



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

**Analysis of Operating Results  
and Financial Condition**

**December 31, 2015**

**ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION  
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2015**

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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		
	12/31/15	12/31/14	% Change	12/31/15	12/31/14	% Change
Rental income:						
Same Park <sup>(1)</sup>	\$ 87,839	\$ 84,452	4.0%	\$ 345,932	\$ 335,206	3.2%
Non-Same Park <sup>(2)</sup>	6,711	4,450	50.8%	24,492	16,088	52.2%
Total rental income	94,550	88,902	6.4%	370,424	351,294	5.4%
Cost of operations:						
Same Park <sup>(1)</sup>	25,868	25,305	2.2%	108,185	107,032	1.1%
Non-Same Park <sup>(2)</sup>	2,430	2,168	12.1%	9,327	7,753	20.3%
Total cost of operations	28,298	27,473	3.0%	117,512	114,785	2.4%
Net operating income:						
Same Park <sup>(1)</sup>	61,971	59,147	4.8%	237,747	228,174	4.2%
Non-Same Park <sup>(2)</sup>	4,281	2,282	87.6%	15,165	8,335	81.9%
Total net operating income	\$ 66,252	\$ 61,429	7.9%	\$ 252,912	\$ 236,509	6.9%

**FUNDS FROM OPERATIONS**

	For The Three Months Ended			For The Years Ended		
	12/31/15	12/31/14	% Change	12/31/15	12/31/14	% Change
<b>FFO allocable to common and dilutive shares - as reported</b>	<b>\$ 45,148</b>	<b>\$ 39,086</b>	<b>15.5%</b>	<b>\$ 164,244</b>	<b>\$ 162,196</b>	<b>1.3%</b>
Acquisition transaction costs	-	226	(100.0%)	-	350	(100.0%)
Non-cash distributions related to redemption of preferred equity	-	-	-	2,487	-	100.0%
<b>FFO allocable to common and dilutive shares - as adjusted</b>	<b>\$ 45,148</b>	<b>\$ 39,312</b>	<b>14.8%</b>	<b>\$ 166,731</b>	<b>\$ 162,546</b>	<b>2.6%</b>
<b>FFO per common and dilutive share - as reported</b>	<b>\$ 1.31</b>	<b>\$ 1.14</b>	<b>14.9%</b>	<b>\$ 4.76</b>	<b>\$ 4.72</b>	<b>0.8%</b>
<b>FFO per common and dilutive share - as adjusted</b>	<b>\$ 1.31</b>	<b>\$ 1.15</b>	<b>13.9%</b>	<b>\$ 4.83</b>	<b>\$ 4.73</b>	<b>2.1%</b>
Weighted average common shares outstanding - diluted	27,096	27,012	0.3%	27,051	27,000	0.2%
Weighted average common OP units outstanding	7,305	7,305	-	7,305	7,305	-
Weighted average restricted stock units outstanding	165	83	98.8%	130	69	88.4%
Total common and dilutive shares	34,566	34,400	0.5%	34,486	34,374	0.3%

**PROPERTY INFORMATION**

	For The Three Months Ended			For The Years Ended		
	12/31/15	12/31/14	% Change	12/31/15	12/31/14	% Change
<u>Total Portfolio</u>						
Total rentable square footage at period end	27,969	27,969	-	27,969	27,969	-
Weighted average occupancy	94.2%	92.0%	2.4%	92.8%	91.3%	1.6%
Period end occupancy	94.8%	92.4%	2.6%	94.8%	92.4%	2.6%
Annualized realized rent per sq. ft. <sup>(3)</sup>	\$ 14.35	\$ 13.92	3.1%	\$ 14.27	\$ 14.00	1.9%
REVPAF <sup>(4)</sup>	\$ 13.52	\$ 12.71	6.4%	\$ 13.24	\$ 12.56	5.4%
<u>Same Park Portfolio</u> <sup>(1)</sup>						
Total rentable square footage at period end	25,758	25,758	-	25,758	25,758	-
Weighted average occupancy	94.4%	93.5%	1.0%	93.5%	92.5%	1.1%
Period end occupancy	94.9%	93.5%	1.5%	94.9%	93.5%	1.5%
Annualized realized rent per sq. ft. <sup>(3)</sup>	\$ 14.45	\$ 14.03	3.0%	\$ 14.37	\$ 14.06	2.2%
REVPAF <sup>(4)</sup>	\$ 13.64	\$ 13.11	4.0%	\$ 13.43	\$ 13.01	3.2%
<u>Non-Same Park Portfolio</u> <sup>(2)</sup>						
Total rentable square footage at period end	2,211	2,211	-	2,211	2,211	-
Weighted average occupancy	92.5%	72.7%	27.2%	85.3%	73.3%	16.4%
Period end occupancy	93.9%	79.2%	18.5%	93.9%	79.2%	18.5%

**MARKET VALUE INFORMATION**

	12/31/15		12/31/14	
		% of Total		% of Total
Market value of common stock and common OP units	\$ 3,002,296	72.0%	\$ 2,722,218	68.6%
Total debt	250,000	6.0%	250,000	6.3%
Total preferred equity	920,000	22.0%	995,000	25.1%
Total market capitalization	\$ 4,172,296	100.0%	\$ 3,967,218	100.0%
Stock price at the end of the period	\$ 87.43		\$ 79.54	

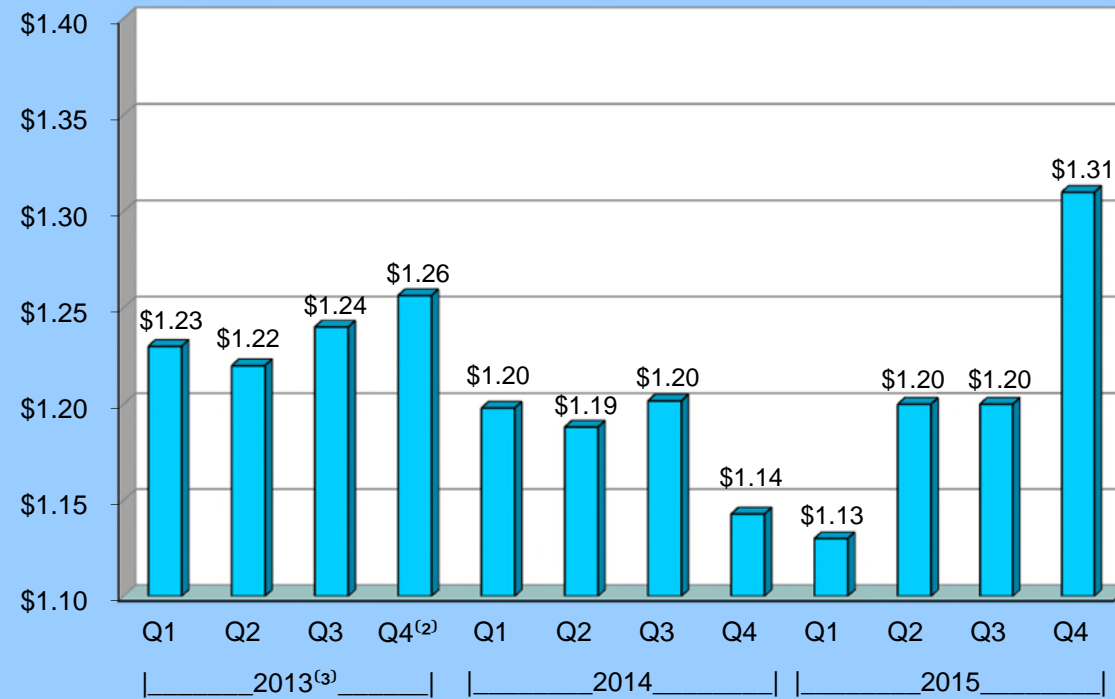
**NOTES**

- (1) All owned assets acquired prior to January 1, 2013 (excludes sold assets).  
(2) All owned assets acquired subsequent to January 1, 2013.  
(3) Represents the annualized revenues earned per occupied square foot.  
(4) 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			
	12/31/15	12/31/14	Change	% Change	12/31/15	12/31/14	Change	% Change
<b>Funds from operations (FFO):</b>								
Net income allocable to common shareholders	\$ 14,906	\$ 82,131	\$ (67,225)	(81.9%)	\$ 68,291	\$ 113,154	\$ (44,863)	(39.6%)
Adjustments:								
Gain on sale of real estate facility	-	(92,373)	92,373	(100.0%)	(28,235)	(92,373)	64,138	(69.4%)
Depreciation and amortization	26,151	26,810	(659)	(2.5%)	105,394	110,357	(4,963)	(4.5%)
Net income allocable to noncontrolling interests - common units	4,029	22,288	(18,259)	(81.9%)	18,495	30,729	(12,234)	(39.8%)
Net income allocable to restricted stock unit holders	62	230	(168)	(73.0%)	299	329	(30)	(9.1%)
FFO allocable to common and dilutive shares	<u>\$ 45,148</u>	<u>\$ 39,086</u>	<u>\$ 6,062</u>	15.5%	<u>\$ 164,244</u>	<u>\$ 162,196</u>	<u>\$ 2,048</u>	1.3%
Weighted average common shares outstanding	27,022	26,919	103	0.4%	26,973	26,899	74	0.3%
Weighted average common OP units outstanding	7,305	7,305	-	-	7,305	7,305	-	-
Weighted average restricted stock units outstanding	165	83	82	98.8%	130	69	61	88.4%
Weighted average common share equivalents outstanding	74	93	(19)	(20.4%)	78	101	(23)	(22.8%)
Total common and dilutive shares	<u>34,566</u>	<u>34,400</u>	<u>166</u>	0.5%	<u>34,486</u>	<u>34,374</u>	<u>112</u>	0.3%
FFO per common and dilutive share	<u>\$ 1.31</u>	<u>\$ 1.14</u>	<u>\$ 0.17</u>	14.9%	<u>\$ 4.76</u>	<u>\$ 4.72</u>	<u>\$ 0.04</u>	0.8%
<b>Funds available for distribution (FAD):</b>								
Funds from operations	\$ 45,148	\$ 39,086	\$ 6,062	15.5%	\$ 164,244	\$ 162,196	\$ 2,048	1.3%
Adjustments:								
Recurring capital improvements	(1,148)	(1,128)	(20)	1.8%	(7,943)	(8,054)	111	(1.4%)
Tenant improvements	(4,211)	(8,038)	3,827	(47.6%)	(22,500)	(26,554)	4,054	(15.3%)
Lease commissions	(2,408)	(2,389)	(19)	0.8%	(8,963)	(9,672)	709	(7.3%)
Total recurring capital expenditures (sold assets)	-	(110)	110	(100.0%)	(440)	(2,892)	2,452	(84.8%)
Straight-line rent	(356)	(759)	403	(53.1%)	(3,065)	(3,003)	(62)	2.1%
Stock compensation expense (excluding LTEIP)	238	1,166	(928)	(79.6%)	1,009	2,154	(1,145)	(53.2%)
LTEIP amortization	2,058	2,297	(239)	(10.4%)	8,236	7,425	811	10.9%
In-place lease adjustment	(247)	(229)	(18)	7.9%	(1,251)	(901)	(350)	38.8%
Tenant improvement reimbursements, net of lease incentives	(443)	(385)	(58)	15.1%	(1,861)	(1,580)	(281)	17.8%
Capitalized interest expense	(346)	(247)	(99)	40.1%	(1,159)	(944)	(215)	22.8%
Non-cash distributions related to redemption of preferred equity	-	-	-	-	2,487	-	2,487	100.0%
FAD	<u>\$ 38,285</u>	<u>\$ 29,264</u>	<u>\$ 9,021</u>	30.8%	<u>\$ 128,794</u>	<u>\$ 118,175</u>	<u>\$ 10,619</u>	9.0%
FAD per common and dilutive share	<u>\$ 1.11</u>	<u>\$ 0.85</u>	<u>\$ 0.26</u>	30.6%	<u>\$ 3.73</u>	<u>\$ 3.44</u>	<u>\$ 0.29</u>	8.4%
<b>Free cash available for debt repayment and investments:</b>								
FAD	\$ 38,285	\$ 29,264	\$ 9,021	30.8%	\$ 128,794	\$ 118,175	\$ 10,619	9.0%
Distributions to common shareholders	(16,220)	(13,459)	(2,761)	20.5%	(59,377)	(53,810)	(5,567)	10.3%
Distributions to common OP unit holders	(4,383)	(3,654)	(729)	20.0%	(16,072)	(14,612)	(1,460)	10.0%
Distributions to restricted stock unit holders	(68)	(36)	(32)	88.9%	(249)	(135)	(114)	84.4%
Non-recurring property renovations	(820)	(1,455)	635	(43.6%)	(3,808)	(4,614)	806	(17.5%)
Free cash available for debt repayment and investments	<u>\$ 16,794</u>	<u>\$ 10,660</u>	<u>\$ 6,134</u>	57.5%	<u>\$ 49,288</u>	<u>\$ 45,004</u>	<u>\$ 4,284</u>	9.5%
Investment in unconsolidated joint venture	(5,220)	(167)	(5,053)	3025.7%	(7,216)	(1,245)	(5,971)	479.6%
Retained cash	<u>\$ 11,574</u>	<u>\$ 10,493</u>	<u>\$ 1,081</u>	10.3%	<u>\$ 42,072</u>	<u>\$ 43,759</u>	<u>\$ (1,687)</u>	(3.9%)
FFO distributions payout ratio	<u>54.0%</u>	<u>58.6%</u>			<u>58.8%</u>	<u>58.0%</u>		

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



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

<sup>(2)</sup> Amounts exclude lease buyout payments of \$2.3 million in Q4'13.

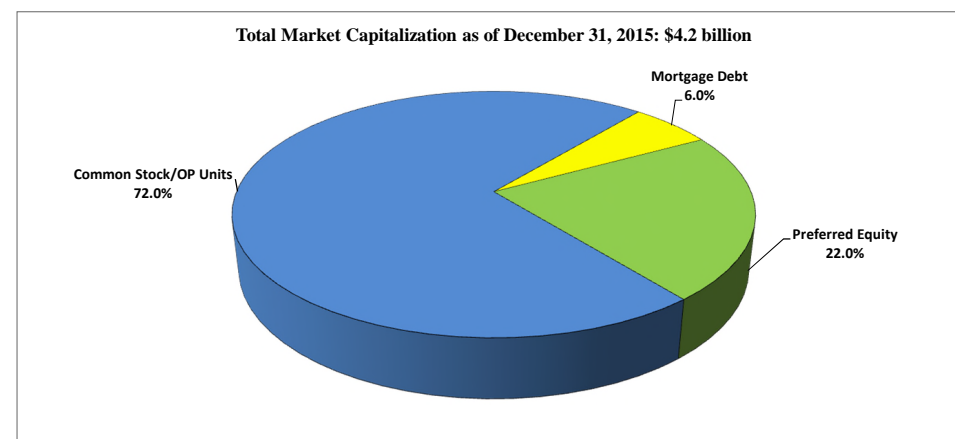
<sup>(3)</sup> Adjusted FFO per share excludes amortization related to the previous LTEIP (2012-2015).

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

	As of December 31, 2015			As of December 31, 2014		
	Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
<b>Mortgage Debt:</b>						
5.452% mortgage note, due December 2016	\$ 250,000			\$ 250,000		
Total mortgage debt	<u>250,000</u>	6.0%	5.45%	<u>250,000</u>	6.3%	5.45%
<b>Unsecured Debt:</b>						
\$250.0 million unsecured credit facility (LIBOR + 0.875%)	-			-		
Total unsecured debt	<u>-</u>	-	-	<u>-</u>	-	-
Total debt	<u>250,000</u>	6.0%	5.45%	<u>250,000</u>	6.3%	5.45%
<b>Preferred Equity:</b>						
6.450% Series S preferred stock (9,200,000 depositary shares outstanding) callable 1/18/17	230,000			230,000		
6.000% Series T preferred stock (14,000,000 depositary shares outstanding) callable 5/14/17	350,000			350,000		
5.750% Series U preferred stock (9,200,000 depositary shares outstanding) callable 9/14/17	230,000			230,000		
5.700% Series V preferred stock (4,400,000 depositary shares outstanding) callable 3/14/18	110,000			110,000		
6.875% Series R preferred stock (3,000,000 depositary shares outstanding) redeemed 10/15/15	-			75,000		
Total preferred equity	<u>920,000</u>	22.0%	6.01%	<u>995,000</u>	25.1%	6.08%
Total debt and preferred equity	<u>1,170,000</u>	28.0%	5.89%	<u>1,245,000</u>	31.4%	5.95%
Common stock (27,034,073 and 26,919,161 shares outstanding as of December 31, 2015 and 2014, respectively)	2,363,589			2,141,150		
Common operating partnership units (7,305,355 units outstanding as of December 31, 2015 and 2014)	638,707			581,068		
Total common equity (1)	<u>3,002,296</u>	72.0%		<u>2,722,218</u>	68.6%	
Total market capitalization	<u>\$ 4,172,296</u>	100.0%		<u>\$ 3,967,218</u>	100.0%	

Principal maturity dates are represented by the following chart:

	Principal Maturity Dates					
	2014	2015	2016	2017	2018	Total
5.452% Mortgage Note	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>



(1) Closing stock price was \$87.43 and \$79.54 as of December 31, 2015 and 2014, respectively.

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

	12/31/15	12/31/14	Change		% Change
<b>ASSETS</b>					
Cash and cash equivalents	\$ 188,912	\$ 152,467	\$ 36,445	(a)	23.9%
Real estate facilities, at cost:					
Land	793,569	793,569	-		-
Buildings and equipment	2,215,515	2,182,993	32,522		1.5%
	3,009,084	2,976,562	32,522		1.1%
Accumulated depreciation	(1,082,603)	(991,497)	(91,106)		9.2%
	1,926,481	1,985,065	(58,584)	(b)	(3.0%)
Properties held for disposition, net	-	25,937	(25,937)		(100.0%)
Land and building held for development	6,081	24,442	(18,361)		(75.1%)
	1,932,562	2,035,444	(102,882)		(5.1%)
Investment in unconsolidated joint venture	26,736	-	26,736		100.0%
Rent receivable	2,234	2,838	(604)	(c)	(21.3%)
Deferred rent receivable	28,327	26,050	2,277		8.7%
Other assets	7,887	10,315	(2,428)	(d)	(23.5%)
Total assets	<u>\$ 2,186,658</u>	<u>\$ 2,227,114</u>	<u>\$ (40,456)</u>		(1.8%)
<b>LIABILITIES AND EQUITY</b>					
Accrued and other liabilities	\$ 76,059	\$ 68,905	\$ 7,154	(e)	10.4%
Mortgage note payable	250,000	250,000	-		-
Total liabilities	326,059	318,905	7,154		2.2%
Equity:					
PS Business Parks, Inc.'s shareholders' equity:					
Preferred stock	920,000	995,000	(75,000)		(7.5%)
Common stock	269	268	1		0.4%
Paid-in capital	722,009	709,008	13,001	(f)	1.8%
Cumulative net income	1,375,421	1,244,946	130,475		10.5%
Cumulative distributions	(1,357,203)	(1,235,941)	(121,262)	(g)	9.8%
Total PS Business Parks, Inc.'s shareholders' equity	1,660,496	1,713,281	(52,785)		(3.1%)
Noncontrolling interests:					
Common units	200,103	194,928	5,175		2.7%
Total noncontrolling interests:	200,103	194,928	5,175		2.7%
Total equity	1,860,599	1,908,209	(47,610)		(2.5%)
Total liabilities and equity	<u>\$ 2,186,658</u>	<u>\$ 2,227,114</u>	<u>\$ (40,456)</u>		(1.8%)

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

<b>(a) Change in cash and cash equivalents:</b>			
Beginning cash balance			\$ 152,467
Net cash provided by operating activities			238,072
Net cash provided by investing activities			3,131
Net cash used in financing activities			(204,758)
Ending cash balance			<u>\$ 188,912</u>
<b>(b) Change in real estate facilities, at cost:</b>			
Beginning balance			\$ 1,985,065
Nonrecurring capital improvements			3,808
Recurring capital improvements			8,136
Tenant improvements, gross			25,828
Lease commissions			9,005
Transfer to properties held for disposition			33
Depreciation and amortization			(105,394)
Ending balance			<u>\$ 1,926,481</u>
<b>(c) Rent receivable consists of:</b>			
	<u>12/31/15</u>	<u>12/31/14</u>	<u>Change</u>
Non-government tenants	\$ 1,012	\$ 1,810	\$ (798)
U.S. Government tenants	1,622	1,428	194
Allowance for doubtful accounts	(400)	(400)	-
	<u>\$ 2,234</u>	<u>\$ 2,838</u>	<u>\$ (604)</u>
<b>(d) Other assets consist of:</b>			
	<u>12/31/15</u>	<u>12/31/14</u>	<u>Change</u>
In-place lease adjustment and incentives, net	\$ 2,163	\$ 3,050	\$ (887)
Prepaid property taxes and insurance	3,789	3,750	39
Other	1,935	3,515	(1,580)
	<u>\$ 7,887</u>	<u>\$ 10,315</u>	<u>\$ (2,428)</u>
<b>(e) Accrued and other liabilities consist of:</b>			
	<u>12/31/15</u>	<u>12/31/14</u>	<u>Change</u>
Security deposits	\$ 28,815	\$ 27,482	\$ 1,333
Accrued property taxes	10,113	8,767	1,346
Prepaid rent	19,213	15,839	3,374
In-place lease adjustment and tenant improvement reimbursements, net	7,281	8,099	(818)
Other	10,637	8,718	1,919
	<u>\$ 76,059</u>	<u>\$ 68,905</u>	<u>\$ 7,154</u>
<b>(f) Change in paid-in capital:</b>			
Beginning paid-in capital			\$ 709,008
Non-cash distributions related to the redemption of preferred equity			2,487
Exercise of stock options			5,088
Stock compensation, net			8,178
Adjustment to reflect noncontrolling interests to underlying ownership			(2,752)
Ending paid in capital			<u>\$ 722,009</u>
<b>(g) Change in cumulative distributions:</b>			
Beginning cumulative distributions			\$ (1,235,941)
Distributions to preferred shareholders			(61,885)
Distributions to common shareholders			(59,377)
Ending cumulative distributions			<u>\$ (1,357,203)</u>



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

	For The Three Months Ended		Change	% Change
	12/31/15	12/31/14		
<b>Revenues:</b>				
Rental income	\$ 94,550	\$ 91,321	\$ 3,229	(a) 3.5%
Facility management fees	130	165	(35)	(21.2%)
Total operating revenues	<u>94,680</u>	<u>91,486</u>	<u>3,194</u>	3.5%
<b>Expenses:</b>				
Cost of operations	28,973	29,290	(317)	(b) (1.1%)
Depreciation and amortization	26,151	26,810	(659)	(2.5%)
General and administrative	3,410	4,711	(1,301)	(c) (27.6%)
Total operating expenses	<u>58,534</u>	<u>60,811</u>	<u>(2,277)</u>	(3.7%)
<b>Other income and (expense):</b>				
Interest and other income	184	125	59	47.2%
Interest and other expense	(3,301)	(3,402)	101	(d) (3.0%)
Total other income and (expense)	<u>(3,117)</u>	<u>(3,277)</u>	<u>160</u>	(4.9%)
Gain on sale of real estate facilities	-	92,373	(92,373)	(100.0%)
Net income	<u>\$ 33,029</u>	<u>\$ 119,771</u>	<u>\$ (86,742)</u>	(72.4%)
<b>Net income allocation:</b>				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 4,029	\$ 22,288	\$ (18,259)	(81.9%)
Total net income allocable to noncontrolling interests	4,029	22,288	(18,259)	(81.9%)
Net income allocable to PS Business Parks, Inc.:				
Preferred shareholders	14,032	15,122	(1,090)	(7.2%)
Restricted stock unit holders	62	230	(168)	(73.0%)
Common shareholders	14,906	82,131	(67,225)	(81.9%)
Total net income allocable to PS Business Parks, Inc.	<u>29,000</u>	<u>97,483</u>	<u>(68,483)</u>	(70.3%)
	<u>\$ 33,029</u>	<u>\$ 119,771</u>	<u>\$ (86,742)</u>	(72.4%)
<b>Net income per common share</b>				
Basic	\$ 0.55	\$ 3.05	\$ (2.50)	(82.0%)
Diluted	\$ 0.55	\$ 3.04	\$ (2.49)	(81.9%)
<b>Weighted average common shares outstanding:</b>				
Basic	<u>27,022</u>	<u>26,919</u>	<u>103</u>	0.4%
Diluted	<u>27,096</u>	<u>27,012</u>	<u>84</u>	0.3%

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

	For The Three Months Ended		Change
	12/31/15	12/31/14	
<b>(a) Rental income:</b>			
Same Park	\$ 87,650	\$ 83,815	\$ 3,835
Non-Same Park	6,544	4,288	2,256
Same Park straight-line rent	189	637	(448)
Non-Same Park straight-line rent	167	162	5
Sold Assets	-	2,419	(2,419)
	<u>\$ 94,550</u>	<u>\$ 91,321</u>	<u>\$ 3,229</u>
<b>(b) Cost of Operations:</b>			
Same Park	\$ 25,868	\$ 25,305	\$ 563
Non-Same Park	2,430	2,168	262
Sold Assets	-	1,025	(1,025)
LTEIP amortization	675	792	(117)
	<u>\$ 28,973</u>	<u>\$ 29,290</u>	<u>\$ (317)</u>
<b>(c) General and administrative expenses:</b>			
Cash and non-cash compensation expense	\$ 1,292	\$ 2,049	\$ (757)
LTEIP amortization	1,383	1,505	(122)
Acquisition transaction costs	-	226	(226)
Professional fees and other	735	931	(196)
	<u>\$ 3,410</u>	<u>\$ 4,711</u>	<u>\$ (1,301)</u>
<b>(d) Interest and other expense:</b>			
Mortgage notes payable	\$ (3,483)	\$ (3,483)	\$ -
Capitalized interest	346	247	99
Facilities fees & other charges	(164)	(166)	2
	<u>\$ (3,301)</u>	<u>\$ (3,402)</u>	<u>\$ 101</u>

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

	For The Years Ended		Change	% Change
	12/31/2015	12/31/2014		
Revenues:				
Rental income	\$ 373,135	\$ 376,255	\$ (3,120)	<b>(a)</b> (0.8%)
Facility management fees	540	660	(120)	(18.2%)
Total operating revenues	<u>373,675</u>	<u>376,915</u>	<u>(3,240)</u>	(0.9%)
Expenses:				
Cost of operations	121,224	127,371	(6,147)	<b>(b)</b> (4.8%)
Depreciation and amortization	105,394	110,357	(4,963)	(4.5%)
General and administrative	13,582	13,639	(57)	<b>(c)</b> (0.4%)
Total operating expenses	<u>240,200</u>	<u>251,367</u>	<u>(11,167)</u>	(4.4%)
Other income and (expense):				
Interest and other income	590	372	218	58.6%
Interest and other expense	(13,330)	(13,593)	263	<b>(d)</b> (1.9%)
Total other income and (expense)	<u>(12,740)</u>	<u>(13,221)</u>	<u>481</u>	(3.6%)
Gain on sale of real estate facilities	28,235	92,373	(64,138)	(69.4%)
Net income	<u>\$ 148,970</u>	<u>\$ 204,700</u>	<u>\$ (55,730)</u>	(27.2%)
Net income allocation:				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 18,495	\$ 30,729	\$ (12,234)	(39.8%)
Total net income allocable to noncontrolling interests	<u>18,495</u>	<u>30,729</u>	<u>(12,234)</u>	(39.8%)
Net income allocable to PS Business Parks, Inc.:				
Preferred shareholders	61,885	60,488	1,397	2.3%
Restricted stock unit holders	299	329	(30)	(9.1%)
Common shareholders	68,291	113,154	(44,863)	(39.6%)
Total net income allocable to PS Business Parks, Inc.	<u>130,475</u>	<u>173,971</u>	<u>(43,496)</u>	(25.0%)
	<u>\$ 148,970</u>	<u>\$ 204,700</u>	<u>\$ (55,730)</u>	(27.2%)
Net income per common share				
Basic	\$ 2.53	\$ 4.21	\$ (1.68)	(39.9%)
Diluted	\$ 2.52	\$ 4.19	\$ (1.67)	(39.9%)
Weighted average common shares outstanding:				
Basic	<u>26,973</u>	<u>26,899</u>	<u>74</u>	0.3%
Diluted	<u>27,051</u>	<u>27,000</u>	<u>51</u>	0.2%

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

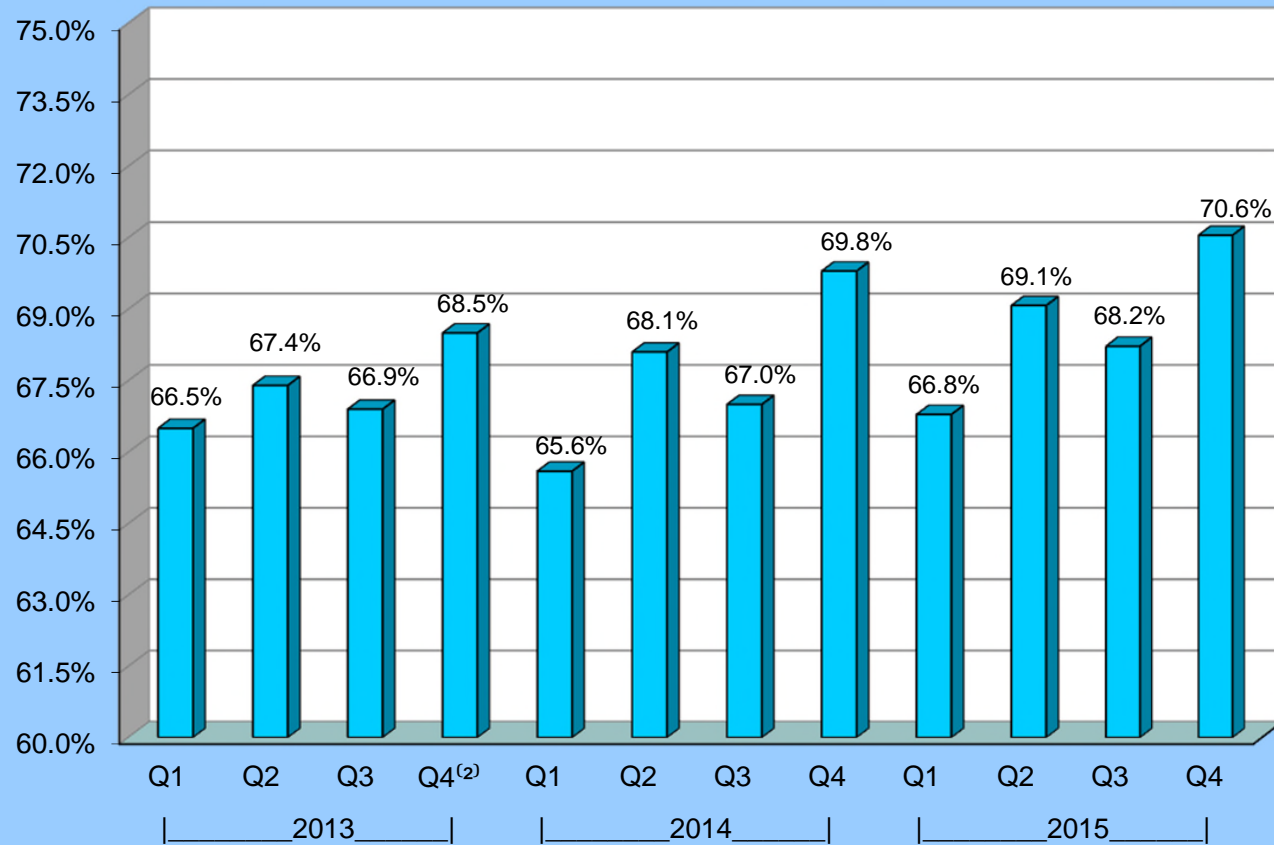
	For The Years Ended		Change
	12/31/15	12/31/14	
<b>(a) Rental income:</b>			
Same Park	\$ 343,759	\$ 333,252	\$ 10,507
Non-Same Park	23,590	15,639	7,951
Same Park straight-line rent	2,173	1,954	219
Non-Same Park straight-line rent	902	449	453
Sold Assets	2,711	24,961	(22,250)
	<u>\$ 373,135</u>	<u>\$ 376,255</u>	<u>\$ (3,120)</u>
<b>(b) Cost of operations:</b>			
Same Park	\$ 108,185	\$ 107,032	\$ 1,153
Non-Same Park	9,327	7,753	1,574
Sold Assets	1,242	9,963	(8,721)
LTEIP amortization	2,470	2,623	(153)
	<u>\$ 121,224</u>	<u>\$ 127,371</u>	<u>\$ (6,147)</u>
<b>(c) General and administrative expenses:</b>			
Cash and non-cash compensation expense	\$ 5,262	\$ 5,795	\$ (533)
LTEIP amortization	5,766	4,802	964
Acquisition transaction costs	-	350	(350)
Professional fees and other	2,554	2,692	(138)
	<u>\$ 13,582</u>	<u>\$ 13,639</u>	<u>\$ (57)</u>
<b>(d) Interest and other expense:</b>			
Mortgage notes payable	\$ (13,818)	\$ (13,818)	\$ -
Capitalized interest	1,158	945	213
Facilities fees & other charges	(670)	(720)	50
	<u>\$ (13,330)</u>	<u>\$ (13,593)</u>	<u>\$ 263</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 Twelve Months Ended December 31, 2015</u>	<u>Cost per Weighted Average Square Foot</u>
Capital improvements	\$8,136	\$0.29
Tenant improvements	22,705	\$0.80
Lease commissions	9,005	\$0.32
Total recurring capital expenditures	<u>\$39,846</u>	\$1.41
 <u>Non-recurring property renovations</u>		
Non-recurring property renovations	\$3,808	

- (1) The Company defines "recurring capital expenditures" as those capitalized costs necessary to continue to operate the property at its current economic value. Capital improvements in excess of \$2,000 with a useful life greater than 24 months are capitalized. Lease transaction costs in excess of \$1,000 for leases with terms greater than 12 months are capitalized. It excludes renovations that substantially enhance the value of a property and first generation leasing costs on development properties. Lease-up costs on acquired properties are included in recurring capital expenditures. Repairs and maintenance expense was \$27.3 million or approximately \$0.97 per weighted average square foot for the twelve months ended December 31, 2015 compared to \$27.8 million or approximately \$0.94 per weighted average square foot for the twelve months ended December 31, 2014.

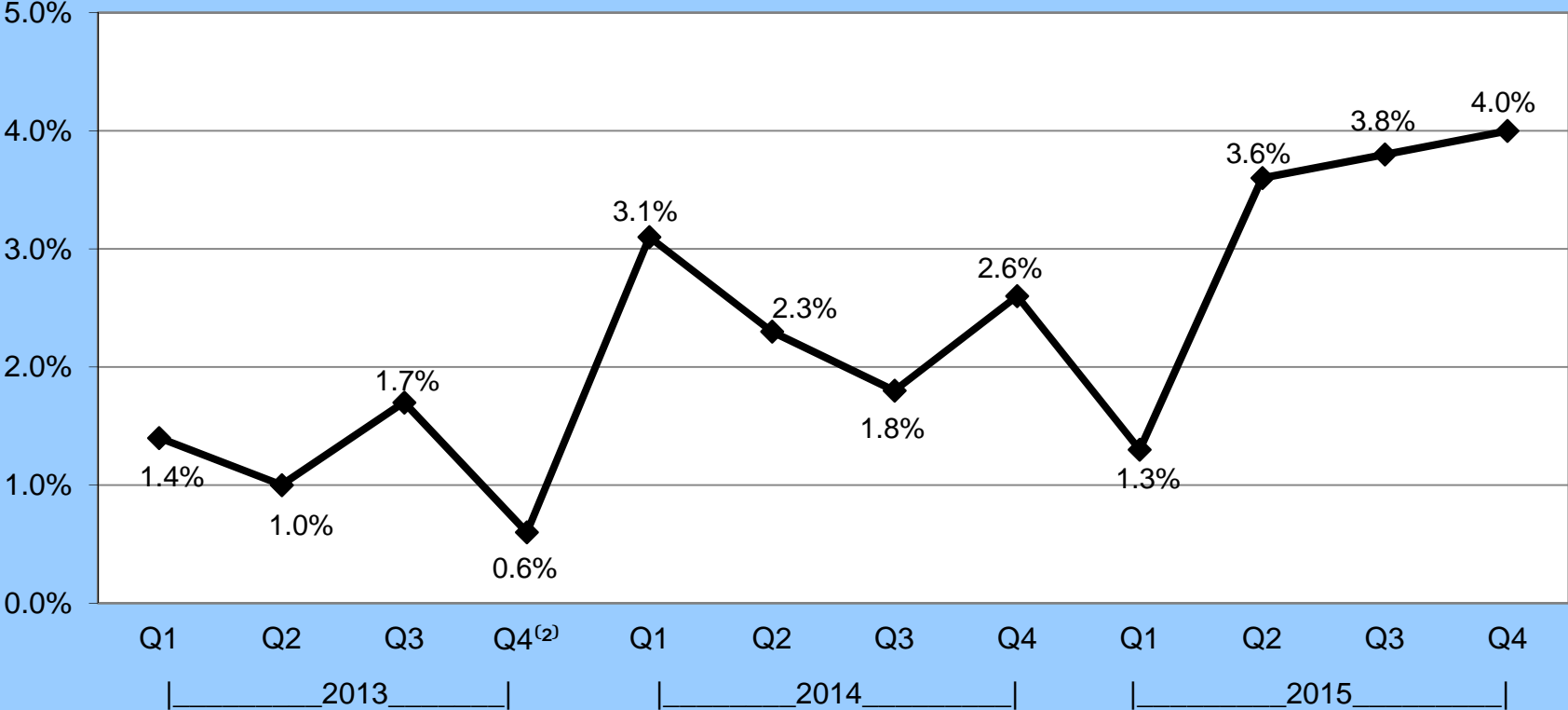
## Same Park Gross Operating Margin Percentage <sup>(1)</sup>



<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> Amount excludes lease buyout payment of \$2.3 million in Q4'13.

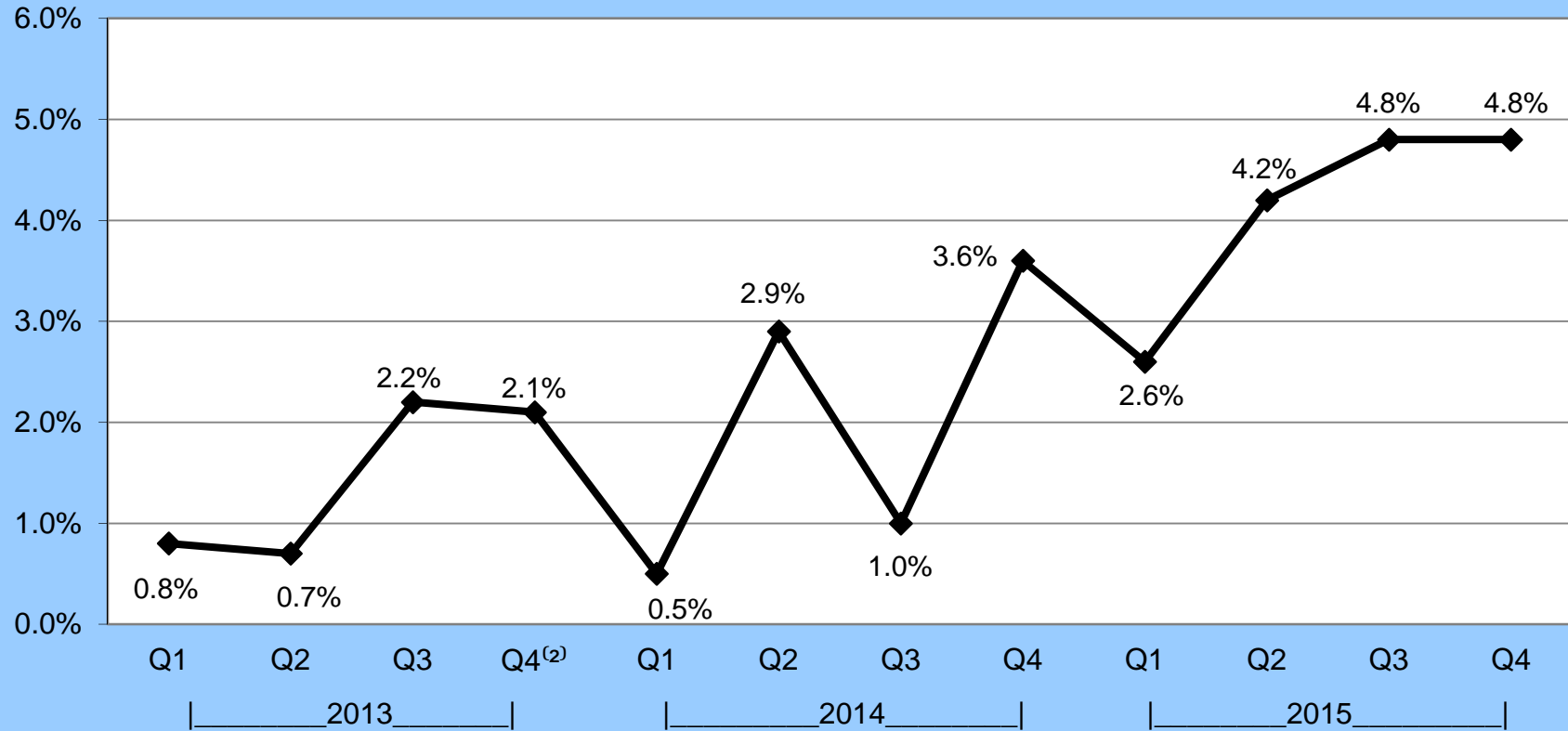
# Change in Same Park Revenue<sup>(1)</sup>



<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> Amount excludes lease buyout payment of \$2.3 million in Q4'13.

## 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> Amount excludes lease buyout payment of \$2.3 million in Q4'13.



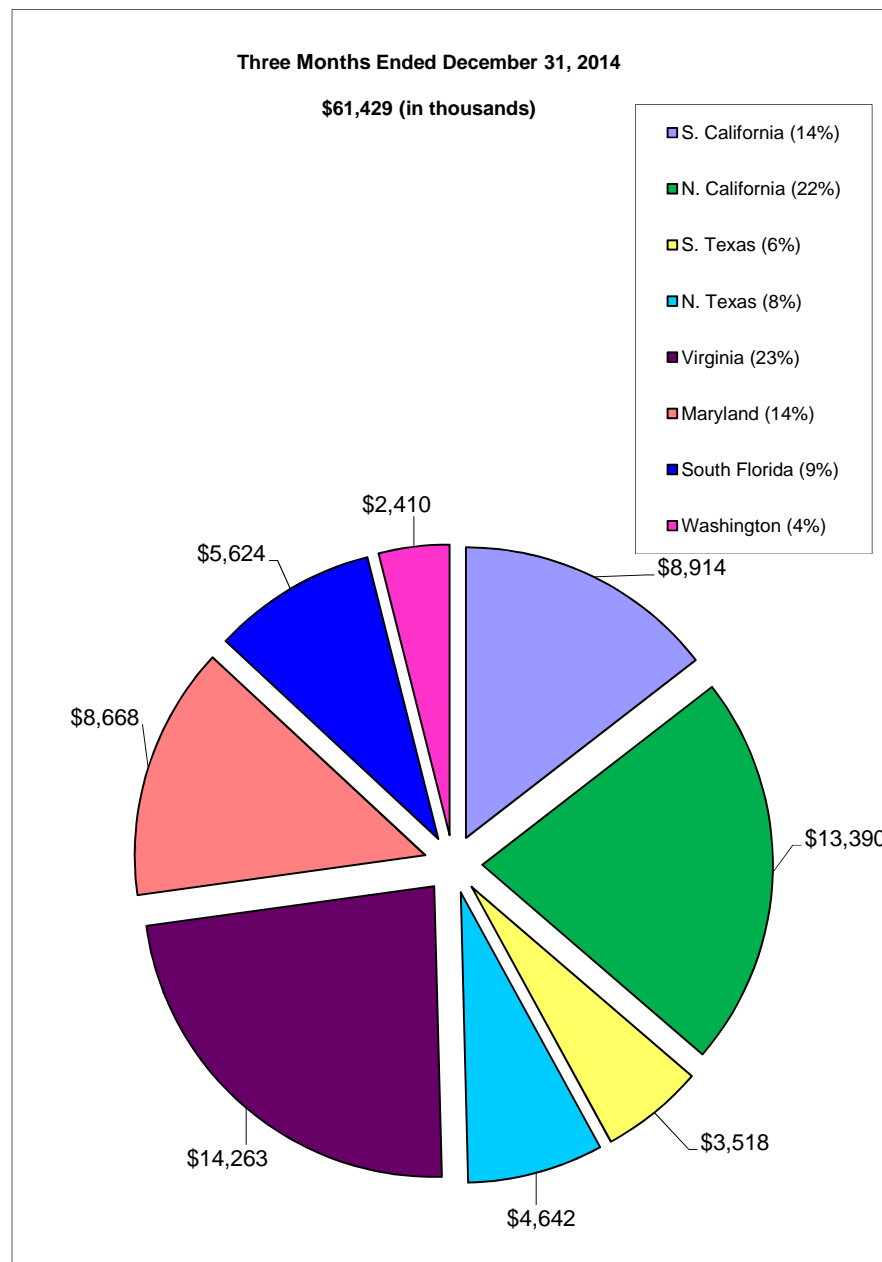
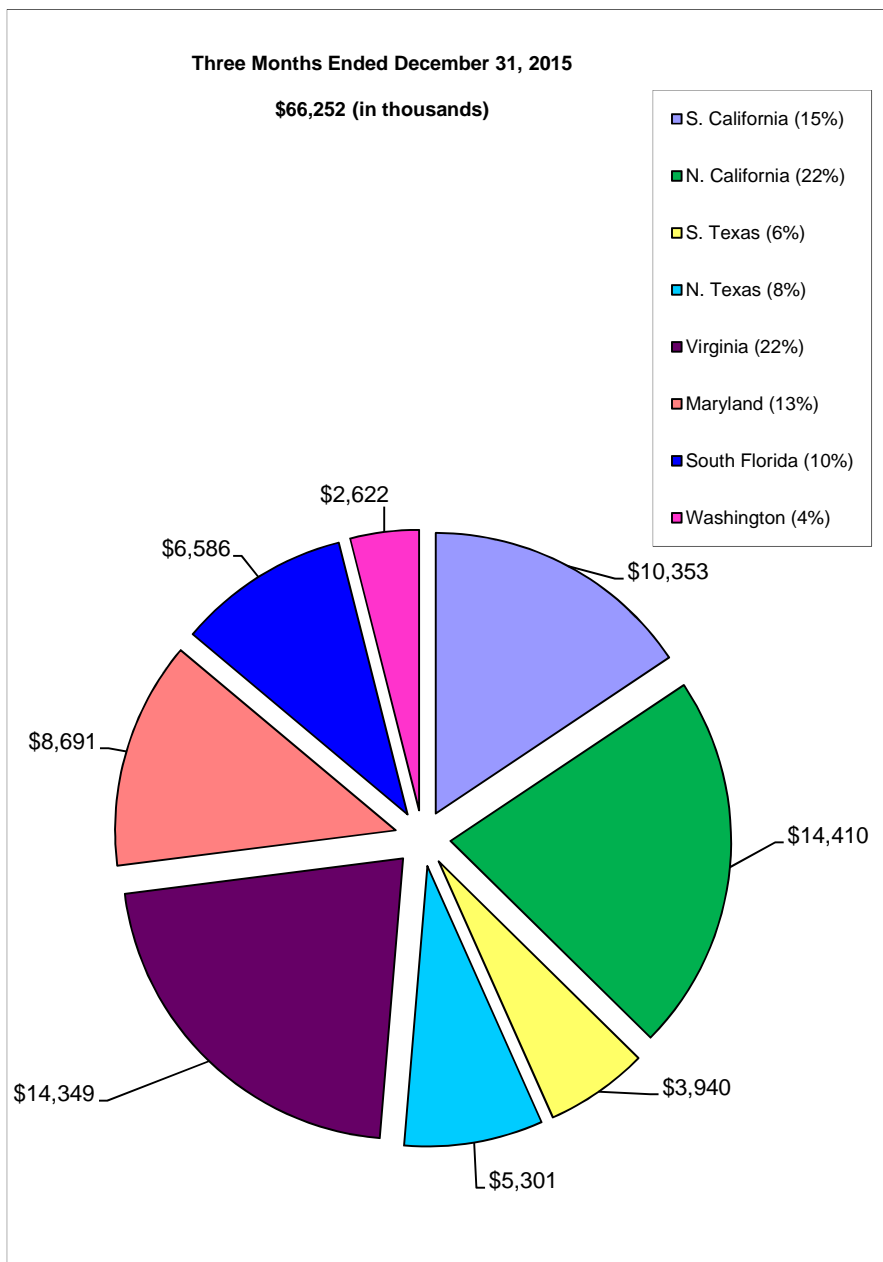
**PS BUSINESS PARKS, INC.**  
**PORTFOLIO CONCENTRATION SUMMARY**  
(in thousands)

Industry Concentration as of December 31, 2015	
	% of Total Rental Income
Business services	17.9%
Computer hardware, software and related services	10.6%
Warehouse, distribution, transportation and logistics	10.0%
Government	9.8%
Health services	9.5%
Retail, food, and automotive	7.5%
Engineering and construction	6.7%
Insurance and financial services	4.4%
Home furnishings	3.1%
Electronics	2.9%
Aerospace/defense products and services	2.7%
Communications	2.2%
Educational services	1.8%
Other	10.9%
Total	<u>100.0%</u>

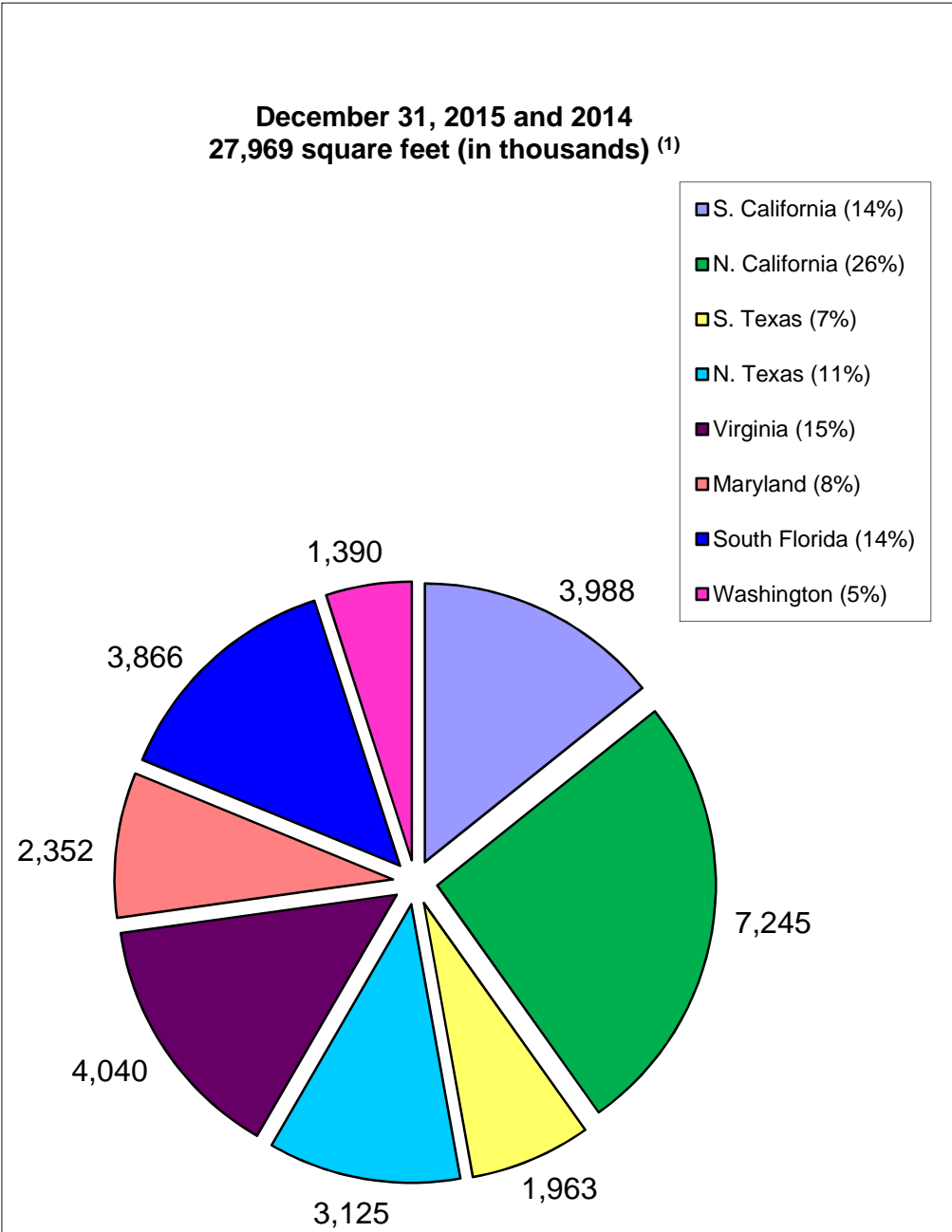
Top 10 Customers by Total Annual Rental Income as of December 31, 2015			
Tenant	Square Footage	Annualized Rental Income <sup>(1)</sup>	% of Total Annualized Rental Income
US Government	842	\$ 20,307	5.3%
Lockheed Martin Corporation	168	4,431	1.2%
Kaiser Permanente	199	4,181	1.1%
Keeco, L.L.C.	460	3,385	0.9%
Luminex Corporation	185	3,234	0.9%
MAXIMUS, Inc.	102	2,006	0.5%
Investorplace Media, LLC	46	1,741	0.5%
KZ Kitchen Cabinet & Stone	181	1,728	0.5%
Inova Health Care Services	63	1,701	0.4%
Raytheon	78	1,653	0.4%
Total	<u>2,324</u>	<u>\$ 44,367</u>	<u>11.7%</u>

(1) - For leases expiring within one year, annualized rental income represents income to be received under existing leases from January 1, 2016 through the date of expiration.

### Total Portfolio Net Operating Income by Region

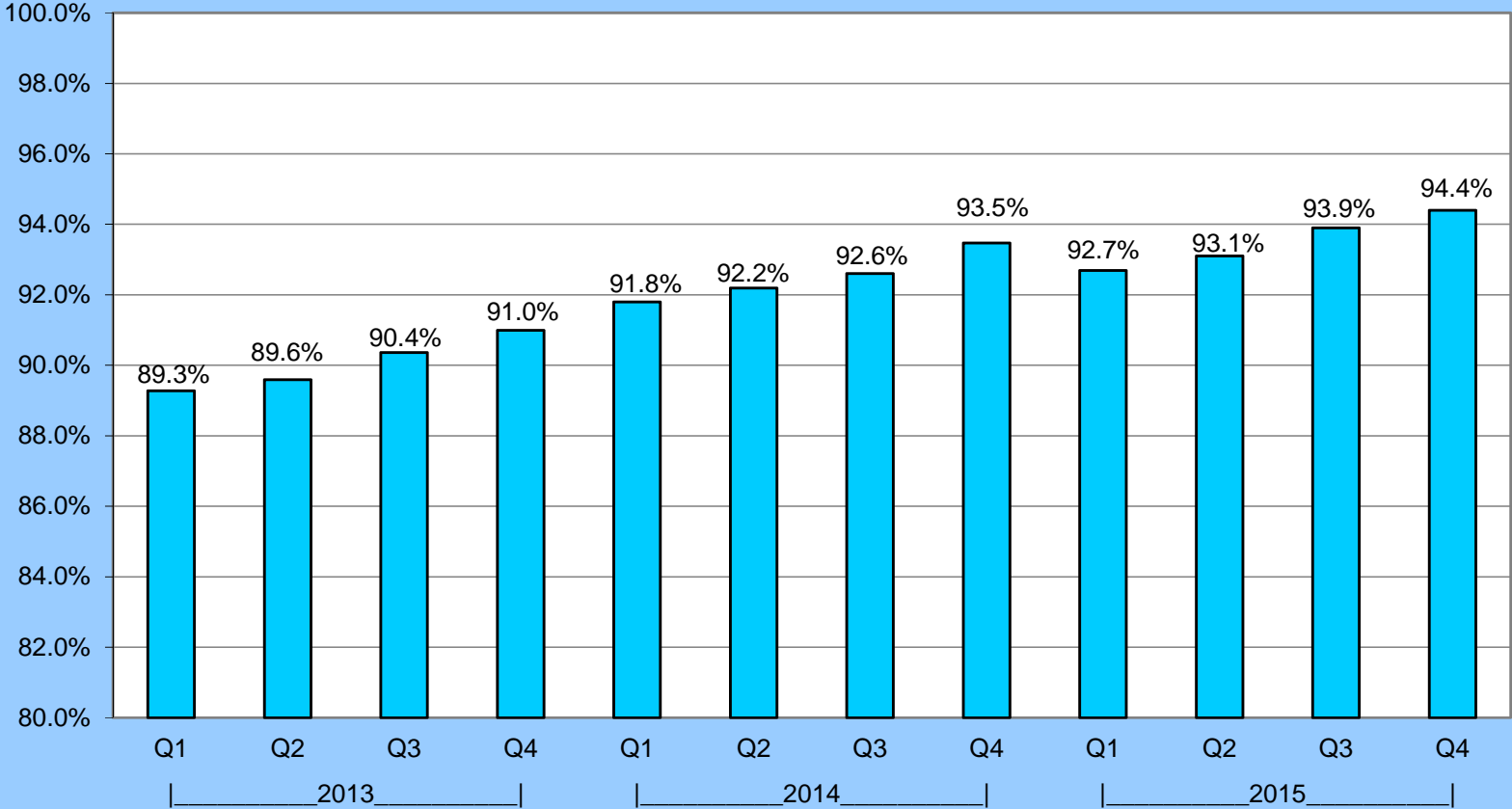


# Total Rentable Square Footage by Region



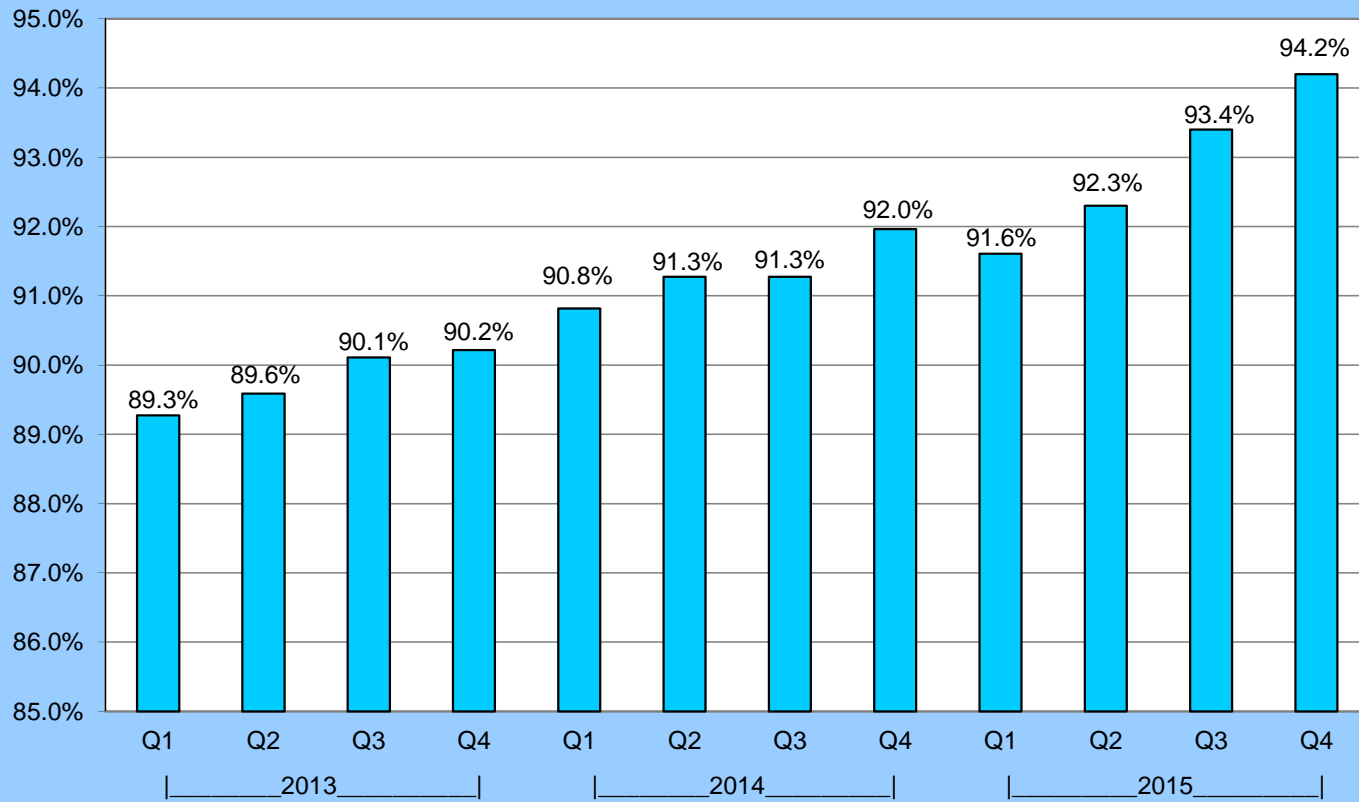
(1) - Excludes sold assets.

# 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.

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

Rentable Square Footage of Properties as of December 31, 2015					
Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern California	3,906	-	2,880	6,786	26.3%
Northern Virginia	-	2,093	1,947	4,040	15.7%
South Florida	2,631	12	1,074	3,717	14.4%
Maryland	-	1,382	970	2,352	9.1%
Dallas	231	-	1,537	1,768	6.9%
Orange County	-	705	911	1,616	6.3%
Los Angeles County	712	31	861	1,604	6.2%
Austin	-	-	1,717	1,717	6.7%
San Diego County	-	-	768	768	3.0%
Seattle	951	28	411	1,390	5.4%
<b>Total</b>	<b>8,431</b>	<b>4,251</b>	<b>13,076</b>	<b>25,758</b>	<b>100.0%</b>
Percentage by Product Type	32.7%	16.5%	50.8%	100.0%	

Weighted Average Occupancy Rates by Product Type for the Three Months Ended December 31, 2015				
Primary Markets	Industrial	Office	Flex	Total
Northern California	97.9%	-	94.1%	96.3%
Northern Virginia	-	91.0%	95.1%	93.0%
South Florida	96.6%	100.0%	93.0%	95.5%
Maryland	-	93.5%	85.5%	90.2%
Dallas	100.0%	-	87.0%	88.7%
Orange County	-	90.9%	91.1%	91.0%
Los Angeles County	99.8%	92.7%	96.5%	97.9%
Austin	-	-	95.1%	95.1%
San Diego County	-	-	96.5%	96.5%
Seattle	99.3%	96.9%	96.4%	98.4%
<b>Total</b>	<b>97.9%</b>	<b>91.9%</b>	<b>93.0%</b>	<b>94.4%</b>

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended December 31, 2015			
Primary Markets	Large Tenant	Small Tenant	Total
Northern California	96.4%	95.5%	96.3%
Northern Virginia	94.8%	89.7%	93.0%
South Florida	96.4%	92.1%	95.5%
Maryland	90.0%	90.8%	90.2%
Dallas	87.9%	92.7%	88.7%
Orange County	92.0%	90.2%	91.0%
Los Angeles County	99.8%	96.3%	97.9%
Austin	94.9%	96.1%	95.1%
San Diego County	-	96.5%	96.5%
Seattle	99.3%	96.5%	98.4%
<b>Total</b>	<b>94.9%</b>	<b>93.1%</b>	<b>94.4%</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, 2015**

Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern California	3,906	340	2,999	7,245	25.9%
Northern Virginia	-	2,093	1,947	4,040	14.5%
South Florida	2,780	12	1,074	3,866	13.8%
Maryland	-	1,382	970	2,352	8.4%
Dallas	231	-	2,894	3,125	11.2%
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%
<b>Total</b>	<b>8,826</b>	<b>4,591</b>	<b>14,552</b>	<b>27,969</b>	<b>100.0%</b>
Percentage by Product Type	31.6%	16.4%	52.0%	100.0%	

**Weighted Average Occupancy Rates by Product Type for the Three Months Ended December 31, 2015**

Primary Markets	Industrial	Office	Flex	Total
Northern California	97.9%	88.7%	94.3%	96.0%
Northern Virginia	-	91.0%	95.1%	93.0%
South Florida	96.8%	100.0%	93.0%	95.7%
Maryland	-	93.5%	85.5%	90.2%
Dallas	100.0%	-	88.7%	89.5%
Austin	100.0%	-	95.1%	95.7%
Orange County	-	90.9%	91.1%	91.0%
Los Angeles County	99.8%	92.7%	96.5%	97.9%
Seattle	99.3%	96.9%	96.4%	98.4%
San Diego County	-	-	96.5%	96.5%
<b>Total</b>	<b>98.0%</b>	<b>91.6%</b>	<b>92.8%</b>	<b>94.2%</b>

**Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended December 31, 2015**

Primary Markets	Large Tenant	Small Tenant	Total
Northern California	96.4%	94.2%	96.0%
Northern Virginia	94.8%	89.7%	93.0%
South Florida	96.6%	92.1%	95.7%
Maryland	90.0%	90.8%	90.2%
Dallas	89.3%	89.9%	89.5%
Austin	95.7%	96.1%	95.7%
Orange County	92.0%	90.2%	91.0%
Los Angeles County	99.8%	96.3%	97.9%
Seattle	99.3%	96.5%	98.4%
San Diego County	-	96.5%	96.5%
<b>Total</b>	<b>94.9%</b>	<b>92.6%</b>	<b>94.2%</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, 2015**  
**(IN THOUSANDS)**

Lease Expirations - Flex				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	3,426	\$ 46,163	22.5%	11.7%
2017	3,434	50,169	24.5%	12.8%
2018	2,360	33,537	16.4%	8.6%
2019	1,416	22,925	11.2%	5.8%
2020	1,494	23,532	11.5%	6.0%
Thereafter	1,461	28,375	13.9%	7.2%
Total	<u>13,591</u>	<u>\$ 204,701</u>	<u>100.0%</u>	<u>52.1%</u>

Lease Expirations - Office				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	1,171	\$ 27,366	25.4%	7.0%
2017	926	22,759	21.1%	5.8%
2018	864	22,087	20.5%	5.6%
2019	472	12,930	12.0%	3.3%
2020	258	7,476	6.9%	1.9%
Thereafter	513	15,166	14.1%	3.9%
Total	<u>4,204</u>	<u>\$ 107,784</u>	<u>100.0%</u>	<u>27.5%</u>

Lease Expirations - Industrial				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	1,203	\$ 10,044	12.6%	2.6%
2017	1,958	16,654	21.0%	4.3%
2018	1,273	11,701	14.7%	3.0%
2019	1,725	15,495	19.5%	4.0%
2020	1,156	11,450	14.4%	2.9%
Thereafter	1,236	14,147	17.8%	3.6%
Total	<u>8,551</u>	<u>\$ 79,491</u>	<u>100.0%</u>	<u>20.4%</u>

Lease Expirations - Total Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	5,800	\$ 83,573	21.3%	21.3%
2017	6,318	89,582	22.9%	22.9%
2018	4,497	67,325	17.2%	17.2%
2019	3,613	51,350	13.1%	13.1%
2020	2,908	42,458	10.8%	10.8%
Thereafter	3,210	57,688	14.7%	14.7%
Total	<u>26,346</u>	<u>\$ 391,976</u>	<u>100.0%</u>	<u>100.0%</u>



**PS BUSINESS PARKS, INC.**  
**TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF DECEMBER 31, 2015**  
(in thousands)

Southern California				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	1,139	\$ 16,364	26.5%	4.2%
2017	1,218	19,677	31.8%	5.0%
2018	609	10,920	17.7%	2.8%
2019	383	5,568	9.0%	1.4%
2020	248	4,077	6.6%	1.0%
Thereafter	182	5,183	8.4%	1.3%
Total	<u>3,779</u>	<u>\$ 61,789</u>	<u>100.0%</u>	<u>15.7%</u>

Northern California				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	996	\$ 13,031	14.8%	3.3%
2017	1,352	16,935	19.2%	4.3%
2018	1,085	14,143	16.0%	3.6%
2019	1,590	16,819	19.1%	4.3%
2020	945	12,477	14.2%	3.2%
Thereafter	1,027	14,765	16.7%	3.8%
Total	<u>6,995</u>	<u>\$ 88,170</u>	<u>100.0%</u>	<u>22.5%</u>

Southern Texas				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	274	\$ 3,771	14.2%	1.0%
2017	424	5,504	20.7%	1.4%
2018	425	5,642	21.3%	1.5%
2019	87	1,379	5.2%	0.3%
2020	377	5,971	22.5%	1.5%
Thereafter	295	4,278	16.1%	1.1%
Total	<u>1,882</u>	<u>\$ 26,545</u>	<u>100.0%</u>	<u>6.8%</u>

Northern Texas				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	572	\$ 5,438	17.0%	1.4%
2017	696	7,639	23.9%	1.9%
2018	445	4,548	14.3%	1.2%
2019	386	5,337	16.7%	1.4%
2020	363	4,090	12.8%	1.0%
Thereafter	316	4,879	15.3%	1.2%
Total	<u>2,778</u>	<u>\$ 31,931</u>	<u>100.0%</u>	<u>8.1%</u>

**PS BUSINESS PARKS, INC.**  
**TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF DECEMBER 31, 2015**  
(in thousands)

South Florida				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	1,013	\$ 9,146	24.9%	2.3%
2017	1,041	10,530	28.6%	2.7%
2018	857	9,080	24.7%	2.3%
2019	217	2,458	6.7%	0.6%
2020	220	2,539	6.9%	0.7%
Thereafter	297	3,033	8.2%	0.8%
Total	<u>3,645</u>	<u>\$ 36,786</u>	<u>100.0%</u>	<u>9.4%</u>

Northern Virginia				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	1,012	\$ 19,638	23.9%	5.0%
2017	912	19,512	23.7%	5.0%
2018	460	10,134	12.3%	2.6%
2019	517	12,752	15.5%	3.3%
2020	319	6,122	7.5%	1.6%
Thereafter	551	14,010	17.1%	3.6%
Total	<u>3,771</u>	<u>\$ 82,168</u>	<u>100.0%</u>	<u>21.1%</u>

Maryland				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	590	\$ 13,238	27.0%	3.4%
2017	274	5,665	11.5%	1.5%
2018	442	10,380	21.1%	2.6%
2019	243	5,329	10.9%	1.4%
2020	223	5,106	10.4%	1.3%
Thereafter	353	9,404	19.1%	2.4%
Total	<u>2,125</u>	<u>\$ 49,122</u>	<u>100.0%</u>	<u>12.6%</u>

Washington				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	204	\$ 2,947	19.1%	0.7%
2017	401	4,120	26.6%	1.1%
2018	174	2,478	16.0%	0.6%
2019	190	1,708	11.1%	0.4%
2020	213	2,076	13.4%	0.5%
Thereafter	189	2,136	13.8%	0.5%
Total	<u>1,371</u>	<u>\$ 15,465</u>	<u>100.0%</u>	<u>3.8%</u>

**PS BUSINESS PARKS, INC.**  
**TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF DECEMBER 31, 2015**  
(in thousands)

Total Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	5,800	\$ 83,573	21.3%	21.3%
2017	6,318	89,582	22.9%	22.9%
2018	4,497	67,325	17.2%	17.2%
2019	3,613	51,350	13.1%	13.1%
2020	2,908	42,458	10.8%	10.8%
Thereafter	3,210	57,688	14.7%	14.7%
Total	<u>26,346</u>	<u>\$ 391,976</u>	<u>100.0%</u>	<u>100.0%</u>

**PS BUSINESS PARKS, INC.**  
**TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF DECEMBER 31, 2015**  
(in thousands)

Lease Expirations - Large Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	2,991	\$ 40,157	15.8%	10.2%	
2017	3,943	48,542	19.1%	12.4%	
2018	3,165	43,089	17.0%	11.0%	
2019	3,000	39,458	15.6%	10.1%	
2020	2,480	33,756	13.3%	8.6%	
Thereafter	2,873	48,845	19.2%	12.5%	
Total	<u>18,452</u>	<u>\$ 253,847</u>	<u>100.0%</u>	<u>64.8%</u>	

Lease Expirations - Small Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	2,809	\$ 43,416	31.4%	11.1%	
2017	2,375	41,040	29.7%	10.5%	
2018	1,332	24,236	17.6%	6.2%	
2019	613	11,892	8.6%	3.0%	
2020	428	8,702	6.3%	2.2%	
Thereafter	337	8,843	6.4%	2.2%	
Total	<u>7,894</u>	<u>\$ 138,129</u>	<u>100.0%</u>	<u>35.2%</u>	

Lease Expirations - Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	5,800	\$ 83,573	21.3%	21.3%	
2017	6,318	89,582	22.9%	22.9%	
2018	4,497	67,325	17.2%	17.2%	
2019	3,613	51,350	13.1%	13.1%	
2020	2,908	42,458	10.8%	10.8%	
Thereafter	3,210	57,688	14.7%	14.7%	
Total	<u>26,346</u>	<u>\$ 391,976</u>	<u>100.0%</u>	<u>100.0%</u>	

**PS BUSINESS PARKS, INC.**  
**QUARTER TO DATE PRODUCTION STATISTICS - TOTAL PORTFOLIO**  
**DECEMBER 31, 2015**

	<b>Leasing Volume 4th Quarter</b>	<b>Leasing Volume YTD</b>	<b>Tenant Retention 4th Quarter</b>	<b>Tenant Retention YTD</b>	<b>Rental Rate Change <sup>(1)</sup> 4th Quarter</b>	<b>Rental Rate Change <sup>(1)</sup> YTD</b>
Maryland	174,000	580,000	64.4%	65.9%	-11.3%	-9.6%
Northern Virginia	323,000	1,231,000	72.1%	69.3%	-6.0%	-6.2%
San Diego County	94,000	384,000	67.0%	66.2%	5.8%	2.8%
Orange County	145,000	564,000	42.0%	50.5%	6.1%	3.7%
Los Angeles County	173,000	692,000	62.3%	63.6%	6.6%	4.3%
South Florida	290,000	1,491,000	64.1%	70.0%	7.9%	6.3%
Austin	125,000	829,000	54.2%	60.5%	9.6%	12.7%
Dallas	213,000	981,000	47.0%	42.8%	6.2%	4.1%
Seattle	74,000	408,000	56.5%	49.6%	14.2%	9.9%
Northern California	496,000	2,324,000	69.5%	67.6%	19.6%	16.8%
<b>Company Totals</b>	<b>2,107,000</b>	<b>9,484,000</b>	<b>62.8%</b>	<b>62.8%</b>	<b>4.3%</b>	<b>4.4%</b>

(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.