

PUBLIC STORAGE CANADIAN PROPERTIES
(A Limited Partnership Governed By
The Limited Partnerships Act Of Ontario)

ANNUAL REPORT TO UNITHOLDERS

DECEMBER 31, 2004

PUBLIC STORAGE CANADIAN PROPERTIES

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

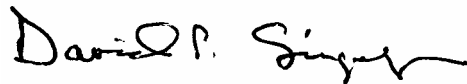
Notice of Annual Meeting of Unitholders

Notice is hereby given that the annual meeting of the holders of limited partnership units of Public Storage Canadian Properties (the "Partnership") will be held at 1:00 p.m. in Boardroom CC6 at the offices of Osler, Hoskin & Harcourt LLP, 1 First Canadian Place, 63rd Floor, Toronto, Ontario on May 4, 2005, to:

- a. receive the report of Canadian Mini-Warehouse Properties Limited, the general partner of the Partnership, the financial statements of the Partnership and the auditors' report thereon for the year ended December 31, 2004;
- b. review the affairs of the Partnership; and
- c. transact such other business as may properly come before the meeting or any adjournment thereof.

Dated this 23rd day of February 2005.

By Order of the Board of Directors of the General Partner,
Canadian Mini-Warehouse Properties Limited



David P. Singelyn
President

PUBLIC STORAGE CANADIAN PROPERTIES

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Properties

The Partnership owns sixteen properties, thirteen in Ontario and three in British Columbia. The following table sets forth information as of December 31, 2004, about the Partnership's properties:

Location	Date Opened	Land Areas (Acres)	Net Rentable Square Feet	Number of Rental Spaces ^(a) ^(b)
Ontario				
Brampton	Aug. 1979	4.1	63,000	514
Etobicoke	Nov. 1979	1.9	29,000	262
Etobicoke / Queen Elizabeth	Sept. 1986	2.5	66,000	691
Hamilton	Sept. 1979	5.0	95,000	803
Mississauga	Sept. 1979	3.7	58,000	506
Mississauga / Eglinton	Dec. 1986	4.3	82,000	737
Mississauga / Queensway East	Feb. 1981	6.3	105,000	827
North York / Arrow	Oct. 1980	6.0	117,000	1,004
North York / Hobson	April 1982	2.6	63,000	610
Rexdale	Jan. 1980	4.9	141,000	1,515
Markham / Dynamic	Sept. 1980	4.7	80,000	651
Scarborough / Birchmount	Jan. 1987	3.4	73,000	700
Scarborough / Finch	Dec. 1980	4.2	58,000	453
			<u>1,030,000</u>	<u>9,273</u>
British Columbia				
Coquitlam / United	April 1981	4.7	65,000	727
Surrey / Scott	Nov. 1980	3.2	60,000	529
Surrey / King George	April 1982	4.1	80,000	646
			<u>205,000</u>	<u>1,902</u>

(a) Number of spaces may change. Internal partitions are sometimes added or deleted to satisfy space size demand.

(b) Includes outdoor spaces for vehicle storage: Markham/Dynamic Drive, 40; Scarborough/Finch, 37; Coquitlam/United, 150; North York/Arrow Road, 83; Hamilton, 14; Rexdale, 105; Etobicoke, 23; Brampton, 2.

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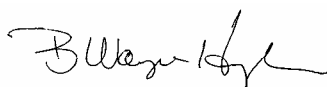
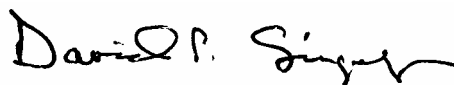
Consolidated Balance Sheets

	December 31, 2004	December 31, 2003
<u>Assets</u>		
Cash and cash equivalents	\$ 275,000	\$ 1,056,000
Real estate facilities:		
Buildings and equipment [Note 8]	38,302,000	35,819,000
Land and land improvements	13,460,000	13,460,000
	51,762,000	49,279,000
Less: accumulated depreciation	(24,417,000)	(22,394,000)
	27,345,000	26,885,000
Construction in progress	7,734,000	1,825,000
Rent and other receivables	244,000	245,000
Other assets	630,000	91,000
	\$ 36,228,000	\$ 30,102,000

Liabilities and Partners' Equity

Accounts payable	\$ 724,000	\$ 984,000
Advanced payments from renters	492,000	425,000
Amounts due under credit facility [Note 3]	8,200,000	-
Contingent liabilities [Note 7]		
Partners' equity, 4,993,731 partnership units authorized; 4,821,430 partnership units issued and outstanding [Note 4]	26,812,000	28,693,000
	\$ 36,228,000	\$ 30,102,000

Approved by the Board of Directors of the General Partner, Canadian Mini-Warehouse Properties Limited.

B. Wayne Hughes, Jr.
DirectorDavid P. Singelyn
Director

See accompanying notes.

PUBLIC STORAGE CANADIAN PROPERTIES

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

Consolidated Statements of Operations

For the years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenue:		
Rental income	\$ 15,242,000	\$ 15,275,000
Interest and other income	28,000	38,000
	<u>15,270,000</u>	<u>15,313,000</u>
Costs and expenses:		
Cost of operations	5,136,000	4,783,000
Management fees paid to affiliate	916,000	919,000
Depreciation and amortization	2,023,000	1,878,000
Administrative	397,000	330,000
Write-off of capitalized software	-	69,000
	<u>8,472,000</u>	<u>7,979,000</u>
Net income	<u>\$ 6,798,000</u>	<u>\$ 7,334,000</u>
Net income per partnership unit	<u>\$ 1.41</u>	<u>\$ 1.52</u>
Weighted average partnership units outstanding	<u>4,821,430</u>	<u>4,821,430</u>

See accompanying notes.

PUBLIC STORAGE CANADIAN PROPERTIES

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

Consolidated Statements of Partners' Equity

For the years ended December 31, 2004 and 2003

Balance at December 31, 2002	\$ 30,038,000
Net income	7,334,000
Distributions to partners	<u>(8,679,000)</u>
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	<u><u>\$ 26,812,000</u></u>

See accompanying notes.

PUBLIC STORAGE CANADIAN PROPERTIES

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2004 and 2003

	2004	2003
Cash flows provided by operating activities:		
Net income	\$ 6,798,000	\$ 7,334,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Write-off of capitalized software	-	69,000
Depreciation and amortization	2,023,000	1,878,000
Decrease (increase) in rent and other receivable	1,000	(121,000)
(Increase) decrease in other assets	(539,000)	136,000
(Decrease) increase in accounts payable	(260,000)	639,000
Increase in advanced payments from renters	67,000	31,000
Total adjustments	1,292,000	2,632,000
Net cash provided by operating activities	8,090,000	9,966,000
Cash flows from investing activities:		
Purchase of land and construction of new facilities	(5,909,000)	(1,825,000)
Purchase of new software	-	(144,000)
Capital improvements to real estate facilities	(2,483,000)	(908,000)
Net cash used in investing activities	(8,392,000)	(2,877,000)
Cash flows from financing activities:		
Borrowings from credit facility	8,200,000	-
Distributions to partners	(8,679,000)	(8,679,000)
Net cash used in financing activities	(479,000)	(8,679,000)
Net decrease in cash and cash equivalents	(781,000)	(1,590,000)
Cash and cash equivalents, beginning of year	1,056,000	2,646,000
Cash and cash equivalents, end of year	\$ 275,000	\$ 1,056,000
Supplemental cash flow information:		
Interest paid	\$ 69,000	\$ -

See accompanying notes.

PUBLIC STORAGE CANADIAN PROPERTIES

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

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

1. Description of Partnership

Public Storage Canadian Properties (the "Partnership") is a publicly held limited partnership which was established and which exists under the laws of the Province of Ontario. The Partnership owns 16 self-storage facilities in the provinces of Ontario and British Columbia. These facilities are operated and managed under the trade name "Public Storage" by the general partner (see Note 6). In addition, the Partnership owns two parcels of land in British Columbia for development into mini-warehouse facilities.

The general partner of the Partnership is Canadian Mini-Warehouse Properties Limited ("CMP"). All of the shares of CMP are beneficially owned by B. Wayne Hughes and certain members of his family (the "Hughes Family"). The Hughes Family beneficially owned 2,454,328 units of the Partnership ("Units"), including the Units owned by CMP, or approximately 50.9% of the outstanding Units as at December 31, 2004 (50.9% - December 31, 2003).

2. Summary of Significant Accounting Policies and Partnership Matters

Use of 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.

Reclassifications

Certain reclassifications have been made to the financial statements for 2003 in order to conform to the 2004 presentation.

Cash and Cash Equivalents

For financial statement purposes, the Partnership considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Financial Instruments

The Partnership's financial instruments consist of cash and cash equivalents, rent and other receivables, accounts payable, advanced payments from renters and amounts due under credit facilities. The carrying value of the financial instruments approximate their fair value due to the short-term maturities of these instruments.

Credit risk with respect to rents receivable is minimized by a large and diverse customer base and its geographic dispersion. As necessary, the Partnership provides for potential bad debts. Losses to date have been within management's expectations.

The Partnership is not exposed to significant interest or currency risk arising from these financial instruments.

Real Estate Facilities

Real estate facilities are recorded at cost. Costs associated with upgrading the existing facilities, other than ordinary repairs and maintenance, are capitalized as improvements.

Interest, property taxes and other overhead costs associated with development incurred during the construction period are capitalized. The Partnership capitalized \$69,000 of interest expense during the year ended December 31, 2004. No interest was capitalized for the year ended December 31, 2003.

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Other Assets

Other assets include performance bonds, deposits on escrow and deferred financing costs.

Deferred financing costs include legal and bank fees associated with the credit facility and are amortized on a straight-line basis over the life of the related debt.

Revenue and Expense Recognition

Rental income, which is earned pursuant to month-to-month leases for storage space, is recognized as earned. Interest income is recognized as earned. Costs of operations, general and administrative costs and interest are expensed as incurred.

Property Taxes

Property taxes are included in the cost of operations. As a result of changes to the assessed values of the Partnership's properties and the method in which property taxes are calculated, the Partnership regularly appeals its property tax expenditures. Refunds of previous year property taxes are recognized as a reduction in property tax expense in the period in which the refund becomes determinable.

Depreciation

Buildings and equipment are depreciated on the straight-line basis over estimated useful lives of 25 and 5 years, respectively. Land improvements are not depreciated.

Income Taxes

Taxes based on income are the responsibility of the individual partners and, accordingly, the Partnership's financial statements do not reflect a provision for such taxes.

Net Income per Unit

Net income per Unit is determined by dividing net income by the weighted average number of Units outstanding during the periods.

3. Credit Facility

In November 2001, the Partnership obtained a \$10 million revolving line of credit from a commercial bank ("Credit Agreement"). In July 2004, the Partnership amended the Credit Agreement to provide an additional \$18 million non-revolving credit facility. The credit facilities mature on June 30, 2005 and are secured by two real estate facilities.

At the Partnership's option, the rate of interest charged is equal to either (i) the prime rate or (ii) a rate equal to the Bankers' Acceptance Rate plus an applicable margin ranging from 0.75% to 1.50%. In addition, the Partnership is required to pay a standby fee on the unused portion of the facility. The standby fee ranges from 0.125% to 0.250% based on usage of the facility. The weighted average borrowing rate was 3.30% for the year ended December 31, 2004.

Under covenants of the Credit Agreement, the Partnership is required to (i) maintain a senior funded debt ratio of not greater than 3.50 to 1.00 and (ii) maintain a minimum net worth of \$25 million (as defined).

As at December 31, 2004, the Partnership had an outstanding balance of \$8,200,000 on its credit facilities and was in compliance with the covenants of the Credit Agreement.

4. Partners' Equity

Each Unit represents an equity interest in the Partnership and entitles the Unitholder to the rights and benefits specified in the limited partnership agreement of the Partnership (the "Partnership Agreement"), including, but not limited to, the right to receive a pro rata share of distributions to Unitholders by way of income or return of capital contribution. The transferability of the Units is restricted in that transfers are not permitted to persons who are not Qualifying Persons.

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A “Qualifying Person” is any person that (i) is not a “non-resident” of Canada for the purposes of the Income Tax Act (Canada) (the “Tax Act”), (ii) is not a person, an interest in which would be a “tax shelter investment” as defined in the Tax Act, and (iii) if a partnership, is a “Canadian partnership” under the Tax Act.

The Partnership Agreement requires that Distributable Cash, as defined therein, be distributed quarterly. Distributions to Unitholders were \$8,679,000 (\$1.80 per Unit) for each of the years ended December 31, 2004 and December 31, 2003.

5. Income Taxes

Taxes based on the income of the Partnership are the responsibility of the individual partners and, accordingly, each holder of Partnership Units on December 31 of each year is responsible for reporting its pro-rata share of the Partnership’s taxable income on their tax return. The pro-rata share of income to be recognized is based on the Partnership’s taxable income and not on its reported “book” income nor is it based on the amount of distributions received. Partnership taxable income and “book” income differ due to difference in the reporting of various items. The major difference is the amount of cost allowance recognized for tax purposes versus the amount of depreciation 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”.

Taxable income per Unit for taxable years 2004 and 2003 was \$1.61 and \$1.66 per Unit.

The Partnership, through its transfer agent, or the Unitholder’s brokerage firm will provide each Unitholder who held Units on December 31, 2004 with a Form T-5013 by March 31, 2005. The form indicates the amount of income the Unitholder is responsible for reporting on their tax return. Unitholders who have not received a Form T-5013 should contact their broker or the Partnership’s transfer agent for assistance.

Tax information for Unitholders is also provided on the Partnership’s website at www.publicstoragecanada.com.

6. Related Party Transactions

Pursuant to the terms of a management agreement between CMP and the Partnership, CMP manages the day-to-day operations of mini-warehouse facilities of the Partnership for a fee equal to 6% of gross rental revenues (as defined in the Partnership Agreement). During the year the Partnership incurred management fees of \$916,000 (\$919,000 - December 31, 2003.) At December 31, 2004 the Partnership owed \$163,000 to CMP (\$247,000 - December 31, 2003) for such services. These amounts are included in accounts payable.

At December 31, 2004, the Partnership has a miscellaneous amount due from Public Storage Inc. of \$41,000 (nil - December 31, 2003) included in rent and other receivables.

The Partnership advanced \$75,000 to an affiliate during the year ended December 31, 2003. This advance was included as a receivable as at December 31, 2003 and was repaid on March 29, 2004.

The Partnership also incurred a one-time charge of \$69,000 for the write-off of software during the year ended December 31, 2003. The Partnership has installed its own property management software and discontinued using software developed by Public Storage, Inc. in the United States. The Partnership is in discussions with Public Storage, Inc. regarding the refund of some of the developing costs incurred in using the Public Storage software. The Partnership is unable to determine if any refund will be received. If a refund is received, it will be recorded as other income when received.

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7. 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.

8. Real Estate Facilities

	Cost	Accumulated depreciation	Net book value
December 31, 2004			
Buildings	\$37,590,000	\$(23,836,000)	\$13,754,000
Equipment	712,000	(581,000)	131,000
	\$38,302,000	\$(24,417,000)	\$13,885,000
December 31, 2003			
Buildings	\$35,112,000	\$(21,889,000)	\$13,223,000
Equipment	707,000	(505,000)	202,000
	\$35,819,000	\$(22,394,000)	\$13,425,000

9. Subsequent Event

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.

This is the first existing self storage facility acquired by the Partnership. The cost of purchasing and rebranding the property will be funded principally from the Partnership's existing line of credit.

PUBLIC STORAGE CANADIAN PROPERTIES

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

AUDITORS' REPORT

The Board of Directors of the General Partner and Unitholders of
Public Storage Canadian Properties (a limited partnership)

We have audited the consolidated balance sheets of Public Storage Canadian Properties (a limited partnership) (the "Partnership") at December 31, 2004 and 2003 and the consolidated statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada,
January 21, 2005.

Ernst & Young LLP

Chartered Accountants

PUBLIC STORAGE CANADIAN PROPERTIES

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

Management's Responsibility for Financial Reporting

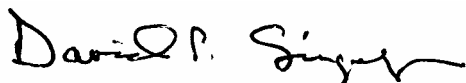
The accompanying consolidated financial statements of Public Storage Canadian Properties (the "Partnership") and all of the information in this annual report are the responsibility of management and have been approved by the Board of Directors of Canadian Mini-Warehouse Properties Limited ("CMP"), the general partner of the Partnership.

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise as they include certain amounts based on estimates and judgments. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with that in the financial statements.

The Partnership maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Partnership's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors of CMP is responsible for ensuring that its staff fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with auditing standards generally accepted in Canada on behalf of the Unitholders of the Partnership.



David P. Singelyn
President
Canadian Mini-Warehouse Properties Limited



Vincent R. Chan
Vice President and Controller
Canadian Mini-Warehouse Properties Limited

January 21, 2005

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

Dated January 21, 2005

Forward Looking Statements

This management's discussion and analysis contains "forward-looking" statements within the meaning of Canadian securities laws, which are based on expectations and estimates. Forward-looking statements may be identified by the use of forward-looking terminology such as "believe", "intend", "may", "will", "expect", "estimate", "anticipate", "continue", "consider", or similar terms, variations of those terms or the negative of those terms. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements contain potential risks and uncertainties, and actual results may therefore differ materially. We undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable law. Important factors that may affect these expectations include, but are not limited to: the fact that the Hughes Family (defined below) could control the Partnership; financing risks; real estate operating risks; competition; environmental liability; litigation; development delays and seasonality. For a discussion of these risks, see "Risk Factors" in our Annual Information Form. We encourage you to carefully review these risks in order to evaluate an investment in our securities.

General

Public Storage Canadian Properties (the "Partnership") is a publicly held limited partnership which was established and which exists under the laws of the Province of Ontario. The Partnership owns 16 self-storage facilities in the provinces of Ontario and British Columbia. These facilities are operated and managed under the trade name "Public Storage" by the general partner.

The general partner of the Partnership is Canadian Mini-Warehouse Properties Limited ("CMP"). All of the shares of CMP are beneficially owned by B. Wayne Hughes and certain members of his family (the "Hughes Family"). The Hughes Family beneficially owned 2,454,328 Units (including the Units owned by CMP) or approximately 50.9% of the outstanding Units as at December 31, 2004.

Commencing in the first quarter of 2003, CMP began to implement changes to enhance management's focus on the Partnership's business in Canada. In particular, CMP replaced administrative services provided by Public Storage, Inc., a real estate investment trust operating under the "Public Storage" name in the United States, with equivalent service provided by individuals devoted to the Canadian mini-warehouse business. These changes are expected to improve governance by enhancing the arm's length nature of the relationship between the "Public Storage" mini-warehouse operations conducted in Canada and the United States, respectively.

The Partnership derives substantially all of its income from the ownership and operation of its sixteen self-storage facilities. Beginning in 2003, the Partnership has experienced increased competition from new facilities, especially in the Toronto market where 13 of the Partnership's 16 facilities are located.

To counter the adverse impact of this competition on both occupancy and rental rates, Management pursued several initiatives during 2004.

Pricing. To improve the occupancy levels of the Partnership's properties, Management implemented aggressively priced rental rates at locations where competition from newer facilities exists and offered a "\$1 for first month move-in" promotion at all properties.

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Capital Expenditures. The Partnership invested approximately \$1,091,000 in capital expenditures (e.g., new roofs, driveway asphalt, painting and gates and extensive repairs to improve the function and aesthetics of older facilities, (excluding security system enhancements referred to below and expenditures related to new property acquisitions and developments). The Partnership has budgeted approximately \$1,300,000 for capital expenditures for 2005 (excluding capital expenditures related to new property acquisitions and development). These capital expenditures will be used primarily for roof and asphalt repairs and painting.

Security System Enhancements. The Partnership invested \$1,392,000 in new security system enhancements to provide facilities with individually alarmed units and property-wide video surveillance. These security attributes are standard on newer facilities built by competitors but were not available when the Partnership's facilities were built approximately twenty five years ago. The enhanced security systems were rolled out at all properties during 2004, and are now substantially complete. Management has gotten positive feedback from customers and resident managers regarding the functionality of the new security systems.

Focus on Sales. Consultants were engaged to provide a sales-oriented customer service and training program for all property managers. Cost of operations includes approximately \$40,000 in training costs paid by the Partnership. In addition, personnel changes were made at certain properties as required to foster a sales focused management team.

Management believes that the initiatives described above have resulted in improvements in occupancy levels in the last nine months of 2004. Although the programs have had a short term negative impact on rental income and result in increased costs to the Partnership, Management believes that they will have a long term positive effect on occupancy levels, rental revenues and net income. Management believes that the 2004 occupancy levels can be sustained in 2005.

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) is expected to be approximately \$6,461,000. As at December 31, 2004, \$4,552,000 had been invested in this facility. The facility is expected to open in the second quarter of 2005.

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 \$9,824,000. As at December 31, 2004, \$3,182,000 had been invested in this facility. The facility is expected to open in the first quarter of 2006.

These are the first development properties acquired by the Partnership since 1987 and will be funded by the Partnership's cash reserves and credit facility.

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.

This is the first existing self storage facility acquired by the Partnership. The cost of purchasing and rebranding the property will be funded principally from the Partnership's existing line of credit. (See Note 9 to the consolidated financial statements.)

PUBLIC STORAGE CANADIAN PROPERTIES

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

Selected Annual Information

	2004	2003	2002
Revenues:			
Rental income	\$ 15,242,000	\$ 15,275,000	\$ 15,751,000
Interest income	28,000	38,000	39,000
	<u>15,270,000</u>	<u>15,313,000</u>	<u>15,790,000</u>
Cost and expenses:			
Cost of operations	5,136,000	4,783,000	4,352,000
Management fees	916,000	919,000	946,000
Depreciation and amortization	2,023,000	1,878,000	1,833,000
Administrative	397,000	330,000	249,000
Write-off of capitalized software	-	69,000	-
	<u>8,472,000</u>	<u>7,979,000</u>	<u>7,380,000</u>
Net income	<u>\$ 6,798,000</u>	<u>\$ 7,334,000</u>	<u>\$ 8,410,000</u>
Per Partnership Unit:			
Net income	\$ 1.41	\$ 1.52	\$ 1.74
Distributions	1.80	1.80	1.95
Weighted average Partnership Units outstanding	4,821,430	4,821,430	4,821,430
Balance sheet data:			
Cash and cash equivalents	\$ 275,000	\$ 1,056,000	\$ 2,646,000
Total assets	36,228,000	30,102,000	30,777,000
Total debt	8,200,000	-	-
Partners' equity	26,812,000	28,693,000	30,038,000
Other data:			
Net cash provided by operating activities	8,601,000	9,966,000	10,396,000
Net cash used by investing activities	(8,903,000)	(2,877,000)	(632,000)
Net cash used in financing activities	(479,000)	(8,679,000)	(9,400,000)
Funds from operations ("FFO") ⁽¹⁾	8,821,000	9,281,000	10,243,000
FFO per Unit ⁽¹⁾	1.83	1.92	2.12
Earnings before interest, taxes, depreciation and amortization ("EBITDA") ⁽²⁾	8,793,000	9,243,000	10,204,000
EBITDA per Unit ⁽²⁾	1.82	1.92	2.12

(1) FFO is equal to net income computed in accordance with Canadian generally accepted accounting principles ("GAAP") plus depreciation and amortization. FFO is a supplementary performance measure for real estate companies used by many investors and analysts. FFO does not take into consideration scheduled principal payments on debt, capital improvements, distributions and other obligations of the Partnership. Accordingly, FFO is not a substitute for the Partnership's cash flow or net income as a measure of the Company's liquidity or operating performance or ability to pay distributions. 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.

(2) EBITDA is equal to earnings before interest income, interest expense, taxes, depreciation and amortization. EBITDA is a supplementary performance measure for real estate companies used by many investors and analysts. EBITDA does not take into consideration scheduled principal payments on debt, capital improvements, distributions and other obligations of the Partnership. Accordingly, EBITDA is not a substitute 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. 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.

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Critical Accounting Estimates

The Partnership accrues for property tax expenses and other operating expenses each quarter based on historical trends and anticipated disbursements. If these estimates are incorrect, the timing of expense recognition will be affected.

Operating Results

Net income was \$6,798,000 or \$1.41 per Unit for the year ended December 31, 2004 compared to \$7,334,000 or \$1.52 per Unit for the same period in 2003. The decrease in net income is due primarily to an increase in cost of operations and depreciation expense compared to the same period last year, as described in greater detail below.

Property Operations

The Partnership derives substantially all of its income from the ownership of sixteen self-storage facilities. Thirteen facilities are located in the province of Ontario and three facilities are located in the province of British Columbia.

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, 2003.

The following table summarizes the pre-depreciation operating results of the Partnership's facilities:

	Year ended December 31,		
	2004	2003	Change
Rental income.....	\$ 15,242,000	\$ 15,275,000	-0.2%
Less: cost of operations.....	5,136,000	4,783,000	7.4%
Less: management fees paid to affiliate.....	916,000	919,000	-0.3%
Net operating income ⁽¹⁾	<u>\$ 9,190,000</u>	<u>\$ 9,573,000</u>	-4.0%
Gross margin ⁽²⁾	60.3%	62.7%	
Weighted average for period:			
Occupancy.....	88.7%	87.2%	
Realized annual rent per square foot ⁽³⁾	\$13.91	\$14.18	-1.9%

(1) Net operating income ("NOI") is equal to rental income less cost of operations and management fees paid to an affiliate before depreciation. 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.

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

(3) Realized rent per square foot represents the actual rental income 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 also include administrative and late fees.

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Occupancy levels at the end of each quarter were as follows:

	2004	2003	Change
March 31.....	83.9%	87.2%	-3.3%
June 30.....	93.0%	90.8%	2.2%
September 30.....	92.2%	87.5%	4.7%
December 31.....	87.6%	80.6%	7.0%

The improvement in occupancy levels is largely attributable to various pricing, marketing, facility and training initiatives implemented by management during 2004 as outlined below:

- Aggressively priced rental rates at locations where competition from newer facilities exists;
- Offered a "\$1 for first month move-in" promotion;
- Invested in capital expenditures (e.g., new roofs, driveway asphalt, painting and gates) and extensive repairs to improve the function and aesthetics of older facilities;
- Invested in new security system enhancements to provide facilities with individually alarmed units and property-wide video surveillance. These security attributes are standard on newer facilities built by competitors but were not available when the Partnership's facilities were built approximately twenty five years ago; and
- Engaged consultants to provide a sales-oriented customer service and training program for property managers.

Rental income by geographic region is summarized as follows:

	Year ended December 31,		
	2004	2003	Change
Rental income:			
British Columbia.....	\$ 2,409,000	\$ 2,317,000	4.0%
Ontario	12,833,000	12,958,000	-1.0%
	<u>\$ 15,242,000</u>	<u>\$ 15,275,000</u>	-0.2%

Rental income reflects the impact of promotional discounts (primarily the \$1 for first month move-in promotion) referred to above. Discounts totaled \$1,737,000 for the year ended December 31, 2004 compared to \$1,163,000 for the same period in the prior year.

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Cost of operations by major categories is summarized as follows:

	Year ended December 31,		
	2004	2003	Change
Property taxes	\$ 1,779,000	\$ 1,768,000	0.6%
Direct payroll.....	1,310,000	1,196,000	9.5%
Repairs and maintenance.....	579,000	455,000	27.3%
Utilities	294,000	271,000	8.5%
Advertising	224,000	267,000	-16.1%
Insurance	187,000	172,000	8.7%
Other	763,000	654,000	16.7%
	<u>5,136,000</u>	<u>4,783,000</u>	7.4%
Management fees paid to an affiliate.....	<u>916,000</u>	<u>919,000</u>	-0.3%
Total expenses	<u>\$ 6,052,000</u>	<u>\$ 5,702,000</u>	6.1%

- Property taxes are accrued based upon estimates and historical trends. The increase is due to property reassessment values.
- Direct payroll expense reflects an increase in hours worked at the facilities and increased incentives to property personnel related to the increase in rental activity and improved occupancy levels. Payroll expense also includes \$24,000 in non-recurring severance payments paid in 2004.
- Repairs and maintenance are expensed as incurred and do not include capital improvements to real estate facilities. The increase is due to various maintenance initiatives referred to above and is expected to continue in 2005.
- Utilities reflect an increase in electricity costs.
- Advertising expense reflects increased yellow pages costs offset by cost savings associated with the discontinuance of advertising in local "Super Pages" in Toronto and Montreal and a new telephone reservation system implemented at the end of the third quarter of 2003.
- Insurance expense reflects increasing cost of property insurance of commercial facilities over the prior year and the impact of insuring the "Public Storage" Canadian operations on a stand-alone basis. The Partnership no longer benefits from the portfolio insurance policies covering Public Storage, Inc. in the United States.
- Other expenses include non-recurring costs of approximately \$40,000 associated with a sales-oriented customer service training program and professional fees of approximately \$40,000 associated with two litigation matters in 2004.
- The Partnership pays a management fee to an affiliate equal to 6% of gross rental revenues (as defined in the management agreement).

Depreciation and Amortization

Depreciation and amortization expense was \$2,023,000 for the year ended December 31, 2004 compared to \$1,878,000 for the same period in the prior year. The increase is due to depreciation on recent capital expenditures.

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Administrative

Administrative expense was \$397,000 for the year ended December 31, 2004 compared to \$330,000 for the same period in the prior year. Administrative expense consists primarily of accounting personnel, investor services, legal and professional fees and credit facility fees. The increase is due primarily to an increase in public company costs and fees associated with the increased credit facility.

Interest and Other Income

Interest and other income was \$28,000 for the year ended December 31, 2004 compared to \$38,000 for the same period in the prior year. The decrease is attributable to lower average cash balances.

Interest Expense

Interest cost of \$69,000 incurred on borrowing of the credit facility was capitalized as part of building costs associated with properties under development for the year ended December 31, 2004.

Write off of Capitalized Software

The Partnership also incurred a one-time charge of \$69,000 for the write-off of software during the year ended December 31, 2003. The Partnership has installed its own property management software and discontinued using software developed by Public Storage, Inc. in the United States. The Partnership is in discussions with Public Storage, Inc. regarding a refund of some of the developing costs incurred in using the Public Storage software. The Partnership is unable to determine if any refund will be received. If a refund is received, it will be recorded as other income when received.

Quarterly Results

<u>Quarter Ended</u>	<u>Total Revenues</u>	<u>Net Income</u>	<u>Net Income Per Unit</u>
March 31, 2003	\$ 3,872,000	\$ 1,940,000	\$ 0.40
June 30, 2003	3,788,000	1,805,000	0.37
September 30, 2003	3,899,000	1,971,000	0.41
December 31, 2003	3,754,000	1,618,000	0.34
March 31, 2004	\$ 3,615,000	\$ 1,687,000	\$ 0.35
June 30, 2004	3,711,000	1,531,000	0.32
September 30, 2004	4,014,000	1,843,000	0.38
December 31, 2004	3,930,000	1,737,000	0.36

Seasonality

The mini-warehouse industry is subject to seasonal fluctuations in occupancy levels with the spring and summer months generating increased rental activity compared to decreased rental activity in the colder winter months. The Partnership experiences the effects of these fluctuations as spring and summer occupancies are typically significantly higher than those in the fall and winter.

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Liquidity and Capital Resources

The Partnership ended the year with \$275,000 in cash and cash equivalents as at December 31, 2004. The Partnership generates sufficient cash flows from operations to finance its operations, both on a short-term basis and long-term basis. In addition, the Partnership has a \$28 million credit facility with a commercial bank for general corporate purposes and to provide short term financing for property acquisition and developments. Net cash provided by operating activities for the year ended December 31, 2004 and 2003 was \$8,090,000 and \$9,966,000, respectively. The decrease is largely attributable to a decrease in net income and the payment of liabilities that existed at December 31, 2003.

Capital Improvements

The Partnership invested approximately \$1,091,000 in capital expenditures (e.g., new roofs, driveway asphalt, painting and gates) in 2004 to improve the function and aesthetics of the older facilities. The Partnership also invested an additional \$1,392,000 in security system enhancements to provide its older facilities with individually alarmed units and video surveillance. Management believes these improvements were necessary to remain competitive with newer facilities in the marketplace. The Partnership has budgeted approximately \$1,300,000 in capital expenditures for 2005 (excluding capital expenditures related to new property acquisitions and development).

Credit Facility

In November 2001, the Partnership obtained a \$10 million revolving line of credit from a commercial bank ("Credit Agreement"). In July 2004, the Partnership amended the Credit Agreement to provide an additional \$18 million non-revolving credit facility. The credit facilities mature on June 30, 2005. At the Partnership's option, the rate of interest charged is equal to either (i) the prime rate or (ii) a rate equal to the Bankers' Acceptance Rate plus an applicable margin ranging from 0.75% to 1.50%. In addition, the Partnership is required to pay a standby fee on the unused portion of the facility. The standby fee ranges from 0.125% to 0.250% based on usage of the facility. Standby fees are paid quarterly and are included in administrative expenses. As at December 31, 2004, the Partnership had an outstanding balance of \$8,200,000 on its credit facilities.

Under covenants of the Credit Agreement, the Partnership is required to (i) maintain a senior funded debt ratio of not greater than 3.50 to 1.00 and (ii) maintain a minimum net worth of \$25 million (as defined). As at December 31, 2004, the Partnership was in compliance with the covenants of the Credit Agreement.

Property 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) is expected to be approximately \$6,461,000. As at December 31, 2004, \$4,552,000 had been invested in this facility. The facility is expected to open in the second quarter of 2005.

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 \$9,824,000. As at December 31, 2004, \$3,182,000 had been invested in this facility. The facility is expected to open in the first quarter of 2006.

These are the first development properties acquired by the Partnership since 1987 and will be funded by the Partnership's cash reserves and credit facility.

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

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rentable square feet and 778 units. This is an existing facility which was recently constructed and opened for business in April 2004.

This is the first existing self storage facility acquired by the Partnership. The cost of purchasing and rebranding the property will be funded principally from the Partnership's existing line of credit.

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 \$8,679,000 (\$1.80 per unit) during the years ended December 31, 2004 and 2003. The Partnership also declared a distribution of \$0.45 per partnership unit to be paid on March 31, 2005 to unitholders of record at the close of business on March 15, 2005. The Partnership expects to continue to make quarterly distributions.

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. 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. 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 years ended December 31, 2004 and 2003:

	Year ended December 31,		
	2004	2003	Change
<u>Calculation of FFO:</u>			
Net income	\$ 6,798,000	\$ 7,334,000	
Write-off of capitalized software.....	-	69,000	
Depreciation and amortization.....	2,023,000	1,878,000	
FFO	<u>\$ 8,821,000</u>	<u>\$ 9,281,000</u>	-5.0%
Weighted average number of Partnership Units....	4,821,430	4,821,430	
FFO per Partnership Unit.....	\$1.83	\$1.92	
<u>Calculation of EBITDA:</u>			
Net income	\$ 6,798,000	\$ 7,334,000	
Write-off of capitalized software.....	-	69,000	
Depreciation and amortization.....	2,023,000	1,878,000	
Less: interest income.....	(28,000)	(38,000)	
EBITDA	<u>\$ 8,793,000</u>	<u>\$ 9,243,000</u>	-4.9%
Weighted average number of Partnership Units....	4,821,430	4,821,430	
EBITDA per Partnership Unit	\$1.82	\$1.92	

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Transactions with Related Parties*Management Agreement with CMP*

Pursuant to the terms of a management agreement between CMP and the Partnership, CMP manages the Partnership's mini-warehouse properties for a management fee of 6% of gross revenues from the operation of said properties.

For as long as CMP remains the general partner, the Partnership is entitled to use the name and service mark "Public Storage" and related marks, slogans, caricatures, designs and other trade or service items in connection with the Partnership's properties. If at any time CMP ceases to be the general partner, the Partnership would no longer have the right to use the name and service mark "Public Storage" and related marks, slogans, caricatures, designs and other trade or service items.

Outstanding Partnership Unit Data

As at March 31, 2005, the capital of the Partnership is divided into 4,993,731 Units of which 4,821,430 have been issued and are outstanding.

Tax Treatment and Notices

Taxes based on the income of the Partnership are the responsibility of the individual partners and, accordingly, each Unitholder on December 31 of each year is responsible for reporting their pro-rata share of the Partnership's taxable income on their tax return. This pro-rata share of income to be recognized is based on the Partnership's taxable income and not on its reported "book" income nor is it based on the amount of distributions received.

Partnership taxable income and "book" income differ due to difference in the reporting of various items. The major difference is the amount of cost allowance recognized for tax purposes versus the amount of depreciation 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".

Taxable income per Partnership Unit for taxable years 2004 and 2003 was \$1.61 and \$1.66 per Unit.

The Partnership, through its transfer agent, or the Unitholder's brokerage firm will provide each Unitholder of record on December 31, 2004 with a Form T-5013 by March 31, 2005. The form indicates the amount of income the Unitholder is responsible for reporting on their tax return. Unitholders who have not received a Form T-5013 should contact their broker or PSCP's transfer agent for assistance. Further tax information is provided on the Partnership's website at www.publicstoragecanada.com.

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Corporate Data

Canadian Mini-Warehouse Properties Limited

Directors

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Consultant

Robert E. Bellamy
Managing Director
Verulam Capital Corp.

B. Wayne Hughes, Jr.
President
Sweet Blessings, LLC

Richard H. McCoy
Consultant

David P. Singelyn
President
Canadian Mini-Warehouse Properties Limited

Marvin Yontef
Partner
Stikeman Elliott LLP

Officers

David P. Singelyn
President

Vincent R. Chan
Vice President – Controller

Marcus Lowe
Vice President – Operations

James C. Smith
Vice President – Real Estate

Troy McLellan
Vice President – Real Estate

Ray Huning
Vice President – Director of Taxes

Andrew J. MacDougall
Secretary

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Professional Services

Auditors

Ernst & Young, LLP
Vancouver, B.C.

Transfer Agent and Registrar

CIBC Mellon Trust Co.
Toronto, Ontario
(800) 387-0825

Additional Information

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

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