

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) December 31, 1998

PS BUSINESS PARKS, INC.

(Exact name of registrant as specified in its charter)

----- California ----- (State or Other Jurisdiction of Incorporation)	----- 1-10709 ----- (Commission File Number)	----- 95-4300881 ----- (I.R.S. Employer Identification Number)
---	---	--

701 Western Avenue, Glendale, California 91201-2397
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (818) 244-8080

N/A

(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS

During the period of November 4, 1998 through January 6, 1999, PS Business Parks, Inc. (the "Company"), through its consolidated partnerships, acquired 14 commercial properties located in Texas and California for an aggregate purchase price of \$58.7 million and proposed to acquire two additional properties located in Texas, through its consolidated partnerships, for an aggregate purchase price of approximately \$8.3 million. The Company is not affiliated with the sellers and the purchase price was established through arm's length negotiations. The Company obtained the funds to acquire the facilities from its existing cash balances and borrowings of \$26.5 million from its unsecured line of credit with Wells Fargo Bank in addition to the assumption of an existing mortgage note payable of \$8,673,000.

The following table provides certain information concerning the facilities acquired:

<TABLE>
<CAPTION>

Name and Location	Seller	Date of Acquisition	Property Type	Purchase Price	Net Rentable Square Footage	Occupancy at Closing
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Royal Tech 15 Dallas, Texas	Petula Associates, Ltd.	11/4/98	Industrial & Office	\$ 6,880,000 (1)	57,088	100%
Las Plumas San Jose, California	Las Plumas Business Center and Patrician Associates, Inc.	12/31/98	Industrial & Office	17,250,000 (1)	213,634	83.6%
Ben White 1 Austin, Texas	CPF Austin Industrial Associates L.P.	12/31/98	Industrial & Office	4,163,000	54,385	100%
McKalla 3 Austin, Texas	CPF Austin Industrial Associates L.P.	12/31/98	Industrial & Office	4,045,000	53,480	100%
McKalla 4 Austin, Texas	CPF Austin Industrial Associates L.P.	12/31/98	Industrial & Office	3,517,000	59,600	100%
Ben White 5 Austin, Texas	CPF Austin Industrial Associates L.P.	12/31/98	Industrial & Office	3,978,000	54,000	100%
Mopac 6 Austin, Texas	CPF Austin Industrial Associates L.P.	12/31/98	Industrial & Office	1,929,000	42,633	71.8%
Rutland 14 Austin, Texas	CPF Austin Industrial Associates L.P.	12/31/98	Industrial & Office	2,990,000	61,247	69.3%
				----- 20,622,000 (2)	----- 325,345	----- 90.5%
Waterford A Austin, Texas	Waterford Sage	1/6/99	Industrial & Office	3,300,000	30,340	100%
McNeil 6 Austin, Texas	Peterson - Hill #6 L.P.	1/6/99	Industrial & Office	2,412,000	28,364	100%
Rutland 11						

Austin, Texas	Peterson - Hill #6 L.P.	1/6/99	Industrial & Office	1,797,000	39,865	100%
Rutland 12						
Austin, Texas	Peterson - Hill #6 L.P.	1/6/99	Industrial & Office	2,957,000	58,800	100%
Rutland 13						
Austin, Texas	Crow Hicks Ltd.	1/6/99	Industrial & Office	2,593,000	52,389	100%
Rutland 19						
Austin, Texas	BL - Austin Industrial Ltd.	1/6/99	Industrial & Office	870,000	21,096	100%
				-----	-----	-----
				13,929,000 (1)	230,854	100%
Waterford B						
Austin, Texas	Waterford Sage	5/31/99(3)	Industrial & Office	2,028,000	18,195	N/A
Waterford C						
Austin, Texas	Waterford Sage	5/31/99(3)	Industrial & Office	6,318,000	57,164	N/A
				-----	-----	-----
				8,346,000 (4)	75,359	N/A
Totals				-----	-----	-----
				\$67,027,000	902,280	92.7%
				=====	=====	=====

Notes to Table:

- (1) Acquired for cash.
(2) Acquired for cash of \$11,949,000 and the assumption of an existing mortgage note payable of \$8,673,000.
(3) Proposed acquisition date.
(4) To be acquired for cash.

</TABLE>

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Item 7. Financial Statements and Exhibits

- (a) (3) Financial Statements specified by Rule 3.14 of Regulation S-X

Hill Properties

- * Report of Independent Auditors
- * Combined Statements of Revenues and Certain Expenses for the nine months ended September 30, 1998 (unaudited) and for the year ended December 31, 1997
- * Notes to Combined Statements of Revenues and Certain Expenses

The Las Plumas Property

- * Report of Independent Auditors
- * Statements of Revenues and Certain Operating Expenses for the nine months ended September 30, 1998 (unaudited) and for the year ended December 31, 1997
- * Notes to Statements of Revenues and Certain Operating Expenses

- (b) Pro Forma Consolidated Financial Statements

- (c) Exhibits

23. Consent of Independent Auditors

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PS BUSINESS PARKS, INC.

Date: February 16, 1999

By: /s/ Jack Corrigan

Jack Corrigan
Vice President and Chief Financial Officer

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
of PS Business Parks, Inc.

We have audited the accompanying combined statement of revenues and certain expenses of the Hill Properties (as defined in Note 1) ("Statement") for the year ended December 31, 1997. The Statement is the responsibility of the Hill Properties' management. Our responsibility is to express an opinion on the above mentioned Statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission.

In our opinion, the Statement presents fairly the combined revenues and certain expenses of the Hill Properties for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Los Angeles, California
January 7, 1999

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HILL PROPERTIES
Combined Statements of Revenues and Certain Expenses

<TABLE>
<CAPTION>

	Nine months ended September 30, 1998	Year ended December 31, 1997
	----- (unaudited)	-----
<S>	<C>	<C>
Rental revenues.....	\$ 3,584,000	\$ 3,742,000
Certain operating expenses.....	(805,000)	(847,000)
Interest expense.....	(552,000)	(746,000)
	-----	-----
Rental revenues in excess of certain expenses.....	\$ 2,227,000	\$ 2,149,000
	=====	=====

</TABLE>

See accompanying notes

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HILL PROPERTIES
Notes to Combined Statements of Revenues and Certain Expenses

1. Background and Basis of Combination

The accompanying combined statements of revenues and certain expenses include the accounts of the Hill Properties (Hill Properties), located in Texas acquired and to be acquired by PS Business Parks, Inc. ("PSB"). The combined statements are prepared in order to comply with Rule 3.14 of Regulation S-X of the Securities and Exchange Commission. The Hill Properties are comprised of 12 properties as of December 31,

1997 and 14 properties as of September 30, 1998 as described below:

<TABLE>
<CAPTION>

Name	Location	Status
<S>	<C>	<C>
Ben White 1	Austin, Texas	Acquired in December 1998
McKalla 3	Austin, Texas	Acquired in December 1998
McKalla 4	Austin, Texas	Acquired in December 1998
Ben White 5	Austin, Texas	Acquired in December 1998
Mopac 6	Austin, Texas	Acquired in December 1998
Rutland 14	Austin, Texas	Acquired in December 1998
Waterford A	Austin, Texas	Acquired in January 1999
McNeil 6	Austin, Texas	Acquired in January 1999
Rutland 11	Austin, Texas	Acquired in January 1999
Rutland 12	Austin, Texas	Acquired in January 1999
Rutland 13	Austin, Texas	Acquired in January 1999
Rutland 19	Austin, Texas	Acquired in January 1999
Waterford B	Austin, Texas	Opened in 1998 and to be acquired in May 1999
Waterford C	Austin, Texas	Opened in 1998 and to be acquired in May 1999

</TABLE>

The combined statements of revenue and certain expenses include only the accounts and activities of the Hill Properties. Items that are not comparable to the future operations of the Hill Properties have been excluded. Such items include depreciation, amortization, management fees, interest income, professional fees, miscellaneous income and straight-line rent adjustments.

An audited combined statement is being presented for the most recent fiscal year available instead of the three most recent years based on the following factors: (i) the Hill Properties were acquired and are to be acquired from an unaffiliated party and (ii) based on the investigation of the Hill Properties by PSB, management is not aware of any material factors relating to the Hill Properties that would cause this financial information not to be necessarily indicative of future operating results other than the factors specifically considered by PSB as described below.

In the decision to acquire the Hill Properties, PSB considered the competition from other commercial property owners, the location, the leases, the rental rates and the occupancy levels of the properties.

PSB has reviewed the expenses of the Hill Properties, including salaries of on-site personnel, utilities, property taxes, supplies, insurance and repairs and maintenance. PSB expects that operating expenses in the future will be consistent with those reported for 1997 and the nine months ended September 30, 1998.

HILL PROPERTIES

Notes to Combined Statements of Revenues and Certain Expenses

2. Summary of Significant Accounting Policies

Revenue Recognition

The leases of the Hill Properties are accounted for as operating leases. Minimum rent revenues are recognized on an accrual basis over the respective lease term. Recoveries from tenants are recognized as income in the period the applicable costs are accrued.

Use of Estimates

The preparation of the combined statements of revenues and certain expenses in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and certain expenses during the reporting periods. Actual results could differ from those estimates.

3. Mortgage Debt

The Hill Properties provide collateral for a mortgage note with an outstanding balance at December 31, 1997 of \$8,819,000. The mortgage note bears interest at 8.4% and is due in November 2001.

4. Property Rentals

Future minimum rental revenues under non-cancelable leases as of December 31, 1997 are as follows:

1998.....	\$	3,484,000
1999.....		2,730,000
2000.....		1,962,000
2001.....		1,333,000
2002.....		704,000
Thereafter.....		658,000

	\$	10,871,000
		=====

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
of PS Business Parks, Inc.

We have audited the accompanying statement of revenues and certain operating expenses of the Las Plumas Property (as defined in Note 1) ("Statement") for the year ended December 31, 1997. The Statement is the responsibility of the Las Plumas Property's management. Our responsibility is to express an opinion on the above mentioned Statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission.

In our opinion, the Statement presents fairly the revenues and certain operating expenses of the Las Plumas Property for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Los Angeles, California
January 22, 1999

THE LAS PLUMAS PROPERTY
Statements of Revenues and Certain Operating Expenses

<TABLE>
<CAPTION>

	Nine months ended September 30, 1998 ----- (Unaudited)	Year ended December 31, 1997 -----
<S>	<C>	<C>
Rental revenues.....	\$ 1,777,000	\$ 2,278,000
Certain operating expenses.....	(330,000)	(470,000)
	-----	-----
Rental revenues in excess of certain operating expenses..	\$ 1,447,000	\$ 1,808,000
	=====	=====

</TABLE>

THE LAS PLUMAS PROPERTY

Notes to Statements of Revenues and Certain Operating Expenses

1. Background and Basis for Presentation

The accompanying statements of revenues and certain operating expenses include the accounts of the Las Plumas Property, located in California and acquired by PS Business Parks, Inc. ("PSB") in December 1998. The statements are prepared in order to comply with Rule 3.14 of Regulation S-X of the Securities and Exchange Commission.

The statements of revenue and certain operating expenses include only the accounts and activities of the Las Plumas Property. Items that are not comparable to the future operations of the Las Plumas Property have been excluded. Such items include depreciation, amortization, management fees, professional fees, miscellaneous income and straight line rent adjustments.

An audited statement is being presented for the most recent fiscal year available instead of the three most recent years based on the following factors: (i) the Las Plumas Property was acquired from an unaffiliated party and (ii) based on the investigation of the Las Plumas Property by PSB, management is not aware of any material factors relating to the Las Plumas Property that would cause this financial information not to be necessarily indicative of future operating results other than the factors specifically considered by PSB as described below.

In the decision to acquire the Las Plumas Property, PSB considered the competition from other commercial property owners, the location, the leases, the rental rates and the occupancy level of the property.

PSB has reviewed the expenses of the Las Plumas Property, including salaries of on-site personnel, utilities, property taxes, supplies, insurance and repairs and maintenance. PSB expects that certain operating expenses in the future will be consistent with those reported for 1997 and the nine months ended September 30, 1998.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Las Plumas Property leases are accounted for as operating leases. Minimum rent revenues are recognized on an accrual basis over the respective lease term. Recoveries from tenants are recognized as income in the period the applicable costs are accrued.

Use of Estimates

The preparation of the statements of revenues and certain operating expenses in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of revenues and certain operating expenses during the reporting periods. Actual results could differ from those estimates.

THE LAS PLUMAS PROPERTY

Notes to Statements of Revenues and Certain Operating Expenses

3. Property Rentals

Future minimum rental revenues under non-cancelable leases as of December 31, 1997 are as follows:

1998.....	\$	2,139,000
1999.....		1,565,000
2000.....		1,341,000
2001.....		950,000
2002.....		438,000
Thereafter.....		315,000

	\$	6,748,000
		=====

Office Park Properties, Inc. ("AOPP") and the survivor in the merger (the "Merger") of PSB into Public Storage Properties XI, Inc. ("PSP11") on March 17, 1998. Based upon the terms of the merger (see below), for financial reporting and accounting purposes the merger has been accounted for as a reverse acquisition whereby PSB is deemed to have acquired PSP11. However, PSP11 is the continuing legal entity and registrant for both Securities and Exchange Commission filing purposes and income tax reporting purposes. All subsequent references to PSB prior to March 17, 1998 refer to AOPP.

The following unaudited pro forma consolidated financial statements were prepared to reflect the acquisition of real estate facilities by PSB through its consolidated partnerships during the period of November 4, 1998 through January 6, 1999. During that period, PSB acquired 14 commercial properties located in Texas and California for an aggregate cost of approximately \$58.7 million and proposed to acquire two additional commercial properties located in Texas, through its consolidated partnerships, for an aggregate cost of approximately \$8.3 million. The Company obtained the funds to acquire the facilities from its existing cash balance and borrowings of \$26.5 million from its unsecured line of credit with Wells Fargo Bank in addition to the assumption of an existing mortgage note payable of \$8,673,000.

In addition, the pro forma consolidated financial statements reflect the March 17, 1998 Merger, which is described in the Public Storage Properties XI, Inc. Proxy Statement and Prospectus dated February 5, 1998 (the "Proxy Statement"). Pursuant to the Merger:

- * PSB merged into PSP11.
- * Each outstanding share of PSP11 Common Stock, with the exception of 106,155 shares, which elected to receive \$20.50 in cash per share, continues to be owned by current holders.
- * Each share of PSP11 Common Stock Series B and each share of PSP11 Common Stock Series C converted into .8641 shares of PSP11 Common Stock.
- * Each share of PSB Common Stock converted into 1.18 shares of PSP11 Common Stock.
- * The surviving corporation in the Merger was renamed PS Business Parks, Inc.
- * Concurrent with the Merger, PSP11 exchanged (the "Exchange") 11 mini-warehouses and two properties that combine mini-warehouse and commercial space for 11 commercial properties owned by Public Storage, Inc. ("PSI").

The Merger has been accounted for as a reverse merger whereby PSB is treated as the accounting acquirer using the purchase method. This has been determined based upon the following:

- * The former shareholders and unitholders of PSB own in excess of 80% of the merged companies.
- * The business focus post Merger will continue to be that of PSB's which includes the acquisition, ownership and management of commercial properties. Prior to the Merger, PSP11's business focus has been primarily on the ownership and operation of its self-storage facilities, which represented approximately 81% of its portfolio.

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In addition to adjustments to reflect the recently acquired properties and the Merger, pro forma adjustments were made to reflect the following transactions (all share and Operating Partnership unit amounts have been adjusted to reflect the conversion factor of 1.18 pursuant to the Merger):

1. On April 1, 1997, PSB acquired four commercial properties (the "Acquired Properties") from PSI in exchange for 1,480,968 OP units.
2. On July 31, 1997, PSB acquired two commercial properties (the "Baldon Properties") from an unaffiliated third party for an aggregate cost of approximately \$33,310,000 in cash. PSB raised the cash for this acquisition by issuing 2,025,769 shares of PSB Common Stock primarily to PSI for cash totaling \$33,800,000.
3. On September 24, 1997, PSB acquired a commercial property (the "Largo Property") from an unaffiliated third party for an aggregate cost of approximately \$10,283,000, consisting of cash totaling \$9,959,000 and the issuance of 14,384 Operating Partnership units ("OP units") having a value of approximately \$324,000.
4. On December 10, 1997, PSB acquired a commercial property (the "Northpointe Property") from an unaffiliated third party for an aggregate cost of approximately \$3,854,000, consisting of cash totaling \$3,554,000 and the issuance of 13,111 OP units having a value of approximately \$300,000.

5. On December 24, 1997, PSB completed a transaction whereby PSB issued 1,785,007 OP units and 3,504,758 shares of PSB common stock to a subsidiary of a state pension fund. The subsidiary of the state pension fund, through a merger and contribution, transferred six commercial properties (the "Acquiport Properties") valued at approximately \$118,655,000 and \$1,000,000 in cash to PSB. PSB incurred \$3,300,000 in transaction costs. On January 9, 1998, the subsidiary of the state pension fund exercised its option to convert its OP units into shares of PSB common stock on a one-for-one basis.
 6. In January 1998, PSB entered into an agreement with a group of institutional investors under which PSB would issue up to 6,744,074 shares of PSB common stock at \$22.88 per share in separate tranches. The first tranche, 2,185,189 shares or \$50.0 million was issued in January 1998. The remainder of the shares (\$105 million) was issued on May 6, 1998. The funds were used to finance a portion of the acquisition cost of the Principal Properties.
 7. On January 13, 1998, PSB acquired a commercial property (the "Ammendale Property") from an unaffiliated third party for an aggregate cost of approximately \$22,518,000, consisting of cash totaling \$22,325,000 and the issuance of 8,428 OP units having a value of approximately \$193,000.
 8. In March 1998, PSB acquired two commercial properties (the "March Acquisitions Properties") from unaffiliated third parties for an aggregate cost of approximately \$32,916,000, consisting of cash totaling \$17,377,000, the issuance of 44,250 OP units having a value of approximately \$1,013,000 and the assumption of existing mortgage notes payable of \$14,526,000.
 9. On May 4, 1998, PSB acquired 29 commercial properties (the "Principal Properties") from an unaffiliated third party for an aggregate cost of approximately \$190.5 million in cash. PSB financed the acquisition costs through the use of available cash, proceeds from the issuance of common stock in May 1998 and borrowings from an affiliate.
 10. In May 1998, PSB completed two common stock offerings, raising net proceeds in aggregate totaling \$118.9 million through the issuance of 5,025,800 common shares.
 11. On June 11, 1998, PSB acquired two commercial properties (the "Northpointe Properties") from an unaffiliated third party for an aggregate cost of approximately \$7,323,000, consisting of cash totaling \$3,442,000, the issuance of 8,882 OP units having a value of approximately \$203,000 and the assumption of existing mortgage notes payable of \$3,678,000.
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12. On June 17, 1998, PSB acquired a commercial property (the "Gunston Property") from an unaffiliated third party for an aggregate cost of approximately \$21,820,000, consisting of cash totaling \$10,049,000 and the assumption of an existing mortgage note payable of \$11,771,000.
 13. On September 30, 1998, PSB acquired a commercial property (the "Spectrum 95 Property") from an unaffiliated third party for an aggregate cost of approximately \$8,473,000, consisting of cash totaling \$8,317,000 and the issuance of 6,540 OP units having a value of approximately \$156,000.
 14. On November 4, 1998, PSB acquired a newly developed commercial property (the "Royal Tech 15 Property") from an unaffiliated third party for an aggregate cost of approximately \$6,880,000 in cash.
 15. On December 31, 1998, PSB acquired six commercial properties and proposed to acquire six additional commercial properties and two newly developed properties (collectively referred to as the "Hill Properties") from an unaffiliated third party for an aggregate cost of approximately \$42,897,000, consisting of cash totaling \$34,224,000 and the assumption of an existing mortgage note payable of \$8,673,000.
 16. On December 31, 1998, PSB acquired a commercial property (the "Las Plumas Property") from an unaffiliated third party for an aggregate cost of approximately \$17,250,000 in cash.

The pro forma consolidated balance sheet at September 30, 1998 has been prepared to reflect the subsequent acquisitions and proposed acquisitions of commercial properties.

The pro forma consolidated statement of income for the nine months ended September 30, 1998 has been prepared assuming (i) the subsequent acquisitions of commercial properties (ii) the issuance of \$155.0 million of PSB Common Stock to institutional investors, (iii) the issuance of \$118.9 million of Common Stock to public investors and (iv) the Merger between PSB and PSP11, as if all such transactions were completed at the beginning of fiscal 1998. The operations of all property acquisitions are based on the historical operating results for

1998.

The pro forma consolidated statement of income for the year ended December 31, 1997 has been prepared assuming (i) the subsequent acquisitions of commercial properties (ii) the issuance of \$155.0 million of PSB Common Stock to institutional investors, (iii) the issuance of \$118.9 million of Common Stock to public investors and (iv) the Merger between PSB and PSP11, as if all such transactions were completed at the beginning of fiscal 1997. The operations of all property acquisitions are based on the historical operating results for 1997.

The pro forma adjustments are based upon available information and upon certain assumptions as set forth in the notes to the pro forma consolidated financial statements that PSP11 and PSB believe are reasonable in the circumstances. The pro forma consolidated financial statements and accompanying notes should be read in conjunction with the historical financial statements of PSP11, PSB, and certain financial information with respect to properties acquired (SEE FINANCIAL STATEMENTS OF THE ACQUIRED PROPERTIES, PSI EXCHANGE PROPERTIES, THE BALDON PROPERTIES, THE LARGO PROPERTY, ACQUIPORT PROPERTIES OWNED BY ACQUIPORT TWO CORPORATION AND ACQUIPORT THREE CORPORATION, THE GUNSTON PROPERTY, PROPOSED ACQUISITION PROPERTIES, NORTHPOINTE PROPERTY AND AMMENDALE PROPERTY INCLUDED IN THE ABOVE REFERENCED PROXY STATEMENT. SEE FINANCIAL STATEMENTS OF PRINCIPAL PROPERTIES INCLUDED IN THE CURRENT REPORT ON FORM 8-K DATED MAY 4, 1998. SEE FINANCIAL STATEMENTS OF NORTHPOINTE D AND G PROPERTIES, THE GUNSTON PROPERTY AND THE SPECTRUM 95 PROPERTY INCLUDED IN THE CURRENT REPORT ON FORM 8-K/A DATED SEPTEMBER 30, 1998.). The following pro forma consolidated financial statements do not purport to represent what PSB's results of operations would actually have been if the transactions in fact had occurred at the beginning of the dates indicated or to project PSB's results of operations for any future date or period.

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PS BUSINESS PARKS, INC.
PRO FORMA CONSOLIDATED BALANCE SHEET
September 30, 1998
(Unaudited)

<TABLE>
<CAPTION>

	PSB (Historical)	Property Acquisitions (Note 1)	PSB (Pro Forma)
	-----	-----	-----
ASSETS			
<S>	<C>	<C>	<C>
Cash and cash equivalents.....	\$ 32,747,000	\$ (31,854,000)	\$ 893,000
Real estate facilities, net of accumulated depreciation...	644,694,000	67,027,000	711,721,000
Intangible assets, net of accumulated amortization.....	1,658,000	-	1,658,000
Other assets.....	4,332,000	-	4,332,000
	-----	-----	-----
Total assets.....	\$ 683,431,000	\$ 35,173,000	\$ 718,604,000
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accrued and other liabilities.....	\$ 13,794,000	\$ -	\$ 13,794,000
Line of credit	-	26,500,000	26,500,000
Mortgage notes payable.....	29,632,000	8,673,000	38,305,000
Minority interest.....	152,611,000	-	152,611,000
Shareholders' equity:.....			
Common stock, \$0.01 par value, 100,000,000 shares authorized, 23,635,650 issued and outstanding at September 30, 1998.....	236,000	-	236,000
Paid-in capital.....	482,327,000	-	482,327,000
Cumulative net income.....	24,278,000	-	24,278,000
Cumulative distributions.....	(19,447,000)	-	(19,447,000)
	-----	-----	-----
Total shareholders' equity.....	487,394,000	-	487,394,000
	-----	-----	-----

Total liabilities and shareholders' equity.....	\$ 683,431,000	\$ 35,173,000	\$ 718,604,000
	=====	=====	=====
Book value per share (Note 2).....	\$ 20.62		\$ 20.62
	=====		=====
Shares outstanding.....	23,635,650		23,635,650
	=====		=====

</TABLE>

See Accompanying Notes to Pro Forma Consolidated Balance Sheet.

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PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEET
September 30, 1998
(Unaudited)

1. Property Acquisitions

On November 4, 1998, PSB acquired a newly developed commercial property (the "Royal Tech 15 Property") from an unaffiliated third party for an aggregate cost of approximately \$6,880,000 in cash.

On December 31, 1998, PSB acquired six commercial properties and proposed to acquire six additional commercial properties and two newly developed properties (collectively referred to as the "Hill Properties") from an unaffiliated third party for an aggregate cost of approximately \$42,897,000, consisting of cash totaling \$34,224,000 and the assumption of an existing mortgage note payable of \$8,673,000.

On December 31, 1998, PSB acquired a commercial property (the "Las Plumas Property") from an unaffiliated third party for an aggregate cost of approximately \$17,250,000 in cash.

The following pro forma adjustments have been made to the pro forma consolidated balance sheet to reflect the aforementioned transactions as if these properties had been owned by PSB as of September 30, 1998.

<TABLE>	<S>	<C>
	* Cash and cash equivalents have been adjusted:	
	* to reflect the cash portion of the acquisition cost of the commercial properties purchased:	
	Royal Tech 15 Property.....	\$ (6,880,000)
	Hill Properties.....	(34,224,000)
	Las Plumas Property	(17,250,000)
	* to reflect borrowings from the line of credit to fund the above acquisitions	26,500,000

		\$ (31,854,000)
		=====
	* Real estate facilities have been adjusted to reflect the acquisition cost of the facilities acquired:	
	Royal Tech 15 Property.....	\$ 6,880,000
	Hill Properties.....	42,897,000
	Las Plumas Property.....	17,250,000

		\$ 67,027,000
		=====
	* Line of credit has been increased to reflect borrowings from the line of credit to fund the above acquisitions.....	\$ 26,500,000
		=====
	* Mortgage notes payable has been increased to reflect the assumption of an existing mortgage note payable in connection with the acquisition of Hill Properties.....	\$ 8,673,000
		=====

</TABLE>

2. Book value per share

Book value per share has been determined by dividing total shareholders' equity by the outstanding shares of Common Stock. The following summarizes the shares outstanding:

<TABLE>		Common shares
<CAPTION>		outstanding

<S>		<C>
	* PSB historical shares outstanding at September 30, 1998.....	23,635,650

</TABLE>

PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For the Nine Months Ended September 30, 1998
(Unaudited)

	PSB			
	Pro Forma Adjustments			
	PSB	Acquisition of Real Estate from Third Parties	Other Adjustments	PSB Pre-Merger
	(Historical)	(Note 1)	(Note 2)	(Pro forma)
PSP11				
(Historical)				
<S>	<C>	<C>	<C>	<C>
Revenues:				
Rental income:				
Commercial properties.....	\$ 61,459,000	\$ 16,340,000	\$ -	\$ 77,799,000
232,000				
Mini-warehouse properties.....	-	-	-	-
1,280,000				
Facility management fees.....	440,000	-	-	440,000
-				
Interest and other income.....	1,077,000	-	(1,077,000)	-
-				
	62,976,000	16,340,000	(1,077,000)	78,239,000
1,512,000				
Expenses:				
Cost of operations:				
Commercial properties.....	18,361,000	4,287,000	-	22,648,000
86,000				
Mini-warehouse properties.....	-	-	-	-
434,000				
Cost of managing facilities.....	49,000	-	-	49,000
-				
Depreciation and amortization.....	11,421,000	8,229,000	-	19,650,000
250,000				
General and administrative.....	1,589,000	-	225,000	1,814,000
36,000				
Interest expense.....	1,736,000	1,344,000	772,000	3,852,000
-				
	33,156,000	13,860,000	997,000	48,013,000
806,000				
Income (loss) before minority interest in	29,820,000	2,480,000	(2,074,000)	30,226,000
706,000				
income.....				
Minority interest in (income) loss (Note 6).	(8,696,000)	-	1,341,000	(7,355,000)
-				
Net income (loss).....	\$ 21,124,000	\$ 2,480,000	\$ (733,000)	\$ 22,871,000
706,000				
===== Net income per share (Note 3 and 5):				
Basic.....	\$ 1.18			\$ 0.99
	=====			=====
Diluted.....	\$ 1.17			\$ 0.99
	=====			=====
Weighted average shares (Note 3 and 5):				
Basic.....	17,920,028			22,999,969
	=====			=====
Diluted.....	17,989,772			23,069,713
	=====			=====

	Pro Forma Merger Adjustments	PSB Post-Merger (Pro Forma)
	Exchange of Real Estate Facilities (Note 4)	
<S>	<C>	<C>
Revenues:		
Rental income:		
Commercial properties.....	\$ 1,744,000	\$ 79,775,000

Mini-warehouse properties.....	(1,280,000)	-
Facility management fees.....	(99,000)	341,000
Interest and other income.....	-	-
	-----	-----
	365,000	80,116,000
	-----	-----
Expenses:		
Cost of operations:		
Commercial properties.....	666,000	23,400,000
Mini-warehouse properties.....	(434,000)	-
Cost of managing facilities.....	(13,000)	36,000
Depreciation and amortization.....	68,000	19,968,000
General and administrative.....	-	1,850,000
Interest expense.....	-	3,852,000
	-----	-----
	287,000	49,106,000
	-----	-----
Income (loss) before minority interest in income.....	78,000	31,010,000
Minority interest in (income) loss (Note 6).	(25,000)	(7,380,000)
	-----	-----
Net income (loss).....	\$ 53,000	\$ 23,630,000
	=====	=====
Net income per share (Note 3 and 5):		
Basic.....		\$ 1.00
		=====
Diluted.....		\$ 1.00
		=====
Weighted average shares (Note 3 and 5):		
Basic.....		23,635,650
		=====
Diluted.....		23,705,394
		=====

</TABLE>

See Accompanying Notes to Pro Forma Consolidated Statement of Income.

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PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Nine Months Ended September 30, 1998
(Unaudited)

1. Acquisition of Real Estate Facilities from Third Parties

- * On January 13, 1998, PSB acquired a commercial property (the "Ammendale Property") from an unaffiliated third party for an aggregate cost of approximately \$22,518,000, consisting of cash totaling \$22,325,000 and the issuance of 8,428 OP units having a value of approximately \$193,000.
- * In March 1998, PSB acquired two commercial properties (the "March Acquisition Properties") from unaffiliated third parties for an aggregate cost of approximately \$32,916,000, consisting of cash totaling \$17,377,000, the issuance of 44,250 OP units having a value of approximately \$1,013,000 and the assumption of existing mortgage notes payable of \$14,526,000.
- * On May 4, 1998, PSB acquired 29 commercial properties (the "Principal Properties") from an unaffiliated third party for an aggregate cost of approximately \$190.5 million in cash. PSB financed the acquisition costs through the use of available cash, proceeds from the issuance of common stock in May 1998 and borrowings from an affiliate.
- * On June 11, 1998, PSB acquired two commercial properties (the "Northpointe Properties") from an unaffiliated third party for an aggregate cost of approximately \$7,323,000, consisting of cash totaling \$3,442,000, the issuance of 8,882 OP units having a value of approximately \$203,000 and the assumption of existing mortgage notes payable of \$3,678,000.
- * On June 17, 1998, PSB acquired a commercial property (the "Gunston Property") from an unaffiliated third party for an aggregate cost of approximately \$21,820,000, consisting of cash totaling \$10,049,000 and the assumption of an existing mortgage note payable of \$11,771,000.
- * On September 30, 1998, PSB acquired a commercial property (the "Spectrum 95 Property") from an unaffiliated third party for an aggregate cost of approximately \$8,473,000, consisting of cash totaling \$8,317,000 and the issuance of 6,540 OP units having a value of approximately \$156,000.
- * On November 4, 1998, PSB acquired a newly developed commercial property (the "Royal Tech 15 Property") from an unaffiliated third party for an aggregate cost of approximately \$6,880,000 in cash. Operations commenced subsequent to the period presented. Thus, no pro forma adjustments have been made to the statement of income.
- * On December 31, 1998, PSB acquired six commercial properties and proposed to acquire six additional commercial properties and two

newly developed properties (collectively referred to as the "Hill Properties") from an unaffiliated third party for an aggregate cost of approximately \$42,897,000, consisting of cash totaling \$34,224,000 and the assumption of an existing mortgage note payable of \$8,673,000.

* On December 31, 1998, PSB acquired a commercial property (the "Las Plumas Property") from an unaffiliated third party for an aggregate cost of approximately \$17,250,000 in cash.

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PS BUSINESS PARKS, INC.
 NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
 For The Nine Months Ended September 30, 1998
 (Unaudited)

The following pro forma adjustments have been made to the pro forma consolidated statement of income to reflect the operations of these properties as if such properties had been owned and operated by PSB throughout the entire period presented:

<u><TABLE></u>	<u><S></u>	<u><C></u>
	* Rental income has been increased to reflect:	
	* the pro forma rental income as if the acquired properties were owned by PSB throughout the entire period presented:	
	Ammendale Property.....	\$ 2,425,000
	March Acquisitions.....	2,948,000
	Principal Properties.....	17,182,000
	Northpointe Properties.....	836,000
	Gunston Property.....	2,033,000
	Spectrum 95 Property.....	648,000
	Hill Properties.....	3,584,000
	Las Plumas Property.....	1,777,000
	* less the portion of rental income with respect to these properties already included in PSB's historical amounts.....	(15,093,000)

		\$ 16,340,000
		=====
	* Cost of operations has been increased to reflect:	
	* the pro forma cost of operations as if the acquired properties were owned by PSB throughout the entire period presented:	
	Ammendale Property.....	525,000
	March Acquisitions.....	802,000
	Principal Properties.....	4,645,000
	Northpointe Properties.....	150,000
	Gunston Property.....	253,000
	Spectrum 95 Property.....	305,000
	Hill Properties	805,000
	Las Plumas Property	330,000
	* less the cost of operations with respect to these properties already included in PSB's historical amounts.....	(3,528,000)

		\$ 4,287,000
		=====
	* Depreciation has been increased to reflect nine months of incremental depreciation expense.....	\$ 8,229,000
		=====
	* Interest expense has been increased to reflect the historical interest expense for the period presented with respect to the assumption of mortgage notes payable.....	\$ 1,344,000
		=====

</TABLE>

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PS BUSINESS PARKS, INC.
 NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
 For The Nine Months Ended September 30, 1998
 (Unaudited)

2. Other Pro Forma Adjustments

<u><TABLE></u>	<u><S></u>	<u><C></u>
	* A pro forma adjustment has been made to decrease interest and other income to reflect the reduction in average cash balances.....	\$ (1,077,000)
		=====
	* A pro forma adjustment has been made to increase general and administrative expense to reflect additional costs with respect to payroll as PSB hires acquisition and executive personnel.....	\$ 225,000
		=====

* Interest expense has been adjusted to reflect:	
* additional interest expense as a result of borrowings from the line of credit.....	\$ 1,172,000
* a reduction in interest expense as if the proceeds from the common stock offerings were available at the beginning of the period to paydown the borrowings from Public Storage, Inc.....	(400,000)

	\$ 772,000
	=====
* A pro forma adjustment has been made to decrease the minority interests' share of income based upon its pro rata ownership interest in the above pro forma adjustments.....	\$ 1,341,000
	=====

</TABLE>

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PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Nine Months Ended September 30, 1998
(Unaudited)

3. Net income per share (PSB Pre-Merger Pro Forma) has been computed as follows:

<TABLE>	
<S>	<C>
Historical net income.....	\$ 21,124,000
Historical weighted average shares.....	17,920,028
Historical net income per share.....	\$ 1.18
Pro forma net income.....	\$ 22,871,000
Pro forma weighted average shares (1).....	22,999,969
Pro forma net income per share.....	\$ 0.99
-----	-----
(1)	
Historical weighted average shares.....	17,920,028
Adjusted for:	
Issuance of shares in February 1998 in connection with the exercise of stock options (39,021 shares less 30,875 included in the historical amounts).....	8,146
Pro forma issuance of shares to institutional investors (6,774,074 shares less 4,415,994 included in the historical amounts).....	2,358,080
Pro forma issuance of shares to the public (5,025,800 shares less 2,312,085 included in the historical amounts).....	2,713,715

Total Pre-Merger pro forma weighted average shares.....	22,999,969
	=====

</TABLE>

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PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF INCOME
For The Nine Months Ended September 30, 1998
(Unaudited)

4. Pro Forma Merger Adjustments - Exchange of Real Estate Facilities

Concurrent with the Merger, PSP11 exchanged 11 mini-warehouses and two properties that combine mini-warehouse and commercial space for 11 commercial properties owned by PSI.

<TABLE>	
<S>	<C>
* Rental income - commercial properties has been increased to reflect the rental income with respect to the 11 commercial properties received through the Exchange for the period before the merger and exchange of properties.....	\$ 1,744,000
	=====
* Rental income - mini-warehouses has been decreased to eliminate the rental income with respect to the 11 mini-warehouse facilities and two properties that combine mini-warehouse and commercial space given up through the Exchange.....	\$ (1,280,000)
	=====

* A pro forma adjustment has been made to facility management fees to:	
* eliminate the historical facility management fees related to 11 commercial properties acquired in the Exchange as such fee will no longer be charged to these properties as PSB will own them.....	\$ (87,000)
* eliminate the historical facility management fees related to the two commercial properties of PSP11 acquired in the Merger.....	(12,000)

	\$ (99,000)
	=====
* A pro forma adjustment has been made to cost of operations to:	
* eliminate historical management fees paid to PSB to manage PSP11's two commercial properties which are included in historical amounts and as a result of the Merger will no longer be incurred.....	\$ (12,000)
* reflect the cost of operations of the 11 commercial properties acquired in the Exchange (before cost of management) for the period before the merger and exchange of properties.....	665,000
* reflect the cost of management for PSP11's two commercial properties and the 11 commercial properties acquired in the Exchange.....	13,000

	\$ 666,000
	=====
* Cost of operations - mini-warehouses has been decreased to eliminate the cost of operations with respect to the 11 mini-warehouse facilities and two properties that combine mini-warehouse and commercial space given up through the Exchange.....	\$ (434,000)
	=====
* Cost of managing facilities has been decreased to eliminate the historical cost of managing the two PSP11 commercial properties and the 11 commercial properties acquired in the Exchange, such costs are reclassified to cost of operations - commercial properties.....	\$ (13,000)
	=====

</TABLE>

PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Nine Months Ended September 30, 1998
(Unaudited)

<TABLE>		<C>
<S>		
* A pro forma adjustment has been made to depreciation expense to:		
* Eliminate the historical depreciation expense of PSP11's facilities.....	\$ (248,000)	
* Record depreciation expense based on the acquired cost of the remaining PSP11 facilities (\$47,553,000 cost, 20% allocated to land, the remaining cost allocated to buildings, depreciated straight-line over 25 years).....	316,000	

	\$ 68,000	
	=====	
* A pro forma adjustment has been made to increase the minority interests' share of income based upon its pro rata ownership interest in the above pro forma adjustments.....	\$ (25,000)	
	=====	

5. Net income per share (PSB Post-Merger Pro Forma) has been computed as follows:

Post-Merger pro forma net income.....	\$ 23,630,000
Post-Merger pro forma weighted average shares (1).....	23,635,650
Pro forma net income per share.....	\$ 1.00

(1)	
Pre-Merger pro forma weighted average shares from Note 3 above.....	22,999,969
Issuance of shares to PSP11's Series A common shareholders (1,713,782 shares less 1,236,690 shares included in the historical amounts).....	477,092
Issuance of shares to PSP11's Series B and C common shareholders (569,656 shares less 411,067 shares included in the historical amounts).....	158,589

Post-Merger pro forma weighted average shares.....	23,635,650
	=====

</TABLE>

NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Nine Months Ended September 30, 1998
(Unaudited)

6. Minority Interest

Minority interest represents ownership interests of OP units in the consolidated Operating Partnership which are not owned by PSB. The OP units, subject to certain conditions of the Operating Partnership Agreement, are convertible into shares of PSB on a one-for-one basis. Pro forma weighted average OP units outstanding during each period owned by minority interests totaled 7,400,951. The following table summarizes the ownership interests:

<TABLE>	
<S>	<C>
Pro forma PSB shares outstanding.....	23,635,650
Pro forma OP units owned by minority interests which are convertible into PSB shares.....	7,400,951

Total PSB shares outstanding assuming conversion of OP units.....	31,036,601
	=====
Percentage ownership of PSB shares outstanding.....	76.2%
Percentage ownership of minority interests.....	23.8%

Total ownership interest.....	100.0%
	=====

</TABLE>

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PS BUSINESS PARKS, INC.
PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Year Ended December 31, 1997
(Unaudited)

<TABLE>
<CAPTION>

PSB					

Pro Forma Adjustments					

	PSB (Historical)	Acquisition of Real Estate from Affiliates (Note 1)	Acquisition of Real Estate from Third Parties (Note 2)	Other Adjustments (Note 3)	PSB Pre-Merger (Pro Forma)
	<C>	<C>	<C>	<C>	<C>

<S>					
Revenues:					
Rental income:					
Commercial properties.....	\$ 30,169,000	\$ 1,038,000	\$ 56,984,000	\$ -	\$ 88,191,000
Mini-warehouse properties.....	-	-	-	-	-
Facility management fees.....	956,000	(52,000)	-	-	904,000
Interest and other income.....	453,000	-	-	(453,000)	-
	-----	-----	-----	-----	-----
	31,578,000	986,000	56,984,000	(453,000)	89,095,000
	-----	-----	-----	-----	-----
Expenses:					
Cost of operations:					
Commercial properties.....	12,330,000	363,000	14,474,000	-	27,167,000
Mini-warehouse properties.....	-	-	-	-	-
Cost of managing facilities.....	189,000	(12,000)	-	-	177,000
Depreciation and amortization....	5,195,000	92,000	15,474,000	-	20,761,000
General and administrative.....	1,461,000	-	-	300,000	1,761,000
Interest expense.....	1,000	-	3,030,000	1,562,000	4,593,000
	-----	-----	-----	-----	-----
	19,176,000	443,000	32,978,000	1,862,000	54,459,000
	-----	-----	-----	-----	-----
Income (loss) before minority interest in income.....	12,402,000	543,000	24,006,000	(2,315,000)	34,636,000
Minority interest in income (Note 7).....	(8,566,000)	-	-	(251,000)	(8,817,000)
Net income (loss).....	\$ 3,836,000	\$ 543,000	\$ 24,006,000	\$ (2,566,000)	\$25,819,000
	=====	=====	=====	=====	=====
Net income per share (Note 4 and 6):					
Basic.....	\$ 1.23				\$ 1.21
	=====				=====
Diluted.....	\$ 1.23				\$ 1.21
	=====				=====
Weighted average shares (Note 4 and 6):					
Basic.....	3,116,688				21,352,212
	=====				=====
Diluted.....	3,128,688				21,352,212
	=====				=====

</TABLE>
<TABLE>
<CAPTION>

Pro Forma
Merger
Adjustments

Exchange of

	PSP11 (Historical)	Real Estate Facilities (Note 5)	PSB Post-Merger (Pro Forma)
<S>	<C>	<C>	<C>
Revenues:			
Rental income:			
Commercial properties.....	\$ 1,418,000	\$8,008,000	\$ 97,617,000
Mini-warehouse properties.....	6,143,000	(6,143,000)	-
Facility management fees.....	-	(471,000)	433,000
Interest and other income.....	82,000	-	82,000
	-----	-----	-----
	7,643,000	1,394,000	98,132,000
	-----	-----	-----
Expenses:			
Cost of operations:			
Commercial properties.....	682,000	3,271,000	31,120,000
Mini-warehouse properties.....	2,082,000	(2,082,000)	-
Cost of managing facilities.....	-	(93,000)	84,000
Depreciation and amortization....	1,198,000	324,000	22,283,000
General and administrative.....	201,000	-	1,962,000
Interest expense.....	-	-	4,593,000
	-----	-----	-----
	4,163,000	1,420,000	60,042,000
	-----	-----	-----
Income (loss) before minority interest in income.....	3,480,000	(26,000)	38,090,000
Minority interest in income (Note 7).....	-	(248,000)	(9,065,000)
Net income (loss).....	\$ 3,480,000	\$ (274,000)	\$ 29,025,000
	=====	=====	=====
Net income per share (Note 4 and 6):			
Basic.....			\$ 1.23
			=====
Diluted.....			\$ 1.23
			=====
Weighted average shares (Note 4 and 6):			
Basic.....			23,635,650
			=====
Diluted.....			23,635,650
			=====

</TABLE>
See Accompanying Notes to Pro Forma Consolidated Statement of Income.

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PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Year Ended December 31, 1997
(Unaudited)

1. Acquisition of Real Estate From Affiliates

On April 1, 1997, the Operating Partnership acquired four commercial properties (the "Acquired Properties") from PSI in exchange for 1,480,968 OP units.

The following pro forma adjustments have been made to the pro forma consolidated statement of income to reflect the operations of these properties as if such properties had been owned and operated by PSB throughout the entire period presented:

<S>	<C>
* Rental income has been increased to reflect:	
* the pro forma rental income as if the acquired properties were owned by PSB throughout the entire period presented.....	\$ 4,127,000
* less the portion of rental income with respect to these properties already included in PSB's historical amounts.....	(3,089,000)

	\$ 1,038,000
	=====
* Facility management fee income has been decreased to eliminate PSB's historical management fee income (5% of rental income) with respect to the commercial properties acquired on April 1, 1997, as such fee is not collected on owned facilities.....	\$ (52,000)
	=====
* Cost of operations has been increased to reflect:	
* the pro forma cost of operations as if the acquired properties were owned by PSB throughout the entire period presented.....	\$ 1,227,000
* less the cost of operations with respect to these properties already included in PSB's historical amounts.....	(905,000)
* The above adjustment excludes facility management fees, accordingly, a pro forma adjustment has been made to reflect the actual cost of management..	41,000

	\$ 363,000
	=====

* Cost of managing facilities has been decreased to eliminate the costs associated with the management fee income with respect to the properties acquired on April 1, 1997. The reduction in management fee income will result in a reduction in cost of operations with respect to facility management.....	\$ (12,000)
=====	
* Depreciation has been increased to reflect the incremental depreciation of the commercial properties acquired on April 1, 1997.....	\$ 92,000
=====	

</TABLE>

PS BUSINESS PARKS, INC.

NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Year Ended December 31, 1997
(Unaudited)

2. Acquisition of Real Estate From Third Parties

- * On July 31, 1997, PSB acquired two commercial properties (the "Baldon Properties") from an unaffiliated third party for an aggregate cost of approximately \$33,310,000 in cash. PSB raised the cash for this acquisition by issuing 2,025,769 shares of PSB Common Stock primarily to PSI for cash totaling \$33,800,000.
- * On September 24, 1997, PSB acquired a commercial property (the "Largo Property") from an unaffiliated third party for an aggregate cost of approximately \$10,283,000, consisting of cash totaling \$9,959,000 and the issuance of 14,384 OP units having a value of approximately \$324,000.
- * On December 10, 1997, PSB acquired a commercial property (the "Northpointe Property") from an unaffiliated third party for an aggregate cost of approximately \$3,854,000, consisting of cash totaling \$3,554,000 and the issuance of 13,111 OP units having a value of approximately \$300,000.
- * On December 24, 1997, PSB completed a transaction whereby PSB issued 1,785,007 OP units and 3,504,758 shares of PSB common stock to a subsidiary of a state pension fund. The subsidiary of the state pension fund, through a merger and contribution, transferred six commercial properties (the "Acquiport Properties") valued at approximately \$118,655,000 and \$1,000,000 in cash to PSB. PSB incurred \$3,300,000 in transaction costs. On January 9, 1998, the subsidiary of the state pension fund exercised its option to convert its OP units into shares of PSB common stock on a one-for-one basis.
- * On January 13, 1998, PSB acquired a commercial property (the "Ammendale Property") from an unaffiliated third party for an aggregate cost of approximately \$22,518,000, consisting of cash totaling \$22,325,000 and the issuance of 8,428 OP units having a value of approximately \$193,000.
- * In March 1998, PSB acquired two commercial properties (the "March Acquisition Properties") from unaffiliated third parties for an aggregate cost of approximately \$32,916,000, consisting of cash totaling \$17,377,000, the issuance of 44,250 OP units having a value of approximately \$1,013,000 and the assumption of existing mortgage notes payable of \$14,526,000.
- * On May 4, 1998, PSB acquired 29 commercial properties (the "Principal Properties") from an unaffiliated third party for an aggregate cost of approximately \$190.5 million in cash. PSB financed the acquisition costs through the use of available cash, proceeds from the issuance of common stock in May 1998 and borrowings from an affiliate.
- * On June 11, 1998, PSB acquired two commercial properties (the "Northpointe Properties") from an unaffiliated third party for an aggregate cost of approximately \$7,323,000, consisting of cash totaling \$3,442,000, the issuance of 8,882 OP units having a value of approximately \$203,000 and the assumption of existing mortgage notes payable of \$3,678,000.
- * On June 17, 1998, PSB acquired a commercial property (the "Gunston Property") from an unaffiliated third party for an aggregate cost of approximately \$21,820,000, consisting of cash totaling \$10,049,000 and the assumption of an existing mortgage note payable of \$11,771,000.
- * On September 30, 1998, PSB acquired a commercial property (the "Spectrum 95 Property") from an unaffiliated third party for an aggregate cost of approximately \$8,473,000, consisting of cash totaling \$8,317,000 and the issuance of 6,540 OP units having a value of approximately \$156,000.
- * On November 4, 1998, PSB acquired a newly developed commercial property (the "Royal Tech 15 Property") from an unaffiliated third party for an aggregate cost of approximately \$6,880,000 in cash.

Operations commenced subsequent to the period presented. Thus, no pro forma adjustments have been made to the statement of income.

- * On December 31, 1998, PSB acquired six commercial properties and proposed to acquire six additional commercial properties and two newly developed properties (collectively referred to as the "Hill Properties") from an unaffiliated third party for an aggregate cost of approximately \$42,897,000, consisting of cash totaling \$34,224,000 and the assumption of an existing mortgage note payable of \$8,673,000.
- * On December 31, 1998, PSB acquired a commercial property (the "Las Plumas Property") from an unaffiliated third party for an aggregate cost of approximately \$17,250,000 in cash.

PS BUSINESS PARKS, INC.
 NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
 For The Year Ended December 31, 1997
 (Unaudited)

The following pro forma adjustments have been made to the pro forma consolidated statement of income to reflect the operations of these properties as if such properties had been owned and operated by PSB throughout the entire period presented:

<u><S></u>		<u><C></u>
*	Rental income has been increased to reflect:	
	* the pro forma rental income as if the acquired properties were owned by PSB throughout the entire period presented:	
	Baldon Properties.....	\$ 6,570,000
	Largo Property.....	1,343,000
	Northpointe Property.....	631,000
	Acquiport properties.....	14,813,000
	Ammendale Property.....	2,883,000
	March Acquisitions.....	3,916,000
	Principal Properties.....	19,861,000
	Northpointe Properties.....	930,000
	Gunston Property.....	2,299,000
	Spectrum 95 Property.....	850,000
	Hill Properties.....	3,742,000
	Las Plumas Property	2,278,000
	* less the rental income with respect to these properties already included in PSB's historical amounts.....	(3,132,000)
		\$ 56,984,000
		=====
*	Cost of operations has been increased to reflect:	
	* the pro forma cost of operations as if the acquired properties were owned by PSB throughout the entire period presented:	
	Baldon Properties.....	\$ 2,280,000
	Largo Property.....	367,000
	Northpointe Property.....	125,000
	Acquiport Properties.....	3,059,000
	Ammendale Property.....	640,000
	March Acquisitions.....	1,089,000
	Principal Properties.....	4,160,000
	Northpointe Properties.....	176,000
	Gunston Property.....	383,000
	Spectrum 95 Property.....	183,000
	Hill Properties.....	847,000
	Las Plumas Property.....	470,000
	* less the cost of operations with respect to these properties already included in PSB's historical amounts.....	(1,157,000)
	* plus a pro forma adjustment to reflect additional estimated personnel cost to manage the facilities and property taxes.....	1,852,000
		\$ 14,474,000
		=====

PS BUSINESS PARKS, INC.
 NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
 For The Year Ended December 31, 1997
 (Unaudited)

<u><S></u>		<u><C></u>
*	Depreciation has been increased to reflect a year of incremental depreciation expense.....	\$ 15,474,000

	*	Interest expense has been increased to reflect the historical interest expense for the period presented with respect to the assumption of mortgage notes payable.....	\$ 3,030,000
3.	Other Adjustments		
	*	A pro forma adjustment has been made to decrease interest and other income to reflect the reduction in average cash balances.....	\$ (453,000)
	*	A pro forma adjustment has been made to increase general and administrative expense to reflect additional costs with respect to payroll as PSB hires acquisition and executive personnel.....	\$ 300,000
	*	Interest expense has been adjusted to reflect additional interest expense as a result of borrowings from the line of credit.....	\$ 1,562,000
	*	A pro forma adjustment has been made to increase the minority interests' share of income based upon its pro rata ownership interest in the above pro forma adjustments.....	\$ (251,000)

</TABLE>

PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Year Ended December 31, 1997
(Unaudited)

4. Net income per share (PSB Pre-Merger Pro Forma) has been computed as follows:

	<u><S></u>		<u><C></u>
	Historical net income.....		\$ 3,836,000
	Historical weighted average shares.....		3,116,688
	Historical net income per share.....		\$ 1.23
	Pro forma net income.....		\$ 25,819,000
	Pro forma weighted average shares (1).....		21,352,212
	Pro forma net income per share.....		\$ 1.21

	(1)		
	Historical weighted average shares.....		3,116,688
	Adjusted for:		
	Issuance of shares in July 1997 in connection with property acquisitions (2,025,769 shares less 851,507 included in the historical amounts).....		1,174,262
	Issuance of shares to subsidiary of a state pension fund on December 24, 1997 (3,504,758 shares less 67,399 shares included in the historical amounts).....		3,437,359
	Issuance of shares to subsidiary of a state pension fund in connection with conversion of OP units into shares.....		1,785,008
	Issuance of shares in connection with the exercise of stock options		39,021
	Pro forma issuance of shares to institutional investors.....		6,774,074
	Pro forma issuance of shares to the public		5,025,800
	Total Pre-Merger pro forma weighted average shares.....		21,352,212
	=====		

</TABLE>

PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Year Ended December 31, 1997
(Unaudited)

5. Pro Forma Merger Adjustments - Exchange of Real Estate Facilities:

Concurrent with the Merger, PSP11 exchanged 11 mini-warehouses and two properties that combine mini-warehouse and commercial space for 11 commercial properties owned by PSI.

<TABLE>	<S>	<C>
	* Rental income - commercial properties has been increased to reflect the rental income with respect to the 11 commercial properties received through the Exchange.....	\$ 8,008,000 =====
	* Rental income - mini-warehouses has been decreased to eliminate the rental income with respect to the 11 mini-warehouse facilities and two properties that combine mini-warehouse and commercial space given up through the Exchange.....	\$ (6,143,000) =====
	* A pro forma adjustment has been made to facility management fees to:	
	* eliminate the historical facility management fees related to 11 commercial properties acquired in the Exchange as such fee will no longer be charged to these properties as PSB will own them.....	\$ (400,000)
	* eliminate the historical facility management fees related to the two commercial properties of PSP11 acquired in the Merger.....	(71,000) -----
		\$ (471,000) =====
	* A pro forma adjustment has been made to cost of operations to:	
	* eliminate historical management fees paid to PSB to manage PSP11's two commercial properties which are included in historical amounts and as a result of the Merger will no longer be incurred.....	\$ (71,000)
	* reflect the cost of operations of the 11 commercial properties acquired in the Exchange (before cost of management).....	3,249,000
	* reflect the cost of management for PSP11's two commercial properties and the 11 commercial properties acquired in the Exchange.....	93,000 -----
		\$ 3,271,000 =====
	* Cost of operations - mini-warehouses has been decreased to eliminate the cost of operations with respect to the 11 mini-warehouse facilities and two properties that combine mini-warehouse and commercial space given up through the Exchange.....	\$ (2,082,000) =====
	* Cost of managing facilities has been decreased to eliminate the historical cost of managing the two PSP11 commercial properties and the 11 commercial properties acquired in the Exchange, such costs are reclassified to cost of operations - commercial properties.....	\$ (93,000) =====

</TABLE>

PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Year Ended December 31, 1997
(Unaudited)

<TABLE>	<S>	<C>
	* A pro forma adjustment has been made to depreciation expense to reflect the:	
	* Eliminate the historical depreciation expense of PSP11's facilities.....	\$ (1,198,000)
	* Record depreciation expense based on the acquired cost of the remaining PSP11 facilities (\$47,553,000 cost, 20% allocated to land, the remaining cost allocated to buildings, depreciated straight-line over 25 years).....	1,522,000 -----
		\$ 324,000 =====
	* A pro forma adjustment has been made to increase the minority interests' share of income based upon its pro rata ownership interest in the above pro forma adjustments.....	\$ (248,000) =====

</TABLE>

PS BUSINESS PARKS, INC.
NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Year Ended December 31, 1997
(Unaudited)

6. Net income per share (PSB Post-Merger Pro Forma) has been computed as follows:

<TABLE>	
<S>	<C>
Post-Merger pro forma net income.....	\$ 29,025,000
Post-Merger pro forma weighted average shares (1)	23,635,650
Pro forma net income per share.....	\$ 1.23

(1)	
Pre-Merger pro forma weighted average shares from Note 4 above.....	21,352,212
Issuance of shares to PSP11's Series A common shareholders	1,713,782
Issuance of shares to PSP11's Series B and C common shareholders.....	569,656

Post-Merger pro forma weighted average shares.....	23,635,650
	=====

7. Minority interest

Minority interest represents ownership interests of OP units in the consolidated Operating Partnership which are not owned by PSB. The OP units, subject to certain conditions of the Operating Partnership Agreement, are convertible into shares of PSB on a one-for-one basis. Pro forma weighted average OP units outstanding during each period owned by minority interests totaled 7,400,951. The following table summarizes the ownership interests:

Pro forma PSB shares outstanding.....	23,635,650
Pro forma OP units owned by minority interests which are convertible into PSB shares	7,400,951

Total PSB shares outstanding assuming conversion of OP units.....	31,036,601
	=====
Percentage ownership of PSB shares outstanding.....	76.2%
Percentage ownership of minority interests.....	23.8%

Total ownership interest.....	100.0%
	=====

</TABLE>

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-48313) of PS Business Parks, Inc., pertaining to the PS Business Parks, Inc. 1997 Stock Option and Incentive Plan, and the Registration Statement on Form S-3 (No. 333-50463) and the related prospectus of (i) our report dated February 23, 1998 except for Note 9 as to which the date is March 18, 1998, with respect to the consolidated financial statements of PS Business Parks, Inc. (successor to American Office Park Properties, Inc.) included in the Current Report on Form 8-K/A dated April 17, 1998 of PS Business Parks, Inc., (ii) our report dated April 21, 1998 on the combined statement of revenues and certain operating expenses of the Principal Properties for the year ended December 31, 1997 included in the Current Report on Form 8-K dated May 4, 1998 of PS Business Parks, Inc., (iii) our report dated August 26, 1998 on the combined statement of revenues and certain expenses of the Northpointe D and G Properties for the year ended December 31, 1997 included in the Current Report on Form 8-K/A dated September 30, 1998 of PS Business Parks, Inc., (iv) our report dated August 6, 1998 on the statement of revenues and certain expenses of the Gunston Property for the year ended December 31, 1997 included in the Current Report on Form 8-K/A dated September 30, 1998 of PS Business Parks, Inc., (v) our report dated September 21, 1998 on the statement of revenues and certain operating expenses of the Spectrum 95 Property for the year ended December 31, 1997 included in the Current Report on Form 8-K/A dated September 30, 1998 of PS Business Parks, Inc., (vi) our report dated January 7, 1999 on the combined statement of revenues and certain expenses of the Hill Properties for the year ended December 31, 1997 included in the Current Report on Form 8-K/A dated December 31, 1998 of PS Business Parks, Inc. and (vii) our report dated January 22, 1999 on the statement of revenues and certain operating expenses of the Las Plumas Property for the year ended December 31, 1997 included in the Current Report on Form 8-K/A dated December 31, 1998 of PS Business Parks, Inc.

/s/ ERNST & YOUNG LLP

Los Angeles, California
February 16, 1999