



PSBUSINESSPARKS.

**Analysis of Operating Results
and Financial Condition**

June 30, 2009

**ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009**

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

OPERATING DATA						
	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED		
	06/30/09	06/30/08	% Change	06/30/09	06/30/08	% Change
Total rental income	\$ 67,976	\$ 70,446	(3.5%)	\$ 137,723	\$ 140,557	(2.0%)
Total cost of operations	21,549	21,939	(1.8%)	44,304	44,429	(0.3%)
Net operating income	<u>\$ 46,427</u>	<u>\$ 48,507</u>	(4.3%)	<u>\$ 93,419</u>	<u>\$ 96,128</u>	(2.8%)
Net income allocable to common shareholders	\$ 8,657	\$ 4,561	89.8%	\$ 41,518	\$ 8,310	399.6%
Net income per common share:						
Basic	\$ 0.42	\$ 0.22	90.9%	\$ 2.03	\$ 0.41	395.1%
Diluted	\$ 0.42	\$ 0.22	90.9%	\$ 2.01	\$ 0.40	402.5%
Weighted average common shares outstanding - basic	20,531	20,430	0.5%	20,501	20,432	0.3%
Weighted average common shares outstanding - diluted	20,652	20,639	0.1%	20,605	20,620	(0.1%)

FUNDS FROM OPERATIONS						
	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED		
	06/30/09	06/30/08	% Change	06/30/09	06/30/08	% Change
FFO allocable to common and dilutive shares - before adjustment	\$ 31,713	\$ 31,382	1.1%	\$ 63,256	\$ 61,979	2.1%
Gain on repurchase of preferred equity, net of issuance cost	-	-	-	35,639	-	100.0%
FFO allocable to common and dilutive shares - as reported	<u>\$ 31,713</u>	<u>\$ 31,382</u>	1.1%	<u>\$ 98,895</u>	<u>\$ 61,979</u>	59.6%
FFO per common and dilutive share - before adjustment	\$ 1.13	\$ 1.12	0.9%	\$ 2.26	\$ 2.21	2.3%
FFO per common and dilutive share - as reported	\$ 1.13	\$ 1.12	0.9%	\$ 3.53	\$ 2.21	59.7%
Weighted average common shares outstanding - diluted	20,652	20,639	0.1%	20,605	20,620	(0.1%)
Weighted average common OP units outstanding	7,305	7,305	-	7,305	7,305	-
Weighted average restricted stock units outstanding	133	157	(15.3%)	139	158	(12.0%)
Total common and dilutive shares	<u>28,090</u>	<u>28,101</u>	(0.0%)	<u>28,049</u>	<u>28,083</u>	(0.1%)

PROPERTY INFORMATION						
	FOR THE THREE MONTHS ENDED			FOR THE SIX MONTHS ENDED		
	06/30/09	06/30/08	% Change	06/30/09	06/30/08	% Change
<u>Total - Same Park Portfolio</u>						
Total rentable square footage at period end	19,556	19,556	-	19,556	19,556	-
Weighted average occupancy	89.9%	93.5%	(3.9%)	90.7%	93.7%	(3.2%)
Annualized realized rent per sq. ft. ⁽¹⁾	\$ 15.47	\$ 15.41	0.4%	\$ 15.53	\$ 15.34	1.2%
REVPAF ⁽²⁾	\$ 13.91	\$ 14.41	(3.5%)	\$ 14.09	\$ 14.37	(1.9%)

(1) Represents the annualized revenues earned per occupied square foot.

(2) Represents the annualized revenues earned per total square foot.

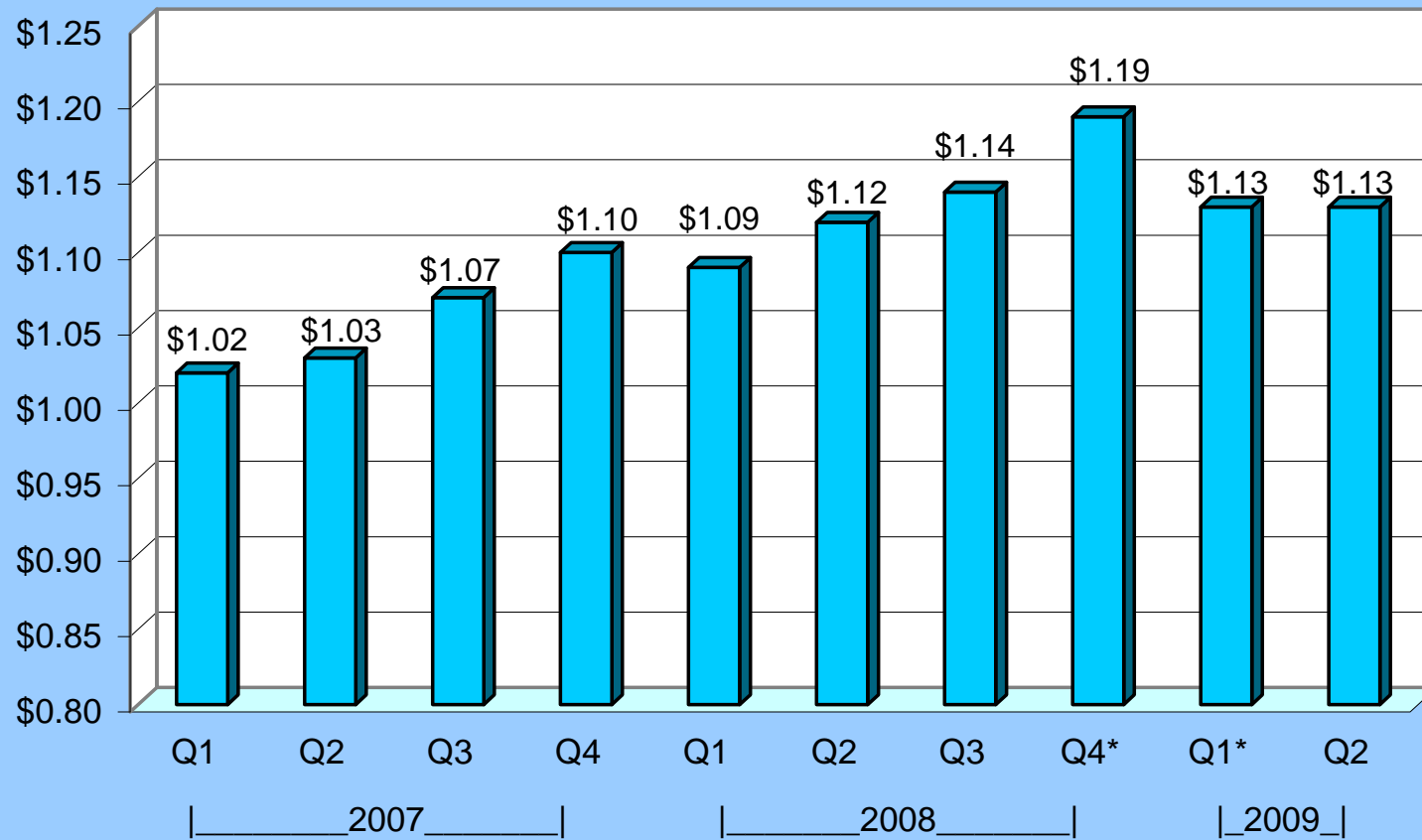
BALANCE SHEET DATA			
	06/30/09	12/31/08	% Change
Total assets	\$ 1,400,457	\$ 1,469,323	(4.7%)
Noncontrolling interests - preferred units	\$ 73,418	\$ 94,750	(22.5%)
Noncontrolling interests - common units	\$ 157,036	\$ 148,023	6.1%
Perpetual preferred stock	\$ 626,046	\$ 706,250	(11.4%)
Common shareholders' equity	\$ 441,645	\$ 414,564	6.5%
Total common shares outstanding at period end	20,546	20,460	0.4%
Book value per common share	\$ 21.50	\$ 20.26	6.1%

MARKET VALUE INFORMATION			
	06/30/09	12/31/08	% Change
Market value of common stock and common OP units	\$ 1,349,096	\$ 1,239,997	8.8%
Total debt	53,519	59,308	(9.8%)
Total preferred equity	699,464	801,000	(12.7%)
Total market capitalization	<u>\$ 2,102,079</u>	<u>\$ 2,100,305</u>	0.1%
Stock price at the end of the period	\$ 48.44	\$ 44.66	8.5%

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

	FOR THE THREE MONTHS ENDED		Increase (Decrease)	% Change	FOR THE SIX MONTHS ENDED		Increase (Decrease)	% Change
	06/30/09	06/30/08			06/30/09	06/30/08		
Funds from operations (FFO):								
Net income allocable to common shareholders	\$ 8,657	\$ 4,561	\$ 4,096	89.8%	\$ 41,518	\$ 8,310	\$ 33,208	399.6%
Adjustments:								
Gain on sale of land	(1,488)	-	(1,488)	(100.0%)	(1,488)	-	(1,488)	(100.0%)
Depreciation and amortization	21,412	25,120	(3,708)	(14.8%)	43,803	50,567	(6,764)	(13.4%)
Net income allocable to noncontrolling interests - common units	3,080	1,639	1,441	87.9%	14,794	2,987	11,807	395.3%
Net income allocable to restricted stock unit holders	52	62	(10)	(16.1%)	268	115	153	133.0%
FFO allocable to common and dilutive shares	<u>\$ 31,713</u>	<u>\$ 31,382</u>	<u>\$ 331</u>	1.1%	<u>\$ 98,895</u>	<u>\$ 61,979</u>	<u>\$ 36,916</u>	59.6%
Weighted average common shares outstanding	20,531	20,430	101	0.5%	20,501	20,432	69	0.3%
Weighted average common OP units outstanding	7,305	7,305	-	-	7,305	7,305	-	-
Weighted average restricted stock units outstanding	133	157	(24)	(15.3%)	139	158	(19)	(12.0%)
Weighted average common share equivalents outstanding	121	209	(88)	(42.1%)	104	188	(84)	(44.7%)
Total common and dilutive shares	<u>28,090</u>	<u>28,101</u>	<u>(11)</u>	(0.0%)	<u>28,049</u>	<u>28,083</u>	<u>(34)</u>	(0.1%)
FFO per common and dilutive share	<u>\$ 1.13</u>	<u>\$ 1.12</u>	<u>\$ 0.01</u>	0.9%	<u>\$ 3.53</u>	<u>\$ 2.21</u>	<u>\$ 1.32</u>	59.7%
Funds available for distribution (FAD):								
Funds from operations	\$ 31,713	\$ 31,382	\$ 331	1.1%	\$ 98,895	\$ 61,979	\$ 36,916	59.6%
Adjustments:								
Recurring capital improvements	(1,352)	(3,016)	(1,664)	(55.2%)	(2,137)	(4,950)	(2,813)	(56.8%)
Tenant improvements	(3,692)	(5,200)	(1,508)	(29.0%)	(6,974)	(9,654)	(2,680)	(27.8%)
Lease commissions	(1,117)	(1,966)	(849)	(43.2%)	(1,988)	(4,234)	(2,246)	(53.0%)
Straight-line rent	161	(11)	172	1563.6%	(184)	83	(267)	(321.7%)
Stock compensation expense	625	1,018	(393)	(38.6%)	1,713	2,030	(317)	(15.6%)
In-place lease adjustment	(75)	(48)	27	56.3%	(161)	(96)	65	67.7%
Lease incentives net of tenant improvement reimbursements	(93)	(38)	55	144.7%	(174)	(69)	105	152.2%
Gain on repurchase of preferred equity, net of issuance cost	-	-	-	-	(35,639)	-	(35,639)	(100.0%)
FAD	<u>\$ 26,170</u>	<u>\$ 22,121</u>	<u>\$ 4,049</u>	18.3%	<u>\$ 53,351</u>	<u>\$ 45,089</u>	<u>\$ 8,262</u>	18.3%
FAD per common and dilutive share	<u>\$ 0.93</u>	<u>\$ 0.79</u>	<u>\$ 0.14</u>	17.7%	<u>\$ 1.90</u>	<u>\$ 1.61</u>	<u>\$ 0.29</u>	18.0%
Cash available for debt repayments and reinvestments:								
FAD	\$ 26,170	\$ 22,121	\$ 4,049	18.3%	\$ 53,351	\$ 45,089	\$ 8,262	18.3%
Distributions to common shareholders	(9,041)	(8,993)	48	0.5%	(18,044)	(17,975)	69	0.4%
Distributions to common OP unit holders	(3,214)	(3,214)	-	-	(6,428)	(6,428)	-	-
Distributions to restricted stock unit holders	(52)	(62)	(10)	(16.1%)	(110)	(115)	(5)	(4.3%)
Cash available for debt repayments and reinvestments	<u>\$ 13,863</u>	<u>\$ 9,852</u>	<u>\$ 4,011</u>	40.7%	<u>\$ 28,769</u>	<u>\$ 20,571</u>	<u>\$ 8,198</u>	39.9%
FAD payout ratio	<u>47.0%</u>	<u>55.5%</u>	<u>(8.5%)</u>	(15.3%)	<u>46.1%</u>	<u>54.4%</u>	<u>(8.3%)</u>	(15.3%)

Reported FFO Per Common and Dilutive Share



* Excludes net gain on repurchase of preferred equity.

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

	As of June 30, 2009			As of December 31, 2008		
	Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
Mortgage Debt:						
5.730% mortgage note, due March 2013	\$ 14,114			\$ 14,247		
5.520% mortgage note, due May 2013	9,938			10,053		
5.680% mortgage note, due May 2013	9,952			10,065		
6.150% mortgage note, due November 2031 (includes unamortized premium of \$532,000 on \$16.1 million mortgage note with stated rate of 7.200%)	16,681			16,912		
5.610% mortgage note, due January 2011 (includes unamortized premium of \$105,000 on \$2.7 million mortgage note with stated rate of 7.610%)	2,834			2,887		
7.290% mortgage note, repaid February 2009	-			5,144		
Total mortgage notes payable (1)	53,519	2.5%	5.81%	59,308	2.8%	5.94%
Total debt	53,519	2.5%	5.81%	59,308	2.8%	5.94%
Preferred Equity						
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 (6,340,776 depository shares outstanding) callable 1/30/09	158,520			205,000		
6.875% Series I preferred stock (2,745,050 depository share outstanding) callable 4/21/09	68,626			75,000		
7.500% Series J preferred operating partnership units (1,710,000 units outstanding) callable 5/27/09	42,750			42,750		
7.950% Series K preferred stock (2,165,000 depository shares outstanding) callable 6/30/09	54,125			57,500		
7.600% Series L preferred stock (1,935,000 depository shares outstanding) callable 8/31/09	48,375			57,500		
7.200% Series M preferred stock (3,182,000 depository shares outstanding) callable 5/2/10	79,550			82,500		
7.125% Series N preferred operating partnership units (223,300 units outstanding) callable 12/12/10	5,583			20,000		
7.375% Series O preferred stock (3,384,000 depository shares outstanding) callable 6/16/11	84,600			95,000		
6.700% Series P preferred stock (5,290,000 depository shares outstanding) callable 1/17/12	132,250			133,750		
6.550% Series Q preferred operating partnership units (203,400 units outstanding) callable 3/12/12	5,085			12,000		
Total preferred equity	699,464	33.3%	7.17%	801,000	38.1%	7.16%
Total debt and preferred equity	752,983	35.8%	7.07%	860,308	40.9%	7.07%
Common stock (20,545,511 and 20,459,916 shares outstanding as of June 30, 2009 and December 31, 2008, respectively)	995,225			913,740		
Common operating partnership units (7,305,355 units outstanding as of June 30, 2009 and December 31, 2008)	353,871			326,257		
Total common equity (2)	1,349,096	64.2%		1,239,997	59.1%	
Total market capitalization	\$ 2,102,079	100.0%		\$ 2,100,305	100.0%	

(1) Principal maturity dates are represented by the following chart:

Principal Maturity Dates						
	2009	2010	2011	2012	2013	Total
Rose Canyon	\$ 108	\$ 277	\$ 293	\$ 309	\$ 13,127	\$ 14,114
Meadows	130	278	15,741	-	-	16,149
Palm Beach	257	536	3,178	547	18,101	22,619
Meadows Loan Premium	105	218	209	-	-	532
Palm Beach Loan Premium	33	67	5	-	-	105
	\$ 633	\$ 1,376	\$ 19,426	\$ 856	\$ 31,228	\$ 53,519

(2) Closing stock price was \$48.44 and \$44.66 as of June 30, 2009 and December 31, 2008, respectively.

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

	06/30/09	12/31/08	Increase (Decrease)		% Change
<u>ASSETS</u>					
Cash and cash equivalents	\$ 21,998	\$ 55,015	\$ (33,017)	(a)	(60.0%)
Real estate facilities, at cost:					
Land	494,849	494,849	-		-
Buildings and equipment	1,527,091	1,517,484	9,607		0.6%
	<u>2,021,940</u>	<u>2,012,333</u>	<u>9,607</u>		0.5%
Accumulated depreciation	(679,991)	(637,948)	42,043		6.6%
	<u>1,341,949</u>	<u>1,374,385</u>	<u>(32,436)</u>	(b)	(2.4%)
Land held for development	6,829	7,869	(1,040)	(c)	(13.2%)
	<u>1,348,778</u>	<u>1,382,254</u>	<u>(33,476)</u>		(2.4%)
Rent receivable	1,849	2,055	(206)	(d)	(10.0%)
Deferred rent receivable	21,817	21,633	184		0.9%
Other assets	6,015	8,366	(2,351)	(e)	(28.1%)
Total assets	<u>\$ 1,400,457</u>	<u>\$ 1,469,323</u>	<u>\$ (68,866)</u>		(4.7%)
<u>LIABILITIES AND EQUITY</u>					
Accrued and other liabilities	\$ 48,793	\$ 46,428	\$ 2,365	(f)	5.1%
Mortgage notes payable	53,519	59,308	(5,789)		(9.8%)
Total liabilities	102,312	105,736	(3,424)		(3.2%)
Equity:					
PS Business Parks, Inc.'s shareholders' equity:					
Preferred stock	626,046	706,250	(80,204)		(11.4%)
Common stock	205	204	1		0.5%
Paid-in capital	396,930	363,587	33,343	(g)	9.2%
Cumulative net income	659,028	622,113	36,915		5.9%
Cumulative distributions	(614,518)	(571,340)	43,178	(h)	7.6%
Total PS Business Parks, Inc.'s shareholders' equity	<u>1,067,691</u>	<u>1,120,814</u>	<u>(53,123)</u>		(4.7%)
Noncontrolling interests:					
Preferred units	73,418	94,750	(21,332)		(22.5%)
Common units	157,036	148,023	9,013		6.1%
Total noncontrolling interests:	<u>230,454</u>	<u>242,773</u>	<u>(12,319)</u>		(5.1%)
Total equity	<u>1,298,145</u>	<u>1,363,587</u>	<u>(65,442)</u>		(4.8%)
Total liabilities and equity	<u>\$ 1,400,457</u>	<u>\$ 1,469,323</u>	<u>\$ (68,866)</u>		(4.7%)

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

(a) Change in cash and cash equivalents:			
Beginning cash balance			\$ 55,015
Net cash provided by operating activities			93,286
Net cash used in investing activities			(8,810)
Net cash used in financing activities			(117,493)
Ending cash balance			<u>\$ 21,998</u>
(b) Change in real estate facilities, at cost:			
Beginning balance			\$ 1,374,385
Property renovations			268
Recurring capital improvements			2,137
Tenant improvements			6,974
Lease commissions			1,988
Depreciation and amortization			(43,803)
Ending balance			<u>\$ 1,341,949</u>
(c) Change in land held for development:			
Beginning balance			\$ 7,869
Sale of land			(1,040)
Ending balance			<u>\$ 6,829</u>
(d) Rent receivable consists of:			
	<u>06/30/09</u>	<u>12/31/08</u>	Increase (Decrease)
U.S. Government tenants	\$ 1,030	\$ 960	\$ 70
Other	1,219	1,395	(176)
Allowance for bad debt	(400)	(300)	(100)
	<u>\$ 1,849</u>	<u>\$ 2,055</u>	<u>\$ (206)</u>
(e) Other assets consist of:			
	<u>06/30/09</u>	<u>12/31/08</u>	Increase (Decrease)
Prepaid insurance	\$ 2,403	\$ 1,032	\$ 1,371
Prepaid property taxes	65	2,502	(2,437)
Lease incentives, net	1,019	1,285	(266)
Mortgage impounds	1,115	691	424
In-place lease adjustment, net	137	181	(44)
Other	1,276	2,675	(1,399)
	<u>\$ 6,015</u>	<u>\$ 8,366</u>	<u>\$ (2,351)</u>
(f) Accrued and other liabilities consist of:			
	<u>06/30/09</u>	<u>12/31/08</u>	Increase (Decrease)
Prepaid rent	\$ 9,688	\$ 9,156	\$ 532
Accrued property taxes	7,772	5,118	2,654
Security deposits	18,856	19,506	(650)
In-place lease adjustment and TI reimbursements, net	2,655	3,011	(356)
Reserves for acquisition costs	1,532	1,584	(52)
Other	8,290	8,053	237
	<u>\$ 48,793</u>	<u>\$ 46,428</u>	<u>\$ 2,365</u>
(g) Change in paid-in capital:			
Beginning paid-in capital			\$ 363,587
Shelf registration			(75)
Repurchase of common stock			(230)
Gain on repurchase of preferred equity			39,002
EITF Topic D-42			3,364
Stock compensation, net			249
Exercise of stock options			678
Adjustment to reflect noncontrolling interests to underlying ownership			(9,645)
Ending paid in capital			<u>\$ 396,930</u>
(h) Change in cumulative distributions:			
Beginning cumulative distributions			\$ (571,340)
Distributions to preferred shareholders			(25,134)
Distributions to common shareholders			(18,044)
Ending cumulative distributions			<u>\$ (614,518)</u>

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

	06/30/09	06/30/08	Increase (Decrease)	% Change
Revenues:				
Rental income	\$ 67,976	\$ 70,446	\$ (2,470) (a)	(3.5%)
Facility management fees	173	177	(4)	(2.3%)
Total operating revenues	<u>68,149</u>	<u>70,623</u>	<u>(2,474)</u>	<u>(3.5%)</u>
Expenses:				
Cost of operations	21,549	21,939	(390)	(1.8%)
Depreciation and amortization	21,412	25,120	(3,708)	(14.8%)
General and administrative	1,538	2,085	(547) (b)	(26.2%)
Total operating expenses	<u>44,499</u>	<u>49,144</u>	<u>(4,645)</u>	<u>(9.5%)</u>
Other income and expenses:				
Interest and other income	68	282	(214)	(75.9%)
Interest expense	(881)	(990)	(109) (c)	(11.0%)
Gain on sale of land	1,488	-	1,488	100.0%
Total other income and expenses	<u>675</u>	<u>(708)</u>	<u>(1,383)</u>	<u>(195.3%)</u>
Net income	<u>\$ 24,325</u>	<u>\$ 20,771</u>	<u>\$ 3,554</u>	<u>17.1%</u>
Net income allocation:				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 3,080	\$ 1,639	\$ 1,441	87.9%
Noncontrolling interests - preferred units	1,381	1,752	(371)	(21.2%)
Total net income allocable to noncontrolling interests	<u>4,461</u>	<u>3,391</u>	<u>1,070</u>	<u>31.6%</u>
Net income allocable to PS Business Parks, Inc.:				
Common shareholders	8,657	4,561	4,096	89.8%
Preferred shareholders	11,155	12,757	(1,602)	(12.6%)
Restricted stock unit holders	52	62	(10)	(16.1%)
Total net income allocable to PS Business Parks, Inc.	<u>19,864</u>	<u>17,380</u>	<u>2,484</u>	<u>14.3%</u>
	<u>\$ 24,325</u>	<u>\$ 20,771</u>	<u>\$ 3,554</u>	<u>17.1%</u>
Net income per common share:				
Basic	\$ 0.42	\$ 0.22	\$ 0.20	90.9%
Diluted	\$ 0.42	\$ 0.22	\$ 0.20	90.9%
Weighted average common shares outstanding:				
Basic	<u>20,531</u>	<u>20,430</u>	<u>101</u>	<u>0.5%</u>
Diluted	<u>20,652</u>	<u>20,639</u>	<u>13</u>	<u>0.1%</u>

PS BUSINESS PARKS, INC.
CONSOLIDATED STATEMENT OF INCOME
VARIANCE DETAIL
FOR THE THREE MONTHS ENDED
(in thousands)

	06/30/09	06/30/08	Increase (Decrease)
(a) Rental income:			
Same Park	\$ 68,137	\$ 70,435	\$ (2,298)
Same Park straight-line rent	(161)	11	(172)
	<u>\$ 67,976</u>	<u>\$ 70,446</u>	<u>\$ (2,470)</u>
(b) General and administrative expenses:			
Cash and non-cash compensation expense	\$ 1,006	\$ 1,582	\$ (576)
Professional fees	198	172	26
Other	334	331	3
	<u>\$ 1,538</u>	<u>\$ 2,085</u>	<u>\$ (547)</u>
(c) Interest expense:			
Mortgage notes payable	\$ (793)	\$ (902)	\$ (109)
Facilities fees & other charges	(88)	(88)	-
	<u>\$ (881)</u>	<u>\$ (990)</u>	<u>\$ (109)</u>

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

	6/30/2009	6/30/2008	Increase (Decrease)	% Change
Revenues:				
Rental income	\$ 137,723	\$ 140,557	\$ (2,834) (a)	(2.0%)
Facility management fees	350	372	(22)	(5.9%)
Total operating revenues	<u>138,073</u>	<u>140,929</u>	<u>(2,856)</u>	<u>(2.0%)</u>
Expenses:				
Cost of operations	44,304	44,429	(125)	(0.3%)
Depreciation and amortization	43,803	50,567	(6,764)	(13.4%)
General and administrative	3,514	4,131	(617) (b)	(14.9%)
Total operating expenses	<u>91,621</u>	<u>99,127</u>	<u>(7,506)</u>	<u>(7.6%)</u>
Other income and expenses:				
Interest and other income	247	610	(363)	(59.5%)
Interest expense	(1,811)	(1,983)	(172) (c)	(8.7%)
Gain on sale of land	1,488	-	1,488	100.0%
Total other income and expenses	<u>(76)</u>	<u>(1,373)</u>	<u>(1,297)</u>	<u>(94.5%)</u>
Net income	<u><u>\$ 46,376</u></u>	<u><u>\$ 40,429</u></u>	<u><u>\$ 5,947</u></u>	<u>14.7%</u>
Net income allocation:				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 14,794	\$ 2,987	\$ 11,807	395.3%
Noncontrolling interests - preferred units	(5,333)	3,504	(8,837)	(252.2%)
Total net income allocable to noncontrolling interests	<u>9,461</u>	<u>6,491</u>	<u>2,970</u>	<u>45.8%</u>
Net income allocable to PS Business Parks, Inc.:				
Common shareholders	41,518	8,310	33,208	399.6%
Preferred shareholders	(4,871)	25,513	(30,384)	(119.1%)
Restricted stock unit holders	268	115	153	133.0%
Total net income allocable to PS Business Parks, Inc.	<u>36,915</u>	<u>33,938</u>	<u>2,977</u>	<u>8.8%</u>
	<u><u>\$ 46,376</u></u>	<u><u>\$ 40,429</u></u>	<u><u>\$ 5,947</u></u>	<u>14.7%</u>
Net income per common share:				
Basic	\$ 2.03	\$ 0.41	\$ 1.62	395.1%
Diluted	\$ 2.01	\$ 0.40	\$ 1.61	402.5%
Weighted average common shares outstanding:				
Basic	<u>20,501</u>	<u>20,432</u>	<u>69</u>	0.3%
Diluted	<u>20,605</u>	<u>20,620</u>	<u>(15)</u>	(0.1%)

PS BUSINESS PARKS, INC.
CONSOLIDATED STATEMENT OF INCOME
VARIANCE DETAIL
FOR THE SIX MONTHS ENDED
(in thousands)

	<u>06/30/09</u>	<u>06/30/08</u>	Increase (Decrease)
(a) Rental income:			
Same Park	\$ 137,539	\$ 140,640	\$ (3,101)
Same Park straight-line rent	184	(83)	267
	<u>\$ 137,723</u>	<u>\$ 140,557</u>	<u>\$ (2,834)</u>
(b) General and administrative expenses:			
Cash and non-cash compensation expense	\$ 2,526	\$ 3,181	\$ (655)
Professional fees	404	358	46
Other	584	592	(8)
	<u>\$ 3,514</u>	<u>\$ 4,131</u>	<u>\$ (617)</u>
(c) Interest expense:			
Mortgage notes payable	\$ (1,635)	\$ (1,807)	\$ (172)
Facilities fees & other charges	(176)	(176)	-
	<u>\$ (1,811)</u>	<u>\$ (1,983)</u>	<u>\$ (172)</u>

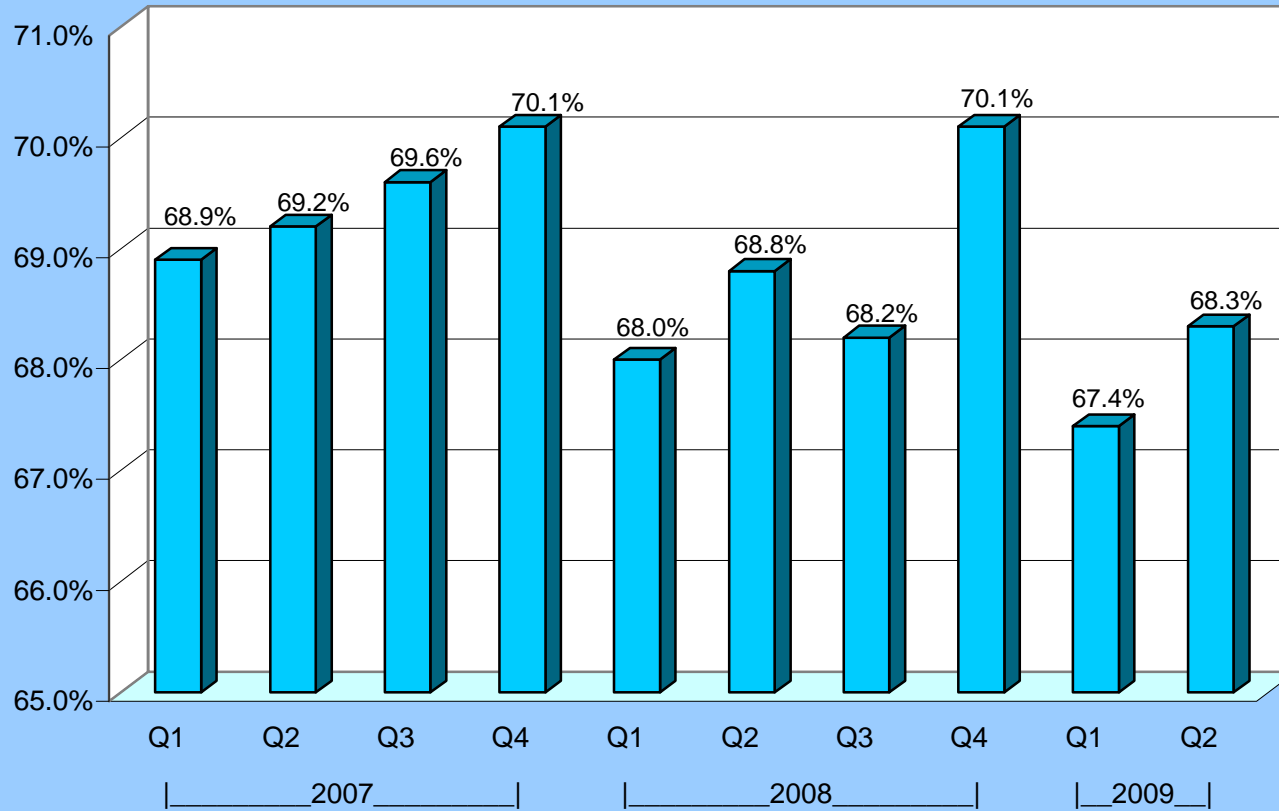
PS BUSINESS PARKS, INC.
Analysis of Capital Expenditures
(in thousands)

<u>Recurring capital expenditures</u> ⁽¹⁾	<u>Six Months Ended June 30, 2009 Costs</u>	<u>Cost per Weighted Average Square Foot</u>
Capital improvements ⁽²⁾	\$2,137	\$0.11
Tenant improvements	6,974	\$0.36
Lease commissions	1,988	\$0.10
Total recurring capital expenditures	<u>\$11,099</u>	\$0.57
 <u>Non-recurring capital expenditures</u>		
Property renovations	\$268	
Total non-recurring capital expenditures	<u>\$268</u>	

(1) The Company defines "recurring capital expenditures" as those capitalized costs necessary to continue to operate the property at its current economic value. Capital improvements in excess of \$2,000 with a useful life greater than 24 months are capitalized. Lease transaction costs in excess of \$1,000 for leases with terms greater than 12 months 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 expense was \$9.9 million or approximately \$0.51 per weighted average square foot for the six months ended June 30, 2009 compared to \$10.6 million or approximately \$0.54 per weighted average square foot for the six months ended June 30, 2008.

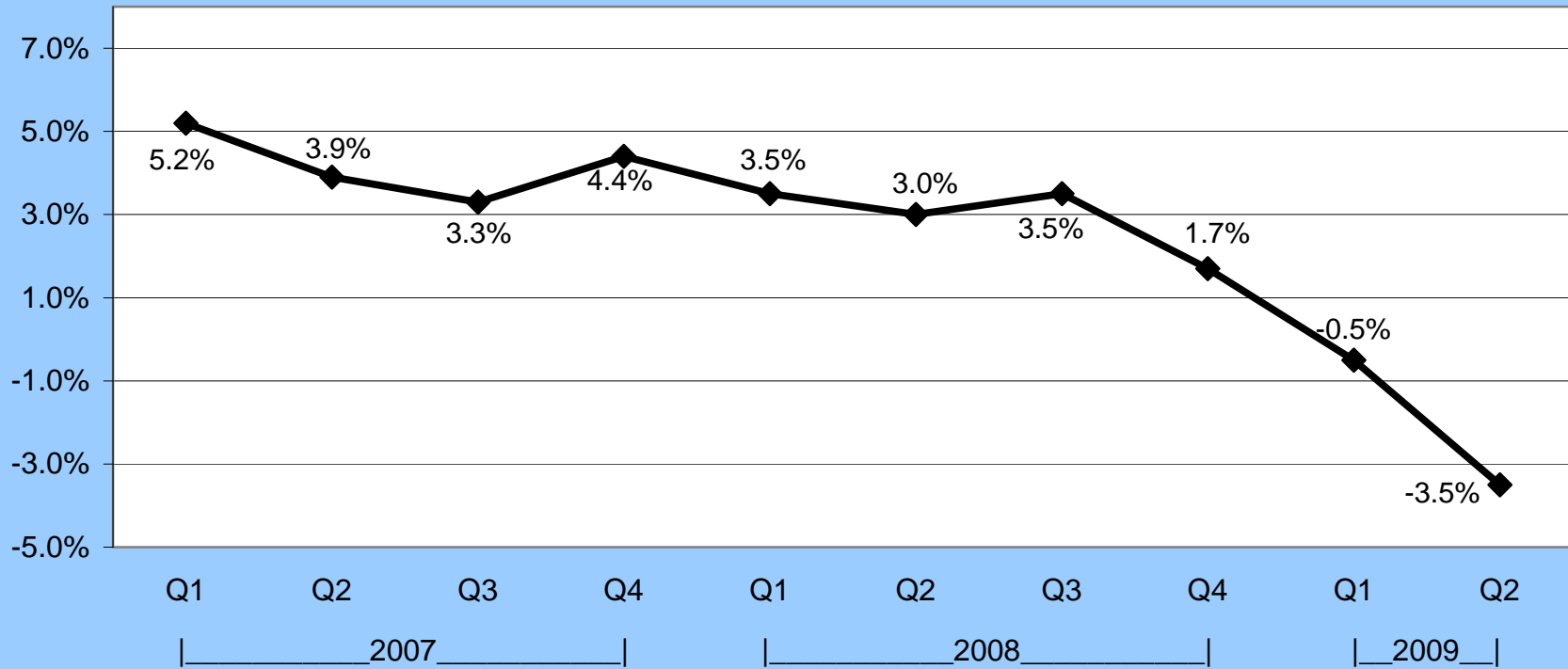
(2) Major costs include roof, HVAC and parking lot replacement as well as other major repairs that extend the life of the respective components of the building.

Same Park Gross Operating Margin Percentage *



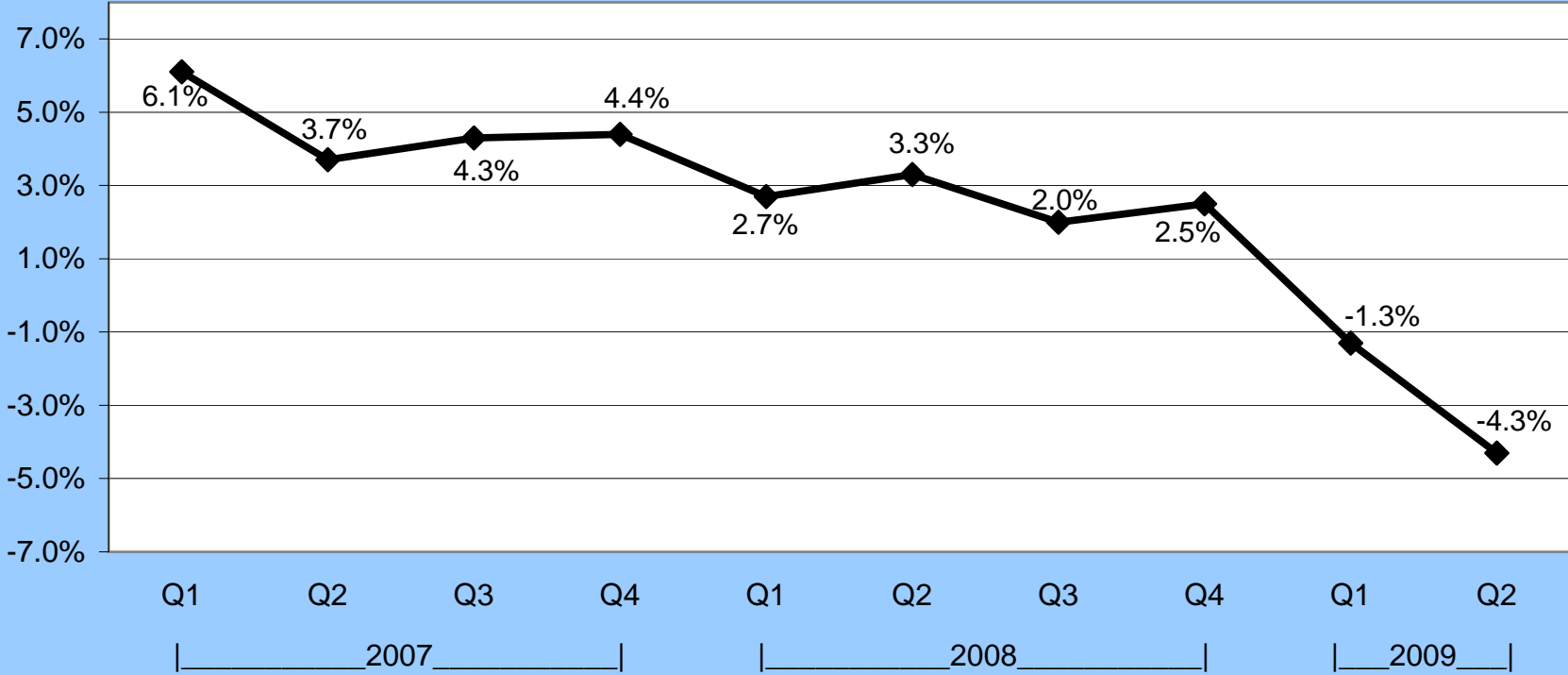
* Gross margin is computed by dividing property net operating income by rental income for Same Park properties owned in each period.

Change in Same Park Revenue *



* Percentage represents the change over the comparable period in the previous year based on Same Park operating assets as reported in each period. Q1 '07 excludes the effect of a \$1.8 million bankruptcy settlement received in Q1 '06.

Change in Same Park NOI *



* Percentage represents the change over the comparable period in the previous year based on Same Park operating assets as reported in each period. Q1 '07 excludes the effect of a \$1.8 million bankruptcy settlement received in Q1 '06.

PS BUSINESS PARKS, INC.
PORTFOLIO CONCENTRATION SUMMARY
(in thousands)

Industry Concentration as of June 30, 2009

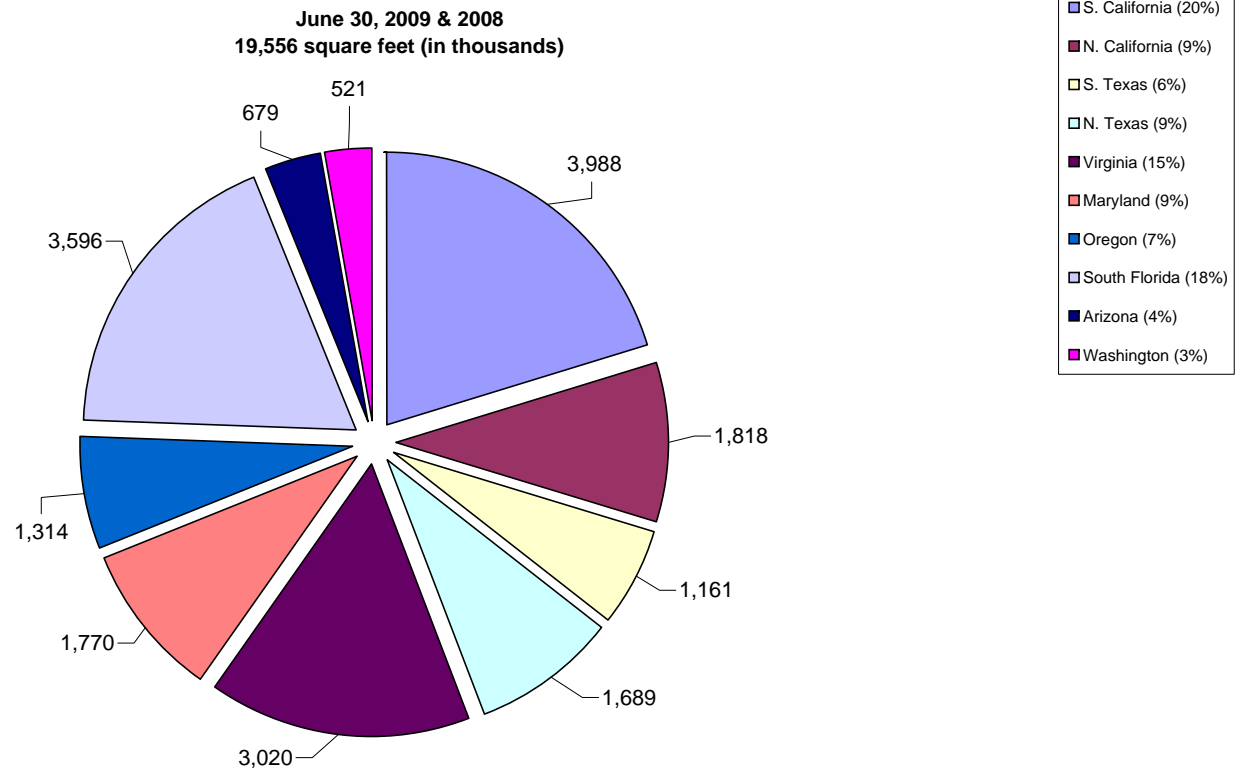
Industry	% of Total Rental Income
Business Services	14.3%
Health Services	10.9%
Computer Hardware, Software and Related Services	9.2%
Warehouse, Distribution, Transportation and Logistics	8.9%
Government	8.4%
Engineering and Construction	7.5%
Insurance and Financial Services	7.2%
Retail, Food and Automotive	6.7%
Communications	5.2%
Home Furnishings	3.8%
Electronics	3.5%
Educational Services	2.8%
Aerospace/Defense Products and Services	2.4%
Other	9.2%
Total	100.0%

Top 10 Customers by Total Annual Rental Income as of June 30, 2009

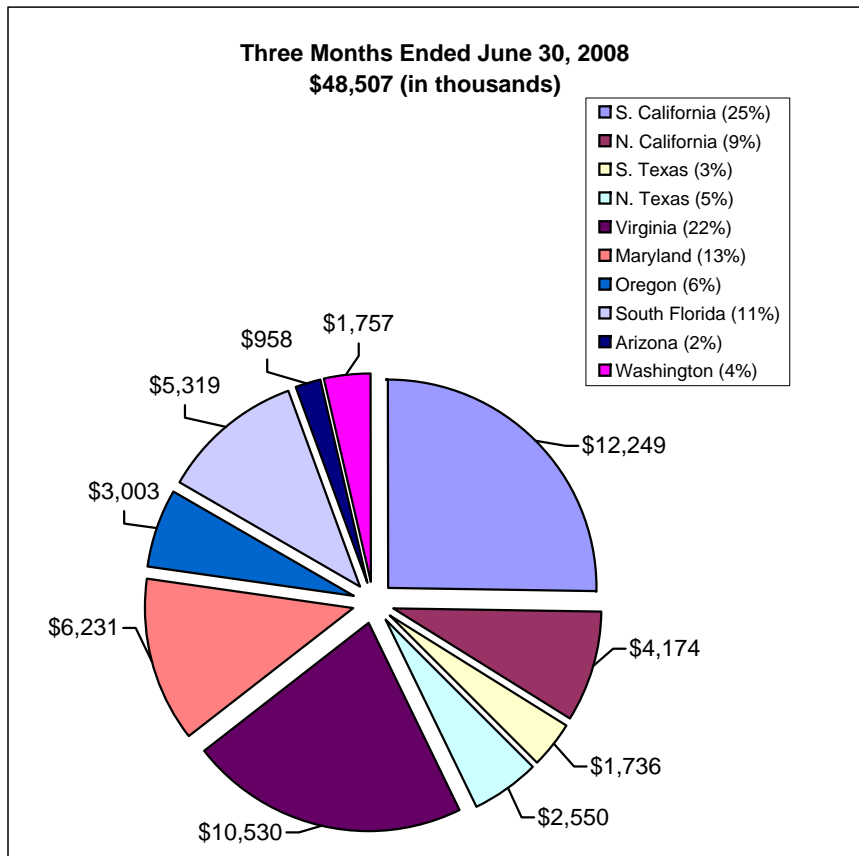
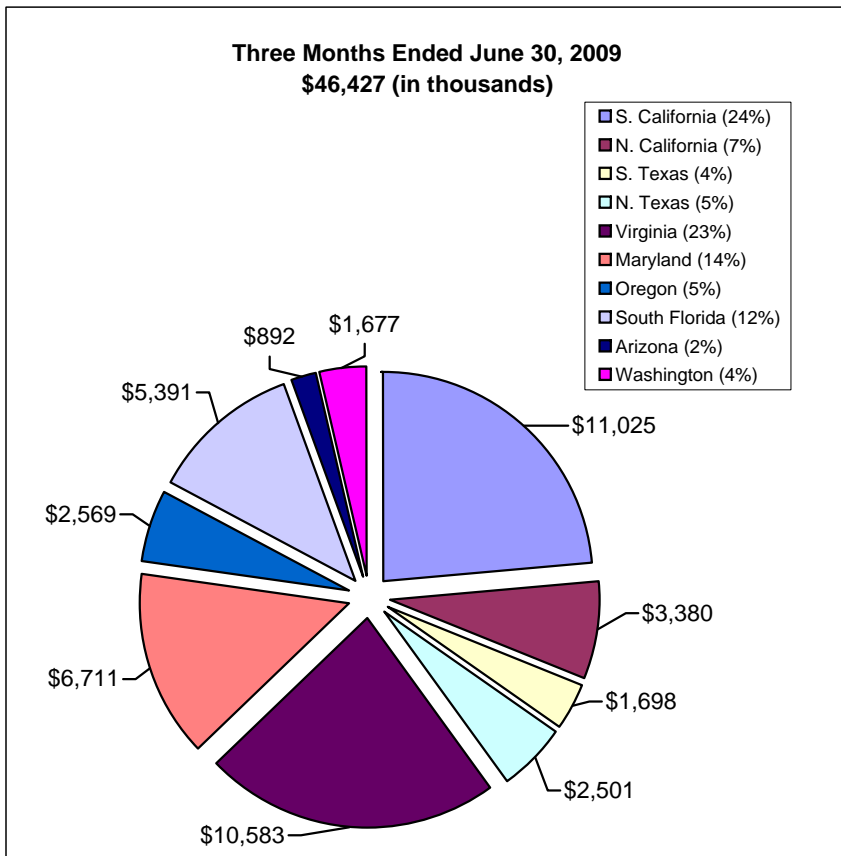
Tenant	Square Footage	Annualized Rental Income ⁽¹⁾	% of Total Annualized Rental Income
U.S. Government	505	\$ 13,199	4.9%
Kaiser Permanente	186	3,914	1.4%
Wells Fargo Bank	101	1,772	0.7%
Northrop Grumman	58	1,714	0.6%
AARP	102	1,693	0.6%
American Intercontinental University	75	1,442	0.5%
Raytheon	82	1,383	0.5%
Verizon	72	1,351	0.5%
Montgomery County Public School	47	1,348	0.5%
Intel Corporation	94	1,326	0.5%
Total	1,322	\$ 29,142	10.7%

(1) - For leases expiring within one year, annualized rental income represents income to be received under existing leases from June 30, 2009 through date of expiration.

Total Owned Rentable Square Footage by Region



Total Owned Property Net Operating Income by Region



PS BUSINESS PARKS, INC.
TOTAL-SAME PARK PORTFOLIO OVERVIEW
(in thousands)

Rentable Square Footage of Properties as of June 30, 2009					
Primary Markets	Industrial	Office	Flex	Total	%
Miami	2,556	12	631	3,199	16.4%
Northern Virginia	-	1,073	1,947	3,020	15.4%
Northern California	407	431	980	1,818	9.3%
Maryland	-	883	887	1,770	9.1%
Dallas	231	-	1,458	1,689	8.6%
Orange County	-	705	911	1,616	8.3%
Los Angeles County	712	31	861	1,604	8.2%
Portland	-	188	1,126	1,314	6.7%
Austin	-	-	787	787	4.0%
San Diego County	-	-	768	768	3.9%
Phoenix	-	-	679	679	3.5%
Seattle	-	28	493	521	2.7%
Palm Beach	-	-	397	397	2.0%
Houston	-	131	243	374	1.9%
Total	3,906	3,482	12,168	19,556	100.0%
Percentage by Product Type	20.0%	17.8%	62.2%	100.0%	

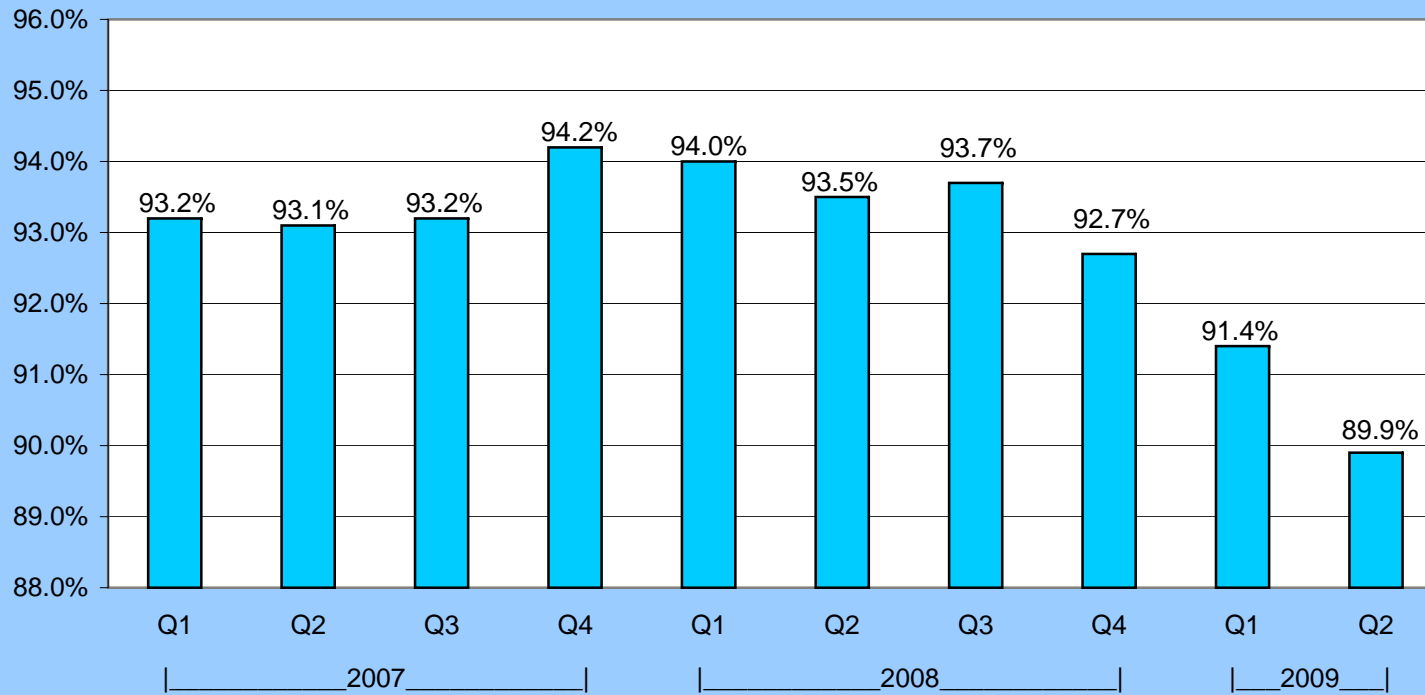
Weighted Average Occupancy Rates by Product Type for the Three Months Ended June 30, 2009				
Primary Markets	Industrial	Office	Flex	Total
Miami	95.9%	100.0%	96.5%	96.0%
Northern Virginia	-	93.4%	92.7%	92.9%
Northern California	93.0%	85.7%	78.2%	83.3%
Maryland	-	94.3%	90.0%	92.2%
Dallas	100.0%	-	89.7%	91.1%
Orange County	-	87.4%	88.8%	88.2%
Los Angeles County	97.7%	87.3%	88.6%	92.6%
Portland	-	74.8%	79.7%	79.0%
Austin	-	-	80.0%	80.0%
San Diego County	-	-	90.0%	90.0%
Phoenix	-	-	86.3%	86.3%
Seattle	-	100.0%	88.9%	89.5%
Palm Beach	-	-	83.9%	83.9%
Houston	-	100.0%	94.5%	96.4%
Total	96.1%	90.7%	87.6%	89.9%

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended June 30, 2009			
Primary Markets	Large Tenant	Small Tenant	Total
Miami	95.5%	99.8%	96.0%
Northern Virginia	93.0%	92.7%	92.9%
Northern California	80.3%	86.3%	83.3%
Maryland	93.2%	83.4%	92.2%
Dallas	92.3%	85.5%	91.1%
Orange County	87.6%	88.7%	88.2%
Los Angeles County	97.7%	88.6%	92.6%
Portland	79.4%	77.2%	79.0%
Austin	79.9%	80.4%	80.0%
San Diego County	-	90.0%	90.0%
Phoenix	-	86.3%	86.3%
Seattle	-	89.5%	89.5%
Palm Beach	-	83.9%	83.9%
Houston	-	96.4%	96.4%
Total	90.6%	88.8%	89.9%

Note:

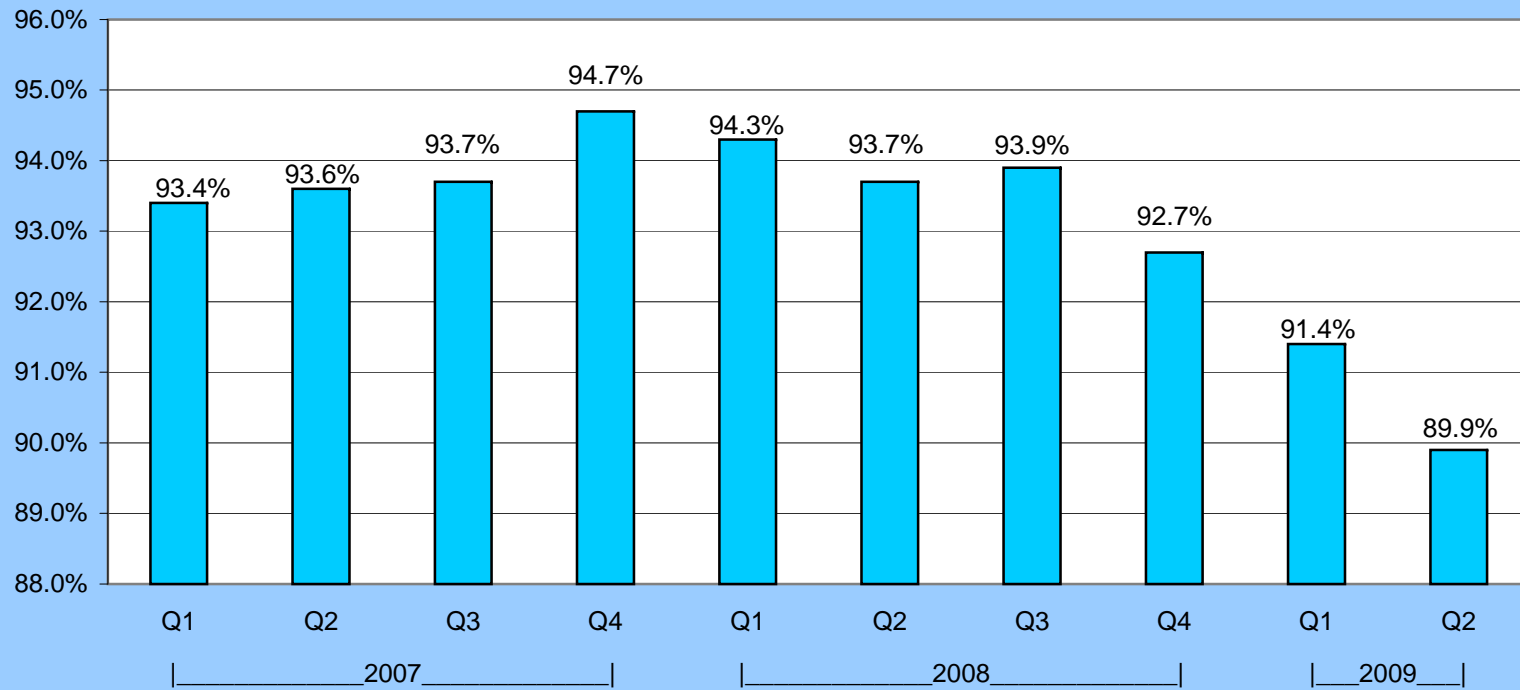
The Company's "large tenant" portfolio consists of properties with average leases greater than or equal to 5,000 square feet while the "small tenant" portfolio consists of properties with average leases less than 5,000 square feet.

Total Owned Portfolio Weighted Average Occupancy *



* Represents the weighted average occupancy for total owned portfolio held in continuing operations as reported in each period.

Same Park Weighted Average Occupancy *



* Represents the weighted average occupancy for total owned portfolio held in continuing operations as reported in each period.

PS BUSINESS PARKS, INC.

Owned Portfolio Lease Expirations as of June 30, 2009

(in thousands)

Lease Expirations - Flex				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	1,266	\$ 19,336	11.1%	6.7%
2010	2,660	40,945	23.5%	14.3%
2011	2,247	36,610	21.0%	12.7%
2012	1,753	29,150	16.7%	10.2%
2013	1,113	17,867	10.3%	6.2%
Thereafter	1,542	30,378	17.4%	10.6%
Total	10,581	\$ 174,286	100.0%	60.7%

Lease Expirations - Office				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	308	\$ 6,545	8.1%	2.3%
2010	856	20,428	25.4%	7.1%
2011	625	15,457	19.2%	5.4%
2012	601	15,082	18.7%	5.2%
2013	334	8,533	10.6%	3.0%
Thereafter	525	14,459	18.0%	5.0%
Total	3,249	\$ 80,504	100.0%	28.0%

Lease Expirations - Industrial				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	317	\$ 2,719	8.4%	1.0%
2010	939	7,748	24.0%	2.7%
2011	937	7,973	24.6%	2.8%
2012	660	5,592	17.3%	1.9%
2013	564	4,780	14.8%	1.7%
Thereafter	422	3,519	10.9%	1.2%
Total	3,839	\$ 32,331	100.0%	11.3%

Lease Expirations - Total				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	1,891	\$ 28,600	10.0%	10.0%
2010	4,455	69,121	24.1%	24.1%
2011	3,809	60,040	20.9%	20.9%
2012	3,014	49,824	17.3%	17.3%
2013	2,011	31,180	10.9%	10.9%
Thereafter	2,489	48,356	16.8%	16.8%
Total	17,669	\$ 287,121	100.0%	100.0%

PS BUSINESS PARKS, INC.

Owned Portfolio Lease Expirations as of June 30, 2009

(in thousands)

Southern California					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	555	\$	9,526	14.3%	3.3%
2010	1,078		19,041	28.5%	6.6%
2011	878		14,151	21.2%	4.9%
2012	493		9,343	14.0%	3.3%
2013	215		4,906	7.4%	1.7%
Thereafter	459		9,778	14.6%	3.4%
Total	3,678	\$	66,745	100.0%	23.2%

Northern California					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	143	\$	2,276	10.8%	0.8%
2010	483		6,389	30.3%	2.2%
2011	295		4,330	20.5%	1.5%
2012	290		3,534	16.8%	1.2%
2013	140		2,235	10.6%	0.8%
Thereafter	206		2,323	11.0%	0.8%
Total	1,557	\$	21,087	100.0%	7.3%

Southern Texas					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	157	\$	1,850	14.8%	0.6%
2010	212		2,424	19.5%	0.8%
2011	163		2,025	16.2%	0.7%
2012	188		2,798	22.4%	1.0%
2013	111		1,056	8.5%	0.4%
Thereafter	164		2,318	18.6%	0.8%
Total	995	\$	12,471	100.0%	4.3%

Northern Texas					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	119	\$	922	5.3%	0.3%
2010	304		2,925	16.9%	1.0%
2011	169		2,017	11.7%	0.7%
2012	315		4,306	24.9%	1.5%
2013	317		2,789	16.1%	1.0%
Thereafter	292		4,351	25.1%	1.5%
Total	1,516	\$	17,310	100.0%	6.0%

PS BUSINESS PARKS, INC.

Owned Portfolio Lease Expirations as of June 30, 2009

(in thousands)

South Florida					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	285	\$	2,982	9.1%	1.0%
2010	909		8,353	25.6%	3.0%
2011	838		8,039	24.7%	2.8%
2012	617		6,093	18.7%	2.1%
2013	440		4,465	13.7%	1.6%
Thereafter	251		2,678	8.2%	0.9%
Total	3,340	\$	32,610	100.0%	11.4%

Northern Virginia					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	180	\$	3,139	5.1%	1.1%
2010	760		15,857	25.6%	5.5%
2011	384		7,845	12.7%	2.8%
2012	548		12,473	20.1%	4.3%
2013	410		8,053	13.0%	2.8%
Thereafter	572		14,516	23.5%	5.1%
Total	2,854	\$	61,883	100.0%	21.6%

Maryland					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	86	\$	1,997	4.9%	0.6%
2010	330		8,217	20.3%	2.9%
2011	421		10,555	26.0%	3.7%
2012	276		7,088	17.5%	2.5%
2013	131		3,172	7.8%	1.1%
Thereafter	387		9,556	23.5%	3.3%
Total	1,631	\$	40,585	100.0%	14.1%

Oregon					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	148	\$	2,457	13.1%	1.0%
2010	131		2,271	12.1%	0.8%
2011	442		7,726	41.0%	2.7%
2012	70		1,261	6.7%	0.4%
2013	165		2,990	15.9%	1.0%
Thereafter	112		2,113	11.2%	0.7%
Total	1,068	\$	18,818	100.0%	6.6%

PS BUSINESS PARKS, INC.

Owned Portfolio Lease Expirations as of June 30, 2009

(in thousands)

Washington					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2009	97	\$ 1,895	22.1%	0.7%	
2010	90	1,718	20.1%	0.6%	
2011	110	2,114	24.7%	0.7%	
2012	63	1,242	14.5%	0.4%	
2013	52	1,142	13.3%	0.4%	
Thereafter	21	458	5.3%	0.2%	
Total	433	\$ 8,569	100.0%	3.0%	

Arizona					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2009	121	\$ 1,556	22.1%	0.6%	
2010	158	1,926	27.3%	0.7%	
2011	109	1,238	17.6%	0.4%	
2012	154	1,686	23.9%	0.6%	
2013	30	372	5.3%	0.1%	
Thereafter	25	265	3.8%	0.1%	
Total	597	\$ 7,043	100.0%	2.5%	

Total					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2009	1,891	\$ 28,600	10.0%	10.0%	
2010	4,455	69,121	24.1%	24.1%	
2011	3,809	60,040	20.9%	20.9%	
2012	3,014	49,824	17.3%	17.3%	
2013	2,011	31,180	10.9%	10.9%	
Thereafter	2,489	48,356	16.8%	16.8%	
Total	17,669	\$ 287,121	100.0%	100.0%	

PS BUSINESS PARKS, INC.

Owned Portfolio Lease Expirations as of June 30, 2009

(in thousands)

Lease Expirations - Large Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	720	\$	9,945	6.0%	3.5%
2010	2,348		33,892	20.3%	11.8%
2011	2,374		35,160	21.1%	12.2%
2012	1,872		29,796	17.9%	10.3%
2013	1,547		21,389	12.8%	7.5%
Thereafter	1,943		36,405	21.9%	12.7%
Total	10,804	\$	166,587	100.0%	58.0%

Lease Expirations - Small Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	1,171	\$	18,655	15.5%	6.5%
2010	2,107		35,229	29.2%	12.3%
2011	1,435		24,880	20.7%	8.7%
2012	1,142		20,028	16.6%	7.0%
2013	464		9,791	8.1%	3.4%
Thereafter	546		11,951	9.9%	4.1%
Total	6,865	\$	120,534	100.0%	42.0%

Lease Expirations - Total					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	1,891	\$	28,600	10.0%	10.0%
2010	4,455		69,121	24.1%	24.1%
2011	3,809		60,040	20.9%	20.9%
2012	3,014		49,824	17.3%	17.3%
2013	2,011		31,180	10.9%	10.9%
Thereafter	2,489		48,356	16.8%	16.8%
Total	17,669	\$	287,121	100.0%	100.0%