



Analyst Book

For the Quarter Ended March 31, 2000

FIRST QUARTER RESULTS

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PS BUSINESS PARKS, INC.
FIRST QUARTER FACT SHEET

OPERATING DATA:

	Three Months Ended		
	03/31/00	03/31/99	Difference
Total revenues	\$ 35,864,000	\$ 29,251,000	22.6%
Net income	\$ 10,743,000	\$ 9,442,000	13.8%
Net income per common share:			
Basic	\$ 0.40	\$ 0.40	0.0%
Diluted	\$ 0.40	\$ 0.40	0.0%
Weighted average common shares outstanding:			
Basic	23,592,000	23,637,000	(0.2%)
Diluted	23,643,000	23,705,000	(0.3%)

FUNDS FROM OPERATIONS:

	Three Months Ended		
	03/31/00	03/31/99	Difference
FFO allocable to common shareholders	\$ 15,368,000	\$ 13,986,000	9.9%
Weighted average common shares outstanding - diluted	23,643,000	23,705,000	(0.3%)
FFO per common share - diluted	\$ 0.65	\$ 0.59	10.2%

PROPERTY INFORMATION:

	Three Months Ended		
	03/31/00	03/31/99	Difference
Total number of properties	126	114	10.5%
Net rentable square footage	12,539,000	11,269,000	11.3%
<u>Same Park Facilities</u>			
Weighted average occupancy	96.7%	96.4%	0.3%
Annual realized rent per sq. ft. for period (1)	\$ 11.05	\$ 10.39	6.4%

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

BALANCE SHEET DATA:

	03/31/00	12/31/99	Difference
Total assets	\$ 897,428,000	\$ 903,741,000	(0.7%)
Total debt	\$ 31,552,000	\$ 37,066,000	(14.9%)
Minority interest - preferred	\$ 132,750,000	\$ 132,750,000	0.0%
Minority interest - common	\$ 156,047,000	\$ 157,199,000	(0.7%)
Perpetual preferred stock	\$ 55,000,000	\$ 55,000,000	0.0%
Common shareholders' equity	\$ 499,611,000	\$ 500,531,000	(0.2%)
Total common shares outstanding	23,432,000	23,645,000	(0.9%)
Book value per common share	\$ 21.32	\$ 21.17	0.7%

MARKET VALUE INFORMATION:

	03/31/00	12/31/99	Difference
Market value of common stock/OP units (\$20 3/8)	\$ 626,897,000	\$ 707,271,000	(11.4%)
Total debt	31,552,000	37,066,000	(14.9%)
Total preferred stock/OP units	187,750,000	187,750,000	0.0%
Total market capitalization	<u>\$ 846,199,000</u>	<u>\$ 932,087,000</u>	<u>(9.2%)</u>
Stock price	<u>\$ 20.38</u>	<u>\$ 22.75</u>	<u>(10.4%)</u>

PS BUSINESS PARKS, INC.

Sources and Uses of Funds
for the Three Months Ended March 31, 2000

	<u>Q100</u> <u>(Actual)</u>
<i>Sources of Funds:</i>	
Funds from operations	\$ 20,208,000
Repayments from PSI	77,000,000
Change in working capital	1,902,000
	<u>99,110,000</u>
<i>Uses of Funds:</i>	
Property acquisitions and renovations	(26,828,000)
Construction in progress	(5,177,000)
Capital expenditures	(2,227,000)
Investment in other REITs	(500,000)
Common dividends/distributions	(7,738,000)
Repurchase of common stock	(6,774,000)
Loans to PSI	(77,000,000)
Principal payments on mortgage notes payable	(5,514,000)
	<u>(131,758,000)</u>
Net decrease in cash balance	<u>(32,648,000)</u>
Beginning cash balance	74,220,000
Ending cash balance	<u>\$ 41,572,000</u>

PS BUSINESS PARKS, INC.
ANALYSIS OF FUNDS FROM OPERATIONS

Three Months Ended		Increase (Decrease)	% Change
03/31/00	03/31/99		

Funds from operations (FFO):

Net income allocable to common shareholders	\$ 9,471,000	\$ 9,442,000	\$ 29,000	0.3%
Depreciation and amortization	8,376,000	6,733,000	1,643,000	24.4%
Minority interest in income	2,991,000	2,966,000	25,000	0.8%
Less effects of straight line rents	(630,000)	(751,000)	121,000	(16.1%)
FFO allocable to common shareholders/unitholders	<u>\$ 20,208,000</u>	<u>\$ 18,390,000</u>	<u>\$ 1,818,000</u>	<u>9.9%</u>
Weighted average common shares outstanding	23,592,000	23,637,000	(45,000)	(0.2%)
Weighted average common OP units outstanding	7,443,000	7,410,000	33,000	0.4%
Weighted average dilutive stock options	R	68,000	#VALUE!	#VALUE!
Total pro forma fully-converted shares	<u>31,035,000</u>	<u>31,115,000</u>	<u>(80,000)</u>	<u>(0.3%)</u>
FFO per share/OP unit	<u>\$ 0.65</u>	<u>\$ 0.59</u>	<u>\$ 0.06</u>	<u>10.2%</u>

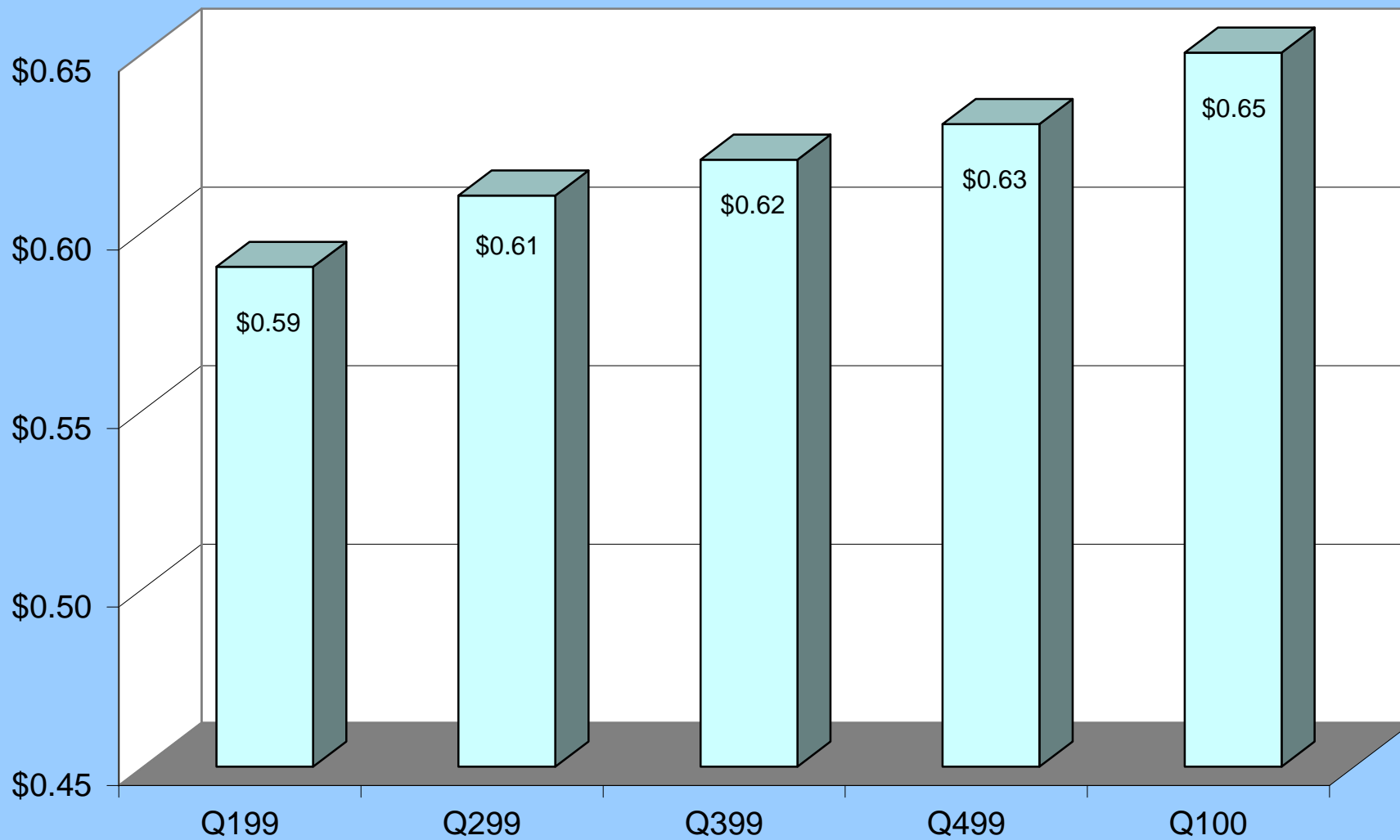
Funds available for distribution (FAD):

Total funds from operations	\$ 20,208,000	\$ 18,390,000	\$ 1,818,000	9.9%
Less capitalized expenditures:				
Maintenance capital expenditures	(532,000)	(209,000)	(323,000)	154.5%
Tenant improvements	(1,030,000)	(1,234,000)	204,000	(16.5%)
Capitalized lease commissions	(665,000)	(517,000)	(148,000)	28.6%
Total capitalized expenditures	<u>(2,227,000)</u>	<u>(1,960,000)</u>	<u>(267,000)</u>	<u>13.6%</u>
FAD	<u>\$ 17,981,000</u>	<u>\$ 16,430,000</u>	<u>\$ 1,551,000</u>	<u>9.4%</u>
FAD per share/OP unit	<u>\$ 0.58</u>	<u>\$ 0.53</u>	<u>\$ 0.05</u>	<u>9.4%</u>

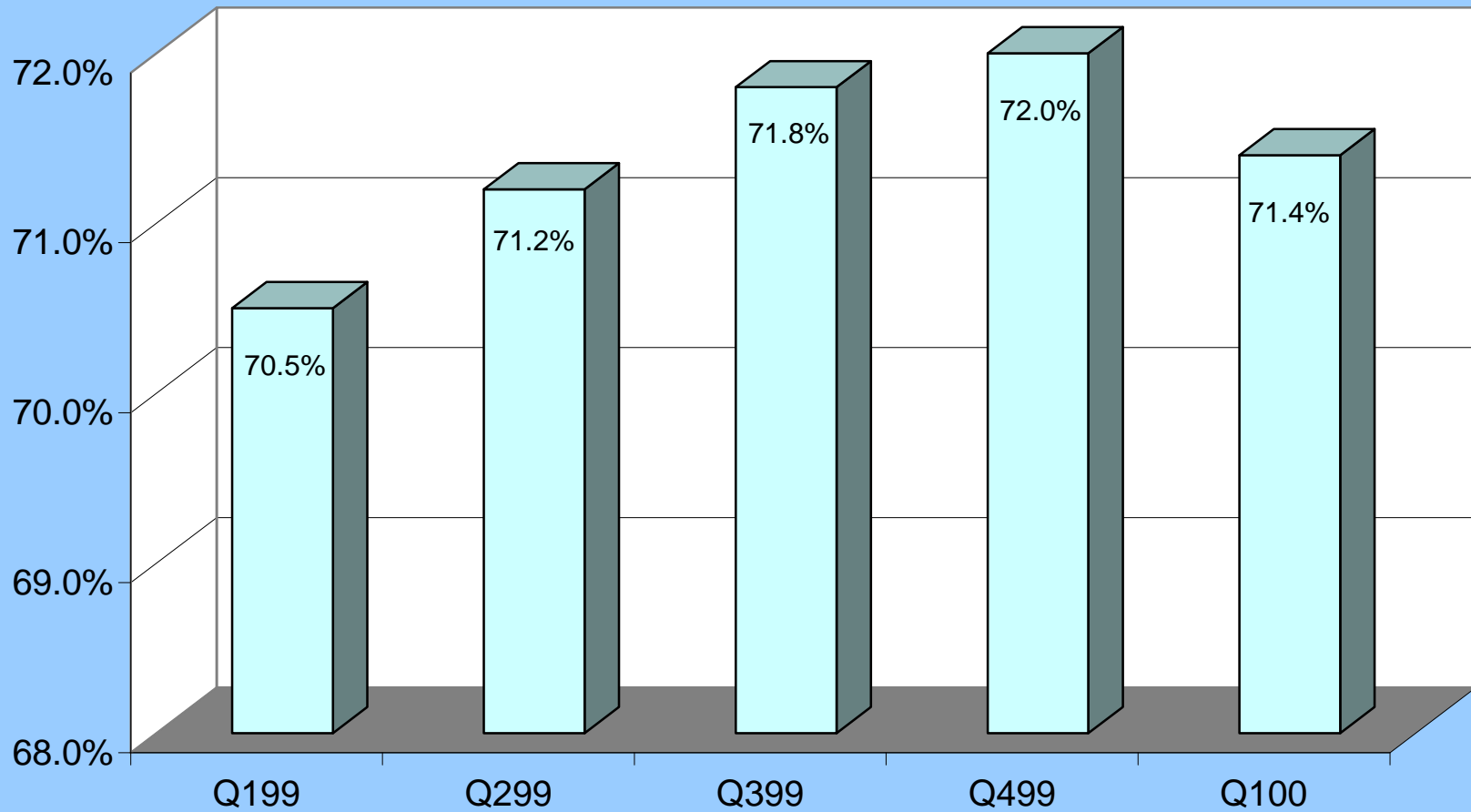
Cash available for debt repayments and reinvestments:

FAD	\$ 17,981,000	\$ 16,430,000	\$ 1,551,000	9.4%
Distributions to common shareholders	(5,877,000)	(5,909,000)	32,000	(0.5%)
Distributions to common OP unitholders	(1,861,000)	(1,854,000)	(7,000)	0.4%
Cash available for debt repayments and reinvestments	<u>\$ 10,243,000</u>	<u>\$ 8,667,000</u>	<u>\$ 1,576,000</u>	<u>18.2%</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 March 31, 2000 consists of the following:

	Total	2000	2001	2002	2003	2004	Thereafter
7.125% mortgage note, secured by one commercial property, due May 2006	8,707,000	136,000	193,000	208,000	223,000	239,000	7,708,000
8.190% mortgage note, secured by one commercial property, due March 2007	6,621,000	139,000	199,000	216,000	235,000	254,000	5,578,000
7.290% mortgage note, secured by one commercial property, due February 2009	6,348,000	76,000	108,000	116,000	125,000	134,000	5,789,000
7.280% mortgage note, secured by two commercial properties, due February 2003	4,275,000	89,000	127,000	137,000	3,922,000	-	-
8.000% mortgage note, secured by one commercial property, due April 2003	2,087,000	64,000	93,000	100,000	1,830,000	-	-
8.500% mortgage note, secured by one commercial property, due July 2007	1,886,000	37,000	53,000	58,000	63,000	69,000	1,606,000
8.000% mortgage note, secured by one commercial property, due April 2003	1,628,000	39,000	56,000	60,000	1,473,000	-	-
Total mortgage notes payable (1)	31,552,000	580,000	829,000	895,000	7,871,000	696,000	20,681,000

\$100 million unsecured line of credit

-

Total debt

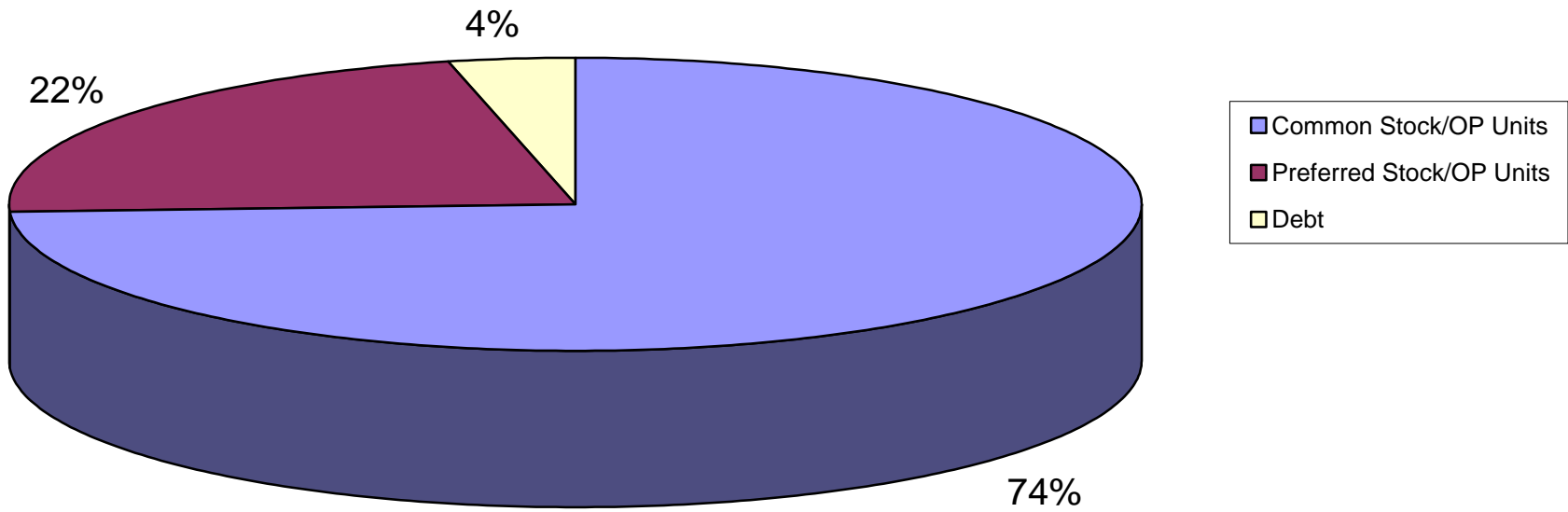
31,552,000 4%

Equity at March 31, 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	187,750,000	22%
Common stock (23,432,078 shares outstanding)	477,429,000 (2)	
Common operating partnership units (7,335,839 units outstanding)	149,468,000 (2)	
Total common equity (3)	626,897,000	74%
Total market capitalization	846,199,000	100%

- (1) The weighted average interest rate and maturity was 7.59% and 6.2 years, respectively.
- (2) Value based on March 31, 2000 closing stock price of \$20 3/8.
- (3) Does not include 50,691 shares related to stock options for the three months ending March 31, 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 March 31, 2000: \$846 million



PS BUSINESS PARKS, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2000	December 31, 1999	Increase (Decrease)	% Change
ASSETS				
Cash and equivalents	\$ 41,572,000	\$ 74,220,000	\$ (32,648,000)	(a) -44.0%
Real estate facilities:				
Land	201,813,000	194,140,000	7,673,000	4.0%
Buildings and equipment	657,643,000	636,261,000	21,382,000	3.4%
	859,456,000	830,401,000	29,055,000	(b) 3.5%
Accumulated depreciation	(59,277,000)	(50,976,000)	(8,301,000)	16.3%
	800,179,000	779,425,000	20,754,000	2.7%
Properties held for disposition, net	14,235,000	14,235,000	-	0.0%
Construction in progress	13,793,000	8,616,000	5,177,000	(c) 60.1%
	828,207,000	802,276,000	25,931,000	3.2%
Receivables	203,000	771,000	(568,000)	-73.7%
Deferred rent receivables	6,063,000	5,493,000	570,000	10.4%
Intangible assets, net	1,207,000	1,282,000	(75,000)	-5.9%
Other assets	20,176,000	19,699,000	477,000	(d) 2.4%
Total assets	<u>\$ 897,428,000</u>	<u>\$ 903,741,000</u>	<u>\$ (6,313,000)</u>	<u>-0.7%</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Accrued and other liabilities	\$ 22,468,000	(e) \$ 21,195,000	\$ 1,273,000	6.0%
Notes payable	31,552,000	37,066,000	(5,514,000)	(f) -14.9%
Total liabilities	54,020,000	58,261,000	(4,241,000)	-7.3%
Minority interest - preferred	132,750,000	132,750,000	-	N/A
Minority interest - common	156,047,000	157,199,000	(1,152,000)	-0.7%
Shareholders' equity:				
Preferred stock	55,000,000	55,000,000	-	N/A
Common stock	234,000	236,000	(2,000)	-0.8%
Paid in capital	474,377,000	478,889,000	(4,512,000)	(g) -0.9%
Cumulative net income	84,552,000	73,809,000	10,743,000	(h) 14.6%
Cumulative distributions	(59,552,000)	(52,403,000)	(7,149,000)	(i) 13.6%
Total shareholders' equity	554,611,000	555,531,000	(920,000)	-0.2%
Total liabilities and shareholders' equity	<u>\$ 897,428,000</u>	<u>\$ 903,741,000</u>	<u>\$ (6,313,000)</u>	<u>-0.7%</u>

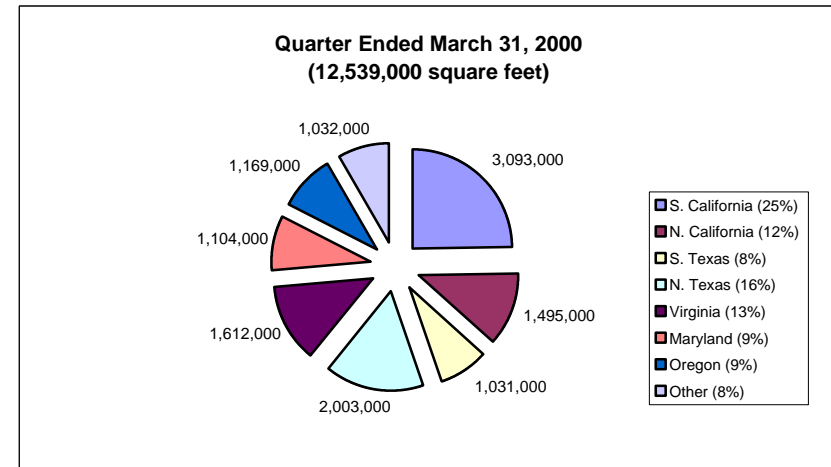
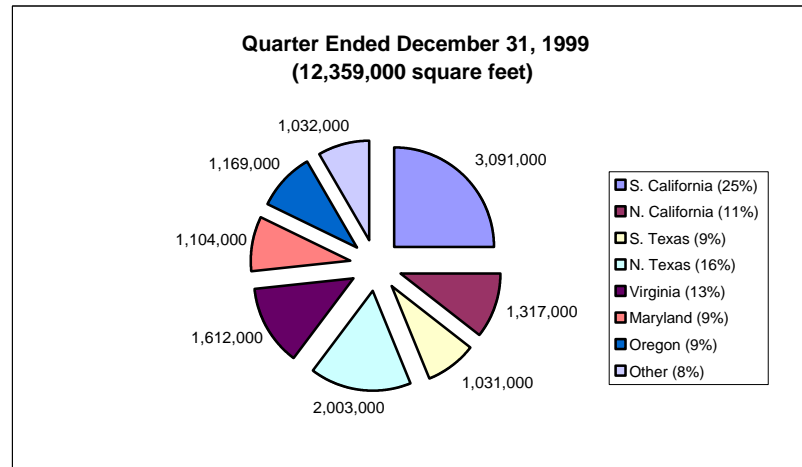
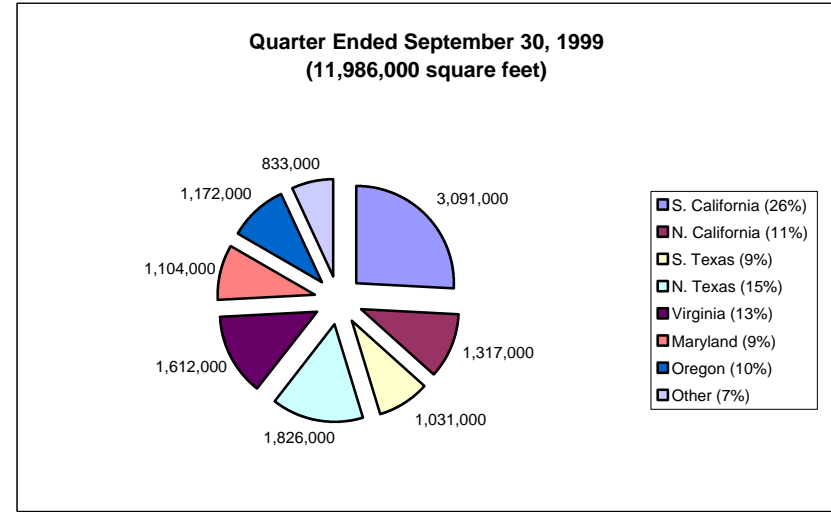
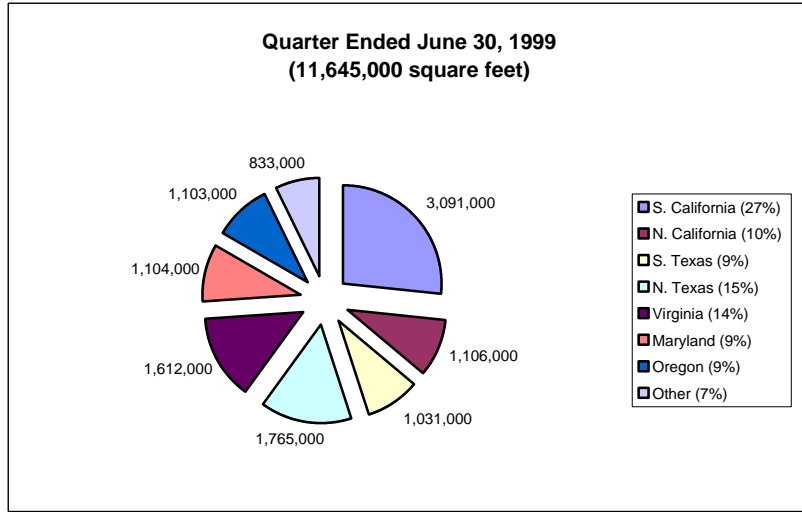
(a)	See sources and uses of funds on page 7	
(b)	Property acquisitions and renovations	\$ 26,828,000
	Maintenance capital expenditures	532,000
	Tenant improvements	1,030,000
	Lease commissions	665,000
		<u>\$ 29,055,000</u>
(c)	The Company has six development projects in:	
	Beaverton, OR (Creekside)	\$ 3,022,000
	Beaverton, OR (Woodside)	3,081,000
	Chantilly, VA (Lafayette)	1,843,000
	Chantilly, VA (Park East IV)	2,112,000
	Irving, TX (Royal Tech 17)	1,868,000
	Irving, TX (Royal Tech 18)	1,867,000
		<u>\$ 13,793,000</u>
(d)	Other assets at March 31, 2000 consists of:	
	Investments in marketable securities	\$ 18,979,000
	Prepaid and other assets	1,197,000
		<u>\$ 20,176,000</u>
(e)	Accrued and other liabilities at March 31, 2000 consists of:	
	Deferred rental revenue	\$ 1,972,000
	Accounts payable	454,000
	Property taxes	2,058,000
	Security deposits	7,813,000
	Other	4,000,000
	Reserves for acquisition costs	6,171,000
		<u>\$ 22,468,000</u>
(f)	Notes payable decreased due to the following:	
	Prepayment	\$ 5,302,000
	Scheduled principal payments	212,000
		<u>\$ 5,514,000</u>
(g)	Paid in capital decreased due to the following:	
	Repurchased shares	\$ (6,771,000)
	Conversion of OP units	2,189,000
	Minority interest adjustment	70,000
		<u>\$ (4,512,000)</u>
(h)	Represents net income for the three months ended March 31, 2000	
(i)	Distributions to preferred shareholders	\$ (1,272,000)
	Distributions to common shareholders	(5,877,000)
		<u>\$ (7,149,000)</u>

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

	March 31, 2000	March 31, 1999	Increase (Decrease)	% Change
Revenues:				
Rental income	\$ 34,053,000	\$ 29,117,000	\$ 4,936,000 (a)	17.0%
Facility management fees from affiliates	123,000	114,000	9,000	7.9%
Interest and other income	1,688,000	20,000	1,668,000 (b)	8340.0%
	<u>35,864,000</u>	<u>29,251,000</u>	<u>6,613,000</u>	<u>22.6%</u>
Expenses:				
Cost of operations	9,552,000	8,376,000	1,176,000 (c)	14.0%
Cost of facility management	25,000	23,000	2,000	8.7%
Depreciation and amortization	8,376,000	6,733,000	1,643,000 (d)	24.4%
General and administrative	883,000 (e)	802,000	81,000	10.1%
Interest expense	374,000 (f)	909,000	(535,000)	(58.9%)
	<u>19,210,000</u>	<u>16,843,000</u>	<u>2,367,000</u>	<u>14.1%</u>
Income before minority interest	16,654,000	12,408,000	4,246,000	34.2%
Minority interest in income - preferred units	(2,920,000)	-	(2,920,000)	N/A
Minority interest in income - common units	(2,991,000)	(2,966,000)	(25,000)	0.8%
Net income	<u>\$ 10,743,000</u>	<u>\$ 9,442,000</u>	<u>\$ 1,301,000</u>	<u>13.8%</u>
Net income allocation:				
Allocable to preferred shareholders	\$ 1,272,000	\$ -	\$ 1,272,000	N/A
Allocable to common shareholders	9,471,000	9,442,000	29,000	0.3%
	<u>\$ 10,743,000</u>	<u>\$ 9,442,000</u>	<u>\$ 1,301,000</u>	<u>13.8%</u>
Net income per common share:				
Basic	<u>\$ 0.40</u>	<u>\$ 0.40</u>	<u>\$ -</u>	<u>0.0%</u>
Diluted	<u>\$ 0.40</u>	<u>\$ 0.40</u>	<u>\$ -</u>	<u>0.0%</u>
Weighted average common shares outstanding:				
Basic	<u>23,592,000</u>	<u>23,637,000</u>	<u>(45,000) (g)</u>	<u>(0.2%)</u>
Diluted	<u>23,643,000</u>	<u>23,705,000</u>	<u>(62,000) (g)</u>	<u>(0.3%)</u>

(a) Rental income has increased due to the following:	
Acquisitions during 1999	\$ 3,254,000
"Same Park" facilities	1,803,000
Straight line rent adjustment	(121,000)
	<u>\$ 4,936,000</u>
(b) Interest income increased as a result of higher average cash balances.	
(c) Cost of operations have increased due to the following:	
Acquisitions during 1999	\$ 922,000
"Same Park" facilities	254,000
	<u>\$ 1,176,000</u>
(d) Depreciation expense increased in connection with the acquisition of real estate facilities during 1999.	
(e) General and administrative expenses for the three months ended March 31, 2000 consists of:	
Professional fees	\$ 190,000
Salaries	326,000
General administrative costs	196,000
Internal acquisition costs	131,000
Abandoned projects	7,000
Other	33,000
	<u>\$ 883,000</u>
(f) Interest expense for the three months ended March 31, 2000 consists of:	
Mortgage notes payable	709,000
Line of credit	63,000
Capitalized interest	(398,000)
	<u>\$ 374,000</u>
(g) 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 March 31, 2000*				
Primary Markets	Office	Flex	Total	%
Dallas	-	1,475,000	1,475,000	11.8%
Northern Virginia	233,000	1,379,000	1,612,000	12.9%
Los Angeles County	88,000	1,482,000	1,570,000	12.6%
Northern California	64,000	1,431,000	1,495,000	12.0%
Maryland	267,000	837,000	1,104,000	8.9%
Portland	121,000	982,000	1,103,000	8.8%
Orange County	-	911,000	911,000	7.3%
Austin	-	831,000	831,000	6.7%
San Diego County	235,000	378,000	613,000	4.9%
Phoenix	-	569,000	569,000	4.6%
Other	330,000	861,000	1,191,000	9.5%
	<u>1,338,000</u>	<u>11,136,000</u>	<u>12,474,000</u>	<u>100.0%</u>

Average Occupancy Rates for the Quarter Ending March 31, 2000*			
Primary Markets	Office	Flex	Total
Dallas	-	98.4%	98.4%
Northern Virginia	98.9%	98.1%	98.2%
Los Angeles County	96.5%	96.8%	96.8%
Northern California	99.6%	96.3%	96.5%
Maryland	95.9%	99.5%	98.6%
Portland	97.3%	97.6%	97.6%
Orange County	-	99.3%	99.3%
Austin	-	92.4%	92.4%
San Diego County	97.8%	97.9%	97.9%
Phoenix	-	97.1%	97.1%
Other	70.6%	96.1%	89.0%
	<u>90.8%</u>	<u>97.3%</u>	<u>96.5%</u>

* Rentable square footage excludes new development in Beaverton, Oregon.

PS BUSINESS PARKS, INC.
PORTFOLIO ANALYSIS AS OF MARCH 31, 2000

Lease Expirations - Flex			
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>
2000	2,132,000	\$ 20,937,000	18.4%
2001	2,430,000	25,507,000	22.4%
2002	2,220,000	22,589,000	19.8%
2003	1,440,000	16,145,000	14.2%
2004	1,154,000	12,412,000	10.9%
Thereafter	1,428,000	16,450,000	14.3%
	<u>10,804,000</u>	<u>\$ 114,040,000</u>	<u>100.0%</u>

Lease Expirations - Office			
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>
2000	258,000	\$ 3,866,000	20.3%
2001	279,000	4,294,000	22.6%
2002	233,000	3,447,000	18.1%
2003	181,000	3,112,000	16.4%
2004	93,000	1,629,000	8.6%
Thereafter	160,000	2,666,000	14.0%
	<u>1,204,000</u>	<u>\$ 19,014,000</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	2,390,000	\$ 24,803,000	18.6%
2001	2,709,000	29,801,000	22.4%
2002	2,453,000	26,036,000	19.6%
2003	1,621,000	19,257,000	14.5%
2004	1,247,000	14,041,000	10.6%
Thereafter	1,588,000	19,116,000	14.3%
	<u>12,008,000</u>	<u>\$ 133,054,000</u>	<u>100.0%</u>

Cumulative Lease Expirations (annual rents in millions) as of March 31, 2000

