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, 2011

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.)
460 East Swedesford Road **Suite 3000** **Wayne, Pennsylvania** (Address of Principal Executive Offices)	**19087** (Zip Code)

Registrant s telephone number, including area code **(610) 293-5700**

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 o
CubeSmart, L.P.	Yes x No o

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 o No x
CubeSmart, L.P.	Yes o 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, and (2) has been subject to such filing requirements for the past 90 days.

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

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 o
CubeSmart, L.P.	Yes x No o

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 o
CubeSmart, L.P.	Yes x No o

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 o	Non-accelerated filer o	Smaller reporting company o

CubeSmart, L.P.:

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

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

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

As of June 30, 2011, 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 $1,039,945,763. As of February 27, 2012, the number of common shares of CubeSmart outstanding was 122,851,716.

As of June 30, 2011, the aggregate market value of the 4,729,136 units of limited partnership (the Units) held by non-affiliates of CubeSmart, L.P. was $49,750,511 based upon the last reported sale price of $10.52 per share on the New York Stock Exchange on June 30, 2011 of the common shares of CubeSmart, the sole general partner of CubeSmart, L.P. (For this computation, the market value of all Units beneficially owned by CubeSmart has been excluded.)

Documents incorporated by reference: Portions of the Proxy Statement for the 2012 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, 2011 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, or the Operating Partnership.

The Parent Company is the sole general partner of the Operating Partnership and, as of December 31, 2011, owned a 96.3% general partnership interest in the Operating Partnership. The remaining 3.7% interest consists of common units of limited partnership issued by the Operating Partnership to third parties in exchange for contributions of properties to the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has full and complete authority over the Operating Partnership s day-to-day operations and management.

Management operates the Parent Company and the Operating Partnership as one enterprise. The management teams of the Parent Company and the Operating Partnership acting through its general partner are identical.

There are a few differences between the Parent Company and the Operating Partnership, which are reflected in the note disclosures in this report. The Company believes it is important to understand the differences between the Parent Company and the Operating Partnership in the context of how these entities operate as a consolidated enterprise. The Parent Company is a REIT, whose only material asset is its ownership of the partnership interests of the Operating Partnership and subsidiaries 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 and subsidiaries 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 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. The Parent Company does not have significant assets other than its investment in 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 shares, 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) and

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comprehensive income (loss). Apart from the different equity treatment, the consolidated financial statements of the Parent Company and the Operating Partnership are nearly identical. 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) disclosures and separate 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 each entity have made the requisite certifications and that the Parent Company and 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 and 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 (the Exchange Act). Such statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Although we believe the expectations reflected in these forward-looking statements are based on reasonable assumptions, future events and actual results, performance, transactions or achievements, financial and otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

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

- the competitive environment in which we operate, including our ability to raise 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 status as a REIT for federal income tax purposes;

- acquisition and development risks;
- increases in taxes, fees, and assessments from state and local jurisdictions;
- changes in real estate and zoning laws or regulations;
- risks related to natural disasters;
- regulatory risk- Securities and Exchange Commission (the SEC)/Governance
- potential environmental and other liabilities;
- other factors affecting the real estate industry generally or the self-storage industry in particular; and
- other risks identified from time to time, in other reports we file with the SEC or in other documents that we publicly disseminate.

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 applicable securities laws.

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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, 2011, we owned 370 self-storage facilities located in 26 states and in the District of Columbia containing an aggregate of approximately 24.4 million rentable square feet. As of December 31, 2011, approximately 78.4% of the rentable square footage at our owned facilities was leased to approximately 173,000 tenants, and no single tenant represented a significant concentration of our revenues. As of December 31, 2011 we owned facilities in the District of Columbia and the following 26 states: Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Utah, Virginia and Wisconsin. In addition, as of December 31, 2011, we managed 103 properties for third parties, bringing the total number of properties we owned and/or managed to 473. As of December 31, 2011 we managed facilities in the District of Columbia and the following 26 states: Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Massachusetts, Maryland, Michigan, New Hampshire, Minnesota, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, 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 255, or approximately 69%, of our 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, approximately 72% of our facilities include climate controlled cubes, compared to the national average of 36% reported by the 2011 Self-Storage Almanac.

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, 2011, owned an approximately 96.3% 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, 2011 and 2010, we owned 370 and 363 facilities, respectively, that contained an aggregate of 24.4 million and 23.6 million rentable square feet with occupancy rates of 78.4% and 76.3%, respectively.

On October 24, 2011, we entered into a purchase agreement with the ownership entities to acquire a portfolio of 22 self-storage facilities branded under the name Storage Deluxe that contain an aggregate of approximately 1.6 million rentable square feet (the Storage Deluxe Acquisition). The aggregate purchase price for all the properties in the Storage Deluxe Acquisition is approximately $560 million, comprised of approximately $472 million payable in cash and the assumption of approximately $88 million of existing fixed-rate debt. On November 3, 2011, we acquired 16 of the properties for approximately $357.3 million. The 16 properties purchased are located in New York, Connecticut and Pennsylvania. We anticipate closing on the purchase of the remaining properties with a purchase price of approximately $202.7 million, including the assumption of $88 million of secured fixed-rate debt, immediately following completion of the loan assumption process, which we expect to conclude during the first quarter of 2012.

A complete listing of, and additional information about, our facilities is included in Item 2 of this Annual Report on Form 10-K. The following is a summary of our 2011, 2010 and 2009 acquisition and disposition activity:

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Facility/Portfolio	Location	Transaction Date	Number of Facilities		Purchase / Sales Price (in thousands)
2011 Acquisitions:					
Burke Lake Asset	Fairfax Station, VA	January 2011	1	$	14,000
West Dixie Asset	Miami, FL	April 2011	1		13,500
White Plains Asset	White Plains, NY	May 2011	1		23,000
Phoenix Asset	Phoenix, AZ	May 2011	1		612
Houston Asset	Houston, TX	June 2011	1		7,600
Duluth Asset	Duluth, GA	July 2011	1		2,500
Atlanta Assets	Atlanta, GA	July 2011	2		6,975
District Heights Asset	District Heights, MD	August 2011	1		10,400
Storage Deluxe Assets	Multiple locations in NY, CT, PA and VA	November 2011	16		357,310
Leesburg Asset	Leesburg, VA	November 2011	1		13,000
Washington, DC Asset	Washington, DC	December 2011	1		18,250
			27	$	467,147
2011 Dispositions:					
Flagship Assets	Multiple locations in IN and OH	August 2011	18	$	43,500
Portage Asset	Portage, MI	November 2011	1		1,700
			19	$	45,200
2010 Acquisitions:					
Frisco Asset	Frisco, TX	July 2010	1	$	5,800
New York City Assets	New York, NY	September 2010	2		26,700
Northeast Assets	Multiple locations in NJ, NY and MA	November 2010	5		18,560
Manassas Asset	Manassas, VA	November 2010	1		6,050
Apopka Asset	Orlando, FL	November 2010	1		4,235
Wyckoff Asset	Queens, NY	December 2010	1		13,600
McLearen Asset	McLearen, VA	December 2010	1		10,200
			12	$	85,145
2010 Dispositions:					
Sun City Asset	Sun City, CA	October 2010	1	$	3,100
Inland Empire/Fayetteville Assets	Multiple locations in CA amd NC	December 2010	15		35,000
			16	$	38,100
2009 Dispositions:					
68th Street Asset	Miami, FL	January 2009	1	$	2,973
Albuquerque, NM Asset	Albuquerque, NM	April 2009	1		2,825
S. Palmetto Asset	Ontario, CA	June 2009	1		5,925
Hotel Circle Asset	Albuquerque, NM	July 2009	1		3,600
Jersey City Asset	Jersey City, NJ	August 2009	1		11,625
Dale Mabry Asset	Tampa, FL	August 2009	1		2,800
Winner Assets 1	Multiple locations in CO	September 2009	6		17,300
Baton Rouge Asset (Eminent Domain)	Baton Rouge, LA	September 2009	(b)		1,918
North H Street Asset (Eminent Domain)	San Bernardino, CA	September 2009	1		(c)
Boulder Assets (a)	Boulder, CO	September 2009	4		32,000

Winner Assets 2	Multiple locations in CO	October 2009	2		6,600
Brecksville Asset	Brecksville, OH	November 2009	1		3,300
			20	$	90,866

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(a) The Company provided $17.6 million in seller financing to the buyer as part of the Boulder Assets disposition, which was subsequently repaid during 2010.

(b) Approximately one third of the Baton Rouge Asset was taken in conjunction with eminent domain proceedings. The Company continues to own and operate the remaining two thirds of the asset and includes the asset in the Company s total portfolio property count.

(c) The entirety of the North H Street Asset was taken in conjunction with eminent domain proceedings and the Company removed this asset from its total portfolio asset count. During 2011, the Company received compensation from the state of California. Accordingly, the Company recognized $1.9 million of income during 2011.

The comparability of our results of operations is affected by the timing of acquisition and disposition activities during the periods reported. At December 31, 2011 and 2010, we owned 370 and 363 self-storage facilities and related assets, respectively. The following table summarizes the change in number of owned self-storage facilities from January 1, 2010 through December 31, 2011:

	2011	**2010**
Balance - January 1	363	367
Facilities acquired	1	
Facilities sold		
Balance - March 31	364	367
Facilities acquired	4	
Facilities consolidated	(1)	
Facilities sold		
Balance - June 30	367	367
Facilities acquired	4	3
Facilities sold	(18)	
Balance - September 30	353	370
Facilities acquired	18	9
Facilities sold	(1)	(16)
Balance - December 31	370	363

Financing and Investing Activities

The following summarizes certain financing activities during the year ended December 31, 2011:

- *Storage Deluxe Acquisition.* On November 3, 2011, we acquired 16 properties from Storage Deluxe with a purchase price of approximately $357.3 million. The 16 properties purchased are located in New York, Connecticut and Pennsylvania. In connection with this acquisition, we allocated a portion of the purchase price to the intangible value of in-place leases which aggregated $18.1 million.

- *Facility Acquisitions.* In addition to the Storage Deluxe Acquisition, during the year ended December 31, 2011, we acquired 11 self-storage facilities located throughout the United States for an aggregate purchase price of approximately $109.8 million. In connection with these acquisitions, we allocated a portion of the purchase price to the intangible value of in-place leases which aggregated $7.0 million.

- *Facility Dispositions.* During the year ended December 31, 2011, we sold 19 self-storage facilities located throughout Indiana, Ohio and Michigan for an aggregate sales price of approximately $45.2 million. These sales resulted in the recognition of gains that totaled $3.9 million.

- *Investments in Unconsolidated Real Estate Ventures.* On September 26, 2011, we contributed $15.4 million to the capital of a limited partnership (the HSRE Venture or HSREV) in exchange for a 50% interest in the partnership. HSREV owns nine storage facilities in Pennsylvania, Virginia, New York, New Jersey and Florida. The other partner in HSRE, which holds the remaining 50% interest, is unaffiliated with the Company.

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• *Entered into Term Loan Facility and the 2011 Credit Facility.* On June 20, 2011, we entered into an unsecured Term Loan Agreement (the Term Loan Facility) which consisted of a $100 million term loan with a five-year maturity and a $100 million term loan with a seven-year maturity. A portion of these proceeds were used to repay a $100 million term loan that was part of the prior unsecured credit facility (the Prior Facility). We incurred costs of $2.1 million in connection with executing the agreement and capitalized such costs as a component of loan procurement costs, net of amortization on our consolidated balance sheet. Additionally, we wrote off deferred financing fees related to the repayment of a portion of the Prior Facility, which totaled $2.1 million. On December 9, 2011, we entered into a Credit Agreement providing for a credit facility comprised of a $100 million unsecured term loan maturing in December 2014; a $200 million unsecured term loan maturing in March 2017; and a $300 million unsecured revolving facility maturing in December 2015 (the 2011 Credit Facility). The 2011 Credit Facility replaces in its entirety our Prior Facility, which was last amended on September 29, 2010, and which, as of the date of its replacement, consisted of a $100 million unsecured term loan and a $250 million unsecured revolving credit facility. In connection with obtaining the new 2011 Credit Facility, we paid additional deferred financing costs of $3.4 million and wrote off deferred financing fees related to the Prior Facility of $6.1 million.

• *Offering Proceeds.* During October 2011, we completed a public offering of 23 million common shares at a public offering price of $9.20, which reflects the full exercise by the underwriters of their option to purchase 3 million shares to cover over-allotments. We received approximately $202.5 million in net proceeds from the offering after deducting the underwriting discount and other estimated offering expenses. During November 2011, we completed a public offering of 3.1 million Series A preferred shares at a public offering price of $25.00 per share for gross proceeds of $77.5 million. We received approximately $74.8 million in net proceeds after deducting the underwriting discount and offering expenses. We used proceeds from both these offerings to pay a portion of the cash purchase price of the Storage Deluxe Acquisition. On September 16, 2011, we further amended our sales agreement with Cantor Fitzgerald & Co. (the Sales Agent) dated April 3, 2009, as amended on January 26, 2011 (as amended, the Sales Agreement), to increase the number of common shares that the Sales Agent may sell under the Sales Agreement from 15 million to 20 million. During the year ended December 31, 2011, we sold 140,000 shares under the program at an average sales price of $10.75 per share resulting in net proceeds of $1.5 million. We have sold 8.2 million shares with an average sales price of $7.30 per share resulting in net proceeds of $60.1 million since the inception of the program in 2009.

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 2012, 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.

• **Dispose of facilities not in targeted markets** During 2012, we intend to continue to 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 in markets where we currently maintain management that can be extended to additional facilities. 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.

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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 our named executive officers and led by Dean Jernigan, 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:

- **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 five miles around the facility, for their ability to support above-average demographic growth. We seek to increase our presence primarily in areas that we expect will experience growth, including areas within Illinois, Texas, Florida, Georgia, California and the Northeastern and Middle Atlantic areas of the United States and to enter new 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 tenants per facility. No single tenant represented a significant concentration of our 2011 revenues. Our facilities in Florida, California, Texas and Illinois provided approximately 17%, 12%, 10% and 7%, respectively, of our total 2011 revenues. Our facilities in Florida, California, Texas and Illinois provided approximately 18%, 15%, 10% and 7%, respectively, of our total 2010 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

Although our organizational documents do not limit the amount of debt that we may incur, 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, 2011, 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 and units of the Operating Partnership held by third parties and (b) the carrying value of our total indebtedness) was approximately 36.0% compared to approximately 38.5% as of December 31, 2010. Our ratio of debt to the depreciated cost of our real estate assets as of December 31, 2011 was approximately 42.4% compared to approximately 43.1% as of December 31, 2010. We expect to finance additional investments in self-storage facilities through the most attractive available sources of capital at the time of the transaction, in a manner consistent with maintaining a strong financial position and future financial flexibility. These capital sources may include borrowings under the revolving portion of our 2011 Credit Facility and additional secured or unsecured financings, sales of common or preferred shares of the Parent Company in public offerings or private placements, and issuances of common or preferred units in our Operating Partnership in exchange

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for contributed properties 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

Over the last decade, new self-storage facility development has intensified the competition among self-storage operators in many market areas in which we operate. 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 convenience, security and professionalism.

Our key competitors include local and regional operators as well as the other public self-storage REITS, including Public Storage, Sovran Self Storage 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 generally 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 generally reduce the number of suitable acquisition opportunities available to us, increase the price required to consummate the acquisition of particular facilities and reduce the demand for self-storage space in areas where our facilities are located. 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 environmental regulations that apply generally to the ownership of real property and the operation of self-storage facilities.

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, the Company has purchased environmental liability insurance coverage to indemnify the Company 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 you, 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.

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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.

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 you, 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 properties 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 on our properties and director and officer liability insurance.

Offices

Our principal executive office is located at 460 E. Swedesford Road, Suite 3000, Wayne, PA 19087. Our telephone number is (610) 293-5700. We believe that our current facilities are adequate for our present and future operations.

Employees

As of December 31, 2011, we employed 1,276 employees, of whom 193 were corporate executive and administrative personnel and 1,083 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 Annual Report on Form 10-K.

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 460 E. Swedesford Road, Suite 3000, Wayne, PA 19087.

ITEM 1A. *RISK FACTORS*

Overview

Investors should carefully consider, among other factors, the risks set forth below. 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 operations and hinder our ability to make expected 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 revenues, profitability and results of operations.

The United States recently experienced an economic slowdown that has resulted in higher unemployment, shrinking demand for products, large-scale business failures and tight credit markets. 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. A continuation of, or slow recovery from, ongoing 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.

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 properties, 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, California, Texas, New York, Tennessee, Illinois, and Ohio accounted for approximately 16%, 13%, 11%, 7%, 7%, 7% and 6%, respectively, of our total rentable square feet as of December 31, 2011. 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 that would increase our size and may potentially alter our capital structure. Although we believe that the acquisitions that we expect to undertake in the future will enhance our future financial performance, the success of such transactions is subject to a number of factors, including the risks that:

- we may not be able to obtain financing for acquisitions on favorable terms;

- acquisitions may fail to perform as expected;

- the actual costs of repositioning or redeveloping acquired facilities may be higher than our estimates;

- 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 tenants, vendors

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or other persons arising on account of actions or omissions of the former owners of the facilities; ordinary course of business expenses; and claims by local governments, adjoining property owners, property owner associations, and easement holders for fees, assessments, taxes on other property-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.

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 management information 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 profitability may suffer 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 facilities 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 you that the performance of facilities acquired by us will increase or be maintained under our management.

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 the required distributions to our shareholders in order to maintain our status as a REIT, which may or may not be available on favorable terms, if at all. Our access to external sources of capital depends on a number of things, 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 you of 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;

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- 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 Annual Report on Form 10-K.

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.

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

We have in the past, and 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 risks and significant competition associated with actions taken by our competitors.

Actions by our competitors may decrease or prevent increases of the occupancy and rental rates of our properties. We compete with numerous developers, owners and operators of self-storage, including other REITs, some of which own or may in the future own properties similar to ours in the same submarkets in which our properties 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 current market rates or below the rental rates we currently charge our tenants, we may lose potential tenants, and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants leases expire. As a result, our financial condition, cash flow, cash available for distribution, market price of our stock 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 facilities that we would not have otherwise made. Any unbudgeted capital improvements we undertake may reduce cash available for distributions to our shareholders.

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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.

One type of commercial dispute could involve our use of our brand name and other intellectual property (for example, logos, signage and other marks), for which we generally have common law rights but no federal trademark registration. 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.

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

Certain of our properties serve as collateral for our mortgage-backed debt, some of which was 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 in any respect, the lender could declare a default that could affect our ability to obtain future financing and could 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.

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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 real properties, we are potentially liable for property damage or injuries to persons and property.

Our practice is to conduct or obtain environmental assessments in connection with the acquisition or development of additional facilities. We carry environmental insurance coverage on certain properties 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 you that any environmental assessments performed 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 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. 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. While we attempt to mitigate this risk through offsite backup procedures and contracted data centers that include, in some cases, redundant operations, we could still be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack. In addition, an increasing portion of our business operations are conducted over the Internet, increasing the risk of viruses that could cause system failures and disruptions of operations despite our deployment of anti-virus measures. Experienced computer programmers may be able to penetrate our network security and misappropriate our confidential information, create system disruptions or cause shutdowns.

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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 properties 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;
- 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 property;

- costs of complying with changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes; and

- the relative illiquidity of real estate investments.

In addition, prolonged periods of economic slowdown or recession, rising interest rates 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 properties 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 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 Annual Report on Form 10-K 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 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.

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) 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 for federal income tax purposes, the Operating Partnership or the affected subsidiary partnership 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 or a subsidiary partnership would reduce the amount of cash available for distribution from the Operating Partnership to us and ultimately to our shareholders.

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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, that may result in our having to make distributions at a disadvantageous time or to borrow funds at unfavorable rates. Compliance with this requirement may hinder our ability to operate solely on the basis of maximizing profits.

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

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay certain federal, state and local taxes on our income and property. For example, we will be subject to income tax to the extent we distribute less than 100% of our REIT taxable income, including capital gains. Additionally, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which dividends paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Moreover, if we have net income from prohibited transactions, that income will be subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. We cannot guarantee that sales of our properties would not be prohibited transactions unless we comply with certain statutory safe-harbor provisions.

In addition, any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. We have elected to treat some of our subsidiaries as taxable REIT subsidiaries, and we may elect to treat other subsidiaries as taxable REIT subsidiaries in the future. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct certain interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives or on some deductions taken by a taxable REIT subsidiary if the economic arrangements between the REIT, the REIT s customers, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income because not all states and localities follow the federal income tax treatment of REITs. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our shareholders.

We face possible federal, state and local tax audits.

Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes, but are subject to certain state and local taxes. Certain entities through which we own real estate either have undergone, or are currently undergoing, tax audits. Although we believe that we have substantial arguments in favor of our positions in 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 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 capital stock, additional borrowings (which may include extension of maturity dates), joint ventures or asset sales. There can be no assurance that we will be able to refinance the debt on favorable terms or at all. To the extent we cannot refinance debt on favorable terms or at all, we may be forced to dispose of properties on disadvantageous terms or pay higher interest rates, either of which would have an adverse impact on our financial performance and ability to pay dividends to investors

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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 are likely to 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. Overall 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 nor can there be any assurance we can 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.

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 existing indebtedness. 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 properties. 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 2011 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 2011 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 2011 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.

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 contain no limitations on the amount of indebtedness that we or our Operating Partnership may incur. We could alter the balance between our total outstanding indebtedness and the value of our assets at any time. If we become more highly leveraged, then the resulting increase in debt service could adversely affect our ability to make payments on our outstanding indebtedness and to pay our anticipated distributions and/or the distributions required to maintain our REIT status, and could harm our financial condition.

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Risks Related to our Organization and Structure

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

Our executive team, including our named executive officers, have extensive self-storage, real estate and public company experience. Although we have employment agreements with these 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, 2011, we had 1,083 field 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.

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 on behalf of the Company by them in those capacities 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.

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 the issuance of 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;

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- 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 fluctuations and may continue to fluctuate or decline. Between 2009 and December 31, 2011, our common stock has been particularly volatile as the price of our common stock has ranged from a high of $11.39 to a low of $1.50. In the past several years, REIT stocks have experienced high levels of volatility and significant declines in value from their historic highs. Additionally, as a result of the current global credit crisis and the concurrent economic downturn in the U.S. and globally, there have been significant declines in the values of equity securities generally in the U.S. and abroad.

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 stock 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.

ITEM 1B. ***UNRESOLVED STAFF COMMENTS***

None.

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ITEM 2. ***PROPERTIES***

Overview

As of December 31, 2011, we owned 370 self-storage facilities located in 26 states and the District of Columbia; and aggregating approximately 24.4 million rentable square feet. The following table sets forth certain summary information regarding our facilities by state as of December 31, 2011.

State	Number of Facilities	Number of Units	Total Rentable Square Feet	% of Total Rentable Square Feet	Occupancy
Florida	53	37,244	3,938,456	16.1%	75.7%
Texas	45	21,952	2,772,168	11.4%	79.9%
California	44	27,261	3,202,117	13.1%	75.2%
Illinois	27	13,843	1,607,718	6.6%	83.6%
New York	27	25,929	1,744,197	7.1%	79.3%
Arizona	24	11,939	1,284,038	5.3%	79.0%
Tennessee	24	12,794	1,684,629	6.9%	78.1%
Ohio	23	11,854	1,420,533	5.8%	78.8%
Connecticut	18	7,945	925,026	3.8%	82.0%
New Jersey	16	10,360	1,039,610	4.3%	75.2%
New Mexico	9	3385	387,590	1.6%	81.9%
Georgia	9	6,026	759,585	3.1%	77.8%
Colorado	8	4,070	492,998	2.0%	81.5%
Virginia	7	5,271	528,117	2.2%	80.8%
North Carolina	6	3,856	462,948	1.9%	79.2%
Maryland	5	4,158	518,252	2.1%	81.0%
Massachusetts	4	2,383	206,519	0.8%	77.1%
Utah	4	2,226	239,723	1.0%	76.9%
Louisiana	3	1,411	195,017	0.8%	79.0%
Michigan	3	1,499	220,589	0.9%	74.0%
Pennsylvania	3	2,151	225,620	0.9%	81.5%
Nevada	2	886	97,182	0.4%	79.3%
Washington DC	2	1,798	146,101	0.6%	87.9%
Wisconsin	1	485	58,500	0.2%	76.3%
Indiana	1	710	73,014	0.3%	82.3%
Mississippi	1	511	61,251	0.3%	75.2%
Alabama	1	793	128,871	0.5%	73.4%
Total/Weighted Average	**370**	**222,740**	**24,420,369**	**100.0%**	**78.4%**

Our Facilities

The following table sets forth certain additional information with respect to each of our facilities as of December 31, 2011. 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 five 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.

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Facility Location	Year Acquired/ Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Mobile, AL	1997	1974/90	128,871	73.4%	793	Y	1.2%
Chandler, AZ	2005	1985	47,545	70.7%	434	Y	6.9%
Glendale, AZ	1998	1987	56,850	81.9%	518	Y	0.0%
Green Valley, AZ	2005	1985	25,050	61.6%	255	N	8.0%
Mesa I, AZ	2006	1985	52,375	82.8%	482	N	0.0%
Mesa II, AZ	2006	1981	45,445	83.3%	386	Y	9.3%
Mesa III, AZ	2006	1986	58,189	63.7%	490	Y	4.5%
Phoenix I, AZ	2006	1987	100,387	86.3%	747	Y	9.0%
Phoenix II, AZ	2006	1974	83,340	69.7%	825	Y	2.6%
Scottsdale, AZ	1998	1995	80,425	76.2%	658	Y	9.6%
Tempe, AZ	2005	1975	53,890	75.2%	403	Y	13.0%
Tucson I, AZ	1998	1974	59,350	83.6%	482	Y	0.0%
Tucson II, AZ	1998	1988	43,950	82.2%	530	Y	100.0%
Tucson III, AZ	2005	1979	49,832	79.3%	482	Y	0.0%
Tucson IV, AZ	2005	1982	48,040	80.0%	481	Y	3.7%
Tucson V, AZ	2005	1982	45,184	69.8%	417	Y	3.0%
Tucson VI, AZ	2005	1982	40,766	81.5%	410	Y	3.4%
Tucson VII, AZ	2005	1982	52,688	90.8%	591	Y	2.0%
Tucson VIII, AZ	2005	1979	46,600	85.1%	440	Y	0.0%
Tucson IX, AZ	2005	1984	67,720	76.7%	600	Y	1.9%
Tucson X, AZ	2005	1981	46,350	85.0%	411	N	0.0%
Tucson XI, AZ	2005	1974	42,850	86.7%	409	Y	0.0%
Tucson XII, AZ	2005	1974	42,325	79.8%	434	Y	4.8%
Tucson XIII, AZ	2005	1974	45,792	77.6%	508	Y	0.0%
Tucson XIV, AZ	2005	1976	49,095	83.2%	546	Y	8.8%
Apple Valley I, CA	1997	1984	73,440	71.2%	486	Y	0.0%
Apple Valley II, CA	1997	1988	61,555	73.7%	445	Y	5.3%
Benicia, CA	2005	1988/93/05	74,770	86.9%	739	Y	0.0%
Cathedral City, CA	2006	1982/92	109,239	67.3%	660	Y	2.3%
Citrus Heights, CA	2005	1987	75,620	75.3%	664	Y	0.0%
Diamond Bar, CA	2005	1988	103,034	80.4%	898	Y	0.0%
Escondido, CA	2007	2002	142,870	83.1%	1,228	Y	6.5%
Fallbrook, CA	1997	1985/88	46,620	81.5%	446	Y	0.0%
Lancaster, CA	2001	1987	60,675	71.1%	328	N	0.0%
Long Beach, CA	2006	1974	125,091	63.3%	1,350	Y	0.0%
Murrieta, CA	2005	1996	49,835	88.1%	421	Y	2.9%
North Highlands, CA	2005	1980	57,244	77.1%	467	Y	0.0%
Orangevale, CA	2005	1980	50,317	79.1%	529	Y	0.0%
Palm Springs I, CA	2006	1989	72,675	70.6%	548	Y	0.0%
Palm Springs II, CA	2006	1982/89	122,250	63.2%	588	Y	8.5%
Pleasanton, CA	2005	2003	85,045	88.6%	691	Y	0.0%
Rancho Cordova, CA	2005	1979	53,978	79.1%	459	Y	0.0%
Rialto I, CA	1997	1987	57,411	74.8%	453	Y	0.0%
Rialto II, CA	2006	1980	99,803	78.9%	717	N	0.0%
Riverside I, CA	2006	1977	67,120	82.1%	629	Y	0.0%
Riverside II, CA	2006	1985	85,166	61.0%	815	Y	3.9%
Roseville, CA	2005	1979	59,869	80.3%	546	Y	0.0%
Sacramento I, CA	2005	1979	50,664	77.7%	543	Y	0.0%
Sacramento II, CA	2005	1986	61,888	67.4%	550	Y	0.0%
San Bernardino I, CA	1997	1987	31,070	77.5%	231	N	0.0%
San Bernardino II, CA	1997	1991	41,546	74.4%	375	Y	0.0%
San Bernardino III, CA	1997	1985/92	35,446	74.9%	382	N	0.0%
San Bernardino IV, CA	2005	2002/04	83,307	71.4%	705	Y	11.6%
San Bernardino V, CA	2006	1974	56,795	60.9%	483	Y	4.2%

San Bernardino VI, CA	2006	1975	103,530	60.3%	876	Y	0.0%
San Bernardino VII, CA	2006	1978	78,729	86.4%	607	Y	1.3%
San Bernardino VIII, CA	2006	1977	94,529	66.5%	838	Y	0.0%
San Marcos, CA	2005	1979	37,430	85.9%	242	Y	0.0%
Santa Ana, CA	2006	1984	64,071	76.1%	714	Y	2.3%
South Sacramento, CA	2005	1979	52,165	72.1%	415	Y	0.0%
Spring Valley, CA	2006	1980	55,045	79.8%	713	Y	0.0%
Temecula I, CA	1998	1985/2003	81,550	76.2%	691	Y	46.5%
Temecula II, CA	2006	2003	84,398	78.9%	630	Y	51.3%
Thousand Palms, CA	2006	1988/01	75,345	68.9%	699	Y	26.9%
Vista I, CA	2001	1988	74,405	85.6%	618	Y	0.0%
Vista II, CA	2005	2001/02/03	147,981	78.7%	1,270	Y	2.3%
Walnut, CA	2005	1987	50,708	83.3%	536	Y	9.2%
West Sacramento, CA	2005	1984	39,790	77.6%	478	Y	0.0%
Westminster, CA	2005	1983/98	68,098	80.4%	558	Y	0.0%
Aurora, CO	2005	1981	75,827	79.9%	598	Y	0.0%
Colorado Springs I, CO	2005	1986	47,975	78.1%	461	Y	0.0%
Colorado Springs II, CO	2006	2001	62,300	86.8%	430	Y	0.0%
Denver, CO	2006	1997	59,200	78.0%	449	Y	0.0%

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Facility Location	Year Acquired/ Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Federal Heights, CO	2005	1980	54,770	84.2%	558	Y	0.0%
Golden, CO	2005	1985	87,334	80.3%	635	Y	1.2%
Littleton, CO	2005	1987	53,490	86.3%	442	Y	37.4%
Northglenn, CO	2005	1980	52,102	79.0%	497	Y	0.0%
Bloomfield, CT	1997	1987/93/94	48,700	84.7%	438	Y	6.6%
Branford, CT	1995	1986	50,679	82.5%	432	Y	2.2%
Bristol, CT	2005	1989/99	47,400	82.1%	446	N	22.5%
East Windsor, CT	2005	1986/89	45,700	77.1%	297	N	0.0%
Enfield, CT	2001	1989	52,875	88.9%	363	Y	0.0%
Gales Ferry, CT	1995	1987/89	54,230	77.8%	597	N	6.5%
Manchester I, CT (6)	2002	1999/00/01	47,125	74.9%	459	N	37.6%
Manchester II, CT	2005	1984	52,725	74.3%	394	N	0.0%
Milford, CT	1994	1975	44,885	87.3%	376	N	4.0%
Monroe, CT	2005	1996/03	58,500	80.4%	398	N	0.0%
Mystic, CT	1994	1975/86	50,725	82.4%	560	Y	2.3%
Newington I, CT	2005	1978/97	42,420	87.0%	246	N	0.0%
Newington II, CT	2005	1979/81	36,140	92.2%	196	N	0.0%
Old Saybrook I, CT	2005	1982/88/00	86,950	84.9%	715	N	5.9%
Old Saybrook II, CT	2005	1988/02	26,425	82.9%	254	N	54.2%
Shelton, CT	2011	2007	78,465	79.3%	857	N	85.7%
South Windsor, CT	1994	1976	72,125	78.0%	555	Y	1.1%
Stamford, CT	2005	1997	28,957	86.9%	362	N	32.8%
Washington I, DC	2008	2002	63,085	87.9%	752	Y	96.5%
Washington II, DC	2011	1929/98	83,016	87.8%	1,046	Y	99.0%
Boca Raton, FL	2001	1998	37,958	84.0%	605	N	68.2%
Boynton Beach I, FL	2001	1999	61,967	81.5%	754	Y	54.2%
Boynton Beach II, FL	2005	2001	61,727	70.7%	578	Y	82.3%
Bradenton I, FL	2004	1979	68,391	71.0%	622	N	2.7%
Bradenton II, FL	2004	1996	87,855	75.7%	846	Y	40.1%
Cape Coral, FL	2000*	2000	76,627	75.4%	863	Y	83.6%
Dania, FL	1994	1988	58,270	81.9%	494	Y	26.9%
Dania Beach, FL (6)	2004	1984	172,568	65.6%	1,879	N	21.3%
Davie, FL	2001*	2001	81,135	84.8%	833	Y	55.6%
Deerfield Beach, FL	1998*	1998	57,280	88.3%	518	Y	38.8%
Delray Beach, FL	2001	1999	67,813	73.9%	822	Y	39.3%
Fernandina Beach, FL	1996	1986	110,995	75.5%	805	Y	35.3%
Ft. Lauderdale, FL	1999	1999	70,063	86.3%	692	Y	46.8%
Ft. Myers, FL	1998	1998	67,558	65.3%	592	Y	67.2%
Jacksonville I, FL	2005	2005	80,326	90.7%	710	N	100.0%
Jacksonville II, FL	2007	2004	65,270	87.2%	652	N	100.0%
Jacksonville III, FL	2007	2003	65,575	88.5%	682	N	100.0%
Jacksonville IV, FL	2007	2006	77,525	81.1%	704	N	100.0%
Jacksonville V, FL	2007	2004	82,435	83.4%	673	N	82.4%
Kendall, FL	2007	2003	75,395	76.5%	703	N	71.0%
Lake Worth, FL	1998	1998/02	161,808	81.7%	1,356	Y	37.2%
Lakeland I, FL	1994	1988	49,095	81.8%	491	Y	79.4%
Lutz I, FL	2004	2000	66,895	72.0%	612	Y	37.0%
Lutz II, FL	2004	1999	69,232	77.7%	531	Y	20.6%
Margate I, FL	1994	1979/81	54,185	82.6%	337	N	9.9%
Margate II, FL	1996	1985	65,186	80.5%	424	Y	28.8%
Merrit Island, FL	2000	2000	50,417	81.4%	465	Y	56.7%
Miami I, FL	1995	1995	46,825	90.5%	560	Y	52.1%
Miami II, FL	1994	1989	67,060	73.6%	568	Y	8.0%
Miami III, FL	2005	1988/03	150,590	71.7%	1,517	N	86.9%

Miami IV, FL	2011	2007	76,352	80.5%	935	N	100.0%
Naples I, FL	1996	1996	48,150	91.8%	325	Y	26.6%
Naples II, FL	1997	1985	65,850	82.4%	629	Y	44.6%
Naples III, FL	1997	1981/83	80,218	77.3%	807	Y	23.7%
Naples IV, FL	1998	1990	40,600	71.2%	429	N	42.7%
Ocoee, FL	2005	1997	76,100	66.6%	630	Y	15.5%
Orange City, FL	2004	2001	59,586	80.3%	648	N	39.1%
Orlando I, FL (6)	1997	1987	52,170	59.1%	497	Y	4.9%
Orlando II, FL	2005	2002/04	63,084	83.0%	579	N	74.2%
Orlando III, FL	2006	1988/90/96	104,140	67.6%	788	Y	6.9%
Orlando IV, FL	2010	2009	76,565	71.8%	644	N	64.4%
Oviedo, FL	2006	1988/1991	49,251	75.0%	425	Y	3.2%
Pembroke Pines, FL	1997	1997	67,321	87.1%	696	Y	63.2%
Royal Palm Beach I, FL	1994	1988	98,961	60.9%	675	N	54.5%
Royal Palm Beach II, FL	2007	2004	81,405	70.3%	762	N	82.3%
Sanford, FL	2006	1988/2006	61,810	77.2%	437	Y	28.6%
Sarasota, FL	1998	1998	71,102	66.6%	524	Y	42.5%
St. Augustine, FL	1996	1985	59,725	71.9%	698	Y	29.9%
Stuart, FL	1997	1995	86,913	71.9%	975	Y	51.5%

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Facility Location	Year Acquired/ Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
SW Ranches, FL	2007	2004	64,955	83.6%	647	N	85.3%
Tampa, FL	2007	2001/2002	83,638	76.6%	792	N	28.4%
West Palm Beach I, FL	2001	1997	68,031	81.8%	980	Y	47.2%
West Palm Beach II, FL	2004	1996	94,503	86.7%	834	Y	73.9%
Alpharetta, GA	2001	1996	90,485	81.1%	670	Y	75.1%
Austell , GA	2006	2000	83,625	81.6%	641	Y	66.5%
Decatur, GA	1998	1986	148,480	69.5%	1,261	Y	2.7%
Duluth, GA	2011	2009	71,235	46.9%	600	Y	100.0%
Lawrenceville, GA	2011	1999	74,065	65.4%	610	Y	8.6%
Norcross I, GA	2001	1997	85,420	77.9%	583	Y	55.8%
Norcross II, GA	2011	1996	52,020	98.1%	395	Y	57.0%
Peachtree City, GA	2001	1997	49,875	82.8%	435	N	75.6%
Smyrna, GA	2001	2000	56,820	90.3%	489	Y	100.0%
Snellville, GA	2007	1996/1997	80,000	84.6%	756	Y	27.1%
Suwanee I, GA	2007	2000/2003	85,240	72.1%	619	Y	28.7%
Suwanee II, GA	2007	2005	79,640	72.5%	572	N	61.8%
Addison, IL	2004	1979	31,325	80.9%	367	Y	0.0%
Aurora, IL	2004	1996	74,435	83.1%	556	Y	6.9%
Bartlett, IL	2004	1987	51,425	88.3%	409	Y	33.5%
Bellwood, IL	2001	1999	86,650	78.7%	739	Y	52.1%
Des Plaines, IL (6)	2004	1978	74,400	82.4%	635	N	0.0%
Elk Grove Village, IL	2004	1987	64,129	86.7%	626	Y	5.5%
Glenview, IL	2004	1998	100,115	93.5%	738	Y	100.0%
Gurnee, IL	2004	1987	80,300	87.3%	723	N	34.1%
Hanover, IL	2004	1987	41,178	81.4%	408	Y	0.4%
Harvey, IL	2004	1987	60,090	86.1%	575	Y	3.0%
Joliet, IL	2004	1993	72,765	76.0%	531	Y	100.0%
Kildeer, IL	2004	1988	46,285	90.0%	423	Y	0.0%
Lombard, IL	2004	1981	58,188	88.1%	548	Y	9.8%
Mount Prospect, IL	2004	1979	65,000	89.5%	588	Y	12.7%
Mundelein, IL	2004	1990	44,700	88.9%	490	Y	8.9%
North Chicago, IL	2004	1985	53,350	82.5%	428	N	0.0%
Plainfield I, IL	2004	1998	53,800	87.7%	402	N	3.3%
Plainfield II, IL	2005	2000	51,900	78.1%	355	N	22.8%
Schaumburg, IL	2004	1988	31,160	85.9%	321	N	5.6%
Streamwood, IL	2004	1982	64,305	70.3%	557	N	4.4%
Warrensville, IL	2005	1977/89	48,796	87.2%	378	N	0.0%
Waukegan, IL	2004	1977	79,500	78.5%	681	Y	8.4%
West Chicago, IL	2004	1979	48,175	87.5%	428	Y	0.0%
Westmont, IL	2004	1979	53,450	86.4%	382	Y	0.0%
Wheeling I, IL	2004	1974	54,210	82.3%	491	N	0.0%
Wheeling II, IL	2004	1979	67,825	76.9%	601	Y	7.3%
Woodridge, IL	2004	1987	50,262	75.8%	463	Y	6.7%
Indianapolis, IN	2004	1976	73,014	82.3%	710	Y	0.0%
Baton Rouge I, LA	1997	1980	35,200	81.7%	330	N	11.6%
Baton Rouge II, LA	1997	1980/1995	80,277	77.6%	558	Y	40.4%
Slidell, LA	2001	1998	79,540	79.1%	523	Y	46.6%
Boston I, MA	2010	1950	33,286	70.1%	592	N	100.0%
Boston II, MA	2002	2001	60,595	78.8%	629	Y	100.0%
Leominster, MA	1998	1987/88/00	53,823	78.1%	503	Y	38.5%
Medford, MA	2007	2001	58,815	78.5%	659	Y	96.0%
Baltimore, MD	2001	1999/00	93,350	81.6%	809	Y	45.3%
California, MD	2004	1998	77,865	83.3%	722	Y	39.0%
District Heights, MD	2011	2007	78,920	73.0%	955	Y	64.8%

Gaithersburg, MD	2005	1998	87,045	84.1%	784	Y	42.0%
Laurel, MD	2001	1978/99/00	162,792	76.5%	1,019	N	41.1%
Temple Hills, MD	2001	2000	97,200	83.5%	824	Y	68.2%
Grand Rapids, MI	1996	1976	87,381	75.0%	525	Y	0.0%
Romulus, MI	1997	1997	42,050	69.6%	339	Y	7.4%
Wyoming, MI	1996	1987	91,158	75.1%	635	N	0.0%
Gulfport, MS	1997	1977/93	61,251	75.2%	511	Y	33.5%
Belmont, NC	2001	1996/97/98	81,448	80.9%	581	N	24.0%
Burlington I, NC	2001	1990/91/93/94/98	109,396	65.9%	948	N	4.7%
Burlington II, NC	2001	1991	42,305	68.9%	394	Y	12.0%
Cary, NC	2001	1993/94/97	112,124	87.8%	793	N	7.4%
Charlotte, NC	1999	1999	69,000	83.0%	734	Y	52.8%
Raleigh, NC	1998	1994/95	48,675	89.7%	406	Y	8.2%
Brick, NJ	1994	1981	51,725	77.1%	432	N	0.0%
Cherry Hill, NJ	2010	2004	52,600	56.6%	376	Y	0.0%
Clifton, NJ	2005	2001	105,550	82.3%	1,018	Y	85.5%
Cranford, NJ	1994	1987	91,250	79.0%	853	Y	7.9%
East Hanover, NJ	1994	1983	107,579	70.8%	966	N	1.6%
Egg Harbor I, NJ	1994	1983	39,425	69.7%	289	N	11.5%

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Facility Location	Year Acquired/ Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Egg Harbor II, NJ	1994	1983	71,175	46.2%	706	N	16.4%
Elizabeth, NJ	2005	1925/97	38,830	80.6%	673	N	0.0%
Fairview, NJ	1997	1989	27,925	79.5%	449	N	100.0%
Hamilton, NJ	2006	1990	70,550	76.8%	612	Y	0.0%
Hoboken, NJ	2005	1945/97	34,180	84.3%	742	N	100.0%
Linden, NJ	1994	1983	100,425	77.6%	1,118	N	2.8%
Morris Township, NJ (5)	1997	1972	71,776	77.8%	565	Y	1.3%
Parsippany, NJ	1997	1981	66,325	83.5%	566	Y	6.9%
Randolph, NJ	2002	1998/99	52,465	76.4%	541	Y	82.5%
Sewell, NJ	2001	1984/98	57,830	87.3%	454	N	5.3%
Albuquerque I, NM	2005	1985	65,927	81.6%	610	Y	3.2%
Albuquerque II, NM	2005	1985	58,598	82.4%	515	Y	4.1%
Albuquerque III, NM	2005	1986	57,536	79.1%	489	Y	4.7%
Carlsbad, NM	2005	1975	39,999	88.1%	334	Y	0.0%
Deming, NM	2005	1973/83	33,005	89.9%	232	Y	0.0%
Las Cruces, NM	2005	1984	65,790	73.0%	527	Y	2.1%
Lovington, NM	2005	1975	15,750	88.6%	251	Y	0.0%
Silver City, NM	2005	1972	26,975	86.3%	253	Y	0.0%
Truth or Consequences, NM	2005	1977/99/00	24,010	81.9%	174	Y	0.0%
Las Vegas I, NV	2006	1986	48,332	75.4%	370	Y	5.3%
Las Vegas II, NV	2006	1997	48,850	83.1%	516	Y	75.2%
Jamaica I, NY	2001	2000	88,415	79.7%	919	Y	30.7%
Jamaica II, NY	2011	2010	91,300	76.5%	1,472	N	84.4%
Bronx I, NY	2010	1931/2004	69,015	74.6%	1,325	N	96.5%
Bronx II, NY (5)	2011	2006	90,320	90.7%	831	N	58.4%
Bronx III, NY	2011	2007	106,065	83.0%	2,040	N	97.3%
Bronx IV, NY (5)	2011	2007	73,845	80.8%	1,313	N	96.6%
Bronx V, NY (5)	2011	2007	54,733	88.5%	1,096	N	100.0%
Bronx VI, NY (5)	2011	2011	30,785	45.8%	869	N	92.2%
Brooklyn I, NY	2010	1917/2004	57,020	78.9%	854	N	83.0%
Brooklyn II, NY	2011	2006	41,600	90.7%	851	N	100.0%
Brooklyn III, NY	2011	2006	37,717	83.9%	796	N	100.0%
Brooklyn IV, NY	2011	2007	47,070	86.8%	887	N	100.0%
Brooklyn V, NY	2011	2007	74,305	80.0%	1,417	N	94.7%
Brooklyn VI, NY	2011	2006	72,710	88.2%	1,399	N	100.0%
Queens, NY	2010	1962/2003	60,945	85.7%	1,148	N	25.3%
Wyckoff, NY	2010	1910/2007	61,960	74.3%	1,042	N	90.2%
New Rochelle, NY	2005	1998	48,415	67.9%	401	N	15.0%
North Babylon, NY	1998	1988/99	78,188	87.6%	651	N	9.0%
Riverhead, NY	2005	1985/86/99	38,340	92.0%	327	N	0.0%
Southold, NY	2005	1989	58,901	76.9%	602	N	3.0%
Tuckahoe, NY	2011	2007	52,958	71.3%	763	N	99.2%
White Plains, NY	2011	1938	87,855	79.0%	1,510	N	77.1%
Woodhaven, NY	2011	2008	45,800	72.4%	1,029	N	100.0%
Yorktown, NY	2011	2006	78,615	85.8%	782	N	63.3%
Boardman, OH	1980	1980/89	65,495	81.1%	513	Y	24.0%
Centerville I, OH	2004	1976	80,690	71.6%	642	Y	0.0%
Centerville II, OH	2004	1976	43,100	73.7%	303	N	0.0%
Cleveland I, OH	2005	1997/99	46,050	83.8%	338	Y	5.0%
Cleveland II, OH	2005	2000	58,425	71.0%	559	Y	0.0%
Columbus , OH	2006	1999	72,155	81.0%	605	Y	26.1%
Dayton I, OH	2004	1978	43,100	68.0%	341	N	0.0%
Dayton II, OH	2005	1989/00	48,149	77.3%	391	Y	1.7%
Grove City, OH	2006	1997	89,290	79.5%	772	Y	16.9%

Hilliard, OH	2006	1995	89,690	77.7%	779	Y	24.5%
Lakewood, OH	1989*	1989	39,287	84.4%	458	Y	24.6%
Marblehead, OH	2005	1988/98	52,300	82.8%	377	Y	0.0%
Mason, OH	1998	1981	33,900	78.7%	275	Y	0.0%
Miamisburg, OH	2004	1975	59,930	68.7%	430	Y	0.0%
Middleburg Heights, OH	1980*	1980	93,025	76.8%	676	Y	3.8%
North Olmsted I, OH	1979*	1979	48,665	82.7%	442	Y	7.0%
North Olmsted II, OH	1988*	1988	47,850	87.3%	395	Y	14.2%
North Randall, OH	1998*	1998/02	80,049	85.0%	800	N	90.8%
Reynoldsburg, OH	2006	1979	66,895	74.5%	664	Y	0.0%
Strongsville, OH	2007	1978	43,507	81.4%	400	Y	100.0%
Warrensville Heights, OH	1980*	1980/82/98	90,281	84.3%	722	Y	0.0%
Westlake, OH	2005	2001	62,750	83.0%	453	Y	6.1%
Youngstown, OH	1977*	1977	65,950	77.6%	519	Y	1.2%
Levittown, PA	2001	2000	76,180	81.7%	654	Y	36.3%
Norristown, PA	2011	2005	52,001	69.0%	539	N	66.0%
Philadelphia, PA	2001	1999	97,439	88.0%	958	N	47.0%
Alcoa, TN	2005	1986	42,250	86.9%	353	Y	0.0%
Antioch, TN	2005	1985/98	76,160	82.8%	618	Y	8.5%

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Facility Location	Year Acquired/ Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Cordova I, TN	2005	1987	54,125	76.4%	388	Y	0.0%
Cordova II, TN	2006	1995	67,800	83.6%	712	Y	7.2%
Knoxville I, TN	1997	1984	29,337	78.2%	281	Y	6.6%
Knoxville II, TN	1997	1985	37,864	81.2%	327	Y	6.9%
Knoxville III, TN	1998	1991	45,736	76.9%	445	Y	6.9%
Knoxville IV, TN	1998	1983	58,752	69.1%	438	N	1.1%
Knoxville V, TN	1998	1977	42,790	75.5%	373	N	0.0%
Knoxville VI, TN	2005	1975	63,440	84.3%	582	Y	0.0%
Knoxville VII, TN	2005	1983	55,094	66.8%	452	Y	0.0%
Knoxville VIII, TN	2005	1978	95,868	75.6%	763	Y	0.0%
Memphis I, TN	2001	1999	92,320	84.9%	698	N	57.1%
Memphis II, TN	2001	2000	71,710	77.2%	556	N	46.3%
Memphis III, TN	2005	1983	40,507	83.4%	347	Y	6.2%
Memphis IV, TN	2005	1986	38,678	78.3%	319	Y	4.1%
Memphis V, TN	2005	1981	60,120	79.2%	498	Y	0.0%
Memphis VI, TN	2006	1985/93	108,996	81.7%	875	Y	3.5%
Memphis VII, TN	2006	1980/85	115,703	68.7%	571	Y	0.0%
Memphis VIII, TN	2006	1990	96,060	76.4%	548	Y	0.0%
Nashville I, TN	2005	1984	103,910	72.5%	693	Y	0.0%
Nashville II, TN	2005	1986/00	83,484	82.6%	631	Y	6.5%
Nashville III, TN	2006	1985	101,475	73.8%	598	Y	5.2%
Nashville IV, TN	2006	1986/00	102,450	84.7%	728	Y	7.0%
Austin I, TX	2005	2001	59,520	79.0%	538	Y	58.8%
Austin II, TX	2006	2000/03	65,241	83.5%	594	Y	38.9%
Austin III, TX	2006	2004	70,560	87.2%	580	Y	85.4%
Baytown, TX	2005	1981	38,950	76.7%	355	Y	0.0%
Bryan, TX	2005	1994	60,450	60.4%	495	Y	0.0%
College Station, TX	2005	1993	26,559	70.2%	346	N	0.0%
Dallas, TX	2005	2000	58,532	87.1%	536	Y	28.4%
Denton, TX	2006	1996	60,836	81.4%	462	Y	3.9%
El Paso I, TX	2005	1980	59,452	88.4%	517	Y	0.9%
El Paso II, TX	2005	1980	48,704	91.7%	412	Y	0.0%
El Paso III, TX	2005	1980	71,276	79.6%	585	Y	2.0%
El Paso IV, TX	2005	1983	67,058	83.8%	526	Y	3.2%
El Paso V, TX	2005	1982	62,290	79.5%	399	Y	0.0%
El Paso VI, TX	2005	1985	36,620	86.7%	259	Y	0.0%
El Paso VII, TX	2005	1982	34,545	80.7%	13	N	0.0%
Fort Worth I, TX	2005	2000	50,621	75.7%	406	Y	26.6%
Fort Worth II, TX	2006	2003	72,725	84.9%	653	Y	49.1%
Frisco I, TX	2005	1996	50,854	80.6%	431	Y	17.5%
Frisco II, TX	2005	1998/02	71,299	82.6%	515	Y	24.2%
Frisco III, TX	2006	2004	74,965	87.6%	609	Y	85.7%
Frisco IV, TX	2006	2004	74,835	73.8%	512	N	16.4%
Garland I, TX	2006	1991	70,100	76.4%	658	Y	4.4%
Garland II, TX	2006	2004	68,425	78.1%	470	Y	39.6%
Greenville I, TX	2005	2001/04	59,385	82.6%	451	Y	28.8%
Greenville II, TX	2005	2001	44,900	76.6%	312	N	36.3%
Houston I, TX	2005	1981	100,530	73.0%	625	Y	0.0%
Houston II, TX	2005	1977	71,300	72.8%	391	Y	0.0%
Houston III, TX	2005	1984	61,120	66.0%	462	Y	4.3%
Houston IV, TX	2005	1987	43,975	77.3%	383	Y	6.1%
Houston V, TX	2006	1980/1997	125,930	74.8%	1,010	Y	55.1%
Houston VI, TX	2011	2002	54,680	83.6%	587	N	100.0%
Keller, TX	2006	2000	61,885	83.0%	486	Y	21.1%

La Porte, TX	2005	1984	44,800	76.8%	426	Y	18.5%
Lewisville, TX	2006	1996	58,140	67.6%	429	Y	19.9%
Mansfield, TX	2006	2003	63,075	84.3%	493	Y	38.4%
McKinney I, TX	2005	1996	47,020	86.0%	368	Y	9.2%
McKinney II, TX	2006	1996	70,050	78.6%	537	Y	46.3%
North Richland Hills, TX	2005	2002	57,200	79.5%	433	Y	47.6%
Roanoke, TX	2005	1996/01	59,300	91.7%	449	Y	30.0%
San Antonio I, TX	2005	2005	73,305	82.0%	573	Y	79.0%
San Antonio II, TX	2006	2005	73,230	86.6%	669	N	82.3%
San Antonio III, TX	2007	2006	71,775	83.7%	569	N	87.4%
Sherman I, TX	2005	1998	54,975	84.5%	500	Y	21.1%
Sherman II, TX	2005	1996	48,425	82.0%	391	Y	30.9%
Spring, TX	2006	1980/86	72,751	72.0%	537	N	14.1%
Murray I, UT	2005	1976	60,380	77.5%	642	Y	0.0%
Murray II, UT	2005	1978	71,221	86.3%	371	Y	2.6%
Salt Lake City I, UT	2005	1976	56,446	72.1%	727	Y	0.0%
Salt Lake City II, UT	2005	1978	51,676	68.7%	486	Y	0.0%
Fredericksburg I, VA	2005	2001/04	69,475	76.4%	601	N	21.4%

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Facility Location	Year Acquired/ Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Fredericksburg II, VA	2005	1998/01	61,207	69.1%	559	N	100.0%
Burke Lake, VA	2011	2003	90,727	85.1%	909	Y	72.7%
Leesburg, VA	2011	2001/04	85,503	90.5%	890	Y	75.5%
McLearen, VA	2010	2002	69,240	86.4%	717	Y	90.6%
Mannasas, VA	2010	1998	73,045	81.2%	640	Y	50.9%
Milwaukee, WI	2004	1988	58,500	76.3%	485	Y	0.0%
Total/Weighted Average (370 facilities)			**24,420,369**	**78.4%**	**222,740**		

* Denotes facilities developed by us.

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, 2011, there was an aggregate of approximately 420,000 rentable square feet of commercial space at these facilities.

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

(2) Represents occupied square feet divided by total rentable square feet at December 31, 2011.

(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 2013 and 2054, but have renewal options.

(6) We have ground leases for certain small parcels of land adjacent to these facilities that expire between 2012 and 2015.

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, 2011, and for each of the previous three years, grouped by the year during which we first owned or operated the facility.

Facilities by Year Acquired - Average Occupied Square Feet

		Rentable Square		Average Occupancy	
Year Acquired (2)	**# of Facilities**	**Feet**	**2011**	**2010**	**2009**
2008 and earlier	332	21,898,596	78.8%	76.8%	75.9%
2009					
2010	12	739,111	69.1%	67.7%	
2011 **(5)**	26	1,782,662	78.7%		
All Facilities Owned as of December 31, 2011	370	24,420,369	78.5%	76.7%	75.9%

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Facilities by Year Acquired - Annual Rent Per Occupied Square Foot (1)

Year Acquired (2)	# of Facilities	Rent per Square Foot 2011	2010	2009
2008 and earlier	332	$ 11.78	$ 11.61	$ 11.76
2009				
2010	12	19.24	13.50	
2011 **(5)**	26	22.80		
All Facilities Owned as of December 31, 2011	370	$ 12.79	$ 11.66	$ 11.76

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

Year Acquired (2)	# of Facilities	Average Occupied Square Feet 2011	2010	2009
2008 and earlier	332	17,231,969	17,580,885	18,043,724
2009				
2010	12	510,496	480,918	
2011 **(5)**	26	1,409,521		
All Facilities Owned as of December 31, 2011	370	19,151,986	18,061,803	18,043,724

Facilities by Year Acquired - Total Revenues (dollars in thousands) (4)

Year Acquired (2)	# of Facilities	Total Revenues 2011	2010	2009
2008 and earlier	332	$ 211,102	$ 210,749	$ 216,649
2009				
2010	12	10,169	1,663	
2011 **(5)**	26	9,548		
All Facilities Owned as of December 31, 2011	370	$ 230,819	$ 212,412	$ 216,649

(1) 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 customer rental revenues, access, administrative and late fees and revenues from auctions, but does not include ancillary revenues generated at our facilities.

(2) For facilities developed by us, Year Acquired represents the year in which such facilities were acquired by our operating partnership from an affiliated entity, which in some cases is later than the year developed.

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

(4) Represents the result obtained by multiplying total income per occupied square foot by the average occupied square feet for the twelve-month period for each group of facilities. This result will vary from amounts reported on the financial statements.

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(5) Facility count does not include the Phoenix parcel acquisition in 2011. The parcel is adjacent to a property that was purchased in 2006 and is therefore consolidated with that property.

Planned Renovations and Improvements

We have a capital improvement and property renovation program that includes office upgrades, adding climate control at selected cubes, construction of parking areas, safety and security enhancements, and general facility upgrades. For 2012, we anticipate spending approximately $7 million to $9 million associated with these capital expenditures and expect to enhance the safety and improve the aesthetic appeal of our facilities.

In connection with our name change on September 14, 2011 from U-Store-It Trust to CubeSmart , we have and will continue to incur additional costs related to our rebranding initiative. We expect to complete the rebranding for all owned locations by the end of 2012. The primary cost of the rebranding relates to new signage at each of our facilities. Also during 2011, we introduced our store upgrade program (SuperStore) which added more personalized services and technology to several of our stores, including storage customization, logistics services, comprehensive moving services, organizational services, and office amenities. During 2011, we incurred costs related to the SuperStore and rebranding initiatives totaling approximately $4 million, of which approximately $0.7 million were expensed. We expect additional capital improvements totaling approximately $8 million related to these two initiatives, through December 31, 2012.

ITEM 3. *LEGAL PROCEEDINGS*

We are involved in claims from time to time, including the proceeding identified below, 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.

On November 4, 2009, our Operating Partnership was sued in the Delaware Court of Chancery by Robert J. Amsdell, Barry L. Amsdell, and Amsdell Holdings I, Inc. (collectively, the Amsdell Plaintiffs). The Amsdell Plaintiffs amended their complaint in 2010 to include the Parent Company as a defendant. The Amsdell Plaintiffs lawsuit seeks to compel our Operating Partnership to indemnify the Amsdell Plaintiffs for losses and expenses allegedly incurred by the Amsdell Plaintiffs from legal proceedings filed against the Amsdell Plaintiffs, which proceedings alleged, *inter alia*, that the Amsdell Plaintiffs breached an agreement to purchase certain real estate located in Brighton, Massachusetts in 2001. We are vigorously defending against this action. The Amsdell Plaintiffs have filed a motion for summary judgment and the Operating Partnership and the Parent Company have filed a cross-motion for summary judgment. Both motions are pending before the Delaware Court of Chancery. While management currently believes that resolving this matter will not have a material adverse impact on our business, financial condition or operating results, litigation, as noted above, is subject to inherent uncertainties and management s view of this matter may change in the future.

ITEM 4. *MINING SAFETY DISCLOSURES*

None.

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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, 2011, there were approximately 69 registered record holders of the Parent Company s common shares and 15 holders of the Operating Partnership s Units (other than the Parent Company). These figures do not include beneficial owners who hold shares in nominee name. There is no established trading market for the Units of the Operating Partnership. The following table shows the high and low closing prices per share for our common shares, as reported by the New York Stock Exchange, and the cash dividends declared with respect to such shares:

	High	Low	Cash Dividends Declared
2010			
First quarter	$ 7.70	$ 6.31	$ 0.025
Second quarter	$ 8.98	$ 7.25	$ 0.025
Third quarter	$ 8.86	$ 6.88	$ 0.025
Fourth quarter	$ 9.56	$ 8.19	$ 0.070
2011			
First quarter	$ 10.57	$ 9.20	$ 0.070
Second quarter	$ 11.39	$ 9.93	$ 0.070
Third quarter	$ 11.15	$ 8.53	$ 0.070
Fourth quarter	$ 10.66	$ 8.04	$ 0.080

For each quarter in 2010 and 2011, 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 our shareholders a statement detailing distributions paid during the preceding year and their characterization as ordinary income, capital gain or return of capital. The characterization of our dividends for 2011 was as follows: 78.0704% ordinary income distribution, 11.9314% capital gain distribution, and 9.9982% return of capital 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 the revolving portion of our 2011 Credit Facility, we are restricted from paying distributions on our common shares that would exceed an amount equal to 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.

Use of Proceeds

On October 28, 2011, we completed an underwritten public offering of 23,000,000 common shares, including 3,000,000 shares sold pursuant to the full exercise of the underwriters overallotment option, under an existing shelf registration statement on Form S-3, registration no. 333-176885, which became effective on September 16, 2011 (the Registration Statement), at a price of $9.20 per common share, providing gross proceeds of $211.6 million and net proceeds of $202.5 million, after deducting the underwriting discount and other offering expenses. The common share offering was led by managing underwriters Wells Fargo Securities and Bank of America Merrill Lynch Pierce, Fenner and Smith.

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On November 2, 2011, we completed a public offering of 3,100,000 7.75% Series A Cumulative Redeemable Preferred Shares (the Preferred Shares), including 300,000 shares sold pursuant to the partial exercise of the underwriters overallotment option, under the Registration Statement at a price of $25.00 per Preferred Share, providing gross proceeds of $77.5 million and net proceeds of $74.8 million (after deducting the underwriting discount and other estimated offering expenses), and together with the net proceeds received from the common share offering, total financing of $277.3 million. The Preferred Share offering was led by managing underwriters Wells Fargo Securities, LLC, Bank of America, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Keegan & Company, Inc., Raymond James & Associates, Inc. and Stifel, Nicolaus & Company, Incorporated.

Share Performance Graph

The SEC requires us to present a chart comparing the cumulative total shareholder return 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, 2006 and ending December 31, 2011.

	Period Ending					
Index	**12/31/06**	**12/31/07**	**12/31/08**	**12/31/09**	**12/31/10**	**12/31/11**
CubeSmart	100.00	47.66	24.80	41.86	55.21	63.47
S&P 500	100.00	105.49	66.46	84.05	96.71	98.76
Russell 2000	100.00	98.43	65.18	82.89	105.14	100.75
NAREIT All Equity REIT Index	100.00	84.31	52.50	67.20	85.98	93.10

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The following table provides information about repurchases of the Parent Company s common shares during the three-month period ended December 31, 2011.

	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans (2)
October	170	$ 8.04	N/A	3,000,000
November	N/A	N/A	N/A	3,000,000
December	544	$ 10.18	N/A	3,000,000
Total	714		N/A	3,000,000

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

(2) On June 27, 2007, we 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. We have made no repurchases under this program.

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 information for the five-year period ended December 31, 2011 was derived from the Parent Company s 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,				
	2011	2010	2009	2008	2007
	(Dollars and shares in thousands, except per share data)				
REVENUES					
Rental income	$ 212,106	$ 188,922	$ 188,101	$ 195,455	$ 180,048
Other property related income	21,731	17,978	15,460	14,500	14,938
Other - related party					365
Property management fee income	3,768	2,829	56		
Total revenues	237,605	209,729	203,617	209,955	195,351
OPERATING EXPENSES					
Property operating expenses	99,160	90,261	88,395	89,164	83,343
Property operating expenses - related party					59
Depreciation and amortization	68,223	61,428	66,984	69,765	61,020
Lease abandonment					1,316
General and administrative	24,693	25,406	22,569	24,964	21,966
General and administrative - related party					337
Total operating expenses	192,076	177,095	177,948	183,893	168,041
OPERATING INCOME	45,529	32,634	25,669	26,062	27,310
OTHER INCOME (EXPENSE)					
Interest:					
Interest expense on loans	(33,199)	(37,794)	(45,269)	(52,014)	(54,108)
Loan procurement amortization expense	(5,028)	(6,463)	(2,339)	(1,929)	(1,772)
Loan procurement amortization expense - early repayment of debt	(8,167)				
Acquisition related costs	(3,823)	(759)			
Equity in losses of real estate ventures	(281)				
Other	(83)	386	648	247	519
Total other expense	(50,581)	(44,630)	(46,960)	(53,696)	(55,361)
LOSS FROM CONTINUING OPERATIONS	(5,052)	(11,996)	(21,291)	(27,634)	(28,051)
DISCONTINUED OPERATIONS					
Income from discontinued operations	3,596	4,151	6,820	11,016	11,287
Net gain on disposition of discontinued operations	3,903	1,826	14,139	19,720	2,517
Total discontinued operations	7,499	5,977	20,959	30,736	13,804
NET INCOME (LOSS)	2,447	(6,019)	(332)	3,102	(14,247)
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONROLLING INTERESTS					
Noncontrolling interests in the Operating Partnership	(35)	381	60	(310)	1,170
Noncontrolling interest in subsidiaries	(2,810)	(1,755)	(665)		
NET (LOSS) INCOME ATTRIBUTABLE TO THE COMPANY	(398)	(7,393)	(937)	2,792	(13,077)
Distribution to Preferred Shares	(1,218)				
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS OF THE COMPANY	$ (1,616)	$ (7,393)	$ (937)	$ 2,792	$ (13,077)
Basic and diluted loss per share from continuing operations attributable to common shareholders	$ (0.09)	$ (0.14)	$ (0.29)	$ (0.44)	$ (0.45)
Basic and diluted earnings per share from discontinued operations attributable to common shareholders	$ 0.07	$ 0.06	$ 0.28	$ 0.49	$ 0.22
Basic and diluted (loss) earnings per share attributable to common shareholders	$ (0.02)	$ (0.08)	$ (0.01)	$ 0.05	$ (0.23)
Weighted-average basic and diluted shares outstanding (1)	102,976	93,998	70,988	57,621	57,497

AMOUNTS ATTRIBUTABLE TO THE COMPANY S COMMON SHAREHOLDERS:										
Loss from continuing operations	$	(8,815)	$	(13,095)	$	(20,806)	$	(25,454)	$	(25,748)
Total discontinued operations		7,199		5,702		19,869		28,246		12,671
Net (loss) income	$	(1,616)	$	(7,393)	$	(937)	$	2,792	$	(13,077)

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	At December 31, 2011	2010	2009	2008	2007
Balance Sheet Data (in thousands):					
Storage facilities, net	$ 1,788,720	$ 1,428,491	$ 1,430,533	$ 1,559,958	$ 1,647,118
Total assets	1,875,979	1,478,819	1,598,870	1,597,659	1,687,831
Revolving credit facility		43,000		172,000	219,000
Unsecured term loan	400,000	200,000		200,000	200,000
Secured term loan			200,000	57,419	47,444
Mortgage loans and notes payable	358,441	372,457	569,026	548,085	561,057
Total liabilities	830,925	668,266	814,146	1,028,705	1,083,230
Noncontrolling interest in the Operating Partnership	49,732	45,145	45,394	46,026	48,982
CubeSmart shareholders equity	955,913	724,216	695,309	522,928	555,619
Noncontrolling interests in subsidiaries	39,409	41,192	44,021		
Total liabilities and equity	1,875,979	1,478,819	1,598,870	1,597,659	1,687,831
Other Data:					
Number of facilities	370	363	367	387	409
Total rentable square feet (in thousands)	24,420	23,635	23,749	24,973	26,119
Occupancy percentage	78.4%	76.3%	75.2%	78.9%	79.5%
Cash dividends declared per share (2)	$ 0.290	$ 0.145	$ 0.10	$ 0.565	$ 1.05

(1) Excludes operating partnership units issued at our IPO and in connection with the acquisition of facilities subsequent to our IPO. Operating partnership 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) The Company announced full quarterly dividends of $0.29 per common share on February 21, 2007, May 8, 2007, and August 14, 2007; dividends of $0.18 per common share on December 13, 2007, February 27, 2008, May 7, 2008, and August 6, 2008; dividends of $0.025 per common share on December 11, 2008, January 22, 2009, April 22, 2009, July 22, 2009, October 22, 2009, December 5, 2009, February 24, 2010, June 2, 2010, and August 4, 2010; dividends of $0.07 per common share on December 14, 2010, February 29, 2011, June 1, 2011, and August 3, 2011; and dividends of $0.08 and $0.39 per common and preferred shares, respectively, on December 8, 2011.

CUBESMART, L.P.

The following table sets forth selected financial and operating data on a historical consolidated basis for the Operating Partnership. The selected financial data for the periods ended December 31, 2011, 2010, 2009 and 2008 have been derived from the historical consolidated financial statements of CubeSmart, L.P. and subsidiaries, which have been audited by KPMG. The selected financial data for the period ended December 31, 2007 has been derived from the historical consolidated financial statements of CubeSmart, L.P. and subsidiaries, which have not been audited by KPMG.

The following data should be read in conjunction with the audited financial statements and notes thereto of the Operating Partnership 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, 2011	2010	2009	2008	2007
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NET LOSS (INCOME) ATTRIBUTABLE TO NONCONROLLING INTERESTS					
Noncontrolling interest in subsidiaries	(2,810)	(1,755)	(665)		
NET (LOSS) INCOME ATTRIBUTABLE TO CUBESMART L.P.	(363)	(7,774)	(997)	3,102	(14,247)
Limited Partnership interest of third parties	(35)	381	60	(310)	1,170
NET (LOSS) INCOME ATTRIBUTABLE TO OPERATING PARTNER	(398)	(7,393)	(937)	2,792	(13,077)
Distribution to Preferred Shares	(1,218)				
NET(LOSS) INCOME ATTRIBUTABLE TO COMMON UNITHOLDERS	$ (1,616)	$ (7,393)	$ (937)	$ 2,792	$ (13,077)
Basic and diluted loss per unit from continuing operations attributable to common unitholders	$ (0.09)	$ (0.14)	$ (0.29)	$ (0.44)	$ (0.45)
Basic and diluted earnings per unit from discontinued operations attributable to common unitholders	$ 0.07	$ 0.06	$ 0.28	$ 0.49	$ 0.22
Basic and diluted (loss) earnings per unit attributable to common unitholders	$ (0.02)	$ (0.08)	$ (0.01)	$ 0.05	$ (0.23)
Weighted-average basic and diluted units outstanding (1)	102,976	93,998	70,988	57,621	57,497

AMOUNTS ATTRIBUTABLE TO COMMON UNITHOLDERS:										
Loss from continuing operations	$	(8,815)	$	(13,095)	$	(20,806)	$	(25,454)	$	(25,748)
Total discontinued operations		7,199		5,702		19,869		28,246		12,671
Net (loss) income	$	(1,616)	$	(7,393)	$	(937)	$	2,792	$	(13,077)

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	At December 31,				
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CubeSmart L.P. Capital	955,913	724,216	695,309	522,928	555,619
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Total liabilities and capital	1,875,979	1,478,819	1,598,870	1,597,659	1,687,831
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Cash dividends declared per unit (2)	$ 0.290	$ 0.145	$ 0.10	$ 0.565	$ 1.05

(1) Excludes operating partnership units issued at the Parent Company s IPO and in connection with the acquisition of facilities subsequent to the Parent Company s IPO. Operating partnership units have been excluded from the earnings per share calculations as the related income or loss is presented in Limited Partnership interest of third parties.

(2) The Operating Partnership announced full quarterly dividends of $0.29 per common unit on February 21, 2007, May 8, 2007, and August 14, 2007; dividends of $0.18 per common unit on December 13, 2007, February 27, 2008, May 7, 2008, and August 6, 2008; dividends of $0.025 per common unit on December 11, 2008, January 22, 2009, April 22, 2009, July 22, 2009, October 22, 2009, December 5, 2009, February 24, 2010, June 2, 2010, and August 4, 2010; dividends of $0.07 per common unit on December 14, 2010, February 29, 2011, June 1, 2011, and August 3, 2011; and dividends of $0.08 and $0.39 per common and preferred units, respectively, on December 8, 2011.

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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. The Company makes certain statements in this section that 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

The Company is 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. Effective September 14, 2011, the Parent Company changed its name from U-Store-It Trust to CubeSmart and the Operating Partnership changed its name from U-Store-It, L.P. to CubeSmart, L.P. The Parent Company has elected to be taxed as a REIT for U.S. federal income tax purposes. As of December 31, 2011 and December 31, 2010, the Company owned 370 and 363 self-storage facilities, respectively, totaling approximately 24.4 million rentable square feet and 23.6 million rentable square feet, respectively. As of December 31, 2011 the Company owned facilities in the District of Columbia and the following 26 states: Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Utah, Virginia and Wisconsin. In addition, as of December 31, 2011, the Company managed 103 properties for third parties bringing the total number of properties which it owned and/or managed to 473. As of December 31, 2011 the Company managed facilities in the District of Columbia and the following states: Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Massachusetts, Maryland, Michigan, New Hampshire, Minnesota, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas and Virginia.

The Company derives revenues principally from rents received from its customers who rent cubes at its 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. We have a decentralized approach to the management and operation of our facilities, which places an emphasis on local, 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.

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

The United States continues to recover from an economic downturn that resulted in higher unemployment, stagnant employment growth, shrinking demand for products, large-scale business failures and tight credit markets. 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. A continuation of or slow recovery from ongoing 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.

In the future, the Company intends to focus on maximizing internal growth opportunities and selectively pursuing targeted acquisitions and developments of self-storage facilities.

The Company has one reportable segment: we own, operate, develop, manage and acquire self-storage facilities.

The Company s self-storage facilities are located in major metropolitan and rural areas and have numerous tenants per facility. No single tenant represents a significant concentration of our revenues. The facilities in Florida, California, Texas and Illinois provided approximately 17%, 12%, 10% and 7%, respectively, of total revenues for the year ended December 31, 2011.

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Through our November 2011 Storage Deluxe Acquisition, the Company acquired properties that contain an aggregate of 1.0 million net rentable square feet and increased its footprint in the New York, Connecticut and Pennsylvania markets. We believe that the Storage Deluxe Acquisition will have a positive impact on our future operating results and financial condition, and that this impact is not yet reflected in the historical financial information presented in this Annual Report on Form 10-K because the Storage Deluxe Acquisition occurred late in the year ended December 31, 2011.

Summary of Critical Accounting Policies and Estimates

Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements included in this Annual Report on Form 10-K. 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 40 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 allocated a portion of the purchase price to an intangible asset attributed to the value of in-place leases. This intangible 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 tenant relationships, because the Company does not have any concentrations of significant tenants and the average tenant turnover is fairly frequent.

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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 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 property s basis is recoverable. If a property 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 2011, 2010 and 2009.

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. In most transactions, these contingencies are not satisfied until the actual closing of the transaction; accordingly, the facility is not identified as held for sale until the closing actually occurs. However, each potential transaction is evaluated based on its separate facts and circumstances. Properties classified as held for sale are reported at the lesser of carrying value or fair value less estimated costs to sell.

2011

On November 3, 2011, the Company acquired 16 properties from various entities which were branded as Storage Deluxe with a purchase price of approximately $357.3 million. The 16 properties purchased are located in New York, Connecticut and Pennsylvania. In connection with this acquisition, the Company allocated a portion of the purchase price to the intangible value of in-place leases which aggregated $18.1 million. The estimated life of these in-place leases is 12 months and the amortization expense that was recognized during 2011 was approximately $3.0 million.

Additionally, during 2011, the Company acquired 11 self-storage facilities located throughout the United States for an aggregate purchase price of approximately $109.8 million. In connection with these acquisitions, the Company allocated a portion of the purchase price to the intangible value of in-place leases which aggregated $7.0 million. The estimated life of these in-place leases is 12 months and the amortization expense that was recognized during 2011 was approximately $2.8 million. In connection with three of the acquisitions, the Company assumed mortgage debt, at fair value, with an outstanding principal balance totaling $21.4 million and recorded a net premium of $0.4 million to reflect the fair values of the debt at the time of assumption.

2010

On April 28, 2010, the Company acquired 85 management contracts from United Stor-All Management, LLC (United Stor-All). The Company accounted for this acquisition as a business combination. The Company recorded the fair value of the assets acquired which includes the intangible value related to the management contracts as other assets, net on the Company s consolidated balance sheet. The average estimated life of the intangible value of the management contracts is 56 months and the amortization expense that was recognized during 2011 and 2010 was approximately $1.3 million and $0.9 million, respectively.

During 2010, the Company acquired 12 self-storage facilities located throughout the United States. In connection with these acquisitions, the Company allocated a portion of the purchase price to the intangible value of in-place leases which aggregated $3.7 million. The estimated life of these in-place leases was 12 months and the amortization expense that was recognized during 2011 and 2010 was approximately $3.0 million and $0.7 million, respectively.

Revenue Recognition

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

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The Company recognizes gains on disposition of properties 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. Accordingly, share compensation expense was 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.

Income Taxes

The 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 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 Company s ordinary income and (b) 95% of the Company s net capital gain exceeds cash distributions and certain taxes paid by the Company.

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board (FASB) issued an amendment to the accounting standard for the presentation of comprehensive income. The amendment requires entities to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In addition, the amendment requires entities to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. This amendment is effective for fiscal years and interim periods beginning after December 15, 2011. The Company s adoption of the new standard will not have a material impact on its consolidated financial position or results of operations as the amendment relates only to changes in financial statement presentation.

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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. The Company considers its 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. Same-store results are considered to be 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. For analytical presentation, all percentages are calculated using the numbers presented in the financial statements contained in this Annual Report on Form 10-K.

The Company s results of operations are affected by the acquisition and disposition activity during the 2011, 2010, and 2009 periods as described below. At December 31, 2011, 2010, and 2009, the Company owned 370, 363, and 367 self-storage facilities and related assets, respectively.

- In 2011, 27 self-storage facilities were acquired for approximately $467.1 million (the 2011 Acquisitions) and 19 self-storage facilities were sold for approximately $45.2 million (the 2011 Dispositions).

- In 2010, 12 self-storage facilities were acquired for approximately $85.1 million (the 2010 Acquisitions) and 16 self-storage facilities were sold for approximately $38.1 million (the 2010 Dispositions).

- In 2009, 20 self-storage facilities were sold for approximately $90.9 million (the 2009 Dispositions).

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Comparison of the Year Ended December 31, 2011 to the Year Ended December 31, 2010 (dollars in thousands)

	Same-Store Property Portfolio				Non Same-Store Properties		Other/ Eliminations		Total Portfolio			
	2011	2010	Increase/ (Decrease)	% Change	2011	2010	2011	2010	2011	2010	Increase/ (Decrease)	Change
REVENUES:												
Rental income	$ 192,514	$ 187,653	$ 4,861	3%	$ 19,592	$ 1,269	$	$	$ 212,106	$ 188,922	$ 23,184	12%
Other property related income	18,130	15,636	2,494	16%	2,011	1,746	1,590	596	21,731	17,978	3,753	21%
Property management fee income							3,768	2,829	3,768	2,829	939	33%
Total revenues	210,644	203,289	7,355	4%	21,603	3,015	5,358	3,425	237,605	209,729	27,876	13%
OPERATING EXPENSES:												
Property operating expenses	79,372	79,131	241	0%	7,573	1,960	12,215	9,170	99,160	90,261	8,899	10%
NET OPERATING INCOME:	131,272	124,158	7,114	6%	14,030	1,055	(6,857)	(5,745)	138,445	119,468	18,977	16%
Depreciation and amortization									68,223	61,428	6,795	11%
General and administrative									24,693	25,406	(713)	-3%
Subtotal									92,916	86,834	6,082	7%
Operating income									45,529	32,634	12,895	40%
Other Income (Expense):												
Interest:												
Interest expense on loans									(33,199)	(37,794)	4,595	-12%
Loan procurement amortization expense									(5,028)	(6,463)	1,435	-22%
Loan procurement amortization expense - early repayment of debt									(8,167)		(8,167)	100%
Acquisition related costs									(3,823)	(759)	(3,064)	100%
Equity in losses of real estate ventures									(281)		(281)	100%
Other									(83)	386	(469)	-122%
Total other expense									(50,581)	(44,630)	(5,951)	13%
LOSS FROM CONTINUING OPERATIONS									(5,052)	(11,996)	6,944	58%
DISCONTINUED OPERATIONS												
Income from discontinued operations									3,596	4,151	(555)	-13%
Net gain on disposition of discontinued operations									3,903	1,826	2,077	114%
Total discontinued operations									7,499	5,977	1,522	25%
NET INCOME (LOSS)									2,447	(6,019)	8,466	141%
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS												
Noncontrolling interests in the Operating Partnership									(35)	381	(416)	-109%

Noncontrolling interests in subsidiaries		(2,810)		(1,755)		(1,055)	-60%
NET LOSS ATTRIBUTABLE TO THE COMPANY	$	(398)	$	(7,393)	$	6,995	95%

Revenues

Rental income increased from $188.9 million in 2010 to $212.1 million in 2011, an increase of $23.2 million. This increase is primarily attributable to $18.3 million of additional income from the properties acquired in 2010 and 2011 and increases in average occupancy and scheduled annual rent per square foot on the same-store portfolio which contributed $4.9 million to the increase in rental income during 2011 as compared to 2010.

Other property related income increased from $18.0 million in 2010 to $21.7 million in 2011, an increase of $3.7 million, or 21%. This increase is primarily attributable to increased fee revenue and insurance commissions of $3.8 million during the year ended December 31, 2011 as compared to the year ended December 31, 2010, which includes an increase of $0.3 million related to the 2010 and 2011 acquisitions.

Property management fee income increased to $3.8 million in 2011 from $2.8 million during 2010, an increase of $1.0 million. This increase is attributable to an increase in management fees related to the third party management business (103 facilities as of December 31, 2011 compared to 93 facilities as of December 31, 2010) and 12 months of management fees earned during the 2011 period related to the addition of 85 management contracts in April 2010, compared to eight months of similar activity during the 2010 period.

Operating Expenses

Property operating expenses increased from $90.3 million in 2010 to $99.2 million in 2011, an increase of $8.9 million, or 10%. This increase is primarily attributable to $8.7 million of increased expenses associated with newly acquired properties and 12 months of expenses in the 2011 period related to the addition of 85 management contracts in April 2010, compared to

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only eight months of similar expenses in the 2010 period. In addition, we experienced a $0.4 million increase in rebranding and SuperStore related expenses during the 2011 period as compared to the 2010 period.

Depreciation and amortization increased from $61.4 million in 2010 to $68.2 million in 2011, an increase of $6.8 million, or 11%. This increase is primarily attributable to depreciation and amortization expense related to the 2010 and 2011 acquisitions recognized in 2011, with no corresponding expense recognized in 2010.

Other Income (Expenses)

Interest expense decreased from $37.8 million in 2010 to $33.2 million in 2011, a decrease of $4.6 million, or 12%. Approximately $1.6 million of the reduced interest expense related to approximately $210 million of net mortgage loan repayments during the period from January 1, 2010 through December 31, 2011. Interest expense also decreased as a result of lower interest rates on the 2011 Credit Facility during the 2011 period as compared to the interest rates on the Prior Facility during the 2010 period, offset by increased unsecured loan borrowings during the period.

Loan procurement amortization expense - early repayment of debt was $8.2 million for the year ended December 31, 2011, with no comparable expense during the 2010 period. This expense is related to the write-off of unamortized loan procurement costs associated with the Prior Facility.

Acquisition related costs increased from $0.8 million during 2010 to $3.8 million during 2011 as a result of the acquisition of 27 self-storage facilities in 2011, including 16 facilities in the Storage Deluxe Acquisition, compared to 12 acquisitions during 2010.

Equity in losses of real estate ventures was $0.3 million for the year ended December 31, 2011, with no comparable expense during the 2010 period. This expense is related to earnings attributable to the HSRE Venture, which was formed in September 2011.

Discontinued Operations

Gains on disposition of discontinued operations increased from $1.8 million in the 2010 period to $3.9 million in the 2011 period, an increase of $2.1 million. Gains during 2010 related to the sale of 16 assets during 2010, and gains during 2011 related to the sale of 19 assets during 2011.

Noncontrolling Interests in Subsidiaries

Noncontrolling interests in subsidiaries increased to $2.8 million in the 2011 period from $1.8 million in the 2010 period. This increase is primarily a result of increased income related to the operations of our joint venture (HART), which was formed in August 2009 to own and operate 22 self-storage facilities. The Company retained a 50% ownership interest in HART and accordingly presents the 50% of the related results that are allocated to the venture partner as an adjustment to net income (loss) when arriving at net income (loss) attributable to shareholders.

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Comparison of the Year Ended December 31, 2010 to the Year Ended December 31, 2009 (dollars in thousands)

	Same-Store Property Portfolio				Non Same-Store Properties		Other/ Eliminations		Total Portfolio			
	2010	2009	Increase/ (Decrease)	% Change	2010	2009	2010	2009	2010	2009	Increase/ (Decrease)	Change
REVENUES:												
Rental income	$ 187,653	$ 188,241	$ (588)	0%	$ 1,269	$ (140)	$	$	$ 188,922	$ 188,101	$ 821	0%
Other property related income	15,636	14,389	1,247	9%	1,746	1,071	596		17,978	15,460	2,518	16%
Property management fee income							2,829	56	2,829	56	2,773	4952%
Total revenues	203,289	202,630	659	0%	3,015	931	3,425	56	209,729	203,617	6,112	3%
OPERATING EXPENSES:												
Property operating expenses	79,131	80,200	(1,069)	-1%	1,960	622	9,170	7,573	90,261	88,395	1,866	2%
NET OPERATING INCOME:	124,158	122,430	1,728	1%	1,055	309	(5,745)	(7,517)	119,468	115,222	4,246	4%
Depreciation and amortization									61,428	66,984	(5,556)	-8%
General and administrative									25,406	22,569	2,837	13%
Subtotal									86,834	89,553	(2,719)	-3%
Operating income									32,634	25,669	6,965	27%
Other Income (Expense):												
Interest:												
Interest expense on loans									(37,794)	(45,269)	7,475	-17%
Loan procurement amortization expense									(6,463)	(2,339)	(4,124)	176%
Acquisition related costs									(759)		(759)	100%
Other									386	648	(262)	-40%
Total other expense									(44,630)	(46,960)	2,330	-5%
LOSS FROM CONTINUING OPERATIONS									(11,996)	(21,291)	9,295	44%
DISCONTINUED OPERATIONS												
Income from discontinued operations									4,151	6,820	(2,669)	-39%
Net gain on disposition of discontinued operations									1,826	14,139	(12,313)	-87%
Total discontinued operations									5,977	20,959	(14,982)	-71%
NET LOSS									(6,019)	(332)	(5,687)	-1713%
NET LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTERESTS												
Noncontrolling interests in the Operating Partnership									381	60	321	535%
Noncontrolling interests in subsidiaries									(1,755)	(665)	(1,090)	-164%
NET LOSS ATTRIBUTABLE TO THE COMPANY									$ (7,393)	$ (937)	$ (6,456)	-689%

Revenues

Rental income increased from $188.1 million in 2009 to $188.9 million in 2010, an increase of $0.8 million. This increase is primarily attributable to additional income from the 2010 acquisitions of approximately $1.4 million in 2010 with no similar income in 2009, offset by a decrease in the realized annual rent per square foot of 1% related to the same-store property portfolio which resulted in a $0.6 million decrease in same-store rental income.

Other property related income increased from $15.5 million in 2009 to $18.0 million in 2010, an increase of $2.5 million, or 16%. This increase is primarily attributable to increased fee revenue and insurance commissions related to the same-store properties of $1.1 million and an increase in other property related income of $1.3 million related to the 2010 Acquisitions and other non-same store revenue during 2010 as compared to 2009.

Property management fee income increased to $2.8 million in 2010 from $56,000 during 2009, an increase of $2.8 million. This increase is attributable to an increase in management fees related to the third party management business, which included 93 facilities as of December 31, 2010 compared to eight facilities as of December 31, 2009.

Operating Expenses

Property operating expenses increased from $88.4 million in 2009 to $90.3 million in 2010, an increase of $1.9 million, or 2%. This increase is primarily attributable to $2.9 million of increased expenses associated with non same-store properties and additional costs incurred to support the growth of the third party management business, offset by a $1.1 million decrease in same-store expenses primarily attributable to a $0.6 million decrease in real estate tax expense in 2010 as compared to 2009.

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Depreciation and amortization decreased from $67.0 million in 2009 to $61.4 million in 2010, a decrease of $5.6 million, or 8%. This decrease is primarily attributable to depreciation expense recognized in 2009 related to assets that became fully depreciated during 2009, with no similar activity on these fully depreciated assets in 2010.

General and administrative expenses increased from $22.6 million in 2009 to $25.4 million in 2010, an increase of $2.8 million, or 13%. This increase is primarily attributable to additional personnel costs during 2010 incurred to support operational functions of the Company as well as non-recurring contract related costs incurred in conjunction with amendments to employment agreements with members of our senior management.

Other Income (Expenses)

Interest expense decreased from $45.3 million in 2009 to $37.8 million in 2010, a decrease of $7.5 million, or 17%. Approximately $3.9 million of the reduced interest expense related to $175 million of net mortgage loan repayments during the period from January 1, 2009 through December 31, 2010. Interest expense also decreased by approximately $3.6 million as a result of reduced average outstanding credit facility borrowings and lower interest rates during 2010 as compared to 2009.

Loan procurement amortization expense increased from $2.3 million in 2009 to $6.5 million in 2010, an increase of $4.2 million, or 176%. The increase is attributable to the amortization of additional costs incurred in relation to the amendment of the Prior Facility in 2010, and a full year of amortization of costs related to the Prior Facility and the 17 secured financings entered into in 2009.

Acquisition related costs increased to $0.8 million during 2010 with no comparable costs in 2009 as a result of the acquisition of 12 self-storage facilities, in addition to the acquisition of 85 management contracts from United Stor-All, during 2010, compared to no acquisition activity during 2009.

Discontinued Operations

Gains on disposition of discontinued operations decreased from $14.1 million in the 2009 period to $1.8 million in the 2010 period, a decrease of $12.3 million. Gains during 2009 related to the sale of 20 assets during 2009, and gains during 2010 related to the sale of 16 assets during the year.

Noncontrolling Interests in Subsidiaries

Noncontrolling interests in subsidiaries increased to $1.8 million in the 2010 period from $0.7 million in the 2009 period. This increase is primarily a result of a full year of activity related to the operations of our HART joint venture.

Non-GAAP Financial Measures

NOI

We define net operating income, which we refer to as NOI, as total continuing revenues less continuing property operating expenses. NOI also can be calculated by adding back to net income (loss): interest expense on loans, loan procurement amortization expense, loan procurement amortization expense early repayment of debt, acquisition related costs, equity in losses of real estate ventures, amounts attributable to noncontrolling interests, other expense, depreciation and amortization expense, general and administrative expense, and deducting from net income: income from discontinued operations, gains on disposition of discontinued operations, other income, and interest income. NOI is not a measure of performance calculated in accordance with GAAP.

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

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

- It is one of the primary measures used by our management and our facility managers to evaluate the economic productivity of our facilities, including our ability to lease our facilities, increase pricing and occupancy and control our property operating expenses;

- It is widely used in the real estate industry and the self-storage industry to measure the performance and value of real estate assets without regard to various items included in net income that do not relate to or are not indicative of operating performance, such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets; and

- We believe it helps our investors to meaningfully compare the results of our operating performance from period to period by removing the impact of our capital structure (primarily interest expense on our outstanding indebtedness) and depreciation of our basis in our assets from our operating results.

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

FFO

Pursuant to the revised definition of Funds from Operations adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), we calculate Funds from Operations, or FFO, by adjusting net income (computed in accordance with GAAP, including non-recurring items) for gains (or losses) from sales of properties, impairments of depreciable assets, real estate related depreciation and amortization, and after adjustment for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure. The use of FFO, combined with the required primary GAAP presentations, has been fundamentally beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. Management generally considers FFO to be a useful measure for reviewing our comparative operating and financial performance because, by excluding gains and losses related to sales of previously depreciated operating real estate assets, impairments of depreciable assets, and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help one compare the operating performance of a company s real estate between periods or as compared to different companies. Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently.

FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance. FFO does not represent cash generated from operating activities determined in accordance with GAAP and is not a measure of liquidity or an indicator of our ability to make cash distributions. We believe that to further understand our performance, FFO should be compared with our reported net income and considered in addition to cash flows in accordance with GAAP, as presented in our Consolidated Financial Statements.

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The following table presents a reconciliation of net income to FFO for the year ended December 31, 2011 and 2010 (in thousands):

	2011	2010
Net loss attributable to common shareholders	$ (1,616)	$ (7,393)
Add (deduct):		
Real estate depreciation and amortization:		
Real property - continuing operations	66,587	59,699
Real property - discontinued operations	848	3,209
Company s share of unconsolidated real estate ventures	542	
Noncontrolling interest s share of consolidated real estate ventures	(1,731)	(2,206)
Gains on sale of real estate	(3,903)	(1,826)
Noncontrolling interests in the Operating Partnership	35	(381)
FFO	$ 60,762	$ 51,102
Weighted-average diluted shares and units outstanding	109,085	99,955

Cash Flows

Comparison of the Year Ended December 31, 2011 to the Year Ended December 31, 2010

A comparison of cash flow related to operating, investing and financing activities for the years ended December 31, 2011 and 2010 is as follows:

Net cash flow provided by (used in):	Year Ended December 31, 2011	2010	Change
	(in thousands)		
Operating activities	$ 84,327	$ 71,517	$ 12,810
Investing activities	$ (442,100)	$ (44,783)	$ (397,317)
Financing activities	$ 360,951	$ (123,611)	$ 484,562

Cash flows provided by operating activities for the years ended December 31, 2011 and 2010 were $84.3 million and $71.5 million, respectively, an increase of $12.8 million. Our principal source of cash flows is from the operation of our properties. Our increased cash flow from operating activities is primarily attributable to our 2010 and 2011 acquisitions.

Cash used in investing activities increased from $44.8 million in 2010 to $442.1 million in 2011, an increase of $397.3 million. The increase primarily relates to increased property acquisitions in 2011 (Storage Deluxe Acquisition with a purchase price totaling $357.3 million and 11 other property acquisitions with purchase prices totaling $109.8 million) compared to 2010 (12 property acquisitions with purchase price totaling $85.1 million).

Cash provided by (used in) financing activities increased from ($123.6) million in 2010 to $361.0 million in 2011, an increase of $484.6 million. The increase relates to the following: (a) increased common and preferred share issuances of $231.3 million in 2011, as compared to 2010, primarily used to finance the Storage Deluxe Acquisition in November 2011,

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(b) a net increase in unsecured term loans of $200.0 million that was used to repay $93 million of borrowings under the revolving credit facility related to the financing of the Storage Deluxe Acquisition, and (c) a net decrease in payments on mortgage loans and notes payable of $156.9 million; offset by full repayment of revolving credit facility borrowings of $43 million during 2011, compared to prior year inflows of $43 million, and increased distributions of $19.3 million in 2011 as compared to 2010.

Comparison of the Year Ended December 31, 2010 to the Year Ended December 31, 2009

A comparison of cash flow related to operating, investing and financing activities for the years ended December 31, 2010 and 2009 is as follows:

	Year Ended December 31,					
Net cash flow provided by (used in):		**2010**		**2009**		**Change**
		(in thousands)				
Operating activities	$	71,517	$	62,214	$	9,303
Investing activities	$	(44,783)	$	98,852	$	(143,635)
Financing activities	$	(123,611)	$	(62,042)	$	(61,569)

Cash flows provided by operating activities for the years ended December 31, 2010 and 2009 were $71.5 million and $62.2 million, respectively, an increase of $9.3 million. The increase primarily relates to timing differences associated with a $3.2 million increase in accounts payable and accrued expense activity and a $3.9 million decrease in restricted cash activity during 2010 as compared to 2009 and increased NOI levels during 2010 as compared to 2009.

Cash (used in) provided by investing activities decreased from $98.9 million in 2009 to ($44.8) million in 2010, a decrease of $143.6 million. The decrease primarily relates to decreased property dispositions in 2010 (aggregate proceeds of $37.3 million related to 16 facilities) compared to 2009 (aggregate proceeds of $68.3 million related to 20 facilities), net proceeds received from the formation of YSI HART Limited Partnership in August 2009 of approximately $48.7 million, with no similar transactions during 2010, as well as more acquisition activity in 2010 (12 facilities acquired for an aggregate cost of $84.7 million) relative to no acquisitions during 2009. The decrease was offset by repayment of notes receivable of $20.1 million during 2010.

Cash used in financing activities increased from $62.0 million in 2009 to $123.6 million in 2010, an increase of $61.6 million. The increase primarily relates to higher common share issuance activity in 2010 compared to 2009 (proceeds of $170.9 million and $47.6 million, respectively), and increased distributions paid to shareholders, and non-controlling interests of $5.9 million during 2010 as compared to 2009 due to additional outstanding shares during 2010, offset by decreased net debt repayments of $54.8 million and loan procurement costs of $12.6 million in 2010 as compared to 2009.

Liquidity and Capital Resources

Liquidity Overview

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

In order to qualify as a REIT for federal income tax purposes, the Parent Company is required to distribute at least 90% of REIT taxable income, excluding capital gains, to our shareholders on an annual basis or pay federal income tax. The nature of our business, coupled with the requirement that the Parent Company distribute a substantial portion of our income on an annual basis, will cause us to have substantial liquidity needs over both the short term and the long term.

Our short-term liquidity needs consist primarily of funds necessary to pay operating expenses associated with our facilities, refinancing of certain mortgage indebtedness, interest expense and scheduled principal payments on debt, expected distributions to limited partners and shareholders and recurring capital expenditures. These funding requirements will vary from year to year, in some cases significantly. We funded the $357.3 million cash portion of the Storage Deluxe Acquisition using approximately $277.3 million in net proceeds from our recently completed public offerings of common and preferred shares and borrowings of approximately $93 million under our 2011 Credit Facility. We expect recurring capital expenditures in the 2012 fiscal year to be approximately $7 million to $9 million. In addition, we expect capital improvements totaling approximately $8 million related to our store upgrade (SuperStore) and rebranding initiatives, through December 31, 2012. Our currently scheduled principal payments on debt, including borrowings outstanding on the 2011 Credit Facility and Term Loan Facility, are approximately $168.8 million in 2012.

Our most restrictive debt covenants limit the amount of additional leverage we can add; however, we believe cash flow from operations, access to our at the market program and access to our 2011 Credit Facility are adequate to execute our current business plan and remain in compliance with our debt covenants.

Our liquidity needs beyond 2012 consist primarily of contractual obligations which include repayments of indebtedness at maturity, as well as potential discretionary expenditures such as (i) non-recurring capital expenditures; (ii) redevelopment of operating facilities; (iii) acquisitions of additional facilities; and (iv) development of new facilities. We will have to satisfy our needs through either additional borrowings, including borrowings under the revolving portion of our 2011 Credit Facility, sales of common or preferred shares and/or cash generated through facility dispositions and joint venture transactions.

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

As of December 31, 2011, we had approximately $9.1 million in available cash and cash equivalents. In addition, we had approximately $400 million of availability for borrowings under our 2011 Credit Facility.

Bank Credit Facilities

On December 8, 2009, we entered into a three-year, $450 million senior secured credit facility, which we refer to as the Prior Facility, consisting of a $200 million secured term loan and a $250 million secured revolving credit facility. The Prior Facility was collateralized by mortgages on borrowing base properties (as defined in the Prior Facility agreement). The Prior Facility replaced the prior, three-year $450 million unsecured credit facility (the 2006 Credit Facility), which was entered into in November 2006, and consisted of a $200 million unsecured term loan and $250 million in unsecured revolving loans. All borrowings under the 2006 Credit Facility were repaid in December 2009.

On September 29, 2010, we amended the Prior Facility. The Prior Facility, as amended, consisted of a $200 million unsecured term loan and a $250 million unsecured revolving credit facility and had an outstanding balance of $43 million as of December 31, 2010. The Prior Facility, as amended had a three-year term expiring on December 7, 2013, was unsecured, and borrowings on the facility incurred interest on a borrowing spread determined by our leverage levels plus LIBOR.

On June 20, 2011, we entered into an unsecured Term Loan Agreement (the Term Loan Facility) which consisted of a $100 million term loan with a five-year maturity and a $100 million term loan with a seven-year maturity. The Term Loan Facility permits the Company to request additional advances of five-year or seven-year loans in minimum increments of $5 million, provided that such additional advances do not, in the aggregate, exceed $50 million. We incurred costs of $2.1 million in connection with executing the agreement and capitalized such costs as a component of loan procurement costs, net of amortization on the consolidated balance sheet. Interest rates on the Term Loan Facility range, depending on the Company s leverage levels, from 1.90% to 2.75% over LIBOR for the five-year loan, and from 2.05% to 2.85% over LIBOR for the seven-year loan, and each loan has no LIBOR floor. As of December 31, 2011, we had received two investment grade ratings, and therefore pricing on the Term Loan Facility ranges from 1.45% to 2.10% over LIBOR for the five-year loan, and from 1.60% to 2.25% over LIBOR for the seven-year loan.

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On December 9, 2011, we entered into a credit agreement comprised of a $100 million unsecured term loan maturing in December 2014; a $200 million unsecured term loan maturing in March 2017; and a $300 million unsecured revolving facility maturing in December 2015, which we refer to as the 2011 Credit Facility. The 2011 Credit Facility replaces in its entirety our Prior Facility. In connection with obtaining the 2011 Credit Facility, we paid additional deferred financing costs of $3.4 million and wrote off deferred financing fees related to the Prior Facility of $6.1 million.

Interest rates on borrowings under the 2011 Credit Facility depend on our unsecured debt credit rating. At our current Baa3/BBB- level, amounts drawn under the revolving facility portion of the 2011 Credit Facility are priced at 1.80% over LIBOR, with no LIBOR floor and amounts drawn under the term loan portion of the 2011 Credit Facility are priced at 1.75% over LIBOR, with no LIBOR floor.

On December 31, 2011, $200 million of unsecured term loan borrowings were outstanding under the Term Loan Facility, $200 million of unsecured term loan borrowings were outstanding under the 2011 Credit Facility, and $400 million was available for borrowing under the 2011 Credit Facility. We had interest rate swaps as of December 31, 2011, that fix LIBOR on $200 million of borrowings under the 2011 Credit Facility maturing in March 2017 at 1.34%. In addition, at December 31, 2011, we had interest rate swaps that fix LIBOR on both the five and seven-year term loans under the Term Loan Facility through their respective maturity dates. The interest rate swap agreements fix thirty day LIBOR over the terms of the five and seven-year term loans at 1.80% and 2.47%, respectively. We recognized loan procurement amortization expense - early repayment of debt of $8.2 million related to the write-off of unamortized loan procurement costs associated with the Prior Facility.

As of December 31, 2011, borrowings under the 2011 Credit Facility and Term Loan Facility had a weighted average interest rate of 3.57% and the effective interest rates on the five and seven-year term loans were 3.65% and 4.47%, respectively, after giving consideration to the interest rate swaps described in Note 8.

Our ability to borrow under the 2011 Credit Facility and Term Loan Facility is subject to our ongoing compliance with certain financial covenants which include:

- Maximum total indebtedness to total asset value of 60.0% at any time;
- Minimum fixed charge coverage ratio of 1.50:1.00; and
- Minimum tangible net worth of $821,211,200 plus 75% of net proceeds from equity issuances after June 30, 2010.

Further, under the 2011 Credit Facility and Term Loan Facility, we are restricted from paying distributions on our common shares that would exceed an amount equal to the greater of (i) 95% of our funds from operations, and (ii) such amount as may be necessary to maintain our REIT status.

We are currently in compliance with all of our financial covenants and anticipate being in compliance with all of our financial covenants through the terms of the 2011 Credit Facility and Term Loan Facility.

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Other Material Changes in Financial Position

	December 31, 2011		December 31, 2010		Increase (decrease)	
			(in thousands)			
Selected Assets						
Storage facilities, net	$	1,788,720	$	1,428,491	$	360,229
Investment in joint venture	$	15,181	$		$	15,181
Other assets, net	$	43,645	$	18,576	$	25,069
Selected Liabilities						
Revolving credit facility	$		$	43,000	$	(43,000)
Unecured term loan	$	400,000	$	200,000	$	200,000
Mortgage loans and notes payable	$	358,441	$	372,457	$	(14,016)
Accounts payable, accrued expenses and other liabilities	$	51,025	$	36,172	$	14,853

Storage facilities, net increased $360.2 million during 2011 primarily as a result of the acquisition of 27 facilities for $467.1 million and fixed asset additions, offset by the disposition of 19 properties for $45.2 million during the same period. Investment in joint venture increased by $15.2 million due to the formation of the HSRE joint venture in September 2011. Other assets, net increased $25.1 million due to increased intangible assets of $25.1 million related to the 2011 Acquisitions.

Our borrowing under the revolving portion of the 2011 Credit Facility decreased $43.0 million as a result of additional borrowings made during 2011 from the Term Loan Facility and the related paydown of the Prior Facility. Unsecured term loan borrowing increased by $200 million due to borrowings under the Term Loan Facility related to payments for the 2011 Acquisitions and the repayment of multiple mortgages in 2011. Mortgage loans and notes payable decreased $14.0 million due to scheduled principal payments and the repayment of several mortgages during the year. Accounts payable, accrued expenses and other liabilities increased $14.9 million primarily due to an increase in derivative liabilities during 2011.

Contractual Obligations

The following table summarizes our known contractual obligations as of December 31, 2011 (in thousands):

	Payments Due by Period													
		Total		2012		2013		2014		2015		2016		2017 and thereafter
Mortgage loans and notes payable (a)	$	358,055	$	168,763	$	30,816	$	64,443	$	64,598	$	7,601	$	21,834
Revolving credit facility and unsecured term loans (b)		400,000						100,000				100,000		200,000
Interest payments (b)		122,490		32,038		25,462		21,897		16,134		14,430		12,529
Ground leases and third party office lease		43,235		988		988		940		860		887		38,572

Related party office leases	1,473	475	499	499			
Software and service contracts	2,085	2,085					
	$ 927,338	$ 204,349	$ 57,765	$ 187,779	$ 81,592	$ 122,918	$ 272,935

(a) Amounts do not include unamortized discounts/premiums.

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(b) Interest on variable rate debt calculated using the following rates: The 2011 Credit Facility and Term Loan Facility had a weighted average interest rate of 3.57% and the effective interest rates on the five and seven-year term loans were 3.65% and 4.47%, respectively.

We expect that the contractual obligations owed in 2012 will be satisfied by a combination of cash generated from operations and from draws on the revolving portion of the 2011 Credit Facility.

Off-Balance Sheet Arrangements

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

ITEM 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

The Company s future income, cash flows and fair values relevant to financial instruments depend upon prevailing interest rates.

Market Risk

Our investment policy relating to cash and cash equivalents is to preserve principal and liquidity while maximizing the return through investment of available funds.

Effect of Changes in Interest Rates on our Outstanding Debt

Our interest rate risk objectives are to limit the impact of interest rate fluctuations on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we manage our exposure to fluctuations in market interest rates for a portion of our borrowings through the use derivative financial instruments such as interest rate swaps or caps to mitigate our interest rate risk on a related financial instrument or to effectively lock the interest rate on a portion of our variable rate debt. The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market rates. The range of changes chosen reflects our view of changes which are reasonably possible over a one-year period. Market values are the present value of projected future cash flows based on the market rates chosen.

As of December 31, 2011 our consolidated debt consisted of $758.4 million of outstanding mortgages and unsecured term loans that are subject to fixed rates, including variable rate debt that is effectively fixed through our use of interest rate swaps. There were no amounts outstanding subject to floating rates. However, to the extent that we borrow on the revolving credit facility, we will then have debt subject to variable rates.

Changes in interest rates have different impacts on the fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position, but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows, but does not impact the net financial instrument position. If market rates of interest increase by 1%, the fair value of our outstanding fixed-rate mortgage debt and unsecured term loans would decrease by approximately $23.4 million. If market rates of interest decrease by 1%, the fair value of our outstanding fixed-rate mortgage debt and unsecured term loans would increase by approximately $23.4 million.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

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

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

None.

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ITEM 9A. ***CONTROLS AND PROCEDURES***

Controls and Procedures (Parent Company)

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Parent Company carried out an evaluation, under the supervision and with the participation of its management, including its chief executive officer and chief financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based on that evaluation, the Parent Company s chief executive officer and chief financial officer have concluded that the Parent Company s disclosure controls and procedures are effective.

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

Changes in Internal Controls Over Financial Reporting

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

Management s Report on Internal Control Over Financial Reporting

Management s report on internal control over financial reporting is set forth on page F-2 of this Annual Report on Form 10-K, and is incorporated herein by reference. The effectiveness of the Parent Company s internal control over financial reporting as of December 31, 2011 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Controls and Procedures (Operating Partnership)

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Operating Partnership carried out an evaluation, under the supervision and with the participation of its management, including the Operating Partnership s chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Operating Partnership s disclosure controls and procedures (as defined in Rules 13a-15(e) under the Exchange Act). Based on that evaluation, the Operating Partnership s chief executive officer and chief financial officer have concluded that the Operating Partnership s disclosure controls and procedures are effective.

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

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Changes in Internal Controls Over Financial Reporting

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

Management s Report on Internal Control Over Financial Reporting

Management s report on internal control over financial reporting is set forth on page F-2 of this Annual Report on Form 10-K, and is incorporated herein by reference. The effectiveness of the Operating Partnership s internal control over financial reporting as of December 31, 2011 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its report which is included herein.

ITEM 9B. ***OTHER INFORMATION***

Not applicable.

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PART III

ITEM 10. *TRUSTEES, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

We have adopted a Code of Ethics for all of our employees, officers and trustees, including our principal executive officer and principal financial officer, which is available on our website at www.cubesmart.com. We intend to disclose any amendment to, or a waiver from, a provision of our Code of Ethics on our website within four business days following the date of the amendment or waiver.

The remaining information required by this item regarding trustees, executive officers and corporate governance is hereby incorporated by reference to the material appearing in the Proxy Statement for the Annual Shareholders Meeting to be held in 2011 (the Proxy Statement) under the captions Proposal 1: Election of Trustees, Executive Officers, Meetings and Committees of the Board of Trustees, and Shareholder Proposals and Nominations for the 2013 Annual Meeting. The information required by this item regarding compliance with Section 16(a) of the Exchange Act is hereby incorporated by reference to the material appearing in the Parent Company s Proxy Statement under the caption Section 16(a) Beneficial Ownership Reporting Compliance.

ITEM 11. *EXECUTIVE COMPENSATION*

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

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

The following table sets forth certain information regarding our equity compensation plans as of December 31, 2011.

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted-average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a) (c)**
Equity compensation plans approved by shareholders	5,255,718(1)	$ 10.35(2)	4,356,330

Equity compensation plans not approved by shareholders			
Total	5,255,718	$ 10.35	4,356,330

(1) Excludes 666,622 shares subject to outstanding restricted share unit awards.

(2) This number reflects the weighted-average exercise price of outstanding options and has been calculated exclusive of outstanding restricted unit awards.

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

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

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

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ITEM 14. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

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

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PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a) Documents filed as part of this report:

1. *Financial Statements.*

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

2. *Financial Statement Schedules.*

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

3. *Exhibits.*

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

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

[redacted]

[redacted]

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[redacted]

Table of Contents

[redacted]

Table of Contents

[redacted]

Table of Contents

[redacted]

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[redacted]

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[redacted]

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[redacted]

* Incorporated herein by reference as above indicated.

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

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SIGNATURES

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

CUBESMART

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

Date: February 29, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ William M. Diefenderfer III William M. Diefenderfer III	Chairman of the Board of Trustees	February 29, 2012
/s/ Dean Jernigan Dean Jernigan	Chief Executive Officer and Trustee (Principal Executive Officer)	February 29, 2012
/s/ Timothy M. Martin Timothy M. Martin	Chief Financial Officer (Principal Financial and Accounting Officer)	February 29, 2012
/s/ Piero Bussani Piero Bussani	Trustee	February 29, 2012
/s/ Marianne M. Keler Marianne M. Keler	Trustee	February 29, 2012
/s/ David J. LaRue David J. LaRue	Trustee	February 29, 2012
/s/ John R. Remondi John R. Remondi	Trustee	February 29, 2012
/s/ Jeffrey F. Rogatz Jeffrey F. Rogatz	Trustee	February 29, 2012

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FINANCIAL STATEMENTS

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT S REPORT ON CUBESMART INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and the disposition of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that the receipts and expenditures of the Company are being made only in accordance with the authorization of the Company s management and its Board of Trustees; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the financial statements.

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

Under the supervision, and with the participation, of the Company s management, including the principal executive officer and principal financial officer, we conducted a review, evaluation and assessment of the effectiveness of our internal control over financial reporting as of December 31, 2011, based upon the Committee of Sponsoring Organizations of the Treadway Commission (COSO) criteria. In performing its assessment of the effectiveness of internal control over financial reporting, management has concluded that, as of December 31, 2011, our internal control over financial reporting was effective based on the COSO framework.

The effectiveness of our internal control over financial reporting as of December 31, 2011, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report that appears herein.

February 29, 2012

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Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders of CubeSmart:

We have audited the accompanying consolidated balance sheets of CubeSmart as of December 31, 2011 and 2010, and the related consolidated statements of operations, equity, and cash flows for each of the years in the three-year period ended December 31, 2011. In connection with our audit of the consolidated financial statements, we have also audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of CubeSmart s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CubeSmart as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CubeSmart s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2012, expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania

February 29, 2012

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Report of Independent Registered Public Accounting Firm

The Partners of CubeSmart, L.P.:

We have audited the accompanying consolidated balance sheets of CubeSmart, L.P. as of December 31, 2011 and 2010, and the related consolidated statements of operations, capital, and cash flows for each of the years in the three-year period ended December 31, 2011. In connection with our audit of the consolidated financial statements, we have also audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of CubeSmart, L.P. s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CubeSmart, L.P. as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CubeSmart, L.P. s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2012, expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania

February 29, 2012

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Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders of CubeSmart:

We have audited CubeSmart s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). CubeSmart s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on CubeSmart Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, CubeSmart maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CubeSmart as of December 31, 2011 and 2010, and the related consolidated statements of operations, equity, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated February 29, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Philadelphia, Pennsylvania

February 29, 2012

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Report of Independent Registered Public Accounting Firm

The Partners of CubeSmart, L.P.:

We have audited CubeSmart, L.P s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). CubeSmart, L.P. s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on CubeSmart Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, CubeSmart, L.P. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CubeSmart, L.P. as of December 31, 2011 and 2010, and the related consolidated statements of operations, capital, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated February 29, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Philadelphia, Pennsylvania

February 29, 2012

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CUBESMART AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	December 31, 2011	December 31, 2010
ASSETS		
Storage facilities	$ 2,107,469	$ 1,743,021
Less: Accumulated depreciation	(318,749)	(314,530)
Storage facilities, net	1,788,720	1,428,491
Cash and cash equivalents	9,069	5,891
Restricted cash	11,291	10,250
Loan procurement costs, net of amortization	8,073	15,611
Investment in real estate ventures, at equity	15,181	
Other assets, net	43,645	18,576
Total assets	$ 1,875,979	$ 1,478,819
LIABILITIES AND EQUITY		
Revolving credit facility	$	$ 43,000
Unsecured term loan	400,000	200,000
Mortgage loans and notes payable	358,441	372,457
Accounts payable, accrued expenses and other liabilities	51,025	36,172
Distributions payable	11,401	7,275
Deferred revenue	9,568	8,873
Security deposits	490	489
Total liabilities	830,925	