CubeSmart
Form 10-K
February 16, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

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

For the fiscal year ended December 31, 2017

OR

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

For the transition period from   to

Commission file number 001-32324 (CubeSmart)

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

CUBESMART

CUBESMART, L.P.

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

Title of each class	Name of each exchange on which registered
Common Shares, $0.01 par value per share, of CubeSmart	New York Stock Exchange

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	No
CubeSmart, L.P.	Yes	No

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

CubeSmart	Yes	No
CubeSmart, L.P.	Yes	No

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

CubeSmart	Yes	No
CubeSmart, L.P.	Yes	No

Indicate by check mark whether the registrant has submitted electronically 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	No
CubeSmart, L.P.	Yes	No

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

CubeSmart	Yes	No
CubeSmart, L.P.	Yes	No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer 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 Accelerated filer Non-accelerated filer Smaller reporting companyEmerging growth company

CubeSmart, L.P.:
Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting companyEmerging growth company

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

CubeSmart

CubeSmart, L.P.

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

CubeSmart	Yes	No
CubeSmart, L.P.	Yes	No

As of June 30, 2017, 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 $4,331,947,035. As of February 14, 2018, the number of common shares of CubeSmart outstanding was 182,277,838.

As of June 30, 2017, the last business day of CubeSmart, L.P.'s most recently completed second fiscal quarter, the aggregate market value of the 2,471,554 units of limited partnership (the "OP Units") held by non-affiliates of CubeSmart, L.P. was $59,416,158 based upon the last reported sale price of $24.04 per share on the New York Stock Exchange on June 30, 2017 of the common shares of CubeSmart, the sole general partner of CubeSmart, L.P. (For this computation, the market value of all OP Units beneficially owned by CubeSmart has been excluded.)

Documents incorporated by reference: Portions of the Proxy Statement for the 2018 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, 2017 of CubeSmart (the "Parent Company" or "CubeSmart") and CubeSmart, L.P. (the "Operating Partnership"). The Parent Company is a Maryland real estate investment trust, or REIT, that owns its assets and conducts its operations through the Operating Partnership, a Delaware limited partnership, and subsidiaries of the Operating Partnership. The Parent Company, the Operating Partnership and their consolidated subsidiaries are collectively referred to in this report as the "Company". In addition, terms such as "we", "us", or "our" used in this report may refer to the Company, the Parent Company, and/or the Operating Partnership.

The Parent Company is the sole general partner of the Operating Partnership and, as of December 31, 2017, owned a 99.0% interest in the Operating Partnership. The remaining 1.0% interest consists of common units of limited partnership interest issued by the Operating Partnership to third parties in exchange for contributions of properties to the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has full and complete authority over the Operating Partnership's day-to-day operations and management.

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

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

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

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

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

In order to highlight the differences between the Parent Company and the Operating Partnership, the separate sections in this report for the Parent Company and the Operating Partnership specifically refer to the Parent Company and the Operating Partnership. In the sections that combine disclosures of the Parent Company and the Operating Partnership, this report refers to such disclosures as those of the Company. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and real estate ventures and holds assets and debt, reference to the Company is appropriate because the business is one enterprise and the Parent Company operates the business through the Operating Partnership.

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

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statements. The separate discussions of the Parent Company and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Company's operations on a consolidated basis and how management operates the Company.

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

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PART I

Forward-Looking Statements

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

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

- national and local economic, business, real estate and other market conditions;
- the competitive environment in which we operate, including our ability to maintain or raise occupancy and rental rates;
- the execution of our business plan;
- the availability of external sources of capital;

- financing risks, including the risk of over-leverage and the corresponding risk of default on our mortgage and other debt and potential inability to refinance existing indebtedness;

- increases in interest rates and operating costs;

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

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

- acquisition and development risks;

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

- the failure of our joint venture partners to fulfill their obligations to us or their pursuit of actions that are inconsistent with our objectives;

- reductions in asset valuations and related impairment charges;

- security breaches or a failure of our networks, systems or technology, which could adversely impact our business, customer and employee relationships;

- changes in real estate and zoning laws or regulations;

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· risks related to natural disasters;

· potential environmental and other liabilities;

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

· other risks identified in this Report and, from time to time, in other reports that we file with the SEC or in other documents that we publicly disseminate.

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

ITEM 1. BUSINESS

Overview

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

As of December 31, 2017, we owned 484 self-storage properties located in 23 states and in the District of Columbia containing an aggregate of approximately 33.8 million rentable square feet. As of December 31, 2017, approximately 89.2% of the rentable square footage at our owned stores was leased to approximately 279,000 customers, and no single customer represented a significant concentration of our revenues. As of December 31, 2017, we owned stores in the District of Columbia and the following 23 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, and Virginia. In addition, as of December 31, 2017, we managed 452 stores for third parties (including 117 stores containing an aggregate of approximately 6.9 million rentable square feet as part of four separate unconsolidated real estate ventures) bringing the total number of stores we owned and/or managed to 936. As of December 31, 2017, we managed stores for third parties in the District of Columbia and the following 31 states: Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

Our self-storage properties are designed to offer affordable and easily-accessible storage space for our residential and commercial customers. Our customers rent storage cubes for their exclusive use, typically on a month-to-month basis. Additionally, some of our stores offer outside storage areas for vehicles and boats. Our stores are designed to accommodate both residential and commercial customers, with features such as wide aisles and load-bearing capabilities for large truck access. All of our stores have a storage associate available to assist our customers during business hours, and 286, or approximately 59.1%, of our owned stores have a manager who resides in an apartment at the store. Our customers can access their storage cubes during business hours, and some of our stores provide customers with 24-hour access through computer-controlled access systems. Our goal is to provide customers with the highest standard of physical attributes and service in the industry. To that end, 410, or approximately 84.7%, of our owned stores include climate-controlled cubes.

The Parent Company was formed in July 2004 as a Maryland REIT. The Parent Company owns its assets and conducts its business through the Operating Partnership, and its subsidiaries. The Parent Company controls the Operating Partnership as its sole general partner and, as of December 31, 2017, owned an approximately 99.0% interest in the Operating Partnership. The Operating Partnership was formed in July 2004 as a Delaware limited partnership and has been engaged in virtually all aspects of the self-storage business, including the development, acquisition, management, ownership, and operation of self-storage properties.

Acquisition and Disposition Activity

As of December 31, 2017 and 2016, we owned 484 and 475 stores, respectively, that contained an aggregate of 33.8 million and 32.9 million rentable square feet with occupancy levels of 89.2% and 89.7%, respectively. A complete listing of, and additional information about, our stores is included in Item 2 of this Report. The following is a summary of our 2017, 2016 and 2015 acquisition and disposition activity:

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Asset/Portfolio	Market	Transaction Date	Number of Stores	Purchase / Sale Price (in thousands)
2017 Acquisitions:				
Illinois Asset	Chicago	April 2017	1	$ 11,200
Maryland Asset	Baltimore / DC	May 2017	1	18,200
California Asset	Sacramento	May 2017	1	3,650
Texas Asset	Texas Markets - Major	October 2017	1	4,050
Florida Asset	Florida Markets - Other	October 2017	1	14,500
Illinois Asset	Chicago	November 2017	1	11,300
Florida Asset	Florida Markets - Other	December 2017	1	17,750
			7	$ 80,650
2016 Acquisitions:				
Metro DC Asset	Baltimore / DC	January 2016	1	$ 21,000
Texas Assets	Texas Markets - Major	January 2016	2	24,800
New York Asset	New York / Northern NJ	January 2016	1	48,500
Texas Asset	Texas Markets - Major	January 2016	1	11,600
Connecticut Asset	Connecticut	February 2016	1	19,000
Texas Asset	Texas Markets - Major	March 2016	1	11,600
Florida Assets	Florida Markets - Other	March 2016	3	47,925
Colorado Asset	Denver	April 2016	1	11,350
Texas Asset	Texas Markets - Major	April 2016	1	11,600
Texas Asset	Texas Markets - Major	May 2016	1	10,100
Texas Asset	Texas Markets - Major	May 2016	1	10,800
Illinois Asset	Chicago	May 2016	1	12,350
Illinois Asset	Chicago	May 2016	1	16,000
Massachusetts Asset	Massachusetts	June 2016	1	14,300
Nevada Assets	Las Vegas	July 2016	2	23,200
Arizona Asset	Phoenix	August 2016	1	14,525
Minnesota Asset	Minneapolis	August 2016	1	15,150
Colorado Asset	Denver	August 2016	1	15,600
Texas Asset	Texas Markets - Major	September 2016	1	6,100
Texas Asset	Texas Markets - Major	September 2016	1	5,300
Nevada Asset	Las Vegas	October 2016	1	13,250
North Carolina Asset	Charlotte	November 2016	1	10,600
Arizona Asset	Phoenix	November 2016	1	14,000
Nevada Asset	Las Vegas	December 2016	1	14,900
			28	$ 403,550
2015 Acquisitions:				
Texas Asset	Texas Markets - Major	February 2015	1	$ 7,295
HSRE Assets	Chicago	March 2015	4	27,500
Arizona Asset	Arizona / Las Vegas	March 2015	1	7,900

Tennessee Asset	Tennessee	March 2015	1		6,575
Texas Asset	Texas Markets - Major	April 2015	1		15,795
Florida Asset	Florida Markets - Other	May 2015	1		7,300
Arizona Asset	Arizona / Las Vegas	June 2015	1		10,100
Florida Asset	Florida Markets - Other	June 2015	1		10,500
Texas Asset	Texas Markets - Major	July 2015	1		14,200
Maryland Asset	Baltimore / DC	July 2015	1		17,000
Maryland Asset	Baltimore / DC	July 2015	1		19,200
New York/New Jersey Assets	New York / Northern NJ	August 2015	2		24,823
New Jersey Asset	New York / Northern NJ	December 2015	1		14,350
PSI Assets	Various (see note 4)	December 2015	12		109,824
			29	$	292,362

2015 Dispositions:

Texas Assets	Texas Markets - Major	October 2015	7	$	28,000
Florida Asset	Florida Markets - Other	October 2015	1		9,800
			8	$	37,800

The comparability of our results of operations is affected by the timing of acquisition and disposition activities during the periods reported. As of December 31, 2017, 2016, and 2015, we owned 484, 475, and 445 self-storage properties and related assets, respectively. The following table summarizes the change in number of owned stores from January 1, 2015 through December 31, 2017:

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	2017	2016	2015
Balance - January 1	475	445	421
Stores acquired	—	10	7
Stores developed	1	1	—
Balance - March 31	476	456	428
Stores acquired	3	7	4
Stores developed	—	1	1
Stores combined (1)	(1)	—	—
Balance - June 30	478	464	433
Stores acquired	—	7	5
Stores developed	2	—	—
Balance - September 30	480	471	438
Stores acquired	4	4	13
Stores developed	1	—	2
Stores combined (2)	(1)	—	—
Stores sold	—	—	(8)
Balance - December 31	484	475	445

(1) On May 16, 2017, the Company acquired a store located in Sacramento, CA for approximately $3.7 million, which is located directly adjacent to an existing wholly-owned store. Given their proximity to each other, the stores have been combined in our store count, as well as for operational and reporting purposes.

(2) On October 2, 2017, the Company acquired a store located in Keller, TX for approximately $4.1 million, which is located directly adjacent to an existing wholly-owned store. Given their proximity to each other, the stores have been combined in our store count, as well as for operational and reporting purposes.

Financing and Investing Activities

The following summarizes certain financing and investing activities during the year ended December 31, 2017:

- Store Acquisitions. During 2017, we acquired seven self-storage properties located throughout the United States, including three stores upon completion of construction and the issuance of a certificate of occupancy, for an aggregate purchase price of approximately $80.7 million. In connection with these acquisitions, we allocated a portion of the purchase price paid for each store to the intangible value of in-place leases which aggregated $3.2 million. As of December 31, 2017, we had one store under contract for a total acquisition price of $12.2 million, which was acquired on January 31, 2018. As of December 31, 2017, we also had one store under contract for a total acquisition price of $20.8 million to be acquired after the completion of construction and the issuance of the certificate of occupancy. This acquisition is subject to due diligence and other customary closing conditions, and no assurance can be provided that the acquisition will be completed on the terms described, or at all.

· Development Activity. During 2017, we completed construction and opened for operation two wholly-owned development properties and two joint venture development properties for a total cost of $168.0 million. The wholly-owned development properties opened during 2017 are located in Florida and Washington, D.C. The joint venture development properties opened during 2017 are both located in New York. As of December 31, 2017, we had six joint venture development properties under construction. We anticipate investing a total of $230.5 million related to these six projects, and construction for all projects is expected to be completed by the third quarter of 2019.

· At-The-Market Equity Program. During 2017, under our at-the-market equity program, we sold a total of 1.0 million common shares at an average sales price of $29.13 per share, resulting in net proceeds under the program of $29.6 million, after deducting offering costs. As of December 31, 2017, 4.7 million common shares remained available for sale under the program. The proceeds from the sales conducted during the year ended December 31, 2017 were used to fund acquisitions of self-storage properties and for general corporate purposes.

· Debt Offering. On April 4, 2017, we completed the issuance and sale of $50.0 million in aggregate principal amount of 4.375% unsecured senior notes due December 15, 2023, which are part of the same series as the $250.0 million in aggregate principal amount of 4.375% senior notes due December 15, 2023 issued on December 17, 2013. On April 4, 2017, we also

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completed the issuance and sale of $50.0 million in aggregate principal amount of 4.000% unsecured senior notes due November 15, 2025, which are part of the same series as the $250.0 million in aggregate principal amount of 4.000% senior notes due November 15, 2025 issued on October 26, 2015. Net proceeds from the offerings were used to repay outstanding indebtedness under our $100.0 million unsecured term loan that was scheduled to mature in June 2018.

· Mortgage Loans. During 2017, we repaid one mortgage loan for $6.2 million and, in conjunction with the acquisition of a store located in Maryland, assumed one mortgage loan with an outstanding principal balance of $5.8 million as of December 31, 2017.

Business Strategy

Our business strategy consists of several elements:

· Maximize cash flow from our stores — Our operating strategy focuses on maximizing sustainable rents at our stores 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 stores within targeted markets — During 2018, we intend to pursue selective acquisitions in markets that we believe have high barriers to entry, strong demographic fundamentals, and demand for storage in excess of storage capacity. We believe the self-storage industry will continue to afford us opportunities for growth through acquisitions due to the highly fragmented composition of the industry. In the past, we have formed joint ventures with unaffiliated third parties, and in the future we may form additional joint ventures to facilitate the funding of future developments or acquisitions.

· Dispose of stores — During 2018, we intend to continue to evaluate opportunities to dispose of assets that have unattractive risk adjusted returns. We intend to use proceeds from these transactions to fund acquisitions within targeted markets.

· Grow our third-party management business — We intend to pursue additional third-party management opportunities. We intend to leverage our current platform to take advantage of consolidation in the industry. We plan to utilize our relationships with third-party owners to help source future acquisitions.

Investment and Market Selection Process

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

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

- Quality of store — We focus on self-storage properties 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 stores, 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 stores.

Segment

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

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Concentration

Our self-storage properties are located in major metropolitan areas as well as suburban areas and have numerous customers per store. No single customer represented a significant concentration of our 2017 revenues. Our stores in Florida, New York, Texas, and California provided approximately 17%, 16%, 10% and 8%, respectively, of our total revenues for each of the years ended December 31, 2017 and 2016. Our stores in Florida, New York, Texas, and California provided total revenues of approximately 18%, 16%, 10%, and 8%, respectively, for the year ended December 31, 2015.

Seasonality

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

Financing Strategy

We maintain a capital structure that we believe is reasonable and prudent and that will enable us to have ample cash flow to cover debt service and make distributions to our shareholders. As of December 31, 2017, 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 23.5% compared to approximately 24.7% as of December 31, 2016. Our ratio of debt to the undepreciated cost of our total assets as of December 31, 2017 was approximately 38.0% compared to approximately 38.5% as of December 31, 2016. We expect to finance additional investments in self-storage properties through the most attractive sources of capital available at the time of the transaction, in a manner consistent with maintaining a strong financial position and future financial flexibility, subject to limitations on incurrence of indebtedness in our unsecured credit facilities and the indenture that governs our unsecured notes. These capital sources may include existing cash, borrowings under the revolving portion of our credit facility, additional secured or unsecured financings, sales of common or preferred shares of the Parent Company in public offerings or private placements, additional issuances of debt securities, issuances of common or preferred units in our Operating Partnership in exchange for contributed properties, and formations of joint ventures. We also may sell stores that have unattractive risk adjusted returns and use the sales proceeds to fund other acquisitions.

Competition

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

Our key competitors include local and regional operators as well as the other public self-storage REITs, including Public Storage, Extra Space Storage Inc., and Life Storage, Inc. These companies, some of which operate significantly more stores than we do and have greater resources than we have, and other entities may be able to accept more risk than we determine is prudent for us, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition may reduce the number of suitable acquisition opportunities available to us, increase the price required to acquire stores, and reduce the demand for self-storage space at our stores. Nevertheless, we believe that our experience in operating, managing, acquiring, developing, and obtaining financing for self-storage properties should enable us to compete effectively.

Government Regulation

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

Under the Americans with Disabilities Act of 1990 and applicable state accessibility act laws (collectively, the "ADA"), all places of public accommodation are required to meet federal requirements related to physical access and use by disabled persons. A number of other federal, state, and local laws may also impose access and other similar requirements at our stores. A failure to comply with the ADA or similar state or local requirements could result in the governmental imposition of fines or the award of damages to private litigants affected by the noncompliance. Although we believe that our stores comply in all material respects with these requirements (or would be eligible for applicable exemptions from material requirements because of adaptive assistance provided), a determination that one or more

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of our stores, or websites, is not in compliance with the ADA or similar state or local requirements would result in the incurrence of additional costs associated with bringing them into compliance.

Under various federal, state, and local laws, ordinances and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of hazardous substances released on or in its property. These laws often impose liability without regard to 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 properties by a customer even though storage of hazardous substances would be without our knowledge or approval and in violation of the customer's storage lease agreement with us.

Our practice is to conduct or obtain environmental assessments in connection with the acquisition or development of properties. Whenever the environmental assessment for one of our stores indicates that a store is impacted by soil or groundwater contamination from prior owners/operators or other sources, we work with our environmental consultants and, where appropriate, state governmental agencies, to ensure that the store is either cleaned up, that no cleanup is necessary because the low level of contamination poses no significant risk to public health or the environment, or that the responsibility for cleanup rests with a third party. In certain cases, we have purchased environmental liability insurance coverage to indemnify us against claims for 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 provide assurance, however, that these environmental assessments and investigations have revealed or will reveal all potential environmental liabilities, that no prior owner created any material environmental condition not known to us or the independent consultant or that future events or changes in environmental laws will not result in the imposition of environmental liability on us.

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

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

Insurance

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

Offices

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

Employees

As of December 31, 2017, we employed 2,508 employees, of whom 328 were corporate executive and administrative personnel and 2,180 were property-level personnel. We believe that our relations with our employees are good. Our employees are not unionized.

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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, copies of our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports, after we electronically file such reports or amendments with, or furnish them to, the SEC. Our internet website and the information contained therein or connected thereto are not intended to be incorporated by reference into this Report.

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

ITEM 1A. RISK FACTORS

Overview

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

Risks Related to our Business and Operations

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

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

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

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 economic and other conditions of the markets in which our stores are located.

We are susceptible to adverse developments in the markets in which we operate, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics, and other factors. Our stores in Florida, New York, Texas, and California accounted for approximately 17%, 16%, 10% and 8%, respectively, of our total 2017 revenues. As a result of this geographic concentration of our stores, we are particularly susceptible to adverse market conditions in these areas. Any adverse economic or real estate developments in these markets, or in any of the other markets in which we operate, or any decrease in demand for self-storage space

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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 property acquisitions.

We intend to continue to acquire individual and portfolios of self-storage properties. The purchase agreements that we enter into in connection with acquisitions typically contain closing conditions that need to be satisfied before the acquisitions can be consummated. The satisfaction of many of these conditions is outside of our control, and we therefore cannot assure that any of our pending or future acquisitions will be consummated. These conditions include, among other things, satisfactory examination of the title to the properties, the ability to obtain title insurance and customary closing conditions. Moreover, in the event we are unable to complete pending or future acquisitions, we may have incurred significant legal, accounting, and other transaction costs in connection with such acquisitions without realizing the expected benefits.

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

- acquisitions may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;
- we may be unable to obtain acquisition financing on favorable terms;
- acquisitions may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or an unfamiliarity with local governmental and permitting procedures; and
- there is only limited recourse, or no recourse, to the former owners of newly acquired properties for unknown or undisclosed liabilities such as the clean-up of undisclosed environmental contamination; claims by customers, vendors, or other persons arising on account of actions or omissions of the former owners of the properties; and claims by local governments, adjoining property owners, property owner associations, and easement holders for fees, assessments, or taxes on other property-related changes. As a result, if a liability were asserted against us based upon ownership of an acquired property, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow.

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

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

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

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

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

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

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

- the unavailability of favorable financing sources in the debt and equity markets;

- construction cost overruns, including on account of rising interest rates, diminished availability of materials and labor, and increases in the costs of materials and labor;

- construction delays and failure to achieve target occupancy levels and rental rates, resulting in a lower than projected return on our investment; and

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

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

We depend on external sources of capital to fund acquisitions and development, to satisfy our debt obligations and to make distributions to our shareholders required to maintain our status as a REIT, and these sources of capital may not be available on favorable terms, if at all. Our access to external sources of capital depends on a number of factors, including 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 properties 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.

We may incur impairment charges.

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

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

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

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

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

- the operational and financial performance of our stores;
- capital expenditures with respect to existing and newly acquired stores;
- general and administrative costs associated with our operation as a publicly-held REIT;

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- maintenance of our REIT status;
- the amount of, and the interest rates on, our debt;
- the absence of significant expenditures relating to environmental and other regulatory matters; and
- other risk factors described in this Report.

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

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

We derive revenues principally from rents received from customers who rent cubes at our self-storage properties under month-to-month leases. Any delay in re-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.

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

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

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

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

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

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

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

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

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

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

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

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

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

We carry comprehensive liability, fire, extended coverage, and rental loss insurance covering all of the 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, 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 store that is uninsured or that exceeds policy limits, we could lose the capital invested in that store as well as the anticipated future cash flows from that store. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it impractical or undesirable to use insurance proceeds to replace a store after it has been damaged or destroyed. In addition, if the damaged stores are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these stores were irreparably damaged.

Our insurance coverage may not comply with certain loan requirements.

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

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

Our practice is to conduct or obtain environmental assessments in connection with the acquisition or development of additional stores. We carry environmental insurance coverage on certain stores in our portfolio. We obtain or examine environmental assessments from qualified and reputable environmental consulting firms (and intend to conduct such assessments prior to the acquisition or development of additional stores). The environmental assessments received to date have not revealed, nor do we have actual knowledge of, any environmental liability that we believe will have a material adverse effect on us. However, we cannot assure that our environmental assessments have identified or will identify all material environmental conditions, that any prior owner of any property did not create a material environmental condition not actually known to us, or that a material environmental condition does not otherwise exist with respect to any of our properties.

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

Under the ADA, all places of public accommodation are required to meet federal requirements related to 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 properties. A failure to comply with the ADA or similar state or local requirements could result in the governmental imposition of fines or the award of damages to private litigants affected by the noncompliance. Although we believe that our properties and websites comply in all material respects with these requirements (or would be eligible for applicable exemptions from material requirements because of adaptive assistance provided), a determination that one or more of our properties is not in compliance with the ADA or similar state or local requirements would result in the incurrence of additional costs associated with bringing the properties 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. The regulatory framework for privacy issues is rapidly evolving and future enactment of more restrictive laws, rules, or regulations and/or future enforcement actions or investigations could have a materially adverse impact on us through increased costs or restrictions on our business. Failure to comply with such laws and regulations could result in consent orders or regulatory penalties and significant legal liability, including fines, which could damage our reputation and have an adverse effect on our results of operations or financial condition.

We face system security risks as we depend upon automated processes and the Internet and we could damage our reputation, incur substantial additional costs and become subject to litigation if our systems are penetrated.

We are increasingly dependent upon automated information technology processes and Internet commerce, and many of our new customers come from the telephone or over the Internet. Moreover, the nature of our business involves the receipt and retention of personal information about our customers. We also rely extensively on third-party vendors to retain data, process transactions and provide other systems and services. These systems, and our systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, malware, and other destructive or disruptive security breaches and catastrophic events, such as a natural disaster or a terrorist event or cyber-attack. In addition, experienced computer programmers and hackers may be able to penetrate our security systems and misappropriate our confidential information, create system disruptions, or cause shutdowns. Such data security breaches as well as system disruptions and shutdowns could result in additional costs to repair or replace such networks or

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information systems and possible legal liability, including government enforcement actions and private litigation. In addition, our customers could lose confidence in our ability to protect their personal information, which could cause them to discontinue leasing at our self-storage properties.

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

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 stores, 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 and increase the cost of insurance coverage for our stores, 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 properties 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 stores do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our shareholders will be adversely affected. Events or conditions beyond our control that may adversely affect our operations or the value of our properties include but are not limited to:

· 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.

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

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

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

Risks Related to our Qualification and Operation as a REIT

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

We operate our business to qualify to be taxed as a REIT for federal income tax purposes. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this Report are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on the income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90% of our REIT taxable income, excluding net capital gains. The fact that we hold substantially all of our assets through the Operating Partnership and its subsidiaries and joint ventures further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status, and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Changes to rules governing REITs were made by legislation commonly known as the Tax Cuts and Jobs Act (the "TCJA") and the Protecting Americans From Tax Hikes Act of 2015, signed into law on December 22, 2017 and December 18, 2015, respectively, and Congress and the IRS might make further 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. For tax years beginning before January 1, 2018, 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.

Furthermore, as a result of our acquisition of all the issued and outstanding shares of common stock of a privately held self-storage REIT ("PSI"), we now own a subsidiary REIT. PSI is independently subject to, and must comply with, the same REIT requirements that we must satisfy in order to qualify as a REIT, together with all other rules applicable to REITs. If PSI fails to qualify as a REIT and certain statutory relief provisions do not apply, as a result of a protective election made jointly by PSI and CubeSmart, PSI will be taxed as a taxable REIT subsidiary. See the section entitled "Taxation of CubeSmart–Requirements for Qualification–Taxable REIT Subsidiaries" in Exhibit 99.1 for more information regarding taxable REIT subsidiaries.

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

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

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

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

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

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

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

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

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The TCJA makes significant changes to the U.S. federal income tax rules for taxation of individuals and corporations, generally effective for taxable years beginning after December 31, 2017. In addition to reducing corporate and non-corporate tax rates, the TCJA made changes to the number of provisions of the Code that may affect the taxation of REITs and their security holders. While the changes in the TCJA generally appear to be favorable with respect to REITs, certain changes to the U.S. federal income tax laws enacted by the TCJA could have a material and adverse effect on us. For example, certain changes in law pursuant to the Tax Cuts and Jobs Act could reduce the relative competitive advantage of operating as a REIT as compared with operating as a C corporation, including by:

- reducing the rate of tax applicable to individuals and C corporations, which could reduce the relative attractiveness of the generally single level of taxation on REIT distributions
- permitting immediate expensing of capital expenditures, which could likewise reduce the relative attractiveness of the REIT taxation regime and
- limiting the deductibility of interest expense, which could increase the distribution requirement of REITs.

Most of the changes applicable to individuals are temporary and apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. The TCJA makes numerous large and small changes to the tax rules that do not affect REITs directly but may affect our shareholders and may indirectly affect us.

Moreover, Congressional leaders have recognized that the process of adopting extensive tax legislation in a short amount of time without hearings and substantial time for review is likely to have led to drafting errors, issues needing clarification and unintended consequences that will have to be reviewed in subsequent tax legislation. At this point, it is not clear when Congress will address these issues or when the Internal Revenue Service will be able to issue administrative guidance on the changes made in the TCJA.

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

Risks Related to our Debt Financings

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

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

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

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

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

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

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

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

Like other real estate companies that incur debt, we are subject to risks associated with debt financing, such as the insufficiency of cash flow to meet required debt service payment obligations and the inability to refinance outstanding indebtedness at maturity. If our debt cannot be paid, refinanced, or extended at maturity, we may not be able to make distributions to shareholders at expected levels or at all and may not be able to acquire new stores. Failure to make distributions to our shareholders could result in our failure to qualify as a REIT for federal income tax purposes. Furthermore, an increase in our interest expense could adversely affect our cash flow and ability to make distributions to shareholders. If we do not meet our debt service obligations, any stores securing such indebtedness could be foreclosed on, which would have a material adverse effect on our cash flow and ability to make distributions and, depending on the number of stores foreclosed on, could threaten our continued viability.

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

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

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

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

Risks Related to our Organization and Structure

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

Our executive team, including our named executive officers, has extensive self-storage, real estate, and public company experience. Effective January 1, 2017, our Chief Executive Officer, Chief Financial Officer, and Chief Legal Officer are parties to the Company's executive severance plan, however, we cannot provide assurance that any of them will remain in our employment. The loss of services of one or more members of our senior management team could adversely affect our operations and our future growth.

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, 2017, we had 2,180 property-level personnel involved in the management and operation of our stores. The customer service, marketing skills, and knowledge of local market demand and competitive dynamics of our store managers are contributing factors to our ability to maximize our rental income and to achieve the highest sustainable rent levels at each of our stores. 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 adversely affected.

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

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

· "business combination moratorium/fair price" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested shareholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes stringent fair price and super-majority shareholder voting requirements on these combinations; and

· "control share" provisions that provide that "control shares" of our company (defined as shares which, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing Trustees) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of "control shares" from a party other than the issuer) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two thirds of all the votes entitled to be cast on the matter, excluding all interested shares, and are subject to redemption in certain circumstances.

We have opted out of these provisions of Maryland law. However, our Board 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, (2) amend our bylaws or repeal individual bylaws in a manner that provides the Board with greater authority, and (3) issue additional equity securities. Any such action could inhibit or impede a third party from making a proposal to acquire us at a price that could be beneficial to our shareholders.

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

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

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

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

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

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

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respect to the payment of distributions, in which case we could not pay any distributions on our common shares until full distributions have been paid with respect to such preferred shares.

Risks Related to our Securities

Additional issuances of equity securities may be dilutive to shareholders.

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

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

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

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

· anticipated benefit of an investment in our securities as compared to investment in securities of companies in other industries (including benefits associated with tax treatment of dividends and distributions);

· perception by market professionals of REITs generally and REITs comparable to us in particular;

· level of institutional investor interest in our securities;

· relatively low trading volumes in securities of REITs;

· our results of operations and financial condition;

· investor confidence in the stock market generally; and

· additions and departures of key personnel.

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

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

The market price of our common shares has been subject to significant fluctuation and may continue to fluctuate or decline. Between January 1, 2015 and December 31, 2017, the closing price of our common shares has ranged from a high of $33.30 (on March 31, 2016) to a low of $22.31 (on March 6, 2015). In the past several years, REIT securities have experienced high levels of volatility and significant increases in value from their historic lows.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If our share price is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management's attention and resources from our business.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

Overview

As of December 31, 2017, we owned 484 self-storage properties that contain approximately 33.8 million rentable square feet and are located in 23 states and the District of Columbia. The following table sets forth summary information regarding our stores by state as of December 31, 2017.

State	Number of Stores	Cubes	Total Rentable Square Feet	% of Total Rentable Square Feet		Period-end Occupancy	
Florida	80	58,125	5,956,304	17.7	%	90.7	%
Texas	63	36,634	4,376,387	13.1	%	87.7	%
New York	45	58,183	3,289,051	9.7	%	80.9	%
California	40	26,468	2,881,220	8.5	%	92.4	%
Illinois	41	24,940	2,663,648	7.9	%	86.2	%
Arizona	33	19,135	2,078,331	6.2	%	90.9	%
New Jersey	25	16,837	1,700,780	5.0	%	93.4	%
Maryland	16	13,001	1,320,572	3.9	%	91.2	%
Georgia	18	11,043	1,317,487	3.9	%	91.4	%
Ohio	20	11,114	1,289,553	3.8	%	91.7	%
Connecticut	22	10,668	1,179,145	3.5	%	91.7	%
Virginia	10	7,874	788,260	2.3	%	88.8	%
Colorado	11	6,017	697,269	2.1	%	90.5	%
Massachusetts	11	7,239	667,868	2.0	%	90.2	%
North Carolina	9	5,614	654,145	1.9	%	90.2	%
Tennessee	7	4,442	617,980	1.8	%	90.0	%
Pennsylvania	9	6,029	609,136	1.8	%	91.3	%
Nevada	7	4,136	548,822	1.6	%	91.0	%
Washington D.C.	4	3,920	295,693	0.9	%	72.3	%
Utah	4	2,269	240,023	0.7	%	91.0	%
Rhode Island	4	1,976	237,195	0.7	%	93.2	%
New Mexico	3	1,661	182,261	0.5	%	93.2	%
Minnesota	1	1,019	101,028	0.3	%	93.2	%
Indiana	1	577	67,604	0.2	%	94.1	%
Total/Weighted Average	484	338,921	33,759,762	100.0	%	89.2	%

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Our Stores

The following table sets forth additional information with respect to each of our owned stores as of December 31, 2017. Our ownership of each store consists of a fee interest in the store held by our Operating Partnership, or one of its subsidiaries, except for eight of our stores, which are subject to ground leases. In addition, small parcels of land at two of our other stores are subject to ground leases.

Store Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)		Cubes	Manager Apartment (3)	% Climate Controlled (4)	
Chandler I, AZ	2005	1985	47,680	81.6	%	456	Y	12.7	%
Chandler II, AZ	2013	2008	82,915	82.5	%	1,175	N	73.9	%
Gilbert I, AZ	2013	2010	57,200	84.0	%	443	Y	84.0	%
Gilbert II, AZ	2016	2005/14	114,080	81.1	%	835	Y	43.8	%
Glendale, AZ	1998	1987	56,807	90.1	%	534	Y	0.0	%
Green Valley, AZ	2005	1985	25,050	97.9	%	266	N	9.0	%
Mesa I, AZ	2006	1985	52,575	91.7	%	512	N	0.0	%
Mesa II, AZ	2006	1981	45,511	94.8	%	412	Y	16.7	%
Mesa III, AZ	2006	1986	59,629	94.2	%	527	Y	15.7	%
Peoria, AZ	2015	2005	110,835	94.6	%	926	N	35.4	%
Phoenix I, AZ	2006	1987	101,275	82.2	%	782	Y	24.8	%
Phoenix II, AZ	2006/11	1974	83,160	93.0	%	814	Y	6.6	%
Phoenix III, AZ	2014	2009	121,730	91.9	%	817	N	74.3	%
Phoenix IV, AZ	2016	2008	69,610	92.5	%	696	Y	100.0	%
Queen Creek, AZ	2015	2013	94,462	87.8	%	628	Y	61.3	%
Scottsdale, AZ	1998	1995	80,725	93.9	%	658	Y	20.5	%
Surprise, AZ	2015	2006	72,325	96.1	%	604	N	100.0	%
Tempe I, AZ	2005	1975	53,890	91.8	%	409	Y	18.8	%
Tempe II, AZ	2013	2007	68,409	90.9	%	735	Y	86.7	%
Tucson I, AZ	1998	1974	59,800	94.9	%	500	Y	0.0	%
Tucson II, AZ	1998	1988	43,950	92.6	%	537	Y	100.0	%
Tucson III, AZ	2005	1979	49,820	93.1	%	499	N	0.0	%
Tucson IV, AZ	2005	1982	48,040	92.5	%	505	Y	13.5	%
Tucson V, AZ	2005	1982	45,134	95.4	%	423	Y	11.3	%
Tucson VI, AZ	2005	1982	40,790	92.3	%	418	Y	13.6	%
Tucson VII, AZ	2005	1982	52,663	93.8	%	609	Y	6.9	%
	2005	1979	46,650	92.4	%	463	Y	0.0	%

Tucson VIII, AZ									
Tucson IX, AZ	2005	1984	67,496	93.7	%	609	Y	5.9	%
Tucson X, AZ	2005	1981	46,350	91.0	%	425	N	0.0	%
Tucson XI, AZ	2005	1974	42,700	95.3	%	413	Y	0.0	%
Tucson XII, AZ	2005	1974	42,275	90.4	%	446	Y	3.8	%
Tucson XIII, AZ	2005	1974	45,800	94.5	%	501	Y	0.0	%
Tucson XIV, AZ	2005	1976	48,995	94.5	%	558	Y	17.9	%
Benicia, CA	2005	1988/93/05	74,770	93.3	%	722	Y	0.0	%
Citrus Heights, CA	2005	1987	75,620	91.6	%	684	Y	0.0	%
Corona, CA	2014	2014	94,975	94.6	%	971	N	6.9	%
Diamond Bar, CA	2005	1988	103,558	92.2	%	916	Y	0.0	%
Escondido, CA	2007	2002	143,645	96.4	%	1,269	Y	12.0	%
Fallbrook, CA	1997	1985/88	45,926	90.4	%	451	Y	0.0	%
Fremont, CA	2014	1987	51,324	90.2	%	526	Y	0.0	%
Lancaster, CA	2001	1987	60,475	96.6	%	371	Y	0.0	%
Long Beach, CA	2006	1974	124,571	93.7	%	1,378	Y	0.0	%
Murrieta, CA	2005	1996	49,775	91.5	%	453	Y	5.1	%
North Highlands, CA	2005	1980	57,094	88.8	%	476	Y	0.0	%
Ontario, CA	2014	1986	93,590	93.4	%	849	Y	0.0	%

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Store Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)		Cubes	Manager Apartment (3)	% Climate Controlled (4)	
Orangevale, CA	2005	1980	50,542	91.6	%	533	Y	0.0	%
Pleasanton, CA	2005	2003	83,600	92.2	%	765	Y	0.0	%
Rancho Cordova, CA	2005	1979	53,978	90.0	%	480	Y	0.0	%
Rialto I, CA	2006	1987	57,391	95.9	%	466	Y	0.0	%
Rialto II, CA	1997	1980	99,783	93.1	%	720	Y	0.0	%
Riverside I, CA	2006	1977	67,220	94.2	%	670	Y	0.0	%
Riverside II, CA	2006	1985	85,176	91.5	%	812	Y	5.5	%
Roseville, CA	2005	1979	59,944	87.8	%	561	Y	0.0	%
Sacramento I, CA	2005	1979	50,664	91.0	%	555	Y	0.0	%
Sacramento II, CA	2005/17	1986	111,736	88.0	%	1,087	Y	0.0	%
San Bernardino I, CA	1997	1987	31,070	90.2	%	236	N	0.0	%
San Bernardino II, CA	1997	1991	41,546	94.0	%	374	Y	0.0	%
San Bernardino III, CA	1997	1985/92	35,416	92.9	%	375	N	0.0	%
San Bernardino IV, CA	2005	2002/04	83,227	94.3	%	743	Y	12.5	%
San Bernardino V, CA	2006	1974	56,745	88.5	%	492	Y	6.7	%
San Bernardino VII, CA	2006	1978	78,809	94.0	%	641	Y	2.3	%
San Bernardino VIII, CA	2006	1977	103,567	92.5	%	875	Y	0.0	%
San Marcos, CA	2005	1979	37,425	86.7	%	244	Y	0.0	%
Santa Ana, CA	2006	1984	63,916	92.3	%	742	Y	4.3	%
South Sacramento, CA	2005	1979	52,390	92.5	%	415	Y	0.0	%
Spring Valley, CA	2006	1980	55,035	88.3	%	713	Y	0.0	%
Temecula I, CA	1998	1985/03	81,340	88.3	%	704	Y	45.9	%
Temecula II, CA	2007	2003	84,520	94.1	%	690	Y	55.2	%
Vista I, CA	2001	1988	74,238	96.1	%	622	Y	0.0	%
Vista II, CA	2005	2001/02/03	147,753	93.6	%	1,304	Y	3.7	%

Walnut, CA	2005	1987	50,708	94.2	%	538	Y	16.0	%
West Sacramento, CA	2005	1984	39,765	93.1	%	479	Y	0.0	%
Westminster, CA	2005	1983/98	68,393	91.9	%	566	Y	0.0	%
Aurora, CO	2005	1981	75,717	91.7	%	619	Y	0.0	%
Centennial, CO	2016	2009	62,400	91.5	%	530	Y	95.5	%
Colorado Springs I, CO	2005	1986	47,975	87.4	%	468	Y	0.0	%
Colorado Springs II, CO	2006	2001	62,400	88.7	%	433	Y	0.0	%
Denver I, CO	2006	1997	59,200	94.8	%	449	Y	0.0	%
Denver II, CO	2012	2007	74,390	88.9	%	679	N	95.1	%
Denver III, CO	2016	2015	76,025	86.2	%	722	N	95.0	%
Federal Heights, CO	2005	1980	54,770	92.0	%	551	Y	0.0	%
Golden, CO	2005	1985	87,800	92.9	%	640	Y	1.6	%
Littleton, CO	2005	1987	53,490	88.7	%	442	Y	64.5	%
Northglenn, CO	2005	1980	43,102	92.5	%	484	Y	0.0	%
Bloomfield, CT	1997	1987/93/94	48,700	92.1	%	445	Y	8.8	%
Branford, CT	1995	1986	50,629	84.4	%	430	Y	3.5	%
Bristol, CT	2005	1989/99	47,725	92.1	%	471	N	31.8	%
East Windsor, CT	2005	1986/89	45,966	93.1	%	305	N	0.0	%
Enfield, CT	2001	1989	52,875	93.8	%	374	Y	0.0	%
Gales Ferry, CT	1995	1987/89	54,905	89.7	%	607	N	9.4	%
Manchester I, CT	2002	1999/00/01	46,925	92.9	%	467	N	44.5	%
Manchester II, CT	2005	1984	52,725	92.4	%	405	N	0.0	%
Manchester III, CT	2014	2009	60,113	91.8	%	583	N	87.3	%
Milford, CT	1996	1975	44,885	86.1	%	375	Y	6.9	%
Monroe, CT	2005	1996/03	58,500	96.3	%	397	N	0.0	%

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Store Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)		Cubes	Manager Apartment (3)	% Climate Controlled (4)	
Mystic, CT	1996	1975/86	50,825	91.8	%	561	Y	4.6	%
Newington I, CT	2005	1978/97	42,620	95.2	%	248	N	0.0	%
Newington II, CT	2005	1979/81	36,140	92.4	%	194	N	0.0	%
Norwalk I, CT	2012	2009	30,160	90.3	%	348	N	100.0	%
Norwalk II, CT	2016	1990	78,175	86.6	%	936	Y	78.0	%
Old Saybrook I, CT	2005	1982/88/00	87,000	91.6	%	719	N	10.8	%
Old Saybrook II, CT	2005	1988/02	26,425	90.7	%	253	N	72.7	%
Shelton, CT	2011	2007	78,405	92.6	%	855	Y	94.2	%
South Windsor, CT	1996	1976	72,025	91.2	%	561	Y	1.2	%
Stamford, CT	2005	1997	28,907	93.5	%	363	N	38.8	%
Wilton, CT	2012	1966	84,515	96.2	%	771	Y	66.8	%
Washington I, DC	2008	2002	62,685	87.6	%	751	Y	97.6	%
Washington II, DC	2011	1929/98	82,697	91.2	%	1,044	N	99.6	%
Washington III, DC	2016	1961/13	78,340	89.5	%	1,050	Y	97.3	%
Washington IV, DC *	2017	1925	71,971	18.5	%	1,075	N	99.3	%
Boca Raton, FL	2001	1998	37,968	92.4	%	611	N	70.7	%
Boynton Beach I, FL	2001	1999	61,725	93.1	%	760	Y	62.1	%
Boynton Beach II, FL	2005	2001	61,514	92.6	%	580	Y	89.0	%
Boynton Beach III, FL	2014	2001	67,393	94.5	%	721	N	100.0	%
Boynton Beach IV, FL	2015	2002	76,098	92.6	%	641	N	84.2	%
Bradenton I, FL	2004	1979	68,398	92.0	%	594	N	6.6	%
Bradenton II, FL	2004	1996	88,063	94.7	%	852	Y	46.7	%
Cape Coral I, FL	2000	2000	76,857	91.9	%	902	Y	91.0	%
Cape Coral II, FL	2014	2007	67,955	93.7	%	615	Y	71.5	%
	2012	2001	78,846	92.0	%	757	Y	53.1	%

Coconut Creek I, FL									
Coconut Creek II, FL	2014	1999	90,147	93.2	%	811	N	79.8	%
Dania Beach, FL	2004	1984	180,588	92.4	%	1,778	N	27.4	%
Dania, FL	1996	1988	58,165	93.3	%	496	Y	53.8	%
Davie, FL	2001	2001	80,985	95.2	%	837	Y	74.0	%
Deerfield Beach, FL	1998	1998	57,230	88.8	%	520	Y	55.2	%
Delray Beach I, FL	2001	1999	67,833	95.4	%	816	Y	45.6	%
Delray Beach II, FL	2013	1987	75,710	93.8	%	1,180	N	95.5	%
Delray Beach III, FL	2014	2006	94,377	91.8	%	904	N	99.8	%
Delray Beach IV, FL *	2017	2017	97,945	1.9	%	1,155	N	100.0	%
Ft. Lauderdale I, FL	1999	1999	70,093	92.8	%	695	Y	55.0	%
Ft. Lauderdale II, FL	2013	2007	49,577	93.3	%	862	N	100.0	%
Ft. Myers I, FL	1999	1998	67,534	95.4	%	593	Y	84.3	%
Ft. Myers II, FL	2014	2001	83,375	96.5	%	838	Y	63.2	%
Ft. Myers III, FL	2014	2002	81,554	90.3	%	870	Y	89.4	%
Jacksonville I, FL	2005	2005	79,705	95.7	%	720	N	100.0	%
Jacksonville II, FL	2007	2004	64,970	92.5	%	672	N	100.0	%
Jacksonville III, FL	2007	2003	65,840	93.0	%	686	N	100.0	%
Jacksonville IV, FL	2007	2006	77,525	92.6	%	720	N	100.0	%
Jacksonville V, FL	2007	2004	82,523	89.0	%	720	N	80.3	%
Jacksonville VI, FL	2014	2006	67,375	92.9	%	539	Y	71.4	%
Kendall, FL	2007	2003	75,495	95.2	%	702	N	79.6	%
Lake Worth I, FL †	1998	1998/02	160,622	90.0	%	1,280	Y	72.4	%
Lake Worth II, FL	2014	2004/08	86,924	96.4	%	757	Y	85.9	%
Lake Worth III, FL	2015	2006	92,510	91.6	%	787	Y	42.4	%
Lakeland, FL	1994	1988	49,095	93.6	%	493	Y	83.0	%

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Leisure City, FL	2012	2005	56,225	93.9	%	619	N	70.3	%
Lutz I, FL	2004	2000	66,795	92.3	%	616	Y	44.6	%
Lutz II, FL	2004	1999	69,232	88.9	%	537	Y	29.4	%
Margate I, FL †	1996	1979/81	53,660	94.8	%	370	Y	27.8	%
Margate II, FL †	1996	1985	65,380	94.2	%	460	Y	55.9	%
Merritt Island, FL	2002	2000	50,261	88.5	%	465	Y	66.7	%
Miami I, FL	1996	1995	46,500	93.2	%	557	Y	69.1	%
Miami II, FL	1996	1989	66,960	88.7	%	569	Y	19.0	%
Miami III, FL	2005	1988/03	151,620	92.8	%	1,513	N	91.3	%
Miami IV, FL	2011	2007	76,695	93.7	%	929	N	99.9	%
Miramar, FL	2013	2009	80,130	91.8	%	746	N	97.1	%
Naples I, FL	1996	1996	48,100	89.8	%	318	Y	49.1	%
Naples II, FL	1997	1985	65,850	87.6	%	649	Y	56.2	%
Naples III, FL	1997	1981/83	80,021	93.5	%	805	Y	48.8	%
Naples IV, FL	1998	1990	40,625	90.7	%	443	Y	63.7	%
New Smyrna Beach, FL	2014	2001	81,454	94.6	%	607	N	59.6	%
North Palm Beach, FL *	2017	2017	46,275	51.7	%	504	N	100.0	%
Oakland Park, FL	2017	2012	63,231	91.3	%	554	N	97.8	%
Ocoee, FL	2005	1997	76,150	94.9	%	635	Y	22.7	%
Orange City, FL	2004	2001	59,580	91.2	%	655	N	53.0	%
Orlando II, FL	2005	2002/04	63,184	89.3	%	586	N	81.9	%
Orlando III, FL	2006	1988/90/96	101,510	91.3	%	825	Y	22.1	%
Orlando IV, FL	2010	2009	76,601	93.3	%	647	N	68.6	%
Orlando V, FL	2012	2008	75,327	91.9	%	651	N	91.4	%
Orlando VI, FL	2014	2006	67,275	91.3	%	581	Y	35.3	%
Oviedo, FL	2006	1988/91	49,276	86.1	%	446	Y	3.6	%
Palm Coast I, FL	2014	2001	47,400	90.2	%	426	Y	52.6	%
Palm Coast II, FL	2014	1998/04	122,490	94.9	%	1,192	N	43.0	%
Palm Harbor, FL	2016	2001	82,685	92.6	%	744	N	73.0	%
Pembroke Pines, FL	1997	1997	67,321	91.3	%	693	Y	78.2	%
Royal Palm Beach II, FL	2007	2004	81,238	91.3	%	757	N	90.2	%
Sanford I, FL	2006	1988/06	61,810	90.7	%	443	Y	35.7	%

Sanford II, FL	2014	2000	69,755	94.2	%	667	N	62.4	%
Sarasota, FL	1999	1998	71,142	92.4	%	544	Y	60.7	%
St. Augustine, FL	1996	1985	59,725	92.8	%	725	Y	26.2	%
St. Petersburg, FL	2016	1987	66,025	92.6	%	845	N	35.0	%
Stuart, FL	1997	1995	86,756	91.9	%	987	Y	60.0	%
SW Ranches, FL	2007	2004	64,975	91.0	%	650	N	88.9	%
Tampa I, FL	2007	2001/02	83,938	94.3	%	792	N	34.3	%
Tampa II, FL	2016	1999	74,790	92.4	%	703	N	100.0	%
West Palm Beach I, FL	2001	1997	66,906	93.2	%	974	Y	52.6	%
West Palm Beach II, FL	2004	1996	94,353	94.2	%	836	Y	76.7	%
West Palm Beach III, FL	2012	2008	77,410	91.1	%	909	Y	90.3	%
West Palm Beach IV, FL	2014	2004	102,742	90.5	%	945	N	85.5	%
Winter Park, FL	2014	2005	54,416	92.0	%	542	N	58.5	%
Alpharetta, GA	2001	1996	90,501	91.7	%	673	Y	79.5	%
Atlanta, GA	2012	2008	66,625	94.0	%	631	N	100.0	%
Austell, GA	2006	2000	83,655	92.7	%	674	Y	64.2	%
Decatur, GA	1998	1986	145,320	88.8	%	1,334	Y	2.7	%
Duluth, GA	2011	2009	70,885	90.0	%	590	N	100.0	%

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Lawrenceville, GA	2011	1999	73,740	93.2	%	605	Y	27.6	%
Lithia Springs, GA	2015	2007	66,750	91.2	%	591	N	59.2	%
Norcross I, GA	2001	1997	85,420	89.7	%	601	Y	66.1	%
Norcross II, GA	2011	1996	52,595	90.4	%	400	Y	62.5	%
Norcross III, GA	2012	2007	46,955	89.7	%	500	N	100.0	%
Norcross IV, GA	2012	2005	57,505	90.2	%	543	Y	89.1	%
Peachtree City I, GA	2001	1997	49,875	90.1	%	455	N	76.7	%
Peachtree City II, GA	2012	2005	59,950	91.2	%	429	N	43.4	%
Smyrna, GA	2001	2000	57,015	92.0	%	503	Y	99.4	%
Snellville, GA	2007	1996/97	79,950	91.5	%	770	Y	21.7	%
Suwanee I, GA	2007	2000/03	85,125	95.3	%	653	Y	29.1	%
Suwanee II, GA	2007	2005	80,340	91.8	%	592	N	66.2	%
Villa Rica, GA	2015	2009	65,281	92.3	%	499	N	61.5	%
Addison, IL	2004	1979	31,575	90.3	%	367	Y	0.0	%
Aurora, IL	2004	1996	73,985	91.3	%	558	Y	8.6	%
Bartlett, IL	2004	1987	51,395	87.2	%	415	Y	31.8	%
Bellwood, IL	2001	1999	86,350	88.7	%	738	Y	51.1	%
Blue Island, IL	2015	2008	55,125	91.2	%	557	N	100.0	%
Bolingbrook, IL	2014	2004	82,425	90.8	%	728	N	77.3	%
Chicago I, IL	2014	1935	95,845	92.9	%	1,087	N	94.7	%
Chicago II, IL	2014	1953	78,585	90.3	%	757	N	85.6	%
Chicago III, IL	2014	1959	84,990	95.5	%	1,078	N	99.8	%
Chicago IV, IL	2015	2009	60,495	91.5	%	613	N	100.0	%
Chicago V, IL	2015	2008	51,775	90.5	%	603	N	100.0	%
Chicago VI, IL	2016	1954/61/13	71,785	75.0	%	714	N	100.0	%
Chicago VII, IL *	2017	2017	91,292	26.8	%	1,094	N	100.0	%
Countryside, IL	2014	2002	97,356	92.6	%	903	N	98.8	%
Des Plaines, IL	2004	1978	69,450	95.3	%	577	N	0.0	%
Downers Grove, IL	2016	2015	71,625	90.6	%	666	N	100.0	%
Elk Grove Village, IL	2004	1987	64,054	92.6	%	623	Y	7.5	%
Evanston, IL	2013	2009	57,715	89.4	%	593	N	100.0	%

Glenview, IL	2004	1998	100,085	93.4	%	738	Y	100.0	%
Gurnee, IL	2004	1987	80,300	91.0	%	708	Y	37.4	%
Hanover, IL	2004	1987	41,190	88.7	%	417	Y	2.2	%
Harvey, IL	2004	1987	60,090	91.7	%	575	Y	2.8	%
Joliet, IL	2004	1993	72,865	94.2	%	532	Y	94.0	%
Kildeer, IL	2004	1988	74,463	63.9	%	779	Y	58.0	%
Lombard, IL	2004	1981	58,241	89.0	%	536	Y	26.1	%
Maywood, IL	2015	2009	60,225	92.1	%	655	N	100.0	%
Mount Prospect, IL	2004	1979	64,950	92.2	%	578	Y	10.4	%
Mundelein, IL	2004	1990	44,700	89.6	%	484	Y	12.2	%
North Chicago, IL	2004	1985	53,400	87.8	%	420	N	0.0	%
Plainfield I, IL	2004	1998	53,900	90.3	%	403	N	8.7	%
Plainfield II, IL	2005	2000	51,900	90.5	%	356	N	32.6	%
Riverwoods, IL *	2017	2017	73,915	30.0	%	807	N	100.0	%
Schaumburg, IL	2004	1988	31,160	94.4	%	317	N	5.4	%
Streamwood, IL	2004	1982	64,305	94.3	%	551	N	7.6	%
Warrenville, IL	2005	1977/89	48,796	88.0	%	380	N	0.0	%
Waukegan, IL	2004	1977	79,500	91.0	%	661	Y	8.2	%
West Chicago, IL	2004	1979	48,175	90.8	%	437	Y	0.0	%

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Westmont, IL	2004	1979	53,400	94.6	%	383	Y	0.0	%
Wheeling I, IL	2004	1974	54,210	90.7	%	485	N	0.0	%
Wheeling II, IL	2004	1979	67,825	89.1	%	604	Y	9.9	%
Woodridge, IL	2004	1987	50,232	88.4	%	463	Y	17.1	%
Schererville, IN	2014	2005	67,604	94.1	%	577	Y	40.6	%
Boston I, MA	2010	1950	33,286	86.9	%	584	N	100.0	%
Boston II, MA	2002	2001	60,470	91.1	%	628	N	99.0	%
Boston III, MA	2014	1960	108,205	95.0	%	1,103	N	25.2	%
Brockton, MA	2015	1900/70/80	59,296	82.0	%	701	N	0.0	%
Haverhill, MA	2015	1900	60,589	91.1	%	606	N	93.2	%
Lawrence, MA	2015	1966	34,672	91.0	%	411	N	100.0	%
Leominster, MA	1998	1987/88/00	54,073	92.5	%	511	Y	50.5	%
Medford, MA	2007	2001	58,685	90.2	%	658	Y	97.4	%
Stoneham, MA	2013	2009/11	61,300	95.4	%	589	N	100.0	%
Tewksbury, MA	2014	2007	62,402	92.2	%	751	N	100.0	%
Walpole, MA	2016	1998	74,890	82.2	%	697	Y	31.4	%
Annapolis, MD	2017	1976	92,332	86.7	%	952	Y	59.9	%
Baltimore, MD	2001	1999/00	93,750	92.7	%	800	Y	49.0	%
Beltsville, MD	2013	2006	63,687	91.3	%	648	Y	9.7	%
California, MD	2004	1998	77,840	88.4	%	721	Y	41.3	%
Capitol Heights, MD	2015	2013	79,600	94.2	%	950	Y	98.9	%
Clinton, MD	2013	2008/10	84,225	88.6	%	914	Y	51.8	%
District Heights, MD	2011	2007	78,240	92.5	%	960	Y	96.4	%
Elkridge, MD	2013	1999	63,475	89.1	%	601	Y	91.5	%
Gaithersburg I, MD	2005	1998	87,045	90.5	%	789	Y	45.2	%
Gaithersburg II, MD	2015	2008	74,150	92.3	%	831	Y	99.2	%
Hyattsville, MD	2013	2006	52,830	91.7	%	602	Y	9.3	%
Laurel, MD †	2001	1978/99/00	162,896	92.4	%	1,017	N	64.5	%
Temple Hills I, MD	2001	2000	97,270	90.3	%	820	Y	71.1	%
Temple Hills II, MD	2014	2010	84,225	91.6	%	1,070	Y	99.3	%
Timonium, MD	2014	1965/98	66,717	89.4	%	662	Y	95.5	%
Upper Marlboro, MD	2013	2006	62,290	90.7	%	664	Y	21.7	%

Bloomington, MN	2016	1978	101,028	93.2	%	1,019	N	74.1	%
Belmont, NC	2001	1996/97/98	81,850	91.1	%	595	N	21.8	%
Burlington I, NC	2001	1990/91/93/94/98	109,300	94.2	%	952	N	7.8	%
Burlington II, NC	2001	1991	42,165	89.6	%	396	Y	16.4	%
Cary, NC	2001	1993/94/97	112,402	89.4	%	840	N	11.3	%
Charlotte I, NC	2002	1999	69,000	89.8	%	745	Y	44.4	%
Charlotte II, NC	2016	2008	53,736	89.7	%	491	N	96.3	%
Cornelius, NC	2015	2000	59,270	88.9	%	526	N	43.2	%
Pineville, NC	2015	1997/01	77,747	89.8	%	642	N	13.2	%
Raleigh, NC	1998	1994/95	48,675	85.8	%	427	Y	11.7	%
Bordentown, NJ	2012	2006	50,550	92.5	%	382	N	27.2	%
Brick, NJ	1996	1981	51,720	96.0	%	433	N	0.0	%
Cherry Hill I, NJ	2010	2004	51,500	93.4	%	369	Y	0.0	%
Cherry Hill II, NJ	2012	2004	65,500	93.8	%	613	N	94.8	%
Clifton, NJ	2005	2001	105,550	94.4	%	1,004	Y	93.2	%
Cranford, NJ	1996	1987	91,280	88.2	%	849	Y	7.9	%
East Hanover, NJ	1996	1983	107,679	93.7	%	970	N	3.4	%
Egg Harbor I, NJ	2010	2005	36,025	95.9	%	290	N	14.8	%

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Store Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)		Cubes	Manager Apartment (3)	% Climate Controlled (4)	
Egg Harbor II, NJ	2010	2002	70,400	92.4	%	695	N	19.9	%
Elizabeth, NJ	2005	1925/97	38,830	92.2	%	674	N	0.0	%
Fairview, NJ	1997	1989	27,876	95.6	%	448	N	98.9	%
Freehold, NJ	2012	2002	81,420	95.8	%	744	Y	66.1	%
Hamilton, NJ	2006	1990	70,550	93.2	%	618	Y	0.0	%
Hoboken, NJ	2005	1945/97	34,130	92.4	%	741	N	99.6	%
Linden, NJ	1996	1983	100,425	92.9	%	1,118	N	5.3	%
Lumberton, NJ	2012	2004	96,025	93.6	%	771	Y	32.6	%
Morris Township, NJ	1997	1972	72,226	92.5	%	560	Y	5.7	%
Parsippany, NJ	1997	1981	84,655	89.2	%	773	N	49.4	%
Rahway, NJ	2013	2006	83,121	93.7	%	983	Y	92.3	%
Randolph, NJ	2002	1998/99	52,565	95.3	%	550	Y	91.6	%
Ridgefield, NJ	2015	1921/44	67,803	94.3	%	684	Y	100.0	%
Roseland, NJ	2015	1951/04	53,569	92.6	%	658	N	98.8	%
Sewell, NJ	2001	1984/98	57,826	92.5	%	465	N	9.2	%
Somerset, NJ	2012	2000	57,485	96.3	%	507	N	83.8	%
Whippany, NJ	2013	2007	92,070	95.6	%	938	Y	86.0	%
Albuquerque I, NM	2005	1985	65,927	93.0	%	604	Y	13.9	%
Albuquerque II, NM	2005	1985	58,798	93.8	%	532	Y	15.0	%
Albuquerque III, NM	2005	1986	57,536	92.7	%	525	Y	11.0	%
Henderson, NV	2014	2005	75,150	94.7	%	528	Y	75.9	%
Las Vegas I, NV †	2006	1986	48,732	95.4	%	373	Y	13.6	%
Las Vegas II, NV	2006	1997	48,850	94.2	%	533	Y	66.4	%
Las Vegas III, NV	2016	2005	84,600	90.5	%	578	Y	78.9	%
Las Vegas IV, NV	2016	2004	91,557	85.3	%	578	Y	66.8	%
Las Vegas V, NV	2016	1996	107,226	89.5	%	909	Y	84.8	%
Las Vegas VI, NV	2016	2003	92,707	91.4	%	637	N	73.6	%
Baldwin, NY	2015	1974	61,380	93.2	%	613	N	99.8	%
Bronx I, NY	2010	1931/04	67,864	89.2	%	1,322	N	97.6	%
Bronx II, NY (5)	2011	2006	99,046	73.0	%	1,881	N	99.7	%
Bronx III, NY	2011	2007	105,900	87.4	%	2,033	N	99.2	%

Bronx IV, NY (5)	2011	2007	74,580	93.8	%	1,310	N	99.3	%
Bronx V, NY (5)	2011	2007	54,704	92.1	%	1,101	N	99.6	%
Bronx VI, NY (5)	2011	2011	45,970	92.4	%	1,130	N	94.5	%
Bronx VII, NY (5)	2012	2005	78,625	92.0	%	1,524	N	100.0	%
Bronx VIII, NY	2012	1928	30,550	89.4	%	544	N	100.0	%
Bronx IX, NY	2012	1973	147,870	90.3	%	3,008	Y	99.6	%
Bronx X, NY	2012	2001	159,805	92.2	%	2,666	Y	74.7	%
Bronx XI, NY (5) *	2014	2014	46,425	91.8	%	1,085	N	98.9	%
Bronx XII, NY (5) *	2016	2016	89,785	45.6	%	1,847	N	100.0	%
Brooklyn I, NY	2010	1917/04	57,566	88.8	%	1,050	N	100.0	%
Brooklyn II, NY	2010	1962/03	60,920	92.8	%	1,146	N	18.8	%
Brooklyn III, NY	2011	2006	41,510	93.0	%	850	N	100.0	%
Brooklyn IV, NY	2011	2006	37,545	91.9	%	792	N	100.0	%
Brooklyn V, NY	2011	2007	47,020	89.9	%	884	N	100.0	%
Brooklyn VI, NY	2011	2007	74,920	86.3	%	1,416	N	97.7	%
Brooklyn VII, NY	2011	2006	72,750	96.2	%	1,395	N	100.0	%
Brooklyn VIII, NY	2014	2010	61,555	93.5	%	1,203	N	92.1	%
Brooklyn IX, NY	2014	2013	46,980	92.9	%	1,258	N	100.0	%
Brooklyn X, NY *	2015	2015	55,875	63.8	%	1,203	N	100.0	%

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Store Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)		Cubes	Manager Apartment (3)	% Climate Controlled (4)	
Brooklyn XI, NY *	2016	2016	110,075	48.2	%	2,295	N	100.0	%
Brooklyn XII, NY *	2017	2017	131,588	0.3	%	2,612	N	100.0	%
Holbrook, NY	2015	2007	60,397	94.3	%	620	N	82.1	%
Jamaica I, NY	2001	2000	88,385	91.7	%	918	Y	21.5	%
Jamaica II, NY	2011	2010	92,805	94.4	%	1,500	N	100.0	%
Long Island City, NY *	2014	2014	88,825	84.7	%	1,950	N	100.0	%
New Rochelle I, NY	2005	1998	43,596	90.3	%	545	N	47.2	%
New Rochelle II, NY	2012	1917	63,300	90.8	%	1,024	Y	94.2	%
New York, NY *	2017	1917	94,912	14.2	%	3,585	N	100.0	%
North Babylon, NY	1998	1988/99	78,350	93.4	%	651	N	11.7	%
Patchogue, NY	2014	1982	47,759	91.4	%	468	N	0.0	%
Queens I, NY *	2015	2015	74,188	64.4	%	1,438	N	99.6	%
Queens II, NY *	2016	2016	90,728	75.7	%	1,449	N	98.1	%
Riverhead, NY	2005	1985/86/99	38,490	93.6	%	331	N	0.0	%
Southold, NY	2005	1989	59,945	90.5	%	614	N	4.7	%
Staten Island, NY	2013	1900/2011	96,573	94.5	%	914	N	100.0	%
Tuckahoe, NY	2011	2007	50,978	90.7	%	758	N	100.0	%
West Hempstead, NY	2012	2002	83,395	97.9	%	899	Y	35.4	%
White Plains, NY	2011	1938	85,864	88.5	%	1,507	N	78.0	%
Woodhaven, NY	2011	2008	50,665	88.4	%	1,029	N	100.0	%
Wyckoff, NY	2010	1910/07	60,210	90.1	%	1,037	N	96.3	%
Yorktown, NY	2011	2006	78,879	94.9	%	778	Y	79.0	%
Cleveland I, OH	2005	1997/99	46,000	91.6	%	343	Y	7.3	%
Cleveland II, OH	2005	2000	58,325	90.4	%	574	Y	0.0	%
Columbus I, OH	2006	1999	71,905	90.7	%	603	Y	26.2	%
Columbus II, OH	2014	1999	36,409	92.0	%	354	N	49.2	%
Columbus III, OH	2014	1998/05	51,200	90.9	%	406	N	0.0	%
Columbus IV, OH	2014	2006	60,950	89.6	%	481	N	21.6	%
Columbus V, OH	2014	2006	73,325	93.9	%	593	N	16.4	%
Columbus VI, OH	2014	2002	63,525	92.6	%	546	N	0.0	%
Grove City, OH	2006	1997	89,290	95.3	%	790	Y	14.9	%
Hilliard, OH	2006	1995	89,290	88.3	%	781	Y	24.8	%
Lakewood, OH	1989	1989	39,332	91.4	%	466	Y	37.1	%

Lewis Center, OH	2014	1985/05	76,024	90.5	%	566	N	32.0	%
Middleburg Heights, OH	1980	1980	93,200	90.3	%	707	Y	5.0	%
North Olmsted I, OH	1979	1979	48,672	90.6	%	444	Y	10.6	%
North Olmsted II, OH	1988	1988	47,850	94.3	%	401	Y	23.9	%
North Randall, OH	1998	1998/02	80,297	93.9	%	809	N	91.7	%
Reynoldsburg, OH	2006	1979	67,245	90.7	%	668	Y	0.0	%
Strongsville, OH	2007	1978	43,683	88.7	%	406	N	100.0	%
Warrensville Heights, OH	1980	1980/82/98	90,281	93.1	%	719	Y	0.0	%
Westlake, OH	2005	2001	62,750	94.4	%	457	Y	8.5	%
Conshohocken, PA	2012	2003	81,285	89.7	%	731	Y	39.3	%
Exton, PA	2012	2006	57,750	95.5	%	542	N	96.5	%
Langhorne, PA	2012	2001	64,938	94.9	%	672	Y	58.6	%
Levittown, PA	2001	2000	76,130	91.5	%	652	Y	35.0	%
Malvern, PA *	2014	2014	18,848	85.2	%	229	N	99.6	%
Montgomeryville, PA	2012	2003	84,145	89.9	%	783	Y	50.8	%
Norristown, PA	2011	2005	61,746	90.6	%	609	N	100.0	%
Philadelphia I, PA	2001	1999	96,016	90.0	%	950	N	44.8	%

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Store Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)		Cubes	Manager Apartment (3)	% Climate Controlled (4)	
Philadelphia II, PA	2014	2005	68,279	91.7	%	861	N	58.5	%
Exeter, RI	2014	1968/90	41,275	95.6	%	413	Y	22.0	%
Johnston, RI	2014	2000	77,275	96.1	%	579	N	0.0	%
Wakefield, RI	2014	1956	45,745	89.0	%	389	N	39.3	%
Woonsocket, RI	2014	2004	72,900	91.4	%	595	N	11.4	%
Antioch, TN	2005	1985/98	75,985	91.0	%	635	Y	9.4	%
Nashville I, TN	2005	1984	107,850	87.4	%	736	Y	0.0	%
Nashville II, TN	2005	1986/00	83,174	93.0	%	635	Y	13.1	%
Nashville III, TN	2006	1985	101,525	92.4	%	620	Y	8.1	%
Nashville IV, TN	2006	1986/00	102,450	91.9	%	735	Y	10.1	%
Nashville V, TN	2015	1993	74,560	91.0	%	534	N	22.8	%
Nashville VI, TN	2015	1956/01	72,436	82.4	%	547	Y	37.8	%
Allen, TX	2012	2003	62,170	89.5	%	496	Y	57.9	%
Austin I, TX	2005	2001	59,645	91.9	%	537	Y	63.5	%
Austin II, TX	2006	2000/03	64,415	92.2	%	596	Y	45.8	%
Austin III, TX	2006	2004	70,585	92.2	%	574	Y	93.0	%
Austin IV, TX	2014	2004	65,308	89.4	%	626	N	18.8	%
Austin V, TX	2014	1999	67,850	88.1	%	616	Y	35.2	%
Austin VI, TX	2014	2004	62,850	90.3	%	747	Y	54.9	%
Austin VII, TX	2015	2003/08	71,023	82.9	%	637	Y	38.9	%
Austin VIII, TX	2016	2015	61,075	72.5	%	568	Y	99.1	%
Bryan, TX	2005	1994	60,400	64.7	%	495	Y	0.0	%
Carrollton, TX	2012	2002	77,380	85.9	%	542	Y	40.8	%
Cedar Park, TX	2016	2014	88,700	69.1	%	518	N	26.8	%
College Station, TX	2005	1993	26,550	78.0	%	346	N	0.0	%
Cypress, TX	2012	1998	58,161	89.4	%	448	Y	46.0	%
Dallas I, TX	2005	2000	58,582	91.5	%	532	Y	38.0	%
Dallas II, TX	2013	1996	76,673	92.3	%	600	Y	27.7	%
Dallas III, TX	2014	1964/76	83,427	91.4	%	892	Y	91.4	%
Dallas IV, TX *	2015	2015	114,550	72.0	%	1,214	N	93.5	%
Dallas V, TX (5)	2015	2013	54,499	91.0	%	596	N	93.1	%
Denton, TX	2006	1996	60,846	94.1	%	462	Y	3.2	%

Fort Worth I, TX	2005	2000	50,416	91.9	%	405	Y	38.8	%
Fort Worth II, TX	2006	2003	72,900	95.1	%	650	Y	68.5	%
Fort Worth III, TX	2015	2000	80,445	92.5	%	675	N	76.9	%
Fort Worth IV, TX *	2016	2016	77,329	49.8	%	923	N	94.7	%
Frisco I, TX	2005	1996	50,854	91.8	%	427	Y	26.0	%
Frisco II, TX	2005	1998/02	71,599	91.7	%	523	Y	28.7	%
Frisco III, TX	2006	2004	74,665	91.9	%	630	Y	92.9	%
Frisco IV, TX †	2010	2007	75,175	96.2	%	512	Y	21.4	%
Frisco V, TX	2014	2002	74,415	89.9	%	556	Y	59.9	%
Frisco VI, TX	2014	2004	69,176	89.7	%	541	Y	54.7	%
Garland I, TX	2006	1991	70,100	90.1	%	683	Y	4.2	%
Garland II, TX	2006	2004	68,425	94.5	%	470	Y	54.0	%
Grapevine, TX *	2016	2016	78,019	56.3	%	803	N	100.0	%
Houston III, TX	2005	1984	61,590	89.2	%	467	Y	9.0	%
Houston IV, TX	2005	1987	43,750	94.2	%	380	Y	10.3	%
Houston V, TX †	2006	1980/97	124,279	87.3	%	1,054	Y	62.6	%
Houston VI, TX	2011	2002	54,690	93.1	%	592	Y	99.3	%
Houston VII, TX	2012	2004	46,991	91.6	%	521	N	100.0	%

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Store Location	Year Acquired / Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)		Cubes	Manager Apartment (3)	% Climate Controlled (4)	
Houston VIII, TX	2012	1989	54,209	95.4	%	497	N	76.3	%
Houston IX, TX	2012	1992	51,208	90.4	%	434	Y	48.2	%
Humble, TX	2015	2009/13	70,702	90.6	%	559	Y	42.6	%
Katy, TX	2013	2009	71,308	93.2	%	573	Y	88.8	%
Keller, TX	2006/17	2000/17	88,060	71.5	%	795	Y	52.7	%
Lewisville I, TX	2006	1996	67,340	85.8	%	429	Y	21.7	%
Lewisville II, TX	2013	2003	127,659	92.5	%	1,183	Y	30.9	%
Lewisville III, TX	2016	2002/04	93,855	92.7	%	639	Y	39.6	%
Little Elm I, TX	2016	2003	60,065	90.7	%	504	Y	47.6	%
Little Elm II, TX	2016	2007/14	96,896	88.1	%	639	Y	38.2	%
Mansfield I, TX	2006	2003	63,025	94.9	%	481	Y	43.2	%
Mansfield II, TX	2012	2002	57,375	88.7	%	483	Y	68.3	%
Mansfield III, TX	2016	2002/14	70,920	82.2	%	518	Y	37.5	%
McKinney I, TX	2005	1996	47,020	94.4	%	356	Y	12.1	%
McKinney II, TX	2006	1996	70,050	92.4	%	538	Y	47.6	%
McKinney III, TX	2014	2014	53,750	89.9	%	393	Y	37.7	%
North Richland Hills, TX	2005	2002	57,200	88.9	%	433	Y	60.7	%
Pearland, TX	2012	1985	72,050	95.3	%	473	Y	45.9	%
Richmond, TX	2013	1998	102,330	93.1	%	540	Y	30.0	%
Roanoke, TX	2005	1996/01	59,300	89.6	%	449	Y	30.7	%
San Antonio I, TX	2005	2005	73,329	93.1	%	574	Y	89.7	%
San Antonio II, TX	2006	2005	73,155	89.8	%	668	N	91.8	%
San Antonio III, TX	2007	2006	71,825	89.2	%	574	N	93.2	%
San Antonio IV, TX	2016	1998	61,500	87.6	%	514	Y	39.1	%
Spring, TX	2006	1980/86	72,751	96.1	%	534	Y	26.8	%

Murray I, UT	2005	1976	60,280	91.6	%	635	Y	0.0	%
Murray II, UT †	2005	1978	71,621	93.1	%	379	Y	5.3	%
Salt Lake City I, UT	2005	1976	56,446	93.5	%	757	Y	0.0	%
Salt Lake City II, UT	2005	1978	51,676	90.5	%	498	Y	0.0	%
Alexandria, VA	2012	2000	114,100	96.2	%	1,153	Y	97.3	%
Arlington, VA *	2015	2015	96,143	78.1	%	1,141	N	97.0	%
Burke Lake, VA	2011	2003	91,467	85.3	%	908	Y	81.9	%
Fairfax, VA	2012	1999	73,265	88.4	%	677	N	88.6	%
Fredericksburg I, VA	2005	2001/04	69,475	89.5	%	611	N	22.1	%
Fredericksburg II, VA	2005	1998/01	61,057	92.3	%	564	N	87.4	%
Leesburg, VA	2011	2001/04	85,503	85.8	%	890	Y	84.0	%
Manassas, VA	2010	1998	72,745	93.8	%	638	Y	64.9	%
McLearen, VA	2010	2002	69,385	89.0	%	733	Y	91.0	%
Vienna, VA	2012	2000	55,111	92.1	%	559	Y	97.5	%
Total/Weighted Average (484 stores)			33,759,762	89.2	%	338,921			

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

†Denotes stores 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 properties and is managed by our store managers. As of December 31, 2017, properties in our owned portfolio included an aggregate of approximately 232,000 rentable square feet of commercial space.

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

(2) Represents occupied square feet as of December 31, 2017 divided by total rentable square feet.

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

(4) Represents the number of climate-controlled cubes divided by total number of cubes.

(5)

We do not own the land at these properties. We lease the land pursuant to ground leases that expire between 2052 and 2064, subject to renewal options.

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We have grown by adding stores to our portfolio through acquisitions and development. The tables set forth below show the average occupancy, annual rent per occupied square foot, and total revenues for our stores owned as of December 31, 2017, and for each of the previous three years, grouped by the year during which we first owned or operated the store.

Stores by Year Acquired - Average Occupancy

Year Acquired (1)	# of Stores	Rentable Square Feet	Average Occupancy 2017	2016	2015
2014 and earlier	413	28,307,299	92.9 %	92.6 %	91.7 %
2015	32	2,258,773	88.8 %	82.8 %	77.2 %
2016	30	2,430,230	79.9 %	67.8 %	—
2017	9	763,460	39.1 %	—	—
All Stores Owned as of December 31, 2017	484	33,759,762	91.2 %	90.7 %	91.3 %

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

Year Acquired (1)	# of Stores	Rent per Square Foot 2017	2016	2015
2014 and earlier	413	$ 16.92	$ 16.29	$ 15.36
2015	32	16.36	14.94	14.84
2016	30	15.36	15.24	—
2017	9	19.11	—	—
All Stores Owned as of December 31, 2017	484	$ 16.80	$ 16.14	$ 15.34

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

Year Acquired (1)	# of Stores	Total Revenues 2017	2016	2015
2014 and earlier	413	$ 471,476	$ 451,160	$ 420,581
2015	32	34,870	29,660	9,636
2016	30	31,391	16,005	—
2017	9	2,102	—	—

All Stores Owned as of December 31, 2017	484	$ 539,839	$ 496,825	$ 430,217

(1) Represents the year acquired for those stores we acquired from a third party or the year placed in service for those stores we developed.

(2) Determined by dividing the aggregate rental revenue for each twelve-month period by the average of the month-end occupied square feet for the period. Rental revenue includes the impact of promotional discounts, which reduce rental income over the promotional period, of $18.2 million, $17.4 million, and $16.2 million for the periods ended December 31, 2017, 2016 and 2015, respectively.

Unconsolidated Real Estate Ventures

As of December 31, 2017, we held ownership interests ranging from 10% to 50% in four unconsolidated real estate ventures for an aggregate investment balance of $91.2 million. We formed interests in these real estate ventures with unaffiliated third parties to acquire, own, and operate self-storage properties in select markets. As of December 31, 2017, these four unconsolidated real estate ventures owned 117 self-storage properties that contain an aggregate of approximately 6.9 million net rentable square feet. The self-storage properties owned by the real estate ventures are managed by us and are located in Texas (35), South Carolina (22), Michigan (17), Massachussetts (13), Tennessee (10), Georgia (5), North Carolina (5), Connecticut (3), Florida (3), Rhode Island (2), and Vermont (2). Each of these ventures has other assets and liabilities that we do not consolidate in our financial statements.

We account for our investments in these real estate ventures using the equity method. See note 5 to the consolidated financial statements for further disclosure regarding the assets, liabilities, and operating results of our unconsolidated real estate ventures.

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Capital Expenditures

We have a capital improvement program that includes office upgrades, adding climate control to selected cubes, construction of parking areas, and other store upgrades. For 2018, we anticipate spending approximately $5.0 million to $8.0 million associated with these capital expenditures. For 2018, we also anticipate spending approximately $12.0 million to $16.0 million on recurring capital expenditures and approximately $60.0 million to $75.0 million on the development of new self-storage properties.

ITEM 3. LEGAL PROCEEDINGS

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

On July 13, 2015, a putative class action was filed against the Company in the Federal District Court of New Jersey seeking to obtain declaratory, injunctive and monetary relief for a class of New Jersey consumers based upon alleged violations by the Company of the New Jersey Truth in Customer Contract, Warranty and Notice Act and the New Jersey Consumer Fraud Act. On December 15, 2017, the court granted preliminary approval of a settlement for the class action. The settlement and associated expenses, which were previously reserved for, did not have a material impact on our consolidated financial position or results of operations.

ITEM 4. MINING SAFETY DISCLOSURES

Not applicable.

PART II

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

Repurchase of Parent Company Common and Preferred Shares

The following table provides information about repurchases of the Parent Company's common and preferred shares during the three months ended December 31, 2017:

	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 or Programs
October 1 - October 31	83	$ 25.97	N/A	3,000,000
November 1 - November 30	80	$ 28.99	N/A	3,000,000
December 1 - December 31	253	$ 28.94	N/A	3,000,000
Total	416	$ 28.36	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.

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

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Market Information for and Holders of Record of Common Shares

As of December 31, 2017, there were approximately 112 registered record holders of the Parent Company's common shares and 13 holders (other than the Parent Company) of the Operating Partnership's common units. These figures do not include common shares held by brokers and other institutions on behalf of shareholders. There is no established trading market for units of the Operating Partnership. The following table shows the high and low closing prices per common share, as reported by the New York Stock Exchange, and the cash dividends declared with respect to such shares:

	High	Low	Cash Dividends Declared per Share
2016			
First quarter	$ 33.30	$ 27.70	$ 0.21
Second quarter	$ 33.28	$ 29.18	$ 0.21
Third quarter	$ 32.07	$ 26.43	$ 0.21
Fourth quarter	$ 26.96	$ 23.88	$ 0.27
2017			
First quarter	$ 27.38	$ 25.12	$ 0.27
Second quarter	$ 27.96	$ 23.81	$ 0.27
Third quarter	$ 26.84	$ 22.94	$ 0.27
Fourth quarter	$ 29.65	$ 25.63	$ 0.30

For each quarter in 2016 and 2017, the Operating Partnership paid a cash distribution per unit in an amount equal to the dividend paid on a common share for each such quarter.

Since our initial quarter as a publicly-traded REIT, we have made regular quarterly distributions to our shareholders. Distributions to shareholders are usually taxable as ordinary income, although a portion of the distribution may be designated as capital gain or may constitute a tax-free return of capital. Annually, we provide each of the Parent Company's common shareholders a statement detailing the tax characterization of dividends paid during the preceding year as ordinary income, capital gain, or return of capital. The characterization of the Parent Company's dividends for 2017 consisted of an 86.602% ordinary income distribution, a 0.495% capital gain distribution, and a 12.903% 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 our Credit Facility, we are restricted from paying distributions on the Parent Company's common shares in excess of the greater of (i) 95% of our funds from operations, and (ii) such amount as may be necessary to maintain our REIT status.

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

Recent Sales of Unregistered Equity Securities and Use of Proceeds

Recent Sales of Unregistered Equity Securities

On December 7, 2017, the Operating Partnership entered into an agreement to acquire a self-storage property located in Texas for $12.2 million, and agreed to fund a portion of the acquisition price in the form of common units, designated Class B Units. On January 31, 2018, the Operating Partnership closed on the acquisition and funded approximately $4.8 million of the acquisition price through the issuance of 168,011 common units. Following a 13-month lock-up period, the holder may tender the common units for redemption by the Operating Partnership for a cash amount per common unit equal to the market value of an equivalent number of common shares of the Company. The Company has the right, but not the obligation, to assume and satisfy the redemption obligation of the Operating Partnership by issuing one common share in exchange for each common unit tendered for redemption. The common units were sold to a single accredited investor unaffiliated with the Company in a private placement transaction exempt from the registration requirements of the Securities Act of 1933 pursuant to Section 4(a)(2) of such Act.

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Share Performance Graph

The SEC requires us to present a chart comparing the cumulative total shareholder return, assuming reinvestment of dividends, on our common shares with the cumulative total shareholder return of (i) a broad equity index and (ii) a published industry or peer group index. The following chart compares the yearly cumulative total shareholder return for our common shares with the cumulative shareholder return of companies on (i) the S&P 500 Index, (ii) the Russell 2000 Index and (iii) the NAREIT All Equity REIT Index as provided by NAREIT for the period beginning December 31, 2012 and ending December 31, 2017.

	Period Ending					
Index	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
CubeSmart	100.00	112.51	160.37	228.41	205.93	229.74
S&P 500 Index	100.00	132.39	150.51	152.59	170.84	208.14
Russell 2000 Index	100.00	138.82	145.62	139.19	168.85	193.58
NAREIT All Equity REIT Index	100.00	102.86	131.68	135.40	147.09	159.85

ITEM 6. SELECTED FINANCIAL DATA

CUBESMART

The following table sets forth selected financial and operating data on a historical consolidated basis for the Parent Company. The selected historical financial data as of and for each of the years in the five-year period ended December 31, 2017 are derived from the Parent Company's consolidated financial statements, which financial statements have been audited by KPMG LLP, an independent registered public accounting firm. The consolidated financial statements as of December 31, 2017 and 2016, and for each of the years in the three-year period ended December 31, 2017, and the report thereon, are included herein. The selected data should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017, the related notes, and the independent registered public accounting firm's report. The other data presented below is not derived from the audited financial statements included herein.

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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.

	For the year ended December 31,				
	2017	2016	2015	2014	2013
	(in thousands, except per share data)				
REVENUES					
Rental income	$ 489,043	$ 449,601	$ 392,476	$ 330,898	$ 281,250
Other property related income	55,001	50,255	45,189	40,065	32,365
Property management fee income	14,899	10,183	6,856	6,000	4,780
Total revenues	558,943	510,039	444,521	376,963	318,395
OPERATING EXPENSES					
Property operating expenses	181,508	165,847	153,172	132,701	118,222
Depreciation and amortization	145,681	161,865	151,789	126,813	112,313
General and administrative	34,745	32,823	28,371	28,422	29,563
Acquisition related costs	1,294	6,552	3,301	7,484	3,849
Total operating expenses	363,228	367,087	336,633	295,420	263,947
OPERATING INCOME	195,715	142,952	107,888	81,543	54,448
OTHER (EXPENSE) INCOME					
Interest:					
Interest expense on loans	(56,952)	(50,399)	(43,736)	(46,802)	(40,424)
Loan procurement amortization expense	(2,638)	(2,577)	(2,324)	(2,190)	(2,058)
Loan procurement amortization expense - early repayment of debt	—	—	—	—	(414)
Equity in losses of real estate ventures	(1,386)	(2,662)	(411)	(6,255)	(1,151)
Gains from sale of real estate, net	—	—	17,567	475	—
Other	872	1,062	(228)	(405)	8
Total other expense	(60,104)	(54,576)	(29,132)	(55,177)	(44,039)
INCOME FROM CONTINUING OPERATIONS	135,611	88,376	78,756	26,366	10,409
DISCONTINUED OPERATIONS					
Income from discontinued operations	—	—	—	336	4,145
Gain from disposition of discontinued operations	—	—	—	—	27,440
Total discontinued operations	—	—	—	336	31,585
NET INCOME	135,611	88,376	78,756	26,702	41,994
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS					
Noncontrolling interests in the Operating Partnership	(1,593)	(941)	(960)	(307)	(588)
Noncontrolling interest in subsidiaries	270	470	(84)	(16)	42
NET INCOME ATTRIBUTABLE TO THE COMPANY	134,288	87,905	77,712	26,379	41,448

Distribution to preferred shareholders	—	(5,045)	(6,008)	(6,008)	(6,008)
Preferred share redemption charge	—	(2,937)	—	—	—
NET INCOME ATTRIBUTABLE TO THE COMPANY'S COMMON SHAREHOLDERS	$ 134,288	$ 79,923	$ 71,704	$ 20,371	$ 35,440
Basic earnings per share from continuing operations attributable to common shareholders	$ 0.74	$ 0.45	$ 0.43	$ 0.13	$ 0.03
Basic earnings per share from discontinued operations attributable to common shareholders	$ —	$ —	$ —	$ 0.01	$ 0.23
Basic earnings per share attributable to common shareholders	$ 0.74	$ 0.45	$ 0.43	$ 0.14	$ 0.26
Diluted earnings per share from continuing operations attributable to common shareholders	$ 0.74	$ 0.45	$ 0.42	$ 0.13	$ 0.03
Diluted earnings per share from discontinued operations attributable to common shareholders	$ —	$ —	$ —	$ 0.01	$ 0.23
Diluted earnings per share attributable to common shareholders	$ 0.74	$ 0.45	$ 0.42	$ 0.14	$ 0.26
Weighted-average basic shares outstanding (1)	180,525	178,246	168,640	149,107	135,191
Weighted-average diluted shares outstanding (1)	181,448	179,533	170,191	150,863	137,742
AMOUNTS ATTRIBUTABLE TO THE COMPANY'S COMMON SHAREHOLDERS:					
Income from continuing operations	$ 134,288	$ 79,923	$ 71,704	$ 20,040	$ 4,392
Total discontinued operations	—	—	—	331	31,048
Net income	$ 134,288	$ 79,923	$ 71,704	$ 20,371	$ 35,440

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	At December 31, 2017	2016	2015	2014	2013
Balance Sheet Data (in thousands):					
Storage properties, net	$ 3,408,790	$ 3,326,816	$ 2,872,983	$ 2,625,129	$ 2,155,170
Total assets	3,545,336	3,475,028	3,104,164	2,776,906	2,347,819
Unsecured senior notes, net	1,142,460	1,039,076	741,904	493,957	493,283
Revolving credit facility	81,700	43,300	—	78,000	38,600
Unsecured term loans, net	299,396	398,749	398,183	397,617	397,261
Mortgage loans and notes payable, net	111,434	114,618	111,455	194,844	198,869
Total liabilities	1,855,646	1,759,384	1,393,183	1,277,465	1,218,337
Noncontrolling interests in the Operating Partnership	54,320	54,407	66,128	49,823	36,275
Total CubeSmart shareholders' equity	1,629,134	1,655,382	1,643,327	1,448,026	1,092,276
Noncontrolling interests in subsidiaries	6,236	5,855	1,526	1,592	931
Total liabilities and equity	3,545,336	3,475,028	3,104,164	2,776,906	2,347,819
Other Data:					
Number of stores	484	475	445	421	366
Total rentable square feet (in thousands)	33,760	32,858	30,361	28,622	24,662
Occupancy percentage	89.2 %	89.7 %	90.2 %	89.1 %	88.3 %
Cash dividends declared per common share (2)	$ 1.11	$ 0.90	$ 0.69	$ 0.55	$ 0.46

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

(2) We announced full quarterly dividends $0.11 and $0.484 per common and preferred shares, respectively, on February 21, 2013, May 29, 2013, and August 7, 2013; dividends of $0.13 and $0.484 per common and preferred shares, respectively, on December 19, 2013, February 25, 2014, May 28, 2014, and August 5, 2014; dividends of $0.16 and $0.484 per common and preferred shares, respectively, on December 16, 2014, February 24, 2015, May 27, 2015, and August 4, 2015; dividends of $0.21 and $0.484 per common and preferred shares, respectively, on December 10, 2015, February 16, 2016, June 1, 2016, and August 2, 2016; dividends of $0.174 per preferred share on September 2, 2016; dividends of $0.27 per common share on December 15, 2016, February 14, 2017, May 31, 2017, and July 25, 2017; and dividends of $0.30 per common share on December 14, 2017.

CUBESMART, L.P.

The following table sets forth selected financial and operating data on a historical consolidated basis for the Operating Partnership. The selected historical financial data as of and for each of the years in the the five-year period ended December 31, 2017 are derived from the Operating Partnership's consolidated financial statements, which financial statements have been audited by KPMG LLP, an independent registered public accounting firm. The consolidated financial statements as of December 31, 2017 and 2016, and for each of the years in the three-year period ended December 31, 2017, and the report thereon, are included herein. The selected data should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017, the related notes, and the independent registered public accounting firm's report. The other data presented below is not derived from the audited financial statements included herein.

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	(in thousands, except per unit data)				
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Equity in losses of real estate ventures	(1,386)	(2,662)	(411)	(6,255)	(1,151)
Gains from sale of real estate, net	—	—	17,567	475	—
Other	872	1,062	(228)	(405)	8
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Gain from disposition of discontinued operations	—	—	—	—	27,440
Total discontinued operations	—	—	—	336	31,585
NET INCOME	135,611	88,376	78,756	26,702	41,994
NET LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTERESTS					
Noncontrolling interest in subsidiaries	270	470	(84)	(16)	42
NET INCOME ATTRIBUTABLE TO CUBESMART L.P.	135,881	88,846	78,672	26,686	42,036
Operating Partnership interests of third parties	(1,593)	(941)	(960)	(307)	(588)

NET INCOME ATTRIBUTABLE TO OPERATING PARTNER	134,288	87,905	77,712	26,379	41,448
Distribution to preferred unitholders	—	(5,045)	(6,008)	(6,008)	(6,008)
Preferred unit redemption charge	—	(2,937)	—	—	—
NET INCOME ATTRIBUTABLE TO COMMON UNITHOLDERS	$ 134,288	$ 79,923	$ 71,704	$ 20,371	$ 35,440
Basic earnings per unit from continuing operations attributable to common unitholders	$ 0.74	$ 0.45	$ 0.43	$ 0.13	$ 0.03
Basic earnings per unit from discontinued operations attributable to common unitholders	$ —	$ —	$ —	$ 0.01	$ 0.23
Basic earnings per unit attributable to common unitholders	$ 0.74	$ 0.45	$ 0.43	$ 0.14	$ 0.26
Diluted earnings per unit from continuing operations attributable to common unitholders	$ 0.74	$ 0.45	$ 0.42	$ 0.13	$ 0.03
Diluted earnings per unit from discontinued operations attributable to common unitholders	$ —	$ —	$ —	$ 0.01	$ 0.23
Diluted earnings per unit attributable to common unitholders	$ 0.74	$ 0.45	$ 0.42	$ 0.14	$ 0.26
Weighted-average basic units outstanding (1)	180,525	178,246	168,640	149,107	135,191
Weighted-average diluted units outstanding (1)	181,448	179,533	170,191	150,863	137,742
AMOUNTS ATTRIBUTABLE TO COMMON UNITHOLDERS:					
Income from continuing operations	$ 134,288	$ 79,923	$ 71,704	$ 20,040	$ 4,392
Total discontinued operations	—	—	—	331	31,048
Net income	$ 134,288	$ 79,923	$ 71,704	$ 20,371	$ 35,440

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	At December 31, 2017	2016	2015	2014	2013
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Revolving credit facility	81,700	43,300	—	78,000	38,600
Unsecured term loans, net	299,396	398,749	398,183	397,617	397,261
Mortgage loans and notes payable, net	111,434	114,618	111,455	194,844	198,869
Total liabilities	1,855,646	1,759,384	1,393,183	1,277,465	1,218,337
Operating Partnership interests of third parties	54,320	54,407	66,128	49,823	36,275
Total CubeSmart L.P. Capital	1,629,134	1,655,382	1,643,327	1,448,026	1,092,276
Noncontrolling interests in subsidiaries	6,236	5,855	1,526	1,592	931
Total liabilities and capital	3,545,336	3,475,028	3,104,164	2,776,906	2,347,819
Other Data:					
Number of stores	484	475	445	421	366
Total rentable square feet (in thousands)	33,760	32,858	30,361	28,622	24,662
Occupancy percentage	89.2 %	89.7 %	90.2 %	89.1 %	88.3 %
Cash dividends declared per common unit (2)	$ 1.11	$ 0.90	$ 0.69	$ 0.55	$ 0.46

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

(2) We announced full quarterly dividends of $0.11 and $0.484 per common and preferred units, respectively, on February 21, 2013, May 29, 2013, and August 7, 2013; dividends of $0.13 and $0.484 per common and preferred units, respectively, on December 19, 2013, February 25, 2014, May 28, 2014, and August 5, 2014; dividends of $0.16 and $0.484 per common and preferred units, respectively, on December 16, 2014, February 24, 2015, May 27, 2015, and August 4, 2015; dividends of $0.21 and $0.484 per common and preferred units, respectively, on December 10, 2015, February 16, 2016, June 1, 2016, and August 2, 2016; dividends of $0.174 per preferred unit on September 2, 2016; dividends of $0.27 per common unit on December 15, 2016, February 14, 2017, May 31, 2017, and July 25, 2017; and dividends of $0.30 per common unit on December 14, 2017.

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

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

Overview

We are an integrated self-storage real estate company, and as such we have in-house capabilities in the operation, design, development, leasing, management, and acquisition of self-storage properties. The Parent Company's operations are conducted solely through the Operating Partnership and its subsidiaries. The Parent Company has elected to be taxed as a REIT for U.S. federal income tax purposes. As of December 31, 2017 and December 31, 2016, we owned 484 and 475 self-storage properties, respectively, totaling approximately 33.8 million and 32.9 million rentable square feet, respectively. As of December 31, 2017, we owned stores in the District of Columbia and the following 23 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, and Virginia. In addition, as of December 31, 2017, we managed 452 stores for third parties (including 117 stores containing an aggregate of approximately 6.9 million rentable square feet as part of four separate unconsolidated real estate ventures), bringing the total number of stores we owned and/or managed to 936. As of December 31, 2017, we managed stores for third parties in the District of Columbia and the following 31 states: Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

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

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

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

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

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

Our self-storage properties are located in major metropolitan and suburban areas and have numerous customers per store. No single customer represents a significant concentration of our revenues. Our stores in Florida, New York, Texas, and California provided approximately 17%, 16%, 10%, and 8%, respectively, of total revenues for the year ended December 31, 2017.

Summary of Critical Accounting Policies and Estimates

Set forth below is a summary of the accounting policies and estimates that management believes are critical to the preparation of the consolidated financial statements included in this Report. Certain of the accounting policies used in the preparation of these consolidated financial statements are particularly important for an understanding of the financial position and results of operations presented in the historical consolidated financial statements included in this Report. A summary of significant accounting policies is also provided in the

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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 Properties

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

When stores 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 stores is acquired, the purchase price is allocated to the individual stores 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 store along with current and projected occupancy and rental rate levels or appraised values, if available. Allocations to the individual assets and liabilities are based upon comparable market sales information for land, buildings and improvements, and estimates of depreciated replacement cost of equipment.

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

Long-lived assets classified as “held for use” are reviewed for impairment when events and circumstances such as declines in occupancy and operating results indicate that there may be an impairment. The carrying value of these long-lived assets is compared to the undiscounted future net operating cash flows, plus a terminal value, attributable to the assets to determine if the store’s basis is recoverable. If a store’s basis is not considered recoverable, an impairment loss is recorded to the extent the net carrying value of the asset exceeds the fair value. The impairment loss recognized equals the excess of net carrying value over the related fair value of the asset. There were no impairment losses recognized in accordance with these procedures during the years ended December 31, 2017, 2016, and 2015.

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 store (or group of stores), (b) the store is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such stores, (c) an active program to locate a buyer and other actions required to complete the plan to sell the store have been initiated, (d) the sale of the store is probable and transfer of the asset is expected to be completed within one year, (e) the store is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (f) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Typically these criteria are all met when the relevant asset is under contract, significant non-refundable deposits have been made by the potential buyer, the assets are immediately available for transfer and there are no contingencies related to the sale that may prevent the transaction from closing. However, each potential transaction is evaluated based on its separate facts and circumstances. Stores classified as held for sale are reported at the lesser of carrying value or fair value less estimated costs to sell.

Revenue Recognition

Management has determined that all our leases with customers are operating leases. Rental income is recognized in accordance with the terms of the lease agreements or contracts, which generally are month to month. Property management fee income is recognized monthly as services are performed and in accordance with the terms of the related management agreements.

The Company recognizes gains from disposition of stores 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.

Noncontrolling Interests

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

Investments in Unconsolidated Real Estate Ventures

The Company accounts for its investments in unconsolidated real estate ventures under the equity method of accounting. Under the equity method, investments in unconsolidated joint ventures are recorded initially at cost, as investments in real estate entities, and subsequently adjusted for equity in earnings (losses), cash contributions, less distributions and impairments. On a periodic basis, management also assesses whether there are any indicators that the carrying value of the Company's investments in unconsolidated real estate entities may be other than temporarily impaired. An investment is impaired only if the fair value of the investment, as estimated by management, is less than the carrying value of the investment and the decline is other than temporary. To the extent impairment that is other than temporary has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment, as estimated by management. Fair value is determined through various valuation techniques, including but not limited to, discounted cash flow models, quoted market values, and third party appraisals. There were no impairment losses related to the Company's investments in unconsolidated real estate ventures recognized during the years ended December 31, 2017, 2016 and 2015.

Income Taxes

The Parent Company elected to be taxed as a real estate investment trust under Sections 856-860 of the Internal Revenue Code beginning with the period from October 21, 2004 (commencement of operations) through December 31, 2004. In management's opinion, the requirements to maintain these elections are being met. Accordingly, no provision for federal income taxes has been reflected in the consolidated financial statements other than for operations conducted through our taxable REIT subsidiaries.

Earnings and profits, which determine the taxability of distributions to shareholders, differ from net income reported for financial reporting purposes due to differences in cost basis, the estimated useful lives used to compute depreciation, and the allocation of net income and loss for financial versus tax reporting purposes.

The Parent Company is subject to a 4% federal excise tax if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% of the annual amount, if any, by which the sum of (a) 85% of the Parent Company's ordinary income, (b) 95% of the Parent Company's net capital gains, and (c) 100% of prior year taxable income exceeds cash distributions and certain taxes paid by the Parent Company.

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Recent Accounting Pronouncements

In August 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-12 – Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities. The purpose of this updated guidance is to better align a company's financial reporting for hedging activities with the economic objectives of those activities. The transition guidance provides companies with the option of early adopting the new standard using a modified retrospective transition method in any interim period after issuance of the update, or alternatively requires adoption for fiscal years beginning after December 15, 2018. This adoption method will require us to recognize the cumulative effect of initially applying the new guidance as an adjustment to accumulated other comprehensive income with a corresponding adjustment to the opening balance of retained earnings as of the beginning of the fiscal year that we adopt the update. We are in the process of evaluating the impact of this new guidance.

In February 2017, as part of the new revenue standard, the FASB issued ASU No. 2017-05 – Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance, which focuses on recognizing gains and losses from the transfer of nonfinancial assets in contracts with non-customers. Specifically, the new guidance defines "in substance nonfinancial asset", unifies guidance related to partial sales of nonfinancial assets, eliminates rules specifically addressing sales of real estate, removes exceptions to the financial asset derecognition model, and clarifies the accounting for contributions of nonfinancial assets to joint ventures. The new guidance became effective on January 1, 2018 when the entity adopted the new revenue standard. Upon adoption, the majority of our sale transactions are now treated as dispositions of nonfinancial assets rather than dispositions of a business given the FASB's recently revised definition of a business (see ASU No. 2017-01 below). Additionally, in partial sale transactions where we sell a controlling interest in real estate but retain a noncontrolling interest, we will now fully recognize a gain or loss on the fair value measurement of the retained interest as the new guidance eliminates the partial profit recognition model.

In January 2017, the FASB issued ASU 2017-01 - Business Combinations (Topic 805): Clarifying the Definition of a Business, which changes the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create outputs. A framework is provided to evaluate when an input and a substantive process are present. The new guidance also narrows the definition of outputs, which are defined as the results of inputs and substantive processes that provide goods or services to customers, other revenue, or investment income. The standard became effective on January 1, 2018. Upon adoption of the new guidance, the majority of future property acquisitions will now be considered asset acquisitions, resulting in the capitalization of acquisition related costs incurred in connection with these transactions and the allocation of purchase price and acquisition related costs to the assets acquired based on their relative fair values.

In November 2016, the FASB issued ASU No. 2016-18 - Statement of Cash Flows (Topic 230): Restricted Cash, which requires the statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The new guidance also requires entities to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. The standard became effective on January 1, 2018. The standard requires the use of the retrospective transition method. The adoption of this guidance will not have a material impact on our consolidated financial statements as the update primarily relates to financial statement presentation and disclosures.

In August 2016, the FASB issued ASU No. 2016-15 – Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The eight items that the ASU provides classification guidance on include (1) debt prepayment and extinguishment costs, (2) settlement of zero-coupon debt instruments, (3) contingent consideration payments made after a business combination, (4) proceeds from the settlement of insurance claims, (5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, (6) distributions received from equity method investments, (7) beneficial interests in securitization transactions, and (8) separately identifiable cash flows and application of the predominance principle. The standard became effective on January 1, 2018. The standard requires the use of the retrospective transition method. The adoption of this guidance will not have a material impact on our consolidated financial statements as the update primarily relates to financial statement presentation and disclosures.

In March 2016, the FASB issued ASU No. 2016-09 - Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, which is intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements. The new guidance requires entities to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. We have elected to account for forfeitures when they occur. In addition, the guidance allows employers to withhold shares to satisfy minimum statutory tax withholding requirements up to the employees' maximum individual tax rate without causing the award to be classified as a liability. The guidance also stipulates that cash paid by an employer to a taxing authority when directly withholding shares for tax-withholding purposes should be classified as a financing activity on the statement of cash flows. The new standard became effective on January 1, 2017. The adoption of this guidance did not have a material impact on our consolidated financial position or results of operations.

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In February 2016, the FASB issued ASU No. 2016-02 - Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either financing or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2019, however early adoption is permitted. We are currently assessing the impact of the adoption of the new standard on our consolidated financial statements and related disclosures but at this time, expect the primary impact to be related to our ten ground leases in which we serve as the ground lessee (see note 14).

In May 2014, the FASB issued ASU No. 2014-09 - Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The new guidance outlines a five-step process for customer contract revenue recognition that focuses on transfer of control as opposed to transfer of risk and rewards. The new guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenues and cash flows from contracts with customers. In May 2016, the FASB issued ASU 2016-12 - Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, which amends ASU 2014-09 and is intended to address implementation issues that were raised by stakeholders. ASU 2016-12 provides practical expedients on collectability, noncash consideration, presentation of sales tax and contract modifications and completed contracts in transition. Both standards became effective on January 1, 2018. We have finalized the impact of the adoption of ASU No. 2014-09 and ASU No. 2016-12 on our consolidated financial statements and the related disclosures using the modified retrospective transition method. The standards will not have a material impact on our consolidated statements of financial position or results of operations primarily because most of our revenue is derived from lease contracts, which are excluded from the scope of the new guidance. Our insurance fee revenue, property management fee revenue, and merchandise sale revenue are included in the scope of the new guidance, however, we identified similar performance obligations under this standard as compared with deliverables and separate units of account identified under our previous revenue recognition methodology. Accordingly, revenue recognized under the new guidance will not differ materially from revenue recognized under previous guidance and there will be no material prior year impact.

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 stores and should not be taken as indicative of future operations. We consider our same-store portfolio to consist of only those stores owned and operated on a stabilized basis at the beginning and at the end of the applicable years presented. We consider a store to be stabilized once it has achieved an occupancy rate that we believe, based on our assessment of market-specific data, is representative of similar self-storage assets in the applicable market for a full year measured as of the most recent January 1 and has not been significantly damaged by natural disaster or undergone significant renovation. We believe that same-store results are useful to investors in evaluating our performance because they provide information relating to changes in store-level operating performance without taking into account the effects of acquisitions, developments or dispositions. As of December 31, 2017, we owned 432 same-store properties and 52 non-same-store properties. All of the non-same-store properties were 2016 and 2017 acquisitions, dispositions, developed stores, or stores with a significant portion taken out of service. For analytical presentation, all percentages are calculated using the numbers presented in the financial statements contained in this Report.

The comparability of our results of operations is affected by the timing of acquisition and disposition activities during the periods reported. As of December 31, 2017, 2016, and 2015, we owned 484, 475, and 445 self-storage properties and related assets, respectively.

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The following table summarizes the change in number of owned stores from January 1, 2015 through December 31, 2017:

	2017	2016	2015
Balance - January 1	475	445	421
Stores acquired	—	10	7
Stores developed	1	1	—
Balance - March 31	476	456	428
Stores acquired	3	7	4
Stores developed	—	1	1
Stores combined (1)	(1)	—	—
Balance - June 30	478	464	433
Stores acquired	—	7	5
Stores developed	2	—	—
Balance - September 30	480	471	438
Stores acquired	4	4	13
Stores developed	1	—	2
Stores combined (2)	(1)	—	—
Stores sold	—	—	(8)
Balance - December 31	484	475	445

(1) On May 16, 2017, we acquired a store located in Sacramento, CA for approximately $3.7 million, which is located directly adjacent to an existing wholly-owned store. Given their proximity to each other, the stores have been combined in our store count, as well as for operational and reporting purposes.

(2) On October 2, 2017, we acquired a store located in Keller, TX for approximately $4.1 million, which is located directly adjacent to an existing wholly-owned store. Given their proximity to each other, the stores have been combined in our store count, as well as for operational and reporting purposes.

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Comparison of the Year Ended December 31, 2017 to the Year Ended December 31, 2016 (dollars in thousands)

	Property Portfolio			Non Same-Store Properties		Other/ Eliminations		Total Portfolio	
	2016	Increase/ (Decrease)	% Change	2017	2016	2017	2016	2017	2016
	$ 424,977	$ 19,313	4.5 %	$ 44,753	$ 24,624	$ —	$ —	$ 489,043	$ 449,6
	44,689	1,442	3.2 %	4,643	2,574	4,227	2,992	55,001	50,2
	—	—	0.0 %	—	—	14,899	10,183	14,899	10,18
	469,666	20,755	4.4 %	49,396	27,198	19,126	13,175	558,943	510,0
	135,366	3,726	2.8 %	18,858	11,936	23,558	18,545	181,508	165,
	334,300	17,029	5.1 %	30,538	15,262	(4,432)	(5,370)	377,435	344,
	432			52	43			484	475
	29,561			4,199	3,297			33,760	32,8
%	91.8 %			71.7 %	71.4 %			89.2 %	89.7
%	92.9 %								
	$ 15.48								
								145,681	161,
								34,745	32,8
								1,294	6,55
								181,720	201,
								195,715	142,
								(56,952)	(50,3
								(2,638)	(2,57

	(1,386)	(2,66
	872	1,062
	(60,104)	(54,5
	135,611	88,37
	(1,593)	(941)
	270	470
	$ 134,288	$ 87,90
	—	(5,04
	—	(2,93
	$ 134,288	$ 79,92

(1) Represents occupancy as of December 31 of the respective year.
(2) Represents the weighted average occupancy for the period.
(3) Realized annual rent per occupied square foot is computed by dividing rental income by the weighted average occupied square feet for the period.

Revenues

Rental income increased from $449.6 million during 2016 to $489.0 million during 2017, an increase of $39.4 million, or 8.8%. The increase in same-store revenue was due primarily to an increase in average occupancy of 20 basis points and higher rental rates. Realized annual rent per square foot on our same-store portoflio increased 4.3% as a result of higher rates for new and existing customers during 2017 as compared to 2016. The remaining increase is primarily attributable to $20.1 million of additional income from the stores acquired in 2016 and 2017 included in our non-same store portfolio.

Other property related income consists of late fees, administrative charges, customer insurance fees, sales of storage supplies, and other ancillary revenues. Other property related income increased from $50.3 million in 2016 to $55.0

million in 2017, an increase of $4.7 million, or 9.4%. The $1.4 million increase in same-store property related income is mainly attributable to increased insurance participation and higher average occupancy. The remainder of the increase is attributable to other property income derived from the stores acquired or opened in 2016 and 2017 included in our non-same store portfolio.

Property management fee income increased from $10.2 million during 2016 to $14.9 million during 2017, an increase of $4.7 million, or 46.3%. This increase is attributable to an increase in management fees related to the third-party management business resulting from more stores under management and higher revenue at managed stores (452 stores as of December 31, 2017 compared to 316 stores as of December 31, 2016).

Operating Expenses

Property operating expenses increased from $165.8 million in 2016 to $181.5 million in 2017, an increase of $15.7 million, or 9.4%, which is primarily attributable to $7.0 million of increased expenses associated with newly acquired stores, a $3.7 million increase in property operating expenses on the same-store portfolio, primarily due to higher property tax expenses, and $0.9 million related to hurricane damage, net of expected insurance proceeds.

Depreciation and amortization decreased from $161.9 million in 2016 to $145.7 million in 2017, a decrease of $16.2 million, or 10.0%. This decrease is primarily attributable to five-year assets acquired as part of the Company's property acquisitions in 2011 and 2012 that became fully depreciated during 2016 and 2017.

General and administrative expenses increased from $32.8 million in 2016 to $34.7 million in 2017, an increase of $1.9 million, or 5.9%. The change is primarily attributable to increased professional fees and payroll expenses resulting from additional employee headcount to support our growth.

Acquisition related costs decreased from $6.6 million during 2016 to $1.3 million during 2017, a decrease of $5.3 million, or 80.3%. Acquisition-related costs are non-recurring and fluctuate based on periodic investment activity.

Other (expense) income

Interest expense on loans increased from $50.4 million during the year ended December 31, 2016 to $57.0 million during the year ended December 31, 2017, an increase of $6.6 million, or 13.0%. The increase is primarily attributable to a higher amount of outstanding debt during 2017 as compared to 2016, partially offset by lower interest rates during 2017. The average debt balance increased $199.4 million to $1.6 billion during 2017 as compared to $1.4 billion during 2016 as the result of borrowings to fund a portion of the Company's acquisition acitivity. The weighted average effective interest rate on our outstanding debt decreased from 3.82% during 2016 to 3.79% during 2017.

Equity in losses of real estate ventures fluctuated from a loss of $2.7 million during the year ended December 31, 2016 to a loss of $1.4 million during the year ended December 31, 2017, a change of $1.3 million, or 47.9%. The change is mainly driven by our share of the losses attributable to HVP III, a real estate venture in which we own a 10% interest. The loss incurred in 2016 was primarily the result of amortization expense associated with the in-place lease intangible that was recorded in connection with HVP III's acquisition of 68 properties during 2015 and 2016. These assets became fully amortized during 2016 and 2017.

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Comparison of the Year Ended December 31, 2016 to the Year Ended December 31, 2015 (dollars in thousands)

rty Portfolio			Non Same-Store Properties		Other/ Eliminations		Total Portfolio	
015	Increase/ (Decrease)	% Change	2016	2015	2016	2015	2016	2015
375,149	$ 27,090	7.2 %	$ 47,362	$ 17,327	$ —	$ —	$ 449,601	$ 392,476
40,194	1,978	4.9 %	5,091	2,039	2,992	2,956	50,255	45,189
—	—	0.0 %	—	—	10,183	6,856	10,183	6,856
415,343	29,068	7.0 %	52,453	19,366	13,175	9,812	510,039	444,521
127,209	(385)	(0.3) %	20,478	8,210	18,545	17,753	165,847	153,172
288,134	29,453	10.2 %	31,975	11,156	(5,370)	(7,941)	344,192	291,349
407			68	38			475	445
27,828			5,030	2,533			32,858	30,361
91.6 %			78.3 %	75.4 %			89.7 %	90.2
92.1 %								
14.63								
							161,865	151,789
							32,823	28,371
							6,552	3,301
							201,240	183,461

	142,952	107,888
	(50,399)	(43,736)
	(2,577)	(2,324)