
Section 1: 11-K (11-K)

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

FORM 11-K

Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2018

OR

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

For the transition period from _____ to _____.

Commission File Number: 001-33519

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PS 401(k) PROFIT SHARING PLAN
701 Western Avenue
Glendale, CA 91201-2349

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC STORAGE
701 Western Avenue
Glendale, CA 91201-2349

PS 401(k) PROFIT SHARING PLAN

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE

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Report of Independent Registered Public Accounting Firm

To the Plan Participants and the Administrative Committee, as the Plan Administrator, of PS 401(k) Profit Sharing Plan

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of PS 401(k) Profit Sharing Plan (the Plan) as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2018 and 2017, and the changes in its net assets available for benefits for the year ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan 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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion.

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 included 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.

Supplemental Schedule

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2018, has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

We have served as the Plan's auditor since 2006.

Los Angeles, California
June 13, 2019

PS 401(k) PROFIT SHARING PLAN

STATEMENTS OF NET ASSETS AVAILABLE
FOR BENEFITS

	At December 31,	
	2018	2017
ASSETS		
Investments at fair value	\$ 142,812,804	\$ 149,240,757
Receivables:		
Participant contributions	121,294	108,689
Employer contributions	154,302	125,602
Due from broker	60,522	41,691
Total receivables	<u>336,118</u>	<u>275,982</u>
Total assets	143,148,922	149,516,739
LIABILITIES		
Due to broker	<u>39,130</u>	<u>75,773</u>
Total liabilities	<u>39,130</u>	<u>75,773</u>
Net assets available for benefits	<u>\$ 143,109,792</u>	<u>\$ 149,440,966</u>

See accompanying notes.

PS 401(k) PROFIT SHARING PLAN
STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS

For the Year Ended December 31, 2018

Investment income (loss):	
Net depreciation in fair value of investments	\$ (9,712,332)
Interest and dividends	2,328,191
	<u>(7,384,141)</u>
Contributions:	
Participant	7,433,999
Participant rollovers	1,243,313
Employer	3,505,318
	<u>12,182,630</u>
Benefits paid to participants	(11,057,734)
Administrative expenses	<u>(71,929)</u>
Decrease in net assets available for benefits	(6,331,174)
Net assets available for benefits - beginning of the year	<u>149,440,966</u>
Net assets available for benefits - end of the year	<u>\$ 143,109,792</u>

See accompanying notes.

1. Description of the Plan

General

The PS 401(k) Profit Sharing Plan (the “Plan”) encompasses Public Storage, PS Business Parks, Inc. and certain of their majority owned subsidiaries (collectively, the “Company”). The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

The Plan is a defined contribution plan available for the benefit of all permanent employees of the Company who have completed at least 30 days of service and are at least 21 years of age. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Although it has not expressed the intention to do so, the Company has the right to terminate the Plan subject to ERISA provisions. The Plan allows interim allocations of Company contributions and earnings or losses of trust fund assets among participants.

The Company appoints a committee (the “Plan Administrator”) to administer the Plan. At December 31, 2018, the Plan Administrator is comprised of six officers of the Company with Wells Fargo Bank acting as Trustee (the “Trustee”). Wells Fargo Bank has custody of the Plan’s investments under a non-discretionary trust agreement with the Plan.

Other significant provisions of the Plan are as follows:

Contributions

Employee contributions to the Plan (voluntary contributions) are deferrals of the employee’s compensation made through a direct reduction of compensation in payroll during the year. During 2018, each eligible participant could elect a pretax contribution rate from 1% to 100% of their compensation, as defined in the Plan document, subject to the maximum annual elective deferral amount set by the Internal Revenue Code (the “Code”). Participants may also contribute rollover amounts representing distributions from other qualified benefit or defined contribution plans.

The Company contributes one dollar (\$1.00) for each dollar deferred by a participant up to three percent (3%) of compensation, as defined and subject to certain limitations as described in the Plan document. The Company also contributes an additional fifty cents (\$0.50) for each dollar that each participant defers in excess of three percent (3%) of compensation up to five percent (5%) of compensation. The Company’s aggregate contributions are limited to four percent (4%) of compensation, as defined and subject to certain limitations as described in the Plan document. Additional amounts, including profit sharing contributions, may be contributed at the discretion of the Company. No such additional contributions were made in 2018.

Vesting

Employee deferrals and the Company’s safe harbor matching contribution are 100% vested and non-forfeitable.

Investment Options

Upon enrollment in the Plan, a participant may direct their contributions and holdings in various investment options.

Prior to December 19, 2005, participants had the option to direct contributions to the Company’s securities. Effective December 19, 2005, participants no longer had that option. Existing holdings of

PS 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

the Company's securities on December 19, 2005, were either held or transferred to other Plan investment alternatives at the option of each participant. Participants with individually directed accounts remain able to acquire and dispose of the Company's securities at their discretion. See Note 5 for disclosure of the remaining holdings in the Company's securities.

The Plan's investment options include the Wells Fargo Stable Return Fund N and the WF/BlackRock S&P 500 Index CIT N which are common/collective trust funds. The Wells Fargo Stable Return Fund N seeks to provide a moderate level of stable income without principal volatility, while seeking to maintain adequate liquidity and returns superior to shorter maturity investments. It invests in a variety of investment contracts and instruments issued by selected high-quality insurance companies and financial institutions. Participant-directed redemptions have no restrictions; however, the Plan is required to provide a one-year redemption notice to liquidate its entire share in the fund. The WF/BlackRock S&P 500 Index CIT N is an index fund that invests in the equity securities of companies that comprise the S&P 500 Index (the "Index") and seeks to approximate as closely as practicable the total return, before deduction of fees and expenses, of the Index. The WF/BlackRock S&P 500 Index CIT N has no redemption restrictions. See "Investment Valuation and Income Recognition" in Note 2 below for further information regarding common collective trusts.

The Individually Directed Account is considered a self-directed brokerage account which allows participants access to a broader range of investment choices than that which is offered through the Plan's menu. Participants with Individually Directed Accounts remain able to acquire and dispose of the Company's securities at their discretion. At December 31, 2018, the Individually Directed Accounts were primarily invested in money market funds and common equity securities of publicly-traded companies, including those of the Company.

Distributions from the Plan

Distributions of each participant's vested account balance upon severance or death are made in a single lump sum payment; however, upon severance if the participant's vested account balance exceeds \$5,000, payment may be deferred at the election of the participant until April 1st of the calendar year in which the participant reaches 70 ½ years of age.

Additionally, the Plan provides for hardship distributions (as defined).

Forfeited Accounts

Forfeitures of profit sharing contributions may be used (i) as a non-elective allocation to all eligible Plan participants, (ii) to reduce the Company's safe harbor matching contribution or (iii) to reduce Plan expenses in the current Plan year or within one year following the end of the current Plan year. During 2018 and as of December 31, 2018, there were no remaining non-vested forfeited amounts in the Plan.

2. Summary of Significant Accounting Principles

Basis of Accounting

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting and are in conformity with U.S. generally accepted accounting principles.

PS 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (“IRS”) dated February 9, 2016, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to the issuance of the determination letter, the Plan has been amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator has indicated that it will take the necessary steps, if any, to bring the Plan’s operations into compliance with the Code.

U.S. generally accepted accounting principles require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2018, there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions. There are currently no audits for any tax periods in progress.

Investment Valuation and Income Recognition

Plan participants’ investments in Company equity securities, mutual funds, and the self-directed brokerage account investments are recorded at fair value as determined by the quoted market price on the last business day of the plan year. Common collective trusts are recorded at fair value based on the net asset value of the investment reported by the Trustee.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the payment date.

Recent Accounting Pronouncements and Guidance

In July 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-09, *Codification Improvements*, which, among other things, amends an illustrative example of a fair value hierarchy disclosure to indicate that a certain type of investment should not always be considered to be eligible to use the net asset value per share practical expedient. Also, it further clarifies that an entity should evaluate whether a readily determinable fair value exists or whether its investments qualify for the net asset value per share practical expedient in accordance with Accounting Standards Codification (“ASC”) 820, *Fair Value Measurement*. The guidance is effective for fiscal years beginning after December 15, 2018. Earlier application is permitted with the guidance applied prospectively. The Plan Administrator is evaluating the impact of the adoption of this ASU on the Plan’s financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU modifies the disclosure requirements of fair value measurements in ASC 820. The ASU is effective for all reporting periods beginning after December 15, 2019, with early adoption permitted. An entity may elect to early adopt any removed or modified disclosures upon issuance of this Update and delay the adoption of the additional disclosures until the effective date. The Plan Administrator is evaluating the impact of the adoption of this ASU on the Plan’s financial statements.

PS 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

3. Fair Value Measurements

ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Valuation is based on quoted prices in active markets for identical securities.

Level 2 – Valuation is based upon other significant observable inputs.

Level 3 – Valuation is based upon significant unobservable inputs (i.e., supported by little or no market activity). Level 3 inputs include the Company’s own assumption about the assumptions that market participants would use in pricing the securities (including assumptions about risk).

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

The following table sets forth, within the fair value hierarchy, the Plan’s investments carried at fair value as of December 31, 2018 and 2017:

	Hierarchy Level	December 31,	
		2018	2017
Investments:			
Company common and preferred stock	Level 1	\$ 16,824,416	\$ 18,640,845
Mutual funds	Level 1	94,412,263	100,308,156
Self-directed brokerage accounts	Level 1	6,724,227	6,893,823
		<u>117,960,906</u>	<u>125,842,824</u>
Common/collective trusts:			
Wells Fargo Stable Return Fund N	Not applicable	12,596,343	9,879,424
WF/BlackRock S&P 500 Index CIT N	Not applicable	12,255,555	13,518,509
Total investments		<u>\$ 142,812,804</u>	<u>\$ 149,240,757</u>

4. Administration Fees

For the year ended December 31, 2018, the Plan paid to the Trustee a portion of the annual participant fee per eligible participant and certain transaction related expenses incurred for the administration of the Plan, totaling \$71,929. The Company directly paid for all other Trustee fees and all other expenses related to the Plan, totaling \$221,322 for the year ended December 31, 2018.

5. Parties-In-Interest Transactions

The Company is the Plan sponsor as defined by the Plan document. As described more fully under “Investment Options” in Note 1, while participants no longer have the option of directing contributions to the Company’s securities, participants can continue to hold such investments and participants with

PS 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

individually directed accounts remain able to acquire and dispose of the Company's securities at their discretion. Plan participants held the following shares in the Company's securities:

	At December 31, 2018		At December 31, 2017	
	Shares	Fair value	Shares	Fair value
Public Storage common shares	75,898	\$ 15,362,548	82,544	\$ 17,251,696
Public Storage preferred shares	8,859	196,015	6,926	177,527
PS Business Parks, Inc. common stock	9,663	1,265,853	9,686	1,211,622
		\$ 16,824,416		\$ 18,640,845

At December 31, 2018 and 2017, Plan participants held \$12,596,343 and \$9,879,424, respectively, in the Wells Fargo Stable Return Fund N, a common/collective trust fund offered by the Plan's Trustee. At December 31, 2018 and 2017, Plan participants held \$441,152 and \$544,686, respectively, in the Wells Fargo Short Term Investment Fund S, a money market fund offered by the Plan's Trustee. The WF/BlackRock S&P 500 Index CIT N is an index fund offered by the Plan's Trustee. At December 31, 2018 and 2017, Plan participants held \$12,255,555 and \$13,518,509, respectively, in this investment selection.

6. Risks and Uncertainties

The Plan provides for investment in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near or long term and that such changes could materially affect participants' account balances and the amounts reported in the financial statements.

7. Concentrations

Investments in the Company's securities comprised approximately 12% of the Plan's total investments as of December 31, 2018 and 2017.

SUPPLEMENTAL INFORMATION

SCHEDULE I

PS 401(k) PROFIT SHARING PLAN
SCHEDULE H, LINE 4i –
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2018

Employer Identification Number: 95-3551121

Plan Number: 001

(a)	(b)	(c)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value		Current Value
* Wells Fargo		Wells Fargo Stable Return Fund N	\$ 12,596,343
* Wells Fargo		Wells Fargo Short Term Investment Fund S	441,152
* Wells Fargo		WF/BlackRock S&P 500 Index CIT N	12,255,555
Eagle Funds		Carillon Eagle Mid Cap Growth Fund/R6	3,231,477
Dodge & Cox Funds		Dodge & Cox International Stock Fund	3,711,874
American Funds		EuroPacific Growth Fund/R6	2,834,377
Fidelity Investments		Fidelity Contrafund	4,853,408
Fidelity Investments		Fidelity Low Price Stock Fund	2,768,980
Harbor Funds		Harbor Capital Appreciation Retirement	15,997,572
The Oakmark Funds		Equity & Income I Fund	25,844,719
The Oakmark Funds		Select I Fund	1,183,136
MetWest Funds		Metropolitan West Total Return Bond Fund	3,533,527
JP Morgan Funds		JP Morgan Value Advantage Fund - R6	2,762,156
T. Rowe Price		T. Rowe Price Real Estate I Fund	3,022,832
The Vanguard Group Mutual Funds		Explorer Admiral Fund	5,597,873
The Vanguard Group Mutual Funds		Short Term Federal Admiral Fund	2,689,084
The Vanguard Group Mutual Funds		Windsor II Admiral Fund	7,649,337
The Vanguard Group Mutual Funds		Total Bond Market Index Admiral Fund	2,192,334
The Vanguard Group Mutual Funds		Mid-Cap Index Admiral Fund	3,466,997
The Vanguard Group Mutual Funds		Small-Cap Index Admiral Fund	1,970,996
The Vanguard Group Mutual Funds		Total International Stock Market Admiral Fund	660,432
* Public Storage		Company common shares	15,362,548
* Public Storage		Company preferred shares	196,015
* PS Business Parks, Inc.		Company common stock	1,265,853
Individually directed accounts		Various investment securities	6,724,227
Total			<u>\$ 142,812,804</u>

* Indicates a party-in-interest of the Plan.

Note: As all Plan investments are participant directed, column (d) providing certain participant-directed transaction cost information is not applicable and has been omitted.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

PS 401(k) PROFIT SHARING PLAN

Date: June 13, 2019

By: /s/ Natalia Johnson
Natalia Johnson
Chairman, Administrative Committee

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
23	Consent of Independent Registered Public Accounting Firm. Filed herewith.

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Section 2: EX-23 (EX-23)

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Post-effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 (No. 333-141448) for the registration of common shares of beneficial interest pertaining to PS 401(k) Profit Sharing Plan of Public Storage of our report dated June 13, 2019, with respect to the financial statements and schedule of PS 401(k) Profit Sharing Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2018.

/s/ Ernst & Young LLP

Los Angeles, California
June 13, 2019

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