

# Public Storage Canadian Properties

## News Release

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### Public Storage Canadian Properties Announces Third Quarter 2009 Operating Results and Distributions

**TORONTO, Ontario** – Public Storage Canadian Properties (the “Partnership”) (TSX:PUB) today announced operating results for the third quarter ended September 30, 2009 and distributions to be paid on December 31, 2009.

#### Operating Results

Net income of the Partnership was \$1,510,000 or \$0.17 per partnership unit (“Unit”) for the three months ended September 30, 2009 compared to \$2,138,000 or \$0.24 per Unit for the same period in 2008. Net income of the Partnership was \$4,757,000 or \$0.53 per Unit for the nine months ended September 30, 2009 compared to \$5,715,000 or \$0.63 per Unit for the same period in 2008.

#### Property Operations

The Partnership owns, and derives substantially all of its income from, 27 self-storage facilities, of which fifteen are located in Ontario, five are located in British Columbia, six are located in Québec and one is located in Alberta. In addition, the Partnership owns parcels of land in Oakville, Ontario; Orleans, Ontario; and Richmond Hill, Ontario for development into new self-storage facilities.

In order to evaluate the performance of the Partnership’s portfolio, management analyzes the operating performance of a stabilized group of self-storage facilities (herein referred to as “Same Store” facilities). 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. “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. As at September 30, 2009, the “Same Store” facilities consist of 16 facilities that have been owned and operated by the Partnership since its inception and two facilities that were opened in 2005 and contain approximately 1,366,000 net rentable square feet and 12,678 storage units.

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

	Three months ended September 30,			Nine months ended September 30,		
	2009	2008	Change	2009	2008	Change
Rental income .....	\$ 4,837,000	\$ 5,043,000	(4.1%)	\$ 13,989,000	\$ 14,837,000	(5.7%)
Less: cost of operations .....	1,553,000	1,390,000	11.7%	4,394,000	4,441,000	(1.1%)
Less: management fees .....	290,000	303,000	(4.3%)	839,000	890,000	(5.7%)
Net operating income <sup>(1)</sup> .....	<u>\$ 2,994,000</u>	<u>\$ 3,350,000</u>	(10.6%)	<u>\$ 8,756,000</u>	<u>\$ 9,506,000</u>	(7.9%)
Gross margin <sup>(2)</sup> .....	61.9%	66.4%		62.6%	64.1%	
Weighted average for period:						
Occupancy .....	90.6%	86.8%		87.6%	85.9%	
Realized annual rent per square foot <sup>(3)</sup> .....	\$15.65	\$17.04	(8.2%)	\$15.61	\$16.89	(7.6%)
End of period occupancy.....	89.0%	85.9%		89.0%	85.9%	

- (1) Net operating income (“NOI”) is equal to rental income less cost of operations and management fees paid to an affiliate before amortization. This non-generally accepted accounting principles (“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.
- (2) Gross margin is computed by dividing property net operating income by rental income.
- (3) 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.

### **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 performance measures do not have any standardized meanings prescribed by generally accepted accounting principles (“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.

The Real Property Association of Canada (“REALpac”) defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable real estate and extraordinary items, plus depreciation and amortization, plus future income taxes and after adjustments for equity accounted for entities and non-controlling interests. Adjustments for equity accounted for entities and joint ventures and non-controlling interests are calculated to reflect funds from operations on the same basis as the consolidated properties.

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 nine months ended September 30, 2009 and 2008:

	Three months ended September 30,			Nine months ended September 30,		
	2009	2008	Change	2009	2008	Change
<b><u>Calculation of FFO:</u></b>						
Net income.....	\$ 1,510,000	\$ 2,138,000		\$ 4,757,000	\$ 5,715,000	
Amortization of real estate facilities	1,336,000	1,112,000		3,655,000	3,227,000	
Amortization of intangible assets ....	-	17,000		-	116,000	
Less: future income tax benefit.....	(71,000)	(47,000)		(105,000)	(164,000)	
FFO.....	<u>\$ 2,775,000</u>	<u>\$ 3,220,000</u>	(13.8%)	<u>\$ 8,307,000</u>	<u>\$ 8,894,000</u>	(6.6%)
Weighted average number of Units ..	9,040,181	9,040,181		9,040,181	9,040,181	
FFO per Unit .....	\$0.31	\$0.36	(13.9%)	\$0.92	\$0.98	(6.1%)
<b><u>Calculation of EBITDA:</u></b>						
Net income.....	\$ 1,510,000	\$ 2,138,000		\$ 4,757,000	\$ 5,715,000	
Amortization of real estate.....	1,336,000	1,112,000		3,655,000	3,227,000	
Amortization of intangibles .....	-	17,000		-	116,000	
Interest and commitment fees.....	269,000	151,000		628,000	435,000	
Less: income tax benefit .....	(71,000)	(47,000)		(105,000)	(164,000)	
Less: interest income.....	(5,000)	(17,000)		(19,000)	(92,000)	
EBITDA .....	<u>\$ 3,039,000</u>	<u>\$ 3,354,000</u>	(9.4%)	<u>\$ 8,916,000</u>	<u>\$ 9,237,000</u>	(3.5%)
Weighted average number of Units ..	9,040,181	9,040,181		9,040,181	9,040,181	
EBITDA per Unit.....	\$0.34	\$0.37	(8.1%)	\$0.99	\$1.02	(2.9%)

### **Distributions**

The board of directors of the general partner today declared a distribution of \$0.225 per Unit payable on December 31, 2009 to unitholders of record at the close of business on December 15, 2009.

### **IFRS Update – Property Valuations**

The Canadian Accounting Standards Board (“AcSB”) confirmed that the adoption of International Financial Reporting Standards (“IFRS”) will be effective for Canadian publicly accountable enterprises on January 1, 2011, including the Partnership. IFRS will replace Canadian GAAP for these enterprises. Comparative information under IFRS will also need to be provided for reporting purposes.

The Partnership will be required to disclose the fair value of its investment properties under IFRS. In connection with the transition to IFRS, the Partnership commissioned an appraisal of its real estate portfolio by Colliers International Reality Advisors, Inc., an independent real estate appraisal firm. As of October 1, 2009 the Partnership’s real estate portfolio (excluding properties under development) was valued at approximately \$230 million.

### **Partnership Information**

Public Storage Canadian Properties is a publicly held limited partnership that invests in self-storage facilities. More information about the Partnership is available on the Internet. The Partnership’s main website is [www.publicstoragecanada.com](http://www.publicstoragecanada.com). The Partnership’s investor website is [www.pscinvestor.com](http://www.pscinvestor.com).

**PUBLIC STORAGE CANADIAN PROPERTIES  
SELECTED FINANCIAL DATA**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
<b>Revenue:</b>				
Rental income .....	\$ 6,356,000	\$ 6,320,000	\$ 18,077,000	\$ 18,225,000
Interest and other income .....	5,000	17,000	19,000	92,000
	<u>6,361,000</u>	<u>6,337,000</u>	<u>18,096,000</u>	<u>18,317,000</u>
<b>Costs and expenses:</b>				
Cost of operations .....	2,785,000	2,390,000	7,691,000	7,361,000
Management fees paid to an affiliate .....	382,000	380,000	1,085,000	1,094,000
Amortization of real estate facilities .....	1,336,000	1,112,000	3,655,000	3,227,000
Amortization of intangible assets .....	-	17,000	-	116,000
Interest and commitment fees .....	269,000	151,000	628,000	435,000
Administrative .....	150,000	196,000	385,000	533,000
	<u>4,922,000</u>	<u>4,246,000</u>	<u>13,444,000</u>	<u>12,766,000</u>
Income before income taxes .....	<u>1,439,000</u>	<u>2,091,000</u>	<u>4,652,000</u>	<u>5,551,000</u>
Future income tax benefit .....	<u>71,000</u>	<u>47,000</u>	<u>105,000</u>	<u>164,000</u>
Net income .....	<u>\$ 1,510,000</u>	<u>\$ 2,138,000</u>	<u>\$ 4,757,000</u>	<u>\$ 5,715,000</u>
Net income per Unit .....	\$ 0.17	\$ 0.24	\$ 0.53	\$ 0.63
Distributions per Unit .....	\$ 0.225	\$ 0.45	\$ 0.675	\$ 1.35
Weighted average number of Units outstanding .....	9,040,181	9,040,181	9,040,181	9,040,181
<b>Balance sheet data:</b>				
	As at September 30, 2009	As at December 31, 2008		
Cash and cash equivalents .....	\$ 225,000	\$ 2,390,000		
Real estate facilities, net .....	115,147,000	98,309,000		
Properties under development .....	18,073,000	16,881,000		
Receivables and other assets .....	2,577,000	630,000		
Future income taxes .....	1,399,000	1,294,000		
Total assets .....	<u>\$ 137,421,000</u>	<u>\$ 119,504,000</u>		
Accounts payable and accrued liabilities .....	\$ 2,748,000	\$ 1,509,000		
Advance payments from renters .....	1,586,000	1,326,000		
Distributions payable .....	-	2,252,000		
Interest rate swaps .....	328,000	-		
Debt .....	44,386,000	24,371,000		
Partners' equity .....	88,373,000	90,046,000		
Total liabilities and partner's equity .....	<u>\$ 137,421,000</u>	<u>\$ 119,504,000</u>		
Units outstanding at end of period .....	9,040,181	9,040,181		