

Sustainability and Energy Efficiency Initiatives at Public Storage

Our corporate responsibility program is centered on saving money to benefit investors and doing the right thing for the environment.

With over 2,000 properties in 39 states in the U.S., Public Storage has consistently invested in initiatives that cut costs and reduce our consumption of resources while maintaining a top-notch customer experience. A primary area of focus is making investments that reduce the components of our various utility requirements (electricity, natural gas and water), and reduce our contribution to the nation's landfills.

Across our portfolio we are focused on employing these principles:

- Reduce energy consumption through the efficient use of lighting technologies.
- Reduce heating and air-conditioning expenses by tightly controlling temperatures and by replacing older equipment with energy efficient systems.
- Reduce water consumption with efficient plumbing devices and efficient irrigation systems as well as planting native-landscape species which require infrequent watering.
- Recycle and Reuse – Reducing the need to recycle, recycling when reductions are not possible and adaptively reusing existing buildings eliminates the resources required to create new materials and reduces the impact on landfills across the country.

Energy-Efficient Lighting

Our single largest utility expenditure is our cost of electricity, but unlike other commercial users, we have long embraced practices that minimize usage and we continue to invest in technologies that further reduce our minimal consumption. With over 2,000 properties, the greatest opportunity we have for significant energy savings lies in our policies and practices at the store level where we are pursuing the following initiatives:

- On demand usage – for years we have employed “on demand” controls to minimize electrical consumption when not needed. Older technologies included mechanical timers that shut off automatically when a set period of time has elapsed. While some of these still exist in our older facilities, as we build new facilities or upgrade existing properties, we install motion sensors and/or push button timers which are designed to provide lighting “just in time” to maximize energy efficiency and reduce waste. Now we can limit the light to the immediate area where it's needed, when it's needed.
- Many of our facilities were constructed with T12 magnetic ballast light systems which run on an old, inefficient technology, which we cannot continue to maintain as responsible users of energy. Over the past several years we have begun a replacement program to convert these properties to T8 fixtures that run on

electronic ballast which do a much better job of regulating the electricity. So far we've changed lighting at 575 properties and in 2013 we will proceed with the conversion of the remaining properties. At completion, we will have upgraded over 200,000 T12 fixtures with the more efficient T8 ballasts. Each light that's upgraded creates a reduction in energy consumption and conservatively, we estimate the annual savings when complete will amount to \$1.4 million a year in energy savings.

- In 2012 we began a program of replacing the lighting in our exterior signage with LED lighting systems. While the program is ongoing, the LED's in our double faced signs are approximately 40-45% more efficient than the fluorescent tubes and 55-65% more efficient in our wall signs. We anticipate annual savings from this energy reduction measure of approximately \$1.9 million.

Heating and Air Conditioning

Approximately half of our properties have some heating and air conditioning spaces available for rent. Ensuring that we maintain these conditions while minimizing the consumption of energy requires upfront investment and diligent management efforts. Our efforts over the past several years include:

- We heat our facilities to 50 degrees in the winter months and cool to 80 degrees in the summer months to reduce energy consumption. Furthermore current heat/air systems are being switched to programmable thermostats to control energy consumption with auto-adjusting temperature controls based on time of day.
- In 2012 we upgraded or standards to require that any HVAC equipment replacement was replaced with equipment rated 16 SEAR or greater, and although the initial up-front costs are greater, the energy savings projected will justify the investment.

Building Envelope

All of the investment in energy efficiencies wouldn't help us much if we didn't pay attention to what's holding it all in – the building envelope, or thermal barrier made up of walls, the roof and the foundation. Securing the building envelope by eliminating air leaks helps us avoid wasting energy used for heating and cooling. Furthermore, having a sound building envelope ensures that our facilities are protected against drafts, moisture and humidity.

Annually, we perform audits to check the integrity of the building envelope. Then, we make any necessary replacements or repairs to windows, doors, walls, and the foundation or roof. We also repair insulation and repair the seals around windows and doors.

In many of our re-roofing projects we are installing reflective roofing products that can reduce the overall building energy consumption by up to 40%. These white roofs or “cool roofs” improve insulation performance by reducing winter heat loss and summer heat gain. Furthermore such roofs decrease the effects of urban heat islands and related urban air pollution.

Water usage

For the size of our properties we have historically been very low consumers of water and even lower waste water generators. However – even at these very low levels, there are opportunities to reduce water consumption.

New and redeveloped facilities are being constructed with high efficiency plumbing devices to reduce our usage. Where allowed, we are planting native-landscape species which require infrequent watering and we are installing efficient irrigation systems as required.

Our properties also contain retention and detention ponds and other storm water run-off devices that reduce downstream flooding and erosion of stream banks. These systems also remove pollutants and trash, thus improving the overall clarity of the water prior to returning to the nearby storm systems, water tables or wetlands.

Recycle and Re-use

By actively pursuing “infill urban development”, we can contribute to the efforts of local communities to lower their carbon footprint. Our adaptive-reuse of existing buildings eliminates the amount of energy and resources required for new construction materials, and helps local cities reduce their unwanted supply of abandoned buildings. In 2010, we opened a new facility in Gardena California that was an underutilized warehouse / commercial facility that we redeveloped to LEED standards. We currently have additional developments under construction or in the planning stages that will adaptively re-use existing buildings in urban infill locations that will minimize the impact on landfills and provide new mechanical and design standards to support our goals of reducing the carbon foot print of these facilities once complete.

At our corporate and field offices, we have been working on a number of sustainability initiatives as well. Some of the more promising initiatives include:

- Streamlining internal processes and eliminated excess usage of printing, paper and supplies. For the supplies that we do need to use, we’re looking to source more recycled and environmentally responsible products.
- Since 2007, we have managed our capital spending programs on a paperless system whereby the budgeting, bidding, work order management system and vendor invoicing and payment is completely paperless. In 2012, we converted the field operations from a paper-based payables system to, a paperless solution for Repair and Maintenance. Finally, we have also centralized many of the

vendor invoicing processes to the corporate office so we could eliminate vendors sending invoices to individual properties.

- In 2012, we implemented an automated travel reservation and expense report filing system which created a paperless solution for travel requirements and expense report submittal and payment.
- We have automated ordering of office supplies, maintenance supplies, forms, banners, etc. through online vendor websites thereby eliminating paper form ordering.
- We currently email invoices and notify customers (where allowed by law) electronically to reduce paper, mail costs and delivery costs and have otherwise downsized our other customer communications from paper and envelopes to postcards wherever possible. By 2014, we hope to migrate to a paperless lease process that will further reduce our paper consumption
- By replacing older computers and monitors with hardware that meets ENERGY STAR® requirements, we continue to decrease our energy consumption on a daily basis. According to the U.S. Environmental Protection Agency and the U.S. Department of Energy, if all computers sold in the United States met the ENERGY STAR® requirements, the savings in energy costs would grow to more than \$2 billion each year and greenhouse gas emissions would be reduced by the equivalent of greenhouse gas emissions from close to 3 million vehicles!

More locations, more convenience...

Because Public Storage has more than 2,000 locations across the U.S., our customers are able to select storage solutions close to their home or office reducing the driving distances to visit their belongings. Furthermore, because of our focus on urban areas, many Public Storage customers take advantage of alternative transportation methods such as public transit, walking, cycling and carpooling instead of driving themselves to our facilities.

By utilizing these and other methods of sustainability, we believe our investment in the future ensures an elevated standard of living for our customers, as well as for future generations. The response to these changes has been extremely positive - customers and shareholders have embraced the measures, and we sustain them because they help the environment AND the health of our company.