



PSBUSINESSSPARKSSM

**Analysis of Operating Results
and Financial Condition**

March 31, 2012

**ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION
FOR THE THREE MONTHS ENDED MARCH 31, 2012**

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

NET OPERATING INCOME

	For The Three Months Ended		
	03/31/12	03/31/11	% Change
Rental income:			
Same Park ⁽¹⁾	\$ 63,066	\$ 64,144	(1.7%)
Non-Same Park ⁽²⁾	21,662	9,368	131.2%
Total rental income	84,728	73,512	15.3%
Cost of operations:			
Same Park ⁽¹⁾	20,790	21,932	(5.2%)
Non-Same Park ⁽²⁾	7,382	3,776	95.5%
Total cost of operations	28,172	25,708	9.6%
Net operating income:			
Same Park ⁽¹⁾	42,276	42,212	0.2%
Non-Same Park ⁽²⁾	14,280	5,592	155.4%
Total net operating income	\$ 56,556	\$ 47,804	18.3%

FUNDS FROM OPERATIONS

	For The Three Months Ended		
	03/31/12	03/31/11	% Change
FFO allocable to common and dilutive shares - adjusted	\$ 37,119	\$ 34,983	6.1%
Non-cash distributions related to the redemption of preferred equity	(5,260)	-	(100.0%)
Net gain on below par repurchase of preferred equity	-	7,389	(100.0%)
FFO allocable to common and dilutive shares - as reported	\$ 31,859	\$ 42,372	(24.8%)
FFO per common and dilutive share - adjusted	\$ 1.17	\$ 1.09	7.3%
FFO per common and dilutive share - as reported	\$ 1.01	\$ 1.32	(23.5%)
Weighted average common shares outstanding - diluted	24,241	24,792	(2.2%)
Weighted average common OP units outstanding	7,305	7,305	-
Weighted average restricted stock units outstanding	113	72	56.9%
Total common and dilutive shares	31,659	32,169	(1.6%)

PROPERTY INFORMATION

	For The Three Months Ended		
	03/31/12	03/31/11	% Change
<u>Total Portfolio</u> ⁽³⁾			
Total rentable square footage at period end	27,215	21,614	25.9%
Weighted average occupancy	89.0%	89.1%	(0.1%)
Period end occupancy	89.0%	89.3%	(0.3%)
Annualized realized rent per sq. ft. ⁽⁴⁾	\$ 13.99	\$ 15.27	(8.4%)
REVPAF ⁽⁵⁾	\$ 12.45	\$ 13.60	(8.5%)
<u>Same Park Portfolio</u> ⁽¹⁾			
Total rentable square footage at period end	19,248	19,248	-
Weighted average occupancy	92.2%	91.1%	1.2%
Period end occupancy	92.0%	91.1%	1.0%
Annualized realized rent per sq. ft. ⁽⁴⁾	\$ 14.21	\$ 14.63	(2.9%)
REVPAF ⁽⁵⁾	\$ 13.11	\$ 13.33	(1.7%)

MARKET VALUE INFORMATION

	03/31/12	% of Total	12/31/11	% of Total
Market value of common stock and common OP units	\$ 2,066,165	61.2%	\$ 1,742,361	56.9%
Total debt	637,874	18.9%	717,084	23.4%
Total preferred equity	669,979	19.9%	604,129	19.7%
Total market capitalization	\$ 3,374,018	100.0%	\$ 3,063,574	100.0%
Stock price at the end of the period	\$ 65.54		\$ 55.43	

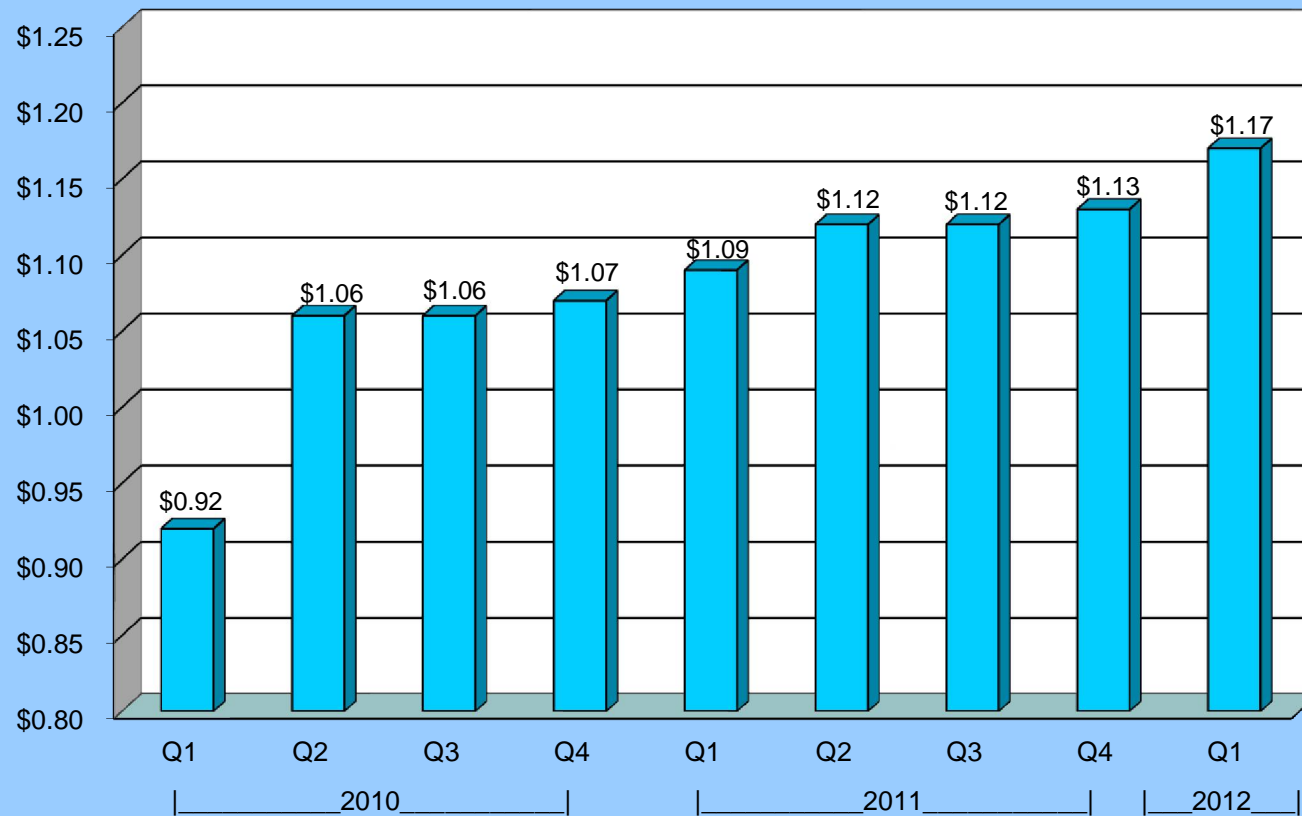
NOTES

- (1) All stabilized assets in continuing operations acquired prior to January 1, 2010.
(2) All assets acquired subsequent to January 1, 2010.
(3) Amounts exclude discontinued operations.
(4) Represents the annualized revenues earned per occupied square foot.
(5) Represents the annualized revenues earned per total weighted average square foot.

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

	For The Three Months Ended			
	03/31/12	03/31/11	Change	% Change
<u>Funds from operations (FFO):</u>				
Net income allocable to common shareholders	\$ 3,467	\$ 16,562	\$ (13,095)	(79.1%)
Adjustments:				
Depreciation and amortization	27,299	20,859	6,440	30.9%
Net income allocable to noncontrolling interests - common units	1,049	4,901	(3,852)	(78.6%)
Net income allocable to restricted stock unit holders	44	50	(6)	(12.0%)
FFO allocable to common and dilutive shares	<u>\$ 31,859</u>	<u>\$ 42,372</u>	<u>\$ (10,513)</u>	(24.8%)
Weighted average common shares outstanding	24,157	24,685	(528)	(2.1%)
Weighted average common OP units outstanding	7,305	7,305	-	-
Weighted average restricted stock units outstanding	113	72	41	56.9%
Weighted average common share equivalents outstanding	84	107	(23)	(21.5%)
Total common and dilutive shares	<u>31,659</u>	<u>32,169</u>	<u>(510)</u>	(1.6%)
FFO per common and dilutive share	<u>\$ 1.01</u>	<u>\$ 1.32</u>	<u>\$ (0.31)</u>	(23.5%)
<u>Funds available for distribution (FAD):</u>				
Funds from operations	\$ 31,859	\$ 42,372	\$ (10,513)	(24.8%)
Adjustments:				
Recurring capital improvements	(1,116)	(856)	(260)	30.4%
Tenant improvements	(7,968)	(4,752)	(3,216)	67.7%
Lease commissions	(1,269)	(1,480)	211	(14.3%)
Straight-line rent	(1,136)	(281)	(855)	304.3%
Stock compensation expense	1,266	458	808	176.4%
In-place lease adjustment	159	209	(50)	(23.9%)
Tenant improvement reimbursements, net of lease incentives	(170)	(195)	25	(12.8%)
Non-cash distributions related to redemption of preferred equity	5,260	-	5,260	100.0%
Net gain on below par repurchase of preferred equity	-	(7,389)	(7,389)	100.0%
FAD	<u>\$ 26,885</u>	<u>\$ 28,086</u>	<u>\$ (1,201)</u>	(4.3%)
FAD per common and dilutive share	<u>\$ 0.85</u>	<u>\$ 0.87</u>	<u>\$ (0.02)</u>	(2.3%)
<u>Cash available for reinvestments:</u>				
FAD	\$ 26,885	\$ 28,086	(1,201)	(4.3%)
Distributions to common shareholders	(10,649)	(10,867)	218	(2.0%)
Distributions to common OP unit holders	(3,214)	(3,214)	-	-
Distributions to restricted stock unit holders	(44)	(33)	(11)	33.3%
Debt Service	(210)	(278)	68	(24.5%)
Cash available for reinvestments	<u>\$ 12,768</u>	<u>\$ 13,694</u>	<u>\$ (926)</u>	(6.8%)
FAD distributions payout ratio	<u>51.7%</u>	<u>50.3%</u>	<u>1.4%</u>	2.8%

Adjusted FFO Per Common and Dilutive Share ⁽¹⁾



⁽¹⁾ Where applicable, amounts exclude net gain on repurchase of preferred equity, non-cash distributions related to the redemption/repurchase of preferred equity, acquisition transaction costs and lease buyout income of \$2.9million (Q3'11).

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

Mortgage Debt:

5.730% mortgage note, due March 2013
5.520% mortgage note, due May 2013
5.680% mortgage note, due May 2013
5.452% mortgage note, due December 2016

Total mortgage notes payable

Short-term Debt:

\$250.0 million unsecured credit facility (LIBOR + 1.10%)

\$250.0 million unsecured term loan (LIBOR + 1.20%), due December 2014

Total short-term debt

Total debt

Preferred Equity

7.000% Series H preferred stock (6,340,776 depositary shares outstanding as of 3/31/12) callable 1/30/09
6.875% Series I preferred stock (2,745,050 depositary share outstanding as of 3/31/12) callable 4/21/09
7.125% Series N preferred operating partnership units (223,300 units outstanding as of 3/31/12) callable 12/12/10
6.700% Series P preferred stock (5,290,000 depositary shares outstanding as of 3/31/12) callable 1/17/12
6.875% Series R preferred stock (3,000,000 depositary shares outstanding as of 3/31/12) callable 10/15/15
6.450% Series S preferred stock (9,200,000 depositary shares outstanding as of 3/31/12) callable 1/18/17
7.200% Series M preferred stock (3,182,000 depositary shares redeemed 2/17/12)
7.375% Series O preferred stock (3,384,000 depositary shares redeemed 2/13/12)

Total preferred equity

Total debt and preferred equity

Common stock (24,219,901 and 24,128,184 shares outstanding as of March 31, 2012 and December 31, 2011, respectively)

Common operating partnership units (7,305,355 units outstanding as of March 31, 2012 and December 31, 2011)

Total common equity (1)

Total market capitalization

As of March 31, 2012			As of December 31, 2011		
Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
\$ 13,359			\$ 13,436		
9,244			9,311		
9,271			9,337		
250,000			250,000		
281,874	8.3%	5.47%	282,084	9.2%	5.47%
106,000			185,000		
250,000			250,000		
356,000	10.6%	1.42%	435,000	14.2%	1.46%
637,874	18.9%	3.21%	717,084	23.4%	3.04%
158,520			158,520		
68,626			68,626		
5,583			5,583		
132,250			132,250		
75,000			75,000		
230,000			-		
-			79,550		
-			84,600		
669,979	19.9%	6.73%	604,129	19.7%	6.98%
1,307,853	38.8%	5.01%	1,321,213	43.1%	4.84%
1,587,372			1,337,425		
478,793			404,936		
2,066,165	61.2%		1,742,361	56.9%	
\$ 3,374,018	100.0%		\$ 3,063,574	100.0%	

Principal maturity dates are represented by the following chart:

Principal Maturity Dates						
	2012	2013	2014	2015	2016	Total
Rose Canyon	\$ 232	\$ 13,127	\$ -	\$ -	\$ -	\$ 13,359
Boca	208	9,036	-	-	-	9,244
Wellington II	206	9,065	-	-	-	9,271
No. CA Industrial Port.	-	-	-	-	250,000	250,000
Term Loan	-	-	250,000	-	-	250,000
	\$ 646	\$ 31,228	\$ 250,000	\$ -	\$ 250,000	\$ 531,874

(1) Closing stock price was \$65.54 and \$55.43 as of March 31, 2012 and December 31, 2011, respectively.

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

	03/31/12	12/31/11	Change	% Change
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,056	\$ 4,980	\$ 1,076 (a)	21.6%
Real estate facilities, at cost:				
Land	772,933	772,933	-	-
Buildings and equipment	2,166,902	2,157,729	9,173	0.4%
	2,939,835	2,930,662	9,173	0.3%
Accumulated depreciation	(871,833)	(846,799)	(25,034)	3.0%
	2,068,002	2,083,863	(15,861) (b)	(0.8%)
Land held for development	6,829	6,829	-	-
	2,074,831	2,090,692	(15,861)	(0.8%)
Rent receivable	4,109	3,198	911 (c)	28.5%
Deferred rent receivable	24,296	23,388	908	3.9%
Other assets	12,699	16,361	(3,662) (d)	(22.4%)
Total assets	<u>\$ 2,121,991</u>	<u>\$ 2,138,619</u>	<u>\$ (16,628)</u>	(0.8%)
<u>LIABILITIES AND EQUITY</u>				
Accrued and other liabilities	65,194	60,940	\$ 4,254 (e)	7.0%
Credit Facility	106,000	185,000	(79,000)	(42.7%)
Term Loan	250,000	250,000	-	-
Mortgage notes payable	281,874	282,084	(210)	(0.1%)
Total liabilities	703,068	778,024	(74,956)	(9.6%)
Equity:				
PS Business Parks, Inc.'s shareholders' equity:				
Preferred stock	664,396	598,546	65,850	11.0%
Common stock	241	240	1	0.4%
Paid-in capital	536,191	534,322	1,869 (f)	0.3%
Cumulative net income	899,401	878,704	20,697	2.4%
Cumulative distributions	(860,442)	(832,607)	(27,835) (g)	3.3%
Total PS Business Parks, Inc.'s shareholders' equity	1,239,787	1,179,205	60,582	5.1%
Noncontrolling interests:				
Preferred units	5,583	5,583	-	-
Common units	173,553	175,807	(2,254)	(1.3%)
Total noncontrolling interests:	179,136	181,390	(2,254)	(1.2%)
Total equity	1,418,923	1,360,595	58,328	4.3%
Total liabilities and equity	<u>\$ 2,121,991</u>	<u>\$ 2,138,619</u>	<u>\$ (16,628)</u>	(0.8%)

PS BUSINESS PARKS, INC. CONSOLIDATED BALANCE SHEETS VARIANCE DETAIL (in thousands)			
(a) Change in cash and cash equivalents:			
Beginning cash balance		\$	4,980
Net cash provided by operating activities			56,152
Net cash used in investing activities			(11,438)
Net cash used in financing activities			(43,638)
Ending cash balance		\$	6,056
(b) Change in real estate facilities, at cost:			
Beginning balance		\$	2,083,863
Property renovations and developments			1,085
Recurring capital improvements			1,116
Tenant improvements			7,968
Lease commissions			1,269
Depreciation and amortization			(27,299)
Ending balance		\$	2,068,002
(c) Rent receivable consists of:			
	03/31/12	12/31/11	Change
Non-government tenants	\$ 2,723	\$ 1,726	\$ 997
U.S. Government tenants	1,786	1,872	(86)
Allowance for bad debt	(400)	(400)	-
	\$ 4,109	\$ 3,198	\$ 911
(d) Other assets consist of:			
	03/31/12	12/31/11	Change
In-place lease adjustment, net	\$ 6,257	\$ 6,900	\$ (643)
Prepaid property taxes	1,558	3,056	(1,498)
Prepaid insurance	196	959	(763)
Mortgage impounds	879	787	92
Lease incentives, net	744	692	52
Other	3,065	3,967	(902)
	\$ 12,699	\$ 16,361	\$ (3,662)
(e) Accrued and other liabilities consist of:			
	03/31/12	12/31/11	Change
Security deposits	\$ 24,775	\$ 21,358	\$ 3,417
Accrued property taxes	7,708	4,483	3,225
Prepaid rent	12,974	12,142	832
In-place lease adjustment and tenant improvement reimbursements, net	8,102	8,043	59
Other	11,635	14,914	(3,279)
	\$ 65,194	\$ 60,940	\$ 4,254
(f) Change in paid-in capital:			
Beginning paid-in capital		\$	534,322
Shelf registration			(40)
Issuance cost of preferred stock			(7,312)
Non-cash distributions related to the redemption of preferred equity			5,260
Exercise of stock options			2,961
Stock compensation, net			911
Adjustment to reflect noncontrolling interests to underlying ownership			89
Ending paid in capital		\$	536,191
(g) Change in cumulative distributions:			
Beginning cumulative distributions		\$	(832,607)
Distributions to preferred shareholders			(17,186)
Distributions to common shareholders			(10,649)
Ending cumulative distributions		\$	(860,442)

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

	For The Three Months Ended			
	03/31/12	03/31/11	Change	% Change
Revenues:				
Rental income	\$ 84,728	\$ 73,512	\$ 11,216 (a)	15.3%
Facility management fees	166	178	(12)	(6.7%)
Total operating revenues	84,894	73,690	11,204	15.2%
Expenses:				
Cost of operations	28,172	25,708	2,464	9.6%
Depreciation and amortization	27,299	20,754	6,545	31.5%
General and administrative	2,273	1,570	703 (b)	44.8%
Total operating expenses	57,744	48,032	9,712	20.2%
Other income and expenses:				
Interest and other income	43	94	(51)	(54.3%)
Interest expense	(5,348)	(1,215)	(4,133) (c)	340.2%
Total other income and expenses	(5,305)	(1,121)	(4,184)	373.2%
Income from continuing operations	21,845	24,537	(2,692)	(11.0%)
Discontinued operations:				
Income from discontinued operations	-	136	(136) (d)	(100.0%)
Total discontinued operations	-	136	(136)	(100.0%)
Net income	<u>\$ 21,845</u>	<u>\$ 24,673</u>	<u>\$ (2,828)</u>	(11.5%)
Net income allocation:				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 1,049	\$ 4,901	\$ (3,852)	(78.6%)
Noncontrolling interests - preferred units	99	(7,290)	7,389	(101.4%)
Total net income allocable to noncontrolling interests	1,148	(2,389)	3,537	(148.1%)
Net income allocable to PS Business Parks, Inc.:				
Common shareholders	3,467	16,562	(13,095)	(79.1%)
Preferred shareholders	17,186	10,450	6,736	64.5%
Restricted stock unit holders	44	50	(6)	(12.0%)
Total net income allocable to PS Business Parks, Inc.	20,697	27,062	(6,365)	(23.5%)
	<u>\$ 21,845</u>	<u>\$ 24,673</u>	<u>\$ (2,828)</u>	(11.5%)
Net income per common share - basic:				
Continuing operations	\$ 0.14	\$ 0.67	\$ (0.53)	(79.1%)
Discontinued operations	-	-	-	-
Net Income	\$ 0.14	\$ 0.67	\$ (0.53)	(79.1%)
Net income per common share - diluted:				
Continuing operations	\$ 0.14	\$ 0.66	\$ (0.52)	(78.8%)
Discontinued operations	-	-	-	-
Net Income	\$ 0.14	\$ 0.67	\$ (0.53)	(79.1%)
Weighted average common shares outstanding:				
Basic	24,157	24,685	(528)	(2.1%)
Diluted	<u>24,241</u>	<u>24,792</u>	<u>(551)</u>	(2.2%)

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

	For The Three Months Ended		
	03/31/12	03/31/11	Change
(a) Rental income:			
Same Park	\$ 63,111	\$ 64,223	\$ (1,112)
Non-Same Park	20,481	9,008	11,473
Same Park straight-line rent	(45)	(79)	34
Non-Same Park straight-line rent	1,181	360	821
	<u>\$ 84,728</u>	<u>\$ 73,512</u>	<u>\$ 11,216</u>
(b) General and administrative expenses:			
Cash and non-cash compensation expense	\$ 1,699	\$ 1,118	\$ 581
Professional fees	196	190	6
Other	378	262	116
	<u>\$ 2,273</u>	<u>\$ 1,570</u>	<u>\$ 703</u>
(c) Interest expense:			
Mortgage notes payable	\$ (3,909)	\$ (709)	\$ (3,200)
Credit facility	(278)	(200)	(78)
Term Loan	(926)	-	(926)
Related Party Debt	-	(199)	199
Facilities fees & other charges	(235)	(107)	(128)
	<u>\$ (5,348)</u>	<u>\$ (1,215)</u>	<u>\$ (4,133)</u>
(d) Income from discontinued operations:			
Rental revenue	\$ -	\$ 434	\$ (434)
Operating expenses	-	(193)	193
Depreciation expense	-	(105)	105
	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ (136)</u>

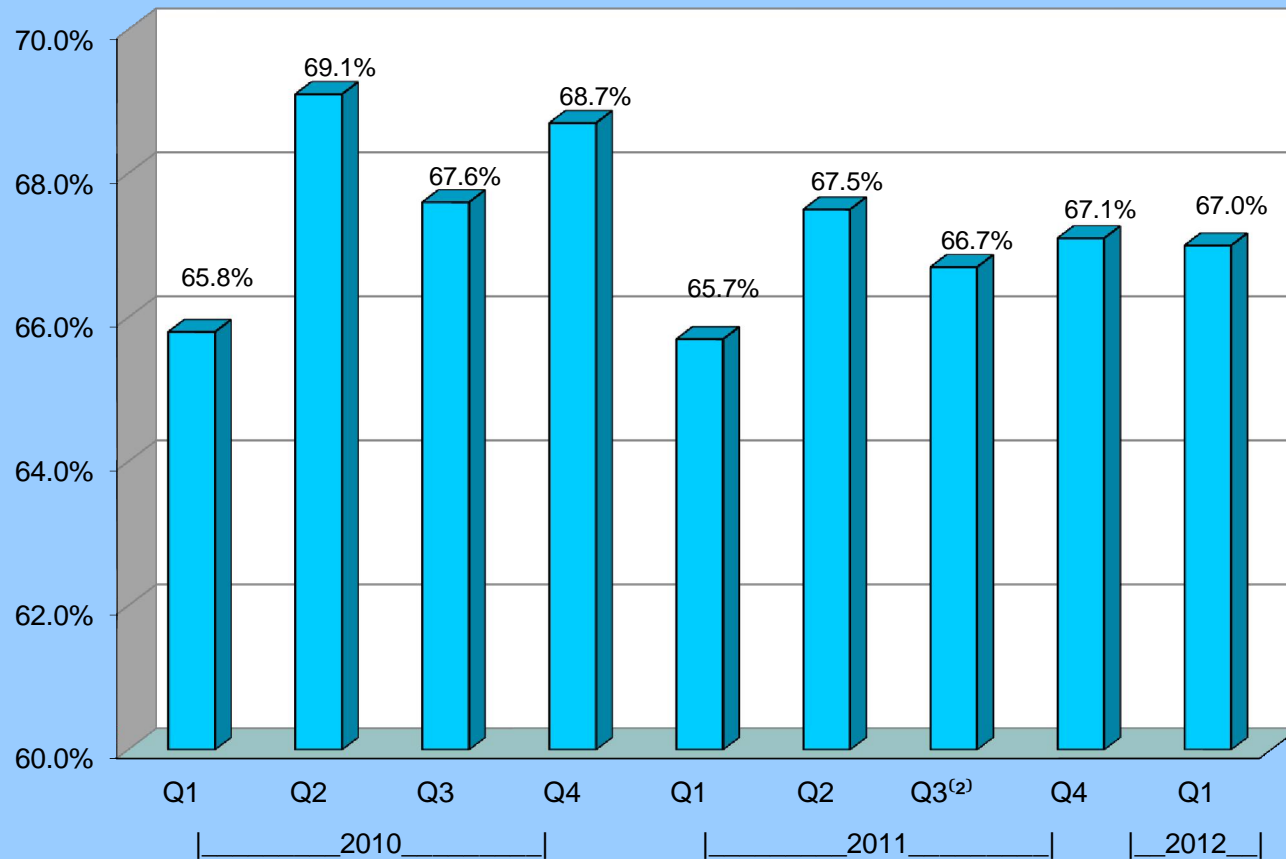
PS BUSINESS PARKS, INC.
Analysis of Capital Expenditures
(in thousands, except per square foot data)

<u>Recurring capital expenditures</u> ⁽¹⁾	<u>For The Three Months Ended March 31, 2012</u>	<u>Cost per Weighted Average Square Foot</u>
Capital improvements ⁽²⁾	\$1,116	\$0.04
Tenant improvements	7,968	\$0.29
Lease commissions	1,269	\$0.05
Total recurring capital expenditures	<u>\$10,353</u>	\$0.38
 <u>Non-recurring capital expenditures</u>		
Property renovations and development	\$1,085	
Total non-recurring capital expenditures	<u>\$1,085</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 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 \$5.7 million or approximately \$0.21 per weighted average square foot for the three months ended March 31, 2012 compared to \$6.3 million or approximately \$0.29 per weighted average square foot for the three months ended March 31, 2011.

(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.

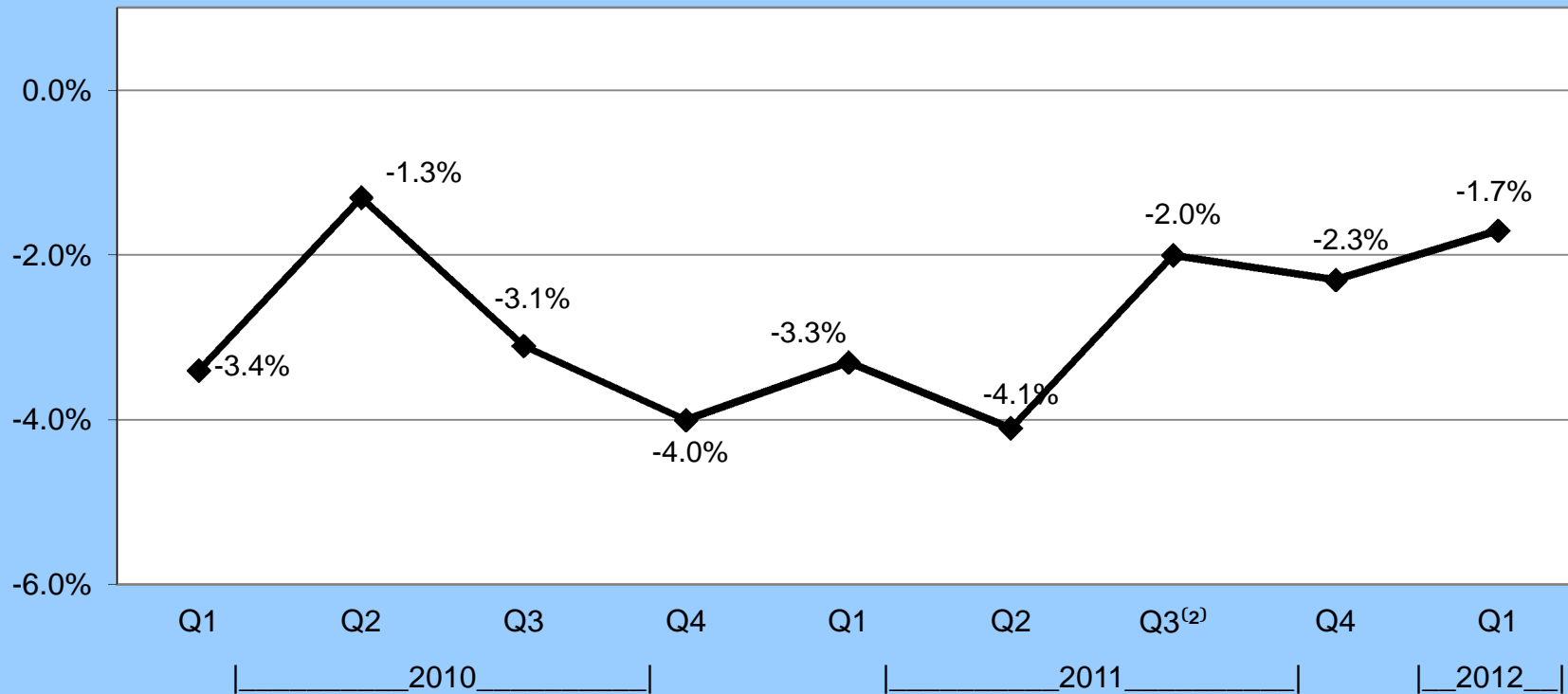
Same Park Gross Operating Margin Percentage ¹



⁽¹⁾ Gross margin is computed by dividing property net operating income by rental income for Same Park properties in each period.

⁽²⁾ Excludes one-time leasbuyout income of \$2.9 million.

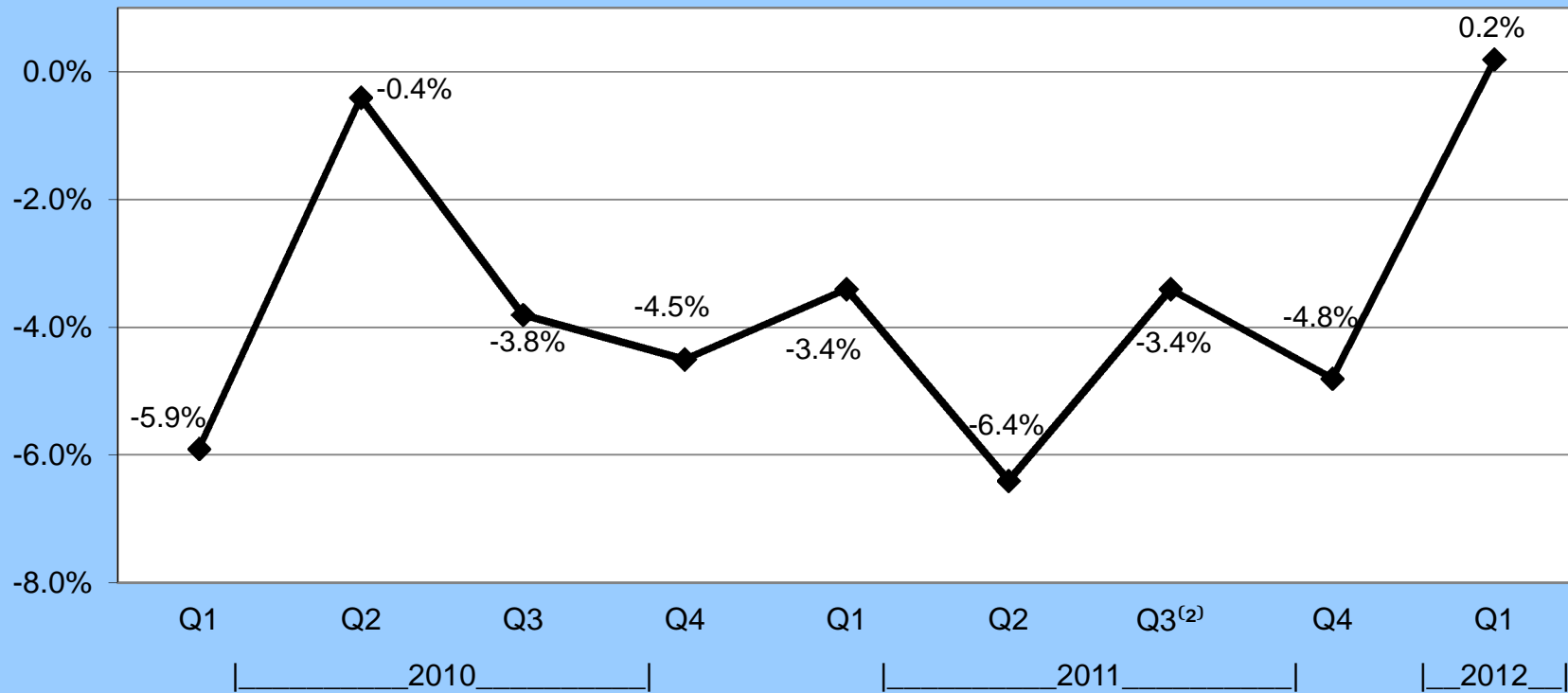
Change in Same Park Revenue ¹



¹ Percentage represents the change over the comparable period in the previous year based on Same Park operating assets as reported in each period.

² Excludes one-time lease buyout income of \$2.9 million.

Change in Same Park NOI ¹



¹ Percentage represents the change over the comparable period in the previous year based on Same Park operating assets as reported in each period.

² Excludes one-time lease buyout income of \$2.9 million.

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

Industry Concentration as of March 31, 2012

Industry	% of Total Rental Income
Business Services	15.3%
Health Services	11.5%
Government	10.6%
Computer Hardware, Software and Related Service	10.5%
Warehouse, Distribution, Transportation and Logistics	9.1%
Insurance and Financial Services	5.9%
Engineering and Construction	5.8%
Retail, Food, and Automotive	5.5%
Communications	5.1%
Aerospace/Defense Products and Services	3.4%
Electronics	3.1%
Home Furnishings	3.0%
Educational Services	1.8%
Other	9.4%
Total	100.0%

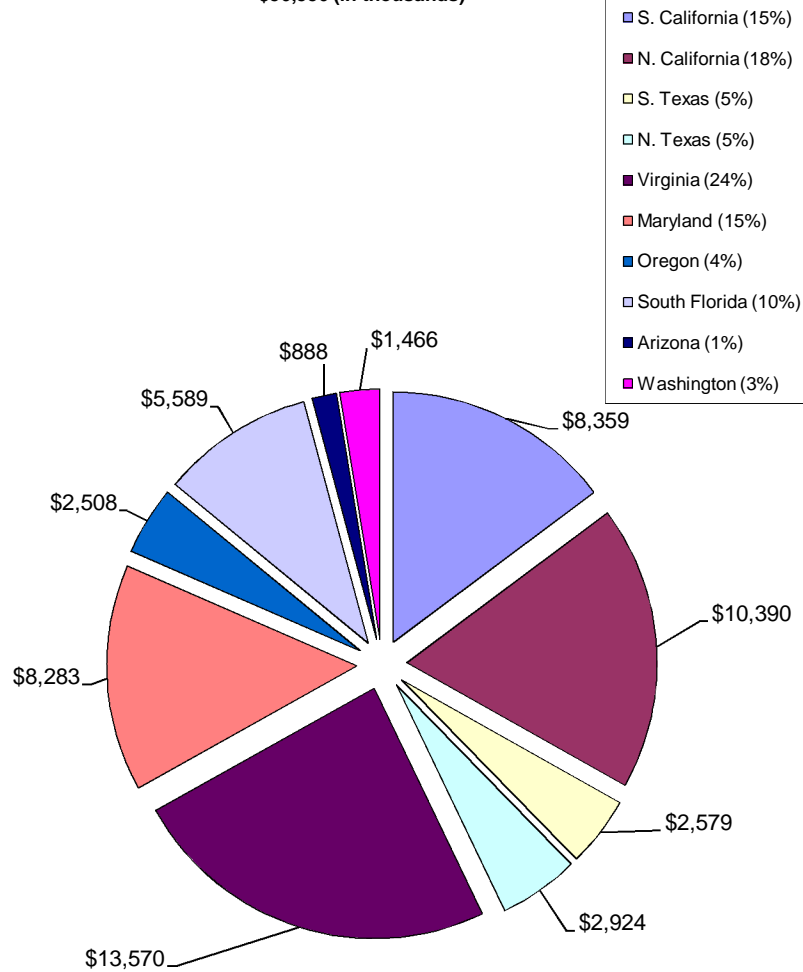
Top 10 Customers by Total Annual Rental Income as of March 31, 2012

Tenant	Square Footage	Annualized Rental Income ⁽¹⁾	% of Total Annualized Rental Income
US Government	860	\$ 21,584	6.3%
Lockheed Martin Corporation	193	4,674	1.4%
Level 3 Communication	197	3,671	1.1%
Kaiser Permanente	206	3,268	0.9%
Bristol-Meyers Squibb	114	2,460	0.7%
Luminex Corporation	149	2,229	0.6%
Wells Fargo	120	2,225	0.6%
Raytheon	100	1,906	0.5%
Keeco LLC	280	1,898	0.5%
AARP	102	1,778	0.5%
Total	2,321	\$ 45,693	13.1%

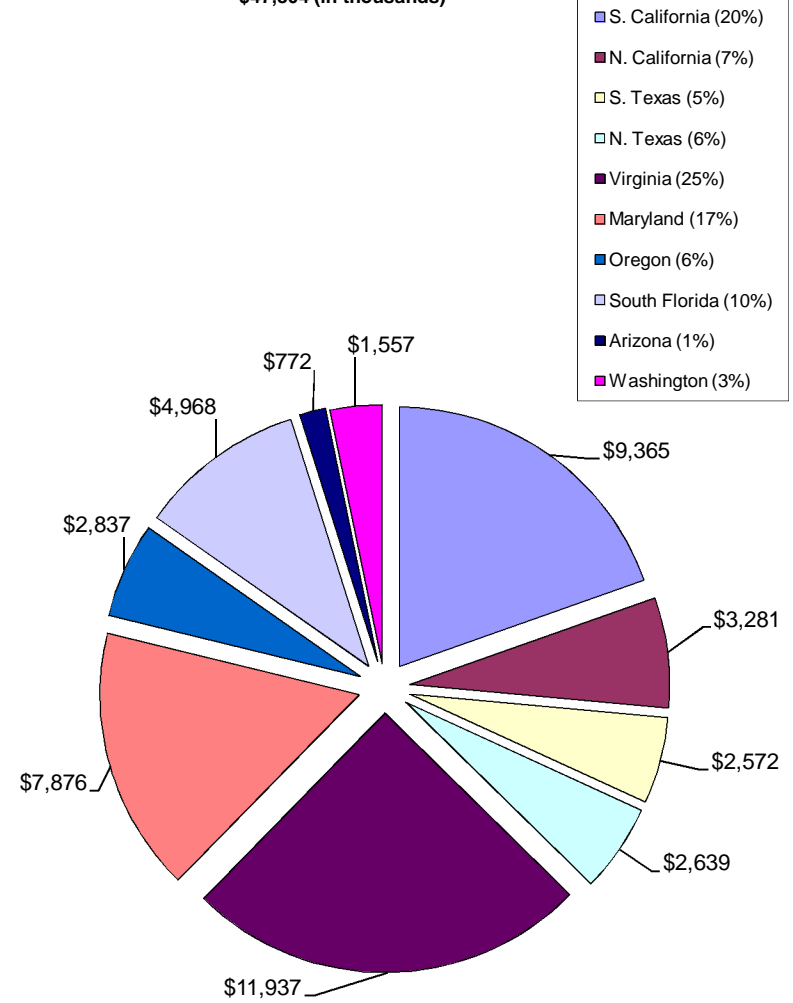
(1) - For leases expiring within one year, annualized rental income represents income to be received under existing leases from April 1, 2012 through the date of expiration.

Total Property Net Operating Income by Region

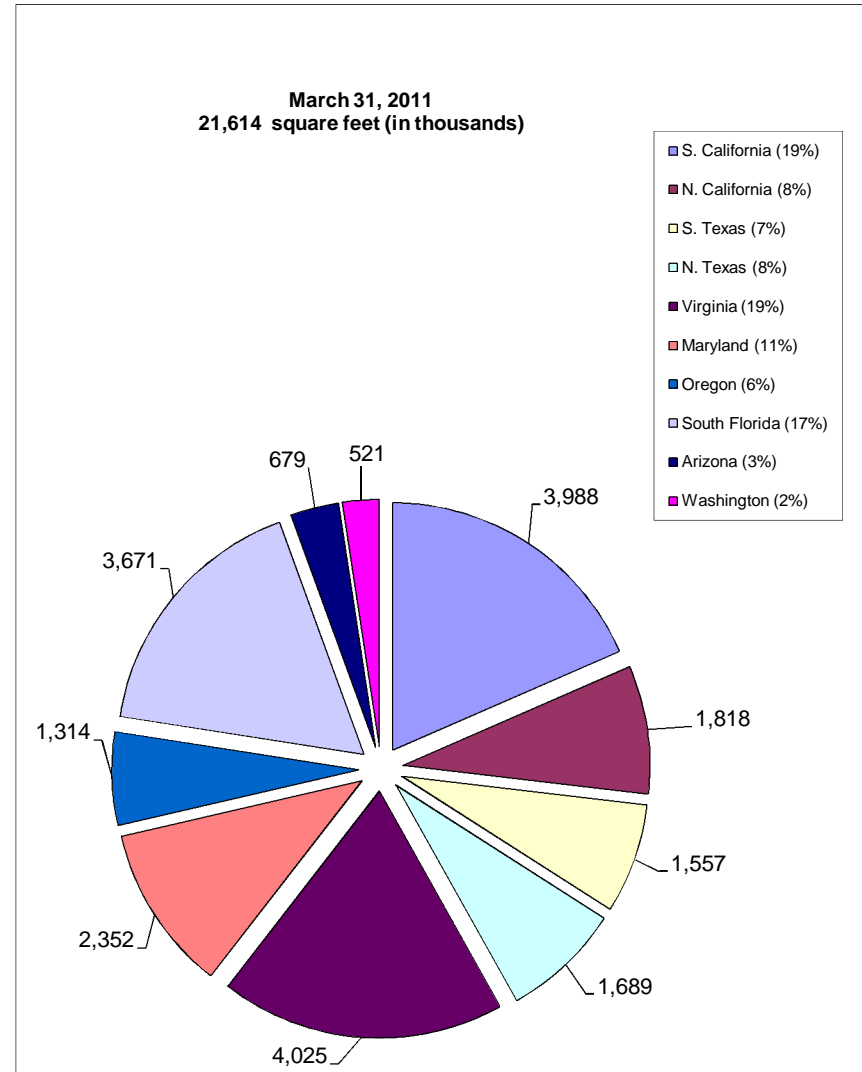
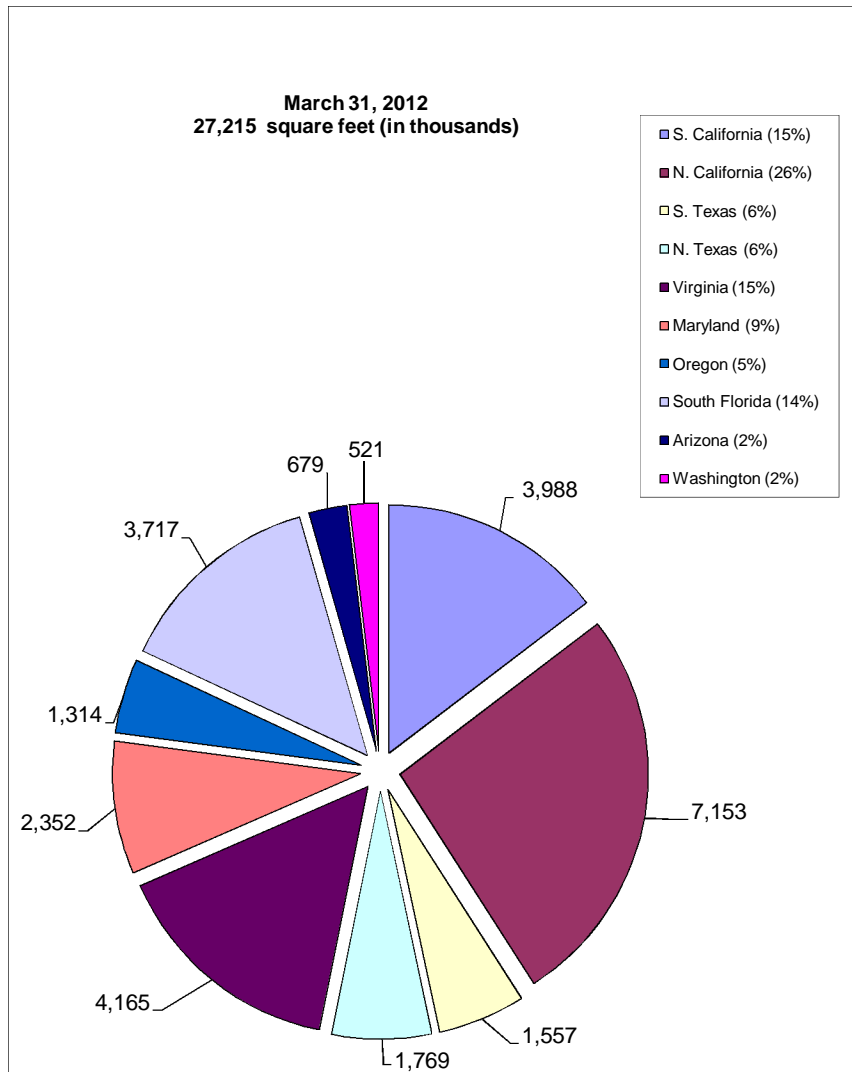
Three Months Ended March 31, 2012
\$56,556 (in thousands)



Three Months Ended March 31, 2011
\$47,804 (in thousands)



Total Owned Rentable Square Footage by Region



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

Rentable Square Footage of Properties as of March 31, 2012					
Primary Markets	Industrial	Office	Flex	Total	% of Total
Miami	2,556	12	631	3,199	16.7%
Northern Virginia	-	1,073	1,947	3,020	15.7%
Northern California	407	431	980	1,818	9.4%
Maryland	-	883	887	1,770	9.2%
Dallas	231	-	1,458	1,689	8.8%
Orange County	-	705	911	1,616	8.4%
Los Angeles County	712	31	861	1,604	8.3%
Portland	-	188	1,126	1,314	6.8%
Austin	-	-	787	787	4.1%
San Diego County	-	-	768	768	4.0%
Phoenix	-	-	679	679	3.5%
Seattle	-	28	493	521	2.7%
Palm Beach	-	-	397	397	2.1%
Houston	-	-	66	66	0.3%
Total	3,906	3,351	11,991	19,248	100.0%
Percentage by Product Type	20.3%	17.4%	62.3%	100.0%	

Weighted Average Occupancy Rates by Product Type for the Three Months Ended March 31, 2012				
Primary Markets	Industrial	Office	Flex	Total
Miami	98.8%	100.0%	94.3%	97.9%
Northern Virginia	-	94.6%	93.9%	94.2%
Northern California	82.7%	94.5%	91.9%	90.5%
Maryland	-	91.5%	84.3%	87.9%
Dallas	100.0%	-	94.1%	94.9%
Orange County	-	81.4%	91.9%	87.3%
Los Angeles County	99.9%	84.8%	89.8%	94.2%
Portland	-	81.2%	87.3%	86.4%
Austin	-	-	91.8%	91.8%
San Diego County	-	-	89.4%	89.4%
Phoenix	-	-	91.5%	91.5%
Seattle	-	97.8%	91.2%	91.6%
Palm Beach	-	-	88.7%	88.7%
Houston	-	-	83.9%	83.9%
Total	97.4%	90.2%	91.1%	92.2%

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended March 31, 2012			
Primary Markets	Large Tenant	Small Tenant	Total
Miami	98.0%	97.8%	97.9%
Northern Virginia	94.8%	93.0%	94.2%
Northern California	88.1%	92.8%	90.5%
Maryland	86.9%	95.5%	87.9%
Dallas	95.7%	90.9%	94.9%
Orange County	83.6%	90.7%	87.3%
Los Angeles County	99.9%	89.6%	94.2%
Portland	87.4%	81.5%	86.4%
Austin	90.1%	96.7%	91.8%
San Diego County	-	89.4%	89.4%
Phoenix	-	91.5%	91.5%
Seattle	-	91.6%	91.6%
Palm Beach	-	88.7%	88.7%
Houston	-	83.9%	83.9%
Total	92.8%	91.4%	92.2%

Note:

In order to evaluate the performance of the Company's overall portfolio over comparable periods, management analyzes the operating performance of stabilized properties owned and operated throughout both periods (referred to as "Same Park"). Acquired assets are generally considered stabilized when occupancy is within a range of comparable Company assets.

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.
TOTAL PORTFOLIO OVERVIEW
(in thousands)

Rentable Square Footage of Properties as of March 31, 2012					
Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern California	3,906	431	2,816	7,153	26.3%
Northern Virginia	-	2,218	1,947	4,165	15.3%
Miami	2,631	12	677	3,320	12.2%
Maryland	-	1,382	970	2,352	8.6%
Dallas	231	-	1,538	1,769	6.6%
Orange County	-	705	911	1,616	5.9%
Los Angeles County	712	31	861	1,604	5.9%
Austin	-	-	1,491	1,491	5.5%
Portland	-	188	1,126	1,314	4.8%
San Diego County	-	-	768	768	2.8%
Phoenix	-	-	679	679	2.5%
Seattle	-	28	493	521	1.9%
Palm Beach	-	-	397	397	1.5%
Houston	-	-	66	66	0.2%
Total	7,480	4,995	14,740	27,215	100.0%
Percentage by Product Type	27.5%	18.3%	54.2%	100.0%	

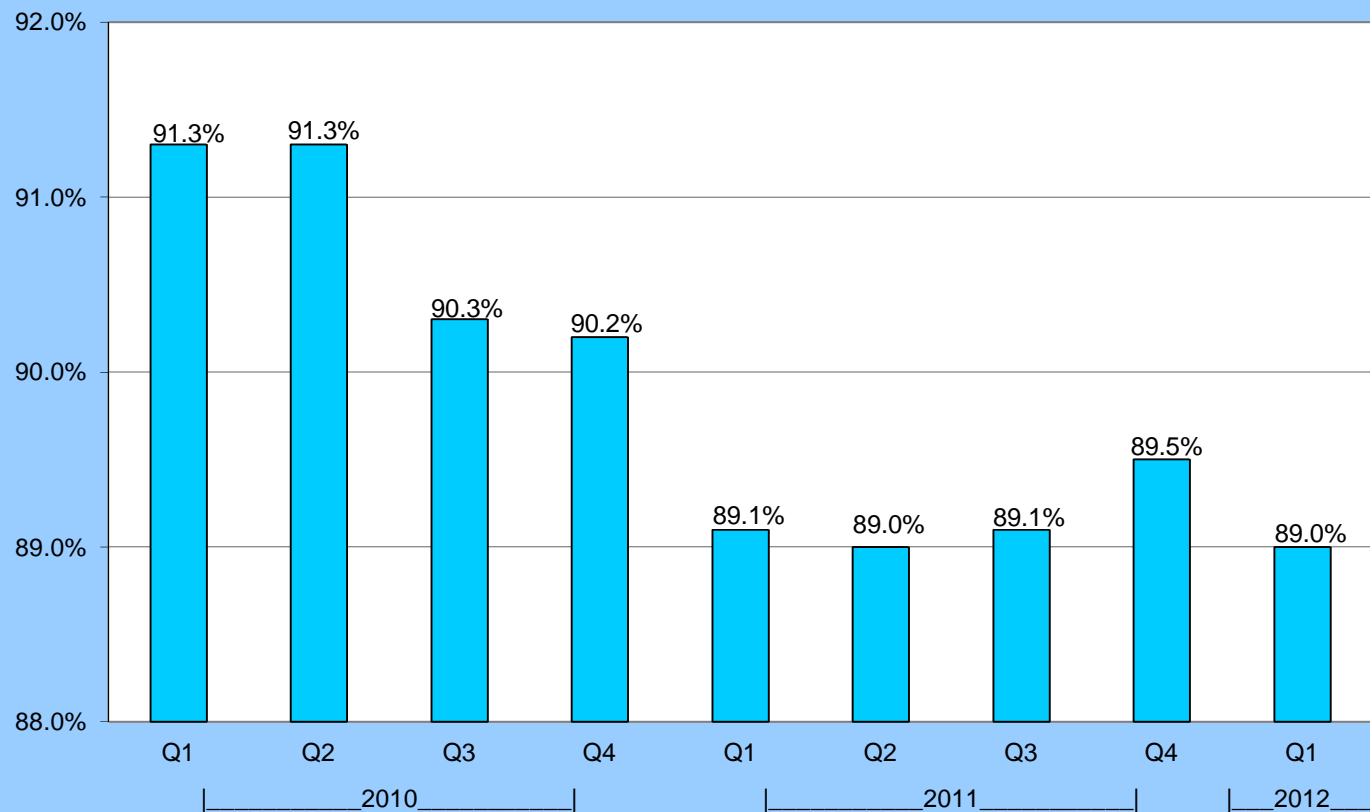
Weighted Average Occupancy Rates by Product Type for the Three Months Ended March 31, 2012				
Primary Markets	Industrial	Office	Flex	Total
Northern California	83.4%	94.5%	81.6%	83.4%
Northern Virginia	-	82.5%	93.9%	87.8%
Miami	98.8%	100.0%	90.2%	97.0%
Maryland	-	90.3%	84.4%	87.9%
Dallas	100.0%	-	94.4%	95.1%
Orange County	-	81.4%	91.9%	87.3%
Los Angeles County	99.9%	84.8%	89.8%	94.2%
Austin	-	-	92.7%	92.7%
Portland	-	81.2%	87.3%	86.4%
San Diego County	-	-	89.4%	89.4%
Phoenix	-	-	91.5%	91.5%
Seattle	-	97.8%	91.2%	91.6%
Palm Beach	-	-	88.7%	88.7%
Houston	-	-	83.9%	83.9%
Total	90.9%	85.6%	89.2%	89.0%

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended March 31, 2012			
Primary Markets	Large Tenant	Small Tenant	Total
Northern California	82.6%	87.5%	83.4%
Northern Virginia	87.7%	88.2%	87.8%
Miami	96.9%	97.8%	97.0%
Maryland	87.7%	88.4%	87.9%
Dallas	96.0%	90.9%	95.1%
Orange County	83.6%	90.7%	87.3%
Los Angeles County	99.9%	89.6%	94.2%
Austin	92.3%	94.8%	92.7%
Portland	87.4%	81.5%	86.4%
San Diego County	-	89.4%	89.4%
Phoenix	-	91.5%	91.5%
Seattle	-	91.6%	91.6%
Palm Beach	-	88.7%	88.7%
Houston	-	83.9%	83.9%
Total	88.7%	89.6%	89.0%

Note:

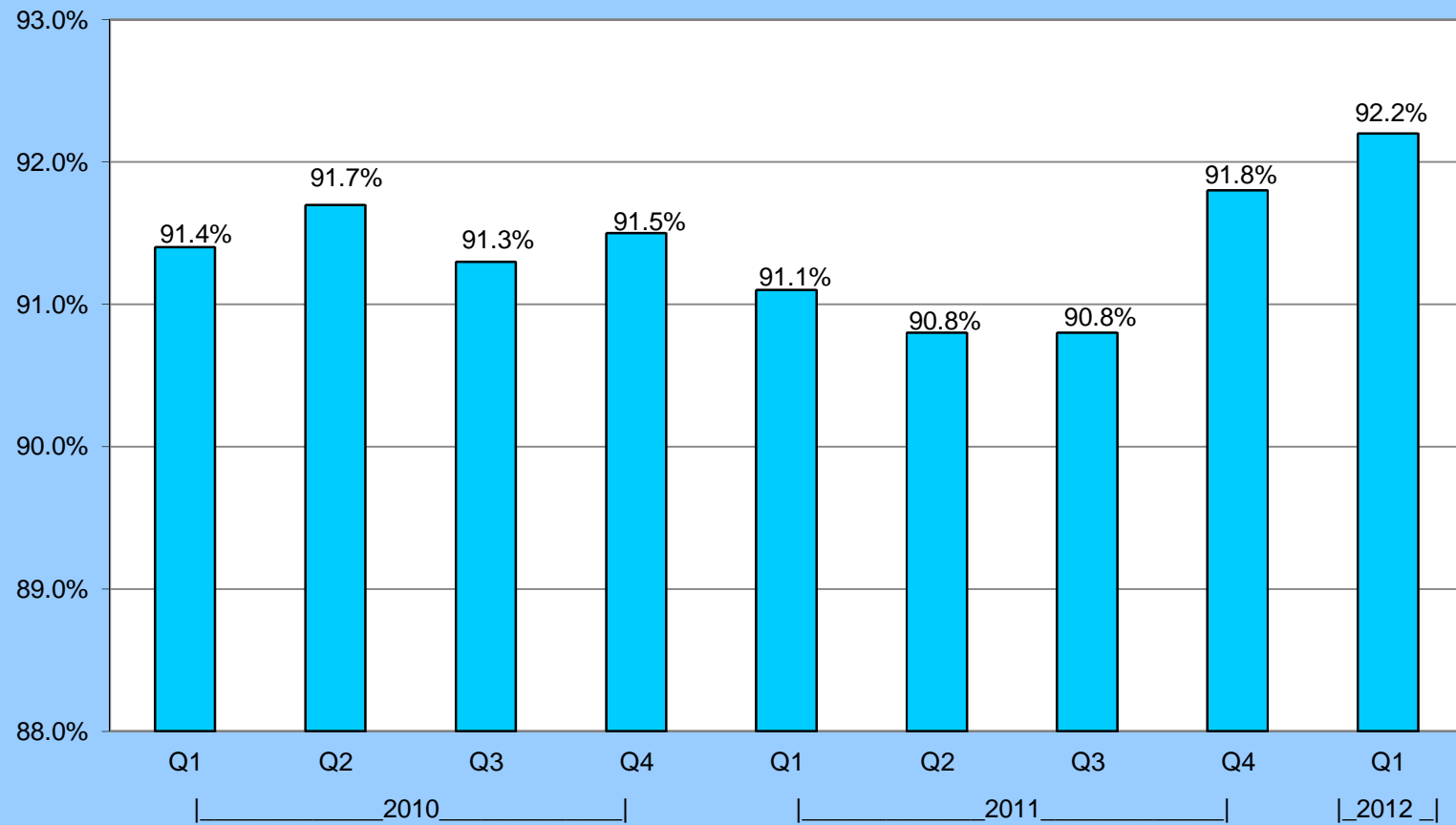
The Company's "large tenant" portfolio consists of properties with average leases greater than or equal to 5,000 square feet while the "small tenant" portfolio consists of properties with average leases less than 5,000 square feet.

Total Owned Portfolio Weighted Average Occupancy ¹



⁽¹⁾ Represents the weighted average occupancy for total owned portfolio held in continuing operations as reported in each period.

Same Park Weighted Average Occupancy ⁽¹⁾



⁽¹⁾ Represents the weighted average occupancy for Same Park portfolio held in continuing operations as reported in each period.

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2012
(IN THOUSANDS)

Lease Expirations - Flex					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2012	2,719	\$ 37,641	19.7%	10.5%	
2013	3,834	53,196	27.8%	14.8%	
2014	2,465	34,811	18.2%	9.7%	
2015	1,788	25,513	13.3%	7.1%	
2016	1,281	20,219	10.6%	5.6%	
Thereafter	1,168	19,888	10.4%	5.5%	
Total	13,255	\$ 191,268	100.0%	53.2%	

Lease Expirations - Office					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2012	738	\$ 18,025	16.2%	5.0%	
2013	1,226	30,567	27.5%	8.5%	
2014	766	17,366	15.6%	4.8%	
2015	465	10,890	9.8%	3.0%	
2016	565	15,411	13.9%	4.3%	
Thereafter	613	18,877	17.0%	5.2%	
Total	4,373	\$ 111,136	100.0%	30.8%	

Lease Expirations - Industrial					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2012	1,283	\$ 10,026	17.6%	2.8%	
2013	1,698	13,247	23.2%	3.7%	
2014	1,412	13,255	23.3%	3.7%	
2015	796	6,656	11.7%	1.9%	
2016	1,069	7,754	13.6%	2.2%	
Thereafter	674	6,069	10.6%	1.7%	
Total	6,932	\$ 57,007	100.0%	16.0%	

Lease Expirations - Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2012	4,740	\$ 65,692	18.3%	18.3%	
2013	6,758	97,010	27.0%	27.0%	
2014	4,643	65,432	18.2%	18.2%	
2015	3,049	43,059	12.0%	12.0%	
2016	2,915	43,384	12.1%	12.1%	
Thereafter	2,455	44,834	12.4%	12.4%	
Total	24,560	\$ 359,411	100.0%	100.0%	

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2012
(IN THOUSANDS)

Southern California				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	939	\$ 14,150	25.4%	3.9%
2013	1,158	17,147	30.8%	4.8%
2014	856	13,189	23.7%	3.7%
2015	440	6,605	11.8%	1.8%
2016	128	2,854	5.1%	0.8%
Thereafter	76	1,806	3.2%	0.5%
Total	3,597	\$ 55,751	100.0%	15.5%
Northern California				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	1,336	\$ 13,005	20.4%	3.6%
2013	1,386	16,251	25.6%	4.5%
2014	1,068	12,454	19.6%	3.5%
2015	753	7,417	11.7%	2.1%
2016	1,005	8,110	12.7%	2.3%
Thereafter	656	6,364	10.0%	1.8%
Total	6,204	\$ 63,601	100.0%	17.8%
Southern Texas				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	126	\$ 1,502	8.4%	0.4%
2013	385	4,280	24.1%	1.2%
2014	326	3,867	21.8%	1.1%
2015	339	4,951	27.9%	1.4%
2016	169	1,918	10.8%	0.5%
Thereafter	90	1,241	7.0%	0.3%
Total	1,435	\$ 17,759	100.0%	4.9%
Northern Texas				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	304	\$ 3,322	17.1%	0.9%
2013	536	5,153	26.6%	1.4%
2014	389	4,694	24.2%	1.3%
2015	242	3,117	16.1%	0.9%
2016	98	1,051	5.4%	0.3%
Thereafter	141	2,065	10.6%	0.6%
Total	1,710	\$ 19,402	100.0%	5.4%

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2012
(IN THOUSANDS)

South Florida				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	715	\$ 6,728	20.9%	1.9%
2013	1,139	9,974	30.9%	2.8%
2014	735	6,692	20.8%	1.9%
2015	384	3,691	11.4%	1.0%
2016	377	3,349	10.4%	0.9%
Thereafter	201	1,812	5.6%	0.5%
Total	3,551	\$ 32,246	100.0%	9.0%
Northern Virginia				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	619	\$ 13,448	15.9%	3.7%
2013	938	20,520	24.2%	5.7%
2014	623	13,623	16.1%	3.8%
2015	459	9,041	10.7%	2.5%
2016	470	11,908	14.0%	3.3%
Thereafter	595	16,185	19.1%	4.5%
Total	3,704	\$ 84,725	100.0%	23.5%
Maryland				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	303	\$ 8,285	15.9%	2.3%
2013	543	13,956	26.8%	3.9%
2014	280	5,638	10.8%	1.6%
2015	210	4,883	9.4%	1.4%
2016	413	9,765	18.8%	2.7%
Thereafter	334	9,520	18.3%	2.6%
Total	2,083	\$ 52,047	100.0%	14.5%
Oregon				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	111	\$ 1,669	8.5%	0.5%
2013	259	4,123	21.0%	1.1%
2014	170	2,859	14.5%	0.8%
2015	93	1,784	9.1%	0.5%
2016	208	3,689	18.7%	1.0%
Thereafter	343	5,551	28.2%	1.5%
Total	1,184	\$ 19,675	100.0%	5.4%

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2012
(IN THOUSANDS)

Washington					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2012	112	\$ 1,879	22.7%	0.5%	
2013	201	3,616	43.6%	1.0%	
2014	51	1,020	12.3%	0.3%	
2015	57	897	10.8%	0.2%	
2016	44	708	8.5%	0.2%	
Thereafter	9	169	2.1%	0.0%	
Total	474	\$ 8,289	100.0%	2.2%	
Arizona					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2012	175	\$ 1,704	28.8%	0.5%	
2013	213	1,990	33.6%	0.6%	
2014	145	1,396	23.6%	0.4%	
2015	72	673	11.4%	0.2%	
2016	3	32	0.5%	0.0%	
Thereafter	10	121	2.1%	0.1%	
Total	618	\$ 5,916	100.0%	1.8%	
Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2012	4,740	\$ 65,692	18.2%	18.2%	
2013	6,758	97,010	27.0%	27.0%	
2014	4,643	65,432	18.4%	18.4%	
2015	3,049	43,059	12.0%	12.0%	
2016	2,915	43,384	12.0%	12.0%	
Thereafter	2,455	44,834	12.4%	12.4%	
Total	24,560	\$ 359,411	100.0%	100.0%	

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2012
(IN THOUSANDS)

Lease Expirations - Large Tenant Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	2,658	\$ 33,493	14.3%	9.3%
2013	4,288	58,003	24.8%	16.1%
2014	3,216	41,610	17.8%	11.6%
2015	2,238	28,877	12.4%	8.0%
2016	2,471	34,355	14.7%	9.6%
Thereafter	2,112	37,218	16.0%	10.4%
Total	16,983	\$ 233,556	100.0%	65.0%

Lease Expirations - Small Tenant Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	2,082	\$ 32,199	25.6%	9.0%
2013	2,470	39,007	31.0%	10.9%
2014	1,427	23,822	18.9%	6.6%
2015	811	14,182	11.3%	3.9%
2016	444	9,029	7.2%	2.5%
Thereafter	343	7,616	6.0%	2.1%
Total	7,577	\$ 125,855	100.0%	35.0%

Lease Expirations - Total Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2012	4,740	\$ 65,692	18.3%	18.3%
2013	6,758	97,010	27.0%	27.0%
2014	4,643	65,432	18.2%	18.2%
2015	3,049	43,059	11.9%	11.9%
2016	2,915	43,384	12.1%	12.1%
Thereafter	2,455	44,834	12.5%	12.5%
Total	24,560	\$ 359,411	100.0%	100.0%