UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

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

For the fiscal year ended December 31, 2014

OR

o 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 000-54662 (CubeSmart, L.P.)

CUBESMART

CUBESMART, L.P.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (CubeSmart) **Delaware (CubeSmart, L.P.)** (State or Other Jurisdiction of Incorporation or Organization)	**20-1024732 (CubeSmart)** **34-1837021 (CubeSmart, L.P.)** (IRS Employer Identification No.)
5 Old Lancaster Road **Malvern, Pennsylvania** (Address of Principal Executive Offices)	**19355** (Zip Code)

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

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

Title of each class	**Name of each exchange on which registered**
Common Shares, $0.01 par value per share, of CubeSmart	New York Stock Exchange
7.75% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, par value $.01 per share, of CubeSmart	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	Yes x No £
CubeSmart, L.P.	Yes x 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 x
CubeSmart, L.P.	Yes £ No x

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 x No £
CubeSmart, L.P.	Yes x No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

CubeSmart	Yes x No £
CubeSmart, L.P.	Yes x No £

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

CubeSmart	Yes x No £
CubeSmart, L.P.	Yes x No £

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

CubeSmart:

Large accelerated filer x	Accelerated filer £	Non-accelerated filer £	Smaller reporting company £

CubeSmart, L.P.:

Large accelerated filer £	Accelerated filer £	Non-accelerated filer x	Smaller reporting company £

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

CubeSmart	Yes £ No x
CubeSmart, L.P.	Yes £ No x

As of June 30, 2014, 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 $2,694,476,141. As of February 24, 2015, the number of common shares of CubeSmart outstanding was 165,750,278.

As of June 30, 2014, the last business day of CubeSmart, L.P. s most recently completed second fiscal quarter, the aggregate market value of the 2,261,486 units of limited partnership (the OP Units) held by non-affiliates of CubeSmart, L.P. was $41,430,424 based upon the last reported sale price of $18.32 per share on the New York Stock Exchange on June 30, 2014 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 2015 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, 2014 of CubeSmart (the Parent Company or CubeSmart) and CubeSmart, L.P. (the Operating Partnership). The Parent Company is a Maryland real estate investment trust, or 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, 2014, owned a 98.6% interest in the Operating Partnership. The remaining 1.4% interest consists of common units of limited partnership interest issued by the Operating Partnership to third parties in exchange for contributions of facilities 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 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 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 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 statements. The separate discussions of the Parent Company and the Operating Partnership in this report should be read in conjunction 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 Exhibit 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 and 18 U.S.C. §1350.

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PART I

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 Securities Exchange Act of 1934, as amended, or 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 ir 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 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 the 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:

- 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 our Parent Company s qualification as a real estate investment trust (REIT) for federal income tax purposes;
- acquisition and development risks;
- increases in taxes, fees, and assessments from state and local jurisdictions;
- risks of investing through joint ventures;
- changes in real estate and zoning laws or regulations;
- 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 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.

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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 facilities in the United States.

As of December 31, 2014, we owned 421 self-storage facilities located in 22 states and in the District of Columbia containing an aggregate of approximately 28.6 million rentable square feet. As of December 31, 2014, approximately 89.1% of the rentable square footage at our owned facilities was leased to approximately 228,000 customers, and no single customer represented a significant concentration of our revenues. As of December 31, 2014 we owned facilities in the District of Columbia and the following 22 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Utah and Virginia. In addition, as of December 31, 2014, we managed 174 facilities for third parties (including 35 facilities containing an aggregate of approximately 2.4 million rentable square feet as part of an unconsolidated real estate venture in which we own a 50% interest) bringing the total number of facilities we owned and/or managed to 595. As of December 31, 2014, we managed facilities in the following 21 states: Alabama, Arizona, California, Colorado, Florida, Georgia, Illinois, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia.

Our self-storage facilities 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 facilities offer outside storage areas for vehicles and boats. Our facilities 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 facilities have an on-site manager during business hours, and 246, or approximately 58.4%, of our owned facilities have a manager who resides in an apartment at the facility. Our customers can access their storage cubes 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 345, or approximately 81.9%, of our owned facilities include climate controlled cubes.

The Parent Company was formed in July 2004 as a Maryland REIT. The Parent Company owns its assets and conducts its business through its operating partnership, CubeSmart, L.P. (our Operating Partnership), and its subsidiaries. The Parent Company controls the Operating Partnership as its sole general partner and, as of December 31, 2014, owned an approximately 98.6% 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.

Acquisition and Disposition Activity

As of December 31, 2014 and 2013, we owned 421 and 366 facilities, respectively, that contained an aggregate of 28.6 million and 24.7 million rentable square feet with occupancy rates of 89.1% and 88.3%, respectively.

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A complete listing of, and additional information about, our facilities is included in Item 2 of this Report. The following is a summary of our 2014, 2013 and 2012 acquisition and disposition activity:

Asset/Portfolio	Market	Transaction Date	Number of Facilities		Purchase / Sale Price (in thousands)
2014 Acquisitions:					
Connecticut Asset	Connecticut	January 2014	1	$	4,950
Florida Asset	Miami / Ft. Lauderdale	January 2014	1		14,000
Florida Assets	Florida Markets - Other	January 2014	2		14,450
California Asset	Other West	January 2014	1		8,300
Maryland Asset	Baltimore / DC	February 2014	1		15,800
Maryland Asset	Baltimore / DC	February 2014	1		15,500
Arizona Asset	Arizona / Las Vegas	March 2014	1		14,750
Pennsylvania Asset	Philadelphia / Southern NJ	March 2014	1		7,350
Texas Asset	Texas Markets - Major	March 2014	1		8,225
Texas Asset	Texas Markets - Major	April 2014	1		6,450
New York Assets	New York / Northern NJ	April 2014	2		55,000
Florida Asset	Florida Markets - Other	April 2014	1		11,406
Massachusetts Asset	Other Northeast	April 2014	1		11,100
Indiana Asset	Other Midwest	May 2014	1		8,400
Florida Assets	Florida Markets - Other	June 2014	3		35,000
Florida Assets	Florida Markets - Other	July 2014	2		15,800
Massachusetts Asset	Boston	September 2014	1		23,100
Texas Asset	Texas Markets - Major	October 2014	1		7,700
Texas Asset	Texas Markets - Major	October 2014	1		8,500
Texas Asset	Texas Markets - Major	October 2014	1		7,750
HSRE Assets	Various (see note 4)	November 2014	22		195,500
Texas Asset	Texas Markets - Major	December 2014	1		18,650
Florida Assets	Florida Markets - Other	December 2014	3		18,200
New York Asset	New York / Northern NJ	December 2014	1		38,000
Texas Asset	Texas Markets - Major	December 2014	1		4,345
			53	$	568,226
2013 Acquisitions:					
Arizona Asset	Arizona / Las Vegas	March 2013	1	$	6,900
Illinois Asset	Chicago	May 2013	1		8,300
Florida Asset	Florida Markets - Other	May 2013	1		7,150
Florida Asset	Miami / Ft. Lauderdale	June 2013	1		9,000
Massachusetts Asset	Boston	June 2013	1		10,600
Maryland / New Jersey Assets	Baltimore / DC and New York / Northern NJ	June 2013	5		52,400
New York Asset	New York / Northern NJ	July 2013	1		13,000
Texas Asset	Texas Markets - Major	August 2013	1		10,975
Arizona Asset	Arizona / Las Vegas	September 2013	1		10,500
Arizona Asset	Arizona / Las Vegas	September 2013	1		4,300
Maryland Asset	Baltimore / DC	November 2013	1		15,375
Texas Asset	Texas Markets - Major	November 2013	1		9,700
Texas Asset	Texas Markets - Major	December 2013	1		10,497
Texas Asset	Texas Markets - Major	December 2013	1		6,925
Maryland Asset	Baltimore / DC	December 2013	1		8,200
Florida Asset	Miami / Ft. Lauderdale	December 2013	1		6,000

20	$	189,822

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Asset/Portfolio	Market	Transaction Date	Number of Facilities	Purchase / Sale Price (in thousands)
2013 Dispositions:				
Texas/Indiana Assets	Texas Markets - Major and Other Midwest	March 2013	5	$ 11,400
Tennessee Assets	Tennessee	August 2013	8	25,000
California/Ohio/Tennessee/Texas/ Wisconsin Assets	Inland Empire, Ohio, Other Midwest, Tennessee and Texas Markets - Major	October/November 2013	22	90,000
			35	$ 126,400
2012 Acquisitions:				
Texas Asset	Texas Markets - Major	February 2012	1	$ 5,100
Georgia Asset	Atlanta	February 2012	1	6,900
Texas Asset	Texas Markets - Major	June 2012	1	4,970
Texas Assets	Texas Markets - Major	July 2012	4	18,150
Texas Asset	Texas Markets - Major	July 2012	1	5,130
Connecticut Asset	Connecticut	July 2012	1	5,000
Storage Deluxe Assets	New York / Northern NJ and Connecticut	February/April/August 2012	6	201,910
Virginia Asset	Baltimore / DC	August 2012	1	19,750
New Jersey Assets	Philadelphia / Southern NJ	August 2012	2	10,750
Georgia/Florida Assets	Atlanta and Miami / Ft. Lauderdale	August 2012	3	13,370
Georgia Asset	Atlanta	August 2012	1	3,100
HSREV Assets	Various (see note 4)	September 2012	9	102,000
Colorado Asset	Colorado / Utah	September 2012	1	10,600
Florida Assets	Florida Markets - Other	November 2012	2	13,010
Pennsylvania/New Jersey Assets	Philadelphia / Southern NJ	December 2012	2	7,800
Texas Asset	Texas Markets - Major	December 2012	1	4,800
			37	$ 432,340
2012 Dispositions:				
Michigan Assets	Other Midwest	June 2012	3	$ 6,362
Alabama/Louisiana/Mississippi Assets	Other Southeast	June 2012	5	16,800
New Mexico Assets	Other West	August 2012	6	7,500
California Asset	Inland Empire	August 2012	1	5,000
Florida/ Tennessee Assets	Florida Markets - Other and Tennessee	November 2012	3	6,550
Ohio Assets	Ohio	November 2012	8	17,750
			26	$ 59,962

The comparability of our results of operations is affected by the timing of acquisition and disposition activities during the periods reported. At December 31, 2014, 2013, and 2012, we owned 421, 366, and 381 self-storage facilities and related assets, respectively. The following table summarizes the change in number of owned self-storage facilities from January 1, 2012 through December 31, 2014:

	2014	2013	2012
Balance - January 1	366	381	370
Facilities acquired	10	1	6
Facilities developed	2		
Facilities sold		(5)	
Balance - March 31	378	377	376
Facilities acquired	9	9	2
Facilities sold			(8)
Balance - June 30	387	386	370
Facilities acquired	3	4	24
Facilities sold		(8)	(7)
Balance - September 30	390	382	387
Facilities acquired	31	6	5
Facilities sold		(22)	(11)
Balance - December 31	421	366	381

Financing and Investing Activities

The following summarizes certain financing and investing activities during the year ended December 31, 2014:

- *Facility Acquisitions.* During 2014, we acquired 53 self-storage facilities located throughout the United States for an aggregate purchase price of approximately $568.2 million. In connection with these acquisitions, we allocated a portion of the purchase price to the intangible value of in-place leases which aggregated to $38.3 million. In addition, we opened for operation two new self-storage facilities, one in New York and a mixed-use property in Pennsylvania that contains CubeSmart s corporate headquarters, for a total cost of $42.3 million.

- *Joint Venture Development.* During 2014, we entered into contracts under newly-formed joint ventures for the construction of two self-storage facilities in New York. As of December 31, 2014, we had invested $32.1 million in five joint venture development facilities under construction. We anticipate investing a total of $111.9 million related to these projects. Construction for all projects is expected to be completed by the first quarter of 2016.

- *Development Commitments.* During 2014, we entered into contracts to purchase two facilities in New York and two facilities in Texas after the completion of construction and the issuance of a certificate of occupancy. On December 2, 2014, we purchased one of the facilities in New York for an aggregate purchase price of $38.0 million. As of December 31, 2014, we had four facilities under contract, including one facility that went under contract in 2013, for a total acquisition price of $85.2 million. These four facility acquisitions are subject to due diligence and other customary closing conditions and no assurance can be provided that these acquisitions will be completed on the terms described, or at all.

- *Facility Disposition.* On June 30, 2014, we sold one asset in London, England owned by USIFB, LLP, a consolidated real estate joint venture in which we own a 97% interest, for an aggregate sales price of £4.1 million (approximately $7.0 million). We received net proceeds of $7.0 million and recorded a gain of $0.5 million as a result of the transaction.

• *Term Loan Amendment*. On August 5, 2014, we amended our $100 million term loan agreement resulting in lower borrowing spreads and a maturity extension. As a result of the amendment, our borrowing rate was reduced to LIBOR + 1.4% from LIBOR + 2.0%, at our existing credit ratings, and the maturity was extended to January 31, 2020 from June 18, 2018.

• *Joint Venture Financing*. On May 1, 2014, HHF, an unconsolidated joint venture formed in December 2013, obtained a $100 million loan secured by the 34 self-storage facilities owned by the venture. There is no recourse to the Company. The Company and its partner each own a 50% interest in the joint venture. The loan bears interest at 3.59% per annum and matures on April 30, 2021. This financing completed the planned capital structure of HHF and the proceeds after closing costs were distributed proportionately to the partners.

• *At-The-Market Equity Program.* During 2014, under our at-the-market equity program, we sold a total of 15.2 million common shares at an average sales price of $18.22 per share, resulting in net proceeds under the program of $273.0 million, after deducting offering costs. At December 31, 2014, 9.2 million common shares remained available for sale under the program. The proceeds from the sales conducted during the year ended December 31, 2014 were used to fund acquisitions of self-storage facilities and for general corporate purposes.

• *Equity Offering*. On October 20, 2014, we completed a public offering of 7,475,000 common shares at a public offering price of $19.33, inclusive of the full exercise by the underwriters of their option to purchase 975,000 shares to cover over-allotments. We received approximately $143.0 million in net proceeds from the offering after deducting the underwriting discount and other offering expenses. The proceeds were used for general corporate purposes including funding a portion of our investment activity.

Business Strategy

Our business strategy consists of several elements:

• **Maximize cash flow from our facilities** Our operating strategy focuses on maximizing sustainable rents at our facilities while achieving and sustaining occupancy targets. 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 facilities within targeted markets** During 2015, we intend to pursue selective acquisitions in markets that we believe have high barriers to entry, strong demographic 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.

• **Dispose of facilities** During 2015, we intend to continue to opportunistically reduce exposure in slower growth, lower barrier-to-entry markets. We intend to use proceeds from these transactions to fund acquisitions within target markets.

- **Grow our third-party management business** We intend to pursue additional third-party management opportunities. We intend 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.

Investment and Market Selection Process

We maintain a disciplined and focused process in the acquisition and development of self-storage facilities. Our investment committee, comprised of five senior officers and led by Christopher P. Marr, our Chief Executive Officer, oversees our investment process. Our investment process involves six stages identification, initial due diligence, economic assessment, investment committee approval (and when required, Board approval), final due diligence, and documentation. Through our investment committee, we intend to focus on the following criteria:

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- **Targeted markets** Our targeted markets include areas where we currently maintain management that can be extended to additional facilities, or where we believe that we can acquire a significant number of facilities efficiently and within a short period of time. We evaluate both the broader market and the immediate area, typically three miles around the facility, for its ability to support above-average demographic growth. We seek to increase our presence primarily in areas that we expect will experience growth, including the Northeastern and Mid-Atlantic areas of the United States and areas within Georgia, Florida, Texas, Illinois and California and to enter additional markets should suitable opportunities arise.

- **Quality of facility** We focus on self-storage facilities that have good visibility 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 facilities, we seek to invest in portfolio acquisitions, including those offering significant potential for increased operating efficiency and the ability to spread our fixed costs across a large base of facilities.

Segment

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

Concentration

Our self-storage facilities are located in major metropolitan areas as well as suburban areas and have numerous customers per facility. No single customer represented a significant concentration of our 2014 revenues. Our facilities in Florida, New York, Texas and California provided approximately 17%, 17%, 10% and 8%, respectively, of our total 2014 revenues. Our facilities in New York, Florida, Texas and California provided approximately 17%, 15%, 10% and 9%, respectively, of our total 2013 revenues.

Seasonality

We typically experience seasonal fluctuations in occupancy levels at our facilities, with the levels 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, 2014, our debt to total 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, preferred shares and units of the Operating Partnership held by third parties and (b) the carrying value of our total indebtedness) was approximately 23.9% compared to approximately 32.8% as of December 31, 2013. Our ratio of debt to the undepreciated cost of our total assets as of December 31, 2014 was approximately 35.8% compared to approximately 41.3% as of December 31, 2013. We expect to finance additional investments in self-storage facilities through the most attractive sources of capital available at the time of the transaction, in a manner consistent with maintaining a strong financial position and future financial flexibility, subject to limitations on incurrence of indebtedness in our unsecured credit facilities and the indenture that governs our unsecured notes. These capital sources may include borrowings under the revolving portion of our 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 and issuances of common or preferred units in our Operating Partnership in exchange for contributed facilities or cash and formations of joint ventures. We also may sell facilities that we no longer view as core assets and reallocate the sales proceeds to fund other acquisitions.

Competition

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

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Our key competitors include local and regional operators as well as the other public self-storage REITS, including Public Storage, Sovran Self Storage, Inc. and Extra Space Storage Inc. These companies, some of which operate significantly more facilities 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 facility investments and the payment of higher facility acquisition prices. This competition may reduce the number of suitable acquisition opportunities available to us, increase the price required to acquire the particular facilities and reduce the demand for self-storage space at our facilities. Nevertheless, we believe that our experience in operating, managing, acquiring, developing and obtaining financing for self-storage facilities 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 and various federal, state and local regulations that apply generally to the ownership of real property and the operation of self-storage facilities.

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 facilities. 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 facilities 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 facilities 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 facilities 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 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 the facilities 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 facilities. Whenever the environmental assessment for one of our facilities indicates that a facility 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 facility 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 contamination or other adverse environmental conditions that may affect a property.

We are not aware of any environmental cleanup liability that we believe will have a material adverse effect on us. We cannot assure, 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 facilities, nor have we been notified of a claim for personal injury or property damage by a private party in connection with any of our facilities relating to environmental conditions.

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We are not aware of any environmental condition with respect to any of our facilities 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 assure, however, that this will continue to be the case.

Insurance

We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the facilities in our portfolio. We carry environmental insurance coverage on certain facilities 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 riots, war or acts of God, and, in some cases, environmental hazards, because such coverage is not available or is not available at commercially reasonable rates. Some of our policies, such as those covering losses due to terrorist activities, hurricanes, floods and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. We also carry liability insurance to insure against personal injuries that might be sustained at our facilities and director and officer liability insurance.

Offices

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

Employees

As of December 31, 2014, we employed 1,640 employees, of whom 192 were corporate executive and administrative personnel and 1,448 were property-level personnel. We believe that our relations with our employees are good. Our employees are not unionized.

Available Information

We file registration statements, proxy statements, our annual report 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 visiting the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 or by accessing the SEC s website at www.sec.gov. Our internet website address is www.cubesmart.com. You also can obtain on our website, free of charge, a copy of our annual report on Form 10-K, the Operating Partnership s registration statement on Form 10, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after we electronically file such reports or amendments with, or furnish them to, the SEC. Our internet 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 of Trustees 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 by mail at 5 Old Lancaster Road, Malvern, PA 19355.

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.

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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, interest rates, tax rates, 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 the economic and financial market problems and the many ways in which they may affect our customers and our business in general. Nonetheless, continuation or further worsening of these difficult financial and macroeconomic conditions could have a significant adverse effect on our sales, profitability and results of operations.

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 facilities, changes to sales taxes or other governmental efforts, including mandating medical insurance for employees, could adversely impact our business and results of operations.

Our financial performance is dependent upon the economic and other conditions of the markets in which our facilities 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 facilities in Florida, New York, Texas and California accounted for approximately 17%, 17%, 10% and 8%, respectively, of our total 2014 revenues. As a result of this geographic concentration of our facilities, 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.

We face risks associated with facility acquisitions.

We intend to continue to acquire individual and portfolios of self-storage facilities. The purchase agreements that we enter into in connection with facility 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 you that any of our pending or future acquisitions will be consummated. These conditions include, among other things, satisfactory examination of the title to the facilities, the ability to obtain title insurance and customary closing conditions. Moreover, in the event we are unable to complete pending or future acquisitions, we may have incurred significant legal, accounting 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 facilities may be higher than our estimates;

- we may be unable to obtain acquisition financing on favorable terms;

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- 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;

- there is only limited recourse, or no recourse, to the former owners of newly acquired facilities 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 facilities; and claims by local governments, adjoining facility owners, facility owner associations, and easement holders for fees, assessments, taxes on other facility-related changes. As a result, if a liability were asserted against us based upon ownership of an acquired facility, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow.

In addition, we do not always obtain third-party appraisals of acquired facilities (and instead rely on value determinations by our senior management) and the consideration we pay in exchange for those facilities may exceed the value determined by third-party appraisals.

We will incur costs and will face integration challenges when we acquire additional facilities.

As we acquire or develop additional self-storage facilities, we will be subject to risks associated with integrating and managing new facilities, including customer retention and mortgage default risks. In the case of a large portfolio purchase, we could experience strains in our existing information management capacity. In addition, acquisitions or developments may cause disruptions in our operations and divert management s attention away from day-to-day operations. Furthermore, our income may decline because we will be required to expense acquisition-related costs and amortize in future periods costs for acquired goodwill and other 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 facilities that lack operating history with us will make it more difficult to predict revenue potential.

We intend to continue to acquire additional facilities. 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 facility up to the standards established for our intended market position, the performance of the facility may be below expectations. Acquired facilities may have characteristics or deficiencies affecting their valuation or revenue potential that we have not yet discovered. We cannot assure that the performance of facilities 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 facilities 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; and

- complications (including building moratoriums and anti-growth legislation) in obtaining necessary zoning, occupancy and other governmental permits.

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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 facilities, satisfy our debt obligations and/or make distributions to shareholders.

We depend on external sources of capital to fund acquisitions and facility 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 the market s perception of our growth potential and our current and potential future earnings 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 facilities when strategic opportunities exist, satisfy our debt obligations or make distributions to shareholders that would permit us to qualify as a REIT or avoid paying tax on our REIT taxable income.

Rising operating expenses could reduce our cash flow and funds available for future distributions.

Our facilities and any other facilities 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 facilities are subject to increases in operating expenses such as real estate and other taxes, personnel costs including the cost of providing specific medical coverage to our employees, utilities, insurance, administrative expenses and costs for repairs and maintenance. If operating expenses increase without a corresponding increase in revenues, our profitability could diminish and limit our ability to make distributions to our shareholders.

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 of Trustees. Our ability to pay dividends will depend upon, among other factors:

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

***If we are unable to promptly re-let our cubes or if the rates upon such re-letting are significantly lower than expected, then 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 facilities under month-to-month leases. Any delay in re-letting cubes as vacancies arise would reduce our revenues and harm our operating results. In addition, lower than expected rental rates upon re-letting could adversely affect our revenues and impede our growth.

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

We have in the past co-invested 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 facilities 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 facilities. We compete with numerous developers, owners and operators of self-storage facilities, including other REITs, some of which own or may in the future own facilities similar to ours in the same submarkets in which our facilities are located and some of which may have greater capital resources. In addition, due to the relatively low cost of each individual self-storage facility, other developers, owners and operators have the capability to build additional facilities that may compete with our facilities.

If our competitors build new facilities that compete with our facilities or offer space at rental rates 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 facilities that we would not have otherwise made. Any unbudgeted capital improvements we undertake may reduce cash available for distributions to our shareholders.

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 facilities. 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 facility 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 facilities are located and, as a result, adversely affect our operating results.

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 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 and national level, that may assert that our use of our brand names and other intellectual property conflict with their rights to use brand names 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 of our brand name or other intellectual property.

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We also could be sued for personal injuries and/or property damage occurring on our facilities. We maintain liability insurance with limits that we believe 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.

Potential losses may not be covered by insurance, which could result in the loss of our investment in a facility and the future cash flows from the facility.

We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the facilities 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 riots, war or acts of God, and, in some cases, flooding and environmental hazards, because such coverage is not available or is not available at commercially reasonable rates. Some of our policies, such as those covering losses due to terrorism, hurricanes, floods and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. If we experience a loss at a facility that is uninsured or that exceeds policy limits, we could lose the capital invested in that facility as well as the anticipated future cash flows from that facility. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it impractical or undesirable to use insurance proceeds to replace a facility after it has been damaged or destroyed. In addition, if the damaged facilities are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these facilities were irreparably damaged.

Our insurance coverage may not comply with certain loan requirements.

Certain of our facilities serve as collateral for our mortgage-backed debt, some of which we assumed in connection with our acquisition of facilities and requires us to maintain insurance at levels and on terms that are not 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.

Potential liability for environmental contamination could result in substantial costs.

We are subject to federal, state and local environmental regulations that apply generally to the ownership of real property and the operation of self-storage facilities. If we fail to comply with those laws, 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 facility 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 facility or to borrow using such facility as collateral. In addition, in connection with the ownership, operation and management of facilities, 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 facilities. We carry environmental insurance coverage on certain facilities 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 facilities). The environmental assessments received to date have not revealed, nor do we have actual knowledge of, any 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 facility did not create a material environmental condition not actually known to us or that a material environmental condition does not otherwise exist with respect to any of our facilities.

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 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 facilities. 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 facilities 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 facilities 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 facilities 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.

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 have imposed restrictions and requirements on the use of personal information by those collecting such information. Changes to law or regulations affecting privacy, if applicable to our business, could impose additional costs and liability on us and could limit our use and disclosure of such information.

We face system security risks as we depend upon automated processes and the Internet.

We are increasingly dependent upon automated information technology processes 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, process transactions and provide other systems services. These systems, and our systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses 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 may be able to penetrate our network security and misappropriate our confidential information, create system disruptions or cause shutdowns. 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 our self-storage facilities. Such events could lead to lost future revenues and adversely affect our results of operations.

Terrorist attacks 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 against our facilities, the United States or our interests, may negatively impact our operations and the value of our securities. Attacks or armed conflicts could negatively impact the demand for self-storage facilities and increase the cost of insurance coverage for our facilities, which could reduce our profitability and cash flow. Furthermore, any terrorist attacks or armed conflicts could result in increased volatility in or damage to the United States and worldwide financial markets and economy.

Risks Related to the Real Estate Industry

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

Our rental revenues and 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 facilities 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 facilities include but are not limited to:

- downturns in the national, regional and local economic climate;

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- 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 rent from customers;
- increased operating costs, including maintenance, insurance premiums and real estate taxes;
- 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 facility;
- 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 or declining demand for self-storage, or the 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 portfolio of facilities consists primarily of self-storage facilities, 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 has been and could be adversely affected by ongoing weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing self-storage facilities 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 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 facilities when appropriate.

Real estate property investments generally cannot be sold quickly. Also, the tax laws applicable to REITs require that we hold our facilities for investment, rather than for sale in the ordinary course of business, which may cause us to forgo or defer sales of facilities that otherwise would be in our best interest. Therefore, we may not be able to dispose of facilities 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 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 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. Furthermore, Congress and the IRS might 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.

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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, we would be subject to federal income tax at regular corporate rates on all of our income. As a taxable 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 the federal alternative minimum tax and possibly increased state and local taxes. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. 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.

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 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 facilities 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 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.

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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 the ongoing audits, in some instances there is 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.

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 senior notes and the indenture governing the senior notes.

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 facilities 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 investors

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.

Recently, domestic financial markets have experienced extreme 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 for 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; 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 refinance future debt maturities could be adversely impacted by our inability to secure permanent financing on reasonable terms, if at all.

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The terms and covenants relating to our indebtedness could adversely impact our economic 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 new facilities. 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 facilities 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 facilities foreclosed on, could threaten our continued viability.

Our Credit Facility 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 net worth 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.

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.

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. Although we have employment agreements with members of our senior management team, we cannot provide any 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.

We are dependent upon our on-site personnel to maximize customer satisfaction; any difficulties we encounter in hiring, training and retaining skilled field personnel may adversely affect our rental revenues.

As of December 31, 2014, we had 1,448 property-level personnel involved in the management and operation of our facilities. The customer service, marketing skills and knowledge of local market demand and competitive dynamics of our facility managers are contributing factors to our ability to maximize our rental income and to achieve the highest sustainable rent levels at each of our facilities. We compete with various other companies in attracting and retaining qualified and skilled personnel. Competitive pressures 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 harmed.

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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.

We have opted out of these provisions of Maryland law. However, our Board of Trustees may opt to make these provisions applicable to us at any time without shareholder 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 of Trustees, and (2) amend our bylaws or repeal individual bylaws in a manner that provides the Board of Trustees with greater authority. 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.

Our shareholders have limited control to prevent us from making any changes to our investment and financing policies.

Our Board of Trustees 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 of Trustees 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 of Trustees 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 of Trustees to issue up to 40,000,000 preferred shares, of which 3,100,000 shares have already been issued, 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.

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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 of Trustees 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;

- 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 significant fluctuation and may continue to fluctuate or decline. Between January 1, 2012 and December 31, 2014, the price of our common shares has ranged from a high of $22.92 (on December 22, 2014) to a low of $10.30 (on January 4, 2012). In the past several years, REIT securities have experienced high levels of volatility and significant increases in value from their historic lows.

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. Securities litigation could result in substantial costs and divert our management s attention and resources from our business.

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ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

Overview

As of December 31, 2014, we owned 421 self-storage facilities that contain approximately 28.6 million rentable square feet and are located in 22 states and the District of Columbia. The following table sets forth summary information regarding our facilities by state as of December 31, 2014.

State	Number of Facilities	Number of Units	Total Rentable Square Feet	% of Total Rentable Square Feet	Period-end Occupancy
Florida	73	52,517	5,473,764	19.1%	91.0%
Texas	56	29,630	3,645,115	12.7%	88.4%
California	40	25,323	2,829,387	9.9%	90.3%
New York	36	41,373	2,517,430	8.8%	85.4%
Illinois	33	18,867	2,099,658	7.3%	89.5%
Arizona	28	14,845	1,582,025	5.5%	87.5%
New Jersey	23	15,151	1,552,183	5.4%	91.4%
Connecticut	21	9,697	1,101,249	3.8%	88.8%
Ohio	20	11,047	1,282,254	4.5%	86.9%
Georgia	16	9,723	1,184,826	4.1%	90.5%
Maryland	13	10,202	1,074,100	3.8%	87.9%
Virginia	9	6,707	691,580	2.4%	87.2%
Pennsylvania	9	5,935	603,792	2.1%	88.9%
Colorado	9	4,765	567,899	2.0%	88.7%
Massachusetts	7	4,809	437,391	1.5%	87.7%
North Carolina	6	3,906	463,488	1.6%	90.9%
Tennessee	5	3,267	467,439	1.6%	89.7%
Utah	4	2,214	239,623	0.8%	90.6%
Rhode Island	4	1,973	240,599	0.8%	87.7%
New Mexico	3	1,611	182,261	0.6%	90.5%
Nevada	3	1,414	172,332	0.6%	82.3%
Washington DC	2	1,798	146,067	0.5%	89.8%
Indiana	1	562	67,280	0.2%	90.5%
Total/Weighted Average	**421**	**277,336**	**28,621,742**	**100.0%**	**89.1%**

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Our Facilities

The following table sets forth additional information with respect to each of our owned facilities as of December 31, 2014. Our ownership of each facility consists of a fee interest in the facility held by our Operating Partnership, or one of its subsidiaries, except for six of our facilities, which are subject to ground leases. In addition, small parcels of land at four of our other facilities are subject to ground leases.

Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Cubes	Manager Apartment (3)	% Climate Controlled (4)
Chandler I, AZ	2005	1985	47,520	88.3%	447	Y	11.4%
Chandler II, AZ	2013	2008	83,819	83.4%	1,179	N	77.0%
Gilbert, AZ	2013	2010	57,380	83.7%	449	Y	83.8%
Glendale, AZ	1998	1987	56,807	90.5%	516	Y	0.0%
Green Valley, AZ	2005	1985	25,050	88.1%	263	N	8.7%
Mesa I, AZ	2006	1985	52,575	91.1%	489	N	0.0%
Mesa II, AZ	2006	1981	45,511	92.9%	395	Y	16.9%
Mesa III, AZ	2006	1986	58,264	88.3%	501	Y	16.5%
Phoenix I, AZ	2006	1987	100,775	91.8%	746	Y	21.5%
Phoenix II, AZ	2006	1974	83,160	93.5%	807	Y	6.7%
Phoenix III, AZ	2014	2009	121,761	84.4%	845	N	73.0%
Scottsdale, AZ	1998	1995	79,525	86.1%	653	Y	20.5%
Tempe I, AZ	2005	1975	53,890	93.3%	405	Y	18.9%
Tempe II, AZ	2013	2007	35,125	84.8%	391	N	77.9%
Tucson I, AZ	1998	1974	59,800	91.6%	488	Y	0.0%
Tucson II, AZ	1998	1988	43,950	88.8%	535	Y	100.0%
Tucson III, AZ	2005	1979	49,832	83.2%	488	N	0.0%
Tucson IV, AZ	2005	1982	48,040	88.1%	496	Y	13.7%
Tucson V, AZ	2005	1982	45,134	82.8%	416	Y	11.5%
Tucson VI, AZ	2005	1982	40,814	85.4%	409	Y	13.4%
Tucson VII, AZ	2005	1982	52,688	90.8%	594	Y	6.9%
Tucson VIII, AZ	2005	1979	46,650	84.1%	437	Y	0.0%
Tucson IX, AZ	2005	1984	67,545	86.6%	599	Y	6.2%
Tucson X, AZ	2005	1981	46,350	81.4%	413	N	0.0%
Tucson XI, AZ	2005	1974	42,940	89.9%	404	Y	0.0%
Tucson XII, AZ	2005	1974	42,225	86.0%	429	Y	3.9%
Tucson XIII, AZ	2005	1974	45,800	82.0%	493	Y	0.0%
Tucson XIV, AZ	2005	1976	49,095	85.9%	558	Y	17.9%
Benicia, CA	2005	1988/93/05	74,770	90.3%	728	Y	0.0%
Citrus Heights, CA	2005	1987	75,620	89.5%	681	Y	0.0%
Corona, CA	2014	2014	95,125	90.9%	974	N	6.9%
Diamond Bar, CA	2005	1988	102,984	91.0%	900	Y	0.0%
Escondido, CA	2007	2002	142,895	92.2%	1,227	Y	11.6%
Fallbrook, CA	1997	1985/88	46,401	84.7%	444	Y	0.0%
Fremont, CA	2014	1987	51,243	96.1%	526	N	0.6%
Lancaster, CA	2001	1987	60,675	91.4%	340	Y	0.0%
Long Beach, CA	2006	1974	124,571	95.3%	1,348	Y	0.0%
Murrieta, CA	2005	1996	49,795	91.4%	436	Y	5.0%
North Highlands, CA	2005	1980	57,169	86.8%	473	Y	0.0%
Ontario, CA	2014	1986	93,590	87.4%	850	N	0.0%
Orangevale, CA	2005	1980	50,542	92.5%	527	Y	0.0%

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Pleasanton, CA	2005	2003	85,045	89.6%	702	Y	0.0%
Rancho Cordova, CA	2005	1979	53,978	90.8%	457	Y	0.0%
Rialto I, CA	2006	1987	57,391	93.5%	437	Y	0.0%
Rialto II, CA	1997	1980	99,783	94.0%	714	Y	0.0%
Riverside I, CA	2006	1977	67,120	90.5%	641	Y	0.0%
Riverside II, CA	2006	1985	85,076	89.6%	813	Y	5.5%
Roseville, CA	2005	1979	59,944	88.1%	550	Y	0.0%
Sacramento I, CA	2005	1979	50,714	91.4%	551	Y	0.0%
Sacramento II, CA	2005	1986	62,088	90.4%	551	Y	0.0%
San Bernardino I, CA	1997	1987	31,070	95.7%	236	N	0.0%
San Bernardino II, CA	1997	1991	41,546	91.2%	373	Y	0.0%
San Bernardino III, CA	1997	1985/92	35,416	83.9%	371	N	0.0%
San Bernardino IV, CA	2005	2002/04	83,307	88.0%	688	Y	12.6%
San Bernardino V, CA	2006	1974	57,595	89.9%	469	Y	7.0%
San Bernardino VII, CA	2006	1978	78,753	93.0%	604	Y	2.5%
San Bernardino VIII, CA	2006	1977	99,004	83.3%	809	Y	0.0%
San Marcos, CA	2005	1979	37,430	93.9%	242	Y	0.0%
Santa Ana, CA	2006	1984	64,071	88.8%	720	Y	4.0%
South Sacramento, CA	2005	1979	52,490	87.4%	414	Y	0.0%
Spring Valley, CA	2006	1980	55,045	92.1%	713	Y	0.0%
Temecula I, CA	1998	1985/03	81,320	86.5%	696	Y	45.7%
Temecula II, CA	2007	2003	84,318	88.7%	639	Y	54.6%
Vista I, CA	2001	1988	74,481	88.7%	623	Y	0.0%
Vista II, CA	2005	2001/02/03	147,871	90.8%	1,280	Y	3.7%
Walnut, CA	2005	1987	50,708	89.9%	537	Y	15.8%
West Sacramento, CA	2005	1984	40,015	91.9%	478	Y	0.0%
Westminster, CA	2005	1983/98	68,428	91.5%	561	Y	0.0%
Aurora, CO	2005	1981	75,867	92.7%	617	Y	0.0%
Colorado Springs I, CO	2005	1986	47,975	83.1%	463	Y	0.0%
Colorado Springs II, CO	2006	2001	62,400	78.9%	433	Y	0.0%
Denver I, CO	2006	1997	59,200	89.1%	449	Y	0.0%
Denver II, CO	2012	2007	74,295	92.2%	676	N	94.8%
Federal Heights, CO	2005	1980	54,770	90.1%	547	Y	0.0%
Golden, CO	2005	1985	87,800	90.0%	641	Y	1.6%
Littleton, CO	2005	1987	53,490	89.7%	442	Y	64.2%
Northglenn, CO	2005	1980	52,102	89.8%	497	Y	0.0%
Bloomfield, CT	1997	1987/93/94	48,700	89.4%	443	Y	8.5%
Branford, CT	1995	1986	50,679	88.8%	431	Y	3.5%
Bristol, CT	2005	1989/99	47,725	88.3%	469	N	31.8%
East Windsor, CT	2005	1986/89	46,016	86.4%	303	N	0.3%
Enfield, CT	2001	1989	52,875	89.0%	369	Y	0.0%
Gales Ferry, CT	1995	1987/89	54,805	88.7%	609	N	9.0%
Manchester I, CT (6)	2002	1999/00/01	46,925	87.3%	458	N	42.8%
Manchester II, CT	2005	1984	52,725	90.8%	399	N	0.0%
Manchester III, CT	2014	2009	60,113	89.0%	583	N	87.0%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Cubes	Manager Apartment (3)	% Climate Controlled (4)
Milford, CT	1996	1975	44,885	85.3%	372	Y	7.0%
Monroe, CT	2005	1996/03	58,500	90.6%	397	N	0.0%
Mystic, CT	1996	1975/86	50,825	92.5%	561	Y	4.6%
Newington I, CT	2005	1978/97	42,620	87.5%	246	N	0.0%
Newington II, CT	2005	1979/81	36,140	85.6%	194	N	0.0%
Norwalk, CT	2012	2009	30,414	92.8%	349	N	100.0%
Old Saybrook I, CT	2005	1982/88/00	86,950	90.3%	720	N	10.8%
Old Saybrook II, CT	2005	1988/02	26,425	85.3%	254	N	71.5%
Shelton, CT	2011	2007	78,430	88.2%	856	Y	93.9%
South Windsor, CT	1996	1976	72,075	89.0%	553	Y	1.6%
Stamford, CT	2005	1997	28,907	95.3%	363	N	38.6%
Wilton, CT	2012	1966	84,515	86.1%	768	Y	66.9%
Washington I, DC	2008	2002	63,085	90.1%	755	Y	97.1%
Washington II, DC	2011	1929/98	82,982	89.7%	1,043	N	99.5%
Boca Raton, FL	2001	1998	37,958	90.1%	605	N	70.3%
Boynton Beach I, FL	2001	1999	61,749	93.7%	755	Y	61.8%
Boynton Beach II, FL	2005	2001	61,579	95.5%	573	Y	88.5%
Boynton Beach III, FL	2014	2001	67,393	91.2%	720	N	100.0%
Bradenton I, FL	2004	1979	68,441	92.4%	581	N	7.2%
Bradenton II, FL	2004	1996	87,958	90.9%	826	Y	47.0%
Cape Coral I, FL	2000*	2000	76,842	94.9%	856	Y	90.2%
Cape Coral II, FL	2014	2007	67,955	89.9%	609	N	71.0%
Coconut Creek I, FL	2012	2001	78,883	94.9%	757	Y	53.0%
Coconut Creek II, FL	2014	1999	90,400	90.9%	817	N	79.1%
Dania Beach, FL (6)	2004	1984	168,724	92.1%	1,813	N	26.4%
Dania, FL	1996	1988	58,145	97.4%	493	Y	53.7%
Davie, FL	2001*	2001	81,235	96.8%	834	Y	68.2%
Deerfield Beach, FL	1998*	1998	57,230	95.3%	517	Y	54.9%
Delray Beach I, FL	2001	1999	67,833	91.4%	815	Y	45.5%
Delray Beach II, FL	2013	1987	75,712	92.5%	1,176	N	95.3%
Delray Beach III, FL	2014	2006	94,495	91.2%	904	N	99.6%
Fernandina Beach, FL	1996	1986	121,083	87.2%	876	Y	47.0%
Ft. Lauderdale I, FL	1999	1999	70,063	91.4%	696	Y	54.6%
Ft. Lauderdale II, FL	2013	2007	49,507	82.6%	860	N	100.0%
Ft. Myers I, FL	1999	1998	67,546	92.4%	591	Y	84.3%
Ft. Myers II, FL	2014	2001	83,125	89.5%	842	N	62.7%
Ft. Myers III, FL	2014	2002	81,554	76.6%	876	N	89.3%
Jacksonville I, FL	2005	2005	80,215	88.3%	709	N	100.0%
Jacksonville II, FL	2007	2004	65,070	88.1%	657	N	100.0%
Jacksonville III, FL	2007	2003	65,590	91.7%	677	N	100.0%
Jacksonville IV, FL	2007	2006	77,535	89.8%	707	N	100.0%
Jacksonville V, FL	2007	2004	82,235	87.0%	702	N	80.1%
Jacksonville VI, FL	2014	2006	74,425	81.7%	523	N	70.7%
Kendall, FL	2007	2003	75,495	94.5%	703	N	79.4%
Lake Worth I, FL	1998	1998/02	160,949	92.3%	1,287	Y	72.7%
Lake Worth II, FL	2014	2004/08	87,050	95.0%	755	N	85.9%
Lakeland, FL	1994	1988	49,095	87.9%	489	Y	82.9%
Leisure City, FL	2012	2005	56,042	89.7%	615	N	69.4%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Cubes	Manager Apartment (3)	% Climate Controlled (4)
Lutz I, FL	2004	2000	66,795	92.8%	601	Y	43.6%
Lutz II, FL	2004	1999	69,232	86.7%	533	Y	29.5%
Margate I, FL	1996	1979/81	53,660	86.9%	370	N	27.7%
Margate II, FL	1996	1985	65,180	91.6%	416	Y	61.5%
Merritt Island, FL	2002	2000	50,281	89.3%	465	Y	66.4%
Miami I, FL	1996	1995	46,500	90.0%	557	Y	68.9%
Miami II, FL	1996	1989	66,960	89.4%	569	Y	18.9%
Miami III, FL	2005	1988/03	150,425	92.5%	1,513	N	91.2%
Miami IV, FL	2011	2007	76,337	92.3%	923	N	100.0%
Miramar, FL	2013	2009	75,530	92.7%	744	N	97.1%
Naples I, FL	1996	1996	48,150	94.3%	317	Y	46.1%
Naples II, FL	1997	1985	65,850	90.4%	628	Y	56.0%
Naples III, FL	1997	1981/83	80,021	90.2%	793	Y	49.2%
Naples IV, FL	1998	1990	40,550	94.4%	430	N	63.9%
New Smyrna Beach, FL	2014	2001	81,454	97.5%	600	N	60.1%
Ocoee, FL	2005	1997	76,250	94.0%	614	Y	22.1%
Orange City, FL	2004	2001	59,580	88.7%	643	N	52.6%
Orlando II, FL	2005	2002/04	63,084	90.1%	583	N	81.5%
Orlando III, FL	2006	1988/90/96	101,330	93.8%	825	Y	22.0%
Orlando IV, FL	2010	2009	76,565	89.4%	635	N	68.6%
Orlando V, FL	2012	2008	75,358	91.6%	632	N	90.9%
Orlando VI, FL	2014	2006	71,475	81.8%	570	N	34.8%
Oviedo, FL	2006	1988/91	49,276	90.7%	427	Y	3.7%
Palm Coast I, FL	2014	2001	47,400	87.8%	423	N	52.0%
Palm Coast II, FL	2014	1998/04	122,490	91.8%	1,167	N	42.5%
Pembroke Pines, FL	1997	1997	67,321	91.9%	694	Y	77.9%
Royal Palm Beach II, FL	2007	2004	81,394	93.5%	754	N	89.9%
Sanford I, FL	2006	1988/06	61,810	86.3%	442	Y	35.4%
Sanford II, FL	2014	2000	70,054	75.1%	668	N	62.1%
Sarasota, FL	1999	1998	71,152	89.7%	527	Y	60.5%
St. Augustine, FL	1996	1985	59,725	93.3%	700	Y	26.5%
Stuart, FL	1997	1995	87,176	88.9%	944	Y	62.5%
SW Ranches, FL	2007	2004	64,955	91.4%	647	N	88.8%
Tampa, FL	2007	2001/02	83,913	92.9%	770	N	33.8%
West Palm Beach I, FL	2001	1997	68,061	90.0%	972	Y	52.4%
West Palm Beach II, FL	2004	1996	94,428	95.0%	834	Y	76.6%
West Palm Beach III, FL	2012	2008	77,664	96.2%	890	Y	89.8%
West Palm Beach IV, FL	2014	2004	102,912	92.9%	948	N	85.5%
Winter Park, FL	2014	2005	54,356	85.4%	533	N	58.7%
Alpharetta, GA	2001	1996	90,501	90.4%	663	Y	80.3%
Atlanta, GA	2012	2008	66,675	90.9%	606	N	100.0%
Austell, GA	2006	2000	83,675	92.3%	663	Y	64.2%
Decatur, GA	1998	1986	145,280	90.0%	1,246	Y	2.5%
Duluth, GA	2011	2009	70,885	89.5%	586	N	100.0%
Lawrenceville, GA	2011	1999	73,615	88.0%	603	Y	27.4%

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Norcross I, GA	2001	1997	85,420	92.0%	590	Y	65.7%
Norcross III, GA	2012	2007	47,220	88.1%	491	N	100.0%
Peachtree City I, GA	2001	1997	49,875	93.5%	446	N	75.7%
Smyrna, GA	2001	2000	57,015	85.7%	495	Y	98.8%
Suwanee I, GA	2007	2000/03	85,125	89.3%	671	Y	28.2%
Addison, IL	2004	1979	31,325	89.9%	367	Y	0.0%
Bartlett, IL	2004	1987	51,425	89.0%	408	Y	32.2%
Bolingbrook, IL	2014	2004	80,070	89.6%	724	N	77.1%
Chicago II, IL	2014	1953	78,980	73.6%	759	N	85.4%
Countryside, IL	2014	2002	99,931	88.5%	900	N	98.7%
Elk Grove Village, IL	2004	1987	64,104	95.4%	621	Y	7.2%
Glenview, IL	2004	1998	100,085	91.5%	738	Y	100.0%
Hanover, IL	2004	1987	41,190	89.0%	416	Y	2.2%
Joliet, IL	2004	1993	72,865	94.5%	533	Y	93.6%
Lombard, IL	2004	1981	57,691	89.0%	536	Y	26.0%
Mundelein, IL	2004	1990	44,700	90.4%	485	Y	12.3%
Plainfield I, IL	2004	1998	53,900	83.3%	402	N	8.7%
Schaumburg, IL	2004	1988	31,160	87.4%	319	N	5.3%
Warrenville, IL	2005	1977/89	48,796	88.9%	378	N	0.0%
West Chicago, IL	2004	1979	48,175	86.3%	432	Y	0.0%
Wheeling I, IL	2004	1974	54,210	89.4%	492	N	0.0%
Woodridge, IL	2004	1987	50,232	89.2%	464	Y	17.2%
Boston I, MA	2010	1950	33,286	79.1%	584	N	99.8%
Boston III, MA	2014	1960	108,205	86.1%	1,098	N	25.1%

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Facility Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Cubes	Manager Apartment (3)	% Climate Controlled (4)
Leominster, MA	1998	1987/88/00	54,023	88.3%	506	Y	50.8%
Medford, MA	2007	2001	58,725	92.6%	657	Y	97.1%
Stoneham, MA	2013	2009/11	60,900	90.5%	588	N	99.8%
Tewksbury, MA	2014	2007	61,832	88.1%	750	N	100.0%
Baltimore, MD	2001	1999/00	93,550	88.6%	805	Y	48.6%
Beltsville, MD	2013	2006	63,707	86.0%	648	Y	9.7%
California, MD	2004	1998	77,840	85.6%	720	Y	41.3%
Clinton, MD	2013	2008/10	84,225	89.1%	903	Y	51.3%
District Heights, MD	2011	2007	78,490	87.5%	956	Y	96.1%
Elkridge, MD	2013	1999	63,525	88.5%	602	Y	91.2%
Gaithersburg, MD	2005	1998	87,045	87.8%	789	Y	45.3%
Hyattsville, MD	2013	2006	52,765	81.4%	602	Y	9.3%
Laurel, MD	2001	1978/99/00	162,696	88.9%	1,009	N	64.2%
Temple Hills I, MD	2001	2000	97,150	86.7%	825	Y	70.5%
Temple Hills II, MD	2014	2010	84,100	84.8%	1,018	N	99.3%
Timonium, MD	2014	1965/98	66,717	87.4%	664	N	96.1%
Upper Marlboro, MD	2013	2006	62,290	88.2%	661	Y	5.4%
Belmont, NC	2001	1996/97/98	81,850	95.2%	595	N	21.6%
Burlington I, NC	2001	1990/91/93/94/98	109,396	88.9%	952	N	8.4%
Burlington II, NC	2001	1991	42,165	87.9%	394	Y	16.4%
Cary, NC	2001	1993/94/97	112,402	89.3%	798	N	11.9%
Charlotte, NC	2002	1999	69,000	91.3%	746	Y	44.3%
Raleigh, NC	1998	1994/95	48,675	93.7%	421	Y	11.6%
Bordentown, NJ	2012	2006	50,600	91.9%	383	N	27.0%
Brick, NJ	1996	1981	51,725	92.0%	436	N	0.0%
Cherry Hill I, NJ	2010	2004	51,500	92.6%	371	Y	0.0%
Cherry Hill II, NJ	2012	2004	64,825	90.2%	610	N	94.4%
Clifton, NJ	2005	2001	105,550	90.1%	1,010	Y	92.7%
Cranford, NJ	1996	1987	91,280	91.5%	854	Y	7.8%
East Hanover, NJ	1996	1983	107,679	92.8%	969	N	3.4%
Egg Harbor I, NJ	2010	2005	35,825	96.0%	285	N	14.3%
Egg Harbor II, NJ	2010	2002	70,400	92.3%	684	N	19.8%
Elizabeth, NJ	2005	1925/97	38,830	92.2%	674	N	0.0%
Fairview, NJ	1997	1989	27,876	88.9%	446	N	98.4%
Freehold, NJ	2012	2002	81,420	93.2%	748	Y	65.6%
Hamilton, NJ	2006	1990	70,450	92.8%	612	Y	0.0%
Hoboken, NJ	2005	1945/97	34,180	90.6%	743	N	99.2%
Linden, NJ	1996	1983	100,425	92.6%	1,118	N	5.3%
Lumberton, NJ	2012	2004	96,025	87.5%	772	Y	32.4%
Morris Township, NJ (6)	1997	1972	71,976	88.1%	562	Y	5.7%
Parsippany, NJ	1997	1981	58,550	92.2%	447	N	17.3%
Rahway, NJ	2013	2006	83,121	93.4%	982	Y	92.2%
Randolph, NJ	2002	1998/99	52,565	91.3%	541	N	91.2%
Sewell, NJ	2001	1984/98	57,826	91.1%	454	N	9.4%
Somerset, NJ	2012	2000	57,485	89.2%	512	N	82.7%
Whippany, NJ	2013	2007	92,070	91.0%	938	Y	85.9%
Albuquerque I, NM	2005	1985	65,927	91.7%	603	Y	13.7%
Albuquerque II, NM	2005	1985	58,798	88.1%	518	Y	15.0%

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Albuquerque III, NM	2005	1986	57,536	91.8%	490	Y	11.8%
Las Vegas I, NV	2006	1986	48,332	83.8%	361	Y	13.6%
Bronx I, NY	2010	1931/04	69,308	87.9%	1,322	N	97.4%
Bronx III, NY	2011	2007	106,065	87.5%	2,034	N	99.1%
Bronx V, NY (5)	2011	2007	54,733	84.1%	1,100	N	99.5%
Bronx VII, NY (5)	2012	2005	78,625	88.2%	1,524	N	100.0%
Bronx IX, NY	2012	1973	147,720	87.7%	2,999	Y	99.6%
Bronx XI, NY (5) *	2014	2014	46,902	50.1%	1,110	N	98.7%
Brooklyn II, NY	2010	1962/03	60,920	90.7%	1,145	N	18.8%
Brooklyn IV, NY	2011	2006	37,467	88.7%	793	N	99.9%
Brooklyn VI, NY	2011	2007	75,640	90.6%	1,414	N	97.7%
Brooklyn VIII, NY	2014	2010	61,075	94.8%	1,192	N	91.9%
Jamaica I, NY	2001	2000	88,385	91.3%	920	Y	21.4%
Long Island City, NY *	2014	2014	89,125	6.5%	1,954	N	100.0%
New Rochelle II, NY	2012	1917	63,145	86.4%	1,023	Y	93.9%
Patchogue, NY	2014	1982	47,739	83.1%	467	N	0.0%
Southold, NY	2005	1989	59,595	93.6%	608	N	4.8%
Tuckahoe, NY	2011	2007	51,343	87.0%	759	N	99.9%
White Plains, NY	2011	1938	86,465	88.2%	1,507	N	77.9%
Wyckoff, NY	2010	1910/07	61,565	91.3%	1,042	N	96.2%
Cleveland I, OH	2005	1997/99	46,000	85.0%	342	Y	7.3%
Columbus I, OH	2006	1999	71,905	91.4%	604	Y	26.1%
Columbus III, OH	2014	1998/05	51,400	85.1%	401	N	0.0%
Columbus V, OH	2014	2006	60,925	77.9%	583	N	16.6%

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Grove City, OH	2006	1997	89,290	88.8%	779	Y	15.0%
[redacted]							
Lakewood, OH	1989*	1989	39,332	91.4%	456	Y	37.8%
[redacted]							
Middleburg Heights, OH	1980*	1980	93,200	86.4%	693	Y	5.0%
[redacted]							
North Olmsted II, OH	1988*	1988	47,850	88.8%	398	Y	24.0%
[redacted]							
Reynoldsburg, OH	2006	1979	67,245	92.9%	665	Y	0.0%
[redacted]							
Warrensville Heights, OH	1980*	1980/82/98	90,281	90.6%	718	Y	0.0%
[redacted]							
Conshohocken, PA	2012	2003	81,255	87.5%	732	Y	39.5%
[redacted]							
Langhorne, PA	2012	2001	65,050	85.4%	665	Y	58.8%
[redacted]							
Malvern, PA *	2013	2013	18,848	94.8%	232	N	100.0%
[redacted]							
Norristown, PA	2011	2005	54,911	89.3%	518	N	99.8%
[redacted]							
Philadelphia II, PA	2014	2005	68,239	88.3%	855	N	58.1%
[redacted]							
Johnston, RI	2014	2000	80,725	90.0%	575	N	0.0%
[redacted]							
Woonsocket, RI	2014	2004	72,704	86.2%	603	N	11.4%
[redacted]							
Nashville I, TN	2005	1984	103,840	89.1%	697	Y	0.0%
[redacted]							
Nashville III, TN	2006	1985	101,575	89.0%	599	Y	8.5%
[redacted]							
Allen, TX	2012	2003	62,870	88.0%	501	Y	56.9%
[redacted]							
Austin II, TX	2006	2000/03	65,151	91.7%	593	Y	45.9%
[redacted]							
Austin IV, TX	2014	2004	65,370	97.1%	628	N	18.7%
[redacted]							
Austin VI, TX	2014	2004	62,770	93.4%	751	N	55.2%
[redacted]							
Carrollton, TX	2012	2002	77,140	92.4%	538	Y	39.6%
[redacted]							
Cypress, TX	2012	1998	58,181	94.0%	446	Y	46.0%
[redacted]							
Dallas II, TX	2013	1996	79,123	93.3%	601	Y	27.7%
[redacted]							
Denton, TX	2006	1996	60,846	87.9%	457	Y	3.3%
[redacted]							

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El Paso II, TX	2005	1980	48,800	87.1%	419	Y	0.0%
El Paso IV, TX	2005	1983	66,906	87.6%	518	Y	2.9%
El Paso VI, TX	2005	1985	36,620	90.4%	254	Y	0.0%
Fort Worth I, TX	2005	2000	50,246	91.3%	403	Y	38.8%
Frisco I, TX	2005	1996	50,754	88.4%	428	Y	25.6%
Frisco III, TX	2006	2004	74,765	87.5%	622	Y	92.5%
Frisco V, TX	2014	2002	74,490	87.6%	552	N	59.6%
Garland I, TX	2006	1991	70,100	91.5%	680	Y	4.3%
Houston III, TX	2005	1984	60,820	96.8%	459	Y	9.1%
Houston V, TX	2006	1980/97	125,135	90.8%	1,007	Y	61.7%
Houston VII, TX	2012	2004	47,102	90.4%	522	N	100.0%
Houston IX, TX	2012	1992	51,218	92.5%	432	Y	47.9%
Keller, TX	2006	2000	61,885	91.0%	486	Y	23.2%
Lewisville II, TX	2013	2003	127,609	90.3%	1,193	Y	29.0%
Mansfield II, TX	2012	2002	57,775	93.7%	483	Y	68.2%
McKinney II, TX	2006	1996	70,050	88.7%	537	Y	47.3%
North Richland Hills, TX	2005	2002	57,200	91.4%	431	Y	60.3%
Richmond, TX	2013	1998	102,278	92.6%	538	Y	29.8%
San Antonio I, TX	2005	2005	73,309	86.6%	575	Y	89.4%
San Antonio III, TX	2007	2006	71,775	88.9%	566	N	93.7%
Murray I, UT	2005	1976	60,280	85.0%	622	Y	0.0%
Salt Lake City I, UT	2005	1976	56,446	91.1%	726	Y	0.0%
Alexandria, VA	2012	2000	114,150	87.9%	1,150	Y	97.2%
Fairfax, VA	2012	1999	73,325	88.3%	676	N	88.3%

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[redacted]							
Fredericksburg I, VA	2005	2001/04	69,475	89.1%	611	N	22.0%
[redacted]							
Leesburg, VA	2011	2001/04	85,503	87.2%	890	Y	83.9%
[redacted]							
McLearen, VA	2010	2002	68,960	87.0%	722	Y	90.9%
[redacted]							
Total/Weighted Average (421 facilities)			**28,621,742**	**89.1%**	**277,336**		

* Denotes facilities developed by us or acquired at development completion.

Denotes facilities that contain commercial rentable square footage. All of this commercial space, which was developed in conjunction with the self-storage cubes, is located within or adjacent to our self-storage facilities and is managed by our self-storage facility managers. As of December 31, 2014, facilities in our owned portfolio included an aggregate of approximately 271,000 rentable square feet of commercial space.

(1) Represents the year acquired for those facilities we acquired from a third party or the year of completion for those facilities we developed.

(2) Represents occupied square feet at December 31, 2014 divided by total rentable square feet.

(3) Indicates whether a facility has an on-site apartment where a manager resides.

(4) Represents the percentage of rentable square feet in climate-controlled cubes.

(5) We do not own the land at these facilities. We lease the land pursuant to ground leases that expire between 2052 and 2061, subject to renewal options.

(6) We have ground leases for certain small parcels of land adjacent to these facilities that expire between 2015 and 2019.

We have grown by adding facilities to our portfolio through acquisitions and development. The tables set forth below show the average occupancy, annual rent per occupied square foot, average occupied square feet and total revenues for our facilities owned as of December 31, 2014, and for each of the previous three years, grouped by the year during which we first owned or operated the facility.

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Facilities by Year Acquired - Average Occupancy

Year Acquired (1)	# of Facilities	Rentable Square Feet	Average Occupancy 2014	2013	2012
2011 and earlier	309	20,541,389	90.9%	88.3%	82.7%
2012	37	2,634,103	90.7%	87.6%	83.8%
2013	20	1,474,667	87.2%	80.6%	
2014	55	3,971,583	85.6%		
All Facilities Owned as of December 31, 2014	421	28,621,742	90.3%	88.0%	82.8%

Facilities by Year Acquired - Annual Rent Per Occupied Square Foot (2)

Year Acquired (1)	# of Facilities	Rent per Square Foot 2014	2013	2012
2011 and earlier	309	$ 13.94	$ 13.49	$ 13.43
2012	37	18.86	18.15	15.55
2013	20	14.70	12.44	
2014	55	14.61		
All Facilities Owned as of December 31, 2014	421	$ 14.52	$ 13.93	$ 13.67

Facilities by Year Acquired - Average Occupied Square Feet (3)

Year Acquired (1)	# of Facilities	Average Occupied Square Feet 2014	2013	2012
2011 and earlier	309	18,654,548	18,078,248	16,994,512
2012	37	2,389,049	2,309,401	2,199,295
2013	20	1,287,062	1,191,148	
2014	55	3,269,341		
All Facilities Owned as of December 31, 2014	421	25,600,000	21,578,797	19,193,807

Facilities by Year Acquired - Total Revenues (dollars in thousands)

Year Acquired (1)	# of Facilities	Total Revenues 2014	2013	2012
2011 and earlier	309	$ 276,405	$ 257,919	$ 239,331
2012	37	47,429	43,926	19,028
2013	20	20,070	7,048	
2014	55	21,611		

All Facilities Owned as of December 31, 2014	421	$	365,515	$	308,893	$	258,359

(1) Represents the year acquired for those facilities we acquired from a third party or the year developed for those facilities we developed.

(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 $15.7 million, $15.7 million and $15.0 million, for the periods ended December 31, 2014, 2013 and 2012.

(3) Represents the average of the aggregate month-end occupied square feet for the twelve-month period for each group of facilities.

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Unconsolidated Real Estate Venture

On December 10, 2013, we acquired a 50% ownership interest in an unconsolidated real estate venture, which we refer to as HHF, that owns 35 self-storage facilities located in Texas (34) and North Carolina (1). These facilities contain an aggregate of 2.4 million rentable square feet. The joint venture paid $315.7 million for these facilities. We and our joint venture partner each contributed 50% of the equity capital to fund the acquisition. On May 1, 2014, HHF obtained a $100 million loan secured by the 34 self-storage facilities located in Texas. The loan bears interest at 3.59% per annum and matures on April 30, 2021. This financing completed the planned capital structure of HHF and proceeds (net of closing costs) of $99.2 million were distributed proportionately to the partners. We account for our investment in the HHF joint venture using the equity method. See note 5 to the consolidated financial statements.

Planned Renovations and Improvements

We have a capital improvement program that includes office upgrades, adding climate control to selected cubes, construction of parking areas and other facility upgrades. For 2015, we anticipate spending approximately $7 million to $11 million associated with these capital expenditures.

ITEM 3. ***LEGAL PROCEEDINGS***

We are involved in claims from time to time, which arise in the ordinary course of business. In the opinion of management, we have made adequate provisions for potential liabilities, if any, arising from any such matters. However, litigation is inherently unpredictable, and the costs and other effects of pending or future litigation, governmental investigations, legal and administrative cases and proceedings (whether civil or criminal), settlements, judgments and investigations, claims and changes in any such matters, could have a material adverse effect on our business, financial condition and operating results.

ITEM 4. ***MINING SAFETY DISCLOSURES***

Not applicable.

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PART II

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

As of December 31, 2014, there were approximately 65 registered record holders of the Parent Company s common shares and 11 holders (other than the Parent Company) of the Operating Partnership s common units. These figures do not include common shares held by brokers and other institutions on behalf of shareholders. There is no established trading market for units of the Operating Partnership. The following table shows the high and low closing prices per common share, as reported by the New York Stock Exchange, and the cash dividends declared with respect to such shares:

	High	Low	Cash Dividends Declared per Share
2013			
First quarter	$ 15.92	$ 14.24	$ 0.11
Second quarter	$ 17.57	$ 15.48	$ 0.11
Third quarter	$ 17.96	$ 15.94	$ 0.11
Fourth quarter	$ 19.48	$ 15.12	$ 0.13
2014			
First quarter	$ 17.98	$ 15.63	$ 0.13
Second quarter	$ 18.78	$ 17.60	$ 0.13
Third quarter	$ 19.10	$ 17.81	$ 0.13
Fourth quarter	$ 22.92	$ 18.01	$ 0.16

For each quarter in 2013 and 2014, the Operating Partnership paid a cash distribution per unit in an amount equal to the dividend paid on a common share for each such quarter.

Since our initial quarter as a publicly-traded REIT, we have made regular quarterly distributions to our shareholders. Distributions to shareholders are usually 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, we provide each of the Parent Company s common shareholders a statement detailing 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 dividends for 2014 consisted of a 94.143% ordinary income distribution and a 5.857% capital gain distribution from earnings and profits.

Distributions to 7.75% Series A Cumulative Redeemable Preferred Shareholders are usually 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, we provide each of the Parent Company s preferred shareholders a statement detailing preferred distributions paid during the preceding year and their characterization as ordinary income, capital gain or return of capital. The characterization of our preferred dividends for 2014 consisted of a 92.837% ordinary income distribution and a 7.163% capital gain distribution from earnings and profits.

We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions. Under our Credit Facility, we are restricted from paying distributions on the Parent Company s common shares in excess of the greater of (i) 95% of our funds from operations, and (ii) such amount as may be necessary to maintain our REIT status.

To the extent that we make distributions in excess of our earnings and profits, as computed for federal income tax purposes, these distributions will represent a return of capital, rather than 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 as a dividend 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 higher gain upon a subsequent sale of 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.

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Share Performance Graph

The SEC requires us to present a chart comparing the cumulative total shareholder return, assuming reinvestment of dividends, on our common shares with the cumulative total 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 shareholder return for our common shares with the cumulative shareholder return of companies on (i) the S&P 500 Index, (ii) the Russell 2000 and (iii) the NAREIT All Equity REIT Index as provided by NAREIT for the period beginning December 31, 2009 and ending December 31, 2014.

	Period Ending					
Index	**12/31/09**	**12/31/10**	**12/31/11**	**12/31/12**	**12/31/13**	**12/31/14**
CubeSmart	100.00	131.90	151.63	215.03	241.93	344.85
S&P 500	100.00	115.06	117.49	136.30	180.44	205.14
Russell 2000	100.00	126.86	121.56	141.43	196.34	205.95
NAREIT All Equity REIT Index	100.00	127.95	138.55	165.84	170.58	218.38

On September 27, 2007, the Parent Company announced that the Board of Trustees approved a share repurchase program for up to 3.0 million of the Parent Company s outstanding common shares. Unless terminated earlier by resolution of the Board of Trustees, the program will expire when the number of authorized shares has been repurchased. The Parent Company has made no repurchases under this program to date and there were no other repurchases of the Parent Company s common shares during the year ended December 31, 2014.

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ITEM 6. ***SELECTED FINANCIAL DATA***

CUBESMART

The following table sets forth selected financial and operating data on a historical consolidated basis for the Parent Company. The selected historical financial data as of and for the five-year period ended December 31, 2014 are derived from the Parent Company s consolidated financial statements, which have been audited by KPMG LLP, an independent registered public accounting firm. The consolidated financial statements as of December 31, 2014 and 2013, and for each of the years in the three-year period ended December 31, 2014, and the report thereon, are included herein. The information presented below under the caption Selected Operating Data is not derived from the financial statements.

The following data should be read in conjunction with the audited financial statements and notes thereto of the Parent Company and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Report.

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	For the year ended December 31, 2014	2013	2012	2011	2010
	(in thousands, except per share data)				
REVENUES					
Rental income	$ 330,898	$ 281,250	$ 236,160	$ 188,249	$ 165,631
Other property related income	40,065	32,365	25,821	18,987	15,697
Property management fee income	6,000	4,780	4,341	3,768	2,829
Total revenues	376,963	318,395	266,322	211,004	184,157
OPERATING EXPENSES					
Property operating expenses	132,701	118,222	103,488	87,570	78,581
Depreciation and amortization	126,813	112,313	109,830	61,972	53,410
General and administrative	28,422	29,563	26,131	24,693	25,406
Acquisition related costs	7,484	3,849	3,086	3,823	759
Total operating expenses	295,420	263,947	242,535	178,058	158,156
OPERATING INCOME	81,543	54,448	23,787	32,946	26,001
OTHER (EXPENSE) INCOME					
Interest:					
Interest expense on loans	(46,802)	(40,424)	(40,318)	(32,787)	(37,367)
Loan procurement amortization expense	(2,190)	(2,058)	(3,279)	(5,028)	(6,463)
Loan procurement amortization expense - early repayment of debt		(414)		(8,167)	
Equity in losses of real estate ventures	(6,255)	(1,151)	(745)	(281)	
Gain from remeasurement of investment in real estate venture			7,023		
Gain from sale of real estate	475				
Other	(405)	8	256	(83)	386
Total other expense	(55,177)	(44,039)	(37,063)	(46,346)	(43,444)
INCOME (LOSS) FROM CONTINUING OPERATIONS	26,366	10,409	(13,276)	(13,400)	(17,443)
DISCONTINUED OPERATIONS					
Income from discontinued operations	336	4,145	7,093	11,944	9,598
Gain from disposition of discontinued operations		27,440	9,811	3,903	1,826
Total discontinued operations	336	31,585	16,904	15,847	11,424
NET INCOME (LOSS)	26,702	41,994	3,628	2,447	(6,019)
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS					
Noncontrolling interests in the Operating Partnership	(307)	(588)	107	(35)	381
Noncontrolling interest in subsidiaries	(16)	42	(1,918)	(2,810)	(1,755)
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY	26,379	41,448	1,817	(398)	(7,393)
Distribution to preferred shareholders	(6,008)	(6,008)	(6,008)	(1,218)	
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY S COMMON SHAREHOLDERS	$ 20,371	$ 35,440	$ (4,191)	$ (1,616)	$ (7,393)
Basic earnings (loss) per share from continuing operations attributable to common shareholders	$ 0.13	$ 0.03	$ (0.17)	$ (0.16)	$ (0.19)
Basic earnings per share from discontinued operations attributable to common shareholders	$ 0.01	$ 0.23	$ 0.14	$ 0.14	$ 0.11
	$ 0.14	$ 0.26	$ (0.03)	$ (0.02)	$ (0.08)

Basic earnings (loss) per share attributable to common shareholders										
Diluted earnings (loss) per share from continuing operations attributable to common shareholders	$	0.13	$	0.03	$	(0.17)	$	(0.16)	$	(0.19)
Diluted earnings per share from discontinued operations attributable to common shareholders	$	0.01	$	0.23	$	0.14	$	0.14	$	0.11
Diluted earnings (loss) per share attributable to common shareholders	$	0.14	$	0.26	$	(0.03)	$	(0.02)	$	(0.08)
Weighted-average basic shares outstanding (1)		149,107		135,191		124,548		102,976		93,998
Weighted-average diluted shares outstanding (1)		150,863		137,742		124,548		102,976		93,998
AMOUNTS ATTRIBUTABLE TO THE COMPANY S COMMON SHAREHOLDERS:										
Income (loss) from continuing operations	$	20,040	$	4,392	$	(20,689)	$	(16,734)	$	(18,223)
Total discontinued operations		331		31,048		16,498		15,118		10,830
Net income (loss)	$	20,371	$	35,440	$	(4,191)	$	(1,616)	$	(7,393)

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	At December 31, 2014	2013	2012	2011	2010
Balance Sheet Data (in thousands):					
Storage facilities, net	$ 2,625,129	$ 2,155,170	$ 2,089,707	$ 1,788,720	$ 1,428,491
Total assets	2,786,339	2,358,624	2,150,319	1,875,979	1,478,819
Unsecured senior notes	500,000	500,000	250,000		
Revolving credit facility	78,000	38,600	45,000		43,000
Unsecured term loans	400,000	400,000	500,000	400,000	200,000
Mortgage loans and notes payable	195,851	200,218	228,759	358,441	372,457
Total liabilities	1,286,898	1,229,142	1,112,420	830,925	668,266
Noncontrolling interests in the Operating Partnership	49,823	36,275	47,990	49,732	45,145
Total CubeSmart shareholders equity	1,448,026	1,092,276	989,791	955,913	724,216
Noncontrolling interests in subsidiaries	1,592	931	118	39,409	41,192
Total liabilities and equity	2,786,339	2,358,624	2,150,319	1,875,979	1,478,819
Other Data:					
Number of facilities	421	366	381	370	363
Total rentable square feet (in thousands)	28,622	24,662	25,485	24,420	23,635
Occupancy percentage	89.1%	88.3%	84.4%	78.4%	76.3%
Cash dividends declared per share (2)	$ 0.550	$ 0.460	$ 0.350	$ 0.290	$ 0.145

(1) OP units have been excluded from the earnings per share calculations as the related income or loss is presented in noncontrolling interests in the Operating Partnership.

(2) We announced full quarterly dividends of $0.025 per common share on February 24, 2010, June 2, 2010, and August 4, 2010; dividends of $0.070 per common share on December 14, 2010, February 23, 2011, June 1, 2011, and August 3, 2011; dividends of $0.080 and $0.393 per common and preferred shares, respectively, on December 8, 2011; dividends of $0.080 and $0.484 per common and preferred shares, respectively, on February 21, 2012, May 30, 2012 and August 1, 2012; dividends of $0.110 and $0.484 per common and preferred shares, respectively, on December 10, 2012, February 21, 2013, May 29, 2013, and August 7, 2013; dividends of $0.130 and $0.484 per common and preferred shares, respectively, on December 19, 2013, February 25, 2014, May 28, 2014, and August 5, 2014, and dividends of $0.160 and $0.484 per common and preferred shares, respectively, on December 16, 2014.

CUBESMART, L.P.

The following table sets forth selected financial and operating data on a historical consolidated basis for the Operating Partnership. The selected historical financial data as of and for the five-year period ended December 31, 2014 are derived from the Operating Partnership s consolidated financial statements, which have been audited by KPMG LLP, an independent registered public accounting firm. The consolidated financial statements as of December 31, 2014 and 2013, and for each of the years in the three-year period ended December 31, 2014, and the report thereon, are included herein. The information presented below under the caption Selected Operating Data is not derived from the financial statements.

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	2014	2013	2012	2011	2010
	(in thousands, except per unit data)				
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Rental income	$ 330,898	$ 281,250	$ 236,160	$ 188,249	$ 165,631
Other property related income	40,065	32,365	25,821	18,987	15,697
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Gain from sale of real estate	475				
Other	(405)	8	256	(83)	386
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NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS					
Noncontrolling interest in subsidiaries	(16)	42	(1,918)	(2,810)	(1,755)
NET INCOME (LOSS) ATTRIBUTABLE TO CUBESMART L.P.	26,686	42,036	1,710	(363)	(7,774)
Operating Partnership interests of third parties	(307)	(588)	107	(35)	381
NET INCOME (LOSS) ATTRIBUTABLE TO OPERATING PARTNER	26,379	41,448	1,817	(398)	(7,393)
Distribution to preferred unitholders	(6,008)	(6,008)	(6,008)	(1,218)	
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON UNITHOLDERS	$ 20,371	$ 35,440	$ (4,191)	$ (1,616)	$ (7,393)
Basic earnings (loss) per unit from continuing operations attributable to common unitholders	$ 0.13	$ 0.03	$ (0.17)	$ (0.16)	$ (0.19)
Basic earnings per unit from discontinued operations attributable to common	$ 0.01	$ 0.23	$ 0.14	$ 0.14	$ 0.11

unitholders										
Basic earnings (loss) per unit attributable to common unitholders	$	0.14	$	0.26	$	(0.03)	$	(0.02)	$	(0.08)
Diluted earnings (loss) per unit from continuing operations attributable to common unitholders	$	0.13	$	0.03	$	(0.17)	$	(0.16)	$	(0.19)
Diluted earnings per unit from discontinued operations attributable to common unitholders	$	0.01	$	0.23	$	0.14	$	0.14	$	0.11
Diluted earnings (loss) per unit attributable to common unitholders	$	0.14	$	0.26	$	(0.03)	$	(0.02)	$	(0.08)
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Total CubeSmart L.P. Capital	1,448,026	1,092,276	989,791	955,913	724,216
Noncontrolling interests in subsidiaries	1,592	931	118	39,409	41,192
Total liabilities and capital	2,786,339	2,358,624	2,150,319	1,875,979	1,478,819
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Occupancy percentage	89.1%	88.3%	84.4%	78.4%	76.3%
Cash dividends declared per unit (2)	$ 0.550	$ 0.460	$ 0.350	$ 0.290	$ 0.145

(1) OP units have been excluded from the earnings per unit calculations as the related income or loss is presented in Operating Partnership interest of third parties.

(2) We announced full quarterly dividends of $0.025 per common unit on February 24, 2010, June 2, 2010, and August 4, 2010; dividends of $0.070 per common unit on December 14, 2010, February 23, 2011, June 1, 2011, and August 3, 2011; dividends of $0.080 and $0.393 per common and preferred units, respectively, on December 8, 2011; dividends of $0.080 and $0.484 per common and preferred units, respectively, on February 21, 2012, May 30, 2012 and August 1, 2012; dividends of $0.110 and $0.484 per common and preferred units, respectively, on December 10, 2012, February 21, 2013, May 29, 2013, and August 7, 2013; dividends of $0.130 and $0.484 per common and preferred units, respectively, on December 19, 2013, February 25, 2014, May 28, 2014, and August 5, 2014, and dividends of $0.160 and $0.484 per common and preferred units, respectively, on December 16, 2014.

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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 of the statements we make in this section are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section in this Report entitled Forward-Looking Statements. Certain risk factors may cause actual results, performance or achievements to differ materially from those expressed or implied by the following discussion. 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 acquisition of self-storage facilities. The Parent Company s operations are conducted solely through the Operating Partnership and its subsidiaries. The Parent Company has elected to be taxed as a REIT for U.S. federal income tax purposes. As of December 31, 2014 and December 31, 2013, we owned 421 and 366 self-storage facilities, respectively, totaling approximately 28.6 million and 24.7 million rentable square feet, respectively. As of December 31, 2014, we owned facilities in the District of Columbia and the following 22 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Utah and Virginia. In addition, as of December 31, 2014, we managed 174 facilities for third parties (including 35 facilities containing an aggregate of approximately 2.4 million rentable square feet as part of an unconsolidated real estate venture) bringing the total number of facilities we owned and/or managed to 595. As of December 31, 2014, we managed facilities for third parties in the following 21 states: Alabama, Arizona, California, Colorado, Florida, Georgia, Illinois, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas and Virginia.

We derive revenues principally from rents received from customers who rent cubes at our self-storage facilities under month-to-month leases. Therefore, our operating results depend materially on our ability to retain our existing customers and lease our available self-storage cubes to new customers while maintaining and, where possible, increasing our pricing levels. In addition, our operating results depend on the ability of our customers to make required rental payments to us. Our approach to the management and operation of our facilities combines centralized marketing, revenue management and other operational support with local operations teams that provide market-level oversight and control. We believe this approach allows us to respond quickly and effectively to changes in local market conditions, and to maximize revenues by managing rental rates and occupancy levels.

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

Our results of operations may be 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, interest rates, 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 general reduction in the 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 facilities.

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

Our self-storage facilities are located in major metropolitan and suburban areas and have numerous customers per facility. No single customer represents a significant concentration of our revenues. Our facilities in Florida, New York, Texas, and California provided approximately 17%, 17%, 10% and 8%, respectively, of total revenues for the year ended December 31, 2014.

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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 included in this Report. Certain of the accounting policies used in the preparation of these consolidated financial statements are particularly important for an understanding of the financial position and results of operations presented in the historical consolidated financial statements included in this Report. A summary of significant accounting policies is also provided in the notes to our consolidated financial statements (see note 2 to the 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, actual results could 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 portion of these entities not owned by the Company 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), and if the Company is deemed to be the primary beneficiary, in accordance with authoritative guidance issued by the Financial Accounting Standards Board (FASB) on the consolidation of VIEs. When an entity is not deemed to be a VIE, the Company considers the provisions of additional FASB guidance to determine whether a general partner, or the general partners as a group, controls a limited partnership or similar entity when the limited partners have certain rights. The Company consolidates (i) entities that are VIEs and of which the Company is deemed to be the primary beneficiary and (ii) entities that are non-VIEs which 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 Company without cause.

Self-Storage Facilities

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

When facilities are acquired, the purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values. When a portfolio of facilities is acquired, the purchase price is allocated to the individual facilities based upon an income approach or a cash flow analysis using appropriate risk adjusted capitalization rates, which take into account the relative size, age and location of the individual facility along with current and projected occupancy and rental rate levels or appraised values, if available. Allocations to the individual assets and liabilities are based upon comparable market sales information for land, buildings and improvements and estimates of depreciated replacement cost of equipment.

In allocating the purchase price for an acquisition, the Company determines whether the acquisition includes intangible assets or liabilities. The Company allocates a portion of the purchase price to an intangible asset attributable to the value of in-place leases. This intangible asset is generally amortized to expense over the expected remaining term of the respective leases. Substantially all of the leases in place at acquired facilities are at market rates, as the majority 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. To date, no intangible asset has been recorded for the value of customer relationships, because the Company does not have any concentrations of significant customers and the average customer turnover is fairly frequent.

Long-lived assets classified as held for use are reviewed for impairment when events and circumstances such as declines in occupancy and operating results indicate that there may be an impairment. 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 assets to determine if the facility s basis is recoverable. If a facility s basis is not considered recoverable, an impairment loss is recorded to the extent the net carrying value of the asset exceeds 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 impairment losses recognized in accordance with these procedures during the years ended December 31, 2014, 2013 and 2012.

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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 a facility (or group of facilities), (b) the facility is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such facilities, (c) an active program to locate a buyer and other actions required to complete the plan to sell the facility have been initiated, (d) the sale of the facility is probable and transfer of the asset is expected to be completed within one year, (e) the facility 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 it is unlikely that 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 buyer, the assets are immediately available for transfer and there are no contingencies related to the sale that may prevent the transaction from closing. However, each potential transaction is evaluated based on its separate facts and circumstances. Facilities classified as held for sale are reported at the lesser of carrying value or fair value less estimated costs to sell.

Revenue Recognition

Management has determined that all our leases with customers are operating leases. Rental income is recognized in accordance with the terms of the lease agreements or contracts, which generally are month-to-month.

The Company recognizes gains from disposition of facilities only upon closing in accordance with the guidance on sales of real estate. Payments received from purchasers prior to closing are recorded as deposits. Profit on real estate sold is recognized using the full accrual method upon closing when the collectability of the sales price is reasonably assured and the Company is not obligated to perform significant activities after the sale. Profit may be deferred in whole or part until the sale meets the requirements of profit recognition on sales under this guidance.

Share-Based Payments

We apply the fair value method of accounting for contingently issued shares and share options issued under our equity incentive plans. The share compensation expense is recorded ratably over the vesting period relating to such contingently issued shares and options. The Company has elected to recognize compensation expense on a straight-line method over the requisite service period.

Noncontrolling Interests

Noncontrolling interests are the portion of equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent. The ownership interests in the subsidiary that are held by owners other than the parent are noncontrolling interests. In accordance with authoritative guidance issued on noncontrolling interests in consolidated financial statements, such noncontrolling interests are reported on the consolidated balance sheets within equity/capital, separately from the Parent Company s equity/capital. The guidance also requires that noncontrolling interests are adjusted each period so that the carrying value equals the greater of its carrying value based on the accumulation of historical cost or its redemption value. On the consolidated statements of operations, revenues, expenses and net income or loss from less-than-wholly-owned subsidiaries are reported at the consolidated amounts, including both the amounts attributable to the Parent Company and noncontrolling interests. Presentation of consolidated equity/capital activity is included for both quarterly and annual financial statements, including beginning balances, activity for the period and ending balances for shareholders equity/capital, noncontrolling interests and total equity/capital.

Investments in Unconsolidated Real Estate Ventures

The Company accounts for its investments in unconsolidated real estate ventures under the equity method of accounting. Under the equity method, investments in unconsolidated joint ventures are recorded initially at cost, as investments in real estate entities, and subsequently adjusted for equity in earnings (losses), cash contributions, less distributions and impairments. On a periodic basis, management also assesses 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. An investment is impaired only 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. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment, as estimated by management. The determination as to whether impairment exists requires significant management judgment about the fair value of its ownership interest. Fair value is determined through various valuation techniques, including but not limited to, discounted cash flow models, quoted market values and third party appraisals.

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Income Taxes

The Parent Company elected to be taxed as a real estate investment trust under Sections 856-860 of the Internal Revenue Code beginning with the period from October 21, 2004 (commencement of operations) through December 31, 2004. In management s opinion, the requirements to maintain these elections are being met. Accordingly, no provision for federal income taxes has been reflected in the consolidated 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 differences in cost basis, the estimated useful lives used to compute depreciation, and the allocation of net income and loss for financial versus tax reporting purposes.

The Parent 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 annual amount, if any, by which the sum of (a) 85% of the Parent Company s ordinary income, (b) 95% of the Parent Company s net capital gains, and (c) 100% of prior year taxable income exceeds cash distributions and certain taxes paid by the Parent Company.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standard Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP (GAAP) when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company has not yet selected a transition method nor has it determined the effect of the standard on its financial statements and related disclosures.

In April 2014, the FASB issued an update to the accounting standard for the reporting of discontinued operations. The update redefines discontinued operations, changing the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. This amendment becomes effective for annual periods beginning on or after December 15, 2014, and interim periods beginning on or after December 15, 2015; however, early adoption is permitted. The Company elected to adopt this guidance in 2014 and such adoption did not have a material impact on the Company s consolidated financial position or results of operations. The Company disposed of one asset during the year ended December 31, 2014; however, the disposal did not meet the criteria for discontinued operations under the new guidance.

Results of Operations

The following discussion of our results of operations should be read in conjunction with the consolidated financial statements and the accompanying notes thereto. Historical results set forth in the consolidated statements of operations reflect only the existing facilities and should not be taken as indicative of future operations. We consider our same-store portfolio to consist of only those facilities owned and operated on a stabilized basis at the beginning and at the end of the applicable years presented. We consider a facility to be stabilized once it has achieved an occupancy rate that we believe, based on our assessment of market-specific data, is representative of similar self-storage assets in the applicable market for a full year measured as of the most recent January 1 and has not been significantly damaged by natural disaster or undergone significant renovation. We believe that same-store results are useful to investors in evaluating our performance because they provide information relating to changes in facility-level operating performance without taking into account the effects of acquisitions, developments or dispositions. At December 31, 2014, we owned 346 same-store facilities and 75 non-same-store facilities. All of the non-same-store facilities were 2013 and 2014 acquisitions or developed facilities. For analytical presentation, all percentages are calculated using the numbers presented in the 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. At December 31, 2014, 2013 and 2012, we owned 421, 366 and 381 self-storage facilities and related assets, respectively.

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The following table summarizes the change in number of owned self-storage facilities from January 1, 2012 through December 31, 2014:

	2014	2013	2012
Balance - January 1	366	381	370
Facilities acquired	10	1	6
Facilities developed	2		
Facilities sold		(5)	
Balance - March 31	378	377	376
Facilities acquired	9	9	2
Facilities sold			(8)
Balance - June 30	387	386	370
Facilities acquired	3	4	24
Facilities sold		(8)	(7)
Balance - September 30	390	382	387
Facilities acquired	31	6	5
Facilities sold		(22)	(11)
Balance - December 31	421	366	381

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Comparison of the Year Ended December 31, 2014 to the Year Ended December 31, 2013 (dollars in thousands)

	Same-Store Property Portfolio				Non Same-Store Properties		Other/ Eliminations		Total Portfolio			
	2014	2013	Increase/ (Decrease)	% Change	2014	2013	2014	2013	2014	2013	Increase/ (Decrease)	% Change
REVENUES:												
Rental income	$ 291,767	$ 273,105	$ 18,662	6.8%	$ 39,131	$ 8,145	$	$	$ 330,898	$ 281,250	$ 49,648	17.7%
Other property related income	32,111	28,977	3,134	10.8%	5,098	796	2,856	2,592	40,065	32,365	7,700	23.8%
Property management fee income							6,000	4,780	6,000	4,780	1,220	25.5%
Total revenues	323,878	302,082	21,796	7.2%	44,229	8,941	8,856	7,372	376,963	318,395	58,568	18.4%
OPERATING EXPENSES:												
Property operating expenses	102,142	99,681	2,461	2.5%	15,243	4,237	15,316	14,304	132,701	118,222	14,479	12.2%
NET OPERATING INCOME:	221,736	202,401	19,335	9.6%	28,986	4,704	(6,460)	(6,932)	244,262	200,173	44,089	22.0%
Property count	346	346			75	20			421	366		
Total square footage	23,175	23,175			5,447	1,475			28,622	24,650		
Period End Occupancy (1)	90.0%	88.8%			85.1%	80.7%			89.1%	88.3%		
Period Average Occupancy (2)	90.8%	88.2%										
Realized annual rent per occupied sq ft (3)	$ 13.86	$ 13.35										
Depreciation and amortization									126,813	112,313	14,500	12.9%
General and administrative									28,422	29,563	(1,141)	-3.9%
Acquisition related costs									7,484	3,849	3,635	94.4%
Subtotal									162,719	145,725	16,994	11.7%
OPERATING INCOME									81,543	54,448	27,095	49.8%
OTHER (EXPENSE) INCOME												
Interest:												
Interest expense on loans									(46,802)	(40,424)	(6,378)	-15.8%
Loan procurement amortization expense									(2,190)	(2,058)	(132)	-6.4%
Loan procurement amortization expense - early repayment of debt										(414)	414	100.0%
Equity in losses of real estate ventures									(6,255)	(1,151)	(5,104)	-443.4%
Gain from sale of real estate									475		475	100.0%
Other									(405)	8	(413)	-5162.5%
Total other expense									(55,177)	(44,039)	(11,138)	-25.3%
INCOME FROM CONTINUING OPERATIONS									26,366	10,409	15,957	153.3%
DISCONTINUED OPERATIONS												
Income from discontinued operations									336	4,145	(3,809)	-91.9%
Gain from disposition of discontinued operations										27,440	(27,440)	-100.0%
Total discontinued operations									336	31,585	(31,249)	-98.9%

NET INCOME	26,702	41,994	(15,292)	-36.4%
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS				