NEWS RELEASE

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PS Business Parks, Inc. announces FFO of $0.62 per share for the third quarter of 1999 compared to $0.54 in 1998, an increase of 14.8%. PSB also announces "Same Park" net operating income growth of 12.8%.

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

Net income for the third quarter of 1999 was $9.4 million or $0.40 per share on revenues of $33.3 million compared to net income $9.7 million or $0.41 per share on revenues of $26.3 million for the same period in 1998. Net income for the nine months ended September 30, 1999 was $28.2 million or $1.19 per share on revenues of $93.8 million compared to net income of $21.1 million or $1.17 per share on revenues of $63.0 million for the same period in 1998.

Funds from operations ("FFO") for the third quarter of 1999 were $19.4 million or $0.62 per share compared to $16.7 million or $0.54 per share for the same period in 1998. This represents an increase of 14.8% in FFO per share based on 31.2 million and 31.1 million weighted average shares outstanding during the third quarter of 1999 and 1998, respectively. FFO for the nine months ended September 30, 1999 was $56.8 million or $1.83 per share compared to $40.3 million or $1.59 per share for the same period in 1998. This represents an increase of 15.1% in FFO per share based on 31.1 million and 25.4 million weighted average shares outstanding for the nine months ended September 30, 1999 and 1998, respectively.

The growth in FFO 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 60% of the square footage of the Company's portfolio at September 30, 1999.

Preferred Unit Offerings

The Company continued to pursue its financial strategy of injecting leverage into the balance sheet through the issuance of perpetual preferred stock and units. In addition, the Company continues to maintain the financial flexibility to be able to take advantage of opportunities. From April 23, 1999 through September 23, 1999, the Company raised approximately $188 million of perpetual preferred stock and preferred operating partnership units in four separate transactions with a weighted average distribution rate of approximately 8.93%.

These issuances included two transactions in April totaling approximately $68 million and two separate private placements of preferred operating partnership units totaling $120 million in September 1999. These financings position the Company for continued growth in a period of uncertainty in the capital markets. Subsequent to the September placements, the Company had approximately $119 million of cash available for investment. Proceeds from the issuances were used to pay off borrowings from an affiliate of approximately $28 million and a mortgage note payable of approximately $11 million. On November 12, 1999, the Company intends to prepay a mortgage note payable of approximately $8.5 million.

Financial Condition

The Company continued to maintain financial strength and flexibility. The following are the Company's key financial ratios with respect to its leverage.

Line of Credit Extension

The Company's line of credit, which was scheduled to expire in August 2000, has been extended through August 2002. Total line origination fees were $300,000, which were paid during the third quarter. Borrowings under the renewed line of credit will bear interest at LIBOR plus 1.00% (previously LIBOR plus 0.80%).

Property Acquisitions

The Company continues to build its presence in existing markets with a disciplined approach to acquisitions.

During the third quarter of 1999, the Company acquired a 211,000 square foot office/flex building in Sacramento, California for approximately $17 million. The Company realized $430,000 in rental income and $301,000 in net operating income from this acquisition during the quarter.

During the nine months ended September 30, 1999, the Company added 922,000 square feet to its portfolio at a cost of approximately $80 million. These acquisitions increased the Company's presence in existing markets, which the Company believes have the characteristics necessary for long-term growth. The Company acquired 306,000 square feet in Texas for approximately $23 million, 405,000 square feet in the Northern Virginia/Maryland market for approximately $40 million and 211,000 square feet in Northern California for approximately $17 million.

Development

The Company continues 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. During the third quarter, the Company began development of a 136,000 square foot flex building in Northern Virginia. In addition, the Company began development of a 22,000 square foot building in Portland, Oregon, which is 50% pre-leased to an existing tenant in the park. These developments are expected to be completed during the fourth quarter of 2000 at an aggregate cost of approximately $16 million. Interest expense of $174,000 and $585,000 for the three and nine months ended September 30, 1999 was capitalized as part of building costs associated with these properties and completed developments.

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 was no pre-leasing on either development. In August 1999, the Dallas facility was 100% leased to facilitate the expansion of an existing tenant. There is substantial activity at the Portland facility and management expects stabilized occupancy levels by the end of the first quarter in 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 October 31, 1999, PSB had interests in 123 commercial properties (approximately 12.0 million net rentable square feet) and over 3,500 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" within the meaning of that term in Section 27A of the Securities Exchange Act of 1933, as amended, and in Section 21F of the Securities Exchange Act of 1934, as amended. 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 Company's ability to evaluate, finance, and integrate acquired and developed properties into the Company's existing operations; the Company's ability to effectively compete in the markets that it does business in; the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing Real Estate Investment Trusts; the impact of general economic conditions upon rental rates and occupancy levels at the Company's facilities; and the availability of permanent capital at attractive rates.

Additional financial data attached.