

NEWS RELEASE

PS Business Parks, Inc.
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**PS Business Parks, Inc. (AMEX:PSB) announced operating results
for the second quarter ending June 30, 1998**

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GLENDALE, California-Ronald L. Havner, Jr., President of PS Business Parks, Inc. (AMEX: PSB), announced today operating results for the second quarter ending June 30, 1998.

Funds from operations for the three months ended June 30, 1998 were \$14,171,000, or \$0.54 per common share/OP Unit (26,122,000 weighted average shares/units) on a diluted basis compared to \$4,569,000, or \$0.48 per common share/OP Unit (9,426,000 weighted average shares/units) on a diluted basis for the same period in 1997.

Net income for the three months ended June 30, 1998 was \$7,046,000 (\$0.38 per common share on a diluted basis) compared to \$795,000 (\$0.36 per common share on a diluted basis) for the same period in 1997, representing an increase of \$6,251,000. Revenues for the three months ended June 30, 1998 increased to \$21,911,000 compared to \$7,316,000 for the same period in 1997, representing an increase of \$14,595,000. The significant increase in revenues and net income for the three months ended June 30, 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 six months ended June 30, 1998 were \$23,615,000, or \$1.05 per common share/OP Unit (22,460,000 weighted average shares/units) on a diluted basis compared to \$7,884,000, or \$0.91 per common share/OP Unit on (8,863,000 weighted average shares/units) a diluted basis for the same period in 1997.

Net income for the six months ended June 30, 1998 was \$11,376,000 (\$0.76 per common share on a diluted basis) compared to \$1,477,000 for the same period in 1997, representing an increase of \$9,899,000. Revenues for the six months ended June 30, 1998 increased to \$36,699,000 compared to \$13,397,000 for the same period in 1997 representing an increase of \$23,302,000. The significant increase in revenues and net income for the six months ended June 30, 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.

During May, 1998, PSB borrowed funds from an affiliate in order to complete an acquisition. Proceeds from subsequently funded equity offerings were used to repay this borrowing. For the period that the borrowings were outstanding, PSB benefited from the difference between the cost of equity capital and the cost of the borrowing. This non-recurring difference resulted in an increase in FFO per share of approximately \$.01.

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 and six months ended June 30, 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 June 30, 1998.

2. Rental revenues do not include effect of straight line accounting.

3. Gross margin is computed by dividing property net operating income by rental revenues.

4. Realized rent per square foot represents the actual revenues earned per occupied square foot.

Equity Offerings

In May 1998, PSB completed two common stock offerings, raising equity capital totaling approximately \$118.9 million. In the first offering, PSB sold 4,000,000 newly issued common shares to BancAmerica Robertson Stephens, underwriter, resulting in approximately \$95.2 million of net proceeds. These shares were subsequently re-sold to various institutional investors. A portion of the proceeds were used to retire debt incurred in the \$190 million property portfolio acquisition. In

the second offering, PSB sold 1,025,800 newly issued common shares to PaineWebber Incorporated, resulting in approximately \$23.7 million of net proceeds. The shares were included in the PaineWebber Equity Trust, REIT Series 1. During the first quarter, the Company entered into a private common stock equity offering of \$155 million or 6,774,074 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 28 commercial facilities.

Property acquisitions

As previously announced, on May 4, 1998, the Company acquired 28 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. The borrowings were repaid with the proceeds from the May, 1998 Common Stock Offering

In addition, during the second quarter of 1998, the Company acquired three properties (approximately 343,000 net rentable square feet) for an aggregate cost of approximately \$29,100,000 million. The cost of the acquisition was comprised of \$13,449,000 in cash, \$15,448,000 in debt assumption and \$203,000 in OP units.

Additions to Management Team

During the second quarter, the Company expanded its senior management team with the addition of Jack Corrigan as Vice President and Chief Financial Officer and Michael Lynch as Vice President and Director of Acquisitions and Development. Jack Corrigan was Vice President and Controller of Storage Equities, Inc. (the predecessor of Public Storage, Inc.) through February 1991. Since that time he has been a partner in the accounting firm of La Rue, Corrigan and McCormick. Michael Lynch has been Vice President of Acquisitions for Nottingham Properties since 1995 and has 16 years of real estate acquisition and development experience.

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 has interests in 97 commercial properties (approximately 10.2 million net rentable square feet) located in 11 states, primarily California, Texas, Oregon and Virginia.

Additional financial data attached.

**PS BUSINESS PARKS, INC.
SELECTED FINANCIAL DATA
(Unaudited)**



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

