.01
215,000-219,999	1	215,085	2.2%	1,890,048	1.8%	8.79
235,000-239,998	1	236,082	2.4%	3,175,302	3.0%	13.45
Total	802	10,060,413	100.0%	\$ 103,170,184	100.0%	\$ 10.26



Land and Properties Available for Development or Redevelopment

(unaudited, amounts in thousands)

DEVELOPMENT / REDEVELOPMENT

	Region	Square Feet	Projected Cost	Cost to Date	Estimated Date In Service	Estimated Stabilization Date	Expected Return
		Under Development / Redevelopment					
Development							
Sterling Park Business Center - Lot 7	Northern VA	56,915	\$ 7,300	\$ 4,266	TBD	TBD	9%
Greenbrier	Southern VA	48,000	8,100	437	TBD	TBD	10%
		<u>104,915</u>	<u>15,400</u>	<u>4,703</u>			
Redevelopment⁽¹⁾							
Gateway 270 West	Maryland	41,710	1,400	956	Q2-2010	Q2-2011	10%
Interstate Plaza	Northern VA	22,553	120	119	Q2-2010	Q4-2010	7%
Enterprise Parkway	Southern VA	70,833	1,650	1,094	Q4-2010	Q2-2011	10%
		<u>135,096</u>	<u>3,170</u>	<u>2,169</u>			
Total Development / Redevelopment		<u>240,011</u>	<u>\$ 18,570</u>	<u>\$ 6,872</u>			

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
		<u>1,371,145</u>

⁽¹⁾Redevelopment of existing structures.

Maryland Region

(unaudited)

Property	Buildings	Property Type ^{(1),(2)}	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽³⁾	Leased at March 31, 2010 ⁽⁴⁾	Occupied at March 31, 2010 ⁽⁴⁾
<u>SUBURBAN MD</u>								
<u>Frederick</u>								
15 Worman's Mill Court	1	BP	Frederick	39,966	100.0%	\$ 382,803	100.0%	100.0%
Frederick Industrial Park ⁽⁵⁾	3	I	Frederick	550,418	27.1%	4,007,404	93.7%	93.7%
Patrick Center	1	Office	Frederick	66,260	100.0%	1,112,347	74.9%	72.1%
West Park	1	Office	Frederick	28,620	100.0%	314,590	78.5%	78.5%
<u>I-270 Corridor</u>								
20270 Goldenrod Lane	1	BP	Germantown	23,518	100.0%	123,590	52.0%	52.0%
7561 Lindbergh Drive	1	I	Gaithersburg	36,000	20.0%	338,040	100.0%	100.0%
Airpark Place	3	BP	Gaithersburg	82,290	69.2%	540,909	49.2%	49.2%
Campus at Metro Park North	4	BP	Rockville	190,912	100.0%	3,088,434	85.1%	85.1%
Cloverleaf Center	4	Office	Germantown	173,655	100.0%	2,968,068	100.0%	97.0%
Gateway 270 West	6	BP	Clarksburg	213,372	75.2%	2,800,976	94.0%	94.0%
Gateway Center	2	BP	Gaithersburg	44,150	100.0%	618,982	96.4%	96.4%
Girard Business Park ⁽⁶⁾	7	BP	Gaithersburg	299,551	68.3%	2,654,424	79.3%	74.5%
<u>Beltsville</u>								
Ammendale Business Park ⁽⁷⁾	7	BP	Beltsville	313,290	50.2%	3,362,200	79.8%	61.2%
<u>Columbia</u>								
Rumsey Center	4	BP	Columbia	134,321	75.0%	1,332,313	83.8%	83.8%
Snowden Center	5	BP	Columbia	144,983	78.6%	1,730,034	77.4%	77.4%
<u>Other</u>								
Annapolis Commerce Park	2	Office	Annapolis	101,464	72.6%	1,466,276	98.8%	98.8%
Glenn Dale Business Center	1	I	Glenn Dale	321,394	25.0%	1,823,377	93.0%	93.0%
Old Courthouse Square	1	Retail	Martinsburg, WV	201,218	0.0%	1,182,075	91.7%	91.7%
Woodlands Business Center	1	Office	Largo	38,456	100.0%	468,840	81.4%	81.4%
Total	55			3,003,838	58.6%	30,315,682	87.3%	84.7%
<u>BALTIMORE</u>								
<u>Owings Mills</u>								
Owings Mills Business Park ⁽⁸⁾	6	BP	Owings Mills	219,430	83.9%	2,729,104	95.7%	92.8%
<u>Other</u>								
Deer Park	4	BP	Randallstown	171,125	50.9%	994,211	69.1%	69.1%
Gateway West	4	BP	Westminster	111,165	88.8%	555,429	41.1%	41.1%
Triangle Business Center	4	BP	Baltimore	74,170	71.7%	480,344	60.0%	60.0%
Total	18			575,890	73.5%	4,759,088	72.6%	71.5%
Grand Total	73			3,579,728	61.0%	\$ 35,074,770	85.0%	82.6%

⁽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.

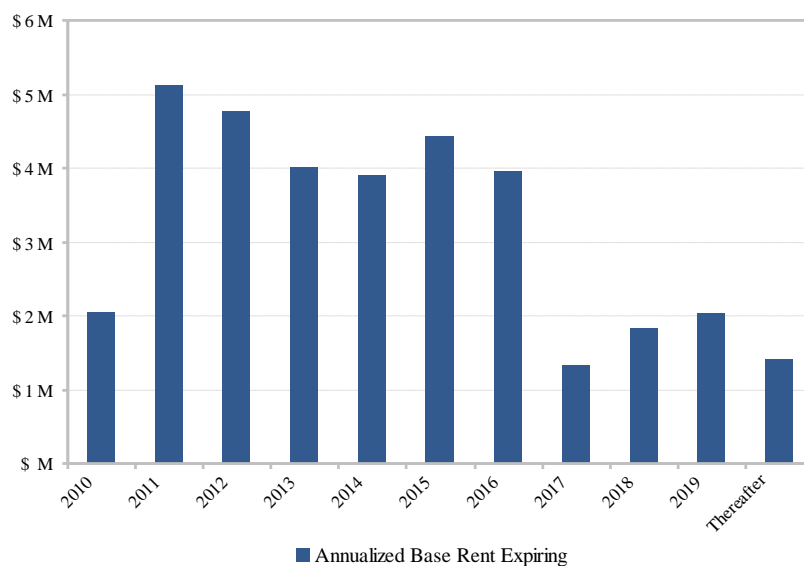
⁽⁷⁾Ammendale Business Park consists of the following properties: Ammendale Commerce Center and Indian Creek Court.

⁽⁸⁾Owings Mills Business Park consists of the following properties: Owings Mills Business Center and Owings Mills Commerce Center.

Maryland Region - Lease Expirations

(unaudited)

<u>Year of Lease Expiration</u>	<u>SF of Expiring Leases</u>	<u>% of Total SF</u>	<u>Annual Base Rent⁽¹⁾</u>	<u>% of Annual Base Rent⁽¹⁾</u>	<u>Base Rent⁽¹⁾ per SF</u>
Vacant	538,443	15.0%	\$ -	-	\$ -
MTM	15,228	0.4%	197,091	0.6%	12.94
2010	212,095	5.9%	2,059,466	5.9%	9.71
2011	542,788	15.2%	5,127,281	14.6%	9.45
2012	379,477	10.6%	4,763,988	13.6%	12.55
2013	289,885	8.1%	4,017,164	11.5%	13.86
2014	288,411	8.1%	3,911,506	11.2%	13.56
2015	372,987	10.4%	4,429,991	12.6%	11.88
2016	386,253	10.8%	3,968,809	11.3%	10.28
2017	97,606	2.7%	1,324,517	3.8%	13.57
2018	201,400	5.6%	1,830,551	5.2%	9.09
2019	134,657	3.8%	2,030,057	5.7%	15.08
Thereafter	120,498	3.4%	1,414,349	4.0%	11.74
Total	3,579,728	100.0%	\$ 35,074,770	100.0%	\$ 11.53



⁽¹⁾Triple-net equivalent

Northern Virginia Region

(unaudited)

Property	Buildings	Property Type ⁽¹⁾⁽²⁾	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽³⁾	Leased at March 31, 2010 ⁽⁴⁾	Occupied at March 31, 2010 ⁽⁴⁾
<i>Alexandria</i>								
Interstate Plaza	1	I	Alexandria	86,476	30.0%	\$ 947,001	98.6%	98.6%
Plaza 500	2	I	Alexandria	504,089	30.0%	6,146,465	91.7%	91.7%
<i>Manassas</i>								
Gateway Centre	3	BP	Manassas	101,534	55.9%	996,080	83.7%	60.9%
Linden Business Center	3	BP	Manassas	109,886	69.1%	1,035,396	76.4%	71.6%
Windsor at Battlefield	2	BP	Manassas	154,989	89.5%	1,952,755	100.0%	100.0%
<i>Reston/Herndon</i>								
Herndon Corporate Center	4	BP	Herndon	127,717	100.0%	1,492,714	74.5%	74.5%
Van Buren Business Park	5	BP	Herndon	108,110	100.0%	1,619,988	91.7%	91.7%
Reston Business Campus	4	BP	Reston	82,648	100.0%	1,109,033	86.4%	86.4%
<i>Sterling</i>								
Sterling Park Business Center ⁽⁵⁾	6	BP	Sterling	437,329	47.7%	3,728,758	77.9%	77.9%
<i>Chantilly</i>								
Lafayette Business Park ⁽⁶⁾	6	BP	Chantilly	254,060	90.0%	3,162,253	75.9%	74.7%
<i>Other</i>								
13129 Airpark Road	1	I	Culpeper	149,888	15.0%	705,080	75.9%	75.9%
15395 John Marshall Highway	1	I	Haymarket	236,082	15.0%	3,175,303	100.0%	100.0%
Ashburn Center	3	BP	Ashburn	194,184	9.8%	1,727,068	100.0%	71.9%
Newington Business Park Center	7	I	Lorton	254,272	16.5%	2,585,628	92.6%	92.6%
Prosperity Business Center	1	BP	Merrifield	71,312	15.0%	871,819	100.0%	100.0%
Aquia Commerce Center I & II	2	BP	Stafford	64,488	97.4%	870,657	100.0%	100.0%
Total	51			2,937,064	47.6%	\$ 32,125,998	88.0%	85.1%

⁽¹⁾I = Industrial

⁽²⁾BP = Business Park

⁽³⁾Triple-net equivalent

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

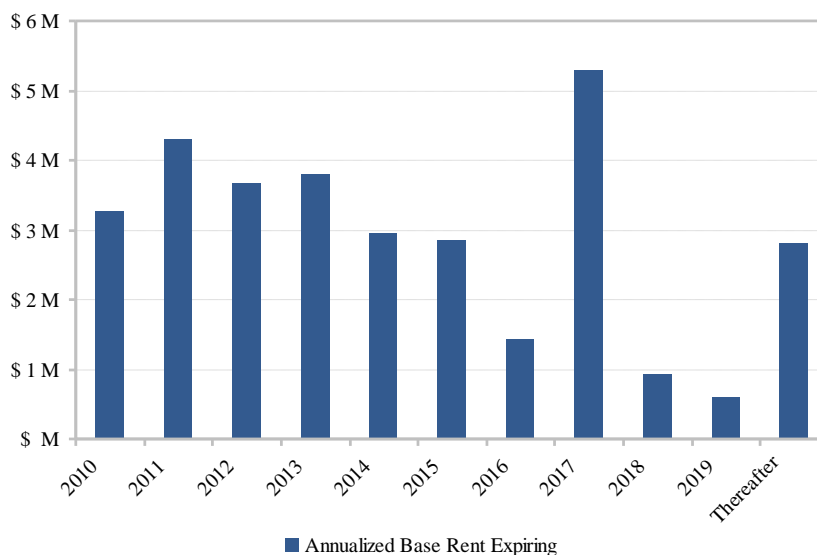
⁽⁵⁾Sterling Park Business Center consists of the following properties: 403/405 Glenn Drive, Davis Drive and Sterling Park Business Center.

⁽⁶⁾Lafayette Business Park consists of the following properties: Enterprise Center and Tech Court.

Northern Virginia Region - Lease Expirations

(unaudited)

<u>Year of Lease Expiration</u>	<u>SF of Expiring Leases</u>	<u>% of Total SF</u>	<u>Annual Base Rent⁽¹⁾</u>	<u>% of Annual Base Rent⁽¹⁾</u>	<u>Base Rent⁽¹⁾ per SF</u>
Vacant	351,255	12.0%	\$ -	-	\$ -
MTM	23,789	0.8%	247,964	0.8%	10.42
2010	250,045	8.5%	3,260,921	10.2%	13.04
2011	349,982	11.9%	4,297,412	13.4%	12.28
2012	313,369	10.7%	3,661,792	11.4%	11.69
2013	270,575	9.2%	3,805,750	11.8%	14.07
2014	255,842	8.7%	2,951,887	9.2%	11.54
2015	202,829	6.9%	2,854,908	8.9%	14.08
2016	76,225	2.6%	1,435,559	4.5%	18.83
2017	408,078	13.9%	5,282,254	16.4%	12.94
2018	100,592	3.4%	923,817	2.9%	9.18
2019	44,382	1.5%	593,623	1.8%	13.38
Thereafter	290,101	9.9%	2,810,111	8.7%	9.69
Total	2,937,064	100.0%	\$ 32,125,998	100.0%	\$ 12.42



⁽¹⁾Triple-net equivalent

Southern Virginia Region

(unaudited)

Property	Buildings	Property Type ^{(1),(2)}	Location	Square Footage	Percent Office Buildout	Annualized Cash Basis Rent ⁽³⁾	Leased at March 31, 2010 ⁽⁴⁾	Occupied at March 31, 2010 ⁽⁴⁾
<u>RICHMOND</u>								
<u>North</u>								
Virginia Center	1	BP	Glen Allen	118,146	80.0%	\$ 1,242,294	88.8%	88.8%
Northridge I, II	2	I	Ashland	140,424	32.5%	809,289	94.0%	77.1%
Hanover Business Center	4	BP	Ashland	182,967	46.9%	886,247	84.7%	84.7%
Park Central	3	BP	Richmond	204,280	74.5%	2,379,815	90.9%	90.9%
<u>South</u>								
River's Bend Center ⁽⁵⁾	6	I	Chester	795,037	48.7%	4,571,086	100.0%	100.0%
Chesterfield Business Center ⁽⁶⁾	11	BP	Richmond	320,461	38.7%	1,790,641	85.6%	82.0%
Total	27			1,761,315	50.5%	11,679,372	93.5%	91.5%
<u>NORFOLK</u>								
<u>Crossways</u>								
Crossways Commerce Center ⁽⁷⁾	9	BP	Chesapeake	1,089,786	70.0%	10,372,524	88.5%	88.5%
<u>Greenbrier</u>								
Greenbrier Business Center ⁽⁸⁾	4	BP	Chesapeake	410,613	85.0%	4,064,694	83.5%	83.5%
<u>Chesapeake Other</u>								
1400 Cavalier Boulevard	4	I	Chesapeake	394,308	20.0%	1,660,711	100.0%	100.0%
Diamond Hill Distribution Center	4	I	Chesapeake	712,894	5.0%	2,734,906	62.5%	58.3%
<u>Hampton</u>								
1000 Lucas Way	2	BP	Hampton	182,323	50.6%	1,361,507	96.3%	96.3%
Enterprise Parkway	1	BP	Hampton	332,536	65.0%	1,591,691	65.2%	65.2%
<u>Norfolk</u>								
Norfolk Commerce Park ⁽⁹⁾	3	BP	Norfolk	261,444	79.4%	2,504,011	94.6%	94.6%
Total	27			3,383,904	51.5%	24,290,044	82.3%	81.5%
Grand Total	54			5,145,219	51.2%	\$ 35,969,416	86.2%	84.9%

⁽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.

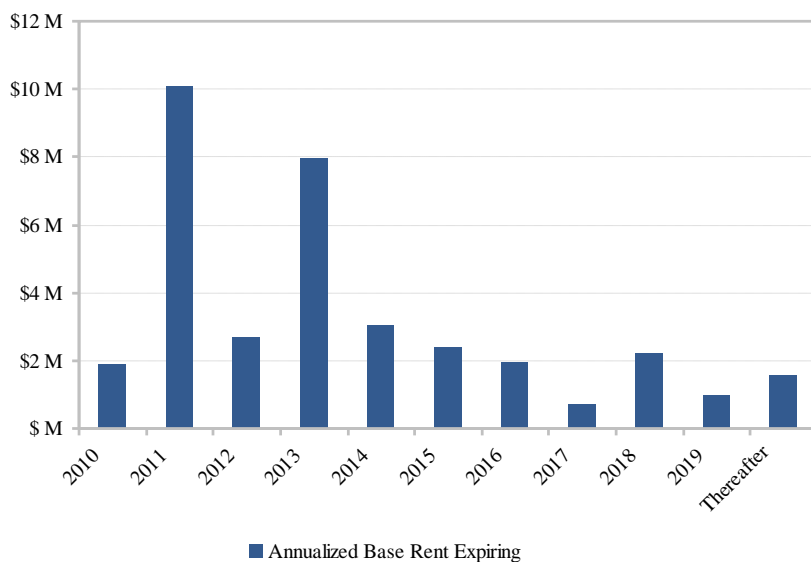
⁽⁸⁾Greenbrier Business Center consists of the following properties: Greenbrier Technology Center I, Greenbrier Technology Center II and Greenbrier Circle Corporate Center.

⁽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	711,900	13.8%	\$ -	-	\$ -
MTM	46,969	0.9%	458,039	1.3%	9.75
2010	251,383	4.9%	1,894,735	5.3%	7.54
2011	1,238,536	24.1%	10,087,490	28.0%	8.14
2012	277,460	5.4%	2,671,904	7.4%	9.63
2013	888,305	17.3%	7,958,219	22.1%	8.96
2014	479,309	9.3%	3,037,961	8.4%	6.34
2015	339,187	6.6%	2,397,463	6.7%	7.07
2016	255,222	5.0%	1,956,031	5.4%	7.66
2017	155,850	3.0%	714,989	2.0%	4.59
2018	229,998	4.5%	2,234,306	6.2%	9.71
2019	81,417	1.6%	981,557	2.7%	12.06
Thereafter	189,683	3.6%	1,576,722	4.5%	8.31
Total	5,145,219	100.0%	\$ 35,969,416	100.0%	\$ 8.11



⁽¹⁾Triple-net equivalent

Management Statements on Non-GAAP Supplemental Measures

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

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

NOI

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

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

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

SAME-PROPERTY NOI

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

EBITDA

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

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

FFO

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

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

CORE FFO

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

AFFO

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

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