
PUBLIC STORAGE CANADIAN PROPERTIES

**(A Limited Partnership Governed By
The Limited Partnerships Act Of Ontario)**

2007

SECOND QUARTER REPORT

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

Dated August 3, 2007

Forward Looking Statements

This discussion of the 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 financing strategies and the ability to execute on its operating, development and financing strategies. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "believe", "potential", "expect", "estimate", "would", "could", "intend", "will", "if" and "may". These forward-looking statements are based on a number of assumptions which may prove to be incorrect, including management's current expectations, estimates and assumptions about the markets the Partnership operates in, the Canadian economic environment, interest rates, exchange rates, the Partnership's ability to attract and retain customers and to manage its mini-warehouse assets and operating costs, assumptions respecting the availability and cost of construction materials and labour, there being limited costs, difficulties or delays related to obtaining construction and operating permits or as a result of adverse weather conditions and expectations respecting the useful life of assets of the Partnership. Forward-looking statements involve known and unknown risks, uncertainties and other facts which may cause actual results or developments to differ materially from those contemplated or implied by these statements depending on, among others, such factors as:

- the accuracy of management's assumptions;
- the failure of the Partnership to manage acquisitions;
- delays in "rent - up" of new facilities of the Partnership;
- losses of key personnel may affect the Partnership's ability to operate effectively;
- the leverage of the Partnership;
- restrictive covenants in the Partnership's credit facility and the Partnership Agreement contain restrictions that limit the Partnership's flexibility in operating the business;
- the Partnership may incur significant environmental costs and liabilities;
- litigation risks;
- property taxes can increase and cause a decline in yields on investments;
- competition has affected the occupancy levels, rental rates and operating expenses of some of the Partnership's facilities;
- the value of the Partnership's properties may be reduced by the general risks of rental real estate ownership 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, changes in environmental, real estate, zoning or tax laws, and changes in interest rates;
- rental real estate development (including the development of mini-warehouse facilities) is subject to timing, budgeting and other risks including construction delays or cost overruns that may increase project costs;
- the Partnership does not own the trade-mark "Public Storage";
- the Partnership's properties compete with other properties managed by the General Partner of the Partnership which operate under the trade-mark "Public Storage";
- there may be situations in which conflicts of interest may arise between the General Partner of the Partnership and its respective officers and directors in relation to the interests of the Partnership;
- the Hughes Family (as defined below) controls the Partnership; and
- implications of new tax legislation.

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 Canadian securities regulatory authorities including the section titled "Risk Factors" in the Partnership's Annual Information Form. 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.

General

Public Storage Canadian Properties is a publicly held limited partnership formed under the *Limited Partnership Act* (Ontario). The Partnership owns, and derives substantially all of its income from 24 operating self-storage facilities across Canada. 15 facilities are located in Ontario, 5 are located in British Columbia, 3 are located in Québec and 1 is located in Alberta.

The facilities are operated under the trade name "Public Storage" and are managed by the General Partner pursuant to a separate property management agreement. The General Partner of the Partnership is Canadian Mini-Warehouse Properties Company ("CMP" or the "General Partner"). All of the shares of CMP are beneficially owned by B. Wayne Hughes. Entities controlled by B. Wayne Hughes and certain members of his family beneficially owned 3,896,942 units of the Partnership ("Units") including the Units owned by CMP, or approximately 53.9% of the outstanding Units as at June 30, 2007.

Significant Transactions

On May 1, 2007, the Partnership announced the acquisition of a property located at 1310 Dundas Street in Woodstock, Ontario for a purchase price of approximately \$3,498,000. This existing self-storage facility consists of six newly constructed single storey buildings with approximately 35,000 net rentable square feet, 300 storage units and 100 parking spaces. Two of the buildings are climate controlled. The Partnership will be constructing four additional buildings at a cost to the Partnership of approximately \$800,000. The four new buildings will provide an additional 20,000 net rentable square feet and 170 storage units. Construction is expected to be complete in the fourth quarter of 2007.

On June 26, 2007, the Partnership announced the opening of a newly constructed self-storage facility located at 28 Estate Drive in Scarborough, Ontario near Highway 401 and Markham Road. The facility consists of 2 single-storey buildings and a four-storey climate-controlled building with approximately 86,000 net rentable square feet and 962 storage units. The total cost to develop this facility (including land) was approximately \$11,115,000 and is expected to generate a return in excess of 9% after the initial "fill-up" stage.

On June 28, 2007, the Partnership announced the opening of a newly constructed self-storage facility located at 955 Autoroute Chomedey in Laval, Québec at the South East corner of Highway 13 and Notre Dame Blvd. The facility consists of a four-storey climate-controlled building with approximately 84,000 net rentable square feet and 947 storage units. The total cost to develop this facility (excluding the option to purchase the land) was approximately \$7,079,000 and is expected to generate a return in excess of 9% after the initial "fill-up" state. In November 2006, the Partnership entered into a land lease agreement with an option to purchase the land after 10 years. The option price of the land is \$1,550,000.

Outstanding Securities

As at August 1, 2007, 7,232,145 Units were outstanding.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The Partnership's significant accounting policies are outlined in Note 2 of the Partnership's audited annual consolidated financial statements and have been consistently followed except that the Partnership adopted the guidelines governed by Section 1530 and 3855 of the CICA handbook, "Comprehensive Income" and "Financial Instruments – Recognition and Measurement" on January 1, 2007. The adoption of these policies did not have a material impact on the financial statements.

Operating Results

Net income of the Partnership was \$2,966,000 or \$0.41 per Unit for the three months ended June 30, 2007 compared to \$2,023,000 or \$0.36 per Unit for the same period in 2006. Net income of the Partnership was \$4,598,000 or \$0.64 per Unit for the six months ended June 30, 2007 compared to \$3,551,000 or \$0.68 per Unit for the same period in 2006. The increases in net income were due to the recognition of a future tax asset of \$1,060,000 due to the tax implications of Bill C-52 on the Partnership's current tax status as a limited partnership. This future tax benefit relates to the Partnership's share of the temporary difference between the accounting and tax basis of the Partnership's assets expected to reverse after the date that the new tax legislation is expected to apply. The new tax legislation is not expected to apply to the Partnership until 2011 as Bill C-52 provides for a transition period for publicly traded entities that existed prior to November 1, 2006.

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, 2006.

Property Operations

In order to evaluate the performance of the Partnership's portfolio, management reports the performance of the "Same Store" facilities separately from the performance of the "New" facilities.

"Same Store" Facilities

"Same Store" facilities are facilities that have been owned and operated at a mature, stabilized occupancy level since January 1, of the earliest period presented. Management considers a facility to be stabilized after it has been opened for at least three years. Management considers the operating performance of the "Same Store" facilities to be a more useful measure of the overall operating performance of the Partnership's portfolio to analyze trends and provide meaningful comparisons.

As at June 30, 2007, the "Same Store" facilities consist of 16 self-storage facilities located in the provinces of Ontario and British Columbia and contain approximately 1,235,000 net rentable square feet and 11,181 storage units. The first of these properties opened in August 1979, and the last of these properties to commence operations opened in January 1987.

"New" Facilities

In November 2000, the Unitholders amended the Partnership Agreement to permit the Partnership to expand its portfolio of mini-warehouses by taking advantage of favourable acquisition opportunities as they arise. The Partnership has sought to expand its portfolio of self-storage facilities by acquiring and/or developing self-storage facilities at attractive yields.

"New" facilities are facilities that have been recently acquired and/or developed by the Partnership and were not owned or operated at a mature, stabilized occupancy level since January 1, of the earliest period presented. Generally, these facilities are still in their initial "fill-up" stage and do not provide meaningful comparisons to prior periods. The Partnership will reclassify these properties to "Same Store" facilities once they have been owned and operated at a mature, stabilized occupancy level as of January 1, of the earliest period presented.

As at June 30, 2007, the "New" facilities consist of 8 self-storage facilities and contain approximately 718,000 net rentable square feet and 8,012 storage units.

In order to evaluate the performance yields of the Partnership's recent acquisitions, management further reports the "New" facilities by the year in which they were acquired and/or developed. The following table provides information on the "New" facilities as at June 30, 2007:

<u>Location</u>	<u>Date Acquired or Opened</u>	<u>Cost</u>	<u>Net Rentable Square Feet</u>	<u>Storage Units</u>	<u>Ending Occupancy</u>
<u>"2005" Facilities</u>					
Calgary, Alberta (a)	March 2005	\$ 8,653,000	74,000	798	73.3%
Surrey, British Columbia	April 2005	6,328,000	57,000	699	88.4%
		<u>14,981,000</u>	<u>131,000</u>	<u>1,497</u>	
<u>"2006" Facilities</u>					
Montréal, Québec	March 2006	8,847,000	92,000	950	32.9%
St. Laurent, Québec (b)	June 2006	14,923,000	216,000	2,381	77.1%
Vancouver, British Columbia	July 2006	11,480,000	74,000	975	35.7%
		<u>35,250,000</u>	<u>382,000</u>	<u>4,306</u>	
<u>"2007" Facilities</u>					
Woodstock, Ontario (c)	May 2007	3,498,000	35,000	300	92.4%
Toronto, Ontario	June 2007	11,115,000	86,000	962	0.6%
Laval, Québec	June 2007	7,079,000	84,000	947	1.8%
		<u>21,692,000</u>	<u>205,000</u>	<u>2,209</u>	
		<u>\$ 71,923,000</u>	<u>718,000</u>	<u>8,012</u>	

- (a) In June 2006, the Partnership sold a parcel of excess land in Calgary, Alberta for net proceeds of \$760,000. The Partnership recognized a gain on disposition of \$137,000 during the six months ended June 30, 2006.
- (b) The Partnership incurred \$372,000 of renovation costs during the six months ended June 30, 2007.
- (c) The Partnership will be constructing four additional buildings for approximately \$800,000. The four new buildings will provide an additional 20,000 net rentable square feet and 170 storage units. Construction is expected to be complete in the fourth quarter of 2007.

The following table summarizes the net operating income (“NOI”) of the properties for the three and six months ended June 30, 2007 and 2006. NOI is equal to rental income less cost of operations and management fees paid to CMP before amortization. This non-GAAP financial measure does not have any standardized meaning 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,		
	2007	2006	Change	2007	2006	Change
Rental income:						
“Same Store” facilities	\$ 4,410,000	\$ 4,338,000	1.7%	\$ 8,627,000	\$ 8,396,000	2.8%
“2005” facilities.....	459,000	316,000		880,000	578,000	
“2006” facilities.....	765,000	118,000		1,441,000	120,000	
“2007” facilities.....	57,000	-		57,000	-	
	<u>5,691,000</u>	<u>4,772,000</u>	19.3%	<u>11,005,000</u>	<u>9,094,000</u>	21.0%
Cost of operations:						
“Same Store” facilities	1,278,000	1,276,000	0.2%	2,596,000	2,607,000	(0.4%)
“2005” facilities.....	147,000	159,000		302,000	331,000	
“2006” facilities.....	403,000	142,000		833,000	187,000	
“2007” facilities.....	43,000	-		43,000	-	
	<u>1,871,000</u>	<u>1,577,000</u>	18.6%	<u>3,774,000</u>	<u>3,125,000</u>	20.8%
Management fees: (a)						
“Same Store” facilities	265,000	261,000	1.5%	518,000	504,000	2.8%
“2005” facilities.....	28,000	19,000		53,000	35,000	
“2006” facilities.....	46,000	7,000		87,000	7,000	
“2007” facilities.....	3,000	-		3,000	-	
	<u>342,000</u>	<u>287,000</u>	19.2%	<u>661,000</u>	<u>546,000</u>	21.1%
Net operating income (loss):						
“Same Store” facilities	2,867,000	2,801,000	2.4%	5,513,000	5,285,000	4.3%
“2005” facilities.....	284,000	138,000		525,000	212,000	
“2006” facilities.....	316,000	(31,000)		521,000	(74,000)	
“2007” facilities.....	11,000	-		11,000	-	
	<u>\$ 3,478,000</u>	<u>\$ 2,908,000</u>	19.6%	<u>\$ 6,570,000</u>	<u>\$ 5,423,000</u>	21.2%

- (a) Management fees are payable to CMP pursuant to the terms of the amended and restated management agreement between the Partnership and CMP dated as of January 1, 1999 (the “Management Agreement”). Management fees are equal to 6% of Gross Operating Revenues (defined below) of each property, calculated monthly. “Gross Operating Revenue” means all cash receipts (excluding security deposits paid by tenants unless and until recognized as income by the Partnership) received by or on behalf of the Partnership under each lease of space on the properties.

“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,		
	2007	2006	Change	2007	2006	Change
Rental income (a):						
British Columbia	\$ 771,000	\$ 718,000	7.4%	\$ 1,480,000	\$ 1,370,000	8.0%
Ontario	3,639,000	3,620,000	0.5%	7,147,000	7,026,000	1.7%
	4,410,000	4,338,000	1.7%	8,627,000	8,396,000	2.8%
Cost of operations:						
Property taxes (b)	488,000	466,000	4.7%	983,000	959,000	2.5%
Direct payroll (c)	376,000	343,000	9.6%	721,000	680,000	6.0%
Repairs and maintenance (d)	108,000	132,000	(18.2%)	235,000	270,000	(13.0%)
Utilities (e)	79,000	83,000	(4.8%)	187,000	175,000	6.9%
Advertising (f)	55,000	52,000	5.8%	108,000	99,000	9.1%
Insurance (g)	24,000	42,000	(42.9%)	49,000	85,000	(42.4%)
Other (h)	148,000	158,000	(6.3%)	313,000	339,000	(7.7%)
	1,278,000	1,276,000	0.2%	2,596,000	2,607,000	(0.4%)
Management fees	265,000	261,000	1.5%	518,000	504,000	2.8%
Net operating income	\$ 2,867,000	\$ 2,801,000	2.4%	\$ 5,513,000	\$ 5,285,000	4.3%
Gross margin (i)	65.0%	64.6%		63.9%	62.9%	
Weighted average for period:						
Occupancy	88.7%	88.2%		87.1%	87.6%	
Realized annual rent per square foot (j)	\$16.11	\$15.93	1.1%	\$16.04	\$15.52	3.4%

- (a) The increases in rental income, net of discounts, were due primarily to rental rate increases offset by higher discounts given to increase occupancy levels. Discounts were \$369,000 and \$704,000 for the three and six months ended June 30, 2007 compared to \$311,000 and \$702,000 for the same periods in 2006.
- (b) The increases in property taxes were due to an increase in reassessment values compared to the same periods in 2006.
- (c) The increases in direct payroll were due to an increase in wage rates compared to the same periods in 2006.
- (d) The decreases in repairs and maintenance expense were due to controlled levels of discretionary spending and various maintenance initiatives implemented in the prior years.
- (e) The increase in utilities expense for the six months ended June 30, 2007 was due to a colder winter season in the first quarter of 2007 compared to the same period in 2006.
- (f) The increases in advertising expense were due primarily to an increase in yellow pages advertising rates compared to the same periods in 2006.
- (g) The decreases in insurance expense were due to a reduction in renewal rates. The new rates were based on a favourable history of losses and claims. Management does not expect this trend to continue in 2008.
- (h) The decreases in other expenses were due to a reduction in the cost of supervising and administrative costs compared to the same periods in 2006.
- (i) Gross margin is computed by dividing property net operating income by rental income.
- (j) 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.

Interest and Other Income

Interest and other income include interest received on cash balances. Interest and other income were \$18,000 and \$45,000 for the three and six months ended June 30, 2007 compared to \$17,000 and \$23,000 for the same periods in 2006, respectively. The increases were due to higher interest rates earned on higher average cash balances.

Gain on Sale of Land

In June 2006, the Partnership sold a parcel of excess land in Calgary, Alberta for net proceeds of \$760,000. The Partnership recognized a gain on disposition of \$137,000 during the three and six months ended June 30, 2006.

Amortization of Real Estate Facilities

Amortization expense of real estate facilities was \$917,000 and \$1,829,000 for the three and six months ended June 30, 2007 compared to \$732,000 and \$1,381,000 for the same periods in 2006, respectively. The increase was due to amortization expense associated with the "New" facilities placed in service.

Amortization of Intangible Assets

Amortization expense of intangible assets was \$349,000 and \$665,000 for the three and six months ended June 30, 2007 compared to \$nil and \$nil for the same periods in 2006, respectively. The increases were due to amortization of in-place leases acquired in connection with existing facilities.

Interest and Commitment Fees

Interest expense and commitment fees were \$116,000 (net of \$149,000 capitalized to construction projects) and \$235,000 (net of \$193,000 capitalized to construction projects) for the three and six months ended June 30, 2007 compared to \$208,000 (net of \$117,000 capitalized to construction projects) and \$420,000 (net of \$268,000 capitalized to construction projects) for the same periods in 2006, respectively. The decreases in interest expense were due to lower amounts due under the credit facility compared to the same periods in 2006. The Partnership capitalizes certain interest expense incurred during the period a project is being developed and constructed. The weighted average borrowing rate on the credit facility was 5.28% and 5.26% for the three and six months ended June 30, 2007 compared to 5.42% and 5.18% for the same period in 2006, respectively. The interest on the mortgage note payable was 7.879%.

Administrative

Administrative expense consists primarily of professional fees, accounting personnel, reporting issuer costs and credit facility fees not associated with amounts outstanding. Administrative expense was \$208,000 and \$348,000 for the three months and six months ended June 30, 2007 compared to \$99,000 and \$231,000 for the same periods in 2006, respectively. The increases were due primarily to higher professional fees, listing fees and filing fees associated with being a larger public company.

Income Tax Benefit

The Partnership recorded a future income tax benefit of \$1,060,000 during the three and six months ended June 30, 2007 due to the tax implications of Bill C-52 on the Partnership's current tax status as a limited partnership. This future tax benefit relates to the Partnership's share of the temporary difference between the accounting and tax basis of the Partnership's assets expected to reverse after the date that the new tax legislation is expected to apply. The new tax legislation is not expected to apply to the Partnership until 2011 as Bill C-52 provides for a transition period for publicly traded entities that existed prior to November 1, 2006.

Liquidity and Capital Resources

The Partnership had \$491,000 in cash and cash equivalents as at June 30, 2007. 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 \$40,000,000 revolving 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, 2007 was \$8,507,000 compared to \$4,706,000 for the same period in 2006.

Credit Facility

The Partnership's existing \$35,000,000 revolving credit facility matures in July 2009. The Partnership temporarily increased the credit facility from \$35,000,000 to \$40,000,000 until March 31, 2008. The credit facility is secured by four real estate facilities and a general security agreement. As at June 30, 2007, amounts due under the credit facility were \$19,500,000. Under the Partnership Agreement, the total amount of secured and unsecured debt of the Partnership will be limited to no more than seven times the earnings of the Partnership before interest, taxes depreciation and amortization for the 12 months ended the immediately preceding financial quarter of the Partnership or approximately \$87,283,000 as at June 30, 2007.

At the Partnership's option, the rate of interest charged on the credit facility is equal to either (i) the Prime Rate or (ii) a rate equal to the Banker's Acceptance Rate plus an applicable margin of 0.875%. In addition, the Partnership is required to pay a standby fee equal to 0.125% based on the unused portion of the 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 4.50 to 1.00 and (ii) maintain a tangible net worth (as defined) of \$60,000,000. As at June 30, 2007, the Partnership was in compliance with the terms of the credit facility.

Capital Improvements

The Partnership has budgeted \$1,400,000 in capital improvements to improve the function and aesthetics of the "Same Store" facilities and expects to incur an additional \$800,000 in renovations and rebranding of the "New" facilities in 2007. Management believes these improvements are necessary to remain competitive with newer facilities in the marketplace. As at June 30, 2007, the Partnership incurred \$694,000 or 32% of the budgeted amount due to weather conditions and expects to incur the remaining budgeted amount of \$1,506,000 by the end of the year.

Repositioning

The Partnership has budgeted approximately \$4,000,000 for demolition and redevelopment of an existing "Same Store" facility in Toronto.

Property Acquisitions and Developments

Property acquisitions and development costs are funded from the Partnership's cash flows from operations after distributions and from its credit facility. In addition, the Partnership reimburses CMP for out-of-pocket acquisition and construction costs. These costs are capitalized and included in construction in progress.

In May 2007, the Partnership acquired a property located in Woodstock, Ontario. The Partnership will be constructing four additional buildings at a cost to the Partnership of approximately \$800,000. The four new buildings will provide an additional 20,000 net rentable square feet and 170 storage units. Construction is expected to be complete in the fourth quarter of 2007.

Management's plans and expectations respecting the development of the Oxford property are subject to various assumptions and risks. See "Forward-Looking Statements" on page 2.

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 \$6,508,000 during the six months ended June 30, 2007 compared to \$5,424,000 during the same period in 2006.

The board of directors of CMP also declared a distribution of \$0.45 per Unit to be paid on September 28, 2007 to Unitholders of record at the close of business on September 14, 2007.

Tax Treatment and Notices

Taxes based on the income of the Partnership are the responsibility of the individual partners and, accordingly, each Unitholder is responsible for reporting their pro-rata share (allocated based on the amount of distributions received) of the Partnership's income for tax purposes on their tax return. The pro-rata share of income to be recognized is based on the Partnership's income for tax purposes and is not on its reported "book" income. Partnership income for tax purposes and "book" income differ due to difference in the reporting of various items. The major difference is the amount of capital cost allowance recognized for tax purposes versus the amount of amortization recognized for "book" purposes. The majority of this difference resulted from a "step-up" in the basis of real estate assets for "book" purposes in connection with various amalgamations to which the Partnership has been a party. For tax purposes, as the transactions were treated as "tax-free" exchanges, these assets have not been "stepped-up".

The *Income Tax Act* (Canada) has been amended to eliminate tax advantages presently enjoyed by certain investors in publicly-traded specified investment flow-through trusts or partnerships ("SIFTs"), including the Partnership. Very generally, commencing in the Partnership's taxation year ending in 2011, the Partnership will be required to pay tax on its income at rates equivalent to that of a corporation. In addition, income subject to the new tax allocated to holders of Units will be taxed as though received by them as taxable dividends paid by a taxable Canadian corporation. In the case of a Unitholder that is an individual, tax dividend gross-up and tax credit rules regularly applicable to such dividends will then apply to such deemed dividends. A Unitholder that is a corporation will generally be entitled to deduct the amount of such deemed dividends in computing its income for tax purposes. The effect of these measures, generally speaking, will be that income earned by the Partnership will be taxed at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations.

The above changes will not be expected to apply to the Partnership until the Partnership's taxation year ending 2011. Unless the Partnership fails to comply with the normal growth guidelines issued by the Department of Finance (the "Growth Guidelines"), the above changes will apply with respect to any taxation year of the Partnership in which the Partnership exceeds the Growth Guidelines and thereafter.

The Growth Guidelines provide that a SIFT will not be considered to have exceeded "normal growth" if its equity capital were to grow as a result of issuances of new equity, in any of the intervening periods described below, by an amount that does not exceed the greater of \$50 million and an objective "safe harbour". The Growth Guidelines indicate that the safe harbour amount is measured by reference to a SIFT's market capitalization based on the trading price of a SIFT's issued and outstanding publicly-traded units as at the end of trading on October 31, 2006 (the "Market Capitalization"). For the period from November 1, 2006 to the end of 2007, a SIFT's safe harbour is 40% of the Market Capitalization. A SIFT's safe harbour for each of the 2008 through 2010 calendar years is 20% of the Market Capitalization. The annual safe harbour amounts are cumulative, whereas the \$50 million amounts are not cumulative.

There can be no assurance that the Partnership (inadvertently or otherwise) will not exceed the Growth Guidelines before its taxation year ending in 2011, thereby resulting in the earlier application of the tax changes described above. The above changes also do not apply to an entity that qualifies for the real estate investment trust exemption (the "REIT Exemption"). The Partnership is evaluating alternatives to permit it to qualify for the REIT Exemption prior to 2011.

The Partnership recorded a future income tax benefit of \$1,060,000 during the three and six months ended June 30, 2007 based on the Partnership's current tax status as a limited partnership. This future tax benefit relates to the Partnership's share of the temporary difference between the accounting and tax basis of the Partnership's assets expected to reverse after the date that the changes are expected to apply.

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-“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. Management, investors and analysts consider FFO and EBITDA to be good measures of the performance of real estate companies because they evaluate the cash generating ability of an entity (in the case of FFO) or its assets (in the case of EBITDA), without taking into account the impact of amortization (and interest, in the case of EBITDA), which may vary significantly between real estate companies based on when particular assets were acquired and financed. FFO is equal to net income computed in accordance with GAAP plus depreciation and amortization. EBITDA is equal to earnings before interest income, interest expense, taxes, depreciation and amortization. EBITDA is utilized in determining the debt capacity of the Partnership. 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, 2007 and 2006:

	Three months ended June 30,			Six months ended June 30,		
	2007	2006	Change	2007	2006	Change
<u>Calculation of FFO:</u>						
Net income.....	\$ 2,966,000	\$ 2,023,000		\$ 4,598,000	\$ 3,551,000	
Amortization of real estate.....	917,000	732,000		1,829,000	1,381,000	
Amortization of intangibles.....	349,000	-		665,000	-	
Less: income tax benefit.....	(1,060,000)	-		(1,060,000)	-	
Less: gain on sale of land.....	-	(137,000)		-	(137,000)	
FFO.....	<u>\$ 3,172,000</u>	<u>\$ 2,618,000</u>	21.2%	<u>\$ 6,032,000</u>	<u>\$ 4,795,000</u>	25.8%
Weighted average number of Units...	7,232,145	5,563,188		7,232,145	5,194,358	
FFO per Unit.....	\$0.44	\$0.47	(6.4%)	\$0.83	\$0.92	(9.8%)
<u>Calculation of EBITDA:</u>						
Net income.....	\$ 2,966,000	\$ 2,023,000		\$ 4,598,000	\$ 3,551,000	
Amortization of real estate.....	917,000	732,000		1,829,000	1,381,000	
Amortization of intangibles.....	349,000	-		665,000	-	
Interest and commitment fees.....	116,000	208,000		235,000	420,000	
Less: income tax benefit.....	(1,060,000)	-		(1,060,000)	-	
Less: gain on sale of land.....	-	(137,000)		-	(137,000)	
Less: interest income.....	(18,000)	(17,000)		(45,000)	(23,000)	
EBITDA.....	<u>\$ 3,270,000</u>	<u>\$ 2,809,000</u>	16.4%	<u>\$ 6,222,000</u>	<u>\$ 5,192,000</u>	19.8%
Weighted average number of Units...	7,232,145	5,563,188		7,232,145	5,194,358	
EBITDA per Unit.....	\$0.45	\$0.50	(10.0%)	\$0.86	\$1.00	(14.0%)

Consolidated Financial Statements

Public Storage Canadian Properties

(A Limited Partnership Governed by the Limited Partnerships Act of Ontario)

June 30, 2007

Public Storage Canadian Properties(A Limited Partnership Governed by the Limited Partnerships Act of Ontario)

**INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	June 30, 2007	December 31, 2006
	\$	\$
ASSETS		
Cash and cash equivalents	491,000	415,000
Real estate facilities <i>[notes 3, 4, 5 and 6]</i>		
Land and land improvements	26,968,000	23,379,000
Buildings and equipment	97,518,000	78,969,000
	124,486,000	102,348,000
Less accumulated amortization	(31,775,000)	(29,946,000)
	92,711,000	72,402,000
Construction in progress	86,000	4,904,000
Intangible assets, net <i>[notes 3]</i>	531,000	948,000
Rent and other receivables	867,000	254,000
Other assets	1,193,000	319,000
Future income tax assets <i>[note 7]</i>	1,060,000	—
Total assets	96,939,000	79,242,000
LIABILITIES AND PARTNERS' EQUITY		
Accounts payable and accrued liabilities <i>[note 6]</i>	4,873,000	1,003,000
Advance payments from renters	955,000	863,000
Amounts due under credit facility <i>[note 4]</i>	19,500,000	3,800,000
Mortgage note payable <i>[note 5]</i>	5,568,000	5,623,000
Commitments and contingencies <i>[note 7]</i>		
Partners' equity		
7,232,145 partnership units issued and outstanding	66,043,000	67,953,000
Total liabilities and partners' equity	96,939,000	79,242,000

See accompanying notes

Public Storage Canadian Properties(A Limited Partnership Governed by the Limited Partnerships Act of Ontario)

**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
AND PARTNERS' EQUITY
(Unaudited)**

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$
Revenue				
Rental income	5,691,000	4,772,000	11,005,000	9,094,000
Interest and other income	18,000	17,000	45,000	23,000
Gain on sale of land	—	137,000	—	137,000
	5,709,000	4,926,000	11,050,000	9,254,000
Cost and expenses				
Cost of operations	1,871,000	1,577,000	3,774,000	3,125,000
Management fees <i>[note 6]</i>	342,000	287,000	661,000	546,000
Amortization of real estate facilities	917,000	732,000	1,829,000	1,381,000
Amortization of intangible assets	349,000	—	665,000	—
Interest and commitment fees	116,000	208,000	235,000	420,000
Administrative	208,000	99,000	348,000	231,000
	3,803,000	2,903,000	7,512,000	5,703,000
Income before taxes	1,906,000	2,023,000	3,538,000	3,551,000
Income tax benefit <i>[note 7]</i>	1,060,000	—	1,060,000	—
Net income for the period	2,966,000	2,023,000	4,598,000	3,551,000
Weighted average partnership units outstanding	7,232,145	5,563,188	7,232,145	5,194,358
Net income per unit	0.41	0.36	0.64	0.68
Partners' equity, beginning of period	66,331,000	24,900,000	67,953,000	25,542,000
Net income for the period	2,966,000	2,023,000	4,598,000	3,551,000
Net proceeds from rights offering	—	47,093,000	—	47,093,000
Distributions	(3,254,000)	(3,254,000)	(6,508,000)	(5,424,000)
Partners' equity, end of period	66,043,000	70,762,000	66,043,000	70,762,000

See accompanying notes

Public Storage Canadian Properties

(A Limited Partnership Governed by the Limited Partnerships Act of Ontario)

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income for the period	2,966,000	2,023,000	4,598,000	3,551,000
Adjustments to reconcile net income to net cash provided by operating activities				
Gain on sale of land	—	(137,000)	—	(137,000)
Amortization of real estate facilities	917,000	732,000	1,829,000	1,381,000
Amortization of intangible assets	349,000	—	665,000	—
(Increase) decrease in rent and other receivables	(445,000)	98,000	(613,000)	(112,000)
Increase in other assets	(789,000)	(537,000)	(874,000)	(736,000)
Increase in future income tax assets	(1,060,000)	—	(1,060,000)	—
Increase in accounts payable and accrued liabilities	3,872,000	567,000	3,870,000	630,000
Increase in advance payments from renters	38,000	117,000	92,000	129,000
Net cash provided by operating activities	5,848,000	2,863,000	8,507,000	4,706,000
INVESTING ACTIVITIES				
Proceeds from sale of land	—	760,000	—	760,000
Acquisition of real estate facilities				
Land and land improvements	(760,000)	(2,850,000)	(760,000)	(2,850,000)
Buildings and equipment	(2,490,000)	(11,038,000)	(2,490,000)	(11,038,000)
Intangible assets	(248,000)	—	(248,000)	—
Construction of new facilities	(9,931,000)	(2,623,000)	(13,376,000)	(5,459,000)
Improvements to real estate facilities	(668,000)	(202,000)	(694,000)	(224,000)
Net cash used in investing activities	(14,097,000)	(15,953,000)	(17,568,000)	(18,811,000)
FINANCING ACTIVITIES				
Net proceeds from rights offering	—	47,093,000	—	47,093,000
Borrowings from credit facility	11,500,000	1,500,000	17,000,000	4,500,000
Repayments of credit facility	—	(33,000,000)	(1,300,000)	(33,000,000)
Mortgage note payable	—	5,676,000	—	5,676,000
Repayments of mortgage note payable	(28,000)	—	(55,000)	—
Distributions	(3,254,000)	(3,254,000)	(6,508,000)	(5,424,000)
Net cash provided by financing activities	8,218,000	18,015,000	9,137,000	18,845,000
Net increase (decrease) in cash and cash equivalents during the period	(31,000)	4,925,000	76,000	4,740,000
Cash and cash equivalents, beginning of period	522,000	306,000	415,000	491,000
Cash and cash equivalents, end of period	491,000	5,231,000	491,000	5,231,000
Supplemental cash flow information				
Interest paid	279,000	111,000	484,000	539,000
Transfer of construction in progress to real estate facilities:				
Land and land improvements	2,829,000	—	2,829,000	555,000
Buildings and equipment	15,365,000	—	15,365,000	8,197,000
Construction in progress	(18,194,000)	—	(18,194,000)	(8,752,000)

See accompanying notes

Public Storage Canadian Properties

(A Limited Partnership Governed by the Limited Partnerships Act of Ontario)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

June 30, 2007

1. DESCRIPTION OF PARTNERSHIP

Public Storage Canadian Properties (the "Partnership") is a publicly held limited partnership formed under the *Limited Partnerships Act* (Ontario). The Partnership owns 24 operating self-storage facilities. 15 facilities are located in Ontario, 5 are located in British Columbia, 3 are located in Québec and 1 is located in Alberta. The self-storage industry is subject to seasonal fluctuations in occupancy levels with the spring and summer months generating increased rental activity compare to decreased rental activity in the colder winter months. The Partnership experiences the effects of these fluctuations as spring and summer occupancies are typically higher than those in the fall and winter.

The facilities are operated under the trade name "Public Storage" and are managed by the General Partner of the Partnership pursuant to a separate property management agreement [see note 6]. The General Partner of the Partnership is Canadian Mini-Warehouse Properties Company ("CMP"). All of the shares of CMP are beneficially owned by B. Wayne Hughes. Entities owned by B. Wayne Hughes and certain members of his family owned 3,896,942 units of the Partnership ("Units"), including the Units owned by CMP, or approximately 53.9% of the outstanding Units as at June 30, 2007 and December 31, 2006.

2. BASIS OF PRESENTATION

These interim unaudited consolidated financial statements have been prepared by the Partnership in accordance with Canadian generally accepted accounting principles ("GAAP") with respect to interim financial statements, applied on a consistent basis. These interim unaudited consolidated financial statements follow the same accounting principles and methods of application as those described in Note 2 to the Partnership's audited consolidated financial statements as at and for the year ended December 31, 2006 except for the new accounting guidelines noted below. Accordingly, they do not include all the information and footnotes required for compliance with Canadian GAAP for annual financial statements. These interim unaudited consolidated financial statements and notes thereon should be read in conjunction with the annual audited consolidated financial statements.

The preparation of these interim unaudited consolidated financial statements and the accompanying notes require management to make estimates and assumptions that affect the amounts reported. In the opinion of management, these interim unaudited consolidated financial statements reflect all adjustments (which include only normal, recurring adjustments) necessary to state fairly the results for the periods presented. Actual results could vary from these estimates and the operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

The comparative interim consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year interim consolidated financial statements.

These interim unaudited consolidated financial statements of the Partnership have not been reviewed by our independent auditors.

Effective January 1, 2007, the Partnership adopted the following CICA guidelines:

Section 1530 – Comprehensive Income

Comprehensive income is the change in the Partnership's net assets that results from transactions, events and circumstances from sources other than the Partnership's Unitholders and includes items that would not normally be included in net income until realized. The adoption of this policy did not have a material impact on the financial statements.

Section 3855 – Financial Instruments – Recognition and Measurement

Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. The adoption of this policy did not have a material impact on the financial statements.

Public Storage Canadian Properties

(A Limited Partnership Governed by the Limited Partnerships Act of Ontario)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

June 30, 2007

3. REAL ESTATE FACILITIES

On May 1, 2007, the Partnership acquired an existing self-storage facility in Woodstock, Ontario. The earnings from this facility are included in the consolidated statements of operations from the date of acquisition. The purchase method of accounting was used and the purchase price was allocated as follows:

	\$
Land and land improvements	760,000
Buildings and equipment	2,490,000
Intangible assets	248,000
Total purchase price	3,498,000

On June 26, 2007, the Partnership opened a newly constructed self-storage facility in Scarborough, Ontario and reclassified this facility from construction in progress to real estate facilities. The total cost to develop this facility (including land) was approximately \$11,115,000.

On June 28, 2007, the Partnership opened a newly constructed self-storage facility located in Laval, Québec and reclassified this facility from construction in progress to real estate facilities. The total cost to develop this facility (excluding the option to purchase the land) was approximately \$7,079,000.

4. CREDIT FACILITY

In July 2006, the Partnership amended and extended its credit agreement with the Bank of Montreal (the "Credit Facility"). The \$35,000,000 revolving Credit Facility matures in July 2009. The Credit Facility is secured by four real estate facilities and a general security agreement. As at June 30, 2007, amounts due under the Credit Facility were \$19,500,000 [\$3,800,000 as at December 31, 2006].

At the Partnership's option, the rate of interest charged on the Credit Facility is equal to either (i) the Prime Rate or (ii) a rate equal to the Banker's Acceptance Rate plus an applicable margin of 0.875%. In addition, the Partnership is required to pay a standby fee equal to 0.125% based on the unused portion of the Credit Facility. The weighted average borrowing rate was 5.26% and 5.18% for the six months ended June 30, 2007 and 2006, respectively.

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 4.50 to 1.00 and (ii) maintain a tangible net worth (as defined) of at least \$60,000,000. As at June 30, 2007 and December 31, 2006, the Partnership was in compliance with the terms of the Credit Facility.

5. MORTGAGE NOTE PAYABLE

In July 2006, the Partnership assumed a 7.879% mortgage note payable of \$5,676,000 in connection with the acquisition of an existing self-storage facility in St. Laurent, Québec. The note payable is secured by this facility and matures in November 2012.

Interest expense on the mortgage note payable for the six months ended June 30, 2007 was \$217,000 [2006 - \$37,000].

6. RELATED PARTY TRANSACTIONS

Pursuant to the terms of the amended and restated management agreement dated as at January 1, 1999, between CMP and the Partnership (the "Management Agreement"), CMP manages the operations of the mini-warehouses facilities of the Partnership for a management fee of 6% of Gross Operating Revenue (as defined in the Management Agreement). Management fees were \$661,000 for the six months ended June 30, 2007, [2006 - \$546,000].

Public Storage Canadian Properties

(A Limited Partnership Governed by the Limited Partnerships Act of Ontario)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

June 30, 2007

In addition to management fees, the Partnership reimburses CMP for any reasonable expenses or costs it incurs, or disbursements it makes on behalf of the Partnership in connection with its duties as General Partner and property manager (e.g., advertising, insurance and support services, etc.). Out-of-pocket costs paid by CMP were \$695,000 for the six months ended June 30, 2007 [2006 - \$594,000]. These amounts are included in cost of operations and administrative expense.

The Partnership also reimbursed CMP for out-of-pocket internal acquisition and construction management costs of \$95,000 for the six months ended June 30, 2007 [2006 - \$97,000]. These amounts were capitalized and included in the cost of real estate facilities and construction in progress.

These transactions are in the normal course of operations and are measured at the exchange amount which represents the consideration established and agreed to by the related parties.

As at June 30, 2007, the Partnership owed \$370,000 to CMP [\$507,000 as at December 31, 2006]. These amounts are included in accounts payable and accrued liabilities.

7. COMMITMENTS AND CONTINGENCIES

Due to the size, complexity and nature of the Partnership's operations, various legal matters are pending. 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.

The *Income Tax Act* (Canada) has been amended to eliminate tax advantages presently enjoyed by certain investors in publicly-traded specified investment flow-through trusts or partnerships ("SIFTs"), including the Partnership. Very generally, commencing in the Partnership's taxation year ending in 2011, the Partnership will be required to pay tax on its income at rates equivalent to that of a corporation. In addition, income subject to the new tax allocated to holders of Units will be taxed as though received by them as taxable dividends paid by a taxable Canadian corporation. In the case of a Unitholder that is an individual, tax dividend gross-up and tax credit rules regularly applicable to such dividends will then apply to such deemed dividends. A Unitholder that is a corporation will generally be entitled to deduct the amount of such deemed dividends in computing its income for tax purposes. The effect of these measures, generally speaking, will be that income earned by the Partnership will be taxed at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations.

The above changes will not be expected to apply to the Partnership until the Partnership's taxation year ending 2011. Unless the Partnership fails to comply with the normal growth guidelines issued by the Department of Finance (the "Growth Guidelines"), the above changes will apply with respect to any taxation year of the Partnership in which the Partnership exceeds the Growth Guidelines and thereafter.

The Growth Guidelines provide that a SIFT will not be considered to have exceeded "normal growth" if its equity capital were to grow as a result of issuances of new equity, in any of the intervening periods described below, by an amount that does not exceed the greater of \$50 million and an objective "safe harbour". The Growth Guidelines indicate that the safe harbour amount is measured by reference to a SIFT's market capitalization based on the trading price of a SIFT's issued and outstanding publicly-traded units as at the end of trading on October 31, 2006 (the "Market Capitalization"). For the period from November 1, 2006 to the end of 2007, a SIFT's safe harbour is 40% of the Market Capitalization. A SIFT's safe harbour for each of the 2008 through 2010 calendar years is 20% of the Market Capitalization. The annual safe harbour amounts are cumulative, whereas the \$50 million amounts are not cumulative.

The Partnership recorded a future income tax benefit of \$1,060,000 during the six months ended June 30, 2007 based on the Partnership's current tax status as a limited partnership. This future tax benefit relates to the Partnership's share of the temporary difference between the accounting and tax basis of the Partnership's assets expected to reverse after the date that the changes are expected to apply.

7. SUBSEQUENT EVENTS

Public Storage Canadian Properties

(A Limited Partnership Governed by the Limited Partnerships Act of Ontario)

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

June 30, 2007

On August 3, 2007, the Partnership temporarily increased the Credit Facility from \$35,000,000 to \$40,000,000 until March 31, 2008.

**Public Storage Canadian Properties
Partnership Highlights**

	Q106	Q206	Q306	Q406	Q107	Q207	2006 YTD	2007 YTD
Operations								
"Same Store" average occupancy	87.1%	88.2%	87.3%	85.4%	85.6%	88.7%	87.6%	87.1%
"Same Store" annualized realized rental rates ⁽¹⁾	\$15.10	\$15.93	\$16.21	\$15.97	\$15.96	\$16.11	\$15.52	\$16.04
Rental income	\$4,322,000	\$4,772,000	\$5,473,000	\$5,279,000	\$5,314,000	\$5,691,000	\$9,094,000	\$11,005,000
% change from prior year	11.5%	13.4%	22.4%	22.0%	23.0%	19.3%	12.5%	21.0%
Net income	\$1,528,000	\$2,023,000	\$2,062,000	\$1,676,000	\$1,632,000	\$2,966,000	\$3,551,000	\$4,598,000
Net income per Unit	\$0.32	\$0.36	\$0.29	\$0.23	\$0.23	\$0.41	\$0.68	\$0.64
% change from prior year	(5.9%)	(7.7%)	(27.5%)	(42.5%)	(28.1%)	13.9%	(6.8%)	(5.9%)
Funds from Operations (FFO) ⁽²⁾	\$2,177,000	\$2,618,000	\$3,250,000	\$2,900,000	\$2,860,000	\$3,172,000	\$4,795,000	\$6,032,000
FFO per Unit	\$0.45	\$0.47	\$0.45	\$0.40	\$0.40	\$0.44	\$0.92	\$0.83
% change from prior year	0.0%	(7.8%)	(15.1%)	(25.9%)	(11.1%)	(6.4%)	(4.2%)	(9.8%)
EBITDA ⁽²⁾	\$2,383,000	\$2,809,000	\$3,311,000	\$2,936,000	\$2,952,000	\$3,270,000	\$5,192,000	\$6,222,000
EBITDA per Unit	\$0.49	\$0.50	\$0.46	\$0.41	\$0.41	\$0.45	\$1.00	\$0.86
% change from prior year	8.9%	(7.4%)	(17.9%)	(19.6%)	(16.3%)	(10.0%)	2.0%	(14.0%)
Stock Price								
Close	\$23.75	\$20.00	\$21.71	\$22.75	\$23.85	\$22.84	\$20.00	\$22.84
High	25.00	23.75	22.00	23.50	24.77	24.54	25.00	24.77
Low	22.00	19.55	20.00	20.50	22.40	22.84	19.55	22.40
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 before depreciation, amortization and gains or losses on sale of real estate assets. 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

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Investor Communications Department
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