

News Release

PS Business Parks, Inc.
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PS Business Parks, Inc. Announces Tax Treatment of 2018 Dividends

GLENDALE, California—PS Business Parks, Inc. (NYSE:PSB) announced today the tax treatment of the Company’s 2018 dividends. For the tax year ended December 31, 2018, distributions for the common stock and all the various series of preferred stock were classified as follows:

	2018			
	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Ordinary Income	100.0000%	100.0000%	100.0000%	97.3306%
Long-Term Capital Gain	0.0000%	0.0000%	0.0000%	2.6694%
Total	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>

The ordinary income dividends are not “qualified dividend income” for purposes of determining dividends that are taxed as net capital gain.

For shareholders other than corporations the ordinary dividends are “qualified REIT dividends” under the new qualified business income provisions enacted as part of the Tax Cuts and Jobs Act of 2017.

For the fourth quarter of 2018, the percentage of the long-term capital gain that constitutes unrecaptured section 1250 gain is 88.4586%. Corporate shareholders subject to IRC §291 should treat 20% of the unrecaptured section 1250 gain as ordinary income.

In prior years PS Business Parks, Inc., has apportioned its alternative minimum tax adjustments between the REIT and its shareholders under section 59(d) of the Internal Revenue Code. The Tax Cuts and Jobs Act of 2017 repealed the alternative minimum tax provisions related to corporations. Due to this repeal there are no adjustments to be apportioned between PS Business Parks, Inc. and its shareholders after 2017.

This release is based on the preliminary results of work on the Company’s tax filings and is subject to correction or adjustment when the filings are completed. The Company is releasing information at this time to aid those required to distribute Forms 1099 on the Company’s distributions. No material change in this classification is expected.

If you have questions, please consult your tax advisor for further guidance.

Company Information

PS Business Parks, Inc., a member of the S&P SmallCap 600, is a real estate investment trust (“REIT”) that acquires, develops, owns and operates commercial properties, primarily multi-tenant industrial, flex and office space. As of October 31, 2018, the Company wholly owned 28.2 million rentable square feet with approximately 5,050 commercial customers concentrated in six states and a 95.0% interest in a 395-unit apartment complex.

Additional information about PS Business Parks, Inc. is available on the Company’s website which can be found at psbusinessparks.com.

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