



**PSBUSINESSPARKS.**

**Analysis of Operating Results  
and Financial Condition**

**June 30, 2008**

**ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2008**

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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 |                  |          |
|  | 06/30/08                   | 06/30/07         | % Change | 06/30/08                 | 06/30/07         | % Change |
| Total rental income                                  | \$ 70,446                  | \$ 67,275        | 4.7%     | \$ 140,557               | \$ 132,399       | 6.2%     |
| Total cost of operations                             | 21,939                     | 21,022           | 4.4%     | 44,429                   | 41,461           | 7.2%     |
| Net operating income                                 | <u>\$ 48,507</u>           | <u>\$ 46,253</u> | 4.9%     | <u>\$ 96,128</u>         | <u>\$ 90,938</u> | 5.7%     |
| Net income allocable to common shareholders          | \$ 4,623                   | \$ 3,781         | 22.3%    | \$ 8,425                 | \$ 9,704         | (13.2%)  |
| Net income per common share:                         |                            |                  |          |                          |                  |          |
| Basic  | \$ 0.23                    | \$ 0.18          | 27.8%    | \$ 0.41                  | \$ 0.46          | (10.9%)  |
| Diluted  | \$ 0.22                    | \$ 0.17          | 29.4%    | \$ 0.41                  | \$ 0.45          | (8.9%)   |
| Weighted average common shares outstanding - basic   | 20,430                     | 21,334           | (4.2%)   | 20,432                   | 21,325           | (4.2%)   |
| Weighted average common shares outstanding - diluted | 20,686                     | 21,681           | (4.6%)   | 20,665                   | 21,692           | (4.7%)   |
| Weighted average common OP units outstanding         | 7,305                      | 7,305            | -        | 7,305                    | 7,305            | -        |
| Total fully-converted diluted shares                 | <u>27,991</u>              | <u>28,986</u>    | (3.4%)   | <u>27,970</u>            | <u>28,997</u>    | (3.5%)   |

| FUNDS FROM OPERATIONS                            |                            |           |          |                          |           |          |
|--|----------------------------|-----------|----------|--------------------------|-----------|----------|
|  | FOR THE THREE MONTHS ENDED |           |          | FOR THE SIX MONTHS ENDED |           |          |
|  | 06/30/08                   | 06/30/07  | % Change | 06/30/08                 | 06/30/07  | % Change |
| FFO allocable to common shareholders/unitholders | \$ 31,382                  | \$ 29,991 | 4.6%     | \$ 61,979                | \$ 59,584 | 4.0%     |
| Diluted FFO per common share and OP units        | \$ 1.12                    | \$ 1.03   | 8.7%     | \$ 2.22                  | \$ 2.05   | 8.3%     |

| PROPERTY INFORMATION                                |                            |          |          |                          |          |          |
|---|----------------------------|----------|----------|--------------------------|----------|----------|
|   | FOR THE THREE MONTHS ENDED |          |          | FOR THE SIX MONTHS ENDED |          |          |
|   | 06/30/08                   | 06/30/07 | % Change | 06/30/08                 | 06/30/07 | % Change |
| <b>Total Owned Portfolio</b>                        |                            |          |          |                          |          |          |
| Total rentable square footage at period end         | 19,557                     | 19,431   | 0.6%     | 19,557                   | 19,431   | 0.6%     |
| Weighted average occupancy                          | 93.5%                      | 93.1%    | 0.4%     | 93.7%                    | 93.2%    | 0.5%     |
| Annualized realized rent per sq. ft. <sup>(1)</sup> | \$ 15.41                   | \$ 14.88 | 3.6%     | \$ 15.34                 | \$ 14.81 | 3.6%     |
| REVPAF <sup>(2)</sup>                               | \$ 14.41                   | \$ 13.85 | 4.0%     | \$ 14.37                 | \$ 13.80 | 4.1%     |
| <b>Same Park Portfolio</b>                          |                            |          |          |                          |          |          |
| Total rentable square footage at period end         | 18,687                     | 18,687   | -        | 18,687                   | 18,687   | -        |
| Weighted average occupancy                          | 93.7%                      | 93.5%    | 0.2%     | 94.0%                    | 93.3%    | 0.8%     |
| Annualized realized rent per sq. ft. <sup>(1)</sup> | \$ 15.22                   | \$ 14.81 | 2.8%     | \$ 15.15                 | \$ 14.78 | 2.5%     |
| REVPAF <sup>(2)</sup>                               | \$ 14.26                   | \$ 13.85 | 3.0%     | \$ 14.24                 | \$ 13.79 | 3.3%     |

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

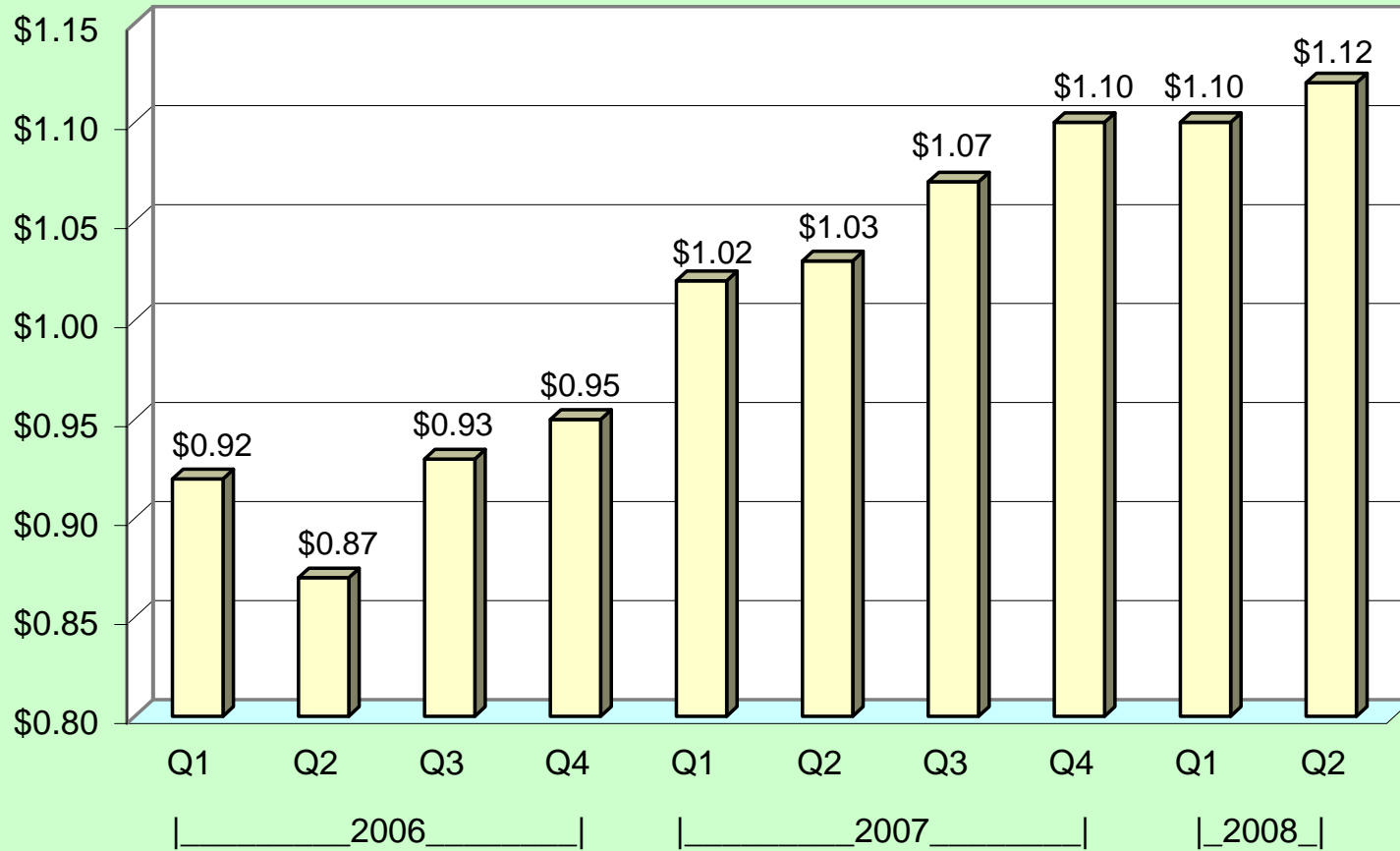
| BALANCE SHEET DATA                            |              |              |          |
|---|--------------|--------------|----------|
|   | 06/30/08     | 12/31/07     | % Change |
| Total assets                                  | \$ 1,485,301 | \$ 1,516,583 | (2.1%)   |
| Minority interest - preferred                 | \$ 94,750    | \$ 94,750    | -        |
| Minority interest - common                    | \$ 148,620   | \$ 154,470   | (3.8%)   |
| Perpetual preferred stock                     | \$ 716,250   | \$ 716,250   | -        |
| Common shareholders' equity                   | \$ 415,815   | \$ 439,330   | (5.4%)   |
| Total common shares outstanding at period end | 20,439       | 20,777       | (1.6%)   |
| Book value per common share                   | \$ 20.34     | \$ 21.15     | (3.8%)   |

| MARKET VALUE INFORMATION                         |                     |                     |          |
|--|---------------------|---------------------|----------|
|  | 06/30/08            | 12/31/07            | % Change |
| Market value of common stock and common OP units | \$ 1,431,614        | \$ 1,475,739        | (3.0%)   |
| Total debt                                       | 60,037              | 60,725              | (1.1%)   |
| Total preferred equity                           | 811,000             | 811,000             | -        |
| Total market capitalization                      | <u>\$ 2,302,651</u> | <u>\$ 2,347,464</u> | (1.9%)   |
| Stock price at the end of the period             | \$ 51.60            | \$ 52.55            | (1.8%)   |

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

|   | FOR THE THREE MONTHS ENDED |                  | Increase<br>(Decrease) | % Change | FOR THE SIX MONTHS ENDED |                  | Increase<br>(Decrease) | % Change |
|---|----------------------------|------------------|------------------------|----------|--------------------------|------------------|------------------------|----------|
|   | 06/30/08                   | 06/30/07         |                        |          | 06/30/08                 | 06/30/07         |                        |          |
| <b><u>Funds from operations (FFO):</u></b>                          |                            |                  |                        |          |                          |                  |                        |          |
| Net income allocable to common shareholders                         | \$ 4,623                   | \$ 3,781         | \$ 842                 | 22.3%    | \$ 8,425                 | \$ 9,704         | \$ (1,279)             | (13.2%)  |
| Adjustments:  |                            |                  |                        |          |                          |                  |                        |          |
| Depreciation and amortization                                       | 25,120                     | 24,916           | 204                    | 0.8%     | 50,567                   | 46,556           | 4,011                  | 8.6%     |
| Minority interest in income - common units                          | 1,639                      | 1,294            | 345                    | 26.7%    | 2,987                    | 3,324            | (337)                  | (10.1%)  |
| FFO allocable to common shareholders/unitholders                    | <u>\$ 31,382</u>           | <u>\$ 29,991</u> | <u>\$ 1,391</u>        | 4.6%     | <u>\$ 61,979</u>         | <u>\$ 59,584</u> | <u>\$ 2,395</u>        | 4.0%     |
| Weighted average common shares outstanding                          | 20,430                     | 21,334           | (904)                  | (4.2%)   | 20,432                   | 21,325           | (893)                  | (4.2%)   |
| Weighted average common OP units outstanding                        | 7,305                      | 7,305            | -                      | -        | 7,305                    | 7,305            | -                      | -        |
| Weighted average common stock equivalents outstanding               | 256                        | 347              | (91)                   | (26.2%)  | 233                      | 367              | (134)                  | (36.5%)  |
| Total pro forma fully-converted shares                              | <u>27,991</u>              | <u>28,986</u>    | <u>(995)</u>           | (3.4%)   | <u>27,970</u>            | <u>28,997</u>    | <u>(1,027)</u>         | (3.5%)   |
| Diluted FFO per common share/OP unit                                | <u>\$ 1.12</u>             | <u>\$ 1.03</u>   | <u>\$ 0.09</u>         | 8.7%     | <u>\$ 2.22</u>           | <u>\$ 2.05</u>   | <u>\$ 0.17</u>         | 8.3%     |
| <b><u>Funds available for distribution (FAD):</u></b>               |                            |                  |                        |          |                          |                  |                        |          |
| Funds from operations   | \$ 31,382                  | \$ 29,991        | \$ 1,391               | 4.6%     | \$ 61,979                | \$ 59,584        | \$ 2,395               | 4.0%     |
| Adjustments:  |                            |                  |                        |          |                          |                  |                        |          |
| Recurring capital improvements                                      | (3,016)                    | (3,069)          | (53)                   | (1.7%)   | (4,950)                  | (4,891)          | 59                     | 1.2%     |
| Tenant improvements   | (5,200)                    | (3,062)          | 2,138                  | 69.8%    | (9,654)                  | (7,501)          | 2,153                  | 28.7%    |
| Lease commissions   | (1,966)                    | (1,378)          | 588                    | 42.7%    | (4,234)                  | (2,412)          | 1,822                  | 75.5%    |
| Straight-line rent  | (11)                       | (51)             | (40)                   | (78.4%)  | 83                       | (259)            | 342                    | 132.0%   |
| Stock compensation expense  | 1,018                      | 1,065            | (47)                   | (4.4%)   | 2,030                    | 1,704            | 326                    | 19.1%    |
| In-place lease adjustment   | (48)                       | (36)             | 12                     | 33.3%    | (96)                     | (9)              | 87                     | 966.7%   |
| Lease incentives net of tenant improvement reimbursements           | (38)                       | 52               | (90)                   | (173.1%) | (69)                     | 111              | (180)                  | (162.2%) |
| FAD   | <u>\$ 22,121</u>           | <u>\$ 23,512</u> | <u>\$ (1,391)</u>      | (5.9%)   | <u>\$ 45,089</u>         | <u>\$ 46,327</u> | <u>\$ (1,238)</u>      | (2.7%)   |
| Diluted FAD per common share/OP unit                                | <u>\$ 0.79</u>             | <u>\$ 0.81</u>   | <u>\$ (0.02)</u>       | (2.5%)   | <u>\$ 1.61</u>           | <u>\$ 1.60</u>   | <u>\$ 0.01</u>         | 0.6%     |
| <b><u>Cash available for debt repayments and reinvestments:</u></b> |                            |                  |                        |          |                          |                  |                        |          |
| FAD   | \$ 22,121                  | \$ 23,512        | \$ (1,391)             | (5.9%)   | \$ 45,089                | \$ 46,327        | \$ (1,238)             | (2.7%)   |
| Distributions to common shareholders                                | (8,993)                    | (9,388)          | (395)                  | (4.2%)   | (17,975)                 | (15,571)         | 2,404                  | 15.4%    |
| Distributions to common OP unit holders                             | (3,214)                    | (3,214)          | -                      | -        | (6,428)                  | (5,333)          | 1,095                  | 20.5%    |
| Cash available for debt repayments and reinvestments                | <u>\$ 9,914</u>            | <u>\$ 10,910</u> | <u>\$ (996)</u>        | (9.1%)   | <u>\$ 20,686</u>         | <u>\$ 25,423</u> | <u>\$ (4,737)</u>      | (18.6%)  |
| FAD payout ratio  | <u>55.2%</u>               | <u>53.6%</u>     | <u>1.6%</u>            | 3.0%     | <u>54.1%</u>             | <u>45.1%</u>     | <u>9.0%</u>            | 20.0%    |

## Reported Diluted FFO Per Common Share/OP Unit



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

|  | As of June 30, 2008 |                                  |                  | As of December 31, 2007 |                                  |                  |
|--|---------------------|----------------------------------|------------------|-------------------------|----------------------------------|------------------|
|  | Total               | % of Total Market Capitalization | WTD Average Rate | Total                   | % of Total Market Capitalization | WTD Average Rate |
| <b>Long-Term Debt:</b>   |                     |                                  |                  |                         |                                  |                  |
| 7.290% mortgage note, due February 2009  | \$ 5,235            |                                  |                  | \$ 5,323                |                                  |                  |
| 5.730% mortgage note, due March 2013   | 14,390              |                                  |                  | 14,510                  |                                  |                  |
| 5.520% mortgage note, due May 2013   | 10,165              |                                  |                  | 10,274                  |                                  |                  |
| 5.680% mortgage note, due May 2013   | 10,175              |                                  |                  | 10,281                  |                                  |                  |
| 6.150% mortgage note, due November 2031 (includes unamortized premium of \$736,000 on \$16.4 million mortgage note with stated rate of 7.200%) | 17,133              |                                  |                  | 17,348                  |                                  |                  |
| 5.610% mortgage note, due January 2011 (includes unamortized premium of \$168,000 on \$2.8 million mortgage note with stated rate of 7.610%)   | 2,939               |                                  |                  | 2,989                   |                                  |                  |
| <b>Total mortgage notes payable (1)</b>  | <b>60,037</b>       | <b>2.6%</b>                      | <b>5.94%</b>     | <b>60,725</b>           | <b>2.6%</b>                      | <b>5.94%</b>     |
| <b>Total debt</b>  | <b>60,037</b>       | <b>2.6%</b>                      | <b>5.94%</b>     | <b>60,725</b>           | <b>2.6%</b>                      | <b>5.94%</b>     |
| <b>Preferred Equity</b>  |                     |                                  |                  |                         |                                  |                  |
| 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 (8,200,000 depository shares outstanding) callable 1/30/09   | 205,000             |                                  |                  | 205,000                 |                                  |                  |
| 6.875% Series I preferred stock (3,000,000 depository share outstanding) callable 4/21/09  | 75,000              |                                  |                  | 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 (2,300,000 depository shares outstanding) callable 6/30/09   | 57,500              |                                  |                  | 57,500                  |                                  |                  |
| 7.600% Series L preferred stock (2,300,000 depository shares outstanding) callable 8/31/09   | 57,500              |                                  |                  | 57,500                  |                                  |                  |
| 7.200% Series M preferred stock (3,300,000 depository shares outstanding) callable 5/2/10  | 82,500              |                                  |                  | 82,500                  |                                  |                  |
| 7.125% Series N preferred operating partnership units (800,000 units outstanding) callable 12/12/10  | 20,000              |                                  |                  | 20,000                  |                                  |                  |
| 7.375% Series O preferred stock (3,800,000 depository shares outstanding) callable 6/16/11   | 95,000              |                                  |                  | 95,000                  |                                  |                  |
| 6.700% Series P preferred stock (5,750,000 depository shares outstanding) callable 1/17/12   | 143,750             |                                  |                  | 143,750                 |                                  |                  |
| 6.550% Series Q preferred operating partnership units (480,000 units outstanding) callable 3/12/12   | 12,000              |                                  |                  | 12,000                  |                                  |                  |
| <b>Total preferred equity</b>  | <b>811,000</b>      | <b>35.2%</b>                     | <b>7.16%</b>     | <b>811,000</b>          | <b>34.5%</b>                     | <b>7.16%</b>     |
| <b>Total debt and preferred equity</b>   | <b>871,037</b>      | <b>37.8%</b>                     | <b>7.07%</b>     | <b>871,725</b>          | <b>37.1%</b>                     | <b>7.07%</b>     |
| Common stock (20,439,118 and 20,777,219 shares outstanding as of June 30, 2008 and December 31, 2007, respectively)                            | 1,054,658           |                                  |                  | 1,091,843               |                                  |                  |
| Common operating partnership units (7,305,355 units outstanding as of June 30, 2008 and December 31, 2007)                                     | 376,956             |                                  |                  | 383,896                 |                                  |                  |
| <b>Total common equity (2)</b>   | <b>1,431,614</b>    | <b>62.2%</b>                     |                  | <b>1,475,739</b>        | <b>62.9%</b>                     |                  |
| <b>Total market capitalization</b>   | <b>\$ 2,302,651</b> | <b>100%</b>                      |                  | <b>\$ 2,347,464</b>     | <b>100%</b>                      |                  |

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

|                         | Principal Maturity Dates |                 |                 |                  |               |                  |                  |
|-------------------------|--------------------------|-----------------|-----------------|------------------|---------------|------------------|------------------|
|                         | 2008                     | 2009            | 2010            | 2011             | 2012          | Thereafter       | Total            |
| Park East III           | \$ 91                    | \$ 5,144        | \$ -            | \$ -             | \$ -          | \$ -             | \$ 5,235         |
| Rose Canyon             | 123                      | 261             | 277             | 293              | 309           | 13,127           | 14,390           |
| Meadows                 | 120                      | 258             | 278             | 15,741           | -             | -                | 16,397           |
| Palm Beach              | 242                      | 507             | 536             | 3,178            | 547           | 18,101           | 23,111           |
| Meadows Loan Premium    | 100                      | 208             | 218             | 210              | -             | -                | 736              |
| Palm Beach Loan Premium | 31                       | 64              | 67              | 6                | -             | -                | 168              |
|                         | <b>\$ 707</b>            | <b>\$ 6,442</b> | <b>\$ 1,376</b> | <b>\$ 19,428</b> | <b>\$ 856</b> | <b>\$ 31,228</b> | <b>\$ 60,037</b> |

(2) Closing stock price was \$51.60 and \$52.55 as of June 30, 2008 and December 31, 2007, respectively.

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

|  | 06/30/08            | 12/31/07            | Increase<br>(Decrease) | % Change    |
|--|---------------------|---------------------|------------------------|-------------|
| <b><u>ASSETS</u></b>                               |                     |                     |                        |             |
| Cash and cash equivalents                          | \$ 38,309           | \$ 35,041           | \$ 3,268               | (a) 9.3%    |
| Real estate facilities, at cost:                   |                     |                     |                        |             |
| Land   | 494,849             | 494,849             | -                      | -           |
| Buildings and equipment                            | 1,503,218           | 1,484,049           | 19,169                 | 1.3%        |
|  | 1,998,067           | 1,978,898           | 19,169                 | (b) 1.0%    |
| Accumulated depreciation                           | (589,657)           | (539,857)           | 49,800                 | 9.2%        |
|  | 1,408,410           | 1,439,041           | (30,631)               | (2.1%)      |
| Land held for development                          | 7,869               | 7,869               | -                      | -           |
|  | 1,416,279           | 1,446,910           | (30,631)               | (2.1%)      |
| Rent receivable                                    | 1,720               | 2,240               | (520)                  | (c) (23.2%) |
| Deferred rent receivables                          | 21,844              | 21,927              | (83)                   | (0.4%)      |
| Other assets                                       | 7,149               | 10,465              | (3,316)                | (d) (31.7%) |
| Total assets                                       | <u>\$ 1,485,301</u> | <u>\$ 1,516,583</u> | <u>\$ (31,282)</u>     | (2.1%)      |
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b> |                     |                     |                        |             |
| Accrued and other liabilities                      | \$ 49,829           | \$ 51,058           | \$ (1,229)             | (e) (2.4%)  |
| Mortgage notes payable                             | 60,037              | 60,725              | (688)                  | (1.1%)      |
| Total liabilities                                  | 109,866             | 111,783             | (1,917)                | (1.7%)      |
| Minority interests:                                |                     |                     |                        |             |
| Preferred units                                    | 94,750              | 94,750              | -                      | -           |
| Common units                                       | 148,620             | 154,470             | (5,850)                | (3.8%)      |
| Shareholders' equity:                              |                     |                     |                        |             |
| Preferred stock                                    | 716,250             | 716,250             | -                      | -           |
| Common stock                                       | 204                 | 207                 | (3)                    | (1.4%)      |
| Paid-in capital                                    | 357,305             | 371,267             | (13,962)               | (f) (3.8%)  |
| Cumulative net income                              | 586,007             | 552,069             | 33,938                 | 6.1%        |
| Cumulative distributions                           | (527,701)           | (484,213)           | 43,488                 | (g) 9.0%    |
| Total shareholders' equity                         | 1,132,065           | 1,155,580           | (23,515)               | (2.0%)      |
| Total liabilities and shareholders' equity         | <u>\$ 1,485,301</u> | <u>\$ 1,516,583</u> | <u>\$ (31,282)</u>     | (2.1%)      |

| PS BUSINESS PARKS, INC.<br>CONSOLIDATED BALANCE SHEETS<br>VARIANCE DETAIL<br>(in thousands) |                  |                  |                        |
|---|------------------|------------------|------------------------|
| <b>(a) Change in cash and cash equivalents:</b>   |                  |                  |                        |
| Beginning cash balance  |                  |                  | \$ 35,041              |
| Net cash provided by operating activities   |                  |                  | 98,363                 |
| Net cash used in investing activities   |                  |                  | (19,936)               |
| Net cash used in financing activities   |                  |                  | (75,159)               |
| Ending cash balance   |                  |                  | <u>\$ 38,309</u>       |
| <b>(b) Change in real estate facilities, at cost:</b>                                       |                  |                  |                        |
| Beginning balance   |                  |                  | \$ 1,978,898           |
| Property renovations  |                  |                  | 1,098                  |
| Recurring capital improvements  |                  |                  | 4,950                  |
| Tenant improvements   |                  |                  | 9,654                  |
| Lease commissions   |                  |                  | 4,234                  |
| Ending balance  |                  |                  | <u>\$ 1,998,834</u>    |
| <b>(c) Rent receivable consists of:</b>   |                  |                  |                        |
|   | <u>06/30/08</u>  | <u>12/31/07</u>  | Increase<br>(Decrease) |
| U.S. Government tenants   | \$ 1,121         | \$ 1,143         | \$ (22)                |
| Other   | 899              | \$ 1,397         | (498)                  |
| Allowance for bad debt  | (300)            | \$ (300)         | -                      |
|   | <u>\$ 1,720</u>  | <u>\$ 2,240</u>  | <u>\$ (520)</u>        |
| <b>(d) Other assets consist of:</b>   |                  |                  |                        |
|   | <u>06/30/08</u>  | <u>12/31/07</u>  | Increase<br>(Decrease) |
| Insurance claim receivable  | \$ 107           | \$ 122           | \$ (15)                |
| Prepaid insurance   | 2,644            | 1,316            | 1,328                  |
| Prepaid property taxes  | 141              | 2,615            | (2,474)                |
| Lease incentives, net   | 1,423            | 1,705            | (282)                  |
| Mortgage impounds   | 1,220            | 1,474            | (254)                  |
| In-place lease adjustment, net  | 300              | 419              | (119)                  |
| Other   | 1,314            | 2,814            | (1,500)                |
|   | <u>\$ 7,149</u>  | <u>\$ 10,465</u> | <u>\$ (3,316)</u>      |
| <b>(e) Accrued and other liabilities consist of:</b>  |                  |                  |                        |
|   | <u>06/30/08</u>  | <u>12/31/07</u>  | Increase<br>(Decrease) |
| Prepaid rent  | \$ 5,251         | \$ 6,564         | \$ (1,313)             |
| Accrued property taxes  | 7,911            | 5,197            | 2,714                  |
| Security deposits   | 19,508           | 19,118           | 390                    |
| In-place lease adjustment, net  | 801              | 1,017            | (216)                  |
| Reserves for acquisition costs  | 1,796            | 2,001            | (205)                  |
| Accrued stock repurchase  | -                | 3,302            | (3,302)                |
| Other   | 14,562           | 13,859           | 703                    |
|   | <u>\$ 49,829</u> | <u>\$ 51,058</u> | <u>\$ (1,229)</u>      |
| <b>(f) Change in paid-in capital:</b>   |                  |                  |                        |
| Beginning paid-in capital   |                  |                  | \$ 371,267             |
| Repurchase of common stock  |                  |                  | (18,321)               |
| Exercise of stock options   |                  |                  | 447                    |
| Restricted stock and stock compensation   |                  |                  | 1,502                  |
| Adjustment to reflect minority interest to underlying ownership                             |                  |                  | 2,410                  |
| Ending paid in capital  |                  |                  | <u>\$ 357,305</u>      |
| <b>(g) Change in cumulative distributions:</b>  |                  |                  |                        |
| Beginning cumulative distributions  |                  |                  | \$ 484,213             |
| Distributions to preferred shareholders   |                  |                  | 25,513                 |
| Distributions to common shareholders  |                  |                  | 17,975                 |
| Ending cumulative distributions   |                  |                  | <u>\$ 527,701</u>      |

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

|  | 06/30/08        | 06/30/07        | Increase<br>(Decrease) | % Change |
|--|-----------------|-----------------|------------------------|----------|
| <b>Revenues:</b>                                       |                 |                 |                        |          |
| Rental income  | \$ 70,446       | \$ 67,275       | \$ 3,171 (a)           | 4.7%     |
| Facility management fees                               | 177             | 182             | (5)                    | (2.7%)   |
| Total operating revenues                               | <u>70,623</u>   | <u>67,457</u>   | <u>3,166</u>           | 4.7%     |
| <b>Expenses:</b>                                       |                 |                 |                        |          |
| Cost of operations                                     | 21,939          | 21,022          | 917 (b)                | 4.4%     |
| Depreciation and amortization                          | 25,120          | 24,916          | 204                    | 0.8%     |
| General and administrative                             | 2,085           | 2,112           | (27) (c)               | (1.3%)   |
| Total operating expenses                               | <u>49,144</u>   | <u>48,050</u>   | <u>1,094</u>           | 2.3%     |
| <b>Other income and expenses:</b>                      |                 |                 |                        |          |
| Interest and other income                              | 282             | 1,189           | (907)                  | (76.3%)  |
| Interest expense                                       | (990)           | (1,012)         | (22) (d)               | (2.2%)   |
| Total other income and expenses                        | <u>(708)</u>    | <u>177</u>      | <u>(885)</u>           | (500.0%) |
| Income before minority interests                       | <u>20,771</u>   | <u>19,584</u>   | <u>1,187</u>           | 6.1%     |
| <b>Minority interests:</b>                             |                 |                 |                        |          |
| Minority interest in income - preferred units          | (1,752)         | (1,752)         | -                      | -        |
| Minority interest in income - common units             | (1,639)         | (1,294)         | 345                    | 26.7%    |
| Total minority interests                               | <u>(3,391)</u>  | <u>(3,046)</u>  | <u>345</u>             | 11.3%    |
| Net income   | <u>17,380</u>   | <u>16,538</u>   | <u>842</u>             | 5.1%     |
| <b>Net income allocable to preferred shareholders:</b> |                 |                 |                        |          |
| Preferred stock distributions                          | 12,757          | 12,757          | -                      | -        |
| Net income allocable to common shareholders            | <u>\$ 4,623</u> | <u>\$ 3,781</u> | <u>\$ 842</u>          | 22.3%    |
| <b>Net income per common share:</b>                    |                 |                 |                        |          |
| Basic  | \$ 0.23         | \$ 0.18         | \$ 0.05                | 27.8%    |
| Diluted  | \$ 0.22         | \$ 0.17         | \$ 0.05                | 29.4%    |
| <b>Weighted average common shares outstanding:</b>     |                 |                 |                        |          |
| Basic  | <u>20,430</u>   | <u>21,334</u>   | <u>(904)</u>           | (4.2%)   |
| Diluted  | <u>20,686</u>   | <u>21,681</u>   | <u>(995)</u>           | (4.6%)   |

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

|   | 06/30/08         | 06/30/07          | Increase<br>(Decrease) |
|---|------------------|-------------------|------------------------|
| <b>(a) Rental income:</b>                       |                  |                   |                        |
| Same Park                                       | \$ 66,697        | \$ 64,664         | \$ 2,033               |
| Non-Same Park                                   | 3,738            | 2,560             | 1,178                  |
| Same Park straight-line rent                    | (59)             | 11                | (70)                   |
| Non-Same Park straight-line rent                | 70               | 40                | 30                     |
|   | <u>\$ 70,446</u> | <u>\$ 67,275</u>  | <u>\$ 3,171</u>        |
| <b>(b) Cost of operations:</b>                  |                  |                   |                        |
| Same Park                                       | \$ 20,763        | \$ 20,251         | \$ 512                 |
| Non-Same Park                                   | 1,176            | 771               | 405                    |
|   | <u>\$ 21,939</u> | <u>\$ 21,022</u>  | <u>\$ 917</u>          |
| <b>(c) General and administrative expenses:</b> |                  |                   |                        |
| Cash and non-cash compensation expense          | \$ 1,582         | \$ 1,623          | \$ (41)                |
| Professional fees                               | 172              | 161               | 11                     |
| Other   | 331              | 328               | 3                      |
|   | <u>\$ 2,085</u>  | <u>\$ 2,112</u>   | <u>\$ (27)</u>         |
| <b>(d) Interest expense:</b>                    |                  |                   |                        |
| Mortgage notes payable                          | \$ (902)         | \$ (936)          | \$ (34)                |
| Facilities fees & other charges                 | (88)             | (76)              | 12                     |
|   | <u>\$ (990)</u>  | <u>\$ (1,012)</u> | <u>\$ (22)</u>         |

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

|  | 6/30/2008       | 6/30/2007       | Increase<br>(Decrease) | % Change |
|--|-----------------|-----------------|------------------------|----------|
| <b>Revenues:</b>                                       |                 |                 |                        |          |
| Rental income  | \$ 140,557      | \$ 132,399      | \$ 8,158 (a)           | 6.2%     |
| Facility management fees                               | 372             | 365             | 7                      | 1.9%     |
| Total operating revenues                               | <u>140,929</u>  | <u>132,764</u>  | <u>8,165</u>           | 6.2%     |
| <b>Expenses:</b>                                       |                 |                 |                        |          |
| Cost of operations                                     | 44,429          | 41,461          | 2,968 (b)              | 7.2%     |
| Depreciation and amortization                          | 50,567          | 46,556          | 4,011                  | 8.6%     |
| General and administrative                             | 4,131           | 3,814           | 317 (c)                | 8.3%     |
| Total operating expenses                               | <u>99,127</u>   | <u>91,831</u>   | <u>7,296</u>           | 7.9%     |
| <b>Other income and expenses:</b>                      |                 |                 |                        |          |
| Interest and other income                              | 610             | 2,990           | (2,380)                | (79.6%)  |
| Interest expense                                       | (1,983)         | (2,119)         | (136) (d)              | (6.4%)   |
| Total other income and expenses                        | <u>(1,373)</u>  | <u>871</u>      | <u>(2,244)</u>         | (257.6%) |
| Income before minority interests                       | <u>40,429</u>   | <u>41,804</u>   | <u>(1,375)</u>         | (3.3%)   |
| <b>Minority interests:</b>                             |                 |                 |                        |          |
| Minority interest in income - preferred units          | (3,504)         | (3,351)         | 153                    | 4.6%     |
| Minority interest in income - common units             | (2,987)         | (3,324)         | (337)                  | (10.1%)  |
| Total minority interests                               | <u>(6,491)</u>  | <u>(6,675)</u>  | <u>(184)</u>           | (2.8%)   |
| Net income   | <u>33,938</u>   | <u>35,129</u>   | <u>(1,191)</u>         | (3.4%)   |
| <b>Net income allocable to preferred shareholders:</b> |                 |                 |                        |          |
| Preferred stock distributions                          | 25,513          | 25,425          | 88                     | 0.3%     |
| Net income allocable to common shareholders            | <u>\$ 8,425</u> | <u>\$ 9,704</u> | <u>\$ (1,279)</u>      | (13.2%)  |
| <b>Net income per common share:</b>                    |                 |                 |                        |          |
| Basic  | \$ 0.41         | \$ 0.46         | \$ (0.05)              | (10.9%)  |
| Diluted  | \$ 0.41         | \$ 0.45         | \$ (0.04)              | (8.9%)   |
| <b>Weighted average common shares outstanding:</b>     |                 |                 |                        |          |
| Basic  | <u>20,432</u>   | <u>21,325</u>   | <u>(893) (e)</u>       | (4.2%)   |
| Diluted  | <u>20,665</u>   | <u>21,692</u>   | <u>(1,027)</u>         | (4.7%)   |

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

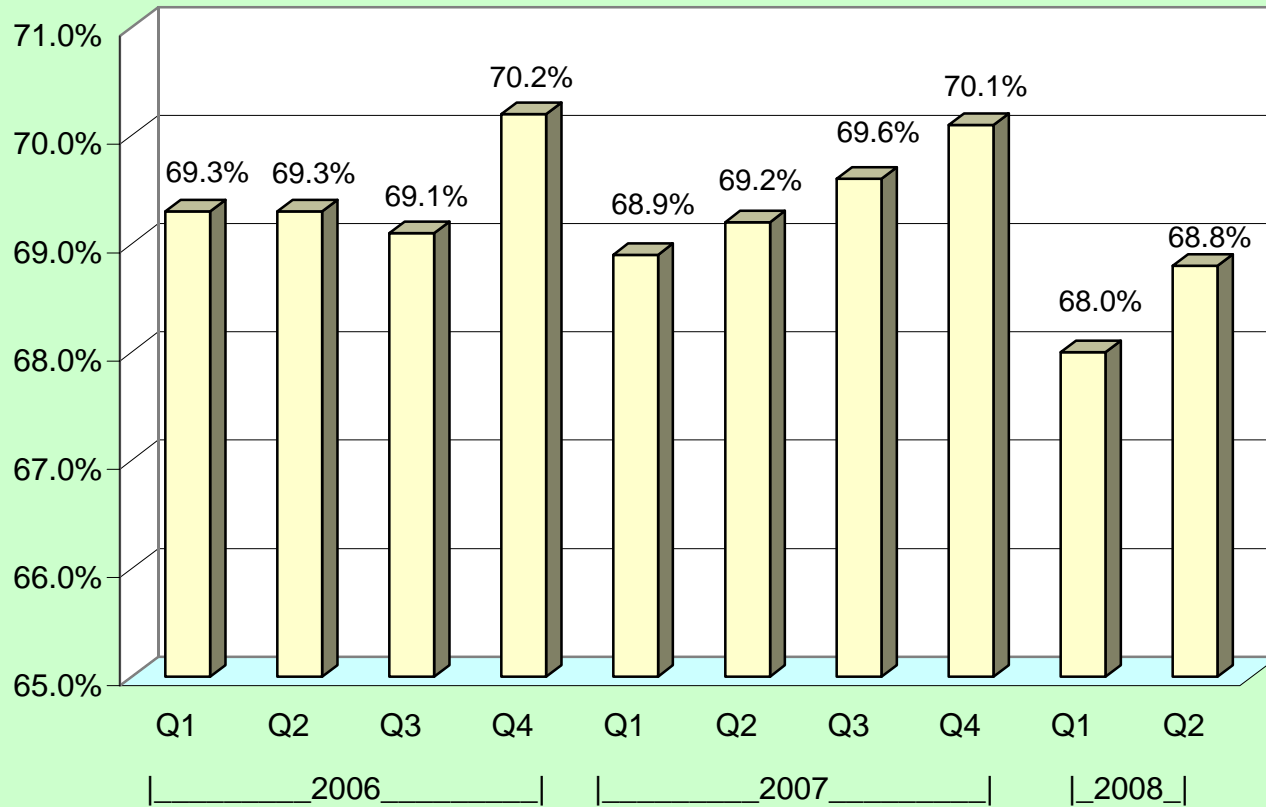
|  | 06/30/08          | 06/30/07          | Increase<br>(Decrease) |
|--|-------------------|-------------------|------------------------|
| <b>(a) Rental income:</b>  |                   |                   |                        |
| Same Park  | \$ 133,281        | \$ 128,611        | \$ 4,670               |
| Non-Same Park  | 7,359             | 3,529             | 3,830                  |
| Same Park straight-line rent   | (247)             | 211               | (458)                  |
| Non-Same Park straight-line rent   | 164               | 48                | 116                    |
|  | <u>\$ 140,557</u> | <u>\$ 132,399</u> | <u>\$ 8,158</u>        |
| <b>(b) Cost of operations:</b>   |                   |                   |                        |
| Same Park  | \$ 42,006         | \$ 40,423         | \$ 1,583               |
| Non-Same Park  | 2,423             | 1,038             | 1,385                  |
|  | <u>\$ 44,429</u>  | <u>\$ 41,461</u>  | <u>\$ 2,968</u>        |
| <b>(c) General and administrative expenses:</b>  |                   |                   |                        |
| Cash and non-cash compensation expense   | \$ 3,181          | \$ 2,820          | \$ 361                 |
| Professional fees  | 358               | 330               | 28                     |
| Other  | 592               | 664               | (72)                   |
|  | <u>\$ 4,131</u>   | <u>\$ 3,814</u>   | <u>\$ 317</u>          |
| <b>(d) Interest expense:</b>   |                   |                   |                        |
| Mortgage notes payable   | \$ (1,807)        | \$ (1,954)        | \$ (147)               |
| Facilities fees & other charges  | (176)             | (165)             | 11                     |
|  | <u>\$ (1,983)</u> | <u>\$ (2,119)</u> | <u>\$ (136)</u>        |
| <b>(e) Net decrease relates to stock repurchases partially offset by stock option exercises and vesting of restricted stock units.</b> |                   |                   |                        |

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

| <u>Recurring capital expenditures</u> <sup>(1)</sup> | <u>Six Months Ended<br/>June 30, 2008<br/>Costs</u> | <u>Cost per Weighted<br/>Average Square Foot</u> |
|--|---|--|
| Capital improvements <sup>(2)</sup>                  | \$4,950   | \$0.25   |
| Tenant improvements                                  | 9,654   | \$0.49   |
| Lease commissions                                    | 4,234   | \$0.22   |
| Total recurring capital expenditures                 | <u>\$18,838</u>                                     | \$0.96   |
| <br><u>Non-recurring capital expenditures</u>        |   |  |
| Property renovations                                 | \$1,098   |  |
| Total non-recurring capital expenditures             | <u>\$1,098</u>                                      |  |

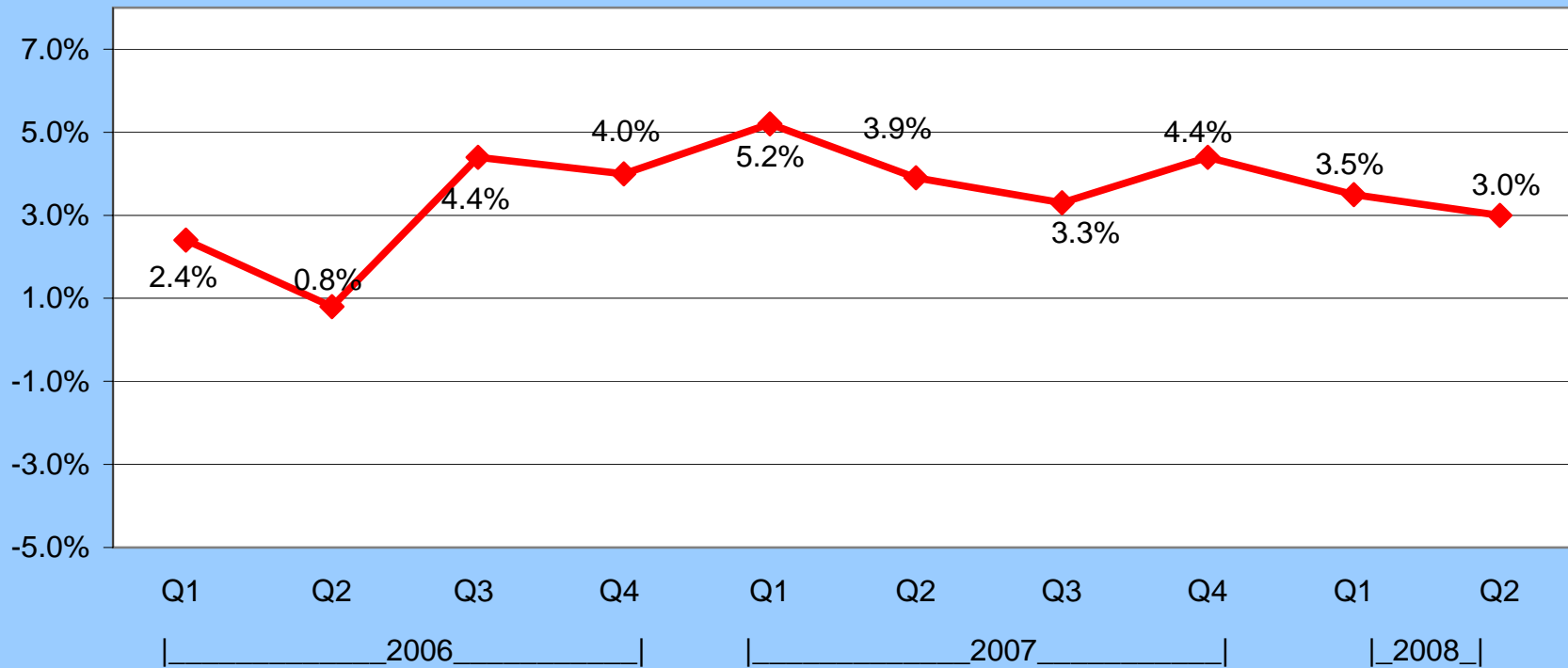
- (1) The Company defines "recurring capital expenditures" as those capitalized costs necessary to continue to operate the property at its current economic value. Leasing costs in excess of \$1,000 and capital improvements in excess of \$2,000 with a useful life greater than 24 months are capitalized. 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 expenses were \$10.2 million or approximately \$0.52 per weighted average square foot for the six months ended June 30, 2008 compared to \$9.5 million or approximately \$0.49 per weighted average square foot for the six months ended June 30, 2007.
- (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 \*



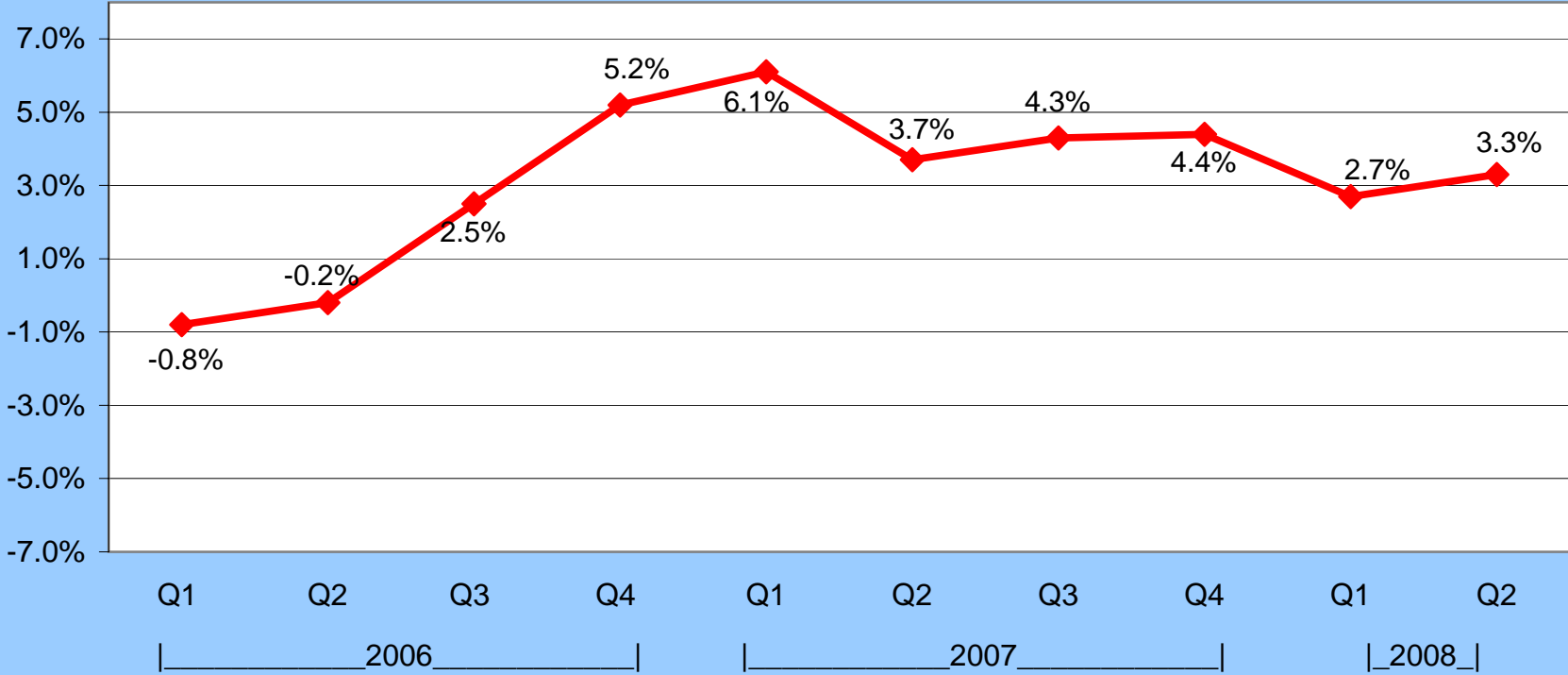
\* Gross margin is computed by dividing property net operating income by rental income for Same Park properties owned in each period.

## 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 '06 and Q1 '07 exclude 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 '06 and Q1 '07 exclude 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, 2008

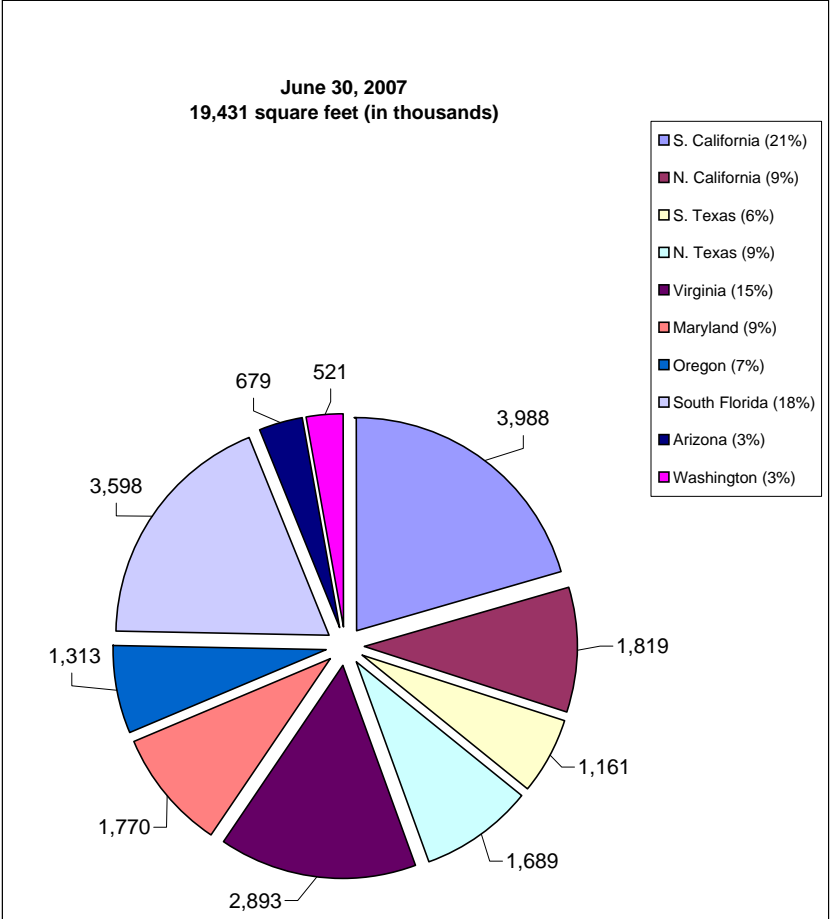
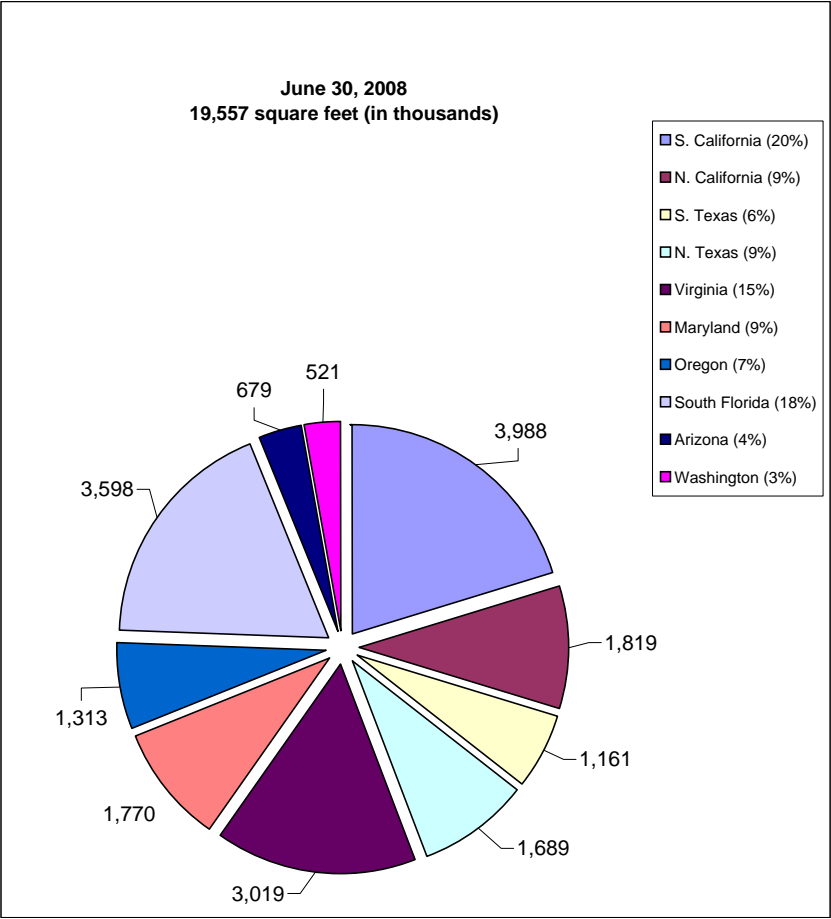
| Industry  | % of Total Annual Rents |
|---|-------------------------|
| Business Services                               | 13.3%                   |
| Computer Hardware, Software and Related Service | 9.8%                    |
| Health Services                                 | 9.8%                    |
| Warehouse, Transportation and Logistics         | 8.7%                    |
| Government                                      | 8.7%                    |
| Financial Services                              | 8.3%                    |
| Contractors                                     | 7.5%                    |
| Retail  | 6.3%                    |
| Communications                                  | 5.6%                    |
| Home Furnishings                                | 3.8%                    |
| Electronics                                     | 3.2%                    |
| Educational Services                            | 2.8%                    |
| <b>Total</b>                                    | <b>87.8%</b>            |

Top 10 Customers by Total Annual Rental Income as of June 30, 2008

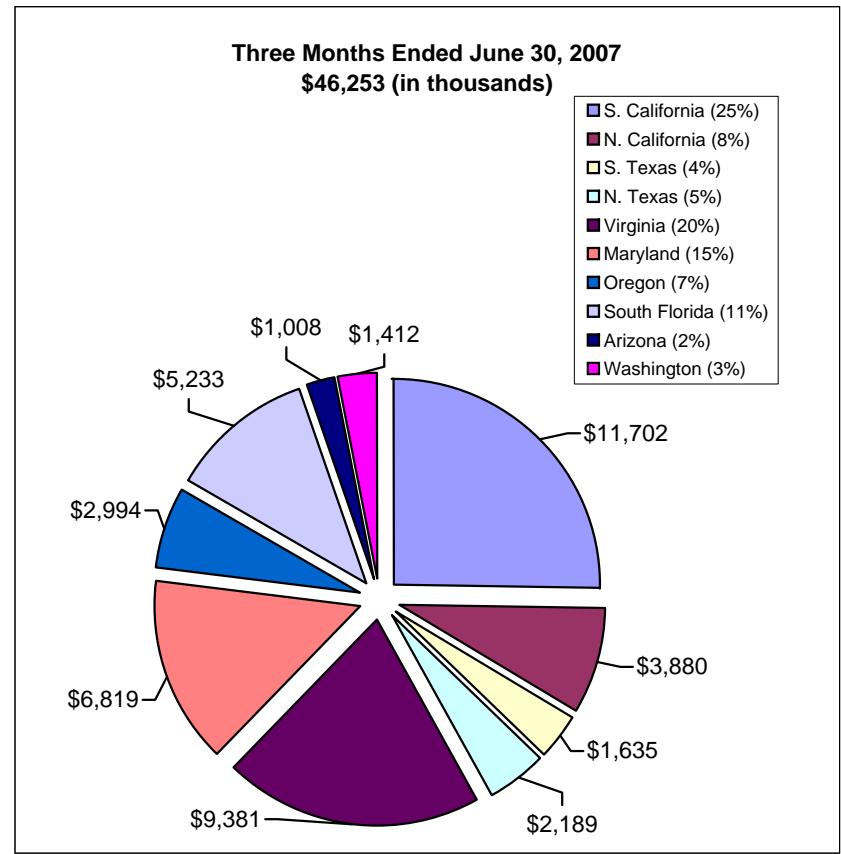
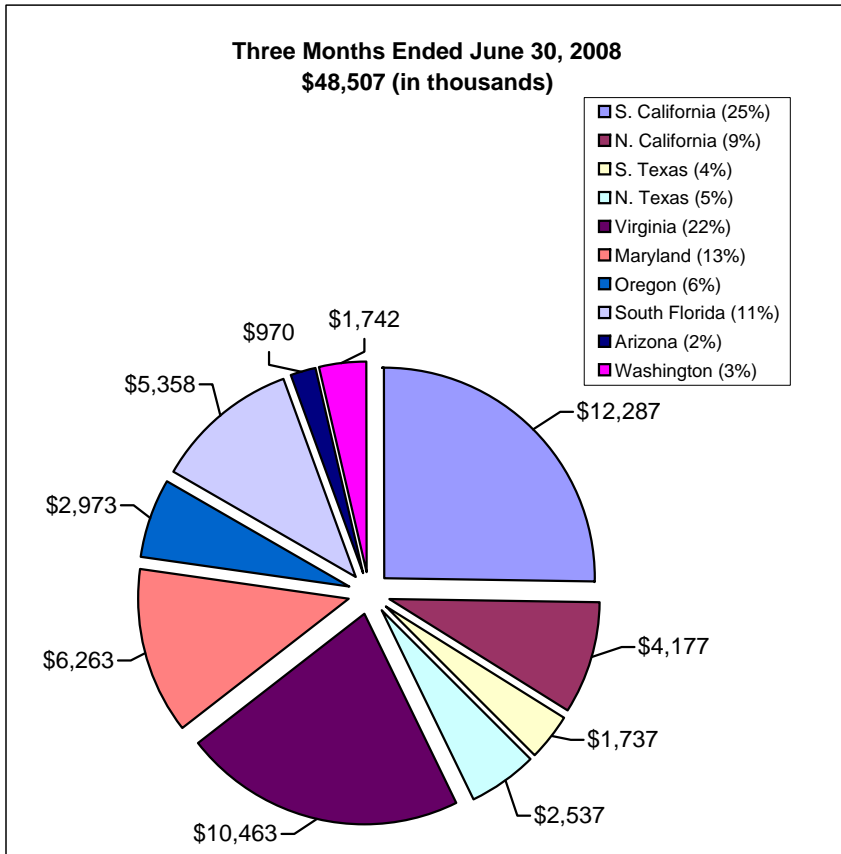
| Tenant                               | Square Footage | Annualized Rental<br>Income <sup>(1)</sup> | % of Total Annualized<br>Rental Income |
|--------------------------------------|----------------|--|--|
| U.S. Government                      | 462            | \$ 12,035                                  | 4.3%                                   |
| Kaiser Permanente                    | 186            | 4,447                                      | 1.6%                                   |
| Wells Fargo Bank                     | 102            | 1,701                                      | 0.6%                                   |
| AARP                                 | 102            | 1,610                                      | 0.6%                                   |
| Northrop Grumman                     | 58             | 1,587                                      | 0.6%                                   |
| Raytheon                             | 78             | 1,471                                      | 0.5%                                   |
| Intel                                | 94             | 1,333                                      | 0.5%                                   |
| American Intercontinental University | 75             | 1,330                                      | 0.5%                                   |
| Montgomery County Public School      | 47             | 1,268                                      | 0.5%                                   |
| American Systems                     | 63             | 1,205                                      | 0.4%                                   |
| <b>Total</b>                         | <b>1,267</b>   | <b>\$ 27,987</b>                           | <b>10.1%</b>                           |

(1) - For leases expiring within one year, annualized rental income represents income to be received under existing leases from June 30, 2008 through date of expiration.

**Total Owned Rentable Square Footage by Region**



### Total Owned Property Net Operating Income by Region



**PS BUSINESS PARKS, INC.**  
**TOTAL OWNED PORTFOLIO OVERVIEW**  
(in thousands)

| Rentable Square Footage of Properties as of June 30, 2008 |              |              |               |               |               |
|---|--------------|--------------|---------------|---------------|---------------|
| Primary Markets   | Industrial   | Office       | Flex          | Total         | %             |
| Miami   | 2,556        | 12           | 632           | 3,200         | 16.4%         |
| Northern Virginia   | -            | 1,073        | 1,946         | 3,019         | 15.4%         |
| Northern California                                       | 407          | 431          | 981           | 1,819         | 9.3%          |
| Maryland  | -            | 883          | 887           | 1,770         | 9.1%          |
| Dallas  | 231          | -            | 1,458         | 1,689         | 8.6%          |
| Orange County   | -            | 704          | 911           | 1,615         | 8.3%          |
| Los Angeles County  | 712          | 31           | 862           | 1,605         | 8.2%          |
| Portland  | -            | 187          | 1,126         | 1,313         | 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  | -            | -            | 398           | 398           | 2.0%          |
| Houston   | -            | 131          | 243           | 374           | 1.9%          |
| <b>Total</b>  | <b>3,906</b> | <b>3,480</b> | <b>12,171</b> | <b>19,557</b> | <b>100.0%</b> |
| 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, 2008 |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| Primary Markets   | Industrial   | Office       | Flex         | Total        |
| Miami   | 95.8%        | 100.0%       | 98.7%        | 96.4%        |
| Northern Virginia   | -            | 96.3%        | 98.2%        | 97.6%        |
| Northern California   | 99.8%        | 94.1%        | 89.0%        | 92.6%        |
| Maryland  | -            | 91.0%        | 90.5%        | 90.7%        |
| Dallas  | 100.0%       | -            | 91.8%        | 92.9%        |
| Orange County   | -            | 93.9%        | 93.8%        | 93.9%        |
| Los Angeles County  | 97.9%        | 92.0%        | 91.8%        | 94.5%        |
| Portland  | -            | 85.8%        | 81.4%        | 82.0%        |
| Austin  | -            | -            | 95.2%        | 95.2%        |
| San Diego County  | -            | -            | 94.3%        | 94.3%        |
| Phoenix   | -            | -            | 86.7%        | 86.7%        |
| Seattle   | -            | 96.9%        | 95.3%        | 95.3%        |
| Palm Beach  | -            | -            | 93.1%        | 93.1%        |
| Houston   | -            | 100.0%       | 95.2%        | 96.9%        |
| <b>Total</b>  | <b>96.8%</b> | <b>93.7%</b> | <b>92.4%</b> | <b>93.5%</b> |

| Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended June 30, 2008 |              |              |              |
|---|--------------|--------------|--------------|
| Primary Markets   | Large Tenant | Small Tenant | Total        |
| Miami   | 96.1%        | 98.2%        | 96.4%        |
| Northern Virginia   | 98.3%        | 96.1%        | 97.6%        |
| Northern California   | 99.9%        | 85.3%        | 92.6%        |
| Maryland  | 90.9%        | 88.9%        | 90.7%        |
| Dallas  | 95.1%        | 82.9%        | 92.9%        |
| Orange County   | 96.1%        | 91.8%        | 93.9%        |
| Los Angeles County  | 97.9%        | 91.8%        | 94.5%        |
| Portland  | 81.1%        | 86.6%        | 82.0%        |
| Austin  | 96.9%        | 90.0%        | 95.2%        |
| San Diego County  | -            | 94.3%        | 94.3%        |
| Phoenix   | -            | 86.7%        | 86.7%        |
| Seattle   | -            | 95.3%        | 95.3%        |
| Palm Beach  | -            | 93.1%        | 93.1%        |
| Houston   | -            | 96.9%        | 96.9%        |
| <b>Total</b>  | <b>94.7%</b> | <b>91.7%</b> | <b>93.5%</b> |

**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.

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

| Rentable Square Footage of Properties as of June 30, 2008 |              |              |               |               |               |
|---|--------------|--------------|---------------|---------------|---------------|
| Primary Markets   | Industrial   | Office       | Flex          | Total         | %             |
| Miami   | 2,556        | 12           | 632           | 3,200         | 17.1%         |
| Northern Virginia   | -            | 948          | 1,946         | 2,894         | 15.5%         |
| Maryland  | -            | 883          | 887           | 1,770         | 9.5%          |
| Dallas  | 231          | -            | 1,458         | 1,689         | 9.0%          |
| Orange County   | -            | 704          | 911           | 1,615         | 8.7%          |
| Los Angeles County  | 712          | 31           | 862           | 1,605         | 8.6%          |
| Northern California                                       | 407          | 431          | 729           | 1,567         | 8.4%          |
| Portland  | -            | 187          | 1,126         | 1,313         | 7.0%          |
| Austin  | -            | -            | 787           | 787           | 4.2%          |
| San Diego County  | -            | -            | 768           | 768           | 4.1%          |
| Phoenix   | -            | -            | 679           | 679           | 3.6%          |
| Palm Beach  | -            | -            | 398           | 398           | 2.1%          |
| Houston   | -            | 131          | 243           | 374           | 2.0%          |
| Seattle   | -            | -            | 28            | 28            | 0.2%          |
| <b>Total</b>  | <b>3,906</b> | <b>3,327</b> | <b>11,454</b> | <b>18,687</b> | <b>100.0%</b> |
| Percentage by Product Type                                | 20.9%        | 17.8%        | 61.3%         | 100.0%        |               |

| Weighted Average Occupancy Rates by Product Type for the Three Months Ended June 30, 2008 |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| Primary Markets   | Industrial   | Office       | Flex         | Total        |
| Miami   | 95.8%        | 100.0%       | 98.7%        | 96.4%        |
| Northern Virginia   | -            | 96.2%        | 98.2%        | 97.6%        |
| Maryland  | -            | 91.0%        | 90.5%        | 90.7%        |
| Dallas  | 100.0%       | -            | 91.8%        | 92.9%        |
| Orange County   | -            | 93.9%        | 93.8%        | 93.9%        |
| Los Angeles County  | 97.9%        | 92.0%        | 91.8%        | 94.5%        |
| Northern California   | 99.8%        | 94.1%        | 94.9%        | 95.9%        |
| Portland  | -            | 85.8%        | 81.4%        | 82.0%        |
| Austin  | -            | -            | 95.2%        | 95.2%        |
| San Diego County  | -            | -            | 94.3%        | 94.3%        |
| Phoenix   | -            | -            | 86.7%        | 86.7%        |
| Palm Beach  | -            | -            | 93.1%        | 93.1%        |
| Houston   | -            | 100.0%       | 95.2%        | 96.9%        |
| Seattle   | -            | -            | 92.1%        | 92.1%        |
| <b>Total</b>  | <b>96.8%</b> | <b>93.6%</b> | <b>92.7%</b> | <b>93.7%</b> |

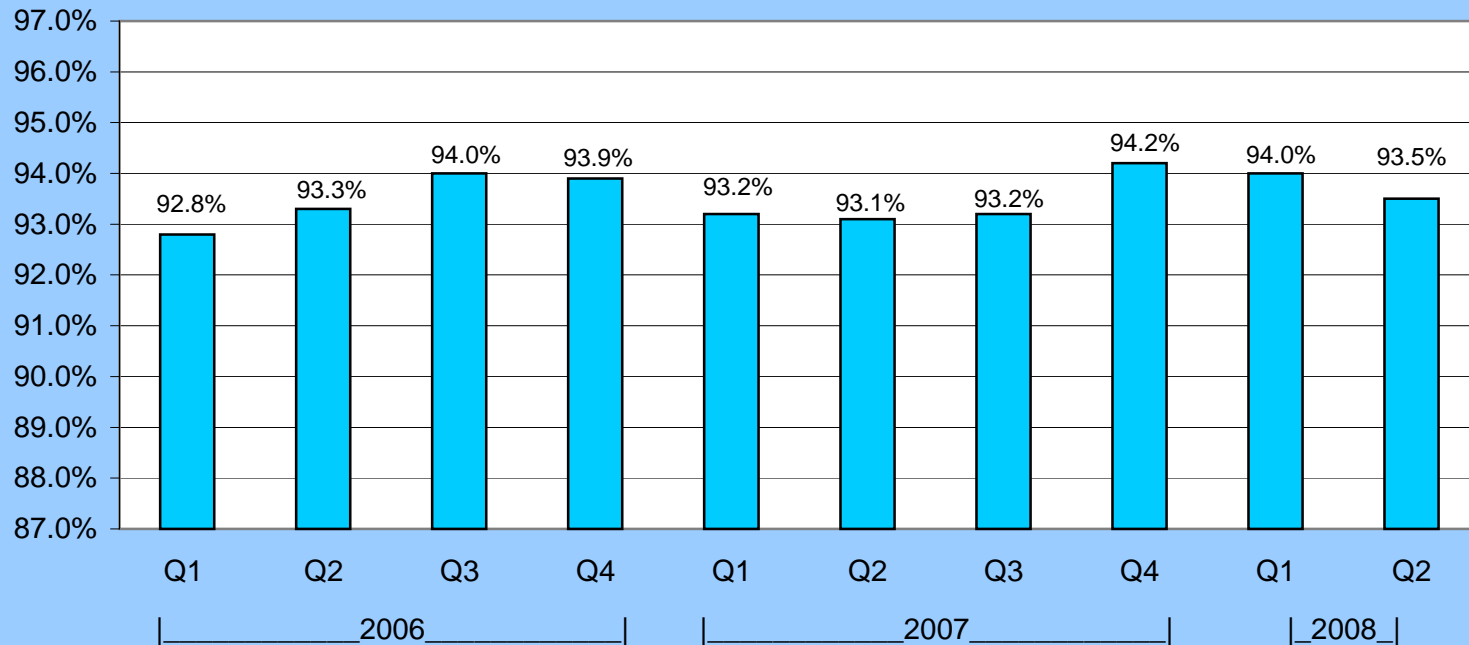
| Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended June 30, 2008 |              |              |              |
|---|--------------|--------------|--------------|
| Primary Markets   | Large Tenant | Small Tenant | Total        |
| Miami   | 96.1%        | 98.2%        | 96.4%        |
| Northern Virginia   | 98.4%        | 96.1%        | 97.6%        |
| Maryland  | 90.9%        | 88.9%        | 90.7%        |
| Dallas  | 95.1%        | 82.9%        | 92.9%        |
| Orange County   | 96.1%        | 91.8%        | 93.9%        |
| Los Angeles County  | 97.9%        | 91.8%        | 94.5%        |
| Northern California   | 99.9%        | 90.4%        | 95.9%        |
| Portland  | 81.1%        | 86.6%        | 82.0%        |
| Austin  | 96.9%        | 90.0%        | 95.2%        |
| San Diego County  | -            | 94.3%        | 94.3%        |
| Phoenix   | -            | 86.7%        | 86.7%        |
| Palm Beach  | -            | 93.1%        | 93.1%        |
| Houston   | -            | 96.9%        | 96.9%        |
| Seattle   | -            | 92.1%        | 92.1%        |
| <b>Total</b>  | <b>94.7%</b> | <b>92.1%</b> | <b>93.7%</b> |

**Note:**

Includes all properties owned since January 1, 2007.

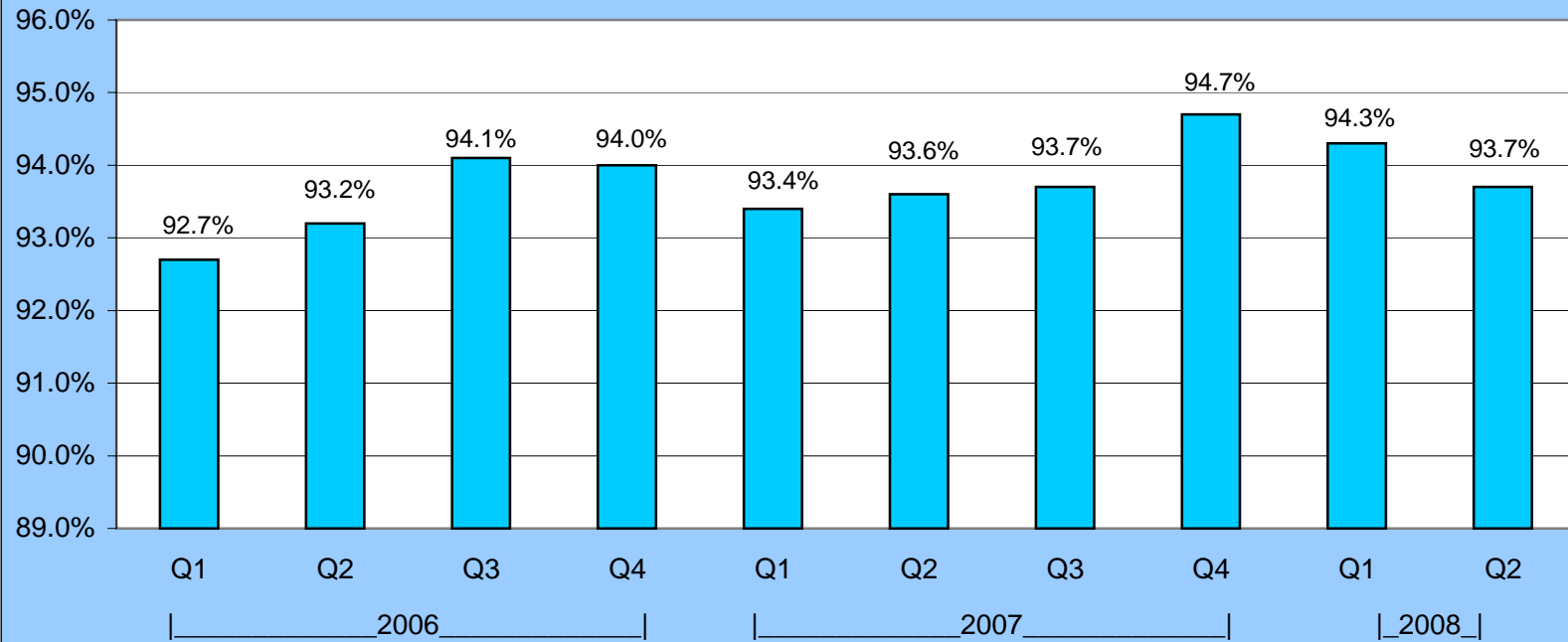
The Company's "large tenant" portfolio consists of properties with average leases greater than or equal to 5,000 square feet while the "small tenant" portfolio consists of properties with average leases less than 5,000 square feet.

## 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 Same Park weighted average occupancy as reported in each period.

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of June 30, 2008**

(in thousands)

| Lease Expirations - Flex |                       |                             |               |  |
|--------------------------|-----------------------|-----------------------------|---------------|--|
| Year of Lease Expiration | Leased Square Footage | Annualized<br>Rental Income | %             | % of Total Annualized<br>Rental Income |
| 2008                     | 1,377                 | \$ 21,406                   | 11.7%         | 7.2%                                   |
| 2009                     | 2,992                 | 45,752                      | 24.9%         | 15.3%                                  |
| 2010                     | 2,151                 | 32,908                      | 17.9%         | 11.0%                                  |
| 2011                     | 1,643                 | 28,322                      | 15.4%         | 9.5%                                   |
| 2012                     | 1,196                 | 21,460                      | 11.7%         | 7.2%                                   |
| Thereafter               | 1,843                 | 33,884                      | 18.4%         | 11.4%                                  |
| <b>Total</b>             | <b>11,202</b>         | <b>\$ 183,732</b>           | <b>100.0%</b> | <b>61.6%</b>                           |

| Lease Expirations - Office |                       |                             |               |  |
|----------------------------|-----------------------|-----------------------------|---------------|--|
| Year of Lease Expiration   | Leased Square Footage | Annualized<br>Rental Income | %             | % of Total Annualized<br>Rental Income |
| 2008                       | 244                   | \$ 5,064                    | 6.2%          | 1.7%                                   |
| 2009                       | 631                   | 13,314                      | 16.3%         | 4.5%                                   |
| 2010                       | 770                   | 18,811                      | 23.0%         | 6.3%                                   |
| 2011                       | 544                   | 13,842                      | 16.9%         | 4.6%                                   |
| 2012                       | 458                   | 12,076                      | 14.8%         | 4.0%                                   |
| Thereafter                 | 680                   | 18,657                      | 22.8%         | 6.3%                                   |
| <b>Total</b>               | <b>3,327</b>          | <b>\$ 81,764</b>            | <b>100.0%</b> | <b>27.4%</b>                           |

| Lease Expirations - Industrial |                       |                             |               |  |
|--------------------------------|-----------------------|-----------------------------|---------------|--|
| Year of Lease Expiration       | Leased Square Footage | Annualized<br>Rental Income | %             | % of Total Annualized<br>Rental Income |
| 2008                           | 252                   | \$ 2,021                    | 6.2%          | 0.7%                                   |
| 2009                           | 813                   | 6,768                       | 20.8%         | 2.3%                                   |
| 2010                           | 914                   | 7,597                       | 23.4%         | 2.6%                                   |
| 2011                           | 729                   | 6,443                       | 19.8%         | 2.2%                                   |
| 2012                           | 459                   | 4,119                       | 12.7%         | 1.4%                                   |
| Thereafter                     | 670                   | 5,535                       | 17.1%         | 1.8%                                   |
| <b>Total</b>                   | <b>3,837</b>          | <b>\$ 32,483</b>            | <b>100.0%</b> | <b>11.0%</b>                           |

| Lease Expirations - Total |                       |                             |               |  |
|---------------------------|-----------------------|-----------------------------|---------------|--|
| Year of Lease Expiration  | Leased Square Footage | Annualized<br>Rental Income | %             | % of Total Annualized<br>Rental Income |
| 2008                      | 1,873                 | \$ 28,491                   | 9.6%          | 9.6%                                   |
| 2009                      | 4,436                 | 65,834                      | 22.1%         | 22.1%                                  |
| 2010                      | 3,835                 | 59,316                      | 19.9%         | 19.9%                                  |
| 2011                      | 2,916                 | 48,607                      | 16.3%         | 16.3%                                  |
| 2012                      | 2,113                 | 37,655                      | 12.6%         | 12.6%                                  |
| Thereafter                | 3,193                 | 58,076                      | 19.5%         | 19.5%                                  |
| <b>Total</b>              | <b>18,366</b>         | <b>\$ 297,979</b>           | <b>100.0%</b> | <b>100.0%</b>                          |

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of June 30, 2008**

(in thousands)

| Southern California      |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 379                   | \$ | 6,752                       | 9.7%   | 2.3%                                   |
| 2009                     | 1,072                 |    | 17,928                      | 25.7%  | 6.0%                                   |
| 2010                     | 994                   |    | 17,251                      | 24.7%  | 5.8%                                   |
| 2011                     | 607                   |    | 10,450                      | 15.0%  | 3.5%                                   |
| 2012                     | 260                   |    | 5,895                       | 8.4%   | 2.0%                                   |
| Thereafter               | 460                   |    | 11,496                      | 16.5%  | 3.9%                                   |
| Total                    | 3,772                 | \$ | 69,772                      | 100.0% | 23.5%                                  |

| Northern California      |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 267                   | \$ | 5,637                       | 21.8%  | 1.9%                                   |
| 2009                     | 472                   |    | 6,636                       | 25.6%  | 2.2%                                   |
| 2010                     | 360                   |    | 4,762                       | 18.4%  | 1.6%                                   |
| 2011                     | 184                   |    | 2,814                       | 10.8%  | 0.9%                                   |
| 2012                     | 164                   |    | 2,089                       | 8.1%   | 0.7%                                   |
| Thereafter               | 249                   |    | 3,972                       | 15.3%  | 1.3%                                   |
| Total                    | 1,696                 | \$ | 25,910                      | 100.0% | 8.6%                                   |

| Southern Texas           |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 192                   | \$ | 1,935                       | 14.9%  | 0.7%                                   |
| 2009                     | 327                   |    | 3,952                       | 30.4%  | 1.3%                                   |
| 2010                     | 188                   |    | 2,068                       | 15.9%  | 0.7%                                   |
| 2011                     | 116                   |    | 1,369                       | 10.5%  | 0.5%                                   |
| 2012                     | 108                   |    | 1,730                       | 13.3%  | 0.6%                                   |
| Thereafter               | 154                   |    | 1,948                       | 15.0%  | 0.6%                                   |
| Total                    | 1,085                 | \$ | 13,002                      | 100.0% | 4.4%                                   |

| Northern Texas           |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 121                   | \$ | 1,131                       | 6.5%   | 0.4%                                   |
| 2009                     | 248                   |    | 2,103                       | 12.1%  | 0.7%                                   |
| 2010                     | 253                   |    | 2,408                       | 13.8%  | 0.8%                                   |
| 2011                     | 130                   |    | 1,624                       | 9.3%   | 0.5%                                   |
| 2012                     | 293                   |    | 4,025                       | 23.1%  | 1.3%                                   |
| Thereafter               | 519                   |    | 6,146                       | 35.2%  | 2.0%                                   |
| Total                    | 1,564                 | \$ | 17,437                      | 100.0% | 5.7%                                   |

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of June 30, 2008**

(in thousands)

| South Florida            |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 355                   | \$ | 3,782                       | 11.0%  | 1.3%                                   |
| 2009                     | 668                   |    | 6,638                       | 19.4%  | 2.2%                                   |
| 2010                     | 789                   |    | 7,481                       | 21.8%  | 2.5%                                   |
| 2011                     | 669                   |    | 6,697                       | 19.5%  | 2.3%                                   |
| 2012                     | 461                   |    | 4,734                       | 13.8%  | 1.6%                                   |
| Thereafter               | 485                   |    | 4,966                       | 14.5%  | 1.7%                                   |
| Total                    | 3,427                 | \$ | 34,298                      | 100.0% | 11.6%                                  |

| Northern Virginia        |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 285                   | \$ | 4,981                       | 8.1%   | 1.7%                                   |
| 2009                     | 660                   |    | 12,381                      | 20.2%  | 4.2%                                   |
| 2010                     | 600                   |    | 11,910                      | 19.4%  | 4.0%                                   |
| 2011                     | 289                   |    | 6,047                       | 9.9%   | 2.0%                                   |
| 2012                     | 420                   |    | 10,394                      | 17.0%  | 3.5%                                   |
| Thereafter               | 701                   |    | 15,546                      | 25.4%  | 5.2%                                   |
| Total                    | 2,955                 | \$ | 61,259                      | 100.0% | 20.6%                                  |

| Maryland                 |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 68                    | \$ | 1,208                       | 3.0%   | 0.4%                                   |
| 2009                     | 267                   |    | 4,896                       | 12.3%  | 1.7%                                   |
| 2010                     | 325                   |    | 8,145                       | 20.4%  | 2.7%                                   |
| 2011                     | 395                   |    | 10,152                      | 25.5%  | 3.4%                                   |
| 2012                     | 241                   |    | 6,310                       | 15.8%  | 2.1%                                   |
| Thereafter               | 363                   |    | 9,155                       | 23.0%  | 3.1%                                   |
| Total                    | 1,659                 | \$ | 39,866                      | 100.0% | 13.4%                                  |

| Oregon                   |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 84                    | \$ | 1,316                       | 6.6%   | 0.4%                                   |
| 2009                     | 338                   |    | 5,658                       | 28.3%  | 1.9%                                   |
| 2010                     | 100                   |    | 1,814                       | 9.1%   | 0.6%                                   |
| 2011                     | 366                   |    | 6,815                       | 34.1%  | 2.3%                                   |
| 2012                     | 50                    |    | 876                         | 4.4%   | 0.3%                                   |
| Thereafter               | 192                   |    | 3,499                       | 17.5%  | 1.2%                                   |
| Total                    | 1,130                 | \$ | 19,978                      | 100.0% | 6.7%                                   |

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of June 30, 2008**

(in thousands)

| Washington               |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 61                    | \$ | 1,014                       | 11.2%  | 0.3%                                   |
| 2009                     | 153                   |    | 2,710                       | 30.0%  | 0.9%                                   |
| 2010                     | 90                    |    | 1,718                       | 19.0%  | 0.6%                                   |
| 2011                     | 92                    |    | 1,802                       | 19.9%  | 0.6%                                   |
| 2012                     | 34                    |    | 728                         | 8.0%   | 0.2%                                   |
| Thereafter               | 49                    |    | 1,080                       | 11.9%  | 0.4%                                   |
| Total                    | 479                   | \$ | 9,052                       | 100.0% | 3.0%                                   |

| Arizona                  |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 61                    | \$ | 735                         | 9.9%   | 0.2%                                   |
| 2009                     | 231                   |    | 2,932                       | 39.6%  | 1.0%                                   |
| 2010                     | 136                   |    | 1,759                       | 23.8%  | 0.6%                                   |
| 2011                     | 68                    |    | 837                         | 11.3%  | 0.3%                                   |
| 2012                     | 82                    |    | 874                         | 11.8%  | 0.3%                                   |
| Thereafter               | 21                    |    | 268                         | 3.6%   | 0.1%                                   |
| Total                    | 599                   | \$ | 7,405                       | 100.0% | 2.5%                                   |

| Total                    |                       |    |                             |        |  |
|--------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                     | 1,873                 | \$ | 28,491                      | 9.6%   | 9.6%                                   |
| 2009                     | 4,436                 |    | 65,834                      | 22.1%  | 22.1%                                  |
| 2010                     | 3,835                 |    | 59,316                      | 19.9%  | 19.9%                                  |
| 2011                     | 2,916                 |    | 48,607                      | 16.3%  | 16.3%                                  |
| 2012                     | 2,113                 |    | 37,655                      | 12.6%  | 12.6%                                  |
| Thereafter               | 3,193                 |    | 58,076                      | 19.5%  | 19.5%                                  |
| Total                    | 18,366                | \$ | 297,979                     | 100.0% | 100.0%                                 |

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of June 30, 2008**

(in thousands)

| Lease Expirations - Large Tenant Portfolio |                       |    |                             |        |  |
|--|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration                   | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                                       | 918                   | \$ | 13,338                      | 7.7%   | 4.5%                                   |
| 2009                                       | 2,245                 |    | 29,902                      | 17.3%  | 10.0%                                  |
| 2010                                       | 2,130                 |    | 29,856                      | 17.2%  | 10.0%                                  |
| 2011                                       | 1,991                 |    | 31,448                      | 18.1%  | 10.5%                                  |
| 2012                                       | 1,466                 |    | 25,127                      | 14.5%  | 8.4%                                   |
| Thereafter                                 | 2,585                 |    | 43,766                      | 25.2%  | 14.7%                                  |
| Total                                      | 11,335                | \$ | 173,437                     | 100.0% | 58.1%                                  |

| Lease Expirations - Small Tenant Portfolio |                       |    |                             |        |  |
|--|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration                   | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                                       | 955                   | \$ | 15,153                      | 12.2%  | 5.1%                                   |
| 2009                                       | 2,191                 |    | 35,932                      | 28.8%  | 12.1%                                  |
| 2010                                       | 1,705                 |    | 29,460                      | 23.6%  | 9.9%                                   |
| 2011                                       | 925                   |    | 17,159                      | 13.8%  | 5.8%                                   |
| 2012                                       | 647                   |    | 12,528                      | 10.1%  | 4.2%                                   |
| Thereafter                                 | 608                   |    | 14,310                      | 11.5%  | 4.8%                                   |
| Total                                      | 7,031                 | \$ | 124,542                     | 100.0% | 41.9%                                  |

| Lease Expirations - Total |                       |    |                             |        |  |
|---------------------------|-----------------------|----|-----------------------------|--------|--|
| Year of Lease Expiration  | Leased Square Footage |    | Annualized<br>Rental Income | %      | % of Total Annualized<br>Rental Income |
| 2008                      | 1,873                 | \$ | 28,491                      | 9.6%   | 9.6%                                   |
| 2009                      | 4,436                 |    | 65,834                      | 22.1%  | 22.1%                                  |
| 2010                      | 3,835                 |    | 59,316                      | 19.9%  | 19.9%                                  |
| 2011                      | 2,916                 |    | 48,607                      | 16.3%  | 16.3%                                  |
| 2012                      | 2,113                 |    | 37,655                      | 12.6%  | 12.6%                                  |
| Thereafter                | 3,193                 |    | 58,076                      | 19.5%  | 19.5%                                  |
| Total                     | 18,366                | \$ | 297,979                     | 100.0% | 100.0%                                 |