



NEWS RELEASE

# CubeSmart Closes on \$600 Million in Unsecured Debt Financing

12/12/2011

WAYNE, PA -- (MARKET WIRE) -- 12/12/11 -- CubeSmart (NYSE: CUBE), a self-administered and self-managed real estate investment trust focused on self-storage facilities, announced today that it closed on a new \$600 million unsecured credit facility. The facility consists of a \$100 million term loan with a December 2014 maturity, a \$200 million term loan with a March 2017 maturity, and a \$300 million revolver with a December 2015 maturity. The Company, at its option, has the right to extend the term of the revolver an additional year.

"This new financing, along with our common share and debut preferred equity offerings in October, completes the funding for the \$560 million Storage Deluxe transaction we announced earlier this quarter," said Timothy Martin, Chief Financial Officer. "The \$200 million unsecured term loan provides an attractive component of the acquisition financing with an effective fixed interest rate of 3.09% through its maturity in March 2017. The remainder of this financing allowed us to refinance our existing \$100 million term loan and revolving line of credit with improved terms, additional capacity and more attractive pricing."

## Bank Facility Overview

The facility's borrowing rate is based on the Company's credit rating. At the existing Baa3/BBB- level, amounts drawn on the revolver are priced at 1.80 percent over LIBOR, and both of the term loans are priced at 1.75 percent over LIBOR.

In conjunction with the facility, the Company has entered into interest rate swaps to fix LIBOR on the \$200 million term loan used to complete the funding requirements of the Storage Deluxe acquisition at 1.34 percent through

March 31, 2017. As a result, the \$200 million term loan maturing in March 2017 will have an effective fixed interest rate of 3.09 percent.

At closing, the Company drew \$100 million of the \$200 million term loan maturing in 2017. Proceeds were used to fully repay amounts drawn on its line of credit that were used to fund the first closing of the Storage Deluxe transaction in November. The Company anticipates drawing the remaining \$100 million balance of the 2017 term loan in conjunction with the second closing of the Storage Deluxe transaction in the first quarter of 2012.

The \$100 million 3-year term loan was fully drawn at closing. Proceeds from this term loan were used to repay the Company's existing \$100 million term loan maturing in December 2013.

The Company's \$300 million revolving line of credit was undrawn and fully available at closing.

In conjunction with the repayment of amounts drawn under the Company's prior credit facility, the Company expects to incur a non-cash charge of approximately \$6.0 million in the fourth quarter to write off previously unamortized costs.

#### Balance Sheet and Liquidity Impact

"This year has been transformational for CubeSmart as we've improved the quality of both our real estate portfolio and our balance sheet. We have raised over \$1.1 billion in capital during 2011 to fund our growth, to extend our debt maturity profile, and to refinance existing debt at more favorable terms," continued Martin. "The increased size of the revolver recognizes the Company's growth, and our expected free cash flow and revolver capacity provide sufficient in-place capital to address our debt maturities through 2014. We will close out 2011 with a much improved balance sheet risk profile that provides us significant flexibility to continue to execute our business plan going forward."

#### Key balance sheet highlights:

- \$560 million Storage Deluxe portfolio acquisition financing complete
  - \$202.4 million in net proceeds from common equity offering
  - \$74.8 million in net proceeds from perpetual preferred equity offering
  - \$88.2 million of assumed mortgage debt securing six acquired properties
  - \$200.0 million of 5-year unsecured term loan as part of new bank facility
- Extended debt maturity profile
  - Entered 2011 with 69.6% of debt maturing within 3 years
  - Ending 2011 with only 35.3% of debt maturing within 3 years

- In place capital to address maturities through 2014
  - \$329 million of debt maturities through 2014
  - Undrawn \$300 million revolver and free cash flow provide capacity in excess of maturities through 2014
- Investment grade credit rating
  - Baa3 issuer rating from Moody's Investor Service

Debt Overview - Pro Forma (Following Completion of Second Storage Deluxe Closing)

Maturity Schedule (unaudited, dollars in millions)

	Secured Debt	Unsecured Debt	Total	% of Total Debt
2012	\$ 155.2	\$ -	\$ 155.2	16.6%
2013	29.6	0.0	29.6	3.2%
2014	44.3	100.0	144.3	15.4%
2015	88.4	0.0	88.4	9.5%
2016	7.4	100.0	107.4	11.5%
2017	0.0	200.0	200.0	21.4%
2018	0.0	100.0	100.0	10.7%
2019+	109.8	0.0	109.8	11.7%
Total Debt	\$ 434.7	\$ 500.0	\$ 934.7	100.0%

Floating & Fixed (unaudited, dollars in millions)

Floating Rate Debt	\$ 5.4	\$ 100.0	\$ 105.4	11.3%
Fixed Rate Debt	429.3	400.0	829.3	88.7%
Total Debt	\$ 434.7	\$ 500.0	\$ 934.7	100.0%

1) Includes the full balances of the new term loans maturing in December 2014 and March 2017, as well as the assumption of \$88.2 million in debt secured by acquired Storage Deluxe assets.

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## About the Company

CubeSmart is a self-administered and self-managed real estate investment trust. CubeSmart owns or manages 473 facilities across the United States and operates the CubeSmart Network, which consists of approximately 877 additional self-storage facilities. The Company plans to exceed Customer expectations by adding more personalized services and technology to some of the best storage spaces around.

CubeSmart services include storage customization, logistics services, comprehensive moving services, organizational services, and office amenities. The Company's self-storage facilities are designed to offer affordable, easily accessible, secure, and in most locations, climate-controlled storage space for residential and commercial customers, as well as boat storage and mini storage. According to the 2011 Self Storage Almanac, CubeSmart is one of the top four owners and operators of self-storage facilities in the U.S.

For more information about business and personal storage or to learn more about the company and find a nearby storage facility, visit [www.CubeSmart.com](http://www.CubeSmart.com) or call 800-800-1717. Visitors to [cubesmart.com](http://cubesmart.com) can also view the sizes and features of individual self-storage units, reserve storage space, and pay their storage bills online using a safe, secure online payment function.

For more information about **business** or **personal storage** visit us online or call CubeSmart(SM) toll free at 1-800-800-1717.

## Forward-Looking Statements

Although the Company believes the expectations reflected in any forward-looking statements in this press release are based on reasonable assumptions, there can be no assurance that such expectations will be achieved. You should not rely on our forward-looking statements because the matters they describe are subject to known and unknown risks and uncertainties that could cause the Company's future results, performance, or achievements to differ significantly from the results, performance, or achievements expressed or implied by such statements. Such risks are set forth under the captions "Item 1A. Risk Factors" and "Forward-Looking Statements" in our annual report on Form 10-K and under the caption "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" (or similar captions) in our quarterly reports on Form 10-Q, and described from time to time in the Company's filings with the SEC. For forward-looking statements herein, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform

Act of 1995. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

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Source: CubeSmart