

CubeSmart  
Form S-3ASR  
March 18, 2014

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As filed with the Securities and Exchange Commission on March 18, 2014

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**CUBESMART  
CUBESMART, L.P.**

(Exact Name Of Registrant As Specified In Its Charter)

**Maryland  
Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**20-1024732  
34-1837021**  
(I.R.S. Employer  
Identification Number)

**5 Old Lancaster Road  
Malvern, Pennsylvania 19355  
(610) 535-5000**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Timothy M. Martin  
Chief Financial Officer  
5 Old Lancaster Road  
Malvern, Pennsylvania 19355  
(610) 535-5000**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:

**Michael H. Friedman, Esquire  
Pepper Hamilton LLP  
3000 Two Logan Square  
Philadelphia, Pennsylvania 19103-2799  
(215) 981-4000**

**Approximate Date of Commencement of Proposed Sale to the Public:  
From time to time after this Registration Statement becomes effective.**

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicate by check mark whether the registrant "CubeSmart, L.P." is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### Calculation of Registration Fee

Title of each class of securities to be registered(1)	Aggregate Amount to be registered(2)	Proposed maximum offering price per unit(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)
Common Shares, \$0.01 par value per share				
Preferred Shares, \$0.01 par value per share				
Depository Shares				
Subscription Rights				
Warrants				
Debt Securities(3)				
Guarantees				

(1) The debt securities will be issued by CubeSmart, L.P. The guarantees will be issued by CubeSmart. All other securities registered hereby will be issued by CubeSmart. Securities registered hereby may be offered for U.S. dollars or in foreign currencies or currency units, and may be sold separately or together in units with other securities registered hereby. This Registration Statement covers offers, sales and other distributions of the securities listed in this table from time to time at prices to be determined, as well as preferred shares distributable upon the termination of a deposit arrangement for depository shares so offered, sold or distributed, common shares issuable upon the exchange or conversion of preferred shares so offered, sold or distributed that are exchangeable for or convertible into common shares, and common shares, preferred shares or depository shares issuable upon the exercise of subscription rights or warrants so offered, sold or distributed. This Registration Statement also covers preferred shares, depository shares, common shares, subscription rights and warrants that may be offered, sold or distributed under delayed delivery contracts pursuant to which the counterparty may be required to purchase such securities, as well as such contracts themselves. Such contracts would be issued with the preferred shares, depository shares, common shares, subscription rights and/or warrants. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of common shares, preferred shares, depository shares, subscription rights or warrants.

(2)

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The information is not required to be included pursuant to Form S-3 General Instruction II.E. An indeterminate number of securities of each identified class is being registered that may be issued from time to time at indeterminate prices. The proposed maximum offering price for securities being registered will be determined from time to time by the registrants in connection with the issuance of the securities being registered. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued together with other securities registered hereunder or represented by depositary shares. In accordance with Rules 456(b) and 457(r), the registrants are deferring payment of all of the registration fee.

(3)

Debt securities issued by CubeSmart, L.P. will be accompanied by guarantees issued by CubeSmart. None of the proceeds will be received by CubeSmart for the guarantees. Pursuant to Rule 457(n) under the Securities Act, no separate filing fee for the guarantees is required.

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PROSPECTUS  
**CUBESMART**  
**Common Shares**  
**Preferred Shares**  
**Depository Shares**  
**Subscription Rights**  
**Warrants**  
**Guarantees**

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**CUBESMART, L.P.**  
**Debt Securities**

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CubeSmart may from time to time offer, in one or more classes or series, separately or together, and in amounts, at prices and on terms to be set forth in one or more supplements to this prospectus, the following securities:

common shares of beneficial interest, par value \$0.01 per share;

preferred shares of beneficial interest, par value \$0.01 per share;

depository shares representing entitlement to all rights and preferences of fractions of preferred shares of a specified series and represented by depository receipts;

subscription rights to purchase common shares, preferred shares or depository shares; and

warrants to purchase common shares, preferred shares or depository shares.

CubeSmart, L.P. may from time to time offer, in one or more classes or series, separately or together, and in amounts, at prices and on terms to be set forth in one or more supplements to this prospectus, its debt securities. CubeSmart will unconditionally guarantee the payment obligations of the debt securities of CubeSmart, L.P.

We refer to the common shares, preferred shares, depository shares, subscription rights, warrants and guarantees of CubeSmart, together with the debt securities of CubeSmart, L.P. collectively as the "securities."

The common shares of CubeSmart are listed on the New York Stock Exchange, or NYSE, under the symbol "CUBE."

**Investing in the securities involves risks that are described on page 6 of this prospectus. You should carefully read and consider this prospectus, the applicable prospectus supplement and the risk factors included in the applicable prospectus supplement and/or in our periodic reports and other information that we file with the Securities and Exchange Commission before investing in the securities.**

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Neither the Securities and Exchange Commission nor any state securities regulators have approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated March 18, 2014.

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You should rely only on the information provided or incorporated by reference into this prospectus or any applicable prospectus supplement. We have not authorized anyone to provide you with different or additional information. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy by anyone in any jurisdiction in which such offer to sell is not authorized, or in which the person is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. You should not assume that the information included in this prospectus, any prospectus supplement, or the documents incorporated by reference herein or therein is accurate as of any date other than the date of this prospectus, any prospectus supplement or incorporated document, as applicable. Our business, financial condition, results of operations and prospects may have changed since those dates.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a universal shelf registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, under the Securities Act of 1933, as amended, or the Securities Act. To the extent required for any offer and sale, a prospectus supplement will set forth the type and number of securities being offered, the offering price, the names of any underwriters, dealers, brokers or agents and the applicable sales commission or discount. The prospectus supplement may also add, update or change information contained in this prospectus. You should read carefully the entire prospectus and any prospectus supplement, as well as the documents incorporated by reference into this prospectus and/or any prospectus supplement, before making an investment decision.

This prospectus and any accompanying prospectus supplement do not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including the exhibits. Statements contained in this prospectus and any accompanying prospectus supplement about the provisions or contents of any agreement or other document are not necessarily complete. If the rules and regulations of the SEC require that such agreement or document be filed as an exhibit to the registration statement, please see such agreement or document for a complete description of these matters.

As used in this prospectus and the registration statement on Form S-3 of which this prospectus is a part, unless the context otherwise requires, references to "CubeSmart" refer to CubeSmart, a Maryland real estate investment trust, or "REIT"; references to the "Operating Partnership" refer to CubeSmart, L.P., a Delaware limited partnership; and references to "we," "us," "our" or similar expressions refer collectively to CubeSmart and its consolidated subsidiaries (including the Operating Partnership).

**WHERE YOU CAN FIND MORE INFORMATION**

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Accordingly, we file current, quarterly and annual reports, proxy statements and other information with the SEC. You may read and copy these reports, proxy statements and other information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call 1-800-SEC-0330 for further information on the operation of the SEC's Public Reference Room. Our SEC filings also are available to the public at the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov) and from commercial document retrieval services.

We also make available free of charge through our website the filings made by CubeSmart and the Operating Partnership with the SEC, including the Operating Partnership's Registration Statement on Form 10, as amended, and CubeSmart's and the Operating Partnership's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, and CubeSmart's definitive proxy statements and Section 16 reports on Forms 3, 4 and 5, as soon as reasonably practicable after we electronically file such reports or amendments with, or furnish them to, the SEC. Our Internet website address is [www.cubesmart.com](http://www.cubesmart.com). The information located on, or hyperlinked or otherwise connected to, our website is not, and shall not be deemed to be, a part of this prospectus or incorporated into any other filings that we make with the SEC. You may also inspect the information that we file with the NYSE, at the offices of the NYSE located at 20 Broad Street, New York, New York 10005.

**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

We incorporate information into this prospectus by reference, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except to the extent superseded by information contained herein or by information contained in documents filed with the SEC after the date of this prospectus. This prospectus incorporates by reference the documents set

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forth below that have been previously filed with the SEC (other than, in each case, documents or information deemed to have been "furnished" and not "filed" in accordance with SEC rules):

Annual Report on Form 10-K of CubeSmart and the Operating Partnership for the year ended December 31, 2013;

Current Report on Form 8-K of CubeSmart and the Operating Partnership filed with the SEC on January 28, 2014;

The description of the capital stock of CubeSmart in its Registration Statement on Form 8-A filed with the SEC on October 19, 2004;

The description of CubeSmart's 7.75% Series A cumulative redeemable preferred shares of beneficial interest, par value \$0.01 per share, on Form 8-A filed with the SEC on October 31, 2011;

Registration Statement on Form 10 of CubeSmart, L.P. filed with the SEC on July 15, 2011; and

Amendment No. 1 to Registration Statement on Form 10 of CubeSmart, L.P. filed with the SEC on August 25, 2011.

We also incorporate by reference into this prospectus additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, from the date of this prospectus until all of the securities offered by this prospectus have been sold or we otherwise terminate the offering of these securities; provided, however, that we are not incorporating by reference any additional documents or information "furnished" and not "filed" with the SEC. You may obtain copies of any of these filings by contacting us at the following address and phone number or by contacting the SEC or NYSE as described above. Documents incorporated by reference are available from us without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into this prospectus, by requesting them in writing, by telephone or via the Internet at:

CubeSmart  
Attention: Investor Relations  
5 Old Lancaster Road  
Malvern, PA 19355  
Phone: (610) 535-5000  
Internet Website: [www.cubesmart.com](http://www.cubesmart.com)

The information contained on our website does not constitute a part of this prospectus, and our website address supplied above is intended to be an inactive textual reference only and not an active hyperlink to our website.

You should rely only on the information contained or incorporated by reference in this prospectus, the prospectus supplement, any free writing prospectus that we authorize and any pricing supplement. We have not authorized any person, including any salesman or broker, to provide information other than that provided in this prospectus, any applicable prospectus supplement, any free writing prospectus that we authorize or any pricing supplement. We have not authorized anyone to provide you with different information. We do not take responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. We are not making an offer of the securities in any jurisdiction where the offer is not permitted. You should assume that the information in this prospectus, any applicable prospectus supplement, any free writing prospectus that we authorize and any pricing supplement is accurate only as of the date on its cover page and that any information we have incorporated by reference is accurate only as of the date of such document incorporated by reference.



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Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any prospectus supplement, or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

**FORWARD-LOOKING STATEMENTS**

This prospectus and any accompanying prospectus supplement, together with other documents and information incorporated by reference into this prospectus, contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 contained in or contemplated by this prospectus or any prospectus supplement. Any forward-looking statements should be considered in light of the risks and uncertainties referred to in Item 1A. "Risk Factors" in CubeSmart's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2013. The most significant of these risks, uncertainties and other factors that might cause such differences include, but are not limited to:

national and local economic, business, real estate and other market conditions;

the competitive environment in which we operate, including our ability to maintain or raise occupancy and rental rates;

the execution of our business plan;

the availability of external sources of capital;

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 indebtedness;

increases in interest rates and operating costs;

counterparty non-performance related to the use of derivative financial instruments;

our ability to maintain CubeSmart's qualification as a REIT for federal income tax purposes;

acquisition and development risks;

increases in taxes, fees, and assessments from state and local jurisdictions;

changes in real estate and zoning laws or regulations;

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risks related to natural disasters;

potential environmental and other liabilities;

other factors affecting the real estate industry generally or the self-storage industry in particular; and

other risks identified in our Annual Report on Form 10-K and, from time to time, in other reports we file with the SEC or in other documents that we publicly disseminate.

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In light of these uncertainties and risks, prospective investors are cautioned not to place undue reliance on these forward-looking statements. Except with respect to such material changes to our risk factors as may be reflected from time to time in our quarterly filings or as otherwise required by law, we are under no obligation to, and expressly disclaim any obligation to, update or revise any forward-looking statements included or incorporated by reference in this prospectus or any accompanying prospectus supplement, whether as a result of new information, future events or otherwise. Because of the factors referred to above, the future events discussed in or incorporated by reference in this prospectus or any accompanying prospectus supplement may not occur and actual results, performance or achievement could differ materially from that anticipated or implied in the forward-looking statements.

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**CUBESMART AND THE OPERATING PARTNERSHIP**

CubeSmart is a self-administered and self-managed real estate investment trust, or REIT, focused primarily on the ownership, operation, management, acquisition and development of self-storage facilities in the United States. CubeSmart was organized and commenced operations in 2004 as a Maryland REIT. The Operating Partnership was formed and commenced operations in 1996 as a Delaware limited partnership.

CubeSmart owns its assets, and conducts its operations, through the Operating Partnership. CubeSmart controls the Operating Partnership as its sole general partner and, as of March 13, 2014, CubeSmart owned an approximately 98.45% interest in the Operating Partnership. The Operating Partnership has been engaged in virtually all aspects of the self-storage business, including the development, acquisition, management, ownership and operation of self-storage facilities.

Our self-storage facilities are designed to offer affordable and easily-accessible storage space for our residential and commercial customers. Our customers rent storage units for their exclusive use, typically on a month-to-month basis. Additionally, some of our facilities offer outside storage areas for vehicles and boats. Our facilities are designed to accommodate both residential and commercial customers, with features such as security systems and wide aisles and load-bearing capabilities for large truck access. All of our facilities have an on-site manager during business hours, and many have a manager who resides in an apartment at the facility. Our customers can access their storage units during business hours, and some of our facilities provide customers with 24-hour access through computer controlled access systems. Our goal is to provide customers with the highest standard of facilities and service in the industry. To that end, as of December 31, 2013, a majority of our facilities included climate controlled units.

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

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**RISK FACTORS**

Investing in our securities involves risks. You should carefully consider the risk factors incorporated by reference to our most recent Annual Report on Form 10-K and the other information contained or incorporated by reference in this prospectus, as updated by our subsequent filings under the Exchange Act, and the risk factors and other information contained in the applicable prospectus supplement before acquiring any of such securities. The occurrence of any of these risks might cause you to lose all or part of your investment in the offered securities. Please also refer to the section above entitled "Forward-Looking Statements."

**USE OF PROCEEDS**

Unless otherwise indicated in the applicable prospectus supplement, CubeSmart will contribute or otherwise transfer the net proceeds of any sale of securities to the Operating Partnership in exchange for additional partnership interests in the Operating Partnership, the economic terms of which will be substantially identical to those of the securities sold.

Unless otherwise indicated in the applicable prospectus supplement, the Operating Partnership will use those net proceeds and any net proceeds from any sale of its debt securities for general business purposes, including, without limitation, repayment of outstanding debt, acquisitions, developments, capital expenditures, working capital and other general corporate purposes.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS****Ratio of Earnings to Fixed Charges**

The following table sets forth the Operating Partnership's ratios of earnings to fixed charges for the periods indicated.

	For the years ended December 31,				
	2013	2012	2011	2010	2009
<b>Ratio of earnings to fixed charges(a)</b>	<b>1.22</b>	<b>0.70</b>	<b>0.71</b>	<b>0.61</b>	<b>0.47</b>

For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of income (loss) from continuing operations, plus fixed charges less capitalized interest. Fixed charges consist of interest expense, capitalized interest, amortized premiums, discounts and capitalized expenses relating to debt and an estimate of the interest component of rent expense.

- (a) In fiscal 2009, 2010, 2011 and 2012, earnings were insufficient to cover fixed charges. The Operating Partnership must generate additional earnings of \$25.4 million, \$17.6 million, \$13.5 million and \$13.5 million to achieve a fixed charge coverage ratio of 1:1 in fiscal 2009, 2010, 2011 and 2012, respectively.

**Ratio of Earnings to Combined Fixed Charges and Preference Dividends**

The following table sets forth CubeSmart's ratios of earnings to combined fixed charges and preference dividends for the periods indicated.

	For the years ended December 31,				
	2013	2012	2011	2010	2009
<b>Ratio of earnings to combined fixed charges and preference dividends(a)</b>	<b>1.07</b>	<b>0.61</b>	<b>0.69</b>	<b>0.61</b>	<b>0.47</b>

For the purpose of calculating the ratio of earnings to combined fixed charges and preference dividends, earnings consist of income (loss) from continuing operations, plus fixed charges less capitalized interest. Fixed charges consist of interest expense, capitalized interest, amortized premiums, discounts and capitalized expenses relating to debt and an estimate of the interest component of rent expense. Preference dividends includes income allocated to holders of CubeSmart's preferred shares.

- (a) In fiscal 2009, 2010, 2011 and 2012, earnings were insufficient to cover combined fixed charges and preference dividends. CubeSmart must generate additional earnings of \$25.4 million, \$17.6 million, \$14.7 million and \$19.5 million to achieve a coverage ratio of 1:1 in fiscal 2009, 2010, 2011 and 2012, respectively.

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**DESCRIPTION OF CUBESMART'S CAPITAL SHARES**

The following description of our capital shares, together with the additional information we include in any applicable prospectus supplement, summarizes the material terms and provisions of the capital shares that may be offered under this prospectus. For the complete terms of our capital shares, please refer to our declaration of trust and bylaws that are filed as exhibits to our reports incorporated by reference into the registration statement of which this prospectus is a part. See "Where You Can Find More Information."

**Common Shares**

CubeSmart's declaration of trust provides that CubeSmart may issue up to 200,000,000 common shares of beneficial interest, par value \$0.01 per share. As of February 25, 2014, there were 140,289,967 common shares issued and outstanding.

Both Maryland statutory law governing real estate investment trusts formed under Maryland law, which we refer to as the Maryland REIT Law, and CubeSmart's declaration of trust provide that none of its shareholders will be personally liable, by reason of status as a shareholder, for any of its obligations.

Subject to the provisions of CubeSmart's declaration of trust regarding restrictions on the transfer and ownership of shares of beneficial interest, each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders, including the election of trustees, and, except as provided with respect to any other class or series of shares of beneficial interest that CubeSmart may issue, the holders of such common shares will possess exclusive voting power. There is no cumulative voting in the election of trustees. As a result, the holders of a majority of the outstanding common shares, voting as a single class, can elect all of the trustees then standing for election. CubeSmart's bylaws provide that a plurality of the votes cast at a meeting of shareholders duly called at which a quorum is present is sufficient to elect a trustee and that a majority of the votes cast at a meeting of shareholders duly called at which a quorum is present is sufficient to approve any other matter which may properly come before the meeting, unless a higher vote is required under CubeSmart's bylaws, CubeSmart's declaration of trust or applicable statute.

Under the Maryland REIT law, a Maryland REIT generally cannot amend its declaration of trust or merge with another entity without the affirmative vote of shareholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all the votes entitled to be cast on the matter) is set forth in the REIT's declaration of trust. Our declaration of trust provides that amendments to the declaration of trust and our merger with another entity may be approved by the affirmative vote of the holders of not less than a majority of all votes entitled to be cast on the matter. Under the Maryland REIT law and CubeSmart's declaration of trust, its trustees will be permitted to amend the declaration of trust from time to time to maintain our qualification as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, and under the Maryland REIT law, without the affirmative vote or written consent of the shareholders.

All common shares offered by this prospectus will be duly authorized, fully paid and nonassessable. Holders of CubeSmart's common shares are entitled to receive dividends and distributions when authorized by our board of trustees, and declared by CubeSmart out of assets legally available for the payment of dividends or distributions. They also are entitled to share ratably in CubeSmart's assets legally available for distribution to its shareholders in the event of CubeSmart's liquidation, dissolution or winding up, after payment of or adequate provision for all of its known debts and liabilities. These rights are subject to the preferential rights of the holders of the 7.75% Series A Preferred Shares and of any other class or series of CubeSmart's shares and to the provisions of CubeSmart's declaration of trust regarding restrictions on transfer of its shares.

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Holders of CubeSmart's common shares have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to the restrictions on transfer of shares contained in CubeSmart's declaration of trust and to the power of the board of trustees to create common shares with differing voting rights, all common shares have equal dividend, liquidation and other rights.

**Preferred Shares**

CubeSmart's declaration of trust provides that it may issue up to 40,000,000 preferred shares of beneficial interest, par value \$0.01 per share. As of February 25, 2014, there were 3,220,000 authorized shares of CubeSmart's 7.75% Series A Preferred Shares, par value \$0.01 per value, of which 3,100,000 were issued and outstanding.

Holders of 7.75% Series A Preferred Shares do not have voting rights except (1) with respect to certain actions which would have a material adverse effect on the holders of such shares (including in a merger or consolidation) or (2) in the event we fail to pay quarterly distributions for six or more quarters to the holders of the 7.75% Series A Preferred Shares. If the conditions specified in (2) exist, the holders of 7.75% Series A Preferred Shares will have the right, voting as a single class with any other series of CubeSmart's preferred shares ranking on a parity with the 7.75% Series A Preferred Shares and upon which like voting rights have been conferred, to elect two additional members to CubeSmart's board of trustees.

The holders of 7.75% Series A Preferred Shares will be entitled to receive, when and as authorized by CubeSmart's board of trustees, cumulative preferential cash distributions at the rate of 7.75% per annum of the \$25.00 per share liquidation preference of the shares. Upon dissolution or liquidation, the holders of 7.75% Series A Preferred Shares will be entitled to be paid a liquidation preference in cash of \$25.00 per share plus all accumulated and unpaid distributions after payment or provision for payment of all debts and liabilities of CubeSmart but before any distribution of assets is made to holders of common shares or any other junior securities of CubeSmart as to liquidation rights.

CubeSmart's board of trustees is authorized to issue the preferred shares in one or more series and to fix and designate the rights, preferences, privileges and restrictions of the preferred shares, including:

dividend rights;

conversion rights;

voting rights;

redemption rights and terms of redemption; and

liquidation preferences.

The rights, preferences, privileges and restrictions of the preferred shares of each series will be fixed by articles supplementary relating to each series. We will describe the specific terms of a particular series of preferred shares in the prospectus supplement relating to that series, including:

the title of the series and the number of shares in the series;

the price at which the preferred shares will be offered;

the dividend rate or rates or method of calculating the rates, the dates on which the dividends will be payable, whether or not dividends will be cumulative or non-cumulative and, if cumulative, the dates from which dividends on the preferred shares being offered will cumulate;



the voting rights, if any, of the holders of preferred shares being offered;

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the provisions for a sinking fund, if any, and the provisions for redemption, if applicable, of the preferred shares being offered;

the liquidation preference per share;

the terms and conditions, if applicable, upon which the preferred shares being offered will be convertible into CubeSmart's common shares, including the conversion price, or the manner of calculating the conversion price, and the conversion period;

the terms and conditions, if applicable, upon which the preferred shares being offered will be exchangeable for debt securities, including the exchange price, or the manner of calculating the exchange price, and the exchange period;

any listing of the preferred shares being offered on any securities exchange;

whether interests in the shares of the series will be represented by depositary shares;

a discussion of any material U.S. federal income tax considerations applicable to the preferred shares being offered;

the relative ranking and preferences of the preferred shares being offered as to dividend rights and rights upon liquidation, dissolution or the winding up of CubeSmart's affairs;

any limitations on the issuance of any class or series of preferred shares ranking senior or equal to the series of preferred shares being offered as to dividend rights and rights upon liquidation, dissolution or the winding up of CubeSmart's affairs;

information with respect to book-entry procedures, if any; and

any additional rights, preferences, qualifications, limitations and restrictions of the series.

The description of preferred shares above and the description of the terms of a particular series of preferred shares in the prospectus supplement are not complete. You should refer to the applicable articles supplementary for complete information.

CubeSmart's board of trustees 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 CubeSmart's shares might receive a premium for their shares over the then-prevailing market price of its shares. We currently do not expect that the board of trustees would require shareholder approval prior to such a preferred issuance. In addition, any preferred shares that CubeSmart issues would rank senior to its common shares with respect to the payment of distributions, in which case CubeSmart could not pay any distributions on its common shares until full distributions have been paid with respect to such preferred shares.

### **Power to Reclassify Shares and Issue Additional Common Shares or Preferred Shares**

CubeSmart's declaration of trust authorizes its board of trustees to classify any authorized but unissued common and preferred shares and to reclassify any previously classified but unissued common shares and preferred shares of any series from time to time in one or more series, as authorized by the board of trustees. Prior to the issuance of shares of each class or series, the board of trustees is required by the Maryland REIT law and CubeSmart's declaration of trust to establish for each such class or series, subject to the provisions of CubeSmart's declaration of trust regarding the restrictions on transfer of shares of beneficial interest, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such class or series.

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As a result, CubeSmart's board of trustees could authorize the issuance of preferred shares that have priority over the common shares with respect to dividends, distributions and rights upon liquidation and with other terms and conditions that could have

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the effect of delaying, deterring or preventing a transaction or a change in control that might involve a premium price for holders of common shares or otherwise might be in their best interest.

To permit us increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise, CubeSmart's declaration of trust allows us to issue additional common shares or preferred shares and to classify or reclassify unissued common shares or preferred shares and thereafter to issue the classified or reclassified shares without shareholder approval, unless shareholder approval is required by applicable law or the rules of any stock exchange or automated quotation system on which CubeSmart's securities may be listed or traded. Although we have no present intention of doing so, we could issue a class or series of shares that could delay, deter or prevent a transaction or a change in control that might involve a premium price for holders of common shares or might otherwise be in their best interests.

Holders of CubeSmart's 7.75% Series A Preferred Shares have the right to consent to the authorization, creation or issuance of equity securities that would rank senior to the 7.75% Series A Preferred Shares as to distributions or upon liquidation and the authorization, creation or issuance of convertible securities or obligations convertible into such senior securities, in each case, if such equity securities or convertible securities would materially or adversely affect the rights, preferences, privileges or voting powers of the 7.75% Series A Preferred Shares. This consent right shall not apply to the authorization, creation or issuance of equity securities on a parity with or junior to the 7.75% Series A Preferred Shares or to any increase in the number of 7.75% Series A Preferred Shares.

Holders of CubeSmart's common shares or 7.75% Series A Preferred Shares do not have preemptive rights, which means they have no right to acquire any additional shares that we may issue at a subsequent date.

### **Restrictions on Ownership and Transfer**

In order to qualify as a REIT under the Code, CubeSmart's shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Also, no more than 50% of the value of CubeSmart's outstanding shares (after taking into account options to acquire shares) may be owned, directly, indirectly or through attribution, by five or fewer individuals (as defined in the Code to include certain entities).

Because CubeSmart's board of trustees believes that it is in CubeSmart's shareholders' best interests to continue to qualify as a REIT and for anti-takeover and other strategic reasons, its declaration of trust, subject to certain exceptions, contains restrictions on the number of CubeSmart's shares of beneficial interest that a person may own. CubeSmart's declaration of trust provides that:

no person, other than an excepted holder or a designated investment entity (each as defined in CubeSmart's declaration of trust), may own directly, or be deemed to own by virtue of the attribution provisions of the Code, more than 5%, in value or number of shares, whichever is more restrictive, of the issued and outstanding shares of any class or series of common shares;

no person may own directly or indirectly, or be deemed to own through attribution, more than 9.8% in value or number of shares, whichever is more restrictive, of the issued and outstanding shares of any class or series of preferred shares;

no excepted holder, which means certain members of the Amsdell family, certain trusts established for the benefit of members of the Amsdell family and certain related entities, may own directly or indirectly common shares if, under the applicable tax attribution rules of the Code, any single excepted holder who is treated as an individual would own more than 29%, in value or number of shares, whichever is more restrictive, of CubeSmart's outstanding common shares, any two excepted holders treated as individuals would own more than 34%, in value or number of shares, whichever is more restrictive, of CubeSmart's outstanding common shares, any

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three excepted holders treated as individuals would own more than 39%, in value or number of shares, whichever is more restrictive, of CubeSmart's outstanding common shares, any four excepted holders treated as individuals would own more than 44%, in value or number of shares, whichever is more restrictive, of CubeSmart's outstanding common shares, or any five excepted holders treated as individuals would own more than 49%, in value or number of shares, whichever is more restrictive, of CubeSmart's outstanding common shares;

no designated investment entity may acquire or hold, directly or indirectly (or through attribution), shares in excess of the designated investment entity limit of 9.8%, in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of common shares;

no person shall beneficially or constructively own CubeSmart's shares of beneficial interest that would result in us being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT; and

no person shall transfer CubeSmart's shares of beneficial interest if such transfer would result in CubeSmart's shares of beneficial interest being owned by fewer than 100 persons.

The excepted holder limit was established in light of the fact that Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and certain Amsdell Entities owned a substantial percentage of CubeSmart's common shares upon completion of its IPO. The excepted holder limit does not permit each excepted holder to own 29% of CubeSmart's common shares. Rather, the excepted holder limit prevents two or more excepted holders who are each treated as individuals under the applicable tax attribution rules from owning a higher percentage of CubeSmart's common shares than the maximum number of common shares that could be owned by any one excepted holder (29%), plus the maximum number of common shares that could be owned by any one or more other individual common shareholders who are not excepted holders (5%). We do not believe the 29% expected holder limit for certain members of the Amsdell family and certain related entities will jeopardize CubeSmart's REIT status because no other individual shareholder can own more than 5% of the value of CubeSmart's outstanding common shares. Accordingly, no five individuals can own more than 49% of CubeSmart's shares and, thus, we will be in compliance with the REIT qualification requirement prohibiting five or fewer individuals from owning more than 50% of the value of CubeSmart's outstanding shares.

The declaration of trust defines a "designated investment entity" as:

an entity that is a pension trust that qualifies for look-through treatment under Section 856(h)(3) of the Code;

an entity that qualifies as a regulated investment company under Section 851 of the Code; or

an entity that (i) for compensation engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities; (ii) purchases securities in the ordinary course of its business and not with the purpose or effect of changing or influencing control of us, nor in connection with or as a participant in any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) of the Exchange Act; and (iii) has or shares voting power and investment power under the Exchange Act; so long as each beneficial owner of such entity, or in the case of an asset management company, the individual account holders of the accounts managed by such entity, would satisfy the 5% ownership limit if such beneficial owner or account holder owned directly its proportionate share of the shares held by the entity.

CubeSmart's board of trustees may waive the 5% ownership limit, or the 9.8% designated investment entity limit, for a shareholder that is not an individual if such shareholder provides information and makes representations to the board of trustees that are satisfactory to the board of

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trustees, in its reasonable discretion, to establish that such person's ownership in excess of the 5% limit or the 9.8% limit, as applicable, would not jeopardize CubeSmart's qualification as a REIT.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of CubeSmart's shares that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfer on CubeSmart's status as a REIT. If any transfer of shares or any other event would otherwise result in any person violating the ownership limits described above, then CubeSmart's declaration of trust provides that (a) the transfer will be void and of no force or effect with respect to the prohibited transferee with respect to that number of shares that exceeds the ownership limits or that such number of shares will be automatically transferred to a charitable trust for the benefit of a charitable beneficiary and (b) the prohibited transferee would not acquire any right or interest in the shares. The foregoing restrictions on transferability and ownership will not apply if CubeSmart's board of trustees determines that it is no longer in CubeSmart's best interests to attempt to qualify, or to continue to qualify, as a REIT.

All certificates evidencing CubeSmart's shares bear a legend referring to the restrictions described above.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) of all classes or series of CubeSmart's shares, including common shares, is required to give written notice to us within 30 days after the end of each taxable year stating the name and address of such owner, the number of shares of each class and series of shares that the owner beneficially owns and a description of the manner in which such shares are held. Each such owner shall provide to us such additional information as we may request in order to determine the effect, if any, of such beneficial ownership on CubeSmart's status as a REIT and to ensure compliance with the ownership limitations. In addition, each shareholder shall upon demand be required to provide to us such information as we may request, in good faith, in order to determine CubeSmart's status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

These ownership limitations could delay, deter or prevent a transaction or a change in control that might involve a premium price for the common shares or might otherwise be in the best interest of CubeSmart's shareholders.

**Transfer Agent and Registrar**

The transfer agent and registrar for our common shares is American Stock Transfer & Trust Co., LLC. The transfer agent and registrar for our preferred shares will be set forth in the applicable prospectus supplement.

**Certain Provisions of Maryland Law and CubeSmart's Declaration of Trust and Bylaws**

The following description of certain provisions of Maryland law and of CubeSmart's declaration of trust and bylaws is only a summary. For a complete description, we refer you to the applicable Maryland law and CubeSmart declaration of trust and bylaws.

*Number of Trustees; Vacancies*

CubeSmart's declaration of trust and bylaws provide that the number of CubeSmart's trustees shall not be less than one and not more than 13, and will be established by a vote of a majority of the members of its board of trustees. Our bylaws provide that any vacancy, including a vacancy created by an increase in the number of trustees, may be filled only by a majority of the remaining trustees, even if the remaining trustees do not constitute a quorum. Pursuant to CubeSmart's declaration of trust,

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each of its trustees is elected by its shareholders to serve until the next annual meeting and until their successors are duly elected and qualify. Under Maryland law, CubeSmart's board of trustees may elect to create staggered terms for its members.

CubeSmart's bylaws provide that at least a majority of our trustees will be "independent," with independence being defined in the manner established by our board of trustees and in a manner consistent with listing standards established by the NYSE.

In the event CubeSmart fails to pay quarterly distributions for six or more quarters to the holders of the 7.75% Series A Preferred Shares, the holders of 7.75% Series A Preferred Shares will have the right, voting as a single class with any other series of CubeSmart's preferred shares ranking on a parity with the 7.75% Series A Preferred Shares and upon which like voting rights have been conferred, to elect two additional members to CubeSmart's board of trustees.

#### *Removal of Trustees*

CubeSmart's declaration of trust provides that a trustee may be removed only with cause and only upon the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of trustees. Absent removal of all of CubeSmart's trustees, this provision, when coupled with the provision in CubeSmart's bylaws authorizing CubeSmart's board of trustees to fill vacant trusteeships, may preclude shareholders from removing incumbent trustees and filling the vacancies created by such removal with their own nominees.

#### *Business Combinations*

CubeSmart's board of trustees has approved a resolution that exempts CubeSmart from the provisions of the Maryland business combination statute described below, but its board of trustees may opt to make these provisions applicable to CubeSmart in the future. Maryland law prohibits "business combinations" between CubeSmart and an interested shareholder (defined below) or an affiliate of an interested shareholder for five years after the most recent date on which the interested shareholder becomes an interested shareholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. Maryland law defines an interested shareholder as:

any person who beneficially owns 10% or more of the voting power of CubeSmart's shares; or

an affiliate or associate of CubeSmart's who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of CubeSmart's then outstanding voting shares.

A person is not an interested shareholder if CubeSmart's board of trustees approves in advance the transaction by which the person otherwise would have become an interested shareholder. However, in approving a transaction, CubeSmart's board of trustees may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by CubeSmart's board of trustees.

After the five-year prohibition, any business combination between CubeSmart and an interested shareholder generally must be recommended by CubeSmart's board of trustees and approved by the affirmative vote of at least:

80% of the votes entitled to be cast by holders of CubeSmart's then outstanding shares of beneficial interest; and

two-thirds of the votes entitled to be cast by holders of CubeSmart's voting shares other than shares held by the interested shareholder with whom or with whose affiliate the business

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combination is to be effected or shares held by an affiliate or associate of the interested shareholder.

These super-majority vote requirements do not apply if CubeSmart's common shareholders receive a minimum price, as described under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested shareholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are approved by CubeSmart's board of trustees before the time that the interested shareholder becomes an interested shareholder.

The consent of two-thirds of the holders of 7.75% Series A Preferred Shares outstanding at the time is required under certain circumstances for any amendment, alteration or repeal of CubeSmart's declaration of trust, including by merger or consolidation, which would materially and adversely affect any right, preference, privilege or voting power of the 7.75% Series A Preferred Shares unless such shares have been redeemed or called for redemption.

*Preferred Shares*

Upon the occurrence of a change of control, the holders of 7.75% Series A Preferred Shares will have the right to convert their shares into common shares unless CubeSmart elects to redeem these shares in connection with such change of control.

***Control Share Acquisitions***

CubeSmart's bylaws contain a provision exempting any and all acquisitions of CubeSmart's shares from the provisions of the Maryland Control Share Acquisition Act. However, CubeSmart board of trustees may opt to make these provisions applicable to an acquisition of CubeSmart's shares at any time by amending or repealing this provision in the future, and may do so on a retroactive basis. Maryland law provides that "control shares" of a Maryland REIT acquired in a "control share acquisition" have no voting rights unless approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares beneficially owned by the acquiring person in a control share acquisition or by CubeSmart's officers or employees who are CubeSmart's trustees are excluded from the shares entitled to vote in accordance with the immediately preceding sentence. "Control shares" are shares that, if aggregated with all other shares previously acquired by the acquiring person, or in respect of which the acquiring person is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiring person to exercise or direct the exercise of the voting power in electing trustees within one of the following ranges of voting power:

one-tenth or more but less than one-third;

one-third or more but less than a majority; or

a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel our board of trustees to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the special meeting. If no request for a special meeting is made, we may present the question at any shareholders' meeting.



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If voting rights are not approved at the shareholders' meeting or if the acquiring person does not deliver the statement required by Maryland law, then, subject to certain conditions and limitations, we may redeem any or all of the control shares, except those for which voting rights have previously been approved, for fair value. Fair value is determined without regard to the absence of voting rights for the control shares and as of the date of the last control share acquisition or of any meeting of shareholders at which the voting rights of the shares were considered and not approved. If voting rights for control shares are approved at a shareholders' meeting, the acquiror may then vote a majority of the shares entitled to vote, and all other shareholders may exercise appraisal rights. The fair value of the shares for purposes of these appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition. The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction, nor does it apply to acquisitions approved by or exempted by our declaration of trust or bylaws.

### **Possible Anti-Takeover Effect of Certain Provisions of Maryland Law and CubeSmart's Declaration of Trust and Bylaws**

The business combination provisions of Maryland law (if CubeS