
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): October 6, 2021

PS BUSINESS PARKS, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-10709
(Commission
File Number)

95-4300881
(IRS. Employer
Identification No.)

**701 Western Avenue,
Glendale, California**
(Address of principal executive offices)

91201-2349
(Zip Code)

(818) 244-8080
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Trading Symbol	Name of exchange on which registered
Common Stock, \$0.01 par value per share	PSB	New York Stock Exchange
Depository Shares Each Representing 1/1,000 of a 5.200% Cum Pref Stock, Series W, \$0.01 par value	PSBPrW	New York Stock Exchange
Depository Shares Each Representing 1/1,000 of a 5.250% Cum Pref Share, Series X, \$0.01 par value	PSBPrX	New York Stock Exchange
Depository Shares Each Representing 1/1,000 of a 5.200% Cum Pref Share, Series Y, \$0.01 par value	PSBPrY	New York Stock Exchange
Depository Shares Each Representing 1/1,000 of a 4.875% Cum Pref Share, Series Z, \$0.01 par value	PSBPrZ	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry Into a Material Definitive Agreement

On September 28, 2021, PS Business Parks, Inc. (the “Company”) entered into a Purchase and Sale Agreement (the “Agreement”), by and between the Company and an affiliate of Longfellow Real Estate Partners (the “Buyer”), an affiliate of Longfellow Strategic Value Fund. The Agreement provides that, upon the terms and subject to the conditions set forth therein, the Buyer will acquire the Company’s Lusk Business Park, a business park in the Sorrento Mesa submarket of San Diego, California, for an aggregate purchase price of \$315.4 million (the “Lusk Sale”). On October 6, 2021, the Buyer’s due diligence period expired without exception and their purchase deposit became non-refundable. The Company expects the net proceeds from the Lusk Sale, after payment of transaction costs, will be approximately \$311.0 million. The Agreement contains customary representations, warranties, covenants, and closing conditions. The Lusk Sale is expected to close in October 2021.

Item 7.01 Regulation FD Disclosure

On October 6, 2021, the Company issued a press release announcing the Lusk Sale. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information contained in this Item 7.01, including the related information set forth in the press release attached hereto as Exhibit 99.1, is being “furnished” and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise. The information in this Item 7.01 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as otherwise expressly stated in any such filing.

Item 8.01 Other Events

If the Lusk Sale closes as expected in October 2021, the Company anticipates approximately \$50.5 million of the net sale proceeds will qualify as a Section 1031 exchange for its recently acquired Port America Industrial Park in Dallas, Texas. If the Company is unable to find a suitable Section 1031 exchange opportunity for the remainder of the net sale proceeds from the Lusk Sale by year end, the Company expects to declare and pay by year end a one-time special dividend sourced by a portion of the disposition proceeds. The actual amount of any special dividend will be determined by the Company based on its estimate of 2021 REIT taxable income. Based on its preliminary estimate of 2021 REIT taxable income, the Company currently expects the special dividend would be between \$166.0 million and \$183.5 million, or \$4.75 and \$5.25 per common share and unit.

Forward-Looking Statements

This Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements in this Form 8-K, other than statements of historical fact, are forward-looking statements which may be identified by the use of the words “expects,” “believes,” “anticipates,” “should,” “estimates” and similar expressions. These forward-looking statements involve known and unknown risks and uncertainties, which may cause actual events to be materially different from those expressed or implied in the forward-looking statements. Factors and risks that may impact future results and performance include, but are not limited to, those described in Part 1, Item 1A, “Risk Factors” in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 23, 2021 and in the Company’s other filings with the SEC.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	
99.1	Press Release dated October 6, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PS BUSINESS PARKS, INC.

By: /s/ Jeffrey D. Hedges

Jeffrey D. Hedges

Chief Financial Officer

Date: October 6, 2021

News Release

PS Business Parks, Inc.
701 Western Avenue
Glendale, CA 91201-2349
psbusinessparks.com

For Release:	Immediately
Date:	October 6, 2021
Contact:	Jeff Hedges (818) 244-8080, Ext. 1649

PS Business Parks, Inc. Announces Agreement to Sell Lusk Business Park in San Diego, California

GLENDALE, California—PS Business Parks, Inc. (NYSE:PSB; the “Company”) has entered into a Purchase and Sale Agreement (the “Agreement”) by and between the Company and an affiliate of Longfellow Real Estate Partners (the “Buyer”). The Agreement provides that, upon the terms and subject to the conditions set forth therein, the Buyer will acquire the Company’s Lusk Business Park, located in the Sorrento Mesa submarket of San Diego, California, for a gross purchase price of \$315.4 million (the “Lusk Sale”). As of October 6, 2021, the Buyer’s due diligence period expired without exception and the required purchase deposit became non-refundable. The Company expects the net proceeds from the Lusk Sale, after payment of transaction costs, will be approximately \$311.0 million.

“We are pleased to announce the Agreement to sell our Lusk Business Park,” said Mac Chandler, the Company’s President and Chief Executive Officer. “Our infill 20.6 acre Lusk property with its 1.8 million square feet of zoned life science development potential is an extremely valuable asset. This accretive transaction will allow us to realize significant value for our stockholders.”

The Company noted that the net sale price of \$311.0 million equates to a cap rate of roughly 1.6% based on fiscal year 2021 forecasted net operating income of \$5.1 million. The Company went on to note that it anticipates approximately \$50.5 million of the net sale proceeds will qualify as a Section 1031 exchange for its recently acquired Port America Industrial Park in Dallas, Texas. If the Company is unable to find a suitable Section 1031 exchange opportunity for the remainder of the net sale proceeds from the Lusk Sale by year end, it expects to declare and pay, by year end, a one-time special dividend sourced by a portion of the disposition proceeds. The actual amount of any special dividend will be determined by the Company based on its estimate of 2021 REIT taxable income. Based on its preliminary estimate of 2021 REIT taxable income, the Company currently expects the special dividend would be between \$166.0 million and \$183.5 million, or \$4.75 to \$5.25 per common share and unit. The remainder of the net sale proceeds would be available to the Company for use for the redemption of its Series W preferred shares which yield a preferred coupon rate of 5.2% which the Company recently announced it will redeem in full on November 3, 2021.

The Company previously announced that it is also marketing for sale its Royal Tech Business Park in Irving, Texas, and noted that that process is ongoing and expects to provide an update at its forthcoming investor call to discuss third quarter 2021 earnings.

Company Information

PS Business Parks, Inc., a S&P MidCap 400 company, is a REIT 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 properties serve approximately 5,100 tenants in 28 million square feet. The portfolio also includes 800 residential units (inclusive of units in-process).

Forward-Looking Statements

When used within this press release, the words “may,” “believes,” “anticipates,” “plans,” “expects,” “seeks,” “estimates,” “intends,” and similar expressions are intended to identify “forward-looking statements.” 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. 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.

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