

PS BUSINESS PARKS, INC.

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS**

**Adopted by the Board of Directors on August 3, 2004
as amended May 3, 2005 and February 23, 2007**

1. The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) shall consist of at least two members who shall meet the requirements of the New York Stock Exchange (or other exchange on which the securities of the Company are listed) and other applicable rules and regulations. Members shall be appointed to, and removed from, the Committee by the Board.

2. The Committee shall have the following purposes, duties and responsibilities:
 - Review with the Chairman of the Board and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the CEO’s performance in light of these goals and objectives, and, after discussion at a meeting of the Board (provided that the CEO shall not be present during such discussion), either as a committee or together with the other independent directors (as directed by the Board), determine and approve the CEO’s compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider the Company’s performance and relative shareholder value, the value of similar incentive awards to CEOs at comparable companies and prior awards to the Company’s CEO.

 - Review with the Chairman of the Board and the CEO and approve the compensation of the other executive officers of the Company, or, if directed by the Board, make recommendations to the Board with respect to the compensation of all other executive officers of the Company.

 - Unless otherwise provided in a plan document or resolutions of the Board, supervise, administer and evaluate incentive, equity-based and other compensatory plans of the Company in which executive officers participate, including approving guidelines and size of grants and awards to executive officers, making grants and awards to executive officers (and other employees of the Company if directed by the Board), interpreting and promulgating rules relating to the plans, modifying or canceling grants or awards to executive officers, designating employees eligible to participate and imposing limitations and conditions on grants or awards to executive officers.

 - Review and approve or make recommendations to the Board with respect to employment agreements, severance arrangements, change-in-control arrangements or special or supplemental employee benefits, and any material amendments to any of the foregoing, applicable to executive officers.

- Oversee and assist the Company in preparing the Compensation Discussion & Analysis (CD&A) for inclusion in the Company's proxy statement and/or annual report on Form 10-K, as well as other Company filings or reports (when and as necessary).
- Provide a description of the processes and procedures for the consideration and determination of executive compensation for inclusion in the Company's proxy statement.
- Review and discuss the CD&A with Company management and, based on the review and discussion, make a recommendation to the Board regarding whether to include the CD&A in the Company's proxy statement and/or annual report on Form 10-K.
- Prepare a Compensation Committee Report describing the actions in the preceding bullet point and authorize the inclusion of the report in the Company's proxy statement and/or its annual report on Form 10-K.
- Periodically review director compensation, taking into consideration the value of the items such as meeting fees, retainer payments and incentive awards at comparable companies. The Committee may consider such other factors as it deems necessary or advisable in setting director compensation.
- Report to the Board on any significant matters arising from the Committee's work.
- Annually evaluate the performance of the Committee and review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval.
- Perform such other duties and responsibilities as may be assigned to the Committee by the Board or as designated in plan documents.

3. The Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter. The Chair of the Committee, in consultation with the other Committee members, shall determine the frequency and length of the Committee meetings and shall set meeting agendas consistent with the charter. The Committee shall have the authority to delegate such of its authority and responsibilities as the Committee deems proper to members of the Committee or a subcommittee.

4. The Committee has authority to retain outside advisors as it deems necessary to carry out its responsibilities. The Committee shall have the sole authority to engage and terminate any compensation consultant to assist in the evaluation of director, CEO or executive compensation and shall have the sole authority to approve the fees and other terms of retention of such compensation

consultants. Any payment or commitment that involves \$50,000 or more shall require prior approval of the Board.