



**PSBUSINESSPARKS**

**Analysis of Operating Results  
and Financial Condition**

**March 31, 2005**

**ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION  
FOR THE THREE MONTHS ENDED MARCH 31, 2005**

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

OPERATING DATA				
	FOR THE THREE MONTHS ENDED			
	03/31/05	03/31/04	Difference	
Total operating revenues	\$ 55,886	\$ 53,765		3.9%
Net income allocable to common shareholders	\$ 7,324	\$ 4,158		76.1%
Net income per common share - diluted:				
Continuing operations	\$ 0.23	\$ 0.17		35.3%
Discontinued operations	\$ 0.10	\$ 0.02		400.0%
Net income per common share - diluted	\$ 0.33	\$ 0.19		73.7%
Weighted average common shares outstanding - Basic	21,852	21,613		1.1%
Weighted average common shares outstanding - Diluted	22,012	21,778		1.1%
Weighted average common OP units outstanding	7,305	7,305		0.0%
Total pro forma fully-converted shares	29,317	29,083		0.8%

FUNDS FROM OPERATIONS				
	FOR THE THREE MONTHS ENDED			
	03/31/05	03/31/04	Difference	
FFO allocable to common shareholders before adjustments	\$ 25,881	\$ 25,580		1.2%
EITF Topic D-42	-	(2,133)		(100.0%)
FFO allocable to common shareholders	\$ 25,881	\$ 23,447		10.4%
FFO per common share and units - before adjustments	\$ 0.88	\$ 0.88		0.0%
FFO per common share and units - as reported	\$ 0.88	\$ 0.81		8.6%

PROPERTY INFORMATION				
	FOR THE THREE MONTHS ENDED			
	03/31/05	03/31/04	Difference	
<u>Total Owned Portfolio</u> (excluding discontinued operations)				
Net rentable square footage at period end	17,849	17,684		0.9%
Weighted average occupancy	90.8%	88.6%		2.5%
Annualized realized rent per sq. ft. (1)	\$ 13.47	\$ 13.52		(0.4%)
REVPAR (2)	\$ 12.23	\$ 11.98		2.1%
<u>Same Park Facilities</u>				
Net rentable square footage	17,684	17,684		0.0%
Weighted average occupancy	90.8%	88.6%		2.5%
Annualized realized rent per sq. ft. (1)	\$ 13.42	\$ 13.52		(0.7%)
REVPAR (2)	\$ 12.19	\$ 11.98		1.8%

- (1) Represents the actual revenues earned per occupied square foot.  
(2) Represents the actual revenues earned per total square foot.

BALANCE SHEET DATA				
	03/31/05	12/31/04	Difference	
	Total assets	\$ 1,365,528	\$ 1,363,829	
Minority interest - preferred	\$ 127,750	\$ 127,750		0.0%
Minority interest - common	\$ 169,728	\$ 169,295		0.3%
Perpetual preferred stock	\$ 510,850	\$ 510,850		0.0%
Common shareholders' equity	\$ 508,609	\$ 506,114		0.5%
Total common shares outstanding at period end	21,891	21,840		0.2%
Book value per common share	\$ 23.23	\$ 23.17		0.3%

MARKET VALUE INFORMATION				
	03/31/05	12/31/04	Difference	
	Market value of common stock and common OP units	\$ 1,176,624	\$ 1,314,441	
Total debt	11,265	11,367		(0.9%)
Total preferred stock and preferred OP units	638,600	638,600		0.0%
Total market capitalization	\$ 1,826,489	\$ 1,964,408		(7.0%)
Stock price at the end of the period	\$ 40.30	\$ 45.10		(10.6%)

**PS BUSINESS PARKS, INC.**

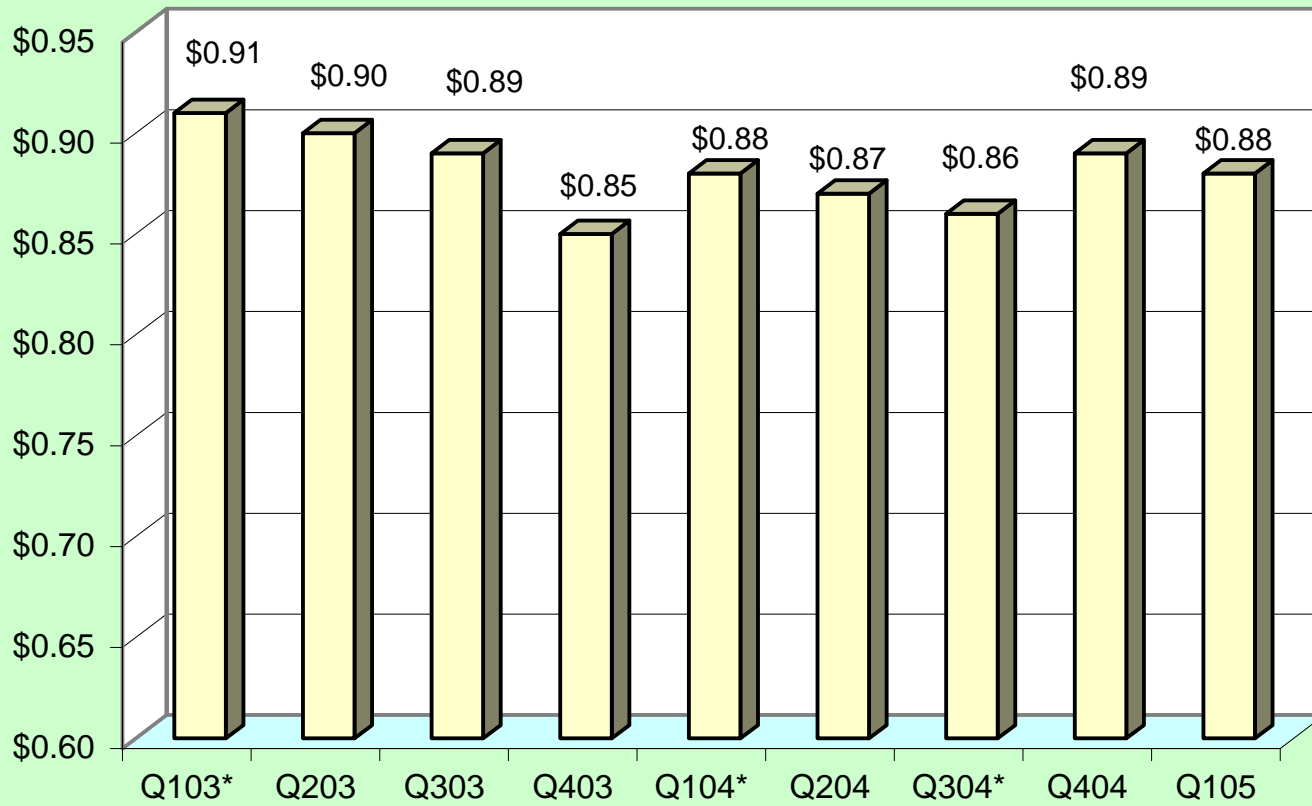
**Sources and Uses of Funds (in thousands)**

	FOR THE QUARTER ENDED March 31, 2005	
<b><u>Sources of Funds:</u></b>		
Funds from operations, before EITF Topic D-42	\$	25,881
Proceeds from disposition of real estate		15,267
Exercise of stock options		1,246
Total Sources of Funds		42,394
<b><u>Uses of Funds:</u></b>		
Property renovations		(1,082)
Land Held for Development		(123)
Recurring capital expenditures		(8,423)
Common dividends and OP distributions		(8,461)
Principal payments on mortgage notes payable		(102)
Change in working capital		(2,230)
Total Uses of Funds		(20,421)
Net increase in cash balance		21,973
Beginning cash balance		39,688
Ending cash balance	\$	61,661

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

	Three Months Ended		Increase (Decrease)	% Change
	03/31/05	03/31/04		
<b><u>Funds from operations (FFO):</u></b>				
Net income allocable to common shareholders, before effect of EITF Topic D-42	\$ 7,324	\$ 4,158	\$ 3,166	76.1%
Adjustments:				
(Gain) loss on disposition of real estate	(2,914)	-	2,914	100.0%
Depreciation and amortization	19,016	17,884	1,132	6.3%
Minority interest in income - common units	2,455	1,405	1,050	74.7%
FFO allocable to common shareholders/unitholders	<u>\$ 25,881</u>	<u>\$ 23,447</u>	<u>\$ 2,434</u>	<u>10.4%</u>
Weighted average common shares outstanding	21,852	21,613	239	1.1%
Weighted average common OP units outstanding	7,305	7,305	0	0.0%
Weighted average dilutive stock options	160	165	(5)	(3.0%)
Total pro forma fully-converted shares	<u>29,317</u>	<u>29,083</u>	<u>234</u>	<u>0.8%</u>
Fully diluted FFO per common share/OP unit	<u>\$ 0.88</u>	<u>\$ 0.81</u>	<u>\$ 0.07</u>	<u>8.6%</u>
<b><u>Funds available for distribution (FAD):</u></b>				
Funds from operations	\$ 25,881	\$ 23,447	\$ 2,434	10.4%
Adjustments:				
Maintenance capital expenditures	(339)	(880)	(541)	(61.5%)
Tenant improvements	(6,447)	(2,826)	3,621	128.1%
Lease commissions	(1,554)	(1,413)	141	10.0%
Straight-line rent	(1,188)	(652)	536	82.2%
Stock compensation expense	127	322	(195)	(60.5%)
In-place rents adjustment (SFAS 141)	39	39	-	0.0%
Redemption amount over carrying amount related to preferred equity called for redemption	-	2,133	(2,133)	(100.0%)
FAD	<u>\$ 16,519</u>	<u>\$ 20,170</u>	<u>\$ (3,651)</u>	<u>(18.1%)</u>
FAD per common share/OP unit	<u>\$ 0.56</u>	<u>\$ 0.69</u>	<u>\$ (0.13)</u>	<u>(18.8%)</u>
<b><u>Cash available for debt repayments and reinvestments:</u></b>				
FAD	\$ 16,519	\$ 20,170	\$ (3,651)	(18.1%)
Distributions to common shareholders	(6,342)	(6,278)	64	1.0%
Distributions to common OP unitholders	(2,119)	(2,119)	-	0.0%
Cash available for debt repayments and reinvestments	<u>\$ 8,058</u>	<u>\$ 11,773</u>	<u>\$ (3,715)</u>	<u>(31.6%)</u>
FAD payout ratio	<u>51.2%</u>	<u>41.6%</u>		<u>(23.1%)</u>

## Diluted FFO Per Common Share/OP Unit



\* Excludes effects of ETIF Topic D-42 costs and impairment charges.

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

	As of March 31, 2005			As of December 31, 2004		
	Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
<b>Long-Term Debt:</b>						
8.190% mortgage note, secured by one commercial property, due March 2007	\$ 5,511			\$ 5,578		
7.290% mortgage note, secured by one commercial property, due February 2009	5,754			5,789		
Total mortgage notes payable (1)	<u>11,265</u>	<u>1%</u>	<u>7.73%</u>	<u>11,367</u>	<u>1%</u>	<u>7.73%</u>
<b>Short-Term Debt:</b>						
\$100 million unsecured line of credit	-			-		
Total Short-Term Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt	<u>11,265</u>	<u>1%</u>	<u>7.73%</u>	<u>11,367</u>	<u>1%</u>	<u>7.73%</u>
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 depository 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			205,000		
6.875% Series I preferred stock (3,000,000 units outstanding) callable 4/21/09	75,000			75,000		
7.500% Series J preferred operating partnership units (1,710,000 units outstanding) callable 5/27/09	42,750			42,750		
7.950% Series K preferred stock (2,300,000 units outstanding) callable 6/30/09	57,500			57,500		
7.600% Series L preferred stock (2,300,000 units outstanding) callable 8/31/09	57,500			57,500		
Total preferred equity	<u>638,600</u>	<u>35%</u>	<u>7.80%</u>	<u>638,600</u>	<u>33%</u>	<u>7.80%</u>
Total debt and preferred equity	<u>649,865</u>	<u>36%</u>	<u>7.80%</u>	<u>649,967</u>	<u>33%</u>	<u>7.80%</u>
Common stock (21,891,272 and 21,839,667 shares outstanding in March 31, 2005 and December 31, 2004 respectively)	882,218			\$ 984,969		
Common operating partnership units (7,305,355 units outstanding as of March 31, 2005 and December 31, 2004 )	294,406			329,472		
Total common equity (2)	<u>1,176,624</u>	<u>64%</u>		<u>1,314,441</u>	<u>67%</u>	
Total market capitalization	<u>\$ 1,826,489</u>	<u>100%</u>		<u>\$ 1,964,408</u>	<u>100%</u>	

(1) Principal Maturity Dates are represented by the following chart:

		Principal Maturity Dates				
		2005	2006	2007	2008	2009
Park East I & II	\$ 209	\$ 300	\$ 5,002	-	-	
Park East III	109	155	167	\$ 179	\$ 5,144	
	<u>\$ 318</u>	<u>\$ 455</u>	<u>\$ 5,169</u>	<u>\$ 179</u>	<u>\$ 5,144</u>	

(2) Closing stock price was \$40.30 and \$45.10 as of March 31, 2005 and December 31, 2004, respectively.

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

	03/31/05	12/31/04	Increase (Decrease)	% Change
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 61,661	\$ 39,688	\$ 21,973	(a) 55.4%
Real estate facilities, at cost:				
Land	382,908	382,908	-	0.0%
Buildings and equipment	1,197,006	1,187,584	9,422	0.8%
	<u>1,579,914</u>	<u>1,570,492</u>	<u>9,422</u>	(b) 0.6%
Accumulated depreciation	(314,470)	(295,415)	19,055	6.5%
	<u>1,265,444</u>	<u>1,275,077</u>	<u>(9,633)</u>	(0.8%)
Properties held for disposition, net	6,128	16,876	(10,748)	(c) (63.7%)
Land held for development	10,163	11,583	(1,420)	(d) (12.3%)
	<u>1,281,735</u>	<u>1,303,536</u>	<u>(21,801)</u>	(1.7%)
Rent receivable	3,041	2,079	962	(e) 46.3%
Deferred rent receivables	16,533	15,470	1,063	6.9%
Other assets	2,558	3,056	(498)	(f) (16.3%)
Total assets	<u>\$ 1,365,528</u>	<u>\$ 1,363,829</u>	<u>\$ 1,699</u>	<u>0.1%</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>				
Accrued and other liabilities	\$ 37,326	\$ 38,453	\$ (1,127)	(g) (2.9%)
Mortgage notes payable	11,265	11,367	(102)	(0.9%)
Total liabilities	<u>48,591</u>	<u>49,820</u>	<u>(1,229)</u>	<u>(2.5%)</u>
Minority interests:				
Preferred units	127,750	127,750	-	0.0%
Common units	169,728	169,295	433	0.3%
Shareholders' equity:				
Preferred stock	510,850	510,850	-	0.0%
Common stock	219	218	1	0.5%
Paid-in capital	421,863	420,351	1,512	(h) 0.4%
Cumulative net income	360,622	343,529	17,093	5.0%
Cumulative distributions	(274,095)	(257,984)	16,111	(i) 6.2%
Total shareholders' equity	<u>1,019,459</u>	<u>1,016,964</u>	<u>2,495</u>	<u>0.2%</u>
Total liabilities and shareholders' equity	<u>\$ 1,365,528</u>	<u>\$ 1,363,829</u>	<u>\$ 1,699</u>	<u>0.1%</u>



**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**VARIANCE EXPLANATIONS**

<b>(a)</b> See sources and uses of funds on page 2			
<b>(b)</b> Change in real estate facilities, at cost:			
Property renovations		\$	1,082
Maintenance capital expenditures			339
Tenant improvements			6,447
Lease commissions			1,554
		\$	<u>9,422</u>
<b>(c)</b> Change in discontinued operations, net:			
Miami Retail		\$	10,192
MICC - Center 17 (Cape Cod)			556
		\$	<u>10,748</u>
<b>(d)</b> Change in land held for sale:			
Cornell Oaks Land Sold		\$	(1,543)
Improvements on Land			123
		\$	<u>(1,420)</u>
<b>(e)</b> Rent receivable consists of the following:			
	<u>03/31/05</u>	<u>12/31/04</u>	
U.S. Government Tenants	\$ 1,472	\$ 1,132	
Other	2,119	1,497	
Allowance for bad debt	(550)	(550)	
	<u>\$ 3,041</u>	<u>\$ 2,079</u>	
<b>(f)</b> Change in other assets:			
Due on rental properties sold		\$	(227)
Prepaid Insurance			(633)
Amortization of prepaid costs			(31)
Stock option exercise funds deposited after 3/31/05.			442
Other			(49)
		\$	<u>(498)</u>
<b>(g)</b> Accrued and other liabilities consists of:			
	<u>03/31/05</u>	<u>12/31/04</u>	<u>Change</u>
Prepaid Rent	\$ 7,442	\$ 6,778	\$ 664
Accounts payable	91	3,906	(3,815)
Property taxes	4,749	3,109	1,640
Security deposits	15,431	15,220	211
Reserves for acquisition costs	4,920	5,051	(131)
Other	4,693	4,389	304
	<u>\$37,326</u>	<u>\$ 38,453</u>	<u>\$ (1,127)</u>
<b>(h)</b> Change in paid-in capital:			
Beginning paid-in capital		\$	420,351
Exercise of stock options			1,245
Stock option amortization			92
Restricted stock amortization			272
Change in minority interest, common			(97)
Ending paid in capital		\$	<u>421,863</u>
<b>(i)</b> Change in cumulative distributions:			
Distributions to preferred shareholders		\$	(9,769)
Distributions to common shareholders			(6,342)
		\$	<u>(16,111)</u>

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

	03/31/05	03/31/04	Increase (Decrease)	% Change
<b>Revenues:</b>				
Rental income	\$ 55,741	\$ 53,610	\$ 2,131 (a)	4.0%
Facility management fees primarily from affiliates	145	155	(10)	(6.5%)
Total operating revenues	<u>55,886</u>	<u>53,765</u>	<u>2,121</u>	<u>3.9%</u>
<b>Expenses:</b>				
Property operations	16,388	16,116	272 (b)	1.7%
Depreciation and amortization	19,016	17,404	1,612	9.3%
General and administrative	1,438	1,091	347 (c)	31.8%
Total operating expenses	<u>36,842</u>	<u>34,611</u>	<u>2,231</u>	<u>6.4%</u>
<b>Other income and expenses:</b>				
Interest and other income	398	27	371	1374.1%
Interest expense	(282)	(1,266)	(984) (d)	(77.7%)
Total other income and expenses	<u>116</u>	<u>(1,239)</u>	<u>(1,355)</u>	<u>(109.4%)</u>
Income from continuing operations before minority interests	<u>19,160</u>	<u>17,915</u>	<u>1,245</u>	<u>6.9%</u>
<b>Minority interests in continuing operations:</b>				
Minority interest in income - preferred units				
Distributions paid to preferred unit holders	(2,691)	(4,810)	(2,119)	(44.1%)
Redemption of preferred operating partnership units	-	(267)	(267)	(100.0%)
Minority interest in income - common units	(1,682)	(1,267)	415	32.8%
Total minority interests in continuing operations	<u>(4,373)</u>	<u>(6,344)</u>	<u>(1,971)</u>	<u>(31.1%)</u>
Income from continuing operations	<u>14,787</u>	<u>11,571</u>	<u>3,216</u>	<u>27.8%</u>
<b>Discontinued operations:</b>				
Income from discontinued operations	165	550	(385) (e)	(70.0%)
Gain on disposition of real estate	2,914	-	2,914	100.0%
Minority interest in earnings attributable to discontinued operations - common units	(773)	(138)	635	460.0%
Income from discontinued operations	<u>2,306</u>	<u>412</u>	<u>1,894</u>	<u>459.8%</u>
Net Income	<u>17,093</u>	<u>11,983</u>	<u>5,110</u>	<u>42.6%</u>
<b>Net Income allocable to preferred shareholders</b>				
Preferred distributions				
Preferred distributions paid	9,769	5,959	3,810 (f)	63.9%
Redemption of preferred stock	-	1,866	(1,866)	(100.0%)
Total preferred distributions	<u>9,769</u>	<u>7,825</u>	<u>1,944</u>	<u>24.8%</u>
Net Income allocable to common shareholders	<u>\$ 7,324</u>	<u>\$ 4,158</u>	<u>\$ 3,166</u>	<u>76.1%</u>
<b>Net income per common share - basic:</b>				
Continuing operations	\$ 0.23	\$ 0.17	\$ 0.06	35.3%
Discontinued operations	\$ 0.11	\$ 0.02	\$ 0.09	450.0%
Net income	\$ 0.34	\$ 0.19	\$ 0.15	78.9%
<b>Net income per common share - diluted</b>				
Continuing operations	\$ 0.23	\$ 0.17	\$ 0.06	35.3%
Discontinued operations	\$ 0.10	\$ 0.02	\$ 0.08	400.0%
Net income	\$ 0.33	\$ 0.19	\$ 0.14	73.7%
<b>Weighted average common shares outstanding:</b>				
Basic	<u>21,852</u>	<u>21,613</u>	<u>239 (g)</u>	<u>1.1%</u>
Diluted	<u>22,012</u>	<u>21,778</u>	<u>234</u>	<u>1.1%</u>

**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED STATEMENT OF INCOME**  
**VARIANCE EXPLANATIONS**

(a) Rental income has increased due to the following:

Same Park facilities	\$	907
Acquisitions		688
Straight-line rent		536
		\$ 2,131

(b) Cost of operations have increased due to the following:

Same Park facilities	\$	(32)
Acquisitions		304
		\$ 272

(c) General and administrative expenses for the three months ended:

	March 31, 2005	March 31, 2004
Salaries	\$ 562	\$ 392
Bonus Expense	283	183
Stock option and stock compensation expense	119	143
Professional fees	170	78
Investor services	78	50
Other	226	245
	\$ 1,438	\$ 1,091

(d) Interest expense for the three months ended:

	March 31, 2005	March 31, 2004
Mortgage notes payable	\$ 219	\$ 366
Facilities fees & other charges	63	63
Line of Credit interest (Wells Fargo)	-	262
Interest Rate Swap Charges	-	239
Term Loan Interest (Fleet)	-	189
Affiliated Loan (PSI)	-	147
	\$ 282	\$ 1,266

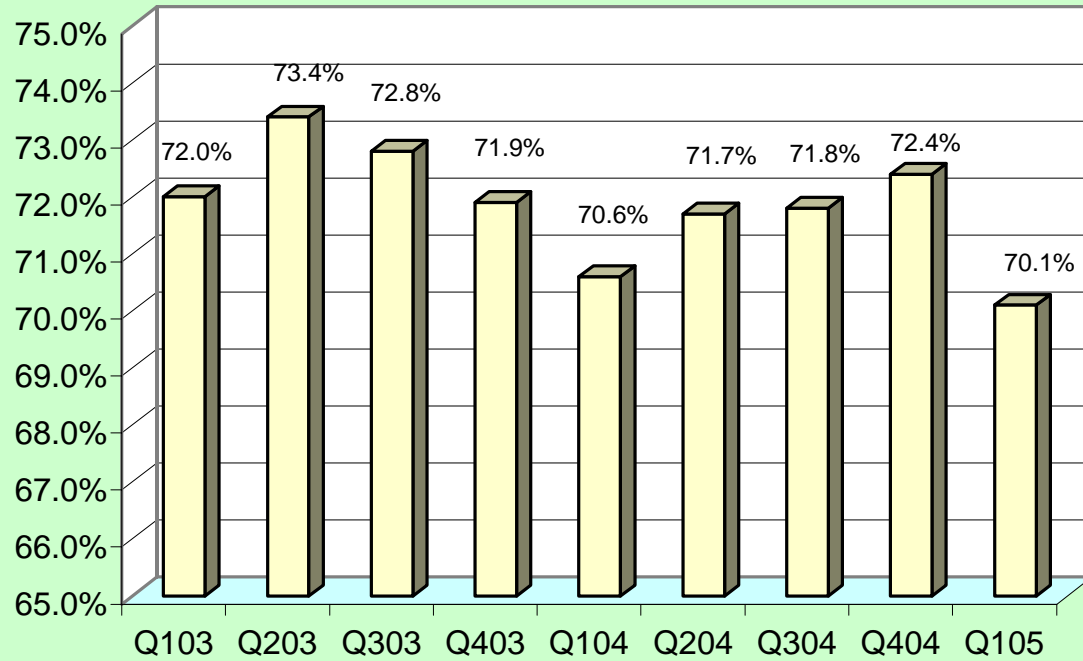
(e) Net operating income from discontinued operations for the three months ended:

	March 31, 2005	March 31, 2004
Rental revenue	\$ 252	\$ 1,610
Operating expenses	(87)	(580)
Debt extinguishment costs	-	-
Depreciation expense	-	(480)
	\$ 165	\$ 550

(f) Increase relates to issuance of additional preferred stock .

(g) Net increase relates to stock option exercises and vesting of restricted stock units.

## Gross Operating Margin Percentage\* (Same Park)



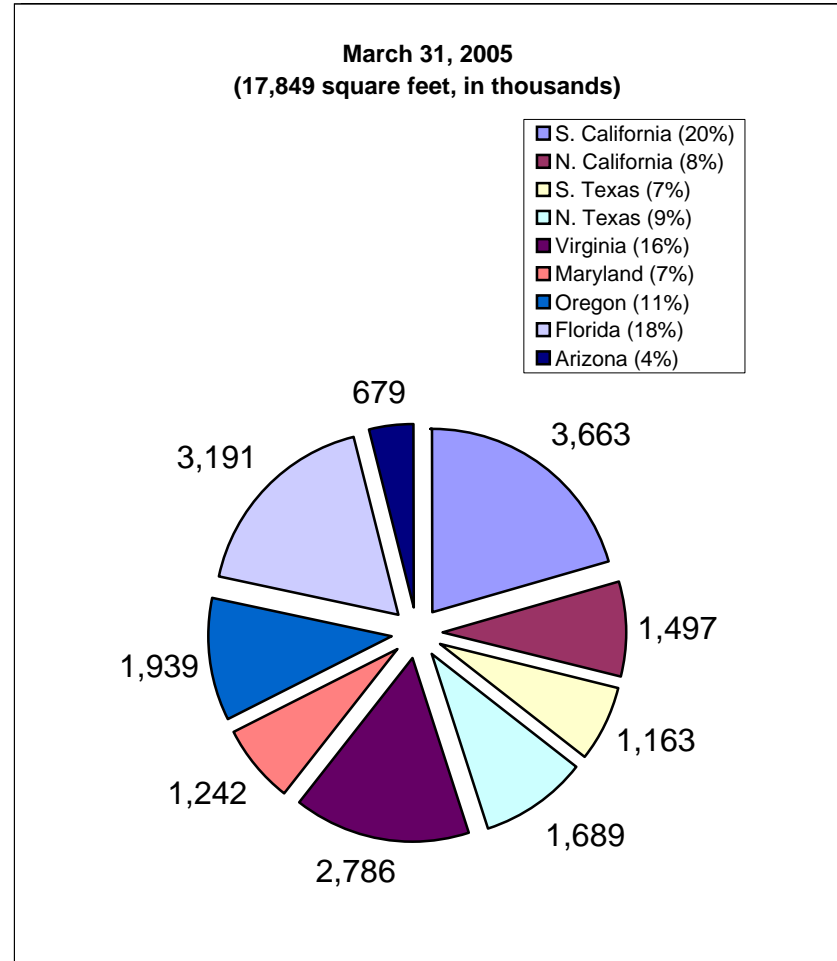
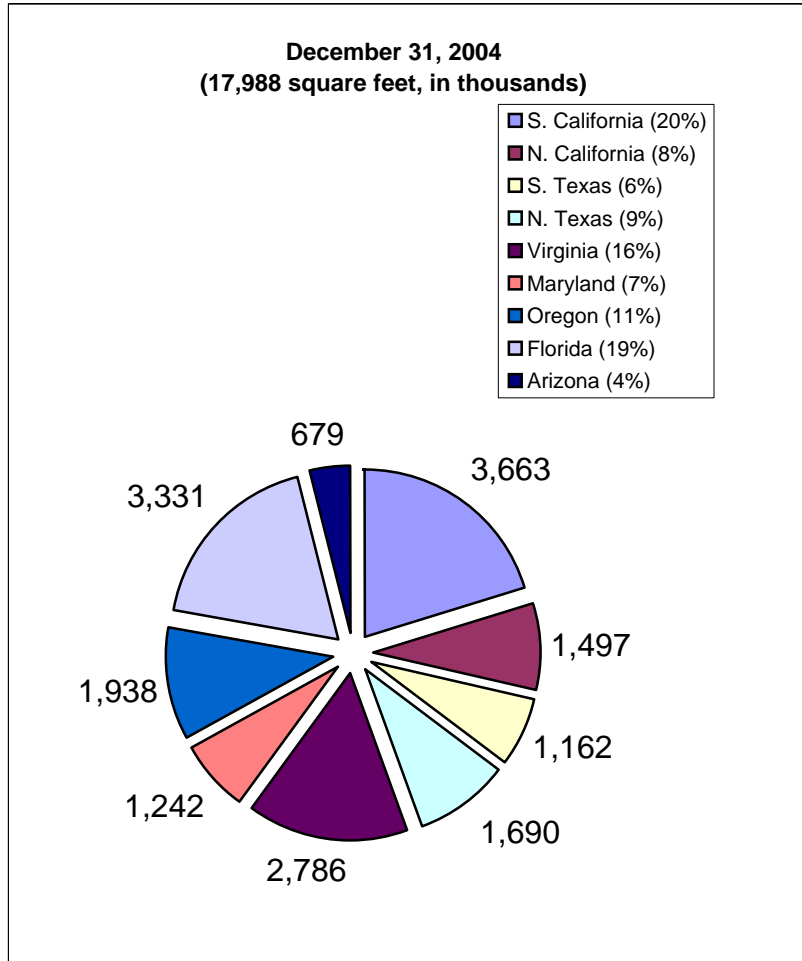
\* Gross margin is computed by dividing property net operating income by rental income (excluding straight-line rent adjustment) for operating assets owned in period disclosed .

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

<u>Recurring capital expenditures (1)</u>	<b>Three Months Ended March 31, 2005 Costs</b>	<b>Cost per Weighted Average Square Foot</b>
Maintenance capital expenditures (2)	\$339	\$0.02
Tenant improvements	6,447	\$0.36
Leasing commissions	1,554	\$0.09
Total recurring capital expenditures	<u>\$8,340</u>	<u>\$0.47</u>
<u>Non-recurring capital expenditures</u>		
Property renovations	\$1,082	
Total non-recurring capital expenditures	<u>\$1,082</u>	

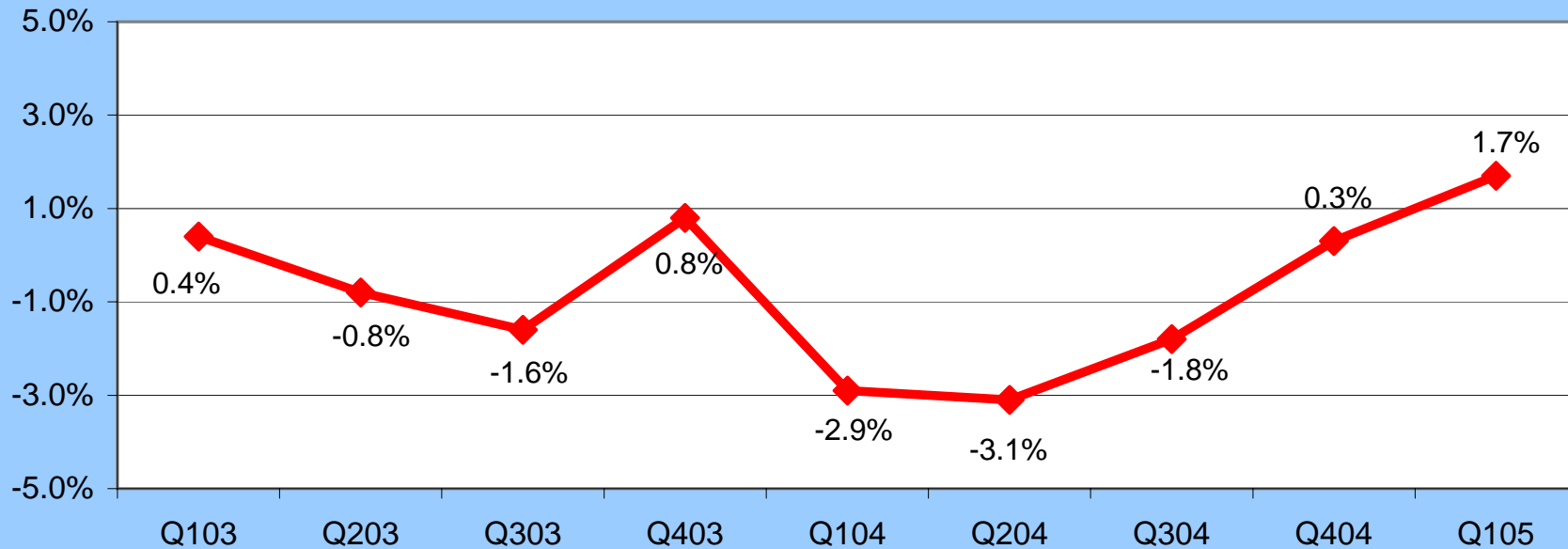
- (1) The company defines "recurring capital expenditures" as those capitalized costs necessary to continue to operate the property at its current economic value. Costs in excess of \$1,000 for tenant improvements and \$2,000 for maintenance capital expenditures with a useful life greater than 24 months for tenant improvements and 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 \$3.5 million or approximately \$0.20 per weighted average square foot for the three months ended March 31, 2005 compared to \$3.7 million or \$0.21 per square foot during the three months ended March 31, 2004.
- (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.

## Total Owned Rentable Square Footage by Region \*



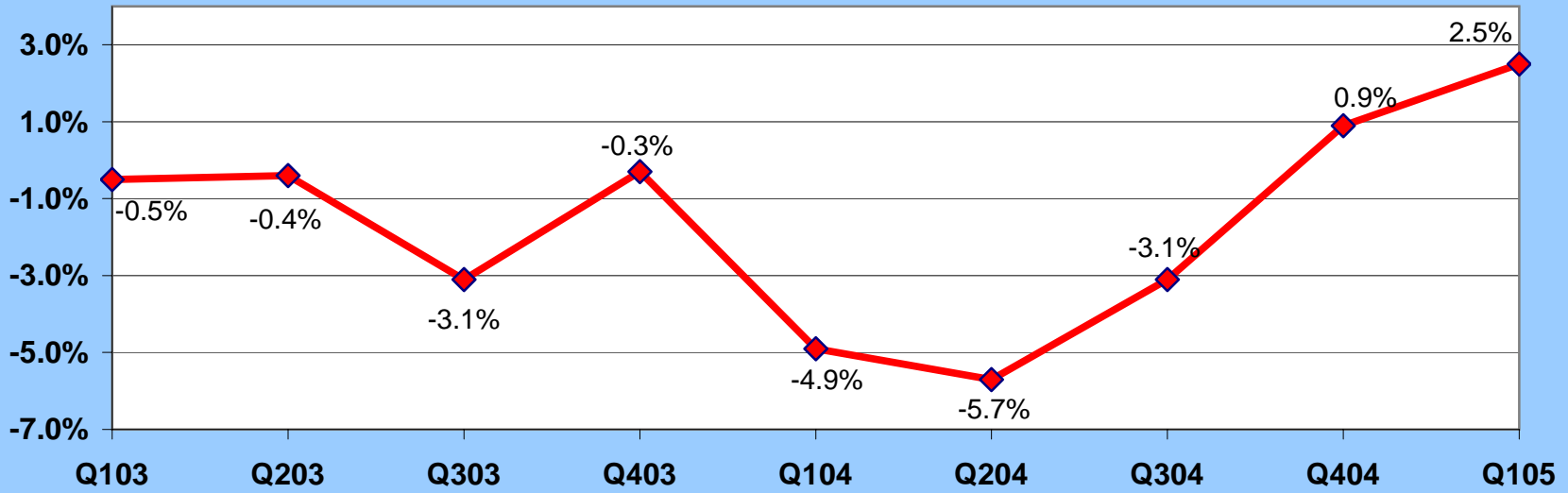
\* Square footage excludes discontinued operations.

## Change in Same Park Revenue before Straight Line Rent \*



\* Percentage represents the change from the same period in the prior year based on the defined Same Park assets for each period disclosed.

### Change in Same Park NOI before Straight Line Rent \*



\* Percentage represents the change from the same period in the prior year based on the defined Same Park assets for each period disclosed.



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

Industry Concentration as of March 31, 2005

	<u>% of Total Rents</u>
Computer hardware, software and related services	12.4%
Business services	12.0%
Government	9.9%
Contractors	9.5%
Financial services	9.1%
Warehouse, transportation, logistics	8.4%
Retail	6.2%
Home furnishings	4.6%
Electronics	4.4%
Communications	4.0%
	<u>80.5%</u>

Top Ten Customers by Total Annual Revenues as of March 31, 2005

<u>Tenant</u>	<u>Square Footage</u>	<u>Total Annual Revenues</u>	<u>%</u>
U.S. Government	463	\$ 10,206	4.6%
Citigroup	262	3,805	1.7%
Intel	214	3,679	1.7%
County of Santa Clara	97	2,951	1.3%
IBM	180	2,676	1.2%
Axcelis Technologies	89	1,656	0.7%
Wells Fargo	102	1,571	0.7%
AARP	102	1,398	0.6%
Welch Allen Protocol, Inc	91	1,357	0.6%
TRW Systems	58	1,319	0.6%
	<u>1,658</u>	<u>\$ 30,618</u>	<u>13.7%</u>

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

Rentable Square Footage of Properties as of March 31, 2005					
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%
Dallas	231	-	1,459	1,690	9.5%
Orange County	-	704	911	1,615	9.0%
Los Angeles County	712	31	770	1,513	8.5%
Northern California	407	430	660	1,497	8.4%
Maryland	-	720	522	1,242	7.0%
Austin	-	-	788	788	4.4%
Phoenix	-	-	679	679	3.8%
San Diego County	-	-	535	535	2.9%
Houston	-	131	243	374	2.1%
	<u>3,906</u>	<u>2,946</u>	<u>10,997</u>	<u>17,849</u>	<u>100.0%</u>

Average Occupancy Rates by Product Type for the Quarter Ending March 31, 2005				
Primary Markets	Industrial	Office	Flex	Total
Miami	90.4%	100.0%	95.3%	91.4%
Northern Virginia	-	95.0%	95.4%	95.3%
Portland	-	71.3%	82.4%	80.4%
Dallas	100.0%	-	82.1%	84.6%
Orange County	-	90.9%	98.0%	94.9%
Los Angeles County	95.5%	90.6%	95.1%	95.2%
Northern California	100.0%	90.9%	93.7%	94.6%
Maryland	-	95.5%	90.4%	93.3%
Austin	-	-	80.2%	80.2%
Phoenix	-	-	93.3%	93.3%
San Diego County	-	-	96.1%	96.1%
Houston	-	78.7%	88.6%	85.1%
	<u>92.9%</u>	<u>90.0%</u>	<u>90.3%</u>	<u>90.8%</u>

Weighted Average Occupancy Rates by Portfolio Type for the Quarter Ending March 31, 2005			
Primary Markets	Large Tenant	Small Tenant	Total
Miami	90.8%	95.6%	91.4%
Northern Virginia	95.6%	94.8%	95.3%
Portland	80.0%	82.7%	80.4%
Dallas	85.7%	79.3%	84.6%
Orange County	95.8%	94.1%	94.9%
Los Angeles County	95.5%	94.9%	95.2%
Northern California	94.7%	94.6%	94.6%
Maryland	93.6%	81.5%	93.3%
Austin	78.9%	84.2%	80.2%
Phoenix	-	93.3%	93.3%
San Diego County	-	96.1%	96.1%
Houston	-	85.1%	85.1%
	<u>90.0%</u>	<u>92.3%</u>	<u>90.8%</u>

**Note:**

Includes all properties reported in continuing operations as of March 31, 2005.

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 March 31, 2005					
Primary Markets	Industrial	Office	Flex	Total	%
Miami	2,556	12	623	3,191	18.0%
Northern Virginia	-	406	2,215	2,621	14.8%
Portland	-	347	1,592	1,939	11.0%
Dallas	231	-	1,458	1,689	9.6%
Orange County	-	704	911	1,615	9.1%
Los Angeles County	712	31	770	1,513	8.6%
Northern California	407	430	660	1,497	8.5%
Maryland	-	721	522	1,243	7.0%
Austin	-	-	788	788	4.5%
Phoenix	-	-	679	679	3.8%
San Diego County	-	-	535	535	3.0%
Houston	-	131	243	374	2.1%
	<u>3,906</u>	<u>2,782</u>	<u>10,996</u>	<u>17,684</u>	<u>100.0%</u>

Average Occupancy Rates by Product Type for the Quarter Ending March 31, 2005				
Primary Markets	Industrial	Office	Flex	Total
Miami	90.4%	100.0%	95.3%	91.4%
Northern Virginia	-	96.3%	95.4%	95.5%
Portland	-	71.3%	82.4%	80.4%
Dallas	100.0%	-	82.1%	84.6%
Orange County	-	90.9%	98.0%	94.9%
Los Angeles County	95.5%	90.6%	95.1%	95.2%
Northern California	100.0%	90.9%	93.7%	94.6%
Maryland	-	95.5%	90.4%	93.3%
Austin	-	-	80.2%	80.2%
Phoenix	-	-	93.3%	93.3%
San Diego County	-	-	96.1%	96.1%
Houston	-	78.7%	88.6%	85.1%
	<u>92.9%</u>	<u>89.9%</u>	<u>90.3%</u>	<u>90.8%</u>

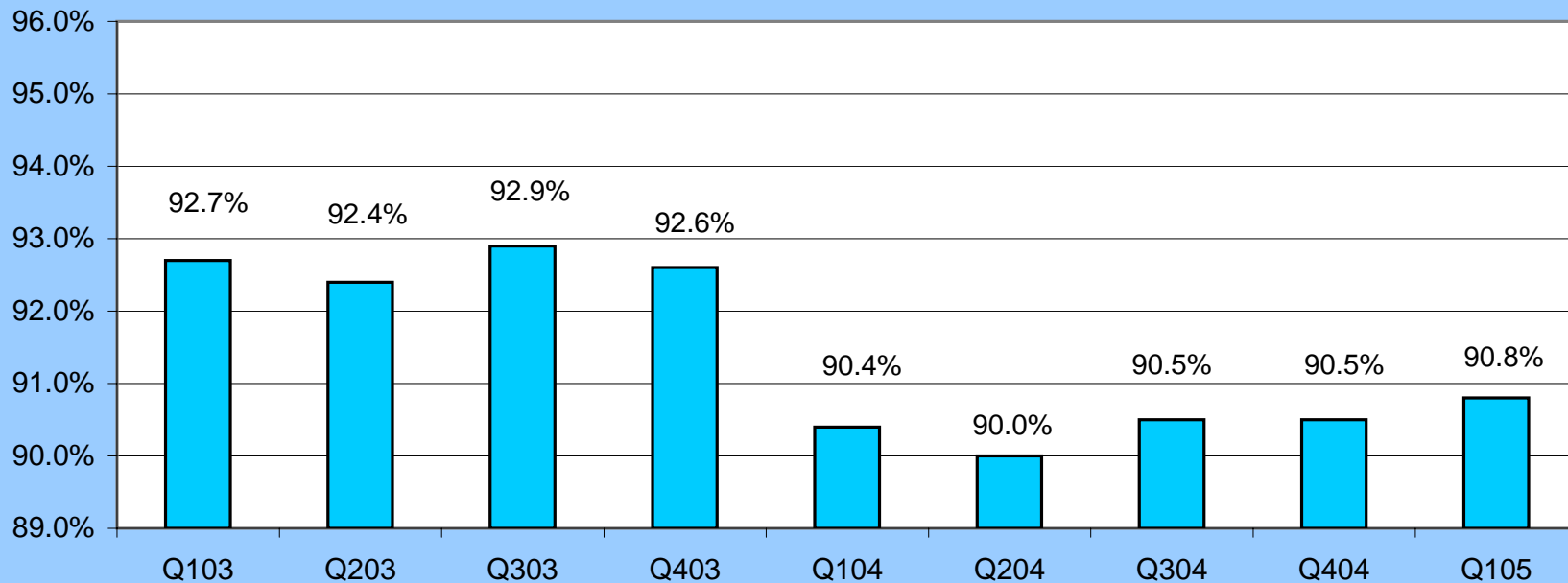
Weighted Average Occupancy Rates by Portfolio Type for the Quarter Ending March 31, 2005			
Primary Markets	Large Tenant	Small Tenant	Total
Miami	90.8%	95.6%	91.4%
Northern Virginia	95.6%	95.4%	95.5%
Portland	80.0%	82.7%	80.4%
Dallas	85.7%	79.3%	84.6%
Orange County	95.8%	94.1%	94.9%
Los Angeles County	95.5%	94.9%	95.2%
Northern California	94.7%	94.6%	94.6%
Maryland	93.6%	81.5%	93.3%
Austin	78.9%	84.2%	80.2%
Phoenix	-	93.3%	93.3%
San Diego County	-	96.1%	96.1%
Houston	-	85.1%	85.1%
	<u>90.0%</u>	<u>92.3%</u>	<u>90.8%</u>

**Note:**

Includes all properties included in continuing operations owned since January 1, 2004.

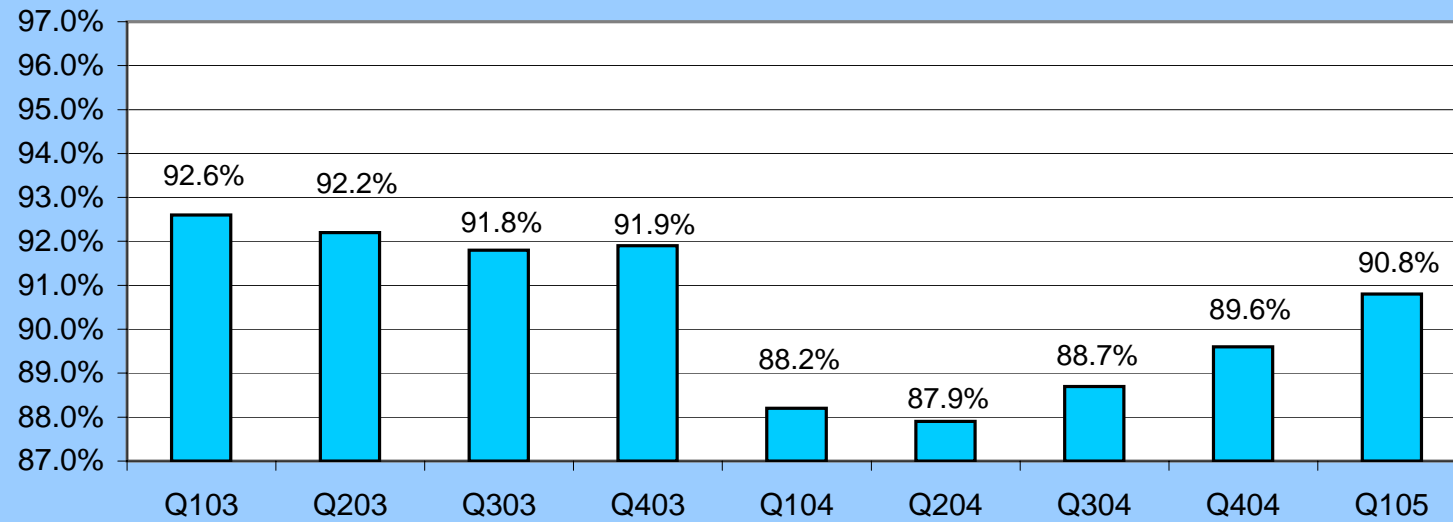
The Company's "large tenant" portfolio consists of properties with average leases greater than or equal to 5,000 square feet while the "small tenant" portfolio consists of properties with average leases less than 5,000 square feet.

## Same Park Weighted Average Occupancy



Percentage represents the change from the same period in the prior year based on the defined Same Park assets for each period disclosed.

### Total Owned Portfolio Weighted Average Occupancy \*



\* Represents weighted average occupancy for operating assets owned in period disclosed.

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of March 31, 2005**

(in thousands)

Lease Expirations - Flex					
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>	<u>% of Company Annual rents</u>	
2005	1,815	\$ 21,148	16.5%	10.0%	
2006	2,252	28,555	22.3%	13.5%	
2007	1,759	21,095	16.5%	10.0%	
2008	1,328	19,212	15.0%	9.1%	
2009	1,070	11,714	9.1%	5.5%	
Thereafter	1,913	26,456	20.6%	12.6%	
	<u>10,137</u>	<u>\$ 128,180</u>	<u>100.0%</u>	<u>60.7%</u>	

Lease Expirations - Office					
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>	<u>% of Company Annual rents</u>	
2005	548	\$ 11,841	20.0%	5.6%	
2006	540	11,453	19.4%	5.4%	
2007	418	8,739	14.8%	4.1%	
2008	385	9,033	15.3%	4.3%	
2009	259	5,171	8.7%	2.4%	
Thereafter	509	12,894	21.8%	6.2%	
	<u>2,659</u>	<u>\$ 59,131</u>	<u>100.0%</u>	<u>28.0%</u>	

Lease Expirations - Industrial					
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>	<u>% of Company Annual rents</u>	
2005	653	\$ 4,306	18.0%	2.0%	
2006	900	5,684	23.8%	2.7%	
2007	819	5,351	22.4%	2.5%	
2008	473	3,433	14.4%	1.6%	
2009	318	1,948	8.2%	0.9%	
Thereafter	497	3,147	13.2%	1.6%	
	<u>3,660</u>	<u>\$ 23,869</u>	<u>100.0%</u>	<u>11.3%</u>	

Lease Expirations - Total					
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>	<u>% of Company Annual rents</u>	
2005	3,016	\$ 37,295	17.7%	17.7%	
2006	3,692	45,692	21.6%	21.6%	
2007	2,996	35,185	16.7%	16.7%	
2008	2,186	31,678	15.0%	15.0%	
2009	1,647	18,833	8.9%	8.9%	
Thereafter	2,919	42,497	20.1%	20.1%	
	<u>16,456</u>	<u>\$ 211,180</u>	<u>100.0%</u>	<u>100.0%</u>	

**PS BUSINESS PARKS, INC.**  
**Owned Portfolio Lease Expirations as of March 31, 2005**  
(in thousands)

Southern California					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	744	\$ 10,468	21.2%	5.0%	
2006	1,108	13,586	27.5%	6.4%	
2007	674	9,432	19.1%	4.5%	
2008	398	6,672	13.5%	3.2%	
2009	295	4,412	8.9%	2.1%	
Thereafter	275	4,812	9.8%	2.2%	
	<u>3,494</u>	<u>\$ 49,382</u>	<u>100.0%</u>	<u>23.4%</u>	

Northern California					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	203	\$ 2,489	13.9%	1.2%	
2006	314	3,576	20.0%	1.7%	
2007	343	3,211	18.0%	1.5%	
2008	227	4,915	27.5%	2.3%	
2009	120	1,202	6.7%	0.6%	
Thereafter	232	2,486	13.9%	1.2%	
	<u>1,439</u>	<u>\$ 17,879</u>	<u>100.0%</u>	<u>8.5%</u>	

Southern Texas					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	247	\$ 2,191	24.6%	0.9%	
2006	177	1,844	20.7%	0.9%	
2007	142	1,347	15.1%	0.6%	
2008	127	1,116	12.6%	0.5%	
2009	192	1,304	14.7%	0.6%	
Thereafter	103	1,090	12.3%	0.5%	
	<u>988</u>	<u>\$ 8,892</u>	<u>100.0%</u>	<u>4.0%</u>	

Northern Texas					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	198	\$ 1,913	14.6%	0.9%	
2006	243	2,991	22.9%	1.4%	
2007	150	1,117	8.5%	0.5%	
2008	124	1,329	10.2%	0.6%	
2009	186	917	7.0%	0.4%	
Thereafter	571	4,800	36.8%	2.2%	
	<u>1,472</u>	<u>\$ 13,067</u>	<u>100.0%</u>	<u>6.0%</u>	

**PS BUSINESS PARKS, INC.**  
**Owned Portfolio Lease Expirations as of March 31, 2005**  
(in thousands)

Florida					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	537	\$ 3,757	17.1%	1.8%	
2006	826	6,246	28.4%	3.0%	
2007	636	4,641	21.1%	2.2%	
2008	492	3,667	16.7%	1.8%	
2009	196	1,535	7.0%	0.7%	
Thereafter	276	2,135	9.7%	1.0%	
	<u>2,963</u>	<u>\$ 21,981</u>	<u>100.0%</u>	<u>10.5%</u>	

Northern Virginia					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	356	\$ 4,924	10.9%	2.4%	
2006	481	8,860	19.6%	4.2%	
2007	329	4,912	10.9%	2.3%	
2008	425	7,738	17.2%	3.7%	
2009	328	4,897	10.9%	2.3%	
Thereafter	758	13,773	30.5%	6.5%	
	<u>2,677</u>	<u>\$ 45,104</u>	<u>100.0%</u>	<u>21.4%</u>	

Maryland					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	265	\$ 5,804	24.0%	2.7%	
2006	98	2,496	10.3%	1.2%	
2007	223	4,711	19.5%	2.2%	
2008	153	3,206	13.3%	1.5%	
2009	152	2,074	8.6%	1.0%	
Thereafter	288	5,881	24.3%	2.8%	
	<u>1,179</u>	<u>\$ 24,172</u>	<u>100.0%</u>	<u>11.4%</u>	

Oregon					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	299	\$ 4,051	16.9%	1.9%	
2006	289	4,458	18.6%	2.1%	
2007	317	4,015	16.8%	1.9%	
2008	191	2,512	10.5%	1.2%	
2009	114	1,796	7.5%	0.9%	
Thereafter	391	7,099	29.7%	3.4%	
	<u>1,601</u>	<u>\$ 23,931</u>	<u>100.0%</u>	<u>11.4%</u>	



**PS BUSINESS PARKS, INC.**  
**Owned Portfolio Lease Expirations as of March 31, 2005**  
(in thousands)

Arizona					
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>	<u>% of Company</u>	
					<u>Annual rents</u>
2005	167	\$ 1,698	25.1%		0.9%
2006	156	1,635	24.1%		0.7%
2007	182	1,799	26.6%		1.0%
2008	49	523	7.7%		0.2%
2009	64	696	10.3%		0.3%
Thereafter	25	421	6.2%		0.3%
	<u>643</u>	<u>\$ 6,772</u>	<u>100.0%</u>		<u>3.4%</u>

Total					
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>	<u>% of Company</u>	
					<u>Annual rents</u>
2005	3,016	\$ 37,295	17.7%		17.7%
2006	3,692	45,692	21.6%		21.6%
2007	2,996	35,185	16.7%		16.7%
2008	2,186	31,678	15.0%		15.0%
2009	1,647	18,833	8.9%		8.9%
Thereafter	2,919	42,497	20.1%		20.1%
	<u>16,456</u>	<u>\$ 211,180</u>	<u>100.0%</u>		<u>100.0%</u>

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of March 31, 2005**  
(in thousands)

Lease Expirations - Large Tenant Portfolio					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	1,777	\$ 21,466	16.4%	10.2%	
2006	2,057	23,842	18.2%	11.3%	
2007	1,789	19,184	14.6%	9.1%	
2008	1,507	20,949	16.0%	10.0%	
2009	1,128	10,800	8.3%	5.1%	
Thereafter	2,507	34,718	26.5%	16.3%	
Total	10,765	\$ 130,959	100.0%	62.0%	

Lease Expirations - Small Tenant Portfolio					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	1,239	\$ 15,829	19.7%	7.5%	
2006	1,635	21,850	27.3%	10.3%	
2007	1,207	16,001	19.9%	7.6%	
2008	679	10,729	13.4%	5.1%	
2009	519	8,033	10.0%	3.8%	
Thereafter	412	7,779	9.7%	3.7%	
Total	5,691	\$ 80,221	100.0%	38.0%	

Lease Expirations - Total					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2005	3,016	\$ 37,295	17.7%	17.7%	
2006	3,692	45,692	21.6%	21.6%	
2007	2,996	35,185	16.7%	16.7%	
2008	2,186	31,678	15.0%	15.0%	
2009	1,647	18,833	8.9%	8.9%	
Thereafter	2,919	42,497	20.1%	20.1%	
Total	16,456	\$ 211,180	100.0%	100.0%	