

REFINITIV

DELTA REPORT

10-K

CUBESMART

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, **2022** **2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-32324 (CubeSmart)

Commission file number 000-54462 (CubeSmart, L.P.)

**CUBESMART
CUBESMART, L.P.**

(Exact Name of Registrant as Specified in Its Charter)

Maryland (CubeSmart)

20-1024732 (CubeSmart)

Delaware (CubeSmart, L.P.)

34-1837021 (CubeSmart, L.P.)

(State or Other Jurisdiction of

(IRS Employer

Incorporation or Organization)

Identification No.)

5 Old Lancaster Road

19355

Malvern, Pennsylvania

(Zip Code)

(Address of Principal Executive Offices)

Registrant's telephone number, including area code (610) 535-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares, \$0.01 par value per share, of CubeSmart	CUBE	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: Units of General Partnership Interest of CubeSmart, L.P.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

CubeSmart No

CubeSmart, L.P. No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

CubeSmart Yes No

CubeSmart, L.P. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

CubeSmart Yes No

CubeSmart, L.P. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

CubeSmart Yes No

CubeSmart, L.P. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

CubeSmart:

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting Emerging growth company

company

CubeSmart, L.P.:

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting Emerging growth company

company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

CubeSmart

CubeSmart, L.P.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

CubeSmart

CubeSmart, L.P.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

CubeSmart

CubeSmart, L.P.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

CubeSmart

CubeSmart, L.P.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

CubeSmart

CubeSmart, L.P.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

CubeSmart Yes No

CubeSmart, L.P. Yes No

As of ~~June 30, 2022~~ June 30, 2023, the last business day of CubeSmart's most recently completed second fiscal quarter, the aggregate market value of common shares held by non-affiliates of CubeSmart was ~~\$9,588,612,808~~ \$10,005,900,746. As of ~~February 22, 2023~~ February 27, 2024, the number of common shares of CubeSmart outstanding was ~~224,631,447~~ 224,954,599.

As of **June 30, 2022** **June 30, 2023**, the last business day of CubeSmart, L.P.'s most recently completed second fiscal quarter, the aggregate market value of the **1,460,520** **1,418,549** units of limited partnership (the "OP Units") held by non-affiliates of CubeSmart, L.P. was **\$62,393,414** **\$63,352,398** based upon the last reported sale price of **\$42.72** **\$44.66** per share on the New York Stock Exchange on **June 30, 2022** **June 30, 2023** of the common shares of CubeSmart, the sole general partner of CubeSmart, L.P. (For this computation, the market value of all OP Units beneficially owned by CubeSmart has been excluded.)

Documents incorporated by reference: Portions of the Proxy Statement for the **2023** **2024** Annual Meeting of Shareholders of CubeSmart to be filed subsequently with the SEC are incorporated by reference into Part III of this report.

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EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** of CubeSmart (the "Parent Company" or "CubeSmart") and CubeSmart, L.P. (the "Operating Partnership"). The Parent Company is a Maryland real estate investment trust ("REIT"), that owns its assets and conducts its operations through the Operating Partnership, a Delaware limited partnership, and subsidiaries of the Operating Partnership. The Parent Company, the Operating Partnership and their consolidated subsidiaries are collectively referred to in this report as the "Company". In addition, terms such as "we", "us", or "our" used in this report may refer to the Company, the Parent Company and/or the Operating Partnership.

The Parent Company is the sole general partner of the Operating Partnership and, as of **December 31, 2022** **December 31, 2023**, owned a 99.4% interest in the Operating Partnership. The remaining 0.6% interest consists of **common units of limited partnership interest** **OP Units** issued by the Operating Partnership to third parties in exchange for contributions of properties to the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has full and complete authority over the Operating Partnership's day-to-day operations and management.

Management operates the Parent Company and the Operating Partnership as one enterprise. The management teams of the Parent Company and the Operating Partnership are identical, and their constituents are officers of both the Parent Company and of the Operating Partnership.

There are a few differences between the Parent Company and the Operating Partnership, which are reflected in the note disclosures in this report. The Company believes it is important to understand the differences between the Parent Company and the Operating Partnership in the context of how these entities operate as a consolidated enterprise. The Parent Company is a REIT, whose only material asset is its ownership of the partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing the debt obligations of the Operating Partnership. The Operating Partnership holds substantially all of the assets of the Company and, directly or indirectly, holds the ownership interests in the Company's real estate ventures. The Operating Partnership conducts the operations of the Company's business and is structured as a partnership with no publicly traded equity. Except for net proceeds from equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the Company's business through the Operating Partnership's operations, by the Operating Partnership's direct or indirect incurrence of indebtedness or through the issuance of partnership units of the Operating Partnership or equity interests in subsidiaries of the Operating Partnership.

The substantive difference between the Parent Company's and the Operating Partnership's filings is the fact that the Parent Company is a REIT with public equity, while the Operating Partnership is a partnership with no publicly traded equity. In the financial statements, this difference is primarily reflected in the equity (or capital for the Operating Partnership) section of the consolidated balance sheets and in the consolidated statements of equity (or capital). Apart from the different equity treatment, the consolidated financial statements of the Parent Company and the Operating Partnership are nearly identical.

The Company believes that combining the annual reports on Form 10-K of the Parent Company and the Operating Partnership into a single report will:

- facilitate a better understanding by the investors of the Parent Company and the Operating Partnership by enabling them to view the business as a whole in the same manner as management views and operates the business;
- remove duplicative disclosures and provide a more straightforward presentation in light of the fact that a substantial portion of the disclosure applies to both the Parent Company and the Operating Partnership; and
- create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

In order to highlight the differences between the Parent Company and the Operating Partnership, the separate sections in this report for the Parent Company and the Operating Partnership specifically refer to the Parent Company and the Operating Partnership. In the sections that combine disclosures of the Parent Company

and the Operating Partnership, this report refers to such disclosures as those of the Company. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and real estate ventures and holds assets and debt, reference to the Company is appropriate because the business is one enterprise and the Parent Company operates the business through the Operating Partnership.

As general partner with control of the Operating Partnership, the Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial

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statements. The separate discussions of the Parent Company and the Operating Partnership in this report should be read in conjunction

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with each other to understand the results of the Company's operations on a consolidated basis and how management operates the Company.

This report also includes separate Item 9A - Controls and Procedures sections, signature pages and Exhibits 31 and 32 certifications for each of the Parent Company and the Operating Partnership, in order to establish that the Chief Executive Officer and the Chief Financial Officer of the Parent Company and the Chief Executive Officer and the Chief Financial Officer of the Operating Partnership have made the requisite certifications and that the Parent Company and the Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and 18 U.S.C. §1350.

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Forward-Looking Statements

This Annual Report on Form 10-K, or this Report, together with other statements and information publicly disseminated by the Parent Company and the Operating Partnership, contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as "believes", "expects", "estimates", "may", "will", "should", "anticipates" or "intends" or the negative of such terms or other comparable terminology, or by discussions of strategy. Such statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Although we believe the expectations reflected in these forward-looking statements are based on reasonable assumptions, future events and actual results, performance, transactions or achievements, financial and otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. As a result, you should not rely on or construe any forward-looking statements in this Report, or which management or persons acting on their behalf may make orally or in writing from time to time, as predictions of future events or as guarantees of future performance. We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this Report or as of the dates otherwise indicated in such forward-looking statements. All of our forward-looking statements, including those in this Report, are qualified in their entirety by this statement.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this Report. Any forward-looking statements should be considered in light of the risks and uncertainties referred to in Item 1A. "Risk Factors" in this Report and in our other filings with the Securities and Exchange Commission ("SEC"). These risks include, but are not limited to, the following:

- adverse changes in economic conditions in the real estate industry and in the markets in which we own and operate self-storage properties;
- the effect of competition from existing and new self-storage properties and operators on our ability to maintain or raise occupancy and rental rates;
- the failure to execute our business plan;
- adverse impacts from the COVID-19 pandemic, other pandemics, quarantines and stay at home orders, including the impact on our ability to operate our self-storage properties, the demand for self-storage, rental rates and fees and rent collection levels;
- reduced availability and increased costs of external sources of capital;
- increases in interest rates and operating costs;
- financing risks, including the risk of over-leverage and the corresponding risk of default on our mortgage and other debt and potential inability to refinance existing or future debt;
- counterparty non-performance related to the use of derivative financial instruments;
- risks related to our ability to maintain our Parent Company's qualification as a REIT for federal income tax purposes;
- the failure of acquisitions and developments to close on expected terms, or at all, or to perform as expected;
- increases in taxes, fees and assessments from state and local jurisdictions;
- the failure of our joint venture partners to fulfill their obligations to us or their pursuit of actions that are inconsistent with our objectives;
- reductions in asset valuations and related impairment charges;

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- **cyber security** **cybersecurity** breaches, cyber or ransomware attacks or a failure of our networks, systems or technology, which could adversely impact our business, customer and employee relationships or result in fraudulent payments;
- changes in real estate, zoning, use and occupancy laws or regulations;
- risks related to or **a consequence** **consequences** of earthquakes, hurricanes, windstorms, floods, other natural disasters or acts of violence, pandemics, active shooters, terrorism, insurrection or war that **affect** **impact** the markets in which we operate;
- potential environmental and other **material** liabilities;
- governmental, administrative and executive orders, **regulations** and laws, which could adversely impact our business operations and customer and employee relationships;
- uninsured or uninsurable losses and the ability to obtain insurance coverage, **indemnity** or recovery from insurance against risks and losses;
- **the** **our** ability to attract and retain talent in the current labor market;
- other factors affecting the real estate industry generally or the self-storage industry in particular; and
- other risks identified in this Report and, from time to time, in other reports that we file with the SEC or in other documents that we publicly disseminate.

Given these uncertainties and the other risks identified elsewhere in this Report, we caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise except as may be required by securities laws. Because of the factors referred to above, the future events discussed in or incorporated by reference in this Report may not occur and actual results, performance or achievement could differ materially from that anticipated or implied in the forward-looking statements.

ITEM 1. BUSINESS

Overview

We are a self-administered and self-managed real estate company focused primarily on the ownership, operation, management, acquisition and development of self-storage properties in the United States.

As of **December 31, 2022** **December 31, 2023**, we owned (or partially owned and consolidated) 611 self-storage properties located in 24 states and in the District of Columbia containing an aggregate of approximately 44.1 million rentable square feet. As of **December 31, 2022** **December 31, 2023**, approximately **90.3%** **89.8%** of the rentable square footage at our owned stores was leased to approximately **377,000** **379,000** customers, and no single customer represented a significant concentration of our revenues. As of **December 31, 2022** **December 31, 2023**, we owned stores in the District of Columbia and the following 24 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah and Virginia. In addition, as of **December 31, 2022** **December 31, 2023**, we managed **668** **795** stores for third parties (including 77 stores containing an aggregate of approximately 5.6 million net rentable square feet as part of six separate unconsolidated real estate ventures) bringing the total number of stores we owned and/or managed to **1,279** **1,406**. As of **December 31, 2022** **December 31, 2023**, we managed stores for third parties in the District of Columbia and the following **38** **40** states: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, **Kansas**, **Kentucky**, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, **Nebraska**, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, Washington and Wisconsin.

Our self-storage properties are designed to offer affordable and easily-accessible storage space for our residential and commercial customers. Our customers rent storage cubes for their exclusive use, typically on a month-to-month basis. Additionally, some of our stores offer outside storage areas for vehicles and boats. Our stores are designed to accommodate both residential and commercial customers, with features such as wide aisles and load-bearing capabilities for large truck access. All of our stores have a storage associate or automated kiosk available to assist our customers during business hours, and **334** **336**, or approximately **54.7%** **55.0%**, of our owned stores have a manager who resides in an apartment at the store. Our customers can access their storage cubes during business hours, and some of our stores provide customers with 24-hour access through computer-controlled access systems. Our goal is to provide customers with the

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highest standard of physical attributes and service in the industry. To that end, 510, or approximately 83.5%, of our owned stores include climate-controlled cubes.

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The Parent Company was formed in July 2004 as a Maryland REIT. The Parent Company owns its assets and conducts its business through the Operating Partnership, and its subsidiaries. The Parent Company controls the Operating Partnership as its sole general partner and, as of **December 31, 2022** **December 31, 2023**, owned a 99.4% interest in the Operating Partnership. The Operating Partnership was formed in July 2004 as a Delaware limited partnership and has been engaged in virtually all aspects of the self-storage business, including the development, acquisition, management, ownership and operation of self-storage properties.

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Acquisition and Disposition Activity

As of **December 31, 2022** **December 31, 2023** and **2021**, we owned 611 and 607 stores respectively, that contained an aggregate of 44.1 million and 43.6 million rentable square feet with occupancy levels of 90.3% 89.8% and 92.0% 90.3%, respectively. Additional information about our stores is included in Item 2 of this Report. The following is a summary of our **2023**, **2022** **2021** and **2020** **2021** acquisition and disposition activity:

Asset/Portfolio	Metropolitan Statistical Area	Transaction Date	Number of	Purchase / Sale Price	Metropolitan Statistical Area	Transaction Date	Number of
			Stores	(in thousands)			
2023 Acquisition:							
New Jersey Asset					New York-Northern New Jersey-Long Island, NY-NJ-PA	December 2023	
2023 Disposition:							
Illinois Asset (1)					Chicago-Naperville-Joliet, IL-IN-WI	December 2023	
2022 Acquisitions:							
Maryland Asset	Washington-Arlington-Alexandria, DC-VA-MD-WV	February 2022	1	\$ 32,000	Washington-Arlington-Alexandria, DC-VA-MD-WV	February 2022	
Texas Asset	San Antonio, TX	June 2022	1	23,000	San Antonio, TX	June 2022	
Georgia Asset	Atlanta, GA	July 2022	1	20,700	Atlanta, GA	July 2022	

			3	\$	75,700	
2021 Acquisitions:						
Minnesota Asset (1)	Minneapolis-St. Paul-Bloomington, MN-WI	April 2021	1	\$	12,000	
Minnesota Asset (2)						
Maryland Asset	Baltimore-Towson, MD	June 2021	1		22,075	Baltimore-Towson, MD
New Jersey/Pennsylvania Assets	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	July 2021	2		33,000	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
Florida Asset	Miami-Fort Lauderdale-Pompano Beach, FL	November 2021	1		14,750	Miami-Fort Lauderdale-Pompano Beach, FL
Georgia Asset	Atlanta-Sandy Springs-Marietta, GA	November 2021	1		15,200	Atlanta-Sandy Springs-Marietta, GA
Pennsylvania Asset	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	November 2021	1		24,500	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
Nevada Asset	Las Vegas-Paradise, NV	December 2021	1		21,000	Las Vegas-Paradise, NV
Storage West Assets	Various (see note 4)	December 2021	57		1,648,426 ⁽²⁾	Various (see note 4 to our consolidated financial statements)
Illinois Asset	Chicago-Naperville-Joliet, IL-IN-WI	December 2021	1		10,300	Chicago-Naperville-Joliet, IL-IN-WI
			66	\$	1,801,251	
2021 Dispositions:						
Colorado/Nevada Assets	Denver-Aurora, CO / Las Vegas-Paradise, NV	September 2021	2	\$	16,900	Denver-Aurora, CO / Las Vegas-Paradise, NV
North Carolina Assets	Burlington, NC	September 2021	2		21,700	Burlington, NC
Texas Asset	Houston-Sugar Land-Baytown, TX	November 2021	1		5,200	Houston-Sugar Land-Baytown, TX
			5	\$	43,800	
2020 Acquisitions:						
Texas Asset	San Antonio, TX	February 2020	1	\$	9,025	
Maryland Asset	Baltimore-Towson, MD	April 2020	1		17,200	
New Jersey Asset	New York-Northern New Jersey-Long Island, NY-NJ-PA	April 2020	1		48,450	
Florida Asset	Palm Bay-Melbourne-Titusville, FL	November 2020	1		3,900	
Texas Asset	Austin-Round Rock, TX	November 2020	1		10,750	
Texas Asset	Dallas-Fort Worth-Arlington, TX	November 2020	1		10,150	
Nevada Asset	Las Vegas-Paradise, NV	December 2020	1		16,800	
New York Asset	New York-Northern New Jersey-Long Island, NY-NJ-PA	December 2020	1		6,750	
Florida Asset	Tampa-St. Petersburg-Clearwater, FL	December 2020	1		10,000	
Virginia Asset	Washington-Arlington-Alexandria, DC-VA-MD-WV	December 2020	1		17,350	
Storage Deluxe Assets	New York-Northern New Jersey-Long Island, NY-NJ-PA	December 2020	8		540,000	
Florida Assets	Orlando-Kissimmee, FL / Deltona-Daytona Beach-Ormond Beach, FL	December 2020	3		45,500	
			21	\$	735,875	
2020 Disposition:						
New York Asset	New York-Northern New Jersey-Long Island, NY-NJ-PA	December 2020	1	\$	12,750	
			1	\$	12,750	

(1) **Acquired** This store was subject to an involuntary conversion by the Department of Transportation of the State of Illinois.

(2) This store was acquired by a consolidated joint venture in which we hold a 50% interest.

(2) Purchase price represents the acquisition of all 167,557 outstanding partnership units of LAACO, Ltd. ("LAACO") for \$9,838 per unit. At the time of the acquisition, LAACO owned 57 storage properties (the "Storage West Assets") and 50% ownership interests in two separate joint ventures. Through this acquisition, the Company also acquired LAACO's wholly-owned subsidiaries, the Los Angeles Athletic Club and the California Yacht Club (the "Club Operations"). The Los Angeles Athletic Club was sold by the Company during the year ended December 31, 2022. The California Yacht Club is classified as held for sale on was sold by the Company's consolidated balance sheets as of December 31, 2022 Company during the year ended December 31, 2023. See note 4 to our consolidated financial statements.

The comparability of our results of operations is affected by the timing of acquisition and disposition activities during the periods reported. As of December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, we owned (or partially owned and consolidated) 611, 611 and 607 and 543 self-storage

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properties and related assets, respectively. The following table summarizes the change in number of owned stores from January 1, 2020 January 1, 2021 through December 31, 2022 December 31, 2023:

	2023	2022	2021
Balance - January 1	611	607	543
Stores acquired	—	1	—
Stores developed	—	—	1
Stores combined (1)	—	—	(1)
Balance - March 31	611	608	543
Stores acquired (2)	—	1	2
Stores developed	—	1	2
Stores combined (1)	—	(1)	—
Balance - June 30	611	609	547
Stores acquired	—	1	2
Stores developed	—	1	—
Stores sold	—	—	(4)
Balance - September 30	611	611	545
Stores acquired	1	—	62
Stores developed	—	—	1
Stores sold (3)	(1)	—	(1)
Balance - December 31	611	611	607

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	2022	2021	2020
Balance - January 1	607	543	523
Stores acquired	1	—	1

Stores developed	—	1	—
Stores combined (1)	—	(1)	—
Balance - March 31	608	543	524
Stores acquired (2)	1	2	2
Stores developed	1	2	1
Stores combined (1)	(1)	—	—
Balance - June 30	609	547	527
Stores acquired	1	2	—
Stores developed	1	—	—
Stores sold	—	(4)	—
Balance - September 30	611	545	527
Stores acquired	—	62	18
Stores developed	—	1	—
Stores combined (3)	—	—	(1)
Stores sold	—	(1)	(1)
Balance - December 31	611	607	543

(1) On June 21, 2022 and March 3, 2021, we completed development of new stores located in Vienna, VA and Arlington, VA for approximately \$21.8 million and \$26.4 million, respectively. In each case, the developed store is located adjacent to an existing consolidated joint venture store. Given this proximity, each developed store has been combined with the adjacent existing store in our store count upon opening, as well as for operational and reporting purposes.

(2) For the quarter ended June 30, 2021, includes one store acquired by a consolidated joint venture in which we hold a 50% interest.

(3) On November 10, 2020 For the quarter ended December 31, 2023, we acquired a relates to one store located in Merritt Island, FL for approximately \$3.9 million. The store acquired is located in near proximity that was subject to an existing wholly-owned store. Given their proximity to each other, involuntary conversion by the acquired store has been combined with Department of Transportation of the existing store in our store count, as well as for operational and reporting purposes. State of Illinois.

Financing and Investing Activities

The following summarizes certain financing and investing activities during the year ended December 31, 2022 December 31, 2023:

- **Acquisition Activity.** We acquired three one wholly-owned stores store located in Georgia (1), Maryland (1), and Texas (1) New Jersey for an aggregate a purchase price of approximately \$75.7 million \$22.0 million.
- **Development Activity.** We completed construction of and opened for operation two joint venture development properties located in New York (1) and Virginia (1) for a total cost of \$60.8 million. As of December 31, 2022 December 31, 2023, we had two four joint venture development properties under construction, located in New Jersey (1) and New York (1) (3), which are expected to be completed by the second third quarter of 2024, 2025. As of December 31, 2022 December 31, 2023, we had invested \$22.7 million \$51.2 million of an expected \$57.1 million \$94.2 million related to these two four projects.
- **Unconsolidated Real Estate Venture Mortgage Loan Activity.** 191 V CUBE LLC ("HVP V"), an existing unconsolidated real estate venture in which we own a 20% interest, acquired one store located in New Jersey for a purchase price of \$33.2 million. We contributed \$0.1 million towards this purchase, which was primarily funded by HVP V's secured term loan. 191 IV CUBE Southeast LLC ("HVPSE"), an existing unconsolidated real estate venture in which we own a 10% interest, sold all 14 of its stores for repaid two mortgage loans with an aggregate sales price outstanding principal balance of \$235.0 million \$30.5 million. These stores were located in Florida (2), Georgia (8) and South Carolina (4). HVPSE recorded gains which aggregated to approximately \$114.1 million in connection with the sale.
- **Credit Facility Amendment.** On October 26, 2022, we amended and restated, in its entirety, our credit facility (the "Second Amended and Restated Credit Facility") which, subsequent to the amendment and restatement, is comprised of an \$850.0 million unsecured revolving facility (the "Revolver") maturing on February 15, 2027. Under the Second Amended and Restated Credit Facility, pricing on the Revolver is dependent upon our unsecured debt credit ratings and leverage levels. At our current unsecured debt credit ratings and leverage levels, amounts drawn under the Revolver are priced using a margin of 0.775% plus a facility fee of 0.15% over the Secured Overnight Financing Rate ("SOFR") and a 0.10% SOFR adjustment.

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- **At-The-Market Equity Program Activity.** Under our at-the-market equity program, we sold a total of 0.1 million common shares at an average sales price of \$50.64 per share, resulting in net proceeds of \$4.9 million for the year, after deducting offering costs. As of December 31, 2022, 5.8 million common shares remained available for sale under the program. We used the proceeds from the 2022 sales under the program to fund the acquisition and development of self-storage properties and for general corporate purposes.

Business Strategy

Our business strategy consists of several elements:

- **Maximize cash flow from our stores** — We utilize our operating systems and experienced personnel to manage the balance between rental rates, discounts and physical occupancy with an objective of maximizing our rental revenue.
- **Acquire stores within targeted markets** — During 2023, 2024, we intend to pursue selective acquisitions in markets that we believe have high barriers to entry, strong demographic and market fundamentals and demand for storage in excess of storage capacity. We believe the self-storage industry will continue to afford us opportunities for growth through acquisitions due to the highly fragmented composition of the industry. In the past, we have formed joint ventures with unaffiliated third parties, and in the future we may form additional joint ventures, to facilitate the funding of future developments or acquisitions.

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- **Dispose of stores** — During 2023, 2024, we intend to continue to evaluate opportunities to dispose of assets that have unattractive risk-adjusted returns. We intend to use proceeds from these transactions to fund acquisitions within targeted markets and for general corporate purposes.
- **Grow our third-party management business** — We intend to pursue additional third-party management opportunities and to leverage our current platform to take advantage of consolidation in the industry. We plan to utilize our relationships with third-party owners to help source future acquisitions and other investment opportunities.

Investment and Market Selection Process

We maintain a disciplined and focused process in the acquisition and development of self-storage properties. Our investment committee is comprised of four senior executive officers who oversee our investment process. Our investment process involves six stages — identification, initial due diligence, economic assessment, investment committee approval (and when required, the approval of our Board of Trustees (the "Board")), final due diligence and documentation. Through our investment committee, we intend to focus on the following criteria:

- **Targeted markets** — Our targeted markets include areas where we currently maintain management that can be extended to additional stores, or where we believe that we can acquire a significant number of stores over time. We evaluate both the broader market and the immediate trade area, typically three miles around the store, for its ability to support above-average demographic growth. We seek to increase our presence primarily in areas with strong demographics and growth, including, but not exclusively limited to, major metropolitan regions within the United States.
- **Quality of store** — We focus on self-storage properties that have good visibility, ease of access, quality construction, and are located near retail centers, which typically provide high traffic corridors and are generally located near residential communities and commercial customers.

- **Growth potential** — We target acquisitions that offer growth potential through increased operating efficiencies and, in some cases, through additional leasing efforts, renovations or expansions. In addition to acquiring single stores, we seek to invest in portfolio acquisitions, including those offering significant potential for increased operating efficiency and economies of **scale**.

Segment

We have one reportable segment: we own, operate, develop, manage and acquire self-storage properties.

Concentration

Our self-storage properties are located in major metropolitan areas as well as suburban areas and have numerous customers per store. No single customer represented a significant concentration of our **2022** **2023** revenues. Our stores in New York, Florida, California and Texas provided approximately 17%, 15%, 11% and 9%, respectively, of our total revenues for the year ended December 31, 2023. Our stores in New York, Florida, California and Texas provided approximately 16%, 15%, 11% and 9%, respectively, of our total revenues for the year ended December 31, 2022. Our stores in New York, Florida, Texas and California provided approximately 19%, 15%, 9% and 8%, respectively, of our total revenues for the year

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ended December 31, 2021. Our stores in New York, Florida, Texas and California provided approximately 16%, 15%, 9% and 8%, respectively, of our total revenues for the year ended December 31, 2020.

Seasonality

We typically experience seasonal fluctuations in occupancy levels at our stores, which are generally slightly higher during the summer months due to increased moving activity.

Financing Strategy

We maintain a capital structure that we believe is reasonable and prudent and that will enable us to have ample cash flow to cover debt service and make distributions to our shareholders. As of **December 31, 2022** **December 31, 2023**, our debt to total market capitalization ratio (determined by dividing the carrying value of our total indebtedness by the sum of (a) the market value of the Parent Company's outstanding common shares and units of the Operating Partnership held by third parties and (b) the carrying value of our total indebtedness) was approximately **24.8%** **21.8%** compared to approximately **19.7%** **24.8%** as of **December 31, 2021** **December 31, 2022**. Our ratio of debt to the undepreciated cost of our total assets as of **December 31, 2022** **December 31, 2023** was approximately **39.6%** **38.2%** compared to approximately **41.2%** **39.6%** as of **December 31, 2021** **December 31, 2022**. We expect to finance additional investments in self-storage properties through the most attractive sources of capital available at the time of the transaction, in a

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manner consistent with maintaining a strong financial position and future financial flexibility, subject to limitations on incurrence of indebtedness **in under** our unsecured credit facilities and the indenture that governs our unsecured notes. These capital sources may include existing cash, borrowings under our revolving credit facility, additional secured or unsecured financings, sales of common or preferred shares of the Parent Company in public offerings or private placements, additional issuances of debt securities, issuances of common or preferred units in our Operating Partnership in exchange for contributed properties and formations of joint ventures. We also may sell stores that have unattractive risk-adjusted returns and use the sales proceeds to fund other acquisitions.

Competition

Self-storage properties compete based on a number of factors, including location, rental rates, occupancy, security, suitability of the store's design to prospective customers' needs and the manner in which the store is maintained, operated and marketed. In particular, the number of competing self-storage properties in a market could have a material effect on our occupancy levels, rental rates and on the overall operating performance of our stores. We believe that the primary competition for potential customers of any of our self-storage properties comes from other self-storage providers within a three-mile radius of that store. We emphasize customer service, convenience, security, professionalism, and cleanliness and, therefore, we believe our stores are well-positioned within their respective markets, and we emphasize customer service, convenience, security, professionalism and cleanliness. markets.

Our key competitors include local and regional operators as well as the other public self-storage REITs, including, but not limited to, Public Storage, Extra Space Storage Inc., Life Storage, Inc. and National Storage Affiliates Trust. These companies, some of which operate significantly more stores than we do and have greater resources than we have, and other entities may be able to accept more risk than we determine is prudent for us, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition may reduce the number of suitable acquisition opportunities available to us, increase the price required to acquire stores and reduce the demand for self-storage space at our stores. Nevertheless, we believe that our experience in operating, managing, acquiring, developing and obtaining financing for self-storage properties should enable us to compete effectively.

Government Regulation

We are subject to various laws, ordinances and regulations, including regulations relating to lien sale rights and procedures, consumer protection measures and various federal, state and local regulations that apply generally to the ownership of real property and the operation of self-storage properties.

Under the Americans with Disabilities Act of 1990 and applicable state accessibility act laws (collectively, the "ADA"), all places of public accommodation are required to meet federal requirements related to physical access and use by disabled persons. A number of other federal, state and local laws may also impose access and other similar requirements at our stores. A failure to comply with the ADA or similar state or local requirements could result in the governmental imposition of fines or the award of damages to private litigants affected by the noncompliance. Although we believe that our stores comply in all material respects with these requirements (or would be eligible for applicable exemptions from material requirements because of adaptive assistance provided), a determination that one or more of our stores or websites is not in compliance with the ADA or similar state or local requirements would result in the incurrence of additional costs associated with bringing them into compliance.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of hazardous substances released on or in its property. These laws often impose liability without regard to

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whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances, or the failure to properly remediate such substances, when released, may adversely affect the property owner's ability to sell the real estate or to borrow using the real estate as collateral, and may cause the property owner to incur substantial remediation costs. In addition to claims for cleanup costs, the presence of hazardous substances on a property could result in a claim by a private party for personal injury or a claim by an adjacent property owner or user for property damage. We may also become liable for the costs of removal or remediation of hazardous substances stored at our properties by a customer even though storage of hazardous substances would be without our knowledge or approval and in violation of the customer's storage lease agreement with us.

Our practice is to conduct or obtain environmental assessments in connection with the acquisition or development of properties. Whenever the environmental assessment for one of our stores indicates that a store is impacted by soil or groundwater contamination from prior owners/operators or other sources, we work with our environmental consultants and, where appropriate, state governmental agencies, to ensure that the store is either cleaned up, that no cleanup is necessary because the low level of contamination poses no significant risk to public health or the environment, or that the responsibility for cleanup rests with a third party. In certain cases, we have purchased environmental liability insurance coverage to indemnify us against claims for existing or suspected contamination or other adverse environmental conditions that may affect a property.

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We are not aware of any environmental cleanup liability that we believe will have a material adverse effect on us. We cannot provide assurance, however, that these environmental assessments and investigations have revealed or will reveal all potential environmental liabilities, that no prior owner created any material environmental condition not known to us or the independent consultant or that future events or changes in environmental laws will not result in the imposition of environmental liability on us.

We have not received notice from any governmental authority of any material noncompliance, claim or liability in connection with any of our stores, nor have we been notified of a claim for personal injury or property damage by a private party in connection with any of our stores relating to environmental conditions.

We are not aware of any environmental condition with respect to any of our stores that could reasonably be expected to have a material adverse effect on our financial condition or results of operations, and we do not expect that the cost of compliance with environmental regulations will have a material adverse effect on our financial condition or results of operations. We cannot provide assurance, however, that this will continue to be the case.

Insurance

We carry comprehensive liability, fire, casualty, extended coverage and rental loss insurance covering all of the properties in our portfolio. We also carry environmental insurance coverage on certain stores in our portfolio. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for losses such as loss from civil unrest, riots, war or acts of God, pandemics, and, in some cases, flood and environmental hazards, because such coverage is either not available or not available at commercially reasonable rates. Some of our policies, such as those covering losses due to terrorism, hurricanes, floods, earthquakes and earthquakes, windstorms, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. Additionally, we use a combination of insurance products, some of which include deductibles and self-insured retention amounts, to provide risk mitigation for potential liabilities associated with automobiles, workers' compensation, employment practices, general contractors, cyber risks, crime, directors and officers, employee health-care benefits, fiduciary obligations, managerial errors and omissions and personal injuries that might be sustained at our stores.

Offices

Our principal executive offices are located at 5 Old Lancaster Road, Malvern, PA 19355. Our telephone number is (610) 535-5000.

Human Capital

At CubeSmart, we refer to our employees as teammates, because collaboration towards shared goals defines our workplace. We care deeply about the experience our teammates have working with us. The CubeSmart work experience takes a holistic approach to our teammates' total wellbeing at work. Our teammate value proposition includes promoting a sense of belonging to a team; providing opportunities to make a meaningful difference at work and in their communities; supporting our teammates' ongoing personal and professional development; and offering competitive pay and rewards.

As of December 31, 2022 December 31, 2023, we employed 2,804 3,040 teammates, all within the United States. Of the total employees, approximately 89% were hourly and approximately 11% were salaried. We have no union presence or collective bargaining agreements. Our average teammate tenure as of December 31, 2022 December 31, 2023 was 3.63 3.5 years.

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Company Culture and Teammate Experience

We measure our teammates' experience each year through our Teammate Engagement Survey. In 2022, 2023, our annual engagement survey participation rate was 88% 92%. Results are communicated within individual teams to share what we learned and discuss both the positive aspects about working at CubeSmart and where we have opportunities to improve. Leaders whose with team engagement is below a certain threshold are provided with coaching and set goals for improvement. Of the teams we identified as having engagement below the applicable threshold in 2021, 73% moved above that threshold in 2022 as a result of our support and focus. In addition to the survey and our commitment to focused support for teams who need it, we have ongoing conversations and commit to continuous improvement. Every CubeSmart teammate plays a role in building our company culture and making the experience working here the best it can be.

Teammate Development and Wellbeing

As part of our culture, we seek to help teammates grow with us and leverage their development both at CubeSmart and beyond. We believe in providing all teammates with training and development opportunities to succeed in their role. We plan, design and deliver

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training programs for all levels of the organization, from orientation and general job skills to enhancing leadership capabilities through skills trainings and mentoring. In 2022, 2023, we provided an average of 16 18 hours of training per teammate.

When recruiting new teammates, our talent management acquisition team engages with our store management teams and corporate leaders to identify a pool of potential candidates to serve our customers and deliver best-in-class customer service. We recruited, hired and trained 1,505 1,651 teammates during the year ended December 31, 2022 December 31, 2023. Teammate referrals were a significant source for the candidates we hired, accounting for 20% 18% of our new teammates. Additionally, 446 350 teammates were promoted into new roles and/or transitioned into new positions to further their career development.

We believe that career growth and personal development is an important part of our teammates' personal and professional success. To further support our teammates' success, we offer a number of benefits aimed at supporting the wellbeing of our teammates and their families. Those benefits include: medical, dental, vision, disability and life insurance coverage. We also offer a variety of programs designed to provide teammates with the ability to rest, rejuvenate and take care of their families such as paid holidays, vacation and sick time, and parental leave. Our Employee Assistance Program is available to all teammates, providing extra support as they and their families experience life changes and challenges.

Another important part of our teammates' wellbeing is their connection to a larger sense of purpose. We empower our teammates to find this with us and provide programs and opportunities for them. Our Idea Center provides a forum where teammates can submit ideas to enhance the workplace, streamline systems and processes and identify solutions and best practices. We encourage our teammates to participate in community service and philanthropy, and provide paid time off for teammates who participate in these activities. Also, through our matching gifts program, we match qualified charitable contributions made by teammates up to \$100 per teammate each year.

In April of 2022, we launched a program called *Connections* to help our teammates build relationships with others across the organization. Through this program, teammates are randomly paired and encouraged to make time for a brief meeting to learn about one another. As of December 31, 2022, 323 teammates were participating in this program.

Diversity, Equity and Inclusion

Our In February 2023, we adopted a Diversity, Equality and Inclusion Policy in addition to our existing Philosophy Regarding Respect in the Workplace defines Workplace. Our policy can be found in the Corporate Responsibility section of our approach internet website (www.cubesmart.com) and details our commitments to support and promote diversity, inclusion equality, and treatment of differences. Our Philosophy is acknowledged inclusion. Nothing on our website, including our Diversity, Equality and Inclusion Policy or sections thereof, shall be deemed incorporated by teammates and states:

At CubeSmart, we respect, value, and celebrate the unique attributes, characteristics and perspectives that make each teammate who they are. We believe that our business is better because of the diversity of participation, thought, and action that comes from the unique individuals who come to work here. Every teammate deserves the right to come to work as their authentic self. Our goal for CubeSmart is to be a place where people feel supported, listened to, and able to do their personal best. Our philosophy isn't any different from our philosophy regarding Customer interactions, namely to "treat our customers as they want to be treated." When it comes to our teammates, we ask that every teammate "treat our teammates as they want to be treated." reference into this Annual Report.

As of December 31, 2022 December 31, 2023, of our total teammate population, 56% were female and 44% were male. Approximately 48% 45% have self-identified as Black or African American, Hispanic or Latino, Asian, American Indian, or of two or more races. The average teammate age was 41.8; 36% 42; 35% of our teammates were 34 and younger, while 40% of our teammates were 45 or older.

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Sustainability

We are focused on building our company for the long-term long term to generate sustainable growth. To that end, we have established a cross-functional ESG (Environmental, Social, & Governance) committee responsible for establishing our sustainability priorities and objectives. Management regularly evaluates sustainability risks faced by our portfolio and believe the low obsolescence, geographic diversification, and low emissions of our portfolio help to mitigate those risks. Our Senior Management senior management team reports annually to the Board of Trustees on the status of our ESG program, our progress against the goals we've set, and provides updates on the various initiatives we've undertaken to improve our sustainability. Our efforts to enact change are highlighted by our sustainability targets which look to track improvements across key ESG metrics and are aligned to the United Nations Sustainable Development Goals.

A key area of focus from a sustainability perspective is minimizing the impact we make on the environment. Self-storage remains a low-environmental impact business as it consumes less energy and water while emitting fewer greenhouse gases than other real estate property types. We continue to look for ways to further reduce our low impact through a variety of initiatives including solar panel installations, HVAC upgrades, high-efficiency lighting retrofits, green roofs, energy management systems, and paper reduction through our online electronic rental platform.

We encourage you to review our Sustainability Report, (located on which can be found in the Corporate Responsibility section of our internet website, at www.cubesmart.com) for more detailed information regarding our sustainability programs and initiatives. Nothing on our website, including our Sustainability Report or sections thereof, shall be deemed incorporated by reference into this Annual Report.

Information Security

We face risks associated with security breaches through cyber-attacks, cyber intrusions, or otherwise, as well as other significant disruptions of our information technology networks and related systems. The audit committee of the Company's Board of Trustees is responsible for overseeing management's risk assessment and risk management processes designed to monitor and control information security risk. A cross-organizational cyber task force meets regularly and management briefs the audit committee on information security matters at least once a year.

We have adopted and implemented an approach to identify and mitigate information security risks that we believe are commercially reasonable for real estate companies. We leverage the Center for Internet Security Critical Security Control Framework as the core of our governance program and include additional best practices from the Cloud Security Alliance, vendors, and other sources as necessary. Since January 1, 2020, we have not experienced any information security breaches that resulted in financial loss. We have insurance coverage designed to help us mitigate cyber risk exposure by offsetting costs involved with recovery and remediation after an information security breach or similar event. We regularly engage independent third parties to test our information security processes and systems as part of our overall enterprise risk management. We also regularly conduct information security training to ensure all employees, including those who may come into possession of confidential financial or personally identifiable information, are aware of information security risks and to enable them to take steps to mitigate such risks.

Available Information

We file registration statements, proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports with the SEC. You may obtain copies of these documents by accessing the SEC's website at

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www.sec.gov. Our website address is www.cubesmart.com. You also can obtain on our website, free of charge, copies of our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and any amendments to those reports, after we electronically file such reports or amendments with, or furnish them to, the SEC. Our website and the information contained therein or connected thereto are not intended to be incorporated by reference into this Report.

Also available on our website, free of charge, are copies of our Code of Business Conduct and Ethics, our Corporate Governance Guidelines and the charters for each of the committees of our Board — the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee. Copies of each of these documents are also available in print free of charge, upon request by any shareholder. You can obtain copies of these documents by contacting Investor Relations at 5 Old Lancaster Road, Malvern, PA 19355 or by telephoning 610-535-5000.

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[Table of Contents](#)**ITEM 1A. RISK FACTORS****Overview**

An investment in our securities involves various risks. Investors should carefully consider the risks set forth below together with other information contained in this Report. These risks are not the only ones that we may face. Additional risks not presently known to us, or that we currently consider immaterial, may also impair our business, financial condition, operating results and ability to make distributions to our shareholders.

Risks Related to our Business and Operations

Adverse macroeconomic and business conditions may significantly and negatively affect our rental rates, occupancy levels and therefore our results of operations.

We are susceptible to the effects of adverse macro-economic events that can result in higher unemployment, shrinking demand for products, large-scale business failures and tight credit markets. Our results of operations are sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending, as well as to increased bad debts due to recessionary pressures. Adverse economic conditions affecting disposable consumer income, such as employment levels, business conditions, inflation, deflation, interest rates, tax rates and fuel and energy costs, could reduce consumer spending or cause consumers to shift their spending to other products and services. A general reduction in the level of discretionary spending or shifts in consumer discretionary spending could adversely affect our growth and profitability.

It is difficult to determine the breadth and duration of economic and financial market disruptions ([including those in international markets](#)) and the many ways in which they may affect our customers and our business in general. Nonetheless, financial and macroeconomic disruptions could have a significant adverse effect on our sales, profitability and results of operations.

Our financial performance is dependent upon economic and other conditions of the markets in which our stores are located.

We are susceptible to adverse developments in the markets in which we operate, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Our stores in New York, Florida, California and Texas accounted for approximately [16%](#) [17%](#), 15%, 11% and 9%, respectively, of our total [2022](#) [2023](#) revenues. As a result of this geographic concentration of our stores, we are particularly susceptible to adverse market conditions in these areas. Any adverse economic or real estate developments in these markets, or in any of the other markets in which we operate, or any decrease in demand for self-storage space resulting from the local business climate, could adversely affect our rental revenues, which could impair our ability to satisfy our debt service obligations and pay distributions to our shareholders.

Our business, financial condition, results of operations and share price have, and may in the future be, impacted by the COVID-19 pandemic and other potential future pandemics and such impact could be materially adverse.

Since the first quarter of 2020, the world has been impacted by the COVID-19 pandemic, which has resulted in global business disruptions and significant volatility in U.S. and international debt and equity markets. The extent to which the COVID-19 pandemic and any other potential future pandemics ultimately impact our business, results of operations, financial condition and share price will depend on numerous evolving factors, including, among others: the duration and scope of such pandemic; actions that have been and continue to be taken by governmental entities, individuals and businesses in response to such pandemic; the impact on economic activity from such pandemic and actions taken in response thereto; the impact on capital availability and costs of capital; the impact on our employees any other operational disruptions or difficulties we may face; and, the effect on our customers and their ability to make rental payments. Any of these events, individually or in aggregate, could have a material adverse impact on the Company's business, financial condition, results of operations and share price.

We face risks associated with property acquisitions.

We intend to continue to acquire individual and portfolios of self-storage properties. The purchase agreements that we enter into in connection with acquisitions typically contain closing conditions that need to be satisfied before the acquisitions can be consummated. The satisfaction of many of these conditions is outside of our control, and we therefore cannot assure that any of our pending or future acquisitions will be consummated. These conditions include, among other things, satisfactory examination of the title, zoning and entitlements to the properties, the ability to obtain title insurance and customary closing deliverables and conditions. Moreover, in the

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event we are unable to complete pending or future acquisitions, we may have incurred significant legal, accounting, due diligence and other transaction costs in connection with such acquisitions without realizing the expected benefits.

Those acquisitions that we do consummate would increase our size and may potentially alter our capital structure. Although we believe that future acquisitions that we complete will enhance our financial performance, the success of acquisitions is subject to the risks that:

- acquisitions may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;
- we may be unable to obtain acquisition financing on favorable terms;
- acquisitions may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or an unfamiliarity with local governmental and permitting procedures; and

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- there is only limited recourse, or no recourse, to the former owners of newly acquired properties for unknown or undisclosed liabilities such as the clean-up of undisclosed environmental contamination; claims by customers, vendors or other persons arising on account of actions or omissions of the former owners of the properties; and claims by local governments, adjoining property owners, property owner associations and easement holders for fees, assessments or taxes on other property-related changes. As a result, if a liability were asserted against us based upon ownership of an acquired property, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow.

In addition, we often do not obtain third-party appraisals of acquired properties and instead rely on internal value determinations.

We will incur costs and will face integration challenges when we acquire or develop additional stores.

As we acquire or develop additional self-storage properties and bring additional self-storage properties onto our third-party management platform, we will be subject to risks associated with integrating and managing new stores, including customer retention and mortgage default risks. In the case of a large portfolio purchase, we could experience strains in our existing systems and management capacities. In addition, acquisitions or developments may cause disruptions in our operations and divert management's attention away from day-to-day operations. Furthermore, our net income may decline because we will be required to depreciate/amortize in future periods costs for acquired real property and intangible assets. Our failure to successfully integrate any future acquisitions into our portfolio could have an adverse effect on our operating costs and our ability to make distributions to our shareholders.

The acquisition of new stores that lack operating history with us will make it more difficult to predict financial performance.

We intend to continue to acquire individual and portfolios of self-storage properties. These acquisitions could fail to perform in accordance with expectations. If we fail to accurately estimate occupancy levels, rental rates, operating costs or costs of improvements to bring an acquired store up to the standards established for our intended market position, the performance of the store may be below expectations. Acquired stores may have characteristics or deficiencies affecting their valuation or revenue potential that we have not yet discovered. We cannot assure that the performance of stores acquired by us will increase or be maintained under our management.

Our development activities may be more costly or difficult to complete than we anticipate.

We intend to continue to develop self-storage properties where market conditions warrant such investment. Once made, these investments may not produce results in accordance with our expectations. Risks associated with development and construction activities include:

- the unavailability of favorable financing sources in the debt and equity markets;
- construction cost overruns, including on account of rising interest rates, diminished availability of materials and labor, and increases in the costs of materials and labor;
- construction delays and failure to achieve target occupancy levels and rental rates, resulting in a lower than projected return on our investment;
- complications (including building moratoriums and anti-growth legislation) in obtaining necessary zoning, occupancy and other governmental permits; and
- unexpected, competitive development that is proposed or announced after our development activities have begun.

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We depend on external sources of capital that are outside of our control; the unavailability of capital from external sources could adversely affect our ability to acquire or develop stores, satisfy our debt obligations and/or make distributions to shareholders.

We depend on external sources of capital to fund acquisitions and development, to satisfy our debt obligations and to make distributions to our shareholders required to maintain our status as a REIT, and these sources of capital may not be available on favorable terms, if at all. Our access to external sources of capital depends on a number of factors, including general market conditions, the market's perception of our growth potential, our current and potential future earnings, our cash flow and our ability to continue to qualify as a REIT for federal income tax purposes. If we are unable to obtain external sources of capital, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our debt obligations, make distributions to shareholders that would permit us to qualify as a REIT or avoid paying tax on our REIT taxable income.

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If we are unable to promptly re-lease our cubes or if the rates upon such re-letting are significantly lower than expected, our business and results of operations would be adversely affected.

We derive revenues principally from rents received from customers who rent cubes at our self-storage properties under month-to-month leases. Any delay in re-leasing cubes as vacancies arise would reduce our revenues and harm our operating results. In addition, lower than expected rental rates upon re-leasing could adversely affect our revenues and impede our growth.

Store ownership through joint ventures may limit our ability to act exclusively in our interest.

We co-invest with, and we may continue to co-invest with, third parties through joint ventures. In any such joint venture, we may not be in a position to exercise sole decision-making authority regarding the stores owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, in cases where neither we nor the joint venture partner would have full control over the joint venture. In other circumstances, joint venture partners may have the ability without our agreement to make certain major decisions, including decisions about sales, capital expenditures, and/or financing. Any disputes that may arise between us and our joint venture partners could result in litigation or arbitration that could increase our expenses and distract our officers and/or Trustees from focusing their time and effort on our business. In addition, we might in certain circumstances be liable for the actions of our joint venture partners, and the activities of a joint venture could adversely affect our ability to qualify as a REIT, even though we do not control the joint venture.

We face significant competition for customers and acquisition and development opportunities.

Actions by our competitors may decrease or prevent increases of the occupancy and rental rates of our stores. We compete with numerous developers, owners and operators of self-storage properties, including other REITs, as well as on-demand storage providers, some of which own or may in the future own stores similar to ours in the same submarkets in which our stores are located and some of which may have greater capital resources. In addition, due to the relatively low cost of each individual self-storage property, other developers, owners and operators have the capability to build additional stores that may compete with our stores.

If our competitors build new stores that compete with our stores or offer space at rental rates near or below the rental rates we currently charge our customers, we may lose potential customers, and we may be pressured to reduce our rental rates below those we currently charge in order to retain customers when our customers' leases expire. As a result, our financial condition, cash flow, cash available for distribution, market price of our shares and ability to satisfy our debt service obligations could be materially adversely affected. In addition, increased competition for customers may require us to make capital improvements to our stores that we would not have otherwise made. Any unbudgeted capital improvements we undertake may reduce cash available for distributions to our shareholders or for satisfaction of our debt service obligations.

We also face significant competition for acquisitions and development opportunities. Some of our competitors have greater financial resources than we do and a greater ability to borrow funds to acquire stores. These competitors may also be willing to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition for investments may reduce the number of suitable investment opportunities available to us, may increase acquisition costs and may reduce demand for self-storage space in certain areas where our stores are located and, as a result, adversely affect our operating results.

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Potential losses may not be covered by insurance.

We carry comprehensive liability, fire, casualty, extended coverage and rental loss insurance covering all of the properties in our portfolio. We also carry environmental insurance coverage on certain stores in our portfolio. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for losses such as loss from civil unrest, riots, war or acts of God, pandemics, and, in some cases, flood and environmental hazards, because such coverage is either not available or is not available at commercially reasonable rates. Some of our policies, such as those covering losses due to terrorism, hurricanes, floods, earthquakes and windstorms, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. In particular, certain of our stores are located in areas that are prone to or at risk of flooding, including coastal flooding, and some of our stores have been previously damaged or otherwise impacted by hurricanes and other flooding events. Climate change may result in more frequent severe weather events, potential changes in precipitation patterns and extreme variability in weather patterns, which may affect those stores in areas prone to or at risk of flooding. If we experience a loss at a store that is uninsured or that exceeds policy limits, we could lose the capital invested in that store as well as the anticipated future cash flows from that store. Inflation, changes in building codes

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and ordinances, environmental considerations and other factors also might make it impractical or undesirable to use insurance proceeds to replace a store after it has been damaged or destroyed. In addition, if the damaged stores are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these stores were irreparably damaged.

Additionally, we use a combination of insurance products, some of which include deductibles and self-insured retention amounts, to provide risk mitigation for potential liabilities associated with automobiles, workers' compensation, employment practices, general contractors, cyber risks, crime, directors and officers, employee health-care benefits, fiduciary obligations, managerial errors and omissions, and personal injuries that might be sustained at our stores. Liabilities associated with the risks that are retained by us are estimated, in part, by considering historical claims experience and actuarial assumptions. Our results of operations could be materially impacted by claims and other expenses related to such insurance plans if future occurrences and claims differ from these assumptions and historical trends.

Our insurance coverage may not comply with certain loan requirements.

Certain of our stores serve as collateral for our mortgage-backed debt, some of which we assumed in connection with our acquisition of stores and requires us to maintain insurance, deductibles, retentions and other policy terms at levels that may not be commercially reasonable in the current insurance environment. We may be unable to obtain required insurance coverage if the cost and/or availability make it impractical or impossible to comply with debt covenants. If we cannot comply with a lender's requirements, the lender could declare a default, which could affect our ability to obtain future financing and have a material adverse effect on our results of operations and cash flows and our ability to obtain future financing. In addition, we may be required to self-insure against certain losses or our insurance costs may increase.

We are subject to risks from the consequences of climate change, including severe weather events, as well as the transition to a low-carbon economy and other steps taken to prevent or mitigate climate change.

Our self-storage properties are located in areas that may be subject to the direct impacts of climate change, such as increased destructive weather events like floods, sea level rise, fires, and drought, which could result in significant damage to our stores, increased capital expenditures, increased expenses, reduced revenues, or reduced demand for our self-storage space. Indirect impacts of climate change could also adversely impact our business, including through increased costs, such as insurance costs or regulatory compliance costs. Potential governmental, political and social pressure related to climate change and actions to mitigate climate change could in the future result in (i) costly changes to newly developed stores or retrofits of our existing stores to reduce carbon emissions through multiple avenues, including changes to insulation, space configuration, lighting, heating, and air conditioning, (ii) increased energy costs as a result of transitioning to less carbon-intensive, but more expensive, sources of energy to operate our stores, and (iii) consumers reducing their individual carbon footprints by owning fewer durable material consumer goods, collectibles, and other such items requiring storage, resulting in a reduced demand for our self-storage space. In addition, our reputation and investor relationships could be damaged as a result of our involvement with activities perceived to be causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change.

Potential liability for environmental contamination could result in substantial costs.

We are subject to federal, state and local environmental laws, ordinances and regulations that apply generally to the ownership of real property and the operation of self-storage properties. If we fail to comply with those laws, ordinances and regulations, we could be subject to significant fines or other governmental sanctions.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with contamination. Such liability may be imposed whether or not the owner or operator knew of, or was responsible for, the presence of these hazardous or toxic substances. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to sell or rent such property or to borrow using such property as collateral. In addition, in connection with the ownership, operation and management of properties, we are potentially liable for property damage or injuries to persons and property.

Our practice is to conduct or obtain environmental assessments in connection with the acquisition or development of additional stores. We carry environmental insurance coverage on certain stores in our portfolio. We obtain or examine environmental assessments from qualified and reputable environmental consulting firms (and intend to conduct such assessments prior to the acquisition or development of additional stores). The environmental assessments received to date have not revealed, nor do we have actual knowledge of, any

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environmental liability that we believe will have a material adverse effect on us. However, we cannot assure that our environmental assessments have identified or will identify all material environmental conditions, that any prior owner of any property did not create a material environmental condition not actually known to or discoverable by us, that environmental conditions on neighboring properties

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will not have an impact on any of our properties, or that a material environmental condition does not otherwise exist with respect to any of our properties.

Americans with Disabilities Act and applicable state accessibility act compliance may require unanticipated expenditures.

Under the ADA, all places of public accommodation are required to meet federal requirements related to access and use by disabled persons. A number of other federal, state and local laws may also impose access and other similar requirements at our properties or websites. A failure to comply with the ADA or similar state or local requirements could result in the governmental imposition of fines or the award of damages to private litigants affected by the noncompliance. Although we believe that our properties and websites comply in all material respects with these requirements (or would be eligible for applicable exemptions from material requirements because of adaptive assistance provided), a determination that one or more of our properties or websites is not in compliance with the ADA or similar state or local requirements would result in the incurrence of additional costs associated with bringing the properties or websites into compliance. If we are required to make substantial modifications to comply with the ADA or similar state or local requirements, we may be required to incur significant unanticipated expenditures, which could have an adverse effect on our operating costs and our ability to make distributions to our shareholders.

We face system security risks as we depend upon automated processes and the internet, and breaches of, or failures in the performance of, our information technology systems could damage our reputation, cause us to incur substantial additional costs and subject us to litigation.

We are increasingly dependent upon automated information technology processes, including artificial intelligence, and internet commerce, and many of our new customers come from the telephone or over the internet. Moreover, the nature of our business involves the receipt and retention of personal information about our customers. We also rely extensively on third-party vendors to retain data, host software, process transactions and provide other systems and services. These systems, and our systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, malware,

ransomware and other destructive or disruptive security breaches and catastrophic events, such as a natural disaster or a terrorist event or cyber-attack. In addition, experienced computer programmers and hackers may be able to penetrate our security systems and misappropriate or make unavailable to us our confidential information, create system disruptions or cause shutdowns, whether due to malfeasance or human error. Such data security breaches as well as system disruptions and shutdowns could result in additional costs to repair or replace such networks or information systems and possible legal liability, including government enforcement actions and private litigation. In addition, our customers could lose confidence in our ability to protect their personal information, which could cause them to discontinue leasing at our stores.

We currently incorporate artificial intelligence solutions into our business, and applications of artificial intelligence may become important in our operations over time. Our competitors or other third parties may incorporate artificial intelligence into their businesses more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the types of information that artificial intelligence applications assist in producing are or are alleged to be deficient, inaccurate, or biased, our business, financial condition, and results of operations may be adversely affected.

If we are unable to attract and retain team members or contract with third parties having the specialized skills or technologies needed to support our systems, implement improvements to our customer-facing technology in a timely manner, allow accurate visibility to product availability when customers are ready to rent, quickly and efficiently fulfill our customers rental and payment methods they demand or provide a convenient and consistent experience for our customers regardless of the ultimate sales channel, our ability to compete and our results of operations could be adversely affected.

Risks Related to the Real Estate Industry

Our performance and the value of our self-storage properties are subject to risks associated with our properties and with the real estate industry.

Our rental revenues, operating costs and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that if our stores do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our shareholders will be adversely affected. Events or conditions beyond our control that may adversely affect our operations or the value of our properties include but are not limited to:

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- downturns in the national, regional and local economic climate;
- local or regional oversupply, increased competition or reduction in demand for self-storage space;
- vacancies or changes in market rents for self-storage space;
- inability to collect or delay in collecting rent from customers;
- increased operating costs, including maintenance, personnel, insurance premiums, customer acquisition costs and real estate taxes;

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- changes in interest rates and availability of financing;
- hurricanes, earthquakes and other natural disasters, civil disturbances, terrorist acts or acts of war that may result in uninsured or underinsured losses;
- significant expenditures associated with acquisitions and development projects, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property;
- costs of complying with changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes; and

- the relative illiquidity of real estate investments.

In addition, prolonged periods of economic slowdown or recession, rising interest rates, declining demand for self-storage, geopolitical tensions, military conflicts, pandemics or the fear or public perception that any of these events may occur, could result in a general decline in rental revenues, which could impair our ability to satisfy our debt service obligations and to make distributions to our shareholders.

Rental revenues are significantly influenced by demand for self-storage space generally, and a decrease in such demand would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio.

Because our real estate portfolio consists primarily of self-storage properties, we are subject to risks inherent in investments in a single industry. A decrease in the demand for self-storage space would have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio. Demand for self-storage space could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing self-storage properties in an area and the excess amount of self-storage space in a particular market. To the extent that any of these conditions occur, they are likely to affect market rents for self-storage space, which could cause a decrease in our rental and management fee revenue. Any such decrease could impair our ability to satisfy debt service obligations and make distributions to our shareholders.

Because real estate is illiquid, we may not be able to sell properties when appropriate.

Real estate property investments generally cannot be sold quickly. Also, the tax laws applicable to REITs require that we hold our properties for investment, rather than for sale in the ordinary course of business, which may cause us to forgo or defer sales of properties that may otherwise be in our best interest. Therefore, we may not be able to dispose of properties promptly, or on favorable terms, in response to economic or other market conditions, which may adversely affect our financial position.

Risks Related to our Qualification and Operation as a REIT

Failure to qualify as a REIT would subject us to U.S. federal income tax which would reduce the cash available for distribution to our shareholders.

We operate our business to qualify to be taxed as a REIT for federal income tax purposes. We have not requested and do not plan to request a ruling from the Internal Revenue Service ("IRS") that we qualify as a REIT, and the statements in this Report are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on the income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90% of our REIT taxable income, excluding net capital gains. The fact that we hold

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substantially all of our assets through the Operating Partnership and its subsidiaries and joint ventures further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status, and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Congress and the IRS may make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for us to remain qualified as a REIT. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of \$50,000 or more for each such failure.

If we fail to qualify as a REIT for federal income tax purposes, and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code of 1986, as amended (the "Code"), we would be subject to federal income tax at regular corporate rates on all of our income. As a taxable

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corporation, we would not be allowed to take a deduction for distributions to shareholders in computing our taxable income or pass through long-term capital gains to individual shareholders at favorable rates. We also could be subject to increased state and local taxes. We would not be able to elect to be taxed as a REIT until the fifth taxable year that begins after the taxable year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. **Further, for tax years beginning after December 31, 2022, we may also be subject to certain taxes enacted by the Inflation Reduction Act of 2022 that are applicable to non-REIT corporations, including a corporate alternative minimum tax and a nondeductible one percent excise tax on certain stock repurchases.** If we failed to qualify as a REIT, we would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. This likely would have a significant adverse effect on our earnings and likely would adversely affect the value of our securities. In addition, we would no longer be required to pay any distributions to shareholders.

Furthermore, we owned a subsidiary REIT ("PSI") that was liquidated on December 31, 2018. Prior to liquidation, PSI was independently subject to, and was required to comply with, the same REIT requirements that we must satisfy in order to qualify as a REIT, together with all other rules applicable to REITs. If PSI failed to qualify as a REIT during our period of ownership, and certain statutory relief provisions do not apply, as a result of a protective election made jointly by PSI and CubeSmart, PSI should be taxed as a taxable REIT subsidiary. See the section entitled "Taxation of CubeSmart—Requirements for Qualification—Taxable REIT Subsidiaries" in Exhibit 99.1 for more information regarding taxable REIT subsidiaries.

LAACO was a publicly traded partnership immediately prior to our acquisition of it on December 9, 2021. Failure of 90% or more of a publicly traded partnership's gross income to be "qualifying income" under Section 7704 of the **Internal Revenue** Code in each of its tax years could result in such entity being taxed as a corporation rather than a partnership for U.S. federal income tax purposes. If LAACO failed to qualify as a partnership for U.S. federal income tax purposes immediately prior to our acquisition of it, and certain relief provisions do not apply, it might adversely affect our ability to satisfy the income and asset tests for REIT qualification. In addition, LAACO's classification as a corporation for U.S. federal income tax purposes would mean that it has corporate income tax liabilities for all tax years during which it is classified as a corporation for U.S. federal income tax purposes.

Failure of the Operating Partnership (or a subsidiary partnership or joint venture) to be treated as a partnership would have serious adverse consequences to our shareholders.

If the IRS were to successfully challenge the tax status of the Operating Partnership or any of its subsidiary partnerships or joint ventures for federal income tax purposes, the Operating Partnership or the affected subsidiary partnership or joint venture would be taxable as a corporation. In such event, we likely would cease to qualify as a REIT and the imposition of a corporate tax on the Operating Partnership, a subsidiary partnership or joint venture would reduce the amount of cash available for distribution from the Operating Partnership to us and ultimately to our shareholders.

To maintain our REIT status, we may be forced to borrow funds on a short-term basis during unfavorable market conditions.

As a REIT, we are subject to certain distribution requirements, including the requirement to distribute 90% of our REIT taxable income, excluding net capital gains, which may result in our having to make distributions at a disadvantageous time or to borrow funds at unfavorable rates. Compliance with this requirement may hinder our ability to operate solely on the basis of maximizing profits.

We will pay some taxes even if we qualify as a REIT, which will reduce the cash available for distribution to our shareholders.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay certain federal, state and local taxes on our income and property. For example, we will be subject to income tax to the extent we distribute less than 100% of our REIT taxable income, including capital gains. Additionally, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which dividends paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Moreover, if we have net income from "prohibited transactions," that income will be

subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. We cannot guarantee that sales of our properties would not be prohibited transactions unless we comply with certain statutory safe-harbor provisions.

In addition, any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. We have elected to treat some of our subsidiaries as taxable REIT subsidiaries, and we may elect to treat other subsidiaries as taxable REIT subsidiaries in the future. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct certain interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives or on some deductions taken by a taxable REIT subsidiary if the economic arrangements between the

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REIT, the REIT's customers, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income because not all states and localities follow the federal income tax treatment of REITs. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our shareholders.

We face possible federal, state and local tax audits.

Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes, but are subject to certain state and local taxes. Certain entities through which we own real estate either have undergone, or are currently undergoing, tax audits. Although we believe that we have substantial arguments in favor of our positions in **these** audits, in some instances there may be no controlling precedent or interpretive guidance on the specific point at issue. Collectively, tax deficiency notices received to date from the jurisdictions conducting the ongoing audits have not been material. However, there can be no assurance that future audits will not occur with increased frequency or that the ultimate result of such audits will not have a material adverse effect on our results of operations.

Legislative or regulatory tax changes related to REITs could materially and adversely affect our business.

At any time, the federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. We cannot predict if or when any new federal income tax law, regulation or administrative interpretation, or any amendment to any existing federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in, or any new, federal income tax law, regulation or administrative interpretation.

Shareholders are urged to consult with their tax advisors with respect to the status of any regulatory or administrative developments and proposals and their potential effect on investment in our **capital stock, equity securities**.

Dividends paid by REITs do not qualify for the reduced tax rates provided under current law.

Dividends paid by REITs are generally not eligible for the reduced 15% maximum tax rate for dividends paid to individuals (20% for those with taxable income above certain thresholds that are adjusted annually under current law). The more favorable **tax** rates applicable to regular corporate dividends could cause shareholders who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay dividends to which more favorable **tax** rates apply, which could reduce the value of REIT stocks.

Partnership tax audit rules could have a material adverse effect on us.

Under the rules applicable to U.S. federal income tax audits of partnerships, subject to certain exceptions, any audit adjustment to items of income, gain, loss, deduction, or credit of a partnership (and any partner's distributive share thereof) is determined, and taxes, interest, or penalties attributable thereto could be assessed and collected, at the partnership level. Absent available elections, it is possible that the Operating Partnership, and any other partnership in which we directly or indirectly invest, could be required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we, as a direct or indirect partner

of a partnership, could be required to bear the economic burden of those taxes, interest, and penalties even though we may not otherwise have been required to pay additional taxes had we owned the assets of these partnerships directly. There can be no assurance that these rules will not have a material adverse effect on us.

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Risks Related to our Debt Financings

We face risks related to current debt maturities, including refinancing risk.

Certain of our mortgages, bank loans and unsecured debt (including our senior notes) will have significant outstanding balances on their maturity dates, commonly known as "balloon payments." We may not have the cash resources available to repay those amounts, and we may have to raise funds for such repayment either through the issuance of equity or debt securities, additional bank borrowings (which may include extension of maturity dates), joint ventures or asset sales. Furthermore, we are restricted from incurring certain additional indebtedness and making certain other changes to our capital and debt structure under the terms of the Credit Facility (defined below) and senior notes and the indentures governing the Credit Facility and senior notes.

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There can be no assurance that we will be able to refinance our debt on favorable terms or at all. To the extent we cannot refinance debt on favorable terms or at all, we may be forced to dispose of properties on disadvantageous terms or pay higher interest rates, either of which would have an adverse impact on our financial performance and ability to pay dividends to our shareholders.

As a result of our interest rate hedges, swap agreements and other, similar arrangements, we face counterparty risks.

We may be exposed to the potential risk of counterparty default or non-payment with respect to interest rate hedges, swap agreements, floors, caps and other interest rate hedging contracts that we may enter into from time to time, in which event we could suffer a material loss on the value of those agreements. Although these agreements may lessen the impact of rising interest rates on us, they also expose us to the risk that other parties to the agreements will not perform or that we cannot enforce the agreements. There is no assurance that our potential counterparties on these agreements will perform their obligations under such agreements.

Financing our future growth plan or refinancing existing debt maturities could be impacted by negative capital market conditions.

From time to time, domestic financial markets experience volatility and uncertainty. At times in recent years liquidity has tightened in the domestic financial markets, including the investment grade debt and equity capital markets from which we historically sought financing. Consequently, there is greater uncertainty regarding our ability to access the credit markets in order to attract financing on reasonable terms, and there can be no assurance that we will be able to continue to issue common or preferred equity securities at a reasonable price. Our ability to finance new acquisitions and **development and** refinance future debt maturities could be adversely impacted by our inability to secure financing on reasonable terms, if at all.

The terms and covenants relating to our indebtedness could adversely impact our financial performance.

Like other real estate companies that incur debt, we are subject to risks associated with debt financing, such as the insufficiency of cash flow to meet required debt service payment obligations and the inability to refinance outstanding indebtedness at maturity. If our debt cannot be paid, refinanced or extended at maturity,

we may not be able to make distributions to shareholders at expected levels or at all and may not be able to acquire or develop new stores. Failure to make distributions to our shareholders could result in our failure to qualify as a REIT for federal income tax purposes. Furthermore, an increase in our interest expense could adversely affect our cash flow and ability to make distributions to shareholders. If we do not meet our debt service obligations, any stores securing such indebtedness could be foreclosed on, which would have a material adverse effect on our cash flow and ability to make distributions and, depending on the number of stores foreclosed on, could threaten our continued viability.

Our Credit Facility (defined below) contains (and any new or amended facility we may enter into from time to time will likely contain) customary affirmative and negative covenants, including financial covenants that, among other things, require us to comply with certain liquidity and other tests. Our ability to borrow under the Credit Facility is (and any new or amended facility we may enter into from time to time will be) subject to compliance with such financial and other covenants. In the event that we fail to satisfy these covenants, we would be in default under the Credit Facility and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of debt or equity capital may not be available to us, or may be available only on unattractive terms. Moreover, the presence of such covenants in our credit agreements could cause us to operate our business with a view toward compliance with such covenants, which might not produce optimal returns for shareholders. Similarly, the indenture under which we have issued unsecured senior notes contains customary financial covenants, including limitations on incurrence of additional indebtedness.

Increases in interest rates on variable-rate indebtedness would increase our interest expense, which could adversely affect our cash flow and ability to make distributions to shareholders. Rising interest rates could also restrict our ability to refinance existing debt when it matures. In addition, an increase in interest rates could decrease the amounts that third parties are willing to pay for our assets, thereby limiting our ability to alter our portfolio promptly in relation to economic or other conditions.

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Our organizational documents contain no limitation on the amount of debt we may incur. As a result, we may become highly leveraged in the future.

Our organizational documents do not limit the amount of indebtedness that we may incur. We could alter the balance between our total outstanding indebtedness and the value of our assets at any time. If we become more highly leveraged, then the resulting increase in debt service could adversely affect our ability to make payments on our outstanding indebtedness and to pay our anticipated distributions and/or the distributions required to maintain our REIT status, and could harm our financial condition.

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Risks Related to our Organization and Structure

We are dependent upon our senior management team whose continued service is not guaranteed.

Our executive team, including our named executive officers, has extensive self-storage, real estate and public company experience. Our Chief Executive Officer, Chief Financial Officer, Chief **Operating Officer**, Chief Legal Officer and Chief **Operating Human Resources** Officer are parties to the Company's executive severance plan, however, we cannot provide assurance that any of them will remain in our employment. The loss of services of one or more members of our senior management team could adversely affect our operations and our future growth.

The loss of key personnel, including our on-site personnel, or difficulties we encounter in hiring, training and retaining personnel, including skilled field personnel, may adversely affect our rental revenues.

Our performance depends on our ability to recruit and retain high-quality employees **both** in our stores, in our sales **staff center** and in our corporate headquarters. Our ability to attract and retain corporate, sales, store and other personnel is also acutely impacted in markets where the competition for a relatively small number of qualified employees is intense. Furthermore, we have experienced, and could continue to experience, a shortage of labor for certain positions **including** due to **certain market trends and conditions such as continued concerns around the COVID-19 pandemic, the availability of new telecommuting employment options and other factors**, which could **further** decrease the pool of available **qualified** talent for key functions.

As of **December 31, 2022** **December 31, 2023**, we had **2,332** **2,553** property-level personnel involved in the management and operation of our stores. The customer service, marketing skills and knowledge of local market demand and competitive dynamics of our store managers are contributing factors to our ability to maximize our rental income and to achieve the highest sustainable rent levels at each of our stores.

Competitive pressures and the impact of inflation may require that we enhance our pay and benefits package to compete effectively for such personnel. If there is an increase in these costs or if we fail to attract and retain qualified and skilled personnel, our business and operating results could be adversely affected.

Certain provisions of Maryland law could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our shares or otherwise benefit our shareholders.

Certain provisions of Maryland law may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of our common shares with the opportunity to realize a premium over the then-prevailing market price of those shares, including:

- “business combination moratorium/fair price” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested shareholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes stringent fair price and super-majority shareholder voting requirements on these combinations; and
- “control share” provisions that provide that “control shares” of our company (defined as shares which, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing Trustees) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of “control shares” from a party other than the issuer) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two thirds of all the votes entitled to be cast on the matter, excluding all interested shares, and are subject to redemption in certain circumstances.

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We have opted out of these provisions of Maryland law. However, our Board may opt to make these provisions applicable to us at any time without shareholder **notice or approval**.

Our Trustees also have the discretion, granted in our bylaws and Maryland law, without shareholder approval to, among other things (1) create a staggered Board, (2) amend our bylaws or repeal individual bylaws in a manner that provides the Board with greater authority, and (3) issue additional equity securities. Any such action could inhibit or impede a third party from making a proposal to acquire us at a price that could be beneficial to our shareholders.

[Table of Contents](#)***Our shareholders have limited control to prevent us from making any changes to our investment and financing policies.***

Our Board has adopted policies with respect to certain activities. These policies may be amended or revised from time to time at the discretion of our Board without a vote of our shareholders. This means that our shareholders have limited control over changes in our policies. Such changes in our policies intended to improve, expand or diversify our business may not have the anticipated effects and consequently may adversely affect our business and prospects, results of operations and share price.

Our rights and the rights of our shareholders to take action against our Trustees and officers are limited.

Maryland law provides that a trustee or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Our declaration of trust and bylaws require us to indemnify our Trustees and officers for actions taken by them in those capacities on our behalf, to the extent permitted by Maryland law. Accordingly, in the event that actions taken in good faith by any Trustee or officer impede our performance, our shareholders' ability to recover damages from that Trustee or officer will be limited.

Our declaration of trust permits our Board to issue preferred shares with terms that may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our shares or otherwise benefit our shareholders.

Our declaration of trust permits our Board to issue up to 40,000,000 preferred shares, having those preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption as determined by our Board. In addition, our Board may reclassify any unissued common shares into one or more classes or series of preferred shares. Thus, our Board could authorize, without shareholder approval, the issuance of preferred shares with terms and conditions that could have the effect of discouraging a takeover or other transaction in which holders of some or a majority of our shares might receive a premium for their shares over the then-prevailing market price of our shares. We currently do not expect that the Board would require shareholder approval prior to such a preferred issuance. In addition, any preferred shares that we issue would rank senior to our common shares with respect to the payment of distributions, in which case we could not pay any distributions on our common shares until full distributions have been paid with respect to such preferred shares.

Risks Related to our Securities***Additional issuances of equity securities may be dilutive to shareholders.***

The interests of our shareholders could be diluted if we issue additional equity securities to finance future acquisitions or developments or to repay indebtedness. Our Board may authorize the issuance of additional equity securities, including preferred shares, without shareholder approval. Our ability to execute our business strategy depends upon our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including common and preferred equity.

Many factors could have an adverse effect on the market value of our securities.

A number of factors might adversely affect the price of our securities, many of which are beyond our control. These factors include:

- increases in market interest rates, relative to the dividend yield on our shares. If market interest rates go up, prospective purchasers of our securities may require a higher yield. Higher market interest rates would not, however, result in more funds for us to distribute and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our equity securities to go down;

- anticipated benefit of an investment in our securities as compared to investment in securities of companies in other industries (including benefits associated with tax treatment of dividends and distributions);
- perception by market professionals of REITs generally and REITs comparable to us in particular;
- level of institutional investor interest in our securities;
- relatively low trading volumes in securities of REITs;

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- our results of operations and financial condition;
- investor confidence in the stock market generally; and
- additions and departures of key personnel.

The market value of our equity securities is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash distributions. Consequently, our equity securities may trade at prices that are higher or lower than our net asset value per equity security. If our future earnings or cash distributions are less than expected, it is likely that the market price of our equity securities will diminish.

The market price of our common shares has been, and may continue to be, particularly volatile, and our shareholders may be unable to resell their shares at a profit.

The market price of our common shares has been subject to fluctuation and may continue to fluctuate or decline. Between January 1, 2020 January 1, 2021 and December 31, 2022 December 31, 2023, the closing price per share of our common shares has ranged from a high of \$57.02 (on December 30, 2021) to a low of \$20.85 \$31.87 (on March 23, 2020 January 5, 2021). In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If our share price is volatile, we may become the target of securities litigation, which could result in substantial costs and divert our management's attention and resources from our business.

General Risk Factors

Many states and local jurisdictions are facing severe budgetary problems which may have an adverse impact on our business and financial results.

Many states and jurisdictions are facing severe budgetary problems. Action that may be taken in response to these problems, such as increases in property taxes on commercial properties, changes to sales taxes or other governmental efforts, including mandating medical insurance, paid time off and severance payments for employees, could adversely impact our business and results of operations.

We may incur impairment charges.

We evaluate on a quarterly basis our real estate portfolio for indicators of impairment. Impairment charges reflect management's judgment of the probability and severity of the decline in the value of real estate assets we own. These charges and provisions may be required in the future as a result of factors beyond our control, including, among other things, changes in the economic environment and market conditions affecting the value of real property assets or natural or man-made disasters. If we are required to take impairment charges, our results of operations will be adversely impacted.

Inflation, responses to high inflation and rising operating expenses could reduce our cash flow and funds available for future distributions.

Our stores and any other stores we acquire or develop in the future are, and will be, subject to operating risks common to real estate in general, any or all of which may negatively affect us. Our stores are subject to increases in operating expenses such as real estate, sales and other taxes, personnel costs including mandated minimum hourly wage rates and the cost of providing specific medical coverage and governmental mandated benefits to our employees, utilities, customer acquisition costs, insurance, administrative expenses and costs for repairs and maintenance. If operating expenses continue to increase without a corresponding increase in revenues, our profitability could diminish and limit our ability to make distributions to our shareholders.

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The United States Federal Reserve Board and similar international bodies have increased interest rates in recent years to control and decrease the level of inflation. Such increases in interest rates could have a material effect on our financial performance, as further described under the heading "The terms and covenants relating to our indebtedness could adversely impact our financial performance."

We cannot assure our ability to pay dividends in the future.

Historically, we have paid quarterly distributions to our shareholders, and we intend to continue to pay quarterly dividends and to make distributions to our shareholders in amounts such that all or substantially all of our taxable income in each year, subject to certain adjustments, is distributed. This, along with other factors, should enable us to continue to qualify for the tax benefits accorded to a REIT under the Internal Revenue Code. We have not established a minimum dividends payment level, and all future distributions will be made at the discretion of our Board. Our ability to pay dividends will depend upon, among other factors:

- the operational and financial performance of our stores;
- capital expenditures with respect to existing and newly acquired stores;

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- general and administrative costs associated with our operation as a publicly-held REIT;
- maintenance of our REIT status;
- the amount of, and the interest rates on, our debt;
- the absence of significant expenditures relating to environmental and other regulatory matters; and
- other risk factors described in this Report.

Certain of these matters are beyond our control and any significant difference between our expectations and actual results could have a material adverse effect on our cash flow and our ability to make distributions to shareholders.

We may become subject to litigation or threatened litigation which may divert management's time and attention, require us to pay damages and expenses or restrict the operation of our business.

We may become subject to disputes with commercial parties with whom we maintain relationships, customers or potential customers, or other parties with whom we do business. Any such dispute could result in litigation between us and the other parties. Whether or not any dispute actually proceeds to litigation, we may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from our management's ability to focus on our business. Any such resolution could involve the payment of damages or expenses by us, which may be significant. In addition, any such resolution could involve our agreement with terms that restrict the operation of our business.

There are other commercial parties, at both a local, national and national global level, that may assert that our use of our brand names and other intellectual property conflict with their rights to use brand names, internet domains and other intellectual property that they consider to be similar to ours. Any such commercial dispute and related resolution would involve all of the risks described above, including, in particular, our agreement to restrict the use or application of our brand name or other intellectual property.

We also could be sued for personal injuries and/or property damage occurring on our properties. We maintain liability insurance with limits that we believe are adequate to provide for the defense and/or payment of any damages arising from such lawsuits. There can be no assurance that such coverage will cover all costs and expenses from such suits.

Legislative actions and changes may cause our general and administrative costs and compliance costs to increase.

In order to comply with laws adopted by federal, state or local government or regulatory bodies, we may be required to increase our expenditures and hire additional personnel and additional outside legal, accounting and advisory services, all of which may cause our general and administrative and compliance costs to increase. Significant workforce-related legislative changes could increase our expenses and adversely affect our operations. Examples of possible workforce-related legislative changes include changes to an employer's obligation to recognize collective bargaining units, the process by which collective bargaining agreements are negotiated or imposed, minimum wage requirements and health care and medical and family leave mandates. In addition, changes in the regulatory environment affecting health care reimbursements, and increased compliance costs related to enforcement of federal and state wage and hour statutes and common law related to overtime, among others, could cause our expenses to increase without an ability to pass through recoup any increased expenses through higher prices.

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Privacy concerns could result in regulatory changes that may harm our business.

Personal privacy has become a significant issue in the jurisdictions in which we operate. Many jurisdictions in which we operate, including California and New York, have imposed restrictions and requirements on the use of personal information by those collecting such information. The regulatory framework for privacy issues is rapidly evolving and future enactment of more restrictive laws, rules or regulations and/or future enforcement actions or investigations could have a materially adverse impact on us through increased costs or restrictions on our business. Failure to comply with such laws and regulations could result in consent orders or regulatory penalties and significant legal liability, including fines, which could damage our reputation and have an adverse effect on our results of operations or financial condition.

Terrorist attacks, active shooter incidents and other acts of violence or war may adversely impact our performance and may affect the markets on which our securities are traded.

Terrorist attacks at or against our stores, our interests or the United States, may negatively impact our operations and the value of our securities. Attacks, armed conflicts or active-shooter situations could negatively impact the demand for self-storage and increase the cost

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of insurance coverage for our stores, which could reduce our profitability and cash flow. Furthermore, any terrorist attacks, armed conflicts or active-shooter situations could result in increased volatility in or damage to the United States and worldwide financial markets and economy.

Environmental, social and governance (“ESG”) issues including those related to climate change and sustainability, may have an adverse effect on our business, financial condition and results of operations and damage our reputation.

Companies across all industries are facing increasing scrutiny relating to their ESG policies. **Concern over climate change may result in new or increased legal and regulatory requirements.** Increased regulatory requirements related to environmental causes, and related ESG disclosure rules, including the SEC's **recent** disclosure proposal on climate change, may result in increased compliance costs or increased energy and other costs.

In addition to environmental issues, these constituencies are also focused on social and other governance issues, including matters such as human capital and social issues. We have established several policies and procedures related to diversity, equity and inclusion as part of our ESG initiative. Our initiatives also extend from individuals to entire communities, including those we serve.

Any failure to achieve our ESG goals or a perception (whether or not valid) of our failure to act responsibly with respect to the environmental, social, or governance issues, or to effectively respond to new, or changes in, legal or regulatory requirements concerning ESG matters, or increased operating costs due to increased regulation or environmental causes could adversely affect our business, financial condition, results of operations, access to capital and reputation and increase our risk of litigation.

Failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, results of operations, financial condition, and stock share price.

Pursuant to the Sarbanes-Oxley Act of 2002, we are required to provide a report by management on internal control over financial reporting, including management's assessment of the effectiveness of internal control. Changes to our business will necessitate ongoing changes to our internal control systems and processes. Internal control over financial reporting may not prevent or detect misstatement because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their **design or** implementation, our business, results of operations, and financial condition could be materially harmed, we could fail to meet our reporting obligations, and there could be a material adverse effect on the market price of our common shares.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We recognize the importance of developing, implementing and maintaining robust measures to safeguard our electronic information systems and we have established processes, described below, to assess, identify, manage and mitigate risks from cybersecurity threats and cybersecurity incidents. We believe our processes are reasonable for real estate companies of our size and complexity.

We have integrated cybersecurity risk management into our broader risk management framework to promote a company-wide culture of cybersecurity risk management. This integration ensures that cybersecurity considerations are an integral part of our decision-making processes at every level. Under the direction of our Senior Vice President, Information Technology and our Senior Director, Information Security & Infrastructure (together, the "Cybersecurity Leadership Team") our Information Technology department regularly monitors cybersecurity threats and leads the prevention, detection, mitigation and remediation of cybersecurity incidents, with regular reporting to senior management and to the Board on these topics.

The Critical Security Controls, a prescriptive, prioritized, and standardized set of globally recognized best practices, guide our information security strategy. The Critical Security Controls are developed and maintained by the Center for Internet Security, Inc., a nonprofit organization with over 20 years of experience in helping individuals, businesses and governments protect themselves against cyber threats. We also consider best practices from third-party vendors and payment processors and from the Cloud Security Alliance, a nonprofit organization that leverages global expertise to offer research and education programs related to cloud security.

Recognizing the complexity and evolving nature of cybersecurity threats, we also retain a range of external experts, including cybersecurity assessors, consultants and auditors in evaluating and testing our information security processes and systems. These engagements enable us to access specialized knowledge and insights, ensuring our cybersecurity strategies and processes remain at the forefront of industry best practices. Our engagements with these third parties include regular audits, threat assessments and consultation on security enhancements. We also regularly conduct information security training to ensure that all employees, including those who may come into possession of confidential financial or personally identifiable information, are aware of information security risks and are equipped to take steps to mitigate such risks. The results of such tests, assessments, reviews and trainings are evaluated by senior management and our cybersecurity policies, processes and practices are refined as necessary based on the information provided.

We routinely conduct thorough security assessments of our third-party service providers that have access to our electronic information (including data centers operated by third parties and cloud computing platforms) and we maintain policies and procedures to oversee and identify cybersecurity risks associated with our use of third-party service providers. Our policies and procedures also include technical controls and processes, as well as contractual mechanisms to mitigate risk. Assessments are performed biannually by the Cybersecurity Leadership Team and on a regular basis by their staff.

Since January 1, 2021, we have not experienced any cybersecurity incidents that have resulted in material financial loss. We are not aware of any cybersecurity threats or cybersecurity incidents that have materially affected or are reasonably likely to materially affect us or our business strategy, results of operations or financial condition.

Management Oversight

Primary responsibility for the oversight of the assessment, identification and management of our cybersecurity risks rests with our Senior Vice President, Information Technology. Under her direction, these risk mitigation efforts are designed, tested, and implemented by our Senior Director, Information Security & Infrastructure. Collectively, the Cybersecurity Leadership Team has over 50 years of experience in the field of Information Technology, holding relevant academic degrees and industry certifications, including the Certified Cloud Security Professional and Certified Information Systems Security Professional designations. The Cybersecurity Leadership Team oversees our information technology governance programs, tests our compliance with standards, remediates known risks, and leads our employee cybersecurity training program.

The Cybersecurity Leadership Team continually assesses and discusses the latest developments in cybersecurity, including potential threats and innovative risk management techniques. This ongoing knowledge acquisition enhances our processes that are used to identify, prevent, mitigate and remediate cybersecurity threats and cybersecurity incidents. The Cybersecurity Leadership Team's responsibilities include the deployment of advanced security measures and regular system audits to identify potential vulnerabilities. In the event of a cybersecurity incident, the Cybersecurity Leadership Team is equipped with a well-defined incident response plan. This plan includes immediate actions to mitigate the impact of the incident, reporting such events to senior management, and developing strategies for remediation and prevention of future incidents.

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The Cybersecurity Leadership Team maintains an ongoing dialogue with senior management regarding emerging or potential cybersecurity risks. Together, they discuss updates on any significant developments in the cybersecurity domain, ensuring that management's oversight is proactive. In addition, a cross-organizational cyber task force, which includes the Cybersecurity Leadership Team and several members of senior management, meets regularly to consider and address cybersecurity risks, including risks related to our use of third-party service providers. This task force reports regularly to senior management, who actively participates in strategic decisions related to cybersecurity, offering guidance and approval for major initiatives. The involvement of senior management in our cybersecurity strategy ensures that cybersecurity considerations are collaborative and integrated into our broader strategic objectives.

The Cybersecurity Leadership Team regularly informs the cyber task force of all aspects related to cybersecurity risks and incidents. This ensures that the highest levels of management are kept abreast of the cybersecurity posture and potential risks facing us. Furthermore, as noted below, significant cybersecurity matters, and strategic risk management decisions are escalated to the Audit Committee and, as appropriate, the Board, ensuring that such bodies maintain comprehensive oversight and can provide guidance on critical cybersecurity issues.

Board of Trustees Oversight

The Board acknowledges the importance of managing risks associated with cybersecurity threats and cybersecurity incidents and has established oversight mechanisms to manage such risks. The Audit Committee is central to the Board's oversight of cybersecurity risks and bears the primary responsibility for this domain. The Audit Committee is composed of five independent Trustees, two of whom have considerable information technology experience.

The Audit Committee receives comprehensive briefings from the Cybersecurity Leadership Team on an annual basis. These briefings help identify areas for improvement and ensure the alignment of cybersecurity efforts with our overall risk management framework. The broad range of topics encompassed in these briefings includes:

- The current cybersecurity landscape and emerging threats;
- Our cybersecurity posture and the effectiveness of our risk management strategies;
- The status of ongoing cybersecurity initiatives and strategies; and
- Our compliance with regulatory requirements and industry standards.

Our internal controls also provide for the Audit Committee to receive prompt information regarding any cybersecurity incident that meets established reporting thresholds, as well as for updates regarding any such incident until it has been fully remediated. The Audit Committee provides updates to the Board regarding such matters, as appropriate.

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ITEM 2. PROPERTIES

As of December 31, 2022 December 31, 2023, we owned 611 self-storage properties that contain contained an aggregate of approximately 44.1 million rentable square feet and are located in 24 states and the District of Columbia. The following table sets forth summary information regarding our stores by state as of December 31, 2022 December 31, 2023.

State	Total					Total				
	Number of Stores	Number of Units	Rentable Square Feet	Rentable Square Feet	Ending Occupancy	Number of Stores	Number of Units	Rentable Square Feet	Rentable Square Feet	Ending Occupancy
Florida	90	65,171	6,796,098	15.4 %	92.5 %	90	65,035	6,787,173	15.4 %	90.9 %
Texas	76	46,909	5,446,871	12.3 %	91.8 %	76	46,914	5,447,787	12.3 %	90.3 %
California	63	45,131	4,765,486	10.8 %	91.4 %	63	45,248	4,786,036	10.9 %	90.4 %
New York	59	83,893	4,742,378	10.8 %	90.5 %	59	84,057	4,722,118	10.7 %	90.8 %
Arizona	48	28,180	3,089,826	7.0 %	86.3 %	48	27,896	3,092,942	7.0 %	87.8 %
Illinois	43	25,916	2,760,969	6.3 %	92.2 %	42	25,535	2,710,345	6.1 %	91.4 %

New Jersey	28	20,479	1,983,356	4.5 %	90.9 %	29	21,398	2,058,007	4.7 %	90.4 %
Nevada	22	14,645	1,702,416	3.9 %	86.9 %	22	14,613	1,706,489	3.9 %	89.8 %
Maryland	20	17,319	1,683,821	3.8 %	92.3 %	20	17,304	1,684,502	3.8 %	88.8 %
Georgia	22	14,082	1,657,378	3.8 %	87.4 %	22	14,077	1,657,228	3.8 %	89.1 %
Ohio	20	11,130	1,294,303	2.9 %	91.3 %	20	11,131	1,294,303	2.9 %	88.7 %
Massachusetts	20	13,035	1,252,577	2.8 %	86.2 %	20	13,083	1,253,278	2.8 %	87.8 %
Connecticut	22	10,781	1,200,002	2.7 %	92.7 %	22	10,785	1,200,207	2.7 %	91.7 %
Virginia	11	11,076	1,060,480	2.4 %	80.1 %	11	11,032	1,060,440	2.4 %	85.1 %
Pennsylvania	12	9,051	890,385	2.0 %	82.3 %	12	9,035	890,698	2.0 %	87.1 %
Tennessee	9	5,699	755,655	1.7 %	91.3 %	9	5,716	756,020	1.7 %	87.6 %
Colorado	10	5,544	654,252	1.5 %	90.9 %	10	5,544	654,202	1.5 %	89.7 %
North Carolina	9	5,348	611,792	1.4 %	91.7 %	9	5,353	611,773	1.4 %	88.4 %
South Carolina	8	3,879	432,389	1.0 %	91.6 %	8	3,883	432,324	1.0 %	89.4 %
Washington D.C.	5	5,321	410,676	0.9 %	90.5 %	5	5,321	410,676	0.9 %	89.2 %
Rhode Island	4	2,037	247,305	0.6 %	90.6 %	4	2,037	247,305	0.6 %	90.8 %
Utah	4	2,351	239,388	0.5 %	90.4 %	4	2,360	239,388	0.5 %	80.6 %
New Mexico	3	1,694	182,261	0.4 %	90.9 %	3	1,696	182,261	0.4 %	90.4 %
Minnesota	2	1,828	176,296	0.4 %	85.1 %	2	1,827	175,916	0.4 %	91.2 %
Indiana	1	583	70,386	0.2 %	94.2 %	1	585	70,386	0.2 %	91.5 %
Total/Weighted average	611	451,082	44,106,746	100.0 %	90.3 %	611	451,465	44,131,804	100.0 %	89.8 %

We have grown by adding stores to our portfolio through acquisitions and development. The tables set forth below show the ending occupancy, annual rent per occupied square foot and total revenues related to our stores owned as of December 31, 2022 December 31, 2023, and for each of the previous three years, grouped by the year during which we first owned or operated the store.

Stores by Year Acquired/Developed– Ending Occupancy

Year Acquired/Developed (1)	Rentable			Ending Occupancy			Rentable			Ending Occupancy		
	# of Stores	Square Feet		2022	2021	2020	# of Stores	Square Feet		2023	2022	2021
2019 and earlier	516	36,571,449		91.8 %	92.9 %	92.7 %						
2020	21	1,851,162		89.3 %	87.6 %	83.7 %						
2020 and earlier							536	38,340,866		90.1 %	91.7 %	92.6 %
2021	69	5,160,761		83.3 %	87.5 %	—	69	5,177,631		89.2 %	83.3 %	87.5 %
2022	5	523,374		55.5 %	—	—	5	523,599		77.3 %	55.5 %	—
All stores owned as of December 31, 2022	611	44,106,746		90.3 %	92.0 %	92.3 %						
2023							1	74,465		87.6 %	—	—
All stores owned as of December 31, 2023							611	44,116,561		89.8 %	90.3 %	92.0 %

Stores by Year Acquired/Developed - Annual Rent Per Occupied Square Foot (2)

Year Acquired/Developed (1)	# of Stores	Annual Rent per Square Foot			# of Stores	Annual Rent per Square Foot		
		2022	2021	2020		2023	2022	2021
2019 and earlier	516	\$ 22.35	\$ 19.79	\$ 17.89				
2020	21	30.62	29.21	26.62				
2020 and earlier					536	\$23.43	\$22.36	\$19.79
2021	69	20.99	19.71	—	69	21.91	20.99	19.71
2022	5	23.42	—	—	5	22.43	23.42	—
All stores owned as of December 31, 2022	611	\$ 22.44	\$ 20.00	\$ 18.10				
2023					1	28.01	—	—
All stores owned as of December 31, 2023					611	\$23.54	\$22.45	\$19.98

Stores by Year Acquired/Developed - Total Revenues (dollars in thousands)

Year Acquired/Developed (1)	# of Stores	Total Revenues			# of Stores	Total Revenues		
		2022	2021	2020		2023	2022	2021
2019 and earlier	516	\$ 805,699	\$ 717,630	\$ 630,750				
2020	21	53,194	46,822	4,337				
2020 and earlier					536	\$883,317	\$857,211	\$763,635
2021	69	96,047	8,668	—	69	104,190	96,047	8,668
2022	5	4,436	—	—	5	8,668	4,436	—
All stores owned as of December 31, 2022	611	\$ 959,376	\$ 773,120	\$ 635,087				
2023					1	114	—	—
All stores owned as of December 31, 2023					611	\$996,289	\$957,694	\$772,303

(1) Represents the year acquired/developed for those stores we acquired from a third party or the year placed in service for those stores we developed. Tables do not include one development property that was partially completed during the year ended December 31, 2023.

(2) Determined by dividing the aggregate rental revenue for each twelve-month period by the average of the month-end occupied square feet for the period. Rental revenue includes the impact of promotional discounts, which reduce rental income over the promotional period, of \$19.2 million \$19.4 million, \$19.7 million \$19.2 million and \$15.3 million \$19.7 million for the periods ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021, respectively.

Unconsolidated Real Estate Ventures

As of December 31, 2022 December 31, 2023, we held ownership interests ranging from 10% to 50% in seven unconsolidated real estate ventures for an aggregate investment carrying value of \$106.0 million \$98.3 million. We hold interests in these real estate ventures with unaffiliated third parties to acquire, own and operate self-storage properties in select markets. As of December 31, 2022 December 31, 2023, one of these unconsolidated joint ventures did not own any self-storage properties, while the other six unconsolidated real estate ventures owned a total of 77 self-storage properties that contained an aggregate of approximately 5.6 million net rentable square feet. The self-storage properties owned by these real estate ventures are managed by us and are located in Arizona (2), California (2), Connecticut (6), Florida (6), Georgia (2), Illinois (5), Maryland (2), Massachusetts (6), Minnesota (1), New Jersey (3), New York (1), North Carolina (1), Pennsylvania (1), Rhode Island (2), Texas (35) and Vermont (2).

Each of the seven real estate ventures has assets and liabilities that we do not consolidate in our financial statements.

We account for our investments in real estate ventures using the equity method of accounting when it is determined that we have the ability to exercise significant influence over the venture. See note 5 to our consolidated financial statements for further disclosure regarding the assets, liabilities and operating results of our unconsolidated real estate ventures which we account for using the equity method of accounting.

Capital Expenditures

We have a capital improvement program that covers office upgrades, addition of climate control to select cubes, construction of parking areas climate-control enhancements, solar panel installations and other store upgrades. For 2023, In 2024, we anticipate spending approximately \$11.0 million \$18.5 million to \$16.0

million \$23.5 million associated with these capital expenditures. For 2023, In 2024, we also anticipate spending approximately \$15.0 million \$20.5 million to \$20.0 million \$25.5 million on recurring capital expenditures and approximately \$20.0 million \$30.0 million to \$30.0 million \$40.0 million on the development of new self-storage properties.

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ITEM 3. LEGAL PROCEEDINGS

To our knowledge, no legal proceedings are pending against us, other than routine actions and administrative proceedings, and other actions not deemed material, and which, in the aggregate, are not expected to have a material adverse effect on our financial condition, results of operations or cash flows.

ITEM 4. MINING SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Repurchase of Parent Company Common Shares

The following table provides information about repurchases of the Parent Company's common shares during the three months ended December 31, 2022 December 31, 2023:

	Total	Average
Number of Shares Purchased		
(1)		
	Total	Average
Number of Shares Purchased (1)		Price Paid Per Share
October 1 - October 31	364 322	\$ 40.06 38.
November 1 - November 30	121 —	\$ 40.17
December 1 - December 31	—	\$ —
Total	485 322	\$ 40.09 38.

(1) Represents common shares withheld by the Parent Company upon the vesting of restricted shares to cover employee tax obligations.

The Parent Company adopted a share repurchase program in 2007 for up to 3.0 million of the Parent Company's outstanding common shares. Unless term Trustees, the program will expire when the number of authorized shares has been repurchased. The Parent Company has made no repurchases under this prog

Market Information for and Holders of Record of Common Shares

As of December 31, 2022 December 31, 2023, there were 155,161 registered record holders of the Parent Company's common shares and 21,200 holders of the Operating Partnership's common units, OP Units. These amounts do not include common shares held by brokers and other institutions on behalf of shareholders. The shares are traded on the New York Stock Exchange ("NYSE") under the symbol CUBE. There is no established trading market for units of the Operating Partnership.

Tax Characterization of Distributions

Since our initial quarter as a publicly-traded REIT, we have made regular quarterly distributions to our shareholders. Distributions to shareholders are usually a portion of the distribution may be designated as a capital gain or may constitute a tax-free return of capital. Annually, we provide each of the Parent Company's shareholders with the tax characterization of dividends paid during the preceding year as ordinary income, capital gain or return of capital. The characterization of the Parent Company's distributions is entirely of an 88.7377% ordinary income distribution and an 11.2623% capital gain distribution.

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We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions.

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To the extent that we make distributions in excess of our earnings and profits, as computed for federal income tax purposes, these distributions will be treated as a dividend, for federal income tax purposes. Distributions that are treated as a return of capital for federal income tax purposes generally will not be taxable to a U.S. shareholder, but will reduce the shareholder's basis in its shares (but not below zero) and therefore can result in the shareholder having a high basis in such shares. Return of capital distributions in excess of a shareholder's basis generally will be treated as gain from the sale of such shares for federal income tax purposes.

Recent Sales of Unregistered Equity Securities and Use of Proceeds

Recent Sales of Operating Partnership Unregistered Equity Securities

None.

Share Performance Graph

The SEC requires us to present a chart comparing the cumulative total shareholder return, assuming reinvestment of dividends, on our common shareholder return of (i) a broad equity index and (ii) a published industry or peer group index. The following chart compares the yearly cumulative total shares with the cumulative shareholder return of companies on (i) the S&P 500 Index, (ii) the Russell 2000 Index and (iii) the FTSE NAREIT All Equity REIT Index for the period beginning December 31, 2017 December 31, 2018 and ending December 31, 2022 December 31, 2023.



Graphic

Index	For the year ended December 31,						For the year ended December 31,		
	2017	2018	2019	2020	2021	2022	2018	2019	2020
CubeSmart	100.00	103.42	118.02	131.79	230.09	169.55	100.00	114.12	127.50
S&P 500 Index	100.00	95.62	125.72	148.85	191.58	156.88	100.00	131.49	159.00
Russell 2000 Index	100.00	88.99	111.70	134.00	153.85	122.41	100.00	125.53	150.00
FTSE NAREIT All Equity REIT Index	100.00	95.96	123.46	117.14	165.51	124.22	100.00	128.66	125.00

ITEM 6. *[Reserved]*

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Report. Some sections are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see "Forward-Looking Statements". Certain risk factors may cause actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. For a discussion of such risk factors, see the section in this Report entitled "Risk Factors".

Overview

We are an integrated self-storage real estate company, and as such we have in-house capabilities in the operation, design, development, leasing, management and ownership of storage properties. The Parent Company's operations are conducted solely through the Operating Partnership and its subsidiaries. The Parent Company

REIT for U.S. federal income tax purposes. As of December 31, 2022 both December 31, 2023 and 2021, 2022, we owned (or partially owned) properties totaling containing an aggregate of approximately 44.1 million rentable square feet and 607 self-storage properties totaling approximately 1,279,1406. As of December 31, 2022 December 31, 2023, we owned stores in the District of Columbia and the following 24 states: Arizona, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Utah and Virginia. In addition, as of December 31, 2022 December 31, 2023, we managed 668,795 stores for third parties (including of approximately 5.6 million net rentable square feet as part of six separate unconsolidated real estate ventures), bringing the total number of stores to 3840. As of December 31, 2022 December 31, 2023, we managed stores for third parties in the District of Columbia and the following 3840 states: California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, Vermont, Virginia, Washington and Wisconsin.

We derive revenues principally from rents received substantially all of our revenue from customers who rent cubes lease space at our self-storage leases. stores and fees earned from managing stores. Therefore, our operating results depend materially on our ability to retain our existing customer storage cubes to new customers while maintaining and, where possible, increasing our pricing levels. In addition, our operating results depend on the required rental payments to us. Our approach to the management and operation of our stores combines centralized marketing, revenue management and local operations teams that provide market-level oversight and management. We believe this approach allows us to respond quickly and effectively to and maximize revenues by managing rental rates and occupancy levels.

We typically experience seasonal fluctuations in the occupancy levels of our stores, which are generally slightly higher during the summer months due

Our results of operations may be sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending increased bad debts due to recessionary pressures. Adverse economic conditions affecting disposable consumer income, such as employment levels, tax rates, fuel and energy costs, and other matters could reduce consumer spending or cause consumers to shift their spending to other products and services. A level of discretionary spending or shifts in consumer discretionary spending could adversely affect our growth and profitability.

We continue our focus on maximizing internal growth opportunities and selectively pursuing targeted acquisitions and developments of self-storage properties.

We have one reportable segment: we own, operate, develop, manage and acquire self-storage properties.

Our self-storage properties are located in major metropolitan and suburban areas and have numerous customers per store. No single customer represents a significant portion of our revenues. Our stores in New York, Florida, California and Texas provided approximately 16% 17%, 15%, 11% and 9%, respectively, of total revenue for the year ended December 31, 2022 December 31, 2023.

Summary of Critical Accounting Policies and Estimates

Set forth below is a summary of the accounting policies and estimates that management believes are critical to the preparation of the consolidated financial statements. Certain of the accounting policies used in the preparation of these consolidated

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financial statements are particularly important for an understanding of the financial position and results of operations presented in the

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historical consolidated financial statements included in this Report. A summary of significant accounting policies is also provided in note 2 to our consolidated financial statements. These policies require the application of judgment and assumptions by management and, as a result, are subject to a degree of uncertainty. Due to this uncertainty, the results of operations and financial position of the Company may differ materially from estimates calculated and utilized by management.

Basis of Presentation

The accompanying consolidated financial statements include all of the accounts of the Company, and its majority-owned and/or controlled subsidiaries. The Company's interest in its joint ventures and other entities in which the Company has significant influence is presented as noncontrolling interests as of and during the periods presented. All significant intercompany accounts and transactions have been eliminated in consolidation.

When the Company obtains an economic interest in an entity, the Company evaluates the entity to determine if the entity is deemed a variable interest entity (VIE). The Company is deemed to be the primary beneficiary, in accordance with authoritative guidance issued by the Financial Accounting Standards Board (FASB) in Accounting Standards Codification (ASC) 810, *Consolidation of Variable Interest Entities*. To the extent that the Company (i) has the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE, and (ii) has the right to absorb the VIE's losses or receive its benefits, then the Company is considered the primary beneficiary. The Company may also consider other factors in applying this guidance, such as whether or not it is the partner in the VIE that is most closely associated with the VIE. When an entity is not deemed to be a VIE, the provisions of additional FASB guidance to determine whether a general partner, or the general partners as a group, controls a limited partnership are applied. General partners have certain rights. The Company consolidates (i) entities that are VIEs and of which the Company is deemed to be the primary beneficiary, (ii) entities that the Company controls and in which the limited partners do not have substantive participating rights, or the ability to dissolve the entity or remove the limited partners without their consent, or (iii) entities that have substantive participating rights.

Self-Storage Properties

The Company records self-storage properties at cost less accumulated depreciation. Depreciation on the buildings, improvements and equipment is provided over their estimated useful lives, which range from five to 39 years. Expenditures for significant renovations or improvements that extend the useful life of the property are capitalized and maintenance costs are expensed as incurred.

When stores are acquired, the purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values.

Allocations to land, building and improvements and equipment are recorded based upon their respective fair values as estimated by management. The Company allocates a portion of the purchase price to an intangible asset attributed to the value of in-place leases. This intangible asset is generally amortized over the remaining term of the respective leases. Substantially all of the storage leases in place at acquired stores are at market rates, as the majority of the leases are renewals. Accordingly, to date, no portion of the purchase price has been allocated to above- or below-market lease intangibles associated with storage leases. The Company has recorded below- market lease intangibles associated with assumed leases in which the Company serves as lessee are recorded as an adjustment to the right-of-use asset between the contractual amounts to be paid pursuant to each in-place lease and management's estimate of fair market lease rates. These amounts are amortized over the remaining term of the lease. To date, no intangible asset has been recorded for the value of customer relationships, because the Company does not have any concentrations of these assets. Customer turnover is fairly frequent.

Long-lived assets classified as "held for use" are reviewed for impairment when events and/or circumstances such as declines in occupancy and other factors may be an indication of impairment. The carrying value of these long-lived assets is compared to the undiscounted future net operating cash flows, plus a terminal value, to determine if the store's basis is recoverable. If a store's basis is not considered recoverable, an impairment loss is recorded to the extent the net carrying value is less than the fair value. The impairment loss recognized equals the excess of net carrying value over the related fair value of the asset. There were no impairments recognized in these procedures during the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021.

The Company considers long-lived assets to be "held for sale" upon satisfaction of the following criteria: (a) management commits to a plan to sell an asset, (b) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, (c) an active program of actions required to complete the plan to sell the asset have been initiated, (d) the sale of the asset is probable and transfer of the asset is expected to be completed within one year.

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(e) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value and (f) actions required to complete the significant changes to the plan will be made or that the plan will be withdrawn.

Typically these criteria are all met when the relevant asset is under contract, significant non-refundable deposits have been made by the potential available for transfer and there are no contingencies related to the sale that may prevent the transaction from closing. However, each potential trial separate facts and circumstances. Assets classified as held for sale are reported at the lesser of carrying value or fair value less estimated costs to California Yacht Club, which we acquired through our acquisition of LAACO in 2021, has been classified as held for sale as of December 31, 2022. The for sale as of December 31, 2022 December 31, 2023.

Investments in Unconsolidated Real Estate Ventures

The Company accounts for its investments in unconsolidated real estate ventures under the equity method of accounting when it is determined to exercise significant influence over the venture. Under the equity method, investments in unconsolidated real estate ventures are recorded initially at entities, and subsequently adjusted for equity in earnings (losses) and cash contributions, less cash distributions and impairments. On a periodic basis, the Company reviews whether there are any indicators that the carrying value of the Company's investments in unconsolidated real estate entities may be other than temporarily impaired. If the fair value of the investment, as estimated by management, is less than the carrying value of the investment and the decline is other than temporary, the loss shall be measured as the excess of the carrying amount of the investment over the fair value as estimated by management. Fair value is determined through various valuation techniques, including but not limited to, discounted cash flow models, quoted appraisals. There were no impairment losses related to the Company's investments in unconsolidated real estate ventures recognized during 2022 December 31, 2023, 2021 December 31, 2022 and 2020 December 31, 2021.

Differences between the Company's net investment in unconsolidated real estate ventures and its underlying equity in the net assets of the ventures the Company acquiring interests in existing unconsolidated real estate ventures. As of December 31, 2022 December 31, 2023 and 2021 December 31, 2022, the Company's net investment in unconsolidated real estate ventures was greater than its underlying equity in the net assets of the unconsolidated real estate ventures by an aggregate of \$33.6 million \$32.7 million, respectively. These differences are amortized over the lives of the self-storage properties owned by the real estate ventures, resulting in earnings of real estate ventures on within the Company's consolidated statements of operations.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements affecting our business, see note 2 to the Company's consolidated financial statements.

Results of Operations

The following discussion of our results of operations should be read in conjunction with the Company's consolidated financial statements and the accompanying notes set forth in the Company's consolidated statements of operations reflect only the existing stores for each period presented and should not be considered as a measure of current or future operating performance. We consider our same-store portfolio to consist of only those stores owned and operated on a stabilized basis at the beginning and end of the period presented. We consider a store to be stabilized once it has achieved an occupancy rate that we believe, based on our assessment of market-specific data, is consistent with the applicable market for a full year measured as of the most recent January 1 and has not been significantly damaged by natural or man-made disasters, renovation. We believe that same-store results are useful to investors in evaluating our performance because they provide information relating to our performance without taking into account the effects of acquisitions, developments or dispositions. As of December 31, 2022 December 31, 2023, we own and operate 9019 non same-store properties. All of the The non same-store properties were 2021 property portfolio results include 2022 and 2023 developed stores, stores with a significant portion of net rentable square footage taken out of service or stores that have not yet reached stabilization. For the presentation, all percentages are calculated using the numbers presented in the Company's consolidated financial statements contained in this Report.

The comparability of our results of operations is affected by the timing of acquisition and disposition activities during the periods reported. As of December 31, 2021 December 31, 2022 and 2020 December 31, 2021, we owned (or partially owned and consolidated) 611, 607 611 and 543 607 self-storage properties and related assets, respectively.

The following table summarizes the change in number of owned stores from January 1, 2020 January 1, 2021 through December 31, 2022 December

	2023	2022	2021
Balance - January 1	611	607	543
Stores acquired	—	1	—
Stores developed	—	—	1
Stores combined (1)	—	—	(1)
Balance - March 31	611	608	543
Stores acquired (2)	—	1	2
Stores developed	—	1	2
Stores combined (1)	—	(1)	—
Balance - June 30	611	609	547
Stores acquired	—	1	2
Stores developed	—	1	—
Stores sold	—	—	(4)
Balance - September 30	611	611	545
Stores acquired	1	—	62
Stores developed	—	—	1
Stores sold (3)	(1)	—	(1)
Balance - December 31	<u>611</u>	<u>611</u>	<u>607</u>

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	2022	2021	2020
Balance - January 1	607	543	523
Stores acquired	1	—	1
Stores developed	—	1	—
Stores combined (1)	—	(1)	—
Balance - March 31	608	543	524
Stores acquired (2)	1	2	2
Stores developed	1	2	1
Stores combined (1)	(1)	—	—
Balance - June 30	609	547	527
Stores acquired	1	2	—
Stores developed	1	—	—
Stores sold	—	(4)	—
Balance - September 30	611	545	527
Stores acquired	—	62	18
Stores developed	—	1	—
Stores combined (3)	—	—	(1)
Stores sold	—	(1)	(1)
Balance - December 31	<u>611</u>	<u>607</u>	<u>543</u>

(1) On June 21, 2022 and March 3, 2021, we completed development of new stores located in Vienna, VA and Arlington, VA for approximately \$21 respectively. In each case, the developed store is located adjacent to an existing consolidated joint venture store. Given this proximity, each dev with the adjacent existing store in our store count upon opening, as well as for operational and reporting purposes.

(2) For the quarter ended June 30, 2021, includes one store acquired by a consolidated joint venture in which we hold a 50% interest.

(3) On November 10, 2020 For the quarter ended December 31, 2023, we acquired a relates to one store located in Merritt Island, FL for approximately acquired is located in near proximity that was subject to an existing wholly-owned store. Given their proximity to each other, involuntary conversion combined with Department of Transportation of the existing store in our store count, as well as for operational and reporting purposes. State of I

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Comparison of the Year Ended December 31, 2022 December 31, 2023 to the Year Ended December 31, 2021 December 31, 2022 (dollars and \$)

	Non Same-Store												Non Same-Store													
	Same-Store Property Portfolio						Other/						Same-Store Property Portfolio						Property Portfolio							
	Properties			Eliminations			Total Portfolio			Properties			Eliminations			Total Portfolio			Properties			Eliminations				
	2022	2021	Change	2022	2021	Change	2022	2021	2022	2021	Change	2022	2021	Change	2022	2021	Change	2023	2022	Change	2023	2022	Change	2023		
REVENUES:			%								%									%						
Rental income	\$ 744,094	\$ 661,989	\$ 82,105	12.4 %	\$ 135,195	\$ 45,762	\$ —	\$ —	\$ 879,289	\$ 707,751	\$ 171,538	24.2 %	\$ 882,011	\$ 853,939	\$ 28,072	3.3 %	\$ 29,988	\$ 25,251	\$ 4,737	18.5 %	\$ 902,431	\$ 889,657	30,774	3.5 %	\$ 31,810	\$ 26,261
Other property																										
related income	32,844	27,469	5,375	19.6 %	4,755	1,836	58,567	54,300	96,166	83,605	12,561	15.0 %	38,420	35,718	2,702	7.6 %	1,822	1,741	811	4.6 %	920,431	889,657	30,774	3.5 %	31,810	\$ 26,261
Property management fee																										
income	—	—	—	0.0 %	—	—	34,169	31,208	34,169	31,208	2,961	9.5 %	—	—	—	—	—	—	0.0 %	—	—	—	—	—		
Total revenues	776,938	689,458	87,480	12.7 %	139,950	47,598	92,736	85,508	1,009,624	822,564	187,060	22.7 %	920,431	889,657	30,774	3.5 %	31,810	26,261	5,549	10.0 %	920,431	889,657	30,774	3.5 %	31,810	\$ 26,261
OPERATING EXPENSES:																										
Property operating expenses	207,023	201,070	5,953	3.0 %	42,814	15,331	43,423	35,703	293,260	252,104	41,156	16.3 %	245,447	241,833	3,614	1.5 %	10,050	9,050	999	1.1 %	674,984	647,824	27,160	4.2 %	21,760	\$ 17,760
NET OPERATING INCOME:	569,915	488,388	81,527	16.7 %	97,136	32,267	49,313	49,805	716,364	570,460	145,904	25.6 %	674,984	647,824	27,160	4.2 %	21,760	17,760	1,999	10.8 %	674,984	647,824	27,160	4.2 %	21,760	\$ 17,760
Store count	521	521			90	86			611	607			592	592							19					
Total square footage	36,850	36,850			7,257	6,745			44,107	43,595																
Total square feet																										
Period end occupancy	92.1 %	93.3 %			81.0 %	85.1 %			90.3 %	92.0 %			90.3 %	91.3 %												
Period average occupancy	94.0 %	94.6 %																								
Realized annual rent per occupied sq. ft.																										
(1)	\$ 21.49	\$ 18.99																								

Depreciation and amortization	310,610	232,049	78,561	33.9 %
General and administrative	54,623	47,809	6,814	14.3 %
Subtotal	365,233	279,858	85,375	30.5 %
OTHER (EXPENSE)				
INCOME				
Interest:				
Interest expense on loans	(93,284)	(78,448)	(14,836)	(18.9)%
Loan procurement amortization expense	(3,897)	(8,168)	4,271	52.3 %
Loss on early extinguishment of debt	—	(20,328)	20,328	100.0 %
Equity in earnings of real estate ventures	48,877	25,275	23,602	93.4 %
Gains from sales of real estate, net	—	32,698	(32,698)	(100.0)%
Other	(10,355)	(10,818)	463	4.3 %
Total other expense	(58,659)	(59,789)	1,130	1.9 %
NET INCOME	292,472	230,813	61,659	26.7 %
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS				
Noncontrolling interests in the Operating Partnership	(1,931)	(7,873)	5,942	75.5 %
Noncontrolling interests in subsidiaries	722	542	180	33.2 %
Net income attributable to noncontrolling interests in the Operating Partnership				
Net loss attributable to noncontrolling interests in subsidiaries				
NET INCOME ATTRIBUTABLE TO THE COMPANY'S COMMON SHAREHOLDERS	\$ 291,263	\$ 223,482	\$ 67,781	30.3 %
SHAREHOLDERS NET INCOME ATTRIBUTABLE TO THE COMPANY'S COMMON SHAREHOLDERS	\$ 291,263	\$ 223,482	\$ 67,781	30.3 %

(1) Realized annual rent per occupied square foot is computed by dividing rental income by the weighted average occupied square feet for the period.

Revenues

Rental income increased from \$707.8 million in 2021 to \$879.3 million in 2022 to \$912.0 million in 2023, an increase of \$171.5 million \$32.7 million, primarily attributable to \$89.4 million of additional rental income from the stores acquired or opened in 2021 and 2022 included in our non-same-store million increase in same-store rental income was due primarily to an increase in rental rates for new and existing customers. Realized annual same-store portfolio increased 13.2% 4.8% as a result of higher rental rates for new and existing customers for 2022 during 2023 compared to 2021 2022.

Other property related income increased from \$83.6 million in 2021 to \$96.2 million in 2022 to \$101.8 million in 2023, an increase of \$12.6 million \$5. million \$2.7 million increase in same-store other property related income was mainly attributable to a \$4.4 million \$3.0 million increase in fee revenue. The \$2.9 million increase in customer storage protection plan participation at our owned and managed stores.

Operating Expenses

Property operating expenses increased from \$252.1 million in 2021 to \$293.3 million in 2022, an increase of \$41.2 million, or 16.3%. This increase million of increased expenses associated with newly acquired or developed stores. The \$6.0 million increase in property operating expenses in the same to a \$4.7 million increase in property taxes.

Depreciation and amortization increased decreased from \$232.0 million in 2021 to \$310.6 million in 2022 an increase to \$201.2 million in 2023, a million, or 33.9% 35.2%. This increase The decrease was primarily attributable to depreciation and decreased amortization associated with newly of in stores acquired or developed stores. in 2021.

General and administrative expenses increased from \$47.8 million in 2021 to \$54.6 million in 2022 to \$57.0 million in 2023, an increase of \$6.8 million. This The increase was primarily attributable to increased personnel expenses.

Other (expense) income

Interest expense on loans increased decreased from \$78.4 million in 2021 to \$93.3 million in 2022 an increase to \$93.1 million in 2023, a decrease 18.9% 0.2%. The increase decrease was attributable to a higher lower amount of outstanding debt during 2022 2023 compared to 2021. To fund a portio

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2022, partially offset by higher interest rates during 2023 compared to 2022. The average outstanding debt balance increased decreased by \$788.2 million during 2023 as compared to \$3.14 billion during 2022 as compared to \$2.35 billion during 2021, partially offset by lower interest rates during the 2022 effective interest rate on the Company's outstanding debt for the years ended December 31, 2022 December 31, 2023 and 2021 2022 was 2.94% 3.04%.

Loss on early extinguishment of debt was \$20.3 million for the year ended December 31, 2021. This amount was related to the early redemption of \$3 senior notes due 2023 (the "2023 Notes"). There were no such losses for the year ended December 31, 2022.

Equity in earnings of real estate ventures increased decreased from \$25.3 million in 2021 to \$48.9 million in 2022 an increase to \$6.1 million in 2023 million, or 93.4% 87.6%. The increase decrease was mainly primarily due to gains associated with sales of real estate within our unconsolidated real ended December 31, 2022, our portion of the gains related to HVPSE's and distributions in excess of our equity investment associated with the sale ("HVPSE") of all 14 of its 14 stores was \$45.7 million. During during the year ended December 31, 2021, our portion of the gains related to HHF's sale See December 31, 2022 (see note 5 to our consolidated financial statements. statements).

For the years ended December 31, 2022 and 2021, the [The component of other \(expense\) income designated as other includes Other changed from \\$6.3 million of income in 2023. This change was primarily due to \\$10.5 million and \\$15.0 million, respectively, of transaction-related expenses in 2022 costs associated with the acquisition of LAACO. In addition, the 2023 amount includes a \\$4.8 million gain relating to a store that was subject to Department of Transportation of the State of Illinois.](#)

Comparison of the Year Ended [December 31, 2021](#) [December 31, 2022](#) to the Year Ended [December 31, 2020](#) [December 31, 2021](#)

Refer to the section entitled "Results of Operations" within Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in [Form 10-K for the year ended December 31, 2021](#) [December 31, 2022](#) for a comparison of the year ended [December 31, 2021](#) [December 31, 2022](#) [December 31, 2020](#) [December 31, 2021](#).

Non-GAAP Financial Measures

NOI

We define net operating income, which we refer to as "NOI", as total continuing revenues less continuing property operating expenses. NOI also consists of net income (loss): interest expense on loans, loan procurement amortization expense, loss on early extinguishment of debt, acquisition related costs, joint ventures, other expense, depreciation and amortization expense, general and administrative expense, and deducting from net income (loss): equity in gains from sales of real estate, net, other income, gains from remeasurement of investments in real estate ventures and interest income. NOI is not a required financial measure under GAAP.

We use NOI as a measure of operating performance at each of our stores, and for all of our stores in the aggregate. NOI should not be considered as net income, cash flows provided by operating, investing and financing activities, or other income statement or cash flow statement data prepared in accordance with GAAP.

We believe NOI is useful to investors in evaluating our operating performance because:

- it is one of the primary measures used by our management and our store managers to evaluate the economic productivity of our stores, including increase pricing and occupancy and control our property operating expenses;
- it is widely used in the real estate industry and the self-storage industry to measure the performance and value of real estate assets without regard to income that do not relate to or are not indicative of operating performance, such as depreciation and amortization, which can vary depending upon book value of assets; and
- it helps our investors to meaningfully compare the results of our operating performance from period to period by removing the impact of our capital expense on our outstanding indebtedness) and depreciation of our basis in our assets from our operating results.

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There are material limitations to using a measure such as NOI, including the difficulty associated with comparing results among more than one company. Certain significant items, including depreciation and interest expense, that directly affect our net income. We compensate for these limitations by considering excluded expense items independently as well as in connection with our analysis of net income. NOI should be considered in addition to, but not as the sole financial performance reported in accordance with GAAP, such as total revenues, operating income and net income.

FFO

Funds from operations ("FFO") is a widely used **widely-used** performance measure for real estate companies and is provided here as a supplemental performance. The April 2002 National Policy Bulletin of the National Association of Real Estate Investment Trusts, as amended and restated, defines FFO in accordance with GAAP, excluding gains (or losses) from sales of real estate and related impairment charges, plus real estate depreciation and amortization, and the net change in fair value of unconsolidated partnerships and joint ventures.

Management uses FFO as a key performance indicator in evaluating the operations of our stores. Given the nature of our business as a real estate company, FFO is a key measure of our operating performance that is not specifically defined by accounting principles generally accepted in the United States. We believe that FFO provides management and investors as a starting point in measuring our operational performance because FFO excludes various items included in net income that are not indicative of our operating performance such as gains (or losses) from sales of real estate, gains from remeasurement of investments in real estate ventures, and depreciation, which can make periodic and peer analyses of operating performance more difficult. Our computation of FFO may not be comparable to that of other REITs or real estate companies.

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indicative of our operating performance such as gains (or losses) from sales of real estate, gains from remeasurement of investments in real estate ventures, and depreciation, which can make periodic and peer analyses of operating performance more difficult. Our computation of FFO may not be comparable to that of other REITs or real estate companies.

FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance. FFO does not include all items included in net income, such as gains (or losses) from sales of real estate, gains from remeasurement of investments in real estate ventures, and depreciation, which can make periodic and peer analyses of operating performance more difficult. We believe that FFO is a helpful measure in understanding our operating activities determined in accordance with GAAP and is not a measure of liquidity or an indicator of our ability to make cash distributions. We believe that FFO is not indicative of our ongoing operating performance, FFO should be compared with our reported net income and considered in addition to cash flows computed in accordance with GAAP in our financial statements.

FFO, as adjusted

FFO, as adjusted represents FFO as defined above, excluding the effects of acquisition related costs, gains or losses from early extinguishment of debt that we believe are not indicative of the Company's operating results. We present FFO, as adjusted because we believe it is a helpful measure in understanding our operating activities determined in accordance with GAAP and is not a measure of liquidity or an indicator of our ability to make cash distributions. We believe that FFO, as adjusted is not indicative of our ongoing operating performance, FFO, as adjusted should be compared with our reported net income and considered in addition to cash flows computed in accordance with GAAP in our financial statements. Investors, analysts and other stakeholders consider our FFO, as adjusted (or similar measures using different terminology) when evaluating us. Because companies may not compute FFO, as adjusted in the same manner as we do, and may use different terminology, our computation of FFO, as adjusted may differ from that of other REITs or real estate companies.

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The following table presents a reconciliation of net income to FFO and FFO, as adjusted, for the years ended **December 31, 2022** and **December 31, 2023**.

	Year Ended December 31	
	2022	2023
Net income attributable to the Company's common shareholders	\$ 291,263	\$ 9,320
Add (deduct):		
Real estate depreciation and amortization:		
Real property	305,845	
Company's share of unconsolidated real estate ventures	9,320	

Gains from sales of real estate, net (1)	(45,705)
Noncontrolling interests in the Operating Partnership	1,931
FFO attributable to the Company's common shareholders and OP unitholders	\$ 562,654
FFO attributable to the Company's common shareholders and third-party OP unitholders	
 Add (deduct):	
Loss on early repayment of debt (2)	—
(Deduct) add:	
Gain on involuntary conversion (2)	
Property damage related to hurricane, net of expected insurance proceeds	
Transaction-related expenses (3)	10,546
Loan forgiveness income (4)	—
Bridge loan fee (5)	—
Property damage related to hurricane, net of expected insurance proceeds	1,266
FFO, as adjusted, attributable to the Company's common shareholders and OP unitholders	\$ 574,466
FFO, as adjusted, attributable to the Company's common shareholders and third-party OP unitholders	
 Weighted average diluted shares outstanding	225,881
Weighted average diluted units outstanding	1,521
Weighted average diluted units outstanding owned by third parties	
Weighted average diluted shares and units outstanding	227,402

(1) The years For the year ended December 31, 2022 and 2021 included, \$45.7 million represents gains of \$45.7 million and \$23.5 million, respectively. In 2021, the Company sold 191 IV CUBE Southeast LLC ("HVPSE") of real estate within all 14 of its self-storage properties on August 30, 2022. A portion of the Company's proceeds from the sale were held back to pay venture-level expenses. For the year ended December 31, 2023, \$1.7 million represents investment in HVPSE from the proceeds that were held back from this sale. These amounts are included in the Company's share of equity in equity ventures within our consolidated statements of operations. In addition, the year ended December 31, 2023 includes a \$0.2 million loss on the California Yacht Club, which was acquired in 2021 as part of the Company's acquisition of LAACO, Ltd. This amount is included in the component designated as Other within our consolidated statements of operations.

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(2) Relates to a store that was subject to an involuntary conversion by the Department of Transportation of the State of Illinois on December 19, 2020 and is included in the component of other (expense) income designated as Other within our consolidated statements of operations.

(2) For the year ended December 31, 2021, \$20.0 million relates to a prepayment premium and \$0.3 million relates to a write-off of unamortized loss on debt with the Company's redemption, in full, of its \$300.0 million of outstanding 4.380% senior notes due on December 23, 2021. Additionally, for the year ended December 31, 2021, \$0.6 million relates to debt modification costs that are included in the Company's share of equity in earnings of real estate ventures.

(3) For the year ended December 31, 2022, transaction-related expenses include severance expenses (\$10.3 million) and other transaction expenses. For the year ended December 31, 2021, transaction-related expenses include severance expenses (\$14.8 million) and other transaction expenses (\$0.2 million). In connection with the acquisition of LAACO, Ltd. on December 9, 2021, the predecessor company entered into severance agreements with certain employees, including members of the management team. The costs were known to us and the assumption of the obligation to make these payments post-closing was contemplated in our net consideration paid. In accordance with GAAP, and based on the specific details of the arrangements with the employees prior to closing, these costs are considered transaction-related expenses. Transaction-related expenses are included in the component of other (expense) income designated as Other. Other within our consolidated statements of operations.

(4) The Company assumed a Paycheck Protection Program loan in conjunction with the LAACO transaction. This loan was subsequently forgiven by the Small Business Administration and the associated income is included in the component of other (expense) income designated as Other.

(5) Relates to a nonrefundable commitment fee to obtain bridge financing in the event that the Company's November 2021 senior note offerings were executed, in advance of the LAACO transaction. Upon issuance of the senior notes, the bridge financing commitment expired and the fee was fully amortized. This fee is included in loan procurement amortization expense.

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Cash Flows

Comparison of the Year Ended December 31, 2022 December 31, 2023 to the Year Ended December 31, 2021 December 31, 2022

A comparison of cash flow flows related to operating, investing and financing activities for the years ended December 31, 2022 December 31, 2023 and December 31, 2021.

Net cash provided by (used in):	Year Ended December 31,			Change
	2022	2021	(in thousands)	
Operating activities	\$ 591,466	\$ 449,185	\$ 142,281	\$ 142.3 million
Investing activities	\$ (48,767)	\$ (1,852,668)	\$ 1,803,901	\$ 19.7 million
Financing activities	\$ (547,092)	\$ 1,410,572	\$ (1,957,664)	\$ (1,439.6 million)

Cash provided by operating activities increased from \$449.2 million for the year ended December 31, 2021 to \$591.5 million for the year ended December 31, 2022, reflecting an increase of \$142.3 million \$19.7 million. Our increased cash flow from operating activities was primarily driven by the development of new stores and increased net operating income levels in the same-store portfolio in the 2022 2023 period as compared to the 2021 period.

Cash used in investing activities decreased increased from \$1,852.7 million for the year ended December 31, 2021 to \$48.8 million for the year ended December 31, 2022, reflecting a decrease in cash used of \$1,803.9 million \$45.1 million. The change was primarily driven by the cash distributed from real estate ventures due to distributions related to the sale by the \$1,679.0 million HVPSE of cash used for the acquisition of all 14 acquisitions of the scale of the LAACO transaction its stores during the 2022 period. Excluding Additionally, net proceeds received from the storage property decreased by \$43.0 million as a result of the sale during the 2022 period of the Los Angeles Athletic Club, which we purchased in December 2021. LAACO, cash used during Ltd. Also, development costs increased by \$23.2 million, primarily due to the year ended December 31, 2021 included the acquisition payment of a 50% membership interest in put liability associated with a previously consolidated joint venture that owns venture. These single store) for an aggregate net purchase price decrease in acquisitions of \$152.8 million storage properties of \$66.6 million. Cash used We acquired two new stores one store during the same time corresponding 2023 period.

Cash provided by financing activities was \$1,410.6 million for the year ended December 31, 2021 compared to cash used in financing activities of \$1,957.7 million for the year ended December 31, 2022 compared to \$518.0 million for the year ended December 31, 2023, reflecting a change decrease of \$1,957.7 million to \$29.1 million. For the year ended December 31, 2021, we received net proceeds from unsecured senior notes of \$1,043.4 million while making principal payments of \$300.0 million. There were no senior note transactions. Credit Facility (as defined below) decreased by \$106.2 million during the 2023 period as compared to the corresponding period in 2022. The change was also partially offset by a decrease of \$960.8 million to \$55.1 million increase in proceeds received from the issuance of common shares, primarily due to an offering of 15.5 million common shares to partially fund the LAACO acquisition in 2021 with no similar transactions during the 2022 period. Additionally, shareholders increased \$113.3 million and noncontrolling interests in the Operating Partnership due to increases in the common dividend distribution. These changes were offset by an \$84.8 million decrease in share/unit. Additionally, principal payments on mortgage loans increased by \$10.0 million during the 2023 period as compared to the corresponding period in 2022. These changes were offset by the repayment of two secured loans and the repayment of LAACO's outstanding long-term debt at closing during the 2021-2023 period with no comparable period.

Comparison of the Year Ended December 31, 2021 December 31, 2022 to the Year Ended December 31, 2020 December 31, 2021

Refer to the section entitled "Cash Flows" within Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a comparison of the year ended December 31, 2021 December 31, 2022 for a comparison of the year ended December 31, 2021 December 31, 2022 to the year ended December 31, 2021.

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Liquidity and Capital Resources

Liquidity Overview

Our cash flow from operations has historically been one of our primary sources of liquidity used to fund debt service, distributions and capital expenditures. We generate cash from our revenue from customers who lease space at our stores and fees earned from managing stores. Therefore, our ability to generate cash from operations is dependent on our ability to charge and collect from our customers. We believe that the properties in which we invest, self-storage properties, are less sensitive than other real estate to near-term economic downturns. However, prolonged economic downturns will adversely affect our cash flows from operations.

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In order to qualify as a REIT for federal income tax purposes, the Parent Company is required to distribute at least 90% of its REIT taxable income to its shareholders on an annual basis and must pay federal income tax on undistributed income to the extent it distributes less than 100% of its REIT taxable income. Our business, coupled with the requirement that we distribute a substantial portion of our income on an annual basis, will cause us to have substantial liquidity needs on a long term basis.

Our short-term liquidity needs consist primarily of funds necessary to pay operating expenses associated with our stores, refinancing of certain lease expense and scheduled principal payments on debt, expected distributions to limited partners and shareholders, capital expenditures and the acquisition of new stores. These funding requirements will vary from year to year, in some cases significantly. In the 2023-2024 fiscal year, we expect recurring capital expenditures to be approximately \$11.0 million to \$18.5 million, with capital expenditures associated with the development of new stores to be approximately \$20.0 million to \$30.0 million. Our currently scheduled capital expenditures are approximately \$32.6 million to \$32.3 million in 2023-2024.

Our most restrictive financial covenants limit the amount of additional leverage we can add; however, we believe cash flows from operations, as through our at-the-market equity program and available borrowings under our Revolver (defined below) provide adequate sources of liquidity to enable plan and remain in compliance with our covenants.

Our liquidity needs beyond 2023 2024 consist primarily of contractual obligations which include repayments of indebtedness at maturity, as well as p such as (i) non-recurring capital expenditures; (ii) redevelopment of operating stores; (iii) acquisitions of additional stores; and (iv) development of new portion of our needs not covered by cash flow from operations through additional borrowings, including borrowings under our Revolver, sales of commo Company and common or preferred units of the Operating Partnership and/or cash generated through store dispositions and joint venture transactions.

We believe that, as a publicly traded REIT, we will have access to multiple sources of capital to fund our long-term liquidity requirements, including th the issuance of additional equity. However, we cannot provide any assurance that this will be the case. Our ability to incur additional debt will be d including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that may be imposed by lenders. In addition, dis markets may significantly reduce the availability and increase the cost of long-term debt capital, including conventional mortgage financing and comm financing. There can be no assurance that such capital will be readily available in the future. Our ability to access the equity capital markets will be de well, including general market conditions for REITs and market perceptions about us.

As of December 31, 2022 December 31, 2023, we had approximately \$6.1 million \$6.5 million in available cash and cash equivalents. In additi million \$831.3 million of availability for borrowings under our Revolver.

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Unsecured Senior Notes

Our unsecured senior notes are summarized as follows (collectively referred to as the "Senior Notes"):

Unsecured Senior Notes	December 31,		Effective Interest Rate	Issuance Date	Maturity Date	December 31,	
	2022	2021				2023	2022
(in thousands)							
\$300M 4.000% Guaranteed Notes due 2025 (1)	\$ 300,000	\$ 300,000	3.99 %	Various (1)	Nov-25	\$ 300,000	\$ 300,00
\$300M 3.125% Guaranteed Notes due 2026	300,000	300,000	3.18 %	Aug-16	Sep-26	300,000	300,00
\$550M 2.250% Guaranteed Notes due 2028	550,000	550,000	2.33 %	Nov-21	Dec-28	550,000	550,00

\$350M 4.375% Guaranteed Notes due 2029	350,000	350,000	4.46 %	Jan-19	Feb-29	350,000	350,000
\$350M 3.000% Guaranteed Notes due 2030	350,000	350,000	3.04 %	Oct-19	Feb-30	350,000	350,000
\$450M 2.000% Guaranteed Notes due 2031	450,000	450,000	2.10 %	Oct-20	Feb-31	450,000	450,000
\$500M 2.500% Guaranteed Notes due 2032	500,000	500,000	2.59 %	Nov-21	Feb-32	500,000	500,000
Principal balance outstanding	2,800,000	2,800,000				2,800,000	2,800,000
Less: Discount on issuance of unsecured senior notes, net	(11,801)	(13,455)				(10,148)	(11,804)
Less: Loan procurement costs, net	(15,849)	(18,336)				(13,362)	(15,844)
Total unsecured senior notes, net	\$ 2,772,350	\$ 2,768,209				\$2,776,490	\$2,772,350

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(1) On April 4, 2017, the Operating Partnership issued \$50.0 million of its 4.000% senior notes due 2025, which are part of the same series as the \$250.0 million and \$200.0 million senior notes due November 15, 2025 issued on October 26, 2015. The \$50.0 million and \$250.0 million trade senior notes have a yield of 3.994% and 3.994%, respectively, of the principal amount to yield 3.811% and 4.032%, respectively, to maturity. The combined weighted average effective yield is 3.994%.

The indenture under which the Senior Notes were issued restricts the ability of the Operating Partnership and its subsidiaries to incur debt unless the consolidated subsidiaries comply with a leverage ratio not to exceed 60% and an interest coverage ratio of more than 1.5:1.0 after giving effect to the incurrence of the debt. The indenture also restricts the ability of the Operating Partnership and its subsidiaries to incur secured debt unless the Operating Partnership and its consolidated subsidiaries have a secured debt leverage ratio not to exceed 40% after giving effect to the incurrence of the debt. The indenture also contains other financial and customary covenants, including a restriction on the ability of the Operating Partnership and its consolidated subsidiaries to own unencumbered assets with a value less than 150% of the unsecured indebtedness of the Operating Partnership and its consolidated subsidiaries. As of December 31, 2022 December 31, 2023, the Operating Partnership was in compliance with all of the financial covenants under the Senior Notes.

Revolving Credit Facility

On December 9, 2011, we entered into a credit agreement (the "Credit Facility"), which was subsequently amended and restated. On October 1, 2012, we restated, in its entirety, our Credit Facility (the "Second Amended and Restated Credit Facility") which, subsequent to the amendment and restatement of the Credit Facility, replaced the unsecured revolving facility (the "Revolver") maturing on February 15, 2027. Under the Second Amended and Restated Credit Facility, pricing on the Revolver is based on the unsecured debt credit ratings and leverage levels. At our current unsecured debt credit ratings and leverage levels, amounts drawn under the Revolver will be based on a rate of 0.775% plus a facility fee of 0.15% over SOFR the Secured Overnight Financing Rate ("SOFR") and a 0.10% SOFR adjustment.

As of December 31, 2022 December 31, 2023, borrowings under the Revolver had an interest rate of 5.33% 6.41%. Additionally, as of December 31, 2022 December 31, 2023, \$831.3 million was available for borrowing under the Revolver. The available balance under the Revolver is reduced by an outstanding letter of credit of \$10.0 million.

Under the Second Amended and Restated Credit Facility, our ability to borrow under the Revolver is subject to ongoing compliance with certain financial covenants, among other things, (1) a maximum total indebtedness to total asset value of 60.0%, and (2) a minimum fixed charge coverage ratio of 1.5:1.0. As of December 31, 2022 December 31, 2023, the Operating Partnership was in compliance with all financial covenants of its financial covenants. the Second Amended and Restated Credit Facility.

Issuance of Common Shares

On November 19, 2021 we closed an underwritten offering of 15.5 million common shares at a public offering price of \$51.00 per share, resulting in net proceeds of \$798.5 million after deducting offering costs.

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We maintain an at-the-market equity program that enables us to offer and sell up to 60.0 million common shares through sales agents pursuant to "Equity Distribution Agreements". Our sales activity under the program for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020

	For the year ended December 31,			For the year ended December 31, 2023
	2022	2021	2020	
(dollars and shares in thousands, except per share amounts)				
Number of shares sold	102	4,982	3,627	—
Average sales price per share	\$ 50.64	\$ 40.57	\$ 33.69	\$ —
Net proceeds after deducting offering costs	\$ 4,936	\$ 199,977	\$ 120,727	\$ —

We used proceeds from sales of common shares under the program during the years ended December 31, 2022, and 2021 and 2020 to fund self-storage properties and for general corporate purposes. As of December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, 5.8 million common shares and 10.9 million 5.9 million common shares, respectively, remained available for issuance under the Equity Distribution Agreement.

Recent Developments

Subsequent to December 31, 2023, we acquired a two-store portfolio located in Connecticut for a purchase price of \$20.2 million.

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Other Material Changes in Financial Position

	December 31,			Change
	2022		2021	
			(in thousands)	
(in thousands)				

Selected Assets						
Storage properties, net	\$	6,048,003	\$	6,097,670	\$	(49,667)
Investment in real estate ventures, at equity		105,993		119,751		(13,758)
Assets held for sale		3,745		49,313		(45,568)
Other assets, net		153,982		265,705		(111,723)
Selected Liabilities						
Revolving credit facility		60,900		209,900		(149,000)
Noncontrolling interests in the Operating Partnership	\$	57,419	\$	108,220	\$	(50,801)
Mortgage loans and notes payable, net						1
Accounts payable, accrued expenses and other liabilities						2

Storage properties, net decreased \$49.7 million \$96.8 million from December 31, 2021 December 31, 2022 to December 31, 2022, December 31 increase in accumulated depreciation on existing assets partially offset by the acquisition of three one storage properties, property, additions and improvements development costs incurred during the year.

Investment in real estate ventures, at equity Revolving credit facility decreased \$13.8 million \$42.8 million from December 31, 2021 December 31, 2022, December 31, 2023 primarily as due to available cash that was used to pay down the result of the sale by HVPSE of all 14 of its stores during 2022.

Assets held for sale decreased \$45.6 million from December 31, 2021 to December 31, 2022 primarily as the result of the sale during 2022 of the Lo acquired in the LAACO acquisition in 2021.

Other assets, Mortgage loans and notes payable, net decreased \$111.7 million \$34.7 million from December 31, 2021 December 31, 2022 to December 31, 2022 primarily due to the amortization repayment in June 2023 of the value assigned to the in-place leases at the 66 storage properties acquired during 2021 million.

Revolving credit facility Accounts payable, accrued expenses and other liabilities decreased \$149.0 million \$13.0 million from December 31, 2021 December 31, 2022 primarily due to an increase in net cash provided by operating activities and a decrease in costs for the acquisition and development of storage in excess cash to pay down the outstanding balance.

Noncontrolling interests in the Operating Partnership decreased \$50.8 million from December 31, 2021 to December 31, 2022, December 31 decrease payment during 2023 of a put liability related to the purchase of a noncontrolling member's interest in redemption value of the OP units as a result of the price of the common shares of CubeSmart on the New York Stock Exchange during 2022. In addition, 0.5 million OP units were redeemed for cash in 2022. consolidated joint venture.

Off-Balance Sheet Arrangements

We do not have off-balance sheet arrangements, financings or other relationships with other unconsolidated entities (other than our co-investment partners) known as variable interest entities, not previously discussed.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows and fair values relevant to financial instruments depend upon prevailing market interest rates.

Market Risk

Our investment policy relating to cash and cash equivalents is to preserve principal and liquidity while maximizing returns through the return through ii

Effect of Changes in Interest Rates on our Outstanding Debt

Our interest rate risk objectives are to limit the impact of interest rate fluctuations on earnings and cash flows and to lower our overall borrowing cost. We may choose to manage our exposure to fluctuations in market interest rates for a portion of our borrowings through the use of derivative financial instruments or caps to mitigate our interest rate risk on a related financial instrument or to effectively lock the interest rate on a portion of our variable-rate debt. The

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sensitivity of the market value of our financial instruments to selected changes in market interest rates. The range of changes chosen reflects our view of possible over a one-year period. Market values are the present value of projected future cash flows based on the market interest rates chosen.

As of December 31, 2022 December 31, 2023 our consolidated debt consisted of \$2.95 billion \$2.92 billion of outstanding mortgage loans and no notes that are subject to fixed rates. Additionally, as of December 31, 2022 December 31, 2023, there were \$60.9 million \$18.1 million of outstanding debt subject to floating rates. Changes in market interest rates have different impacts on the fixed- and variable-rate portions of our debt portfolio. A change in the portion of the debt portfolio impacts the net financial instrument position, but has no impact on interest incurred or cash flows. A change in market interest rates in the debt portfolio impacts the interest incurred and cash flows, but does not impact the net financial instrument position.

If market interest rates on our variable-rate debt increase by 100 basis points, the increase in annual interest expense on our variable-rate debt would be cash flows by approximately \$0.6 million \$0.2 million a year. If market interest rates on our variable-rate debt decrease by 100 basis points, the decrease in annual interest expense on our variable-rate debt would increase future earnings and cash flows by approximately \$0.6 million \$0.2 million a year.

If market interest rates increase by 100 basis points, the fair value of our outstanding fixed-rate mortgage debt and unsecured senior notes would decrease by approximately \$122.2 million \$122.2 million. If market interest rates decrease by 100 basis points, the fair value of our outstanding fixed-rate mortgage debt and unsecured senior notes would increase by approximately \$139.0 million \$127.1 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements required by this item appear with an Index to the Consolidated Financial Statements and Schedules, starting on page F-1 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Controls and Procedures (Parent Company)

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Report, the Parent Company carried out an evaluation, under the supervision and with the participation of the chief executive officer and chief financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15 of the Exchange Act).

Based on that evaluation, the Parent Company's chief executive officer and chief financial officer have concluded that the Parent Company's disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information required to be disclosed by the Parent

submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is communicated to the Parent Company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely disclosure.

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Changes in Internal Control Over Financial Reporting

There has been no change in the Parent Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management's report on internal control over financial reporting of the Parent Company is set forth on page F-2 of this Report, and is incorporated by reference. The effectiveness of the Parent Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023** has been audited by KPMG, a registered public accounting firm, as stated in its report which is included herein.

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Controls and Procedures (Operating Partnership)

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Report, the Operating Partnership carried out an evaluation, under the supervision and with the participation of the Operating Partnership's chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Operating Partnership's controls and procedures (as defined in Rules 13a-15(e) under the Exchange Act).

Based on that evaluation, the Operating Partnership's chief executive officer and chief financial officer have concluded that the Operating Partnership's controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information required to be disclosed in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to the Operating Partnership's management, including the Operating Partnership's chief executive officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in the Operating Partnership's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management's report on internal control over financial reporting of the Operating Partnership is set forth on page F-3 of this Report, and is incorporated by reference. The effectiveness of the Operating Partnership's internal control over financial reporting as of **December 31, 2022** **December 31, 2023** has been audited by KPMG, a registered public accounting firm, as stated in its report which is included herein.

ITEM 9B. OTHER INFORMATION**Amendments to Bylaws**

On February 22, 2023, upon the recommendation of the Corporate Governance & Nominating Committee of CubeSmart's Board of Trustees (the restated CubeSmart's Fourth Amended and Restated Bylaws by adopting the Fifth Amended and Restated Bylaws (the "Amended and Restated Bylaws" among other things, implement a proxy access framework.

Implementation of Proxy Access

Section 17 of Article II of the Amended and Restated Bylaws has been added to permit a shareholder, or a group of up to 20 shareholders, to nominate up to the greater of two or 20% of the number of trustees in office as of the last day on which notice of a nomination may be delivered pursuant to the Amended and Restated Bylaws, provided that (i) such shareholder or shareholder group, as applicable, owns 3% or more of CubeSmart's outstanding common stock and has been nominated to the election of trustees continuously for at least three years, and (ii) such shareholder or shareholder group, as applicable, and the nominee(s) satisfy the disclosure requirements set forth in Article II, Section 17 of the Amended and Restated Bylaws.

The procedural and eligibility requirements set forth in Article II, Section 17 of the Amended and Restated Bylaws include a requirement that, subject to the rules of the NYSE, a proxy access nomination must be received at the principal executive offices of CubeSmart no later than the 120th day, and no earlier than the 150th day preceding the date that the preceding year's proxy statement was first sent to shareholders. Article II, Section 17 of the Amended and Restated Bylaws also require the nominating shareholder or shareholder group, as applicable, and the nominee(s) to provide certain information, representations and agreements to CubeSmart in connection with the proxy access.

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[Table During the three months ended December 31, 2023, none of Contents](#)**Additional Bylaw Amendments**

In addition to the Board's implementation of Rule 16a-1(f) of proxy access, the Amended and Restated Bylaws will implement certain procedural requirements related to the Securities and Exchange Commission's recently adopted "universal proxy" rules, as well as certain technical, procedural and other changes to the Amended and Restated Bylaws in connection therewith. In particular, the Amended and Restated Bylaws provide that, among other things, with respect to shareholder nominees to the Board, the representations required by a proposing shareholder seeking to submit a trustee nomination have been expanded to include representations as to whether the shareholder complies, with applicable state law and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), amended) adopted or terminated a Rule 10b5-1 trading arrangement (as such terms are defined in connection with the solicitation of proxies, and (y) intends to solicit proxies for the election of other than individuals nominated by the Board in compliance with the requirements of Rule 14a-19 under the Exchange Act, (ii) shareholders are not permitted to use a white colored proxy card, which has been reserved for use by the Board, and (iii) certain other updated procedures and requirements for shareholder nominations of trustees.

The foregoing description Regulation S-K of the Amended and Restated Bylaws is qualified in its entirety by reference to a copy of the Securities Act of 1933, as filed with the SEC on Form 10-K, which is incorporated by reference herein. (amended).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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PART III

ITEM 10. TRUSTEES, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We have adopted a Code of Ethics for all of our employees, officers and trustees, Trustees, including our principal executive officer and principal financial officer, on our website at www.cubesmart.com. We intend to disclose any amendment to, or a waiver from, a provision of our Code of Ethics on our website with the date of the amendment or waiver.

The remaining information required by this item regarding trustees, Trustees, executive officers and corporate governance is hereby incorporated by reference in the Parent Company's Proxy Statement for the Annual Shareholders Meeting to be held in 2023/2024 (the "Proxy Statement") under the captions "Executive "Trustee Nominees," "Named Executive Officers," "Meetings"Board Committee Membership and Committees of the Board of Trustees, Meeting and Nominations for the 2023/2025 Annual Meeting." The information required by this item regarding compliance with Section 16(a) of the Exchange Act is hereby incorporated by reference to the material appearing in the Parent Company's Proxy Statement under the caption "Delinquent Section 16(a) Reports," if applicable.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is hereby incorporated by reference to the material appearing in the Parent Company's Proxy Statement under the captions "Executive Compensation Committee," "Meetings"Board Committee Membership and Committees of the Board of Trustees Compensation Committee Interlocks and Compensation Discussion and Analysis," "Executive "Named Executive Officer Compensation," "Severance Plan and Potential Payments Upon Termination or Change of Control," and "Trustee Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The following table sets forth certain information regarding our equity compensation plans as of December 31, 2022/December 31, 2023.

Plan Category	Number of securities remaining				
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	available for future issuance under equity compensation plans (excluding securities reflected in column(a))	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights
	(a)	(b)	(c)	(a)	(b)
Equity compensation plans approved by shareholders	2,537,038	\$ 33.10 (1)	1,941,786	2,763,159	\$ 34.70
Equity compensation plans not approved by shareholders	—	—	—	—	—
Total	2,537,038	\$ 33.10	1,941,786	2,763,159	\$ 34.70

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(1) This number reflects the weighted average exercise price of outstanding options and has been calculated exclusive of outstanding restricted unvested shares.

The information regarding security ownership of certain beneficial owners and management required by this item is hereby incorporated by reference to the Parent Company's Proxy Statement under the caption "Security Ownership of Management" and "Security Ownership of Beneficial Owners."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND TRUSTEE INDEPENDENCE

The information required by this item is hereby incorporated by reference to the material appearing in the Parent Company's Proxy Statement, Governance -- Trustee Independence, of Trustees," "Policies and Procedures Regarding Review, Approval or Ratification of Transactions With Related Persons," and "Policies Regarding Transactions with Related Persons."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is hereby incorporated by reference to the material appearing in the Parent Company's Proxy Statement under "Matters - Fees Paid to Our Independent Registered Public Accounting Firm" and "- Audit" "Audit Committee" Pre-Approval Policies and Procedures."

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

1. *Financial Statements.*

The response to this portion of Item 15 is submitted as a separate section of this report.

2. Financial Statement Schedules

The response to this portion of Item 15 is submitted as a separate section of this report.

3 Exhibits

The list of exhibits filed with this Report is set forth in response to Item 15(b). The required exhibit index has been filed with the exhibits.

(b) **Exhibits.** The following documents are filed as exhibits to this report:

3.1* [Articles of Amendment to the Declaration of Trust of CubeSmart, incorporated by reference to Exhibit 99.1 to the Company's Current 28, 2015.](#)

3.2* [Articles of Restatement of the Declaration of Trust of CubeSmart, incorporated by reference to Exhibit 99.2 to the Company's Current 28, 2015.](#)

3.3* [Articles Supplementary to Declaration of Trust of CubeSmart classifying and designating CubeSmart's 7.75% Series A Cumulative Beneficial Interest, incorporated by reference to Exhibit 3.3 to CubeSmart's Form 8-A, filed on October 31, 2011.](#)

<u>3.4*</u>	<u>Articles of Amendment to the Declaration of Trust of CubeSmart, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated November 3, 2016.</u>
<u>3.5*</u>	<u>Certificate of Limited Partnership of U-Store-It, L.P., incorporated by reference to Exhibit 3.1 to CubeSmart, L.P.'s Registration Statement on Form S-1 dated November 1, 2011.</u>

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3.6* [Amendment No. 1 to Certificate of Limited Partnership of CubeSmart, L.P., dated September 14, 2011, incorporated by reference to Exhibit 3.6 to the Company's Current Report on Form 8-K, filed on September 16, 2011.](#)

3.7* [Second Amended and Restated Agreement of Limited Partnership of U-Store-It, L.P. dated as of October 27, 2004, incorporated by reference to Exhibit 3.7 to the Company's Current Report on Form 8-K, filed on November 2, 2004.](#)

3.8* [Amendment No. 1 to Second Amended and Restated Agreement of Limited Partnership of CubeSmart, L.P. dated as of September 1, 2011, incorporated by reference to Exhibit 3.8 to the Company's Current Report on Form 8-K, filed on September 16, 2011.](#)

3.9* [Amendment No. 2 to Second Amended and Restated Agreement of Limited Partnership of CubeSmart, L.P. dated as of November 2, 2011, incorporated by reference to Exhibit 3.9 to the Company's Current Report on Form 8-K, filed on November 2, 2011.](#)

3.10* [Class C Unit Supplement No. 1 to Second Amended and Restated Agreement of Limited Partnership of CubeSmart, L.P. dated as of April 18, 2017, incorporated by reference to Exhibit 3.10 to the Company's Current Report on Form 8-K, filed on April 18, 2017.](#)

3.11* [Articles of Amendment to the Declaration of Trust of CubeSmart, incorporated by reference to Exhibit 3.11 to the Company's Current Report on Form 8-K, filed on April 18, 2017.](#)

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<u>3.12</u>	<u>3.12*</u>	<u>Fifth Amended and Restated Bylaws of CubeSmart, effective February 22, 2023, incorporated by reference to Exhibit 3.12 to the Current Report on Form 8-K, filed on February 24, 2023.</u>
<u>4.1*</u>		<u>Form of Common Share Certificate, incorporated by reference to Exhibit 4.1 to Amendment No. 3 to the Company's Registration Statement on Form S-3, filed on October 20, 2004, File No. 333-117848.</u>
<u>4.2*</u>		<u>Form of Certificate for CubeSmart's 7.75% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, incorporated by reference to CubeSmart's Form 8-A, filed on October 31, 2011.</u>
<u>4.3*</u>		<u>Indenture, dated as of September 16, 2011, among CubeSmart, L.P., CubeSmart and U.S. Bank National Association, incorporated by reference to the Company's Registration Statement on Form S-3, filed on September 16, 2011.</u>

<u>4.4*</u>	<u>First Supplemental Indenture, dated as of June 26, 2012, among the Company, the Operating Partnership and U.S. Bank National / reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on June 26, 2012.</u>
<u>4.5*</u>	<u>Second Supplemental Indenture, dated as of December 17, 2013, among the Company, the Operating Partnership and U.S. Bank / herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on December 17, 2013.</u>
<u>4.6*</u>	<u>Third Supplemental Indenture, dated as of October 26, 2015, among CubeSmart, CubeSmart, L.P. and U.S. Bank National Association / Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on October 26, 2015.</u>
<u>4.7*</u>	<u>Form of \$250 million aggregate principal amount of 4.000% senior note due November 15, 2025, incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on October 26, 2015.</u>
<u>4.8*</u>	<u>Fourth Supplemental Indenture, dated as of August 15, 2016, among CubeSmart, CubeSmart, L.P. and U.S. Bank National Association / reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on August 15, 2016.</u>
<u>4.9*</u>	<u>Form of \$300 million aggregate principal amount of 3.125% senior notes due September 1, 2026, incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on August 15, 2016.</u>
<u>4.10*</u>	<u>Form of CubeSmart Notation of Guarantee, incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on April 5, 2017.</u>

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<u>4.11*</u>	<u>Form of \$50 million aggregate principal amount of 4.000% senior notes due November 15, 2025, incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on April 5, 2017.</u>
<u>4.12*</u>	<u>Fifth Supplemental Indenture, dated as of April 4, 2017, among CubeSmart, CubeSmart, L.P. and U.S. Bank National Association, incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K, filed on April 5, 2017.</u>
<u>4.13*</u>	<u>Form of \$350 million aggregate principal amount of 4.375% senior notes due February 15, 2029, incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on January 30, 2019.</u>
<u>4.14*</u>	<u>Sixth Supplemental Indenture, dated as of January 30, 2019, among CubeSmart, CubeSmart, L.P. and U.S. Bank National Association, incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on January 30, 2019.</u>
<u>4.15*</u>	<u>Form of \$350 million aggregate principal amount of 3.000% senior notes due February 15, 2030, incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on October 11, 2019.</u>
<u>4.16*</u>	<u>Form of CubeSmart Notation of Guarantee, incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on April 5, 2017.</u>

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4.17*	Seventh Supplemental Indenture, dated of as October 11, 2019, among CubeSmart, CubeSmart, L.P. and U.S. Bank National A reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on October 11, 2019.
4.18*	Form of \$450 million aggregate principal amount of 2.000% senior notes due February 15, 2031, incorporated herein by reference to the Company's Current Report on Form 8-K, filed on October 6, 2020.
4.19*	Form of CubeSmart Guarantee, incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on October 6, 2020.
4.20*	Eighth Supplemental Indenture, dated of as October 6, 2020, among CubeSmart, CubeSmart, L.P. and U.S. Bank National A reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on October 6, 2020.
4.21*	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, incorporated herein by reference to the Company's Annual Report on Form 10-K, filed on February 21, 2020.
4.22*	Ninth Supplemental Indenture, dated of as November 30, 2021, among CubeSmart, CubeSmart, L.P. and U.S. Bank National A reference to Exhibit 4.4 to the Company's Current Report on Form 8-K, filed on November 30, 2021.
4.23*	Form of \$550 million aggregate principal amount of 2.25% senior notes due December 15, 2028, incorporated herein by reference to the Company's Current Report on Form 8-K, filed on November 30, 2021.
4.24*	Form of CubeSmart Guarantee, incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on November 30, 2021.
4.25*	Form of \$500 million aggregate principal amount of 2.50% senior notes due February 15, 2032, incorporated herein by reference to the Company's Current Report on Form 8-K, filed on November 30, 2021.
4.26*	Form of CubeSmart Guarantee, incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on November 30, 2021.
4.27*	Tenth Supplemental Indenture, dated of as November 30, 2021, among CubeSmart, CubeSmart, L.P. and U.S. Bank National A reference to Exhibit 4.6 to the Company's Current Report on Form 8-K, filed on November 30, 2021.

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10.1*†	Form of Indemnification Agreement for Trustees and Executive Officers, incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007, filed on February 29, 2008.
10.2*†	Form of Restricted Share Agreement for Non-Employee Trustees under the U-Store-It Trust 2007 Equity Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2007, filed on February 29, 2008.
10.3*†	Form of Nonqualified Share Option Agreement under the U-Store-It Trust 2004 Equity Incentive Plan, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, filed on May 10, 2007.
10.4*†	Form of Restricted Share Agreement under the U-Store-It Trust 2004 Equity Incentive Plan, incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, filed on May 10, 2007.
10.5*†	Form of Nonqualified Share Option Agreement under the U-Store-It Trust 2007 Equity Incentive Plan, incorporated by reference to the Company's Current Report on Form 8-K, filed on January 25, 2008.

10.6*†	Form of Restricted Share Agreement under the U-Store-It Trust 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008, filed on January 25, 2009.
10.7*†	U-Store-It Trust Trustees Deferred Compensation Plan, amended and restated effective January 1, 2009, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2008, filed on March 2, 2009.
10.8*† 10.3*†	U-Store-It Trust CubeSmart Executive Deferred Compensation Plan, amended and restated effective January 1, 2009, incorporated by reference to Exhibit 10.79 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008, filed on August 1, 2009, and Exhibit 10.1 to the Company's Annual Quarterly Report on Form 10-Q for the year ended December 31, 2009, filed on August 4, 2023.
10.9*†	U-Store-It Trust Deferred Trustees Plan, effective as of May 31, 2005, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 6, 2005.
10.10*†	Form of Restricted Share Agreement under the CubeSmart 2007 Equity Incentive Plan, incorporated herein by reference to the Company's Annual Report on Form 10-K, filed on February 28, 2013.
10.11*†	Form of Non-Qualified Share Option Agreement under the CubeSmart 2007 Equity Incentive Plan, incorporated herein by reference to the Company's Annual Report on Form 10-K, filed on February 28, 2013.
10.12*†	Form of 2012 Performance-Vested Restricted Share Unit Award Agreement under the CubeSmart 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on January 31, 2012.
10.13*†	Form of Restricted Share Unit Award Agreement (2-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K, filed on February 28, 2013.
10.14*†	Form of Performance-Vested Restricted Share Unit Award Agreement under the CubeSmart 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K, filed on February 28, 2013.
10.15*† 10.4*†	Waiver of Ownership Limitation, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 6, 2013.
10.16*† 10.5*†	Advisory Agreement, Amended and Restated CubeSmart 2007 Equity Incentive Plan, effective August 1, 2023, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023, filed on August 4, 2023.

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10.6*†	CubeSmart Executive Severance Plan, effective November 1, 2023, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013, filed on November 8, 2013.
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10.17†	Form of Non-Qualified Share Option Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.58 to the Company's Annual Report on Form 10-K, filed on February 28, 2014 November 3, 2023.
10.18†	Form of Non-Qualified Share Option Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K, filed on February 28, 2014.
10.19†	Form of Performance Share Award Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.60 to the Company's Annual Report on Form 10-K, filed on February 28, 2014.
10.20*†	Form of Performance Share Award Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K, filed on February 28, 2014.
10.21*†	Form of Restricted Share Award Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.63 to the Company's Annual Report on Form 10-K, filed on February 28, 2014.
10.22*†	Form of Restricted Share Award Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K, filed on February 28, 2014.
10.23*†	Form of Restricted Share Award Agreement (5-Year Vesting) under the CubeSmart 2004 Equity Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K, filed on February 28, 2014.
10.24*†	Amended and Restated CubeSmart 2007 Equity Incentive Plan, effective June 1, 2016, incorporated by reference to Appendix A to the Company's Current Report on Form 8-K, filed on April 14, 2016.
10.25*†	CubeSmart Executive Severance Plan, effective January 1, 2017, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed on November 4, 2016.
10.26*†	Form of Non-Qualified Share Option Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, effective June 1, 2016, incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K, filed on February 1, 2017.
10.27*†	Form of Non-Qualified Share Option Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, as amended and incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K, filed on February 17, 2017.
10.28*†	Form of Restricted Share Award Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, effective June 1, 2016, incorporated by reference to Exhibit 10.44 to the Company's Annual Report on Form 10-K, filed on February 1, 2017.
10.29*†	Form of Restricted Share Award Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, as amended and incorporated by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K, filed on February 17, 2017.
10.30*†	Form of Restricted Share Award Agreement (5-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, as amended and incorporated by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K, filed on February 17, 2017.
10.31*†	Form of Restricted Share Unit Award Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, effective June 1, 2016, incorporated by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K, filed on February 1, 2017.
10.32*†	Form of Restricted Share Unit Award Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, as amended and incorporated by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K, filed on February 17, 2017.

10.33*†	Form of Performance-Vested Restricted Share Award Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007, and restated, effective June 1, 2016, incorporated by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K, filed on February 17, 2017.
10.34*†	Form of Performance-Vested Restricted Share Award Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, as restated, effective June 1, 2016, incorporated by reference to Exhibit 10.50 to the Company's Annual Report on Form 10-K, filed on February 17, 2017.
10.35*†	Form of Performance-Vested Restricted Share Unit Award Agreement for Executive Officers (3-Year Vesting) under the CubeSmart 2007, and restated, effective June 1, 2016, incorporated by reference to Exhibit 10.51 to the Company's Annual Report on Form 10-K, filed on February 17, 2017.
10.36*†	Form of Performance-Vested Restricted Share Unit Award Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, as restated, effective June 1, 2016, incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K, filed on February 17, 2017.
10.37* 10.7*†	Form of Restricted Share Agreement under the CubeSmart 2007 Equity Incentive Plan, as amended and restated, effective June 1, 2016, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed on January 3, 2019.
10.38* 10.8*†	Form of Non-Qualified Share Option Agreement under the CubeSmart 2007 Equity Incentive Plan, as amended and restated, effective June 1, 2016, incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K, filed on January 3, 2019.
10.39* 10.9*†	Form of Performance-Vested Restricted Share Agreement under the CubeSmart 2007 Equity Incentive Plan, as amended and restated, effective June 1, 2016, incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K, filed on January 3, 2019.
10.40* 10.10*†	Second Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among CubeSmart, L.P., CubeSmart, Inc., and Wells Fargo Bank, National Association, as administrative agent for the Lenders, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 10-Q, filed on October 28, 2022.
10.41* 10.11*†	Second Amended and Restated Equity Distribution Agreement, dated March 4, 2020, by and among CubeSmart, CubeSmart, L.P., and CubeSmart, Inc., incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on March 4, 2020.
10.42* 10.12*†	Second Amended and Restated Equity Distribution Agreement, dated March 4, 2020, by and among CubeSmart, CubeSmart, L.P., and CubeSmart, Inc., incorporated by reference to Exhibit 1.2 to the Company's Current Report on Form 8-K, filed on March 4, 2020.
10.43* 10.13*†	Second Amended and Restated Equity Distribution Agreement, dated March 4, 2020, by and among CubeSmart, CubeSmart, L.P., and CubeSmart, Inc., incorporated by reference to Exhibit 1.3 to the Company's Current Report on Form 8-K, filed on March 4, 2020.
10.44* 10.14*†	Second Amended and Restated Equity Distribution Agreement, dated March 4, 2020, by and among CubeSmart, CubeSmart, L.P., and CubeSmart, Inc., incorporated by reference to Exhibit 1.4 to the Company's Current Report on Form 8-K, filed on March 4, 2020.
10.45* 10.15*†	Second Amended and Restated Equity Distribution Agreement, dated March 4, 2020, by and among CubeSmart, CubeSmart, L.P., and CubeSmart, Inc., incorporated by reference to Exhibit 1.5 to the Company's Current Report on Form 8-K, filed on March 4, 2020.
10.46* 10.16*†	Agreement and Plan of Merger, by and among LAACO, Ltd., CubeSmart, L.P., CS West Merger Sub, L.P. and Stability LLC, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on November 15, 2021.
10.17*†	Form of Non-Qualified Share Option Agreement under the CubeSmart 2007 Equity Incentive Plan, as amended and restated, effective June 1, 2016, incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023, filed on August 28, 2023.
10.18*†	Form of Performance-Vested Restricted Share Grant Agreement under the CubeSmart 2007 Equity Incentive Plan, as amended and restated, effective June 1, 2016, incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023.
10.19*†	Form of Performance-Vested Restricted Share Unit Grant Agreement under the CubeSmart 2007 Equity Incentive Plan, as amended and restated, effective June 1, 2016, incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023.

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10.20†	Form of Restricted Share Grant Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, as amended and incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023
10.21†	Form of Restricted Share Unit Grant Agreement (3-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, as amended and incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023
10.22†	Form of Restricted Share Grant Agreement (5-Year Vesting) under the CubeSmart 2007 Equity Incentive Plan, as amended and incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023
10.23†	Form of Restricted Share Grant Agreement for Non-Employee Trustees under the CubeSmart 2007 Equity Incentive Plan, as amended and incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023
10.24†	Form of Restricted Share Unit Grant Agreement for Non-Employee Trustees under the CubeSmart 2007 Equity Incentive Plan, as amended and incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023
21.1	List of Subsidiaries.
23.1	Consent of KPMG LLP relating to the consolidated financial statements of CubeSmart.
23.2	Consent of KPMG LLP relating to financial statements of CubeSmart and CubeSmart, L.P.
31.1	Certification of Chief Executive Officer of CubeSmart required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer of CubeSmart required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to the Sarbanes-Oxley Act of 2002.
31.3	Certification of Chief Executive Officer of CubeSmart, L.P. required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to the Sarbanes-Oxley Act of 2002.
31.4	Certification of Chief Financial Officer of CubeSmart, L.P. required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer of CubeSmart pursuant to 18 U.S.C. Section 1350, as adopted pursuant to the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Executive Officer and Chief Financial Officer of CubeSmart, L.P. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to the Sarbanes-Oxley Act of 2002.
97.1	Clawback Policy, effective December 1, 2023.
99.1	Material United States Federal Income Tax Considerations.
101	The following CubeSmart and CubeSmart, L.P. financial information for the year ended December 31, 2022 , 2023, formatted in Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements, detailed tagged and filed herewith.

* Incorporated herein by reference as above indicated.

† Denotes a management contract or compensatory plan, contract or arrangement.

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ITEM 16. FORM 10-K SUMMARY

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CUBESMART

By: /s/ Timothy M. Martin
Timothy M. Martin
Chief Financial Officer

Date: February 24, 2023 February 29, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on their capacities and on the dates indicated:

Signature	Title
<u>/s/ Deborah Ratner Salzberg</u> Deborah Ratner Salzberg	Chair of the Board of Trustees
<u>/s/ Christopher P. Marr</u> Christopher P. Marr	Chief Executive Officer and Trustee (Principal Executive Officer)

<u>/s/ Timothy M. Martin</u>	Chief Financial Officer (Principal Financial and Officer)
<u>Timothy M. Martin</u>	
<u>/s/ Matthew D. DeNarie</u>	Chief Accounting Officer (Principal Accounting Officer)
<u>Matthew D. DeNarie</u>	
<u>/s/ Piero Bussani</u>	Trustee
<u>Piero Bussani</u>	
<u>/s/ Jit Kee Chin</u>	Trustee
<u>Jit Kee Chin</u>	
<u>/s/ Dorothy Dowling</u>	Trustee
<u>Dorothy Dowling</u>	
<u>/s/ John W. Fain</u>	Trustee
<u>John W. Fain</u>	
<u>/s/ Jair K. Lynch</u>	Trustee
<u>Jair K. Lynch</u>	
<u>/s/ John F. Remondi</u>	Trustee
<u>John F. Remondi</u>	
<u>/s/ Jeffrey F. Rogatz</u>	Trustee
<u>Jeffrey F. Rogatz</u>	

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

CUBESMART, L.P.

By: /s/ Timothy M. Martin
Timothy M. Martin
Chief Financial Officer

Date: February 29, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on their capacities and on the dates indicated:

Signature	Title
/s/ Deborah Ratner Salzberg Deborah Ratner Salzberg	Chair of the Board of Trustees
/s/ Christopher P. Marr Christopher P. Marr	Chief Executive Officer and Trustee (Principal Executive Officer)
/s/ Timothy M. Martin Timothy M. Martin	Chief Financial Officer (Principal Financial Officer)
/s/ Matthew D. DeNarie Matthew D. DeNarie	Chief Accounting Officer (Principal Accounting Officer)
/s/ Piero Bussani Piero Bussani	Trustee
/s/ Jit Kee Chin Jit Kee Chin	Trustee
/s/ Dorothy Dowling Dorothy Dowling	Trustee
/s/ John W. Fain John W. Fain	Trustee
/s/ Jair K. Lynch Jair K. Lynch	Trustee
/s/ John F. Remondi John F. Remondi	Trustee
/s/ Jeffrey F. Rogatz Jeffrey F. Rogatz	Trustee

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FINANCIAL STATEMENTS
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements of CUBESMART and CUBESMART, L.P. (the “Company”)

[Management’s Report on CubeSmart Internal Control Over Financial Reporting](#)

[Management's Report on CubeSmart, L.P. Internal Control Over Financial Reporting](#)

[Reports of Independent Registered Public Accounting Firm](#) (PCAOB ID 185)

[CubeSmart and Subsidiaries Consolidated Balance Sheets as of December 31, 2022 December 31, 2023 and 2021 2022](#)

[CubeSmart and Subsidiaries Consolidated Statements of Operations for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020](#)

[CubeSmart and Subsidiaries Consolidated Statements of Comprehensive Income \(Loss\) for the years ended December 31, 2022 December 31, 2021 and 2020 2021](#)

[CubeSmart and Subsidiaries Consolidated Statements of Equity for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021](#)

[CubeSmart and Subsidiaries Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021](#)

[CubeSmart, L.P. and Subsidiaries Consolidated Balance Sheets as of December 31, 2022 December 31, 2023 and 2021 2022](#)

[CubeSmart, L.P. and Subsidiaries Consolidated Statements of Operations for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021](#)

[CubeSmart, L.P. and Subsidiaries Consolidated Statements of Comprehensive Income \(Loss\) for the years ended December 31, 2022 December 31, 2021 2022 and 2020 2021](#)

[CubeSmart, L.P. and Subsidiaries Consolidated Statements of Capital for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021](#)

[CubeSmart, L.P. and Subsidiaries Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021](#)

[Notes to Consolidated Financial Statements](#)

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MANAGEMENT'S REPORT ON CUBESMART INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of CubeSmart (the "REIT") is responsible for establishing and maintaining adequate internal control over financial reporting as defined by Rule 13a-15(f) under the Exchange Act. Under Section 404 of the Sarbanes-Oxley Act of 2002, the REIT's management is required to assess the effectiveness of internal control over financial reporting as of the end of each fiscal year, and report on the basis of that assessment whether the REIT's internal control over financial reporting is effective.

The REIT's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial information and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The REIT's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and the disposition of the assets and liabilities of the REIT;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles, and that the receipts and expenditures of the REIT are being made only in accordance with the authorization of its Board of Trustees; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the REIT's assets in the **consolidated** financial statements.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Further, because effectiveness of an internal control system may vary over time.

Under the supervision, and with the participation, of the REIT's management, including the principal executive officer and principal financial officer, evaluation and assessment of the effectiveness of our internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on *Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In performing its internal control over financial reporting, management has concluded that, as of **December 31, 2022** **December 31, 2023**, the REIT's internal control over financial reporting is effective based on the COSO framework.

The effectiveness of our internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, has been audited by KPMG LLP (File No. #185), an independent registered public accounting firm, as stated in their report that appears herein.

February 24, 2023 **29, 2024**

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MANAGEMENT'S REPORT ON CUBESMART, L.P. INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of CubeSmart, L.P. (the "Partnership") is responsible for establishing and maintaining adequate internal control over financial reporting as required by Section 13(d)-15(f) under the Exchange Act. Under Section 404 of the Sarbanes-Oxley Act of 2002, the Partnership's management is required to assess the effectiveness of its internal control over financial reporting as of the end of each fiscal year, and report on the basis of that assessment whether the Partnership's internal control over financial reporting is effective.

The Partnership's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial information in the **consolidated** financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Partnership's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and the disposition of the assets and liabilities of the Partnership;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of **consolidated** financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures of the Partnership are being made only in accordance with the authority of management and its Board of Trustees; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Partnership's assets that may have a material effect on the **consolidated** financial statements.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Further, because effectiveness of an internal control system may vary over time.

Under the supervision, and with the participation, of the Partnership's management, including the principal executive officer and principal financial review, evaluation and assessment of the effectiveness of our internal control over financial reporting as of **December 31, 2022** **December 31, 2023**; *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In effectiveness of internal control over financial reporting, management has concluded that, as of **December 31, 2022** **December 31, 2023**, the Partnership's reporting was effective based on the COSO framework.

The effectiveness of our internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, has been audited by KPMG LLP (Philippines #185), an independent registered public accounting firm, as stated in their report that appears herein.

February 24, 2023 **29, 2024**

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of CubeSmart:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of CubeSmart and subsidiaries (the Company) as of **December 31, 2022** **December 31, 2023**, and the related consolidated statements of operations, comprehensive income, (loss), equity, and cash flows for each of the years in the three-year period ended **December 31, 2023**, and the related notes and financial statement schedule III (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements in all material respects, the financial position of the Company as of **December 31, 2022** **December 31, 2023** and **2021**, **2022**, and the results of its operations for the years in the three-year period ended **December 31, 2022** **December 31, 2023**, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's consolidated financial statements as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated **February 24, 2023** **February 29, 2024** expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the PCAOB's Code of Professional Conduct and the U.S. securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable and sufficient evidence to provide a basis for our opinion. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. Our audits included performing procedures to assess the Company's internal control over financial reporting for its effectiveness in order to express an opinion on the effectiveness of the Company's internal control over financial reporting. In performing our audits, we evaluated the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involves subjective, complex, or highly judgmental matters. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements. We are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the identification and assessment of impairment indicators for certain storage properties for impairment

As discussed in notes Notes 2 and 3 to the consolidated financial statements, the Company had \$6.0 billion of storage properties, net of accumulated depreciation as of December 31, 2023. The Company performs an evaluation of long-lived assets for impairment assessment whenever events or declines in circumstances occupancy or operating results, indicate that there may be an impairment. This involves comparing the undiscounted future cash flows to the carrying amount of the storage property.

We identified the evaluation of the identification and assessment of impairment indicators for certain storage properties for impairment as a critical audit matter. Subjective auditor judgment was required to evaluate the Company's identification and expense growth rates, and the assumptions assessment of impairment indicators, including impacts of declines in determining estimated future cash flows as part of the assessment of storage properties. Changes in the assessment of its impairment assessment. Changes to these assumptions declines in occupancy or operating results impact on the determination of the Company's identification and assessment of recoverability of the carrying amount of a storage property judgement. Impairment indicators.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating controls over the Company's storage property identification and assessment of impairment process, indicators, including controls related to expense growth rates, and terminal value capitalization rate assumptions. We assessed evaluated rates against the Company's historical growth rates and published reports assessment of industry data. We evaluated impairment indicators including certain storage properties that had declines in occupancy or declines in operating results, by:

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- assessing management's impairment policy for storage properties
- assessing the completeness of identification of certain storage properties that had impairment indicators
- reading the minutes of meetings of the Company's Board of Trustees for indicators that certain storage properties may be subject to impairment and management's impairment policy
- inquiring of Company officials, including those in the organization who are responsible for, and have authority over, operational activities and analysis.

/s/ KPMG LLP

We have served as the Company's auditor since 2009.

Philadelphia, Pennsylvania
February 24, 2023 29, 2024

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Report of Independent Registered Public Accounting Firm

To the Partners of CubeSmart, L.P. and the Board of Trustees of CubeSmart:CubeSmart and Partners of CubeSmart, L.P.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of CubeSmart, L.P. and subsidiaries (the Partnership) as of **December 31, 2022** December 31, 2023, and the related consolidated statements of operations, comprehensive income, (loss), capital, and cash flows for each of the years in the three-year period ended **December 31, 2023**, and the related notes and financial statement schedules **schedule III** (collectively, the consolidated financial statements). In our opinion, the financial position of the Partnership as of **December 31, 2022** December 31, 2023 and **2021**, 2022, and the cash flows for each of the years in the three-year period ended **December 31, 2022** December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's report as of **December 31, 2022** December 31, 2023, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Treadway Commission, and our report dated **February 24, 2023** February 29, 2024 expressed an unqualified opinion on the effectiveness of the Partnership's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable and sufficient evidence to provide a basis for our opinion. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. Our audits included performing procedures to assess the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and evaluated by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involves subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements. We are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the identification and assessment of impairment indicators for certain storage properties for impairment

As discussed in notes **Notes 2** and **3** to the consolidated financial statements, the Partnership had \$6.0 billion of storage properties, net as of **December 31, 2022** December 31, 2023. The Partnership performs an **evaluates** **long-lived assets for impairment assessment whenever** **when** **such as declines in circumstances** **occupancy or operating results**, indicate that there may be an impairment. This involves comparing the **undepreciated** **cash flows plus a terminal value to the carrying amount of the storage property.**

We identified the evaluation of the **identification and assessment of impairment indicators for certain storage properties for impairment** as a critical audit matter. The **identification and assessment of impairment indicators for certain storage properties** uses **revenue** **Subjective** **auditor judgment was required to evaluate the Partnership's identification** and **expense growth rates, and** **assumptions** **assessment of impairment indicators, including impacts of declines** in determining estimated future cash flows as part of the **identification and assessment of impairment indicators for certain storage properties**. Changes in the assessment of its **impairment assessment**. Changes to these assumptions **declines in occupancy or operating results** **impact on the determination** **Partnership's identification and assessment of recoverability of the carrying amount of a storage property**. **judgement**. **impairment indicators**.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating **control** over the Company's **Partnership's identification and assessment of impairment indicators, including declines in occupancy or operating results**. We assessed the Company's **forecasted growth rate** based on **published reports of industry data**. We **certain storage properties that had declines in occupancy or declines in operating results**.

- assessing management's impairment policy for storage properties
- assessing the completeness of identification of certain storage properties that had impairment indicators
- reading the minutes of meetings of the Board of Trustees of CubeSmart for indicators that certain storage properties may be subject to impair management's impairment policy
- inquiring of Partnership officials, including those in the organization who are responsible for, and have authority over, operational activities and analysis.

/s/ KPMG LLP

We have served as the Partnership's auditor since 2009.

Philadelphia, Pennsylvania
February 24, 2023 29, 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of CubeSmart:

Opinion on Internal Control Over Financial Reporting

We have audited CubeSmart and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022 December 31, 2023 Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, comprehensive income, (loss), equity, and cash flows for the years in the three-year period ended December 31, 2022 December 31, 2023, and the related notes and financial statement schedule III (collected financial statements), and our report dated February 24, 2023 February 29, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on CubeSmart Internal Control Over Financial Reporting. Our responsibility is to express our opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable and appropriate evidence to determine whether the financial statements are free of material misstatement. In our opinion, the Company's internal control over financial reporting is effective as of December 31, 2018, based on our audit.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial report statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; (3) provide reasonable assurance that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (4) regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 24, 2023

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Report of Independent Registered Public Accounting Firm

CubeSmart and Partners of CubeSmart, L.P.: To the Partners of CubeSmart, L.P. and the Board of Trustees of CubeSmart:

Opinion on Internal Control Over Financial Reporting

We have audited CubeSmart, L.P. and subsidiaries' (the Partnership) internal control over financial reporting as of December 31, 2022 December 31, 2023, in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, comprehensive income, (loss), capital, years in the three-year period ended December 31, 2022 December 31, 2023, and the related notes and financial statement schedule III (collectively, statements), and our report dated February 24, 2023 February 29, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on CubeSmart, L.P. Internal Control Over Financial Reporting. Our responsibility is to audit the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to audit the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable and effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit is fair and objective.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; (3) provide reasonable assurance that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (4) regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Philadelphia, Pennsylvania

February 24, 2023 29, 2024

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CUBESMART AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31,	
	2022	2021
ASSETS		
Storage properties	\$ 7,295,778	\$ 7,183,494
Less: Accumulated depreciation	(1,247,775)	(1,085,824)
Storage properties, net (including VIE assets of \$167,180 and \$149,467, respectively)	6,048,003	6,097,670
Cash and cash equivalents	6,064	11,140
Restricted cash	2,861	2,178
Loan procurement costs, net of amortization	5,182	2,322
Investment in real estate ventures, at equity	105,993	119,751
Assets held for sale	3,745	49,313
Other assets, net	153,982	265,705
Total assets	<u>\$ 6,325,830</u>	<u>\$ 6,548,079</u>
LIABILITIES AND EQUITY		
Unsecured senior notes, net	\$ 2,772,350	\$ 2,768,209
Revolving credit facility	60,900	209,900
Mortgage loans and notes payable, net	162,918	167,676
Lease liabilities - finance leases	65,758	65,801
Accounts payable, accrued expenses and other liabilities	213,297	199,985

Distributions payable	111,190	97,417
Deferred revenue	38,757	37,144
Security deposits	1,087	1,065
Liabilities held for sale	1,773	2,502
Total liabilities	<u>3,428,030</u>	<u>3,549,699</u>
Noncontrolling interests in the Operating Partnership	<u>57,419</u>	<u>108,220</u>
Commitments and contingencies		
Equity		
Common shares \$.01 par value, 400,000,000 shares authorized, 224,603,462 and 223,917,993 shares issued and outstanding at December 31, 2022 and 2021, respectively	2,246	2,239
Additional paid-in capital	4,125,478	4,088,392
Accumulated other comprehensive loss	(491)	(570)
Accumulated deficit	(1,301,030)	(1,218,498)
Total CubeSmart shareholders' equity	<u>2,826,203</u>	<u>2,871,563</u>
Noncontrolling interests in subsidiaries	<u>14,178</u>	<u>18,597</u>
Total equity	<u>2,840,381</u>	<u>2,890,160</u>
Total liabilities and equity	<u>\$ 6,325,830</u>	<u>\$ 6,548,079</u>
	December 31,	
	2023	2022
ASSETS		
Storage properties	\$ 7,367,613	\$ 7,295,778
Less: Accumulated depreciation	(1,416,377)	(1,247,775)
Storage properties, net (including VIE assets of \$180,615 and \$167,180, respectively)	<u>5,951,236</u>	<u>6,048,003</u>
Cash and cash equivalents	6,526	6,064
Restricted cash	1,691	2,861
Loan procurement costs, net of amortization	3,995	5,182
Investment in real estate ventures, at equity	98,288	105,993
Assets held for sale	—	3,745
Other assets, net	<u>163,284</u>	<u>153,982</u>
Total assets	<u>\$ 6,225,020</u>	<u>\$ 6,325,830</u>
LIABILITIES AND EQUITY		
Unsecured senior notes, net	\$ 2,776,490	\$ 2,772,350
Revolving credit facility	18,100	60,900
Mortgage loans and notes payable, net	128,186	162,918
Lease liabilities - finance leases	65,714	65,758
Accounts payable, accrued expenses and other liabilities	201,419	214,384
Distributions payable	115,820	111,190
Deferred revenue	38,483	38,757
Liabilities held for sale	—	1,773
Total liabilities	<u>3,344,212</u>	<u>3,428,030</u>
Noncontrolling interests in the Operating Partnership	<u>60,276</u>	<u>57,419</u>
Commitments and contingencies		
Equity		
Common shares \$.01 par value, 400,000,000 shares authorized, 224,921,053 and 224,603,462 shares issued and outstanding at December 31, 2023 and 2022, respectively	2,249	2,246

Additional paid-in capital	4,142,229	4,125,478
Accumulated other comprehensive loss	(411)	(491)
Accumulated deficit	(1,345,239)	(1,301,030)
Total CubeSmart shareholders' equity	2,798,828	2,826,203
Noncontrolling interests in subsidiaries	21,704	14,178
Total equity	2,820,532	2,840,381
Total liabilities and equity	\$ 6,225,020	\$ 6,325,830

See accompanying notes to the consolidated financial statements.

F-10

CUBESMART AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	For the year ended December 31,		
	2022	2021	2020
REVENUES			
Rental income	\$ 879,289	\$ 707,751	\$ 581,009
Other property related income	96,166	83,605	70,723
Property management fee income	34,169	31,208	27,445
Total revenues	<u>1,009,624</u>	<u>822,564</u>	<u>679,177</u>
OPERATING EXPENSES			
Property operating expenses	293,260	252,104	223,634
Depreciation and amortization	310,610	232,049	156,573
General and administrative	54,623	47,809	41,423
Total operating expenses	<u>658,493</u>	<u>531,962</u>	<u>421,630</u>
OTHER (EXPENSE) INCOME			
Interest:			
Interest expense on loans	(93,284)	(78,448)	(75,890)
Loan procurement amortization expense	(3,897)	(8,168)	(2,674)
Loss on early extinguishment of debt	—	(20,328)	(18,020)
Equity in earnings of real estate ventures	48,877	25,275	178
Gains from sales of real estate, net	—	32,698	6,710
Other	(10,355)	(10,818)	(240)
Total other expense	<u>(58,659)</u>	<u>(59,789)</u>	<u>(89,936)</u>
NET INCOME	292,472	230,813	167,611
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS			
Noncontrolling interests in the Operating Partnership	(1,931)	(7,873)	(1,825)
Noncontrolling interest in subsidiaries	722	542	(165)
NET INCOME ATTRIBUTABLE TO THE COMPANY'S COMMON SHAREHOLDERS	<u>\$ 291,263</u>	<u>\$ 223,482</u>	<u>\$ 165,621</u>
Basic earnings per share attributable to common shareholders	\$ 1.29	\$ 1.10	\$ 0.85

Diluted earnings per share attributable to common shareholders	\$ 1.29	\$ 1.09	\$ 0.85
Weighted average basic shares outstanding	224,928	203,832	194,147
Weighted average diluted shares outstanding	225,881	205,009	194,943
For the year ended December 31,			
	2023	2022	2021
REVENUES			
Rental income	\$ 911,999	\$ 879,289	\$ 707,751
Other property related income	101,793	96,166	83,605
Property management fee income	36,542	34,169	31,208
Total revenues	<u>1,050,334</u>	<u>1,009,624</u>	<u>822,564</u>
OPERATING EXPENSES			
Property operating expenses	294,780	293,260	252,104
Depreciation and amortization	201,238	310,610	232,049
General and administrative	57,041	54,623	47,809
Total operating expenses	<u>553,059</u>	<u>658,493</u>	<u>531,962</u>
OTHER (EXPENSE) INCOME			
Interest:			
Interest expense on loans	(93,065)	(93,284)	(78,448)
Loan procurement amortization expense	(4,141)	(3,897)	(8,168)
Loss on early extinguishment of debt	—	—	(20,328)
Equity in earnings of real estate ventures	6,085	48,877	25,275
Gains from sales of real estate, net	—	—	32,698
Other	6,281	(10,355)	(10,818)
Total other expense	<u>(84,840)</u>	<u>(58,659)</u>	<u>(59,789)</u>
NET INCOME			
Net income attributable to noncontrolling interests in the Operating Partnership	(2,535)	(1,931)	(7,873)
Net loss attributable to noncontrolling interests in subsidiaries	<u>857</u>	<u>722</u>	<u>542</u>
NET INCOME ATTRIBUTABLE TO THE COMPANY'S COMMON SHAREHOLDERS			
	\$ 410,757	\$ 291,263	\$ 223,482
Basic earnings per share attributable to common shareholders	\$ 1.82	\$ 1.29	\$ 1.10
Diluted earnings per share attributable to common shareholders	\$ 1.82	\$ 1.29	\$ 1.09
Weighted average basic shares outstanding	225,424	224,928	203,832
Weighted average diluted shares outstanding	226,241	225,881	205,009

See accompanying notes to the consolidated financial statements.

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CUBESMART AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	For the year ended December 31,		
	2022	2021	2020
	\$	\$	\$
NET INCOME	\$ 292,472	\$ 230,813	\$ 167,611
Other comprehensive income:			
Reclassification of realized losses on interest rate swaps	81	81	81
OTHER COMPREHENSIVE INCOME:	81	81	81
COMPREHENSIVE INCOME	292,553	230,894	167,692
Comprehensive income attributable to noncontrolling interests in the Operating Partnership	(1,933)	(7,892)	(1,809)
Comprehensive loss (income) attributable to noncontrolling interest in subsidiaries	722	542	(165)
Comprehensive loss attributable to noncontrolling interests in subsidiaries			
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE COMPANY	\$ 291,342	\$ 223,544	\$ 165,718

See accompanying notes to the consolidated financial statements.

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CUBESMART AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands) thousands, except per share data)

	Noncontrolling Interests												Common Stock																				
	Common			Additional			Accumulated			Other			Total			Noncontrolling			in the			Common			Additional			Accumulated			Other		
	Shares		Shares	Paid-in	Comprehensive	Accumulated	Shareholders'	Interests in	Subsidiaries	Equity	Total	Operating	Shares	Paid-in	Comprehensive	Accumulated	Other	Shares	Paid-in	Comprehensive	Accumulated	Other	Shares	Paid-in	Comprehensive	Accumulated	Other	Shares	Paid-in	Comprehensive	Accumulated	Other	
	Number	Amount	Number	Capital	Income (Loss)	Deficit	Equity			Equity		Partnership	Number	Amount	Capital	(Loss) Income	Deficit	Equity			Equity		Partnership	Number	Amount	Capital	(Loss) Income	Deficit	Equity				
Balance at																																	
December 31,																																	
2019	193,557	\$ 1,936	\$ 2,674,745	\$ (729)	\$ (876,606)	\$ 1,799,346	\$ 7,990	\$ 1,807,336	\$ 62,088																								
Contributions from noncontrolling interest in subsidiaries																																	
Distributions paid to noncontrolling interest in subsidiaries																																	
Issuance of common shares, net	3,627	37	120,690					120,727		120,727																							

Issuance of restricted shares	60					
Issuance of OP units					186,933	
Conversion from units to shares	100	1	2,823	2,824	2,824	(2,824)
Exercise of stock options	62		961	961	961	
Amortization of restricted shares		4,502		4,502	4,502	
Share compensation expense		1,952		1,952	1,952	
Adjustment for noncontrolling interests in the Operating Partnership		(4,230)	(4,230)	(4,230)	4,230	
Net income		165,621	165,621	165	165,786	1,825
Other comprehensive income (loss), net		97	97	97	(16)	
Common share distributions (\$1.33 per share)		(259,584)	(259,584)	(259,584)	(2,822)	
Balance at December 31,						
2020	197,406	\$ 1,974	\$ 2,805,673	\$ (632)	\$ (974,799)	\$ 1,832,216
Contributions from noncontrolling interest in subsidiaries				8,632	\$ 1,840,848	\$ 249,414
Distributions paid to noncontrolling interest in subsidiaries				11,404	11,404	
Contributions from noncontrolling interests in subsidiaries				(246)	(246)	
Distributions paid to noncontrolling interests in subsidiaries						

Acquisition of noncontrolling interest in subsidiary	(2,746)	(2,746)	(651)	(3,397)	(2,746)
Issuance of common shares, net	20,508	205	965,433	965,638	20,508
Issuance of restricted shares	66				66
Conversion from units to shares	5,519	56	304,959	305,015	5,519
Exercise of stock options	419	4	7,861	7,865	419
Amortization of restricted shares		4,941		4,941	4,941
Share compensation expense		2,271		2,271	2,271
Adjustment for noncontrolling interests in the Operating Partnership		(164,109)	(164,109)	(164,109)	164,109
Net income (loss)		223,482	223,482	(542)	222,940
Other comprehensive income, net		62	62	62	19
Common share distributions (\$1.45 per share)		(303,072)	(303,072)	(303,072)	(8,180)
Balance at December 31,	2021	223,918	\$ 2,239	\$ 4,088,392	\$ (570)
Contributions from noncontrolling interest in subsidiaries				3,690	3,690
Distributions paid to noncontrolling interest in subsidiaries				(7,387)	(7,387)
Contributions from noncontrolling interests in subsidiaries					

Conversion from units to shares	126	1	5,041
Exercise of stock options	144	2	2,714
Amortization of restricted shares			6,454
Share compensation expense			2,818
Adjustment for noncontrolling interests in the Operating Partnership			(8,084)
Net income (loss)			410,757
Other comprehensive income, net			80
Common share distributions (\$1.98 per share)			(446,882)
Balance at December 31, 2023	224,921	\$ 2,249	\$ 4,142,229
			\$ (411) \$ (1,345,239)

See accompanying notes to the consolidated financial statements.

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CUBESMART AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended December 31,		
	2022	2021	2020
Operating Activities			
Net income	\$ 292,472	\$ 230,813	\$ 167,611
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	314,507	240,217	159,247
Non-cash portion of interest expense related to finance leases	(43)	202	—
Loss on early extinguishment of debt	—	20,328	18,020

Equity in earnings of real estate ventures	(48,877)	(25,275)	(178)
Gains from sales of real estate, net	—	(32,698)	(6,710)
Equity compensation expense	9,081	8,088	7,140
Accretion of fair market value adjustment of debt	(1,099)	(2,037)	(259)
Changes in other operating accounts:			
Other assets	3,498	(9,247)	(9,674)
Accounts payable and accrued expenses	20,395	14,871	13,922
Other liabilities	1,532	3,923	1,914
Net cash provided by operating activities	<u>\$ 591,466</u>	<u>\$ 449,185</u>	<u>\$ 351,033</u>
Investing Activities			
Acquisitions of storage properties	(89,004)	(151,547)	(417,988)
Acquisition of LAACO, Ltd., net of cash acquired	—	(1,678,984)	—
Additions and improvements to storage properties	(41,233)	(34,608)	(49,857)
Development costs	(24,358)	(69,887)	(55,286)
Investment in real estate ventures	(21)	(28,261)	(7,022)
Cash distributed from real estate ventures	62,656	66,593	6,246
Proceeds from sale of real estate, net	43,193	44,026	12,466
Net cash used in investing activities	<u>\$ (48,767)</u>	<u>\$ (1,852,668)</u>	<u>\$ (511,441)</u>
Financing Activities			
Proceeds from:			
Unsecured senior notes	—	1,043,427	445,833
Revolving credit facility	633,950	906,571	429,085
Principal payments on:			
Unsecured senior notes	—	(300,000)	(250,000)
Revolving credit facility	(782,950)	(814,471)	(311,285)
Mortgage loans and notes payable	(2,426)	(87,263)	(46,093)
Loan procurement costs	(3,885)	(12,548)	(3,764)
Debt prepayment costs	—	(20,023)	(17,584)
Acquisition of noncontrolling interest in subsidiary, net	—	(3,397)	—
Proceeds from issuance of common shares, net	4,877	965,638	120,727
Cash paid upon vesting of restricted shares	(1,403)	(876)	(686)
Exercise of stock options	1,590	7,865	961
Contributions from noncontrolling interests in subsidiaries	350	8,031	—
Distributions paid to noncontrolling interests in subsidiaries	(7,387)	(246)	(205)
Distributions paid to common shareholders	(387,106)	(273,839)	(256,253)
Distributions paid to noncontrolling interests in Operating Partnership	(2,702)	(8,297)	(2,540)
Net cash (used in) provided by financing activities	<u>\$ (547,092)</u>	<u>\$ 1,410,572</u>	<u>\$ 108,196</u>
Change in cash, cash equivalents and restricted cash	<u>(4,393)</u>	<u>7,089</u>	<u>(52,212)</u>
Cash, cash equivalents and restricted cash at beginning of period	<u>13,318</u>	<u>6,229</u>	<u>58,441</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 8,925</u>	<u>\$ 13,318</u>	<u>\$ 6,229</u>
Supplemental Cash Flow and Noncash Information			
Cash paid for interest, net of interest capitalized	\$ 92,293	\$ 79,148	\$ 80,792
Supplemental disclosure of noncash activities:			
Acquisitions of storage properties	\$ (700)	\$ —	\$ (2,623)
Right-of-use assets obtained in exchange for lease liabilities	\$ —	\$ —	\$ 61,423
Discount on issuance of unsecured senior notes	\$ —	\$ 6,573	\$ 4,167
Mortgage loan assumptions	\$ —	\$ 40,880	\$ 169,056
Accretion of put liability	\$ 2,444	\$ 9,777	\$ 7,917
Derivative valuation adjustment	\$ 81	\$ 81	\$ 81
Issuance of OP units (see note 4)	\$ —	\$ —	\$ 186,933
Contributions from noncontrolling interests in subsidiaries	\$ 3,340	\$ 3,373	\$ 682

	For the year ended December 31,		
	2023	2022	2021
Operating Activities			
Net income	\$ 412,435	\$ 292,472	\$ 230,813
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	205,379	314,507	240,217
Non-cash portion of interest expense related to finance leases	(44)	(43)	202
Loss on early extinguishment of debt	—	—	20,328
Equity in earnings of real estate ventures	(6,085)	(48,877)	(25,275)
Cash distributed from real estate ventures	5,467	—	—
Gain on involuntary conversion, net	(4,827)	—	—
Gains from sales of real estate, net	—	—	(32,698)
Equity compensation expense	10,089	9,081	8,088
Accretion of fair market value adjustment of debt	(886)	(1,099)	(2,037)
Changes in other operating accounts:			
Other assets	(10,138)	3,498	(9,247)
Accounts payable and accrued expenses	96	20,395	14,871
Other liabilities	(350)	1,532	3,923
Net cash provided by operating activities	<u>\$ 611,136</u>	<u>\$ 591,466</u>	<u>\$ 449,185</u>
Investing Activities			
Acquisitions of storage properties	(22,429)	(89,004)	(151,547)
Acquisition of LAACO, Ltd., net of cash acquired	—	—	(1,678,984)
Additions and improvements to storage properties	(39,853)	(41,233)	(34,608)
Development costs	(47,521)	(24,358)	(69,887)
Investment in real estate ventures	(21)	(21)	(28,261)
Cash distributed from real estate ventures	8,344	62,656	66,593
Proceeds from sale of real estate, net	238	43,193	44,026
Proceeds from involuntary conversion, net	7,424	—	—
Net cash used in investing activities	<u>\$ (93,818)</u>	<u>\$ (48,767)</u>	<u>\$ (1,852,668)</u>
Financing Activities			
Proceeds from:			
Unsecured senior notes	—	—	1,043,427
Revolving credit facility	794,447	633,950	906,571
Principal payments on:			
Unsecured senior notes	—	—	(300,000)
Revolving credit facility	(837,247)	(782,950)	(814,471)
Mortgage loans and notes payable	(32,591)	(2,426)	(87,263)
Loan procurement costs	(69)	(3,885)	(12,548)
Debt prepayment costs	—	—	(20,023)
Acquisition of noncontrolling interest in subsidiary, net	—	—	(3,397)
Issuance of common shares, net	(276)	4,877	965,638
Cash paid upon vesting of restricted shares	(817)	(1,403)	(876)
Exercise of stock options	2,716	1,590	7,865
Contributions from noncontrolling interests in subsidiaries	1,100	350	8,031
Distributions paid to noncontrolling interests in subsidiaries	(316)	(7,387)	(246)
Distributions paid to common shareholders	(442,217)	(387,106)	(273,839)
Distributions paid to noncontrolling interests in Operating Partnership	(2,756)	(2,702)	(8,297)
Net cash (used in) provided by financing activities	<u>\$ (518,026)</u>	<u>\$ (547,092)</u>	<u>\$ 1,410,572</u>
Change in cash, cash equivalents and restricted cash	(708)	(4,393)	7,089
Cash, cash equivalents and restricted cash at beginning of period	8,925	13,318	6,229
Cash, cash equivalents and restricted cash at end of period	<u>\$ 8,217</u>	<u>\$ 8,925</u>	<u>\$ 13,318</u>

Supplemental Cash Flow and Noncash Information					
Cash paid for interest, net of interest capitalized	\$ 95,498	\$ 92,293	\$ 79,148		
Supplemental disclosure of noncash activities:					
Acquisitions of storage properties	\$ —	\$ (700)	\$ —		
Discount on issuance of unsecured senior notes	\$ —	\$ —	\$ 6,573		
Mortgage loan assumptions	\$ —	\$ —	\$ 40,880		
Accretion of put liability	\$ —	\$ 2,444	\$ 9,777		
Derivative valuation adjustment	\$ 81	\$ 81	\$ 81		
Contributions from noncontrolling interests in subsidiaries	\$ 7,599	\$ 3,340	\$ 3,373		

See accompanying notes to the consolidated financial statements.

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CUBESMART, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31,	
	2022	2021
ASSETS		
Storage properties	\$ 7,295,778	\$ 7,183,494
Less: Accumulated depreciation	(1,247,775)	(1,085,824)
Storage properties, net (including VIE assets of \$167,180 and \$149,467, respectively)	<u>6,048,003</u>	<u>6,097,670</u>
Cash and cash equivalents	6,064	11,140
Restricted cash	2,861	2,178
Loan procurement costs, net of amortization	5,182	2,322
Investment in real estate ventures, at equity	105,993	119,751
Assets held for sale	3,745	49,313
Other assets, net	153,982	265,705
Total assets	<u>\$ 6,325,830</u>	<u>\$ 6,548,079</u>
LIABILITIES AND CAPITAL		
Unsecured senior notes, net	\$ 2,772,350	\$ 2,768,209
Revolving credit facility	60,900	209,900
Mortgage loans and notes payable, net	162,918	167,676
Lease liabilities - finance leases	65,758	65,801
Accounts payable, accrued expenses and other liabilities	213,297	199,985
Distributions payable	111,190	97,417
Deferred revenue	38,757	37,144
Security deposits	1,087	1,065
Liabilities held for sale	1,773	2,502
Total liabilities	<u>3,428,030</u>	<u>3,549,699</u>
Limited Partnership interests of third parties	<u>57,419</u>	<u>108,220</u>

Commitments and contingencies

Capital

Operating Partner	2,826,694	2,872,133
Accumulated other comprehensive loss	(491)	(570)
Total CubeSmart, L.P. capital	2,826,203	2,871,563
Noncontrolling interests in subsidiaries	14,178	18,597
Total capital	2,840,381	2,890,160
Total liabilities and capital	\$ 6,325,830	\$ 6,548,079

December 31,

2023 2022

ASSETS

Storage properties	\$ 7,367,613	\$ 7,295,778
Less: Accumulated depreciation	(1,416,377)	(1,247,775)
Storage properties, net (including VIE assets of \$180,615 and \$167,180, respectively)	5,951,236	6,048,003
Cash and cash equivalents	6,526	6,064
Restricted cash	1,691	2,861
Loan procurement costs, net of amortization	3,995	5,182
Investment in real estate ventures, at equity	98,288	105,993
Assets held for sale	—	3,745
Other assets, net	163,284	153,982
Total assets	\$ 6,225,020	\$ 6,325,830

LIABILITIES AND CAPITAL

Unsecured senior notes, net	\$ 2,776,490	\$ 2,772,350
Revolving credit facility	18,100	60,900
Mortgage loans and notes payable, net	128,186	162,918
Lease liabilities - finance leases	65,714	65,758
Accounts payable, accrued expenses and other liabilities	201,419	214,384
Distributions payable	115,820	111,190
Deferred revenue	38,483	38,757
Liabilities held for sale	—	1,773
Total liabilities	\$ 3,344,212	\$ 3,428,030
 Limited Partnership interests of third parties	 60,276	 57,419

Commitments and contingencies

Capital

General Partner	2,799,239	2,826,694
Accumulated other comprehensive loss	(411)	(491)
Total CubeSmart, L.P. capital	2,798,828	2,826,203
Noncontrolling interests in subsidiaries	21,704	14,178
Total capital	2,820,532	2,840,381
Total liabilities and capital	\$ 6,225,020	\$ 6,325,830

See accompanying notes to the consolidated financial statements.

CUBESMART, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per common unit data)

	For the year ended December 31,			For the year
	2022	2021	2020	
REVENUES				
Rental income	\$ 879,289	\$ 707,751	\$ 581,009	\$ 91,100
Other property related income	96,166	83,605	70,723	10,200
Property management fee income	34,169	31,208	27,445	3,300
Total revenues	1,009,624	822,564	679,177	1,054,600
OPERATING EXPENSES				
Property operating expenses	293,260	252,104	223,634	29,224
Depreciation and amortization	310,610	232,049	156,573	20,200
General and administrative	54,623	47,809	41,423	5,500
Total operating expenses	658,493	531,962	421,630	55,924
OTHER (EXPENSE) INCOME				
Interest:				
Interest expense on loans	(93,284)	(78,448)	(75,890)	(9,546)
Loan procurement amortization expense	(3,897)	(8,168)	(2,674)	(0,200)
Loss on early extinguishment of debt	—	(20,328)	(18,020)	(0,000)
Equity in earnings of real estate ventures	48,877	25,275	178	(0,000)
Gains from sales of real estate, net	—	32,698	6,710	(0,000)
Other	(10,355)	(10,818)	(240)	(0,000)
Total other expense	(58,659)	(59,789)	(89,936)	(0,000)
NET INCOME	292,472	230,813	167,611	41,400
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS				
Noncontrolling interest in subsidiaries	722	542	(165)	(0,000)
Net loss attributable to noncontrolling interests in subsidiaries				
NET INCOME ATTRIBUTABLE TO CUBESMART L.P.	293,194	231,355	167,446	\$ 41,400
Operating Partnership interests of third parties	(1,931)	(7,873)	(1,825)	(0,000)
NET INCOME ATTRIBUTABLE TO COMMON UNITHOLDERS	\$ 291,263	\$ 223,482	\$ 165,621	\$ 41,400
Basic earnings per unit attributable to common unitholders	\$ 1.29	\$ 1.10	\$ 0.85	\$ 0.00
Diluted earnings per unit attributable to common unitholders	\$ 1.29	\$ 1.09	\$ 0.85	\$ 0.00
Basic earnings per unit attributable to CubeSmart, L.P.				\$ 0.00
Diluted earnings per unit attributable to CubeSmart, L.P.				\$ 0.00
Weighted average basic units outstanding	224,928	203,832	194,147	22,400
Weighted average diluted units outstanding	225,881	205,009	194,943	22,400

See accompanying notes to the consolidated financial statements.

CUBESMART, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	For the year ended December 31,		
	2022	2021	2020
NET INCOME	\$ 292,472	\$ 230,813	\$ 167,611
Other comprehensive income:			
Reclassification of realized losses on interest rate swaps	81	81	81
OTHER COMPREHENSIVE INCOME:	81	81	81
COMPREHENSIVE INCOME	292,553	230,894	167,692
Comprehensive income attributable to Operating Partnership interests of third parties	(1,933)	(7,892)	(1,809)
Comprehensive loss (income) attributable to noncontrolling interest in subsidiaries	722	542	(165)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OPERATING PARTNER	<u>\$ 291,342</u>	<u>\$ 223,544</u>	<u>\$ 165,718</u>
Comprehensive loss attributable to noncontrolling interests in subsidiaries			
COMPREHENSIVE INCOME ATTRIBUTABLE TO CUBESMART, L.P.			

See accompanying notes to the consolidated financial statements.

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CUBESMART, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CAPITAL
(in thousands) thousands, except per unit data

	Number of		Accumulated				Operating Partnership	Accumulated			
	Common OP		Other	Total	Noncontrolling			General Partner	Other	Total	
	Units	Operating	Comprehensive	CubeSmart L.P.	Interests in	Total		OP Units	Comprehensive	CubeSmart	
	Outstanding	Partner	Income (Loss)	Capital	Subsidiaries	Capital	of Third Parties	Outstanding	Amount	(Loss) Income	
Balance at December 31, 2019	193,557	\$ 1,800,075	\$ (729)	\$ 1,799,346	\$ 7,990	\$ 1,807,336	\$ 62,088				
Contributions from noncontrolling interest in subsidiaries					682	682					
Distributions paid to noncontrolling interest in subsidiaries					(205)	(205)					
Balance at December 31, 2020								197,406	\$ 1,832,848	\$ (632)	
Contributions from noncontrolling interest in subsidiaries								1,832,848	\$ (632)	\$ 1,832,848	

Distributions paid to noncontrolling interests in subsidiaries							
Acquisition of noncontrolling interest in subsidiary	—	—	—	—	—	—	(2,746)
Issuance of common OP units, net	3,627	120,727	120,727	120,727	120,727	120,727	
Issuance of restricted OP units	60	—	—	—	—	—	
Issuance of OP units						186,933	
Conversion from OP units to shares	100	2,824	2,824	2,824	2,824	(2,824)	
Exercise of OP unit options	62	961	961	961	961	961	
Amortization of restricted OP units		4,502	4,502	4,502	4,502	4,502	
OP unit compensation expense		1,952	1,952	1,952	1,952	1,952	
Adjustment for Operating Partnership							
interests of third parties		(4,230)	(4,230)	(4,230)	(4,230)	4,230	
Net income		165,621	165,621	165	165,786	1,825	
Other comprehensive income (loss), net		—	97	97	97	(16)	
Common OP unit distributions (\$1.33 per unit)		(259,584)	(259,584)	(259,584)	(259,584)	(2,822)	
Balance at December 31, 2020	197,406	\$ 1,832,848	\$ (632)	\$ 1,832,216	\$ 8,632	\$ 1,840,848	\$ 249,414
Contributions from noncontrolling interest in subsidiaries					11,404	11,404	
Distributions paid to noncontrolling interest in subsidiaries					(246)	(246)	
Acquisition of noncontrolling interest in subsidiary		(2,746)	(2,746)	(651)	(3,397)		
Issuance of common OP units, net	20,508	965,638	965,638	965,638	965,638	965,638	
Issuance of restricted OP units	66	—	—	—	—	—	
Issuance of OP units							
Conversion from OP units to shares	5,519	305,015	305,015	305,015	305,015	(305,015)	
Exercise of OP unit options	419	7,865	7,865	7,865	7,865	7,865	
Amortization of restricted OP units		4,941	4,941	4,941	4,941	4,941	
OP unit compensation expense		2,271	2,271	2,271	2,271	2,271	
Adjustment for Operating Partnership							
interests of third parties		(164,109)	(164,109)	(164,109)	(164,109)	164,109	
Net income (loss)		223,482	223,482	(542)	222,940	7,873	
Other comprehensive income, net		62	62	62	62	19	
Common OP unit distributions (\$1.45 per unit)		(303,072)	(303,072)	(303,072)	(303,072)	(8,180)	
Balance at December 31, 2021	223,918	\$ 2,872,133	\$ (570)	\$ 2,871,563	\$ 18,597	\$ 2,890,160	\$ 108,220
Contributions from noncontrolling interest in subsidiaries					3,690	3,690	
Distributions paid to noncontrolling interest in subsidiaries					(7,387)	(7,387)	
Issuance of common OP units, net	102	4,877	4,877	4,877	4,877	4,877	
Issuance of OP units, net							
Issuance of restricted OP units	56	1	1	1	1	66	
Conversion from OP units to shares	475	22,948	22,948	22,948	22,948	(22,948)	5,519
Exercise of OP unit options	52	1,590	1,590	1,590	1,590	419	7,865
Amortization of restricted OP units		5,134	5,134	5,134	5,134	4,941	
OP unit compensation expense		2,543	2,543	2,543	2,543	2,271	
Adjustment for Operating Partnership							
interests of third parties		27,203	27,203	27,203	27,203	(27,203)	

Adjustment for Limited Partnership interests of third parties						(164,109)	(16
Net income (loss)	291,263	291,263	(722)	290,541	1,931	223,482	22
Other comprehensive income, net	79	79	79	2		62	
Common OP unit distributions (\$1.78 per unit)	(400,998)	(400,998)	(400,998)	(2,583)		(303,072)	(30
OP unit distributions (\$1.45 per unit)							
Balance at December 31, 2021						223,918	\$ 2,872,133
Contributions from noncontrolling interests in subsidiaries						\$ (570)	\$ 2,87
Distributions paid to noncontrolling interests in subsidiaries							
Issuance of OP units, net			102	4,877			
Issuance of restricted OP units			56	1			
Conversion from OP units to shares			475	22,948			2
Exercise of OP unit options			52	1,590			
Amortization of restricted OP units				5,134			
OP unit compensation expense				2,543			
Adjustment for Limited Partnership interests of third parties				27,203			2
Net income (loss)				291,263			29
Other comprehensive income, net				79			
OP unit distributions (\$1.78 per unit)				(400,998)			(40
Balance at December 31, 2022	224,603	\$ 2,826,694	\$ (491)	2,826,203	\$ 14,178	\$ 2,840,381	\$ 57,419
Contributions from noncontrolling interests in subsidiaries						224,603	\$ 2,826,694
Distributions paid to noncontrolling interests in subsidiaries						\$ (491)	\$ 2,82
Issuance of OP units, net				(276)			
Issuance of restricted OP units				48			
Conversion from OP units to shares				126	5,042		
Exercise of OP unit options				144	2,716		
Amortization of restricted OP units				6,454			
OP unit compensation expense				2,818			
Adjustment for Limited Partnership interests of third parties				(8,084)			(8
Net income (loss)				410,757			41
Other comprehensive income, net				80			
OP unit distributions (\$1.98 per unit)				(446,882)			(44
Balance at December 31, 2023	224,921	\$ 2,799,239	\$ (411)	2,799,239	\$ (411)	\$ 2,799,239	\$ (411)

See accompanying notes to the consolidated financial statements.

CUBESMART, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended December 31,		
	2022	2021	2020
Operating Activities			
Net income	\$ 292,472	\$ 230,813	\$ 167,611
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	314,507	240,217	159,247
Non-cash portion of interest expense related to finance leases	(43)	202	—
Loss on early extinguishment of debt	—	20,328	18,020
Equity in earnings of real estate ventures	(48,877)	(25,275)	(178)
Gains from sales of real estate, net	—	(32,698)	(6,710)
Equity compensation expense	9,081	8,088	7,140
Accretion of fair market value adjustment of debt	(1,099)	(2,037)	(259)
Changes in other operating accounts:			
Other assets	3,498	(9,247)	(9,674)
Accounts payable and accrued expenses	20,395	14,871	13,922
Other liabilities	1,532	3,923	1,914
Net cash provided by operating activities	<u>\$ 591,466</u>	<u>\$ 449,185</u>	<u>\$ 351,033</u>
Investing Activities			
Acquisitions of storage properties	(89,004)	(151,547)	(417,988)
Acquisition of LAACO, Ltd., net of cash acquired	—	(1,678,984)	—
Additions and improvements to storage properties	(41,233)	(34,608)	(49,857)
Development costs	(24,358)	(69,887)	(55,286)
Investment in real estate ventures	(21)	(28,261)	(7,022)
Cash distributed from real estate ventures	62,656	66,593	6,246
Deposit of escrows			
Proceeds from sale of real estate, net	43,193	44,026	12,466
Net cash used in investing activities	<u>\$ (48,767)</u>	<u>\$ (1,852,668)</u>	<u>\$ (511,441)</u>
Financing Activities			
Proceeds from:			
Unsecured senior notes	—	1,043,427	445,833
Revolving credit facility	633,950	906,571	429,085
Principal payments on:			
Unsecured senior notes	—	(300,000)	(250,000)
Revolving credit facility	(782,950)	(814,471)	(311,285)
Mortgage loans and notes payable	(2,426)	(87,263)	(46,093)
Loan procurement costs	(3,885)	(12,548)	(3,764)
Debt prepayment costs	—	(20,023)	(17,584)
Acquisition of noncontrolling interest in subsidiary, net	—	(3,397)	—
Proceeds from issuance of common OP units	4,877	965,638	120,727
Cash paid upon vesting of restricted OP units	(1,403)	(876)	(686)
Exercise of OP unit options	1,590	7,865	961
Contributions from noncontrolling interests in subsidiaries	350	8,031	—
Distributions paid to noncontrolling interests in subsidiaries	(7,387)	(246)	(205)
Distributions paid to common OP unitholders	(389,808)	(282,136)	(258,793)
Net cash (used in) provided by financing activities	<u>\$ (547,092)</u>	<u>\$ 1,410,572</u>	<u>\$ 108,196</u>
Change in cash, cash equivalents and restricted cash	<u>(4,393)</u>	<u>7,089</u>	<u>(52,212)</u>

Cash, cash equivalents and restricted cash at beginning of period	13,318	6,229	58,441
Cash, cash equivalents and restricted cash at end of period	\$ 8,925	\$ 13,318	\$ 6,229
Supplemental Cash Flow and Noncash Information			
Cash paid for interest, net of interest capitalized	\$ 92,293	\$ 79,148	\$ 80,792
Supplemental disclosure of noncash activities:			
Acquisitions of storage properties	\$ (700)	\$ —	\$ (2,623)
Right-of-use assets obtained in exchange for lease liabilities	\$ —	\$ —	\$ 61,423
Discount on issuance of unsecured senior notes	\$ —	\$ 6,573	\$ 4,167
Mortgage loan assumptions	\$ —	\$ 40,880	\$ 169,056
Accretion of put liability	\$ 2,444	\$ 9,777	\$ 7,917
Derivative valuation adjustment	\$ 81	\$ 81	\$ 81
Issuance of OP units (see note 4)	\$ —	\$ —	\$ 186,933
Contributions from noncontrolling interests in subsidiaries	\$ 3,340	\$ 3,373	\$ 682
For the year ended December 31,			
	2023	2022	2021
Operating Activities			
Net income	\$ 412,435	\$ 292,472	\$ 230,813
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	205,379	314,507	240,217
Non-cash portion of interest expense related to finance leases	(44)	(43)	202
Loss on early extinguishment of debt	—	—	20,328
Equity in earnings of real estate ventures	(6,085)	(48,877)	(25,275)
Cash distributed from real estate ventures	5,467	—	—
Gain on involuntary conversion, net	(4,827)	—	—
Gains from sales of real estate, net	—	—	(32,698)
Equity compensation expense	10,089	9,081	8,088
Accretion of fair market value adjustment of debt	(886)	(1,099)	(2,037)
Changes in other operating accounts:			
Other assets	(10,138)	3,498	(9,247)
Accounts payable and accrued expenses	96	20,395	14,871
Other liabilities	(350)	1,532	3,923
Net cash provided by operating activities	\$ 611,136	\$ 591,466	\$ 449,185
Investing Activities			
Acquisitions of storage properties	(22,429)	(89,004)	(151,547)
Acquisition of LAACO, Ltd., net of cash acquired	—	—	(1,678,984)
Additions and improvements to storage properties	(39,853)	(41,233)	(34,608)
Development costs	(47,521)	(24,358)	(69,887)
Investment in real estate ventures	(21)	(21)	(28,261)
Cash distributed from real estate ventures	8,344	62,656	66,593
Proceeds from sale of real estate, net	238	43,193	44,026
Proceeds from involuntary conversion, net	7,424	—	—
Net cash used in investing activities	\$ (93,818)	\$ (48,767)	\$ (1,852,668)
Financing Activities			
Proceeds from:			
Unsecured senior notes	—	—	1,043,427
Revolving credit facility	794,447	633,950	906,571
Principal payments on:			
Unsecured senior notes	—	—	(300,000)
Revolving credit facility	(837,247)	(782,950)	(814,471)
Mortgage loans and notes payable	(32,591)	(2,426)	(87,263)
Loan procurement costs	(69)	(3,885)	(12,548)

Debt prepayment costs	—	—	(20,023)	
Acquisition of noncontrolling interest in subsidiary, net	—	—	(3,397)	
Issuance of common OP units, net	(276)	4,877	965,638	
Cash paid upon vesting of restricted OP units	(817)	(1,403)	(876)	
Exercise of OP unit options	2,716	1,590	7,865	
Contributions from noncontrolling interests in subsidiaries	1,100	350	8,031	
Distributions paid to noncontrolling interests in subsidiaries	(316)	(7,387)	(246)	
Distributions paid to common OP unitholders	(444,973)	(389,808)	(282,136)	
Net cash (used in) provided by financing activities	\$ (518,026)	\$ (547,092)	\$ 1,410,572	
Change in cash, cash equivalents and restricted cash	(708)	(4,393)	7,089	
Cash, cash equivalents and restricted cash at beginning of period	8,925	13,318	6,229	
Cash, cash equivalents and restricted cash at end of period	<u>\$ 8,217</u>	<u>\$ 8,925</u>	<u>\$ 13,318</u>	
Supplemental Cash Flow and Noncash Information				
Cash paid for interest, net of interest capitalized	\$ 95,498	\$ 92,293	\$ 79,148	
Supplemental disclosure of noncash activities:				
Acquisitions of storage properties	\$ —	\$ (700)	\$ —	
Discount on issuance of unsecured senior notes	\$ —	\$ —	\$ 6,573	
Mortgage loan assumptions	\$ —	\$ —	\$ 40,880	
Accretion of put liability	\$ —	\$ 2,444	\$ 9,777	
Derivative valuation adjustment	\$ 81	\$ 81	\$ 81	
Contributions from noncontrolling interests in subsidiaries	\$ 7,599	\$ 3,340	\$ 3,373	

See accompanying notes to the consolidated financial statements.

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CUBESMART AND CUBESMART L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF OPERATIONS

CubeSmart (the "Parent Company") operates as a self-managed and self-administered real estate investment trust ("REIT") with its operations conducted through its wholly-owned subsidiary, CubeSmart, L.P., a Delaware limited partnership (the "Operating Partnership"), and its wholly-owned subsidiary, Maryland REIT, as its sole general partner. In the notes to the consolidated financial statements, we use the terms the "Company", "we" or "our" to refer to the Parent Company and the Operating Partnership together, unless the context indicates otherwise. As of December 31, 2022 December 31, 2023, the Company owned (or partially owned) 100% of the common units of the Operating Partnership, which are presented under one reportable segment. The Parent Company develops, manages and acquires self-storage properties.

As of December 31, 2022 December 31, 2023, the Parent Company owned approximately 99.4% of the partnership interests ("OP Units" or "OP Units") of the Operating Partnership. The remaining OP Units, consisting exclusively of limited partner interests, are held by persons who contributed their interests in property to the Operating Partnership in exchange for OP Units. Under the partnership agreement, these persons have the right to tender their OP Units for redemption to the Operating Partnership at any time during a specified restricted period for cash equal to the fair value of an equivalent number of common shares of the Parent Company. In lieu of delivering cash, the holder of an OP Unit may, at its option, choose to receive common shares of the Parent Company in exchange for the OP Unit. If the Parent Company so chooses, its common shares will be exchanged for OP Units on a one-for-one basis. This one-for-one exchange ratio is subject to adjustment if the Parent Company exchanges OP Units for common shares of the Parent Company. In addition, whenever the Parent Company exchanges OP Units for common shares of the Parent Company or other classes of its shares, it contributes the net proceeds it receives from the issuance to the Operating Partnership and the Operating Partnership.

equal number of OP Units or other partnership interests having preferences and rights that mirror the preferences and rights of the shares issued. This is an umbrella partnership REIT or "UPREIT."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include all of the accounts of the Company and its majority-owned and/or controlled subsidiaries owned by the Company is presented as noncontrolling interests as of and during the periods consolidated. All significant intercompany accounts and transactions are eliminated in consolidation.

When the Company obtains an economic interest in an entity, the Company evaluates the entity to determine if the entity is deemed a variable interest entity. If the entity is deemed to be the primary beneficiary in accordance with authoritative guidance issued on the consolidation of VIEs. To the extent that the Company is involved in the activities of the VIE that most significantly impact the economic performance of the VIE and (ii) has the obligation or rights to absorb the VIE's losses, the Company is considered the primary beneficiary. When an entity is not deemed to be a VIE, the Company considers the provisions of additional guidance, such as the Company's general partners as a group, controls a limited partnership or similar entity when the limited partners have certain rights. The Company controls and which the Company is deemed to be the primary beneficiary, and (ii) entities that are non-VIEs which the Company controls and which the limited partners can dissolve or remove the Company without cause nor substantive participating rights.

The Operating Partnership meets the criteria as a VIE. The Parent Company's sole significant asset is its investment in the Operating Partnership. The Parent Company's assets and liabilities represent those assets and liabilities of the Operating Partnership. All of the Parent Company's debt is an obligation of the Company.

Noncontrolling Interests

The Financial Accounting Standards Board ("FASB") issued authoritative guidance regarding noncontrolling interests in consolidated financial statements effective January 1, 2009. The guidance states that noncontrolling interests are the portion of equity (net assets) in a subsidiary not attributable to the parent. The ownership interests in the subsidiary that are held by owners other than the parent are noncontrolling interests. Under the guidance, such noncontrolling interests are reported on the Company's consolidated balance sheets within equity, separately from the Company's equity. On Within the Company's consolidated statements of operations, net income or loss from controlled or consolidated entities that are less than wholly owned are reported at the consolidated amounts, including the Company and

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amounts, including both the amounts attributable to the Company and noncontrolling interests. Presentation of consolidated equity activity is included in the Company's financial statements, including beginning balances, activity for the period and ending balances for shareholders' equity, noncontrolling interests and total equity.

However, per the FASB issued FASB-issued authoritative guidance on the classification and measurement of redeemable securities, securities that are held at the option of the holder, not solely within the control of the issuer, must be classified outside of permanent equity. This would result in certain assets included as redeemable noncontrolling interests outside of permanent equity in on the Company's consolidated balance sheets. The Company makes these determinations in applicable agreements, specifically in relation to redemption provisions. Additionally, with respect to noncontrolling interests for which the Company has the right to require the delivery of its own shares, the Company considered the FASB issued FASB-issued guidance on accounting for derivative financial instruments in determining whether the Company's own stock is included as redeemable noncontrolling interests. The Company's own stock is evaluated to determine whether the Company controls the actions or events necessary to issue the maximum number of shares that can be delivered under share settlement of the contract. The guidance also requires that noncontrolling interests are adjusted each period so that they carry their carrying value based on the accumulation of historical cost or its redemption fair value.

The consolidated results of the Company include results attributable to units of the Operating Partnership that are not owned by the Company. These units are OP units and were a component of the consideration the Company paid to acquire certain self-storage properties. Limited partners who acquire these units require the Operating Partnership to redeem part or all of their OP units for, at the Company's option, an equivalent number of common shares of the Company at the fair value of an equivalent number of common shares of the Company. However, the operating agreement contains certain circumstances that cause the units to be outside the control of the Company, as the Company does not have the ability to settle in unregistered shares. Accordingly, consistent with the guidance, the units are not included in the Company's consolidated financial statements.

will continue to record these noncontrolling interests outside of permanent equity in on the Company's consolidated balance sheets. Net income or loss of these interests is excluded from net income or loss in within the Company's consolidated statements of operations. The Company has adjusted the carrying amount of these interests to the extent applicable. Based on the Company's evaluation of the redemption value of the redeemable noncontrolling interests, the Company reflected these interests at their redemption value as of December 31, 2022 December 31, 2023, as the estimated redemption value exceeded their redemption provisions. The estimated redemption value as of December 31, 2022 December 31, 2023, is provided in note 12.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Although management believes these estimates are reasonable and appropriate, as discussed in the applicable sections throughout these consolidated financial statements, different assumptions could result in materially different results. The current economic environment has increased the degree of uncertainty inherent in these estimates. Changes in market conditions could impact the Company's future operating results.

Reclassifications

Certain amounts on the Company's and the Operating Partnership's consolidated balance sheets have been reclassified in prior years to conform to current reporting requirements. Additionally, the Operating Partnership's consolidated statements of operations have been updated to conform to the current year presentation.

Self-Storage Properties

Self-storage properties are carried at historical cost less accumulated depreciation and impairment losses. The cost of self-storage properties includes the cost of acquisition, development and construction, and the cost of removal. Acquisition costs are accounted for in accordance with Accounting Standard Update ("ASU") No. 2017-01 - Business Combinations (ASU 2017-01), which was adopted on January 1, 2018, and are generally capitalized. Costs incurred for the renovation of a store are capitalized to the store. Ordinary repairs and maintenance are expensed as incurred. Major replacements and betterments, which improve or extend the life of the asset, are capitalized over their estimated useful lives. The costs to develop self-storage properties are capitalized to construction in progress while the projects are under development.

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Purchase Price Allocation

When stores are acquired in an asset acquisition, the purchase price is allocated to the tangible and intangible assets based on estimated relative fair values. Allocations to land, building and improvements and equipment are recorded based upon their respective fair values. Management. If appropriate, the Company allocates a portion of the purchase price to an intangible asset attributed to the value of in-place leases. The Company expenses the allocation over the expected remaining term of the respective leases. Substantially all of the storage leases in place at acquired stores are at market rates. Most of the leases are month-to-month contracts. Accordingly, to date, no portion of the purchase price has been allocated to above- or below-market lease intangibles.

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associated with storage leases assumed at acquisition. Above- or below- market lease intangibles associated with assumed leases in which the Company makes an adjustment to the right-of-use asset and reflect the difference between the contractual amounts to be paid pursuant to each in-place lease as of the acquisition date.

market lease rates. These amounts are amortized over the term of the lease. To date, no intangible asset has been recorded for the value of customer lease agreements. The Company does not have any concentrations of significant customers and the average customer turnover is fairly frequent.

Depreciation and Amortization

The costs of self-storage properties and improvements are depreciated using the straight-line method based on useful lives ranging from five to 30 years. Assets associated with finance leases are amortized from the lease commencement date to the earlier of the useful life of the right-to-use asset or the end of the lease. The Company writes off fully depreciated or amortized assets and the associated accumulated depreciation or amortization are written off. The Company wrote off fully depreciated or amortized real estate intangible assets of \$29.1 million and \$3.4 million, respectively, for the year ended December 31, 2023, and \$32.3 million and \$121.6 million, respectively, for the years ended December 31, 2022, and \$52.7 million and \$59.9 million, respectively, for the year ended December 31, 2021.

Impairment of Long-Lived Assets

We evaluate long-lived assets for impairment when events and/or circumstances such as declines in occupancy and operating results indicate that the carrying value of these long-lived assets is compared to the undiscounted future net operating cash flows, plus a terminal value, attributable to the asset. If a store's basis is not considered recoverable, an impairment loss is recorded to the extent the net carrying value of the asset exceeds its recoverable amount. The impairment loss recognized equals the excess of net carrying value over the related fair value of the asset. There were no impairment losses recognized during the years ended December 31, 2023, 2021, 2022 and 2020, 2021.

Long-Lived Assets Held for Sale

We consider long-lived assets to be "held for sale" upon satisfaction of the following criteria: (a) management commits to a plan to sell an asset (or part of an asset) that is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, (c) an active program is required to complete the plan to sell the asset have been initiated, (d) the sale of the asset is probable and transfer of the asset is expected to be completed, (e) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value and (f) actions required to complete the plan indicate that changes to the plan will be made or that the plan will be withdrawn.

Typically these criteria are all met when the relevant asset is under contract, significant non-refundable deposits have been made by the potential buyer, the asset is available for transfer, and there are no contingencies related to the sale that may prevent the transaction from closing. However, each potential transaction is unique and may involve separate facts and circumstances. Assets classified as held for sale are reported at the lesser of carrying value or fair value less estimated costs to sell. The California Yacht Club acquired through our acquisition of LAACO (defined below) has been classified as held for sale as of December 31, 2022, and stores classified as held for sale as of December 31, 2023.

Cash and Cash Equivalents

Cash and cash equivalents are highly-liquid investments with original maturities of three months or less. The Company may maintain cash equivalents in excess of insured limits, but believes this risk is mitigated by only investing in or through major financial institutions.

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Restricted Cash

Restricted cash generally consists of cash deposits required for debt service, capital replacement and expense reserves in connection with agreements, as well as utility deposits.

Loan Procurement Costs

Loan procurement costs related to borrowings were \$53.9 million, \$53.7 million and \$50.1 million, \$53.9 million as of December 31, 2022, December 31, 2021, respectively, and are reported net of accumulated amortization of \$19.8 million, \$25.3 million and \$14.3 million, \$19.8 million as of December 31, 2022, December 31, 2021, respectively.

respectively. In accordance with ASU No. 2015-03, Loan procurement costs, net are presented as a direct deduction from the carrying amount of the related debt liability recorded on the Company's consolidated balance sheets, the costs are recorded as an

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asset net of accumulated amortization. Loan procurement costs associated with the Company's revolving credit facility remain in the Company's consolidated balance sheets. The costs are amortized over the estimated life of the related debt using the effective interest method and amortization expense is recorded on the Company's consolidated statements of operations.

Other Assets

Other assets are comprised of the following as of December 31, 2022 and 2021:

	December 31,	
	2022	2021
	(in thousands)	
Intangible assets, net of accumulated amortization of \$2,263 and \$12,760, respectively	\$ 1,181	\$ 108,794
Accounts receivable, net	7,932	8,145
Prepaid property taxes	8,033	6,938
Prepaid property and casualty insurance	2,129	3,352
Amounts due from affiliates (see note 14)	15,947	15,417
Assets related to deferred compensation arrangements	55,572	60,297
Right-of-use assets - operating leases	49,491	54,741
Ground lease receivable	6,138	—
Other	7,559	8,021
Total other assets, net	\$ 153,982	\$ 265,705

Environmental Costs

Our practice is to conduct or obtain environmental assessments in connection with the acquisition or development of additional stores. Whenever the analysis of the Company's stores indicates that a store is impacted by soil or groundwater contamination from prior owners/operators or other sources, the Company will hire consultants and where appropriate, state governmental agencies, to ensure that the store is either cleaned up, that no cleanup is necessary because there is no significant risk to public health or the environment or that the responsibility for cleanup rests with a third party.

Revenue Recognition

Management has determined that substantially all of the Company's leases are operating leases. Rental income is recognized in accordance with generally are month-to-month.

The Company recognizes gains from sales of real estate in accordance with the guidance on transfer of nonfinancial assets. Payments received from buyers are recorded as deposits. Profit on real estate sold is recognized when a valid contract exists, the collectability of the sales price is reasonably assured and the title is transferred.

Advertising and Marketing Costs

The Company incurs advertising and marketing costs primarily attributable to internet marketing and other media advertisements. These costs are excluded from the calculation of operating income. The Company incurred \$22.4 million, \$21.0 million and \$16.9 million in advertising and marketing expenses for the years ended December 31, 2022, 2021 and 2020, respectively. Property operating expenses are recorded on the Company's consolidated statements of operations.

Equity Offering Costs

Underwriting discounts and commissions, financial advisory fees and other offering costs are reflected as a reduction to additional paid-in capital. For 2022, 2021 and 2020, the Company recognized \$0.2 million, \$28.3 million and \$1.5 million, respectively, of equity offering costs related to the issuance of common stock.

Other Property Related Income

Other property related income consists of late fees, administrative charges, customer storage protection plan fees, sales of storage supplies and recognized in the period that it is earned.

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Capitalized Interest

The Company capitalizes interest incurred that is directly associated with construction activities until the asset is placed into service. Interest is capitalized at the weighted average rate of the Company's outstanding debt. For the years ended December 31, 2022, 2021 and 2020, the Company capitalized \$0.2 million, \$0.1 million and \$0.1 million, respectively, of interest incurred that is directly associated with construction activities.

Derivative Financial Instruments

The Company carries all derivatives on the balance sheet at fair value. The Company determines the fair value of derivatives by observable prices that are based on active markets, but corroborated by market data. The accounting for changes in the fair value of a derivative instrument depends on whether the derivative qualifies as part of a hedging relationship and, if so, the reason for holding it. The Company's use of derivative instruments has been limited to cash flow risk management. The Company had no outstanding derivatives as of December 31, 2022 or 2021.

Income Taxes

The Company has elected to be taxed as a REIT under Sections 856-860 of the Internal Revenue Code since the Company's commencement of operations. To maintain this election, the requirements to maintain these elections are being met. Accordingly, no provision for federal income taxes has been reflected in the consolidated financial statements for operations conducted through our taxable REIT subsidiaries.

Earnings and profits, which determine the taxability of distributions to shareholders, differ from net income reported for financial reporting purposes due to the estimated useful lives used to compute depreciation, and the allocation of net income and loss for financial versus tax reporting purposes. The net tax liability was approximately \$6,145.8 million and \$6,113.5 million as of December 31, 2022 and 2021, respectively.

Since the Company's initial quarter as a publicly-traded REIT, it has made regular quarterly distributions to its shareholders. Distributions to shareholders consist of taxable income, although a portion of the distribution may be designated as capital gain or may constitute a tax-free return of capital. Annually, the Company prepares a statement detailing the tax characterization of dividends paid during the preceding year as ordinary income, capital gain or return of capital. The total dividends for 2022 consisted of an 88.7377% ordinary income distribution and an 11.2623% capital gain distribution.

The Company is subject to a 4% federal excise tax if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% of the sum of (a) 85% of the Company's ordinary income, (b) 95% of the Company's net capital gains and (c) 100% of prior taxable income excluding taxes paid by the Company. No excise tax was incurred in 2022, 2021 or 2020.

Taxable REIT subsidiaries are subject to federal and state income taxes. Our taxable REIT subsidiaries had a net deferred tax liability of \$1.0 million as of December 31, 2022 and 2021, respectively.

Earnings per Share and Unit

Basic earnings per share and unit are calculated based on the weighted average number of common shares and restricted shares outstanding during the year. The diluted earnings per share and unit is calculated by further adjusting for the dilutive impact of share options, unvested restricted shares and contingently issuable shares calculated under the treasury stock method. Potentially dilutive securities calculated under the treasury stock method were 953,000, 1,177,000 and 796,000 for the years ended 2023, 2022 and 2020, respectively.

Share-Based Payments

We apply the fair value method of accounting for contingently issued shares and share options issued under our incentive award plan. According to the fair value method, compensation expense is recorded ratably over the vesting period relating to such contingently issued shares and options. The Company has recognized compensation expense for the fair value of the services received in the requisite service period, which is included in general and administrative expense on the Company's consolidated statement of operations. The Company recognizes compensation expense for the fair value of the services received in the period in which the share-based payments as they occur.

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Investments in Unconsolidated Real Estate Ventures

The Company accounts for its investments in unconsolidated real estate ventures under the equity method of accounting when it is determined that the Company has significant influence over the venture. Under the equity method of accounting, investments in unconsolidated real estate ventures are recorded at cost, and subsequently adjusted for equity in earnings (losses), cash contributions, distributions and impairments. On a periodic basis, the Company reviews for any indicators that the value of the Company's investments in unconsolidated real estate ventures may be other than temporarily impaired. A fair value of the investment, as estimated by management, is less than the carrying value of the investment and the decline is other than temporary. To the extent that temporary has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment, and the determination as to whether impairment exists requires significant management judgment about the fair value of the Company's ownership interest in the unconsolidated real estate ventures using various valuation techniques, including but not limited to, discounted cash flow models, quoted market values and third-party appraisals. There were no changes in the Company's investments in unconsolidated real estate ventures recognized during the years ended December 31, 2022 December 31, 2023 and 2021.

Differences between the Company's net investment in unconsolidated real estate ventures and its underlying equity in the net assets of the ventures are as follows. The Company acquires interests in existing unconsolidated real estate ventures. As of December 31, 2022 December 31, 2023 and 2021, the Company's net investment in unconsolidated real estate ventures was greater than its underlying equity in the net assets of the unconsolidated real estate ventures by an aggregate of \$33.6 million \$32.7 million, respectively. These differences are amortized over the lives of the self-storage properties owned by the real estate ventures, and are reflected as equity in earnings of real estate ventures on within the Company's consolidated statements of operations.

Other Assets

Other assets are comprised of the following as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
	(in thousands)	
Intangible assets, net of accumulated amortization of \$164 and \$2,263, respectively	\$ 1,806	\$ 1,181
Accounts receivable, net	8,944	7,932
Prepaid property taxes	8,171	8,033
Prepaid insurance	4,879	2,129
Amounts due from affiliates (see note 14)	18,045	15,947
Assets related to deferred compensation arrangements	60,038	55,572
Right-of-use assets - operating leases	50,476	49,491
Ground lease receivable	6,193	6,138
Other	4,732	7,559
Total other assets, net	\$ 163,284	\$ 153,982

Revenue Recognition

Management has determined that substantially all of the Company's leases are operating leases. Rental income is recognized in accordance with generally are month-to-month.

The Company recognizes gains from sales of real estate in accordance with the guidance on transfer of nonfinancial assets. Payments received from recorded as deposits. Gains on real estate sold are recognized when a valid contract exists, the collectability of the sales price is reasonably assured and transferred.

Advertising and Marketing Costs

The Company incurs advertising and marketing costs primarily attributable to internet marketing and other media advertisements. These costs are expensed as incurred \$24.5 million, \$22.4 million and \$21.0 million in advertising and marketing expenses for the years ended December 31, 2023, 2022 and 2021, respectively, in Property operating expenses within the Company's consolidated statements of operations.

Equity Offering Costs

Underwriting discounts and commissions, financial advisory fees and other offering costs are reflected as a reduction to additional paid-in capital. For the years ended December 31, 2023, 2022 and 2021, the Company recognized \$0.3 million, \$0.2 million and \$28.3 million, respectively, of equity offering costs related to the issuance of common stock.

Other Property Related Income

Other property related income consists of late fees, administrative charges, customer storage protection plan fees, sales of storage supplies and other charges recognized in the period that it is earned.

Capitalized Interest

The Company capitalizes interest incurred that is directly associated with construction activities until the asset is placed into service. Interest is capitalized at the weighted average rate of the Company's outstanding debt. For the years ended December 31, 2023, 2022 and 2021, the Company capitalized \$0.1 million, respectively, of interest incurred that is directly associated with construction activities.

Derivative Financial Instruments

The Company carries all derivatives on the balance sheet at fair value. The Company determines the fair value of derivatives using observable prices quoted on active markets, but corroborated by market data. The accounting for changes in the fair value of a derivative instrument depends on whether it is designated and qualifies as part of a hedging relationship and, if so, the reason for holding it. The Company's use of derivative instruments has been limited to interest rate risks. The Company had no outstanding derivatives as of December 31, 2023 or 2022.

Income Taxes

The Company has elected to be taxed as a REIT under Sections 856-860 of the Internal Revenue Code since the Company's commencement of operations. The Company believes that the requirements to maintain these elections are being met. Accordingly, no provision for federal income taxes has been reflected in the Company's financial statements other than for operations conducted through our taxable REIT subsidiaries.

Earnings and profits, which determine the taxability of distributions to shareholders, differ from net income reported for financial reporting purposes due to the estimated useful lives used to compute depreciation, and the allocation of net income and loss for financial versus tax reporting purposes. The net tax liability was approximately \$6,022.1 million and \$6,145.8 million as of December 31, 2023 and 2022, respectively.

Since the Company's initial quarter as a publicly-traded REIT, it has made regular quarterly distributions to its shareholders. Distributions to shareholders are taxable as ordinary income, although a portion of the distribution may be designated as capital gain or may constitute a tax-free return of capital. Annually, the Company provides a statement detailing the tax treatment of the distributions.

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characterization of dividends paid during the preceding year as ordinary income, capital gain or return of capital. The Company's dividends for 2023 consist of distributions.

The Company is subject to a 4% federal excise tax if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% which is the sum of (a) 85% of the Company's ordinary income, (b) 95% of the Company's net capital gains and (c) 100% of prior year undistributed distributions and certain taxes paid by the Company. No excise tax was incurred in 2023, 2022 or 2021.

Taxable REIT subsidiaries are subject to federal and state income taxes. Our taxable REIT subsidiaries had a net deferred tax liability of \$1.1 million as of December 31, 2023 and 2022, respectively.

Earnings per Share and Unit

Basic earnings per share and unit are calculated based on the weighted average number of common shares and restricted shares outstanding during the year. Diluted earnings per share and unit is calculated by further adjusting for the dilutive impact of share options, unvested restricted shares and contingently issuable shares calculated under the treasury stock method. Potentially dilutive securities calculated under the treasury stock method were 817,000, 953,000 and 1,177,000 for the years 2020, 2021 and 2022, respectively.

Share-Based Payments

We apply the fair value method of accounting for contingently issued shares and share options issued under our incentive award plan. According to the plan, compensation expense is recorded ratably over the vesting period relating to such contingently issued shares and options. The Company has recognized compensation expense for the requisite service period, which is included in general and administrative expense within the Company's consolidated statement of operations. The Company makes share-based payments as they occur.

Recent Accounting Pronouncements

In August 2020, November 2023, the FASB Financial Accounting Standards Board ("FASB") issued ASU Accounting Standards Update ("ASU") No. 21-10, Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in an Entity's Own Equity (Subtopic 815-40). Segment Reporting – Reportable Segment Disclosures. The new amended guidance eliminates requires the beneficial conversion and cash conversion accounting models and amends the accounting for certain contracts in an entity's own equity disclosure of incremental segment information, including significant segments accounted for regularly provided to the chief operating decision maker ("CODM") and a reconciliation of segment profit or loss to net income. The title and purpose of the new guidance is to improve the relevance, comparability, and decision-usefulness of segment information. The new guidance also requires disclosure, along with how the CODM uses the reported measures to assess segment performance and to allocate resources. Entities with a single operating segment (i.e., a company) will be required to provide the disclosures required by Topic 280, as amended. ASU 2023-07 is effective for as derivatives because of certain contracts that may be settled in cash or shares impact the diluted earnings per share amount. The new guidance also requires disclosure of how particular convertible instruments and certain contracts that may be settled in cash or shares impact the diluted earnings per share amount. The standard was effective on January 1, 2022 fiscal years beginning after December 15, 2023. The adoption of this guidance did not have a significant impact on our consolidated financial statements.

Concentration of Credit Risk

The Company's stores are located in major metropolitan and rural areas and have numerous customers per store. No single customer represents revenues. The stores in New York, Florida, California and Texas provided approximately 17%, 15%, 11% and 9%, respectively, of the Company's revenues for the year ended December 31, 2023. The stores in New York, Florida, California and Texas provided approximately 16%, 15%, 11% and 9%, respectively, of the Company's revenues for the year ended December 31, 2022. The stores in New York, Florida, Texas and California provided approximately 19%, 15%, 9% and 8%, respectively, of the Company's revenues for the year ended December 31, 2021. The stores in New York, Florida, Texas and California provided approximately 16%, 15%, 9% and 8%, respectively, of the Company's revenues for the year ended December 31, 2020.

3. STORAGE PROPERTIES

The book value of the Company's real estate assets is summarized as follows:

	December 31,	
	2022	2021
	(in thousands)	
Land	\$ 1,588,138	\$ 1,565,463
Buildings and improvements	5,483,506	5,368,383
Equipment	144,605	129,531
Construction in progress	37,584	78,221
Right-of-use assets - finance leases	41,945	41,896
Storage properties	7,295,778	7,183,494
Less: Accumulated depreciation	(1,247,775)	(1,085,824)
Storage properties, net	<u>\$ 6,048,003</u>	<u>\$ 6,097,670</u>

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3. STORAGE PROPERTIES

The book value of the Company's real estate assets is summarized as follows:

	December 31,	
	2023	2022
	(in thousands)	
Land	\$ 1,594,742	\$ 1,588,138
Buildings and improvements	5,517,544	5,483,506
Equipment	144,372	144,605
Construction in progress	69,010	37,584
Right-of-use assets - finance leases	41,945	41,945
Storage properties	7,367,613	7,295,778
Less: Accumulated depreciation	(1,416,377)	(1,247,775)
Storage properties, net	<u>\$ 5,951,236</u>	<u>\$ 6,048,003</u>

The following table summarizes the Company's acquisition and disposition activity for the years ended December 31, 2022 December 31, 2023, 2021

Asset/Portfolio	Metropolitan Statistical Area	Transaction Date	Number of	Purchase / Sale Price	Metropolitan Statistical Area
			Stores		
2023 Acquisition:					

	New Jersey Asset						New York-Northern New Jersey-Long Island, NY-NJ-PA
<i>2023 Disposition:</i>							
	Illinois Asset (1)						Chicago-Naperville-Joliet, IL-IN-WI
<i>2022 Acquisitions:</i>							
Maryland Asset	Washington-Arlington-Alexandria, DC-VA-MD-WV	February 2022	1	\$	32,000		Washington-Arlington-Alexandria, DC-VA-MD-WV
Texas Asset	San Antonio, TX	June 2022	1		23,000		San Antonio, TX
Georgia Asset	Atlanta, GA	July 2022	1		20,700		Atlanta, GA
			3	\$	75,700		
<i>2021 Acquisitions:</i>							
Minnesota Asset (1)	Minneapolis-St. Paul-Bloomington, MN-WI	April 2021	1	\$	12,000		
<i>Minnesota Asset (2)</i>							
Maryland Asset	Baltimore-Towson, MD	June 2021	1		22,075		Baltimore-Towson, MD
New Jersey/Pennsylvania Assets	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	July 2021	2		33,000		Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
Florida Asset	Miami-Fort Lauderdale-Pompano Beach, FL	November 2021	1		14,750		Miami-Fort Lauderdale-Pompano Beach, FL
Georgia Asset	Atlanta-Sandy Springs-Marietta, GA	November 2021	1		15,200		Atlanta-Sandy Springs-Marietta, GA
Pennsylvania Asset	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	November 2021	1		24,500		Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
Nevada Asset	Las Vegas-Paradise, NV	December 2021	1		21,000		Las Vegas-Paradise, NV
Storage West Assets	Various (see note 4)	December 2021	57		1,648,426 (2)		Various (see note 4)
Illinois Asset	Chicago-Naperville-Joliet, IL-IN-WI	December 2021	1		10,300		Chicago-Naperville-Joliet, IL-IN-WI
			66	\$	1,801,251		
<i>2021 Dispositions:</i>							
<i>Colorado/Nevada</i>							
Assets	Denver-Aurora, CO / Las Vegas-Paradise, NV	September 2021	2	\$	16,900		Denver-Aurora, CO / Las Vegas-Paradise, NV
North Carolina Assets	Burlington, NC	September 2021	2		21,700		Burlington, NC
Texas Asset	Houston-Sugar Land-Baytown, TX	November 2021	1		5,200		Houston-Sugar Land-Baytown, TX
			5	\$	43,800		
<i>2020 Acquisitions:</i>							
Texas Asset	San Antonio, TX	February 2020	1	\$	9,025		
Maryland Asset	Baltimore-Towson, MD	April 2020	1		17,200		
New Jersey Asset	New York-Northern New Jersey-Long Island, NY-NJ-PA	April 2020	1		48,450		
Florida Asset	Palm Bay-Melbourne-Titusville, FL	November 2020	1		3,900		
Texas Asset	Austin-Round Rock, TX	November 2020	1		10,750		
Texas Asset	Dallas-Fort Worth-Arlington, TX	November 2020	1		10,150		
Nevada Asset	Las Vegas-Paradise, NV	December 2020	1		16,800		
New York Asset	New York-Northern New Jersey-Long Island, NY-NJ-PA	December 2020	1		6,750		

Florida Asset	Tampa-St. Petersburg-Clearwater, FL	December 2020	1	10,000
Virginia Asset	Washington-Arlington-Alexandria, DC-VA-MD-WV	December 2020	1	17,350
Storage Deluxe Assets	New York-Northern New Jersey-Long Island, NY-NJ-PA	December 2020	8	540,000
Florida Assets	Orlando-Kissimmee, FL / Deltona-Daytona Beach-Ormond Beach, FL	December 2020	3	45,500
			21	\$ 735,875

2020 Disposition:

New York Asset	New York-Northern New Jersey-Long Island, NY-NJ-PA	December 2020	1	\$ 12,750
			1	\$ 12,750

(1) Acquired This store was subject to an involuntary conversion by the Department of Transportation of the State of Illinois.

(2) This store was acquired by a consolidated joint venture in which the Company holds a 50% interest.

(2) Purchase price represents the acquisition of all 167,557 outstanding partnership units of LAACO, Ltd. ("LAACO") for \$9,838 per unit. At the time of the acquisition, the Company owned 57 storage properties (the "Storage West Assets") and 50% ownership interests in two separate joint ventures. Through this acquisition, the Company became the sole owner of its wholly-owned subsidiaries, the Los Angeles Athletic Club and the California Yacht Club (the "Club Operations"). The Los Angeles Athletic

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Club was sold by the Company during the year ended December 31, 2022. The California Yacht Club is classified as held for sale on the balance sheets as of December 31, 2022 (see note 4) and was sold to the Company during the year ended December 31, 2023.

4. INVESTMENT ACTIVITY

2023 Acquisition

During the year ended December 31, 2023, the Company acquired one store located in New Jersey for a purchase price of \$22.0 million. In connection with the acquisition, the Company accounted for it as an asset acquisition. The Company allocated the purchase price and acquisition-related costs to the tangible and intangible assets based on their fair value. Intangible assets consisted of in-place leases, which aggregated to \$2.0 million at the time of the acquisition and prior to amortization of such assets. The useful life of in-place leases is 12 months and the amortization expense that was recognized during the year ended December 31, 2023 was approximately \$0.2 million.

As of December 31, 2023 the Company had made a deposit of \$0.2 million associated with a portfolio of two stores that was under contract to be sold for \$20.2 million (see note 18). This deposit is reflected in Other assets, net on the Company's consolidated balance sheets.

2023 Dispositions

During the year ended December 31, 2023, the Company sold the California Yacht Club, which it purchased in December 2021 as part of the LAACO acquisition. The loss on the sale of the California Yacht Club was \$0.2 million and was recognized in conjunction with the sale. This loss is included in the component of other (expense) income designated as Other within the Company's statements of operations.

Additionally, in December 2023, a store was subject to an involuntary conversion by the Department of Transportation of the State of Illinois. The Company recorded a gain of \$4.8 million on the conversion. This gain is included in the component of other (expense) income designated as Other within the Company's statements of operations.

2022 Acquisitions

During the year ended December 31, 2022, the Company acquired three stores located in Georgia (1), Maryland (1) and Texas (1) for an aggregate connection with these transactions, which were accounted for as asset acquisitions, the Company allocated the purchase price and acquisition-related assets acquired based on relative fair value. Intangible assets consisted of in-place leases, which aggregated to \$3.4 million at the time of the acquisition.

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such amounts. The estimated life of these in-place leases is 12 months and the amortization expense that was recognized during the years ended 2023 and 2022 was approximately \$1.1 million and \$2.3 million, respectively.

Additionally, on February 2, 2022, the Company acquired land underlying a wholly-owned store located in Bronx, New York for \$7.5 million. The ground lease in which the Company served as lessee. As a result of the transaction, which was accounted for as an asset acquisition, the Company under the ground lease, and the right-of-use asset and lease liability totaling \$4.1 million and \$5.0 million, respectively, were removed from the Company's balance sheet.

Also, on April 28, 2022, the Company acquired land underlying a store owned by 191 IV CUBE LLC, an unconsolidated joint venture in which the Company has a 50% interest (see note 5). The purchase price for the land was \$6.1 million, and the Company now serves as the lessor in a ground lease of the land to 191 IV CUBE LLC.

2022 Dispositions Disposition

During the year ended December 31, 2022, the Company sold the Los Angeles Athletic Club, which it purchased in December 2021 as part of a larger acquisition. No gain or loss was recognized in conjunction with the sale.

Assets Held for Sale

As of December 31, 2022, the Company determined that the California Yacht Club (the "CYC") met the criteria to be classified as held for sale. Assets associated with the CYC have been categorized as held for sale within the Company's consolidated balance sheets. As of December 31, 2022, the estimated fair value of the CYC was greater than the carrying value of the CYC, and therefore no loss has been recorded in the current period.

Development Activity

As of December 31, 2022, the Company had invested in consolidated joint ventures to develop two self-storage properties in New York (1)(3). Construction for these projects is expected to be completed by the second quarter of 2024. As of December 31, 2022, the estimated costs incurred to date for these projects totaled \$27.6 million. Total construction costs for these projects are expected to be \$64.0 million.

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are expected to be \$64.0 million. These costs are capitalized to construction in progress while the projects are under development and reflected in the Company's consolidated balance sheets.

The Company has completed the construction of and opened for operation the following stores since January 1, 2020. The costs of these stores are capitalized to land, building and improvements, as well as equipment and are reflected in Storage properties on the Company's consolidated balance sheets.

Store Location	Number of Stores	Date Opened	CubeSmart		Total Construction Costs (in thousands)	Number of Stores	Date Opened
			Ownership Interest	Total			
Valley Stream, NY (1)	1	Q3 2022	51%	\$ 39,000	1	Q3 2022	
Vienna, VA (1) (2)	1	Q2 2022	80%	\$ 21,800	1	Q2 2022	
Newton, MA (2) (3)	1	Q4 2021	100%	\$ 20,800	1	Q4 2021	
East Meadow, NY (3) (1)	1	Q2 2021	100%	\$ 25,900	1	Q2 2021	
King of Prussia, PA	1	Q2 2021	70%	\$ 22,800	1	Q2 2021	
Arlington, VA (1) (2)	1	Q1 2021	90%	\$ 26,400	1	Q1 2021	
Brooklyn, NY (3)	1	Q2 2020	100%	\$ 45,900			
	7			\$ 202,600	6		

(1) (1) These stores were previously owned by two separate consolidated joint ventures, of which the Company held a 51% ownership interest in each. The noncontrolling member in the venture that owned the East Meadow, NY store put its 49% interest in the venture to the Company for \$6.6 million. The noncontrolling member in the venture that owned the Valley Stream, NY store put its 49% interest in the venture to the Company for \$15.3 million. Prior to these transactions, the noncontrolling member's interest in each of these transactions are included in Development costs in the consolidated statements of cash flows.

(2) Each of these stores are located adjacent to an existing consolidated joint venture store. Given this proximity, each of these stores has been counted as one store in our store count upon opening, as well as for operational and reporting purposes.

(2) During the fourth quarter of 2021, the Company, through a joint venture in which it owned a 90% interest that was previously consolidated, completed the acquisition of the 10% interest of the noncontrolling member in the venture that owned the Brooklyn, NY store and it was opened for operation. On December 14, 2021, the Company acquired the 10% interest of the noncontrolling member in the venture for \$2.7 million. Prior to this transaction, the noncontrolling member's interest in this venture was reported in Noncontrolling interests in subsidiaries on the Company's consolidated balance sheets. Since the Company retained its controlling interest in the venture and the store is now wholly owned, this transaction was accounted for as an equity transaction. The carrying amount of the noncontrolling interest was reduced to zero to reflect the purchase and the difference between the carrying amount of the noncontrolling interest of \$2.7 million and the carrying amount of the noncontrolling interest of \$13.2 million recorded as an adjustment to equity attributable to the Company. The \$13.2 million related party loan extended by the Company to the venture that owned the store was repaid in conjunction with the acquisition of the 10% interest of the noncontrolling member's ownership interest.

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Company's consolidated balance sheets. Since the Company retained its controlling interest in the venture and the store is now wholly owned, this transaction was accounted for as an equity transaction. The carrying amount of the noncontrolling interest was reduced to zero to reflect the purchase and the difference between the carrying amount of the noncontrolling interest of \$2.7 million and the carrying amount of the noncontrolling interest of \$13.2 million recorded as an adjustment to equity attributable to the Company. The \$13.2 million related party loan extended by the Company to the venture that owned the store was repaid in conjunction with the acquisition of the 10% interest of the noncontrolling member's ownership interest.

(3) These stores were previously owned by two separate consolidated joint ventures, of which the Company held a 51% ownership interest in each. The noncontrolling member in the venture that owned the Brooklyn, NY store put its 49% interest in the venture to the Company for \$10.0 million, of which \$9.0 million was paid in cash. The Company issued 276,497 OP Units that were valued at approximately \$9.0 million as consideration for the remainder of the purchase. In 2021, the noncontrolling member in the venture that owned the East Meadow, NY store put its 49% interest in the venture to the Company for \$15.3 million. Prior to these transactions, the noncontrolling member's interest in each of these transactions are included in Development costs in the consolidated statements of cash flows.

During the year ended December 31, 2023, construction on a portion of the Company's development property in Astoria, NY was substantially completed. The remainder of the development is expected to be completed during the second quarter of 2024.

LAACO Acquisition

On December 9, 2021, the Company acquired all outstanding partnership units of LAACO, the owner of the Storage West Assets and, as a result, became a 100% owned subsidiary of the Company. The 57 Storage West Assets are located in Arizona (17), California (20), Nevada (13) and Texas (7). Through its acquisition of LAACO, the Company acquired a 50% interest in two separate unconsolidated joint ventures, each of which own one storage property in California (see note 5). In addition, the Company also acquired the Club Operations, which included the Los Angeles Athletic Club (consisting of athletic facilities, food and beverage services).

CYC California Yacht Club (consisting of sports facilities, food and beverage operations and a marina). During the year ended December 31, 2022, the CYC California Yacht Club (see above). As of December 31, 2022 During the year ended December 31, 2023, the CYC is classified as held for sale on Company balance sheets. California Yacht Club (see above).

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The following summarizes the relevant components contemplated in the acquisition of LAACO:

	Amount (in thousands)
Costs contemplated:	
Capitalized costs:	
LAACO partnership units (1)	\$ 1,648,426
Long-term debt assumed and repaid at closing	40,880
Payments to LAACO management (capitalized) (2)	16,807
Other transaction costs (3)	13,407
Total capitalized costs	<u>\$ 1,719,520</u>
Payments and anticipated payments to LAACO management (expensed) (2)	<u>25,144</u>
Total costs contemplated	<u><u>\$ 1,744,664</u></u>

Estimated fair value of Club Operations (included in total costs contemplated above)\$ 46,800

(1) Represents the acquisition of all 167,557 outstanding partnership units for \$9,838 per unit.

(2) Upon the acquisition of LAACO, the Company assumed severance obligations payable to certain employees pursuant to pre-existing agreements. Of these arrangements, \$16.8 million in costs were capitalized to the basis of the acquired properties while \$25.1 million were considered post-combined. Of this \$25.1 million, \$10.3 million and \$14.8 million were included in the component of other (expense) income designated as Other for the year 2021, respectively. There were no severance costs recognized during the year ended December 31, 2023.

(3) Includes consulting fees, legal fees, and other costs.

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The Company accounted for the acquisition of LAACO as an asset acquisition. As a result, the capitalized costs noted above were allocated to LAACO assets and real estate venture investments on a relative fair value basis. All other assets acquired and liabilities assumed were recorded at fair value accounting for the LAACO acquisition.

	<u>Amount</u>
	(in thousands)
Storage properties	\$ 1,517,243
Cash and cash equivalents	18,291
Investment in real estate ventures, at equity	35,737
Assets held for sale	50,435
Other assets, net	143,599
Accounts payable, accrued expenses and other liabilities	(38,350)
Deferred revenue	(3,764)
Security deposits	(36)
Liabilities held for sale	(3,635)
Total	<u>\$ 1,719,520</u>

Intangible assets (included above in Other assets, net) consisted of in-place leases, which aggregated to \$109.7 million at the time of the acquisition amounts. The estimated life of these in-place leases is 12 months and the amortization expense that was recognized during the years ended December 31, 2022 and 2021 was approximately \$100.6 million and \$9.1 million, respectively. There was no amortization expense recognized for these in-place leases during the year ended December 31, 2022.

Other 2021 Acquisitions

During the year ended December 31, 2021, the Company acquired eight additional stores located in Florida (1), Georgia (1), Illinois (1), Maryland (1), Pennsylvania (2) for an aggregate purchase price of approximately \$140.8 million. Also, a consolidated joint venture, in which the Company holds a 50% interest, was formed in Minnesota for a purchase price of \$12.0 million. In connection with these transactions, which were accounted for as asset acquisitions, the Company allocated acquisition-related costs to the tangible and intangible assets acquired based on fair value. Intangible assets consisted of in-place leases, which aggregated to \$109.7 million at the time of the acquisitions and prior to amortization of such amounts. The estimated life of these in-place leases is 12 months and the amortization expense that was recognized during the years ended December 31, 2022 and 2021 was approximately \$100.6 million and \$9.1 million, respectively. There was no amortization expense recognized for these in-place leases during the year ended December 31, 2022.

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was approximately \$8.3 million and \$3.6 million, respectively. There was no amortization expense recognized for these in-place leases during the year ended December 31, 2022.

2021 Dispositions

During the year ended December 31, 2021, the Company sold five stores located in Colorado (1), Nevada (1), North Carolina (2) and Texas (1) for approximately \$32.7 million. In conjunction with the sales, the Company recorded gains that totaled \$32.7 million.

2020 Acquisitions

The Company acquired a portfolio of eight stores located in the outer boroughs of New York City (the "Storage Deluxe Assets"), in two separate transactions for an aggregate purchase price of \$540.0 million. In connection with the acquisition of the Storage Deluxe Assets, the Company assumed six mortgage loans with a principal amount of \$154.4 million at the time of acquisition, one of which had an outstanding principal balance of \$33.2 million and was repaid immediately. The fair value of the remaining five loans was recorded at a fair value of \$169.2 million, which includes an aggregate net premium of \$14.8 million to reflect the estimated fair value of the debt. The remainder of the purchase price was funded with \$210.5 million of cash and \$175.1 million through the issuance of 5,272,023 OP Units (see note 12). In connection with the acquisition of the Storage Deluxe Assets, which was accounted for as an asset acquisition, the Company allocated the purchase price and acquisition related costs to the assets acquired based on fair value. Intangible assets consisted of in-place leases, which aggregated to \$48.6 million at the time of the acquisition and prior to amortization. The estimated life of these in-place leases was 12 months and the amortization expense that was recognized during the year ended December 31, 2021 was approximately \$4.1 million. There was no amortization expense recognized for these in-place leases during the year ended December 31, 2022. Additionally, as part of the transaction, the Company assumed two existing ground leases as lessee, two of which have been classified as finance leases and one of which has been classified as an operating lease (see note 12).

During the year ended December 31, 2020, the Company acquired 13 additional stores located in Florida (5), Maryland (1), Nevada (1), New Jersey (1), and Virginia (1) for an aggregate purchase price of approximately \$195.9 million. In connection with these transactions, which were accounted for as acquisitions, the Company allocated the purchase price and acquisition related costs to the tangible and intangible assets acquired based on fair value. Intangible assets acquired aggregated to \$11.4 million at the time of the acquisitions and prior to amortization of such amounts. The estimated life of these in-place leases was 10 years. The expense that was recognized during the years ended December 31, 2021 and 2020 was approximately \$9.3 million and \$2.1 million, respectively. The expense that was recognized for these in-place leases during the year ended December 31, 2022.

Additionally, on July 20, 2020, the Company acquired land underlying a wholly-owned store located in the Bronx, New York for \$9.5 million. The land lease in which the Company served as lessee. As a result of the transaction, which was accounted for as an asset acquisition, the Company was relieved of its ground lease, and the right-of-use asset and lease liability totaling \$5.1 million and \$5.0 million, respectively, were removed from the Company's consolidated financial statements.

2020 Disposition

On December 22, 2020, the Company sold a self-storage property located in New York for a sales price of \$12.8 million. The Company recorded a gain on the sale.

5. INVESTMENT IN UNCONSOLIDATED REAL ESTATE VENTURES

The Company's investments in unconsolidated real estate ventures are summarized as follows (dollars in thousands):

Unconsolidated Real Estate Ventures	Ownership Interest	Number of Stores as of		Carrying Value of Investment as of		Ownership Interest	Number of Stores as of		
		December 31,		December 31,			December 31,		
		2022	2021	2022	2021		2023	2022	
Fontana Self Storage, LLC ("Fontana") (1)	50%	1	1	\$ 13,789	\$ 14,225	50%	1	1	
Rancho Cucamonga Self Storage, LLC ("RCSS") (1)	50%	1	1	20,994	21,536	50%	1	1	
191 V CUBE LLC ("HVP V") (2)	20%	6	5	14,318	16,080	20%	6	6	
191 IV CUBE Southeast LLC ("HVPSE") (3)	10%	-	14	—	4,541				
191 IV CUBE LLC ("HVP IV")	20%	28	28	19,853	23,223	20%	28	28	
CUBE HHF Northeast Venture LLC ("HHFNE")	10%	13	13	1,101	1,291	10%	13	13	
CUBE HHF Limited Partnership ("HHF")	50%	28	28	35,938	38,855	50%	28	28	
		<u>77</u>	<u>90</u>	<u>\$ 105,993</u>	<u>\$ 119,751</u>		<u>77</u>	<u>77</u>	

(1) On December 9, 2021, the Company completed the acquisition of LAACO, which included a 50% interest in Fontana and RCSS, each of which were previously owned by LAACO. As of the date of acquisition, the Company recognized differences between the Company's equity investment in Fontana and RCSS at the venture level. As of December 31, 2022, this difference was \$13.1 million. As of December 31, 2023, this difference was \$12.8 million for Fontana and \$19.6 million for RCSS. These differences are being amortized over the expected useful life of the self-storage properties owned by the ventures.

(2) During the year ended December 31, 2022, HVP V acquired one store located in New Jersey for a purchase price of \$33.2 million. The Company funded the purchase, which was primarily funded by HVP V's secured term loan.

As of December 31, 2023, the Company also held a 10% interest in 191 IV CUBE Southeast LLC ("HVPSE"). On August 30, 2022, HVPSE sold a 10% interest to a third-party buyer for an aggregate sales price of \$235.0 million. During the year ended December 31, 2023, the Company received distributions of \$1.7 million in HVPSE from proceeds that were held back at the time of the sale. These distributions are included in Equity in earnings of real estate ventures in the statements of operations. As of December 31, 2023, HVPSE had no assets or liabilities.

(3) On August 30, 2022, HVPSE sold all 14 of its stores to an unaffiliated third-party buyer for an aggregate sales price of \$235.0 million. The store in Florida (2), Georgia (8) and South Carolina (4). As of the transaction date, HVPSE had an \$81.6 million secured term loan, which was repaid. Proceeds to the venture from the transaction totaled \$150.1 million, of which \$49.9 million were distributed to the Company. The venture recorded approximately \$114.1 million in connection with the sale. As of December 31, 2022, the venture retained cash of \$3.5 million to pay venture-level expenses. If any remaining proceeds are paid, any remaining proceeds will be distributed to the venture's partners per the terms of the operating agreement.

Based upon the facts and circumstances at acquisition of the Company determined that Fontana, and RCSS, and formation of HVP V, HVPSE ("Ventures"), the Company determined that the Ventures are not VIEs in accordance with the accounting standard for the consolidation of VIEs. As a result, the Company uses the equity method under the accounting standard for consolidation in order to determine whether to consolidate the Ventures. Based upon each member's share of the activities of each entity as stipulated in the operating agreements, the Ventures are not consolidated by the Company and are accounted for under the equity method. The Company's investments in the Ventures are included in Investment in real estate ventures, at equity on the Company's consolidated balance sheet. The Company's earnings from its investments in the Ventures are presented in Equity in earnings of real estate ventures within the Company's consolidated statements of operations.

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method of accounting. The Company's investments in the Ventures are included in Investment in real estate ventures, at equity on the Company's consolidated balance sheet. The Company's earnings from its investments in the Ventures are presented in Equity in earnings of real estate ventures on the Company's consolidated statements of operations.

The amounts reflected in the following table are based on the historical financial information of the Ventures. The following is a summary of the financial results of operations for the years ended December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31,	
	2022	2021
Assets		
Assets		
Assets		
Storage properties, net	\$ 741,563	\$ 741,563
Other assets	11,708	11,708
Total assets	<u>\$ 753,271</u>	<u>\$ 753,271</u>
(in thousands)		
Liabilities and equity		
Debt	\$ 468,783	\$ 468,783
Other liabilities	16,626	16,626
Equity		
CubeSmart	73,289	73,289
Joint venture partners	194,573	194,573
Total liabilities and equity	<u>\$ 753,271</u>	<u>\$ 753,271</u>

The following is a summary of results of operations of the Ventures for the years ended December 31, 2022 December 31, 2023, 2021 2022, and 2020.

	For the year ended December 31,		
	2022	2021	2020

	(in thousands)			
Total revenues	\$ 102,910	\$ 88,449	\$ 67,239	
Operating expenses	(42,408)	(37,967)	(30,755)	
Other expenses	(484)	(1,138)	(430)	
Interest expense, net	(15,568)	(12,031)	(11,585)	
Depreciation and amortization	(36,866)	(37,805)	(33,086)	
Gains from sale of real estate, net	114,107	46,966	—	
Net income (loss)	\$ 121,691	\$ 46,474	\$ (8,617)	
Company's share of net income (loss)	\$ 48,877	\$ 25,275	\$ 178	
Net income				
Company's share of net income				

6. UNSECURED SENIOR NOTES

The Company's unsecured senior notes are summarized as follows (collectively referred to as the "Senior Notes"):

Unsecured Senior Notes	December 31,		Effective Interest Rate	Issuance Date	Maturity Date	December 31,	
	2022	2021				2023	2022
(in thousands)							
\$300M 4.000% Guaranteed Notes due 2025							
(1)	\$ 300,000	\$ 300,000	3.99 %	Various (1)	Nov-25	\$ 300,000	\$ 300,00
\$300M 3.125% Guaranteed Notes due 2026	300,000	300,000	3.18 %	Aug-16	Sep-26	300,000	300,00
\$550M 2.250% Guaranteed Notes due 2028	550,000	550,000	2.33 %	Nov-21	Dec-28	550,000	550,00
\$350M 4.375% Guaranteed Notes due 2029	350,000	350,000	4.46 %	Jan-19	Feb-29	350,000	350,00
\$350M 3.000% Guaranteed Notes due 2030	350,000	350,000	3.04 %	Oct-19	Feb-30	350,000	350,00
\$450M 2.000% Guaranteed Notes due 2031	450,000	450,000	2.10 %	Oct-20	Feb-31	450,000	450,00
\$500M 2.500% Guaranteed Notes due 2032	500,000	500,000	2.59 %	Nov-21	Feb-32	500,000	500,00
Principal balance outstanding	2,800,000	2,800,000				2,800,000	2,800,00
Less: Discount on issuance of unsecured senior notes, net	(11,801)	(13,455)				(10,148)	(11,80)

Less: Loan procurement costs, net	(15,849)	(18,336)	(13,362)	(15,849)
Total unsecured senior notes, net	\$ 2,772,350	\$ 2,768,209	\$2,776,490	\$2,772,35

(1) On April 4, 2017, the Operating Partnership issued \$50.0 million of its 4.000% senior notes due 2025, which are part of the same series as the Operating Partnership's 4.000% senior notes due November 15, 2025 issued on October 26, 2015. The \$50.0 million and \$250.0 million trade and 99.735%, respectively, of the

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principal amount to yield 3.811% and 4.032%, respectively, to maturity. The combined weighted average effective interest rate of the 2025 note

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The indenture under which the Senior Notes were issued restricts the ability of the Operating Partnership and its subsidiaries to incur debt unless consolidated subsidiaries comply with a leverage ratio not to exceed 60% and an interest coverage ratio of more than 1.5:1.0 after giving effect to the indenture. The indenture also restricts the ability of the Operating Partnership and its subsidiaries to incur secured debt unless the Operating Partnership and its consolidated subsidiaries have a secured debt leverage ratio not to exceed 40% after giving effect to the incurrence of the debt. The indenture also contains other financial and customary covenants, including a restriction on the ability of the Operating Partnership and its consolidated subsidiaries to own unencumbered assets with a value less than 150% of the unsecured indebtedness of the Operating Partnership and its consolidated subsidiaries. As of December 31, 2022 December 31, 2023, the Operating Partnership was in compliance with all of the financial covenants under the Senior Notes.

7. REVOLVING CREDIT FACILITY

On December 9, 2011, the Company entered into a credit agreement (the "Credit Facility"), which was subsequently amended and restated. On October 1, 2015, the Company amended and restated, in its entirety, the Credit Facility (the "Second Amended and Restated Credit Facility") which, subsequent to the amendment and restatement, provided for a \$850.0 million unsecured revolving credit facility (the "Revolver") maturing on February 15, 2027. Under the Second Amended and Restated Credit Facility, the availability of the Revolver is dependent upon the Company's unsecured debt credit ratings and leverage levels. At the Company's current unsecured debt credit ratings and leverage levels, the Revolver are priced using a margin of 0.775% plus a facility fee of 0.15% over SOFR the Secured Overnight Financing Rate ("SOFR") and a 0.10% SOFR.

As of December 31, 2022 December 31, 2023, borrowings under the Revolver had an interest rate of 5.33% 6.41%. Additionally, as of December 31, 2022 December 31, 2023, \$831.3 million was available for borrowing under the Revolver. The available balance under the Revolver is reduced by an outstanding letter of credit.

Under the Second Amended and Restated Credit Facility, the Company's ability to borrow under the Revolver is subject to ongoing compliance with certain financial covenants, including, among other things, (1) a maximum total indebtedness to total asset value of 60.0%, and (2) a minimum fixed charge coverage ratio of 1.5:1.0. As of December 31, 2022 December 31, 2023, the Operating Partnership was in compliance with all financial covenants of its financial covenants, the Second Amended and Restated Credit Facility.

8. MORTGAGE LOANS AND NOTES PAYABLE

The Company's mortgage loans and notes payable are summarized as follows:

Carrying Value as of	December 31,	Effective	Maturity	Carrying Value as of	December 31,

Mortgage Loans and Notes Payable	2022	2021	Interest Rate	Date	2023
(in thousands)					
Nashville V, TN	\$ 2,148	\$ 2,206	3.85 %	Jun-23	
New York, NY	28,669	29,340	3.51 %	Jun-23	
(in thousands)					
Nashville V, TN (1)				\$ —	
New York, NY (1)				—	
Annapolis I, MD	4,906	5,099	3.78 %	May-24	4,703
Brooklyn XV, NY	15,093	15,423	2.15 %	May-24	14,746
Long Island City IV, NY	12,270	12,580	2.15 %	May-24	11,946
Long Island City II, NY	18,283	18,714	2.25 %	Jul-26	17,834
Long Island City III, NY	18,290	18,723	2.25 %	Aug-26	17,839
Flushing II, NY	54,300	54,300	2.15 %	Jul-29	54,300
Principal balance outstanding	153,959	156,385			121,368
Plus: Unamortized fair value adjustment	10,228	12,981			7,689
Less: Loan procurement costs, net	(1,269)	(1,690)			(871)
Total mortgage loans and notes payable, net	<u>\$ 162,918</u>	<u>\$ 167,676</u>			<u>\$128,186</u>

(1) These mortgage loans were repaid in full in June 2023.

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As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company's mortgage loans and notes payable were secured by certain of its se values of approximately \$442.9 million \$356.1 million and \$450.7 million \$442.9 million, respectively. The following table represents the future princi outstanding mortgage loans and notes payable as of December 31, 2022 December 31, 2023 (in thousands):

2023	\$ 32,591
2024	32,329
2025	979
2026	33,760
2027	—
2028 and thereafter	54,300
Total mortgage payments	153,959
Plus: Unamortized fair value adjustment	10,228
Less: Loan procurement costs, net	(1,269)
Total mortgage loans and notes payable, net	<u>\$ 162,918</u>

2024	\$ 32,329
2025	979
2026	33,760
2027	—
2028	—
2029	54,300
Total principal payments	<u>\$ 121,368</u>

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss represents unrealized losses on interest rate swaps (see note 10). The following table summarizes the accumulated other comprehensive loss for the years ended December 31, 2022 December 31, 2023 and 2021, 2022.

	December 31,	
	2022	
Beginning balance	\$ (575)	\$
Reclassification of realized losses on interest rate swaps (1)	81	
Ending balance	(494)	
Less: portion included in noncontrolling interests in the Operating Partnership	3	
Total accumulated other comprehensive loss included in equity	<u>\$ (491)</u>	<u>\$</u>

(1) See note 10 for additional information about the effects of the amounts reclassified.

10. RISK MANAGEMENT AND USE OF FINANCIAL INSTRUMENTS

The Company is exposed to credit risk with regard to its cash accounts. The Company holds deposits at certain financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Company's cash accounts are held with major financial institutions and management believes that the risk of loss due to disruption at these financial institutions is remote.

The Company's use of derivative instruments is limited to the utilization of interest rate swap agreements or other instruments to manage interest rate risk for speculative purposes. The principal objective of such arrangements is to minimize the risks and/or costs associated with the Company's operating and financing activities. The counterparties to these arrangements are major financial institutions with which the Company and its subsidiaries have long-standing relationships. The Company is potentially exposed to credit loss in the event of non-performance by these counterparties. However, because the counterparties are major financial institutions, the Company does not anticipate that any of the counterparties will fail to meet these obligations as they come due. The Company does not believe that it is exposed to significant market risks.

The Company formally assesses, both at inception of a hedge and on an on-going basis, whether each derivative is highly-effective in offsetting cash flows. If management determines that the derivative is highly-effective as a hedge, then the Company accounts for the derivative using hedge accounting. Changes in the fair value of derivatives that are not designated as hedges or losses inherent in the derivative do not impact the Company's results of operations. If management determines that the derivative is not highly-effective, or if the derivative ceases to be a highly-effective hedge, the Company discontinues hedge accounting prospectively and reflects in its consolidated statement of operations unrealized gains and losses with respect to the derivative. As of December 31, 2022 December 31, 2023 and 2021, 2022, all derivative instruments entered into by the Company have been settled.

On December 24, 2018, the Company entered into interest rate swap agreements with notional amounts that aggregated to \$150.0 million (the "In Company against adverse fluctuations in interest rates by reducing exposure to variability in cash flows relating to interest payments on a forecasted Interest Rate Swaps qualified and were designated as cash flow hedges. Accordingly, the Interest Rate Swaps were recorded on the Company's consolidated balance sheet at their fair value and the related gains or losses were deferred in shareholders' equity as accumulated other comprehensive income or loss. These deferred gains will be recognized as interest expense during the period or periods in which the related interest payments are made."

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affected earnings. On January 24, 2019, in conjunction with the issuance of \$300.0 million of outstanding 4.375% senior notes due 2029 (the "2029 Interest Rate Swaps for \$0.8 million. The \$0.8 million termination premium will be reclassified from accumulated other comprehensive income to interest expense during 2020."

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other comprehensive loss as an increase to interest expense over the life of the 2029 Notes, which mature on February 15, 2029. The change in unrealized gains and losses reflects a reclassification of \$0.1 million of unrealized losses from accumulated other comprehensive loss as an increase to interest expense during 2020. The change in unrealized gains and losses that \$0.1 million will be reclassified as an increase to interest expense in 2023. during 2024.

11. FAIR VALUE MEASUREMENTS

The Company applies the methods of determining fair value, as described in authoritative guidance, to value its financial assets and liabilities. As described in authoritative guidance, fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase consistency and comparability in fair value measurements, the guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs to fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, while considering counterparty credit risk in its assessment of fair value.

The fair values of financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, other financial instruments including payable, accrued expenses and other liabilities approximate their respective carrying values at December 31, 2022 December 31, 2023 and 2021, 2022.

The following table summarizes the carrying value and estimated fair value of the Company's debt as of December 31, 2022 December 31, 2023 and December 31, 2021.

	December 31, 2022	December 31, 2023
	(in thousands)	

Carrying value	\$ 2,996,168	\$ 2,568,103
Fair value		

The fair value of debt estimates were based on a discounted cash flow analysis assuming market interest rates for comparable obligations as of **December 31, 2021, 2022**. The Company estimates the fair value of its fixed-rate debt and the credit spreads over variable market rates on its variable-rate debt by each instrument at estimated market rates or credit spreads consistent with the maturity of the debt obligation with similar credit policies, which is value hierarchy. Rates and credit spreads take into consideration general market conditions and maturity.

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12. NONCONTROLLING INTERESTS

Interests in Consolidated Joint Ventures

Noncontrolling interests in subsidiaries represent the ownership interests of third parties in the Company's consolidated joint ventures. All consolidated develop, own and operate new stores with the exception of Anoka, which was formed to acquire an existing store that had commenced operations. The Company's consolidated joint ventures, each of which are accounted for as VIEs:

Consolidated Joint Ventures	Number of Stores	Interest	CubeSmart			(in thousands)	CubeSmart
			Number	Ownership	December 31, 2022		
New Rochelle Investors, LLC ("New Rochelle")	1	90%	\$ 3,500	\$ 5	\$ —	1	70%
1074 Raritan Road, LLC ("Clark")	1	90%	\$ 3,500	\$ 5	\$ —	1	90%
350 Main Street, LLC ("Port Chester")	1	90%	\$ 24,763	\$ 10,161	\$ 9,238	1	90%
Astoria Investors, LLC ("Astoria")	1	70%	\$ 24,763	\$ 10,161	\$ 9,238	1	70%

CS 750 W Merrick Rd, LLC ("Merrick")	1	51%	37,140	17,142	—	—	1	50
CS Lock Up Anoka, LLC ("Anoka")	1	50%	10,934	5,581	5,540	1	50	
CS Valley Forge Village Storage, LLC ("VVF")	1	70%	20,576	14,863	14,792	1	70	
CS Vienna, LLC ("Vienna")	1	80%	32,400	35,085	34,875	1	80	
SH3, LLC ("SH3")	1	90%	38,165	274	—	1	90	
	<u>7</u>		<u>\$ 167,478</u>	<u>\$ 83,111</u>	<u>\$ 64,445</u>		<u>8</u>	

(1) Related party loans represent amounts payable from the joint venture to the Company and are included in total liabilities within the table above. interest have been eliminated for consolidation purposes.

Operating Partnership Ownership

The Company follows guidance regarding the classification and measurement of redeemable securities. Under this guidance, securities that are redeemable at the option of the holder and not solely within the control of the issuer, must be classified outside of permanent equity/capital. This classification results in interests being included as redeemable noncontrolling interests outside of permanent equity/capital in the consolidated balance sheets. The Company follows the terms in applicable agreements, specifically in relation to redemption provisions.

Additionally, with respect to redeemable ownership interests in the Operating Partnership held by third parties for which CubeSmart has a choice to settle in its own shares, the Operating Partnership considered the guidance regarding accounting for derivative financial instruments indexed to, and potentially settled in, shares, to evaluate whether CubeSmart controls the actions or events necessary to presume share settlement. The guidance also requires that noncontrolling interests of permanent capital be adjusted each period to the greater of the carrying value based on the accumulation of historical cost or the redemption value.

Approximately 0.6% and 0.8% of the outstanding OP Units as of December 31, 2022 and 2021, respectively, were not owned by CubeSmart, the sole holder of the OP Units. The OP Units represented by these OP Units were a component of the consideration that the Operating Partnership paid to acquire the OP Units. Holders of the OP Units are limited partners in the Operating Partnership and have the right to require CubeSmart to redeem all or part of their OP Units. An option, an equivalent number of common shares of CubeSmart or cash based upon the fair value of an equivalent number of common shares of CubeSmart. The agreement contains certain provisions that could result in a cash settlement outside the control of CubeSmart and the Operating Partnership, as CubeSmart may settle in unregistered shares. Accordingly, consistent with the guidance, the Operating Partnership records the OP Units owned by third parties outside of the consolidated balance sheets. Net income or loss related to the OP Units owned by third parties is excluded from net income or loss attributable to OP Units in the statements of operations.

In two separate tranches during December 2020, the Company acquired the Storage Deluxe Assets for an aggregate purchase price of \$540.0 million. In connection with the acquisition of the Storage Deluxe Assets, the Company issued 5,272,023 OP Units valued at approximately \$175.1 million to fund a portion of the purchase price.

On September 29, 2020, the Company acquired the noncontrolling interest in a previously consolidated joint venture that owned a store in New York City. In connection with the closing, the Company paid \$1.0 million in cash and issued 276,497 OP Units, valued at approximately \$9.0 million, to pay the remaining consideration.

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During the years ended December 31, 2022 December 31, 2023, 2022 and 2021, 126,087, 475,046 and 2020, 475,046, 5,519,233 and 100,000 OP Units were held by third parties and were redeemable for common shares of the Company.

As of December 31, 2022 December 31, 2023 and 2021, 2022, 1,300,462 and 1,426,549 and 1,901,595 OP Units, respectively, were held by third parties. The aggregate redemption amount of the outstanding OP Units owned by third parties was calculated based upon the closing price of the common shares of CubeSmart on the final trading day of the year. Based on the Company's evaluation of the redemption value of the redeemable noncontrolling interests at the greater of the carrying value based on the accumulation of historical cost or the redemption value as of December 31, 2022 December 31, 2023, the aggregate redemption value of the 1,426,549 1,300,462 OP Units owned by third parties as of December 31, 2022 December 31, 2023 was \$57.4 million.

13. LEASES

CubeSmart as Lessor

The Company derives revenue primarily from rents received from customers who rent cubes at its self-storage properties under month-to-month leases. The self-storage lease agreements utilized by the Company vary slightly to comply with state-specific laws and regulations, but, subject to such laws and regulations, contain automatic monthly renewals, flexibility to increase rental rates over time as market conditions permit and the collection of contingent fees such as administrative fees. Self-storage lease agreements contain options that allow the customer to purchase the leased space at any time during, or at the expiration of, the lease term. Leases for which the Company serves as lessor have been classified as operating leases. Accordingly, storage cubes are carried at historical cost less accumulated depreciation, and are included in Storage properties on the Company's consolidated balance sheets. Operating lease income for amounts received under these agreements is recognized on a straight-line basis which, due to the month-to-month nature of the leases, results in the recognition of income during the monthly renewal using the then-in-place rent amount. Operating lease income is included in Rental income within the Company's consolidated statement of income related to the Company's self-storage lease agreements consists of administrative and late fees charged to customers. For the years ended 2023, 2021, 2022 and 2020, 2021, administrative and late fees totaled \$27.8 million, \$30.0 million, \$21.3 million, \$27.8 million, and \$20.0 million, respectively. These fees are included in Other property related income within the Company's consolidated statements of operations.

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CubeSmart as Lessee

The Company serves as lessee in lease agreements for land, office space, automobiles and certain equipment, which have remaining lease terms of one to 69 years. The Company's leases (1) provide for one or more options to renew, with renewal options that can extend the lease up to 69 years, (2) allow for early termination of the lease term and/or (3) give the Company the option to purchase the leased property. In all cases, the exercise of the lease renewal, termination and purchase option, are at the Company's sole discretion. Certain of the Company's lease agreements, particularly its land leases, require rental payments that are based on a defined index. None of the Company's lease agreements contain any material residual value guarantees or material restrictive covenants. Lease expense for the Company's finance leases is recognized as interest expense using the interest method over the related lease term. Lease expense for payments for operating leases is recognized on a straight-line basis over the related lease term, which includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Right-of-use assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments. Right-of-use assets and lease liabilities related to the Company's operating leases are recognized at the lease commencement date and amortized over the remaining lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate, which is based on the rates available surrounding the Company's unsecured borrowing rates and implied secured spread at the lease commencement date in determining the right-of-use asset and lease liability. The right-of-use asset also includes any lease payments made at or before lease commencement less any lease incentives.

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For the years ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020, 2021, the Company's lease cost consists of the following components:

	Year Ended December 31,			
	2022	2021	2020	
Finance lease cost:				
Amortization of finance lease right-of-use assets	\$ 964	\$ 964	\$ 964	
Interest expense related to finance lease liabilities	2,140	2,139	2,139	
Operating lease cost	2,980	3,278	3,278	
Short-term lease cost (1)	868	1,173	1,173	
Total lease costs	\$ 6,952	\$ 7,554	\$ 7,554	
Cash paid for amounts included in measurement of lease liabilities:				
Operating cash outflows for finance leases	\$ 2,183	\$ 1,938	\$ 1,938	
Operating cash outflows for operating leases	2,453	2,513	2,513	
Total cash outflows for lease liability measurement	\$ 4,636	\$ 4,451	\$ 4,451	

(1) Represents automobile leases that have a lease term of 12 months. The Company has made an accounting policy election not to apply the recognition and measurement requirements of ASC 842 to this asset class. The lease cost associated with these leases is recognized on a straight-line basis over the related lease term.

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The following table represents supplemental balance sheet information related to leases as of December 31, 2022 December 31, 2023 and 2021: 202

	December 31,	
	2022	2021
(dollars in thousands)		
Finance Leases		
Right-of-use assets included in Storage properties, net	\$ 41,945	\$ 41,945
Lease liabilities included in Lease liabilities - finance leases	\$ 65,758	\$ 65,758
Operating Leases		
Right-of-use assets included in Other assets, net	\$ 49,491	\$ 49,491

Lease liabilities included in Accounts payable, accrued expenses and other liabilities	\$ 48,664	\$
Weighted Average Lease Term (in years)		
Finance leases	41.5	
Operating leases	33.3	
Weighted Average Discount Rate		
Finance leases	3.25 %	
Operating leases	4.44 %	

The following table represents the future lease liability maturities as of December 31, 2022 December 31, 2023 (in thousands):

	Finance	Operatin
2023	\$ 2,183	\$
2024	2,183	
2025	2,224	
2026	2,334	
2027	2,371	
2028 and thereafter	<u>118,227</u>	
2028		
2029 and thereafter		
Total lease payments	129,522	
Less: Imputed interest	<u>(63,764)</u>	
Present value of lease liabilities	<u>\$ 65,758</u>	\$

As of December 31, 2022 December 31, 2023, the Company has not entered into any lease agreements that are set to commence in the future.

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14. RELATED PARTY TRANSACTIONS

The Company provides management services to certain joint ventures and other related parties. Management agreements provide for fee income percentage of revenues at the managed stores. Total management fees for unconsolidated real estate ventures or other entities in which the Company years ending December 31, 2022 December 31, 2023, 2022 and 2021 were \$4.8 million, \$5.1 million and 2020 were \$5.1 million, \$4.9 million and \$3.8 million.

The management agreements for certain joint ventures, other related parties and third-party stores provide for the reimbursement to the Company manage the stores. These reimbursements consist of amounts due for management fees, payroll and other store expenses. The amounts due to the Company million and \$15.4 million \$15.9 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively, and are included in Other Assets, in balance sheets. Additionally, the Company had outstanding mortgage loans receivable from consolidated joint ventures of \$64.4 million \$86.3 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively, which are eliminated for consolidation purposes. The Company believes that all amounts are fully collectible.

The HVP V, HVPSE, HVP IV and HHFNE operating agreements provide for acquisition, disposition and other fees payable from HVP V, HVPSE, HVP IV and HHFNE upon the closing of a property transaction by HVP V, HVPSE, HVP IV and HHFNE, or any of their subsidiaries and completion of certain lease agreements. During the years ended December 31, 2022, and 2021, and 2020, the Company recognized \$0.6 million, and \$1.3 million and \$0.7 million with property transactions. No

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such fees were recognized during the year ended December 31, 2023. Property transaction fees are included in the component of other (expense) income in the Company's consolidated statements of operations.

In April 2022, the Company began serving as lessor in a ground lease related to land underlying an HVP IV property located in Texas (see note 10). From December 31, 2022, December 31, 2023 and 2022, the Company recognized income associated with this ground lease of \$0.4 million and \$0.2 million included in the component of other (expense) income designated as Other on within the Company's consolidated statements of operations.

15. COMMITMENTS AND CONTINGENCIES

Development Commitments

The Company has agreements with developers for the construction of two four new self-storage properties (see note 4), which will require payments of \$0.4 million, due in installments upon completion of certain construction milestones, during 2023, 2024 and 2024, 2025.

Litigation

From time to time, the Company is involved in claims which arise in the ordinary course of business. In accordance with applicable accounting guidance, the Company accrues liability for claim expenses, insurance retention and litigation costs when those matters present loss contingencies that are both probable and reasonably estimable. In some cases, there may be exposure to loss in excess of those amounts accrued. The estimated loss, if any, is based upon currently available information and a variety of assumptions and known and unknown uncertainties. In the opinion of management, the Company has made adequate provisions for potential matters, which are included in Accounts payable, accrued expenses and other liabilities on the Company's consolidated balance sheets.

16. SHARE-BASED COMPENSATION PLANS

The Company has a share-based compensation plan (the "Plan") which it utilizes to compensate certain employees and non-employee trustees. The Plan was originally adopted in 2006 and restated in 2016. The Plan provides for the grant of share options, share appreciation rights, restricted shares, performance units, which may be granted in the future, including restricted shares and restricted share units, and other share-based awards, including unrestricted common shares or awards denominated in common shares, or in part by reference to, common shares. Share options granted under the Plan may be non-qualified share options or incentive share options.

Upon shareholder approval of the amendment and restatement of the Plan on June 1, 2016, 4,500,000 additional common shares were made available under the Plan. As a result, these 4,500,000 additional shares, together with the 991,117 shares that remained available for future awards under the Plan at the time of the restatement, and the 1,941,786 shares that were restored to availability upon expiration or forfeiture of outstanding options or restricted share awards, would constitute the "Aggregate Available for Future Awards" under the Plan.

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December 31, 2022: December 31, 2023: (i) 1,941,786 1,332,836 common shares remained available for future awards under the Plan; (ii) 340,952 awards were outstanding under the Plan; and (iii) 2,537,038 2,763,159 common shares were subject to outstanding options under the Plan.

The Plan is administered by the Compensation Committee of the Company's Board of Trustees (the "Compensation Committee"), which is appointed by the Board. The Compensation Committee interprets the Plan and, subject to its right to delegate authority to grant awards, determines the terms and provisions of options and other awards.

Under the Plan, the Compensation Committee determines the vesting schedule of each award, subject to a one-year minimum vesting requirement. The vesting schedule may be determined by the Compensation Committee for share options, share appreciation rights, and certain restricted share and restricted share unit awards, but with permitted acceleration of vesting in the event of a participant's death, disability, or a change in control or certain changes in our capital structure. Notwithstanding the foregoing one-year minimum vesting limitation, up to five percent of the awards may be granted as performance-based awards.

Aggregate Share Reserve may be subject to awards that are not subject to such limitation. The exercise price for options is equivalent to the fair value at the grant date. The Compensation Committee also determines the term of each option, which shall not exceed 10 years from the grant date.

Share Options

The fair values for options granted in 2023, 2022 2021 and 2020 2021 were estimated at the time the options were granted using the Black-Scholes following weighted average assumptions:

Assumptions:	2022	2021	2020
Risk-free interest rate	1.5 %	0.6 %	1.9 %
Expected dividend yield	3.7 %	3.8 %	3.9 %
Volatility (1)	25.00 %	25.00 %	20.00 %
Weighted average expected life of the options (2)	6.0 years	6.0 years	6.0 years
Weighted average grant date fair value of options granted per share	\$ 8.83	\$ 4.62	\$ 3.66
Term	10.0 years	10.0 years	10.0 years

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Assumptions:	2023	2022	2021
Risk-free interest rate	4.1 %	1.5 %	0.6 %
Expected dividend yield	4.1 %	3.7 %	3.8 %
Volatility (1)	26.00 %	25.00 %	25.00 %
Weighted average expected life of the options (2)	6.0 years	6.0 years	6.0 years
Weighted average grant date fair value of options granted per share	\$ 7.90	\$ 8.83	\$ 4.62
Term	10.0 years	10.0 years	10.0 years

(1) Expected volatility is based upon the Company's historical daily share prices.

(2) The expected life is based on the contractual term of the options as well as the weighted average vesting period.

In 2023, 2022 2021 and 2020 2021, the Company recognized compensation expense related to options issued to employees and executives of approximately \$2.3 million \$2.5 million and \$2.0 \$2.3 million, respectively, which is included in General and administrative expense on within the Company's consolidated statement of operations. Share options vest ratably over three years. As of December 31, 2022 December 31, 2023, the Company had approximately \$2.8 \$3.0 million of unrecognized compensation expense related to all grants that will be recognized over a weighted average period of 1.7 years.

The table below summarizes the option activity under the Plan for the year ended December 31, 2022 December 31, 2023:

	Options	Weighted Average Strike Price	Remaining Contractual Term (Years)	Weighted Average
				Option
Balance at December 31, 2021	2,263,804	\$ 29.63	6.82	
Balance at December 31, 2022	324,840	56.91	9.01	2,537,040
Options granted				408,600
Options canceled				(38,200)
Options exercised	(51,606)	30.80	7.29	(144,200)

Balance at December 31, 2022	2,537,038	\$ 33.10	6.21
Balance at December 31, 2023			2,763.1
Vested or expected to vest at December 31, 2022	2,537,038	\$ 33.10	6.21
Exercisable at December 31, 2022	1,636,544	\$ 28.42	5.14
Vested or expected to vest at December 31, 2023			2,763.1
Exercisable at December 31, 2023			1,972.7

As of December 31, 2022 December 31, 2023, the aggregate intrinsic value of options that were exercisable was approximately \$19.4 million \$35.3 million. The aggregate intrinsic value of options that had vested or were expected to vest was approximately \$23.6 million \$35.3 million. The aggregate intrinsic value of options that were exercisable was approximately \$1.0 million \$3.9 million, \$10.6 million \$1.0 million and \$0.9 million \$10.6 million for the years ended December 31, 2022 December 31, 2023, respectively.

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Restricted Shares & Performance Units

During 2023, 2022 2021 and 2020 2021 the Company granted restricted shares to employees and trustees Trustees and also granted performance units.

The fair values for restricted share awards made under the Plan were valued at the grant date fair value, which is the market price of the underlying over either a 3-year or 5-year period beginning with the first anniversary of the grant.

Performance units represent the right to earn common shares. The performance units were granted in the form of deferred share units with a majority thereof to receive common shares at a future date. The performance units are awarded based on the Company's total return to shareholders with consisting of publicly traded REITs over a three-year period. The performance units cliff vest upon the third anniversary of the effective date. The Company analysis to estimate the fair value of the awards, the key assumptions of which are as follows:

Assumptions:	2022	2021	2020
Risk-free interest rate	1.0 %	0.2 %	1.7 %
Volatility (1)	28.00 %	28.00 %	19.00 %

(1) Expected volatility is based upon the Company's historical daily share prices.

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During the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the Company recognized compensation expense for performance units of approximately \$6.5 million \$7.3 million, \$5.8 million \$6.5 million and \$5.2 million \$5.8 million, respectively, which is included in G on within the Company's consolidated statements of operations. The following table presents non-vested restricted share and performance unit activity December 31, 2022 December 31, 2023:

Non-Vested at **January 1, 2022** **January 1, 2023**

Granted

Vested

Forfeited

Non-Vested at **December 31, 2022** **December 31, 2023**

The weighted average fair value of restricted shares and performance units granted during the years ended **December 31, 2022** **December 31, 2023**, **\$61.41** and 2020 was \$61.41, \$39.37, and \$32.39, respectively. The total fair value of restricted shares and performance units vested during **2022** **December 31, 2023**, 2022 and 2021 was \$6.1 million, \$5.6 million and 2020 was \$5.6 million, \$4.8 million and \$6.0 million, respectively. As of 2023 the Company had approximately **\$7.6 million** **\$8.5 million** of remaining unrecognized restricted share and performance unit compensation costs over a weighted average period of **2.02.1** years.

17. EARNINGS PER SHARE AND UNIT AND SHAREHOLDERS' EQUITY AND CAPITAL

Earnings per share and shareholders' equity

The following is a summary of the elements used in calculating basic and diluted earnings per share:

	For the year ended December 31,		
	2023	2022	2021
(dollars and shares in thousands, except per share amounts)			
Net income	\$ 412,435	\$ 292,472	\$ 230,813
Noncontrolling interests in the Operating Partnership	(2,535)	(1,931)	(7,873)
Noncontrolling interests in subsidiaries	857	722	542
Net income attributable to the Company's common shareholders	<u>\$ 410,757</u>	<u>\$ 291,263</u>	<u>\$ 223,482</u>
Weighted average basic shares outstanding	225,424	224,928	203,832
Share options and restricted share units	817	953	1,177
Weighted average diluted shares outstanding ⁽¹⁾	226,241	225,881	205,009
Basic earnings per share attributable to common shareholders	\$ 1.82	\$ 1.29	\$ 1.10
Diluted earnings per share attributable to common shareholders ⁽²⁾	\$ 1.82	\$ 1.29	\$ 1.09

Income allocated to noncontrolling interests of the Operating Partnership has been excluded from the numerator and OP Units owned by third parties have been excluded from the denominator for the purpose of computing diluted earnings per share since the effect of including these amounts in the numerator and denominator of the diluted earnings per share calculation is immaterial. The weighted average outstanding OP Units owned by third parties for the years ended December 31, 2023, 2022 and 2021 were 1.4 million, 1.5 million and 7.1 million, respectively.

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17. EARNINGS PER SHARE AND UNIT AND SHAREHOLDERS' EQUITY AND CAPITAL

Earnings per common share and shareholders' equity

The following is a summary of the elements used in calculating basic and diluted earnings per common share:

	For the year ended December 31,		
	2022	2021	2020
	(dollars and shares in thousands, except per share amounts)		
Net income	\$ 292,472	\$ 230,813	\$ 167,611
Noncontrolling interests in the Operating Partnership	(1,931)	(7,873)	(1,825)
Noncontrolling interest in subsidiaries	722	542	(165)
Net income attributable to the Company's common shareholders	<u>\$ 291,263</u>	<u>\$ 223,482</u>	<u>\$ 165,621</u>
Weighted average basic shares outstanding	224,928	203,832	194,147
Share options and restricted share units	953	1,177	796
Weighted average diluted shares outstanding (1)	225,881	205,009	194,943
Basic earnings per share attributable to common shareholders	\$ 1.29	\$ 1.10	\$ 0.85
Diluted earnings per share attributable to common shareholders (2)	\$ 1.29	\$ 1.09	\$ 0.85

Earnings per common unit and capital

The following is a summary of the elements used in calculating basic and diluted earnings per common unit:

	For the year ended December 31,			For the year ended December 31, 2023
	2022	2021	2020	
	(dollars and units in thousands, except per unit amounts)			
Net income	\$ 292,472	\$ 230,813	\$ 167,611	\$ 412,435
Operating Partnership interests of third parties	(1,931)	(7,873)	(1,825)	
Noncontrolling interest in subsidiaries	722	542	(165)	
Net income attributable to common unitholders	<u>\$ 291,263</u>	<u>\$ 223,482</u>	<u>\$ 165,621</u>	
Noncontrolling interests in subsidiaries				857
Net income attributable to CubeSmart, L.P.				<u>\$ 413,292</u>
Weighted average basic units outstanding	224,928	203,832	194,147	
Weighted average basic units outstanding (3)				226,817
Unit options and restricted share units	953	1,177	796	817
Weighted average diluted units outstanding (1)	225,881	205,009	194,943	
Weighted average diluted units outstanding (1) (3)				227,634
Basic earnings per unit attributable to common unitholders	\$ 1.29	\$ 1.10	\$ 0.85	
Diluted earnings per unit attributable to common unitholders (2)	\$ 1.29	\$ 1.09	\$ 0.85	
Basic earnings per unit attributable to CubeSmart, L.P.				\$ 1.82
Diluted earnings per unit attributable to CubeSmart, L.P. (2)				\$ 1.82

(1) For the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the Company declared cash dividends per common share of \$1.33, \$1.45, respectively.

(2) The amounts of anti-dilutive options that were excluded from the computation of diluted earnings per share/unit as the exercise price was higher than the fair value of the underlying common shares at the date of the financial statements. The Company for the years ended December 31, 2022 December 31, 2023 and 2020 2021 were 0.3 million 0.7 million and 0.8 million 0.3 million, respectively.

(3) Prior period amounts have been updated to conform to current year presentation.

The OP units Units owned by the General Partner and common units the OP Units owned by third parties have essentially the same economic characteristics as the total net income or loss and distributions of the Operating Partnership. An OP unit Units owned by third parties may be redeemed for cash, or converted into units shares of CubeSmart on a one-for-one basis. The following is a summary of OP and common units Units outstanding:

	As of December 31,		
	2022	2021	2020
Outstanding OP units	1,426,549	1,901,595	7,420,828
Outstanding common units	224,603,462	223,917,993	197,405,989
Outstanding OP Units owned by third parties			1,320,000
Outstanding OP Units owned by the General Partner			224,917,993

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Common Shares

On November 19, 2021, the Company closed an underwritten offering of 15.5 million common shares at a public offering price of \$51.00 per share, less underwriting discounts and commissions of approximately \$1.5 million, after deducting offering costs.

The Company maintains an at-the-market equity program that enables it to offer and sell up to 60.0 million common shares through sales agreements (the "Equity Distribution Agreements"). The Company's sales activity under the program for the years ended December 31, 2022 December 31, 2021 is summarized below:

	For the year ended December 31,			For the
	2022	2021	2020	2023
(dollars and shares in thousands, except per share amounts)				
Number of shares sold	102	4,982	3,627	—

Average sales price per share	\$ 50.64	\$ 40.57	\$ 33.69	\$ —
Net proceeds after deducting offering costs	\$ 4,936	\$ 199,977	\$ 120,727	\$ —

The proceeds from the sales of common shares under the program during the years ended December 31, 2022, and 2021 and 2020 were development of self-storage properties and for general corporate purposes. As of December 31, 2022 December 31, 2023, 2021 2022 and 2020, 202 million 5.8 million common shares and 10.9 million 5.9 million common shares, respectively, remained available for issuance under the Equity Distributio

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18. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Company acquired a two-store portfolio located in Connecticut for a purchase price of \$20.2 million.

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CUBESMART
SCHEDULE III
REAL ESTATE AND RELATED DEPRECIATION
December 31, 2022 2023
(dollars in thousands)

State	Stores	Gross Carrying Amount at December 31, 2022												Gross Carrying Amount at December 31, 2023													
		Total			Initial Cost		Costs		Buildings			Subsequent			Buildings			Accumulated			Total			Initial Cost		Costs	
		Number of		Square Feet		&		to		&		Depreciation		Number of		Square Feet		&		to		Buildings		Subsequ			
State	Stores	(unaudited)	Encumbrances	Land	Improvements	Acquisition	Land	Improvements	Total	(A)	Stores	(unaudited)	Encumbrances	Land	Improvements	Acquisition	Land	Improvements	Total	(A)	Stores	(unaudited)	Encumbrances	Land	Improvements	Acquisition	
Arizona	48	3,089,826	\$ —	\$ 98,442	\$ 389,514	\$ 26,017	\$ 99,495	\$ 399,753	\$ 499,248	\$ 49,843	48	3,092,942	\$ —	\$ 98,442	\$ 389,514	\$ 27,44	\$ 99,495	\$ 399,753	\$ 499,248	\$ 49,843	48	3,092,942	\$ —	\$ 98,442	\$ 389,514	\$ 27,44	
California	63	4,765,486	—	371,460	683,683	33,592	373,301	660,593	1,033,894	98,929	63	4,786,036	—	371,460	683,683	38,54	373,301	660,593	1,033,894	98,929	63	4,786,036	—	371,460	683,683	38,54	
Colorado	10	654,252	—	11,812	46,755	4,386	11,787	45,056	56,843	13,740	10	654,202	—	11,812	46,755	4,66	11,787	45,056	56,843	13,740	10	654,202	—	11,812	46,755	4,66	

Connecticut	22	1,200,002	—	22,023	82,375	20,316	23,568	86,984	110,552	34,873	22	1,200,207	—	22,023	82,375	21,34
Florida	90	6,796,098	—	104,987	531,360	91,455	112,652	548,011	660,663	174,952	90	6,787,173	—	104,987	531,360	96,58
Georgia	22	1,657,378	—	20,015	117,825	10,212	19,825	115,798	135,623	30,589	22	1,657,228	—	20,015	117,825	11,71
Illinois	43	2,760,969	—	54,493	221,022	30,106	54,358	226,591	280,949	71,326	42	2,710,345	—	52,723	219,307	31,38
Indiana	1	70,386	—	1,134	5,589	250	1,134	5,833	6,967	1,565	1	70,386	—	1,134	5,589	25
Maryland	20	1,683,821	4,906	40,467	214,985	13,729	41,324	216,272	257,596	50,456	20	1,684,502	4,703	40,467	214,985	15,00
Massachusetts	20	1,252,577	—	31,948	159,000	10,742	32,203	163,982	196,185	32,521	20	1,253,278	—	31,948	159,000	12,63
Minnesota	2	176,296	—	2,621	21,655	408	2,621	22,063	24,684	2,740	2	175,916	—	2,621	21,655	43
Nevada	22	1,702,416	—	69,956	394,023	6,198	71,703	398,249	469,952	22,383	22	1,706,489	—	69,956	394,023	6,93
New Jersey	28	1,983,356	—	45,864	188,139	37,639	49,372	206,349	255,721	65,269	29	2,058,007	—	50,194	203,710	38,75
New Mexico	3	182,261	—	2,866	9,367	1,826	2,867	7,977	10,844	3,433	3	182,261	—	2,866	9,367	2,00
New York	59	4,742,378	146,905	427,921	1,331,857	50,817	440,133	1,354,122	1,794,255	290,358	59	4,722,118	116,665	427,921	1,331,857	59,47
North Carolina	9	611,792	—	10,349	44,680	6,534	10,788	47,530	58,318	13,397	9	611,773	—	10,349	44,680	6,71
Ohio	20	1,294,303	—	13,529	51,265	18,083	14,938	54,639	69,577	21,590	20	1,294,303	—	13,529	51,265	18,47
Pennsylvania	12	890,385	—	18,769	99,199	10,731	18,723	104,496	123,219	21,935	12	890,698	—	18,177	95,559	11,07
Rhode Island	4	247,305	—	3,480	17,156	1,633	3,480	18,732	22,212	4,839	4	247,305	—	3,480	17,156	1,70
South Carolina	8	432,389	—	6,117	31,039	1,363	6,117	32,402	38,519	3,362	8	432,324	—	6,117	31,039	1,50
Tennessee	9	755,655	2,148	9,117	54,403	5,781	8,992	52,924	61,916	14,483	9	756,020	—	9,117	54,403	6,34
Texas	76	5,446,871	—	110,252	476,749	34,511	110,569	485,325	595,894	103,599	76	5,447,787	—	110,252	476,749	37,26
Utah	4	239,388	—	10,763	2,844	2,831	10,622	4,208	14,830	1,944	4	239,388	—	10,763	2,844	2,88
Virginia	11	1,060,480	—	37,282	138,668	4,355	37,283	135,792	173,075	29,041	11	1,060,440	—	37,282	138,668	4,95
Washington																
D.C.	5	410,676	—	28,759	80,996	2,369	28,803	78,847	107,650	18,078	5	410,676	—	28,759	80,996	2,56
Other																
Corporate																
Assets	—	—	—	1,480	9,654	1,367	1,480	10,978	12,458	2,847	—	—	—	2,071	13,294	1,66
	611	44,106,746	\$ 153,959	\$ 1,555,906	\$ 5,403,802	\$ 427,251	\$ 1,588,138	\$ 5,483,506	\$ 7,071,644	\$ 1,178,092	611	44,131,804	\$ 121,368	\$ 1,558,465	\$ 5,417,658	\$ 462,41

(A) Depreciation on the buildings and improvements is recorded on a straight-line basis over their estimated useful lives, which range from five to 39 years.

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Activity in storage properties during the period from January 1, 2020 January 1, 2021 through December 31, 2022 December 31, 2023 was as follows (in thousands):

		2022	2021	2020	2019
Storage properties*					
Balance at beginning of year		\$ 7,183,494	\$ 5,489,754	\$ 4,699,844	\$ 7,220,207
Acquisitions & improvements		191,495	1,795,965	825,247	1,000,000
Fully depreciated assets		(32,344)	(52,722)	(83,418)	(100,000)
Dispositions and other		(6,230)	(19,408)	(8,533)	(10,000)
Construction in progress, net		(40,637)	(30,095)	14,718	—
Right-of-use assets - finance leases		—	—	41,896	—
Balance at end of year		\$ 7,295,778	\$ 7,183,494	\$ 5,489,754	\$ 7,320,207
Accumulated depreciation*					
Balance at beginning of year		\$ 1,085,824	\$ 983,940	\$ 925,359	\$ 1,200,002

Depreciation expense	195,522	160,933	143,952	1
Fully depreciated assets	(32,344)	(52,722)	(83,418)	0
Dispositions and other	(1,227)	(6,327)	(1,953)	0
Balance at end of year	\$ 1,247,775	\$ 1,085,824	\$ 983,940	\$1,4
Storage properties, net	<u>\$ 6,048,003</u>	<u>\$ 6,097,670</u>	<u>\$ 4,505,814</u>	<u>\$5,9</u>

* These amounts include equipment that is housed at the Company's stores which is excluded from Schedule III above.

As of December 31, 2022 December 31, 2023, the aggregate cost of Storage properties for federal income tax purposes was approximately \$7,643.8 m

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FIFTH AMENDED AND RESTATED BYLAWS

OF

CUBESMART

Adopted as of February 22, 2023

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FIFTH AMENDED AND RESTATED BYLAWS

OF

CUBESMART

(Adopted as of February 22, 2023)

The following constitutes the Fifth Amended and Restated Bylaws (the "Bylaws") of CubeSmart, estate investment trust (the "Trust"):

**ARTICLE I
OFFICES**

Section 1. PRINCIPAL OFFICE. The principal office of the Trust shall be located at such place or places as the trustees of the Trust (the "Board of Trustees") may designate.

Section 2. ADDITIONAL OFFICES. The Trust may have additional offices at such places as the Board of Trustees from time to time determine or the business of the Trust may require.

**ARTICLE II
MEETINGS OF SHAREHOLDERS**

Section 1. PLACE. All meetings of shareholders shall be held at the principal office of the Trust or at such other place or places within the United States as shall be set by the Board of Trustees and stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the shareholders for the election of trustees (the "Annual Meeting") and for the transaction of any other business that is properly brought before the meeting in accordance with the requirements of the Bylaws, including, but not limited to, Section 12 of this Article II, the Trust's Declaration of Trust, as amended from time to time (the "Declaration of Trust"), the Maryland General Corporation Law, as amended from time to time (the "MGCL"), the Maryland REIT Law, and other applicable law shall be held on a date and at the time designated by the Board of Trustees adopted by a majority of the total number of authorized Trustees, whether or not there exist any previously authorized trusteeships at the time such resolution is presented to the Board of Trustees for adoption (the "Board"). The date and time of the annual meeting may subsequently be changed in the same manner as is required to change the original date and time of the annual meeting. Failure to hold an annual meeting does not invalidate the Trust's existence or any otherwise valid acts of the Trust.

Section 3. SPECIAL MEETINGS.

(a) Special meetings of the shareholders for any purpose or purposes may be called by (i) the chairman of the Board if delegated that authority by a resolution of the Board of Trustees adopted by the affirmative vote of a majority of the Board, or (ii) the chief executive officer, if delegated that authority by a resolution of the Board of Trustees adopted by the affirmative vote of a majority of the Board.

affirmative vote of a majority of the Entire Board, or (iii) the Board of Trustees by resolution of the Board of Trustees, the affirmative vote of a majority of the Entire Board, and not by any other person or persons.

(b) Special meetings of the shareholders shall also be called by the chair of the board upon the written request of shareholders (a "Shareholder Requested Special Meeting") who, at the time such request for a Shareholder Requested Special Meeting (a "Special Meeting Request") is submitted, beneficially own (within the meaning of Rule 13d-3 under the Exchange Act of 1934, as amended (the "Exchange Act")), in the aggregate, at least a majority of the shares that are to be voted on the matters such shareholders intend to bring before such Shareholder Requested Special Meeting ("Requisite Percentage"), and who (i) cause a Special Meeting Request, in proper written form in compliance with Section 3 of these Bylaws, delivered to, or mailed and received by, the secretary of the Trust at the principal executive offices of the Trust, and (ii) follow the other procedures and requirements contained in this Section 3 in all applicable respects.

(c) Notwithstanding anything to the contrary contained in these Bylaws, no shareholder may cause a Shareholder Requested Special Meeting to be called unless a shareholder of record of the Trust has first caused a written request for a Shareholder Requested Special Meeting (a "Record Date Request") to be delivered to, or mailed and received by, the secretary of the Trust requesting the Board of Trustees fix a record date (a "Request Record Date") for the purpose of determining the shareholders who beneficially own (within the meaning of Rule 13d-3 under the Exchange Act) the Requisite Percentage and who are entitled to cause a Shareholder Requested Special Meeting to be called. The Board of Trustees shall have the sole power to fix, by resolution of the Board of Trustees adopted by the affirmative vote of a majority of the Entire Board, the record date for determining the shareholders entitled to request that a Shareholder Requested Special Meeting be called.

(d) To be in proper form, a Record Date Request shall be in writing and shall include the following information: (i) the name and address of each shareholder (and each of their Shareholder Associated Persons (as defined below)) requesting the Record Date be set, the information required by Section 12(a)(2)(iii) hereof, (ii) a description in reasonable detail of the business desired to be brought before a Shareholder Requested Special Meeting, (iii) the text of the proposed business (including the text of any resolutions proposed for consideration and in the event such business includes a proposal, whether binding or precatory, to amend these Bylaws, the Declaration of Trust, or any policy of the Trust, the text of the proposed amendment), (iv) a reasonable detail of the reasons for conducting such business at a Shareholder Requested Special Meeting, (v) a reasonable detail of any interest in such business, direct or indirect, monetary or non-monetary, of such requesting shareholder or any of their respective Shareholder Associated Persons, including any anticipated benefit to such requesting shareholder or any of their respective Shareholder Associated Persons therefrom, and (vi) a reasonably detailed description of the arrangements, and understandings (whether written or oral, formal or informal) between or among any of the requesting shareholders (including their respective Shareholder Associated Persons), or between or among any of the requesting shareholders (including their respective Shareholder Associated Persons) and any other person (natural or legal), in connection with their Record Date Request or the business or nominees for election to the Board of Trustees to be acted on at a Shareholder Requested Special Meeting.

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Requested Special Meeting. If Trustees are proposed to be elected at a Shareholder Requested Special Meeting, the Record Date Request shall also include the information for each such person whom the shareholders (or any of their Shareholder Associated Persons) submitting the Record Date Request propose to nominate for election as a Trustee at the Shareholder Requested Special Meeting that is required to be disclosed for each person pursuant to Section 12(a)(2)(i) hereof.

(e) To be in proper form, a Special Meeting Request shall be in writing and shall include the following information: (i) the name and address of each shareholder (and each of their Shareholder Associated Persons) requesting the Shareholder Requested Special Meeting (but excluding any shareholder that has made such request in response to a solicitation made pursuant to, Section 14(a) of the Exchange Act by way of a solicitation statement filed with the U.S. Securities and Exchange Commission (the "SEC") on Schedule 14A), the information required by Section 12(a)(2)(iii) hereof, (ii) a description in reasonable detail of the business desired to be brought before a Shareholder Requested Special Meeting, (iii) the text of the proposed business (including the text of any resolutions proposed for consideration and in the event such business includes a proposal, whether binding or precatory, to amend these Bylaws, the Declaration of Trust, or any policy of the Trust, the text of the proposed amendment), (iv) a description in reasonable detail of the reasons for conducting such business at a Shareholder Requested Special Meeting.

Special Meeting, (v) a description in reasonable detail of any interest in such business, direct or indirect, monetary, of such requesting shareholders or any of their respective Shareholder Associated Persons (as including any anticipated benefit to such requesting shareholders or any of their respective Shareholder Associated Persons from, and (vi) a reasonably detailed description of all agreements, arrangements, and understandings (whether oral, formal or informal) between or among any of the shareholders requesting a Shareholder Requested Special Meeting (including their respective Shareholder Associated Persons), or between or among any such requesting shareholders and their respective Shareholder Associated Persons (naming each such person), in connection with the Special Meeting Request or the business or nominees for election to the Board of Trustees proposed to be elected at the Shareholder Requested Special Meeting. If Trustees are proposed to be elected at the Shareholder Requested Special Meeting, the Special Meeting Request must also include the information for each such person whom the requesting shareholders and their Shareholder Associated Persons propose to nominate for election as a Trustee at the Shareholder Requested Special Meeting that is required to be disclosed for each person pursuant to Section 12(a)(2)(i) hereof.

(f) Any matters proposed by shareholders for action at a Shareholder Requested Special Meeting must be proper subject to be proposed and voted upon by shareholders of the Trust under these Bylaws, the Declaration of Trust, the MGCL, the Maryland REIT Law, and other applicable law, and (ii) must not relate to a matter that is expressly restricted by the Board of Trustees under these Bylaws, the Declaration of Trust, the MGCL, the Maryland REIT Law, or other applicable law. Upon receipt of such Special Meeting Request, the Trust shall inform such shareholders of the reasonably estimated costs of preparing and mailing a notice of the Shareholder Requested Special Meeting and, upon payment of such costs by the requester, the Trust shall mail the notice to each shareholder entitled to notice of such meeting. The Board of Trustees shall have the power to set, by resolution of the Board of Trustees adopted by the affirmative vote of a majority of the Entire Board, the place of the Shareholder Requested Special Meeting.

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(g) Notwithstanding anything to the contrary contained in these Bylaws, business brought before a Shareholder Requested Special Meeting by shareholders shall be limited to the matters proposed in a Special Meeting Request by such shareholders in compliance with this Section 3; *provided, however,* that nothing herein shall prohibit the Board of Trustees from bringing other matters before the shareholders at any Shareholder Requested Special Meeting and including in the notice of the meeting it provides to shareholders.

Section 4. NOTICE. Not less than ten nor more than 90 calendar days before each meeting of shareholders, the secretary shall give to each shareholder entitled to vote at such meeting and to each shareholder not entitled to vote at such meeting, notice in writing or by electronic mail, stating the time and place of the meeting and, in the case of a shareholder entitled to notice of the meeting written or printed notice, the purpose for which the meeting is called, either by presenting it to such shareholder personally or by leaving it at his or her residence or usual place of business, or by electronic mail to any electronic mail address of such shareholder or by any other electronic means. Mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the shareholder at his or her post office address as it appears on the records of the Trust, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Subject to compliance with Section 12(a) of this Article II with respect to business intended to be brought before an annual meeting by shareholders, any business of the Trust may be brought before a meeting of shareholders by or at the direction of the Board of Trustees (or any duly authorized committee thereof) if specifically designated in the notice of the meeting (or any supplement thereto), except such business as is required by law to be stated in such notice. No business shall be transacted at a special meeting of shareholders except as specifically designated in the notice of the meeting (or any supplement thereto) given by or at the direction of the person authorizing the special meeting in accordance with these Bylaws.

Section 6. ORGANIZATION AND CONDUCT.

(a) Organization of Shareholders' Meetings. At every meeting of the shareholders, the chair of the meeting shall be one, or if not, such person who is designated from time to time by the Board by a resolution of the Board adopted by the affirmative vote of a majority of the Entire Board, shall act as chair of the meeting and the presiding officer thereof.

meetings to order. The Secretary of the Trust shall act as secretary of all meetings of the shareholders, and in the absence of the Secretary at a meeting of shareholders, an Assistant Secretary, if any, shall act as secretary of such meeting of the shareholders. and, in the absence of the Secretary or any Assistant Secretary, the chair of the meeting may appoint any person to be secretary of the meeting. The order of business and all other matters of procedure at any meeting of shareholders shall be determined by the chair of the meeting.

(b) Conduct of Shareholders' Meetings. To the maximum extent permitted by applicable law, the Trustees shall be entitled to prescribe, or in the absence of the Board of Trustees doing so, the chair of the meeting shall be entitled to prescribe, such rules, regulations, and procedures and take such action as it, he, or she, as the case may be, deems appropriate for the proper conduct of the meeting, including, without limitation, (i) restricting admission to the meeting to shareholders of record or their duly authorized proxies or other such persons as the chair of the meeting may determine; (ii) limiting participation in any matter to shareholders of record of the Trust entitled to vote on such matter, their duly authorized proxies or other such persons as the chair of the meeting may determine to recognize and, as a condition to recognizing any such participant, requiring such participant to provide the chair of the meeting with evidence of his or her name and affiliation, whether as a shareholder or a proxy for a shareholder, and the class and series and number of shares of each class and series of the Trust which are owned beneficially and/or of record by such shareholder; (iv) limiting the time allotted to questions and answers by participants; (v) taking such actions as are necessary or appropriate to maintain order, decorum, safety and security at the meeting; (vi) complying with any state and local laws and regulations concerning safety and security; (vii) restricting the use of video recording devices at the meeting; (viii) removing any shareholder or any other person who refuses to comply with the rules, procedures, or guidelines as set forth by the chair of the meeting; (ix) recessing or adjourning the meeting at any time and place announced at the meeting; and (x) taking such other action as, in the discretion of the chair of the meeting, deems necessary, appropriate or convenient for the proper conduct of the meeting. Unless otherwise determined by the Trustees or the chair of the meeting, meetings of shareholders shall not be required to be held in accordance with parliamentary procedure. The chair of the meeting shall also rule on the precedence of, and procedure on, motions of shareholders on procedural matters.

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time set for the commencement of the meeting; (ii) limiting attendance at the meeting to shareholders of record or their duly authorized proxies or other such persons as the chair of the meeting may determine; (iii) limiting participation in any matter to shareholders of record of the Trust entitled to vote on such matter, their duly authorized proxies or other such persons as the chair of the meeting may determine to recognize and, as a condition to recognizing any such participant, requiring such participant to provide the chair of the meeting with evidence of his or her name and affiliation, whether as a shareholder or a proxy for a shareholder, and the class and series and number of shares of each class and series of the Trust which are owned beneficially and/or of record by such shareholder; (iv) limiting the time allotted to questions and answers by participants; (v) taking such actions as are necessary or appropriate to maintain order, decorum, safety and security at the meeting; (vi) complying with any state and local laws and regulations concerning safety and security; (vii) restricting the use of video recording devices at the meeting; (viii) removing any shareholder or any other person who refuses to comply with the rules, procedures, or guidelines as set forth by the chair of the meeting; (ix) recessing or adjourning the meeting at any time and place announced at the meeting; and (x) taking such other action as, in the discretion of the chair of the meeting, deems necessary, appropriate or convenient for the proper conduct of the meeting. Unless otherwise determined by the Trustees or the chair of the meeting, meetings of shareholders shall not be required to be held in accordance with parliamentary procedure. The chair of the meeting shall also rule on the precedence of, and procedure on, motions of shareholders on procedural matters.

Section 7. QUORUM. At any meeting of shareholders, the presence in person or by proxy of shareholders of record or their duly authorized proxies or other such persons as the chair of the meeting may determine to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect the requirement under any applicable law or the Declaration of Trust for the vote necessary for the adoption of a resolution. However, such quorum shall not be present at any meeting of the shareholders, the chair of the meeting shall have adjourned the meeting from time to time to a date not more than 120 calendar days after the original record date, or record date and without notice other than announcement at the meeting. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. Shareholders present either in person or by proxy, at a meeting which has been duly called and at which a quorum is established, may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders less than a quorum.

Section 8. VOTING. A plurality of all the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient to elect a Trustee. Each share may be voted for as many individuals as there are Trustees and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of shareholders at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting. A higher vote is required herein or by applicable law or by the Declaration of Trust. Unless otherwise provided in the Declaration of Trust, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote of shareholders.

Section 9. PROXIES. At each meeting of the shareholders, a shareholder may cast the votes entitled to him or her in respect of shares owned of record by the shareholder either in person or by proxy.

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proxy executed by the shareholder or by the shareholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Trust before or at a meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise expressly provided.

Section 10. VOTING OF SHARES BY CERTAIN HOLDERS.

(a) Shares of the Trust registered in the name of a corporation, partnership, trust or other entity voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such shares has been authorized to do so by a bylaw or a resolution of the governing board of such corporation or other entity or agreement of the partners or members of such corporation or other entity, in which case such person may vote such shares. If no such person presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such shares, any other fiduciary may vote shares registered in his or her name as such fiduciary, either in person or by proxy.

(b) Shares of the Trust directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless the person has the right to vote such shares in his or her fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares entitled to be voted at any given time.

(c) The Board of Trustees may adopt by resolution a procedure by which a shareholder may cause the Trust to issue a certificate of record showing that any shares registered in the name of the shareholder are held for the account of a specified person. The resolution shall set forth the class of shareholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is to be issued before the record date or closing of the share transfer books, the time after the record date or closing of the share transfer books by which the certification must be issued; if the certification must be received by the Trust; and any other provisions with respect to the procedure which the Board of Trustees considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be deemed to be the shareholder of record of the specified shares in place of the shareholder named in the certification.

Section 11. INSPECTORS.

(a) At any meeting of shareholders, the chair of the meeting may, or upon the request of any shareholder, appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, record the votes and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the shareholders. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment by the Board of Trustees in advance of the meeting or at the meeting by the chair of the meeting. No Trustee elected as a Trustee shall act as an inspector at a meeting of shareholders at which Trustees are to be elected.

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(b) Each report of an inspector shall be in writing and signed by him or her or by a majority of the inspectors or by more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting at which the voting shall be prima facie evidence thereof.

Section 12. ADVANCE NOTICE OF SHAREHOLDER NOMINEES FOR TRUSTEE AND OTHER POSITION SHAREHOLDERS.

(a) Annual Meetings of Shareholders.

(1) Nominations of persons for election to the Board of Trustees and the proposal of considered by the shareholders may be made at an annual meeting of shareholders only (A) pursuant to the meeting (or any supplement thereto) given by or at the direction of the Board of Trustees (or any duly auth thereof), (B) if not specified in a notice of meeting (or any supplement thereto) given by or at the direction of the B (or any duly authorized committee thereof), otherwise brought before the annual meeting by or at the direction Trustees (or any duly authorized committee thereof), or (C) by any shareholder of the Trust who is Present in Pe below) and who (A) was a shareholder of record at the time of giving of notice provided for in this Section shareholder of record at the time of the annual meeting, (C) is entitled to vote at the meeting in the election of nominated and on any such other business proposed by such shareholder, and (D) complies with this Sec applicable respects. Except for (x) shareholder proposals submitted for inclusion in the Trust's proxy statement pu compliance with, Rule 14a-8 (and the interpretations thereunder) of the Exchange Act, and which proposals excludable under Rule 14a-8 of the Exchange Act, and which are included in the notice of meeting given by or a the Board of Trustees (or any duly authorized committee thereof), and (y) nominations of Trustees pursuant to S Article II of these Bylaws, the foregoing clause (C) shall be the exclusive means for a shareholder to propose persons for election to the Board of Trustees and other business to be brought before an annual meeting of share

(2) For nominations of persons for election to the Board of Trustees or other business brought before an annual meeting by a shareholder pursuant to the terms hereof, the shareholder must have proper notice thereof (a "Shareholder Notice") in writing to the secretary of the Trust and such other proposed by be a proper subject to be proposed and voted upon by shareholders of the Trust under these Bylaws, the Declaration MGCL, the Maryland REIT Law, and other applicable law, and (B) must not relate to a matter that is expressly rejected by the Board of Trustees under these Bylaws, the Declaration of Trust, the MGCL, the Maryland REIT Law, or other law. To be timely, a Shareholder Notice must be delivered to, or mailed and received by, the secretary of the Trust or the executive offices of the Trust by not later than the close of business on the 90th calendar day prior to the first anniversary date of mailing of the proxy statement for the preceding year's annual meeting nor earlier than the close of business on the 120th calendar day prior to the first anniversary of the date of mailing of the proxy statement for the preceding year's annual meeting. Notwithstanding the foregoing, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, the date of mailing of the proxy statement for the preceding year's annual meeting will be advanced or delayed by the same number of days.

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year's annual meeting, for a Shareholder Notice to be timely, it must be so delivered or received not earlier than the 120th calendar day prior to the date of such annual meeting and not later than the close of business on the 90th calendar day prior to the date of such annual meeting or the 10th calendar day following the day of announcement of the date of such annual meeting is first made by the Trust. In no event shall the public announcement of the date of such annual meeting be postponed or adjourned to a later date or time commence a new time period for Shareholder Notice as described above. For purposes of these Bylaws, "Shareholder NoticeDeadline" shall mean a shareholder to deliver a Shareholder Notice with respect to an annual meeting of shareholders in accordance with this Section 12. For a Shareholder Notice to be proper, it must set forth the following:

(i) as to each person whom the shareholder proposes to nominate for election or reelection as

(A) all information that would be required to be set forth in a Shareholder Notice Section 12 if such proposed nominee was the shareholder submitting the Shareholder Notice.

(B) the name, age, business address, residence address, email address, and telephone number of each proposed nominee

(C) the business experience during the past five years of such proposed nominee, proposed nominee's principal occupations and employment during such period, the name and principal corporation or other organization in which such occupations and employment were carried on, and such other information as may be necessary to determine the nature of such proposed nominee's responsibilities and level of professional competence as may be suitable for the assessment of such prior business experience.

(D) whether such proposed nominee is a director, trustee, officer or owner of five or more of any class of capital stock, partnership interests or other equity interest of any corporation, partnership or other entity;

(E) any directorships or trusteeships held by such proposed nominee in any company of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15 of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940;

(F) the class and number of shares of beneficial interest or other securities of the Trust (the "Trust Securities") that are beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) or held by such proposed nominee, the date(s) on which each such Trust Security was acquired, and any Derivative Instruments held by such proposed nominee;

(G) a description in reasonable detail of any and all direct and indirect compensation, reimbursement, indemnification, benefits, and other agreements, arrangements and understandings (written or oral, formal and informal and whether monetary or non-monetary) and any other material relationships (i) between or among such proposed nominee, and the shareholder(s) named in the Shareholder Notice or any Shareholder Associated Person, including all information that would be required to be disclosed pursuant to Items 403 and 404 promulgated under Regulation S-K (or any such successor rule) if the shareholder(s) named in the Shareholder Notice or Shareholder Associated Person was the "registrant" for purposes of such Items and such proposed nominee was a trustee, director, or executive officer of such registrant, and (ii) between or among such proposed nominee and any other person or entity (naming such person or entity) in connection with such nominee's nomination to the Board of Trustees, and, if elected, such nominee's service as a member of the Board of Trustees;

(H) whether such proposed nominee has ever been convicted in a criminal proceeding, or has ever been subject to a judgment, order, finding or decree of any federal, state or other governmental entity, concerning the proposed nominee's conduct in violation of any federal, state or other law, or any proceeding in bankruptcy and, if so, a description in reasonable detail of such judgment, order, finding, decree, or bankruptcy, and all legal proceedings relating thereto;

(I) a description in reasonable detail of any and all litigation, whether or not judicially settled, or dismissed, relating to the proposed nominee's past or current service on the board of directors, board of managers, or similar governing body of any corporation, limited liability company, partnership, trust, or any other entity;

(J) a description in reasonable detail of any agreements, arrangements, or understandings (written or oral, formal or informal) between such proposed nominee and any person as to how such proposed nominee, if elected as a Trustee, would act or vote on any issue or question that may come before the Board of Trustees;

(K) a description in reasonable detail of any agreements, arrangements, or understandings (written or oral, formal or informal) between such proposed nominee and any person that could limit or interfere with such proposed nominee's ability to comply, if elected as a Trustee, with his or her fiduciary duties under applicable law;

(L) a description in reasonable detail of any agreements, arrangements, or understandings (written or oral, formal or informal) between such proposed nominee and any person that contemplates such proposed nominee's resignation as a member of the Board of Trustees prior to the conclusion of the term of office of such proposed nominee was elected;

(M) the amount of any equity securities beneficially owned or Derivative Instruments (as defined below) held by such proposed nominee in any company that is a direct competitor of the Trust, and

(N) all other information relating to such proposed nominee that is required to be included in a proxy statement filed with the SEC in connection with a contested election of Trustees (even if an election contest is not ultimately successful) wherein such proposed nominee is named as a candidate for election to the Board of Trustees, or is otherwise included in a document filed with the SEC in connection with a case pursuant to Regulation 14A (or any successor provision) under the Exchange Act;

(ii) as to any other business that the shareholder proposes to bring before the shareholders description in reasonable detail of the business desired to be brought before the meeting, (B) the text of the proposal (including the text of any resolutions proposed for consideration and in the event such business includes a proposal to bind or precatory, to amend these Bylaws, the Declaration of Trust or any policy of the Trust, the text of any amendment), (C) a description in reasonable detail of the reasons for conducting such business at the meeting, description in reasonable detail of any interest in such business, direct or indirect, monetary or non-monetary, of such shareholder or any Shareholder Associated Person (as defined below), including any anticipated benefit to the shareholder or Shareholder Associated Person therefrom; and

(iii) as to the shareholder giving the Shareholder Notice:

(A) the name, business address, email address, and telephone number of such shareholder and any Shareholder Associated Person,

(B) the class and number of all Trust Securities which are owned beneficially (within the meaning of Rule 13d-3 under the Exchange Act) or of record by such shareholder and any Shareholder Associated Person and the date on which each such Trust Security was acquired; *provided, however,* that such shareholder and any Shareholder Associated Person shall in all events be deemed to beneficially own any Trust Securities as to which such shareholder or Shareholder Associated Person has a right to acquire beneficial ownership at any time in the future, whether such right is exercisable immediately or after the passage of time or only upon the satisfaction of certain conditions precedent,

(C) a reasonably detailed description of any agreement, arrangement, or understanding (written or oral, formal or informal), including any short interest or any borrowing or lending of shares of stock, that by or on behalf of such shareholder or any Shareholder Associated Person, the effect or intent of any of the following: profit or share in any benefit from any decrease in the price of any Trust Security held by such shareholder or Shareholder Associated Person or to mitigate loss from, or to manage risk of, stock price changes for, such shareholder or Shareholder Associated Person or to increase or decrease the voting power or pecuniary or economic interest of such shareholder or Shareholder Associated Person with respect to any Trust Securities,

(D) a reasonably detailed description of any economic interest in or any other right (including from a third party and naming such third party), any Trust Securities (or any rights, options or warrants convertible into or exercisable or exchangeable for such Trust Securities or any obligations measured by the price of such Trust Securities, including, without limitation, any swaps or other derivative arrangements) held by such shareholder or Shareholder Associated Person (the items in (C) and (D), "Derivative Instruments"),

(E) any proportionate interest in Trust Securities or Derivative Instruments held, directly or indirectly, by a general or limited partnership, limited liability company or similar entity in which such shareholder or Shareholder Associated Person (A) is a general partner or, directly or indirectly, beneficially owns an interest in a general partner or

general or limited partnership or (B) is the manager, managing member or, directly or indirectly, beneficially owns a manager or managing member of such limited liability company or similar entity,

(F) any performance-related fees (other than an asset-based fee) that such shareholder or Shareholder Associated Person is directly or indirectly entitled to based on any increase or decrease in the value of such Trust Securities or Derivative Instruments, including, without limitation, any such interests held by members of any such shareholder or Shareholder Associated Person's immediate family sharing the same household,

(G) a reasonably detailed description of any proxy, contract, arrangement, understanding, relationship, whether written or oral and formal or informal, between or among such shareholder or any Shareholder Person and any other person (naming each such person) pursuant to which such shareholder or Shareholder Person has a right to vote any shares of the Trust.

(H) a reasonably detailed description of any agreements, arrangements or understandings, written or oral and formal or informal, between or among such shareholder or any Shareholder Associated Person and any other persons (including any Shareholder Associated Person and naming each such persons), or in connection with the nomination of any person for election as a Trustee or the proposal of any other business.

(I) a reasonably detailed description of any plans or proposals of such shareholder or Shareholder Associated Person relating to the Trust that would be required to be disclosed by such shareholder or Shareholder Associated Person pursuant to Item 4 of Schedule 13D if a Schedule 13D relating to the Trust was filed with the SEC by such shareholder or Shareholder Associated Person pursuant to the Exchange Act (regardless of whether the requirement to file a Schedule 13D with the SEC is applicable to such shareholder or Shareholder Associated Person) together with any agreements, arrangements, or understandings (whether written or oral and whether formal or informal) that relate to such plans or proposals and naming all the parties to any such agreements, arrangements, or understandings,

(J) a representation that such shareholder intends to be Present in Person at the meeting to nominate any person(s) named in its Shareholder Notice or to bring such business included in its Shareholder Notice before the meeting and whether or not such shareholder or any Shareholder Associated Person intends or is part of a group that intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the outstanding Securities required to elect the proposed nominee(s) or approve the proposed business included in its Shareholder Notice otherwise to solicit proxies from shareholders in support of the election of the proposed nominee(s) or the proposed business.

(K) a representation as to whether or not the shareholder intends to solicit proxy nominees for Trustee other than the Trust's nominees in accordance with SEC Rule 14a-19.

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(L) a representation that the shareholder has complied, and will comply, with requirements of state law and the Exchange Act with respect to matters set forth in this Section 12, and

(M) all other information relating to such shareholder and any Shareholder Associate required to be disclosed in a proxy statement filed with the SEC by such shareholder or any Shareholder Associate connection with a contested solicitation of proxies for the election of Trustees (even if an election contest is not initiated by such shareholder or any Shareholder Associate Person is a participant, or is otherwise required, in each case, Regulation 14A (or any successor provision) under the Exchange Act.

In addition, any Shareholder Notice with respect to the nomination of an individual(s) for election as a Trustee accompanied by (i) a completed written questionnaire with respect to each proposed nominee with respect to the qualifications of such proposed nominee(s) (which questionnaire the shareholder shall request in writing from the Trust prior to submitting notice and which the Secretary shall provide to such shareholder within ten (10) days after written request), (ii) each proposed nominee's written consent to being named in the proxy statement of submitting the Shareholder Notice as a nominee for election as a Trustee and to serving as a Trustee if elected, representation and agreement completed by such proposed nominee in the form required by the Trust, shareholder shall request in writing from the Secretary of the Trust prior to submitting notice and which the Secretary to the shareholder within ten (10) days after receiving such request) that such proposed nominee (a) is not and was not party to any agreement, arrangement or understanding with, or any commitment or assurance to, any person or such proposed nominee, if elected as a Trustee, will act or vote on any issue or question to be decided by the Board or that otherwise relates to the Trust or such proposed nominee's service on the Board of Trustees (a "Commitment") that has not been disclosed to the Trust or any Commitment that could limit or interfere with such proposed nominee's ability to be elected as a Trustee, with such proposed nominee's fiduciary duties under applicable law; (b) is not and will not be in conflict with any other fiduciary duties that such proposed nominee may have to any other entity; and (c) has not been elected as a Trustee of any other entity.

any compensatory, payment or other financial agreement, arrangement or understanding with any person other than the Trust, including any agreement to indemnify such proposed nominee for obligations arising as a result of the nominee's service as a Trustee, in connection with the Shareholder Notice or such proposed nominee's service as a Trustee that has not been disclosed to the Trust; (c) will, if elected as a Trustee, comply with all applicable exchange listing standards, the Declaration of Trust, these Bylaws and the Trust's policies, guidelines and principles of Trustees, including, without limitation, the Trust's Corporate Governance Guidelines, Code of Business Conduct and Insider Trading Policy, and all applicable fiduciary duties under state law; (d) intends to serve a full term as a Trustee; (e) will tender, promptly following such proposed nominee's irrevocable and executed advance letter of resignation, effective upon such person's failure to receive, at the next duly called meeting of shareholders at which a quorum exists, which such person faces re-election, the affirmative vote of a majority of the total votes cast for and affirmative vote of such individual's re-election, such resignation being effective only upon acceptance thereof by the Board of Trustees; provided and will provide facts, statements, and other information in all communications with the Trust and its shareholders or will be true and correct in all material respects and do not and will not mislead.

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omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Trust may require any proposed nominee to furnish such additional information as it deems necessary to determine the eligibility of such proposed nominee to serve as an independent Trustee of the Trust, in material respects to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee.

(3) In no event can a shareholder include in a Shareholder Notice a number of proposed nominees for election as Trustees that is greater than the number of Trustees to be elected to the Board of Trustees at the meeting which, in the absence of any contrary public announcement, may be assumed to be the number of Trustees on the Board of Trustees at the time that the Shareholder Notice is submitted to the Trust. Notwithstanding anything in Section 12(a) to the contrary, in the event that the number of Trustees to be elected to the Board of Trustees is increased by a public announcement by the Trust of such action or specifying the size of the increased Board of Trustees at least 60 days prior to the first anniversary of the date of mailing of the proxy statement with respect to the preceding year's election of shareholders, the Shareholder Notice required by this Section 12(a) shall also be considered timely, but only with respect to nominees for any new Trustee positions created by such increase, and only with respect to a shareholder who has voted in favor of the increase in the size of the Board of Trustees and the Shareholder Notice Deadline, previously submitted to the Trust a Shareholder Notice proposing nominees for election to the Board in compliance with this Section 12 in all applicable respects. The Shareholder Notice is delivered to, or mailed to and received by, the secretary of the Trust at the principal executive office of the Trust not later than the close of business on the 10th calendar day immediately following the day on which the public announcement is first made by the Trust.

(4) As used in these Bylaws, the term "Shareholder Associated Person" means, with respect to any shareholder, (i) any beneficial owner of shares or beneficial interest of the Trust owned of record or beneficially by such shareholder (other than a shareholder that is a depositary), (ii) any Affiliate or Associate (within the meaning of Rule 12b-2 under the Exchange Act) of such shareholder or beneficial owner, (iii) any person Acting in Concert (as defined below) with such shareholder or beneficial owner, (iv) any participant (as defined in paragraphs (a)(i)-(vi) of Instruction 3 to Item 4 of Schedule 13D) in a Schedule 13D or an amendment thereto filed with the SEC relating to the Trust, and (vi) any person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such shareholder or Shareholder Associated Person identified in (i), (ii), (iii), (iv), or (v) above. For purposes of these Bylaws, a person is deemed to be "Acting in Concert" with another person if such person knowingly acts (whether or not pursuant to a written or oral, agreement, arrangement or understanding) in concert with, or towards a common goal relating to the management, governance, board composition, strategic direction, value enhancement plans, or control of the Trust, or with such other person where (i) each person is conscious of the other person's conduct or intent and this awareness is mutual.

decision-making processes, and (ii) at least two additional factors suggest that such persons knowingly intend to act in parallel towards a common goal relating to the leadership, management, governance, board composition, stock value enhancement plans, or control of the Trust, which such additional factors may include, without limitation, information (whether publicly or privately), attending meetings, conducting discussions, or making or soliciting investments in concert or in parallel; *provided, however,* that a person shall not be deemed to be Acting in Concert with any other person as a result of the solicitation or receipt of revocable proxies or consents from such other person in response to a proposal pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a proxy or consent solicitation filed with the SEC on Schedule 14A. A person Acting in Concert with another person shall be deemed to be Acting in Concert with a third party who is also Acting in Concert with such other person.

(b) Special Meetings of Shareholders. Only such business shall be conducted at a special meeting, it must be (i) specified in the Trust's notice of meeting (or any supplement thereto) given by or at the Board of Trustees (or any duly authorized committee thereof), (ii) if not specified in the notice of meeting (or thereto) provided by or at the direction of the Board of Trustees (or any duly authorized committee thereof), or brought before the special meeting by or at the direction of the Board of Trustees (or any duly authorized committee thereof) otherwise properly brought before a properly requested Shareholder Requested Special Meeting in accordance with the provisions of Section 3 and this Section 12(b). Notwithstanding anything contained herein to the contrary, nomination for election to the Board of Trustees may be made at a special meeting of shareholders at which Trustees are to be elected pursuant to the Trust's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Trustees (or any duly authorized committee thereof), (ii) by or at the direction of the Board of Trustees (or any duly authorized committee thereof) or (iii) provided that the Board of Trustees has determined that Trustees shall be elected at such special meeting by a shareholder of the Trust who is Present in Person and who (i) was a shareholder of record at the time of giving notice in this Section 12(b), (ii) is a shareholder of record at the time of the special meeting, (iii) is entitled to vote in the election of each person so nominated, and (iv) complies with this Section 12(b) in all applicable respects but not limited to, providing the information required by this Section 12(b) for such shareholder, any Shareholder, Person, and any proposed nominee. In the event the Trust calls a special meeting of shareholders for the purpose of electing one or more Trustees to the Board of Trustees, any such shareholder may nominate a person or persons (as the case may be) as a Trustee as specified in the Trust's notice of meeting, if the information required by Section 12(a)(2) including, but not limited to, providing the information required by Section 12(a)(2) for such shareholder, any Associated Person, and any person the shareholder proposes to nominate for election to the Board at such meeting is delivered to, or is mailed to and received by, the secretary of the Trust at the principal executive offices of the Trust not later than the close of business on the 120th calendar day prior to such special meeting and not later than the close of business on the 90th calendar day prior to such special meeting or the 10th calendar day following the day on which public notice is first made by the Trust of the date of the special meeting and the nominees proposed by the Board of Trustees for such meeting. Any shareholder that requests a Shareholder Requested Special Meeting in accordance with the provisions of Section 3 and this Section 12(b) shall be entitled to nominate Trustees to the Board of Trustees at such meeting.

accordance with Section 3 of this Article II for the purpose of conducting any business other than the election of
be required to cause all the information required by Section 12(a)(2) of this Article II, including, but not limited
information required by Section 12(a)(2) for such shareholder, any Shareholder Associated Person, and any busi
be conducted at such meeting, to be delivered to, or to be mailed to and received by, the secretary of the Trust o
the delivery of their request for a Shareholder Requested Special Meeting and will otherwise be subject to the
forth in Section 12(a)(2) of this Article II. Except as expressly provided by, and subject to compliance with, the

shareholders shall not be permitted to bring before any special meeting of shareholders any proposed business of persons for election to the Board of Trustees. In no event shall the public announcement of a postponement or a special meeting to a later date or time commence a new time period for providing any notice or other information above.

(c) General.

(1) A shareholder submitting a Shareholder Notice, by its delivery to the Trust, represents that all information contained therein, as of the Shareholder Notice Deadline, is accurate in all material respects. If information contained in a Shareholder Notice is determined to be inaccurate in any material respect, such information may have been provided in accordance with this Section 12. Any such shareholder shall notify the Trust of any material change (within two Business Days of becoming aware of such inaccuracy or change) in any such information within written request by the secretary or the Board of Trustees or any committee thereof, any such shareholder shall provide the Trust with a written update of such request (or such other period as may be specified in such request), (A) written request by the secretary of the Trust or the Board of Trustees or any committee thereof, in its, his, or her sole Business Days of delivery of such request (or such other period as may be specified in such request), (A) written update of any information contained in a Shareholder Notice, and (B) a written update of any information contained in a Shareholder Notice submitted as of an earlier date. If a shareholder fails to provide such written verification or update within such period, the information in the Shareholder Notice as to which written verification or a written update may be deemed not to have been provided in accordance with this Section 12. For the avoidance of doubt, the changes or updates required pursuant to this Section 12(c)(1) do not cause a Shareholder Notice that was inaccurate in any information when first delivered to the Trust prior to the Shareholder Notice Deadline to thereafter be in proper form in accordance with Section 12.

(2) Except for nominations of Trustees pursuant to Section 17 of this Article II of these Bylaws, persons who are nominated in accordance with this Section 12 shall be eligible to serve as Trustees, and only such nominations shall be conducted at a meeting of shareholders as shall have been properly brought before the meeting in accordance with Section 12. The chair of the meeting shall have the power to determine, in consultation with counsel (who may include internal counsel), and declare to the meeting that a nomination or any other business proposed to be brought before the meeting was not made or proposed, as the case may be, in accordance with this Section 12 and, if he or she so declares, shall declare to the meeting that such defective nomination or proposed business shall be disregarded.

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(3) For a Shareholder Notice to comply with the requirements of this Section 12, all information required to be included therein by this Section 12 must be set forth in writing directly within the body of the Shareholder Notice, rather than being incorporated by reference from any pre-existing document or writing, including, but not limited to, any information publicly filed with the SEC.

(4) For a Shareholder Notice to comply with the requirements of this Section 12, each of the provisions of this Section 12 shall be directly and expressly responded to and a Shareholder Notice must clearly indicate which provisions of this Section 12 the information disclosed is intended to be responsive to. All other references shall be disregarded and information disclosed in the Shareholder Notice in response to any provision of this Section 12 shall not be deemed responsive to any other provision hereof unless it is expressly cross-referenced to such provision and it is clearly apparent how such information is responsive to such other provision.

(5) A shareholder submitting a Shareholder Notice pursuant to this Section 12, by its delivery to the Trust, acknowledges that it understands that nothing contained therein shall be considered confidential or proprietary information and that neither the Trust, the Board of Trustees, nor any agents or representatives thereof shall be restricted, in any manner, from publicly disclosing or using any of the information contained in a Shareholder Notice.

(6) Notwithstanding the foregoing provisions of this Section 12, if a shareholder submitting a Shareholder Notice pursuant to this Section 12 is not Present in Person at the shareholders' meeting to present its proposed business, or if the shareholder breaches, or takes any action contrary to, any of the representations or warranties

Shareholder Notice applicable to such shareholder's proposed nominations or other business, such proposed other business shall be disregarded, notwithstanding that proxies in respect of such matters may have been received.

(7) Notwithstanding the foregoing provisions of this Section 12, unless otherwise required, if a shareholder (1) provides notice pursuant to SEC Rule 14a-19(b) and (2) subsequently fails to comply with the SEC Rule 14a-19(a)(2) and SEC Rule 14a-19(a)(3), then the Trust shall disregard any proxies or votes solicited from nominees. Upon request by the Trust, if any shareholder provides notice pursuant to SEC Rule 14a-19(b), such shareholder shall deliver to the Trust, no later than five (5) business days prior to the applicable meeting, reasonable evidence that the shareholder has complied with the requirements of SEC Rule 14a-19(a)(3).

(8) Notwithstanding any notice of the meeting, proxy statement or supplement filed by the Trust or by shareholders on behalf of the Trust, a shareholder must separately comply with this Section 12 to propose any other business at any shareholders' meeting, including delivering its own separate and timely Shareholder Notice to the Trust that complies in all respects with the requirements of this Section 12. Any shareholder directly or indirectly soliciting proxies from other shareholders must use a proxy card color other than white, which shall be reserved for the exclusive use of the Board of Trustees.

(9) For purposes of this Section 12, (a) "Business Day" shall mean any day other than Saturday, Sunday, or a day on which banking institutions in the State of Maryland are closed.

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are authorized or obligated by applicable law or executive order to close, (b) "close of business" shall mean 5:00 p.m. at the principal executive offices of the Trust on any calendar day, whether or not such day is a Business Day. (c) "mailing of the proxy statement" shall mean the date of the definitive proxy statement for the solicitation of proxies by the Trustees as such definitive proxy statement is filed with the SEC, (d) "Present in Person" shall mean that a shareholder or, if applicable, its qualified representative shall be present at such annual meeting by means of the electronic technology, (e) "public announcement" or its corollary "publicly announced" shall mean disclosure by press release either transmitted to the principal securities exchange on which the Trust's common shares are traded by a recognized news or wire service, (ii) in a document publicly filed by the Trust with the SEC pursuant to Section 15(d) of the Exchange Act, or (iii) pursuant to another method reasonably intended by the Trust to achieve dissemination of the information contained therein, and (f) "qualified representative" shall mean (i) if the shareholder is a corporation, any duly authorized officer of such corporation, (ii) if the shareholder is a limited liability company, any member, manager or officer of such limited liability company, (iii) if the shareholder is a partnership, any general partner who functions as general partner for such partnership, (iv) if the shareholder is a trust, the trustee of such trust, or (v) if the shareholder is an entity other than the foregoing, the persons acting in such similar capacities as the foregoing on behalf of such entity.

(10) Notwithstanding the foregoing provisions of this Section 12, a shareholder shall also comply with the applicable requirements of the MGCL, the Maryland REIT Law, the Exchange Act and the rules and regulations of the SEC, and other applicable law with respect to the matters set forth in this Section 12, any solicitation of proxies by the shareholder in connection with its submission of a Shareholder Notice, and any filings made, or required to be made, with the SEC in connection therewith.

(11) Notwithstanding the foregoing provisions of this Section 12, the disclosures required by this Section 12 to be included in a Shareholder Notice shall not include any disclosures with respect to the ordinary course of business activities of any broker, dealer, commercial bank, or trust company who is deemed a Shareholder Associated Person as a result of being the shareholder directed to prepare and submit the Shareholder Notice on behalf of a beneficial owner of record of shares held by such broker, dealer, commercial bank, or trust company and who is not otherwise affiliated with such beneficial owner.

(12) Nothing in this Section 12 shall be deemed to affect any right of a shareholder to require a proposal in, nor the right of the Trust to omit a proposal from, the Trust's proxy statement pursuant to, and subject to, the requirements of, Rule 14a-8 (or any successor provision) under the Exchange Act and the SEC's and interpretations, guidance, and no-action letter determinations relating thereto.

Section 13. POSTPONEMENT AND CANCELLATION OF MEETINGS. Any previously scheduled annual meeting of the shareholders may be postponed, and any

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previously scheduled annual or special meeting of the shareholders called by the Board of Trustees may be postponed by resolution of the Board of Trustees upon public notice given prior to the time previously scheduled for such shareholders.

Section 14. INFORMAL ACTION BY SHAREHOLDERS. Any action required or permitted to be taken by shareholders may be taken without a meeting if a consent in writing, setting forth such action, is signed by each shareholder entitled to vote on the matter and any other shareholder entitled to notice of a meeting of shareholders (but not by a shareholder who has waived in writing any right to dissent from such action, and such consent and waiver are filed with the minute book of the shareholders).

Section 15. VOTING BY BALLOT. Voting on any question or in any election of Trustees may be by voice or written ballot. When the voting begins, the presiding officer shall order or any shareholder shall demand that voting be by ballot.

Section 16. CONTROL SHARE ACQUISITION ACT. Notwithstanding any other provision of the Declaration of these Bylaws, Title 3, Subtitle 7 of the MGCL (or any successor statute) shall not apply to any acquisition by any individual or entity of beneficial interest of the Trust. This section may be repealed, in whole or in part, at any time, whether by a vote of the shareholders or by a vote of the Board of Trustees, or by a vote of the shareholders in the event of a proposed acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any subsequent control share acquisition.

Section 17. PROXY ACCESS.

(a) Inclusion of Shareholder Nominee in Proxy Statement. Subject to the provisions of this Section 17, the Trust shall include in its proxy statement (including its form of proxy and ballot) for an annual meeting of shareholders a proposal for the election of a shareholder nominee for election to the Board of Trustees submitted pursuant to this Section 17 (each a "Shareholder Nominee") provided:

(1) the timely written notice of such Shareholder Nominee satisfying this Section 17 ("Notice") is delivered to the Trust by or on behalf of a shareholder or shareholders that, at the time the Notice is delivered, satisfy the ownership requirements of this Section 17 (such shareholder or shareholders, and any person on whose behalf they are acting, a "Shareholder");

(2) the Eligible Shareholder expressly elects in writing at the time of providing the Notice to include the Shareholder Nominee included in the Trust's proxy statement pursuant to this Section 17; and

(3) the Eligible Shareholder and the Shareholder Nominee otherwise satisfy the requirements of this Section 17.

(b) Timely Notice. To be timely, the Notice must be delivered to the secretary of the Trust or to the executive offices of the Trust, not later than the close of business on the 120th calendar day prior to the first anniversary of the date the Trust's proxy statement for the preceding year's annual meeting was first sent to shareholders nor earlier than the close of business on the 150th calendar day prior to the first anniversary of the date the Trust's proxy statement for the preceding year's annual meeting was first sent to shareholders.

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the preceding year's annual meeting was first sent to shareholders; provided, however, that in the event that annual meeting is advanced or delayed by more than 30 calendar days from the first anniversary of the date of the preceding year's annual meeting, for a Notice to be timely, it must be so delivered or received not earlier than the close of the 150th calendar day prior to the date of such annual meeting and not later than the close of business on the 10th calendar day prior to the date of such annual meeting or the 10th calendar day following the day on which public announcement of the date of such annual meeting is first made by the Trust. In no event shall the public announcement of an adjournment of an annual meeting to a later date or time commence a new time period for the giving of a Notice above.

(c) Information to be Included in Proxy Statement. In addition to including the name of the Shareholder in the Trust's proxy statement for the annual meeting, the Trust shall also include (collectively, the "Required Information"):

(1) the information concerning the Shareholder Nominee and the Eligible Shareholder that is to be disclosed in the Trust's proxy statement pursuant to the Exchange Act, and the rules and regulations promulgated thereunder, and

(2) if the Eligible Shareholder so elects, a written statement of the Eligible Shareholder (or the group, a written statement of the group), not to exceed 500 words, in support of its Shareholder Nominee, which is to be filed at the same time as the Notice for inclusion in the Trust's proxy statement for the annual meeting (a "Statement").

Notwithstanding anything to the contrary contained in this Section 17, the Trust may omit from its proxy statement any information or Statement that it, in good faith, believes is untrue in any material respect (or omits a material fact) in order to make the statements made, in light of the circumstances under which they are made, not misleading) or violate any applicable law, rule, regulation, or listing standard. Additionally, nothing in this Section 17 shall limit the Trust's discretion to omit and include in its proxy statement its own statements relating to any Shareholder Nominee.

(d) Shareholder Nominee Limits. The number of Shareholder Nominees (including Shareholder Nominees that were submitted by an Eligible Shareholder for inclusion in the Trust's proxy statement pursuant to this Section 17, but subsequently withdrawn or that the Board of Trustees decides to nominate (a "Board Nominee")) appearing in the Trust's proxy statement with respect to a meeting of shareholders shall not exceed the greater of: (x) two; or (y) 20% of the number of Trustees in office as of the last day on which notice of a nomination may be delivered pursuant to this Section 17 (the "Final Nomination Date") or, if such amount is not a whole number, the closest whole number below 20% (the "Permitted Number"). Notwithstanding the foregoing, however, that:

(1) in the event that one or more vacancies for any reason occurs on the Board of Trustees after the Final Proxy Access Nomination Date and before the date of the applicable annual meeting of shareholders, if the Board of Trustees resolves to reduce the size of the Board of Trustees in connection therewith, the Permitted Number shall be based on the number of Trustees in office as so reduced;

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(2) any Shareholder Nominee who is included in the Trust's proxy statement for a particular class of shareholders but withdraws from or becomes ineligible or unavailable for election at the meeting, shall be ineligible to be included in the Trust's proxy statement as a Shareholder Nominee pursuant to this Section 17 for the next two annual meetings of shareholders following the meeting for which the Shareholder Nominee has been nominated for election; and

(3) any Trustee in office as of the nomination deadline who was included in the Trust's proxy statement as a Shareholder Nominee for any of the two preceding annual meetings and whom the Board of Trustees decides to nominate to the Board of Trustees also will be counted against the Permitted Number.

In the event that the number of Shareholder Nominees submitted by Eligible Shareholders pursuant to Section 17 exceeds the Permitted Number, each Eligible Shareholder shall select one Shareholder Nominee for inclusion in the proxy statement until the Permitted Number is reached, going in order of the amount (from greatest to least) of votes of the Trust's capital stock entitled to vote on the election of Trustees disclosed in the Notice. If the Permitted Number is reached after each Eligible Shareholder has selected one Shareholder Nominee, this selection process shall continue as necessary, following the same order each time, until the Permitted Number is reached.

(e) Eligibility of Nominating Shareholder; Shareholder Groups. An Eligible Shareholder must have owned shares of the Trust entitled to vote in the election of Trustees (the "Required Shares") as of both the date the Notice is received by the Trust in accordance with this Section 17 and the record date for determining shareholders entitled to vote in the annual meeting and must deliver a statement regarding the Eligible Shareholder's intent with respect to continued ownership of the Required Shares for at least one year following the annual meeting. For purposes of satisfying the ownership requirements of this Section 17, the voting power represented by the shares of the Trust's capital stock owned by one or more shareholders shall be aggregated to determine whether the person or persons who own shares of the Trust's capital stock and on whose behalf any shareholder is acting have aggregated ownership of shares that in the aggregate purpose shall not exceed 20; and

(2) each shareholder or other person whose shares are aggregated shall have held shares of the Trust continuously for at least three years.

Whenever an Eligible Shareholder consists of a group of shareholders and/or other persons, the requirements and obligations for an Eligible Shareholder set forth in this Section 17 must be satisfied by and aggregated by the group of shareholders and/or other persons, except that shares may be aggregated to meet the Required Shares as provided in this Section 17. With respect to any one particular annual meeting, no shareholder or other person may be a member of more than one group of shareholders and/or other persons constituting an Eligible Shareholder under this Section 17.

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(f) Funds. A group of two or more funds shall be treated as one shareholder or person for purposes of this Section 17 if the funds are under common management and investment control, or by a common employer, or by a common group of employers that are under common control; or

(3) a "group of investment companies," as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended.

(g) Ownership. For purposes of this Section 17, an Eligible Shareholder shall be deemed to "own" shares of the Trust's capital stock as to which the person possesses both:

(1) the full voting and investment rights pertaining to the shares; and

(2) the full economic interest in (including the opportunity for profit and risk of loss on the shares); provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares:

(A) sold by such person or any of its affiliates in any transaction that has not been approved by the person's board of directors;

(B) borrowed by such person or any of its affiliates for any purposes or purchased by such person or any of its affiliates pursuant to an agreement to resell, or

(C) subject to any option, warrant, forward contract, swap, contract of sale, other similar agreement entered into by such person or any of its affiliates, whether any such instrument or agreement with shares or with cash based on the notional amount or value of outstanding shares of the Trust's capital stock, in which instrument or agreement has, or is intended to have, the purpose or effect of: (1) reducing in any manner, to any time in the future, such person's or affiliates' full right to vote or direct the voting of any such shares; and offsetting, or altering to any degree gain or loss arising from the full economic ownership of such shares by affiliate.

An Eligible Shareholder "owns" shares held in the name of a nominee or other intermediary so long as the Shareholder retains the right to instruct how the shares are voted with respect to the election of Trustees and preserves its economic interest in the shares. An Eligible Shareholder's ownership of shares shall be deemed to continue during any period in which the Eligible Shareholder has delegated any voting power by means of a proxy, power of attorney, or other arrangement that is revocable at any time by the person. An Eligible Shareholder's ownership of shares shall continue during any period in which the Eligible Shareholder has loaned such shares, provided that the Eligible Shareholder retains the power to recall such loaned shares on five business days' notice. The terms "owned," "owning," and other words that have a similar meaning shall have correlative meanings. For purposes of this

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Section 17, the term "affiliate" shall have the meaning ascribed thereto in the regulations promulgated under the Exchange Act.

(h) Nomination Notice and Other Eligible Shareholder Deliverables. An Eligible Shareholder must provide the Trust with the following information in writing to the secretary of the Trust:

(1) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of the date of the applicable annual meeting of shareholders, the Eligible Shareholder has owned continuously for the preceding three years, the Required Shares, and the Eligible Shareholder's agreement to nominate a Shareholder Nominee(s) to the Board of Trustees.

(A) within five business days after the record date for the meeting, written statements from the record holder and intermediaries verifying the Eligible Shareholder's continuous ownership of the Required Shares as of the record date, and

(B) immediate notice if the Eligible Shareholder ceases to own any of the Required Shares as of the date of the applicable annual meeting of shareholders;

(2) the Eligible Shareholder's representation and agreement that the Eligible Shareholder is not a member of any group of shareholders that together is an Eligible Shareholder under this Section 17:

(A) intends to continue to satisfy the eligibility requirements described in this Section 17 as of the date of the annual meeting, including a statement regarding the Eligible Shareholder's intent with respect to continuing to own the Required Shares for at least one year following the annual meeting,

(B) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Trust, and does not presently have such intent,

(C) has not nominated and will not nominate for election to the Board of Trustees at the annual meeting any person other than the Shareholder Nominee(s) being nominated pursuant to this Section 17,

(D) has not engaged and will not engage in, and has not and will not be, a "participant" in any person's "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any Trustee at the meeting other than its Shareholder Nominee(s) or a Board Nominee,

(E) will not distribute to any shareholder any form of proxy for the meeting other than that distributed by the Trust,

(F) has provided and will provide facts, statements, and other information in all communications to the Trust and its shareholders that are or will be true and

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correct in all material respects and do not and will not omit to state a material fact necessary in order to make the communications made, in light of the circumstances under which they were made, not misleading.

(G) agrees to assume all liability stemming from any legal or regulatory violation arising out of the Eligible Shareholder's communications with the Trust's shareholders or out of the information that the Eligible Shareholder provides to the Trust,

(H) agrees to indemnify and hold harmless the Trust and each of its Trustees, officers, and employees individually against any liability, loss, or damages in connection with any threatened or pending proceeding, whether legal, administrative, or investigative, against the Trust or any of its Trustees, officers, or employees, or arising out of any nomination submitted by the Eligible Shareholder pursuant to this Section 17,

(I) will file with the SEC any solicitation or other communication with the Trust relating to the meeting at which the Shareholder Nominee will be nominated, regardless of whether any such communication is made under Section 14 of the Exchange Act and the rules and regulations promulgated thereunder or whether any exemption is available for such solicitation or other communication under Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, and

(J) will comply with all other applicable laws, rules, regulations, and listing standards relating to any solicitation in connection with the meeting;

(3) the written consent of each Shareholder Nominee to be named in the Trust's proxy statement in the form of proxy and ballot and, as a nominee and, if elected, to serve as a Trustee;

(4) a copy of the Schedule 14N (or any successor form) that has been filed with the SEC in accordance with Rule 14a-18 under the Exchange Act;

(5) in the case of a nomination by a group of shareholders that together is an Eligible Shareholder:

(A) documentation satisfactory to the Trust demonstrating that a group of funds qualifies as a single shareholder under the criteria set forth in Section 17(g) to be treated as one shareholder or person for purposes of this Section 17, and

(B) the designation by all group members of one group member that is authorized to act on behalf of all members of the nominating shareholder group with respect to the nomination and matters related thereto, including the timing of the nomination; and

(6) if desired, a Statement.

(i) Shareholder Nominee Agreement. Each Shareholder Nominee must:

(1) provide within five business days of the Trust's request an executed agreement, in a form satisfactory to the Trust, providing the following representations:

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(A) the Shareholder Nominee has read and agrees to adhere to the Trust's Corporate Governance Guidelines, Code of Business Conduct and Ethics, Insider Trading Policy, and any other of the Trust's policies applicable to Trustees;

(B) the Shareholder Nominee is not and will not become a party to any agreement, understanding with, and has not given any commitment or assurance to, any person or entity as to how such person or entity, if a Trustee, will act or vote on any issue or question (a "Voting Commitment"), and

(C) the Shareholder Nominee is not and will not become a party to any agreement, understanding with any person or entity other than the Trust with respect to any direct or indirect compensation, recompence, or indemnification (a "Compensation Arrangement") in connection with such person's nomination for Trustee or service as a Trustee, including whether such compensation, recompence, or indemnification has been disclosed to the Trust;

(2) complete, sign, and submit all questionnaires required of the Trust's Board of Trustees within five business days of receipt of each such questionnaire from the Trust; and

(3) provide within five business days of the Trust's request such additional information as the Trust's Board of Trustees may determine may be necessary to permit the Board of Trustees to determine whether such Shareholder Nominee is otherwise qualified to serve as a Trustee under the requirements of this Section 17 or the Trust's requirements with regard to Trustee qualifications and policies applicable to Trustees, including whether:

(A) such Shareholder Nominee is independent under the independence requirements of the listing standards of the stock exchange on which the common shares of the Trust are listed, any applicable rules of the stock exchange, and the Trust's Corporate Governance Guidelines (the "Independence Standards"),

(B) such Shareholder Nominee has any direct or indirect relationship with the Trust or its shareholders that may result in a personal or financial interest in any transaction that may be deemed a conflict of interest pursuant to the Trust's Corporate Governance Guidelines or Code of Business Conduct and Ethics, and

(C) such Shareholder Nominee is not and has not been subject to: (1) any event described in Rule 401(f) of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act"), or (2) any order of the SEC under Rule 506(d) of Regulation D under the Securities Act.

(j) Eligible Shareholder/Shareholder Nominee Undertaking. In the event that any information or statement provided by the Eligible Shareholder or Shareholder Nominee to the Trust or its shareholders ceases to be true and accurate in any material respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Shareholder or Shareholder Nominee, as the case may be, shall promptly notify the Trust in writing of any such inaccuracy or omission in such previously provided information and of the information necessary to make such information or communication true and correct. Notwithstanding the foregoing, the provision of any such information or communication shall not be deemed to cure any defect or limit the Trust's ability to cure such defect.

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notification pursuant to the preceding sentence shall not be deemed to cure any defect or limit the Trust's ability to cure such defect.

(k) Exceptions Permitting Exclusion of Shareholder Nominee. The Trust shall not be required to exclude from the meeting any person who is a Shareholder Nominee under this Section 17 if the person is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act or is a "participant" in a "proxy contest" within the meaning of Rule 14a-1(l) under the Exchange Act, or if the person is a "participant" in the election of any individual as a Trustee at the meeting other than its Shareholder Nominee(s) or a Board Nominee;

(1) if the Eligible Shareholder who has nominated such Shareholder Nominee has nominated to the Board of Trustees at the meeting any person other than pursuant to this Section 17, or has or is engaged in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act or is a "participant" in a "proxy contest" within the meaning of Rule 14a-1(l) under the Exchange Act, or if the person is a "participant" in the election of any individual as a Trustee at the meeting other than its Shareholder Nominee(s) or a Board Nominee;

(2) if the Trust has received or receives a notice (whether or not subsequently wi shareholder intends to nominate any candidate for election to the Board of Trustees pursuant to the advance not for shareholder nominees for Trustees in Article II, Section 12 of these Bylaws;

(3) who is not independent under the Independence Standards;

(4) whose election as a member of the Board of Trustees would violate or cause th violation of these Bylaws, the Trust's Declaration of Trust, Corporate Governance Guidelines, Code of Busine Ethics, or other document setting forth qualifications for Trustee, the listing standards of the stock exchange on the Trust's common stock are listed, or any applicable state or federal law, rule, or regulation;

(5) if the Shareholder Nominee is or becomes a party to any Voting Commitment;

(6) if the Shareholder Nominee is or becomes a party to any undisclosed Compensation A

(7) who is or has been, within the past three years, an officer or director of a competit Section 8 of the Clayton Antitrust Act of 1914;

(8) who is a named subject of a pending criminal proceeding (excluding traffic violations offenses) or has been convicted in such a criminal proceeding within the past ten years;

(9) who is subject to any order of the type specified in Rule 506(d) of Regulation D und Act; or

(10) if such Shareholder Nominee or the applicable Eligible Shareholder shall have provided the Trust in respect of such nomination that was untrue in any

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material respect or omitted to state a material fact necessary in order to make the statement made, in light of th under which they were made, not misleading or shall have breached its or their agreements, representations, obligations pursuant to this Section 17.

(i) Invalidity. Notwithstanding anything to the contrary set forth herein, the Board of Trustee presiding at the meeting shall be entitled to declare a nomination by an Eligible Shareholder to be invalid, and shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Trust; ar not be required to include in its proxy statement any successor or replacement nominee proposed by the ap Shareholder or any other Eligible Shareholder if:

(1) the Shareholder Nominee and/or the applicable Eligible Shareholder shall have bre agreements, representations, undertakings, or obligations pursuant to this Section 17, as determined by the Boa the person presiding at the meeting; or

(2) the Eligible Shareholder (or a qualified representative thereof) does not appear at present any nomination pursuant to this Section 17.

ARTICLE III TRUSTEES

Section 1. GENERAL POWERS; QUALIFICATIONS; TRUSTEES HOLDING OVER. The business a Trust shall be managed under the direction of its Board of Trustees. A Trustee shall be an individual at least 21 y is not under legal disability. In case of failure to elect Trustees at an annual meeting of the shareholders, the over shall continue to direct the management of the business and affairs of the Trust until their successors are ele

Section 2. NUMBER AND INDEPENDENCE. At any regular meeting or at any special meeting called fo majority of the Entire Board may establish, increase or decrease the number of Trustees, subject to any I

Declaration of Trust. At least a majority of the Board of Trustees shall be trustees whom the Board of Trustees are "independent" under the standards established by the Board of Trustees and in accordance with the requirements of the New York Stock Exchange for determining such independence. All nominations must be submitted and approved by the Nominating and Corporate Governance Committee and follow the nominating process established by the committee for the nomination of Trustees and must satisfy the standards for membership on the Board of Trustees or that Committee from time to time.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Trustees shall be held immediately after and at the same place as the annual meeting of shareholders, no notice other than this Bylaw is required. The Board of Trustees may provide, by resolution, the time and place, either within or without the State of Maryland, for holding of regular meetings of the Board of Trustees without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Trustees may be called by or at the direction of the chair of the board, the chief executive officer or the president or

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by a majority of the Trustees then in office. The person or persons authorized to call special meetings of the Board of Trustees may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the Trustees called by them.

Section 5. NOTICE. Notice of any special meeting of the Board of Trustees shall be given by written notice personally, by telephone, electronically mailed, facsimile-transmitted, or mailed or couriered to each Trustee at his or her residence address. Personally delivered notices shall be given at least two calendar days prior to the meeting. Notice shall be given at least five calendar days prior to the meeting. Telephone, electronic mail or facsimile-transmission given at least 24 hours prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Telephone notice shall be deemed given when personally given such notice in a telephone call to which he or she is a party. Electronic mail notice shall be deemed given upon transmission of the message to the electronic mail address given to the Trust by the Trustee. Facsimile-transmission shall be deemed given upon completion of the transmission of the message to the number given to the Trust by the Trustee upon receipt of a completed answer-back indicating receipt. Notice by courier shall be deemed to be given when delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the Board of Trustees need be stated in the notice, unless specifically required by applicable Bylaws.

Section 6. QUORUM. A majority of the Board of Trustees shall constitute a quorum for transaction of business at a meeting of the Board of Trustees, provided that, if less than a majority of such Trustees are present at said meeting, the Trustees present may adjourn the meeting from time to time without further notice, and provided further that if the Declaration of Trust or these Bylaws, the vote of a majority of a particular group of Trustees is required for action to be taken, such action may be taken only if a majority of the Trustees in that group are present. The Trustees present at a meeting which has been duly called and convened to transact business until adjournment, notwithstanding the withdrawal of enough Trustees to leave less than a quorum.

Section 7. VOTING. The action of the majority of the Trustees present at a meeting at which a quorum is present shall be the action of the Board of Trustees, unless the concurrence of a greater proportion is required for such action by the Declaration of Trust or these Bylaws.

Section 8. TELEPHONE MEETINGS. Trustees may participate in a meeting by means of a conference call or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 9. INFORMAL ACTION BY TRUSTEES. Any action required or permitted to be taken at any meeting of the Board of Trustees may be taken without a meeting, if a consent in writing or by electronic transmission to such a Trustee is given by each Trustee and such written consent is filed with the minutes of proceedings of the Board of Trustees.

Section 10. ORGANIZATION. At each meeting of the Board of Trustees, the chair of the Board of Trustees, in the absence of the chair, the vice chair, if any, of the Board of Trustees, if any, shall act as chair. In the absence of both the chair and the vice chair of the Board of Trustees,

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the chief executive officer or in the absence of the chief executive officer, the president or in the absence of Trustee chosen by a majority of the Trustees present, shall act as chair. The secretary or, in his or her absence, the secretary of the Trust, or in the absence of the secretary and all assistant secretaries, a person appointed by the chair, secretary of the meeting.

Section 11. **VACANCIES**. If for any reason any or all the Trustees cease to be Trustees, such event shall not terminate the Trust, or affect these Bylaws or the powers of the remaining Trustees hereunder (even if fewer than a quorum remain). Any vacancy (including a vacancy created by an increase in the number of Trustees) shall be filled by a regular meeting or at any special meeting called for that purpose, by a majority of the Trustees, even if the remaining Trustees do not constitute a quorum. Any individual so elected as Trustee shall hold office for the unexpired term of the Trustee replaced and until a successor is elected and qualifies.

Section 12. **COMPENSATION.** Trustees shall not receive any stated salary for their services as resolution of the Board of Trustees or a duly authorized committee thereof, may receive compensation per meeting and for any service or activity they performed or engaged in as Trustees. Trustees may be reimbursed attendance, if any, at each annual, regular, or special meeting of the Board of Trustees or of any committee their expenses, if any, in connection with any service or activity performed or engaged in as Trustees; but nothing shall be construed to preclude any Trustees from serving the Trust in any other capacity and receiving compensat

Section 13. REMOVAL OF TRUSTEES. The shareholders may remove any Trustee in the manner Declaration of Trust.

Section 14. **RELIANCE**. Each Trustee, officer, employee and agent of the Trust shall, in the performance of their duties with respect to the Trust, be fully justified and protected with regard to any act or failure to act in reliance in the books of account or other records of the Trust, upon an opinion of counsel or upon reports made to the Trust by officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by officers of the Trust, regardless of whether such counsel or expert may also be a Trustee.

Section 15. INTERESTED TRUSTEE TRANSACTIONS. Section 2-419 of the MGCL shall be available any contract or other transaction between the Trust and any of its Trustees or between the Trust and any other firm or other entity in which any of its Trustees is a trustee or director or has a material financial interest.

Section 16. **RESIGNATION**. Any Trustee may resign by written notice to the Board effective upon (a) delivery to the Trust of such written notice, (b) any future date specified in the notice, (c) the occurrence of a certain event (including the failure to receive a specified vote for election as a Trustee), and/or (d) the acceptance by the Board of a resignation that is conditioned upon the Trustee failing to receive a specified vote for re-election as a Trustee. Any resignation is irrevocable.

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ARTICLE IV COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Trustees may, by resolution of a majority of the Entire Board, appoint from among its members an Audit Committee, a Compensation Committee and Corporate Governance Committee, and other committees, composed of one or more Trustees, to serve at the pleasure of the Board of Trustees.

Section 2. POWERS. The Board of Trustees may delegate to committees appointed under Section 1 certain powers of the Trustees, except as prohibited by applicable law.

Section 3. MEETINGS. In the absence of any member of any such committee, the members thereof may meet, whether or not they constitute a quorum, may appoint another Trustee to act in the place of such member, provided that such Trustee meets the requirements for membership on such committee. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Trustees. Each committee shall keep a record of its proceedings and shall report the same to the Board of Trustees at the next succeeding meeting, and any action taken by the committee shall be subject to revision and alteration by the Board of Trustees, provided that no rights of third persons shall be affected by such revision or alteration.

Section 4. QUORUM. A majority of the members of any committee shall constitute a quorum for the transaction of business at a committee meeting, and the act of a majority of the members present shall be the act of such committee. The Board of Trustees, or the members of a committee to which such power has been duly delegated by the Board of Trustees, may designate a chair of any committee, and such chair or any two members of any committee may fix the time and place of meetings unless the Board of Trustees shall otherwise provide.

Section 5. TELEPHONE MEETINGS. Members of a committee of the Board of Trustees may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can be heard at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 6. INFORMAL ACTION BY COMMITTEES. Any action required or permitted to be taken at a meeting of a committee of the Board of Trustees may be taken without a meeting, if a consent in writing or by electronic transmission is given by each member of the committee and such written consent is filed with the minutes of proceedings of the committee.

Section 7. VACANCIES, REMOVAL AND DISSOLUTION. Subject to the provisions hereof, the Board of Trustees shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternates, to replace any absent or disqualified member or to dissolve any such committee.

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ARTICLE V OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Trust shall include a president, a secretary and treasurer, and may include a chair of the board, a vice chair of the board, a chief executive officer, a chief operating officer, a chief financial officer, one or more vice presidents, one or more assistant secretaries and one or more assistant treasurers. The Board of Trustees may from time to time appoint such other officers with such powers and duties as they shall determine to be desirable. The officers of the Trust shall be elected annually by the Board of Trustees at the first meeting of the Board held after each annual meeting of shareholders, except that the chief executive officer or the president may be elected by the vice presidents. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his or her successor is elected and qualifies or until his or her death or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. In their discretion, the Trustees may leave unfilled any office. Election of an officer or agent shall not affect the contract rights between the Trust and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Trust may be removed by the Board of Trustees if in its judgment the best interests of the Trust would be served thereby, but such removal shall be without cause.

contract rights, if any, of the person so removed. Any officer of the Trust may resign at any time by giving written notice of her resignation to the Trustees, the chair of the board, the president or the secretary. Any resignation shall take effect subsequent to the time specified therein or, if the time when it shall become effective is not specified therein, immediately upon receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the Bylaws. Such resignation shall be without prejudice to the contract rights, if any, of the Trust.

Section 3. **VACANCIES**. A vacancy in any office may be filled by the Board of Trustees for the balance of the term.

Section 4. **CHIEF EXECUTIVE OFFICER**. The Board of Trustees may designate a chief executive officer. The chief executive officer shall have responsibility for implementation of the policies of the Trust, as determined by the Board of Trustees, and for the administration of the business affairs of the Trust. In the absence of the chair of the board, the chief executive officer shall preside over the meetings of the Board of Trustees at which he or she shall be present.

Section 5. **CHIEF OPERATING OFFICER**. The Board of Trustees may designate a chief operating officer. The chief operating officer will have the responsibilities and duties as set forth by the Board of Trustees or the chief executive officer.

Section 6. **CHIEF FINANCIAL OFFICER**. The Board of Trustees may designate a chief financial officer. The chief financial officer will have the responsibilities and duties as set forth by the Board of Trustees or the chief executive officer.

Section 7. **CHAIR OF THE BOARD**. The chair of the board shall preside over the meetings of the Board of Trustees and of the shareholders at which he or she shall be present and

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shall in general oversee all of the business and affairs of the Trust. The chair of the board may execute any mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by applicable law to be executed. The chair of the board shall perform such other duties as may be assigned to him or her or such other duties as the Trust by the Board of Trustees.

Section 8. **PRESIDENT**. In the absence of the chair of the board and the chief executive officer, the president shall preside over the meetings of the Board of Trustees at which he or she shall be present. In the absence of a designated executive officer by the Board of Trustees, the president shall be the chief executive officer. The president may execute any mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by applicable law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 9. **VICE PRESIDENTS**. In the absence of the president or in the event of a vacancy in such office, the president (or in the event there be more than one vice president, the vice presidents in the order designated at their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to him or her by the president or by the Board of Trustees. The Board of Trustees may designate one or more vice presidents as executive vice president, as senior vice president or as vice presidents in charge of particular areas of responsibility. The chief executive officer or the president may designate one or more vice presidents in charge of particular areas of responsibility.

Section 10. **SECRETARY**. The secretary shall (a) keep the minutes of the proceedings of the shareholders, the Trustees and committees of the Board of Trustees in one or more books provided for that purpose; (b) see that all documents given in accordance with the provisions of these Bylaws or as required by applicable law; (c) be custodian of the seal of the Trust; (d) keep a register of the post office address of each shareholder which shall be furnished by such shareholder; (e) have general charge of the share transfer books of the Trust; and (f) in general perform such other duties as from time to time may be assigned to him or her by the chief executive officer, the president or by the Board of Trustees.

Section 11. TREASURER. The treasurer shall have the custody of the funds and securities of the Trust and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Trust and shall deposit all moneys and valuable effects in the name and to the credit of the Trust in such depositories as may be designated by the Board of Trustees.

The treasurer shall disburse the funds of the Trust as may be ordered by the Board of Trustees, shall give to the Board of Trustees vouchers for such disbursements, and shall render to the president and Board of Trustees, at the regular meeting of the Board of Trustees or whenever they may require it, an account of all his or her transactions as treasurer and of the financial condition of the Trust.

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If required by the Board of Trustees, the treasurer shall give the Trust a bond in such sum and with such sureties as shall be satisfactory to the Board of Trustees for the faithful performance of the duties of his or her office. The treasurer shall be restored to the Trust, in case of his or her death, resignation, retirement or removal from office, of all books, papers, moneys and other property of whatever kind in his or her possession or under his or her control belonging to the Trust.

Section 12. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, the president, the chief executive officer or the Board of Trustees. The assistant treasurers shall, if required by the Board of Trustees, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be set by the Board of Trustees.

Section 13. SALARIES. The salaries and other compensation of the officers shall be fixed from time to time by the Board of Trustees, the chief executive officer or the president and no officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a Trustee.

ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Trustees may authorize any officer or agent to enter into and execute and deliver any instrument in the name of and on behalf of the Trust and such authority may be general or specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the authorized persons shall be valid and binding upon the Board of Trustees and upon the Trust.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money or evidences of indebtedness issued in the name of the Trust shall be signed by such officer or agent of the Trust in such manner as shall from time to time be determined by the Board of Trustees.

Section 3. DEPOSITS. All funds of the Trust not otherwise employed shall be deposited from time to time in the Trust in such banks, trust companies or other depositories as the Board of Trustees may designate.

ARTICLE VII SHARES

Section 1. CERTIFICATES. Except as otherwise provided in these Bylaws, this Section 1 shall be construed to expressly authorize the Trust to issue shares of beneficial interest of the Trust without certificates. Each shareholder, upon request to the secretary of the Trust, shall be entitled to a certificate or certificates which shall represent and certify the shares of each class of beneficial interest held by him or her in the Trust. In the event that the Trust issues shares of beneficial interest evidenced by certificates, such certificates shall be in such form as prescribed by the Board of Trustees. The authorized officer, shall contain the statements and information required by the Maryland REIT Law and shall be signed by the officers.

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of the Trust in the manner permitted by the Maryland REIT Law. In the event that the Trust issues shares of b without certificates, to the extent then required by the Maryland REIT Law, the Trust shall provide to the record shares a written statement of the information required by the Maryland REIT Law to be included on share certi any restrictions, limitation, preference or redemption provision, or a summary thereof. There shall be no differen and obligations of shareholders based on whether or not their shares are evidenced by certificates.

Section 2. TRANSFERS. Certificates shall be treated as negotiable and title thereto and to the share shall be transferred by delivery thereof to the same extent as those of a Maryland stock corporation. Upon surre or the transfer agent of the Trust of a share certificate duly endorsed or accompanied by proper evidence assignment or authority to transfer, the Trust shall issue a new certificate to the person entitled thereto, cancel t and record the transaction upon its books.

The Trust shall be entitled to treat the holder of record of any share or shares as the holder in accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares o other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the law Maryland.

Notwithstanding the foregoing, transfers of shares of beneficial interest of the Trust will be subject the Declaration of Trust and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. Any officer designated by the Board of Trustees may direct to be issued in place of any certificate previously issued by the Trust alleged to have been lost, stolen or des making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When issuance of a new certificate, an officer designated by the Board of Trustees may, in his or her discretion and precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or th representative to advertise the same in such manner as he or she shall require and/or to give bond, with sufficie Trust to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE.

(a) The Board of Trustees may set, in advance, a record date for the purpose of determini entitled to notice of or to vote at any meeting of shareholders or determining shareholders entitled to receive dividend or the allotment of any other rights, or in order to make a determination of shareholders for any other Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be 90 calendar days and, in the case of a meeting of shareholders not less than ten calendar days, before the da meeting or particular action requiring such determination of shareholders of record is to be held or taken.

(b) In lieu of fixing a record date, the Board of Trustees may provide that the share transfer book for a stated period but not longer than 20 calendar days. If the

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share transfer books are closed for the purpose of determining shareholders entitled to notice of or to vote shareholders, such books shall be closed for at least ten days before the date of such meeting.

(c) If no record date is fixed and the share transfer books are not closed for the determination of the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholder close of business on the day on which the notice of meeting is mailed or the 30th calendar day before the meeti the closer date to the meeting; and (ii) the record date for the determination of shareholders entitled to receive dividend or an allotment of any other rights shall be the close of business on the day on which the resolution Trustees, declaring the dividend or allotment of rights, is adopted.

(d) When a determination of shareholders entitled to vote at any meeting of shareholders has provided in this section, such determination shall apply to any adjournment thereof, except when (i) the determination made through the closing of the transfer books and the stated period of closing has expired or (ii) the meeting is date more than 120 calendar days after the record date fixed for the original meeting, in either of which case a shall be determined as set forth herein.

Section 5. SHARE LEDGER. The Trust shall maintain at its principal office or at the office of its counsel or transfer agent, an original or duplicate share ledger containing the name and address of each shareholder and the shares of each class held by such shareholder.

Section 6. FRACTIONAL SHARES; ISSUANCE OF UNITS. The Board of Trustees may issue fractional shares to provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any provision of the Declaration of Trust or these Bylaws, the Board of Trustees may issue units consisting of different classes of securities of the Trust. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Trust. The Board of Trustees may provide that for a specified period securities of the Trust issued in such unit may be transferred only in books of the Trust only in such unit.

ARTICLE VIII ACCOUNTING YEAR

The Board of Trustees shall have the power, from time to time, to fix the fiscal year of the Trust by resolution.

ARTICLE IX DISTRIBUTIONS

Section 1. AUTHORIZATION. Dividends and other distributions upon the shares of beneficial interest may be authorized and declared by the Board of Trustees, subject to the provisions of law and the Declaration of Trust. Other distributions may be paid in cash, property or shares of the Trust, subject to the provisions of law and the Declaration of Trust.

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Section 2. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside funds of the Trust available for dividends or other distributions such sum or sums as the Board of Trustees may fix in their absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Trust or for such other purpose as the Board of Trustees shall determine in the best interest of the Trust, and the Board of Trustees may modify or abolish any such reserve in the manner created.

ARTICLE X SEAL

Section 1. SEAL. The Board of Trustees may authorize the adoption of a seal by the Trust. The seal shall inscribe thereon the name of the Trust and the year of its formation. The Trustees may authorize one or more persons to affix the seal and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Trust is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" and the signature of the person authorized to execute the document on behalf of the Trust.

ARTICLE XI INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Trust shall indemnify a Trustee or officer (including among the foregoing, for all purposes of this Article XI and without limitation, any individual who is a Trustee or officer and at the express request of the Trust, serves or has served another real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, shareholder, partner or employee of such real estate investment trust, corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) if he or she has been successful, on the merits or otherwise, in the defense of a proceeding to which he or she was made or became a party by reason of service in such capacity, against reasonable expenses incurred by him or her in connection with such proceeding, and (b) any Trustee or officer or any former Trustee or officer against any claim or liability to which he or she may become subject by reason of such status unless it is established that (i) his or her act or omission was material to the defense of the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (ii) he or she received an improper personal benefit in money, property or services or (iii) in the case of a criminal proceeding, he or she had a reasonable cause to believe that his or her act or omission was unlawful.

In addition, the Trust shall, without requiring a preliminary determination of the ultimate amount of indemnification, pay or reimburse, as incurred, in advance of final disposition of a proceeding, reasonable expenses incurred by a Trustee or officer or former Trustee or officer made or threatened to be made a party to a proceeding by reason of such status, provided that the Trust shall have received (i) a written affirmation by the Trustee or officer of his or her good faith and that he or she has met the applicable standard of conduct necessary for indemnification by the Trust as authorized by these Bylaws, and (ii) a written undertaking by or on his or her behalf to repay the amount paid or reimbursed by the Trust if it shall ultimately be determined that the applicable standard of conduct was not met. The Trust may, with the approval of its Board of Directors, provide such indemnification or payment or reimbursement of expenses to any Trustee, officer or shareholder who served a predecessor of the Trust and to any employee or agent of the Trust who served a predecessor of the Trust.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Declaration of Trust or these Bylaws inconsistent with this Article, shall apply to or affect in any respect the application of this Article with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

The Trust may provide to Trustees, officers, employees, agents and shareholders such indemnification or payment or reimbursement of expenses, as the case may be, to the fullest extent permitted by law from time to time, for directors of Maryland corporations.

ARTICLE XII WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the Declaration of Trust or these Bylaws, or to any applicable law, a waiver thereof in writing or by electronic transmission, given by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the time, place or manner in which notice is given, nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by law. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except when such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is lawfully called or convened.

ARTICLE XIII AMENDMENT OF BYLAWS

The Bylaws of the Trust may be altered, amended or repealed, and new Bylaws adopted, by the affirmative vote of a majority of the Entire Board or, by the shareholders, by the affirmative vote of a majority of the shares then entitled to vote on the matter.

ARTICLE XIV EXCLUSIVE FORUM

Unless the Trust expressly consents in writing to the selection of an alternative forum, the Circuit Court of Appeals, City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (a) any Intra-Trust Claim, as such term is defined in Section 1-101(p) of the MGCL, or any successor provision thereof, (b) any derivative proceeding brought on behalf of the Trust, (c) any action asserting a claim of breach of any (i) duty owed by any manager, agent, or employee of the Trust to the Trust or to the shareholders of the Trust, or (ii) standard of conduct of the Trustees, (d) any action asserting a claim against the Trust or any Trustee, officer, manager, agent, or employee arising pursuant to any provision of Maryland law,

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including, but not limited to, the MGCL and the Maryland REIT Law, the Declaration of Trust, or these Bylaws, disputes, claims, or controversies brought by or on behalf of any shareholder (which, for purposes of this ARTICLE XIV, mean any shareholder of record or any beneficial owner of any Trust Securities, or any former holder of record or any Trust Securities), either on his, her or its own behalf, on behalf of the Trust or on behalf of shareholders of the Trust or any Trustee, officer, manager, agent, or employee of the Trust, including any disputes, claims or controversies relating to the meaning, interpretation, effect, validity, performance, or enforcement of the Declaration of Trust or these Bylaws, this ARTICLE XIV, or (e) any other action asserting a claim against the Trust or any Trustee, officer, manager, agent, or employee of the Trust that is governed by the internal affairs doctrine of the State of Maryland. Failure to enforce the foregoing provisions would cause the Trust irreparable harm and the Trust shall be entitled to equitable relief, including injunctive relief, to enforce the foregoing provisions. Any person or entity purchasing or otherwise acquiring any interest in the Trust Securities shall be deemed to have notice of and consented to the provisions of this Article XIV.

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Subsidiary	Jurisdiction of Organization
1 Ellis St, LLC	Delaware
101 OLD WINDSOR ROAD, LLC	Delaware
1038 W 35TH ST., LLC	Delaware
10400 Riverside Drive, LLC	Delaware
1053 CROMWELL AVENUE, LLC	Delaware
1074 Raritan Road, LLC	Delaware
111 Cedar Street Investors, LLC	Delaware
115 Cedar Street Investors, LLC	Delaware
12250 El Dorado Parkway, LLC	Delaware
12902 South 301 Highway, LLC	Delaware
1518 S Washington Ave, LLC	Delaware
1575 NORTH BLAIRS BRIDGE ROAD, LLC	Delaware
1830 E ROOSEVELT RD., LLC	Delaware
186 JAMAICA AVE, LLC	Delaware
191 CUBE SOUTHEAST FL, LLC	Delaware
191 CUBE SOUTHEAST GA, LLC	Delaware
191 CUBE SOUTHEAST SC, LLC	Delaware
191 III CUBE BORDEAUX SUB, LLC	Delaware
191 III CUBE GA SUB LLC	Delaware
191 III CUBE TN SUB LLC	Delaware
191 III CUBE TRINITY SUB LLC	Delaware

191 IV 225 LORDSHIP BLVD, LLC	Delaware
191 IV 9199 RED BRANCH ROAD, LLC	Delaware
191 IV CUBE LLC	Delaware
191 IV CUBE SOUTHEAST LLC	Delaware
191 V 1500 NORTHPARK DRIVE, LLC	Delaware
191 V CUBE LLC	Delaware
2225 46TH ST, LLC	Delaware
2301 TILLOTSON AVE, LLC	Delaware
251 JAMAICA AVE, LLC	Delaware
2701 S. CONGRESS AVENUE, LLC	Delaware
2880 Exterior St, LLC	Delaware
2880 EXTERIOR STREET TRS, LLC	Delaware
295 E. Ocotillo Road, LLC	Delaware
300 E IL ROUTE 22, LLC	Delaware
3068 CROPSEY AVENUE, LLC	Delaware
3103 N. Decatur Road, LLC	Delaware
33-24 Woodside Avenue, LLC	Delaware
3437 Astoria LLC	Delaware
3437 Astoria TRS, LLC	Delaware
350 Main Street, LLC	Delaware
3526 OAKTON ST., LLC	Delaware
38-01 47TH Avenue, LLC	Delaware
38300 North Gantzel Road, LLC	Delaware
41-06 Delong Street - Retail, LLC	Delaware
41-06 Delong Street, LLC	Delaware
4211 BELLAIRE BLVD., LLC	Delaware
430 1ST AVENUE SOUTH, LLC	Delaware
4370 Fountain Hills Drive NE, LLC	Delaware
444 55TH STREET HOLDINGS, LLC	Delaware
444 55TH STREET VENTURE, LLC	Delaware
444 55TH STREET, LLC	Delaware
4441 Alma Road, LLC	Delaware
5 Old Lancaster Associates, LLC	Pennsylvania
500 MILDRED AVENUE PRIMOS, LLC	Delaware
5505 Maple Ave, LLC	Delaware
5700 WASHINGTON AVENUE, LLC	Delaware
5715 BURNET ROAD, LLC	Delaware
610 SAWDUST ROAD, LLC	Delaware
619 Somerset St, LLC	Delaware
7205 Vanderbilt Way, LLC	Delaware
7605-7645 QUINCY AVE, LLC	Delaware

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Subsidiary	Jurisdiction of Organization
8 Breiderhoft Rd, LLC	Delaware
8552 BAYMEADOWS ROAD, LLC	Delaware
9641 Annapolis Road, LLC	Delaware
Astoria Investors, LLC	Delaware
California Yacht Club	California

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Subsidiary	Jurisdiction of Organization
Club Holding Corp.	California
CONSHOHOCKEN GP II, LLC	Delaware
CS 1031 Acquisition, LLC	Delaware
CS 1158 MCDONALD AVE, LLC	Delaware
CS 160 EAST 22ND ST, LLC	Delaware
CS 2087 HEMPSTEAD TPK, LLC	Delaware
CS 750 W MERRICK RD, LLC	Delaware
CS ANNAPOLIS HOLDINGS, LLC	Delaware
CS ANNAPOLIS, LLC	Delaware
CS CAPITAL INVESTORS, LLC	Delaware
CS FLORIDA AVENUE, LLC	Delaware
CS LOCK UP ANOKA TRS, LLC	Delaware
CS LOCK UP ANOKA, LLC	Delaware
CS SDP EVERETT BORROWER, LLC	Delaware
CS SDP Everett, LLC	Delaware
CS SDP Newtonville, LLC	Delaware
CS SDP WALTHAM BORROWER, LLC	Delaware
CS SDP WALTHAM, LLC	Delaware
CS SHIRLINGTON, LLC	Delaware
CS SNL NEW YORK AVE, LLC	Delaware
CS SNL OPERATING COMPANY, LLC	Delaware
CS VALLEY FORGE VILLAGE STORAGE TRS, LLC	Delaware
CS VALLEY FORGE VILLAGE STORAGE, LLC	Delaware
CS VENTURE I, LLC	Delaware
CS Vienna TRS, LLC	Delaware
CS Vienna, LLC	Delaware
CUBE HHF Limited Partnership	Delaware
CUBE HHF NORTHEAST CT, LLC	Delaware
CUBE HHF NORTHEAST MA, LLC	Delaware
CUBE HHF NORTHEAST RI, LLC	Delaware
CUBE HHF NORTHEAST SUB HOLDINGS LLC	Delaware
CUBE HHF NORTHEAST TRS, LLC	Delaware
CUBE HHF NORTHEAST VENTURE LLC	Delaware
CUBE HHF NORTHEAST VT, LLC	Delaware
CUBE HHF TRS, LLC	Delaware
CUBE IV SOUTHEAST TRS LLC	Delaware
CUBE IV TRS LLC	Delaware
CUBE V TRS LLC	Delaware
CUBE VENTURE GP, LLC	Delaware
CubeSmart	Maryland
CUBESMART 338 3RD AVENUE, LLC	Delaware
CUBESMART 39-25 21ST STREET, LLC	Delaware
CubeSmart Asset Management, LLC	Delaware
CUBESMART BARTOW, LLC	Delaware
CUBESMART BOSTON ROAD, LLC	Delaware
CUBESMART CLINTON, LLC	Delaware
CUBESMART EAST 135TH, LLC	Delaware
CubeSmart Management, LLC	Delaware
CUBESMART SOUTHERN BLVD, LLC	Delaware
CUBESMART SWISS AVE, LLC	Delaware
CUBESMART TEMPLE HILLS, LLC	Delaware
CUBESMART TIMONIUM BORROWER, LLC	Delaware
CubeSmart Timonium, LLC	Delaware

CubeSmart TRS, Inc.	Ohio
CubeSmart, L.P.	Delaware
EAST COAST GP, LLC	Delaware

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Subsidiary	Jurisdiction of Organization
EAST COAST STORAGE PARTNERS, L.P.	Delaware
Fontana Self Storage TRS, LLC	Delaware
Fontana Self Storage, LLC	Delaware
FREEHOLD MT, LLC	Delaware
LAACO, Ltd.	California
LANGHORNE GP II, LLC	Delaware
Lantana Property Owner's Association, Inc.	Florida

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Subsidiary	Jurisdiction of Organization
MONTGOMERYVILLE GP II, LLC	Delaware
New Rochelle Investors, LLC	Delaware
Nuvo Business Center at the Gardens Property Owners Association, Inc.	Florida
Old Lancaster Venture, L.P.	Pennsylvania
PSI Atlantic Holbrook NY, LLC	Delaware
PSI Atlantic Lithia Springs GA, LLC	Delaware
PSI Atlantic Nashville TN, LLC	Delaware
PSI Atlantic Villa Rica GA, LLC	Delaware
PSI Atlantic Villa Rica Parcel Owner, LLC	Delaware
R STREET STORAGE ASSOCIATES, LLC	Maryland
Rancho Cucamonga Self Storage TRS, LLC	Delaware
Rancho Cucamonga Self Storage, LLC	Delaware
SHIRLINGTON RD II, LLC	Delaware
SHIRLINGTON RD TRS, LLC	Delaware
SHIRLINGTON RD, LLC	Delaware
SOMERSET MT, LLC	Delaware
STORAGE PARTNERS OF CONSHOHOCKEN, L.P.	Delaware
Storage Partners of Freehold II, LLC	Delaware
Storage Partners of Langhorne II, LP	Delaware
STORAGE PARTNERS OF MONTGOMERYVILLE, L.P.	Delaware
STORAGE PARTNERS OF SOMERSET, LLC	Delaware
UNITED-HSRE I, L.P.	Delaware
U-Store-It Development LLC	Delaware
U-Store-It Trust Luxembourg S.ar.l.	Luxembourg
Valley Forge Storage Venture, LLC	Delaware
Wider Reach, LLC	Delaware
YSI HART TRS, INC	Delaware
YSI I LLC	Delaware
YSI II LLC	Delaware
YSI XV LLC	Delaware
YSI XX GP LLC	Delaware
YSI XX LP	Delaware
YSI XX LP LLC	Delaware

YSI XXX LLC	Delaware
YSI XXXI, LLC	Delaware
YSI XXXIII, LLC	Delaware
YSI XXXVII, LLC	Delaware

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Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-236886) (No. 333-270248) on Form S-3 ASR and (Nos. 333-21: 333-143125, 333-143124, 333-119987 and 333-216768) on Form S-8 of **CubeSmart and (No. 333-270248-01) of CubeSmart, L.P.** of our reports dated 29, 2024, with respect to the consolidated financial statements and financial statement schedule III of **CubeSmart and CubeSmart, L.P.** and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 24, 2023 29, 2024

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-236886) on Form S-3 and (Nos. 333-211787, 333-167623, 143124, 333-119987 and 333-216768) on Form S-8 of our reports dated February 24, 2023, with respect to the consolidated financial statements and financial statement schedule III of **CubeSmart, L.P.** and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 24, 2023

No

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Christopher P. Marr, certify that:

1. I have reviewed this Annual Report on Form 10-K of CubeSmart;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in 15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, so that information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during their preparation;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the audit committee of the registrant's Board of Trustees (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to have a significant adverse effect on the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 24, 2023** **February 29, 2024**

/s/ Christopher P. Marr
Christopher P. Marr
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy M. Martin, certify that:

1. I have reviewed this Annual Report on Form 10-K of CubeSmart;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, so that information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the audit committee of the registrant's Board of Trustees (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting;

Date: **February 24, 2023** February 29, 2024

/s/ Timothy M. Martin

Timothy M. Martin
Chief Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Christopher P. Marr, certify that:

1. I have reviewed this Annual Report on Form 10-K of CubeSmart L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the audit committee of the registrant's Board of Trustees (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to have a significant adverse effect on the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting;

Date: February 24, 2023 February 29, 2024

/s/ Christopher P. Marr
Christopher P. Marr
Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy M. Martin, certify that:

1. I have reviewed this Annual Report on Form 10-K of CubeSmart L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, that information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the periodic report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the audit committee of the registrant's Board of Trustees (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 24, 2023** **February 29, 2024**

/s/ Timothy M. Martin

Timothy M. Martin

Chief Financial Officer

**Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of
the
Sarbanes-Oxley Act of 2002**

The undersigned, the Chief Executive Officer and Chief Financial Officer of CubeSmart (the "Company"), each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) The Annual Report on Form 10-K of the Company for the year ended **December 31, 2022** **December 31, 2023** (the "Report") filed on the SEC's website at www.sec.gov and Exchange Commission fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **February 24, 2023** **February 29, 2024**

/s/ Christopher P. Martin

Christopher P. Martin

Date: February 24, 2023 February 29, 2024

/s/ Timothy M. Mart

Timothy M. Martin

Chief Financial Offi

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and Exchange Commission or its staff upon request.

**Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of
the
Sarbanes-Oxley Act of 2002**

The undersigned, the Chief Executive Officer and Chief Financial Officer of CubeSmart L.P. (the "Company"), each hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) The Annual Report on Form 10-K of the Company for the year ended December 31, 2022 December 31, 2023 (the "Report") filed on the Securities and Exchange Commission fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2023 February 29, 2024

/s/ Christopher P. M

Christopher P. Marti

Chief Executive Of

Date: February 24, 2023 February 29, 2024

/s/ Timothy M. Mart

Timothy M. Martin

Chief Financial Offi

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and Exchange Commission or its staff upon request.

CUBESMART

Adopted by the Board: October 24, 2023

1. Purpose. The Board believes that it is in the best interests of the Company and its shareholders to create and maintain a culture of integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has, therefore, which provides for the recoupment of certain executive compensation in the event of an Accounting Restatement and is designed to be interpreted to be consistent with, the Applicable Rules.

2. Definitions.

a. **"Accounting Restatement"** means an accounting restatement of the Company's financial statements due to the Company's noncompliance with any financial reporting requirement under the securities laws, including any required restatement to correct an error in previously issued financial statements (i) that is material to the previously issued financial statements (i.e., a "Big R" restatement), or (ii) that is a material misstatement if the error were corrected in the current period or left uncorrected in the current period (i.e., a "little r" restatement).

b. **"Accounting Restatement Date"** means the earlier to occur of (i) the date on which the Board, or the officers of the Company take action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement and (ii) the date on which any court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement, either case, regardless of if or when the restated financial statements are filed with the SEC.

c. **"Applicable Rules"** means Section 10D of the Exchange Act, Rule 10D-1 promulgated under the Exchange Act, and Section 303 of the New York Stock Exchange Listed Company Manual, in each case, as amended from time to time.

d. **"Board"** means the Board of Trustees of the Company.

e. **"Clawback Period"** means the three completed fiscal years immediately preceding the Accounting Restatement Date, or the transition period that results from a change in the Company's fiscal year within or immediately following those three completed fiscal years. The transition period lasting nine months or longer will count as a completed fiscal year for purposes determining the Clawback Period.

f. **"Code"** means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

g. **"Committee"** means the Compensation Committee of the Board.

h. **"Company"** means CubeSmart, a Maryland real estate investment trust.

i. **"Company Group"** means the Company and each of its direct and indirect subsidiaries.

j. **"Covered Executives"** means the Company's president, principal financial officer, and principal accounting officer (or accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (including administration, or finance), any other officer of the Company who performs a policy-making function, and any other person who performs policy-making functions for the Company. An executive officer of the Company's parent(s) or subsidiaries is deemed to be a Covered Executive if the executive officer performs policy-making functions for the Company. For purposes of this definition, policy-making is not intended to include policy-making functions that are not significant, and identification of a Covered Executive for purposes of this definition shall include the minimum executive officers identified pursuant to Item 401(b) of Regulation S-K of the SEC.

k. **"Effective Date"** means December 1, 2023.

l. **"Erroneously Awarded Compensation"** means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation Received by a Covered Executive that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received by the Covered Executive had it been determined based on the restated amounts in such Accounting Restatement, as determined by the Committee, taking into account all applicable facts and circumstances (including, without limitation, as the time value of money, the gross amount of dividends or other distributions received by the Covered Executive in respect of the Incentive-Based Compensation, and any gain realized by the Covered Executive upon the disposition of any property received in connection with any Incentive-Based Compensation); provided, that (i) the amount of Erroneously Awarded Compensation shall be computed by the Committee without regard to any taxes paid by such Covered Executive and (ii) the amount of Erroneously Awarded Compensation Received by a Covered Executive based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Accounting Restatement, (A) the amount of Erroneously Awarded Compensation shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and (B) the Company shall maintain documentation of that reasonable estimate and provide such documentation to the Stock Exchange.

m. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

n. "Financial Reporting Measures" means any measures that are determined and presented in accordance with the accounting principles used in the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the Company's financial statements in a filing with the SEC to be considered a Financial Reporting Measure.

o. "Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part on a Financial Reporting Measure.

p. "Policy" means this Clawback Policy, as it may be amended, restated, supplemented, or otherwise modified from time to time.

q. "Received" means, with respect to Incentive-Based Compensation, actual or deemed receipt of such compensation, and Compensation will be deemed received by a Covered Executive in the Company's fiscal period during which the Financial Reporting Measure for the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs in a later period. Incentive-Based Compensation that is subject to deferral pursuant to a deferred compensation plan of the Company Group is Received by the Covered Executive for purposes of this Policy as of the date of deferral.

r. "SEC" means that U.S. Securities and Exchange Commission.

s. "Stock Exchange" means the New York Stock Exchange.

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3. Administration. This Policy will be administered by the Committee. The Committee shall have the full and final authority to make all determinations under this Policy. The Committee may consult with the Audit Committee of the Board in evaluating any determinations made pursuant to this Policy. Any action or inaction by the Committee shall be final, conclusive, and binding on all persons, including the Company, its shareholders, and its Executives. Any action or inaction by the Committee with respect to a Covered Executive under this Policy in no way limits the Company's ability to take decisions not to act with respect to any other Covered Executive under this Policy or under any similar policy, agreement, or arrangement. Any action or inaction serve as a waiver of any rights that the Company Group may have against any Covered Executive, other than as set forth in this Policy. The Committee may authorize and empower any officer or employee of the Company Group to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy, other than with respect to any recovery under this Policy involving such officer or employee.

4. Scope of Application. This Policy applies to Incentive-Based Compensation Received by a Covered Executive on or after the effective date of this Policy during any applicable Clawback Period if (a) such Incentive-Based Compensation was Received by the Covered Executive after becoming a Covered Executive, (b) the Covered Executive served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation, and (c) the Incentive-Based Compensation was Received by the Covered Executive while the Company had a class of securities listed on a national securities exchange or a national securities association.

5. Clawback Requirement. If the Company is required to prepare an Accounting Restatement, the Company Group must recover from each Covered Executive (the Covered Executive must repay), reasonably promptly, each Covered Executive's Erroneously Awarded Compensation, except as provided in Section 6 of this Policy. The Company may recover Erroneously Awarded Compensation in any manner set forth in Section 6 of this Policy.

6. Clawback Methods.

a. The Committee shall determine, in its sole discretion, the timing and method for recovering each Covered Executive's Erroneously Awarded Compensation in a reasonably prompt manner, which may include, without limitation, one or more of the following methods (applied individually or in combination):

- i.** seeking repayment from the Covered Executive of all or part of any previously granted or paid cash or equity awards;
- ii.** offsetting against any compensation otherwise owing by the Company Group to the Covered Executive or to any other Covered Executive;
- iii.** cancelling previously granted vested or unvested cash or equity awards;
- iv.** cancelling or offsetting any planned future cash or equity awards; and
- v.** taking any other remedial and recovery action authorized by law or contract.

b. If the Committee determines that a Covered Executive has not complied with the terms of this Policy and promptly Executive's Erroneously Awarded Compensation in full pursuant to the recovery method elected by the Committee, the Covered Exec (in addition to repaying such amounts to the Company Group) to reimburse the Company Group for any and all expenses reasonably legal fees) by the Company Group in recovering such Erroneously Awarded Compensation in accordance with this Policy.

7. **Exceptions to Clawback Requirement.** Notwithstanding anything to the contrary in this Policy, the Company Group's recovery Policy will not apply to the extent that the Committee determines that such recovery would be impracticable and that one or more of the following

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a. the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of the Erroneous Compensation; provided, that before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation, the Company Group shall have (i) made a reasonable attempt to recover such Erroneously Awarded Compensation; (ii) documented such reasonable attempt to recover, and (iii) provided that documentation to the Stock Exchange; or

b. recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to Company Group, to fail to meet the requirements of Section 401(a)(13) of the Code or Section 411(a) of the Code.

8. Indemnification. Notwithstanding the terms of any indemnification arrangement or insurance policy or contract with, or for Covered Executive, the Company Group shall not, and shall not be obligated to, indemnify any Covered Executive against the loss of E Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executive, clawback obligations under this Policy, or against the requirement to reimburse the Company hereunder for expenses incurred in recovering Erroneously Awarded Compensation. No member of the Board who assists in the administration of this Policy will be liable for any determination, or interpretation made with respect to this Policy, and each member of the Board will be fully indemnified by the Company to the extent under applicable law or Company Group policy with respect to such action, determination, or interpretation.

9. Acknowledgement Requirement. Each Covered Executive must sign and return to the Company, within thirty (30) days following the Effective Date, the Acknowledgement Form attached hereto, which shall acknowledge (a) the Effective Date and (b) the date on which the individual becomes a Covered Executive, the Acknowledgement Form attached here.

10. Required Disclosures. The Company will file all disclosures with respect to this Policy in accordance with the requirements of the laws, including any disclosures required by the SEC.

11. Adoption Date; Effective Date. This Policy was adopted by the Board on October 24, 2023, and will be effective as the Effect and conditions of this Policy will apply to Incentive-Based Compensation that is Received by any Covered Executive on or after the Effective Date, such Incentive-Based Compensation was approved, awarded, or granted to the Covered Executive prior to the Effective Date.

12. Amendment; Termination. The Board may amend this Policy from time to time in its discretion. The Board may suspend, discontinue, or terminate this Policy at any time.

13. Other Recovery Rights. The Board intends that this Policy will be applied to the fullest permissible extent. The Board may, in its discretion, require a Covered Executive to agree to be subject to and to abide by the terms of this Policy. Any right of recovery under this Policy, in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company Group pursuant to the policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company Group, shall be limited to the extent that the application of this Policy would provide for recovery of Incentive-Based Compensation that the Company Group may have reimbursed the Company Group will be credited to the required recovery under this Policy.

14. Successors. This Policy will be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors and other legal representatives.

15. Governing Law; Venue. This Policy and all rights and obligations hereunder are governed by and construed in accordance with the laws of the State of Maryland, excluding any choice of law rules or principles that may direct.

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the application of the laws of another jurisdiction. All actions arising out of or relating to this Policy will be heard and determined exclusively in the U.S. federal courts, the U.S. District Court for the District of Maryland.

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EXHIBIT A

CUBESMART

CLAWBACK POLICY

Acknowledgement Form

By signing below, the undersigned acknowledges and agrees that the undersigned has received and reviewed a copy of the CubeSmart (the "Policy"). Any capitalized terms used in this Acknowledgement Form will have the meaning set forth in the Policy.

The undersigned further acknowledges and agrees that (i) the terms and conditions of the Policy, as it may be amended, restated, otherwise modified from time to time, will apply to (a) the undersigned's outstanding awards of Incentive-Based Compensation and (b) of Incentive-Based Compensation Received by the undersigned during any Clawback Period, and (ii) the Policy, as it may be a supplemented, or otherwise modified from time to time, will apply both during and after the undersigned's employment with the Company.

In the event of any inconsistency between the Policy and the terms of any employment agreement to which the undersigned is a party, compensation plan, program, agreement, or arrangement under which any compensation has been granted, awarded, earned by the undersigned, the terms of the Policy will govern.

If it is determined by the Board or the Committee that any of the undersigned's Incentive-Based Compensation must be recovered, the undersigned agrees to promptly take any action necessary to effectuate such recovery as directed by the Board.

Signature of Covered Executive **Date**

Printed Name of Covered Executive

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes the material U.S. federal income tax considerations relating to the purchase, ownership and disposition of preferred shares of CubeSmart and debt securities of CubeSmart, L.P. (the "Operating Partnership"), and the qualification and taxation of CubeSmart trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). In addition, terms such as "we," "us," or "our" used in this Exhibit and/or the Operating Partnership, as applicable.

This discussion is not exhaustive of all possible tax considerations and does not provide a detailed discussion of any state, local or discussion does not address all aspects of taxation that may be relevant to particular investors in light of their personal investment or tax circumstances. Investors that are subject to special treatment under the U.S. federal income tax laws, such as insurance companies, regulated investment organizations (except to the limited extent discussed below under "Taxation of Tax-Exempt Shareholders"), financial institutions or broker-dealers, corporations (except to the limited extent discussed below under "Taxation of Non-U.S. Shareholders"), an entity treated as a U.S. corporation or persons holding our securities as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment, minimum tax provisions of the Code, persons holding our securities through a partnership or similar pass-through entity and other persons subject to deals only with investors who hold common shares or preferred shares of CubeSmart or debt securities of the Operating Partnership as "capital Section 1221 of the Code. This discussion is not intended to be, and should not be construed as, tax advice.

The information in this summary is based on the Code, current, temporary and proposed Treasury regulations, the legislative administrative interpretations and practices of the Internal Revenue Service (the "IRS"), including its practices and policies as endorsed in private letter on the IRS, and existing court decisions. Future legislation, regulations, administrative interpretations and court decisions could change current interpretations of current law. Any change could apply retroactively. We have **CubeSmart** has not obtained any rulings from the IRS concerning what is discussed in this summary. Therefore, it is possible that the IRS could challenge the statements in this summary, which do not bind the IRS or that agree with the IRS.

We urge **CubeSmart urges you to consult your own tax advisor regarding the specific tax consequences to you of own preferred shares of **CubeSmart** and debt securities of the Operating Partnership, and of **CubeSmart**'s election to be taxed as a REIT. Speak with your own tax advisor regarding the federal, state, local, foreign, and other tax consequences of such ownership and election, and review applicable tax laws.**

Taxation of **CubeSmart**

Qualification of **CubeSmart** as a REIT

CubeSmart elected to be taxed as a REIT under the U.S. federal income tax laws beginning with its short taxable year ended December 31, 2018. **CubeSmart** believes that, beginning with such short taxable year, it has been organized and has operated in such a manner as to qualify for taxation as a REIT and will continue to operate in such a manner. However, there can be no assurance that **CubeSmart** has qualified or will remain qualified as a REIT.

CubeSmart's continued qualification and taxation as a REIT depends upon its ability to meet on a continuing basis, through actual and/or projected financial information, the qualification tests set forth in the U.S. federal income tax laws. Those qualification tests involve the percentage of income that **CubeSmart** expects to derive from, the percentage of its assets that fall within specified categories, the diversity of its share ownership, and the percentage of its earnings that **CubeSmart** expects to distribute. No assurance can be given that the actual results of **CubeSmart**'s operations for any particular taxable year will satisfy such requirements. For a discussion of the factors that could result in **CubeSmart**'s failure to qualify as a REIT, see "Requirements for Qualification — Failure to Qualify" below.

Pursuant to **CubeSmart**'s declaration of trust, **CubeSmart**'s board of trustees has the authority to make any tax elections on its behalf in the best interest of **CubeSmart**. This authority includes the ability to revoke or otherwise terminate **CubeSmart**'s status as a REIT. **CubeSmart**'s board of trustees has the authority under its declaration of trust to make these elections without the necessity of obtaining the approval of **CubeSmart**'s shareholders. In addition, **CubeSmart**'s board of trustees has the authority to waive any restrictions and limitations contained in its declaration of trust that are intended to preserve **CubeSmart**'s status as a REIT. **CubeSmart**'s board of trustees has determined not to pursue or preserve **CubeSmart**'s status as a REIT.

Taxation of **CubeSmart** as a REIT

The sections of the Code relating to qualification and operation as a REIT, and the U.S. federal income taxation of a REIT, are highly complex and detailed. The following discussion sets forth only the material aspects of those sections. This summary is qualified in its entirety by the applicable Code provisions and regulations.

If CubeSmart qualifies as a REIT, it generally will not be subject to federal income tax on the taxable income that it distributes to its shareholders. The primary reason for this tax treatment is that it avoids the "double taxation," or taxation at both the corporate and shareholder levels, that generally results from owning shares of a corporation. However, CubeSmart will be subject to federal tax in the following circumstances:

- CubeSmart is subject to the corporate federal income tax on any taxable income, including net capital gain that it does not distribute to its shareholders within a specified time period after the calendar year in which the income is earned.
- For tax years beginning before January 1, 2018, CubeSmart may be subject to the corporate "alternative minimum tax" on any taxable income, including any deductions of net operating losses.
- CubeSmart is subject to tax, at the highest corporate rate (currently 21%), on net income from the sale or other disposition of property ("foreclosure property") that it holds primarily for sale to customers in the ordinary course of business, and other non-qualifying income.
- CubeSmart is subject to a 100% tax on net income from sales or other dispositions of property, other than foreclosure property, that it holds primarily for sale to customers in the ordinary course of business.
- If CubeSmart fails to satisfy one or both of the 75% gross income test or the 95% gross income test, as described below under "Requirements for Qualification — Gross Income Tests," but nonetheless continues to qualify as a REIT because it meets other requirements, CubeSmart will be subject to a tax equal to the greater of the amount by which it fails the 75% gross income test or the 95% gross income test multiplied, in either case, by a 4% rate of profitability.
- If CubeSmart fails to distribute during a calendar year at least the sum of: (1) 85% of its REIT ordinary income for the year, (2) 95% of its REIT capital gains for the year, and (3) any undistributed taxable income required to be distributed from earlier periods, then CubeSmart will be subject to a 4% excise tax on the excess of the required distribution over the amount it actually distributed.
- If CubeSmart fails any of the asset tests, as described below under "Requirements for Qualification — Asset Tests," other than because the failure was due to reasonable cause and not to willful neglect, and it nonetheless maintains its REIT qualification because of specific circumstances, it will pay a tax equal to the greater of \$50,000 or the highest federal income tax rate (currently 21%) then applicable to U.S. corporations on the value of its nonqualifying assets during the period in which it failed to satisfy the asset tests.

The amount of gain on which CubeSmart will pay tax generally is the lesser of the amount of gain that it recognizes at the time of the transaction and the amount of gain that it would have recognized if it had sold the asset at the time CubeSmart acquired it.

- If CubeSmart fails to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, because the failure was due to reasonable cause and not to willful neglect, it will be required to pay a penalty of \$50,000 for each such failure.
- CubeSmart may elect to retain its net long-term capital gain and pay income tax on such gain.
- CubeSmart will be subject to a 100% excise tax on transactions with a taxable REIT subsidiary that are not conducted on an arm's-length basis.
- If CubeSmart acquires any asset from a C corporation (a corporation that generally is subject to full corporate-level tax) in a transaction, the amount of gain on which CubeSmart will pay tax generally is the lesser of the amount of gain that it recognizes on the sale or disposition of the assets in CubeSmart's hands and the amount of gain that it would have recognized if it had sold the assets at the time CubeSmart acquires the asset, unless the C corporation elects to treat the assets as if they were sold for their fair market value at the time CubeSmart acquires the asset.

- CubeSmart may be required to pay monetary penalties to the IRS in certain circumstances, including if it fails to meet record-keeping requirements or monitor its compliance with rules relating to the composition of a REIT's shareholders, as described below in "Requirements for Recordkeeping Requirements."

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- The earnings of CubeSmart's lower-tier entities, if any, that are subchapter C corporations, including taxable REIT subsidiaries, are subject to federal income tax.

In addition, we **CubeSmart** may be subject to a variety of taxes, including payroll taxes and state, local and foreign income, property and other taxes, and operations. We **CubeSmart** could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification

To qualify as a REIT, CubeSmart must elect to be treated as a REIT, and CubeSmart must meet various organizational requirements and annual distribution requirements.

Organizational Requirements. A REIT is a corporation, trust or association that meets each of the following requirements:

- 1) It is managed by one or more trustees or directors;
- 2) Its beneficial ownership is evidenced by transferable shares, or by transferable certificates of beneficial interest;
- 3) It would be taxable as a domestic corporation, but for Sections 856 through 860 of the Code;
- 4) It is neither a financial institution nor an insurance company subject to special provisions of the U.S. federal income tax laws;
- 5) At least 100 persons are beneficial owners of its shares or ownership certificates (determined without reference to any rules of attorney or other persons);
- 6) Not more than 50% in value of its outstanding shares or ownership certificates is owned, directly or indirectly, by five or fewer individuals, unless the income tax laws define to include certain entities, during the last half of any taxable year;
- 7) It elects to be a REIT, or has made such election for a previous taxable year which has not been revoked or terminated, and satisfies all administrative requirements established by the IRS that must be met to elect and maintain REIT status;
- 8) It uses a calendar year for U.S. federal income tax purposes and complies with the recordkeeping requirements of the U.S. federal income tax laws;
- 9) It meets certain other tests, described below, regarding the nature of its income and assets and the distribution of its income.

CubeSmart must meet requirements 1 through 4, 8 and 9 during its entire taxable year and must meet requirement 5 during at least 9 months, or during a proportionate part of a taxable year of less than 12 months. CubeSmart's declaration of trust provides for restrictions regarding 10 shares of beneficial interest that are intended to assist CubeSmart in continuing to satisfy requirements 5 and 6. However, these restrictions may not 11 all cases, be able to satisfy these requirements.

For purposes of determining share ownership under requirement 6, an "individual" generally includes a supplemental unemployer private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes. An "individual," however, generally does not include a qualified employee pension or profit sharing trust under the U.S. federal income tax laws, and beneficiaries of such a trust will be treated as having a proportion to their actuarial interests in the trust for purposes of requirement 6. CubeSmart believes it has issued sufficient shares of beneficial interest to satisfy requirements 5 and 6 set forth above.

Recordkeeping Requirements. To monitor compliance with the share ownership requirements, CubeSmart is required to maintain ownership of its shares. To do so, CubeSmart must demand written statements each year from the record holders of certain percentages of its shares to disclose the actual owners of the

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shares (the persons required to include in gross income the dividends paid by us). A list of those persons failing or refusing to comply with this demand of CubeSmart's records. Failure by CubeSmart to comply with these recordkeeping requirements could subject CubeSmart to monetary penalties and has no reason to know that requirement 6 is not satisfied. CubeSmart will be deemed to have satisfied such requirement. A shareholder

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comply with the demand is required by Treasury Regulations to submit a statement with its tax return disclosing the actual ownership of the shares at

Qualified REIT Subsidiaries. A corporation that is a “qualified REIT subsidiary” is not treated as a corporation separate from its subsidiary” is a corporation, all of the capital stock of which is owned by its parent REIT and that has not elected to be a taxable REIT subsidiary. A income, deduction, and credit of a “qualified REIT subsidiary” are treated as assets, liabilities, and items of income, deduction, and credit of the pa requirements described herein, any “qualified REIT subsidiary” that CubeSmart owns will be ignored, and all assets, liabilities, and items of incom subsidiary will be treated as its assets, liabilities, and items of income, deduction, and credit.

Partnership Subsidiaries and other Pass-Through Subsidiaries. An unincorporated domestic entity, such as a partnership or limited liability company, generally is not treated as an entity separate from its parent for U.S. federal income tax purposes so that its income and assets are treated as belonging to the sole regarded owner, including for purposes of the REIT gross income and asset tests. An unincorporated domestic entity with two or more owners is generally treated as two or more separate entities for U.S. federal income tax purposes. In the case of a REIT that is a partner in a partnership, the REIT is treated as owning its proportionate share of the partnership's assets, liabilities and items of income and expense and as earning its allocable share of the gross income of the partnership for purposes of the applicable REIT qualification tests. Thus, CubeSmart's assets, liabilities and items of income of the Operating Partnership and any other partnership, joint venture, or limited liability company that it is a partner in are treated for U.S. federal income tax purposes in which CubeSmart acquires an interest, directly or indirectly ("Partnership Subsidiary"), is treated as CubeSmart's assets, liabilities and items of income for purposes of applying the various REIT qualification requirements.

Taxable REIT Subsidiaries. A REIT is permitted to own up to 100% of the stock of one or more “taxable REIT subsidiaries.” A corporation subject to U.S. federal income tax, and state and local income tax where applicable, as a regular “C” corporation. The subsidiary and the subsidiary as a taxable REIT subsidiary. In addition, if a taxable REIT subsidiary owns, directly or indirectly, securities representing 35% or subsidiary corporation, that subsidiary will also be treated as a taxable REIT subsidiary if the applicable election is made. Several provisions regarding REIT and its taxable REIT subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of U.S. federal income taxation. Subsidiary rules limit the deductibility of interest paid or accrued by a taxable REIT subsidiary to its parent REIT. Further, the rules impose a 1% between a taxable REIT subsidiary and its parent REIT or the REIT’s tenants that are not conducted on an arm’s-length basis, and, effective for

December 31, 2015, on income imputed to a taxable REIT subsidiary for services rendered to or on behalf of CubeSmart, the Operating Partnership or a Partnership Subsidiary. CubeSmart may engage in activities indirectly through a taxable REIT subsidiary that would jeopardize its REIT status directly. For example, a taxable REIT subsidiary of CubeSmart may provide services to unrelated parties which might produce income that is not subject to the income tests described below. A taxable REIT subsidiary may also engage in other activities that, if conducted by CubeSmart directly, could result in income or the ownership of non-qualified assets or the imposition of the 100% tax on income from prohibited transactions. See description I Qualification – Gross Income Tests - Prohibited Transactions." Overall, no more than 20% (25% for taxable years beginning before January 1, 2018) of the gross income of a taxable REIT subsidiary may constitute stock or securities of one or more taxable REIT subsidiaries. Under the Tax Cuts and Jobs Act (the "TCJA"), for taxable years beginning after December 31, 2017, taxpayers are subject to a limitation on their ability to deduct net business interest generally equal to 30% of adjusted taxable income, subject to certain limitations. The CARES Act signed into law on March 27, 2020 (i) increased the 30% limitation to 50% (A) for all entities and (B) for all entities other than partnerships for their 2019 taxable years and (ii) permitted an entity to elect to use its 2019 adjusted taxable income limitation for its 2020 taxable year. These provisions may limit the ability of our taxable REIT subsidiaries to deduct interest in the future, which could result in a loss of REIT status.

Gross Income Tests. CubeSmart must satisfy two gross income tests annually to maintain its qualification as a REIT. First, at least 95% of the gross income of CubeSmart for each taxable year must consist of defined types of income that CubeSmart derives, directly or indirectly, from investments relating to real property or qualified temporary investment income. Qualifying income for purposes of that 75% gross income test generally includes:

- rents from real property;
- interest on debt secured by mortgages on real property or on interests in real property (including certain types of mortgage-backed securities);

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- for taxable years beginning after December 31, 2015, interest on mortgage loans secured by both real and personal property if the personal property does not exceed 15% of the total fair market value of all property securing the loans;
- dividends or other distributions on, and gain from the sale of, shares in other REITs (excluding dividends from its taxable REIT subsidiary).

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- gain from the sale of real estate assets (other than gain from property held primarily for sale to customers), except, effective for taxable years beginning after December 31, 2015, for gain from a nonqualified publicly offered REIT debt instrument (as defined below);
- income and gain derived from foreclosure property; and
- income derived from the temporary investment of new capital that is attributable to the issuance of CubeSmart's shares of beneficial interest in its debt with a maturity date of at least five years and that CubeSmart receives during the one-year period beginning on the date of the capital.

Second, in general, at least 95% of CubeSmart's gross income for each taxable year must consist of income that is qualifying income for the 75% gross income test, other types of interest and dividends (including dividends from its taxable REIT subsidiaries), gain from the sale or disposition of stock or securities of these.

Gross income from the sale of property that CubeSmart holds primarily for sale to customers in the ordinary course of business is excluded from both the numerator and the denominator in both income tests. See "Prohibited Transactions." In addition, certain gains from hedging transactions and certain foreign currency gains from both the numerator and the denominator for purposes of one or both of the income tests. See "Hedging Transactions" and "Foreign Currency Gains."

Rents from Real Property. Rent that CubeSmart receives from its real property will qualify as "rents from real property," which is qualified for the 75% and 95% gross income tests, only if the following conditions are met:

First, the rent must not be based in whole or in part on the income or profits of any person. Such rent, however, will qualify as "rents from real property" if the percentages of receipts or sales and the percentages are fixed at the time the leases are entered into, are not renegotiated during the term of the lease, reflect the effect of basing percentage rent on income or profits, and conform with normal business practice.

Second, CubeSmart must not own, actually or constructively, 10% or more of the stock of any corporate tenant or the assets or net assets of a related party tenant, other than a taxable REIT subsidiary. The constructive ownership rules generally provide that, if 10% or more in value of the stock is owned directly, by or for any person, CubeSmart is considered as owning the stock owned, directly or indirectly, by or for such person. CubeSmart does not own, directly or indirectly, 10% or more of the stock of any tenant directly. However, because the constructive ownership rules are broad and it is not possible to monitor continually direct transfers of shares, no absolute assurance can be given that such transfers or other events of which CubeSmart has no knowledge will not cause CubeSmart to own, directly or indirectly, 10% or more of the stock of a tenant (or a subtenant, in which case only rent attributable to the subtenant is disqualified) other than a taxable REIT subsidiary at some future date.

Under an exception to the related-party tenant rule described in the preceding paragraph, rent that CubeSmart receives from a taxable REIT subsidiary as "rents from real property" as long as (1) at least 90% of the leased space in the property is leased to persons other than taxable REIT subsidiaries and (2) the amount paid by the taxable REIT subsidiary to rent space at the property is substantially comparable to rents paid by other tenants of the property. The "substantially comparable" requirement must be satisfied when the lease is entered into, when it is extended, and when the lease is modified, if the lease is paid by the taxable REIT subsidiary. If the requirement that at least 90% of the leased space in the related property is rented to unrelated tenants is not met, extended, or modified, such requirement will continue to be met as long as there is no increase in the space leased to any taxable REIT subsidiary. An increase in rent attributable to a modification of a lease with a taxable REIT subsidiary in which CubeSmart owns directly or indirectly more than 50% of the stock (a "controlled taxable REIT subsidiary") will not be treated as "rents from real property."

Third, the rent attributable to the personal property leased in connection with a lease of real property must not be greater than 15% of the total rent under the lease. The rent attributable to personal property under a lease is the amount that bears the same ratio to total rent under the lease for the taxable year as the market values of the leased personal property at the beginning and at the end of the taxable year bears to the average of the aggregate fair market values of the personal property covered by the lease at the beginning and at the end of such taxable year (the "personal property ratio"). With

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respect to each of its leases, CubeSmart believes that the personal property ratio generally is less than 15%. Where that is not, or may in the future not be, the case, CubeSmart believes that any income attributable to personal property will not jeopardize its ability to qualify as a REIT. There can be no assurance, however, that the personal property ratio will not be greater than 15% or that CubeSmart's calculation of a personal property ratio, or that a court would not uphold such assertion. If such a challenge were successfully asserted, CubeSmart would fail the 75% or 95% gross income test and thus lose its REIT status.

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Fourth, CubeSmart cannot furnish or render non-customary services to the tenants of its properties, or manage or operate its properties through an independent contractor who is adequately compensated and from whom CubeSmart does not derive or receive any income. However, CubeSmart may furnish or render non-customary services to its tenants, if the services are "usually or customarily rendered" for the property and are not considered to be provided for the tenants' convenience. In addition, CubeSmart may provide a minimal amount of services to the tenants of a property, other than through an independent contractor, as long as its income from the services does not exceed 1% of its income from the property.

Finally, CubeSmart may own up to 100% of the stock of one or more taxable REIT subsidiaries, which may provide non-customary services without tainting CubeSmart's rents from the related properties. CubeSmart has not performed, and does not intend to perform, any services on behalf of tenants, other than services provided through independent contractors or taxable REIT subsidiaries.

Tenants may be required to pay, in addition to base rent, reimbursements for certain amounts CubeSmart is obligated to pay to the proportionate share of a property's operational or capital expenses), penalties for nonpayment or late payment of rent or additions to rent. These amounts qualify as "rents from real property." To the extent they do not, they should be treated as interest that qualifies for the 95% gross income test.

If a portion of the rent CubeSmart receives from a property does not qualify as "rents from real property" because the rent attributable to 15% of the total rent for a taxable year, the portion of the rent attributable to personal property will not be qualifying income for purposes of either the related-party tenant rule or the exception to the related-party tenant rule for qualifying taxable REIT subsidiaries; or (3) CubeSmart provides services to the tenants of the property, or manages or operates the property, other than through a qualifying independent contractor or a taxable REIT subsidiary. In such circumstances, CubeSmart could lose its REIT status, unless CubeSmart qualified for certain statutory relief provisions, because it would be unable to meet the gross income test.

Interest. The term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of the amount is based in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "interest" solely because it is a percentage or percentages of receipts or sales. Furthermore, to the extent that interest from a loan that is based on the profit or net cash proceeds of the loan constitutes a "shared appreciation provision," income attributable to such participation feature will be treated as gain from the sale of the property generally is qualifying income for purposes of both gross income tests.

Prohibited Transactions. A REIT will incur a 100% tax on the net income derived from any sale or other disposition of property, other than property held primarily for sale to customers in the ordinary course of a trade or business. Whether a REIT holds an asset "primarily for sale to customers in the ordinary course of a trade or business" depends, however, on the facts and circumstances in effect from time to time, including those related to a particular asset. A sale of the asset of the sale of property by a REIT as a prohibited transaction and the 100% prohibited transaction tax is available if the following requirements are met:

- the property sold must be a real estate asset as defined in Section 856(c)(5)(B) of the Code;
- the REIT has held the property for not less than two years;
- the aggregate expenditures made by the REIT, or any partner of the REIT, during the two-year period preceding the date of the sale of the property do not exceed 30% of the net selling price of the property;
- either (1) during the year in question, the REIT did not make more than seven sales of property other than foreclosure property or the aggregate adjusted bases of all such properties sold by the REIT during the year did not exceed 10% of the aggregate adjusted bases of all of the assets of the REIT at the beginning of the year, (2) the aggregate fair market value of all such properties sold by the REIT during the year did not exceed 10% of the aggregate fair market value of all of the assets of the REIT at the beginning of the year, (4) (i) for taxable years beginning after 1986, the aggregate adjusted bases of all such properties sold by the REIT during the year did not exceed 20% of the aggregate adjusted bases of all of the assets of the REIT at the beginning of the year and (ii) the average annual percentage of such properties sold by the REIT during the year did not exceed 10%, or (5) (i) the aggregate fair market value of all such properties sold by the REIT during the year did not exceed 20% of the aggregate fair market value of all of the assets of the REIT at the beginning of the year and (ii) the average annual percentage of such properties sold by the REIT during the year did not exceed 10%.

20% of the aggregate fair market value of all assets of the REIT at the beginning of the year and (ii) the average annual percentage of such properties sold by the REIT compared to all the REIT's assets (measured by fair market value) in the current and two prior years did not exceed 10%;

- in the case of property not acquired through foreclosure or lease termination, the REIT has held the property for at least two years for the production of rental income; and
- if the REIT has made more than seven sales of non-foreclosure property during the taxable year, substantially all of the marketing and development expenditures with respect to the property were made through an independent contractor (or, for taxable years beginning after December 31, 2015, a taxable REIT subsidiary) from whom the REIT derives no income.

CubeSmart intends to hold properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing, owning and operating properties, and to make occasional sales of properties as are consistent with its investment objective. CubeSmart cannot assure you, however, that it can comply with the safe-harbor provisions that would prevent the imposition of the 100% tax or that it will avoid owning property that may be characterized as property held "primarily for sale to customers in the ordinary course of a trade or business." The 100% tax does not apply to gains from the sale of property that is held through a taxable REIT subsidiary or other taxable corporation, although such income will be subject to tax in the hands of that corporation at regular corporate tax rates. CubeSmart may, therefore, form or acquire a taxable REIT subsidiary to hold and dispose of those properties it concludes may not fall within the safe-harbor provisions.

Foreclosure Property. CubeSmart will be subject to tax at the maximum corporate rate (currently 21%) on any net income from foreclosure property, other than income that otherwise would be qualifying income for purposes of the 75% gross income test. "Foreclosure property" is any real property, including interests in real property, and any personal property incident to such real property.

- that is acquired by a REIT as the result of the REIT having bid on such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default or default was imminent on a lease of such property or on indebtedness that such property secured;
- for which the related loan or leased property was acquired by the REIT at a time when the default was not imminent or anticipated; and
- for which the REIT makes a proper election to treat the property as foreclosure property.

A REIT will not be considered to have foreclosed on a property where the REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor. Property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property (or longer if an extension is granted by the Secretary of the Treasury). This period (as extended, if applicable) terminates, and foreclosure property ceases to be foreclosure property, on the first day:

- on which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test, or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify for purposes of the 75% gross income test;
- on which any construction takes place on the property, other than completion of a building or any other improvement, where more than 10% of the construction was completed before default became imminent; or

- which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business which is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income.

Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property is held primarily for sale to customers in the ordinary course of a trade or business. Income and gain from foreclosure property are qualifying income for the 75% and 95% gross income tests.

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Hedging Transactions. From time to time, CubeSmart enters into hedging transactions with respect to its assets or liabilities. CubeSmart's hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase such items, and futures and forward contracts. Income and gain from "hedging transactions" will be excluded from gross income for

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purposes of both the 75% and 95% gross income tests. A "hedging transaction" means either (1) any transaction entered into in the normal course of its trade or business primarily to manage the risk of interest rate, price changes, or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets or (2) any transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income test (or any property which generates such income or gain). CubeSmart will be required to clearly identify any such hedging transaction before the close of the day on which it was acquired, originated, or entered into and to satisfy other identification requirements. No assurance can be given that its hedging activities will not give rise to income that does not qualify for purposes of either or both of the gross income tests and will not adversely affect CubeSmart's ability to satisfy the REIT qualification requirements.

Effective for taxable years beginning after December 31, 2015, if CubeSmart has entered into a hedging transaction described in (1) or (2) in the prior paragraph, and a portion of the hedged indebtedness or property is extinguished or disposed of and, in connection with such extinguishment or disposition, CubeSmart enters into a new clearly identified hedging transaction (a "New Hedge"), income from the applicable hedge and income from the New Hedge (including gain from the disposition of such New Hedge) will not be treated as gross income for purposes of the 95% and 75% gross income tests.

Foreign Currency Gain. Certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests. "Real estate foreign exchange gain" will be excluded from gross income for purposes of the 75% gross income test. Real estate foreign exchange gain generally includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 75% gross income test, foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations secured by mortgages on real property or on interests in real property and certain foreign currency gain attributable to certain "qualified business units" of a REIT. "Passive foreign exchange gain" will be excluded from gross income for purposes of the 95% gross income test. Passive foreign exchange gain generally includes real estate foreign exchange gain as described above, and also includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 95% gross income test and foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) debt obligations. Because passive foreign exchange gain includes real estate foreign exchange gain, real estate foreign exchange gain is excluded from gross income for purposes of both the 75% and 95% gross income test. These exclusions for real estate foreign exchange gain and passive foreign exchange gain do not apply to foreign currency gain derived from dealing, or engaging in substantial and regular trading, in securities. Such gain is treated as nonqualifying income for purposes of both the 75% and 95% gross income tests.

Failure to Satisfy Gross Income Tests. If CubeSmart fails to satisfy one or both of the gross income tests for any taxable year, CubeSmart nevertheless may qualify as a REIT for that year if it qualifies for relief under certain provisions of the U.S. federal income tax laws. Those relief provisions will be available if:

- CubeSmart's failure to meet those tests is due to reasonable cause and not to willful neglect; and
- following such failure for any taxable year, a schedule of the sources of its income is filed with the IRS in accordance with regulations prescribed by the Secretary of the Treasury.

CubeSmart cannot predict, however, whether any failure to meet these tests will qualify for the relief provisions. As discussed above in "Taxation of CubeSmart as a REIT," even if the relief provisions apply, CubeSmart would incur a 100% tax on the gross income attributable to the greater of (1) the amount by which it fails the 75% gross income test, or (2) the excess of 95% of its gross income over the amount of gross income qualifying under the 95% gross income test, multiplied, in either case, by a fraction intended to reflect its profitability.

Asset Tests. To maintain its qualification as a REIT, CubeSmart also must satisfy the following asset tests at the end of each quarter of each taxable year.

First, at least 75% of the value of CubeSmart's total assets must consist of:

- cash or cash items, including certain receivables;
- government securities;
- interests in real property, including leaseholds and options to acquire real property and leaseholds;

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- effective for taxable years beginning after December 31, 2015¹⁰, (i) personal property leased in connection with real property to the extent that the rents from personal property are treated as "rent from real property" for purposes of the 75% income test, and (ii) debt instruments issued by publicly offered REITs;

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- interests in mortgages on real property (including certain mortgage-backed securities) and, for taxable years beginning after December 31, 2015, interests in mortgage loans secured by both real and personal property if the fair market value of such personal property does not exceed 15% of the total fair market value of all property securing the loans;
- stock in other REITs; and
- investments in stock or debt instruments during the one-year period following its receipt of new capital that CubeSmart raises through equity offerings or public offerings of debt with at least a five-year term.

Second, of CubeSmart's investments not included in the 75% asset class, the value of its interest in any one issuer's securities may not exceed 5% of the value of its total assets, or the "5% asset test."

Third, of CubeSmart's investments not included in the 75% asset class, CubeSmart may not own more than 10% of the voting power or value of any one issuer's outstanding securities, or the "10% vote test" and "10% value test," respectively.

Fourth, not more than 20% (25% for taxable years beginning before January 1, 2018) of the value of CubeSmart's assets may be represented by securities of one or more taxable REIT subsidiaries.

Fifth, effective for taxable years beginning after December 31, 2015, not more than 25% of the value of CubeSmart's total assets may be represented by "nonqualified publicly offered REIT debt instruments." "Nonqualified publicly offered REIT debt instruments" are debt instruments issued by publicly offered REITs that are not secured by a mortgage on real property.

Sixth, not more than 25% of the value of our total assets may consist of securities other than securities that qualify for purposes of the 75% test.

For purposes of the 5% asset test, the 10% vote test and 10% value test, the term "securities" does not include stock in another REIT, equity or debt securities of a qualified REIT subsidiary or taxable REIT subsidiary, mortgage loans that constitute real estate assets, or equity interests in a partnership. The term "securities," however, generally includes debt securities issued by a partnership or another REIT, except that for purposes of the 10% value test, the term "securities" does not include:

- Any "straight debt" security, which is defined as a written unconditional promise to pay on demand or on a specified date a sum certain in money if (i) the debt is not convertible, directly or indirectly, into stock, and (ii) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion, or similar factors. "Straight debt" securities do not include any securities issued by a partnership or a corporation in which CubeSmart or any controlled taxable REIT subsidiary hold non-"straight debt" securities that have an aggregate value of more than 1% of the issuer's outstanding securities. However, "straight debt" securities include debt subject to **one or both of the two** following contingencies: (1) a contingency relating to the time of payment of interest or principal, as long as either (i) there is no change to the effective yield of the debt obligation, other than a change to the annual yield that does not exceed the greater of 0.25% or 5% of the annual yield or (ii) neither the aggregate issue price nor the aggregate face amount of the issuer's debt obligations held by CubeSmart exceeds \$1 million and no more than 12 months of unaccrued interest on the debt obligations can be required to be prepaid; and (2) a contingency relating to the time or amount of payment upon a default or prepayment of a debt obligation, as long as the contingency is consistent with customary commercial practice.
- Any loan to an individual or an estate.
- Any "section 467 rental agreement," other than an agreement with a related party tenant.
- Any obligation to pay "rents from real property."
- Certain securities issued by governmental entities.
- Any security issued by a REIT.

- Any debt instrument issued by an entity treated as a partnership for U.S. federal income tax purposes in which CubeSmart is a partner to the extent of CubeSmart's proportionate interest in the debt and equity securities of the partnership.

- Any debt instrument issued by an entity treated as a partnership for U.S. federal income tax purposes not described in the preceding bullet points if at least 75% of the partnership's gross income, excluding income from prohibited transactions, is qualifying income for purposes of the 75% gross income test described above in "Requirements for Qualification — Gross Income Tests."

For purposes of the 10% value test, its proportionate share of the assets of a partnership is its proportionate interest in any securities issued by the partnership, without regard to the securities described in the last two bullet points above.

Failure to Satisfy Asset Tests. CubeSmart will monitor the status of its assets for purposes of the various asset tests and will manage its portfolio in order to comply at all times with such tests. If CubeSmart fails to satisfy the asset tests at the end of a calendar quarter, it would not lose its REIT status if:

- CubeSmart satisfied the asset tests at the end of the preceding calendar quarter; and
- the discrepancy between the value of its assets and the asset test requirements arose from changes in the market values of its assets and was not wholly or partly caused by the acquisition of one or more non-qualifying assets.

If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient nonqualifying assets within 30 days after the close of that quarter. CubeSmart intends to maintain adequate records of the value of its assets to ensure compliance with the asset tests, and to take such other action within 30 days after the close of any quarter as may be required to cure any noncompliance. However, there can be no assurance that such other action will always be successful. If CubeSmart fails to cure any noncompliance with the asset tests within such time period, its status as a REIT would be lost.

In the event that, at the end of any calendar quarter, CubeSmart violates the 5% asset test, the 10% vote test or the 10% value test described above, CubeSmart will not lose its REIT status if (i) the failure is de minimis (up to the lesser of 1% of its assets or \$10 million) and (ii) CubeSmart disposes of assets or otherwise complies with the asset tests within six months after the last day of the quarter in which it identifies such failure. In the event the failure to meet the asset test is more than de minimis, CubeSmart will not lose its REIT status if (i) the failure was due to reasonable cause and not to willful neglect, (ii) CubeSmart files a description of each asset causing the failure with the IRS, (iii) CubeSmart disposes of assets or otherwise complies with the asset tests within six months after the last day of the quarter in which CubeSmart identifies the failure, and (iv) CubeSmart pays a tax equal to the greater of \$50,000 or 21% of the net income from the nonqualifying assets during the period in which it failed to satisfy the asset tests.

Annual Distribution Requirements. Each taxable year, CubeSmart must distribute dividends, other than capital gain dividends and deemed distributions of retained capital gain, to its shareholders in an aggregate amount not less than the sum of:

- 90% of its "REIT taxable income," computed without regard to the dividends paid deduction and its net capital gain or loss, and
- 90% of its after-tax net income, if any, from foreclosure property, minus
- the sum of certain items of non-cash income.

Under the TCJA, for taxable years beginning after December 31, 2017, CubeSmart's deduction for net business interest expense generally is limited to 30% of its adjusted taxable income. Adjusted taxable income does not include items of income or expense not allocable to a trade or business, business interest or expense, the deduction for qualified business income, NOLs, and for years prior to 2022, deductions for depreciation, amortization, or depletion. The CARES Act (i) increased the 30% limitation to 50% (A) for all entities for their 2020 taxable years and (B) for all entities other than partnerships for their 2019 taxable years and (ii) permitted an entity to elect to use its 2019 adjusted taxable income to calculate the applicable limitation for its 2020 taxable

year. Any business interest deduction that is disallowed due to this limitation may be carried forward to future taxable years. CubeSmart's deduction for net business interest expense has not yet been limited by the above described above-described rules. If CubeSmart's deduction for net business interest expense is limited in the future, its REIT taxable income for a taxable year may be increased. Taxpayers that conduct certain real estate businesses may elect not to have this interest expense limitation apply to them, provided that they use an alternative depreciation system to depreciate certain property. CubeSmart may be eligible to make this election. If CubeSmart makes this election, although it would not be subject to the interest expense limitation described above, its depreciation deductions may be reduced and, as a result, its REIT taxable income for a taxable year may be increased.

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Generally, CubeSmart must pay such distributions in the taxable year to which they relate, or in the following taxable year if either (a) CubeSmart declares the distribution before it timely files its U.S. federal income tax return for the year and pays the distribution on or before the first regular dividend payment date after such declaration or (b) CubeSmart declares the distribution in October, November, or December of the taxable year, payable to shareholders of record on a specified day in any such month, and CubeSmart actually pays the dividend before the end of January of the following year. In both instances, these distributions relate to its prior taxable year for purposes of the 90% distribution requirement.

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To the extent that CubeSmart distributes at least 90%, but less than 100%, of its net taxable income, CubeSmart will be subject to tax at ordinary corporate tax rates on the retained portion. In addition, CubeSmart may elect to retain, rather than distribute, its net long-term capital gains and pay tax on such gains. In this case, CubeSmart would elect to have its shareholders include their proportionate share of such undistributed long-term capital gains in their income and receive a corresponding credit for their proportionate share of the tax paid by us. CubeSmart's shareholders would then increase their adjusted basis in their CubeSmart shares by the difference between the amount included in their long-term capital gains and the tax deemed paid with respect to their shares.

If CubeSmart fails to distribute during a calendar year, or by the end of January of the following calendar year in the case of distributions with declaration and record dates falling in the last three months of the calendar year, at least the sum of:

- 85% of its REIT ordinary income for the year,
- 95% of its REIT capital gain income for the year, and
- any undistributed taxable income from prior periods, CubeSmart will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts CubeSmart actually distributed. In calculating the required distribution for taxable years beginning after December 31, 2015, the amount that CubeSmart is treated as having distributed is not reduced by any amounts not allowable in computing its taxable income for the taxable year and which were not allowable in computing its taxable income for any prior years. If CubeSmart so elects, it will be treated as having distributed any such retained amount for purposes of the 4% nondeductible excise tax described above.

It is possible that, from time to time, CubeSmart may experience timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of that income and deduction of such expenses in arriving at its REIT taxable income. For example, because CubeSmart may deduct capital losses only to the extent of its capital gains, its REIT taxable income may exceed its economic income. Further, it is possible that, from time to time, CubeSmart may be allocated a share of net capital gain from a partnership in which CubeSmart owns an interest attributable to the sale of depreciated property that exceeds its allocable share of cash attributable to that sale. Although several types of non-cash income are excluded in determining the annual distribution requirement, CubeSmart will incur corporate income tax and the 4% nondeductible excise tax with respect to those non-cash income items if CubeSmart does not distribute those items on a current basis. As a result of the foregoing, CubeSmart may have less cash than is necessary to distribute all of its taxable income and thereby avoid corporate income tax and the 4% nondeductible excise tax imposed on certain undistributed income. In such a situation,

CubeSmart may issue additional common or preferred shares, CubeSmart may borrow or may cause the Operating Partnership to arrange for short-term or possibly long-term borrowing to permit the payment of required distributions, or CubeSmart may pay dividends in the form of taxable in-kind distributions of property, including potentially, its shares.

Under certain circumstances, CubeSmart may be able to correct a failure to meet the distribution requirement for a year by paying "deficiency dividends" to its shareholders in a later year. CubeSmart may include such deficiency dividends in its deduction for dividends paid for the earlier year. Although CubeSmart may be able to avoid income tax on amounts distributed as deficiency dividends, CubeSmart will be required to pay interest to the IRS based upon the amount of any deduction it takes for deficiency dividends.

Failure to Qualify

If CubeSmart were to fail to qualify as a REIT in any taxable year and no relief provision applied, CubeSmart would have the following consequences: CubeSmart would be subject to U.S. federal income tax and, for tax years beginning before January 1, 2018, any applicable alternative minimum tax at regular corporate rates applicable to regular C corporations on its taxable income, determined without reduction for amounts distributed to shareholders. This REIT-level tax liability would reduce cash available for distributions. All distributions to shareholders (to the extent of our current and accumulated earnings and profits) would be taxable as dividends. This "double taxation" would result from our failure to qualify as a REIT. In addition, if we fail CubeSmart fails to qualify as a REIT, we it will not be required to distribute any amounts to our its shareholders and all distributions to shareholders will be taxable as regular corporate dividends to the extent of our CubeSmart's current and accumulated earnings and profits. In such event, corporate distributees may be eligible for the dividends-received deduction. In addition, non-corporate shareholders, including individuals, may be eligible for the

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preferential tax rates on qualified dividend income. Non-corporate shareholders, including individuals, generally may deduct up to 20% of dividends from a REIT, other than capital gain dividends and dividends treated as qualified dividend income, for taxable years beginning after December 31, 2017 and before January 1, 2026 for purposes of determining their U.S. federal income tax (but not for purposes of the 3.8% Medicare tax), subject to certain limitations. If we fail CubeSmart fails to qualify as a REIT, such shareholders may not claim this deduction with respect to dividends paid by us. CubeSmart. Further, for tax years beginning after December 31, 2022, if CubeSmart fails to qualify as a REIT, CubeSmart may also be subject to certain taxes enacted by the Inflation Reduction Act of 2022 that are applicable to non-REIT corporations, including a corporate alternative minimum tax and a

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nondeductible one percent excise tax on certain stock repurchases. Unless CubeSmart qualified for relief under specific statutory provisions, it would not be permitted to elect taxation as a REIT for the four taxable years following the year during which CubeSmart ceased to qualify as a REIT.

If CubeSmart fails to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, CubeSmart could avoid disqualification if its failure is due to reasonable cause and not to willful neglect and CubeSmart pays a penalty of \$50,000 for each such failure. In addition, there are relief provisions for a failure of the gross income tests and asset tests, as described in "Requirements for Qualification — Gross Income Tests" and "Requirements for Qualification — Asset Tests." It is not possible to state whether in all circumstances CubeSmart would be entitled to such statutory relief.

State and Local Taxes

We CubeSmart may be subject to taxation by various states and localities, including those in which we transactCubeSmart transacts business or own owns property. The state and local tax treatment in such jurisdictions may differ from the U.S. federal income tax treatment described above.

Tax Aspects of Investments in the Operating Partnership and Subsidiary Partnerships

The following discussion summarizes certain U.S. federal income tax considerations applicable to CubeSmart's direct or indirect investment in its Operating Partnership and any subsidiary partnerships or limited liability companies ~~we form~~ CubeSmart forms or acquire ~~acquires~~ that are treated as partnerships for U.S. federal income tax purposes, each individually referred to as a "Partnership" and, collectively, as "Partnerships" below. The following discussion does not address state or local tax laws or any federal tax laws other than income tax laws.

Classification as Partnerships. CubeSmart is required to include in its income its distributive share of each Partnership's income and to deduct its distributive share of each Partnership's losses but only if such Partnership is classified for U.S. federal income tax purposes as a partnership (or an entity that is disregarded for U.S. federal income tax purposes if the entity has only one owner or member), rather than as a corporation or an association taxable as a corporation.

An organization with at least two owners or members will be classified as a partnership, rather than as a corporation, for U.S. federal income tax purposes if it:

- is treated as a partnership under the Treasury regulations relating to entity classification (the "check-the-box regulations"); and
- is not a "publicly traded partnership."

Under the check-the-box regulations, an unincorporated domestic entity with at least two owners or members may elect to be classified either as an association taxable as a corporation or as a partnership. If such an entity does not make an election, it generally will be treated as a partnership for U.S. federal income tax purposes. ~~We intend~~ CubeSmart intends that each Partnership will be classified as a partnership for U.S. federal income tax purposes (or else a disregarded entity where there are not at least two separate beneficial owners).

A publicly traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market (or a substantial equivalent). A publicly traded partnership is generally treated as a corporation for U.S. federal income tax purposes, but will not be so treated if, for each taxable year beginning after December 31, 1987 in which it was classified as a publicly traded partnership, at least 90% of the partnership's gross income consisted of specified passive income, including real property rents (which includes rents that would be qualifying income for purposes of the 75% gross income test, with certain modifications that make it easier for the rents to qualify for the 90% passive income exception), gains from the sale or other disposition of real property, interest, and dividends (the "90% passive income exception").

Treasury regulations provide limited safe harbors from treatment as a publicly traded partnership. Pursuant to one of those safe harbors (the "private placement exclusion"), interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if (1) all interests in the partnership were issued in a transaction or transactions that were not required to be registered under the Securities Act of 1933, as amended, and (2) the partnership does not have more than 100 partners at any time during the partnership's taxable year. For the determination of the number of partners in a partnership, a person owning an interest in a partnership, grantor trust, or S corporation that owns an interest in the partnership is treated as a partner in the

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partnership only if (1) substantially all of the value of the owner's interest in the entity is attributable to the entity's direct or indirect interest in the partnership and (2) a principal purpose of the use of the entity is to permit the partnership to satisfy the 100-partner limitation. CubeSmart believes that each Partnership should qualify for the private placement exclusion.

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CubeSmart has not requested, and ~~do~~ does not intend to request, a ruling from the IRS that the Partnerships will be classified as partnerships (or disregarded entities, if the ~~entity has~~ entities have only one owner or member) for U.S. federal income tax purposes. If for any reason a Partnership were

taxable as a corporation, rather than as a partnership, for U.S. federal income tax purposes, CubeSmart may not be able to qualify as a REIT, unless it qualifies for certain relief provisions. See "Requirements for Qualification — Gross Income Tests" and "Requirements for Qualification — Asset Tests." In addition, any change in a Partnership's status for tax purposes might be treated as a taxable event, in which case CubeSmart might incur tax liability without any related cash distribution. See "Requirements for Qualification — Annual Distribution Requirements." Further, items of income and deduction of such Partnership would not pass through to its partners, and its partners would be treated as shareholders for tax purposes. Consequently, such Partnership would be required to pay income tax at corporate rates on its net income, and distributions to its partners would constitute dividends that would not be deductible in computing such Partnership's taxable income.

Partners, Not the Partnerships, Subject to Tax. A partnership is not a taxable entity for U.S. federal income tax purposes, except that, for tax years beginning after December 31, 2017, a partnership is liable for paying tax assessed pursuant to an audit adjustment unless the partnership elects to "push out" such audit adjustments to its partners.

CubeSmart will therefore take into account its allocable share of each Partnership's income, gains, losses, deductions, and credits for each taxable year of the Partnerships ending with or within CubeSmart's taxable year, even if CubeSmart receives no distribution from the Partnerships for that year or a distribution less than CubeSmart's share of taxable income. Similarly, even if CubeSmart receives a distribution, CubeSmart may not be taxed on such distribution if the distribution does not exceed its adjusted tax basis in its interest in the distributing Partnership.

Among the deductions that would flow to CubeSmart are the interest deductions of the Operating Partnership and its subsidiary Partnerships. The TCJA limits a taxpayer's business interest expense deduction to the sum of business interest income, 30% of adjusted taxable income and certain other amounts. Adjusted taxable income does not include items of income or expense not allocable to a trade or business, business interest or expense, the deduction for qualified business income, NOLs, and for years prior to 2022, deductions for depreciation, amortization, or depletion. For partnerships, the interest deduction limitation is applied at the partnership level, subject to certain adjustments to the partners for unused deduction limitation at the partnership level. The Operating Partnership did not have "excess business interest" for the 2022 2023 taxable year or prior taxable years.

The TCJA allows a real property trade or business to elect out of this interest limitation so long as it uses a 40-year recovery period for nonresidential real property, a 30-year recovery period for residential rental property, and a 20-year recovery period for related improvements. Disallowed interest expense is carried forward indefinitely (subject to special rules for partnerships). The interest deduction limitation applies to taxable years beginning after December 31, 2017.

For taxpayers that do not use the TCJA's real property trade or business exception to the business interest deduction limitations, the TCJA maintains the current 39-year and 27.5-year straight line recovery periods for nonresidential real property and residential rental property, respectively, and provides that tenant improvements for such taxpayers are subject to a general 15-year recovery period. Also, the TCJA temporarily allows 100% expensing of certain new or used tangible property through 2022, phasing out at 20% for each following year (with an election available for 50% expensing of such property if placed in service during the first taxable year ending after September 27, 2017). The changes apply, generally, to property acquired after September 27, 2017 and placed in service after September 27, 2017.

Partnership Allocations. Although a partnership agreement generally will determine the allocation of income and losses among partners, allocations will be disregarded for tax purposes if they do not comply with the provisions of the U.S. federal income tax laws governing partnership allocations. If an allocation is not recognized for U.S. federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item.

Tax Allocations With Respect to Contributed Properties. Income, gain, loss, and deduction attributable to (a) appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership or (b) property revalued on the books of a partnership must be allocated in a manner such that each of a contributing partner or the partners at the time of a book revaluation, as applicable, are charged with, or benefit from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss, referred to as "built-in gain" or "built-in loss," is generally equal to the difference between the fair market value of the contributed or revalued property at the time of contribution or revaluation and the adjusted tax basis of such property at that time, referred to as a book-tax difference. Such allocations are solely for U.S. federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. The U.S. Treasury Department has issued regulations requiring partnerships to use a "reasonable

method" for allocating items with respect to which there is a book-tax difference and outlining several reasonable allocation methods. Unless we, CubeSmart, as general partner, ~~select~~ selects a different method, the Operating Partnership will use the traditional method for allocating items with respect to which there is a book-tax difference. Depending upon the method chosen, (1) CubeSmart's tax depreciation deductions attributable to those properties may be lower than they would have been if the partnership had acquired those

properties for cash and (2) in the event of a sale of such properties, CubeSmart could be allocated gain in excess of its corresponding economic or book gain. These allocations may cause CubeSmart to recognize taxable income in excess of cash proceeds received by us, which might adversely affect CubeSmart's ability to comply with the REIT distribution requirements or result in CubeSmart's shareholders recognizing additional dividend income without an increase in distributions.

Depreciation. Some assets in our Partnerships include appreciated property contributed by its partners. Assets contributed to a Partnership in a tax-free transaction generally retain the same depreciation method and recovery period as they had in the hands of the partner who contributed them to the partnership. Accordingly, the Partnership's depreciation deductions for such contributed real property are based on the historic tax depreciation schedules for the properties prior to their contribution to the Operating Partnership.

Basis in Partnership Interest. CubeSmart's adjusted tax basis in any ~~partnership~~ Partnership interest it owns generally will be:

- the amount of cash and the basis of any other property it contributes to the ~~partnership~~ Partnership;
- increased by its allocable share of the ~~partnership's~~ Partnership's income (including tax-exempt income) and its allocable share of indebtedness of the ~~partnership~~ Partnership; and
- reduced, but not below zero, by its allocable share of the ~~partnership's~~ Partnership's loss (excluding any non-deductible items), the amount of cash and the basis of property distributed to CubeSmart, and constructive distributions resulting from a reduction in its share of indebtedness of the ~~partnership~~ Partnership.

Loss allocated to CubeSmart in excess of its basis in a ~~partnership~~ Partnership interest will not be taken into account until CubeSmart again has basis sufficient to absorb the loss. A reduction of CubeSmart's share of ~~partnership~~ Partnership indebtedness will be treated as a constructive cash distribution to CubeSmart, and will reduce its adjusted tax basis in the ~~partnership~~ Partnership. Distributions, including constructive distributions, in excess of the basis of CubeSmart's ~~partnership~~ Partnership interest will constitute taxable income to CubeSmart. Such distributions and constructive distributions normally will be characterized as long-term capital gain.

Sale of a Partnership's Property. Generally, any gain realized by a Partnership on the sale of property that is a capital asset held for more than one year will be long-term capital gain, except for any portion of the gain treated as depreciation or cost recovery recapture. Any gain or loss recognized by a Partnership on the disposition of contributed or revalued properties will be allocated first to the partners who contributed the properties or who were partners at the time of revaluation, to the extent of their built-in gain or loss on those properties for U.S. federal income tax purposes. The partners' built-in gain or loss on contributed or revalued properties is the difference between the partners' proportionate share of the book value of those properties and the partners' tax basis allocable to those properties at the time of the contribution or revaluation. Any remaining gain or loss recognized by the Partnership on the disposition of contributed or revalued properties, and any gain or loss recognized by the Partnership on the disposition of other properties, will be allocated among the partners in accordance with their percentage interests in the Partnership.

CubeSmart's share of any Partnership gain from the sale of inventory or other property held primarily for sale to customers in the ordinary course of the Partnership's trade or business will be treated as income from a prohibited transaction subject to a 100% tax. Income from a prohibited transaction may have an adverse effect on CubeSmart's ability to satisfy the gross income tests for REIT status. See "Requirements for Qualification — Gross

Income Tests." CubeSmart does not presently intend to acquire or hold, or to allow any Partnership to acquire or hold, any property that is likely to be treated as inventory or property held primarily for sale to customers in the ordinary course of CubeSmart's, or the Partnership's, trade or business.

Partnership Audit Rules. Under the Bipartisan Budget Act of 2015 (the "BBA"), a partnership itself may be liable for a tax computed by reference to the hypothetical increase in partner-level taxes (including interest and penalties) resulting from an adjustment of partnership tax items on audit, regardless of changes in the composition of the partners (or their relative ownership) between the year under audit and the year of the adjustment. These rules also include an elective alternative method under which the additional taxes resulting from the adjustment are assessed against the affected partners, subject to a higher rate of interest than otherwise would apply. The BBA's partnership audit rules could result in partnerships in which **we** CubeSmart directly or indirectly **invest** **invests** being required to pay additional taxes, interest and penalties as a result of an audit adjustment, and **we**, **CubeSmart**, as a direct or indirect partner of those partnerships could be required to bear the economic burden of those taxes, interest and penalties even though **we**, **CubeSmart**, as a REIT, may not otherwise have been required to pay additional corporate-level taxes as a result of the related audit adjustment. Investors are urged to consult with their tax advisors with respect to those changes and their potential impact on their investment in **our** **CubeSmart's** shares.

Taxation of Shareholders

Taxation of Taxable U.S. Shareholders

The term "U.S. shareholder" means a holder of CubeSmart common shares or preferred shares that, for U.S. federal income tax purposes, is:

- a citizen or individual resident of the United States;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any of its states or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- any trust if (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

If a partnership, entity or arrangement treated as a partnership for U.S. federal income tax purposes holds CubeSmart common shares or preferred shares, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding CubeSmart common shares or preferred shares, you should consult your tax advisor regarding the consequences of the ownership and disposition of CubeSmart common shares or preferred shares by the partnership.

Taxation of U.S. Shareholders on Distributions. As long as CubeSmart qualifies as a REIT, a taxable U.S. shareholder will be required to take into account as ordinary income distributions made out of CubeSmart's current or accumulated earnings and profits that CubeSmart does not designate as capital gain dividends or retained long-term capital gain. However, for taxable years beginning after December 31, 2017 and before January 1, 2026, generally individual shareholders are allowed to deduct 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations. A U.S. shareholder will not qualify for the dividends-received deduction generally available to corporations.

Dividends paid to a U.S. shareholder generally will not qualify for the preferential tax rate for "qualified dividend income" (currently, a 20% maximum rate, also see the discussion below, "Taxation of Shareholders— Tax Rates Applicable to Individual Shareholders under the TCJA"). Qualified dividend income generally includes dividends paid by domestic C corporations and certain qualified foreign corporations to most noncorporate U.S. shareholders. Because a REIT is not generally subject to U.S. federal income tax on the portion of its REIT taxable income distributed to its shareholders,

CubeSmart's dividends generally will not be eligible for the preferential tax rate on qualified dividend income. As a result, CubeSmart's ordinary REIT dividends will be taxed at the higher rate applicable to ordinary income. The highest marginal individual income tax rate on ordinary income was 39.6% for tax years beginning on or before December 31, 2017 and 37% for tax years beginning after that date (but see the discussion below "Taxation of Shareholders — Tax Rates Applicable to Individual Shareholders under the TCJA" regarding the sunset of the 37% rate). However, the preferential tax rate for qualified dividend income will apply to CubeSmart's ordinary REIT dividends, if any, that are (i) attributable to dividends received by CubeSmart from non-REIT corporations, such as our taxable REIT subsidiaries, and (ii) attributable to income upon which CubeSmart has paid corporate income tax (e.g., to the extent that CubeSmart distributes less than 100% of CubeSmart's taxable income). In general, to qualify for the preferential tax rate on qualified dividend income, a U.S. shareholder must hold CubeSmart common shares or preferred shares for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which the common shares or preferred shares become ex-dividend.

With respect to common shares, CubeSmart may distribute taxable dividends that are payable partly in cash and partly in CubeSmart common shares. Taxable U.S. shareholders receiving such dividends will be required to include the full amount

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of the dividends as ordinary income to the extent of CubeSmart's current and accumulated earnings and profits. However, for taxable

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years beginning after December 31, 2017 and before January 1, 2026, generally individual shareholders generally are allowed to deduct 20% of the aggregate amount of ordinary dividends distributed by us that are "qualified REIT dividends," subject to certain limitations. Pursuant to the Treasury regulations, in order for a dividend paid by a REIT to be eligible to be treated as a "qualified REIT dividend," the shareholder must meet two holding period-related requirements. First, the shareholder must hold the REIT shares for a minimum of 46 days during the 91-day period that begins 45 days before the date on which the REIT share becomes ex-dividend with respect to the dividend. Second, the qualifying portion of the REIT dividend is reduced to the extent that the shareholder is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. The 20% deduction does not apply to REIT capital gain dividends or to REIT dividends that we designate CubeSmart designates as "qualified dividend income." Like most of the other changes made by the TCJA applicable to non-corporate taxpayers, the 20% deduction will expire on December 31, 2025 unless Congress acts to extend it. Prospective investors should consult their tax advisors concerning these limitations on the ability to deduct all or a portion of dividends received on shares of our common shares or preferred shares.

Any distribution CubeSmart declares in October, November, or December of any year that is payable to a U.S. shareholder of record on a specified date in any of those months will be treated as paid by CubeSmart and received by the U.S. shareholder on December 31 of the year, provided CubeSmart actually pays the distribution during January of the following calendar year.

Distributions to a U.S. shareholder which CubeSmart designates as capital gain dividends will generally be treated as long-term capital gain, without regard to the period for which the U.S. shareholder has held its common shares or preferred shares. In general, U.S. shareholders will be taxable on long-term capital gains at a current maximum rate of 20% (see the discussion below "Taxation of Shareholders—Tax Rates Applicable to Individual Shareholders under the TCJA"), except that the portion of such gain that is attributable to depreciation recapture will be taxable at the maximum rate of 25%. A corporate U.S. shareholder, however, may be required to treat up to 20% of certain capital gain dividends as ordinary income.

Effective for distributions paid or treated as being paid in taxable years beginning after December 31, 2015, the aggregate amount of dividends that CubeSmart may designate as "capital gain dividends" or "qualified dividend income" with respect to any taxable year may not exceed the dividends paid by CubeSmart with respect to such taxable year, including dividends that are paid in the following taxable year and treated as having been paid with respect to such taxable year by being (1) declared before CubeSmart timely files its tax return for such taxable year and (2) paid with or before the first regular dividend payment after such declaration.

CubeSmart may elect to retain and pay income tax on the net long-term capital gain that CubeSmart receives in a taxable year. In that case, a U.S. shareholder would be taxed on its proportionate share of CubeSmart's undistributed long-term capital gain. The U.S. shareholder would receive a credit or

refund for its proportionate share of the tax CubeSmart paid. The U.S. shareholder would increase the basis in its common shares or preferred shares by the amount of its proportionate share of CubeSmart's undistributed long-term capital gain, minus its share of the tax CubeSmart paid.

A U.S. shareholder will not incur tax on a distribution in excess of CubeSmart's current and accumulated earnings and profits if the distribution does not exceed the adjusted basis of the U.S. shareholder's common shares or preferred shares. Instead, the distribution will reduce the adjusted basis of the shares, and any amount in excess of both CubeSmart's current and accumulated earnings and profits and the adjusted basis will be treated as capital gain, long-term capital gain if the shares have been held for more than one year, provided the shares are a capital asset in the hands of the U.S. shareholder.

Shareholders may not include in their individual income tax returns any of CubeSmart's net operating losses or capital losses. Instead, these losses are generally carried over by CubeSmart for potential offset against CubeSmart's future income (subject to certain limitation for net operating losses arising in tax years beginning after December 31, 2017, as modified by the CARES The Coronavirus Aid, Relief, and Economic Security Act). Taxable distributions from CubeSmart and gain from the disposition of common shares or preferred shares will not be treated as passive activity income; and, therefore, shareholders generally will not be able to apply any "passive activity losses," such as losses from certain types of limited partnerships in which the shareholder is a limited partner, against such income. In addition, taxable distributions from CubeSmart and gain from the disposition of common shares or preferred shares generally will be treated as investment income for purposes of the investment interest limitations. Net capital gain from the disposition of our stock or capital gain dividends generally will be excluded from investment income unless the shareholder elects to have the gain taxed at ordinary income rates. CubeSmart will notify shareholders after the close of its taxable year as to the portions of the distributions attributable to that year that constitute ordinary income, return of capital, and capital gain.

Taxation of U.S. Shareholders on the Disposition of Common and Preferred Shares

In general, a U.S. shareholder who is not a dealer in securities must treat any gain or loss recognized upon a taxable disposition of CubeSmart's common or preferred shares as long-term capital gain or loss if the U.S. shareholder has held the shares for

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more than one year, and otherwise as short-term capital gain or loss. In general, a U.S. shareholder will recognize gain or loss in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received in such

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disposition and the U.S. shareholder's adjusted tax basis. A U.S. shareholder's adjusted tax basis generally will equal the U.S. shareholder's acquisition cost, increased by the excess of the U.S. shareholder's allocable share of any retained capital gains, less the U.S. shareholder's allocable share of the tax paid by us on such retained capital gains and reduced by any returns of capital. However, a U.S. shareholder must treat any loss upon a sale or exchange of common or preferred shares held by such shareholder for six months or less as a long-term capital loss to the extent of capital gain dividends and any actual or deemed distributions from CubeSmart that such U.S. shareholder treats as long-term capital gain. All or a portion of any loss that a U.S. shareholder realizes upon a taxable disposition of common or preferred shares may be disallowed if the U.S. shareholder purchases other common shares or preferred shares within 30 days before or after the disposition.

If a U.S. shareholder recognizes a loss upon a subsequent disposition of CubeSmart shares in an amount that exceeds a prescribed threshold, it is possible that the provisions of Treasury regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss generating transactions to the IRS. While these regulations are directed towards "tax shelters," they are written broadly, and apply to transactions that would not typically be considered tax shelters. Significant penalties apply for failure to comply with these requirements. You should consult your tax advisor concerning any possible disclosure obligation with respect to the receipt or disposition of CubeSmart shares, or transactions that might be undertaken directly or indirectly by us. Moreover, you should be aware that CubeSmart and other participants in transactions involving CubeSmart (including our advisors) might be subject to disclosure or other requirements pursuant to these regulations.

The tax-rate differential between capital gain and ordinary income for non-corporate taxpayers may be significant. A taxpayer generally must hold a capital asset for more than one year for gain or loss derived from its sale or exchange to be treated as long-term capital gain or loss. The highest marginal individual income tax rate was 39.6% for tax years beginning on or before December 31, 2017 and 37% for tax years beginning after that date (but see the discussion below "Taxation of Shareholders—Tax Rates Applicable to Individual Shareholders under the TCJA" regarding the sunset of the 37% rate). The maximum tax rate on long-term capital gain applicable to U.S. shareholders taxed at individual rates is currently 20%. For additional information, see the discussion below "Taxation of Shareholders—Tax Rates Applicable to Individual Shareholders under the TCJA." The maximum tax rate on long-term capital gain from the sale or exchange of "section 1250 property" (i.e., generally, depreciable real property) is 25% to the extent the gain would have been treated as ordinary income if the property were "section 1245 property" (i.e., generally, depreciable personal property). CubeSmart generally may designate whether a distribution CubeSmart designates as capital gain dividends (and any retained capital gain that CubeSmart is deemed to distribute) is taxable to non-corporate shareholders at the current 20% or 25% rate. The characterization of income as capital gain or ordinary income may affect the deductibility of capital losses. A non-corporate taxpayer may deduct capital losses not offset by capital gains against its ordinary income only up to a maximum of \$3,000 annually. A non-corporate taxpayer may carry unused capital losses forward indefinitely. A corporate taxpayer must pay tax on its net capital gain at corporate ordinary-income rates. A corporate taxpayer may deduct capital losses only to the extent of capital gains, with unused losses carried back three years and forward five years.

Redemption of Preferred Shares

Whenever **we redeem** CubeSmart redeems any preferred shares, the treatment accorded to any redemption by us for cash (as distinguished from a sale, exchange or other disposition) of our preferred shares to a U.S. shareholder of such preferred shares can only be determined on the basis of the particular facts as to each holder at the time of redemption. In general, a U.S. shareholder of our preferred shares will recognize capital gain or loss measured by the difference between the amount received by the holder of such shares upon the redemption and such holder's adjusted tax basis in the preferred shares redeemed (provided the preferred shares are held as a capital asset) if such redemption (i) results in a "complete termination" of the holder's interest in all classes of our shares under Section 302(b)(3) of the Code or (ii) is "not essentially equivalent to a dividend" with respect to the holder of the preferred shares under Section 302(b)(1) of the Code. In applying these tests, there must be taken into account not only the preferred shares being redeemed, but also such holder's ownership of other classes and series of our shares and any options (including stock purchase rights) to acquire any of the foregoing. The U.S. shareholder of our preferred shares also must take into account any such securities (including options) which are considered to be owned by such holder by reason of the constructive ownership rules set forth in Sections 318 and 302(c) of the Code.

If the U.S. shareholder of preferred shares owns (actually or constructively) none of our voting shares, or owns an insubstantial amount of our voting shares, based upon current law, it is probable that the redemption of preferred shares from such a holder would be considered to be "not essentially equivalent to a dividend." However, whether a distribution is "not essentially equivalent to a dividend" depends on all of the facts and circumstances, and a U.S. shareholder of our preferred shares intending to rely on any of the tests in this or the preceding paragraph at the time of redemption should consult its tax advisor to determine their application to its particular situation. If the redemption does not meet any of the tests under Section 302 of the Code, then the redemption proceeds received from our preferred shares will be treated as a distribution on our shares as described under "Taxation of U.S. Shareholders — Taxation of Taxable U.S. Shareholders — Taxation of U.S. Shareholders on Distributions." If the redemption of a holder's preferred shares is taxed as a dividend, the adjusted basis of such holder's redeemed preferred shares will be transferred to any other shares held by the holder.

If the holder owns no other shares, under certain circumstances, such basis may be transferred to a related person, or it may be lost entirely.

Conversion of Our Preferred Shares into Common Shares.

Except as provided below, a U.S. shareholder generally will not recognize gain or loss upon the conversion of our preferred shares into our common shares. Except as provided below, a U.S. shareholder's basis and holding period in the common shares received upon conversion generally will be the same as those of the converted preferred shares (but the basis will be reduced by the portion of adjusted tax basis allocated to any fractional common share exchanged for cash). Any common shares received in a conversion that is attributable to accumulated and unpaid dividends on the converted preferred shares will be treated as a distribution on our shares as described above in "Taxation of U.S. Shareholders — Taxation of Taxable U.S. Shareholders — Taxation of U.S. Shareholders on Distributions." Cash received upon conversion in lieu of a fractional common share generally will be treated as a payment in a taxable exchange for such fractional common share, and gain or loss will be recognized on the receipt of cash in an amount equal to the difference between the amount of cash received and the adjusted tax basis allocable to the fractional common share deemed exchanged. This gain or loss will be long-term capital gain or loss if the U.S. shareholder has held the preferred shares for more than one year. See "— Taxation of U.S. Shareholders — Taxation of Taxable U.S. Shareholders — Taxation of U.S. Shareholders on the Disposition of Common and Preferred Shares." U.S. shareholders should consult with their tax advisors regarding the U.S. federal income tax consequences of any transaction by which such holder exchanges common shares received on a conversion of preferred shares for cash or other property.

Tax Rates Applicable to Individual Shareholders under the TCJA

Long-term capital gains (*i.e.*, capital gains with respect to assets held for more than one year) and "qualified dividends" received by an individual generally are subject to federal income tax at a maximum rate of 20%. Short-term capital gains (*i.e.*, capital gains with respect to assets held for one year or less) generally are subject to federal income tax at ordinary income rates. Because we are CubeSmart is not generally subject to federal income tax on the portion of our REIT taxable income or capital gains distributed to our shareholders, our dividends generally are not eligible for the 20% maximum tax rate on qualified dividends. Instead, our ordinary dividends generally are taxed at the higher tax rates applicable to ordinary income, the maximum rate of which is 37% for tax years beginning after December 31, 2017 (the rate was 39.6% for tax years beginning before that date) and before January 1, 2026. However, for taxable years prior to 2026, individual shareholders are generally allowed to deduct 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations, which would reduce the maximum marginal effective tax rate for individuals on the receipt of such ordinary dividends to 29.6%. The 20% maximum tax rate for long-term capital gains and qualified dividends generally applies to:

- your long-term capital gains, if any, recognized on the disposition of our shares;
- our distributions designated as long-term capital gain dividends (except to the extent attributable to real estate depreciation, in which case such distributions are subject to a 25% tax rate to such extent);
- our dividends attributable to dividends received by us from non-REIT corporations, such as taxable REIT subsidiaries; and
- our dividends to the extent attributable to income upon which we have paid corporate income tax (*e.g.*, to the extent that we distribute less than 100% of our taxable income).

Medicare Tax on Investment Income

Certain U.S. shareholders and U.S. Holders (as defined below) of debt securities who are individuals, estates or trusts and whose income exceeds certain thresholds may be required to pay a 3.8% Medicare tax on "net investment income" which includes, among other things, dividends on shares, interest on debt securities and capital gains from the sale or other disposition of shares or debt securities, subject to certain exceptions. The current 20% deduction allowed by Section 199A of the Code, as added by the TCJA, with respect to ordinary REIT dividends received by non-corporate taxpayers is allowed only for purposes of Chapter 1 of the Code and thus is apparently not allowed as a deduction allocable to such dividends for purposes of determining the amount of net investment income subject to the 3.8% Medicare tax, which is imposed under Chapter 2A of the Code. Prospective investors should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our common shares, preferred shares or debt securities.

Information Reporting Requirements and Backup Withholding.

CubeSmart will report to its shareholders and to the IRS the amount of distributions CubeSmart pays during each calendar year and the amount of tax it withholds, if any. A shareholder may be subject to backup withholding at a rate of up to 24% with respect to distributions unless the holder:

- is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact; or

- provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules.

A shareholder who does not provide CubeSmart with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. In addition, CubeSmart may be required to withhold a portion of capital gain distributions to any shareholders who fail to certify their non-foreign status to CubeSmart. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the shareholder's income tax liability, provided the required information is timely furnished to the IRS.

Taxation of Tax-Exempt Shareholders

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts and annuities, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their "unrelated business taxable income." While many investments in real estate generate unrelated business taxable income, the IRS has issued a ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute unrelated business taxable income so long as the exempt employee pension trust does not otherwise use the shares of the REIT in an unrelated trade or business of the pension trust. Based on that ruling, amounts CubeSmart distributes to tax-exempt shareholders generally should not constitute unrelated business taxable income. However, if a tax-exempt shareholder were to finance its acquisition of common shares or preferred shares with debt, a portion of the income it received from CubeSmart would constitute unrelated business taxable income pursuant to the "debt-financed property" rules. Furthermore, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under special provisions of the U.S. federal income tax laws are subject to different unrelated business taxable income rules, which generally will require them to characterize distributions they receive from CubeSmart as unrelated business taxable income.

In certain circumstances, a qualified employee pension or profit-sharing trust that owns more than 10% of CubeSmart's shares of beneficial interest (by value) must treat a percentage of the dividends it receives from CubeSmart as unrelated business taxable income. Such percentage is equal to the gross income CubeSmart derives from an unrelated trade or business, determined as if CubeSmart were a pension trust, divided by its total gross income for the year in which it pays the dividends. This rule applies to a pension trust holding more than 10% of CubeSmart shares only if:

- the percentage of CubeSmart's dividends which the tax-exempt trust must treat as unrelated business taxable income is at least 5%;
- CubeSmart is a "pension-held REIT," that is, CubeSmart qualifies as a REIT by reason of the modification of the rule requiring that no more than 50% of CubeSmart's shares of beneficial interest be owned by five or fewer individuals that allows the beneficiaries of the pension trust to be treated as holding CubeSmart's shares in proportion to their actuarial interests in the pension trust; and
- either: (i) one pension trust owns more than 25% of the value of CubeSmart's shares of beneficial interest; or (ii) one or more pension trusts each individually holding more than 10% of the value of CubeSmart's shares of beneficial interest collectively owns more than 50% of the value of CubeSmart's shares of beneficial interest.

Certain restrictions on ownership and transfer of CubeSmart's shares should generally prevent a tax-exempt entity from owning more than 10% of the value of its shares, or CubeSmart from becoming a pension-held REIT.

Tax-exempt U.S. shareholders are urged to consult their tax advisor regarding the U.S. federal, state, local and foreign tax consequences of the acquisition, ownership and disposition of CubeSmart shares.

Taxation of Non-U.S. Shareholders

The term "non-U.S. shareholder" means a holder of CubeSmart common shares or preferred shares that is not a U.S. shareholder or a partnership (or an entity treated as a partnership for U.S. federal income tax purposes). The rules governing U.S. federal income taxation of non-U.S. shareholders are complex. This section is only a summary of such rules. **We urge CubeSmart urges non-U.S. shareholders to consult their own tax advisors to determine the impact of federal, state, local and foreign income tax laws on ownership of common shares or preferred shares, including any reporting requirements.**

Taxation of Distributions. A non-U.S. shareholder that receives a distribution which is not attributable to gain from CubeSmart's sale or exchange of a "United States real property interest" ("USRPI") (discussed below) and that CubeSmart does not designate a capital gain dividend or retained capital gain will be treated as receiving dividends to the extent that CubeSmart pays such distribution out of CubeSmart's current or accumulated earnings and profits.

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A withholding tax equal to 30% of the gross amount of the distribution ordinarily will apply unless an applicable tax treaty reduces or eliminates the tax. However, a non-U.S. shareholder generally will be subject to U.S. federal income tax at graduated rates on any distribution treated as effectively connected with the non-U.S. shareholder's conduct of a U.S. trade or business, in the same manner

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as U.S. shareholders are taxed on distributions. A corporate non-U.S. shareholder may, in addition, be subject to the 30% branch profits tax with respect to that distribution. CubeSmart plans to withhold U.S. income tax at the rate of 30% on the gross amount of any distribution paid to a non-U.S. shareholder unless either:

- a lower treaty rate applies and the non-U.S. shareholder files a properly completed IRS Form W-8BEN or W-8BEN-E (or other applicable form) evidencing eligibility for that reduced rate with us; or
- the non-U.S. shareholder files an IRS Form W-8ECI (or other applicable form) with CubeSmart claiming that the distribution is effectively connected income.

A non-U.S. shareholder will not incur tax on a distribution in excess of CubeSmart's current and accumulated earnings and profits if the excess portion of such distribution does not exceed the adjusted basis of its common shares or preferred shares. Instead, the excess portion of the distribution will reduce the adjusted basis of such shares. A non-U.S. shareholder will be subject to tax on a distribution that exceeds both CubeSmart's current and accumulated earnings and profits and the adjusted basis of its shares, if the non-U.S. shareholder otherwise would be subject to tax on gain from the sale or disposition of common shares or preferred shares, as described below. Because CubeSmart generally cannot determine at the time CubeSmart makes a distribution whether the distribution will exceed CubeSmart's current and accumulated earnings and profits, CubeSmart normally will withhold tax on the entire amount of any distribution at the same rate as CubeSmart would withhold on a dividend. However, a non-U.S. shareholder may obtain a refund of amounts CubeSmart withholds if CubeSmart later determines that a distribution in fact exceeded CubeSmart's current and accumulated earnings and profits.

CubeSmart may be required to withhold 15% (increased from 10%, effective February 17, 2016) of any distribution that exceeds CubeSmart's current and accumulated earnings and profits. Consequently, although CubeSmart intends to withhold at a rate of 30% on the entire amount of any distribution, to the extent CubeSmart does not do so, CubeSmart may withhold at a rate of 15% on any portion of a distribution not subject to withholding at a rate of 30%.

For any year in which CubeSmart qualifies as a REIT, except as discussed below (in "Taxation of Non-U.S. Shareholders—Taxation of Disposition of Shares") with respect to certain holders owning 10% or less of regularly traded classes of shares, a non-U.S. shareholder will incur tax on distributions attributable to gain from CubeSmart's sale or exchange of a USRPI under the Foreign Investment in Real Property Tax Act of 1980, or "FIRPTA." A

USRPI includes certain interests in real property and shares in United States corporations at least 50% of whose assets consist of interests in real property. Under FIRPTA, a non-U.S. shareholder is taxed on distributions attributable to gain from sales of USRPIs as if the gain were effectively connected with the conduct of a U.S. business of the non-U.S. shareholder. A non-U.S. shareholder would be taxed on such a distribution at the normal capital gain rates applicable to U.S. shareholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual. A non-U.S. corporate shareholder not entitled to treaty relief or exemption also may be subject to the 30% branch profits tax on such a distribution. CubeSmart must withhold 21% of any distribution that CubeSmart could designate as a capital gain dividend. A non-U.S. shareholder may receive a credit against its tax liability for the amount CubeSmart withholds.

Effective December 18, 2015, our shares are not treated as a USRPI when held, directly or indirectly, by a qualified shareholder and, therefore, FIRPTA does not apply to such shares. However, certain investors in a qualified shareholder that owns more than 10% of our shares (directly or indirectly) that are not themselves qualified shareholders may be subject to FIRPTA withholding. A "qualified shareholder" is a foreign entity that (1)(i) is eligible for the benefits of a comprehensive income tax treaty with the United States that includes an exchange of information program and the principal class of interests of which is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or (ii) is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units which is regularly traded on the New York Stock Exchange or Nasdaq Stock Market and the value of such class of limited partnership units is greater than 50% of the value of all of the partnership units of the foreign partnership, (2) is a qualified collective investment vehicle, and (3) maintains records on the identity of each person who, at any time during the foreign person's taxable year, holds directly 5% or more of the class of interests described in (1)(i) or (ii). A "qualified collective investment vehicle" is a foreign person that (x) under the comprehensive income tax treaty described in (1)(i) or (ii) would be eligible for a reduced rate of withholding with respect to dividends paid by a REIT even if such person owned more than 10% of the REIT, (y) is a publicly traded partnership that is a withholding foreign partnership, and would be treated as a United States real property holding corporation if it were a United States corporation, or (z) which is designated as a qualified collective investment vehicle by the Secretary of the Treasury and is either (1) fiscally transparent or (2) required to include dividends in its gross income, but is entitled to a deduction for distributions to its equity investors. Additionally, effective December 18, 2015, qualified foreign pension funds are not subject to FIRPTA withholding. The rules concerning qualified shareholders and qualified foreign pension funds are complex and investors who believe they may be

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qualified shareholders or qualified foreign pension funds should consult with their own tax advisors to find out if these rules are applicable to them.

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Distributions attributable to gain from sales or exchanges by CubeSmart of USRPIs are treated as ordinary dividends (not subject to the 21% withholding tax under FIRPTA) if the distribution is made to a non-U.S. shareholder with respect to any class of shares which is "regularly traded" on an established securities market located in the United States and if the non-U.S. shareholder did not own more than 5% of such class of shares at any time during the taxable year. Such distributions will generally be subject to a 30% U.S. withholding tax (subject to reduction under applicable treaty) but a non-U.S. shareholder will not be required to report the distribution on a U.S. tax return. In addition, the branch profits tax will not apply to such distributions.

Taxation of Disposition of Shares. A non-U.S. shareholder generally will not incur tax under FIRPTA with respect to gain on a sale of common shares or preferred shares as long as CubeSmart is a "domestically-controlled REIT," which means that at all times non-U.S. persons hold, directly or indirectly, less than 50% in value of all outstanding CubeSmart shares.

CubeSmart cannot assure you that this test will be met. Further, even if CubeSmart is a domestically controlled REIT, pursuant to "wash sale" rules under FIRPTA, a non-U.S. shareholder may incur tax under FIRPTA. The "wash sale" rule applies to the extent such non-U.S. shareholder disposes of CubeSmart shares during the 30-day period preceding a dividend payment, and such non-U.S. shareholder (or a person related to such non-U.S. shareholder) acquires or enters into a contract or option to acquire CubeSmart common shares or preferred shares within 61 days of the 1st day of the 30-day period described above, and any portion of such dividend payment would, but for the disposition, be treated as a USRPI capital gain to such non-U.S. shareholder, then such non-U.S. shareholder shall be treated as having USRPI capital gain in an amount that, but for the disposition, would have been treated as USRPI capital gain.

In addition, a non-U.S. shareholder that owns, actually or constructively, 10% or less of the outstanding common shares or preferred shares at all times during a specified testing period will not incur tax under FIRPTA on gain from a sale of such common shares or preferred shares if such shares are "regularly traded" on an established securities market. Because CubeSmart's common shares and preferred shares are "regularly traded" on an established securities market, CubeSmart expects that a non-U.S. shareholder generally will not incur tax under FIRPTA on gain from a sale of common shares or preferred shares unless it owns or has owned more than 10% of such common shares or preferred shares at any time during the five year period prior to such sale. Any gain subject to tax under FIRPTA will be treated in the same manner as it would be in the hands of U.S. shareholders, subject to alternative minimum tax, but under a special alternative minimum tax in the case of nonresident alien individuals, and the purchaser of the shares could be required to withhold 10% of the purchase price and remit such amount to the IRS.

A non-U.S. shareholder generally will incur tax on gain not subject to FIRPTA if:

- the gain is effectively connected with the conduct of the non-U.S. shareholder's U.S. trade or business, in which case the non-U.S. shareholder will be subject to the same treatment as U.S. shareholders with respect to the gain; or
- the non-U.S. shareholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the United States, in which case the non-U.S. shareholder will incur a 30% tax on capital gains.

Redemptions of Our Preferred Shares. Whenever we redeem CubeSmart redeems any preferred shares, the treatment accorded to any redemption by us for cash (as distinguished from a sale, exchange or other disposition) of our preferred shares to a non-U.S. shareholder of such preferred shares can only be determined on the basis of the particular facts as to each holder at the time of redemption. In general, a non-U.S. shareholder of our preferred shares will recognize capital gain or loss measured by the difference between the amount received by the holder of such shares upon the redemption and such holder's adjusted tax basis in the preferred shares redeemed (provided the preferred shares are held as a capital asset) if such redemption (i) results in a "complete termination" of the holder's interest in all classes of our shares under Section 302(b)(3) of the Code, or (ii) is "not essentially equivalent to a dividend" with respect to the holder of the preferred shares under Section 302(b)(1) of the Code. In applying these tests, there must be taken into account not only the preferred shares being redeemed, but also such holder's ownership of other classes and series of our shares and any options (including stock purchase rights) to acquire any of the foregoing. The A non-U.S. shareholder of our preferred shares also must take into account any such securities (including options) which are considered to be owned by such holder by reason of the constructive ownership rules set forth in Sections 318 and 302(c) of the Code.

If the a non-U.S. shareholder of preferred shares owns (actually or constructively) none of our voting shares, or owns an insubstantial amount of our voting shares, based upon current law, it is probable that the redemption of preferred shares from such a holder would be considered to be "not essentially equivalent to a dividend." However, whether a distribution is "not essentially equivalent to a dividend" depends on all of the facts and circumstances, and a non-U.S. shareholder of our preferred shares intending to rely on any of the tests in this or the preceding paragraph at the time of redemption should consult its tax advisor to determine their application to its particular situation. If the redemption does not meet any of the tests under Section 302 of the Code, then the

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redemption proceeds received from our preferred shares will be treated as a distribution on our shares as described under "Taxation of Shareholders — Taxation of Non-U.S. Shareholders — Taxation of Distributions."

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If the redemption of a holder's preferred shares is taxed as a dividend, the adjusted basis of such holder's redeemed preferred shares will be transferred to any other shares held by the holder. If the holder owns no other shares, under certain circumstances, such basis may be transferred to a related person, or it may be lost entirely.

Conversion of Our Preferred Shares into Common Shares. Except as provided below, a non-U.S. shareholder generally will not recognize gain or loss upon the conversion of our preferred shares into our common shares, provided our preferred shares do not constitute a USRPI. Even if our preferred shares do constitute a USRPI, provided our common shares also constitute a USRPI, a non-U.S. shareholder generally will not recognize gain or loss upon a conversion of our preferred shares into our common shares provided certain reporting requirements are satisfied. Except as provided below, a non-U.S. shareholder's basis and holding period in the common shares received upon conversion will be the same as those of the converted preferred shares (but the basis will be reduced by the portion of adjusted tax basis allocated to any fractional common share exchanged for cash). Any common shares received in a conversion that are attributable to accumulated and unpaid dividends on the converted preferred shares will be treated as a distribution on our shares as described under "— Taxation of Shareholders — Taxation of Non-U.S. Shareholders — Taxation of Distributions." Cash received upon conversion in lieu of a fractional common share generally will be treated as a payment in a taxable exchange for such fractional common share as described under "— Taxation of Shareholders — Taxation of Non-U.S. Shareholders — Taxation of Disposition of Shares." Non-U.S. shareholders should consult with their tax advisor regarding the U.S. federal income tax consequences of any transaction by which such holder exchanges common shares received on a conversion of preferred shares for cash or other property.

Information Reporting and Backup Withholding Applicable to non-U.S. Shareholders

CubeSmart must report annually to the IRS and to each non-U.S. shareholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which ~~the~~ a non-U.S. shareholder resides under the provisions of an applicable income tax treaty.

Payments of dividends or of proceeds from the disposition of shares made to a non-U.S. shareholder may be subject to information reporting and backup withholding unless such holder establishes an exemption, for example, by properly certifying its non-United States status on a properly completed IRS Form W-8 BEN or W-8BEN-E or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding may apply if either CubeSmart or its paying agent has actual knowledge, or reason to know, that a non-U.S. shareholder is a United States person.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the shareholder's income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Requirements under "FATCA"

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), payments of dividends to a non-U.S. shareholder will be subject to 30% withholding tax if the non-U.S. shareholder fails to provide the withholding agent with documentation sufficient to show that it is compliant with the FATCA or otherwise exempt from withholding under FATCA. Generally, such documentation is provided on an executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. If a dividend payment is both subject to withholding under FATCA and subject to withholding tax discussed above, the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Based upon proposed Treasury regulations, which may be relied upon by taxpayers until the final Treasury regulations are issued, FATCA withholding does not apply with respect to payments of gross proceeds. Non-U.S. shareholders should consult their tax advisors to determine the applicability of this legislation in light of their individual circumstances.

Legislative or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to CubeSmart and its shareholders may be enacted. Changes to the federal tax laws and interpretations of U.S. federal tax laws could adversely affect an investment in CubeSmart shares.

This section describes the material U.S. federal income tax consequences of owning the debt securities that the Operating Partnership may offer. This summary is for general information only and is not tax advice. The tax consequences of owning any particular issue of debt securities will be discussed in the applicable prospectus.

As used herein, a "U.S. Holder" means a beneficial owner of debt securities of the Operating Partnership, who is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States,
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, or any of its states, or the District of Columbia,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- any trust if (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

If a partnership holds debt securities, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding debt securities of the Operating Partnership, you should consult your tax advisor regarding the consequences of the ownership and disposition of debt securities by the partnership.

Pursuant to the TCJA, for taxable years beginning after December 31, 2017 (and for taxable years beginning after December 31, 2018 for instruments issued with original issue discount ("OID")), an accrual method taxpayer that reports revenues on an applicable financial statement generally must recognize income for U.S. federal income tax purposes no later than the taxable year in which such income is taken into account as revenue in an applicable financial statement of the taxpayer. To the extent this rule is inconsistent with the rules described in the subsequent discussion, this rule supersedes such discussion. Thus, this rule could potentially require such a taxpayer to recognize income for U.S. federal income tax purposes with respect to the debt securities prior to the time such income would be recognized pursuant to the rules described in the subsequent discussion. The Treasury Department released final Treasury regulations that exclude from this rule any item of gross income for which a taxpayer uses a special method of accounting required by certain sections of the Code, including income subject to the timing rules for OID and *de minimis* OID, income under the contingent payment debt instrument rules, income under the variable rate debt instrument rules, and market discount (including *de minimis* market discount). The final Treasury regulations are generally applicable for tax years beginning on or after January 1, 2021. Taxpayers may choose to apply the final regulations, in their entirety and in a consistent manner, to tax years beginning after December 31, 2017, and before January 1, 2021. You should consult your tax advisors regarding the potential applicability of these rules to your investment in the debt securities.

Taxation of Taxable U.S. Holders

Interest. The stated interest on debt securities generally will be taxable to a U.S. Holder as ordinary income at the time that it is paid or accrued, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Original Issue Discount. If you own debt securities issued with OID, you will be subject to special tax accounting rules, as described in greater detail below. In that case, you should be aware that you generally must include OID in gross income in advance of the receipt of cash attributable to that income. However, you generally will not be required to include separately in income cash payments received on the debt securities, even if denominated

as interest, to the extent those payments do not constitute "qualified stated interest," as defined below. If we determine that a particular debt security will be an OID debt security, we will disclose that determination in the prospectus relating to those debt securities.

A debt security with an "issue price" that is less than the "stated redemption price at maturity" (the sum of all payments to be made on the debt security other than "qualified stated interest") generally will be issued with OID if that difference is at least 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity. The "issue price" of each debt security in a particular offering will be the first price at which a substantial amount of that particular offering is sold to the public. The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property, other than debt instruments of the issuer, and the interest to be paid meets all of the following conditions:

- it is payable at least once per year;
- it is payable over the entire term of the debt security; and

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- it is payable at a single fixed rate or, subject to certain conditions, based on one or more interest indices.

If we determine that particular debt securities of a series will bear interest that is not qualified stated interest, we will disclose that determination in the prospectus relating to those debt securities.

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If you own a debt security issued with "*de minimis*" OID, which is discount that is not OID because it is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity, you generally must include the *de minimis* OID in income at the time principal payments on the debt securities are made in proportion to the amount paid. Any amount of *de minimis* OID that you have included in income will be treated as capital gain.

Certain of the debt securities may contain provisions permitting them to be redeemed prior to their stated maturity at our option and/or at your option. OID debt securities containing those features may be subject to rules that differ from the general rules discussed herein. If you are considering the purchase of OID debt securities with those features, you should carefully examine the applicable prospectus and should consult your own tax advisor with respect to those features since the tax consequences to you with respect to OID will depend, in part, on the particular terms and features of the debt securities.

If you own OID debt securities with a maturity upon issuance of more than one year you generally must include OID in income in advance of the receipt of some or all of the related cash payments using the "constant yield method" described in the following paragraphs. This method takes into account the compounding of interest.

The amount of OID that you must include in income if you are the initial United States holder of an OID debt security is the sum of the "daily portions" of OID with respect to the debt security for each day during the taxable year or portion of the taxable year in which you held that debt security ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for an OID debt security may be of any length and may vary in length over the term of the debt security, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of:

- the debt security's "adjusted issue price" at the beginning of the accrual period multiplied by its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period, over
- the aggregate of all qualified stated interest allocable to the accrual period.

OID allocable to a final accrual period is the difference between the amount payable at maturity, other than a payment of qualified stated interest, and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "adjusted issue price" of a debt security at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period, determined without regard to the amortization of any acquisition or bond premium, as described below, and reduced by any payments made on the debt security (other than qualified stated interest) on or before the first day of the accrual period. Under these rules, you will generally have to include in income increasingly greater amounts of OID in successive accrual periods. We are required to provide information returns stating the amount of OID accrued on debt securities held by record by persons other than corporations and other exempt holders.

Floating rate debt securities are subject to special OID rules. In the case of an OID debt security that is a floating rate debt security, both the "yield to maturity" and "qualified stated interest" will be determined solely for purposes of calculating the accrual of OID as though the debt security will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the debt security on its date of issue or, in the case of certain floating rate debt securities, the rate that reflects the yield to maturity that is reasonably expected for the debt security. Additional rules may apply if either:

- the interest on a floating rate debt security is based on more than one interest index; or
- the principal amount of the debt security is indexed in any manner.

This discussion does not address the tax rules applicable to debt securities with an indexed principal amount. If you are considering the purchase of floating rate OID debt securities or securities with indexed principal amounts, you should carefully examine the prospectus relating to those debt securities, and should consult your own tax advisor regarding the U.S. federal income tax consequences to you of holding and disposing of those debt securities.

You may elect to treat all interest on any debt securities as OID and calculate the amount includable in gross income under the constant yield method described above. For purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond

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premium or acquisition premium. You must make this election for the taxable year in which you acquired the debt security, and you may not revoke the election without the consent of the IRS. You should consult with your own tax advisor about this election.

Market Discount. If you purchase debt securities, other than OID debt securities, after original issuance for an amount that is less than their stated redemption price at maturity, or, in the case of OID debt securities, their adjusted issue price, the amount of the difference will be treated as "market discount" for U.S. federal income tax purposes, unless that difference is less than a specified *de minimis* amount. Under the market discount rules, you will be required to treat any principal payment on, or any gain on

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the sale, exchange, retirement or other disposition of, the debt securities as ordinary income to the extent of the market discount that you have not previously included in income and are treated as having accrued on the debt securities at the time of their payment or disposition. In addition, you may be required to

defer, until the maturity of the debt securities or their earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness attributable to the debt securities. You may elect, on a debt security-by-debt security basis, to deduct the deferred interest expense in a tax year prior to the year of disposition. You should consult your own tax advisor before making this election.

Any market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the debt securities, unless you elect to accrue on a constant interest method. You may elect to include market discount in income currently as it accrues, on either a ratable or constant interest method, in which case the rule described above regarding deferral of interest deductions will not apply. Your election to include market discount in income currently, once made, applies to all market discount obligations acquired by you on or after the first taxable year to which your election applies and may not be revoked without the consent of the IRS. You should consult your own tax advisor before making this election.

Acquisition Premium and Amortizable Bond Premium. If you purchase OID debt securities for an amount that is greater than their adjusted issue price but equal to or less than the sum of all amounts payable on the debt securities after the purchase date other than payments of qualified stated interest, you will be considered to have purchased those debt securities at an "acquisition premium." Under the acquisition premium rules, the amount of OID that you must include in gross income with respect to those debt securities for any taxable year will be reduced by the portion of the acquisition premium properly allocable to that year.

If you purchase debt securities (including OID debt securities) for an amount in excess of the sum of all amounts payable on those debt securities after the purchase date other than qualified stated interest, you will be considered to have purchased those debt securities at a "premium" and, if they are OID debt securities, you will not be required to include any OID in income. You generally may elect to amortize the premium over the remaining term of those debt securities on a constant yield method as an offset to interest when includable in income under your regular accounting method.

In the case of debt securities that provide for alternative payment schedules, bond premium is calculated by generally assuming that (a) you will exercise or not exercise options in a manner that maximizes your yield, and (b) we will exercise or not exercise options in a manner that minimizes your yield (except that we will be assumed to exercise call options in a manner that maximizes your yield). If you do not elect to amortize bond premium, that premium will decrease the gain or increase the loss you would otherwise recognize on disposition of the debt security. Your election to amortize premium on a constant yield method will also apply to all debt obligations held or subsequently acquired by you on or after the first day of the first taxable year to which the election applies. You may not revoke the election without the consent of the IRS. You should consult your own tax advisor before making this election.

Sale, Exchange and Retirement of Debt Securities. A U.S. Holder of debt securities will recognize gain or loss upon the sale, exchange, retirement, redemption or other taxable disposition of such debt securities in an amount equal to the difference between:

- the amount of cash and the fair market value of other property received in exchange for such debt securities, other than amounts attributable to accrued but unpaid qualified stated interest, which will be subject to tax as ordinary income to the extent not previously included in income; and
- the U.S. Holder's adjusted tax basis in such debt securities.

A U.S. Holder's adjusted tax basis in a debt security generally will equal the cost of the debt security to such holder (A) increased by the amount of OID or accrued market discount (if any) previously included in income by such holder and (B) decreased by the amount of (1) any payments other than qualified stated interest payments and (2) any amortizable bond premium taken by the holder.

Any gain or loss recognized will generally be capital gain or loss, and such capital gain or loss will generally be long-term capital gain or loss if the debt security has been held by the U.S. Holder for more than one year. Long-term capital gain for non-corporate taxpayers is subject to reduced rates of U.S. federal income taxation (currently, a 20% maximum federal rate, also see the discussion above in "Taxation of Shareholders—Tax Rates Applicable to Individual Shareholders under the TCJA" for a more detailed discussion on tax rates for individuals). The deductibility of capital losses is subject to certain limitations.

If a U.S. Holder recognizes a loss upon a subsequent disposition of debt securities in an amount that exceeds a prescribed threshold, it is possible that the provisions of Treasury regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss generating transactions to the IRS. While these regulations are directed towards "tax shelters," they are written broadly, and apply to transactions that would not typically be considered tax shelters. Significant penalties apply for failure to comply with these requirements. You should consult your tax advisor concerning any possible disclosure obligation with respect to the receipt or disposition of debt securities, or transactions that might be undertaken directly or indirectly by us. Moreover, you should be aware that we and other participants in transactions involving us (including our advisors) might be subject to disclosure or other requirements pursuant to these regulations.

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Medicare Tax on Investment Income

Certain **U.S. Shareholders and** U.S. Holders who are individuals, estates or trusts and whose income exceeds certain thresholds may be required to pay a 3.8% Medicare tax on "net investment income" which includes, among other things, dividends on shares, interest on debt securities and capital gains from the sale or other disposition of shares or debt securities, subject to certain exceptions. Prospective investors should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our common shares, preferred shares or debt securities.

Taxation of Tax-Exempt Holders of Debt Securities

Assuming the debt security is debt for tax purposes, interest income accrued on the debt security should not constitute unrelated business taxable income to a tax-exempt holder. As a result, a tax-exempt holder generally should not be subject to U.S. federal income tax on the interest income accruing on debt securities of the Operating Partnership. Similarly, any gain recognized by the tax-exempt holder in connection with a sale of the debt security generally should not be unrelated business taxable income. However, if a tax-exempt holder were to finance its acquisition of the debt security with debt, a portion of the interest income and gain attributable to the debt security would constitute unrelated business taxable income pursuant to the "debt-financed property" rules. Tax-exempt holders should consult their own tax advisors to determine the potential tax consequences of an investment in debt securities of the Operating Partnership.

Taxation of Non-U.S. Holders of Debt Securities

The term "non-U.S. Holder" means a holder of debt securities of the Operating Partnership that is not a U.S. Holder or a partnership (or an entity treated as a partnership for U.S. federal income tax purposes). The rules governing U.S. federal income taxation of non-U.S. Holders are complex. This section is only a summary of such rules. We urge non-U.S. Holders to consult their own tax advisors to determine the impact of federal, state, local and foreign income tax laws on ownership of debt securities, including any reporting requirements.

Interest. Subject to the discussions of backup withholding and "FATCA" below, interest (including OID) paid to a non-U.S. Holder of debt securities will not be subject to U.S. federal income or withholding tax under the "portfolio interest exemption," provided that:

- interest paid on debt securities is not effectively connected with a non-U.S. Holder's conduct of a trade or business in the United States;
- the non-U.S. Holder does not actually or constructively own 10% or more of the capital or profits interest in the Operating Partnership;
- the non-U.S. Holder is not
 - a controlled foreign corporation with respect to which the Operating Partnership is a "related person" within the meaning of Section 864(d) of the Code; or

- a bank that receives such interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;
- the beneficial owner of debt securities provides a certification, which is generally made on an IRS Form W-8BEN or W-8BEN-E or other applicable form or a suitable substitute form and signed under penalties of perjury, that it is not a United States person; and
- the applicable withholding agent does not have actual knowledge or reason to know that the beneficial owner of the debt securities is a United States person.

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A payment of interest (including OID) to a non-U.S. Holder that does not qualify for the portfolio interest exemption and that is not effectively connected to a United States trade or business will be subject to United States federal withholding tax at a rate of 30%, unless a United States income tax treaty applies to reduce or eliminate withholding.

A non-U.S. Holder will generally be subject to tax in the same manner as a U.S. Holder with respect to payments of interest (including OID) if such payments are effectively connected with the conduct of a trade or business by the non-U.S. Holder in the United States and, if an applicable tax treaty provides, such gain is attributable to a United States permanent establishment

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maintained by the non-U.S. Holder. In some circumstances, such effectively connected income received by a non-U.S. Holder which is a corporation may be subject to an additional "branch profits tax" at a 30% base rate or, if applicable, a lower treaty rate.

To claim the benefit of a lower treaty rate or to claim exemption from withholding because the income is effectively connected with a United States trade or business, the non-U.S. Holder must provide a properly executed IRS Form W-8BEN or W-8BEN-E or IRS Form W-8ECI or other applicable form, or a suitable substitute form, as applicable, prior to the payment of interest. Such certificate must contain, among other information, the name and address of the non-U.S. Holder as well as applicable U.S. and foreign tax identification numbers.

Non-U.S. Holders are urged to consult their own tax advisors regarding applicable income tax treaties, which may provide different rules.

Sale or Retirement of Debt Securities. Subject to the discussions of backup withholding and "FATCA" below, a non-U.S. Holder generally will not be subject to U.S. federal income tax or withholding tax on gain recognized on the sale, exchange or redemption of debt securities unless:

- the non-U.S. shareholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the United States, in which case the non-U.S. shareholder will incur a 30% tax on capital gains; or
- the gain is effectively connected with the conduct of a trade or business of the non-U.S. Holder in the United States and, if an applicable tax treaty so provides, such gain is attributable to a United States permanent establishment maintained by such holder.

Except to the extent that an applicable tax treaty provides otherwise, a non-U.S. Holder will generally be subject to tax in the same manner as a U.S. Holder with respect to gain realized on the sale, exchange or redemption of debt securities if such gain is effectively connected with the conduct of a trade or business of the non-U.S. Holder in the United States and, if an applicable tax treaty so provides, such gain is attributable to a United States permanent

establishment maintained by the non-U.S. Holder. In certain circumstances, a non-U.S. Holder that is a corporation will be subject to an additional "branch profits tax" at a 30% rate or, if applicable, a lower treaty rate on such income.

U.S. Federal Estate Tax. If you are an individual, your estate will not be subject to U.S. federal estate tax on the debt securities beneficially owned by you at the time of your death, provided that any payment to you on the debt securities, including OID, would be eligible for exemption from the 30% U.S. federal withholding tax under the "portfolio interest exemption" described above, without regard to the certification requirement.

Information Reporting and Backup Withholding Applicable to Holders of Debt Securities

U.S. Holders

Certain U.S. Holders may be subject to information reporting requirements on payments of principal and interest (including OID) on debt securities and payments of the proceeds of the sale, exchange, or redemption of debt securities, and backup withholding, currently imposed at a rate of 24%, may apply to such payment if the U.S. Holder:

- fails to furnish an accurate taxpayer identification number, or TIN, to the payor in the manner required;
- is notified by the IRS that it has failed to properly report payments of interest or dividends; or
- under certain circumstances, fails to certify, under penalties of perjury, that it has furnished a correct TIN and that it has not been notified by the IRS that it is subject to backup withholding.

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Non-U.S. Holders

A non-U.S. Holder is generally not subject to backup withholding with respect to payments of interest (including OID) on debt securities if it certifies as to its status as a non-U.S. Holder under penalties of perjury or if it otherwise establishes an exemption, provided that neither we nor our paying agent has actual knowledge or reason to know that the non-U.S. Holder is a United States person or that the conditions of any other exemptions are not, in fact, satisfied. Information reporting requirements, however, will apply to payments of interest (including OID) to non-U.S. Holders where such interest is subject to withholding or exempt from United States withholding tax pursuant to a tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. Holder resides.

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The payment of the proceeds from the disposition of debt securities to or through the United States office of any broker, United States or foreign, will be subject to information reporting and possible backup withholding unless the owner certifies as to its non-United States status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge or reason to know that the non-U.S. Holder is a United States person or that the conditions of any other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of debt securities to or through a non-United States office of a non-United States broker that is not a "United States related person" generally will not be subject to information reporting or backup withholding. For this purpose, a "United States related person" is:

- a controlled foreign corporation for U.S. federal income tax purposes;
- a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment, or for such part of the period that the broker has been in existence, is derived from activities that are effectively connected with the conduct of a United States trade or business; or
- a foreign partnership that at any time during the partnership's taxable year is either engaged in the conduct of a trade or business in the United States or of which 50% or more of its income or capital interests are held by United States persons.

In the case of the payment of proceeds from the disposition of debt securities to or through a non-United States office of a broker that is either a United States person or a United States related person, the payment may be subject to information reporting unless the broker has documentary evidence in its files that the owner is a non-U.S. Holder and the broker has no knowledge or reason to know to the contrary. Backup withholding will not apply to payments made through foreign offices of a broker that is a United States person or a United States related person, absent actual knowledge that the payee is a United States person.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Holder will be allowed as a refund or a credit against such Holder's U.S. federal income tax liability, provided that the requisite procedures are followed.

Holders of debt securities are urged to consult their tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption, if applicable.

FATCA Withholding

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), payments of interest to a non-U.S. Holder will be subject to a 30% withholding tax if the non-U.S. Holder fails to provide the withholding agent with documentation sufficient to show that it is compliant with FATCA. Generally such documentation is provided on an executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. If interest is subject to the 30% tax under FATCA, it will not be subject to the 30% tax described above under "Taxation of Non-U.S. Shareholders" and "Taxation of Non-U.S. Holders of Debt Securities." Based upon proposed Treasury regulations, which may be relied upon by taxpayers until the final Treasury regulations are issued, the FATCA withholding that was to be effective on January 1, 2019 with respect to payments of gross proceeds no longer applies. Prospective investors should consult their tax advisors regarding the possible implications of this legislation on their investment in common shares or preferred shares of CubeSmart or debt securities of the Operating Partnership.

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