

**PUBLIC STORAGE
CANADIAN PROPERTIES**

**2005
SECOND QUARTER REPORT**

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

Dated August 12, 2005

Forward Looking Statements

This discussion of the consolidated financial condition and results of operations of Public Storage Canadian Properties ("PSCP" or the "Partnership") contains forward looking statements regarding, among other things, the Partnership's beliefs, plans, objectives, strategies, estimates, intentions and expectations, including as they relate to its operating and financial results, capital expenditures, distribution policy and the ability to execute on its operating, development and financing strategies. These forward looking statements are based on management's current expectations, estimates and assumptions about the markets the Partnership operates in, the Canadian economic environment, the Partnership's ability to attract and retain customers and to manage its mini-warehouse assets and operating costs. Forward-looking statements in this MD&A describe our expectations at August 12, 2005. Actual results or developments may differ materially from those contemplated by these statements depending on, among others, such factors as: the Hughes family, which beneficially owns approximately 50.9% of the issued and outstanding units of the Partnership and has a controlling voting interest, could control the Partnership; risks related to debt financing of property acquisitions and developments; the general risks of owning real estate, including lack of demand for rental spaces or units in a locale, changes in general economic or local conditions, changes in supply of or demand for similar or competing facilities in an area, the impact of environmental protection laws, changes in interest rates and availability of permanent mortgage funds which may render the sale or financing of a property difficult or unattractive, and changes in tax, real estate and zoning laws; competition from other self-storage facilities and other storage alternatives; potential environmental liability; litigation risk; development delays; increased property taxes and the accuracy of management's assumptions. This list is not exhaustive of the factors that may affect any of the Partnership's forward-looking statements. Investors and others should carefully consider these and other factors and not place undue reliance on these forward-looking statements. Further information regarding these and other factors is included in the Partnership's public filings with provincial securities regulatory authorities. The forward-looking statements contained in this discussion of the consolidated financial condition and results of operations of the Partnership represent the Partnership's views only as of the date hereof. While the Partnership anticipates that subsequent events and developments may cause the Partnership's views to change, the Partnership does not undertake to update any forward-looking statements.

"New" Facilities

In March 2005, the Partnership acquired an existing self-storage facility in the Harvest Hills community of Calgary, Alberta. The facility consists of one non-climate controlled one-storey building and one climate controlled two-storey building with approximately 73,000 net rentable square feet and 778 units.

In December 2003, the Partnership acquired a 2.1 acre property in the Cloverdale area of Surrey, British Columbia for development into a two-storey climate controlled building with approximately 65,000 net rentable square feet and 640 units. In April 2005, the Partnership completed the construction of this facility and opened for business.

These two facilities (herein referred to as "New" facilities") are the first additions to the Partnership's portfolio of properties since the Partnership and its predecessors were formed. Both of these facilities are managed by Canadian Mini-Warehouse Properties Limited ("CMP"), the manager of the Partnership's other properties, pursuant to a management agreement for a management fee equal to 6% of gross operating revenue of the property. The original sixteen facilities that have been owned and operated by the Partnership since its inception are referred to as the "Same Store" facilities.

Operating Results

The Partnership reported net income of \$1,889,000 or \$0.39 per partnership unit for the three months ended June 30, 2005 compared to \$1,531,000 or \$0.32 per partnership unit for the same period in 2004. Net income was \$3,541,000 or \$0.73 per partnership unit for the six months ended June 30, 2005 compared to \$3,218,000 or \$0.67 per partnership unit for the same period in 2004.

Economic and industry factors, specifically increased competition from newer facilities in the Toronto market, remain unchanged from those described in the Annual Report of the Partnership for the year ended December 31, 2004.

The Partnership derives substantially all of its income from the ownership of eighteen self-storage facilities. Thirteen facilities are located in the province of Ontario, four facilities are located in the province of British Columbia and one facility in the province of Alberta. In addition, the Partnership owns a parcel of land in Vancouver, British Columbia for development into a mini-warehouse facility and an existing general warehouse facility in Montreal, Quebec that will be converted into a self-storage facility.

The following table summarizes the net operating income (“NOP”) of the properties for the three and six months ended June 30, 2005. NOI is equal to rental income less cost of operations and management fees paid to an affiliate before amortization. This non-GAAP financial measure does not have any standardized meanings prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers.

	Three months ended June 30,			Six months ended June 30,		
	2005	2004	Change	2005	2004	Change
<u>Rental income:</u>						
“New” facilities.....	\$ 84,000	\$ -		\$ 91,000	\$ -	
“Same Store” facilities (a).....	4,123,000	3,708,000	11.2%	7,991,000	7,317,000	9.2%
	<u>4,207,000</u>	<u>3,708,000</u>	13.5%	<u>8,082,000</u>	<u>7,317,000</u>	10.5%
<u>Cost of operations:</u>						
“New” facilities.....	124,000	-		123,000	-	
“Same Store” facilities.....	1,115,000	1,340,000	(16.8%)	2,489,000	2,511,000	(0.9%)
	<u>1,239,000</u>	<u>1,340,000</u>	(7.5%)	<u>2,612,000</u>	<u>2,511,000</u>	4.0%
<u>Management fees:</u>						
“New” facilities.....	4,000	-		5,000	-	
“Same Store” facilities.....	247,000	222,000	11.3%	479,000	439,000	9.1%
	<u>251,000</u>	<u>222,000</u>	13.1%	<u>484,000</u>	<u>439,000</u>	10.3%
<u>Net operating income (loss):</u>						
“New” facilities.....	(44,000)	-		(37,000)	-	
“Same Store” facilities.....	2,761,000	2,146,000	28.7%	5,023,000	4,367,000	15.0%
	<u>\$2,717,000</u>	<u>\$2,146,000</u>	26.6%	<u>\$4,986,000</u>	<u>\$4,367,000</u>	14.2%

- (a) In order to evaluate the performance of the Partnership’s portfolio, management analyzes the operating performance of the “Same Store” facilities). These original sixteen facilities have been owned and operated at a mature, stabilized occupancy level throughout the periods presented by the Partnership. The “Same Store” facilities contain approximately 1,235,000 net rentable square feet and 11,175 units.

“Same Store” Facilities

The following table summarizes the pre-amortization operating results of the Partnership’s “Same Store” facilities.

	Three months ended June 30,			Six months ended June 30,		
	2005	2004	Change	2005	2004	Change
Rental income	\$ 4,123,000	\$ 3,708,000	11.2%	\$ 7,991,000	\$ 7,317,000	9.2%
<u>Cost of operations:</u>						
Property taxes	\$ 336,000	\$ 451,000	(25.5%)	\$ 804,000	\$ 852,000	(5.6%)
Direct payroll	344,000	345,000	(0.3%)	684,000	637,000	7.4%
Repairs and maintenance	109,000	164,000	(33.5%)	269,000	278,000	(3.2%)
Utilities	88,000	76,000	15.8%	209,000	159,000	31.4%
Advertising.....	44,000	57,000	(22.8%)	92,000	113,000	(18.6%)
Insurance.....	40,000	49,000	(18.4%)	88,000	92,000	(4.3%)
Other	154,000	198,000	(22.2%)	343,000	380,000	(9.7%)
	<u>\$1,115,000</u>	<u>\$1,340,000</u>	(16.8%)	<u>\$2,489,000</u>	<u>\$2,511,000</u>	(0.9%)
Management fees paid to an affiliate.....	<u>247,000</u>	<u>222,000</u>	11.3%	<u>479,000</u>	<u>439,000</u>	9.1%
Net operating income	<u>\$2,761,000</u>	<u>\$2,146,000</u>	28.7%	<u>\$5,023,000</u>	<u>\$4,367,000</u>	15.0%
Gross margin ⁽¹⁾	67.0%	57.9%		62.9%	59.7%	
Weighted average for period:						
Occupancy	88.9%	89.6%		87.9%	86.0%	
Realized annual rent per square foot ⁽²⁾	\$15.02	\$13.41	12.0%	\$14.73	\$13.77	7.0%

(1) Gross margin is computed by dividing property net operating income by rental income.

(2) Realized rent per square foot represents the actual revenue earned per occupied square foot. Management believes this is a more relevant measure than posted or scheduled rates as posted rates can be discounted through promotions.

Rental income by geographic region is summarized as follows:

	Three months ended June 30,			Six months ended June 30,		
	2005	2004	Change	2005	2004	Change
Rental income:						
British Columbia	\$ 710,000	\$ 584,000	21.6%	\$ 1,357,000	\$ 1,143,000	18.7%
Ontario.....	3,413,000	3,124,000	9.3%	6,634,000	6,174,000	7.5%
	<u>\$ 4,123,000</u>	<u>\$ 3,708,000</u>	11.2%	<u>\$ 7,991,000</u>	<u>\$ 7,317,000</u>	9.2%

Rental income, net of discounts, reflects price increases and the discontinuance of promotional discounts (primarily the \$1 for first month move-in promotion) in selected markets. Discounts totaled \$396,000 and \$758,000 for the three and six months ended June 30, 2005 compared to \$517,000 and \$844,000 for the same period in the prior year.

Cost of operations (excluding management fees) decreased by 16.8% and 0.9% for the three and six months ended June 30, 2005 due to the following:

- Property taxes are accrued based upon estimates and historical trends. An adjustment is made to the accrual in the period the actual property tax bills are received and applied on a prospective basis. Adjustments due to appeals are recognized in the period in which the appeal is finalized. The decrease in property taxes is due to a refund of \$134,000 from the city of Toronto for overpayment of fiscal years 1998 through 2002. Excluding this non-recurring tax refund, property taxes have increased 4% and 10% for the three and six months ended June 30, 2005 compared to the same periods in the prior year.
- Direct payroll includes severance costs of \$17,000 in the second quarter of 2004. Excluding this non-recurring item, direct payroll has increased by 5% and 10% for the three and six months ended June 30, 2005 compared to the same periods in the prior year. The increase reflects wage rate increases and increased incentives to property management personnel related to the increase in rental activity.
- Repairs and maintenance are expensed as incurred and do not include capital improvements to real estate facilities. The decrease is due to various maintenance initiatives in the prior year.
- The increase in utilities expense is due to higher gas and electricity rates.
- The decrease in advertising expense reflects the discontinuance of advertising in the local “Super Pages” in Toronto.
- Other expense includes non-recurring professional fees of \$38,000 associated with two litigation matters in the three and six month period in the prior year.

The Partnership pays a management fee to an affiliate equal to 6% of gross rental revenues (as defined in the management agreement).

Amortization

Amortization expense was \$584,000 and \$1,079,000 for the three and six months ended June 30, 2005 compared to \$479,000 and \$927,000 for the same periods in the prior year. The increase is due to depreciation on new facilities and recent capital expenditures (e.g. security system).

Administrative

Administrative expense was \$125,000 and \$244,000 for the three and six months ended June 30, 2005 compared to \$139,000 and \$231,000 for the same periods in the prior year. Administrative expense consists primarily of professional fees, accounting personnel, public company costs and credit facility fees not associated with amounts outstanding.

Interest and Other Income

Interest and other income were \$2,000 and \$9,000 for three and six months ended June 30, 2005 compared to \$3,000 and \$9,000 for the same periods in the prior year.

Interest Expense

Interest expense was \$121,000 (net of \$51,000 capitalized to construction projects) and \$131,000 (net of \$121,000 capitalized to construction projects) for the three and six months ended June 30, 2005. No interest expense was incurred or capitalized during the three and six months ended June 30, 2004. The increase in interest expense is due to borrowings under the Partnership’s credit facility to finance the acquisition of the “New” facilities. The Partnership capitalizes certain interest expense incurred during the period a project is being developed and constructed based on the weighted average borrowing rate of 3.60% and 3.52% for the three and six months ended June 30, 2005.

Liquidity and Capital Resources

The Partnership ended the quarter with \$312,000 in cash and cash equivalents as at June 30, 2005. The Partnership generates sufficient cash flows from operations to finance its operations, both on a short-term and long-term basis. In addition, the Partnership has a \$36 million credit facility with a commercial bank for general corporate purposes and to provide short term financing for property acquisitions and developments. Net cash provided by operating activities for the six months ended June 30, 2005 and 2004 was \$4,010,000 and \$3,653,000, respectively.

Capital Improvements

The Partnership allocated a budget of approximately \$1,300,000 toward capital expenditures (e.g., new roofs, driveway asphalt, painting and gates) in 2005 to improve the function and aesthetics of the older facilities. Management believes these improvements are necessary to remain competitive with newer facilities in the marketplace. During the six months ended June 30, 2005, the Partnership incurred \$263,000 in capital improvements relating to these items and expects to incur the remaining unused portion of approximately \$1,037,000 by the end of the year.

Credit Facility

In June 2005, the Partnership increased its existing \$28 million credit facility to \$36 million and extended the maturity date to June 30, 2006. At the Partnership's option, the rate of interest charged is equal to either (i) the Prime Rate plus an applicable margin ranging from 0.000% to 0.250% based on usage of the facility or (ii) a rate equal to the Banker's Acceptance Rate plus an applicable margin ranging from 0.625% to 1.375% based on usage of the facility. In addition, the Partnership is required to pay a facility fee ranging from 0.125% to 0.250% based on the usage of the facility. As at June 30, 2005, the Partnership had an outstanding balance of \$20,400,000 on its credit facility.

Under the terms of the Credit Facility, the Partnership is required to (i) maintain a senior funded debt ratio (as defined) of not greater than 4.00 to 1.00 and (ii) maintain a tangible net worth of \$22,500,000 (as defined). As at June 30, 2005, the Partnership was in compliance with the terms of the Credit Agreement.

In accordance with the Partnership Agreement, the Partnership is limited in its ability to borrow with a maximum borrowing equal to four times the Partnership's earnings, before interest, taxes and depreciation of the previous four quarters. As at June 30, 2005, the maximum borrowing pursuant to the Partnership's Agreement is approximately \$38 million.

"New" Facility Acquisitions and Developments

In December 2003, the Partnership acquired a 2.1 acre property for approximately \$1,715,000 in Surrey, British Columbia for development into a mini-warehouse facility. The total cost to develop this facility (including cost of land) was \$6,328,000. The facility consists of a two-storey climate controlled building with approximately 65,000 net rentable square feet and 640 units. The facility was completed and opened in April 2005. As at June 30, 2005, this facility was 21.5% occupied.

In July 2004, the Partnership acquired a 1.3 acre property for approximately \$2,840,000 in Vancouver, British Columbia for development into a mini-warehouse facility. The total cost to develop this facility (including cost of land) is expected to be approximately \$10,471,000. The facility will consist of a four-storey climate controlled building with approximately 73,000 net rentable square feet and 750 units. As at June 30, 2005, \$3,701,000 had been invested in this facility. The facility is expected to open in the second quarter of 2006.

In March 2005, the Partnership acquired an existing self storage facility located adjacent to the Harvest Hills community of Calgary, Alberta for a purchase price of \$9,000,000. The facility consists of one non-climate controlled one-storey building and one climate controlled two-storey building with approximately 73,000 net rentable square feet and 778 units. This is an existing facility which was recently constructed and opened for business in April 2004. As at June 30, 2005, this facility was 34.5% occupied. The total acquisition cost of this facility including closing costs, rebranding costs and other related costs of acquisition was \$9,276,000. This is the first existing self storage facility acquired by the Partnership. These costs were funded from the Partnership's credit facility.

In July 2005, The Partnership acquired a 1.7 acre lot with a three-storey general warehouse facility for approximately \$5,600,000 located in the city of Montreal, Quebec. The existing warehouse will be converted into a self-storage facility. The total cost to develop this facility (including purchase price of existing property) is expected to be approximately \$8,400,000. The facility will be a heated facility with approximately 74,000 net rentable square feet and 1,080 units. The facility is expected to be open by the end of this year.

These “New” facility acquisitions and developments have been and are expected to be funded by the Partnership’s credit facility.

In addition to managing the facilities, CMP provides acquisition and construction management services to the Partnership for a fee of 1% of the purchase price and 2% of all construction and development costs.

Distributions

The general partner analyzes the distribution level on a quarterly basis. Among the items considered when determining distribution levels are historical property operations, current cash reserves and obligations of the Partnership, including debt, expected capital expenditures and other factors. The Partnership distributed \$4,339,000 (\$0.90 per unit) and \$4,339,000 (\$0.90 per unit) during the six months ended June 30, 2005 and 2004, respectively. The Partnership also declared a distribution of \$0.45 per partnership unit to be paid on September 30, 2005 to unitholders of record at the close of business on September 15, 2005.

Funds from Operations (“FFO”) and Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”)

FFO and EBITDA are supplementary performance measures for real estate companies used by investors and analysts. These non-generally accepted accounting principles (“GAAP”) financial measures do not have any standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Many investors and analysts consider FFO and EBITDA to be measures of the performance of real estate companies. FFO is equal to net income computed in accordance with GAAP plus 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 ability to pay distributions.

The following table calculates FFO and EBITDA for the three and six months ended June 30, 2005 and 2004:

	Three months ended June 30,			Six months ended June 30,		
	2005	2004	Change	2005	2004	Change
Net income.....	\$ 1,889,000	\$ 1,531,000		\$ 3,541,000	\$ 3,218,000	
Amortization.....	584,000	479,000		1,079,000	927,000	
FFO.....	<u>\$ 2,473,000</u>	<u>\$ 2,010,000</u>	23.0%	<u>\$ 4,620,000</u>	<u>\$ 4,145,000</u>	11.5%
Weighted average number of partnership units.....	4,821,430	4,821,430		4,821,430	4,821,430	
FFO per partnership unit.....	\$0.51	\$0.42	21.4%	\$0.96	\$0.86	11.6%
Net income.....	\$ 1,889,000	\$ 1,531,000		\$ 3,541,000	\$ 3,218,000	
Amortization.....	584,000	479,000		1,079,000	927,000	
Interest expense.....	121,000	-		131,000	-	
Less: interest income.....	(2,000)	(3,000)		(9,000)	(9,000)	
EBITDA.....	<u>\$ 2,592,000</u>	<u>\$ 2,007,000</u>	29.1%	<u>\$ 4,742,000</u>	<u>\$ 4,136,000</u>	14.7%
Weighted average number of partnership units.....	4,821,430	4,821,430		4,821,430	4,182,430	
EBITDA per partnership unit.....	\$0.54	\$0.42	28.6%	\$0.98	\$0.86	14.0%

Consolidated Balance Sheets

	June 30, 2005 <u>(Unaudited)</u>	December 31, 2004
Assets		
Cash and cash equivalents	\$ 312,000	\$ 275,000
Real estate facilities:		
Buildings and equipment	49,957,000	38,302,000
Land and land improvements	17,672,000	13,460,000
	<u>67,629,000</u>	<u>51,762,000</u>
Less: accumulated amortization	(25,496,000)	(24,417,000)
	<u>42,133,000</u>	<u>27,345,000</u>
Construction in progress	3,701,000	7,734,000
Rent and other receivables	213,000	244,000
Other assets	1,105,000	630,000
	<u>\$ 47,464,000</u>	<u>\$ 36,228,000</u>
Liabilities and Partners' Equity		
Accounts payable	\$ 503,000	\$ 724,000
Advanced payments from renters	547,000	492,000
Amounts due under credit facility	20,400,000	8,200,000
Partners' equity, 4,993,731 units authorized; 4,821,430 units issued and outstanding	26,014,000	26,812,000
	<u>\$ 47,464,000</u>	<u>\$ 36,228,000</u>

See accompanying notes.

Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenue:				
Rental income	\$ 4,207,000	\$ 3,708,000	\$ 8,082,000	\$ 7,317,000
Interest income	2,000	3,000	9,000	9,000
	<u>4,209,000</u>	<u>3,711,000</u>	<u>8,091,000</u>	<u>7,326,000</u>
Costs and expenses:				
Cost of operations	1,239,000	1,340,000	2,612,000	2,511,000
Management fees paid to an affiliate	251,000	222,000	484,000	439,000
Amortization	584,000	479,000	1,079,000	927,000
Administrative	125,000	139,000	244,000	231,000
Interest expense	121,000	-	131,000	-
	<u>2,320,000</u>	<u>2,180,000</u>	<u>4,550,000</u>	<u>4,108,000</u>
Net income	<u>\$ 1,889,000</u>	<u>\$ 1,531,000</u>	<u>\$ 3,541,000</u>	<u>\$ 3,218,000</u>
Net income per partnership unit	<u>\$ 0.39</u>	<u>\$ 0.32</u>	<u>\$ 0.73</u>	<u>\$ 0.67</u>
Weighted average partnership units outstanding	<u>4,821,430</u>	<u>4,821,430</u>	<u>4,821,430</u>	<u>4,821,430</u>

See accompanying notes.

Consolidated Statements of Partners' Equity
(Unaudited)

Balance at December 31, 2003	\$ 28,693,000
Net income	6,798,000
Distributions to partners	<u>(8,679,000)</u>
Balance at December 31, 2004	26,812,000
Net income	3,541,000
Distributions to partners	<u>(4,339,000)</u>
Balance at June 30, 2005	<u><u>\$ 26,014,000</u></u>

See accompanying notes.

Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2005	2004
Cash flows provided by operating activities:		
Net income	\$ 3,541,000	\$ 3,218,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	1,079,000	927,000
Decrease in rent and other receivables	31,000	11,000
Increase in other assets	(475,000)	(34,000)
Decrease in accounts payable	(221,000)	(525,000)
Increase in advanced payments from renters	55,000	56,000
Total adjustments	469,000	435,000
Net cash provided by operating activities	4,010,000	3,653,000
Cash flows from investing activities:		
Capital improvements to real estate facilities	(263,000)	(683,000)
Acquisition of real estate facility	(9,276,000)	-
Construction of new facilities	(2,295,000)	(198,000)
Net cash used in investing activities	(11,834,000)	(881,000)
Cash flows from financing activities:		
Borrowings from credit facility	12,200,000	1,000,000
Distributions to partners	(4,339,000)	(4,339,000)
Net cash used in financing activities	(7,861,000)	(3,339,000)
Net increase (decrease) in cash and cash equivalents	37,000	(567,000)
Cash and cash equivalents, beginning of period	275,000	1,056,000
Cash and cash equivalents, end of period	\$ 312,000	\$ 489,000

See accompanying notes.

Notes to Consolidated Financial Statements

(Unaudited)
June 30, 2005

1. These interim unaudited consolidated financial statements of Public Storage Canadian Properties (“PSCP” or the “Partnership”) should be read in conjunction with the Partnership’s audited financial statements and related notes for the year ended December 31, 2004. The results of operations for the six months ended June 30, 2005 are not necessarily indicative of the results to be expected for the full year.
2. These interim unaudited consolidated financial statements of the Partnership have not been reviewed by our independent auditors.
3. In the opinion of management, the accompanying interim unaudited consolidated financial statements reflect all adjustments, consisting of only normal accruals, necessary to present fairly the Partnership’s financial position and results of operations for the respective periods.
4. In June 2005, Partnership increased its \$28 million credit facility to \$36 million and extended its maturity date until June 30, 2006. At the Partnership’s option, the rate of interest charged is equal to either (i) the Prime Rate plus an applicable margin ranging from 0.000% to 0.250% based on usage of the facility or (ii) a rate equal to the Banker’s Acceptance Rate plus an applicable margin ranging from 0.625% to 1.375% based on usage of the facility. In addition, the Partnership is required to pay a facility fee ranging from 0.125% to 0.250% based on the usage of the facility. Facility fees are paid quarterly and are included in administrative expenses. As at June 30, 2005, the Partnership had an outstanding balance of \$20,400,000 on its credit facility.

Under the terms of the Credit Facility, the Partnership is required to (i) maintain a senior funded debt ration (as defined) of not greater than 4.00 to 1.00 and (ii) maintain a tangible net worth of \$22,500,000 (as defined). As at June 30, 2005, the Partnership was in compliance with the terms of the Credit Agreement.

In accordance with the Partnership Agreement, the Partnership is limited in its ability to borrow with a maximum borrowing equal to four times the Partnership’s earnings, before interest, taxes and depreciation of the previous four quarters. As at June 30, 2005, the maximum borrowing pursuant to the Partnership’s Agreement is approximately \$36 million.

5. In March 2005, the Partnership acquired an existing self storage facility located adjacent to the Harvest Hills community of Calgary, Alberta for a purchase price of \$9,000,000. The facility consists of one non-climate controlled one-storey building and one climate controlled two-storey building with approximately 73,000 net rentable square feet and 778 units. This is an existing facility which was recently constructed and opened for business in April 2004. The total acquisition cost of this facility including closing costs, rebranding costs and allocated internal costs was \$9,271,000. The cost of purchasing and rebranding the property was funded primarily from the Partnership’s credit facility.
6. In April 2005, the Partnership completed a development in Surrey, British Columbia. The total cost to develop this facility (including cost of land) was \$6,328,000. The facility consists of a two-storey climate controlled building with approximately 65,000 net rentable square feet and 640 units.
7. Due to the size, complexity and nature of the Partnership’s operations, the Partnership is party to various legal matters. It is not possible at this time to predict with any certainty the outcome of such litigation. Management believes that any settlements related to these matters will not have a material effect on the Partnership’s consolidated financial position or results of operations.
8. Subsequent to June 30, 2005, the Partnership acquired a 1.7 acre lot with a three-storey general warehouse facility for approximately \$5,600,000 located in the city of Montreal, Quebec for conversion into a self-storage facility.

Public Storage Canadian Properties
Partnership Highlights

	Q104	Q204	Q304	Q404	Q105	Q205	2004 YTD	2005 YTD
Operations								
Average occupancy	82.5%	89.6%	93.0%	89.8%	86.8%	83.2%	86.0%	84.9%
Annualized realized rental rates ⁽¹⁾	\$14.17	\$13.41	\$13.97	\$14.16	\$14.46	\$14.82	\$13.77	\$14.64
Rental income	\$3,609,000	\$3,708,000	\$3,999,000	\$3,926,000	\$3,875,000	\$4,207,000	\$7,317,000	\$8,082,000
Pct change from prior year	-6.6%	-1.9%	2.8%	4.8%	7.4%	13.5%	-4.2%	10.5%
Net income	\$1,687,000	\$1,531,000	\$1,843,000	\$1,737,000	\$1,652,000	\$1,889,000	\$3,218,000	\$3,572,000
Net income per Unit	\$0.35	\$0.32	\$0.38	\$0.36	\$0.34	\$0.39	\$0.67	\$0.74
Pct change from prior year	-12.5%	-13.5%	-7.3%	5.9%	-2.9%	25.0%	-14.1%	11.0%
Funds from Operations (FFO) ⁽²⁾	\$2,135,000	\$2,010,000	\$2,336,000	\$2,340,000	\$2,147,000	\$2,473,000	\$4,145,000	\$4,651,000
FFO per Unit	\$0.44	\$0.42	\$0.48	\$0.49	0.45	0.51	\$0.86	\$0.96
Pct change from prior year	-12.0%	-10.6%	-5.9%	8.9%	2.3%	23.8%	-11.3%	11.6%
EBITDA ⁽²⁾	\$2,129,000	\$2,007,000	\$2,321,000	\$2,336,000	\$2,150,000	\$2,592,000	\$4,136,000	\$4,742,000
EBITDA per Unit	\$0.44	\$0.42	\$0.48	\$0.48	\$0.45	\$0.54	\$0.86	\$0.90
Pct change from prior year	-12.0%	-10.6%	-4.0%	6.7%	2.3%	28.6%	-11.3%	14.0%
Stock Price								
Close	\$22.69	\$20.80	\$20.10	\$26.00	\$26.00	\$23.00	\$20.80	\$23.00
High	23.00	22.69	\$21.11	26.00	28.00	26.00	23.00	28.00
Low	20.25	19.65	\$20.00	19.95	21.25	21.61	19.65	21.25
Distribution per Unit	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.90	\$0.90

(1) Realized rent per square foot represents the actual rental revenue earned per occupied square foot.

(2) FFO and EBITDA are supplementary performance measures for real estate companies used by investors and analysts. These non-GAAP financial measures do not have any standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. FFO is equal to net income computed in accordance with GAAP plus 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.

Copies of the Partnership's financial statements, tax reporting information, press releases, annual information form and other information can be obtained from either the Partnership's web site (www.publicstoragecanada.com) or from the System for Electronic Document Analysis and Retrieval ("SEDAR") web site (www.sedar.com). Additionally, the above mentioned information can be obtained from the Partnership by contacting the Partnership's Investor Communication Department at (866) 772-2623, provided the Partnership may require the payment of reasonable charges where the individual requesting the information is not a unitholder of the Partnership.

Web site

www.publicstoragecanada.com

Partnership's Corporate Office
Investor Communications Department
23805 Stuart Ranch Road, Suite 220
Malibu, California 90265
(866) PS-CANADA
(866) 772-2623

Transfer Agent and Registrar
CIBC Mellon Trust Co.
Toronto, Ontario
(800) 387-0825

Partnership's Canadian Office
Suite 6600
100 King Street West
1 First Canadian Place
Toronto, Ontario M5X 1B8