

Government Properties Income Trust

GOV
LISTED
NYSE

First Quarter 2013

Supplemental Operating and Financial Data

All amounts in this report are unaudited.



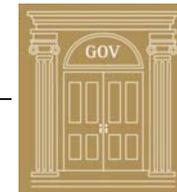
65 Bowdoin Street, Burlington, VT.
Square Feet: 26,609.
Primary Tenant: Dept. of Homeland Security.

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WARNING CONCERNING FORWARD LOOKING STATEMENTS



THIS PRESENTATION OF SUPPLEMENTAL OPERATING AND FINANCIAL DATA CONTAINS STATEMENTS THAT CONSTITUTE FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND OTHER SECURITIES LAWS. ALSO, WHENEVER WE USE WORDS SUCH AS "BELIEVE", "EXPECT", "ANTICIPATE", "INTEND", "PLAN", "ESTIMATE" OR SIMILAR EXPRESSIONS, WE ARE MAKING FORWARD LOOKING STATEMENTS. THESE FORWARD LOOKING STATEMENTS ARE BASED UPON OUR PRESENT INTENT, BELIEFS OR EXPECTATIONS, BUT FORWARD LOOKING STATEMENTS ARE NOT GUARANTEED TO OCCUR AND MAY NOT OCCUR. FORWARD LOOKING STATEMENTS IN THIS REPORT RELATE TO VARIOUS ASPECTS OF OUR BUSINESS, INCLUDING:

- OUR ACQUISITIONS AND SALES OF PROPERTIES,
- OUR ABILITY TO COMPETE FOR ACQUISITIONS AND TENANCIES EFFECTIVELY,
- THE CREDIT QUALITY OF OUR TENANTS,
- THE LIKELIHOOD THAT OUR TENANTS WILL PAY RENT, RENEW LEASES, ENTER INTO NEW LEASES, NOT EXERCISE EARLY TERMINATION OPTIONS PURSUANT TO THEIR LEASES OR BE AFFECTED BY CYCLICAL ECONOMIC CONDITIONS,
- OUR ABILITY TO PAY DISTRIBUTIONS TO OUR SHAREHOLDERS AND THE AMOUNT OF SUCH DISTRIBUTIONS,
- OUR ABILITY TO PAY INTEREST ON AND PRINCIPAL OF OUR DEBT,
- OUR POLICIES AND PLANS REGARDING INVESTMENTS AND FINANCINGS,
- THE FUTURE AVAILABILITY OF BORROWINGS UNDER OUR REVOLVING CREDIT FACILITY,
- OUR TAX STATUS AS A REAL ESTATE INVESTMENT TRUST, OR REIT,
- OUR ABILITY TO RAISE EQUITY OR DEBT CAPITAL,
- OUR EXPECTATION THAT THERE WILL BE OPPORTUNITIES FOR US TO ACQUIRE, AND THAT WE WILL ACQUIRE, ADDITIONAL PROPERTIES THAT ARE MAJORITY LEASED TO GOVERNMENT TENANTS,
- OUR EXPECTATION THAT THERE MAY BE CONTINUING OR AN INCREASE IN DEMAND FOR LEASED SPACE BY THE U.S. GOVERNMENT AND STATE AND LOCAL GOVERNMENTS, AND
- OTHER MATTERS.

OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTAINED IN OR IMPLIED BY OUR FORWARD LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS. FACTORS THAT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR FORWARD LOOKING STATEMENTS AND UPON OUR BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION, FUNDS FROM OPERATIONS, NORMALIZED FUNDS FROM OPERATIONS, NET OPERATING INCOME, EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION, OR EBITDA, EBITDA AS ADJUSTED, OR ADJUSTED EBITDA, CASH FLOWS, LIQUIDITY AND PROSPECTS INCLUDE, BUT ARE NOT LIMITED TO:

- THE IMPACT OF CHANGES IN THE ECONOMY AND THE CAPITAL MARKETS ON US AND OUR TENANTS,
- COMPETITION WITHIN THE REAL ESTATE INDUSTRY, PARTICULARLY IN THOSE MARKETS IN WHICH OUR TENANTS ARE LOCATED,
- THE IMPACT OF CHANGES IN THE REAL ESTATE NEEDS AND FINANCIAL CONDITIONS OF THE U.S. GOVERNMENT AND STATE AND LOCAL GOVERNMENTS,
- COMPLIANCE WITH, AND CHANGES TO, FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS, ACCOUNTING RULES, TAX LAWS AND SIMILAR MATTERS,
- ACTUAL AND POTENTIAL CONFLICTS OF INTEREST WITH OUR MANAGING TRUSTEES, REIT MANAGEMENT & RESEARCH LLC, COMMONWEALTH REIT AND THEIR RELATED PERSONS AND ENTITIES,



- LIMITATIONS IMPOSED ON OUR BUSINESS AND OUR ABILITY TO SATISFY COMPLEX RULES IN ORDER FOR US TO QUALIFY AS A REIT FOR U.S. FEDERAL INCOME TAX PURPOSES, AND

- ACTS OF TERRORISM, OUTBREAKS OF SO CALLED PANDEMICS OR OTHER MANMADE OR NATURAL DISASTERS BEYOND OUR CONTROL.

FOR EXAMPLE:

- CONTINGENCIES IN OUR FUTURE ACQUISITION AGREEMENTS AND OUR FUTURE SALES AGREEMENTS MAY NOT BE SATISFIED AND COULD RESULT IN SUCH ACQUISITIONS AND SALES NOT OCCURRING OR BEING DELAYED, OR COULD RESULT IN THE TERMS OF THE TRANSACTIONS CHANGING,
- OUR ABILITY TO MAKE FUTURE DISTRIBUTIONS DEPENDS UPON A NUMBER OF FACTORS, INCLUDING OUR FUTURE EARNINGS AND THE CAPITAL COSTS WE INCUR TO LEASE OUR PROPERTIES. WE MAY BE UNABLE TO MAINTAIN OUR CURRENT RATE OF DISTRIBUTIONS AND FUTURE DISTRIBUTIONS MAY BE SUSPENDED,
- OUR ABILITY TO GROW OUR BUSINESS AND INCREASE OUR DISTRIBUTIONS DEPENDS IN LARGE PART UPON OUR ABILITY TO BUY PROPERTIES AND LEASE THEM FOR RENTS, LESS PROPERTY OPERATING EXPENSES, THAT EXCEED OUR CAPITAL COSTS. WE MAY BE UNABLE TO IDENTIFY PROPERTIES THAT WE WANT TO ACQUIRE OR TO NEGOTIATE ACCEPTABLE PURCHASE PRICES, ACQUISITION FINANCING OR LEASE TERMS FOR NEW PROPERTIES,
- SOME OF OUR TENANTS MAY NOT RENEW EXPIRING LEASES, AND WE MAY BE UNABLE TO LOCATE NEW TENANTS TO MAINTAIN OR INCREASE THE HISTORICAL OCCUPANCY RATES OF, OR RENTS FROM, OUR PROPERTIES,
- SOME GOVERNMENT TENANTS MAY EXERCISE THEIR RIGHT TO VACATE THEIR SPACE BEFORE THE STATED EXPIRATION OF THEIR LEASES AND WE MAY BE UNABLE TO LOCATE NEW TENANTS TO MAINTAIN THE HISTORICAL OCCUPANCY RATES OF, OR RENTS FROM, OUR PROPERTIES,
- RENTS THAT WE CAN CHARGE AT OUR PROPERTIES MAY DECLINE BECAUSE OF CHANGING MARKET CONDITIONS OR OTHERWISE,
- CONTINUED AVAILABILITY OF BORROWINGS UNDER OUR REVOLVING CREDIT FACILITY IS SUBJECT TO OUR SATISFYING CERTAIN FINANCIAL COVENANTS AND MEETING OTHER CUSTOMARY CREDIT FACILITY CONDITIONS,
- ACTUAL COSTS UNDER OUR REVOLVING CREDIT FACILITY WILL BE HIGHER THAN LIBOR PLUS A PREMIUM BECAUSE OF OTHER FEES AND EXPENSES ASSOCIATED WITH OUR REVOLVING CREDIT FACILITY,
- INCREASING THE MAXIMUM BORROWINGS UNDER OUR CREDIT FACILITY AND OUR TERM LOAN IS SUBJECT TO OBTAINING ADDITIONAL COMMITMENTS FROM LENDERS, WHICH MAY NOT OCCUR,
- WE MAY BE UNABLE TO REPAY OUR DEBT OBLIGATIONS WHEN THEY BECOME DUE, AND
- WE BELIEVE THAT OUR CONTINUING RELATIONSHIPS WITH REIT MANAGEMENT & RESEARCH LLC, COMMONWEALTH REIT, AFFILIATES INSURANCE COMPANY AND THEIR AFFILIATED AND RELATED PERSONS AND ENTITIES MAY BENEFIT US AND PROVIDE US WITH COMPETITIVE ADVANTAGES IN OPERATING AND GROWING OUR BUSINESS. IN FACT, THE ADVANTAGES WE BELIEVE WE MAY REALIZE FROM THESE RELATIONSHIPS MAY NOT MATERIALIZE.

THESE RESULTS COULD OCCUR DUE TO MANY DIFFERENT CIRCUMSTANCES, SOME OF WHICH ARE BEYOND OUR CONTROL, SUCH AS GOVERNMENT TENANTS' NEEDS FOR LEASED SPACE, NATURAL DISASTERS OR CHANGES IN CAPITAL MARKETS OR THE ECONOMY GENERALLY.

THE INFORMATION CONTAINED IN OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, OR SEC, INCLUDING UNDER THE CAPTION "RISK FACTORS" IN OUR PERIODIC REPORTS, OR INCORPORATED THEREIN, IDENTIFIES OTHER IMPORTANT FACTORS THAT COULD CAUSE DIFFERENCES FROM OUR FORWARD LOOKING STATEMENTS. OUR FILINGS WITH THE SEC ARE AVAILABLE ON THE SEC'S WEBSITE AT WWW.SEC.GOV.

YOU SHOULD NOT PLACE UNDUE RELIANCE UPON OUR FORWARD LOOKING STATEMENTS.

EXCEPT AS REQUIRED BY LAW, WE DO NOT INTEND TO UPDATE OR CHANGE ANY FORWARD LOOKING STATEMENTS AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.



CORPORATE INFORMATION

251 Causeway Street, Boston, MA.

Square Feet: 132,876.

Primary Tenant: Massachusetts Department of Environmental Affairs.

COMPANY PROFILE



The Company:

Government Properties Income Trust, or GOV, we or us, is a real estate investment trust, or REIT, which owns properties located throughout the United States that are majority leased to government tenants. The majority of our properties are office buildings. As of March 31, 2013, we owned 61 properties primarily leased to the U.S. Government, 18 properties primarily leased to 10 state governments, one property leased to the United Nations, an international intergovernmental agency, and two properties available for lease. We are included in the S&P Small Cap 600 Index, the Russell 2000® stock index and the MSCI US REIT index.

Management:

GOV is managed by Reit Management & Research LLC, or RMR. RMR was founded in 1986 to manage public investments in real estate. As of March 31, 2013, RMR managed a large portfolio of publicly owned real estate, including approximately 1,700 properties, located in 46 states, Washington, D.C., Puerto Rico, Canada and Australia. RMR has approximately 830 employees in its headquarters and regional offices located throughout the U.S. In addition to managing GOV, RMR manages CommonWealth REIT, or CWH, a publicly traded REIT that primarily owns office properties, Hospitality Properties Trust, or HPT, a publicly traded REIT that owns hotels and travel centers, Senior Housing Properties Trust, or SNH, a publicly traded REIT that primarily owns healthcare, senior living and medical office buildings, and Select Income REIT, or SIR, a publicly traded REIT that primarily owns net leased, single tenant properties. RMR also provides management services to Five Star Quality Care, Inc., a senior living and healthcare services company, which is a tenant of SNH and which manages certain of SNH's senior living communities for SNH's account, and to TravelCenters of America LLC, or TA, an operator of travel centers, which is a tenant of HPT. An affiliate of RMR, Sonesta International Hotels Corporation, is also one of HPT's hotel managers. Another affiliate of RMR, RMR Advisors, Inc., is the investment manager of a publicly owned mutual fund, which principally invests in securities of unaffiliated real estate companies. The public companies managed by RMR and its affiliates had combined total gross assets of approximately \$23.0 billion as of March 31, 2013. We believe that being managed by RMR is a competitive advantage for GOV because of RMR's depth of management and experience in the real estate industry. We also believe RMR provides management services to us at costs that are lower than we would have to pay for similar quality services.

Corporate Headquarters:

Two Newton Place
255 Washington Street, Suite 300
Newton, MA 02458-1634
(t) (617) 219-1440
(f) (617) 219-1441

Stock Exchange Listing:

New York Stock Exchange

Trading Symbol:

Common Shares – GOV

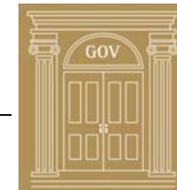
Issuer Ratings:

Moody's – Baa3
Standard & Poor's – BBB-

Portfolio Data (as of 3/31/2013):

Total properties	82
Total sq. ft. (000s)	10,000
Percent leased	92.8%

INVESTOR INFORMATION



Board of Trustees

Barry M. Portnoy
Managing Trustee

Adam D. Portnoy
Managing Trustee

Barbara D. Gilmore
Independent Trustee

John L. Harrington
Independent Trustee

Jeffrey P. Somers
Independent Trustee

Senior Management

David M. Blackman
President and Chief Operating Officer

Mark L. Kleifges
Treasurer and Chief Financial Officer

Contact Information

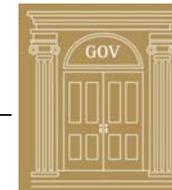
Investor Relations

Government Properties Income Trust
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Inquiries

Financial inquiries should be directed to Mark L. Kleifges, Treasurer and Chief Financial Officer, at (617) 219-1440 or mkleifges@govreit.com.

Investor and media inquiries should be directed to Timothy A. Bonang, Vice President, Investor Relations, at (617) 796-8222 or tbonang@govreit.com, or Elisabeth Olmsted, Manager, Investor Relations, at (617) 796-8222 or eolmsted@govreit.com.



RESEARCH COVERAGE

Equity Research Coverage

Bank of America Merrill Lynch Research

James Feldman
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JMP Securities

Mitch Germain
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RBC Capital Markets

Mike Carroll
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Jefferies & Company, Inc.

Omotayo Okusanya
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Morgan Stanley

Vance Edelson
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Wells Fargo Securities

Brendan Maiorana
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Moody's Investors Service

Lori Marks
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Standard & Poor's

Susan Madison
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GOV is followed by the analysts and its credit is rated by the rating agencies listed above. Please note that any opinions, estimates or forecasts regarding GOV's performance made by these analysts or agencies do not represent opinions, forecasts or predictions of GOV or its management. GOV does not by its reference above imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts or agencies.

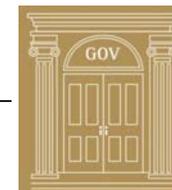
FINANCIAL INFORMATION



915 L Street, Sacramento, CA.
Square Feet: 163,840.
Primary Tenant: California Department of Finance.

KEY FINANCIAL DATA

(dollar and share amounts in thousands, except per share data)

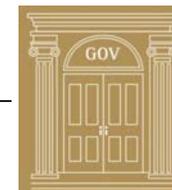


	As of and for the Three Months Ended				
	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012
Shares Outstanding:					
Common shares outstanding (at end of period)	54,664	54,644	47,144	47,100	47,091
Weighted average common shares outstanding	54,645	53,176	47,108	47,098	47,052
Common Share Data:					
Price at end of period	\$ 25.73	\$ 23.97	\$ 23.40	\$ 22.62	\$ 24.11
High during period	\$ 27.34	\$ 24.68	\$ 23.88	\$ 24.63	\$ 24.87
Low during period	\$ 24.21	\$ 21.95	\$ 20.69	\$ 20.64	\$ 22.03
Annualized dividends declared per share during period	\$ 1.72	\$ 1.72	\$ 1.68	\$ 1.68	\$ 1.68
Annualized dividend yield (at end of period)	6.7%	7.2%	7.2%	7.4%	7.0%
Annualized Normalized FFO ⁽¹⁾ multiple (at end of period)	11.6x	11.3x	10.8x	10.9x	11.3x
Annualized property net operating income (NOI) ⁽²⁾ / total market capitalization	8.0%	7.8%	7.9%	8.1%	8.2%
Market Capitalization:					
Total debt (book value)	\$ 470,026	\$ 492,627	\$ 610,709	\$ 471,271	\$ 444,826
Plus: market value of common shares (at end of period)	1,406,505	1,309,817	1,103,170	1,065,402	1,135,364
Total market capitalization	\$ 1,876,531	\$ 1,802,444	\$ 1,713,879	\$ 1,536,673	\$ 1,580,190
Total debt / total market capitalization	25.0%	27.3%	35.6%	30.7%	28.2%
Book Capitalization:					
Total debt	\$ 470,026	\$ 492,627	\$ 610,709	\$ 471,271	\$ 444,826
Plus: total shareholders' equity	1,029,187	1,027,451	870,993	878,302	885,905
Total book capitalization	\$ 1,499,213	\$ 1,520,078	\$ 1,481,702	\$ 1,349,573	\$ 1,330,731
Total debt / total book capitalization	31.4%	32.4%	41.2%	34.9%	33.4%

⁽¹⁾ See Exhibit C for the calculation of funds from operations, or FFO, and Normalized FFO, and a reconciliation of net income determined in accordance with United States generally accepted accounting principles, or GAAP, to those amounts.

⁽²⁾ See Exhibit A for the calculation of net operating income, or NOI, and a reconciliation of those amounts to net income determined in accordance with GAAP.

KEY FINANCIAL DATA



	As of and for the Three Months Ended				
	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012
<u>Selected Balance Sheet Data:</u>					
Total assets	\$ 1,539,970	\$ 1,562,134	\$ 1,524,787	\$ 1,382,824	\$ 1,363,247
Total liabilities	\$ 510,783	\$ 534,683	\$ 653,794	\$ 504,522	\$ 477,342
Gross book value of real estate assets ⁽¹⁾	\$ 1,700,554	\$ 1,710,366	\$ 1,672,117	\$ 1,515,497	\$ 1,491,535
Total debt / gross book value of real estate assets ⁽¹⁾	27.6%	28.8%	36.5%	31.1%	29.8%
<u>Selected Income Statement Data:</u>					
Rental income ⁽²⁾	\$ 57,678	\$ 55,849	\$ 53,593	\$ 49,808	\$ 49,997
Adjusted EBITDA ⁽³⁾	\$ 34,523	\$ 32,410	\$ 30,135	\$ 28,492	\$ 29,248
NOI ⁽²⁾⁽⁴⁾	\$ 37,610	\$ 35,107	\$ 33,460	\$ 30,884	\$ 32,020
NOI margin ⁽²⁾⁽⁵⁾	65.2%	62.9%	62.4%	62.0%	64.0%
Net income	\$ 24,726	\$ 13,191	\$ 11,756	\$ 11,954	\$ 13,059
Normalized FFO ⁽⁶⁾	\$ 30,333	\$ 28,127	\$ 25,575	\$ 24,352	\$ 25,180
Common distributions paid	\$ 23,497	\$ 23,497	\$ 19,782	\$ 19,778	\$ 19,762
Normalized FFO ⁽⁶⁾ payout ratio	77.5%	83.5%	77.3%	81.2%	78.5%
<u>Per Share Data:</u>					
Net income	\$ 0.45	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.28
Normalized FFO ⁽⁶⁾	\$ 0.56	\$ 0.53	\$ 0.54	\$ 0.52	\$ 0.54
<u>Coverage Ratios:</u>					
Adjusted EBITDA ⁽³⁾ / interest expense	8.3x	7.6x	6.7x	7.0x	7.3x
Total Debt / Annualized Adjusted EBITDA ⁽³⁾	3.4x	3.8x	5.1x	4.1x	3.8x

⁽¹⁾ Gross book value of real estate assets is real estate properties at cost, plus acquisition costs, before purchase price allocations and less impairment writedowns, if any.

⁽²⁾ Prior periods have been restated to reflect the reclassification of two properties sold during the three months ended March 31, 2013 to discontinued operations.

⁽³⁾ See Exhibit B for the calculation of EBITDA and Adjusted EBITDA, and a reconciliation of net income determined in accordance with GAAP to those amounts.

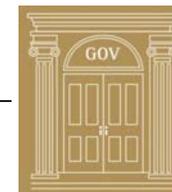
⁽⁴⁾ See Exhibit A for the calculation of NOI and a reconciliation of those amounts to net income determined in accordance with GAAP.

⁽⁵⁾ NOI margin is defined as NOI as a percentage of rental income. See Exhibit A for the calculation of NOI and a reconciliation of net income determined in accordance with GAAP to those amounts.

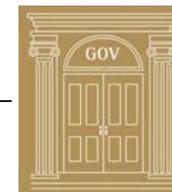
⁽⁶⁾ See Exhibit C for the calculation of FFO and Normalized FFO, and a reconciliation of net income determined in accordance with GAAP to those amounts.

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollar amounts in thousands, except per share data)



	As of 3/31/2013	As of 12/31/2012
ASSETS		
Real estate properties:		
Land	\$ 243,584	\$ 244,655
Buildings and improvements	1,281,140	1,288,813
	1,524,724	1,533,468
Accumulated depreciation	(182,967)	(175,482)
	1,341,757	1,357,986
Acquired real estate leases, net	138,273	144,484
Cash and cash equivalents	3,586	5,255
Restricted cash	2,164	1,553
Rents receivable, net	31,011	29,099
Deferred leasing costs, net	8,301	7,661
Deferred financing costs, net	5,271	5,718
Due from related persons	286	-
Other assets, net	9,321	10,378
Total assets	<u>\$ 1,539,970</u>	<u>\$ 1,562,134</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unsecured revolving credit facility	\$ 27,500	\$ 49,500
Unsecured term loan	350,000	350,000
Mortgage notes payable	92,526	93,127
Accounts payable and accrued expenses	19,820	19,208
Due to related persons	2,741	3,719
Assumed real estate lease obligations, net	18,196	19,129
Total liabilities	<u>510,783</u>	<u>534,683</u>
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$.01 par value: 70,000,000 shares authorized, 54,664,118 and 54,643,888 shares issued and outstanding, respectively	547	547
Additional paid in capital	1,104,497	1,103,982
Cumulative net income	162,019	137,293
Cumulative other comprehensive income	91	99
Cumulative common distributions	(237,967)	(214,470)
Total shareholders' equity	<u>1,029,187</u>	<u>1,027,451</u>
Total liabilities and shareholders' equity	<u>\$ 1,539,970</u>	<u>\$ 1,562,134</u>



CONDENSED CONSOLIDATED STATEMENTS OF INCOME

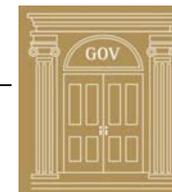
(dollars and share amounts in thousands, except per share data)

	For the Three Months Ended	
	3/31/2013	3/31/2012
Rental income ⁽¹⁾	\$ 57,678	\$ 49,997
Expenses:		
Real estate taxes	6,503	5,479
Utility expenses	3,987	3,731
Other operating expenses	9,578	8,767
Depreciation and amortization	13,696	11,910
Acquisition related costs	34	49
General and administrative	3,249	3,002
Total expenses	37,047	32,938
Operating income	20,631	17,059
Interest and other income	11	8
Interest expense (including net amortization of debt premiums and deferred financing fees of \$331 and \$324, respectively)	(4,147)	(4,023)
Equity in earnings of an investee	76	45
Income before income tax expense	16,571	13,089
Income tax expense	(43)	(45)
Net income from continuing operations	16,528	13,044
Discontinued operations:		
Income from discontinued operations	30	15
Net gain on sale of properties from discontinued operations	8,168	-
Net income	\$ 24,726	\$ 13,059
Weighted average common shares outstanding	54,645	47,052
Income from continuing operations per common share	\$ 0.30	\$ 0.28
Income from discontinued operations per common share	0.15	-
Net income per common share	\$ 0.45	\$ 0.28
<u>Additional Data:</u>		
General and administrative expenses / rental income	5.68%	6.08%
General and administrative expenses / total assets (at end of period)	0.21%	0.19%
Non-cash straight line rent adjustments ⁽¹⁾	\$ 909	\$ 869
Lease value amortization included in rental income ⁽¹⁾	\$ (241)	\$ (554)
Lease termination fees included in rental income	\$ -	\$ -
Capitalized interest expense	\$ -	\$ -

⁽¹⁾We report rental income on a straight line basis over the terms of the respective leases; accordingly, rental income includes non-cash straight line rent adjustments. Rental income also includes expense reimbursements, tax escalations, parking revenues and other fixed and variable payment obligations of our tenants to us, as well as the net effect of non-cash amortization of intangible lease assets and liabilities.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

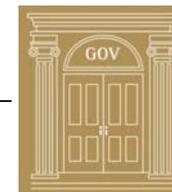
(dollar amounts in thousands)



	For the Three Months Ended	
	3/31/2013	3/31/2012
Cash flows from operating activities:		
Net income	\$ 24,726	\$ 13,059
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	8,595	7,788
Net amortization of debt premium and deferred financing fees	331	324
Straight line rental income	(909)	(869)
Amortization of acquired real estate leases	5,199	4,638
Amortization of deferred leasing costs	196	198
Other non-cash expenses	499	466
Net gain on sale of properties	(8,168)	-
Equity in earnings of an investee	(76)	(45)
Change in assets and liabilities:		
Restricted cash	(611)	(465)
Deferred leasing costs	(893)	(197)
Rents receivable	(1,003)	3,397
Due from related persons	(286)	-
Other assets	1,124	1,859
Accounts payable and accrued expenses	1,566	(1,104)
Due to related persons	(644)	259
Cash provided by operating activities	<u>29,646</u>	<u>29,308</u>
Cash flows from investing activities:		
Real estate acquisitions and deposits	-	(3,400)
Real estate improvements	(3,707)	(2,237)
Proceeds from sale of properties, net	18,374	-
Cash provided by (used in) investing activities	<u>14,667</u>	<u>(5,637)</u>
Cash flows from financing activities:		
Repayment of mortgage notes payable	(485)	(442)
Borrowings on unsecured revolving credit facility	23,500	-
Repayments on unsecured revolving credit facility	(45,500)	(345,500)
Proceeds from unsecured term loan	-	350,000
Financing fees	-	(1,964)
Distributions to common shareholders	(23,497)	(19,762)
Cash used in financing activities	<u>(45,982)</u>	<u>(17,668)</u>
(Decrease) increase in cash and cash equivalents	(1,669)	6,003
Cash and cash equivalents at beginning of period	5,255	3,272
Cash and cash equivalents at end of period	<u>\$ 3,586</u>	<u>\$ 9,275</u>
Supplemental cash flow information:		
Interest paid	\$ 3,773	\$ 3,937
Income taxes paid	84	24
Non-cash financing activities:		
Issuance of common shares	\$ 514	\$ 941

DEBT SUMMARY

As of March 31, 2013
(dollars in thousands)



	Coupon Rate	Interest Rate ⁽¹⁾	Principal Balance ⁽¹⁾	Maturity Date	Due at Maturity	Years to Maturity
Unsecured Floating Rate Debt:						
\$550,000 unsecured revolving credit facility ⁽²⁾	1.71%	1.71%	\$ 27,500	10/19/2015	\$ 27,500	2.6
\$350,000 unsecured term loan ⁽³⁾	1.95%	1.95%	350,000	1/11/2017	350,000	3.8
Weighted average for all unsecured floating rate debt	1.93%	1.93%	\$ 377,500		\$ 377,500	3.7
Secured Fixed Rate Debt:						
Secured debt - Two properties in Indianapolis, IN	5.73%	5.24%	\$ 49,045	10/11/2015	\$ 46,700	2.5
Secured debt - One property in Landover, MD	6.21%	6.21%	24,364	8/1/2016	23,296	3.3
Secured debt - One property in Tampa, FL	7.00%	5.15%	10,167	3/1/2019	7,890	5.9
Secured debt - One property in Lakewood, CO	8.15%	6.15%	8,950	3/1/2021	-	7.9
Weighted average for all secured fixed rate debt	6.23%	5.57%	\$ 92,526		\$ 77,886	3.6
Debt Summary:						
Total / weighted average floating rate debt	1.94%	1.93%	\$ 377,500		\$ 377,500	3.7
Total / weighted average secured fixed rate debt	6.23%	5.57%	92,526		77,886	3.6
Total / weighted average debt	2.78%	2.65%	\$ 470,026		\$ 455,386	3.7

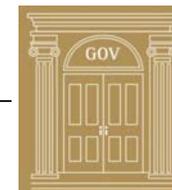
⁽¹⁾ Includes the effect of unamortized fair value premium related to mortgage debt assumed.

⁽²⁾ Borrowings under our unsecured revolving credit facility bear interest at LIBOR plus a premium which was 150 basis points as of 3/31/2013. We also pay a facility fee of 35 basis points per annum on the maximum borrowings permitted under our revolving credit facility. Both the interest rate premium and facility fee are subject to change based upon changes to our credit ratings. The coupon rate and interest rate listed above are as of 3/31/2013. Subject to meeting certain conditions and payment of a fee, we may extend the current maturity date by one year to 10/19/2016.

⁽³⁾ The amount outstanding under our term loan bears interest at LIBOR plus a premium which was 175 basis points, subject to adjustment based on changes to our credit ratings; the coupon rate and interest rate listed above are as of 3/31/2013. Our term loan is prepayable without penalty at any time.

DEBT MATURITY SCHEDULE

As of March 31, 2013
(dollars in thousands)



Year	Unsecured Floating Rate Debt	Secured Fixed Rate Debt ⁽³⁾	Total ⁽⁴⁾
2013	\$ -	\$ 1,448	\$ 1,448
2014	-	2,072	2,072
2015	27,500 ⁽¹⁾	48,691	76,191
2016	-	24,708	24,708
2017	350,000 ⁽²⁾	1,308	351,308
2018	-	1,415	1,415
2019	-	9,168	9,168
2020	-	1,333	1,333
2021 and thereafter	-	349	349
Total	\$ 377,500	\$ 90,492	\$ 467,992
Percent of total debt	80.7%	19.3%	100.0%

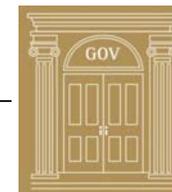
⁽¹⁾ Represents amounts outstanding under our unsecured revolving credit facility at 3/31/2013. Subject to meeting certain conditions and payment of a fee, we may extend the current maturity date of our unsecured revolving credit facility by one year to 10/19/2016.

⁽²⁾ Represents the outstanding balance of our unsecured term loan at 3/31/2013. Our term loan is prepayable without penalty at any time.

⁽³⁾ Principal balances are the amounts actually payable pursuant to the applicable contracts. In accordance with GAAP, our carrying values may differ from these amounts because of market conditions at the time we assumed these debts.

⁽⁴⁾ Our total debt as of 3/31/2013, including unamortized mortgage premiums, was \$470,026.

LEVERAGE RATIOS AND COVERAGE RATIOS



	As of and for the Three Months Ended				
	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012
<u>Leverage Ratios:</u>					
Total debt / total market capitalization ⁽¹⁾	25.0%	27.3%	35.6%	30.7%	28.2%
Total debt / total book capitalization ⁽¹⁾	31.4%	32.4%	41.2%	34.9%	33.4%
Total debt / total assets ⁽¹⁾	30.5%	31.5%	40.1%	34.1%	32.6%
Total debt / gross book value of real estate assets ⁽²⁾	27.6%	28.8%	36.5%	31.1%	29.8%
Secured debt ⁽¹⁾ / total assets	6.0%	6.0%	6.1%	6.8%	7.0%
<u>Coverage Ratios:</u>					
Adjusted EBITDA ⁽³⁾ / interest expense ⁽⁴⁾	8.3x	7.6x	6.7x	7.0x	7.3x
Total Debt ⁽¹⁾ / Annualized Adjusted EBITDA ⁽³⁾	3.4x	3.8x	5.1x	4.1x	3.8x

⁽¹⁾ Debt includes the effect of unamortized mortgage premiums, if any, related to mortgage debts assumed at the time of real estate acquisitions.

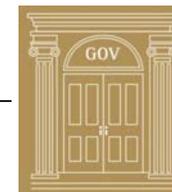
⁽²⁾ Gross book value of real estate assets is real estate properties at cost, plus acquisition costs, before purchase price allocations and less impairment writedowns, if any.

⁽³⁾ See Exhibit B for the calculation of EBITDA and Adjusted EBITDA, and a reconciliation of net income determined in accordance with GAAP to those amounts.

⁽⁴⁾ Interest expense includes the net amortization of mortgage premiums and deferred financing fees.

SUMMARY OF CAPITAL EXPENDITURES

(dollars and sq. ft. in thousands, except per sq. ft. data)



	For the Three Months Ended				
	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012
Tenant improvements ⁽¹⁾	\$ 1,811	\$ 3,718	\$ 3,097	\$ 301	\$ 283
Leasing costs ⁽²⁾	835	1,685	1,278	604	143
Building improvements ⁽³⁾	241	2,560	746	660	194
Recurring capital expenditures	2,887	7,963	5,121	1,565	620
Development, redevelopment and other activities ⁽⁴⁾	414	2,630	2,245	1,194	405
Total capital expenditures	<u>\$ 3,301</u>	<u>\$ 10,593</u>	<u>\$ 7,366</u>	<u>\$ 2,759</u>	<u>\$ 1,025</u>
Average leased sq. ft. during period	9,368	9,332	8,815	8,321	8,366
Building improvements per average leased sq. ft. during period	\$ 0.03	\$ 0.27	\$ 0.08	\$ 0.08	\$ 0.02

⁽¹⁾ Tenant improvements include related capital expenditures to improve tenants' space or amounts paid directly to tenants to improve their space.

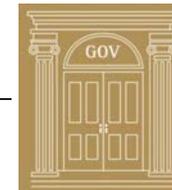
⁽²⁾ Leasing costs include leasing related costs such as brokerage commissions and other tenant inducements.

⁽³⁾ Building improvements generally include expenditures to replace obsolete building components and expenditures that extend the useful life of existing assets.

⁽⁴⁾ Development, redevelopment and other activities generally include (i) major capital expenditures that are identified at the time of a property acquisition and incurred within a short time period after acquiring the property, and (ii) major capital expenditure projects that reposition a property or result in new sources of revenue.

ACQUISITION AND DISPOSITION INFORMATION SINCE 1/1/2013

(dollars and sq. ft. in thousands, except per sq. ft. data)

**Acquisitions:**

We have made no acquisitions since January 1, 2013.

Dispositions:

<u>Date Sold</u>	<u>Location</u>	<u>Number of Properties</u>	<u>Sq. Ft.</u>	<u>Sale Price⁽¹⁾</u>	<u>Net Book Value</u>	<u>Gain (Loss) on Sale</u>
Feb-13	Oklahoma City, OK	1	186	\$ 16,300	\$ 8,069	\$ 8,198
Mar-13	Tuscon, AZ	1	31	2,189	2,080	\$ (30)
		<u>2</u>	<u>217</u>	<u>\$ 18,489</u>	<u>\$ 10,149</u>	<u>\$ 8,168</u>

⁽¹⁾ Represents the gross contract sale price and excludes closing costs.

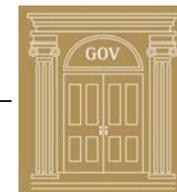


PORTFOLIO INFORMATION

*1220 Echelon Parkway, Jackson, MS.
Square Feet: 109,819.
Primary Tenant: Federal Bureau of Investigation.*

PORTFOLIO SUMMARY

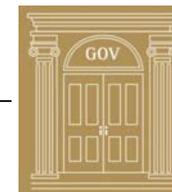
As of March 31, 2013



	Number of Properties	Sq. Ft. ⁽¹⁾	% Sq. Ft.	% Rental Income Three Months Ended 3/31/2013	% NOI Three Months Ended 3/31/2013 ⁽²⁾
Properties majority leased to the U.S. Government	61	7,451,728	74.5%	74.7%	76.5%
Properties majority leased to state governments	18	2,135,936	21.4%	21.1%	19.3%
Property majority leased to the United Nations	1	187,060	1.9%	4.2%	4.8%
Other properties (currently vacant)	2	225,535	2.2%	N/A	-0.7%
Total	82	10,000,259	100.0%	100.0%	100.0%

⁽¹⁾ Sq. ft. measurements are subject to modest changes when space is re-measured or re-configured for new tenants.

⁽²⁾ See Exhibit A for the calculation of NOI and a reconciliation of those amounts to net income determined in accordance with GAAP.

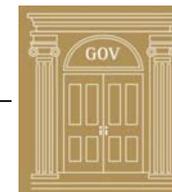


SUMMARY ACTUAL AND SAME PROPERTY RESULTS

(dollars and sq. ft. in thousands, except per sq. ft. data)

	Summary Actual Results ⁽¹⁾		Summary Same Property Results ⁽²⁾	
	For the Three Months Ended		For the Three Months Ended	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Properties (end of period)	82	69	69	69
Total sq. ft. ⁽³⁾	10,000	8,734	8,734	8,734
Percent leased ⁽⁴⁾	92.8%	92.3%	91.8%	92.3%
Rental income ⁽⁵⁾	\$ 57,678	\$ 49,997	\$ 51,051	\$ 49,997
NOI ⁽⁶⁾	\$ 37,610	\$ 32,020	\$ 33,021	\$ 32,020
NOI % margin	65.2%	64.0%	64.7%	64.0%
NOI % change	17.5%	-	3.1%	-

- ⁽¹⁾ Based on properties we owned as of 3/31/2013. Prior year amounts have been restated to reflect the reclassification of two properties sold during the three months ended March 31, 2013 to discontinued operations.
- ⁽²⁾ Based on properties we owned as of 3/31/2013 and which we owned continuously since 1/1/2012.
- ⁽³⁾ Sq. ft. measurements are subject to modest changes when space is re-measured or re-configured for new tenants.
- ⁽⁴⁾ Percent leased includes (i) space being fitted out for occupancy pursuant to our lease agreements, if any, and (ii) space which is leased, but is not occupied or is being offered for sublease by tenants, if any, as of the measurement date.
- ⁽⁵⁾ We report rental income on a straight line basis over the terms of the respective leases; accordingly, rental income includes non-cash straight line rent adjustments. Rental income also includes expense reimbursements, tax escalations, parking revenues and other fixed and variable charges paid to us by our tenants, as well as the net effect of non-cash amortization of intangible lease assets and liabilities.
- ⁽⁶⁾ See Exhibit A for the calculation of NOI and a reconciliation of those amounts to net income determined in accordance with GAAP.



OCCUPANCY AND LEASING SUMMARY

(dollars and sq. ft. in thousands, except per sq. ft. data)

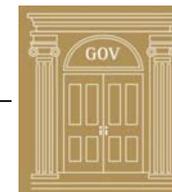
	As of and for the Three Months Ended				
	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012
Properties	82	84	82	74	71
Total sq. ft. ⁽¹⁾	10,000	10,217	9,969	9,126	8,949
Percentage leased	92.8%	92.5%	92.4%	92.2%	91.9%
Leasing Activity (sq. ft.):					
Government tenants	187	607	260	160	29
Non-government tenants	12	30	52	46	9
Total	199	637	312	206	38
% Change in GAAP Rent ⁽²⁾:					
Government tenants	15.6%	18.0%	-4.2%	10.9%	-0.6%
Non-government tenants	-10.0%	-4.8%	21.5%	-14.0%	-11.9%
Total	14.8%	16.8%	-0.7%	5.5%	-4.6%
Leasing Cost and Concession Commitments ⁽³⁾:					
Government tenants	\$ 4,476	\$ 2,670	\$ 3,616	\$ 929	\$ 200
Non-government tenants	135	653	3,106	2,372	151
Total	\$ 4,611	\$ 3,323	\$ 6,722	\$ 3,301	\$ 351
Leasing Cost and Concession Commitments per Sq. Ft. ⁽³⁾:					
Government tenants	\$ 23.95	\$ 4.39	\$ 13.94	\$ 5.82	\$ 6.87
Non-government tenants	\$ 11.63	\$ 22.37	\$ 59.64	\$ 51.54	\$ 16.67
Total	\$ 23.23	\$ 5.21	\$ 21.57	\$ 16.06	\$ 9.20
Weighted Average Lease Term by Sq. Ft. (years):					
Government tenants	3.9	5.4	9.4	3.8	4.0
Non-government tenants	3.5	5.1	9.1	8.2	5.1
Total	3.8	5.4	9.3	4.8	4.3
Leasing Cost and Concession Commitments per Sq. Ft. per Year:					
Government tenants	\$ 6.19	\$ 0.81	\$ 1.48	\$ 1.55	\$ 1.72
Non-government tenants	\$ 3.34	\$ 4.25	\$ 6.55	\$ 6.29	\$ 3.27
Total	\$ 6.04	\$ 0.97	\$ 2.31	\$ 3.38	\$ 2.16

⁽¹⁾ Sq. ft. measurements are subject to modest changes when space is re-measured or re-configured for new tenants.

⁽²⁾ Percent difference in prior rents charged for same space. Rents include estimated recurring expense reimbursements paid to us and exclude lease value amortization.

⁽³⁾ Includes commitments made for leasing expenditures and concessions, such as tenant improvements, leasing commissions, tenant reimbursements and free rent.

The above leasing summary is based on leases entered into during the periods indicated.



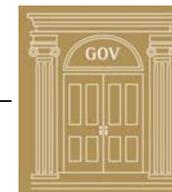
LEASING ANALYSIS BY TENANT TYPE

Tenant Type	Sq. Ft. Leased as of 12/31/2012 ⁽¹⁾	% of Sq. Ft. Leased as of 12/31/2012 ⁽¹⁾	Sq. Ft. During the Three Months Ended 3/31/2013				Sq. Ft. Leased as of 3/31/2013 ⁽¹⁾	% of Sq. Ft. Leased as of 3/31/2013 ⁽¹⁾
			Expired Leases	Lease Renewals Executed	New Leases Executed	Properties Sold		
U.S. Government	6,894,789	72.9%	(185,223)	185,223	-	(158,463)	6,736,326	72.6%
State Government	1,736,409	18.4%	(1,713)	1,713	-	-	1,736,409	18.7%
United Nations	187,060	2.0%	-	-	-	-	187,060	2.0%
Non-government	634,180	6.7%	(14,964)	10,623	959	(8,082)	622,716	6.7%
	<u>9,452,438</u>	<u>100%</u>	<u>(201,900)</u>	<u>197,559</u>	<u>959</u>	<u>(166,545)</u>	<u>9,282,511</u>	<u>100%</u>

⁽¹⁾ Sq. ft. leased is pursuant to leases existing as of the measurement date, and includes (i) space being fitted out for occupancy, if any, and (ii) space which is leased, but is not occupied or is being offered for sublease, if any. Sq. ft. measurements are subject to modest changes when space is re-measured or re-configured for new tenants.

TENANT LIST

As of March 31, 2013

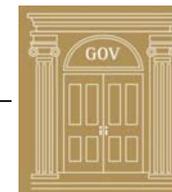


Tenant	Sq. Ft. ⁽¹⁾	% of Total Sq. Ft. ⁽¹⁾	% of Annualized Rental Income ⁽²⁾
U.S. Government:			
1 U.S. Customs & Immigration Service	652,621	6.5%	10.7%
2 Internal Revenue Service	1,041,806	10.4%	9.5%
3 Department of Justice	314,068	3.1%	5.6%
4 Federal Bureau of Investigation	433,757	4.3%	5.1%
5 Department of Agriculture	337,500	3.4%	4.1%
6 Centers for Disease Control	352,876	3.5%	3.1%
7 Department of Veterans Affairs	293,660	2.9%	3.0%
8 Defense Intelligence Agency	266,000	2.7%	2.3%
9 Department of Homeland Security	127,508	1.3%	2.2%
10 Department of Energy	166,745	1.7%	2.1%
11 National Park Service	220,702	2.2%	2.1%
12 National Business Center	212,996	2.1%	2.1%
13 Food and Drug Administration	133,920	1.3%	2.0%
14 U.S. Courts	115,366	1.2%	1.9%
15 Social Security Administration	171,217	1.7%	1.7%
16 Natural Resource Center	150,551	1.5%	1.5%
17 Drug Enforcement Agency	147,955	1.5%	1.4%
18 Defense Information Services	352,064	3.5%	1.4%
19 National Archives and Record Administration	163,407	1.6%	1.3%
20 Bureau of Land Management	176,973	1.8%	1.2%
21 U.S. Postal Service	321,800	3.2%	1.0%
22 Defense Nuclear Facilities Board	58,931	0.6%	1.0%
23 Occupational Safety and Health Administration	56,931	0.6%	0.9%
24 Centers for Medicare and Medicaid Services	57,770	0.6%	0.9%
25 Military Entrance Processing Station	98,073	1.0%	0.8%
26 Financial Management Service	78,361	0.8%	0.8%
27 Department of Housing and Urban Development	90,487	0.9%	0.8%
28 Environmental Protection Agency	43,232	0.4%	0.7%
29 Bureau of Prisons	51,138	0.5%	0.4%
30 Equal Employment Opportunity Commission	19,409	0.2%	0.2%
31 National Labor Relations Board	10,615	0.1%	0.1%
32 Department of State	5,928	0.1%	0.1%
33 Executive Office for Immigration Review	5,500	0.1%	0.0%
34 Department of Labor	6,459	0.1%	0.0%
Subtotal U. S. Government	6,736,326	67.4%	71.9%

Tenant	Sq. Ft. ⁽¹⁾	% of Total Sq. Ft. ⁽¹⁾	% of Annualized Rental Income ⁽²⁾
State Government:			
1 State of Massachusetts - three agency occupants	307,119	3.2%	4.3%
2 State of California - seven agency occupants	347,847	3.5%	3.6%
3 State of Georgia - Department of Transportation	293,035	2.9%	2.5%
4 State of New Jersey - Department of Treasury	173,189	1.7%	2.0%
5 State of Oregon - three agency occupants	162,432	1.6%	1.7%
6 State of Washington - Social and Health Services	111,908	1.1%	1.2%
7 State of South Carolina - five agency occupants	120,384	1.2%	0.6%
8 State of Maryland - three agency occupants	84,674	0.8%	0.6%
9 State of Minnesota - two agency occupants	71,821	0.7%	0.5%
10 State of New York - Department of Agriculture	64,000	0.6%	0.5%
Subtotal State Government	1,736,409	17.4%	17.5%
The United Nations			
	187,060	1.9%	4.5%
138 Non-Government Tenants			
	622,716	6.1%	6.1%
Subtotal Leased Square Feet	9,282,511	92.8%	100.0%
Available for Lease			
	717,748	7.2%	--
Total Square Feet	10,000,259	100.0%	100.0%

⁽¹⁾ Sq. ft. is pursuant to leases existing as of 3/31/2013, and includes (i) space being fitted out for occupancy, if any, and (ii) space which is leased but is not occupied or is being offered for sublease, if any, and sq. ft. measurements are subject to modest changes when space is re-measured or re-configured for new tenants.

⁽²⁾ Percentage of annualized rental income is calculated using annualized contractual base rents from our tenants pursuant to our lease agreements as of 3/31/2013, plus straight line rent adjustments and estimated recurring expense reimbursements to be paid to us, and excluding lease value amortization.



LEASE EXPIRATION SCHEDULE

As of March 31, 2013
(dollars and sq. ft. in thousands)

	Number of Tenants Expiring	Sq. Ft Expiring ⁽¹⁾	% of Sq. Ft Expiring	Cumulative % of Sq. Ft. Expiring	Annualized Rental Income Expiring ⁽²⁾	% of Annualized Rental Income Expiring	Cumulative % of Annualized Rental Income Expiring
2013	39	814	8.8%	8.8%	\$ 19,712	8.9%	8.9%
2014	33	455	4.9%	13.7%	8,829	4.0%	12.9%
2015	38	1,203	13.0%	26.7%	27,563	12.5%	25.4%
2016	35	804	8.7%	35.4%	25,767	11.7%	37.1%
2017	29	619	6.7%	42.1%	12,594	5.7%	42.8%
2018	23	1,036	11.2%	53.3%	27,459	12.4%	55.2%
2019	14	1,277	13.8%	67.1%	29,709	13.5%	68.7%
2020	14	756	8.1%	75.2%	21,413	9.7%	78.4%
2021	7	821	8.8%	84.0%	15,574	7.1%	85.5%
2022 and thereafter	19	1,498	16.0%	100.0%	32,204	14.5%	100.0%
Total	<u>251</u>	<u>9,283</u>	<u>100.0%</u>		<u>\$ 220,824</u>	<u>100.0%</u>	
Weighted average remaining lease term (in years)		<u>5.4</u>			<u>5.3</u>		

⁽¹⁾ Sq. ft. is pursuant to leases existing as of 3/31/2013, and includes (i) space being fitted out for occupancy, if any, and (ii) space which is leased, but is not occupied or is being offered for sublease, if any, and sq. ft. measurements are subject to modest changes when space is re-measured or re-configured for new tenants.

⁽²⁾ Annualized rental income is defined as the annualized contractual base rents from our tenants pursuant to our lease agreements with them as of 3/31/2013, plus straight line rent adjustments and estimated recurring expense reimbursements to be paid to us, and excluding lease value amortization.

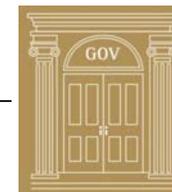
EXHIBITS



*Capitol City Business Center, Salem, OR.
Square Feet: 233,358.
Primary Tenant: State of Oregon.*

CALCULATION OF PROPERTY NET OPERATING INCOME (NOI)

EXHIBIT A



(dollars in thousands)

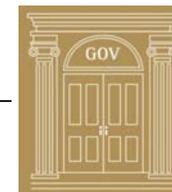
	For the Three Months Ended	
	3/31/2013	3/31/2012
Calculation of NOI:		
Rental income ⁽¹⁾	\$ 57,678	\$ 49,997
Operating expenses	(20,068)	(17,977)
Property net operating income (NOI)	<u>\$ 37,610</u>	<u>\$ 32,020</u>
Reconciliation of NOI to Net Income:		
Property net operating income (NOI)	\$ 37,610	\$ 32,020
Depreciation and amortization	(13,696)	(11,910)
Acquisition related costs	(34)	(49)
General and administrative	(3,249)	(3,002)
Operating income	<u>20,631</u>	<u>17,059</u>
Interest and other income	11	8
Interest expense	(4,147)	(4,023)
Equity in earnings of an investee	76	45
Income tax expense	(43)	(45)
Income from continuing operations	<u>16,528</u>	<u>13,044</u>
Discontinued operations:		
Income from discontinued operations	30	15
Net gain on sale of properties from discontinued operations	8,168	-
Net income	<u>\$ 24,726</u>	<u>\$ 13,059</u>

⁽¹⁾ We report rental income on a straight line basis over the terms of the respective leases; as a result, rental income includes non-cash straight line rent adjustments of approximately \$909 and \$869 for the three months ended March 31, 2013 and 2012, respectively. Rental income includes non-cash amortization of intangible lease assets and liabilities of approximately (\$241) and (\$554) for the three months ended March 31, 2013 and 2012, respectively. Rental income also includes reimbursements, tax escalations, parking revenues, service income and other fixed and variable payments received by us from our tenants.

We calculate NOI as shown above. We define NOI as income from our real estate less our property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions. We consider NOI to be an appropriate supplemental measure to net income because it may help both investors and management to understand the operations of our properties. We use NOI internally to evaluate individual and company wide property level performance, and we believe that NOI provides useful information to investors regarding our results of operations because it reflects only those income and expense items that are incurred at the property level and may facilitate comparisons of our operating performance between periods. The calculation of NOI excludes certain components of net income in order to provide results that are more closely related to our properties' results of operations. NOI does not represent cash generated by operating activities in accordance with GAAP, and should not be considered as an alternative to net income, operating income or cash flow from operating activities, determined in accordance with GAAP, or as an indicator of our financial performance or liquidity, nor is this measure necessarily indicative of sufficient cash flow to fund all of our needs. We believe that NOI may facilitate an understanding of our consolidated historical operating results. This measure should be considered in conjunction with net income, operating income and cash flow from operating activities as presented in our Condensed Consolidated Statements of Income and Comprehensive Income and Condensed Consolidated Statements of Cash Flows. Other REITs and real estate companies may calculate NOI differently than we do.

CALCULATION OF EBITDA AND ADJUSTED EBITDA

EXHIBIT B



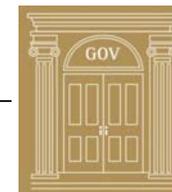
(dollars in thousands)

	For the Three Months Ended	
	3/31/2013	3/31/2012
Net income	\$ 24,726	\$ 13,059
Add: interest expense	4,147	4,023
income tax expense	43	45
depreciation and amortization from continuing operations	13,696	11,910
depreciation and amortization from discontinued operations	45	162
EBITDA	42,657	29,199
Less: net gain on sale of properties from discontinued operations	(8,168)	-
Add: acquisition related costs	34	49
Adjusted EBITDA	\$ 34,523	\$ 29,248

We calculate EBITDA and Adjusted EBITDA as shown above. We consider EBITDA and Adjusted EBITDA to be appropriate measures of our operating performance, along with net income, operating income and cash flow from operating activities. We believe that EBITDA and adjusted EBITDA provide useful information to investors because by excluding the effects of certain historical amounts, such as interest, depreciation and amortization expense, EBITDA and Adjusted EBITDA may facilitate a comparison of current operating performance with our past operating performance. EBITDA and Adjusted EBITDA do not represent cash generated by operating activities in accordance with GAAP and should not be considered an alternative to net income, operating income or cash flow from operating activities, determined in accordance with GAAP, or as an indicator of financial performance or liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. We believe that EBITDA and Adjusted EBITDA may facilitate an understanding of our consolidated historical operating results. These measures should be considered in conjunction with net income, operating income and cash flow from operating activities as presented in our Condensed Consolidated Statements of Income and Comprehensive Income and Condensed Consolidated Statements of Cash Flows. Other REITs and real estate companies may calculate EBITDA and Adjusted EBITDA differently than we do.

CALCULATION OF FUNDS FROM OPERATIONS (FFO) AND NORMALIZED FFO

EXHIBIT C



(dollars in thousands, except per share data)

	For the Three Months Ended	
	3/31/2013	3/31/2012
Net income	\$ 24,726	\$ 13,059
Add: depreciation and amortization from continuing operations	13,696	11,910
Add: depreciation and amortization from discontinued operations	45	162
Less: net gain on sale of properties from discontinued operations	(8,168)	-
FFO	30,299	25,131
Add: acquisition related costs	34	49
Normalized FFO	<u>\$ 30,333</u>	<u>\$ 25,180</u>
Weighted average common shares outstanding	<u>54,645</u>	<u>47,052</u>
FFO per share	<u>\$ 0.55</u>	<u>\$ 0.53</u>
Normalized FFO per share	<u>\$ 0.56</u>	<u>\$ 0.54</u>

We calculate FFO and Normalized FFO as shown above. FFO is calculated on the basis defined by The National Association of Real Estate Investment Trusts, or NAREIT, which is net income, calculated in accordance with GAAP, plus real estate depreciation and amortization, excluding any gain or loss on sale of properties, as well as other adjustments currently not applicable to us. Our calculation of Normalized FFO differs from NAREIT's definition of FFO because we exclude acquisition related costs. We consider FFO and Normalized FFO to be appropriate measures of operating performance for a REIT, along with net income, operating income and cash flow from operating activities. We believe that FFO and Normalized FFO provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation expense, FFO and Normalized FFO may facilitate a comparison of our operating performance between periods and between us and other REITs. FFO and Normalized FFO are among the factors considered by our Board of Trustees when determining the amount of distributions to our shareholders. Other factors include, but are not limited to, requirements to maintain our status as a REIT, limitations in our revolving credit facility and term loan agreements, the availability of debt and equity capital to us, our expectation of our future capital requirements and operating performance, and our expected needs and availability of cash to pay our obligations. FFO and Normalized FFO do not represent cash generated by operating activities in accordance with GAAP and should not be considered as alternatives to net income, operating income or cash flow from operating activities, determined in accordance with GAAP, or as indicators of our financial performance or liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. We believe that FFO and Normalized FFO may facilitate an understanding of our consolidated historical operating results. These measures should be considered in conjunction with net income, operating income and cash flow from operating activities as presented in our Condensed Consolidated Statements of Income and Comprehensive Income and Condensed Consolidated Statements of Cash Flows. Other REITs and real estate companies may calculate FFO and Normalized FFO differently than we do.