

**PUBLIC STORAGE
CANADIAN PROPERTIES**

**2003
THIRD QUARTER REPORT**

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

Public Storage Canadian Properties ("PSCP" or the "Partnership") reported net income of \$1,971,000 or \$0.41 per partnership unit for the three months ended September 30, 2003 compared to \$2,249,000 or \$0.47 per partnership unit for the same period in 2002. Net income was \$5,716,000 or \$1.19 per partnership unit for the nine months ended September 30, 2003 compared to \$6,197,000 or \$1.29 per partnership unit for the same period in 2002.

Property Operations

The Partnership derives substantially all of its income from the ownership of sixteen self-storage facilities located in the provinces of Ontario and British Columbia. The following table summarizes the pre-depreciation operating results of the Partnership's facilities.

	Three months ended September 30,			Nine months ended September 30,		
	2003	2002	Change	2003	2002	Change
Rental income.....	\$ 3,890,000	\$ 4,096,000	-5.0%	\$11,530,000	\$11,771,000	-2.0%
Cost of operations.....	1,154,000	1,098,000	5.1%	3,499,000	3,306,000	5.8%
Management fees.....	233,000	245,000	-4.9%	692,000	708,000	-2.3%
Net operating income.....	\$ 2,503,000	\$ 2,753,000	-9.1%	\$ 7,339,000	\$ 7,757,000	-5.4%
Gross margin (1).....	64.3%	67.2%		63.7%	65.9%	
Weighted average for period:						
Occupancy.....	89.8%	91.9%		88.8%	88.1%	
Realized annual rent per square foot (2).....	\$14.03	\$14.44	-2.9%	\$14.02	\$14.31	-2.0%

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

(2) 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.

Rental income for the three and nine month periods ended September 30, 2003 was lower than prior years as a result of promotional discounts given to new tenants. The objective of the promotional discounts was to increase occupancy and future revenues. The cost of the program is a decline in realized rent per square foot. Discounts were given to stimulate demand primarily in the Toronto market. Discounts for the three and nine months ended September 30, 2003 were \$366,000 and \$852,000, respectively.

Cost of operations increased for the three months ended September 30, 2003 by approximately 5% over amounts reported in the prior year. This increase is primarily attributable to an increase of \$53,000 in facilities maintenance and repair costs. Additional facilities maintenance costs for the fourth quarter are expected to be higher for the remainder of 2003 than prior year's expenditures.

Liquidity and Capital Resources

The Partnership generates and has adequate sources of cash to finance its operations, both on a short-term and long-term basis. Cash flow from operations has been sufficient to cover all operating cash requirements including capital expenditures, debt service and distributions. In addition, the Partnership has a \$10 million revolving credit facility with a commercial bank. The credit facility bears interest at the Banker's Acceptance rate plus 0.875% and terminates November 8, 2004. The facility is for acquisitions and general corporate purposes.

In addition to increased facility maintenance costs for the remainder of 2003 referred to above, management expects to invest approximately \$0.6 million in capital expenditures on the Partnership's portfolio of facilities over the remainder of 2003. These capital expenditures, along with the facilities maintenance expenditures, are for new roofs, parking areas and painting to properly maintain our assets and to remain competitive in the markets where the properties are located.

The Partnership expects to fund these expenditures and future distributions out of operating cash flow and cash reserves.

Funds from Operations (“FFO”) and Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”)

FFO and EBITDA are supplementary performance measures for real estate companies. 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 generally accepted accounting principles) 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 three and nine months ended September 30, 2003 and 2002:

	Three months ended September 30,			Nine months ended September 30,		
	2003	2002	Change	2003	2002	Change
Net income.....	\$ 1,971,000	\$ 2,249,000		\$ 5,716,000	\$ 6,197,000	
Depreciation and amortization	469,000	460,000		1,397,000	1,373,000	
FFO	<u>\$ 2,440,000</u>	<u>\$ 2,709,000</u>	-9.9%	<u>\$ 7,113,000</u>	<u>\$ 7,570,000</u>	-6.0%
Weighted average number of partnership units.....	4,821,430	4,821,430		4,821,430	4,821,430	
FFO per partnership unit	\$0.51	\$0.56		\$1.48	\$1.57	
Net income.....	\$ 1,971,000	\$ 2,249,000		\$ 5,716,000	\$ 6,197,000	
Depreciation and amortization	469,000	460,000		1,397,000	1,373,000	
Less: interest income.....	(9,000)	(10,000)		(29,000)	(26,000)	
EBITDA.....	<u>\$ 2,431,000</u>	<u>\$ 2,699,000</u>	-9.9%	<u>\$ 7,084,000</u>	<u>\$ 7,544,000</u>	-6.1%
Weighted average number of partnership units.....	4,821,430	4,821,430		4,821,430	4,821,430	
EBITDA per partnership unit	\$0.50	\$0.56		\$1.47	\$1.56	

Distributions

PSCP distributed \$0.45 per partnership unit on September 30, 2003 and has declared a distribution of \$0.45 per partnership unit to be paid on December 31, 2003 to unitholders of record at the close of business on December 15, 2003.

Management Changes

Canadian Mini-Warehouse Properties Limited (“CMP”), the general partner of the Partnership, announced that Richard McCoy and Marvin Yontef have joined its board of directors effective November 5, 2003.

Mr. McCoy is a business consultant and most recently was Vice Chairman of TD Securities, Inc., an investment dealer. He has held various senior positions in the securities industry since 1968. Mr. McCoy is also a director of Aberdeen Asia-Pacific Income Investment Company, Ltd., Rothmans Inc., ID Biomedical Corporation and a past chairman of Shaw Festival Foundation.

Mr. Yontef is a senior partner in the corporate group of the Toronto office of Stikeman Elliott LLP whose practice comprises advising on strategic transactions, mergers and acquisitions, corporate finance and business and financial restructurings. He has been, and acts as, a director of a number of business corporations as well as of the Canadian Opera Company.

Consolidated Balance Sheets

	September 30, 2003 (Unaudited)	December 31, 2002
Assets		
Cash and cash equivalents	\$ 2,716,000	\$ 2,646,000
Real estate facilities:		
Buildings, equipment and land improvements	36,278,000	35,688,000
Land	12,986,000	12,986,000
	49,264,000	48,674,000
Less: accumulated depreciation	(22,291,000)	(20,894,000)
	26,973,000	27,780,000
Rent and other receivables	336,000	124,000
Other assets	214,000	227,000
	\$ 30,239,000	\$ 30,777,000
Liabilities and Partners' Equity		
Accounts payable	\$ 611,000	\$ 345,000
Advanced payments from renters	384,000	394,000
Partners' equity, 4,993,731 units authorized; 4,821,430 units issued and outstanding	29,244,000	30,038,000
	\$ 30,239,000	\$ 30,777,000

See accompanying notes.

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Revenue:				
Rental income	\$ 3,890,000	\$ 4,096,000	\$ 11,530,000	\$ 11,771,000
Interest income	9,000	10,000	29,000	26,000
	3,899,000	4,106,000	11,559,000	11,797,000
Costs and expenses:				
Cost of operations	1,154,000	1,098,000	3,499,000	3,306,000
Management fees	233,000	245,000	692,000	708,000
Depreciation and amortization	469,000	460,000	1,397,000	1,373,000
Administrative	72,000	54,000	255,000	213,000
	1,928,000	1,857,000	5,843,000	5,600,000
Net income	\$ 1,971,000	\$ 2,249,000	\$ 5,716,000	\$ 6,197,000
Net income per partnership unit	\$ 0.41	\$ 0.47	\$ 1.19	\$ 1.29
Weighted average partnership units outstanding	4,821,430	4,821,430	4,821,430	4,821,430

See accompanying notes.

Consolidated Statements of Cash Flows

(Unaudited)

	Nine Months Ended	
	September 30,	
	2003	2002
Cash flows provided by operating activities:		
Net income	\$5,716,000	\$6,197,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,397,000	1,373,000
Decrease (increase) in rent and other receivable	(212,000)	146,000
Decrease in other assets	13,000	4,000
Increase (decrease) in accounts payable	266,000	(326,000)
Increase (decrease) in advanced payments from renters	(10,000)	65,000
Total adjustments	1,454,000	1,262,000
Net cash provided by operating activities	7,170,000	7,459,000
Cash flows from investing activities:		
Additions to real estate facilities	(590,000)	(250,000)
Proceeds from sale of land	-	26,000
Net cash used in investing activities	(590,000)	(224,000)
Cash flows from financing activities:		
Distributions to partners	(6,510,000)	(5,784,000)
Net cash used in financing activities	(6,510,000)	(5,784,000)
Net increase in cash and cash equivalents	70,000	1,451,000
Cash and cash equivalents, beginning of period	2,646,000	2,282,000
Cash and cash equivalents, end of period	\$2,716,000	\$3,733,000

See accompanying notes.

Notes to Consolidated Financial Statements

(Unaudited)
September 30, 2003

1. These unaudited consolidated financial statements of Public Storage Canadian Properties (“PSCP” or the “Partnership”) should be read in conjunction with the Partnership’s financial statements and related notes for the year ended December 31, 2002.
 2. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting of only normal accruals, necessary to present fairly the Partnership’s financial position at September 30, 2003, the results of operations for the three and nine months ended September 30, 2003 and 2002 and cash flows for the three and nine months then ended.
 3. The results of operations for the three and nine months ended September 30, 2003 are not necessarily indicative of the results to be expected for the full year.
-

Public Storage Canadian Properties Partnership Highlights

	2002					2003			
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	YTD
Operations									
Average occupancy	83.7%	88.7%	91.9%	89.3%	88.4%	87.1%	89.4%	89.8%	88.8%
Annualized realized rental rates (1)	\$14.42	\$14.08	\$14.44	\$14.35	\$14.32	\$14.37	\$13.69	\$14.03	\$14.02
Rental income	\$3,796,000	\$3,879,000	\$4,096,000	\$3,980,000	\$15,751,000	\$3,862,000	3,778,000	3,890,000	\$11,530,000
Pct change from prior year	1.5%	-2.3%	-3.8%	2.5%	-0.5%	1.7%	-2.6%	-5.0%	-2.0%
Net income	\$1,924,000	\$2,024,000	\$2,249,000	\$2,213,000	\$8,410,000	\$1,940,000	\$1,805,000	\$1,971,000	\$5,716,000
Net income per Unit	\$0.40	\$0.42	\$0.47	\$0.46	\$1.74	\$0.40	\$0.37	\$0.41	\$1.19
Pct change from prior year	8.5%	-3.8%	-2.1%	-3.3%	-1.1%	0.8%	-11.9%	-12.8%	-7.8%
Funds from Operations (FFO) (2)	\$2,376,000	\$2,485,000	\$2,709,000	\$2,673,000	\$10,243,000	\$2,403,000	\$2,270,000	\$2,440,000	\$7,113,000
FFO Per Unit	\$0.49	\$0.52	\$0.56	\$0.55	\$2.12	\$0.50	\$0.47	\$0.51	\$1.48
Pct change from prior year	7.7%	-2.2%	-1.4%	-1.1%	0.0%	1.1%	-9.6%	-8.9%	-5.7%
EBITDA (2)	\$2,369,000	\$2,476,000	\$2,699,000	\$2,660,000	\$10,204,000	\$2,393,000	\$2,260,000	\$2,431,000	\$7,084,000
EBITDA per Unit	\$0.49	\$0.51	\$0.56	\$0.55	\$2.12	\$0.50	\$0.47	\$0.50	\$1.47
Pct change from prior year	8.8%	-1.5%	-0.6%	-0.9%	1.4%	1.0%	-7.8%	-10.7%	-5.8%
Stock Price									
Close	\$20.00	\$19.55	\$20.00	\$20.25	\$20.25	\$20.06	\$22.25	\$21.90	\$21.90
High	21.85	21.99	21.25	21.50	21.99	20.50	22.25	23.40	23.40
Low	17.50	17.75	19.75	20.00	17.50	19.40	19.72	21.25	19.40
Distribution per Unit (3)	\$0.40	\$0.40	\$0.40	\$0.75	\$1.95	\$0.45	\$0.45	\$0.45	\$1.35

(1) Realized rent per square foot represents the actual rental revenue earned per occupied square foot.

(2) Funds From Operations ("FFO") and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") are supplementary performance measures for real estate companies. FFO is equal to net income (computed in accordance with generally accepted accounting principles) 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 its ability to pay distributions.

(3) Distributions for the fourth quarter of 2002 consist of a regular distribution of \$0.45 and a special distribution of \$0.30.

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 reasonable charges where such person is not a unitholder of the Partnership, by contacting the Partnership's Investor Communication Department.

Web site

www.publicstoragecanada.com

Partnership's Corporate Office

Investor Communications Department
23805 Stuart Ranch Road, Suite 220
Malibu, California 90265
(866) PS-CANADA
(866) 772-2623

Transfer Agent and Registrar

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

Partnership's Canadian Office

Suite 6600
1000 King Street West
1 First Canadian Place
Toronto, Ontario M5X 1B8