

CubeSmart
Form DEF 14A
April 10, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14A-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant To Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to § 240.14a-12.

CUBESMART

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
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**460 East Swedesford Road, Suite 3000
Wayne, Pennsylvania 19087**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 29, 2013**

Dear Shareholder:

You are cordially invited to attend our 2013 annual meeting of shareholders to be held on May 29, 2013, at 8:00 a.m., Eastern Time, at the Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania 19103, for the following purposes:

1. To elect as Trustees the eight individuals named in the accompanying proxy statement to serve until our 2014 annual shareholders meeting and until their successors are duly elected and qualified;
2. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2013;
3. To cast a non-binding, advisory vote on our executive compensation; and
4. To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Only shareholders of record at the close of business on March 15, 2013 will be entitled to notice of and to vote at the meeting.

Your vote is important. Whether or not you plan to attend the annual meeting, please vote your shares electronically via the Internet, by telephone or, if you receive a paper copy of the proxy materials, by signing, dating and completing the accompanying proxy card in the enclosed postage-paid envelope. Voting electronically via the Internet, by telephone, or by returning your proxy card in advance of the meeting does not deprive you of your right to attend the meeting. If you attend the meeting, you may vote your shares in person, even if you have previously submitted a proxy in writing, by telephone or via the Internet. Our Proxy Statement includes additional instructions on voting procedures for shareholders whose shares are held by a brokerage firm or other custodian.

By Order of the Board of Trustees,

Jeffrey P. Foster

Secretary

Wayne, Pennsylvania
April 10, 2013

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**460 East Swedesford Road, Suite 3000
Wayne, Pennsylvania 19087**

**PROXY STATEMENT
FOR THE 2013 ANNUAL MEETING
OF SHAREHOLDERS**

The Board of Trustees of CubeSmart is soliciting proxies to be voted at the annual meeting of shareholders to be held on May 29, 2013, at 8:00 a.m., Eastern Time, and at any adjournment or postponement of the meeting. This proxy statement, the form of proxy and our 2012 Annual Report on Form 10-K are first being furnished to shareholders and made available electronically on our website at www.cubesmart.com under Investor Relations beginning on or about April 10, 2013.

At the meeting, we will ask the holders of record of our common shares of beneficial interest as of the close of business on March 15, 2013 to consider and vote on the proposals listed below:

- (1) To elect as Trustees the eight individuals named in the accompanying proxy statement to serve until our 2014 annual shareholders meeting and until their successors are duly elected and qualified;
- (2) To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2013;
- (3) To cast a non-binding, advisory vote on our executive compensation; and
- (4) To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Our Board of Trustees knows of no other business that will be presented for consideration at the meeting. If any other matter should be properly presented at the meeting or any adjournment or postponement of the meeting for action by the shareholders, the persons named in the proxy form will vote the proxy in accordance with their best judgment on such matter.

**Important Notice Regarding the Availability of Proxy Materials
for the Shareholder Meeting to Be Held on May 29, 2013**

**This proxy statement, the form of proxy and our 2012 Annual Report to Shareholders
are available at <http://investors.cubesmart.com/CorporateProfile.aspx?iid=4095755>**

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ABOUT THE MEETING

Introduction; Proposals for Shareholder Consideration.

We have provided to our shareholders a Notice of Internet Availability of Proxy Materials, which instructs you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, at no charge, you should follow the instructions for requesting such materials in the Notice.

This proxy statement and the form of proxy, which are first being furnished to shareholders on or about April 10, 2013, contain information related to the solicitation of proxies for use at our 2013 annual meeting of shareholders, to be held at 8:00 a.m., Eastern Time, on May 29, 2013, at the Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania 19103, for the following proposals:

- to elect as Trustees eight individuals to serve until our 2014 annual shareholders meeting and until their successors are duly elected and qualified;

- to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2013;

- to cast a non-binding, advisory vote on our executive compensation; and

- to transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

This solicitation is made by CubeSmart on behalf of our Board of Trustees. We, our, us and the Company refer to CubeSmart, a Maryland real estate investment trust.

What are the Board's recommendations?

Our Board recommends that you vote:

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- **FOR** the election of the Trustees nominated and named in this proxy statement to serve as Trustees;
- **FOR** the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2013; and
- **FOR** the approval, on an advisory, non-binding basis, of the compensation of our named executive officers.

Who is entitled to vote at the annual meeting?

Only holders of record of our common shares at the close of business on March 15, 2013, the record date for the annual meeting, are entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting. Our common shares are the only class of securities entitled to vote at the meeting. As of the record date, there were 133,650,910 common shares outstanding.

Who can attend the annual meeting?

All holders of our common shares at the close of business on March 15, 2013, the record date for the annual meeting, or their duly appointed proxies, are authorized to attend the annual meeting. If you attend the meeting, you may be asked to present valid picture identification, such as a driver's license or passport, before being admitted. Cameras, recording devices, and other electronic devices will not be permitted at the meeting. If you hold your

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shares in street name (that is, through a broker or other nominee), you will need to bring a copy of the brokerage statement reflecting your share ownership as of March 15, 2013, or a legal proxy from your broker.

What will constitute a quorum at the annual meeting?

A quorum is required to hold a valid meeting of our shareholders. The presence at the meeting, in person or by proxy, of the holders of a majority of the common shares outstanding at the close of business on March 15, 2013 will constitute a quorum, permitting the shareholders to conduct business at the meeting. The shares of a shareholder whose ballot on any or all proposals is marked as "abstain" will be included in the number of shares present at the meeting for the purpose of determining the presence of a quorum. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will be considered as present for purposes of determining a quorum, but will not be voted with respect to that matter.

How do I vote my shares that are held by my bank or broker?

If your shares are held by a bank or broker, you should follow the voting instructions provided to you by the bank or broker. Although most banks and brokers offer voting by mail, telephone and on the Internet, availability and specific procedures will depend on their voting arrangements. If you do not provide voting instructions to your bank or broker, your shares are referred to as "uninstructed shares." Whether your bank or broker has the discretion to vote these shares on your behalf depends on the ballot item. Under the rules of the New York Stock Exchange (the "NYSE"), your bank or broker does not have discretion to vote uninstructed shares on non-routine matters, such as Proposals 1 and 3, and as such, may not vote uninstructed shares on such proposals. However, your bank or broker has discretion to vote your shares on routine matters, such as Proposal 2.

What vote is required to approve each proposal?

Voting Rights Generally. Each common share outstanding on the record date entitles its holder to cast one vote on each matter to be voted upon at the annual meeting. Shareholders have no cumulative voting rights. Although the advisory vote on Proposal 3 is non-binding, as provided by law, our Board will review the results of the vote and, consistent with our record of shareowner engagement, will take the result into account in making a determination concerning executive compensation.

Proposal 1: Election of Trustees. Trustees are elected by a plurality of the votes cast at the annual meeting. Shareholders may vote in favor of all nominees, withhold their votes as to all nominees, or withhold their votes as to specific nominees. Votes cast exclude abstentions and any votes withheld by banks or brokers in the absence of instructions from street-name holders ("broker non-votes"). Abstentions and broker non-votes will therefore have no effect on the outcome of the vote on this proposal.

Proposal 2: Ratification of KPMG LLP as Our Independent Registered Public Accounting Firm. Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2013 requires the affirmative vote of a majority of all votes cast on this proposal (which means the votes cast for the proposal must exceed the votes cast against the proposal). Accordingly, abstentions and broker non-votes will have

no effect on the outcome of the vote on this proposal.

Proposal 3: Advisory Vote on Executive Compensation. Approval, by a non-binding, advisory vote, of our executive compensation requires the affirmative vote of a majority of all votes cast on this proposal. Abstentions and broker non-votes will therefore have no effect on the outcome of the vote on this proposal.

How do I vote if I am the record holder of my shares?

If you are a shareholder of record, there are several ways for you to vote your common shares at the annual meeting:

Voting by Internet. You may vote your shares through the Internet by signing on to the website identified on the proxy card and following the procedures described on the website. Internet voting is available 24 hours a day until 11:59 p.m. ET on the day before the annual meeting, and the procedures are designed to authenticate votes cast by

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using a personal identification number located on the proxy card. The procedures allow you to appoint a proxy to vote your shares and to confirm that your instructions have been properly recorded. If you vote through the Internet, you should not return your proxy card.

Voting by Mail. If you choose to vote by mail, simply complete the accompanying proxy card, date and sign it, and return it in the postage-paid envelope provided.

Voting by Telephone. You may vote your shares by telephone by calling toll-free 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 from foreign countries. Telephone voting is available 24 hours a day until 11:59 p.m. ET on the day before the annual meeting, and the procedures are designed to authenticate votes cast by using a personal identification number located on the proxy card. The procedures allow you to appoint a proxy to vote your shares and to confirm that your instructions have been properly recorded. If you vote by telephone, you should not return your proxy card.

In Person Attendance. You may vote your shares in person at the annual meeting. Even if you plan to attend the annual meeting in person, we recommend that you submit the accompanying proxy card or voting instructions, or vote by telephone or via the Internet, by the applicable deadline so that your vote will be counted if you later decide not to attend the annual meeting.

May I change my vote after I return my proxy?

Yes. You may revoke a previously granted proxy at any time before it is exercised by submitting to our Secretary a notice of revocation or a duly executed proxy bearing a later date, or by attending the meeting and voting in person.

How are proxy votes counted?

If you vote your common shares by completing the accompanying proxy card, or by voting on the Internet or by phone, and you do not revoke such proxy, your shares will be voted as directed by you. Unless contrary instructions are given, the persons designated as proxy holders on the proxy card will vote **FOR** the election of all nominees for our Board of Trustees named in this proxy statement, **FOR** the ratification of KPMG LLP as our independent registered public accounting firm, **FOR** the approval of the compensation of our named executive officers, and as recommended by our Board of Trustees with regard to any other matters which may properly come before the annual meeting, or, if no such recommendation is given, the persons designated as proxy holders on the proxy card will vote in accordance with their best judgment on such matter.

What does it mean if I receive more than one proxy card?

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If you receive more than one proxy card, it means that you hold shares registered in more than one account. To ensure that all of your shares are voted, you should vote each of your accounts by Internet, phone or mail. If you mail proxy cards, please sign, date and return each proxy card to assure that all of your shares are voted.

Who pays the costs of soliciting proxies?

We will pay the costs of soliciting proxies. We hired Georgeson Inc. to serve as our proxy solicitors at a cost of \$7,500. In addition to soliciting proxies by mail, our officers, Trustees and other employees, without additional compensation, may solicit proxies personally or by other appropriate means. We anticipate that banks, brokers, fiduciaries, custodians and nominees will forward proxy soliciting materials to their principals and that we will reimburse such persons' out-of-pocket expenses.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results for Proposals 1 through 3 will be published in a Current Report on Form 8-K and filed with the Securities and Exchange Commission, or SEC, within four business days following the annual meeting.

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How can I obtain our Annual Report on Form 10-K?

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 is available electronically on our website at <http://investors.cubesmart.com/CorporateProfile.aspx?iid=4095755>. Our 2012 Annual Report on Form 10-K is not incorporated into this proxy statement and shall not be considered proxy solicitation material.

If you wish to have printed copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as well as a copy of any exhibit specifically requested, or printed copies of this proxy statement, we will mail these documents to you without charge. Requests should be sent to: Secretary of the Company, CubeSmart, 460 East Swedesford Road, Suite 3000, Wayne, Pennsylvania 19087. Our 2012 Annual Report on Form 10-K has been filed with the SEC and may be accessed from the SEC's homepage at www.sec.gov.

Who should I contact if I have any questions?

If you have any questions about the annual meeting, these proxy materials or your ownership of our common shares, please contact our Secretary by telephone at (610) 293-5700 or by fax at (610) 293-5720.

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PROPOSAL 1: ELECTION OF TRUSTEES

Our Board of Trustees is currently comprised of eight Trustees. The term of each Trustee expires at the annual meeting. Our Board, upon the recommendation of its Corporate Governance and Nominating Committee, has nominated seven of the current Trustees for re-election: William M. Diefenderfer III, Dean Jernigan, Marianne M. Keler, John F. Remondi, Piero Bussani, Jeffrey F. Rogatz and John W. Fain. Mr. LaRue, who has served on our Board since October 2004, is not a nominee, reflecting his desire to devote time to his other on-going business interests, and his term will expire at the annual meeting. In addition, the Corporate Governance and Nominating Committee recommended to our Board of Trustees to nominate Deborah R. Salzberg to serve as a Trustee with a term expiring at the 2014 annual meeting. Ms. Salzberg was identified as a potential Trustee candidate to the Committee through an independent, non-management Trustee.

The Board of Trustees recommends that shareholders vote in favor of the election of each of the eight nominees to serve as Trustees until the 2014 annual meeting of shareholders and until their successors are duly elected and qualified. Based on its review of the relationships between the Trustee nominees and us, the Board of Trustees affirmatively determined that seven of the eight nominees (William M. Diefenderfer III, Marianne M. Keler, John F. Remondi, Piero Bussani, Jeffrey F. Rogatz, John W. Fain and Deborah R. Salzberg) are independent Trustees under the rules of the NYSE. See Corporate Governance Independence of Trustees.

The Board of Trustees knows of no reason why any nominee would be unable or unwilling to serve as a Trustee. If any nominee is unable or unwilling to serve, the Board of Trustees may designate a substitute nominee and the persons designated as proxy holders will vote for the substitute nominee recommended by the Board of Trustees, or the Board of Trustees may decrease the size of our Board of Trustees, as permitted by our bylaws. Each nominee has consented to be named in this proxy statement and has agreed to serve if elected.

When considering whether nominees for Trustee have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board of Trustees to fulfill its oversight responsibilities effectively in light of our business and structure, the Corporate Governance and Nominating Committee and the Board of Trustees focused primarily on the information summarized in each of the Trustees' individual biographies set forth below.

Nominees for Election

We have summarized below the backgrounds and principal occupations of each of our nominees for Trustee and, except with respect to Deborah R. Salzberg, the period during which he or she has served as a Trustee.

William M. Diefenderfer III, 67, has served as our Chairman of the Board of Trustees since February 2007 and as a Trustee since our initial public offering in October 2004. Mr. Diefenderfer has been a partner in the law firm of Diefenderfer, Hoover, Boyle & Wood since 1991. He served as Chief Executive Officer and President of Enumerate Solutions Inc., a privately-owned technology company that he co-founded, from 2000 to 2002. From 1992 to 1996, Mr. Diefenderfer served as Treasurer and Chief Financial Officer of Icarus Aircraft, Inc., a privately-owned aviation technology company. Mr. Diefenderfer served a two-year term on the Public Company Accounting Oversight Board's Standing Advisory Group from 2004 through 2005. In October 2006, he accepted appointment to the Commission on the Future of American Veterans, the purpose of which is to formulate a clear plan to guide the U.S. Department of Veterans Affairs for the next twenty years. Mr. Diefenderfer serves as Vice-Chairman of the Board of Directors of Enumerate Solutions Inc., as well as chairman of its Audit Committee. He currently serves

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on the board of SLM Corporation, a publicly-traded company more commonly known as Sallie Mae, a leading provider of student loans and administrator of college savings plans. He is Chairman of Sallie Mae's Finance and Operations Committee.

Relevant Areas of Experience: Mr. Diefenderfer has experience serving on boards of directors and has a background in accounting, including serving a term on the Public Company Accounting Oversight Board's Standing Advisory Group.

Piero Bussani, 47, has served as a Trustee since February 2010. Since December 2004, Mr. Bussani has been General Counsel and Executive Vice President for WHM LLC (aka Luxury Resorts and Hotels), a leading luxury

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hotel management company that manages hotels and resorts owned by affiliates of the Blackstone Group. Mr. Bussani is responsible for overseeing and managing the legal, human resources and risk functions for the management and operation of hotels and resorts throughout the U.S. and Caribbean. Additionally, in 2012 Mr. Bussani became Chief Legal Officer for Invitation Homes, Blackstone's residential home business. From June 1996 through June 2007, Mr. Bussani served as General Counsel and Executive Vice President for Extended Stay America, Inc. and Extended Stay Hotels in Spartanburg, South Carolina. From July 1995 through June 1996, Mr. Bussani was Senior Real Estate Counsel for Blockbuster Entertainment Group in Fort Lauderdale, Florida. Mr. Bussani started his career as an associate in the litigation and real estate groups of Arent Fox Kintner Plotkin & Kahn in Washington D.C. where he worked from August 1991 through July 1995.

Relevant Areas of Experience: Mr. Bussani has significant experience as a general counsel in the hospitality industry, including combined business and legal experience with regard to customer retention, occupancy, and risk mitigation.

Dean Jernigan, 67, has been our Chief Executive Officer since April 2006 and also has served as a member of our Board of Trustees since that time. Mr. Jernigan served as our President from April 2006 to November 2008. From 2004 to April 2006, Mr. Jernigan served as President of Jernigan Property Group, LLC, a Memphis-based company that formerly owned and operated self-storage facilities in the United States. From 2002 to 2004, Mr. Jernigan was a private investor. From 1984 to 2002, he was Chairman of the Board and Chief Executive Officer of Storage USA, Inc., which was a publicly-traded self-storage REIT from 1994 to 2002. Mr. Jernigan served as a member of the National Association of Real Estate Investment Trusts' Board of Governors from 1995 to 2002, and as a member of its Executive Committee from 1998 to 2002. Until its acquisition in May 2012, Mr. Jernigan served on the board of Thomas & Betts, Inc., a publicly-traded electrical components and equipment company.

Relevant Areas of Experience: Mr. Jernigan has experience with boards of directors and real estate investment trusts and, in particular, knowledge and experience in the self-storage industry. Mr. Jernigan has gained extensive knowledge of our business through his service as our Chief Executive Officer, his private self-storage investments, and his position with Storage USA, Inc.

Marianne M. Keler, 58, has served as a Trustee since March 2007. From 1985 to February 2006, Ms. Keler served in various positions with SLM Corporation, a publicly-traded company more commonly known as Sallie Mae. From 2005 to 2006, she served as Executive Vice President, Corporate Strategy, Consumer Lending and Administration, where she led several business lines, including SLM Financial. From 2001 to 2004, she was Executive Vice President and General Counsel for SLM. Ms. Keler was an attorney at the U.S. Securities and Exchange Commission from 1981 to 1984. She is a partner of Keler-Kershow, PLLC, a private law firm, and chairs the board of the American University in Bulgaria as well as the board of Building Hope, a charter school lender. Ms. Keler is a member of the board of directors of Sallie Mae Bank and the Institute for American Universities, and she serves on the board of regents of Georgetown University and the board of visitors of the Georgetown Law Center.

Relevant Areas of Experience: Ms. Keler has extensive finance, merger and acquisition, management, governance and risk management experience, including over 20 years of service as a senior corporate officer at a Fortune 100 financial services company.

John F. Remondi, 50, has served as a Trustee since November 2009. Mr. Remondi is President and Chief Operating Officer of SLM Corporation, a publicly-traded company more commonly known as Sallie Mae. Prior to rejoining SLM in 2008, Mr. Remondi served as Portfolio Manager to PAR Capital Management Corp. in Boston, Massachusetts, from 2005 to 2008. From 1999 to 2005, Mr. Remondi served in several financial positions with SLM, including Executive Vice President, Corporate Finance. In addition to his experience at SLM Corporation, Mr. Remondi served in corporate finance positions with New England Education Loan Marketing Corporation and BayBank Boston. Mr. Remondi is the Chairman of the Board of Directors of RIF - Reading is Fundamental as well as a Trustee of Xaverian Brothers High School

in Westwood, Massachusetts.

Relevant Areas of Experience: Mr. Remondi has considerable financial management experience, including service as chief financial officer at a Fortune 100 financial services company.

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Jeffrey F. Rogatz, 50, has served as a Trustee since January 2011. Mr. Rogatz is Managing Director with Robert W. Baird & Co., an investment banking firm. Previously, Mr. Rogatz was the co-founder of Palladian Realty Capital which provides consulting and advisory services to public and private real estate companies. In addition to Palladian Realty Capital, Mr. Rogatz was the founder and President of Triangle Real Estate Advisors LLC, a real estate asset management company, which is the manager of Triangle Real Estate Securities Fund LLC. Mr. Rogatz is also founder and President of Ridgeway Capital LLC, a real estate investment and advisory firm that invests in office, industrial and retail leased assets in the Mid-Atlantic area. Prior to founding Ridgeway Capital in 2001, Mr. Rogatz was chief financial officer of Brandywine Realty Trust, a NYSE-listed real estate investment trust. Prior to joining Brandywine in 1999, Mr. Rogatz was a managing director and head of the REIT practice for Legg Mason Wood Walker, Incorporated. Mr. Rogatz is a member of the Board of Directors of CapLease, Inc., a publicly traded diversified real estate investment trust, the Friends of Woodlawn Library, Inc. and Opera Delaware, and a member of the William and Mary Business School Foundation Board.

Relevant Areas of Experience: Mr. Rogatz has experience serving on boards of directors and has knowledge and experience working with real estate investment trusts. Mr. Rogatz has also gained knowledge of our industry as a result his involvement in real estate ownership, strategy, operation and investment through his roles with Palladian Realty Capital and Triangle Real Estate Advisors, LLC.

John W. Fain, 60, has served as a Trustee since May 2012. Mr. Fain has served in various capacities at Overnite Transportation Company now a part of UPS Freight, a subsidiary of UPS since 1982, including as Senior Vice President Sales and Marketing (1998 to 2012), Senior Vice President Operations (1995-1998), and General Counsel (1982-1992). Mr. Fain was an associate, practicing real estate law, at McGuire Woods from 1978 until 1982. Mr. Fain is a member of the board of directors of the Virginia Trucking Association, the Greater Richmond YMCA (on which he has served as chairman emeritus since 2002), the Bon Secours Foundation, and Ramp Access Made Possible by Students (RAMPS). Mr. Fain also served as a director and a member of the audit committee of the Virginia Business Bank from 2006 until June 2011.

Relevant Areas of Experience: Mr. Fain has knowledge and experience in the transportation and logistics arena. In addition, Mr. Fain has also gained knowledge of our industry through his real estate law practice and his involvement in the operation and management of a large, logistics organization with multiple facilities nationwide.

Deborah R. Salzberg, 60, is the President of Forest City Washington, Inc., a Washington, D.C. based real estate firm specializing in the development, construction, ownership and management of mixed-use, commercial, residential, and military housing developments and has served in various capacities with Forest City since 1985. Ms. Salzberg is also President of RMS Investment Corporation, an integrated family office. Prior to joining Forest City, Ms. Salzberg was a trial attorney in the Civil Division of the U.S. Department of Justice. Ms. Salzberg is a member of the Board of Directors of Forest City Enterprises, Inc. and the Boards of Trustees for George Washington University, Kenyon College, the District of Columbia Building Industry Council, and the White House Fellows Regional Selection Committee.

Relevant Areas of Experience: Ms. Salzberg has experience serving on boards of directors and has knowledge and experience in the planning, development, construction and management of new construction, adaptive re-use and redeveloped real estate projects through her roles and responsibilities with Forest City Washington, Inc.

**OUR BOARD OF TRUSTEES UNANIMOUSLY
RECOMMENDS A VOTE FOR EACH OF THE ABOVE NOMINEES.**

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CORPORATE GOVERNANCE

Corporate Governance Documents

Our Board of Trustees maintains corporate governance guidelines and a code of business conduct and ethics. To view the corporate governance guidelines and code of business conduct and ethics, as well as the charters of each of the committees of the Board, please visit our website at www.cubesmart.com. Each of these documents is also available in print, free of charge, to any shareholder who requests them in writing to the Secretary, CubeSmart, 460 East Swedesford Road, Suite 3000, Wayne, Pennsylvania 19087.

Independence of Trustees

NYSE listing standards require listed companies to have a majority of independent board members and to have each of the nominating/corporate governance, compensation and audit committees comprised solely of independent Trustees. Under the listing standards and other independence requirements of the NYSE, in order for a Trustee to qualify as independent, our Board of Trustees must affirmatively determine that the Trustee has no material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us). The NYSE rules currently provide that a Trustee who has any of the following relationships or arrangements will not qualify as independent:

- The Trustee is, or has been within the last three years, an employee of ours, or an immediate family member of the Trustee is, or has been within the last three years, an executive officer of ours.

- The Trustee has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from us (excluding compensation in the form of Board fees and Board committee fees and pension or other forms of deferred compensation not contingent on continued service).

- (A) The Trustee or an immediate family member is a current partner of a firm that is our internal or external auditor; (B) the Trustee is a current employee of such a firm; (C) the Trustee has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the Trustee or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on our audit within that time.

- The Trustee or an immediate family member of the Trustee is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company's compensation committee.

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- The Trustee is a current employee, or an immediate family member of the Trustee is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

Our Board of Trustees evaluated the status of each Trustee who served on our Board during 2012 and of Deborah R. Salzberg. After broadly considering all facts and circumstances (including Mr. Rogatz's affiliation with Baird & Co.), our Board of Trustees affirmatively determined that each of our Trustees (other than Mr. Jernigan) and Ms. Salzberg meets the independence requirements of the NYSE because each has no known relationship (material or otherwise) with us. Our Board determined that Mr. Jernigan is not independent because of his position as our Chief Executive Officer.

Table of Contents**Hedging Policy; Restriction on Pledges**

Our executives and Trustees are prohibited from hedging their ownership or offsetting any decline in the market value of our shares, including by trading in publicly-traded options, puts, calls or other derivative instruments related to our shares. In addition, in February 2013, we changed our restrictive policy on pledges of company securities to prohibit executives and Trustees from pledging company securities. Our prohibition applies to pledges effected from and after the date of the change and not to pledges in effect prior to the change.

Oversight of Risk Management

Risk is inherent in business and we are exposed to a number of risks and we regularly identify and evaluate these risks and develop enterprise-based plans to manage them effectively. Our Board of Trustees and management consider risk for these purposes to be the possibility that an undesired event could occur that adversely affects the achievement of our objectives. Risks vary in many ways, including the ability of the Company to anticipate and understand the risk, the types of adverse impacts that could occur if the undesired event occurs, the likelihood that an undesired event and a particular adverse impact would occur, and the ability of the Company to control the risk and the potential adverse impacts. A discussion of particular risks identified by the Company is included in our most recent Annual Report Form 10-K filed with the SEC on February 28, 2013.

Our Board of Trustees and the relevant Board Committees that report on their deliberations to the Board have oversight of our risk management policies and procedures. In addition, our President, Chief Operating Officer and Chief Investment Officer, Chief Financial Officer and Chief Legal Officer are directly responsible for our enterprise risk management function and report to our Board of Trustees and the relevant Board Committees in this regard to discuss the risks facing us, highlight any new risks that may have arisen since they last met, and develop programs and recommendations to determine the sufficiency of risk identification and the appropriate manner in which to control risk. The relevant Board Committees then report their discussions with the President, Chief Operating Officer and Chief Investment Officer, Chief Financial Officer and Chief Legal Officer regarding our risk management efforts to our Board of Trustees for consideration. Our Board of Trustees and its Committees oversee risks associated with their respective principal areas of focus as summarized below:

Board Committee	Primary Area of Risk Oversight
Audit	Risks and exposures associated with financial matters, particularly financial reporting, tax, accounting, disclosure, internal control over financial reporting, financial policies, investment guidelines and credit and liquidity matters.
Corporate Governance and Nominating	Risks and exposures associated with leadership and succession planning; and corporate governance.
Compensation	Risks and exposures associated with executive compensation programs and arrangements, including incentive plans. See Compensation Discussion and Analysis Additional Compensation Information Compensation and Risks.

In fulfilling their risk management responsibilities, our President, Chief Operating Officer and Chief Investment Officer, Chief Financial Officer and Chief Legal Officer have developed management reporting processes that are designed to provide visibility to the Board about the identification, assessment, and management and mitigation of critical risks. Our President, Chief Operating Officer and Chief Investment Officer, Chief Financial Officer and Chief Legal Officer work closely with members of executive and senior management, including our Chief Executive Officer, the heads of each Company department, and financial and accounting staff to maintain these management reporting processes. Not less than quarterly, the President, Chief Operating Officer and Chief Investment Officer, Chief Financial Officer and Chief Legal Officer conduct a risk disclosure meeting with all members of senior management and the heads of each Company department to discuss

financial (accounting, credit, liquidity, and tax),

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legal, regulatory, compliance and reputational risks. Our executives also report directly to our Board on at least an annual basis to apprise them directly of our risk management efforts.

Members of our senior management also participate in the implementation of our risk management policy. Not less than annually, senior management and the heads of each Company department conduct a review of all enterprise risk management policies and procedures and recommend revisions to company controls and policies. Finally, we retain outside consultants to review risks facing us and to recommend policies and programs to minimize the impact of any risks identified in connection with such review.

Communications with the Board

Shareholders and other interested parties may communicate with the Board of Trustees or with the non-management Trustees, as a group or individually, by communicating directly with the Chairman of the Board of Trustees. Please send any correspondence in writing to the Chairman of the Board c/o Secretary of CubeSmart, 460 East Swedesford Road, Suite 3000, Wayne, Pennsylvania 19087, who will then directly forward your correspondence to the Chairman of the Board of Trustees. The Chairman will decide what action should be taken with respect to the communication, including whether such communication should be reported to the Board of Trustees.

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POLICIES AND PROCEDURES REGARDING REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PERSONS

Under our declaration of trust, we may enter into any contract or transaction with a Trustee, officer, employee or agent, or any person affiliated with any of them, in which such person has a material financial interest, provided that (i) the Board of Trustees is made aware of the interest and a majority of the disinterested Trustees approves or ratifies the contract or transaction; (ii) our shareholders are made aware of the interest and holders of a majority of our outstanding shares entitled to vote (excluding shares owned by the interested party) approve or ratify the contract or transaction; or (iii) the contract or transaction is fair and reasonable to us.

As set forth in our corporate governance guidelines, our Board of Trustees adopted a policy providing that transactions with a Trustee who has a personal or financial interest (direct or indirect) should be scrutinized carefully to ensure that the transaction is in our best interests and will not otherwise create a conflict of interest. Without the approval of a majority of the disinterested Trustees, we will not enter into a transaction or arrangement (including utilizing the services of any Trustee to provide legal, accounting, financial, consulting or other similar services) in which a Trustee has a material personal or financial interest (direct or indirect). Whether an interest is a material personal or financial interest in a transaction or arrangement will be determined by the Board of Trustees on a case-by-case basis, but at a minimum a Trustee will be considered to have a material personal or financial interest in a transaction or arrangement if we would be required to disclose such transaction or arrangement in our proxy statement or in our Annual Report on Form 10-K. The interested Trustee will not participate in any Board discussion regarding the matter in which he or she has such an interest. For purposes of this policy, the disinterested Trustees will consider the interests of any entity with which a Trustee is affiliated, any immediate family member of a Trustee, and any entity in which a Trustee's immediate family member has a material interest.

Pursuant to its charter, our Corporate Governance and Nominating Committee is responsible for reviewing any transactions and arrangements with our Trustees and making a recommendation to the Board of Trustees concerning such transactions and arrangements. The Corporate Governance and Nominating Committee maintains written procedures regarding general related party transactions and office lease agreements between the Company and related parties. Below is a description of the material features of these procedures, including types of transactions that are covered by them and the standards applied in evaluating transactions and arrangements with Trustees and executive officers.

General Related Party Transaction Procedures

The General Related Party Transaction Procedures govern the review of transactions and arrangements in which Trustees or executive officers may have a direct or indirect interest that, while not technically requiring approval of the disinterested Trustees under our declaration of trust or our corporate governance guidelines, may nonetheless be advisable to be reviewed and approved by the Corporate Governance and Nominating Committee to ensure that related party transactions are properly reviewed and, if necessary, approved first by the Corporate Governance and Nominating Committee, and if appropriate, by a majority of disinterested Trustees. The procedures outline: (i) requirements and procedures for Trustees and executive officers to report any potential related party transaction to our compliance officer (currently, our Chief Legal Officer); (ii) the procedures our compliance officer follows in collecting and submitting to the Chairman of the Corporate Governance and Nominating Committee information regarding potential related party transactions; (iii) the Corporate Governance and Nominating Committee's process for reviewing and evaluating potential related party transactions; and (iv) the process used by the disinterested Trustees in reviewing and evaluating a potential related party transaction once approved by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee may consult with legal counsel as it considers all of the information compiled by our compliance officer and evaluates material issues raised and factors relating to the transaction. The Corporate Governance and Nominating Committee determines whether it is appropriate and advisable for us to engage in the transaction on the basis of whether the transaction is fair, reasonable and in our best interests, and if so, whether the proposed transaction requires approval by the disinterested members of the Board of Trustees.

Table of Contents**TRANSACTIONS WITH RELATED PERSONS**

Pursuant to lease agreements that our operating partnership entered into with Amsdell and Amsdell (an entity owned by Barry L. Amsdell and Robert J. Amsdell, former Company Trustees) during 2005 and 2006, we rented office space from Amsdell and Amsdell at The Parkview Building, a multi-tenant office building of approximately 40,000 square feet located at 6745 Engle Road, Middleburg Heights, Ohio and an office building of approximately 18,000 square feet located at 6751 Engle Road. Each of these properties is part of Airport Executive Park, a 50-acre office and flex development located in Cleveland, Ohio, which is owned by Amsdell and Amsdell. Our independent Trustees approved the terms of, and entry into, each of the office lease agreements by our operating partnership. The table below shows the office space subject to these lease agreements and certain key provisions, including the term of each lease agreement and the minimum and maximum rents payable per month during the term.

Office Space	Approximate Square Footage	Term	CubeSmart Subleased the Space to a Third Party (1)	Fixed Minimum Rent Per Month	Fixed Maximum Rent Per Month
6745 Engle Road Suites 105, 115, 130, 215 and 300; and 6751 Engle Road Suites E and F	21,900	12/31/2014	Yes (except Suites E and F)	\$ 25,673	\$ 31,205
6745 Engle Road Suite 100	2,212	12/31/2014	Yes	\$ 3,051	\$ 3,709
6745 Engle Road Suite 110	1,731	12/31/2014	Yes	\$ 2,387	\$ 2,901
6751 Engle Road Suites C and D	3,000	12/31/2014	No	\$ 3,137	\$ 3,771

(1) The operating partnership and Amsdell and Amsdell, an entity owned by Robert and Barry Amsdell, entered into a First Amendment to Lease which modified certain terms of all of the lease agreements the operating partnership has with Amsdell and Amsdell for office space in Cleveland, Ohio. The First Amendment provided the operating partnership the ability to assign or sublease the office space previously used for its corporate office and certain operations. Separately, Amsdell and Amsdell consented to the operating partnership's proposed sublease of approximately 22,000 square feet of office space covered by the aforementioned leases.

In addition to monthly rent, the office lease agreements require that our operating partnership reimburse Amsdell and Amsdell for certain maintenance and improvements to the leased office space. The total amount of lease payments incurred under the five office leases for the year ending December 31, 2012 was approximately \$0.5 million. The total future minimum rental payment due under the related party lease agreements to the related party as of December 31, 2012 are as follows:

	Related Party Amount (in thousands)
2013	\$ 499
2014	\$ 499
Total	\$ 998

During 2012, we paid Mr. Jernigan's son-in-law, Jonathan Perry, who is our Senior Vice President - Investments, salary and benefits with an aggregate value of approximately \$561,000.

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MEETINGS AND COMMITTEES OF THE BOARD OF TRUSTEES

Board of Trustees Meetings

Our Board of Trustees holds regular and special meetings throughout the year. During 2012, the Board of Trustees held five (5) meetings, including telephonic meetings. Each Trustee is expected to attend, in person or by telephone, all Board meetings and meetings of committees on which he or she serves. During 2012, each Trustee attended at least 75 percent of the Board of Trustees and committee meetings on which he or she served. Pursuant to our corporate governance guidelines, all of our Trustees are expected to attend our annual meetings of shareholders. All of our Trustees then serving on our Board attended our 2012 annual shareholders meeting.

Non-Executive Chairman of the Board; Executive Sessions

Our Board believes that independent Board leadership is a critical component of our corporate governance. William M. Diefenderfer III serves as our Non-Executive Chairman of the Board of Trustees and Dean Jernigan serves as our Chief Executive Officer and as a Trustee. We believe that separating the positions of Chairman and Chief Executive Officer is currently appropriate for us given Mr. Diefenderfer's business, legal, accounting and management experience and his knowledge and experience with our company. Additionally, separating the positions of Chairman and Chief Executive Officer allows us to achieve independent oversight and evaluation of our senior management and assures effective communication between the Board of Trustees and senior management on corporate strategy, while simultaneously allowing our Chief Executive Officer to focus on growing our business and implementing our strategic business plans. As Non-Executive Chairman of the Board, Mr. Diefenderfer is charged primarily with:

- presiding over meetings of our Board of Trustees and shareholders, including executive sessions of the non-management Trustees;
- establishing an agenda and setting the timing and length for each Board meeting in collaboration with our Chief Executive Officer and other Trustees and meeting with our Chief Executive Officer following each meeting to discuss any open issues and follow-up items;
- facilitating and coordinating communication among the non-management Trustees and our Chief Executive Officer and an open flow of information between management and our Board;
- facilitating and coordinating communication among our shareholders and our Board;

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- periodically meeting with each non-management Trustee;
- serving as an ex-officio member of each Board committee;
- providing assistance to and consulting with our Chief Executive Officer, as necessary;
- coordinating the periodic review of management's strategic plan; and
- performing such other duties and services as our Board may require.

Pursuant to our corporate governance guidelines and the independence requirements of the NYSE, in order to promote open discussion among independent Trustees, our Board of Trustees devotes a portion of each regularly scheduled Board meeting to sessions of non-management Trustees without management participation. The Chairman of the Board presides over these sessions.

Board Committees

The Board of Trustees has a standing Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee. All members of these committees are independent of us as that term is defined in the

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listing standards and other independence requirements of the NYSE. Our Board of Trustees has adopted a written charter for each of its standing committees. The full text of each charter is available on our website, www.cubesmart.com, under Investor Relations. In addition, each charter is also available in print, free of charge, to any shareholder who requests a copy in writing to the Secretary, CubeSmart, 460 East Swedesford Road, Suite 3000, Wayne, Pennsylvania 19087.

The table below provides current membership information for each of the Board committees and the number of meetings held by each committee during 2012:

Name (1)	Audit	Compensation	Corporate Governance and Nominating
M. M. Keler	X		X
D. J. LaRue			X
J.F. Remondi	X	Chair	
P. Bussani		X	Chair
J. F. Rogatz	Chair	X	
J.W. Fain	X	X	
Number of Meetings in 2012	4	5	3

(1) Mr. Diefenderfer, our Chairman of the Board of Trustees, serves as an ex officio member of each committee.

Audit Committee

The principal purposes of the Audit Committee are to assist the Board of Trustees in the oversight of:

- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the qualification and independence of our independent registered public accounting firm; and
- the performance of our internal audit function and independent registered public accounting firm.

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The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm and is also responsible for reviewing with our independent registered public accounting firm any audit problems or difficulties they encounter in the course of their audit. The Audit Committee is also charged with the tasks of reviewing our financial statements, any financial reporting issues and the adequacy of internal controls with management and our independent registered public accounting firm.

Our Audit Committee's written charter requires that all members of the committee meet the independence, experience, financial literacy and expertise requirements of the NYSE, the Sarbanes-Oxley Act of 2002, the Securities Exchange Act of 1934, as amended, or Exchange Act, and applicable rules and regulations of the SEC, all as in effect from time to time. All of the members of the Audit Committee meet the foregoing requirements. The Board of Trustees determined that Messrs. LaRue, Remondi, and Rogatz are each an audit committee financial expert as defined by the rules and regulations of the SEC.

Compensation Committee

The principal purposes of the Compensation Committee are to:

- review and approve our corporate goals and objectives with respect to the compensation of our Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and determine and approve, either as a committee or with our

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other independent Trustees, the appropriate level and structure of the Chief Executive Officer's compensation;

- determine and approve, either as a committee or together with our other independent Trustees, the compensation of the other executive officers;
- review and recommend succession plans for our key officers;
- make recommendations to the Board of Trustees regarding compensation of Trustees; and
- recommend, implement and administer our incentive and equity-based compensation plans.

Our Compensation Committee's primary responsibility is to determine and implement our compensation policies and practices. In connection with its review and approval of compensation levels and structure, the Committee has authority to approve grants of equity-based awards to our executive officers, including our Chief Executive Officer, and our employees. With respect to compensation of our executives other than our Chief Executive Officer, the Committee considers recommendations made by our Chief Executive Officer with respect to compensation of executive officers who report directly to him. In addition, the Board of Trustees has delegated to our Chief Executive Officer the authority to make one-time grants of equity-based awards to non-executive new hires in an amount not to exceed the equivalent of \$100,000. Our Chief Executive Officer must regularly report to the Compensation Committee information concerning the grants that are made pursuant to this authority. The Board of Trustees has not delegated authority with respect to executive or Trustee compensation to any other group or person.

In carrying out its duties, the Compensation Committee has sole authority, pursuant to its charter, to retain advisors, including compensation consultants and legal counsel, to advise the Compensation Committee on executive compensation matters. The Compensation Committee also has authority to delegate to one or more subcommittees as it deems necessary and appropriate. In addition, the Compensation Committee has the authority to approve any such advisor's or consultant's fees and other terms of engagement. In May, 2011, the Compensation Committee selected Fredric W. Cook & Co., Inc., an independent compensation consultant, to review our existing compensation and benefits program, analyze competitive market compensation practices and make recommendations relating to our executive compensation programs. Our Compensation Committee assessed the independence of Fredric W. Cook & Co., Inc. under NYSE rules and concluded that the firm's work for the Committee does not raise any conflict of interest. Factors considered by the Committee include: (i) whether other services are provided to us by Fredric W. Cook & Co., Inc. or its representatives; (ii) the amount of fees received by Fredric W. Cook & Co., Inc. from us as a percentage of its total revenue; (iii) policies of Fredric W. Cook & Co., Inc. designed to prevent conflicts of interest; (iv) the absence of any business or personal relationship of representatives of Fredric W. Cook & Co., Inc. or its representatives with a member of the Committee; (v) whether Fredric W. Cook & Co., Inc. or its representatives own any of our securities; and (vi) whether Fredric W. Cook & Co., Inc. or its representatives have any business or personal relationship with any of our executive officers.

In 2012, the Compensation Committee worked with our Chief Executive Officer, whose retirement was announced in June 2012 and is effective December 31, 2013, to develop a succession plan. After discussion among our Compensation Committee, our Chief Executive Officer, and the other independent members of our Board of Trustees, on February 20, 2013, the Board of Trustees appointed Christopher P. Marr to the position of President and Chief Executive Officer effective upon Mr. Jernigan's retirement date.

With respect to compensation of Trustees, our Compensation Committee has the authority to make recommendations to the Board of Trustees regarding compensation levels and structure. The Board of Trustees, however, has the ultimate authority to approve Trustee compensation levels and grants of equity-based awards to our Trustees.

The Compensation Committee currently consists of Messrs. Remondi (Chair), Bussani, Fain, and Rogatz. Each member of our Compensation Committee is independent within the meaning of the listing standards and other independence requirements of the NYSE.

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Compensation Committee Interlocks and Insider Participation

Mr. Bussani, Mr. Fain, Mr. Remondi, and Mr. Rogatz served on the Compensation Committee during 2012. None of the members of the Compensation Committee during 2012 or as of the date of this proxy statement is or has been an officer or employee of ours and no executive officer of ours served on the compensation committee or board of any company that employed any member of our Compensation Committee or Board of Trustees.

Corporate Governance and Nominating Committee

The principal purposes of the Corporate Governance and Nominating Committee are to:

- identify individuals that are qualified to serve as Trustees;
- recommend such individuals to the Board of Trustees, either to fill vacancies that occur on the Board of Trustees from time to time or in connection with the selection of Trustee nominees for each annual meeting of shareholders;
- periodically assess the size of the Board of Trustees to ensure it can effectively carry out its obligations;
- develop, recommend, implement and monitor our corporate governance guidelines and our code of business conduct and ethics;
- review any related party transactions and procedures for evaluating and approving such transactions;
- oversee the evaluation of the Board of Trustees and management; and
- ensure that we are in compliance with all NYSE corporate governance listing requirements.

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The Board of Trustees has adopted a policy to be used for considering potential Trustee candidates to continue to ensure that our Board of Trustees consists of a diverse group of qualified individuals that function effectively as a group. The policy provides that qualifications and credentials for consideration as a Trustee nominee may vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board of Trustees. However, at a minimum, candidates for Trustee must possess:

- the highest professional and personal ethics and values;
- a commitment to enhancing shareholder value;
- broad experience at the policy-making level in business, government, education, technology or public interest;
- an ability to provide insights and practical wisdom based on experience and expertise;
- a willingness and ability to devote adequate time and resources to diligently perform Board duties;
- a reputation, both personal and professional, consistent with our image and reputation; and
- an ability to exercise sound judgment and make independent analytical inquiries.

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In addition to the minimum qualifications listed above, the Corporate Governance and Nominating Committee believes that there are other qualities and skills that, while not a prerequisite for nomination, should be taken into account when considering whether to recommend a particular person. These factors include:

- whether the person possesses specific expertise and familiarity with general issues affecting our business;

- whether the person's nomination and election would enable the Board of Trustees to have a member that qualifies as an audit committee financial expert as such term is defined by the SEC;

- whether the person would qualify as an independent Trustee under the listing standards and other independence requirements of the NYSE and our corporate governance guidelines;

- the importance of continuity of the existing composition of the Board of Trustees; and

- the importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.

The Corporate Governance and Nominating Committee will seek to identify Trustee candidates based on input provided by a number of sources, including (a) Corporate Governance and Nominating Committee members, (b) other members of the Board of Trustees and (c) our shareholders. The Corporate Governance and Nominating Committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified Trustee candidates. From time to time, the Corporate Governance and Nominating Committee retains the services of the National Association of Corporate Directors, or NACD, and other advisors to identify potentially qualified candidates for the Board of Trustees.

As part of the identification process, the Corporate Governance and Nominating Committee determines the optimal size of the Board, assessing the future needs based on anticipated Trustee vacancies, the value of specific industry expertise, and the willingness of existing Trustees to continue to serve as Trustees if re-nominated. Once a Trustee candidate has been identified, the Corporate Governance and Nominating Committee will evaluate the candidate in light of his or her qualifications and credentials, and any additional factors that it deems necessary or appropriate. Existing Trustees who are being considered for re-nomination are re-evaluated as part of the Corporate Governance and Nominating Committee's process of recommending Trustee candidates. The Corporate Governance and Nominating Committee will consider all persons recommended by shareholders in the same manner as all other Trustee candidates provided that such recommendations are submitted in accordance with the procedures set forth in our bylaws. For more information see the section entitled *Other Matters - Shareholder Proposals and Nominations for the 2014 Annual Meeting* below.

After completing the identification and evaluation process described above, the Corporate Governance and Nominating Committee recommends to the Board of Trustees the nomination of a number of candidates equal to the number of Trustees expected to be elected at the next annual

meeting of shareholders. The Board of Trustees selects the Trustee nominees for shareholders to consider and vote upon at the annual meeting.

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The table below shows the actual amounts earned by our Trustees for their service during 2012. As an employee of the Company, Mr. Jernigan does not receive compensation for his service as a Trustee. Compensation paid to Mr. Jernigan can be found in the table captioned *Summary Compensation Table for 2012*.

Name (1)	Fees Earned or Paid in Cash (2)	Share Awards (3)	All Other Compensation (4)	Total
W. M. Diefenderfer III	\$ 90,000	\$ 75,374	\$ 5,336	\$ 170,710
M. M. Keler	\$ 57,500	\$ 75,374	\$ 2,197	\$ 135,071
D. J. LaRue	\$ 47,500	\$ 75,374	\$ 9,640	\$ 132,514
J.F. Remondi	\$ 80,000	\$ 75,374	\$ 2,197	\$ 157,571
P. Bussani	\$ 65,000	\$ 75,374	\$ 2,197	\$ 142,571
J. Rogatz	\$ 80,000	\$ 75,374	\$ 2,191	\$ 157,565
J.W. Fain	\$ 35,410	\$ 32,907		