



PSBUSINESSPARKS®

**Northern California Industrial and Flex
Portfolio Acquisition**

December 20, 2011

PS Business Parks

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PSB Overview – Post Acquisition

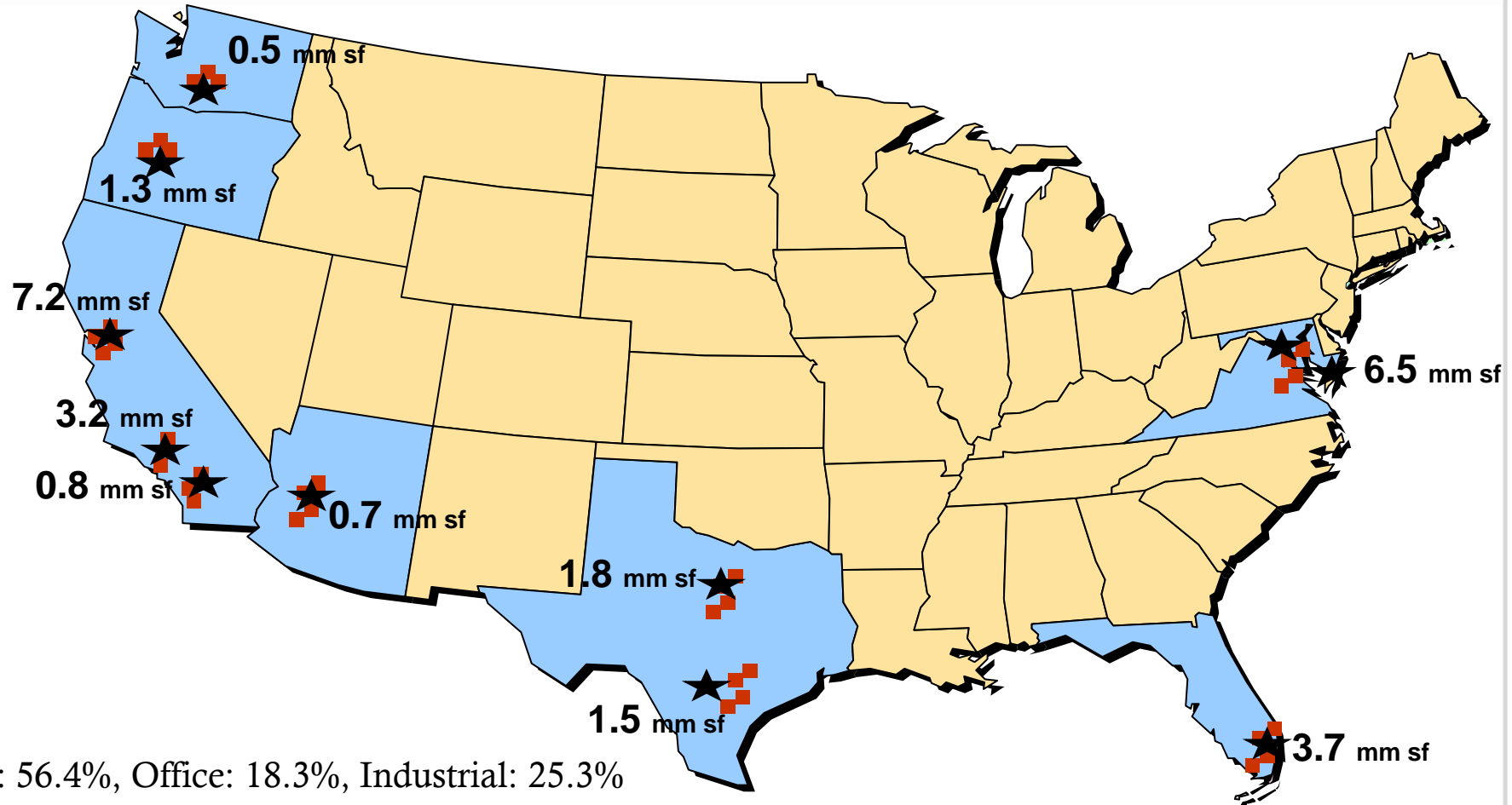
- 27.2 Million Square Feet; an increase of 24.4%
- 102 Business Parks in Eight States, increased from 84
- Average Customer Size: 5,500 Sq. Ft., increased from 4,700
- 4,360 Customers, an increase of 216
- Total Market Cap: \$3.1 Billion

Data As of December 20, 2011



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Strong Geographical Diversity within Vibrant Markets



- Flex: 56.4%, Office: 18.3%, Industrial: 25.3%
- Average Customer Size: 5,500 Square Feet

★ PSB Office
■ PSB Cluster of Properties



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Acquisition Overview



Northern California Industrial/Flex Portfolio

East Bay & Silicon Valley, CA



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Sample Portfolio Photos



Walsh at Lafayette



Bayview Business Park



Dixon Landing Business Park



Hayward Business Park



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Northern California Industrial & Flex Portfolio Overview

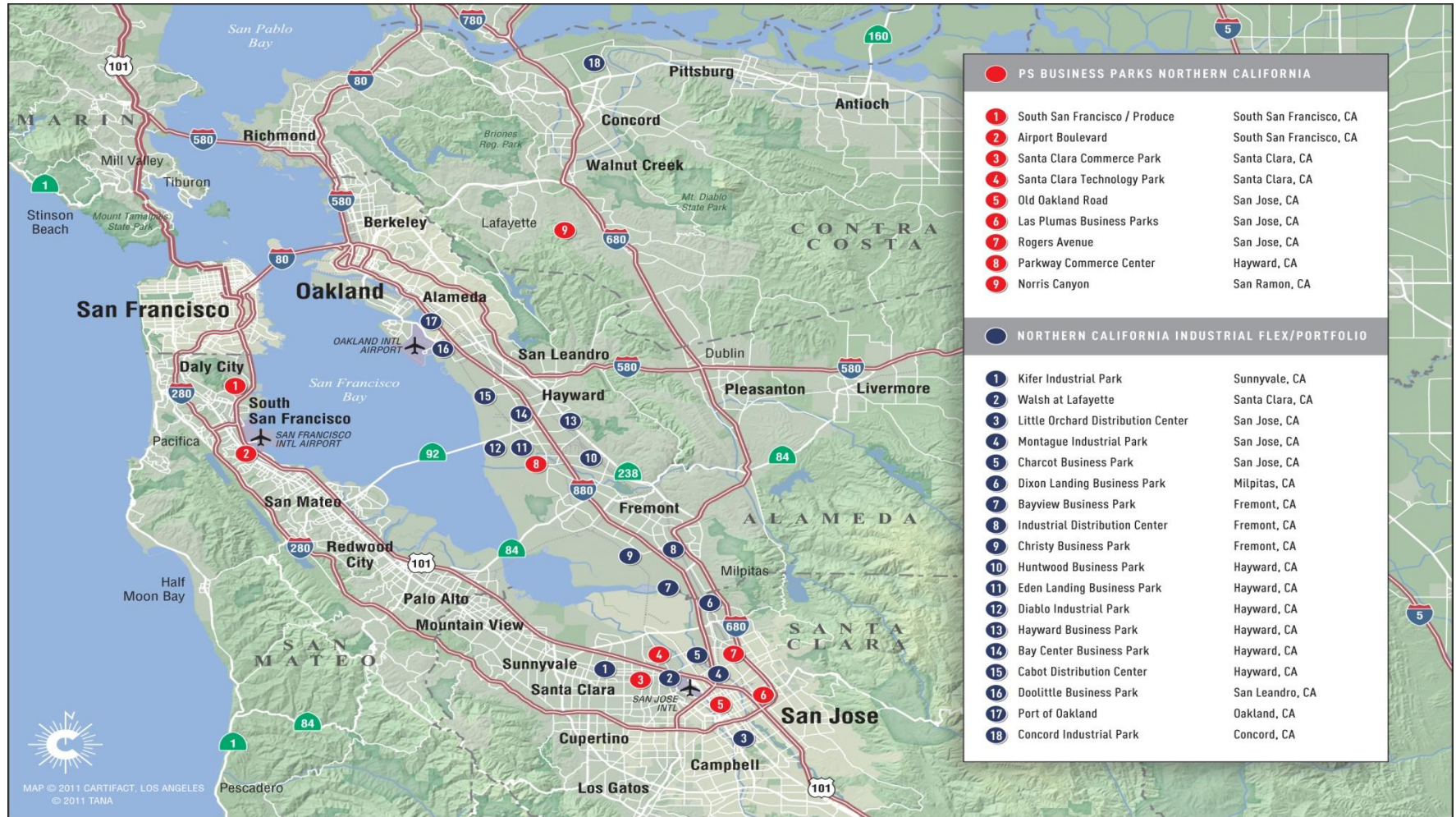


- **5.3 million sf**
 - **54% Industrial**
 - **46% Flex**
- **\$520 million purchase (\$98 psf)**
- **82% occupied**
- **18 business parks (89 buildings)**
- **Average tenant size: 20,000 sf**
- **216 customers**
- **Average remaining in-place lease term of 2.6 years**



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Expansion of PSB's Platform in the Bay Area



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Strategic Considerations

- Deep Bay Area Platform
- Location: Highly sought after Bay Area flex/industrial markets
- Critical Mass: 5.3 million square feet and 18 business parks
- Total Northern California Presence: 7.2 Million Square Feet, 30 business parks
- Average Tenant Size: 20,000 square feet
- Functionality: Core industrial/flex multi-tenant properties
- Operational Upside: PSB in-house leasing and management
- Opportunity to capture market momentum
 - At 82% occupancy, below PSB's existing Bay Area portfolio (92%)



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Portfolio Summary By Submarket

Property	Parks	Square Feet	% of Portfolio	Occupancy ⁽¹⁾
Hayward	6	2,333,528	44%	82.8%
Fremont	3	636,579	12%	69.6%
Concord	1	245,930	5%	71.4%
Oakland	1	199,733	4%	83.2%
San Leandro	1	113,196	2%	84.6%
Total East Bay	12	3,528,966	67%	79.7%
San Jose	3	692,529	13%	90.3%
Milpitas	1	505,199	9%	69.1%
Santa Clara	1	320,505	6%	96.8%
Sunnyvale	1	287,300	5%	100.0%
Total Silicon Valley	6	1,805,533	33%	87.1%
Totals	18	5,334,499	100%	82.2%

(1) As of December 20, 2011



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Market Data (Q3 2011)

Industrial/Flex - Oakland/East Bay

<i>Size</i>	196,247,212
<i>Vacancy</i>	9.3%
<i>Absorption</i>	1,198,560
<i>Under Construction</i>	-0-

Industrial/Flex - Silicon Valley

<i>Size</i>	103,518,905
<i>Vacancy</i>	7.4%
<i>Absorption</i>	477,531
<i>Under Construction</i>	-0-

Source: CBRE



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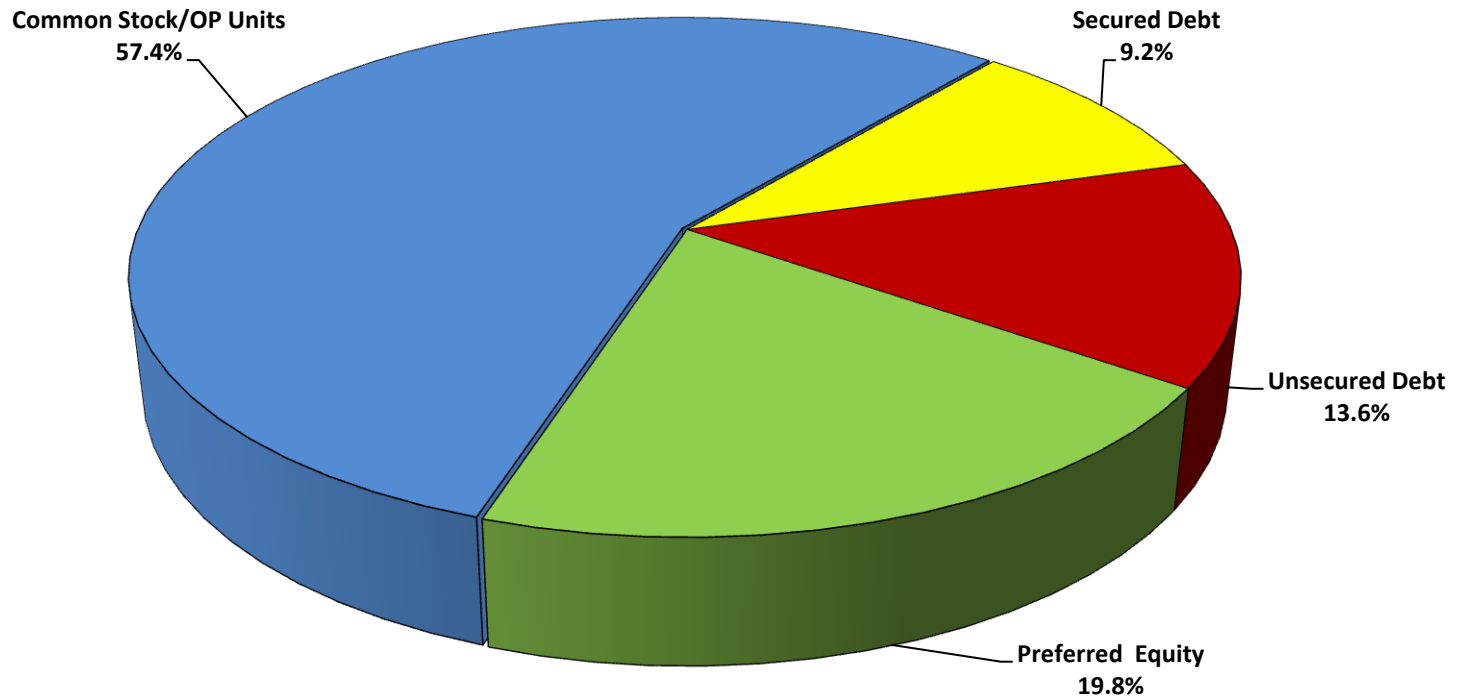
Acquisition Funding

- \$250 Million Existing Loan Assumed (Cross Collateralized)
 - 5 Year Remaining Term
 - 5.45% Fixed Rate
- \$250 Million Term Loan with Wells Fargo Bank
 - 3 Year Term
 - Interest Rate at 1.20% Over LIBOR
 - Prepayable Without Penalty
- Balance Funded with Retained Cash/Credit Facility



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Capital Structure



Total Market Capitalization: \$3.1 Billion

Note: Balances are as of 12/20/11



APPENDIX



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PSB Portfolio Diversification – Post Acquisition

Region	Pre-Acquisition Allocation		Post-Acquisition Allocation	
	Square Feet	Pro Rata Share	Square Feet	Pro Rata Share
No. California	1,818,000	8.3%	7,152,000	26.3%
Washington DC Metro	6,517,000	29.8%	6,517,000	23.9%
So. California	3,988,000	18.2%	3,988,000	14.7%
Florida	3,717,000	17.0%	3,717,000	13.7%
Texas	3,326,000	15.2%	3,326,000	12.2%
Pacific Northwest	1,835,000	8.4%	1,835,000	6.7%
Arizona	679,000	3.1%	679,000	2.5%
Total	21,880,000	100.0%	27,214,000	100.0%
Flex Portfolio	12,904,000	59.0%	15,346,000	56.4%
Industrial Portfolio	3,981,000	18.2%	6,873,000	25.3%
Office Portfolio	4,995,000	22.8%	4,995,000	18.3%
Total	21,880,000	100.0%	27,214,000	100.0%

Data as of 12/20/11



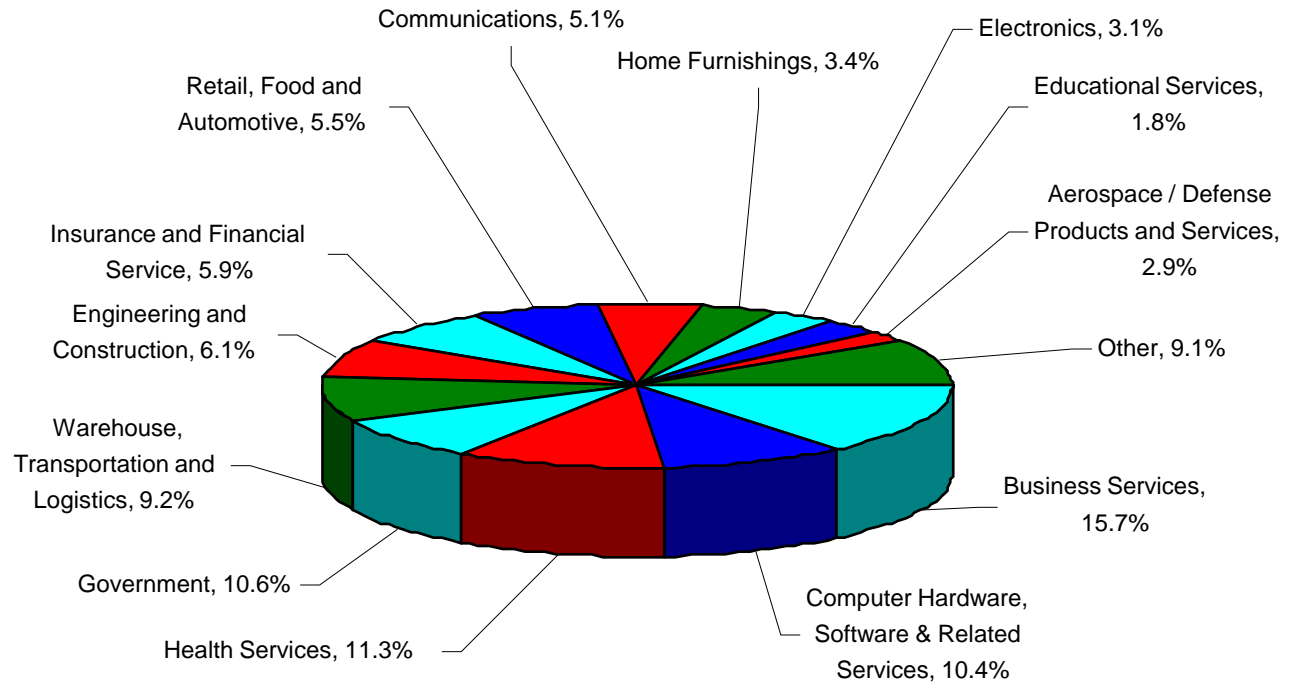
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Customer Diversification (Full Portfolio)

Top 10 Tenants – Percent of Annualized Rental Income:

- U.S Government: 6.7%
- Lockheed Martin Corporation: 1.5%
- Level 3 Communications: 1.1%
- Kaiser Permanente: 1.1%
- Bristol-Myers Squibb: 0.8%
- Wells Fargo Bank: 0.7%
- Luminex Corporation: 0.7%
- Keeco, LLC: 0.6%
- AARP: 0.5%
- ATS Corporation: 0.5%

Percentage of Total Rent by Sector



Company data as of 12/20/11.



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Acquired Portfolio Top 20 Tenants

Tenant Name	Sqft
Keeco, L.L.C.	279,669
Valley Relocation	212,840
Level 3 Communciations	197,100
EGL Eagle Global Logistics, LP	180,164
Applied Materials, Inc	150,480
KZ Kitchen Cabinet	138,325
PODS of San Francisco, LLC	118,820
Bristol Myers Squibb Company	113,792
First Solar, Inc.	110,025
Brook Furniture	95,904
Contract Office Group, Inc.	92,425
Kuehne & Nagel	90,720
McCollister's Moving	66,893
Apple, Inc	66,185
Fremont Furniture Solutions	58,608
The Gene Schick Company	54,266
Finisar Corporation	43,756
Metabolex	41,600
Cetecom	41,361
Commercial Casework	40,152



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