

Analysis of Operating Results and Financial Condition

December 31, 2004

ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION FOR THE THREE MONTHS AND TWELVE MONTHS ENDED DECEMBER 31, 2004

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PS BUSINESS PARKS, INC. FOURTH QUARTER FACT SHEET (in thousands, except per share amounts)

			0	PERATING DATA	Α				
		FOR TH	ETH	IREE MONTHS E	NDED)		
	1	12/31/04		12/31/03	Difference		12/31/04	12/31/03	Difference
Total operating revenues	\$	56,151	\$	49,665	13.1%	\$	219,071	\$ 194,735	12.5%
Net income allocable to common shareholders	\$	16,912	\$	6,726	151.4%	\$	29,123	\$ 33,312	(12.6%)
Net income per common share - diluted:									
Continuing operations	\$	0.23	\$	0.32	(28.1%)	\$	0.72	\$ 1.58	(54.4%)
Discontinued operations	\$	0.54	\$	(0.01)	5500.0%	\$	0.60	\$ (0.03)	2100.0%
Net Income	\$	0.77	\$	0.31	148.4%	\$	1.33	\$ 1.54	(13.6%)
Weighted average common shares outstanding - Basic		21,830		21,545	1.3%		21,767	21,412	1.7%
Weighted average common shares outstanding - Diluted		21,993		21,759	1.1%		21,960	21,565	1.8%
Weighted average common OP units outstanding		7,305		7,305	0.0%		7,305	7,305	0.0%
Total pro forma fully-converted shares		29,298		29,064	0.8%		29,265	28,870	1.4%

		FOR TH	IE TI	HREE MONTHS E	NDED	FOR THE YEAR ENDED					
		12/31/04		12/31/03	Difference	12/31/04			12/31/03	Difference	
FFO allocable to common shareholders before adjustments Non - recurring adjustments	\$	25,498 532	\$	25,478	0.1% 100.0%	\$	101,687 532	\$	103,355	(1.6%) 100.0%	
EITF Topic D-42 Impairment provision		-		-	-		(5,005)		- (5,907)	100.0% (100.0%)	
FFO allocable to common shareholders	\$	26,030	\$	25,478	2.2%	\$	97,214	\$	97,448	(0.2%)	
FFO per common share and units - before adjustments FFO per common share and units - as reported	\$ \$	0.87 0.89	\$ \$	0.88 0.88	(1.1%) 1.1%	\$ \$	3.47 3.32		3.58 3.38	(3.1%) (1.8%)	

PROPERTY INFORMATION

		FOR THE	TH	REE MONTHS E	NDED	FOR THE YEAR ENDED						
	12/31/04			12/31/03	Difference	 12/31/04		12/31/03	Difference			
Total Owned Portfolio (1)												
Net rentable square footage at period end		17,849		14,370	24.2%	17,783		14,094	26.2%			
Weighted average occupancy		89.6%		91.9%	(2.5%)	88.9%		92.4%	(3.8%)			
Annualized realized rent per sq. ft. (2)	\$	13.79	\$	14.74	(6.4%)	\$ 13.63	\$	14.74	(7.5%)			
REVPAR (3)	\$	12.36	\$	13.55	(8.8%)	\$ 12.12	\$	13.62	(11.0%)			
Same Park Facilities												
Net rentable square footage		13,726		13,726	0.0%	13,726		13,726	0.0%			
Weighted average occupancy		90.5%		92.6%	(2.3%)	90.5%		92.8%	(2.5%)			
Annualized realized rent per sq. ft. (2)	\$	15.11	\$	14.73	2.6%	\$ 14.79	\$	14.71	0.5%			
REVPAR (3)	\$	13.67	\$	13.64	0.2%	\$ 13.39	\$	13.65	(1.9%)			

Total Owned Portfolio data excludes assets held for disposition.
 Represents the actual revenues earned per occupied square foot.
 Represents the actual revenues earned per total square foot.

		BAI	ANCE SHEET D.	ATA
	 12/31/04		12/31/03	Difference
Total assets	\$ 1,363,829	\$	1,358,861	0.4%
Minority interest - preferred	\$ 127,750	\$	217,750	(41.3%)
Minority interest - common	\$ 169,295	\$	169,888	(0.3%)
Perpetual preferred stock	\$ 510,850	\$	168,673	202.9%
Common shareholders' equity	\$ 506,114	\$	502,155	0.8%
Total common shares outstanding at period end	21,840		21,566	1.3%
Book value per common share	\$ 23.17	\$	23.28	(0.5%)

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 12/31/04		12/31/03	Difference
\$ 1,314,441	\$	1,191,213	10.3%
11,367		264,694	(95.7%)
638,600		386,423	65.3%
\$ 1,964,408	\$	1,842,330	6.6%
\$ 45.10	\$	41.26	9.3%
	12/31/04 \$ 1,314,441 11,367 638,600 \$ 1,964,408	12/31/04 \$ 1,314,441 \$ 11,367 638,600	\$ 1,314,441 \$ 1,191,213 11,367 264,694 638,600 386,423 \$ 1,964,408 \$ 1,964,408 \$

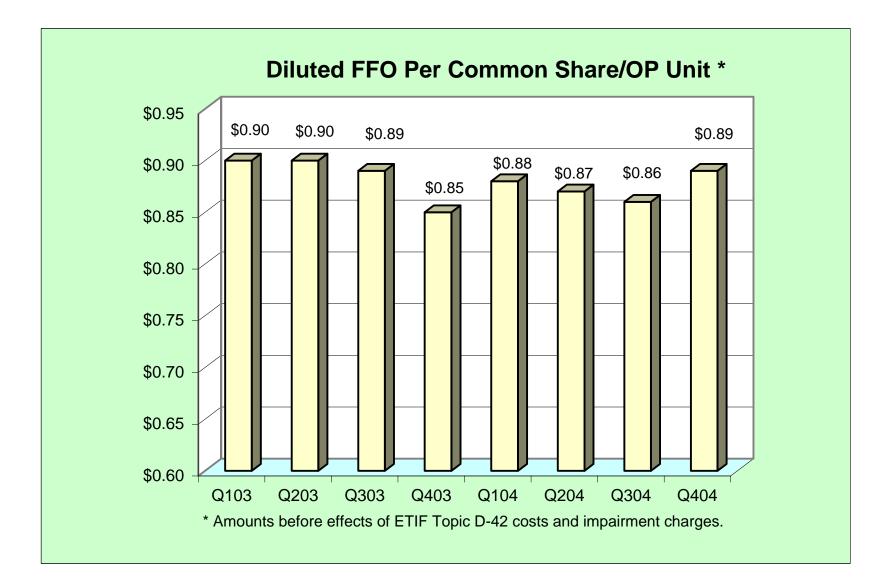
PS BUSINESS PARKS, INC.

Sources and Uses of Funds (in thousands)

Sources of Funds:		Twelve Months Ended December 31, 2004	Twelve Months Ended December 31, 2003
Funds from operations, before EITF Topic D-42 Proceeds from disposition of real estate Proceeds from placement of preferred units, net Issuance of preferred stock, net Exercise of stock options Disposition proceeds from joint venture Proceeds from liquidation of investments Borrowings from an affiliate Borrowings on line of credit Total Sources of Funds	Series J Series H, I, K ,L	\$ 102,219 48,284 41,533 381,130 6,958 - - - 138,000 718,124	\$ 97,448 14,498 - 7,621 2,406 7,600 100,000 95,000 324,573
<u>Uses of Funds:</u>			
Property rennovations Land Held for Development Recurring capital expenditures Acquisition of real estate Early Debt Extinguishment Investment in marketable securities Common dividends and OP distributions Principal payments on mortgage notes payable Redemption of preferred stock Repayments on line of credit Repurchase of common stock Repayment of borrowings from an affiliate Repayment of unsecured note payable Preferred stock shelf registration Change in working capital		(6,310) (234) (43,614) (22,323) (7,717) - (33,748) (610) (185,573) (233,000) - (100,000) (50,000) (101) (1,015)	(15,984) (838) (22,954) (279,137) - (1,396) (33,350) (585) (2,198) - (8,119) - - - - - - - - - - - - - - - - - - -
Total Uses of Funds		(684,245)	(363,576)
Net increase (decrease) in cash balance		33,879	(39,003)
Beginning cash balance		5,809	44,812
Ending cash balance		\$ 39,688	\$ 5,809

PS BUSINESS PARKS, INC. ANALYSIS OF FUNDS FROM OPERATIONS (in thousands except per share amounts)

		Three Months	Ended	In and a d			FOR THE YEAR END	NED	Income	
		12/31/04	12/31/03	Increase	0(01)		FOR THE YEAR ENL	12/31/03	Increase	0/ C 1
		12/31/04	12/31/03	(Decrease)	% Change		12/31/04	12/31/03	(Decrease)	% Change
Funds from operations (FFO):										
Net income allocable to common shareholders	\$	16,912	\$ 6,726	\$ 10,186	151.4%	\$	29,123 \$	33,312	\$ (4,189)	(12.6%)
Adjustments:										
(Gain) loss on disposition of real estate		(15,317)	601	15,918	2648.6%		(15,462)	(2,897)	12,565	433.7%
Depreciation and amortization		18,777	15,870	2,907	18.3%		73,793	59,107	14,686	24.8%
Minority interest in income - common units		5,658	2,281	3,377	148.0%		9,760	11,345	(1,585)	(14.0%)
Gain on sale of marketable securities		-	-	-	0.0%		-	(2,043)	(2,043)	(100.0%)
Equity income from gain on sale of joint venture properties	¢	-	- -	-	0.0%	¢	-	(1,376)	(1,376)	(100.0%)
FFO allocable to common shareholders/unitholders	\$	26,030	\$ 25,478	\$ 552	2.2%	\$	97,214 \$	97,448	\$ (234)	(0.2%)
Weighted average common shares outstanding		21,830	21,545	285	1.3%		21,767	21,412	355	1.7%
Weighted average common OP units outstanding		7,305	7,305	0	0.0%		7,305	7,305	0	0.0%
Weighted average dilutive stock options		163	214	(51)	(23.8%)		193	153	40	26.1%
Total fully-converted shares		29,298	29,064	234	0.8%		29,265	28,870	395	1.4%
Fully diluted FFO per common share/OP unit	\$	0.89	\$ 0.88	\$ 0.01	1.1%	\$	3.32 \$	3.38	\$ (0.06)	(1.8%)
Funds available for distribution (FAD):										
Funds from operations	\$	26,030	\$ 25,478	\$ 552	2.2%	\$	97,214 \$	97,448	\$ (234)	(0.2%)
Adjustments:										
Maintenance capital expenditures		(3,852)	(1,239)	2,613	210.9%		(8,760)	(4,037)	4,723	117.0%
Tenant improvements		(8,428)	(4,794)	3,634	75.8%		(27,388)	(14,030)	13,358	95.2%
Lease commissions		(1,951)	(1,310)	641	48.9%		(7,465)	(4,887)	2,578	52.8%
Straight-line rent		(901)	(819)	82	10.0%		(3,143)	(2,171)	972	44.8%
Stock compensation expense		65	268	(203)	(75.7%)		914	991	(77)	(7.8%)
In-place rents adjustment (SFAS 141)		39	-	39	100%		156	-	156	100%
Impairment charge on properties held for sale		-	-	-			-	5,907	(5,907)	(100.0%)
Redemption amount over carrying amount related to preferred equity called for redemption		-	-				5,005	-	5,005	100.0%
FAD	\$	11,002	\$ 17,584	\$ 7,358	41.8%	\$	56,533 \$	79,221	\$ 20,574	26.0%
FAD per common share/OP unit	¢	0.38	\$ 0.61	\$ (0.23)	(37.7%)	¢	1.93 \$	2.74	\$ (0.81)	(20.6%)
FAD per common share/OP unit	\$	0.38	\$ 0.01	\$ (0.23)	(37.7%)	\$	1.95 \$	2.74	\$ (0.81)	(29.6%)
Cash available for debt repayments and reinvestments:										
FAD	\$	11,002			(37.4%)	\$	56,533 \$	· · · · ·		(28.6%)
Distributions to common shareholders		(6,334)	(6,192)	142	2.3%		(25,264)	(24,774)	490	2.0%
Distributions to common OP unitholders		(2,118)	(2,118)	-	0.0%		(8,474)	(8,472)	2	0.0%
Cash available for debt repayments and reinvestments	\$	2,550	\$ 9,274	\$ (6,724)	(72.5%)	\$	22,795 \$	45,975	\$ (23,180)	(50.4%)



PS BUSINESS PARKS, INC. CAPITAL STRUCTURE (in thousands)

CAPITAL STRUCTURE (in thousands)		As of	December 31, 20	04			As of	December 31, 2	2003	
			% of Total					% of Total		
			Market	WTD Aver	age			Market	WTD Ave	rage
	Tota	al	Capitalization	Rate			Total	Capitalization	Rate	
Long-Term Debt:										
8.190% mortgage note, secured by one commercial property, due March 2007	\$	5,578				\$	5,832			
7.290% mortgage note, secured by one commercial property, due February 2009	Ŧ	5,789				Ŧ	5,924			
7.050% mortgage note, secured by one commercial property, due May 2006		-					7,938			
Total mortgage notes payable(1)		11,367	1%	7.3	3%		19,694	1%	5 7	.46%
Term facility Loan (4.46% @ 12/31/03)		-					50,000			
Total Long-Term Debt		-	-				69,694	4%	5	.31%
								.,.		
Short-Term Debt:							05.000			
\$100 million unsecured line of credit (1.82% @ 12/31/03)		-					95,000			
Notes Payable affiliate		-	00/	0.0	00/		100,000	110/	1	640/
Total Short-Term Debt		-	0%	0.0	0%		195,000	11%) 1	.64%
Total debt		11,367	1%	7.1	3%		264,694	14%	2	.60%
8.875% Series Y preferred operating partnership units (480,000 units outstanding) callable 7/12/05		12,000					12,000			
9.500% Series D preferred stock (2,634,000 depositary shares outstanding) callable 5/10/06		65,850					65,850			
9.250% Series E preferred operating partnership units (2,120,000 units outstanding) callable 9/21/06		53,000					53.000			
8.750% Series F preferred stock (2,000,000 units outstanding) callable 1/28/07		50,000					50,000			
7.950% Series G preferred operating partnership units (800,000 units outstanding) callable 10/30/07		20,000					20,000			
7.000% Series H preferred stock (8,200,000 units outstanding) callable 1/30/09		205,000					-			
6.875% Series I preferred stock (3,000,000 units outstanding) callable 4/21/09		75,000					-			
7.500% Series J preferred operating partnership units (1,710,000 units outstanding) callable 5/27/09		42,750					-			
7.950% Series K preferred stock (2,300,000 units outstanding) callable 6/30/09		57,500					-			
7.600% Series L preferred stock (2,300,000 units outstanding) callable 8/31/09		57,500								
9.250% Series A preferred stock (2,112,900 depositary shares outstanding) called 4/30/04		-					52,823			
8.875% Series B preferred operating partnership units (510,000 units outstanding) called 4/23/04		-					12,750			
8.750% Series C preferred operating partnership units (3,200,000 units outstanding) callable 9/3/04		-					80,000			
8.875% Series X preferred operating partnership units (1,600,000 units outstanding) callable 9/23/04		-					40,000			
Total preferred equity	6	638,600	33%	7.8	0%		386,423	21%	8	.99%
Total debt and preferred equity	6	649,967	33%	7.8	0%	_	651,117	35%	6	.40%
Common stock (21,839,667 and 21,565,528 shares outstanding in December 31, 2004 and December 31, 2003 respectively)	ç	984,969				\$	889,794			
Common operating partnership units (7,305,355 units outstanding as of December 31, 2004 and December 31, 2003)		329,472				-	301,419			
Total common equity (2)		314,441	67%				1,191,213	65%)	
Total market capitalization	\$ 1,9	964,408	100%			\$	1,842,330	100%)	
(1) Principal Maturity Dates are represented by the following chart:			Princip	al Maturity	Datas					

Principal Maturity Dates										
2005	2006	2007	2008	Thereafter						

Park East I & II	\$ 276	\$ 300	\$ 5,002	-	-
Park East III	144	155	167	\$ 179	\$ 5,144
	\$ 420	\$ 455	\$ 5,169	\$ 179	\$ 5,144

(2) Closing stock price was \$45.10 and \$41.26 as of December 31, 2004 and December 31, 2003, respectively.

PS BUSINESS PARKS, INC. CONSOLIDATED BALANCE SHEETS (in thousands)

ASSETS	12/31/04		12/31/03		Increase Decrease)		% Change
Cash and cash equivalents	\$ 39,688		\$ 5,809		\$ 33,879	(a)	583.2%
Real estate facilities, at cost:							
Land	382,908		378,239		4,669		1.2%
Buildings and equipment	 1,187,584		 1,120,579		 67,005		6.0%
	1,570,492		1,498,818		71,674	(b)	4.8%
Accumulated depreciation	 (295,415)		 (223,103)		 72,312		32.4%
	1,275,077		1,275,715		(638)		(0.1%)
Properties held for disposition, net	16,876		49,171		(32,295)	(c)	(65.7%)
Land held for development	 11,583		 11,399		 184		1.6%
	1,303,536		1,336,285		(32,749)		(2.5%)
Rent receivable	2,079	(d)	1,885	(d)	194		10.3%
Deferred rent receivables	15,470	, í	12,929	. ,	2,541		19.7%
Other assets	3,056		1,877		1,179	(e)	62.8%
Intangible assets, net	-		76		(76)		(100.0%)
Total assets	\$ 1,363,829		\$ 1,358,861		\$ 4,968		0.4%
LIABILITIES AND SHAREHOLDERS' EQUITY							
Accrued and other liabilities	\$ 38,453	(f)	\$ 35,701		\$ 2,752		7.7%
Line of credit	-		95,000		(95,000)		(100.0%)
Mortgage notes payable	11,367		11,756		(389)		(3.3%)
Mortgage on asset held for sale	-		7,938		(7,938)		(100.0%)
Notes payable to affiliate	-		100,000		(100,000)		(100.0%)
Unsecured term loan	 -		 50,000		 (50,000)		(100.0%)
Total liabilities	49,820		300,395		(250,575)		(83.4%)
Minority interests:							
Preferred units	127,750		217,750		(90,000)	(g)	(41.3%)
Common units	169,295		169,888		(593)		(0.3%)
Shareholders' equity:							
Preferred stock	510,850		168,673		342,177	(h)	202.9%
Common stock	218		216		2		0.9%
Paid-in capital	420,351		420,778		(427)	(i)	(0.1%)
Cumulative net income	343,529		281,386		62,143		22.1%
Comprehensive loss	-		(535)		535		100.0%
Cumulative distributions	 (257,984)		 (199,690)		 58,294	(k)	29.2%
Total shareholders' equity	 1,016,964	•	 670,828		 346,136		51.6%
Total liabilities and shareholders' equity	\$ 1,363,829	I	\$ 1,358,861		\$ 4,968		0.4%

PS BUSINESS PARKS, INC. CONSOLIDATED BALANCE SHEETS VARIANCE EXPLANATIONS

	See sources and uses of funds on page 2			
(b)	Change in real estate facilities, at cost is due to the following:			24.00
	Property acquisition (includes capitalized acquisition costs) Property reproductions			24,08 6,31
	Property renovations Maintenance capital expenditures			8,76
	Tenant improvements			27,38
	Lease commissions			7,46
	Improvements on properties held for sale			(2,33
				\$ 71,67
(c)	Discontinued operations includes assets identified for sale located in the Company's Miami Portfolio.			
(d)	Rent receivable consists of the following:		12/31/04	12/31/03
	U.S. Government Tenants		\$ 1,132	\$ 1,17
	Acquisitions Same Dark		300	1
	Same Park Allowance for bad debt		1,197 (550)	84 (15
	Anowalice for bad debt		\$ 2,079	\$ 1,88
(n)	Change in other assets is due to the following:			
(e)	Due on rental properties sold			\$ 1,53
	Prepaid Insurance			¢ 1,55 77
	Amortization of prepaid costs			(19
	Pre- Acquiition Costs			(14
	Other Accounts Receivable and Deposit			(64
	Other			(14)
				\$ 1,17
f)	Accrued and other liabilities at December 31, 2004 consists of:	12/31/2004	12/31/2003	Change
(-)	Prepaid Rent	\$ 6,778	8,290	\$ (1,51
	Accounts payable	3,906	927	2,97
	Property taxes	3,109	3,427	(31
	Security deposits	15,220	14,056	1,16
	Accrued interest	-	112	(11
	Reserves for acquisition costs Unrealized loss on interest rate swap	5,051	4,920 534	13 (53
	Other	4,389	3,435	95
		\$ 38,453	35,701	\$ 2,75
(g)	Change in minority interest - preferred units:			
	Redemption of Series B			(12,75
	Issuance of Series J			42,75
	Redemption of Series C and X			(120,00)
a.)				
(h)	Change in preferred stock: Redemption of Series A			(52,82
	Issuance of Series H			205,00
	Issuance of Series I			75,00
	Issuance of Series K			57,50
	Issuance of Series L			57,50 \$ 342,17
(i)	Change in paid-in capital:			
(1)	Beginning paid-in capital			\$ 420,77
	Preferred stock issuance costs			(13,87
	Shelf registration costs			(10
	Redemption of preferred stock (application of EITF Topic D-42)			5,00
	Exercise of stock options			6,95
	Stock option amortization			1,36
	Restricted stock amortization Change in minority interest, common			- 21
	Ending paid in capital			\$ 420,35
	Change in cumulative distributions:			
(j)				
(j)	Distributions to preferred shareholders			\$ (32,61
j)				\$ (32,61 (25,68 \$ (58,29

PS BUSINESS PARKS, INC. CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED (in thousands, except per share amounts)

	1	2/31/04	13	2/31/03		ncrease ecrease)	% Change
	1.	5.00		201/00	(1)	cereasey	70 Chunge
Revenues:							
Rental income	\$	56,042	\$	49,485	\$	6,557 (a)	13.3%
Facility management fees primarily from affiliates Total operating revenues	s	109 56,151	s	180 49,665		(71) 6,486	(39.4%) 13.1%
Total operating revenues	ې	50,151	\$	49,005		0,480	13.170
Expenses:							
Property operations		16,699		14,285		2,414 (b)	16.9%
Depreciation and amortization		18,777		15,489		3,288	21.2%
General and administrative		1,379		1,175 (c)		204	17.4%
Total operating expenses		36,855		30,949		5,906	19.1%
Other income and expenses							
Gain on sale of marketable securities		-		-		-	-
Interest and other income		194		154		40	26.0%
Interest expense		(442)		(1,001) (d)		(559)	(55.8%)
Total other income and expenses		(248)		(847)		(599)	(70.7%)
Income from continuing operations before minority interests							
and equity in income of liquidated joint venture		19,048		17,869		1,179	6.6%
Equity in income of liquidated joint venture		-		-			
Minority interests in continuing operations:							
Minority interest in income - preferred units							
Distributions paid to preferred unit holders		(2,697)		(4,810)		(2,113)	(43.9%)
Redemption of preferred operating partnership units		-		-		-	
Minority interest in income - common units		(1,685)		(2,325)		(640)	(27.5%)
Total minority interests in continuing operation		(4,382)		(7,135)		(2,753)	(38.6%)
Income from continuing operations		14,666		10,734		3,932	36.6%
Discontinued operations:							
Income from discontinued operations		514		428 (e)		86	20.1%
Impairment charge on properties held for sale		-				-	N/A
Gain (loss) on disposition of real estate		15,317		(601)		15,918	2648.6%
Minority interest in (earnings) loss attributable to discontinued							
operations - common units		(3,973)		44		4,017	9129.5%
Income (loss) from discontinued operation		11,858		(129)		11,987	9292.2%
Net Income		26,524		10,605		15,919	150.1%
Net Income allocable to preferred shareholders Preferred distributions							
Preferred distributions paid		9,612		3,879		5,733 (f)	147.8%
Redemptions of preferred stock		-		-		-	N/A
Total preferred distributions		9,612		3,879		5,733	147.8%
Net Income allocable to common shareholder	\$	16,912	\$	6,726	\$	10,186	151.4%
Net meshe anocable to common shareholder	9	10,712	y	0,720	Ψ	10,100	151.470
Net income per common share - basic:							
Continuing operations	\$	0.23	\$	0.32	\$	(0.09)	(28.1%)
Discontinued operations	\$	0.54	\$	(0.01)	\$	0.55	5500.0%
Net Income	\$	0.77	\$	0.31	\$	0.46	148.4%
Net income per common share - diluted							
Continuing operations	\$	0.23	\$	0.32	\$	(0.09)	(28.1%)
Discontinued operations	\$	0.54	\$	(0.01)	\$	0.46	4600.0%
Net Income	\$	0.77	\$	0.31	\$	0.46	148.4%
Weighted average common shares outstanding:							
Basic		21,830		21,545		285 (g)	1.3%
Diluted		21,993		21,759		234	1.1%

	Rental income has increased due to the following:		
	Same Park facilities		\$ 12
	Acquisitions		6,39
	Straight-line rent		3
			\$ 6,557
(b)	Cost of operations have increased due to the following:		
	Same Park facilities		\$ (185
	Acquisitions		2,599
			\$ 2,414
(c)	General and administrative expenses for the three months ended:	December 31, 2004	December 31, 2003
	Salaries	\$ 494	\$ 248
	Bonus Accrual	194	180
	Stock option and stock compensation expense, gross	152	114
	Stock option and stock compensation expense, reversal		
	related to terminated employees	(389)	-
	Professional fees	527	150
	Investor services	90	113
	Internal acquisition costs	61	185
	Other	250	185
		\$ 1,379	\$ 1,175
(d)	Interest expense for the three months ended:		
	1	December 31, 2004	December 31, 2003
	Mortgage notes payable	\$ 326	\$ 369
	Facilities fees & other charges	64	64
	Line of Credit interest (Wells Fargo)	52	-
	Interest Rate Swap Charges		23
	Term Loan Interest (Fleet)	-	32
		\$ 442	\$ 1,001
(e)	Net income from discontinued operations for the three months ended:		
		December 31, 2004	December 31, 2003
	Rental revenue	\$ 1,182	
	Operating expenses	(437)	
	Debt extinguishment costs Depreciation expense	(231)	(381
	Income from discontinued propert	\$ 514	\$ 42
	income from discontinued property	5 514	3 424
(f)	Increase relates to issuance of additional preferred stock .		

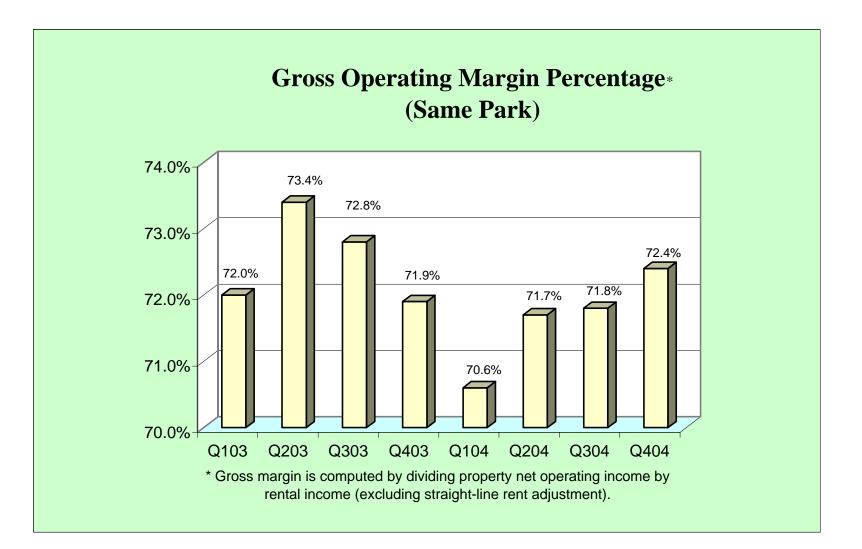
PS BUSINESS PARKS, INC. CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED (in thousands, except per share amounts)

Facility management (ese primarily from affiliate Total operating revenues 123 124 123 1133 (15) Expenses: 64.969 53.410 11.559 (b) 22 Depretion and anomization 72.336 57.436 14.4000 22 Ceneral and administrative 4.628 (c) 4.683 (c) 26.401 22 Other income and expenses - 2.043 (2.043) (100) Interest and other income 406 1.125 (7.19) 63 Interest and other income 406 (1.125 (7.19) 63 Income form continuing operations before minority interest and equity in income of liquidated joint ventur - 2.296 (2.296) (100) Minority interest in condinuing operations Minority interest in condinuing operations - 3.139 10 Minority interest in condinuing operations (13.039) - 3.139 10 Minority interest in condinuing operations (4.8917 49.822 (905) (1 Distributions paid to preferred unit bolder (5.2573) (3.033) (5.260) (7 Inco		12/31/04	12/31/03	Increase (Decrease)	% Change
Facility management fees primarily from affiliate 1.624 1.742 $2.1(18)$ (15) Total operating revenues 64.969 53.410 11.559 (0) 22 Expenses: 64.969 53.410 11.559 (0) 22 Constraint on admonization 72.336 57.436 14.400 22 Constraint expenses 4.628 (c) 4.683 (c) (2.043) (100) Total operating expenses - 2.043 (2.043) (100) Incress and other income and expenses - 2.043 (2.043) (100) Incress and other income and expenses - 2.043 (2.043) (2.043) (2.043) Incress and other income and expenses - 2.043 (2.043) (2.043) (2.248) (2.648) (2.648) (2.648) (2.648) (2.648) (2.648) (2.648) (2.648) (2.648) (2.648) (2.648) (2.296) (100) Minority interest in condinuing operations - 2.296 (2.296) (100) (10,10) (11,10,10) (11,10,10) (11,10,10) (11,10	Revenues:				
Total operating revenues s $219,071$ \overline{s} $194,735$ $24,336$ 125 Expenses: Property operations Depreciation and anomization $72,336$ $57,436$ $14,900$ 22 General and administrative $42,628$ (c) $46,833$ (c) (255) $(26,404)$ 22 Other income and expenses $(40615)(40)$ $(4015)(40)$ (2643) (100) Incress tage of marketable securities $ 20,433$ (2043) (2043) (2043) Incress tage of marketable securities $ 20,433$ (2043) (9661) (33) Incress texpense $(30,54)(40)$ $(4015)(40)$ (9661) (33) Income from continuing operations before minority interest $ 2.296$ (2.296) (100) Minority interest in income - preferred unit $ 2.296$ (2.296) (100) Minority interest in income - common unit (3.528) $(11,593)$ (6.265) (4) Income from continuing operations $48,917$ $49,822$ (905) (11) Incorus (uos) from discontinue operation: $($		\$ 218,447	4	÷ = ., ()	12.6%
Expense: 64.969 53.410 11.559 (b) 22 Deprecious and anorization 72.336 57.436 14.900 22 General and administrative 4.628 (c) 4.633 (c) 15.529 26.404 22 Other income and expenses - 2.043 (2.043) (100) Interest and other income - 2.043 (2.043) (100) Interest and other income and expenses - 2.043 (2.043) (100) (125) (719) (63) Total other income and expenses - 2.043 (2.043) (100) (101)					(15.9%)
Property operations 64.969 53.410 11.559 (b) 22 Depreciation and anomization 72.336 57.436 14.900 22 General and administrative 4.628 (c) 4.638 (c) 4.583 (c) (55) 0.1 Total operating expenses $ 2.043$ (2.043) (100 Interest and other income $ 2.043$ (2.043) (100 Interest expense $ 2.043$ (2.043) (100 Total other income and expenses $ 2.043$ (2.043) (100 Income from continuing operations before minority interest and equity in income of liquidated joint ventur 74.490 78.359 (3.869) $(4$ Equity in income of liquidated joint ventur $ 2.296$ (2.296) $(100$ Minority interests in continuing operations Minority interests in continuing operations (3.339) (3.339) (5.269) (17) Income from continuing operations (4.8917) 49.822 (905) (17) Income from discontinued operation: </td <td>Total operating revenues</td> <td>\$ 219,071</td> <td>\$ 194,735</td> <td>24,336</td> <td>12.5%</td>	Total operating revenues	\$ 219,071	\$ 194,735	24,336	12.5%
Depreciation and amoritzation 72.336 94.400 22 General and administrative 4.628 (c)	Expenses:				
General and administrative 4.628 (c) 4.683 (c) (25) (1) Total operating expenses Gain on sale of marketable securitie: - 2.043 (2.043) (100) Interest and other income and expense: 406 1.125 (11) (63) (2.043) (100) Interest sepense (3.054) (d) (4.015) (d) (961) (2.3) Total other income and expense: (2.648) (3.054) (d) (847) (869) $(4$ Equity in income of liquidated joint ventur 74.490 78.359 (3.869) $(4$ Equity in income of liquidated joint ventur $ 2.296$ (2.296) (100) Minority interests in continuing operations (17.106) (19.240) (2.134) (11) Numority interests in continuing operations (3.5573) (115.93) (2.266) (3.63) Minority interests in continuing operations: (2.5273) (11.933) (2.265) (17) Income from continuing operations: (2.134) $(11,153)$ (2.266) (16) $(5,270)$ (100) </td <td></td> <td></td> <td>, .</td> <td></td> <td>21.6%</td>			, .		21.6%
Total operating expenses $141,933$ $115,529$ $26,404$ 22 Other income and expenses: $-2,043$ $(2,043)$ (100) Increst expense $-2,043$ $(2,043)$ (100) Income from continuing operations before minority interest and equity in income of liquidated joint ventur $-2,296$ $(2,296)$ (100) Minority interests in continuing operations Minority interests in continuing operations $-2,296$ $(2,296)$ (100) Minority interests in continuing operations $(11,593)$ $(2,528)$ $(11,593)$ $(5,260)$ (17) Income from continuing operations $(25,573)$ $(30,833)$ $(5,260)$ (17) Income from continuing operations $48,917$ $49,822$ (905) (1) Income from discontinued operation $-5,5907)$ $(5,907)$ (150) $-5,5907)$ (100) $-2,265$ 433 Income from discontinued operation:					25.9%
Other income and expense: Gain on sale of marketable securitie: Interest and other income Interest sepnese-2.043 406(2.043) (1125(100) (101)Interest sepnese (3.054) (d) (4.015) (d)(961)(23) (23)Total other income and expense: (2.648) (2.648) (347) 1.801 212Income from continuing operations before minority interest and equity in income of liquidated joint ventur 74.490 78.359 (3.869) $(4$ Equity in income of liquidated joint ventur $ 2.296$ (2.296) (100) Minority interest in income - preferred unit (17.106) (19.240) (2.134) (11) (1.523)Minority interest in income - oromon unit (3.159) (3.833) (6.255) (5.2573) Income from continuing operations 48.917 49.822 (905) (17) Income from continuing operations: 					(1.2%) 22.9%
Gain on sale of marketable securitie: - 2.043 (2.043) (100) Interest and other income and expense: 406 1.125 (0) (63) Total other income and expense: (2.648) (847) 1.801 (212) Income from continuing operations before minority interest and equity in income of liquidated joint ventur 74.490 78.359 (3.869) (4) Equity in income of liquidated joint ventur - 2.296 (2.296) (100) Minority interest in income - preferred unit - 2.296 (2.296) (100) Minority interest in income - preferred unit (17.106) (19.240) (2.134) (11) Minority interests in continuing operations $(11,503)$ (6.265) (54) Total minority interests in continuing operations (2.573) (30.833) (5.260) (17) Income from continued operations: 1.25 (2.907) (2.507) (2.036) (6) 70 Income from discontinued operation: 2.196 (6) 2.036 (6) 10 7 Income from discontinued operation: 15.4	1 otai operating expenses	141,933	115,529	26,404	22.9%
Interest and other income Interest sequence 406 (3.054) (3.054)(d) 1.125 (4.015)(d) (719) (63) (4.015)(d) (63) (3.054) (847) Income from continuing operations before minority interest and equity in income of liquidated joint ventur 74,490 78,359 (3,869) (4 Equity in income of liquidated joint ventur 74,490 78,359 (3,869) (4 Equity in income of liquidated joint ventur - 2.296 (2.296) (100) Minority interests in continuing operations Minority interests in continuing operations (17,106) (19,240) (2,134) (11, (13,139) (11,53) (5,260) (17, (17,106) (2,134) (11, (13,139) (11,53) (5,260) (17, (17,106) (2,153) (11,53)					
Interest expense (3.054) (d) (4.015) (d) (23) Total other income and expenses (3.054) (d) (4.015) (d) (23) Income from continuing operations before minority interest and equity in income of liquidated joint ventur 74.490 78.359 (3.869) (4 Equity in income of liquidated joint ventur - 2.296 (2.296) (100) Minority interest in income - preferred unit holders (17,106) (19,240) (2.134) (11) Redemption of preferred unit holders (17,106) (19,240) (2.134) (11) Minority interest in income - oromon unit (5,328) (11,593) (5,260) (11) Minority interest in continuing operations 48,917 49,822 (905) (1 Discontinued operations: - (5,907) (5,907) (5,907) (40,906) 13,047 22 Osion disposition of real estate 13,226 (726) 13,952 1921 Income from discontinued operations: - 62,143 49,096 13,047 22		-			(100.0%)
Total other income and expenses $(2,648)$ (847) 1.801 212 Income from continuing operations before minority interest and equity in income of liquidated joint ventur $74,490$ $78,359$ (3.869) $(4$ Equity in income of liquidated joint ventur $ 2.296$ (2.296) (100) Minority interest in income - preferred unit Distributions paid to preferred unit bolders Redemption of preferred unit holders $(17,106)$ $(19,240)$ $(2,134)$ (11) Minority interest in income - common unit $(5,328)$ $(11,593)$ $(6,265)$ $(5,473)$ Minority interest in come - common unit $(5,260)$ $(17,106)$ $(2,5573)$ $(30,833)$ $(5,260)$ $(17,106)$ Income from continuing operations $48,917$ $49,822$ (905) (11) Income from discontinued operation: $2,196$ (6) $2,036$ (6) $70,070$ $(5,907)$ (100) Discontinued operations: $2,196$ (6) $2,196$ $13,047$ 22 Income from discontinued operation: $15,422$ $2,897$ $12,555$ 433					(63.9%) (23.9%)
Income from continuing operations before minority interest and equity in income of liquidated joint ventur74,49078,359(3,869)(4Equity in income of liquidated joint ventur $-$ 2,296(2,296)(100Minority interests in continuing operations Minority interests in income - preferred unit Distributions paid to preferred unit Netherpino of preferred operating partnership unit (3,139) $-$ 3,139(100Minority interests in income - common unit Total minority interests in continuing operatione(17,106)(19,240)(2,134)(11Income from continuing operations(11,593)(6,265)(54(54)(54)(55)(17)Income from continuing operations $48,917$ $49,822$ (905)(1(17)Income from discontinued operation: Income from discontinued operation: Income from discontinued operation: Operations - common units Income (loss) from discontinued operation: Income (loss) from discontinued operation:2,196 (e)2,036 (e)1607Net Income62,14349,09613,04722921Net Income allocable to common share-basic Continuing operations31,15415,78415,37097Redemptions of prefered starbulders $\frac{5}{2,9,123}$ $\frac{5}{3,3,312}$ (4,189)(12)Net Income allocable to common share-basic Continuing operations 5 0,73 5 1.59 5 (0,86) </td <td></td> <td></td> <td></td> <td></td> <td>212.6%</td>					212.6%
and equity in income of liquidated joint ventur $74,490$ $78,359$ $(3,869)$ (4) Equity in income of liquidated joint ventur - $2,296$ $(2,296)$ (100) Minority interests in continuing operations Minority interest in income - preferred unit holders $(17,106)$ $(19,240)$ $(2,134)$ (11) Redemption of prefered operating partnership unit $(3,139)$ - $3,139$ 00 Minority interest in income - common unit $(5,228)$ $(11,593)$ $(6,265)$ (54) Income from continuing operations $48,917$ $49,822$ (905) (1) Income from discontinued operation: $2,196$ (e) $2,036$ (e) $16,462$ $2,897$ $12,565$ 433 Minority interest in carnings) loss attributable to discontinuec $ (5,907)$ $(5,907)$ (100) Gain (loss) on disposition of real estate $15,462$ $2,897$ $12,565$ 433 Minority interest in carnings) loss attributable to discontinuec $ (25,973)$ $(26,143)$ $49,096$ $13,047$ 26 Net Income $62,143$ $49,096$	Total ouler meonie and expenses	(2,040)	(047)	1,001	212.070
Equity in income of liquidated joint venture2,296(2,296)(100)Minority interests in continuing operationsMinority interests in continuing operations(17,106)(19,240)(2,134)(11.Redemption of preferred unit(3,139)3,139100Minority interest in income - orneron unit(5,2523)(11.593)(6,265)(54.Total minority interests in continuing operations $(25,573)$ (30,833)(5,260)(17.Income from continuing operations $48,917$ $49,822$ (905)(1Discontinued operations: $2,196$ (e) $2,036$ (e)1607.Income from discontinued operation: $2,196$ (e) $2,036$ (e)1607.Income from discontinued operation: $2,196$ (e) $2,036$ (e)1607.Income from discontinued operation: $15,462$ $2,897$ 12,255433Minority interest in (earnings) loss attributable to discontinue $ -$ Net Income $62,143$ $49,096$ $13,047$ 22 Net Income allocable to preferred shareholder $ 1,866$ $ 1,866$ $-$ Preferred distributions $33,020$ $15,784$ $15,370$ 97 16866 100 Net Income allocable to common share-basic 5 $0,73$ 5 1.59 5 $(0,86)$ $(54, 2132)$ Net income per common share - basic 5 $0,73$ 5 <td< td=""><td></td><td>74.400</td><td>70.250</td><td>(2.070)</td><td>(1.0%)</td></td<>		74.400	70.250	(2.070)	(1.0%)
Minority interests in continuing operations Minority interest in income - preferred unit Distributions paid to preferred unit holders Redemption of preferred operating partnership unit: (3,139)(17,106) (1,39)(19,240) (2,134)(2,134) 	and equity in income of liquidated joint ventur	74,490	78,359	(3,869)	(4.9%)
Minority interest in income - preferred unit: Distributions paid to preferred unit holders (17,106) (19,240) (2,134) (11. Distributions paid to preferred operating partnership unit: (3,139) - 3,139 100 Minority interest in income - common unit (5,328) (11,593) (6,255) (54 Total minority interest in continuing operation: (25,573) (30,833) (5,260) (17. Income from continuing operations: 1 (25,573) (30,833) (5,260) (17. Discontinued operations: 2,196 (e) 2,036 (e) 160 7 Income from discontinued operation: 2,196 (e) 2,036 (e) 160 7 Income from discontinued operation: 2,196 (e) 2,036 (e) 160 7 Income from discontinued operation: 15,462 2,897 12,565 433 Minority interest in (earnings) loss attributable to discontinued - 62,143 49,096 13,047 26 Net Income 62,143 49,096 13,047 26 160 7 13,952 1921 Net Income allocable to preferred shareholder Preferred dis	Equity in income of liquidated joint venture		2,296	(2,296)	(100.0%)
Minority interest in income - preferred unit: Distributions paid to preferred unit holders (17,106) (19,240) (2,134) (11. Distributions paid to preferred operating partnership unit: (3,139) - 3,139 100 Minority interest in income - common unit (5,328) (11,593) (6,255) (54 Total minority interest in continuing operation: (25,573) (30,833) (5,260) (17. Income from continuing operations: 1 (25,573) (30,833) (5,260) (17. Discontinued operations: 2,196 (e) 2,036 (e) 160 7 Income from discontinued operation: 2,196 (e) 2,036 (e) 160 7 Income from discontinued operation: 2,196 (e) 2,036 (e) 160 7 Income from discontinued operation: 15,462 2,897 12,565 433 Minority interest in (earnings) loss attributable to discontinued - 62,143 49,096 13,047 26 Net Income 62,143 49,096 13,047 26 160 7 13,952 1921 Net Income allocable to preferred shareholder Preferred dis	Minority interests in continuing operations				
Distributions paid to preferred unit holders (17,106) (19,240) (2,134) (11. Redemption of preferred operating partnership unit: (3,139) - 3,139 100 Minority interest in income - common unit (5,238) (11,593) (6,265) (54. Total minority interests in continuing operations $48,917$ $49,822$ (905) (1 Income from continued operations: 1 2.196 (e) 2.036 (e) 160 7 Income from discontinued operations: 2.196 (e) 2.036 (e) 160 7 Income from discontinued operations: 2.196 (e) 2.036 (e) 160 7 Impairment charge on properties held for salt - (5,907) (5,907) (100. Gain (loss) on disposition of real estate 15,462 2,897 12,565 433 Income (loss) from discontinued operation: 13,226 (726) 13,952 1921 Net Income 62,143 49,096 13,047 22 Net Income allocable to preferred shareholder - 1,866 - 1,866 100 <					
Minority interest in income - common unit $(5,328)$ $(11,593)$ $(6,265)$ (54) Total minority interest in continuing operation: $(25,573)$ $(30,833)$ $(5,260)$ (17) Income from continuing operations: $48,917$ $49,822$ (905) (1) Discontinued operation: $2,196$ (e) 2.036 (e) 160 Income from discontinued operation: $ (5,907)$ $(5,907)$ (100) Gain (loss) on disposition of real estate $15,462$ $2,897$ $12,565$ 433 Minority interest in (earnings) loss attributable to discontinued $ -$ operations - common units $(4,432)$ 248 $4,680$ 1887 Income (loss) from discontinued operation: $13,226$ (726) $13,952$ 1921 Net Income $62,143$ $49,096$ $13,047$ 26 Preferred distributions $31,154$ $15,784$ $15,370$ 97 Redemptions of preferred shareholder $ 1,866$ $-$ Preferred distributions $33,020$ $15,784$ $17,236$ 100 Net Income allocable to common shareholders $$29,123$ $$33,312$ $(4,189)$ (12) Net income per common share - basic $$0,73$ $$1,59$ $$0,086$ $(54, 2133)$ Continuing operations $$0,61$ $$0,033$ $$0,64$ $$2133$ Discontinued operations $$0,212$ $$1,34$ $$1,55$ $$(0,22)$ $$(14)$ Net income $$1,34$ $$1,56$ $$(0,23)$ <td></td> <td>(17,106)</td> <td>(19,240)</td> <td>(2,134)</td> <td>(11.1%)</td>		(17,106)	(19,240)	(2,134)	(11.1%)
Total minority interests in continuing operation: $(25,573)$ $(30,833)$ $(5,260)$ (17) Income from continuing operations $48,917$ $49,822$ (905) (11) Discontinued operations: 160 7 $(5,907)$ $(5,907)$ $(5,907)$ (100) Gain (loss) on disposition of real estate $15,462$ $2,897$ $12,565$ 433 Minority interest in (earnings) loss attributable to discontinued $ (4,432)$ 248 $4,680$ 1887 Income (loss) from discontinued operation: $13,226$ (726) $13,952$ 1921 Net Income $62,143$ $49,096$ $13,047$ 26 Net Income allocable to preferred shareholder $1,866$ $ 1,866$ 100 Preferred distributions paid $31,154$ $15,784$ $15,370$ 97 Net Income allocable to common shareholders 5 $29,123$ 5 $33,312$ $(4,189)$ (12) Net Income allocable to common shareholders 5 $0,73$ 5 1.59 5 $(0,86)$ (54) Net Income endocable to common shareholders 5 $0,73$ 5 1.59 5 $(0,26)$ (14) Net income per common share - basic 5 $0,73$ 5 1.59 5 $(0,22)$ (14) Net income 5 $0,73$ 5 1.56 5 $(0,22)$ (14) Net income 5 $0,72$ 5 1.58 5 $(0,24)$ (14)	Redemption of preferred operating partnership units	(3,139)	-		100.0%
Income from continuing operations $48,917$ $49,822$ (905) (1) Discontinued operations: Income from discontinued operation: Impairment charge on properties held for sale Gain (loss) on disposition of real estate operations - common units Income (loss) from discontinued operation: $2,196$ (e) $2,036$ (e) 160 7 $-$ $(5,907)$ $(5,907)$ $(100)(100)Gain (loss) on disposition of real estateoperations - common unitsIncome (loss) from discontinued operation:15,4622,8972,484,6804,68013,047Net Income62,14349,09613,04726026Net Income62,14349,09613,047260Net Income allocable to preferred shareholderPreferred distributionsPreferred distributions31,15415,78415,37013,0209715,784Net Income allocable to common shareholderPreferred distributions31,15415,78415,37017,236 (f)100105Net Income allocable to common shareholders$2,29,123$33,020$3,312$1,784(4,189)$17,236 (f)Net income per common share - basicContinuing operations$0,61$1,344$1,56$0,023$0,64$2133$1,344$1,58$5$0,264Net income$1,344$1,344$1,58$5$0,860$1,344$1,58$5$0,202$					(54.0%)
Discontinued operation:Income from discontinued operation:Income from discontinued operation:Impairment charge on properties held for saltGain (loss) on disposition of real estateMinority interest in (carmings) loss attributable to discontinuedoperations - common unitsIncome (loss) from discontinued operation:00 <td< td=""><td>Total minority interests in continuing operations</td><td>(25,573)</td><td>(30,833)</td><td>(5,260)</td><td>(17.1%)</td></td<>	Total minority interests in continuing operations	(25,573)	(30,833)	(5,260)	(17.1%)
Income from discontinued operation: $2,196$ (e) $2,036$ (e) 160 7 Impairment charge on properties held for salt- $(5,907)$ $(5,907)$ (100) Gain (loss) on disposition of real estate $15,462$ $2,897$ $12,565$ 433 Minority interest in (earnings) loss attributable to discontinued $4,432$ 248 $4,680$ operations - common units $(4,432)$ 248 $4,680$ 1887 Income (loss) from discontinued operation: $13,226$ (726) $13,952$ 1921 Net Income $62,143$ $49,096$ $13,047$ 26 Net Income allocable to preferred shareholder $18,666$ - $1,866$ 100 Preferred distributions $31,154$ $15,784$ $15,370$ 97 Redemptions of preferred stock $1,866$ - $1,866$ 100 Total preferred distributions $33,020$ $15,784$ $17,236$ (0) Net Income allocable to common shareholders $$29,123$ $$33,312$ $(4,189)$ (12) Net income per common share - basic $$0,73$ $$1,59$ $$0,064$ 2133 Net Income $$1,344$ $$1,56$ $$0,22$ (14) Net income $$20,123$ $$33,312$ $(4,189)$ (12) Net income $$0,61$ $$0,033$ $$0,644$ 2133 Net income $$1,344$ $$1,56$ $$0,22$ (14) Net income $$20,72$ $$1,58$ $$0,084$ (53)	Income from continuing operations	48,917	49,822	(905)	(1.8%)
Impairment charge on properties held for salt-(5,907)(5,907)(100)Gain (loss) on disposition of real estate15,4622,89712,565433Minority interest in (carmings) loss attributable to discontinued operations - common units $(4,432)$ 2484,6801887Income (loss) from discontinued operation: $(3,226)$ (726) $13,952$ 1921Net Income $62,143$ $49,096$ $13,047$ $2c$ Net Income $62,143$ $49,096$ $13,047$ $2c$ Net Income allocable to preferred shareholderPreferred distributions $18,666$ $ 1.866$ 100 Total preferred distributions $33,020$ $15,784$ $15,370$ 97 100 Net Income allocable to common shareholders $$29,123$ $$33,312$ $(4,189)$ (12) Net Income allocable to common shareholders $$29,123$ $$33,312$ $(4,189)$ (12) Net Income allocable to common shareholders $$29,123$ $$33,312$ $(4,189)$ (12) Net income per common share - basic Discontinued operations $$0,61$ $$(0,03)$ $$0,64$ 2133 $$1,34$ $$1,56$ $$(0,22)$ (14) Net income $$1,34$ $$1,56$ $$(0,22)$ (14) Net income $$0,61$ $$(0,03)$ $$(0,24)$ (14) Net income $$5$ $0,72$ $$1,58$ $$(0,84)$ (53)	Discontinued operations:				
Gain (loss) on disposition of real estate15,4622,89712,565433Minority interest in (earnings) loss attributable to discontinued operations - common units $(4,432)$ 248 $4,680$ 1887Income (loss) from discontinued operation: $13,226$ (726) $13,952$ 1921Net Income $62,143$ $49,096$ $13,047$ 26 Net Income allocable to preferred shareholderPreferred distributions paid $31,154$ $15,784$ $15,370$ 97 Redemptions of preferred stock 1.866 $ 1.866$ 100 Total preferred distributions $33,020$ $15,784$ $17,236$ (10) Net Income allocable to common shareholders $$29,123$ $$33,312$ $(4,189)$ (112) Net Income allocable to common share basic $$0,73$ $$1,59$ $$0,086$ $(54, 2133)$ Net income per common share - basic $$0,73$ $$1,59$ $$0,086$ $(54, 2133)$ Net Income $$1,34$ $$1,56$ $$(0,03)$ $$0,64$ 2133 Net Income $$1,34$ $$1,56$ $$(0,22)$ $(14, 189)$ Net income per common share - dilutec $$0,72$ $$1,58$ $$(0,84)$ $(53, 29, 123)$		2,196 (e)	2,036 (e)	160	7.9%
Minority interest in (earnings) loss attributable to discontinued operations - common units Income (loss) from discontinued operation: $ -$ <td></td> <td>-</td> <td></td> <td></td> <td>(100.0%)</td>		-			(100.0%)
operations - common units $(4,432)$ 248 $4,680$ 1883 Income (loss) from discontinued operation: 13,226 (726) 13,952 1921 Net Income $62,143$ $49,096$ $13,047$ 26 Net Income allocable to preferred shareholder Preferred distributions 726 $15,784$ $15,370$ 97 Redemptions of preferred stock $1,866$ $ 1.866$ 100 Total preferred distributions $33,020$ $15,784$ $17,236$ 100 Net Income allocable to common shareholders $$29,123$ $$33,312$ $(4,189)$ (12) Net income per common share - basic $$0,73$ $$1,59$ $$0,086$ $(54, 2133)$ Discontinued operations $$0,61$ $$0,03$ $$0,64$ 2133 Net Income $$1,34$ $$1,56$ $$0,22$ $$(14, 89)$ Net Income $$1,34$ $$1,56$ $$0,22$ $$(14, 89)$		15,462	2,897	12,565	433.7%
Income (loss) from discontinued operation: 13,226 (726) 13,952 1921 Net Income $62,143$ $49,096$ $13,047$ 26 Net Income allocable to preferred shareholder Preferred distributions $62,143$ $49,096$ $13,047$ 26 Net Income allocable to preferred stock $1,866$ - $1,866$ 100 Total preferred distributions $33,020$ $15,784$ $15,370$ 97 Net Income allocable to common shareholders $$$29,123$ $$$33,312$ $(4,189)$ (12) Net income per common share - basic $$$0,73$ $$$1,59$ $$$(0.86)$ (54) Discontinued operations $$$0,61$ $$(0.03)$ $$$0,64$ 2133 Net Income $$$1,34$ $$$1,56$ $$$(0.22)$ $$(14)$ Net Income $$$0,61$ $$$(0.03)$ $$$0,64$ $$2133$ Net Income $$$1,34$ $$$1,56$ $$$(0.22)$ $$$(14)$ Net Income $$$0,61$ $$$(0.03)$ $$$0,64$ $$$2133$ Net Income $$$0,72$ $$$1,58$ $$$(0.84)$ $$$(53)$		(1.100)	-	1 (00)	1007.20
Net Income $62,143$ $49,096$ $13,047$ 26 Net Income allocable to preferred shareholderPreferred distributions paidPreferred distributions paidRedemptions of preferred stockTotal preferred distributions33,020Its continued operationsNet Income allocable to common shareholdersS29,123SAutoma endoced be to common share basicContinuing operationsS0,61S0,033S1,34S1,356Continuing operationsS0,61S0,033S1,34S1,356S0,61S0,022(14)Net income per common share - dilutedContinuing operationsS0,72S1,58S(0,84)(53)					1887.2% 1921.7%
Net Income allocable to preferred shareholder Preferred distributions Preferred distributions paid Redemptions of preferred stock $31,154$ $15,784$ $15,370$ 97 Redemptions of preferred stockTotal preferred distributions $31,154$ $15,784$ $15,370$ 97 $1,866$ Net Income allocable to common shareholders $$29,123$ $$33,312$ $(4,189)$ (12) Net income per common share - basic Continuing operations $$0,61$ $$(0,03)$ $$0,64$ 2133 1.56 $$0,033$ $$0,64$ 2133 2133 Net Income $$1,56$ $$(0,03)$ $$0,64$ 2133 2133 Net Income share - dilutex Continuing operations $$0,72$ $$1,58$ $$(0,84)$ (53)					
Preferred distributions 31,154 15,784 15,370 97 Redemptions of preferred distributions 31,154 15,784 15,370 97 Redemptions of preferred distributions 33,020 15,784 15,370 97 Net Income allocable to common shareholders \$ 29,123 \$ 33,312 (4,189) (12) Net income per common share - basic Continuing operations \$ 0,73 \$ 1.59 \$ (0.86) (54, 2133) Discontinued operations \$ 0,61 \$ (0.03) \$ 0.64 2133 Net income \$ 1.34 \$ 1.56 \$ (0.22) (14 Net income \$ 0,72 \$ 1.58 \$ (0.84) (53)	Net Income	62,143	49,096	13,047	26.6%
Preferred distributions paid 31,154 15,784 15,370 97 Redemptions of preferred stock 1,866 - 1,866 100 Total preferred distributions 33,020 15,784 17,236 10 Net Income allocable to common shareholders \$ 29,123 \$ 33,312 (4,189) (12 Net income per common share - basic Continuing operations \$ 0,61 \$ (0,03) \$ 0.64 2133 Net Income \$ 0,61 \$ (0,03) \$ 0.64 2133 Net Income \$ (1,24) (14,189) (14,189) (14,189) (14,189) (14,189) (15,18) \$ (0,26) (14,18) (15,16) \$ (0,03) \$ 0,64 2133 \$ (1,24) (14,18)	Net Income allocable to preferred shareholder				
Redemptions of preferred stock Total preferred distributions 1,866 100 Net Income allocable to common shareholders \$ 29,123 \$ 33,312 (4,189) (12) Net income per common share - basic Continuing operations \$ 0,73 \$ 1.59 \$ (0.86) (54) Discontinued operations \$ 0,61 \$ (0.03) \$ 0.64 2133 Net income per common share - dations \$ 1.34 \$ 1.56 \$ (0.22) (14) Net income per common share - dilutex Continuing operations \$ 0,72 \$ 1.58 \$ (0.84) (53)					
Total preferred distributions 33,020 15,784 17,236 (f) 105 Net Income allocable to common shareholders \$ 29,123 \$ 33,312 (4,189) (12 Net income per common share - basic Continuing operations \$ 0,73 \$ 1.59 \$ (0.86) (54, 189) Discontinued operations \$ 0,61 \$ (0.03) \$ 0.64 2133 Net income \$ 1.34 \$ 1.56 \$ (0.22) (14, 189) Net income \$ 0,72 \$ 1.58 \$ (0.84) (53, 159)			15,784		97.4%
Net Income allocable to common shareholders \$ 29,123 \$ 33,312 (4,189) (12) Net income per common share - basic Continuing operations \$ 0.73 \$ 1.59 \$ (0.86) (54, 2133) Discontinued operations \$ 0.61 \$ (0.03) \$ 0.64 2133) Net Income \$ 1.34 \$ 1.56 \$ (0.22) (14, 2133) Net Income per common share - dilutex Continuing operations \$ 0.72 \$ 1.58 \$ (0.84) (53, 2133)			15 794		100.0%
Net income per common share - basic \$ 0.73 \$ 1.59 \$ (0.86) (54) Discontinued operations \$ 0.61 \$ (0.03) \$ 0.64 2133 Net Income \$ 1.34 \$ 1.56 \$ (0.22) (14) Net income per common share - dilutex Continuing operations \$ 0.72 \$ 1.58 \$ (0.84) (53)	Total preferred distributions	55,020	15,784	17,250 (1)	109.270
Continuing operations \$ 0.73 \$ 1.59 \$ (0.86) (54 Discontinued operations \$ 0.61 \$ (0.03) \$ 0.64 2133 Net Income \$ 1.34 \$ 1.56 \$ (0.22) (14 Net income per common share - diluted Continuing operations \$ 0.72 \$ 1.58 \$ (0.84) (53.	Net Income allocable to common shareholders	\$ 29,123	\$ 33,312	(4,189)	(12.6%)
Continuing operations \$ 0.73 \$ 1.59 \$ (0.86) (54 Discontinued operations \$ 0.61 \$ (0.03) \$ 0.64 2133 Net Income \$ 1.34 \$ 1.56 \$ (0.22) (14 Net income per common share - diluted Continuing operations \$ 0.72 \$ 1.58 \$ (0.84) (53.	Net income per common share - basic				
Net Income \$ 1.34 \$ 1.56 \$ (0.22) (14) Net income per common share - diluteα Continuing operations \$ 0.72 \$ 1.58 \$ (0.84) (53)					(54.1%)
Net income per common share - diluter Continuing operations \$ 0.72 \$ 1.58 \$ (0.84) (53)					2133.3%
Continuing operations \$ 0.72 \$ 1.58 \$ (0.84) (53.	Net Income	\$ 1.34	\$ 1.56	\$ (0.22)	(14.0%)
					(53.2%)
	Discontinued operations	\$ 0.60	\$ (0.03)	\$ 0.63	2100.0%
Net Income \$ 1.33 \$ 1.54 \$ (0.21) (13.	Net Income	\$ 1.33	\$ 1.54	\$ (0.21)	(13.6%)
Weighted average common shares outstanding	Weighted average common shares outstanding				
					1.7%
Diluted 21,960 21,565 395	Diluted	21,960	21,365	393	1.8%

(a)	Rental income has increased due to the following Same Park facilities Acquisitions Straight-line rent	\$	27,
		<u>.</u>	24,
(b)	Cost of operations have increased due to the following		
	Same Park facilities	\$	
	Acquisitions		10,
		\$	11,
(c)	General and administrative expenses for the year ended		
(,	General and administrative expenses for the year ended	December 31, 2004 E	December 31, 20
	Salaries	\$ 1,644 \$	
	Bonuses	734	
	Stock option and stock compensation expense	482	
	Stock option and stock compensation expense	(200)	
	related to terminated employees	(389)	
	Professional fees Investor services	895 424	
	Investor services Internal acquisition costs	424	
	Other	680	1,
	0111	\$ 4,628 \$	
- 15			
(d)	Interest expense for the year ended	December 31, 2004 D	December 31, 20
	Mortgage notes payable	\$ 1,416 \$	
	Line of credit interest	387	-
	Interest rate swap charges	557	
	Facilities fees & other charges	256	
	Loan from Affiliate (PSI)	146	
	Term loan interest	\$ 3.054 \$	1,
		\$ 3,054 \$	**,
(e)	Net income from discontinued operations for the year ended	December 31, 2004	December 31, 20
	Rental revenue	\$ 5.962 \$	
	Operating expenses	(2,079)	(2,
	Depreciation	(1,456)	(1,
	Debt extinguishment costs	(231)	
	Income from discontinued property	\$ 2,196 \$	2,
(F)	Increase relates to the issuance of additional preferred equity as well	as \$1,866,000 related to the redemp	otio
(f)			

(g) Net increase relates to stock option exercises

9

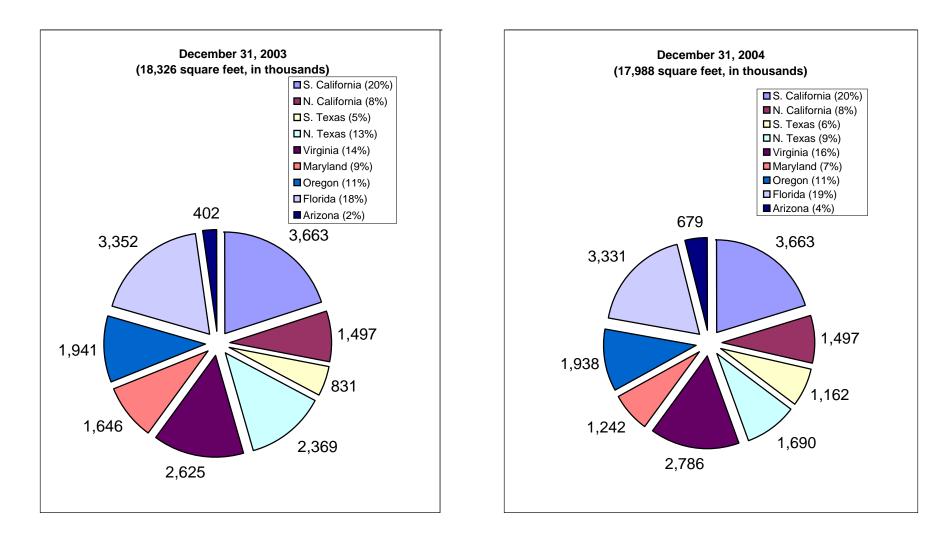


PS BUSINESS PARKS, INC. Analysis of Capital Expenditures (in thousands)

Recurring capital expenditures (1)	Twelve Months Ended December 31, 2004 Costs	Cost per Weighted <u>Average Square Foot</u>
Maintenance capital expenditures (2)	\$8,760	\$0.48
Tenant improvements (3)	27,388	\$1.49
Leasing commissions	7,465	\$0.41
Total recurring capital expenditures	\$43,613	\$2.38
Non-recurring capital expenditures		
Property renovations	\$6,310	
Acquisition costs	22,323	
Total non-recurring capital expenditures	\$28,633	

- (1) The company defines "recurring capital expenditures" as those capitalized costs necessary to continue to operate the property at its current economic value. Costs in excess of \$1,000 for tenant improvements and \$5,000 for maintenance capital expenditures with a useful life greater than 24 months for tenant improvements and 30 months for maintenance capital expenditures are capitalized. It excludes deferred maintenance and leasing costs committed to by previous owners for acquired properties, renovations that substantially enhance the value of a property and first generation leasing costs on development properties. Lease-up costs on acquired properties are included in recurring capital expenditures. Repairs and maintenance were \$14.7 million or approximately \$0.83 per weighted average square foot for the twelve months ended December 31, 2004 compared to \$13 million or \$0.92 per square foot during the twelve months ended December 31, 2003.
- (2) Major costs include roofing, HVAC replacement, parking lot replacement and other major repairs that extend the life of the respective component of the building.
- (3) Tenant improvements less than \$1,000 or for leases of two years or less are expensed and included as a component of cost of operations (\$842,000 for the twelve months ended December 31, 2004 as compared to \$653,000 for the twelve months ended December 31, 2003).

Total Owned Rentable Square Footage by Region *



* Square footage includes discontinued operations

PS BUSINESS PARKS, INC. TOTAL OWNED PORTFOLIO OVERVIEW (in thousands)

Rentable Square Footage of Properties as of December 31, 2004							
Primary Markets	Industrial	Office	Flex	Total	%		
Miami	2,556	12	623	3,191	17.9%		
Northern Virginia	-	572	2,215	2,787	15.6%		
Portland	-	346	1,592	1,938	10.9%		
Maryland	-	720	522	1,242	7.0%		
Dallas	231	-	1,459	1,690	9.5%		
Los Angeles County	712	31	770	1,513	8.5%		
Northern California	407	430	660	1,497	8.4%		
Orange County	-	704	911	1,615	8.9%		
Austin	-	-	788	788	4.4%		
Phoenix	-	-	679	679	3.8%		
San Diego County	-	-	535	535	3.0%		
Houston	-	131	243	374	2.1%		
	3,906	2,946	10,997	17,849	100.0%		

Average Occupancy Rates by Product Type for the Quarter Ending December 31, 2004

Primary Markets	Industrial	Office	Flex	Total
Miami	86.1%	100.0%	93.5%	87.6%
Northern Virginia	-	92.6%	98.1%	97.0%
Portland	-	67.5%	82.2%	79.6%
Maryland	-	96.3%	88.3%	92.9%
Dallas	100.0%	-	79.3%	82.2%
Los Angeles County	97.7%	86.1%	94.4%	95.8%
Northern California	96.9%	91.9%	95.1%	94.7%
Orange County	-	89.3%	95.8%	93.0%
Austin	-	-	73.3%	73.3%
Phoenix	-	-	92.7%	92.7%
San Diego County	-	-	97.0%	97.0%
Houston	-	78.2%	90.1%	85.9%
	90.1%	89.0%	89.6%	89.6%

Weighted Average Occupancy Rates by Portfolio Type for the Quarter Ending December 31, 2004

Primary Markets	Large Tenant	Small Tenant	Total
Miami	86.6%	95.4%	87.6%
Northern Virginia	97.7%	94.4%	97.0%
Portland	79.2%	84.3%	79.6%
Maryland	92.9%	94.1%	92.9%
Dallas	82.8%	78.5%	82.2%
Los Angeles County	97.7%	94.1%	95.8%
Northern California	94.3%	95.3%	94.7%
Orange County	92.3%	95.1%	93.0%
Austin	71.4%	81.9%	73.3%
Phoenix	100.0%	91.7%	92.7%
San Diego County	-	97.0%	97.0%
Houston	78.2%	90.1%	85.9%
	88.5%	92.7%	89.6%

Note:

Excludes discontinued operations as of December 31, 2004.

The Company's "large tenant" portfolio consists of properties with average leases greater than or equal to 5,000 square feet while the "small tenant" portfolio consists of properties with average leases less than 5,000 square feet.

PS BUSINESS PARKS, INC. SAME PARK PORTFOLIO OVERVIEW (in thousands)

Rentable Square Footage of Properties as of December 31, 2004							
Primary Markets	Industrial	Office	Flex	Total	%		
Northern Virginia	_	406	2,215	2,621	19.1%		
Portland	-	347	1,592	1,939	14.1%		
Maryland	-	720	522	1,242	9.1%		
Dallas	231	-	1,345	1,576	11.5%		
Los Angeles County	712	31	770	1,513	11.0%		
Northern California	407	430	660	1,497	10.9%		
Orange County	-	161	911	1,072	7.8%		
Austin	-	-	788	788	5.7%		
Phoenix	-	-	569	569	4.1%		
San Diego County	-	-	535	535	3.9%		
Houston	-	131	243	374	2.8%		
	1,350	2,226	10,150	13,726	100.0%		

Average Occupancy Rates by Product Type for the Quarter Ending December 31, 2004 Primary Markets Industrial Office Flex Total Northern Virginia 95.8% 98.1% 97.7% -Portland 67.5% 82.2% 79.6% Maryland 96.3% 88.3% 92.9% 100.0% Dallas 79.7% 82.7% -Los Angeles County 97.7% 86.1% 94.4% 95.8% Northern California 96.9% 91.9% 95.1% 94.7% Orange County 99.0% 95.8% 96.3% Austin 73.3% 73.3% -Phoenix 94.7% -94.7% 97.0% 97.0% San Diego County 78.2% 90.1% 85.9% Houston 97.8% 89.8% 89.6% 90.5%

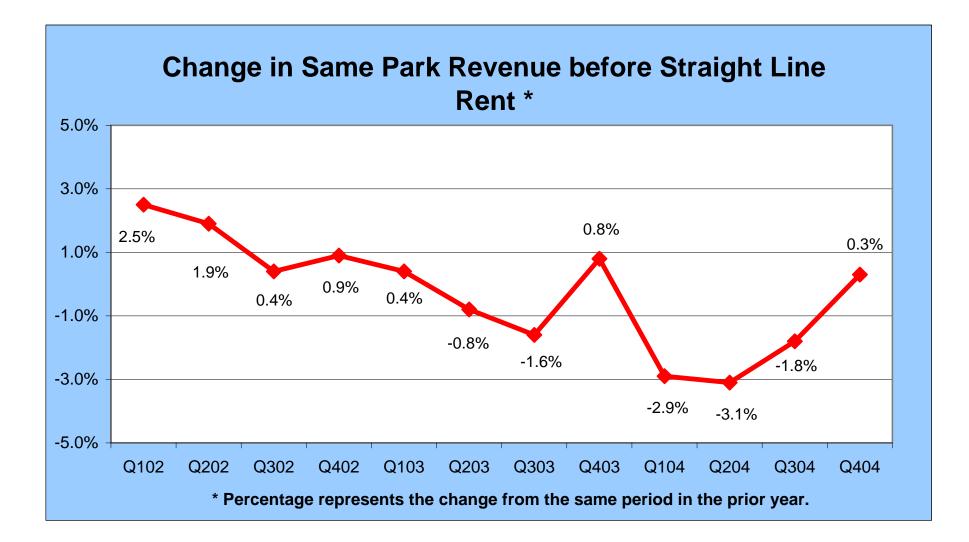
Weighted Average Occupancy Rates by Portfolio Type for the Quarter Ending December 31, 2004

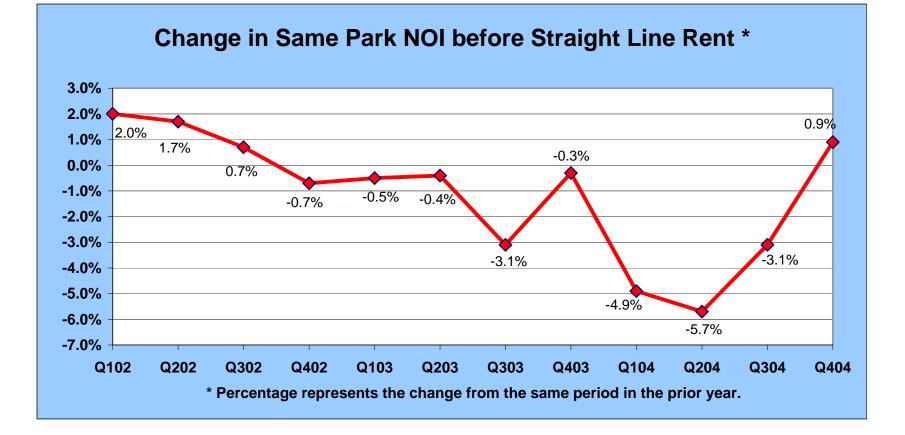
Primary Markets	Large Tenant	Small Tenant	Total
Northern Virginia	97.7%	97.8%	97.7%
Portland	79.2%	84.3%	79.6%
Maryland	92.9%	94.1%	92.9%
Dallas	83.5%	78.5%	82.7%
Los Angeles County	97.7%	94.1%	95.8%
Northern California	94.3%	95.3%	94.7%
Orange County	96.9%	95.1%	96.3%
Austin	71.4%	81.9%	73.3%
Phoenix	100.0%	93.8%	94.7%
San Diego County	-	97.0%	97.0%
Houston	78.2%	90.1%	85.9%
	89.4%	93.1%	90.5%

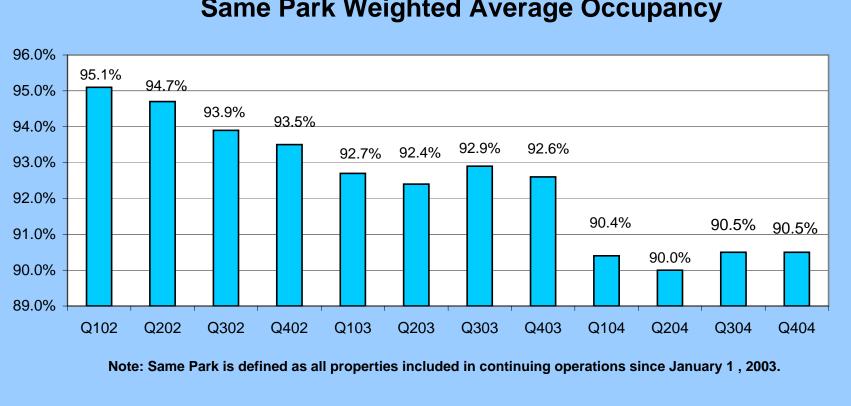
Note:

Includes all properties included in continuing operations owned since January 1, 2003.

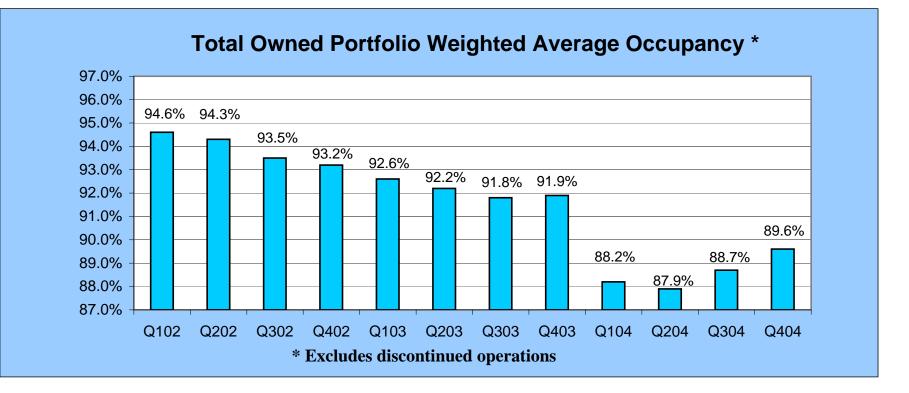
The Company's "large tenant" portfolio consists of properties with average leases greater than or equal to 5,000 square feet while the "small tenant" portfolio consists of properties with average leases lease leases than 5,000 square feet.







Same Park Weighted Average Occupancy



PS BUSINESS PARKS, INC. OWNED PORTFOLIO ANALYSIS (in thousands)

% of Total Rents
12.1%
11.8%
10.4%
9.5%
8.6%
8.1%
5.8%
4.5%
4.4%
4.1%
79.3%

Top Ten Customers by Total Annual Revenues as of December 31, 2004						
Tenant	Square Footage	Total Ar	nnual Revenues	%		
U.S. Government	475	\$	11,293	5.0%		
Citigroup	262		4,223	1.9%		
Intel	214		3,647	1.6%		
IBM	180		2,960	1.3%		
County of Santa Clara	97		2,951	1.3%		
Hughes Network Systems **	106		2,239	1.0%		
Axcelis Technologies	89		1,609	0.7%		
Symantec Corporation, Inc.	81		1,559	0.7%		
Welch Allyn Protocol, Inc.	95		1,511	0.7%		
MCI	88		1,413	0.6%		
-	1,687	\$	33,405	14.9%		

** Electronics subsidiary of Hughes Aircraft

	Lease Expirations	- Flex			
Voor of Loose Exminition	Rentable Square Footage			0/	% of Company Annual rents
Year of Lease Expiration	Rentable Square Footage	AI	nnual Rents	%	Annual rents
2005	2,464	\$	28,669	22.4%	13.4%
2006	2,215	Ŷ	28,127	22.0%	13.1%
2007	1,556		18,793	14.7%	8.8%
2008	1,161		17,469	13.7%	8.2%
2009	1,035		11,269	8.8%	5.3%
Thereafter	1,685		23,573	18.4%	11.0%
	10,116	\$	127,900	100.0%	59.8%
		0.00			
	Lease Expirations -	Office			% of Company
Year of Lease Expiration	Rentable Square Footage	Annual Rents		%	Annual rents
Teal of Lease Expiration	Relitable Square Footage	Al	inual Kents	90	Allinual Tellus
2005	701	\$	15,237	25.2%	7.1%
2005	501	ψ	10,746	17.8%	5.0%
2000	400		8,168	13.5%	3.8%
2008	370		8,708	14.4%	4.2%
2009	262		5,252	8.7%	2.4%
Thereafter	491		12,375	20.4%	5.8%
Therearter	2,725	\$	60,486	100.0%	28.3%
	Lease Expirations - In	ndustrial			N 60
Veer of Lesse Euristics			anual Donta	0/	% of Company
Year of Lease Expiration	Lease Expirations - In Rentable Square Footage		nnual Rents	%	% of Company Annual rents
	Rentable Square Footage	Ar			Annual rents
2005	Rentable Square Footage 879		6,375	24.9%	Annual rents 3.0%
2005 2006	Rentable Square Footage 879 1,028	Ar	6,375 6,527	24.9% 25.5%	Annual rents 3.0% 3.1%
2005 2006 2007	Rentable Square Footage 879 1,028 777	Ar	6,375 6,527 5,044	24.9% 25.5% 19.7%	Annual rents 3.0% 3.1% 2.4%
2005 2006 2007 2008	<u>Rentable Square Footage</u> 879 1,028 777 409	Ar	6,375 6,527 5,044 3,035	24.9% 25.5% 19.7% 11.9%	Annual rents 3.0% 3.1% 2.4% 1.3%
2005 2006 2007 2008 2009	Rentable Square Footage 879 1,028 777 409 321	Ar	6,375 6,527 5,044 3,035 2,173	24.9% 25.5% 19.7% 11.9% 8.5%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0%
2005 2006 2007 2008	<u>Rentable Square Footage</u> 879 1,028 777 409	Ar	6,375 6,527 5,044 3,035	24.9% 25.5% 19.7% 11.9%	Annual rents 3.0% 3.1% 2.4% 1.3%
2005 2006 2007 2008 2009	Rentable Square Footage 879 1,028 777 409 321 378 3,792	Ar \$\$	6,375 6,527 5,044 3,035 2,173 2,404	24.9% 25.5% 19.7% 11.9% 8.5% 9.5%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1%
2005 2006 2007 2008 2009	Rentable Square Footage 879 1,028 777 409 321 378	Ar \$\$	6,375 6,527 5,044 3,035 2,173 2,404	24.9% 25.5% 19.7% 11.9% 8.5% 9.5%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1% 11.9%
2005 2006 2007 2008 2009	Rentable Square Footage 879 1,028 777 409 321 378 3,792	Ar \$ \$ • Total	6,375 6,527 5,044 3,035 2,173 2,404	24.9% 25.5% 19.7% 11.9% 8.5% 9.5%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1%
2005 2006 2007 2008 2009 Thereafter Year of Lease Expiration	Rentable Square Footage8791,0287774093213783,792	Ar \$ <u>\$</u> Total Ar	6,375 6,527 5,044 3,035 2,173 2,404 25,558	24.9% 25.5% 19.7% 11.9% 8.5% 9.5% 100.0%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1% 11.9% % of Company Annual rents
2005 2006 2007 2008 2009 Thereafter Year of Lease Expiration 2005	Rentable Square Footage8791,0287774093213783,792	Ar \$ \$ • Total	6,375 6,527 5,044 3,035 2,173 2,404 25,558 mual Rents 50,281	24.9% 25.5% 19.7% 11.9% 8.5% 9.5% 100.0% % 23.5%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1% 11.9% % of Company Annual rents 23.5%
2005 2006 2007 2008 2009 Thereafter Year of Lease Expiration 2005 2006	Rentable Square Footage 879 1,028 777 409 321 378 3,792 Lease Expirations - Rentable Square Footage 4,044 3,744	Ar \$ <u>\$</u> Total Ar	6,375 6,527 5,044 3,035 2,173 2,404 25,558 mual Rents 50,281 45,400	24.9% 25.5% 19.7% 11.9% 8.5% 9.5% 100.0% % 23.5% 21.2%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1% 11.9% % of Company Annual rents 23.5% 21.2%
2005 2006 2007 2008 2009 Thereafter <u>Year of Lease Expiration</u> 2005 2006 2007	Rentable Square Footage 879 1,028 777 409 321 378 3,792 Lease Expirations - Rentable Square Footage 4,044 3,744 2,733	Ar \$ <u>\$</u> Total Ar	6,375 6,527 5,044 3,035 2,173 2,404 25,558 mual Rents 50,281 45,400 32,005	24.9% 25.5% 19.7% 11.9% 8.5% 9.5% 100.0% % 23.5% 21.2% 15.0%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1% 11.9% % of Company Annual rents 23.5% 21.2% 15.0%
2005 2006 2007 2008 2009 Thereafter <u>Year of Lease Expiration</u> 2005 2006 2007 2008	Rentable Square Footage 879 1,028 777 409 321 378 3,792 Lease Expirations - Rentable Square Footage 4,044 3,744 2,733 1,940	Ar \$ <u>\$</u> Total Ar	6,375 6,527 5,044 3,035 2,173 2,404 25,558 mual Rents 50,281 45,400 32,005 29,212	24.9% 25.5% 19.7% 11.9% 8.5% 9.5% 100.0% % 23.5% 21.2% 15.0% 13.7%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1% 11.9% % of Company Annual rents 23.5% 21.2% 15.0% 13.7%
2005 2006 2007 2008 2009 Thereafter Year of Lease Expiration 2005 2006 2007 2008 2009	Rentable Square Footage 879 1,028 777 409 321 378 3,792 Lease Expirations - Rentable Square Footage 4,044 3,744 2,733 1,940 1,618	Ar \$ <u>\$</u> Total Ar	6,375 6,527 5,044 3,035 2,173 2,404 25,558 mual Rents 50,281 45,400 32,005 29,212 18,694	24.9% 25.5% 19.7% 11.9% 8.5% 9.5% 100.0% % 23.5% 21.2% 15.0% 13.7% 8.7%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1% 11.9% % of Company Annual rents 23.5% 21.2% 15.0% 13.7% 8.7%
2005 2006 2007 2008 2009 Thereafter <u>Year of Lease Expiration</u> 2005 2006 2007 2008	Rentable Square Footage 879 1,028 777 409 321 378 3,792 Lease Expirations - Rentable Square Footage 4,044 3,744 2,733 1,940	Ar \$ <u>\$</u> Total Ar	6,375 6,527 5,044 3,035 2,173 2,404 25,558 mual Rents 50,281 45,400 32,005 29,212	24.9% 25.5% 19.7% 11.9% 8.5% 9.5% 100.0% % 23.5% 21.2% 15.0% 13.7%	Annual rents 3.0% 3.1% 2.4% 1.3% 1.0% 1.1% 11.9% % of Company Annual rents 23.5% 21.2% 15.0% 13.7%

	Souther	rn California			
				9	of Company
Year of Lease Expiration	Rentable Square Footage	Anı	nual Rents	%	Annual rents
2005	1,000	\$	14,528	29.1%	6.8%
2006	1,142	Ŷ	13,308	26.7%	6.2%
2007	608		8,519	17.1%	4.0%
2008	312		5,391	10.8%	2.5%
2009	283		4,258	8.5%	2.0%
Thereafter	184		3,882	7.8%	1.8%
	3,529	\$	49,886	100.0%	23.3%
	Norther	rn California		0	of Company
Year of Lease Expiration	Rentable Square Footage	Annual Rents			Annual rents
· · ·					
2005	239	\$	2,904	16.3%	1.3%
2006	312		3,546	19.9%	1.7%
2007	307		2,909	16.3%	1.3%
2008	221		4,839	27.1%	2.3%
2009	120		1,202	6.7%	0.6%
Thereafter	228		2,442	13.7%	1.1%
	1,427	\$	17,842	100.0%	8.3%
	South	hern Texas		9,	of Company
Year of Lease Expiration	Rentable Square Footage	Anı	nual Rents		Annual rents
2005	280	\$	2,515	29.4%	1.1%
2006	183	Ŷ	1,849	21.6%	0.9%
2007	128		1,212	14.2%	0.6%
2008	85		820	9.6%	0.4%
2009					
	192		1.304		0.6%
	192 91		1,304 845	15.3%	0.6% 0.4%
Thereafter	91 959	\$	1,304 845 8,545		0.6% 0.4% 4.0%
	<u>91</u> 959		845	15.3% 9.9%	0.4%
	<u>91</u> 959	\$ hern Texas	845	15.3% 9.9% 100.0%	0.4% 4.0%
	<u>91</u> 959	hern Texas	845	15.3% 9.9% 100.0%	0.4%
Thereafter Year of Lease Expiration	91 959 North Rentable Square Footage	hern Texas Ani	845 8,545 nual Rents	15.3% 9.9% 100.0%	0.4% 4.0%
Thereafter Year of Lease Expiration 2005	91 959 North Rentable Square Footage 309	hern Texas	845 8,545 nual Rents 2,962	15.3% 9.9% 100.0% % 22.4%	0.4% 4.0% 6 of Company Annual rents 1.4%
Thereafter Year of Lease Expiration 2005 2006	91 959 North Rentable Square Footage 309 235	hern Texas Ani	845 8,545 nual Rents 2,962 2,935	15.3% 9.9% 100.0% % 22.4% 22.2%	0.4% 4.0% 5 of Company Annual rents 1.4% 1.4%
Thereafter Year of Lease Expiration 2005 2006 2007	91 959 North Rentable Square Footage 309 235 145	hern Texas Ani	845 8,545 nual Rents 2,962 2,935 1,085	15.3% 9.9% 100.0% % 22.4% 22.2% 8.2%	0.4% 4.0% 5 of Company Annual rents 1.4% 1.4% 0.5%
Thereafter Year of Lease Expiration 2005 2006 2007 2008	91 959 North Rentable Square Footage 309 235 145 117	hern Texas Ani	845 8,545 nual Rents 2,962 2,935 1,085 1,315	15.3% 9.9% 100.0% % % 22.4% 22.2% 8.2% 9.9%	0.4% 4.0% 5 of Company Annual rents 1.4% 1.4% 0.5% 0.6%
Thereafter Year of Lease Expiration 2005 2006 2007 2008 2009	91 959 North Rentable Square Footage 309 235 145 117 183	hern Texas Ani	845 8,545 nual Rents 2,962 2,935 1,085 1,315 884	15.3% 9.9% 100.0% % % 22.4% 22.2% 8.2% 9.9% 6.7%	0.4% 4.0% 5 of Company Annual rents 1.4% 1.4% 0.5% 0.6% 0.4%
Thereafter Year of Lease Expiration 2005 2006 2007 2008	91 959 North Rentable Square Footage 309 235 145 117	hern Texas Ani	845 8,545 nual Rents 2,962 2,935 1,085 1,315	15.3% 9.9% 100.0% % % 22.4% 22.2% 8.2% 9.9%	0.4% 4.0% 5 of Company Annual rents 1.4% 1.4% 0.5% 0.6%

	F	Florida			
					% of Company
Year of Lease Expiration	Rentable Square Footage	Ann	ual Rents	%	Annual rents
2005	820	\$	6,366	26.6%	3.0%
2006	886	Ŧ	6,673	27.9%	3.1%
2007	591		4,299	18.0%	2.0%
2008	410		3,103	13.0%	1.5%
2009	199		1,759	7.3%	0.8%
Thereafter	214		1,731	7.2%	0.8%
	3,120	\$	23,931	100.0%	11.2%
	Nouth	Vincinio			
	Northe	ern Virginia			% of Company
Year of Lease Expiration	Rentable Square Footage	Ann	ual Rents	%	Annual rents
2005	470	\$	6,465	14.4%	3.1%
2003	470	φ	8,862	14.4%	4.1%
2000	301		4,254	9.5%	2.0%
2007 2008	436		7,847	17.5%	3.7%
2008	306		4,619	10.3%	2.2%
Thereafter	695		12,704	28.5%	5.8%
Therearter	2,685	\$	44,751	100.0%	20.9%
	М	aryland			
		•			% of Company
Year of Lease Expiration	Rentable Square Footage	Ann	ual Rents	%	Annual rents
2005	210	\$	7.000		2.244
$\Delta (1,1,2)$.319	D	/.099	28.0%	3.3%
	319 98	φ	7,099 2,496	28.0% 9.8%	3.3% 1.2%
2003 2006 2007	98	φ	2,496	28.0% 9.8% 18.6%	1.2%
2006 2007	98 223	Φ	2,496 4,711	9.8%	1.2% 2.2%
2006	98	Φ	2,496 4,711 3,252	9.8% 18.6%	1.2%
2006 2007 2008	98 223 156	Φ	2,496 4,711 3,252 2,176	9.8% 18.6% 12.8%	1.2% 2.2% 1.5%
2006 2007 2008 2009	98 223 156 157	\$ \$	2,496 4,711 3,252	9.8% 18.6% 12.8% 8.6%	1.2% 2.2% 1.5% 1.0%
2006 2007 2008 2009	98 223 156 157 278 1,231	\$	2,496 4,711 3,252 2,176 5,614	9.8% 18.6% 12.8% 8.6% 22.2%	1.2% 2.2% 1.5% 1.0% 2.6%
2006 2007 2008 2009	98 223 156 157 278 1,231		2,496 4,711 3,252 2,176 5,614	9.8% 18.6% 12.8% 8.6% 22.2%	1.2% 2.2% 1.5% 1.0% 2.6%
2006 2007 2008 2009	98 223 156 157 278 1,231	<u>\$</u> Dregon	2,496 4,711 3,252 2,176 5,614	9.8% 18.6% 12.8% 8.6% 22.2%	1.2% 2.2% 1.5% 1.0% 2.6% 11.8%
2006 2007 2008 2009 Thereafter Year of Lease Expiration	98 223 156 157 278 1,231	\$ Dregon Ann	2,496 4,711 3,252 2,176 5,614 25,348 uual Rents	9.8% 18.6% 12.8% 8.6% 22.2% 100.0%	1.2% 2.2% 1.5% 1.0% 2.6% 11.8% % of Company Annual rents
2006 2007 2008 2009 Thereafter	98 223 156 157 <u>278</u> 1,231	<u>\$</u> Dregon	2,496 4,711 3,252 2,176 5,614 25,348	9.8% 18.6% 12.8% 8.6% 22.2% 100.0%	1.2% 2.2% 1.5% 1.0% 2.6% 11.8%
2006 2007 2008 2009 Thereafter Year of Lease Expiration 2005	98 223 156 157 278 1,231	\$ Dregon Ann	2,496 4,711 3,252 2,176 5,614 25,348 uual Rents 5,059 4,465	9.8% 18.6% 12.8% 8.6% 22.2% 100.0% % 21.2% 18.7%	1.2% 2.2% 1.5% 1.0% 2.6% 11.8% % of Company Annual rents 2.4% 2.1%
2006 2007 2008 2009 Thereafter Year of Lease Expiration 2005 2006	98 223 156 157 278 1,231	\$ Dregon Ann	2,496 4,711 3,252 2,176 5,614 25,348 uual Rents 5,059 4,465 3,283	9.8% 18.6% 12.8% 8.6% 22.2% 100.0% % 21.2% 18.7% 13.8%	1.2% 2.2% 1.5% 1.0% 2.6% 11.8% % of Company Annual rents 2.4% 2.1% 1.5%
2006 2007 2008 2009 Thereafter Year of Lease Expiration 2005 2006 2007	98 223 156 157 278 1,231	\$ Dregon Ann	2,496 4,711 3,252 2,176 5,614 25,348 nual Rents 5,059 4,465 3,283 2,392	9.8% 18.6% 12.8% 8.6% 22.2% 100.0% % 21.2% 18.7% 13.8% 10.0%	1.2% 2.2% 1.5% 1.0% 2.6% 11.8% % of Company Annual rents 2.4% 2.1% 1.5% 1.1%
2006 2007 2008 2009 Thereafter Year of Lease Expiration 2005 2006 2007 2008	98 223 156 157 278 1,231	\$ Dregon Ann	2,496 4,711 3,252 2,176 5,614 25,348 uual Rents 5,059 4,465 3,283	9.8% 18.6% 12.8% 8.6% 22.2% 100.0% % 21.2% 18.7% 13.8%	1.2% 2.2% 1.5% 1.0% 2.6% 11.8% % of Company Annual rents 2.4% 2.1% 1.5%

	A	Arizona			
Year of Lease Expiration	Rentable Square Footage		Annual Rents	%	% of Company Annual rents
2005	229	\$	2,383	36.4%	1.2%
2006	124	·	1,266	19.3%	0.5%
2007	177		1,734	26.5%	0.9%
2008	24		251	3.8%	0.1%
2009	64		696	10.6%	0.3%
Thereafter	14		223	3.4%	0.2%
	632	\$	6,553	100.0%	3.2%
		Total			% of Company
Year of Lease Expiration	Rentable Square Footage		Annual Rents	%	Annual rents
2005	4,044	\$	50,281	23.5%	23.5%
2006	3,744	\$	45,400	21.2%	21.2%
2007	2,733	\$	32,006	15.0%	15.0%
2008	1,940	\$	29,210	13.7%	13.7%
2009	1,618	\$	18,693	8.7%	8.7%
Thereafter	2,554	\$	38,354	17.9%	17.9%

	Lease Expirations - Large T	'enant F	Portfolio		
					% of Company
Year of Lease Expiration	Rentable Square Footage		Annual Rents	%	Annual rents
2005	2,654	\$	34,290	21.4%	16.0%
2006	2,458		29,700	18.6%	13.9%
2007	1,902		22,050	13.8%	10.3%
2008	1,603		24,582	15.4%	11.6%
2009	1,316		14,690	9.2%	6.8%
Thereafter	2,359		34,511	21.6%	16.1%
Total	12,292	\$	159,823	100.0%	74.7%
	Lease Expirations - Small T	'enant F	Portfolio		
	Louse Expirations Small 1	chunt I	oritono		% of Company
Year of Lease Expiration	Rentable Square Footage		Annual Rents	%	Annual rents
`	<u> </u>				
2005	1,390	\$	15,990	29.5%	7.5%
2006	1,286		15,701	29.0%	7.3%
2007	831		9,956	18.4%	4.6%
2008	337		4,629	8.6%	2.2%
2009	302		4,004	7.4%	1.9%
Thereafter	195		3,841	7.1%	1.8%
Total	4,341	\$	54,121	100.0%	25.3%
		1			
	Lease Expirations	- Total			% of Company
Year of Lease Expiration	Rentable Square Footage		Annual Rents	%	Annual rents
Tear of Lease Expiration	Itentable Bquare I ootage			/0	i initiati rento
2005	4,044	\$	50,280	23.5%	23.5%
2006	3,744		45,401	21.2%	21.2%
2007	2,733		32,006	15.0%	15.0%
2008	1,940		29,211	13.7%	13.7%
2009	1,618		18,694	8.7%	8.7%
Thereafter	2,554		38,352	17.9%	17.9%
Total	16,633	\$	213,944	100.0%	100.0%
	10,000	Ŷ	=10,2		100.070