NEWS RELEASE

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PS Business Parks, Inc. ("PSB") announces FFO of $0.61 per share for the second quarter of 1999 compared to $0.54 in 1998, an increase of 13.0%. PSB also announces "Same Park" net operating income growth of 11.1%.

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GLENDALE, California - PS Business Parks, Inc. (AMEX: PSB), announced today operating results for the second quarter ending June 30, 1999.

Net income for the second quarter was $9.4 million on revenues of $31.2 million compared to net income of $7.0 million on revenues of $21.9 million for the same period in 1998. Net income per share on a diluted basis was $0.40 and $0.38 for the second quarter of 1999 and 1998, respectively. Net income for the six months ended June 30, 1999 was $18.8 million on revenues of $60.5 million compared to net income of $11.4 million on revenues of $36.7 million for the same period in 1998. Net income per share on a diluted basis was $0.79 and $0.76 for the six months ended June 30, 1999 and 1998, respectively.

Funds from operations ("FFO") before minority interest for the second quarter of 1999 were $19.1 million or $0.61 per share/OP unit compared to $14.2 million or $0.54 per share/OP unit for the same period in 1998. This represents an increase of 13.0% in FFO per share based on 31.1 million and 26.1 million weighted average shares/OP units outstanding during the second quarter of 1999 and 1998, respectively. FFO before minority interest for the six months ended June 30, 1999 was $37.5 million or $1.20 per share/OP unit compared to $23.6 million or $1.05 per share/OP unit for the same period in 1998. This represents an increase of 14.3% in FFO per share based on 31.1 million and 22.5 million weighted average shares/OP units outstanding for the six months ended June 30, 1999 and 1998, respectively. The growth in total FFO and on a per share basis is due to the performance of the Company's "Same Park" operations (see below) combined with income from acquisitions made during 1998 and 1999. The Company's "Same Park" operations continued to benefit from strong demand resulting in increased rates and occupancies. The Company also continues to rationalize its cost structure through improving economies of scale and operating efficiencies, resulting in improving gross margins.

Property Operations

In order to evaluate the performance of the Company's overall portfolio, management analyzes the operating performance of a consistent group of 62 properties (7.2 million net rentable square feet). These 62 properties in which the Company currently has an ownership interest (herein referred to as the "Same Park" facilities) have been managed by the Company since January 1998. The following tables summarize the pre-depreciation historical operating results of the "Same Park" facilities in addition to information on the entire portfolio, excluding the effects of accounting for rental income on a straight-line basis. The "Same Park" facilities represent approximately 62% of the square footage of the Company's portfolio at June 30, 1999.

Preferred Stock/Unit Offerings

As previously announced, in April 1999, the Company completed a private placement of preferred OP units and a public offering of depositary shares representing fractional interests in perpetual preferred stock resulting in net proceeds totaling $65.7 million. The net proceeds from the placement of preferred OP units, completed April 23, 1999 were approximately $12.5 million and the preferred OP units have a preferred distribution rate of 8 7/8% on a stated value of $12.75 million. The preferred OP units have equivalent terms to those of perpetual preferred stock. Net proceeds from the public perpetual preferred stock offering completed April 30, 1999 were $53.2 million, and the preferred stock has a dividend rate of 9 1/4% on a stated value of $55 million. Proceeds from the issuances were used to pay off borrowings from an affiliate and a portion was used to repay a mortgage note payable of approximately $11 million. The remaining proceeds have been used for investment in real estate.

Financial Condition

The Company continued to maintain financial strength and flexibility. The Company has approximately $300 million of preferred stock capacity. The following are the Company's key financial ratios with respect to its leverage.

Rating Agencies Announce Credit Ratings

As previously announced, during April 1999, Moody's Investor Services, Standard & Poor's and Duff & Phelps Credit Rating Co. announced implied investment grade ratings for the Company's senior unsecured credit. In addition, the agencies announced ratings on the Company's preferred stock issuance of Ba1 from Moody's Investor Services, BB+ from Standard & Poor's and BBB- from Duff & Phelps Credit Rating Co. Interested investors should review separate public announcements from each agency regarding their rating rationale.

Property Acquisitions

The Company acquired approximately 372,000 square feet of commercial space for an aggregate cost of approximately $38 million during the second quarter of 1999. These acquisitions increased the Company's presence in existing markets, which the Company believes have the characteristics necessary for long-term growth. These acquisitions were comprised of 75,000 square feet adjacent to the Company's existing park in Austin, Texas, 297,000 square feet in Northern Virginia and a 6.4 acre parcel of land adjacent to the Northern Virginia acquisition. The Company realized $82,000 in rental income and $58,000 in net operating income from these acquisitions during the quarter.

Through the first six months of 1999, the Company added 711,000 square feet to its portfolio. The cost of these acquisitions was approximately $62 million. The acquisitions added square footage to each of the Company's existing core markets. The Company acquired 306,000 square feet in Texas at an aggregate cost of approximately $22 million and 405,000 square feet in the Northern Virginia/Maryland market at an aggregate cost of approximately $40 million.

Subsequent to quarter end, the Company acquired a 211,000 square foot office/flex building in Sacramento, California near its existing flex properties at a cost of approximately $17 million.

Development

The Company continued to develop office and flex properties that are located within or adjacent to existing parks. The properties are being developed using the expertise of local development companies on a fee basis. In June 1999, the Company completed a 61,000 square foot flex facility in its Las Colinas park, located in the Dallas area. In July 1999, the Company completed a 70,000 square foot office building in its Woodside park located in the Portland area. There has been no pre-leasing on either development, however leasing activity is strong and management expects mature occupancy levels by the end of the first quarter in 2000. Interest expense of $225,000 and $410,000 for the three and six months ended June 30, 1999 was capitalized as part of building costs associated with these properties.

In addition, the Company began development of a 136,000 square foot flex building in Northern Virginia. This building is expected to be completed at a cost of approximately $8 million during the second quarter of 2000.

Company Information

PSB is a self-advised and self-managed equity real estate investment trust specializing in the ownership, management, acquisition and development of business parks containing office "flex" space. As of July 30, 1999, PSB had interests in 123 commercial properties (approximately 12.0 million net rentable square feet) and over 3,200 tenants located in 11 states, concentrated primarily in California (4,408,000 sq. ft.), Texas (2,857,000 sq. ft.), Oregon (1,172,000 sq. ft.), Virginia (1,612,000 sq. ft.) and Maryland (1,104,000 sq. ft.).

Forward-Looking Statements

When used within this press release, the words "expects," "believes," "anticipates," "should," "estimates," and similar expressions are intended to identify "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results and performance of the Company to be materially different from those expressed or implied in the forward-looking statements. Such factors include the impact of competition from new and existing commercial facilities which could impact rents and occupancy levels at the Company's facilities, the