

NEWS RELEASE

PS Business Parks, Inc.
701 Western Avenue
P.O. Box 25050
Glendale, CA 91221-5050
www.psbusinessparks.com

**PS Business Parks, Inc. (AMEX:PSB) announced operating results
for the first quarter ending March 31, 1998**

For Release: Immediately
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Contact: Mr. Harvey Lenkin
Phone: (818) 244-8080

GLENDALE, California-Ronald L. Havner, Jr., President of PS Business Parks, Inc. (AMEX: PSB), announced today operating results for the first quarter ending March 31, 1998.

Net income for the three months ended March 31, 1998 was \$4,330,000 (\$0.38 per common share on a diluted basis) compared to \$682,000 (\$0.31 per common share on a diluted basis) for the same period in 1997, representing an increase of \$3,648,000. Revenues for the three months ended March 31, 1998 increased to \$14,788,000 compared to \$6,081,000 for the same period in 1997, representing an increase of \$8,707,000. The significant increase in revenues and net income for the three months ended March 31, 1998 compared to the same period in 1997 was primarily the result of the acquisition of additional real estate facilities during 1997 and 1998 and improved Same Park operations.

Funds from operations for the three months ended March 31, 1998 allocable to the common shareholders were \$5,725,000, or \$0.50 per common share on a diluted basis compared to \$907,000, or \$0.41 per common share on a diluted basis for the same period in 1997.

Property operations

In order to evaluate the performance of the Company's overall portfolio, management analyzes the operating performance of a consistent group of properties representing 51 properties in which the Company currently has an ownership interest (herein referred to as the "Same Park" facilities) and have been managed by the Company for at least the past three years. The following table summarizes the pre-depreciation historical operating results of the Same Park facilities:



1. Operations for the three months ended March 31, 1998 and 1997 represent the historical operations of the 51 properties, however; the Company did not own all of the properties throughout the periods presented and therefore such operations are not reflected in the Company's historical operating results. All such properties were owned at March 31, 1998.
2. The Company does not utilize straight-line accounting in recording rental revenues.
3. Assumes payment of management fee equal to 5% of revenues on all facilities, including those facilities while owned by the Company for which no fee is paid.
4. Gross margin is computed by dividing property net operating income by rental revenues.
5. Realized rent per square foot represents the actual revenue earned per occupied square foot.

Equity placement

During the first quarter, the Company entered into a private common stock equity offering of \$155 million or 6,774,500 shares with a group of institutional investors. The offering was a staged funding, with \$50 million funded during the first quarter and the balance, \$105 million, funded on May 6, 1998 in connection with an acquisition of seven commercial facilities.

The Company's articles of incorporation generally limit ownership of the Company's stock to 2% without the consent of the Board of Directors. This restriction is designed to preserve the Company's tax status as a real estate investment trust (REIT). The Board of Directors approved a waiver which permits certain qualified institutional investors to acquire up to 7% of the Company's stock.

Property acquisitions

During the first three months of 1998, PSB acquired three commercial properties from third parties for an aggregate cost of \$55.4 million, consisting of cash totaling \$39.6 million, assumption of debt totaling \$14.5 million and the issuance of operating partnership units. Two of the properties are located in Maryland (562,000 net rentable square feet) and one property is located in Virginia (149,000 net rentable square feet).

On March 17, 1998, PSB completed a merger with an affiliate, Public Storage Properties XI, Inc. The aggregate cost of the merger was approximately \$48.4 million. In connection with the merger, PSB acquired a total of 13 properties (841,000 net rentable square feet).

As previously announced, on May 4, 1998, the Company acquired seven commercial properties (2.3 million net rentable square feet) for an aggregate cost of approximately \$190 million in cash. The Company financed the acquisition with the proceeds from the issuance of \$105 million of Common Stock pursuant to the equity placement committed to in the first quarter of 1998 and borrowed approximately \$80 million from an affiliate.

Distributions declared

A \$0.25 per common share quarterly dividend was declared by the Board of Directors on May 7, 1998. This reflects a decrease from \$0.34 per common share which was paid to the previous shareholders of Public Storage Properties XI, Inc.

The Board of Directors has established a distribution policy to maximize the retention of operating cash flow and only distribute the minimum amount required for the Company to maintain its tax status as a real estate investment trust.

Distributions are payable on June 30, 1998 to shareholders of record as of the close of business on June 15, 1998.

PSB is a self-advised and self-managed equity real estate investment trust specializing in the ownership, management and acquisition of business parks containing office "flex" space. PSB is the successor entity, via a merger which occurred on March 17, 1998 between American Office Park Properties, Inc., a private real estate investment trust, principally owned by Public Storage, Inc. and Public Storage Properties XI. PSB has interests in 72 commercial properties (approximately 10 million net rentable square feet) located in 11 states, primarily California, Texas, Oregon and Virginia. Additional financial data attached.

**PS BUSINESS PARKS, INC.
Computation of Funds from Operations
(Unaudited)**



1. Funds from operations ("FFO") is a term defined by the National Association of Real Estate Investment Trust ("NAREIT") by which real estate investment trusts ("REITs") may be compared. It is generally defined as net income before depreciation and extraordinary items

