

News Release

PS Business Parks, Inc.
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PS Business Parks, Inc. Reports Results for the Three Months Ended March 31, 2005

Glendale, California - PS Business Parks, Inc. (AMEX:PSB) reported operating results for the three months ended March 31, 2005.

Net income allocable to common shareholders for the three months ended March 31, 2005 was \$7.3 million or \$0.33 per diluted share on revenues of \$55.9 million compared to a net income of \$4.2 million or \$0.19 per diluted share on revenues of \$53.8 million for the same period in 2004.

Revenues increased \$2.1 million for the three months ended March 31, 2005 over the same period in 2004 as a result of continued lease up of the Company's portfolio. Net income allocable to common shareholders increased over the same period by \$3.2 million or \$0.14 per diluted share resulting from the increase in revenues and a gain on the sale of assets of \$2.9 million, partially offset by increased depreciation.

Supplemental Measures

Funds from operations ("FFO") allocable to common shareholders and unit holders for the first quarter of 2005 and 2004 were \$25.9 million, or \$0.88 per diluted share, and \$23.5 million, or \$0.81 per diluted share, respectively.

During April 2004, the Company redeemed 2.1 million depositary shares of its 9.250% Cumulative Preferred Stock, Series A for approximately \$52.8 million and 510,000 units of its 8.875% Series B Cumulative Preferred Operating Partnership Units for approximately \$12.8 million. In accordance with the Securities and Exchange Commission's interpretation of Emerging Issues Task Force ("EITF") Topic D-42, "The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock," the redemption of the Series A preferred stock resulted in an additional allocation of net income to preferred shareholders for the quarter ended March 31, 2004 and a corresponding reduction of net income allocable to common shareholders of \$1.9 million. The redemption of the Series B preferred units resulted in an additional allocation of net income to preferred unit holders for the quarter ended March 31, 2004 and a corresponding reduction of net income allocable to common shareholders of \$267,000. The Company did not redeem or call for redemption any preferred equity in the first quarter of 2005.

The following table summarizes the impact of the implementation of the SEC's clarification of EITF Topic D-42 on the Company's FFO per common shareholders and unit holders for the three months ended March 31, 2005 and 2004:

	Three Months Ended March 31,	
	2005	2004
FFO per common share, before adjustments.....	\$ 0.88	\$ 0.88
Application of EITF Topic D-42	-	(0.07)
FFO per common share, as reported	<u>\$ 0.88</u>	<u>\$ 0.81</u>

Property Operations

In order to evaluate the performance of the Company's overall portfolio, management analyzes the operating performance of a consistent group of properties (17.7 million net rentable square feet). These properties (herein referred to as Same Park facilities) have been owned and operated by the Company since January 1, 2004 and exclude assets held for sale and included in discontinued operations. Same Park facilities represent approximately 99% of the Company's portfolio of 17.8 million square feet of operating assets as of March 31, 2005.

The following tables summarize the operating results of the Same Park facilities as well as the total portfolio:

Same Park Facilities (17.7 million square feet)⁽¹⁾
(in thousands, except per square foot amounts, unaudited)

	Three Months Ended March 31,		Change
	2005	2004	
Rental income before straight-line rent.....	\$ 53,865	\$ 52,958	1.7%
Straight-line rent	<u>1,079</u>	<u>652</u>	<u>65.5%</u>
Total rental income	54,944	53,610	2.5%
Cost of operations	<u>16,084</u>	<u>16,116</u>	<u>(0.2%)</u>
Net operating income.....	38,860	37,494	3.6%
Less: straight-line rent	<u>(1,079)</u>	<u>(652)</u>	<u>65.5%</u>
Net operating income before straight-line rent ⁽²⁾	<u>\$ 37,781</u>	<u>\$ 36,842</u>	<u>2.5%</u>
Gross margin ⁽³⁾	70.1%	69.6%	0.7%
<u>Weighted average for period:</u>			
Square footage ⁽⁴⁾	17,684	17,684	0.0%
Occupancy ⁽⁴⁾	90.8%	88.6%	2.5%
Annualized realized rent per occupied sq. ft. ⁽⁵⁾	\$ 13.42	\$ 13.52	(0.7%)

(1) Financial results exclude discontinued operations.

(2) Net operating income ("NOI") is an important measurement in the commercial real estate industry for determining the value of the real estate generating the NOI. The key components of NOI are rental income less cost of operations excluding the effects of straight-line rent and depreciation.

(3) Gross margin is computed by dividing net operating income before straight-line rent by rental income before straight-line rent.

(4) Weighted average square footage and occupancy exclude discontinued operations as of March 31, 2005.

(5) Realized rent per square foot represents the revenues earned per occupied square foot before straight-line rent.

Total Portfolio (17.8 million square feet) ⁽¹⁾
(in thousands, except per square foot amounts, unaudited)

	Three Months Ended March 31,		Change
	2005	2004	
Rental income before straight-line rent.....	\$ 54,553	\$ 52,958	3.0%
Straight-line rent	<u>1,188</u>	<u>652</u>	<u>82.2%</u>
Total rental income	55,741	53,610	4.0%
Cost of operations	<u>16,388</u>	<u>16,116</u>	<u>1.7%</u>
Net operating income.....	39,353	37,494	5.0%
Less: straight-line rent	<u>(1,188)</u>	<u>(652)</u>	<u>82.2%</u>
Net operating income before straight-line rent ⁽²⁾	<u>\$ 38,165</u>	<u>\$ 36,842</u>	<u>3.6%</u>
Gross margin ⁽³⁾	70.0%	69.6%	0.6%
<u>Weighted average for period:</u>			
Square footage ⁽⁴⁾	17,849	17,684	0.9%
Occupancy ⁽⁴⁾	90.8%	88.6%	2.5%
Annualized realized rent per occupied sq. ft. ⁽⁵⁾	\$ 13.47	\$ 13.52	(0.4%)

(1) Financial results exclude discontinued operations.

(2) Net operating income ("NOI") is an important measurement in the commercial real estate industry for determining the value of the real estate generating the NOI. The key components of NOI are rental income less cost of operations excluding the effects of straight-line rent and depreciation.

(3) Gross margin is computed by dividing net operating income before straight-line rent by rental income before straight-line rent.

(4) Weighted average square footage and occupancy exclude discontinued operations as of March 31, 2005.

(5) Realized rent per square foot represents the revenues earned per occupied square foot before straight-line rent.

Financial Condition

The following are the Company's key financial ratios with respect to its leverage at and for the three months ended March 31, 2005.

Ratio of FFO to fixed charges ⁽¹⁾	91.8
Ratio of FFO to fixed charges and preferred distributions ⁽¹⁾	3.0x
Debt and preferred equity to total market capitalization (based on common stock price of \$40.30 at March 31, 2005)	35.6%
Available under line of credit at March 31, 2005	\$100.0 million

(1) Fixed charges include interest expense of \$282,000.

Issuance of Preferred Stock

On May 2, 2005, the Company issued 3.0 million depositary shares, each representing 1/1,000 of a share of the 7.200% Cumulative Preferred Stock, Series M, at a par value of \$25.00 per depositary share. The intended use of the proceeds from the offering will be to fund future preferred equity redemptions.

Property Dispositions

On February 15, 2005, the Company sold a 56,000 square foot retail center located at Miami International Commerce Center ("MICC"). The sales price was approximately \$12.2 million, resulting in a gain of \$967,000. In addition, on January 20, 2005, the Company closed on the sale of a 7,100 square foot unit at MICC for \$740,000, resulting in a gain of \$142,000. These assets were classified as properties held for disposition.

On January 31, 2005, the Company closed on the sale of 8.2 acres of land within the Cornell Oaks project in Beaverton, Oregon. The sales price for the land was \$3.6 million, resulting in a gain of \$1.8 million.

Distributions Declared

The Board of Directors declared a quarterly dividend of \$0.29 per common share on May 3, 2005. Distributions were also declared on the various series of depositary shares, each representing 1/1,000 of a share of preferred stock listed below. Distributions are payable June 30, 2005 to shareholders of record on June 15, 2005.

<u>Series</u>	<u>Dividend Rate</u>	<u>Dividend Declared</u>
Series D	9.500%	\$ 0.593750
Series F	8.750%	0.546875
Series H	7.000%	0.437500
Series I	6.875%	0.429688
Series K	7.950%	0.496875
Series L	7.600%	0.475000
Series M	7.200%	0.295000

Stock Repurchase Program

In March 2000, the Company's Board of Directors authorized the repurchase, from time to time, of up to 4.5 million shares of the Company's common stock on the open market or in privately negotiated transactions. Since the inception of the program, the Company has repurchased an aggregate total of 2.6 million shares of common stock and 30,484 units in its Operating Partnership at an aggregate cost of approximately \$70.7 million (average cost of \$26.66 per share/unit). No shares were repurchased in 2004 or 2005.

Company Information

PSB is a self-advised and self-managed equity real estate investment trust ("REIT") that acquires, develops, owns and operates commercial properties, primarily flex, multi-tenant office and industrial space. The Company defines "flex" space as buildings that are configured with a combination of office and warehouse space and can be designed to fit a number of uses (including office, assembly, showroom, laboratory, light manufacturing and warehouse space). As of March 31, 2005, PSB wholly-owned approximately 17.9 million net rentable square feet of commercial space with approximately 3,300 customers located in eight states, concentrated primarily in California (5.2 million sq. ft.), Texas (2.9 million sq. ft.), Florida (3.3 million sq. ft.), Oregon (1.9 million sq. ft.), Virginia (2.8 million sq. ft.) and Maryland (1.2 million sq. ft.).

Forward-Looking Statements

When used within this press release, the words "may," "believes," "anticipates," "plans," "expects," "seeks," "estimates," "intends" and similar expressions are intended to identify "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results and performance of the Company to be materially different from those expressed or implied in the forward-looking statements. Such factors include the impact of competition from new and existing commercial facilities which could impact rents and occupancy levels at the Company's facilities; the Company's ability to evaluate, finance and integrate acquired and developed properties into the Company's existing operations; the Company's ability to effectively compete in the markets that it does business in; the impact of the regulatory environment as well as national, state and local laws and regulations including, without limitation, those governing REITs; the impact of general economic conditions upon rental rates and occupancy levels at the Company's facilities; the availability of permanent capital at attractive rates, the outlook and actions of Rating Agencies and risks detailed from time to time in the Company's SEC reports, including quarterly reports on Form 10-Q, reports on Form 8-K and annual reports on Form 10-K.

Additional information about PS Business Parks, Inc., including more financial analysis of the fourth quarter operating results, is available on the Internet. The Company's web site is www.psbusinessparks.com.

A conference call is scheduled for May 4, 2005 at 10:00 a.m. (PDT) to discuss the fourth quarter results. The toll free number is 1-800-399-4409; the conference ID is 5524556. The call will also be available via a live webcast on the Company's website. A replay of the conference call will be available through May 11, 2005 at 1-800-642-1687. A replay of the conference call will also be available on the Company's website.

Additional financial data attached.

PS BUSINESS PARKS, INC.
SELECTED FINANCIAL DATA
(unaudited, in thousands)

	At March 31, 2005	At December 31, 2004
<u>Balance Sheet Data:</u>		
Cash and cash equivalents.....	\$ 61,661	\$ 39,688
Properties held for disposition, net.....	\$ 6,128	\$ 16,876
Real estate facilities, before accumulated depreciation.....	\$ 1,579,914	\$ 1,570,492
Total assets.....	\$ 1,365,528	\$ 1,363,829
Total debt.....	\$ 11,265	\$ 11,367
Minority interest – common units.....	\$ 169,728	\$ 169,295
Minority interest – preferred units.....	\$ 127,750	\$ 127,750
Perpetual preferred stock.....	\$ 510,850	\$ 510,850
Common shareholders' equity.....	\$ 508,609	\$ 506,114
Total common shares outstanding at period end.....	21,891	21,840
Total common shares outstanding at period end, assuming conversion of all Operating Partnership units into common stock.....	29,197	29,145

PS BUSINESS PARKS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited, in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2005	2004
Revenues:		
Rental income	\$ 55,741	\$ 53,610
Facility management fees primarily from affiliates .	145	155
Total operating revenues	<u>55,886</u>	<u>53,765</u>
Expenses:		
Property operations	16,388	16,116
Depreciation and amortization	19,016	17,404
General and administrative.....	1,438	1,091
Total operating expenses	<u>36,842</u>	<u>34,611</u>
Other income and expenses:		
Interest and other income	398	27
Interest expense	(282)	(1,266)
Total other income and expenses	<u>116</u>	<u>(1,239)</u>
Income from continuing operation before minority interests	<u>19,160</u>	<u>17,915</u>
Minority interests in continuing operations:		
Minority interest in income – preferred units:		
Distributions paid to preferred unit holders.....	(2,691)	(4,810)
Redemption of preferred operating partnership units.....	-	(267)
Minority interest in income – common units	(1,682)	(1,267)
Total minority interests in continuing operations	<u>(4,373)</u>	<u>(6,344)</u>
Income from continuing operations	<u>14,787</u>	<u>11,571</u>
Discontinued operations:		
Income from discontinued operations	165	550
Gain on disposition of real estate	2,914	-
Minority interest in earnings attributable to discontinued operations – common units.....	(773)	(138)
Income from discontinued operations	<u>2,306</u>	<u>412</u>
Net income	<u>17,093</u>	<u>11,983</u>
Net income allocable to preferred shareholders:		
Preferred distributions		
Preferred distributions paid	9,769	5,959
Redemption of preferred stock.....	-	1,866
Total preferred distributions.....	<u>9,769</u>	<u>7,825</u>
Net income allocable to common shareholders	<u>\$ 7,324</u>	<u>\$ 4,158</u>
Net income per common share – basic:		
Continuing operations	\$ 0.23	\$ 0.17
Discontinued operations	\$ 0.11	\$ 0.02
Net income	\$ 0.34	\$ 0.19
Net income per common share – diluted:		
Continuing operations	\$ 0.23	\$ 0.17
Discontinued operations	\$ 0.10	\$ 0.02
Net income	\$ 0.33	\$ 0.19
Weighted average common shares outstanding:		
Basic.....	<u>21,852</u>	<u>21,613</u>
Diluted.....	<u>22,012</u>	<u>21,778</u>

PS BUSINESS PARKS, INC.
Computation of Funds from Operations (“FFO”) and Funds Available for Distribution (“FAD”)
(unaudited, in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2005	2004
<u>Computation of Diluted Funds From Operations</u>		
<u>per Common Share (“FFO”) ⁽¹⁾:</u>		
Net income allocable to common shareholders.....	\$ 7,324	\$ 4,158
Adjustments:		
Gain on disposition of real estate	(2,914)	-
Depreciation and amortization	19,016	17,884
Minority interest in income – common units	2,455	1,405
FFO allocable to common shareholders/unit holders	\$ 25,881	\$ 23,447
Weighted average common shares outstanding	21,852	21,613
Weighted average common OP units outstanding.....	7,305	7,305
Weighted average stock options outstanding using treasury method	160	165
Weighted average common shares and OP units for purposes of computing fully-diluted FFO per common share	29,317	29,083
Diluted FFO per common share equivalent.....	\$ 0.88	\$ 0.81
<u>Computation of Funds Available for Distribution</u>		
<u>(“FAD”) ⁽²⁾:</u>		
FFO allocable to common shareholders	\$ 25,881	\$ 23,447
Adjustments:		
Maintenance capital expenditures	(339)	(880)
Tenant improvements	(6,447)	(2,826)
Lease commissions.....	(1,554)	(1,413)
Straight-line rent	(1,188)	(652)
Stock-based compensation expense	127	322
In-place rents adjustment	39	39
Impact of application of EITF Topic D-42.....	-	2,133
FAD.....	\$ 16,519	\$ 20,170
Distributions to common shareholders and unit holders	\$ 8,461	\$ 8,397
Distribution payout ratio	51.2%	41.6%

(1) Funds From Operations (“FFO”) is computed in accordance with the White Paper on FFO approved by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”). The White Paper defines FFO as net income, computed in accordance with generally accepted accounting principles (“GAAP”), before depreciation, amortization, minority interest in income and extraordinary items. FFO should be analyzed in conjunction with net income. However, FFO should not be viewed as a substitute for net income as a measure of operating performance or liquidity as it does not reflect depreciation and amortization costs or the level of capital expenditure and leasing costs necessary to maintain the operating performance of the Company’s properties, which are significant economic costs and could materially impact the Company’s results from operations. Other REITs may use different methods for calculating FFO and, accordingly, the Company’s FFO may not be comparable to other real estate companies.

(2) Funds available for distribution (“FAD”) is computed by deducting from consolidated FFO recurring capital expenditures, which the Company defines as those costs incurred to maintain the assets’ value, tenant improvements, capitalized leasing commissions and straight-line rent from FFO and adding impairment charges and stock-based compensation expense. Like FFO, the Company considers FAD to be a useful measure for investors to evaluate the operations and cash flows of a REIT. FAD does not represent net income or cash flow from operations as defined by GAAP.