

# Public Storage Canadian Properties News Release

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## Public Storage Canadian Properties Announces Second Quarter 2007 Operating Results and Distributions

**TORONTO, Ontario** – Public Storage Canadian Properties (TSX:PUB) today announced operating results for the second quarter ended June 30, 2007 and distributions to be paid on September 28, 2007.

### Operating Results

Net income of the Partnership was \$2,966,000 or \$0.41 per partnership unit for the three months ended June 30, 2007 compared to \$2,023,000 or \$0.36 per partnership unit for the same period in 2006. Net income of the Partnership was \$4,598,000 or \$0.64 per partnership unit for the six months ended June 30, 2007 compared to \$3,551,000 or \$0.68 per partnership 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. In addition, the new legislation will not apply to an entity that qualifies for the real estate investment trust ("REIT") exemption. The Partnership is evaluating alternatives to permit it to qualify for the REIT exemption prior to 2011.

### Property Operations

The Partnership derives substantially all of its income from the ownership of 24 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.

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). "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 June 30, 2007, the "Same Store" facilities consist of sixteen facilities that have been owned and operated by the Partnership since its inception and contain approximately 1,235,000 net rentable square feet and 11,181 storage units.

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 .....	\$ 4,410,000	\$ 4,338,000	1.7%	\$ 8,627,000	\$ 8,396,000	2.8%
Less: cost of operations .....	1,278,000	1,276,000	0.2%	2,596,000	2,607,000	(0.4%)
Less: management fees .....	265,000	261,000	1.5%	518,000	504,000	2.8%
Net operating income <sup>(1)</sup> .....	<u>\$ 2,867,000</u>	<u>\$ 2,801,000</u>	2.4%	<u>\$ 5,513,000</u>	<u>\$ 5,285,000</u>	4.3%
Gross margin <sup>(2)</sup> .....	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 <sup>(3)</sup> .....	\$16.11	\$15.93	1.1%	\$16.04	\$15.52	3.4%

- (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 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. Many investors and analysts consider FFO and EBITDA to be measures of the performance of real estate companies. FFO is equal to net income computed in accordance with GAAP 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 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
<b><u>Calculation of FFO:</u></b>						
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%)
<b><u>Calculation of EBITDA:</u></b>						
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	4,821,430	
EBITDA per Unit .....	\$0.45	\$0.50	(10.0%)	\$0.86	\$1.00	(14.0%)

### **Distributions**

The board of directors of the general partner today declared a distribution of \$0.45 per partnership unit payable on September 28, 2007 to unitholders of record at the close of business on September 14, 2007.

### **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 web site is [www.publicstoragecanada.com](http://www.publicstoragecanada.com).

**PUBLIC STORAGE CANADIAN PROPERTIES  
SELECTED FINANCIAL DATA**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
<b>Revenue:</b>				
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
	<u>5,709,000</u>	<u>4,926,000</u>	<u>11,050,000</u>	<u>9,254,000</u>
<b>Costs and expenses:</b>				
Cost of operations .....	1,871,000	1,577,000	3,774,000	3,125,000
Management fees paid to an affiliate .....	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 .....	<u>208,000</u>	<u>99,000</u>	<u>348,000</u>	<u>231,000</u>
	3,803,000	2,903,000	7,512,000	5,703,000
Income before taxes .....	<u>1,906,000</u>	<u>2,023,000</u>	<u>3,538,000</u>	<u>3,551,000</u>
Income tax benefit .....	<u>1,060,000</u>	<u>-</u>	<u>1,060,000</u>	<u>-</u>
Net income .....	<u>\$ 2,966,000</u>	<u>\$ 2,023,000</u>	<u>\$ 4,598,000</u>	<u>\$ 3,551,000</u>
Net income per partnership unit .....	\$ 0.41	\$ 0.36	\$ 0.64	\$ 0.68
Distributions per partnership unit .....	\$ 0.45	\$ 0.45	\$ 0.90	\$ 0.90
Weighted average number of partnership units outstanding .....	7,232,145	5,563,188	7,232,145	5,194,358
<b>Balance sheet data:</b>				
	As at	As at		
	June 30, 2007	December 31, 2006		
Cash and cash equivalents .....	\$ 491,000	\$ 415,000		
Amounts due under credit facility .....	19,500,000	3,800,000		
Mortgage note payable .....	5,568,000	5,623,000		
Total assets .....	96,939,000	79,242,000		
Partners' equity .....	66,043,000	67,953,000		
Partnership units outstanding at end of period .....	7,232,145	7,232,145		