



**HUNTWOOD BUSINESS PARK**  
176,000 SF BUSINESS PARK - HAYWARD, CA

# INVESTOR OVERVIEW

## SEPTEMBER 2021

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# COMPANY OVERVIEW



PS Business Parks, Inc. (NYSE: PSB), an S&P MidCap 400 company, is a real estate investment trust that acquires, develops, owns, and operates commercial properties, predominantly multi-tenant industrial, industrial-flex, and low-rise suburban office. Located primarily in major coastal markets, PS Business Parks' 97 parks include approximately 5,100 tenants, in 28.1 million square feet<sup>1</sup>, and approximately 800 residential units inclusive of units in-process.



## **28.1 MILLION SQUARE FEET<sup>1</sup>**

wholly owned and operated



## **CONCENTRATED IN 12 SUBMARKETS**

spread across six states



## **FOCUSED PORTFOLIO<sup>1</sup>**

of industrial/industrial-flex product  
in gateway markets (89.7%)



## **FORTRESS BALANCE SHEET**

with strong debt and liquidity  
metrics



## **MARKET & SECTOR OUTPERFORMANCE**

12.0% Compounded TSR since IPO



## **A- CORPORATE CREDIT RATING**

by Standard & Poor's



## **EXPERIENCED MANAGEMENT TEAM**

Divisional Vice Presidents average  
14 years of employment at PSB



## **CUSTOMER-CENTRIC FOCUS**

efficient leasing and property  
management platform



## **800 MULTIFAMILY UNITS<sup>2</sup>**

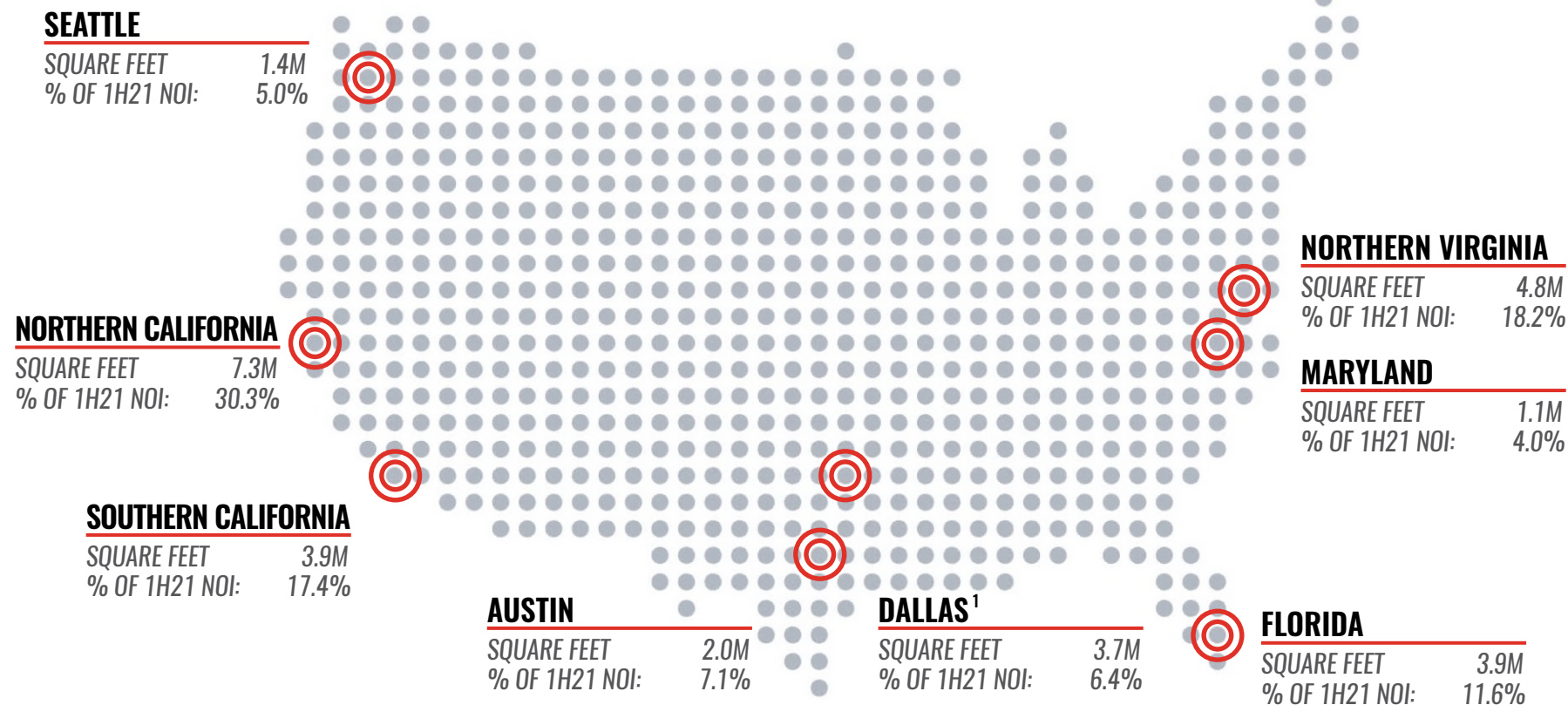
in Tysons Corner, VA

<sup>1</sup> As of September 1, 2021.

<sup>2</sup> Inclusive of units in-process.



# OPTIMAL PRODUCT IN PRIME MARKETS



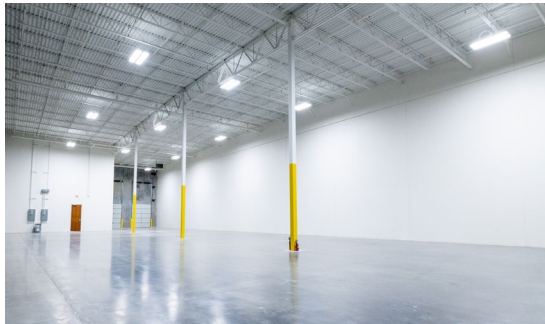
**90% OF SQUARE FEET FROM INDUSTRIAL AND INDUSTRIAL-FLEX SPACE**

<sup>1</sup> As of September 1, 2021.

# PSB PRODUCT SEGMENTS<sup>1</sup>



## INDUSTRIAL 69%



- 19.2M square feet
- Dock high & grade doors
- Ceiling heights of 18' plus
- Less than 15% office build-out

## INDUSTRIAL-FLEX 21%

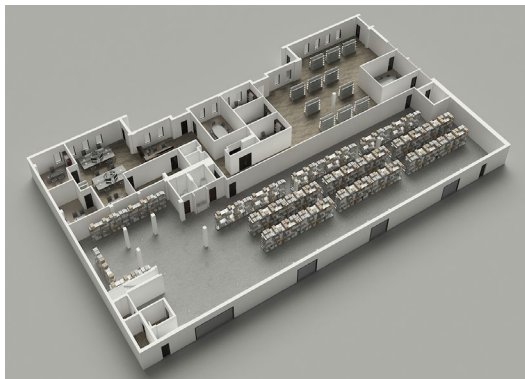


- 6.0M square feet
- Dock high & grade doors
- Easily reconfigured buildings
- Typically 15%-50% office build-out

## OFFICE 10%



- 2.9M square feet
- Infill suburban locations
- Flexible floor plates
- Re-usable tenant spaces



### INDUSTRIAL-FLEX SPACE

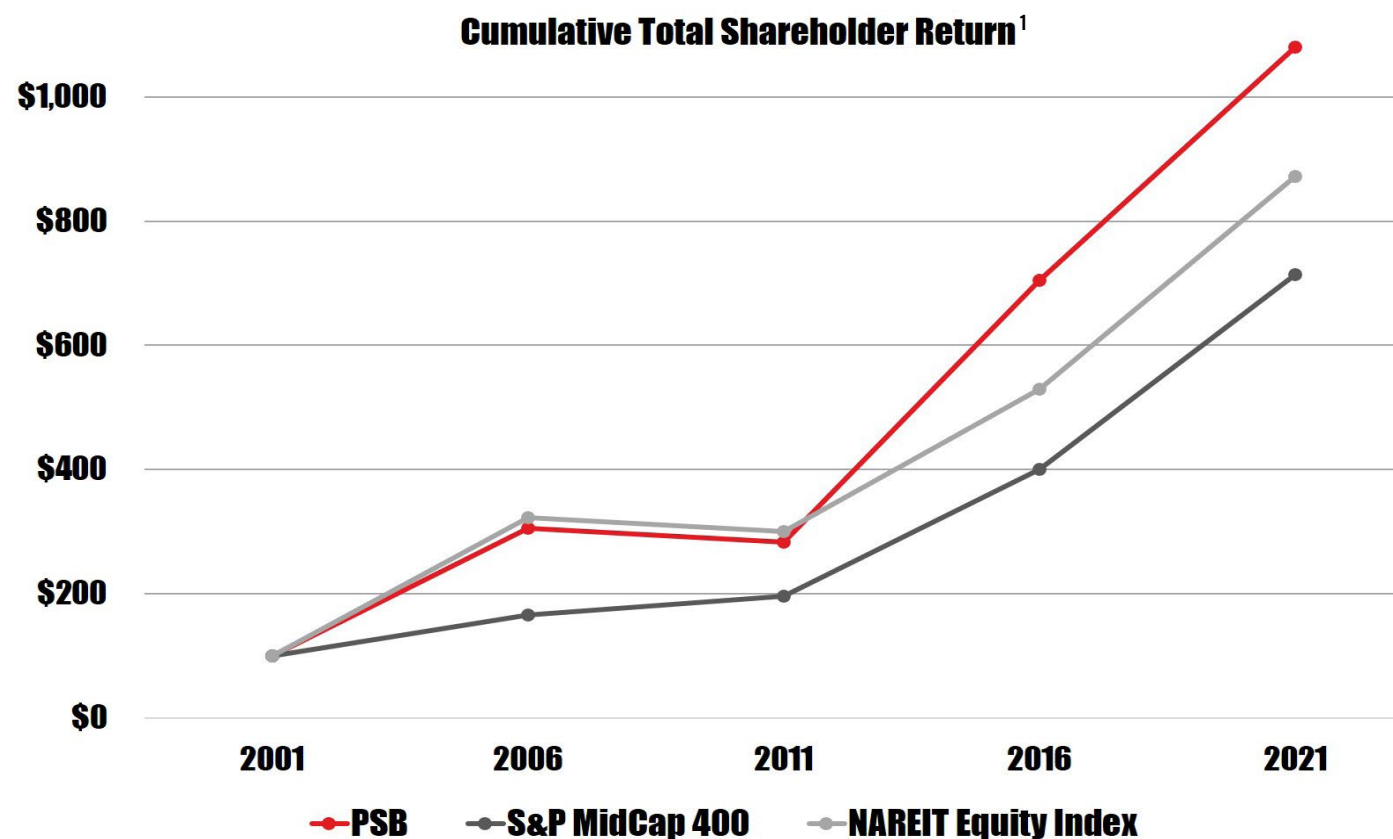
- Industrial building with a varying combination of warehouse, office, R&D, retail, and manufacturing space
- Compared to industrial, industrial-flex offers more office space, additional parking, and upgraded finishes
- Typically designed to handle greater power demands, often temperature controlled throughout
- Versatility of industrial-flex appeals to a broad range of customers, providing stable cash flow
- Customers can lower overhead by consolidating multiple operations under one roof

<sup>1</sup> As of September 1, 2021.

# STOCKHOLDER RETURN



Consistent market outperformance as a result of disciplined investing, best in class operations, and prudent balance sheet management.



Source: FactSet September 1, 2021

<sup>1</sup> Cumulative stockholder return for the period January 1, 2001 - September 1, 2021 indexed on \$100 invested in 2001.

**12.4%  
ANNUALIZED  
RETURN  
OVER THE PAST 20  
YEARS<sup>1</sup>**

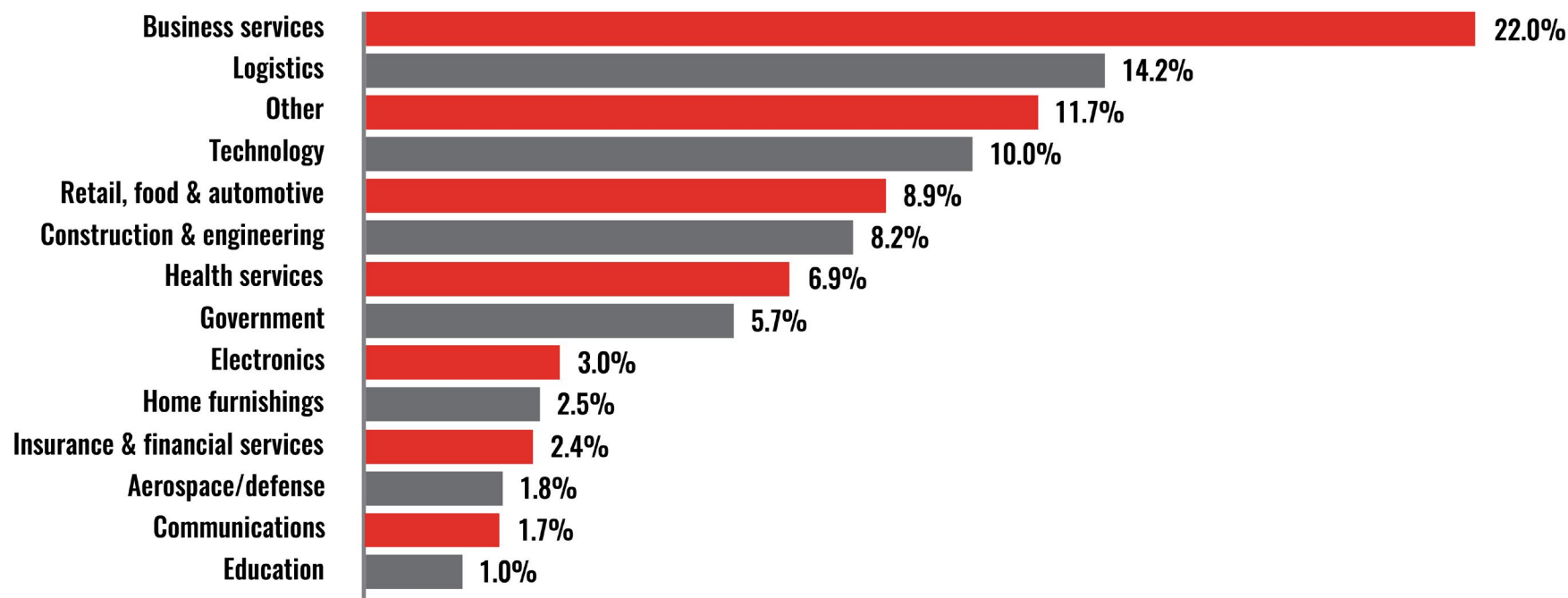
**OUTPERFORMING  
NAREIT BY  
166 BASIS POINTS<sup>1</sup>  
OVER THE PAST  
20 YEARS**

**OUTPERFORMING  
S&P 400 BY  
187 BASIS POINTS<sup>1</sup>  
OVER THE PAST  
20 YEARS**

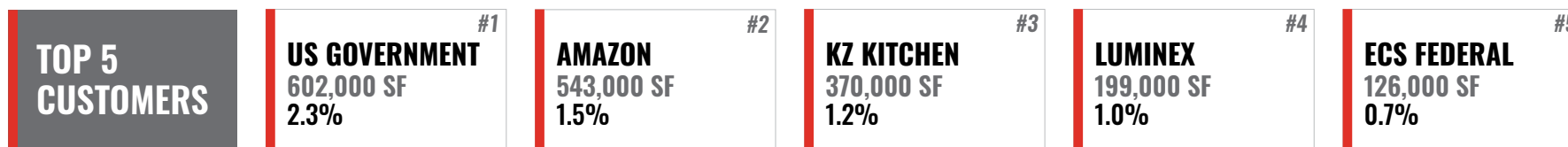
# DIVERSE CUSTOMER BASE<sup>1</sup>



Stable and diversified customer base with limited exposure to any single industry.



Note: Amounts shown in the graphic above represent the percentage of total monthly rental income by industry as of September 2021.



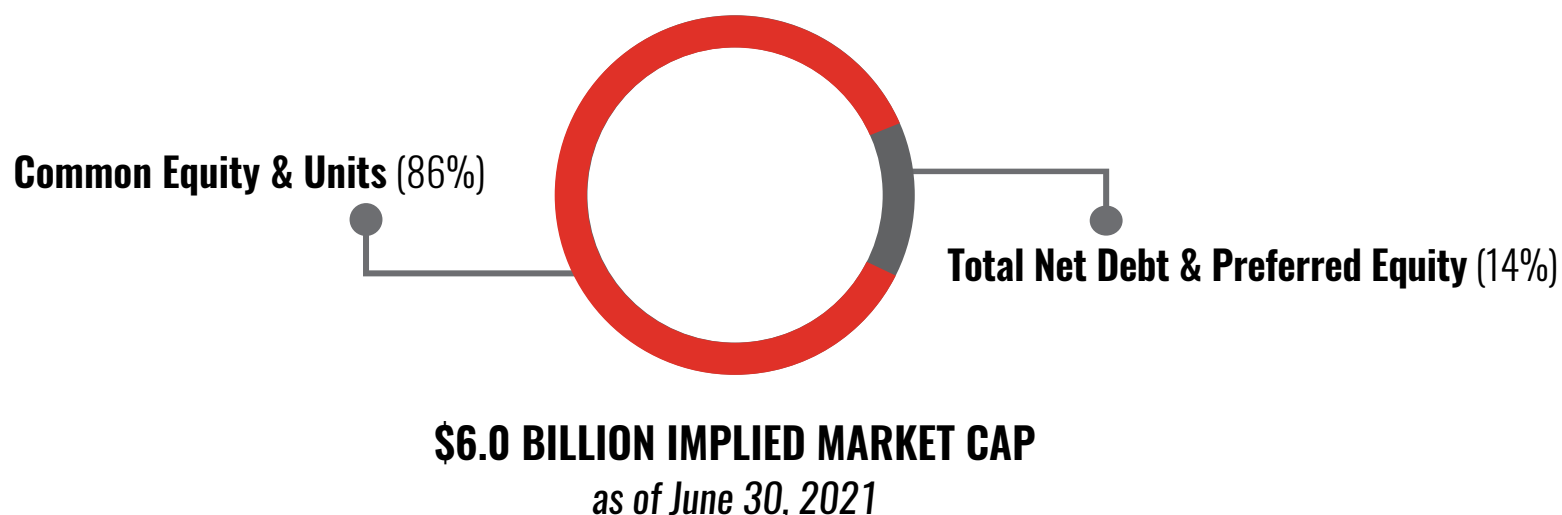
Note: Amounts shown in the graphic above represent the square footage occupied by each customer and their respective percentage of total monthly rental income annualized as of September 2021.

<sup>1</sup> As of September 1, 2021.

# FORTRESS BALANCE SHEET



Low leverage and absence of large debt maturities provides the ability to seize accretive growth opportunities and provides recession resiliency.



## PSB CREDIT METRICS<sup>1</sup>

Long-term debt	<b>\$0</b>	Fixed charge coverage ratio	<b>5.9x</b>
Weighted preferred equity coupon rate	<b>5.1%</b>	S&P corporate rating	<b>A-</b>
Net debt & preferred to EBITDA ratio	<b>2.9x</b>	Corporate credit facility capacity <sup>2</sup>	<b>\$400M</b>

<sup>1</sup> As of June 30, 2021, other than corporate credit facility capacity (see note 2 below).

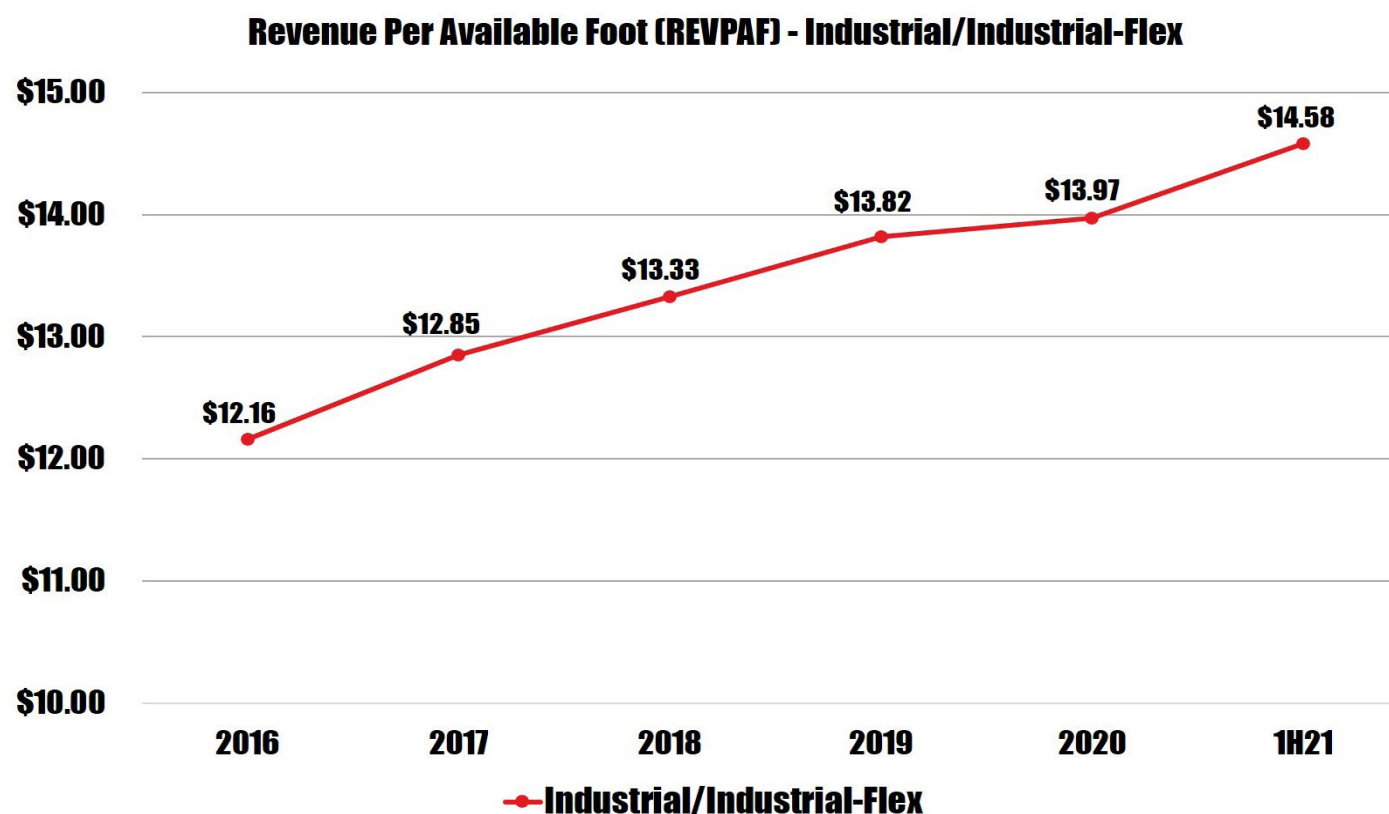
<sup>2</sup> In August 2021, the corporate credit facility capacity was increased from \$250 million to \$400 million.



# REVENUE PER AVAILABLE FOOT (REVPAF) INDUSTRIAL/INDUSTRIAL-FLEX



PSB continues to experience strong Same Park REVPAF performance as a result of dedicated in-house leasing teams driving occupancy and rent growth.



**19.9%**  
**SAME PARK**  
**REVPAF GROWTH<sup>1</sup>**  
**SINCE 2016**

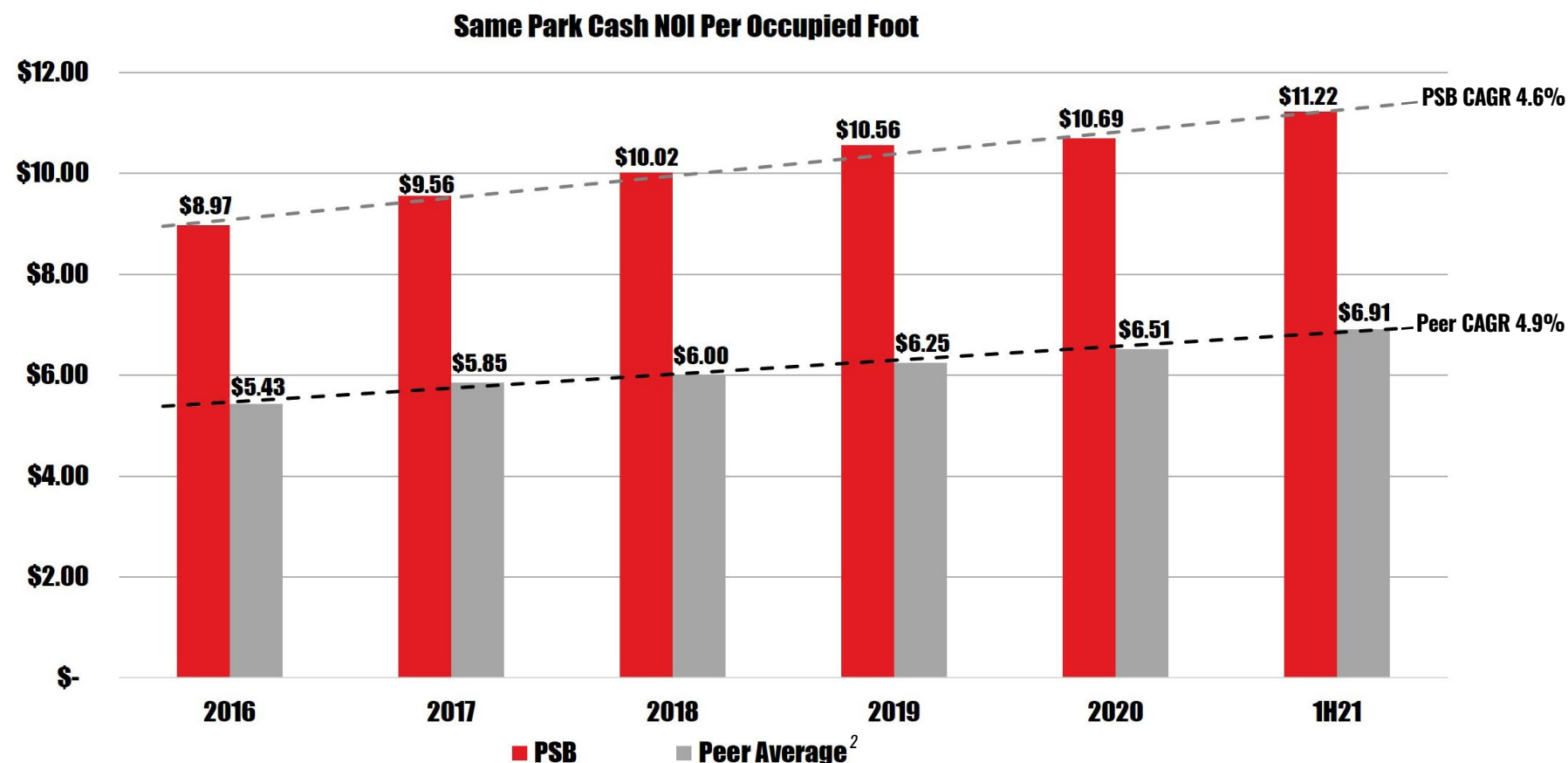
Note: REVPAF represents rental income earned per total Same Park weighted average available square foot reported during the period presented.

<sup>1</sup> REVPAF shown represents only industrial and industrial-flex product types.

# NOI PEER COMPARISON



Over the past five years, the Company's Same Park Cash net operating income (Cash NOI)<sup>1</sup> per occupied square foot attributable to its industrial and industrial-flex portfolio was approximately 65% higher than the average of its peer set and experienced comparable growth.



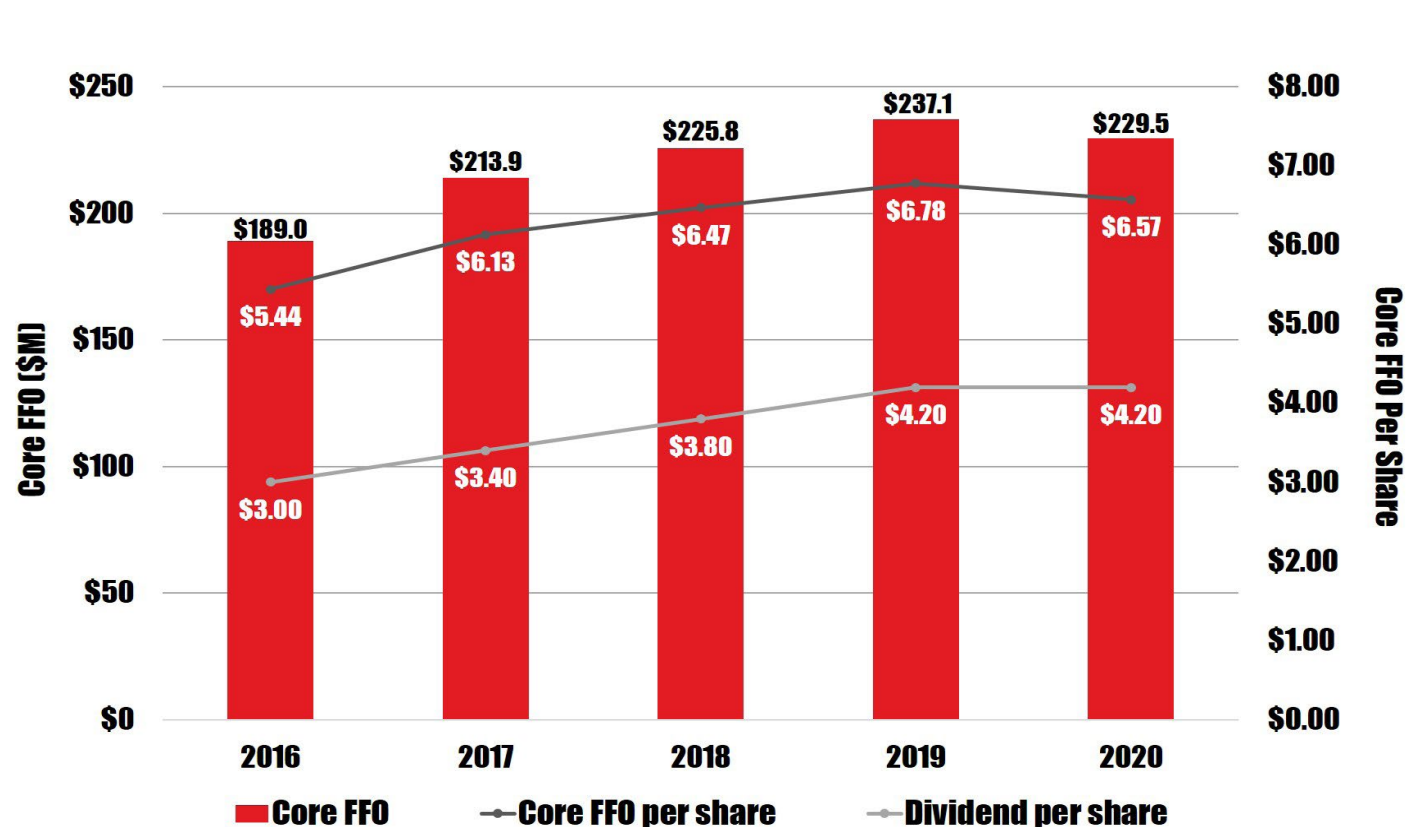
<sup>1</sup>Cash NOI is a measure not defined in accordance with U.S. generally accepted accounting principles. Refer to PSB's quarterly Supplemental Information Package for the definition and reconciliation of this measure to its closest analogous GAAP measure.

<sup>2</sup>Peer set average represents the simple average of same park cash NOI as defined and reported by the respective companies. The peer set shown includes Duke Realty, EastGroup Properties, First Industrial Realty Trust, Rexford Industrial, Terreno Realty Corporation, and STAG Industrial, Inc.

# CORE FUNDS FROM OPERATIONS (CORE FFO)



PSB's strategic focus on driving NOI through topline growth and operating expense savings measures has led to long-term expansion of Core FFO.



**6.6%**  
CORE FFO  
5-YEAR CAGR

**6.3%**  
CORE FFO/SH  
5-YEAR CAGR

**13.8%**  
DIVIDEND  
5-YEAR CAGR

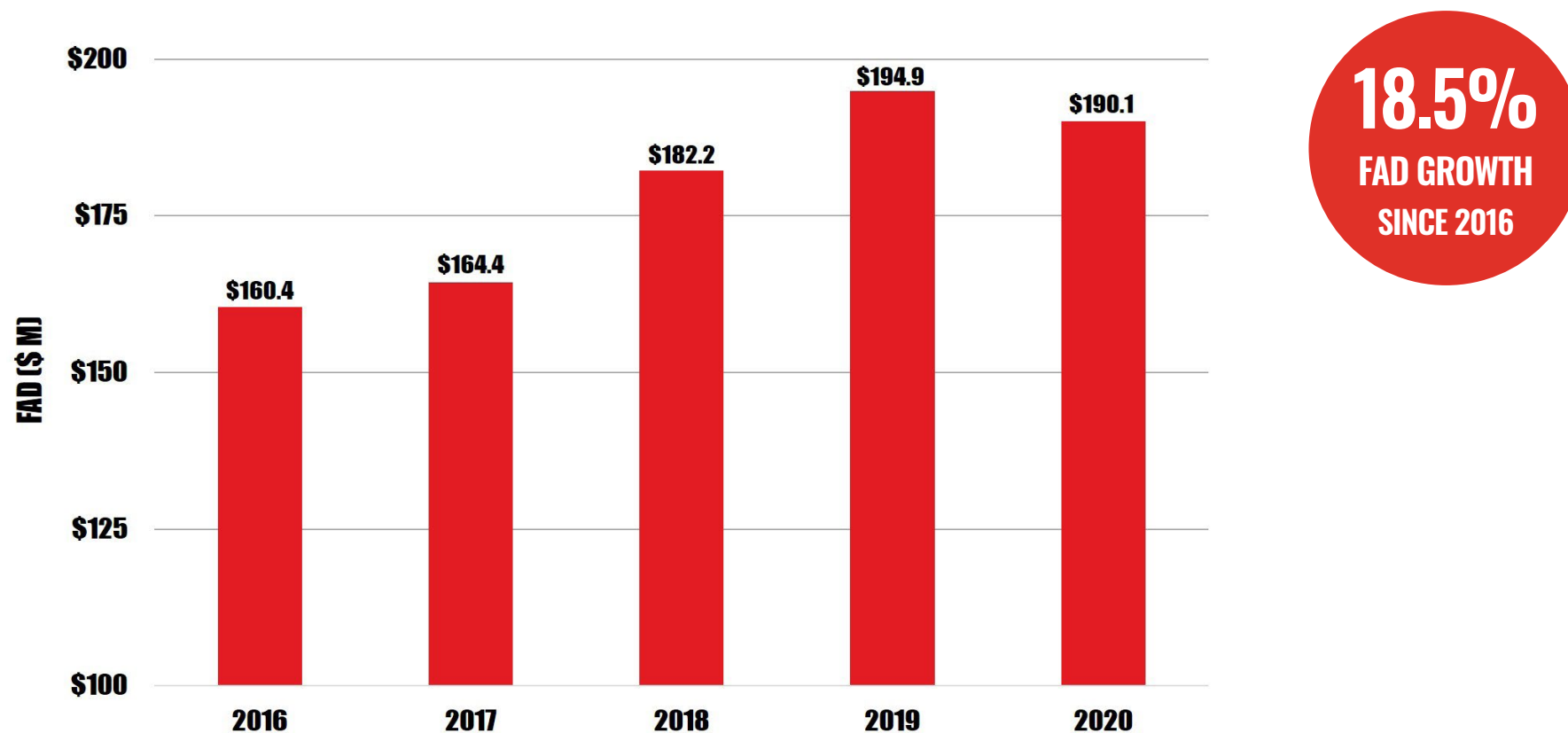
Disclosure: Core FFO is a non-GAAP measure. Refer to PSB's quarterly Supplemental Information Package for the definition and reconciliation of this measure to the closest analogous GAAP measure.



# FUNDS AVAILABLE FOR DISTRIBUTION (FAD)



Focus on driving NOI growth and containing capital expenditures has led to long-term expansion of FAD.

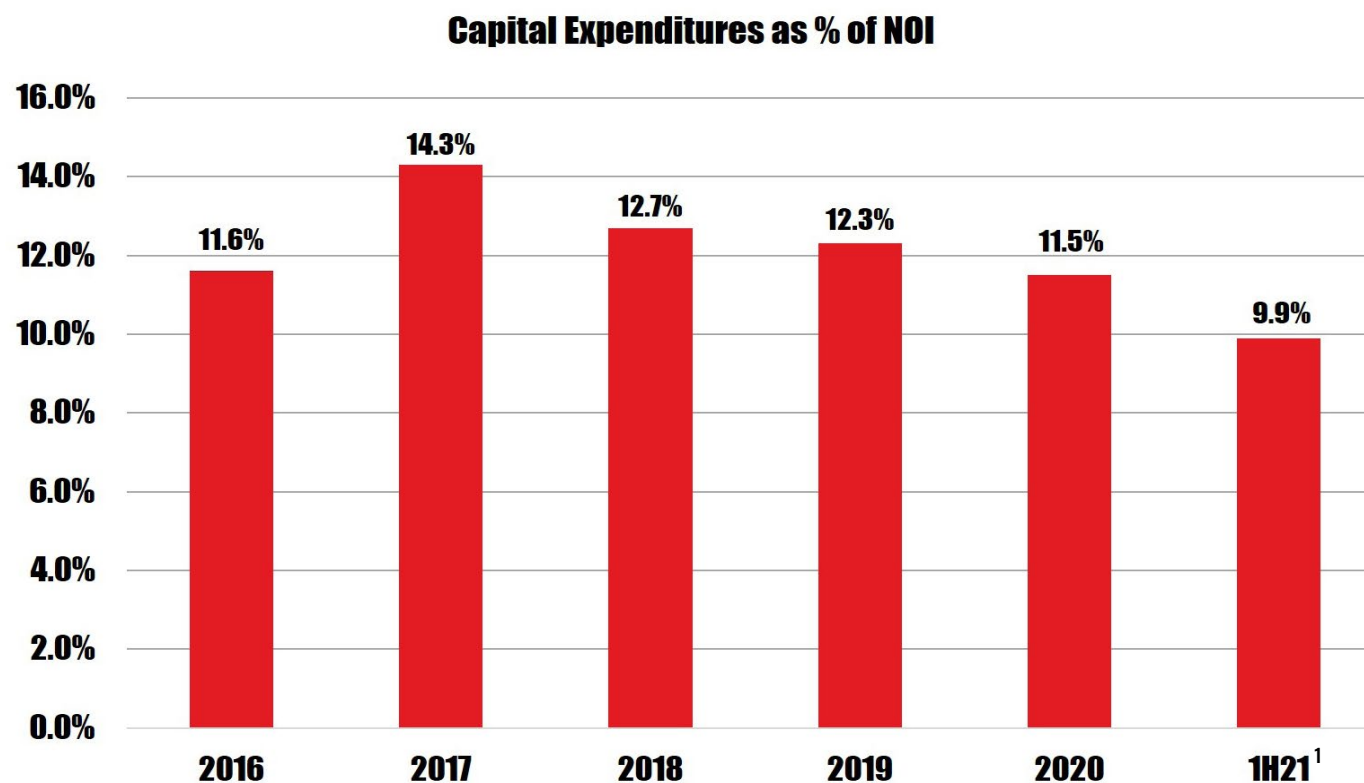


Disclosure: FAD is a non-GAAP measure. Refer to PSB's quarterly Supplemental Information Package for the definition and reconciliation of this measure to the closest analogous GAAP measure.

# CAPITAL EXPENDITURES



Same Park recurring capital expenditures have generally trended downward as the result of effective transaction cost containment strategies (i.e. make-ready and leasing costs).



Note: Amounts shown in the table above reflect the reported Same Park data for each respective period.

<sup>1</sup> Full year 2021 actual results are expected to be in-line with prior years.

**FOCUSED  
APPROACH ON  
GENERIC, REUSABLE  
IMPROVEMENTS**

**DYNAMIC  
PORTFOLIO  
WITH DECREASING  
OFFICE EXPOSURE**

**DEDICATED  
IN-HOUSE TEAMS  
MINIMIZE OUR  
TRANSACTION  
COSTS**

# RECENT ACQUISITION



PSB is strategically pursuing opportunities to expand its presence in key markets with the goal of maximizing NOI growth and stockholder value. On September 1, 2021, PSB acquired Port America, a 717,700 SF industrial park in Dallas, Texas. The park is conveniently located adjacent to DFW International Airport and is uniquely positioned to provide institutional quality industrial space to small- and medium-size users. The park complements PSB's existing Dallas industrial and flex portfolio totaling 3M square feet.

## PORT AMERICA

DALLAS, TEXAS



### *Acquisition Date: September 1, 2021*

- 717,700 total square feet
- \$123 million purchase price
- 96% occupancy at acquisition
- Built in phases from 1981 to 2002
- 15 flexible industrial buildings
- 50 acres of fee simple land
- Average tenant size of 8,000 square feet
- 26 foot clear heights
- Ample dock loading and freeway access
- Irreplaceable location adjacent to DFW Airport



# INDUSTRIAL DEVELOPMENT



In an effort to maximize NOI growth and stockholder value, PSB opportunistically develops industrial buildings on non-income producing land inside existing business parks and pursues redevelopment of certain parks. The following are a few examples.

## **FREEPORT BUSINESS PARK**

DALLAS, TEXAS



- Completed in March 2021
- 83,300 square foot multi-tenant industrial building
- 10,000 to 13,000 square foot units
- Adjacent to DFW International Airport
- Development cost of \$8.1M (excluding land value)
- Estimated stabilized yield of 10.0% (excluding land value)

## **212 BUSINESS PARK**

SEATTLE, WASHINGTON



- 83,000 square foot multi-tenant industrial building
- 10,000 square foot average unit size
- Developed on surplus land inside existing park
- Estimated completion in Q3 2022
- Estimated development cost of \$15.0M (excluding land value)
- Estimated stabilized yield of 6.0% (excluding land value)

## **BOCA COMMERCE PARK**

BOCA RATON, FLORIDA



- 17,200 square foot multi-tenant industrial building
- Surplus land inside existing park
- 650 to 800 square foot units
- Estimated completion Q3 2022
- Estimated development costs of \$4.0M (excluding land value)
- Estimated stabilized yield of 7.5% (excluding land value)

# MULTIFAMILY DEVELOPMENT



## THE MILE

### TYSONS, VIRGINIA

- 45 acre master planned redevelopment
- Metro accessible and located in the top-rated McLean School District
- Currently occupied with 628,000 square feet of office and 395 multifamily units (Highgate Phase I)
- Zoning approved for 3M square feet of mixed-used redevelopment including 3,000 multifamily units, 200,000 square feet of class A office, 300,000 square feet of storage, and 10 acres of open space in nine phases

## BRENTFORD AT THE MILE

- Phase II of multifamily redevelopment
- 411 multifamily units
- Construction commenced August 2020
- Estimated opening in Q3 2022
- Estimated development cost of \$110M to \$115M (excluding land value)



## CHARLTON AT THE MILE

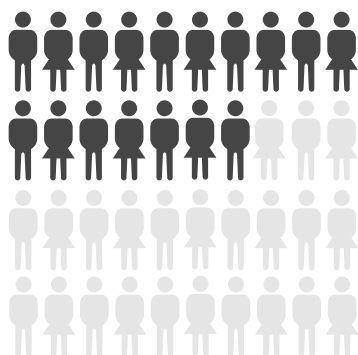
- Phase III of multifamily redevelopment
- Pursuing final development plan approvals
- Located on non-income producing land
- 310 multifamily units and 150,000 square feet of self-storage
- Estimated construction commencement in 2023

# SOCIAL RESPONSIBILITY

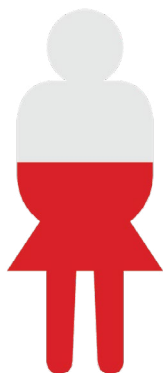


## DIVERSITY IN OUR WORKPLACE

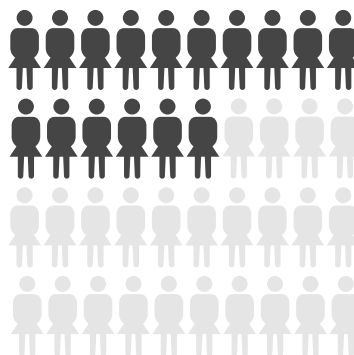
### GENDER & RACE



**43% OF EMPLOYEES ARE NON-WHITE**, WITH 32% IN A SUPERVISORY ROLE



**51% OF EMPLOYEES ARE WOMEN**



**40% OF WOMEN IN A SUPERVISORY ROLE**

- ◎ 53% of our employees are millennials
- ◎ Affirmative Action Plan Employer

### DIVERSITY & INDEPENDENCE OF BOARD OF DIRECTORS

- ◎ 64% Independent
- ◎ 36% Women
- ◎ 27% Under the age of 60

### PSB CARES

PSB encourages its employees to give back to the community by providing two paid volunteer days per year. PSB also offers an employee charitable gift matching program for qualifying organizations.





# ENVIRONMENTAL RESPONSIBILITY



## ENERGY EFFICIENCY & ENVIRONMENTAL INITIATIVES



Reducing environmental footprint by partnering with Waste Management to recycle waste at our parks



Use trash compactors to reduce recycling pickups and train staff on facility protocols that simplify and maximize waste segregation and safe disposal, including the safe disposal of electronics



Water conservation by using native species and drought tolerant landscaping techniques



Installation of reflective white roof membranes as we re-roof or develop new buildings



Ongoing conversion to LED lighting to the interior and exterior areas of our buildings



New developments are all LEED Silver certified or higher



Submitted our second annual Global Real Estate Sustainability Benchmarking (GRESB) survey, maintaining our baseline for measured improvement and targeted sustainability initiatives for 2021 and beyond



### WARREN AT THE MILE EARNS ENERGY STAR

Warren at The Mile, located at 8000 Westpark Drive in Tysons, Virginia, has earned the U.S. Environmental Protection Agency's (EPA) ENERGY STAR® certification for superior energy performance. "We're honored to earn the ENERGY STAR certification for superior energy performance at Warren at The Mile and appreciate the efforts of everyone who has been involved in its efficient operation," added Mac Chandler, President and CEO of PS Business Parks.

## **FORWARD LOOKING STATEMENTS**

This slide presentation contains statements that constitute “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934 as amended by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results and performance of the Company to be materially different from those expressed or implied in the forward-looking statements. A number of important factors could cause actual results to differ materially from those contemplated by forward looking statements in this slide presentation. Such factors include the duration and severity of the COVID-19 pandemic and its impact on our business and our customers; the impact of competition from new and existing commercial facilities which could impact rents and occupancy levels at the Company’s facilities; the Company’s ability to evaluate, finance, and integrate acquired and developed properties into the Company’s existing operations; the Company’s ability to effectively compete in the markets that it does business in; the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing REITs; security breaches, including ransomware, or a failure of the Company’s networks, systems or technology, which could adversely impact the Company’s operations or its business, customer and employee relationships or result in fraudulent payments; the impact of general economic and business conditions, including as a result of the economic fallout of the COVID-19 pandemic; rental rates and occupancy levels at the Company’s facilities; and changes in these conditions as a result of the COVID-19 pandemic, the availability of permanent capital at attractive rates, the outlook and actions of rating agencies and risks detailed from time to time in the Company’s SEC reports, including quarterly reports on Form 10-Q, reports on Form 8-K, and annual reports on Form 10-K.

## **DEFINITIONS AND NON-GAAP DISCLOSURES**

Provided within this slide presentation are measures not defined in accordance with U.S. generally accepted accounting principles (“GAAP”). We believe our presentation of these non-GAAP measures assists investors and analysts in analyzing and comparing our operating and financial performance between reporting periods. These non-GAAP measures discussed below are not substitutes of other measures of financial performance presented in accordance with GAAP. In addition, other real estate investment trusts (“REITs”) may compute these measures differently, so comparisons among REITs may not be helpful. Refer to our most recent quarterly Supplemental Information Package for reconciliations of certain non-GAAP measures to their closest analogous GAAP measures.

**Adjusted Cost of Operations** – Adjusted cost of operations represents cost of operations, excluding non-cash stock compensation expense for employees whose compensation expense is recorded in cost of operations, which can vary significantly period to period based upon the performance of the Company. The GAAP measure most directly comparable to adjusted cost of operations is cost of operations.

**Cash Net Operating Income** – We utilize cash net operating income (“NOI”) to evaluate the cash flow performance of our business parks. Cash NOI represents NOI adjusted to exclude non-cash items included in rental income and in cost of operations. The non-cash rental income includes amortization of deferred rent receivable (net of write-offs), in-place lease intangible, tenant improvement reimbursements, and lease incentives. The non-cash expense is equal to stock compensation expense for employees whose compensation expense is recorded in cost of operations. We believe that cash NOI assists investors in analyzing cash flow performance of our business parks. The GAAP measure most directly comparable to cash NOI is net income.

**Cash NOI per Occupied Square Foot** – Cash NOI per occupied square foot is computed by dividing Cash NOI for the period by weighted average occupied square feet for the same period. Cash NOI per occupied square foot for the six month period is annualized.

**Core FFO and Core FFO per share** – Core FFO represents FFO excluding the net impact of (i) income allocated to preferred stockholders to the extent redemption value exceeds the related carrying value and (ii) other nonrecurring income or expense items as appropriate. Core FFO per share represents Core FFO allocable to diluted common stock and units divided by total weighted average diluted common stock and units. We believe our presentation of Core FFO and Core FFO per share assists investors and analysts in analyzing and comparing our operating and financial performance between reporting periods. The GAAP measures most directly comparable to Core FFO and Core FFO per share are net income and earnings per share, respectively.

**Earnings before Interest, Taxes, Depreciation and Amortization for Real Estate (“EBITDAre”)** – EBITDAre is defined by the National Association of Real Estate Investment Trusts (“NAREIT”) and is often utilized to evaluate the performance of real estate companies. EBITDAre is calculated as GAAP net income before interest, depreciation and amortization and adjusted to exclude gains or losses from sales of depreciable real estate assets and impairment charges on real estate assets. We believe our presentation of EBITDAre assists investors and analysts in evaluating the operating performance of our business activities, including the impact of general and administrative expenses, and without the impact from gains or losses from sales of depreciable real estate assets. The GAAP measure most directly comparable EBITDAre is net income.

**Funds Available for Distribution (“FAD”)** – FAD is a non-GAAP measure that represents Core FFO adjusted to (a) deduct recurring capital improvements that maintains the condition of our real estate, tenant improvements and lease commissions and (b) remove certain non-cash rental income or expenses such as amortization of deferred rent receivable and non-cash stock compensation expense. We believe our presentation of FAD assists investors and analysts in analyzing and comparing our operating and financial performance between reporting periods. FAD is not a substitute for GAAP net cash flow in evaluating our liquidity or ability to pay dividends, because they exclude investing and financing activities presented on our statements of cash flows. The GAAP measure most directly comparable to FAD is operating cash flow from our statements of cash flows.

**Funds from Operations (“FFO”) and FFO per share** – FFO and FFO per share are non-GAAP measures defined by NAREIT and are considered helpful measures of REIT performance by REITs and many REIT analysts. FFO represents GAAP net income before real estate depreciation and amortization expense, gains or losses on sales of operating properties and land and impairment charges on real estate assets, which are excluded because it does not accurately reflect changes in the value of our business parks. FFO per share represents FFO allocable to diluted common stock and units divided by total weighted average diluted common stock and units. The GAAP measure most directly comparable to FFO and FFO per share are net income and earnings per share, respectively.

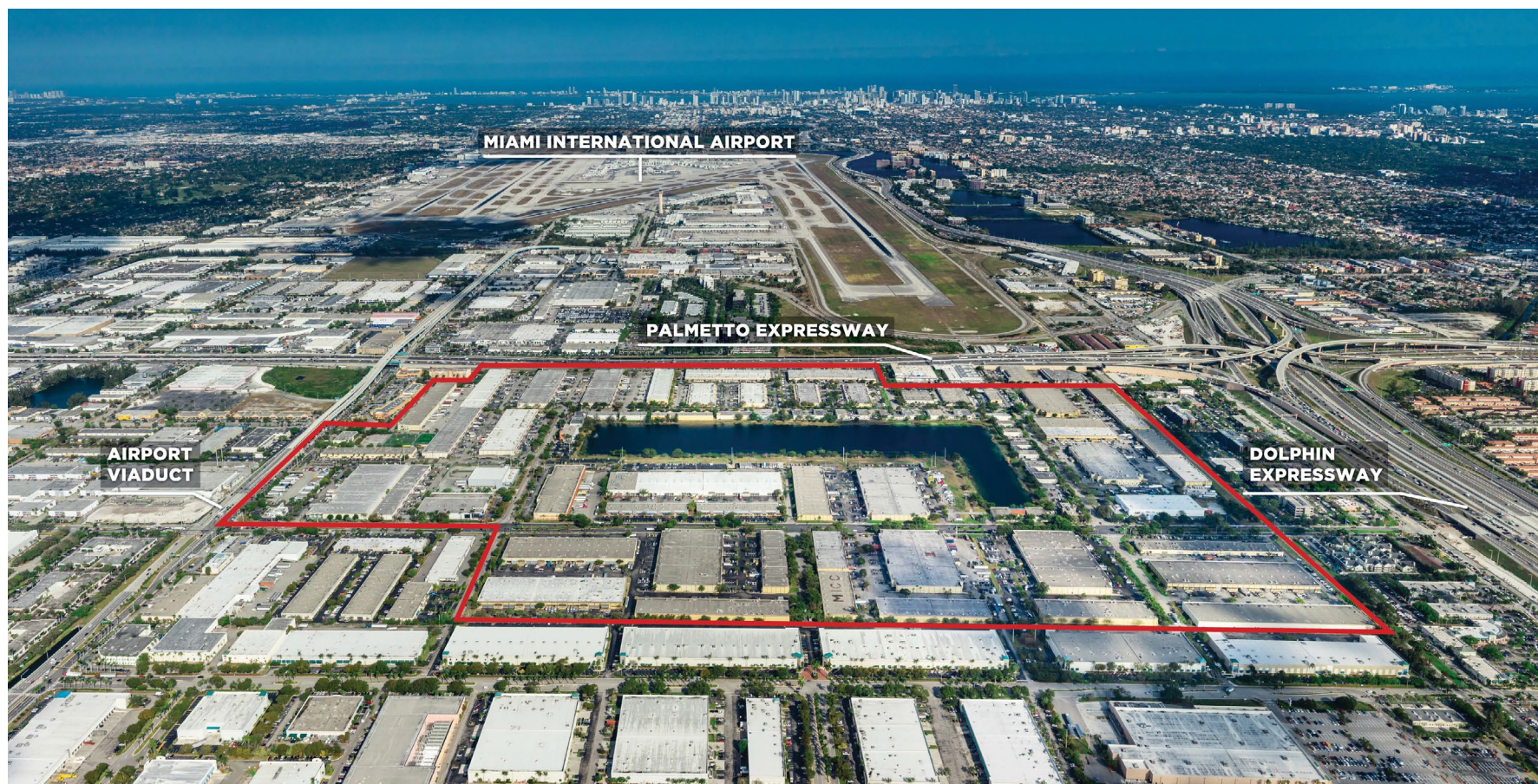
**Net Operating Income (“NOI”)** – We utilize NOI, a non-GAAP financial measure, to evaluate the operating performance of our business parks. We define NOI as rental income less adjusted cost of operations (described above). We believe NOI assists investors in analyzing the performance and value of our business parks by excluding (i) corporate overhead (i.e. general and administrative expenses) because it does not relate to the results of our business parks, (ii) depreciation and amortization expense because it does not accurately reflect changes in the fair value of our business parks and (iii) stock compensation expense because this expense item can vary significantly from period to period and thus impact comparability across periods. The GAAP measure most directly comparable to NOI is net income.

**Ratio of net debt and preferred equity to EBITDAre** - Ratio of net debt and preferred equity to EBITDAre is calculated as total net debt and preferred equity divided by EBITDAre. Ratio of net debt and preferred equity to EBITDAre as of June 30, 2021 is calculated using annualized EBITDAre for the six months ended June 30, 2021.

**Revenue per Available Square Foot** - Revenue per Available Square Foot (“RevPAF”) is computed by dividing rental income for the period by weighted average available square feet for the same period. RevPAF for the six month period shown is annualized.



# PROUDLY SERVING OUR CUSTOMERS



Additional information on our Company, including portfolio information, SEC filings and other investor resources can be found on our corporate website.

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