



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

**Analysis of Operating Results  
and Financial Condition**

**December 31, 2016**

**ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION  
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016**

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

**NET OPERATING INCOME**

	For The Three Months Ended			For The Years Ended		
	12/31/16	12/31/15	% Change	12/31/16	12/31/15	% Change
Rental income:						
Same Park <sup>(1)(2)</sup>	\$ 94,889	\$ 92,037	3.1%	\$ 376,023	\$ 361,510	4.0%
Non-Same Park <sup>(3)</sup>	1,951	1,599	22.0%	7,034	5,284	33.1%
Total rental income	96,840	93,636	3.4%	383,057	366,794	4.4%
Cost of operations:						
Same Park <sup>(1)</sup>	28,853	27,544	4.8%	116,803	114,675	1.9%
Non-Same Park <sup>(3)</sup>	833	558	49.3%	2,397	2,135	12.3%
Total cost of operations	29,686	28,102	5.6%	119,200	116,810	2.0%
Net operating income:						
Same Park <sup>(1)(2)</sup>	66,036	64,493	2.4%	259,220	246,835	5.0%
Non-Same Park <sup>(3)</sup>	1,118	1,041	7.4%	4,637	3,149	47.3%
Total net operating income	\$ 67,154	\$ 65,534	2.5%	\$ 263,857	\$ 249,984	5.5%

**FUNDS FROM OPERATIONS**

	For The Three Months Ended			For The Years Ended		
	12/31/16	12/31/15	% Change	12/31/16	12/31/15	% Change
<b>FFO allocable to common and dilutive shares - as reported</b>	<b>\$ 41,097</b>	<b>\$ 45,148</b>	<b>(9.0%)</b>	<b>\$ 179,882</b>	<b>\$ 164,244</b>	<b>9.5%</b>
Acquisition transaction costs	-	-	-	328	-	100.0%
Lease buyout payment	-	-	-	(528)	-	(100.0%)
LTEIP modification due to change in senior management <sup>(4)</sup>	-	-	-	2,018	-	100.0%
Non-cash distributions related to redemption of preferred equity	7,312	-	100.0%	7,312	2,487	194.0%
<b>FFO allocable to common and dilutive shares - as adjusted</b>	<b>\$ 48,409</b>	<b>\$ 45,148</b>	<b>7.2%</b>	<b>\$ 189,012</b>	<b>\$ 166,731</b>	<b>13.4%</b>
<b>FFO per common and dilutive share - as reported</b>	<b>\$ 1.18</b>	<b>\$ 1.31</b>	<b>(9.9%)</b>	<b>\$ 5.17</b>	<b>\$ 4.76</b>	<b>8.6%</b>
<b>FFO per common and dilutive share - as adjusted</b>	<b>\$ 1.39</b>	<b>\$ 1.31</b>	<b>6.1%</b>	<b>\$ 5.44</b>	<b>\$ 4.83</b>	<b>12.6%</b>
Weighted average common shares outstanding - diluted	27,213	27,096	0.4%	27,179	27,051	0.5%
Weighted average common OP units outstanding	7,305	7,305	-	7,305	7,305	-
Weighted average restricted stock units outstanding	322	165	95.2%	290	130	123.1%
Total common and dilutive shares	34,840	34,566	0.8%	34,774	34,486	0.8%

**PROPERTY INFORMATION**

	For The Three Months Ended			For The Years Ended		
	12/31/16	12/31/15	% Change	12/31/16	12/31/15	% Change
<b>Total Portfolio</b> <sup>(5)</sup>						
Total rentable square footage at period end	28,072	27,846	0.8%	28,072	27,846	0.8%
Weighted average occupancy	94.1%	94.2%	(0.1%)	94.0%	92.8%	1.3%
Period end occupancy	94.4%	94.8%	(0.4%)	94.4%	94.8%	(0.4%)
Annualized realized rent per sq. ft. <sup>(2)(6)</sup>	\$ 14.66	\$ 14.28	2.7%	\$ 14.61	\$ 14.19	3.0%
REVPAF <sup>(2)(7)</sup>	\$ 13.80	\$ 13.45	2.6%	\$ 13.65	\$ 13.17	3.6%
<b>Same Park Portfolio</b> <sup>(1)(5)</sup>						
Total rentable square footage at period end	27,168	27,168	-	27,168	27,168	-
Weighted average occupancy	94.7%	94.1%	0.6%	94.1%	93.1%	1.1%
Period end occupancy	95.0%	94.7%	0.3%	95.0%	94.7%	0.3%
Annualized realized rent per sq. ft. <sup>(2)(6)</sup>	\$ 14.75	\$ 14.39	2.5%	\$ 14.71	\$ 14.29	2.9%
REVPAF <sup>(2)(7)</sup>	\$ 13.97	\$ 13.55	3.1%	\$ 13.84	\$ 13.31	4.0%
<b>Non-Same Park Portfolio</b> <sup>(3)</sup>						
Total rentable square footage at period end	904	678	33.3%	904	678	33.3%
Weighted average occupancy	76.9%	97.1%	(20.8%)	89.8%	80.8%	11.1%
Period end occupancy	76.9%	97.5%	(21.1%)	76.9%	97.5%	(21.1%)

**MARKET VALUE INFORMATION**

	12/31/16	% of Total	12/31/15	% of Total
Market value of common stock and common OP units	\$ 4,013,356	78.3%	\$ 3,002,296	72.0%
Total debt	-	-	250,000	6.0%
Total preferred equity	1,109,750	21.7%	920,000	22.0%
Total market capitalization	\$ 5,123,106	100.0%	\$ 4,172,296	100.0%
Stock price at the end of the period	\$ 116.52		\$ 87.43	

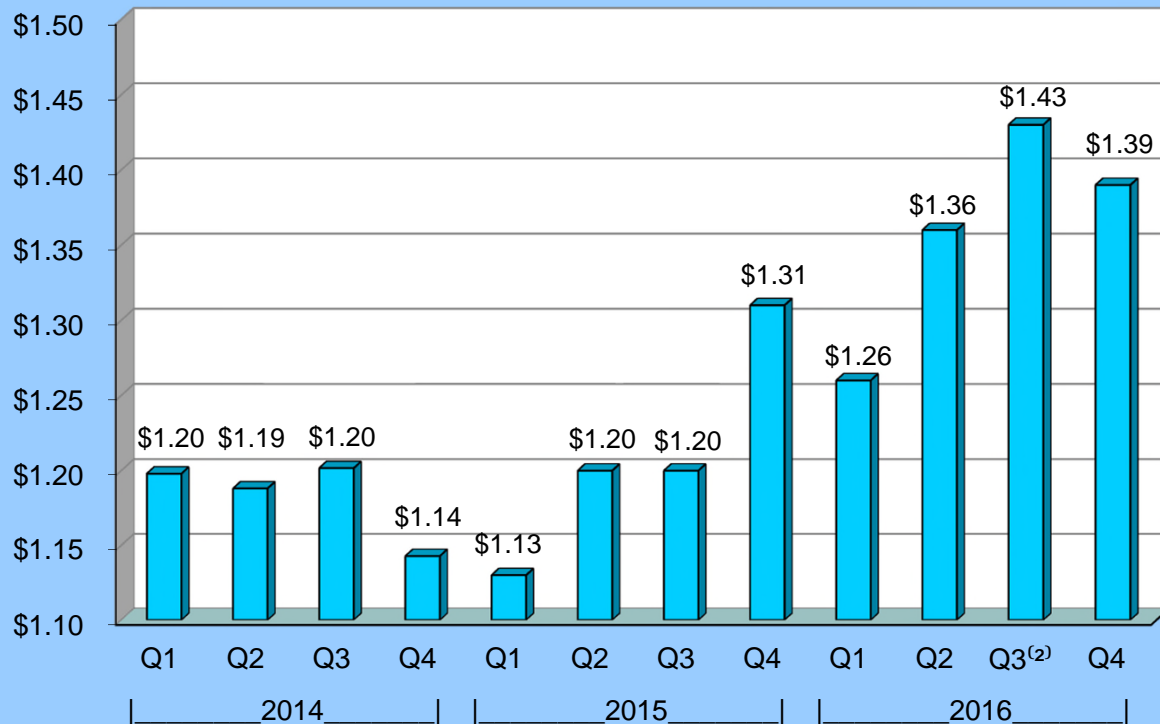
**NOTES**

- (1) All owned assets acquired prior to January 1, 2014 (excludes sold assets).
- (2) Excludes a lease buyout payment of \$528,000 recorded in the third quarter of 2016 associated with a 58,000 square foot lease in Northern Virginia.
- (3) All owned assets acquired subsequent to January 1, 2014.
- (4) In order to provide comparable data points, the impact of the LTEIP non-cash stock compensation related to the change in senior management has been excluded.
- (5) Amounts exclude 123,000 square feet transferred to land and building held for development..
- (6) Represents the annualized revenues earned per occupied square foot.
- (7) 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				For The Years Ended			
	12/31/16	12/31/15	Change	% Change	12/31/16	12/31/15	Change	% Change
<b>Funds from operations (FFO) - As Reported:</b>								
Net income allocable to common shareholders	\$ 12,854	\$ 14,906	\$ (2,052)	(13.8%)	\$ 62,872	\$ 68,291	\$ (5,419)	(7.9%)
Gain on sale of real estate facilities	-	-	-	-	-	(28,235)	28,235	(100.0%)
Depreciation and amortization	24,600	26,151	(1,551)	(5.9%)	99,486	105,394	(5,908)	(5.6%)
Net income allocable to noncontrolling interests - common units	3,461	4,029	(568)	(14.1%)	16,955	18,495	(1,540)	(8.3%)
Net income allocable to restricted stock unit holders	182	62	120	193.5%	569	299	270	90.3%
<b>FFO allocable to common and dilutive shares</b>	<b>\$ 41,097</b>	<b>\$ 45,148</b>	<b>\$ (4,051)</b>	<b>(9.0%)</b>	<b>\$ 179,882</b>	<b>\$ 164,244</b>	<b>\$ 15,638</b>	<b>9.5%</b>
Weighted average common shares outstanding	27,128	27,022	106	0.4%	27,089	26,973	116	0.4%
Weighted average common OP units outstanding	7,305	7,305	-	-	7,305	7,305	-	-
Weighted average restricted stock units outstanding	322	165	157	95.2%	290	130	160	123.1%
Weighted average common share equivalents outstanding	85	74	11	14.9%	90	78	12	15.4%
Total common and dilutive shares	34,840	34,566	274	0.8%	34,774	34,486	288	0.8%
FFO per common and dilutive share	\$ 1.18	\$ 1.31	\$ (0.13)	(9.9%)	\$ 5.17	\$ 4.76	\$ 0.41	8.6%
<b>Funds available for distribution (FAD):</b>								
Funds from operations	\$ 41,097	\$ 45,148	\$ (4,051)	(9.0%)	\$ 179,882	\$ 164,244	\$ 15,638	9.5%
Adjustments:								
Recurring capital improvements	(3,052)	(1,148)	(1,904)	165.9%	(8,336)	(7,943)	(393)	4.9%
Tenant improvements	(2,977)	(4,211)	1,234	(29.3%)	(16,086)	(22,500)	6,414	(28.5%)
Lease commissions	(1,476)	(2,408)	932	(38.7%)	(6,530)	(8,963)	2,433	(27.1%)
Total recurring capital expenditures (sold assets)	-	-	-	-	-	(440)	440	(100.0%)
Straight-line rent	(82)	(356)	274	(77.0%)	(1,746)	(3,065)	1,319	(43.0%)
Stock compensation expense (excluding LTEIP)	334	238	96	40.3%	1,151	1,009	142	14.1%
LTEIP amortization	1,645	2,058	(413)	(20.1%)	9,761	8,236	1,525	18.5%
In-place lease adjustment	(83)	(247)	164	(66.4%)	(520)	(1,251)	731	(58.4%)
Tenant improvement reimbursements, net of lease incentives	(414)	(443)	29	(6.5%)	(1,667)	(1,861)	194	(10.4%)
Capitalized interest expense	(31)	(346)	315	(91.0%)	(885)	(1,159)	274	(23.6%)
Non-cash distributions related to redemption of preferred equity	7,312	-	7,312	100.0%	7,312	2,487	4,825	194.0%
<b>FAD</b>	<b>\$ 42,273</b>	<b>\$ 38,285</b>	<b>\$ 3,988</b>	<b>10.4%</b>	<b>\$ 162,336</b>	<b>\$ 128,794</b>	<b>\$ 33,542</b>	<b>26.0%</b>
FAD per common and dilutive share	\$ 1.21	\$ 1.11	\$ 0.10	9.0%	\$ 4.67	\$ 3.73	\$ 0.94	25.2%
<b>Free cash available for debt repayment and investments:</b>								
FAD	\$ 42,273	\$ 38,285	\$ 3,988	10.4%	\$ 162,336	\$ 128,794	\$ 33,542	26.0%
Distributions to common shareholders	(20,353)	(16,220)	(4,133)	25.5%	(81,285)	(59,377)	(21,908)	36.9%
Distributions to common OP unit holders	(5,479)	(4,383)	(1,096)	25.0%	(21,916)	(16,072)	(5,844)	36.4%
Distributions to restricted stock unit holders	(182)	(68)	(114)	167.6%	(569)	(249)	(320)	128.5%
Non-recurring property renovations	(158)	(820)	662	(80.7%)	(925)	(3,808)	2,883	(75.7%)
<b>Free cash available for debt repayment and investments</b>	<b>\$ 16,101</b>	<b>\$ 16,794</b>	<b>\$ (693)</b>	<b>(4.1%)</b>	<b>\$ 57,641</b>	<b>\$ 49,288</b>	<b>\$ 8,353</b>	<b>16.9%</b>
Investment in and advances to unconsolidated joint venture	(11,623)	(5,220)	(6,403)	122.7%	(39,569)	(7,216)	(32,353)	448.4%
<b>Retained cash</b>	<b>\$ 4,478</b>	<b>\$ 11,574</b>	<b>\$ (7,096)</b>	<b>(61.3%)</b>	<b>\$ 18,072</b>	<b>\$ 42,072</b>	<b>\$ (24,000)</b>	<b>(57.0%)</b>
FAD distributions payout ratio	61.5%	54.0%			63.9%	58.8%		

## FFO Per Common and Dilutive Share (As Adjusted)<sup>(1)</sup>



<sup>(1)</sup> Where applicable, amounts exclude the non-cash charge related to July 1<sup>st</sup>, 2016 senior management change, non-cash distributions related to the redemption of preferred equity and acquisition transaction costs.

<sup>(2)</sup> Excludes lease buyout payment of \$528,000.

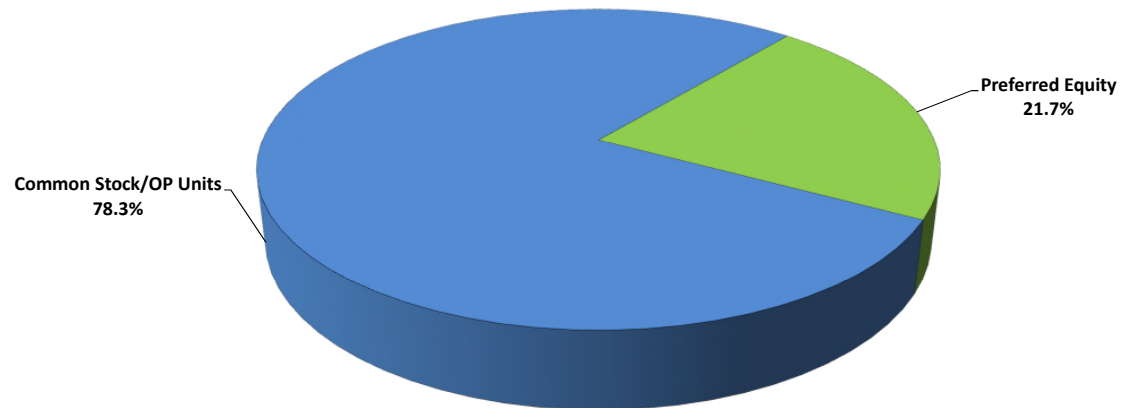
**PS BUSINESS PARKS, INC.**  
**CAPITAL STRUCTURE**  
(in thousands)

	As of December 31, 2016			As of December 31, 2015		
	Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
<b>Mortgage Debt:</b>						
5.45% mortgage note, repaid June 2016	\$ -			\$ 250,000		
Total mortgage debt	-	-	-	250,000	6.0%	5.45%
<b>Unsecured Debt:</b>						
\$250.0 million unsecured credit facility (LIBOR + 0.825%) <sup>(1)</sup>	-			-		
Total unsecured debt	-	-	-	-	-	-
Total debt	-	-	-	250,000	6.0%	5.45%
<b>Preferred Equity:</b>						
6.450% Series S preferred stock (9,200,000 depository shares outstanding) redeemed 1/18/17	230,000			230,000		
6.000% Series T preferred stock (14,000,000 depository shares outstanding) callable 5/14/17	350,000			350,000		
5.750% Series U preferred stock (9,200,000 depository shares outstanding) callable 9/14/17	230,000			230,000		
5.700% Series V preferred stock (4,400,000 depository shares outstanding) callable 3/14/18	110,000			110,000		
5.200% Series W preferred stock (7,590,000 depository shares outstanding) callable 10/20/21	189,750			-		
Total preferred equity	1,109,750	21.7%	5.87%	920,000	22.0%	6.01%
Total debt and preferred equity	1,109,750	21.7%	5.87%	1,170,000	28.0%	5.89%
Common stock (27,138,138 and 27,034,073 shares outstanding as of December 31, 2016 and 2015, respectively)	3,162,136			2,363,589		
Common operating partnership units (7,305,355 units outstanding as of December 31, 2016 and 2015)	851,220			638,707		
Total common equity <sup>(2)</sup>	4,013,356	78.3%		3,002,296	72.0%	
Total market capitalization	\$ 5,123,106	100.0%		\$ 4,172,296	100.0%	

<sup>(1)</sup> Interest rate effective January 10, 2017.

<sup>(2)</sup> Closing stock price was \$116.52 and \$87.43 as of December 31, 2016 and 2015, respectively.

## Total Market Capitalization as of December 31, 2016: \$5.1 billion



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

	12/31/16	12/31/15	Change	% Change
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 128,629	\$ 188,912	\$ (60,283) (a)	(31.9%)
Real estate facilities, at cost:				
Land	789,531	793,569	(4,038)	(0.5%)
Buildings and equipment	2,226,881	2,215,515	11,366	0.5%
	3,016,412	3,009,084	7,328	0.2%
Accumulated depreciation	(1,159,808)	(1,082,603)	(77,205)	7.1%
	1,856,604	1,926,481	(69,877) (b)	(3.6%)
Land and building held for development	27,028	6,081	20,947	344.5%
	1,883,632	1,932,562	(48,930)	(2.5%)
Investment in and advances to unconsolidated joint venture	67,190	26,736	40,454	151.3%
Rent receivable, net	1,945	2,234	(289) (c)	(12.9%)
Deferred rent receivable, net	29,770	28,327	1,443	5.1%
Other assets	8,205	7,887	318 (d)	4.0%
Total assets	\$ 2,119,371	\$ 2,186,658	\$ (67,287)	(3.1%)
<b><u>LIABILITIES AND EQUITY</u></b>				
Accrued and other liabilities	\$ 78,657	\$ 76,059	\$ 2,598 (e)	3.4%
Preferred stock called for redemption	230,000	-	\$ 230,000	100.0%
Mortgage note payable	-	250,000	(250,000)	(100.0%)
Total liabilities	308,657	326,059	(17,402)	(5.3%)
Equity:				
PS Business Parks, Inc.'s shareholders' equity:				
Preferred stock	879,750	920,000	(40,250)	(4.4%)
Common stock	271	269	2	0.7%
Paid-in capital	733,671	722,009	11,662 (f)	1.6%
Cumulative net income	1,502,643	1,375,421	127,222	9.2%
Cumulative distributions	(1,503,076)	(1,357,203)	(145,873) (g)	10.7%
Total PS Business Parks, Inc.'s shareholders' equity	1,613,259	1,660,496	(47,237)	(2.8%)
Noncontrolling interests:				
Common units	197,455	200,103	(2,648)	(1.3%)
Total noncontrolling interests:	197,455	200,103	(2,648)	(1.3%)
Total equity	1,810,714	1,860,599	(49,885)	(2.7%)
Total liabilities and equity	\$ 2,119,371	\$ 2,186,658	\$ (67,287)	(3.1%)

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

<b>(a) Change in cash and cash equivalents:</b>			
Beginning cash balance			\$ 188,912
Net cash provided by operating activities			250,507
Net cash used in investing activities			(85,008)
Net cash used in financing activities			(225,782)
Ending cash balance			<u>\$ 128,629</u>
<b>(b) Change in real estate facilities, at cost:</b>			
Beginning balance			\$ 1,926,481
Property acquisitions			13,275
Recurring capital improvements			8,336
Tenant improvements, gross			21,441
Lease commissions			6,530
Nonrecurring capital improvements			925
Depreciation and amortization			(99,486)
Transfer to land and building held for development			(20,898)
Ending balance			<u>\$ 1,856,604</u>
<b>(c) Rent receivable consists of:</b>			
	12/31/16	12/31/15	Change
Non-government tenants	\$ 1,192	\$ 1,012	\$ 180
U.S. Government tenants	1,153	1,622	(469)
Allowance for doubtful accounts	(400)	(400)	-
	<u>\$ 1,945</u>	<u>\$ 2,234</u>	<u>\$ (289)</u>
<b>(d) Other assets consist of:</b>			
	12/31/16	12/31/15	Change
In-place lease adjustment and incentives, net	\$ 1,494	\$ 2,163	\$ (669)
Prepaid property taxes and insurance	3,646	3,789	(143)
Other	3,065	1,935	1,130
	<u>\$ 8,205</u>	<u>\$ 7,887</u>	<u>\$ 318</u>
<b>(e) Accrued and other liabilities consist of:</b>			
	12/31/16	12/31/15	Change
Security deposits	\$ 32,675	\$ 28,815	\$ 3,860
Accrued property taxes	10,421	10,113	308
Prepaid rent	17,192	19,213	(2,021)
In-place lease adjustment and tenant improvement reimbursements, net	5,254	7,281	(2,027)
Other	13,115	10,637	2,478
	<u>\$ 78,657</u>	<u>\$ 76,059</u>	<u>\$ 2,598</u>
<b>(f) Change in paid-in capital:</b>			
Beginning paid-in capital			\$ 722,009
Issuance cost of preferred stock			(6,434)
Non-cash distributions related to the redemption of preferred equity			7,312
Exercise of stock options			3,887
Stock compensation, net			8,403
Adjustment to reflect noncontrolling interests to underlying ownership			(2,313)
Cumulative effect of change in accounting principle			807
Ending paid in capital			<u>\$ 733,671</u>
<b>(g) Change in cumulative distributions:</b>			
Beginning cumulative distributions			\$ (1,357,203)
Distributions to preferred shareholders			(64,588)
Distributions to common shareholders			(81,285)
Ending cumulative distributions			<u>\$ (1,503,076)</u>



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

	For The Three Months Ended		Change	% Change
	12/31/16	12/31/15		
Revenues:				
Rental income	\$ 97,599	\$ 94,550	\$ 3,049	(a) 3.2%
Facility management fees	129	130	(1)	(0.8%)
Total operating revenues	<u>97,728</u>	<u>94,680</u>	<u>3,048</u>	3.2%
Expenses:				
Cost of operations	30,668	28,973	1,695	(b) 5.9%
Depreciation and amortization	24,600	26,151	(1,551)	(5.9%)
General and administrative	2,880	3,410	(530)	(c) (15.5%)
Total operating expenses	<u>58,148</u>	<u>58,534</u>	<u>(386)</u>	(0.7%)
Other income and (expense):				
Interest and other income	164	184	(20)	(10.9%)
Interest and other expense	(157)	(3,301)	3,144	(d) (95.2%)
Total other income and (expense)	<u>7</u>	<u>(3,117)</u>	<u>3,124</u>	(100.2%)
Net income	<u>\$ 39,587</u>	<u>\$ 33,029</u>	<u>\$ 6,558</u>	19.9%
Net income allocation:				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 3,461	\$ 4,029	\$ (568)	(14.1%)
Total net income allocable to noncontrolling interests	<u>3,461</u>	<u>4,029</u>	<u>(568)</u>	(14.1%)
Net income allocable to PS Business Parks, Inc.:				
Preferred shareholders	23,090	14,032	9,058	64.6%
Restricted stock unit holders	182	62	120	193.5%
Common shareholders	12,854	14,906	(2,052)	(13.8%)
Total net income allocable to PS Business Parks, Inc.	<u>36,126</u>	<u>29,000</u>	<u>7,126</u>	24.6%
	<u>\$ 39,587</u>	<u>\$ 33,029</u>	<u>\$ 6,558</u>	19.9%
Net income per common share				
Basic	\$ 0.47	\$ 0.55	\$ (0.08)	(14.5%)
Diluted	\$ 0.47	\$ 0.55	\$ (0.08)	(14.5%)
Weighted average common shares outstanding:				
Basic	<u>27,128</u>	<u>27,022</u>	<u>106</u>	0.4%
Diluted	<u>27,213</u>	<u>27,096</u>	<u>117</u>	0.4%

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

	For The Three Months Ended		Change
	12/31/16	12/31/15	
<b>(a) Rental income:</b>			
Same Park	\$ 94,826	\$ 91,718	\$ 3,108
Non-Same Park	1,932	1,562	370
Same Park straight-line rent	63	319	(256)
Non-Same Park straight-line rent	19	37	(18)
Assets sold or held for development	759	914	(155)
	<u>\$ 97,599</u>	<u>\$ 94,550</u>	<u>\$ 3,049</u>
<b>(b) Cost of Operations:</b>			
Same Park	\$ 28,853	\$ 27,544	\$ 1,309
Non-Same Park	833	558	275
Assets sold or held for development	291	196	95
LTEIP amortization	691	675	16
	<u>\$ 30,668</u>	<u>\$ 28,973</u>	<u>\$ 1,695</u>
<b>(c) General and administrative expenses:</b>			
Compensation expense	\$ 1,108	\$ 1,173	\$ (65)
LTEIP amortization	954	1,383	(429)
Professional fees and other	818	854	(36)
	<u>\$ 2,880</u>	<u>\$ 3,410</u>	<u>\$ (530)</u>
<b>(d) Interest and other expense:</b>			
Mortgage notes payable	\$ -	\$ (3,483)	\$ 3,483
Credit facility	(31)	-	(31)
Capitalized interest	31	346	(315)
Facilities fees & other charges	(157)	(164)	7
	<u>\$ (157)</u>	<u>\$ (3,301)</u>	<u>\$ 3,144</u>

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

	For The Years Ended		Change	% Change
	12/31/2016	12/31/2015		
<b>Revenues:</b>				
Rental income	\$ 386,871	\$ 373,135	\$ 13,736	(a) 3.7%
Facility management fees	518	540	(22)	(4.1%)
Total operating revenues	<u>387,389</u>	<u>373,675</u>	<u>13,714</u>	3.7%
<b>Expenses:</b>				
Cost of operations	123,108	121,224	1,884	(b) 1.6%
Depreciation and amortization	99,486	105,394	(5,908)	(5.6%)
General and administrative	14,862	13,582	1,280	(c) 9.4%
Total operating expenses	<u>237,456</u>	<u>240,200</u>	<u>(2,744)</u>	(1.1%)
<b>Other income and (expense):</b>				
Interest and other income	715	590	125	21.2%
Interest and other expense	(5,664)	(13,330)	7,666	(d) (57.5%)
Total other income and (expense)	<u>(4,949)</u>	<u>(12,740)</u>	<u>7,791</u>	(61.2%)
Gain on sale of real estate facilities	-	28,235	(28,235)	(100.0%)
Net income	<u>\$ 144,984</u>	<u>\$ 148,970</u>	<u>\$ (3,986)</u>	(2.7%)
<b>Net income allocation:</b>				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 16,955	\$ 18,495	\$ (1,540)	(8.3%)
Total net income allocable to noncontrolling interests	<u>16,955</u>	<u>18,495</u>	<u>(1,540)</u>	(8.3%)
Net income allocable to PS Business Parks, Inc.:				
Preferred shareholders	64,588	61,885	2,703	4.4%
Restricted stock unit holders	569	299	270	90.3%
Common shareholders	62,872	68,291	(5,419)	(7.9%)
Total net income allocable to PS Business Parks, Inc.	<u>128,029</u>	<u>130,475</u>	<u>(2,446)</u>	(1.9%)
	<u>\$ 144,984</u>	<u>\$ 148,970</u>	<u>\$ (3,986)</u>	(2.7%)
<b>Net income per common share</b>				
Basic	\$ 2.32	\$ 2.53	\$ (0.21)	(8.3%)
Diluted	\$ 2.31	\$ 2.52	\$ (0.21)	(8.3%)
<b>Weighted average common shares outstanding:</b>				
Basic	<u>27,089</u>	<u>26,973</u>	<u>116</u>	0.4%
Diluted	<u>27,179</u>	<u>27,051</u>	<u>128</u>	0.5%

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

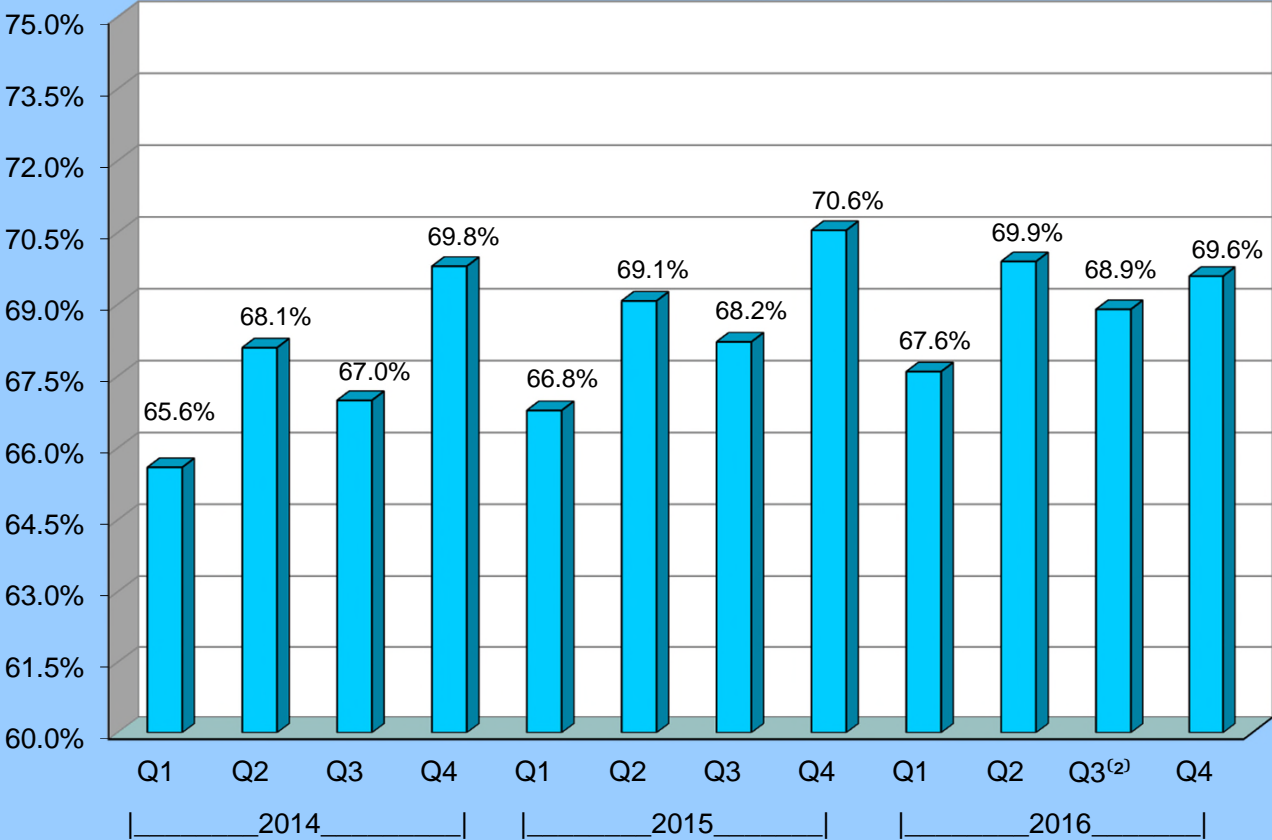
	For The Years Ended		Change
	12/31/16	12/31/15	
<b>(a) Rental income:</b>			
Same Park	\$ 374,426	\$ 358,940	\$ 15,486
Non-Same Park	6,885	4,778	2,107
Lease buyout payment	528	-	528
Same Park straight-line rent	1,597	2,570	(973)
Non-Same Park straight-line rent	149	506	(357)
Assets sold or held for development	3,286	6,341	(3,055)
	<u>\$ 386,871</u>	<u>\$ 373,135</u>	<u>\$ 13,736</u>
<b>(b) Cost of operations:</b>			
Same Park	\$ 116,803	\$ 114,675	\$ 2,128
Non-Same Park	2,397	2,135	262
Assets sold or held for development	905	1,944	(1,039)
LTEIP amortization	3,003	2,470	533
	<u>\$ 123,108</u>	<u>\$ 121,224</u>	<u>\$ 1,884</u>
<b>(c) General and administrative expenses:</b>			
Compensation expense	\$ 4,432	\$ 4,780	\$ (348)
LTEIP amortization	6,758	5,766	992
Acquisition transaction costs	328	-	328
Professional fees and other	3,344	3,036	308
	<u>\$ 14,862</u>	<u>\$ 13,582</u>	<u>\$ 1,280</u>
<b>(d) Interest and other expense:</b>			
Mortgage notes payable	\$ (5,755)	\$ (13,818)	\$ 8,063
Credit facility	(175)	-	(175)
Capitalized interest	885	1,159	(274)
Facilities fees & other charges	(619)	(671)	52
	<u>\$ (5,664)</u>	<u>\$ (13,330)</u>	<u>\$ 7,666</u>

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

<u>Recurring capital expenditures</u> <sup>(1)</sup>	<u>For The Year Ended December 31, 2016</u>	<u>Cost per Weighted Average Square Foot</u>
Capital improvements	\$8,336	\$0.30
Tenant improvements	16,086	\$0.57
Lease commissions	6,530	\$0.23
Total recurring capital expenditures	<u><u>\$30,952</u></u>	\$1.10
 <u>Non-recurring property renovations</u>		
Non-recurring property renovations	\$925	

(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 of \$1,000 or more 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 \$27.5 million or approximately \$0.98 per weighted average square foot for the year ended December 31, 2016 compared to \$27.3 million or approximately \$0.97 per weighted average square foot for the year ended December 31, 2015.

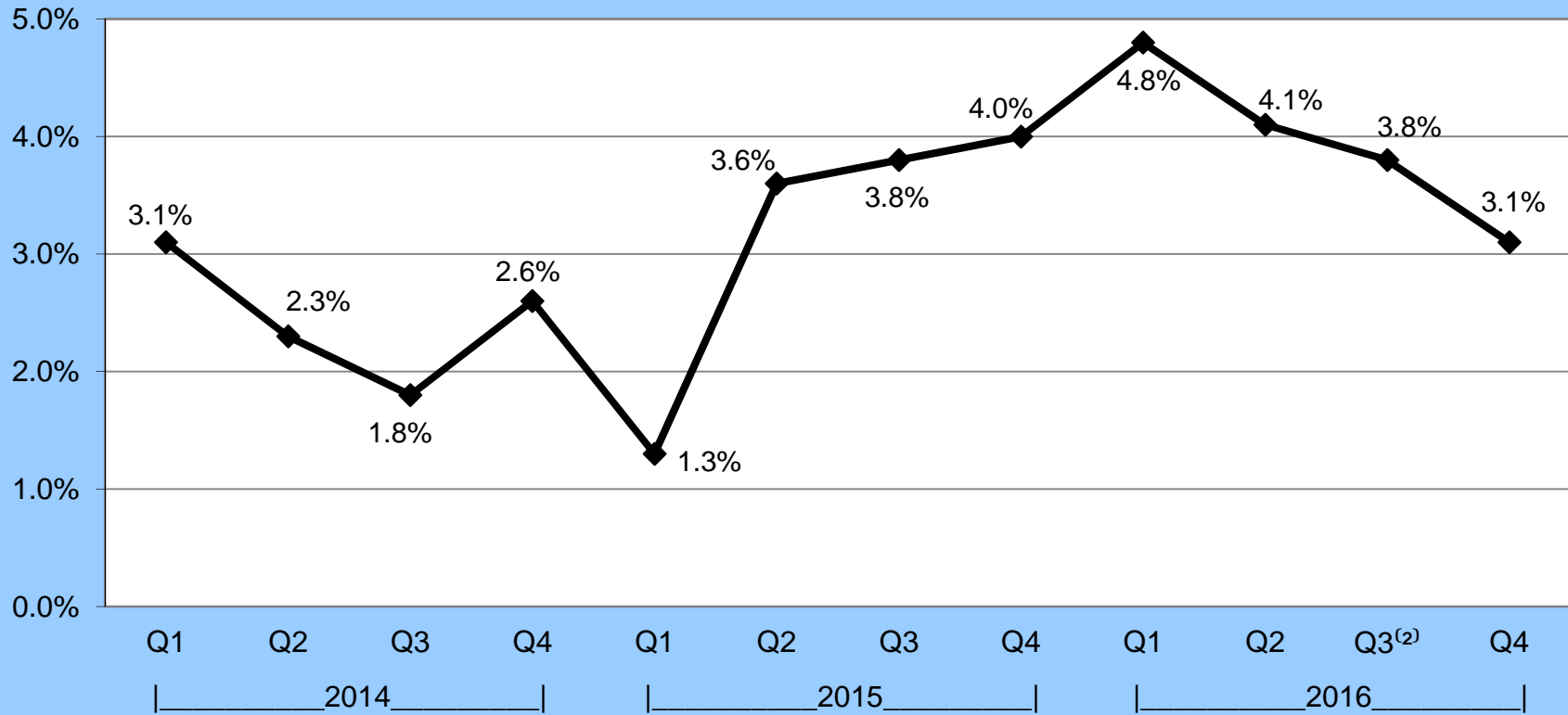
# Same Park Gross Operating Margin Percentage <sup>(1)</sup>



<sup>(1)</sup> Gross margin is computed by dividing property net operating income by rental income for Same Park properties in each period. Amounts exclude LTEIP amortization.

<sup>(2)</sup> Excludes lease buyout payment of \$528,000.

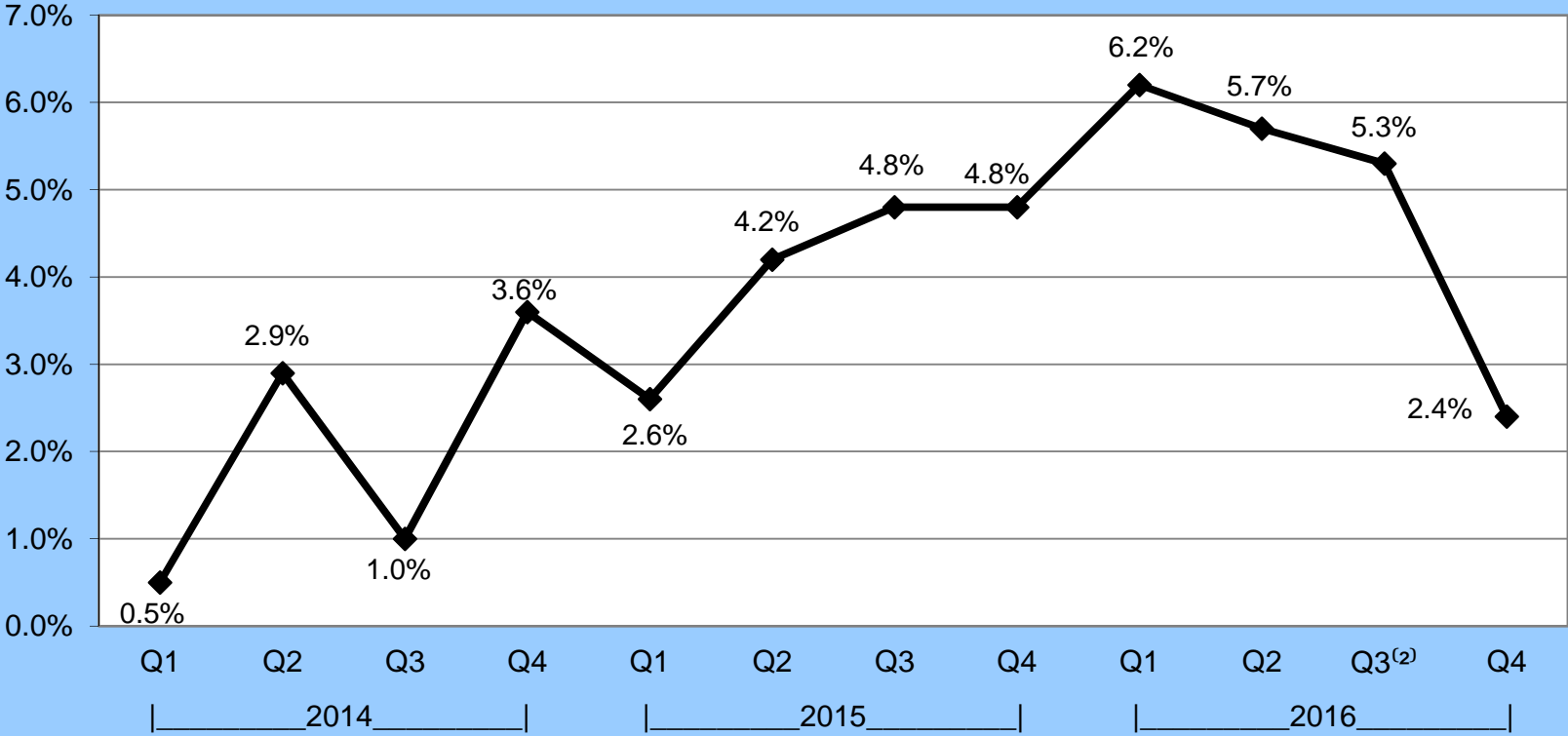
## Change in Same Park Revenue<sup>(1)</sup>



<sup>(1)</sup> Percentage represents the change over the comparable period in the previous year based on Same Park operating assets as reported in each period.

<sup>(2)</sup> Excludes lease buyout payment of \$528,000.

# Change in Same Park NOI<sup>(1)</sup>



<sup>(1)</sup> Percentage represents the change over the comparable period in the previous year based on Same Park operating assets as reported in each period. Amounts exclude LTEIP amortization.

<sup>(2)</sup> Excludes lease buyout payment of \$528,000.



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

Industry Concentration as of December 31, 2016

	% of Total Rental Income
Business services	18.5%
Warehouse, distribution, transportation and logistics	10.6%
Health services	10.0%
Computer hardware, software and related services	9.8%
Government	8.0%
Retail, food, and automotive	7.3%
Engineering and construction	6.9%
Insurance and financial services	4.2%
Electronics	3.1%
Home furnishings	3.1%
Aerospace/defense products and services	2.8%
Communications	2.2%
Educational services	1.7%
Other	11.8%
Total	100.0%

Top 10 Customers by Total Annual Rental Income as of December 31, 2016

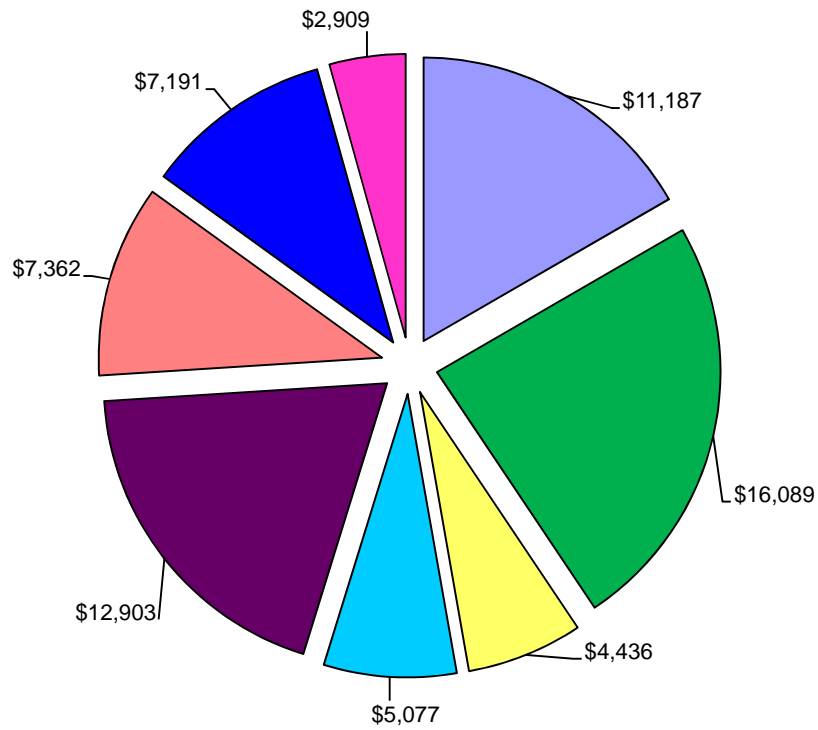
Tenant	Square Footage	Annualized Rental Income <sup>(1)</sup>	% of Total Annualized Rental Income
US Government	692	\$ 17,725	4.6%
Lockheed Martin Corporation	168	4,524	1.2%
Kaiser Permanente	158	4,142	1.1%
Keeco, L.L.C.	460	3,527	0.9%
Luminex Corporation	185	3,239	0.8%
MAXIMUS, Inc.	102	2,062	0.5%
KZ Kitchen Cabinet & Stone	181	1,985	0.5%
Investorplace Media, LLC	46	1,802	0.5%
Inova Health Care Services	63	1,779	0.5%
Kuehne + Nagel, Inc.	163	1,675	0.4%
Total	2,218	\$ 42,460	11.0%

(1) - For leases expiring within one year, annualized rental income represents income to be received under existing leases from January 1, 2017 through the date of expiration.

### Total Portfolio Net Operating Income by Region

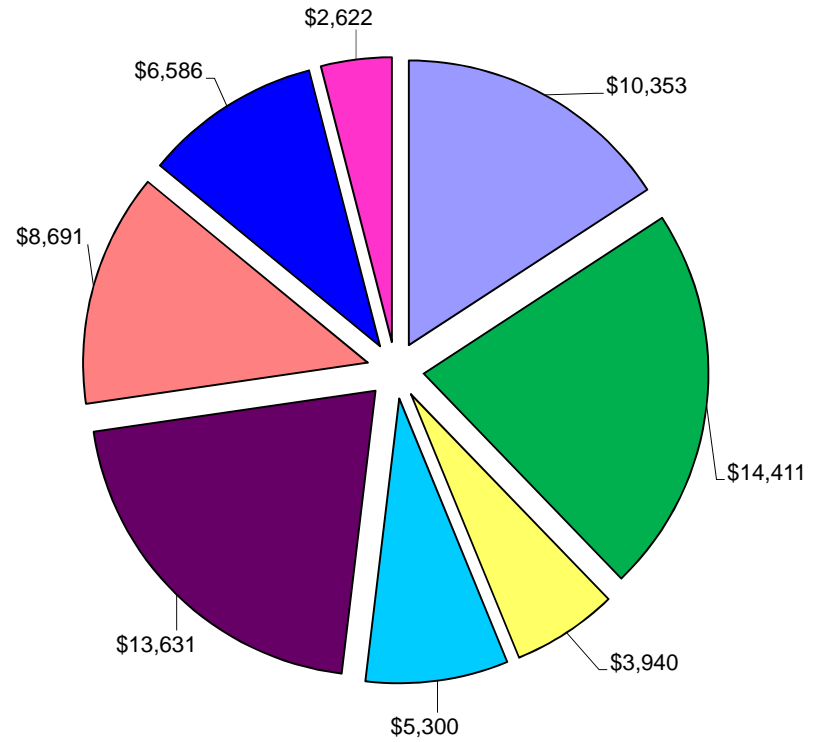
Three Months Ended December 31, 2016  
\$67,154 (in thousands) <sup>(1)</sup>

S. California (17%)	N. California (24%)	S. Texas (6%)
N. Texas (8%)	Virginia (19%)	Maryland (11%)
South Florida (11%)	Washington (4%)	



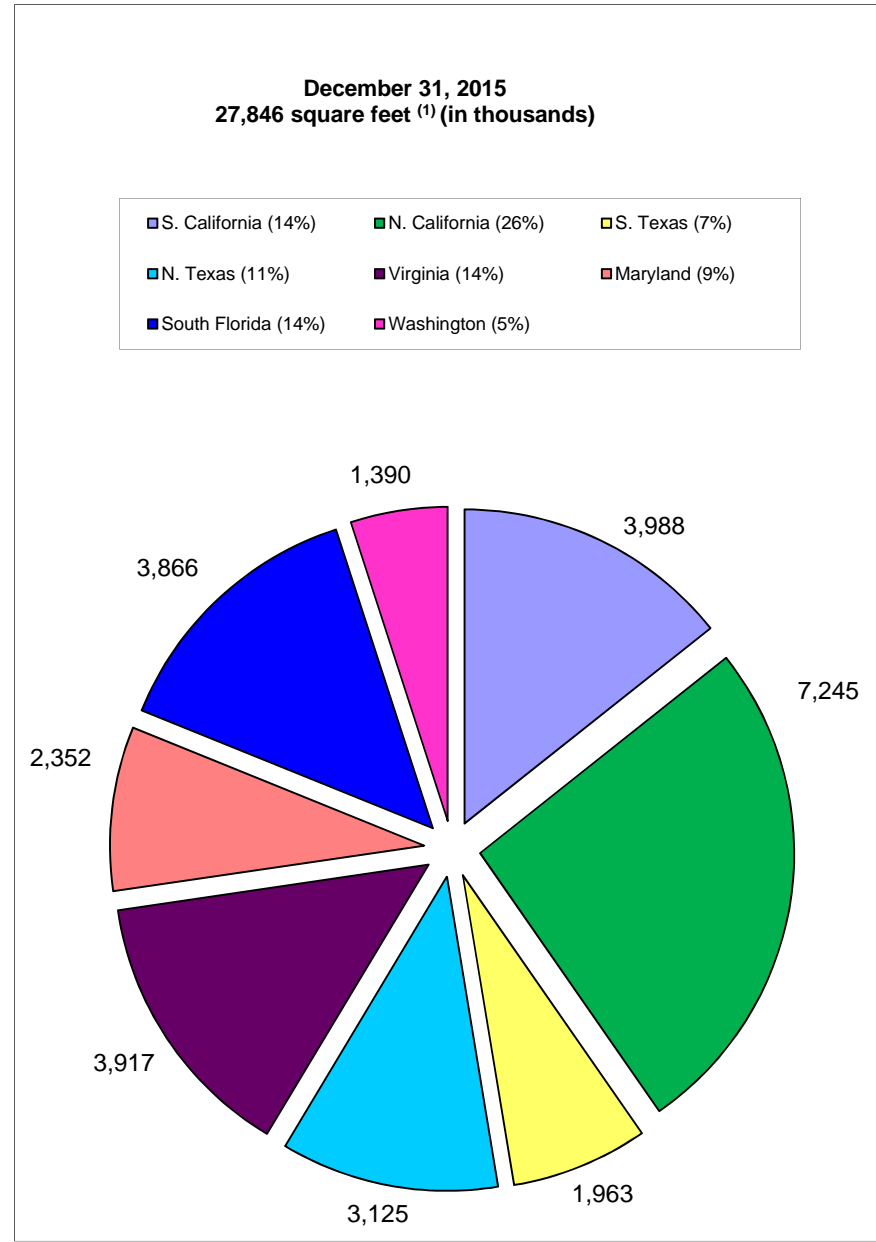
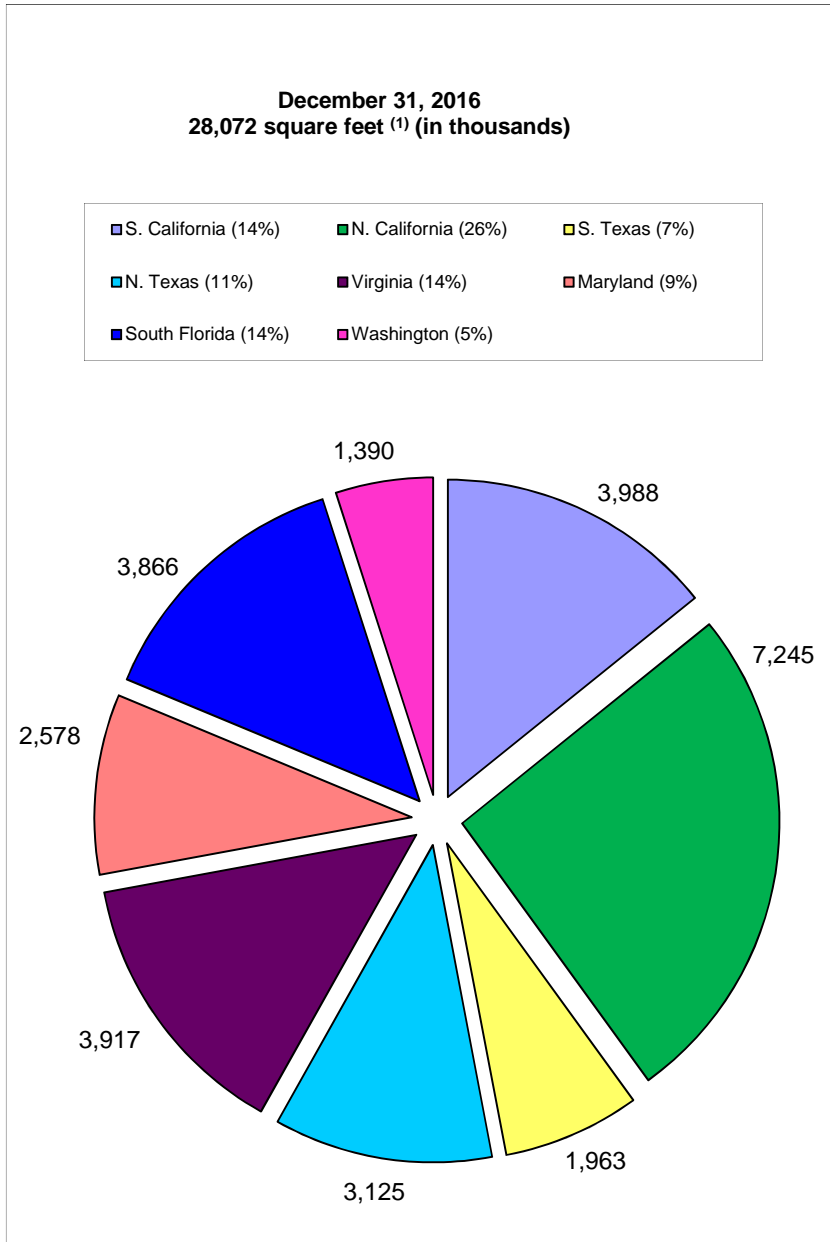
Three Months Ended December 31, 2015  
\$65,534 (in thousands) <sup>(1)</sup>

S. California (16%)	N. California (22%)	S. Texas (6%)
N. Texas (8%)	Virginia (21%)	Maryland (13%)
South Florida (10%)	Washington (4%)	



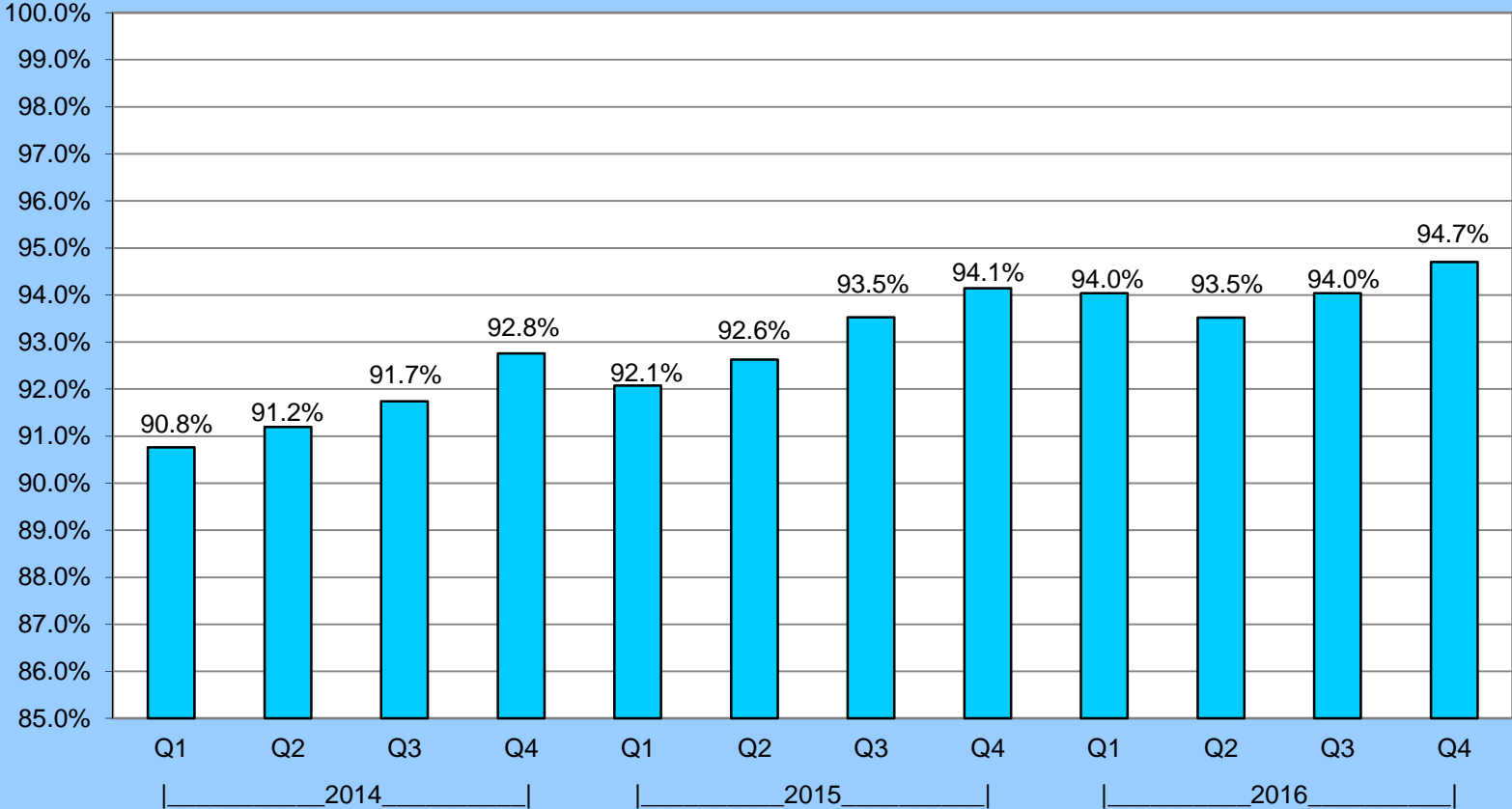
(1) Excludes assets sold or held for development.

### Total Rentable Square Footage by Region



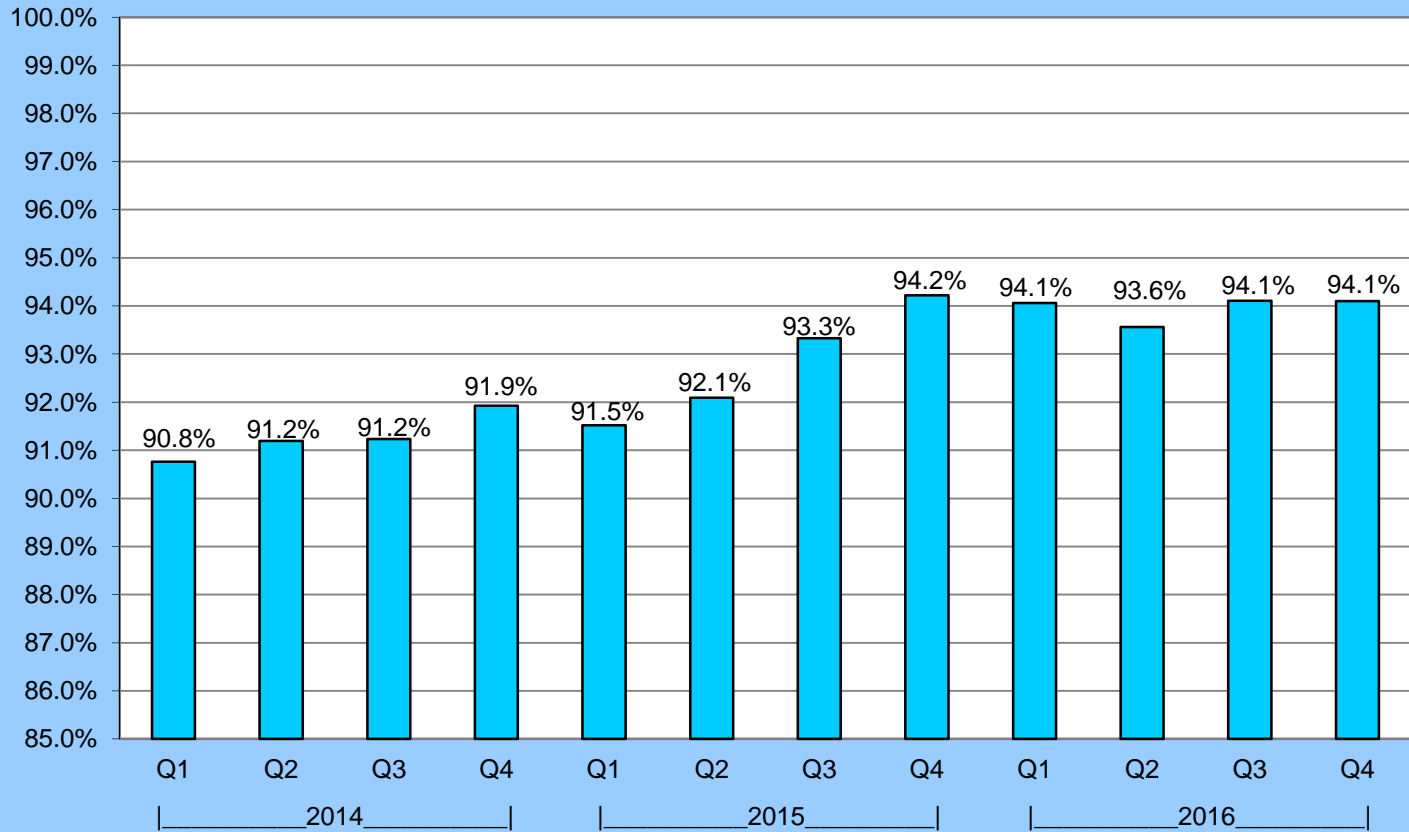
(1) Excludes assets transferred to held for development on November 1, 2016.

# Same Park Weighted Average Occupancy (1)



(1) Represents the weighted average occupancy for the current Same Park portfolio.

## Total Portfolio Weighted Average Occupancy <sup>(1)</sup>



<sup>(1)</sup> Represents the weighted average occupancy for the total owned portfolio, excluding assets sold or held for development.

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

Rentable Square Footage of Properties as of December 31, 2016					
Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern Virginia	-	1,970	1,947	3,917	14.4%
South Florida	2,631	12	1,074	3,717	13.7%
East Bay	2,014	-	1,336	3,350	12.3%
Silicon Valley	1,892	-	1,450	3,342	12.3%
Dallas	231	-	2,730	2,961	10.9%
Maryland	-	1,382	970	2,352	8.7%
Austin	-	-	1,717	1,717	6.3%
Orange County	-	705	911	1,616	6.0%
Los Angeles County	712	31	861	1,604	5.9%
Seattle	951	28	411	1,390	5.1%
San Diego County	-	-	768	768	2.8%
Mid-Peninsula	-	340	94	434	1.6%
<b>Total</b>	<b>8,431</b>	<b>4,468</b>	<b>14,269</b>	<b>27,168</b>	<b>100.0%</b>
Percentage by Product Type	31.0%	16.5%	52.5%	100.0%	

Weighted Average Occupancy Rates by Product Type for the Three Months Ended December 31, 2016				
Primary Markets	Industrial	Office	Flex	Total
Northern Virginia	-	87.6%	96.6%	92.1%
South Florida	95.5%	100.0%	91.6%	94.4%
East Bay	99.6%	-	96.4%	98.3%
Silicon Valley	97.0%	-	99.0%	97.9%
Dallas	100.0%	-	89.9%	90.7%
Maryland	-	86.4%	89.8%	87.8%
Austin	-	-	97.4%	97.4%
Orange County	-	92.2%	96.0%	94.3%
Los Angeles County	100.0%	95.5%	97.1%	98.4%
Seattle	99.4%	85.9%	97.4%	98.6%
San Diego County	-	-	98.2%	98.2%
Mid-Peninsula	-	93.1%	94.1%	93.3%
<b>Total</b>	<b>97.8%</b>	<b>88.5%</b>	<b>94.9%</b>	<b>94.7%</b>

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended December 31, 2016			
Primary Markets	Large Tenant	Small Tenant	Total
Northern Virginia	93.3%	90.0%	92.1%
South Florida	95.0%	92.0%	94.4%
East Bay	98.9%	92.3%	98.3%
Silicon Valley	98.0%	97.1%	97.9%
Dallas	91.6%	89.0%	90.7%
Maryland	89.5%	82.3%	87.8%
Austin	97.3%	97.8%	97.4%
Orange County	94.5%	94.2%	94.3%
Los Angeles County	100.0%	97.1%	98.4%
Seattle	99.4%	96.7%	98.6%
San Diego County	-	98.2%	98.2%
Mid-Peninsula	-	93.3%	93.3%
<b>Total</b>	<b>95.5%</b>	<b>92.8%</b>	<b>94.7%</b>

**Note:**

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

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

**Rentable Square Footage of Properties as of December 31, 2016**

Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern Virginia	-	1,970	1,947	3,917	14.0%
South Florida	2,780	12	1,074	3,866	13.8%
East Bay	2,014	-	1,336	3,350	11.9%
Silicon Valley	1,892	-	1,569	3,461	12.3%
Dallas	231	-	2,894	3,125	11.1%
Maryland	-	1,608	970	2,578	9.2%
Austin	246	-	1,717	1,963	7.0%
Orange County	-	705	911	1,616	5.8%
Los Angeles County	712	31	861	1,604	5.7%
Seattle	951	28	411	1,390	5.0%
San Diego County	-	-	768	768	2.7%
Mid-Peninsula	-	340	94	434	1.5%
<b>Total</b>	<b>8,826</b>	<b>4,694</b>	<b>14,552</b>	<b>28,072</b>	<b>100.0%</b>
Percentage by Product Type	31.5%	16.7%	51.8%	100.0%	

**Weighted Average Occupancy Rates by Product Type for the Three Months Ended December 31, 2016**

Primary Markets	Industrial	Office	Flex	Total
Northern Virginia	-	87.6%	96.6%	92.1%
South Florida	95.7%	100.0%	91.6%	94.6%
East Bay	99.6%	-	96.4%	98.3%
Silicon Valley	97.0%	-	98.9%	97.9%
Dallas	100.0%	-	89.7%	90.5%
Maryland	-	76.9%	89.8%	81.7%
Austin	100.0%	-	97.4%	97.7%
Orange County	-	92.2%	96.0%	94.3%
Los Angeles County	100.0%	95.5%	97.1%	98.4%
Seattle	99.4%	85.9%	97.4%	98.6%
San Diego County	-	-	98.2%	98.2%
Mid-Peninsula	-	93.1%	94.1%	93.3%
<b>Total</b>	<b>97.9%</b>	<b>85.1%</b>	<b>94.8%</b>	<b>94.1%</b>

**Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended December 31, 2016**

Primary Markets	Large Tenant	Small Tenant	Total
Northern Virginia	93.3%	90.0%	92.1%
South Florida	95.2%	92.0%	94.6%
East Bay	98.9%	92.3%	98.3%
Silicon Valley	98.0%	97.2%	97.9%
Dallas	91.6%	88.7%	90.5%
Maryland	89.5%	63.8%	81.7%
Austin	97.7%	97.8%	97.7%
Orange County	94.5%	94.2%	94.3%
Los Angeles County	100.0%	97.1%	98.4%
Seattle	99.4%	96.7%	98.6%
San Diego County	-	98.2%	98.2%
Mid-Peninsula	-	93.3%	93.3%
<b>Total</b>	<b>95.6%</b>	<b>90.8%</b>	<b>94.1%</b>

**Note:**

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

**PS BUSINESS PARKS, INC.**  
**TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF DECEMBER 31, 2016**  
**(IN THOUSANDS)**

Lease Expirations - Flex				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	3,746	\$ 54,098	24.6%	13.2%
2018	3,470	54,214	24.6%	13.2%
2019	2,380	38,504	17.5%	9.4%
2020	1,632	26,216	11.9%	6.4%
2021	1,222	19,251	8.8%	4.7%
Thereafter	1,343	27,815	12.6%	6.8%
Total	<u>13,793</u>	<u>\$ 220,098</u>	<u>100.0%</u>	<u>53.7%</u>

Lease Expirations - Office				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	945	\$ 23,994	23.0%	5.9%
2018	1,137	27,772	26.6%	6.8%
2019	657	17,788	17.1%	4.3%
2020	360	9,974	9.6%	2.4%
2021	262	6,504	6.2%	1.6%
Thereafter	624	18,192	17.5%	4.4%
Total	<u>3,985</u>	<u>\$ 104,224</u>	<u>100.0%</u>	<u>25.4%</u>

Lease Expirations - Industrial				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	1,655	\$ 14,407	16.9%	3.5%
2018	1,422	13,201	15.5%	3.2%
2019	2,264	21,492	25.2%	5.3%
2020	1,417	14,292	16.7%	3.5%
2021	654	6,813	8.0%	1.7%
Thereafter	1,276	15,130	17.7%	3.7%
Total	<u>8,688</u>	<u>\$ 85,335</u>	<u>100.0%</u>	<u>20.9%</u>

Lease Expirations - Total Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	6,346	\$ 92,499	22.6%	22.6%
2018	6,029	95,187	23.2%	23.2%
2019	5,301	77,784	19.0%	19.0%
2020	3,409	50,482	12.3%	12.3%
2021	2,138	32,568	8.0%	8.0%
Thereafter	3,243	61,137	14.9%	14.9%
Total	<u>26,466</u>	<u>\$ 409,657</u>	<u>100.0%</u>	<u>100.0%</u>



**PS BUSINESS PARKS, INC.**  
**TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF DECEMBER 31, 2016**  
(in thousands)

Southern California					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	1,285	\$ 21,010	31.2%	5.1%	
2018	1,194	20,762	30.9%	5.1%	
2019	720	11,986	17.8%	2.9%	
2020	292	5,092	7.6%	1.2%	
2021	143	3,168	4.7%	0.8%	
Thereafter	211	5,214	7.8%	1.3%	
Total	<u>3,845</u>	<u>\$ 67,232</u>	<u>100.0%</u>	<u>16.4%</u>	

Northern California					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	1,092	\$ 15,544	16.2%	3.8%	
2018	1,207	18,121	18.9%	4.4%	
2019	1,990	23,439	24.4%	5.7%	
2020	1,138	15,198	15.8%	3.7%	
2021	793	10,706	11.2%	2.6%	
Thereafter	855	12,958	13.5%	3.2%	
Total	<u>7,075</u>	<u>\$ 95,966</u>	<u>100.0%</u>	<u>23.4%</u>	

Southern Texas					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	389	\$ 5,196	17.9%	1.3%	
2018	443	6,451	22.2%	1.6%	
2019	189	3,159	10.9%	0.8%	
2020	378	6,144	21.1%	1.5%	
2021	181	3,038	10.4%	0.8%	
Thereafter	302	5,085	17.5%	1.2%	
Total	<u>1,882</u>	<u>\$ 29,073</u>	<u>100.0%</u>	<u>7.2%</u>	

Northern Texas					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	769	\$ 8,354	24.9%	2.1%	
2018	581	6,581	19.6%	1.6%	
2019	522	6,705	19.9%	1.7%	
2020	443	4,777	14.2%	1.2%	
2021	211	2,633	7.8%	0.6%	
Thereafter	291	4,556	13.6%	1.1%	
Total	<u>2,817</u>	<u>\$ 33,606</u>	<u>100.0%</u>	<u>8.3%</u>	

**PS BUSINESS PARKS, INC.**  
**TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF DECEMBER 31, 2016**  
(in thousands)

South Florida					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	1,192	\$ 11,517	29.2%	2.8%	
2018	1,011	10,820	27.4%	2.6%	
2019	619	6,880	17.4%	1.7%	
2020	281	3,094	7.8%	0.8%	
2021	281	3,066	7.8%	0.8%	
Thereafter	371	4,123	10.4%	1.0%	
Total	<u>3,755</u>	<u>\$ 39,500</u>	<u>100.0%</u>	<u>9.7%</u>	

Northern Virginia					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	925	\$ 18,813	24.3%	4.6%	
2018	703	13,623	17.6%	3.3%	
2019	691	16,019	20.7%	3.9%	
2020	455	9,146	11.8%	2.2%	
2021	273	5,361	6.9%	1.3%	
Thereafter	566	14,533	18.7%	3.5%	
Total	<u>3,613</u>	<u>\$ 77,495</u>	<u>100.0%</u>	<u>18.8%</u>	

Maryland					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	334	\$ 7,824	15.6%	1.9%	
2018	661	15,395	30.8%	3.8%	
2019	284	6,270	12.5%	1.5%	
2020	193	4,717	9.4%	1.1%	
2021	129	2,862	5.7%	0.7%	
Thereafter	502	13,033	26.0%	3.2%	
Total	<u>2,103</u>	<u>\$ 50,101</u>	<u>100.0%</u>	<u>12.2%</u>	

Washington					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	360	\$ 4,241	25.4%	1.0%	
2018	229	3,434	20.6%	0.8%	
2019	286	3,326	19.9%	0.8%	
2020	229	2,314	13.9%	0.6%	
2021	127	1,734	10.4%	0.4%	
Thereafter	145	1,635	9.8%	0.4%	
Total	<u>1,376</u>	<u>\$ 16,684</u>	<u>100.0%</u>	<u>4.0%</u>	

**PS BUSINESS PARKS, INC.**  
**TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF DECEMBER 31, 2016**  
(in thousands)

Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	6,346	\$ 92,499	22.6%	22.6%	
2018	6,029	95,187	23.2%	23.2%	
2019	5,301	77,784	19.0%	19.0%	
2020	3,409	50,482	12.3%	12.3%	
2021	2,138	32,568	8.0%	8.0%	
Thereafter	3,243	61,137	14.9%	14.9%	
Total	<u>26,466</u>	<u>\$ 409,657</u>	<u>100.0%</u>	<u>100.0%</u>	

**PS BUSINESS PARKS, INC.**  
**TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF DECEMBER 31, 2016**  
(in thousands)

Lease Expirations - Large Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	3,567	\$ 45,580	17.4%	11.1%	
2018	3,783	53,885	20.5%	13.2%	
2019	3,956	52,141	19.8%	12.7%	
2020	2,834	38,842	14.8%	9.5%	
2021	1,679	23,489	8.9%	5.7%	
Thereafter	2,767	48,788	18.6%	11.9%	
Total	<u>18,586</u>	<u>\$ 262,725</u>	<u>100.0%</u>	<u>64.1%</u>	

Lease Expirations - Small Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	2,779	\$ 46,919	31.9%	11.5%	
2018	2,246	41,302	28.1%	10.1%	
2019	1,345	25,643	17.5%	6.3%	
2020	575	11,640	7.9%	2.8%	
2021	459	9,079	6.2%	2.2%	
Thereafter	476	12,349	8.4%	3.0%	
Total	<u>7,880</u>	<u>\$ 146,932</u>	<u>100.0%</u>	<u>35.9%</u>	

Lease Expirations - Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	6,346	\$ 92,499	22.6%	22.6%	
2018	6,029	95,187	23.2%	23.2%	
2019	5,301	77,784	19.0%	19.0%	
2020	3,409	50,482	12.3%	12.3%	
2021	2,138	32,568	8.0%	8.0%	
Thereafter	3,243	61,137	14.9%	14.9%	
Total	<u>26,466</u>	<u>\$ 409,657</u>	<u>100.0%</u>	<u>100.0%</u>	

**PS BUSINESS PARKS, INC.**  
**QUARTERLY AND YEAR TO DATE PRODUCTION STATISTICS - TOTAL PORTFOLIO**  
**December 31, 2016**

	<b>Total Portfolio Activity</b>					
	<b>Leasing Volume</b>		<b>Tenant Rention</b>		<b>Rental Rate Change <sup>(1)</sup></b>	
	<b>4th Quarter</b>	<b>YTD</b>	<b>4th Quarter</b>	<b>YTD</b>	<b>4th Quarter</b>	<b>YTD</b>
Maryland	93,000	669,000	49.1%	77.5%	-8.7%	-5.7%
Virginia	325,000	1,155,000	71.0%	76.7%	-5.2%	-7.2%
San Diego	77,000	375,000	54.4%	63.4%	2.6%	4.4%
Orange County	130,000	512,000	65.3%	60.9%	7.3%	7.5%
Los Angeles	139,000	563,000	86.0%	82.2%	5.7%	7.7%
Austin	146,000	391,000	82.8%	75.2%	15.0%	15.8%
Dallas	267,000	765,000	45.1%	51.8%	4.6%	3.1%
South Florida	373,000	1,272,000	81.3%	63.3%	4.9%	5.6%
Seattle	105,000	315,000	87.3%	69.4%	8.4%	11.9%
East Bay	162,000	708,000	64.9%	69.5%	22.9%	23.5%
Silicon Valley	257,000	713,000	84.0%	74.5%	16.0%	19.1%
Mid-Peninsula	34,000	148,000	63.7%	64.6%	11.3%	20.7%
<b>Company Totals</b>	<b>2,108,000</b>	<b>7,586,000</b>	<b>69.1%</b>	<b>69.3%</b>	<b>5.5%</b>	<b>5.3%</b>

<sup>(1)</sup> Rental rate change is computed by taking the percentage difference between outgoing rents and incoming rents for leases executed during the period. Leases executed on spaces vacant for more than the preceding twelve months have been excluded.