



PSBUSINESSPARKSSM

**Analysis of Operating Results
and Financial Condition**

March 31, 2017

**ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION
FOR THE THREE MONTHS ENDED MARCH 31, 2017**

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

NET OPERATING INCOME

	For The Three Months Ended		
	03/31/17	03/31/16	% Change
Rental income:			
Same Park ⁽¹⁾	\$ 99,770	\$ 95,002	5.0%
Non-Same Park ⁽²⁾	291	-	-
Total rental income	100,061	95,002	5.3%
Cost of operations:			
Same Park ⁽¹⁾	29,883	30,817	(3.0%)
Non-Same Park ⁽²⁾	354	-	-
Total cost of operations	30,237	30,817	(1.9%)
Net operating income:			
Same Park ⁽¹⁾	69,887	64,185	8.9%
Non-Same Park ⁽²⁾	(63)	-	-
Total net operating income	\$ 69,824	\$ 64,185	8.8%

FUNDS FROM OPERATIONS

	For The Three Months Ended		
	03/31/17	03/31/16	% Change
FFO allocable to common and dilutive shares	\$ 52,955	\$ 43,688	21.2%
FFO per common and dilutive share	\$ 1.52	\$ 1.26	20.6%
Weighted average common shares outstanding - diluted	27,234	27,122	0.4%
Weighted average common OP units outstanding	7,305	7,305	-
Weighted average restricted stock units outstanding	321	223	43.9%
Total common and dilutive shares	34,860	34,650	0.6%

PROPERTY INFORMATION

	For The Three Months Ended		
	03/31/17	03/31/16	% Change
<u>Total Portfolio</u> ⁽³⁾			
Total rentable square footage at period end	28,072	27,846	0.8%
Weighted average occupancy	93.9%	94.1%	(0.2%)
Period end occupancy	94.1%	94.1%	-
Annualized realized rent per sq. ft. ⁽⁴⁾	\$ 15.18	\$ 14.51	4.6%
REVPAF ⁽⁵⁾	\$ 14.26	\$ 13.65	4.5%
<u>Same Park Portfolio</u> ⁽¹⁾⁽³⁾			
Total rentable square footage at period end	27,846	27,846	-
Weighted average occupancy	94.6%	94.1%	0.5%
Period end occupancy	94.7%	94.1%	0.6%
Annualized realized rent per sq. ft. ⁽⁴⁾	\$ 15.16	\$ 14.51	4.5%
REVPAF ⁽⁵⁾	\$ 14.33	\$ 13.65	5.0%
<u>Non-Same Park Portfolio</u> ⁽²⁾			
Total rentable square footage at period end	226	-	-
Weighted average occupancy	18.5%	0.0%	-
Period end occupancy	18.5%	0.0%	-

MARKET VALUE INFORMATION

	03/31/17		12/31/16	
	\$	% of Total	\$	% of Total
Market value of common stock and common OP units	\$ 3,958,285	80.0%	\$ 4,013,356	78.3%
Total debt	107,000	2.2%	-	-
Total preferred equity	879,750	17.8%	1,109,750	21.7%
Total market capitalization	\$ 4,945,035	100.0%	\$ 5,123,106	100.0%
Stock price at the end of the period	\$ 114.76		\$ 116.52	

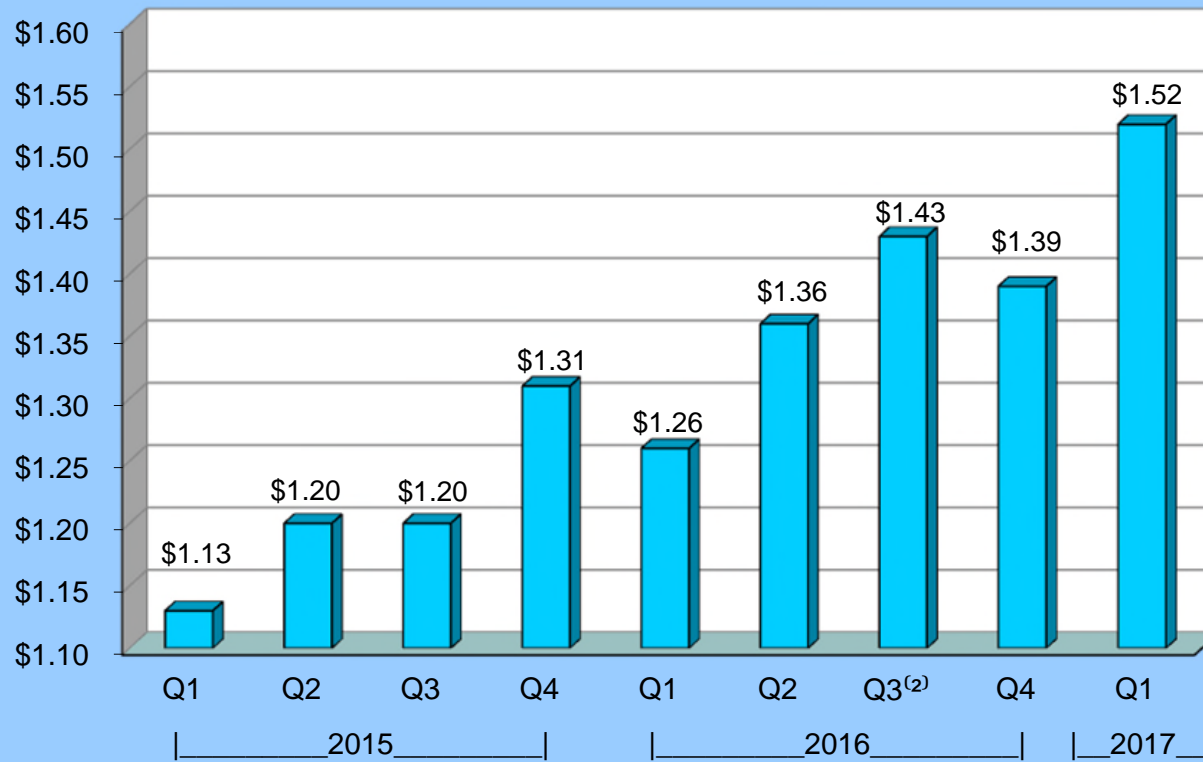
NOTES

- (1) All owned assets acquired prior to January 1, 2015.
(2) All owned assets acquired subsequent to January 1, 2015.
(3) Amounts exclude 123,000 square feet transferred to land and building held for development.
(4) Represents the annualized revenues earned per occupied square foot.
(5) Represents the annualized revenues earned per total weighted average square foot.

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

	<u>For The Three Months Ended</u>			
	<u>03/31/17</u>	<u>03/31/16</u>	<u>Change</u>	<u>% Change</u>
<u>Funds from operations (FFO)</u>				
Net income allocable to common shareholders	\$ 26,392	\$ 14,569	\$ 11,823	81.2%
Adjustments:				
Gain on sale of development rights	(3,865)	-	(3,865)	(100.0%)
Depreciation and amortization	23,078	25,041	(1,963)	(7.8%)
Net income allocable to noncontrolling interests - common units	7,102	3,936	3,166	80.4%
Net income allocable to restricted stock unit holders	248	142	106	74.6%
FFO allocable to common and dilutive shares	<u>\$ 52,955</u>	<u>\$ 43,688</u>	<u>\$ 9,267</u>	21.2%
Weighted average common shares outstanding	27,148	27,043	105	0.4%
Weighted average common OP units outstanding	7,305	7,305	-	-
Weighted average restricted stock units outstanding	321	223	98	43.9%
Weighted average common share equivalents outstanding	86	79	7	8.9%
Total common and dilutive shares	<u>34,860</u>	<u>34,650</u>	<u>210</u>	0.6%
FFO per common and dilutive share	<u>\$ 1.52</u>	<u>\$ 1.26</u>	<u>\$ 0.26</u>	20.6%
<u>Funds available for distribution (FAD):</u>				
Funds from operations	\$ 52,955	\$ 43,688	\$ 9,267	21.2%
Adjustments:				
Recurring capital improvements	(645)	(1,154)	509	(44.1%)
Tenant improvements	(6,476)	(3,319)	(3,157)	95.1%
Lease commissions	(1,538)	(1,821)	283	(15.5%)
Straight-line rent	(881)	(1,047)	166	(15.9%)
Stock compensation expense	2,083	2,805	(722)	(25.7%)
Cash paid for taxes in lieu of shares upon vesting of restricted stock units	(3,356)	(1,758)	(1,598)	90.9%
In-place lease adjustment	(25)	(193)	168	(87.0%)
Tenant improvement reimbursements, net of lease incentives	(361)	(423)	62	(14.7%)
Capitalized interest expense	(279)	(394)	115	(29.2%)
FAD	<u>\$ 41,477</u>	<u>\$ 36,384</u>	<u>\$ 5,093</u>	14.0%
FAD per common and dilutive share	<u>\$ 1.19</u>	<u>\$ 1.05</u>	<u>\$ 0.14</u>	13.3%
<u>Free cash available for debt repayment and investments:</u>				
FAD	\$ 41,477	\$ 36,384	5,093	14.0%
Distributions to common shareholders	(23,077)	(20,280)	(2,797)	13.8%
Distributions to common OP unit holders	(6,210)	(5,479)	(731)	13.3%
Distributions to restricted stock unit holders	(216)	(142)	(74)	52.1%
Non-recurring property renovations	(13)	(205)	192	(93.7%)
Free cash available for debt repayment and investments	<u>\$ 11,961</u>	<u>\$ 10,278</u>	<u>\$ 1,683</u>	16.4%
Investment in and advances to unconsolidated joint venture	(14,635)	(3,546)	(11,089)	312.7%
Retained cash	<u>\$ (2,674)</u>	<u>\$ 6,732</u>	<u>\$ (9,406)</u>	(139.7%)
FAD distributions payout ratio	<u>71.1%</u>	<u>71.2%</u>		

FFO, as adjusted, Per Common and Dilutive Share⁽¹⁾



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

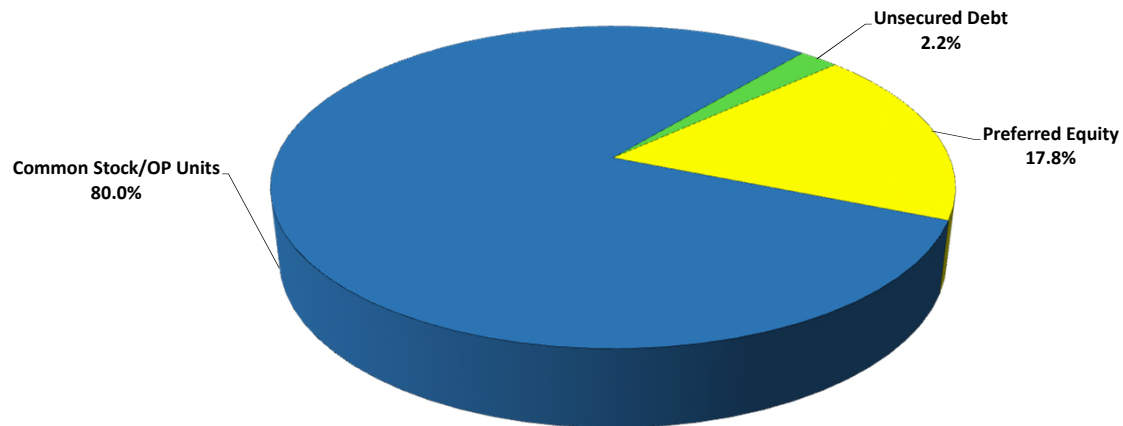
⁽²⁾ Excludes lease buyout payment of \$528,000.

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

	As of March 31, 2017			As of December 31, 2016		
	Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
Unsecured Debt:						
\$250.0 million unsecured credit facility (LIBOR + 0.825%)	\$ 107,000			\$ -		
Total unsecured debt	107,000	2.2%	1.68%	-	-	-
Total debt	107,000	2.2%	1.68%	-	-	-
Preferred Equity:						
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			189,750		
6.450% Series S preferred stock (9,200,000 depository shares outstanding) redeemed 1/18/17	-			230,000		
Total preferred equity	879,750	17.8%	5.72%	1,109,750	21.7%	5.87%
Total debt and preferred equity	986,750	20.0%	5.29%	1,109,750	21.7%	5.87%
Common stock (27,186,490 and 27,138,138 shares outstanding as of March 31, 2017 and December 31, 2016, respectively)	3,119,922			3,162,136		
Common operating partnership units (7,305,355 units outstanding as of March 31, 2017 and December 31, 2016)	838,363			851,220		
Total common equity ⁽¹⁾	3,958,285	80.0%		4,013,356	78.3%	
Total market capitalization	\$ 4,945,035	100.0%		\$ 5,123,106	100.0%	

⁽¹⁾ Closing stock price was \$114.76 and \$116.52 as of March 31, 2017 and December 31, 2016, respectively.

Total Market Capitalization as of March 31, 2017: \$4.9 billion



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

	<u>03/31/17</u>	<u>12/31/16</u>	<u>Change</u>		<u>% Change</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 4,766	\$ 128,629	\$ (123,863)	(a)	(96.3%)
Real estate facilities, at cost:					
Land	789,531	789,531	-		-
Buildings and equipment	<u>2,231,748</u>	<u>2,226,881</u>	<u>4,867</u>		0.2%
	3,021,279	3,016,412	4,867		0.2%
Accumulated depreciation	<u>(1,178,909)</u>	<u>(1,159,808)</u>	<u>(19,101)</u>		1.6%
	1,842,370	1,856,604	(14,234)	(b)	(0.8%)
Land and building held for development	<u>28,276</u>	<u>27,028</u>	<u>1,248</u>		4.6%
	1,870,646	1,883,632	(12,986)		(0.7%)
Investment in and advances to unconsolidated joint venture	82,104	67,190	14,914		22.2%
Rent receivable, net	3,320	1,945	1,375	(c)	70.7%
Deferred rent receivable, net	30,651	29,770	881		3.0%
Other assets	<u>5,706</u>	<u>8,205</u>	<u>(2,499)</u>	(d)	(30.5%)
Total assets	<u>\$ 1,997,193</u>	<u>\$ 2,119,371</u>	<u>\$ (122,178)</u>		(5.8%)
<u>LIABILITIES AND EQUITY</u>					
Accrued and other liabilities	\$ 75,824	\$ 78,657	\$ (2,833)	(e)	(3.6%)
Preferred stock called for redemption	-	230,000	(230,000)		(100.0%)
Credit facility	<u>107,000</u>	<u>-</u>	<u>107,000</u>		100.0%
Total liabilities	182,824	308,657	(125,833)		(40.8%)
Equity:					
PS Business Parks, Inc.'s shareholders' equity:					
Preferred stock	879,750	879,750	-		-
Common stock	271	271	-		-
Paid-in capital	733,266	733,671	(405)	(f)	(0.1%)
Cumulative net income	1,542,574	1,502,643	39,931		2.7%
Cumulative distributions	<u>(1,539,444)</u>	<u>(1,503,076)</u>	<u>(36,368)</u>	(g)	2.4%
Total PS Business Parks, Inc.'s shareholders' equity	1,616,417	1,613,259	3,158		0.2%
Noncontrolling interests:					
Common units	<u>197,952</u>	<u>197,455</u>	<u>497</u>		0.3%
Total noncontrolling interests:	197,952	197,455	497		0.3%
Total equity	<u>1,814,369</u>	<u>1,810,714</u>	<u>3,655</u>		0.2%
Total liabilities and equity	<u>\$ 1,997,193</u>	<u>\$ 2,119,371</u>	<u>\$ (122,178)</u>		(5.8%)

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

(a)	Change in cash and cash equivalents:			
	Beginning cash balance			\$ 128,629
	Net cash provided by operating activities			67,032
	Net cash used in investing activities			(22,434)
	Net cash used in financing activities			(168,461)
	Ending cash balance			<u>\$ 4,766</u>
(b)	Change in real estate facilities, at cost:			
	Beginning balance			\$ 1,856,604
	Recurring capital improvements			645
	Tenant improvements, gross			6,648
	Lease commissions			1,538
	Nonrecurring capital improvements			13
	Depreciation and amortization			(23,078)
	Ending balance			<u>\$ 1,842,370</u>
(c)	Rent receivable consists of:			
		<u>03/31/17</u>	<u>12/31/16</u>	<u>Change</u>
	Non-government tenants	\$ 2,757	\$ 1,192	\$ 1,565
	U.S. Government tenants	963	1,153	(190)
	Allowance for doubtful accounts	(400)	(400)	-
		<u>\$ 3,320</u>	<u>\$ 1,945</u>	<u>\$ 1,375</u>
(d)	Other assets consist of:			
		<u>03/31/17</u>	<u>12/31/16</u>	<u>Change</u>
	In-place lease adjustment and incentives, net	\$ 1,336	\$ 1,494	\$ (158)
	Prepaid property taxes and insurance	1,857	3,646	(1,789)
	Other	2,513	3,065	(552)
		<u>\$ 5,706</u>	<u>\$ 8,205</u>	<u>\$ (2,499)</u>
(e)	Accrued and other liabilities consist of:			
		<u>03/31/17</u>	<u>12/31/16</u>	<u>Change</u>
	Security deposits	\$ 32,804	\$ 32,675	\$ 129
	Accrued property taxes	7,139	10,421	(3,282)
	Prepaid rent	15,601	17,192	(1,591)
	In-place lease adjustment and tenant improvement reimbursements, net	4,812	5,254	(442)
	Other	15,468	13,115	2,353
		<u>\$ 75,824</u>	<u>\$ 78,657</u>	<u>\$ (2,833)</u>
(f)	Change in paid-in capital:			
	Beginning paid-in capital			\$ 733,671
	Exercise of stock options			689
	Stock compensation, net			1,867
	Cash paid for taxes in lieu of shares upon vesting of restricted stock units			(3,356)
	Adjustment to reflect noncontrolling interests to underlying ownership			395
	Ending paid in capital			<u>\$ 733,266</u>
(g)	Change in cumulative distributions:			
	Beginning cumulative distributions			\$ (1,503,076)
	Distributions to preferred shareholders			(13,291)
	Distributions to common shareholders			(23,077)
	Ending cumulative distributions			<u>\$ (1,539,444)</u>

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

	For The Three Months Ended		Change	% Change
	03/31/17	03/31/16		
Revenues:				
Rental income	\$ 100,061	\$ 95,845	\$ 4,216	(a) 4.4%
Facility management fees	128	128	-	-
Total operating revenues	<u>100,189</u>	<u>95,973</u>	<u>4,216</u>	4.4%
Expenses:				
Cost of operations	31,033	31,894	(861)	(b) (2.7%)
Depreciation and amortization	23,078	25,041	(1,963)	(7.8%)
General and administrative	2,831	3,635	(804)	(c) (22.1%)
Total operating expenses	<u>56,942</u>	<u>60,570</u>	<u>(3,628)</u>	(6.0%)
Other income and (expense):				
Interest and other income	105	267	(162)	(60.7%)
Interest and other expense	(184)	(3,190)	3,006	(d) (94.2%)
Total other income and (expense)	<u>(79)</u>	<u>(2,923)</u>	<u>2,844</u>	(97.3%)
Gain on sale of development rights	3,865	-	3,865	100.0%
Net income	<u>\$ 47,033</u>	<u>\$ 32,480</u>	<u>\$ 14,553</u>	44.8%
Net income allocation:				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	<u>\$ 7,102</u>	<u>\$ 3,936</u>	<u>\$ 3,166</u>	80.4%
Total net income allocable to noncontrolling interests	7,102	3,936	3,166	80.4%
Net income allocable to PS Business Parks, Inc.:				
Preferred shareholders	13,291	13,833	(542)	(3.9%)
Restricted stock unit holders	248	142	106	74.6%
Common shareholders	<u>26,392</u>	<u>14,569</u>	<u>11,823</u>	81.2%
Total net income allocable to PS Business Parks, Inc.	<u>39,931</u>	<u>28,544</u>	<u>11,387</u>	39.9%
	<u>\$ 47,033</u>	<u>\$ 32,480</u>	<u>\$ 14,553</u>	44.8%
Net income per common share				
Basic	\$ 0.97	\$ 0.54	\$ 0.43	79.6%
Diluted	\$ 0.97	\$ 0.54	\$ 0.43	79.6%
Weighted average common shares outstanding:				
Basic	<u>27,148</u>	<u>27,043</u>	<u>105</u>	0.4%
Diluted	<u>27,234</u>	<u>27,122</u>	<u>112</u>	0.4%

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

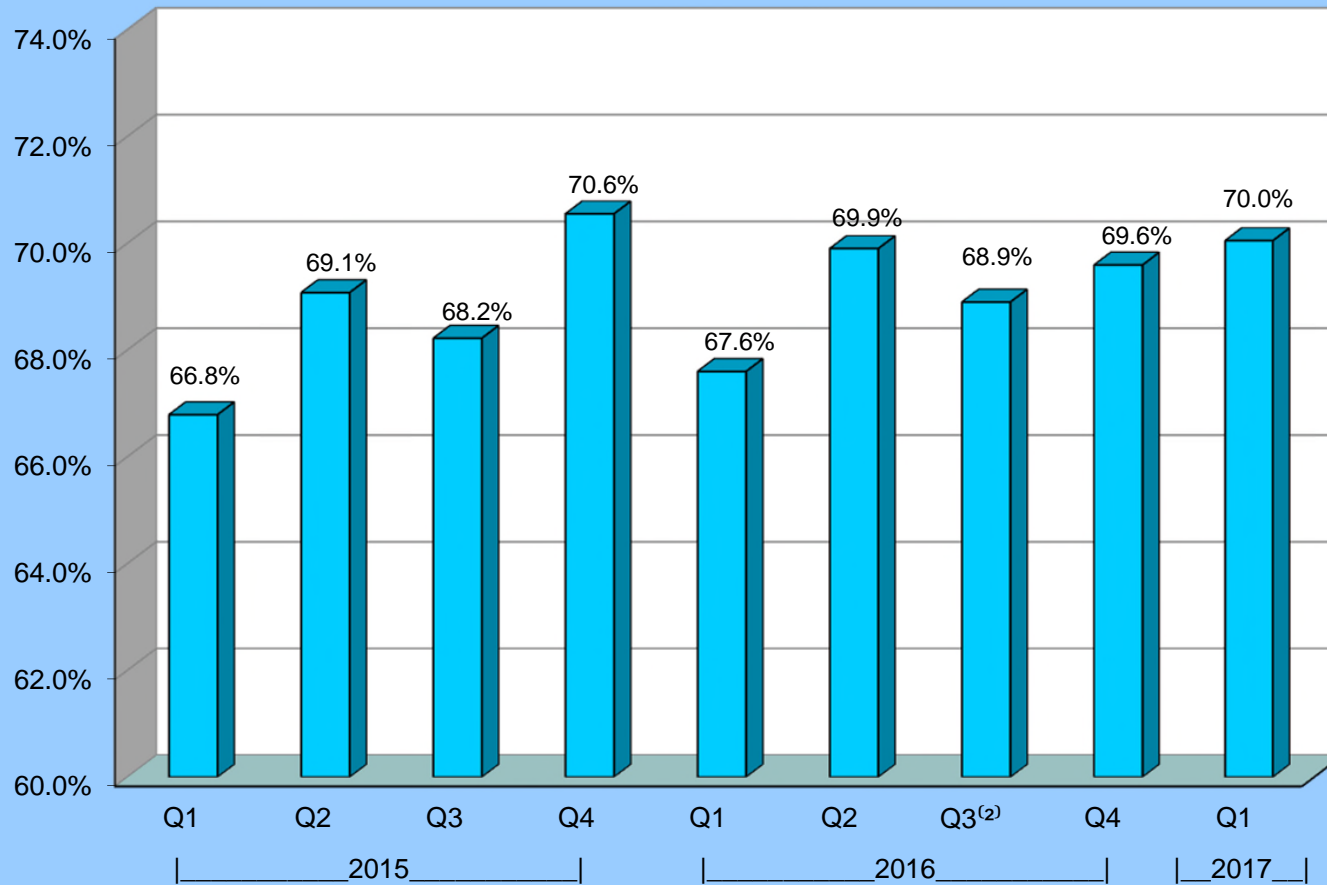
	For The Three Months Ended		Change
	03/31/17	03/31/16	
(a) Rental income:			
Same Park	\$ 98,920	\$ 93,955	\$ 4,965
Non-Same Park	260	-	260
Same Park straight-line rent	850	1,047	(197)
Non-Same Park straight-line rent	31	-	31
Asset held for development	-	843	(843)
	<u>\$ 100,061</u>	<u>\$ 95,845</u>	<u>\$ 4,216</u>
(b) Cost of Operations:			
Same Park	\$ 29,883	\$ 30,817	\$ (934)
Non-Same Park	354	-	354
Asset held for development	-	213	(213)
LTEIP amortization	796	864	(68)
	<u>\$ 31,033</u>	<u>\$ 31,894</u>	<u>\$ (861)</u>
(c) General and administrative expenses:			
Compensation expense	\$ 1,169	\$ 1,180	\$ (11)
LTEIP amortization	973	1,604	(631)
Professional fees and other	689	851	(162)
	<u>\$ 2,831</u>	<u>\$ 3,635</u>	<u>\$ (804)</u>
(d) Interest and other expense:			
Mortgage note payable	\$ -	\$ (3,445)	\$ 3,445
Credit facility	(283)	-	(283)
Capitalized interest	279	394	(115)
Facilities fees & other charges	(180)	(139)	(41)
	<u>\$ (184)</u>	<u>\$ (3,190)</u>	<u>\$ 3,006</u>

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

<u>Recurring capital expenditures</u> ⁽¹⁾	<u>For The Three Months Ended</u> <u>March 31, 2017</u>	<u>Cost per Weighted</u> <u>Average Square Foot</u>
Capital improvements	\$645	\$0.02
Tenant improvements	6,476	\$0.23
Lease commissions	1,538	\$0.05
Total recurring capital expenditures	<u><u>\$8,659</u></u>	\$0.30
 <u>Non-recurring property renovations</u>		
Non-recurring property renovations	\$13	

(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 \$6.8 million or approximately \$0.24 per weighted average square foot for the three months ended March 31, 2017 compared to \$7.9 million or approximately \$0.28 per weighted average square foot for the three months ended March 31, 2016.

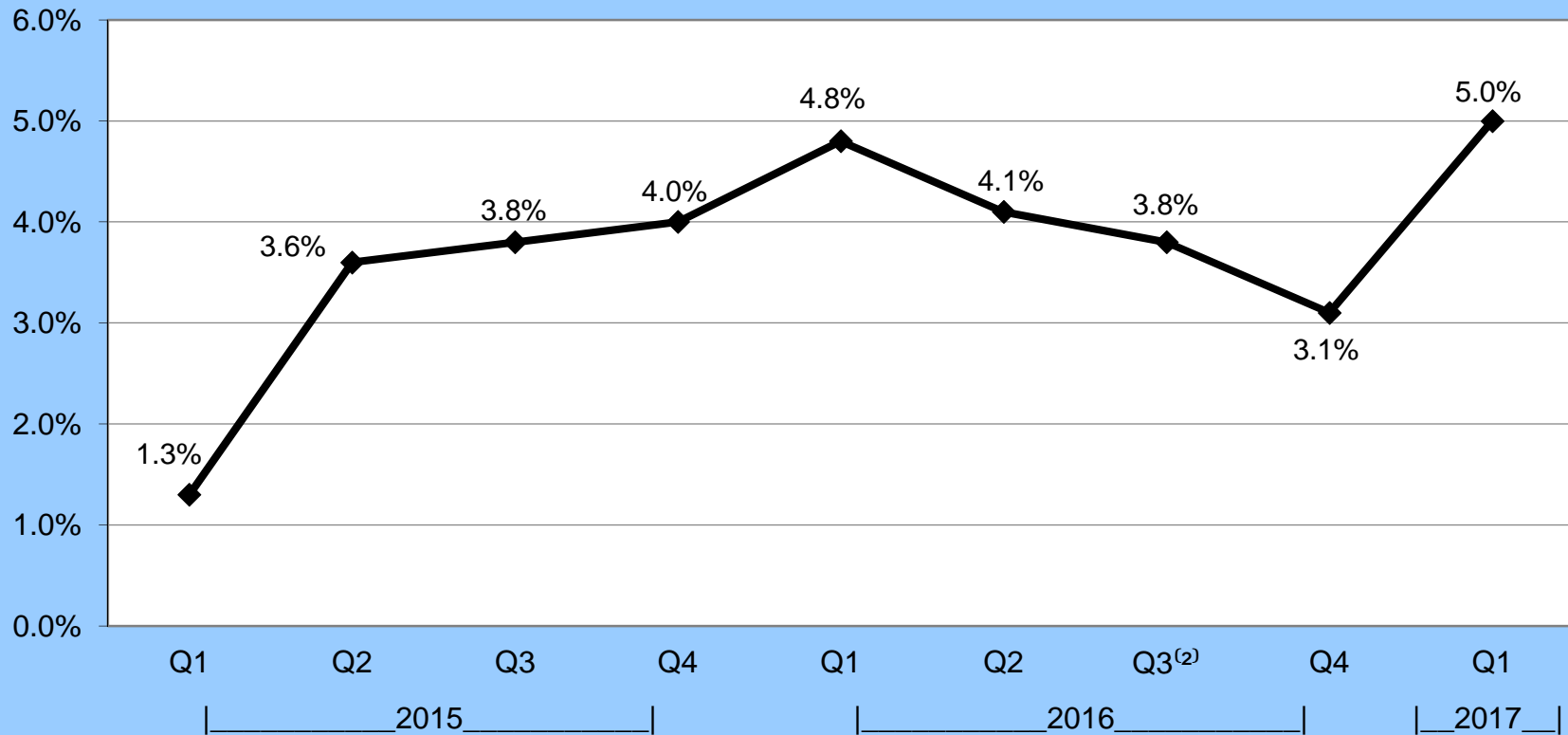
Same Park Gross Operating Margin Percentage ⁽¹⁾



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

⁽²⁾ Excludes lease buyout payment of \$528,000.

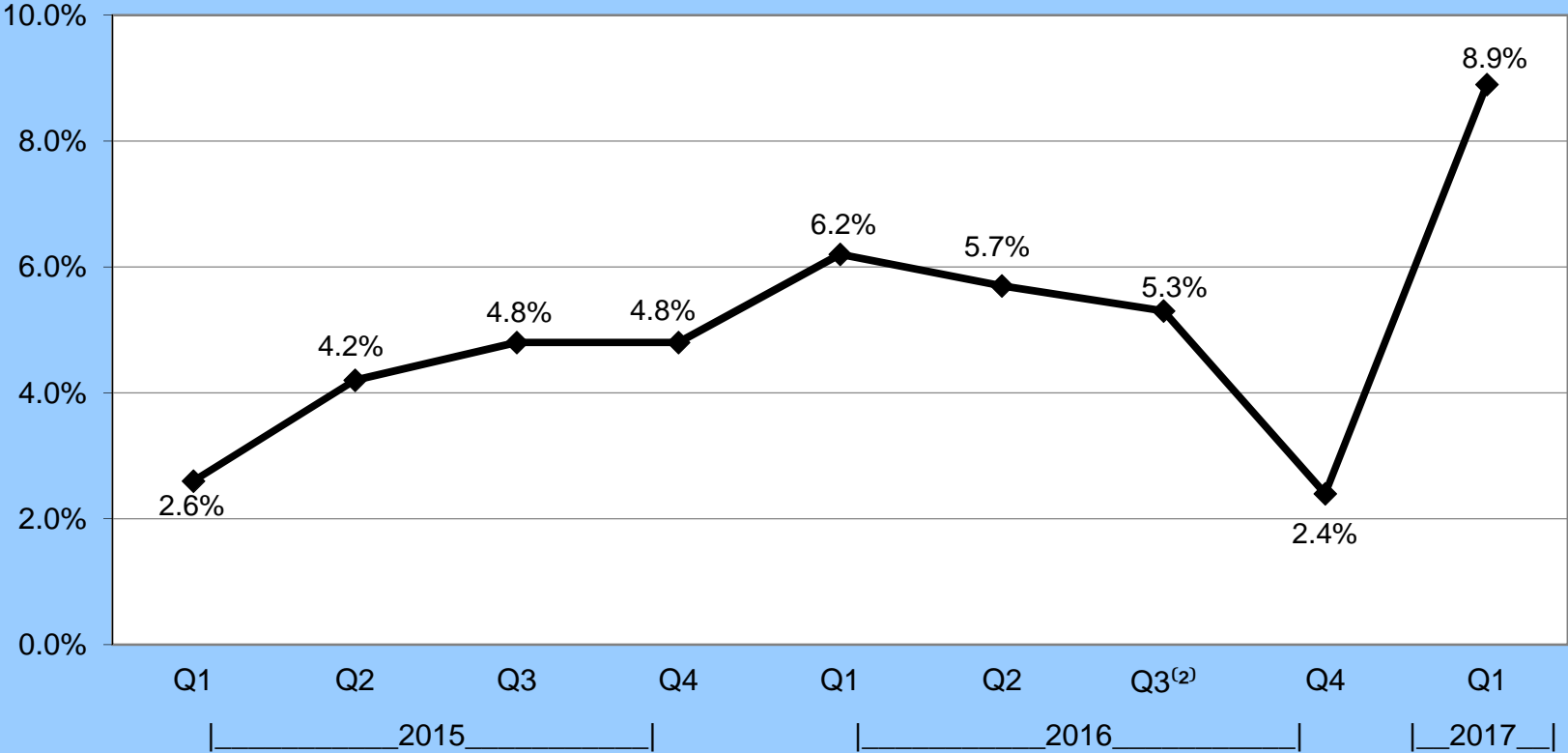
Change in Same Park Revenue⁽¹⁾



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

⁽²⁾ Excludes lease buyout payment of \$528,000.

Change in Same Park NOI⁽¹⁾



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

⁽²⁾ Excludes lease buyout payment of \$528,000.

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

Industry Concentration as of March 31, 2017

	% of Total Rental Income
Business services	18.1%
Warehouse, distribution, transportation and logistics	11.0%
Health services	10.0%
Computer hardware, software and related services	9.9%
Government	7.9%
Retail, food, and automotive	7.2%
Engineering and construction	7.0%
Insurance and financial services	4.2%
Electronics	3.1%
Home furnishings	3.0%
Aerospace/defense products and services	2.8%
Communications	2.1%
Educational services	1.7%
Other	12.0%
Total	100.0%

Top 10 Customers by Total Annual Rental Income as of March 31, 2017

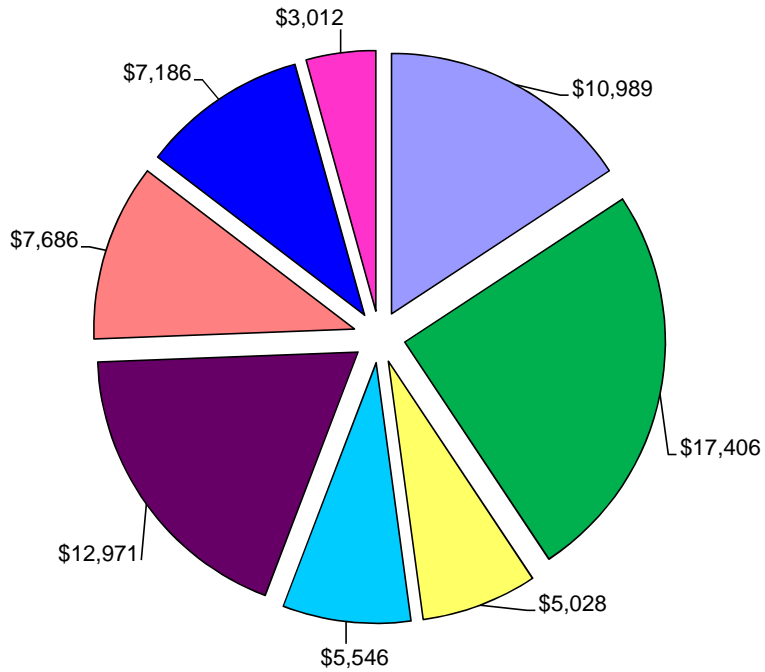
Tenant	Square Footage	Annualized Rental Income ⁽¹⁾	% of Total Annualized Rental Income
US Government	662	\$ 16,680	4.2%
Lockheed Martin Corporation	168	4,441	1.1%
Kaiser Permanente	158	4,161	1.0%
Keeco, L.L.C.	460	3,547	0.9%
Luminex Corporation	185	3,187	0.8%
MAXIMUS, Inc.	102	2,075	0.5%
KZ Kitchen Cabinet & Stone	181	2,026	0.5%
Investorplace Media, LLC	46	1,814	0.5%
Inova Health Care Services	63	1,792	0.4%
Raytheon	78	1,666	0.4%
Total	2,103	\$ 41,389	10.3%

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

Total Portfolio Net Operating Income by Region

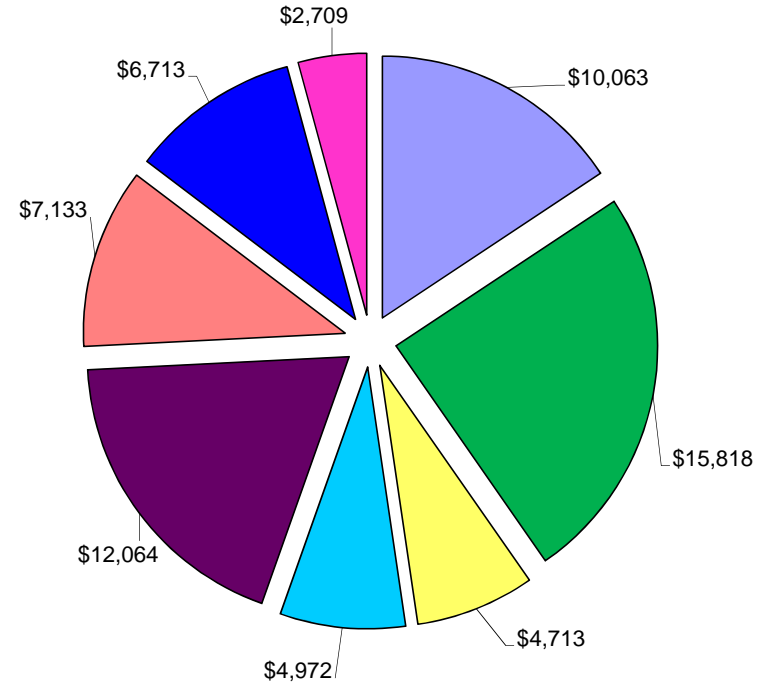
Three Months Ended March 31, 2017
\$69,824 (in thousands) ⁽¹⁾

S. California (16%)	N. California (25%)	S. Texas (7%)
N. Texas (8%)	Virginia (19%)	Maryland (11%)
South Florida (10%)	Washington (4%)	



Three Months Ended March 31, 2016
\$64,185 (in thousands) ⁽¹⁾

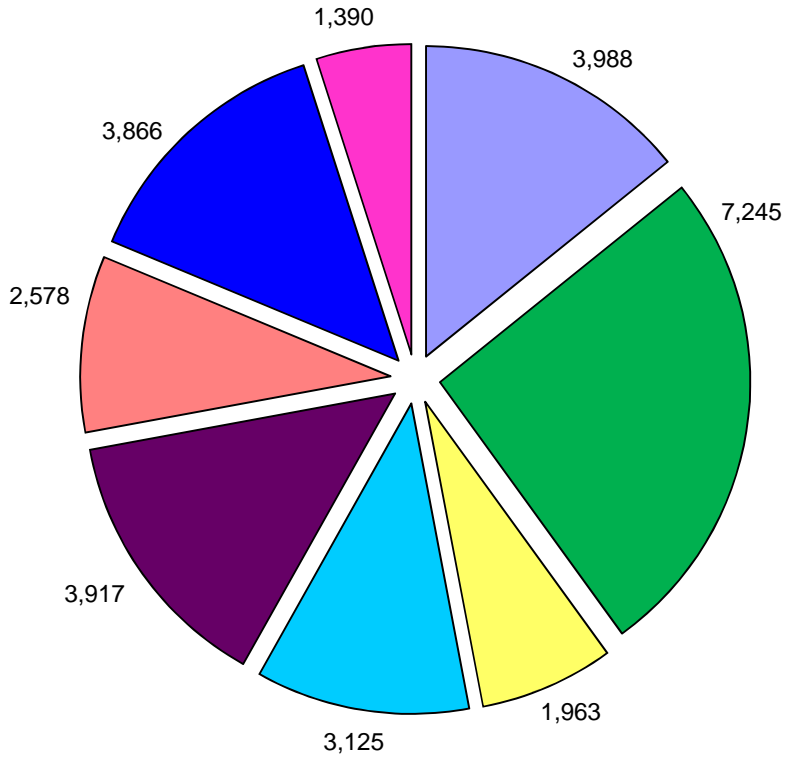
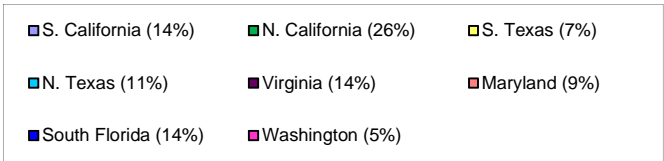
S. California (16%)	N. California (25%)	S. Texas (7%)
N. Texas (8%)	Virginia (19%)	Maryland (11%)
South Florida (10%)	Washington (4%)	



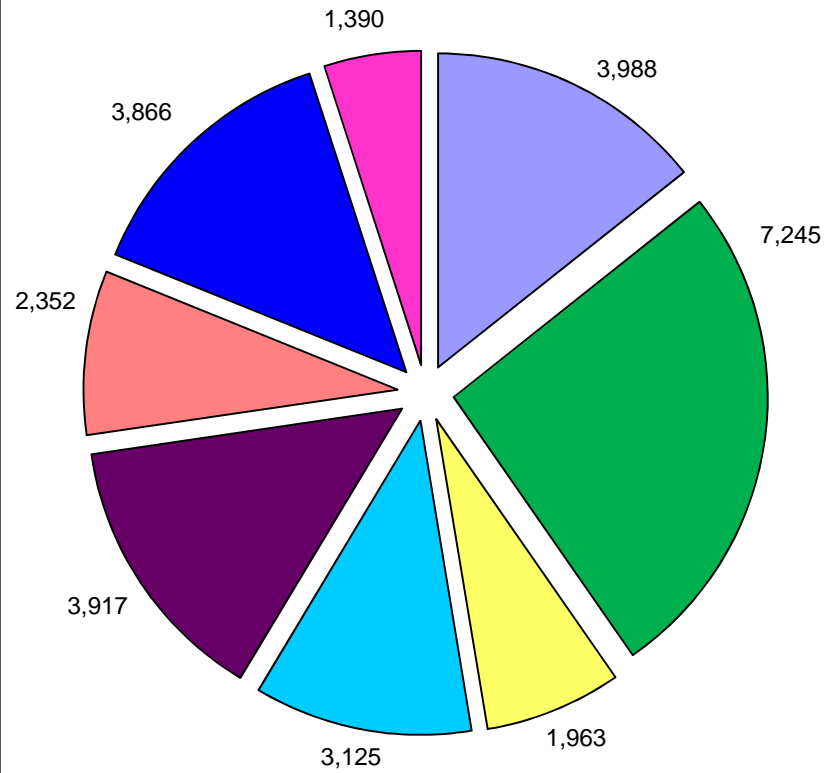
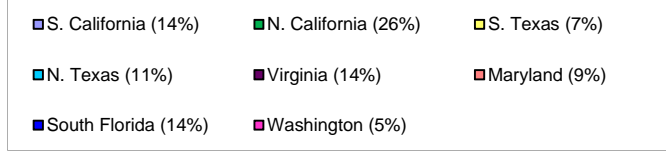
(1) Excludes asset held for development.

Total Rentable Square Footage by Region

March 31, 2017
28,072 square feet ⁽¹⁾ (in thousands)

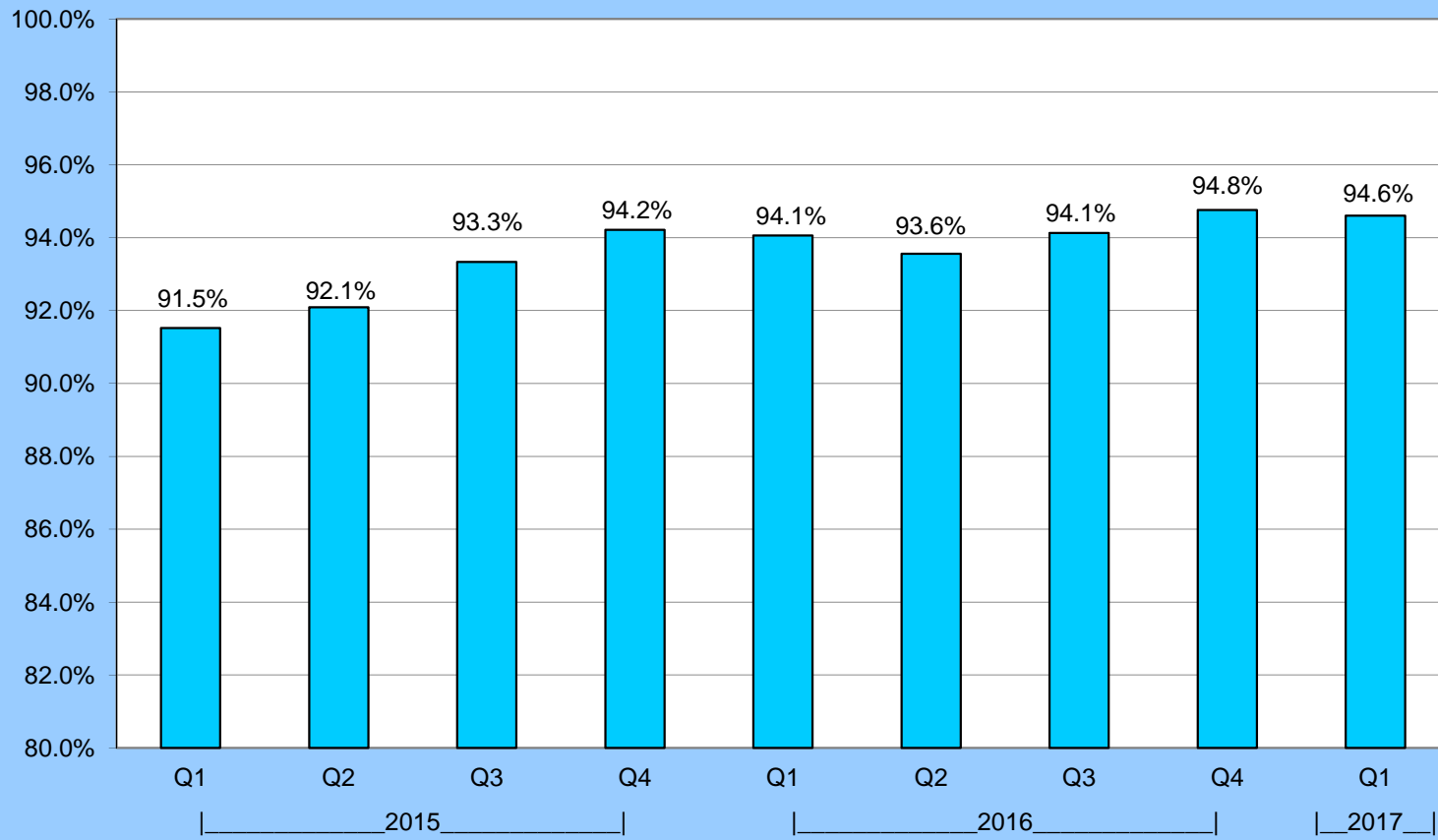


March 31, 2016
27,846 square feet ⁽¹⁾ (in thousands)



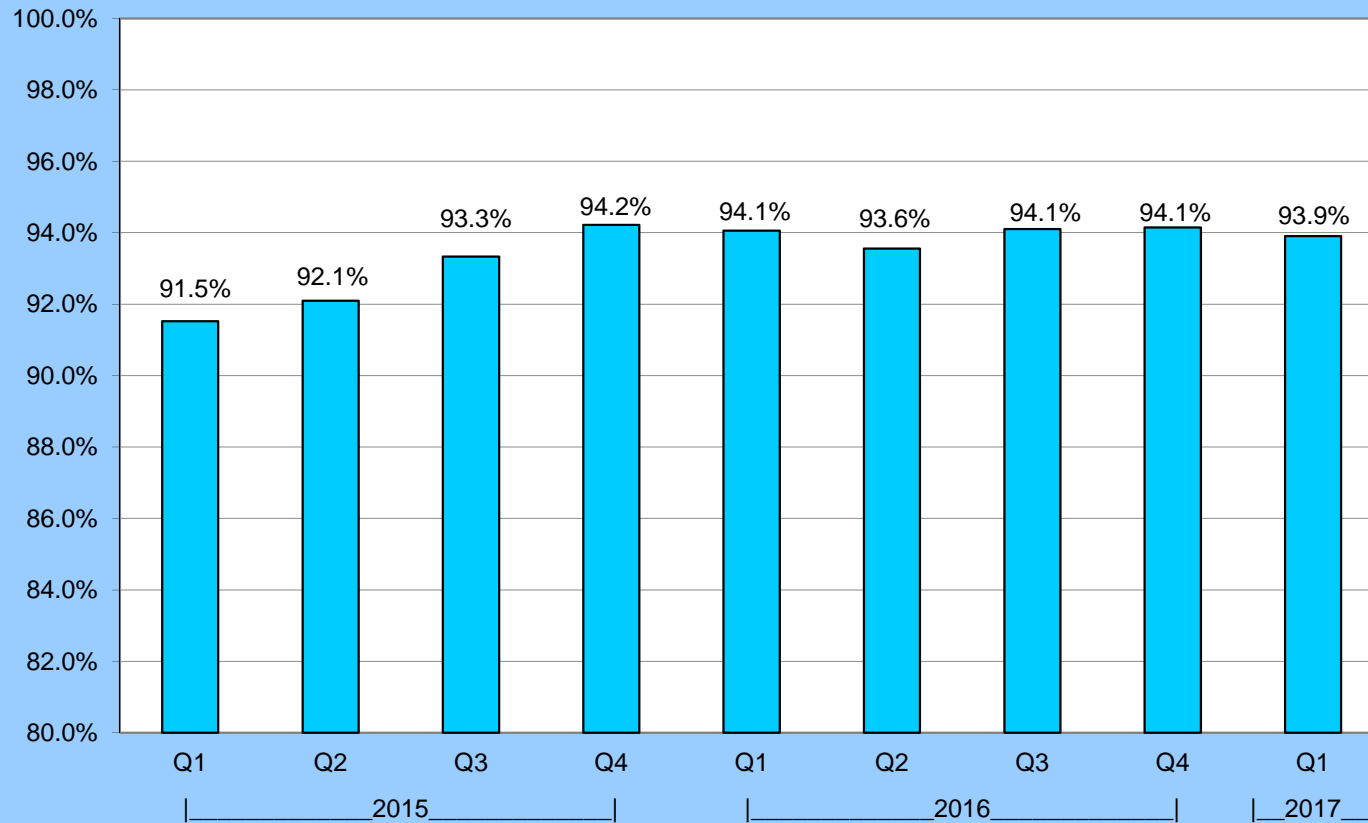
(1) Excludes asset held for development.

Same Park Weighted Average Occupancy (1)



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

Total Portfolio Weighted Average Occupancy ⁽¹⁾



⁽¹⁾ 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 March 31, 2017					
Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern Virginia	-	1,970	1,947	3,917	14.1%
South Florida	2,780	12	1,074	3,866	13.9%
East Bay	2,014	-	1,336	3,350	12.0%
Silicon Valley	1,892	-	1,569	3,461	12.4%
Dallas	231	-	2,894	3,125	11.2%
Maryland	-	1,382	970	2,352	8.4%
Austin	246	-	1,717	1,963	7.0%
Orange County	-	705	911	1,616	5.8%
Los Angeles County	712	31	861	1,604	5.8%
Seattle	951	28	411	1,390	5.0%
San Diego County	-	-	768	768	2.8%
Mid-Peninsula	-	340	94	434	1.6%
Total	8,826	4,468	14,552	27,846	100.0%
Percentage by Product Type	31.7%	16.0%	52.3%	100.0%	

Weighted Average Occupancy Rates by Product Type for the Three Months Ended March 31, 2017				
Primary Markets	Industrial	Office	Flex	Total
Northern Virginia	-	87.1%	93.8%	90.4%
South Florida	98.8%	100.0%	94.4%	97.6%
East Bay	99.1%	-	97.3%	98.4%
Silicon Valley	97.0%	-	98.9%	97.9%
Dallas	100.0%	-	89.8%	90.5%
Maryland	-	85.3%	89.8%	87.2%
Austin	93.6%	-	94.4%	94.3%
Orange County	-	91.9%	93.4%	92.7%
Los Angeles County	99.8%	93.4%	97.3%	98.3%
Seattle	100.0%	77.1%	97.0%	98.7%
San Diego County	-	-	98.1%	98.1%
Mid-Peninsula	-	92.0%	96.4%	92.9%
Total	98.6%	87.7%	94.2%	94.6%

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended March 31, 2017			
Primary Markets	Large Tenant	Small Tenant	Total
Northern Virginia	90.6%	90.1%	90.4%
South Florida	98.5%	93.7%	97.6%
East Bay	98.5%	96.7%	98.4%
Silicon Valley	98.0%	97.2%	97.9%
Dallas	91.5%	88.9%	90.5%
Maryland	89.7%	79.0%	87.2%
Austin	94.1%	95.9%	94.3%
Orange County	91.7%	93.6%	92.7%
Los Angeles County	99.8%	97.2%	98.3%
Seattle	100.0%	95.8%	98.7%
San Diego County	-	98.1%	98.1%
Mid-Peninsula	-	92.9%	92.9%
Total	95.4%	92.7%	94.6%

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 March 31, 2017					
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%
Total	8,826	4,694	14,552	28,072	100.0%
Percentage by Product Type	31.5%	16.7%	51.8%	100.0%	

Weighted Average Occupancy Rates by Product Type for the Three Months Ended March 31, 2017				
Primary Markets	Industrial	Office	Flex	Total
Northern Virginia	-	87.1%	93.8%	90.4%
South Florida	98.8%	100.0%	94.4%	97.6%
East Bay	99.1%	-	97.3%	98.4%
Silicon Valley	97.0%	-	98.9%	97.9%
Dallas	100.0%	-	89.8%	90.5%
Maryland	-	76.0%	89.8%	81.2%
Austin	93.6%	-	94.4%	94.3%
Orange County	-	91.9%	93.4%	92.7%
Los Angeles County	99.8%	93.4%	97.3%	98.3%
Seattle	100.0%	77.1%	97.0%	98.7%
San Diego County	-	-	98.1%	98.1%
Mid-Peninsula	-	92.0%	96.4%	92.9%
Total	98.6%	84.4%	94.2%	93.9%

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended March 31, 2017			
Primary Markets	Large Tenant	Small Tenant	Total
Northern Virginia	90.6%	90.1%	90.4%
South Florida	98.5%	93.7%	97.6%
East Bay	98.5%	96.7%	98.4%
Silicon Valley	98.0%	97.2%	97.9%
Dallas	91.5%	88.9%	90.5%
Maryland	89.7%	61.4%	81.2%
Austin	94.1%	95.9%	94.3%
Orange County	91.7%	93.6%	92.7%
Los Angeles County	99.8%	97.2%	98.3%
Seattle	100.0%	95.8%	98.7%
San Diego County	-	98.1%	98.1%
Mid-Peninsula	-	92.9%	92.9%
Total	95.4%	90.8%	93.9%

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 MARCH 31, 2017
(IN THOUSANDS)

Lease Expirations - Flex				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	2,767	\$ 40,724	18.5%	9.9%
2018	3,537	55,300	25.1%	13.5%
2019	2,654	42,706	19.4%	10.4%
2020	1,938	30,214	13.7%	7.4%
2021	1,226	19,419	8.8%	4.8%
Thereafter	1,559	32,026	14.5%	7.8%
Total	<u>13,681</u>	<u>\$ 220,389</u>	<u>100.0%</u>	<u>53.8%</u>

Lease Expirations - Office				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	765	\$ 19,501	18.6%	4.8%
2018	1,168	28,607	27.4%	7.0%
2019	711	19,021	18.2%	4.7%
2020	414	11,237	10.7%	2.7%
2021	280	6,987	6.7%	1.7%
Thereafter	665	19,218	18.4%	4.7%
Total	<u>4,003</u>	<u>\$ 104,571</u>	<u>100.0%</u>	<u>25.6%</u>

Lease Expirations - Industrial				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	951	\$ 8,531	10.1%	2.1%
2018	1,410	13,058	15.5%	3.2%
2019	2,294	21,848	25.9%	5.3%
2020	1,659	16,016	19.0%	3.9%
2021	672	7,049	8.3%	1.7%
Thereafter	1,514	17,941	21.2%	4.4%
Total	<u>8,500</u>	<u>\$ 84,443</u>	<u>100.0%</u>	<u>20.6%</u>

Lease Expirations - Total Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	4,483	\$ 68,756	16.8%	16.8%
2018	6,115	96,965	23.7%	23.7%
2019	5,659	83,575	20.4%	20.4%
2020	4,011	57,467	14.0%	14.0%
2021	2,178	33,455	8.2%	8.2%
Thereafter	3,738	69,185	16.9%	16.9%
Total	<u>26,184</u>	<u>\$ 409,403</u>	<u>100.0%</u>	<u>100.0%</u>

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2017
(in thousands)

Southern California				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	970	\$ 16,039	23.8%	3.9%
2018	1,217	21,118	31.3%	5.2%
2019	828	13,834	20.5%	3.4%
2020	397	6,907	10.2%	1.7%
2021	155	3,416	5.1%	0.8%
Thereafter	252	6,166	9.1%	1.5%
Total	3,819	\$ 67,480	100.0%	16.5%

Northern California				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	662	\$ 10,840	11.3%	2.7%
2018	1,214	18,258	19.1%	4.5%
2019	2,036	24,481	25.6%	6.0%
2020	1,165	15,701	16.4%	3.8%
2021	797	10,767	11.3%	2.7%
Thereafter	1,026	15,564	16.3%	3.8%
Total	6,900	\$ 95,611	100.0%	23.5%

Southern Texas				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	237	\$ 3,456	12.1%	0.8%
2018	446	6,606	23.1%	1.6%
2019	203	3,356	11.7%	0.8%
2020	410	6,436	22.5%	1.6%
2021	184	3,103	10.8%	0.8%
Thereafter	334	5,665	19.8%	1.4%
Total	1,814	\$ 28,622	100.0%	7.0%

Northern Texas				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	581	\$ 6,820	20.3%	1.7%
2018	598	6,792	20.2%	1.7%
2019	563	7,137	21.3%	1.7%
2020	570	5,883	17.5%	1.4%
2021	222	2,826	8.4%	0.7%
Thereafter	270	4,119	12.3%	1.0%
Total	2,804	\$ 33,577	100.0%	8.2%

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2017
(in thousands)

South Florida				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	944	\$ 9,115	22.6%	2.2%
2018	1,007	10,812	26.8%	2.6%
2019	665	7,453	18.4%	1.8%
2020	367	3,998	9.9%	1.0%
2021	301	3,337	8.3%	0.8%
Thereafter	500	5,670	14.0%	1.4%
Total	3,784	\$ 40,385	100.0%	9.8%

Northern Virginia				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	700	\$ 14,361	18.7%	3.5%
2018	743	14,585	19.0%	3.5%
2019	751	16,789	21.9%	4.1%
2020	502	9,973	13.0%	2.4%
2021	247	4,979	6.5%	1.2%
Thereafter	635	15,993	20.9%	3.9%
Total	3,578	\$ 76,680	100.0%	18.6%

Maryland				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	263	\$ 6,093	12.1%	1.5%
2018	658	15,280	30.4%	3.7%
2019	293	6,413	12.8%	1.6%
2020	217	5,123	10.2%	1.3%
2021	145	3,293	6.5%	0.8%
Thereafter	541	14,069	28.0%	3.4%
Total	2,117	\$ 50,271	100.0%	12.3%

Washington				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2017	126	\$ 2,032	12.1%	0.5%
2018	232	3,514	21.0%	0.9%
2019	320	4,112	24.5%	1.0%
2020	383	3,446	20.5%	0.8%
2021	127	1,734	10.3%	0.4%
Thereafter	180	1,939	11.6%	0.5%
Total	1,368	\$ 16,777	100.0%	4.1%

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2017
(in thousands)

Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	%	% of Total Annualized Rental Income
2017	4,483	\$ 68,756	16.8%		16.8%
2018	6,115	96,965	23.7%		23.7%
2019	5,659	83,575	20.4%		20.4%
2020	4,011	57,467	14.0%		14.0%
2021	2,178	33,455	8.2%		8.2%
Thereafter	3,738	69,185	16.9%		16.9%
Total	26,184	\$ 409,403	100.0%		100.0%

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2017
(in thousands)

Lease Expirations - Large Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	2,318	\$ 32,285	12.4%	7.9%	
2018	3,792	54,133	20.8%	13.2%	
2019	4,039	53,229	20.4%	13.0%	
2020	3,211	42,154	16.2%	10.3%	
2021	1,708	24,130	9.2%	5.9%	
Thereafter	3,168	54,877	21.0%	13.4%	
Total	18,236	\$ 260,808	100.0%	63.7%	

Lease Expirations - Small Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	2,165	\$ 36,471	24.6%	8.9%	
2018	2,323	42,832	28.8%	10.5%	
2019	1,620	30,346	20.4%	7.4%	
2020	800	15,313	10.3%	3.7%	
2021	470	9,325	6.3%	2.3%	
Thereafter	570	14,308	9.6%	3.5%	
Total	7,948	\$ 148,595	100.0%	36.3%	

Lease Expirations - Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2017	4,483	\$ 68,756	16.8%	16.8%	
2018	6,115	96,965	23.7%	23.7%	
2019	5,659	83,575	20.4%	20.4%	
2020	4,011	57,467	14.0%	14.0%	
2021	2,178	33,455	8.2%	8.2%	
Thereafter	3,738	69,185	16.9%	16.9%	
Total	26,184	\$ 409,403	100.0%	100.0%	

PS BUSINESS PARKS, INC.
QUARTERLY PRODUCTION STATISTICS - TOTAL PORTFOLIO
March 31, 2017

	Total Portfolio Activity			
	Leasing	Tenant	Transaction	Rental
	Volume	Retention	Costs per	Rate Change ⁽¹⁾
	1st Quarter	1st Quarter	Executed Foot	1st Quarter
	1st Quarter	1st Quarter	1st Quarter	1st Quarter
Maryland	128,000	74.8%	\$ 6.65	-14.3%
Virginia	230,000	55.4%	\$ 7.85	-4.4%
San Diego	96,000	68.3%	\$ 0.80	3.9%
Orange County	97,000	39.2%	\$ 3.96	7.0%
Los Angeles	113,000	65.7%	\$ 2.12	8.5%
Austin	80,000	19.5%	\$ 5.03	15.1%
Dallas	226,000	75.2%	\$ 2.14	2.9%
South Florida	315,000	69.1%	\$ 2.24	2.6%
Seattle	225,000	96.0%	\$ 0.48	10.2%
East Bay	164,000	82.1%	\$ 2.07	25.5%
Silicon Valley	54,000	55.6%	\$ 1.81	19.4%
Mid-Peninsula	27,000	58.9%	\$ 1.37	11.3%
Company Totals	1,755,000	66.1%	\$ 3.15	3.5%

⁽¹⁾ 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.