

Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

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. ” Risks Related to Our Properties and Our Business Natural disasters, terrorist attacks, civil unrest, or other events that could damage or otherwise disrupt our ability to operate our facilities could adversely impact our business and financial results. Natural disasters, such as earthquakes, fires, hurricanes, and floods, terrorist attacks, civil unrest, and other events that damage our facilities or our customers’ property, or that make our facilities temporarily unavailable, have in the past and may in the future adversely impact our business and financial results. 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 14-15 to our December 31, 2022-2023 consolidated financial statements for a description of the risks of losses that are not covered by third- party insurance contracts. **Our exposure to these types of events is increased by potential tenant claims associated with our tenant reinsurance business.** In addition, customer perceptions about the risk of property loss from these events could negatively impact self- storage demand. We are subject to risks from the consequences of climate change, including severe weather events, as well as the transition to a low- carbon economy and other steps taken to prevent or mitigate climate change. Our self- storage facilities are located in areas that may be subject to the direct impacts of climate change, such as increased destructive weather events like floods, fires, and drought, **and prolonged periods of extreme temperature or other extreme weather**, which could result in significant damage to our facilities, increased capital expenditures, increased expenses, reduced revenues, or reduced demand for our facilities. Indirect impacts of climate change could also adversely impact our business, including through increased costs, such as insurance costs or regulatory compliance costs. In addition, the ongoing transition to a low- carbon economy presents certain risks for us and our customers, including stranded assets, increased costs, lower profitability, lower property values, lower household wealth, and macroeconomic risks related to high energy costs and energy shortages, among other things. ~~Consistent with our commitment to sustainability in our business operations, we have undertaken a number of initiatives to reduce emissions and energy consumption, water usage, and waste, including through our Property of Tomorrow program, pursuant to which we are upgrading all of our older properties by the end of 2025, which has already resulted in investment of approximately \$ 370 million in improvements through December 31, 2022. In addition, we have made investments in LED lighting and the installation of solar panels of approximately \$ 100 million since 2021 through December 31, 2022.~~ Governmental, political, and societal pressures, including expectations of institutional and activist investors and other interest groups, could require us to accelerate our initiatives and, with it, the costs of their implementation. These same potential governmental, political, and social ~~pressure~~ **pressures** could in the future result in (i) costly changes to newly developed facilities or retrofits of our existing facilities to reduce carbon emissions through multiple avenues, including changes to insulation, space configuration, lighting, heating, and air conditioning, (ii) increased energy costs as a result of transitioning to less carbon- intensive, but more expensive, sources of energy to operate our facilities, and (iii) 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. **For example, beginning in 2026, we expect to be required to disclose our Scope 1, 2, and 3 emissions data and certain climate- related risk matters under California SB 253 and SB 261, which we expect to result in increased compliance costs.** In addition, our reputation and investor relationships could be damaged as a result of our involvement with activities perceived to be causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change. Operating costs, including property taxes, could increase. We could be subject to increases in property or other taxes, repair and maintenance costs, payroll, utility costs, insurance premiums, 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, supply chain disruptions, and changes to governmental safety and real estate use limitations and other governmental actions. Our property tax expense, which totaled approximately \$ ~~386-413~~ **72** million during the year ended December 31, ~~2022-2023~~, 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 change 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 and self- storage operating companies in the past, and we expect to continue to do so in the future. We face significant competition for suitable acquisition properties and companies from other real estate investors, including operating companies and private equity funds. As a result, we may be unable to acquire the companies or additional properties we desire or the purchase price for desirable companies or properties may be significantly increased. Failures or unexpected circumstances in integrating facilities or companies that we acquire, 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. ~~On February 5, 2023, we disclosed that we have made a proposal to acquire all of the outstanding shares and units of Life Storage for consideration consisting of our common shares. Our public offer followed prior rebuffs by Life Storage of our attempts to negotiate privately, and on February 16, 2023, Life Storage announced it had rejected the offer. While we currently intend to engage in discussions with Life Storage, there can be no assurance that Life Storage will engage with us regarding our proposal or that we and Life Storage will agree to an acquisition transaction. Additionally, Life Storage can avail itself of various takeover defenses, including the ability unilaterally to classify its board of trustees under the Maryland Unsolicited Takeover Act (MUTA). Even if we reach an agreement with Life Storage, there can be no assurance that the conditions to closing such transaction would be satisfied in a timely manner or at all. Further, if a transaction is consummated, there can be no assurance that we will realize the benefits we hope to achieve through the transaction, and the complexities of combining the two companies may result in unknown liabilities and unforeseen increased expenses. If a transaction is not consummated, we nevertheless may incur significant costs associated with our pursuit of the transaction.~~ Our development program subjects us to risks. At December 31, ~~2022~~ **2023**, we had a pipeline of development projects totaling \$ ~~979.766~~ **6.2** 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** **, or inability to complete development projects** due to changes in or failure to meet government or regulatory requirements, failure of revenue to meet our underwriting estimates, delays caused by 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. Significant competition from self- storage operators, property developers, and other storage alternatives may adversely impact our ability to attract and retain customers and may negatively impact our ability to generate revenue. Competition in the local market areas in which many of our properties are located is significant and affects our occupancy levels, rental rates, and operating expenses. There is also an increasing influx of capital from outside financing sources driving more money, development, and supply into the industry. Development of self- storage facilities may increase, which may intensify competition as newly developed facilities are opened. Development of self- storage facilities by other operators could increase, due to increases in availability of funds for investment or other reasons, and further intensify competition. Demand for self- storage facilities may be affected by customer perceptions and factors outside of our control. Significantly lower logistics costs could introduce new competitors, such as valet- style storage services, which may reduce the demand for traditional self- storage. Customer preferences and / or needs for self- storage could change, decline, or shift to other product types, thereby impacting our business model and ability to grow and / or generate revenues. Shifts in population and demographics could cause the geographical distribution of our portfolio to be suboptimal and affect our ability to maintain occupancy and attract new customers. Security incidents could result in the perception that our properties are not safe. If our customers do not feel our properties are safe, they may select competitors for their self- storage needs, or if there is an industry perception of inadequate security generally, customer use of self- storage could be negatively impacted. Our newly developed and expanded facilities, and facilities that we manage for third party owners, may negatively impact the revenues of our ~~existing~~ **legacy** 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 near 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 near 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 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 I 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 at any of our properties 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. **Recent significant increases in interest rates could adversely impact us and our tenants. In response to**

high inflation, the Federal Reserve has significantly increased the benchmark federal funds rate since early 2022. These actions have significantly increased interest rates. As a result, if we issued new debt or preferred shares or refinanced our indebtedness, our debt service costs or preferred share dividend yields would be, based on current interest rates, significantly higher than current financing costs. These interest rate increases have also adversely impacted the relative attractiveness of the dividend yield on our common shares. Increases in our cost of capital impact our assessment of the yields we consider appropriate to support pursuing property acquisition and development opportunities and thus can impact our external growth prospects. The degree and pace of these changes have had and may continue to have adverse macroeconomic effects that have and may continue to have adverse impacts on our tenants, including as a result of economic recession, increased unemployment, and increased financing costs. For more information on interest rate risk, see Part II, “Item 7A. Quantitative and Qualitative Disclosures About Market Risk”.

Economic conditions can adversely affect our business, financial condition, growth, and access to capital. Economic downturns or adverse economic or industry conditions, including those related to high levels of inflation, could adversely impact our financial results, 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 self-storage space in each of the markets in which we operate. Our ability to raise capital on attractive terms to fund our activities may be adversely affected by challenging market conditions, including high interest rates resulting from government efforts to manage inflation. 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 \$ 275-390.8-2 million book value and a \$ 1.4-7 billion market value (based upon the closing trading price of Shurgard’s common stock) at December 31, 2022-2023. We recognized \$ 26-27.4-9 million in equity in earnings and received \$ 37-39.8-0 million in dividends in 2022-2023 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 in which Shurgard operates, which may adversely impact our business and financial results, and 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, and value added and employment tax. These laws and regulations can be difficult to apply or interpret, 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, and, 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 shares.
- Risks of collective bargaining: 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, and 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 separately, or it could take actions that we do not agree with. Public health and other crises, such as the COVID-19 Pandemic, have adversely impacted, and may in the future adversely impact, our business. Our business is subject to risks from public health and other crises like the COVID-19 Pandemic pandemic, including, among others: • risk of illness or death of our employees or customers; • negative impacts on economic conditions in our markets, which may reduce the demand for self-storage; • risk that there could be an out-migration of population from certain high-cost major markets where we operate; • government restrictions that (i) limit or prevent use of our facilities, (ii) limit our ability to increase rent or otherwise limit the rent we can charge, (iii) limit our ability to collect rent or evict delinquent tenants, or (iv) limit our ability to complete development and redevelopment projects; • risk that we could experience a change in the move-out patterns of our long-term customers due to economic uncertainty and increases in unemployment, which could lead to lower occupancies and rent “roll down” as long-term customers are replaced with new customers at lower rates; and • risk of negative impacts on the cost and availability of debt and equity capital, which could have a material impact upon our capital and growth plans. We have been and may in the future be adversely impacted by emergency regulations adopted in response to significant events, such as natural disasters or public health crises, that could adversely impact our operations. In response to significant events, local, state, and federal governments have and may in the future adopt regulations that could impact our operations. For example, in response to wildfires in 2018 and 2019 and floods in 2023, the State of California and some localities in California adopted temporary regulations that imposed certain limits on the rents we could charge at certain of our facilities and the extent to which we could

increase rents to existing tenants. Similarly, in response to the COVID-19 ~~Pandemic~~ **pandemic**, certain localities adopted restrictions on the use of certain of our facilities, limited our ability to increase rents, limited our ability to collect rent or evict delinquent tenants, and limited our ability to complete development and redevelopment projects. Similar restrictions could be imposed in the future in response to significant events and these restrictions could adversely impact our operations. Our marketing and pricing strategies may fail to be effective or may be constrained by factors outside of our control. Marketing initiatives, including our increasing dependence on Google to source customers, may fail to be effective and could negatively impact financial performance. Approximately 65 % of our new storage customers in ~~2022~~ **2023** 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. In addition, the inability to utilize our pricing methodology due to regulatory or market constraints could also significantly impact our financial results. 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 approximately ~~5-6, 900-200~~ employees and ~~1. 8-9~~ million customers, and we conduct business at facilities in 40 states. As a result, we are subject to the risk of legal claims and proceedings (including class actions) and regulatory enforcement actions across many jurisdictions 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 and 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 that 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 any available insurance coverage. Any such legal claims, proceedings, and regulatory enforcement actions 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. Our **use of or failure to modernize and adopt advancements in information technology may hinder or prevent us from achieving strategic objectives or otherwise harm our business**. Our **use of or inability to adapt/adopt and deliver new technological capabilities and enhancements in time-line with strategic objectives, including artificial intelligence and machine learning, may put us at a competitive disadvantage; cause us to miss opportunities to innovate, achieve efficiencies, or improve the customer experience; or adversely impact our business, reputation, results of operations, and financial condition. Legislative activity in the privacy area may also result in new laws that are applicable to us and that may hinder our business, including by restricting our use of customer data or otherwise regulating the use of algorithms and automated processing in ways that could materially affect our business or lead to significant increases in the cost of compliance. In addition, the use of emerging technologies entails risks including risks relating to the possibility of intellectual property infringement or misappropriation; data privacy; new or enhanced governmental or regulatory scrutiny, requirements may cause, litigation, or the other organization liability; ethical concerns; negative consumer perceptions as to miss market competitive timing, first mover position, automation and artificial intelligence; or other complications or liabilities that could adversely affect or our business, reputation, results of operations, to suffer material loss due to failed technology choices or implementation financial results**. The failure or disruption of our computer and communications systems, on which we are heavily dependent, 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~~ **system, network, internet** and telecommunications failures, hackers, including through a ransomware attack, computer worms, viruses, and other destructive or disruptive ~~security~~ **cybersecurity breaches incidents**, 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~~ **cybersecurity incident** that resulted in fraudulent payments or other cash transactions. ~~Our~~ **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. While we may be entitled to damages if our third-party providers fail to satisfy their security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award.** If our confidential information is compromised or corrupted, including as a result of a ~~cybersecurity breach incident~~ **breach incident**, our reputation and business relationships could be damaged ~~and~~ **, which could adversely affect our financial condition and operating results could be adversely affected**. 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 ~~face~~ **have experienced security cybersecurity breaches due to threats, including system, network, or Internet failures; cyberattacks, ransomware, and additional breaches could occur in**

the other future **malware; social engineering; and phishing schemes**. 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 **cybersecurity incident, including those impacting personal information**, could result in serious and harmful consequences for us or our tenants **customers**. **A cybersecurity incident could also interfere with our ability to comply with financial reporting requirements. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and threats, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program**. Our confidential information may also be compromised due to programming or human error, **negligence, or malfeasance**. **We must continually evaluate and adapt our or systems fraud. Although we and processes our third- party service providers make efforts to address maintain the security evolving threat landscape, and therefore integrity of our information, including the implementation of security measures, required employee awareness training, and the existence of a disaster recovery plan**, there is no guarantee that they will be adequate to safeguard against all **data security cybersecurity breaches incidents** 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 requirements** 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 **to 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, or result in remedial and other costs, fines, or lawsuits, which could **exceed be in excess of** any available insurance that we have procured. **We have identified and expect to continue to identify cyberattacks and cybersecurity incidents on our systems and those of third parties, but none of the cyberattacks and incidents we have identified to date has had a material impact on our business or operations. While we have purchased cybersecurity insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses. Moreover, as cyberattacks increase in frequency and magnitude, we may be unable to obtain cybersecurity insurance in amounts and on terms we view as adequate for our operations. Further information relating to cybersecurity risk management is discussed in Item 1C. "Cybersecurity" in this report**. Ineffective succession planning for our CEO and executive management, as well as for our other key employees, may impact the execution of our strategic plan. We may not effectively or appropriately identify ready- now succession candidates for our CEO and executive management team, which may negatively impact our ability to meet key strategic goals. Failure to implement succession plans for other key employees may leave us vulnerable to retirements and turnover. We may fail to protect our intellectual property adequately. We maintain a portfolio of trademarks and trade dress that we believe are fundamental to the success of the Public Storage ® brand. While we actively seek to enforce and expand our rights, **failure to adequately protect our rights could lead to loss of such** trademark and trade dress **could be deemed generic and indistinct and lose** protection. We also own and seek to protect other intellectual property, such as proprietary systems, processes, data, and other trade secrets that we have collected and developed in the course of operating our business and that we believe provides us with various competitive advantages. Our protections could be inadequate or we could lose rights to our other intellectual property and trade secrets. Competitor use of our trademarks and trade names could lead to likelihood of confusion, tarnishment of our brand, and loss of legal protection for our marks. Risks Related to Our Ownership, Organization and Structure Takeover attempts or changes in control could be thwarted, even if beneficial to shareholders. In certain circumstances, shareholders might desire a change in 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, 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. • 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 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. Holders of our preferred shares have dividend, liquidation, and other rights that are senior to the rights of the holders of our common shares. Holders of our preferred shares are entitled to cumulative dividends before any dividends may be declared or set aside on our common shares. 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. **Public Storage is a holding company with no direct operations, and it relies on funds received from PSA OP and PSOC to pay its obligations and make distributions to shareholders. Public Storage is a holding company with no direct operations. All of Public Storage's property ownership, development, and related business operations are conducted through PSOC (which is wholly-owned by PSA OP) and Public Storage has no material assets or liabilities other than its investment in PSA OP. As a result, Public Storage relies on distributions from PSA OP, which in turn relies on distributions from PSOC, to make common and preferred share dividend payments. Although Public Storage currently wholly-owns (directly or indirectly) PSA OP and PSOC, and therefore exercises exclusive control over PSA OP and PSOC, including the authority to cause PSA OP and PSOC to make distributions, in connection with our future acquisition activities or otherwise, PSA OP may issue additional units of limited partnership to third parties, and these limited partners may negotiate for certain rights. In addition, because Public Storage is a holding company, shareholder claims are structurally subordinated to all existing and future liabilities of PSA OP and PSOC and their subsidiaries. Therefore, in the event of a bankruptcy, insolvency, liquidation or reorganization of PSA OP or PSOC, or their subsidiaries, assets of PSA OP or PSOC or the applicable subsidiary will be available to satisfy any claims of our shareholders only after such liabilities and obligations have been satisfied in full. Holders of our Preferred Shares** 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 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.
- Holders of our Preferred Shares have limited rights in the event the Company ceases to pay dividends to shareholders, and have no rights with respect to a Company decision to discontinue listing the Preferred Shares on a national securities exchange or file reports with the SEC, including following a change of control transaction.

Risks Related to Government Regulations and Taxation We would incur adverse tax consequences if we failed to qualify as a REIT, and we would have to pay substantial U. S. federal corporate income taxes. REITs are subject to a range of complex organizational and operational requirements. A qualifying REIT does not generally incur U. S. federal corporate income tax on its "REIT taxable income" (generally, taxable income subject to specified adjustments, including a deduction for dividends paid and excluding net capital gain) that it distributes to its shareholders. Our REIT status is also dependent upon the REIT qualification of **PS Business Parks, Inc. ("PSB")** through the end of its taxable year ended December 31, 2022, as a result of our substantial ownership interest in it prior to the closing of the PSB merger with ~~and an~~ **an** unaffiliated third party. We believe we have qualified as a REIT and we intend to continue to maintain our REIT status. However, 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 declaration of trust that ~~do not necessarily~~ **may fail to** 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 U. S. federal corporate income tax on our taxable income, and generally we would not be allowed to elect REIT status until the fifth year after such a disqualification. In addition, for tax years beginning after December 31, 2022, we ~~would could possibly~~ also be subject to certain taxes enacted by the Inflation Reduction Act of 2022 that are applicable to non-REIT corporations, including the corporate alternative minimum tax and nondeductible one percent excise tax on certain stock repurchases. 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. Dividends payable by REITs do not qualify for the preferential tax rates available for some dividends. Dividends payable by REITs may be taxed at higher rates than dividends of non-REIT corporations. The maximum U. S. federal income tax rate for qualified dividends paid by domestic non-REIT corporations to U. S. stockholders that are individuals, trusts, or estates is generally 20%. Dividends paid by REITs to such stockholders are generally not eligible for that rate, but under current tax law, such stockholders may deduct up to 20% of ordinary dividends (i. e., dividends not designated as capital gain dividends or qualified dividend income) received from a REIT for taxable years beginning before January 1, 2026. Although this deduction reduces the effective tax rate applicable to certain dividends paid by REITs, such tax rate may still be higher than the tax rate applicable to regular corporate qualified dividends. This may cause investors to view REIT investments as less attractive than investments in non-REIT corporations, which in turn may adversely affect the value of the stock of REITs, including our stock. 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, but these changes might include, in particular, increases in the U. S. federal income tax rates that apply to us or our shareholders in certain circumstances, possibly with retroactive effect. We may pay some taxes, reducing cash available for shareholders. Even if we qualify as a REIT for U. S. federal corporate income tax purposes, we may be subject to some federal, foreign, state, and local taxes on our income and property. Certain consolidated corporate subsidiaries of the Company have elected to be treated as taxable REIT subsidiaries (“ TRSs ”) for U. S. federal corporate 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 TRSs 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.

If PSA OP were to fail to maintain its status as a partnership for U. S. federal income tax purposes, our financial results would be adversely impacted. We believe PSA OP qualifies as a partnership for U. S. federal income tax purposes. As a partnership, PSA OP is generally not subject to U. S. federal income tax on its income. Instead, each of the partners is allocated its share of PSA OP’ s income. There is no assurance, however, that the IRS will not challenge the status of PSA OP as a partnership for U. S. federal income tax purposes. If the IRS were to successfully challenge the status of PSA OP as a partnership, it would be taxable as a corporation. In such event, this would reduce the amount of distributions that PSA OP could make. The treatment of PSA OP as a corporation would also cause us to fail to qualify as a REIT. This would substantially reduce our cash available to pay distributions and the return on a shareholder’ s investment.

We have exposure to increased property tax in California. Approximately \$ ~~767-821~~ .2 million of our ~~2022-2023~~ net operating income is from our properties in California, and we incurred approximately \$ ~~47-49~~ .2-1 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 **estimated market** values. From time to time, proposals have been made to reduce the beneficial impact of Proposition 13, most recently in the November 2020 ballot. While this ballot initiative failed, there can be no assurance that future initiatives or other legislative actions will not eliminate or reduce the benefit of Proposition 13 with respect to our properties. If the beneficial effect of Proposition 13 were ended for our properties, our property tax expense could increase substantially, adversely affecting our cash flow from operations and net income. We are subject to new and changing legislation and regulations, including the California Privacy Rights Act (CPRA). We are subject to new and changing legislation and regulations, including the Americans with Disabilities Act of 1990 and legislation regarding property taxes, income taxes, REIT status, labor and employment, privacy, and lien sales at the city, county, state, and federal level, which could materially impact our business and operations. Failure to comply with applicable laws, regulations, and policies may subject us to increased litigation and regulatory actions and negatively affect our business and operations or reputation. On November 3, 2020, Californians passed a ballot measure that creates the California Privacy Rights Act (“ CPRA ”). The CPRA amends and expands the California Consumer Privacy Act (CCPA), which went into effect on January 1, 2020. The CPRA, which went into effect on January 1, 2023, provides new rights and amends existing rights found in the CCPA. It also creates a new privacy enforcement authority, the California Privacy Protection Agency (“ CalPPA ”). The CPRA grants the Attorney General and the CalPPA the authority to issue regulations on a wide range of topics. It therefore remains unclear what, if any, modifications will be made to the CPRA or how it will be interpreted. While we believe we have developed processes to comply with current privacy 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 enacted or are considering enacting privacy laws similar to those passed in California. Similar laws may be implemented in other jurisdictions in which we do business and in ways that may be more restrictive than those in California, 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-limited Lines-lines Self-self - Service-service Storage-storage Insurance~~ **insurance Agent-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-limited Lines-lines Self-self - Service-service Storage-storage Insurance-insurance Agent-agent~~ **insurance Agent-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, penalized, or subject to an adverse judgment, which could reduce our net income.