

Public Storage
Form 10-Q
August 05, 2014

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, 2014

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 incorporation or organization)	(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).

Edgar Filing: Public Storage - Form 10-Q

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

Indicate the number of the registrant's outstanding common shares of beneficial interest, as of August 1, 2014:

Common Shares of beneficial interest, \$.10 par value per share – 172,640,278 shares

PUBLIC STORAGE

INDEX

PART I FINANCIAL INFORMATION	Pages
Item 1. Financial Statements (Unaudited)	
Balance Sheets at June 30, 2014 and December 31, 2013	1
Statements of Income for the Three and Six Months Ended June 30, 2014 and 2013	2
Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2014 and 2013	3
Statement of Equity for the Six Months Ended June 30, 2014	4
Statements of Cash Flows for the Six Months Ended June 30, 2014 and 2013	5-6
Condensed Notes to Financial Statements	7-28
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	29-56
Item 3. Quantitative and Qualitative Disclosures About Market Risk	57
Item 4. Controls and Procedures	58
PART II OTHER INFORMATION (Items 3, 4 and 5 are not applicable)	
Item 1. Legal Proceedings	59
Item 1A. Risk Factors	59

Edgar Filing: Public Storage - Form 10-Q

Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	59
Item 6.	Exhibits	59

PUBLIC STORAGE

BALANCE SHEETS

(Amounts in thousands, except share data)

(Unaudited)

	June 30, 2014	December 31, 2013
ASSETS		
Cash and cash equivalents	\$ 387,983	\$ 19,169
Real estate facilities, at cost:		
Land	3,337,320	3,321,236
Buildings	9,056,865	8,965,020
	12,394,185	12,286,256
Accumulated depreciation	(4,287,703)	(4,098,814)
	8,106,482	8,187,442
Construction in process	60,561	52,336
	8,167,043	8,239,778
Investments in unconsolidated real estate entities	854,759	856,182
Goodwill and other intangible assets, net	225,097	246,854
Loan receivable from Shurgard Europe	207,928	428,139
Other assets	103,647	86,144
Total assets	\$ 9,946,457	\$ 9,876,266
LIABILITIES AND EQUITY		
Borrowings on bank credit facility	\$ -	\$ 50,100
Term loan	322,000	700,000
Notes payable	74,987	88,953
Accrued and other liabilities	237,985	218,358
Total liabilities	634,972	1,057,411

Commitments and contingencies (Note 12)

Equity:

Public Storage shareholders' equity:

Preferred Shares, \$0.01 par value, 100,000,000 shares authorized, 165,400 shares issued (in series) and outstanding, (142,500 at December 31, 2013), at liquidation preference	4,135,000	3,562,500
Common Shares, \$0.10 par value, 650,000,000 shares authorized, 172,339,168 shares issued and outstanding (171,776,291 shares at December 31, 2013)	17,234	17,178
Paid-in capital	5,545,947	5,531,034
Accumulated deficit	(408,375)	(318,482)
Accumulated other comprehensive loss	(4,568)	(500)
Total Public Storage shareholders' equity	9,285,238	8,791,730
Noncontrolling interests	26,247	27,125
Total equity	9,311,485	8,818,855
Total liabilities and equity	\$ 9,946,457	\$ 9,876,266

See accompanying notes.

PUBLIC STORAGE

STATEMENTS OF INCOME

(Amounts in thousands, except per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues:				
Self-storage facilities	\$ 500,803	\$ 451,576	\$ 986,390	\$ 891,241
Ancillary operations	37,234	33,802	71,271	65,037
	538,037	485,378	1,057,661	956,278
Expenses:				
Self-storage cost of operations	142,427	132,137	298,495	273,130
Ancillary cost of operations	8,127	10,434	26,578	19,830
Depreciation and amortization	106,443	90,937	215,464	181,938
General and administrative	15,377	14,085	34,366	32,338
	272,374	247,593	574,903	507,236
Operating income	265,663	237,785	482,758	449,042
Interest and other income	1,000	5,516	3,402	11,097
Interest expense	(2,063)	(647)	(5,543)	(4,144)
Equity in earnings of unconsolidated real estate entities	14,135	13,101	28,739	24,744
Foreign currency exchange (loss) gain	(1,675)	5,924	(4,023)	(6,813)
Gain on real estate sales	1,219	-		