



Analyst Book

For the Quarter Ended September 30, 1999

THIRD QUARTER RESULTS

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PS BUSINESS PARKS, INC.
THIRD QUARTER FACT SHEET

OPERATING DATA:						
	Three Months Ended			Nine Months Ended		
	9/30/99	9/30/98	Difference	9/30/99	9/30/98	Difference
Total revenues	\$ 33,281,000	\$ 26,277,000	26.7%	\$ 93,780,000	\$ 62,976,000	48.9%
Net income	\$ 10,655,000	\$ 9,748,000	9.3%	\$ 30,352,000	\$ 21,124,000	43.7%
Net income per share:						
Basic	\$ 0.40	\$ 0.41	(2.4%)	\$ 1.19	\$ 1.18	0.8%
Diluted	\$ 0.40	\$ 0.41	(2.4%)	\$ 1.19	\$ 1.17	1.7%
Weighted average shares outstanding:						
Basic	23,641,000	23,636,000	0.0%	23,639,000	17,920,000	31.9%
Diluted	23,724,000	23,696,000	0.1%	23,713,000	17,990,000	31.8%

FUNDS FROM OPERATIONS:						
	Three Months Ended			Nine Months Ended		
	9/30/99	9/30/98	Difference	9/30/99	9/30/98	Difference
FFO allocable to common	\$ 14,709,000	\$ 12,796,000	14.9%	\$ 43,395,000	\$ 28,604,000	51.7%
Weighted average shares outstanding - diluted	23,724,000	23,696,000	0.1%	23,713,000	17,990,000	31.8%
FFO per common share - diluted	\$ 0.62	\$ 0.54	14.8%	\$ 1.83	\$ 1.59	15.1%

PROPERTY INFORMATION:						
	Three Months Ended			Nine Months Ended		
	9/30/99	9/30/98	Difference	9/30/99	9/30/98	Difference
Total number of properties	123	98	25.5%	123	98	25.5%
Net rentable square footage	11,986,000	10,338,000	15.9%	11,986,000	10,338,000	15.9%
Same Park Facilities						
Average occupancy	96.7%	95.3%	1.4%	96.7%	94.4%	2.3%
Annual realized rent per sq. ft. for period (1)	\$ 10.74	\$ 10.03	7.1%	\$ 10.34	\$ 9.77	5.8%

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

BALANCE SHEET DATA:			
	9/30/99	12/31/98	Difference
Total assets	\$ 906,387,000	\$ 709,414,000	27.8%
Total debt	\$ 45,828,000	\$ 50,541,000	(9.3%)
Minority interest - preferred	\$ 132,750,000	\$ -	N/A
Minority interest - common	\$ 156,210,000	\$ 153,015,000	2.1%
Perpetual preferred stock	\$ 55,000,000	\$ -	N/A
Common shareholders' equity	\$ 497,389,000	\$ 489,905,000	1.5%
Total common shares outstanding	23,645,000	23,636,000	0.0%
Book value per common share	\$ 21.04	\$ 20.73	1.5%

MARKET VALUE INFORMATION:			
	9/30/99	12/31/98	Difference
Market value of common stock/OP units	\$ 808,309,000	\$ 740,999,000	9.1%
Total debt	45,828,000	50,541,000	(9.3%)
Total preferred stock/OP units	187,750,000	-	N/A
Total capitalization	\$ 1,041,887,000	\$ 791,540,000	31.6%

PS BUSINESS PARKS, INC.

Sources and Uses of Funds
For the Nine Months Ended September 30, 1999

	Year to Date (Actual)
<u>Sources of Funds:</u>	
Funds from operations	\$ 56,848,000
Preferred distributions	3,370,000
Funds from operations (revised)	60,218,000
Issuance of common stock	161,000
Issuance of preferred stock, net	53,086,000
Issuance of preferred OP units, net	129,695,000
Borrowings from PSI	41,400,000
Borrowings from line of credit	14,000,000
Total Sources of Funds	298,560,000
<u>Uses of Funds:</u>	
Property acquisitions:	
Hill Properties	(14,256,000)
Lafayette	(4,682,000)
Monroe II	(3,417,000)
Waterford B & C	(8,438,000)
Kohm	(11,825,000)
Sacramento	(16,853,000)
1998 acquisitions	(84,000)
Construction in progress:	
Creekside VII	(114,000)
Woodside Phase I	(4,904,000)
Woodside	(31,000)
Lafayette	(1,523,000)
Park East	(2,041,000)
Royal Tech 16	(2,954,000)
Capital expenditures	(7,489,000)
Renovations	(2,556,000)
Capital expenditures (reserved for acquisitions)	(2,818,000)
Distributions paid to preferred shareholders	(2,134,000)
Distributions paid to preferred OP unitholders	(1,236,000)
Distributions paid to common shareholders	(17,729,000)
Distributions paid to common OP unitholders	(5,568,000)
Repayments of borrowings from PSI	(41,400,000)
Repayments of borrowings from line of credit	(26,500,000)
Principal payments on mortgage notes payable	(11,932,000)
Other sources	4,844,000
Total Uses of Funds	(185,640,000)
Net increase (decrease) in cash balance	112,920,000
Beginning cash balance	6,068,000
Ending cash balance	\$ 118,988,000

PS BUSINESS PARKS, INC.
ANALYSIS OF FUNDS FROM OPERATIONS

	Three Months Ended		Increase (Decrease)	% Change	Nine Months Ended		Increase (Decrease)	% Change
	9/30/99	9/30/98			9/30/99	9/30/98		
<u>Funds from operations (FFO):</u>								
Net income allocable to common shareholders	\$ 9,383,000	\$ 9,748,000	\$ (365,000)	(3.7%)	\$ 28,218,000	\$ 21,124,000	\$ 7,094,000	33.6%
Depreciation and amortization	7,594,000	4,865,000	2,729,000	56.1%	21,641,000	11,421,000	10,220,000	89.5%
Minority interest in income	3,347,000	3,013,000	334,000	11.1%	9,533,000	8,696,000	837,000	9.6%
Less effects of straight line rents	(937,000)	(924,000)	(13,000)	1.4%	(2,544,000)	(924,000)	(1,620,000)	175.3%
FFO allocable to common shareholders/unitholders	<u>\$ 19,387,000</u>	<u>\$ 16,702,000</u>	<u>\$ 2,685,000</u>	<u>16.1%</u>	<u>\$ 56,848,000</u>	<u>\$ 40,317,000</u>	<u>\$ 16,531,000</u>	<u>41.0%</u>
Weighted average common shares outstanding	23,641,000	23,636,000	5,000	0.0%	23,639,000	17,920,000	5,719,000	31.9%
Weighted average common OP units outstanding	7,443,000	7,394,000	49,000	0.7%	7,423,000	7,376,000	47,000	0.6%
Weighted average dilutive stock options	84,000	60,000	24,000	40.0%	74,000	70,000	4,000	5.7%
Total pro forma fully-converted shares	<u>31,168,000</u>	<u>31,090,000</u>	<u>78,000</u>	<u>0.3%</u>	<u>31,136,000</u>	<u>25,366,000</u>	<u>5,770,000</u>	<u>22.7%</u>
FFO per share/OP Unit	<u>\$ 0.62</u>	<u>\$ 0.54</u>	<u>\$ 0.08</u>	<u>14.8%</u>	<u>\$ 1.83</u>	<u>\$ 1.59</u>	<u>\$ 0.24</u>	<u>15.1%</u>
<u>Funds available for distribution (FAD):</u>								
Total funds from operations	\$ 19,387,000	\$ 16,702,000	\$ 2,685,000	16.1%	\$ 56,848,000	\$ 40,317,000	\$ 16,531,000	41.0%
Less capitalized expenditures:								
Maintenance capital expenditures	(731,000)	(920,000)	189,000	(20.5%)	(2,153,000)	(2,117,000)	(36,000)	1.7%
Tenant improvements	(1,192,000)	(1,293,000)	101,000	(7.8%)	(3,857,000)	(2,588,000)	(1,269,000)	49.0%
Capitalized lease commissions	(601,000)	(642,000)	41,000	(6.4%)	(1,479,000)	(1,325,000)	(154,000)	11.6%
Total capitalized expenditures	<u>(2,524,000)</u>	<u>(2,855,000)</u>	<u>331,000</u>	<u>(11.6%)</u>	<u>(7,489,000)</u>	<u>(6,030,000)</u>	<u>(1,459,000)</u>	<u>24.2%</u>
FAD	<u>\$ 16,863,000</u>	<u>\$ 13,847,000</u>	<u>\$ 3,016,000</u>	<u>21.8%</u>	<u>\$ 49,359,000</u>	<u>\$ 34,287,000</u>	<u>\$ 15,072,000</u>	<u>44.0%</u>
FAD per share/OP Unit	<u>\$ 0.54</u>	<u>\$ 0.45</u>	<u>\$ 0.09</u>	<u>20.0%</u>	<u>\$ 1.59</u>	<u>\$ 1.35</u>	<u>\$ 0.24</u>	<u>17.8%</u>
<u>Cash available for debt repayments and reinvestments:</u>								
FAD	\$ 16,863,000	\$ 13,847,000	\$ 3,016,000	21.8%	\$ 49,359,000	\$ 34,287,000	\$ 15,072,000	44.0%
Distributions to common shareholders	(5,910,000)	(5,909,000)	(1,000)	0.0%	(17,729,000)	(15,897,000)	(1,832,000)	11.5%
Distributions to common OP unitholders	(1,861,000)	(1,844,000)	(17,000)	0.9%	(5,568,000)	(6,248,000)	680,000	(10.9%)
Cash available for debt repayments and reinvestments	<u>\$ 9,092,000</u>	<u>\$ 6,094,000</u>	<u>\$ 2,998,000</u>	<u>49.2%</u>	<u>\$ 26,062,000</u>	<u>\$ 12,142,000</u>	<u>\$ 13,920,000</u>	<u>114.6%</u>