News Release

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

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Contact:	Mr. Jack Corrigan (818) 244-8080, Ext. 663

PS Business Parks, Inc. announces FFO of $0.70 per share for the second quarter of 2000 compared to $0.61 in 1999, an increase of 14.8%. PSB also announces "Same Park" net operating income growth of 9.0%.

Glendale, California - PS Business Parks, Inc. (AMEX: PSB), announced today operating results for the second quarter and six months ending June 30, 2000.

Net income allocable to common shareholders for the second quarter of 2000 was $10.2 million or $0.44 per diluted share on revenues of $38.0 million compared to net income allocable to common shareholders of $9.4 million or $0.40 per diluted share on revenues of $31.2 million for the same period in 1999. Net income allocable to common shareholders for the six months ended June 30, 2000 was $19.7 million or $0.84 per diluted share on revenues of $73.9 million compared to net income allocable to common shareholders of $18.8 million or $0.79 per diluted share on revenues of $60.5 million for the same period in 1999.

Funds from operations ("FFO") for the second quarter of 2000 were $21.6 million or $0.70 per share compared to $19.1 million or $0.61 per share for the same period in 1999. This represents an increase of 14.8% in FFO per share based on 30.8 million and 31.1 million weighted average shares outstanding during the second quarter of 2000 and 1999, respectively. FFO for the six months ended June 30, 2000 were $41.9 million or $1.35 per share compared to $37.5 million or $1.20 per share for the same period in 1999. This represents an increase of 12.5% in FFO per share based on 30.9 million and 31.1 million weighted average shares outstanding for the six months ended June 30, 2000 and 1999, respectively.

The growth in FFO is due to the performance of the Company's "Same Park" operations (see below) combined with income from acquisitions and developments made or completed during 1999 and 2000. The Company's "Same Park" operations continued to benefit from strong demand resulting in increased rental rates and continued high occupancies. The Company also continues to rationalize its cost structure through improving economies of scale and operating efficiencies, resulting in continued improvement in operating 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 107 properties (10.5 million net rentable square feet). These 107 properties in which the Company currently has an ownership interest (herein referred to as the "Same Park" facilities) have been owned and operated by the Company for the comparable periods. These properties do not include planned dispositions or properties that have been sold during the year. The "Same Park" facilities represent approximately 86% of the square footage of the Company's portfolio at June 30, 2000.

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.

“Same Park” Facilities (107 Properties)

	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999	Change
Rental income [1]	$ 30,225,000	$ 28,191,000	7.2%
Cost of operations	8,068,000	7,867,000	2.6%
Net operating income	$ 22,157,000	$ 20,324,000	9.0%
Gross margin [2]	73.3%	72.1%	1.2%
Weighted average for period:			
Occupancy	97.3%	96.9%	0.4%
Annualized realized rent per occupied sq. ft.[3]	$11.79	$11.04	6.8%

	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999	Change
Rental income [1]	$ 58,728,000	$ 54,929,000	6.9%
Cost of operations	15,840,000	15,406,000	2.8%
Net operating income	$ 42,888,000	$ 39,523,000	8.5%
Gross margin [2]	73.0%	72.0%	1.0%
Weighted average for period:			
Occupancy	97.1%	96.9%	0.2%
Annualized realized rent per occupied sq. ft.[3]	$11.48	$10.76	6.7%

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(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.

Total Portfolio Statistics

	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999	Change
Rental income [1]	$ 35,820,000	$ 30,003,000	19.4%
Cost of operations	10,118,000	8,655,000	16.9%
Net operating income	$ 25,702,000	$ 21,348,000	20.4%
Gross margin [2]	71.8%	71.2%	0.6%
Weighted average for period:			
Square footage [3]	12,474,000	11,310,000	10.3%
Occupancy	96.9%	96.5%	0.4%
Annualized realized rent per occupied sq. ft.[4]	$11.85	$11.00	7.8%

	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999	Change
Rental income [1]	$ 69,243,000	$ 58,369,000	18.6%
Cost of operations	19,670,000	17,031,000	15.5%
Net operating income	$ 49,573,000	$ 41,338,000	19.9%
Gross margin [2]	71.6%	70.8%	0.8%
Weighted average for period:			
Square footage [3]	12,388,000	11,268,000	9.9%
Occupancy	96.7%	96.6%	0.1%
Annualized realized rent per occupied sq. ft.[4]	$11.56	$10.72	7.8%

(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 for the three months ended June 30, 2000.

Ratio of FFO to fixed charges [1]	39.6x
Ratio of FFO to fixed charges and preferred distributions [2]	5.4x
Debt and Preferred Equity to Total Market Capitalization (based on the common stock price of $24 1/64 at June 30, 2000)	23%
Available under line of credit at June 30, 2000	$100 million

(1) Fixed charges include interest expense of $370,000 and capitalized interest of $290,000.

(2) Preferred distributions include amounts paid to preferred shareholders of $1,272,000 and preferred OP unitholders of $2,921,000.

Interest in Pacific Gulf Properties ("PAG")

The Company owns approximately one million shares of PAG common stock representing an investment of approximately $20 million. PAG recently announced the disposition of its industrial portfolio and the planned disposition of its multi-family portfolio. PAG expects to make a cash distribution to shareholders in the fourth quarter of 2000 of up to $26 per share from the sale proceeds. This would result in net proceeds of approximately $26 million to the Company or $6 million in excess of our original investment. The investment is currently reflected on the balance sheet at $25 million reflecting the fair market value of the stock at June 30, 2000. The unrealized gain is not reflected in net income or FFO. There is no assurance that the Company will realize the estimated net proceeds.

Preferred Unit Offering

On July 12, 2000, the Operating Partnership completed a private placement of 480,000 preferred units with a preferred distribution rate of 8 7/8%. The net proceeds from the placement of preferred units were approximately $11.7 million and will be used for investment in real estate.

Property Dispositions

Certain properties have been identified as not meeting the Company's ongoing investment strategy and have been designated for sale in 2000.

The Company sold three properties for approximately $5.7 million in the second quarter of 2000 at a gain of $97,000. Two additional properties are currently being marketed. There is no assurance that the sales will be consummated or that the Company will realize the estimated net proceeds.

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. The Company has fully leased its completed developments in the Beaverton submarket of Portland, Oregon (66,000 and 22,000 square feet) and the Las Colinas submarket of Dallas, Texas (61,000 square feet). The Company is still developing a 141,000 square foot flex building in the Chantilly submarket of Northern Virginia and a 100,000 square foot flex building in the Las Colinas submarket of Dallas, Texas. The Company intends to develop an additional 100,000 square foot flex building in Las Colinas upon lease-up of the first development. There is no pre-leasing on either of these developments, but leasing activity in these markets is strong.

Interest expense of $290,000 and $688,000 for the three and six months ended June 30, 2000, respectively, was capitalized as part of building costs associated with these properties and completed developments.

Stock Repurchase Program

The Company's Board of Directors has authorized the repurchase from time to time of up to 1,600,000 shares of the Company's common stock on the open market or in privately negotiated transactions. This represents an increase of 600,000 shares over the previous authorization. The Company has repurchased a total of 652,600 shares of common stock at an aggregate cost of approximately $14.8 million through July 31, 2000.

New Business Services

The Company recently expanded its executive group with the hiring of Jeff Reinstein as Vice President, Business Services. Mr. Reinstein will be responsible for creating new revenue opportunities for the Company, which also provide enhanced value to its customer base. Mr. Reinstein will initially focus on opportunities to aggregate the buying power of our customer base and provide our customers with additional products and services. Mr. Reinstein has more than 13 years of experience in the real estate and services business and was previously President and Chief Operating Officer of Barrister Executive Suites, Inc., one of the largest, privately owned full service executive suite companies in the United States.

Distributions Declared

The Board of Directors declared a quarterly dividend of $0.25 per common share. In addition, the Board of Directors declared a quarterly dividend of $0.578125 per share on the depositary shares each representing 1/1,000 of a share of 9 ¼% Cumulative Preferred Stock, Series A. Distributions are payable on September 30, 2000 to shareholders of record as of the close of business on September 15, 2000.

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 June 30, 2000, PSB had interests in 124 commercial properties (approximately 12.3 million net rentable square feet) with approximately 3,500 customers located in 10 states, concentrated primarily in California (4,588,000 sq. ft.), Texas (2,881,000 sq. ft.), Oregon (1,191,000 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 second quarter's operating results is available on the Internet. The Company's web site is www.psbusinessparks.com.

Additional financial data attached.

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

	At June 30, 2000	At December 31, 1999
Balance Sheet Data:	(Unaudited)	
Cash and cash equivalents	$ 48,853,000	$ 74,220,000
Construction in progress	$ 13,707,000	$ 8,616,000
Properties held for disposition, net	$ 17,291,000	$ 14,235,000
Real estate facilities, before accumulated depreciation	$ 857,160,000	$ 830,401,000
Total assets	$ 906,321,000	$ 903,741,000
Total debt	$ 31,362,000	$ 37,066,000
Minority interest – common units	$ 158,546,000	$ 157,199,000
Minority interest – preferred units	$ 132,750,000	$ 132,750,000
Perpetual preferred stock	$ 55,000,000	$ 55,000,000
Common shareholders' equity	$ 502,061,000	$ 500,531,000
Total common shares outstanding at period end	23,204,000	23,645,000
Total common shares outstanding, assuming conversion of all Operating Partnership units into common stock	30,540,000	31,089,000

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2000	1999	2000	1999
Revenues:				
Rental income	$ 36,414,000	$ 30,859,000	$ 70,467,000	$ 59,976,000
Facility management fees from affiliates	129,000	116,000	252,000	230,000
Business services	267,000	-	267,000	-
Interest income	741,000	252,000	2,011,000	264,000
Dividend income	440,000	21,000	858,000	29,000
	37,991,000	31,248,000	73,855,000	60,499,000
Expenses:				
Cost of operations	10,118,000	8,655,000	19,670,000	17,031,000
Cost of facility management	25,000	23,000	50,000	46,000
Cost of business services	64,000	-	64,000	-
Depreciation and amortization	8,898,000	7,314,000	17,274,000	14,047,000
General and administrative	981,000	795,000	1,864,000	1,597,000
Interest expense	370,000	772,000	744,000	1,681,000
	20,456,000	17,559,000	39,666,000	34,402,000
Income before disposition of real estate and minority interest	17,535,000	13,689,000	34,189,000	26,097,000
Gain on disposition of real estate	97,000	-	97,000	-
Income before minority interest	17,632,000	13,689,000	34,286,000	26,097,000
Minority interest in income – preferred units	(2,921,000)	(214,000)	(5,841,000)	(214,000)
Minority interest in income – common units	(3,199,000)	(3,220,000)	(6,190,000)	(6,186,000)
Net income	$ 11,512,000	$ 10,255,000	$ 22,255,000	$ 19,697,000
Net income allocation:				
Allocable to preferred shareholders	$ 1,272,000	$ 862,000	$ 2,544,000	$ 862,000
Allocable to common shareholders	10,240,000	9,393,000	19,711,000	18,835,000
	$ 11,512,000	$ 10,255,000	$ 22,255,000	$ 19,697,000
Net income per common share:				
Basic	$ 0.44	$ 0.40	$ 0.84	$ 0.80
Diluted	$ 0.44	$ 0.40	$ 0.84	$ 0.79
Weighted average common shares outstanding:				
Basic	23,356,000	23,639,000	23,474,000	23,638,000
Diluted	23,428,000	23,716,000	23,537,000	23,709,000

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Net income allocable to common shareholders	$10,240,000	$ 9,393,000	$19,711,000	$18,835,000
Gain on disposition of real estate	(97,000)	-	(97,000)	-
Depreciation and amortization	8,898,000	7,314,000	17,274,000	14,047,000
Minority interest in income – common units	3,199,000	3,220,000	6,190,000	6,186,000
Less straight line rent adjustment	(594,000)	(856,000)	(1,224,000)	(1,607,000)
Consolidated FFO allocable to common shareholders	$21,646,000	$19,071,000	$41,854,000	$37,461,000
Computation of Diluted FFO per Common Share (1):				
Consolidated FFO allocable to common shareholders	$21,646,000	$19,071,000	$41,854,000	$37,461,000
Weighted average common shares outstanding	23,356,000	23,639,000	23,474,000	23,638,000
Weighted average common OP units outstanding	7,336,000	7,415,000	7,390,000	7,412,000
Dilutive effect of stock options	72,000	77,000	63,000	71,000
Weighted average common shares and OP units for purposes of computing fully-diluted FFO per common share	30,764,000	31,131,000	30,927,000	31,121,000
Fully diluted FFO per common share	$ 0.70	$ 0.61	$ 1.35	$ 1.20
Computation of Funds Available for Distribution ("FAD") (2)				
Consolidated FFO allocable to common shareholders	$21,646,000	$19,071,000	$41,854,000	$37,461,000
Less capitalized expenditures:				
Maintenance capital expenditures	(649,000)	(1,213,000)	(1,181,000)	(1,422,000)
Tenant improvements	(1,044,000)	(1,431,000)	(2,074,000)	(2,665,000)
Capitalized lease commissions	(827,000)	(361,000)	(1,492,000)	(878,000)
Total capitalized expenditures	(2,520,000)	(3,005,000)	(4,747,000)	(4,965,000)
FAD	$19,126,000	$16,066,000	$37,107,000	$32,496,000
FAD per share/OP unit	$ 0.62	$ 0.52	$ 1.20	$ 1.04

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(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 and gains on disposition of real estate 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.