



**PSBUSINESSPARKS**

**Analysis of Operating Results  
and Financial Condition**

**June 30, 2004**

**ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION  
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2004**

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

OPERATING DATA						
	Three Months Ended			Six Months ended		
	06/30/04	06/30/03	Difference	06/30/04	06/30/03	Difference
Total revenues	\$ 55,563	\$ 51,588	7.7%	\$ 110,920	\$ 101,379	9.4%
Net income allocable to common shareholders	\$ 5,207	\$ 12,991	(59.9%)	\$ 9,346	\$ 18,794	(50.3%)
Net income per common share - diluted:						
Continuing operations	\$ 0.24	\$ 0.47	(48.9%)	\$ 0.43	\$ 0.87	(50.6%)
Discontinued operations	\$ (0.01)	\$ 0.13	(107.7%)	\$ (0.01)	\$ -	(100.0%)
	\$ 0.23	\$ 0.60	(61.7%)	\$ 0.42	\$ 0.87	(51.7%)
Weighted average common shares outstanding - Basic	21,808	21,311	2.3%	21,710	21,343	1.7%
Weighted average common shares outstanding - Diluted	22,016	21,478	2.5%	21,942	21,488	2.1%
Weighted average common OP units outstanding	7,305	7,305	0.0%	7,305	7,305	0.0%
Total pro forma fully-converted shares	29,321	28,783	1.9%	29,247	28,793	1.6%

FUNDS FROM OPERATIONS						
	Three Months Ended			Six Months ended		
	06/30/04	06/30/03	Difference	06/30/04	06/30/03	Difference
FFO allocable to common shareholders before adjustments	\$ 25,453	\$ 25,751	(1.2%)	\$ 51,029	\$ 52,005	(1.9%)
EITF Topic D-42	-	-	-	(2,133)	-	(100.0%)
Impairment provision	-	-	-	-	(5,907)	(100.0%)
FFO allocable to common shareholders	\$ 25,453	\$ 25,751	(1.2%)	\$ 48,896	\$ 46,098	6.1%
FFO per common share and units - before adjustments	\$ 0.87	\$ 0.90	(2.2%)	\$ 1.74	\$ 1.80	(2.8%)
FFO per common share and units - as reported	\$ 0.87	\$ 0.90	(3.3%)	\$ 1.67	\$ 1.60	4.4%

PROPERTY INFORMATION						
	Three Months Ended			Six Months ended		
	06/30/04	06/30/03	Difference	06/30/04	06/30/03	Difference
<b>Total Portfolio</b>						
Net rentable square footage at period end	18,449	14,784	24.8%	18,326	14,784	24.0%
Weighted average occupancy	87.9%	92.2%	(4.7%)	88.2%	92.6%	(4.8%)
Annualized realized rent per sq. ft. (1)	\$ 13.55	\$ 14.76	(8.2%)	\$ 13.47	\$ 14.62	(7.9%)
REVPAR (2)	\$ 11.91	\$ 13.61	(12.5%)	\$ 11.88	\$ 13.54	(12.3%)
<b>Same Park Facilities</b>						
Net rentable square footage	14,161	14,161	0.0%	14,161	14,161	0.0%
Weighted average occupancy	90.0%	92.3%	(2.5%)	90.2%	92.4%	(2.4%)
Annualized realized rent per sq. ft. (1)	\$ 14.67	\$ 14.77	(0.7%)	\$ 14.63	\$ 14.72	(0.6%)
REVPAR (2)	\$ 13.20	\$ 13.63	(3.2%)	\$ 13.20	\$ 13.60	(2.9%)

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

BALANCE SHEET DATA			
	06/30/04	12/31/03	Difference
Total assets	\$ 1,393,086	\$ 1,358,861	2.5%
Minority interest - preferred	\$ 247,750	\$ 217,750	13.8%
Minority interest - common	\$ 166,932	\$ 169,888	(1.7%)
Perpetual preferred stock	\$ 420,850	\$ 168,673	149.5%
Common shareholders' equity	\$ 498,531	\$ 502,155	(0.7%)
Total common shares outstanding at period end	21,811	21,566	1.1%
Book value per common share	\$ 22.86	\$ 23.28	(1.8%)

MARKET VALUE INFORMATION			
	06/30/04	12/31/03	Difference
Market value of common stock and common OP units	\$ 1,171,631	\$ 1,191,213	(1.6%)
Total debt	19,384	264,694	(92.7%)
Total preferred stock and preferred OP units	668,600	386,423	73.0%
Total market capitalization	\$ 1,859,615	\$ 1,842,330	0.9%
Stock price at the end of the period	\$ 40.24	\$ 41.26	(2.5%)

**PS BUSINESS PARKS, INC.**

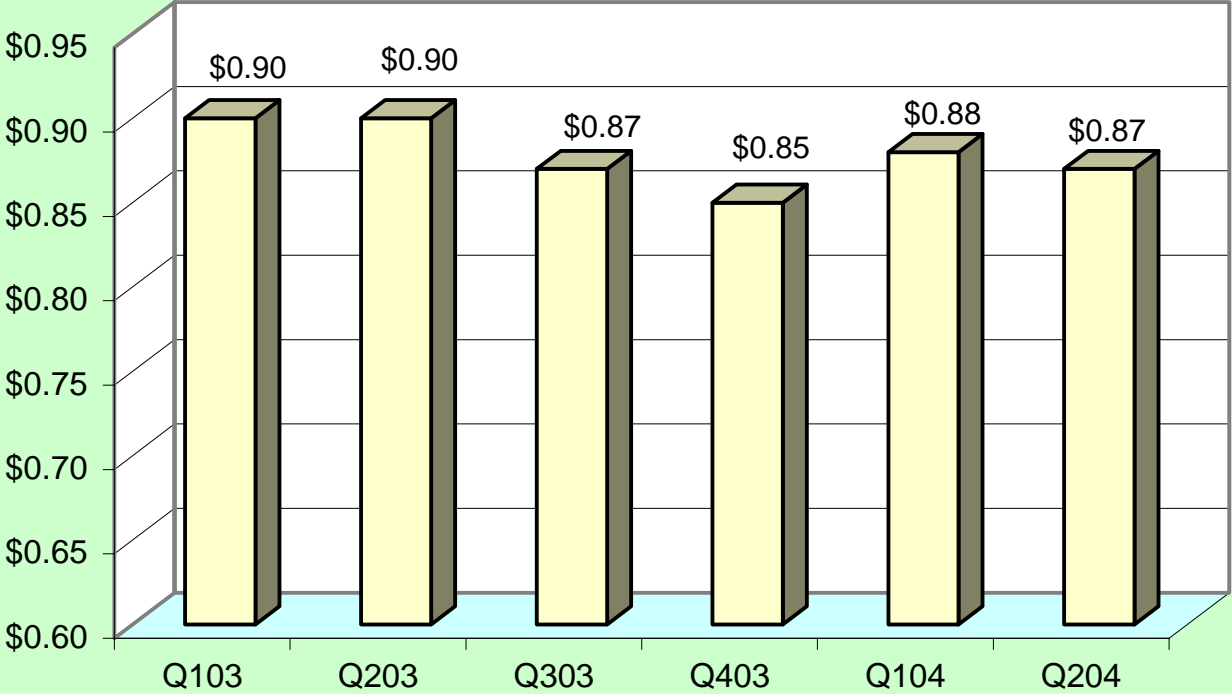
Sources and Uses of Funds (in thousands)

	Six Months Ended June 30, 2004
<b><u>Sources of Funds:</u></b>	
Funds from operations before EITF Topic D-42	\$ 48,896
Proceeds from disposition of real estate	1,077
Proceeds from placement of preferred units, net	Series J 41,533
Issuance of preferred stock, net	Series H, I, K 295,393
Exercise of stock options	6,263
Borrowings on line of credit	108,000
Total Sources of Funds	501,162
<b><u>Uses of Funds:</u></b>	
Property renovations	(6,025)
Land Held for Development	(224)
Recurring capital expenditures	(14,803)
Acquisition of real estate	(22,375)
Common dividends and OP distributions	(16,841)
Principal payments on mortgage notes payable	(310)
Redemption of preferred stock	(65,573)
Repayments on line of credit	(203,000)
Repayment of borrowings from an affiliate	(100,000)
Repayment of unsecured note payable	(50,000)
Preferred stock shelf registration	(86)
Change in working capital	(103)
Total Uses of Funds	(479,340)
Net increase in cash balance	21,822
Beginning cash balance	5,809
Ending cash balance	\$ 27,631

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

	Three Months Ended		Increase (Decrease)	% Change	Six Months Ended		Increase (Decrease)	% Change
	06/30/04	06/30/03			06/30/04	06/30/03		
<b>Funds from operations (FFO):</b>								
Net income allocable to common shareholders	\$ 5,207	\$ 12,991	\$ (7,784)	(59.9%)	\$ 9,346	\$ 18,794	\$ (9,448)	(50.3%)
Adjustments:								
Gain on sale of marketable securities		(2,043)	2,043	(100.0%)	-	(2,043)	2,043	(100.0%)
(Gain) loss on disposition of real estate	168	(3,484)	3,652	(104.8%)	168	(3,484)	3,652	(104.8%)
Equity income from gain on sale of joint venture properties	-	(300)	300	(100.0%)	-	(1,376)	1,376	(100.0%)
Depreciation and amortization	18,334	14,141	4,193	29.7%	36,233	27,796	8,437	30.4%
Minority interest in income - common units	1,744	4,446	(2,702)	(60.8%)	3,149	6,411	(3,262)	(50.9%)
FFO allocable to common shareholders/unitholders	<u>\$ 25,453</u>	<u>\$ 25,751</u>	<u>\$ (298)</u>	<u>(1.2%)</u>	<u>\$ 48,896</u>	<u>\$ 46,098</u>	<u>\$ 2,798</u>	<u>6.1%</u>
Weighted average common shares outstanding	21,808	21,311	497	2.3%	21,710	21,343	367	1.7%
Weighted average common OP units outstanding	7,305	7,305	-	0.0%	7,305	7,305	-	0.0%
Weighted average dilutive stock options	208	146	62	42.5%	232	146	86	58.9%
Total pro forma fully-converted shares	<u>29,321</u>	<u>28,762</u>	<u>559</u>	<u>1.9%</u>	<u>29,247</u>	<u>28,794</u>	<u>453</u>	<u>1.6%</u>
Fully diluted FFO per common share/OP unit	<u>\$ 0.87</u>	<u>\$ 0.90</u>	<u>\$ (0.03)</u>	<u>(3.3%)</u>	<u>\$ 1.67</u>	<u>\$ 1.60</u>	<u>\$ 0.07</u>	<u>4.4%</u>
<b>Funds available for distribution (FAD):</b>								
Funds from operations	\$ 25,453	\$ 25,751	\$ (298)	(1.2%)	\$ 48,896	\$ 46,098	\$ 2,798	6.1%
Adjustments:								
Maintenance capital expenditures	(802)	(610)	(192)	31.5%	(1,682)	(1,184)	(498)	42.1%
Tenant improvements	(6,160)	(3,516)	(2,644)	75.2%	(9,387)	(6,401)	(2,986)	46.6%
Lease commissions	(2,321)	(1,128)	(1,193)	105.8%	(3,734)	(2,157)	(1,577)	73.1%
Straight-line rent	(727)	76	(803)	(1056.6%)	(1,379)	(559)	(820)	146.7%
Stock compensation expense	291	272	19	7.0%	596	445	151	33.9%
In-place rents adjustment (SFAS 141)	39	-	39	100%	78	-	78	100%
Impairment charge on properties held for sale	-	-	-	0.0%	-	5,907	(5,907)	(100.0%)
Redemption amount over carrying amount related to preferred equity called for redemption	-	-	-	100.0%	2,133	-	2,133	100.0%
FAD	<u>\$ 15,773</u>	<u>\$ 20,845</u>	<u>\$ (5,072)</u>	<u>(24.3%)</u>	<u>\$ 35,521</u>	<u>\$ 42,149</u>	<u>\$ (6,628)</u>	<u>(15.7%)</u>
FAD per common share/OP unit	<u>\$ 0.54</u>	<u>\$ 0.72</u>	<u>\$ (0.18)</u>	<u>(25.0%)</u>	<u>\$ 1.21</u>	<u>\$ 1.46</u>	<u>\$ (0.25)</u>	<u>(17.1%)</u>
<b>Cash available for debt repayments and reinvestments:</b>								
FAD	\$ 15,773	\$ 20,845	\$ (5,072)	(24.3%)	\$ 35,521	\$ 42,149	\$ (6,628)	(15.7%)
Distributions to common shareholders	(6,325)	(6,192)	(133)	2.1%	(12,603)	(12,390)	(213)	1.7%
Distributions to common OP unitholders	(2,119)	(2,119)	-	0.0%	(4,238)	(4,238)	-	0.0%
Non-recurring capital expenditures	(5,242)	(3,899)	(1,343)	34.4%	(6,249)	(5,060)	(1,189)	23.5%
Cash available for debt repayments and reinvestments	<u>\$ 2,087</u>	<u>\$ 8,635</u>	<u>\$ (6,548)</u>	<u>(75.8%)</u>	<u>\$ 12,431</u>	<u>\$ 20,461</u>	<u>\$ (8,030)</u>	<u>(39.2%)</u>

### Diluted FFO\* Per Common Share/OP Unit



\* Excludes adjustments for straight-line rent, ETIF Topic D-42 costs, and impairment charges.

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

	As of June 30, 2004			As of December 31, 2003		
	Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
Long-Term Debt:						
7.050% mortgage note, secured by one commercial property, due May 2006	\$ 7,819			\$ 7,938		
8.190% mortgage note, secured by one commercial property, due March 2007	5,708			5,832		
7.290% mortgage note, secured by one commercial property, due February 2009	5,857			5,924		
Total mortgage notes payable (3)	<u>19,384</u>	1%	7.46%	<u>19,694</u>	1%	7.46%
Term facility Loan (4.46% @ 12/31/03)(1)	-			50,000		
Total Long-Term Debt	<u>-</u>	0%	0%	<u>69,694</u>	4%	5.31%
Short-Term Debt:						
\$100 million unsecured line of credit (1)	-			95,000		
Notes Payable affiliate	-			100,000		
Total Short-Term Debt	<u>-</u>	0%	0%	<u>195,000</u>	11%	1.64%
Total debt	<u>19,384</u>	1%	7.46%	<u>264,694</u>	14%	2.60%
9.250% Series A preferred stock (2,112,900 depository 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			80,000		
8.875% Series X preferred operating partnership units (1,600,000 units outstanding) callable 9/23/04	40,000			40,000		
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 (6,900,000 units outstanding) callable 1/30/09	172,500			-		
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			-		
Total preferred equity (2)	<u>668,600</u>	36%	8.04%	<u>386,423</u>	21%	8.99%
Total debt and preferred equity	<u>687,984</u>	37%	8.02%	<u>651,117</u>	35%	6.40%
Common stock (21,810,736 and 21,565,528 shares outstanding in June 2004 and December 2003 respectively)	877,664			\$ 889,794		
Common operating partnership units (7,305,355 units outstanding as of June and December )	293,967			301,419		
Total common equity (2)	<u>1,171,631</u>	63%		<u>1,191,213</u>	65%	
Total market capitalization	<u>\$ 1,859,615</u>	100%		<u>\$ 1,842,330</u>	100%	

(1) The outstanding balance on the line of credit was repaid in full during June, 2004. In July 2002 the Company entered into an interest rate swap transaction which resulted in a fixed LIBOR rate of 3.01% for its \$50 million term loan. In February 2004 the Company repaid the term loan in full with proceeds from its line of credit. The interest rate swap contract, which expired in July 2004, was designated to the LIBOR-based borrowings on the line of credit.

(2) Closing stock price was \$40.24 and \$41.26 as of June 2004 and December 2003 respectively.

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

Principal Maturity Dates						
	2004	2005	2006	2007	2008	Thereafter
\$	124	\$ 260	\$ 7,435	\$ -	\$ -	\$ -
	130	276	300	5,002		
	67	144	155	167	179	5,145
\$	<u>321</u>	<u>\$ 680</u>	<u>\$ 7,890</u>	<u>\$ 5,169</u>	<u>\$ 179</u>	<u>\$ 5,145</u>

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

	06/30/04	12/31/03	Increase (Decrease)	% Change
<b>ASSETS</b>				
Cash and cash equivalents	\$ 27,631	\$ 5,809	\$ 21,822	(a) 375.7%
Real estate facilities, at cost:				
Land	400,244	387,101	13,143	3.4%
Buildings and equipment	1,199,567	1,129,938	69,629	6.2%
	1,599,811	1,517,039	82,772	(b) 5.5%
Accumulated depreciation	(268,229)	(225,599)	(42,630)	18.9%
	1,331,582	1,291,440	40,142	3.1%
Properties held for disposition, net	-	34,649	(34,649)	(c) -100.0%
Land held for development	11,623	10,196	1,427	14.0%
	1,343,205	1,336,285	6,920	0.5%
Rent receivable	2,923	1,885	1,038	55.1%
Defered rent receivables	14,694	12,929	1,765	13.7%
Intangible assets, net	-	76	(76)	-100.0%
Other assets	4,633	1,877	2,756	(e) 146.8%
Total assets	<u>\$ 1,393,086</u>	<u>\$ 1,358,861</u>	<u>\$ 34,225</u>	<u>2.5%</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Accrued and other liabilities	\$ 39,639	\$ 35,701	\$ 3,938	11.0%
Line of credit	-	95,000	(95,000)	-100.0%
Mortgage notes payable	19,384	19,694	(310)	-1.6%
Notes payable to affiliate	-	100,000	(100,000)	-100.0%
Unsecured term loan	-	50,000	(50,000)	-100.0%
Total liabilities	59,023	300,395	(241,372)	-80.4%
Minority interest:				
Preferred units	247,750	217,750	30,000	(g) 13.8%
Common units	166,932	169,888	(2,956)	-1.7%
Shareholders' equity:				
Preferred stock	420,850	168,673	252,177	(h) 149.5%
Common stock	218	216	2	0.9%
Paid-in capital	419,892	420,778	(886)	(i) -0.2%
Cumulative net income	305,626	281,386	24,240	8.6%
Comprehensive gain (loss)	-	(535)	535	(j) -100.0%
Cumulative distributions	(227,205)	(199,690)	(27,515)	(k) 13.8%
Total shareholders' equity	919,381	670,828	248,553	37.1%
Total liabilities and shareholders' equity	<u>\$ 1,393,086</u>	<u>\$ 1,358,861</u>	<u>\$ 34,225</u>	<u>2.5%</u>

(a)	See sources and uses of funds on page 2			
(b)	Change in real estate facilities, at cost is due to the following			
	Property reclassified to held for disposition	\$ 39,689		
	Property acquisition (includes capitalized acquisition costs)	24,139		
	Property dispositions	(1,886)		
	Property renovations	6,428		
	Maintenance capital expenditures	1,682		
	Tenant improvements	8,986		
	Lease commissions	3,734		
		<u>\$ 82,772</u>		
(c)	Change in properties held for disposition, net is due to the following			
	Beaverton, Oregon properties reclassified to continuing operation	\$ (34,649)		
		<u>\$ (34,649)</u>		
(d)	Rent receivable consists of the following			
		06/30/04	12/31/03	
	U.S. Government	\$ 1,776	\$ 1,175	
	Acquisitions	313	14	
	Same Park	834	696	
		<u>\$ 2,923</u>	<u>\$ 1,885</u>	
(e)	Change in other assets is due to the following:			
	Prepayment of insurance premium:	\$ 1,804		
	Other	952		
		<u>\$ 2,756</u>		
(f)	Accrued and other liabilities at June 30, 2004 consists of			
		6/30/2004	12/31/2003	Change
	Deferred rental revenue	\$ 8,159	8,290	\$ (131)
	Accounts payable	211	927	(716)
	Property taxes	7,063	3,427	3,636
	Security deposits	14,730	14,056	674
	Accrued interest	-	112	(112)
	Reserves for acquisition costs	6,085	4,920	1,165
	Unrealized loss on interest rate swap	-	534	(534)
	Other (Professional fees - \$385,000, accrued bonus - \$676,000, and restricted stock - \$1.5 million)	3,391	3,435	(44)
		<u>\$ 39,639</u>	<u>\$ 35,701</u>	<u>\$ 3,938</u>
(g)	Change in minority interest - preferred units			
	Redemption of Series B			(12,750)
	Issuance of Series J			42,750
				<u>\$ 30,000</u>
(h)	Change in preferred stock:			
	Redemption of Series A			(52,823)
	Issuance of Series H			172,500
	Issuance of Series I			75,000
	Issuance of Series K			57,500
				<u>\$ 252,177</u>
(i)	Change in paid-in capital:			
	Beginning paid-in capital	\$ 420,778		
	Preferred stock issuance costs	(9,977)		
	Shelf registration costs	(86)		
	Redemption of preferred stock (application of EITF Topic D-42)	1,866		
	Exercise of stock options	6,261		
	Stock option amortization	191		
	Restricted stock amortization	405		
	Change in minority interest, common, due to repurchase of share	454		
	Ending paid in capital	<u>\$ 419,892</u>		
(j)	Change in unrealized loss is due to the following:			
	Decrease in liability related to interest rate SWAP			535
				<u>\$ 535</u>
(k)	Change in cumulative distributions			
	Distributions to preferred shareholders	\$ (14,504)		
	Distributions to common shareholders	(13,011)		
		<u>\$ (27,515)</u>		

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

	06/30/04	06/30/03	Increase (Decrease)	% Change
<b>Revenues:</b>				
Rental income	\$ 55,352	\$ 48,802	\$ 6,550 (a)	13.4%
Facility management fees primarily from affiliates	160	190	(30)	(15.8%)
Gain on sale of marketable securities	-	2,043	(2,043)	(100.0%)
Interest and other income	51	553	(502) (b)	(90.8%)
	<u>55,563</u>	<u>51,588</u>	<u>3,975</u>	<u>7.7%</u>
<b>Expenses:</b>				
Cost of operations	16,384	12,986	3,398 (c)	26.2%
Depreciation and amortization	18,334	14,141	4,193	29.7%
General and administrative	1,004 (d)	1,399 (d)	(395)	(28.2%)
Interest expense	833 (e)	998 (e)	(165)	(16.5%)
	<u>36,555</u>	<u>29,524</u>	<u>7,031</u>	<u>23.8%</u>
Income before discontinued operations and minority interest	<u>19,008</u>	<u>22,064</u>	<u>(3,056)</u>	<u>(13.9%)</u>
<b>Discontinued operations:</b>				
Income from discontinued operations	-	123	(123)	(100.0%)
Gain (loss) on disposition of real estate	(168) (f)	3,484	(3,652)	(104.8%)
Equity in income of liquidated joint venture	-	500	(500)	(100.0%)
Net income/(loss) from discontinued operations	<u>(168)</u>	<u>4,107</u>	<u>(4,275)</u>	<u>(104.1%)</u>
Income before minority interest	<u>18,840</u>	<u>26,171</u>	<u>(7,331)</u>	<u>(28.0%)</u>
Minority interest in income - preferred units	(4,804)	(4,810)	6	(0.1%)
Minority interest in income - common units	<u>(1,744)</u>	<u>(4,446)</u>	<u>2,702</u>	<u>(60.8%)</u>
Net income	<u>\$ 12,292</u>	<u>\$ 16,915</u>	<u>\$ (4,623)</u>	<u>(27.3%)</u>
<b>Net income allocation:</b>				
Allocable to preferred shareholders	\$ 7,085	\$ 3,924	\$ 3,161 (g)	80.6%
Allocable to common shareholders	5,207	12,991	(7,784)	(59.9%)
	<u>\$ 12,292</u>	<u>\$ 16,915</u>	<u>\$ (4,623)</u>	<u>(27.3%)</u>
<b>Net income per common share - basic:</b>				
Continuing operations	\$ 0.25	\$ 0.47	\$ (0.22)	(46.8%)
Discontinued operation:	\$ (0.01)	\$ 0.14	(0.15)	(107.1%)
	<u>\$ 0.24</u>	<u>\$ 0.61</u>	<u>\$ (0.37)</u>	<u>(60.7%)</u>
<b>Net income per common share - diluted</b>				
Continuing operations	\$ 0.24	\$ 0.47	\$ (0.23)	(48.9%)
Discontinued operations	\$ (0.01)	\$ 0.13	(0.14)	(107.7%)
	<u>\$ 0.23</u>	<u>\$ 0.60</u>	<u>\$ (0.37)</u>	<u>(61.7%)</u>
<b>Weighted average common shares outstanding:</b>				
Basic	21,808	21,311	497 (h)	2.3%
Diluted	<u>22,016</u>	<u>21,478</u>	<u>538</u>	<u>2.5%</u>

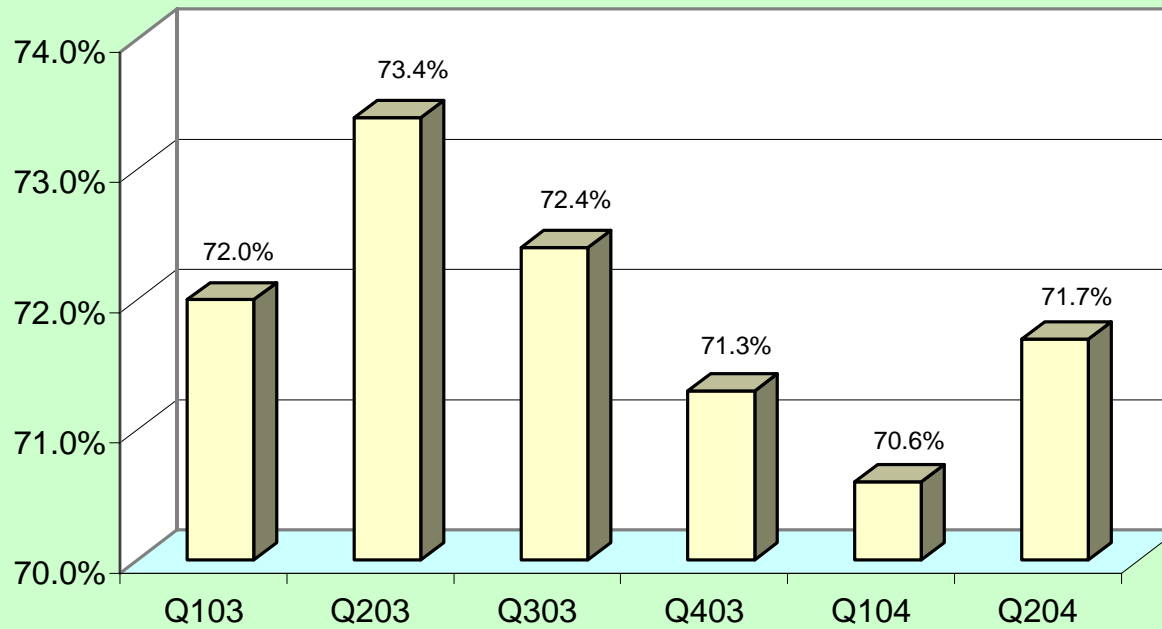
(a) Rental income has increased due to the following:		
Same Park facilities	\$	(1,585)
Acquisitions		7,332
Straight-line rent		803
	<u>\$</u>	<u>6,550</u>
(b) Decrease relates to decreased interest earned on overnight investment and decreased business services revenue.		
(c) Cost of operations have increased due to the following:		
Same Park facilities	\$	511
Acquisitions		2,887
	<u>\$</u>	<u>3,398</u>
(d) General and administrative expenses for the three months ended:	June 30, 2004	June 30, 2003
Salaries	\$ 509	\$ 641
Professional fees	74	98
Investor services	76	108
Internal acquisition costs	171	285
Other	174	267
	<u>\$ 1,004</u>	<u>\$ 1,399</u>
(e) Interest expense for the three months ended:	June 30, 2004	June 30, 2003
Mortgage notes payable	\$ 363	\$ 375
Facilities fees & other charges	51	63
Line of Credit interest (Wells Fargo)	419	-
Term Loan Interest (Fleet)	-	560
	<u>\$ 833</u>	<u>\$ 998</u>
(f) Net operating income from discontinued operations (Mopac 6) for the three months ended <sup>(1)</sup>	June 30, 2004	June 30, 2003
Rental revenue	\$ 10	\$ 169
Operating expenses	(10)	(46)
Operating income from discontinued property:	<u>\$ -</u>	<u>\$ 123</u>
(1) 2004 includes activity for Mopac 6, 2003 includes activity for Mopac 6 and Lakewood (sold in Q10)		
(g) Increase relates to Series H and Series I preferred stock issued in Q104 and Q204, respectively.		
(h) Net increase relates to stock option exercises		

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

	06/30/04	06/30/03	Increase (Decrease)	% Change
<b>Revenues:</b>				
Rental income	\$ 110,526	\$ 98,126	\$ 12,400 (a)	12.6%
Facility management fees primarily from affiliates	318	384	(66)	(17.2%)
Gain on sale of marketable securities	-	2,043	(2,043)	(100.0%)
Interest and other income	76	826	(750) (b)	(90.8%)
	<u>110,920</u>	<u>101,379</u>	<u>9,541</u>	<u>9.4%</u>
<b>Expenses:</b>				
Cost of operations	33,060	26,518	6,542 (c)	24.7%
Depreciation and amortization	36,218	27,745	8,473	30.5%
General and administrative	2,095 (d)	2,452 (d)	(357)	(14.6%)
Interest expense	2,099 (e)	2,000 (e)	99	5.0%
	<u>73,472</u>	<u>58,715</u>	<u>14,757</u>	<u>25.1%</u>
Income before discontinued operations and minority interest	<u>37,448</u>	<u>42,664</u>	<u>(5,216)</u>	<u>(12.2%)</u>
<b>Discontinued operations:</b>				
Income from discontinued operations	7 (f)	141	(134)	(95.0%)
Impairment charge on properties held for sale	-	(5,907)	5,907	(100.0%)
Gain (loss) on disposition of real estate	(168)	3,484	(3,652)	(104.8%)
Equity in income of liquidated joint venture	-	2,296	(2,296)	(100.0%)
Net income/(loss) from discontinued operations	<u>(161)</u>	<u>14</u>	<u>(175)</u>	<u>(1250.0%)</u>
Income before minority interest	<u>37,287</u>	<u>42,678</u>	<u>(5,391)</u>	<u>(12.6%)</u>
<b>Minority interest in income - preferred units:</b>				
Distributions paid	(9,614)	(9,620)	6 (g)	(0.1%)
Redemptions of preferred OP units	(267)	-	(267) (g)	N/A
Minority interest in income - common units	<u>(3,149)</u>	<u>(6,411)</u>	<u>3,262</u>	<u>(50.9%)</u>
Net income	<u>\$ 24,257</u>	<u>\$ 26,647</u>	<u>\$ (2,390)</u>	<u>(9.0%)</u>
<b>Net income allocation:</b>				
Allocable to preferred shareholders:				
Distributions paid	\$ 13,045	\$ 7,853	\$ 5,192 (h)	66.1%
Redemptions of preferred stock	1,866	-	1,866	N/A
Allocable to common shareholders	<u>9,346</u>	<u>18,794</u>	<u>(9,448)</u>	<u>(50.3%)</u>
	<u>\$ 24,257</u>	<u>\$ 26,647</u>	<u>\$ (2,390)</u>	<u>(9.0%)</u>
<b>Net income per common share - basic:</b>				
Continuing operations	\$ 0.44	\$ 0.88	\$ (0.44)	(50.0%)
Discontinued operations	\$ (0.01)	\$ -	\$ (0.01)	N/A
	<u>\$ 0.43</u>	<u>\$ 0.88</u>	<u>\$ (0.45)</u>	<u>(51.1%)</u>
<b>Net income per common share - diluted</b>				
Continuing operations	\$ 0.43	\$ 0.87	\$ (0.44)	(50.6%)
Discontinued operations	\$ (0.01)	\$ -	\$ (0.01)	N/A
	<u>\$ 0.42</u>	<u>\$ 0.87</u>	<u>\$ (0.45)</u>	<u>(51.7%)</u>
<b>Weighted average common shares outstanding:</b>				
Basic	<u>21,710</u>	<u>21,343</u>	<u>367 (i)</u>	<u>1.7%</u>

(a) Rental income has increased due to the following:		
Same Park facilities	\$	(2,975)
Acquisitions		14,856
Straight-line rent		519
	<u>\$</u>	<u>12,400</u>
(b) Decrease relates to decreased interest earned on overnight investment and decreased business services revenue.		
(c) Cost of operations have increased due to the following:		
Same Park facilities	\$	831
Acquisitions		5,711
	<u>\$</u>	<u>6,542</u>
(d) General and administrative expenses for the year ended:	June 30, 2004	June 30, 2003
Salaries	\$ 1,120	\$ 1,286
Professional fees	143	198
Investor services	126	167
Internal acquisition costs	270	272
Other	436	529
	<u>\$ 2,095</u>	<u>\$ 2,452</u>
(e) Interest expense for the year ended:	June 30, 2004	June 30, 2003
Mortgage notes payable	\$ 731	\$ 758
Line of credit interest	247	-
Interest rate swap charges	484	423
Facilities fees & other charges	128	126
Loan from Affiliate (PSI)	145	-
Term loan interest	364	693
	<u>\$ 2,099</u>	<u>\$ 2,000</u>
(f) Net operating income from discontinued operations (Mopac 6) for the six months ended: <sup>(1)</sup>	June 30, 2004	June 30, 2003
Rental revenue	\$ 55	\$ 557
Operating expenses	(33)	(306)
Depreciation	(15)	(110)
Operating income from discontinued property	<u>\$ 7</u>	<u>\$ 141</u>
(1) 2004 includes activity for Mopac 6, 2003 includes activity for Mopac 6 and Lakewood (sold in Q103).		
(g) Increase relates to redemption amount over carrying amount for Series B preferred OP units called for redemption in Q104.		
(h) Increase relates to Series H and Series I preferred stock issued Q104 and Q204, respectively, and redemption amount over carrying amount for Series A preferred stock called for redemption in Q104.		
(i) Net increase relates to stock option exercises.		

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



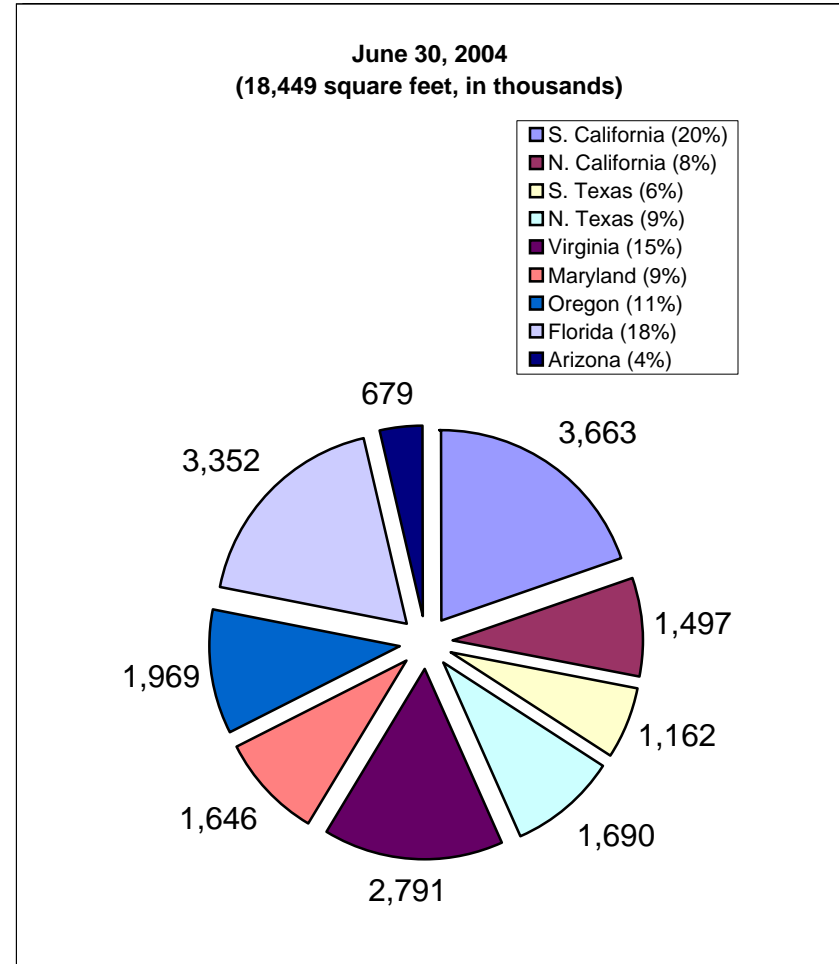
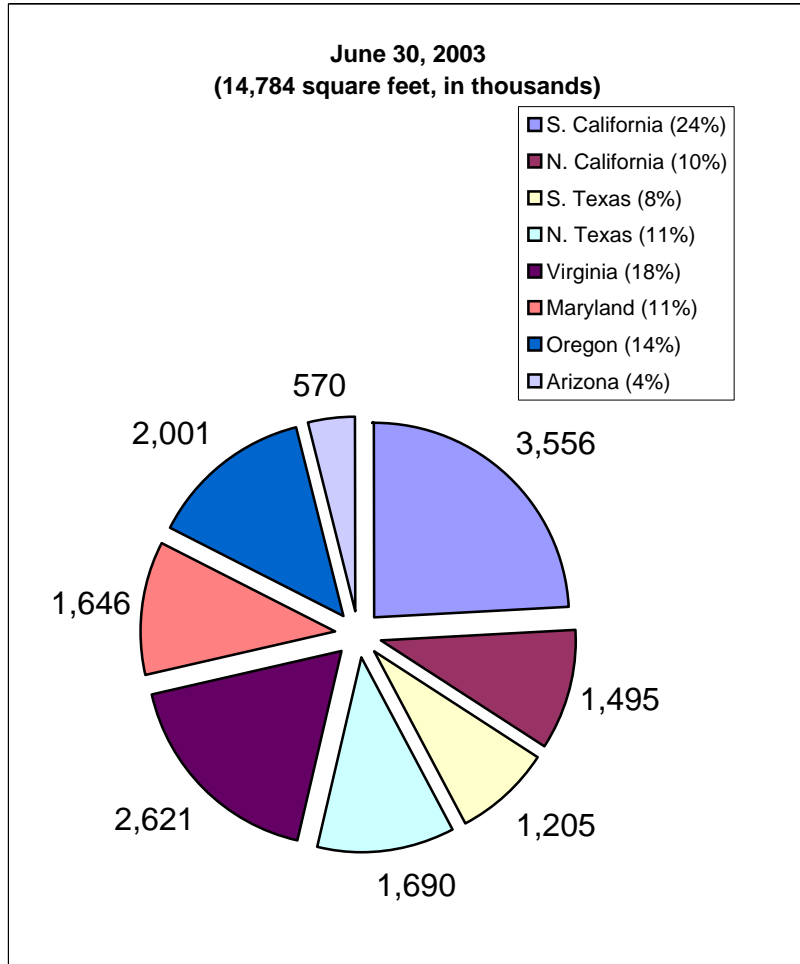
\* Gross margin is computed by dividing property net operating income by rental income (excluding straight-line rent adjustment).

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

<u>Recurring capital expenditures (1)</u>	<u>Six Months Ended June 30, 2004 Costs</u>	<u>Cost per Weighted Average Square Foot</u>
Maintenance capital expenditures (2)	\$1,682	\$0.09
Tenant improvements (3)	8,986	0.49
Leasing commissions (4)	3,734	0.20
Total recurring capital expenditures	<u>\$14,402</u>	<u>\$0.78</u>
<u>Non-recurring capital expenditures</u>		
Development costs	-	
Property renovations	\$6,249	
Acquisition costs	22,375	
Total non-recurring capital expenditures	<u>\$28,624</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 \$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 \$7.6 million or approximately \$0.41 per weighted average square foot for the six months ended June 30, 2004 compared to \$5.6 million or \$0.40 per square foot during the three months ended June 30, 2003.
- (2) Maintenance capital expenditures generally range from \$0.25 to \$0.50 per weighted average square foot annually. 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 improvement costs generally range from \$0.40 to \$1.00 per weighted average square foot annually. Tenant improvements less than \$1,000 or for leases of two years or less are expensed and included in cost of operations (\$630,000 for the six months ended June 30, 2004 as compared to \$294,000 for the six months ended June 30, 2003).
- (4) Lease commissions generally range from \$0.15 to \$0.40 per weighted average square foot annually.

## Total Rentable Square Footage by Region



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

Rentable Square Footage of Properties as of June 30, 2004					
Primary Markets	Industrial	Office	Flex	Total	%
Miami	2,617	12	723	3,352	18.2%
Northern Virginia	-	572	2,219	2,791	15.1%
Portland	-	346	1,623	1,969	10.7%
Maryland	-	720	926	1,646	8.9%
Dallas	231	-	1,459	1,690	9.2%
Los Angeles County	712	31	770	1,513	8.2%
Northern California	407	430	660	1,497	8.1%
Orange County	-	704	911	1,615	8.8%
Austin	-	-	788	788	4.3%
Phoenix	-	-	679	679	3.7%
San Diego County	-	-	535	535	2.9%
Houston	-	131	243	374	1.9%
	<u>3,967</u>	<u>2,946</u>	<u>11,536</u>	<u>18,449</u>	<u>100.0%</u>

Average Occupancy Rates by Product Type for the Quarter Ending June 30, 2004				
Primary Markets	Industrial	Office	Flex	Total
Miami	80.7%	80.6%	86.0%	81.9%
Northern Virginia	-	94.0%	95.5%	95.3%
Portland	-	65.2%	83.5%	80.3%
Maryland	-	96.0%	83.8%	89.1%
Dallas	94.0%	-	78.6%	80.7%
Los Angeles County	96.3%	98.9%	95.4%	95.9%
Northern California	100.0%	91.2%	95.4%	95.4%
Orange County	-	77.9%	92.9%	86.3%
Austin	-	-	84.4%	84.4%
Phoenix	-	-	92.1%	92.1%
San Diego County	-	-	95.5%	95.5%
Houston	-	82.1%	90.4%	87.5%
	<u>86.3%</u>	<u>86.0%</u>	<u>88.9%</u>	<u>87.9%</u>

Weighted Average Occupancy Rates by Portfolio Type for the Quarter Ending June 30, 2004			
Primary Markets	Large Tenant	Small Tenant	Total
Miami	81.4%	85.3%	81.9%
Northern Virginia	95.2%	95.4%	95.3%
Portland	79.6%	90.4%	80.3%
Maryland	89.0%	97.8%	89.1%
Dallas	79.6%	87.1%	80.7%
Los Angeles County	96.3%	95.6%	95.9%
Northern California	95.9%	94.4%	95.4%
Orange County	85.6%	88.4%	86.3%
Austin	84.9%	82.4%	84.4%
Phoenix	97.1%	91.5%	92.1%
San Diego County	-	95.5%	95.5%
Houston	82.1%	90.4%	87.5%
	<u>86.5%</u>	<u>92.0%</u>	<u>87.9%</u>

**Note:**

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 June 30, 2004**

Primary Markets	Industrial	Office	Flex	Total	%
Northern Virginia	-	406	2,215	2,621	18.5%
Portland	-	347	1,623	1,970	13.9%
Maryland	-	720	926	1,646	11.6%
Dallas	231	-	1,345	1,576	11.1%
Los Angeles County	712	31	770	1,513	10.7%
Northern California	407	430	660	1,497	10.6%
Orange County	-	161	911	1,072	7.6%
Austin	-	-	788	788	5.6%
Phoenix	-	-	569	569	4.0%
San Diego County	-	-	535	535	3.8%
Houston	-	131	243	374	2.6%
	1,350	2,226	10,585	14,161	100.0%

**Average Occupancy Rates by Product Type for the Quarter Ending June 30, 2004**

Primary Markets	Industrial	Office	Flex	Total
Northern Virginia	-	95.9%	95.5%	95.6%
Portland	-	65.2%	83.5%	80.3%
Maryland	-	96.0%	83.8%	89.1%
Dallas	94.0%	-	78.1%	80.4%
Los Angeles County	96.3%	98.9%	95.4%	95.9%
Northern California	100.0%	91.2%	95.4%	95.4%
Orange County	-	100.0%	92.7%	93.8%
Austin	-	-	84.4%	84.4%
Phoenix	-	-	94.1%	94.1%
San Diego County	-	-	95.5%	95.5%
Houston	-	82.1%	90.4%	87.5%
	97.0%	89.8%	89.2%	90.0%

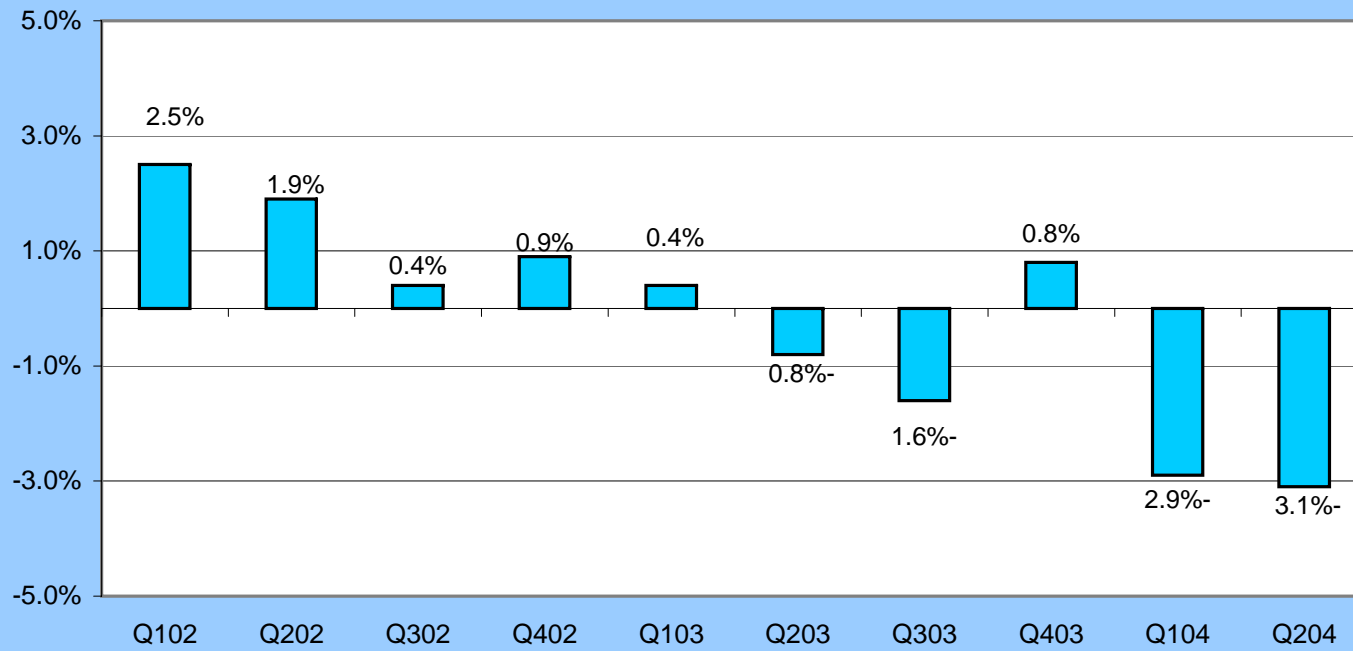
**Weighted Average Occupancy Rates by Portfolio Type for the Quarter Ending June 30, 2004**

Primary Markets	Large Tenant	Small Tenant	Total
Northern Virginia	95.2%	97.3%	95.6%
Portland	79.6%	90.4%	80.3%
Maryland	89.0%	97.8%	89.1%
Dallas	79.1%	87.1%	80.4%
Los Angeles County	96.3%	95.6%	95.9%
Northern California	95.9%	94.4%	95.4%
Orange County	97.2%	88.4%	93.9%
Austin	84.9%	82.4%	84.4%
Phoenix	97.1%	93.7%	94.1%
San Diego County	-	95.5%	95.5%
Houston	82.1%	90.4%	87.5%
	88.8%	93.2%	90.0%

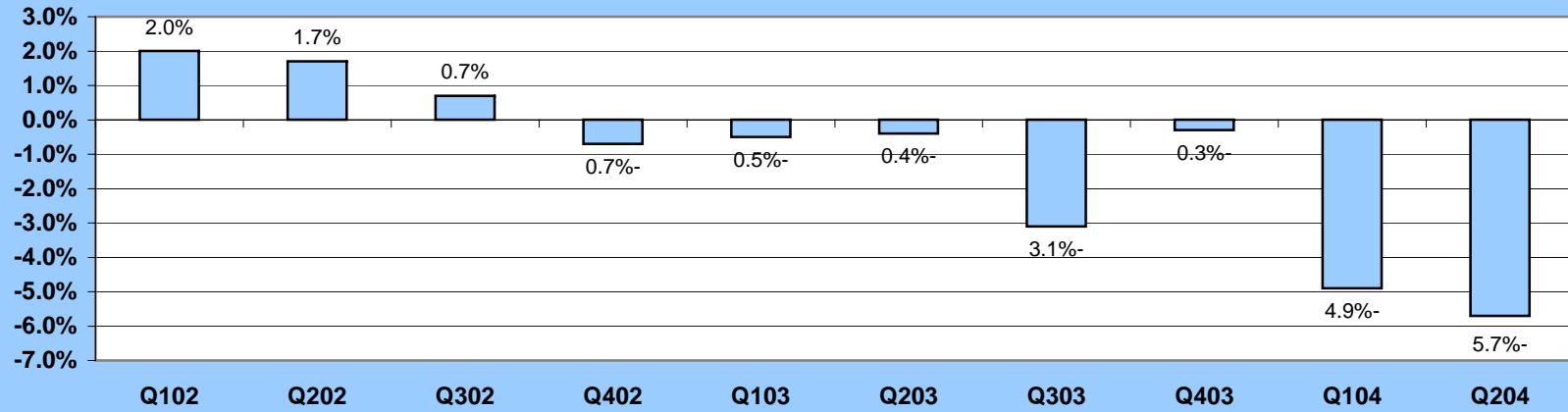
**Note:**

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.

## Change in Same Park Revenue

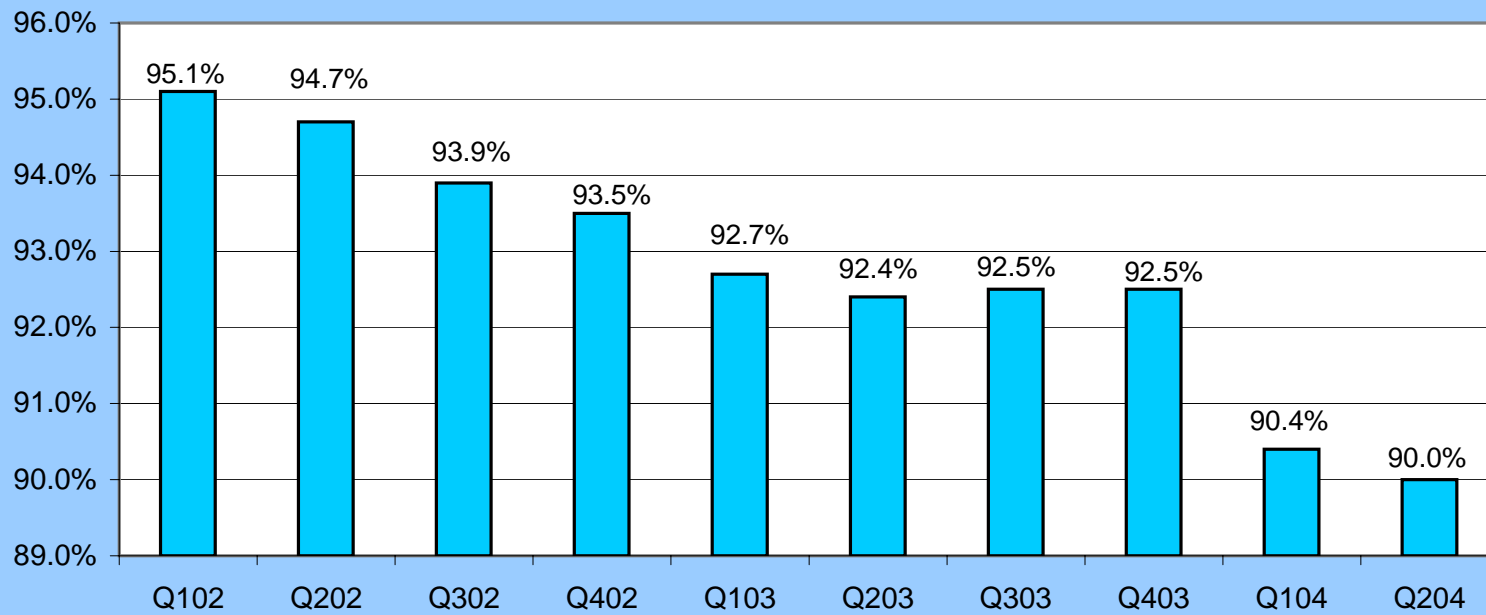


## Change in Same Park NOI before Straight Line Rent

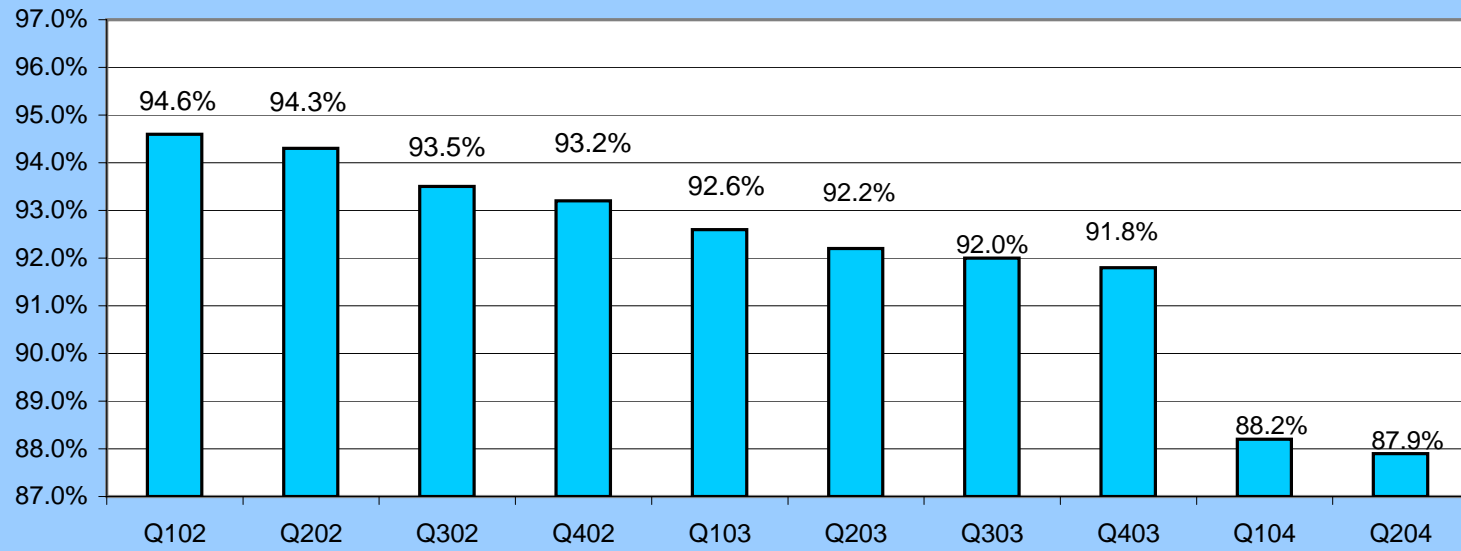


The change in NOI is based on the difference between the current quarter and the same quarter of the prior year.

## Same Park Occupancy



## Total Portfolio Occupancy



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

Industry Concentration as of June 30, 2004

	<u>% of Total Rents</u>
Computer Hardware, software and related service	11.4%
Business services	11.0%
Government	10.6%
Warehouse / Logistics	9.0%
Contractors	9.0%
Financial services	8.1%
Retail	5.7%
Electronics	4.4%
Home furnishings	4.6%
Communications	4.1%
	<u>77.9%</u>

Top Ten Customers by Total Annual Revenues as of June 30, 2004

<u>Tenant</u>	<u>Square Footage</u>	<u>Total Annual Revenues</u>	<u>%</u>
U.S. Government	532	\$ 12,284	5.6%
Citigroup	262	4,194	1.9%
Intel	233	3,972	1.8%
IBM	180	2,957	1.3%
County of Santa Clara	97	2,693	1.2%
Hughes Network Systems **	106	2,572	1.2%
Pycon, Inc.	134	2,464	1.1%
Symantec Corporation Inc	81	1,628	0.7%
Axcelis Technologies	89	1,584	0.7%
Welch Allyn Protocol, Inc	95	1,511	0.7%
	<u>1,809</u>	<u>\$ 35,859</u>	<u>16.2%</u>

\*\* Electronics subsidiary of Hughes Aircraft

**PS BUSINESS PARKS, INC.**  
**PORTFOLIO ANALYSIS AS OF June 30, 2004**  
(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>	
2004	1,248	\$ 13,562	10.3%	6.3%	
2005	2,676	31,806	24.1%	14.9%	
2006	2,055	24,685	18.7%	11.5%	
2007	1,432	18,193	13.8%	8.5%	
2008	1,086	15,698	11.9%	7.3%	
Thereafter	2,296	28,207	21.2%	13.2%	
	<u>10,793</u>	<u>\$ 132,151</u>	<u>100.0%</u>	<u>61.7%</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>	
2004	181	\$ 2,842	4.9%	1.3%	
2005	769	15,883	27.4%	7.4%	
2006	449	10,110	17.5%	4.7%	
2007	325	7,125	12.3%	3.3%	
2008	332	8,300	14.3%	3.9%	
Thereafter	519	13,658	23.6%	6.4%	
	<u>2,575</u>	<u>\$ 57,918</u>	<u>100.0%</u>	<u>27.0%</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>	
2004	291	\$ 2,029	8.4%	1.0%	
2005	945	6,818	28.4%	3.2%	
2006	1,047	6,828	28.4%	3.2%	
2007	573	3,907	16.2%	1.8%	
2008	122	1,227	5.1%	0.6%	
Thereafter	458	3,240	13.5%	1.5%	
	<u>3,436</u>	<u>\$ 24,049</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>	
2004	1,720	\$ 18,433	8.6%	8.6%	
2005	4,390	54,507	25.5%	25.5%	
2006	3,551	41,623	19.4%	19.4%	
2007	2,330	29,225	13.6%	13.6%	
2008	1,540	25,225	11.8%	11.8%	
Thereafter	3,273	45,105	21.1%	21.1%	
	<u>16,804</u>	<u>\$ 214,118</u>	<u>100.0%</u>	<u>100.0%</u>	

**PS BUSINESS PARKS, INC.**  
**PORTFOLIO ANALYSIS AS OF June 30, 2004**  
(in thousands)

Southern California					
<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>
2004	446	\$ 5,606	11.8%		2.6%
2005	1,050	15,394	32.5%		7.2%
2006	963	10,974	23.2%		5.1%
2007	422	6,367	13.4%		3.1%
2008	222	4,116	8.7%		1.8%
Thereafter	306	4,942	10.4%		2.3%
	<u>3,409</u>	<u>\$ 47,399</u>	<u>100.0%</u>		<u>22.1%</u>

Northern California					
<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>
2004	135	\$ 1,473	7.8%		0.7%
2005	275	3,148	16.7%		1.5%
2006	296	3,446	18.2%		1.6%
2007	406	4,877	25.8%		2.3%
2008	211	4,726	25.0%		2.2%
Thereafter	117	1,215	6.5%		0.5%
	<u>1,440</u>	<u>\$ 18,885</u>	<u>100.0%</u>		<u>8.8%</u>

Southern Texas					
<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>
2004	188	\$ 1,530	16.8%		0.8%
2005	298	2,699	29.6%		1.3%
2006	142	1,488	16.3%		0.7%
2007	95	851	9.3%		0.4%
2008	61	594	6.5%		0.3%
Thereafter	226	1,966	21.5%		0.8%
	<u>1,010</u>	<u>\$ 9,128</u>	<u>100.0%</u>		<u>4.3%</u>

Northern Texas					
<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>
2004	219	\$ 1,625	12.5%		0.8%
2005	265	2,811	21.6%		1.3%
2006	277	2,840	21.8%		1.3%
2007	132	1,088	8.3%		0.5%
2008	140	1,300	10.0%		0.6%
Thereafter	533	3,373	25.8%		1.6%
	<u>1,566</u>	<u>\$ 13,037</u>	<u>100.0%</u>		<u>6.1%</u>

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

Florida					
<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>
2004	274	\$ 2,229	10.1%		1.0%
2005	966	7,132	32.4%		3.3%
2006	847	5,935	27.0%		2.8%
2007	463	3,209	14.6%		1.5%
2008	168	1,344	6.1%		0.6%
Thereafter	286	2,140	9.8%		1.1%
	<u>3,004</u>	<u>\$ 21,989</u>	<u>100.0%</u>		<u>10.3%</u>

Northern Virginia					
<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>
2004	170	\$ 2,358	5.5%		1.1%
2005	431	6,222	14.5%		2.9%
2006	451	8,175	19.0%		3.8%
2007	272	4,167	9.8%		1.9%
2008	374	7,191	16.7%		3.4%
Thereafter	840	14,927	34.5%		7.0%
	<u>2,538</u>	<u>\$ 43,040</u>	<u>100.0%</u>		<u>20.1%</u>

Maryland					
<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>
2004	38	\$ 486	1.7%		0.2%
2005	359	7,708	26.6%		3.6%
2006	224	3,802	13.1%		1.8%
2007	236	4,778	16.5%		2.2%
2008	161	3,288	11.4%		1.5%
Thereafter	536	8,885	30.7%		4.2%
	<u>1,554</u>	<u>\$ 28,947</u>	<u>100.0%</u>		<u>13.5%</u>

Oregon					
<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>
2004	145	\$ 2,006	7.9%		0.9%
2005	554	7,401	29.2%		3.5%
2006	264	4,135	16.3%		1.9%
2007	157	2,465	9.7%		1.2%
2008	179	2,415	9.5%		1.1%
Thereafter	367	6,920	27.4%		3.2%
	<u>1,666</u>	<u>\$ 25,342</u>	<u>100.0%</u>		<u>11.8%</u>

**PS BUSINESS PARKS, INC.**  
**PORTFOLIO ANALYSIS AS OF June 30, 2004**  
(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>	
2004	105	\$ 1,120	17.6%	0.5%	
2005	192	1,992	31.4%	0.9%	
2006	87	828	13.0%	0.4%	
2007	147	1,423	22.4%	0.7%	
2008	24	251	4.0%	0.1%	
Thereafter	62	737	11.6%	0.4%	
	<u>617</u>	<u>\$ 6,351</u>	<u>100.0%</u>	<u>3.0%</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>	
2004	1,720	\$ 18,433	8.6%	8.6%	
2005	4,390	54,507	25.5%	25.5%	
2006	3,551	41,623	19.4%	19.4%	
2007	2,330	29,225	13.6%	13.6%	
2008	1,540	25,225	11.8%	11.8%	
Thereafter	3,273	45,105	21.1%	21.1%	
	<u>16,804</u>	<u>\$ 214,118</u>	<u>100.0%</u>	<u>100.0%</u>	

**PS BUSINESS PARKS, INC.**  
**PORTFOLIO ANALYSIS AS OF June 30, 2004**  
(in thousands)

Lease Expirations - Large Tenant Portfolio					
Year of Lease Expiration	Rentable Square Footage		Annual Rents	%	% of Company Annual rents
2004	1,040	\$	10,761	6.6%	5.0%
2005	3,025		38,986	24.1%	18.1%
2006	2,564		29,196	18.0%	13.6%
2007	1,729		21,681	13.4%	10.1%
2008	1,290		21,450	13.2%	10.0%
Thereafter	2,976		39,841	24.7%	18.8%
Total	12,624	\$	161,915	100.0%	75.6%

Lease Expirations - Small Tenant Portfolio					
Year of Lease Expiration	Rentable Square Footage		Annual Rents	%	% of Company Annual rents
2004	680	\$	7,672	14.7%	3.6%
2005	1,365		15,521	29.7%	7.2%
2006	987		12,427	23.8%	5.8%
2007	601		7,544	14.5%	3.5%
2008	250		3,775	7.2%	1.8%
Thereafter	297		5,264	10.1%	2.5%
Total	4,180	\$	52,203	100.0%	24.4%

Lease Expirations - Total					
Year of Lease Expiration	Rentable Square Footage		Annual Rents	%	% of Company Annual rents
2004	1,720	\$	18,433	8.6%	8.6%
2005	4,390		54,507	25.5%	25.5%
2006	3,551		41,623	19.4%	19.4%
2007	2,330		29,225	13.6%	13.6%
2008	1,540		25,225	11.8%	11.8%
Thereafter	3,273		45,105	21.1%	21.1%
Total	16,804	\$	214,118	100.0%	100.0%