

PUBLIC STORAGE CANADIAN PROPERTIES

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

QUARTERLY REPORT TO UNITHOLDERS

MARCH 31, 2009

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Properties

The following table sets forth information about the properties owned by Public Storage Canadian Properties as at March 31, 2009:

Location	Year Built	Land Area (Acres)	Net Rentable Square Feet	Storage Units (3)
Alberta				
90 Country Hills Landing NW, Calgary	2004 (1)	5.4	74,000	798
		5.4	74,000	798
British Columbia				
2351 United Boulevard, Coquitlam (7)	1981 (1)	4.7	65,000	724 (4)
17555 – 64 Avenue, Surrey	2005 (1)	2.1	57,000	699
7401 King George Highway, Surrey	1982 (1)	4.1	80,000	646
8654 120 th Street, Surrey	1980 (1)	3.2	60,000	529
111 Commercial Drive, Vancouver	2006 (2)	1.3	74,000	975
		15.4	336,000	3,573
Ontario				
25 Advance Boulevard, Brampton (5)	1979 (1)	4.1	63,000	514
2 Mendota Road, Etobicoke	1979 (1)	1.9	29,000	267
36 Queen Elizabeth Boulevard, Etobicoke	1986 (1)	2.5	66,000	691 (4)
30 Burford Road, Hamilton	1979 (1)	5.0	95,000	803 (4)
2330 South Sheridan Way, Mississauga	1979 (1)	3.7	58,000	506
5010 Timberlea Boulevard, Mississauga	1986 (1)	4.3	82,000	737
921 Queensway East, Mississauga	1981 (1)	6.3	105,000	827
1001 Arrow Road, North York	1980 (1)	6.0	117,000	1,011 (4)
1333 North Service Road, Oakville (5)		10.3		
3545 St. Joseph Boulevard, Orleans (5)		10.6		
2 Greensboro Drive, Rexdale	1980 (1)	4.9	141,000	1,515 (4)
9355 Leslie Street, Richmond Hill (5)		3.3		
91 Dynamic Drive, Scarborough	1980 (1)	4.7	80,000	652 (4)
730 Birchmount Road, Scarborough	1987 (1)	3.4	73,000	700
4120 Finch Avenue East, Scarborough	1980 (1)	4.2	58,000	449 (4)
28 Estate Drive, Scarborough	2007 (2)	5.0	86,000	962
17 Hobson Avenue, Toronto	1982 (1)	2.6	63,000	610
1310 Dundas Street, Woodstock	2006 (2)	10.2	55,000	570 (4)
		93.0	1,171,000	10,814
Québec				
2801 Montee St-Remi, Dorval (5)		2.1		
6701 Boulevard Newman, LaSalle (5)		2.6		
955 Autoroute Chomeday, Laval (6)	2007 (2)	3.4	84,000	947
3015 Boulevard Tessier, Laval	2008 (2)	1.8	84,000	800
9445 Jean Pratt Street, Montréal	2006 (2)	1.7	92,000	950
5605 Côte-de-Liesse, St. Laurent	1949 - 2001 (2)	8.5	216,000	2,381
		20.1	476,000	5,078
Total		133.9	2,057,000	20,263

- (1) See "Same Store Facilities" on page 8.
- (2) See "Other Facilities" on page 10.
- (3) The number of storage units may change due to the addition or deletion of internal partitions to satisfy space size demand.
- (4) The number of storage units includes outdoor spaces for vehicle storage at selected locations: Coquitlam (150), Etobicoke (23), Hamilton (14), North York (83), Rexdale (105), Scarborough (77) and Woodstock (100).
- (5) See "Property Acquisitions, Developments and Repositioning" on page 14.
- (6) Subject to a 40 year land lease agreement.
- (7) See "Contingency" on page 17.

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

Dated May 13, 2009

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 PSCP's 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 in which the Partnership operates, the Canadian economic environment, interest rates, exchange rates, the Partnership's ability to attract and retain customers and to manage its self-storage 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, delays in opening of new facilities 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 "lease-up" of newly developed self-storage 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 \$75 million credit arrangement with a syndicate of commercial banks (the "Credit Facility") and the Partnership Agreement (as defined below) 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 (as defined below) 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;

- implications of tax legislation applicable to specified investment flow-through trusts (“SIFTs”) or partnerships (see “Tax Treatment and Notices” on page 17); and
- risk of expropriation or condemnation of facilities.

This list may not contain all factors that could 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 at 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 except as required by law.

General

Public Storage Canadian Properties is a publicly-held limited partnership formed under the *Limited Partnerships Act* (Ontario). The Partnership owns, and derives substantially all of its income from, 25 self-storage facilities, of which 15 are located in Ontario, 5 are located in British Columbia, 4 are located in Québec and 1 is located in Alberta. In addition, the Partnership owns parcels of land in Oakville, Ontario, Orleans, Ontario, Richmond Hill, Ontario, Dorval, Québec and LaSalle, Québec, for development into new self-storage facilities.

The general partner of the Partnership is Canadian Mini-Warehouse Properties Company (“CMP” or the “General Partner”), a privately-held company. All of the shares of CMP are beneficially owned by the family of B. Wayne Hughes (the “Hughes Family”). CMP and its affiliates owned 5,080,166 units of the Partnership (“Units”) or approximately 56.2% of the outstanding Units as at March 31, 2009.

The 25 self-storage facilities owned by the Partnership are operated under the trade name “Public Storage” and are managed by CMP pursuant to a separate property management agreement. CMP also manages an additional 24 self-storage facilities in Canada operated under the trade name “Public Storage” for the Hughes Family for a combined total of 49 self-storage facilities aggregating 3.7 million net rentable square feet.

Outstanding Securities

9,040,181 Units were outstanding as at May 13, 2009.

Significant Transactions

On March 2, 2009, the Partnership entered into interest rate swap agreements to hedge a portion of the exposure to variable interest rates associated with the Credit Facility. See “Interest Rate Swap Agreements” on page 14.

Business Overview

The Partnership acquires, develops and owns self-storage facilities. Self-storage facilities are designed to offer accessible storage space for personal and business use at a relatively low cost. A user rents a fully-enclosed storage unit which is for the user’s exclusive use and to which only the user has access to, on an unrestricted basis during business hours. Some self-storage facilities also include rentable uncovered parking areas for vehicle storage. Leases for storage units may be on a long-term or short-term basis, although typically spaces are rented on a month-to-month basis. Rental rates vary according to the location of the property and the size of the space. Self-storage units are used by individuals and large and small businesses. Individuals usually employ the space for storage of, among other things, furniture, household appliances, personal belongings, motor vehicles, boats, campers, motorcycles and other household goods. Businesses usually employ the space for storage of excess inventory, business records, seasonal goods, equipment and fixtures. On-site operation of a self-storage facility is the responsibility of a property manager, who may be a resident on the facility he or she is responsible for. District managers are employed to supervise the work of the property managers.

The Partnership has experienced a slowdown in the business due to current economic uncertainty and financial market volatility. The demand for storage space in some markets has declined as individuals and businesses modify their spending habits. These contributing factors are expected to continue in 2009 and will have a negative impact on the Partnership's operations and growth initiatives in 2009.

Growth Initiatives

The Partnership initially owned 16 mature self-storage facilities located in the provinces of Ontario and British Columbia. The first of these properties opened in August 1979, and the last of these initial properties to commence operations opened in January 1987.

In November 2000, the holders of Units (the "Unitholders") authorized an amendment to the limited partnership agreement of the Partnership (the "Partnership Agreement") to permit the Partnership to expand its portfolio of self-storage facilities by taking advantage of strategic acquisition and development opportunities as they arise (see "Other Facilities" on page 10). The Partnership believes that external growth is necessary to achieve economies of scale, compete with newer facilities with greater amenities and diversify the portfolio across Canada.

Since the amendment to the Partnership Agreement in November 2000, the Partnership has sought to expand its portfolio of self-storage facilities in selected markets at attractive yields. Over the past several years, the Partnership has sought to construct brand new self-storage facilities in highly desirable locations with state of the art amenities (including climate controlled buildings with individually alarmed units). The Partnership believes that its new developments will generate improved operating results in the long-term. Generally, the construction period takes up to 18 months, followed by a "lease-up" period. During the "lease-up" period, the developments are dilutive to earnings. This dilution is created by the negative spread between the cost of capital related to the cost of the property and the net operating income or loss generated by such property.

The Partnership continues to develop additional self-storage facilities in locations where the Partnership has previously acquired the land. The Partnership has delayed the construction and opening of certain properties under development and may delay the construction and opening of certain of its other properties for development. The Partnership may continue to acquire additional existing self-storage facilities or properties for development, albeit at a slower pace.

The Partnership seeks to achieve organic growth from its "Same Store" facilities from rental rate increases, stabilized occupancy levels and disciplined levels of spending. The Partnership expects 2009 to be a challenging year and has revised its pricing, marketing and discounting strategy to maintain occupancy levels. The Partnership reported a 4.8% decline in "Same Store" net operating income for the three months ended March 31, 2009. Ending occupancy rates were 86.0% as at March 31, 2009 compared to 86.0% as at March 31, 2008 (see "Same Store Facilities" on page 8).

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") 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.

International Financial Reporting Standard ("IFRS")

In 2005 the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada are to converge with IFRS. The AcSB has indicated that Canadian entities will need to begin reporting under IFRS by the first quarter of 2011 with appropriate comparative data from the prior year. Under IFRS there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS is a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed.

The Partnership has not completed development of its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS exemptions. The Partnership intends to complete its project scoping, which will also include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities, such as financing and compensation arrangements, by December 31, 2009.

Financial Instruments

The Partnership designates its financial instruments into one of the following five categories: (i) held for trading; (ii) available for sale; (iii) held to maturity; (iv) loans and receivables; and (v) other financial liabilities.

Financial instruments classified as held for trading or available for sale are measured at fair value with any changes in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are measured at amortized cost.

Comprehensive Income

Section 1530 of the Canadian Institute of Chartered Accountants (“CICA”) handbook introduces the concept of comprehensive income which represents the change in equity during a period arising from transactions and other events and circumstances from non-owner sources, consists of net earnings and other comprehensive income (“OCI”). OCI represents amounts that are recognized in comprehensive earnings but excluded from net earnings as required by primary sources of Canadian GAAP. These amounts include the portion of the gain or loss on a hedging item that is determined to be an effective cash flow. As a result of the adoption of Section 1530, the Partnership now presents a consolidated statement of comprehensive income as part of the consolidated financial.

Hedges

Section 3865 of the CICA handbook establishes new standards for hedge accounting including the requirements detailing how to apply hedge accounting to various types of arrangements. The purpose of hedge accounting is to ensure that counterbalancing gains, losses, revenues and expenses are recognized in net income in the same period(s). Hedge accounting is optional and certain conditions must be satisfied before a hedging relationship qualifies for hedge accounting, including identification of the specific risk exposure being hedged, formal documentation of the hedging relationship at inception and reasonable assurance that the hedging relationship will be effective both at inception and throughout the term of the hedging relationship.

Section 3865 of the CICA handbook also discusses three different types of hedges, a fair value hedge, a cash flow hedge and a hedge of a net investment in a self-sustaining foreign operation, and prescribes the accounting treatment for each. The Partnership has entered into a cash flow hedge which hedges the exposure to variability in cash flows of a recognized asset or liability or a forecasted transaction attributable to a specified risk or variability in cash flows of a firm commitment attributable to foreign currency risk. In a cash flow hedge, there is no change to the measurement or gain or loss recognition on the hedged item. However, the portion of the gain or loss on the hedging item determined to be effective is recognized in OCI and released into net income in the same period the hedged item affects net income. Any ineffective portion is recognized immediately in net income.

Revenue Recognition Policy

Rental income is recognized in the period in which the customer occupies the storage unit pursuant to the terms of a month-to-month agreement. Payments received prior to the period in which the customer occupies the storage unit are recorded as advance payments from renters and recognized as income in the future period to which they relate.

Accruals for Expenses

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.

Capitalization Policy

Expenditures greater than \$2,500 related to the renovation or betterment of real estate facilities and that benefit a period of five years or more are capitalized and amortized on a straight-line basis over their useful life.

Properties under Development

Interest, property taxes and other costs directly attributable to the properties under development are capitalized. Properties under development are reclassified to real estate facilities and amortized when the facility commences operations.

Environmental Liabilities

The Partnership accrues environmental assessments and estimated remediation costs when it is probable that such efforts will be required and the related costs can be reasonably estimated. The Partnership's current practice is to conduct environmental investigations in connection with property acquisitions. Although there can be no assurance, the Partnership is not aware of any environmental contamination of any facilities which individually or in the aggregate would be material to the Partnership's overall business, financial condition, or results of operations.

Purchase Price Allocation

The Partnership determines the fair value of acquired tangible and intangible assets, including land, buildings, tenant improvements, above- and below-market leases and origination costs related to acquired in-place leases, other identified intangible assets and assumed liabilities and allocates the purchase price to the acquired assets and assumed liabilities, including land at appraised value and buildings at depreciated replacement costs. Recorded amounts for in-place lease origination values are based on the Partnership's evaluation of the specific characteristics of each tenant's lease. Factors to be considered include estimates of carrying costs during expected "lease-up" period considering current market conditions, and costs to execute similar leases.

Operating Results

The Partnership operates in a fragmented market that is dominated by private local self-storage owners and operators. In recent years, the Partnership has also experienced increased competition from national self-storage owners and operators. Competition leads to bidding wars on real estate acquisitions, pricing pressures on rental rates, higher marketing initiatives and discounting to improve occupancy levels. The Partnership believes that the operating and financial experience of its management team combined with the Partnership's conservative capital structure, brand name, geographic diversity and economies of scale should enable the Partnership to compete effectively.

Economic factors that may affect the Partnership include a slowdown in the economy, a tightening in the credit markets, changing conditions in the interest rate environment and local real estate markets.

The Partnership's operating results include the dilutive impact of newly developed self-storage facilities. These facilities will continue to be dilutive during the initial "lease-up" period. See "Other Facilities" on page 10.

Net income of the Partnership was \$1,530,000 or \$0.17 per Unit for the three months ended March 31, 2009 compared to \$1,580,000 or \$0.17 per Unit for the same period in 2008.

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 "Other" facilities.

"Same Store" Facilities

The Partnership seeks to achieve organic growth from its "Same Store" facilities from rental rate increases, stabilized occupancy levels and disciplined levels of spending.

"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 March 31, 2009, the “Same Store” facilities consist of 18 self-storage facilities located in the provinces of Alberta, British Columbia and Ontario and contain approximately 1,366,000 net rentable square feet or approximately 66.4% of the total portfolio. The first of these properties opened in August 1979, and the last of these properties to commence operations opened in March 2005.

The following table summarizes the net operating income (“NOI”) of the “Same Store” facilities for the three months ended March 31, 2009 and 2008. 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 March 31,	2009 \$	2008 \$	Change \$	Change %
Rental income (a)				
Alberta	243,000	232,000	11,000	4.7%
British Columbia	967,000	973,000	(6,000)	(0.6%)
Ontario	3,417,000	3,554,000	(137,000)	(3.9%)
	4,627,000	4,759,000	(132,000)	(2.8%)
Cost of operations				
Property taxes	526,000	531,000	(5,000)	(0.9%)
Direct payroll	415,000	425,000	(10,000)	(2.4%)
Repairs and maintenance	185,000	183,000	2,000	1.1%
Utilities (b)	150,000	129,000	21,000	16.3%
Advertising (c)	84,000	66,000	18,000	27.3%
Insurance	26,000	27,000	(1,000)	(3.7%)
Other	190,000	199,000	(9,000)	(4.5%)
	1,576,000	1,560,000	16,000	1.0%
Management fees (d)	278,000	285,000	(7,000)	(2.5%)
Net operating income	2,773,000	2,914,000	(141,000)	(4.8%)
Gross margin (e)	59.9%	61.2%		(1.3%)
Weighted average for period:				
Occupancy	83.1%	84.6%		(1.5%)
Realized annual rent per square foot (g)	16.33	16.49	(0.16)	(1.0%)
Occupancy at end of period	86.0%	86.0%		0.0%

(a) The 2.8% decrease in rental income, net of discounts, was due primarily to a reduction in rental rates to increase and maintain occupancy levels at selected locations. Discounts were \$404,000 for the three months ended March 31, 2009 compared to \$495,000 for the same period in 2008.

(b) The 16.3% increase in utilities was due primarily to an increase in gas bills from an extremely cold season.

(c) The 27.3% increase in advertising expense was due primarily to a radio advertising campaign in the first quarter of 2009.

(d) Management fees are payable to CMP pursuant to the terms of the amended and restated management agreement between the Partnership and CMP dated as at 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.

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

(f) 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.

“Other” Facilities

“Other” facilities are facilities that have been recently acquired 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 “lease-up” period 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 at January 1 of the earliest period presented. In order to evaluate the performance yields of the Partnership’s recent acquisitions and developments, management further reports the “Other” facilities by the year in which they were acquired or developed. The following table provides information on the “Other” facilities as at March 31, 2009:

Location	Cost \$	Ending Occupancy	Net Rentable Square Feet	Storage Units
2006 Facilities				
9445 Jean Pratt Street, Montréal (a)	8,950,000	33.8%	92,000	950
5605 Côte-de-Liesse, St. Laurent (b)	15,107,000	70.4%	216,000	2,381
111 Commercial Drive, Vancouver (c)	11,480,000	50.0%	74,000	975
	35,537,000		382,000	4,306
2007 Facilities				
1310 Dundas Street, Woodstock (d)	4,034,000	68.9%	55,000	570
28 Estate Drive, Scarborough (e)	11,227,000	50.6%	86,000	962
955 Autoroute Chomeday, Laval (f)	7,321,000	48.0%	84,000	947
	22,582,000		225,000	2,479
2008 Facility				
3015 Boulevard Tessier, Laval (g)	8,916,000	17.0%	84,000	800
	8,916,000		84,000	800
Total	67,035,000		691,000	7,585

- (a) In July 2005, the Partnership acquired a parcel of land for development into a new self-storage facility. The newly constructed facility opened in March 2006.
- (b) In June 2006, the Partnership acquired an existing self-storage facility with three buildings which were built in 1949, 1959 and 2001.
- (c) In June 2004, the Partnership acquired a parcel of land for development into a new self-storage facility. The newly constructed facility opened in July 2006.
- (d) In May 2007, the Partnership acquired an existing self-storage facility which was originally built in 2006.
- (e) In November 2006, the Partnership acquired a parcel of land for development into a new self-storage facility. The newly constructed facility opened in June 2007.
- (f) In November 2006, the Partnership entered into 40-year land lease agreement (with an option to buy) to develop a new self-storage facility on the premises. The newly constructed facility opened in June 2007.
- (g) In September 2007, the Partnership acquired a parcel of land for development into a new self-storage facility. The newly constructed facility opened on June 30, 2008.

Entire Portfolio

The following table summarizes the NOI for all of the Partnership's properties for the three months ended March 31, 2009 and 2008.

Three Months ended March 31,	2009 \$	2008 \$	Change \$	Change %
Rental income				
Same Store Facilities	4,627,000	4,759,000	(132,000)	(2.8%)
2006 Facilities	795,000	753,000	42,000	5.6%
2007 Facilities	423,000	238,000	185,000	77.7%
2008 Facility	48,000	-	48,000	
	5,893,000	5,750,000	143,000	2.5%
Cost of operations				
Same Store Facilities	1,576,000	1,560,000	16,000	1.0%
2006 Facilities	506,000	492,000	14,000	2.8%
2007 Facilities	396,000	484,000	(88,000)	(18.2%)
2008 Facility	160,000	-	160,000	
	2,638,000	2,536,000	102,000	4.0%
Management fees				
Same Store Facilities	278,000	285,000	(7,000)	(2.5%)
2006 Facilities	48,000	46,000	2,000	4.3%
2007 Facilities	25,000	14,000	11,000	78.6%
2008 Facility	3,000	-	3,000	
	354,000	345,000	9,000	2.6%
Net operating income (loss)				
Same Store Facilities	2,773,000	2,914,000	(141,000)	(4.8%)
2006 Facilities	241,000	215,000	26,000	12.1%
2007 Facilities	2,000	(260,000)	262,000	(100.8%)
2008 Facility	(115,000)	-	(115,000)	
	2,901,000	2,869,000	32,000	1.1%

Interest and Other Income

Interest and other income include interest and dividend income earned on cash balances and investments. Interest and other income were \$8,000 for the three months ended March 31, 2009 compared to \$34,000 for the same period in 2008. The decrease was due to lower average cash balances and interest rates compared to the prior year.

Amortization of Real Estate Facilities

Amortization expense of real estate facilities was \$1,134,000 for the three months ended March 31, 2009 compared to \$1,049,000 for the same period in 2008. The increase was due to additional amortization expense in connection with a new self-storage facility placed in service in 2008.

Amortization of Intangible Assets

Intangible assets reflect the value of in-place leases acquired in connection with the acquisition of existing self-storage facilities as determined by a third party valuation firm. Intangible assets are amortized on a straight-line basis over 15 months.

Amortization expense of intangible assets was \$nil for the three months ended March 31, 2009 compared to \$50,000 for the same period in 2008. The decrease was due to the completion of amortization of in-place leases.

Interest Expense and Commitment Fees

Interest expense and commitment fees were \$144,000 (net of \$130,000 capitalized to finance properties under development) for the three months ended March 31, 2009 compared to \$143,000 (net of \$14,000 capitalized to finance properties under development) for the same period in 2008. The Partnership capitalizes certain interest expense incurred during the period a project is being developed and constructed.

Interest expense also includes amortization of deferred financing costs.

The weighted average borrowing rate on the Credit Facility was 2.12% for the three months ended March 31, 2009 compared to 4.37% for the same period in 2008. The commitment fees on the unused portion of the Credit Facility were 0.1875% for the three months ended March 31, 2009 and 2008.

The interest rate on the mortgage note payable was 7.879% for the three months ended March 31, 2009 and 2008.

Administrative

Administrative expense consists primarily of professional fees, accounting personnel and reporting issuer costs. Administrative expenses were \$123,000 for the three months ended March 31, 2009 compared to \$152,000 for the same period in 2008. The decrease was due to lower professional fees and abandoned deals compared to the same period in the prior year.

Income Tax Benefit

The Partnership recorded a future income tax benefit of \$22,000 during the three months ended March 31, 2009 compared to \$71,000 for the same period in 2008, due to the implications on the Partnership's current tax status arising from amendments to the *Income Tax Act* (Canada) intended to eliminate certain tax advantages presently enjoyed by certain investors in publicly-traded specified investment flow-through trusts or partnerships, including the Partnership. This future tax benefit relates to the temporary difference between the accounting and tax basis of the Partnership's assets, and this benefit is expected to reverse after the date that the amendments are expected to apply to the Partnership. The amendments are not expected to apply to the Partnership until 2011 provided that the Partnership complies with the normal growth guidelines issued by the Department of Finance. See "Tax Treatment and Notices" on page 17.

Quarterly Results

The following table presents a summary of selected operating results of the Partnership on a quarterly basis.

<u>Quarter Ended</u>	<u>Total Revenues</u>	<u>Net Income</u>	<u>Net Income Per Unit</u>
June 30, 2007	\$ 5,709,000	\$ 2,966,000	\$ 0.41
September 30, 2007	\$ 5,967,000	\$ 1,677,000	\$ 0.23
December 31, 2007	\$ 5,834,000	\$ 2,209,000	\$ 0.25
March 31, 2008	\$ 5,784,000	\$ 1,580,000	\$ 0.17
June 30, 2008	\$ 6,196,000	\$ 1,997,000	\$ 0.22
September 30, 2008	\$ 6,337,000	\$ 2,138,000	\$ 0.24
December 31, 2008	\$ 5,963,000	\$ 1,552,000	\$ 0.17
March 31, 2009	\$ 5,901,000	\$ 1,530,000	\$ 0.17

Net income for the quarter ended June 30, 2007 includes the initial recognition of a future tax benefit of \$1,060,000 due to the implications on the Partnership's current tax status as a limited partnership arising from amendments to the *Income Tax Act* (Canada).

The significant decrease in net income per Unit during the quarter ended June 30, 2008 compared to the same period in 2007 was due to an increase in the weighted average number of outstanding Units as a result of the completion of a rights offering by the Partnership in October 2007 ("Rights Offering").

The significant increase in net income during the quarter ended September 30, 2008 compared to the same period in 2007 was due to a reduction in interest expense from the paydown of debt with the proceeds from the Rights Offering and lower amortization of intangible assets.

The significant decreases in net income and net income per Unit during the quarter ended December 31, 2008 compared to the same period in 2007 were due to higher operating expenses associated with the "Other" facilities, higher professional fees, a slowdown in the business due to the current economic uncertainties and lower future income tax benefits associated with the new SIFT legislation.

Seasonality

The self-storage 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 higher than those in the fall and winter.

Liquidity and Capital Resources

Cash and cash equivalents were \$973,000 as at March 31, 2009. 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 \$75,000,000 revolving Credit Facility with a syndicate of commercial banks for general corporate purposes and to provide short-term financing for property acquisitions and developments. Net cash provided by operating activities for the three months ended March 31, 2009 was \$2,985,000 compared to \$2,980,000 for the same period in 2008.

The Partnership owns several new self-storage developments that are currently in their initial "lease-up" period. See "Other Facilities" on page 10. These Other facilities contribute less operating income and cash flow during their initial "lease-up" period compared to a "stabilized" self-storage facility that has been operational for at least three years. Although the Partnership has generated sufficient cash flow to meet its operating requirements, including capital improvements of existing facilities and any debt service requirements, the cash flow generated has not been sufficient to cover distributions. See "Distributions" on page 16. Any short-term deficiency in meeting obligations as they become due will be funded by the Partnership's \$75,000,000 revolving Credit Facility. The General Partner believes that the Partnership will generate sufficient cash flow to meet its operating requirements and distributions at their current level once the Other facilities have reached stabilized occupancy levels.

Credit Facility

Under the Partnership Agreement, the total amount of secured and unsecured debt of the Partnership is 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 \$86,555,000 as at March 31, 2009.

On December 31, 2007, the Partnership entered into the Credit Facility with a syndicate of commercial banks. The \$75,000,000 revolving Credit Facility matures on December 31, 2010 and replaced the previous credit facility with Bank of Montreal. The Credit Facility is secured by four real estate facilities and a general security agreement. Amounts due under the Credit Facility were \$20,300,000 as at March 31, 2009.

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 ranging from 0.75% to 1.00%. In addition, the Partnership is required to pay a commitment fee equal to 0.1875% on the unused portion of the Credit Facility.

Under the terms of the Credit Facility, the Partnership is required to (i) maintain a debt service coverage ratio (as defined therein) of 1.50 to 1.00, (ii) maintain a funded debt to value ratio (as defined therein) of 0.50 to 1.00, (iii) maintain an interest coverage ratio (as defined therein) of 2.50 to 1.00, and (iv) maintain a tangible net worth (as defined therein) of \$80,000,000. In addition, under the Credit Facility, distributions to be paid to Unitholders in a year are subject to a limit calculated with respect to cash flows. As at March 31, 2009, the Partnership was in compliance with the terms of the Credit Facility.

Interest Rate Swap Agreements

On March 2, 2009, the Partnership entered into interest rate swap agreements to hedge a portion of the exposure to variable interest rates associated with the Credit Facility. These agreements involve an exchange of fixed and floating rate interest payments without the exchange of the underlying principal amount. Interest received under the interest rate swap agreements is based on the 30 day Banker's Acceptance Rate. The net difference between the interest paid and the interest received is reflected as an adjustment to interest expense.

As at March 31, 2009, the fair value of the interest rate swap agreement declined by \$479,000. This amount was recorded as a comprehensive loss.

Capital Improvements

The Partnership invests capital on a continuous basis to ensure the functionality and aesthetics of its self-storage facilities. Management believes these improvements are necessary to remain competitive with newer facilities in the marketplace.

The Partnership budgeted \$1,600,000 in capital improvements in 2009. As at March 31, 2009, the Partnership incurred \$29,000 or 1.8% of its 2009 budgeted amount.

Property Acquisitions, Developments and Repositioning

Property acquisitions, development and repositioning costs are funded from the Partnership's cash flows from operations after distributions and from the Credit Facility. In addition, the Partnership reimburses CMP for out-of-pocket acquisition and construction costs. These costs are capitalized and included in properties under development on the Partnership's consolidated balance sheet.

As mentioned previously, the Partnership continues to develop additional self-storage facilities in locations where the Partnership has previously acquired the land. The Partnership has delayed the construction and opening of certain properties under development and may delay the construction and opening of certain of its properties for development. The Partnership may continue to acquire additional existing self-storage facilities or properties for development, albeit at a slower pace.

As at March 31, 2009, the properties under development consist of:

Location	Estimated Cost \$	Actual Cost to Date \$	Estimated Net Rentable Square Feet	Estimated Storage Units
1333 North Service Road, Oakville, ON (a)	16,300,000	9,249,000	89,000	810
9355 Leslie Street, Richmond Hill, ON (b)	12,600,000	4,228,000	82,000	860
2801-2827 Montee St-Remi, Dorval, QC (c)	10,800,000	2,100,000	88,000	830
6701 Boulevard Newman, LaSalle, QC (d)	9,500,000	1,490,000	85,000	700
	49,200,000	17,067,000	344,000	3,200
25 Advance Boulevard, Brampton, ON (e)	4,400,000	411,000	78,000	830
3545 St. Joseph Boulevard, Orleans, ON (f)	7,000,000	1,005,000	76,000	610
	11,400,000	1,416,000	154,000	1,440
	60,600,000	18,483,000	498,000	4,640

- (a) On September 3, 2007, the Partnership announced the acquisition of a property encompassing 10.34 acres of vacant land for a purchase price of \$6,741,000 for development into one three storey climate controlled building and five single storey prefabricated buildings. The project is expected to be completed in late 2009.
- (b) On December 18, 2007, the Partnership announced the acquisition of a property encompassing 3.26 acres of vacant land for a purchase price of \$3,342,000 for development into a three storey climate controlled self-storage facility. The project is expected to be completed in 2010.
- (c) On July 7, 2008, the Partnership announced the acquisition of a property encompassing 2.07 acres of vacant land for a purchase price of \$1,900,000 for development into a four storey climate controlled self-storage facility. As reported previously, the project was expected to be completed in late 2009. The Partnership expects the project to finish ahead of schedule and anticipates an opening date in the middle of 2009.
- (d) On September 10, 2008, the Partnership announced the acquisition of a property encompassing 2.56 acres of vacant land for a purchase price of \$1,226,000 for development into a three storey climate controlled self-storage facility. As reported previously, the project was expected to be completed in late 2009. The Partnership expects the project to finish ahead of schedule and anticipates an opening date in the middle of 2009.
- (e) As previously reported, this property was identified and approved by the Partnership for repositioning. The project was initially expected to be completed by the middle of 2009 for an estimated cost of \$4,400,000 but has been suspended due to demands for additional feasibility studies from the municipality. The Partnership does not expect to incur any more costs at this time and has reopened all of its buildings for business.
- (f) On October 3, 2008, the Partnership announced the acquisition of a property located at 3545 St. Joseph Boulevard in Orleans, Ontario encompassing 10.6 acres of vacant land for a purchase price of approximately \$889,000. The project was initially expected to be completed in 2011, but has been put on hold until economic conditions improve.

Estimates of costs to develop these properties have been prepared without information on exact unit mix and architectural drawings and the actual costs may exceed the current estimates. Management's plans and expectations respecting the acquisition and development of these properties are subject to various assumptions, including 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. Management's plans and expectations are also subject to various known and unknown risks, uncertainties and other facts, including the risk that management's assumptions may prove to be inaccurate, timing, budgeting and other risks, including construction delays or cost overruns that may increase project costs, and other risk factors. See "Forward-Looking Statements" on page 4.

Distributions

The Partnership distributed \$3,739,000 during the three months ended March 31, 2009 compared to \$4,068,000 during the same period in 2008. In light of current economic and capital (equity and debt) market conditions, the board of directors of the General Partner determined that it was prudent to reduce quarterly distributions in order to retire existing debt, conserve cash and provide the Partnership with additional financial flexibility.

The board of directors of the General Partner also declared a distribution of \$0.225 per Unit to be paid on June 30, 2009 to Unitholders of record at the close of business on June 15, 2009.

The General Partner analyzes the distribution level on a quarterly basis. Among the items considered when determining distribution levels are historical property operations, expected property operations of "Other" facilities at stabilized occupancy levels, current cash reserves and obligations of the Partnership, including debt, expected capital expenditures and other factors.

The following table summarizes the distributions in excess of cash flows provided by operating activities and net income.

Three Months ended March 31,

	2009	2008
	\$	\$
Cash flows from operating activities	2,985,000	2,980,000
Net income	1,530,000	1,580,000
Distributions paid to Unitholders	3,739,000	4,068,000
Shortfall of cash flows from operating activities over distributions	(757,000)	(1,088,000)
Shortfall of net income over distributions	(2,209,000)	(2,488,000)

Distributions in excess of the Partnership's cash flow from operations are funded from the Partnership's revolving Credit Facility.

Distributions in excess of the Partnership's net income are funded on a short-term basis from the Partnership's revolving Credit Facility. In addition, net income includes amortization expense of real estate facilities, intangible assets, deferred financing costs and other non-cash items.

Distributions payable as at March 31, 2009 was \$547,000.

Contractual Obligations

The Partnership's major contractual obligations as at March 31, 2009 were as follows:

Year	Debt (a) \$	Contractual Obligations (b) \$	Land Lease (c) \$	Total \$
2009	99,000	23,761,000	99,000	23,959,000
2010	20,441,000	8,372,000	132,000	28,945,000
2011	153,000	—	132,000	285,000
2012	4,965,000	—	132,000	5,097,000
2013	—	—	132,000	132,000
Thereafter	—	—	5,415,000	5,415,000
Total	25,658,000	32,133,000	6,042,000	63,833,000

- (a) Scheduled principal repayments on the mortgage note payable and amounts due under the Credit Facility.
- (b) Remaining contractual obligations for the acquisition and development of:
- 1333 North Service Road in Oakville, Ontario in the amount of \$7,051,000
 - 9355 Leslie Street in Richmond Hill, Ontario in the amount of \$8,372,000
 - 2801-2827 Montee St-Remi in Dorval, Québec in the amount of \$8,700,000
 - 6701 Boulevard Newman, LaSalle, Québec in the amount of \$8,010,000
- (c) In November 2006, the Partnership entered into a 40-year land lease agreement at a facility in Laval, Québec with an option to purchase the land in November 2016. The lease terminates in November 2046 and the option price of the land is \$1,550,000.

Contingency

The Ministry of Transportation of British Columbia has notified the Partnership that one of its properties will be condemned for highway right-of-way purposes by August 15, 2010. An independent appraisal is being commissioned to assist in the process of quantifying compensation pursuant to the *Expropriation Act* (British Columbia). The book value net of accumulated amortization of this property was \$789,000 as at March 31, 2009. No agreements have been entered into with respect to this matter.

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 not on its reported pre-tax income. Partnership income for tax purposes and its reported pre-tax income differ due to differences in the reporting of various items. The major difference is the amount of capital cost allowance that may be claimed for tax purposes versus the amount of amortization recognized for accounting purposes.

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 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 grows 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 2009, a SIFT's safe harbour is 80% of the Market Capitalization. A SIFT's safe harbour for the 2010 calendar year is an additional 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 Partnership currently does not qualify for the real estate investment trust exemption (the "REIT Exemption") from such tax changes and has no assurance that it will qualify for the REIT Exemption. Management, together with its legal and accounting advisors, has been engaged in an ongoing effort to identify and implement a means to permit the Partnership to qualify for the REIT Exemption since the date when the changes to the *Income Tax Act* (Canada) described above were issued in draft form, including extensive discussions with the Canada Revenue Agency. Among other things, the Partnership applied to the Canada Revenue Agency to obtain an advance income tax ruling with respect to two separate proposed reorganization transactions, each intended to effectively allow the Partnership to be reorganized as a mutual fund REIT on a tax-free basis to all of the Unitholders. However, the Canada Revenue Agency was not able to provide assurances as to the intended tax consequences of these proposed transactions and, accordingly, Management could not recommend their implementation. Management continues to evaluate alternatives to permit the Partnership to qualify for the REIT Exemption prior to 2011.

GAAP requires the recognition of future income taxes based on the Partnership's structure at the balance sheet date, and does not permit the consideration of future changes to the structure that may enable the Partnership to qualify for the REIT Exemption. Accordingly, the Partnership recorded a future income tax benefit of \$22,000 during the three months ended March 31, 2009. This non-cash future income tax benefit arises from temporary differences between the estimated accounting and tax basis of the Partnership's assets and liabilities and is expected to reverse on the date, if any, that the Partnership qualifies under the REIT Exemption or, if the Partnership does not qualify under REIT Exemption, as differences are incurred after January 1, 2011 between accounting income and income for tax purposes.

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 less any impact of future income taxes. 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 tables calculate FFO and EBITDA for the three months ended March 31, 2009 and 2008.

Three Months ended March 31,	2009 \$	2008 \$	Change \$	Change %
<u>Calculation of FFO:</u>				
Net income	1,530,000	1,580,000	(50,000)	(3.2%)
Plus: amortization of real estate facilities	1,134,000	1,049,000	85,000	8.1%
Plus: amortization of intangible assets	-	50,000	(50,000)	-
Less: future income tax benefit	(22,000)	(71,000)	49,000	69.0%
FFO	2,642,000	2,608,000	34,000	1.3%
Weighted average number of Units	9,040,181	9,040,181	-	0.0%
FFO per Unit	0.29	0.29		0.0%

<u>Calculation of EBITDA:</u>				
Net income	1,530,000	1,580,000	(50,000)	(3.2%)
Plus: amortization of real estate facilities	1,134,000	1,049,000	85,000	8.1%
Plus: amortization of intangible assets	-	50,000	(50,000)	-
Plus: interest and commitment fees	144,000	143,000	1,000	0.7%
Less: interest and other income	(8,000)	(34,000)	26,000	76.5%
Less: future income tax benefit	(22,000)	(71,000)	49,000	69.0%
EBITDA	2,778,000	2,717,000	61,000	2.2%
Weighted average number of Units	9,040,181	9,040,181	-	0.0%
EBITDA per Unit	0.31	0.30	0.01	3.3%

Transactions with Related Parties

Management Agreement with CMP

Pursuant to the terms of the Management Agreement, CMP manages the self-storage facilities of the Partnership for a management fee of 6% of Gross Operating Revenue (as defined in the Management Agreement). 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.

Public Storage Trade-Mark and License Agreement

For as long as (i) either CMP or Public Storage, Inc. (“PSI”) or any of their respective affiliates is the General Partner of the Partnership and (ii) CMP is the property manager of the Partnership pursuant to the Management Agreement, the Partnership may use the name and trade-mark “Public Storage” and related marks, slogans, caricatures, designs and other trade or service items in connection with the Partnership properties. If at any time, CMP or PSI or any of their respective affiliates ceases to be the General Partner, the Partnership would no longer be able to use the name and trade-mark “Public Storage” and related marks, slogans, caricatures, designs and other trade or service items. In addition, if CMP ceased to be the property manager of the Partnership as result of the termination of the Management Agreement, the Partnership would no longer be able to use the name and trade-mark “Public Storage” and related marks, slogans, caricatures, designs and other trade or service items.

Disclosure Controls and Procedures and Changes in Internal Control Over Financial Reporting

The Partnership maintains disclosure controls and procedures to provide reasonable assurance that information disclosed externally is complete, reliable and timely. The Partnership also maintains internal control over financial reporting which is designed to provide reasonable assurance regarding the reliability of its financial reporting.

Note, however, that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items: (i) that management’s assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances, (ii) the risk that controls may become inadequate due to changes in conditions, (iii) the risk that the degree of compliance may deteriorate, and (iv) the impact of isolated errors.

Additionally, controls may be circumvented by the authorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential (future) conditions.

No changes were made to the design of the Partnership’s internal control over financial reporting during the three months ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

In compliance with the Canadian Securities Administrators’ National Instrument 52-109 (“NI 52-109”), the Partnership has filed certificates signed by the President and the Chief Financial Officer that, among other things, report on the design of the Partnership’s disclosure controls and procedures and internal controls over financial reporting.

Consolidated Financial Statements

Public Storage Canadian Properties

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

March 31, 2009

Public Storage Canadian Properties

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

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2009	December 31, 2008
	\$	\$
ASSETS		
Cash and cash equivalents	973,000	2,390,000
Real estate facilities		
Land and land improvements	27,668,000	27,668,000
Buildings and equipment	109,026,000	108,997,000
	136,694,000	136,665,000
Less accumulated amortization	(39,490,000)	(38,356,000)
	97,204,000	98,309,000
Properties under development	18,483,000	16,881,000
Receivables and other assets	648,000	630,000
Future income taxes	1,316,000	1,294,000
	118,624,000	119,504,000
LIABILITIES AND PARTNERS' EQUITY		
Accounts payable and accrued liabilities (Note 4)	1,800,000	1,509,000
Advance payments from renters	1,357,000	1,326,000
Distributions payable	547,000	2,252,000
Interest rate swaps (Note 3)	479,000	—
Debt (Note 3)	25,378,000	24,371,000
Commitments and contingencies (Note 5)		
Partners' equity		
9,040,181 partnership units issued and outstanding	89,063,000	90,046,000
Total liabilities and partners' equity	118,624,000	119,504,000

See accompanying notes

Public Storage Canadian Properties

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

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

Three Months ended March 31,

	2009	2008
	\$	\$
Revenue		
Rental income	5,893,000	5,750,000
Interest and other income	8,000	34,000
	5,901,000	5,784,000
Cost and expenses		
Cost of operations	2,638,000	2,536,000
Management fees (Note 4)	354,000	345,000
Amortization of real estate facilities	1,134,000	1,049,000
Amortization of intangible assets	—	50,000
Interest and commitment fees	144,000	143,000
Administrative	123,000	152,000
	4,393,000	4,275,000
Income before income taxes	1,508,000	1,509,000
Future income tax benefit	22,000	71,000
Net income for the period	1,530,000	1,580,000
Weighted average partnership units outstanding	9,040,181	9,040,181
Net income per unit	0.17	0.17
Net income for the period	1,530,000	1,580,000
Other comprehensive loss - change in value of interest rate swaps	(479,000)	—
Comprehensive income for the period	1,051,000	1,580,000
Partners' equity, beginning of year	90,046,000	99,051,000
Net income for the period	1,530,000	1,580,000
Other comprehensive loss	(479,000)	—
Declared distributions	(2,034,000)	(4,068,000)
Partners' equity, end of year	89,063,000	96,563,000

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 March 31,

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Net income for the period	1,530,000	1,580,000
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization of real estate facilities	1,134,000	1,049,000
Amortization of intangible assets	—	50,000
Amortization of deferred financing costs	39,000	36,000
Decrease (increase) in receivables and other assets	(18,000)	396,000
Increase in future income tax assets	(22,000)	(71,000)
Increase (decrease) in accounts payable and accrued liabilities	291,000	(130,000)
Increase in advance payments from renters	31,000	70,000
Net cash provided by operating activities	2,985,000	2,980,000
INVESTING ACTIVITIES		
Properties under development	(1,602,000)	(1,445,000)
Trailing construction costs	—	(260,000)
Improvements to real estate facilities	(29,000)	(30,000)
Net cash used in investing activities	(1,631,000)	(1,735,000)
FINANCING ACTIVITIES		
Borrowings from credit facility	1,000,000	3,500,000
Repayments of mortgage note payable	(32,000)	(29,000)
Distributions paid to unitholders	(3,739,000)	(4,068,000)
Net cash used in financing activities	(2,771,000)	(597,000)
Net increase (decrease) in cash and cash equivalents	(1,417,000)	648,000
Cash and cash equivalents, beginning of period	2,390,000	269,000
Cash and cash equivalents, end of period	973,000	917,000
Supplemental cash flow information		
Interest paid	259,000	129,000

See accompanying notes

Public Storage Canadian Properties

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

March 31, 2009

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, and derives substantially all of its income from, 25 self-storage facilities, of which fifteen are located in Ontario, five are located in British Columbia, four are located in Québec and one is located in Alberta. In addition, the Partnership owns parcels of land in Oakville, Ontario, Orleans, Ontario, Richmond Hill, Ontario, Dorval, Québec and LaSalle, Québec for development into self-storage facilities.

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 10). The General Partner of the Partnership is Canadian Mini-Warehouse Properties Company (“CMP”). All of the shares of CMP are beneficially owned by the family of B. Wayne Hughes (the “Hughes Family”). Entities controlled by the Hughes Family owned 5,080,166 units of the Partnership (“Units”), including the Units owned by CMP, or approximately 56.2% of the outstanding Units as at March 31, 2009 and 5,066,266 units or approximately 55.8% of the outstanding Units as at December 31, 2008.

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, 2008. 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 are not necessarily indicative of the results expected for the full year.

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

3. DEBT

The components of debt as at March 31, 2009 and December 31, 2008 are as follows:

	March 31, 2009	December 31, 2008
	\$	\$
Amounts due under credit facility	20,300,000	19,300,000
Mortgage note payable	5,358,000	5,390,000
Deferred financing costs	(280,000)	(319,000)
Total	25,378,000	24,371,000

Public Storage Canadian Properties

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

March 31, 2009

3. DEBT (Cont'd)

Amounts due under credit facility

On December 31, 2007, the Partnership signed a new credit agreement with a syndicate of commercial banks (the "Credit Facility"). The new \$75 million revolving Credit Facility matures on December 31, 2010. The Credit Facility is secured by four real estate facilities and a general security agreement.

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 ranging from 0.75% to 1.00%. In addition, the Partnership is required to pay a standby fee equal to 0.1875% based on the unused portion of the Credit Facility. The weighted average borrowing rate was 2.12% for the three months ended March 31, 2008 (2007 – 4.37%).

Under the terms of the Credit Facility, the Partnership is required to (i) maintain a debt service coverage ratio (as defined) of 1.50 to 1.00, (ii) maintain a funded debt to value ratio (as defined) of 0.50 to 1.00, (iii) maintain an interest coverage ratio (as defined) of 2.50 to 1.00, and (iv) maintain a tangible net worth (as defined) of \$80,000,000. In addition, under the Credit Facility, distributions to be paid to Unitholders in a year are subject to a limit calculated with respect to cash flows. As at March 31, 2009 and December 31, 2008, the Partnership was in compliance with the terms of the Credit Facility.

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 three months ended March 31, 2009 was \$104,000 (2008 – \$107,000).

Interest rate swap agreements

On March 2, 2009, the Partnership entered into interest rate swap agreements to hedge a portion of the exposure to variable interest rates associated with the Credit Facility. These agreements involve an exchange of fixed and floating rate interest payments without the exchange of the underlying principal amount. Interest received under the interest rate swap agreements is based on the 30 day Banker's Acceptance Rate. The net difference between the interest paid and the interest received is reflected as an adjustment to interest expense.

As at March 31, 2009, the fair value of the interest rate swap agreement declined by \$479,000. This amount was recorded as a comprehensive loss.

4. RELATED PARTY TRANSACTIONS

Pursuant to the terms of the amended and restated management agreement dated as of January 1, 1999, between CMP and the Partnership (the "Management Agreement"), CMP manages the operations of the self-storage facilities of the Partnership for a management fee of 6% of Gross Operating Revenue (as defined in the Management Agreement). During the three months ended March 31, 2009, the Partnership incurred management fees of \$354,000 (2008 – \$345,000).

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., payroll, advertising, insurance and support services, etc.). Out-of-pocket costs were \$420,000 during the three months ended March 31, 2009 (2008 - \$351,000). 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 \$176,000 during the three months ended March 31, 2009 (2008 - \$27,000). These amounts are capitalized to properties under development.

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

March 31, 2009

4. RELATED PARTY TRANSACTIONS (Cont'd)

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 March 31, 2009, the Partnership owed \$355,000 to CMP (\$330,000 as at December 31, 2008). These amounts are included in accounts payable and accrued liabilities.

5. COMMITMENTS AND CONTINGENCIES

All property acquisitions and development costs are funded from the Partnership's cash flows after distributions and the Credit Facility. As at March 31 2009, remaining purchase obligations to be incurred in connection with remaining acquisition and development projects were approximately \$32,133,000.

The Partnership had letters of credit outstanding of \$90,000 to the City of Toronto and \$382,000 to the Town of Oakville as collateral for performance obligations as at March 31, 2009.

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 grows 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 harbor". 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 2009, a SIFT's safe harbour is 80% of the Market Capitalization. A SIFT's safe harbour for the 2010 calendar year is 20% of the Market Capitalization. The annual safe harbour amounts are cumulative, whereas the \$50 million amounts are not cumulative.

As a result of the above changes, the Partnership is required to recognize future income taxes arising from the temporary differences between the accounting and tax basis of the Partnership's assets and liabilities which are expected to reverse after January 1, 2011. The largest component of temporary differences is the difference between the net book value of the Partnership's depreciable assets and their undepreciated capital cost for tax purposes.

The Partnership recorded a net future income tax benefit of \$22,000 during the three months ended March 31, 2009. This non-cash future income tax benefit arises from temporary differences between the estimated accounting and tax basis of the Partnership's assets and liabilities. The differences are expected to reverse if the Partnership qualifies under the real estate investment trust exemption (the "REIT Exemption") of the SIFT provisions of the *Income Tax Act* (Canada) or if the Partnership does not qualify under the REIT Exemption over time after January 1, 2011.

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

March 31, 2009

5. COMMITMENTS AND CONTINGENCIES (Cont'd)

The Ministry of Transportation of British Columbia has notified the Partnership that one of its properties will be condemned for highway right-of-way purposes by August 15, 2010. An independent appraisal is being commissioned to assist in the process of quantifying compensation pursuant to the *Expropriation Act*. The book value net of accumulated amortization of this property was \$789,000 as at March 31, 2009. No agreements have been entered into with respect to this matter.

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