

Public Storage  
Form 10-Q  
August 05, 2013

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 June 30, 2013

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 95-3551121  
(State or other jurisdiction of (I.R.S. Employer Identification Number)  
incorporation or organization)

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).

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Yes  No

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

Large Accelerated Filer     Accelerated Filer     Non-accelerated Filer     Smaller Reporting Company

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

Yes  No

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Indicate the number of the registrant's outstanding common shares of beneficial interest, as of August 1, 2013:

Common Shares of beneficial interest, \$.10 par value per share – 172,007,072 shares

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PUBLIC STORAGE

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## PUBLIC STORAGE

## BALANCE SHEETS

(Amounts in thousands, except share data)

	June 30, 2013	December 31, 2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 410,910	\$ 17,239
Real estate facilities, at cost:		
Land	2,867,523	2,863,464
Buildings	8,238,526	8,170,355
	11,106,049	11,033,819
Accumulated depreciation	(3,913,399)	(3,738,130)
	7,192,650	7,295,689
Construction in process	74,472	36,243
	7,267,122	7,331,932
Investments in unconsolidated real estate entities	717,937	735,323
Goodwill and other intangible assets, net	205,228	209,374
Loan receivable from unconsolidated real estate entity	404,526	410,995
Other assets	88,875	88,540
Total assets	\$ 9,094,598	\$ 8,793,403
<b>LIABILITIES AND EQUITY</b>		
Borrowings on bank credit facility	\$ -	\$ 133,000
Notes payable	111,688	335,828
Accrued and other liabilities	218,703	201,711
Total liabilities	330,391	670,539
Commitments and contingencies (Note 12)		
Equity:		
Public Storage shareholders' equity:		
Preferred Shares, \$0.01 par value, 100,000,000 shares authorized, 142,500 shares issued (in series) and outstanding, (113,500 at December 31, 2012), at liquidation preference	3,562,500	2,837,500
Common Shares, \$0.10 par value, 650,000,000 shares authorized, 171,705,912 shares issued and outstanding (171,388,286 shares at December 31, 2012)	17,171	17,139
Paid-in capital	5,517,742	5,519,596
Accumulated deficit	(338,785)	(279,474)

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Accumulated other comprehensive loss	(22,522)	(1,005)
Total Public Storage shareholders' equity	8,736,106	8,093,756
Noncontrolling interests	28,101	29,108
Total equity	8,764,207	8,122,864
Total liabilities and equity	\$ 9,094,598	\$ 8,793,403

See accompanying notes.

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## PUBLIC STORAGE

## INCOME STATEMENTS

(Amounts in thousands, except per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues:				
Self-storage facilities	\$ 451,576	\$ 424,060	\$ 891,241	\$ 834,619
Ancillary operations	33,802	31,733	65,037	61,009
	485,378	455,793	956,278	895,628
Expenses:				
Self-storage cost of operations	132,137	133,102	273,130	275,295
Ancillary cost of operations	10,434	9,781	19,830	19,299
Depreciation and amortization	90,937	88,474	181,938	175,298
General and administrative	14,085	12,414	32,338	28,819
	247,593	243,771	507,236	498,711
Operating income	237,785	212,022	449,042	396,917
Interest and other income	5,516	5,540	11,097	11,195
Interest expense	(647)	(5,067)	(4,144)	(10,401)
Equity in earnings of unconsolidated real estate entities	13,101	8,596	24,744	17,711
Foreign currency exchange gain (loss)	5,924	(23,657)	(6,813)	(11,500)
Gain on real estate sales	-	1,263	-	1,263
Income from continuing operations	261,679	198,697	473,926	405,185
Discontinued operations	-	234	-	468
Net income	261,679	198,931	473,926	405,653
Allocation to noncontrolling interests	(1,216)	(788)	(2,240)	(1,658)
Net income allocable to Public Storage shareholders	260,463	198,143	471,686	403,995
Allocation of net income to:				
Preferred shareholders - distributions	(51,907)	(51,910)	(100,497)	(107,005)
Preferred shareholders - redemptions	-	(13,427)	-	(38,327)
Restricted share units	(871)	(463)	(1,568)	(977)
Net income allocable to common shareholders	\$ 207,685	\$ 132,343	\$ 369,621	\$ 257,686



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Net income per common share – basic				
Continuing operations	\$ 1.21	\$ 0.78	\$ 2.15	\$ 1.51
Discontinued operations	-	-	-	-
	1.21	0.78	2.15	1.51
Net income per common share – diluted				
Continuing operations	\$ 1.20	\$ 0.77	\$ 2.14	\$ 1.50
Discontinued operations	-	-	-	-
	1.20	0.77	2.14	1.50
Basic weighted average common shares outstanding	171,625	170,496	171,535	170,402
Diluted weighted average common shares outstanding	172,647	171,560	172,580	171,487
Cash dividends declared per common share	\$ 1.25	\$ 1.10	\$ 2.50	\$ 2.20

See accompanying notes.

## PUBLIC STORAGE

## STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	\$ 261,679	\$ 198,931	\$ 473,926	\$ 405,653
Other comprehensive (loss) income:				
Aggregate foreign currency exchange gain (loss)	4,291	(39,140)	(28,330)	(15,919)
Adjust for foreign currency exchange (gain) loss included in net income	(5,924)	23,657	6,813	11,500
Other comprehensive (loss) income	(1,633)	(15,483)	(21,517)	(4,419)
Total comprehensive income	260,046	183,448	452,409	401,234
Allocation to noncontrolling interests	(1,216)	(788)	(2,240)	(1,658)
Comprehensive income allocable to Public Storage shareholders	\$ 258,830	\$ 182,660	\$ 450,169	\$ 399,576

See accompanying notes.

## PUBLIC STORAGE

## STATEMENT OF EQUITY

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

(Unaudited)

	Cumulative Preferred Shares	Common Shares	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Public Storage Shareholders' Equity	Noncontrolling Interests	Total Equity
Balances at December 31, 2012	\$ 2,837,500	\$ 17,139	\$ 5,519,596	\$ (279,474)	\$ (1,005)	\$ 8,093,756	\$ 29,108	\$ 8,122,864
Issuance of 29,000,000 preferred shares (Note 8)	725,000	-	(23,313)	-	-	701,687	-	701,687
Issuance of common shares in connection with share-based compensation (317,626 shares) (Note 10)	-	32	16,905	-	-	16,937	-	16,937
Share-based compensation expense, net of cash paid in lieu of common shares (Note 10)	-	-	5,180	-	-	5,180	-	5,180
Acquisition of noncontrolling interests	-	-	(626)	-	-	(626)	(21)	(647)
Net income	-	-	-	473,926	-	473,926	-	473,926
	-	-	-	(2,240)	-	(2,240)	2,240	

Net income  
allocated to  
noncontrolling  
interests