

News Release

PS Business Parks, Inc.
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For Release: Immediately
 Date: January 26, 2001
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PS Business Parks, Inc. announced today that the federal income tax treatment for 2000 distributions paid to its common and preferred shareholders, is as follows:

For the tax year ended December 31, 2000, distributions for the common stock and 9 1/4% Cumulative Preferred Stock, Series A were all ordinary income for the first quarter. For the second, third and fourth quarters of 2000, distributions were a combination of ordinary income, long-term capital gain and Unrecaptured Section 1250 Gain.

	2000			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Ordinary Income	100.00%	96.03%	95.79%	78.48%
Long-Term Capital Gain	0.00%	3.97%	4.21%	21.52%
Total	100.00%	100.00%	100.00%	100.00%

A percentage of the long-term capital gain was designated as unrecaptured section 1250 gain for the second, third and fourth quarters of 2000, reported on Form 1099-DIV as follows:

	Percentage of Total Long-Term Capital Gain Distribution			
	2000			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Unrecaptured Section 1250 Gain	0.00%	17.18%	17.18%	3.37%

Alternative minimum tax

Alternative minimum tax adjustments are to be apportioned between a real estate investment trust ("REIT") and its shareholders under Internal Revenue Code Section 59(d). Although regulations have not yet been issued under that provision, based on regulations issued pursuant to a similar provision of prior law and the legislative history of the current provision, it appears that such alternative minimum tax adjustments are to be apportioned to a REIT's shareholders to the extent that the REIT distributes its regular taxable income. It is the Company's policy to distribute all of its regular taxable income and accordingly, all of the Company's alternative minimum tax adjustments are being apportioned to the Company's shareholders.

The Company has determined that 8.19% of each distribution to its shareholders for the tax year ended December 31, 2000 consists of alternative minimum tax adjustments (*i.e.*, for each \$1 of ordinary dividend reportable by a shareholder, 8.19¢ represents an alternative minimum tax adjustment). To determine your share of the Company's alternative minimum tax adjustments, multiply the aggregate dollar amount of your reportable 2000 ordinary dividends from the Company (the sum of the amounts shown in Box 1 of the Company's 1099-DIV) times 8.19%.

If you are an individual, please refer to Internal Revenue Service Form 6251, Alternative Minimum Tax-Individuals. Your share of alternative minimum tax adjustments should be input as a positive amount in Part I, Line 8 (post-1986 depreciation; difference between regular tax and AMT depreciation). If you are a corporation, please refer to Internal Revenue Service Form 4626, Alternative Minimum Tax-Corporations. Your share of alternative minimum tax adjustments should be input as a positive amount in Line 2, letter "a" (depreciation of post-1986 property).

If you have questions, please consult your tax advisor for further guidance.

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).

Additional information about PS Business Parks, Inc. is available on the Internet. The Company’s web site is www.psbusinessparks.com.