

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

**Analysis of Operating Results  
and Financial Condition**

**March 31, 2016**

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

**INDEX**

	<b><u>Page</u></b>
Fact Sheet .....	<b>3</b>
Funds from Operations (FFO) .....	<b>4</b>
Capital Structure.....	<b>6</b>
Consolidated Balance Sheets.....	<b>7</b>
Consolidated Statements of Income .....	<b>9</b>
Capital Expenditure Analysis .....	<b>11</b>
Portfolio Analysis.....	<b>12</b>

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

**NET OPERATING INCOME**

	For The Three Months Ended		
	03/31/16	03/31/15	% Change
Rental income:			
Same Park <sup>(1)</sup>	\$ 94,097	\$ 89,766	4.8%
Non-Same Park <sup>(2)</sup>	1,748	1,161	50.6%
Total rental income	<u>95,845</u>	<u>90,927</u>	5.4%
Cost of operations:			
Same Park <sup>(1)</sup>	30,490	29,875	2.1%
Non-Same Park <sup>(2)</sup>	540	527	2.5%
Total cost of operations	<u>31,030</u>	<u>30,402</u>	2.1%
Net operating income:			
Same Park <sup>(1)</sup>	63,607	59,891	6.2%
Non-Same Park <sup>(2)</sup>	1,208	634	90.5%
Total net operating income	<u>\$ 64,815</u>	<u>\$ 60,525</u>	7.1%

**FUNDS FROM OPERATIONS**

	For The Three Months Ended		
	03/31/16	03/31/15	% Change
<b>FFO allocable to common and dilutive shares - as reported</b>	<b>\$ 43,688</b>	<b>\$ 38,979</b>	<b>12.1%</b>
<b>FFO per common and dilutive share - as reported</b>	<b>\$ 1.26</b>	<b>\$ 1.13</b>	<b>11.5%</b>
Weighted average common shares outstanding - diluted	27,122	27,024	0.4%
Weighted average common OP units outstanding	7,305	7,305	-
Weighted average restricted stock units outstanding	223	89	150.6%
Total common and dilutive shares	<u>34,650</u>	<u>34,418</u>	0.7%

**PROPERTY INFORMATION**

	For The Three Months Ended		
	03/31/16	03/31/15	% Change
<u>Total Portfolio</u>			
Total rentable square footage at period end	27,969	27,969	-
Weighted average occupancy	94.1%	91.6%	2.7%
Period end occupancy	94.1%	91.6%	2.7%
Annualized realized rent per sq. ft. <sup>(3)</sup>	\$ 14.37	\$ 14.19	1.3%
REVPAF <sup>(4)</sup>	\$ 13.52	\$ 12.98	4.2%
<u>Same Park Portfolio</u> <sup>(1)</sup>			
Total rentable square footage at period end	27,291	27,291	-
Weighted average occupancy	94.1%	92.1%	2.2%
Period end occupancy	94.1%	92.1%	2.2%
Annualized realized rent per sq. ft. <sup>(3)</sup>	\$ 14.66	\$ 14.28	2.7%
REVPAF <sup>(4)</sup>	\$ 13.79	\$ 13.16	4.8%
<u>Non-Same Park Portfolio</u> <sup>(2)</sup>			
Total rentable square footage at period end	678	678	-
Weighted average occupancy	95.0%	69.2%	37.3%
Period end occupancy	94.7%	69.4%	36.4%

**MARKET VALUE INFORMATION**

	03/31/16		12/31/15	
	\$	% of Total	\$	% of Total
Market value of common stock and common OP units	\$ 3,455,720	74.7%	\$ 3,002,296	72.0%
Total debt	250,000	5.4%	250,000	6.0%
Total preferred equity	920,000	19.9%	920,000	22.0%
Total market capitalization	<u>\$ 4,625,720</u>	<u>100.0%</u>	<u>\$ 4,172,296</u>	<u>100.0%</u>
Stock price at the end of the period	\$ 100.51		\$ 87.43	

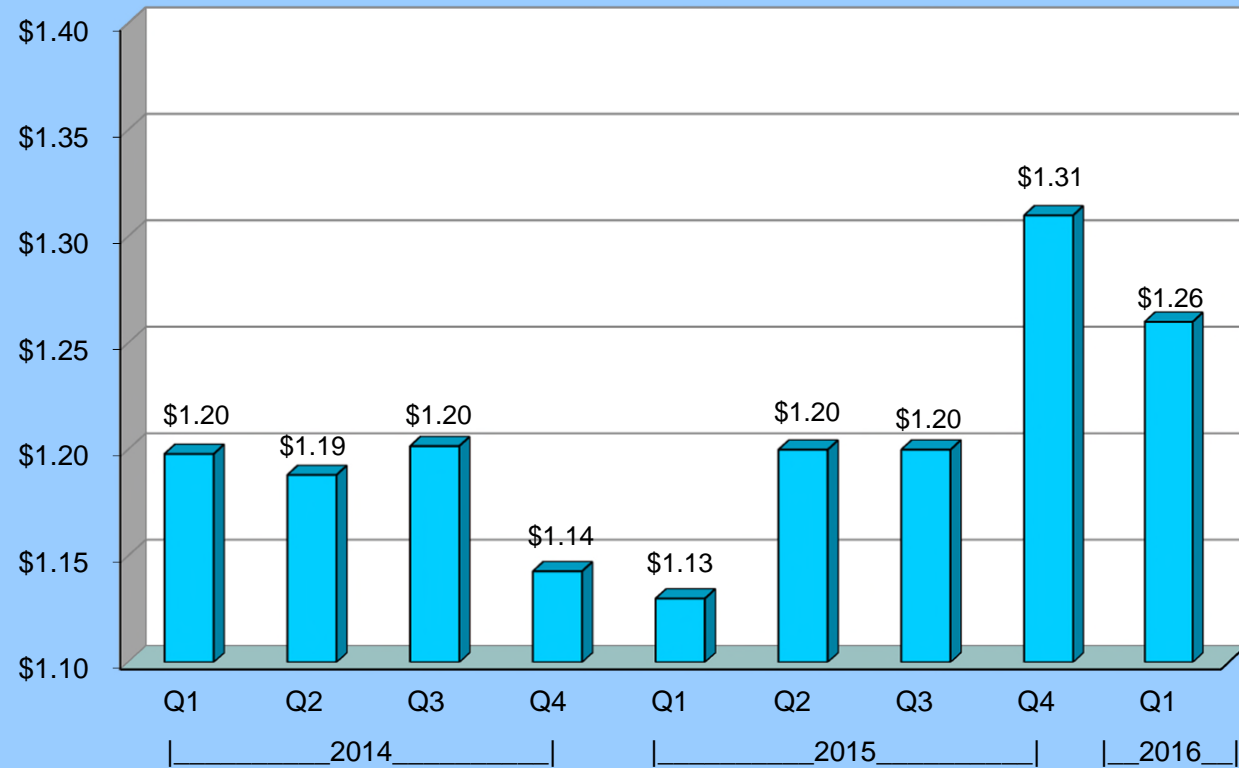
**NOTES**

- (1) All owned assets acquired prior to January 1, 2014 (excludes sold assets).  
(2) All owned assets acquired subsequent to January 1, 2014.  
(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		Change	% Change
	03/31/16	03/31/15		
<b><u>Funds from operations (FFO):</u></b>				
Net income allocable to common shareholders	\$ 14,569	\$ 19,771	\$ (5,202)	(26.3%)
Adjustments:				
Gain on sale of real estate facility	-	(12,487)	12,487	(100.0%)
Depreciation and amortization	25,041	26,233	(1,192)	(4.5%)
Net income allocable to noncontrolling interests - common units	3,936	5,364	(1,428)	(26.6%)
Net income allocable to restricted stock unit holders	142	98	44	44.9%
FFO allocable to common and dilutive shares	<u>\$ 43,688</u>	<u>\$ 38,979</u>	<u>\$ 4,709</u>	<u>12.1%</u>
Weighted average common shares outstanding	27,043	26,925	118	0.4%
Weighted average common OP units outstanding	7,305	7,305	-	-
Weighted average restricted stock units outstanding	223	89	134	150.6%
Weighted average common share equivalents outstanding	79	99	(20)	(20.2%)
Total common and dilutive shares	<u>34,650</u>	<u>34,418</u>	<u>232</u>	<u>0.7%</u>
FFO per common and dilutive share	<u>\$ 1.26</u>	<u>\$ 1.13</u>	<u>\$ 0.13</u>	<u>11.5%</u>
<b><u>Funds available for distribution (FAD):</u></b>				
Funds from operations	\$ 43,688	\$ 38,979	\$ 4,709	12.1%
Adjustments:				
Recurring capital improvements	(1,154)	(1,064)	(90)	8.5%
Tenant improvements	(3,319)	(6,610)	3,291	(49.8%)
Lease commissions	(1,821)	(1,558)	(263)	16.9%
Total recurring capital expenditures (sold assets)	-	(253)	253	(100.0%)
Straight-line rent	(1,047)	(1,034)	(13)	1.3%
Stock compensation expense (excluding LTEIP)	337	314	23	7.3%
LTEIP amortization	2,468	2,090	378	18.1%
In-place lease adjustment	(193)	(311)	118	(37.9%)
Tenant improvement reimbursements, net of lease incentives	(423)	(397)	(26)	6.5%
Capitalized interest expense	(394)	(260)	(134)	51.5%
FAD	<u>\$ 38,142</u>	<u>\$ 29,896</u>	<u>\$ 8,246</u>	<u>27.6%</u>
FAD per common and dilutive share	<u>\$ 1.10</u>	<u>\$ 0.87</u>	<u>\$ 0.23</u>	<u>26.4%</u>
<b><u>Free cash available for debt repayment and investments:</u></b>				
FAD	\$ 38,142	\$ 29,896	8,246	27.6%
Distributions to common shareholders	(20,280)	(13,464)	(6,816)	50.6%
Distributions to common OP unit holders	(5,479)	(3,653)	(1,826)	50.0%
Distributions to restricted stock unit holders	(142)	(62)	(80)	129.0%
Non-recurring property renovations	(205)	(1,087)	882	(81.1%)
Free cash available for debt repayment and investments	<u>\$ 12,036</u>	<u>\$ 11,630</u>	<u>\$ 406</u>	<u>3.5%</u>
Investment in unconsolidated joint venture	(3,546)	(912)	(2,634)	288.8%
Retained cash	<u>\$ 8,490</u>	<u>\$ 10,718</u>	<u>\$ (2,228)</u>	<u>(20.8%)</u>
FAD distributions payout ratio	<u>67.9%</u>	<u>57.5%</u>		

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



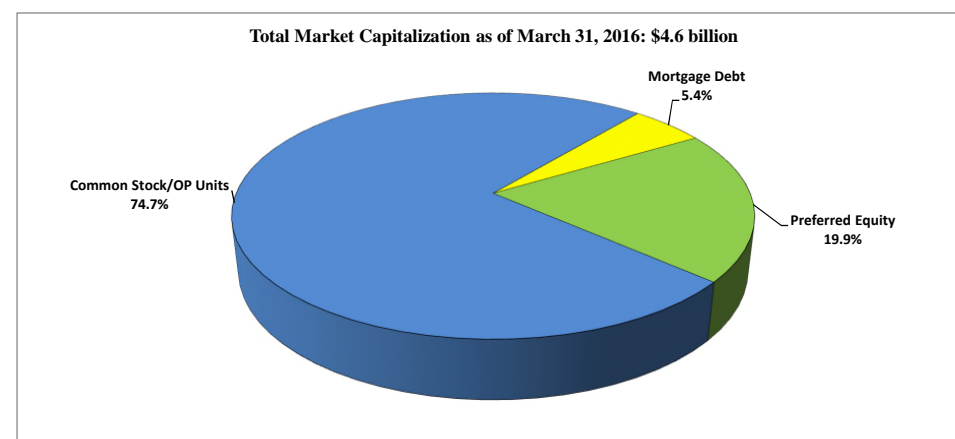
<sup>(1)</sup> Where applicable, amounts exclude net gain on repurchase of preferred equity, non-cash distributions related to the redemption/repurchase of preferred equity and acquisition transaction costs.

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

	As of March 31, 2016			As of December 31, 2015		
	Total	% of Total Market Capitalization	WTD Average Rate	Total	% of Total Market Capitalization	WTD Average Rate
Mortgage Debt:						
5.452% mortgage note, due December 2016	\$ 250,000			\$ 250,000		
Total mortgage debt	250,000	5.4%	5.45%	250,000	6.0%	5.45%
Unsecured Debt:						
\$250.0 million unsecured credit facility (LIBOR + 0.875%)	-			-		
Total unsecured debt	-	-	-	-	-	-
Total debt	250,000	5.4%	5.45%	250,000	6.0%	5.45%
Preferred Equity:						
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		
Total preferred equity	920,000	19.9%	6.01%	920,000	22.0%	6.01%
Total debt and preferred equity	1,170,000	25.3%	5.89%	1,170,000	28.0%	5.89%
Common stock (27,076,500 and 27,034,073 shares outstanding as of March 31, 2016 and December 31, 2015, respectively)	2,721,459			2,363,589		
Common operating partnership units (7,305,355 units outstanding as of December 31, 2015 and 2014)	734,261			638,707		
Total common equity (1)	3,455,720	74.7%		3,002,296	72.0%	
Total market capitalization	\$ 4,625,720	100.0%		\$ 4,172,296	100.0%	

Principal maturity dates are represented by the following chart:

	Principal Maturity Dates					
	2016	2017	2018	2019	2020	Total
5.452% Mortgage Note	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000



(1) Closing stock price was \$100.51 and \$87.43 as of March 31, 2016 and December 31, 2015, respectively.

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

<u>ASSETS</u>	<u>03/31/16</u>	<u>12/31/15</u>	<u>Change</u>	<u>% Change</u>
Cash and cash equivalents	\$ 195,254	\$ 188,912	\$ 6,342	(a) 3.4%
Real estate facilities, at cost:				
Land	793,569	793,569	-	-
Buildings and equipment	2,220,404	2,215,515	4,889	0.2%
	<u>3,013,973</u>	<u>3,009,084</u>	<u>4,889</u>	<u>0.2%</u>
Accumulated depreciation	(1,104,710)	(1,082,603)	(22,107)	2.0%
	<u>1,909,263</u>	<u>1,926,481</u>	<u>(17,218)</u>	<u>(b) (0.9%)</u>
Land and building held for development	6,081	6,081	-	-
	<u>1,915,344</u>	<u>1,932,562</u>	<u>(17,218)</u>	<u>(0.9%)</u>
Investment in unconsolidated joint venture	30,676	26,736	3,940	14.7%
Rent receivable	3,055	2,234	821	(c) 36.8%
Deferred rent receivable	29,374	28,327	1,047	3.7%
Other assets	5,784	7,887	(2,103)	(d) (26.7%)
Total assets	<u>\$ 2,179,487</u>	<u>\$ 2,186,658</u>	<u>\$ (7,171)</u>	<u>(0.3%)</u>
 <u>LIABILITIES AND EQUITY</u>				
Accrued and other liabilities	\$ 74,194	\$ 76,059	\$ (1,865)	(e) (2.5%)
Mortgage note payable	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Total liabilities	324,194	326,059	(1,865)	(0.6%)
Equity:				
PS Business Parks, Inc.'s shareholders' equity:				
Preferred stock	920,000	920,000	-	-
Common stock	270	269	1	0.4%
Paid-in capital	723,646	722,009	1,637	(f) 0.2%
Cumulative net income	1,403,965	1,375,421	28,544	2.1%
Cumulative distributions	(1,391,316)	(1,357,203)	(34,113)	(g) 2.5%
Total PS Business Parks, Inc.'s shareholders' equity	<u>1,656,565</u>	<u>1,660,496</u>	<u>(3,931)</u>	<u>(0.2%)</u>
Noncontrolling interests:				
Common units	198,728	200,103	(1,375)	(0.7%)
Total noncontrolling interests:	<u>198,728</u>	<u>200,103</u>	<u>(1,375)</u>	<u>(0.7%)</u>
Total equity	<u>1,855,293</u>	<u>1,860,599</u>	<u>(5,306)</u>	<u>(0.3%)</u>
Total liabilities and equity	<u>\$ 2,179,487</u>	<u>\$ 2,186,658</u>	<u>\$ (7,171)</u>	<u>(0.3%)</u>

**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			55,473
Net cash provided by investing activities			(10,439)
Net cash used in financing activities			(38,692)
Ending cash balance			<u>\$ 195,254</u>
<b>(b) Change in real estate facilities, at cost:</b>			
Beginning balance			\$ 1,926,481
Recurring capital improvements			1,154
Tenant improvements, gross			4,643
Lease commissions			1,821
Nonrecurring capital improvements			205
Depreciation and amortization			(25,041)
Ending balance			<u>\$ 1,909,263</u>
<b>(c) Rent receivable consists of:</b>			
	<u>03/31/16</u>	<u>12/31/15</u>	<u>Change</u>
Non-government tenants	\$ 2,233	\$ 1,012	\$ 1,221
U.S. government tenants	1,222	1,622	(400)
Allowance for doubtful accounts	(400)	(400)	-
	<u>\$ 3,055</u>	<u>\$ 2,234</u>	<u>\$ 821</u>
<b>(d) Other assets consist of:</b>			
	<u>03/31/16</u>	<u>12/31/15</u>	<u>Change</u>
In-place lease adjustment and incentives, net	\$ 1,973	\$ 2,163	\$ (190)
Prepaid property taxes and insurance	1,841	3,789	(1,948)
Other	1,970	1,935	35
	<u>\$ 5,784</u>	<u>\$ 7,887</u>	<u>\$ (2,103)</u>
<b>(e) Accrued and other liabilities consist of:</b>			
	<u>03/31/16</u>	<u>12/31/15</u>	<u>Change</u>
Security deposits	\$ 29,866	\$ 28,815	\$ 1,051
Accrued property taxes	11,249	10,113	1,136
Prepaid rent	16,757	19,213	(2,456)
In-place lease adjustment and tenant improvement reimbursements, net	6,929	7,281	(352)
Other	9,393	10,637	(1,244)
	<u>\$ 74,194</u>	<u>\$ 76,059</u>	<u>\$ (1,865)</u>
<b>(f) Change in paid-in capital:</b>			
Beginning paid-in capital			\$ 722,009
Exercise of stock options			899
Stock compensation, net			906
Adjustment to reflect noncontrolling interests to underlying ownership			(168)
Ending paid in capital			<u>\$ 723,646</u>
<b>(g) Change in cumulative distributions:</b>			
Beginning cumulative distributions			\$ (1,357,203)
Distributions to preferred shareholders			(13,833)
Distributions to common shareholders			(20,280)
Ending cumulative distributions			<u>\$ (1,391,316)</u>



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

	For The Three Months Ended		Change	% Change
	03/31/16	03/31/15		
<b>Revenues:</b>				
Rental income	\$ 95,845	\$ 92,315	\$ 3,530	(a) 3.8%
Facility management fees	128	147	(19)	(12.9%)
Total operating revenues	<u>95,973</u>	<u>92,462</u>	<u>3,511</u>	3.8%
<b>Expenses:</b>				
Cost of operations	31,894	31,746	148	(b) 0.5%
Depreciation and amortization	25,041	26,233	(1,192)	(4.5%)
General and administrative	3,635	3,399	236	(c) 6.9%
Total operating expenses	<u>60,570</u>	<u>61,378</u>	<u>(808)</u>	(1.3%)
<b>Other income and (expense):</b>				
Interest and other income	267	107	160	149.5%
Interest and other expense	(3,190)	(3,323)	133	(d) (4.0%)
Total other income and (expense)	<u>(2,923)</u>	<u>(3,216)</u>	<u>293</u>	(9.1%)
Gain on sale of real estate facilities	-	12,487	(12,487)	(100.0%)
Net income	<u>\$ 32,480</u>	<u>\$ 40,355</u>	<u>\$ (7,875)</u>	(19.5%)
<b>Net income allocation:</b>				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 3,936	\$ 5,364	\$ (1,428)	(26.6%)
Total net income allocable to noncontrolling interests	<u>3,936</u>	<u>5,364</u>	<u>(1,428)</u>	(26.6%)
Net income allocable to PS Business Parks, Inc.:				
Preferred shareholders	13,833	15,122	(1,289)	(8.5%)
Restricted stock unit holders	142	98	44	44.9%
Common shareholders	14,569	19,771	(5,202)	(26.3%)
Total net income allocable to PS Business Parks, Inc.	<u>28,544</u>	<u>34,991</u>	<u>(6,447)</u>	(18.4%)
	<u>\$ 32,480</u>	<u>\$ 40,355</u>	<u>\$ (7,875)</u>	(19.5%)
<b>Net income per common share</b>				
Basic	\$ 0.54	\$ 0.73	\$ (0.19)	(26.0%)
Diluted	\$ 0.54	\$ 0.73	\$ (0.19)	(26.0%)
<b>Weighted average common shares outstanding:</b>				
Basic	<u>27,043</u>	<u>26,925</u>	<u>118</u>	0.4%
Diluted	<u>27,122</u>	<u>27,024</u>	<u>98</u>	0.4%

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

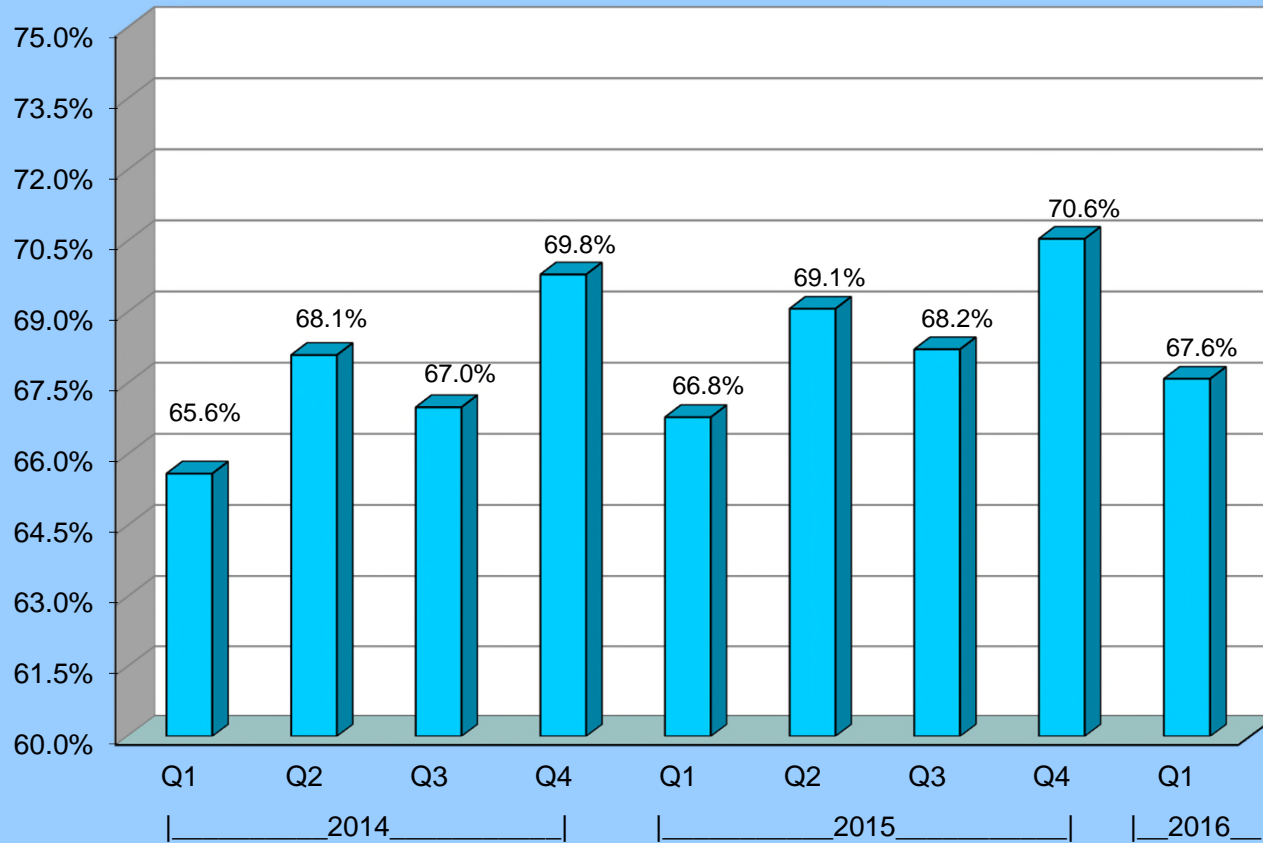
	For The Three Months Ended		Change
	03/31/16	03/31/15	
<b>(a) Rental income:</b>			
Same Park	\$ 93,135	\$ 88,990	\$ 4,145
Non-Same Park	1,663	897	766
Same Park straight-line rent	962	776	186
Non-Same Park straight-line rent	85	264	(179)
Sold Assets	-	1,388	(1,388)
	<u>\$ 95,845</u>	<u>\$ 92,315</u>	<u>\$ 3,530</u>
<b>(b) Cost of Operations:</b>			
Same Park	\$ 30,490	\$ 29,875	\$ 615
Non-Same Park	540	527	13
Sold Assets	-	612	(612)
LTEIP amortization	864	732	132
	<u>\$ 31,894</u>	<u>\$ 31,746</u>	<u>\$ 148</u>
<b>(c) General and administrative expenses:</b>			
Cash and non-cash compensation expense	\$ 1,392	\$ 1,445	\$ (53)
LTEIP amortization	1,604	1,358	246
Professional fees and other	639	596	43
	<u>\$ 3,635</u>	<u>\$ 3,399</u>	<u>\$ 236</u>
<b>(d) Interest and other expense:</b>			
Mortgage notes payable	\$ (3,445)	\$ (3,407)	\$ (38)
Capitalized interest	394	260	134
Facilities fees & other charges	(139)	(176)	37
	<u>\$ (3,190)</u>	<u>\$ (3,323)</u>	<u>\$ 133</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 Three Months Ended</u> <u>March 31, 2016</u>	<u>Cost per Weighted</u> <u>Average Square Foot</u>
Capital improvements	\$1,154	\$0.04
Tenant improvements	3,319	\$0.12
Lease commissions	1,821	\$0.07
Total recurring capital expenditures	<u>\$6,294</u>	\$0.23
 <u>Non-recurring property renovations</u>		
Non-recurring property renovations	\$205	

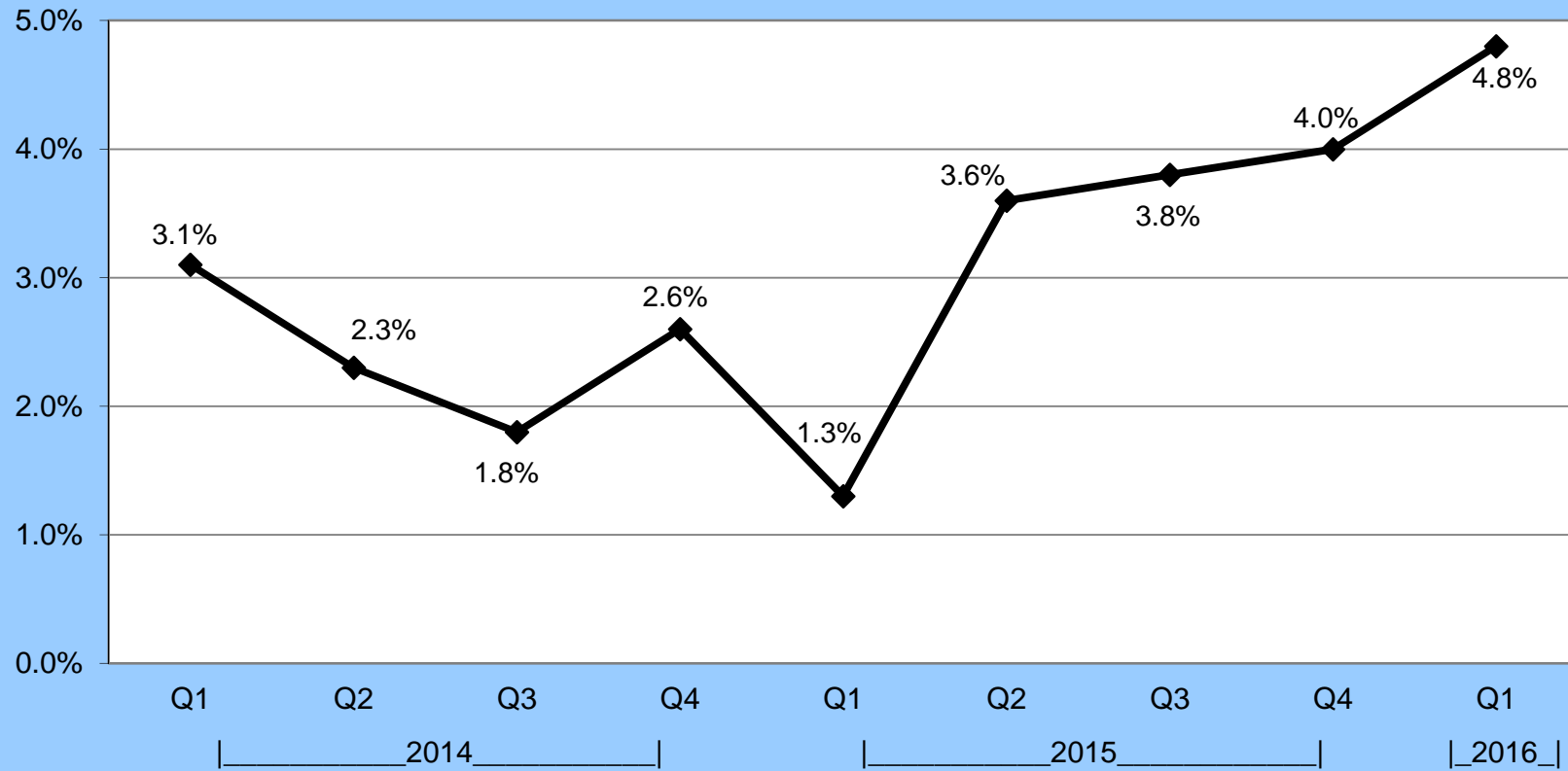
(1) The Company defines "recurring capital expenditures" as those capitalized costs necessary to continue to operate a property at its current economic value. Capital improvements in excess of \$2,000 with a useful life greater than 24 months are capitalized. Lease transaction costs in excess of \$1,000 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 \$7.9 million or approximately \$0.28 per weighted average square foot for the three months ended March 31, 2016 compared to \$7.7 million or approximately \$0.27 per weighted average square foot for the three months ended March 31, 2015.

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



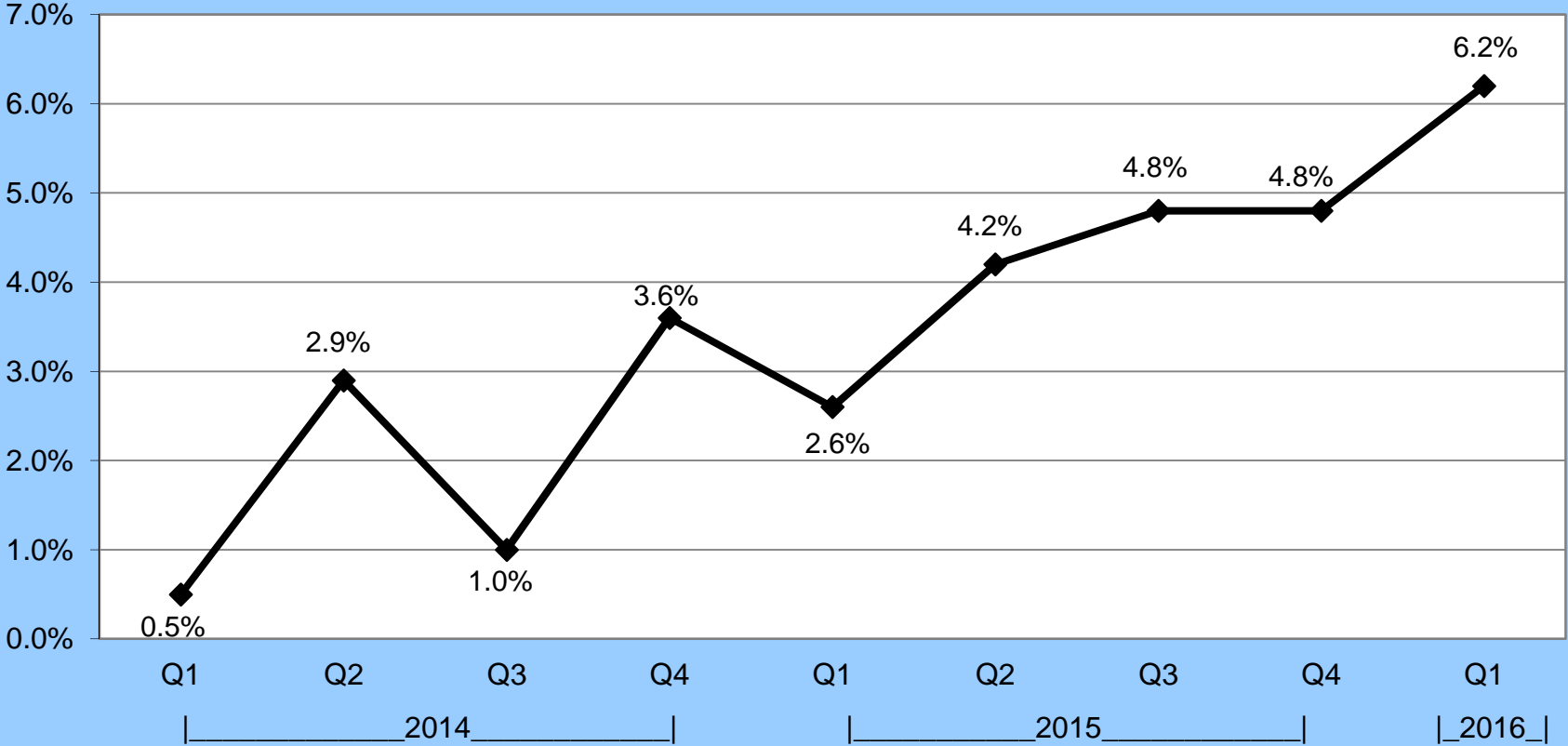
<sup>(1)</sup> Gross margin is computed by dividing property net operating income by rental income for Same Park properties in each period. Amounts exclude LTEIP amortization.

## 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.

## 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.

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

Industry Concentration as of March 31, 2016

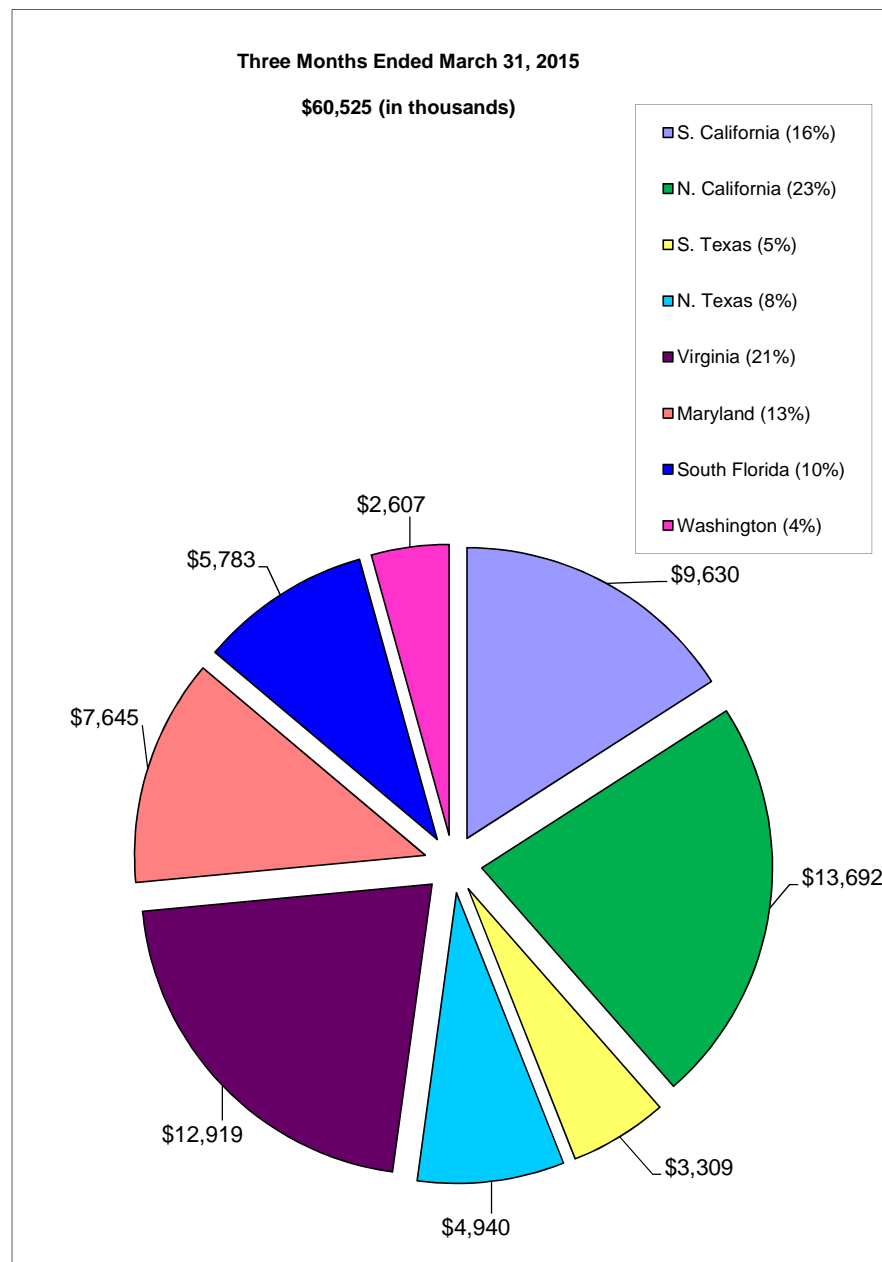
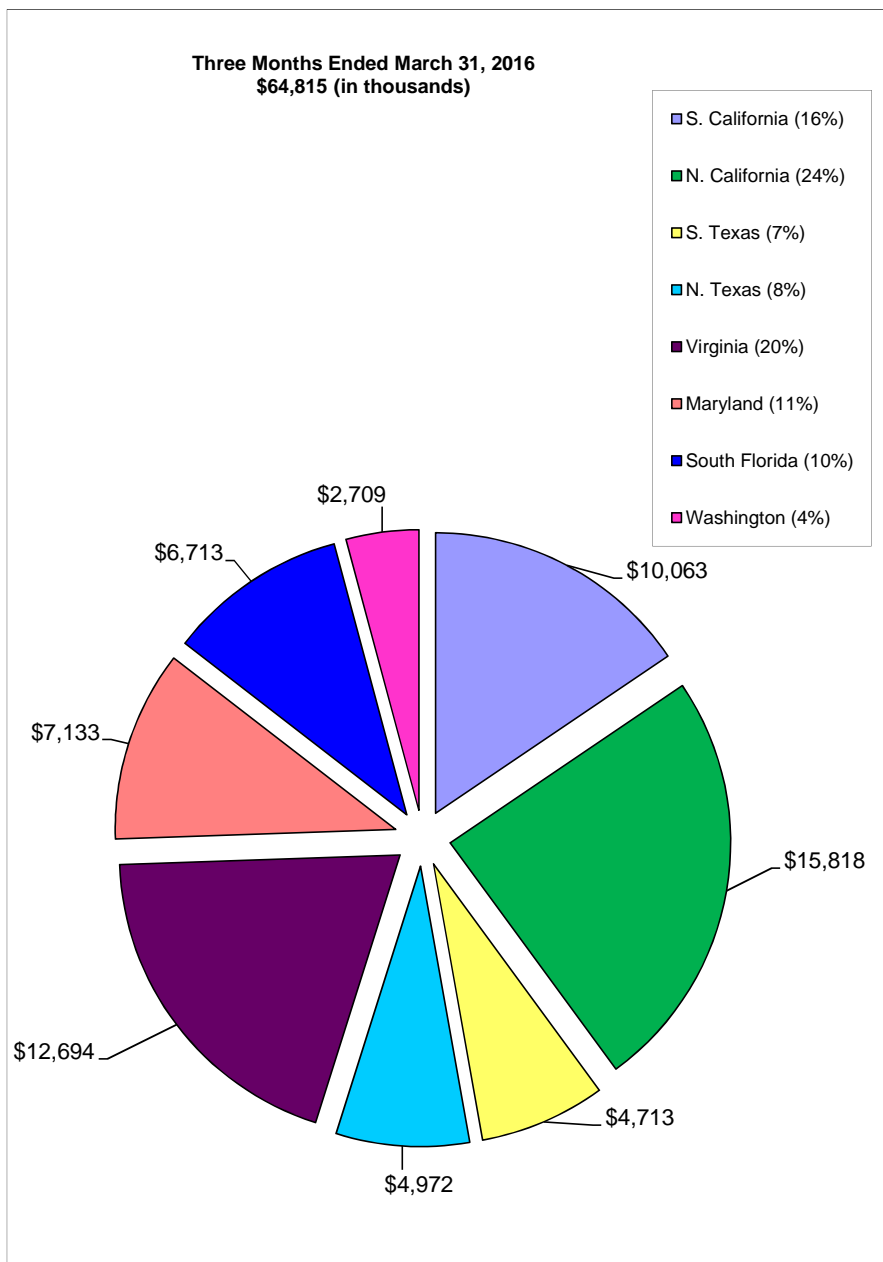
	% of Total Rental Income
Business services	17.7%
Computer hardware, software and related services	10.8%
Warehouse, distribution, transportation and logistics	10.4%
Government	9.2%
Health services	9.5%
Retail, food, and automotive	7.4%
Engineering and construction	6.8%
Insurance and financial services	4.2%
Home furnishings	3.1%
Electronics	3.0%
Aerospace/defense products and services	2.7%
Communications	2.1%
Educational services	1.8%
Other	11.3%
<b>Total</b>	<b>100.0%</b>

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

Tenant	Square Footage	Annualized Rental Income <sup>(1)</sup>	% of Total Annualized Rental Income
US Government	789	\$ 19,156	4.9%
Kaiser Permanente	199	4,992	1.3%
Lockheed Martin Corporation	168	4,343	1.1%
Keeco, L.L.C.	460	3,409	0.9%
Luminex Corporation	185	3,253	0.8%
MAXIMUS, Inc.	102	2,018	0.5%
KZ Kitchen Cabinet & Stone	181	1,792	0.5%
Investorplace Media, LLC	46	1,752	0.4%
Inova Health Care Services	63	1,714	0.4%
Raytheon	78	1,676	0.4%
<b>Total</b>	<b>2,271</b>	<b>\$ 44,105</b>	<b>11.2%</b>

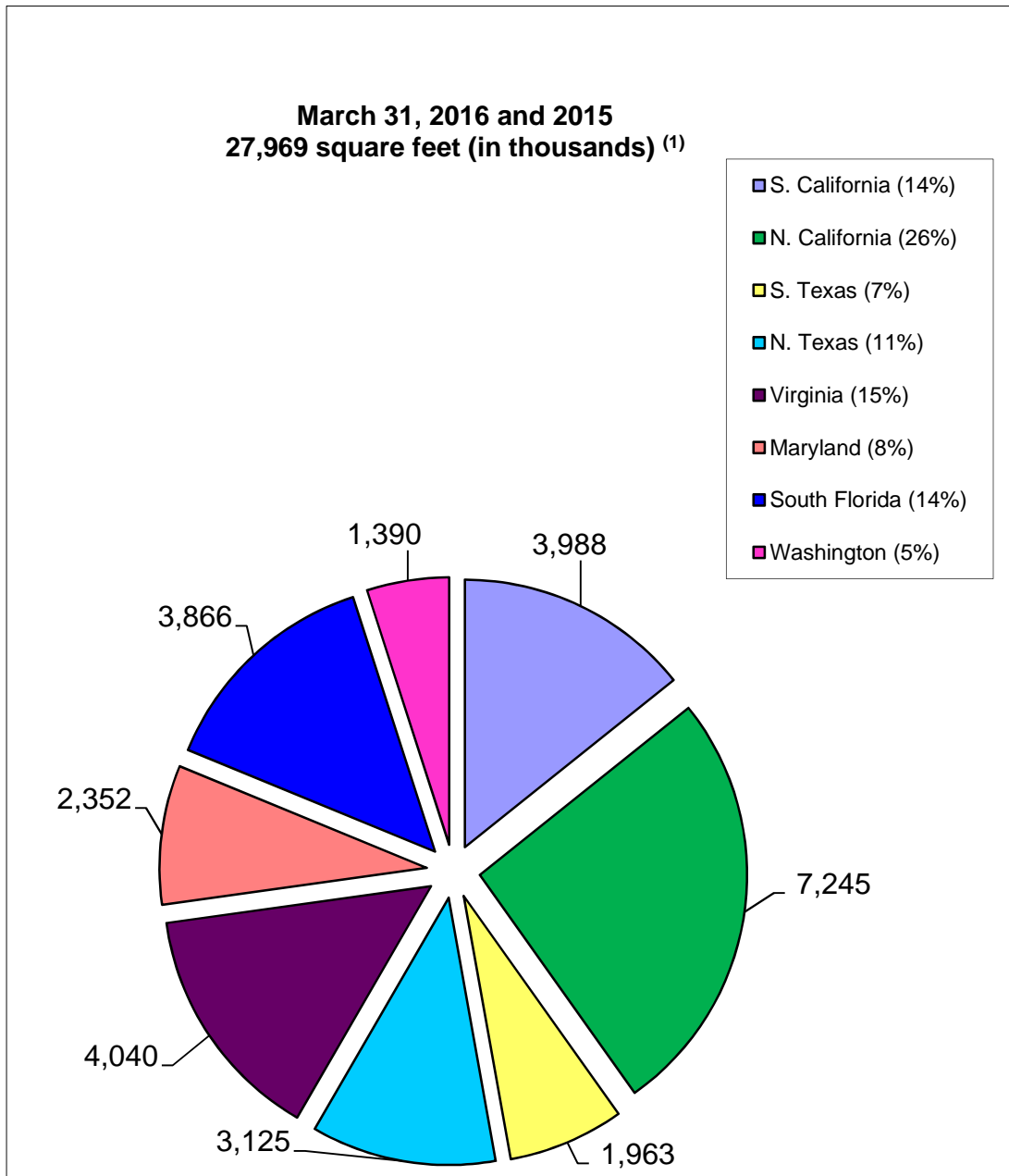
(1) - For leases expiring within one year, annualized rental income represents income to be received under existing leases from April 1, 2016 through the date of expiration.

### Total Portfolio Net Operating Income by Region



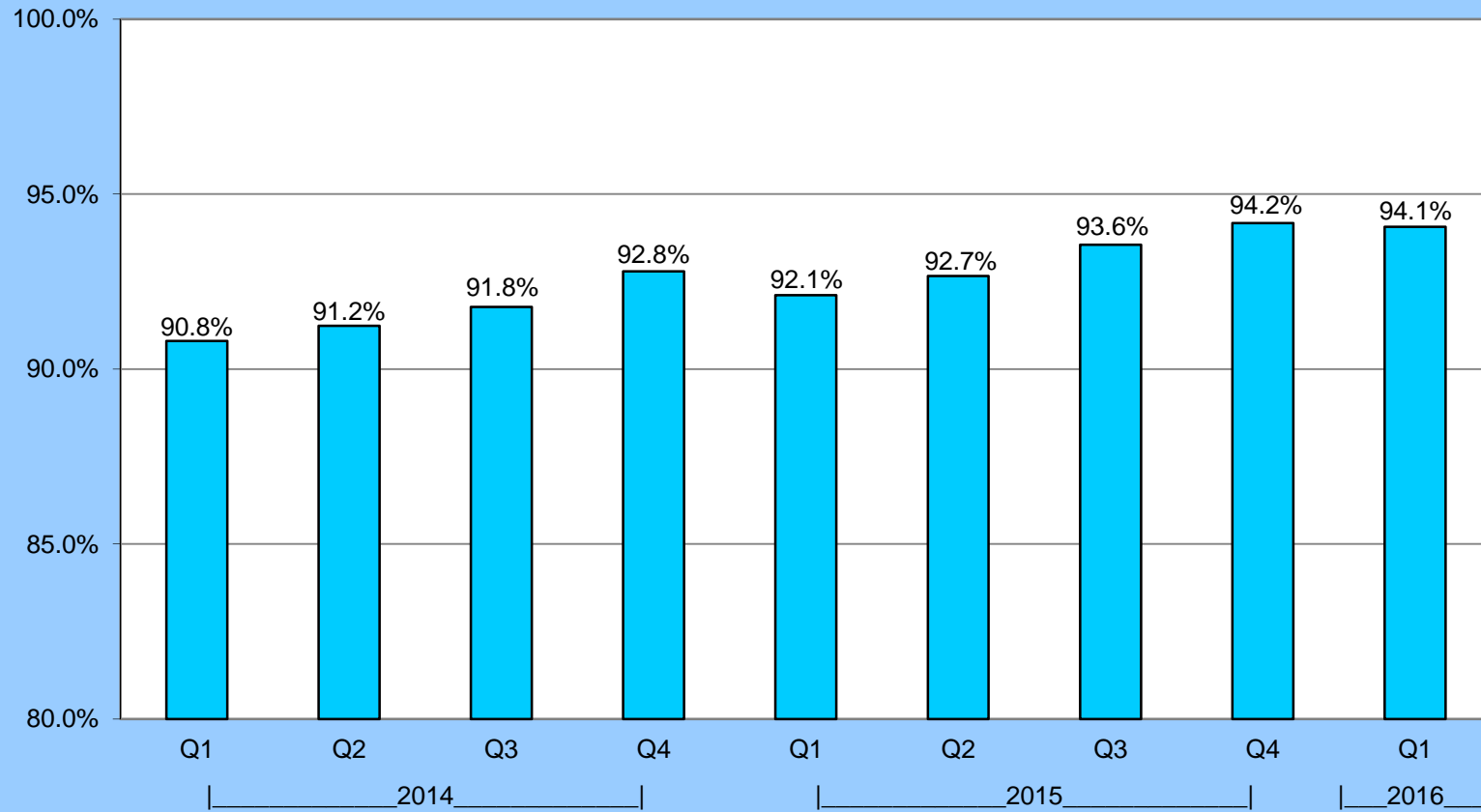


## Total Rentable Square Footage by Region



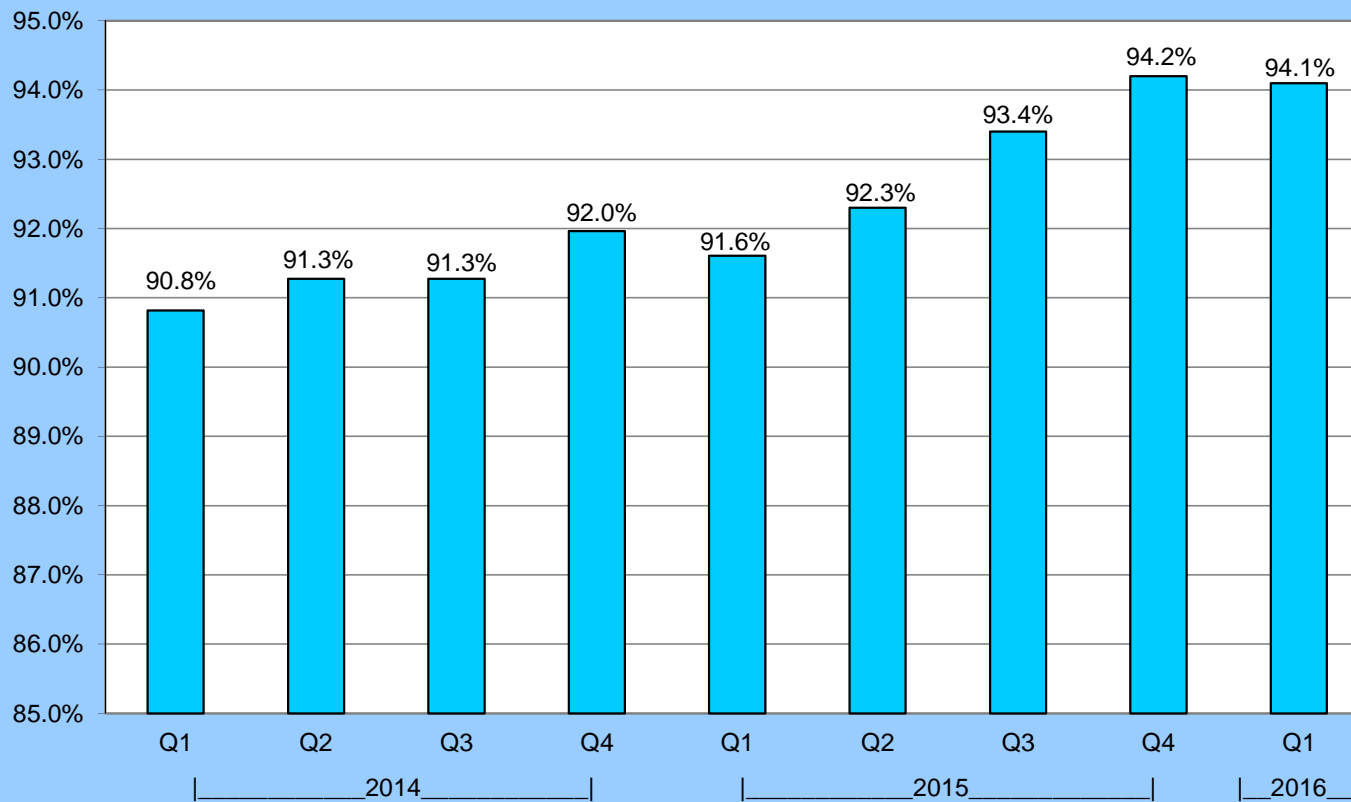
(1) - Excludes sold assets.

## 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 March 31, 2016					
Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern Virginia	-	2,093	1,947	4,040	14.8%
South Florida	2,631	12	1,074	3,717	13.6%
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	10.8%
Maryland	-	1,382	970	2,352	8.6%
Austin	-	-	1,717	1,717	6.3%
Orange County	-	705	911	1,616	5.9%
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>4,591</b>	<b>14,269</b>	<b>27,291</b>	<b>100.0%</b>
Percentage by Product Type	30.9%	16.8%	52.3%	100.0%	

Weighted Average Occupancy Rates by Product Type for the Three Months Ended March 31, 2016				
Primary Markets	Industrial	Office	Flex	Total
Northern Virginia	-	92.1%	94.3%	93.1%
South Florida	96.6%	100.0%	90.5%	94.9%
East Bay	97.7%	-	93.2%	95.9%
Silicon Valley	96.4%	-	98.4%	97.3%
Dallas	100.0%	-	88.1%	89.0%
Maryland	-	89.5%	86.9%	88.4%
Austin	-	-	96.7%	96.7%
Orange County	-	88.9%	93.7%	91.6%
Los Angeles County	99.3%	93.6%	95.8%	97.3%
Seattle	99.4%	93.3%	95.6%	98.2%
San Diego County	-	-	93.9%	93.9%
Mid-Peninsula	-	95.0%	98.5%	95.8%
<b>Total</b>	<b>97.5%</b>	<b>91.1%</b>	<b>93.0%</b>	<b>94.1%</b>

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended March 31, 2016			
Primary Markets	Large Tenant	Small Tenant	Total
Northern Virginia	94.4%	90.9%	93.1%
South Florida	96.3%	89.3%	94.9%
East Bay	96.2%	93.4%	95.9%
Silicon Valley	97.3%	97.2%	97.3%
Dallas	88.1%	90.7%	89.0%
Maryland	87.9%	90.1%	88.4%
Austin	96.8%	95.9%	96.7%
Orange County	91.4%	91.7%	91.6%
Los Angeles County	99.3%	95.7%	97.3%
Seattle	99.4%	95.4%	98.2%
San Diego County	-	93.9%	93.9%
Mid-Peninsula	-	95.8%	95.8%
<b>Total</b>	<b>94.7%</b>	<b>92.7%</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 OVERVIEW**  
(in thousands)

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

Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern Virginia	-	2,093	1,947	4,040	14.4%
South Florida	2,780	12	1,074	3,866	13.8%
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	5.7%
Seattle	951	28	411	1,390	5.0%
San Diego County	-	-	768	768	2.7%
Mid-Peninsula	-	340	94	434	1.6%
<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 March 31, 2016**

Primary Markets	Industrial	Office	Flex	Total
Northern Virginia	-	92.1%	94.3%	93.1%
South Florida	96.8%	100.0%	90.5%	95.1%
East Bay	97.7%	-	93.2%	95.9%
Silicon Valley	96.4%	-	98.5%	97.3%
Dallas	100.0%	-	88.5%	89.3%
Maryland	-	89.5%	86.9%	88.4%
Austin	90.0%	-	96.7%	95.9%
Orange County	-	88.9%	93.7%	91.6%
Los Angeles County	99.3%	93.6%	95.8%	97.3%
Seattle	99.4%	93.3%	95.6%	98.2%
San Diego County	-	-	93.9%	93.9%
Mid-Peninsula	-	95.0%	98.5%	95.8%
<b>Total</b>	<b>97.3%</b>	<b>91.1%</b>	<b>93.1%</b>	<b>94.1%</b>

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

Primary Markets	Large Tenant	Small Tenant	Total
Northern Virginia	94.4%	90.9%	93.1%
South Florida	96.5%	89.3%	95.1%
East Bay	96.2%	93.4%	95.9%
Silicon Valley	97.3%	97.5%	97.3%
Dallas	88.1%	91.4%	89.3%
Maryland	87.9%	90.1%	88.4%
Austin	95.8%	95.9%	95.9%
Orange County	91.4%	91.7%	91.6%
Los Angeles County	99.3%	95.7%	97.3%
Seattle	99.4%	95.4%	98.2%
San Diego County	-	93.9%	93.9%
Mid-Peninsula	-	95.8%	95.8%
<b>Total</b>	<b>94.6%</b>	<b>92.8%</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 MARCH 31, 2016**  
**(IN THOUSANDS)**

Lease Expirations - Flex					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	2,378	\$ 31,501	15.3%	8.0%	
2017	3,500	51,334	24.8%	12.9%	
2018	2,788	41,631	20.1%	10.5%	
2019	1,640	26,209	12.7%	6.6%	
2020	1,502	23,699	11.5%	5.9%	
Thereafter	1,674	32,265	15.6%	8.1%	
Total	13,482	\$ 206,639	100.0%	52.0%	

Lease Expirations - Office					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	962	\$ 24,680	22.3%	6.2%	
2017	972	24,033	21.7%	6.1%	
2018	896	22,773	20.5%	5.7%	
2019	514	13,958	12.6%	3.5%	
2020	259	7,500	6.8%	1.9%	
Thereafter	615	17,811	16.1%	4.5%	
Total	4,218	\$ 110,755	100.0%	27.9%	

Lease Expirations - Industrial					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	876	\$ 7,577	9.5%	1.9%	
2017	1,940	16,388	20.5%	4.1%	
2018	1,355	12,351	15.5%	3.1%	
2019	1,838	16,742	21.0%	4.2%	
2020	1,200	11,860	14.8%	3.0%	
Thereafter	1,324	14,963	18.7%	3.8%	
Total	8,533	\$ 79,881	100.0%	20.1%	

Lease Expirations - Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	4,216	\$ 63,758	16.1%	16.1%	
2017	6,412	91,755	23.1%	23.1%	
2018	5,039	76,755	19.3%	19.3%	
2019	3,992	56,909	14.3%	14.3%	
2020	2,961	43,059	10.8%	10.8%	
Thereafter	3,613	65,039	16.4%	16.4%	
Total	26,233	\$ 397,275	100.0%	100.0%	

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

Southern California					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	753	\$ 12,017	19.0%	3.0%	
2017	1,274	20,353	32.1%	5.1%	
2018	781	13,748	21.7%	3.4%	
2019	438	6,642	10.5%	1.7%	
2020	258	4,356	6.8%	1.1%	
Thereafter	236	6,253	9.9%	1.6%	
Total	<u>3,740</u>	<u>\$ 63,369</u>	<u>100.0%</u>	<u>15.9%</u>	

Northern California					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	767	\$ 10,940	12.2%	2.8%	
2017	1,323	16,958	18.8%	4.3%	
2018	1,120	14,959	16.6%	3.8%	
2019	1,727	18,848	20.9%	4.7%	
2020	990	12,932	14.4%	3.3%	
Thereafter	1,063	15,398	17.1%	3.9%	
Total	<u>6,990</u>	<u>\$ 90,035</u>	<u>100.0%</u>	<u>22.8%</u>	

Southern Texas					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	197	\$ 2,843	10.5%	0.7%	
2017	439	5,818	21.4%	1.5%	
2018	436	5,838	21.4%	1.5%	
2019	97	1,538	5.6%	0.4%	
2020	377	5,974	21.9%	1.5%	
Thereafter	348	5,236	19.2%	1.3%	
Total	<u>1,894</u>	<u>\$ 27,247</u>	<u>100.0%</u>	<u>6.9%</u>	

Northern Texas					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	395	\$ 3,594	11.2%	0.9%	
2017	719	7,865	24.6%	2.0%	
2018	473	4,839	15.1%	1.2%	
2019	442	5,897	18.4%	1.5%	
2020	358	3,994	12.5%	1.0%	
Thereafter	384	5,825	18.2%	1.5%	
Total	<u>2,771</u>	<u>\$ 32,014</u>	<u>100.0%</u>	<u>8.1%</u>	

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

South Florida					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	781	\$ 7,089	19.3%	1.8%	
2017	1,018	10,366	28.2%	2.6%	
2018	933	9,780	26.6%	2.5%	
2019	293	3,294	9.0%	0.8%	
2020	221	2,545	6.9%	0.6%	
Thereafter	362	3,659	10.0%	0.9%	
Total	<u>3,608</u>	<u>\$ 36,733</u>	<u>100.0%</u>	<u>9.2%</u>	

Northern Virginia					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	819	\$ 16,847	20.3%	4.2%	
2017	974	20,754	25.0%	5.2%	
2018	506	10,784	13.0%	2.7%	
2019	543	13,271	16.0%	3.3%	
2020	338	6,465	7.8%	1.6%	
Thereafter	593	14,871	17.9%	3.7%	
Total	<u>3,773</u>	<u>\$ 82,992</u>	<u>100.0%</u>	<u>20.7%</u>	

Maryland					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	338	\$ 8,206	16.6%	2.1%	
2017	254	5,345	10.8%	1.3%	
2018	606	14,098	28.5%	3.5%	
2019	252	5,513	11.2%	1.4%	
2020	207	4,717	9.6%	1.2%	
Thereafter	429	11,479	23.3%	2.9%	
Total	<u>2,086</u>	<u>\$ 49,358</u>	<u>100.0%</u>	<u>12.4%</u>	

Washington					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	166	\$ 2,222	14.3%	0.6%	
2017	411	4,296	27.7%	1.1%	
2018	184	2,709	17.4%	0.7%	
2019	200	1,906	12.3%	0.5%	
2020	212	2,076	13.4%	0.5%	
Thereafter	198	2,318	14.9%	0.6%	
Total	<u>1,371</u>	<u>\$ 15,527</u>	<u>100.0%</u>	<u>4.0%</u>	



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

Total Portfolio				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2016	4,216	\$ 63,758	16.1%	16.1%
2017	6,412	91,755	23.1%	23.1%
2018	5,039	76,755	19.3%	19.3%
2019	3,992	56,909	14.3%	14.3%
2020	2,961	43,059	10.8%	10.8%
Thereafter	3,613	65,039	16.4%	16.4%
Total	<u>26,233</u>	<u>\$ 397,275</u>	<u>100.0%</u>	<u>100.0%</u>

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

Lease Expirations - Large Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	2,061	\$ 28,212	11.0%	7.1%	
2017	3,964	49,224	19.3%	12.4%	
2018	3,488	48,575	19.0%	12.2%	
2019	3,203	42,008	16.4%	10.6%	
2020	2,505	33,786	13.2%	8.5%	
Thereafter	3,162	53,871	21.1%	13.6%	
Total	<u>18,383</u>	<u>\$ 255,676</u>	<u>100.0%</u>	<u>64.4%</u>	

Lease Expirations - Small Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	2,155	\$ 35,546	25.1%	9.0%	
2017	2,448	42,531	30.0%	10.7%	
2018	1,551	28,180	19.9%	7.1%	
2019	789	14,901	10.5%	3.7%	
2020	456	9,273	6.6%	2.3%	
Thereafter	451	11,168	7.9%	2.8%	
Total	<u>7,850</u>	<u>\$ 141,599</u>	<u>100.0%</u>	<u>35.6%</u>	

Lease Expirations - Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2016	4,216	\$ 63,758	16.1%	16.1%	
2017	6,412	91,755	23.1%	23.1%	
2018	5,039	76,755	19.3%	19.3%	
2019	3,992	56,909	14.3%	14.3%	
2020	2,961	43,059	10.8%	10.8%	
Thereafter	3,613	65,039	16.4%	16.4%	
Total	<u>26,233</u>	<u>\$ 397,275</u>	<u>100.0%</u>	<u>100.0%</u>	

**PS BUSINESS PARKS, INC.**  
**QUARTER TO DATE PRODUCTION STATISTICS - TOTAL PORTFOLIO**  
**March 31, 2016**

	<b>Leasing Volume Q1 2016</b>	<b>Tenant Retention Q1 2016</b>	<b>Rental Rate Change <sup>(1)</sup> Q1 2016</b>	<b>Rental Rate Change <sup>(1) &amp; (2)</sup> Q1 2015</b>
Maryland	301,000	88.8%	-7.6%	-8.8%
Virginia	218,000	87.7%	-5.8%	-3.0%
San Diego	73,000	56.2%	8.1%	2.8%
Orange County	154,000	59.2%	5.8%	5.1%
Los Angeles	159,000	88.2%	10.8%	4.4%
Austin	83,000	78.7%	22.8%	9.3%
Dallas	188,000	51.4%	7.2%	-2.7%
South Florida	265,000	57.8%	6.5%	8.3%
Seattle	63,000	58.9%	11.5%	11.9%
East Bay	128,000	69.8%	14.9%	11.7%
Silicon Valley	159,000	69.2%	19.8%	17.8%
Mid-Peninsula	48,000	93.3%	30.2%	7.4%
<b>Company Totals</b>	<b>1,839,000</b>	<b>71.3%</b>	<b>4.4%</b>	<b>5.1%</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.

<sup>(2)</sup> Excludes sold assets.