

PS BUSINESS PARKS INC/CA

Form 424B5

November 05, 2013

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File Pursuant to Rule 424(b)(5)
Registration No. 333-180058

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED NOVEMBER 4, 2013

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated March 13, 2012)

1,300,000 Shares

PS Business Parks, Inc.

Common Stock

We are selling 1,300,000 shares of common stock in this offering.

Public Storage has agreed to purchase, subject to the closing of this offering, shares of our common stock in an amount sufficient to maintain its existing ownership percentage in us, assuming full conversion of the outstanding common partnership units in PS Business Parks, L.P., our operating partnership, and no exercise of the underwriter's option to purchase additional shares. At November 1, 2013, Public Storage and its affiliates owned 25.44% of the outstanding shares of our common stock and 24.08% of the outstanding common partnership units of PS Business Parks, L.P. Assuming full conversion of the partnership units, Public Storage would own 42.62% of the outstanding shares of our common stock. As a result, Public Storage has agreed to purchase 950,000 shares of common stock for a purchase price equal to \$ per share.

The Public Storage transaction is not a condition to this offering. The sale of shares of common stock to Public Storage is expected to close concurrently with this offering.

Our shares of common stock are listed on the New York Stock Exchange (the NYSE) under the symbol PSB. The last reported sale price of shares of our common stock on the NYSE on November 4, 2013 was \$81.40 per share.

Investing in our shares of common stock involves risks. See Risk Factors on page S-3 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	\$	\$
Underwriting Discount	\$	\$
Proceeds to the Company (before expenses)	\$	\$

In addition, we have granted the underwriter an option for a period of 30 days from the date of this prospectus supplement to purchase up to an additional 195,000 shares of common stock from us at \$ per share.

The underwriter expects to deliver the shares of common stock against payment in New York, New York on November , 2013.

Sole Book-Running Manager

Goldman, Sachs & Co.

November , 2013

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You should rely on the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus or any related free writing prospectus we file with the Securities and Exchange Commission (the "SEC"). We have not, and the underwriter has not, authorized anyone to provide you with different information. We are not, and the underwriter is not, making an offer of these securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information contained herein or in any document incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement or the date of the document incorporated by reference herein.

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This prospectus supplement and the accompanying prospectus, including documents incorporated by reference, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are inherently subject to risk and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations, in each case, contained in our most recent annual and quarterly reports which are incorporated herein by reference.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the reporting requirements of the Exchange Act and are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may telephone the SEC at 1-800-SEC-0330 for further information on SEC public reference facilities. The SEC also maintains a website at <http://www.sec.gov> that contains the reports, proxy and information statements and other information that we and other registrants file electronically with the SEC. You also can inspect reports and other information we file at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus supplement and the accompanying prospectus are a part of a registration statement on Form S-3 filed with the SEC to register offers and sales of the securities described in this prospectus supplement and the accompanying prospectus under the Securities Act. The registration statement contains additional information about us and the securities. You may obtain the registration statement and its exhibits from the SEC as indicated above or from us.

The SEC allows us to provide information about our business and other important information to you by incorporating by reference the information we file with the SEC, which means that we can disclose that information to you by referring in this prospectus supplement and the accompanying prospectus to the documents we file with the SEC. Under SEC regulations, any statement contained in a document incorporated by reference in this prospectus supplement and the accompanying prospectus is automatically updated and superseded by any information contained in this prospectus supplement and the accompanying prospectus, or in any subsequently filed document of the types described below.

We incorporate into this prospectus supplement by reference the following documents filed with the SEC by us, each of which should be considered an important part of this prospectus supplement:

SEC Filing	Period Covered or Date of Filing
Annual Report on Form 10-K	Year ended December 31, 2012 (filed February 22, 2013)
Quarterly Reports on Form 10-Q	Quarters ended March 31, 2013 (filed May 9, 2013); June 30, 2013 (filed August 2, 2013); and September 30, 2013 (filed October 29, 2013)
Current Reports on Form 8-K	Filed March 7, 2013, May 7, 2013 and October 4, 2013
The portions of our Definitive Proxy Statement on Schedule 14A that are incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2012	Filed April 12, 2013
Description of our common stock contained in Registration Statement on Form 8-A, as supplemented by the description of our common stock contained in this prospectus	Effective September 8, 2008
All subsequent documents filed by us under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934 (other than those furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K or other information furnished to the SEC)	After the date of this prospectus supplement and before the termination of the offering

You may request a copy of each of our filings at no cost, by writing or telephoning us at the following address, telephone or facsimile number:

Investor Services Department

PS Business Parks, Inc.

701 Western Avenue

Glendale, California 91201-2349

Telephone: (800) 421-2856 or

(818) 244-8080

Edgar Filing: PS BUSINESS PARKS INC/CA - Form 424B5

Facsimile: (818) 241-0627

Exhibits to a document will not be provided unless they are specifically incorporated by reference in that document.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that you should consider before deciding whether or not to invest in our shares of common stock. You should read the entire prospectus supplement and the accompanying prospectus carefully, including the section entitled Risk Factors beginning on page S-3 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference in this prospectus supplement. Unless the context otherwise requires, the terms we, our, us and the company refer to PS Business Parks, Inc., a California corporation, and the term Operating Partnership refers to PS Business Parks, L.P.

The Company

We are a fully integrated, self-advised and self-managed real estate investment trust, or REIT, that acquires, develops, owns and operates commercial properties. We are the sole general partner of our Operating Partnership, PS Business Parks, L.P., through which we conduct most of our activities. As of November 1, 2013, we had interests in properties in eight states containing approximately 29.2 million net rentable square feet of commercial space.

Recent Development

Public Storage has agreed to purchase, subject to the closing of this offering, shares of our common stock in an amount sufficient to maintain its existing ownership percentage in us, assuming full conversion of the outstanding common partnership units in PS Business Parks, L.P., our operating partnership, and no exercise of the underwriter's option to purchase additional shares. At November 1, 2013, Public Storage and its affiliates owned 25.44% of the outstanding shares of our common stock and 24.08% of the outstanding common partnership units of PS Business Parks, L.P. Assuming full conversion of the partnership units, Public Storage would own 42.62% of the outstanding shares of our common stock. As a result, Public Storage has agreed to purchase 950,000 shares of common stock for a purchase price equal to \$ per share.

The Public Storage transaction is not a condition to this offering. The sale of common stock to Public Storage is expected to close concurrently with this offering.

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The Offering

The following summary of the offering contains basic information about the offering and our shares of common stock and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of shares of our common stock, please refer to the section of the accompanying prospectus entitled "Description of Common Stock."

Shares of Common Stock Offered in this Offering	1,300,000 shares of common stock (1,495,000 shares if the underwriter's option to purchase additional shares is exercised in full).
Shares of Common Stock Sold to Public Storage	950,000 shares of common stock.
Shares of Common Stock to be outstanding after this Offering and the Sale to Public Storage	26,649,822 shares of common stock (26,844,822 million shares if the underwriter's option to purchase additional shares is exercised in full). (1)
Use of Proceeds	We estimate that the net proceeds from this offering will be approximately \$ million (or \$ million if the underwriter exercises its option to purchase additional shares in full), after deducting estimated offering expenses payable by us. We estimate that the net proceeds of the sale to Public Storage will be approximately \$ million. We may contribute all or a portion of the net proceeds from the offerings to our Operating Partnership in exchange for common partnership units of the limited partnership. We or our Operating Partnership expect to use a portion of the net proceeds from these offerings to repay outstanding indebtedness under the term loan (the "Term Loan"), which as of September 30, 2013 had \$90.0 million outstanding with a current annual interest rate of 1.38%. We or our Operating Partnership also expect to use any additional net proceeds from these offerings for general corporate purposes, which may include the acquisition of commercial properties. See "Use of Proceeds."
NYSE Symbol	Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "PSB."

(1) The number of shares of our common stock that will be outstanding after this offering and the sale to Public Storage is based on 24,399,822 shares of common stock outstanding as of October 28, 2013. The number of shares of common stock that will be outstanding after the offerings excludes:

224,200 shares of common stock reserved for issuance upon the vesting of stock options and restricted stock units previously granted under our 2003 and 2012 stock option and incentive plans;

41,000 shares of common stock reserved for issuance for awards under our Retirement Plan for Non-Employee Directors; and

7,305,355 shares of common stock that may be issued at our election in the event Public Storage exercises its redemption right with respect to the common units it holds in our Operating Partnership.

Unless otherwise specifically stated, all information in this prospectus supplement assumes no exercise by the underwriter of their option to purchase up to an additional 195,000 shares of our common stock.

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RISK FACTORS

Before investing in the shares of common stock, you should carefully consider the risks described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including (i) those described under the caption Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and (ii) documents we file with the SEC after the date of this prospectus supplement and which are deemed incorporated by reference in this prospectus supplement. See Where You Can Find More Information beginning on page S-ii of this prospectus supplement for an explanation of how to get a copy of these documents. Although we discuss key risks in those risk factor descriptions, additional risks not currently known to us or that we currently deem immaterial also may impair our business. We cannot predict future risks or estimate the extent to which they may affect our financial performance. The trading price of our shares of common stock could decline due to the materialization of any of these risks, and you may lose all or part of your investment.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately \$ million (or \$ million if the underwriter exercises its option to purchase additional shares in full), after deducting estimated offering expenses payable by us. We estimate that the net proceeds of the sale of common stock to Public Storage will be approximately \$ million.

We may contribute all or a portion of the net proceeds from these offerings to our Operating Partnership in exchange for common partnership units of the limited partnership. We or our Operating Partnership expect to use a portion of the net proceeds from these offerings to repay outstanding indebtedness under the Term Loan, which as of September 30, 2013 had \$90.0 million outstanding with a current annual interest rate of 1.38%. We or our Operating Partnership also expect to use any additional net proceeds from these offerings for general corporate purposes, which may include the acquisition of commercial properties. Neither we nor our Operating Partnership have any agreements or commitments with respect to any property acquisitions, other than a contract entered into on August 13, 2013 to purchase certain properties in Dallas, Texas for approximately \$12.3 million.

Pending application of the net proceeds as described above, we expect that the net proceeds of this offering and the sale of common stock to Public Storage will be deposited in interest bearing accounts or invested in certificates of deposit, United States government obligations or other short-term, high-quality debt instruments selected at our discretion.

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The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2013:

on an actual basis; and

on an as adjusted basis giving effect to the issuance of 2,250,000 shares of common stock in this offering and the sale of common stock to Public Storage, each at an assumed offering price of \$81.40 per share (the last reported sale price on November 4, 2013) and after deducting estimated offering expenses payable by us.

The following data should be read in conjunction with "Use of Proceeds" included elsewhere in this prospectus and with "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and related notes included in our Form 10-Q for the quarter ended September 30, 2013 and incorporated by reference into this prospectus supplement.

	September 30, 2013	
	Actual	As Adjusted
	(In thousands, except share and per share amounts)	
Cash and cash equivalents	\$ 17,983	\$ 110,883
Long-Term Indebtedness:		
Term loan	\$ 90,000	\$
Mortgage notes payable	250,000	250,000
Total long term indebtedness	340,000	250,000
Equity:		
PS Business Parks, Inc.'s shareholders' equity:		
Preferred stock, par value \$0.01 per share, 50,000,000 shares authorized, 39,800 shares issued and outstanding at September 30, 2013	995,000	995,000
Common stock, par value \$0.01 per share, 100,000,000 shares authorized, 24,388,822 shares issued and outstanding at September 30, 2013	243	266
Paid-in capital	540,866	723,743
Cumulative net income	1,038,220	1,038,220
Cumulative distributions	(1,020,679)	(1,020,679)
Total PS Business Parks, Inc.'s shareholders' equity	1,553,650	1,736,550
Noncontrolling interests:		
Common units	167,261	167,261
Total noncontrolling interests	167,261	167,261
Total equity	1,720,911	1,903,811
Total capitalization	\$ 2,060,911	\$ 2,153,811

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For a discussion of the taxation of the Company and the tax considerations relevant to shareholders generally, see *Material U.S. Federal Income Tax Considerations* in the accompanying Prospectus. The following is a summary of certain additional U.S. federal income tax considerations pertaining to the acquisition, ownership and disposition of our common stock and should be read in conjunction with the referenced sections in the accompanying Prospectus. This discussion of additional considerations is general in nature and is not exhaustive of all possible U.S. federal income tax considerations, nor does the discussion address any state, local or foreign tax considerations. This discussion of additional considerations is based on current law and does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a prospective shareholder in light of its particular circumstances or to certain types of shareholders (including insurance companies, financial institutions, broker-dealers, tax exempt investors, foreign corporations and persons who are not citizens or residents of the United States) subject to special treatment under U.S. federal income tax law. We have not requested and will not request a ruling from the Internal Revenue Service (the *IRS*) with respect to any of the U.S. federal income tax issues discussed below or in the accompanying Prospectus. Prospective investors should consult, and must depend on, their own tax advisors regarding the U.S. federal, state, local, foreign and other tax consequences of holding and disposing of our common stock.

Recent Legislative Changes

The American Taxpayer Relief Act of 2012 (*ATRA*) was enacted on January 3, 2013. As discussed in *Material U.S. Federal Income Tax Considerations Taxation of U.S. Shareholders Sunset of Reduced Tax Rate Provisions* in the accompanying Prospectus, certain provisions of U.S. federal income tax law relating to capital gain taxation (including the taxation of capital gain dividends) and the applicability of capital gain rates to dividends designated as *qualified dividend income* were scheduled to *sunset* and revert to provisions of prior law for taxable years beginning after December 31, 2012. ATRA has modified those rules. For taxable years beginning after 2012, for noncorporate taxpayers, the highest ordinary income tax rate is 39.6% and both the maximum capital gain tax rate (for gain other than *unrecaptured section 1250 gain*) and the maximum tax rate applicable to *qualified dividend income* generally is 20%, in each case without taking into account the tax discussed in *Material U.S. Federal Income Tax Considerations Taxation of U.S. Shareholders Expansion of Medicare Tax* in the accompanying Prospectus. Prospective investors should consult their tax advisors regarding the effect of these changes in their particular circumstances.

In addition, as discussed in *Material U.S. Federal Income Tax Considerations Taxation of PS Business Parks as a REIT* in the accompanying Prospectus, we may be subject to tax at the highest applicable corporate rate on the gain we recognize from the disposition of an asset acquired from a non-REIT C corporation in a carry-over basis transaction to the extent of the *built-in gain* in the asset. *Built-in gain* is the amount by which an asset's fair market value exceeds its adjusted tax basis at the time we acquire the asset. In general, this tax applies for a period of 10 years beginning with the day the property of a non-REIT C corporation is transferred to us in a carry-over basis transaction (the *recognition period*). Pursuant to ATRA, the recognition period is reduced to 5 years for assets sold in 2012 or 2013. Absent further legislation, the recognition period will revert to 10 years in 2014.

The following discussion should be read to replace in its entirety and supersede the discussion under the heading Material U.S. Federal Income Tax Considerations U.S. Taxation of Non-U.S. Shareholders Foreign Account Tax Compliance Act in the accompanying Prospectus.

Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act (*FATCA*), which was enacted in 2010, imposes a 30% withholding tax on certain types of payments made to foreign financial institutions and certain other non-U.S. entities unless certain due diligence, reporting, withholding, and certification obligations requirements are satisfied.

On January 17, 2013, final regulations under FATCA were published. As a general matter, FATCA imposes a 30% withholding tax on dividends on, and gross proceeds from the sale or other disposition of, our shares if

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paid to a foreign entity unless (i) if the foreign entity is a foreign financial institution, the foreign entity undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) if the foreign entity is not a foreign financial institution, the foreign entity identifies certain of its U.S. investors, or (iii) the foreign entity is otherwise excepted under FATCA.

Under delayed effective dates provided for in the final regulations and subsequent guidance, the required withholding does not begin until July 1, 2014 with respect to dividends on our shares, and January 1, 2017 with respect to gross proceeds from a sale or other disposition of our shares.

If withholding is required under FATCA on a payment related to our shares, investors that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) generally will be required to seek a refund or credit from the IRS to obtain the benefit of such exemption or reduction (provided that such benefit is available). Prospective investors should consult their tax advisors regarding the effect of FATCA in their particular circumstances.

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UNDERWRITING

Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, Goldman, Sachs & Co. has agreed to purchase from us, and we have agreed to sell to such underwriter, 1,300,000 shares of common stock at the price set forth on the cover of this prospectus supplement. The underwriter is committed to take and pay for all of the shares of common stock being offered if it purchases any, other than the shares of common stock covered by the option described below unless and until this option is exercised.

The underwriter has an option, for a 30-day period, to buy up to an additional 195,000 shares of common stock from us.

Shares sold by the underwriter to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriter to securities dealers may be sold at a discount from the initial public offering price not to exceed \$ _____ per share. If all the shares are not sold at the initial offering price, the underwriter may change the offering price and the other selling terms.

We have agreed, and we expect each of our directors and executive officers will agree, with the underwriter, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus supplement continuing through the date 60 days after the date of this prospectus supplement, except with the prior written consent of the underwriter. This agreement does not apply to any existing employee benefit plans.

In connection with the offering, the underwriter may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriter of a greater number of shares than it is required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriter's option to purchase additional shares from us in the offering. The underwriter may close out any covered short position by either exercising its option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriter will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which it may purchase additional shares pursuant to the option granted to the underwriter. Naked short sales are any sales in excess of such option. The underwriter must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriter in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriter for its own accounts, may have the effect of preventing or retarding a decline in the market price of the company's stock, and may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise. If the underwriter commences any of these transactions, it may discontinue any of them at any time.

The company may enter into derivative transactions with third parties, or sell securities not covered by this prospectus supplement to third parties in privately negotiated transactions. In connection with those derivatives, the third parties may sell securities covered by this prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by the company or borrowed from the company or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from the company in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter or will be identified in a post-effective amendment.

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The company estimates that its share of the total expenses of the offering (excluding the underwriting discount) will be approximately \$250,000.

The underwriter has performed investment banking and advisory services for us from time to time for which it has received customary fees and expenses. The underwriter may, from time to time, engage in transactions with and perform services for us in the ordinary course of its business.

In addition, in the ordinary course of its business activities, the underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriter or certain of its affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the underwriter and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The underwriter and certain of its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The company has agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriter may be required to make because of any of those liabilities.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (ASIC), in relation to the offering. This prospectus supplement does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the Corporations Act), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the Exempt Investors) who are sophisticated investors (within the meaning of section 708(8) of the Corporations Act), professional investors (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus supplement contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus supplement is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

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Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (DFSA). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a Relevant Member State), no offer of shares may be made to the public in that Relevant Member State other than:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative[s]; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall require the Company or the underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the underwriter has been obtained to each such proposed offer or resale.

The Company, the underwriter and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus supplement has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression an offer to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression Prospectus Directive means Directive

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2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority ("FINMA") as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended ("CISA"), and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended ("CISO"), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

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LEGAL MATTERS

Certain legal matters relating to the shares of common stock offered hereby will be passed upon for us by Hogan Lovells US LLP and for the underwriter by Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California. Hogan Lovells US LLP has delivered an opinion as to our status as a REIT. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus. Skadden, Arps, Slate, Meagher & Flom LLP has from time to time represented our affiliates on unrelated matters.

EXPERTS

The consolidated financial statements of PS Business Parks, Inc. appearing in PS Business Parks, Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2012 (including the schedule appearing therein), and the effectiveness of PS Business Parks, Inc.'s internal control over financial reporting as of December 31, 2012, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein, and incorporated herein by reference. Such financial statements are, and audited financial statements to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of Ernst & Young LLP pertaining to such financial statements and the effectiveness of our internal control over financial reporting as of the respective dates (to the extent covered by consents filed with the Securities and Exchange Commission) given on the authority of such firm as experts in accounting and auditing.

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PS BUSINESS PARKS, INC.

By this prospectus, we may offer-

Common Stock

Preferred Stock

Equity Stock

Depositary Shares

Warrants

Debt Securities

Units

This prospectus contains a general description of the debt and equity securities that we may offer for sale, in one or more series or classes, separately or together, in amounts, at prices and on terms to be determined at the time we offer those securities. In addition, selling securityholders to be identified from time to time in a prospectus supplement may sell our securities that they own. We will not receive any of the proceeds from the sale of our securities by selling securityholders.

You should read this prospectus and any applicable prospectus supplement, which will provide the specific terms of the securities being offered to you, carefully before you invest.

Corporate Headquarters:

701 Western Avenue

Glendale, CA 91201-2397

(818) 244-8080

Our common stock is traded on the New York Stock Exchange under the symbol PSB. On March 9, 2012, the last reported sale price of our common stock on the New York Stock Exchange was \$63.06.

Investing in our securities involves risks. Before buying our securities, you should refer to the risk factors included in our periodic reports, in prospectus supplements relating to specific offerings and in other information that we file with the Securities and Exchange Commission. See Risk Factors on page 1.

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Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of the securities to be issued under this prospectus or determined if this prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

March 13, 2012

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You should rely only on the information contained in or incorporated by reference in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

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