



**PSBUSINESSPARKS**

**Analysis of Operating Results  
and Financial Condition**

**March 31, 2006**

**ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION  
FOR THE THREE MONTHS MONTHS ENDED MARCH 31, 2006**

**INDEX**

	<b><u>Page</u></b>
Fact Sheet .....	<b>1</b>
Funds from Operations (FFO) .....	<b>2 - 3</b>
Capital Structure .....	<b>4</b>
Consolidated Balance Sheets.....	<b>5 - 6</b>
Consolidated Income Statements .....	<b>7 - 8</b>
Gross Margins .....	<b>9</b>
Capital Expenditure Analysis.....	<b>10</b>
Rentable Square Footage by Region .....	<b>11</b>
Portfolio Analyses .....	<b>12 - 23</b>

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

OPERATING DATA				
	FOR THE THREE MONTHS ENDED			% Change
	03/31/06	03/31/05		
Total operating revenues	\$ 58,903	\$ 53,908		9.3%
Net income allocable to common shareholders	\$ 5,062	\$ 7,324		(30.9%)
Net income per common share - diluted:				
Continuing operations	\$ 0.21	\$ 0.20		5.0%
Discontinued operations	\$ 0.02	\$ 0.13		(84.6%)
Net income per common share - diluted	\$ 0.23	\$ 0.33		(30.3%)
Weighted average common shares outstanding - basic	21,437	21,852		(1.9%)
Weighted average common shares outstanding - diluted	21,708	22,012		(1.4%)
Weighted average common OP units outstanding	7,305	7,305		0.0%
Total fully-converted diluted shares	29,013	29,317		(1.0%)

FUNDS FROM OPERATIONS				
	FOR THE THREE MONTHS ENDED			% Change
	03/31/06	03/31/05		
FFO allocable to common shareholders before adjustments	\$ 24,877	\$ 25,881		(3.9%)
Footstar Bankruptcy Settlement	1,810	-		100%
FFO allocable to common shareholders, reported	\$ 26,687	\$ 25,881		3.1%
Diluted FFO per common share and units - before adjustments	\$ 0.86	\$ 0.88		(2.3%)
Diluted FFO per common share and units - as reported	\$ 0.92	\$ 0.88		4.5%

PROPERTY INFORMATION				
	FOR THE THREE MONTHS ENDED			% Change
	03/31/06	03/31/05		
<u>Total Owned Portfolio</u> (excluding discontinued operations)				
Net rentable square footage at period end	17,844	17,245		3.5%
Weighted average occupancy	92.8%	91.4%		1.5%
Annualized realized rent per sq. ft. (1)	\$ 13.88	\$ 13.64		1.8%
REVPAR (2)	\$ 12.88	\$ 12.47		3.3%
<u>Same Park Portfolio</u>				
Net rentable square footage at period end	17,245	17,245		0.0%
Weighted average occupancy	92.7%	91.4%		1.4%
Annualized realized rent per sq. ft. (1)	\$ 13.77	\$ 13.64		1.0%
REVPAR (2)	\$ 12.76	\$ 12.47		2.3%

- (1) Represents the annualized revenues earned per occupied square foot less bankruptcy settlement of \$1.8 million.  
(2) Represents the annualized revenues earned per total square foot less bankruptcy settlement of \$1.8 million.

BALANCE SHEET DATA				
	03/31/06	12/31/05	% Change	
	Total assets	\$ 1,453,015	\$ 1,463,678	
Minority interest - preferred	\$ 135,750	\$ 135,750		0.0%
Minority interest - common	\$ 167,468	\$ 169,451		(1.2%)
Perpetual preferred stock	\$ 593,350	\$ 593,350		0.0%
Common shareholders' equity	\$ 489,288	\$ 500,108		(2.2%)
Total common shares outstanding at period end	21,344	21,561		(1.0%)
Book value per common share	\$ 22.92	\$ 23.20		(1.2%)

MARKET VALUE INFORMATION				
	03/31/06	12/31/05	% Change	
	Market value of common stock and common OP units	\$ 1,602,069	\$ 1,420,204	
Total debt	25,726	25,893		(0.6%)
Total preferred stock and preferred OP units	729,100	729,100		0.0%
Total market capitalization	\$ 2,356,895	\$ 2,175,197		8.4%
Stock price at the end of the period	\$ 55.92	\$ 49.20		13.7%

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

	FOR THE THREE MONTHS ENDED		Increase (Decrease)	% Change
	03/31/06	03/31/05		
<b><u>Funds from operations (FFO):</u></b>				
Net income allocable to common shareholders	\$ 5,062	\$ 7,324	\$ (2,262)	(30.9%)
Adjustments:				
Gain on disposition of real estate	(711)	(2,914)	(2,203)	(75.6%)
Depreciation and amortization	20,612	19,016	1,596	8.4%
Minority interest in income - common units	1,724	2,455	(731)	(29.8%)
FFO allocable to common shareholders/unitholders	<u>\$ 26,687</u>	<u>\$ 25,881</u>	<u>\$ 806</u>	<u>3.1%</u>
Weighted average common shares outstanding	21,437	21,852	(415)	(1.9%)
Weighted average common OP units outstanding	7,305	7,305	-	0.0%
Weighted average common stock equivalents outstanding	271	160	111	69.4%
Total pro forma fully-converted shares	<u>29,013</u>	<u>29,317</u>	<u>(304)</u>	<u>(1.0%)</u>
Diluted FFO per common share/OP unit	<u>\$ 0.92</u>	<u>\$ 0.88</u>	<u>\$ 0.04</u>	<u>4.5%</u>
<b><u>Funds available for distribution (FAD):</u></b>				
Funds from operations	\$ 26,687	\$ 25,881	\$ 806	3.1%
Adjustments:				
Maintenance capital expenditures	(1,004)	(339)	665	196.2%
Tenant improvements	(3,543)	(6,447)	(2,904)	(45.0%)
Lease commissions	(511)	(1,554)	(1,043)	(67.1%)
Straight-line rent	(589)	(1,188)	(599)	(50.4%)
Stock compensation expense	526	127	399	314.2%
In-place rents adjustment (SFAS 141)	53	39	14	35.9%
Lease incentives	130	-	130	100%
FAD	<u>\$ 21,749</u>	<u>\$ 16,519</u>	<u>\$ 5,230</u>	<u>31.7%</u>
Diluted FAD per common share/OP unit	<u>\$ 0.75</u>	<u>\$ 0.56</u>	<u>\$ 0.19</u>	<u>33.9%</u>
<b><u>Cash available for debt repayments and reinvestments:</u></b>				
FAD	\$ 21,749	\$ 16,519	\$ 5,230	31.7%
Distributions to common shareholders	(6,189)	(6,342)	(153)	(2.4%)
Distributions to common OP unit holders	(2,119)	(2,119)	-	0.0%
Cash available for debt repayments and reinvestments	<u>\$ 13,441</u>	<u>\$ 8,058</u>	<u>\$ 5,383</u>	<u>66.8%</u>
FAD payout ratio	<u>38.2%</u>	<u>51.2%</u>	<u>(13.0%)</u>	<u>(25.4%)</u>

## Reported Diluted FFO Per Common Share/OP Unit



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

	As of March 31, 2006			As of December 31, 2005		
	Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
<b>Long-Term Debt:</b>						
8.190% mortgage note, secured by one commercial property, due March 2007	\$ 5,229			\$ 5,302		
7.290% mortgage note, secured by one commercial property, due February 2009	5,607			5,645		
5.730% mortgage note, secured by one commercial property, due March 2013	14,890			14,946		
Total mortgage notes payable (1)	<u>25,726</u>	1.1%	6.57%	<u>25,893</u>	1.2%	6.57%
<b>Short-Term Debt:</b>						
\$100 million unsecured line of credit	-			-		
Total short-term debt	<u>-</u>	-	-	<u>-</u>	-	-
Total debt	<u>25,726</u>	1.1%	6.57%	<u>25,893</u>	1.2%	6.57%
<b>Preferred Equity</b>						
9.500% Series D preferred stock (2,634,000 depositary shares outstanding) callable 5/10/06	65,850			65,850		
9.250% Series E preferred operating partnership units (2,120,000 units outstanding) callable 9/21/06	53,000			53,000		
8.750% Series F preferred stock (2,000,000 depositary shares outstanding) callable 1/28/07	50,000			50,000		
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 depositary shares outstanding) callable 1/30/09	205,000			205,000		
6.875% Series I preferred stock (3,000,000 depositary 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 depositary shares outstanding) callable 6/30/09	57,500			57,500		
7.600% Series L preferred stock (2,300,000 depositary shares outstanding) callable 8/31/09	57,500			57,500		
7.200% Series M preferred stock (3,300,000 depositary 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		
Total preferred equity	<u>729,100</u>	30.9%	7.70%	<u>729,100</u>	33.5%	7.70%
Total debt and preferred equity	<u>754,826</u>	32.0%	7.66%	<u>754,993</u>	34.7%	7.66%
Common stock (21,343,957 and 21,560,593 shares outstanding in March 31, 2006 and December 31, 2005 respectively)	1,193,554			\$ 1,060,781		
Common operating partnership units (7,305,355 units outstanding as of March 31, 2006 and December 31, 2005)	408,515			359,423		
Total common equity (2)	<u>1,602,069</u>	68.0%		<u>1,420,204</u>	65.3%	
Total market capitalization	<u>\$ 2,356,895</u>	100%		<u>\$ 2,175,197</u>	100%	

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

	Principal Maturity Dates						
	2006	2007	2008	2009	2010	Thereafter	Total
Park East I & II	\$227	\$5,002	-	-	-	-	\$5,229
Park East III	117	167	\$179	\$5,144	-	-	5,607
Rose Canyon	147	233	244	261	\$277	\$13,728	14,890
\$	491	\$ 5,402	\$ 423	\$ 5,405	\$ 277	\$ 13,728	\$ 25,726

(2) Closing stock price was \$55.92 and \$49.20 as of March 31, 2006 and December 31, 2005, respectively.

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

	03/31/06	12/31/05	Increase (Decrease)	% Change
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 137,631	\$ 200,447	\$ (62,816)	(a) (31.3%)
Real estate facilities, at cost:				
Land	402,183	382,804	19,379	5.1%
Buildings and equipment	1,245,058	1,189,501	55,557	4.7%
	<u>1,647,241</u>	<u>1,572,305</u>	<u>74,936</u>	(b) 4.8%
Accumulated depreciation	(375,787)	(355,202)	20,585	5.8%
	<u>1,271,454</u>	<u>1,217,103</u>	<u>54,351</u>	4.5%
Properties held for disposition, net	4,082	6,158	(2,076)	(c) (33.7%)
Land held for development	9,019	9,011	8	0.1%
	<u>1,284,555</u>	<u>1,232,272</u>	<u>52,283</u>	4.2%
Rent receivable	3,285	2,678	607	(d) 22.7%
Deferred rent receivables	19,239	18,650	589	3.2%
Other assets	8,305	9,631	(1,326)	(e) (13.8%)
Total assets	<u>\$ 1,453,015</u>	<u>\$ 1,463,678</u>	<u>\$ (10,663)</u>	<u>(0.7%)</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>				
Accrued and other liabilities	\$ 41,433	\$ 39,126	\$ 2,307	(f) 5.9%
Mortgage notes payable	<u>25,726</u>	<u>25,893</u>	<u>(167)</u>	<u>(0.6%)</u>
Total liabilities	67,159	65,019	2,140	3.3%
Minority interests:				
Preferred units	135,750	135,750	-	0.0%
Common units	167,468	169,451	(1,983)	(1.2%)
Shareholders' equity:				
Preferred stock	593,350	593,350	-	0.0%
Common stock	213	215	(2)	(0.9%)
Paid-in capital	397,689	407,380	(9,691)	(g) (2.4%)
Cumulative net income	435,140	418,823	16,317	3.9%
Cumulative distributions	(343,754)	(326,310)	17,444	(h) 5.3%
Total shareholders' equity	<u>1,082,638</u>	<u>1,093,458</u>	<u>(10,820)</u>	<u>(1.0%)</u>
Total liabilities and shareholders' equity	<u>\$ 1,453,015</u>	<u>\$ 1,463,678</u>	<u>\$ (10,663)</u>	<u>(0.7%)</u>

**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**VARIANCE EXPLANATIONS**

(in thousands)

<b>(a) Change in cash and cash equivalents</b>			
Beginning cash balance			\$ 200,447
Net cash provided by operating activities			43,928
Net cash used in investing activities			(72,590)
Net cash used in financing activities			(34,154)
Ending cash balance			<u>\$ 137,631</u>
<b>(b) Change in real estate facilities, at cost:</b>			
Beginning balance			\$ 1,572,305
Property acquisition			69,233
Property renovations			648
Maintenance capital expenditures			1,004
Tenant improvements			3,543
Lease commissions			511
Capital expenditures, properties held for sale			(3)
Ending balance			<u>\$ 1,647,241</u>
<b>(c) Change in discontinued operations, net:</b>			
Beginning balance			\$ 6,158
Disposition of real estate			(2,052)
Held for disposition			(24)
Ending Balance			<u>\$ 4,082</u>
<b>(d) Rent receivable consists of the following:</b>			
	<u>03/31/06</u>	<u>12/31/05</u>	<u>Change</u>
U.S. Government Tenants	\$ 1,296	\$ 1,479	\$ (183)
Other	2,289	1,499	790
Allowance for bad debt	(300)	(300)	-
	<u>\$ 3,285</u>	<u>\$ 2,678</u>	<u>\$ 607</u>
<b>(e) Change in other assets:</b>			
	<u>03/31/06</u>	<u>12/31/05</u>	<u>Change</u>
Insurance receivable	1,537	1,619	(82)
Lease incentives, net	2,417	2,422	(5)
Unbilled expense recovery	-	519	(519)
In place rent adjustment, net	837	456	381
Other	3,514	4,615	(1,101)
	<u>\$ 8,305</u>	<u>\$ 9,631</u>	<u>\$ (1,326)</u>
<b>(f) Accrued and other liabilities consists of:</b>			
	<u>03/31/06</u>	<u>12/31/05</u>	<u>Change</u>
Prepaid Rent	\$ 7,124	\$ 6,272	\$ 852
Property taxes	5,933	5,095	838
Security deposits	16,443	15,964	479
Reserves for acquisition costs	3,816	3,820	(4)
Other	8,117	7,975	142
	<u>\$ 41,433</u>	<u>\$ 39,126</u>	<u>\$ 2,307</u>
<b>(g) Change in paid-in capital:</b>			
Beginning paid-in capital			\$ 407,380
Repurchase of common stock			(11,691)
Exercise of stock options			50
Stock option amortization			112
Restricted stock amortization			249
Change in minority interest, common			1,589
Ending paid in capital			<u>\$ 397,689</u>
<b>(h) Change in cumulative distributions:</b>			
Beginning cumulative distributions			\$ 326,310
Distributions to preferred shareholders			11,255
Distributions to common shareholders			6,189
Ending cumulative distributions			<u>\$ 343,754</u>



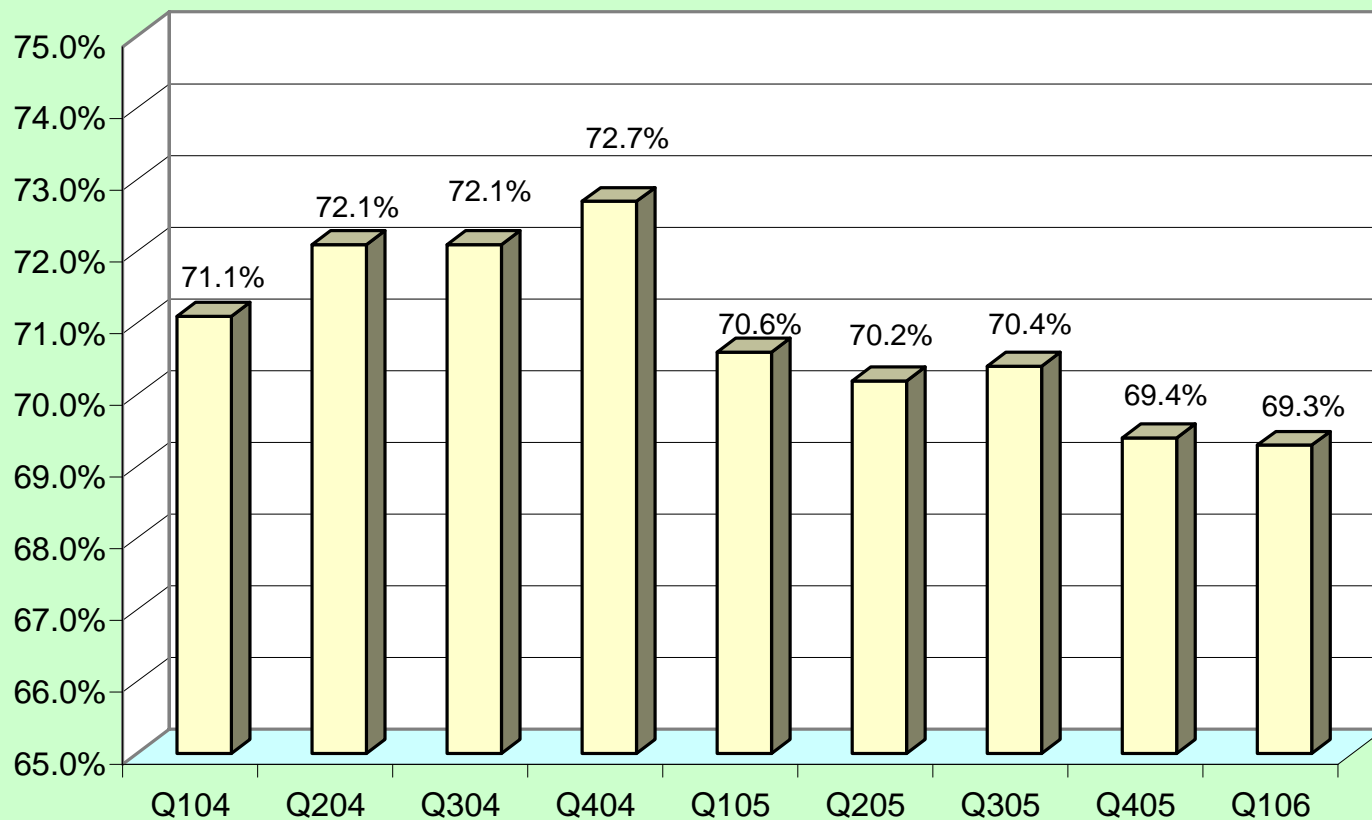
**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS ENDED**  
(in thousands, except per share amounts)

	03/31/06	03/31/05	Increase (Decrease)	% Change
<b>Revenues:</b>				
Rental income	\$ 58,754	\$ 53,763	\$ 4,991 (a)	9.3%
Facility management fees	149	145	4	2.8%
Total operating revenues	<u>58,903</u>	<u>53,908</u>	<u>4,995</u>	<u>9.3%</u>
<b>Expenses:</b>				
Cost of operations	17,946	15,870	2,076 (b)	13.1%
Depreciation and amortization	20,586	18,426	2,160	11.7%
General and administrative	1,650	1,438	212 (c)	14.7%
Total operating expenses	<u>40,182</u>	<u>35,734</u>	<u>4,448</u>	<u>12.4%</u>
<b>Other income and expenses:</b>				
Interest and other income	2,000	398	1,602 (d)	402.5%
Interest expense	(513)	(282)	231 (e)	81.9%
Total other income and expenses	<u>1,487</u>	<u>116</u>	<u>1,371</u>	<u>(1181.9%)</u>
Income from continuing operations before minority interests	<u>20,208</u>	<u>18,290</u>	<u>1,918</u>	<u>10.5%</u>
<b>Minority interests in continuing operations:</b>				
Minority interest in income - preferred units	(2,781)	(2,691)	90	3.3%
Minority interest in income - common units	(1,568)	(1,464)	104	7.1%
Total minority interests in continuing operations	<u>(4,349)</u>	<u>(4,155)</u>	<u>194</u>	<u>4.7%</u>
Income from continuing operations	<u>15,859</u>	<u>14,135</u>	<u>1,724</u>	<u>12.2%</u>
<b>Discontinued operations:</b>				
(Loss) income from discontinued operations	(97)	1,035	(1,132) (f)	(109.4%)
Gain on disposition of real estate	711	2,914	(2,203)	(75.6%)
Minority interest in earnings attributable to discontinued operations - common units	(156)	(991)	(835)	(84.3%)
Income from discontinued operations	<u>458</u>	<u>2,958</u>	<u>(2,500)</u>	<u>(84.5%)</u>
Net Income	<u>16,317</u>	<u>17,093</u>	<u>(776)</u>	<u>(4.5%)</u>
<b>Net Income allocable to preferred shareholders</b>				
Preferred distributions	<u>11,255</u>	<u>9,769</u>	<u>1,486 (g)</u>	<u>15.2%</u>
Net Income allocable to common shareholders	<u>\$ 5,062</u>	<u>\$ 7,324</u>	<u>\$ (2,262)</u>	<u>(30.9%)</u>
<b>Net income per common share - basic:</b>				
Continuing operations	\$ 0.21	\$ 0.20	\$ 0.01	5.0%
Discontinued operations	\$ 0.02	\$ 0.14	\$ (0.12)	(85.7%)
Net Income	\$ 0.24	\$ 0.34	\$ (0.10)	(29.4%)
<b>Net income per common share - diluted</b>				
Continuing operations	\$ 0.21	\$ 0.20	\$ 0.01	5.0%
Discontinued operations	\$ 0.02	\$ 0.13	\$ (0.11)	(84.6%)
Net Income	\$ 0.23	\$ 0.33	\$ (0.10)	(30.3%)
<b>Weighted average common shares outstanding:</b>				
Basic	<u>21,437</u>	<u>21,852</u>	<u>(415) (h)</u>	<u>(1.9%)</u>
Diluted	<u>21,708</u>	<u>22,012</u>	<u>(304)</u>	<u>(1.4%)</u>

**PS BUSINESS PARKS, INC.**  
**CONSOLIDATED STATEMENT OF INCOME**  
**VARIANCE EXPLANATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2006**  
**(in thousands)**

	March 31,		
	2006	2005	Change
<b>(a) Rental income for the three months ended:</b>			
Same Park	\$ 56,356	\$ 52,575	\$ 3,781
Acquisitions	1,809	-	1,809
Straight-line rent	589	1,188	(599)
	<u>\$ 58,754</u>	<u>\$ 53,763</u>	<u>\$ 4,991</u>
<b>(b) Cost of operations for the three months ended:</b>			
Same Park	\$ 17,439	\$ 15,870	\$ 1,569
Acquisitions	507	-	507
	<u>\$ 17,946</u>	<u>\$ 15,870</u>	<u>\$ 2,076</u>
<b>(c) General and administrative expenses for the three months ended:</b>			
Compensation expense	\$ 786	\$ 845	\$ (59)
Stock option and stock compensation expense	409	119	290
Professional fees	151	170	(19)
Other	304	304	-
	<u>\$ 1,650</u>	<u>\$ 1,438</u>	<u>\$ 212</u>
<b>(d) Interest and other income for the three months ended:</b>			
Business services	\$ 24	\$ 58	\$ (34)
Interest income	1,976	340	1,636
	<u>\$ 2,000</u>	<u>\$ 398</u>	<u>\$ 1,602</u>
<b>(e) Interest expense for the three months ended:</b>			
Mortgage notes payable	\$ 424	\$ 219	\$ 205
Facilities fees & other charges	89	63	26
	<u>\$ 513</u>	<u>\$ 282</u>	<u>\$ 231</u>
<b>(f) Net operating (loss) income from discontinued operations for the three months ended:</b>			
Rental revenue	\$ -	\$ 2,230	\$ (2,230)
Operating expenses	(70)	(605)	535
Depreciation expense	(27)	(590)	563
	<u>\$ (97)</u>	<u>\$ 1,035</u>	<u>\$ (1,132)</u>
<b>(g) Increase relates to issuance of additional preferred stock .</b>			
<b>(h) Net decrease relates to stock repurchases partially offset by stock option exercises and vesting of restricted stock units.</b>			

## Same Park Gross Operating Margin Percentage \*



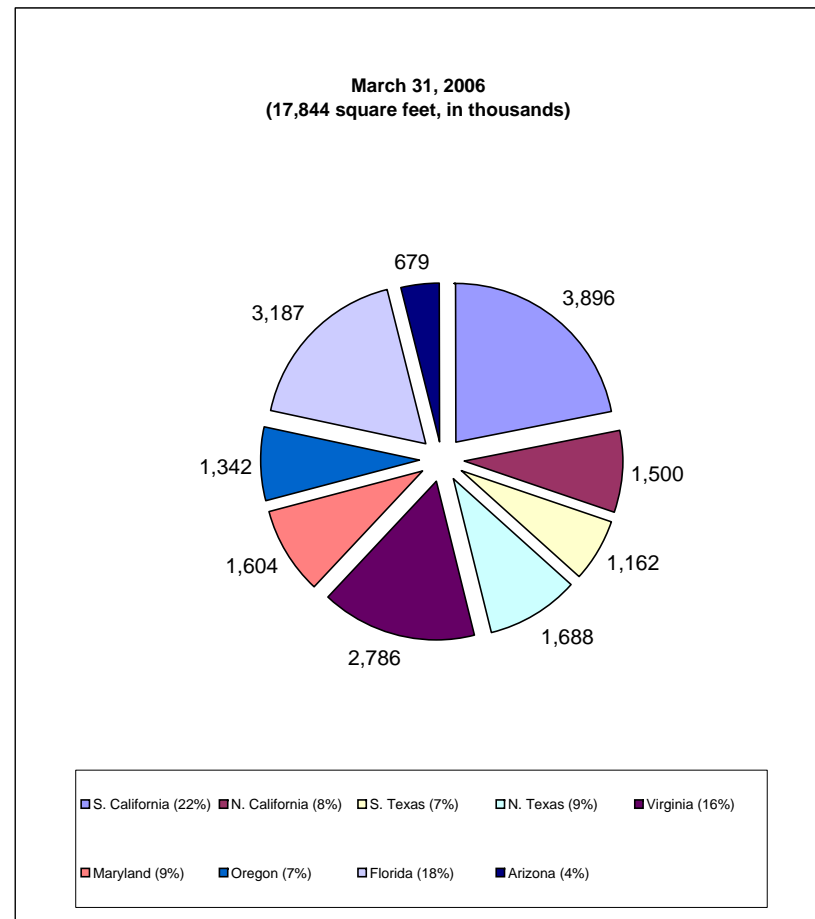
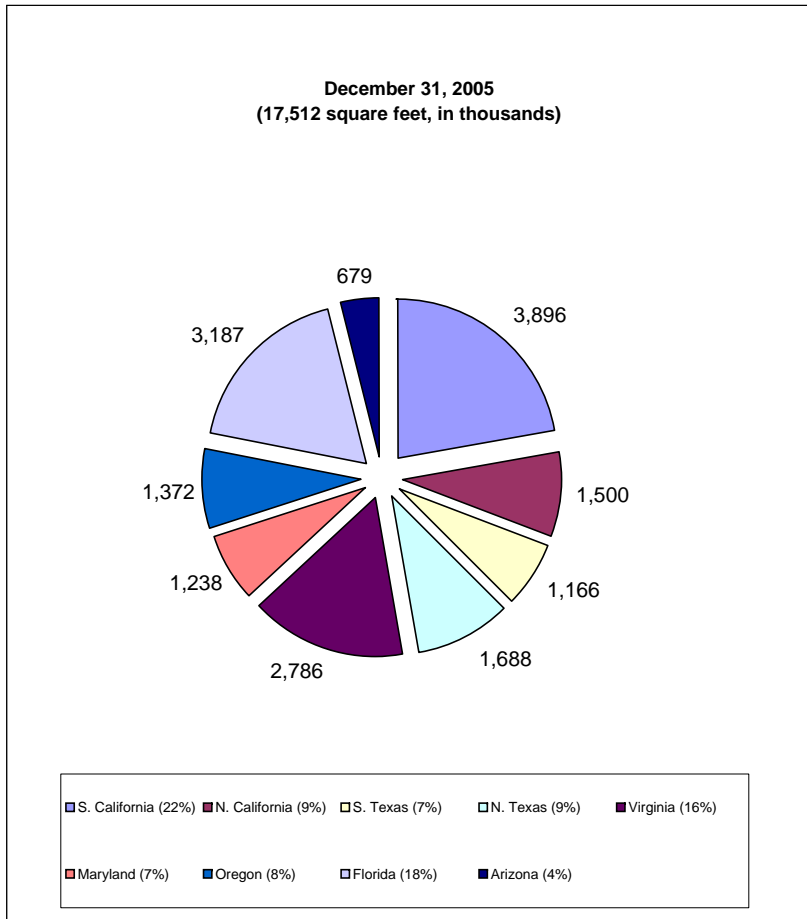
\* Gross margin is computed by dividing property net operating income by rental income for Same Park properties owned in each period disclosed .

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

<u>Recurring capital expenditures (1)</u>	<u>Three Months Ended March 31, 2006 Costs</u>	<u>Cost per Weighted Average Square Foot</u>
Maintenance capital expenditures (2)	\$1,004	\$0.06
Tenant improvements	3,543	\$0.20
Leasing commissions	511	\$0.03
Total recurring capital expenditures	<u>\$5,058</u>	<u>\$0.29</u>
<u>Non-recurring capital expenditures</u>		
Property renovations	\$656	
Total non-recurring capital expenditures	<u>\$656</u>	

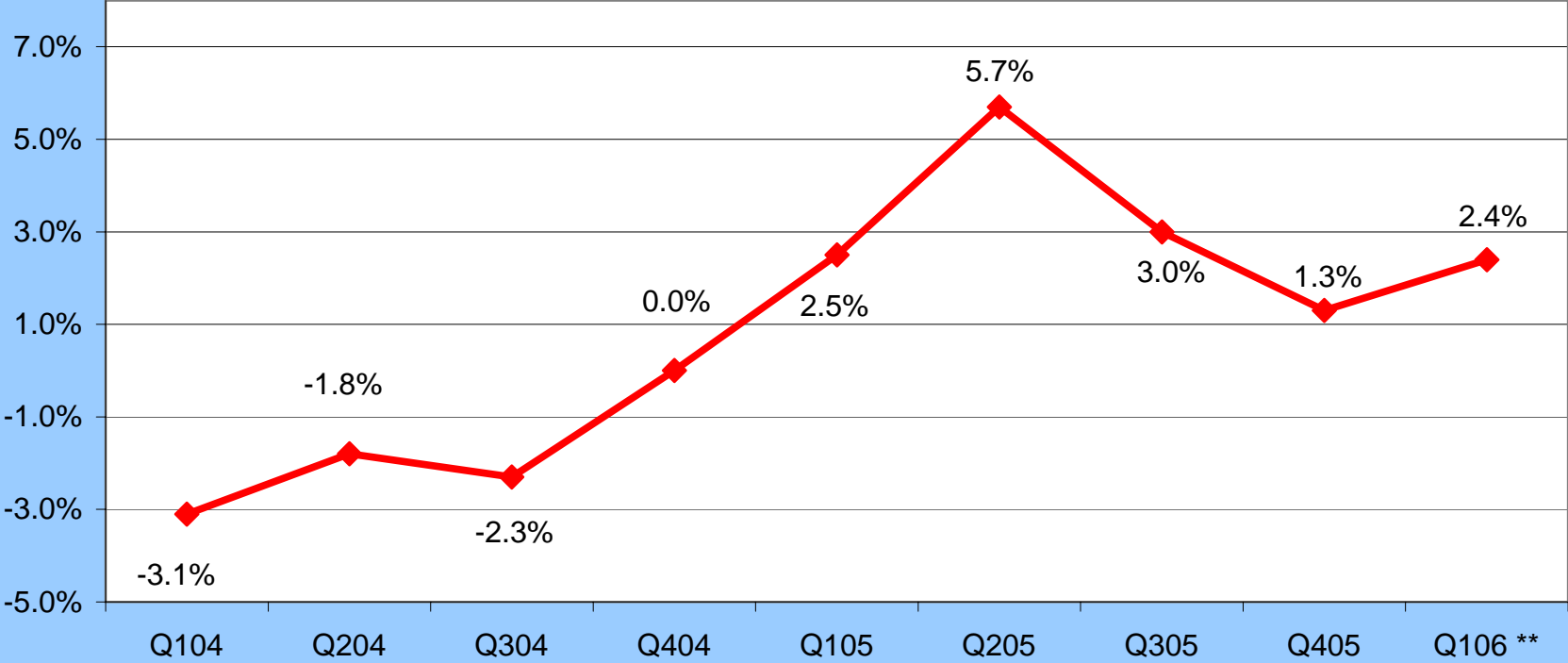
- (1) The company defines "recurring capital expenditures" as those capitalized costs necessary to continue to operate the property at its current economic value. Costs in excess of \$1,000 for tenant improvements and \$2,000 for maintenance capital expenditures with a useful life greater than 24 months are capitalized. It excludes deferred maintenance and leasing costs committed to by previous owners for acquired properties, 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 \$4.2 million or approximately \$0.24 per weighted average square foot for the three months ended March 31, 2006 compared to \$3.5 million or \$0.20 per weighted average square foot during the three months ended March 31, 2005.
- (2) Major costs include roof and HVAC replacement, parking lot replacement and other major repairs that extend the life of the respective component of the building.

**Total Owned Rentable Square Footage by Region \***



\* Square footage excludes discontinued operations.

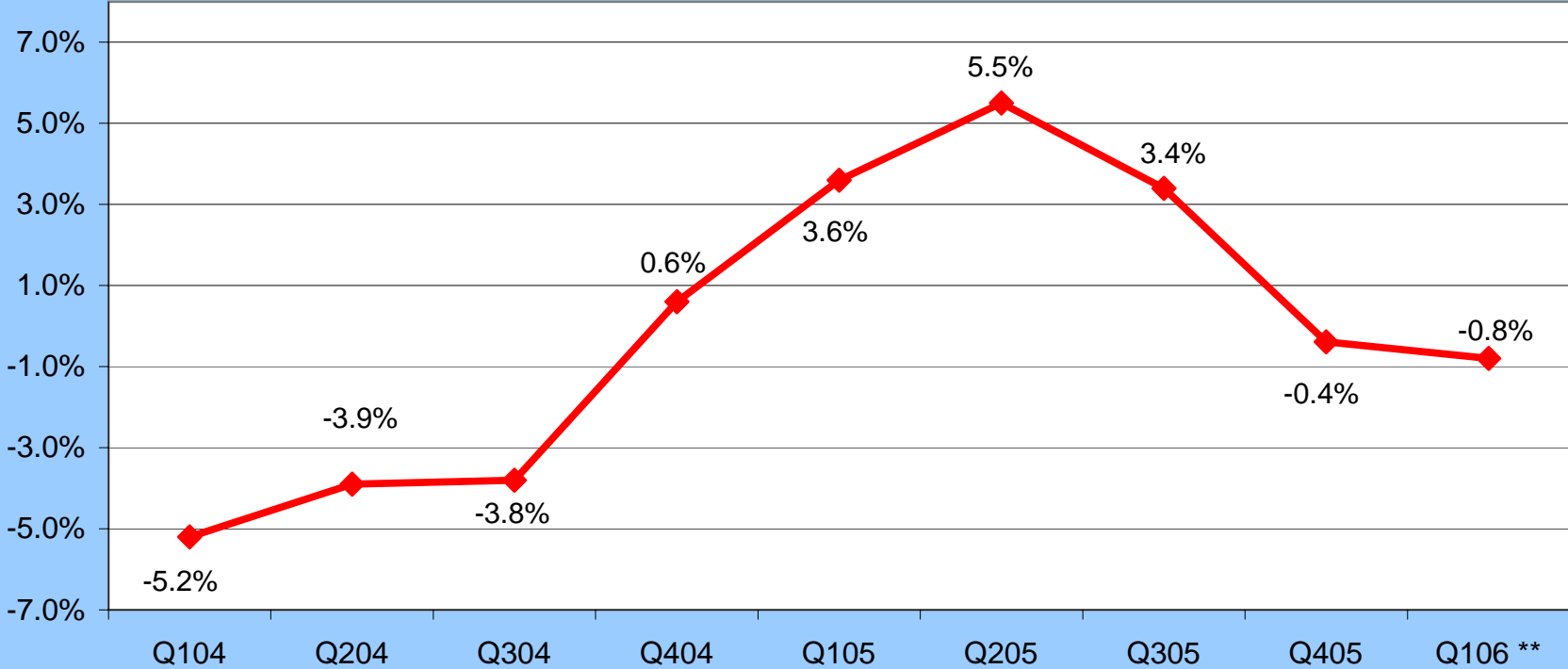
# Change in Same Park Revenue \*



\* Percentage represents the change over the comparative period in the previous year based on Same Park operating assets as reported in each period disclosed.

\*\* Q106 Excludes \$1.8 million bankruptcy settlement.

# Change in Same Park NOI \*



\* Percentage represents the change over the comparative period in the previous year based on Same Park operating assets as reported in each period disclosed.

\*\* Q106 Excludes \$1.8 million bankruptcy settlement.

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

Industry Concentration as of March 31, 2006

	<u>% of Total Rental Income</u>
Government	11.5%
Business Services	11.1%
Financial Services	9.9%
Contractors	9.8%
Computer Hardware, Software and Related Service	9.7%
Warehouse, Transportation and Logistics	9.3%
Retail	6.3%
Communications	5.0%
Home Furnishings	4.6%
Electronics	3.2%
	<u>80.4%</u>

Top Ten Customers by Total Annual Rental Income as of March 31, 2006

<u>Tenant</u>	<u>Square Footage</u>	<u>Annualized Rental Income (1)</u>	<u>% of Total Annualized Rental Income</u>
U.S. Government	483	\$ 13,088	5.6%
Kaiser Permanente	194	3,910	1.7%
Intel	214	3,513	1.5%
Santa Clara County	97	3,069	1.3%
Axcellis Technologies	89	1,784	0.8%
Wells Fargo Bank	102	1,550	0.7%
AARP	102	1,490	0.6%
TRW Systems	58	1,448	0.6%
MCI Worldcom	72	1,196	0.5%
American Intercontinental Univ	75	1,147	0.5%
	<u>1,486</u>	<u>\$ 32,195</u>	<u>13.8%</u>

(1) For leases expiring prior to December 31, 2006, annualized rental income represents income to be received under existing leases from March 31, 2006 through date of expiration.



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

Rentable Square Footage of Properties as of March 31, 2006					
Primary Markets	Industrial	Office	Flex	Total	%
Miami	2,556	12	619	3,187	17.9%
Northern Virginia	-	948	1,838	2,786	15.6%
Portland	-	187	1,155	1,342	7.4%
Dallas	231	-	1,457	1,688	9.5%
Orange County	-	704	911	1,615	9.1%
Los Angeles County	712	31	770	1,513	8.5%
Northern California	407	430	663	1,500	8.4%
Maryland	-	717	887	1,604	9.0%
Austin	-	-	788	788	4.4%
Phoenix	-	-	679	679	3.8%
San Diego County	-	-	768	768	4.3%
Houston	-	131	243	374	2.1%
	<u>3,906</u>	<u>3,160</u>	<u>10,778</u>	<u>17,844</u>	<u>100.0%</u>

Average Occupancy Rates by Product Type for the Three Months Ended March 31, 2006				
Primary Markets	Industrial	Office	Flex	Total
Miami	95.4%	100.0%	93.8%	95.1%
Northern Virginia	-	96.0%	94.9%	95.3%
Portland	-	84.2%	88.7%	88.0%
Dallas	100.0%	-	75.8%	79.1%
Orange County	-	88.4%	97.9%	93.7%
Los Angeles County	99.3%	99.8%	96.7%	98.0%
Northern California	82.9%	97.4%	94.1%	92.0%
Maryland	-	97.5%	97.8%	97.7%
Austin	-	-	89.4%	89.4%
Phoenix	-	-	93.0%	93.0%
San Diego County	-	-	96.8%	96.8%
Houston	-	99.9%	85.2%	90.3%
	<u>95.1%</u>	<u>94.3%</u>	<u>91.5%</u>	<u>92.8%</u>

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended March 31, 2006			
Primary Markets	Large Tenant	Small Tenant	Total
Miami	95.2%	94.7%	95.1%
Northern Virginia	94.1%	97.2%	95.3%
Portland	90.3%	77.6%	88.0%
Dallas	79.4%	77.8%	79.1%
Orange County	90.4%	96.7%	93.7%
Los Angeles County	99.3%	96.9%	98.0%
Northern California	90.5%	94.4%	92.0%
Maryland	97.8%	91.7%	97.7%
Austin	88.5%	92.0%	89.4%
Phoenix	-	93.0%	93.0%
San Diego County	-	96.8%	96.8%
Houston	-	90.3%	90.3%
	<u>92.2%</u>	<u>93.9%</u>	<u>92.8%</u>

**Note:**

Includes all properties reported in continuing operations as of March 31, 2006.

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 March 31, 2006

Primary Markets	Industrial	Office	Flex	Total	%
Miami	2,556	12	636	3,204	18.5%
Northern Virginia	-	947	1,839	2,786	16.1%
Portland	-	187	1,155	1,342	7.8%
Dallas	231	-	1,457	1,688	9.8%
Orange County	-	704	911	1,615	9.3%
Los Angeles County	712	31	770	1,513	8.8%
Northern California	407	430	663	1,500	8.7%
Maryland	-	717	521	1,238	7.2%
Austin	-	-	788	788	4.6%
Phoenix	-	-	679	679	3.9%
San Diego County	-	-	535	535	3.1%
Houston	-	131	243	374	2.2%
	3,906	3,159	10,197	17,262	100.0%

Average Occupancy Rates by Product Type for the Three Months Ended March 31, 2006

Primary Markets	Industrial	Office	Flex	Total
Miami	95.4%	100.0%	93.8%	95.1%
Northern Virginia	-	96.0%	94.9%	95.3%
Portland	-	84.2%	88.7%	88.0%
Dallas	100.0%	-	75.8%	79.1%
Orange County	-	88.4%	97.9%	93.7%
Los Angeles County	99.3%	99.8%	96.7%	98.0%
Northern California	82.9%	97.4%	94.1%	92.0%
Maryland	-	97.5%	98.1%	97.8%
Austin	-	-	89.4%	89.4%
Phoenix	-	-	93.0%	93.0%
San Diego County	-	-	98.1%	98.1%
Houston	-	99.9%	85.2%	90.3%
	95.1%	94.3%	91.3%	92.7%

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended March 31, 2006

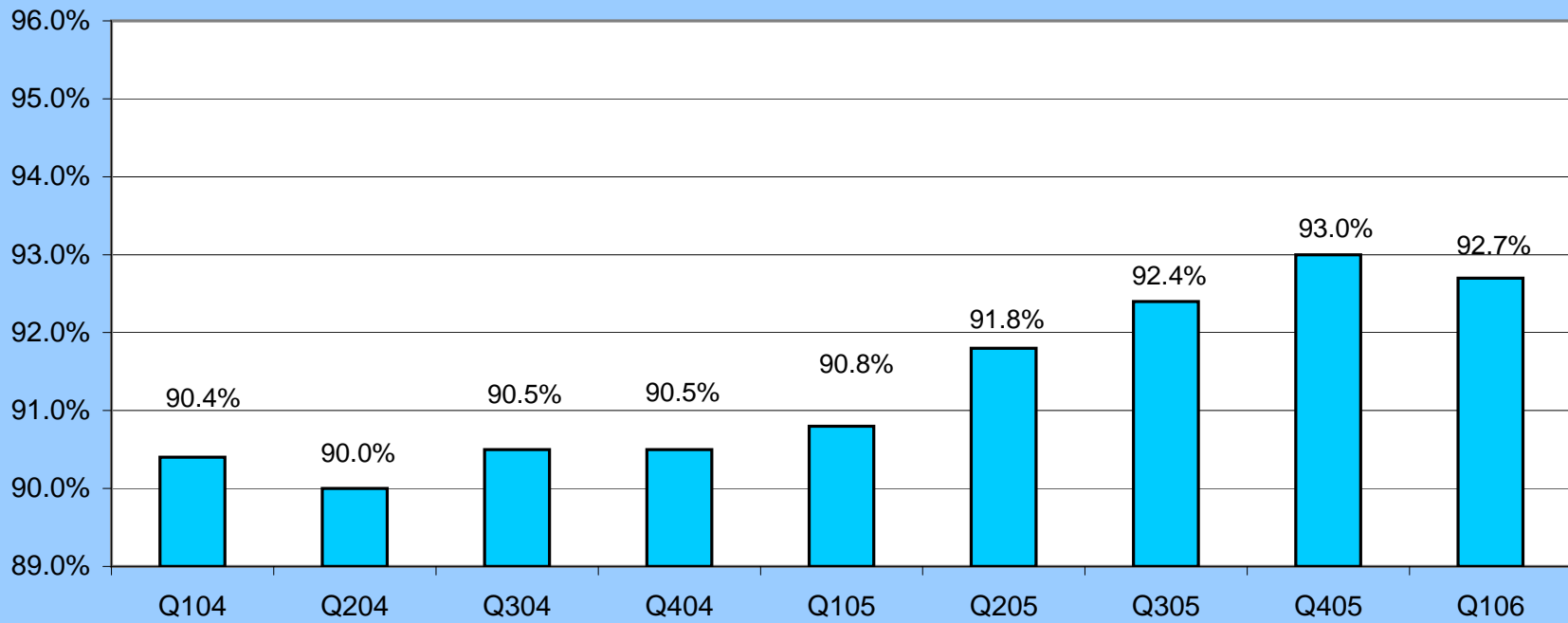
Primary Markets	Large Tenant	Small Tenant	Total
Miami	95.2%	94.7%	95.1%
Northern Virginia	94.1%	97.2%	95.3%
Portland	90.3%	77.6%	88.0%
Dallas	79.4%	77.8%	79.1%
Orange County	90.4%	96.7%	93.7%
Los Angeles County	99.3%	96.9%	98.0%
Northern California	90.5%	94.4%	92.0%
Maryland	97.9%	91.7%	97.8%
Austin	88.5%	92.0%	89.4%
Phoenix	-	93.0%	93.0%
San Diego County	-	98.1%	98.1%
Houston	-	90.3%	90.3%
	92.1%	93.9%	92.7%

**Note:**

Includes all properties included in continuing operations owned since January 1, 2005.

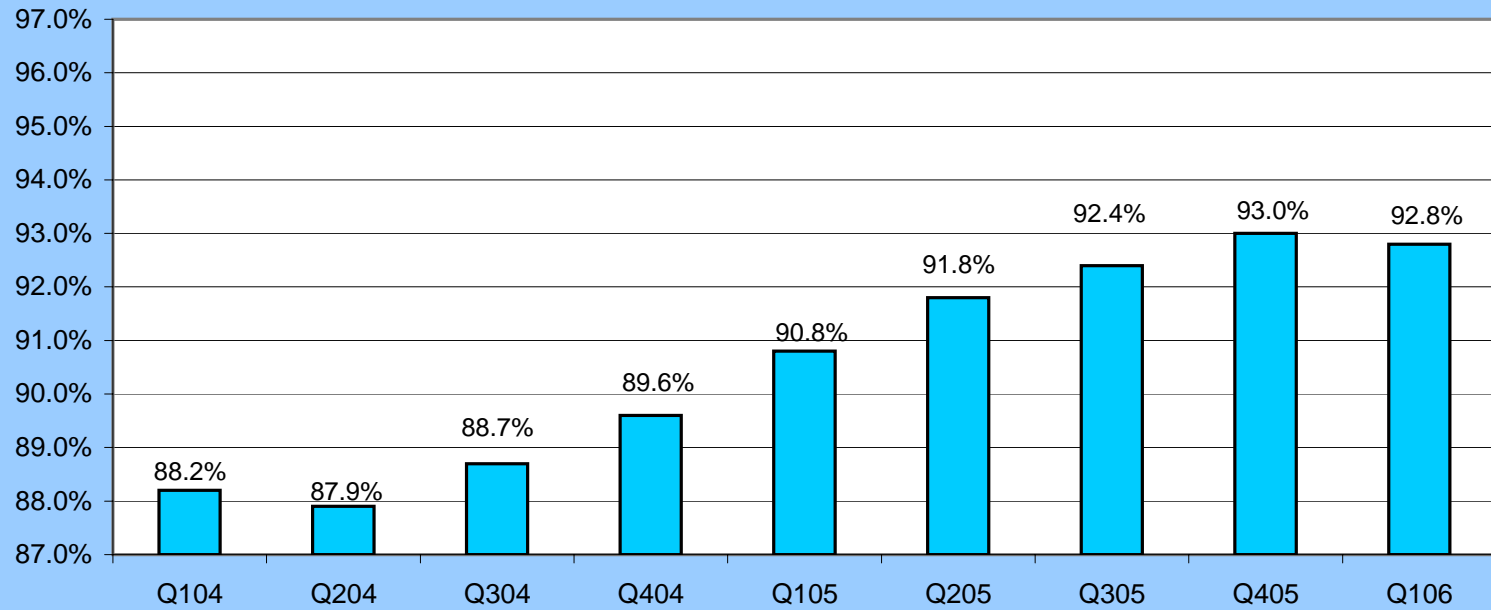
The Company's "large tenant" portfolio consists of properties with average leases greater than or equal to 5,000 square feet while the "small tenant" portfolio consists of properties with average leases less than 5,000 square feet.

## Same Park Weighted Average Occupancy \*



Represents the Same Park weighted average occupancy as reported in each period disclosed.

## Total Owned Portfolio 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 March 31, 2006**

(in thousands)

Lease Expirations - Flex					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	1,612	\$ 18,273	14.5%	8.4%	
2007	2,342	28,413	22.6%	13.0%	
2008	2,066	26,900	21.4%	12.3%	
2009	1,184	13,531	10.8%	6.2%	
2010	711	8,677	6.9%	3.9%	
Thereafter	1,983	29,861	23.8%	13.6%	
	<u>9,898</u>	<u>\$ 125,655</u>	<u>100.0%</u>	<u>57.4%</u>	

Lease Expirations - Office					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	422	\$ 8,793	13.0%	4.0%	
2007	456	9,258	13.7%	4.2%	
2008	655	14,339	21.3%	6.5%	
2009	366	7,162	10.6%	3.2%	
2010	510	12,182	18.0%	5.6%	
Thereafter	639	15,822	23.4%	7.3%	
	<u>3,048</u>	<u>\$ 67,556</u>	<u>100.0%</u>	<u>30.8%</u>	

Lease Expirations - Industrial					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	519	\$ 3,494	13.5%	1.6%	
2007	711	4,927	19.1%	2.2%	
2008	879	6,270	24.3%	2.9%	
2009	590	3,880	15.0%	1.8%	
2010	675	4,789	18.6%	2.2%	
Thereafter	399	2,446	9.5%	1.1%	
	<u>3,773</u>	<u>\$ 25,806</u>	<u>100.0%</u>	<u>11.8%</u>	

Lease Expirations - Total					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	2,553	\$ 30,560	14.0%	14.0%	
2007	3,509	42,598	19.4%	19.4%	
2008	3,600	47,509	21.7%	21.7%	
2009	2,140	24,573	11.2%	11.2%	
2010	1,896	25,648	11.7%	11.7%	
Thereafter	3,021	48,129	22.0%	22.0%	
	<u>16,719</u>	<u>\$ 219,017</u>	<u>100.0%</u>	<u>100.0%</u>	

**PS BUSINESS PARKS, INC.**  
**Owned Portfolio Lease Expirations as of March 31, 2006**  
(in thousands)

Southern California					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	934	\$ 12,106	21.9%	5.5%	
2007	904	12,883	23.3%	5.9%	
2008	782	11,969	21.6%	5.5%	
2009	452	6,371	11.5%	2.9%	
2010	408	6,094	11.0%	2.8%	
Thereafter	278	5,928	10.7%	2.7%	
	<u>3,758</u>	<u>\$ 55,351</u>	<u>100.0%</u>	<u>25.3%</u>	

Northern California					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	218	\$ 2,461	14.0%	1.1%	
2007	270	3,064	17.5%	1.4%	
2008	369	6,253	35.6%	2.9%	
2009	158	1,520	8.7%	0.7%	
2010	126	978	5.6%	0.4%	
Thereafter	273	3,270	18.6%	1.5%	
	<u>1,414</u>	<u>\$ 17,546</u>	<u>100.0%</u>	<u>8.0%</u>	

Southern Texas					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	164	\$ 1,375	14.6%	0.7%	
2007	197	1,751	18.6%	0.8%	
2008	256	2,222	23.6%	1.0%	
2009	169	1,433	15.2%	0.6%	
2010	59	523	5.6%	0.2%	
Thereafter	200	2,109	22.4%	1.0%	
	<u>1,045</u>	<u>\$ 9,413</u>	<u>100.0%</u>	<u>4.3%</u>	

Northern Texas					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	132	\$ 890	8.1%	0.4%	
2007	198	1,528	13.9%	0.7%	
2008	119	958	8.7%	0.4%	
2009	176	839	7.6%	0.4%	
2010	141	879	8.0%	0.4%	
Thereafter	578	5,936	53.7%	2.7%	
	<u>1,344</u>	<u>\$ 11,030</u>	<u>100.0%</u>	<u>5.0%</u>	

**PS BUSINESS PARKS, INC.**  
**Owned Portfolio Lease Expirations as of March 31, 2006**  
(in thousands)

Florida					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	451	\$ 3,688	15.3%	1.7%	
2007	684	5,538	22.9%	2.5%	
2008	826	6,295	26.1%	2.9%	
2009	439	3,402	14.1%	1.6%	
2010	525	3,973	16.4%	1.8%	
Thereafter	153	1,265	5.2%	0.5%	
	<u>3,078</u>	<u>\$ 24,161</u>	<u>100.0%</u>	<u>11.0%</u>	

Northern Virginia					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	330	\$ 5,611	12.3%	2.6%	
2007	372	5,307	11.7%	2.4%	
2008	639	11,381	25.0%	5.2%	
2009	371	5,641	12.4%	2.6%	
2010	294	5,395	11.8%	2.5%	
Thereafter	655	12,218	26.8%	5.5%	
	<u>2,661</u>	<u>\$ 45,553</u>	<u>100.0%</u>	<u>20.8%</u>	

Maryland					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	100	\$ 2,025	6.3%	0.9%	
2007	286	5,621	17.4%	2.6%	
2008	198	3,998	12.4%	1.8%	
2009	182	2,633	8.2%	1.2%	
2010	240	5,902	18.3%	2.7%	
Thereafter	570	12,052	37.4%	5.5%	
	<u>1,576</u>	<u>\$ 32,231</u>	<u>100.0%</u>	<u>14.7%</u>	

Oregon					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	60	\$ 670	3.9%	0.3%	
2007	353	4,456	26.2%	2.0%	
2008	304	3,345	19.7%	1.5%	
2009	112	1,861	10.9%	0.8%	
2010	77	1,575	9.3%	0.7%	
Thereafter	298	5,101	30.0%	2.5%	
	<u>1,204</u>	<u>\$ 17,008</u>	<u>100.0%</u>	<u>7.8%</u>	

**PS BUSINESS PARKS, INC.**  
**Owned Portfolio Lease Expirations as of March 31, 2006**  
(in thousands)

Arizona					
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>	<u>% of Company</u>	
					<u>Annual rents</u>
2006	164	\$ 1,734	25.8%		0.8%
2007	245	2,450	36.4%		1.1%
2008	107	1,089	16.2%		0.5%
2009	81	873	13.0%		0.4%
2010	26	329	4.9%		0.2%
Thereafter	16	249	3.7%		0.1%
	<u>639</u>	<u>\$ 6,724</u>	<u>100.0%</u>		<u>3.1%</u>

Total					
<u>Year of Lease Expiration</u>	<u>Rentable Square Footage</u>	<u>Annual Rents</u>	<u>%</u>	<u>% of Company</u>	
					<u>Annual rents</u>
2006	2,553	\$ 30,560	14.0%		14.0%
2007	3,509	42,598	19.4%		19.4%
2008	3,600	47,510	21.7%		21.7%
2009	2,140	24,573	11.2%		11.2%
2010	1,896	25,648	11.7%		11.7%
Thereafter	3,021	48,128	22.0%		22.0%
	<u>16,719</u>	<u>\$ 219,017</u>	<u>100.0%</u>		<u>100.0%</u>



**PS BUSINESS PARKS, INC.**

**Owned Portfolio Lease Expirations as of March 31, 2006  
(in thousands)**

Lease Expirations - Large Tenant Portfolio					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	1,090	\$ 11,938	8.9%	5.5%	
2007	1,852	20,464	15.2%	9.3%	
2008	2,326	28,483	21.2%	13.0%	
2009	1,418	13,363	10.0%	6.1%	
2010	1,510	19,262	14.4%	8.8%	
Thereafter	2,642	40,687	30.3%	18.6%	
Total	10,838	\$ 134,197	100.0%	61.3%	

Lease Expirations - Small Tenant Portfolio					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	1,463	\$ 18,622	22.0%	8.5%	
2007	1,657	22,134	26.1%	10.1%	
2008	1,274	19,026	22.4%	8.7%	
2009	722	11,210	13.2%	5.1%	
2010	386	6,386	7.5%	2.9%	
Thereafter	379	7,442	8.8%	3.4%	
Total	5,881	\$ 84,820	100.0%	38.7%	

Lease Expirations - Total					
Year of Lease Expiration	Rentable Square Footage	Annual Rents	%	% of Company Annual rents	
2006	2,553	\$ 30,560	14.0%	14.0%	
2007	3,509	42,598	19.4%	19.4%	
2008	3,600	47,509	21.7%	21.7%	
2009	2,140	24,573	11.2%	11.2%	
2010	1,896	25,648	11.7%	11.7%	
Thereafter	3,021	48,129	22.0%	22.0%	
Total	16,719	\$ 219,017	100.0%	100.0%	