UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2019.

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*)

(818) 244-8080

(*Registrant's telephone number, including area code)*

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

Title of Class	**Trading Symbol**	**Name of exchange on which registered**
Common Shares, $0.10 par value	PSA	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 5.375% Cum Pref Share, Series V, $0.01 par value	PSAPrV	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 5.200% Cum Pref Share, Series W, $0.01 par value	PSAPrW	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 5.200% Cum Pref Share, Series X, $0.01 par value	PSAPrX	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 5.400% Cum Pref Share, Series B, $0.01 par value	PSAPrB	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 5.125% Cum Pref Share, Series C, $0.01 par value	PSAPrC	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 4.950% Cum Pref Share, Series D, $0.01 par value	PSAPrD	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 4.900% Cum Pref Share, Series E, $0.01 par value	PSAPrE	New York Stock Exchange

Depositary Shares Each Representing 1/1,000 of a 5.150% Cum Pref Share, Series F, $0.01 par value	PSAPrF	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 5.050% Cum Pref Share, Series G, $0.01 par value	PSAPrG	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 5.600% Cum Pref Share, Series H, $0.01 par value	PSAPrH	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 4.875% Cum Pref Share, Series I, $0.01 par value	PSAPrI	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 4.700% Cum Pref Share, Series J, $0.01 par value	PSAPrJ	New York Stock Exchange
Depositary Shares Each Representing 1/1,000 of a 4.750% Cum Pref Share, Series K, $0.01 par value	PSAPrK	New York Stock Exchange
0.875% Senior Notes due 2032	PSA32	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None *(Title of class)*

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes [ ] No [X]

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 the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Yes [X] 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.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
[X]	[ ]	[ ]	[ ]	[ ]

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 [X]

The aggregate market value of the voting and non-voting common shares held by non-affiliates of the Registrant as of June 30, 2019:

Common Shares, $0.10 Par Value Per Share – $35,489,494,000 (computed on the basis of $238.17 per share, which was the reported closing sale price of the Company's Common Shares on the New York Stock Exchange (the "NYSE") on June 30, 2019).

As of February 21, 2020, there were 174,758,632 outstanding Common Shares, $.10 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed in connection with the Annual Meeting of Shareholders to be held in 2020 are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described therein.

PART I

ITEM 1. Business

Forward Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements in this document, 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 our actual results and performance 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" and in our other filings with the Securities and Exchange Commission (the “SEC”) including:

- general risks associated with the ownership and operation of real estate, including changes in demand, risk related to development, acquisition, and expansion of self-storage facilities, potential liability for environmental contamination, natural disasters and adverse changes in laws and regulations governing property tax, real estate and zoning;
- risks associated with downturns in the national and local economies in the markets in which we operate, including risks related to current economic conditions and the economic health of our customers;
- the impact of competition from new and existing self-storage and commercial facilities and other storage alternatives;
- the risk that our existing self-storage facilities may be at a disadvantage in competing with newly developed facilities with more visual and customer appeal;
- difficulties in our ability to successfully evaluate, finance, integrate into our existing operations, and manage properties that we acquire directly or through the acquisition of entities that own and operate self-storage facilities;
- increased reliance on Google as a customer acquisition channel;
- risks associated with international operations including, but not limited to, unfavorable foreign currency rate fluctuations, changes in tax laws, and local and global economic uncertainty that could adversely affect our earnings and cash flows;
- risks related to our participation in joint ventures;
- the impact of the legal and regulatory environment, including changes in federal, state, and local laws and regulations governing environmental issues, taxes, our tenant reinsurance business, pricing of our self-storage space, and labor;
- risks of increased tax expense associated either with a possible failure by us to qualify as a real estate investment trust (“REIT”), or with challenges to the determination of taxable income for our taxable REIT subsidiaries;

- risks due to a potential November 2020 California ballot initiative (or other equivalent actions) that could remove the property tax protections of Proposition 13 with respect to our California real estate and result in substantial increases in our California property tax expense;

- changes in United States ("U.S.") federal or state tax laws related to the taxation of REITs and other corporations;

- security breaches or a failure of our networks, systems or technology could adversely impact our operations or our business, customer, and employee relationships or result in fraudulent payments;

- risks associated with the self-insurance of certain business risks, including property and casualty insurance, employee health insurance and workers compensation liabilities;

- difficulties in raising capital at a reasonable cost;

- delays and cost overruns on our projects to develop or expand our facilities;

- ongoing litigation and other legal and regulatory actions that may divert management's time and attention, require us to pay damages and expenses or restrict the operation of our business; and

- economic uncertainty due to the impact of war or terrorism.

These forward looking statements speak only as of the date of this report or as of the dates indicated in the statements. All of our forward-looking statements, including those in this report, are qualified in their entirety by this statement. We expressly disclaim any obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, new estimates, or other factors, events or circumstances after the date of these forward looking statements, except when expressly required by law. Given these risks and uncertainties, you should not rely on any forward-looking statements in this report, or which management may make orally or in writing from time to time, neither as predictions of future events nor guarantees of future performance.

General

Public Storage (referred to herein as "the Company", "we", "us", or "our"), a Maryland REIT, was organized in 1980.

At December 31, 2019, our principal business activities were as follows:

(i) Self-storage Operations: We acquire, develop, own and operate self-storage facilities, which offer storage spaces for lease on a month-to-month basis, for personal and business use. We are the largest owner and operator of self-storage facilities in the U.S. At December 31, 2019, we have direct and indirect equity interests in 2,483 self-storage facilities that we consolidate (an aggregate of 169 million net rentable square feet of space) located in 38 states within the U.S. operating under the "Public Storage" brand name.

(ii) Ancillary Operations: We reinsure policies against losses to goods stored by customers in our self-storage facilities and sell merchandise, primarily locks and cardboard boxes, at our self-storage facilities.

(iii) Investment in PS Business Parks: We have a 42% equity interest in PS Business Parks, Inc. ("PSB"), a publicly held REIT that owns, operates, acquires and develops commercial properties, primarily multi-tenant flex, office, and industrial parks. At December 31, 2019, PSB owns and operates 27.6 million rentable square feet of commercial space.

(iv) Investment in Shurgard: We have a 35% equity interest in Shurgard Self Storage SA ("Shurgard"), a public company traded on Euronext Brussels under the "SHUR" symbol, which owns 234 self-storage facilities (13 million net rentable square feet) located in seven countries in Western Europe operated under the "Shurgard" brand name. We believe Shurgard is the largest owner and operator of self-storage facilities in Western Europe.

We also manage 55 self-storage facilities for third parties as of December 31, 2019. In order to further increase our economies of scale and leverage our brand, in 2018 we began an effort to expand the number of facilities we manage, through a dedicated internal sales, administration, and implementation team. During the year ended December 31, 2019, we added 22 facilities to our third party management platform. At December 31, 2019, we are under contract to manage 27 additional facilities, currently under construction, following their completion. It is uncertain how many third party managed facilities we will add to our platform over time. We also own 0.9 million net rentable square feet of commercial space which is managed primarily by PSB.

For all periods presented herein, we have elected to be treated as a REIT, as defined in the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, we do not incur U.S. federal income tax if we distribute 100% of our "REIT taxable income" (generally, net rents and gains from real property, dividends, and interest) each year (for this purpose, certain distributions paid in a subsequent year may be considered), and if we meet certain organizational and operational rules. We believe we met these requirements in all periods presented herein and we expect to continue to elect and qualify as a REIT.

We report annually to the SEC on Form 10-K, which includes financial statements certified by our independent registered public accountants. We also report quarterly to the SEC on Form 10-Q, which includes unaudited financial statements. We expect to continue such reporting.

On our website, www.publicstorage.com, we make available, free of charge, our Annual Reports on Form 10- K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after the reports and amendments are electronically filed with or furnished to the SEC. The information contained on our website is not a part of, or incorporated by reference into, this Annual Report on Form 10-K.

Competition

We believe that our customers generally store their goods within a three to five mile radius of their home or business. Our facilities compete with nearby self-storage facilities owned by other operators using marketing channels similar to ours, including Internet advertising, signage, and banners and offer services similar to ours. As a result, competition is significant and affects the occupancy levels, rental rates, rental income and operating expenses of our facilities.

In the last three years, there has been a marked increase in development of new self-storage facilities in many of the markets where we operate, due to the favorable economics of developing new properties. These newly developed facilities compete with many of the facilities we own, negatively impacting our occupancies, rental rates, and rental growth. This increase in supply has been most notable in Atlanta, Austin, Charlotte, Chicago, Dallas, Denver, Houston, Miami, New York, and Portland.

Ownership and operation of self-storage facilities is highly fragmented. As the largest owner of self-storage facilities, we believe that we own approximately 7% of the self-storage square footage in the U.S. and that collectively the five largest self-storage owners in the U.S. own approximately 16%, with the remaining 84% owned by regional and local operators.

The high level of ownership fragmentation in the industry is partially attributable to the relative simplicity of managing a local self-storage facility, such that small-scale owners can operate self-storage facilities at a basic level of profitability without significant managerial or operational infrastructure. However, we believe that the economies of scale inherent in this business result in our being able to operate self-storage facilities at a materially higher level of cash flow per square foot than other operators without our scale. See "Business Attributes" below for further discussion of these economies of scale.

While this fragmentation offers us opportunities to acquire additional facilities over time, and our scale allows us to extract more cash flow from the properties we acquire, we compete for facilities that are marketed for sale with a wide variety of institutions and other investors who also view self-storage facilities as attractive investments. The amount of capital available for real estate investments greatly influences the competition for ownership interests in facilities and, by extension, the yields that we can achieve on newly acquired investments.

Recently, larger national operators (including ourselves) are offering to manage facilities owned by third parties on their platform for a fee ("Third Party Management"), and Google is offering a more convenient platform for small operators to compete with larger operators in paid search bidding campaigns to drive web traffic and increase reservations. These two developments have the potential to diminish the competitive advantage we have versus smaller owner/operators. The extent to which this trend becomes impactful is dependent on (i) how many smaller operators will choose to avail themselves of Third Party Management, (ii) the extent to which large national operators seek to increase the number of properties under Third Party Management and (iii) the extent to which smaller operators are attracted to Google's marketing platform and are able to improve the efficacy of their marketing.

We generally own facilities in major markets. We believe that we have significant market share and concentration in major metropolitan centers, with approximately 70% of our 2019 same-store revenues generated in the 20 Metropolitan Statistical Areas (each, an "MSA", as defined by the U.S. Census Bureau) with the highest population levels. We believe this is a competitive advantage relative to other self-storage operators, which do not have our geographic concentration and market share in the major MSAs.

Business Attributes

We believe that we possess several primary business attributes that permit us to compete effectively:

Centralized information networks: Our centralized reporting and information network enables us to identify changing market conditions and operating trends as well as analyze customer data and, on an automated basis, quickly change each of our individual properties' pricing and promotions, as well as to drive marketing spending such as the relative level of bidding for various paid search terms on paid search engines.

Convenient shopping experience: Customers can conveniently shop for available storage space, reviewing attributes such as facility location, size, amenities such as climate-control, as well as pricing, through the following marketing channels:

- ***Our Desktop and Mobile Websites:*** The online marketing channel is a key source of customers. Approximately 75% of our move-ins in 2019 were sourced through our website and we believe that many of our other customers who reserved directly through our call center or arrived at a facility and moved in without a reservation, have reviewed our pricing and availability online through our websites. We seek to regularly update the structure, layout, and content of our website in order to enhance our placement in "unpaid" search in Google and related websites, to improve the efficiency of our bids in "paid" search campaigns, and to maximize users' likelihood of reserving space on our website.

- ***Our Call Center:*** Our call center is staffed by skilled sales specialists. Customers reach our call center by calling our advertised toll-free telephone numbers provided on search engines or our website. We believe giving customers the option to interact with a call center agent, despite the higher marginal cost relative to a reservation made on our website, enhances our ability to close sales with potential customers.

- ***Our Properties:*** Customers can also shop at any one of our facilities. Property managers access the same information that is available on our website and to our call center agents, and can inform the customer of available space at that site or our other nearby storage facilities. Property managers are trained to maximize the conversion of such "walk in" shoppers into customers.

Managerial economies of scale: The size and scope of our operations have enabled us to achieve high operating margins and a low level of administrative costs relative to revenues through the centralization of many functions, such as facility maintenance, employee compensation and benefits programs, revenue management, as well as the development and documentation of standardized operating procedures. We also believe that our major market concentration provides managerial efficiencies stemming from having a large percentage of our facilities in close proximity to each other.

Marketing economies of scale: Our major-market concentration relative to the fragmented ownership and operation of the rest of the industry, combined with our well-recognized brand name, improves our prominence in unpaid online search results for self-storage and reduces our average cost per "click" for multiple-keyword advertising. Such concentration and the resulting volume enables us to efficiently leverage systematic bidding strategies to maximize our return on investment across multiple keywords.

Brand name recognition: We believe that the "Public Storage" brand name is the most recognized and established name in the self-storage industry, due to our national reach in major markets in 38 states, our highly visible facilities, and our facilities' distinct orange colored doors and signage. We believe the "Public Storage" name is one of the most frequently used search terms used by customers using Internet search engines for self-storage. We believe that the "Shurgard" brand, used by Shurgard, is a well-established and valuable brand in Europe. We believe that the awareness of our brand name results in a high percentage of potential storage customers considering our facilities relative to other operators.

Growth and Investment Strategies

Our ongoing growth strategies consist of: (i) improving the operating performance of our existing self-storage facilities, (ii) acquiring more facilities, (iii) developing new facilities and adding more self-storage space to our existing facilities, (iv) participating in the growth of our investment in PSB, and (v) participating in the growth of our investment in Shurgard. While our long-term strategy includes each of these elements, in the short run the level of growth in our asset base in any period is dependent upon the cost and availability of capital, as well as the relative attractiveness of available investment alternatives.

From time to time we explore expansion of our activities to other countries. Any such strategic expansion would most likely involve acquiring an interest in an existing operator's platform. There can be no assurance that any such expansion will occur in the future or the timing thereof.

Improve the operating performance of existing facilities: We seek to increase the net cash flow of our existing self-storage facilities through maximizing revenues and controlling operating costs. We seek to maximize revenues through striking the appropriate balance between occupancy and rates to new and existing tenants, by regularly adjusting (i) our promotional and other discounts, (ii) the rental rates we charge to new and existing customers, and (iii) our marketing spending and intensity. We inform these pricing and marketing decisions by observing their impact on web and call center traffic, reservations, move-ins, move-outs, tenant length of stay, and other indicators of response. We also seek to control operating costs and provide a favorable experience to new, existing, and potential customers by leveraging information technology and our economies of scale, effectively overseeing our customer-facing and back-office property management personnel, and by providing convenient shopping options for the customer.

Acquire properties owned by others in the U.S.: We seek to capitalize on the fragmentation of the self-storage business through acquiring attractively priced, well-located existing self-storage facilities. We believe our presence in and knowledge of substantially all of the major markets in the U.S. enhances our ability to identify attractive acquisition opportunities. Data on the rental rates and occupancy levels of our existing facilities provide us an advantage in evaluating the potential of acquisition opportunities. Our aggressiveness in bidding for particular marketed facilities depends upon many factors including the potential for future growth, the quality of construction and location, the cash flow we expect from the facility when operated on our platform, how well the facility fits into our current geographic footprint, as well as our return on capital expectations. From January 1, 2015 through December 31, 2019, we acquired an aggregate of 163 facilities from third parties at an aggregate cost of $1.4 billion. We will continue to seek to acquire properties in 2020; however, there is significant competition to acquire existing facilities, and self-storage owners' desire to sell is based upon many variables, including potential reinvestment returns, expectations of future growth, estimated value, the cost of debt financing, as well as personal considerations. As a result, there can be no assurance as to the level of facilities we may acquire.

Develop new self-storage facilities and expand existing facilities: The development of new self-storage locations and the expansion of existing facilities has been an important source of growth. Since the beginning of 2013, we have expanded our development efforts due in part to the significant increase in prices being paid for existing facilities, in many cases well above the cost of developing new facilities. At December 31, 2019, we had a development pipeline to develop 12 new self-storage facilities and expand 35 existing self-storage facilities, which will add approximately 4.4 million net rentable square feet, at a cost of $619.2 million. Some of these projects are subject to significant contingencies such as entitlement approval. We expect to continue to seek additional development projects; however, the level of future development may be limited due to various constraints such as difficulty in finding projects that meet our risk-adjusted yield expectations, challenges in obtaining building permits for self-storage activities in certain municipalities, as well as challenges in sourcing quality construction materials, labor, and design elements.

Participate in the growth of PS Business Parks, Inc.: Our investment in PSB provides diversification into another asset type. PSB is a stand-alone public company traded on the NYSE. As of December 31, 2019, we have a 42% equity interest in PSB.

PSB seeks to grow its asset base in its existing markets as well as increase the cash flows from its owned portfolio. As of December 31, 2019, PSB owned and operated approximately 27.6 million rentable square feet of commercial space, and had an enterprise value of approximately $6.7 billion (based upon the trading price of PSB's common stock combined with the liquidation value of its preferred stock as of December 31, 2019).

Participate in the growth of Shurgard: We believe Shurgard is the largest self-storage company in Western Europe. It owns and operates 234 self-storage facilities with approximately 13 million net rentable square feet in: France (principally Paris), Sweden (principally Stockholm), the United Kingdom (principally London), the Netherlands, Denmark (principally Copenhagen), Belgium (principally Brussels) and Germany. On October 15, 2018, Shurgard completed an initial global offering (the "Offering") of 25.0 million of its common shares for €575 million in gross proceeds, and its shares commenced trading on Euronext Brussels under the "SHUR" symbol. As a result of the Offering (we did not acquire any additional common shares or sell any of our existing shares in the Offering), our equity interest in Shurgard decreased from 49% to 35.2%.

Customer awareness and availability of self-storage is significantly lower in Europe than in the U.S. However, with more awareness and product supply, we believe there is potential for increased demand for storage space in Europe. We believe Shurgard can capitalize on potential increased demand through the development of new facilities and acquiring existing facilities. From January 1, 2014 through December 31, 2019, Shurgard acquired 39 facilities from third parties for approximately $398.1 million, and has opened 10 development properties at a total cost of approximately $122.9 million. At December 31, 2019, Shurgard had contracts to acquire six properties and had six properties under development.

Financial Profile and Sources of Growth Capital

Capital Constraints as a REIT*:* While being a REIT allows us to minimize the payment of federal and state income tax expense, we are required to distribute 100% of our taxable income to our shareholders. This requirements limits cash flow from operations that can be retained and reinvested in the business, increasing our reliance upon raising capital to fund growth.

Access to Capital: Because raising capital is important to our growth, we endeavor to maintain a strong financial profile characterized by strong credit metrics, including low leverage relative to our total capitalization and operating cash flows. We are one of the highest rated REITs, as rated by major rating agencies Moody's and Standard

& Poor's. Our senior debt has an "A" credit rating by Standard & Poor's and "A2" by Moody's. Our credit ratings on each of our series of preferred shares are "A3" by Moody's and "BBB+" by Standard & Poor's. Our credit profile and ratings enable us to effectively access both the public and private capital markets to raise capital.

While we must distribute our taxable income, we are nonetheless able to retain operating cash flow to the extent that our tax depreciation exceeds our maintenance capital expenditures. In recent years, we have retained approximately $200 million to $300 million per year in cash flow. Capital needs in excess of retained cash flow are met with: (i) preferred equity, (ii) medium and long-term debt, and (iii) common equity. We select among these sources of capital based upon relative cost, availability, the desire for leverage, and potential constraints caused by certain features of capital sources, such as debt covenants. We view our line of credit, as well as short-term bank loans, as bridge financing.

We could also raise capital through joint venture financing or the sale of properties, however, we have no current plans to use these sources of capital.

Preferred equity: Preferred equity is an important source of long-term capital. While preferred equity's coupon rates generally exceed interest rates on long-term debt, we believe the issuance of preferred equity is a favorable source of capital when available because it does not require repayment and, at our option, we can redeem the security after five years if, for example, market coupon rates have declined and we can reissue new securities at a lower rate.

Notwithstanding these favorable characteristics, the rates and market conditions for the issuance of preferred securities can be volatile or inefficient from time to time, and the amount that can be issued in any particular offering is generally limited to approximately $300 million at any one point in time, because demand for these securities comes primarily from retail investors rather than institutional investors.

The level of preferred equity outstanding has remained relatively constant, totaling $4.3 billion at December 31, 2014 and $4.1 billion at December 31, 2019. However, during this timeframe, we have regularly redeemed preferred shares pursuant to our redemption option, and issued new preferred equity at lower rates, reducing the average coupon rate from 5.88% at December 31, 2014 to 5.12% at December 31, 2019.

As of February 25, 2020, we believe that the market coupon rate for preferred securities approximates 4.75%. As of February 25, 2020, we have the option to redeem, with 30 days' notice, the following series of preferred securities: our 5.375% Series V Preferred Shares ($495 million), our 5.200% Series W Preferred Shares ($500 million), and our 5.200% Series X Preferred Shares ($225 million). Redemption of such preferred shares will depend upon many factors, including the rate at which we could issue replacement preferred securities.

Medium and Long-Term Debt: We have increased our debt outstanding from $64 million at December 31, 2014 to $1.9 billion at December 31, 2019, and on January 24, 2020, we issued an additional €500 million ($551.6 million) of senior unsecured debt. Our $2.5 billion of debt outstanding at February 25, 2020 has an average interest rate of approximately 2.43%. While we have increased our use of debt as a capital source, and have broad powers to issue debt without a vote by our preferred or common shareholders, we expect to continue to remain conservatively capitalized and not subject ourselves to significant refinancing risk through effective "laddering" of our maturities.

Common equity: Except in connection with mergers, most notably a merger in 2006 with Shurgard Storage Centers, we have not raised capital through the issuance of common equity because lower cost alternatives have been available. However, we believe that the market for our common equity is liquid, with average trading volume in 2019 of approximately 885,000 common shares per day and, as a result, common equity is a significant potential source of capital.

Bridge financing: We have a $500.0 million revolving line of credit which we occasionally use as temporary "bridge" financing, along with short-term bank loans, until we are able to raise longer-term capital. As of

December 31, 2019, there were no borrowings outstanding on our revolving line of credit and no short-term bank loans.

Joint Venture Financing: We have participated in joint ventures with institutional investors in the past to acquire, develop, and operate self-storage facilities, most notably our joint venture to own Shurgard, prior to its Offering. Any future uses of joint venture financing will be based upon, among other considerations, the relative cost of joint venture financing as compared to other sources of capital. We do not have any current plans to utilize joint venture financing.

Sale of Properties: Generally, we have disposed of self-storage facilities only when compelled to do so through condemnation proceedings. Because we believe that we are an optimal operator of self-storage facilities, we have generally found that we cannot obtain sufficient value in selling properties because potential buyers cannot extract as much cash flow from the properties as we can. As a result, we do not presently expect to raise significant capital selling self-storage facilities; however, there can be no assurance that we will not.

Investments in Real Estate and Unconsolidated Real Estate Entities

Investment Policies and Practices with respect to our investments: Following are our investment practices and policies which, though we do not anticipate any significant alteration, can be changed by our board of trustees (the "Board") without a shareholder vote:

- Our investments primarily consist of direct ownership of self-storage facilities, as well as partial interests in entities we control that own self-storage facilities that we manage under the "Public Storage" brand name in the U.S. Our investments in self-storage facilities are described in more detail in Item 2, "Properties," below.

- We have an ownership interest in Shurgard, which owns storage facilities located in Europe under the "Shurgard" brand name.

- Additional acquired interests in real estate will primarily include the acquisition of properties from third parties, as well as to a lesser extent, partial interests in entities in which we already have an interest.

- To a lesser extent, we have interests in existing commercial properties (described in Item 2, "Properties"), containing commercial and industrial rental space, primarily through our investment in PSB.

Facilities Owned by Unconsolidated Real Estate Entities

At December 31, 2019, we had ownership interests in PSB and Shurgard (each discussed above), which we do not control or consolidate.

PSB and Shurgard's debt has no recourse to us. See Note 4 to our December 31, 2019 financial statements for further disclosure regarding our investments in PSB and Shurgard. In addition, PSB's public filings are available at its website, www.psbusinessparks.com and on the SEC website, and Shurgard's public filings and publicly reported information can be obtained on its website, https://corporate.shurgard.eu and on the website of the Luxembourg Stock Exchange, http://www.bourse.lu.

Canadian self-storage facilities owned by Tamara Hughes Gustavson

At December 31, 2019, Tamara Hughes Gustavson, a member of our Board of Trustees, owned and controlled 63 self-storage facilities in Canada. These facilities operate under the "Public Storage" tradename, which we license to the owners of these facilities for use in Canada on a royalty-free, non-exclusive basis. We have no ownership interest in these facilities and we do not own or operate any facilities in Canada. If we chose to acquire or develop our own facilities in Canada, we would have to share the use of the "Public Storage" name in Canada. We have a right of first refusal, subject to limitations, to acquire the stock or assets of the corporation engaged in the operation of these facilities if their owners agree to sell them. Our subsidiaries reinsure risks relating to loss of goods stored by customers in these facilities, and have received approximately $1.5 million, $1.3 million and $1.1 million for the years ended December 31, 2019, 2018 and 2017, respectively. Our right to continue receiving these premiums may be qualified.

Limitations on Debt

Our revolving credit facility, U.S. Dollar Notes and Euro Notes contain various customary financial covenants, including limitations on our ability to encumber our properties with mortgages and limitations on the level of indebtedness. We believe we complied with each of these covenants as of December 31, 2019.

Employees

We had approximately 5,900 employees in the U.S. at December 31, 2019 who are engaged primarily in property operations.

Seasonality

We experience minor seasonal fluctuations in the demand for self-storage space, with demand and rental rates generally higher in the summer months than in the winter months. We believe that these fluctuations result in part from increased moving activity during the summer months.

Insurance

We carry property, earthquake, general liability, employee medical insurance and workers compensation coverage through internationally recognized insurance carriers, subject to deductibles. Our deductible for general liability is $2.0 million per occurrence. Our annual deductible for property loss is $25.0 million per occurrence. This deductible decreases to $5.0 million once we reach $35.0 million in aggregate losses for occurrences that exceed $5.0 million. Insurance carriers' aggregate limits on these policies of $75.0 million for property losses and $102.0 million for general liability losses are higher than estimates of maximum probable losses that could occur from individual catastrophic events determined in recent engineering and actuarial studies; however, in case of multiple catastrophic events, these limits could be exceeded.

We reinsure a program that provides insurance to our customers from an independent third-party insurer. This program covers customer claims for losses to goods stored at our facilities as a result of specific named perils (earthquakes are not covered by this program), up to a maximum limit of $5,000 per storage unit. We reinsure all risks in this program, but purchase insurance to cover this exposure for a limit of $15.0 million for losses in excess of $5.0 million per occurrence. We are subject to licensing requirements and regulations in several states. Customers participate in the program at their option. At December 31, 2019, there were approximately 935,000 certificates held by our self-storage customers, representing aggregate coverage of approximately $3.2 billion.

ITEM 1A. Risk Factors

In addition to the other information in our Annual Report on Form 10-K, you should consider the risks described below that we believe may be material to investors in evaluating the Company. This section contains forward-looking statements, and in considering these statements, you should refer to the qualifications and limitations on our forward-looking statements that are described in Item 1, "Business."

We have significant exposure to real estate risk.

Since our business consists primarily of acquiring, developing, and operating real estate, we are subject to risks related to the ownership and operation of real estate that could result in reduced revenues, increased expenses, increased capital expenditures, or increased borrowings, which could negatively impact our operating results, cash flow available for distribution or reinvestment, and our stock price:

Natural disasters or terrorist attacks could cause damage to our facilities, resulting in increased costs and reduced revenues. Natural disasters, such as earthquakes, fires, hurricanes and floods, or terrorist attacks could cause significant damage to our facilities and require significant repair costs, and make facilities temporarily uninhabitable, thereby reducing our revenues. Damage and business interruption losses could exceed the aggregate limits of our insurance coverage. In addition, because we self-insure a portion of our risks, losses below a certain level may not be covered by insurance. See Note 13 to our December 31, 2019 financial statements for a description of the risks of losses that are not covered by third-party insurance contracts. We may not have sufficient insurance coverage for losses caused by a terrorist attack, or such insurance may not be maintained, available or cost-effective. In addition, significant natural disasters, terrorist attacks, threats of future terrorist attacks, or resulting wider armed conflicts could have negative impacts on self-storage demand and/or our revenues.

Consequences of climate change, including severe weather events, and the steps taken to prevent climate change, could result in increased capital expenditures, increased expenses, and reduced revenues: Direct and indirect impacts of climate change, such as increased destructive weather events, fires, reduced lifespans and population reduction, reduced natural habitats, water, food, arable land, and other resources, as well as resulting armed conflicts, could increase our costs or reduce demand for our self-storage facilities. Governmental, political, and societal pressure could (i) require costly changes to future newly developed facilities, or require retrofitting of our existing facilities, to reduce carbon emissions through multiple avenues including changes to insulation, space configuration, lighting, heating, and air conditioning, (ii) increase energy costs as a result of switching to less carbon-intensive, but more expensive, sources of energy to operate our facilities, and (iii) result in consumers reducing their individual carbon footprints by owning fewer durable material consumer goods, collectibles, and other such items requiring storage, resulting in a reduced demand for our self-storage space.

Operating costs, including property taxes, could increase. We could be subject to increases in insurance premiums, property or other taxes, repair and maintenance costs, payroll, utility costs, workers compensation, and other operating expenses due to various factors such as inflation, labor shortages, commodity and energy price increases, weather, increases to minimum wage rates, changes to governmental safety and real estate use limitations, as well as other governmental actions. Our property tax expense, which totaled approximately $280.5 million during the year ended December 31, 2019, generally depends upon the assessed value of our real estate facilities as determined by assessors and government agencies, and accordingly could be subject to substantial increases if such agencies changed their valuation approaches or opinions or if new laws are enacted, especially if new approaches are adopted or laws are enacted that result in increased property tax assessments in states or geographies where we have a high concentration of facilities. See also "*We have exposure to increased property tax in California*" below.

The acquisition of existing properties or self-storage operating companies is subject to risks that may adversely affect our growth and financial results. We have acquired self-storage facilities from third parties in the past, and we expect to continue to do so in the future. We face significant competition for suitable acquisition properties from other real estate investors. As a result, we may be unable to acquire additional properties we desire or the purchase price for desirable properties may be significantly increased. Failures or unexpected circumstances in integrating facilities that we acquire directly or via the acquisition of operating companies into our operations, or circumstances we did not detect or anticipate during due diligence, such as environmental matters, needed repairs or deferred maintenance, customer collection issues, assumed liabilities, turnover of critical personnel involved in acquired operating companies, or the effects of increased property tax following reassessment of a newly-acquired property, as well as the general risks of real estate investment and mergers and acquisitions, could jeopardize realization of the anticipated earnings from an acquisition.

Development of self-storage facilities can subject us to risks. At December 31, 2019, we have a pipeline of development projects totaling $619.2 million (subject to contingencies), and we expect to continue to seek additional development projects. There are significant risks involved in developing self-storage facilities, such as delays or cost increases due to changes in or failure to meet government or regulatory requirements, failure of revenue to meet our underwriting estimates, weather issues, unforeseen site conditions, or personnel problems. Self-storage space is generally not pre-leased, and rent-up of newly developed space can be delayed or ongoing cash flow yields can be reduced due to competition, reductions in storage demand, or other factors.

There is significant competition among self-storage operators and from other storage alternatives. Our self-storage facilities generate most of our revenue and earnings. Competition in the local market areas in which many of our properties are located is significant and has affected our occupancy levels, rental rates, and operating expenses. Development of self-storage facilities has increased in recent years, which has intensified competition and will continue to do so as newly developed facilities are opened. Development of self-storage facilities by other operators could continue to increase, due to increases in availability of funds for investment or other reasons, and further intensify competition.

Our newly developed and expanded facilities, and facilities that we manage for third party owners, may negatively impact the revenues of our existing facilities. We continue to develop new self-storage facilities and expand our existing self-storage facilities. In addition, we are seeking to increase the number of self-storage facilities that we manage for third party owners in exchange for a fee, many of which are in the process of stabilization and are in proximity to our existing stabilized self-storage facilities. In order to hasten the fill-up of these new facilities, we aggressively price such space during the fill-up period. While we believe that this aggressive pricing allows us to increase our market share relative to our competitors and increase the cash flows of these properties, such pricing and the added capacity may also negatively impact our existing stabilized self-storage facilities that are in proximity to these unstabilized facilities.

Many of our existing self-storage facilities may be at a competitive disadvantage to newly developed facilities. There is a significant level of development of new self-storage facilities, by us and other operators. These newly developed facilities are generally of high quality, with a more fresh and vibrant appearance, more amenities such as climate control, more attractive office configurations, newer elements, and a more imposing and attractive retail presence as compared to many of our existing stabilized self-storage facilities, some of which were built as much as 50 years ago. Such qualitative differentials may negatively impact our ability to compete with these facilities for new tenants and our existing tenants may move to newly developed facilities.

We may incur significant liabilities from environmental contamination or moisture infiltration. Existing or future laws impose or may impose liability on us to clean up environmental contamination on or around properties that we currently or previously owned or operated, even if we were not responsible for or aware of the environmental contamination or even if such environmental contamination occurred prior to our involvement with the property. We have conducted preliminary environmental assessments on most of our properties, which have not identified any material liabilities. These assessments, commonly referred to as “Phase 1 Environmental Assessments,” include an investigation (excluding soil or groundwater sampling or analysis) and a review of publicly available information regarding the site and other nearby properties.

We are also subject to potential liability relating to moisture infiltration, which can result in mold or other damage to our or our customers’ property, as well as potential health concerns. When we receive a complaint or otherwise become aware that an air quality concern exists, we implement corrective measures and seek to work proactively with our customers to resolve issues, subject to our contractual limitations on liability for such claims.

We are not aware of any environmental contamination or moisture infiltration related liabilities that could be material to our overall business, financial condition, or results of operation. However, we may not have detected all material liabilities, we could acquire properties with material undetected liabilities, or new conditions could arise or develop at our properties, any of which could result in a cash settlement or adversely affect our ability to sell, lease, operate, or encumber affected facilities.

Economic conditions can adversely affect our business, financial condition, growth and access to capital.

Our revenues and operating cash flow can be negatively impacted by reductions in employment and population levels, household and disposable income, and other general economic factors that lead to a reduction in demand for rental space in each of the markets in which we operate.

Our ability to raise capital to fund our activities may be adversely affected by challenging market conditions. In periods when the capital and credit markets experience significant volatility, the amounts, sources, and cost of capital available to us may be adversely affected. If we were unable to raise capital at reasonable rates, prospective earnings growth through expanding our asset base could be limited.

We have exposure to European operations through our ownership in Shurgard.

We own approximately 35% of the common shares of Shurgard, and this investment has a $339.9 million book value and a $1.2 billion market value (based upon the closing trading price of Shurgard's common stock) at December 31, 2019. We recognized $15.5 million in equity in earnings, and received $23.1 million in dividends, in 2019, with respect to Shurgard.

Shurgard, as an owner, operator, and developer of self-storage facilities, is subject to many of the same risks we are with respect to self-storage. However, through our investment in Shurgard, we are exposed to additional risks unique to the various European markets Shurgard operates in which may adversely impact our business and financial results, many of which are referred to in Shurgard's public filings. These risks include the following:

- *Currency risks:* Currency fluctuations can impact the fair value of our investment in Shurgard, our equity earnings, our ongoing dividends, and any other related repatriations of cash.

- *Legislative, tax, and regulatory risks:* Shurgard is subject to a variety of local, national, and pan European laws and regulations related to permitting and land use, the environment, labor, and other areas, as well as income, property, sales, value added and employment tax laws. These laws can be difficult to apply or interpret and can vary in each country or locality, and are subject to unexpected changes in their form and application due to regional, national, or local political uncertainty and other factors. Such changes, or Shurgard's failure to comply with these laws, could subject it to penalties or other sanctions, adverse changes in business processes, as well as potentially adverse income tax, property tax, or other tax burdens.

- *Impediments to capital repatriation could negatively impact the realization of our investment in Shurgard:* Laws in Europe and the U.S. may create, impede, or increase our cost to repatriate distributions received from Shurgard or proceeds from the sale of Shurgard's shares.

- *Risks of collective bargaining and intellectual property:* Collective bargaining, which is prevalent in certain areas in Europe, could negatively impact Shurgard's labor costs or operations. Many of Shurgard's employees participate in various national unions.

- *Potential operating and individual country risks:* Economic slowdowns or extraordinary political or social change in the countries in which it operates have posed, and could continue to pose, challenges or result in future reductions of Shurgard's operating cash flows.

- *Liquidity of our ownership stake:* We have no plans to liquidate our interest in Shurgard. However, while Shurgard is a publicly held entity, if we chose to, our ability to liquidate our shares in Shurgard in an efficient manner could be limited by the level of Shurgard's public "float" relative to any ownership stake we sought to sell. Our existing relationship with our legacy joint venture partner may place further contractual limitations on our ability to sell all of the shares we own if we desired to do so.

- *Impediments of Shurgard's public ownership structure:* Shurgard's strategic decisions, involving activities such as borrowing money, capital contributions, raising capital from third parties, as well as selling or acquiring significant assets, are determined by its board of directors. As a result, Shurgard may be precluded from taking advantage of opportunities that we would find attractive but that we may not be able to pursue economically separately, or it could take actions that we do not agree with.

We have exposure to commercial property risk through our ownership in PSB.

We own approximately 42% of the common equity of PSB, and this investment has a $427.9 million book value and a $2.4 billion market value (based upon the closing trading price of PSB's common stock) at December 31, 2019. We recognized $54.1 million in equity in earnings, and received $60.7 million in dividends, in 2019, with respect to PSB.

PSB, as an owner, operator, and developer of real estate, is subject to many of the same risks we are with respect to real estate. However, we may be exposed to other risks as a result of PSB's ownership specifically of commercial facilities. These risks are set forth in PSB's Form 10-K for the year ended December 31, 2019, under "Item 1A. *Risk Factors*."

The Hughes Family could significantly influence us and take actions adverse to other shareholders.

At December 31, 2019, B. Wayne Hughes, our former Chairman and his family, which includes his daughter, Tamara Hughes Gustavson and his son, B. Wayne Hughes, Jr., who are both members of our Board of Trustees (collectively, the "Hughes Family"), owned approximately 14.1% of our aggregate outstanding common shares. Our declaration of trust permits the Hughes Family to own up to 35.66% of our outstanding common shares while it generally restricts the ownership by other persons and entities to 3% of our outstanding common shares unless our Board of Trustees grants an ownership waiver, as has occurred in certain cases for large mutual fund companies. Consequently, the Hughes Family may significantly influence matters submitted to a vote of our shareholders, including electing trustees, amending our organizational documents, dissolving and approving other extraordinary transactions, such as a takeover attempt, which may result in an outcome that may not be favorable to other shareholders.

Takeover attempts or changes in control could be thwarted, even if beneficial to shareholders.

In certain circumstances, shareholders might desire a change of control or acquisition of us, in order to realize a premium over the then-prevailing market price of our shares or for other reasons. However, the following could prevent, deter, or delay such a transaction:

- Provisions of Maryland law may impose limitations that may make it more difficult for a third party to negotiate or effect a business combination transaction or control share acquisition with Public Storage. Currently, the Board has opted not to subject the Company to these provisions of Maryland law, but it could choose to do so in the future without shareholder approval.

- To protect against the loss of our REIT status due to concentration of ownership levels, our declaration of trust generally limits the ability of a person, other than the Hughes Family or "designated investment entities" (each as defined in our declaration of trust), to own, actually or constructively, more than 3% of our outstanding common shares or 9.9% of the outstanding shares of any class or series of preferred or equity shares. Our Board may grant, and has previously granted, a specific exemption. These limits could discourage, delay or prevent a transaction involving a change in control of the Company not approved by our Board.

- Similarly, current provisions of our declaration of trust and powers of our Board could have the same effect, including (1) limitations on removal of trustees, (2) restrictions on the acquisition of our shares of beneficial interest, (3) the power to issue additional common shares, preferred shares or equity shares on terms approved by the Board without obtaining shareholder approval, (4) the advance notice provisions of our bylaws and (5) the Board's ability under Maryland law, without obtaining shareholder approval, to implement takeover defenses that we may not yet have and to take, or refrain from taking, other actions that could have the effect of delaying, deterring or preventing a transaction or a change in control.

If we failed to qualify as a REIT, we would have to pay substantial income taxes.

REITs are subject to a range of complex organizational and operational requirements. A qualifying REIT does not generally incur federal income tax on its net income that is distributed to its shareholders. Our REIT status is also dependent upon the ongoing REIT qualification of PSB as a result of our substantial ownership interest in it. We believe we have qualified as a REIT and we intend to continue to maintain our REIT status.

There can be no assurance that we qualify or will continue to qualify as a REIT, because of the highly technical nature of the REIT rules, the ongoing importance of factual determinations, the possibility of unidentified issues in prior periods, or changes in our circumstances, as well as share ownership limits in our articles of incorporation that do not necessarily ensure that our shareholder base is sufficiently diverse for us to qualify as a REIT. For any year we fail to qualify as a REIT, unless certain relief provisions apply (the granting of such relief could nonetheless result in significant excise or penalty taxes), we would not be allowed a deduction for dividends paid, we would be subject to corporate tax on our taxable income, and generally we would not be allowed to elect REIT status until the fifth year after such a disqualification. Any taxes, interest, and penalties incurred would reduce our cash available for distributions to shareholders and could negatively affect our stock price. However, for years in which we failed to qualify as a REIT, we would not be subject to REIT rules that require us to distribute substantially all of our taxable income to our shareholders.

Holders of our preferred shares have dividend, liquidation and other rights that are senior to the rights of the holders of shares of our common stock.

Holders of our preferred shares are entitled to cumulative dividends before any dividends may be declared or set aside on our common stock. Upon liquidation, holders of our preferred shares will receive a liquidation preference of $25,000 per share (or $25.00 per depositary share) plus any accrued and unpaid distributions before any payment is made to the common shareholders. These preferences may limit the amount received by our common shareholders either from ongoing distributions or upon liquidation. In addition, our preferred shareholders have the right to elect two additional directors to our Board whenever dividends are in arrears in an aggregate amount equivalent to six or more quarterly dividends, whether or not consecutive.

We are increasingly dependent upon Google to source our customers.

Approximately 59% of our new storage customers in 2019 were sourced directly or indirectly through "unpaid" search and "paid" search campaigns on Google. We believe that the vast majority of customers searching for self-storage use Google at some stage in their shopping experience. Google is providing tools to allow smaller and less sophisticated operators to bid for search terms, increasing competition for self-storage search terms. The predominance of Google in the shopping experience, as well as Google's enabling of additional competitors to bid for placements in self-storage search terms, may reduce the number of new customers that we can procure, and/or increase our costs to obtain new customers.

Preferred Shareholders are subject to certain risks.

Holders of our preferred shares have preference rights over our common shareholders with respect to liquidation and distributions, which give them some assurance of continued payment of their stated dividend rate, and receipt of their principal upon liquidation of the Company or redemption of their securities. However, holders of our Preferred Shares should consider the following risks:

- The Company has in the past, and could in the future, issue or assume additional debt. Preferred shareholders would be subordinated to the interest and principal payments of such debt, which would increase the risk that there would not be sufficient funds to pay distributions or liquidation amounts to the preferred shareholders.

- The Company has in the past, and could in the future, issue additional preferred shares that, while pari passu to the existing preferred shares, increases the risk that there would not be sufficient funds to pay distributions to the preferred shareholders.

- While the Company has no plans to do so, if the Company were to lose its REIT status or no longer elect REIT status, it would no longer be required to distribute its taxable income to maintain REIT status. If, in such a circumstance, the Company ceased paying dividends, unpaid distributions to the preferred shareholders would continue to accumulate. The preferred shareholders would have the ability to elect two additional members to serve on our Board of Trustees until the arrearage was cured. The preferred shareholders would not receive any compensation (such as interest) for the delay in the receipt of distributions, and it is possible that the arrearage could accumulate indefinitely.

Changes in tax laws could negatively impact us.

The United States Treasury Department and Congress frequently review federal income tax legislation, regulations and other guidance. We cannot predict whether, when, or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect taxation of us or our shareholders.

Changes made by the Tax Cuts and Jobs Act (the "TCJA"), signed into law on December 22, 2017, limit our ability to deduct compensation in excess of $1 million paid to certain senior executives. This could require us to increase distributions to our shareholders in the future in order to avoid paying tax and to maintain our REIT status.

We may pay some taxes, reducing cash available for shareholders.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to some federal, foreign, state and local taxes on our income and property. Since January 1, 2001, certain consolidated corporate subsidiaries of the Company have elected to be treated as "taxable REIT subsidiaries" for federal income tax purposes, and are taxable as regular corporations and subject to certain limitations on intercompany transactions. If tax authorities determine that amounts paid by our taxable REIT subsidiaries to us are not reasonable compared to similar arrangements among unrelated parties, we could be subject to a 100% penalty tax on the excess payments, and ongoing intercompany arrangements could have to change, resulting in higher ongoing tax payments. To the extent the Company is required to pay federal, foreign, state or local taxes or federal penalty taxes due to existing laws or changes thereto, we will have less cash available for distribution to shareholders.

In addition, certain local and state governments have imposed taxes on self-storage rent. While in most cases those taxes are paid by our customers, they increase the cost of self-storage rental to our customers and can negatively impact our revenues. Other local and state governments may impose self-storage rent taxes in the future.

We have exposure to increased property tax in California.

Approximately $580 million of our 2019 net operating income is from our properties in California, and we incurred approximately $42 million in related property tax expense. Due to the impact of Proposition 13, which generally limits increases in assessed values to 2% per year, the assessed value and resulting property tax we pay is less than it would be if the properties were assessed at current values. From time to time, proposals have been made to reduce the beneficial impact of Proposition 13, particularly with respect to commercial and industrial (non-residential) real estate, which would include self-storage facilities. In late 2018, an initiative qualified for California's November 2020 statewide ballot that would create a "split roll," generally making Proposition 13's protections only applicable to residential real estate. The sponsors of the original initiative are attempting to qualify a revised proposal that has a similar impact in terms of property taxes, but may have a higher change of passage. If the revised initiative is qualified, it will replace the first initiative on the November 2020 ballot. If the original or replacement initiative were to be adopted, it would end the beneficial effect of Proposition 13 for our properties, and our property tax expense could increase substantially, adversely affecting our cash flow from operations and net income.

We cannot predict whether (i) the revised initiative will qualify to replace the first qualified initiative, (ii) the initiative that ends up on the November 2020 ballot will pass or (iii) other changes to Proposition 13 may be proposed or adopted in the future.

We are exposed to ongoing litigation and other legal and regulatory actions, which may divert management's time and attention, require us to pay damages and expenses or restrict the operation of our business.

We have over 5,900 employees, more than 1.4 million customers, and we conduct business at facilities with 169 million net rentable square feet of storage space. As a result, we are subject to the risk of legal claims and proceedings (including class actions) and regulatory enforcement actions in the ordinary course of our business and otherwise, and we could incur significant liabilities and substantial legal fees as a result of these actions. Resolution of these claims and actions may divert time and attention by our management could involve payment of damages or expenses by us, all of which may be significant, and could damage our reputation and our brand. In addition, any such resolution could involve our agreement to terms that restrict the operation of our business. The results of legal proceedings cannot be predicted with certainty. We cannot guarantee losses incurred in connection with any current or future legal or regulatory proceedings or actions will not exceed any provisions we may have set aside in respect of such proceedings or actions or will not exceed any available insurance coverage. The impact of any such legal claims, proceedings, and regulatory enforcement actions and could negatively impact our operating results, cash flow available for distribution or reinvestment, and/or the price of our common shares.

In addition, through exercising their authority to regulate our activities, governmental agencies can otherwise negatively impact our business by increasing costs or decreasing revenues.

We are heavily dependent on computer systems, telecommunications and the Internet to process transactions, make payments, summarize results and manage our business. The failure or disruption of our computer and communications systems could significantly harm our business.

We are heavily dependent upon automated information technology and Internet commerce, with more than half of our new customers coming from the telephone or over the Internet. We centrally manage significant components of our operations with our computer systems, including our financial information, and we also rely extensively on third-party vendors to retain data, process transactions and provide other systems services. These systems are subject to damage or interruption from power outages, computer and telecommunications failures, hackers, computer worms, viruses and other destructive or disruptive security breaches and catastrophic events. Such incidents could also result in significant costs to repair or replace such networks or information systems, as well as actual monetary losses in case of a breach that resulted in fraudulent payments or other cash transactions. As a result, our operations could be severely impacted by a natural disaster, terrorist attack, attack by hackers, acts of vandalism, data theft, misplaced or lost data, programming or human error, or other circumstance that results in a significant outage of our systems or those of our third party providers, despite our use of back up and redundancy measures.

If our confidential information is compromised or corrupted, including as a result of a cybersecurity breach, our reputation and business relationships could be damaged, which could adversely affect our financial condition and operating results.

In the ordinary course of our business we acquire and store sensitive data, including personally identifiable information of our prospective and current customers and our employees. The secure processing and maintenance of this information is critical to our operations and business strategy. Although we believe we have taken commercially reasonable steps to protect the security of our confidential information, information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyberattacks. Despite our security measures, we have experienced security breaches due to cyberattacks and additional breaches could occur in the future. In these cases, our information technology and infrastructure could be vulnerable and our or our customers' or employees' confidential information could be compromised or misappropriated. Any such breach could result in serious and harmful consequences for us or our tenants.

Our confidential information may also be compromised due to programming or human error or malfeasance.

We must continually evaluate and adapt our systems and processes to address the evolving threat landscape, and therefore there is no guarantee that they will be adequate to safeguard against all data security breaches or misuses of data. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and changing requirements applicable to our business from multiple regulatory agencies at the local, state, federal, or international level, compliance with those requirement could also result in additional costs, or we could fail to comply with those requirements due to various reasons such as not being aware of them.

Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, any of which could adversely affect our results of operations, reputation and competitive position. In addition, our customers could lose confidence in our ability to protect their personal information, which could cause them to discontinue leasing our self-storage facilities. Such events could lead to lost future revenues and adversely affect our results of operations and could result in remedial and other costs, fines or lawsuits, which could be in excess of any available insurance that we have procured.

We are subject to California's new privacy law which will require us to incur compliance costs and may subject us to litigation that may affect our operating results and financial condition.

The California Consumer Privacy Act (the "CCPA") went into effect on January 1, 2020. The CCPA requires, among other things, companies that collect personal information about California residents to make new disclosures to those residents about their data collection, use and sharing practices, allows residents to opt out of certain data sharing with third parties, and provides a new cause of action for data breaches. However, regulations from the California Attorney General have not been finalized, and it is expected that additional amendments to the CCPA will be introduced in 2020. It therefore remains unclear what, if any, modifications will be made to the CCPA or how it will be interpreted. While we believe we have developed processes to comply with CCPA requirements, a regulatory agency may not agree with certain of our implementation decisions, which could subject us to litigation, regulatory actions or changes to our business practices that could increase costs or reduce revenues. Other states have also considered or are considering privacy laws similar to the CCPA. Similar laws may be implemented in other jurisdictions that we do business in and in ways that may be more restrictive than the CCPA, increasing the cost of compliance, as well as the risk of noncompliance, on our business.

Our tenant reinsurance business is subject to governmental regulation which could reduce our profitability or limit our growth.

We hold Limited Lines Self-Service Storage Insurance Agent licenses from a number of individual state departments of insurance and are subject to state governmental regulation and supervision. Our continued ability to maintain these Limited Lines Self-Service Storage Insurance Agent licenses in the jurisdictions in which we are licensed depends on our compliance with related rules and regulations. The regulatory authorities in each jurisdiction generally have broad discretion to grant, renew and revoke licenses and approvals, to promulgate, interpret, and implement regulations, and to evaluate compliance with regulations through periodic examinations, audits and investigations of the affairs of insurance agents. As a result of regulatory or private action in any jurisdiction, we may be temporarily or permanently suspended from continuing some or all of our reinsurance activities, or otherwise fined or penalized or suffer an adverse judgment, which could reduce our net income.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

At December 31, 2019, we had controlling ownership interests in 2,483 self-storage facilities located in 38 states within the U.S.:

	At December 31, 2019	
	Number of Storage Facilities	Net Rentable Square Feet (in thousands)
California		
Southern	250	18,356
Northern	179	11,271
Texas	311	23,761
Florida	295	20,312
Illinois	126	7,952
Georgia	113	7,625
Washington	100	6,960
North Carolina	93	6,824
Virginia	104	6,455
Colorado	75	5,532
New York	67	4,650
Minnesota	57	4,249
New Jersey	58	3,863
Maryland	62	3,761
South Carolina	63	3,654
Ohio	49	3,199
Arizona	47	3,103
Michigan	45	3,094
Indiana	39	2,451
Missouri	38	2,236
Tennessee	35	2,228
Oregon	39	2,040
Pennsylvania	28	1,957
Massachusetts	27	1,875
Nevada	27	1,818
Oklahoma	22	1,533
Kansas	21	1,268
Other states (12 states)	113	6,881
Total (a)	2,483	168,908

(a) See Schedule III: Real Estate and Accumulated Depreciation in the Company's 2019 financials, for a summary of land, building, accumulated depreciation, square footage, and number of properties by market.

We seek to maximize our facilities' cash flow through the regular review and adjustment of rents charged and promotions granted to our existing and new incoming customers, and controlling expenses. For the year ended December 31, 2019, the weighted average occupancy level and the average realized rent per occupied square foot for our self-storage facilities were approximately 90.9% and $17.02, respectively.

At December 31, 2019, 27 of our facilities with a net book value of $106 million were encumbered by an aggregate of $27 million in mortgage notes payable.

We have no specific policy as to the maximum size of any one particular self-storage facility. However, no individual facility involves, or is expected to involve, 1% or more of our total assets, gross revenues or net income.

Description of Self-Storage Facilities: Self-storage facilities, which comprise the majority of our investments, offer accessible storage space for personal and business use at a relatively low cost. A user rents a fully enclosed space, securing the space with their lock, which is for the user's exclusive use and to which only the user has access. Property managers operate the facility and are supervised by district managers. Some self-storage facilities also include rentable uncovered parking areas for vehicle storage. Space is rented on a month-to-month basis and rental rates vary according to the location of the property, the size of the storage space and other characteristics that affect the relative attractiveness of each particular space, such as whether the space has "drive-up" access, its proximity to elevators, or if the space is climate controlled. All of our self-storage facilities are operated under the "Public Storage" brand name.

Users include individuals from virtually all demographic groups, as well as businesses. Individuals usually store furniture, household appliances, personal belongings, motor vehicles, boats, campers, motorcycles and other household goods. Businesses normally store excess inventory, business records, seasonal goods, equipment and fixtures.

The configuration of self-storage facilities has evolved over time. The oldest facilities are comprised generally of multiple single-story buildings, and have on average approximately 500 primarily "drive up" spaces per facility, and a small rental office. The most prevalent recently constructed facilities have higher density footprints with large, multi-story buildings with climate control and generally up to 1,000 self-storage spaces, a more imposing and visible retail presence, and a prominent and large rental office designed to appeal to customers as an attractive and retail-focused "store." Our self-storage portfolio includes facilities with characteristics of the oldest facilities, characteristics of the most recently constructed facilities, and those with characteristics of both older and recently constructed facilities. Most spaces have between 25 and 400 square feet and an interior height of approximately eight to 12 feet.

We experience minor seasonal fluctuations in the occupancy levels of self-storage facilities with occupancies generally higher in the summer months than in the winter months. We believe that these fluctuations result in part from increased demand from moving activity during the summer months and incremental demand from college students.

Our self-storage facilities are geographically diversified and are located primarily in or near major metropolitan markets in 38 states in the U.S. Generally our self-storage facilities are located in heavily populated areas and close to concentrations of apartment complexes, single family residences and commercial developments.

Competition from other self-storage facilities is significant and affects the occupancy levels, rental rates, rental income and operating expenses of our facilities.

We believe that self-storage facilities, upon achieving stabilized occupancy levels of approximately 90%, have attractive characteristics consisting of high profit margins, a broad tenant base, low levels of capital expenditures to maintain their condition and appearance and excellent returns on invested capital. Historically, upon reaching stabilization, our U.S. self-storage facilities have generally shown a high degree of stability in generating cash flows.

Description of Commercial Properties: We have an interest in PSB, which, as of December 31, 2019, owns and operates approximately 27.6 million rentable square feet of commercial space in six states. At December 31, 2019, the $427.9 million book value and $2.4 billion market value, respectively, of our investment in PSB represents approximately 4% and 21%, respectively, of our total book value assets. We also directly own 0.9 million net rentable square feet of commercial space managed primarily by PSB.

The commercial properties owned by PSB consist primarily of flex, multi-tenant office and industrial space. Flex space is defined as buildings that are configured with a combination of office and warehouse space and can be designed to fit a wide variety of uses (including office, assembly, showroom, laboratory, light manufacturing and warehouse space).

Environmental Matters: We accrue environmental assessments and estimated remediation cost when it is probable that such efforts will be required and the related costs can be reasonably estimated. Our current practice is to conduct environmental investigations in connection with property acquisitions. Although there can be no assurance, we are not aware of any environmental contamination of any of our facilities, which individually or in the aggregate would be material to our overall business, financial condition, or results of operations.

ITEM 3. Legal Proceedings

We are subject to contingent losses as a result of being a party to various claims, complaints, and legal proceedings. However, we believe that there is a remote likelihood that the resolution of these contingencies will result in a material loss or have a material adverse affect on our financial condition, results of operations or liquidity.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our Common Shares of beneficial interest (the "Common Shares") (NYSE: PSA) have been listed on the NYSE since October 19, 1984. As of February 21, 2020, there were approximately 11,573 holders of record of our Common Shares.

Our Board of Trustees has authorized management to repurchase up to 35,000,000 of our common shares on the open market or in privately negotiated transactions. From the inception of the repurchase program through February 25, 2020, we have repurchased a total of 23,721,916 common shares (all purchased prior to 2010) at an aggregate cost of approximately $679.1 million. Our common share repurchase program does not have an expiration date and there are 11,278,084 common shares that may yet be repurchased under our repurchase program as of December 31, 2019. We have no current plans to repurchase shares; however, future levels of common share repurchases will be dependent upon our available capital, investment alternatives, and the trading price of our common shares.

Refer to Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters" for information about our equity compensation plans.

ITEM 6. Selected Financial Data

	For the year ended December 31,				
	2019	2018	2017	2016	2015
	(Amounts in thousands, except share and per share data)				
Revenues	$ 2,846,823	$ 2,754,280	$ 2,668,528	$ 2,560,549	$ 2,381,696
Expenses:					
Cost of operations	796,783	739,722	707,978	669,083	635,502
Depreciation and amortization	512,918	483,646	454,526	433,314	426,008
General and administrative	71,983	118,720	82,882	83,656	88,177
Interest expense	45,641	32,542	12,690	4,210	610
	1,427,325	1,374,630	1,258,076	1,190,263	1,150,297
Other increase (decrease) to net income:					
Interest and other income	28,436	26,442	18,771	15,138	16,544
Equity in earnings of unconsolidated real estate entities	69,547	103,495	75,655	56,756	50,937
Foreign currency exchange gain (loss)	7,829	18,117	(50,045)	17,570	306
Casualty loss	-	-	(7,789)	-	-
Gain on sale of real estate	341	37,903	1,421	689	18,503
Gain due to Shurgard public offering	-	151,616	-	-	-
Net income	1,525,651	1,717,223	1,448,465	1,460,439	1,317,689
Net income allocated to noncontrolling equity interests	(5,117)	(6,192)	(6,248)	(6,863)	(6,445)
Net income allocable to Public Storage shareholders	$ 1,520,534	$ 1,711,031	$ 1,442,217	$ 1,453,576	$ 1,311,244
Per Common Share:					
Distributions	$ 8.00	$ 8.00	$ 8.00	$ 7.30	$ 6.50
Net income – Basic	$ 7.30	$ 8.56	$ 6.75	$ 6.84	$ 6.10
Net income – Diluted	$ 7.29	$ 8.54	$ 6.73	$ 6.81	$ 6.07
Weighted average common shares:					
Basic	174,287	173,969	173,613	173,091	172,699
Diluted	174,530	174,297	174,151	173,878	173,510
Balance Sheet Data:					
Total assets	$ 11,365,444	$ 10,928,270	$ 10,732,892	$ 10,130,338	$ 9,778,232
Total debt	$ 1,902,493	$ 1,412,283	$ 1,431,322	$ 390,749	$ 319,016
Total preferred equity	$ 4,065,000	$ 4,025,000	$ 4,025,000	$ 4,367,500	$ 4,055,000
Public Storage shareholders' equity	$ 9,062,911	$ 9,119,478	$ 8,940,009	$ 9,411,910	$ 9,170,641
Permanent noncontrolling interests' equity	$ 16,756	$ 25,250	$ 24,360	$ 29,744	$ 26,997
Net cash flow:					
Provided by operating activities	$ 2,067,643	$ 2,063,637	$ 1,972,889	$ 1,945,248	$ 1,748,126
Used in investing activities	$ (897,360)	$ (515,912)	$ (737,064)	$ (699,023)	$ (455,982)
Used in financing activities	$ (1,120,735)	$ (1,619,588)	$ (992,219)	$ (1,148,826)	$ (1,391,283)

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with our financial statements and notes thereto.

Critical Accounting Policies

Our MD&A discusses our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), and are affected by our judgments, assumptions and estimates. The notes to our December 31, 2019 financial statements, primarily Note 2, summarize our significant accounting policies.

We believe the following are our critical accounting policies, because they have a material impact on the portrayal of our financial condition and results, and they require us to make judgments and estimates about matters that are inherently uncertain.

Income Tax Expense: We have elected to be treated as a REIT, as defined in the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, we do not incur federal income tax on our REIT taxable income that is fully distributed each year (for this purpose, certain distributions paid in a subsequent year may be considered), and if we meet certain organizational and operational rules. We believe we have met these REIT requirements for all periods presented herein. Accordingly, we have recorded no federal income tax expense related to our REIT taxable income.

Our evaluation that we have met the REIT requirements could be incorrect, because compliance with the tax rules requires factual determinations, and circumstances we have not identified could result in noncompliance with the tax requirements in current or prior years. For any taxable year that we fail to qualify as a REIT and for which applicable statutory relief provisions did not apply, we would be taxed at the regular corporate rates on all of our taxable income for at least that year and the ensuing four years, we could be subject to penalties and interest, and our net income would be materially different from the amounts estimated in our financial statements.

In addition, certain of our consolidated corporate subsidiaries have elected to be treated as "taxable REIT subsidiaries" for federal income tax purposes, which are taxable as regular corporations and subject to certain limitations on intercompany transactions. If tax authorities determine that amounts paid by our taxable REIT subsidiaries to us are not reasonable compared to similar arrangements among unrelated parties, we could be subject to a 100% penalty tax on the excess payments. Such a penalty tax could have a material adverse impact on our net income.

Impairment of Long-Lived Assets: The analysis of impairment of our long-lived assets involves identification of indicators of impairment, projections of future operating cash flows, and estimates of fair values, all of which require significant judgment and subjectivity. Others could come to materially different conclusions. In addition, we may not have identified all current facts and circumstances that may affect impairment. Any unidentified impairment loss, or change in conclusions, could have a material adverse impact on our net income.

Accrual for Uncertain and Contingent Liabilities: We accrue for certain contingent and other liabilities that have significant uncertain elements, such as property taxes, workers compensation claims, tenant reinsurance claims, as well as other legal claims and disputes involving customers, employees, governmental agencies and other third parties. We estimate such liabilities based upon many factors such as assumptions of past and future trends and our evaluation of likely outcomes. However, the estimates of known liabilities could be incorrect or we may not be aware of all such liabilities, in which case our accrued liabilities and net income could be misstated.

Allocating Purchase Price for Acquired Real Estate Facilities: We estimate the fair values of land and buildings for purposes of allocating the aggregate purchase price of acquired properties. The related estimation processes involve significant judgment. We estimate the fair value of acquired buildings by determining the current cost to build new purpose-built self-storage facilities in the same location, and adjusting those costs for the actual age, quality, condition, amenities, and configuration of the buildings acquired. We estimate the fair value of acquired land by considering the most directly comparable recently transacted land sales ("Land Comps") and adjusting the transacted values for differentials to the acquired land such as location quality, parcel size, and date of sale, in order to derive the estimated value of the underlying acquired land. These adjustments to the Land Comps require significant judgment, particularly when there is a low volume of Land Comps or the available Land Comps lack similarity to the acquired property in proximity, date of sale, or location quality. Others could come to materially different conclusions as to the estimated fair values, which would result in different depreciation and amortization expense, gains and losses on sale of real estate assets, as well as the level of land and buildings on our balance sheet.

Overview

Our self-storage operations generate most of our net income, and we believe that our earnings growth is most impacted by the level of organic growth in our existing self-storage portfolio. Accordingly, a significant portion of management's time is devoted to maximizing cash flows from our existing self-storage facilities.

Most of our facilities compete with other well-managed and well-located competitors within the local trade area, which is generally a three to five mile radius. In addition to local competition, we are subject to general economic conditions, particularly those that affect the spending habits of consumers and moving trends. We believe that our centralized information networks, national telephone and online reservation system, the brand name "Public Storage," and our economies of scale enable us to meet such challenges effectively.

In the last three years, there has been a marked increase in development of new self-storage facilities in many of the markets where we operate, due to the favorable economics of developing new properties. These newly developed facilities compete with many of the facilities we own, negatively impacting our occupancies, rental rates, and rental growth. This increase in supply has been most notable in Atlanta, Austin, Charlotte, Chicago, Dallas, Denver, Houston, Miami, New York, and Portland.

The quality of the new supply may also allow these new facilities to compete more effectively with existing self-storage assets. Much of this new supply, including our own, represents "fifth generation" facilities which often have a more fresh and vibrant appearance, more amenities such as climate control, more attractive office configurations, newer elements, and a more imposing and attractive retail presence as compared to the existing stock of self-storage facilities which were built over the last 50 years.

In order to enhance the competitive position of certain of our facilities relative to local competitors (including newly developed "fifth generation" facilities), we have commenced a comprehensive program to rebrand our properties, in order to develop more pronounced, attractive, and clearly identifiable color schemes and signage, as well as to upgrade the configuration and layout of the offices and other customer zones to improve the customer experience. This program has initially been concentrated in properties located in a limited number of markets. The extent to which we continue this program in additional markets, and the relative scope of work, will depend in part upon the results of the initial implementation of the program.

In addition to managing our existing facilities for organic growth, we plan on growing through the acquisition and development of new facilities and expanding our existing self-storage facilities. Since the beginning of 2013 through December 31, 2019, we acquired a total of 340 facilities with 23.8 million net rentable square feet from third parties for approximately $3.1 billion, and we opened newly developed and expanded self-storage space for a total cost of $1.6 billion, adding approximately 15.1 million net rentable square feet.

Subsequent to December 31, 2019, we acquired or were under contract to acquire (subject to customary closing conditions) 14 self-storage facilities, with approximately 1.1 million net rentable square feet, for $245.3 million. We will continue to seek to acquire properties; however, there is significant competition to acquire existing facilities and there can be no assurance as to the level of facilities we may acquire.

At December 31, 2019, we had a development pipeline to develop 12 new self-storage facilities and expand 35 existing self-storage facilities, which will add approximately 4.4 million net rentable square feet at a cost of $619.2 million. We expect to continue to seek additional development projects; however, the level of such activity may be limited due to various constraints such as difficulty in finding available sites that meet our risk-adjusted yield expectations, as well as challenges in obtaining building permits for self-storage activities in certain municipalities.

We believe that our development and redevelopment activities generate favorable risk-adjusted returns over the long run. However, in the short run, our earnings are diluted during the construction and stabilization period due to the cost of capital to fund the development cost, as well as the related construction and development overhead expenses included in general and administrative expense. We believe the level of dilution incurred in 2019 will continue at similar levels in 2020.

On October 15, 2018, Shurgard Self Storage SA ("Shurgard") completed an initial global offering (the "Offering") of its common shares, and its shares commenced trading on Euronext Brussels under the "SHUR" symbol. In the Offering, Shurgard issued 25.0 million of its common shares to third parties at a price of €23 per share, for €575 million in gross proceeds. The gross proceeds were used to repay short-term borrowings, invest in real estate assets, and for other corporate purposes. Our equity interest, comprised of a direct and indirect pro-rata ownership interest in 31.3 million shares, decreased from 49% to approximately 35% as a result of the Offering. See "Investment in Shurgard" below for more information.

As of December 31, 2019, we expect capital resources over the next year of approximately $1.7 billion, which exceeds our currently identified capital needs of approximately $722.6 million. Our expected capital resources include: (i) $409.7 million of cash as of December 31, 2019, (ii) $484.1 million of available borrowing capacity on our revolving line of credit, (iii) $545.2 million in net proceeds from the public issuance of senior Euro-denominated notes and (iv) approximately $200 million to $250 million of expected retained operating cash flow in the next year. Retained operating cash flow represents our expected cash flow provided by operating activities, less shareholder distributions and capital expenditures to maintain our real estate facilities.

Our currently identified capital needs consist primarily of $245.3 million in property acquisitions currently under contract and $477.3 million of remaining spending on our current development pipeline, which will be incurred primarily in the next 18 months. We have no substantial principal payments on debt until 2022. We expect our capital needs to increase over the next year as we add projects to our development pipeline and acquire additional properties. Additional potential capital needs could result from various activities including the redemption of outstanding preferred securities, repurchases of common stock, or mergers and acquisition activities such as a potential acquisition of National Storage REIT described in Note 15, "Subsequent Events" to our December 31, 2019 financial statements; however, there can be no assurance of any such activities transpiring in the near or longer term.

See *Liquidity and Capital Resources* for further information regarding our capital requirements and anticipated sources of capital to fund such requirements.

Results of Operations

Operating results for 2019 and 2018

In 2019, net income allocable to our common shareholders was $1,272.8 million or $7.29 per diluted common share, compared to $1,488.9 million or $8.54 per diluted common share in 2018 representing a decrease of $216.1 million or $1.25 per diluted common share. The decrease is due primarily to (i) $183.1 million in aggregate gains due to Shurgard's initial public offering and the sale of our facility in West London to Shurgard in October 2018, (ii) our $37.7 million equity share of gains recorded by PS Business Parks during 2018, (iii) a $10.3 million decrease due to the impact of foreign currency exchange gains associated with our euro denominated debt and (iv) a $32.7 million allocation to our preferred shareholders associated with our preferred share redemption activities in 2019. These impacts were offset partially by a $30.1 million increase in self-storage net operating income (described below) and a reduction in general and administrative expense attributable to $30.7 million in incremental share-based compensation expense in 2018 for the planned retirement of our former CEO and CFO.

The $30.1 million increase in self-storage net operating income is a result of a $2.6 million increase in our Same Store Facilities and $27.5 million increase in our non-Same Store Facilities. Revenues for the Same Store

Facilities increased 1.4% or $33.3 million in 2019 as compared to 2018, due primarily to higher realized annual rent per occupied square foot. Cost of operations for the Same Store Facilities increased by 5.0% or $30.6 million in 2019 as compared to 2018, due primarily to 47.2% ($15.3 million) increase in marketing expenses and increased property taxes. The increase in net operating income of $27.5 million for the non-Same Store Facilities is due primarily to the impact of facilities acquired in 2018 and 2019 and the fill-up of recently developed and expanded facilities.

Operating results for 2018 and 2017

In 2018, net income allocable to our common shareholders was $1,488.9 million or $8.54 per diluted common share, compared to $1,171.6 million or $6.73 per diluted common share in 2017 representing an increase of $317.3 million or $1.81 per diluted common share. The increase is due primarily to (i) $183.1 million in aggregate gains due to Shurgard's initial public offering and the sale of our facility in West London to Shurgard, (ii) a $47.1 million increase in self-storage net operating income (described below), (iii) our $37.7 million equity share of gains recorded by PS Business Parks in 2018, (iv) a $68.2 million increase due to the impact of foreign currency exchange gains and losses associated with our euro denominated debt, (v) a $29.3 million allocation to preferred shareholders associated with preferred share redemptions in 2017 and (vi) a $7.8 million casualty loss and $5.2 million in incremental tenant reinsurance losses related to Hurricanes Harvey and Irma in 2017. These impacts were offset partially by a $36.1 million increase in general and administrative expense due to the acceleration of share-based compensation expense accruals for our former CEO and CFO in 2018 as a result of their retirement on December 31, 2018 and the reversal of share-based compensation accruals forfeited by retiring senior executive officers in 2017.

The $47.1 million increase in self-storage net operating income is a result of a $14.8 million increase in our Same Store Facilities and $32.3 million increase in our non-Same Store Facilities. Revenues for the Same Store Facilities increased 1.4% or $32.5 million in 2018 as compared to 2017, due primarily to higher realized annual rent per occupied square foot. Cost of operations for the Same Store Facilities increased by 3.0% or $17.6 million in 2018 as compared to 2017, due primarily to increased property taxes. The increase in net operating income of $32.3 million for the non-Same Store Facilities is due primarily to the impact of facilities acquired in 2018 and 2017 and the fill-up of recently developed and expanded facilities.

Funds from Operations and Core Funds from Operations

Funds from Operations ("FFO") and FFO per share are non-GAAP measures defined by the National Association of Real Estate Investment Trusts and are considered helpful measures of REIT performance by REITs and many REIT analysts. FFO represents GAAP net income before depreciation and amortization, which is excluded because it is based upon historical costs and assumes that building values diminish ratably over time, while we believe that real estate values fluctuate due to market conditions. FFO also excludes gains or losses on sale of real estate assets and real estate impairment charges, which are also based upon historical costs and are impacted by historical depreciation. FFO and FFO per share are not a substitute for net income or earnings per share. FFO is not a substitute for GAAP net cash flow in evaluating our liquidity or ability to pay dividends, because it excludes investing and financing activities presented on our statements of cash flows. In addition, other REITs may compute these measures differently, so comparisons among REITs may not be helpful.

For the year ended December 31, 2019, FFO was $10.58 per diluted common share, as compared to $10.45 and $9.70 per diluted common share for the years ended December 31, 2018 and 2017, respectively, representing an increase in 2019 of 1.2%, or $0.13 per diluted common share, as compared to 2018.

The following tables reconcile diluted earnings per share to FFO per share and set forth the computation of FFO per share:

	Year Ended December 31,		
	2019	2018	2017
	(Amounts in thousands, except per share data)		
Reconciliation of Diluted Earnings per Share to FFO per Share:			
Diluted Earnings per Share	$ 7.29	$ 8.54	$ 6.73
Eliminate amounts per share excluded from FFO:			
Depreciation and amortization	3.32	3.21	3.00
Gains on sale of real estate investments and Shurgard IPO, including our equity share from investments	(0.03)	(1.30)	(0.03)
FFO per share	$ 10.58	$ 10.45	$ 9.70
Computation of FFO per Share:			
Net income allocable to common shareholders	$ 1,272,767	$ 1,488,900	$ 1,171,609
Eliminate items excluded from FFO:			
Depreciation and amortization	511,413	483,646	454,526
Depreciation from unconsolidated real estate investments	71,725	79,868	71,931
Depreciation allocated to noncontrolling interests and restricted share unitholders	(4,208)	(3,646)	(3,567)
Gains on sale of real estate investments and Shurgard IPO, including our equity share from investments and other	(5,896)	(227,332)	(4,908)
FFO allocable to common shares	$ 1,845,801	$ 1,821,436	$ 1,689,591
Diluted weighted average common shares	174,530	174,297	174,151
FFO per share	$ 10.58	$ 10.45	$ 9.70

We also present "Core FFO per share," a non-GAAP measure that represents FFO per share excluding the impact of (i) foreign currency exchange gains and losses, (ii) EITF D-42 charges related to the redemption of preferred securities, (iii) acceleration of accruals or reduction of accruals due to the departure of senior executives, and (iv) certain other non-cash and/or nonrecurring income or expense items. We review Core FFO per share to evaluate our ongoing operating performance and we believe it is used by investors and REIT analysts in a similar manner. However, Core FFO per share is not a substitute for net income per share. Because other REITs may not compute Core FFO per share in the same manner as we do, may not use the same terminology or may not present such a measure, Core FFO per share may not be comparable among REITs.

The following table reconciles FFO per share to Core FFO per share:

	Year Ended December 31, 2019	Year Ended December 31, 2018	Percentage Change	Year Ended December 31, 2018	Year Ended December 31, 2017	Percentage Change
FFO per share	$ 10.58	$ 10.45	1.2%	$ 10.45	$ 9.70	7.7%
Eliminate the per share impact of items excluded from Core FFO, including our equity share from investments:						
Foreign currency exchange (gain) loss	(0.04)	(0.10)		(0.10)	0.29	
Application of EITF D-42	0.21	-		-	0.19	
Casualty losses and tenant claims due to hurricanes	-	-		-	0.07	
Shurgard - IPO costs and casualty loss	-	0.03		0.03	-	
(Forfeiture)/Acceleration of share-based compensation expense due to the departure of senior executives	(0.01)	0.18		0.18	(0.03)	
Other items	0.01	-		-	0.01	
Core FFO per share	$ 10.75	$ 10.56	1.8%	$ 10.56	$ 10.23	3.2%

Analysis of Net Income by Reportable Segment

The following discussion and analysis is presented and organized in accordance with Note 11 to our December 31, 2019 financial statements, "Segment Information." Accordingly, refer to the table presented in Note 11 in order to reconcile such amounts to our total net income and for further information on our reportable segments.

Self-Storage Operations

Our self-storage operations are analyzed in four groups: (i) the 2,159 facilities that we have owned and operated on a stabilized basis since January 1, 2017 (the "Same Store Facilities"), (ii) 103 facilities we acquired after December 31, 2016 (the "Acquired facilities"), (iii) 141 facilities that have been newly developed or expanded, or that we are in the process of expanding at December 31, 2019 (the "Newly developed and expanded facilities") and (iv) 80 other facilities, which are otherwise not stabilized with respect to occupancies or rental rates since January 1, 2017 (the "Other non-same store facilities"). See Note 11 to our December 31, 2019 financial statements "Segment Information," for a reconciliation of the amounts in the tables below to our total net income.

Self-Storage Operations Summary

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Percentage Change	2018	2017	Percentage Change
	(Dollar amounts and square footage in thousands)					
Revenues:						
Same Store facilities	$ 2,394,572	$ 2,361,298	1.4%	$ 2,361,298	$ 2,328,833	1.4%
Acquired facilities	59,206	33,871	74.8%	33,871	5,577	507.3%
Newly developed and expanded facilities	150,571	121,694	23.7%	121,694	99,864	21.9%
Other non-same store facilities	80,203	80,744	(0.7)%	80,744	78,159	3.3%
	2,684,552	2,597,607	3.3%	2,597,607	2,512,433	3.4%
Cost of operations:						
Same Store facilities	641,918	611,273	5.0%	611,273	593,637	3.0%
Acquired facilities	22,472	11,810	90.3%	11,810	2,006	488.7%
Newly developed and expanded facilities	63,360	47,870	32.4%	47,870	36,810	30.0%
Other non-same store facilities	24,829	24,778	0.2%	24,778	25,180	(1.6)%
	752,579	695,731	8.2%	695,731	657,633	5.8%
Net operating income (a):						
Same Store facilities	1,752,654	1,750,025	0.2%	1,750,025	1,735,196	0.9%
Acquired facilities	36,734	22,061	66.5%	22,061	3,571	517.8%
Newly developed and expanded facilities	87,211	73,824	18.1%	73,824	63,054	17.1%
Other non-same store facilities	55,374	55,966	(1.1)%	55,966	52,979	5.6%
Total net operating income	1,931,973	1,901,876	1.6%	1,901,876	1,854,800	2.5%
Depreciation and amortization expense:						
Same Store facilities	(389,737)	(382,864)	1.8%	(382,864)	(382,326)	0.1%
Acquired facilities	(34,980)	(23,809)	46.9%	(23,809)	(5,668)	320.1%
Newly developed and expanded facilities	(54,065)	(45,851)	17.9%	(45,851)	(36,848)	24.4%
Other non-same store facilities	(34,136)	(31,122)	9.7%	(31,122)	(29,684)	4.8%
Total depreciation and amortization expense	(512,918)	(483,646)	6.1%	(483,646)	(454,526)	6.4%
Net income:						
Same Store facilities	1,362,917	1,367,161	(0.3)%	1,367,161	1,352,870	1.1%
Acquired facilities	1,754	(1,748)	(200.3)%	(1,748)	(2,097)	(16.6)%
Newly developed and expanded facilities	33,146	27,973	18.5%	27,973	26,206	6.7%
Other non-same store facilities	21,238	24,844	(14.5)%	24,844	23,295	6.6%
Total net income	$ 1,419,055	$ 1,418,230	0.1%	$ 1,418,230	$ 1,400,274	1.3%
Number of facilities at period end:						
Same Store facilities	2,159	2,159	-	2,159	2,159	-
Acquired facilities	103	59	74.6%	59	34	73.5%
Newly developed and expanded facilities	141	130	8.5%	130	112	16.1%
Other non-same store facilities	80	81	(1.2)%	81	82	(1.2)%
	2,483	2,429	2.2%	2,429	2,387	1.8%
Net rentable square footage at period						
Same Store facilities	139,315	139,315	-	139,315	139,315	-
Acquired facilities	6,968	3,743	86.2%	3,743	2,114	77.1%
Newly developed and expanded facilities	16,533	12,807	29.1%	12,807	10,608	20.7%
Other non-same store facilities	6,092	6,182	(1.5)%	6,182	6,125	0.9%
	168,908	162,047	4.2%	162,047	158,162	2.5%

(a) Net operating income or "NOI" is a non-GAAP financial measure that excludes the impact of depreciation and amortization expense, which is based upon historical real estate costs and assumes that building values diminish ratably over time, while we believe that real estate values fluctuate due to market conditions. We utilize NOI in determining current property values, evaluating property performance, and in evaluating property operating trends. We believe that investors and analysts utilize NOI in a similar manner. NOI is not a substitute for net income, operating cash flow, or other related GAAP financial measures, in evaluating our operating results. See Note 11 to our December 31, 2019 financial statements for a reconciliation of NOI to our total net income for all periods presented.

Net operating income from our self-storage operations has increased 1.6% in 2019 as compared to 2018 and 2.5% in 2018 as compared to 2017. These increases are due primarily to the acquisition and development of new facilities and the fill-up of unstabilized facilities.

Same Store Facilities

The Same Store Facilities consist of facilities that have been owned and operated on a stabilized level of occupancy, revenues and cost of operations since January 1, 2017. Accordingly, our Same Store Facilities exclude (i) facilities acquired after December 31, 2016, (ii) newly developed or expanded facilities, (iii) facilities under expansion by December 31, 2019, (iv) facilities whose operating trends are significantly affected by factors such as casualty events, and (v) facilities which were otherwise not stabilized at December 31, 2016 (such as recently developed facilities acquired from third parties before December 31, 2016). The composition of our Same Store Facilities allows us to more effectively evaluate the ongoing performance of our self-storage portfolio in 2017, 2018, and 2019 and exclude the impact of fill-up of unstabilized facilities, which can significantly affect operating trends. We believe the Same Store information is used by investors and REIT analysts in a similar manner.

The following table summarizes the historical operating results of these 2,159 facilities (139.3 million net rentable square feet) that represent approximately 82% of the aggregate net rentable square feet of our U.S. consolidated self-storage portfolio at December 31, 2019.

Selected Operating Data for the Same Store Facilities (2,159 facilities)

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Percentage Change	2018	2017	Percentage Change
	(Dollar amounts in thousands, except weighted average amounts)					
Revenues:						
Rental income	$ 2,290,721	$ 2,258,099	1.4%	$ 2,258,099	$ 2,225,727	1.5%
Late charges and administrative fees	103,851	103,199	0.6%	103,199	103,106	0.1%
Total revenues (a)	2,394,572	2,361,298	1.4%	2,361,298	2,328,833	1.4%
Cost of operations:						
Property taxes	233,453	223,088	4.6%	223,088	212,565	5.0%
On-site property manager payroll	118,450	115,531	2.5%	115,531	114,212	1.2%
Supervisory payroll	37,771	37,179	1.6%	37,179	40,222	(7.6)%
Repairs and maintenance	50,032	48,488	3.2%	48,488	48,735	(0.5)%
Utilities	42,209	43,457	(2.9)%	43,457	41,771	4.0%
Marketing	47,622	32,344	47.2%	32,344	30,251	6.9%
Other direct property costs	63,572	62,042	2.5%	62,042	59,990	3.4%
Allocated overhead	48,809	49,144	(0.7)%	49,144	45,891	7.1%
Total cost of operations (a)	641,918	611,273	5.0%	611,273	593,637	3.0%
Net operating income	1,752,654	1,750,025	0.2%	1,750,025	1,735,196	0.9%
Depreciation and amortization expense	(389,737)	(382,864)	1.8%	(382,864)	(382,326)	0.1%
Net income	$ 1,362,917	$ 1,367,161	(0.3)%	$ 1,367,161	$ 1,352,870	1.1%
Gross margin (before depreciation and amortization expense)	73.2%	74.1%	(1.2)%	74.1%	74.5%	(0.5)%
Weighted average for the period:						
Square foot occupancy	93.5%	93.1%	0.4%	93.1%	93.7%	(0.6)%
Realized annual rental income per (b):						
Occupied square foot	$ 17.60	$ 17.41	1.1%	$ 17.41	$ 17.05	2.1%
Available square foot	$ 16.45	$ 16.21	1.5%	$ 16.21	$ 15.97	1.5%
At December 31:						
Square foot occupancy	91.8%	91.3%	0.5%	91.3%	91.1%	0.2%
Annual contract rent per occupied square foot (c)	$ 18.12	$ 18.03	0.5%	$ 18.03	$ 17.82	1.2%

(a) Revenues and cost of operations do not include tenant reinsurance and merchandise sale revenues and expenses generated at the facilities. See “Ancillary Operations” below for more information.

(b) Realized annual rent per occupied square foot is computed by dividing rental income, before late charges and administrative fees, by the weighted average occupied square feet for the period. Realized annual rent per available square foot ("REVPAF") is computed by dividing rental income, before late charges and administrative fees, by the total available net rentable square feet for the period. These measures exclude late charges and administrative fees in order to provide a better measure of our ongoing level of revenue. Late charges are dependent upon the level of delinquency and administrative fees are dependent upon the level of move-ins. In addition, the rates charged for late charges and administrative fees can vary independently from rental rates. These measures take into consideration promotional discounts, which reduce rental income.

(c) Annual contract rent represents the agreed upon monthly rate that is paid by our tenants in place at the time of measurement. Contract rates are initially set in the lease agreement upon move-in and we adjust them from time to time with notice. Contract rent excludes other fees that are charged on a per-item basis, such as late charges and administrative fees, does not reflect the impact of promotional discounts, and does not reflect the impact of rents that are written off as uncollectible.

Analysis of Same Store Revenue

Revenues generated by our Same Store Facilities increased by 1.4% each in 2019 as compared to 2018 and in 2018 as compared to 2017, due primarily to increases of 1.1% and 2.1% in realized annual rent per occupied square foot in 2019 and 2018, respectively, as compared to the previous year.

Same Store revenue growth is lower than long-term historical averages due to softness in demand for our storage space, which has led to lower move-in rental rates for new tenants (see below). We attribute some of this softness to local economic conditions and, in some markets most notably Atlanta, Austin, Charlotte, Chicago, Dallas, Denver, Houston, Miami, New York and Portland, increased supply of newly constructed self-storage facilities.

Same Store weighted average square foot occupancy remained strong at 93.5%, 93.1% and 93.7% during 2019, 2018 and 2017.

We believe that high occupancies help maximize our rental income. We seek to maintain a weighted average square foot occupancy level of at least 90%, by regularly adjusting the rental rates and promotions offered to attract new tenants as well as adjusting our marketing efforts on the Internet and other channels in order to generate sufficient move-in volume to replace tenants that vacate.

Annual contract rent per foot for customers moving in was $13.63, $14.09, and $14.54 in 2019, 2018, and 2017, respectively, and the related square footage for the space they moved into was 102.7 million, 104.4 million, and 109.4 million, respectively. Annual contract rent per foot for customers moving out was $16.12, $16.19, and $16.01 in 2019, 2018, and 2017, respectively, and the related square footage for the space they moved out of was 102.1 million, 104.1 million, and 111.1 million, respectively.

In order to stimulate move-in volume, we often give promotional discounts, generally in the form of a "$1.00 rent for the first month" offer. Promotional discounts, based upon the move-in contractual rates for the related promotional period, totaled $77.4 million, $81.6 million, and $86.9 million for 2019, 2018, and 2017, respectively.

Demand is higher in the summer months than in the winter months and, as a result, rental rates charged to new tenants are typically higher in the summer months than in the winter months. Demand fluctuates due to various local and regional factors, including the overall economy. Demand into our system is also impacted by new supply of self-storage space as well as alternatives to self-storage.

We typically increase rental rates to our long-term tenants (generally, those that have been with us for at least a year) once per year. As a result, the number of long-term tenants we have in our facilities is an important factor in our revenue growth. The level of rate increases to long-term tenants is based upon balancing the additional revenue from the increase against the negative impact of incremental move-outs.

Throughout 2018 and 2019, we have had an increased average length of stay and fewer move-outs. The increased average length of stay contributed to an increased beneficial effect of rent increases to existing tenants, due to more long-term customers that were eligible for rate increases. However, this was offset partially by the impact of lower move-in rates and resulting increased "rent roll down" for new tenants relative to existing tenants that moved out. The extent to which the net positive impact of these trends will continue in 2020 is uncertain at this time.

We believe that the current trends in move-in, move-out, in place contractual rents and occupancy levels are consistent with continued moderate revenue growth in 2020, with rental growth in 2020 coming primarily from continued annual rent increases to existing tenants.

However, such short-term current trends can be limited in their ability to suggest future revenue growth. Other factors affecting revenue growth can be volatile and hard to predict, such as (i) the level of consumer demand, (ii) competition from newly developed and existing facilities, (iii) the length of stay of our existing customers, and (iv) local and state laws and regulations that can limit, and have limited, the rents we can charge to new tenants or the extent to which we can increase rents to existing tenants.

We are continuing to take a number of actions to improve demand into our system, including increasing marketing spend on the Internet and offering lower rental rates to new customers.

Analysis of Same Store Cost of Operations

Cost of operations (excluding depreciation and amortization) increased 5.0% in 2019 as compared to 2018, and 3.0% in 2018 as compared to 2017, due primarily to increased property tax and marketing expense.

Property tax expense increased 4.6% in 2019 as compared to 2018, and 5.0% in 2018 as compared to 2017. We expect property tax expense growth of approximately 5.0% in 2020 due primarily to higher assessed values (excluding the potential impact of the California initiative noted below) and, to a lesser extent, increased tax rates.

As a result of Proposition 13, which limits increases in assessed values to 2% per year, the assessed value and property taxes we pay in California is less than it would be if the properties were assessed at current values. An initiative on California's November 2020 statewide ballot, if approved by voters, could result in the reassessment of our California properties and substantially increase our property tax expense. It is uncertain (i) whether an initiative will pass, and (ii) if it does pass, the timing and level of the reassessment and related property tax increases. See "Risk Factors – We have exposure to increased property tax in California" for further information such as our aggregate net operating income and property tax expense in California.

On-site property manager payroll expense increased 2.5% in 2019 as compared to 2018 and 1.2% in 2018 as compared to 2017. These increases were due primarily to higher wage rates, offset partially by lower hours worked in 2018. We have been impacted by a tight labor market across the country, as well as increases in minimum wages in certain jurisdictions. We expect continued wage rate increases in 2020 due to tighter labor markets.

Supervisory payroll expense, which represents compensation paid to the management personnel who directly and indirectly supervise the on-site property managers, increased 1.6% in 2019 as compared to 2018 due primarily to higher wage rates and decreased 7.6% in 2018 as compared to 2017 due to reductions in headcount offset by higher wage rates. We expect inflationary increases in wage rates and increased headcount in 2020.

Repairs and maintenance expense increased 3.2% in 2019 as compared to 2018 and decreased 0.5% in 2018 as compared to 2017. Repair and maintenance costs include snow removal expense totaling $4.0 million, $3.6 million, and $3.1 million in 2019, 2018, and 2017, respectively. Excluding snow removal costs, repairs and maintenance increased 2.6% in 2019 as compared to 2018 and decreased 1.7% in 2018 as compared to 2017.

Repairs and maintenance expense levels are dependent upon many factors such as (i) sporadic occurrences such as accidents, damage, and equipment malfunctions, (ii) short-term local supply and demand factors for material and labor, and (iii) weather conditions, which can impact costs such as snow removal, roof repairs, and HVAC maintenance and repairs. Accordingly, it is difficult to estimate future repairs and maintenance expense.

Our utility expenses are comprised primarily of electricity costs, which are dependent upon energy prices and usage levels. Changes in usage levels are driven primarily by weather and temperature. Utility expense decreased 2.9% in 2019 as compared to 2018 and increased 4.0% in 2018 as compared to 2017. It is difficult to estimate future utility costs, because weather, temperature, and energy prices are volatile and not predictable. We are making investments in energy saving technology such as solar power and LED lights which should generate favorable returns on investment in the form of lower utility usage. However, the actual reduction experienced in 2020 will be relatively modest, based upon the expected level of and timing of such investments.

Marketing expense is comprised principally of Internet advertising and the operating costs of our telephone reservation center. Internet advertising expense, comprised primarily of keyword search fees assessed on a “per click” basis, varies based upon demand for self-storage space, the quantity of people inquiring about self-storage through online search, occupancy levels, the number and aggressiveness of bidding competitors and other factors. These factors are volatile; accordingly, Internet advertising can increase or decrease significantly in the short-term. Marketing expense increased 47.2% in 2019 as compared to 2018 and 6.9% in 2018 as compared to 2017. These increases are due primarily to higher Internet advertising spending, as we have sought to attract more customers for our space and cost per click for keyword search terms increased due to more keyword bidding competition from existing self-storage owners and operators, including owners of newly developed facilities and nontraditional storage providers. We expect continued increases in 2020.

Other direct property costs include administrative expenses specific to each self-storage facility, such as property insurance, telephone and data communication lines, business license costs, bank charges related to processing the facilities’ cash receipts, tenant mailings, credit card fees, and the cost of operating each property’s rental office. These costs increased 2.5% in 2019 as compared to 2018 and 3.4% in 2018 as compared to 2017. We continue to experience increased credit card fees due to a long-term trend of more customers paying with credit cards rather than cash, checks, or other methods of payment with lower transaction costs. We expect inflationary increases in other direct property costs in 2020.

Allocated overhead represents administrative expenses for shared general corporate functions to the extent their efforts are devoted to self-storage operations. Such functions include information technology support, hardware, and software, as well as centralized administration of payroll, benefits, training, repairs and maintenance, customer service, pricing and marketing, operational accounting and finance, and legal costs. These amounts also include the costs of senior executives responsible for these processes (other than our Chief Executive Officer and Chief Financial Officer, which are included in general and administrative expense). Allocated overhead decreased 0.7% in 2019 as compared to 2018 and increased 7.1% in 2018 as compared to 2017. The increase in 2018 as compared to 2017 was due to increased headcount and information technology expenses. We expect minimal increases in allocated overhead in 2020.

Analysis of Same Store Depreciation and Amortization

Depreciation and amortization for Same Store Facilities increased 1.8% in 2019 as compared to 2018 and 0.1% in 2018 as compared to 2017. We expect modest increases in depreciation expense in 2020 due to elevated levels of capital expenditures.

Quarterly Financial Data

The following table summarizes selected quarterly financial data with respect to the Same Store Facilities:

	For the Quarter Ended				
	March 31	June 30	September 30	December 31	Entire Year
	(Amounts in thousands, except for per square foot amounts)				
Total revenues:					
2019	$ 586,004	$ 599,244	$ 611,227	$ 598,097	$ 2,394,572
2018	$ 577,310	$ 587,793	$ 604,705	$ 591,490	$ 2,361,298
2017	$ 566,136	$ 579,443	$ 598,402	$ 584,852	$ 2,328,833
Total cost of operations:					
2019	$ 168,359	$ 166,913	$ 170,865	$ 135,781	$ 641,918
2018	$ 162,034	$ 158,857	$ 160,543	$ 129,839	$ 611,273
2017	$ 156,854	$ 155,239	$ 156,392	$ 125,152	$ 593,637
Property taxes:					
2019	$ 64,945	$ 65,671	$ 65,450	$ 37,387	$ 233,453
2018	$ 61,858	$ 62,571	$ 62,373	$ 36,286	$ 223,088
2017	$ 59,214	$ 59,579	$ 59,149	$ 34,623	$ 212,565
Repairs and maintenance:					
2019	$ 13,369	$ 11,687	$ 12,785	$ 12,191	$ 50,032
2018	$ 12,124	$ 12,081	$ 11,855	$ 12,428	$ 48,488
2017	$ 12,179	$ 11,951	$ 12,005	$ 12,600	$ 48,735
Marketing:					
2019	$ 8,751	$ 12,084	$ 13,934	$ 12,853	$ 47,622
2018	$ 6,855	$ 8,090	$ 8,221	$ 9,178	$ 32,344
2017	$ 7,175	$ 8,577	$ 7,346	$ 7,153	$ 30,251
REVPAF:					
2019	$ 16.08	$ 16.48	$ 16.79	$ 16.44	$ 16.45
2018	$ 15.84	$ 16.17	$ 16.60	$ 16.23	$ 16.21
2017	$ 15.53	$ 15.92	$ 16.41	$ 16.04	$ 15.97
Weighted average realized annual rent per occupied square foot:					
2019	$ 17.38	$ 17.53	$ 17.82	$ 17.66	$ 17.60
2018	$ 17.19	$ 17.23	$ 17.69	$ 17.55	$ 17.41
2017	$ 16.71	$ 16.85	$ 17.38	$ 17.26	$ 17.05
Weighted average occupancy levels for the period:					
2019	92.5%	94.0%	94.2%	93.1%	93.5%
2018	92.1%	93.8%	93.8%	92.5%	93.1%
2017	92.9%	94.4%	94.4%	92.8%	93.7%

Analysis of Market Trends

The following table sets forth selected market trends in our Same Store Facilities:

Same Store Facilities Operating Trends by Market

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Change	2018	2017	Change
	(Amounts in thousands, except for weighted average data)					
Market (number of facilities, square footage in millions)						
Revenues:						
Los Angeles (204, 14.1)	$ 362,057	$ 352,672	2.7%	$ 352,672	$ 340,987	3.4%
San Francisco (127, 7.9)	203,195	199,162	2.0%	199,162	194,614	2.3%
New York (86, 6.0)	151,526	148,676	1.9%	148,676	144,875	2.6%
Washington DC (88, 5.4)	113,607	110,642	2.7%	110,642	110,670	(0.0)%
Seattle-Tacoma (83, 5.5)	107,639	106,261	1.3%	106,261	104,394	1.8%
Miami (81, 5.7)	112,734	114,428	(1.5)%	114,428	113,710	0.6%
Atlanta (98, 6.4)	85,885	84,450	1.7%	84,450	82,663	2.2%
Chicago (128, 8.1)	118,293	117,094	1.0%	117,094	119,859	(2.3)%
Dallas-Ft. Worth (98, 6.2)	82,281	83,155	(1.1)%	83,155	85,562	(2.8)%
Orlando-Daytona (69, 4.3)	60,640	59,901	1.2%	59,901	57,627	3.9%
Houston (78, 5.3)	67,962	71,266	(4.6)%	71,266	70,805	0.7%
Philadelphia (56, 3.5)	59,120	56,747	4.2%	56,747	55,064	3.1%
Tampa (50, 3.3)	46,083	46,377	(0.6)%	46,377	45,751	1.4%
West Palm Beach (37, 2.4)	43,959	43,630	0.8%	43,630	42,909	1.7%
Portland (42, 2.2)	40,163	40,622	(1.1)%	40,622	41,096	(1.2)%
All other markets (834, 53.0)	739,428	726,215	1.8%	726,215	718,247	1.1%
Total revenues	$ 2,394,572	$ 2,361,298	1.4%	$ 2,361,298	$ 2,328,833	1.4%
Net operating income:						
Los Angeles	$ 298,725	$ 292,281	2.2%	$ 292,281	$ 283,333	3.2%
San Francisco	163,878	162,202	1.0%	162,202	159,265	1.8%
New York	107,992	107,351	0.6%	107,351	104,815	2.4%
Washington DC	84,329	82,745	1.9%	82,745	83,452	(0.8)%
Seattle-Tacoma	84,315	83,375	1.1%	83,375	82,638	0.9%
Miami	84,269	87,277	(3.4)%	87,277	87,222	0.1%
Atlanta	63,630	62,519	1.8%	62,519	61,091	2.3%
Chicago	63,228	64,906	(2.6)%	64,906	70,143	(7.5)%
Dallas-Ft. Worth	56,623	58,461	(3.1)%	58,461	61,332	(4.7)%
Orlando-Daytona	44,116	44,066	0.1%	44,066	42,465	3.8%
Houston	42,380	47,071	(10.0)%	47,071	46,473	1.3%
Philadelphia	41,773	40,097	4.2%	40,097	39,188	2.3%
Tampa	32,416	33,378	(2.9)%	33,378	33,048	1.0%
West Palm Beach	32,192	32,397	(0.6)%	32,397	31,702	2.2%
Portland	30,511	31,548	(3.3)%	31,548	32,191	(2.0)%
All other markets	522,277	520,351	0.4%	520,351	516,838	0.7%
Total net operating income	$ 1,752,654	$ 1,750,025	0.2%	$ 1,750,025	$ 1,735,196	0.9%

Same Store Facilities Operating Trends by Market (Continued)

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Change	2018	2017	Change
Weighted average square foot occupancy:						
Los Angeles	95.2%	95.0%	0.2%	95.0%	95.5%	(0.5)%
San Francisco	94.3%	94.4%	(0.1)%	94.4%	95.2%	(0.8)%
New York	94.1%	94.3%	(0.2)%	94.3%	94.3%	0.0%
Washington DC	93.4%	92.4%	1.1%	92.4%	92.7%	(0.3)%
Seattle-Tacoma	93.1%	93.2%	(0.1)%	93.2%	94.3%	(1.2)%
Miami	93.0%	92.9%	0.1%	92.9%	93.6%	(0.7)%
Atlanta	93.0%	93.2%	(0.2)%	93.2%	93.5%	(0.3)%
Chicago	92.1%	90.3%	2.0%	90.3%	91.2%	(1.0)%
Dallas-Ft. Worth	92.0%	91.4%	0.7%	91.4%	92.9%	(1.6)%
Orlando-Daytona	94.1%	94.5%	(0.4)%	94.5%	95.0%	(0.5)%
Houston	89.7%	90.9%	(1.3)%	90.9%	91.8%	(1.0)%
Philadelphia	95.3%	94.9%	0.4%	94.9%	94.6%	0.3%
Tampa	92.6%	92.9%	(0.3)%	92.9%	94.0%	(1.2)%
West Palm Beach	93.9%	93.8%	0.1%	93.8%	94.7%	(1.0)%
Portland	94.0%	94.0%	0.0%	94.0%	95.3%	(1.4)%
All other markets	93.5%	92.9%	0.6%	92.9%	93.4%	(0.5)%
Total weighted average square foot occupancy	93.5%	93.1%	0.4%	93.1%	93.7%	(0.6)%
Realized annual rent per occupied square foot:						
Los Angeles	$ 26.11	$ 25.47	2.5%	$ 25.47	$ 24.46	4.1%
San Francisco	26.73	26.14	2.3%	26.14	25.29	3.4%
New York	26.05	25.51	2.1%	25.51	24.88	2.5%
Washington DC	21.51	21.27	1.1%	21.27	21.06	1.0%
Seattle-Tacoma	20.20	19.94	1.3%	19.94	19.31	3.3%
Miami	20.31	20.63	(1.6)%	20.63	20.35	1.4%
Atlanta	13.44	13.15	2.2%	13.15	12.85	2.3%
Chicago	15.17	15.33	(1.0)%	15.33	15.56	(1.5)%
Dallas-Ft. Worth	13.63	13.88	(1.8)%	13.88	14.05	(1.2)%
Orlando-Daytona	14.12	13.90	1.6%	13.90	13.31	4.4%
Houston	13.52	14.01	(3.5)%	14.01	13.79	1.6%
Philadelphia	16.65	16.04	3.8%	16.04	15.62	2.7%
Tampa	14.12	14.13	(0.1)%	14.13	13.78	2.5%
West Palm Beach	18.50	18.37	0.7%	18.37	17.91	2.6%
Portland	18.52	18.71	(1.0)%	18.71	18.64	0.4%
All other markets	14.20	14.03	1.2%	14.03	13.80	1.7%
Total realized rent per occupied square foot	$ 17.60	$ 17.41	1.1%	$ 17.41	$ 17.05	2.1%

Same Store Facilities Operating Trends by Market (Continued)

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Change	2018	2017	Change
REVPAF:						
Los Angeles	$ 24.87	$ 24.20	2.8%	$ 24.20	$ 23.36	3.6%
San Francisco	25.20	24.67	2.1%	24.67	24.07	2.5%
New York	24.50	24.05	1.9%	24.05	23.45	2.6%
Washington DC	20.09	19.65	2.2%	19.65	19.52	0.7%
Seattle-Tacoma	18.81	18.57	1.3%	18.57	18.21	2.0%
Miami	18.88	19.16	(1.5)%	19.16	19.05	0.6%
Atlanta	12.50	12.25	2.0%	12.25	12.01	2.0%
Chicago	13.97	13.84	0.9%	13.84	14.19	(2.5)%
Dallas-Ft. Worth	12.54	12.68	(1.1)%	12.68	13.05	(2.8)%
Orlando-Daytona	13.29	13.14	1.1%	13.14	12.64	4.0%
Houston	12.13	12.73	(4.7)%	12.73	12.66	0.6%
Philadelphia	15.86	15.22	4.2%	15.22	14.77	3.0%
Tampa	13.08	13.13	(0.4)%	13.13	12.96	1.3%
West Palm Beach	17.37	17.23	0.8%	17.23	16.96	1.6%
Portland	17.40	17.58	(1.0)%	17.58	17.75	(1.0)%
All other markets	13.28	13.03	1.9%	13.03	12.88	1.2%
Total REVPAF	$ 16.45	$ 16.21	1.5%	$ 16.21	$ 15.97	1.5%

We believe that our geographic diversification and scale across substantially all major metropolitan markets in the U.S. provides some insulation from localized economic effects and enhances the stability of our cash flows. It is difficult to predict localized trends in short-term self-storage demand and operating results. Over the long run, we believe that markets that experience population growth, high employment, and otherwise exhibit economic strength and consistency will outperform markets that do not exhibit these characteristics.

Acquired Facilities

The Acquired Facilities represent 103 facilities that we acquired in 2017, 2018, and 2019. As a result of the stabilization process and timing of when these facilities were acquired, year-over-year changes can be significant.

The following table summarizes operating data with respect to the Acquired Facilities:

ACQUIRED FACILITIES

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Change (a)	2018	2017	Change (a)
	($ amounts in thousands, except for per square foot amounts)					
Revenues (b):						
2017 Acquisitions	$ 30,473	$ 28,704	$ 1,769	$ 28,704	$ 5,577	$ 23,127
2018 Acquisitions	16,029	5,167	10,862	5,167	-	5,167
2019 Acquisitions	12,704	-	12,704	-	-	-
Total revenues	59,206	33,871	25,335	33,871	5,577	28,294
Cost of operations (b):						
2017 Acquisitions	10,203	9,669	534	9,669	2,006	7,663
2018 Acquisitions	7,197	2,141	5,056	2,141	-	2,141
2019 Acquisitions	5,072	-	5,072	-	-	-
Total cost of operations	22,472	11,810	10,662	11,810	2,006	9,804
Net operating income:						
2017 Acquisitions	20,270	19,035	1,235	19,035	3,571	15,464
2018 Acquisitions	8,832	3,026	5,806	3,026	-	3,026
2019 Acquisitions	7,632	-	7,632	-	-	-
Net operating income	36,734	22,061	14,673	22,061	3,571	18,490
Depreciation and amortization expense	(34,980)	(23,809)	(11,171)	(23,809)	(5,668)	(18,141)
Net income (loss)	$ 1,754	$ (1,748)	$ 3,502	$ (1,748)	$ (2,097)	$ 349
At December 31:						
Square foot occupancy:						
2017 Acquisitions	89.4%	90.9%	(1.7)%	90.9%	87.2%	4.2%
2018 Acquisitions	82.6%	79.6%	3.8%	79.6%	-	-
2019 Acquisitions	73.6%	-	-	-	-	-
	80.7%	85.9%	(6.1)%	85.9%	87.2%	(1.5)%
Annual contract rent per occupied square foot:						
2017 Acquisitions	$ 15.40	$ 14.81	4.0%	14.81	14.60	1.4%
2018 Acquisitions	11.98	11.10	7.9%	11.10	-	-
2019 Acquisitions	12.27	-	-	-	-	-
	$ 13.30	$ 13.31	(0.1)%	$ 13.31	$ 14.60	(8.8)%
Number of facilities:						
2017 Acquisitions	34	34	-	34	34	-
2018 Acquisitions	25	25	-	25	-	25
2019 Acquisitions	44	-	44	-	-	-
	103	59	44	59	34	25
Net rentable square feet (in thousands):						
2017 Acquisitions	2,206	2,114	92	2,114	2,114	-
2018 Acquisitions	1,629	1,629	-	1,629	-	1,629
2019 Acquisitions	3,133	-	3,133	-	-	-
	6,968	3,743	3,225	3,743	2,114	1,629

ACQUIRED FACILITIES (Continued)	As of December 31, 2019
Costs to acquire (in thousands):	
2017 Acquisitions (c)	$ 291,329
2018 Acquisitions	181,020
2019 Acquisitions	429,850
	$ 902,199

(a) Represents the percentage change with respect to square foot occupancy and annual contract rent per occupied square foot, and the absolute nominal change with respect to all other items.

(b) Revenues and cost of operations do not include tenant reinsurance and merchandise sale revenues and expenses generated at the facilities. See "Ancillary Operations" below for more information.

(c) Acquisition costs includes i) $149.8 million paid for 22 facilities acquired from third parties, ii) $135.5 million cash paid for the remaining 74.25% interest we did not own in 12 stabilized properties owned by a legacy institutional partnership and iii) the $6.3 million historical book value of our existing investment in the legacy institutional partnership.

We believe that our economies of scale in marketing and operations allows us to generate higher net operating income from newly acquired facilities than was achieved by the previous owners. However, it can take 24 or more months for us to fully achieve the higher net operating income and the ultimate levels of net operating income to be achieved can be affected by changes in general economic conditions. As a result, there can be no assurance that we will achieve our expectations with respect to these newly acquired facilities.

The facilities included above under "2017 acquisitions," "2018 acquisitions," and "2019 acquisitions" have an aggregate of approximately 7.0 million net rentable square feet, including 0.9 million in Texas, 0.8 million in Virginia, 0.6 million in each of Florida and Minnesota, 0.4 million in each of Georgia, Indiana, North Carolina and South Carolina, 0.3 million in each of Nebraska and Ohio, 0.2 million in each of California, Kentucky, Massachusetts, New York, Tennessee and Washington, and 0.7 million in other states.

For 2019, the weighted average annualized yield on cost, based upon net operating income, for (i) the 22 facilities acquired in 2017 from third parties was 6.1%, (ii) the 12 stabilized facilities owned by a legacy institutional partnership, with respect to the 74.25% interest we acquired was 6.1%, and (iii) the 25 properties acquired in 2018 was 4.9%. The yield for the facilities acquired in 2019 is not meaningful due to our limited ownership period.

Subsequent to December 31, 2019, we acquired or were under contract to acquire 14 self-storage facilities (four in Ohio, three in California, two each in New York and Tennessee and one each in Indiana, Massachusetts, and Nebraska) with 1.1 million net rentable square feet, for $245.3 million.

Analysis of Depreciation and Amortization of Acquired Facilities

Depreciation and amortization with respect to the Acquired Facilities totaled $35.0 million, $23.8 million and $5.7 million for 2019, 2018, and 2017, respectively. These amounts include (i) depreciation of the acquired buildings, which is recorded generally on a straight line basis over a 25 year period, and (ii) amortization of cost allocated to the tenants in place upon acquisition of a facility, which is recorded based upon the benefit of such existing tenants to each period and thus is highest when the facility is first acquired and declines as such tenants vacate. With respect to the Acquired Facilities owned at December 31, 2019, depreciation of buildings and amortization of tenant intangibles is expected to aggregate approximately $36.2 million in the year ending December 31, 2020. There will be additional depreciation and amortization of tenant intangibles with respect to new buildings that are acquired in 2020.

Developed and Expanded Facilities

The developed and expanded facilities include 81 facilities that were developed on new sites since January 1, 2013, and 60 facilities subject to expansion of their net rentable square footage. Of these expansions, 49 are completed at December 31, 2019 and 11 are currently in process at December 31, 2019.

The following table summarizes operating data with respect to the Developed and Expanded Facilities:

DEVELOPED AND EXPANDED FACILITIES	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Change (a)	2018	2017	Change (a)
	($ amounts in thousands, except for per square foot amounts)					
Revenues (b):						
Developed in 2013 - 2015	$ 28,331	$ 26,725	$ 1,606	$ 26,725	$ 24,910	$ 1,815
Developed in 2016 and 2017	43,358	34,233	9,125	34,233	17,391	16,842
Developed in 2018 and 2019	15,230	3,392	11,838	3,392	-	3,392
Completed Expansions	49,214	41,879	7,335	41,879	41,773	106
Expansions in process	14,438	15,465	(1,027)	15,465	15,790	(325)
Total revenues	150,571	121,694	28,877	121,694	99,864	21,830
Cost of operations (b):						
Developed in 2013 - 2015	8,284	8,031	253	8,031	8,093	(62)
Developed in 2016 and 2017	18,188	17,984	204	17,984	11,433	6,551
Developed in 2018 and 2019	11,195	4,136	7,059	4,136	-	4,136
Completed Expansions	21,579	13,756	7,823	13,756	13,427	329
Expansions in process	4,114	3,963	151	3,963	3,857	106
Total cost of operations	63,360	47,870	15,490	47,870	36,810	11,060
Net operating income:						
Developed in 2013 - 2015	20,047	18,694	1,353	18,694	16,817	1,877
Developed in 2016 and 2017	25,170	16,249	8,921	16,249	5,958	10,291
Developed in 2018 and 2019	4,035	(744)	4,779	(744)	-	(744)
Completed Expansions	27,635	28,123	(488)	28,123	28,346	(223)
Expansions in process	10,324	11,502	(1,178)	11,502	11,933	(431)
Net operating income	87,211	73,824	13,387	73,824	63,054	10,770
Depreciation and amortization expense	(54,065)	(45,851)	(8,214)	(45,851)	(36,848)	(9,003)
Net income	$ 33,146	$ 27,973	$ 5,173	$ 27,973	$ 26,206	$ 1,767
At December 31:						
Square foot occupancy:						
Developed in 2013 - 2015	90.9%	89.9%	1.1%	89.9%	88.9%	1.1%
Developed in 2016 and 2017	78.4%	73.5%	6.7%	73.5%	52.3%	40.5%
Developed in 2018 and 2019	56.7%	42.1%	34.7%	42.1%	-	-
Completed Expansions	62.5%	67.0%	(6.7)%	67.0%	66.4%	0.9%
Expansions in process	83.1%	88.1%	(5.7)%	88.1%	88.4%	(0.3)%
	69.7%	69.9%	(0.3)%	69.9%	66.4%	5.3%
Annual contract rent per occupied						
Developed in 2013 - 2015	$ 16.56	$ 15.65	5.8%	$ 15.65	$ 14.94	4.8%
Developed in 2016 and 2017	13.70	12.28	11.6%	12.28	12.11	1.4%
Developed in 2018 and 2019	12.03	10.36	16.1%	10.36	-	-
Completed Expansions	13.00	15.40	(15.6)%	15.40	15.73	(2.1)%
Expansions in process	21.92	22.25	(1.5)%	22.25	21.99	1.2%
	$ 14.06	$ 14.41	(2.4)%	$ 14.41	$ 15.03	(4.1)%

DEVELOPED AND EXPANDED FACILITIES (Continued)

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Change (a)	2018	2017	Change (a)
	(Amounts in thousands, except for number of facilities)					
Number of facilities:						
Developed in 2013 - 2015	20	20	-	20	20	-
Developed in 2016 and 2017	32	32	-	32	32	-
Developed in 2018 and 2019	29	18	11	18	-	18
Completed Expansions	49	49	-	49	49	-
Expansions in process	11	11	-	11	11	-
	141	130	11	130	112	18
Net rentable square feet (c):						
Developed in 2013 - 2015	1,877	1,877	-	1,877	1,877	-
Developed in 2016 and 2017	4,181	4,181	-	4,181	4,181	-
Developed in 2018 and 2019	3,126	1,954	1,172	1,954	-	1,954
Completed Expansions	6,621	4,047	2,574	4,047	3,774	273
Expansions in process	728	748	(20)	748	776	(28)
	16,533	12,807	3,726	12,807	10,608	2,199

	As of December 31, 2019
Costs to develop:	
Developed in 2013 - 2015	$ 188,049
Developed in 2016 and 2017	497,456
Developed in 2018 and 2019	412,574
Completed Expansions (d)	381,940
Expansions in process (e)	-
	$ 1,480,019

(a) Represents the percentage change with respect to square foot occupancy and annual contract rent per occupied square foot, and the absolute nominal change with respect to all other items.

(b) Revenues and cost of operations do not include tenant reinsurance and merchandise sale revenues and expenses generated at the facilities. See "Ancillary Operations" below for more information.

(c) The facilities included above have an aggregate of approximately 16.5 million net rentable square feet at December 31, 2019, including 6.5 million in Texas, 2.4 million in California, 1.7 million in Florida, 1.5 million in Colorado, 0.9 million in Minnesota, 0.7 million in Washington, 0.6 million in North Carolina, 0.4 million in Arizona, 0.3 million each in Georgia and Michigan, and 1.2 million in other states.

(d) These amounts only include the direct cost incurred to expand and renovate these facilities, and do not include (i) the original cost to develop or acquire the facility or (ii) the lost revenue on space demolished during the construction and fill-up period.

(e) We have a development pipeline to add 3.1 million net rentable square feet by expanding existing facilities at an aggregate cost of approximately $410.5 million, not including (i) the original cost to develop or acquire the facility or (ii) the lost revenue on space demolished during the construction and fill-up period.

It typically takes at least three to four years for a newly developed or expanded self-storage facility to stabilize with respect to revenues. Physical occupancy can be achieved as early as two to three years following completion of the development or expansion, through offering lower rental rates during fill-up. As a result, even after achieving high occupancy, there can still be a period of elevated revenue growth as the tenant base matures and higher rental rates are achieved. Our earnings are diluted during the construction and stabilization period due to the cost of capital to fund the development cost, as well as the related construction and development overhead expenses in general and administrative expense. Despite this short-term dilution, we believe that our development and expansion activities generate favorable risk-adjusted returns over the long run.

Newly Developed Facilities

The facilities included under "Developed in 2013-2015" were opened in 2013, 2014, and 2015, and we believe they have reached stabilization at December 31, 2019. The annualized yield on cost, based upon the net operating income for 2019 was 10.7%.

The facilities included under "Developed in 2016 and 2017" and "Developed in 2018 and 2019" are not stabilized with respect to occupancy or revenues at December 31, 2019, and we expect continued growth in these facilities throughout 2020 and beyond as they continue to stabilize. The annualized yields that may be achieved on these facilities upon stabilization will depend on many factors, including local and current market conditions in the vicinity of each property such as consumer demand and the level of new and existing supply. Accordingly, the 10.7% yield achieved on the facilities under "Developed in 2013 - 2015" may not be indicative of the yield on cost to be achieved on these facilities.

We have 12 additional newly developed facilities in process, which will have a total of 1.3 million net rentable square feet of storage space and have an aggregate development cost totaling approximately $208.7 million. We expect these facilities to open over the next 18 months.

Expansions of Existing Facilities

The expansion of an existing facility involves the construction of new space on an existing facility, either on existing unused land or through the demolition of existing buildings in order to facilitate densification. The construction costs for an expanded facility may include, in addition to adding space, adding amenities such as climate control to existing space, improving the visual appeal of the facility, and to a much lesser extent, the replacement of existing doors, roofs, and HVAC.

The return profile on the expansion of existing facilities differs from a new facility, due to a lack of land cost, and there can be less cash flow risk because we have more direct knowledge of the local demand for space on the site as compared to a new facility. However, expansions involve the demolition of existing revenue-generating space with the loss of the related revenues during the construction and fill-up period.

The facilities under "completed expansions" represent those facilities where the expansions have been completed at December 31, 2019. We incurred a total of $381.9 million in direct cost to expand these facilities, demolished a total of 1.0 million net rentable square feet of storage space, and built a total of 4.3 million net rentable square feet of new storage space.

The facilities under "expansions in process" represent those facilities where development is in process at December 31, 2019. We have a pipeline to add a total of 3.1 million net rentable square feet of storage space by expanding existing self-storage facilities for an aggregate direct development cost of $410.5 million. We have already demolished 0.1 million net rentable square feet of space in connection with our expansion projects, and expect to demolish an additional 0.4 million net rentable square feet.

Analysis of Depreciation and Amortization of Developed and Expanded Facilities

Depreciation and amortization with respect to the Developed and Expanded Facilities totaled $54.1 million, $45.9 million and $36.8 million for 2019, 2018, and 2017, respectively. These amounts represent depreciation of the developed buildings and, in the case of the expanded facilities, the legacy depreciation on the existing buildings. With respect to the Developed and Expanded Facilities completed at December 31, 2019, depreciation of buildings is expected to aggregate approximately $62.1 million in 2020. There will be additional depreciation of new buildings that are developed or expanded in 2020.

Other non-same store facilities

The "Other non-same store facilities" represent facilities which, while not newly acquired, developed, or expanded, are not fully stabilized since January 1, 2017, due primarily to casualty events such as hurricanes, floods, and fires, as well as facilities acquired from third parties prior to January 1, 2017 that were recently developed or expanded by the previous owner.

The Other non-same store facilities have an aggregate of 6.1 million net rentable square feet, including 1.1 million in Texas, 0.8 million in Oklahoma, 0.7 million in California, 0.6 million in each of Florida, Ohio and South Carolina, 0.4 million in each of New York and Washington, 0.3 million in Tennessee, and 0.6 million in other states.

The net operating income for these facilities increased from $53.0 million in 2017 to $56.0 million in 2018 and decreased from $56.0 million in 2018 to $55.4 million in 2019. During 2019, 2018, and 2017, the average occupancy for these facilities totaled 88.8%, 88.1%, and 87.7%, respectively, and the realized rent per occupied square feet totaled $14.20, $14.39, and $14.20, respectively.

Over the longer term, we expect the growth in operations of these facilities to be similar to that of our Same Store facilities. However, in the short run, year over year comparisons will vary due to the impact of the underlying events which resulted in these facilities being classified as non-same store.

Depreciation and amortization with respect to the other non-same store facilities totaled $34.1 million, $31.1 million and $29.7 million for 2019, 2018, and 2017, respectively. We expect depreciation for these facilities to in 2020 to approximate the depreciation incurred in 2019.

Ancillary Operations

Ancillary revenues and expenses include amounts associated with the reinsurance of policies against losses to goods stored by tenants in our self-storage facilities in the U.S. and the sale of merchandise at our self-storage facilities. The following table sets forth our ancillary operations:

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Change	2018	2017	Change
	(Amounts in thousands)					
Revenues:						
Tenant reinsurance premiums	$ 131,913	$ 125,575	$ 6,338	$ 125,575	$ 122,852	$ 2,723
Merchandise	30,358	31,098	(740)	31,098	33,243	(2,145)
Total revenues	162,271	156,673	5,598	156,673	156,095	578
Cost of Operations:						
Tenant reinsurance	26,202	25,646	556	25,646	30,554	(4,908)
Merchandise	18,002	18,345	(343)	18,345	19,791	(1,446)
Total cost of operations	44,204	43,991	213	43,991	50,345	(6,354)
Net operating income						
Tenant reinsurance	105,711	99,929	5,782	99,929	92,298	7,631
Merchandise	12,356	12,753	(397)	12,753	13,452	(699)
Total net operating income	$ 118,067	$ 112,682	$ 5,385	$ 112,682	$ 105,750	$ 6,932

Tenant reinsurance operations: Our customers have the option of purchasing insurance from a non-affiliated insurance company to cover certain losses to their goods stored at our facilities. A wholly-owned, consolidated subsidiary of Public Storage fully reinsures such policies, and thereby assumes all risk of losses under these policies from the insurance company. The subsidiary receives reinsurance premiums, substantially equal to the premiums collected from our tenants, from the non-affiliated insurance company. Such reinsurance premiums are shown as "Tenant reinsurance premiums" in the above table.

The subsidiary pays a fee to Public Storage to assist with the administration of the program and to allow the insurance to be marketed to our tenants. This fee represents a substantial amount of the reinsurance premiums received by our subsidiary. The fee is eliminated in consolidation and is therefore not shown in the above table.

Tenant reinsurance revenue increased $2.7 million or 2.2% from $122.9 million in 2017 to $125.6 million in 2018, and $6.3 million or 5.0% from $125.6 million in 2018 to $131.9 million in 2019. These increases are due primarily to an increase in our tenant base with respect to acquired, newly developed, and expanded facilities. Tenant reinsurance revenue with respect to the Same Store Facilities decreased $0.2 million or 0.2% from $109.3 million in 2017 to $109.1 million in 2018, and increased $2.0 million or 1.8% from $109.1 million in 2018 to $111.1 million in 2019.

We expect future growth will come primarily from customers of newly acquired and developed facilities, as well as additional tenants at our existing unstabilized self-storage facilities.

Cost of operations primarily includes claims paid that are not covered by our outside third-party insurers, as well as claims adjustment expenses. Claims expenses vary based upon the level of insured tenants, and the level of events affecting claims at particular properties (such as burglary) as well as catastrophic weather events affecting multiple properties such as hurricanes and floods. Cost of operations were $26.2 million in 2019, $25.6 million in 2018, and $30.6 million in 2017. Amounts for 2017 includes the impact of Hurricanes Harvey and Irma.

Merchandise sales: We sell locks, boxes, and packing supplies at our self-storage facilities and the level of sales of these items is primarily impacted by the level of move-ins and other customer traffic at our self-storage facilities. We do not expect any significant changes in revenues or profitability from our merchandise sales in 2020.

Equity in earnings of unconsolidated real estate entities

At December 31, 2019, we have equity investments in PSB and Shurgard which we account for on the equity method and record our pro-rata share of the net income of these entities for each period. The following table, and the discussion below, sets forth the significant components of our equity in earnings of unconsolidated real estate entities:

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Change	2018	2017	Change
			(Amounts in thousands)			
Equity in earnings:						
PSB	$ 54,090	$ 89,362	$ (35,272)	$ 89,362	$ 46,544	$ 42,818
Shurgard	15,457	14,133	1,324	14,133	25,948	(11,815)
Legacy Institutional Partnership (a)	-	-	-	-	3,163	(3,163)
Total equity in earnings	$ 69,547	$ 103,495	$ (33,948)	$ 103,495	$ 75,655	$ 27,840

(a) This represents our equity earnings in a legacy institutional partnership. On December 31, 2017, we acquired the 74.25% interest that we did not own in this partnership for $135.5 million. As a result, no further equity earnings will be recorded.

Investment in PSB: Throughout all periods presented, we owned 7,158,354 shares of PS Business Parks, Inc. ("PSB") common stock and 7,305,355 limited partnership units in an operating partnership controlled by PSB, representing an aggregate approximately 42% common equity interest. The limited partnership units are convertible at our option, subject to certain conditions, on a one-for-one basis into PSB common stock.

At December 31, 2019, PSB wholly-owned approximately 27.6 million rentable square feet of commercial space and had a 95% interest in a 395-unit apartment complex. PSB also manages commercial space that we own pursuant to property management agreements.

Equity in earnings from PSB totaled $54.1 million, $89.4 million, and $46.5 million for 2019, 2018, and 2017, respectively. Included in these amounts are i) our equity share of gains on sale of real estate totaling $4.4 million, $37.7 million and $3.1 million for 2019, 2018, and 2017, respectively, and ii) our equity share of preferred redemption charges totaling $4.6 million and $4.5 million for 2019 and 2017, respectively.

Equity in earnings from PSB, excluding the aforementioned real estate gains and preferred redemption charges, increased $2.6 million in 2019 as compared to 2018 and $3.7 million in 2018 as compared to 2017 due primarily to improved property operations. See Note 4 to our December 31, 2019 financial statements for further discussion regarding PSB. PSB's filings and selected financial information that can be accessed through the SEC, and on PSB's website, www.psbusinessparks.com. Information on this website is not incorporated by reference herein and is not a part of this Annual Report on Form 10-K.

Investment in Shurgard: Throughout all periods presented, we effectively owned, directly and indirectly 31.3 million Shurgard common shares. On October 15, 2018, Shurgard completed an initial global offering (the "Offering"), issuing 25.0 million of its common shares to third parties at a price of €23 per share (€575 million in gross proceeds), reducing our ownership interest from 49% to approximately 35%. Following the Offering, Shurgard's shares trade on Euronext Brussels under the "SHUR" symbol. While we did not sell any shares in the Offering, and have no current plans to do so, we recorded a gain on disposition in 2018 totaling $151.6 million as if we had sold a proportionate share of our investment in Shurgard.

At December 31, 2019, Shurgard owned 234 self-storage facilities with approximately 13 million net rentable square feet. Shurgard pays us license fees for use of the "Shurgard" trademark, as described in more detail in Note 4 to our December 31, 2019 financial statements.

Shurgard paid €0.67 per share in dividends to its shareholders during 2019, of which our share totaled $23.1 million. During 2018, Shurgard paid a cash dividend totaling $296.7 million to its shareholders at the time, of which our 49% equity share was $145.4 million.

In 2019, 2018, and 2017, Shurgard acquired three facilities, eight facilities, and one facility, respectively, for an aggregate cost of $17.6 million, $114.5 million, and $15.5 million, respectively. In each of 2019, 2018, and 2017, Shurgard opened two newly developed facilities at an aggregate cost totaling $22.2 million, $19.6 million, and $28.8 million, respectively.

Our equity in earnings from Shurgard totaled $15.5 million, $14.1 million, and $25.9 million for 2019, 2018, and 2017, respectively. The increase of $1.4 million from 2018 to 2019 is due to (i) a $10.1 million decrease in our equity share of depreciation expense, (ii) a $5.2 million decrease in our equity share of costs due to a casualty loss occurring in 2018 and the costs of the Offering, offset partially by (iii) a reduced average equity ownership interest during 2019 due to the Offering as well as approximately $220 million in uninvested offering proceeds at December 31, 2019, and (iv) a 5.2% reduction in average exchange rates of the U.S. Dollar to the Euro. The $11.8 million decrease in 2018 as compared to 2017 is due primarily to a $6.9 million increase in our equity share of depreciation expense as well as the aforementioned casualty loss in 2018 and costs of the Offering.

Our future earnings from Shurgard will also be affected by (i) the operating results of its existing facilities, (ii) the level of development and acquisition activities, (iii) the income tax rates applicable in the various European jurisdictions in which Shurgard operates, and (iv) the exchange rate between the U.S. Dollar and currencies in the countries in which Shurgard conducts its business (principally the Euro). Shurgard expects to distribute a substantial portion of its earnings to its shareholders, which will result in reduced cash available to reinvest in real estate. The level of equity income in the near term will also depend on the portion of the proceeds of the Offering which remain uninvested.

Shurgard's public filings and publicly reported information can be obtained on its website, https://corporate.shurgard.eu and on the website of the Luxembourg Stock Exchange, http://www.bourse.lu. Information on these websites is not incorporated by reference herein and is not a part of this Annual Report on Form 10-K.

For purposes of recording our equity in earnings from Shurgard, the Euro was translated at exchange rates of approximately 1.122 U.S. Dollars per Euro at December 31, 2019 (1.144 at December 31, 2018), and average exchange rates of 1.120 for 2019, 1.181 for 2018, and 1.129 for 2017.

Analysis of items not allocated to segments

General and administrative expense: The following table sets forth our general and administrative expense:

	Year Ended December 31,			Year Ended December 31,		
	2019	2018	Change	2018	2017	Change
			(Amounts in thousands)			
Share-based compensation expense	$ 26,612	$ 71,031	$ (44,419)	$ 71,031	$ 37,548	$ 33,483
Costs of senior executives	2,309	4,822	(2,513)	4,822	5,872	(1,050)
Development and acquisition costs	6,850	5,441	1,409	5,441	8,193	(2,752)
Tax compliance costs and taxes paid	5,081	5,438	(357)	5,438	4,795	643
Legal costs	7,692	8,234	(542)	8,234	6,995	1,239
Public company costs	5,007	4,712	295	4,712	4,145	567
Other costs	18,432	19,042	(610)	19,042	15,334	3,708
Total	$ 71,983	$ 118,720	$ (46,737)	$ 118,720	$ 82,882	$ 35,838

Share-based compensation expense includes the amortization of restricted share units and stock options granted to employees and trustees, as well as related employer taxes. Share-based compensation expense varies based upon the level of grants and their related vesting and amortization periods, forfeitures, as well as the Company's common share price on the date of grant.

In February 2018, we announced that our CEO and CFO at the time were retiring from their executive roles at the end of 2018 and would serve only as Trustees of the Company. Accordingly, all remaining share-based compensation expense for these two executives was amortized through the end of 2018, resulting in approximately $30.7 million in incremental share-based compensation expense for 2018. The remaining decreases in 2019 are due primarily to reductions in ongoing share-based compensation awards. See Note 10 to our December 31, 2019 financial statements for further information on our share-based compensation.

In early 2020, our share-based compensation plans were revised to allow vesting ("Retirement Vesting"), rather than forfeiture, of all unvested share-based grants upon termination of service, for employees that meet certain requirements, such as minimum age, minimum years of service, notice, and who cooperate as needed in a transition plan. This change is expected to increase share-based compensation expense in 2020, due primarily to accelerated amortization of share-based grants that are expected to be eligible for Retirement Vesting at an earlier date than the original vesting date.

Costs of senior executives represent the cash compensation paid to our CEO and CFO.

Development and acquisition costs primarily represent internal and external expenses related to our development and acquisition of real estate facilities and varies primarily based upon the level of activities. The amounts in the above table are net of $12.0 million, $12.2 million, and $9.4 million for 2019, 2018, and 2017, respectively, in development costs that were capitalized to newly developed and redeveloped self-storage facilities. Development and acquisition costs are expected to remain stable in 2020.

Tax compliance costs and taxes paid include taxes paid to various state and local authorities, the internal and external costs of filing tax returns, costs associated with complying with federal and state tax laws, and maintaining our compliance with Internal Revenue Service REIT rules. Such costs vary primarily based upon the tax rates of the various states in which we do business.

Legal costs include internal personnel as well as fees paid to legal firms and other third parties with respect to general corporate legal matters and risk management, and varies based upon the level of legal activity. The future level of legal costs is not determinable.

Public company costs represent the incremental costs of operating as a publicly-traded company, such as internal and external investor relations expenses, stock listing and transfer agent fees, board of trustees' (our "Board") costs, and costs associated with maintaining compliance with applicable laws and regulations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and Sarbanes-Oxley Act of 2002.

Other costs represent certain professional and consulting fees, payroll, and overhead that are not attributable to our property operations. Such costs include nonrecurring and variable items, the level of which depend upon corporate activities and initiatives and, as a result, such costs are not predictable.

Our future general and administrative expenses are difficult to estimate, due to their dependence upon many factors, including those noted above.

Interest and other income: Interest and other income is comprised primarily of the net income from our commercial operations, our property management operation, interest earned on cash balances, and trademark license fees received from Shurgard, as well as sundry other income items that are received from time to time in varying amounts. Excluding amounts attributable to the aggregate of our commercial operations and property management operations totaling $10.7 million, $11.8 million, and $10.9 million in 2019, 2018, and 2017, respectively, interest and other income increased in 2019 due primarily to increased levels of uninvested cash balances and increased in 2018 due primarily to increased average interest rates. We do not expect any significant changes in income from commercial and property management operations in 2020. The level of other interest and income items in 2020 will be dependent upon the level of cash balances we retain, interest rates, and the level of sundry other income items.

Interest expense: For 2019, 2018 and 2017, we incurred $49.6 million, $37.3 million, and $17.1 million, respectively, of interest on our outstanding debt. In determining interest expense, these amounts were offset by capitalized interest of $3.9 million, $4.8 million and $4.4 million during 2019, 2018, and 2017, respectively, associated with our development activities. The increase in 2019, 2018, and 2017 is due to the issuance of debt. At December 31, 2019, we had $1.9 billion of debt outstanding, with an average interest rate of approximately 2.9%. On January 24, 2020, we issued, in a public offering, €500 million ($551.6 million) aggregate principal amount of senior notes bearing interest at an annual rate of 0.875% and maturing on January 24, 2032.

Future interest expense will be dependent upon the level of outstanding debt and the amount of in-process development costs.

Foreign Exchange Gain (Loss): For 2019, we recorded a foreign currency translation gain of $7.8 million representing the change in the U.S. Dollar equivalent of our Euro-denominated unsecured notes due to fluctuations in exchange rates (gain of $18.1 million and loss of $50.0 million for 2018 and 2017, respectively). The Euro was translated at exchange rates of approximately 1.122 U.S. Dollars per Euro at December 31, 2019, 1.144 at December 31, 2018 and 1.198 at December 31, 2017. Future gains and losses on foreign currency translation will be dependent upon changes in the relative value of the Euro to the U.S. Dollar, and the level of Euro-denominated debt outstanding (which includes our aforementioned January 24, 2020 public offering of €500 million of senior notes).

Casualty Loss: During 2017, we incurred a $7.8 million casualty loss with respect to damage to several of our facilities caused by Hurricanes Harvey and Irma.

Gain on Real Estate Investment Sales: In 2019, 2018 and 2017, we recorded gains on real estate investment sales totaling $0.3 million, $37.9 million and $1.4 million, respectively. On October 18, 2018, we sold our property in West London to Shurgard for $42.1 million and recorded a related gain on sale of real estate of approximately $31.5 million. The remainder of the gains are primarily in connection with the partial sale of real estate facilities pursuant to eminent domain proceedings.

Gain due to Shurgard Public Offering: In connection with Shurgard's Offering of its common shares to the public, our equity interest in Shurgard decreased from 49% to 35.2%. While we did not sell any of our shares in the Offering, we recorded a gain on disposition in 2018 of $151.6 million, as if we had sold a proportionate share of our investment in Shurgard.

Net Income Allocable to Preferred Shareholders: Net income allocable to preferred shareholders based upon distributions totaled $210.2 million, $216.3 million, and $236.5 million in 2019, 2018, and 2017, respectively. These decreases are due primarily to lower average coupon rates due to redemptions of preferred shares with the proceeds from the issuance of new series with lower market coupon rates. We also allocated $32.7 million and $29.3 million of income from our common shareholders to the holders of our preferred shares in 2019 and 2017, respectively, (none in 2018) in connection with the redemption of our preferred shares. Based upon our preferred shares outstanding at December 31, 2019, our quarterly distribution to our preferred shareholders is expected to be approximately $52.0 million.

Liquidity and Capital Resources

While being a REIT allows us to minimize the payment of federal income tax expense, we are required to distribute 100% of our taxable income to our shareholders. This requirements limits cash flow from operations that can be retained and reinvested in the business, increasing our reliance upon raising capital to fund growth.

Because raising capital is important to our growth, we endeavor to maintain a strong financial profile characterized by strong credit metrics, including low leverage relative to our total capitalization and operating cash flows. We are one of the highest rated REITs, as rated by major rating agencies Moody's and Standard & Poor's. Our senior debt has an "A" credit rating by Standard & Poor's and "A2" by Moody's. Our credit ratings on each of our series of preferred shares are "A3" by Moody's and "BBB+" by Standard & Poor's. Our credit profile and ratings enable us to effectively access both the public and private capital markets to raise capital.

While we must distribute our taxable income, we are nonetheless able to retain operating cash flow to the extent that our tax depreciation exceeds our maintenance capital expenditures. In recent years, we have retained approximately $200 million to $300 million per year in cash flow.

Capital needs in excess of retained cash flow are met with: (i) preferred equity, (ii) medium and long-term debt, and (iii) common equity. We select among these sources of capital based upon relative cost, availability, the desire for leverage, and considering potential constraints caused by certain features of capital sources, such as debt covenants. We view our line of credit, as well as short-term bank loans, as bridge financing.

We have a $500.0 million revolving line of credit which we occasionally use as temporary "bridge" financing until we are able to raise longer term capital. As of December 31, 2019 and February 25, 2020, there were no borrowings outstanding on the revolving line of credit, however, we do have approximately $15.9 million of outstanding letters of credit which limits our borrowing capacity to $484.1 million. Our line of credit matures on April 19, 2024.

Liquidity and Capital Resource Analysis: We believe that our net cash provided by our operating activities will continue to be sufficient to enable us to meet our ongoing requirements for principal payments on debt, maintenance capital expenditures and distributions to our shareholders for the foreseeable future.

As of December 31, 2019, we expect capital resources over the next year of approximately $1.7 billion, which exceeds our currently identified capital needs of approximately $722.6 million. Our expected capital resources include: (i) $409.7 million of cash as of December 31, 2019, (ii) $484.1 million of available borrowing capacity on our revolving line of credit, (iii) $545.2 million in net proceeds from the public issuance of senior Euro-denominated notes, and (iv) approximately $200 million to $250 million of expected retained operating cash flow in the next year. Retained operating cash flow represents our expected cash flow provided by operating activities, less shareholder distributions and capital expenditures to maintain our real estate facilities.

Our currently identified capital needs consist primarily of $245.3 million in property acquisitions currently under contract and $477.3 million of remaining spending on our current development pipeline, which will be incurred primarily in the next 18 months. We have no substantial principal payments on debt until 2022. We expect our capital needs to increase over the next year as we add projects to our development pipeline and acquire additional properties. Additional potential capital needs could result from various activities including the redemption of outstanding preferred securities, repurchases of common stock, or mergers and acquisition activities such as a potential acquisition of National Storage REIT described in Note 15, "Subsequent Events" to our December 31, 2019 financial statements; however, there can be no assurance of any such activities transpiring in the near or longer term.

To the extent our retained operating cash flow, cash on hand, and line of credit are insufficient to fund our activities, we believe we have a variety of possibilities to raise additional capital including issuing common or preferred securities, issuing debt, or entering into joint venture arrangements to acquire or develop facilities.

Required Debt Repayments: As of December 31, 2019, the principal outstanding on our debt totaled approximately $1.9 billion, consisting of $27.3 million of secured debt, $383.6 million of Euro-denominated unsecured debt and $1.5 billion of U.S. Dollar denominated unsecured debt. Approximate principal maturities are as follows (amounts in thousands):

2020	$	2,015
2021		1,871
2022		502,584
2023		19,219
2024		112,280
Thereafter		1,272,895
	$	1,910,864

On January 24, 2020, we completed a public offering of €500 million ($551.6 million) aggregate principal amount of senior notes bearing interest at an annual rate of 0.875% and maturing on January 24, 2032.

The remaining maturities on our debt over at the next two years are nominal. Our debt is well-laddered, with material debt maturities at least 18 months apart, which moderates refinancing risk.

Capital Expenditure Requirements: Capital expenditures include general maintenance, major repairs or replacements to elements of our facilities to keep our facilities in good operating condition and maintain their visual appeal. Capital expenditures do not include costs relating to the development of new facilities or redevelopment of existing facilities to increase their available rentable square footage.

Capital expenditures totaled $192.5 million in 2019, and are expected to approximate $250 million in 2020. Our capital expenditures for 2019, and estimated capital expenditures for 2020 are expected to include certain projects that are upgrades and not traditional like-for-like replacements of existing components, and in certain circumstances replace existing components before the end of their functional lives. Such projects include installation of LED lighting, replacing existing planting configurations with more drought tolerant and low maintenance configurations, installation of solar panels, improvements to office and customer zone configurations to provide a more customer-friendly experience, and improvements to outdoor facades and color schemes. Such incremental investments improve customer satisfaction, the attractiveness and competitiveness of our facilities to new and existing customers, or reduce operating costs. The $250 million in capital expenditures expected for 2020, as well as the $192.5 million incurred in 2019, represent a substantial increase from the amounts incurred of $139.4 million, $124.8 million and $86.0 million in 2018, 2017, and 2016, respectively. We expect continued elevated capital expenditures beyond 2020; however, the level and persistence of this elevation is uncertain at this time.

Requirement to Pay Distributions: For all periods presented herein, we have elected to be treated as a REIT, as defined in the Code. As a REIT, we do not incur federal income tax on our REIT taxable income (generally, net rents and gains from real property, dividends, and interest) that is fully distributed each year (for this purpose, certain distributions paid in a subsequent year may be considered), and if we meet certain organizational and operational rules. We believe we have met these requirements in all periods presented herein, and we expect to continue to elect and qualify as a REIT.

On February 21, 2020, our Board declared a regular common quarterly dividend of $2.00 per common share totaling approximately $350 million, which will be paid at the end of March 2020. Our consistent, long-term dividend policy has been to distribute only our taxable income. Future quarterly distributions with respect to the common shares will continue to be determined based upon our REIT distribution requirements after taking into consideration distributions to the preferred shareholders and will be funded with cash flows from operating activities.

We estimate the annual distribution requirements with respect to our Preferred Shares outstanding at December 31, 2019, to be approximately $208.0 million per year.

We estimate we will pay approximately $6.0 million per year in distributions to noncontrolling interests outstanding at December 31, 2019.

Real Estate Investment Activities: Subsequent to December 31, 2019, we acquired or were under contract to acquire (subject to customary closing conditions) 14 self-storage facilities for $245.3 million. We will continue to seek to acquire properties; however, there is significant competition to acquire existing facilities and there can be no assurance as to the level of facilities we may acquire.

As of December 31, 2019 we had development and expansion projects at a total cost of approximately $619.2 million. Costs incurred through December 31, 2019 were $141.9 million, with the remaining cost to complete of $477.3 million expected to be incurred primarily in the next 18 months. Some of these projects are subject to significant contingencies such as entitlement approval. We expect to continue to seek additional projects; however, the level of future development and redevelopment may be limited due to various constraints such as difficulty in finding projects that meet our risk-adjusted yield expectations and challenges in obtaining building permits for self-storage activities in certain municipalities.

Redemption of Preferred Securities: Historically, we have taken advantage of refinancing higher coupon preferred securities with lower coupon preferred securities. In the future, we may also elect to finance the redemption of preferred securities with proceeds from the issuance of debt. As of February 25, 2020, we have the following series of preferred securities that are eligible for redemption, at our option and with 30 days' notice; our 5.375% Series V Preferred Shares ($495 million), our 5.200% Series W Preferred Shares ($500 million), and our 5.200% Series X Preferred Shares ($225 million). See Note 8 to our December 31, 2019 financial statements for the redemption dates of our other series of preferred shares. Redemption of such preferred shares will depend upon many factors, including the rate at which we could issue replacement preferred securities. None of our preferred securities are redeemable at the option of the holders.

Repurchases of Common Shares: Our Board has authorized management to repurchase up to 35,000,000 of our common shares on the open market or in privately negotiated transactions. During 2019, we did not repurchase any of our common shares. From the inception of the repurchase program through February 25, 2020, we have repurchased a total of 23,721,916 common shares at an aggregate cost of approximately $679.1 million. Future levels of common share repurchases will be dependent upon our available capital, investment alternatives and the trading price of our common shares.

Contractual Obligations

Our significant contractual obligations at December 31, 2019 and their impact on our cash flows and liquidity are summarized below for the years ending December 31 (amounts in thousands):

	Total	2020	2021	2022	2023	2024	Thereafter
Interest and principal payments on debt (1)	$ 2,265,819	$ 55,085	$ 54,839	$ 552,002	$ 59,724	$ 150,874	$ 1,393,295
Leases and other commitments (2)	77,210	4,290	4,336	3,737	3,515	3,527	57,805
Construction commitments (3)	77,168	69,648	7,520	-	-	-	-
Total	$ 2,420,197	$ 129,023	$ 66,695	$ 555,739	$ 63,239	$ 154,401	$ 1,451,100

(1) Represents contractual principal and interest payments. Amounts with respect to certain Euro-denominated debt are based upon exchange rates at December 31, 2019. See Note 6 to our December 31, 2019 financial statements for further information.

(2) Represents future contractual payments on land, equipment and office space under various leases and other commitments.

(3) Represents future expected payments for construction under contract at December 31, 2019.

We estimate the annual distribution requirements with respect to our Preferred Shares outstanding at December 31, 2019 to be approximately $208.0 million per year. Dividends are paid when and if declared by our Board and accumulate if not paid.

Off-Balance Sheet Arrangements: At December 31, 2019, we had no material off-balance sheet arrangements as defined under Regulation S-K 303(a)(4) and the instructions thereto.

ITEM 7A. <u>Quantitative and Qualitative Disclosures about Market Risk</u>

To limit our exposure to market risk, we are capitalized primarily with preferred and common equity. Our preferred shares are redeemable at our option generally five years after issuance, but the holder has no redemption option. Our debt is our only market-risk sensitive portion of our capital structure, which totals approximately $1.9 billion and represents 21.0% of the book value of our equity at December 31, 2019.

We have foreign currency exposure at December 31, 2019 related to (i) our investment in Shurgard, with a book value of $339.9 million and (ii) €342.0 million ($383.6 million) of Euro-denominated unsecured notes payable.

The fair value of our fixed rate debt at December 31, 2019 is approximately $2.0 billion. The table below summarizes the annual maturities of our fixed rate debt, which had a weighted average effective rate of 2.9% at December 31, 2019. See Note 6 to our December 31, 2019 financial statements for further information regarding our fixed rate debt (amounts in thousands).

	2020	2021	2022	2023	2024	Thereafter	Total
Fixed rate debt	$ 2,015	$ 1,871	$ 502,584	$ 19,219	$ 112,280	$ 1,272,895	$ 1,910,864

ITEM 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports we file and submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in accordance with SEC guidelines and that such information is communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures in reaching that level of reasonable assurance. We also have investments in certain unconsolidated real estate entities and because we do not control these entities, our disclosure controls and procedures with respect to such entities are substantially more limited than those we maintain with respect to our consolidated subsidiaries.

As of December 31, 2019, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2019, at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee on Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation under the framework in *Internal Control-Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of internal control over financial reporting as of December 31, 2019, has been audited by Ernst & Young LLP, an independent registered public accounting firm. Ernst & Young LLP's report on our internal control over financial reporting appears below.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of 2019 to which this report relates that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of Public Storage

Opinion on Internal Control over Financial Reporting

We have audited Public Storage's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Public Storage (the Company) maintained, in all material aspects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2019 and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated February 25, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Los Angeles, California
February 25, 2020

ITEM 9B. **Other Information**

None.

PART III

ITEM 10. Trustees, Executive Officers and Corporate Governance

The following is a biographical summary of the current executive officers of the Company:

Joseph D. Russell, Jr., age 60, has served as Chief Executive Officer since January 1, 2019, and as President since July 2016. Prior to joining Public Storage, Mr. Russell was President and Chief Executive Officer of PS Business Parks, Inc. from August 2002 to July 2016. Mr. Russell has also served as a trustee of Public Storage since January 1, 2019, and as a director of PS Business Parks, Inc. since August 2003.

H. Thomas Boyle, age 37, has served as Chief Financial Officer since January 1, 2019, and was previously Vice President and Chief Financial Officer, Operations since joining the Company in November 2016. Prior to joining Public Storage, Mr. Boyle served in roles of increasing responsibilities with Morgan Stanley since 2005, from analyst to his last role as Executive Director, Equity and Debt Capital Markets.

Nathaniel A. Vitan, age 46, has served as Senior Vice President, Chief Legal Officer and Corporate Secretary since April 20, 2019, and was Vice President and Chief Counsel–Litigation and Operations since joining the Company in June 2016. Prior to joining Public Storage, Mr. Vitan was Assistant General Counsel for Altria Client Services, Inc. and served as a Trial Practice and Appellate Litigation Attorney at Latham & Watkins LLP.

Natalia Johnson, age 42, has served as Senior Vice President, Chief Human Resources Officer since April 25, 2018 and was previously Senior Vice President of Human Resources since joining the Company in July 2016. Prior to joining Public Storage, Ms. Johnson held a variety of senior management positions at Bank of America, including Chief Operating Officer for Mortgage Technology and Human Resources Executive for the Mortgage Business and worked for Coca-Cola Andina and San Cristóbal Insurance.

Other information required by this item is hereby incorporated by reference to the material appearing in the Notice and Proxy Statement for the 2020 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A under the Exchange Act.

ITEM 11. Executive Compensation

The information required by this item is hereby incorporated by reference to the material appearing in the Notice and Proxy Statement for the 2020 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A under the Exchange Act.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The following table sets forth information as of December 31, 2019 on the Company's equity compensation plans:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders (a)	2,958,817 (b)	$204.53 (d)	1,110,375
Equity compensation plans not approved by security holders (c)...	-	-	-

a) The Company's stock option and stock incentive plans are described more fully in Note 10 to the December 31, 2019 financial statements. All plans were approved by the Company's shareholders.

b) Includes 619,150 restricted share units that, if and when vested, will be settled in common shares of the Company on a one for one basis.

c) There are no securities available for future issuance or currently outstanding under plans not approved by the Company's shareholders as of December 31, 2019.

d) Represents the average exercise price of 2,339,667 stock options outstanding at December 31, 2019. We also have 619,150 restricted share units outstanding at December 31, 2019 that vest for no consideration.

Other information required by this item is hereby incorporated by reference to the material appearing in the Notice and Proxy Statement for the 2020 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A under the Exchange Act.

ITEM 13. Certain Relationships and Related Transactions and Trustee Independence

The information required by this item is hereby incorporated by reference to the material appearing in the Notice and Proxy Statement for the 2020 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A under the Exchange Act.

ITEM 14. Principal Accountant Fees and Services

The information required by this item is hereby incorporated by reference to the material appearing in the Notice and Proxy Statement for the 2020 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A under the Exchange Act of 1934.

PART IV

ITEM 15. **Exhibits and Financial Statement Schedules**

a. 1. Financial Statements

The financial statements listed in the accompanying Index to Financial Statements and Schedules hereof are filed as part of this report.

2. Financial Statement Schedules

The financial statements schedules listed in the accompanying Index to Financial Statements and Schedules are filed as part of this report.

3. Exhibits

See Index to Exhibits contained herein.

b. Exhibits:

See Index to Exhibits contained herein.

c. Financial Statement Schedules

Not applicable.

PUBLIC STORAGE

INDEX TO EXHIBITS (1)

(Items 15(a)(3) and 15(c))

3.1	Articles of Amendment and Restatement of Declaration of Trust of Public Storage, a Maryland real estate investment trust, filed with the Maryland State Department of Assessments and Taxation on May 4, 2018. Filed with the Registrant's Current Report on Form 8-K dated May 8, 2018 and incorporated by reference herein.
3.2	Amended and Restated Bylaws of Public Storage, a Maryland real estate investment trust, dated May 4, 2018. Filed with the Registrant's Current Report on Form 8-K dated May 8, 2018 and incorporated by reference herein.
3.3	Articles Supplementary for Public Storage 5.375% Cumulative Preferred Shares, Series V. Filed with the Registrant's Current Report on Form 8-K dated September 11, 2012 and incorporated by reference herein.
3.4	Articles Supplementary for Public Storage 5.20% Cumulative Preferred Shares, Series W. Filed with the Registrant's Current Report on Form 8-K dated January 7, 2013 and incorporated by reference herein.
3.5	Articles Supplementary for Public Storage 5.20% Cumulative Preferred Shares, Series X. Filed with the Registrant's Current Report on Form 8-K dated March 4, 2013 and incorporated by reference herein.
3.6	Articles Supplementary for Public Storage 5.400% Cumulative Preferred Shares, Series B. Filed with the Registrant's Current Report on Form 8-K dated January 12, 2016 and incorporated by reference herein.
3.7	Articles Supplementary for Public Storage 5.125% Cumulative Preferred Shares, Series C. Filed with the Registrant's Current Report on Form 8-K dated May 10, 2016 and incorporated by reference herein.
3.8	Articles Supplementary for Public Storage 4.950% Cumulative Preferred Shares, Series D. Filed with the Registrant's Current Report on Form 8-K dated July 13, 2016 and incorporated by reference herein.
3.9	Articles Supplementary for Public Storage 4.900% Cumulative Preferred Shares, Series E. Filed with the Registrant's Current Report on Form 8-K dated October 6, 2016 and incorporated by reference herein.
3.10	Articles Supplementary for Public Storage 5.150% Cumulative Preferred Shares, Series F. Filed with the Registrant's Current Report on Form 8-K dated May 23, 2017 and incorporated by reference herein.
3.11	Articles Supplementary for Public Storage 5.050% Cumulative Preferred Shares, Series G. Filed with the Registrant's Current Report on Form 8-K dated July 31, 2017 and incorporated by reference herein.
3.12	Articles Supplementary for Public Storage 5.600% Cumulative Preferred Shares, Series H. Filed with the Registrant's Current Report on Form 8-K dated February 28, 2019 and incorporated by reference herein.
3.13	Articles Supplementary for Public Storage 4.875% Cumulative Preferred Shares, Series I. Filed with the Registrant's Current Report on Form 8-K dated September 5, 2019 and incorporated by reference herein.
3.14	Articles Supplementary for Public Storage 4.700% Cumulative Preferred Shares, Series J. Filed with the Registrant's Current Report on Form 8-K dated November 5, 2019 and incorporated by reference herein.

3.15	Articles Supplementary for Public Storage 4.750% Cumulative Preferred Shares, Series K. Filed with the Registrant's Current Report on Form 8-K dated December 11, 2019 and incorporated by reference herein.
4.1	Master Deposit Agreement, dated as of May 31, 2007. Filed with the Registrant's Current Report on Form 8-K dated June 6, 2007 and incorporated by reference herein.
4.2	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. Filed herewith.
10.1	Agreement of Limited Partnership of PS Business Parks, L.P. Filed with PS Business Parks, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998 (SEC File No. 001-10709) and incorporated herein by reference.
10.2	Amended and Restated Agreement of Limited Partnership of Storage Trust Properties, L.P. (March 12, 1999). Filed with PSI's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999 (SEC File No. 001-0839) and incorporated herein by reference.
10.3	Second Amended and Restated Credit Agreement, dated April 19, 2019, by and among Public Storage, the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, Wells Fargo Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporation, as joint lead arrangers and as joint bookrunners, Bank of America, N.A., as syndication agent, and Citibank, N.A., as documentation agent. Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 19, 2019 and incorporated herein by reference.
10.4*	Form of 2007 Plan Restricted Stock Unit Agreement. Filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.
10.5*	Form of 2007 Plan Restricted Stock Unit Agreement – deferral of receipt of shares. Filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.
10.6*	Form of 2007 Plan Stock Option Agreement. Filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.
10.7*	Form of 2007 Plan Trustee Stock Option Agreement. Filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.
10.8*	Form of 2016 Plan Restricted Stock Unit Agreement. Filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference.
10.9*	Form of 2016 Plan Restricted Stock Unit Agreement – deferral of receipt of shares. Filed as Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference.
10.10*	Form of 2016 Plan Non-Qualified Stock Option Agreement. Filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference.
10.11*	Form of 2016 Plan Trustee Non-Qualified Stock Option Agreement. Filed as Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference.

10.12	Form of Trustee and Officer Indemnification Agreement. Filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference.
10.13	Term Loan Agreement, by and among Public Storage, Wells Fargo Securities, LLC as Lead Arranger and Wells Fargo National Bank N.A. as Administrative Agent, dated as of December 2, 2013. Filed with Registrant's Current Report on Form 8-K dated December 2, 2013 and incorporated herein by reference.
10.14*	Public Storage 2007 Equity and Performance-Based Incentive Compensation Plan, as Amended. Filed with Registrant's Current Report on Form 8-K dated May 1, 2014 and incorporated herein by reference.
10.15*	Public Storage 2016 Equity and Performance-Based Incentive Compensation Plan. Filed as Appendix A to the Company's 2016 Proxy Statement dated March 16, 2016 and incorporated herein by reference.
10.16	Note Purchase Agreement, dated as of November 3, 2015, by and among Public Storage and the signatories thereto. Filed with Registrant's Current Report on Form 8-K dated November 3, 2015 and incorporated herein by reference.
10.17	Note Purchase Agreement, dated as of April 12, 2016, by and among Public Storage and the signatories thereto. Filed with Registrant's Current Report on Form 8-K dated April 12, 2016 and incorporated herein by reference.
10.18	Indenture, dated as of September 18, 2017, between Public Storage and Wells Fargo Bank, National Association, as trustee. Filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated September 18, 2017 and incorporated herein by reference.
10.19	First Supplemental Indenture, dated as of September 18, 2017, between Public Storage and Wells Fargo Bank, National Association, as trustee, including the form of Global Note representing the 2022 Notes and the form of Global Note representing the 2027 Notes. Filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated September 18, 2017 and incorporated herein by reference.
10.20	Second Supplemental Indenture, dated as of April 12, 2019, between Public Storage and Wells Fargo Bank, National Association, as trustee, including the form of Global Note representing the 2029 Notes. Filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated April 12, 2019 and incorporated herein by reference.
10.21	Third Supplemental Indenture, dated as of January 24, 2020, between Public Storage and Wells Fargo Bank, National Association, as trustee. Filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated January 24, 2020 and incorporated herein by reference.
10.22	Amendment to Amended Agreement of Limited Partnership of PS Business Parks, L.P. to Authorize Special Allocations, dated as of January 1, 2017. Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (SEC File No. 001-33519) and incorporated herein by reference.
10.23*	Form of 2016 Plan Restricted Stock Unit Agreement (2018). Filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and incorporated herein by reference.
10.24*	Form of 2016 Plan Restricted Stock Unit Agreement – deferral of receipt of shares (2018). Filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and incorporated herein by reference.

10.25*	Form of 2016 Plan Non-Qualified Stock Option Agreement (2018). Filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and incorporated herein by reference.
10.26*	Form of 2016 Plan Trustee Non-Qualified Stock Option Agreement (2018). Filed as Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and incorporated herein by reference.
10.27*	Form of 2016 Plan Trustee Deferred Stock Unit Agreement (2018). Filed as Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and incorporated herein by reference.
10.28*	Form of 2016 Plan Executive Restricted Stock Unit Agreement (2018). Filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and incorporated herein by reference.
21	Listing of Subsidiaries. Filed herewith.
23.1	Consent of Ernst & Young LLP. Filed herewith.
31.1	Rule 13a – 14(a) Certification. Filed herewith.
31.2	Rule 13a – 14(a) Certification. Filed herewith.
32	Section 1350 Certifications. Filed herewith.
101 .INS	Inline XBRL Instance Document. Filed herewith.
101 .SCH	Inline XBRL Taxonomy Extension Schema. Filed herewith.
101 .CAL	Inline XBRL Taxonomy Extension Calculation Linkbase. Filed herewith.
101 .DEF	Inline XBRL Taxonomy Extension Definition Linkbase. Filed herewith.
101 .LAB	Inline XBRL Taxonomy Extension Label Linkbase. Filed herewith.
101 .PRE	Inline XBRL Taxonomy Extension Presentation Link. Filed herewith.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)
_ (1)	SEC File No. 001-33519 unless otherwise indicated.
*	Denotes management compensatory plan agreement or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PUBLIC STORAGE

Date: February 25, 2020

By: /s/ Joseph D. Russell, Jr.
Joseph D. Russell, Jr.,
Chief Executive Officer, President and Trustee

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Joseph D. Russell, Jr. Joseph D. Russell, Jr.	Chief Executive Officer, President and Trustee (principal executive officer)	February 25, 2020
/s/ H. Thomas Boyle H. Thomas Boyle	Chief Financial Officer (principal financial officer)	February 25, 2020
/s/ Ronald L. Havner, Jr. Ronald L. Havner, Jr.	Chairman of the Board	February 25, 2020
/s/ Tamara Hughes Gustavson Tamara Hughes Gustavson	Trustee	February 25, 2020
/s/ Uri P. Harkham Uri P. Harkham	Trustee	February 25, 2020
/s/ Leslie Stone Heisz Leslie Stone Heisz	Trustee	February 25, 2020
/s/ B. Wayne Hughes, Jr. B. Wayne Hughes, Jr.	Trustee	February 25, 2020
/s/ Avedick B. Poladian Avedick B. Poladian	Trustee	February 25, 2020
/s/ Gary E. Pruitt Gary E. Pruitt	Trustee	February 25, 2020

Signature	Title	Date
/s/ John Reyes John Reyes	Trustee	February 25, 2020
/s/ Tariq M. Shaukat Tariq M. Shaukat	Trustee	February 25, 2020
/s/ Ronald P. Spogli Ronald P. Spogli	Trustee	February 25, 2020
/s/ Daniel C. Staton Daniel C. Staton	Trustee	February 25, 2020

PUBLIC STORAGE
INDEX TO FINANCIAL STATEMENTS
AND SCHEDULES

(Item 15 (a))

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Trustees of Public Storage

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Public Storage (the Company) as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 25, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Purchase Price Allocation

Description of the Matter	For the year ended December 31, 2019, the Company completed the acquisition of 44 real estate facilities for a total purchase price of $429.8 million. As further discussed in Notes 2 and 3 of the consolidated financial statements, the transactions were accounted for as asset acquisitions, and the purchase price was allocated based on a relative fair value of assets acquired and liabilities assumed. Auditing the accounting for the Company's 2019 acquisitions of real estate facilities was subjective because the Company must exercise a high level of management judgment in determining the fair value of acquired land and the replacement cost of acquired facilities. Determining the fair value of acquired land was difficult due to the lack of available directly comparable land market information. The replacement costs of the acquired facilities were calculated by estimating the cost of building similar facilities in comparable markets and adjusting those costs for the age, quality, and configuration associated with the acquired facilities. Determining the replacement cost was difficult due to the judgment utilized by management in determining the adjustments that should be applied to each facility.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over management's accounting for acquired real estate facilities, including controls over the review of assumptions underlying the purchase price allocation and accuracy of the underlying data used. For example, we tested controls over the determination of the fair value of the land and building assets, including the controls over the review of the valuation models and the underlying assumptions used to develop such estimates. For the 2019 acquisitions of real estate facilities described above, our procedures included, but were not limited to, evaluating the sensitivity of changes in significant assumptions on the purchase price allocation. For example, we compared the allocated land and building values to the historical results of self-storage properties acquired in the prior years. We also performed a sensitivity analysis to evaluate the impact on the Company's financial statements resulting from changes in allocated land and building values. For certain of these asset acquisitions, we also read the purchase agreements, evaluated whether the Company had appropriately determined whether the transaction was a business combination or asset acquisition, evaluated the methods and significant assumptions used by the Company, and tested the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. For certain of these asset acquisitions, we involved our valuation specialists to assist in the assessment of the methodology utilized by the Company, in addition to performing corroborative analyses to assess whether the conclusions in the valuation were supported by observable market data. For example, our valuation specialists used independently identified data sources to evaluate management's selected comparable land sales and replacement cost assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1980.

Los Angeles, California
February 25, 2020

PUBLIC STORAGE
BALANCE SHEETS
(Amounts in thousands, except share data)

	December 31, 2019	December 31, 2018
ASSETS		
Cash and equivalents	$ 409,743	$ 361,218
Real estate facilities, at cost:		
Land	4,186,873	4,047,982
Buildings	12,102,273	11,248,862
	16,289,146	15,296,844
Accumulated depreciation	(6,623,475)	(6,140,072)
	9,665,671	9,156,772
Construction in process	141,934	285,339
	9,807,605	9,442,111
Investments in unconsolidated real estate entities	767,816	783,988
Goodwill and other intangible assets, net	205,936	209,856
Other assets	174,344	131,097
Total assets	$ 11,365,444	$ 10,928,270
LIABILITIES AND EQUITY		
Notes payable	$ 1,902,493	$ 1,412,283
Accrued and other liabilities	383,284	371,259
Total liabilities	2,285,777	1,783,542
Commitments and contingencies (Note 13)		
Equity:		
Public Storage shareholders' equity:		
Preferred Shares, $0.01 par value, 100,000,000 shares authorized, 162,600 shares issued (in series) and outstanding, (161,000 at December 31, 2018), at liquidation preference	4,065,000	4,025,000
Common Shares, $0.10 par value, 650,000,000 shares authorized, 174,418,615 shares issued and outstanding (174,130,881 shares at December 31, 2018)	17,442	17,413
Paid-in capital	5,710,934	5,718,485
Accumulated deficit	(665,575)	(577,360)
Accumulated other comprehensive loss	(64,890)	(64,060)
Total Public Storage shareholders' equity	9,062,911	9,119,478
Noncontrolling interests	16,756	25,250
Total equity	9,079,667	9,144,728
Total liabilities and equity	$ 11,365,444	$ 10,928,270

See accompanying notes.

PUBLIC STORAGE
STATEMENTS OF INCOME
(Amounts in thousands, except per share amounts)

	For the Years Ended December 31,		
	2019	2018	2017
Revenues:			
Self-storage facilities	$ 2,684,552	$ 2,597,607	$ 2,512,433
Ancillary operations	162,271	156,673	156,095
	2,846,823	2,754,280	2,668,528
Expenses:			
Self-storage cost of operations	752,579	695,731	657,633
Ancillary cost of operations	44,204	43,991	50,345
Depreciation and amortization	512,918	483,646	454,526
General and administrative	71,983	118,720	82,882
Interest expense	45,641	32,542	12,690
	1,427,325	1,374,630	1,258,076
Other increase (decrease) to net income:			
Interest and other income	28,436	26,442	18,771
Equity in earnings of unconsolidated real estate entities	69,547	103,495	75,655
Foreign currency exchange gain (loss)	7,829	18,117	(50,045)
Casualty loss	-	-	(7,789)
Gain on sale of real estate	341	37,903	1,421
Gain due to Shurgard public offering	-	151,616	-
Net income	1,525,651	1,717,223	1,448,465
Allocation to noncontrolling interests	(5,117)	(6,192)	(6,248)
Net income allocable to Public Storage shareholders	1,520,534	1,711,031	1,442,217
Allocation of net income to:			
Preferred shareholders - distributions	(210,179)	(216,316)	(236,535)
Preferred shareholders - redemptions (Note 8)	(32,693)	-	(29,330)
Restricted share units	(4,895)	(5,815)	(4,743)
Net income allocable to common shareholders	$ 1,272,767	$ 1,488,900	$ 1,171,609
Net income per common share:			
Basic	$ 7.30	$ 8.56	$ 6.75
Diluted	$ 7.29	$ 8.54	$ 6.73
Basic weighted average common shares outstanding	174,287	173,969	173,613
Diluted weighted average common shares outstanding	174,530	174,297	174,151

See accompanying notes.

PUBLIC STORAGE
STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in thousands)

	For the Years Ended December 31,		
	2019	2018	2017
Net income	$ 1,525,651	$ 1,717,223	$ 1,448,465
Other comprehensive income (loss):			
Aggregate foreign currency exchange gain (loss)	6,999	1,914	(30,003)
Adjust for foreign currency exchange loss reflected in gain on sale of real estate and gain on Shurgard public offering	-	27,207	-
Adjust for aggregate foreign currency exchange (gain) loss included in net income	(7,829)	(18,117)	50,045
Other comprehensive (loss) income	(830)	11,004	20,042
Total comprehensive income	1,524,821	1,728,227	1,468,507
Allocation to noncontrolling interests	(5,117)	(6,192)	(6,248)
Comprehensive income allocable to Public Storage shareholders	$ 1,519,704	$ 1,722,035	$ 1,462,259

See accompanying notes.

PUBLIC STORAGE
STATEMENTS OF EQUITY
(Amounts in thousands, except share and per share amounts)

	Cumulative Preferred Shares	Common Shares	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Public Storage Shareholders' Equity	Noncontrolling Interests	Total Equity
Balances at December 31, 2016	$ 4,367,500	$ 17,329	$ 5,609,768	$ (487,581)	$ (95,106)	$ 9,411,910	$ 29,744	$ 9,441,654
Issuance of 23,200 preferred shares (Note 8)	580,000	-	(18,823)	-	-	561,177	-	561,177
Redemption of 36,900 preferred shares (Note 8)	(922,500)	-	-	-	-	(922,500)	-	(922,500)
Issuance of common shares in connection with share-based compensation (564,583 shares) (Note 10)	-	56	42,444	-	-	42,500	-	42,500
Share-based compensation expense, net of cash paid in lieu of common shares (Note 10)	-	-	22,711	-	-	22,711	-	22,711
Acquisition of noncontrolling interests	-	-	(7,701)	-	-	(7,701)	(6,724)	(14,425)
Contributions by noncontrolling interests	-	-	-	-	-	-	2,484	2,484
Net income	-	-	-	1,448,465	-	1,448,465	-	1,448,465
Net income allocated to noncontrolling interests	-	-	-	(6,248)	-	(6,248)	6,248	-
Distributions to equity holders:								
Preferred shares (Note 8)	-	-	-	(236,535)	-	(236,535)	-	(236,535)
Noncontrolling interests	-	-	-	-	-	-	(7,392)	(7,392)
Common shareholders and restricted share unitholders ($8.00 per share)	-	-	-	(1,393,812)	-	(1,393,812)	-	(1,393,812)
Other comprehensive income (Note 2)	-	-	-	-	20,042	20,042	-	20,042
Balances at December 31, 2017	$ 4,025,000	$ 17,385	$ 5,648,399	$ (675,711)	$ (75,064)	$ 8,940,009	$ 24,360	$ 8,964,369
Issuance of common shares in connection with share-based compensation (277,511 shares) (Note 10)	-	28	12,497	-	-	12,525	-	12,525
Share-based compensation expense, net of cash paid in lieu of common shares (Note 10)	-	-	57,589	-	-	57,589	-	57,589
Contributions by noncontrolling interests	-	-	-	-	-	-	1,720	1,720
Net income	-	-	-	1,717,223	-	1,717,223	-	1,717,223
Net income allocated to noncontrolling interests	-	-	-	(6,192)	-	(6,192)	6,192	-
Distributions to equity holders:								
Preferred shares (Note 8)	-	-	-	(216,316)	-	(216,316)	-	(216,316)
Noncontrolling interests	-	-	-	-	-	-	(7,022)	(7,022)
Common shareholders and restricted share unitholders ($8.00 per share)	-	-	-	(1,396,364)	-	(1,396,364)	-	(1,396,364)

See accompanying notes.

PUBLIC STORAGE
STATEMENTS OF EQUITY
(Amounts in thousands, except share and per share amounts)

	Cumulative Preferred Shares	Common Shares	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Public Storage Shareholders' Equity	Noncontrolling Interests	Total Equity
Other comprehensive income (Note 2)	-	-	-	-	11,004	11,004	-	11,004
Balances at December 31, 2018	$ 4,025,000	$ 17,413	$ 5,718,485	$ (577,360)	$ (64,060)	$ 9,119,478	$ 25,250	$ 9,144,728
Issuance of 43,600 preferred shares (Note 8)	1,090,000	-	(30,844)	-	-	1,059,156	-	1,059,156
Redemption of 42,000 preferred shares (Note 8)	(1,050,000)	-	-	-	-	(1,050,000)	-	(1,050,000)
Issuance of common shares in connection with share-based compensation (287,734 shares) (Note 10)	-	29	33,535	-	-	33,564	-	33,564
Share-based compensation expense, net of cash paid in lieu of common shares (Note 10)	-	-	13,671	-	-	13,671	-	13,671
Acquisition of noncontrolling interests	-	-	(23,913)	-	-	(23,913)	(11,087)	(35,000)
Contributions by noncontrolling interests	-	-	-	-	-	-	4,148	4,148
Net income	-	-	-	1,525,651	-	1,525,651	-	1,525,651
Net income allocated to noncontrolling interests	-	-	-	(5,117)	-	(5,117)	5,117	-
Distributions to:								
Preferred shareholders (Note 8)	-	-	-	(210,179)	-	(210,179)	-	(210,179)
Noncontrolling interests	-	-	-	-	-	-	(6,672)	(6,672)
Common shareholders and restricted share unitholders ($8.00 per share)	-	-	-	(1,398,570)	-	(1,398,570)	-	(1,398,570)
Other comprehensive loss (Note 2)	-	-	-	-	(830)	(830)	-	(830)
Balances at December 31, 2019	$ 4,065,000	$ 17,442	$ 5,710,934	$ (665,575)	$ (64,890)	$ 9,062,911	$ 16,756	$ 9,079,667

See accompanying notes.

PUBLIC STORAGE
STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	For the Years Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	$ 1,525,651	$ 1,717,223	$ 1,448,465
Adjustments to reconcile net income to net cash flows from operating activities:			
Gain due to Shurgard public offering	-	(151,616)	-
Gain on real estate investment sales	(341)	(37,903)	(1,421)
Assets damaged due to hurricanes	-	-	3,286
Depreciation and amortization	512,918	483,646	454,526
Equity in earnings of unconsolidated real estate entities	(69,547)	(103,495)	(75,655)
Distributions from retained earnings of unconsolidated real estate entities	73,259	109,754	53,749
Foreign currency exchange (gain) loss	(7,829)	(18,117)	50,045
Share-based compensation expense	25,833	69,936	37,548
Other	7,699	(5,791)	2,346
Total adjustments	541,992	346,414	524,424
Net cash flows from operating activities	2,067,643	2,063,637	1,972,889
Cash flows from investing activities:			
Payments for capital expenditures to maintain real estate facilities for:			
Costs incurred during the period	(175,981)	(127,966)	(111,631)
Costs incurred in previous periods	(11,331)	(13,005)	(8,964)
Payments for development and expansion of real estate facilities for:			
Costs incurred during the period	(203,331)	(281,240)	(289,238)
Costs incurred in previous periods	(81,351)	(58,792)	(48,055)
Acquisition of real estate facilities and intangible assets	(437,758)	(181,020)	(285,279)
Distributions in excess of retained earnings from unconsolidated real estate entities	11,630	91,927	-
Proceeds from sale of real estate investments	762	54,184	6,103
Net cash flows used in investing activities	(897,360)	(515,912)	(737,064)
Cash flows from financing activities:			
Repayments on notes payable	(1,920)	(1,784)	(1,701)
Issuance of notes payable, net of issuance costs	496,900	-	992,077
Issuance of preferred shares	1,059,156	-	561,177
Issuance of common shares	33,564	12,525	42,500
Redemption of preferred shares	(1,050,000)	-	(922,500)
Cash paid upon vesting of restricted share units	(12,162)	(12,347)	(14,092)
Acquisition of noncontrolling interests	(35,000)	-	(14,425)
Contributions by noncontrolling interests	4,148	1,720	2,484
Distributions paid to preferred shareholders, common shareholders and restricted share unitholders	(1,608,749)	(1,612,680)	(1,630,347)
Distributions paid to noncontrolling interests	(6,672)	(7,022)	(7,392)
Net cash flows used in financing activities	(1,120,735)	(1,619,588)	(992,219)
Net cash flows from operating, investing, and financing activities	49,548	(71,863)	243,606
Net effect of foreign exchange translation	(13)	(171)	(126)
Increase (decrease) in cash and equivalents, including restricted cash	$ 49,535	$ (72,034)	$ 243,480

See accompanying notes.

PUBLIC STORAGE
STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	For the Years Ended December 31,		
	2019	2018	2017
Cash and equivalents, including restricted cash at beginning of the period:			
Cash and equivalents	$ 361,218	$ 433,376	$ 183,688
Restricted cash included in other assets	22,801	22,677	28,885
	$ 384,019	$ 456,053	$ 212,573
Cash and equivalents, including restricted cash at end of the period:			
Cash and equivalents	$ 409,743	$ 361,218	$ 433,376
Restricted cash included in other assets	23,811	22,801	22,677
	$ 433,554	$ 384,019	$ 456,053
Supplemental schedule of non-cash investing and financing activities:			
Costs incurred during the period remaining unpaid at period end for:			
Capital expenditures to maintain real estate facilities	$ (16,558)	$ (11,431)	$ (13,149)
Construction or expansion of real estate facilities	(32,356)	(81,157)	(60,474)
Accrued and other liabilities	48,914	92,588	73,623
Real estate acquired in exchange for assumption of notes payable	(1,817)	-	-
Notes payable assumed in connection with acquisition of real estate	1,817	-	-
Reclassification of existing investment to real estate in connection with property acquisition (Note 3):			
Real estate facilities	-	-	(6,310)
Investments in unconsolidated real estate entities	-	-	6,310
Other disclosures:			
Foreign currency translation adjustment:			
Real estate facilities, net of accumulated depreciation	$ -	$ 203	$ (659)
Investments in unconsolidated real estate entities	830	15,997	(19,370)
Notes payable	(7,842)	(18,285)	49,906
Accumulated other comprehensive gain (loss)	6,999	1,914	(30,003)

See accompanying notes.

PUBLIC STORAGE
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Description of the Business

Public Storage (referred to herein as "the Company," "we," "us," or "our"), a Maryland real estate investment trust ("REIT"), was organized in 1980. Our principal business activities include the ownership and operation of self-storage facilities which offer storage spaces for lease, generally on a month-to-month basis, for personal and business use, ancillary activities such as merchandise sales and tenant reinsurance to the tenants at our self-storage facilities, as well as the acquisition and development of additional self-storage space.

At December 31, 2019, we have direct and indirect equity interests in 2,483 self-storage facilities (with approximately 169 million net rentable square feet) located in 38 states in the United States ("U.S.") operating under the "Public Storage" name, and 0.9 million net rentable square feet of commercial and retail space.

We own 31.3 million common shares (an approximate 35% interest) of Shurgard Self Storage SA ("Shurgard") a public company traded on Euronext Brussels under the "SHUR" symbol, which owns 234 self-storage facilities (with approximately 13 million net rentable square feet) located in seven Western European countries, all operating under the "Shurgard" name. We also own an aggregate approximate 42% common equity interest in PS Business Parks, Inc. ("PSB"), a REIT traded on the New York Stock Exchange under the "PSB" symbol, which owns 27.6 million aggregate net rentable square feet of commercial properties, primarily multi-tenant industrial, flex, and office space, located in six states.

Disclosures of the number and square footage of facilities, as well as the number and coverage of tenant reinsurance policies (Note 13) are unaudited and outside the scope of our independent registered public accounting firm's review of our financial statements in accordance with the standards of the Public Company Accounting Oversight Board (U.S.).

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are presented on an accrual basis in accordance with U.S. generally accepted accounting principles ("GAAP") as defined in the Financial Accounting Standards Board Accounting Standards Codification (the "Codification").

Certain amounts previously reported in our December 31, 2018 and 2017 financial statements have been reclassified to conform to the December 31, 2019 presentation, including separate presentation on our Statements of Cash Flows of our cash payments for real estate investments between cash paid for amounts incurred during the current period and amounts incurred during previous periods.

Consolidation and Equity Method of Accounting

We consider entities to be Variable Interest Entities ("VIEs") when they have insufficient equity to finance their activities without additional subordinated financial support provided by other parties, or the equity holders as a group do not have a controlling financial interest. We consolidate VIEs when we have (i) the power to direct the activities most significantly impacting economic performance, and (ii) either the obligation to absorb losses or the right to receive benefits from the VIE. We have no involvement with any material VIEs. We consolidate all other entities when we control them through voting shares or contractual rights. The entities we consolidate, for the period in which the reference applies, are referred to collectively as the "Subsidiaries," and we eliminate intercompany transactions and balances.

We account for our investments in entities that we do not consolidate but have significant influence over using the equity method of accounting. These entities, for the periods in which the reference applies, are referred to collectively as the "Unconsolidated Real Estate Entities," eliminating intra-entity profits and losses and amortizing any differences between the cost of our investment and the underlying equity in net assets against equity in earnings as if the Unconsolidated Real Estate Entity were a consolidated subsidiary. Equity in earnings of unconsolidated real estate entities represents our pro-rata share of the earnings of the Unconsolidated Real Estate Entities.

When we begin consolidating an entity, we reflect our preexisting equity interest at book value. All changes in consolidation status are reflected prospectively.

Collectively, at December 31, 2019, the Company and the Subsidiaries own 2,483 self-storage facilities and four commercial facilities in the U.S. At December 31, 2019, the Unconsolidated Real Estate Entities are comprised of PSB and Shurgard.

Use of Estimates

The financial statements and accompanying notes reflect our estimates and assumptions. Actual results could differ from those estimates and assumptions.

Income Taxes

We have elected to be treated as a REIT, as defined in the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, we do not incur federal income tax if we distribute 100% of our REIT taxable income each year, and if we meet certain organizational and operational rules. We believe we have met these REIT requirements for all periods presented herein. Accordingly, we have recorded no federal income tax expense related to our REIT taxable income.

Our merchandise and tenant reinsurance operations are subject to corporate income tax and such taxes are included in ancillary cost of operations. We also incur income and other taxes in certain states, which are included in general and administrative expense.

We recognize tax benefits of uncertain income tax positions that are subject to audit only if we believe it is more likely than not that the position would ultimately be sustained assuming the relevant taxing authorities had full knowledge of the relevant facts and circumstances of our positions. As of December 31, 2019, we had no tax benefits that were not recognized.

Real Estate Facilities

Real estate facilities are recorded at cost. We capitalize all costs incurred to acquire, develop, construct, renovate and improve facilities, including interest and property taxes incurred during the construction period. We allocate the net acquisition cost of acquired real estate facilities to the underlying land, buildings, and identified intangible assets based upon their respective individual estimated fair values.

Costs associated with dispositions of real estate, as well as repairs and maintenance costs, are expensed as incurred. We depreciate buildings and improvements on a straight-line basis over estimated useful lives ranging generally between 5 to 25 years.

When we sell a full or partial interest in a real estate facility without retaining a controlling interest following sale, we recognize a gain or loss on sale as if 100% of the property was sold at fair value. If we retain a controlling interest following the sale, we record a noncontrolling interest for the book value of the partial interest sold, and recognize additional paid-in capital for the difference between the consideration received and the partial interest at book value.

Other Assets

Other assets primarily consist of rents receivable from our tenants, prepaid expenses, restricted cash and right-to-use assets (Note 12).

Accrued and Other Liabilities

Accrued and other liabilities consist primarily of rents prepaid by our tenants, trade payables, property tax accruals, accrued payroll, accrued tenant reinsurance losses, lease liabilities (Note 12), and contingent loss accruals when probable and estimable. We believe the fair value of our accrued and other liabilities approximates book value, due primarily to the short period until repayment. We disclose the nature of significant unaccrued losses that are reasonably possible of occurring and, if estimable, a range of exposure.

Cash Equivalents, Restricted Cash, Marketable Securities and Other Financial Instruments

Cash equivalents represent highly liquid financial instruments such as money market funds with daily liquidity or short-term commercial paper or treasury securities maturing within three months of acquisition. Cash and equivalents which are restricted from general corporate use are included in other assets. We believe that the book value of all such financial instruments for all periods presented approximates fair value, due to the short period to maturity.

Fair Value

As used herein, the term “fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Our estimates of fair value involve considerable judgment and are not necessarily indicative of the amounts that could be realized in current market exchanges.

We estimate the fair value of our cash and equivalents, marketable securities, other assets, debt, and other liabilities by discounting the related future cash flows at a rate based upon quoted interest rates for securities that have similar characteristics such as credit quality and time to maturity. Such quoted interest rates are referred to generally as “Level 2” inputs.

We use significant judgment to estimate fair values of investments in real estate, goodwill, and other intangible assets. In estimating their values, we consider significant unobservable inputs such as market prices of land, market capitalization rates, expected returns, earnings multiples, projected levels of earnings, costs of construction, and functional depreciation. These inputs are referred to generally as “Level 3” inputs.

Currency and Credit Risk

Financial instruments that are exposed to credit risk consist primarily of cash and equivalents, certain portions of other assets including rents receivable from our tenants and restricted cash. Cash equivalents we invest in are either money market funds with a rating of at least AAA by Standard & Poor’s, commercial paper that is rated A1 by Standard & Poor’s or deposits with highly rated commercial banks.

At December 31, 2019, due primarily to our investment in Shurgard (Note 4) and our notes payable denominated in Euros (Note 6), our operating results and financial position are affected by fluctuations in currency exchange rates between the Euro, and to a lesser extent, other European currencies, against the U.S. Dollar.

Goodwill and Other Intangible Assets

Intangible assets are comprised of goodwill, the "Shurgard" trade name and acquired customers in place.

Goodwill totaled $174.6 million at December 31, 2019 and 2018. The "Shurgard" trade name, which is used by Shurgard pursuant to a fee-based licensing agreement, has a book value of $18.8 million at December 31, 2019 and 2018. Goodwill and the "Shurgard" trade name have indefinite lives and are not amortized.

Our finite-lived assets are comprised primarily of acquired customers in place and are amortized relative to the benefit of the customers in place to each period. At December 31, 2019, these intangibles had a net book value of $12.5 million ($16.5 million at December 31, 2018). Accumulated amortization totaled $27.5 million at December 31, 2019 ($29.6 million at December 31, 2018), and amortization expense of $16.8 million, $16.6 million and $15.0 million was recorded in 2019, 2018 and 2017, respectively. The estimated future amortization expense for our finite-lived intangible assets at December 31, 2019 is approximately $10.8 million in 2020, $1.3 million in 2021 and $0.4 million thereafter. During 2019, 2018 and 2017, intangibles increased $18.5 million, $11.6 million and $17.2 million, respectively, in connection with the acquisition of self-storage facilities (Note 3).

Evaluation of Asset Impairment

We evaluate our real estate and finite-lived intangible assets for impairment each quarter. If there are indicators of impairment and we determine that the asset is not recoverable from future undiscounted cash flows to be received through the asset's remaining life (or, if earlier, the expected disposal date), we record an impairment charge to the extent the carrying amount exceeds the asset's estimated fair value or net proceeds from expected disposal.

We evaluate our investments in unconsolidated real estate entities for impairment on a quarterly basis. We record an impairment charge to the extent the carrying amount exceeds estimated fair value, when we believe any such shortfall is other than temporary.

We evaluate goodwill for impairment annually and whenever relevant events, circumstances and other related factors indicate that fair value of the related reporting unit may be less than the carrying amount. If we determine that the fair value of the reporting unit exceeds the aggregate carrying amount, no impairment charge is recorded. Otherwise, we record an impairment charge to the extent the carrying amount of the goodwill exceeds the amount that would be allocated to goodwill if the reporting unit were acquired for estimated fair value.

We evaluate other indefinite-lived intangible assets, such as the "Shurgard" trade name for impairment at least annually and whenever relevant events, circumstances and other related factors indicate that the fair value is less than the carrying amount. When we conclude that it is likely that the asset is not impaired, we do not record an impairment charge and no further analysis is performed. Otherwise, we record an impairment charge to the extent the carrying amount exceeds the asset's estimated fair value.

No impairments were recorded in any of our evaluations for any period presented herein.

Casualty Loss

We record casualty losses for a) the book value of assets destroyed and b) incremental repair, clean-up, and other costs associated with the casualty. Insurance proceeds are recorded as a reduction in casualty loss when all uncertainties of collection are satisfied. During 2017, we incurred casualty losses totaling $7.8 million, comprised of $3.3 million in book value of assets damaged and $4.5 million in repairs and maintenance incurred in connection with Hurricanes Harvey and Irma.

Revenue and Expense Recognition

Revenues from self-storage facilities, which are primarily composed of rental income earned pursuant to month-to-month leases, as well as associated late charges and administrative fees, are recognized as earned. Promotional discounts reduce rental income over the promotional period, which is generally one month. Ancillary revenues and interest and other income are recognized when earned.

We accrue for property tax expense based upon actual amounts billed and, in some circumstances, estimates when bills or assessments have not been received from the taxing authorities. If these estimates are incorrect, the timing and amount of expense recognition could be incorrect. Cost of operations (including advertising expenditures), general and administrative expense, and interest expense are expensed as incurred.

Foreign Currency Exchange Translation

The local currency (primarily the Euro) is the functional currency for our interests in foreign operations. The related balance sheet amounts are translated into U.S. Dollars at the exchange rates at the respective financial statement date, while amounts on our statements of income are translated at the average exchange rates during the respective period. When financial instruments denominated in a currency other than the U.S. Dollar are expected to be settled in cash in the foreseeable future, the impact of changes in the U.S. Dollar equivalent are reflected in current earnings. The Euro was translated at exchange rates of approximately 1.122 U.S. Dollars per Euro at December 31, 2019 (1.144 at December 31, 2018), and average exchange rates of 1.120, 1.181 and 1.129 for the years ended December 31, 2019, 2018 and 2017, respectively. Cumulative translation adjustments, to the extent not included in cumulative net income, are included in equity as a component of accumulated other comprehensive income (loss).

Comprehensive Income

Total comprehensive income represents net income, adjusted for changes in other comprehensive income (loss) for the applicable period. The aggregate foreign currency exchange gains and losses reflected on our statements of comprehensive income are comprised primarily of foreign currency exchange gains and losses on our investment in Shurgard and our unsecured notes denominated in Euros.

Net Income per Common Share

Net income is allocated to (i) noncontrolling interests based upon their share of the net income of the Subsidiaries, (ii) preferred shareholders, to the extent redemption cost exceeds the related original net issuance proceeds (an "EITF D-42 allocation"), and (iii) the remaining net income is allocated to each of our equity securities based upon the dividends declared or accumulated during the period, combined with participation rights in undistributed earnings.

Basic and diluted net income per common share are each calculated based upon net income allocable to common shareholders presented on the face of our income statement, divided by (i) in the case of basic net income per common share, weighted average common shares, and (ii) in the case of diluted income per common share, weighted average common shares adjusted for the impact, if dilutive, of stock options outstanding (Note 10). The following table reconciles from basic to diluted common shares outstanding (amounts in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Weighted average common shares and equivalents outstanding:			
Basic weighted average common shares outstanding	174,287	173,969	173,613
Net effect of dilutive stock options - based on treasury stock method	243	328	538
Diluted weighted average common shares outstanding	174,530	174,297	174,151

3. Real Estate Facilities

Activity in real estate facilities during 2019, 2018 and 2017 is as follows:

	For the Years Ended December 31,		
	2019	2018	2017
	(Amounts in thousands)		
Operating facilities, at cost:			
Beginning balance	$ 15,296,844	$ 14,665,989	$ 13,963,229
Costs incurred for capital expenditures to maintain real estate facilities	192,539	139,397	124,780
Acquisitions	421,097	169,436	274,115
Dispositions	(426)	(25,633)	(1,092)
Hurricane damage	-	-	(8,226)
Developed or expanded facilities opened for operation	379,092	348,270	311,559
Impact of foreign exchange rate changes	-	(615)	1,624
Ending balance	16,289,146	15,296,844	14,665,989
Accumulated depreciation:			
Beginning balance	(6,140,072)	(5,700,331)	(5,270,963)
Depreciation expense	(483,408)	(457,029)	(433,466)
Dispositions	5	16,876	123
Hurricane damage	-	-	4,940
Impact of foreign exchange rate changes	-	412	(965)
Ending balance	(6,623,475)	(6,140,072)	(5,700,331)
Construction in process:			
Beginning balance	285,339	264,441	230,310
Costs incurred for development and expansion of real estate facilities	235,687	362,397	349,712
Developed or expanded facilities opened for operation	(379,092)	(348,270)	(311,559)
Dispositions	-	(2,698)	(4,022)
Transfer from other assets	-	9,469	-
Ending balance	141,934	285,339	264,441
Total real estate facilities at December 31,	$ 9,807,605	$ 9,442,111	$ 9,230,099

During 2019, we acquired 44 self-storage facilities and one commercial facility (3,133,000 net rentable square feet of storage space and 46,000 net rentable square feet of commercial space), for a total cost of $439.6 million, consisting of $437.8 million in cash and the assumption of $1.8 million in mortgage notes. Approximately $18.5 million of the total cost was allocated to intangible assets. We completed development and redevelopment activities costing $379.1 million during 2019, adding 3.7 million net rentable square feet of self-storage space. Construction in process at December 31, 2019 consists of projects to develop new self-storage facilities and expand existing self-storage facilities.

During 2019, we paid a total of $284.7 million with respect to the development and expansion of real estate facilities, including $81.4 million to repay amounts accrued at December 31, 2018. Of the $235.7 million in costs incurred during 2019, $32.4 million remains unpaid at December 31, 2019.

During 2019, we paid a total of $187.3 million with respect to capital expenditures to maintain real estate facilities, including $11.3 million to repay amounts accrued at December 31, 2018. Of the $192.5 million in costs incurred during 2019, $16.6 million remains unpaid at December 31, 2019.

During 2018, we acquired 25 self-storage facilities (1.6 million net rentable square feet), for a total cost of $181.0 million in cash, of which $11.6 million was allocated to intangible assets. We completed development and redevelopment activities costing $348.3 million during 2018, adding 3.0 million net rentable square feet of self-storage space. Construction in process at December 31, 2018 consists of projects to develop new self-storage facilities and redevelop existing self-storage facilities. On October 18, 2018, we sold our property in West London to Shurgard for $42.1 million and recorded a related gain on sale of real estate of approximately $31.5 million. This gain was net of the recognition of a cumulative other comprehensive loss totaling $4.8 million with respect to foreign currency translation. On October 25, 2018, we sold a commercial facility for $8.7 million and recorded a related gain on sale of real estate of approximately $4.6 million. During 2018, we also sold portions of real estate facilities in connection with eminent domain proceedings for $3.4 million in cash proceeds and recorded a related gain on sale of real estate of approximately $1.8 million. During 2018, we also transferred $9.5 million of accumulated construction costs from other assets to construction in process.

During 2018, we paid a total of $340.0 million with respect to the development and expansion of real estate facilities, including $58.8 million to repay amounts accrued at December 31, 2017. Of the $362.4 million in costs incurred during 2018, $81.2 million remained unpaid at December 31, 2018.

During 2018, we paid a total of $141.0 million with respect to capital expenditures to maintain real estate facilities, including $13.0 million to repay amounts accrued at December 31, 2017. Of the $139.4 million in costs incurred during 2018, $11.4 million remained unpaid at December 31, 2018.

During 2017, we acquired 22 self-storage facilities from third parties (1,365,000 net rentable square feet), for a total cost of $149.8 million, in cash. Approximately $8.2 million of the total cost was allocated to intangible assets. On December 31, 2017, we acquired the remaining 74.25% of the interests which we did not own in one of the unconsolidated entities that owned 12 self-storage facilities (749,000 net rentable square feet) for a total cost of $135.5 million in cash. Approximately $9.0 million of the $141.8 million acquisition cost (which includes the $6.3 million book value of our existing investment) was allocated to intangible assets and $0.3 million was allocated to other assets.

We completed development and redevelopment activities during 2017, adding 2.7 million net rentable square feet of self-storage space, at an aggregate cost of $311.6 million. During 2017, we sold real estate for a total of approximately $6.4 million in cash proceeds, of which $0.3 million was collected in 2016, and recorded a related gain on real estate investment sales of approximately $1.4 million in 2017.

During 2017, we paid a total of $337.3 million with respect to the development and expansion of real estate facilities, including $48.1 million to repay amounts accrued at December 31, 2016. Of the $349.7 million in costs incurred during 2017, $60.5 million remained unpaid at December 31, 2017.

During 2017, we paid a total of $120.6 million with respect to capital expenditures to maintain real estate facilities, including $9.0 million to repay amounts accrued at December 31, 2016. Of the $124.8 million in costs incurred during 2017, $13.1 million remained unpaid at December 31, 2017.

At December 31, 2019, the adjusted basis of real estate facilities for U.S. federal tax purposes was approximately $10.6 billion (unaudited).

4. Investments in Unconsolidated Real Estate Entities

The following table sets forth our investments in, and equity in earnings of, the Unconsolidated Real Estate Entities (amounts in thousands):

	Investments in Unconsolidated Real Entities at December 31,		Equity in Earnings of Unconsolidated Real Estate Entities for the Year Ended December 31,		
	2019	2018	2019	2018	2017
PSB	$ 427,875	$ 434,533	$ 54,090	$ 89,362	$ 46,544
Shurgard	339,941	349,455	15,457	14,133	25,948
Other Investments	-	-	-	-	3,163
Total	$ 767,816	$ 783,988	$ 69,547	$ 103,495	$ 75,655

Investment in PSB

Throughout all periods presented, we owned 7,158,354 shares of PSB's common stock and 7,305,355 limited partnership units in an operating partnership controlled by PSB, representing an aggregate approximately 42% common equity interest. The limited partnership units are convertible at our option, subject to certain conditions, on a one-for-one basis into PSB common stock.

Based upon the closing price at December 31, 2019 ($164.87 per share of PSB common stock), the shares and units we owned had a market value of approximately $2.4 billion.

Our equity in earnings of PSB is comprised of our equity share of PSB's net income, less amortization of the PSB Basis Differential (defined below).

During 2019, 2018, and 2017, we received cash distributions from PSB totaling $60.7 million, $55.0 million, and $49.2 million, respectively.

At December 31, 2019, our pro-rata investment in PSB's real estate assets included in investment in unconsolidated real estate entities exceeds our pro-rata share of the underlying amounts on PSB's balance sheet by approximately $4.2 million ($7.4 million at December 31, 2018). This differential (the "PSB Basis Differential") is being amortized as a reduction to equity in earnings of the Unconsolidated Real Estate Entities. Such amortization totaled approximately $3.2 million, $1.8 million, and $1.3 million during 2019, 2018, and 2017, respectively.

PSB is a publicly held entity traded on the New York Stock Exchange under the symbol "PSB".

Investment in Shurgard

Throughout all periods presented, we effectively owned, directly and indirectly 31,268,459 Shurgard common shares. On October 15, 2018, Shurgard completed an initial global offering (the "Offering"), issuing 25.0 million of its common shares to third parties at a price of €23 per share, reducing our ownership interest to approximately 35%. Following the Offering, Shurgard's shares trade on Euronext Brussels under the "SHUR" symbol. We recorded a "Gain due to Shurgard public offering" of $151.6 million, as if we had sold a proportionate share of our investment in Shurgard. The gain resulted in a $174.0 million increase in our investment in Shurgard and a $22.4 million reduction in other comprehensive loss with respect to cumulative foreign currency translation losses for Shurgard.

Based upon the closing price at December 31, 2019 (€34.00 per share of SHUR common stock, at 1.122 exchange rate of US Dollars to the Euro), the shares we owned had a market value of approximately $1.2 billion.

Our equity in earnings of Shurgard is comprised of our equity share of Shurgard's net income, plus $1.0 million, $1.3 million, and $1.3 million for 2019, 2018 and 2017, respectively, representing our equity share of the trademark license fees that Shurgard pays to us for the use of the "Shurgard" trademark. The remaining license fees we receive from Shurgard are classified as interest and other income on our income statement.

The dividends we receive from Shurgard, combined with our equity share of trademark license fees collected from Shurgard, are reflected on our statements of cash flows as "distributions from retained earnings of unconsolidated real estate entities" to the extent of our cumulative earnings, with any excess classified as "distributions in excess of retained earnings from unconsolidated real estate entities." Shurgard paid €0.67 per share in dividends to its shareholders during 2019, of which our share totaled $23.1 million. During 2018, Shurgard paid a cash dividend to its shareholders at the time, of which our equity share was $145.4 million.

Changes in foreign currency exchange rates decreased our investment in Shurgard by approximately $0.8 million and $16.0 million in 2019 and 2018, respectively, and increased it by approximately $19.4 million in 2017.

Shurgard is a publicly held entity trading on Euronext Brussels under the symbol "SHUR".

Other Investments

On December 31, 2017, we acquired the remaining 74.25% equity interest we did not own in a legacy institutional partnership (the "Other Investments") for $135.5 million, in cash, and began to consolidate the 12 self-storage facilities owned by the Other Investments.

5. Credit Facility

We have a revolving credit agreement (the "Credit Facility") with a $500 million borrowing limit, which was amended on April 19, 2019 to (i) extend the maturity date from March 31, 2020 to April 19, 2024, (ii) decrease the current effective borrowing spread over LIBOR from 0.850% to 0.70%, and (iii) decrease the current effective facility fee from 0.080% to 0.070%. All other terms remained substantially the same. Amounts drawn on the Credit Facility bear annual interest at rates ranging from LIBOR plus 0.70% to LIBOR plus 1.350% depending upon the ratio of our Total Indebtedness to Gross Asset Value (as defined in the Credit Facility) (LIBOR plus 0.70% at December 31, 2019). We are also required to pay a quarterly facility fee ranging from 0.070% per annum to 0.250% per annum depending upon the ratio of our Total Indebtedness to our Gross Asset Value (0.070% per annum at December 31, 2019). At December 31, 2019 and February 25, 2019, we had no outstanding borrowings under this Credit Facility. We had undrawn standby letters of credit, which reduce our borrowing capacity, totaling $15.9 million at December 31, 2019 ($16.2 million at December 31, 2018). The Credit Facility has various customary restrictive covenants, all of which we were in compliance with at December 31, 2019.

6. Notes Payable

Our notes payable at December 31, 2019 and 2018 are set forth in the table below:

	Coupon Rate	Effective Rate	Amounts at December 31, 2019 Principal	Unamortized Costs	Book Value	Fair Value
			($ amounts in thousands)			
U.S. Dollar Denominated Unsecured Debt						
Notes due September 15, 2022	2.370%	2.483%	$ 500,000	$ (1,419)	$ 498,581	$ 505,639
Notes due September 15, 2027	3.094%	3.218%	500,000	(4,076)	495,924	520,694
Notes due May 1, 2029	3.385%	3.459%	500,000	(2,876)	497,124	531,911
			1,500,000	(8,371)	1,491,629	1,558,244
Euro Denominated Unsecured Debt						
Notes due April 12, 2024	1.540%	1.540%	112,156	-	112,156	115,932
Notes due November 3, 2025	2.175%	2.175%	271,433	-	271,433	298,398
			383,589	-	383,589	414,330
Mortgage Debt, secured by 27 real estate facilities with a net book value of $105.7 million	4.025%	3.995%	27,275	-	27,275	28,506
			$ 1,910,864	$ (8,371)	$ 1,902,493	$ 2,001,080

	Amounts at December 31, 2018 Book Value	Fair Value
	($ amounts in thousands)	
U.S. Dollar Denominated Unsecured Debt		
Notes due September 15, 2022	$ 498,053	$ 482,017
Notes due September 15, 2027	495,396	469,055
Notes due May 1, 2029	-	-
	993,449	951,072
Euro Denominated Unsecured Debt		
Notes due April 12, 2024	114,449	115,964
Notes due November 3, 2025	276,982	286,078
	391,431	402,042
Mortgage Debt	27,403	27,613
	$ 1,412,283	$ 1,380,727

U.S. Dollar Denominated Unsecured Notes

On September 18, 2017, we issued, in a public offering, two tranches each totaling $500.0 million of U.S. Dollar denominated unsecured notes. In connection with the offering, we incurred a total of $7.9 million in costs, which is reflected as a reduction in the principal amount and amortized, using the effective interest method, over the term of each respective note. Interest on such notes is payable semi-annually on March 15 and September 15 of each year, commencing March 15, 2018.

On April 12, 2019, we completed a public offering of $500 million in aggregate principal amount of senior notes bearing interest at an annual rate of 3.385% maturing on May 1, 2029. In connection with the offering, we incurred a total of $3.1 million in costs. The notes issued on April 12, 2019 and on September 18, 2017 are referred to hereinafter as the "U.S. Dollar Notes."

The U.S. Dollar Notes have various financial covenants, all of which we were in compliance with at December 31, 2019. Included in these covenants are (a) a maximum Debt to Total Assets of 65% (approximately 5% at December 31, 2019) and (b) a minimum ratio of Adjusted EBITDA to Interest Expense of 1.5x (approximately 47x for the twelve months ended December 31, 2019) as well as covenants limiting the amount we can encumber our properties with mortgage debt.

Euro Denominated Unsecured Notes

Our euro denominated unsecured notes (the "Euro Notes") are payable to institutional investors. The Euro Notes consist of two tranches, (i) €242.0 million issued on November 3, 2015 for $264.3 million in net proceeds upon converting the Euros to U.S. Dollars and (ii) €100.0 million issued on April 12, 2016 for $113.6 million in net proceeds upon converting the Euros to U.S. Dollars. Interest is payable semi-annually. The Euro Notes have various customary financial covenants, all of which we were in compliance with at December 31, 2019.

We reflect changes in the U.S. Dollar equivalent of the amount payable, as a result of changes in foreign exchange rates as "foreign currency exchange gain (loss)" on our income statement (gains of $7.8 million and $18.1 million for 2019 and 2018, respectively, as compared to a loss of $50.0 million for 2017).

Mortgage Notes

Our non-recourse mortgage debt was assumed in connection with property acquisitions, and recorded at fair value with any premium or discount to the stated note balance amortized using the effective interest method.

During 2019, we assumed a mortgage note with a contractual value of $1.8 million and an interest rate of 3.9%, which approximated market rate, in connection with the acquisition of a real estate facility.

At December 31, 2019, the related contractual interest rates are fixed, ranging between 3.2% and 7.1%, and mature between January 1, 2022 and July 1, 2030.

At December 31, 2019, approximate principal maturities of our Notes Payable are as follows (amounts in thousands):

	Unsecured Debt	Mortgage Debt	Total
2020	$ -	$ 2,015	$ 2,015
2021	-	1,871	1,871
2022	500,000	2,584	502,584
2023	-	19,219	19,219
2024	112,156	124	112,280
Thereafter	1,271,433	1,462	1,272,895
	$ 1,883,589	$ 27,275	$ 1,910,864
Weighted average effective rate	2.8%	4.0%	2.9%

Cash paid for interest totaled $48.3 million, $36.3 million and $16.8 million for 2019, 2018 and 2017, respectively. Interest capitalized as real estate totaled $3.9 million, $4.8 million and $4.4 million for 2019, 2018 and 2017, respectively.

7. Noncontrolling Interests

At December 31, 2019, the noncontrolling interests represent (i) third-party equity interests in subsidiaries owning 18 operating self-storage facilities and seven self-storage facilities that are under construction and (ii) 231,978 partnership units held by third-parties in a subsidiary that are convertible on a one-for-one basis (subject to certain limitations) into common shares of the Company at the option of the unitholder (collectively, the “Noncontrolling Interests”). At December 31, 2019, the Noncontrolling Interests cannot require us to redeem their interests, other than pursuant to a liquidation of the subsidiary.

During 2019, 2018 and 2017, we allocated a total of $5.1 million, $6.2 million and $6.2 million, respectively, of income to these interests; and we paid $6.7 million, $7.0 million and $7.4 million, respectively, in distributions to these interests.

During 2019, we acquired noncontrolling interests for an aggregate of $35.0 million (none for 2018) in cash, of which $11.1 million was allocated to Noncontrolling Interests, with the remainder allocated to Paid-in Capital. During 2017, we acquired Noncontrolling Interests for $14.4 million in cash, of which $7.7 million was allocated to Paid-in capital and $6.7 million as a reduction to Noncontrolling Interests. During 2019, 2018 and 2017, Noncontrolling Interests contributed $4.1 million, $1.7 million and $2.5 million, respectively, to our subsidiaries.

8. Shareholders’ Equity

Preferred Shares

At December 31, 2019 and 2018, we had the following series of Cumulative Preferred Shares (“Preferred Shares”) outstanding:

			At December 31, 2019		At December 31, 2018	
Series	Earliest Redemption Date	Dividend Rate	Shares Outstanding	Liquidation Preference	Shares Outstanding	Liquidation Preference
			(Dollar amounts in thousands)			
Series U	6/15/2017	5.625%	-	$ -	11,500	$ 287,500
Series V	9/20/2017	5.375%	19,800	495,000	19,800	495,000
Series W	1/16/2018	5.200%	20,000	500,000	20,000	500,000
Series X	3/13/2018	5.200%	9,000	225,000	9,000	225,000
Series Y	3/17/2019	6.375%	-	-	11,400	285,000
Series Z	6/4/2019	6.000%	-	-	11,500	287,500
Series A	12/2/2019	5.875%	-	-	7,600	190,000
Series B	1/20/2021	5.400%	12,000	300,000	12,000	300,000
Series C	5/17/2021	5.125%	8,000	200,000	8,000	200,000
Series D	7/20/2021	4.950%	13,000	325,000	13,000	325,000
Series E	10/14/2021	4.900%	14,000	350,000	14,000	350,000
Series F	6/2/2022	5.150%	11,200	280,000	11,200	280,000
Series G	8/9/2022	5.050%	12,000	300,000	12,000	300,000
Series H	3/11/2024	5.600%	11,400	285,000	-	-
Series I	9/12/2024	4.875%	12,650	316,250	-	-
Series J	11/15/2024	4.700%	10,350	258,750	-	-
Series K	12/20/2024	4.750%	9,200	230,000	-	-
Total Preferred Shares			162,600	$ 4,065,000	161,000	$ 4,025,000

The holders of our Preferred Shares have general preference rights with respect to liquidation, quarterly distributions and any accumulated unpaid distributions. Except as noted below, holders of the Preferred Shares do not have voting rights. In the event of a cumulative arrearage equal to six quarterly dividends, holders of all outstanding series of preferred shares (voting as a single class without regard to series) will have the right to elect two additional members to serve on our board of trustees (our "Board") until the arrearage has been cured. At December 31, 2019, there were no dividends in arrears. The affirmative vote of at least 66.67% of the outstanding shares of a series of Preferred Shares is required for any material and adverse amendment to the terms of such series. The affirmative vote of at least 66.67% of the outstanding shares of all of our Preferred Shares, voting as a single class, is required to issue shares ranking senior to our Preferred Shares.

Except under certain conditions relating to the Company's qualification as a REIT, the Preferred Shares are not redeemable prior to the dates indicated on the table above. On or after the respective dates, each of the series of Preferred Shares is redeemable at our option, in whole or in part, at $25.00 per depositary share, plus accrued and unpaid dividends. Holders of the Preferred Shares cannot require us to redeem such shares.

Upon issuance of our Preferred Shares, we classify the liquidation value as preferred equity on our balance sheet with any issuance costs recorded as a reduction to Paid-in capital.

In 2019, we redeemed our Series U, Series Y, Series Z and Series A Preferred Shares, at par, for a total of $1.05 billion in cash, before payment of accrued dividends.

In 2019, we issued an aggregate 43.6 million depositary shares, each representing 0.001 of a share of our Series H, Series I, Series J and Series K Preferred Shares, at an issuance price of $25.00 per depositary share, for a total of $1.09 billion in gross proceeds, and we incurred $30.8 million in issuance costs.

In 2017, we redeemed our Series S and Series T Preferred Shares, at par, for a total of $922.5 million in cash, before payment of accrued dividends.

In 2017, we issued an aggregate 23.2 million depositary shares, each representing 0.001 of a share of our Series F and Series G Preferred Shares, at an issuance price of $25.00 per depositary share, for a total of $580.0 million in gross proceeds, and we incurred $18.8 million in issuance costs.

In 2019 and 2017, we recorded $32.7 million and $29.3 million, respectively, in EITF D-42 allocations of income from our common shareholders to the holders of our Preferred Shares in connection with redemptions of Preferred Shares.

Common Shares

During 2019, 2018 and 2017, activity with respect to the issuance of our common shares was as follows (dollar amounts in thousands):

	2019		2018		2017	
	Shares	Amount	Shares	Amount	Shares	Amount
Employee stock-based compensation and exercise of stock options (Note 10)	287,734	$ 33,564	277,511	$ 12,525	564,583	$ 42,500

Our Board previously authorized the repurchase from time to time of up to 35.0 million of our common shares on the open market or in privately negotiated transactions. Through December 31, 2019, we repurchased approximately 23.7 million shares pursuant to this authorization; none of which were repurchased during the three years ended December 31, 2019.

At December 31, 2019 and 2018, we had 2,958,817 and 3,138,618, respectively, of common shares reserved in connection with our share-based incentive plans (see Note 10), and 231,978 shares reserved for the conversion of partnership units owned by Noncontrolling Interests.

The unaudited characterization of dividends for U.S. federal income tax purposes is made based upon earnings and profits of the Company, as defined by the Code. Common share dividends including amounts paid to our restricted share unitholders totaled $1.399 billion ($8.00 per share), $1.396 billion ($8.00 per share) and $1.394 billion ($8.00 per share) for the years ended December 31, 2019, 2018 and 2017, respectively. Preferred share dividends totaled $210.2 million, $216.3 million and $236.5 million for the years ended December 31, 2019, 2018 and 2017, respectively.

For the tax year ended December 31, 2019, distributions for the common shares and all the various series of preferred shares were classified as follows:

	2019 (unaudited)			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Ordinary Income	100.00%	100.00%	100.00%	100.00%
Long-Term Capital Gain	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%

The ordinary income dividends distributed for the tax year ended December 31, 2019 are not qualified dividends under the Internal Revenue Code, however, they are subject to the 20% deduction under IRS Section 199A.

9. Related Party Transactions

B. Wayne Hughes, our former Chairman and his family, including his daughter Tamara Hughes Gustavson and his son B. Wayne Hughes, Jr., who are both members of our Board, collectively own approximately 14.1% of our common shares outstanding at December 31, 2019.

At December 31, 2019, Tamara Hughes Gustavson owned and controlled 63 self-storage facilities in Canada. These facilities operate under the "Public Storage" tradename, which we license to the owners of these facilities for use in Canada on a royalty-free, non-exclusive basis. We have no ownership interest in these facilities and we do not own or operate any facilities in Canada. If we chose to acquire or develop our own facilities in Canada, we would have to share the use of the "Public Storage" name in Canada. We have a right of first refusal, subject to limitations, to acquire the stock or assets of the corporation engaged in the operation of these facilities if their owners agree to sell them. Our subsidiaries reinsure risks relating to loss of goods stored by customers in these facilities, and have received approximately $1.5 million, $1.3 million and $1.1 million for the years ended December 31, 2019, 2018 and 2017, respectively. Our right to continue receiving these premiums may be qualified.

10. Share-Based Compensation

Under various share-based compensation plans and under terms established by our Board or a committee thereof, we grant non-qualified options to purchase the Company's common shares, as well as restricted share units ("RSUs"), to trustees, officers, and key employees.

Stock options and RSUs are considered "granted" and "outstanding" as the terms are used herein, when (i) the Company and the recipient reach a mutual understanding of the key terms of the award, (ii) the award has been authorized, (iii) the recipient is affected by changes in the market price of our stock, and (iv) it is probable that any performance conditions will be met.

We amortize the grant-date fair value of awards as compensation expense over the service period, which begins on the grant date and ends generally on the vesting date. For awards that are earned solely upon the passage of time and continued service, the entire cost of the award is amortized on a straight-line basis over the service period. For awards with performance conditions, the individual cost of each vesting is amortized separately over each individual service period (the "accelerated attribution" method).

The Codification previously stipulated that grants to nonemployee service providers (other than to trustees, where equity method treatment was permitted) were accounted for on the liability method, with expenses adjusted each period based upon changes in fair value. Recent changes in the Codification allows such grants to be accounted for on the equity award method, with compensation expense based upon grant date fair value. While we have no such grants to any such individuals for any periods presented, we will account for any future grants to nonemployee service providers based upon the equity award method.

In amortizing share-based compensation expense, we do not estimate future forfeitures in advance. Instead, we reverse previously amortized share-based compensation expense with respect to grants that are forfeited in the period the employee terminates employment.

In February 2018, we announced that our Chief Executive Officer and Chief Financial Officer at the time were retiring from their executive roles at the end of 2018 and would then serve only as Trustees of the Company. Pursuant to our share-based compensation plans, their unvested grants will continue to vest over the original vesting periods during their service as Trustees. For financial reporting, the end of the service periods for previous stock option and RSU grants for these executives changed from (i) the various vesting dates to (ii) December 31, 2018 when they retired. Accordingly, all remaining share-based compensation expense for these two executives was amortized in the year ended December 31, 2018.

See also "net income per common share" in Note 2 for further discussion regarding the impact of RSUs and stock options on our net income per common share and income allocated to common shareholders.

Stock Options

Stock options vest over 3 to 5 years, expire ten years after the grant date, and the exercise price is equal to the closing trading price of our common shares on the grant date. Employees cannot require the Company to settle their award in cash. We use the Black-Scholes option valuation model to estimate the fair value of our stock options.

Outstanding stock option grants are included on a one-for-one basis in our diluted weighted average shares, to the extent dilutive, after applying the treasury stock method (based upon the average common share price during the period) to assumed exercise proceeds and measured but unrecognized compensation.

The stock options outstanding at December 31, 2019 have an aggregate intrinsic value (the excess, if any, of each option's market value over the exercise price) of approximately $38.6 million and remaining average contractual lives of approximately six years. The aggregate intrinsic value of exercisable stock options at December 31, 2019 amounted to approximately $35.6 million. Approximately 1,360,000 of the stock options outstanding at December 31, 2019, have an exercise price of more than $200. Included in our stock options exercisable at December 31, 2019, are 39,667 stock options which expire through June 30, 2021, with an average exercise price per share of $106.91.

Additional information with respect to stock options during 2019, 2018 and 2017 is as follows:

	2019		2018		2017	
	Number of Options	Weighted Average Exercise Price per Share	Number of Options	Weighted Average Exercise Price per Share	Number of Options	Weighted Average Exercise Price per Share
Options outstanding January 1,	2,420,922	$ 201.31	2,408,917	$ 192.12	1,995,440	$ 150.83
Granted	120,000	221.12	200,000	194.29	1,096,000	223.58
Exercised	(191,255)	174.55	(179,995)	69.53	(482,523)	88.07
Cancelled	(10,000)	197.90	(8,000)	223.50	(200,000)	203.64
Options outstanding December 31,	2,339,667	$ 204.53	2,420,922	$ 201.31	2,408,917	$ 192.12
Options exercisable at December 31,	1,501,667	$ 196.37	1,147,122	$ 178.31	848,250	$ 143.55

	2019	2018	2017
Stock option expense for the year (in 000's) (a)	$ 4,950	$ 17,162	$ 8,707
Aggregate exercise date intrinsic value of options exercised during the year (in 000's)	$ 11,848	$ 25,117	$ 61,334
Average assumptions used in valuing options with the Black-Scholes method:			
Expected life of options in years, based upon historical experience	5	5	5
Risk-free interest rate	2.3%	2.7%	1.9%
Expected volatility, based upon historical volatility	8.9%	12.5%	17.9%
Expected dividend yield	3.6%	4.1%	3.6%
Average estimated value of options granted during the year	$ 9.61	$ 13.09	$ 23.49

(a) Amounts for 2018 include $8.1 million, in connection with the acceleration of amortization on grants discussed above. Amounts for 2017 reflect a reduction in compensation expense of $0.8 million related to stock options forfeited during the period.

Restricted Share Units

RSUs generally vest ratably over 5 to 8 years from the grant date. The grantee receives dividends for each outstanding RSU equal to the per-share dividends received by our common shareholders. We expense any dividends previously paid upon forfeiture of the related RSU. Upon vesting, the grantee receives common shares equal to the number of vested RSUs, less common shares withheld in exchange for tax deposits made by the Company to satisfy the grantee's statutory tax liabilities arising from the vesting.

The fair value of our RSUs is determined based upon the applicable closing trading price of our common shares.

The fair value of our RSUs outstanding at December 31, 2019 was approximately $131.9 million. Remaining compensation expense related to RSUs outstanding at December 31, 2019 totals approximately $85.1 million and is expected to be recognized as compensation expense over the next 4.6 years on average. The following tables set forth relevant information with respect to restricted shares (dollar amounts in thousands):

	2019		2018		2017	
	Number of Restricted Share Units	Grant Date Aggregate Fair Value	Number of Restricted Share Units	Grant Date Aggregate Fair Value	Number of Restricted Share Units	Grant Date Aggregate Fair Value
Restricted share units outstanding January 1,	717,696	$ 151,212	799,129	$ 166,144	696,641	$ 136,905
Granted	97,140	21,113	138,567	27,733	340,957	73,953
Vested	(160,329)	(32,714)	(164,104)	(30,717)	(144,473)	(25,305)
Forfeited	(35,357)	(7,553)	(55,896)	(11,948)	(93,996)	(19,409)
Restricted share units outstanding December 31,	619,150	$ 132,058	717,696	$ 151,212	799,129	$ 166,144

	2019	2018	2017
Amounts for the year (in 000's, except number of shares):			
Fair value of vested shares on vesting date	$ 33,769	$ 32,317	$ 31,962
Cash paid for taxes upon vesting in lieu of issuing common shares	$ 12,162	$ 12,347	$ 14,092
Common shares issued upon vesting	96,479	97,516	82,060
Restricted share unit expense (a)	$ 21,662	$ 53,869	$ 28,841

(a) Amounts for 2019, 2018 and 2017 include approximately $1.2 million, $1.1 million and $0.7 million, respectively, in employer taxes incurred upon vesting. Amounts for 2018 include $22.6 million, in connection with the acceleration of amortization on grants to our CEO and CFO as discussed above. Amounts for 2017 reflect a reduction in compensation expense of $4.6 million related to RSUs forfeited during the period.

11. Segment Information

Our reportable segments reflect the significant components of our operations where discrete financial information is evaluated separately by our chief operating decision maker ("CODM"). We organize our segments based primarily upon the nature of the underlying products and services, as well as the drivers of profitability growth. The net income for each reportable segment included in the table below are in conformity with GAAP and our significant accounting policies as denoted in Note 2. The amounts not attributable to reportable segments are aggregated under "other items not allocated to segments."

Following is a description of and basis for presentation for each of our reportable segments.

Self-Storage Operations

The Self-Storage Operations segment reflects the rental operations from all self-storage facilities we own. Our CODM reviews the net operating income ("NOI") of this segment, which represents the related revenues less cost of operations (prior to depreciation expense), in assessing performance and making resource allocation decisions. The presentation in the tables below sets forth the NOI of this segment, as well as the depreciation expense for this segment, which while reviewed by our CODM and included in net income, is not considered by the CODM in assessing performance and decision making. For all periods presented, substantially all of our real estate facilities, goodwill and other intangible assets, other assets, and accrued and other liabilities are associated with the Self-Storage Operations segment.

Ancillary Operations

The Ancillary Operations segment reflects the sale of merchandise and reinsurance of policies against losses to goods stored by our self-storage tenants, activities which are incidental to our primary self-storage rental activities. Our CODM reviews the NOI of these operations in assessing performance and making resource allocation decisions.

Investment in PSB

This segment represents our 42% equity interest in PSB, a publicly-traded REIT that owns, operates, acquires and develops commercial properties, primarily multi-tenant flex, office, and industrial space. PSB has a separate management team and board of directors that makes its financing, capital allocation, and other significant decisions. In making resource allocation decisions with respect to our investment in PSB, the CODM reviews PSB's net income, which is detailed in PSB's periodic filings with the SEC. The segment presentation in the tables below includes our equity earnings from PSB.

Investment in Shurgard

This segment represents our equity interest in Shurgard, a publicly held company which owns and operates self-storage facilities located in seven countries in Western Europe. Shurgard has a separate management team and board of trustees that makes its financing, capital allocation, and other significant decisions. In making resource allocation decisions with respect to our investment in Shurgard, the CODM reviews Shurgard's net income. The segment presentation below includes our equity earnings from Shurgard.

Presentation of Segment Information

The following tables reconcile NOI (as applicable) and net income of each segment to our consolidated net income (amounts in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Self-Storage Segment			
Revenue	$ 2,684,552	$ 2,597,607	$ 2,512,433
Cost of operations	(752,579)	(695,731)	(657,633)
Net operating income	1,931,973	1,901,876	1,854,800
Depreciation and amortization	(512,918)	(483,646)	(454,526)
Net income	1,419,055	1,418,230	1,400,274
Ancillary Segment			
Revenue	162,271	156,673	156,095
Cost of operations	(44,204)	(43,991)	(50,345)
Net operating income	118,067	112,682	105,750
Investment in PSB Segment			
Equity in earnings of unconsolidated real estate entities (a)	54,090	89,362	46,544
Investment in Shurgard Segment			
Equity in earnings of unconsolidated real estate entities (a)	15,457	14,133	25,948
Gain due to Shurgard public offering	-	151,616	-
Net income from Investment in Shurgard Segment	15,457	165,749	25,948
Total net income allocated to segments	1,606,669	1,786,023	1,578,516
Other items not allocated to segments:			
General and administrative	(71,983)	(118,720)	(82,882)
Interest and other income	28,436	26,442	18,771
Equity in earnings of unconsolidated real estate entities - Other Investments (a)	-	-	3,163
Interest expense	(45,641)	(32,542)	(12,690)
Foreign currency exchange gain (loss)	7,829	18,117	(50,045)
Casualty loss	-	-	(7,789)
Gain on sale of real estate	341	37,903	1,421
Net income	$ 1,525,651	$ 1,717,223	$ 1,448,465

(a) See Note 4 for a reconciliation of these amounts to our total Equity in Earnings of Unconsolidated Real Estate Entities on our income statements.

12. Recent Accounting Pronouncements and Guidance

In February 2016, the FASB issued ASU 2016-02, *Leases,* which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new standard requires a modified-retrospective approach to adoption and became effective for interim and annual periods beginning on January 1, 2019. In July 2018, the FASB further amended this standard to allow for a new transition method that offers the option to use the effective date as the date of initial application and not adjust the comparative-period financial information. We adopted the new standard effective January 1, 2019, using the new transition method, recording a total of $38.7 million in right of use assets, reflected in other assets, and substantially the same amount in lease liabilities, reflected in accrued and other liabilities, for leases where we are the lessee (principally ground leases and office leases). We also reclassified related intangible assets totaling $5.6 million to other assets. The lease liabilities are recognized based on the present value of the remaining lease payments for each operating lease using each respective remaining lease term and a corresponding estimated incremental borrowing rate. We estimated the incremental borrowing rate primarily by reference to average yield spread on debt issuances by companies of a similar credit rating as us, and the treasury yields as of January 1, 2019. We had no material amount of leases covered by the standard where we are the lessor (principally our storage leases) because substantially all of such leases are month to month. For leases where we are the lessee or the lessor, we applied (i) the package of practical expedients to not reassess prior conclusions related to contracts that are or that contain leases, lease classification and initial direct costs, (ii) the hindsight practical expedient to determine the lease term and in assessing impairment of the right of use assets, and (iii) the easement practical expedient to not assess whether existing or expired land easements that were not previously accounted for as leases under ASC 840 are or contain a lease under this new standard. In addition, for leases where we are the lessee, we also elected to (a) not apply the new standard to our leases with an original term of 12 months or less, and (b) not separate lease and associated non-lease components.

13. Commitments and Contingencies

Contingent Losses

We are a party to various legal proceedings and subject to various claims and complaints; however, we believe that the likelihood of these contingencies resulting in a material loss to the Company, either individually or in the aggregate, is remote.

Insurance and Loss Exposure

We carry property, earthquake, general liability, employee medical insurance and workers compensation coverage through internationally recognized insurance carriers, subject to deductibles. Our deductible for general liability is $2.0 million per occurrence. Our annual deductible for property loss is $25.0 million per occurrence. This deductible decreases to $5.0 million once we reach $35.0 million in aggregate losses for occurrences that exceed $5.0 million. Insurance carriers' aggregate limits on these policies of $75.0 million for property losses and $102.0 million for general liability losses are higher than estimates of maximum probable losses that could occur from individual catastrophic events determined in recent engineering and actuarial studies; however, in case of multiple catastrophic events, these limits could be exceeded.

We reinsure a program that provides insurance to our customers from an independent third-party insurer. This program covers customer claims for losses to goods stored at our facilities as a result of specific named perils (earthquakes are not covered by this program), up to a maximum limit of $5,000 per storage unit. We reinsure all risks in this program, but purchase insurance to cover this exposure for a limit of $15.0 million for losses in excess of $5.0 million per occurrence. We are subject to licensing requirements and regulations in several states. Customers participate in the program at their option. At December 31, 2019, there were approximately 935,000 certificates held by our self-storage customers, representing aggregate coverage of approximately $3.2 billion.

Construction Commitments

We have construction commitments representing future expected payments for construction under contract totaling $77.2 million at December 31, 2019. We expect to pay approximately $69.7 million in 2020 and $7.5 million in 2021 for these construction commitments.

14. Supplementary Quarterly Financial Data (unaudited)

	Three Months Ended			
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
	(Amounts in thousands, except per share data)			
Self-storage and ancillary revenues	$ 689,038	$ 710,950	$ 729,336	$ 717,499
Self-storage and ancillary cost of operations	$ 204,201	$ 207,736	$ 212,262	$ 172,584
Depreciation and amortization	$ 121,941	$ 126,859	$ 129,233	$ 134,885
Net Income	$ 367,678	$ 371,456	$ 399,420	$ 387,097
Per Common Share				
Net income - Basic	$ 1.73	$ 1.76	$ 1.94	$ 1.88
Net income - Diluted	$ 1.73	$ 1.76	$ 1.93	$ 1.87

	Three Months Ended			
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
	(Amounts in thousands, except per share data)			
Self-storage and ancillary revenues	$ 669,924	$ 685,528	$ 706,368	$ 692,460
Self-storage and ancillary cost of operations	$ 192,827	$ 190,977	$ 195,544	$ 160,374
Depreciation and amortization	$ 117,979	$ 119,777	$ 124,516	$ 121,374
Net Income	$ 344,436	$ 405,292	$ 379,589	$ 587,906
Per Common Share				
Net income - Basic	$ 1.66	$ 2.00	$ 1.85	$ 3.05
Net income - Diluted	$ 1.65	$ 2.00	$ 1.85	$ 3.04

15. Subsequent Events

Subsequent to December 31, 2019, we acquired or were under contract to acquire 14 self-storage facilities (four in Ohio, three in California, two each in New York and Tennessee and one each in Indiana, Massachusetts, and Nebraska) with 1.1 million net rentable square feet, for $245.3 million.

On January 24, 2020, we completed a public offering of €500 million ($551.6 million) aggregate principal amount of senior notes bearing interest at an annual rate of 0.875% and maturing on January 24, 2032.

Interest on the senior notes is payable annually, commencing January 24, 2021. In connection with the offering, we incurred a total of $6.4 million in costs.

As we reported in an SEC form 8-K on February 14, 2020, we submitted a non-binding proposal to acquire 100% of the issued stapled securities of National Storage REIT ("NSR"), an Australia-based publicly-traded REIT (ASX:NSR) that owns and operates 167 self-storage facilities in Australia and New Zealand, for a cash purchase price of A$2.40 per share. Our proposal was subject to a number of conditions, including due diligence. Any transaction would be subject to processes for acquisition of widely held entities under Australian law, including securityholder approval. There is no assurance that Public Storage will reach a definitive agreement or consummate a transaction with NSR or that if such an agreement is reached, it will be on terms consistent with our non-binding proposal.

PUBLIC STORAGE
SCHEDULE III - REAL ESTATE
AND ACCUMULATED DEPRECIATION

Description	No. of Facilities	Net Rentable Sq. Feet	2019 Encum-brances	Initial Cost: Land	Initial Cost: Buildings & Improvements	Costs Subsequent to Acquisition	Gross Carrying Amount At December 31, 2019: Land	Gross Carrying Amount At December 31, 2019: Buildings	Gross Carrying Amount At December 31, 2019: Total	Accumulated Depreciation
Self-storage facilities by market:										
Los Angeles	224	16,168	498	510,249	924,346	336,653	507,863	1,263,385	1,771,248	737,208
Houston	127	10,426	-	186,320	467,084	216,915	185,781	684,538	870,319	287,542
San Francisco	138	8,982	-	241,791	527,127	211,251	254,541	725,628	980,169	456,544
Dallas/Ft. Worth	124	8,991	-	176,962	437,884	129,900	178,562	566,184	744,746	281,717
Chicago	130	8,172	-	137,165	352,595	128,165	140,002	477,923	617,925	361,662
New York	94	6,939	-	250,900	548,541	190,536	257,237	732,740	989,977	418,570
Atlanta	104	6,982	1,771	132,631	345,587	86,379	132,993	431,604	564,597	261,138
Seattle/Tacoma	97	6,794	-	198,063	531,742	104,116	198,710	635,211	833,921	324,181
Miami	94	6,726	-	239,291	497,380	105,510	241,184	600,997	842,181	307,964
Washington DC	91	5,648	-	233,905	406,769	116,974	239,059	518,589	757,648	306,497
Orlando/Daytona	72	4,550	11,886	140,411	253,375	57,731	145,892	305,625	451,517	154,128
Denver	61	4,531	9,299	95,009	226,499	92,835	95,730	318,613	414,343	143,582
Charlotte	56	4,354	-	80,253	205,370	76,528	88,116	274,035	362,151	118,762
Minneapolis/St. Paul	57	4,237	2,905	111,507	233,259	66,017	111,672	299,111	410,783	117,375
Tampa	54	3,682	-	88,919	181,402	47,994	91,681	226,634	318,315	122,703
Philadelphia	56	3,546	-	51,682	152,406	56,991	50,703	210,376	261,079	160,000
West Palm Beach	46	3,721	-	156,788	221,479	60,557	157,496	281,328	438,824	120,954
Detroit	42	2,950	-	63,804	168,897	37,770	64,654	205,817	270,471	111,495
Phoenix	40	2,664	-	65,718	185,117	27,224	65,709	212,350	278,059	103,146
Austin	32	2,447	-	56,918	127,011	43,766	58,940	168,755	227,695	83,512
Portland	43	2,256	-	51,182	126,464	27,536	51,840	153,342	205,182	101,422
Sacramento	34	1,959	-	25,141	69,409	28,184	25,646	97,088	122,734	76,661
Raleigh	28	1,975	-	50,348	99,583	38,195	51,479	136,647	188,126	60,484
San Diego	20	1,816	-	47,884	108,911	40,724	50,394	147,125	197,519	86,884
San Antonio	28	1,791	-	27,566	76,028	27,030	27,524	103,100	130,624	66,131
Norfolk	36	2,215	-	47,728	128,986	22,398	46,843	152,269	199,112	63,430
Boston	27	1,864	-	70,261	194,588	24,287	70,827	218,309	289,136	91,348
Columbus	22	1,629	-	25,341	64,746	27,256	25,448	91,895	117,343	44,934
Oklahoma City	22	1,531	-	35,704	68,360	13,470	35,704	81,830	117,534	23,568
Baltimore	23	1,472	-	25,176	79,734	19,078	25,300	98,688	123,988	70,717
Indianapolis	25	1,580	-	25,752	69,619	13,511	26,752	82,130	108,882	45,217

PUBLIC STORAGE
SCHEDULE III - REAL ESTATE
AND ACCUMULATED DEPRECIATION

Description	No. of Facilities	Net Rentable Sq. Feet	2019 Encum-brances	Initial Cost: Land	Initial Cost: Buildings & Improvements	Costs Subsequent to Acquisition	Gross Carrying Amount At December 31, 2019: Land	Gross Carrying Amount At December 31, 2019: Buildings	Gross Carrying Amount At December 31, 2019: Total	Accumulated Depreciation
St. Louis	26	1,443	-	20,037	56,237	21,854	20,680	77,448	98,128	63,361
Kansas City	24	1,461	-	14,225	43,732	28,126	14,425	71,658	86,083	59,666
Columbia	23	1,331	-	20,169	57,131	19,882	20,928	76,254	97,182	35,292
Las Vegas	20	1,259	-	23,168	52,723	10,296	22,417	63,770	86,187	48,404
Milwaukee	15	964	916	13,189	32,071	10,104	13,158	42,206	55,364	33,057
Cincinnati	17	947	-	15,023	32,351	22,874	14,941	55,307	70,248	30,007
Louisville	15	916	-	23,563	46,108	7,523	23,562	53,632	77,194	13,630
Jacksonville	14	841	-	11,252	27,714	11,820	11,301	39,485	50,786	32,215
Nashville/Bowling Green	17	1,108	-	18,787	35,425	30,356	18,785	65,783	84,568	28,543
Honolulu	11	807	-	54,184	106,299	12,703	55,101	118,085	173,186	63,344
Greensboro	14	845	-	13,413	35,326	13,644	15,502	46,881	62,383	25,853
Colorado Springs	14	992	-	10,588	38,237	22,069	10,584	60,310	70,894	28,108
Chattanooga	10	695	-	6,569	26,045	7,500	6,371	33,743	40,114	14,691
Hartford/New Haven	11	693	-	6,778	19,959	21,850	8,443	40,144	48,587	31,810
Savannah	12	686	-	33,094	42,465	2,576	31,766	46,369	78,135	15,910
Charleston	14	950	-	16,947	56,793	17,256	17,923	73,073	90,996	23,801
Fort Myers/Naples	10	770	-	21,522	46,395	5,352	21,757	51,512	73,269	17,493
New Orleans	9	627	-	9,205	30,832	6,254	9,373	36,918	46,291	24,916
Greensville/Spartanburg/Asheville	11	623	-	9,036	20,767	10,051	9,965	29,889	39,854	20,324
Reno	7	559	-	5,487	18,704	4,058	5,487	22,762	28,249	12,110
Birmingham	14	538	-	5,229	17,835	13,326	5,117	31,273	36,390	27,335
Salt Lake City	8	517	-	7,846	15,947	4,860	7,495	21,158	28,653	14,506
Memphis	9	510	-	7,962	21,981	9,049	9,315	29,677	38,992	20,278
Buffalo/Rochester	9	462	-	6,785	17,954	3,836	6,783	21,792	28,575	13,589
Richmond	13	652	-	18,092	40,160	5,172	17,897	45,527	63,424	18,118
Tucson	7	439	-	9,403	25,491	5,734	9,884	30,744	40,628	19,101
Cleveland/Akron	7	433	-	4,070	16,139	5,483	4,463	21,229	25,692	11,954
Wichita	7	433	-	2,017	6,691	7,265	2,130	13,843	15,973	11,755
Mobile	10	452	-	4,688	21,170	4,906	4,515	26,249	30,764	12,900
Omaha	4	377	-	7,491	20,930	3,019	7,491	23,949	31,440	3,189
Monterey/Salinas	7	329	-	8,465	24,151	4,170	8,455	28,331	36,786	21,033
Palm Springs	3	242	-	8,309	18,065	1,286	8,309	19,351	27,660	10,356

PUBLIC STORAGE
SCHEDULE III - REAL ESTATE
AND ACCUMULATED DEPRECIATION

Description	No. of Facilities	Net Rentable Sq. Feet	2019 Encum-brances	Initial Cost: Land	Initial Cost: Buildings & Improvements	Costs Subsequent to Acquisition	Gross Carrying Amount At December 31, 2019: Land	Gross Carrying Amount At December 31, 2019: Buildings	Gross Carrying Amount At December 31, 2019: Total	Accumulated Depreciation
Evansville	5	326	-	2,340	14,316	1,192	2,312	15,536	17,848	3,577
Dayton	5	230	-	1,074	8,975	4,817	1,073	13,793	14,866	7,066
Augusta	6	345	-	4,984	13,120	3,633	4,984	16,753	21,737	5,939
Fort Wayne	3	168	-	349	3,594	3,126	349	6,720	7,069	5,802
Providence	3	155	-	995	11,206	2,957	995	14,163	15,158	6,295
Huntsville/Decatur	3	153	-	1,024	3,321	3,029	971	6,403	7,374	5,963
Shreveport	2	150	-	817	3,030	2,254	741	5,360	6,101	4,678
Springfield/Holyoke	2	144	-	1,428	3,380	1,815	1,427	5,196	6,623	4,671
Rochester	2	99	-	1,047	2,246	2,090	980	4,403	5,383	3,931
Santa Barbara	2	98	-	5,733	9,106	452	5,733	9,558	15,291	5,417
Topeka	2	94	-	225	1,419	2,067	225	3,486	3,711	2,966
Lansing	2	88	-	556	2,882	891	556	3,773	4,329	2,239
Roanoke	3	159	-	2,147	13,801	842	2,147	14,643	16,790	2,523
Flint	1	56	-	543	3,068	242	542	3,311	3,853	1,826
Joplin	1	56	-	264	904	1,012	264	1,916	2,180	1,579
Syracuse	1	55	-	545	1,279	820	545	2,099	2,644	1,976
Modesto/Fresno/Stockton	1	33	-	44	206	968	193	1,025	1,218	795
Commercial and non-operating real estate			-	13,194	26,143	28,811	14,231	53,917	68,148	40,107
	2,483	168,908	$27,275	$4,124,271	$9,274,122	$2,890,753	$4,186,873	$12,102,273	$16,289,146	$6,623,475

Note: Buildings and improvements are depreciated on a straight-line basis over estimated useful lives ranging generally between 5 to 25 years. In addition, disclosures of the number and square footage of our facilities are unaudited.

DESCRIPTION OF COMMON SHARES

Unless the context otherwise requires, the terms “we,” “our,” “us,” and the “Company” refer to Public Storage, a Maryland real estate investment trust.

We are authorized to issue up to 650,000,000 common shares of beneficial interest, par value $0.10 per share.

Common Shares

The following description of our common shares sets forth certain general terms and provisions of our common shares. The statements below describing our common shares are in all respects subject to and qualified in their entirety by reference to the applicable provisions of our declaration of trust and bylaws.

Holders of our common shares will be entitled to receive distributions when, as and if declared by our board of trustees, out of funds legally available for distribution. If we fail to pay distributions on our outstanding preferred shares of beneficial interest, generally we may not pay distributions on or repurchase our common shares. If we were to liquidate, dissolve or wind up our affairs, holders of common shares will be entitled to share equally and ratably in any assets available for distribution to them, after payment or provision for payment of our debts and other liabilities and the preferential amounts owing with respect to any of our outstanding preferred shares. Holders of common shares have no preemptive rights, which means they have no right to acquire any additional common shares that we may issue at a later date. The common shares will be, when issued, fully paid and nonassessable.

The holders of our common shares are entitled to cast one vote for each share on all matters presented to our holders for a vote. Our declaration of trust permits cumulative voting for the election of trustees, subject to compliance with the advance notice requirements for the exercise of cumulative voting rights that are set forth in our bylaws. Cumulative voting means that each holder of our common shares is entitled to cast as many votes as there are trustees to be elected multiplied by the number of common shares registered in his or her name. A holder of our common shares that provides us with notice of its intention to cumulate votes (due at the same time each year as a shareholder proposal made pursuant to Rule 14a-8 under the Exchange Act) may cumulate the votes for trustees by casting all of the votes for one candidate or by distributing the votes among as many candidates as he or she chooses.

The rights, preferences and privileges of holders of our common shares are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred shares or equity shares of beneficial interest which are outstanding or which we may designate and issue in the future. See “Description of Preferred Shares.”

In addition to the ownership limitations in our declaration of trust, described below, the following could prevent, deter, or delay a change of control transaction:

- provisions of Maryland law may impose limitations that may make it more difficult for a third party to negotiate or effect a business combination transaction or control share acquisition with us. Currently, our board has opted not to subject the Company to these provisions of Maryland law, but it could choose to do so in the future without shareholder approval.

- Similarly, current provisions of our declaration of trust and powers of our board could have the same effect, including (1) limitations on removal of trustees, (2) restrictions on the acquisition of our shares of beneficial interest, (3) the power to issue additional common shares, preferred shares or equity shares on terms approved by our board without obtaining shareholder approval, (4) the advance notice provisions of our bylaws and (5) our board’s ability under Maryland law, without obtaining shareholder approval, to implement takeover defenses that we may not yet have and to take, or refrain from taking, other actions that could have the effect of delaying, deterring or preventing a transaction or a change in control.

Ownership Limitations

To qualify as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”), our shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of our outstanding shares (after taking into account options to acquire shares) may be owned, directly, indirectly or through attribution, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year.

To maintain our qualification as a REIT, our declaration of trust provides that:

- no person, other than an excepted holder or a designated investment entity (each as defined in our declaration of trust and as described below), may own directly or indirectly, or be deemed to own by virtue of the attribution provisions of the Code, more than 3%, in value or number, whichever is more restrictive, of the outstanding shares of any class or series of common shares;

- no person, other than a designated investment entity or an excepted holder (each as defined in our declaration of trust and as described below), may own directly or indirectly, or be deemed to own through attribution, more than 9.9% in value or number, whichever is more restrictive, of the outstanding shares of any class or series of preferred shares, or equity shares;

- no excepted holder, which means certain members of the Hughes family, certain trusts established for the benefit of members of the Hughes family, certain related entities, as well as persons whose ownership of shares would cause members of the Hughes family to be deemed to own shares pursuant to application attribution rules under the Code, may own directly or indirectly common shares if, under the applicable tax attribution rules of the Code, any single excepted holder who is treated as an individual would own more than 35.66%, in value or number, whichever is more restrictive, of any class or series of the outstanding common shares, any two excepted holders treated as individuals would own more than 38.66%, in value or number, whichever is more restrictive, of any class or series of the outstanding common shares, any three excepted holders treated as individuals would own more than 41.66%, in value or number, whichever is more restrictive, of any class or series of the outstanding common shares, any four excepted holders treated as individuals would own more than 44.66%, in value or number, whichever is more restrictive, of any class or series of the outstanding common shares, or any five excepted holders treated as individuals would own more than 47.66%, in value or number, whichever is more restrictive, of any class or series of the outstanding common shares;

- no excepted holder, as described above, may own directly or indirectly, or be deemed to own through attribution, more than 15% in value or number, whichever is more restrictive, of the outstanding shares of any class or series of equity shares; there is no special limit specifically applicable to preferred shares except the general ownership limit;

- no designated investment entity may acquire or hold, directly or indirectly (or through attribution), shares in excess of the designated investment entity limit of 9.9%, in value or number, whichever is more restrictive, of the outstanding shares of any class or series of common shares;

- a designated investment entity may acquire or hold, directly or indirectly (or through attribution), 100% of the outstanding shares of any class or series of preferred shares or equity shares;

- no person shall actually or beneficially own our shares to the extent that such ownership would result in us being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT at any time; and

- no person shall transfer our shares if such transfer would result in our shares being owned by fewer than 100 persons at any time.

The excepted holder limit has been established in light of the fact that the Hughes family and certain related trusts and entities own approximately 14.1% of our common shares outstanding at December 31, 2019, and have the right to acquire additional common shares. The excepted holder limit allows excepted holders, defined in our declaration of trust to include certain members of the Hughes family, certain trusts established for the benefit of members of the Hughes family and certain related entities, to own in the aggregate up to 47.66% of the outstanding shares of any class or series of common shares, so long as no one individual excepted holder would own or be treated as owning in excess of 35.66% of the outstanding shares of any such class or series. We believe that the excepted holder limit will not jeopardize our status as a REIT because no five excepted holders can own more than 47.66% of any class or series of our outstanding common shares and, thus, we will be in compliance with the REIT qualification requirement prohibiting five or fewer individuals from owning more than 50% of the value of our outstanding shares.

Our declaration of trust defines a “designated investment entity” as:

1. an entity that is a pension trust that qualifies for look-through treatment under Section 856(h)(3) of the Code;

2. an entity that qualifies as a regulated investment company under Section 851 of the Code; or

3. an entity (referred to in our declaration of trust as a “qualified investment manager”) that (i) for compensation engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities; (ii) purchases securities in the ordinary course of its business and not with the purpose or effect of changing or influencing control of the Company, nor in connection with or as a participant in any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) of the Exchange Act; and (iii) has or shares voting power and investment power under the Exchange Act; so long as each beneficial owner of such entity, or in the case of a qualified investment manager holding shares solely for the benefit of its customer account holders, the individual account holders of the accounts managed by such entity, would satisfy the 3% common share or 9.9% preferred share or equity share ownership limit, as applicable, if such beneficial owner or account holder owned directly its proportionate share of the shares held by the entity.

Under our declaration of trust, the board of trustees may, in its sole and absolute discretion, exempt a shareholder that is not an individual from the 3% ownership limit for common shares, the 9.9% ownership limit for preferred and equity shares, or the ownership limit for common shares applicable to designated investment entities, if such shareholder provides information and makes representations to the board of trustees that are satisfactory to the board of trustees, in its sole and absolute discretion, to establish that such person’s ownership in excess of the applicable ownership limit would not jeopardize our qualification as a REIT. The board of trustees has from time to time granted waivers to such persons.

Any person who acquires or attempts or intends to acquire actual/or beneficial or constructive ownership of our shares that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give notice immediately to us and provide us with such other information as the board of trustees may request in order to determine the effect of such transfer on our status as a REIT. If any transfer of shares or any other event would otherwise result in any person violating the ownership limits described above, then our declaration of trust provides that (a) the transfer will be void and of no force or effect with respect to the prohibited transferee with respect to that number of shares that exceeds the ownership limits and (b) the prohibited transferee would not acquire any right or interest in the shares. The foregoing restrictions on transferability and ownership will not apply if our board of trustees determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

All certificates representing our shares will bear a legend referring to the restrictions described above.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) of all classes or series of our shares, including common shares, will be required to give written notice to us within 30 days after the end of each taxable year stating the name and address of such owner, the number of shares of each class and series of shares that the owner beneficially owns and a description of the manner in which such shares are held. Each such owner shall provide to us such additional information as the board of trustees may request in order to determine the effect, if any, of such beneficial ownership on our status as a REIT and to ensure compliance with the various ownership limitations. In addition, each shareholder shall upon demand be required to provide to the board of trustees such information as the board of trustees may request, in good faith, in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

DESCRIPTION OF PREFERRED SHARES

We are authorized to issue 100,000,000 shares of preferred shares of beneficial interest, par value $0.01 per share, in one or more series, with such voting powers, full or limited, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be set forth in resolutions providing for the issue of preferred shares adopted by our board of trustees.

Description of 5.375% Cumulative Preferred Shares, Series V

General

The following is a brief description of the terms of our 5.375% Cumulative Preferred Shares, Series V (the "Series V Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series V Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part.

Ownership Restrictions

For a discussion of ownership limitations that apply to the Series V Preferred Shares, see "Description of Common Shares—Ownership Limitations."

Ranking

With respect to the payment of distributions and amounts upon liquidation, the Series V Preferred Shares will rank pari passu with our existing preferred shares (collectively, the "Existing Senior Preferred Shares") and any other preferred shares issued by us, whether now or hereafter issued, ranking pari passu with the Existing Senior Preferred Shares (collectively, together with the Existing Senior Preferred Shares and the Series V Preferred Shares, the "Senior Preferred Shares"), and will rank senior to our common shares and any other shares of beneficial interest of the Company ranking junior to the Series V Preferred Shares.

Distributions

Holders of Series V Preferred Shares, in preference to the holders of our commons shares, and of any other shares of beneficial interest issued by us ranking junior to the Series V Preferred Shares as to payment of distributions, will be entitled to receive, when and as declared by our board of trustees out of assets of the Company legally available for payment, cash distributions payable quarterly at the rate of 5.375% of the liquidation preference per year ($1,343.75 per year per share, equivalent to $1.34375 per year per Series V Depositary Share (as defined below)). Distributions on the Series V Preferred Shares will be cumulative from the date of issue and will be payable quarterly on or before March 31, June 30, September 30 and December 31, commencing December 31, 2012, to holders of record as they appear on the shares register of the Company on such record dates, not less than 15 or more than 45 days preceding the payment dates thereof, as shall be fixed by the board of trustees. If the last day of a quarter falls on a non-business day, we may pay distributions for that quarter on the first business day following the end of the quarter. After full distributions on the Series V Preferred Shares have been paid or declared and funds set aside for payment for all past distribution periods and for the then current quarter, the holders of Series V Preferred Shares will not be entitled to any further distributions with respect to that quarter.

When distributions are not paid in full upon the Series V Preferred Shares and any other preferred shares of the Company ranking on a parity as to distributions with the Series V Preferred Shares (including the other series of Senior Preferred Shares), all distributions declared upon the Series V Preferred Shares and any other preferred shares of the Company ranking on a parity as to distributions with the Series V Preferred Shares shall be declared pro rata so that the amount of distributions declared per share on such Series V Preferred Shares and such other shares shall in all cases bear to each other the same ratio that the accrued distributions per share on the Series V Preferred Shares and such other preferred shares bear to each other. Except as set forth in the preceding sentence, unless full distributions on the Series V Preferred Shares have been paid for all past distribution periods, no distributions (other than in common shares or other shares of beneficial interest issued by us ranking junior to the

Series V Preferred Shares as to distributions and upon liquidation) shall be declared or paid or set aside for payment, nor shall any other distribution be made on common shares or on any other shares of beneficial interest issued by us ranking junior to or on a parity with the Series V Preferred Shares as to distributions or upon liquidation.

Unless full distributions on the Series V Preferred Shares have been paid for all past distribution periods, we and our subsidiaries may not redeem, repurchase or otherwise acquire for any consideration (nor may we or they pay or make available any moneys for a sinking fund for the redemption of) any common shares or any other shares of beneficial interest issued by us ranking junior to or on a parity with the Series V Preferred Shares as to distributions or upon liquidation except by conversion into or exchange for shares of beneficial interest issued by us ranking junior to the Series V Preferred Shares as to distributions and upon liquidation.

If for any taxable year, we elect to designate as “capital gain dividends” (as defined in the Code) any portion of the distributions paid or made available for the year to the holders of all classes and series of our shares of beneficial interest (to the extent treated as a dividend for U.S. federal income tax purposes), then the portion of such distributions designated as capital gain dividends that will be allocable to the holders of Series V Preferred Shares will be an amount equal to the total capital gain dividends multiplied by a fraction, the numerator of which will be the total dividends paid or made available to the holders of Series V Preferred Shares for the year (determined for U.S. federal income tax purposes), and the denominator of which will be the total dividends paid or made available to holders of all classes and series of our outstanding shares of beneficial interest for that year (determined for U.S. federal income tax purposes).

Distributions that are treated as dividends for U.S. federal income tax purposes paid by regular C corporations to persons or entities that are taxed as individuals now are generally taxed at the rate applicable to long-term capital gains, which is a maximum of 20%, subject to certain limitations. Because we are a REIT, however, our dividends, including dividends paid on the Series V Preferred Shares, generally will continue to be taxed at regular ordinary income tax rates, except to the extent that the special rules relating to qualified dividend income or capital gains dividends paid by a REIT apply.

Conversion Rights

The Series V Preferred Shares will not be convertible into shares of any other class or series of beneficial interest of the Company.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series V Preferred Shares will be entitled to receive out of our assets available for distribution to shareholders, before any distribution of assets is made to holders of common shares or of any other shares of beneficial interest issued by us ranking as to such distribution junior to the Series V Preferred Shares, liquidating distributions in the amount of $25,000 per share (equivalent to $25.00 per Series V Depositary Share), plus all accrued and unpaid distributions (whether or not earned or declared) for the then current, and all prior, distribution periods. If upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the amounts payable with respect to the Series V Preferred Shares and any other shares issued by us ranking as to any such distribution on a parity with the Series V Preferred Shares (including other series of Senior Preferred Shares) are not paid in full, the holders of the Series V Preferred Shares and of such other shares will share ratably in any such distribution of assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series V Preferred Shares will not be entitled to any further participation in any distribution of assets by us.

For purposes of liquidation rights, a consolidation or merger of the Company with or into any other corporation or corporations or a sale of all or substantially all of the assets of the Company is not a liquidation, dissolution or winding up of the Company.

Redemption

Except in certain circumstances relating to our qualification as a REIT, we may not redeem the Series V Preferred Shares prior to September 20, 2017. On and after September 20, 2017, at any time or from time to time, we may redeem the Series V Preferred Shares in whole or in part at our option at a cash redemption price of $25,000 per Series V Preferred Share (equivalent to $25.00 per Series V Depositary Share), plus all accrued and unpaid distributions to the date of redemption.

Notwithstanding the foregoing, if any distributions, including any accumulation, on the Series V Preferred Shares are in arrears, we may not redeem any Series V Preferred Shares unless we redeem simultaneously all outstanding Series V Preferred Shares, and we may not purchase or otherwise acquire, directly or indirectly, any Series V Preferred Shares; provided, however, that this shall not prevent the purchase or acquisition of the Series V Preferred Shares pursuant to a purchase or exchange offer if such offer is made on the same terms to all holders of the Series V Preferred Shares.

A notice of redemption of the Series V Preferred Shares (which may be contingent on the occurrence of a future event) will be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of Series V Preferred Shares at their addresses as they appear on our stock transfer records. The failure to give such notice or any defect in the notice or in its mailing will not affect the validity of the proceedings for the redemption of any Series V Preferred Shares except as to the holder to whom notice was defective or not given. Each notice will state: (1) the redemption date; (2) the number of Series V Preferred Shares to be redeemed; (3) the redemption price per Series V Preferred Share; (4) the place or places where certificates for the Series V Preferred Shares are to be surrendered for payment of the redemption price; and (5) that distributions on the Series V Preferred Shares to be redeemed will cease to accrue on such redemption date.

If fewer than all the Series V Preferred Shares held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of Series V Preferred Shares to be redeemed from such holder. If fewer than all of the outstanding Series V Preferred Shares are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata or by any other equitable method we may choose. In order to facilitate the redemption of Series V Preferred Shares, the board of trustees may fix a record date for the determination of Series V Preferred Shares to be redeemed, such record date to be not less than 30 nor more than 60 days prior to the date fixed for such redemption.

Notice having been given as provided above, from and after the date specified therein as the date of redemption, unless we default in providing funds for the payment of the redemption price on such date, all distributions on the Series V Preferred Shares called for redemption will cease. From and after the redemption date, unless we so default, all rights of the holders of the Series V Preferred Shares as shareholders of the Company, except the right to receive the redemption price (but without interest), will cease. Upon surrender in accordance with such notice of the certificates representing any such shares (properly endorsed or assigned for transfer, if the board of trustees of the Company shall so require and the notice shall so state), the redemption price set forth above shall be paid out of the funds provided by the Company. If fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

Subject to applicable law and the limitation on purchases when distributions on the Series V Preferred Shares are in arrears, we may, at any time and from time to time, purchase any Series V Preferred Shares in the open market, by tender or by private agreement.

Voting Rights

Except as indicated below, or except as expressly required by applicable law, holders of the Series V Preferred Shares will not be entitled to vote.

If six quarterly distributions payable on the Series V Preferred Shares or any other series of preferred shares are in default (whether or not declared or consecutive), the holders of the Series V Preferred Shares (voting as a class with all other series of Senior Preferred Shares) will be entitled to elect two additional trustees until all distributions in default have been paid or declared and set apart for payment.

Such right to vote separately to elect trustees shall, when vested, be subject, always, to the same provisions for vesting of such right to elect trustees separately in the case of future distribution defaults. At any time when such right to elect trustees separately shall have so vested, we may, and upon the written request of the holders of record of not less than 10% of the total number of preferred shares of the Company then outstanding shall, call a special meeting of shareholders for the election of trustees. In the case of such a written request, such special meeting shall be held within 90 days after the delivery of such request and, in either case, at the place and upon the notice provided by law and in our bylaws, provided that we shall not be required to call such a special meeting if such request is received less than 120 days before the date fixed for the next ensuing annual meeting of shareholders, and the holders of all classes of outstanding preferred shares are offered the opportunity to elect such trustees (or fill any vacancy) at such annual meeting of shareholders. Trustees so elected shall serve until the next annual meeting of our shareholders or until their respective successors are elected and qualified. If, prior to the end of the term of any trustee so elected, a vacancy in the office of such trustee shall occur, during the continuance of a default in distributions on preferred shares of the Company, by reason of death, resignation, or disability, such vacancy shall be filled for the unexpired term of such former trustee by the appointment of a new trustee by the remaining trustee or trustees so elected.

The affirmative vote or consent of the holders of at least 66 $^2/_3$% of the outstanding Series V Preferred Shares and any other series of preferred shares ranking on a parity with the Series V Preferred Shares as to distributions or upon liquidation (which includes the other series of Senior Preferred Shares), voting as a single class, will be required to authorize another class of shares senior to the Series V Preferred Shares with respect to the payment of distributions or the distribution of assets on liquidation. The affirmative vote or consent of the holders of at least 66 $^2/_3$% of the outstanding Series V Preferred Shares will be required to amend or repeal any provision of, or add any provision to, the declaration of trust, including articles supplementary if such action would materially and adversely alter or change the rights, preferences or privileges of the Series V Preferred Shares.

No consent or approval of the holders of the Series V Preferred Shares will be required for the issuance from the Company’s authorized but unissued preferred shares or other shares of any series of preferred shares ranking on a parity with or junior to the Series V Preferred Shares as to payment of distributions and distribution of assets, including other Series V Preferred Shares.

Description of 5.20% Cumulative Preferred Shares, Series W

The following is a brief description of the terms of our 5.20% Cumulative Preferred Shares, Series W (“Series W Preferred Shares”), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series W Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series W Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in “—Description of 5.375% Cumulative Preferred Shares, Series V” above, except that cash distributions are payable quarterly at the rate of 5.20% of the liquidation preference per year ($1,300.00 per year per share, equivalent to $1.30 per year per Series W Depositary Share (as defined below)), distributions on the Series W Preferred Shares commenced on March 31, 2013 and, except in certain circumstances, we may not redeem the Series W Preferred Shares prior to January 16, 2018.

Description of 5.20% Cumulative Preferred Shares, Series X

The following is a brief description of the terms of our 5.20% Cumulative Preferred Shares, Series X (“Series X Preferred Shares”), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series X Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series X Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in “—Description of 5.375% Cumulative Preferred Shares, Series V” above, except that cash distributions are payable quarterly at the rate of 5.20% of the liquidation preference per year ($1,300.00 per year per share, equivalent to $1.30 per year per Series X Depositary Share (as defined below)), distributions on the Series X Preferred Shares commenced on June 30, 2013 and, except in certain circumstances, we may not redeem the Series X Preferred Shares prior to May 13, 2018.

Description of 5.40% Cumulative Preferred Shares, Series B

The following is a brief description of the terms of our 5.40% Cumulative Preferred Shares, Series B ("Series B Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series B Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series B Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 5.40% of the liquidation preference per year ($1,350.00 per year per share, equivalent to $1.35 per year per Series B Depositary Share (as defined below)), distributions on the Series B Preferred Shares commenced on March 31, 2016 and, except in certain circumstances, we may not redeem the Series B Preferred Shares prior to January 20, 2021.

Description of 5.125% Cumulative Preferred Shares, Series C

The following is a brief description of the terms of our 5.125% Cumulative Preferred Shares, Series C ("Series C Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series C Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series C Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 5.125% of the liquidation preference per year ($1,281.25 per year per share, equivalent to $1.28125 per year per Series C Depositary Share (as defined below)), distributions on the Series C Preferred Shares commenced on June 30, 2016 and, except in certain circumstances, we may not redeem the Series C Preferred Shares prior to May 17, 2021.

Description of 4.95% Cumulative Preferred Shares, Series D

The following is a brief description of the terms of our 4.95% Cumulative Preferred Shares, Series D ("Series D Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series D Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series D Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 4.95% of the liquidation preference per year ($1,237.50 per year per share, equivalent to $1.2375 per year per Series D Depositary Share (as defined below)), distributions on the Series D Preferred Shares commenced on September 30, 2016 and, except in certain circumstances, we may not redeem the Series D Preferred Shares prior to July 20, 2021.

Description of 4.90% Cumulative Preferred Shares, Series E

The following is a brief description of the terms of our 4.90% Cumulative Preferred Shares, Series E ("Series E Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series E Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series E Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 4.90% of the liquidation preference per year ($1,225.00 per year per share, equivalent to $1.225 per year per Series E Depositary Share (as defined below)), distributions on the Series E Preferred Shares commenced on December 31, 2016 and, except in certain circumstances, we may not redeem the Series E Preferred Shares prior to October 14, 2021.

Description of 5.15% Cumulative Preferred Shares, Series F

The following is a brief description of the terms of our 5.15% Cumulative Preferred Shares, Series F ("Series F Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series F Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series F Preferred

Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 5.15% of the liquidation preference per year ($1,287.50 per year per share, equivalent to $1.2875 per year per Series F Depositary Share (as defined below)), distributions on the Series F Preferred Shares commenced on June 30, 2017 and, except in certain circumstances, we may not redeem the Series F Preferred Shares prior to June 2, 2022.

Description of 5.05% Cumulative Preferred Shares, Series G

The following is a brief description of the terms of our 5.05% Cumulative Preferred Shares, Series G ("Series G Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series G Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series G Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 5.05% of the liquidation preference per year ($1,262.50 per year per share, equivalent to $1.2625 per year per Series G Depositary Share (as defined below)), distributions on the Series G Preferred Shares commenced on September 30, 2017 and, except in certain circumstances, we may not redeem the Series G Preferred Shares prior to August 9, 2022.

Description of 5.60% Cumulative Preferred Shares, Series H

The following is a brief description of the terms of our 5.60% Cumulative Preferred Shares, Series H ("Series H Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series H Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series H Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 5.60% of the liquidation preference per year ($1,400.00 per year per share, equivalent to $1.40 per year per Series H Depositary Share (as defined below)), distributions on the Series H Preferred Shares commenced on March 31, 2019 and, except in certain circumstances, we may not redeem the Series H Preferred Shares prior to March 11, 2024.

Description of 4.875% Cumulative Preferred Shares, Series I

The following is a brief description of the terms of our 4.875% Cumulative Preferred Shares, Series I ("Series I Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series I Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series I Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 4.875% of the liquidation preference per year ($1,218.75 per year per share, equivalent to $1.21875 per year per Series I Depositary Share (as defined below)), distributions on the Series I Preferred Shares commenced on December 31, 2019 and, except in certain circumstances, we may not redeem the Series I Preferred Shares prior to September 12, 2024.

Description of 4.70% Cumulative Preferred Shares, Series J

The following is a brief description of the terms of our 4.70% Cumulative Preferred Shares, Series J ("Series J Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series J Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series J Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 4.70% of the liquidation preference per year ($1,175.00 per year per share, equivalent to $1.175 per year per Series J Depositary Share (as defined below)), distributions on the Series J Preferred Shares will commence on March 31, 2020 and, except in certain circumstances, we may not redeem the Series J Preferred Shares prior to November 15, 2024.

Description of 4.75% Cumulative Preferred Shares, Series K

The following is a brief description of the terms of our 4.75% Cumulative Preferred Shares, Series K ("Series K Preferred Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles Supplementary classifying the Series K Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series K Preferred Shares are substantially the same as those of our Series V Preferred Shares as described in "—Description of 5.375% Cumulative Preferred Shares, Series V" above, except that cash distributions are payable quarterly at the rate of 4.75% of the liquidation preference per year ($1,187.50 per year per share, equivalent to $1.1875 per year per Series K Depositary Share (as defined below)), distributions on the Series K Preferred Shares will commence on March 31, 2020 and, except in certain circumstances, we may not redeem the Series K Preferred Shares prior to December 20, 2024.

DESCRIPTION OF DEPOSITARY SHARES

Description of Depositary Shares, each Representing 1/1,000 of a Series V Preferred Share

General

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of Series V Preferred Share ("Series V Depositary Shares") which does not purport to be complete and is subject to and qualified in its entirety by reference to the provisions of the Deposit Agreement relating to the Series V Preferred Shares (the "Deposit Agreement"), which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. Our Series V Depositary Shares are listed on the New York Stock Exchange ("NYSE") under the symbol "PSAPrV."

The Series V Preferred Shares are deposited with Computershare Trust Company, N. A., as Depositary (the "Preferred Shares Depositary"), under a Deposit Agreement among the Company, the Preferred Shares Depositary and the holders from time to time of the depositary receipts (the "Depositary Receipts") issued by the Preferred Shares Depositary under the Deposit Agreement. The Depositary Receipts evidence the Series V Depositary Shares. Each holder of a Depositary Receipt evidencing a Series V Depositary Share is entitled, proportionately, to all the rights and preferences of, and subject to all of the limitations of, the interest in the Series V Preferred Shares represented by the Series V Depositary Share (including dividend, voting, redemption and liquidation rights and preferences).

Ownership Restrictions

For a discussion of ownership limitations that apply to the Series V Depositary Shares, see "Description of Common Shares—Ownership Limitations."

Distributions

The Preferred Shares Depositary will distribute all cash distributions or other cash distributions received in respect of the Series V Preferred Shares to the record holders of Depositary Receipts in proportion to the number of Depositary Shares owned by such holders on the relevant record date, which will be the same date as the record date fixed by us for the Series V Preferred Shares. In the event that the calculation of such amount to be paid results in an amount which is a fraction of one cent, the amount the Preferred Shares Depositary shall distribute to such record holder shall be rounded to the next highest whole cent.

In the event of a distribution other than in cash, the Preferred Shares Depositary will distribute property received by it to the record holders of Depositary Receipts entitled thereto, in proportion, as nearly as may be practicable, to the number of Series V Depositary Shares owned by such holders on the relevant record date, unless the Preferred Shares Depositary determines (after consultation with us) that it is not feasible to make such distribution, in which case the Preferred Shares Depositary may (with our approval) adopt any other method for such distribution as it deems equitable and appropriate, including the sale of such property (at such place or places and upon such terms as it may deem equitable and appropriate) and distribution of the net proceeds from such sale to such holders.

Liquidation Preference

In the event of the liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, the holders of each Series V Depositary Share will be entitled to 1/1000th of the liquidation preference accorded each Series V Preferred Share.

Redemption

Whenever we redeem any Series V Preferred Shares held by the Preferred Shares Depositary, the Preferred Shares Depositary will redeem as of the same redemption date the number of Series V Depositary Shares representing the Series V Preferred Shares so redeemed. The Preferred Shares Depositary will publish a notice of redemption of the

Series V Depositary Shares containing the same type of information and in the same manner as our notice of redemption and will mail the notice of redemption promptly upon receipt of such notice from us and not less than 30 nor more than 60 days prior to the date fixed for redemption of the Series V Preferred Shares and the Series V Depositary Shares to the record holders of the Depositary Receipts. In case less than all the outstanding Series V Depositary Shares are to be redeemed, the Series V Depositary Shares to be so redeemed shall be determined pro rata or by lot in a manner determined by the board of trustees.

Voting

Promptly upon receipt of notice of any meeting at which the holders of the Series V Preferred Shares are entitled to vote, the Preferred Shares Depositary will mail the information contained in such notice of meeting to the record holders of the Depositary Receipts as of the record date for such meeting. Each such record holder of Depositary Receipts will be entitled to instruct the Preferred Shares Depositary as to the exercise of the voting rights pertaining to the number of Series V Preferred Shares represented by such record holder's Series V Depositary Shares. The Preferred Shares Depositary will endeavor, insofar as practicable, to vote such Series V Preferred Shares represented by such Series V Depositary Shares in accordance with such instructions, and we will agree to take all action which may be deemed necessary by the Preferred Shares Depositary in order to enable the Preferred Shares Depositary to do so. The Preferred Shares Depositary will abstain from voting any of the Series V Preferred Shares to the extent that it does not receive specific instructions from the holders of Depositary Receipts.

Withdrawal of Series V Preferred Shares

Upon surrender of Depositary Receipts at the principal office of the Preferred Shares Depositary, upon payment of any unpaid amount due the Preferred Shares Depositary, and subject to the terms of the Deposit Agreement, the owner of the Series V Depositary Shares evidenced thereby is entitled to delivery of the number of whole Series V Preferred Shares and all money and other property, if any, represented by such Series V Depositary Shares. Partial Series V Preferred Shares will not be issued. If the Depositary Receipts delivered by the holder evidence a number of Series V Depositary Shares in excess of the number of Series V Depositary Shares representing the number of whole Series V Preferred Shares to be withdrawn, the Preferred Shares Depositary will deliver to such holder at the same time a new Depositary Receipt evidencing such excess number of Series V Depositary Shares. Holders of Series V Preferred Shares thus withdrawn will not thereafter be entitled to deposit such shares under the Deposit Agreement or to receive Depositary Receipts evidencing Series V Depositary Shares therefor.

Amendment and Termination of Deposit Agreement

The form of Depositary Receipt evidencing the Series V Depositary Shares and any provision of the Deposit Agreement may at any time and from time to time be amended by agreement between us and the Preferred Shares Depositary. However, any amendment which materially and adversely alters the rights of the holders (other than any change in fees) of Series V Depositary Shares will not be effective unless such amendment has been approved by the holders of at least a majority of the Series V Depositary Shares then outstanding. No such amendment may impair the right, subject to the terms of the Deposit Agreement, of any owner of any Series V Depositary Shares to surrender the Depositary Receipt evidencing such Series V Depositary Shares with instructions to the Preferred Shares Depositary to deliver to the holder the Series V Preferred Shares and all money and other property, if any, represented thereby, except in order to comply with mandatory provisions of applicable law. The Deposit Agreement may be terminated by us or the Preferred Shares Depositary only if (i) all outstanding Series V Depositary Shares have been redeemed or (ii) there has been a final distribution in respect of the Series V Preferred Shares in connection with any dissolution of the Company and such distribution has been made to all the holders of Series V Depositary Shares.

Charges of Preferred Shares Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will pay charges of the Preferred Shares Depositary in connection with the initial deposit of the Series V Preferred Shares and the initial issuance of the Series V Depositary Shares, and redemption of the Series V Preferred Shares and all withdrawals of Series V Preferred Shares by owners of Series V Depositary Shares. Holders of Depositary Receipts will pay transfer, income and other taxes and governmental charges and certain other charges as are provided in the Deposit Agreement to be for their accounts. In certain circumstances, the Preferred Shares Depositary may refuse to transfer Series V Depositary Shares, may withhold distributions and distributions and sell the Series V Depositary Shares evidenced by such Depositary Receipt if such charges are not paid.

Miscellaneous

The Preferred Shares Depositary will forward to the holders of Depositary Receipts all reports and communications from us which are delivered to the Preferred Shares Depositary and which we are required to furnish to the holders of the Series V Preferred Shares. In addition, the Preferred Shares Depositary will make available for inspection by holders of Depositary Receipts at the principal office of the Preferred Shares Depositary, and at such other places as it may from time to time deem advisable, any reports and communications received from the Company which are received by the Preferred Shares Depositary as the holder of Series V Preferred Shares.

Neither the Preferred Shares Depositary nor any Depositary's Agent (as defined in the Deposit Agreement), nor the Registrar (as defined in the Deposit Agreement) nor the Company assumes any obligation or will be subject to any liability under the Deposit Agreement to holders of Depositary Receipts other than for its gross negligence, willful misconduct or bad faith. Neither the Preferred Shares Depositary, any Depositary's Agent, the Registrar nor the Company will be liable if it is prevented or delayed by law or any circumstance beyond its control in performing its obligations under the Deposit Agreement. The Company and the Preferred Shares Depositary are not obligated to prosecute or defend any legal proceeding in respect of any Series V Depositary Shares, Depositary Receipts or Series V Preferred Shares unless reasonably satisfactory indemnity is furnished. The Company and the Preferred Shares Depositary may rely on written advice of counsel or accountants, on information provided by holders of Depositary Receipts or other persons believed in good faith to be competent to give such information and on documents believed to be genuine and to have been signed or presented by the proper party or parties.

Resignation and Removal of Preferred Shares Depositary

The Preferred Shares Depositary may resign at any time by delivering to us notice of its election to do so, and we may at any time remove the Preferred Shares Depositary, any such resignation or removal to take effect upon the appointment of a successor Preferred Shares Depositary and its acceptance of such appointment. Such successor Preferred Shares Depositary must be appointed within 60 days after delivery of the notice for resignation or removal and must be a bank or trust company having its principal office in the United States of America and having a combined capital and surplus of at least $150,000,000.

Description of Depositary Shares, each Representing 1/1,000 of a Series W Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series W Preferred Share ("Series W Depositary Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series W Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series W Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in "—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share" above. Our Series W Depositary Shares are listed on the NYSE under the symbol "PSAPrW."

Description of Depositary Shares, each Representing 1/1,000 of a Series X Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series X Preferred Share ("Series X Depositary Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series X Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series X Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in "—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share" above. Our Series X Depositary Shares are listed on the NYSE under the symbol "PSAPrX."

Description of Depositary Shares, each Representing 1/1,000 of a Series B Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series B Preferred Share (“Series B Depositary Shares”), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series B Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series B Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in “—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share” above. Our Series B Depositary Shares are listed on the NYSE under the symbol “PSAPrB.”

Description of Depositary Shares, each Representing 1/1,000 of a Series C Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series C Preferred Share (“Series C Depositary Shares”), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series C Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series C Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in “—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share” above. Our Series C Depositary Shares are listed on the NYSE under the symbol “PSAPrC.”

Description of Depositary Shares, each Representing 1/1,000 of a Series D Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series D Preferred Share (“Series D Depositary Shares”), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series D Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series D Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in “—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share” above. Our Series D Depositary Shares are listed on the NYSE under the symbol “PSAPrD.”

Description of Depositary Shares, each Representing 1/1,000 of a Series E Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series E Preferred Share (“Series E Depositary Shares”), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series E Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series E Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in “—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share” above. Our Series E Depositary Shares are listed on the NYSE under the symbol “PSAPrE.”

Description of Depositary Shares, each Representing 1/1,000 of a Series F Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series F Preferred Share (“Series F Depositary Shares”), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series F Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series F Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in “—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share” above. Our Series F Depositary Shares are listed on the NYSE under the symbol “PSAPrF.”

Description of Depositary Shares, each Representing 1/1,000 of a Series G Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series G Preferred Share (“Series G Depositary Shares”), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series G Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series G Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in "—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share" above. Our Series G Depositary Shares are listed on the NYSE under the symbol "PSAPrG."

Description of Depositary Shares, each Representing 1/1,000 of a Series H Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series H Preferred Share ("Series H Depositary Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series H Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series H Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in "—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share" above. Our Series H Depositary Shares are listed on the NYSE under the symbol "PSAPrH."

Description of Depositary Shares, each Representing 1/1,000 of a Series I Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series I Preferred Share ("Series I Depositary Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series I Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series I Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in "—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share" above. Our Series I Depositary Shares are listed on the NYSE under the symbol "PSAPrI."

Description of Depositary Shares, each Representing 1/1,000 of a Series J Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series J Preferred Share ("Series J Depositary Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series J Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series J Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in "—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share" above. Our Series J Depositary Shares are listed on the NYSE under the symbol "PSAPrJ."

Description of Depositary Shares, each Representing 1/1,000 of a Series K Preferred Share

The following is a brief description of the terms of our depositary shares, each representing 1/1,000 of a Series K Preferred Share ("Series K Depositary Shares"), which does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement relating to the Series K Preferred Shares, which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms and provisions of our Series K Depositary Shares are substantially the same as those of our Series V Depositary Shares as described in "—Description of Depositary Shares, each Representing 1/1,000 of Series V Preferred Share" above. Our Series K Depositary Shares are listed on the NYSE under the symbol "PSAPrK."

DESCRIPTION OF NOTES

The following is a brief description of the terms of our 0.875% Senior Notes due January 24, 2032 (the "notes"). The notes are a series of debt securities issued under the indenture, dated as of September 18, 2017, between us and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and the third supplemental indenture, dated as of January 24, 2020 (as supplemented, the "Indenture"), which are included as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. The terms of the notes include those provisions contained in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). We have summarized selected terms and provisions of the Indenture and the Trust Indenture Act below. The following summary of specified provisions of the Indenture and the notes does not purport to be complete and is subject to, and qualified in its entirety by reference to, the actual provisions of the Indenture, including the definitions contained in the Indenture of some of the terms used below, and the notes. If you would like more information on any of these provisions, you should read the relevant sections of the Indenture. Copies of the Indenture are available from us upon request. Capitalized terms used but not otherwise defined herein have the meanings specified in the Indenture.

The notes were initially limited to an aggregate principal amount of €500,000,000. See "—Further Issuances" below.

The notes are our direct, unsecured and unsubordinated obligations and will rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The notes will be effectively subordinated in right of payment to all of our existing and future secured indebtedness (to the extent of the value of the collateral securing such indebtedness). The notes will also be structurally subordinated in right of payment to all existing and future liabilities and other indebtedness, whether secured or unsecured, of our subsidiaries. As of February 25, 2020, we had outstanding €500,000,000 aggregate principal amount of the notes. The entire principal amount of the notes will mature and become payable, together with accrued and unpaid interest, on January 24, 2032 (the "Maturity Date"), unless, in each case, the notes are redeemed earlier as described below under "—Optional Redemption." The notes will not be subject to, or entitled to the benefit of, any sinking fund provisions and will not be convertible into or exchangeable for any of our equity interests. The notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The notes are listed on the NYSE under the symbol "PSA32." Except as described below under "—Covenants," the Indenture does not contain any provisions that would limit our ability or the ability of our subsidiaries to incur indebtedness or that would give holders of the notes protection in the event of:

- a highly leveraged or similar transaction involving us or any of our affiliates;
- a change of control; or
- a reorganization, restructuring, merger or similar transaction involving us or any of our affiliates that may adversely affect the holders of the notes.

Restrictions on the ownership and transfer of our common shares of beneficial interest designed to preserve our qualification as a REIT, however, may prevent or hinder a change of control.

Principal and Interest

The notes will bear interest at 0.875% per year from January 24, 2020 or from the immediately preceding interest payment date to which interest has been paid. Interest is payable annually in arrears on January 24, commencing January 24, 2021 (each, an "Interest Payment Date"). Interest on an Interest Payment Date will be paid to the persons, or "holders", in whose names the notes are registered on the security register at the close of business on the regular record date. The regular record date will be the fifteenth calendar day, whether or not a Business Day, immediately preceding the related Interest Payment Date. Interest on the notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes (or January 24, 2020 if no interest has been paid on the notes), to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

The principal and interest, if any, of each note payable at maturity or the principal, Make Whole Amount (as defined below), if any, and interest, if any, payable upon earlier redemption will be paid against surrender of the note at the corporate trust office of the paying agent, initially Elavon Financial Services DAC, UK Branch (the "Paying Agent"), located initially at Fifth Floor, 125 Old Broad Street, London EC2N 1AR, in euro.

If any Interest Payment Date, the Maturity Date or any earlier date of redemption falls on a day that is not a Business Day, the required payment will be made on the next Business Day as if it were made on the date the payment was due and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date, Maturity Date or date of redemption, as the case may be. For purposes of the notes, "Business Day" means any day, other than a Saturday or Sunday, (1) which is not a day on which banking institutions in The City of New York or London are authorized or obligated by law, regulation or executive order to close and (2) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (the Target2 System) or any successor thereto, is open.

Issuance in Euro

Initial holders were required to pay for the notes in euro, and principal and interest payments in respect of the notes, including payments made upon any redemption of the notes, and additional amounts, if any, will be payable in euro.

If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. The amount payable on any date in euro will be converted into U.S. dollars on the basis of the Market Exchange Rate (as defined below). Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the Indenture. Neither the Trustee nor the Paying Agent shall be responsible for obtaining exchange rates, effecting conversions or otherwise handling redenominations.

"Market Exchange Rate" means the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second Business Day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the most recent euro/U.S. dollar exchange rate available on or prior to the second Business Day prior to the relevant payment date, as reported by Bloomberg, or if Bloomberg has not reported such exchange rate, the rate will be determined in our sole discretion on the basis of the most recently available market exchange rate for euros.

Investors will be subject to foreign exchange risks as to payments of principal and interest in respect of the notes, including payments made upon any redemption of the notes, and additional amounts, if any, that may have important economic and tax consequences to them.

Paying Agent and Registrar

Elavon Financial Services DAC, UK Branch, will initially act as paying agent for the notes. U.S. Bank National Association will initially act as security registrar for the notes. Upon notice to the trustee, we may change any paying agent or security registrar.

Further Issuances

We may, from time to time, without the consent of or notice to existing note holders, create and issue further notes having the same terms and conditions as the notes in all respects, except for the issue date and, to the extent applicable, the issue price, the payment of interest accruing prior to the issue date and the first payment of interest. Additional notes issued in this manner will be consolidated with, and will form a single series of debt securities with, the previously outstanding notes; provided, however, that the issuance of such additional notes will not be so consolidated for United States federal income tax purposes unless such issuance constitutes a "qualified reopening" within the meaning of the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder.

Optional Redemption

We have the option to redeem the notes at any time in whole, or from time to time in part, at a redemption price (the "Redemption Price") equal to the greater of:

- 100% of the aggregate principal amount of the notes being redeemed; and
- the Make-Whole Amount (as defined below), if any,

plus, in each case, accrued and unpaid interest on such notes to, but not including, the redemption date.

Notwithstanding the foregoing, if the notes are redeemed on or after October 24, 2031 (three months prior to the Maturity Date) (the "Par Call Date"), the Redemption Price will equal 100% of the aggregate principal amount of the notes being redeemed plus accrued and unpaid interest on such notes to, but not including, the redemption date.

Notice of redemption will be mailed or sent electronically at least 15 but not more than 60 days before the redemption date to each holder of record of notes to be redeemed at its registered address, provided that while the notes are represented by one or more global notes, notice of redemption may, at our option, instead be given to the holders of notes (and beneficial interest therein) in accordance with the applicable rules and regulations of Clearstream Banking, société anonyme ("Clearstream") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and we will instruct the Trustee and Paying Agent accordingly. The notice of redemption for such notes will state, among other things, the redemption date, the Redemption Price and the place or places that payment will be made upon surrender of notes to be redeemed. Unless we default in the payment of the Redemption Price, interest will cease to accrue on the notes at the redemption date.

Notwithstanding the foregoing, installments of interest on notes that are due and payable on an Interest Payment Date falling on or prior to a redemption date will be payable on such Interest Payment Date to the holders thereof as of the close of business on the relevant record date.

If we choose to redeem less than all of the notes, we will notify the Trustee and Paying Agent at least five Business Days prior to giving notice of redemption, or a shorter period as may be satisfactory to the Trustee, of the aggregate principal amount of notes to be redeemed and the redemption date. The Paying Agent will select by lot or such method as the Paying Agent shall deem fair and appropriate and in accordance with the applicable procedures of the depositary, the notes to be redeemed in part; provided, however, that no notes of a principal amount of €100,000 or less shall be redeemed in part.

The notes are also subject to redemption prior to maturity if certain changes occur involving U.S. taxation. If such changes occur, the notes may be redeemed, at our option, at a redemption price of 100% of their principal amount plus accrued and unpaid interest to, but not including, the date of redemption. See "—Redemption for Tax Reasons."

As used in this "Description of Notes":

"Comparable Government Bond" means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us, a German government bond whose maturity is closest to the Par Call Date of the notes, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

"Comparable Government Bond Rate" means the price, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), at which the gross redemption yield on the notes, if they were to be purchased at such price on the third business day prior to the date fixed for redemption, would be equal to the gross redemption yield on such business day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.

"Make-Whole Amount" means, in connection with any optional redemption, the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed assuming that the notes being redeemed matured on the Par Call Date (not including any portion of any payments of interest accrued to the redemption date), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate, plus 20 basis points.

Payment of Additional Amounts

All payments, including payments of principal and interest, made in respect of the notes will be made free and clear of, and without withholding or deduction for, or on account of, any present or future tax, duty, assessment or other governmental charge of whatever nature imposed, levied or collected by the United States (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or the official interpretation or administration thereof.

We will, subject to the exceptions and limitations set forth below, pay as additional amounts to a holder of a note that is a United States Alien (as defined below) such amounts as may be necessary so that every net payment made in respect of such note after deduction or withholding for, or on account of, any present or future tax, duty, assessment or other governmental charge of whatever nature imposed, levied or collected as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein), will not be less than the amount provided for in such note to be then due and payable. However, we will not be required to make any payment of additional amounts for or on account of:

(a) any tax, assessment or other governmental charge that would not have been imposed but for (i) the existence of any present or former connection (other than a connection arising solely as a result of the ownership of the notes, the receipt of any payment in respect of the notes or the enforcement of any rights hereunder) between such holder (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder, if such holder is an estate or a trust, or a member or shareholder of such holder, if such holder is a partnership or corporation) and the United States, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident or treated as a resident of the United States or being or having been engaged in trade or business in the United States or having or having had a permanent establishment therein, or (ii) the presentation by the holder of the note for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later;

(b) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge;

(c) any tax, assessment or other governmental charge that would not have been imposed but for such holder's past or present status as a controlled foreign corporation, passive foreign investment company (including a qualified electing fund) or foreign private foundation or other tax exempt organization with respect to the United States or as a corporation that accumulates earnings to avoid United States Federal income tax;

(d) any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a note;

(e) any tax, assessment or other governmental charge required to be deducted or withheld by any paying agent from any payment on a note, if such payment can be made without such deduction or withholding by any other paying agent;

(f) any tax, assessment or other governmental charge that would not have been imposed but for the holder's failure to comply with any applicable certification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a note if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;

(g) any tax, assessment or other governmental charge imposed by reason of the holder (i) owning or having owned, directly or indirectly, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote, (ii) receiving interest described in Section 881(c)(3)(A) of the United States Internal Revenue Code or (iii) being a controlled foreign corporation with respect to the United States that is related to the Company by actual or constructive stock ownership;

(h) any tax, assessment or other governmental charge that is imposed on a payment pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code (FATCA), any Treasury regulations and official interpretations thereof, and any regulations or official law, agreement or interpretations thereof implementing an intergovernmental approach thereto; or

(i) any combination of items (a), (b), (c), (d), (e), (f), (g) and (h);

nor shall such additional amounts be paid with respect to any payment on a note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such note.

For purposes of the foregoing, the holding of or the receipt of any payment with respect to a note shall not constitute a connection between the holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or a person having power over, such holder if such holder is an estate, a trust, a partnership or a corporation) and the United States.

The term “United States Alien” means any person who, for United States Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States Federal income tax purposes, a foreign corporation, a nonresident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

References to the principal of and interest, if any, on the notes include additional amounts, if any, payable on the notes in that context.

Redemption for Tax Reasons

If we have or will become obliged to pay additional amounts (as described above under the heading “—Payment of Additional Amounts”) as a result of any change in, or amendment to, the laws or regulations of the United States or any political subdivision or taxing authority thereof or therein, or any change in official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after January 17, 2020, and we determine that such obligation cannot be avoided by the use of reasonable measures then available to us, we may, at our option, at any time, having giving not less than 15 nor more than 60 days’ prior written notice to holders, redeem, in whole, but not in part, the notes at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest, if any, on the notes being redeemed to, but not including, the redemption date, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which we would be obliged to pay such additional amounts if a payment in respect to the notes were due on such date.

Covenants

The following covenants and related definitions will apply to the notes:

Limitation on Debt

We will not, and will not permit any of our Subsidiaries to, incur any Debt if, immediately after giving effect to the incurrence of such Debt and any other Debt incurred or repaid since the end of the most recent Reporting Date prior to the incurrence of such Debt and the application of the proceeds from such Debt and such other Debt on a pro forma basis, the aggregate principal amount of our Debt would exceed 65% of the sum of the following (without duplication): (1) our Total Assets as of such Reporting Date; (2) the aggregate purchase price of any assets acquired, and the aggregate amount of proceeds received from any incurrence of other Debt and any securities offering proceeds received (to the extent such proceeds were not used to acquire assets or used to reduce Debt), by us or any of our Subsidiaries since the end of the most recent Reporting Date prior to the incurrence of such Debt; and (3) the proceeds or assets obtained from the incurrence of such Debt and other securities issued as part of the same transaction on a pro forma basis (including assets to be acquired in exchange for debt assumption and security issuance as in the case of a merger).

Limitation on Secured Debt

We will not, and will not permit any of our Subsidiaries to, incur any Secured Debt if, immediately after giving effect to the incurrence of such Secured Debt and any other Secured Debt incurred or repaid since the end of the most recent Reporting Date prior to the incurrence of such Secured Debt and the application of the proceeds from such Secured Debt and such other Secured Debt on a pro forma basis, the aggregate principal amount of our Secured Debt would exceed 50% of the sum of the following (without duplication): (1) our Total Assets as of such Reporting Date; (2) the aggregate purchase price of any assets acquired, and the aggregate amount of proceeds received from any incurrence of other Debt and any securities offering proceeds received (to the extent such proceeds were not used to acquire assets or used to reduce Debt), by us or any of our Subsidiaries since the end of the most recent Reporting Date prior to the incurrence of such Debt; and (3) the proceeds or assets obtained from the incurrence of such Secured Debt and other securities issued as part of the same transaction on a pro forma basis (including assets to be acquired in exchange for debt assumption and security issuance as in the case of a merger).

Interest Coverage Ratio

We will not, and will not permit any of our Subsidiaries to, incur any Debt if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds from such Debt on a pro forma basis, the ratio of Adjusted EBITDA to Interest Expense for the four (4) consecutive fiscal quarters ended on the most recent Reporting Date prior to the incurrence of such Debt would be less than 1.50 to 1.00, and calculated on the following assumptions (without duplication): (1) such Debt and any other Debt incurred since such Reporting Date and outstanding on the date of determination had been incurred, and the application of the proceeds from such Debt (including to repay or retire other Debt) had occurred, on the first day of such four-quarter period; (2) the repayment or retirement of any other Debt since such Reporting Date had occurred on the first day of such four-quarter period; and (3) in the case of any acquisition or disposition by us or any of our Subsidiaries of any asset or group of assets since such Reporting Date, whether by merger, stock purchase or sale or asset purchase or sale or otherwise, such acquisition or disposition had occurred as of the first day of such four-quarter period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation.

If any Debt incurred during the period from such Reporting Date to the date of determination bears interest at a floating rate, then, for purposes of calculating the Interest Expense, the interest rate on such Debt will be computed on a pro forma basis as if the average daily rate during such interim period had been the applicable rate for entire relevant four-quarter period. For purposes of the foregoing, Debt will be deemed to be incurred by a Person whenever such Person creates, assumes, guarantees or otherwise becomes liable in respect thereof.

Maintenance of Total Unencumbered Assets

As of each Reporting Date, our Unencumbered Assets will not be less than 125% of our Unsecured Debt.

Provision of Financial Information

For so long as any notes are outstanding, if we are subject to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor provision, we will deliver to the Trustee the annual reports, quarterly reports and other documents which we are required to file with the U.S. Securities and Exchange Commission (the "Commission") pursuant to Section 13(a) or 15(d) or any successor provision, within 15 days after the date that we file the same with the Commission. If we are not subject to Section 13(a) or 15(d) of the Exchange Act or any successor provision, and for so long as any notes are outstanding, we will deliver to the Trustee the quarterly and annual financial statements and accompanying Item 303 of Regulation S-K disclosure ("management's discussion and analysis of financial condition and results of operations") that would be required to be contained in annual reports on Form 10-K and quarterly reports on Form 10-Q, respectively, required to be filed with the Commission if we were subject to Section 13(a) or 15(d) of the Exchange Act or any successor provision, within 15 days of the filing date that would be applicable to a non-accelerated filer at that time pursuant to applicable Commission rules and regulations.

Reports and other documents filed by the Company with the Commission and publicly available via the EDGAR system or our website will be deemed to be delivered to the Trustee as of the time such filing is publicly available via EDGAR or our website for purposes of this covenant; provided, however, that the Trustee shall have no obligation whatsoever to determine whether or not such information, documents or reports have been filed or are publicly available via EDGAR or our website. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including its compliance with any of its covenants relating to the notes (as to which the Trustee is entitled to rely exclusively on an officer's certificate).

Definitions

As used in this "Description of Notes," the following defined terms have the meanings indicated:

"Adjusted EBITDA" means, for any period, the Company's Pro Rata Share of EBITDA for such period; provided, that, so long as any of PS Business Parks and Shurgard Europe is not a Subsidiary of the Company, "Adjusted EBITDA" shall include the amount of dividends, distributions or interest paid in cash by any such entity that is not a Subsidiary to the Company or any of its Subsidiaries during the applicable period.

"Capitalized Property Value" means, with respect to any Person, (a) Property EBITDA of such Person for the four (4) consecutive fiscal quarters ended on a Reporting Date divided by (b) the Capitalization Rate.

"Capitalization Rate" means 6.75%.

"Debt" means, without duplication, the Company's Pro Rata Share of the aggregate principal amount of indebtedness in respect of (i) borrowed money evidenced by bonds, notes, debentures or similar instruments, as determined in accordance with GAAP, (ii) indebtedness secured by any mortgage, pledge, lien, charge, encumbrance or any security interest existing on Property or other assets owned by the Company or any Subsidiary directly, or indirectly through unconsolidated joint ventures, as determined in accordance with GAAP, (iii) reimbursement obligations in connection with any letters of credit actually issued and called, (iv) any lease of property by the Company or any Subsidiary as lessee which is reflected in the Company's balance sheet as a capitalized lease, in accordance with GAAP; provided, that Debt also includes, to the extent not otherwise included, any obligation by the Company or any Subsidiary to be liable for, or to pay, as obligor, guarantor or otherwise, items of indebtedness of another Person (other than the Company or any Subsidiary) described in clauses (i) through (iv) above (or, in the case of any such obligation made jointly with another Person, the Company's or Subsidiary's allocable portion of such obligation based on its ownership interest in the related real estate assets or such other applicable assets); and provided, further, that Debt excludes Intercompany Debt.

"Development Property" means a Property currently under development on which the improvements have not been completed, or a Property where development has been completed as evidenced by a certificate of occupancy for the entire Property for the 36 month period following the issuance of such certificate of occupancy (provided that the Company may at its option elect to remove a Property from the category of Development Properties prior to the completion of the 36 month period, but any such Property may not be reclassified as a Development Property). The term "Development Property" shall include real property of the type described in the immediately preceding sentence to be (but not yet) acquired by the Company, any Subsidiary or any joint venture of the Company upon completion of construction pursuant to a contract in which the seller of such real property is required to develop or renovate prior to, and as a condition precedent to, such acquisition.

"EBITDA" means, with respect to any Person, for any period and without duplication, net earnings (loss) of such Person for such period excluding the impact of the following amounts with respect to any Person (but only to the extent included in determining net earnings (loss) for such period): (i) depreciation and amortization expense and other non-cash charges of such Person for such period; (ii) interest expense of such Person for such period; (iii) income tax expense of such Person in respect of such period; (iv) extraordinary and nonrecurring gains and losses of such Person for such period, including without limitation, gains and losses from the sale of assets, write-offs and forgiveness of debt, foreign currency translation gains or losses; and (v) non-controlling interests; minus (vi) if during such period any of PS Business Parks or Shurgard Europe is not a Subsidiary of the Company, the impact on EBITDA of each of the foregoing Persons that is not a Subsidiary.

"Encumbered Asset Value" means, with respect to any Person, for any date, the portion of Total Assets serving as collateral for Secured Debt as of such date.

"Equity Interests" means, with respect to any Person, any share of capital stock of (or other ownership or profit interests in) such Person, any warrant, option or other right for the purchase or other acquisition from such Person of any share of capital stock of (or other ownership or profit interests in) such Person, any security convertible into or exchangeable for any share of capital stock of (or other ownership or profit interests in) such Person or warrant, right or option for the purchase or other acquisition from such Person of such shares (or such other interests), and any other ownership or profit interest in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such share, warrant, option, right or other interest is authorized or otherwise existing on any date of determination.

"Fair Market Value" means, (a) with respect to a security listed (or an unlisted convertible security that is convertible into a security listed) on Nasdaq or have trading privileges on the New York Stock Exchange, the NYSE American, or another recognized national United States securities exchange, the London Stock Exchange, Euronext or another recognized European securities exchange, the price of such security as reported on such exchange or market by any widely recognized reporting method customarily relied upon by financial institutions, and (b) with respect to any other asset, book value (determined in accordance with GAAP).

"GAAP" means accounting principles generally accepted in the United States of America, consistently applied, as in effect from time to time; provided that if, as of a particular date as of which compliance with the covenants contained in the Indenture is being determined, there have been changes in accounting principles generally accepted in the United States of America from those that applied to our consolidated financial statements included in the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, we may, in our sole discretion, determine compliance with the covenants contained in the Indenture using accounting principles generally accepted in the United States of America, consistently applied, as in effect as of the end of any calendar quarter selected by us, in our sole discretion, that is on or after June 30, 2017 and prior to the date as of which compliance with the covenants in the Indenture is being determined ("Fixed GAAP"), and, solely for purposes of calculating the covenants as of such date, "GAAP" shall mean Fixed GAAP.

"Intercompany Debt" means, as of any date, Debt to which the only parties are the Company and any of its Subsidiaries, but only so long as that Debt is held solely by any of the Company and any of its Subsidiaries as of that date and, provided that, in the case of Debt owed by the Company to any Subsidiary, the Debt is subordinated in right of payment to the holders of the notes.

"Interest Expense" means, for any period, the Company's Pro Rata Share of interest expense for such period, with other adjustments as are necessary to exclude: (i) the effect of items classified as extraordinary items, in accordance with GAAP; (ii) amortization of debt issuance costs; (iii) prepayment penalties and (iv) non-cash swap ineffectiveness charges.

“Marketable Securities” means: (a) common or preferred Equity Interests which are listed on Nasdaq or have trading privileges on the New York Stock Exchange, the NYSE American, or another recognized national United States securities exchange, the London Stock Exchange, Euronext or another recognized European securities exchange; (b) convertible securities which can be converted at any time into common or preferred Equity Interests of the type described in the immediately preceding clause (a); and (c) securities evidencing indebtedness issued by Persons which have an investment grade credit rating by a nationally recognized statistical rating organization; provided that Marketable Securities shall not include any securities that are considered cash equivalents.

“Pro Rata Share” means any applicable figure or measure of the Company and its Subsidiaries on a consolidated basis, less any portion attributable to noncontrolling interests, plus the Company’s or its Subsidiaries’ allocable portion of such figure or measure, based on their ownership interest, of unconsolidated joint ventures. For the avoidance of doubt, and except as otherwise specified in this “Description of Notes,” so long as any of PS Business Parks and Shurgard Europe is not a Subsidiary of the Company, the calculations of such figures or measures shall exclude the impact of any such entity that is not a Subsidiary.

“Property” means a parcel (or group of related parcels) of real property.

“Property EBITDA” means, for any period, the Company’s Pro Rata Share of EBITDA for such period adjusted to add back the impact of corporate level general and administrative expenses.

“PS Business Parks” means PS Business Parks, Inc., PS Business Parks, L.P. and any of their Subsidiaries and their respective successors and assigns.

“Reporting Date” means the date ending the most recently ended fiscal quarter of the Company for which the Company’s consolidated financial statements are publicly available, it being understood that at any time when the Company is not subject to the informational requirements of the Exchange Act, the term “Reporting Date” shall be deemed to refer to the date ending the fiscal quarter covered by the Company’s most recent quarterly financial statements delivered to the Trustee or, in the case of the last fiscal quarter of the year, the Company’s annual financial statements delivered to the Trustee.

“Secured Debt” means Debt secured by any mortgage, lien, pledge, encumbrance or security interest of any kind upon any of the Company’s Property or other assets or the Property or other assets of any Subsidiary.

“Shurgard Europe” means Shurgard Self Storage SA and its Subsidiaries and their respective successors and assigns.

“Subsidiary” means, for any Person, a corporation, partnership, joint venture, limited liability company or other entity, a majority of the outstanding voting stock, partnership interests or membership interests, as the case may be, of which is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person and, for the purposes of this definition, “voting stock, partnership interests, or membership interests” means interests having control over the selection of directors, managers, or trustees, as the case may be, whether at all times or only so long as no senior interest has such voting power by reason of any contingency. Unless the context otherwise requires, “Subsidiary” refers to a Subsidiary of the Company. Notwithstanding the foregoing, none of the Persons comprising PS Business Parks or Shurgard Europe shall at any time constitute or be considered to be a Subsidiary of the Company for any purpose of the Indenture so long as (a) any class of Equity Interests of the applicable holding company of PS Business Parks or Shurgard Europe, as applicable, is publicly traded or (b) such holding company is not a wholly-owned subsidiary of the Company.

“Total Assets” means, as of any date, the sum (without duplication) of: (a) the Capitalized Property Value of the Company and its Subsidiaries, excluding Capitalized Property Value attributable to Properties acquired or disposed of by the Company or any Subsidiary during the four consecutive quarters ending on such date and Development Properties; (b) all cash and cash equivalents (excluding tenant deposits and other cash and cash equivalents the disposition of which is restricted) of the Company and its Subsidiaries at such time; (c) the Pro Rata Share of the current undepreciated book value of Development Properties and all land held for development; (d) the Pro Rata Share of the purchase price paid by the Company or any Subsidiary (less the Pro Rata Share of any amounts paid to the Company or such Subsidiary as a purchase price adjustment, held in escrow, retained as a contingency reserve, or in connection with other similar arrangements, and without regard to allocations of property purchase prices pursuant to Statement of Financial Accounting Standards No. 141 or other provisions of GAAP) for any Property or business acquired by the Company or such Subsidiary during the four consecutive quarters ending on such date; (e) the contractual purchase price of Properties of the Company and its Subsidiaries subject to purchase obligations, repurchase obligations, forward commitments and unfunded obligations to the extent such obligations and commitments are included in determinations of Debt; and (f) the Fair Market Value of all Marketable Securities owned by the Company or any of its Subsidiaries, plus all other assets of the Company and its Subsidiaries (the value of which is determined in accordance with GAAP but excluding assets classified as intangible under GAAP), excluding Equity Interests in Shurgard Europe or PS Business Parks if such interests are not Marketable Securities. The Company shall have the option to include Capitalized Property Value under clause (a) above from any such Properties that are otherwise subject to valuation under clause (c) or (d) above; provided, however, that if such election is made, any value attributable to such Properties under clause (c) or (d) above shall be excluded from the determination of the amount under clause (c) or (d).

"Unencumbered Assets" means, as of any date, Total Assets as of such date less Encumbered Asset Value as of such date.

"Unsecured Debt" means Debt that is not secured by any mortgage, lien, pledge, encumbrance or security interest of any kind upon any of the Company's Property or other assets or the Property or other assets of any Subsidiary.

Compliance with the covenants described in this "Description of Notes" and with respect to the notes generally may not be waived by us, or by the Trustee, unless the holders of at least a majority in aggregate principal amount of all outstanding notes consent to the waiver.

Merger, Consolidation or Sale

We may consolidate with or into, or sell, assign, convey, transfer or lease all or substantially all of our property and assets to, any other entity, provided that:

- we shall be the continuing entity, or the successor entity (if other than us) formed by or resulting from such consolidation or merger or which shall have received such sale, assignment, conveyance, transfer or lease of property and assets shall be an entity domiciled in the United States of America, any state thereof or the District of Columbia and shall expressly assume by supplemental indenture payment of the principal of and interest on all of the notes, and the due and punctual performance and observance of all of the covenants and conditions in the Indenture;

- immediately after giving effect to the transaction and treating the Pro Rata Share of any indebtedness which becomes our obligation or the obligation of a Subsidiary or any of our unconsolidated joint ventures as a result thereof and is not repaid substantially concurrently with the transaction as having been incurred by us, that Subsidiary or that unconsolidated joint venture at the time of the transaction, no Event of Default under the Indenture, and no event which, after notice or the lapse of time, or both, would become an Event of Default, shall have occurred and be continuing; and

- an officer's certificate and legal opinion covering these conditions is delivered to the Trustee.

Events of Default

The term "Event of Default," when used in this "Description of Notes" with respect to the notes, means any one of the following events:

(1) default for 30 days in the payment of any installment of interest on the notes or additional amounts payable with respect to such interest;

(2) default in the payment of the principal of, or Make-Whole Amount, if any, on, or any additional amounts in respect of, the notes when the same becomes due and payable;

(3) we fail to comply with any of our other agreements contained in the notes or the Indenture (other than an agreement a default in whose performance or whose breach is elsewhere specifically dealt with in the Indenture or which has expressly been included in the Indenture solely for the benefit of a series of debt securities other than the notes) upon receipt by us of notice of such default by the Trustee or receipt by us and the Trustee of written notice of such default by holders of not less than 25% in aggregate principal amount of the notes then outstanding and we fail to cure (or obtain a waiver of) such default within 90 days after we receive such notice;

(4) failure to pay any recourse indebtedness for monies borrowed by us in an outstanding principal amount in excess of $100 million when due or upon acceleration after the expiration of any applicable notice and grace period, which recourse indebtedness is not discharged, or such default in payment or acceleration is not cured or rescinded, within 30 days after written notice of such failure to us from the Trustee (or to us and the Trustee from holders of at least 25% in aggregate principal amount of the notes then outstanding); or

(5) specific events of bankruptcy, insolvency or reorganization affecting us or certain Subsidiaries or any of their respective properties.

Modification of the Indenture

The Indenture permits us and the Trustee, with the consent of the holders of a majority in aggregate principal amount of the outstanding debt securities of each series issued under the Indenture and affected by a modification or amendment (voting as separate classes), to modify or amend any of the provisions of the Indenture or of the debt securities of the applicable series or the rights of the holders of the debt securities of the applicable series under the Indenture. However, no modification or amendment shall, without the consent of the holder of each outstanding debt security affected thereby:

- change the stated maturity of the principal of, or premium, if any, or any installment of interest, if any, on, or any Additional Amounts, if any, with respect to, any debt securities, or

- reduce the principal of or any premium on any debt securities or reduce the rate (or modify the calculation of such rate) of interest on or the redemption or repurchase price of any debt securities, or any Additional Amounts payable with respect to any debt securities or related guarantee or change our or any guarantor's obligation to pay Additional Amounts, or

- reduce the amount of principal of any original issue discount securities that would be due and payable upon acceleration of the maturity of any debt security, or

- adversely affect any right of repayment or repurchase at the option of any holder, or

- change any place where, or the currency in which, the principal of, any premium or interest on, or any additional amounts with respect to any debt securities or guarantees are payable (or, in the case of redemption on or after the redemption date, or on or after the date for repayment or repurchase), or

- in the case of any debt security which is convertible into or exchangeable for other securities or property, impair the right to institute suit to enforce the right to convert or exchange such Security in accordance with its terms, or

- impair the holder's right to institute suit to enforce the payment of any debt securities or guarantee on or after their stated maturity, or

- reduce the percentage of the outstanding debt securities of any series whose holders must consent to any modification or amendment or any waiver of compliance with specific provisions of the Indenture or specified defaults under the Indenture and their consequences, or

- reduce the requirements for a quorum or voting at a meeting of holders of the applicable debt securities; or

- modify the sections of the Indenture setting forth the provisions of the Indenture that may not be amended without the consent of holders, or providing for the waiver of past defaults and the waiver of certain covenants, except to increase any such percentage or provide that certain other provisions of the Indenture cannot be modified or waived without the consent of holder of each outstanding debt security of such series; or

- release a guarantor from any of the obligations under a guarantee except as permitted under the Indenture;

- make any change that adversely affects the right, if any, to convert or exchange any debt security for common equity or other securities or property; or

- change the ranking of the debt securities of any series.

The Indenture also contains provisions permitting us and any guarantor, as applicable, and the Trustee, without the consent of the holders of any debt securities, to modify or amend the Indenture, among other things:

- to evidence a successor to us or any guarantor, if applicable, as under the Indenture, or successive successions, and the assumption by any such successor of the covenants of us or any guarantor;

- to add to our covenants or the covenants of any guarantor for the benefit of the holders of all or any series of debt securities or to surrender any right or power conferred upon us or any guarantor in the Indenture;

- to change or eliminate any restrictions on the payment of principal of or any premium or interest on or any additional amounts with respect to any debt securities or any guarantee, provided any such action does not adversely affect the interest of the holders of debt securities of any series;

- to add to the Events of Default in a manner that benefits the holders of all or any series of debt securities issued under the Indenture;

- to establish the form or terms of debt securities of any series, and the form of the guarantee of debt securities of any series (provided that any such deletions, additions and changes shall not be applicable to any other series of debt securities then outstanding);

- to make any change necessary to comply with any requirement of the Commission in connection with the Indenture under the Trust Indenture Act;

- to provide for any guarantee of the holders of debt securities of a series, to secure the debt securities or to confirm and evidence the release, termination or discharge of any guarantee of or lien securing the debt securities which such release, termination or discharge is permitted by the Indenture;

- to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trusts under the Indenture by more than one trustee;

- to cure any ambiguity, defect or inconsistency in the Indenture;

- to make any change that would provide any additional rights or benefits to the holders of debt securities or that does not adversely affect the legal rights under the Indenture of any holder in any material respect;

- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of debt securities; provided, that the action shall not adversely affect the interests of the holders of debt securities in any material respect;

- to provide for the issuance of additional debt securities, subject to the limitations established in the Indenture;

- to comply with the rules of any applicable depository or the rules or regulations of any securities exchange or automated quotation system on which any of the debt securities may be listed or traded;

- to add to or change any provisions of the Indenture to such extent as is necessary to permit or facilitate the issuance of debt securities in uncertificated form;

- to amend or supplement any provision contained in the Indenture, in any supplemental indenture or in any debt securities, provided that the amendment or supplement (i) does not (a) apply to any outstanding debt securities issued before the date of the amendment or supplement and entitled to the benefits of that provision, or (b) modify the rights of holders of any such debt securities with respect to such provision, or (ii) becomes effective only when no security described in clause (i)(a) is outstanding; or

- to conform the terms of the Indenture or the debt securities of a series, as applicable, to the description thereof contained in any prospectus, prospectus supplement or other offering document relating to the offer and sale of such debt securities.

The holders of a majority in aggregate principal amount of the outstanding debt securities of any series may waive our compliance with some of the restrictive provisions of the Indenture, which may include covenants, if any, which are specified in the applicable prospectus supplement. The holders of a majority in aggregate principal amount of the outstanding debt securities of any series may, on behalf of all holders of debt securities of that series, waive any past default under the Indenture with respect to the debt securities of that series and its consequences, except a default which is continuing (i) in the payment of the principal of, or premium, if any, or interest, if any, on, and any Additional Amounts with respect to, the debt securities of that series, (ii) with respect to the conversion or exchange of a series of debt securities convertible or exchangeable into our common equity, or (iii) in respect of a covenant or provision which cannot be modified or amended without the consent of the holder of each outstanding debt security of the affected series.

The Indenture contains provisions for convening meetings of the holders of a series of debt securities. A meeting may be called at any time by the Trustee, and also, upon our or any guarantor's request, or the request of holders of at least 10% in aggregate principal amount of the outstanding debt securities of any series. Notice of a meeting must be given in accordance with the provisions of the Indenture. Except for any consent which must be given by the holder of each outstanding debt security affected in the manner described above, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum, as described below, is present may be adopted by the affirmative vote of the holders of a majority in aggregate principal amount of the outstanding debt securities of the applicable series. However, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver, or other action which may be made, given or taken by the holders of a specified percentage, other than a majority, in aggregate principal amount of the outstanding debt securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of that specified percentage in aggregate principal amount of the outstanding debt securities of that series. Any resolution passed or decision taken at any meeting of holders of debt securities of any series duly held in accordance with the Indenture will be binding on all holders of debt securities of that series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in aggregate principal amount of the outstanding debt securities of the applicable series, subject to exceptions; provided, however, that if any action is to be taken at that meeting with respect to a consent or waiver which may be given by the holders of a supermajority in aggregate principal amount of the outstanding debt securities of a series, the persons holding or representing that specified supermajority percentage in aggregate principal amount of the outstanding debt securities of that series will constitute a quorum.

Discharge, Defeasance and Covenant Defeasance

Subject to the requirements of the Indenture, we may, at our option and at any time, elect to have our obligations released with respect to certain covenants under the Indenture, including the covenants listed under "—Certain Covenants" above, and thereafter any omission to comply with such obligations shall not constitute a default or an Event of Default.

Governing Law

The Indenture and the notes are governed by, and construed in accordance with, the laws of the State of New York.

Delivery and Form

The notes are represented initially by one or more permanent notes in registered, global form without interest coupons (the "global notes"). These global notes have been deposited with, or on behalf of, a common depositary for and in respect of interests held through, Clearstream and Euroclear, or the common depositary's nominee, in each case for credit to an account of a direct or indirect participant as described below. Except as set forth below, the global notes may be transferred, in whole and not in part, only to Clearstream and Euroclear or their respective nominees. Beneficial interests in the global notes may not be exchanged for notes in certificated form except in the limited circumstances described below. U.S. Bank National Association will initially act as registrar.

Book-Entry Procedures

Global Clearance and Settlement

Beneficial interests in the global notes are represented, and transfers of such beneficial interests will be effected, through accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in Clearstream or Euroclear. Those beneficial interests will be in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Investors may hold notes directly through Clearstream or Euroclear, if they are participants in such systems, or indirectly through organizations that are participants in such systems.

Owners of beneficial interests in the global notes are not entitled to have notes registered in their names, and, except as described herein, will not receive or be entitled to receive physical delivery of notes in certificated form. So long as the common depositary for Clearstream and Euroclear or their nominee is the registered owner of the global notes, the common depositary for all purposes will be considered the sole holder of the notes represented by the global notes under the Indenture and the global notes. Except as provided below, beneficial owners will not be considered the owners or holders of the notes under the Indenture, including for purposes of receiving any reports delivered by us or the Trustee pursuant to the Indenture. Accordingly, each beneficial owner must rely on the procedures of the clearing systems and, if such person is not a participant of the clearing systems, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Indenture. Under existing industry practices, if we request any action of holders or a beneficial owner desires to give or take any action which a holder is entitled to give or take under the Indenture, the clearing systems would authorize their participants holding the relevant beneficial interests to give or take action and the participants would authorize beneficial owners owning through the participants to give or take such action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by the clearing systems to their participants, by the participants to indirect participants and by the participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in certificated form. These limits and laws may impair the ability to transfer beneficial interests in global notes.

Clearstream

Distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures to the extent received by the depositary for Clearstream.

Euroclear

Distributions with respect to the notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions.

Clearstream and Euroclear Arrangements

So long as Clearstream or Euroclear or their nominee or their common depositary is the registered holder of the global notes, Clearstream, Euroclear or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global notes for all purposes under the Indenture and the notes. Payments of principal, interest and additional amounts, if any, in respect of the global notes will be made to Clearstream, Euroclear, such nominee or such common depositary, as the case may be, as registered holder thereof. None of us, the Trustee, any agent and any affiliate of any of the above or any person by whom any of the above is controlled (as such term is defined in the Securities Act) will have any responsibility or liability for any records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal and interest with respect to the global notes will be credited in euro to the extent received by Clearstream or Euroclear from the paying agent to the cash accounts of Clearstream or Euroclear customers in accordance with the relevant system's rules and procedures.

Because Clearstream or Euroclear can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in the global notes to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Secondary Market Trading

We understand that secondary market trading between Clearstream and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream and Euroclear. Secondary market trading will be settled using procedures applicable to conventional eurobonds in registered form.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the notes through Clearstream and Euroclear on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the notes, or to make or receive a payment or delivery of the notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Clearstream or Euroclear will credit payments to the cash accounts of Clearstream or Euroclear participants, as applicable, in accordance with the relevant system's rules and procedures, to the extent received by its depositary. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder under the Indenture on behalf of a Clearstream customer or Euroclear participant only in accordance with its relevant rules and procedures.

Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the notes among participants of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

The information in this "—Book-Entry Procedures" section concerning the depositary, Clearstream and Euroclear and their book-entry systems has been obtained from sources that we believe to be reliable, but neither we nor any underwriter takes any responsibility for the accuracy or completeness thereof. In addition, the description of the clearing systems in this section reflects our understanding of the rules and procedures of Clearstream or Euroclear as they are currently in effect. Those systems could change their rules and procedures at any time. None of us, the underwriters, the Trustee or the Paying Agent will have any responsibility for the performance by the depositary, Clearstream and Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

Subject to certain conditions, the notes represented by the global notes are exchangeable for certificated notes in definitive form of like tenor in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof if:

(1) the depositary notifies us that it is unwilling or unable or no longer qualified to continue as depositary for the global notes and we fail to appoint a successor depositary within 90 days after this notice;

(2) we, at our option, notify the Trustee in writing that we elect to cause the issuance of certificated notes in definitive form; or

(3) there has occurred and is continuing an Event of Default with respect to the notes.

In all cases, certificated notes delivered in exchange for any global note or beneficial interest therein will be registered in names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures).

Payments (including principal and interest) and transfers with respect to notes in certificated form may be executed at the office or agency maintained for such purpose in London (initially the corporate trust office of the Paying Agent) or, at our option, by check mailed to the holders thereof at the respective addresses set forth in the register of holders of the notes, provided that all payments (including principal and interest) on notes in certificated form, for which the holders thereof have given wire transfer instructions at least ten calendar days prior to the applicable payment date, will be required to be made by wire transfer of immediately available funds to the accounts specified by the holders thereof. No service charge will be made for any registration of transfer, but payment of a sum sufficient to cover any tax or governmental charge payable in connection with that registration may be required.

Concerning our Relationship with the Trustee

Wells Fargo Bank, National Association is an agent of our revolving credit facility and also a lender under our revolving credit facility.

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

The Registrant's principal subsidiaries are listed below. In addition, the Registrant has approximately 252 subsidiaries that are not required to be listed pursuant to SEC rules.

Name	Location of Formation
PS LPT Properties Investors................................	Maryland

The Registrant directly or indirectly owns 100% of the subsidiaries listed above.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement on Form S-3ASR (No. 333-231510) and related prospectus,

(2) Registration Statement on Form S-8 (No. 333-210937) and related prospectus of Public Storage for the registration of common shares of beneficial interest pertaining to the Public Storage 2016 Equity and Performance-Based Incentive Compensation Plan,

(3) Registration Statement on Form S-8 (No. 333-195646) and related prospectus of Public Storage for the registration of common shares of beneficial interest pertaining to the Public Storage 2007 Equity and Performance-Based Incentive Compensation Plan as Amended, and

(4) Registration Statement on Form S-8 (No.333-144907) and related prospectus of Public Storage for the registration of common shares of beneficial interest pertaining to the Public Storage 2007 Equity and Performance-Based Incentive Compensation Plan;

of our reports dated February 25, 2020, with respect to the consolidated financial statements and schedule of Public Storage and the effectiveness of internal control over financial reporting of Public Storage included in this Annual Report (Form 10-K) of Public Storage for the year ended December 31, 2019.

/s/ ERNST & YOUNG LLP

February 25, 2020
Los Angeles, California

RULE 13A – 14(a) CERTIFICATION

I, Joseph D. Russell, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K of Public Storage;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Joseph D. Russell, Jr.
Name: Joseph D. Russell, Jr.
Title: Chief Executive Officer and President
Date: February 25, 2020

RULE 13A – 14(a) CERTIFICATION

I, H. Thomas Boyle, certify that:

1. I have reviewed this Annual Report on Form 10-K of Public Storage;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ H. Thomas Boyle
Name: H. Thomas Boyle
Title: Chief Financial Officer
Date: February 25, 2020

SECTION 1350 CERTIFICATION

In connection with the Annual Report on Form 10-K of Public Storage (the "Company") for the year ended December 31, 2019, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), Joseph D. Russell, Jr., as Chief Executive Officer and President of the Company and H. Thomas Boyle, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph D. Russell, Jr.
Name: Joseph D. Russell, Jr.
Title: Chief Executive Officer and President
Date: February 25, 2020

/s/ H. Thomas Boyle
Name: H. Thomas Boyle
Title: Chief Financial Officer
Date: February 25, 2020

This certification accompanies the Report pursuant to §906 of Sarbanes-Oxley and shall not, except to the extent required by Sarbanes-Oxley, be deemed filed by the Company for purposes of §18 of the Exchange Act.

A signed original of this written statement required by §906 of Sarbanes-Oxley has been provided to the Company, and will be retained and furnished to the SEC or its staff upon request.