



## **Analyst Book**

**For the Quarter Ended June 30, 1999**

## SECOND QUARTER RESULTS

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**PS BUSINESS PARKS, INC.**  
**SECOND QUARTER FACT SHEET**

<b>OPERATING DATA:</b>						
	Three Months Ended			Six Months Ended		
	6/30/99	6/30/98	Difference	6/30/99	6/30/98	Difference
Total revenues	\$ 31,248,000	\$ 21,911,000	42.6%	\$ 60,499,000	\$ 36,699,000	64.9%
Net income	\$ 10,255,000	\$ 7,046,000	45.5%	\$ 19,697,000	\$ 11,376,000	73.1%
Net income per share:						
Basic	\$ 0.40	\$ 0.38	5.3%	\$ 0.80	\$ 0.76	5.3%
Diluted	\$ 0.40	\$ 0.38	5.3%	\$ 0.79	\$ 0.76	3.9%
Weighted average shares outstanding:						
Basic	23,639,000	18,650,000	26.8%	23,638,000	14,926,000	58.4%
Diluted	23,716,000	18,711,000	26.7%	23,709,000	14,978,000	58.3%

<b>FUNDS FROM OPERATIONS:</b>						
	Three Months Ended			Six Months Ended		
	6/30/99	6/30/98	Difference	6/30/99	6/30/98	Difference
FFO allocable to common	\$ 14,467,000	\$ 10,104,000	43.2%	\$ 28,451,000	\$ 15,727,000	80.9%
Weighted average shares outstanding - diluted	23,716,000	18,711,000	26.7%	23,709,000	14,978,000	58.3%
FFO per common share - diluted	\$ 0.61	\$ 0.54	13.0%	\$ 1.20	\$ 1.05	14.3%

<b>PROPERTY INFORMATION:</b>						
	Three Months Ended			Six Months Ended		
	6/30/99	6/30/98	Difference	6/30/99	6/30/98	Difference
Total number of properties	120	97	23.7%	120	97	23.7%
Net rentable square footage	11,645,000	10,212,000	14.0%	11,645,000	10,212,000	14.0%
<b>Same Park Facilities</b>						
Average occupancy	97.3%	94.1%	3.2%	96.7%	93.7%	3.0%
Annual realized rent per sq. ft. for period (1)	\$ 10.19	\$ 9.70	5.1%	\$ 10.14	\$ 9.66	5.0%

(1) Realized rent per square foot represents the actual revenues earned per occupied square foot.

<b>SHEET DATA:</b>			
	6/30/99	12/31/98	Difference
Total assets	\$ 784,622,000	\$ 709,414,000	10.6%
Total debt	\$ 46,072,000	\$ 50,541,000	(8.8%)
Minority interest - preferred	\$ 12,750,000	\$ -	
Minority interest - common	\$ 155,686,000	\$ 153,015,000	1.7%
Perpetual preferred stock	\$ 55,000,000	\$ -	
Common shareholders' equity	\$ 495,722,000	\$ 489,905,000	1.2%
Total common shares outstanding	23,641,000	23,636,000	0.0%
Book value per common share	\$ 20.97	\$ 20.73	1.2%

<b>IE INFORMATION:</b>			
	6/30/99	12/31/98	6/30/98
Market value of common stock/OP units	\$ 756,971,000	\$ 740,999,000	\$ 729,206,000
Total debt	46,072,000	50,541,000	29,890,000
Total preferred stock/OP units	67,750,000	-	-
Total capitalization	<u>\$ 870,793,000</u>	<u>\$ 791,540,000</u>	<u>\$ 759,096,000</u>

**PS BUSINESS PARKS, INC.**

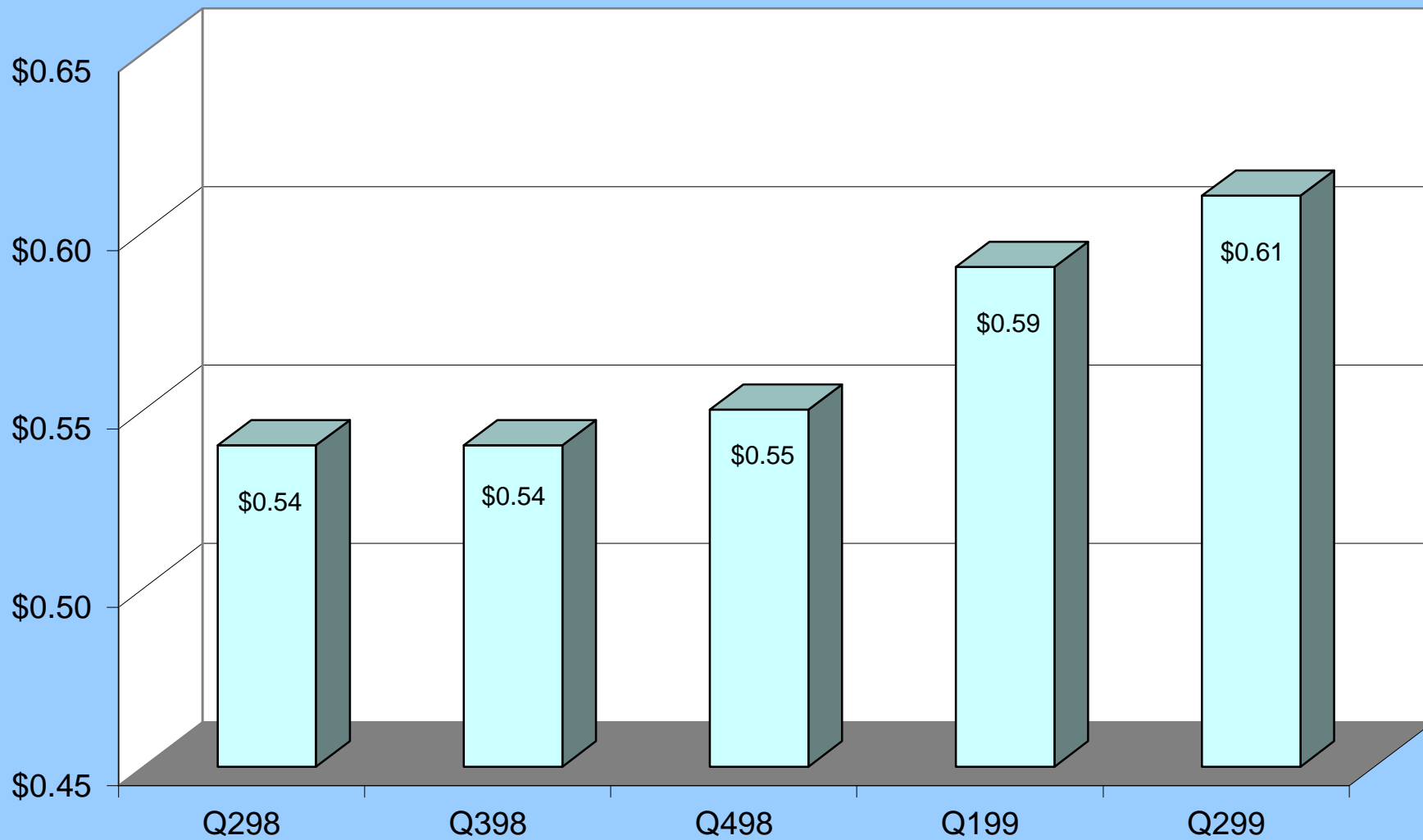
Sources and Uses of Funds  
For the Six Months Ended June 30, 1999

	Year to Date (Actual)
<b><u>Sources of Funds:</u></b>	
Funds from operations	\$ 37,461,000
Preferred distributions	1,076,000
S/L rent adjustment	1,607,000
Funds from operations (revised)	<u>40,144,000</u>
Issuance of common stock	93,000
Issuance of preferred stock, net	53,119,000
Issuance of preferred OP units, net	12,495,000
Borrowings from PSI	41,400,000
Borrowings from line of credit	14,000,000
Total Sources of Funds	<u>161,251,000</u>
<b><u>Uses of Funds:</u></b>	
Property acquisitions:	
Hill Properties	(14,177,000)
Lafayette	(4,692,000)
Monroe II	(3,414,000)
Waterford B & C	(8,438,000)
Kohm	(11,725,000)
Kohm (vacant land)	(1,969,000)
Sacramento (July, 1999)	-
1998 acquisitions	(84,000)
Construction in progress	(7,428,000)
Capital expenditures	(5,466,000)
Renovations	(1,741,000)
Distributions paid to preferred shareholders	(862,000)
Distributions paid to preferred OP unitholders	(214,000)
Distributions paid to common shareholders	(11,819,000)
Distributions paid to common OP unitholders	(3,707,000)
Repayments of borrowings from PSI	(41,400,000)
Repayments of borrowings from line of credit	(26,500,000)
Principal payments on mortgage notes payable	(11,688,000)
Other sources	1,702,000
Total Uses of Funds	<u>(153,622,000)</u>
Net increase (decrease) in cash balance	<u>7,629,000</u>
Beginning cash balance	6,068,000
Ending cash balance	<u>\$ 13,697,000</u>

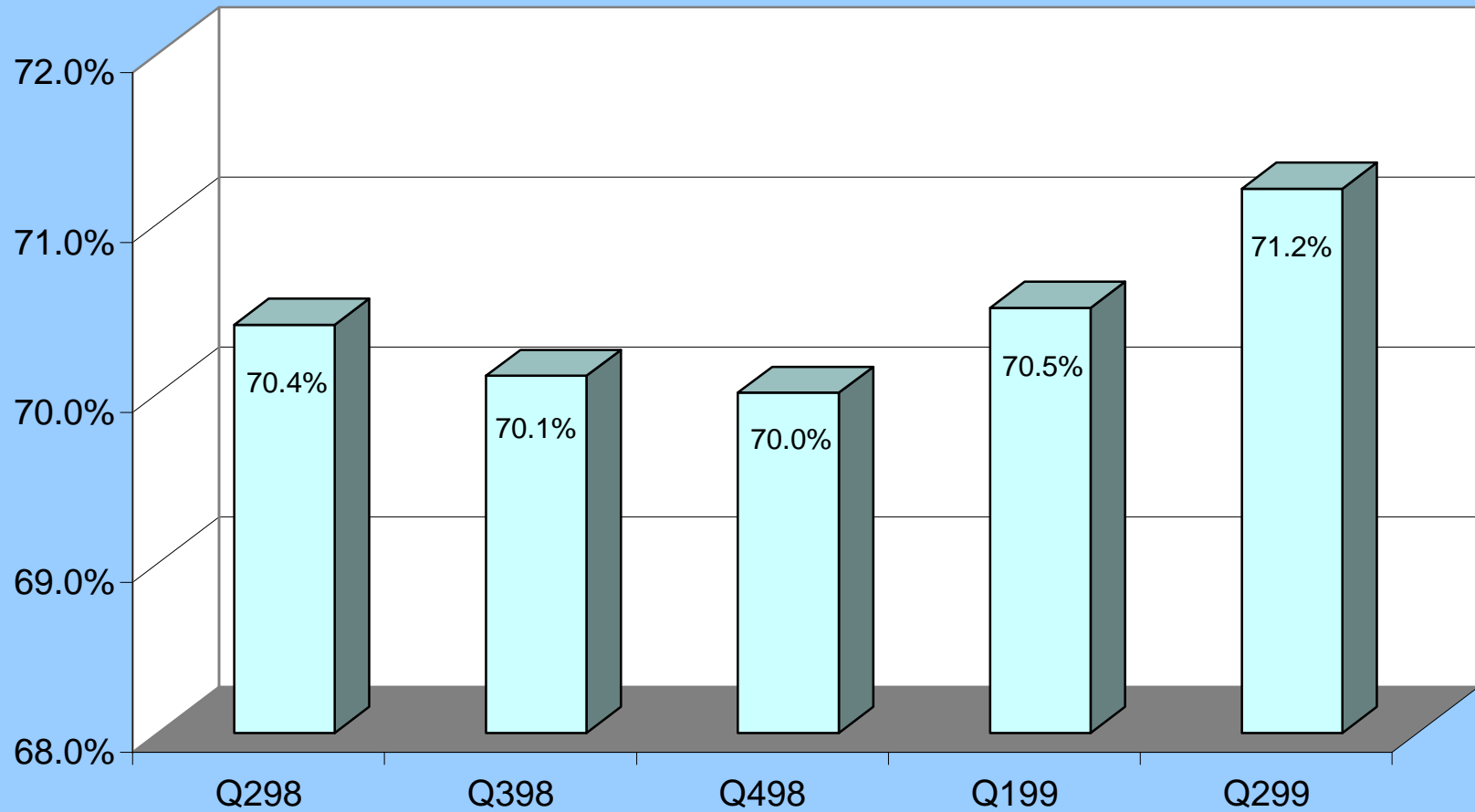
**PS BUSINESS PARKS, INC.**  
**ANALYSIS OF FUNDS FROM OPERATIONS**

	Three Months Ended		Increase		Six Months Ended		Increase	
	6/30/99	6/30/98	(Decrease)	% Change	6/30/99	6/30/98	(Decrease)	% Change
<b>Funds from operations (FFO):</b>								
Net income allocable to common shareholders	\$ 9,393,000	\$ 7,046,000	\$ 2,347,000	33.3%	\$ 18,835,000	\$ 11,376,000	\$ 7,459,000	65.6%
Depreciation and amortization	7,314,000	4,256,000	3,058,000	71.9%	14,047,000	6,556,000	7,491,000	114.3%
Minority interest in income	3,220,000	2,869,000	351,000	12.2%	6,186,000	5,683,000	503,000	8.9%
Less effects of straight line rents	(856,000)	-	(856,000)		(1,607,000)	-	(1,607,000)	
FFO allocable to common shareholders	<u>\$ 19,071,000</u>	<u>\$ 14,171,000</u>	<u>\$ 4,900,000</u>	<u>34.6%</u>	<u>\$ 37,461,000</u>	<u>\$ 23,615,000</u>	<u>\$ 13,846,000</u>	<u>58.6%</u>
Weighted average common shares outstanding	23,639,000	18,650,000	4,989,000	26.8%	23,638,000	14,926,000	8,712,000	58.4%
Weighted average common OP units outstanding	7,415,000	7,411,000	4,000	0.1%	7,412,000	7,482,000	(70,000)	(0.9%)
Weighted average dilutive stock options	77,000	61,000	16,000	26.2%	71,000	52,000	19,000	36.5%
Total pro forma fully-converted shares	<u>31,131,000</u>	<u>26,122,000</u>	<u>5,009,000</u>	<u>19.2%</u>	<u>31,121,000</u>	<u>22,460,000</u>	<u>8,661,000</u>	<u>38.6%</u>
FFO per share/OP Unit	<u>\$ 0.61</u>	<u>\$ 0.54</u>	<u>\$ 0.07</u>	<u>13.0%</u>	<u>\$ 1.20</u>	<u>\$ 1.05</u>	<u>\$ 0.15</u>	<u>14.3%</u>
<b>Funds available for distribution (FAD):</b>								
Total funds from operations	\$ 19,071,000	\$ 14,171,000	\$ 4,900,000	34.6%	\$ 37,461,000	\$ 23,615,000	\$ 13,846,000	58.6%
Less capitalized expenditures:								
Maintenance capital expenditures	(1,213,000)	(950,000)	(263,000)	27.7%	(1,422,000)	(1,197,000)	(225,000)	18.8%
Tenant improvements	(1,431,000)	(1,001,000)	(430,000)	43.0%	(2,665,000)	(1,334,000)	(1,331,000)	99.8%
Capitalized lease commissions	(361,000)	(367,000)	6,000	(1.6%)	(878,000)	(644,000)	(234,000)	36.3%
Total capitalized expenditures	<u>(3,005,000)</u>	<u>(2,318,000)</u>	<u>(687,000)</u>	<u>29.6%</u>	<u>(4,965,000)</u>	<u>(3,175,000)</u>	<u>(1,790,000)</u>	<u>56.4%</u>
FAD	<u>\$ 16,066,000</u>	<u>\$ 11,853,000</u>	<u>\$ 4,213,000</u>	<u>35.5%</u>	<u>\$ 32,496,000</u>	<u>\$ 20,440,000</u>	<u>\$ 12,056,000</u>	<u>59.0%</u>
FAD per share/OP Unit	<u>\$ 0.52</u>	<u>\$ 0.45</u>	<u>\$ 0.07</u>	<u>15.6%</u>	<u>\$ 1.04</u>	<u>\$ 0.91</u>	<u>\$ 0.13</u>	<u>14.3%</u>
<b>Cash available for debt repayments and reinvestments:</b>								
FAD	\$ 16,066,000	\$ 11,853,000	\$ 4,213,000	35.5%	\$ 32,496,000	\$ 20,440,000	\$ 12,056,000	59.0%
Distributions to common shareholders	(5,910,000)	(5,909,000)	(1,000)	0.0%	(11,819,000)	(9,988,000)	(1,831,000)	18.3%
Distributions to common OP unitholders	(1,853,000)	(1,848,000)	(5,000)	0.3%	(3,707,000)	(4,404,000)	697,000	(15.8%)
Cash available for debt repayments and reinvestments	<u>\$ 8,303,000</u>	<u>\$ 4,096,000</u>	<u>\$ 4,207,000</u>	<u>102.7%</u>	<u>\$ 16,970,000</u>	<u>\$ 6,048,000</u>	<u>\$ 10,922,000</u>	<u>180.6%</u>

## Diluted FFO Per Common Share/OP Unit



## Gross Operating Margin Percentage\* (Entire Portfolio)



\* Gross margin is computed by dividing property net operating income by rental income.

**PS BUSINESS PARKS, INC.**  
**CAPITAL STRUCTURE**

Principal Maturity Dates

*Debt at June 30, 1999 consists of the following:*

	Total	1999	2000	2001	2002	2003	Thereafter
7.125% mortgage note, secured by one commercial property, due May 2006	8,836,000	85,000	180,000	193,000	208,000	223,000	7,947,000
8.4% mortgage note, secured by six commercial properties, due November 2001	8,595,000	82,000	173,000	8,340,000	-	-	-
8.19% mortgage note, secured by one commercial property, due March 2007	6,752,000	86,000	184,000	199,000	216,000	235,000	5,832,000
8.125% mortgage note, secured by one commercial property, due February 2009	6,420,000	48,000	100,000	108,000	116,000	125,000	5,923,000
8.125% mortgage note, secured by one commercial property, due July 2005	5,376,000	49,000	105,000	113,000	123,000	133,000	4,853,000
7.28% mortgage note, secured by two commercial properties, due February 2003	4,360,000	56,000	118,000	127,000	137,000	3,922,000	-
8% mortgage note, secured by one commercial property, due April 2003	2,148,000	33,000	85,000	92,000	100,000	1,838,000	-
8.5% mortgage note, secured by one commercial property, due July 2007	1,921,000	23,000	49,000	53,000	58,000	63,000	1,675,000
8% mortgage note, secured by one commercial property, due April 2003	1,664,000	20,000	51,000	55,000	60,000	1,478,000	-
Total debt	46,072,000	482,000	1,045,000	9,280,000	1,018,000	8,017,000	26,230,000
Weighted average interest rate	7.92%						
Weighted average maturity	6.0 years						
\$100 million unsecured line of credit	-						
Borrowings from affiliate	-						

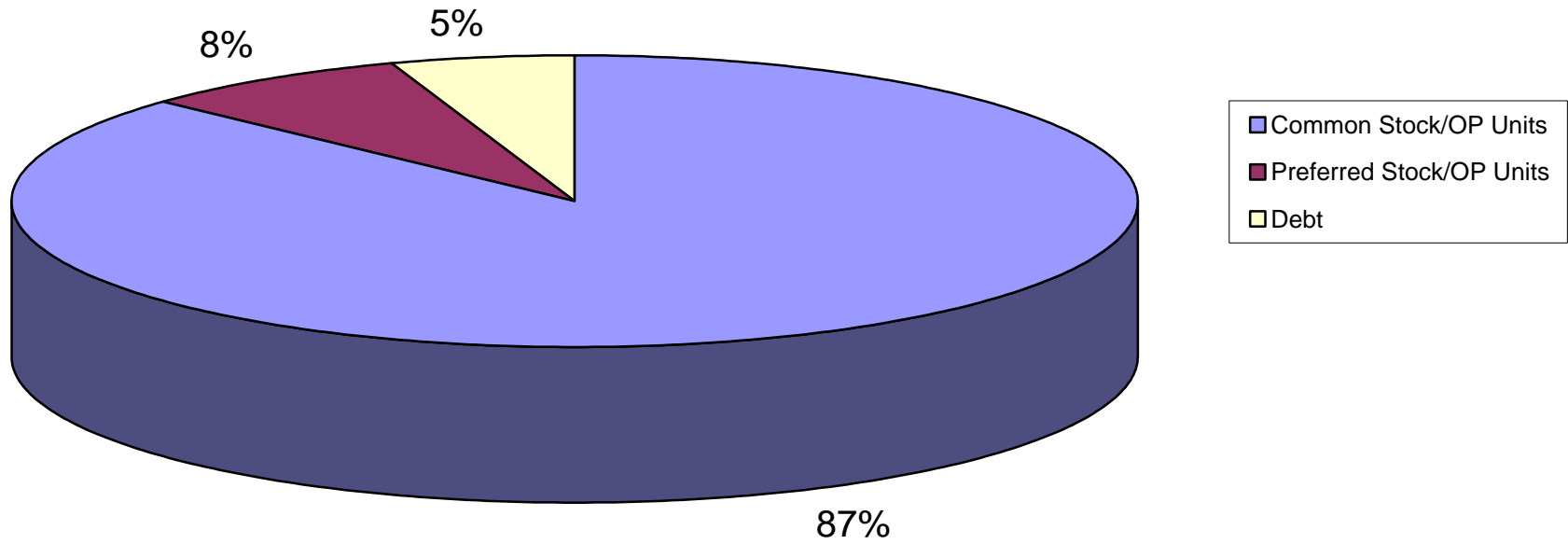
*Equity at June 30, 1999 consists of the following:*

	Shares Outstanding	Conversion Ratio	Common Stock Equivalents	\$ Value Equivalent
Preferred stock	2,200,000	N/A	N/A	55,000,000
Preferred operating partnership units	510,000	N/A	N/A	12,750,000
Total preferred equity				<u>67,750,000</u>
Common stock	23,640,606	N/A	N/A	576,239,771 (1)
Common operating partnership units	7,414,620	1:1	7,414,620	180,731,363 (1)
Total common equity (2)				<u>756,971,134</u>

(1) Value based on June 30, 1999 closing stock price of \$24 3/8.

(2) Does not include 71,091 shares related to stock options for the six months ending June 30, 1999, computed using the Treasury Stock method. These stock options are treated as common stock equivalents for purposes of calculating average shares outstanding used in computing net income and FFO per share.

**Total Market Capitalization as of June 30, 1999: \$871 million**



**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	6/30/99	12/31/98	Increase (Decrease)	% Change
<b>ASSETS</b>				
Cash and equivalents	\$ 13,697,000	\$ 6,068,000	\$ 7,629,000	125.7%
Real estate facilities:				
Land	186,980,000	176,241,000	10,739,000	6.1%
Buildings and equipment	596,447,000	536,697,000	59,750,000	11.1%
	783,427,000	712,938,000	70,489,000 (a)	9.9%
Accumulated depreciation	(36,413,000)	(22,517,000)	(13,896,000)	61.7%
	747,014,000	690,421,000	56,593,000	8.2%
Construction in progress	17,113,000 (b)	7,716,000	9,397,000	121.8%
	764,127,000	698,137,000	65,990,000	9.5%
Intangible assets, net	1,432,000	1,583,000	(151,000) (c)	-9.5%
Other assets	5,366,000 (d)	3,626,000	1,740,000	48.0%
Total assets	<u>\$ 784,622,000</u>	<u>\$ 709,414,000</u>	<u>\$ 75,208,000</u>	<u>10.6%</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Accrued and other liabilities	\$ 19,392,000 (e)	\$ 15,953,000	\$ 3,439,000	21.6%
Notes payable	46,072,000	50,541,000	(4,469,000) (f)	-8.8%
Total liabilities	65,464,000	66,494,000	(1,030,000)	-1.5%
Minority interest - preferred	12,750,000	-	12,750,000 (g)	
Minority interest - common	155,686,000	153,015,000	2,671,000	1.7%
Shareholders' equity:				
Preferred stock	55,000,000	-	55,000,000 (h)	
Common stock	236,000	236,000	-	0.0%
Paid in capital	481,272,000	482,471,000	(1,199,000) (i)	-0.2%
Cumulative net income	52,251,000	32,554,000	19,697,000 (j)	60.5%
Cumulative distributions	(38,037,000)	(25,356,000)	(12,681,000) (k)	50.0%
Total shareholders' equity	550,722,000	489,905,000	60,817,000	12.4%
Total liabilities and shareholders' equity	<u>\$ 784,622,000</u>	<u>\$ 709,414,000</u>	<u>\$ 75,208,000</u>	<u>10.6%</u>

(a) Additional acquisitions costs for 1998 acquisitions	\$ 84,000
Property acquisitions	63,699,000
Maintenance capital expenditures	1,422,000
Tenant improvements	2,665,000
Lease commissions	878,000
Renovation costs	1,741,000
	<u>\$ 70,489,000</u>
(b) The Company has four development projects in:	
Beaverton, OR (Creekside)	\$ 881,000
Beaverton, OR (Woodside)	9,289,000
Chantilly, VA (Lafayette)	1,303,000
Chantilly, VA (Park East IV)	1,969,000
Irving, TX (Royal Tech 16)	3,671,000
	<u>\$ 17,113,000</u>
(c) Amortization expense	\$ (151,000)
(d) Other assets at 6/30/99 consists of:	
Receivables	\$ 602,000
Straight line rents	3,693,000
Prepaid and other	1,071,000
	<u>\$ 5,366,000</u>
(e) Accrued and other liabilities at 6/30/99 consists of:	
Deferred rental revenue	\$ 310,000
Accounts payable	2,670,000
Property taxes	2,908,000
Security deposits	6,393,000
Other	3,892,000
Reserves for acquisition costs	3,219,000
	<u>\$ 19,392,000</u>
(f) Notes payable decreased due to the following:	
Assumption of debt in connection with property acquisitions	\$ 19,719,000
Principal payments	(11,688,000)
Repayment of borrowings from affiliate/line of credit, net	(12,500,000)
	<u>\$ (4,469,000)</u>
(g) Private placement of 510,000 preferred OP units (8 7/8%)	
(h) Public offering of 55,000,000 shares of preferred stock (9 1/4%)	
(i) Issuance of common stock	\$ 93,000
Preferred stock/OP unit issuance costs	(2,136,000)
Minority interest adjustment	844,000
	<u>\$ (1,199,000)</u>
(j) Represents net income for the six months ended June 30, 1999.	
(k) Distributions to preferred shareholders	\$ (862,000)
Distributions to common shareholders	(11,819,000)
	<u>\$ (12,681,000)</u>

**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS ENDED**

	6/30/99	6/30/98	Increase (Decrease)	% Change
<b>Revenues:</b>				
Rental income	\$ 30,859,000	\$ 21,471,000	\$ 9,388,000 (a)	43.7%
Facility management fees from affiliates	116,000	129,000	(13,000)	(10.1%)
Interest and other income	273,000	311,000	(38,000) (b)	(12.2%)
	<u>31,248,000</u>	<u>21,911,000</u>	<u>9,337,000</u>	<u>42.6%</u>
<b>Expenses:</b>				
Cost of operations	8,655,000	6,355,000	2,300,000 (c)	36.2%
Cost of facility management	23,000	12,000	11,000	91.7%
Depreciation and amortization	7,314,000	4,256,000	3,058,000 (d)	71.9%
General and administrative	795,000 (e)	551,000	244,000	44.3%
Interest expense	772,000 (f)	822,000	(50,000)	(6.1%)
	<u>17,559,000</u>	<u>11,996,000</u>	<u>5,563,000</u>	<u>46.4%</u>
Income before minority interest	13,689,000	9,915,000	3,774,000	38.1%
Minority interest in income - common units	(3,220,000)	(2,869,000)	(351,000)	12.2%
Minority interest in income - preferred units	(214,000)	-	(214,000)	
Net income	<u>\$ 10,255,000</u>	<u>\$ 7,046,000</u>	<u>\$ 3,209,000</u>	<u>45.5%</u>
<b>Net income allocation:</b>				
Allocable to preferred shareholders	862,000	-	862,000	
Allocable to common shareholders	9,393,000	7,046,000	2,347,000	33.3%
	<u>\$ 10,255,000</u>	<u>\$ 7,046,000</u>	<u>\$ 3,209,000</u>	<u>45.5%</u>
<b>Net income per common share:</b>				
Basic	\$ 0.40	\$ 0.38	\$ 0.02	5.3%
Diluted	\$ 0.40	\$ 0.38	\$ 0.02	5.3%
<b>Weighted average common shares outstanding:</b>				
Basic	23,639,000	18,650,000	4,989,000 (g)	26.8%
Diluted	23,716,000	18,711,000	5,005,000 (g)	26.7%

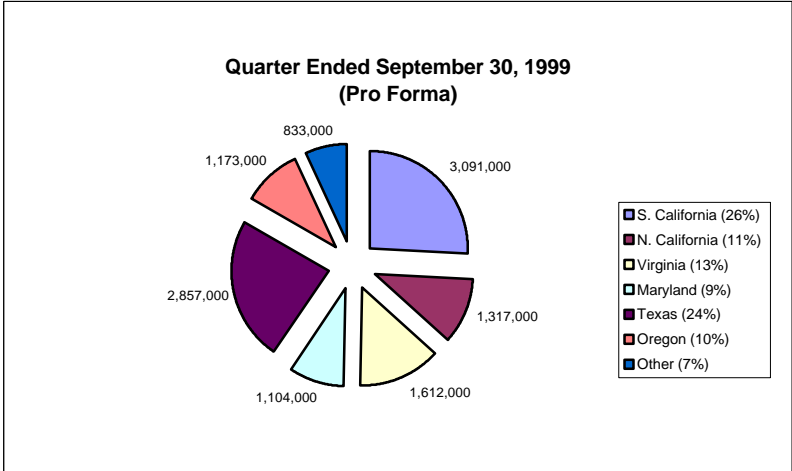
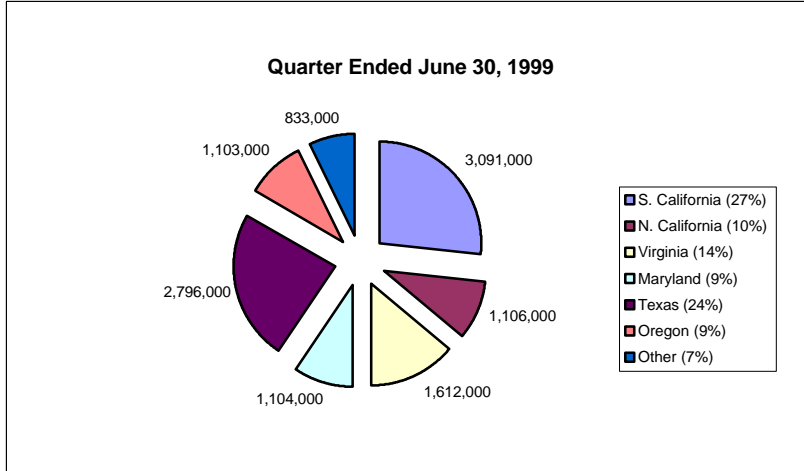
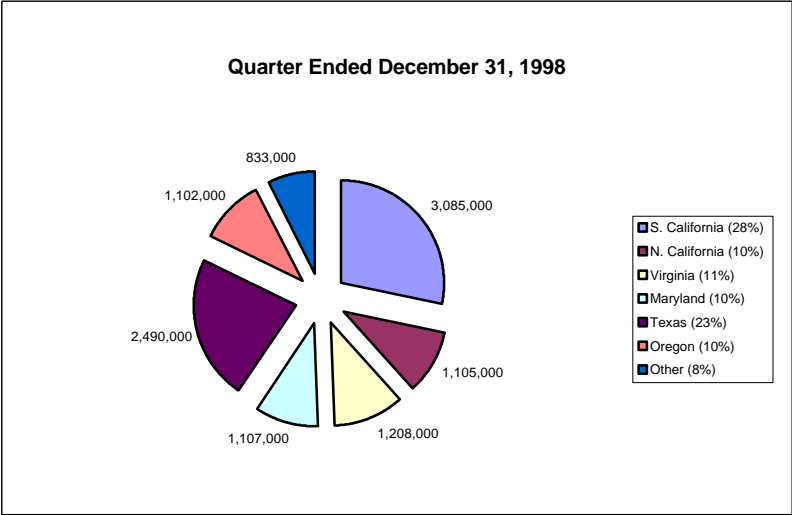
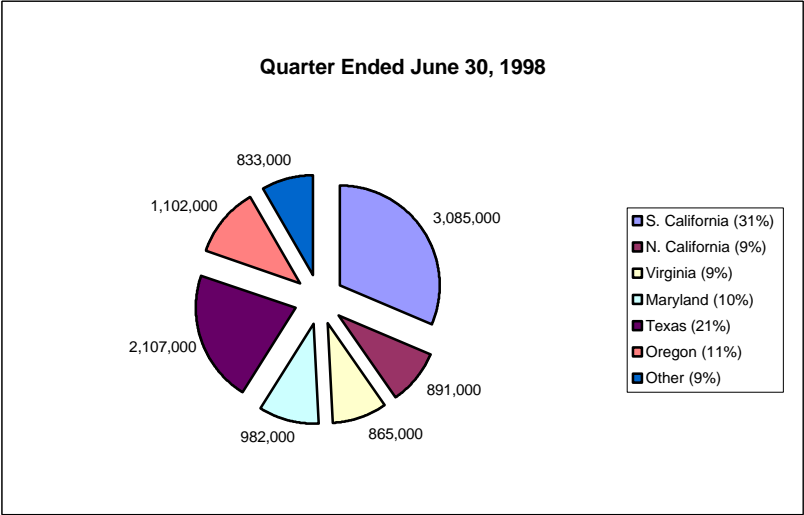
<b>(a)</b> Rental income has increased due to the following:	
Acquisitions during 1998 and 1999	\$ 7,530,000
Straight line rent adjustment	856,000
Consistent group of properties	1,002,000
	<u>\$ 9,388,000</u>
<b>(b)</b> Interest income decreased as a result of lower average cash balances.	
<b>(c)</b> Cost of operations have increased due to the following:	
Acquisitions during 1998 and 1999	\$ 2,128,000
Consistent group of properties	172,000
	<u>\$ 2,300,000</u>
<b>(d)</b> Depreciation expense increased in connection with the acquisition of real estate facilities during 1998 and 1999.	
<b>(e)</b> General and administrative expenses for the three months ended 6/30/99 consists of:	
Professional fees	\$ 190,000
Salaries	276,000
Overhead allocation	129,000
Internal acquisition costs	95,000
Abandoned projects	28,000
Other	77,000
	<u>\$ 795,000</u>
<b>(f)</b> Interest expense for the three months ended 6/30/99 consists of:	
PSI loan	\$ 105,000
Assumed mortgages	807,000
Line of credit	85,000
Capitalized interest	(225,000)
	<u>\$ 772,000</u>
<b>(g)</b> Increase relates primarily to the private and public issuance of 4,589,000 and 5,026,000 shares, respectively.	

**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE SIX MONTHS ENDED**

	6/30/99	6/30/98	Increase (Decrease)	% Change
<b>Revenues:</b>				
Rental income	\$ 59,976,000	\$ 35,824,000	\$ 24,152,000 (a)	67.4%
Facility management fees from affiliates	230,000	331,000	(101,000) (b)	(30.5%)
Interest and other income	293,000	544,000	(251,000) (c)	(46.1%)
	<u>60,499,000</u>	<u>36,699,000</u>	<u>23,800,000</u>	<u>64.9%</u>
<b>Expenses:</b>				
Cost of operations	17,031,000	10,982,000	6,049,000 (d)	55.1%
Cost of facility management	46,000	37,000	9,000	24.3%
Depreciation and amortization	14,047,000	6,556,000	7,491,000 (e)	114.3%
General and administrative	1,597,000 (f)	996,000	601,000	60.3%
Interest expense	1,681,000 (g)	1,069,000	612,000	57.2%
	<u>34,402,000</u>	<u>19,640,000</u>	<u>14,762,000</u>	<u>75.2%</u>
Income before minority interest	26,097,000	17,059,000	9,038,000	53.0%
Minority interest in income - preferred units	(214,000)	-	(214,000)	
Minority interest in income - common units	(6,186,000)	(5,683,000)	(503,000)	8.9%
Net income	<u>\$ 19,697,000</u>	<u>\$ 11,376,000</u>	<u>\$ 8,321,000</u>	<u>73.1%</u>
<b>Net income allocation:</b>				
Allocable to preferred shareholders	\$ 862,000	\$ -	\$ 862,000	
Allocable to common shareholders	18,835,000	11,376,000	7,459,000	65.6%
	<u>\$ 19,697,000</u>	<u>\$ 11,376,000</u>	<u>\$ 8,321,000</u>	<u>73.1%</u>
<b>Net income per common share:</b>				
Basic	\$ 0.80	\$ 0.76	\$ 0.04	5.3%
Diluted	\$ 0.79	\$ 0.76	\$ 0.03	3.9%
<b>Weighted average common shares outstanding:</b>				
Basic	23,638,000	14,926,000	8,712,000 (h)	58.4%
Diluted	23,709,000	14,978,000	8,731,000 (h)	58.3%

<b>(a)</b> Rental income has increased due to the following:	
Acquisitions during 1998 and 1999	\$ 20,339,000
Straight line rent adjustment	1,607,000
Consistent group of properties	2,206,000
	<u>\$ 24,152,000</u>
<b>(b)</b> Facility management fees have decreased due to the acquisition of properties previously managed.	
<b>(c)</b> Interest income decreased as a result of lower average cash balances.	
<b>(d)</b> Cost of operations have increased due to the following:	
Acquisitions during 1997 and 1998	\$ 5,779,000
Consistent group of properties	270,000
	<u>\$ 6,049,000</u>
<b>(e)</b> Depreciation expense increased in connection with the acquisition of real estate facilities during 1998 and 1999.	
<b>(f)</b> General and administrative expenses for the six months ended 6/30/99 consists of:	
Professional fees	\$ 328,000
Salaries	644,000
Overhead allocation	297,000
Internal acquisition costs	185,000
Abandoned projects	30,000
Other	113,000
	<u>\$ 1,597,000</u>
<b>(g)</b> Interest expense for the six months ended 6/30/99 consists of:	
PSI loan	\$ 371,000
Assumed mortgages	1,500,000
Line of credit	220,000
Capitalized interest	(410,000)
	<u>\$ 1,681,000</u>
<b>(h)</b> Increase relates primarily to the private and public issuance of 6,774,000 and 5,026,000 shares, respectively. In addition, the Company issued 2,283,000 shares in connection with the Merger with PSPXI.	

# Rentable Square Footage by Region



**PS BUSINESS PARKS, INC.**  
**PORTFOLIO OVERVIEW**

**Rentable Square Footage of Properties as of June 30, 1999**

<u>Primary Markets</u>	<u>Office</u>	<u>Flex</u>	<u>Total</u>	<u>%</u>
Dallas	-	1,414,000	1,414,000	12.1%
Northern Virginia	233,000	1,379,000	1,612,000	13.8%
Los Angeles County	88,000	1,165,000	1,253,000	10.8%
Orange County	-	1,228,000	1,228,000	10.5%
Northern California	64,000	1,042,000	1,106,000	9.5%
Maryland	267,000	837,000	1,104,000	9.5%
Portland	121,000	982,000	1,103,000	9.5%
Austin	-	831,000	831,000	7.1%
San Diego County	233,000	378,000	611,000	5.2%
Phoenix	-	369,000	369,000	3.2%
Other	330,000	683,000	1,013,000	8.7%
	<u>1,336,000</u>	<u>10,308,000</u>	<u>11,644,000</u>	<u>100%</u>

**Average Occupancy Rates for the Quarter Ending June 30, 1999**

<u>Primary Markets</u>	<u>Office</u>	<u>Flex</u>	<u>Total</u>
Dallas	-	96.4%	96.4%
Northern Virginia	97.3%	98.2%	98.1%
Los Angeles County	94.2%	97.2%	97.0%
Orange County	-	96.5%	96.5%
Northern California	99.8%	95.9%	96.1%
Maryland	92.8%	98.5%	97.1%
Portland	99.3%	99.4%	99.4%
Austin	-	92.9%	92.9%
San Diego County	99.2%	98.8%	99.0%
Phoenix	-	96.9%	96.9%
Other	90.5%	93.4%	92.5%
	<u>95.1%</u>	<u>96.8%</u>	<u>96.6%</u>

**PS BUSINESS PARKS, INC.**  
**PORTFOLIO ANALYSIS AS OF JUNE 30, 1999**

**Lease Expirations - Flex**

<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Base Rents</u>	<u>%</u>
1999	1,729,000	14,541,000	14.5%
2000	2,485,000	23,600,000	23.5%
2001	1,791,000	17,849,000	17.8%
2002	1,431,000	14,070,000	14.0%
2003	1,242,000	13,435,000	13.4%
Thereafter	1,483,000	16,804,000	16.8%
	<u>10,161,000</u>	<u>100,299,000</u>	<u>100.0%</u>

**Lease Expirations - Office**

<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Base Rents</u>	<u>%</u>
1999	238,000	3,362,000	17.1%
2000	416,000	6,674,000	33.9%
2001	261,000	3,731,000	19.0%
2002	152,000	2,333,000	11.9%
2003	131,000	2,290,000	11.6%
Thereafter	82,000	1,286,000	6.5%
	<u>1,280,000</u>	<u>19,676,000</u>	<u>100.0%</u>

**Lease Expirations - Total**

<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Base Rents</u>	<u>%</u>
1999	1,967,000	17,903,000	14.9%
2000	2,901,000	30,274,000	25.2%
2001	2,052,000	21,580,000	18.0%
2002	1,583,000	16,403,000	13.7%
2003	1,373,000	15,725,000	13.1%
Thereafter	1,565,000	18,090,000	15.1%
	<u>11,441,000</u>	<u>119,975,000</u>	<u>100.0%</u>

**Tenant Profile Based on 1999 Annual Base Rents**

<u>Business Sector</u>	<u>% of Annual Base Rents</u>
Computers - Hardware/Software	11.4%
Professional Services	8.0%
Retail Furniture	7.0%
Governmental	6.6%
Transportation	5.0%
Electrical Equipment	4.6%
Business Services	3.8%
Financial Services	3.8%
Telcommunications	3.5%
Medical Services	3.8%

Based on top 500 tenants representing approximately 67% of annual base rents.

## Cumulative Lease Expirations (base rents in millions) as of June 30, 1999

