

PUBLIC STORAGE CANADIAN PROPERTIES

ANNUAL INFORMATION FORM

December 31, 2003

February 18, 2004

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CORPORATE STRUCTURE

Public Storage Canadian Properties (the “Partnership”) is a publicly held limited partnership which was established and which exists under the laws of the Province of Ontario. The Partnership was formed in 1998 to facilitate the December 31, 1998 combination of the businesses of PSCP L.P. (previously known as Public Storage Canadian Properties) (“Old PSCP”) and Public Storage Canadian Properties IV Limited Partnership (“PSCP IV”).

For accounting purposes, the business combination transaction was considered a purchase of PSCP IV.

The general partner of the Partnership is Canadian Mini-Warehouse Properties Limited (“CMP” or the “General Partner”), a Nova Scotia company. As at December 31, 2003, CMP directly owned 724,733 partnership units (“Units”) in the Partnership. All of the shares of CMP are beneficially owned by B. Wayne Hughes and certain members of his family (the “Hughes Family”). The Hughes Family beneficially owned 2,454,328 Units (including the Units owned by CMP) or approximately 50.9% of the outstanding Units as at December 31, 2003.

GENERAL DEVELOPMENT OF THE BUSINESS

The Partnership was formed to carry on the same business activity as Old PSCP and PSCP IV, namely the acquisition, development and operation of self-storage mini-warehouse facilities offering storage space for personal and business use. The Partnership has no subsidiaries.

In November, 2000, the unitholders of the Partnership authorized an amendment to its partnership agreement to permit the Partnership to expand its portfolio of mini-warehouses by taking advantage of favourable acquisition opportunities as they arise and to engage in other activities which are incidental or related to the mini-warehouse, self-service storage and moving business.

Under the terms of its partnership agreement, the Partnership is permitted:

- (a) to acquire, own and/or operate mini-warehouses or other related self-service storage and moving businesses or interests therein and to acquire real estate and to develop it for purposes of the operation of a mini-warehouse or other related self-service storage and moving businesses;
- (b) to rent, lease or license trucks or other vehicles and trailers and the like for personal or business use (other than for the carriage of goods for third parties for compensation); and
- (c) to engage in the self-service storage and moving business, including incidental businesses such as the sale of locks, insurance and moving or storage related services.

The Partnership is permitted to finance acquisitions and expand its scope of activities (i) through the reinvestment of a portion of its cash flow from operations and proceeds from sales and other dispositions of Partnership property, (ii) through the issuance of Units and (iii) by way of unsecured loans or loans secured on existing Partnership properties or secured on properties to be acquired. However, loans secured by Partnership property are subject to the following limitations:

- (a) The principal amount of any loan secured by any one or more of the Partnership’s real properties will be limited to no more than 50% of the greater of the aggregate appraised value of the real properties or the aggregate undepreciated book value of the properties, in each case, on the date that such loan is obtained.

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- (b) The total amount of secured and unsecured debt of the Partnership will be limited to no more than four times the earnings of the Partnership before interest, taxes, depreciation and amortization for the twelve months ended the immediately preceding financial quarter of the Partnership.

The board of directors of the General Partner has adopted a policy that it will make an acquisition or investment or incur a loan or debt only if it is reasonably satisfied that such acquisition, investment, loan or debt would not result in a reduction in the level of regular distributions for any calendar year from the level of regular distributions received by unitholders over the previous calendar year.

The Partnership owns 16 mature mini-warehouse properties located in the provinces of Ontario and British Columbia which were previously owned by Old PSCP and PSCP IV. The last of these properties to commence operations opened in January 1987. Since the amendment to its partnership agreement in November 2000, the Partnership has sought to expand its portfolio of mini-warehouse properties. It has not yet identified any suitable acquisition opportunities for existing mini-warehouse properties. However, in December 2003 the Partnership acquired a 2.1 acre property located in Surrey, British Columbia for development into a mini-warehouse. See "Properties – Development Property" on page 6. All of the Partnership's properties are operated under the "Public Storage" trade name.

NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

The Partnership operates in the self-service storage and moving businesses. The Partnership acquires, develops and owns self-storage mini-warehouse facilities. It currently owns and operates 16 mini-warehouses located in the provinces of Ontario and British Columbia and in December, 2003 acquired a 2.1 acre property located in Surrey, British Columbia for development into a mini-warehouse. See "Properties – Development Property" on page 6.

Mini-warehouses are designed to offer accessible storage space for personal and business use at a relatively low cost. A user rents a fully enclosed space which is for the user's exclusive use and to which only the user has access on an unrestricted basis during business hours. On-site operation is the responsibility of resident managers who are supervised by a district manager. Some mini-warehouses also include rentable uncovered parking areas for vehicle storage. Leases for mini-warehouse space 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.

Mini-warehouse spaces 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.

Property Operator

Pursuant to the terms of a management agreement between CMP and the Partnership, CMP manages the Partnership's mini-warehouse properties for a management fee of 6% of gross revenues from the operation of such properties. CMP coordinates the operation of the Partnership's properties, establishes rental policies and rates and directs marketing activity, the purchase of equipment and supplies, maintenance activity and the selection and engagement of all vendors, suppliers, employees and independent contractors.

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When purchasing services such as advertising and insurance, CMP attempts to achieve economies of scale by combining the resources of the various properties that it operates. Properties operated by CMP have historically carried comprehensive insurance, including fire, earthquake, liability and extended coverage.

CMP has implemented systems for space inventory, accounting and handling delinquent accounts. CMP provides to each resident manager detailed operating procedures; form letters covering a variety of circumstances and, generally, facilities management training. CMP supervises the conduct of its resident managers and maintains a record of actions taken by the resident managers when delinquencies occur.

CMP operates a telephone reservation system in Toronto to provide added customer service. The telephone reservation system supports rental activity at all of the Partnership's properties. Customers calling either CMP's toll-free referral system or a mini-warehouse facility are directed to CMP's reservation system where a trained representative discusses with the customer the customer's space requirements, price and location preferences and also informs the customer of other products and services provided by CMP.

The Partnership's properties are typically advertised via signage, yellow pages and flyers in geographic areas in which many of the Partnership's facilities are located. Advertising costs are charged to the Partnership's facilities located in geographic areas affected by the advertising. From time to time, CMP adopts promotional programs, such as temporary rent reductions in selected areas or for individual facilities.

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

Commencing in the first quarter of 2003, CMP began to implement changes to enhance management's focus on the Partnership's business in Canada. In particular, CMP has sought to replace administrative services provided by Public Storage, Inc., a real estate investment trust operating under the "Public Storage" name in the United States, with equivalent service provided by individuals devoted entirely to the Canadian mini-warehouse business and specifically the mini-warehouse facilities operating in Canada under the "Public Storage" name, of which 16 operating facilities and one development property are owned by the Partnership and the remainder are owned by affiliates of the general partner. These changes are expected to improve governance by enhancing the arm's length nature of the relationship between the "Public Storage" mini-warehouse operations conducted in Canada and the United States, respectively.

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Properties

Mini-Warehouse Properties

The Partnership owns sixteen mini-warehouse properties. Thirteen of the properties are located in Ontario and three are located in British Columbia. The following table sets forth information as of December 31, 2003, about the Partnership's properties:

Location	Date Opened	Land Areas (Acres)	Net Rentable Square Feet	Number of Rental Spaces (a)(b)
Ontario				
Brampton	Aug. 1979	4.1	63,000	519
Etobicoke	Nov. 1979	1.9	29,000	284
Etobicoke / Queen Elizabeth	Sept. 1986	2.5	66,000	678
Hamilton	Sept. 1979	5.0	95,000	803
Mississauga	Sept. 1979	3.7	58,000	508
Mississauga / Eglinton	Dec. 1986	4.3	82,000	737
Mississauga / Queensway East	Feb. 1981	6.3	105,000	834
North York/ Arrow	Oct. 1980	6.0	117,000	1,004
North York/ Hobson	April 1982	2.6	63,000	610
Rexdale	Jan. 1980	4.9	140,000	1,513
Markham/ Dynamic	Sept. 1980	4.7	80,000	651
Scarborough / Birchmount	Jan. 1987	3.4	73,000	700
Scarborough/ Finch	Dec. 1980	4.2	58,000	453
British Columbia				
Coquitlam/ United	April 1981	4.7	65,000	726
Surrey/ Scott	Nov. 1980	3.2	60,000	531
Surrey/ King George	April 1982	4.1	80,000	646

- (a) Number of spaces may change. Internal partitions are sometimes added or deleted to satisfy space size demand.
- (b) Includes outdoor spaces for vehicle storage: Markham/Dynamic Drive, 40; Scarborough/Finch, 37; Coquitlam/United, 150; North York/Arrow Road, 83; Hamilton, 14; Rexdale, 105; Etobicoke, 23 and Brampton, 2 .

Weighted average occupancy levels at the mini-warehouse facilities was 87.2% and 88.4% for the years ended December 31, 2003 and December 31, 2002, respectively.

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Development Property

In December 2003, the Partnership acquired a 2.1 acre property located in the Cloverfield area of Surrey, British Columbia for development into a mini-warehouse property. At December 31, 2003, the Partnership had expended \$1,825,000 for the land and related costs. The total cost of the facility is expected to be approximately \$5.6 million which will be funded from cash reserves and the Partnership's line of credit. The facility is expected to open in January of 2005. The facility will be managed by CMP, the manager of the Partnership's other properties, pursuant to a management agreement for a management fee equal to 6% of gross operating revenue of the property.

This is the first development property acquired by the Partnership since 1987.

Financing of the purchase is not expected to reduce regular distributions payable to unitholders compared to distribution levels of the prior years.

Employees

CMP engages, at the expense of the Partnership, employees for the operation of the Partnership's properties, including resident managers, assistant managers, relief managers, district managers and billing, maintenance and other administrative personnel. There are 32 persons who render services on behalf of the Partnership. Some or all of these employees may also be employed by other persons, partnerships or other entities that own properties managed by CMP.

Other Business Activities

The general partner of the Partnership sells locks, boxes and other merchandise and rents trucks to the general public and tenants to be used in securing their spaces and moving their goods. Management believes that the availability of locks and boxes for sale and the rental of trucks promote the rental of spaces.

The Partnership has an arrangement with an insurance company to make available to tenants, at an additional charge, insurance covering the stored goods from theft and damage. Management believes that the availability of insurance reduces the potential liability of the Partnership to tenants for losses to their goods from theft or destruction. A corporation owned by Public Storage, Inc. in the United States reinsures the policies written at the facilities. The corporation receives the premiums and bears the risks associated with the reinsurance.

Risk Factors

Competition

Competition in the market areas in which many of the properties are located is significant and affects the occupancy levels, rental rates and operating expenses of certain of the properties. The Partnership has experienced increased competition from new facilities, especially in the Toronto market where 13 of the Partnership's 16 facilities are located. Over the past several years, competitors in the Toronto market have built a significant number of new self-storage facilities, many of which offer amenities such as individual unit security and climate control that are not present at the Partnership's older facilities. This competition has had an adverse impact on both occupancy and rental rates, primarily in the second half of 2003. Occupancy levels of the Partnership's 13 properties located in Toronto were 80.2% and 87.4% at December 31, 2003 and December 31, 2002, respectively. This lower occupancy will result in negative pressure on revenue and net income in 2004. The Partnership has begun offering promotion discounts to new tenants to increase its occupancy levels. Although discounts have a short-term negative impact on rental income, they are an integral part of the strategy to increase occupancy levels and rental income in future periods.

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CMP believes its significant real estate experience, which has been primarily in the mini-warehouse business, and use of the "Public Storage" name and trade-mark should enable the Partnership to compete effectively with other entities. However, the Partnership also competes with other properties managed by CMP and its affiliates.

Insurance

Management believes that the Partnership's properties are adequately insured. Facilities operated by the Partnership have historically carried comprehensive insurance, including fire, liability and extended coverage from nationally recognized carriers.

Environmental Matters

The Partnership acquired its properties before it was customary to complete environmental assessments in connection with the acquisition process. Although there can be no assurance, the Partnership is not aware of any environmental contamination of any of its facilities which individually, or in the aggregate, would be material to the Partnership's overall business, financial condition or results from operations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis of the Partnership's financial conditions and results of operations is dated as of February 18, 2004.

Public Storage Canadian Properties, a publicly held limited partnership (the "Partnership") was formed in 1998 to facilitate the December 31, 1998 combination of PSCP L.P. (previously known as Public Storage Canadian Properties) ("Old PSCP") and Public Storage Canadian Properties IV Limited Partnership ("PSCP IV"). Canadian Mini-Warehouse Properties Limited ("CMP"), an Ontario corporation, is the general partner of the Partnership.

Commencing in the first quarter of 2003, CMP began to implement changes to enhance management's focus on the Partnership's business in Canada. In particular, CMP has sought to replace administrative services provided by Public Storage, Inc., a real estate investment trust operating under the "Public Storage" name in the United States, with equivalent service provided by individuals devoted entirely to the Canadian mini-warehouse business and specifically the mini-warehouse facilities operating in Canada under the "Public Storage" name, of which 16 operating facilities and one development property are owned by the Partnership and the remainder are owned by affiliates of the general partner. These changes are expected to improve governance by enhancing the arm's length nature of the relationship between the "Public Storage" mini-warehouse operations conducted in Canada and the United States, respectively.

Selected Annual Information

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues:			
Rental income	\$ 15,275,000	\$ 15,751,000	\$ 15,836,000
Interest income	38,000	39,000	159,000
	<u>15,313,000</u>	<u>15,790,000</u>	<u>15,995,000</u>
Cost and expenses:			
Cost of operations	4,783,000	4,352,000	4,585,000
Management fees	919,000	946,000	950,000
Depreciation and amortization	1,878,000	1,833,000	1,734,000
Administrative	330,000	249,000	212,000
Write-off of capitalized software	69,000	-	-
Interest expense	-	-	49,000
	<u>7,979,000</u>	<u>7,380,000</u>	<u>7,530,000</u>
Net income	<u>\$ 7,334,000</u>	<u>\$ 8,410,000</u>	<u>\$ 8,465,000</u>
Per Partnership Unit:			
Net income	\$ 1.52	\$ 1.74	\$ 1.76
Distributions	1.80	1.95	1.75
Weighted average Partnership Units outstanding	4,821,430	4,821,430	4,821,430

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	2003	2002	2001
Balance sheet data:			
Cash and cash equivalents	\$ 1,056,000	\$ 2,646,000	\$ 2,282,000
Total assets	30,102,000	30,777,000	31,799,000
Total debt	-	-	-
Partners' equity	28,693,000	30,038,000	31,028,000
Other data:			
Net cash provided by operating activities	9,966,000	10,396,000	9,967,000
Net cash used by investing activities	(2,877,000)	(632,000)	(694,000)
Net cash used in financing activities	(8,679,000)	(9,400,000)	(9,638,000)
Funds from operations ("FFO") ⁽¹⁾	9,281,000	10,243,000	10,199,000
FFO per Unit ⁽¹⁾	1.92	2.12	2.12
Earnings before interest, taxes, depreciation and amortization ("EBITDA") ⁽²⁾	9,243,000	10,204,000	10,089,000
EBITDA per Unit ⁽²⁾	1.92	2.12	2.09

(1) FFO is equal to net income computed in accordance with generally accepted accounting principles ("GAAP") plus depreciation and amortization. FFO is a supplementary performance measure for real estate companies used by many investors and analysts. FFO does not take into consideration scheduled principal payments on debt, capital improvements, distributions and other obligations of the Partnership. Accordingly, FFO is not a substitute for the Partnership's cash flow or net income as a measure of the Company's liquidity or operating performance or ability to pay distributions. This non-GAAP financial measure does not have any standardized meanings prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers.

(2) EBITDA is equal to earnings before interest income, interest expense, taxes, depreciation and amortization. EBITDA is a supplementary performance measure for real estate companies used by many investors and analysts. EBITDA does not take into consideration scheduled principal payments on debt, capital improvements, distributions and other obligations of the Partnership. Accordingly, EBITDA is not a substitute for the Partnership's cash flow or net income as a measure of the Partnership's liquidity or operating performance or ability to pay distributions. This non-GAAP financial measure does not have any standardized meanings prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers.

Operating results

Net income was \$7,334,000 or \$1.52 per Unit for the year ended December 31, 2003 compared to \$8,410,000 or \$1.74 per Unit for the same period in 2002. The decrease in net income is due primarily to a decrease in net operating income derived from property operations and an increase in administrative expenses compared to the same period last year, as described in greater detail below.

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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.

	Year ended December 31, 2003	Year ended December 31, 2002	Change
Rental income	\$15,275,000	\$15,751,000	-3.0%
Cost of operations	(4,783,000)	(4,352,000)	9.9%
Management fees	(919,000)	(946,000)	-2.9%
Net property operating income	<u>\$9,573,000</u>	<u>\$10,453,000</u>	-8.4%
Average occupancy level	87.2%	88.4%	
Realized annual rent per occupied square foot ⁽¹⁾	\$14.18	\$14.32	-1.0%

(1) Realized rent per square foot represents the actual revenue earned per occupied square foot. Management believes this is a more relevant measure than the posted or scheduled rates as posted rates can be discounted through the use of promotions. Revenues also include administrative and late fees.

Rental income for the year ended December 31, 2003 was lower than the prior year as a result of lower occupancy levels. The Partnership has experienced increased competition from new facilities, especially in the Toronto market where 13 of the Partnership's 16 facilities are located. Over the past several years, competitors in the Toronto market have built a significant number of new self-storage facilities, many of which offer amenities such as individual unit security and climate control that are not present at the Partnership's older facilities. This competition has had an adverse impact on both occupancy and rental rates, primarily in the second half of 2003. Occupancy levels of the Partnership's 13 properties located in Toronto were 80.2% and 87.4% at December 31, 2003 and December 31, 2002, respectively. This lower occupancy level will result in negative pressure on revenue and net income in 2004. The Partnership has begun offering promotional discounts to new tenants to increase its occupancy levels. Although discounts have a short-term negative impact on rental income, they are an integral part of the strategy to increase occupancy levels and rental income in future periods.

Cost of operations for the year ended December 31, 2003 increased approximately 10% from the prior year. This increase is primarily attributable to training costs in connection with the rollout of new property management software, higher insurance premiums and additional repair and maintenance costs to improve the image of the Partnership's facilities. These increased cost levels are expected to continue in 2004.

Administrative costs for the year ended December 31, 2003 increased \$81,000 from the prior year. The increase relates primarily to higher professional services costs for accounting and legal, higher personnel costs for accounting services and costs related to the commitment fees for the line of credit.

The Partnership also incurred a one-time charge of \$69,000 for the write-off of software during the year ended December 31, 2003. The Partnership has installed its own property management software and discontinued using software developed by Public Storage, Inc. in the United States. The Partnership is in discussions with Public Storage, Inc. as to a refund of some of the developing costs incurred in using the Public Storage software. The

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Partnership is unable to determine if any refund will be received. If a refund is received, it will be recorded as other income when received.

Quarterly Results

Quarter Ended	Revenues	Net Income	Net Income Per Unit
March 31, 2002	\$ 3,803,000	\$ 1,924,000	\$ 0.40
June 30, 2002	3,888,000	2,024,000	0.42
September 30, 2002	4,106,000	2,249,000	0.47
December 31, 2002	3,993,000	2,213,000	0.46
March 31, 2003	\$ 3,872,000	\$ 1,940,000	\$ 0.40
June 30, 2003	3,788,000	1,805,000	0.37
September 30, 2003	3,899,000	1,971,000	0.41
December 31, 2003	3,754,000	1,618,000	0.34

Seasonality

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

Liquidity and Capital Resources

The Partnership ended the year ended December 31, 2003 with \$1,056,000 in cash and cash equivalents. The Partnership generates and has adequate sources of cash to finance its operations, both on a short-term basis and long-term basis. Net cash provided by operating activities for the year ended December 31, 2003 was \$9,966,000 and has been sufficient to meet all current obligations of the Partnership during the period, including distributions and rising capital expenditures. Capital expenditures include new roofs, parking areas and painting to properly maintain the Partnership's assets and to remain competitive in the markets where the properties are located. The Partnership expects to invest approximately \$1.1 million in capital expenditures in 2004, excluding capital expenditures related to new property acquisitions and development. In addition, the Partnership expects to invest another \$1.2 million in security system enhancements. This will provide each of the facilities with individually alarmed units and property-wide video surveillance. Management of CMP believes these expenditures are necessary to remain competitive with newer facilities owned by competitors.

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In November 2001, the Partnership obtained a \$10 million revolving line of credit from a commercial bank. The credit facility expires November 2004. At the Partnership's option, the rate of interest charged is equal to either (i) the prime rate or (ii) a rate equal to the Bankers' Acceptance Rate plus 0.875%. In addition, the Partnership is required to pay a stand-by fee on the unused portion of the facility. The stand-by fee ranges from 0.125% to 0.250% based on usage of the facility. The facility is for acquisitions, development and general corporate purposes. At December 31, 2003, no funds have been drawn down under this facility. Stand-by fees are included in administrative expenses and were \$25,000 and \$12,500 for the years ended December 31, 2003 and 2002, respectively.

Under covenants of the credit facility, the Partnership is required to (i) maintain a ratio of current assets to current liabilities of not less than 1.00 to 1.00, (ii) maintain a senior funded debt ratio of not greater than 2.50 to 1.00 and (iii) maintain a minimum net worth (as defined). As at December 31, 2003, the Partnership was not in compliance with the current ratio provision. A waiver has been obtained from the bank with respect to this default.

Distributions

The Partnership pays quarterly distributions on the last business day of each fiscal quarter. During 2003, the Partnership distributed \$1.80 per Partnership Unit. The Partnership expects to continue to make quarterly distributions. The general partner analyzes the distribution level on a quarterly basis. Among the items considered when determining distribution levels are historical property operations, current cash reserves, and obligations of the Partnership, including debt and expected capital expenditures and other factors.

Property acquisitions and development

In December 2003, the Partnership acquired a 2.1 acre property located in the Cloverfield area of Surrey, British Columbia for development into a mini-warehouse property. At December 31, 2003, the Partnership had expended \$1,825,000 for the land and related costs. The total cost of the facility is expected to be approximately \$5.6 million which will be funded from cash reserves and the Partnership's line of credit. The facility is expected to open in January of 2005. The facility will be managed by CMP, the manager of the Partnership's other properties, pursuant to a management agreement for a management fee equal to 6% of gross operating revenue of the property.

This is the first development property acquired by the Partnership since 1987.

Financing of the purchase is not expected to reduce regular distributions payable to unitholders compared to distribution levels of the prior year.

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

FFO and EBITDA are supplementary performance measures for real estate companies used by investors and analysts. These non-generally accepted accounting principles ("GAAP") financial measures do not have any standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. FFO is equal to net income computed in accordance with GAAP plus depreciation and amortization. EBITDA is equal to earnings before interest income, interest expense, taxes, depreciation and amortization. FFO and EBITDA do not take into consideration scheduled principal payments on debt, capital improvements, distributions or other obligations of the Partnership. Accordingly, FFO and EBITDA are not substitutes for the Partnership's cash flow or net income as a measure of the Partnership's liquidity or operating performance or ability to pay distributions.

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The following table calculates FFO and EBITDA for the years ended December 31, 2003 and 2002:

	Year ended December 31,		
	2003	2002	Change
<u>Calculation of FFO:</u>			
Net income.....	\$ 7,334,000	\$ 8,410,000	
Write-off of capitalized software	69,000	-	
Depreciation and amortization.....	1,878,000	1,833,000	
FFO.....	<u>\$ 9,281,000</u>	<u>\$ 10,243,000</u>	-9.4%
Weighted average number of Partnership Units	4,821,430	4,821,430	
FFO per Partnership Unit	\$1.92	\$2.12	
<u>Calculation of EBITDA:</u>			
Net income.....	\$ 7,334,000	\$ 8,410,000	
Write-off of capitalized software	69,000	-	
Depreciation and amortization.....	1,878,000	1,833,000	
Less: interest income.....	(38,000)	(39,000)	
EBITDA.....	<u>\$ 9,243,000</u>	<u>\$ 10,204,000</u>	-9.4%
Weighted average number of Partnership Units	4,821,430	4,821,430	
EBITDA per Partnership Unit.....	\$1.92	\$2.12	

Transactions with Related Parties

Management Agreement with CMP

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

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

Outstanding Partnership Unit Data

As of April 5, 2004, the capital of the Partnership is divided into 4,993,731 Units of which 4,821,430 have been issued and are outstanding.

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Tax Treatment and Notices

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

Partnership taxable income and "book" income differ due to difference in the reporting of various items. The major difference is the amount of cost allowance recognized for tax purposes versus the amount of depreciation recognized for "book" purposes. The majority of this difference resulted from a "step-up" in the basis of real estate assets for "book" purposes in connection with various amalgamations to which the Partnership has been a party. For tax purposes, as the transactions were treated as "tax-free" exchanges, these assets have not been "stepped-up".

Taxable income per Partnership Unit for taxable years 2003 and 2002 was \$1.66 and \$1.93 per Partnership Unit.

The Partnership, through its transfer agent, or the Unitholder's brokerage firm will provide each partner who held Partnership Units on December 31, 2003 with a Form T-5013 by March 31, 2004. The form indicates the amount of income the partner is responsible for reporting on their tax return. Unitholders who have not received a Form T-5013 should contact their broker or PSCP's transfer agent for assistance.

MARKET FOR SECURITIES

The Partnership's Units are publicly traded and are listed on the Toronto Stock Exchange under the symbol PUB.

The following table lists the high and low markets prices and trading volume of the partnership units of Public Storage Canadian Properties on the Toronto Stock Exchange for the periods indicated:

Period	High	Low	Close	Volume
<u>2002</u>				
January – March	\$ 21.85	\$ 17.50	\$ 20.00	72,300
April – June	21.99	17.75	19.55	74,600
July – September	21.25	19.75	20.00	58,800
October – December	21.50	20.00	20.25	38,200
<u>2003</u>				
January – March	20.50	19.40	20.06	65,600
April – June	22.25	19.72	22.25	190,000
July – September	23.40	21.25	21.90	43,200
October – December	23.00	20.85	22.15	55,400

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DIRECTORS AND OFFICERS

The Partnership has no directors or officers and consequently, does not have an executive committee or audit committee of the board of directors.

The Partnership's general partner and property manager is CMP. CMP, acting through its directors and officers, manages and makes investment decisions for the Partnership.

The names and municipalities of residence of all directors and senior officers of CMP as of December 31, 2003 who perform significant policy-making or operational functions for the Partnership, the dates of their election (directors only) and their occupation during the past five years are listed below. Each director holds office until the next annual meeting of shareholders of CMP or until his successor is appointed, unless his office is vacated in accordance with the by-laws of CMP.

Director's Name	Municipality	Date Elected	Occupation
William E. Ardell	Oakville, Ontario	April 5, 1998	Consultant
Robert E. Bellamy	Lindsay, Ontario	August 1, 1995	Managing Director Verulam Capital Corp.
B. Wayne Hughes, Jr.	Malibu, California	May 21, 2003	President Sweet Blessings, LLC
Richard H. McCoy	Toronto, Ontario	November 5, 2003	Consultant; Vice President, Investment Banking TD Securities, Inc. (prior to October 31, 2003)
David P. Singelyn	Oak Park, California	May 21, 2003	President Canadian Mini-Warehouse Properties, Ltd.
Marvin Yontef	Toronto, Ontario	November 5, 2003	Partner Stikeman Elliott LLP

Senior Officer's Name and Position	Municipality	Occupation
David P. Singelyn, President	Oak Park, California	President Canadian Mini-Warehouse Properties, Ltd.
Vincent R. Chan, Vice President	Los Angeles, California	Vice President – Controller Canadian Mini-Warehouse Properties, Ltd.
Ray Huning, Vice President	Thousand Oaks, California	Vice President – Director of Taxes Canadian Mini-Warehouse Properties, Ltd.
Marcus Lowe, Vice President	Vancouver, British Columbia	Vice President – Operations Canadian Mini-Warehouse Properties, Ltd.
James C. Smith, Vice President	Santa Monica, California	Vice President – Real Estate Canadian Mini-Warehouse Properties, Ltd.
Andrew J. MacDougall, Secretary	Toronto, Ontario	Partner Osler, Hoskin & Harcourt LLP

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Audit Committee

In November 2003, the board of directors of CMP established an Audit Committee and appointed Richard McCoy, Robert Bellamy and William Ardell as its initial members. The board delegated to the Audit Committee certain functions relating to the review of the Partnership's financial statements. The Audit Committee meets with the auditors of the Partnership, with Management and separately, to review the unaudited interim and audited annual financial statements of the Partnership before such financial statements are presented to the board.

Security Ownership of Directors and Senior Officers

The following individuals are the only directors or senior officers that beneficially own an interest in the Partnership.

Title of Class	Name of Beneficial Owner/Person Exercising Control or Direction	Units Beneficially Owned or Controlled(1)	Percent of Number of Outstanding Units (2)
Units of Limited Partnership	B. Wayne Hughes	2,298,628 (3)	47.7%
Units of Limited Partnership	Robert Bellamy	53,768	1.1%

- (1) Includes Units over which control or direction is exercised.
- (2) Based on 4,821,430 units outstanding as of December 31, 2003.
- (3) Consists of Partnership Units owned by CMP and certain of its affiliates.

Conflicts of Interest

There may be situations in which the interests of the General Partner will conflict with those of the Partnership, including, without limitation, the following:

Interest in Other Mini-Warehouse Projects

The General Partner is not restricted in any way by non-competition agreements and thus could become the general partner of other limited partnerships involved in the mini-warehouse business. The objectives of any other partnerships may be identical to the objectives of the Partnership any may employ the same techniques and trademarks as the Partnership.

Allocation of Time, Services and Costs

The General Partner may encounter a conflict of interest in allocating its time between the Partnership and other partnerships and projects, and in allocating the services and costs related thereto of persons employed or otherwise engaged part time by or for the Partnership and part time by or for other owners of the projects managed by the General Partner or projects under construction.

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Dealings With Partnership Properties

A conflict of interest could arise with respect to the timing of when, or if, a property owned by the Partnership should be sold or financed and with respect to the consequent tax effects on the unitholders.

Trading in Units

The General Partner is not precluded from trading in units of the Partnership. Accordingly, conflicts of interest could arise in that the General Partner may have more complete information than other unitholders of the Partnership concerning the prospects of the Partnership.

ADDITIONAL INFORMATION

Additional financial information is provided in the Partnership's comparative financial statements for the period ended December 31, 2003. A copy of such documents may be obtained from CMP at 23805 Stuart Ranch Road, Suite 220, Malibu, California 90265, USA.

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 at (www.sedar.com). Upon request, the Partnership will provide to any person or company, provided that the Partnership may require the payment of a reasonable charge where such person or company is not a unitholder of the Partnership, one copy of the Annual Information Form together with one copy of any document (or the pertinent pages thereof) which has been incorporated by reference into the Annual Information Form, one copy of the comparative financial statements for the most recently completed financial year for which financial statements have been filed together with the accompanying report of the auditor and one copy of the most recent interim financial statements that have been filed for any period after the end of the most recently completed financial year.