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PS BUSINESS PARKS INC/CA  
Form 11-K  
July 11, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

Annual Report Pursuant to Section 15(D) of the Securities Exchange Act  
of 1934

For the fiscal year ended December 31, 2004  
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OR

Transition Report Pursuant to Section 15(D) of the Securities  
Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 1-10709

A. Full title of the plan and the address of the plan, if different from that  
of the issuer named below:

PS 401(k) PROFIT SHARING PLAN  
701 Western Avenue  
Glendale, CA 91201-2349

B. Name of issuer of the securities held pursuant to the plan and the address  
of its principal executive office:

PS BUSINESS PARKS, INC.  
701 Western Avenue  
Glendale, CA 91201-2349

PS 401(k) PROFIT SHARING PLAN

FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES

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Report of Independent Registered Public Accounting Firm  
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To the Administrative Committee  
PS 401(k) Profit Sharing Plan  
Glendale, California

We have audited the accompanying statements of net assets available for plan benefits of PS 401(k) Profit Sharing Plan (the "Plan") as of December 31, 2004 and 2003, and the related statements of changes in net assets available for plan benefits for each of the years in the three year period ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for plan benefits for each of the years in the three year period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) and reportable transactions, together referred to as "supplemental information", are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information is the responsibility of the Plan's management. The supplemental information has been subjected to the

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auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LINK, MURREL & COMPANY

Irvine, California  
May 25, 2005

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PS 401(k) PROFIT SHARING PLAN  
STATEMENTS OF NET ASSETS AVAILABLE  
FOR PLAN BENEFITS

December 31, 2004 and 2003

	2004	2003
	-----	-----
ASSETS		
Investments at fair value.....	\$58,377,895	\$52,811,
Cash.....	24,041	1,
Receivables:		
Participant contributions.....	96,350	96,
Employer contributions.....	121,060	109,
Dividends.....	267,074	279,
	-----	-----
Total receivables.....	484,484	485,
	-----	-----
Total assets.....	58,886,420	53,299,
	=====	=====
LIABILITIES		
Accrued expenses.....	43,696	33,
	-----	-----
Total liabilities.....	43,696	33,
	-----	-----
Net assets available for plan benefits.....	\$58,842,724	\$53,266,
	=====	=====

See accompanying notes.

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PS 401(k) PROFIT SHARING PLAN

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STATEMENTS OF CHANGES IN NET ASSETS  
AVAILABLE FOR PLAN BENEFITS

For the Years Ended December 31, 2004, 2003 and 2002

	2004	2003	
	-----	-----	
ADDITIONS TO NET ASSETS ATTRIBUTED TO:			
Investment income:			
Net appreciation (depreciation) in fair value of			
investments.....	\$ 7,082,444	\$ 9,869,662	\$
Interest income.....	62,308	25,244	
Dividend income.....	1,070,226	1,253,965	
	-----	-----	
	8,214,978	11,148,871	
Contributions:			
Participant.....	2,664,501	2,822,413	
Employer.....	2,743,248	2,607,288	
	-----	-----	
	5,407,749	5,429,701	
	-----	-----	
Total additions.....	13,622,727	16,578,572	
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:			
Benefits paid to participants.....	7,982,392	4,787,947	
Administrative expenses.....	63,659	116,672	
	-----	-----	
Total Deductions.....	8,046,051	4,904,619	
	-----	-----	
Net increase (decrease) in net assets available for			
benefits.....	5,576,676	11,673,953	
Net assets available for benefits - beginning of year...	53,266,048	41,592,095	
	-----	-----	
Net assets available for benefits - end of year.....	\$ 58,842,724	\$ 53,266,048	\$
	=====	=====	=====

See accompanying notes.

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PS 401(k) PROFIT SHARING PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2004

1. Summary of Significant Accounting Principles

-----  
Basis of Presentation

PS 401(k) Profit Sharing Plan (the "Plan") encompasses Public Storage, Inc., PS Business Parks, Inc. and their majority owned subsidiaries (the "Company").

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### Basis of Accounting

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The financial statements of the Plan are prepared under the accrual basis of accounting.

### Estimates

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The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

### Income Tax Status

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The Plan obtained its latest determination letter on March 14, 2003, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

### Investment Valuation

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Investments in cash equivalents (liquid funds, money market funds and time deposits) are valued at cost, which approximates fair value. Investments in mutual funds are stated at fair value. All other securities are valued at the last reported sale price on the last business day of the Plan year or at the quoted market price. Interest income is recognized when earned. Dividends are recorded on the ex-dividend date.

## 2. Description of the Plan

-----

The following description of the plan provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions. Note 9 contains information on key changes to the Plan which were effective January 1, 2005, and impact the topics on eligibility and the Company's contribution.

The PS 401(k) Profit Sharing Plan is a defined contribution plan for the benefit of all permanent employees of the Company who have completed at least one year of service and attained 21 years of age. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Although it has not expressed the intention to do so, the Company has the right to terminate the Plan subject to ERISA provisions. The Plan allows interim allocations of Company contributions and earnings or losses of trust fund assets among participants. Major provisions of the Plan, are as follows:

### Contributions

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Employee contributions to the Plan (voluntary contributions) are deferrals of the employee's compensation made through a direct reduction of compensation in each payroll period. The maximum annual tax deferred contribution, excluding catch-up contributions, amount is limited to \$13,000 for 2004 and \$12,000 for 2003. Participants may also contribute amounts representing distributions from other qualified benefit or defined contribution plans. The Company contributes 3% of the employee's compensation for all participants in the Plan. Additional profit sharing amounts may be contributed at the option of the Company's board of directors. Contributions are subject to certain limitations.

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### PS 401(k) PROFIT SHARING PLAN NOTES TO FINANCIAL STATEMENTS December 31, 2004

#### Participant Accounts -----

Each participant's account is credited with the participant's contribution, the guaranteed Company contribution and allocations of (a) the Company's profit sharing contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

#### Vesting -----

Employee deferrals and the 3% guaranteed Company contribution are 100% vested and non-forfeitable. Profit sharing Company contribution balances vest over a seven year period.

Generally, each participant's account becomes 10 percent vested (non-forfeitable) after two years of service (as defined), 20 percent after three years of service and an additional 20 percent for each additional year of service thereafter.

Upon death, severance by reason of disability, or the attainment of the participant's sixty-fifth birthday, a participant automatically becomes fully vested to the extent of the balance in their account. In the event the Plan is terminated or contributions are completely discontinued, each participant becomes fully vested.

#### Investment Options -----

For the year ended December 31, 2004, upon enrollment in the Plan, a participant may direct contributions in any of the following twenty-two investment options:

- |                                 |                                   |
|---------------------------------|-----------------------------------|
| 1. Highmark Div. Money Market   | 12. American Funds Growth Fund R3 |
| 2. Strong Government Securities | 13. AIM Opportunities A           |
| 3. BGI Lifepath Income Fund R   | 14. AIM Small CAP Growth A        |
| 4. BGI Lifepath 2010 Class R    | 15. Oakmark International II      |

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- |                                   |                                    |
|-----------------------------------|------------------------------------|
| 5. BGI Lifepath 2020 Class R      | 16. Fidelity Advisor Equity Growth |
| 6. BGI Lifepath 2030 Class R      | 17. Ivy Science & Technology Y     |
| 7. BGI Lifepath 2040 Class R      | 18. PIMCO Real Return Bond         |
| 8. MFS Value A                    | 19. Public Storage Common Stock    |
| 9. Federated Capital Appreciation | 20. Public Storage Preferred Stock |
| 10. Dreyfus S&P 500 Index         | 21. P.S. Business Parks Stock      |
| 11. Janus Adv CAP Appreciation    | 22. Scudder Real Estate            |

Participants may change their investment options at any time.

### Distributions from the Trust Fund

-----

Distributions of each participant's vested account balance upon severance or death are made in a single lump sum payment; or if the participant's vested account balance exceeds \$5,000, payment may be deferred until April 1st of the calendar year in which the participant reaches 70 1/2 years of age.

Additionally, the Plan provides for hardship distributions (as defined) at the discretion of the Plan Administrative Committee.

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### PS 401(k) PROFIT SHARING PLAN NOTES TO FINANCIAL STATEMENTS December 31, 2004

Generally, distributions are made no later than 60 days after the close of the Plan year in which the participant becomes eligible for such distributions. Under certain circumstances, participants enrolled in the Plan prior to and including December 31, 1983 may elect alternative distribution methods.

### Forfeited Accounts

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Forfeitures of profit sharing contributions will be used to reduce the Company's contribution for profit sharing contributions, guaranteed Company contributions or guaranteed matching contributions. At December 31, 2004 and 2003, forfeited nonvested amounts were approximately \$1,254,000 and \$729,000, respectively. These accounts will be allocated to individual participant's accounts in the ratio that each such eligible participant's compensation bears to the total compensation of all such eligible participants in the plan year the forfeitures are used.

### 3. Investments

-----

Union Bank has custody of the investments under a non-discretionary trust agreement with the Plan. The following table presents the fair value of investments. Investments that represent five percent (5%) or more of the Plan's net assets are separately identified. Quoted market prices are used to value investments.

The fair value of investments held by the Plan are summarized below:

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	At December 31, 2004		At December 31,	
	Shares	Amount	Shares	
Money Market Funds	8,498,252	\$ 8,498,252	6,235,936	\$
Mutual Funds	1,021,263	22,777,852	1,096,492	2
Equity Securities:				
Public Storage, Inc. Common	409,794	22,846,009	453,948	1
Public Storage, Inc. Preferred	126,894	3,643,129	115,441	
PS Business Parks, Inc. Common	13,584	612,653	11,520	
Total Equity Securities	550,272	27,101,791	580,909	2
Total Investments	10,069,787	\$ 58,377,895	7,913,337	\$ 5

The following presents the fair value of investments at December 31, 2004 and 2003 that represent five percent (5%) or more of the Plan's net assets:

	2004	2003
Money Market Funds	\$ 8,498,252	\$ 6,235,936
Mutual Funds:		
Dreyfus S&P 500 Index	\$ 8,615,718	\$ 10,230,371
Strong Government Securities	\$ 3,230,585	\$ 4,191,198
Public Storage, Inc. Common	\$ 22,846,009	\$ 19,655,222
Public Storage, Inc. Preferred	\$ 3,643,129	\$ 3,451,686

During 2004, 2003, and 2002 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

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PS 401(k) PROFIT SHARING PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2004

	2004	2003	2002
Mutual Funds.....	\$ 1,931,914	\$ 4,260,474	\$ (3,946,588)
Common Stock.....	5,150,530	5,609,188	(491,688)
Totals	\$ 7,082,444	\$ 9,869,662	\$ (4,438,276)



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4. Plan Administration  
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The Company's Board of Directors appoints a committee to administer the Plan. The Plan Administrative Committee is now comprised of seven officers and managers of the Company.

For the plan years ended December 31, 2004, 2003 and 2002, the Plan paid certain trustee and administrative expenses incurred for the administration of the Plan. The Company directly paid for all other expenses related to the Plan.

5. Benefits Owed To Terminated Participants  
-----

For financial reporting purposes, disbursements to terminated participants are reported when the check is written. Approximately \$20,590,000 and \$16,200,000 were owed to terminated participants at December 31, 2004 and 2003, respectively.

6. Related Party Transactions  
-----

Certain Plan investment options are the Company's securities. The Company is the plan sponsor as defined by the Plan. The Plan held the following shares in the Company's securities:

	At December 31, 2004		At December 31,	
	Shares	Amount	Shares	Amount
Public Storage, Inc. Common	409,794	\$ 22,846,009	453,948	\$ 1
Public Storage, Inc. Preferred	126,894	3,643,129	115,441	
PS Business Parks, Inc. Common	13,584	612,653	11,520	
Totals	550,272	\$ 27,101,791	580,909	\$ 2

7. Risks and Uncertainties  
-----

The Plan provides for various investment options in any combination of equity, fixed income, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

8. Concentrations  
-----

Investments in the Company's securities comprised approximately of 46% and 45% of the Plan's total investments as of December 31, 2004 and

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2003, respectively.

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PS 401(k) PROFIT SHARING PLAN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2004

9. Plan Amendments  
 -----

Effective January 1, 2005, the Plan was amended to incorporate the following changes:

- o An employee is eligible to participate in the Plan if he or she is at least 21 years old and has completed 30 days of employment.
- o The Company will no longer offer the guaranteed three percent (3%) contribution of compensation to each participant. o The Company will contribute one dollar (\$1.00) for each dollar saved by a participant up to three percent (3%) of compensation.
- o The Company will also contribute an additional fifty cents (\$.50) for each dollar that each participant saves in excess of three percent (3%) of compensation but not more than five percent (5%) of compensation. The matching contribution is 100% vested.

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SUPPLEMENTAL INFORMATION

SCHEDULE I

PS 401(k) PROFIT SHARING PLAN  
 SCHEDULE H, LINE 4i -  
 SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
 December 31, 2004

Employer Identification Number: 95-3551121  
 Plan Number: 001

(a)

(b)

(c)

Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral par or maturity date	Co
----- MONEY MARKET ACCOUNT		
Highmark Div. Money Market	Money Market	\$8,4
MUTUAL FUNDS		
Aim Investment - Opportunities	Mutual Fund	

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Aim Investment - Small Cap Growth A	Mutual Fund
American Funds Group - Growth Fund of America R3	Mutual Fund
Barclays Global Investors - LifePath Income	Mutual Fund
Barclays Global Investors - LifePath 2010 Class R	Mutual Fund
Barclays Global Investors - LifePath 2020 Class R	Mutual Fund
Barclays Global Investors - LifePath 2030 Class R	Mutual Fund
Barclays Global Investors - LifePath 2040 Class R	Mutual Fund
Dreyfus Investment - S&P 500 Index	Mutual Fund
Federated Investment - Capital Appreciation A	Mutual Fund
Fidelity Advisor Investment - Equity Growth	Mutual Fund
Ivy - Science & Technology Y	Mutual Fund
Janus Advisor Funds - Capital Appreciation A	Mutual Fund
MFS Investment - Value A	Mutual Fund
Oakmark Funds - International II	Mutual Fund
PIMCO Investment - Real Return Bond	Mutual Fund
Scudder Investment - Real Estate	Mutual Fund
Strong Funds - Government Securities Inv.	Mutual Fund
Total Mutual Funds	
Equity Securities	
* Public Storage, Inc. Common Stock	Common Stock
* Public Storage, Inc. Preferred Stock	Preferred Stock
* PS Business Parks, Inc. Common Stock	Common Stock
Total Equity Securities	
Total Investments	

\* Indicates a party-in-interest of the Plan.

\*\* Pursuant to paragraph 2520.103-11, specifically, the special rule for certain participant directed transactions cost information is omitted as the Plan's investments are participant directed.

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SUPPLEMENTAL INFORMATION

SCHEDULE II

PS 401(k) PROFIT SHARING PLAN  
 SCHEDULE H, LINE 4j -  
 SCHEDULE OF REPORTABLE TRANSACTIONS  
 December 31, 2004

Employer Identification Number: 95-3551121  
 Plan Number: 001

A schedule of reportable transactions has not been presented because there were no such transactions noted for the year ended December 31, 2004.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

PS 401(k) PROFIT SHARING PLAN

Date: July 11, 2005

By: /s/ Alan Herd

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Alan Herd

Chairman, Administrative Committee