



PSBUSINESSPARKSSM

**Analysis of Operating Results
and Financial Condition**

March 31, 2015

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

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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		
	03/31/15	03/31/14	% Change
Rental income:			
Same Park ⁽¹⁾	\$ 86,211	\$ 85,113	1.3%
Non-Same Park ⁽²⁾	5,708	3,950	44.5%
Total rental income	<u>91,919</u>	<u>89,063</u>	3.2%
Cost of operations:			
Same Park ⁽¹⁾	28,631	28,981	(1.2%)
Non-Same Park ⁽²⁾	2,287	1,627	40.6%
Total cost of operations	<u>30,918</u>	<u>30,608</u>	1.0%
Net operating income:			
Same Park ⁽¹⁾	57,580	56,132	2.6%
Non-Same Park ⁽²⁾	3,421	2,323	47.3%
Total net operating income	<u>\$ 61,001</u>	<u>\$ 58,455</u>	4.4%

FUNDS FROM OPERATIONS

	For The Three Months Ended		
	03/31/15	03/31/14	% Change
FFO allocable to common and dilutive shares	\$ 38,979	\$ 41,120	(5.2%)
FFO per common and dilutive share	\$ 1.13	\$ 1.20	(5.8%)
Weighted average common shares outstanding - diluted	27,024	26,961	0.2%
Weighted average common OP units outstanding	7,305	7,305	-
Weighted average restricted stock units outstanding	89	56	58.9%
Total common and dilutive shares	<u>34,418</u>	<u>34,322</u>	0.3%

PROPERTY INFORMATION

	For The Three Months Ended		
	03/31/15	03/31/14	% Change
<u>Total Portfolio</u> ⁽³⁾			
Total rentable square footage at period end	28,336	27,658	2.5%
Weighted average occupancy	91.5%	90.8%	0.8%
Period end occupancy	91.4%	90.8%	0.7%
Annualized realized rent per sq. ft. ⁽⁴⁾	\$ 14.19	\$ 14.18	0.0%
REVPAF ⁽⁵⁾	\$ 12.98	\$ 12.88	0.8%
<u>Same Park Portfolio</u> ⁽¹⁾			
Total rentable square footage at period end	26,125	26,125	-
Weighted average occupancy	92.5%	91.8%	0.8%
Period end occupancy	92.4%	91.8%	0.7%
Annualized realized rent per sq. ft. ⁽⁴⁾	\$ 14.27	\$ 14.20	0.5%
REVPAF ⁽⁵⁾	\$ 13.20	\$ 13.03	1.3%
<u>Non-Same Park Portfolio</u> ⁽²⁾			
Total rentable square footage at period end	2,211	1,533	44.2%
Weighted average occupancy	79.0%	74.2%	6.5%
Period end occupancy	79.9%	73.8%	8.3%

MARKET VALUE INFORMATION

	03/31/15		12/31/14	
	\$	% of Total	\$	% of Total
Market value of common stock and common OP units	\$ 2,844,389	69.6%	\$ 2,722,218	68.6%
Total debt	250,000	6.1%	250,000	6.3%
Total preferred equity	995,000	24.3%	995,000	25.1%
Total market capitalization	<u>\$ 4,089,389</u>	<u>100.0%</u>	<u>\$ 3,967,218</u>	<u>100.0%</u>
Stock price at the end of the period	\$ 83.04		\$ 79.54	

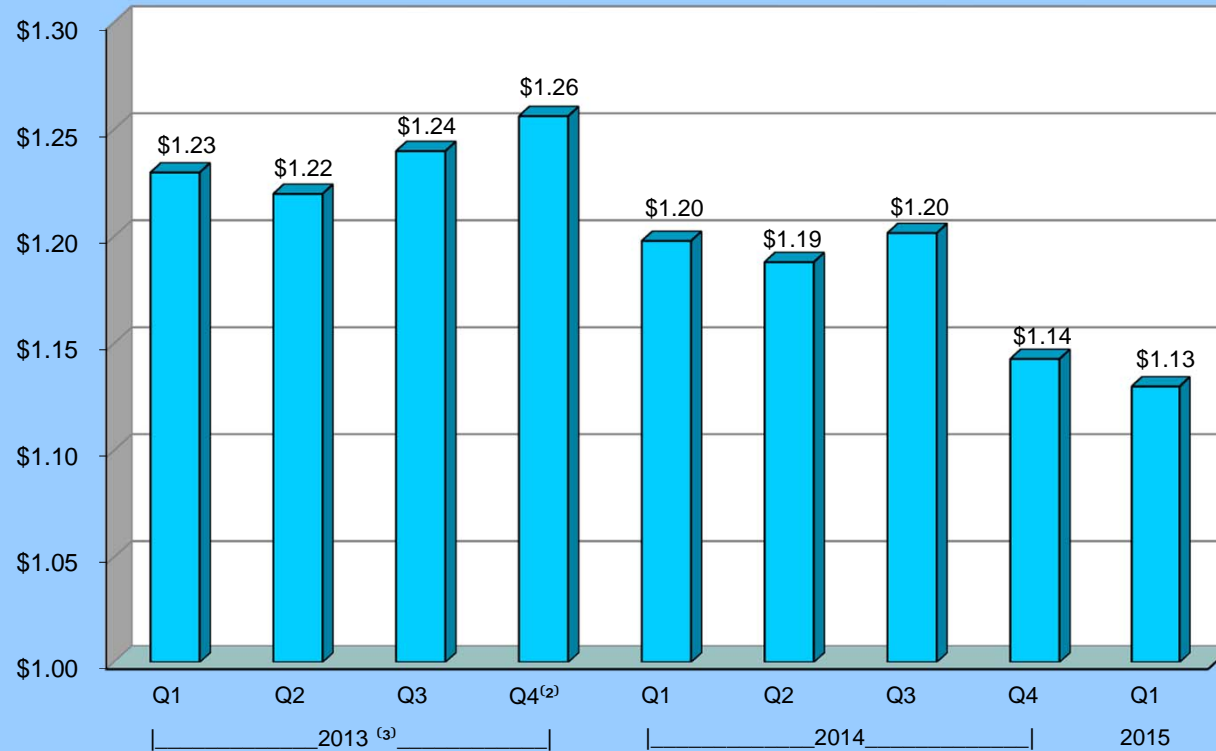
NOTES

- (1) All owned assets acquired prior to January 1, 2013 (excludes assets held for sale).
(2) All owned assets acquired subsequent to January 1, 2013.
(3) Excludes assets held for sale.
(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>			
	03/31/15	03/31/14	Change	% Change
<u>Funds from operations (FFO):</u>				
Net income allocable to common shareholders	\$ 19,771	\$ 9,940	\$ 9,831	98.9%
Adjustments:				
Gain on sale of real estate facility	(12,487)	-	(12,487)	0.0%
Depreciation and amortization	26,233	28,441	(2,208)	(7.8%)
Net income allocable to noncontrolling interests - common units	5,364	2,703	2,661	98.4%
Net income allocable to restricted stock unit holders	98	36	62	172.2%
FFO allocable to common and dilutive shares	<u>\$ 38,979</u>	<u>\$ 41,120</u>	<u>\$ (2,141)</u>	<u>(5.2%)</u>
Weighted average common shares outstanding	26,925	26,863	62	0.2%
Weighted average common OP units outstanding	7,305	7,305	-	-
Weighted average restricted stock units outstanding	89	56	33	58.5%
Weighted average common share equivalents outstanding	99	98	1	1.0%
Total common and dilutive shares	<u>34,418</u>	<u>34,322</u>	<u>96</u>	<u>0.3%</u>
FFO per common and dilutive share	<u>\$ 1.13</u>	<u>\$ 1.20</u>	<u>\$ (0.07)</u>	<u>(5.8%)</u>
<u>Funds available for distribution (FAD):</u>				
Funds from operations	\$ 38,979	\$ 41,120	\$ (2,141)	(5.2%)
Adjustments:				
Recurring capital improvements	(1,117)	(1,181)	64	(5.4%)
Tenant improvements	(6,800)	(4,856)	(1,944)	40.0%
Lease commissions	(1,568)	(2,897)	1,329	(45.9%)
Total recurring capital expenditures (assets held for sale or sold)	-	(763)	763	(100.0%)
Straight-line rent	(1,034)	(1,185)	151	(12.7%)
Stock compensation expense (excluding LTEIP)	314	372	(58)	(15.6%)
LTEIP amortization	2,090	858	1,232	143.6%
In-place lease adjustment	(311)	(197)	(114)	57.9%
Tenant improvement reimbursements, net of lease incentives	(397)	(438)	41	(9.4%)
Capitalized interest expense	(260)	(224)	(36)	16.1%
FAD	<u>\$ 29,896</u>	<u>\$ 30,609</u>	<u>\$ (713)</u>	<u>(2.3%)</u>
FAD per common and dilutive share	<u>\$ 0.87</u>	<u>\$ 0.89</u>	<u>\$ (0.02)</u>	<u>(2.2%)</u>
<u>Cash available for debt repayment and investments:</u>				
FAD	\$ 29,896	\$ 30,609	(713)	(2.3%)
Distributions to common shareholders	(13,464)	(13,443)	(21)	0.2%
Distributions to common OP unit holders	(3,653)	(3,653)	-	-
Distributions to restricted stock unit holders	(62)	(36)	(26)	72.2%
Joint venture development	(912)	(404)	(508)	125.7%
Non-recurring property renovations	(1,087)	(530)	(557)	105.1%
Cash available for debt repayment and investments	<u>\$ 10,718</u>	<u>\$ 12,543</u>	<u>\$ (1,825)</u>	<u>(14.5%)</u>
FAD distributions payout ratio	<u>57.5%</u>	<u>56.0%</u>		

Adjusted FFO Per Common and Dilutive Share⁽¹⁾



⁽¹⁾ 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.

⁽²⁾ Amount excludes lease buyout payment of \$2.3 million in Q4'13.

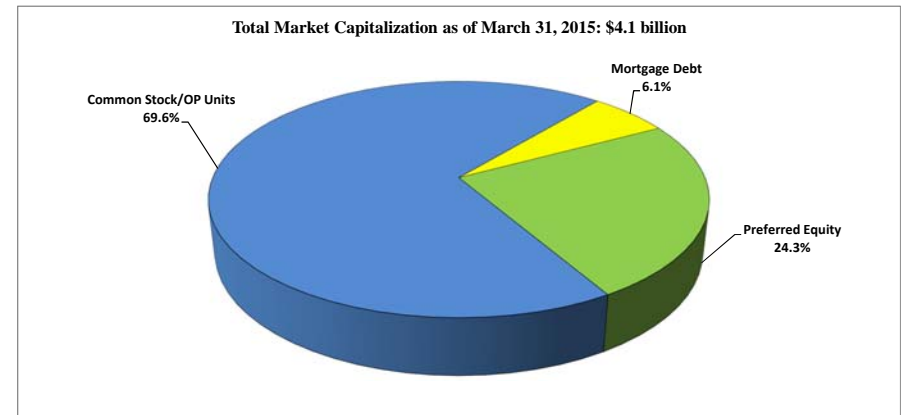
⁽³⁾ Adjusted FFO per share excludes amortization related to the previous LTEIP (2012--2015).

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

	As of March 31, 2015			As of December 31, 2014		
	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	6.1%	5.45%	250,000	6.3%	5.45%
Unsecured Debt:						
\$250.0 million unsecured credit facility (LIBOR + 0.925%)	-			-		
Total unsecured debt	-	-	-	-	-	-
Total debt	250,000	6.1%	5.45%	250,000	6.3%	5.45%
Preferred Equity:						
6.875% Series R preferred stock (3,000,000 depository shares outstanding) callable 10/15/15	75,000			75,000		
6.450% Series S preferred stock (9,200,000 depository shares outstanding) callable 1/18/17	230,000			230,000		
6.000% Series T preferred stock (14,000,000 depository shares outstanding) callable 5/14/17	350,000			350,000		
5.750% Series U preferred stock (9,200,000 depository shares outstanding) callable 9/14/17	230,000			230,000		
5.700% Series V preferred stock (4,400,000 depository shares outstanding) callable 3/14/18	110,000			110,000		
Total preferred equity	995,000	24.3%	6.08%	995,000	25.1%	6.08%
Total debt and preferred equity	1,245,000	30.4%	5.95%	1,245,000	31.4%	5.95%
Common stock (26,947,885 and 26,919,161 shares outstanding as of March 31, 2015 and December 31, 2014, respectively)	2,237,752			2,141,150		
Common operating partnership units (7,305,355 units outstanding as of March 31, 2015 and December 31, 2014)	606,637			581,068		
Total common equity (1)	2,844,389	69.6%		2,722,218	68.6%	
Total market capitalization	\$ 4,089,389	100.0%		\$ 3,967,218	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
	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000



(1) Closing stock price was \$83.04 and \$79.54 as of March 31, 2015 and December 31, 2014, respectively.

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

	03/31/15	12/31/14	Change	% Change
<u>ASSETS</u>				
Cash and cash equivalents	\$ 188,022	\$ 152,467	\$ 35,555	(a) 23.3%
Real estate facilities, at cost:				
Land	798,310	798,310	-	-
Buildings and equipment	2,216,747	2,210,525	6,222	0.3%
	3,015,057	3,008,835	6,222	0.2%
Accumulated depreciation	(1,031,350)	(1,009,901)	(21,449)	2.1%
	1,983,707	1,998,934	(15,227)	(b) (0.8%)
Properties held for disposition, net	500	12,068	(11,568)	(95.9%)
Land and building held for development	25,614	24,442	1,172	4.8%
	2,009,821	2,035,444	(25,623)	(1.3%)
Rent receivable, net	5,856	2,838	3,018	(c) 106.3%
Deferred rent receivable, net	27,040	26,050	990	3.8%
Other assets	6,633	10,315	(3,682)	(d) (35.7%)
Total assets	\$ 2,237,372	\$ 2,227,114	\$ 10,258	0.5%
<u>LIABILITIES AND EQUITY</u>				
Accrued and other liabilities	\$ 68,612	\$ 68,905	\$ (293)	(e) (0.4%)
Mortgage note payable	250,000	250,000	-	-
Total liabilities	318,612	318,905	(293)	(0.1%)
Equity:				
PS Business Parks, Inc.'s shareholders' equity:				
Preferred stock	995,000	995,000	-	-
Common stock	268	268	-	-
Paid-in capital	711,067	709,008	2,059	(f) 0.3%
Cumulative net income	1,279,937	1,244,946	34,991	2.8%
Cumulative distributions	(1,264,527)	(1,235,941)	(28,586)	(g) 2.3%
Total PS Business Parks, Inc.'s shareholders' equity	1,721,745	1,713,281	8,464	0.5%
Noncontrolling interests:				
Common units	197,015	194,928	2,087	1.1%
Total noncontrolling interests:	197,015	194,928	2,087	1.1%
Total equity	1,918,760	1,908,209	10,551	0.6%
Total liabilities and equity	\$ 2,237,372	\$ 2,227,114	\$ 10,258	0.5%

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

(a) Change in cash and cash equivalents:			
Beginning cash balance			\$ 152,467
Net cash provided by operating activities			54,263
Net cash provided by investing activities			12,746
Net cash used in financing activities			(31,454)
Ending cash balance			<u>\$ 188,022</u>
(b) Change in real estate facilities, at cost:			
Beginning balance			\$ 1,998,934
Nonrecurring capital improvements			1,087
Recurring capital improvements			1,117
Tenant improvements, gross			7,189
Lease commissions			1,568
Transfer to properties held for disposition			45
Depreciation and amortization			(26,233)
Ending balance			<u>\$ 1,983,707</u>
(c) Rent receivable, net consists of:			
	<u>03/31/15</u>	<u>12/31/14</u>	<u>Change</u>
Non-government tenants	\$ 4,094	\$ 1,810	\$ 2,284
U.S. Government tenants	2,162	1,428	734
Allowance for doubtful accounts	(400)	(400)	-
	<u>\$ 5,856</u>	<u>\$ 2,838</u>	<u>\$ 3,018</u>
(d) Other assets consist of:			
	<u>03/31/15</u>	<u>12/31/14</u>	<u>Change</u>
In-place lease adjustment and incentives, net	\$ 2,808	\$ 3,050	\$ (242)
Prepaid property taxes and insurance	1,778	3,750	(1,972)
Other	2,047	3,515	(1,468)
	<u>\$ 6,633</u>	<u>\$ 10,315</u>	<u>\$ (3,682)</u>
(e) Accrued and other liabilities consist of:			
	<u>03/31/15</u>	<u>12/31/14</u>	<u>Change</u>
Security deposits	\$ 27,185	\$ 27,482	\$ (297)
Accrued property taxes	11,032	8,767	2,265
Prepaid rent	14,539	15,839	(1,300)
In-place lease adjustment and tenant improvement reimbursements, net	7,219	8,099	(880)
Other	8,637	8,718	(81)
	<u>\$ 68,612</u>	<u>\$ 68,905</u>	<u>\$ (293)</u>
(f) Change in paid-in capital:			
Beginning paid-in capital			\$ 709,008
Exercise of stock options			785
Stock compensation, net			1,650
Adjustment to reflect noncontrolling interests to underlying ownership			(376)
Ending paid in capital			<u>\$ 711,067</u>
(g) Change in cumulative distributions:			
Beginning cumulative distributions			\$ (1,235,941)
Distributions to preferred shareholders			(15,122)
Distributions to common shareholders			(13,464)
Ending cumulative distributions			<u>\$ (1,264,527)</u>

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

	For The Three Months Ended		Change	% Change
	03/31/15	03/31/14		
Revenues:				
Rental income	\$ 92,315	\$ 95,321	\$ (3,006) (a)	(3.2%)
Facility management fees	147	166	(19)	(11.4%)
Total operating revenues	<u>92,462</u>	<u>95,487</u>	<u>(3,025)</u>	<u>(3.2%)</u>
Expenses:				
Cost of operations	31,746	33,444	(1,698) (b)	(5.1%)
Depreciation and amortization	26,233	28,441	(2,208)	(7.8%)
General and administrative	3,399	2,487	912 (c)	36.7%
Total operating expenses	<u>61,378</u>	<u>64,372</u>	<u>(2,994)</u>	<u>(4.7%)</u>
Other income and (expense):				
Interest and other income	107	62	45	72.6%
Interest and other expense	(3,323)	(3,376)	53 (d)	(1.6%)
Total other income and (expense)	<u>(3,216)</u>	<u>(3,314)</u>	<u>98</u>	<u>(3.0%)</u>
Gain on sale of real estate facilities	12,487	-	12,487	100.0%
Net income	<u>\$ 40,355</u>	<u>\$ 27,801</u>	<u>\$ 12,554</u>	<u>45.2%</u>
Net income allocation:				
Net income allocable to noncontrolling interests:				
Noncontrolling interests - common units	\$ 5,364	\$ 2,703	\$ 2,661	98.4%
Total net income allocable to noncontrolling interests	<u>5,364</u>	<u>2,703</u>	<u>2,661</u>	<u>98.4%</u>
Net income allocable to PS Business Parks, Inc.:				
Preferred shareholders	15,122	15,122	-	-
Restricted stock unit holders	98	36	62	172.2%
Common shareholders	19,771	9,940	9,831	98.9%
Total net income allocable to PS Business Parks, Inc.	<u>34,991</u>	<u>25,098</u>	<u>9,893</u>	<u>39.4%</u>
	<u>\$ 40,355</u>	<u>\$ 27,801</u>	<u>\$ 12,554</u>	<u>45.2%</u>
Net income per common share				
Basic	\$ 0.73	\$ 0.37	\$ 0.36	97.3%
Diluted	\$ 0.73	\$ 0.37	\$ 0.36	97.3%
Weighted average common shares outstanding:				
Basic	<u>26,925</u>	<u>26,863</u>	<u>62</u>	<u>0.2%</u>
Diluted	<u>27,024</u>	<u>26,961</u>	<u>63</u>	<u>0.2%</u>

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

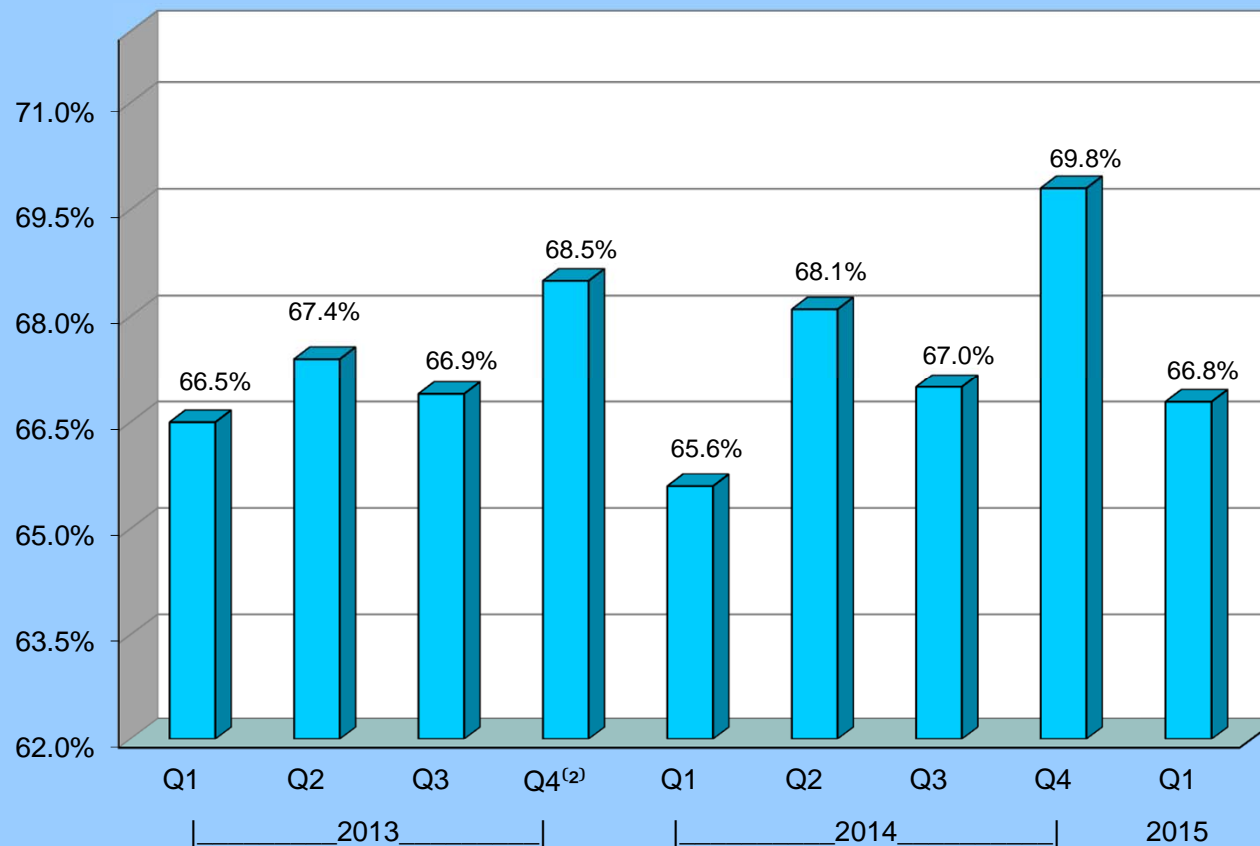
	For The Three Months Ended		Change
	03/31/15	03/31/14	
(a) Rental income:			
Same Park	\$ 85,549	\$ 84,306	\$ 1,243
Non-Same Park	5,339	3,831	1,508
Same Park straight-line rent	662	807	(145)
Non-Same Park straight-line rent	369	119	250
Assets held for sale or sold	396	6,258	(5,862)
	<u>\$ 92,315</u>	<u>\$ 95,321</u>	<u>\$ (3,006)</u>
(b) Cost of Operations:			
Same Park	\$ 28,631	\$ 28,981	\$ (350)
Non-Same Park	2,287	1,627	660
Assets held for sale or sold	96	2,507	(2,411)
LTEIP amortization	732	329	403
	<u>\$ 31,746</u>	<u>\$ 33,444</u>	<u>\$ (1,698)</u>
(c) General and administrative expenses:			
Cash and non-cash compensation expense	\$ 1,445	\$ 1,390	\$ 55
LTEIP amortization	1,358	529	829
Professional fees and other	596	568	28
	<u>\$ 3,399</u>	<u>\$ 2,487</u>	<u>\$ 912</u>
(e) Interest and other expense:			
Mortgage notes payable	\$ (3,407)	\$ (3,407)	\$ -
Capitalized interest	260	224	36
Credit Facility fees & other charges	(175)	(193)	18
	<u>\$ (3,323)</u>	<u>\$ (3,376)</u>	<u>\$ 53</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, 2015</u>	<u>Cost per Weighted</u> <u>Average Square Foot</u>
Capital improvements	\$1,117	\$0.04
Tenant improvements	6,800	\$0.24
Lease commissions	1,568	\$0.06
Total recurring capital expenditures	<u>\$9,485</u>	\$0.34
 <u>Non-recurring property renovations</u>		
Non-recurring property renovations	\$1,087	

- (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 \$7.7 million or approximately \$0.27 per weighted average square foot for the three months ended March 31, 2015 compared to \$7.5 million or approximately \$0.25 per weighted average square foot for the three months ended March 31, 2014.

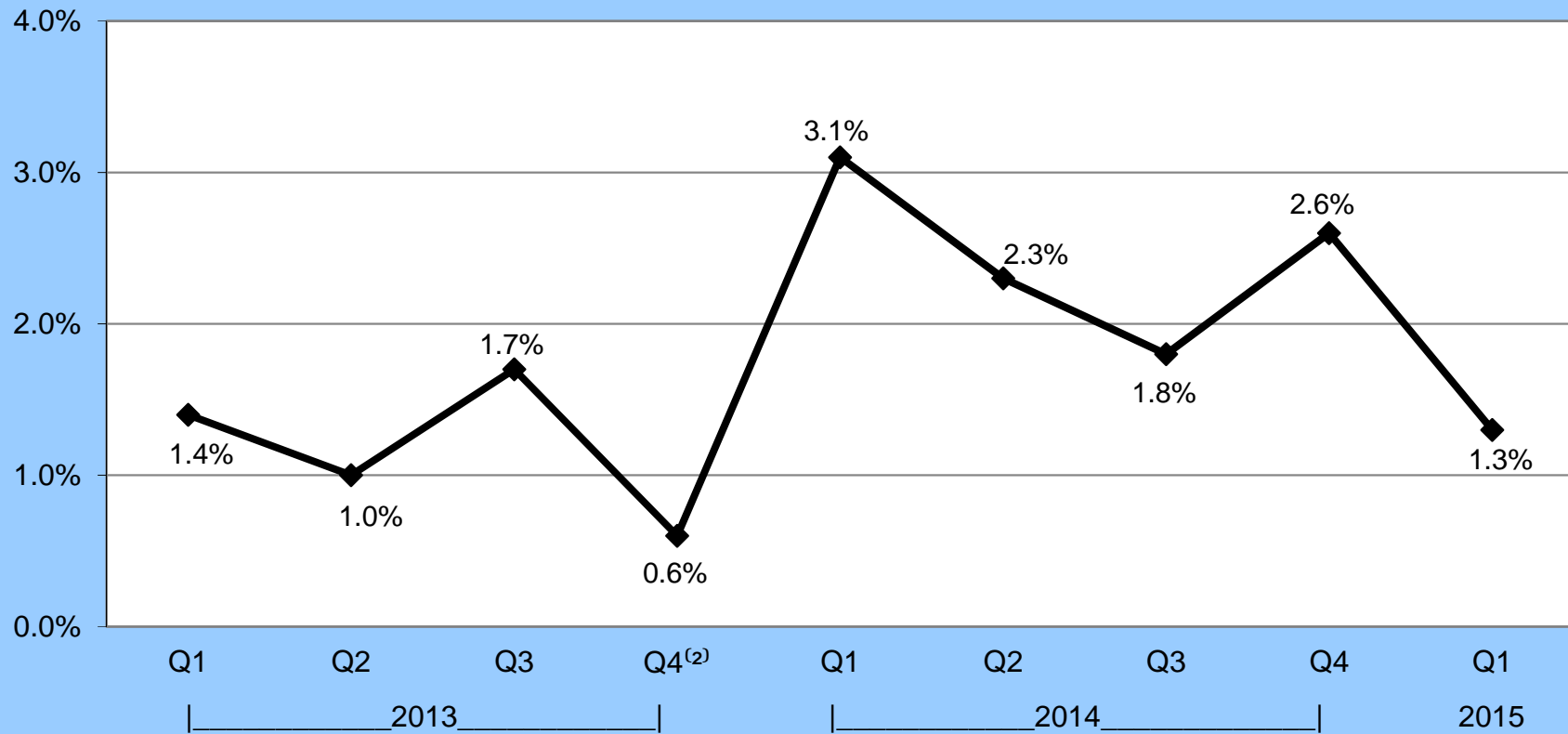
Same Park Gross Operating Margin Percentage ⁽¹⁾



⁽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⁾ Amount excludes lease buyout payment of \$2.3 million in Q4'13.

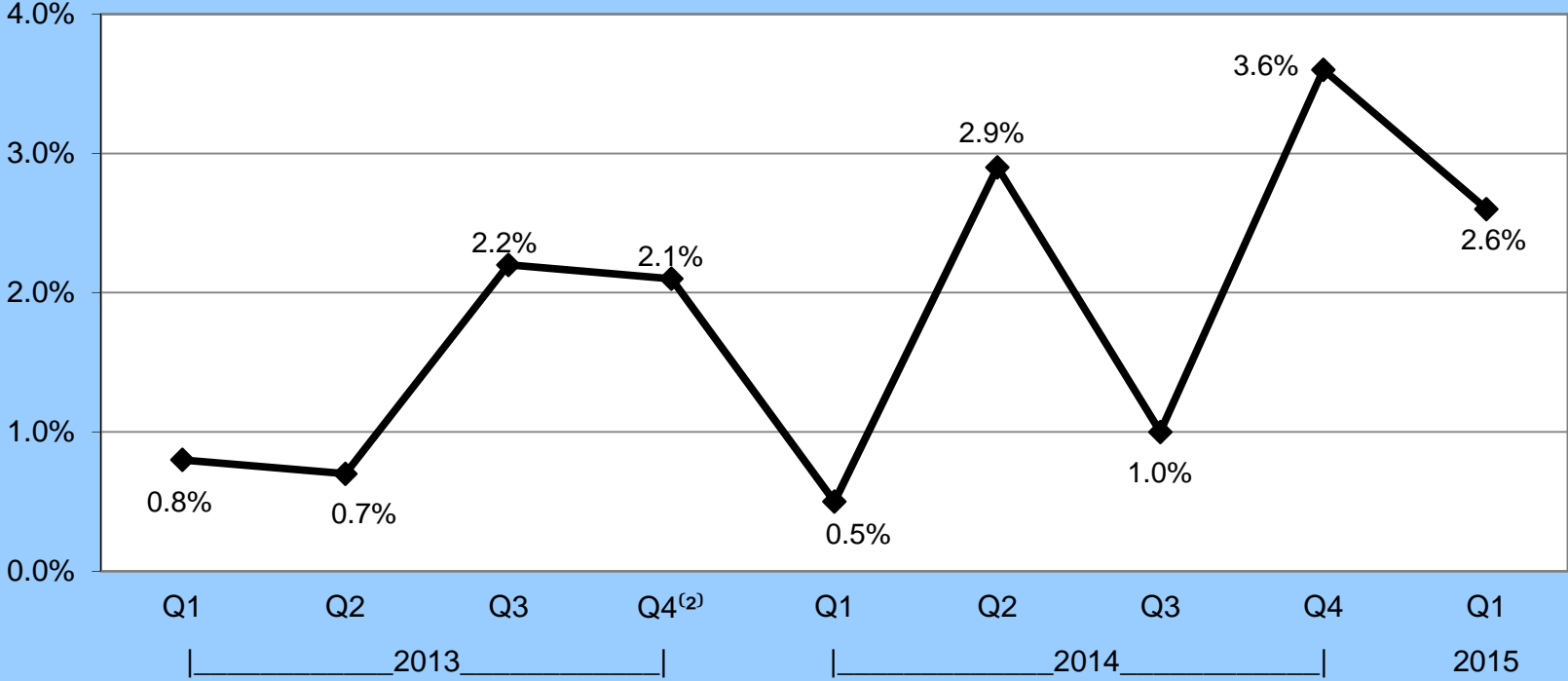
Change in Same Park Revenue⁽¹⁾



⁽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⁾ Amount excludes lease buyout payment of \$2.3 million in Q4'13.

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

PS BUSINESS PARKS, INC.
PORTFOLIO CONCENTRATION SUMMARY
(in thousands, excludes assets held for sale)

Industry Concentration as of March 31, 2015

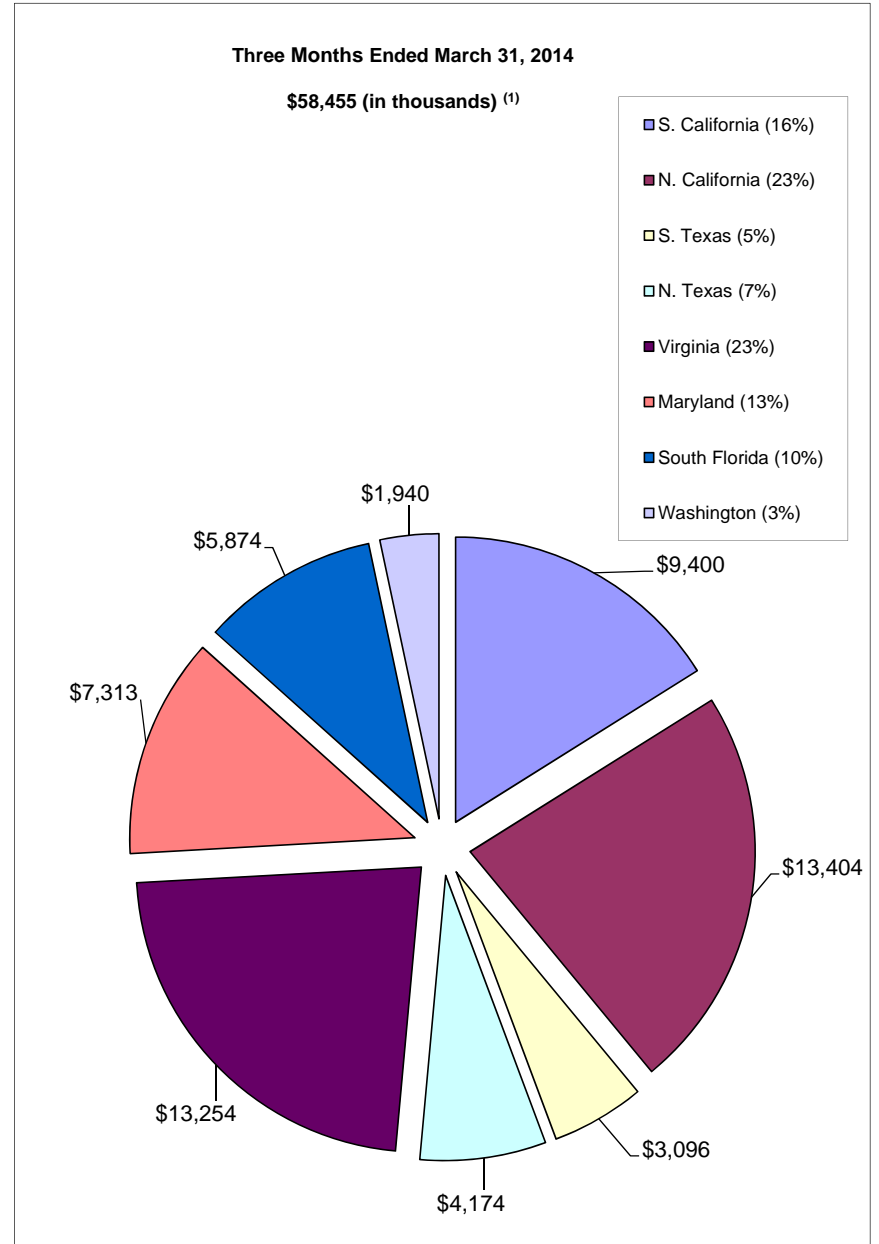
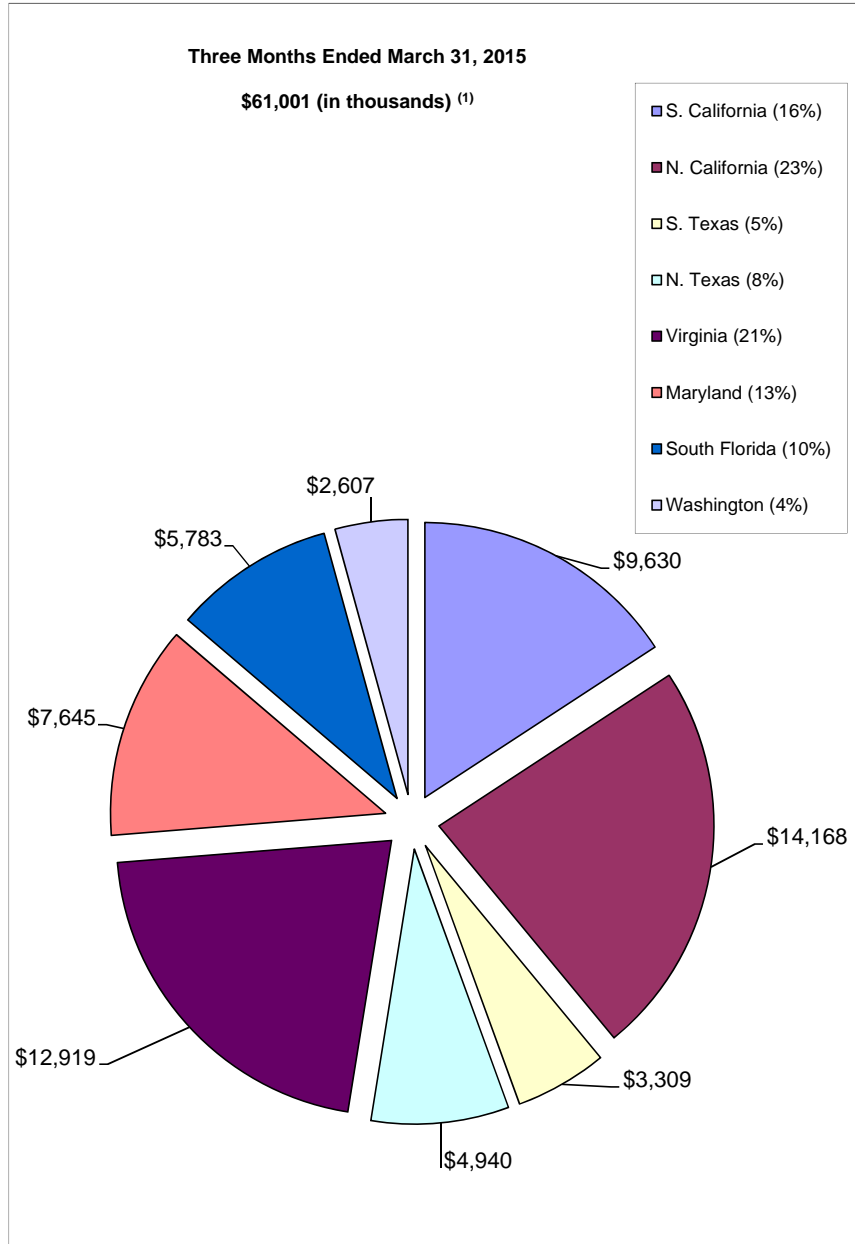
	% of Total Rental Income
Business services	17.3%
Government	10.5%
Computer hardware, software and related services	10.3%
Warehouse, distribution, transportation and logistics	10.0%
Health services	9.7%
Retail, food, and automotive	6.4%
Engineering and construction	6.3%
Insurance and financial services	5.0%
Home furnishings	3.1%
Electronics	2.8%
Aerospace/defense products and services	2.8%
Communications	2.2%
Educational services	1.7%
Other	11.9%
Total	100.0%

Top 10 Customers by Total Annual Rental Income as of March 31, 2015

Tenant	Square Footage	Annualized Rental Income ⁽¹⁾	% of Total Annualized Rental Income
US Government	847	\$ 20,599	5.7%
Kaiser Permanente	199	4,480	1.2%
Lockheed Martin Corporation	168	4,206	1.2%
Keeco, L.L.C.	460	3,313	0.9%
Luminex Corporation	185	3,028	0.8%
Wells Fargo	118	2,305	0.6%
Salient Federal Solutions, Inc.	58	1,899	0.5%
Raytheon	80	1,829	0.5%
Investorplace Media, LLC	46	1,715	0.5%
Inova Health Care Services	63	1,682	0.5%
Total	2,224	\$ 45,056	12.4%

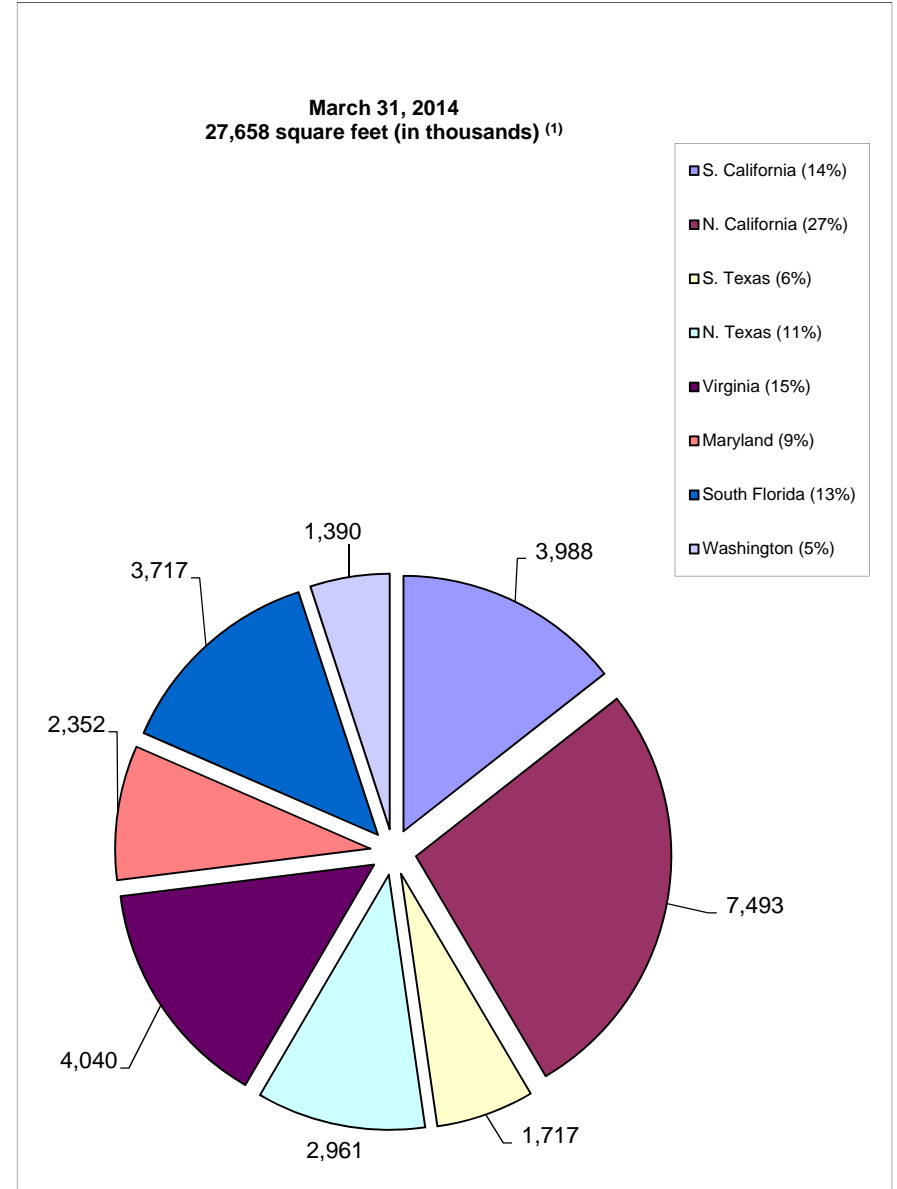
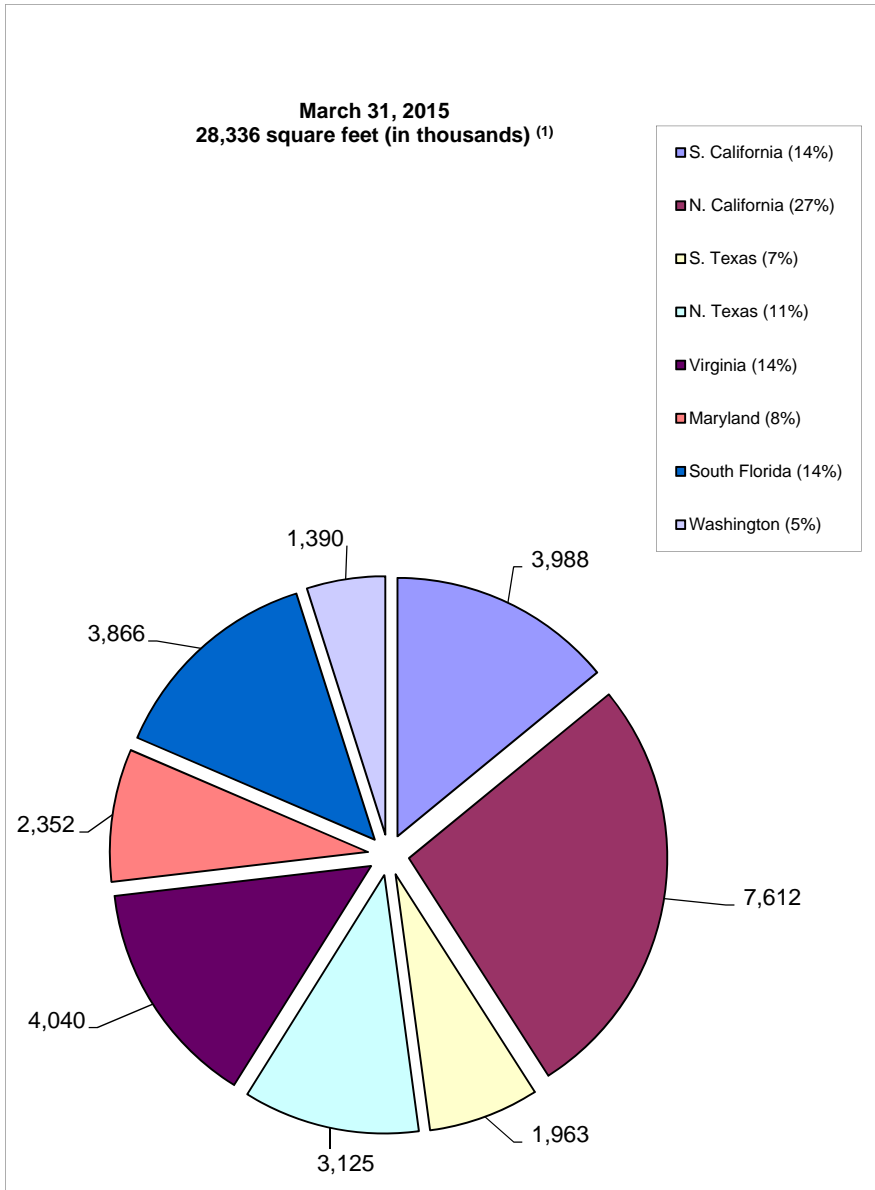
(1) - For leases expiring within one year, annualized rental income represents income to be received under existing leases from April 1, 2015 through the date of expiration.

Total Portfolio Net Operating Income by Region



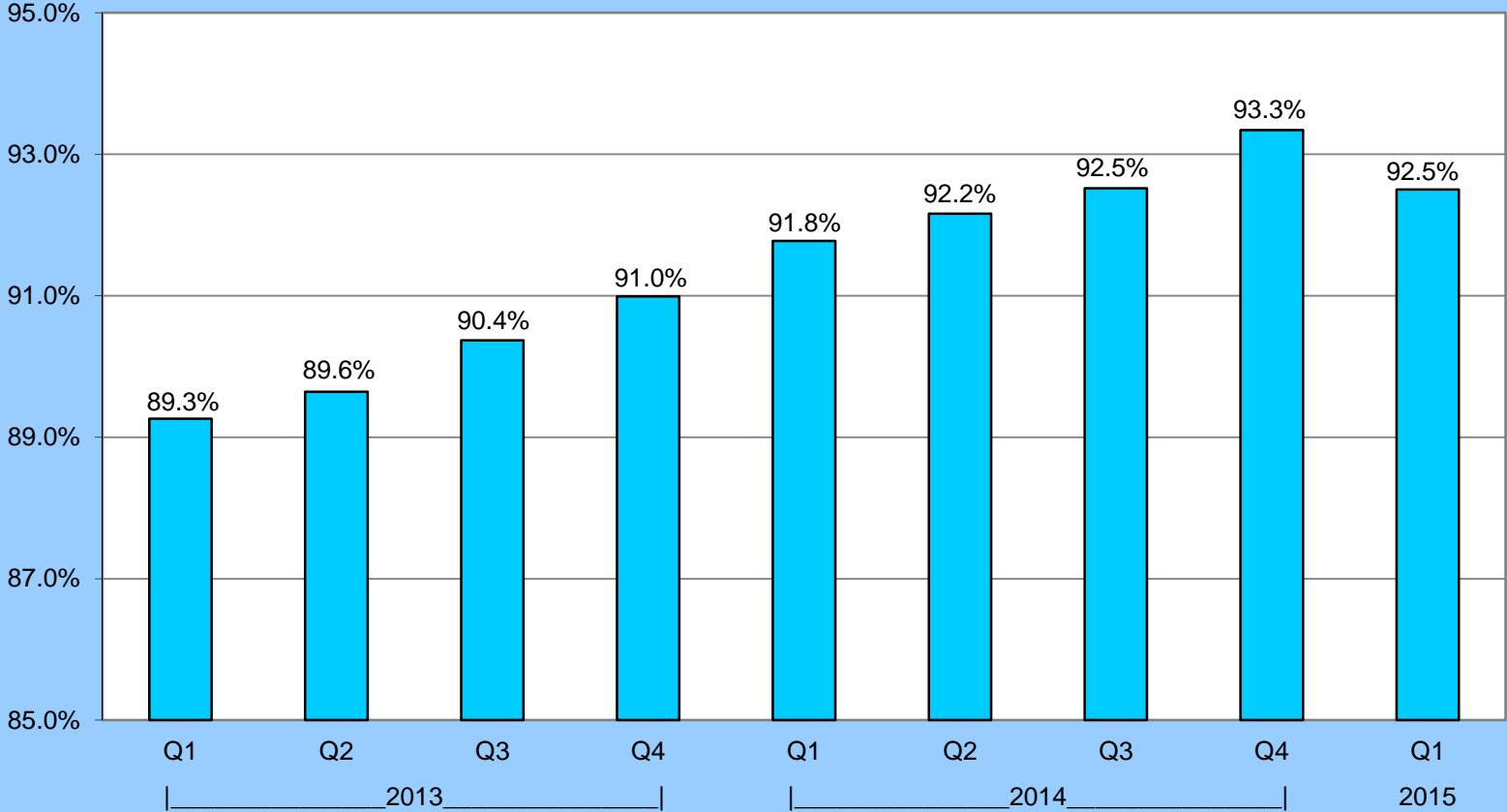
(1) - Excludes assets held for sale.

Total Owned Rentable Square Footage by Region



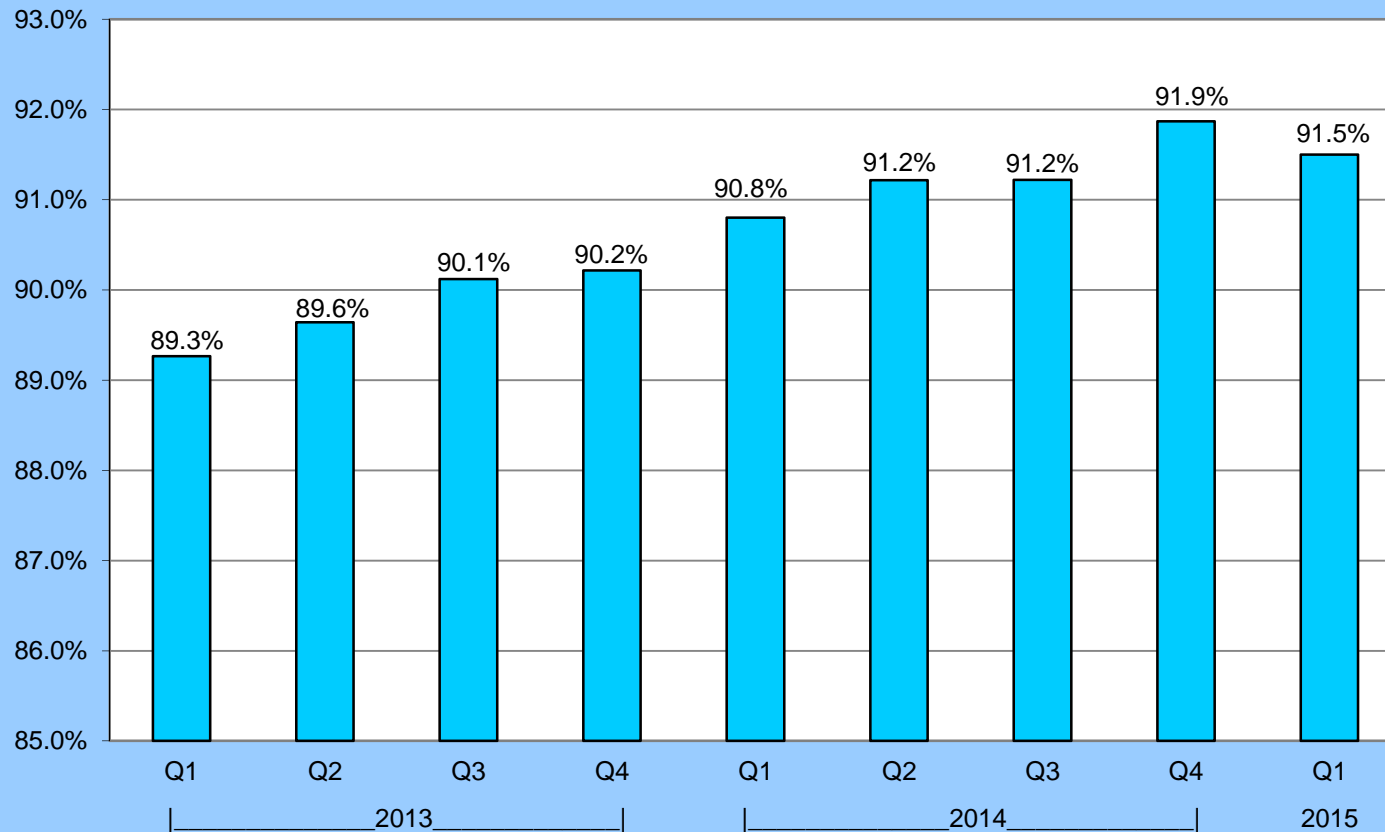
(1) - Excludes assets held for sale.

Same Park Weighted Average Occupancy (1)



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

Total Owned Portfolio Weighted Average Occupancy ⁽¹⁾



⁽¹⁾ Represents the weighted average occupancy for total owned portfolio excluding assets held for sale.

PS BUSINESS PARKS, INC.
SAME PARK PORTFOLIO OVERVIEW
(in thousands, excludes assets held for sale)

Rentable Square Footage of Properties as of March 31, 2015

Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern California	3,906	-	3,247	7,153	27.4%
Northern Virginia	-	2,093	1,947	4,040	15.5%
South Florida	2,631	12	1,074	3,717	14.2%
Maryland	-	1,382	970	2,352	9.0%
Dallas	231	-	1,537	1,768	6.8%
Orange County	-	705	911	1,616	6.2%
Los Angeles County	712	31	861	1,604	6.1%
Austin	-	-	1,717	1,717	6.6%
San Diego County	-	-	768	768	2.9%
Seattle	951	28	411	1,390	5.3%
Total	8,431	4,251	13,443	26,125	100.0%
Percentage by Product Type	32.3%	16.3%	51.4%	100.0%	

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

Primary Markets	Industrial	Office	Flex	Total
Northern California	96.8%	-	93.6%	95.3%
Northern Virginia	-	89.4%	91.8%	90.6%
South Florida	89.5%	100.0%	94.2%	90.9%
Maryland	-	93.4%	82.0%	88.7%
Dallas	100.0%	-	90.7%	91.9%
Orange County	-	84.3%	92.6%	89.0%
Los Angeles County	97.5%	88.2%	96.4%	96.8%
Austin	-	-	92.8%	92.8%
San Diego County	-	-	92.5%	92.5%
Seattle	93.4%	82.6%	96.6%	94.1%
Total	94.3%	89.8%	92.3%	92.5%

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

Primary Markets	Large Tenant	Small Tenant	Total
Northern California	96.0%	92.0%	95.3%
Northern Virginia	91.4%	89.1%	90.6%
South Florida	90.5%	92.6%	90.9%
Maryland	88.2%	90.3%	88.7%
Dallas	92.6%	88.4%	91.9%
Orange County	90.4%	87.7%	89.0%
Los Angeles County	97.5%	96.2%	96.8%
Austin	93.1%	90.9%	92.8%
San Diego County	-	92.5%	92.5%
Seattle	93.4%	95.7%	94.1%
Total	92.9%	91.5%	92.5%

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, excludes assets held for sale)

Rentable Square Footage of Properties as of March 31, 2015					
Primary Markets	Industrial	Office	Flex	Total	% of Total
Northern California	3,906	340	3,366	7,612	26.9%
Northern Virginia	-	2,093	1,947	4,040	14.3%
South Florida	2,780	12	1,074	3,866	13.6%
Maryland	-	1,382	970	2,352	8.3%
Dallas	231	-	2,894	3,125	11.0%
Austin	246	-	1,717	1,963	6.9%
Orange County	-	705	911	1,616	5.7%
Los Angeles County	712	31	861	1,604	5.7%
Seattle	951	28	411	1,390	4.9%
San Diego County	-	-	768	768	2.7%
Total	8,826	4,591	14,919	28,336	100.0%
Percentage by Product Type	<u>31.1%</u>	<u>16.2%</u>	<u>52.7%</u>	<u>100.0%</u>	

Weighted Average Occupancy Rates by Product Type for the Three Months Ended March 31, 2015				
Primary Markets	Industrial	Office	Flex	Total
Northern California	96.8%	78.4%	93.6%	94.6%
Northern Virginia	-	89.4%	91.8%	90.6%
South Florida	90.1%	100.0%	94.2%	91.2%
Maryland	-	93.4%	82.0%	88.7%
Dallas	100.0%	-	85.8%	86.8%
Austin	53.3%	-	92.8%	87.9%
Orange County	-	84.3%	92.6%	89.0%
Los Angeles County	97.5%	88.2%	96.4%	96.8%
Seattle	93.4%	82.6%	96.6%	94.1%
San Diego County	-	-	92.5%	92.5%
Total	93.2%	89.0%	91.2%	91.5%

Weighted Average Occupancy Rates by Portfolio Type for the Three Months Ended March 31, 2015			
Primary Markets	Large Tenant	Small Tenant	Total
Northern California	96.0%	89.3%	94.6%
Northern Virginia	91.4%	89.1%	90.6%
South Florida	90.9%	92.6%	91.2%
Maryland	88.2%	90.3%	88.7%
Dallas	90.9%	80.2%	86.8%
Austin	87.4%	90.9%	87.9%
Orange County	90.4%	87.7%	89.0%
Los Angeles County	97.5%	96.2%	96.8%
Seattle	93.4%	95.7%	94.1%
San Diego County	-	92.5%	92.5%
Total	92.3%	89.6%	91.5%

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, 2015
(in thousands, excludes assets held for sale)

Lease Expirations - Flex					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	3,116	\$ 40,496	20.3%	10.6%	
2016	3,274	47,096	23.5%	12.3%	
2017	2,515	36,562	18.3%	9.6%	
2018	1,543	22,366	11.2%	5.9%	
2019	1,182	18,070	9.0%	4.7%	
Thereafter	1,929	35,449	17.7%	9.3%	
Total	<u>13,559</u>	<u>\$ 200,039</u>	<u>100.0%</u>	<u>52.4%</u>	

Lease Expirations - Office					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	873	\$ 21,201	19.6%	5.6%	
2016	1,084	28,379	26.2%	7.4%	
2017	698	17,603	16.3%	4.6%	
2018	701	18,689	17.3%	4.9%	
2019	352	9,183	8.5%	2.4%	
Thereafter	421	13,118	12.1%	3.4%	
Total	<u>4,129</u>	<u>\$ 108,173</u>	<u>100.0%</u>	<u>28.3%</u>	

Lease Expirations - Industrial					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	1,238	\$ 10,005	13.6%	2.6%	
2016	1,811	13,966	19.0%	3.7%	
2017	1,507	12,550	17.1%	3.3%	
2018	830	7,510	10.2%	2.0%	
2019	1,354	12,087	16.5%	3.2%	
Thereafter	1,646	17,303	23.6%	4.5%	
Total	<u>8,386</u>	<u>\$ 73,421</u>	<u>100.0%</u>	<u>19.3%</u>	

Lease Expirations - Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	5,227	\$ 71,702	18.8%	18.8%	
2016	6,169	89,441	23.4%	23.4%	
2017	4,720	66,715	17.5%	17.5%	
2018	3,074	48,565	12.7%	12.7%	
2019	2,888	39,340	10.3%	10.3%	
Thereafter	3,996	65,870	17.3%	17.3%	
Total	<u>26,074</u>	<u>\$ 381,633</u>	<u>100.0%</u>	<u>100.0%</u>	

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2015
(in thousands, excludes assets held for sale)

Southern California					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	1,062	\$ 16,332	27.0%	4.3%	
2016	987	15,172	25.1%	4.0%	
2017	837	12,743	21.1%	3.4%	
2018	359	6,933	11.5%	1.8%	
2019	245	4,069	6.7%	1.1%	
Thereafter	208	5,193	8.6%	1.4%	
Total	<u>3,698</u>	<u>\$ 60,442</u>	<u>100.0%</u>	<u>16.0%</u>	

Northern California					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	1,163	\$ 14,206	16.8%	3.7%	
2016	1,671	17,671	21.0%	4.6%	
2017	970	11,893	14.1%	3.1%	
2018	785	9,348	11.1%	2.5%	
2019	1,330	14,145	16.8%	3.7%	
Thereafter	1,334	17,057	20.2%	4.5%	
Total	<u>7,253</u>	<u>\$ 84,320</u>	<u>100.0%</u>	<u>22.1%</u>	

Southern Texas					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	399	\$ 4,417	19.3%	1.2%	
2016	263	3,530	15.5%	0.9%	
2017	360	4,814	21.1%	1.3%	
2018	271	3,766	16.5%	1.0%	
2019	94	1,258	5.5%	0.3%	
Thereafter	312	5,048	22.1%	1.3%	
Total	<u>1,699</u>	<u>\$ 22,833</u>	<u>100.0%</u>	<u>6.0%</u>	

Northern Texas					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	497	\$ 5,397	18.5%	1.4%	
2016	540	4,930	16.9%	1.3%	
2017	508	5,735	19.6%	1.5%	
2018	303	3,053	10.5%	0.8%	
2019	300	3,298	11.3%	0.9%	
Thereafter	493	6,759	23.2%	1.8%	
Total	<u>2,641</u>	<u>\$ 29,172</u>	<u>100.0%</u>	<u>7.7%</u>	

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2015
(in thousands, excludes assets held for sale)

South Florida				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2015	882	\$ 7,419	21.0%	1.9%
2016	939	8,986	25.5%	2.4%
2017	755	7,401	21.0%	1.9%
2018	509	5,483	15.5%	1.4%
2019	166	1,896	5.4%	0.5%
Thereafter	398	4,081	11.6%	1.1%
Total	<u>3,649</u>	<u>\$ 35,266</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
2015	626	\$ 11,664	13.9%	3.1%
2016	1,025	23,505	28.1%	6.2%
2017	656	14,473	17.3%	3.8%
2018	346	9,048	10.8%	2.4%
2019	340	8,003	9.5%	2.1%
Thereafter	700	17,048	20.4%	4.4%
Total	<u>3,693</u>	<u>\$ 83,741</u>	<u>100.0%</u>	<u>22.0%</u>
Maryland				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2015	402	\$ 9,404	18.4%	2.4%
2016	540	12,770	24.9%	3.3%
2017	289	6,648	13.0%	1.7%
2018	366	9,253	18.0%	2.4%
2019	230	5,109	10.0%	1.3%
Thereafter	288	8,042	15.7%	2.1%
Total	<u>2,115</u>	<u>\$ 51,226</u>	<u>100.0%</u>	<u>13.2%</u>
Washington				
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income
2015	196	\$ 2,863	19.6%	0.7%
2016	204	2,877	19.7%	0.7%
2017	345	3,008	20.5%	0.8%
2018	135	1,681	11.5%	0.5%
2019	183	1,562	10.6%	0.4%
Thereafter	263	2,642	18.1%	0.7%
Total	<u>1,326</u>	<u>\$ 14,633</u>	<u>100.0%</u>	<u>3.8%</u>

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2015
(in thousands, excludes assets held for sale)

Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	5,227	\$ 71,702	18.8%	18.8%	
2016	6,169	89,441	23.4%	23.4%	
2017	4,720	66,715	17.5%	17.5%	
2018	3,074	48,565	12.7%	12.7%	
2019	2,888	39,340	10.3%	10.3%	
Thereafter	3,996	65,870	17.3%	17.3%	
Total	<u>26,074</u>	<u>\$ 381,633</u>	<u>100.0%</u>	<u>100.0%</u>	

PS BUSINESS PARKS, INC.
TOTAL PORTFOLIO LEASE EXPIRATIONS AS OF MARCH 31, 2015
(in thousands, excludes assets held for sale)

Lease Expirations - Large Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	2,793	\$ 34,138	13.9%	9.0%	
2016	3,881	51,181	20.8%	13.4%	
2017	3,224	40,608	16.5%	10.6%	
2018	2,293	34,097	13.8%	8.9%	
2019	2,382	29,124	11.8%	7.6%	
Thereafter	3,646	57,280	23.2%	15.0%	
Total	<u>18,219</u>	<u>\$ 246,428</u>	<u>100.0%</u>	<u>64.5%</u>	

Lease Expirations - Small Tenant Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	2,434	\$ 37,564	27.8%	9.8%	
2016	2,288	38,260	28.3%	10.0%	
2017	1,496	26,107	19.3%	6.9%	
2018	781	14,468	10.7%	3.8%	
2019	506	10,216	7.6%	2.7%	
Thereafter	350	8,590	6.3%	2.3%	
Total	<u>7,855</u>	<u>\$ 135,205</u>	<u>100.0%</u>	<u>35.5%</u>	

Lease Expirations - Total Portfolio					
Year of Lease Expiration	Leased Square Footage	Annualized Rental Income	%	% of Total Annualized Rental Income	
2015	5,227	\$ 71,702	18.8%	18.8%	
2016	6,169	89,441	23.4%	23.4%	
2017	4,720	66,715	17.5%	17.5%	
2018	3,074	48,565	12.7%	12.7%	
2019	2,888	39,340	10.3%	10.3%	
Thereafter	3,996	65,870	17.3%	17.3%	
Total	<u>26,074</u>	<u>\$ 381,633</u>	<u>100.0%</u>	<u>100.0%</u>	

PS BUSINESS PARKS, INC.
QUARTER TO DATE PRODUCTION STATISTICS - TOTAL PORTFOLIO ⁽¹⁾
March 31, 2015

	Leasing Volume Q1 2015	Tenant Retention Q1 2015	Rental Rate Change ⁽²⁾ Q1 2015	Rental Rate Change ⁽²⁾ Q1 2014
Maryland	81,000	54.8%	-8.8%	-2.2%
Northern Virginia	265,000	64.6%	-3.0%	-7.0%
San Diego County	91,000	61.9%	2.8%	0.0%
Orange County	145,000	53.4%	5.1%	-5.7%
Los Angeles County	111,000	52.1%	4.4%	9.2%
South Florida	425,000	70.5%	8.3%	2.6%
Austin	139,000	41.3%	9.3%	8.5%
Dallas	239,000	30.1%	-2.7%	3.4%
Seattle	128,000	59.0%	11.9%	-1.0%
Northern California	454,000	70.7%	12.5%	0.7%
Company Totals	2,078,000	56.0%	4.9%	-0.7%

⁽¹⁾ Excludes assets held for sale.

⁽²⁾ 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.