

News Release

PS Business Parks, Inc.
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PS Business Parks, Inc. Announces Tax Treatment of 2008 Dividends

GLENDALE, California – PS Business Parks, Inc. (NYSE:PSB) announced today the tax treatment of the Company’s 2008 dividends. For the tax year ended December 31, 2008, 100% of distributions for the common stock and all the various series of preferred stock for all four quarters were classified as ordinary income. The Company did not declare a capital gain distribution, nor did it have any undistributed long-term capital gains for 2008.

The ordinary income dividends do not constitute “qualified dividend income.”

Alternative Minimum Tax

Alternative minimum tax adjustments are to be apportioned between a real estate investment trust (“REIT”) and its shareholders under Internal Revenue Code Section 59(d). Although regulations have not yet been issued under that provision, based on regulations issued pursuant to a similar provision of prior law and the legislative history of the current provision, it appears that such alternative minimum tax adjustments are to be apportioned to a REIT’s shareholders to the extent that the REIT distributes its regular taxable income. It is the Company’s policy to distribute all of its regular taxable income and accordingly, all of the Company’s alternative minimum tax adjustments are being apportioned to the Company’s shareholders.

The Company has determined that -4.74% of each distribution to its shareholders for the tax year ended December 31, 2008 consists of alternative minimum tax adjustments (i.e., for each \$1 of dividend reportable by a shareholder, -4.74¢ represents an alternative minimum tax adjustment). To determine your share of the Company’s alternative minimum tax adjustments, multiply the aggregate dollar amount of your reportable 2008 dividends from the Company (the sum of the amounts shown in Boxes 1a and 2a of the Company’s 2008 Form 1099-DIV) by -4.74%.

If you are an individual, please refer to Internal Revenue Service Form 6251, Alternative Minimum Tax-Individuals. Your share of alternative minimum tax adjustments should be input as a negative amount in Part I, Line 18 (depreciation on assets placed in service after 1986). If you are a corporation, your share of alternative minimum tax adjustments should be input as a negative amount on Internal Revenue Service Form 4626, Alternative Minimum Tax-Corporations.

If you have questions, please consult your tax advisor for further guidance.

Company Information

PS Business Parks, Inc., a member of the S&P SmallCap 600, 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 December 31, 2008, PSB wholly owned approximately 19.6 million rentable square feet with approximately 3,850 customers located in eight states, concentrated in California (5.8 million sq. ft.), Florida (3.6 million sq. ft.), Virginia (3.0 million sq. ft.), Texas (2.9 million sq. ft.), Maryland (1.8 million sq. ft.), Oregon (1.3 million sq. ft.), Arizona (0.7 million sq. ft.) and Washington (0.5 million sq. ft.).

Additional information about PS Business Parks, Inc. is available on the Internet. The Company's website is www.psbusinessparks.com.

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