

Public Storage  
Form 10-Q  
November 01, 2017  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2017

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 001-33519

PUBLIC STORAGE

(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

95-3551121  
(I.R.S. Employer Identification Number)

701 Western Avenue, Glendale, California 91201-2349  
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  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 provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of the registrant's outstanding common shares of beneficial interest, as of October 30, 2017:

Common Shares of beneficial interest, \$.10 par value per share – 174,041,219 shares

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## PUBLIC STORAGE

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## PUBLIC STORAGE

## BALANCE SHEETS

(Amounts in thousands, except share data)

	September 30, 2017 (Unaudited)	December 31, 2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 694,233	\$ 183,688
Real estate facilities, at cost:		
Land	3,851,679	3,781,479
Buildings	10,518,224	10,181,750
	14,369,903	13,963,229
Accumulated depreciation	(5,585,825)	(5,270,963)
	8,784,078	8,692,266
Construction in process	221,970	230,310
	9,006,048	8,922,576
Investments in unconsolidated real estate entities	726,168	689,207
Goodwill and other intangible assets, net	205,868	212,719
Other assets	133,377	122,148
Total assets	\$ 10,765,694	\$ 10,130,338
<b>LIABILITIES AND EQUITY</b>		
Notes payable	\$ 1,425,854	\$ 390,749
Accrued and other liabilities	380,420	297,935
Total liabilities	1,806,274	688,684
Commitments and contingencies (Note 12)		
Equity:		
Public Storage shareholders' equity:		
Preferred Shares, \$0.01 par value, 100,000,000 shares authorized, 161,000 shares issued (in series) and outstanding, (174,700 at December 31, 2016), at liquidation preference	4,025,000	4,367,500
Common Shares, \$0.10 par value, 650,000,000 shares authorized, 173,738,808 shares issued and outstanding (173,288,787 shares at December 31, 2016)	17,374	17,329
Paid-in capital	5,631,049	5,609,768
Accumulated deficit	(662,360)	(487,581)
Accumulated other comprehensive loss	(74,873)	(95,106)
Total Public Storage shareholders' equity	8,936,190	9,411,910

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Noncontrolling interests	23,230	29,744
Total equity	8,959,420	9,441,654
Total liabilities and equity	\$ 10,765,694	\$ 10,130,338

See accompanying notes.

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## PUBLIC STORAGE

## STATEMENTS OF INCOME

(Amounts in thousands, except per share amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<b>Revenues:</b>				
Self-storage facilities	\$ 646,238	\$ 623,157	\$ 1,878,215	\$ 1,792,130
Ancillary operations	40,123	39,991	118,005	116,992
	686,361	663,148	1,996,220	1,909,122
<b>Expenses:</b>				
Self-storage cost of operations	173,315	165,905	516,488	483,455
Ancillary cost of operations	17,304	12,722	39,611	40,462
Depreciation and amortization	113,320	109,432	334,426	321,573
General and administrative	22,311	22,140	62,331	63,508
	326,250	310,199	952,856	908,998
Operating income	360,111	352,949	1,043,364	1,000,124
Interest and other income	4,569	3,750	12,722	11,614
Interest expense	(2,389)	(1,221)	(4,553)	(3,310)
Equity in earnings of unconsolidated real estate entities	17,218	17,237	57,235	41,628
Foreign currency exchange loss	(13,446)	(3,665)	(44,452)	(5,987)
Casualty loss	(7,789)	-	(7,789)	-
Gain on real estate investment sales	-	-	975	689
Net income	358,274	369,050	1,057,502	1,044,758
Allocation to noncontrolling interests	(1,600)	(1,745)	(4,684)	(4,921)
Net income allocable to Public Storage shareholders	356,674	367,305	1,052,818	1,039,837
Allocation of net income to:				
Preferred shareholders - distributions	(61,055)	(57,178)	(182,457)	(178,666)
Preferred shareholders - redemptions (Note 8)	(14,692)	-	(29,330)	(26,873)
Restricted share units	(1,210)	(1,170)	(3,502)	(3,231)
Net income allocable to common shareholders	\$ 279,717	\$ 308,957	\$ 837,529	\$ 831,067
Net income per common share:				
Basic	\$ 1.61	\$ 1.78	\$ 4.83	\$ 4.80
Diluted	\$ 1.61	\$ 1.78	\$ 4.81	\$ 4.78
Basic weighted average common shares outstanding	173,715	173,108	173,560	173,057
Diluted weighted average common shares outstanding	174,240	173,848	174,128	173,899

See accompanying notes.

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## PUBLIC STORAGE

## STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	\$ 358,274	\$ 369,050	\$ 1,057,502	\$ 1,044,758
Other comprehensive income (loss):				
Aggregate foreign currency exchange loss	(6,176)	(8,341)	(24,219)	(20,165)
Adjust for aggregate foreign currency exchange gain in equity in earnings of unconsolidated real estate entities	-	-	-	(941)
Adjust for aggregate foreign currency exchange loss included in net income	13,446	3,665	44,452	5,987
Other comprehensive income (loss)	7,270	(4,676)	20,233	(15,119)
Total comprehensive income	365,544	364,374	1,077,735	1,029,639
Allocation to noncontrolling interests	(1,600)	(1,745)	(4,684)	(4,921)
Comprehensive income allocable to Public Storage shareholders	\$ 363,944	\$ 362,629	\$ 1,073,051	\$ 1,024,718

See accompanying notes.

PUBLIC STORAGE

STATEMENT OF EQUITY

(Amounts in thousands, except share and per share amounts)

(Unaudited)