

**PUBLIC STORAGE CANADIAN
PROPERTIES**

**2003
FIRST QUARTER REPORT**

Management's Discussion and Analysis of Financial Conditions and Results of Operations

Public Storage Canadian Properties ("PSCP" or the "Partnership") reported net income of \$1,940,000 for the three months ended March 31, 2003 compared to \$1,924,000 for the same period in 2002, a 0.8% improvement. Net income per Partnership Unit was \$0.40 for the three months ended March 31, 2003 and 2002. Net income improved over the same period last year due to a 1.4% increase in property operations compared to the same period last year.

The Partnership derives substantially all of its income from the ownership of sixteen self-storage facilities located in the provinces of Ontario and British Columbia. The increase in rental income for the three months ended March 31, 2003 compared to prior year reflects a 0.3% decrease in realized rental rate. Annualized realized rent per square foot for the three months ended March 31, 2003 was \$14.37 compared to \$14.42 for the same period in 2002. Realized rent per square foot represents the actual revenue earned per occupied foot. Average occupancy was 87.1% and 83.7% for the three months ended March 31, 2003 and 2002, respectively.

Cost of operations (including management fees) were approximately \$1,389,000 or 2.3% higher for the three months ended March 31, 2003 compared to the same period in 2002. This increase is primarily due to higher snow removal and utility costs at the facilities located in Toronto.

Cash flow from operations has been sufficient to cover all operating cash requirements including capital expenditures, debt service and distributions. In addition, the Partnership has a \$10 million revolving credit facility with a commercial bank. The credit facility bears interest at the Banker's Acceptance rate plus 0.875% and terminates November 8, 2004. The facility is for acquisitions and general corporate purposes.

Funds from operations and EBITDA

Funds from operations ("FFO") and EBITDA are supplementary performance measures for real estate companies. FFO is equal to net income (computed in accordance with GAAP) before minority interests plus depreciation and amortization less FFO attributable to minority interests and EBITDA is equal to earnings before interest, taxes, depreciation and amortization. Many investors and analysts consider FFO and EBITDA to be measures of the performance of real estate companies. FFO and EBITDA do not take into consideration scheduled principal payments on debt, capital improvements, distributions or other obligations of the Partnership. Accordingly, FFO and EBITDA are not substitutes for the Partnership's cash flow or net income as a measure of the Partnership's liquidity or operating performance or ability to pay distributions.

For the three months ended March 31, 2003 funds from operations for the Partnership and on a per Partnership Unit basis were \$2,403,000 and \$0.50 respectively, which compares to funds from operations for the Partnership and on a per Partnership Unit basis of \$2,376,000 and \$0.49 respectively for the three months ended March 31, 2002.

For the three months ended March 31, 2003 EBITDA for the Partnership and on a per Partnership Unit basis was \$2,393,000 and \$0.50 respectively, which compares to EBITDA for the Partnership and on a per Partnership Unit basis of \$2,369,000 and \$0.49 respectively for the three months ended March 31, 2002.

Distributions

PSCP distributed \$0.45 per unit on March 28, 2003 and has declared a distribution of \$0.45 per Partnership Unit to be paid on June 30, 2003 to Unitholders of record at the close of business on June 13, 2003.

Other matters:

Canadian Mini-Warehouse Properties Limited ("CMP"), the general partner of the Partnership, has begun to implement changes to enhance management's focus on the Partnership's business in Canada. In particular, CMP will be seeking to replace administrative services provided by Public Storage, Inc., a real estate investment trust operating under the "Public Storage" name in the United States, with equivalent services provided by individuals devoted entirely to the Canadian mini-warehouse business and specifically the 38 mini-warehouse facilities operating in Canada under the "Public Storage" name. The Partnership owns 16 facilities of these facilities while the remaining 22 facilities are owned by affiliates of the general partner and are located in four provinces in Canada.

In conjunction with this process, the general partner also announced that effective May 21, 2003, David P. Singelyn became the new President of the corporate general partner with a mandate to focus his activities exclusively on the "Public Storage" mini-warehouse business in Canada. Mr. Singelyn had been employed by Public Storage, Inc. for the past 14 years in various financial officer capacities and was currently its Vice President and Treasurer. In addition, for the past 6½ years, Mr. Singelyn has been employed on a part-time basis by the general partner and is currently serving as its Vice President and Chief Financial Officer. In addition, CMP announced that Mr. Singelyn and B. Wayne Hughes, Jr. will be replacing Harvey Lenkin and B. Wayne Hughes on its board.

These changes are expected to improve governance by enhancing the arm's length nature of the relationship between the "Public Storage" mini-warehouse operations conducted in Canada and the United States, respectively. In addition, the operations of the Partnership are expected to benefit from the devotion of exclusive management time and attention to the Canadian business. There will be no change to the management fee paid by the Partnership to the general partner and the Partnership will continue to operate under the "Public Storage" name and trademark in Canada while CMP remains the general partner. Further, the intended changes are not expected to impact the stability of the Partnership's current distribution levels.

Consolidated Balance Sheets

	March 31, 2003 (Unaudited)	December 31, 2002
Assets		
Cash and cash equivalents	\$ 2,536,000	\$ 2,646,000
Rent and other receivables	169,000	124,000
Real estate facilities:		
Buildings, equipment and land improvements	35,821,000	35,688,000
Land	12,986,000	12,986,000
	48,807,000	48,674,000
Less: accumulated depreciation	(21,357,000)	(20,894,000)
	27,450,000	27,780,000
Other assets	238,000	227,000
	\$ 30,393,000	\$ 30,777,000
Liabilities and Partners' Equity		
Accounts payable	\$ 192,000	\$ 345,000
Deferred revenue	393,000	394,000
Partners' equity, 4,993,731 units authorized; 4,821,430 units issued and outstanding	29,808,000	30,038,000
	29,808,000	30,038,000
Total partners' equity	\$ 30,393,000	\$ 30,777,000

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended March 31,	
	2003	2002
Revenue:		
Rental income	\$ 3,862,000	\$ 3,796,000
Other income	10,000	7,000
	<u>3,872,000</u>	<u>3,803,000</u>
Costs and expenses:		
Cost of operations	1,157,000	1,127,000
Management fees	232,000	231,000
Depreciation and amortization	463,000	452,000
Administrative	80,000	69,000
	<u>1,932,000</u>	<u>1,879,000</u>
Net income	<u>\$ 1,940,000</u>	<u>\$ 1,924,000</u>
Net income per partnership unit	<u>\$ 0.40</u>	<u>\$ 0.40</u>
Weighted average partnership units outstanding	<u>4,821,430</u>	<u>4,821,430</u>

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended	
	March 31,	
	2003	2002
Cash flows provided by operating activities:		
Net income	\$1,940,000	\$1,924,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	463,000	452,000
Increase in rent and other receivable	(45,000)	(187,000)
(Increase) decrease in other assets	(11,000)	16,000
Decrease in accounts payable	(153,000)	(249,000)
Increase in deferred revenue	(1,000)	11,000
Total adjustments	253,000	43,000
Net cash provided by operating activities	2,193,000	1,967,000
Cash flows from investing activities:		
Additions to real estate facilities	(133,000)	(9,000)
Net cash used in investing activities	(133,000)	(9,000)
Cash flows from financing activities:		
Distributions to partners	(2,170,000)	(1,928,000)
Net cash used in financing activities	(2,170,000)	(1,928,000)
Net (decrease) increase in cash and cash equivalents	(110,000)	30,000
Cash and cash equivalents, beginning of period	2,646,000	2,282,000
Cash and cash equivalents, end of period	\$2,536,000	\$2,312,000

Notes to Consolidated Financial Statements

(Unaudited)
March 31, 2003

1. These unaudited consolidated financial statements of Public Storage Canadian Properties (“PSCP” or the “Partnership”) should be read in conjunction with the Partnership’s financial statements and related notes for the year ended December 31, 2002.
 2. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting of only normal accruals, necessary to present fairly the Partnership’s financial position at March 31, 2003, the results of operations for the three months ended March 31, 2003 and 2002 and cash flows for the three months then ended.
 3. The results of operations for the three months ended March 31, 2003 are not necessarily indicative of the results to be expected for the full year.
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Public Storage Canadian Properties Partnership Highlights

	2002					2003
	Q1	Q2	Q3	Q4	Total	Q1
Operations						
Average occupancy	83.7%	88.7%	91.9%	89.3%	88.4%	87.1%
Annualized realized rental rates (1)	\$14.42	\$14.08	\$14.44	\$14.35	\$14.32	\$14.37
Rental income	\$3,796,000	\$3,879,000	\$4,096,000	\$3,980,000	\$15,751,000	\$3,862,000
Pct change from prior year	1.5%	-2.3%	-3.8%	2.5%	-0.5%	1.7%
Net income	\$1,924,000	\$2,024,000	\$2,249,000	\$2,213,000	\$8,465,000	\$1,940,000
Net income per Unit	\$0.40	\$0.42	\$0.47	\$0.46	\$1.76	\$0.40
Pct change from prior year	8.5%	-3.8%	-2.1%	-3.3%	16.7%	0.8%
Funds from Operations (FFO) (2)	\$2,376,000	\$2,485,000	\$2,709,000	\$2,673,000	\$10,199,000	\$2,403,000
FFO Per Unit	\$0.49	\$0.52	\$0.56	\$0.55	\$2.12	\$0.50
Pct change from prior year	7.7%	-2.2%	-1.4%	-1.1%	15.0%	1.1%
EBITDA (2)	\$2,369,000	\$2,476,000	\$2,699,000	\$2,660,000	\$10,089,000	\$2,393,000
EBITDA per Unit	\$0.49	\$0.51	\$0.56	\$0.55	\$2.09	\$0.50
Pct change from prior year	8.8%	-1.5%	-0.6%	-0.9%	14.4%	1.0%
Stock Price						
Close	\$20.00	\$19.55	\$20.00	\$20.25	\$17.60	\$20.06
High	21.85	21.99	21.25	21.50	18.55	20.50
Low	17.50	17.75	19.75	20.00	13.00	19.40
Distribution per Unit (3)	\$0.40	\$0.40	\$0.40	\$0.75	\$1.75	\$0.45

- (1) Realized rent per square foot represents the actual rental revenue earned per occupied square foot.
- (2) Funds From Operations ("FFO") and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") are supplementary performance measures for real estate companies. FFO is equal to net income (computed in accordance with generally accepted accounting principles) plus depreciation and amortization. EBITDA is equal to earnings before interest income, interest expense, taxes, depreciation and amortization. FFO and EBITDA do not take into consideration scheduled principal payments on debt, capital improvements, distributions or other obligations of the Partnership. Accordingly, FFO and EBITDA are not substitutes for the Partnership's cash flow or net income as a measure of the Partnership's liquidity or operating performance or its ability to pay distributions.
- (3) Distribution for the fourth quarter of 2002 consists of a regular distribution of \$0.45 and a special distribution of \$0.30.

Copies of the Partnership's financial statements, tax reporting information, press releases and other information can be obtained from either the Partnership's web site (www.publicstorage.ca) or from SEDAR's web site (www.sedar.com). Additionally, the above mentioned information can be obtained from the Partnership, provided the Partnership may require the payment of reasonable charges where such person is not a unitholder of the Partnership, by contacting the Partnership's Investor Communication Department.

Web site

www.publicstorage.ca

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