



## **Analyst Book**

**For the Quarter Ended June 30, 2000**

## SECOND QUARTER RESULTS

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

OPERATING DATA:						
	Three Months Ended			Six Months Ended		
	06/30/00	06/30/99	Difference	06/30/00	06/30/99	Difference
Total revenues	\$ 37,991,000	\$ 31,248,000	21.6%	\$ 73,855,000	\$ 60,499,000	22.1%
Net income allocable to common shareholders	\$ 10,240,000	\$ 9,393,000	9.0%	\$ 19,711,000	\$ 18,835,000	4.7%
Net income per common share:						
Basic	\$ 0.44	\$ 0.40	10.0%	\$ 0.84	\$ 0.80	5.0%
Diluted	\$ 0.44	\$ 0.40	10.0%	\$ 0.84	\$ 0.79	6.3%
Weighted average common shares outstanding:						
Basic	23,356,000	23,639,000	(1.2%)	23,474,000	23,638,000	(0.7%)
Diluted	23,428,000	23,716,000	(1.2%)	23,537,000	23,709,000	(0.7%)

FUNDS FROM OPERATIONS:						
	Three Months Ended			Six Months Ended		
	06/30/00	06/30/99	Difference	06/30/00	06/30/99	Difference
FFO allocable to common shareholders	\$ 16,400,000	\$ 14,467,000	13.4%	\$ 31,775,000	\$ 28,451,000	11.7%
Weighted average common shares outstanding - diluted	23,428,000	23,716,000	(1.2%)	23,537,000	23,709,000	(0.7%)
FFO per common share - diluted	\$ 0.70	\$ 0.61	14.8%	\$ 1.35	\$ 1.20	12.5%

PROPERTY INFORMATION:						
	Three Months Ended			Six Months Ended		
	06/30/00	06/30/99	Difference	06/30/00	06/30/99	Difference
Total number of properties at period end	124	120	3.3%	124	120	3.3%
Net rentable square footage at period end	12,264,000	11,645,000	5.3%	12,264,000	11,645,000	5.3%
<u>Same Park Facilities</u>						
Weighted average occupancy	97.3%	96.9%	0.4%	97.1%	96.9%	0.2%
Annualized realized rent per sq. ft. (1)	\$ 11.79	\$ 11.04	6.8%	\$ 11.48	\$ 10.76	6.7%

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

BALANCE SHEET DATA:			
	06/30/00	12/31/99	Difference
Total assets	\$ 906,321,000	\$ 903,741,000	0.3%
Total debt	\$ 31,362,000	\$ 37,066,000	(15.4%)
Minority interest - preferred	\$ 132,750,000	\$ 132,750,000	0.0%
Minority interest - common	\$ 158,546,000	\$ 157,199,000	0.9%
Perpetual preferred stock	\$ 55,000,000	\$ 55,000,000	0.0%
Common shareholders' equity	\$ 502,061,000	\$ 500,531,000	0.3%
Total common shares outstanding	23,204,000	23,645,000	(1.9%)
Book value per common share	\$ 21.64	\$ 21.17	2.2%

MARKET VALUE INFORMATION:			
	06/30/00	12/31/99	Difference
Market value of common stock/OP units (\$24 1/64)	\$ 733,432,000	\$ 707,271,000	3.7%
Total debt	31,362,000	37,066,000	(15.4%)
Total preferred stock/OP units	187,750,000	187,750,000	0.0%
Total market capitalization	<u>\$ 952,544,000</u>	<u>\$ 932,087,000</u>	<u>2.2%</u>
Stock price	<u>\$ 24.02</u>	<u>\$ 22.75</u>	<u>5.6%</u>

**PS BUSINESS PARKS, INC.**

Sources and Uses of Funds  
for the Six Months Ended June 30, 2000

**Sources of Funds:**

Funds from operations	\$ 41,854,000
Disposition of real estate	5,689,000
Change in working capital	858,000
Total Sources of Funds	<u>48,401,000</u>

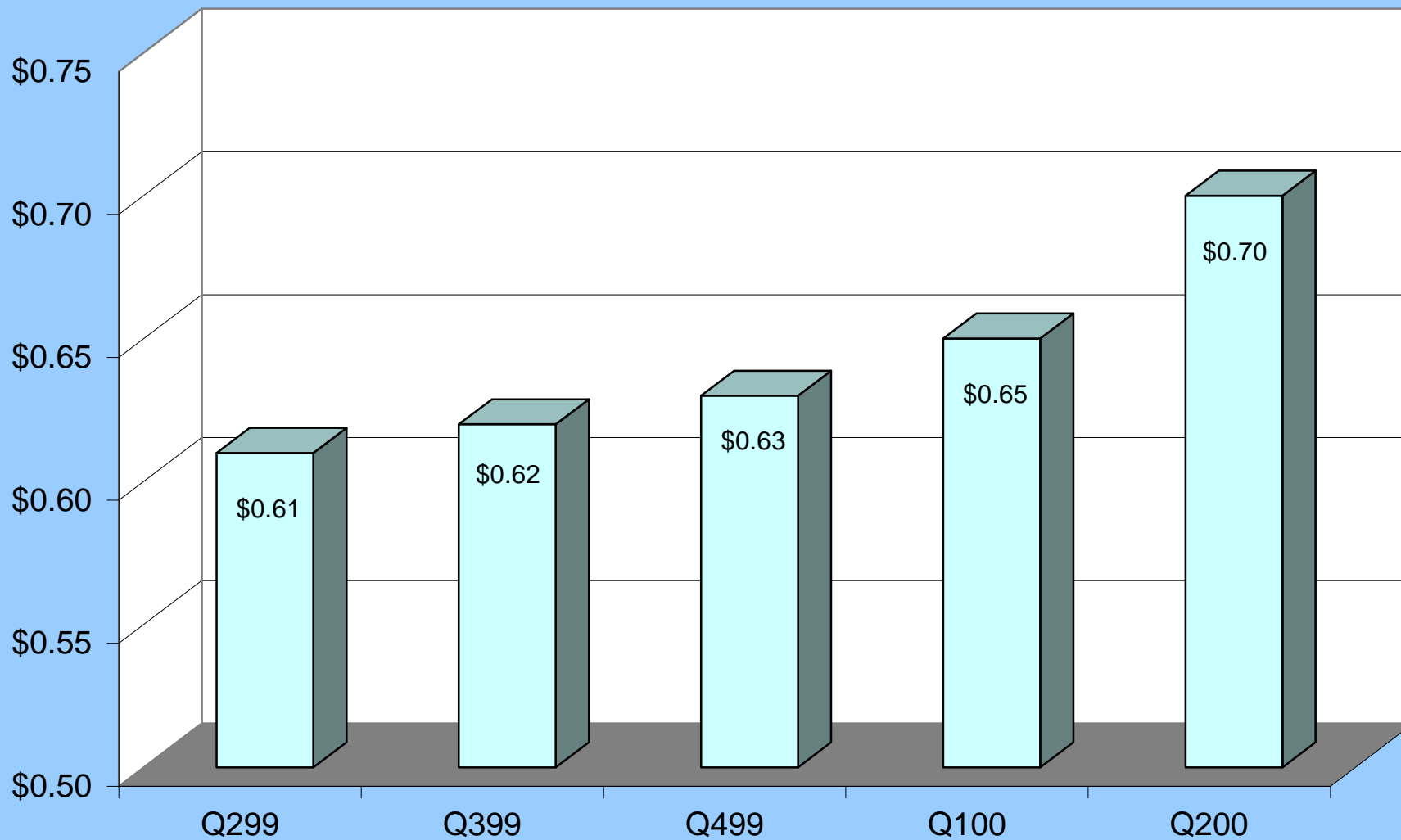
**Uses of Funds:**

Property acquisitions and renovations	(25,412,000)
Construction in progress	(8,414,000)
Capital expenditures	(4,747,000)
Investment in other REITs	(1,716,000)
Common dividends/distributions	(15,397,000)
Repurchase of common stock	(12,378,000)
Principal payments on mortgage notes payable	(5,704,000)
Total Uses of Funds	<u>(73,768,000)</u>
Net decrease in cash balance	<u>(25,367,000)</u>
Beginning cash balance	74,220,000
Ending cash balance	<u>\$ 48,853,000</u>

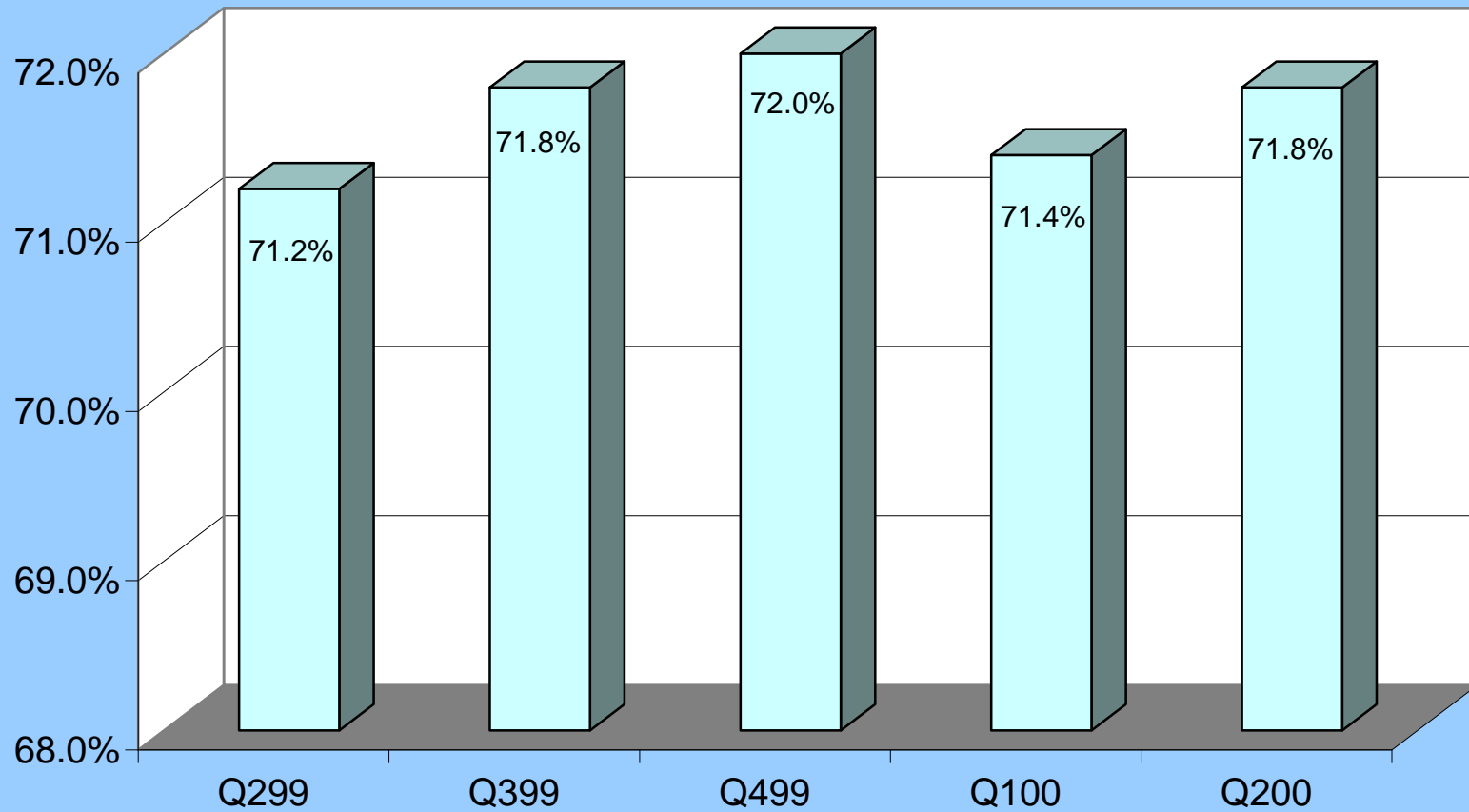
**PS BUSINESS PARKS, INC.**  
**ANALYSIS OF FUNDS FROM OPERATIONS**

	Three Months Ended		Increase (Decrease)	% Change	Six Months Ended		Increase (Decrease)	% Change
	06/30/00	06/30/99			06/30/00	06/30/99		
<b><u>Funds from operations (FFO):</u></b>								
Net income allocable to common shareholders	\$ 10,240,000	\$ 9,393,000	\$ 847,000	9.0%	\$ 19,711,000	\$ 18,835,000	\$ 876,000	4.7%
Gain on disposition of real estate	(97,000)	-	(97,000)	N/A	(97,000)	-	(97,000)	N/A
Depreciation and amortization	8,898,000	7,314,000	1,584,000	21.7%	17,274,000	14,047,000	3,227,000	23.0%
Minority interest in income	3,199,000	3,220,000	(21,000)	(0.7%)	6,190,000	6,186,000	4,000	0.1%
Less effects of straight line rents	(594,000)	(856,000)	262,000	(30.6%)	(1,224,000)	(1,607,000)	383,000	(23.8%)
<b>FFO allocable to common shareholders/unitholders</b>	<b>\$ 21,646,000</b>	<b>\$ 19,071,000</b>	<b>\$ 2,575,000</b>	<b>13.5%</b>	<b>\$ 41,854,000</b>	<b>\$ 37,461,000</b>	<b>\$ 4,393,000</b>	<b>11.7%</b>
Weighted average common shares outstanding	23,356,000	23,639,000	(283,000)	(1.2%)	23,474,000	23,638,000	(164,000)	(0.7%)
Weighted average common OP units outstanding	7,336,000	7,415,000	(79,000)	(1.1%)	7,390,000	7,412,000	(22,000)	(0.3%)
Weighted average dilutive stock options	72,000	77,000	(5,000)	(6.5%)	63,000	71,000	(8,000)	(11.3%)
<b>Total pro forma fully-converted shares</b>	<b>30,764,000</b>	<b>31,131,000</b>	<b>(367,000)</b>	<b>(1.2%)</b>	<b>30,927,000</b>	<b>31,121,000</b>	<b>(194,000)</b>	<b>(0.6%)</b>
<b>FFO per common share/OP unit</b>	<b>\$ 0.70</b>	<b>\$ 0.61</b>	<b>\$ 0.09</b>	<b>14.8%</b>	<b>\$ 1.35</b>	<b>\$ 1.20</b>	<b>\$ 0.15</b>	<b>12.5%</b>
<b><u>Funds available for distribution (FAD):</u></b>								
Total funds from operations	\$ 21,646,000	\$ 19,071,000	\$ 2,575,000	13.5%	\$ 41,854,000	\$ 37,461,000	\$ 4,393,000	11.7%
Less capitalized expenditures:								
Maintenance capital expenditures	(649,000)	(1,213,000)	564,000	(46.5%)	(1,181,000)	(1,422,000)	241,000	(16.9%)
Tenant improvements	(1,044,000)	(1,431,000)	387,000	(27.0%)	(2,074,000)	(2,665,000)	591,000	(22.2%)
Capitalized lease commissions	(827,000)	(361,000)	(466,000)	129.1%	(1,492,000)	(878,000)	(614,000)	69.9%
<b>Total capitalized expenditures</b>	<b>(2,520,000)</b>	<b>(3,005,000)</b>	<b>485,000</b>	<b>(16.1%)</b>	<b>(4,747,000)</b>	<b>(4,965,000)</b>	<b>218,000</b>	<b>(4.4%)</b>
<b>FAD</b>	<b>\$ 19,126,000</b>	<b>\$ 16,066,000</b>	<b>\$ 3,060,000</b>	<b>19.0%</b>	<b>\$ 37,107,000</b>	<b>\$ 32,496,000</b>	<b>\$ 4,611,000</b>	<b>14.2%</b>
<b>FAD per common share/OP unit</b>	<b>\$ 0.62</b>	<b>\$ 0.52</b>	<b>\$ 0.10</b>	<b>19.2%</b>	<b>\$ 1.20</b>	<b>\$ 1.04</b>	<b>\$ 0.16</b>	<b>15.4%</b>
<b><u>Cash available for debt repayments and reinvestments:</u></b>								
FAD	\$ 19,126,000	\$ 16,066,000	\$ 3,060,000	19.0%	\$ 37,107,000	\$ 32,496,000	\$ 4,611,000	14.2%
Distributions to common shareholders	(5,825,000)	(5,910,000)	85,000	(1.4%)	(11,702,000)	(11,819,000)	117,000	(1.0%)
Distributions to common OP unitholders	(1,834,000)	(1,853,000)	19,000	(1.0%)	(3,695,000)	(3,707,000)	12,000	(0.3%)
<b>Cash available for debt repayments and reinvestments</b>	<b>\$ 11,467,000</b>	<b>\$ 8,303,000</b>	<b>\$ 3,164,000</b>	<b>38.1%</b>	<b>\$ 21,710,000</b>	<b>\$ 16,970,000</b>	<b>\$ 4,740,000</b>	<b>27.9%</b>

## 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 (excluding straight-line rent adjustment).

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

Principal Maturity Dates

*Debt at June 30, 2000 consists of the following:*

	Total	2000	2001	2002	2003	2004	Thereafter
7.125% mortgage note, secured by one commercial property, due May 2006	8,662,000	91,000	193,000	208,000	223,000	239,000	7,708,000
8.190% mortgage note, secured by one commercial property, due March 2007	6,576,000	94,000	199,000	216,000	235,000	254,000	5,578,000
7.290% mortgage note, secured by one commercial property, due February 2009	6,323,000	51,000	108,000	116,000	125,000	134,000	5,789,000
7.280% mortgage note, secured by two commercial properties, due February 2003	4,246,000	60,000	127,000	137,000	3,922,000	-	-
8.000% mortgage note, secured by one commercial property, due April 2003	2,066,000	43,000	93,000	100,000	1,830,000	-	-
8.500% mortgage note, secured by one commercial property, due July 2007	1,874,000	25,000	53,000	58,000	63,000	69,000	1,606,000
8.000% mortgage note, secured by one commercial property, due April 2003	1,615,000	26,000	56,000	60,000	1,473,000	-	-
Total mortgage notes payable (1)	31,362,000	390,000	829,000	895,000	7,871,000	696,000	20,681,000

\$100 million unsecured line of credit

-

Total debt

31,362,000 3%

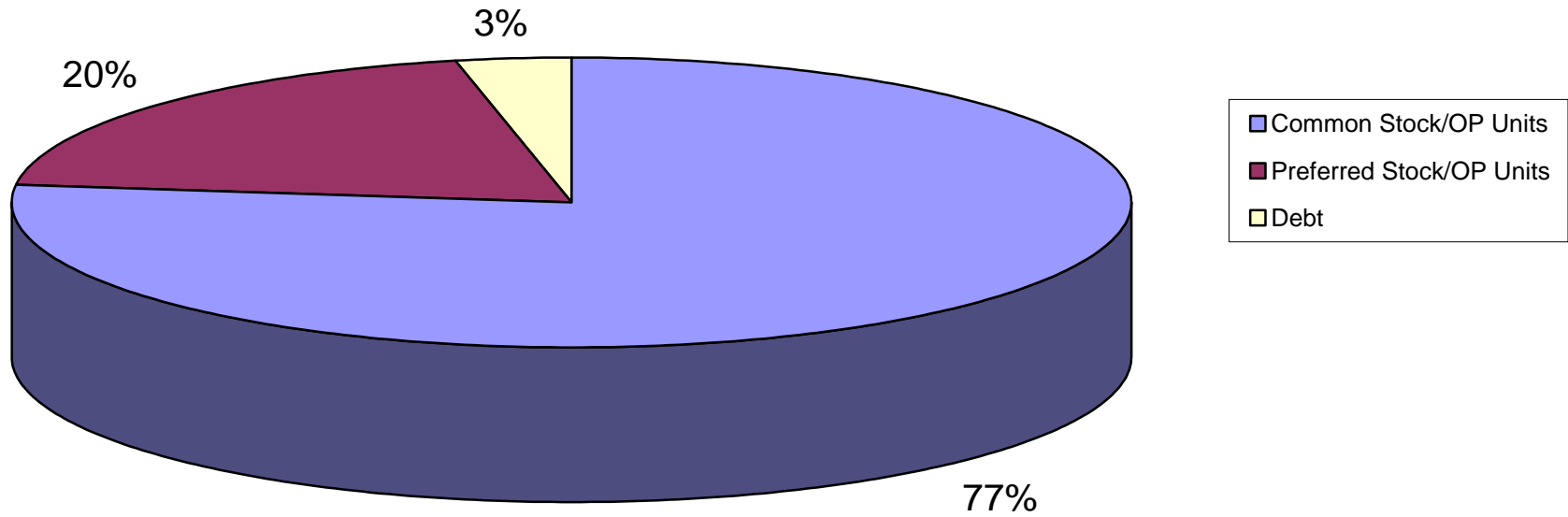
*Equity at June 30, 2000 consists of the following:*

9.250% Series A preferred stock (2,200,000 depository shares outstanding)	55,000,000	
8.875% Series B preferred operating partnership units (510,000 units outstanding)	12,750,000	
8.750% Series C preferred operating partnership units (3,200,000 units outstanding)	80,000,000	
8.875% Series X preferred operating partnership units (1,600,000 units outstanding)	40,000,000	
Total preferred equity (2)	187,750,000	20%
Common stock (23,203,974 shares outstanding)	557,257,000 (3)	
Common operating partnership units (7,335,839 units outstanding)	176,175,000 (3)	
Total common equity (4)	733,432,000	77%
Total market capitalization	952,544,000	100%

- (1) The weighted average interest rate and maturity is 7.59% and 5.9 years, respectively.
- (2) The weighted average rate is 8.93%.
- (3) Value based on June 30, 2000 closing stock price of \$24 1/64.
- (4) Does not include 63,000 shares related to stock options for the six months ending June 30, 2000 computed using the Treasury Stock method. These stock options are treated as common stock equivalents for purposes of calculating weighted average common shares outstanding used in computing net income and FFO per common share.



**Total Market Capitalization as of June 30, 2000: \$953 million**



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

	06/30/00	12/31/99	Increase (Decrease)	% Change
<b>ASSETS</b>				
Cash and equivalents	\$ 48,853,000	\$ 74,220,000	\$ (25,367,000)	(a) -34.2%
Real estate facilities:				
Land	200,176,000	194,140,000	6,036,000	3.1%
Buildings and equipment	656,984,000	636,261,000	20,723,000	3.3%
	857,160,000	830,401,000	26,759,000	(b) 3.2%
Accumulated depreciation	(66,104,000)	(50,976,000)	(15,128,000)	29.7%
	791,056,000	779,425,000	11,631,000	1.5%
Properties held for disposition, net	17,291,000	14,235,000	3,056,000	21.5%
Construction in progress	13,707,000	8,616,000	5,091,000	59.1%
	822,054,000	802,276,000	19,778,000	2.5%
Receivables	1,197,000	771,000	426,000	55.3%
Defered rent receivables	6,717,000	5,493,000	1,224,000	22.3%
Intangible assets, net	1,132,000	1,282,000	(150,000)	-11.7%
Marketable securities	25,011,000	18,470,000	6,541,000	35.4%
Other assets	1,357,000	1,229,000	128,000	10.4%
Total assets	<u>\$ 906,321,000</u>	<u>\$ 903,741,000</u>	<u>\$ (3,961,000)</u>	<u>-0.4%</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Accrued and other liabilities	\$ 26,602,000	(e) \$ 21,195,000	\$ 5,407,000	25.5%
Notes payable	31,362,000	37,066,000	(5,704,000)	(f) -15.4%
Total liabilities	57,964,000	58,261,000	(297,000)	-0.5%
Minority interest - preferred	132,750,000	132,750,000	-	0.0%
Minority interest - common	158,546,000	157,199,000	1,347,000	0.9%
Shareholders' equity:				
Preferred stock	55,000,000	55,000,000	-	0.0%
Common stock	232,000	236,000	(4,000)	-1.7%
Paid in capital	467,605,000	478,889,000	(11,284,000)	(g) -2.4%
Cumulative net income	96,064,000	73,809,000	22,255,000	(h) 30.2%
Unrealized gain	4,809,000	-	4,809,000	N/A
Cumulative distributions	(66,649,000)	(52,403,000)	(14,246,000)	(i) 27.2%
Total shareholders' equity	557,061,000	555,531,000	1,530,000	0.3%
Total liabilities and shareholders' equity	<u>\$ 906,321,000</u>	<u>\$ 903,741,000</u>	<u>\$ 2,580,000</u>	<u>0.3%</u>

(a)	See sources and uses of funds on page 2	
(b)	Property acquisitions and renovations	\$ 25,412,000
	Properties held for disposition	(6,723,000)
	Developed projects	3,323,000
	Maintenance capital expenditures	1,181,000
	Tenant improvements	2,074,000
	Lease commissions	1,492,000
		<u>\$ 26,759,000</u>
(c)	Two properties have been designated for sale:	
	Baltimore, MD (B & O)	\$ 14,666,000
	Little Rock, AR (John Barrow)	2,625,000
		<u>\$ 17,291,000</u>
(d)	The Company has seven development projects in:	
	Beaverton, OR (Woodside)	\$ 3,099,000
	Beaverton, OR (Greystone I)	8,000
	Beaverton, OR (Greystone II)	8,000
	Chantilly, VA (Lafayette)	3,849,000
	Chantilly, VA (Park East IV)	2,157,000
	Irving, TX (Royal Tech 17)	2,622,000
	Irving, TX (Royal Tech 18)	1,964,000
		<u>\$ 13,707,000</u>
(e)	Accrued and other liabilities at June 30, 2000 consists of:	
	Deferred rental revenue	\$ 2,305,000
	Accounts payable	609,000
	Property taxes	4,240,000
	Security deposits	8,316,000
	Other	5,129,000
	Reserves for acquisition costs	6,003,000
		<u>\$ 26,602,000</u>
(f)	Notes payable decreased due to the following:	
	Prepayment	\$ (5,302,000)
	Scheduled principal payments	(402,000)
		<u>\$ (5,704,000)</u>
(g)	Paid in capital decreased due to the following:	
	Repurchased shares	\$ (12,373,000)
	Conversion of OP units	2,189,000
	Exercise of stock options	60,000
	Minority interest adjustment	(1,160,000)
		<u>\$ (11,284,000)</u>
(h)	Represents net income for the six months ended June 30, 2000	
(i)	Distributions to preferred shareholders	\$ (2,544,000)
	Distributions to common shareholders	(11,702,000)
		<u>\$ (14,246,000)</u>

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

	06/30/00	06/30/99	Increase (Decrease)	% Change
<b>Revenues:</b>				
Rental income	\$ 36,414,000	\$ 30,859,000	\$ 5,555,000 (a)	18.0%
Facility management fees from affiliates	129,000	116,000	13,000	11.2%
Business services	267,000	-	267,000 (b)	N/A
Interest income	741,000	252,000	489,000 (c)	194.0%
Dividend income	440,000	21,000	419,000	1995.2%
	<u>37,991,000</u>	<u>31,248,000</u>	<u>6,743,000</u>	<u>21.6%</u>
<b>Expenses:</b>				
Cost of operations	10,118,000	8,655,000	1,463,000 (d)	16.9%
Cost of facility management	25,000	23,000	2,000	8.7%
Cost of business services	64,000	-	64,000	N/A
Depreciation and amortization	8,898,000	7,314,000	1,584,000 (e)	21.7%
General and administrative	981,000 (f)	795,000	186,000	23.4%
Interest expense	370,000 (g)	772,000	(402,000)	(52.1%)
	<u>20,456,000</u>	<u>17,559,000</u>	<u>2,897,000</u>	<u>16.5%</u>
Income before disposition of real estate and minority interest	17,535,000	13,689,000	3,846,000	28.1%
Gain on disposition of real estate	97,000	-	97,000	N/A
Income before minority interest	17,632,000	13,689,000	3,943,000	28.8%
Minority interest in income - preferred units	(2,921,000)	(214,000)	(2,707,000)	1265.0%
Minority interest in income - common units	(3,199,000)	(3,220,000)	21,000	(0.7%)
Net income	<u>11,512,000</u>	<u>10,255,000</u>	<u>1,257,000</u>	<u>12.3%</u>
<b>Net income allocation:</b>				
Allocable to preferred shareholders	1,272,000	862,000	410,000	47.6%
Allocable to common shareholders	10,240,000	9,393,000	847,000	9.0%
	<u>\$ 11,512,000</u>	<u>\$ 10,255,000</u>	<u>\$ 1,257,000</u>	<u>12.3%</u>
<b>Net income per common share:</b>				
Basic	\$ 0.44	\$ 0.40	\$ 0.04	10.0%
Diluted	\$ 0.44	\$ 0.40	\$ 0.04	10.0%
<b>Weighted average common shares outstanding:</b>				
Basic	23,356,000	23,639,000	(283,000) (h)	(1.2%)
Diluted	23,428,000	23,716,000	(288,000) (h)	(1.2%)

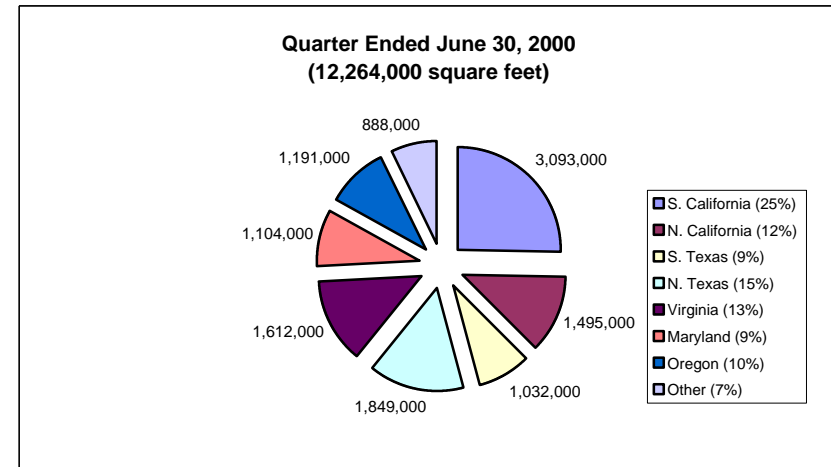
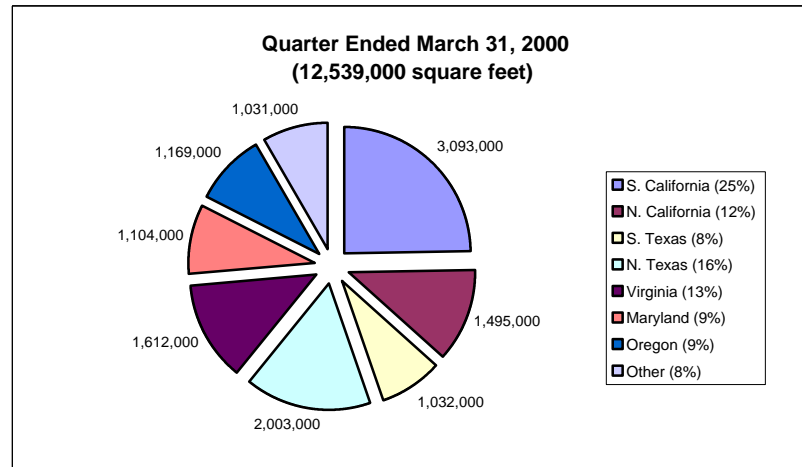
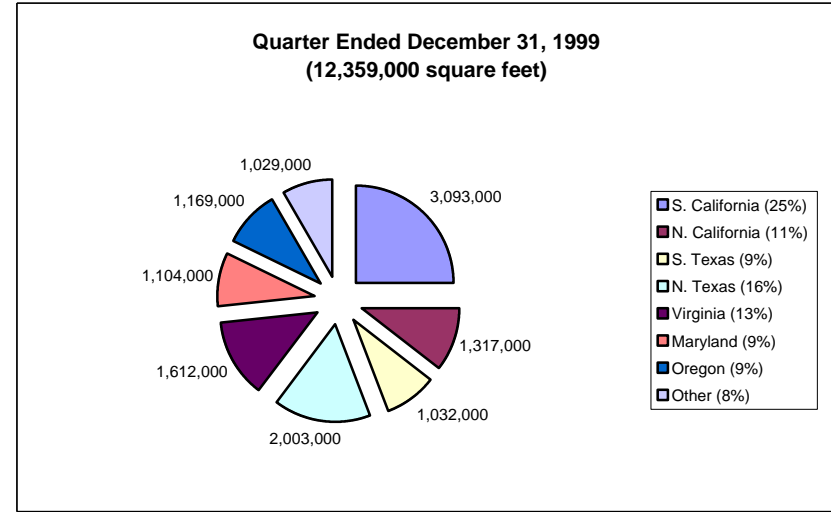
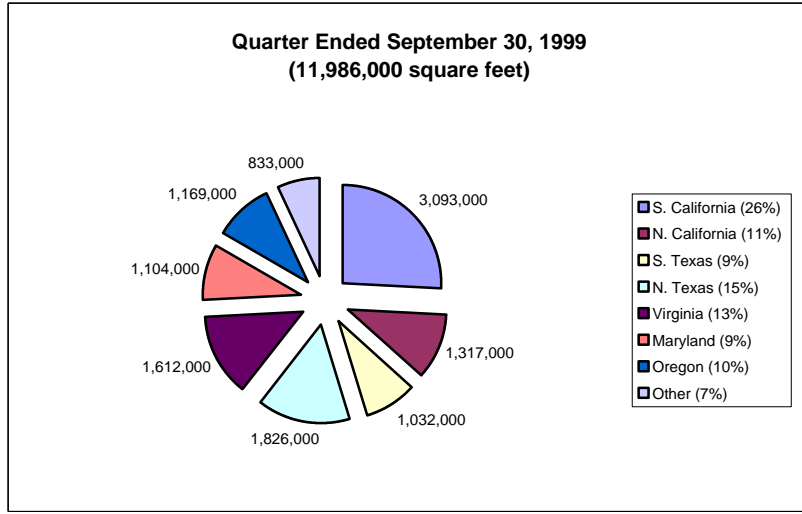
<b>(a)</b> Rental income has increased due to the following:	
Acquisitions/Dispositions/Developments during 1999 and 2000	\$ 3,904,000
"Same Park" facilities	2,034,000
Straight line rent adjustment	(383,000)
	<u>\$ 5,555,000</u>
<b>(b)</b> Business services includes construction management fees and licensing fees from telecommunication service providers (Teligent and Winstar).	
<b>(c)</b> Interest income increased as a result of higher average cash balances and better interest rates.	
<b>(d)</b> Cost of operations has increased due to the following:	
Acquisitions/Dispositions/Developments during 1999 and 2000	\$ 1,262,000
"Same Park" facilities	201,000
	<u>\$ 1,463,000</u>
<b>(e)</b> Depreciation expense increased in connection with the acquisition of real estate facilities during 1999 and 2000.	
<b>(f)</b> General and administrative expenses for the three months ended June 30, 2000 consists of:	
Professional fees	\$ 338,000
Salaries	240,000
General administrative costs	146,000
Internal acquisition and development costs	117,000
Other	140,000
	<u>\$ 981,000</u>
<b>(g)</b> Interest expense for the three months ended June 30, 2000 consists of:	
Assumed mortgages	\$ 597,000
Line of credit	63,000
Capitalized interest	(290,000)
	<u>\$ 370,000</u>
<b>(h)</b> Decrease relates to the repurchase of common shares.	

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

	06/30/00	06/30/99	Increase (Decrease)	% Change
<b>Revenues:</b>				
Rental income	\$ 70,467,000	\$ 59,976,000	\$ 10,491,000 (a)	17.5%
Facility management fees from affiliates	252,000	230,000	22,000	9.6%
Business services	267,000	-	267,000 (b)	N/A
Interest and other income	2,011,000	264,000	1,747,000 (c)	661.7%
Dividend income	858,000	29,000	829,000	2858.6%
	<u>73,855,000</u>	<u>60,499,000</u>	<u>13,356,000</u>	<u>22.1%</u>
<b>Expenses:</b>				
Cost of operations	19,670,000	17,031,000	2,639,000 (d)	15.5%
Cost of facility management	50,000	46,000	4,000	8.7%
Cost of business services	64,000	-	64,000	N/A
Depreciation and amortization	17,274,000	14,047,000	3,227,000 (e)	23.0%
General and administrative	1,864,000 (f)	1,597,000	267,000	16.7%
Interest expense	744,000 (g)	1,681,000	(937,000)	(55.7%)
	<u>39,666,000</u>	<u>34,402,000</u>	<u>5,264,000</u>	<u>15.3%</u>
Income before disposition of real estate and minority interest	34,189,000	26,097,000	8,092,000	31.0%
Gain on disposition of real estate	97,000	-	97,000	N/A
Income before minority interest	34,286,000	26,097,000	8,189,000	31.4%
Minority interest in income - preferred units	(5,841,000)	(214,000)	(5,627,000)	2629.4%
Minority interest in income - common units	(6,190,000)	(6,186,000)	(4,000)	0.1%
Net income	<u>\$ 22,255,000</u>	<u>\$ 19,697,000</u>	<u>\$ 2,558,000</u>	<u>13.0%</u>
<b>Net income allocation:</b>				
Allocable to preferred shareholders	\$ 2,544,000	\$ 862,000	\$ 1,682,000	195.1%
Allocable to common shareholders	19,711,000	18,835,000	876,000	4.7%
	<u>\$ 22,255,000</u>	<u>\$ 19,697,000</u>	<u>\$ 2,558,000</u>	<u>13.0%</u>
<b>Net income per common share:</b>				
Basic	\$ 0.84	\$ 0.80	\$ 0.04	5.0%
Diluted	<u>\$ 0.84</u>	<u>\$ 0.79</u>	<u>\$ 0.05</u>	<u>6.3%</u>
<b>Weighted average common shares outstanding:</b>				
Basic	23,474,000	23,638,000	(164,000) (h)	(0.7%)
Diluted	<u>23,537,000</u>	<u>23,709,000</u>	<u>(172,000) (h)</u>	<u>(0.7%)</u>

(a)	Rental income has increased due to the following:	
	Acquisitions/Dispositions/Developments during 1999 and 2000	\$ 6,954,000
	"Same Park" facilities	3,799,000
	Straight line rent adjustment	<u>(262,000)</u>
		<u>\$ 10,491,000</u>
(b)	Business services includes construction management fees and licensing fees from telecommunication service providers (Teligent and Winstar).	
(c)	Interest income increased as a result of higher average cash balances and better interest rates.	
(d)	Cost of operations have increased due to the following:	
	Acquisitions/Dispositions/Developments during 1999 and 2000	\$ 2,205,000
	"Same Park" facilities	434,000
		<u>\$ 2,639,000</u>
(e)	Depreciation expense increased in connection with the acquisition of real estate facilities during 1999 and 2000.	
(f)	General and administrative expenses for the six months ended June 30, 2000 consists of:	
	Professional fees	\$ 528,000
	Salaries	566,000
	General administrative costs	342,000
	Internal acquisition costs	248,000
	Abandoned projects	7,000
	Other	173,000
		<u>\$ 1,864,000</u>
(g)	Interest expense for the six months ended June 30, 2000 consists of:	
	Mortgage notes payable	\$ 1,306,000
	Line of credit	126,000
	Capitalized interest	(688,000)
		<u>\$ 744,000</u>
(h)	Decrease relates to the repurchase of common shares	

## Rentable Square Footage by Region



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

Rentable Square Footage of Properties as of June 30, 2000*				
Primary Markets	Office	Flex	Total	%
Dallas	-	1,475,000	1,475,000	12.0%
Northern Virginia	233,000	1,379,000	1,612,000	13.1%
Los Angeles County	88,000	1,482,000	1,570,000	12.8%
Northern California	64,000	1,431,000	1,495,000	12.2%
Maryland	267,000	837,000	1,104,000	9.0%
Portland	187,000	1,004,000	1,191,000	9.7%
Orange County	-	911,000	911,000	7.4%
Austin	-	833,000	833,000	6.8%
San Diego County	234,000	378,000	612,000	5.0%
Phoenix	-	569,000	569,000	4.6%
Other	331,000	561,000	892,000	7.4%
	<u>1,404,000</u>	<u>10,860,000</u>	<u>12,264,000</u>	<u>100.0%</u>

Average Occupancy Rates for the Quarter Ending June 30, 2000**			
Primary Markets	Office	Flex	Total
Dallas	-	98.7%	98.7%
Northern Virginia	98.5%	98.3%	98.3%
Los Angeles County	97.7%	98.6%	98.5%
Northern California	100.0%	96.5%	96.6%
Maryland	96.9%	100.0%	99.2%
Portland	92.2%	98.7%	98.0%
Orange County	-	97.2%	97.2%
Austin	-	93.4%	93.4%
San Diego County	98.8%	99.7%	99.4%
Phoenix	-	93.6%	93.6%
Other	77.2%	94.9%	90.0%
	<u>92.4%</u>	<u>97.4%</u>	<u>96.7%</u>

\* Excludes properties sold during the quarter.

\*\* Excludes new developments in Beaverton, Oregon.

**PS BUSINESS PARKS, INC.**  
**PORTFOLIO ANALYSIS AS OF JUNE 30, 2000**

Lease Expirations - Flex			
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>
2000	1,632,000	\$ 13,836,000	13.1%
2001	2,433,000	24,070,000	22.8%
2002	2,320,000	20,887,000	19.7%
2003	1,457,000	16,048,000	15.2%
2004	1,147,000	11,165,000	10.6%
Thereafter	1,485,000	19,793,000	18.7%
	<u>10,474,000</u>	<u>\$ 105,799,000</u>	<u>100.1%</u>

Lease Expirations - Office			
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>
2000	221,000	\$ 3,174,000	14.7%
2001	286,000	4,499,000	20.8%
2002	260,000	4,299,000	19.9%
2003	161,000	2,950,000	13.7%
2004	95,000	1,883,000	8.7%
Thereafter	236,000	4,800,000	22.2%
	<u>1,259,000</u>	<u>\$ 21,605,000</u>	<u>100.0%</u>

Lease Expirations - Total			
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>
2000	1,853,000	\$ 17,010,000	13.4%
2001	2,719,000	28,569,000	22.4%
2002	2,580,000	25,186,000	19.8%
2003	1,618,000	18,998,000	14.9%
2004	1,242,000	13,048,000	10.2%
Thereafter	1,721,000	24,593,000	19.3%
	<u>11,733,000</u>	<u>\$ 127,404,000</u>	<u>100.0%</u>

### Lease Expirations (annual rents in millions) as of June 30, 2000

