

U-Store-It Trust
Form 10-K
March 02, 2009
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 10-K

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

For the fiscal year ended December 31, 2008

OR

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

For the transition period from to

Commission file number 001-32324

U-STORE-IT TRUST

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

20-1024732
(IRS Employer
Identification No.)

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460 East Swedesford Road
Suite 3000
Wayne, Pennsylvania
(Address of Principal Executive Offices)

19087
(Zip Code)

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

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

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

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **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. **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, and (2) has been subject to such filing requirements for the past 90 days. **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.

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:

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **YES** **NO**

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As of June 30, 2008, the last business day of the registrant's most recently completed second quarter, the aggregate market value of common shares held by non-affiliates of the registrant was \$687,071,574.

As of February 27, 2009, the number of common shares of the registrant outstanding was 58,192,706.

Documents incorporated by reference: Portions of the Proxy Statement for the 2009 Annual Meeting of Shareholders of the Registrant to be filed subsequently with the SEC are incorporated by reference into Part III of this report.

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PART I

Forward-Looking Statements

This Annual Report on Form 10-K, together with other statements and information publicly disseminated by U-Store-It Trust (we, us, our or the Company), contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Such statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Although we believe the expectations reflected in these forward-looking statements are based on reasonable assumptions, future events and actual results, performance, transactions or achievements, financial and otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

- national and local economic, business, real estate and other market conditions;
- the competitive environment in which we operate;
- the execution of our business plan;
- financing risks including the risk of overleverage and the corresponding risk of default on our mortgage and other debt and potential inability to refinance existing indebtedness;
- increases in interest rates and operating costs;
- counterparty non-performance related to the use of derivative financial instruments;
- our ability to maintain our status as a real estate investment trust (REIT) for federal income tax purposes;
- acquisition and development risks;

- changes in real estate and zoning laws or regulations;
- risks related to natural disasters;
- potential environmental and other liabilities;
- other factors affecting the real estate industry generally or the self-storage industry in particular; and
- other risks identified in Item 1A of this Annual Report on Form 10-K and, from time to time, in other reports we file with the Securities and Exchange Commission (the "SEC") or in other documents that we publicly disseminate.

We undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise except as may be required in securities laws.

ITEM 1. BUSINESS

Overview

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

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As of December 31, 2008, we owned 387 self-storage facilities located in 26 states and in the District of Columbia; and aggregating approximately 25.0 million rentable square feet. As of December 31, 2008, our 387 facilities were approximately 78.9% leased to approximately 170,000 tenants and no single tenant accounted for more than 1% of our annual rental revenue.

Our self-storage facilities are designed to offer affordable, easily-accessible and secure storage space for our residential and commercial customers. Our customers rent storage units for their exclusive use, typically on a month-to-month basis. Additionally, some of our facilities offer outside storage areas for vehicles and boats. Our facilities are specifically designed to accommodate both residential and commercial customers, with features such as security systems and wide aisles and load-bearing capabilities for large truck access. All of our facilities have an on-site manager during business hours, and 265, or approximately 68%, of our facilities have a manager who resides in an apartment at the facility. Our customers can access their storage units during business hours, and some of our facilities provide customers with 24-hour access through computer controlled access systems. Our goal is to provide customers with the highest standard of facilities and service in the industry. To that end, approximately 65% of our facilities include climate controlled units, compared to the national average of 50% reported by the 2008 Self-Storage Almanac.

We were formed in July 2004 to succeed the self-storage operations owned directly and indirectly by Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell, and their affiliated entities and related family trusts (which entities and family trusts are referred to herein as the Amsdell Entities). We are organized as a REIT under Maryland law, and we believe that we qualify for taxation as a REIT for federal income tax purposes beginning with our short taxable year ended December 31, 2004. From our inception until October 2004, we did not have any operations. We commenced operations as a publicly-traded REIT in October 2004 after completing the mergers of certain Amsdell Entities with and into us, our initial public offering (IPO), and the consummation of various other formation transactions that occurred concurrently with, or shortly after, completion of our IPO.

We conduct all of our business through our operating partnership, U-Store-It, L.P., and its subsidiaries. We also act as the general partner of our Operating Partnership and as of December 31, 2008, we held approximately 91.9% of the aggregate partnership interests in our operating partnership. Since its formation in 1996, our operating partnership has been engaged in virtually all aspects of the self-storage business, including the development, acquisition, ownership and operation of self-storage facilities.

Acquisition and Disposition Activity

As of December 31, 2008 and 2007, we owned 387 and 409 facilities, respectively, that contained an aggregate of 25.0 million and 26.1 million rentable square feet with occupancy rates of 78.9% and 78.2%, respectively. As of December 31, 2008 we had facilities in the District of Columbia and the following 26 states: Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Utah, Virginia and Wisconsin. A complete listing of, and certain information about, our facilities is included in Item 2 of this Annual Report on Form 10-K. The following is a summary of acquisition and disposition activity that occurred during the years ended December 31, 2008 and 2007:

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Facility/Portfolio	Location	Transaction Date	Number of Facilities	Purchase / Sale Price (in thousands)
<i>2008 Acquisitions</i>				
Uptown Asset	Washington, DC	January 2008	1	\$ 13,300
<i>2008 Dispositions</i>				
Waterway Asset	Miami, FL	December 2008	1	\$ 4,635
Skipper Road Assets	Multiple locations in FL	November 2008	2	5,020
Stuart/Vero Beach Assets	Multiple locations in FL	October 2008	2	4,550
Hudson Assets	Hudson, OH	October 2008	2	2,640
Deland Asset	Deland, FL	September 2008	1	2,780
Biloxi/Gulf Breeze Assets	Multiple locations in MS/FL	September 2008	2	10,760
Mobile Assets	Mobile, AL	September 2008	2	6,140
Churchill Assets	Multiple locations in MS	August 2008	4	8,333
Baton Rouge/Prairieville Assets	Multiple Locations in LA	June 2008	2	5,400
Linden Asset	Linden, NJ	June 2008	1	2,825
Endicott Asset	Union, NY	May 2008	1	2,250
Lakeland Asset	Lakeland, FL	April 2008	1	2,050
77th Street Asset	Miami, FL	March 2008	1	2,175
Leesburg Asset	Leesburg, FL	March 2008	1	2,400
			23	\$ 61,958
<i>2007 Acquisitions</i>				
Sanford Asset	San Antonio, TX	January 2007	1	\$ 6,300
Grand Central Portfolio	Multiple locations in GA	January 2007	2	13,200
Rising Tide Portfolio	Multiple locations in FL/GA/MA/OH/CA	September 2007	14	121,000
			17	\$ 140,500
<i>2007 Dispositions</i>				
Hilton Head Assets	Multiple locations in SC	May 2007	3	\$ 12,750
Arizona Assets	Multiple locations in AZ	December 2007	2	6,440
			5	\$ 19,190

The following table summarizes the change in number of self-storage facilities from January 1, 2007 through December 31, 2008:

	2008	2007
Balance - Beginning of year	409	399
Facilities acquired	1	17
Facilities consolidated		(2)
Facilities sold	(23)	(5)
Balance - End of year	387	409

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Financing Activities

The following summarizes certain financing activities during the years ended December 31, 2008, 2007 and 2006:

- *Revolving Credit Facility.* In November 2006, we and our operating partnership entered into a three-year \$450.0 million unsecured credit facility with Wachovia Capital Markets, LLC (Wachovia) and Keybank Capital Markets, replacing our existing \$250.0 million unsecured revolving facility. The facility consists of a \$200 million term loan and a \$250 million revolving credit facility. The facility has a November 20, 2009 termination date, subject to a one year extension to November 20, 2010 at the Company's option, provided we pay an extension fee of 15 basis points, or \$675,000, and are not in default under the facility. The Company currently intends to exercise this extension option prior to the November 20, 2009 termination date. Borrowings under the credit facility bear interest, at our option, at either an alternative base rate or a Eurodollar rate, in each case, plus an applicable margin based on our leverage ratio or our credit rating. The alternative base interest rate is a fluctuating rate equal to the higher of the prime rate or the sum of the federal funds effective rate plus 50 basis points. The applicable margin for the alternative base rate will vary from 0.00% to 0.50% depending on our leverage ratio prior to achieving an investment grade rating, and will vary from 0.00% to 0.25% depending on our credit rating after achieving an investment grade rating. The Eurodollar rate is a rate of interest that is fixed for interest periods of one, two, three or six months based on the LIBOR rate determined two business days prior to the commencement of the applicable interest period. The applicable margin for the Eurodollar rate will vary from 1.00% to 1.50% depending on our leverage ratio prior to achieving an investment grade rating, and will vary from 0.425% to 1.00% depending on our credit rating after achieving an investment grade rating. At December 31, 2008, borrowings under the unsecured credit facility had a weighted average interest rate of 1.92%.

- *Secured Term Loan.* On September 14, 2007, we and our Operating Partnership entered into a credit agreement that allowed for total secured term loan borrowings of \$50.0 million and subsequently amended the agreement on April 3, 2008 to allow for total secured term loan borrowings of \$57.4 million. The term loans have a November 20, 2009 termination date, subject to a one year extension to November 20, 2010 at the Company's option, provided we pay an extension fee of 15 basis points, or \$86,000, and are not in default under the facility. The Company currently intends to exercise these extension options prior to the November 20, 2009 termination date. Each term loan bears interest at either an alternative base rate or a Eurodollar rate, at our option, in each case plus an applicable margin. The applicable margin for the alternative base rate will vary from 0.10% to 0.60% depending on our leverage ratio prior to achieving an investment grade rating, and will vary from 0.00% to 0.25% depending on our credit rating after achieving an investment grade rating. The Eurodollar rate is a rate of interest that is fixed for interest periods of one, two, three or nine months based on the LIBOR rate determined two business days prior to the commencement of the applicable interest period. The applicable margin for the Eurodollar rate will vary from 1.10% to 1.60% depending on our leverage ratio prior to achieving an investment grade rating, and will vary from 0.425% to 1.00% depending on our credit rating after achieving an investment grade rating. As of December 31, 2008, there were two term loans outstanding totaling \$57.4 million that had a weighted average interest rate of 2.05%. The outstanding term loans are secured by a pledge by our Operating Partnership of all equity interests in YSI RT LLC, the wholly-owned subsidiary of the Operating Partnership that acquired eight self-storage facilities in September 2007 and one self-storage facility in May 2008. The nine YSI RT LLC assets had a net book value of approximately \$70.0 million at December 31,

2008.

Business Strategy

Our business strategy consists of several elements:

- **Maximize cash flow from our facilities** Our operating strategy focuses on achieving the highest sustainable rent levels at each of our facilities while at the same time meeting and sustaining occupancy targets. We utilize our operating systems and experienced personnel to manage the balance between rental rates, discounts, and physical occupancy with an objective of maximizing our rental revenue.

- **Acquire facilities within our targeted markets** Although we do not expect to actively acquire facilities in 2009, we will continue to selectively acquire facilities in markets that we believe have high barriers to entry, strong demographic fundamentals and existing supply at or below the demand in the market. We believe the self-storage industry will continue to provide us with opportunities for growth through acquisitions due to the highly fragmented composition of the industry. While we will continue to review selected acquisition opportunities across the United States, the primary

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focus of acquisitions, if any, will be in areas that we consider to be growth markets, such as Arizona, California, Florida and the Northeastern United States.

- **Utilize our expertise in selective new developments** We seek to use our development expertise to pursue new developments in areas where we have facilities and perceive there to be unmet demand. We expect to pursue our development primarily in conjunction with joint venture partners.

Investment and Market Selection Process

We maintain a disciplined and focused process in the acquisition and development of self-storage facilities. Our investment committee, which consists of certain of our executive officers and is led by Dean Jernigan, our Chief Executive Officer, oversees our investment process. Our investment process involves six stages – identification, initial due diligence, economic assessment, investment committee approval (and when required, Board approval), final due diligence, and documentation. Through our investment committee, we intend to focus on the following criteria:

- **Targeted markets** Our targeted markets include areas where we currently maintain management that can be extended to additional facilities, or where we believe that we can acquire a significant number of facilities efficiently and within a short period of time. We evaluate both the broader market and the immediate area, typically five miles around the facility, for their ability to support above-average demographic growth. We will seek to grow our presence primarily in areas that we consider to be growth markets, such as Arizona, California, Florida and the Northeastern United States and to enter new markets should suitable opportunities arise.
- **Quality of facility** We focus on self-storage facilities that have good visibility and are located near retail centers, which typically provide high traffic corridors and are generally located near residential communities and commercial customers.
- **Growth potential** We target acquisitions that offer growth potential through increased operating efficiency and, in some cases, through additional leasing efforts, renovations or expansions. In addition to acquiring single facilities, we seek to invest in portfolio acquisitions, searching for situations where there is significant potential for increased operating efficiency and an ability to spread our fixed costs across a large base of facilities.

Operating Segment

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

Concentration

Our self-storage facilities are located in major metropolitan areas as well as rural areas and have numerous tenants per facility. No single tenant represents 1% or more of our revenues. The facilities in Florida, California, Texas and Illinois provided approximately 19%, 15%, 9% and 7% of total revenues, respectively, for the year ended December 31, 2008. Florida, California, Texas and Illinois provided total revenues of approximately 19%, 15%, 8% and 7%, respectively, for the year ended December 31, 2007.

Seasonality

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

Financing Strategy

Although our organizational documents contain no limitation on the amount of debt we may incur, we maintain a capital structure that we believe is reasonable and prudent and that will enable us to have ample cash flow to cover debt service and make distributions to our shareholders. As of December 31, 2008, 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 our outstanding common shares and operating partnership units and (b) the carrying value of our total indebtedness, was approximately 77.8%. Our ratio of debt to the depreciated cost of our real estate assets as of December 31, 2008 was 62.7% compared to 62.4% as of December 31, 2007. We expect to finance additional investments in self-storage facilities through the most attractive available source

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of capital at the time of the transaction, in a manner consistent with maintaining a strong financial position and future financial flexibility. These capital sources may include borrowings under our revolving credit facility, selling common or preferred shares or debt securities through public offerings or private placements, incurring additional secured indebtedness, issuing units in our operating partnership in exchange for contributed property, issuing preferred units in our operating partnership to institutional partners and forming joint ventures. We also may consider selling less productive self-storage facilities from time to time in order to reallocate proceeds from these sales into more productive facilities.

Competition

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

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

Government Regulation

We are subject to federal, state and local environmental regulations that apply generally to the ownership of real property and the operation of self-storage facilities.

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 real estate as collateral, and may cause the property owner to incur substantial remediation costs. In addition to claims for cleanup costs, the presence of hazardous substances on a property could result in a claim by a private party for personal injury or a claim by an adjacent property owner or user for property damage. We may also become liable for the costs of removal or remediation of hazardous substances stored at the facilities by a customer even though storage of hazardous substances would be without our knowledge or approval and in violation of the customer's storage lease agreement with us.

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Our practice is to conduct or obtain environmental assessments in connection with the acquisition or development of additional facilities. Whenever the environmental assessment for one of our facilities indicates that a facility is impacted by soil or groundwater contamination from prior owners/operators or other sources, we will work with our environmental consultants and where appropriate, state governmental agencies, to ensure that the facility is either cleaned up, that no cleanup is necessary because the low level of contamination poses no significant risk to public health or the environment, or that the responsibility for cleanup rests with a third party.

We are not aware of any environmental cleanup liability that we believe will have a material adverse effect on us. We cannot assure you, however, that these environmental assessments and investigations have revealed or will reveal all potential environmental liabilities, that no prior owner created any material environmental condition not known to us or the independent consultant or that future events or changes in environmental laws will not result in the imposition of environmental liability on us.

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

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

Insurance

We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the facilities in our portfolio. We 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 terrorist activities, hurricanes, floods and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. We also carry liability insurance to insure against personal injuries that might be sustained on our properties and director and officer liability insurance.

Offices

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

Employees

As of December 31, 2008, we employed 931 employees, of whom 112 were corporate executive and administrative personnel and 819 were property level personnel. We believe that our relations with our employees are good. None of our employees are unionized.

Available Information

We file our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports with the Securities and Exchange Commission (the "SEC"). You may obtain copies of these documents by visiting the SEC's Public Reference Room at 450 Fifth 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

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internet website address is www.ustoreit.com. You also can obtain on our website, free of charge, a copy 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, as soon as reasonably practicable after we electronically file such reports or amendments with, or furnish them to, the SEC. Our internet website and the information contained therein or connected thereto are not intended to be incorporated by reference into this Annual Report on Form 10-K.

Also available on our website, free of charge, are copies of our Code of Business Conduct and Ethics, our Corporate Governance Guidelines, and the charters for each of the committees of our Board of Trustees – the Audit Committee, the Corporate Governance and Nominating Committee, and the Compensation Committee. Copies of each of these documents are also available in print free of charge, upon request by any shareholder. You can obtain copies of these documents by contacting Investor Relations by mail at 460 E. Swedesford Road, Suite 3000, Wayne, PA 19087.

ITEM 1A. RISK FACTORS

Overview

Investors should carefully consider, among other factors, the risks set forth below. These risks are not the only ones that we may face. Additional risks not presently known to us or that we currently consider immaterial may also impair our business operations and hinder our ability to make expected distributions to our shareholders.

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

Approximately 55% (or approximately \$523.9 million) of the aggregate principal amount of our total debt, including mortgage debt and revolving debt, is payable on or before December 31, 2009, subject to a one year extension until November 20, 2010 at the Company's option of approximately \$429.4 million of principal on our revolving and term credit facilities with Wells Fargo (formerly Wachovia) provided we pay an extension fee of 15 basis points, or \$761,000, and are not in default under the facility. The Company currently intends to exercise this extension option prior to the November 20, 2009 termination date. Certain of our mortgages will have significant outstanding balances on their maturity dates, commonly known as balloon payments. We do not have the cash resources currently to repay those amounts, and we will have to raise funds for such repayment either through the issuance of capital stock, additional borrowings (which may include extension of maturity dates), joint ventures or asset sales. There can be no assurance that we will be able to refinance the debt on favorable terms or at all. To the extent we cannot refinance debt on favorable terms or at all, we may be forced to dispose of properties on disadvantageous terms or pay higher interest rates, either of which would have an adverse impact on our financial performance and ability to pay dividends to investors.

In addition, we are 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. While we do not currently believe that our counterparties on our in-place swap agreements are likely to default or not perform their obligations under those agreements, there is no assurance that this will be the case.

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

Recently, domestic financial markets have experienced extreme volatility and uncertainty. Overall liquidity has tightened in the domestic financial markets, including the investment grade debt and equity capital markets for which we historically sought financing. Consequently, there is greater uncertainty regarding our ability to access the credit markets in order to attract financing on reasonable terms nor can there be any assurance we can issue common or preferred equity securities at a reasonable price. Our ability to finance new acquisitions and refinance future debt maturities could be adversely impacted by our inability to secure permanent financing on reasonable terms, if at all.

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

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

Our unsecured credit facility and unsecured term loan each contain (and any new or amended facility will likely contain) customary restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to asset ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt which we must maintain. Our ability to borrow under our credit facility is (and any new or amended facility 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 term loan and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of debt or equity capital may not be available to us, or may be available only on unattractive terms. Moreover, the presence of such covenants in our credit agreements could cause us to operate our business with a view toward compliance with such covenants, which might not produce optimal returns for shareholders.

Increases in interest rates on variable rate indebtedness would increase our interest expense, which could adversely affect our cash flow and ability to make distributions to shareholders. Rising interest rates could also restrict our ability to

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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. We have entered into and may, from time to time, enter into agreements such as interest rate hedges, swap agreements, floors, caps and other interest rate hedging contracts with respect to a portion of our variable rate debt. 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. While we do not currently believe that our counterparties on our swap agreements are likely to default or not perform their obligations under those agreements, there is no assurance that this will be the case.

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

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

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

To continue to qualify as a REIT, we are required to distribute to our shareholders each year at least 90% of our REIT taxable income, excluding net capital gains or pay applicable income taxes. In order to eliminate federal income tax, we will be required to distribute annually 100% of our net taxable income, including capital gains. Because of these distribution requirements, we likely will not be able to fund all future capital needs, including capital for acquisitions and facility development, with income from operations. We therefore will have to rely on third-party sources of capital, which may or may not be available on favorable terms, if at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings and our ability to continue to qualify as a REIT for federal income tax purposes. If we are unable to obtain third-party sources of capital, we may not be able to acquire or develop facilities when strategic opportunities exist, satisfy our debt obligations or make distributions to shareholders that would permit us to qualify as a REIT or avoid paying tax on our REIT taxable income.

Additional issuances of equity securities may be dilutive to shareholders.

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

Because real estate is illiquid, we may not be able to sell properties when appropriate.

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

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

Our facilities and any other facilities we acquire or develop in the future are and will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. Our facilities are subject to increases in operating expenses such as real estate and other taxes, 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.

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Our insurance coverage may not comply fully with certain loan requirements.

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

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

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

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

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Historically, we have paid quarterly distributions to our shareholders, and we intend 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 qualify for the tax benefits accorded to a REIT under the Internal Revenue Code. We have not established a minimum dividends payment level and all future distributions will be made at the discretion of our Board of Trustees. Our ability to pay dividends will depend upon, among other factors:

- the operational and financial performance of our facilities;
- capital expenditures with respect to existing and newly acquired facilities;
- general and administrative costs associated with our operation as a publicly-held REIT;
- maintenance of our REIT status;
- the amount of, and the interest rates on, our debt;
- the absence of significant expenditures relating to environmental and other regulatory matters; and
- other risk factors described in this Annual Report on Form 10-K.

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

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

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Our rental revenues and operating costs and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that if our facilities do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our shareholders will be adversely affected. Events or conditions beyond our control that may adversely affect our operations or the value of our facilities include:

- downturns in the national, regional and local economic climate;
- local or regional oversupply, increased competition or reduction in demand for self-storage space;
- vacancies or changes in market rents for self-storage space;
- inability to collect rent from customers;
- increased operating costs, including maintenance, insurance premiums and real estate taxes;
- changes in interest rates and availability of financing;
- hurricanes, earthquakes and other natural disasters, civil disturbances, terrorist acts or acts of war that may result in uninsured or underinsured losses;
- significant expenditures associated with acquisitions and development projects, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property;
- costs of complying with changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes; and
- the relative illiquidity of real estate investments.

In addition, prolonged periods of economic slowdown or recession, rising interest rates or declining demand for self-storage, or the public perception that any of these events may occur, could result in a general decline in rental revenues, which could impair our ability to satisfy our debt service obligations and to make distributions to our shareholders.

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

Because our portfolio of facilities consists primarily of self-storage facilities, we are subject to risks inherent in investments in a single industry. A decrease in the demand for self-storage space would have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio. Demand for self-storage space has been and could be adversely affected by ongoing weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing self-storage facilities in an area and the excess amount of self-storage space in a particular market. To the extent that any of these conditions occur, they are likely to affect market rents for self-storage space, which could cause a decrease in our rental revenue. Any such decrease could impair our ability to satisfy debt service obligations and make distributions to our shareholders.

Adverse macroeconomic and business conditions may significantly and negatively affect our revenues, profitability and results of operations.

The United States is currently in a deep recession that has resulted in higher unemployment, shrinking demand for products, large-scale business failures and tight credit markets. Our results of operations may be sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending, as well as to increased bad debts due to recessionary pressures. A continuation of ongoing adverse economic conditions affecting disposable consumer income, such as employment levels, business conditions, interest rates, tax rates, fuel and energy costs, and other matters

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could reduce consumer spending or cause consumers to shift their spending to other products and services. A general reduction in the level of discretionary spending or shifts in consumer discretionary spending could adversely affect our growth and profitability.

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

Our financial performance is dependent upon the economic and other conditions of the markets in which our facilities are located.

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We are susceptible to adverse developments in the markets in which we operate, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Our facilities in California, Florida, Texas, Ohio, Tennessee, Illinois and Arizona accounted for approximately 16%, 15%, 11%, 8%, 7%, 7% and 5%, respectively, of our total rentable square feet as of December 31, 2008. As a result of this geographic concentration of our facilities, we are particularly susceptible to adverse market conditions in these areas. Any adverse economic or real estate developments in these markets, or in any of the other markets in which we operate, or any decrease in demand for self-storage space resulting from the local business climate could adversely affect our rental revenues, which could impair our ability to satisfy our debt service obligations and pay distributions to our shareholders.

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.

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

We face risks and significant competition associated with actions taken by our competitors.

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

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

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

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We have in the past acquired, and intend at some time in the future to acquire, individual and portfolios of self-storage facilities that would increase our size and potentially alter our capital structure. Although we believe that the acquisitions that we expect to undertake in the future will enhance our future financial performance, the success of such transactions is subject to a number of factors, including the risks that:

- we may not be able to obtain financing for acquisitions on favorable terms;
- acquisitions may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired facilities may be higher than our estimates;
- acquisitions may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or an unfamiliarity with local governmental and permitting procedures;
- there is only limited recourse, or no recourse, to the former owners of newly acquired facilities for unknown or undisclosed liabilities such as the clean-up of undisclosed environmental contamination; claims by tenants, vendors or other persons arising on account of actions or omissions of the former owners of the facilities; ordinary course of business expenses; and claims by local governments, adjoining property owners, property owner associations, and easement holders for fees, assessments, taxes on other property-related changes.
- As a result, if a liability were asserted against us based upon ownership of an acquired facility, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow.

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

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

The acquisition of new facilities that lack operating history with us will give rise to difficulties in predicting revenue potential.

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

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

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We may co-invest with third parties through joint ventures. In any such joint venture, we may not be in a position to exercise sole decision-making authority regarding the facilities owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that

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

We are increasingly dependent upon automated information technology processes. While we attempt to mitigate this risk through offsite backup procedures and contracted data centers that include, in some cases, redundant operations, we could still be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack. In addition, an increasing portion of our business operations are conducted over the Internet, increasing the risk of viruses that could cause system failures and disruptions of operations despite our deployment of anti-virus measures. Experienced computer programmers may be able to penetrate our network security and misappropriate our confidential information, create system disruptions or cause shutdowns.

Potential liability for environmental contamination could result in substantial costs.

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We are subject to federal, state and local environmental regulations that apply generally to the ownership of real property and the operation of self-storage facilities. If we fail to comply with those laws, we could be subject to significant fines or other governmental sanctions.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a facility and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean up costs incurred by such parties in connection with contamination. Such liability may be imposed whether or not the owner or operator knew of, or was responsible for, the presence of these hazardous or toxic substances. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such facility or to borrow using such facility as collateral. In addition, in connection with the ownership, operation and management of real properties, we are potentially liable for property damage or injuries to persons and property.

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

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

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Under the Americans with Disabilities Act of 1990 and applicable state accessibility act (collectively, the ADA), all places of public accommodation are required to meet federal requirements related to physical access and use by disabled persons. A number of other federal, state and local laws may also impose access and other similar requirements at our facilities. A failure to comply with the ADA or similar state or local requirements could result in the governmental imposition of fines or the award of damages to private litigants affected by the noncompliance. Although we believe that our facilities comply in all material respects with these requirements (or would be eligible for applicable exemptions from material requirements because of adaptive assistance provided), a determination that one or more of our facilities is not in compliance with the ADA or similar state or local requirements would result in the incurrence of additional costs associated with bringing the facilities into compliance. If we are required to make substantial modifications to comply with the ADA or

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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.

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

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

One type of commercial dispute could involve our use of our brand name and other intellectual property (for example, logos, signage and other marks), for which we generally have common law rights but no federal trademark registration. There are other commercial parties, at both a local and national level, that may assert that our use of our brand names and other intellectual property conflict with their rights to use brand names and other intellectual property that they consider to be similar to ours. Any such commercial dispute and related resolution would involve all of the risks described above, including, in particular, our agreement to restrict the use of our brand name or other intellectual property.

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

If we fail to qualify as a REIT, our distributions to shareholders would not be deductible for federal income tax purposes, and therefore we would be required to pay corporate income tax at applicable rates on our taxable income, which would substantially reduce our earnings and may substantially reduce the value of our common shares and adversely affect our ability to raise additional capital.

We operate our business to qualify to be taxed as a REIT for federal income tax purposes. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this Annual Report on Form 10-K are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on the income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90% of our REIT taxable income (excluding net capital gains). The fact that we hold substantially all of our assets through the operating partnership and its subsidiaries further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory

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savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of \$50,000 or more for each such failure.

If we fail to qualify as a REIT for federal income tax purposes, and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, we would be subject to federal income tax at regular corporate rates on all of our income. As a taxable corporation, we would not be allowed to take a deduction for distributions to shareholders in computing our taxable income or pass through long term capital gains to individual shareholders at favorable rates. We also could be subject to the federal alternative minimum tax and possibly increased state and local taxes. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. If we failed to qualify as a REIT, we would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. This likely would have a

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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.

As a REIT, we are subject to certain distribution requirements, including the requirement to distribute 90% of our REIT taxable income that may result in our having to make distributions at 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.

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 U-Store-It Mini Warehouse Co. as a taxable REIT subsidiary, 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 are dependent upon our key personnel whose continued service is not guaranteed.

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Our top executives, Dean Jernigan, Christopher Marr and Timothy Martin, have extensive self-storage, real estate and public company experience. Although we have employment agreements with these members of our senior management team, we cannot provide any assurance that any of them will remain in our employment. The loss of services of one or more members of our senior management team, particularly Dean Jernigan, our Chief Executive Officer, 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, 2008, we had 819 field personnel involved in the management and operation of our facilities. The customer service, marketing skills and knowledge of local market demand and competitive dynamics of our facility managers are contributing factors to our ability to maximize our rental income and to achieve the highest sustainable rent levels at each of our facilities. We compete with various other companies in attracting and retaining qualified and skilled personnel. Competitive pressures may require that we enhance our pay and benefits package to compete effectively for such personnel. If there is an increase in these costs or if we fail to attract and retain qualified and skilled personnel, our business and operating results could be harmed.

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

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

- business combination moratorium/fair price provisions that, subject to limitations, prohibit certain business combinations between us and an interested shareholder (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes stringent fair price and super-majority shareholder voting requirements on these combinations; and
- control share provisions that provide that control shares of our company (defined as shares which, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing Trustees) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of control shares from a party other than the issuer) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two thirds of all the votes entitled to be cast on the matter, excluding all interested shares, and are subject to redemption in certain circumstances.

We have opted out of these provisions of Maryland law. However, our Board of Trustees may opt to make these provisions applicable to us at any time without shareholder approval.

Our Trustees also have the discretion, granted in our bylaws and Maryland law, without shareholder approval to, among other things (1) create a staggered Board of Trustees, and (2) amend our bylaws or repeal individual bylaws in a manner that provides the Board of Trustees with greater authority. Any such action could inhibit or impede a third party from making a proposal to acquire us at a price that could be beneficial to our shareholders.

Robert J. Amsdell, our former Chairman and Chief Executive Officer; Barry L. Amsdell, a former Trustee; Todd C. Amsdell, our former Chief Operating Officer and former President of our development subsidiary; and the Amsdell Entities (collectively, The Amsdell Family) collectively own an approximate 23.3% beneficial interest in our company on a fully diluted basis and therefore have the ability to exercise significant influence on any matter presented to our shareholders.

The Amsdell Family collectively owns approximately 21.3% of our outstanding common shares, and an approximate 23.3% beneficial interest in our company on a fully diluted basis. Consequently, the Amsdell Family may be able to significantly influence the outcome of matters

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submitted for shareholder action, including the election of our Board of Trustees and approval of significant corporate transactions, including business combinations, consolidations and mergers. As a result, Robert J. Amsdell, Barry L. Amsdell and Todd C. Amsdell have substantial influence on us and could exercise their influence in a manner that conflicts with the interests of our other shareholders.

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

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

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

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

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in the event that actions taken in good faith by any Trustee or officer impede our performance, our and our shareholders' ability to recover damages from that Trustee or officer will be limited.

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Table of Contents**ITEM 2. PROPERTIES****Overview**

As of December 31, 2008, we owned 387 self-storage facilities located in 26 states and the District of Columbia; and aggregating approximately 25.0 million rentable square feet. The following table sets forth certain summary information regarding our facilities by state as of December 31, 2008.

State	Number of Facilities	Number of Units	Total Rentable Square Feet	% of Total Rentable Square Feet	% of Occupied Square Feet
California	60	35,661	4,081,312	16.3%	71.1%
Florida	53	37,125	3,932,291	15.8%	77.0%
Texas	43	20,971	2,638,976	10.6%	82.5%
Ohio	34	15,789	1,938,114	7.8%	79.6%
Illinois	27	13,915	1,610,552	6.5%	84.1%
Tennessee	24	12,889	1,684,576	6.8%	81.3%
Arizona	24	12,042	1,246,942	5.0%	80.2%
Colorado	20	10,332	1,198,133	4.8%	85.0%
Connecticut	17	7,147	847,231	3.4%	78.4%
New Jersey	14	10,141	968,751	3.9%	75.1%
New Mexico	11	4,355	480,949	1.9%	85.7%
Georgia	9	6,178	759,535	3.0%	77.3%
Indiana	9	5,202	593,976	2.4%	80.0%
North Carolina	8	4,777	558,346	2.2%	82.6%
Maryland	5	4,196	517,982	2.1%	81.9%
New York	5	2,871	312,833	1.3%	80.4%
Utah	4	2,319	241,624	1.0%	85.7%
Michigan	4	1,885	270,869	1.1%	79.7%
Louisiana	3	1,472	201,167	0.8%	92.2%
Massachusetts	3	1,776	172,385	0.7%	78.4%
Pennsylvania	2	1,602	176,583	0.7%	80.7%
Virginia	2	1,181	130,927	0.5%	68.1%
Nevada	2	905	97,206	0.4%	86.2%
Alabama	1	799	129,035	0.4%	73.9%
Washington DC	1	754	62,695	0.2%	86.6%
Mississippi	1	513	61,251	0.2%	79.6%
Wisconsin	1	485	58,515	0.2%	82.8%
Total/Weighted Average	387	217,282	24,972,756	100.0%	78.9%

Our Facilities

The following table sets forth certain additional information with respect to each of our facilities as of December 31, 2008. Our ownership of each facility consists of a fee interest in the facility held by U-Store-It, L.P., our operating partnership, or one of its subsidiaries, except for our Morris Township, NJ facility, where we have a ground lease. In addition, small parcels of land at five of our other facilities are subject to ground

leases.

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Facility Location	Year Acquired/ Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Mobile, AL	1997	1974/90	129,035	73.9%	799	Y	2.6%
Chandler, AZ	2005	1985	47,520	90.4%	461	Y	6.9%
Glendale, AZ	1998	1987	56,830	85.8%	546	Y	0.0%
Green Valley, AZ	2005	1985	25,050	70.7%	258	N	8.0%
Mesa I, AZ	2006	1985	52,375	79.9%	515	N	0.0%
Mesa II, AZ	2006	1981	45,345	79.4%	411	Y	8.4%
Mesa III, AZ	2006	1986	58,264	75.2%	507	Y	4.1%
Phoenix I, AZ	2006	1987	100,812	73.2%	797	Y	8.8%
Phoenix II, AZ	2006	1974	45,270	76.4%	433	Y	4.7%
Scottsdale, AZ	1998	1995	81,125	75.5%	679	Y	9.5%
Tempe, AZ	2005	1975	53,840	80.1%	404	Y	12.4%
Tucson I, AZ	1998	1974	59,350	85.2%	490	Y	0.0%
Tucson II, AZ	1998	1988	43,950	78.3%	515	Y	100.0%
Tucson III, AZ	2005	1979	49,772	79.6%	491	N	0.0%
Tucson IV, AZ	2005	1982	48,008	87.6%	515	Y	3.6%
Tucson V, AZ	2005	1982	45,234	74.0%	419	Y	3.0%
Tucson VI, AZ	2005	1982	40,766	80.5%	427	Y	3.4%
Tucson VII, AZ	2005	1982	52,688	89.9%	618	Y	2.0%
Tucson VIII, AZ	2005	1979	46,650	77.9%	472	Y	0.0%
Tucson IX, AZ	2005	1984	67,656	79.2%	623	Y	2.0%
Tucson X, AZ	2005	1981	46,350	79.7%	458	N	0.0%
Tucson XI, AZ	2005	1974	42,800	86.8%	436	Y	0.0%
Tucson XII, AZ	2005	1974	42,325	79.3%	452	Y	4.8%
Tucson XIII, AZ	2005	1974	45,792	81.6%	542	Y	0.0%
Tucson XIV, AZ	2005	1976	49,170	82.4%	573	Y	8.8%
Apple Valley I, CA	1997	1984	73,340	44.7%	579	N	0.0%
Apple Valley II, CA	1997	1988	62,115	71.3%	485	Y	7.0%
Benicia, CA	2005	1988/93/05	74,770	82.7%	753	Y	0.0%
Bloomington I, CA	1997	1987	28,425	86.1%	218	N	0.0%
Bloomington II, CA	1997	1987	25,860	82.2%	20	N	0.0%
Cathedral City, CA	2006	1982/92	129,048	49.1%	999	Y	1.9%
Citrus Heights, CA	2005	1987	75,620	59.0%	677	Y	0.0%
Diamond Bar, CA	2005	1988	103,034	83.6%	918	Y	0.0%
Escondido, CA	2007	2002	143,170	89.5%	1239	Y	6.7%
Fallbrook, CA	1997	1985/88	46,170	82.2%	455	Y	0.0%
Hemet, CA	1997	1989	66,040	71.4%	437	Y	0.0%
Highland I, CA	1997	1987	76,765	54.5%	841	Y	0.0%
Highland II, CA	2006	1982	62,257	60.5%	519	Y	0.0%
Lancaster, CA	2001	1987	60,825	61.5%	393	Y	0.0%
Long Beach, CA	2006	1974	125,213	73.1%	1409	Y	0.0%
Murrieta, CA	2005	1996	49,840	81.4%	433	Y	2.9%
North Highlands, CA	2005	1980	57,244	79.9%	477	N	0.0%
Orangevale, CA	2005	1980	50,542	68.9%	549	Y	0.0%
Palm Springs I, CA	2006	1989	72,775	67.3%	567	Y	0.0%
Palm Springs II, CA	2006	1982/89	122,370	50.1%	628	Y	8.7%
Pleasanton, CA	2005	2003	82,015	81.0%	704	Y	0.0%
Rancho Cordova, CA	2005	1979	53,928	73.4%	480	Y	0.0%
Redlands, CA	1997	1985	62,805	79.2%	543	N	0.0%
Rialto I, CA	1997	1987	57,371	83.4%	507	Y	0.0%
Rialto II, CA	2006	1980	99,783	81.2%	752	Y	0.0%
Riverside I, CA	1997	1989	28,360	86.1%	229	N	0.0%
Riverside II, CA	1997	1989	20,420	49.3%	18	N	0.0%
Riverside III, CA	1998	1989	46,809	76.9%	436	Y	0.0%
Riverside IV, CA	2006	1977	67,320	77.4%	681	Y	0.0%
Riverside V, CA	2006	1985	85,496	52.7%	831	Y	3.9%

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Riverside VI, CA	2007	2004	74,900	65.7%	436	Y	12.7%
Roseville, CA	2005	1979	60,094	70.5%	573	N	0.0%
Sacramento I, CA	2005	1979	50,839	79.2%	541	Y	0.0%
Sacramento II, CA	2005	1986	61,890	72.3%	583	Y	0.0%
San Bernardino I, CA	1997	1987	83,278	70.5%	584	Y	2.0%
San Bernardino II, CA	1997	1987	31,070	70.0%	255	N	0.0%
San Bernardino III, CA	1997	1989	57,215	65.8%	584	Y	0.0%
San Bernardino IV, CA	1997	1991	41,546	78.4%	375	Y	0.0%
San Bernardino V, CA	1997	1985/92	35,671	76.7%	405	N	0.0%
San Bernardino VI, CA	2005	2002/04	83,507	83.2%	769	N	11.8%
San Bernardino VII, CA	2006	1974	56,795	66.4%	496	Y	4.2%
San Bernardino VIII, CA	2006	1975	118,456	42.6%	1083	N	0.0%
San Bernardino IX, CA	2006	1978	78,839	73.3%	653	Y	1.3%
San Bernardino X, CA	2006	1977	111,904	55.5%	1001	Y	0.0%
San Marcos, CA	2005	1979	37,430	91.3%	246	Y	0.0%
Santa Ana, CA	2006	1984	64,931	72.8%	736	N	2.5%
South Sacramento, CA	2005	1979	51,890	62.9%	431	Y	0.0%
South Palmetto, CA	1998	1982	80,555	73.4%	793	Y	0.0%

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Facility Location	Year Acquired/ Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Spring Valley, CA	2006	1980	55,080	82.8%	709	Y	0.0%
Sun City, CA	1998	1989	38,435	87.9%	357	N	0.0%
Temecula I, CA	1998	1985/2003	81,700	74.3%	696	Y	46.4%
Temecula II, CA	2006	2003	84,380	70.9%	659	Y	51.2%
Thousand Palms, CA	2006	1988/01	72,970	48.3%	788	Y	63.5%
Vista I, CA	2001	1988	74,355	91.5%	611	Y	0.0%
Vista II, CA	2005	2001/02/03	147,721	78.1%	1273	Y	2.3%
Walnut, CA	2005	1987	50,708	74.7%	538	Y	9.2%
West Sacramento, CA	2005	1984	39,715	82.1%	486	Y	0.0%
Westminster, CA	2005	1983/98	68,148	92.2%	562	Y	0.0%
Yucaipa, CA	1997	1989	77,560	75.5%	661	Y	0.0%
Aurora I, CO	2005	1981	75,667	79.9%	620	Y	0.0%
Aurora II, CO	2005	1984	57,609	83.5%	474	Y	5.0%
Aurora III, CO	2005	1977	28,730	91.6%	311	Y	0.0%
Aurora IV, CO	2006	1998/99	49,700	78.5%	352	N	0.0%
Avon, CO	2005	1989	28,227	82.3%	387	Y	22.7%
Boulder I, CO	2006	1972/75/77	46,996	84.2%	524	Y	0.0%
Boulder II, CO	2006	1983/84	101,120	84.5%	1092	Y	0.0%
Boulder III, CO	2006	1974/78	80,244	78.4%	782	Y	0.0%
Boulder IV, CO	2006	1983/98	95,148	85.9%	713	Y	7.1%
Colorado Springs I, CO	2005	1986	47,975	78.1%	465	Y	0.0%
Colorado Springs II, CO	2006	2001	62,400	91.3%	433	Y	0.0%
Denver I, CO	2005	1987	58,050	85.4%	428	Y	4.4%
Denver II, CO	2006	1997	59,200	88.1%	451	Y	0.0%
Denver III, CO	2006	1999	63,700	80.5%	444	Y	0.0%
Englewood, CO	2005	1981	51,000	92.5%	366	Y	0.0%
Federal Heights, CO	2005	1980	54,770	90.3%	554	Y	0.0%
Golden, CO	2005	1985	85,830	91.2%	625	Y	1.2%
Littleton I, CO	2005	1987	53,490	84.2%	451	Y	37.4%
Littleton II, CO	2005	1982	46,175	89.8%	362	Y	0.0%
Northglenn, CO	2005	1980	52,102	83.0%	498	Y	0.0%
Bloomfield, CT	1997	1987/93/94	48,700	78.2%	443	Y	6.6%
Branford, CT	1995	1986	50,679	84.6%	431	N	2.2%
Bristol, CT	2005	1989/99	47,825	85.0%	452	N	22.6%
East Windsor, CT	2005	1986/89	45,900	80.7%	305	N	0.0%
Enfield, CT	2001	1989	52,875	83.5%	375	N	0.0%
Gales Ferry, CT	1995	1987/89	54,230	72.8%	597	N	6.8%
Manchester I, CT (6)	2002	1999/00/01	47,125	69.6%	466	N	37.6%
Manchester II, CT	2005	1984	52,725	74.8%	410	N	0.0%
Milford, CT	1994	1975	44,885	79.3%	376	Y	4.0%
Monroe, CT	2005	1996/03	58,500	81.4%	403	N	0.0%
Mystic, CT	1994	1975/86	50,850	73.1%	547	Y	2.4%
Newington I, CT	2005	1978/97	42,520	83.8%	252	N	0.0%
Newington II, CT	2005	1979/81	35,810	83.4%	201	N	0.0%
Old Saybrook I, CT	2005	1982/88/00	87,500	79.0%	713	N	6.3%
Old Saybrook II, CT	2005	1988/02	26,425	71.9%	254	N	54.6%
South Windsor, CT	1994	1976	71,725	72.4%	555	Y	1.1%
Stamford, CT	2005	1997	28,957	81.1%	367	N	32.8%
Washington, DC	2008	2002	62,695	86.6%	754	Y	96.5%
Boca Raton, FL	2001	1998	37,958	92.1%	605	Y	68.2%
Boynton Beach I, FL	2001	1999	61,987	79.0%	772	Y	54.2%
Boynton Beach II, FL	2005	2001	61,751	72.4%	589	Y	82.3%
Bradenton I, FL	2004	1979	68,466	56.8%	643	N	2.8%
Bradenton II, FL	2004	1996	87,810	75.7%	861	Y	40.1%

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Cape Coral, FL	2000*	2000	76,592	74.1%	864	Y	83.5%
Dania, FL	1994	1988	58,270	84.0%	498	Y	26.9%
Dania Beach, FL (6)	2004	1984	182,693	78.5%	1987	N	20.5%
Davie, FL	2001*	2001	81,035	79.8%	849	Y	55.7%
Deerfield Beach, FL	1998*	1998	57,350	81.0%	518	Y	38.9%
Delray Beach, FL	2001	1999	67,821	83.2%	822	Y	39.3%
Fernandina Beach, FL	1996	1986	112,165	68.7%	854	N	35.5%
Ft. Lauderdale, FL	1999	1999	70,593	88.5%	699	Y	46.5%
Ft. Myers, FL	1998	1998	67,546	71.8%	601	Y	67.0%
Jacksonville I, FL	2005	2005	80,336	67.9%	735	N	100.0%
Jacksonville II, FL	2007	2004	65,020	86.5%	677	N	100.0%
Jacksonville III, FL	2007	2003	65,595	83.8%	699	N	100.0%
Jacksonville IV, FL	2007	2006	78,374	53.9%	720	N	74.9%
Jacksonville V, FL	2007	2004	81,995	78.2%	713	N	82.3%
Kendall, FL	2007	2003	75,395	80.0%	703	N	71.0%
Lake Worth, FL	1998	1998/02	161,828	84.0%	1398	Y	37.3%
Lakeland I, FL	1994	1988	49,007	85.6%	491	Y	79.0%
Lutz I, FL	2004	2000	66,595	70.6%	618	Y	37.2%

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Facility Location	Year Acquired/ Developed (1)	Year Built	Rentable Square Feet	Occupancy (2)	Units	Manager Apartment (3)	% Climate Controlled (4)
Lutz II, FL	2004	1999	69,232	74.3%	533	Y	20.6%
Margate I, FL	1994	1979/81	54,405	84.6%	339	N	9.8%
Margate II, FL	1996	1985	65,186	85.7%	433	Y	28.8%
Merrit Island, FL	2000	2000	50,447	85.7%	465	Y	56.7%
Miami I, FL	1995	1995	46,925	88.8%	565	Y	52.2%
Miami II, FL	1994	1989	67,060	78.6%	567	Y	8.0%
Miami III, FL	1995	1976	78,465	83.9%	342	N	4.0%
Miami IV, FL	2005	1988/03	150,510	68.2%	1519	Y	86.8%
Naples I, FL	1996	1996	48,150	73.3%	339	Y	26.6%
Naples II, FL	1997	1985	65,850	78.3%	667	Y	44.6%
Naples III, FL	1997	1981/83	80,699	70.2%	830	N	23.9%
Naples IV, FL	1998	1990	40,725	70.5%	449	Y	43.6%
Ocoee, FL	2005	1997	76,280	83.2%	630	N	15.5%
Orange City, FL	2004	2001	59,586	82.4%	652	Y	39.1%
Orlando I, FL (6)	1997	1987	52,170	76.5%	505	N	4.9%
Orlando II, FL	2005	2002/04	63,114	83.8%	589	Y	74.2%
Orlando III, FL	2006	1988/90/96	104,165	77.3%	787	Y	6.9%
Oviedo, FL	2006	1988/1991	49,051	83.1%	430	Y	3.3%
Pembroke Pines, FL	1997	1997	67,337	85.4%	706	N	63.2%
Royal Palm Beach I, FL	1994	1988	98,961	58.8%	676	N	54.5%
Royal Palm Beach II, FL	2007	2004	81,440	78.8%	774	Y	82.3%
Sanford, FL	2006	1988/2006	61,960	84.4%	439	Y	28.8%
Sarasota, FL	1998	1998	71,102	67.2%	537	Y	42.5%
St. Augustine, FL	1996	1985	59,725	79.4%	703	N	29.9%
Stuart, FL	1997	1995	86,883	70.9%	983	N	51.4%
SW Ranches, FL	2007	2004	64,955	82.4%	647	Y	85.3%
Tampa I, FL	2001	1985	55,997	81.9%	478	N	17.1%
Tampa II, FL	2007	2001/2002	83,763	76.5%	798	Y	28.5%
West Palm Beach I, FL	2001	1997	68,063	74.1%	993	Y	47.2%
West Palm Beach II, FL	2004	1996	93,903	75.7%	834	Y	74.4%
Alpharetta, GA	2001	1996	90,485	73.9%	664	N	75.1%
Austell, GA	2006	2000	83,525	72.5%	652	Y	66.0%
Decatur, GA	1998	1986	148,480	79.5%	1332	Y	0.6%
Norcross, GA	2001	1997	85,390	66.7%	599	N	55.3%
Peachtree City, GA	2001	1997	49,845	76.9%	446	Y	75.6%
Smyrna, GA	2001	2000	56,820	90.9%	504	Y	100.0%
Snellville, GA	2007	1996/1997	80,000	88.4%	765	Y	27.1%
Suwanee I, GA	2007	2000/2003	85,600	77.8%	625	N	28.6%
Suwanee II, GA	2007	2005	79,390	72.2%	591	Y	61.1%
Addison, IL	2004	1979	31,325	90.2%	372	Y	0.0%
Aurora, IL	2004	1996	74,085	74.9%	553	Y	6.9%
Bartlett, IL	2004	1987	51,425	90.4%	412	Y	33.1%
Bellwood, IL	2001	1999	86,525	88.9%	744	N	52.2%
Des Plaines, IL (6)	2004	1978	74,400	90.4%	643	Y	0.0%
Elk Grove Village, IL	2004	1987	64,304	89.9%	637	Y	5.6%
Glenview, IL	2004	1998	100,115	87.6%	742	Y	100.0%
Gurnee, IL	2004	1987	80,275	80.8%	726	N	34.1%
Hanover, IL	2004	1987	41,174	82.4%	411	Y	0.4%
Harvey, IL	2004	1987	60,140	92.6%	577	Y	3.0%
Joliet, IL	2004	1993	74,350	57.8%	483	Y	98.9%
Kildeer, IL	2004	1988	46,475	91.5%	431	N	0.0%
Lombard, IL	2004	1981	58,088	87.6%	553	Y	9.8%
Mount Prospect, IL	2004	1979	64,900	93.2%	594	Y	12.7%

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Mundelein, IL	2004	1990	44,700	84.8%	491	N	8.9%
North Chicago, IL	2004	1985	53,300	91.0%	431	N	0.0%
Plainfield I, IL	2004	1998	53,900	84.6%	401	N	3.3%
Plainfield II, IL	2005	2000	52,100	66.6%	349	N	22.7%
Schaumburg, IL	2004	1988	31,235	81.4%	323	N	5.6%
Streamwood, IL	2004	1982	64,305	83.3%	572	N	4.4%
Warrensville, IL	2005	1977/89	48,796	85.6%	376	Y	0.0%
Waukegan, IL	2004	1977	79,750	83.9%	691	Y	8.4%
West Chicago, IL	2004	1979	48,425	81.4%	426	Y	0.0%
Westmont, IL	2004	1979	53,700	90.6%	392	N	0.0%
Wheeling I, IL	2004	1974	54,210	88.7%	501	Y	0.0%
Wheeling II, IL	2004	1979	67,825	77.3%	615	N	7.3%
Woodridge, IL	2004	1987	50,725	80.5%	469	N	7.6%
Indianapolis I, IN	2004	1987	43,600	88.8%	327	Y	0.0%
Indianapolis II, IN	2004	1997	44,900	81.1%	456	Y	15.6%
Indianapolis III, IN	2004	1999	60,850	79.9%	498	Y	32.8%
Indianapolis IV, IN	2004	1976	62,909	83.2%	540	Y	0.0%
Indianapolis V, IN	2004	1999	74,825	84.5%	584	Y	33.6%
Indianapolis VI, IN	2004	1976	73,353	82.3%	728	Y	0.0%

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Indianapolis VII, IN	2004	1992	91,807	78.6%	815	Y	6.4%
Indianapolis VIII, IN	2004	1975	80,000	75.9%	706	Y	0.0%
Indianapolis IX, IN	2004	1976	61,732	69.1%	548	Y	0.0%
Baton Rouge I, LA	1997	1980	41,300	93.9%	370	Y	9.9%
Baton Rouge II, LA	1997	1980/1995	80,327	93.2%	579	Y	40.4%
Slidell, LA	2001	1998	79,540	90.4%	523	Y	46.6%
Boston, MA	2002	2001	60,270	76.8%	627	Y	100.0%
Leominster, MA	1998	1987/88/00	53,823	75.2%	500	Y	38.5%
Medford, MA	2007	2001	58,292	83.1%	649	N	95.9%
Baltimore, MD	2001	1999/00	93,625	77.0%	840	Y	45.4%
California, MD	2004	1998	77,840	76.0%	736	Y	39.0%
Gaithersburg, MD	2005	1998	86,970	81.4%	791	Y	42.0%
Laurel, MD	2001	1978/99/00	162,297	91.1%	1021	N	41.0%
Temple Hills, MD	2001	2000	97,250	76.7%	808	Y	68.8%
Grand Rapids, MI	1996	1976	87,381	70.7%	525	Y	0.0%
Portage, MI (6)	1996	1980	50,280	89.3%	386	N	0.0%
Romulus, MI	1997	1997	42,050	85.9%	339	Y	7.4%
Wyoming, MI	1996	1987	91,158	80.2%	635	N	0.0%
Gulfport, MS	1997	1977/93	61,251	79.6%	513	Y	33.5%
Belmont, NC	2001	1996/97/98	80,948	80.4%	588	N	23.6%
Burlington I, NC	2001	1990/91/93/94/98	109,446	70.1%	959	N	4.7%
Burlington II, NC	2001	1991	42,880	87.8%	395	Y	11.9%
Cary, NC	2001	1993/94/97	111,772	85.6%	795	N	7.3%
Charlotte, NC	1999	1999	69,000	89.2%	736	Y	52.8%
Fayetteville I, NC	1997	1981	41,400	91.4%	343	N	0.0%
Fayetteville II, NC	1997	1993/95	54,225	85.5%	546	Y	11.9%
Raleigh, NC	1998	1994/95	48,675	83.0%	415	Y	8.2%
Brick, NJ	1994	1981	52,740	73.1%	439	N	0.0%
Clifton, NJ	2005	2001	105,550	80.8%	1020	Y	85.5%
Cranford, NJ	1994	1987	91,250	80.9%	847	Y	7.9%
East Hanover, NJ	1994	1983	107,679	66.9%	984	N	1.6%
Elizabeth, NJ	2005	1925/97	38,945	58.8%	675	N	0.0%
Fairview, NJ	1997	1989	27,925	86.2%	448	N	100.0%
Hamilton, NJ	2006	1990	70,550	60.7%	612	Y	0.0%
Hoboken, NJ	2005	1945/97	34,180	90.5%	742	N	100.0%
Jersey City, NJ	1994	1985	91,311	86.4%	1087	Y	0.0%
Linden, NJ	1994	1983	100,125	71.0%	1117	N	2.8%
Morris Township, NJ (5)	1997	1972	71,776	78.9%	566	Y	1.3%
Parsippany, NJ	1997	1981	66,325	77.2%	583	Y	6.9%
Randolph, NJ	2002	1998/99	52,565	73.7%	555	Y	82.5%
Sewell, NJ	2001	1984/98	57,830	71.1%	466	N	5.3%
Albuquerque I, NM	2005	1985	65,927	89.2%	615	Y	3.2%
Albuquerque II, NM	2005	1985	58,798	86.4%	536	Y	4.1%
Albuquerque III, NM	2005	1978	41,016	91.9%	451	N	4.3%
Albuquerque IV, NM	2005	1986	57,611	87.8%	524	Y	4.7%
Albuquerque V, NM	2006	1994	52,217	85.5%	420	Y	10.2%
Carlsbad, NM	2005	1975	39,999	97.3%	343	Y	0.0%
Deming, NM	2005	1973/83	33,005	85.2%	242	Y	0.0%
Las Cruces, NM	2005	1984	43,850	75.8%	381	Y	3.1%
Las Cruces, NM	2008	2007	21,890	31.7%	156	N	11.4%
Lovington, NM	2005	1975	15,751	96.8%	264	Y	0.0%
Silver City, NM	2005	1972	26,875	93.7%	253	Y	0.0%
Truth or Consequences, NM	2005	1977/99/00	24,010	91.8%	170	Y	0.0%

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Las Vegas I, NV	2006	1986	48,306	91.4%	383	Y	5.4%
Las Vegas II, NV	2006	1997	48,900	81.1%	522	N	76.5%
Jamaica, NY	2001	2000	88,815	67.9%	916	Y	34.1%
New Rochelle, NY	2005	1998	48,431	86.9%	398	N	15.0%
North Babylon, NY	1998	1988/99	78,338	89.1%	649	N	9.2%
Riverhead, NY	2005	1985/86/99	38,640	91.8%	329	N	0.0%
Southold, NY	2005	1989	58,609	75.0%	579	N	3.1%
Boardman, OH	1980	1980/89	65,495	74.4%	509	Y	24.0%
Brecksville, OH	1998	1970/89	58,452	85.8%	440	Y	25.2%
Canton I, OH	2005	1979/87	39,750	63.2%	409	N	0.0%
Canton II, OH	2005	1997	26,200	85.7%	191	Y	0.0%
Centerville I, OH	2004	1976	86,390	69.5%	640	Y	0.0%
Centerville II, OH	2004	1976	43,350	75.3%	305	N	0.0%
Cleveland I, OH	2005	1997/99	45,950	93.5%	336	Y	4.9%
Cleveland II, OH	2005	2000	58,425	69.9%	569	Y	0.0%
Columbus, OH	2006	1999	72,075	65.5%	607	Y	26.1%
Dayton I, OH	2004	1978	43,100	79.9%	340	N	0.0%
Dayton II, OH	2005	1989/00	48,149	85.7%	387	Y	1.7%
Euclid I, OH	1988*	1988	46,910	78.8%	422	Y	22.2%

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Euclid II, OH	1988*	1988	47,275	81.4%	377	Y	0.0%
Grove City, OH	2006	1997	89,290	82.3%	776	Y	16.9%
Hilliard, OH	2006	1995	89,715	69.7%	780	Y	24.5%
Lakewood, OH	1989*	1989	39,337	85.1%	458	Y	24.6%
Louisville, OH	2005	1988/90	53,960	79.3%	381	N	0.0%
Marblehead, OH	2005	1988/98	52,300	80.8%	383	Y	0.0%
Mason, OH	1998	1981	33,900	72.9%	282	Y	0.0%
Mentor, OH	2005	1983/99	51,225	89.0%	362	N	16.1%
Miamisburg, OH	2004	1975	59,930	78.9%	429	Y	0.0%
Middleburg Heights, OH	1980*	1980	93,125	87.7%	669	N	3.8%
North Canton I, OH	1979*	1979	45,400	82.4%	319	N	0.0%
North Canton II, OH	1983*	1983	44,180	76.4%	344	Y	15.8%
North Olmsted I, OH	1979*	1979	48,665	86.7%	441	N	7.0%
North Olmsted II, OH	1988*	1988	47,850	86.1%	397	Y	14.2%
North Randall, OH	1998*	1998/02	80,099	85.0%	800	N	90.8%
Perry, OH	2005	1992/97	63,700	86.8%	418	Y	0.0%
Reynoldsburg, OH	2006	1979	66,895	72.9%	663	Y	0.0%
Strongsville, OH	2007	1978	43,927	82.2%	397	N	100.0%
Warrensville Heights, OH	1980*	1980/82/98	90,331	76.3%	720	Y	0.0%
Westlake, OH	2005	2001	62,750	82.2%	450	Y	6.1%
Willoughby, OH	2005	1997	34,064	85.6%	268	Y	10.1%
Youngstown, OH	1977*	1977	65,950	83.1%	520	Y	1.2%
Levittown, PA	2001	2000	76,230	74.9%	657	Y	36.3%
Philadelphia, PA	2001	1999	100,353	85.1%	945	N	46.0%
Alcoa, TN	2005	1986	42,325	76.3%	358	N	0.0%
Antioch, TN	2005	1985/98	76,020	82.3%	603	Y	8.4%
Cordova I, TN	2005	1987	54,225	81.3%	388	Y	0.0%
Cordova II, TN	2006	1995	67,550	89.1%	716	N	7.2%
Knoxville I, TN	1997	1984	29,377	71.9%	294	Y	6.8%
Knoxville II, TN	1997	1985	38,000	83.6%	337	Y	6.9%
Knoxville III, TN	1998	1991	45,736	86.3%	451	Y	6.9%
Knoxville IV, TN	1998	1983	58,852	76.1%	440	N	1.1%
Knoxville V, TN	1998	1977	42,790	82.4%	372	N	0.0%
Knoxville VI, TN	2005	1975	63,440	84.0%	587	Y	0.0%
Knoxville VII, TN	2005	1983	55,094	80.5%	449	Y	0.0%
Knoxville VIII, TN	2005	1978	95,868	81.4%	770	Y	0.0%
Memphis I, TN	2001	1999	91,000	82.8%	696	N	50.8%
Memphis II, TN	2001	2000	71,910	76.9%	559	N	46.3%
Memphis III, TN	2005	1983	41,017	89.3%	355	N	6.9%
Memphis IV, TN	2005	1986	38,714	82.8%	325	Y	7.8%
Memphis V, TN	2005	1981	60,120	87.6%	495	Y	0.0%
Memphis VI, TN	2006	1985/93	110,171	77.1%	877	Y	3.2%
Memphis VII, TN	2006	1980/85	115,303	73.9%	575	N	0.0%
Memphis VIII, TN	2006	1990	96,060	72.3%	559	Y	0.0%
Nashville I, TN	2005	1984	103,830	82.6%	694	Y	0.0%
Nashville II, TN	2005	1986/00	83,274	87.2%	632	Y	6.5%
Nashville III, TN	2006	1985	101,475	85.0%	634	Y	5.2%
Nashville IV, TN	2006	1986/00	102,425	85.0%	723	N	7.0%
Austin I, TX	2005	2001	59,595	76.3%	542	Y	58.9%
Austin II, TX	2006	2000/03	65,401	93.6%	594	Y	38.8%
Austin III, TX	2006	2004	71,010	81.3%	581	Y	84.9%
Baytown, TX	2005	1981	38,950	89.8%	363	Y	0.0%
Bryan, TX	2005	1994	60,450	76.6%	495	Y	0.0%

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College Station, TX	2005	1993	26,550	79.9%	346	N	0.0%
Dallas, TX	2005	2000	58,907	90.2%	552	Y	26.7%
Denton, TX	2006	1996	60,836	84.2%	463	Y	3.9%
El Paso I, TX	2005	1980	59,702	84.0%	509	N	0.9%
El Paso II, TX	2005	1980	48,704	87.8%	413	Y	0.0%
El Paso III, TX	2005	1980	71,276	86.7%	595	Y	2.0%
El Paso IV, TX	2005	1983	58,958	73.5%	525	Y	3.6%
El Paso V, TX	2005	1982	62,300	78.5%	404	Y	0.0%
El Paso VI, TX	2005	1985	36,620	80.0%	257	N	0.0%
El Paso VII, TX	2005	1982	34,545	81.3%	17	N	0.0%
Fort Worth I, TX	2005	2000	49,778	79.9%	405	Y	27.0%
Fort Worth II, TX	2006	2003	72,925	87.1%	659	N	49.0%
Frisco I, TX	2005	1996	50,854	77.0%	436	Y	17.5%
Frisco II, TX	2005	1998/02	71,239	82.1%	513	Y	22.5%
Frisco III, TX	2006	2004	75,225	72.7%	609	Y	85.7%
Garland I, TX	2006	1991	70,120	90.2%	681	Y	4.4%
Garland II, TX	2006	2004	68,475	80.5%	476	Y	39.7%
Greenville I, TX	2005	2001/04	59,385	84.0%	452	Y	28.8%
Greenville II, TX	2005	2001	44,900	82.0%	318	N	36.3%

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