News Release

PS Business Parks, Inc.
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PS Business Parks, Inc. reports results for the third quarter ended September 30, 2004.

Glendale, California - PS Business Parks, Inc. (AMEX:PSB), reported operating results for the three and nine months ended September 30, 2004.

Net income allocable to common shareholders for the three months ended September 30, 2004 was $2.8 million or $0.13 per diluted share on revenues of $55.2 million compared to $7.8 million or $0.36 per diluted share on revenues of $48.9 million for the same period in 2003. Net income allocable to common shareholders for the nine months ended September 30, 2004 was $12.2 million or $0.56 per diluted share on revenues of $162.9 million compared to $26.6 million or $1.24 per diluted share on revenues of $144.7 million for the same period in 2003.

Revenues increased $6.3 million for the three months ended September 30, 2004 over the same period in the prior year as a result of properties acquired during the latter part of 2003, partially offset by a decrease in Same Park revenues of $1.1 million. Net income allocable to common shareholders decreased over the same period by $5.0 million or $0.23 per diluted share partially resulting from distributions of $2.9 million reported to preferred unit holders related to the redemption of $120 million of preferred units during the three months ended September 30, 2004. The remaining change is attributable to an increase in depreciation expense of approximately $3.3 million, or $0.11 per diluted share, for properties acquired in 2003.

Revenues increased $18.2 million for the nine months ended September 30, 2004 over the same period in the prior year as a result of properties acquired during the latter part of 2003, partially offset by a decrease in Same Park revenues of $3.5 million. Net income allocable to common shareholders decreased over the same periods by $14.4 million or $0.66 per diluted share. Offsetting the impact of net operating income from acquired properties was additional depreciation, interest costs and preferred distributions related to the acquired assets. In addition, through September 30, 2004 the Company has reported non-cash distributions to its preferred stock and unit holders of $5.0 million related to the redemption of preferred equity (see discussion below).

Supplemental Measures

Funds from operations ("FFO") allocable to common shareholders and unit holders for the third quarter of 2004 and 2003 were $22.3 million, or $0.76 per diluted share and $25.8 million, or $0.89 per diluted share, respectively. FFO allocable to common shareholders and unit holders for the nine months ended September 30, 2004 was $71.2 million or $2.44 per diluted share compared to $72.0 million or $2.50 per diluted share for the same period in 2003.

On September 3, 2004 the Company redeemed 3,200,000 units of its 8.75% Cumulative Series C Preferred Operating Partnership Units for $80 million and on September 7, 2004 the Company redeemed 1,600,000 units of its 8.875% Series X Cumulative Preferred Operating Partnership Units for $40 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 call for redemption of the Series C and X preferred units resulted in an additional allocation of net income to preferred unit holders for the three months ended September 30, 2004 and a corresponding reduction of net income and FFO allocable to common shareholders of $2,872,000.

In the fourth quarter of 2003, the Company adopted guidance from the SEC regarding the inclusion of impairment adjustments in the calculation of funds from operations. Accordingly, the Company no longer adds back the effects of impairment losses in determining FFO, resulting in a decrease in FFO of $5.9 million or $0.20 per diluted share for the nine months ended September 30, 2003.

The following table summarizes the impact of the implementation of the SEC's clarification of EITF Topic D-42 and the adoption of the SEC's guidance regarding impairment adjustments on the Company's FFO per common shareholders and unit holders for the three and nine months ended September 30, 2004 and 2003:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
FFO per common share before adjustments................	$ 0.86	$ 0.89	$ 2.61	$ 2.70
Application of EITF Topic D-42	(0.10)	-	(0.17)	-
Impairment provision..	-	-	-	(0.20)
FFO per common share, as reported...........................	$ 0.76	$ 0.89	$ 2.44	$ 2.50

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 (13.7 million net rentable square feet, not including assets classified as discontinued operations). These properties (herein referred to as Same Park facilities) have been owned and operated by the Company since January 1, 2003 and exclude assets held for sale and included in discontinued operations. In the first quarter of 2004 the Company reevaluated its plans to sell five office and flex buildings in Beaverton, Oregon. The Company determined that these properties would not likely be sold within the next 12 months. Accordingly, these properties have been included in the Same Park facilities for the three and nine months ended September 30, 2004 and 2003. Same Park facilities represent approximately 74.5% of the Company's total portfolio of 18.4 million square feet as of September 30, 2004.

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

Same Park Facilities (13.7 million square feet) [(1)]

(in thousands, except per square foot amounts)

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Change
Rental income before straight-line rent	$ 45,813	$ 46,649	(1.8%)
Straight-line rent	412	645	(36.1%)
Total rental income	46,225	47,294	(2.3%)
Cost of operations	12,898	12,668	1.8%
Net operating income	33,327	34,626	(3.8%)
Less: straight-line rent	(412)	(645)	(36.1%)
Net operating income before straight-line rent[(1)]	$ 32,915	$ 33,981	(3.1%)
Gross margin[(2)]	71.8%	72.8%	(1.4%)
Weighted average for period:			
Occupancy	90.5%	92.9%	(2.6%)
Annualized realized rent per occupied sq. ft.[(3)]	$ 14.75	$ 14.63	0.8%

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003	Change
Rental income before straight-line rent	$ 136,802	$ 140,634	(2.7%)
Straight-line rent	1,490	1,204	23.8%
Total rental income	138,292	141,838	(2.5%)
Cost of operations	39,045	38,014	2.7%
Net operating income	99,247	103,824	(4.4%)
Less: straight-line rent	(1,490)	(1,204)	23.8%
Net operating income before straight-line rent[(2)]	$ 97,757	$ 102,620	(4.7%)
Gross margin[(3)]	71.5%	73.0%	(2.1%)
Weighted average for period:			
Occupancy	90.4%	92.9%	(2.7%)
Annualized realized rent per occupied sq. ft.[(4)]	$ 14.70	$ 14.71	(0.1%)

(1) Same Park properties' operations have been adjusted to exclude the financial results of the properties classified as 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 property net operating income before straight-line rent by rental income before straight-line rent.

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

Total Portfolio (18.4 million square feet) [1]

(in thousands, except per square foot amounts)

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Change
Rental income before straight-line rent	$ 54,116	$ 47,926	12.9%
Straight-line rent	863	793	8.8%
Total rental income	54,979	48,719	12.8%
Cost of operations	16,342	13,403	21.9%
Net operating income	38,637	35,316	9.4%
Less: straight-line rent	(863)	(793)	8.8%
Net operating income before straight-line rent[2]	$ 37,774	$ 34,523	9.4%
Gross margin[3]	69.8%	72.0%	(3.1%)
Weighted average for period:			
Square footage [4]	18,408	14,784	24.5%
Occupancy [4]	88.7%	91.8%	(3.4%)
Annualized realized rent per occupied sq. ft.[5]	$ 13.26	$ 14.12	(6.1%)

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003	Change
Rental income before straight-line rent	$ 160,163	$ 142,772	12.2%
Straight-line rent	2,242	1,352	65.8%
Total rental income	162,405	144,124	12.7%
Cost of operations	48,270	39,038	23.6%
Net operating income	114,135	105,086	8.6%
Less: straight-line rent	(2,242)	(1,352)	65.8%
Net operating income before straight-line rent[2]	$ 111,893	$ 103,734	7.9%
Gross margin[3]	69.9%	72.7%	(3.9%)
Weighted average for period:			
Square footage [4]	18,338	14,535	26.2%
Occupancy [4]	88.2%	91.5%	(3.6%)
Annualized realized rent per occupied sq. ft.[5]	$ 13.20	$ 14.31	(7.8%)

(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 property net operating income before straight-line rent by rental income before straight-line rent.

(4) Weighted average square footage and occupancy include all assets owned as of September 30, 2004.

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

Financial Condition

The following are the Company's key financial ratios with respect to its leverage at and for the three months ended September 30, 2004.

Ratio of FFO to fixed charges [(1)]	43.4x
Ratio of FFO to fixed charges and preferred distributions excluding the effects of EITF Topic D-42 [(1)(2)]	2.8x
Debt and preferred equity to total market capitalization (based on common stock price of $39.85 at September 30, 2004)	36%
Available under line of credit at September 30, 2004 [(3)]	$ 70 million

(1) Fixed charges include interest expense of $513,000.

(2) Preferred distributions include amounts paid to preferred shareholders of $8,121,000 and preferred unit holders in the operating partnership of $5,170,000 (excludes $2,872,000 related to EITF Topic D-42).

(3) The balance outstanding of the Company's line of credit of $30 million as of September 30, 2004 was repaid in full as of October 25, 2004.

Issuance of Preferred Stock and Preferred Units

On August 31, 2004, the Company issued 2,300,000 depositary shares each representing 1/1,000 of a share of the Company's 7.60% Cumulative Preferred Stock, Series L, at $25.00 per share.

Subsequent to September 30, 2004, the Company reopened its 7.000% Series H Preferred shares and issued an additional 1,300,000 depositary shares, each representing 1/1,000 of a share of the 7.000% Cumulative Preferred Stock, Series H, at $24.0638 per share. Net proceeds from the offering were used to repay in full the balance outstanding on the Company's line of credit.

Property Disposition and Assets Held for Sale

On July 28, 2004 the Company closed on a sale of a 10,000 square foot unit in Miami, Florida with gross proceeds of $1.2 million. In addition, on September 1, 2004 the Company sold a 30,500 square foot building in Beaverton, Oregon for gross proceeds of $3.1 million. The Company reported a combined gain of $313,000 on the sale of those two assets.

During the third quarter of 2004 the Company concluded that it would likely proceed with the sale of certain additional assets. Accordingly, such assets have been classified as assets held for sale and the operations of such assets have been reflected as discontinued operations.

Included in assets held for sale are 11 units, aggregating 90,000 square feet, at Miami International Commerce Center ("MICC"). These units consist of a series of buildings each comprising two units. In addition the Company has also included a 56,000 square foot retail center within MICC that it intends to proceed with selling. Finally, the Company has included two assets in Prince George's County, Maryland. The two buildings comprise approximately 400,000 square feet with a combined weighted average occupancy rate of 86% for the third quarter of 2004.

Distributions Declared

The Board of Directors declared a quarterly dividend of $0.29 per common share on November 2, 2004. 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 December 31, 2004 to shareholders of record on December 15, 2004.

Series	Dividend Rate	Dividend Declared
Series D	9.500%	.593750
Series F	8.750%	.546875
Series H	7.000%	.437500
Series I	6.875%	.429688
Series K	7.950%	.496875
Series L (1)	7.60%	.638611

(1) Series L distribution includes dividends from August 31, 2004 through December 31, 2004.

Company Information

PSB is a self-advised and self-managed equity real estate investment trust 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 September 30, 2004, PSB wholly-owned approximately 18.4 million net rentable square feet of commercial space with approximately 3,600 customers located in eight states, concentrated primarily in California (5,160,000 sq. ft.), Texas (2,852,000 sq. ft.), Florida (3,342,000 sq. ft.), Oregon (1,939,000 sq. ft.), Virginia (2,786,000 sq. ft.) and Maryland (1,646,000 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 Real Estate Investment Trusts; 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 third quarter's operating results is available on the Internet. The Company's web site is www.psbusinessparks.com.

A conference call is scheduled for November 3, 2004 at 10:00 A.M. (PT) to discuss the third quarter results. The toll free number is 1-800-399-4409; the conference ID is 1132334. 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 November 10, 2004 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)

Balance Sheet Data:		At September 30, 2004		At December 31, 2003
Cash and cash equivalents	$	3,103	$	5,809
Properties held for disposition, net	$	47,038	$	-
Real estate facilities, before accumulated depreciation	$	1,555,447	$	1,556,728
Total assets	$	1,358,646	$	1,358,861
Total debt	$	49,225	$	264,694
Minority interest – common units	$	165,945	$	169,888
Minority interest – preferred units	$	127,750	$	217,750
Perpetual preferred stock	$	478,350	$	168,673
Common shareholders' equity	$	495,704	$	502,155
Total common shares outstanding at period end		21,819		21,566
Total common shares outstanding at period end, assuming conversion of all Operating Partnership units into common stock		29,124		28,871

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues:				
Rental income	$ 54,979	$ 48,719	$ 162,405	$ 144,124
Facility management fees primarily from affiliates	200	178	515	553
Total revenues	55,179	48,897	162,920	144,677
Expenses:				
Cost of operations	16,342	13,403	48,270	39,038
Depreciation and amortization	18,310	15,015	53,559	41,972
General and administrative	1,155	1,055	3,249	3,509
Total expenses	35,807	29,473	105,078	84,519
Other income and expenses:				
Gain on sale of marketable securities	-	-	-	2,043
Interest and other income	136	145	212	970
Interest expense	(513)	(1,013)	(2,612)	(3,013)
Total other income and expenses	(377)	(868)	(2,400)	-
Income from continuing operation before minority interests and equity income of joint venture	18,995	18,556	55,442	60,158
Equity income of liquidated joint venture	-	-	-	2,296
Minority interests in continuing operations:				
Minority interest in income – preferred units				
Distributions paid	(5,170)	(4,810)	(14,785)	(14,430)
Redemptions of preferred OP units	(2,872)	-	(3,139)	-
Minority interest in income – common units	(714)	(2,462)	(3,643)	(9,183)
Total minority interests in continuing operations	(8,756)	(7,272)	(21,567)	(23,613)
Income from continuing operations before preferred distributions	10,239	11,284	33,875	38,841
Preferred distributions:				
Preferred distributions paid	8,121	4,052	21,166	11,904
Redemption of preferred stock	-	-	1,866	-
Total preferred distributions	8,121	4,052	23,032	11,904
Income from continuing operations allocable to common shareholders	2,118	7,232	10,843	26,937
Discontinued operations:				
Income from discontinued operations	655	737	1,682	1,939
Impairment charge on properties held for sale	-	-	-	(5,907)
Gain on disposition of real estate	313	14	145	3,498
Minority interest in (earnings) loss attributable to discontinued operation – common units	(240)	(191)	(459)	119
Total discontinued operations	728	560	1,368	(351)
Net income allocable to common shareholders	$ 2,846	$ 7,792	$ 12,211	$ 26,586
Net income per common share – basic:				
Continuing operations	$ 0.10	$ 0.33	$ 0.50	$ 1.26
Discontinued operations	0.03	0.03	0.06	(0.02)
	$ 0.13	$ 0.36	$ 0.56	$ 1.24
Net income per common share – diluted:				
Continuing operations	$ 0.10	$ 0.33	$ 0.50	$ 1.25
Discontinued operations	0.03	0.03	0.06	(0.01)
	$ 0.13	$ 0.36	$ 0.56	$ 1.24
Weighted average common shares outstanding:				
Basic	21,813	21,417	21,744	21,368
Diluted	21,977	21,617	21,919	21,514

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 September 30,		For the Nine Months Ended September 30,	
	2004	2003	2004	2003
Computation of Diluted Funds From Operations per Common Share ("FFO") (1):				
Net income allocable to common shareholders	$ 2,846	$ 7,792	$ 12,211	$ 26,586
Adjustments:				
Gain on disposition of real estate	(313)	(14)	(145)	(3,498)
Gain on sale of marketable securities	-	-	-	(2,043)
Equity income from gain on sale of joint venture properties	-	-	-	(1,376)
Depreciation and amortization	18,802	15,382	55,016	43,237
Minority interest in income – common units	954	2,653	4,103	9,064
FFO allocable to common shareholders/unit holders	$ 22,289	$ 25,813	$ 71,185	$ 71,970
Weighted average common shares outstanding	21,813	21,417	21,744	21,368
Weighted average common OP units outstanding	7,305	7,305	7,305	7,305
Weighted average stock options outstanding using treasury method	164	200	175	146
Weighted average common shares and OP units for purposes of computing fully-diluted FFO per common share	29,282	28,922	29,224	28,819
Diluted FFO per common share	$ 0.76	$ 0.89	$ 2.44	$ 2.50
Computation of Funds Available for Distribution ("FAD") (2):				
FFO allocable to common shareholders	$ 22,289	$ 25,813	$ 71,185	$ 71,970
Adjustments:				
Maintenance capital expenditures	(3,226)	(1,614)	(4,908)	(2,798)
Tenant improvements	(9,573)	(2,835)	(18,960)	(9,236)
Lease commissions	(1,780)	(1,420)	(5,514)	(3,577)
Straight-line rent	(863)	(793)	(2,242)	(1,352)
Stock based compensation expense	276	270	892	723
In-place rents adjustment	39	-	117	-
Impairment charge on properties held for sale	-	-	-	5,907
Impact of application of EITF Topic D-42	2,872	-	5,004	-
FAD	$ 10,034	$ 19,421	$ 45,574	$ 61,637
Distributions to common shareholders and unit holders	$ 8,446	$ 8,311	$ 25,287	$ 24,939
Distribution payout ratio	84.2%	42.8%	55.5%	40.5%

(1) Funds from operations ("FFO") is defined as net income, computed in accordance with generally accepted accounting principles ("GAAP"), before depreciation, amortization, minority interest in income, and extraordinary items. FFO is presented because the Company considers FFO to be a useful measure of the operation performance of a REIT and when compared year over year, reflects the impact to operation from trends in occupancy rates, rental rates, operating costs, development activities, general and administrative expenses and interest costs, providing a perspective not immediately apparent from net income. FFO does not represent net income or cash flows from operations as defined by GAAP. FFO does not take into consideration scheduled principal payments on debt or capital improvements. The Company believes that in order to facilitate a clear understanding of the Company's operating results, 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 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. FFO may be used by investors to compare our performance with other real estate companies. Other real estate companies may use different methods for calculating FFO and, accordingly, our 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 asset's 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.