News Release

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PS Business Parks, Inc. announces FFO of $0.63 per share for the fourth quarter of 1999 compared to $0.55 in 1998, an increase of 14.5%. PSB also announces "Same Park" net operating income growth of 11.0%.

Glendale, California - PS Business Parks, Inc. (AMEX: PSB), announced today operating results for the fourth quarter and year ending December 31, 1999.

Net income allocable to common shareholders for the fourth quarter of 1999 was $9.6 million or $0.41 per diluted share on revenues of $34.8 million compared to net income allocable to common shareholders of $8.3 million or $0.35 per diluted share on revenues of $27.3 million for the same period in 1998. Net income allocable to common shareholders for the year ended December 31, 1999 was $37.8 million or $1.60 per diluted share on revenues of $128.6 million compared to net income allocable to common shareholders of $29.4 million or $1.51 per diluted share on revenues of $90.3 million for the same period in 1998. The 1999 results include an extraordinary loss on early extinguishment of debt. Excluding the effects of this item, net income per diluted share for the three months and year ended December 31, 1999 was $0.42 and $1.61, respectively.

Funds from operations ("FFO") for the fourth quarter of 1999 were $19.5 million or $0.63 per share compared to $17.1 million or $0.55 per share for the same period in 1998. This represents an increase of 14.5% in FFO per share based on 31.1 million weighted average shares outstanding. FFO for the year ended December 31, 1999 were $76.4 million or $2.45 per share compared to $57.4 million or $2.14 per share for the same period in 1998. This represents an increase of 14.5% in FFO per share based on 31.1 million and 26.8 million weighted average shares outstanding for the year ended December 31, 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.

Beginning with the first quarter of 2000, the Company will add 48 properties acquired in 1998 totaling approximately four million square feet to its "Same Park" facilities. These properties will have been owned and operated for the comparable periods and will provide a more comprehensive analysis of the portfolio's operations. In addition, the Company will subtract two properties totaling approximately 392,000 square feet that it plans to sell during the next twelve months. The "Same Park" facilities will then total 10.8 million square feet and represent approximately 87% of the square footage of the Company's year end portfolio.

"Same Park" Facilities (62 Properties)

	Three Months Ended December 31,		
	1999	1998	Change
Rental income [1]	$ 18,616,000	$ 17,367,000	7.2%
Cost of operations	5,894,000	5,908,000	(0.2%)
Net operating income	$ 12,722,000	$ 11,459,000	11.0%
Gross margin [2]	68.3%	66.0%	2.3%
Weighted average for period:			
Occupancy	96.4%	96.2%	0.2%
Annualized realized rent per sq. ft. [3]	$10.73	$10.02	7.1%

	Year Ended December 31,		
	1999	1998 [4]	Change
Rental income [1]	$ 72,641,000	$ 67,191,000	8.1%
Cost of operations	22,838,000	22,491,000	1.5%
Net operating income	$ 49,803,000	$ 44,700,000	11.4%
Gross margin [2]	68.6%	66.5%	2.1%
Weighted average for period:			
Occupancy	96.5%	94.5%	2.0%
Annualized realized rent per sq. ft. [3]	$10.45	$9.87	5.9%

(1) Rental income does not include the effect of straight-line accounting.

(2) Gross margin is computed by dividing property net operating income by rental income.

(3) Realized rent per square foot represents the actual revenues earned per occupied square foot.

(4) Operations for the year ended December 31, 1998 represent the historical operations of the 62 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 effective March 17, 1998.

Total Portfolio Statistics

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	Change
Rental income [1]	$ 31,920,000	$ 25,699,000	24.2%
Cost of operations	8,940,000	7,712,000	15.9%
Net operating income	$ 22,980,000	$ 17,987,000	27.8%
Gross margin [2]	72.0%	70.0%	2.0%
Weighted average for period:			
Square footage [3]	11,860,000	10,362,000	14.5%
Occupancy	96.3%	96.5%	(0.2)%
Annualized realized rent per sq. ft.[4]	$11.18	$10.28	8.7%

	Year Ended December 31, 1999	Year Ended December 31, 1998	Change
Rental income [1]	$121,920,000	$ 86,234,000	41.4%
Cost of operations	34,891,000	26,073,000	33.8%
Net operating income	$ 87,029,000	$ 60,161,000	44.7%
Gross margin [2]	71.4%	69.8%	1.6%
Weighted average for period:			
Square footage [3]	11,547,000	9,065,000	27.4%
Occupancy	96.4%	95.6%	0.8%
Annualized realized rent per sq. ft.[4]	$10.95	$9.95	10.1%

(1) Rental income does not include the effect of straight-line accounting.

(2) Gross margin is computed by dividing property net operating income by rental income.

(3) Square footage excludes new developments placed in service.

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

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.

	Three Months Ended December 31, 1999
Ratio of FFO to fixed charges (1)	26.9x
Ratio of FFO to fixed charges and preferred distributions (2)	4.8x
Debt and Preferred Equity to Total Market Capitalization (based on the common stock price of $22 ¾ at December 31, 1999)	24%
Available under line of credit at December 31, 1999	$100 million

(1) Fixed charges include interest expense of $495,000 and capitalized interest of $405,000.

(2) Preferred distributions includes amounts paid to preferred shareholders of $1,272,000 and preferred OP unitholders of $2,920,000.

On November 12, 1999, the Company prepaid a mortgage note payable of approximately $8.5 million. The prepayment penalty of $195,000 (net of minority interest) is included as an extraordinary item for the three months and year ended December 31, 1999.

Property Acquisitions

The Company continues to build its presence in existing markets by acquiring high quality facilities in those markets. The Company targets properties with below market rents which offer the Company the ability to achieve economies of scale resulting in more efficient operations.

During the fourth quarter of 1999, the Company acquired 377,000 square feet of flex buildings in the Metro submarket of Phoenix, Arizona and the Westchase submarket of Houston, Texas for approximately $23 million. The property in Phoenix, Arizona is adjacent to the I-17 and a large regional mall. The property in Houston, Texas is near the Sam Houston Parkway. This area is commonly referred to as the "Energy Corridor."

During the year ended December 31, 1999, the Company added approximately 1.3 million square feet to its portfolio for an aggregate cost of approximately $103 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 483,000 square feet in Texas for approximately $32 million, 405,000 square feet in the Northern Virginia/Maryland market for approximately $41 million, 211,000 square feet in Northern California for approximately $17 million and 200,000 square feet in Arizona for approximately $13 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. During the third quarter, the Company began development of a 136,000 square foot flex building in the Chantilly submarket of Northern Virginia. This development is expected to be shell complete in the fourth quarter of 2000 at a cost of approximately $12 million. In addition, the Company began development of a 22,000 square foot building in the Beaverton submarket of Portland, Oregon, which is 50% pre-leased to an existing tenant in the park. This development is expected to be shell complete in the second quarter of 2000 at a cost of approximately $4 million.

In June 1999, the Company completed a 61,000 square foot flex facility located in its park in the Las Colinas submarket of Dallas, Texas. In July 1999, the Company completed a 66,000 square foot office building in its Woodside Business Park located in the Beaverton submarket of Portland Oregon, adjacent to existing facilities of approximately 400,000 square feet. 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. As of March, 2000, the Beaverton facility was approximately 83% leased.

Subsequent to year end, the Company acquired 21 acres of land in the Las Colinas submarket of Dallas, Texas which is just east of the Dallas Ft. Worth International Airport with frontage along I-635 (LBJ Freeway). The Company will develop 200,000 square feet of single story brick and glass office flex properties in two phases for an estimated cost of $24 million. The first phase of approximately 100,000 square feet is expected to be shell complete by September 2000. The second phase will commence upon lease up of the first phase.

Interest expense of $405,000 and $989,000 for the three months and year ended December 31, 1999, respectively, was capitalized as part of building costs associated with these properties and completed developments.

Planned Property Dispositions

Certain properties have been identified as not meeting the Company's ongoing investment strategy and have been designated for sale in 2000. These properties are currently being marketed. The Company anticipates net proceeds of approximately $20 million. There is no assurance that the sale will be consummated or that the Company will realize the estimated net proceeds.

Management Changes

The Company has recently expanded the executive ranks of its operating group with the hiring of Stephen King as Regional/Divisional officer for its Western Division (primarily California) and the promotion of Eileen Newkirk to Divisional officer for its Pacific Northwest division (primarily Oregon and Washington). Mr. King joins the Company with a background of 17 years in the commercial real estate business, including pension advisory, property management, third party management and owner/fee development. Most recently, Mr. King has been responsible for client management with the RREEF Funds. Ms. Newkirk has been with the Company for approximately four years and has had direct responsibility for the Company's portfolio in the Pacific Northwest since September 1998. Ms. Newkirk has 12 years of experience in the commercial real estate field, including third party property management, fee development and facilities management for a high tech company.

Company Information

PSB is a self-advised and self-managed equity real estate investment trust specializing in the ownership, management, acquisition, development and redevelopment of business parks containing principally office "flex" space. The Company defines "flex" space as buildings that are configured with a combination of office and warehouse space and can be designed to fit an almost limitless number of uses (including office, assembly, showroom, laboratory, light manufacturing and warehouse under one roof). As of December 31, 1999, PSB had interests in 125 commercial properties (approximately 12.4 million net rentable square feet) with approximately 3,800 customers located in 11 states, concentrated primarily in California (4,408,000 sq. ft.), Texas (3,034,000 sq. ft.), Oregon (1,169,000 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 information about PS Business Parks, Inc. including the financial analysis of the fourth quarter's operating results is available on the Internet. The Company's web site is http:\\\www.psbusinessparks.com.

Additional financial data attached.

PS BUSINESS PARKS, INC.
Selected Financial Data
(Unaudited)

	At December 31, 1999	At December 31, 1998
Balance Sheet Data:	(Unaudited)	
Cash and cash equivalents	$ 74,220,000	$ 6,068,000
Construction in progress	$ 8,616,000	$ 7,716,000
Properties held for sale, net	$ 14,235,000	$ -
Real estate facilities, before accumulated depreciation	$ 830,401,000	$ 712,938,000
Total assets	$ 903,741,000	$ 709,414,000
Total debt	$ 37,066,000	$ 50,541,000
Minority interest – common units	$ 157,199,000	$ 153,015,000
Minority interest – preferred units	$ 132,750,000	$ -
Perpetual preferred stock	$ 55,000,000	$ -
Common shareholders' equity	$ 500,531,000	$ 489,905,000
Total common shares outstanding at period end	23,645,000	23,636,000
Total common shares outstanding, assuming conversion of all Operating Partnership units into common stock	31,089,000	31,037,000

PS BUSINESS PARKS, INC.
Selected Financial Data
(Unaudited)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	1999	1998	1999	1998
Revenues:				
Rental income	$ 32,783,000	$ 26,861,000	$125,327,000	$ 88,320,000
Facility management fees from affiliates	120,000	89,000	471,000	529,000
Interest and other income	1,930,000	334,000	2,815,000	1,411,000
	34,833,000	27,284,000	128,613,000	90,260,000
Expenses:				
Cost of operations	8,940,000	7,712,000	34,891,000	26,073,000
Cost of facility management	24,000	28,000	94,000	77,000
Depreciation and amortization	8,121,000	7,487,000	29,762,000	18,908,000
General and administrative	814,000	644,000	3,153,000	2,233,000
Interest expense	495,000	625,000	3,153,000	2,361,000
	18,394,000	16,496,000	71,053,000	49,652,000
Income before minority interest and extraordinary item	16,439,000	10,788,000	57,560,000	40,608,000
Minority interest in income – preferred units	(2,920,000)	-	(4,156,000)	-
Minority interest in income – common units	(2,421,000)	(2,512,000)	(11,954,000)	(11,208,000)
Income before extraordinary item	11,098,000	8,276,000	41,450,000	29,400,000
Loss on early extinguishment of debt, net of minority interest	(195,000)	-	(195,000)	-
Net income	$ 10,903,000	$ 8,276,000	$ 41,255,000	$ 29,400,000
Net income allocation:				
Allocable to preferred shareholders	$ 1,272,000	$ -	$ 3,406,000	$ -
Allocable to common shareholders	9,631,000	8,276,000	37,849,000	29,400,000
	$ 10,903,000	$ 8,276,000	$ 41,255,000	$ 29,400,000
Net income per common share – basic:				
Income before extraordinary item	$ 0.42	$ 0.35	$ 1.61	$ 1.52
Extraordinary loss, net of minority interest	(0.01)	-	(0.01)	-
Net income	$ 0.41	$ 0.35	$ 1.60	$ 1.52
Net income per common share – diluted:				
Income before extraordinary item	$ 0.42	$ 0.35	$ 1.61	$ 1.51
Extraordinary loss, net of minority interest	(0.01)	-	(0.01)	-
Net income	$ 0.41	$ 0.35	$ 1.60	$ 1.51
Weighted average common shares outstanding:				
Basic	23,645,000	23,636,000	23,641,000	19,361,000
Diluted	23,704,000	23,699,000	23,709,000	19,429,000

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

	Three Months Ended December 31,		Year Ended December 31,	
	1999	1998	1999	1998
Net income allocable to common shareholders	$ 9,631,000	$ 8,276,000	$37,849,000	$29,400,000
Extraordinary item, net of minority interest	195,000	-	195,000	-
Depreciation and amortization	8,121,000	7,487,000	29,762,000	18,908,000
Minority interest in income – common units	2,421,000	2,512,000	11,954,000	11,208,000
Less straight line rent adjustment	(863,000)	(1,162,000)	(3,407,000)	(2,086,000)
Consolidated FFO allocable to common shareholders	$19,505,000	$17,113,000	$76,353,000	$57,430,000
Computation of Diluted FFO per Common Share (1):				
Consolidated FFO allocable to common shareholders	$19,505,000	$17,113,000	$76,353,000	$57,430,000
Weighted average common shares outstanding	23,645,000	23,636,000	23,641,000	19,361,000
Weighted average common OP units outstanding	7,443,000	7,401,000	7,428,000	7,383,000
Dilutive effect of stock options	59,000	63,000	68,000	68,000
Weighted average common shares and OP units for purposes of computing fully-diluted FFO per common share	31,147,000	31,100,000	31,137,000	26,812,000
Fully diluted FFO per common share	$ 0.63	$ 0.55	$ 2.45	$ 2.14
Computation of Funds Available for Distribution ("FAD") (2)				
Consolidated FFO allocable to common shareholders	$19,505,000	$17,113,000	$76,353,000	$57,430,000
Less capitalized expenditures:				
Maintenance capital expenditures	(1,758,000)	(1,259,000)	(3,911,000)	(3,376,000)
Tenant improvements	(1,698,000)	(2,670,000)	(5,555,000)	(5,258,000)
Capitalized lease commissions	(734,000)	(654,000)	(2,213,000)	(1,979,000)
Total capitalized expenditures	(4,190,000)	(4,583,000)	(11,679,000)	(10,613,000)
FAD	$15,315,000	$12,530,000	$64,674,000	$46,817,000
FAD per share/OP unit	$ 0.49	$ 0.40	$ 2.08	$ 1.75

(1) Funds from operations ("FFO") is a term defined by the National Association of Real Estate Investment Trusts, Inc. ("NAREIT") by which real estate investment trusts ("REITs") may be compared. It is generally defined as net income before depreciation and extraordinary items. FFO computations do not factor out the REIT's requirement to make either capital expenditures or principal payments on debt. The Company excludes straight line rent adjustments to more accurately reflect cash flow from real estate operations. Other REITs may not exclude these adjustments in computing FFO.

(2) Funds available for distribution ("FAD") is computed by deducting recurring capital expenditures, tenant improvements and capitalized leasing commissions from FFO.