



**PSBUSINESSPARKS**<sup>SM</sup>

**Analysis of Operating Results  
and Financial Condition**

**September 30, 2009**

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

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

OPERATING DATA						
	For The Three Months Ended			For The Nine Months Ended		
	09/30/09	09/30/08	% Change	09/30/09	09/30/08	% Change
Total rental income	\$ 67,546	\$ 71,464	(5.5%)	\$ 205,269	\$ 212,021	(3.2%)
Total cost of operations	21,550	22,591	(4.6%)	65,854	67,020	(1.7%)
Net operating income	<u>\$ 45,996</u>	<u>\$ 48,873</u>	(5.9%)	<u>\$ 139,415</u>	<u>\$ 145,001</u>	(3.9%)
Net income allocable to common shareholders	\$ 8,762	\$ 5,336	64.2%	\$ 50,517	\$ 13,646	270.2%
Net income per common share:						
Basic	\$ 0.39	\$ 0.26	50.0%	\$ 2.38	\$ 0.67	255.2%
Diluted	\$ 0.39	\$ 0.26	50.0%	\$ 2.37	\$ 0.66	259.1%
Weighted average common shares outstanding - basic	22,549	20,448	10.3%	21,191	20,438	3.7%
Weighted average common shares outstanding - diluted	22,709	20,642	10.0%	21,311	20,627	3.3%

FUNDS FROM OPERATIONS						
	For The Three Months Ended			For The Nine Months Ended		
	09/30/09	09/30/08	% Change	09/30/09	09/30/08	% Change
FFO allocable to common and dilutive shares - before adjustment	\$ 31,476	\$ 32,009	(1.7%)	\$ 94,732	\$ 93,988	0.8%
Gain on repurchase of preferred equity, net of issuance cost	-	-	-	35,639	-	100.0%
FFO allocable to common and dilutive shares - as reported	<u>\$ 31,476</u>	<u>\$ 32,009</u>	(1.7%)	<u>\$ 130,371</u>	<u>\$ 93,988</u>	38.7%
FFO per common and dilutive share - before adjustment	\$ 1.04	\$ 1.14	(8.8%)	\$ 3.30	\$ 3.35	(1.5%)
FFO per common and dilutive share - as reported	\$ 1.04	\$ 1.14	(8.8%)	\$ 4.53	\$ 3.35	35.2%
Weighted average common shares outstanding - diluted	22,709	20,642	10.0%	21,311	20,627	3.3%
Weighted average common OP units outstanding	7,305	7,305	-	7,305	7,305	-
Weighted average restricted stock units outstanding	126	154	(18.2%)	134	156	(14.1%)
Total common and dilutive shares	<u>30,140</u>	<u>28,101</u>	7.3%	<u>28,750</u>	<u>28,088</u>	2.4%

PROPERTY INFORMATION						
	For The Three Months Ended			For The Nine Months Ended		
	09/30/09	09/30/08	% Change	09/30/09	09/30/08	% Change
<u>Total - Same Park Portfolio</u>						
Total rentable square footage at period end	19,556	19,556	-	19,556	19,556	-
Weighted average occupancy	89.5%	93.7%	(4.5%)	90.3%	93.7%	(3.6%)
Annualized realized rent per sq. ft. <sup>(1)</sup>	\$ 15.44	\$ 15.60	(1.0%)	\$ 15.50	\$ 15.43	0.5%
REVPAF <sup>(2)</sup>	\$ 13.82	\$ 14.62	(5.5%)	\$ 14.00	\$ 14.46	(3.2%)

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

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

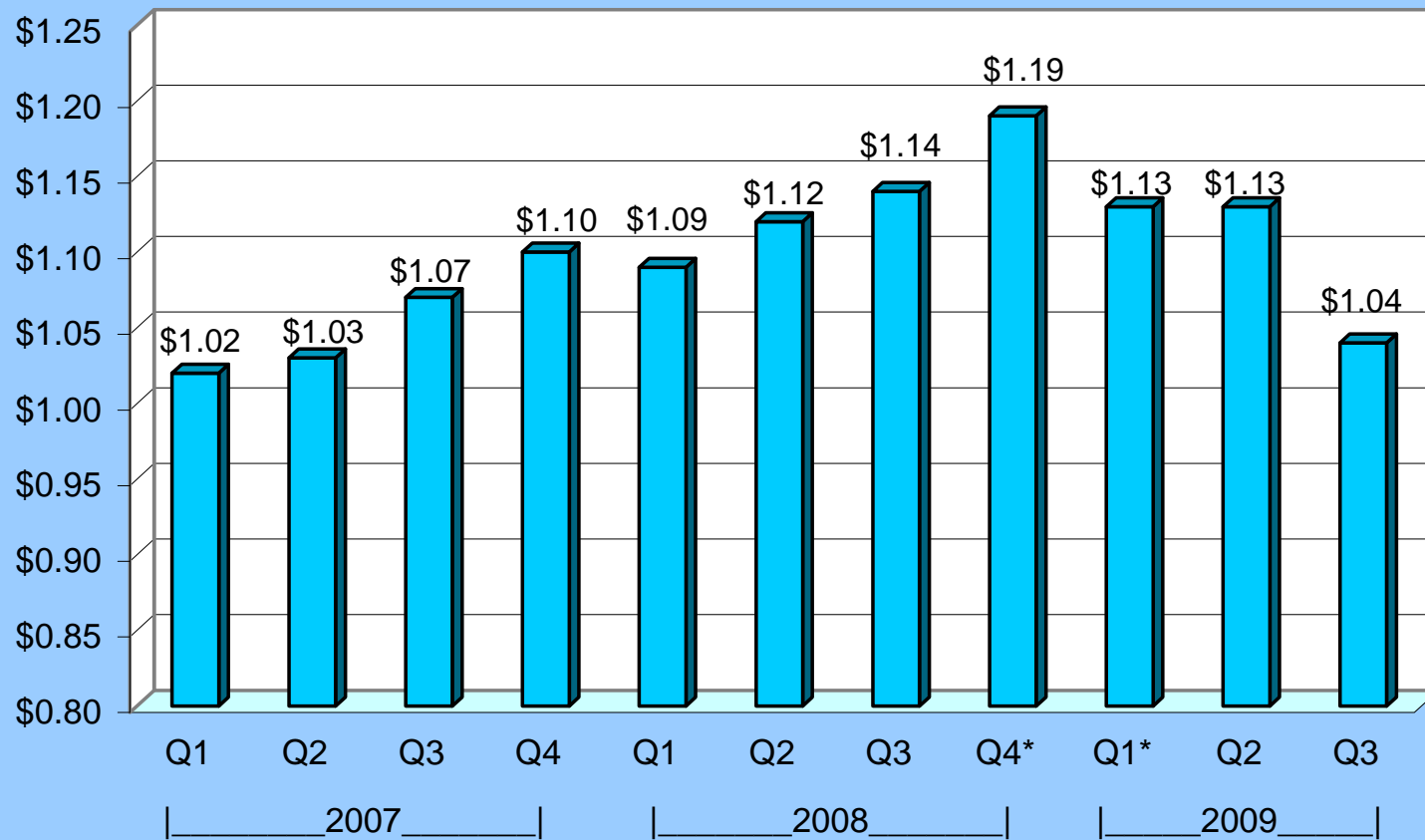
BALANCE SHEET DATA			
	09/30/09	12/31/08	% Change
Total assets	\$ 1,571,321	\$ 1,469,323	6.9%
Noncontrolling interests - preferred units	\$ 73,418	\$ 94,750	(22.5%)
Noncontrolling interests - common units	\$ 177,022	\$ 148,023	19.6%
Perpetual preferred stock	\$ 626,046	\$ 706,250	(11.4%)
Common shareholders' equity	\$ 590,912	\$ 414,564	42.5%
Total common shares outstanding at period end	24,386	20,460	19.2%
Book value per common share	\$ 24.23	\$ 20.26	19.6%

MARKET VALUE INFORMATION			
	09/30/09	12/31/08	% Change
Market value of common stock and common OP units	\$ 1,626,395	\$ 1,239,997	31.2%
Total debt	53,196	59,308	(10.3%)
Total preferred equity	699,464	801,000	(12.7%)
Total market capitalization	<u>\$ 2,379,055</u>	<u>\$ 2,100,305</u>	13.3%
Stock price at the end of the period	\$ 51.32	\$ 44.66	14.9%

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

	For The Three Months Ended		Increase (Decrease)	% Change	For The Nine Months Ended		Increase (Decrease)	% Change
	09/30/09	09/30/08			09/30/09	09/30/08		
<b>Funds from operations (FFO):</b>								
Net income allocable to common shareholders	\$ 8,762	\$ 5,336	\$ 3,426	64.2%	\$ 50,517	\$ 13,646	\$ 36,871	270.2%
Adjustments:								
Gain on sale of land	-	-	-	-	(1,488)	-	(1,488)	(100.0%)
Depreciation and amortization	19,828	24,703	(4,875)	(19.7%)	63,631	75,270	(11,639)	(15.5%)
Net income allocable to noncontrolling interests - common units	2,838	1,910	928	48.6%	17,414	4,897	12,517	255.6%
Net income allocable to restricted stock unit holders	48	60	(12)	(20.0%)	297	175	122	69.7%
FFO allocable to common and dilutive shares	<u>\$ 31,476</u>	<u>\$ 32,009</u>	<u>\$ (533)</u>	<u>(1.7%)</u>	<u>\$ 130,371</u>	<u>\$ 93,988</u>	<u>\$ 36,383</u>	<u>38.7%</u>
Weighted average common shares outstanding	22,549	20,448	2,101	10.3%	21,191	20,438	753	3.7%
Weighted average common OP units outstanding	7,305	7,305	-	-	7,305	7,305	-	-
Weighted average restricted stock units outstanding	126	154	(28)	(18.2%)	134	156	(22)	(14.1%)
Weighted average common share equivalents outstanding	160	194	(34)	(17.5%)	120	189	(69)	(36.5%)
Total common and dilutive shares	<u>30,140</u>	<u>28,101</u>	<u>2,039</u>	<u>7.3%</u>	<u>28,750</u>	<u>28,088</u>	<u>662</u>	<u>2.4%</u>
FFO per common and dilutive share	<u>\$ 1.04</u>	<u>\$ 1.14</u>	<u>\$ (0.10)</u>	<u>(8.8%)</u>	<u>\$ 4.53</u>	<u>\$ 3.35</u>	<u>\$ 1.18</u>	<u>35.2%</u>
<b>Funds available for distribution (FAD):</b>								
Funds from operations	\$ 31,476	\$ 32,009	\$ (533)	(1.7%)	\$ 130,371	\$ 93,988	\$ 36,383	38.7%
Adjustments:								
Recurring capital improvements	(2,011)	(2,356)	(345)	(14.6%)	(4,148)	(7,306)	(3,158)	(43.2%)
Tenant improvements	(4,231)	(5,217)	(986)	(18.9%)	(11,205)	(14,871)	(3,666)	(24.7%)
Lease commissions	(1,712)	(863)	849	98.4%	(3,700)	(5,097)	(1,397)	(27.4%)
Straight-line rent	(135)	(355)	(220)	(62.0%)	(319)	(272)	47	17.3%
Stock compensation expense	611	1,027	(416)	(40.5%)	2,324	3,057	(733)	(24.0%)
In-place lease adjustment	(53)	(49)	4	8.2%	(214)	(145)	69	47.6%
Lease incentives net of tenant improvement reimbursements	(120)	(79)	41	51.9%	(294)	(148)	146	98.6%
Gain on repurchase of preferred equity, net of issuance cost	-	-	-	-	(35,639)	-	(35,639)	(100.0%)
FAD	<u>\$ 23,825</u>	<u>\$ 24,117</u>	<u>\$ (292)</u>	<u>(1.2%)</u>	<u>\$ 77,176</u>	<u>\$ 69,206</u>	<u>\$ 7,970</u>	<u>11.5%</u>
FAD per common and dilutive share	<u>\$ 0.79</u>	<u>\$ 0.86</u>	<u>\$ (0.07)</u>	<u>(8.1%)</u>	<u>\$ 2.68</u>	<u>\$ 2.46</u>	<u>\$ 0.22</u>	<u>8.9%</u>
<b>Cash available for debt repayments and reinvestments:</b>								
FAD	\$ 23,825	\$ 24,117	\$ (292)	(1.2%)	\$ 77,176	\$ 69,206	\$ 7,970	11.5%
Distributions to common shareholders	(10,730)	(9,000)	1,730	19.2%	(28,773)	(26,975)	1,798	6.7%
Distributions to common OP unit holders	(3,214)	(3,214)	-	-	(9,642)	(9,642)	-	-
Distributions to restricted stock unit holders	(48)	(60)	(12)	(20.0%)	(158)	(175)	(17)	(9.7%)
Cash available for debt repayments and reinvestments	<u>\$ 9,833</u>	<u>\$ 11,843</u>	<u>\$ (2,010)</u>	<u>(17.0%)</u>	<u>\$ 38,603</u>	<u>\$ 32,414</u>	<u>\$ 6,189</u>	<u>19.1%</u>
FAD payout ratio	<u>58.7%</u>	<u>50.9%</u>	<u>7.8%</u>	<u>15.3%</u>	<u>50.0%</u>	<u>53.2%</u>	<u>(3.2%)</u>	<u>(6.0%)</u>

## Reported FFO Per Common and Dilutive Share



\* Excludes net gain on repurchase of preferred equity.

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

	As of September 30, 2009			As of December 31, 2008		
	Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
<b>Mortgage Debt:</b>						
5.730% mortgage note, due March 2013	\$ 14,050			\$ 14,247		
5.520% mortgage note, due May 2013	9,879			10,053		
5.680% mortgage note, due May 2013	9,894			10,065		
6.150% mortgage note, due November 2031 (includes unamortized premium of \$480,000 on \$16.1 million mortgage note with stated rate of 7.200%)	16,566			16,912		
5.610% mortgage note, due January 2011 (includes unamortized premium of \$89,000 on \$2.7 million mortgage note with stated rate of 7.610%)	2,807			2,887		
7.290% mortgage note, repaid February 2009	-			5,144		
<b>Total mortgage notes payable (1)</b>	<b>53,196</b>	<b>2.2%</b>	<b>5.81%</b>	<b>59,308</b>	<b>2.8%</b>	<b>5.94%</b>
<b>Total debt</b>	<b>53,196</b>	<b>2.2%</b>	<b>5.81%</b>	<b>59,308</b>	<b>2.8%</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 (6,340,776 depository shares outstanding) callable 1/30/09	158,520			205,000		
6.875% Series I preferred stock (2,745,050 depository share outstanding) callable 4/21/09	68,626			75,000		
7.500% Series J preferred operating partnership units (1,710,000 units outstanding) callable 5/27/09	42,750			42,750		
7.950% Series K preferred stock (2,165,000 depository shares outstanding) callable 6/30/09	54,125			57,500		
7.600% Series L preferred stock (1,935,000 depository shares outstanding) callable 8/31/09	48,375			57,500		
7.200% Series M preferred stock (3,182,000 depository shares outstanding) callable 5/2/10	79,550			82,500		
7.125% Series N preferred operating partnership units (223,300 units outstanding) callable 12/12/10	5,583			20,000		
7.375% Series O preferred stock (3,384,000 depository shares outstanding) callable 6/16/11	84,600			95,000		
6.700% Series P preferred stock (5,290,000 depository shares outstanding) callable 1/17/12	132,250			133,750		
6.550% Series Q preferred operating partnership units (203,400 units outstanding) callable 3/12/12	5,085			12,000		
<b>Total preferred equity</b>	<b>699,464</b>	<b>29.4%</b>	<b>7.17%</b>	<b>801,000</b>	<b>38.1%</b>	<b>7.16%</b>
<b>Total debt and preferred equity</b>	<b>752,660</b>	<b>31.6%</b>	<b>7.07%</b>	<b>860,308</b>	<b>40.9%</b>	<b>7.07%</b>
Common stock (24,385,891 and 20,459,916 shares outstanding as of September 30, 2009 and December 31, 2008, respectively)	1,251,484			913,740		
Common operating partnership units (7,305,355 units outstanding as of September 30, 2009 and December 31, 2008)	374,911			326,257		
<b>Total common equity (2)</b>	<b>1,626,395</b>	<b>68.4%</b>		<b>1,239,997</b>	<b>59.1%</b>	
<b>Total market capitalization</b>	<b>\$ 2,379,055</b>	<b>100.0%</b>		<b>\$ 2,100,305</b>	<b>100.0%</b>	

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

Principal Maturity Dates						
	2009	2010	2011	2012	2013	Total
Rose Canyon	\$ 44	\$ 277	\$ 293	\$ 309	\$ 13,127	\$ 14,050
Meadows	67	278	15,741	-	-	16,086
Palm Beach	129	536	3,178	547	18,101	22,491
Meadows Loan Premium	53	218	209	-	-	480
Palm Beach Loan Premium	17	67	5	-	-	89
<b>\$</b>	<b>310</b>	<b>\$ 1,376</b>	<b>\$ 19,426</b>	<b>\$ 856</b>	<b>\$ 31,228</b>	<b>\$ 53,196</b>

(2) Closing stock price was \$51.32 and \$44.66 as of September 30, 2009 and December 31, 2008, respectively.

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

	09/30/09	12/31/08	Increase (Decrease)	% Change
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 203,204	\$ 55,015	\$ 148,189	(a) 269.4%
Real estate facilities, at cost:				
Land	494,849	494,849	-	-
Buildings and equipment	1,533,208	1,517,484	15,724	1.0%
	2,028,057	2,012,333	15,724	0.8%
Accumulated depreciation	(697,879)	(637,948)	59,931	9.4%
	1,330,178	1,374,385	(44,207)	(b) (3.2%)
Land held for development	6,829	7,869	(1,040)	(c) (13.2%)
	1,337,007	1,382,254	(45,247)	(3.3%)
Rent receivable	1,978	2,055	(77)	(d) (3.7%)
Deferred rent receivable	21,952	21,633	319	1.5%
Other assets	7,180	8,366	(1,186)	(e) (14.2%)
Total assets	\$ 1,571,321	\$ 1,469,323	\$ 101,998	6.9%
<b><u>LIABILITIES AND EQUITY</u></b>				
Accrued and other liabilities	\$ 50,727	\$ 46,428	\$ 4,299	(f) 9.3%
Mortgage notes payable	53,196	59,308	(6,112)	(10.3%)
Total liabilities	103,923	105,736	(1,813)	(1.7%)
Equity:				
PS Business Parks, Inc.'s shareholders' equity:				
Preferred stock	626,046	706,250	(80,204)	(11.4%)
Common stock	243	204	39	19.1%
Paid-in capital	547,860	363,587	184,273	(g) 50.7%
Cumulative net income	679,212	622,113	57,099	9.2%
Cumulative distributions	(636,403)	(571,340)	65,063	(h) 11.4%
Total PS Business Parks, Inc.'s shareholders' equity	1,216,958	1,120,814	96,144	8.6%
Noncontrolling interests:				
Preferred units	73,418	94,750	(21,332)	(22.5%)
Common units	177,022	148,023	28,999	19.6%
Total noncontrolling interests:	250,440	242,773	7,667	3.2%
Total equity	1,467,398	1,363,587	103,811	7.6%
Total liabilities and equity	\$ 1,571,321	\$ 1,469,323	\$ 101,998	6.9%

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

<b>(a) Change in cash and cash equivalents:</b>			
Beginning cash balance			\$ 55,015
Net cash provided by operating activities			138,282
Net cash used in investing activities			(16,867)
Net cash provided by financing activities			26,774
Ending cash balance			<u>\$ 203,204</u>
<b>(b) Change in real estate facilities, at cost:</b>			
Beginning balance			\$ 1,374,385
Property renovations			371
Recurring capital improvements			4,148
Tenant improvements			11,205
Lease commissions			3,700
Depreciation and amortization			(63,631)
Ending balance			<u>\$ 1,330,178</u>
<b>(c) Change in land held for development:</b>			
Beginning balance			\$ 7,869
Sale of land			(1,040)
Ending balance			<u>\$ 6,829</u>
<b>(d) Rent receivable consists of:</b>			
	09/30/09	12/31/08	Increase (Decrease)
U.S. Government tenants	\$ 1,086	\$ 960	\$ 126
Other	1,292	1,395	(103)
Allowance for bad debt	(400)	(300)	(100)
	<u>\$ 1,978</u>	<u>\$ 2,055</u>	<u>\$ (77)</u>
<b>(e) Other assets consist of:</b>			
	09/30/09	12/31/08	Increase (Decrease)
Prepaid insurance	\$ 1,632	\$ 1,032	\$ 600
Prepaid property taxes	2,382	2,502	(120)
Lease incentives, net	877	1,285	(408)
Mortgage impounds	1,119	691	428
In-place lease adjustment, net	116	181	(65)
Other	1,054	2,675	(1,621)
	<u>\$ 7,180</u>	<u>\$ 8,366</u>	<u>\$ (1,186)</u>
<b>(f) Accrued and other liabilities consist of:</b>			
	09/30/09	12/31/08	Increase (Decrease)
Prepaid rent	\$ 9,569	\$ 9,156	\$ 413
Accrued property taxes	11,084	5,118	5,966
Security deposits	19,077	19,506	(429)
In-place lease adjustment and TI reimbursements, net	2,529	3,011	(482)
Other	8,468	9,637	(1,169)
	<u>\$ 50,727</u>	<u>\$ 46,428</u>	<u>\$ 4,299</u>
<b>(g) Change in paid-in capital:</b>			
Beginning paid-in capital			\$ 363,587
Shelf registration			(75)
Issuance of common stock, net of costs			171,194
Repurchase of common stock			(230)
Gain on repurchase of preferred equity			39,002
EITF Topic D-42			3,364
Stock compensation, net			565
Exercise of stock options			678
Adjustment to reflect noncontrolling interests to underlying ownership			(30,225)
Ending paid in capital			<u>\$ 547,860</u>
<b>(h) Change in cumulative distributions:</b>			
Beginning cumulative distributions			\$ (571,340)
Distributions to preferred shareholders			(36,290)
Distributions to common shareholders			(28,773)
Ending cumulative distributions			<u>\$ (636,403)</u>

**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share amounts)

	For The Three Months Ended		Increase (Decrease)	% Change
	09/30/09	09/30/08		
<b>Revenues:</b>				
Rental income	\$ 67,546	\$ 71,464	\$ (3,918) <b>(a)</b>	(5.5%)
Facility management fees	172	178	(6)	(3.4%)
Total operating revenues	<u>67,718</u>	<u>71,642</u>	<u>(3,924)</u>	<u>(5.5%)</u>
<b>Expenses:</b>				
Cost of operations	21,550	22,591	(1,041)	(4.6%)
Depreciation and amortization	19,828	24,703	(4,875)	(19.7%)
General and administrative	1,413	1,950	(537) <b>(b)</b>	(27.5%)
Total operating expenses	<u>42,791</u>	<u>49,244</u>	<u>(6,453)</u>	<u>(13.1%)</u>
<b>Other income and expenses:</b>				
Interest and other income	134	404	(270)	(66.8%)
Interest expense	(875)	(988)	(113) <b>(c)</b>	(11.4%)
Total other income and expenses	<u>(741)</u>	<u>(584)</u>	<u>157</u>	<u>26.9%</u>
<b>Net income</b>	<u><u>\$ 24,186</u></u>	<u><u>\$ 21,814</u></u>	<u><u>\$ 2,372</u></u>	<u>10.9%</u>
<b>Net income allocation:</b>				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 2,838	\$ 1,910	\$ 928	48.6%
Noncontrolling interests - preferred units	1,382	1,752	(370)	(21.1%)
Total net income allocable to noncontrolling interests	<u>4,220</u>	<u>3,662</u>	<u>558</u>	<u>15.2%</u>
Net income allocable to PS Business Parks, Inc.:				
Common shareholders	8,762	5,336	3,426	64.2%
Preferred shareholders	11,156	12,756	(1,600)	(12.5%)
Restricted stock unit holders	48	60	(12)	(20.0%)
Total net income allocable to PS Business Parks, Inc.	<u>19,966</u>	<u>18,152</u>	<u>1,814</u>	<u>10.0%</u>
	<u><u>\$ 24,186</u></u>	<u><u>\$ 21,814</u></u>	<u><u>\$ 2,372</u></u>	<u>10.9%</u>
<b>Net income per common share:</b>				
Basic	\$ 0.39	\$ 0.26	\$ 0.13	50.0%
Diluted	\$ 0.39	\$ 0.26	\$ 0.13	50.0%
<b>Weighted average common shares outstanding:</b>				
Basic	<u>22,549</u>	<u>20,448</u>	<u>2,101</u>	10.3%
Diluted	<u><u>22,709</u></u>	<u><u>20,642</u></u>	<u><u>2,067</u></u>	<u>10.0%</u>

**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED STATEMENT OF INCOME**  
**VARIANCE DETAIL**  
(in thousands)

	For The Three Months Ended		Increase (Decrease)
	09/30/09	09/30/08	
<b>(a) Rental income:</b>			
Same Park	\$ 67,411	\$ 71,109	\$ (3,698)
Same Park straight-line rent	135	355	(220)
	<u>\$ 67,546</u>	<u>\$ 71,464</u>	<u>\$ (3,918)</u>
<b>(b) General and administrative expenses:</b>			
Cash and non-cash compensation expense	\$ 936	\$ 1,484	\$ (548)
Professional fees	198	188	10
Other	279	278	1
	<u>\$ 1,413</u>	<u>\$ 1,950</u>	<u>\$ (537)</u>
<b>(c) Interest expense:</b>			
Mortgage notes payable	\$ (787)	\$ (900)	\$ (113)
Facilities fees & other charges	(88)	(88)	-
	<u>\$ (875)</u>	<u>\$ (988)</u>	<u>\$ (113)</u>

**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share amounts)

	For The Nine Months Ended		Increase (Decrease)	% Change
	9/30/2009	9/30/2008		
<b>Revenues:</b>				
Rental income	\$ 205,269	\$ 212,021	\$ (6,752) (a)	(3.2%)
Facility management fees	522	550	(28)	(5.1%)
Total operating revenues	<u>205,791</u>	<u>212,571</u>	<u>(6,780)</u>	<u>(3.2%)</u>
<b>Expenses:</b>				
Cost of operations	65,854	67,020	(1,166)	(1.7%)
Depreciation and amortization	63,631	75,270	(11,639)	(15.5%)
General and administrative	4,927	6,081	(1,154) (b)	(19.0%)
Total operating expenses	<u>134,412</u>	<u>148,371</u>	<u>(13,959)</u>	<u>(9.4%)</u>
<b>Other income and expenses:</b>				
Interest and other income	381	1,014	(633)	(62.4%)
Interest expense	(2,686)	(2,971)	(285) (c)	(9.6%)
Gain on sale of land	1,488	-	1,488	100.0%
Total other income and expenses	<u>(817)</u>	<u>(1,957)</u>	<u>(1,140)</u>	<u>(58.3%)</u>
<b>Net income</b>	<u><u>\$ 70,562</u></u>	<u><u>\$ 62,243</u></u>	<u><u>\$ 8,319</u></u>	<u>13.4%</u>
<b>Net income allocation:</b>				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 17,414	\$ 4,897	\$ 12,517	255.6%
Noncontrolling interests - preferred units	(3,951)	5,256	(9,207)	(175.2%)
Total net income allocable to noncontrolling interests	<u>13,463</u>	<u>10,153</u>	<u>3,310</u>	<u>32.6%</u>
Net income allocable to PS Business Parks, Inc.:				
Common shareholders	50,517	13,646	36,871	270.2%
Preferred shareholders	6,285	38,269	(31,984)	(83.6%)
Restricted stock unit holders	297	175	122	69.7%
Total net income allocable to PS Business Parks, Inc.	<u>57,099</u>	<u>52,090</u>	<u>5,009</u>	<u>9.6%</u>
	<u><u>\$ 70,562</u></u>	<u><u>\$ 62,243</u></u>	<u><u>\$ 8,319</u></u>	<u>13.4%</u>
<b>Net income per common share:</b>				
Basic	\$ 2.38	\$ 0.67	\$ 1.71	255.2%
Diluted	\$ 2.37	\$ 0.66	\$ 1.71	259.1%
<b>Weighted average common shares outstanding:</b>				
Basic	<u>21,191</u>	<u>20,438</u>	<u>753</u>	3.7%
Diluted	<u><u>21,311</u></u>	<u><u>20,627</u></u>	<u><u>684</u></u>	<u>3.3%</u>

**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED STATEMENT OF INCOME**  
**VARIANCE DETAIL**  
(in thousands)

	For The Nine Months Ended		Increase (Decrease)
	09/30/09	09/30/08	
<b>(a) Rental income:</b>			
Same Park	\$ 204,950	\$ 211,749	\$ (6,799)
Same Park straight-line rent	319	272	47
	<u>\$ 205,269</u>	<u>\$ 212,021</u>	<u>\$ (6,752)</u>
<b>(b) General and administrative expenses:</b>			
Cash and non-cash compensation expense	\$ 3,462	\$ 4,666	\$ (1,204)
Professional fees	602	547	55
Other	863	868	(5)
	<u>\$ 4,927</u>	<u>\$ 6,081</u>	<u>\$ (1,154)</u>
<b>(c) Interest expense:</b>			
Mortgage notes payable	\$ (2,422)	\$ (2,707)	\$ (285)
Facilities fees & other charges	(264)	(264)	-
	<u>\$ (2,686)</u>	<u>\$ (2,971)</u>	<u>\$ (285)</u>

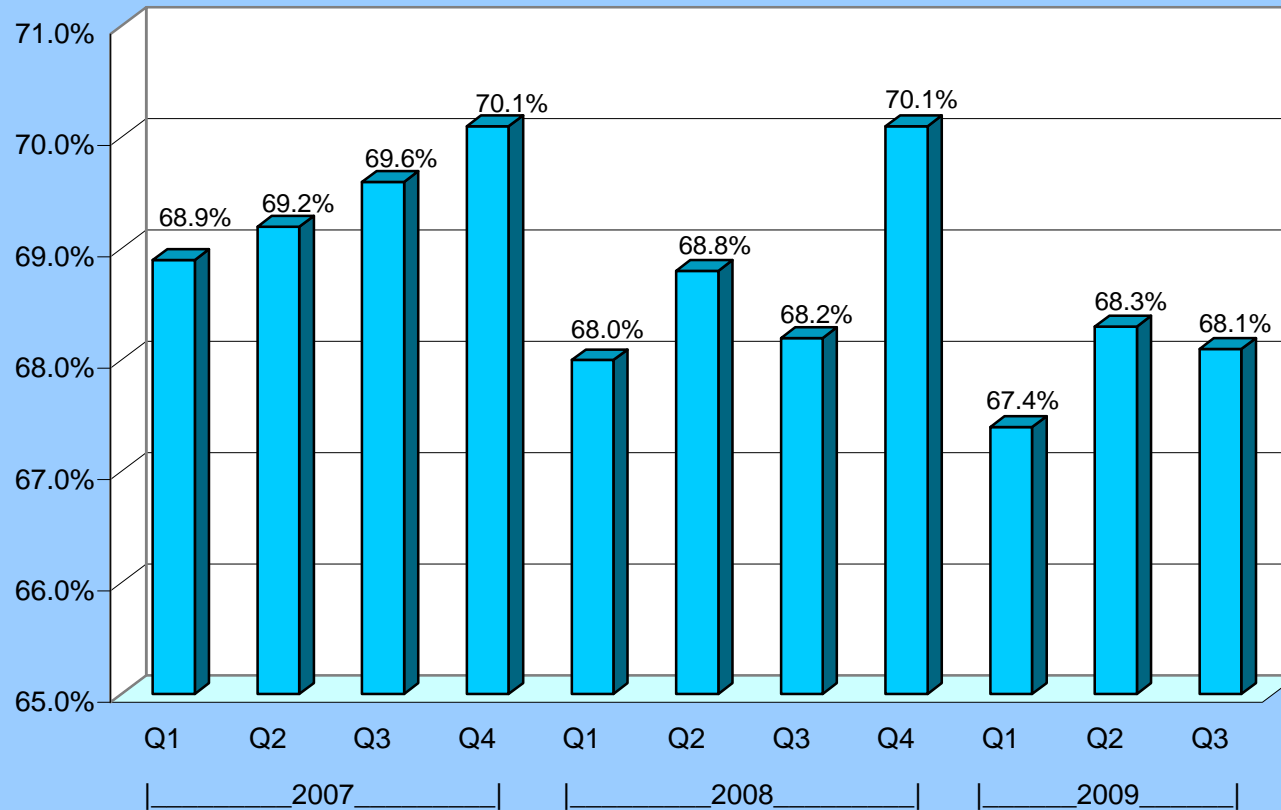
**PS BUSINESS PARKS, INC.**  
**Analysis of Capital Expenditures**  
(in thousands)

<u>Recurring capital expenditures</u> <sup>(1)</sup>	<u>For The Nine Months Ended</u> <u>September 30, 2009</u>	<u>Cost per Weighted</u> <u>Average Square Foot</u>
Capital improvements <sup>(2)</sup>	\$4,148	\$0.21
Tenant improvements	11,205	\$0.57
Lease commissions	3,700	\$0.19
Total recurring capital expenditures	<u>\$19,053</u>	\$0.97
 <u>Non-recurring capital expenditures</u>		
Property renovations	\$371	
Total non-recurring capital expenditures	<u>\$371</u>	

(1) The Company defines "recurring capital expenditures" as those capitalized costs necessary to continue to operate the property at its current economic value. Capital improvements in excess of \$2,000 with a useful life greater than 24 months are capitalized. Lease transaction costs in excess of \$1,000 for leases with terms greater than 12 months are capitalized. It excludes deferred maintenance and leasing costs committed to by previous owners for acquired properties, renovations that substantially enhance the value of a property and first generation leasing costs on development properties. Lease-up costs on acquired properties are included in recurring capital expenditures. Repairs and maintenance expense was \$14.4 million or approximately \$0.73 per weighted average square foot for the nine months ended September 30, 2009 compared to \$15.7 million or approximately \$0.80 per weighted average square foot for the nine months ended September 30, 2008.

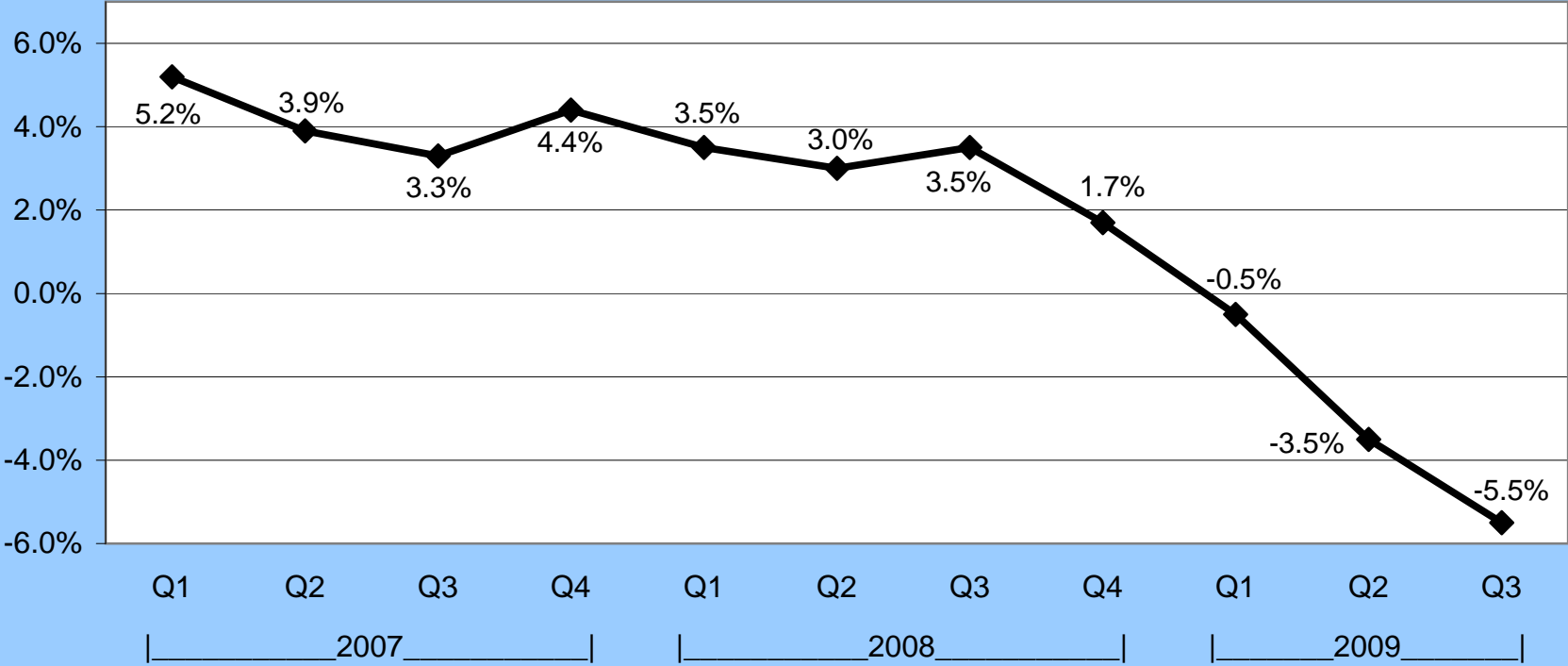
(2) Major costs include roof, HVAC and parking lot replacement as well as other major repairs that extend the life of the respective components of the building.

## Same Park Gross Operating Margin Percentage \*



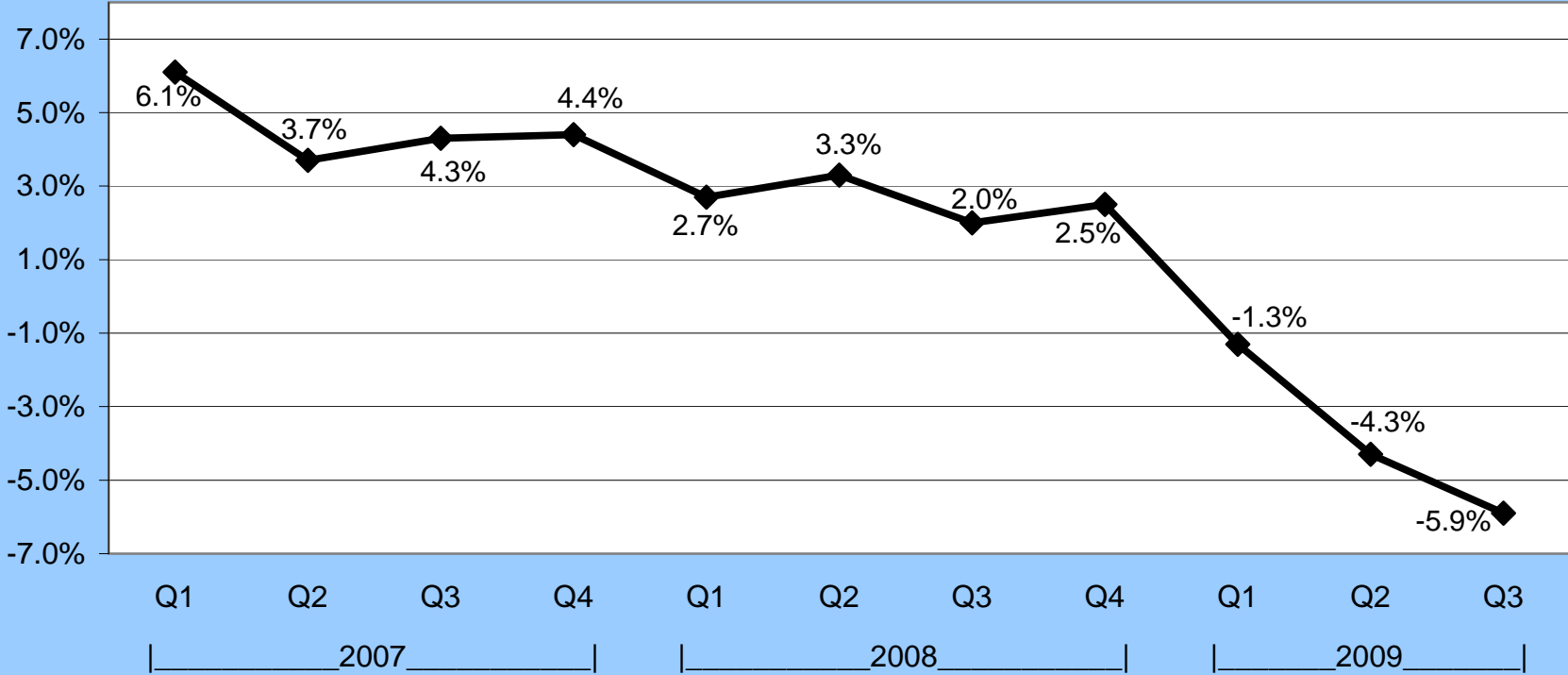
\* Gross margin is computed by dividing property net operating income by rental income for Same Park properties owned in each period.

# Change in Same Park Revenue \*



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

### Change in Same Park NOI \*



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

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

Industry Concentration as of September 30, 2009

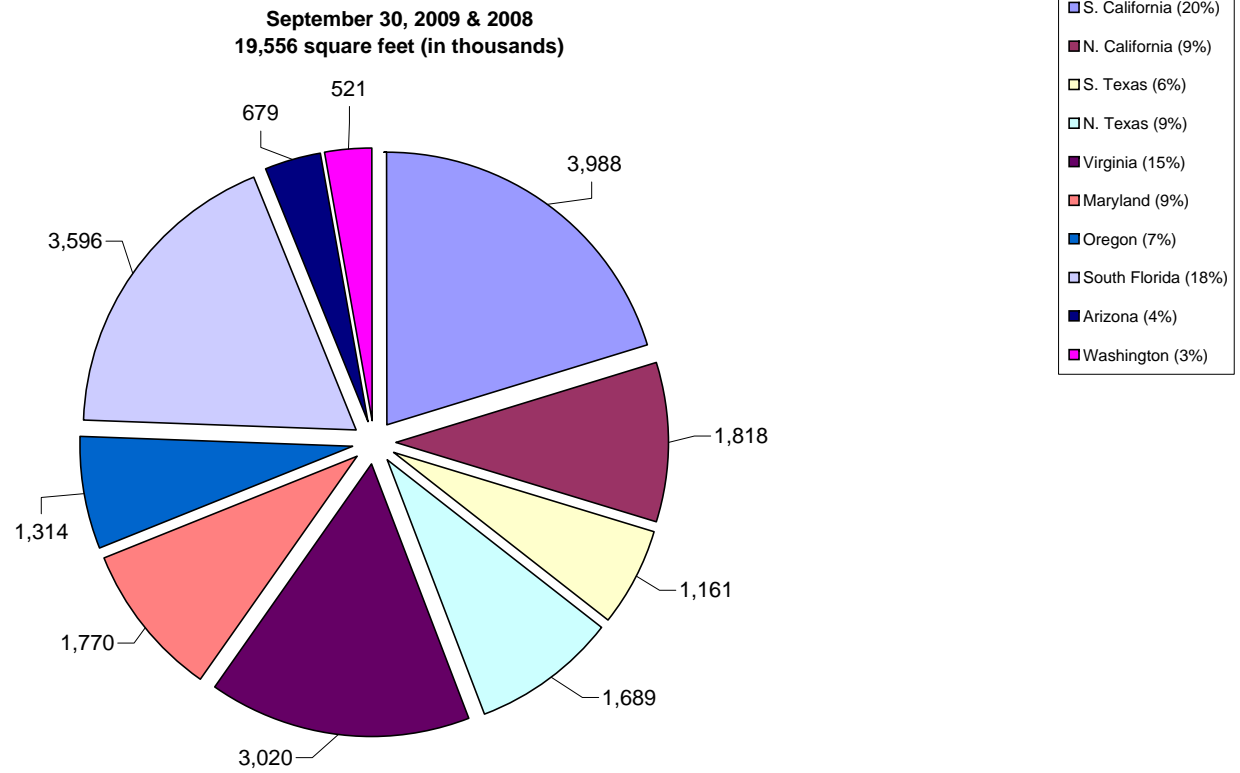
Industry	% of Total Rental Income
Business Services	14.8%
Health Services	11.1%
Computer Hardware, Software and Related Services	9.1%
Warehouse, Distribution, Transportation and Logistics	8.8%
Government	8.3%
Engineering and Construction	7.7%
Insurance and Financial Services	7.0%
Retail, Food and Automotive	6.9%
Communications	5.2%
Home Furnishings	3.8%
Electronics	3.5%
Educational Services	2.8%
Aerospace/Defense Products and Services	2.4%
Other	8.6%
<b>Total</b>	<b>100.0%</b>

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

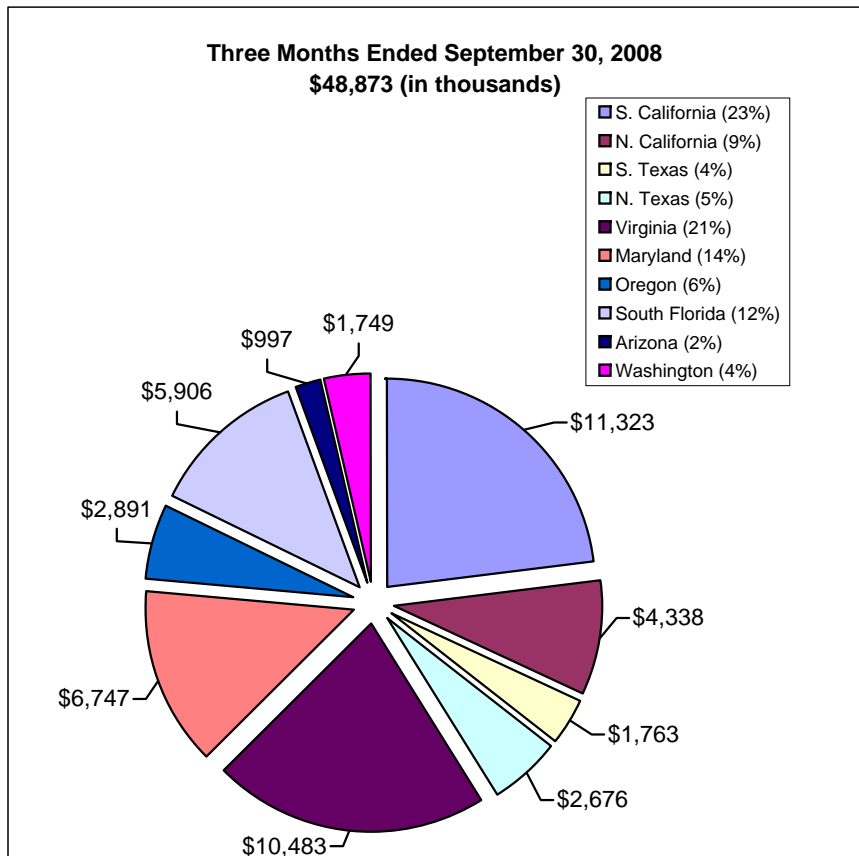
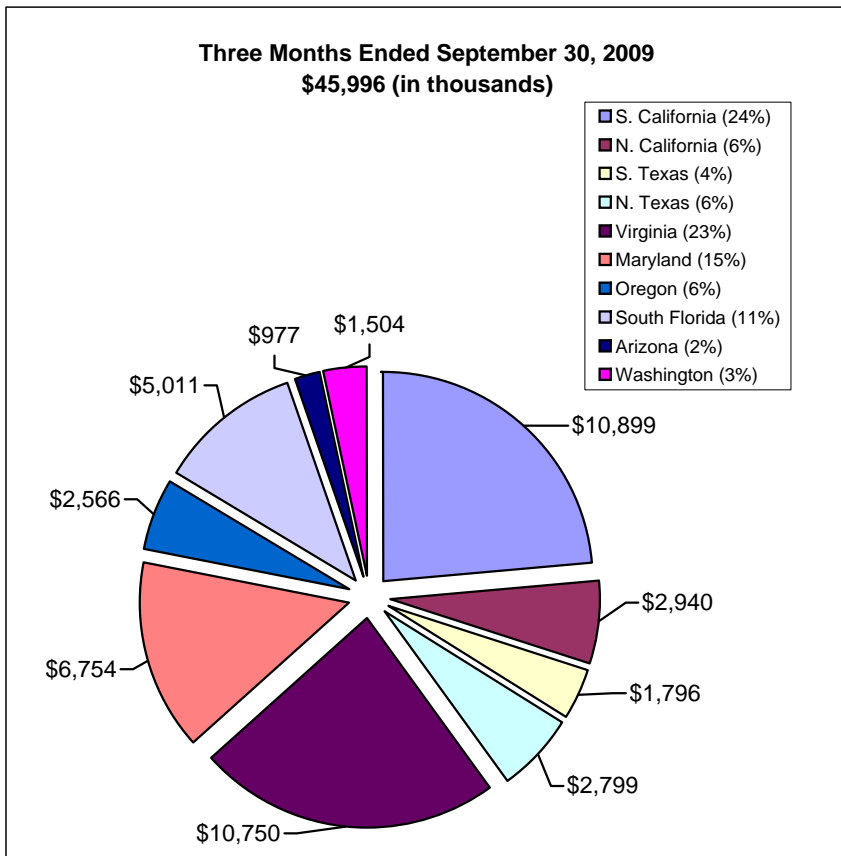
Tenant	Square Footage	Annualized Rental Income <sup>(1)</sup>	% of Total Annualized Rental Income
U.S. Government	505	\$ 12,982	4.7%
Kaiser Permanente	186	4,587	1.6%
Wells Fargo Bank	101	1,772	0.6%
AARP	102	1,702	0.6%
American Intercontinental University	75	1,461	0.5%
Northrup Grumman	58	1,432	0.5%
Verizon	72	1,361	0.5%
Montgomery County Public School	47	1,357	0.5%
Intel Corporation	94	1,322	0.5%
Symantec Corporation	73	1,245	0.4%
<b>Total</b>	<b>1,313</b>	<b>\$ 29,221</b>	<b>10.4%</b>

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

### Total Owned Rentable Square Footage by Region



### Total Owned Property Net Operating Income by Region



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

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

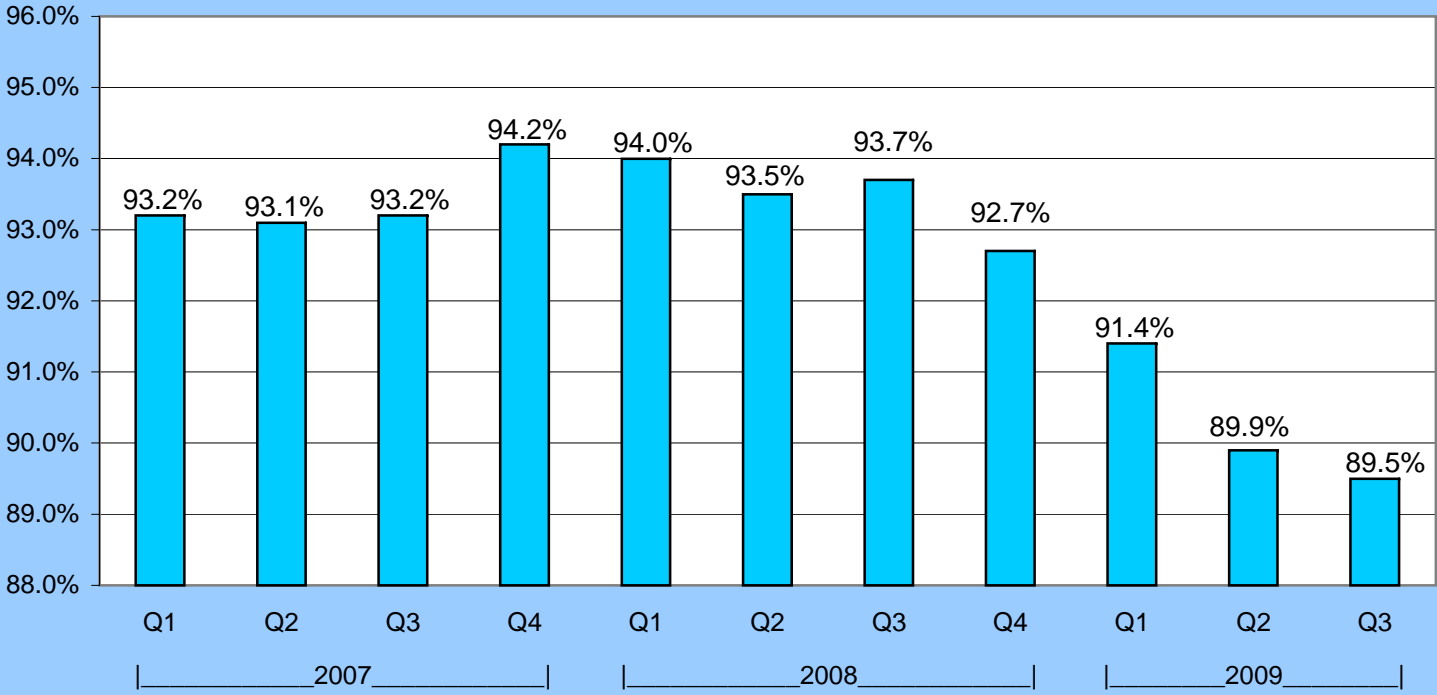
Weighted Average Occupancy Rates by Product Type for the Three Months Ended September 30, 2009				
Primary Markets	Industrial	Office	Flex	Total
Miami	94.2%	93.7%	88.7%	93.1%
Northern Virginia	-	95.1%	92.5%	93.4%
Northern California	99.6%	83.6%	76.1%	83.2%
Maryland	-	95.7%	86.4%	91.0%
Dallas	100.0%	-	88.0%	89.7%
Orange County	-	85.9%	90.2%	88.3%
Los Angeles County	100.0%	87.9%	90.1%	94.5%
Portland	-	72.2%	79.5%	78.4%
Austin	-	-	84.1%	84.1%
San Diego County	-	-	92.0%	92.0%
Phoenix	-	-	85.2%	85.2%
Seattle	-	85.5%	85.4%	85.4%
Palm Beach	-	-	87.0%	87.0%
Houston	-	97.0%	93.6%	94.8%
<b>Total</b>	<b>96.2%</b>	<b>90.7%</b>	<b>87.0%</b>	<b>89.5%</b>

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended September 30, 2009			
Primary Markets	Large Tenant	Small Tenant	Total
Miami	92.3%	99.8%	93.1%
Northern Virginia	92.5%	95.2%	93.4%
Northern California	81.3%	85.0%	83.2%
Maryland	91.5%	86.8%	91.0%
Dallas	90.3%	86.9%	89.7%
Orange County	92.1%	84.9%	88.3%
Los Angeles County	100.0%	90.0%	94.5%
Portland	79.3%	74.1%	78.4%
Austin	84.6%	82.6%	84.1%
San Diego County	-	92.0%	92.0%
Phoenix	-	85.2%	85.2%
Seattle	-	85.4%	85.4%
Palm Beach	-	87.0%	87.0%
Houston	-	94.8%	94.8%
<b>Total</b>	<b>90.0%</b>	<b>88.7%</b>	<b>89.5%</b>

**Note:**

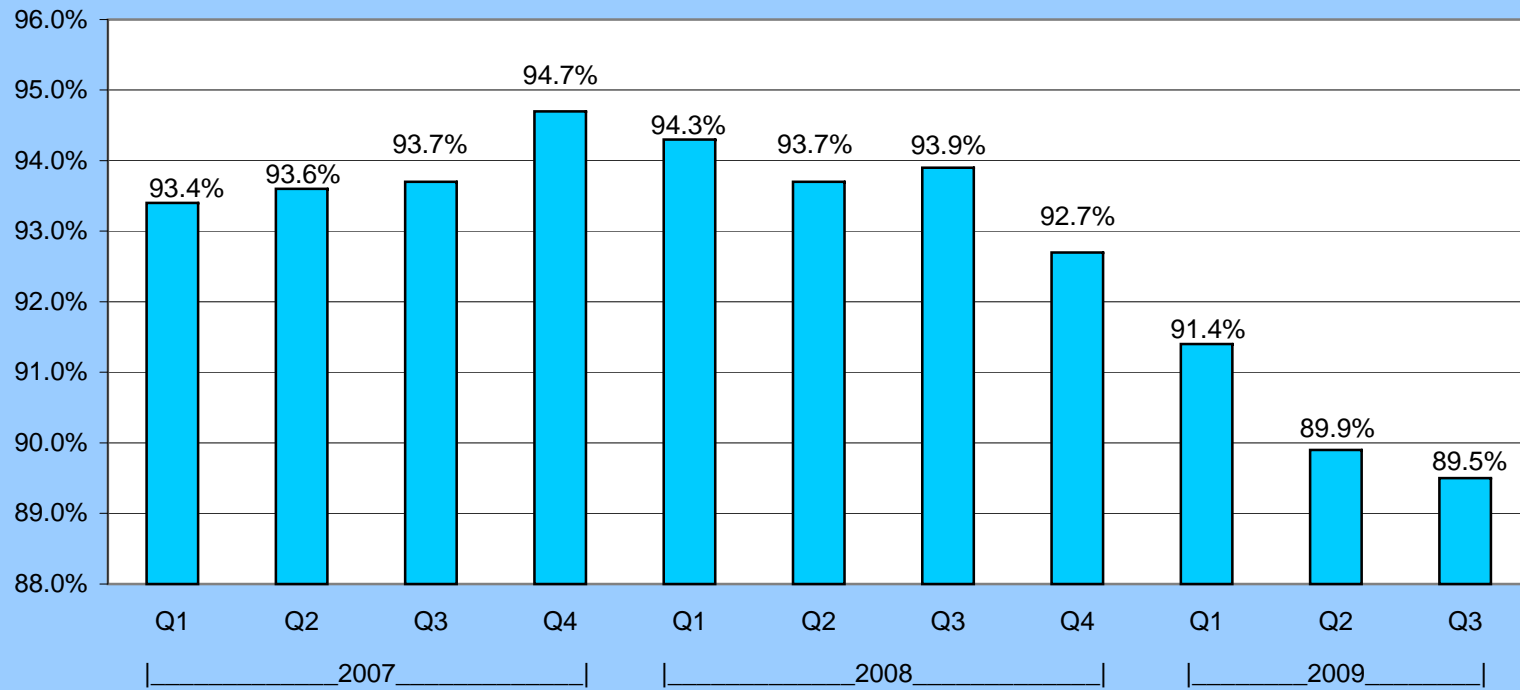
The Company's "large tenant" portfolio consists of properties with average leases greater than or equal to 5,000 square feet while the "small tenant" portfolio consists of properties with average leases less than 5,000 square feet.

# Total Owned Portfolio Weighted Average Occupancy \*



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

## Same Park Weighted Average Occupancy \*



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

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of September 30, 2009**

(in thousands)

Lease Expirations - Flex				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	642	\$ 8,744	5.1%	3.1%
2010	2,509	38,486	22.2%	13.6%
2011	2,594	41,533	24.0%	14.6%
2012	1,971	31,351	18.1%	11.1%
2013	1,216	19,106	11.0%	6.8%
Thereafter	1,790	33,905	19.6%	12.0%
Total	10,722	\$ 173,125	100.0%	61.2%

Lease Expirations - Office				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	97	\$ 2,027	2.5%	0.7%
2010	821	19,753	25.0%	7.0%
2011	666	16,076	20.4%	5.7%
2012	640	15,789	20.0%	5.6%
2013	344	8,754	11.1%	3.1%
Thereafter	620	16,564	21.0%	5.8%
Total	3,188	\$ 78,963	100.0%	27.9%

Lease Expirations - Industrial				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	152	\$ 971	3.1%	0.3%
2010	891	7,285	23.2%	2.5%
2011	897	7,574	24.2%	2.7%
2012	735	6,104	19.5%	2.1%
2013	595	4,904	15.7%	1.7%
Thereafter	547	4,486	14.3%	1.6%
Total	3,817	\$ 31,324	100.0%	10.9%

Lease Expirations - Total				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	891	\$ 11,742	4.1%	4.1%
2010	4,221	65,524	23.1%	23.1%
2011	4,157	65,183	23.0%	23.0%
2012	3,346	53,244	18.8%	18.8%
2013	2,155	32,764	11.6%	11.6%
Thereafter	2,957	54,955	19.4%	19.4%
Total	17,727	\$ 283,412	100.0%	100.0%

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of September 30, 2009**

(in thousands)

Southern California					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	260	\$	4,295	6.5%	1.5%
2010	1,088		18,779	28.5%	6.6%
2011	994		15,917	24.2%	5.6%
2012	546		10,351	15.7%	3.7%
2013	281		5,540	8.4%	2.0%
Thereafter	537		11,018	16.7%	3.9%
Total	3,706	\$	65,900	100.0%	23.3%

Northern California					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	47	\$	743	3.6%	0.3%
2010	435		5,970	29.3%	2.1%
2011	331		4,826	23.7%	1.7%
2012	342		3,877	19.0%	1.4%
2013	163		2,464	12.1%	0.9%
Thereafter	217		2,505	12.3%	0.9%
Total	1,535	\$	20,385	100.0%	7.3%

Southern Texas					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	128	\$	1,445	11.4%	0.5%
2010	201		2,372	18.7%	0.8%
2011	168		2,068	16.3%	0.7%
2012	219		2,898	22.8%	1.0%
2013	111		1,056	8.3%	0.4%
Thereafter	214		2,869	22.5%	1.0%
Total	1,041	\$	12,708	100.0%	4.4%

Northern Texas					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	90	\$	675	3.9%	0.2%
2010	302		2,917	16.8%	1.0%
2011	184		2,143	12.3%	0.8%
2012	331		4,409	25.4%	1.6%
2013	313		2,757	15.9%	1.0%
Thereafter	306		4,464	25.7%	1.6%
Total	1,526	\$	17,365	100.0%	6.2%

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of September 30, 2009**

(in thousands)

South Florida					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2009	142	\$ 1,255	4.0%	0.4%	
2010	839	7,706	24.2%	2.7%	
2011	859	8,097	25.5%	2.9%	
2012	701	6,706	21.1%	2.4%	
2013	450	4,499	14.2%	1.6%	
Thereafter	352	3,500	11.0%	1.2%	
Total	3,343	\$ 31,763	100.0%	11.2%	

Northern Virginia					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2009	63	\$ 921	1.5%	0.3%	
2010	664	14,110	23.0%	5.0%	
2011	447	8,825	14.4%	3.1%	
2012	595	12,902	21.1%	4.5%	
2013	433	8,446	13.8%	3.0%	
Thereafter	654	16,079	26.2%	5.7%	
Total	2,856	\$ 61,283	100.0%	21.6%	

Maryland					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2009	18	\$ 392	1.0%	0.1%	
2010	322	8,095	19.9%	2.9%	
2011	470	11,745	28.8%	4.1%	
2012	291	7,403	18.2%	2.6%	
2013	131	3,174	7.8%	1.1%	
Thereafter	414	9,911	24.3%	3.5%	
Total	1,646	\$ 40,720	100.0%	14.3%	

Oregon					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2009	32	\$ 400	2.1%	0.2%	
2010	127	2,141	11.4%	0.8%	
2011	448	7,796	41.6%	2.8%	
2012	91	1,595	8.5%	0.5%	
2013	181	3,167	16.9%	1.1%	
Thereafter	204	3,649	19.5%	1.3%	
Total	1,083	\$ 18,748	100.0%	6.7%	

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of September 30, 2009**

(in thousands)

Washington					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	49	\$	854	10.6%	0.3%
2010	82		1,494	18.5%	0.5%
2011	128		2,365	29.2%	0.8%
2012	74		1,442	17.8%	0.5%
2013	57		1,253	15.5%	0.4%
Thereafter	32		680	8.4%	0.2%
Total	422	\$	8,088	100.0%	2.7%

Arizona					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	62	\$	762	11.8%	0.3%
2010	161		1,940	30.1%	0.7%
2011	128		1,401	21.7%	0.5%
2012	156		1,661	25.7%	0.6%
2013	35		408	6.3%	0.1%
Thereafter	27		280	4.4%	0.1%
Total	569	\$	6,452	100.0%	2.3%

Total					
Year of Lease Expiration	Leased Square Footage		Annualized Rental Income	%	% of Total Annualized Rental Income
2009	891	\$	11,742	4.1%	4.1%
2010	4,221		65,524	23.1%	23.1%
2011	4,157		65,183	23.0%	23.0%
2012	3,346		53,244	18.8%	18.8%
2013	2,155		32,764	11.6%	11.6%
Thereafter	2,957		54,955	19.4%	19.4%
Total	17,727	\$	283,412	100.0%	100.0%

**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of September 30, 2009**

(in thousands)

Lease Expirations - Large Tenant Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	275	\$ 2,486	1.5%	0.9%
2010	2,124	31,118	18.9%	11.0%
2011	2,439	36,865	22.4%	13.0%
2012	2,102	31,725	19.3%	11.2%
2013	1,629	22,115	13.4%	7.8%
Thereafter	2,277	40,372	24.5%	14.2%
Total	10,846	\$ 164,681	100.0%	58.1%

Lease Expirations - Small Tenant Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	616	\$ 9,256	7.8%	3.2%
2010	2,097	34,406	29.0%	12.1%
2011	1,718	28,318	23.8%	10.0%
2012	1,244	21,519	18.1%	7.6%
2013	526	10,649	9.0%	3.8%
Thereafter	680	14,583	12.3%	5.2%
Total	6,881	\$ 118,731	100.0%	41.9%

Lease Expirations - Total				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2009	891	\$ 11,742	4.1%	4.1%
2010	4,221	65,524	23.1%	23.1%
2011	4,157	65,183	23.0%	23.0%
2012	3,346	53,244	18.8%	18.8%
2013	2,155	32,764	11.6%	11.6%
Thereafter	2,957	54,955	19.4%	19.4%
Total	17,727	\$ 283,412	100.0%	100.0%