

U-Store-It Trust  
Form 10-K  
February 29, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-K**

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

**For the fiscal year ended  
December 31, 2007**

**OR**

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

**For the transition period from            to**

**Commission file number 001-32324**

**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.)

**50 Public Square**

**Suite 2800**

**Cleveland, Ohio**

(Address of Principal Executive Offices)

**44113**

(Zip Code)

Registrant's telephone number, including area code **(216) 274-1340**

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

| <b>Title of each class</b>                | <b>Name of each exchange on which registered</b> |
|---|--|
| 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**

As of June 30, 2007, 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 \$942,351,737.

As of February 27, 2008, the number of common shares of the registrant outstanding was 57,847,325.

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Documents incorporated by reference: Portions of the Proxy Statement for the 2008 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 over-leverage and the corresponding risk of default on our mortgage and other debt;
- increases in interest rates and operating costs;
- 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.

As of December 31, 2007, we owned 409 self-storage facilities located in 26 states and aggregating approximately 26.1 million rentable square feet. As of December 31, 2007, our 409 facilities were approximately 79.5% leased to approximately 180,000 tenants and no single tenant accounted for more than 1% of our annual rental revenue.

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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 307, or approximately 75%, 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 53% of our facilities include climate controlled units, compared to the national average of 39% reported by the 2007 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., of which we serve as general partner, and its subsidiaries. As of December 31, 2007, 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, 2007 and 2006, we owned 409 and 399 facilities, respectively, that contained an aggregate of 26.1 million and 25.4 million rentable square feet with occupancy rates of 79.5% and 78.2%, respectively. As of December 31, 2007 we had facilities in 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 acquisitions occurred during the years ended December 31, 2007 and 2006:



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| Facility/Portfolio              | Transaction Date | Total Number of Facilities | Purchase / Sale Price (in thousands) |
|---------------------------------|------------------|----------------------------|--------------------------------------|
| <u>2007 Acquisitions</u>        |                  |                            |                                      |
| Sanford Portfolio               | January 2007     | 1                          | \$ 6,300                             |
| Grand Central Portfolio         | January 2007     | 2                          | 13,200                               |
| Rising Tide Portfolio           | September 2007   | 14                         | 121,000                              |
|                                 |                  | 17                         | \$ 140,500                           |
| <u>2007 Dispositions</u>        |                  |                            |                                      |
| South Carolina Assets           | May 2007         | 3                          | \$ 12,750                            |
| Arizona Assets                  | December 2007    | 2                          | 6,440                                |
|                                 |                  | 5                          | \$ 19,190                            |
| <u>2006 Acquisitions</u>        |                  |                            |                                      |
| Nashville, TN Portfolio         | January 2006     | 2                          | \$ 13,100                            |
| Dallas, TX Portfolio            | January 2006     | 2                          | 11,500                               |
| U-Stor Self Storage Portfolio   | February 2006    | 3                          | 10,800                               |
| Sure Save Portfolio             | February 2006    | 24                         | 164,500                              |
| Texas Storage Portfolio         | March 2006       | 4                          | 22,500                               |
| Nickey Portfolio                | April 2006       | 4                          | 13,600                               |
| SecurCare Portfolio             | May 2006         | 4                          | 35,700                               |
| Texas Storage Portfolio         | June 2006        | 1                          | 6,500                                |
| Jernigan Portfolio              | July 2006        | 9                          | 45,300                               |
| U-Stor Self Storage Portfolio   | August 2006      | 1                          | 3,500                                |
| Bailes Portfolio                | August 2006      | 3                          | 15,600                               |
| In & Out Self Storage Portfolio | August 2006      | 1                          | 7,600                                |
| Texas Storage Portfolio         | September 2006   | 2                          | 12,200                               |
|                                 |                  | 60                         | \$ 362,400                           |

The following table summarizes the change in number of self-storage facilities from January 1, 2006 through December 31, 2007:

|                             | 2007 | 2006 |
|-----------------------------|------|------|
| Balance - Beginning of year | 399  | 339  |
| Facilities acquired         | 17   | 60   |
| Facilities consolidated     | (2)  |      |
| Facilities sold             | (5)  |      |
| Balance - End of year       | 409  | 399  |

### Financing Activities

We entered into the following significant financings during the years ended December 31, 2007, 2006 and 2005:

- *Lehman Brothers Fixed Rate Mortgage Loan.* In July 2005, one of our subsidiaries entered into a fixed rate mortgage loan agreement with Lehman Brothers Bank, FSB in the principal amount of \$80.0 million. The mortgage loan, which is secured by 24 of our self-storage facilities, bears interest at 5.13% and matures in August 2012.



- *LaSalle Bank Fixed Rate Mortgage Loan.* In August 2005, one of our subsidiaries entered into a fixed rate mortgage loan agreement with LaSalle Bank National Association in the principal amount of \$80.0 million. The mortgage loan, which is secured by 29 of our self-storage facilities, bears interest at 4.96% and matures in September 2012.
- *AEGON USA Fixed Rate Mortgage Loan.* In November 2005, one of our subsidiaries entered into a fixed rate mortgage loan with Transamerica Financial Life Insurance Company, a subsidiary of AEGON USA Realty Advisors, Inc., in the principal amount of \$72.5 million. The mortgage loan, which is secured by 36 of our self-storage facilities, bears interest at 5.97% and matures in November 2015. We assumed the obligation to enter into this loan in connection with the National Self Storage acquisition.
- *Repayment of Balance under Revolving Credit Facility.* We used a portion of the proceeds from our October 2005 public offering to pay down the outstanding balance under our then existing \$150.0 million secured revolving credit facility. The facility was scheduled to terminate on October 27, 2007, with the option for us to extend the termination date to October 27, 2008. As described below, we replaced our secured revolving credit facility with a \$250.0 million unsecured revolving credit facility in February 2006. Borrowings under the facility bore interest at a variable rate based upon the prime rate or LIBOR and in each case, a spread depending on our leverage ratio. The credit facility was secured by certain of our self-storage facilities and required that we maintain a minimum borrowing base of properties. As of December 31, 2005, we had no outstanding balance under our revolving credit facility.
- *Term Loan Agreement.* In February 2006, we and our operating partnership entered into a 60-day, unsecured \$30 million term loan agreement with Wachovia Bank, National Association as the lender. The term loan bore interest at a variable rate of LIBOR plus 175 basis points. The loan proceeds were used to finance a portion of the Sure Save Portfolio. The loan was paid in full from proceeds obtained upon entering into a new revolving credit facility in February 2006.
- *Revolving Credit Facility.* In February 2006, we and our operating partnership entered into a three-year \$250.0 million unsecured revolving credit facility with Wachovia Bank, National Association, replacing our \$150.0 million secured revolving facility. The revolving credit facility was scheduled to terminate in February 2009, but we replaced it with a new revolving credit facility in November 2006 as described below. The terms of the revolving credit facility allowed us to increase the amount that may be borrowed up to \$350.0 million at a later date, if necessary. The facility required that we satisfy certain financial coverage ratios and operating covenants, including a maximum leverage ratio and a minimum interest coverage ratio. Borrowings under the facility bore interest, at the Company's option, at either an alternate base rate or a Eurodollar rate, in each case plus an applicable margin. The alternative base interest rate was 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 varied from 0.15% to 0.60% depending on the Company's leverage ratio. The Eurodollar rate was a periodic fixed rate equal to LIBOR. The applicable margin for the Eurodollar rate varied from 1.15% to 1.60% based on the Company's leverage ratio.

- *Term Loan Agreement.* In November 2006, we and our operating partnership entered into a 30-day, unsecured \$50 million term loan agreement with Wachovia Bank, National Association as the lender. The term loan bears interest at a variable rate of LIBOR plus 115 basis points. The loan proceeds, along with borrowings under our revolving credit facility, were used to finance the repayment of maturing secured loans. The loan was paid in full from proceeds obtained upon entering into a new revolving credit facility in November 2006.
  
- *Revolving Credit Facility.* In November 2006, we and our operating partnership entered into a new three-year \$450.0 million unsecured credit facility with Wachovia Capital Markets, LLC 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 new facility has a three-year term with a one-year extension option and scheduled termination in November 2009. 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, 2007, borrowings under the unsecured credit facility had a weighted average interest rate of 6.06%.

- *Secured Term Loan.* In September 2007, we and our Operating Partnership entered into a secured term loan agreement that allows for term loans in the aggregate principal amount of up to \$50 million. Each term loan matures on November 20, 2009, subject to extension in the sole discretion of the lenders. 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 at terms identical to the unsecured revolving credit facility. As of December 31, 2007, there was one term loan outstanding for \$47.4 million. The outstanding term loan is 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. At December 31, 2007, the outstanding term loan had an interest rate of 6.18%.

### Capital Markets Activity

In October 2005, we completed a follow-on public offering, pursuant to which we sold an aggregate of 19,665,000 common shares (including 2,565,000 shares pursuant to the exercise of the underwriters' option) at an offering price of \$20.35 per share, for gross proceeds of \$400.2 million. The offering resulted in net proceeds to the Company, after deducting underwriting discount and commissions and expenses of the offering, of approximately \$378.7 million.

### 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** 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. We intend to acquire facilities primarily 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 and access to multiple financing sources 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 President and Chief Executive Officer, oversees our investment process. Our investment process involves five stages – identification, initial due diligence, economic assessment, investment committee approval (and when required, Board approval) and 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.

From the completion of our IPO through December 31, 2007, we acquired 269 facilities totaling approximately 16.9 million rentable square feet for consideration of approximately \$1.3 billion. We believe that the self-storage industry will continue to provide us with opportunities for future growth through consolidation due to the highly-fragmented composition of the industry.

### **Operating Segment**

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%, 8% and 7% of total revenues, respectively, for the year ended December 31, 2007. Florida, California, Illinois and New Jersey provided total revenues of approximately 19%, 16%, 7% and 6%, respectively, for the year ended December 31, 2006.

### **Seasonality**

We experience minor 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 what we consider to be a conservative capital structure, characterized by the use of leverage in a manner 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, 2007, 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 64.1%. We expect to finance additional investments in self-storage facilities through the most attractive available source 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

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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.

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.

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, 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.

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### Offices

Our principal executive office is located at 50 Public Square, Suite 2800, Cleveland, OH 44113. Our telephone number is (216) 274-1340. We believe that our current facilities are adequate for our present and future operations.

### Employees

As of December 31, 2007, we employed approximately 989 employees, of whom approximately 112 were corporate executive and administrative personnel and approximately 877 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 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov). Our internet website address is [www.ustoreit.com](http://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.

*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, 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;

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- 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 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.

***We face risks 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 other owners and operators of self-storage, some of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors 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.

***We face risks related to balloon payments.***

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Approximately 50% (or approximately \$573.5 million) of our mortgage and revolving indebtedness is due on or before December 31, 2009. Certain of our mortgages will have significant outstanding balances on their maturity dates, commonly known as balloon payments. 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.

*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.



*We face risks associated with facility acquisitions that could impede our growth.*



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We have in the past acquired, and intend 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 risk 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; and
- 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.

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.

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

Recently, domestic financial markets have experienced unusual volatility and uncertainty. While this condition has occurred most visibly within the subprime mortgage lending sector of the credit market, liquidity has tightened in overall domestic financial markets, including the investment grade debt and equity capital markets. 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 as well as our ability to refinance debt maturities could be adversely affected by our inability to secure permanent financing on reasonable terms, if at all.

***We may not be able to adapt our management and operation systems to respond to the integration of additional facilities without disruption or expense.***

From the completion of our IPO in October 2004 through December 31, 2007, we acquired 269 facilities, containing approximately 15.6 million rentable square feet for an aggregate cost of approximately \$1.3 billion. In 2008 we acquired two additional self-storage facilities. In addition, we expect to acquire additional self-storage facilities in the future. We cannot assure you that we will be able to adapt our management, administrative, accounting and operational systems or hire and retain sufficient operational staff to integrate these facilities into our portfolio and manage any future acquisition or development of additional facilities without operating disruptions or unanticipated costs. As we acquire or develop additional facilities, we will be subject to risks associated with managing new facilities, including customer retention and mortgage default risks. In addition, acquisitions or developments may cause disruptions in our operations and divert management's attention away from

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day-to-day operations. Furthermore, our profitability may suffer because of acquisition-related costs or amortization 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.

*Acquired facilities may subject us to unknown liabilities.*



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Facilities that we have acquired or may acquire in the future may be subject to unknown liabilities for which we would have no recourse, or only limited recourse, to the former owners of such facilities. 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. Unknown liabilities relating to acquired facilities could include:

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- liabilities for 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; and
- liabilities incurred in the ordinary course of business.

*We face significant competition from other developers, owners and operators in the self-storage industry.*

We compete with numerous developers, owners and operators in the self-storage industry, including other REITs, some of which own or may in the future own facilities similar to ours in the same markets in which our facilities 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 customers, we may lose potential customers and we may be pressured to discount our rental rates below those we currently charge in order to retain customers. As a result, our rental revenues may decrease, which could impair our ability to satisfy our debt service obligations and to pay distributions to our shareholders. 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.

*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 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, because neither we nor the joint venture partner would have full control over the joint venture. 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.

*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.

*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 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, 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.

*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.

*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 are we aware 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 known to us or that a material environmental condition does not otherwise exist with respect to any of our facilities.

*Americans with Disabilities Act compliance may require unanticipated expenditures.*



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Under the Americans with Disabilities Act of 1990 (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

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determination that one or more of our facilities is not in compliance with the ADA or similar state or local requirements would result in the incurrence of additional costs associated with bringing the facilities into compliance. If we are required to make substantial modifications to comply with the ADA or similar state or local requirements, we may be required to incur significant unanticipated expenditures.

***We may become subject to litigation or threatened litigation which may divert management 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.

*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.

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

***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.***

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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.

*Our ability to make distributions is subject to various risks.*



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Historically, we have paid quarterly distributions to our shareholders. Our ability to make distributions in the future will depend upon:

- 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;
- the amount of, and the interest rates on, our debt; and
- the absence of significant expenditures relating to environmental and other regulatory matters.

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.

***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.

***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

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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

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the courts might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of \$50,000 or more for each such failure.

If we fail to qualify as a REIT for federal income tax purposes, and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, we would be subject to federal income tax at regular corporate rates on all of our income. As a taxable corporation, we would not be allowed to take a deduction for distributions to shareholders in computing our taxable income or pass through long term capital gains to individual shareholders at favorable rates. We also could be subject to the federal alternative minimum tax and possibly increased state and local taxes. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. If we failed to qualify as a REIT, we would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. This likely would have a significant adverse effect on our earnings and likely would adversely affect the value of our securities. In addition, we would no longer be required to pay any distributions to shareholders.

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. The need to avoid prohibited transactions could cause us to forego or defer sales of facilities that our predecessors otherwise would have sold or that might otherwise be in our best interest to sell.

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

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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 our ability to pay dividends may be adversely affected by the risk factors described in this Annual Report on Form 10-K. All distributions will be made at the discretion of our Board of Trustees and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors as our Board of Trustees may deem relevant from time to time. We cannot assure you that we will be able to pay dividends in the future.



*We are dependent upon our key personnel whose continued service is not guaranteed.*



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Our top executives, Dean Jernigan, Christopher Marr, Kathleen Weigand, Stephen Nichols and Timothy Martin, have extensive self-storage, real estate and public company experience. Although we have employment agreements with all of the members of our senior management team, we cannot provide any assurance that any of them will remain in our employ. The loss of services of one or more members of our senior management team, particularly Dean Jernigan, our President and 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, 2007, we had approximately 880 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.

*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.

*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

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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.

***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 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.

***Robert J. Amsdell and Barry L. Amsdell have interests, through their ownership of limited partner units in our operating partnership that may conflict with the interests of our other shareholders.***

Robert J. Amsdell and Barry L. Amsdell own limited partner units in our operating partnership. These individuals may have personal interests that conflict with the interests of our shareholders with respect to business decisions affecting us and our operating partnership, such as interests in the timing and pricing of facility sales or refinancings in order to obtain favorable tax treatment.

***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, 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.

***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;

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- 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.

*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.

***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.

***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 will 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.

*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 Florida, California, Texas, Ohio, Tennessee, Illinois and Arizona accounted for approximately 16%, 16%, 10%, 8%, 7%, 6% and 5%, respectively, of our total rentable square feet as of December 31, 2007. 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.

*Our business may be sensitive to economic conditions that impact consumer spending.*

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

### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

### ITEM 2. PROPERTIES

#### Overview

As of December 31, 2007, we owned 409 self-storage facilities located in 26 states and aggregating approximately 26.1 million rentable square feet. The following table sets forth certain summary information regarding our facilities by state as of December 31, 2007.

| State          | Number of Facilities | Number of Units | Total Rentable Square Feet | % of Total Rentable Square Feet | Occupied Square Feet |
|----------------|----------------------|-----------------|----------------------------|---------------------------------|----------------------|
| California     | 60                   | 37,018          | 4,133,441                  | 15.8%                           | 69.7%                |
| Florida        | 59                   | 39,973          | 4,173,724                  | 16.0%                           | 80.2%                |
| Texas          | 43                   | 21,003          | 2,627,795                  | 10.1%                           | 81.1%                |
| Ohio           | 35                   | 16,364          | 1,999,099                  | 7.7%                            | 79.9%                |
| Illinois       | 27                   | 14,020          | 1,610,610                  | 6.2%                            | 79.9%                |
| Arizona        | 24                   | 12,526          | 1,247,447                  | 4.8%                            | 84.0%                |
| Tennessee      | 24                   | 12,930          | 1,686,433                  | 6.3%                            | 82.5%                |
| Colorado       | 20                   | 10,389          | 1,200,834                  | 4.6%                            | 87.9%                |
| Connecticut    | 17                   | 7,255           | 845,781                    | 3.2%                            | 76.5%                |
| New Jersey     | 15                   | 10,266          | 1,003,586                  | 3.8%                            | 75.0%                |
| Georgia        | 13                   | 9,245           | 1,060,144                  | 4.1%                            | 76.8%                |
| New Mexico     | 11                   | 4,247           | 459,020                    | 1.8%                            | 89.6%                |
| Indiana        | 9                    | 5,302           | 599,457                    | 2.3%                            | 80.4%                |
| North Carolina | 8                    | 4,810           | 557,459                    | 2.1%                            | 86.5%                |
| Mississippi    | 6                    | 2,824           | 353,431                    | 1.4%                            | 82.5%                |
| New York       | 6                    | 3,208           | 349,453                    | 1.3%                            | 83.8%                |
| Louisiana      | 5                    | 2,358           | 304,555                    | 1.2%                            | 93.2%                |
| Maryland       | 5                    | 4,232           | 517,895                    | 2.0%                            | 86.5%                |
| Utah           | 5                    | 2,336           | 241,823                    | 0.9%                            | 93.8%                |
| Michigan       | 4                    | 1,888           | 270,769                    | 1.0%                            | 78.6%                |
| Alabama        | 3                    | 1,632           | 237,583                    | 0.9%                            | 81.5%                |
| Massachusetts  | 3                    | 1,776           | 172,928                    | 0.7%                            | 74.7%                |
| Nevada         | 2                    | 940             | 99,882                     | 0.4%                            | 83.0%                |

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|                               |            |                |                   |               |              |
|-------------------------------|------------|----------------|-------------------|---------------|--------------|
| Pennsylvania                  | 2          | 1,609          | 176,577           | 0.7%          | 79.0%        |
| Virginia                      | 2          | 1,214          | 130,943           | 0.5%          | 59.8%        |
| Wisconsin                     | 1          | 486            | 58,515            | 0.2%          | 84.1%        |
| <b>Total/Weighted Average</b> | <b>409</b> | <b>229,851</b> | <b>26,119,184</b> | <b>100.0%</b> | <b>79.5%</b> |



**Our Facilities**

The following table sets forth certain additional information with respect to each of our facilities as of December 31, 2007. 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/<br>Developed (1) | Year<br>Built | Rentable<br>Square Feet | Occupancy (2) | Units | Manager<br>Apartment (3) | % Climate<br>Controlled (4) |
|---------------------|---------------------------------|---------------|-------------------------|---------------|-------|--------------------------|-----------------------------|
| Mobile I, AL        | 1997                            | 1987          | 65,198                  | 91.1%         | 468   | N                        | 0.0%                        |
| Mobile II, AL       | 1997                            | 1974/90       | 129,260                 | 73.2%         | 801   | Y                        | 1.1%                        |
| Mobile III, AL      | 1998                            | 1988/94       | 43,125                  | 91.9%         | 363   | Y                        | 34.5%                       |
| Chandler, AZ        | 2005                            | 1985          | 47,520                  | 93.8%         | 466   | Y                        | 6.9%                        |
| Glendale, AZ        | 1998                            | 1987          | 56,830                  | 81.3%         | 554   | Y                        | 0.0%                        |
| Green Valley, AZ    | 2005                            | 1985          | 25,200                  | 67.8%         | 277   | N                        | 7.9%                        |
| Mesa I, AZ          | 2006                            | 1985          | 52,375                  | 91.1%         | 535   | N                        | 0.0%                        |
| Mesa II, AZ         | 2006                            | 1981          | 45,295                  | 85.4%         | 420   | Y                        | 8.4%                        |
| Mesa III, AZ        | 2006                            | 1986          | 58,264                  | 78.3%         | 514   | Y                        | 4.1%                        |
| Phoenix I, AZ       | 2006                            | 1987          | 100,887                 | 76.5%         | 822   | Y                        | 8.8%                        |
| Phoenix II, AZ      | 2006                            | 1974          | 45,270                  | 75.8%         | 440   | Y                        | 0.0%                        |
| Scottsdale, AZ      | 1998                            | 1995          | 80,925                  | 90.3%         | 692   | Y                        | 9.5%                        |
| Tempe, AZ           | 2005                            | 1975          | 54,000                  | 84.1%         | 410   | Y                        | 14.0%                       |
| Tucson I, AZ        | 1998                            | 1974          | 59,350                  | 87.7%         | 505   | Y                        | 0.0%                        |
| Tucson II, AZ       | 1998                            | 1988          | 43,950                  | 84.7%         | 543   | Y                        | 100.0%                      |
| Tucson III, AZ      | 2005                            | 1979          | 49,822                  | 78.2%         | 535   | N                        | 0.0%                        |
| Tucson IV, AZ       | 2005                            | 1982          | 47,840                  | 88.5%         | 524   | Y                        | 3.7%                        |
| Tucson IX, AZ       | 2005                            | 1984          | 67,656                  | 81.7%         | 653   | Y                        | 2.0%                        |
| Tucson V, AZ        | 2005                            | 1982          | 45,160                  | 82.8%         | 452   | Y                        | 3.0%                        |
| Tucson VI, AZ       | 2005                            | 1982          | 40,778                  | 89.3%         | 451   | Y                        | 3.5%                        |
| Tucson VII, AZ      | 2005                            | 1982          | 52,738                  | 85.4%         | 637   | Y                        | 2.0%                        |
| Tucson VIII, AZ     | 2005                            | 1979          | 46,800                  | 83.9%         | 504   | Y                        | 0.0%                        |
| Tucson X, AZ        | 2005                            | 1981          | 46,350                  | 84.6%         | 491   | N                        | 0.0%                        |
| Tucson XI, AZ       | 2005                            | 1974          | 42,800                  | 82.0%         | 465   | Y                        | 0.0%                        |
| Tucson XII, AZ      | 2005                            | 1974          | 42,375                  | 87.7%         | 474   | Y                        | 4.8%                        |
| Tucson XIII, AZ     | 2005                            | 1974          | 45,792                  | 90.0%         | 583   | Y                        | 0.0%                        |
| Tucson XIV, AZ      | 2005                            | 1976          | 49,470                  | 84.0%         | 579   | Y                        | 8.8%                        |
| Apple Valley I, CA  | 1997                            | 1984          | 73,340                  | 48.3%         | 594   | Y                        | 0.0%                        |
| Apple Valley II, CA | 1997                            | 1988          | 62,115                  | 62.9%         | 495   | Y                        | 7.0%                        |
| Benicia, CA         | 2005                            | 1988/93/05    | 74,920                  | 82.9%         | 762   | Y                        | 0.0%                        |
| Bloomington I, CA   | 1997                            | 1987          | 28,550                  | 65.8%         | 218   | N                        | 0.0%                        |
| Bloomington II, CA  | 1997                            | 1987          | 25,860                  | 97.1%         | 20    | N                        | 0.0%                        |
| Cathedral City, CA  | 2006                            | 1982/92       | 129,048                 | 54.3%         | 1029  | Y                        | 1.9%                        |
| Citrus Heights, CA  | 2005                            | 1987          | 75,620                  | 62.0%         | 693   | Y                        | 0.0%                        |
| Diamond Bar, CA     | 2005                            | 1988          | 103,228                 | 81.7%         | 918   | Y                        | 0.0%                        |
| Escondido, CA       | 2007                            | 2002          | 143,145                 | 77.2%         | 1296  | Y                        | 6.7%                        |
| Fallbrook, CA       | 1997                            | 1985/88       | 46,370                  | 82.8%         | 461   | Y                        | 0.0%                        |
| Hemet, CA           | 1997                            | 1989          | 66,040                  | 76.1%         | 445   | Y                        | 0.0%                        |
| Highland I, CA      | 1997                            | 1987          | 76,765                  | 58.0%         | 860   | Y                        | 0.0%                        |
| Highland II, CA     | 2006                            | 1982          | 62,257                  | 70.1%         | 536   | Y                        | 0.0%                        |
| Lancaster, CA       | 2001                            | 1987          | 61,275                  | 53.1%         | 414   | Y                        | 0.0%                        |
| Long Beach, CA      | 2006                            | 1974          | 125,213                 | 76.5%         | 1424  | Y                        | 0.0%                        |
| Murrieta, CA        | 2005                            | 1996          | 49,895                  | 68.0%         | 474   | Y                        | 3.3%                        |
| North Highlands, CA | 2005                            | 1980          | 57,244                  | 89.6%         | 481   | Y                        | 0.0%                        |
| Orangevale, CA      | 2005                            | 1980          | 50,492                  | 79.4%         | 556   | Y                        | 0.0%                        |
| Palm Springs I, CA  | 2006                            | 1989          | 72,775                  | 68.0%         | 582   | Y                        | 8.6%                        |
| Palm Springs II, CA | 2006                            | 1982/89       | 122,745                 | 57.8%         | 634   | Y                        | 0.0%                        |
| Pleasanton, CA      | 2005                            | 2003          | 82,415                  | 86.0%         | 718   | Y                        | 0.0%                        |
| Rancho Cordova, CA  | 2005                            | 1979          | 53,928                  | 79.0%         | 484   | Y                        | 0.0%                        |
| Redlands, CA        | 1997                            | 1985          | 62,805                  | 80.0%         | 548   | N                        | 0.0%                        |
| Rialto, CA          | 1997                            | 1987          | 57,371                  | 64.5%         | 519   | Y                        | 0.0%                        |
| Rialto II, CA       | 2006                            | 1980          | 99,393                  | 67.2%         | 779   | Y                        | 0.0%                        |
| Riverside I, CA     | 1997                            | 1989          | 27,485                  | 76.4%         | 238   | N                        | 0.0%                        |
| Riverside II, CA    | 1997                            | 1989          | 20,420                  | 91.6%         | 18    | N                        | 0.0%                        |
| Riverside III, CA   | 1998                            | 1989          | 46,809                  | 70.9%         | 442   | Y                        | 0.0%                        |
| Riverside IV, CA    | 2006                            | 1977          | 67,320                  | 60.5%         | 715   | Y                        | 4.0%                        |
| Riverside V, CA     | 2006                            | 1985          | 85,521                  | 58.1%         | 834   | Y                        | 12.7%                       |

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|                         |      |         |         |       |      |   |       |
|-------------------------|------|---------|---------|-------|------|---|-------|
| Riverside VI, CA        | 2007 | 2004    | 74,900  | 67.6% | 466  | Y | 0.0%  |
| Roseville, CA           | 2005 | 1979    | 59,944  | 87.6% | 582  | Y | 0.0%  |
| Sacramento I, CA        | 2005 | 1979    | 50,764  | 88.0% | 536  | Y | 0.0%  |
| Sacramento II, CA       | 2005 | 1986    | 61,890  | 72.8% | 583  | Y | 4.7%  |
| San Bernardino I, CA    | 1997 | 1985    | 47,350  | 63.2% | 460  | Y | 2.0%  |
| San Bernardino II, CA   | 1997 | 1987    | 83,278  | 60.5% | 609  | Y | 0.0%  |
| San Bernardino III, CA  | 1997 | 1987    | 31,070  | 74.8% | 259  | N | 0.0%  |
| San Bernardino IV, CA   | 1997 | 1989    | 57,245  | 68.7% | 597  | Y | 0.0%  |
| San Bernardino IX, CA   | 2006 | 1975    | 117,928 | 44.8% | 1076 | Y | 0.0%  |
| San Bernardino V, CA    | 1997 | 1991    | 41,646  | 72.7% | 406  | Y | 0.0%  |
| San Bernardino VI, CA   | 1997 | 1985/92 | 35,671  | 76.0% | 405  | N | 11.8% |
| San Bernardino VII, CA  | 2005 | 2002/04 | 83,507  | 77.9% | 776  | Y | 4.2%  |
| San Bernardino VIII, CA | 2006 | 1974    | 56,820  | 56.9% | 507  | Y | 1.3%  |
| San Bernardino X, CA    | 2006 | 1978    | 78,839  | 66.1% | 669  | Y | 0.0%  |
| San Bernardino XI, CA   | 2006 | 1977    | 112,154 | 58.0% | 1037 | Y | 0.0%  |
| San Marcos, CA          | 2005 | 1979    | 37,430  | 91.8% | 247  | Y | 0.0%  |

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| Facility Location       | Year Acquired/<br>Developed (1) | Year<br>Built | Rentable<br>Square Feet | Occupancy (2) | Units | Manager<br>Apartment (3) | % Climate<br>Controlled (4) |
|-------------------------|---------------------------------|---------------|-------------------------|---------------|-------|--------------------------|-----------------------------|
| Santa Ana, CA           | 2006                            | 1984          | 65,528                  | 72.5%         | 742   | Y                        | 2.4%                        |
| South Sacramento, CA    | 2005                            | 1979          | 52,290                  | 60.5%         | 434   | Y                        | 0.0%                        |
| South Palmetto, CA      | 1998                            | 1982          | 80,505                  | 70.1%         | 820   | Y                        | 0.0%                        |
| Spring Valley, CA       | 2006                            | 1980          | 55,070                  | 57.9%         | 718   | Y                        | 0.0%                        |
| Sun City, CA            | 1998                            | 1989          | 38,435                  | 70.1%         | 383   | N                        | 0.0%                        |
| Temecula I, CA          | 1998                            | 1985/2003     | 81,740                  | 80.0%         | 716   | Y                        | 46.4%                       |
| Temecula II, CA         | 2006                            | 2003          | 84,580                  | 42.0%         | 723   | Y                        | 51.3%                       |
| Thousand Palms, CA      | 2006                            | 1988/01       | 76,336                  | 52.0%         | 896   | Y                        | 60.7%                       |
| Vista I, CA             | 2001                            | 1988          | 74,405                  | 90.4%         | 621   | Y                        | 0.0%                        |
| Vista II, CA            | 2005                            | 2001/02/03    | 147,721                 | 78.4%         | 1293  | Y                        | 2.3%                        |
| Walnut, CA              | 2005                            | 1987          | 50,708                  | 85.6%         | 539   | Y                        | 9.2%                        |
| West Sacramento, CA     | 2005                            | 1984          | 39,715                  | 88.2%         | 488   | Y                        | 0.0%                        |
| Westminster, CA         | 2005                            | 1983/98       | 68,048                  | 93.2%         | 572   | Y                        | 0.0%                        |
| Yucaipa, CA             | 1997                            | 1989          | 77,560                  | 69.4%         | 671   | Y                        | 0.0%                        |
| Aurora I, CO            | 2005                            | 1981          | 75,867                  | 81.5%         | 623   | Y                        | 0.0%                        |
| Aurora II, CO           | 2005                            | 1984          | 57,753                  | 89.6%         | 475   | Y                        | 5.3%                        |
| Aurora III, CO          | 2005                            | 1977          | 28,730                  | 91.4%         | 311   | Y                        | 0.0%                        |
| Aurora IV, CO           | 2006                            | 1998/99       | 49,700                  | 87.3%         | 352   | Y                        | 0.0%                        |
| Avon, CO                | 2005                            | 1989          | 28,227                  | 91.5%         | 387   | Y                        | 22.7%                       |
| Boulder I, CO           | 2006                            | 1972/75/77    | 47,296                  | 88.8%         | 531   | Y                        | 0.0%                        |
| Boulder II, CO          | 2006                            | 1983/84       | 101,245                 | 90.9%         | 1093  | Y                        | 0.0%                        |
| Boulder III, CO         | 2006                            | 1974/78       | 80,174                  | 82.9%         | 781   | Y                        | 0.0%                        |
| Boulder IV, CO          | 2006                            | 1983/98       | 95,148                  | 94.0%         | 715   | Y                        | 7.1%                        |
| Colorado Springs, CO    | 2005                            | 1986          | 47,975                  | 87.3%         | 474   | Y                        | 0.0%                        |
| Colorado Springs II, CO | 2006                            | 2001          | 62,400                  | 91.5%         | 433   | Y                        | 0.0%                        |
| Denver I, CO            | 2005                            | 1987          | 58,050                  | 79.1%         | 431   | Y                        | 4.4%                        |
| Denver II, CO           | 2006                            | 1997          | 59,200                  | 86.7%         | 451   | Y                        | 0.0%                        |
| Denver III, CO          | 2006                            | 1999          | 63,700                  | 81.9%         | 454   | Y                        | 0.0%                        |
| Englewood, CO           | 2005                            | 1981          | 51,000                  | 87.9%         | 366   | Y                        | 0.0%                        |
| Federal Heights, CO     | 2005                            | 1980          | 54,770                  | 88.2%         | 554   | Y                        | 0.0%                        |
| Golden, CO              | 2005                            | 1985          | 87,832                  | 90.7%         | 645   | Y                        | 1.2%                        |
| Littleton I, CO         | 2005                            | 1987          | 53,490                  | 89.0%         | 452   | Y                        | 37.4%                       |
| Littleton II, CO        | 2005                            | 1982          | 46,175                  | 90.4%         | 363   | Y                        | 0.0%                        |
| Northglenn, CO          | 2005                            | 1980          | 52,102                  | 87.4%         | 498   | Y                        | 0.0%                        |
| Bloomfield, CT          | 1997                            | 1987/93/94    | 48,700                  | 63.9%         | 450   | Y                        | 6.6%                        |
| Branford, CT            | 1995                            | 1986          | 49,079                  | 91.3%         | 433   | Y                        | 2.2%                        |
| Bristol, CT             | 2005                            | 1989/99       | 47,825                  | 83.4%         | 479   | N                        | 22.6%                       |
| East Windsor, CT        | 2005                            | 1986/89       | 45,900                  | 68.7%         | 309   | N                        | 0.0%                        |
| Enfield, CT             | 2001                            | 1989          | 52,775                  | 84.5%         | 381   | Y                        | 0.0%                        |
| Gales Ferry, CT         | 1995                            | 1987/89       | 54,230                  | 70.6%         | 599   | N                        | 7.5%                        |
| Manchester I, CT (6)    | 2002                            | 1999/00/01    | 47,125                  | 65.1%         | 491   | N                        | 37.6%                       |
| Manchester II, CT       | 2005                            | 1984          | 52,725                  | 72.5%         | 411   | N                        | 0.0%                        |
| Milford, CT             | 1994                            | 1975          | 44,885                  | 76.0%         | 384   | Y                        | 4.0%                        |
| Monroe, CT              | 2005                            | 1996/03       | 58,500                  | 87.7%         | 405   | N                        | 0.0%                        |
| Mystic, CT              | 1994                            | 1975/86       | 50,800                  | 67.0%         | 538   | Y                        | 2.4%                        |
| Newington I, CT         | 2005                            | 1978/97       | 42,620                  | 75.1%         | 258   | N                        | 0.0%                        |
| Newington II, CT        | 2005                            | 1979/81       | 35,810                  | 88.1%         | 213   | N                        | 0.0%                        |
| Old Saybrook I, CT      | 2005                            | 1982/88/00    | 87,700                  | 76.5%         | 723   | N                        | 6.3%                        |
| Old Saybrook II, CT     | 2005                            | 1988/02       | 26,425                  | 84.4%         | 257   | N                        | 55.3%                       |
| South Windsor, CT       | 1994                            | 1976          | 71,725                  | 66.4%         | 557   | Y                        | 1.1%                        |
| Stamford, CT            | 2005                            | 1997          | 28,957                  | 95.1%         | 367   | N                        | 32.8%                       |
| Boca Raton, FL          | 2001                            | 1998          | 37,958                  | 90.9%         | 605   | N                        | 68.2%                       |
| Boynton Beach I, FL     | 2001                            | 1999          | 62,013                  | 87.4%         | 812   | Y                        | 54.2%                       |
| Boynton Beach II, FL    | 2005                            | 2001          | 61,841                  | 79.2%         | 601   | Y                        | 81.3%                       |
| Bradenton I, FL         | 2004                            | 1979          | 68,502                  | 53.8%         | 659   | N                        | 2.8%                        |
| Bradenton II, FL        | 2004                            | 1996          | 87,760                  | 80.4%         | 881   | Y                        | 40.0%                       |
| Cape Coral, FL          | 2000*                           | 2000          | 76,592                  | 83.8%         | 883   | Y                        | 83.5%                       |

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|                      |       |         |         |       |      |   |        |
|----------------------|-------|---------|---------|-------|------|---|--------|
| Dania, FL            | 1994  | 1988    | 58,270  | 98.4% | 498  | Y | 26.9%  |
| Dania Beach, FL (6)  | 2004  | 1984    | 183,393 | 82.5% | 2011 | N | 20.7%  |
| Davie, FL            | 2001* | 2001    | 81,035  | 85.9% | 853  | Y | 55.7%  |
| Deerfield Beach, FL  | 1998* | 1998    | 57,600  | 80.6% | 526  | Y | 39.2%  |
| DeLand, FL           | 1998  | 1987    | 37,552  | 87.1% | 401  | Y | 34.5%  |
| Delray Beach, FL     | 2001  | 1999    | 67,809  | 90.6% | 821  | Y | 39.3%  |
| Fernandina Beach, FL | 1996  | 1986    | 111,030 | 74.7% | 897  | Y | 35.7%  |
| Ft. Lauderdale, FL   | 1999  | 1999    | 70,596  | 90.9% | 703  | Y | 46.5%  |
| Ft. Myers, FL        | 1998  | 1998    | 67,546  | 78.3% | 610  | Y | 67.0%  |
| Gulf Breeze, FL      | 2005  | 1982/04 | 79,449  | 91.8% | 700  | N | 62.7%  |
| Jacksonville I, FL   | 2005  | 2005    | 80,401  | 60.1% | 753  | N | 100.0% |
| Jacksonville II, FL  | 2007  | 2004    | 65,020  | 86.0% | 688  | N | 100.0% |
| Jacksonville III, FL | 2007  | 2003    | 65,603  | 82.5% | 723  | N | 100.0% |
| Jacksonville IV, FL  | 2007  | 2006    | 78,604  | 33.9% | 756  | N | 100.0% |
| Jacksonville V, FL   | 2007  | 2004    | 81,860  | 73.1% | 753  | N | 82.3%  |
| Kendall, FL          | 2007  | 2003    | 75,395  | 84.7% | 710  | N | 71.0%  |

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| Facility Location       | Year Acquired/<br>Developed (1) | Year<br>Built | Rentable<br>Square Feet | Occupancy (2) | Units | Manager<br>Apartment (3) | % Climate<br>Controlled (4) |
|-------------------------|---------------------------------|---------------|-------------------------|---------------|-------|--------------------------|-----------------------------|
| Lake Worth, FL          | 1998                            | 1998/02       | 163,683                 | 82.0%         | 1408  | Y                        | 36.4%                       |
| Lakeland I, FL          | 1994                            | 1988          | 48,911                  | 82.2%         | 484   | Y                        | 79.6%                       |
| Lakeland II, FL         | 1996                            | 1984          | 47,680                  | 81.1%         | 351   | Y                        | 19.0%                       |
| Leesburg, FL            | 1997                            | 1988          | 59,840                  | 82.4%         | 484   | Y                        | 17.7%                       |
| Lutz I, FL              | 2004                            | 2000          | 72,495                  | 49.7%         | 633   | Y                        | 34.1%                       |
| Lutz II, FL             | 2004                            | 1999          | 69,292                  | 70.3%         | 536   | Y                        | 20.6%                       |
| Margate I, FL           | 1994                            | 1979/81       | 54,405                  | 87.5%         | 339   | N                        | 9.8%                        |
| Margate II, FL          | 1996                            | 1985          | 65,168                  | 87.3%         | 437   | Y                        | 28.8%                       |
| Merrit Island, FL       | 2000                            | 2000          | 50,427                  | 86.8%         | 465   | Y                        | 56.8%                       |
| Miami I, FL             | 1995                            | 1995          | 46,925                  | 89.7%         | 565   | Y                        | 52.2%                       |
| Miami II, FL            | 1994                            | 1987          | 57,040                  | 73.0%         | 612   | Y                        | 0.0%                        |
| Miami III, FL           | 1994                            | 1989          | 67,060                  | 85.2%         | 571   | Y                        | 8.0%                        |
| Miami IV, FL            | 1995                            | 1987          | 58,315                  | 86.1%         | 614   | Y                        | 7.3%                        |
| Miami V, FL             | 1995                            | 1976          | 78,465                  | 79.2%         | 344   | Y                        | 4.0%                        |
| Miami VI, FL            | 2005                            | 1988/03       | 150,510                 | 70.8%         | 1518  | N                        | 86.8%                       |
| Naples I, FL            | 1996                            | 1996          | 48,050                  | 81.1%         | 351   | Y                        | 26.6%                       |
| Naples II, FL           | 1997                            | 1985          | 65,850                  | 81.1%         | 671   | Y                        | 44.6%                       |
| Naples III, FL          | 1997                            | 1981/83       | 81,145                  | 67.2%         | 876   | Y                        | 24.3%                       |
| Naples IV, FL           | 1998                            | 1990          | 40,975                  | 67.8%         | 458   | N                        | 43.4%                       |
| Ocala, FL               | 1994                            | 1988          | 41,891                  | 86.5%         | 375   | Y                        | 9.8%                        |
| Ocoee, FL               | 2005                            | 1997          | 76,250                  | 87.7%         | 652   | Y                        | 15.5%                       |
| Orange City, FL         | 2004                            | 2001          | 59,636                  | 80.5%         | 669   | N                        | 39.2%                       |
| Orlando I, FL (6)       | 1997                            | 1987          | 52,170                  | 84.9%         | 515   | Y                        | 4.9%                        |
| Orlando II, FL          | 2005                            | 2002/04       | 62,864                  | 89.9%         | 592   | N                        | 74.1%                       |
| Orlando III, FL         | 2006                            | 1988/90/96    | 104,165                 | 77.3%         | 796   | Y                        | 6.9%                        |
| Oviedo, FL              | 2006                            | 1988/1991     | 49,256                  | 80.2%         | 444   | Y                        | 3.2%                        |
| Pembroke Pines, FL      | 1997                            | 1997          | 67,337                  | 88.8%         | 718   | Y                        | 63.2%                       |
| Royal Palm Beach I, FL  | 1994                            | 1988          | 98,961                  | 67.7%         | 692   | Y                        | 54.5%                       |
| Royal Palm Beach II, FL | 2007                            | 2004          | 81,515                  | 73.5%         | 817   | N                        | 82.3%                       |
| Sanford, FL             | 2006                            | 1988/2006     | 61,810                  | 90.4%         | 452   | Y                        | 28.6%                       |
| Sarasota, FL            | 1998                            | 1998          | 70,788                  | 76.0%         | 554   | Y                        | 42.3%                       |
| St. Augustine, FL       | 1996                            | 1985          | 59,670                  | 78.7%         | 734   | Y                        | 29.9%                       |
| Stuart I, FL            | 1997                            | 1986          | 41,324                  | 78.7%         | 542   | Y                        | 26.9%                       |
| Stuart II, FL           | 1997                            | 1995          | 86,924                  | 77.8%         | 1007  | Y                        | 51.4%                       |
| SW Ranches, FL          | 2007                            | 2004          | 64,955                  | 80.1%         | 650   | N                        | 85.3%                       |
| Tampa I, FL             | 1994                            | 1987          | 60,700                  | 86.6%         | 421   | Y                        | 0.0%                        |
| Tampa II, FL            | 2001                            | 1985          | 55,997                  | 84.1%         | 480   | Y                        | 17.1%                       |
| Tampa III, FL           | 2007                            | 2001/2002     | 83,788                  | 77.7%         | 807   | N                        | 28.4%                       |
| Vero Beach, FL          | 1997                            | 1986/1987     | 50,390                  | 75.6%         | 513   | N                        | 23.7%                       |
| West Palm Beach I, FL   | 2001                            | 1997          | 67,973                  | 84.0%         | 1025  | Y                        | 47.2%                       |
| West Palm Beach II, FL  | 2004                            | 1996          | 93,764                  | 89.4%         | 890   | Y                        | 74.4%                       |
| Alpharetta, GA          | 2001                            | 1996          | 90,485                  | 76.5%         | 678   | Y                        | 75.1%                       |
| Austell, GA             | 2006                            | 2000          | 83,615                  | 74.2%         | 676   | Y                        | 65.9%                       |
| Decatur, GA             | 1998                            | 1986          | 148,480                 | 82.9%         | 1356  | Y                        | 3.1%                        |
| Norcross, GA            | 2001                            | 1997          | 85,390                  | 80.8%         | 607   | Y                        | 55.3%                       |
| Peachtree City, GA      | 2001                            | 1997          | 49,845                  | 83.5%         | 453   | N                        | 75.6%                       |
| Smyrna, GA              | 2001                            | 2000          | 56,820                  | 94.9%         | 507   | Y                        | 100.0%                      |
| Snellville, GA          | 2007                            | 1996/1997     | 79,950                  | 89.9%         | 772   | Y                        | 27.1%                       |
| Suwanee I, GA           | 2007                            | 2000/2003     | 85,450                  | 82.8%         | 633   | Y                        | 28.6%                       |
| Suwanee II, GA          | 2007                            | 2005          | 79,640                  | 62.8%         | 630   | N                        | 60.8%                       |
| Addison, IL             | 2004                            | 1979          | 31,275                  | 82.4%         | 370   | Y                        | 0.0%                        |
| Aurora, IL              | 2004                            | 1996          | 73,845                  | 67.7%         | 563   | Y                        | 6.9%                        |
| Bartlett, IL            | 2004                            | 1987          | 51,525                  | 81.6%         | 414   | Y                        | 33.6%                       |
| Bellwood, IL            | 2001                            | 1999          | 86,575                  | 83.3%         | 747   | Y                        | 52.2%                       |
| Des Plaines, IL (6)     | 2004                            | 1978          | 74,600                  | 79.4%         | 644   | N                        | 0.0%                        |
| Elk Grove Village, IL   | 2004                            | 1987          | 64,304                  | 87.8%         | 648   | Y                        | 5.6%                        |
| Glenview, IL            | 2004                            | 1998          | 100,115                 | 84.5%         | 743   | Y                        | 100.0%                      |

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|                    |      |         |        |       |     |   |        |
|--------------------|------|---------|--------|-------|-----|---|--------|
| Gurnee, IL         | 2004 | 1987    | 80,300 | 78.3% | 728 | Y | 34.1%  |
| Hanover, IL        | 2004 | 1987    | 41,174 | 92.7% | 419 | Y | 0.4%   |
| Harvey, IL         | 2004 | 1987    | 60,315 | 90.0% | 584 | Y | 2.9%   |
| Joliet, IL         | 2004 | 1993    | 74,350 | 52.6% | 480 | Y | 100.0% |
| Kildeer, IL        | 2004 | 1988    | 46,475 | 85.8% | 429 | Y | 0.0%   |
| Lombard, IL        | 2004 | 1981    | 57,736 | 88.6% | 547 | Y | 9.9%   |
| Mount Prospect, IL | 2004 | 1979    | 65,000 | 81.3% | 603 | Y | 12.7%  |
| Mundelein, IL      | 2004 | 1990    | 44,700 | 80.1% | 493 | Y | 8.9%   |
| North Chicago, IL  | 2004 | 1985    | 53,300 | 83.5% | 435 | N | 0.0%   |
| Plainfield I, IL   | 2004 | 1998    | 53,900 | 80.2% | 403 | N | 3.3%   |
| Plainfield II, IL  | 2005 | 2000    | 52,100 | 64.2% | 357 | N | 22.7%  |
| Schaumburg, IL     | 2004 | 1988    | 31,235 | 83.5% | 323 | N | 5.6%   |
| Streamwood, IL     | 2004 | 1982    | 64,305 | 74.9% | 572 | N | 4.4%   |
| Warrensville, IL   | 2005 | 1977/89 | 48,796 | 84.6% | 385 | N | 0.0%   |
| Waukegan, IL       | 2004 | 1977    | 79,750 | 77.7% | 703 | Y | 8.4%   |
| West Chicago, IL   | 2004 | 1979    | 48,475 | 80.6% | 435 | Y | 0.0%   |

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| Facility Location       | Year Acquired/<br>Developed (1) | Year<br>Built    | Rentable<br>Square Feet | Occupancy (2) | Units | Manager<br>Apartment (3) | % Climate<br>Controlled (4) |
|-------------------------|---------------------------------|------------------|-------------------------|---------------|-------|--------------------------|-----------------------------|
| Westmont, IL            | 2004                            | 1979             | 53,700                  | 89.0%         | 402   | Y                        | 0.0%                        |
| Wheeling I, IL          | 2004                            | 1974             | 54,210                  | 81.5%         | 502   | Y                        | 0.0%                        |
| Wheeling II, IL         | 2004                            | 1979             | 67,825                  | 68.2%         | 619   | Y                        | 7.3%                        |
| Woodridge, IL           | 2004                            | 1987             | 50,725                  | 91.3%         | 472   | Y                        | 7.6%                        |
| Indianapolis I, IN      | 2004                            | 1987             | 43,600                  | 91.5%         | 327   | N                        | 0.0%                        |
| Indianapolis II, IN     | 2004                            | 1997             | 44,900                  | 80.3%         | 456   | Y                        | 15.6%                       |
| Indianapolis III, IN    | 2004                            | 1999             | 60,850                  | 83.3%         | 501   | Y                        | 32.8%                       |
| Indianapolis IV, IN     | 2004                            | 1976             | 68,250                  | 77.8%         | 615   | Y                        | 0.0%                        |
| Indianapolis IX, IN     | 2004                            | 1976             | 61,732                  | 83.7%         | 549   | Y                        | 0.0%                        |
| Indianapolis V, IN      | 2004                            | 1999             | 74,825                  | 91.1%         | 587   | Y                        | 33.6%                       |
| Indianapolis VI, IN     | 2004                            | 1976             | 73,353                  | 74.1%         | 728   | Y                        | 0.0%                        |
| Indianapolis VII, IN    | 2004                            | 1992             | 91,807                  | 77.7%         | 818   | Y                        | 6.4%                        |
| Indianapolis VIII, IN   | 2004                            | 1975             | 80,140                  | 71.1%         | 721   | Y                        | 0.0%                        |
| Baton Rouge I, LA       | 1997                            | 1980             | 55,474                  | 92.2%         | 464   | Y                        | 8.3%                        |
| Baton Rouge II, LA      | 1997                            | 1980/1995        | 80,452                  | 94.1%         | 585   | Y                        | 40.4%                       |
| Baton Rouge III, LA     | 1997                            | 1982             | 60,770                  | 95.6%         | 445   | Y                        | 10.3%                       |
| Prairieville, LA        | 1998                            | 1991             | 28,319                  | 83.5%         | 341   | Y                        | 6.3%                        |
| Slidell, LA             | 2001                            | 1998             | 79,540                  | 94.5%         | 523   | Y                        | 46.6%                       |
| Boston, MA              | 2002                            | 2001             | 60,270                  | 76.7%         | 619   | Y                        | 100.0%                      |
| Leominster, MA          | 1998                            | 1987/88/00       | 54,081                  | 74.8%         | 504   | Y                        | 38.5%                       |
| Medford, MA             | 2007                            | 2001             | 58,577                  | 72.5%         | 653   | Y                        | 96.0%                       |
| Baltimore, MD           | 2001                            | 1999/00          | 93,700                  | 84.1%         | 843   | Y                        | 45.5%                       |
| California, MD          | 2004                            | 1998             | 77,678                  | 83.8%         | 761   | Y                        | 38.9%                       |
| Gaithersburg, MD        | 2005                            | 1998             | 86,970                  | 84.0%         | 795   | Y                        | 41.7%                       |
| Laurel, MD              | 2001                            | 1978/99/00       | 162,297                 | 92.4%         | 1018  | Y                        | 41.0%                       |
| Temple Hills, MD        | 2001                            | 2000             | 97,250                  | 83.3%         | 815   | Y                        | 68.8%                       |
| Grand Rapids, MI        | 1996                            | 1976             | 87,031                  | 72.8%         | 526   | Y                        | 0.0%                        |
| Portage, MI (6)         | 1996                            | 1980             | 50,280                  | 82.3%         | 387   | N                        | 0.0%                        |
| Romulus, MI             | 1997                            | 1997             | 42,175                  | 81.6%         | 340   | Y                        | 7.5%                        |
| Wyoming, MI             | 1996                            | 1987             | 91,283                  | 80.5%         | 635   | N                        | 0.0%                        |
| Biloxi, MS              | 1997                            | 1978/93          | 66,394                  | 85.4%         | 594   | Y                        | 12.2%                       |
| Gautier, MS             | 1997                            | 1981             | 35,925                  | 83.5%         | 305   | Y                        | 7.4%                        |
| Gulfport I, MS          | 1997                            | 1970             | 68,320                  | 83.2%         | 494   | Y                        | 11.0%                       |
| Gulfport II, MS         | 1997                            | 1986             | 64,445                  | 92.6%         | 448   | Y                        | 18.7%                       |
| Gulfport III, MS        | 1997                            | 1977/93          | 61,251                  | 83.7%         | 517   | Y                        | 33.5%                       |
| Waveland, MS            | 1998                            | 1982/83/84/93    | 57,096                  | 64.8%         | 466   | Y                        | 37.9%                       |
| Belmont, NC             | 2001                            | 1996/97/98       | 80,512                  | 91.8%         | 605   | N                        | 25.2%                       |
| Burlington I, NC        | 2001                            | 1990/91/93/94/98 | 109,545                 | 73.2%         | 966   | N                        | 0.7%                        |
| Burlington II, NC       | 2001                            | 1991             | 42,280                  | 77.3%         | 397   | Y                        | 12.1%                       |
| Cary, NC                | 2001                            | 1993/94/97       | 111,772                 | 82.3%         | 798   | N                        | 7.3%                        |
| Charlotte, NC           | 1999                            | 1999             | 69,000                  | 95.5%         | 738   | Y                        | 52.8%                       |
| Fayetteville I, NC      | 1997                            | 1981             | 41,450                  | 97.9%         | 347   | N                        | 0.0%                        |
| Fayetteville II, NC     | 1997                            | 1993/95          | 54,225                  | 97.1%         | 547   | Y                        | 11.9%                       |
| Raleigh, NC             | 1998                            | 1994/95          | 48,675                  | 91.6%         | 412   | Y                        | 8.2%                        |
| Brick, NJ               | 1994                            | 1981             | 52,740                  | 73.5%         | 452   | N                        | 0.0%                        |
| Clifton, NJ             | 2005                            | 2001             | 105,550                 | 85.7%         | 1015  | Y                        | 85.5%                       |
| Cranford, NJ            | 1994                            | 1987             | 91,250                  | 82.4%         | 846   | Y                        | 7.9%                        |
| East Hanover, NJ        | 1994                            | 1983             | 107,679                 | 62.5%         | 1013  | N                        | 1.6%                        |
| Elizabeth, NJ           | 2005                            | 1925/97          | 38,892                  | 56.5%         | 677   | N                        | 0.0%                        |
| Fairview, NJ            | 1997                            | 1989             | 27,676                  | 87.3%         | 449   | N                        | 100.0%                      |
| Hamilton, NJ            | 2006                            | 1990             | 70,550                  | 58.9%         | 622   | Y                        | 0.0%                        |
| Hoboken, NJ             | 2005                            | 1945/97          | 34,280                  | 85.0%         | 745   | N                        | 100.0%                      |
| Jersey City, NJ         | 1994                            | 1985             | 91,361                  | 81.3%         | 1093  | Y                        | 0.0%                        |
| Linden I, NJ            | 1994                            | 1983             | 95,575                  | 73.6%         | 1059  | N                        | 2.9%                        |
| Linden II, NJ           | 1994                            | 1982             | 35,800                  | 92.5%         | 23    | N                        | 0.0%                        |
| Morris Township, NJ (5) | 1997                            | 1972             | 75,576                  | 69.9%         | 595   | Y                        | 1.2%                        |
| Parsippany, NJ          | 1997                            | 1981             | 66,325                  | 81.0%         | 605   | Y                        | 6.9%                        |
| Randolph, NJ            | 2002                            | 1998/99          | 52,565                  | 76.8%         | 593   | Y                        | 81.5%                       |
| Sewell, NJ              | 2001                            | 1984/98          | 57,767                  | 67.6%         | 479   | N                        | 5.0%                        |
| Albuquerque I, NM       | 2005                            | 1985             | 65,927                  | 86.7%         | 607   | Y                        | 3.2%                        |
| Albuquerque II, NM      | 2005                            | 1985             | 58,834                  | 89.2%         | 547   | Y                        | 4.2%                        |
| Albuquerque III, NM     | 2005                            | 1978             | 41,016                  | 93.6%         | 455   | N                        | 4.3%                        |
| Albuquerque IV, NM      | 2005                            | 1986             | 57,536                  | 87.4%         | 535   | Y                        | 4.7%                        |
| Albuquerque V, NM       | 2006                            | 1994             | 52,217                  | 91.0%         | 424   | Y                        | 10.2%                       |



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|                              |      |            |        |       |     |   |       |
|------------------------------|------|------------|--------|-------|-----|---|-------|
| Carlsbad, NM                 | 2005 | 1975       | 39,999 | 97.8% | 343 | Y | 0.0%  |
| Deming, NM                   | 2005 | 1973/83    | 33,005 | 81.9% | 246 | Y | 0.0%  |
| Las Cruces, NM               | 2005 | 1984       | 43,850 | 85.7% | 401 | Y | 3.0%  |
| Lovington, NM                | 2005 | 1975       | 15,751 | 95.2% | 264 | Y | 0.0%  |
| Silver City, NM              | 2005 | 1972       | 26,875 | 91.8% | 255 | Y | 0.0%  |
| Truth or Consequences,<br>NM | 2005 | 1977/99/00 | 24,010 | 92.3% | 170 | Y | 0.0%  |
| Las Vegas I, NV              | 2006 | 1986       | 50,882 | 80.6% | 402 | Y | 5.0%  |
| Las Vegas II, NV             | 2006 | 1997       | 49,000 | 85.4% | 538 | Y | 76.5% |
| Endicott, NY                 | 2005 | 1989       | 35,930 | 90.8% | 296 | Y | 0.0%  |

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| Facility Location        | Year Acquired/<br>Developed (1) | Year<br>Built | Rentable<br>Square Feet | Occupancy (2) | Units | Manager<br>Apartment (3) | % Climate<br>Controlled (4) |
|--------------------------|---------------------------------|---------------|-------------------------|---------------|-------|--------------------------|-----------------------------|
| Jamaica, NY              | 2001                            | 2000          | 89,455                  | 75.7%         | 924   | Y                        | 100.0%                      |
| New Rochelle, NY         | 2005                            | 1998          | 48,431                  | 94.2%         | 407   | N                        | 15.0%                       |
| North Babylon, NY        | 1998                            | 1988/99       | 78,338                  | 83.5%         | 652   | N                        | 9.2%                        |
| Riverhead, NY            | 2005                            | 1985/86/99    | 38,690                  | 91.0%         | 341   | N                        | 0.0%                        |
| Southold, NY             | 2005                            | 1989          | 58,609                  | 79.0%         | 588   | N                        | 3.1%                        |
| Boardman, OH             | 1980                            | 1980/89       | 65,495                  | 70.5%         | 532   | Y                        | 24.0%                       |
| Brecksville, OH          | 1998                            | 1970/89       | 58,452                  | 88.5%         | 448   | Y                        | 25.2%                       |
| Canton I, OH             | 2005                            | 1979/87       | 39,750                  | 72.4%         | 416   | N                        | 0.0%                        |
| Canton II, OH            | 2005                            | 1997          | 26,200                  | 90.3%         | 197   | N                        | 0.0%                        |
| Centerville I, OH        | 2004                            | 1976          | 86,390                  | 73.2%         | 640   | Y                        | 0.0%                        |
| Centerville II, OH       | 2004                            | 1976          | 43,400                  | 66.1%         | 308   | N                        | 0.0%                        |
| Cleveland I, OH          | 2005                            | 1997/99       | 45,950                  | 86.9%         | 341   | Y                        | 4.9%                        |
| Cleveland II, OH         | 2005                            | 2000          | 58,450                  | 64.1%         | 582   | Y                        | 0.0%                        |
| Columbus, OH             | 2006                            | 1999          | 66,875                  | 71.9%         | 600   | Y                        | 28.1%                       |
| Dayton I, OH             | 2004                            | 1978          | 43,100                  | 78.0%         | 345   | N                        | 0.0%                        |
| Dayton II, OH            | 2005                            | 1989/00       | 48,149                  | 90.1%         | 387   | Y                        | 1.7%                        |
| Euclid I, OH             | 1988*                           | 1988          | 46,910                  | 83.6%         | 438   | Y                        | 22.2%                       |
| Euclid II, OH            | 1988*                           | 1988          | 47,275                  | 87.6%         | 378   | Y                        | 0.0%                        |
| Grove City, OH           | 2006                            | 1997          | 89,290                  | 80.5%         | 776   | Y                        | 16.9%                       |
| Hilliard, OH             | 2006                            | 1995          | 89,715                  | 67.1%         | 780   | Y                        | 24.5%                       |
| Hudson, OH               | 1998                            | 1987          | 65,240                  | 82.7%         | 393   | N                        | 9.3%                        |
| Lakewood, OH             | 1989*                           | 1989          | 39,267                  | 82.3%         | 467   | Y                        | 24.5%                       |
| Louisville, OH           | 2005                            | 1988/90       | 53,960                  | 79.1%         | 387   | N                        | 0.0%                        |
| Marblehead, OH           | 2005                            | 1988/98       | 52,300                  | 75.9%         | 386   | Y                        | 0.0%                        |
| Mason, OH                | 1998                            | 1981          | 33,900                  | 90.0%         | 283   | Y                        | 0.0%                        |
| Mentor, OH               | 2005                            | 1983/99       | 51,275                  | 80.7%         | 369   | N                        | 16.1%                       |
| Miamisburg, OH           | 2004                            | 1975          | 59,930                  | 78.7%         | 432   | Y                        | 0.0%                        |
| Middleburg Heights, OH   | 1980*                           | 1980          | 93,025                  | 84.3%         | 694   | Y                        | 3.8%                        |
| North Canton I, OH       | 1979*                           | 1979          | 45,400                  | 83.5%         | 321   | Y                        | 0.0%                        |
| North Canton II, OH      | 1983*                           | 1983          | 44,180                  | 84.3%         | 351   | Y                        | 15.8%                       |
| North Olmsted I, OH      | 1979*                           | 1979          | 48,665                  | 89.1%         | 442   | Y                        | 7.0%                        |
| North Olmsted II, OH     | 1988*                           | 1988          | 47,850                  | 88.7%         | 398   | Y                        | 14.2%                       |
| North Randall, OH        | 1998*                           | 1998/02       | 80,099                  | 87.0%         | 792   | N                        | 90.8%                       |
| Perry, OH                | 2005                            | 1992/97       | 63,850                  | 79.1%         | 425   | Y                        | 0.0%                        |
| Reynoldsburg, OH         | 2006                            | 1979          | 67,545                  | 68.2%         | 669   | Y                        | 0.0%                        |
| Strongsville, OH         | 2007                            | 1978          | 43,727                  | 80.8%         | 399   | Y                        | 100.0%                      |
| Warrensville Heights, OH | 1980*                           | 1980/82/98    | 90,331                  | 80.8%         | 734   | Y                        | 0.0%                        |
| Westlake, OH             | 2005                            | 2001          | 62,750                  | 89.8%         | 455   | Y                        | 6.1%                        |
| Willoughby, OH           | 2005                            | 1997          | 34,454                  | 79.5%         | 269   | Y                        | 10.0%                       |
| Youngstown, OH           | 1977*                           | 1977          | 65,950                  | 83.9%         | 530   | Y                        | 1.2%                        |
| Levittown, PA            | 2001                            | 2000          | 76,230                  | 81.0%         | 667   | Y                        | 36.3%                       |
| Philadelphia, PA         | 2001                            | 1999          | 100,347                 | 77.5%         | 942   | N                        | 29.8%                       |
| Alcoa, TN                | 2005                            | 1986          | 42,325                  | 86.7%         | 364   | Y                        | 0.0%                        |
| Antioch, TN              | 2005                            | 1985/98       | 76,150                  | 91.9%         | 602   | Y                        | 8.2%                        |
| Cordova I, TN            | 2005                            | 1987          | 54,225                  | 88.2%         | 388   | Y                        | 0.0%                        |
| Cordova II, TN           | 2006                            | 1995          | 67,600                  | 86.7%         | 720   | Y                        | 7.2%                        |
| Knoxville I, TN          | 1997                            | 1984          | 29,377                  | 89.3%         | 296   | Y                        | 6.8%                        |
| Knoxville II, TN         | 1997                            | 1985          | 38,000                  | 87.7%         | 340   | Y                        | 6.9%                        |
| Knoxville III, TN        | 1998                            | 1991          | 45,736                  | 85.3%         | 452   | Y                        | 6.9%                        |
| Knoxville IV, TN         | 1998                            | 1983          | 58,852                  | 82.2%         | 440   | N                        | 1.1%                        |
| Knoxville V, TN          | 1998                            | 1977          | 42,790                  | 94.8%         | 372   | N                        | 0.0%                        |
| Knoxville VI, TN         | 2005                            | 1975          | 63,440                  | 79.5%         | 587   | Y                        | 0.0%                        |
| Knoxville VII, TN        | 2005                            | 1983          | 54,994                  | 84.1%         | 448   | Y                        | 0.0%                        |
| Knoxville VIII, TN       | 2005                            | 1978          | 96,518                  | 79.1%         | 771   | Y                        | 0.0%                        |
| Memphis I, TN            | 2001                            | 1999          | 91,300                  | 92.6%         | 700   | N                        | 51.3%                       |
| Memphis II, TN           | 2001                            | 2000          | 71,960                  | 84.7%         | 560   | N                        | 46.3%                       |
| Memphis III, TN          | 2005                            | 1983          | 41,137                  | 87.3%         | 356   | Y                        | 6.9%                        |
| Memphis IV, TN           | 2005                            | 1986          | 38,750                  | 86.9%         | 326   | Y                        | 7.9%                        |
| Memphis V, TN            | 2005                            | 1981          | 60,370                  | 84.2%         | 499   | Y                        | 0.0%                        |
| Memphis VI, TN           | 2006                            | 1985/93       | 109,317                 | 79.4%         | 873   | Y                        | 3.2%                        |
| Memphis VII, TN          | 2006                            | 1980/85       | 115,303                 | 77.6%         | 582   | Y                        | 0.0%                        |
| Memphis VIII, TN         | 2006                            | 1990          | 96,060                  | 70.3%         | 562   | Y                        | 0.0%                        |
| Nashville I, TN          | 2005                            | 1984          | 106,930                 | 65.8%         | 700   | Y                        | 0.0%                        |
| Nashville II, TN         | 2005                            | 1986/00       | 83,274                  | 86.5%         | 633   | Y                        | 6.5%                        |

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|                     |      |         |         |       |     |   |       |
|---------------------|------|---------|---------|-------|-----|---|-------|
| Nashville III, TN   | 2006 | 1985    | 99,600  | 75.0% | 638 | Y | 5.1%  |
| Nashville IV, TN    | 2006 | 1986/00 | 102,425 | 88.6% | 721 | Y | 7.0%  |
| Austin I, TX        | 2005 | 2001    | 59,520  | 70.3% | 547 | Y | 59.1% |
| Austin II, TX       | 2006 | 2000/03 | 65,401  | 94.8% | 594 | Y | 38.8% |
| Austin III, TX      | 2006 | 2004    | 71,030  | 79.7% | 581 | Y | 84.9% |
| Baytown, TX         | 2005 | 1981    | 38,950  | 92.2% | 365 | Y | 0.0%  |
| Bryan, TX           | 2005 | 1994    | 60,450  | 78.9% | 495 | Y | 0.0%  |
| College Station, TX | 2005 | 1993    | 26,550  | 88.7% | 346 | N | 0.0%  |
| Dallas, TX          | 2005 | 2000    | 58,707  | 79.2% | 552 | Y | 26.3% |

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| Facility Location                              | Year Acquired/<br>Developed (1) | Year<br>Built | Rentable<br>Square Feet | Occupancy (2) | Units          | Manager<br>Apartment (3) | % Climate<br>Controlled (4) |
|--|---------------------------------|---------------|-------------------------|---------------|----------------|--------------------------|-----------------------------|
| Denton, TX                                     | 2006                            | 1996          | 60,836                  | 83.8%         | 514            | Y                        | 3.9%                        |
| El Paso I, TX                                  | 2005                            | 1980          | 59,864                  | 87.7%         | 515            | Y                        | 0.9%                        |
| El Paso II, TX                                 | 2005                            | 1980          | 48,692                  | 84.8%         | 415            | Y                        | 0.0%                        |
| El Paso III, TX                                | 2005                            | 1980          | 71,276                  | 87.7%         | 611            | Y                        | 2.0%                        |
| El Paso IV, TX                                 | 2005                            | 1983          | 48,962                  | 78.0%         | 383            | Y                        | 4.6%                        |
| El Paso V, TX                                  | 2005                            | 1982          | 62,825                  | 85.4%         | 395            | Y                        | 0.0%                        |
| El Paso VI, TX                                 | 2005                            | 1985          | 36,620                  | 81.0%         | 264            | Y                        | 0.0%                        |
| El Paso VII, TX                                | 2005                            | 1982          | 34,545                  | 80.8%         | 17             | N                        | 0.0%                        |
| Fort Worth I, TX                               | 2005                            | 2000          | 49,778                  | 72.7%         | 405            | Y                        | 27.0%                       |
| Fort Worth II, TX                              | 2006                            | 2003          | 72,925                  | 75.7%         | 668            | Y                        | 49.0%                       |
| Frisco I, TX                                   | 2005                            | 1996          | 50,854                  | 89.8%         | 443            | Y                        | 17.5%                       |
| Frisco II, TX                                  | 2005                            | 1998/02       | 71,339                  | 78.1%         | 519            | Y                        | 22.4%                       |
| Frisco III, TX                                 | 2006                            | 2004          | 72,275                  | 66.5%         | 594            | Y                        | 87.5%                       |
| Garland I, TX                                  | 2006                            | 1991          | 70,000                  | 83.5%         | 682            | Y                        | 4.6%                        |
| Garland II, TX                                 | 2006                            | 2004          | 68,475                  | 69.1%         | 476            | Y                        | 39.7%                       |
| Greenville I, TX                               | 2005                            | 2001/04       | 59,385                  | 90.7%         | 452            | Y                        | 28.8%                       |
| Greenville II, TX                              | 2005                            | 2001          | 44,900                  | 71.8%         | 318            | N                        | 36.3%                       |
| Houston I, TX                                  | 2005                            | 1981          | 101,350                 | 93.9%         | 635            | Y                        | 0.0%                        |
| Houston II, TX                                 | 2005                            | 1977          | 71,300                  | 88.3%         | 389            | Y                        | 0.0%                        |
| Houston III, TX                                | 2005                            | 1984          | 60,820                  | 88.0%         | 479            | Y                        | 4.0%                        |
| Houston IV, TX                                 | 2005                            | 1987          | 43,775                  | 94.7%         | 378            | Y                        | 6.2%                        |
| Houston V, TX                                  | 2006                            | 1980/1997     | 127,145                 | 79.0%         | 1016           | Y                        | 54.7%                       |
| Keller, TX                                     | 2006                            | 2000          | 61,885                  | 96.9%         | 488            | Y                        | 21.1%                       |
| La Porte, TX                                   | 2005                            | 1984          | 45,100                  | 86.3%         | 434            | Y                        | 18.6%                       |
| Lewisville, TX                                 | 2006                            | 1996          | 58,465                  | 82.8%         | 439            | Y                        | 19.3%                       |
| Mansfield, TX                                  | 2006                            | 2003          | 63,025                  | 83.9%         | 501            | Y                        | 38.4%                       |
| McKinney I, TX                                 | 2005                            | 1996          | 47,020                  | 96.7%         | 370            | Y                        | 9.2%                        |
| McKinney II, TX                                | 2006                            | 1996          | 70,050                  | 92.7%         | 540            | Y                        | 46.3%                       |
| North Richland Hills,<br>TX                    | 2005                            | 2002          | 57,025                  | 78.3%         | 451            | Y                        | 47.4%                       |
| Roanoke, TX                                    | 2005                            | 1996/01       | 59,400                  | 93.3%         | 455            | Y                        | 30.1%                       |
| San Antonio I, TX                              | 2005                            | 2005          | 75,270                  | 39.4%         | 584            | Y                        | 78.8%                       |
| San Antonio II, TX                             | 2006                            | 2005          | 73,205                  | 62.3%         | 672            | N                        | 82.3%                       |
| San Antonio III, TX                            | 2007                            | 2006          | 72,525                  | 49.6%         | 579            | N                        | 87.1%                       |
| Sherman I, TX                                  | 2005                            | 1998          | 55,050                  | 85.5%         | 514            | Y                        | 20.8%                       |
| Sherman II, TX                                 | 2005                            | 1996          | 48,425                  | 85.2%         | 392            | Y                        | 30.9%                       |
| Spring, TX                                     | 2006                            | 1980/86       | 72,801                  | 88.2%         | 536            | Y                        | 14.2%                       |
| Murray I, UT                                   | 2005                            | 1976          | 60,280                  | 93.1%         | 679            | Y                        | 0.0%                        |
| Murray II, UT                                  | 2005                            | 1978          | 71,421                  | 98.0%         | 384            | Y                        | 2.6%                        |
| Salt Lake City I, UT                           | 2005                            | 1976          | 56,446                  | 88.5%         | 763            | Y                        | 0.0%                        |
| Salt Lake City II, UT                          | 2005                            | 1978          | 53,676                  | 94.6%         | 510            | Y                        | 0.0%                        |
| Fredericksburg I, VA                           | 2005                            | 2001/04       | 69,450                  | 62.6%         | 634            | N                        | 21.5%                       |
| Fredericksburg II, VA                          | 2005                            | 1998/01       | 61,493                  | 56.7%         | 580            | N                        | 100.0%                      |
| Milwaukee, WI                                  | 2004                            | 1988          | 58,515                  | 84.1%         | 486            | Y                        | 0.0%                        |
| <b>Total/Weighted Average (409 facilities)</b> |                                 |               | <b>26,119,184</b>       | <b>79.5%</b>  | <b>229,851</b> |                          |                             |

\* Denotes facilities developed by us.

Denotes facilities that contain a significant amount of commercial rentable square footage. All of this commercial space, which was developed in conjunction with the self-storage units, is located within or adjacent to our self-storage facilities and is managed by our self-storage facility managers. As of December 31, 2007, there was an aggregate of approximately 753,000 rentable square feet of commercial space at these facilities.

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- (1) Represents the year acquired for those facilities acquired from a third party or the year developed for those facilities developed by us.
- (2) Represents occupied square feet divided by total rentable square feet at December 31, 2007.
- (3) Indicates whether a facility has an on-site apartment where a manager resides.
- (4) Represents the percentage of rentable square feet in climate-controlled units.
- (5) We do not own the land at this facility. We leased the land pursuant to a ground lease that expires in 2008, but have nine five-year renewal options.
- (6) We have ground leases for certain small parcels of land adjacent to these facilities that expire between 2008 and 2015.

Our growth has been achieved by internal growth and by adding facilities to our portfolio each year through acquisitions and development. The tables set forth below show the average occupancy, annual rent per occupied square foot, average occupied square feet and total revenues for our facilities owned as of December 31, 2007 for each of the last three years, grouped by the year end during which we first owned or operated the facility.

**Our Facilities by Year Acquired - Average Occupied Square Feet (2)**

| Year Acquired (1)                            | # of Facilities | Rentable Square |       |       |       |
|--|-----------------|-----------------|-------|-------|-------|
|  |                 | Feet            | 2005  | 2006  | 2007  |
| 2004 and earlier                             | 195             | 12,606,750      | 82.8% | 81.4% | 80.6% |
| 2005   | 137             | 7,614,578       | 81.9% | 80.2% | 82.6% |
| 2006   | 60              | 4,578,622       |       | 75.6% | 75.2% |
| 2007   | 17              | 1,319,234       |       |       | 71.3% |
| All Facilities Owned as of December 31, 2007 | 409             | 26,119,184      | 82.6% | 80.2% | 80.0% |

**Our Facilities by Year Acquired - Annual Rent Per Occupied Square Foot (2)**

| Year Acquired (1)                            | # of Facilities | 2005     |          | 2006     |  | 2007 |
|--|-----------------|----------|----------|----------|--|------|
| 2004 and earlier                             | 195             | \$ 10.80 | \$ 11.38 | \$ 11.57 |  |      |
| 2005   | 137             | 8.34     | 10.53    | 10.43    |  |      |
| 2006   | 60              |          | 10.22    | 10.26    |  |      |
| 2007   | 17              |          |          | 11.16    |  |      |
| All Facilities Owned as of December 31, 2007 | 409             | \$ 9.88  | \$ 10.61 | \$ 10.99 |  |      |

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

(2) Determined by dividing the aggregate rental revenue for each twelve-month period by the average of the month-end occupied square feet for the period. Rental revenue includes customer rental revenues, access, administrative and late fees and revenues from auctions, but does not include ancillary revenues generated at our facilities.

**Facilities by Year Acquired - Average Occupied Square Feet (2)**

| Year Acquired (1)                            | # of Facilities | 2005       | 2006       | 2007       |
|--|-----------------|------------|------------|------------|
| 2004 and earlier                             | 195             | 10,575,509 | 10,348,470 | 10,189,296 |
| 2005   | 137             | 6,256,685  | 6,238,827  | 6,299,831  |
| 2006   | 60              |            | 3,465,677  | 3,452,109  |
| 2007   | 17              |            |            | 934,799    |
| All Facilities Owned as of December 31, 2007 | 409             | 16,832,194 | 20,052,974 | 20,876,035 |

**Facilities by Year Acquired - Total Revenues (3)**

| Year Acquired (1)                                | # of Facilities | 2005    | 2006    | 2007    |
|--|-----------------|---------|---------|---------|
| 2004 and earlier                                 | 195             | 117,248 | 122,022 | 124,466 |
| 2005   | 137             | 28,105  | 63,610  | 69,603  |
| 2006   | 60              |         | 26,659  | 37,837  |
| 2007   | 17              |         |         | 4,969   |
| All Facilities Owned as of December 31, 2007 (4) | 409             | 145,353 | 212,291 | 236,875 |

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

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

(3) Represents the result obtained by multiplying annual rent per occupied square foot by the average occupied square feet for the twelve-month period for each group of facilities.

(4) Represents total revenues as presented in our historical financial statements.

**Planned Renovations and Improvements**

We have a capital improvement and property renovation program that includes office upgrades, adding climate control at selected units, construction of parking areas, safety and security enhancements, and general facility upgrades. For 2008, we anticipate spending approximately \$7 million to \$9 million associated with these capital expenditures and expect to enhance the safety and improve the aesthetic appeal of our facilities.

**ITEM 3. LEGAL PROCEEDINGS**

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We are not presently involved in any material litigation nor, to our knowledge, is any material litigation threatened against us or our properties. We are involved in routine litigation arising in the ordinary course of business, none of which we believe to be material.

### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

No matters were submitted to a vote of our shareholders during the fourth quarter of 2007.



## PART II

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

As of December 31, 2007, there were approximately 29 registered record holders of our common shares. This figure does not include beneficial owners who hold shares in nominee name. The following table shows the high and low closing prices per share for our common shares, as reported by the New York Stock Exchange, and the cash dividends declared with respect to such shares:

|                | High     | Low      | Cash Dividends<br>Declared |
|----------------|----------|----------|----------------------------|
| <b>2006</b>    |          |          |                            |
| First quarter  | \$ 22.28 | \$ 19.94 | \$ 0.29                    |
| Second quarter | 19.75    | 16.05    | 0.29                       |
| Third quarter  | 21.94    | 18.51    | 0.29                       |
| Fourth quarter | 22.66    | 20.35    | 0.29                       |
| <b>2007</b>    |          |          |                            |
| First quarter  | 23.20    | 19.57    | 0.29                       |
| Second quarter | 20.11    | 16.14    | 0.29                       |
| Third quarter  | 16.61    | 12.15    | 0.29                       |
| Fourth quarter | 14.31    | 9.16     | 0.18                       |

Since our initial quarter as a publicly-traded REIT, we have made regular quarterly distributions to our shareholders. Distributions to shareholders are usually taxable as ordinary income, although a portion of the distribution may be designated as capital gain or may constitute a tax-free return of capital. Annually, we provide each of our shareholders a statement detailing distributions paid during the preceding year and their characterization as ordinary income, capital gain or return of capital. The characterization of our dividends for 2007 was 29.42% ordinary income, 6.39% capital gain distribution and 64.19% return of capital.

We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions. Under our new revolving credit facility, beginning in the fourth quarter of 2008 we are restricted from paying distributions on our common shares that would exceed an amount equal to the greater of (i) a certain percentage of our funds from operations, and (ii) such amount as may be necessary to maintain our REIT status.

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

In October 2005, we completed a follow-on public offering of our common shares, generating net proceeds of approximately \$378.7 million, after deducting underwriting discount and commissions and expenses of the offering. A portion of these proceeds was used to repay certain outstanding indebtedness, including (i) \$108.3 million to repay the outstanding balance under our then existing revolving credit facility, and (ii) \$39.8 million to repay outstanding mortgage loans secured by 37 of our facilities. Net proceeds of approximately \$110.2 million were used

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to fund the acquisition of 19 self-storage facilities. The remaining net proceeds of approximately \$120.4 million were used for the acquisition and development of additional self-storage facilities, budgeted capital improvements and general corporate purposes.

### Share Performance Graph

The SEC requires us to present a chart comparing the cumulative total shareholder return on our common shares with the cumulative total shareholder return of (i) a broad equity index and (ii) a published industry or peer group index. The following chart compares the cumulative total shareholder return for our common shares with the cumulative shareholder return of companies on (i) the S&P 500 Index, (ii) the Russell 2000 and (iii) the NAREIT All Equity REIT Index as provided by NAREIT for the period beginning with October 22, 2004 (the first closing share price following the initial public offering of our common shares) and ending December 31, 2007.

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| Index                        | Period Ending |           |           |           |           |           |           |          |  |
|------------------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|--|
|                              | 10/22/04      | 12/31/04  | 06/30/05  | 12/31/05  | 06/30/06  | 12/31/06  | 06/30/07  | 12/31/07 |  |
| U-Store-It Trust             | \$ 100.00     | \$ 108.44 | \$ 120.81 | \$ 133.37 | \$ 122.93 | \$ 137.82 | \$ 112.91 | \$ 65.58 |  |
| S&P 500                      | 100.00        | 110.97    | 110.65    | 116.30    | 119.45    | 134.67    | 144.26    | 142.29   |  |
| Russell 2000                 | 100.00        | 115.08    | 113.64    | 120.32    | 130.20    | 142.42    | 151.60    | 140.19   |  |
| NAREIT All Equity REIT Index | 100.00        | 111.12    | 118.21    | 124.64    | 140.74    | 168.34    | 158.43    | 141.92   |  |

The following table provides information about repurchases of the Company's common shares during the three-month period ended December 31, 2007:

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

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|       |     |     |           |
|-------|-----|-----|-----------|
| Total | N/A | N/A | 3,000,000 |
|-------|-----|-----|-----------|

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(1) On June 27, 2007, the Company announced that the Board of Trustees approved a share repurchase program for up to 3.0 million of the Company's outstanding common shares. Unless terminated earlier by resolution of the Board of Trustees, the program will expire when the number of authorized shares has been repurchased. For the three-month period ended December 31, 2007, the Company made no repurchases under this program.

**ITEM 6. SELECTED FINANCIAL DATA**

The following table sets forth selected financial and operating data on a historical consolidated basis for the Company, and on a combined historical basis for Acquiport/Amsdell (the Predecessor ). The selected historical financial information as of December 31, 2007 and 2006 and for each of the periods indicated in the five-year period ended December 31, 2007 were derived from the Company's and the Predecessor's financial statements. Historical information for the Company has not been presented prior to October 21, 2004, the date on which the Company consummated the mergers of Amsdell Partners, Inc. and High Tide LLC with and into the Company, because during the period prior to the mergers, the Company did not have material corporate activity.

The Predecessor's combined historical financial information includes the following entities, which are the entities referred to collectively in this Form 10-K as Acquiport/Amsdell, for periods prior to October 21, 2004: the operating partnership (formerly known as Acquiport/Amsdell I Limited Partnership, which is sometimes referred to herein as Acquiport I ) and its consolidated subsidiaries, Acquiport/Amsdell III, LLC ( Acquiport III ), Acquiport/Amsdell IV, LLC, Acquiport/Amsdell V, LLC, Acquiport/Amsdell VI, LLC, Acquiport/Amsdell VII, LLC, and USI II, LLC. The Predecessor also includes three additional facilities: Lakewood, OH; Lake Worth, FL; and Vero Beach I, FL which were contributed to our operating partnership in connection with the IPO. All intercompany balances and transactions are eliminated in consolidation and combination. At October 20, 2004, the Predecessor owned 155 self-storage facilities.

The following data should be read in conjunction with the audited financial statements and notes thereto of the Company and the Predecessor and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this report.

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|  | The Company             |            |            |  | The Predecessor (1)                            |                            |  |
|--|-------------------------|------------|------------|--|--|----------------------------|--|
|  | Year Ended December 31, |            |            | Period<br>October 21,<br>through<br>December 31, | Period<br>January 1,<br>through<br>October 20, | Year Ended<br>December 31, |  |
|  | 2007                    | 2006       | 2005       | 2004   | 2004   | 2003                       |  |
| (in thousands, except per share data)                                  |                         |            |            |  |  |                            |  |
| <b>Statement of Operations Data:</b>                                   |                         |            |            |  |  |                            |  |
| Revenues:  |                         |            |            |  |  |                            |  |
| Rental income  | \$ 211,974              | \$ 195,331 | \$ 135,169 | \$ 21,410  | \$ 65,722                                      | \$ 76,898                  |  |
| Other property related income  | 16,828                  | 14,816     | 10,001     | 1,452  | 3,211  | 3,916                      |  |
| Other - related party  | 365                     | 457        | 405        | 71   |  |                            |  |
| Total revenues   | 229,167                 | 210,604    | 145,575    | 22,933   | 68,933   | 80,814                     |  |
| Operating expenses:  |                         |            |            |  |  |                            |  |
| Property operating expenses  | 96,802                  | 85,415     | 54,793     | 9,767  | 26,170   | 28,089                     |  |
| Property operating expense -related party                              | 59                      | 69         | 43         |  |  |                            |  |
| Depreciation   | 70,192                  | 64,079     | 39,479     | 5,800  | 16,528   | 19,494                     |  |
| Asset write-off  |                         | 305        |            |  |  |                            |  |
| Lease abandonment charge   | 1,316                   |            |            |  |  |                            |  |
| General and administrative   | 21,966                  | 21,675     | 17,786     | 4,140  |  |                            |  |
| General and administrative -related party                              | 337                     | 613        | 736        | 114  |  |                            |  |
| Management fees related party (2)                                      |                         |            |            |  | 3,689  | 4,361                      |  |
| Total operating expenses   | 190,672                 | 172,156    | 112,837    | 19,821   | 46,387   | 51,944                     |  |
| Operating income   | 38,495                  | 38,448     | 32,738     | 3,112  | 22,546   | 28,870                     |  |
| Interest:  |                         |            |            |  |  |                            |  |
| Interest expense on loans  | (54,108)                | (45,628)   | (31,907)   | (4,428)  | (19,385)                                       | (15,128)                   |  |
| Loan procurement amortization expense                                  | (1,772)                 | (1,972)    | (2,045)    | (286)  | (5,958)  | (1,296)                    |  |
| Early extinguishment of debt   |                         | (1,907)    | (93)       | (7,012)  |  |                            |  |
| Costs incurred to acquire management company related party             |                         |            |            | (22,152)   |  |                            |  |
| Interest income  | 401                     | 1,336      | 2,404      | 37   | 69   | 12                         |  |
| Other  | 118                     | 191        | (47)       | (78)   |  |                            |  |
| Income (loss) from continuing operations before minority interest      | (16,866)                | (9,532)    | 1,050      | (30,807)   | (2,728)  | 12,458                     |  |
| Minority interest  | 1,385                   | 790        | (71)       | 898  |  |                            |  |
| Income (loss) from continuing operations                               | (15,481)                | (8,742)    | 979        | (29,909)   | (2,728)  | 12,458                     |  |
| Discontinued operations:   |                         |            |            |  |  |                            |  |
| Income from operations   | 102                     | 208        | 452        |  |  | 171                        |  |
| Gain on sale of storage facilities                                     | 2,517                   |            | 179        |  |  | 3,329                      |  |
| Minority interest attributable to discontinued operations              | (215)                   | (17)       | (42)       |  |  |                            |  |
| Income from discontinued operations                                    | 2,404                   | 191        | 589        |  |  | 3,500                      |  |
| Net income (loss)  | \$ (13,077)             | \$ (8,551) | \$ 1,568   | \$ (29,909)                                      | \$ (2,728)                                     | \$ 15,958                  |  |
| Basic and diluted earnings (loss) per share from continuing operations | \$ (0.26)               | \$ (0.15)  | \$ 0.02    | \$ (0.80)  |  |                            |  |
| Basic and diluted earnings per share from discontinued operations      | \$ 0.04                 | \$         | \$ 0.02    | \$   |  |                            |  |
| Basic and diluted earnings (loss) per share                            | \$ (0.22)               | \$ (0.15)  | \$ 0.04    | \$ (0.80)  |  |                            |  |
| Weighted average basic common shares outstanding (3)                   | 57,497                  | 57,287     | 42,120     | 37,478   |  |                            |  |
| Weighted average diluted common shares outstanding (3)                 | 57,497                  | 57,287     | 42,203     | 37,478   |  |                            |  |

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|                           |    |      |    |      |    |      |    |      |
|---------------------------|----|------|----|------|----|------|----|------|
| Distribution declared (4) | \$ | 1.05 | \$ | 1.16 | \$ | 1.13 | \$ | 0.20 |
|---------------------------|----|------|----|------|----|------|----|------|

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|   | The Company             |              |              |  | The Predecessor (1)                            |                            |
|---|-------------------------|--------------|--------------|--|--|----------------------------|
|   | Year Ended December 31, |              |              | Period<br>October 21,<br>through<br>December 31, | Period<br>January 1,<br>through<br>October 20, | Year Ended<br>December 31, |
|   | 2007                    | 2006         | 2005         | 2004   | 2004   | 2003                       |
| (in thousands, except per share data)             |                         |              |              |  |  |                            |
| <b>Balance Sheet Data (as of end of period):</b>  |                         |              |              |  |  |                            |
| Storage facilities, net                           | \$ 1,647,118            | \$ 1,566,815 | \$ 1,246,295 | \$ 729,155                                       |  | \$ 395,599                 |
| Total assets                                      | 1,687,831               | 1,615,339    | 1,476,321    | 774,272  |  | 410,636                    |
| Revolving credit facility                         | 219,000                 | 90,500       |              |  |  |                            |
| Unsecured term loan                               | 200,000                 | 200,000      |              |  |  |                            |
| Secured term loan                                 | 47,444                  |              |              |  |  |                            |
| Mortgage loans and notes payable                  | 561,057                 | 588,930      | 669,282      | 380,496  |  | 271,571                    |
| Total liabilities                                 | 1,083,230               | 930,948      | 714,157      | 406,243  |  | 280,743                    |
| Minority interest                                 | 48,982                  | 56,898       | 63,695       | 10,804   |  |                            |
| Shareholders /owners equity                       | 555,619                 | 627,493      | 698,469      | 357,225  |  | 129,893                    |
| Total liabilities and shareholders /owners equity | 1,687,831               | 1,615,339    | 1,476,321    | 774,272  |  | 410,636                    |
| <b>Other Data:</b>                                |                         |              |              |  |  |                            |
| Number of facilities (end of period)              | 409                     | 399          | 339          | 201  | 155  | 155                        |
| Total rentable square feet (end of period)        | 26,119                  | 25,436       | 20,828       | 12,978   | 9,683  | 9,863                      |
| Occupancy (end of period)                         | 79.5%                   | 78.2%        | 81.2%        | 82.2%  | 85.2%  | 82.6%                      |
| Cash dividends declared per share (4)             | \$ 1.05                 | \$ 1.16      | \$ 1.13      | \$ 0.20  |  |                            |

(1) Represents historical financial data of our operating partnership, including three additional facilities acquired by our operating partnership from certain of the Amsdell Entities in connection with the IPO.

(2) Prior to the IPO, management fees to related parties were paid to U-Store-It Mini Warehouse Co., the prior manager of our self-storage facilities that was acquired at the time of our IPO.

(3) Excludes 5,198,855 operating partnership units issued at our IPO and in connection with the acquisition of facilities subsequent to our IPO. Operating partnership units have been excluded from the earnings per share calculations as there would be no effect on the earnings per share since, upon conversion, the minority interests share of income would also be added back to net income.

(4) The Company announced a pro rata dividend of \$0.2009 per common share on November 24, 2004, full quarterly dividends of \$0.28 per common share on March 2, 2005; May 31, 2005 and August 24, 2005 and dividends of \$0.29 per common share on December 1, 2005; February 22, 2006; April 24, 2006; August 23, 2006; November 3, 2006; February 21, 2007; May 8, 2007; and August 14, 2007; and a dividend of \$0.18 per common share on December 13, 2007.



(5) For the period from October 21, 2004 through December 31, 2004, amount includes a one-time management contract termination charge of approximately \$22.2 million related to the termination of our management contracts as a result of the purchase of U-Store-It Mini Warehouse Co. and approximately \$7.0 million of expenses related to the early extinguishment of debt at the time of our IPO. Additionally, for the period from October 21, 2004 through December 31, 2004, general and administrative expense includes a one-time compensation charge of approximately \$2.4 million for deferred shares granted to certain members of our senior management team in connection with our IPO.

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

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

**Overview**

On October 27, 2004, the Company completed its IPO, pursuant to which it sold an aggregate of 28,750,000 common shares (including 3,750,000 shares pursuant to the exercise of the underwriters' over-allotment option) at an offering price of \$16.00 per share. The IPO resulted in gross proceeds to the Company of \$460.0 million. On October 7, 2005, the Company completed a follow-on public offering, pursuant to which it sold an aggregate of 19,665,000 common shares (including 2,565,000 shares pursuant to the exercise of the underwriters' over-allotment option) at an offering price of \$20.35 per share, for gross proceeds of approximately \$400.2 million.

The Company is an integrated self-storage real estate company, which means that it has in-house capabilities in the operation, design, development, leasing, and acquisition of self-storage facilities. The Company has elected to be taxed as a REIT for federal tax purposes. At December 31, 2007 and 2006, the Company owned 409 and 399 self-storage facilities, respectively, totaling approximately 26.1 and 25.4 million rentable square feet, respectively.

The Company derives revenues principally from rents received from its customers who rent units at its self-storage facilities under month-to-month leases. Therefore, our operating results depend materially on our ability to retain our existing customers and lease our available self-storage units to new customers while maintaining and, where possible, increasing our pricing levels. In addition, our operating results depend on the ability of our customers to make required rental payments to us. We believe that our decentralized approach to the management and operation of our facilities, which places an emphasis on local, market level oversight and control, allows us to respond quickly and effectively to changes in local market conditions, where appropriate increasing rents while maintaining occupancy levels, or increasing occupancy levels while maintaining pricing levels.

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

In the future, the Company intends to focus on increasing our internal growth and selectively pursuing targeted acquisitions and developments of self-storage facilities. We intend to incur additional debt in connection with any such future acquisitions or developments.

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

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

#### **Summary of Critical Accounting Policies and Estimates**

Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements included in this report. Certain of the accounting policies used in the preparation of these consolidated financial statements are particularly important for an understanding of the financial position and results of operations presented in the historical consolidated financial statements included in this report. A summary of significant accounting policies is also provided in the notes to our consolidated financial statements (See Note 2 to the consolidated financial statements). These policies require the application of judgment and assumptions by management and, as a result, are subject to a degree of uncertainty. Due to this uncertainty, actual results could differ materially from estimates calculated and utilized by management.

### ***Basis of Presentation***

The accompanying consolidated financial statements include all of the accounts of the Company, the operating partnership and the wholly-owned subsidiaries of the operating partnership. For analytical presentation, all percentages are calculated using the numbers presented in the financial statements contained in this Annual Report on Form 10-K.

### ***Self-Storage Facilities***

The Company records self-storage facilities at cost less accumulated depreciation. Depreciation on the buildings and equipment is recorded on a straight-line basis over their estimated useful lives, which range from five to 40 years. Expenditures for significant renovations or improvements that extend the useful life of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

When facilities are acquired, the purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values. When a portfolio of facilities is acquired, the purchase price is allocated to the individual facilities based upon an income approach or a cash flow analysis using appropriate risk adjusted capitalization rates, which take into account the relative size, age and location of the individual facility along with current and projected occupancy and rental rate levels or appraised values, if available. Allocations to the individual assets and liabilities are based upon comparable market sales information for land, buildings and improvements and estimates of depreciated replacement cost of equipment.

In allocating the purchase price, the Company determines whether the acquisition includes intangible assets or liabilities. Substantially all of the leases in place at acquired facilities are at market rates, as the majority of the leases are month-to-month contracts. Accordingly, to date no portion of the purchase price has been allocated to above- or below-market lease intangibles. To date, no intangible asset has been recorded for the value of tenant relationships, because the Company does not have any concentrations of significant tenants and the average tenant turnover is fairly frequent. While intangible assets for in-place leases have not historically been recorded, the Company recorded a \$6.8 million intangible asset to recognize the value of in-place leases related to its acquisition of 14 self-storage facilities during the third quarter of 2007.

Long-lived assets classified as held for use are reviewed for impairment when events and circumstances indicate that there may be an impairment. The carrying values of these long-lived assets are compared to the undiscounted future net operating cash flows attributable to the assets. An impairment loss is recorded if the net carrying value of the asset exceeds the fair value based on its undiscounted future net operating cash flows attributable to the asset and circumstances indicate that the carrying value of the real estate asset may not be recoverable. The impairment loss recognized equals the excess of net carrying value over the related fair value of the asset. The Company recorded an asset impairment charge of \$2.3 million for the year ended December 31, 2005 related to hurricane damage (See Note 17 to the Consolidated and Combined Financial Statements) and impairment charges totaling \$0.4 million for the year ended December 31, 2007, related to fire and flood damage.

The Company considers long-lived assets to be held for sale upon satisfaction of the following criteria: (a) management commits to a plan to sell a facility (or group of facilities), (b) the facility is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such facilities, (c) an active program to locate a buyer and other actions required to complete the plan to sell the facility have been initiated, (d) the sale of the facility is probable and transfer of the asset is expected to be completed within one year, (e) the facility is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (f) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Typically these criteria are all met when the relevant asset is under contract, significant non-refundable deposits have been made by the potential buyer, the assets are immediately available for transfer and there are no contingencies related to the sale that may prevent the transaction from closing. In most transactions, these contingencies are not satisfied until the actual closing of the transaction; and, accordingly, the facility is not identified as held for sale until the closing actually occurs. However, each potential transaction is evaluated based on its separate facts and circumstances.

***Revenue Recognition***

Management has determined that all our leases with tenants are operating leases. Rental income is recognized in accordance with the terms of the lease agreements or contracts, which generally are month-to-month. Revenues from long-term operating leases are recognized on a straight-line basis over the term of the lease. The excess of rents recognized over

amounts contractually due pursuant to the underlying leases is included in deferred revenue, and contractually due but unpaid rents are included in other assets.

### ***Share Based Payments***

We apply the fair value method of accounting for contingently issued shares and share options issued under our equity incentive plans. Accordingly, share compensation expense was recorded ratably over the vesting period relating to such contingently issued shares and options. The Company has elected to recognize compensation expense on a straight-line method over the requisite service period. Additionally, certain restricted share units awarded to our former Chief Executive Officer in 2005 were scheduled to vest immediately upon his retirement from the Company as he had reached the retirement age set forth in his award agreement. Accordingly, share compensation expense related to this issuance was expensed fully in 2005.

### ***Minority Interests***

As of September 30, 2005, the Company recorded the operating partnership units issued in connection with the National Self Storage transaction as conditionally redeemable as the result of a special redemption right (see Note 4 and Note 7 to the consolidated financial statements) for a discussion of the National Self Storage transaction). On October 25, 2005, the sellers in the National Self Storage transaction agreed to terminate the Special Redemption Right, effective as of July 15, 2005 (the first date on which National Self Storage facilities were acquired by the operating partnership under the purchase agreement). From the issuance date until October 25, 2005, the Company elected to accrete changes in the redemption value of the National Self Storage units issued over the period from the date of issuance to the earliest redemption date (one year from the date of initial issuance) on a pro rata basis. Upon termination of the Special Redemption Right, the Company classified these units in minority interest. The amount of accretion recorded through October 25, 2005 was approximately \$3.0 million. Effective October 26, 2005, minority interest represents issued and outstanding operating partnership units.

Minority Interests include income allocated to holders of the operating partnership units. Income is allocated to the minority interests based on their ownership percentage of the operating partnership. This ownership percentage, as well as the total net assets of the operating partnership, changes when additional common shares or operating partnership units are issued. Such changes result in an allocation between shareholders equity and Minority Interests in the Consolidated Balance Sheets. Due to the number of such capital transactions that occur each period, we have presented a single net effect of all such allocations for the period as the Adjustment for Minority Interest in Operating Partnership in our Consolidated Statements of Shareholders Equity and Owners Equity (Deficit) (rather than separately allocating the minority interest for each individual capital transaction).

### ***Recent Accounting Pronouncements***

In December 2007, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards No. 141 (Revised 2007), *Business Combinations* ( FAS 141(R) ). FAS 141(R) establishes principles and requirements for recognizing identifiable assets acquired, liabilities assumed, noncontrolling interest in the acquiree, goodwill acquired in the combination or the gain from a bargain purchase, and disclosure requirements. Under this revised statement, all costs incurred to effect an acquisition will be recognized separately from the acquisition. Also, restructuring costs that are expected but the acquirer is not obligated to incur will be recognized separately from the acquisition. FAS 141(R) is effective for the Company beginning with its quarter ending March 31, 2009. The Company is currently assessing the potential impacts, if any, on its consolidated financial statements.

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In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements* ( FAS 160 ). FAS 160 requires that ownership interests in subsidiaries held by parties other than the parent are clearly identified. In addition, it requires that the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the income statement. FAS 160 is effective for the Company beginning with its quarter ending March 31, 2009. The Company is currently assessing the potential impacts, if any, on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* ( SFAS No. 159 ). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value, with unrealized gains and losses related to these financial instruments reported in earnings at each subsequent reporting date.

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This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company is in the process of evaluating the impact of SFAS No. 159 on its financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ( SFAS No. 157 ). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. SFAS No. 157 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. SFAS No. 157 applies whenever other standards require assets or liabilities to be measured at fair value. This statement is effective in fiscal years beginning after November 15, 2007. The Company believes that the adoption of this standard on January 1, 2008 will not have a material effect on our consolidated financial statements.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* ( FIN 48 ). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on description, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 became effective for the Company on January 1, 2007. The adoption of FIN 48 in 2007 did not have a material effect on the consolidated financial statements.

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments - An Amendment of FASB Nos. 133 and 140*. The purpose of SFAS No. 155 is to simplify the accounting for certain hybrid financial instruments by permitting fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS No. 155 also eliminates the restriction on passive derivative instruments that a qualifying special-purpose entity may hold. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year beginning after September 15, 2006. The adoption of SFAS No. 155 in 2007 did not have a material effect on the consolidated financial statements.

### **Results of Operations**

The following discussion of our results of operations should be read in conjunction with the consolidated financial statements and the accompanying notes thereto. Historical results set forth in the consolidated statements of operations reflect only the existing facilities and should not be taken as indicative of future operations.

### ***Comparison of Operating Results for the Years Ended December 31, 2007 and 2006 (not including discontinued operations)***

### ***Acquisition and Development Activities***

The comparability of the Company's results of operations is significantly affected by acquisition activities in 2007 and 2006 as listed below. At December 31, 2007 and 2006, the Company owned 409 and 399 self-storage facilities and related assets, respectively.



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- In 2007, 17 self-storage facilities were acquired for approximately \$140.5 million (the 2007 Acquisitions ).
- In 2007, 5 self-storage facilities were sold for approximately \$19.2 million (the 2007 Dispositions ).
- In 2006, 60 self-storage facilities were acquired for approximately \$362.4 million (the 2006 Acquisitions ).

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A comparison of net income (loss) for the years ended December 31, 2007 and 2006 is as follows:

|  | For the year ended December 31, |            |
|--|---------------------------------|------------|
|  | 2007                            | 2006       |
| <b>REVENUES</b>  | (in thousands)                  |            |
| Rental income  | \$ 211,974                      | \$ 195,331 |
| Other property related income  | 16,828                          | 14,816     |
| Other - related party  | 365                             | 457        |
| Total revenues   | 229,167                         | 210,604    |
| <b>OPERATING EXPENSES</b>  |                                 |            |
| Property operating expenses  | 96,802                          | 85,415     |
| Property operating expenses - related party                            | 59                              | 69         |
| Depreciation   | 70,192                          | 64,079     |
| Asset write-off  |                                 | 305        |
| Lease abandonment  | 1,316                           |            |
| General and administrative   | 21,966                          | 21,675     |
| General and administrative - related party                             | 337                             | 613        |
| Total operating expenses   | 190,672                         | 172,156    |
| <b>OPERATING INCOME</b>  | 38,495                          | 38,448     |
| <b>OTHER INCOME (EXPENSE)</b>  |                                 |            |
| Interest:  |                                 |            |
| Interest expense on loans  | (54,108)                        | (45,628)   |
| Loan procurement amortization expense                                  | (1,772)                         | (1,972)    |
| Write-off of loan procurement cost due to early extinguishment of debt |                                 | (1,907)    |
| Interest income  | 401                             | 1,336      |
| Other  | 118                             | 191        |
| Total other expense  | (55,361)                        | (47,980)   |
| <b>LOSS FROM CONTINUING OPERATIONS</b>                                 | \$ (16,866)                     | \$ (9,532) |

### *Total Revenues*

Rental income increased from \$195.3 million in 2006 to \$211.9 million in 2007, an increase of \$16.6 million, or 8%. This increase is primarily attributable to (i) additional rental income from the 2007 Acquisitions, (ii) a full year contribution from the 2006 Acquisitions, and (iii) an increase in rental income from our pool of same-store facilities of approximately \$3.0 million resulting from rate increases and an increase in average occupancy from 81.2% to 81.7%.

Other property related income, including Other related party, increased from \$15.3 million in 2006 to \$17.2 million in 2007, an increase of \$1.9 million, or 12%. This increase is primarily attributable to the other property income from the 2007 Acquisitions and a full year contribution from the 2006 Acquisitions.

### *Total Operating Expenses*

Property operating expenses, including property operating expenses related party, increased from \$85.5 million in 2006 to \$96.9 million in 2007, an increase of \$11.4 million, or 13%. This increase is primarily attributable to (i) additional operating expenses from the 2007

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Acquisitions, (ii) a full year of operating expenses from the 2006 Acquisitions, and (iii) an increase in repair and maintenance expenses of \$1.2 million as part of the Company's effort to address deferred maintenance items during 2007.

General and administrative expenses, including General and administrative expenses related party, remained unchanged at \$22.3 million. The 2006 period includes approximately \$2.7 million of severance costs related to a Company restructuring of certain management positions; the 2007 period includes approximately \$1.2 million of non-recurring legal and professional costs associated with the litigation and related settlement with the Amsdells.

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Depreciation increased from \$64.1 million in 2006 to \$70.1 million in 2007, an increase of \$6.0 million, or 9%. The increase is primarily attributable to additional depreciation expense related to the 2007 Acquisitions and a full year of depreciation expense related to the 2006 Acquisitions.

Asset write-off of \$0.3 million represents the disposal of the Company's former point of sale system, which was replaced with Centershift<sup>TM</sup> in the third quarter of 2006.

In August 2007, the Company abandoned certain office space in Cleveland, OH that was previously used for its corporate offices. The related leases have expiration dates ranging from December 31, 2008 through December 31, 2014. Upon vacating the space, the Company entered into a sub-lease agreement with a sub-tenant to lease the majority of the space for the duration of the term. As a result of this exit activity, the Company recognized a Lease abandonment charge of \$1.3 million during 2007.

### *Total Other Expenses*

Interest expense increased from \$45.6 million in 2006 to \$54.1 million in 2007, an increase of \$8.5 million, or 19%. The increase is attributable to a higher amount of outstanding debt in 2007 primarily resulting from the financing of the 2007 Acquisitions, which was primarily funded through the revolving credit facility and secured term loan. An additional source of the increase is a full year of interest expense related to debt assumed in conjunction with the 2006 Acquisitions.

Loan procurement amortization expense decreased from \$2.0 million in 2006 to \$1.8 million in 2007, a decrease of \$0.2 million, or 10%. The decrease is attributable to the repayment of five mortgages during 2007.

In conjunction with the two revolving credit facility financings during 2006, the Company incurred charges of \$1.9 million relating to the write-off of unamortized loan procurement costs.

Interest income decreased to \$0.4 million in 2007 from \$1.3 million in 2006. This decrease is primarily attributable to the Company's investment of excess proceeds from the 2005 follow-on public offering in interest bearing accounts and in short-term marketable securities until the excess proceeds were used to fund acquisitions or pay down existing debt during the first quarter of 2006.

### ***Comparison of Operating Results for the Years Ended December 31, 2006 and 2005 (not including discontinued operations)***

#### *Acquisition and Development Activities*

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The comparability of the Company's results of operations is significantly affected by acquisition activities in 2006 and 2005. At December 31, 2006 and 2005, the Company owned 399 and 339 self-storage facilities and related assets, respectively.

In 2006, 60 self-storage facilities were acquired for approximately \$362.4 million (the 2006 Acquisitions).

In 2005, 146 self-storage facilities were acquired for approximately \$547.9 million. During 2005, four self-storage facilities were sold for approximately \$6.2 million, and accordingly results of operations for these facilities have been accounted for as discontinued operations. The Company also reduced its reported number of facilities during 2005 by consolidating four facilities into existing adjacent facilities. Based upon total acquisitions, dispositions and consolidations, the Company had a net increase of 138 facilities in 2005 (the 2005 Acquisitions).

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A comparison of net income (loss) for the years ended December 31, 2006 and 2005 is as follows:

|  | For the year ended December 31, |            |
|--|---------------------------------|------------|
|  | 2006                            | 2005       |
| <b>REVENUES</b>  | (in thousands)                  |            |
| Rental income  | \$ 195,331                      | \$ 135,169 |
| Other property related income  | 14,816                          | 10,001     |
| Other - related party  | 457                             | 405        |
| Total revenues   | 210,604                         | 145,575    |
| <b>OPERATING EXPENSES</b>  |                                 |            |
| Property operating expenses  | 85,415                          | 54,793     |
| Property operating expenses - related party                            | 69                              | 43         |
| Depreciation   | 64,079                          | 39,479     |
| Asset write-off  | 305                             |            |
| General and administrative   | 21,675                          | 17,786     |
| General and administrative - related party                             | 613                             | 736        |
| Total operating expenses   | 172,156                         | 112,837    |
| <b>OPERATING INCOME</b>  | 38,448                          | 32,738     |
| <b>OTHER INCOME (EXPENSE)</b>  |                                 |            |
| Interest:  |                                 |            |
| Interest expense on loans  | (45,628)                        | (31,907)   |
| Loan procurement amortization expense                                  | (1,972)                         | (2,045)    |
| Write-off of loan procurement cost due to early extinguishment of debt | (1,907)                         | (93)       |
| Interest income  | 1,336                           | 2,404      |
| Other  | 191                             | (47)       |
| Total other expense  | (47,980)                        | (31,688)   |
| <b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>                        | \$ (9,532)                      | \$ 1,050   |

### *Total Revenues*

Rental income increased from \$135.2 million in 2005 to \$195.3 million in 2006, an increase of \$60.2 million, or 45%. This increase is primarily attributable to (i) additional rental income from the 2006 Acquisitions, (ii) a full year contribution from the 2005 Acquisitions, and (iii) an increase in rental income from our pool of same-store facilities of approximately \$4.6 million.

Other property related income, including Other related party, increased from \$10.4 million in 2005 to \$15.3 million in 2006, an increase of \$4.9 million, or 47%. This increase is primarily attributable to the other property income from the 2006 Acquisitions and a full year contribution from the 2005 Acquisitions.

### *Total Operating Expenses*

Property operating expenses, including Property operating expenses related party, increased from \$54.8 million in 2005 to \$85.5 million in 2006, an increase of \$30.6 million, or 56%. This increase is primarily attributable to (i) additional operating expenses from the 2006 Acquisitions, (ii) a full year of operating expenses from the 2005 Acquisitions, and (iii) an increase in operating expenses from our same-store facilities of approximately \$5.7 million.

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General and administrative, including General and administrative related party, expenses increased from \$18.5 million in 2005 to \$22.3 million in 2006, an increase of \$3.8 million, or 20.5%. The increase is primarily attributable to (i) approximately \$2.7 million of severance costs during 2006, (ii) approximately \$0.4 million related to the settlement of a claim made based on actions taken by the Predecessor Company prior to the initial public offering, and (iii) \$0.2 million related to professional fees incurred in 2006 related to reorganization.

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Depreciation increased from \$39.5 million in 2005 to \$64.1 million in 2006, an increase of \$24.6 million, or 62%. The increase is primarily attributable to additional depreciation expense related to the 2006 Acquisitions and a full year of depreciation expense related to the 2005 Acquisitions.

Asset write-off in 2006 of \$0.3 million represents the disposal of the Company's former point of sale system, which was replaced with Centershift<sup>TM</sup> in the fourth quarter of 2006.

### *Total Other Expenses*

Interest expense increased from \$31.9 million in 2005 to \$45.6 million in 2006, an increase of \$13.7 million, or 43%. The increase is attributable to a higher amount of outstanding debt in 2006 primarily resulting from the financing of certain of the 2006 Acquisitions with additional borrowings.

In conjunction with the two revolving credit facility financings during 2006, the Company incurred charges of \$1.9 million relating to the write-off of unamortized loan procurement costs.

Interest income decreased to \$1.3 million in 2006 from \$2.4 million in 2005. This decrease is primarily attributable to the Company's 2005 follow-on public offering. The Company invested excess proceeds from the follow-on offering in interest bearing accounts and in short-term marketable securities until the excess proceeds were used to fund acquisitions or pay down existing debt during the first quarter of 2006.

### **Impact of Hurricanes**

As a result of hurricanes that occurred during the third quarter of 2005, the Company incurred damage at certain of its self-storage facilities located in Alabama, Louisiana and Mississippi. Under the provisions of SFAS No. 144, *Accounting for the Impairment of or Disposal of Long-Lived Assets* (SFAS No. 144), the Company determined that there were indicators of impairment and accordingly tested the assets for recoverability. After an assessment of the damage sustained at the Waveland, Mississippi facility, the Company determined that a charge for impairment of approximately \$2.3 million was required because the estimated undiscounted future cash flows did not support the carrying value of the assets. The Company expected that insurance proceeds from its comprehensive insurance for property damage would cover the entire loss incurred, and in 2005 appropriately recorded the impairment charge and an offsetting insurance recovery of \$2.3 million, of which \$0.5 million was received in October 2005. The related insurance receivable was included in other assets as of December 31, 2005, and the asset impairment charge and related insurance recovery were presented net in operating expenses for the year ended December 31, 2005. During 2006, insurance proceeds were sufficient to satisfy the insurance receivable and no balance remained as of December 31, 2007.

### **Same-Store Facility Results**

The Company considers its same-store portfolio to consist of only those facilities owned at the beginning and at the end of the applicable periods presented. The following same-store presentation is considered to be useful to investors in evaluating our performance because it provides



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information relating to changes in facility-level operating performance without taking into account the effects of acquisitions, developments or dispositions. The following table sets forth operating data for our same-store portfolio for the periods presented.

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*Comparison of the Year Ended December 31, 2007 to the Year Ended December 31, 2006*

The following table provides information pertaining to our Same-Store portfolio for 2007 and 2006:

|   | Same Store Property Portfolio |            |                      |          | Properties Acquired |           | Other/ Eliminations |         | Total Portfolio |            |                      |        |
|---|-------------------------------|------------|----------------------|----------|---------------------|-----------|---------------------|---------|-----------------|------------|----------------------|--------|
|   | 2007                          | 2006       | Increase/ (Decrease) | % Change | 2007                | 2006      | 2007                | 2006    | 2007            | 2006       | Increase/ (Decrease) | Change |
| <b>REVENUES:</b>  |                               |            |                      |          |                     |           |                     |         |                 |            |                      |        |
| Rental income   | \$ 173,409                    | \$ 170,103 | \$ 3,306             | 2%       | \$ 38,564           | \$ 25,181 | \$ 1                | \$ 47   | \$ 211,974      | \$ 195,331 | \$ 16,643            | 9%     |
| Other property related income                                     | 13,301                        | 12,653     | 648                  | 5%       | 3,299               | 2,150     | 228                 | 13      | 16,828          | 14,816     | 2,012                | 14 %   |
| Other related party   |                               |            |                      |          |                     |           | 365                 | 457     | 365             | 457        | (92)                 | -20 %  |
| Total revenues  | 186,710                       | 182,756    | 3,954                | 2%       | 41,863              | 27,331    | 594                 | 517     | 229,167         | 210,604    | 18,563               | 9%     |
| <b>OPERATING EXPENSES:</b>  |                               |            |                      |          |                     |           |                     |         |                 |            |                      |        |
| Property operating expenses                                       | 72,010                        | 69,262     | 2,748                | 4%       | 17,753              | 10,384    | 7,039               | 5,769   | 96,802          | 85,415     | 11,387               | 13%    |
| Property operating expenses related party                         |                               |            |                      |          |                     |           | 59                  | 69      | 59              | 69         | (10)                 | -14%   |
| Subtotal  | 72,010                        | 69,262     | 2,748                | 4%       | 17,753              | 10,384    | 7,098               | 5,838   | 96,861          | 85,484     | 11,377               | 13%    |
| <b>NET OPERATING INCOME:</b>                                      |                               |            |                      |          |                     |           |                     |         |                 |            |                      |        |
| Depreciation  | 114,700                       | 113,494    | 1,206                | 1%       | 24,110              | 16,947    | (6,504)             | (5,321) | 132,306         | 125,120    | 7,186                | 6%     |
| Asset write-off   |                               |            |                      |          |                     |           |                     |         | 70,192          | 64,079     | 6,113                | 10%    |
| Lease abandonment charge  |                               |            |                      |          |                     |           |                     |         |                 | 305        | (305)                | -100%  |
| General and administrative  |                               |            |                      |          |                     |           |                     |         | 1,316           |            | 1,316                |        |
| General and administrative related party                          |                               |            |                      |          |                     |           |                     |         | 21,966          | 21,675     | 291                  | 1%     |
| Subtotal  |                               |            |                      |          |                     |           |                     |         | 337             | 613        | (276)                | -45%   |
| Operating income (loss)   |                               |            |                      |          |                     |           |                     |         | 93,811          | 86,672     | 7,139                | 8%     |
| <b>Other Income (Expense):</b>                                    |                               |            |                      |          |                     |           |                     |         |                 |            |                      |        |
| <b>Interest:</b>  |                               |            |                      |          |                     |           |                     |         |                 |            |                      |        |
| Interest expense on loans   |                               |            |                      |          |                     |           |                     |         | (54,108)        | (45,628)   | (8,480)              | 19%    |
| Loan procurement amortization expense                             |                               |            |                      |          |                     |           |                     |         | (1,772)         | (1,972)    | 200                  | -10%   |
| Write-off of loan procurement due to early extinguishment of debt |                               |            |                      |          |                     |           |                     |         |                 | (1,907)    | (1,907)              | 100%   |
| Interest income   |                               |            |                      |          |                     |           |                     |         | 401             | 1,336      | (935)                | -70%   |
| Other   |                               |            |                      |          |                     |           |                     |         | 118             | 191        | (73)                 | -38%   |
| Total other expense   |                               |            |                      |          |                     |           |                     |         | (55,361)        | (47,980)   | (7,381)              | 15%    |
| <b>LOSS BEFORE MINORITY INTERESTS</b>                             |                               |            |                      |          |                     |           |                     |         |                 |            |                      |        |
| MINORITY INTERESTS  |                               |            |                      |          |                     |           |                     |         | (16,866)        | (9,532)    | (7,334)              | 77%    |
| MINORITY INTERESTS  |                               |            |                      |          |                     |           |                     |         | 1,385           | 790        | 595                  | 75%    |
| LOSS FROM CONTINUING  |                               |            |                      |          |                     |           |                     |         | (15,481)        | (8,742)    | (6,739)              | 77%    |

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| OPERATIONS  |             |            |            |       |
|---|-------------|------------|------------|-------|
| DISCONTINUED OPERATIONS                                   |             |            |            |       |
| Income from operations                                    | 102         | 208        | (106)      | -51%  |
| Net gain on disposition of discontinued operations        | 2,517       |            | 2,517      |       |
| Minority interest attributable to discontinued operations | (215)       | (17)       | (198)      | 1165% |
| Income from discontinued operations                       | 2,404       | 191        | 2,213      | 1159% |
| NET INCOME (LOSS)   | \$ (13,077) | \$ (8,551) | \$ (4,526) | 53%   |

Same-store revenues increased from \$182.8 million in 2006 to \$186.7 million in 2007, an increase of \$3.9 million, or 2%. Same-store property operating expenses increased from \$69.3 million in 2006 to \$72.0 million in 2007, an increase of \$2.7 million, or 4%. This increase was primarily attributable to slight increases in multiple expense line items.

### Non-GAAP Financial Measures

#### *NOI*

We define net operating income, which we refer to as *NOI*, as total continuing revenues less continuing property operating expenses. *NOI* also can be calculated by adding back to net income: interest expense on loans, loan procurement amortization expense, early extinguishment of debt, minority interest, other, depreciation, general and administrative, general and administrative-related party and lease abandonment charge; and deducting from net income: income from discontinued operations, gains on sale of self-storage facilities and interest income. *NOI* is not a measure of performance calculated in accordance with GAAP.

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

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

- It is one of the primary measures used by our management and our facility managers to evaluate the economic productivity of our facilities, including our ability to lease our facilities, increase pricing and occupancy and control our property operating expenses;
- It is widely used in the real estate industry and the self-storage industry to measure the performance and value of real estate assets without regard to various items included in net income that do not relate to or are not indicative of operating performance, such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets; and
- We believe it helps our investors to meaningfully compare the results of our operating performance from period to period by removing the impact of our capital structure (primarily interest expense on our outstanding indebtedness) and depreciation of our basis in our assets from our operating results.

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

## Cash Flows

### *Comparison of the Year Ended December 31, 2007 to the Year Ended December 31, 2006*

A comparison of cash flow provided by operating, investing and financing activities for the years ended December 31, 2007 and 2006 is as follows:

|   | Year Ended December 31, |            |           |
|---|-------------------------|------------|-----------|
|   | 2007                    | 2006       | Change    |
|   | (in thousands)          |            |           |
| <b>Net cash flow provided by (used in):</b> |                         |            |           |
| Operating activities                        | \$ 62.9                 | \$ 64.6    | \$ (1.7)  |
| Investing activities                        | \$ (153.6)              | \$ (248.0) | \$ 94.4   |
| Financing activities                        | \$ 75.5                 | \$ 104.3   | \$ (28.8) |

Cash provided by operations decreased from \$64.6 million in 2006 to \$62.9 million in 2007, an decrease of \$1.7 million, or 3%. The decrease is primarily attributable to the increase in certain prepaid assets, which is a result of the timing of certain expenditures.

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Cash used in investing activities decreased from \$248.0 million in 2006 to \$153.6 million in 2007, a decrease of \$94.4 million, or 38%. The decrease in cash used in investing activities is primarily attributable to \$349.8 million used in the 2006 Acquisitions offset by the \$169.8 million used in the 2007 Acquisitions. Additionally, the net proceeds from sales of marketable securities in 2006 resulted in \$95.1 million while the property dispositions in 2007 provided \$17.9 million.

Cash provided by financing activities decreased from \$104.3 million in 2006 to \$75.5 million in 2007, a decrease of \$28.8 million, or 28%. This decrease is primarily attributable to the net additional borrowings during 2006 of \$176.4 million as compared to the net additional borrowings during 2007 of \$150.6 million. This fluctuation is a result of the 2006 Acquisition activity.

### *Comparison of the Year Ended December 31, 2006 to the Year Ended December 31, 2005*

A comparison of cash flow operating, investing and financing activities for the years ended December 31, 2006 and 2005 is as follows:

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|   | Year Ended December 31, |            | Change     |
|---|-------------------------|------------|------------|
|   | 2006                    | 2005       |            |
|   | (in thousands)          |            |            |
| <b>Net cash flow provided by (used in):</b> |                         |            |            |
| Operating activities                        | \$ 64.6                 | \$ 46.1    | \$ 18.5    |
| Investing activities                        | \$ (248.0)              | \$ (489.1) | \$ 241.1   |
| Financing activities                        | \$ 104.3                | \$ 516.5   | \$ (412.2) |

Cash provided by operations increased from \$46.1 million in 2005 to \$64.6 million in 2006, an increase of \$18.5 million, or 40.1%. The increase is primarily attributable to the incremental impact of the 60 self-storage facilities acquired in 2006.

Cash used in investing activities decreased from \$489.1 million in 2005 to \$248.0 million in 2006, a decrease of \$241.1 million, or 49.3%. The decrease in cash used in investing activities is primarily attributable to cash used to acquire 146 self-storage facilities in 2005 of \$381.1 million versus cash used to acquire 60 self-storage facilities in 2006 of \$312.3 as well as the use of \$125.0 million of cash in 2005 to invest in marketable securities.

Cash provided by financing activities decreased from \$516.5 million in 2005 to \$104.3 million in 2006, a decrease of \$412.2 million, or 79.8%. This decrease is primarily attributable to the proceeds from the follow-on offering in 2005, which generated approximately \$378.7 million and increased distributions paid to shareholders and minority partners in 2006 as compared to 2005 of \$22.1 million and \$3.7 million, respectively.

### Liquidity and Capital Resources

As of December 31, 2007, we had approximately \$4.5 million in available cash and cash equivalents. We had approximately \$31.0 million and \$6.5 million of available borrowings under our revolving credit facility as of December 31, 2007 and February 28, 2008, respectively.

In February 2006, our Operating Partnership entered into a three-year, \$250.0 million unsecured revolving credit facility. The credit facility allowed us to increase the amount that could be borrowed up to \$350.0 million at a later date. The facility was scheduled to mature in February 2009, with the option for a one-year extended maturity date. Borrowings under the facility bore interest, at our option, at either an alternative base rate or a Eurodollar rate, in each case, plus an applicable margin depending on our leverage ratio. 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 ranged from 0.15% to 0.60%. The Eurodollar rate is a periodic fixed rate equal to LIBOR. The applicable margin for the Eurodollar rate ranged from 1.15% to 1.60%. We used the credit facility principally to finance acquisitions, development of self-storage facilities, debt repayments and for general working capital purposes. Upon entering into this agreement, we utilized the facility to repay a \$30.0 million 60-day term loan. Amounts borrowed under this facility were repaid using proceeds from a new credit facility in November 2006.

In November 2006, we and our Operating Partnership entered into a 30-day, unsecured \$50 million term loan agreement with Wachovia Bank, National Association as the lender. The term loan bore interest at a variable rate of LIBOR plus 115 basis points. The loan proceeds, along with borrowings under our revolving credit facility, were used to finance the repayment of certain maturing secured loans. The loan was paid in full from proceeds obtained upon entering into a new revolving credit facility in November 2006.

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In November 2006, we and our Operating Partnership entered into a three-year, \$450.0 million unsecured credit facility with Wachovia Capital Markets, LLC and Keybank Capital Markets, replacing our existing \$250.0 million unsecured revolving credit facility. The facility consists of a \$200 million term loan and a \$250 million revolving credit facility. The new facility has a three-year term with a one-year extension option and scheduled termination in November 2009. 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.

Our ability to borrow under this credit facility will be subject to our ongoing compliance with the following financial covenants, among others:

- maximum total indebtedness to total asset value of 65%;
- minimum interest coverage ratio of 2.0:1.0;
- minimum fixed charge coverage ratio of 1.6:1.0; and
- minimum tangible net worth of \$673.2 million plus 75% of net proceeds from future equity issuances.

In September 2007, we and our Operating Partnership entered into a secured term loan agreement which allows for term loans in the aggregate principal amount of up to \$50 million. Each term loan matures in November 2009, subject to extension at the sole discretion of the lenders. 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 at terms identical to the unsecured credit facility. As of September 30, 2007, there was one term loan outstanding for \$47.4 million. The outstanding term loan is secured by a pledge by our Operating Partnership of all equity interests in YSI RT LLC, the wholly-owned subsidiary of our Operating Partnership that acquired eight self-storage facilities in September 2007. At December 31, 2007, the outstanding term loan had an interest rate of 6.18%. Financial covenants for the secured term loan are identical to the financial covenants for the unsecured credit facility described above.

During August and September 2007, the Company entered into interest rate swap agreements designated as cash flow hedges that are designed to reduce the impact of interest rate changes on its variable rate debt. At December 31, 2007, the Company had an interest rate swap agreements for notional principal amounts aggregating \$75 million. The swap agreements effectively fix the 30-day LIBOR interest rate on \$50 million of credit facility borrowings at 4.7725% per annum and on \$25 million of credit facility borrowings at 4.716% per annum, in each case until November 2009. The interest rate cap agreement effectively limits the interest rate on \$40 million of credit facility borrowings at 5.50% through June 2008. The notional amount at December 31, 2007 provides an indication of the extent of the Company's involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market risks.

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



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In order to qualify as a REIT for federal income tax purposes, we are required to distribute at least 90% of our REIT taxable income, excluding capital gains, to our shareholders on an annual basis or pay federal income tax. The nature of our business, coupled with the requirement that we distribute a substantial portion of our income on an annual basis, will cause us to have substantial liquidity needs over both the short term and the long term. Our short-term liquidity needs consist primarily of funds necessary to pay operating expenses associated with our facilities, refinancing of certain mortgage indebtedness, interest expense and scheduled principal payments on debt, expected distributions to limited partners and shareholders and recurring capital expenditures. These expenses, as well as the amount of recurring capital expenditures that we incur, will vary from year to year, in some cases significantly. For 2008, we expect to incur costs totaling \$7 million to \$9 million for capital expenditures. In addition, our scheduled principal payments on debt over the balance of 2008 are approximately \$11.5 million and scheduled principal payments in 2009 are approximately \$94.4 million. We expect to meet our short-term liquidity needs through cash generated from operations and, if necessary, from borrowings under our revolving credit facility.

Our long-term liquidity needs consist primarily of funds necessary to pay for development of new facilities, redevelopment of operating facilities, non-recurring capital expenditures, acquisitions of facilities and repayment of indebtedness at maturity. In particular, we intend to actively pursue the acquisition of additional facilities, which will require additional capital. While these capital investments are elective by their nature, we do not expect that we will have sufficient funds on hand to cover these

investments. We will have to satisfy these needs through either additional borrowings, including borrowings under our revolving credit facility, sales of common or preferred shares and/or cash generated through facility dispositions and joint venture transactions.

We believe that, as a publicly traded REIT, we will have access to multiple sources of capital to fund long-term liquidity requirements, including the incurrence of additional debt and the issuance of additional equity. However, we cannot provide any assurance that this will be the case. Our ability to incur additional debt will be dependent on a number of factors, including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that may be imposed by lenders. Our ability to access the equity capital markets will be dependent on a number of factors as well, including general market conditions for REITs and market perceptions about us.

#### Other Material Changes in Financial Position

|                             | December 31,<br>2007 | December 31,<br>2006<br>(in thousands) | Increase<br>(decrease) |
|-----------------------------|----------------------|--|------------------------|
| <b>Selected Assets</b>      |                      |  |                        |
| Storage facilities net      | \$ 1,647,118         | \$ 1,566,815                           | \$ 80,303              |
| Cash and cash equivalents   | \$ 4,517             | \$ 19,716                              | \$ (15,199)            |
| Other assets                | \$ 14,270            | \$ 6,475                               | \$ 7,795               |
| <b>Selected Liabilities</b> |                      |  |                        |
| Revolving credit facility   | \$ 219,000           | \$ 90,500                              | \$ 128,500             |
| Secured term loan           | \$ 47,444            | \$ -                                   | \$ 47,444              |
| Distributions payable       | \$ 11,300            | \$ 18,197                              | \$ (6,897)             |

Storage facilities increased \$80.3 million, cash and cash equivalents decreased \$15.2 million, our revolving credit facility increased \$128.5 million and the secured term loan increased \$47.4 million primarily as a result of the 2007 Acquisitions. The change in other assets is primarily attributable to intangible assets assumed in conjunction with the 2007 acquisitions, which had a net carrying value of \$4.6 million at December 31, 2007, as well as an increase in prepaid expenses, which is related to the timing of certain expenditures. The change in the revolving credit facility and secured term loan is also attributable to the repayment of multiple mortgage notes during 2007. Distributions payable decreased as a result of a board approved dividend decrease from \$0.29 per share in the third quarter of 2007 to \$0.18 per share in the fourth quarter of 2007.

**Contractual Obligations**

The following table summarizes our known contractual obligations as of December 31, 2007 (in thousands):

|  | <b>Total</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013 and thereafter</b> |
|--|--------------|-------------|-------------|-------------|-------------|-------------|----------------------------|
| Mortgage loans and notes payable (a)                                 | \$ 559,916   | \$ 11,541   | \$ 94,425   | \$ 112,497  | \$ 88,180   | \$ 162,347  | \$ 90,926                  |
| Revolving credit facility, unsecured term loan and secured term loan | 438,900      |             | 438,900     |             |             |             |                            |
| Interest payments (b)  | 169,148      | 59,044      | 50,727      | 22,620      | 14,547      | 10,838      | 11,372                     |
| Ground leases and third party office lease                           | 2,625        | 537         | 434         | 428         | 428         | 387         | 411                        |
| Related party office leases  | 3,322        | 468         | 453         | 453         | 475         | 475         | 998                        |
| Software contracts   | 700          | 350         | 350         |             |             |             |                            |
| Employment contracts   | 1,363        | 775         | 588         |             |             |             |                            |
|  | \$ 1,175,974 | \$ 72,715   | \$ 585,877  | \$ 135,998  | \$ 103,630  | \$ 174,047  | \$ 103,707                 |

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

(b) Interest on variable rate debt calculated using LIBOR of 5.03%.

We expect that the contractual obligations owed in 2008 will be satisfied by a combination of cash generated from operations and from draws on the revolving credit facility.

**Off-Balance Sheet Arrangements**

We do not currently have any off-balance sheet arrangements.

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

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

**Market Risk**

Our investment policy relating to cash and cash equivalents is to preserve principal and liquidity while maximizing the return through investment of available funds. We did not hold any auction rate securities at December 31, 2006 or December 31, 2007.

**Effect of Changes in Interest Rates on our Outstanding Debt**

The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market rates. The range of changes chosen reflects our view of changes which are reasonably possible over a one year period. Market values are the present value of projected future cash flows based on the market rates chosen.

Our financial instruments consist of both fixed and variable rate debt. As of December 31, 2007, our consolidated debt consisted of \$556.4 million in fixed rate loans payable and variable rate loans totaling \$471.1 million, consisting of \$219.0 million borrowings under our variable rate revolving credit facility, \$200.0 million in a variable rate unsecured term loan and \$52.1 million in a variable rate secured loans. All financial instruments were entered into for other than trading purposes and the net market value of these financial instruments is referred to as the net financial position. Changes in interest rates have different impacts on the fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position, but has no impact on interest incurred or cash flows. A

change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows, but does not impact the net financial instrument position.

If market rates of interest on our variable rate debt increase by 1%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by approximately \$4.4 million a year. If market rates of interest on our variable rate debt decrease by 1%, the decrease in interest expense on our variable rate debt would increase future earnings and cash flows by approximately \$4.4 million a year.

If market rates of interest increase by 1%, the fair value of our outstanding fixed rate mortgage debt would decrease by approximately \$18.2 million. If market rates of interest decrease by 1%, the fair value of our outstanding fixed rate mortgage debt would increase by approximately \$19.1 million.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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

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

None.

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

##### **Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer ( CEO ) and Chief Financial Officer ( CFO ), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a 15(e) and 15(d) 15(e) under the Securities Exchange Act of 1934, as amended, (the Exchange Act )). Based on that evaluation, the CEO and the CFO have concluded that our disclosure controls and procedures are effective.

##### **Changes in Internal Control Over Financial Reporting**

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During the fourth quarter, we completed the remediation of the material weaknesses in internal control relating to the requisite skills and competencies or appropriate depth of experience of our accounting department personnel to assure the preparation of accurate interim and annual financial statements on a timely basis in accordance with generally accepted accounting principles; inadequate monitoring controls and the appropriate personnel with the requisite skills and competencies to execute an adequate level of oversight to accurately account for the results of our operations, which adversely affected our ability to report our financial results in a timely and accurate manner; and our lack of robust risk assessment processes, including strategic plans, that clearly defined and communicated our goals and objectives throughout our organization identified as of December 31, 2006. There have been no other changes in our internal controls during our most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting or in other factors that could significantly affect internal controls subsequent to the end of the period covered by this report.

### **Management's Report on Internal Control over Financial Reporting**

Management's report on internal control over financial reporting is set forth on page F-2 of this Annual Report on Form 10-K, and is incorporated herein by reference.

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

Not applicable.

**PART III**

**ITEM 10. TRUSTEES AND EXECUTIVE OFFICERS**

We have adopted a Code of Ethics, which is available on our website at [www.u-store-it.com](http://www.u-store-it.com). We intend to disclose any amendment to, or a waiver from, a provision of our Code of Ethics on our website within four business days following the date of the amendment or waiver.

The remaining information required by this item regarding trustees, executive officers and corporate governance is hereby incorporated by reference to the material appearing in the Proxy Statement for the Annual Shareholders Meeting to be held in 2008 (the Proxy Statement) under the captions Proposal 1: Election of Trustees, Executive Officers and Meetings and Committees of the Board of Trustees. The information required by this item regarding compliance with Section 16(a) of the Exchange Act is hereby incorporated by reference to the material appearing in the Proxy Statement under the caption Other Matters Section 16(a) Beneficial Ownership Reporting Compliance.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement under the captions Compensation Discussion and Analysis, Executive Compensation and Other Information, Potential Payments Upon Termination or Change in Control, Trustee Compensation.

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

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

The following table sets forth certain information regarding our equity compensation plans as of December 31, 2007.

| Plan Category                                      | Number of securities to be issued upon exercise of outstanding options, warrants and rights<br>(a) | Weighted-average exercise price of outstanding options, warrants and rights<br>(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))<br>(c) |
|--|--|--|---|
| Equity compensation plans approved by shareholders | 1,916,771(1) \$  | 18.95(2)   | 4,318,445   |

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Equity compensation plans not approved  
by shareholders

|       |           |    |       |           |
|-------|-----------|----|-------|-----------|
| Total | 1,916,771 | \$ | 18.95 | 4,318,445 |
|-------|-----------|----|-------|-----------|



- 
- (1) Excludes 172,814 shares subject to outstanding restricted share unit awards, 5,257 shares subject to outstanding deferred share unit awards, and 13,329 shares subject to deferred shares credited to the account of our Trustees in the U- Store-It Trust Deferred Trustees Plan.
- (2) This number reflects the weighted-average exercise price of outstanding options and has been calculated exclusive of outstanding restricted unit awards.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

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

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

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

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) Documents filed as part of this report:

*1. Financial Statements.*

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

*2. Financial Statement Schedules.*

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

*3. Exhibits.*

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

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

**Exhibit No.**

- |       |  |
|-------|--|
| 3.1*  | Articles of Amendment and Restatement of Declaration of Trust of U-Store-It Trust, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on November 2, 2004.                              |
| 3.2*  | Amended and Restated Bylaws of U-Store-It Trust, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on November 5, 2007.  |
| 4.1*  | Form of Common Share Certificate, incorporated by reference to Exhibit 4.1 to Amendment No. 3 to the Company's Registration Statement on Form S-11, File No. 333-117848.   |
| 10.1* | Second Amended and Restated Agreement of Limited Partnership of U-Store-It, L.P. dated as of October 27, 2004, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on November 2, 2004. |

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- 10.2\* Credit Agreement, dated as of September 14, 2007, by and among U-Store-It, L.P., as borrower, U-Store-It Trust, as parent, Wachovia Capital Markets, LLC, as lead arranger and book manager, Wachovia Bank, National Association as administrative agent and the financial institutions initially signatory thereto and their assignees, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 14, 2007.
- 10.3\* Form of Term Note with respect to the Credit Agreement, dated as of September 14, 2007, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on September 14, 2007.
- 10.4\* Form of Guaranty with respect to the Credit Agreement, dated as of September 14, 2007, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on September 14, 2007.
- 10.5\* Form of Pledge Agreement, with respect to the Credit Agreement, dated as of September 14, 2007, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed on September 14, 2007.

## Edgar Filing: U-Store-It Trust - Form 10-K

- 10.6 \* First Amendment to Credit Agreement, dated as of June 12, 2007, by and among U-Store-It, L.P., as borrower, U-Store-It Trust, as parent, Wachovia Bank, National Association, as agent and each of the financial institutions party thereto, as lenders, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2007.
- 10.7 \* Alternative Currency Note, dated as of June 12, 2007, executed on behalf of U-Store-It, L.P., incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2007.
- 10.8 \* Guarantor Acknowledgment, dated as of June 12, 2007, executed on behalf of U-Store-It, L.P., U-Store-It Mini Warehouse Co., and YSI Management LLC, as guarantors, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2007.
- 10.9 \* Credit Agreement, dated as of November 21, 2006, by and among U-Store-It, L.P., as borrower, U-Store-It Trust, as parent, Wachovia Capital Markets, LLC and Keybank Capital Markets, as joint lead arrangers, Wachovia Capital Markets, LLC, as book manager, Wachovia Bank, National Association, as administrative agent, Keybank National Association, as syndication agent, Bank of America, N.A., SunTrust Bank, and Wells Fargo Bank, National Association, each as documentation agent, and the financial institutions party thereto, as lenders, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on November 28, 2006.
- 10.10 \* Guaranty, dated as of November 21, 2006, executed on behalf of U-Store-It Trust, U-Store-It Mini Warehouse Co., and YSI Management LLC, as guarantors, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on November 28, 2006.
- 10.11 \* Form of Term Note, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on November 28, 2006.
- 10.12 \* Form of Revolving Note, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on November 28, 2006.
- 10.13 \* Form of Swingline Note, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, filed on November 28, 2006.
- 10.14 \* Credit Agreement, dated as of November 1, 2006, by and between U-Store-It, L.P. as borrower and Wachovia Bank, National Association as lender, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on November 7, 2006.
- 10.15 \* Note, dated as of November 1, 2006, executed on behalf of U-Store-It, L.P., incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on November 7, 2006.
- 10.16 \* Guaranty, dated as of November 1, 2006, executed on behalf of U-Store-It Trust, U-Store-It Mini Warehouse Co., and YSI Management LLC, as guarantors, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on November 7, 2006.
- 10.17 \* Form of Security Interest regarding fixed rate mortgage loan between YSI XX LP and TransAmerica Financial Life Insurance Company, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on November 4, 2005.

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- 10.18 \* Secured Promissory Note, dated November 1, 2005 between YSI XX LP and Transamerica Financial Life Insurance Company, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on November 4, 2005.
- 10.19 \* Loan Agreement, dated August 4, 2005 by and between YASKY LLC and LaSalle Bank National Association, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed on November 14, 2005.
- 10.20 \* Loan Agreement, dated July 19, 2005 by and between YSI VI LLC and Lehman Brothers Bank, FSB, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed on November 14, 2005.
- 10.21 \* Loan Agreement, dated as of October 27, 2004 by and between YSI I LLC and Lehman Brothers Holdings Inc. d/b/a Lehman Capital, a division of Lehman Brothers Holdings Inc., incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.22 \* Loan Agreement, dated as of October 27, 2004 by and between YSI II LLC and Lehman Brothers Holdings Inc. d/b/a/Lehman Capital, a division of Lehman Brothers Holdings Inc., incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.23 \* Loan Agreement, dated as of October 27, 2004 by and between YSI III LLC and Lehman Brothers Bank, FSB, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.24 \* Settlement Agreement and Mutual Release, by and among U-Store-It Trust, U-Store-It, L.P., YSI Management LLC, U-Store-It Mini Warehouse Co., U-Store-It Development LLC, Dean Jernigan, Kathleen A. Weigand, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell, Kyle V. Amsdell, Rising Tide Development LLC, and Amsdell and Amsdell, dated August 6, 2007, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.25 \* Purchase and Sale Agreement, by and between U-Store-It, L.P. and Rising Tide Development LLC, dated August 6, 2007, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.26 \* Standstill Agreement, by and among, U-Store-It Trust, Robert J. Amsdell, Barry L. Amsdell and Todd C. Amsdell, dated August 6, 2007, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.27 \* First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated March 29, 2005, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.28 \* First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated December 5, 2005, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.29 \* First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated December 5, 2005, incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K, filed on August 7, 2007.

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- 10.30 \* First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated December 5, 2005, incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.31 \* First Amendment to Lease, by and between U-Store-It, L.P. and Amsdell and Amsdell, dated August 6, 2007, amending Lease dated December 5, 2005, incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.32 \* Option Termination Agreement, by and between U-Store-It, L.P. and Rising Tide Development LLC, dated August 6, 2007, incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.33 \* Property Management Termination Agreement, by and among U-Store-It Trust, YSI Management LLC, and Rising Tide Development LLC, dated August 6, 2007, incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.34 \* Marketing and Ancillary Services Termination Agreement, by and among U-Store-It Trust, U-Store-It Mini Warehouse Co., and Rising Tide Development LLC, dated August 6, 2007, incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.35 \* Office Lease, dated March 29, 2005, by and between Amsdell and Amsdell and U-Store-It, L.P., incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004, filed on March 31, 2005.
- 10.36 \* Lease, dated June 29, 2005 by and between Amsdell and Amsdell and U-Store-It, L.P., incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed on August 12, 2005.
- 10.37 \* Lease, dated June 29, 2005 by and between Amsdell and Amsdell and U-Store-It, L.P., incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed on August 12, 2005.
- 10.38 \* Non-Exclusive Aircraft Lease Agreement, dated July 1, 2005 by and between Aqua Sun Investments, L.L.C. and U-Store-It, L.P., incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed on August 12, 2005.
- 10.39 \* Marketing and Ancillary Services Agreement, dated as of October 27, 2004 by and between U-Store-It Mini Warehouse Co. and Rising Tide Development, LLC incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.40 \* Property Management Agreement, dated as of October 27, 2004 by and between YSI Management LLC and Rising Tide Development, LLC, incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.41 \* Option Agreement, dated as of October 27, 2004 by and between U-Store-It, L.P. and Rising Tide Development, LLC, incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K, filed on November 2, 2004.

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- 10.42 \* Agreement for Sale and Purchase dated as of April 3, 2006, by and among JPG 3595 Anderson Farm, LLC, JPG 1350 N. 1st Street, L.P., JPG 1236 Texas Street, L.P., JPG 201 N. I-35 L.P., JPG 6446 East Main, LLC, JPG 5411 West Broad, LLC, JPG 3300 Southwest LLC, JPG 5252 Nike Drive, LLC, JPG 43 Old Olden, LLC, and U-Store-It, L.P., incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, filed on April 24, 2006.
- 10.43 \* Amended and Restated Employment Agreement, dated as of August 23, 2006, by and between U-Store-It Trust and Todd C. Amsdell, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on August 28, 2006.
- 10.44 \* Amended and Restated Executive Employment Agreement, dated April 20, 2007, by and between U-Store-It Trust and Dean Jernigan, incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.45 \* Amended and Restated Executive Employment Agreement, dated April 20, 2007, by and between U-Store-It Trust and Christopher P. Marr, incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.46 \* Amended and Restated Executive Employment Agreement, dated April 20, 2007, by and between U-Store-It Trust and Timothy M. Martin, incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.47 \* Amended and Restated Executive Employment Agreement, dated April 20, 2007, by and between U-Store-It Trust and Stephen R. Nichols, incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.48 \* Amended and Restated Executive Employment Agreement, dated April 20, 2007, by and between U-Store-It Trust and Kathleen A. Weigand, incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.49 Indemnification Agreement, dated as of January 25, 2008 by and among U-Store-It Trust, U-Store-It, L.P. and Daniel B. Hurwitz, filed herewith.
- 10.50 \* Indemnification Agreement, dated as of March 22, 2007 by and among U-Store-It Trust, U-Store-It, L.P. and Marianne M. Keler, incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.51 \* Indemnification Agreement, dated as of December 11, 2006, by and among U-Store-It Trust, U-Store-It, L.P. and Timothy M. Martin, incorporated by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K, filed on March 16, 2007.
- 10.52 \* Indemnification Agreement, dated as of July 10, 2006, by and among U-Store-It Trust, U-Store-It, L.P. and Stephen R. Nichols, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on July 10, 2006.
- 10.53 \* Indemnification Agreement, dated June 5, 2006 by and among U-Store-It Trust, U-Store- It, L.P. and Christopher P. Marr, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on August 8, 2006.
- 10.54 \* Indemnification Agreement, dated as of April 24, 2006 by and among U-Store-It Trust, U-Store-It, L.P. and Dean Jernigan, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on April 24, 2006.

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- 10.55 \* Indemnification Agreement, dated as of February 24, 2006 by and among U-Store-It Trust, U-Store-It, L.P. and Kathleen A. Weigand, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on March 1, 2006.
- 10.56 \* Indemnification Agreement, dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and Robert J. Amsdell, incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.57 \* Indemnification Agreement, dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and Barry L. Amsdell, incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.58 \* Indemnification Agreement, dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and Todd C. Amsdell, incorporated by reference to Exhibit 10.15 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.59 \* Indemnification Agreement, dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and John C. Dannemiller, incorporated by reference to Exhibit 10.17 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.60 \* Indemnification Agreement, dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and Thomas A. Commes, incorporated by reference to Exhibit 10.18 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.61 \* Indemnification Agreement, dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and David J. LaRue, incorporated by reference to Exhibit 10.19 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.62 \* Indemnification Agreement, dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and Harold S. Haller, incorporated by reference to Exhibit 10.20 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.63 \* Indemnification Agreement, dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and William M. Diefenderfer III, incorporated by reference to Exhibit 10.21 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.64 \* Modification of Noncompetition Agreement and Termination of Employment Agreement, by and between U-Store-It Trust and Robert J. Amsdell, dated August 6, 2007, incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.65 \* Modification of Noncompetition Agreement and Termination of Employment Agreement, by and between U-Store-It Trust and Todd C. Amsdell, dated August 6, 2007, incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.66 \* Modification of Noncompetition Agreement, by and between U-Store-It Trust and Barry L. Amsdell, dated August 6, 2007, incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K, filed on August 7, 2007.
- 10.67 \* Noncompetition Agreement, dated as of December 11, 2006, by and between U-Store-It Trust and Timothy M. Martin, incorporated by reference to Exhibit 10.62 to the Company's Annual Report on Form 10-K, filed on March 16, 2007.



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- 10.68 \* Noncompetition Agreement, dated as of July 10, 2006, by and between U-Store-It Trust and Stephen R. Nichols, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed on July 10, 2006.
- 10.69 \* Noncompetition Agreement, dated as of June 5, 2006, by and between U-Store-It Trust and Christopher P. Marr, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on August 8, 2006.
- 10.70 \* Noncompetition Agreement, dated as of April 24, 2006 by and between U-Store-It Trust and Dean Jernigan, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on April 24, 2006.
- 10.71 \* Noncompetition Agreement, dated as of October 27, 2004 by and between U-Store-It Trust and Barry L. Amsdell, incorporated by reference to Exhibit 10.26 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.72 \* Noncompetition Agreement, dated as of October 27, 2004 by and between U-Store-It Trust and Robert J. Amsdell, incorporated by reference to Exhibit 10.22 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.73 \* Noncompetition Agreement, dated as of October 27, 2004 by and between U-Store-It Trust and Todd C. Amsdell, incorporated by reference to Exhibit 10.24 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 10.74 \* Schedule of Compensation for Non-Employee Trustees of U-Store-It Trust, effective May 8, 2007 incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.75 \* Schedule of 2008 Equity Awards for Executive Officers of U-Store-It Trust, incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K, filed on January 25, 2008.
- 10.76 \* Schedule of 2007 Annual Incentive Payouts and 2008 Base Salaries for Executive Officers of U-Store-It Trust, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed on January 25, 2008.
- 10.77 \* Schedule of 2007 Equity Awards to Executive Officers of U-Store-It Trust, incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K, filed on March 28, 2007.
- 10.78 \* Schedule of 2007 Salaries Approved for Named Executive Officers, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed February 26, 2007.
- 10.79 \* Deferred Share Agreement, dated as of February 24, 2006, by and between U-Store-It Trust and Kathleen A. Weigand, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on March 1, 2006.
- 10.80 \* Non-Qualified Share Option Agreement, dated as of July 10, 2006, by and between U-Store-It Trust and Stephen R. Nichols, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K/A, filed on July 13, 2006.
- 10.81 \* Non-Qualified Share Option Agreement, dated as of June 5, 2006, by and between U-Store-It Trust and Christopher P. Marr, incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on August 8, 2006.

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- 10.82 \* Non-Qualified Share Option Agreement, dated as of April 19, 2006, by and between U-Store-It Trust and Dean Jernigan, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed on April 24, 2006.
- 10.83 Form of Restricted Share Agreement for Non-Employee Trustees under the U-Store-It Trust 2007 Equity Incentive Plan, filed herewith.
- 10.84 \* Form of Restricted Share Agreement for Non-Employee Trustees under the U-Store-It Trust 2004 Equity Incentive Plan, incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.85 \* Form of Nonqualified Share Option Agreement (Three-Year Vesting) under the U-Store-It Trust 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on January 25, 2008.
- 10.86 \* Form of Non-Qualified Share Option Agreement under the U-Store-It Trust 2004 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.87 \* Form of Performance-Vested Restricted Share Agreement under the U-Store-It Trust 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on January 25, 2008.
- 10.88 \* Form of Performance-Vested Restricted Share Agreement under the U-Store-It Trust 2004 Equity Incentive Plan, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.89 \* Form of Restricted Share Agreement under the U-Store-It Trust 2007 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on January 25, 2008.
- 10.90 \* Form of Restricted Share Agreement under the U-Store-It Trust 2004 Equity Incentive Plan, incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.91 \* Restricted Share Agreement, dated as of December 11, 2006, by and between U-Store-It Trust and Timothy M. Martin, incorporated by reference to Exhibit 10.88 to the Company's Annual Report on Form 10-K, filed on March 16, 2007.
- 10.92 \* Restricted Share Agreement, dated as of July 10, 2006, by and between U-Store-It Trust and Stephen R. Nichols, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed July 10, 2006.
- 10.93 \* Restricted Share Agreement, dated as of June 5, 2006, by and between U-Store-It Trust and Christopher P. Marr, incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q, filed August 8, 2006.
- 10.94 \* U-Store-It Trust Trustees Deferred Compensation Plan, amended and restated as of January 1, 2007, incorporated by reference to Exhibit 10.91 to the Company's Annual Report on Form 10-K, filed March 16, 2007.
- 10.95 \* U-Store-It Trust Executive Deferred Compensation Plan, amended and restated as of January 1, 2007, incorporated by reference to Exhibit 10.92 to the Company's Annual Report on Form 10-K, filed March 16, 2007.

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- 10.96 \* U-Store-It Trust Deferred Trustees Plan, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 6, 2005.
- 10.97 \* 2007 Equity Incentive Plan of U-Store-It Trust effective as of May 8, 2007, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on May 10, 2007.
- 10.98 \* 2004 Equity Incentive Plan of U-Store-It Trust effective as of October 19, 2004, incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K, filed on November 2, 2004.
- 21.1 List of Subsidiaries.
- 23.1 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of Chief Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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\* Incorporated herein by reference as above indicated.

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

**SIGNATURES**

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

U-STORE-IT TRUST

By: /s/ Christopher P. Marr  
 Christopher P. Marr  
 Chief Financial Officer

Date: February 29, 2008

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

| <b>Signature</b>   | <b>Title</b>   | <b>Date</b>       |
|--|--|-------------------|
| /s/ William M. Diefenderfer III<br>William M. Diefenderfer III | Chairman of the Board of Trustees                          | February 29, 2008 |
| /s/ Dean Jernigan<br>Dean Jernigan                             | Chief Executive Officer<br>(Principal Executive Officer)   | February 29, 2008 |
| /s/ Christopher P. Marr<br>Christopher P. Marr                 | Chief Financial Officer<br>(Principal Financial Officer)   | February 29, 2008 |
| /s/ Timothy M. Martin<br>Timothy M. Martin                     | Chief Accounting Officer<br>(Principal Accounting Officer) | February 29, 2008 |
| /s/ Thomas A. Commes<br>Thomas A. Commes                       | Trustee  | February 29, 2008 |
| /s/ John C. Dannemiller<br>John C. Dannemiller                 | Trustee  | February 29, 2008 |
| /s/ Harold S. Haller<br>Harold S. Haller                       | Trustee  | February 29, 2008 |
| /s/ Daniel B. Hurwitz<br>Daniel B. Hurwitz                     | Trustee  | February 29, 2008 |
| /s/ Marianne M. Keler<br>Marianne M. Keler                     | Trustee  | February 29, 2008 |
| /s/ David J. LaRue<br>David J. LaRue                           | Trustee  | February 29, 2008 |



**FINANCIAL STATEMENTS**  
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**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and the disposition of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that the receipts and expenditures of the Company are being made only in accordance with the authorization of the Company's management and its Board of Trustees; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

Under the supervision, and with the participation, of the Company's management, including the principal executive officer and principal financial officer, we conducted a review, evaluation and assessment of the effectiveness of our internal control over financial reporting as of December 31, 2007, based upon the Committee of Sponsoring Organizations of the Treadway Commission (COSO) criteria. In performing its assessment of the effectiveness of internal control over financial reporting, management has concluded that, as of December 31, 2007, our internal control over financial reporting was effective based on the COSO framework.

The effectiveness of our internal control over financial reporting as of December 31, 2007, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report that appears herein.

February 29, 2008

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Trustees and Shareholders of  
U-Store-It Trust  
Cleveland, Ohio

We have audited the internal control over financial reporting of U-Store-It Trust and subsidiaries (the Company), as of December 31, 2007 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report of internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2007, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year ended December 31, 2007, and the financial statement schedule as of and for the year ended December 31, 2007 of the Company and our report

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dated February 29, 2008 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Cleveland, Ohio  
February 29, 2008

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Trustees and Shareholders of  
U-Store-It Trust  
Cleveland, Ohio

We have audited the accompanying consolidated balance sheets of U-Store-It Trust and subsidiaries (the Company) as of December 31, 2007 and 2006 and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of U-Store-It Trust and subsidiaries as of December 31, 2007 and 2006 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth herein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Cleveland, Ohio  
February 29, 2008

## U-STORE-IT TRUST AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

|  | December 31,<br>2007 | December 31,<br>2006 |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| Storage facilities   | \$ 1,916,396         | \$ 1,771,864         |
| Accumulated depreciation   | (269,278)            | (205,049)            |
|  | 1,647,118            | 1,566,815            |
| Cash and cash equivalents  | 4,517                | 19,716               |
| Restricted cash  | 15,818               | 14,126               |
| Loan procurement costs - net of amortization   | 6,108                | 7,575                |
| Other assets   | 14,270               | 6,475                |
| Due from related parties   |                      | 632                  |
| Total assets   | \$ 1,687,831         | \$ 1,615,339         |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>   |                      |                      |
| Revolving credit facility  | \$ 219,000           | \$ 90,500            |
| Unsecured term loan  | 200,000              | 200,000              |
| Secured term loan  | 47,444               |                      |
| Mortgage loans and notes payable   | 561,057              | 588,930              |
| Accounts payable and accrued expenses  | 33,623               | 22,590               |
| Due to related parties   | 110                  | 336                  |
| Distributions payable  | 11,300               | 18,197               |
| Deferred revenue   | 10,148               | 9,740                |
| Security deposits  | 548                  | 655                  |
| Total liabilities  | 1,083,230            | 930,948              |
| Minority interests   | 48,982               | 56,898               |
| Commitments and contingencies  |                      |                      |
| Shareholders Equity  |                      |                      |
| Common shares \$.01 par value, 200,000,000 shares authorized, 57,577,232 and 57,335,490 shares issued and outstanding at December 31, 2007 and December 31, 2006, respectively | 576                  | 573                  |
| Additional paid in capital   | 797,940              | 794,632              |
| Accumulated other comprehensive loss   | (1,664)              |                      |
| Accumulated deficit  | (241,233)            | (167,712)            |
| Total shareholders equity  | 555,619              | 627,493              |
| Total liabilities and shareholders equity  | \$ 1,687,831         | \$ 1,615,339         |

See accompanying notes to the consolidated financial statements.

## U-STORE-IT TRUST AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF

## OPERATIONS

|   | For the Year ended December 31,                          |                   |                 |
|---|--|-------------------|-----------------|
|   | 2007   | 2006              | 2005            |
|   | (Dollars and shares in thousands, except per share data) |                   |                 |
| <b>REVENUES</b>   |  |                   |                 |
| Rental income   | \$ 211,974   | \$ 195,331        | \$ 135,169      |
| Other property related income   | 16,828   | 14,816            | 10,001          |
| Other - related party   | 365  | 457               | 405             |
| Total revenues  | 229,167  | 210,604           | 145,575         |
| <b>OPERATING EXPENSES</b>   |  |                   |                 |
| Property operating expenses   | 96,802   | 85,415            | 54,793          |
| Property operating expenses - related party                               | 59   | 69                | 43              |
| Depreciation  | 70,192   | 64,079            | 39,479          |
| Asset write-off   |  | 305               |                 |
| Lease abandonment   | 1,316  |                   |                 |
| General and administrative  | 21,966   | 21,675            | 17,786          |
| General and administrative - related party                                | 337  | 613               | 736             |
| Total operating expenses  | 190,672  | 172,156           | 112,837         |
| <b>OPERATING INCOME</b>   | <b>38,495</b>  | <b>38,448</b>     | <b>32,738</b>   |
| <b>OTHER INCOME (EXPENSE)</b>   |  |                   |                 |
| Interest:   |  |                   |                 |
| Interest expense on loans   | (54,108)   | (45,628)          | (31,907)        |
| Loan procurement amortization expense                                     | (1,772)  | (1,972)           | (2,045)         |
| Write-off of loan procurement cost due to early extinguishment of debt    |  | (1,907)           | (93)            |
| Interest income   | 401  | 1,336             | 2,404           |
| Other   | 118  | 191               | (47)            |
| Total other expense   | (55,361)   | (47,980)          | (31,688)        |
| <b>INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTERESTS</b> | <b>(16,866)</b>  | <b>(9,532)</b>    | <b>1,050</b>    |
| <b>MINORITY INTERESTS</b>   | <b>1,385</b>   | <b>790</b>        | <b>(71)</b>     |
| <b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>                           | <b>(15,481)</b>  | <b>(8,742)</b>    | <b>979</b>      |
| <b>DISCONTINUED OPERATIONS</b>  |  |                   |                 |
| Income from operations  | 102  | 208               | 452             |
| Gain on disposition of discontinued operations                            | 2,517  |                   | 179             |
| Minority interest attributable to discontinued operations                 | (215)  | (17)              | (42)            |
| Income from discontinued operations                                       | 2,404  | 191               | 589             |
| <b>NET INCOME (LOSS)</b>  | <b>\$ (13,077)</b>                                       | <b>\$ (8,551)</b> | <b>\$ 1,568</b> |
| Basic and diluted earnings (loss) per share from continuing operations    | \$ (0.26)  | \$ (0.15)         | \$ 0.02         |
| Basic and diluted earnings (loss) per share from discontinued operations  | \$ 0.04  | \$                | \$ 0.02         |
| Basic and diluted earnings (loss) per share                               | \$ (0.22)  | \$ (0.15)         | \$ 0.04         |
| Weighted-average basic shares outstanding                                 | 57,497   | 57,287            | 42,120          |
| Weighted-average diluted shares outstanding                               | 57,497   | 57,287            | 42,203          |
| Distributions declared per common share and unit                          | \$ 1.05  | \$ 1.16           | \$ 1.13         |

See accompanying notes to the consolidated financial statements.



## U-STORE-IT TRUST AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(in thousands)

|   | Common Shares |        | Additional         | Accumulated                 | Accumulated  | Total      |
|---|---------------|--------|--------------------|-----------------------------|--------------|------------|
|   | Number        | Amount | Paid in<br>Capital | Other Comprehensive<br>Loss | Deficit      |            |
| <b>Balance at December 31, 2004</b>                       | 37,345        | \$ 373 | \$ 394,293         |                             | \$ (37,441)  | \$ 357,225 |
| Net proceeds from sale of common shares                   | 19,665        | 197    | 378,550            |                             |              | 378,747    |
| Issuance of trustee deferred shares                       |               |        | 82                 |                             |              | 82         |
| Amortization of restricted shares                         |               |        | 1,734              |                             |              | 1,734      |
| Share compensation expense                                |               |        | 510                |                             |              | 510        |
| Adjustment for minority interest in operating partnership |               |        | 15,203             |                             |              | 15,203     |
| Net income  |               |        |                    |                             | 1,568        | 1,568      |
| Accretion of operating partnership units                  |               |        |                    |                             | (2,976)      | (2,976)    |
| Distributions   |               |        |                    |                             | (53,624)     | (53,624)   |
| <b>Balance at December 31, 2005</b>                       | 57,010        | \$ 570 | \$ 790,372         |                             | \$ (92,473)  | \$ 698,469 |
| Issuance of restricted shares                             | 139           | 1      |                    |                             |              | 1          |
| Proceeds from option exercise                             | 186           | 2      | 2,985              |                             |              | 2,987      |
| Amortization of restricted shares                         |               |        | 649                |                             |              | 649        |
| Share compensation expense                                |               |        | 444                |                             |              | 444        |
| Issuance of trustee deferred shares                       |               |        | 176                |                             |              | 176        |
| Adjustment for minority interest in operating partnership |               |        | 6                  |                             |              | 6          |
| Net loss  |               |        |                    |                             | (8,551)      | (8,551)    |
| Distributions   |               |        |                    |                             | (66,688)     | (66,688)   |
| <b>Balance at December 31, 2006</b>                       | 57,335        | \$ 573 | \$ 794,632         |                             | \$ (167,712) | \$ 627,493 |
| Issuance of restricted shares                             | 123           | 2      |                    |                             |              | 2          |
| Conversion from units to shares                           | 119           | 1      |                    |                             |              | 1          |
| Amortization of restricted shares                         |               |        | 972                |                             |              | 972        |
| Share compensation expense                                |               |        | 867                |                             |              | 867        |
| Adjustment for minority interest in operating partnership |               |        | 1,469              |                             |              | 1,469      |
| Comprehensive loss  |               |        |                    |                             | (13,077)     | (13,077)   |
| Net loss  |               |        |                    |                             | (13,077)     | (13,077)   |
| Other comprehensive loss                                  |               |        |                    |                             |              |            |
| Unrealized loss on interest rate swap                     |               |        |                    | (1,545)                     |              | (1,545)    |
| Unrealized loss on foreign currency translation           |               |        |                    | (119)                       |              | (119)      |
| Total comprehensive loss                                  |               |        |                    |                             |              | (14,741)   |
| Distributions   |               |        |                    |                             | (60,444)     | (60,444)   |
| <b>Balance at December 31, 2007</b>                       | 57,577        | \$ 576 | \$ 797,940         |                             | (1,664)      | \$ 555,619 |

See accompanying notes to the consolidated financial statements.





**U-STORE-IT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

|  | For the year ended December 31, |              |              |
|--|---------------------------------|--------------|--------------|
|  | 2007                            | 2006         | 2005         |
| <b>Operating Activities</b>  |                                 |              |              |
| Net income (loss)  | \$ (13,077)                     | \$ (8,551)   | \$ 1,568     |
| Adjustments to reconcile net income (loss) to cash provided by operating activities: |                                 |              |              |
| Depreciation and amortization  | 72,218                          | 66,727       | 42,174       |
| Asset write-off  |                                 | 305          |              |
| Lease abandonment charge   | 1,316                           |              |              |
| Gain on disposition of discontinued operations                                       | (2,311)                         |              |              |
| Equity compensation expense  | 1,840                           | 1,272        | 2,244        |
| Accretion of fair market value of debt   | (367)                           | (692)        | (378)        |
| Early extinguishment of debt   |                                 | 1,907        | 93           |
| Minority interests   | (995)                           | (773)        | 113          |
| Gain on sale of assets   |                                 |              | (179)        |
| Changes in other operating accounts:   |                                 |              |              |
| Other assets   | (2,756)                         | (350)        | (2,674)      |
| Accounts payable and accrued expenses  | 6,660                           | 5,733        | 3,187        |
| Other liabilities  | 346                             | (1,011)      | (42)         |
| Net cash provided by operating activities  | \$ 62,874                       | \$ 64,567    | \$ 46,106    |
| <b>Investing Activities</b>  |                                 |              |              |
| Acquisitions, additions and improvements to storage facilities                       | (48,014)                        | (312,352)    | (381,083)    |
| Acquisitions, additions and improvements to storage facilities - related party       | (121,805)                       | (37,414)     | (10,889)     |
| Proceeds from sales of properties  | 17,935                          | 42           | 6,203        |
| Proceeds from sales of marketable securities   |                                 | 114,170      | 29,825       |
| Investment in marketable securities  |                                 | (19,000)     | (124,995)    |
| Insurance settlements  |                                 | 1,712        | 500          |
| Decrease (increase) in restricted cash   | (1,692)                         | 4,795        | (8,624)      |
| Net cash used in investing activities  | \$ (153,576)                    | \$ (248,047) | \$ (489,063) |
| <b>Financing Activities</b>  |                                 |              |              |
| Net proceeds from sale of common shares  |                                 |              | 378,747      |
| Proceeds from:   |                                 |              |              |
| Revolving credit facility  | 156,500                         | 331,000      |              |
| Unsecured Term Loan  |                                 | 200,000      |              |
| Secured term loan  | 47,444                          |              |              |
| Mortgage loans and notes payable   | 4,651                           |              | 409,257      |
| Short-term financing   |                                 | 80,000       |              |
| Principal payments on:   |                                 |              |              |
| Revolving credit facility  | (28,000)                        | (240,500)    |              |
| Mortgage loans and notes payable   | (32,157)                        | (114,111)    | (219,875)    |
| Short term financing   |                                 | (80,000)     |              |
| Capital lease obligations  |                                 | (39)         | (100)        |
| Distributions paid to shareholders   | (66,816)                        | (66,623)     | (44,532)     |
| Distributions paid to minority partners  | (5,975)                         | (6,017)      | (2,349)      |
| Loan procurement costs   | (144)                           | (2,398)      | (4,691)      |
| Proceeds from exercise of stock options  |                                 | 2,985        |              |
| Net cash from (used in) financing activities   | \$ 75,503                       | \$ 104,297   | \$ 516,547   |

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|   |           |           |           |
|---|-----------|-----------|-----------|
| Increase (decrease) in cash and cash equivalents      | (15,199)  | (79,183)  | 73,500    |
| Cash and cash equivalents at beginning of year        | 19,716    | 98,899    | 25,399    |
| Cash and cash equivalents at end of year              | \$ 4,517  | 19,716    | \$ 98,899 |
| <b>Supplemental Cash Flow Information</b>             |           |           |           |
| Cash paid for interest, net of interest capitalized   | \$ 53,952 | \$ 45,461 | \$ 33,893 |
| <b>Supplemental disclosure of noncash activities:</b> |           |           |           |
| Acquisitions of facilities:                           |           |           |           |
| Issuance of OP units                                  |           |           | (68,594)  |
| Mortgage loans  |           | (34,451)  | (99,782)  |
| Other, net  |           | (2,032)   | (1,660)   |

See accompanying notes to the consolidated financial statements.

**U-STORE-IT TRUST AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. ORGANIZATION AND NATURE OF OPERATIONS**

U-Store-It Trust, a Maryland real estate investment trust (collectively with its subsidiaries, we or the Company), is a self-administered and self-managed real estate investment trust, or REIT, active in acquiring, developing and operating self-storage properties for business and personal use under month-to-month leases. As of December 31, 2007, the Company owned 409 self-storage facilities (collectively, the Properties) containing an aggregate of approximately 26.1 million rentable square feet. The Properties are located in 26 states throughout the United States. All references to building square footage, occupancy percentage, and the number of buildings are unaudited.

The Company owns substantially all of its assets through U-Store-It, L.P., a Delaware limited partnership (the Operating Partnership). The Company is the sole general partner of the Operating Partnership and, as of December 31, 2007, owned a 91.9% interest in the Operating Partnership. The Company manages its assets through YSI Management, LLC (the Management Company), a wholly owned subsidiary of the Operating Partnership. In addition to managing the Properties, the Management Company managed approximately 1.1 million rentable square feet related to facilities owned by related parties as of December 31, 2007. The Company owns 100% of U-Store-It Mini Warehouse Co. (the TRS), which it has elected to treat as a taxable REIT subsidiary. In general, a taxable REIT subsidiary may perform non-customary services for tenants, hold assets that the Company cannot hold directly and generally may engage in any real estate or non-real estate related business.

The Company was 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 (the Amsdell Entities). The Company commenced operations on October 21, 2004, after completing the mergers of Amsdell Partners, Inc. and High Tide LLC with and into the Company. The Company subsequently completed an initial public offering (IPO) of its common shares on October 27, 2004 concurrently with the consummation of various formation transactions. The IPO consisted of the sale of an aggregate of 28,750,000 common shares (including 3,750,000 shares pursuant to the exercise of the underwriters' over-allotment option) at an offering price of \$16.00 per share, generating gross proceeds of \$460.0 million. The IPO resulted in net proceeds to the Company, after deducting underwriting discount and commissions, financial advisory fees and expenses of the IPO, of approximately \$425.0 million.

In October 2005, the Company completed a follow-on public offering, pursuant to which it sold an aggregate of 19,665,000 common shares (including 2,565,000 shares pursuant to the exercise of the underwriters' option) at an offering price of \$20.35 per share, for gross proceeds of \$400.2 million. The offering resulted in net proceeds to the Company, after deducting underwriting discount and commissions and expenses of the offering, of approximately \$378.7 million.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation

The accompanying consolidated financial statements include all of the accounts of the Company, and its majority-owned and/or controlled subsidiaries. The portion of these entities not owned by the Company is presented as minority interest as of and during the periods consolidated. All significant intercompany accounts and transactions have been eliminated in consolidation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Storage Facilities

Storage facilities are carried at historical cost less accumulated depreciation and impairment losses. The cost of storage facilities reflects their purchase price or development cost. Costs incurred for the acquisition and renovation of a storage facility are capitalized to the Company's investment in that property. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

#### Purchase Price Allocation

When facilities are acquired, the purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values. When a portfolio of facilities is acquired, the purchase price is allocated to the individual facilities based upon an income approach or a cash flow analysis using appropriate risk adjusted capitalization rates, which take into account the relative size, age and location of the individual facility along with current and projected occupancy and rental rate levels or appraised values, if available. Allocations to the individual assets and liabilities are based upon comparable market sales information for land, buildings and improvements and estimates of depreciated replacement cost of equipment.

In allocating the purchase price, the Company determines whether the acquisition includes intangible assets or liabilities. Substantially all of the leases in place at acquired facilities are at market rates, as the majority of the leases are month-to-month contracts. Accordingly, to date no portion of the purchase price has been allocated to above- or below-market lease intangibles. To date, no intangible asset has been recorded for the value of tenant relationships, because the Company does not have any concentrations of significant tenants and the average tenant turnover is fairly frequent. The Company recorded a \$6.8 million intangible asset to recognize the value of in-place leases related to its acquisitions in 2007.

#### Depreciation and Amortization

The costs of self-storage facilities and improvements are depreciated using the straight-line method based on useful lives ranging from five to 40 years.

#### Impairment of Long-Lived Assets

We evaluate long-lived assets for impairment when events and circumstances indicate that there may be impairment. The carrying value of these long-lived assets is compared to the undiscounted future net operating cash flows attributable to the assets. An impairment loss is recorded if the net carrying value of the asset exceeds the fair value based on its undiscounted future net operating cash flows attributable to the asset and circumstances indicate that the carrying value of the real estate asset may not be recoverable. The impairment loss recognized equals the excess of net carrying value over the related fair value of the asset. Approximately \$2.3 million and \$0.4 million of impairment charges were recorded during 2005 and 2007, respectively.

#### Long-Lived Assets Held for Sale

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

Typically these criteria are all met when the relevant asset is under contract, significant non-refundable deposits have been made by the potential buyer, the assets are immediately available for transfer and there are no contingencies related to the sale that may prevent the transaction from closing. In most transactions, these conditions or criteria are not satisfied until the actual closing of the transaction; and, accordingly, the facility is not identified as held for sale until the closing actually occurs. However, each potential transaction is evaluated based on its separate facts and circumstances.

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During 2007, the Company sold three storage facilities in South Carolina and two additional facilities in Arizona. No facilities were sold during 2006 while four storage facilities located in Ohio were sold during 2005. These sales have been accounted for as discontinued operations and, accordingly, the accompanying financial statements and notes reflect the results of operations of the storage facilities sold as discontinued operations (see Note 10).

### Cash and Cash Equivalents

Cash and cash equivalents are highly-liquid investments with original maturities of three months or less. The Company maintains cash equivalents in financial institutions in excess of insured limits, but believes this risk is mitigated by only investing in or through major financial institutions.

### Restricted Cash

Restricted cash consists of purchase deposits and cash deposits required for debt service requirements, capital replacement, and expense reserves in connection with the requirements of our loan agreements.

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### Loan Procurement Costs

Loan procurement costs related to borrowings consist of \$10.3 million and \$10.1 million at December 31, 2007 and 2006, respectively and are reported net of accumulated amortization of \$4.2 million and \$2.5 million as of December 31, 2007 and 2006, respectively. The costs are amortized over the life of the related debt using the effective interest rate method and reported as loan procurement amortization expense.

### Marketable Securities

The Company accounts for its investments in debt and equity securities according to the provisions of SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, which requires securities classified as available-for-sale to be stated at fair value. Adjustments to fair value of available-for-sale securities are recorded as a component of other comprehensive income (loss). A decline in the market value of equity securities below cost, that is deemed to be other than temporary, results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. At December 31, 2005, we had \$95.2 million in auction rate securities (ARS) and variable rate demand notes classified as available-for-sale securities that were all sold in 2006. We had no realized or unrealized gains or losses related to these securities during the years ended December 31, 2007 and 2006. All income related to these investments was recorded as interest income.

### Other Assets

Other assets consist primarily of accounts receivable, prepaid expenses and intangible assets. Accounts receivable were \$2.6 million and \$3.7 million as of December 31, 2007 and 2006, respectively. The Company has recorded an allowance of approximately \$0.5 million and \$1.0 million, respectively, related to accounts receivable as of December 31, 2007 and 2006. The net carrying value of intangible assets as of December 31, 2007 and 2006 was \$4.6 million and \$0.0, respectively.

### Environmental Costs

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.

### Revenue Recognition

Management has determined that all of our leases are operating leases. Rental income is recognized in accordance with the terms of the leases, which generally are month-to-month. Revenues from long-term operating leases are recognized on a straight-line basis over the term of the respective lease. The excess of rents received over amounts contractually due pursuant to the underlying leases is included in deferred revenue in the accompanying consolidated balance sheets and contractually due but unpaid rents are included in other assets.

### Costs Associated with Exit or Disposal Activities

In October 2006, the Company committed to a plan to relocate its accounting, finance and information technology functions to the Philadelphia, Pennsylvania area. As part of the relocation of these functions, the Company provided severance arrangements for certain existing employees related to those functions. At the time the severance arrangements were entered into, the Company estimated a total expense of \$470,000, of which \$45,000 was paid in 2006 and the remainder was paid in 2007.

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In August 2007, the Company abandoned certain office space in Cleveland, OH that was previously used for its corporate offices. The related leases have expiration dates ranging from December 31, 2008 through December 31, 2014. Upon vacating the space, the Company entered into a sub-lease agreement with a sub-tenant to lease the majority of the space for the duration of the term.

As a result of this exit activity, the Company recognized a Lease abandonment charge of \$1.3 million. The charge is comprised of approximately \$0.8 million of costs that represent the present value of the net cash flows associated with leases and the sub-lease agreement ( Contract Termination Costs ) and approximately \$0.5 million of costs associated with the write-off of certain assets related to the abandoned space ( Other Associated Costs ). The Contract Termination Costs of \$0.8 million are presented as Accounts payable and accrued rent and the Other Associated Costs of \$0.5 million were

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accounted for as a reduction of Storage facilities. The Company will amortize the Contract Termination Costs against rental expense over the remaining life of the respective leases.

### Advertising Costs

The Company incurs advertising costs primarily attributable to print advertisements in telephone books. The Company recognizes the costs when the related telephone book is first published. The Company recognized \$4.3 million, \$4.4 million and \$3.6 million in advertising expenses for the years ended 2007, 2006 and 2005, respectively.

### Equity Offering Costs

Underwriting discount and commissions, financial advisory fees and offering costs are reflected as a reduction to additional paid-in capital.

### Other Property Related Income

Other property related income consists of late fees, administrative charges, sales of storage supplies and other ancillary revenues.

### Capitalized Interest

The Company capitalizes interest incurred that is directly associated with construction activities until the asset is placed into service. Interest is capitalized to the related assets using a weighted-average rate of the Company's outstanding debt. The Company capitalized \$0.1 million during 2007, \$0.1 million during 2006 and did not capitalize any interest during 2005.

### Derivative Financial Instruments

We carry all derivatives on the balance sheet at fair value. We determine the fair value of derivatives by reference to quoted market prices. The accounting for changes in the fair value of a derivative instrument depends on whether the derivative has been designated and qualifies as part of a hedging relationship and, if so, the reason for holding it. Our use of derivative instruments has been limited to cash flow hedges of certain interest rate risks. At December 31, 2007 the Company had interest rate swap agreements for notional principal amounts aggregating \$75 million. The Company had no outstanding derivative contracts at December 31, 2006.

### Income Taxes

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

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

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financial versus tax reporting purposes. The tax basis in the Company's assets was \$1.5 billion as of December 31, 2007 and \$1.4 billion as of December 31, 2006.

The Company is subject to a 4% federal excise tax if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% of the annual amount, if any, by which the sum of (a) 85% of the Company's ordinary income and (b) 95% of the Company's net capital gain exceeds cash distributions and certain taxes paid by the Company. No excise tax was incurred in 2007, 2006, or 2005.

TRS's are subject to federal and state income taxes. The TRS recorded a net deferred tax asset of \$0.5 million and \$0.3 million as of December 31, 2007 and 2006, respectively, related to expenses which are deductible for tax purposes in future periods.

### Minority Interests

Minority Interests include income allocated to holders of the Operating Partnership Units (the "OP Minority Interests"). Income is allocated to the OP Minority Interests based on their ownership percentage of the Operating Partnership. This ownership percentage, as well as the total net assets of the Operating Partnership, changes when additional shares of our common stock or Operating Partnership Units are issued. Such changes result in an allocation between shareholders' equity and Minority Interests in the Consolidated Balance Sheets. Due to the number of such capital transactions that occur each period, we have presented a single net effect of all such allocations for the period as the "Adjustment for Minority Interest in

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Operating Partnership in our Consolidated Statements of Shareholders' Equity and Owners' Equity (Deficit) (rather than separately allocating the minority interest for each individual capital transaction). Additionally, the Company accounts for its minority interests subject to redemption provisions under the Disclosure Only approach and accordingly has not adjusted the carrying value of the Company's minority interests for changes in the fair value of the related redemption provisions.

### Earnings per Share

Basic earnings per share is calculated based on the weighted average number of common shares and restricted shares outstanding and/or vested during the period. Diluted earnings per share is calculated by further adjusting for the dilutive impact of share options, unvested restricted shares and contingently issuable shares outstanding during the period using the treasury stock method. The total dilutive impact of these items totaled approximately 22,000, 121,000 and 83,000 in 2007, 2006 and 2005, respectively, and was included in the calculation of diluted earnings per share, unless the inclusion would be anti-dilutive.

### Share Based Payments

We apply the fair value method of accounting for contingently issued shares and share options issued under our incentive award plan. Accordingly, share compensation expense was recorded ratably over the vesting period relating to such contingently issued shares and options. The Company has elected to recognize compensation expense on a straight-line method over the requisite service period. Additionally, certain restricted shares awarded to Robert J. Amsdell, our former Chairman and Chief Executive Officer, vested immediately upon his retirement from the Company by their terms. Since he reached the retirement age set forth in his award during 2005, share compensation expense related to this issuance was expensed fully in 2005.

### Foreign Currency

The financial statements of foreign subsidiaries are translated to U.S. Dollars using the period-end exchange rate for assets and liabilities and an average exchange rate for each period for revenues, expenses, and capital expenditures. The local currency is the functional currency for the Company's foreign subsidiaries. Translation adjustments for foreign subsidiaries are recorded as a component of accumulated other comprehensive loss in shareholders' equity. The Company recognizes transaction gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency in earnings as incurred.

### Recent Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (Revised 2007), *Business Combinations* ( FAS 141(R) ). FAS 141(R) establishes principles and requirements for recognizing identifiable assets acquired, liabilities assumed, noncontrolling interest in the acquiree, goodwill acquired in the combination or the gain from a bargain purchase, and disclosure requirements. Under this revised statement, all costs incurred to effect an acquisition will be recognized separately from the acquisition. Also, restructuring costs that are expected but the acquirer is not obligated to incur will be recognized separately from the acquisition. FAS 141(R) is effective for the Company beginning with its quarter ending March 31, 2009. The Company is currently assessing the potential impacts, if any, on its consolidated financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements* ( FAS 160 ). FAS 160 requires that ownership interests in subsidiaries held by parties other than the parent are clearly identified. In addition, it requires that the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the income statement. FAS 160 is effective for the Company beginning with its quarter ending March 31, 2009. The Company is currently assessing the potential impacts, if any, on its consolidated financial statements.

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In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* ( SFAS No. 159 ). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value, with unrealized gains and losses related to these financial instruments reported in earnings at each subsequent reporting date. This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company is in the process of evaluating the impact of SFAS No. 159 on its financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ( SFAS No. 157 ). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. SFAS No. 157 establishes a

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fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. SFAS No. 157 applies whenever other standards require assets or liabilities to be measured at fair value. This statement is effective in fiscal years beginning after November 15, 2007. The Company believes that the adoption of this standard on January 1, 2008 will not have a material effect on our consolidated financial statements.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* ( FIN 48 ). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on description, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 became effective for the Company on January 1, 2007.

### Operating Segment

The Company has one reportable operating segment; it owns, operates, develops, and manages storage facilities.

### Concentration of Credit Risk

The storage facilities are located in major metropolitan and rural areas and have numerous tenants per facility. No single tenant represents 1% or more of the Company's revenues. The facilities in Florida, California, Texas and Illinois provided total revenues of approximately 19%, 15%, 8% and 7%, respectively, for the year ended December 31, 2007. The facilities in Florida, California, Illinois and New Jersey provided total revenues of approximately 19%, 16%, 7% and 6%, respectively for the year ended December 31, 2006.

## 3. STORAGE FACILITIES

The following summarizes the real estate assets of the Company as of December 31, 2007 and December 31, 2006:

|                               | December 31,<br>2007 | December 31,<br>2006 |
|-------------------------------|----------------------|----------------------|
|                               | (in thousands)       |                      |
| Land                          | \$ 393,715           | \$ 370,196           |
| Buildings and improvements    | 1,324,168            | 1,226,690            |
| Equipment                     | 193,031              | 173,496              |
| Construction in progress      | 5,482                | 1,482                |
| Total                         | 1,916,396            | 1,771,864            |
| Less accumulated depreciation | (269,278)            | (205,049)            |
| Storage facilities net        | \$ 1,647,118         | \$ 1,566,815         |

The carrying value of storage facilities has increased from December 31, 2006 to December 31, 2007, primarily as a result of the 17 acquisitions in 2007. These acquisitions have been allocated to the various asset classes and intangibles disclosed in Note 4 based upon preliminary data and are expected to be finalized during the first half of 2008 once the Company completes its analysis of tangible and intangible values.



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The Company completed the following acquisitions, dispositions and consolidations for the years ended December 31, 2006 and 2007:

| Facility/Portfolio              | Transaction Date | Total Number of Facilities | Purchase / Sale Price (in thousands) |
|---------------------------------|------------------|----------------------------|--------------------------------------|
| <b><u>2007 Acquisitions</u></b> |                  |                            |                                      |
| Sanford Portfolio               | January 2007     | 1                          | \$ 6,300                             |
| Grand Central Portfolio         | January 2007     | 2                          | 13,200                               |
| Rising Tide Portfolio           | September 2007   | 14                         | 121,000                              |
|                                 |                  | 17                         | \$ 140,500                           |
| <b><u>2007 Dispositions</u></b> |                  |                            |                                      |
| South Carolina Assets           | May 2007         | 3                          | \$ 12,750                            |
| Arizona Assets                  | December 2007    | 2                          | 6,440                                |
|                                 |                  | 5                          | \$ 19,190                            |
| <b><u>2006 Acquisitions</u></b> |                  |                            |                                      |
| Nashville, TN Portfolio         | January 2006     | 2                          | \$ 13,100                            |
| Dallas, TX Portfolio            | January 2006     | 2                          | 11,500                               |
| U-Stor Self Storage Portfolio   | February 2006    | 3                          | 10,800                               |
| Sure Save Portfolio             | February 2006    | 24                         | 164,500                              |
| Texas Storage Portfolio         | March 2006       | 4                          | 22,500                               |
| Nickey Portfolio                | April 2006       | 4                          | 13,600                               |
| SecurCare Portfolio             | May 2006         | 4                          | 35,700                               |
| Texas Storage Portfolio         | June 2006        | 1                          | 6,500                                |
| Jernigan Portfolio              | July 2006        | 9                          | 45,300                               |
| U-Stor Self Storage Portfolio   | August 2006      | 1                          | 3,500                                |
| Bailes Portfolio                | August 2006      | 3                          | 15,600                               |
| In & Out Self Storage Portfolio | August 2006      | 1                          | 7,600                                |
| Texas Storage Portfolio         | September 2006   | 2                          | 12,200                               |
|                                 |                  | 60                         | \$ 362,400                           |

The following table summarizes the change in number of self-storage facilities from January 1, 2006 through December 31, 2007:

|                             | 2007 | 2006 |
|-----------------------------|------|------|
| Balance - Beginning of year | 399  | 339  |
| Facilities acquired         | 17   | 60   |
| Facilities consolidated     | (2)  |      |
| Facilities sold             | (5)  |      |
| Balance - End of year       | 409  | 399  |

#### 4. INTANGIBLE ASSETS

In conjunction with the Company's 2007 acquisitions, the Company has allocated a portion of the purchase price to finite-lived intangible assets related to the value of in-place leases, valued at approximately \$6.8 million. The Company recognized approximately \$2.2 million of amortization expense during 2007. The amortization period of these assets is 12 months and the estimated remaining amortization expense that will be recognized during 2008 is \$4.6 million.





## 5. REVOLVING CREDIT FACILITY AND UNSECURED TERM LOAN

As of December 31, 2007, the Company and its operating partnership had in place a three-year \$450 million unsecured credit facility, which was entered into in November 2006, including \$200 million in an unsecured term loan and \$250 million in unsecured revolving loans. The outstanding balance on the Company's credit facility was \$419 million and was comprised of \$200 million of term loan borrowings and \$219 million of unsecured revolving loans. As of December 31, 2007, approximately \$31 million was available under the Company's credit facility. 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. This credit facility is scheduled to terminate on November 20, 2009, with an option for the Company to extend the termination date to November 20, 2010. At December 31, 2007, borrowings under the unsecured credit facility had a weighted average interest rate of 6.06%.

On September 14, 2007, the Company and its Operating Partnership entered into a secured term loan agreement that allows for term loans in the aggregate principal amount of up to \$50 million. Each term loan matures on November 20, 2009, subject to extension in the sole discretion of the lenders. 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 at terms identical to the unsecured revolving credit facility. As of December 31, 2007, there was one term loan outstanding for \$47.4 million. The outstanding term loan is 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, that had a net book value of approximately \$62.1 million at December 31, 2007. At December 31, 2007, the outstanding term loan had an interest rate of 6.18%.

The November 2006 credit facility effectively replaced the former \$250 million unsecured revolving credit facility that was established in February 2006 and a \$50 million term loan that was entered into and terminated during November 2006. The former credit facility had a balance of \$240.5 million and was scheduled to terminate in February 2009 prior to being replaced.

The February 2006 unsecured revolving credit facility replaced the Company's existing \$150.0 million facility, which had no outstanding balance as of December 31, 2005 and was scheduled to terminate in October 2007.

## 6. MORTGAGE LOANS AND NOTES PAYABLE

The Company's mortgage loans and notes payable are summarized as follows:

| Mortgage Loan                                 | Carrying Value as of: |                      | Effective Interest<br>Rate on<br>December 31,<br>2007 | Maturity<br>Date |        |
|---|-----------------------|----------------------|---|------------------|--------|
|   | December 31,<br>2007  | December 31,<br>2006 |   |                  |        |
|   | (in thousands )       |                      |   |                  |        |
| YSI XXIII                                     | \$                    | \$                   | 1,322   | 5.00%            | Jul-07 |
| YSI XVI                                       |                       |                      | 14,261  | 6.49%            | Nov-07 |
| YSI XXII                                      |                       |                      | 993   | 5.00%            | Nov-07 |
| YSI XXIX                                      |                       |                      | 4,374   | 5.00%            | Jan-08 |
| YSI XXI                                       |                       |                      | 1,217   | 5.00%            | Apr-08 |
| Acq IV  |                       | 2,359                | 2,425   | 7.71%            | Dec-08 |
| Acq VI  |                       | 1,746                | 1,787   | 8.43%            | Aug-09 |
| YSI III                                       |                       | 86,712               | 88,332  | 5.09%            | Nov-09 |
| YSI I   |                       | 86,770               | 88,362  | 5.19%            | May-10 |
| YSI IV  |                       | 6,227                | 6,299   | 5.25%            | Jul-10 |
| YSI XXV                                       |                       | 8,201                | 8,304   | 5.00%            | Oct-10 |
| YSI XXVI                                      |                       | 9,956                | 10,176  | 5.00%            | Oct-10 |
| Promissory Notes                              |                       | 92                   | 132   | 5.97%            | Nov-10 |
| YSI II  |                       | 86,843               | 88,400  | 5.33%            | Jan-11 |
| YSI XII                                       |                       | 1,599                | 1,634   | 5.97%            | Sep-11 |
| YSI XIII                                      |                       | 1,374                | 1,404   | 5.97%            | Sep-11 |
| YSI VI  |                       | 79,645               | 80,000  | 5.13%            | Aug-12 |
| YASKY   |                       | 80,000               | 80,000  | 4.96%            | Sep-12 |
| USIFB   |                       | 4,651                |   | 7.10%            | Oct-12 |
| YSI XIV                                       |                       | 1,909                | 1,952   | 5.97%            | Jan-13 |
| YSI VII                                       |                       | 3,280                | 3,334   | 6.50%            | Jun-13 |
| YSI VIII                                      |                       | 1,874                | 1,905   | 6.50%            | Jun-13 |
| YSI IX  |                       | 2,062                | 2,096   | 6.50%            | Jun-13 |
| YSI XVII                                      |                       | 4,477                | 4,583   | 6.32%            | Jul-13 |
| YSI XXVII                                     |                       | 547                  | 561   | 5.59%            | Nov-13 |
| YSI XXX                                       |                       | 8,024                | 8,233   | 5.59%            | Nov-13 |
| YSI XI  |                       | 2,605                | 2,660   | 5.87%            | Dec-13 |
| YSI V   |                       | 3,440                | 3,513   | 5.25%            | Jan-14 |
| YSI XXVIII                                    |                       | 1,676                | 1,712   | 5.59%            | Feb-14 |
| YSI X   |                       | 4,303                | 4,367   | 5.87%            | Jan-15 |
| YSI XV  |                       | 1,999                | 2,035   | 6.41%            | Jan-15 |
| YSI XX  |                       | 67,545               | 71,050  | 5.97%            | Nov-15 |
| Unamortized premiums                          |                       | 1,141                | 1,507   |                  |        |
| <b>Total mortgage loans and notes payable</b> | <b>\$</b>             | <b>561,057</b>       | <b>\$ 588,930</b>                                     |                  |        |

As of December 31, 2007 and 2006, the Company's mortgage loans payable were collateralized by certain of its self-storage facilities with net book values of approximately \$725 million \$795 million, respectively.

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The following table presented below represents the future principal payment requirements on the outstanding mortgage loans and notes payable at December 31, 2007:

|                                 |    |         |
|---------------------------------|----|---------|
| 2008                            | \$ | 11,541  |
| 2009                            |    | 94,425  |
| 2010                            |    | 112,497 |
| 2011                            |    | 88,180  |
| 2012                            |    | 162,347 |
| 2013 and thereafter             |    | 90,926  |
| Total mortgage payments         |    | 559,916 |
| Plus: Unamortized debt premiums |    | 1,141   |
| Total mortgage indebtedness     | \$ | 561,057 |

### 7. MINORITY INTERESTS

Operating partnership minority interests relate to the interests in the operating partnership that are not owned by the Company, which, at December 31, 2007, 2006 and 2005, amounted to approximately 8.1%, 8.3% and 8.4%, respectively. These minority interests were issued in the form of Operating Partnership units and were a component of the consideration the Company paid to acquire certain self-storage facilities. Limited partners who acquired Operating Partnership units have the right to require the Operating Partnership to redeem part or all of their Operating Partnership units for, at the Company's option, an equivalent number of common shares of the Company or cash based upon the fair market value of an equivalent number of common shares of the Company. The market value of the Company's common shares for this purpose will be equal to the average of the closing trading price of the Company's common shares on the New York Stock Exchange for the 10 trading days before the date the Company received the redemption notice. As of December 31, 2007, the calculated aggregate redemption value of outstanding Operating Partnership units based upon the Company's stock price was approximately \$49.4 million.

|                             | Number of limited<br>partnership units |
|-----------------------------|--|
| As of December 31, 2006     | 5,198,855                              |
| Units issued                |  |
| Units redeemed, May 2007    | (15,000)                               |
| Units redeemed, June 2007   | (60,000)                               |
| Units redeemed, August 2007 | (43,927)                               |
| As of December 31, 2007     | 5,079,928                              |

In conjunction with the formation of the Company, certain former owners contributed facilities to the operating partnership and received units in the operating partnership concurrently with the closing of the IPO. Limited partners who acquired operating partnership units in the Formation Transactions have the right, effective October 27, 2005, to require the operating partnership to redeem part or all of their operating partnership units for cash or, at the Company's option, common shares, based upon the fair market value of an equivalent number of common shares for which the operating partnership units would have been redeemed if the Company had assumed and satisfied the operating partnership's obligation by paying common shares. The market value of the Company's common shares for this purpose will be equal to the average of the closing trading price of the Company's common shares on the New York Stock Exchange for the 10 trading days before the day on which the Company received the redemption notice. Upon consummation of the IPO, the carrying value of the net assets of the operating partnership was allocated to minority interests. Pursuant to three contribution agreements and three option exercises in 2005, entities owned by the Company's former Chief Executive Officer and one of its former Trustees received an aggregate of 1,524,358 operating partnership units for six facilities with a net historical basis of \$7.3 million.

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In conjunction with the National Self Storage acquisition, National Self Storage received 3,674,497 operating partnership units. As provided in the partnership agreement of the operating partnership, these units are redeemable by the unitholders for cash or, at the Company's option, common shares, beginning one year after the date of issuance (i.e., effective July 2006), on a one-for-one basis. The National Self Storage acquisition purchase agreement also included a provision which granted the

sellers a special redemption right permitting the sellers, under certain circumstances, beginning one year after issuance of the units, to redeem a portion of their units by requiring the Company to purchase, and simultaneously transfer to them, real estate properties to be identified by them at a price equal to the fair value of units redeemed (the Special Redemption Right).

The units issued to National Self Storage were considered conditionally redeemable because they were redeemable at the option of the holder with no specified or determinable redemption date. The units had no preference to the Company's other outstanding operating partnership units. Under the provisions of the Emerging Issues Task Force (EITF) *Classification and Measurement of Redeemable Securities*, D-98R (EITF D-98R), the Company classified these units as a separate minority interest line item (Conditionally Redeemable Operating Partnership Units) and elected the accretion method under EITF D-98R to record increases or decreases in the redemption value of such units (as of September 30, 2005) as an adjustment to retained earnings over the period from the date of issuance to the earliest redemption date. On October 25, 2005, the sellers in the National Self Storage transaction agreed to terminate the Special Redemption Right, effective as of July 15, 2005 (the first date on which National Self Storage facilities were acquired by the operating partnership under the purchase agreement). Upon termination of the Special Redemption Right, the Company classified these units in minority interest. The amount of accretion recorded through October 25, 2005 was approximately \$3.0 million.

## 8. RELATED PARTY TRANSACTIONS

Robert J. Amsdell, former Chief Executive Officer and Chairman of the Board of Trustees, retired from the Board effective as of February 13, 2007. Barry L. Amsdell submitted his letter of resignation from the Board on February 20, 2007. Effective as of February 19, 2007, Todd C. Amsdell, President of U-Store-It Development LLC, a subsidiary of the Company, resigned.

### Amsdell Settlement/Rising Tide Acquisition

On September 14, 2007, the Company settled all pending state and federal court litigation involving the Company and the interests of Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and Kyle Amsdell, son of Robert and brother of Todd Amsdell (collectively, the Amsdells), and Rising Tide Development LLC, a company owned and controlled by Robert J. Amsdell and Barry L. Amsdell (Rising Tide). The Board of Trustees of the Company, along with the Corporate Governance and Nominating Committee, approved the terms of the settlement.

In addition, on September 14, 2007, the Operating Partnership purchased 14 self-storage facilities from Rising Tide (the Rising Tide Properties) for an aggregate purchase price of \$121 million pursuant to a purchase and sale agreement. In connection with the settlement agreement and acquisition of the 14 self-storage facilities, the Company considered the provisions of EITF 04-01, *Accounting for Pre-existing relationships between the Parties to a Business Combination*, and determined that all consideration paid was allocable to the purchase of the storage facilities.

Pursuant to a Settlement Agreement and Mutual Release, dated August 6, 2007, (the Settlement Agreement) which was conditioned upon the acquisition of the 14 self-storage facilities from Rising Tide for \$121 million, each of the parties to the agreement executed various agreements. A summary of the various agreements follows:

- *Standstill Agreement.* Robert J. Amsdell, Barry L. Amsdell and Todd C. Amsdell agreed that through June 30, 2008, they would not commence or participate in any proxy solicitation or initiate any shareholder proposal; take any action to convene a meeting of shareholders; or take any actions, including making any public or private proposal or announcement, that could result in an extraordinary corporate transaction relating to the Company.

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- *First Amendment to Lease.* The Operating Partnership and Amsdell and Amsdell, an entity owned by Robert and Barry Amsdell, entered into a First Amendment to Lease which modified certain terms of all of the lease agreements the Operating Partnership has with Amsdell and Amsdell for office space in Cleveland, Ohio. The First Amendment provided the Operating Partnership the ability to assign or sublease the office space previously used for its corporate office and certain operations. Separately, Amsdell and Amsdell consented to the Operating Partnership's proposed sublease to an unrelated party of approximately 22,000 square feet of office space covered by the aforementioned leases.
- *Termination of Option Agreement.* The Operating Partnership and Rising Tide entered into an Option Termination Agreement that terminated an Option Agreement dated October 27, 2004, by and between the Operating Partnership and Rising Tide. The Option Agreement provided the Operating Partnership with an option to acquire

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Rising Tide's right, title and interest to 18 properties, including: the 14 Rising Tide Properties discussed above; three properties that the Operating Partnership acquired in 2005 pursuant to exercise of its option; and one undeveloped property that Rising Tide has the option to acquire and that was not acquired as a part of the purchase and sale agreement.

- *Termination of Property Management Agreement, and Marketing and Ancillary Services Agreement.* Certain of the Company's subsidiaries and Rising Tide entered into a Property Management Termination Agreement and a Marketing and Ancillary Services Termination Agreement. Under the Property Management Agreement, the Company provided property management services for the Rising Tide Properties for a fee equal to the greater of 5.35% of the gross revenues of each property or \$1,500 per property per month. Under the Marketing and Ancillary Services Agreement, the Company provided limited marketing and other miscellaneous services for the Rising Tide properties. Management fees earned by YSI Management LLC, from Rising Tide Development, were approximately \$0.4 million, \$0.5 million and \$0.4 million for the years ended December 31, 2007, 2006 and 2005, respectively, and are included in other related party revenues. Accounts receivable from Rising Tide Development at December 31, 2006 and 2005 were approximately \$0.6 million and \$0.4 million, respectively, and are included in due from related parties. No amounts were outstanding as of December 31, 2007. These amounts represent expenses paid on behalf of Rising Tide Development by YSI Management LLC and proceeds from the sale of ancillary items that were reimbursed under standard business terms. In connection with the termination of the Property Management Agreement, expenses relating to property management will be prorated.

- *Amendment of Employment and Non-Compete Agreements.* As part of the Settlement Agreement, the Company entered into a Modification of Noncompetition Agreement and Termination of Employment Agreement (each a Modification of Noncompetition Agreement and Termination of Employment Agreement) with each of Robert J. Amsdell and Todd C. Amsdell, and a Modification of Noncompetition Agreement (Modification of Noncompetition Agreement) with Barry L. Amsdell, which terminates and modifies specific provisions of the noncompetition agreement the Company has with each of them, dated October 27, 2004 (the Original Noncompetition Agreements). The Original Noncompetition Agreements restrict the ability of Robert J., Barry L. and Todd C. Amsdell to compete with the Company for one year and their ability to solicit employees of the Company for two years from the date of their termination of employment or resignation from service as a Trustee. Pursuant to these modification agreements, Todd C. Amsdell will be able to compete with the Company, and Robert J. and Barry L. Amsdell will be able to (a) develop the one Rising Tide property that the Company did not acquire under the purchase and sale agreement and (b) compete with respect to any property identified as part of a Section 1031 like-kind exchange referenced in the purchase and sale agreement. Further, each Original Noncompetition Agreement was modified to allow each of them to hire, for any purpose, any employee or independent contractor who was terminated, has resigned or otherwise left the employment or other service of the Company or any of its affiliates on or prior to June 1, 2007.

The Modification and Noncompetition Agreement and Termination of Employment Agreement with each of Robert J. Amsdell and Todd C. Amsdell also terminates the employment agreements the Company had with each of them, effective as of February 13, 2007 with respect to Robert J. Amsdell and February 19, 2007 with respect to Todd C. Amsdell.

### Additional Acquisitions of Facilities

The Company, in accordance with a contract signed on April 3, 2006, acquired nine self-storage facilities from Jernigan Property Group on July 27, 2006 for consideration of approximately \$45.3 million. Our President and Chief Executive Officer, Dean Jernigan, served as President of Jernigan Property Group. Mr. Jernigan has agreed that he will not expand his interest, ownership or activity in the self-storage business. Given Mr. Jernigan's appointment as a Trustee and the President and Chief Executive Officer of the Company on April 24, 2006, this transaction was subject to review and final approval by a majority of the independent members of the Company's Board of Trustees.

### Construction Services

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Historically, the Company engaged Amsdell Construction, a company owned by Robert J. Amsdell and Barry L. Amsdell, to maintain and improve its self-storage facilities. The total payments incurred by the Company to Amsdell Construction for the years ended December 31, 2006 and 2005 were approximately \$42,000 and \$304,000, respectively. The Company did not engage Amsdell Construction during 2007.

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### Corporate Office Leases

Pursuant to lease agreements that the Operating Partnership entered into with Amsdell and Amsdell during 2005 and 2006, we rented office space from Amsdell and Amsdell at The Parkview Building, a multi-tenant office building of approximately 40,000 square feet located at 6745 Engle Road, an office building of approximately 18,000 square feet located at 6751 Engle Road, and an office building of approximately 28,000 square feet located at 6779 Engle Road. Each of these properties is part of Airport Executive Park, a 50-acre office and flex development located in Cleveland, Ohio, which is owned by Amsdell and Amsdell. Our independent Trustees approved the terms of, and entry into, each of the office lease agreements by the Operating Partnership. The table below shows the office space subject to these lease agreements and certain key provisions, including the term of each lease agreement, the period for which the Operating Partnership may extend the term of each lease agreement, and the minimum and maximum rents payable per month during the term.

| Office Space   | Approximate<br>Square Footage | Term       | Period of<br>Extension Option (1) | Fixed Minimum<br>Rent Per Month | Fixed<br>Maximum Rent<br>Per Month |
|--|-------------------------------|------------|-----------------------------------|---------------------------------|------------------------------------|
| The Parkview Building 6745 Engle Road; and 6751 Engle Road | 21,900                        | 12/31/2014 | Five-year                         | \$ 25,673                       | \$ 31,205                          |
| 6745 Engle Road Suite 100                                  | 2,212                         | 12/31/2014 | Five-year                         | \$ 3,051                        | \$ 3,709                           |
| 6745 Engle Road Suite 110                                  | 1,731                         | 12/31/2014 | Five-year                         | \$ 2,387                        | \$ 2,901                           |
| 6751 Engle Road Suites C and D                             | 3,000                         | 12/31/2014 | Five-year                         | \$ 3,137                        | \$ 3,771                           |
| 6779 Engle Road Suites G and H                             | 3,500                         | 12/31/2008 | Five-year                         | \$ 3,079                        | \$ 3,347                           |
| 6745 Engle Road Suite 120                                  | 1,600                         | 4/30/2007  | Three-year                        | \$ 1,800                        | \$ 1,900                           |
| 6779 Engle Road Suites I and J                             | 3,500                         | (2)        | N/A                               | \$ 3,700                        | N/A                                |

(1) Our operating partnership may extend the lease agreement beyond the termination date by the period set forth in this column at prevailing market rates upon the same terms and conditions contained in each of the lease agreements.

(2) In June 2007, the Operating Partnership terminated this lease agreement which had a month-to-month term.

In addition to monthly rent, the office lease agreements provide that our Operating Partnership reimburse Amsdell and Amsdell for certain maintenance and improvements to the leased office space. The total amounts of lease payments incurred under the six office leases during the years ended December 31, 2007 and December 31, 2006 were approximately \$0.4 million and \$0.5 million, respectively.

Total future minimum rental payments under the related party lease agreements entered into as of December 31, 2007 are as follows:

|                     | Related Party<br>Amount<br>(in thousands) |
|---------------------|---|
| 2008                | \$ 468                                    |
| 2009                | 453                                       |
| 2010                | 453                                       |
| 2011                | 475                                       |
| 2012                | 475                                       |
| 2013 and thereafter | 998                                       |
|                     | \$ 3,322                                  |

Aircraft Lease

The Company chartered an aircraft from Aqua Sun Investments, L.L.C. ( Aqua Sun ), a company owned by Robert J. Amsdell and Barry L. Amsdell. The Company was under contract pursuant to a timesharing agreement to reimburse Aqua Sun at the rate of \$1,250 for each hour of use of the aircraft and the payment of certain expenses associated with the use of the aircraft. As described in the paragraph below, effective June 30, 2005 the timesharing agreement was terminated by

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mutual agreement of the parties thereto and was replaced on July 1, 2005 with a non-exclusive aircraft lease agreement with Aqua Sun (the Aircraft Lease ). The Company's disinterested Trustees approved the terms of, and the entry into, the non-exclusive aircraft lease agreement by the operating partnership.

The Operating Partnership was able to lease for corporate use from time to time an airplane owned by Aqua Sun at an hourly rate of \$1,450 per flight hour. Aqua Sun was responsible for various costs associated with operation of the airplane, including insurance, storage and maintenance and repair, but the Operating Partnership was responsible for fuel costs and the costs of pilots and other cabin personnel required for its use of the airplane. The Aircraft Lease, which was effective as of July 1, 2005, had a one-year term and was terminated on June 30, 2006. The total amounts incurred for such aircraft charters described above by the Company for 2006 and 2005 was approximately \$0.1 million and \$0.4 million, respectively. No amounts were incurred after June 30, 2006 when the lease was terminated.

### Other

During 2006 and 2007, the Company engaged a consultant to assist us in establishing certain development protocols and processes. In connection with that assignment, our outside consultant utilized the services of Dean Jernigan's son-in-law. Our payments for his son-in-law's services totaled approximately \$149,000 in 2007 and \$4,750 in 2006.

The Company engaged Dunlevy Building Systems Inc., a company owned by John Dunlevy, a brother-in-law of Robert J. Amsdell and Barry L. Amsdell, for construction, zoning consultant and general contractor services at certain of its self-storage facilities. The total payments incurred by the Company to Dunlevy Building Systems Inc. for the years ended December 31, 2006 and 2005 were approximately \$19,000 and \$40,000, respectively. No amounts were incurred subsequent to June 30, 2006.

The Company engaged Deborah Dunlevy Designs, a company owned by Deborah Dunlevy, a sister of Robert J. Amsdell and Barry L. Amsdell, for interior design services at certain of its self-storage facilities and offices. Total payments incurred by the Company to Deborah Dunlevy Designs for the year ended December 31, 2005 was approximately \$56,000. No amounts were incurred subsequent to December 31, 2005.

### Registration Rights

Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and the Amsdell Entities that acquired common shares or Operating Partnership units in the formation transactions which took place at the time of the IPO received certain registration rights. An aggregate of approximately 9.7 million common shares acquired in the formation transactions were subject to a registration rights agreement (including approximately 1.1 million shares issuable upon redemption of approximately 1.1 million Operating Partnership units issued in the formation transactions).

In addition, Rising Tide Development received registration rights with respect to the Operating Partnership units it received in connection with the Company's acquisition of three option facilities. An aggregate of approximately 0.4 million common shares (which shares are issuable upon redemption of approximately 0.4 million Operating Partnership units issued in connection with the Company's option exercises) were subject to a registration rights agreement.

In March 2007, the Company filed a Registration Statement on Form S-3 to satisfy all of the abovementioned registration rights.

**9. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of financial instruments, including cash and cash equivalents, marketable securities, accounts receivable and accounts payable approximates their respective book values at December 31, 2007 and 2006. The Company has fixed interest rate loans with a carrying value of \$556.4 million and \$588.9 million at December 31, 2007 and 2006, respectively. The estimated fair values of these fixed rate loans were \$533.2 and \$569.6 million at December 31, 2007 and 2006, respectively. The Company has variable interest rate loans with a carrying value of \$471.1 million and \$290.5 million at December 31, 2007 and 2006, respectively. The estimated fair values of the variable rate loans were \$452.7 million and \$290.5 million at December 31, 2007 and 2006, respectively. These estimates are based on discounted cash flow analyses assuming market interest rates for comparable obligations at December 31, 2007 and 2006.

**10. DISCONTINUED OPERATIONS**

During 2005, the Company sold four of its storage facilities located in Ohio that were acquired as part of the Liberty Self-Stor Portfolio acquisition for net proceeds of \$6.2 million. No facilities were sold in 2006. In 2007 the Company sold three properties in South Carolina for \$12.8 million and two properties in Arizona for \$6.4 million.

The results of operations of the storage facilities through the sale date have been presented in the following table. Interest expense and related amortization of loan procurement costs have been attributed to the sold storage facilities as applicable based upon the transaction and included in discontinued operations.

The results of operations of the nine storage facilities sold during 2005 and 2007 were as follows:

|   | For the year ended December 31, |          |          |
|---|---------------------------------|----------|----------|
|   | 2007                            | 2006     | 2005     |
| <b>REVENUES</b>   |                                 |          |          |
| Rental income   | \$ 1,507                        | \$ 2,425 | \$ 2,579 |
| Other property related income                             | 58                              | 86       |          |
| Total revenues  | 1,565                           | 2,511    | 2,579    |
| <b>OPERATING EXPENSES</b>                                 |                                 |          |          |
| Property operating expenses                               | 835                             | 1,132    | 943      |
| Depreciation  | 441                             | 650      | 638      |
| Total operating expenses                                  | 1,276                           | 1,782    | 1,581    |
| <b>OPERATING INCOME</b>                                   | 289                             | 729      | 998      |
| <b>OTHER INCOME (EXPENSE)</b>                             |                                 |          |          |
| Interest:   |                                 |          |          |
| Interest expense on loans                                 | (189)                           | (497)    | (535)    |
| Loan procurement amortization expense                     | (3)                             | (26)     | (12)     |
| Interest income   | 5                               | 5        | 1        |
| Other   |                                 | (3)      |          |
| Total other expense                                       | (187)                           | (521)    | (546)    |
| Income from discontinued operations                       | 102                             | 208      | 452      |
| Net gain on disposition of discontinued operations        | 2,517                           |          | 179      |
| Minority interest attributable to discontinued operations | (215)                           | (17)     | (42)     |
| Income from discontinued operations                       | \$ 2,404                        | \$ 191   | \$ 589   |

**11. COMMITMENTS AND CONTINGENCIES**

The Company has capital lease obligations for security camera systems with a cost of \$2.6 million. These systems are included in equipment in the accompanying balance sheet and are being depreciated over five years.

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The Company currently owns one self-storage facility subject to a ground lease and five self-storage facilities having small parcels of land that are subject to ground leases. The Company recorded rent expense of approximately \$0.2 million for each of the years ended December 31, 2007, 2006 and 2005, respectively.

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Total future minimum rental payments under non-cancelable ground leases and related party office leases in effect as of December 31, 2007 are as follows:

|                     | <b>Third Party<br/>Amount</b> | <b>Related Party<br/>Amount</b> |  |
|---------------------|-------------------------------|---------------------------------|--|
|                     | <b>(Dollars in thousands)</b> |                                 |  |
| 2008                | \$ 76                         | \$ 468                          |  |
| 2009                | 50                            | 453                             |  |
| 2010                | 44                            | 453                             |  |
| 2011                | 44                            | 475                             |  |
| 2012 and thereafter | 155                           | 1,473                           |  |
|                     | \$ 369                        | \$ 3,322                        |  |

The Company has been named as a defendant in a number of lawsuits in the ordinary course of business. In most instances, these claims are covered by the Company's liability insurance coverage. Management believes that the ultimate settlement of the suits will not have a material adverse effect on the Company's financial statements.

### 12. RISK MANAGEMENT AND USE OF FINANCIAL INSTRUMENTS

The Company's use of derivative instruments is limited to the utilization of interest rate agreements or other instruments to manage interest rate risk exposures and not for speculative purposes. The principal objective of such arrangements is to minimize the risks and/or costs associated with the Company's operating and financial structure, as well as to hedge specific transactions. The counterparties to these arrangements are major financial institutions with which the Company and its subsidiaries may also have other financial relationships. The Company is potentially exposed to credit loss in the event of non-performance by these counterparties. However, because of the high credit ratings of the counterparties, the Company does not anticipate that any of the counterparties will fail to meet these obligations as they come due. The Company does not hedge credit or property value market risks.

The Company has entered into interest rate swap agreements that qualify and are designated as cash flow hedges designed to reduce the impact of interest rate changes on its variable rate debt. Therefore, the interest rate swaps are recorded in the consolidated balance sheet at fair value and the related gains or losses are deferred in shareholders' equity as Accumulated Other Comprehensive Loss. These deferred gains and losses are amortized into interest expense during the period or periods in which the related interest payments affect earnings. However, to the extent that the interest rate swaps are not perfectly effective in offsetting the change in value of the interest payments being hedged, the ineffective portion of these contracts is recognized in earnings immediately. Ineffectiveness was immaterial for all periods presented.

The Company formally assesses, both at inception of the hedge and on an on-going basis, whether each derivative is highly-effective in offsetting changes in cash flows of the hedged item. If management determines that a derivative is highly-effective as a hedge, it accounts for the derivative using hedge accounting, pursuant to which gains or losses inherent in the derivative do not impact the Company's results of operations. If management determines that a derivative is not highly-effective as a hedge or if a derivative ceases to be a highly-effective hedge, the Company will discontinue hedge accounting prospectively and will reflect in its statement of operations realized and unrealized gains and losses in respect of the derivative.

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At December 31, 2007, the Company had interest rate swap agreements for notional principal amounts aggregating \$75 million. The swap agreements effectively fix the 30-day LIBOR interest rate on \$50 million of credit facility borrowings at 4.7725% per annum and on \$25 million of credit facility borrowings at 4.716% per annum, in each case until November 2009. The interest rate cap agreement effectively limits the interest rate on \$40 million of credit facility borrowings at 5.50% per annum until June 2008.

The following table summarizes the terms and fair values of the Company's derivative financial instruments at December 31, 2007 (in thousands):

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| Hedge Product | Hedge Type | Notional Amount | Strike  | Maturity   | Fair Value |
|---------------|------------|-----------------|---------|------------|------------|
| Cap           | Cash flow  | \$ 40,000       | 5.5000% | 6/23/2008  |            |
| Swap          | Cash flow  | \$ 50,000       | 4.7725% | 11/20/2009 | \$ (1,038) |
| Swap          | Cash flow  | \$ 25,000       | 4.7160% | 11/20/2009 | \$ (493)   |

### 13. SHARE-BASED COMPENSATION PLANS

On May 9, 2007, the Company's shareholders approved an equity-based employee compensation plan, the 2007 Equity Incentive Plan (the "2007 Plan"). On October 19, 2004, the Company's sole shareholder approved a share-based employee compensation plan, the 2004 Equity Incentive Plan (the "2004 Plan" and collectively with the 2007 Plan, the "Plans"). The purpose of the Plans are to attract and retain highly qualified executive officers, Trustees and key employees and other persons and to motivate such officers, trustees, key employees and other persons to serve the Company and its affiliates to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plans provide for the grant of share options, share appreciation rights, restricted shares, share units, unrestricted shares, dividend equivalent rights and cash awards. Any of these awards may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals. Share options granted under the Plans may be non-qualified share options or incentive share options.

The Plans are administered by the Compensation Committee of the Company's Board of Trustees (the "Compensation Committee"), which is appointed by the Board of Trustees. The Compensation Committee interprets the Plans and determines the terms and provisions of option grants and share awards. A total of 3,900,000 and 3,000,000 common shares are reserved for issuance under the 2007 Plan and 2004 Plan, respectively. The maximum number of common shares underlying equity awards that may be granted to an individual participant under the 2004 Plan during any calendar year is 400,000 for options or share appreciation rights and 100,000 for restricted shares or restricted share units, and 500,000 for options or share appreciation rights and 100,000 for restricted shares or restricted share units under the 2007 Plan. The maximum number of common shares that can be awarded under the Plan to any person, other than pursuant to an option, share appreciation rights or time-vested restricted shares, is 250,000 per calendar year under the 2004 Plan. In addition, under the 2007 Plan, the maximum number of performance awards that may be granted to an executive officer is 100,000 and the maximum amount of performance shares that can be settled in cash and that can be granted in any year is \$1.5 million. To the extent that options expire unexercised or are terminated, surrendered or canceled, the options and share awards become available for future grants under the Plans, unless the Plans have been terminated. Under the Plans, the Compensation Committee determines the vesting schedule of each share award and option. The exercise price for options is equivalent to the fair market value of the underlying common shares at the grant date. The Compensation Committee also determines the term of each option, which shall not exceed 10 years from the grant date.

#### Share Options

The fair values for options granted in 2006 and 2007 were estimated at the time the options were granted using the Black-Scholes option-pricing model applying the following weighted average assumptions:

| Assumptions:   | 2006      | 2007      |
|--|-----------|-----------|
| Risk-free interest rate                                  | 5.0%      | 4.7%      |
| Expected dividend yield                                  | 6.3%      | 5.9%      |
| Volatility   | 20.3%     | 21.2%     |
| Weighted average expected life of the options            | 7.5 years | 9.4 years |
| Weighted average fair value of options granted per share | \$ 2.10   | \$ 2.40   |

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The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective

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assumptions, including the expected stock price volatility. Volatility for the 2006 and 2007 grants was based on the trading history of the Company's shares.

In 2007, 2006 and 2005, the Company recognized compensation expense related to options issued to employees and executives of approximately \$0.9 million, \$0.4 million and \$0.5 million, respectively, which was recorded in General and administrative expense. As of December 31, 2007, the Company had approximately \$2.9 million of unrecognized compensation cost related to unvested stock options that will be recorded over the next five years.

The table below summarizes the option activity under the Plan for the years ended December 31, 2007, 2006 and 2005:

|   | Number of Shares<br>Under Option | Weighted Average<br>Exercise Price | Weighted Average<br>Remaining<br>Contractual Term |
|---|----------------------------------|------------------------------------|---|
| Balance at December 31, 2004                    | 938,500                          | \$ 16.00                           | 9.83  |
| Options granted                                 |                                  |                                    |   |
| Options canceled                                | (39,500)                         | 16.00                              |   |
| Options exercised                               |                                  |                                    |   |
| Balance at December 31, 2005                    | 899,000                          | \$ 16.00                           | 8.83  |
| Options granted                                 | 867,500                          | 18.38                              | 10.00   |
| Options canceled                                | (301,333)                        | 16.00                              |   |
| Options exercised                               | (186,667)                        | 16.00                              | 8.36  |
| Balance at December 31, 2006                    | 1,278,500                        | \$ 17.62                           | 8.92  |
| Options granted                                 | 960,271                          | 19.82                              | 9.24  |
| Options canceled                                | (322,000)                        | 16.21                              |   |
| Options exercised                               |                                  |                                    |   |
| Balance at December 31, 2007                    | 1,916,771                        | \$ 18.95                           | 8.74  |
|   |                                  |                                    |   |
| Vested or expected to vest at December 31, 2007 | 1,916,771                        | 18.95                              | 8.74  |
| Exercisable at December 31, 2007                | 208,164                          | 17.98                              | 8.17  |

At December 31, 2007, the aggregate intrinsic value of options outstanding, of options that vested or expected to vest and of options that were exercisable was \$0.0 million.

### Restricted Shares

The Company applies the fair value method of accounting for contingently issued shares. As such, each grant is recognized ratably over the related vesting period. Approximately 124,000 restricted shares were issued during 2007 for which the fair value of the restricted shares at their respective grant dates was approximately \$1.9 million. During 2006, approximately 74,000 restricted shares were issued for which the fair value of the restricted shares at their respective grant dates was approximately \$1.3 million. As of December 31, 2007 the Company had approximately \$1.3 million of remaining unrecognized compensation costs related to 2007 restricted share issuances that will be recognized over the next five years.

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On December 22, 2005, 163,677 restricted share units were granted to certain executives. The restricted share units were granted in the form of deferred share units, entitling the holders thereof to receive common shares at a future date. Holders of the deferred share units are not entitled to any of the rights of a shareholder with respect to the deferred share units unless and until the common shares relating to the deferred share unit award have been delivered to such holder. However, the holders of the deferred share units are entitled to receive dividend equivalent payments, upon the Company's payment of a cash dividend on outstanding common shares.

The shares were equally divided between time-vesting shares and market-based shares with values of \$20.62 and \$13.82 per share, respectively. The fair value of the restricted share units at grant date was approximately \$3.0 million. The Company used a Monte Carlo simulation analysis to estimate the fair value of the market-based shares. The time-vesting

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shares vest ratably over a five-year period, one-fifth per year on each of the first five anniversaries of the grant date. The market-based shares vest ratably over a five-year period, one-fifth per year on each of the first five anniversaries of the grant date if the average annual total shareholder return for the Company equals or exceeds ten percent. Additionally, any market-based shares that do not vest on a previous anniversary will vest on a subsequent anniversary date if the average annual total shareholder return from grant date equals or exceeds ten percent. Certain restricted share units awarded to the former Chief Executive Officer vest upon his retirement from the Company and since he reached the retirement age set forth in his award agreement prior to December 31, 2005, Robert J. Amsdell's 72,745 restricted shares, valued at approximately \$1.5 million, were recognized as share compensation expense in 2005. During 2006, certain unvested shares vested early related to the termination of several executives under the terms of their respective employment agreements. Accordingly, the Company recognized the related compensation expense in 2006. As of December 31, 2006 the Company had no remaining unrecognized compensation cost related to the December 22, 2005 restricted share units.

The fair value for restricted share units granted in 2005 and 2007 were estimated at the time the units were granted. Awards that contain a market feature were valued using a Monte Carlo-pricing model applying the following weighted average assumptions:

| <b>Assumptions:</b>                          | <b>2005</b> | <b>2007</b> |
|--|-------------|-------------|
| Risk-free interest rate                      | 4.69%       | 4.50%       |
| Volatility of total annual return            | 19.0%       | 19.0%       |
| Weighted average expected life of the units  | 5 years     | 3 years     |
| Weighted average fair value of units granted | \$ 18.73    | \$ 11.70    |

In May 2005, the Company implemented the Deferred Trustees Plan, a component of the Plan, upon the approval of the Company's Board of Trustees. Pursuant to the terms of the Deferred Trustees Plan, each non-employee member of the Board of Trustees may elect to receive all of his annual cash retainers and meeting fees payable for service on the Board of Trustees or any committee of the Board of Trustees in the form of either all common shares or all deferred share units.

Pursuant to the terms of the Deferred Trustees Plan, under the equity incentive plan, certain Trustees elected to receive their Board of Trustee fees in 2005 and 2006 in the form of deferred share units. On December 31, 2006 an aggregate of 8,564 deferred share units were granted to those Trustees and were valued at \$20.55 per share and on December 31, 2005 an aggregate of 3,876 deferred share units were granted and were valued at \$21.05 per share.

During 2004, there were an aggregate of 20,315 restricted shares granted to our Trustees. The restricted shares were granted on October 27, 2004 and were valued at a price of \$16.00 per share. The value of the restricted shares was recognized as compensation expense over the vesting or service period during 2004 and 2005.

In 2007, 2006 and 2005, the Company recognized compensation expense related to restricted shares and restricted share units issued to employees and Trustees of approximately \$1.1 million, \$0.7 million and \$1.7 million, respectively; these amounts were recorded in General and administrative expense. Included in compensation expense for 2005 is approximately \$1.5 million which represents the vested portion of the fair value of the restricted share units granted of 163,677 at a range of \$13.82 to \$20.62 per restricted share units to certain members of the Company's management team. The following table presents non-vested restricted share activity during 2007:

**Number of Non-  
Vested Restricted  
Shares**

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|                                 |          |
|---------------------------------|----------|
| Non-Vested at January 1, 2007   | 104,854  |
| Granted                         | 124,121  |
| Vested                          | (18,820) |
| Forfeited                       | (32,084) |
| Non-Vested at December 31, 2007 | 178,071  |

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**14. EARNINGS PER SHARE AND SHAREHOLDERS EQUITY**

The following is a summary of the elements used in calculating basic and diluted earnings per share:

|   | For the year ended December 31,                             |            |          |
|---|---|------------|----------|
|   | 2007  | 2006       | 2005     |
|   | (Dollars and shares in thousands, except per share amounts) |            |          |
| Income (loss) from continuing operations        | \$ (15,481)   | \$ (8,742) | \$ 979   |
| Income from discontinued operations             | 2,404   | 191        | 589      |
| Net income (loss) attributable to common shares | \$ (13,077)   | \$ (8,551) | \$ 1,568 |
| Weighted-average shares outstanding             | 57,497  | 57,287     | 42,120   |
| Share options and restricted share units (1)    |   |            | 83       |
|   | 57,497  | 57,287     | 42,203   |
| Income (loss) per Common Share:                 |   |            |          |
| Continuing operations                           | \$ (0.26)   | \$ (0.15)  | \$ 0.02  |
| Discontinued operations                         | 0.04  |            | 0.02     |
|   | \$ (0.22)   | \$ (0.15)  | \$ 0.04  |

(1) For the years ended December 31, 2007 and 2006 the potentially dilutive shares of approximately 22,000 and 121,000, respectively, were not included in the earnings per share calculation as their effect is antidilutive.

The operating partnership units and common shares have essentially the same economic characteristics as they share equally in the total net income or loss and distributions of the operating partnership. An operating partnership unit may be redeemed for cash, or at the Company's option, common shares on a one-for-one basis. Outstanding minority interest units in the operating partnership were 5,079,928 as of December 31, 2007. There were 57,577,232 common shares outstanding as of December 31, 2007.

**15. INCOME TAXES**

Deferred income taxes are established for temporary differences between financial reporting basis and tax basis of assets and liabilities at the enacted tax rates expected to be in effect when the temporary differences reverse. A valuation allowance for deferred tax assets is provided if the Company believes that it is more likely than not that all or some portion of the deferred tax asset will not be realized. No valuation allowance was recorded at December 31, 2007 or 2006. The Company had net deferred tax assets of \$0.5 million and \$0.3 million, which are included in other assets, as of December 31, 2007 and 2006, respectively. The Company believes it is more likely than not the tax assets will be realized.

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|                                   | For the year ended December 31, |       |      |       |      |
|-----------------------------------|---------------------------------|-------|------|-------|------|
|                                   | 2007                            |       | 2006 |       | 2005 |
| <b>Income tax provision</b>       |                                 |       |      |       |      |
| Current:                          |                                 |       |      |       |      |
| U.S. Federal                      | \$                              |       | \$   |       | \$   |
| Deferred:                         |                                 |       |      |       |      |
| U.S. Federal                      |                                 | (0.1) |      | (0.2) |      |
| Income tax provision              | \$                              | (0.1) | \$   | (0.2) | \$   |
| <b>Effective income tax rate</b>  |                                 |       |      |       |      |
| Statutory federal income tax rate |                                 | 34.0% |      | 34.0% | 34%  |
| State and local income taxes      |                                 | 4.0%  |      | 2.6%  | 9%   |
| Effective income tax rate         |                                 | 38.0% |      | 36.6% | 43%  |

|                          | As of December 31, |             |        |             |        |             |        |             |    |     |    |     |
|--------------------------|--------------------|-------------|--------|-------------|--------|-------------|--------|-------------|----|-----|----|-----|
|                          | 2007               |             | 2006   |             |        |             | 2005   |             |    |     |    |     |
|                          | Assets             | Liabilities | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities |    |     |    |     |
| <b>Deferred taxes</b>    |                    |             |        |             |        |             |        |             |    |     |    |     |
| Share based compensation | \$                 | 0.7         | \$     | 0.6         | \$     | 0.8         | \$     | 0.8         | \$ | 1.6 | \$ | 1.6 |
| Other                    |                    | 0.4         |        | 0.3         |        | 0.1         |        | 0.1         |    | 0.1 |    | 0.1 |
| Deferred taxes           | \$                 | 1.1         | \$     | 0.6         | \$     | 1.1         | \$     | 0.8         | \$ | 1.7 | \$ | 1.6 |

**16. PRO FORMA FINANCIAL INFORMATION (UNAUDITED)**

During 2006, the Company acquired 60 self-storage facilities for an aggregate purchase price of approximately \$362.4 million. During 2007, the Company acquired 17 self-storage facilities for an aggregate purchase price of approximately \$140.5 million and sold three properties for an aggregate purchase price of approximately \$19.1 million.

The unaudited condensed consolidated pro forma financial information set forth below reflects adjustments to the Company's historical financial data to give effect to each of the acquisitions, dispositions and related financing activity (including the issuance of common shares) that occurred subsequent to January 1, 2006 as if each had occurred on January 1 of each respective year. The unaudited pro forma information presented below does not purport to represent what the Company's actual results of operations would have been for the periods indicated, nor does it purport to represent the Company's future results of operations.

The following table summarizes, on a pro forma basis, our consolidated results of operations for the years ended December 31, 2007 and 2006 based on the assumptions described above:

|                   | 2007                                  |         | 2006 |         |
|-------------------|---------------------------------------|---------|------|---------|
|                   | (unaudited)                           |         |      |         |
|                   | (in thousands, except per share data) |         |      |         |
| Pro forma revenue | \$                                    | 235,642 | \$   | 229,186 |



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|  |    |          |    |          |
|--|----|----------|----|----------|
| Pro forma loss from continuing operations        | \$ | (24,915) | \$ | (27,054) |
| Loss per common share from continuing operations |    |          |    |          |
| Basic and diluted as reported                    | \$ | (0.26)   | \$ | (0.15)   |
| Basic and diluted as pro forma                   | \$ | (0.43)   | \$ | (0.47)   |

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**17. ASSET IMPAIRMENT AND INSURANCE RECOVERIES**

As a result of hurricanes that occurred during the third quarter of 2005, the Company incurred damage at certain of its self-storage facilities located in Alabama, Louisiana and Mississippi. Under the provisions of SFAS No. 144, Accounting for the Impairment of or Disposal of Long-Lived Assets ( SFAS No. 144 ), the Company determined that there were indicators of impairment and accordingly tested the assets for recoverability. After an assessment of the damage sustained at the Waveland, Mississippi facility, the Company determined that a charge for impairment of approximately \$2.3 million was required because the estimated undiscounted future cash flows did not support the carrying value of the assets. The Company expected that insurance proceeds from its comprehensive insurance for property damage would satisfy the entire loss incurred, and in 2005 appropriately recorded the impairment charge and an offsetting insurance recovery of \$2.3 million, of which \$0.5 million was received in October 2005. The related insurance receivable was included in other assets as of December 31, 2005, and the asset impairment charge and related insurance recovery were presented net in operating expenses for the year ended December 31, 2005. During 2006, insurance proceeds were sufficient to cover the insurance receivable and there is no balance remaining as of December 31, 2006. During 2007 the Company recorded \$0.4 million of impairment charges related to property damage incurred at six properties as a result of either a fire or flood.

**18. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)**

The following is a summary of quarterly financial information for the years ended December 31, 2007 and 2006 (in thousands, except per share data):

|   | March 31,<br>2007 | June 30,<br>2007   | September 30,<br>2007 | December 31,<br>2007 |
|---|-------------------|--------------------|-----------------------|----------------------|
|   |                   | Three months ended |                       |                      |
| Total revenues                              | \$ 54,907         | \$ 56,077          | \$ 58,073             | \$ 60,110            |
| Total operating expenses                    | \$ 45,597         | \$ 44,594          | \$ 48,621             | \$ 51,860            |
| Net income (loss)                           | \$ (3,358)        | \$ 295             | \$ (4,130)            | \$ (5,884)           |
| Basic and diluted earnings (loss) per share | \$ (0.06)         | \$                 | \$ (0.07)             | \$ (0.10)            |

|   | March 31,<br>2006 | June 30,<br>2006   | September 30,<br>2006 | December 31,<br>2006 |
|---|-------------------|--------------------|-----------------------|----------------------|
|   |                   | Three months ended |                       |                      |
| Total revenues                              | \$ 47,613         | \$ 52,776          | \$ 55,798             | \$ 54,462            |
| Total operating expenses                    | \$ 38,741         | \$ 40,729          | \$ 45,645             | \$ 47,041            |
| Net income (loss)                           | \$ (1,625)        | \$ 724             | \$ (1,962)            | \$ (5,688)           |
| Basic and diluted earnings (loss) per share | \$ (0.03)         | \$ 0.01            | \$ (0.03)             | \$ (0.10)            |

**19. LEASE ABANDONMENT CHARGE**

In August 2007, the Company abandoned certain office space in Cleveland, OH that was previously used for its corporate offices. The related leases have expiration dates ranging from December 31, 2008 through December 31, 2014. Upon vacating the space, the Company entered into a sub-lease agreement with a sub-tenant to lease the majority of the space for the duration of the term.

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As a result of this exit activity, the Company recognized a Lease abandonment charge of \$1.3 million during 2007. The charge is comprised of approximately \$0.8 million of costs that represent the present value of the net cash flows associated with leases and the sub-lease agreement ( Contract Termination Costs ) and approximately \$0.5 million of costs associated with the write-off of certain assets related to the abandoned space ( Other Associated Costs ). The Contract Termination Costs of \$0.8 million are presented as Accounts payable and accrued rent and the Other Associated Costs of \$0.5 million were accounted for as a reduction of Storage facilities. The Company will amortize the Contract Termination Costs against rental expense over the remaining life of the respective leases.

## U-STORE-IT

## SCHEDULE III

## REAL ESTATE AND RELATED DEPRECIATION

DECEMBER 31, 2007

(in thousands)

| Description         | Square Footage | Encumbrances | Initial Cost |                           |                                 | Gross Carrying Amount at December 31, 2007 |                           |          | Accumulated Depreciation (L) | Year Acquired / Developed |
|---------------------|----------------|--------------|--------------|---------------------------|---------------------------------|--|---------------------------|----------|------------------------------|---------------------------|
|                     |                |              | Land         | Building and Improvements | Costs Subsequent to Acquisition | Land                                       | Building and Improvements | Total    |                              |                           |
| Mobile I, AL        | 65,198         |              | \$ 149       | \$ 1,429                  | \$ 636                          | \$ 225                                     | \$ 1,989                  | \$ 2,214 | \$ 636                       | 1997                      |
| Mobile II, AL       | 129,260        | (A)          | 226          | 2,524                     | 1,165                           | 301  | 3,583                     | 3,883    | 1,238                        | 1997                      |
| Mobile III, AL      | 43,125         |              | 167          | 1,849                     | 320                             | 237  | 2,100                     | 2,336    | 591                          | 1998                      |
| Chandler, AZ        | 47,520         |              | 327          | 1,257                     | 235                             | 327  | 1,492                     | 1,819    | 201                          | 2005                      |
| Glendale, AZ        | 56,830         |              | 201          | 2,265                     | 864                             | 418  | 2,911                     | 3,330    | 735                          | 1998                      |
| Green Valley, AZ    | 25,200         | (B)          | 298          | 1,153                     | 89                              | 298  | 1,242                     | 1,540    | 167                          | 2005                      |
| Mesa I, AZ          | 52,375         |              | 920          | 2,739                     | 103                             | 921  | 2,841                     | 3,762    | 324                          | 2006                      |
| Mesa II, AZ         | 45,295         |              | 731          | 2,176                     | 127                             | 731  | 2,303                     | 3,034    | 265                          | 2006                      |
| Mesa III, AZ        | 58,264         |              | 706          | 2,101                     | 128                             | 706  | 2,210                     | 2,935    | 256                          | 2006                      |
| Phoenix I, AZ       | 100,887        |              | 1,134        | 3,376                     | 188                             | 1,135                                      | 3,512                     | 4,699    | 403                          | 2006                      |
| Phoenix II, AZ      | 45,270         |              | 756          | 2,251                     | 128                             | 756  | 2,379                     | 3,136    | 273                          | 2006                      |
| Scottsdale, AZ      | 80,925         |              | 443          | 4,879                     | 1,558                           | 883  | 5,998                     | 6,880    | 1,504                        | 1998                      |
| Tempe, AZ           | 54,000         | (A)          | 749          | 2,159                     | 118                             | 749  | 2,277                     | 3,027    | 290                          | 2005                      |
| Tucson I, AZ        | 59,350         |              | 188          | 2,078                     | 820                             | 384  | 2,703                     | 3,086    | 667                          | 1998                      |
| Tucson II, AZ       | 43,950         |              | 188          | 2,078                     | 833                             | 391  | 2,708                     | 3,099    | 666                          | 1998                      |
| Tucson III, AZ      | 49,822         | (C)          | 532          | 2,048                     | 105                             | 533  | 2,153                     | 2,686    | 291                          | 2005                      |
| Tucson IV, AZ       | 47,840         | (C)          | 674          | 2,595                     | 144                             | 675  | 2,739                     | 3,413    | 369                          | 2005                      |
| Tucson V, AZ        | 45,160         | (C)          | 515          | 1,980                     | 160                             | 515  | 2,140                     | 2,655    | 286                          | 2005                      |
| Tucson VI, AZ       | 40,778         | (C)          | 440          | 1,692                     | 127                             | 440  | 1,819                     | 2,259    | 250                          | 2005                      |
| Tucson VII, AZ      | 52,738         | (C)          | 670          | 2,576                     | 197                             | 670  | 2,772                     | 3,442    | 365                          | 2005                      |
| Tucson VIII, AZ     | 46,800         | (C)          | 589          | 2,265                     | 90                              | 589  | 2,354                     | 2,943    | 317                          | 2005                      |
| Tucson IX, AZ       | 67,656         | (C)          | 724          | 2,786                     | 223                             | 725  | 3,009                     | 3,734    | 392                          | 2005                      |
| Tucson X, AZ        | 46,350         | (C)          | 424          | 1,633                     | 72                              | 425  | 1,705                     | 2,129    | 233                          | 2005                      |
| Tucson XI, AZ       | 42,800         | (C)          | 439          | 1,689                     | 131                             | 439  | 1,820                     | 2,259    | 243                          | 2005                      |
| Tucson XII, AZ      | 42,375         | (C)          | 671          | 2,582                     | 134                             | 672  | 2,716                     | 3,387    | 364                          | 2005                      |
| Tucson XIII, AZ     | 45,792         | (C)          | 587          | 2,258                     | 95                              | 587  | 2,352                     | 2,940    | 317                          | 2005                      |
| Tucson XIV, AZ      | 49,470         |              | 707          | 2,721                     | 112                             | 708  | 2,833                     | 3,540    | 379                          | 2005                      |
| Apple Valley I, CA  |                | (D)          | 140          | 1,570                     | 1,500                           | 476  | 2,733                     | 3,210    | 645                          | 1997                      |
| Apple Valley II, CA | 73,340         | (E)          | 160          | 1,787                     | 1,165                           | 431  | 2,681                     | 3,112    | 678                          | 1997                      |
| Benicia, CA         | 62,115         |              | 2,392        | 7,028                     | 118                             | 2,392                                      | 7,146                     | 9,538    | 850                          | 2005                      |
| Bloomington I, CA   | 74,920         |              | 42           | 463                       | 422                             | 100  | 827                       | 927      | 228                          | 1997                      |
| Bloomington II, CA  | 28,550         |              | 54           | 604                       | 414                             | 144  | 928                       | 1,072    | 236                          | 1997                      |
| Cathedral City, CA  | 25,860         |              | 2,194        | 10,046                    | 100                             | 2,195                                      | 10,145                    | 12,340   | 1,044                        | 2006                      |
| Citrus Heights, CA  | 129,048        | (C)          | 1,633        | 4,793                     | 89                              | 1,634                                      | 4,882                     | 6,516    | 671                          | 2005                      |
| Diamond Bar, CA     | 75,620         |              | 2,522        | 7,404                     | 142                             | 2,524                                      | 7,541                     | 10,068   | 1,043                        | 2005                      |
| Escondido, CA       | 103,228        |              | 3,040        | 11,804                    | (781)                           | 3,040                                      | 10,238                    | 14,063   | 198                          | 2007                      |
| Fallbrook, CA       | 143,145        | (F)          | 133          | 1,492                     | 1,455                           | 432  | 2,648                     | 3,080    | 609                          | 1997                      |
| Hemet, CA           | 46,370         | (D)          | 125          | 1,396                     | 1,262                           | 417  | 2,367                     | 2,783    | 567                          | 1997                      |
| Highland I, CA      | 66,040         | (D)          | 215          | 2,407                     | 1,893                           | 582  | 3,933                     | 4,515    | 981                          | 1997                      |
| Highland II, CA     | 76,765         |              | 1,277        | 5,847                     | 134                             | 1,277                                      | 5,981                     | 7,258    | 611                          | 2006                      |

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|                        |         |     |       |        |       |       |        |        |       |      |
|------------------------|---------|-----|-------|--------|-------|-------|--------|--------|-------|------|
| Lancaster, CA          | 61,275  | (E) | 390   | 2,247  | 890   | 556   | 2,971  | 3,527  | 726   | 2001 |
| Long Beach, CA         | 125,213 |     | 3,138 | 14,368 | 189   | 3,138 | 14,557 | 17,696 | 1,500 | 2006 |
| Murrieta, CA           | 49,895  |     | 1,883 | 5,532  | 151   | 1,903 | 5,663  | 7,566  | 678   | 2005 |
| North Highlands, CA    | 57,244  | (C) | 868   | 2,546  | 185   | 868   | 2,731  | 3,598  | 363   | 2005 |
| Orangevale, CA         | 50,492  | (C) | 1,423 | 4,175  | 117   | 1,423 | 4,291  | 5,714  | 587   | 2005 |
| Palm Springs I, CA     | 72,775  |     | 1,565 | 7,164  | 100   | 1,566 | 7,263  | 8,829  | 750   | 2006 |
| Palm Springs II, CA    | 122,745 |     | 2,131 | 9,758  | 152   | 2,132 | 9,909  | 12,041 | 1,020 | 2006 |
| Pleasanton, CA         | 82,415  |     | 2,799 | 8,222  | 42    | 2,799 | 8,264  | 11,063 | 984   | 2005 |
| Rancho Cordova, CA     | 53,928  | (C) | 1,094 | 3,212  | 162   | 1,095 | 3,374  | 4,469  | 457   | 2005 |
| Redlands, CA           | 62,805  | (F) | 196   | 2,192  | 1,123 | 449   | 3,063  | 3,511  | 853   | 1997 |
| Rialto, CA             | 57,371  |     | 899   | 4,118  | 86    | 899   | 4,204  | 5,103  | 434   | 2006 |
| Rialto II, CA          | 99,393  |     | 277   | 3,098  | 1,589 | 672   | 4,293  | 4,964  | 1,161 | 1997 |
| Riverside I, CA        | 27,485  |     | 42    | 465    | 474   | 141   | 841    | 981    | 222   | 1997 |
| Riverside II, CA       | 20,420  |     | 42    | 423    | 336   | 114   | 687    | 801    | 177   | 1997 |
| Riverside III, CA      | 46,809  |     | 91    | 1,035  | 964   | 310   | 1,780  | 2,090  | 402   | 1998 |
| Riverside IV, CA       | 67,320  |     | 1,351 | 6,183  | 74    | 1,351 | 6,257  | 7,608  | 646   | 2006 |
| Riverside V, CA        | 85,521  |     | 1,170 | 5,359  | 144   | 1,170 | 5,502  | 6,673  | 566   | 2006 |
| Riverside VI, CA       | 74,900  | (K) | 1,040 | 4,119  | (190) | 1,040 | 3,738  | 4,969  | 70    | 2007 |
| Roseville, CA          | 59,944  | (C) | 1,284 | 3,767  | 180   | 1,284 | 3,947  | 5,231  | 528   | 2005 |
| Sacramento I, CA       | 50,764  | (C) | 1,152 | 3,380  | 136   | 1,152 | 3,514  | 4,668  | 480   | 2005 |
| Sacramento II, CA      | 61,890  | (C) | 1,406 | 4,128  | 77    | 1,407 | 4,205  | 5,612  | 579   | 2005 |
| San Bernardino I, CA   | 47,350  |     | 67    | 748    | 826   | 217   | 1,424  | 1,641  | 334   | 1997 |
| San Bernardino II, CA  | 83,278  | (F) | 152   | 1,704  | 1,298 | 450   | 2,703  | 3,154  | 688   | 1997 |
| San Bernardino III, CA | 31,070  | (A) | 51    | 572    | 1,037 | 182   | 1,478  | 1,660  | 391   | 1997 |
| San Bernardino IV, CA  | 57,245  | (F) | 152   | 1,695  | 1,604 | 444   | 3,007  | 3,451  | 881   | 1997 |
| San Bernardino V, CA   | 41,646  | (A) | 112   | 1,251  | 1,077 | 306   | 2,135  | 2,440  | 644   | 1997 |
| San Bernardino VI, CA  | 35,671  | (A) | 98    | 1,093  | 884   | 242   | 1,813  | 2,075  | 575   | 1997 |

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| Description             | Square Footage | Encumbrances | Gross Carrying Amount |                           |                                 |                      |                           |          |                              |                           |
|-------------------------|----------------|--------------|-----------------------|---------------------------|---------------------------------|----------------------|---------------------------|----------|------------------------------|---------------------------|
|                         |                |              | Initial Cost          |                           | Costs Subsequent to Acquisition | at December 31, 2007 |                           |          | Accumulated Depreciation (L) | Year Acquired / Developed |
|                         |                |              | Land                  | Building and Improvements |                                 | Land                 | Building and Improvements | Total    |                              |                           |
| San Bernardino VII, CA  | 83,507         | (E)          | \$ 1,872              | \$ 5,391                  | \$ 34                           | \$ 1,872             | \$ 5,426                  | \$ 7,297 | \$ 835                       | 2005                      |
| San Bernardino VIII, CA | 56,820         |              | 783                   | 3,583                     | 138                             | 783                  | 3,721                     | 4,504    | 382                          | 2006                      |
| San Bernardino IX, CA   | 117,928        |              | 1,205                 | 5,518                     | 119                             | 1,205                | 5,636                     | 6,841    | 581                          | 2006                      |
| San Bernardino X, CA    | 78,839         |              | 1,475                 | 6,753                     | 185                             | 1,476                | 6,937                     | 8,413    | 711                          | 2006                      |
| San Bernardino XI, CA   | 112,154        |              | 1,691                 | 7,741                     | 165                             | 1,692                | 7,905                     | 9,597    | 814                          | 2006                      |
| San Marcos, CA          | 37,430         | (G)          | 775                   | 2,288                     | 48                              | 776                  | 2,335                     | 3,111    | 322                          | 2005                      |
| Santa Ana, CA           | 65,528         |              | 1,223                 | 5,600                     | 144                             | 1,223                | 5,744                     | 6,967    | 588                          | 2006                      |
| South Palmetto, CA      | 80,505         |              | 292                   | 3,289                     | 1,818                           | 688                  | 4,711                     | 5,399    | 1,076                        | 1998                      |
| South Sacramento, CA    | 52,290         | (C)          | 790                   | 2,319                     | 109                             | 791                  | 2,428                     | 3,219    | 334                          | 2005                      |
| Spring Valley, CA       | 55,070         |              | 1,178                 | 5,394                     | 285                             | 1,178                | 5,679                     | 6,857    | 577                          | 2006                      |
| Sun City, CA            | 38,435         |              | 140                   | 1,579                     | 894                             | 324                  | 2,289                     | 2,613    | 554                          | 1998                      |
| Temecula I, CA          | 81,740         |              | 660                   | 4,735                     | 1,104                           | 911                  | 5,588                     | 6,499    | 1,252                        | 1998                      |
| Temecula II, CA         | 84,580         | (K)          | 3,080                 | 5,839                     | (103)                           | 3,080                | 5,626                     | 8,815    | 104                          | 2007                      |
| Thousand Palms, CA      | 76,336         |              | 1,493                 | 6,835                     | 263                             | 1,493                | 7,098                     | 8,591    | 728                          | 2006                      |
| Vista I, CA             | 74,405         | (D)          | 711                   | 4,076                     | 2,032                           | 1,118                | 5,701                     | 6,819    | 1,298                        | 2001                      |
| Vista II, CA            | 147,721        |              | 4,629                 | 13,599                    | 54                              | 4,629                | 13,653                    | 18,282   | 1,624                        | 2005                      |
| Walnut, CA              | 50,708         |              | 1,578                 | 4,635                     | 173                             | 1,595                | 4,792                     | 6,386    | 568                          | 2005                      |
| West Sacramento, CA     | 39,715         |              | 1,222                 | 3,590                     | 81                              | 1,222                | 3,671                     | 4,893    | 433                          | 2005                      |
| Westminster, CA         | 68,048         | (G)          | 1,740                 | 5,142                     | 111                             | 1,743                | 5,250                     | 6,993    | 727                          | 2005                      |
| Yucaipa, CA             | 77,560         | (F)          | 198                   | 2,221                     | 1,454                           | 525                  | 3,348                     | 3,873    | 860                          | 1997                      |
| Aurora I, CO            | 75,867         | (C)          | 1,343                 | 2,986                     | 181                             | 1,343                | 3,167                     | 4,510    | 446                          | 2005                      |
| Aurora II, CO           | 57,753         |              | 736                   | 1,637                     | 254                             | 736                  | 1,891                     | 2,627    | 244                          | 2005                      |
| Aurora III, CO          | 28,730         |              | 352                   | 783                       | 159                             | 352                  | 942                       | 1,294    | 122                          | 2005                      |
| Aurora IV, CO           | 49,700         |              | 752                   | 3,066                     | 108                             | 753                  | 3,173                     | 3,927    | 356                          | 2006                      |
| Boulder I, CO           | 47,296         |              | 1,005                 | 4,095                     | 209                             | 1,005                | 4,304                     | 5,309    | 421                          | 2006                      |
| Boulder II, CO          | 101,245        |              | 2,556                 | 10,416                    | 180                             | 2,556                | 10,596                    | 13,152   | 1,029                        | 2006                      |
| Boulder III, CO         | 80,174         |              | 1,370                 | 5,581                     | 149                             | 1,370                | 5,730                     | 7,100    | 558                          | 2006                      |
| Boulder IV, CO          | 95,148         |              | 2,102                 | 8,563                     | 135                             | 2,102                | 8,699                     | 10,800   | 845                          | 2006                      |
| Colorado Springs I, CO  | 47,975         |              | 771                   | 1,717                     | 160                             | 771                  | 1,877                     | 2,648    | 242                          | 2005                      |
| Colorado Springs II, CO | 62,400         | 1,999        | 657                   | 2,674                     | 162                             | 656                  | 2,837                     | 3,493    | 233                          | 2006                      |
| Denver I, CO            | 58,050         |              | 1,105                 | 2,459                     | 109                             | 1,105                | 2,568                     | 3,673    | 334                          | 2005                      |
| Denver II, CO           | 59,200         |              | 673                   | 2,741                     | 104                             | 674                  | 2,845                     | 3,518    | 322                          | 2006                      |
| Denver III, CO          | 63,700         |              | 732                   | 2,982                     | 127                             | 733                  | 3,108                     | 3,841    | 352                          | 2006                      |
| Englewood, CO           | 51,000         |              | 981                   | 2,183                     | 115                             | 981                  | 2,298                     | 3,278    | 305                          | 2005                      |
| Federal Heights, CO     | 54,770         | (C)          | 878                   | 1,953                     | 80                              | 879                  | 2,032                     | 2,911    | 291                          | 2005                      |
| Golden, CO              | 87,832         | (C)          | 1,683                 | 3,744                     | 205                             | 1,684                | 3,948                     | 5,632    | 551                          | 2005                      |
| Littleton I, CO         | 53,490         | (C)          | 1,268                 | 2,820                     | 118                             | 1,268                | 2,938                     | 4,206    | 411                          | 2005                      |
| Littleton II, CO        | 46,175         |              | 1,121                 | 2,495                     | 127                             | 1,121                | 2,622                     | 3,743    | 346                          | 2005                      |
| Northglenn, CO          | 52,102         | (C)          | 862                   | 1,917                     | 103                             | 862                  | 2,020                     | 2,882    | 288                          | 2005                      |
| Bloomfield, CT          | 48,700         |              | 78                    | 880                       | 2,193                           | 360                  | 2,791                     | 3,151    | 675                          | 1997                      |
| Branford, CT            | 49,079         |              | 217                   | 2,433                     | 1,021                           | 504                  | 3,166                     | 3,671    | 1,043                        | 1995                      |
| Bristol, CT             | 47,825         | (E)          | 1,819                 | 3,161                     | 53                              | 1,819                | 3,213                     | 5,033    | 529                          | 2005                      |
| East Windsor, CT        | 45,900         | (A)          | 744                   | 1,294                     | 239                             | 744                  | 1,519                     | 2,278    | 236                          | 2005                      |
| Enfield, CT             | 52,775         | (D)          | 424                   | 2,424                     | 282                             | 473                  | 2,657                     | 3,130    | 923                          | 2001                      |
| Gales Ferry, CT         | 54,230         |              | 240                   | 2,697                     | 1,312                           | 489                  | 3,760                     | 4,249    | 1,247                        | 1995                      |
| Manchester I, CT        | 47,125         | (D)          | 540                   | 3,096                     | 292                             | 563                  | 3,365                     | 3,928    | 1,120                        | 2002                      |
| Manchester II, CT       | 52,725         | (E)          | 996                   | 1,730                     | 83                              | 996                  | 1,811                     | 2,809    | 293                          | 2005                      |
| Milford, CT             | 44,885         |              | 87                    | 1,050                     | 1,049                           | 274                  | 1,912                     | 2,186    | 529                          | 1994                      |

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|                      |         |     |       |        |       |       |        |        |       |      |
|----------------------|---------|-----|-------|--------|-------|-------|--------|--------|-------|------|
| Monroe, CT           | 58,500  | (E) | 2,004 | 3,483  | 439   | 2,004 | 3,837  | 5,926  | 605   | 2005 |
| Mystic, CT           | 50,800  |     | 136   | 1,645  | 1,692 | 410   | 3,030  | 3,473  | 854   | 1994 |
| Newington I, CT      | 42,620  | (E) | 1,059 | 1,840  | 64    | 1,059 | 1,904  | 2,962  | 312   | 2005 |
| Newington II, CT     | 35,810  | (E) | 911   | 1,584  | 60    | 911   | 1,644  | 2,555  | 272   | 2005 |
| Old Saybrook I, CT   | 87,700  | (E) | 3,092 | 5,374  | 218   | 3,092 | 5,592  | 8,684  | 918   | 2005 |
| Old Saybrook II, CT  | 26,425  | (E) | 1,135 | 1,973  | 110   | 1,135 | 2,083  | 3,218  | 343   | 2005 |
| South Windsor, CT    | 71,725  |     | 90    | 1,127  | 1,041 | 272   | 1,985  | 2,258  | 538   | 1994 |
| Stamford, CT         | 28,957  | (E) | 1,941 | 3,374  | 52    | 1,941 | 3,426  | 5,367  | 565   | 2005 |
| Boca Raton, FL       | 37,958  | (F) | 529   | 3,054  | 1,456 | 813   | 4,226  | 5,039  | 1,196 | 2001 |
| Boynton Beach I, FL  | 62,013  | (E) | 667   | 3,796  | 1,581 | 958   | 5,086  | 6,044  | 1,478 | 2001 |
| Boynton Beach II, FL | 61,841  | (A) | 1,030 | 2,968  | 192   | 1,030 | 3,160  | 4,190  | 440   | 2005 |
| Bradenton I, FL      | 68,502  |     | 1,180 | 3,324  | 115   | 1,180 | 3,439  | 4,619  | 558   | 2004 |
| Bradenton II, FL     | 87,760  |     | 1,931 | 5,561  | 239   | 1,931 | 5,801  | 7,731  | 938   | 2004 |
| Cape Coral, FL       | 76,592  | (F) | 472   | 2,769  | 2,261 | 830   | 4,672  | 5,502  | 1,341 | 2000 |
| Dania Beach, FL      | 183,393 |     | 3,584 | 10,324 | 369   | 3,584 | 10,685 | 14,277 | 1,747 | 2004 |
| Dania, FL            | 58,270  |     | 205   | 2,068  | 1,302 | 481   | 3,094  | 3,575  | 872   | 1994 |
| Davie, FL            | 81,035  | (D) | 1,268 | 7,183  | 603   | 1,373 | 7,682  | 9,054  | 2,452 | 2001 |
| Deerfield Beach, FL  | 57,600  | (A) | 946   | 2,999  | 1,799 | 1,311 | 4,433  | 5,744  | 902   | 1998 |
| DeLand, FL           | 37,552  |     | 113   | 1,258  | 734   | 286   | 1,819  | 2,105  | 427   | 1998 |
| Delray Beach, FL     | 67,809  | (A) | 798   | 4,539  | 562   | 883   | 5,017  | 5,899  | 1,644 | 2001 |
| Fernandina Beach, FL | 111,030 |     | 189   | 2,111  | 3,346 | 523   | 3,871  | 5,646  | 1,314 | 1996 |
| Ft. Lauderdale, FL   | 70,596  | (D) | 937   | 3,646  | 2,202 | 1,384 | 5,401  | 6,785  | 1,134 | 1999 |
| Ft. Myers, FL        | 67,546  | (A) | 303   | 3,329  | 334   | 328   | 3,637  | 3,966  | 1,213 | 1998 |
| Gulf Breeze, FL      | 79,449  |     | 2,035 | 5,863  | 76    | 2,035 | 5,940  | 7,975  | 686   | 2005 |
| Jacksonville I, FL   | 80,401  |     | 1,862 | 5,362  | 31    | 1,862 | 5,392  | 7,255  | 602   | 2005 |
| Jacksonville II, FL  | 65,020  |     | 950   | 7,004  | (666) | 950   | 5,671  | 7,288  | 114   | 2007 |
| Jacksonville III, FL | 65,603  |     | 860   | 7,409  | (571) | 860   | 6,267  | 7,699  | 123   | 2007 |
| Jacksonville IV, FL  | 78,604  | (K) | 870   | 8,049  | (40)  | 870   | 7,965  | 8,878  | 145   | 2007 |
| Jacksonville V, FL   | 81,860  |     | 1,220 | 8,210  | (533) | 1,220 | 7,141  | 8,897  | 138   | 2007 |
| Lake Worth, FL       | 163,683 | (F) | 183   | 6,597  | 5,149 | 183   | 11,746 | 11,929 | 3,926 | 1998 |
| Lakeland I, FL       | 48,911  | (A) | 81    | 896    | 940   | 256   | 1,661  | 1,917  | 606   | 1994 |
| Lakeland II, FL      | 47,680  |     | 49    | 551    | 487   | 103   | 983    | 1,087  | 307   | 1996 |

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| Description             | Square Footage | Encumbrances | Initial Cost |                           | Costs Subsequent to Acquisition | Gross Carrying Amount at December 31, 2007 |                           |          | Accumulated Depreciation (L) | Year Acquired / Developed |
|-------------------------|----------------|--------------|--------------|---------------------------|---------------------------------|--|---------------------------|----------|------------------------------|---------------------------|
|                         |                |              | Land         | Building and Improvements |                                 | Land                                       | Building and Improvements | Total    |                              |                           |
| Leesburg, FL            | 59,840         |              | \$ 96        | \$ 1,079                  | \$ 786                          | \$ 214                                     | \$ 1,257                  | \$ 1,961 | \$ 542                       | 1997                      |
| Kendall, FL             | 75,395         | (K)          | 2,350        | 8,106                     | (765)                           | 2,350                                      | 6,573                     | 9,691    | 133                          | 2007                      |
| Lutz I, FL              | 72,495         |              | 901          | 2,478                     | 78                              | 901  | 2,556                     | 3,457    | 419                          | 2004                      |
| Lutz II, FL             | 69,292         |              | 992          | 2,868                     | 115                             | 992  | 2,983                     | 3,975    | 482                          | 2004                      |
| Margate I, FL           | 54,405         | (A)          | 161          | 1,763                     | 1,551                           | 399  | 3,076                     | 3,475    | 869                          | 1994                      |
| Margate II, FL          | 65,168         |              | 132          | 1,473                     | 1,667                           | 383  | 2,889                     | 3,272    | 731                          | 1996                      |
| Merrit Island, FL       | 50,427         | (A)          | 716          | 2,983                     | 433                             | 796  | 3,336                     | 4,132    | 963                          | 2000                      |
| Miami I, FL             | 46,925         | (D)          | 179          | 1,999                     | 1,566                           | 484  | 3,261                     | 3,744    | 1,007                        | 1995                      |
| Miami II, FL            | 57,040         |              | 188          | 2,052                     | 656                             | 286  | 2,609                     | 2,896    | 873                          | 1994                      |
| Miami III, FL           | 67,060         | (E)          | 253          | 2,544                     | 1,339                           | 561  | 3,575                     | 4,136    | 1,039                        | 1994                      |
| Miami IV, FL            | 58,315         |              | 193          | 2,174                     | 1,786                           | 516  | 3,638                     | 4,153    | 1,107                        | 1995                      |
| Miami V, FL             | 78,465         |              | 193          | 2,165                     | 981                             | 364  | 2,974                     | 3,339    | 881                          | 1995                      |
| Miami VI, FL            | 150,510        |              | 4,577        | 13,185                    | 148                             | 4,577                                      | 13,333                    | 17,910   | 1,540                        | 2005                      |
| Naples I, FL            | 48,050         |              | 90           | 1,010                     | 2,238                           | 270  | 3,067                     | 3,338    | 848                          | 1996                      |
| Naples II, FL           | 65,850         | (E)          | 148          | 1,652                     | 4,119                           | 558  | 5,361                     | 5,919    | 1,292                        | 1997                      |
| Naples III, FL          | 81,145         | (A)          | 139          | 1,561                     | 3,632                           | 598  | 4,734                     | 5,332    | 1,608                        | 1997                      |
| Naples IV, FL           | 40,975         |              | 262          | 2,980                     | 442                             | 407  | 3,277                     | 3,684    | 900                          | 1998                      |
| Ocala, FL               | 41,891         |              | 55           | 558                       | 526                             | 155  | 985                       | 1,139    | 279                          | 1994                      |
| Ocoee, FL               | 76,250         |              | 1,286        | 3,705                     | 78                              | 1,286                                      | 3,783                     | 5,069    | 523                          | 2005                      |
| Orange City, FL         | 59,636         |              | 1,191        | 3,209                     | 60                              | 1,191                                      | 3,269                     | 4,460    | 538                          | 2004                      |
| Orlando I, FL           | 52,170         |              | 187          | 2,088                     | 450                             | 240  | 2,485                     | 2,725    | 943                          | 1997                      |
| Orlando II, FL          | 62,864         | (E)          | 1,589        | 4,576                     | 35                              | 1,589                                      | 4,610                     | 6,199    | 650                          | 2005                      |
| Orlando III, FL         | 104,165        |              | 1,209        | 7,768                     | 124                             | 1,209                                      | 7,892                     | 9,102    | 645                          | 2006                      |
| Oviedo, FL              | 49,256         |              | 440          | 2,824                     | 127                             | 440  | 2,844                     | 3,391    | 241                          | 2006                      |
| Pembroke Pines, FL      | 67,337         | (D)          | 337          | 3,772                     | 2,555                           | 953  | 5,711                     | 6,664    | 1,403                        | 1997                      |
| Royal Palm Beach I, FL  | 98,961         | (F)          | 205          | 2,148                     | 2,620                           | 741  | 4,232                     | 4,973    | 1,196                        | 1994                      |
| Royal Palm Beach II, FL | 81,515         | (K)          | 1,640        | 8,607                     | (511)                           | 1,640                                      | 7,582                     | 9,736    | 146                          | 2007                      |
| Sanford, FL             | 61,810         |              | 453          | 2,911                     | 77                              | 453  | 2,989                     | 3,442    | 245                          | 2006                      |
| Sarasota, FL            | 70,788         | (A)          | 333          | 3,656                     | 1,068                           | 529  | 4,528                     | 5,057    | 1,407                        | 1998                      |
| St. Augustine, FL       | 59,670         |              | 135          | 1,515                     | 3,042                           | 383  | 4,308                     | 4,692    | 1,114                        | 1996                      |
| Stuart I, FL            | 41,324         |              | 154          | 1,726                     | 1,154                           | 319  | 2,704                     | 3,034    | 893                          | 1997                      |
| Stuart II, FL           | 86,924         | (E)          | 324          | 3,625                     | 2,365                           | 685  | 5,629                     | 6,314    | 1,433                        | 1997                      |
| SW Ranches, FL          | 64,955         |              | 1,390        | 7,598                     | (889)                           | 1,390                                      | 5,818                     | 8,099    | 121                          | 2007                      |
| Tampa I, FL             | 60,700         |              | 124          | 1,252                     | 453                             | 220  | 1,610                     | 1,829    | 513                          | 1994                      |
| Tampa II, FL            | 55,997         |              | 330          | 1,887                     | 475                             | 330  | 2,350                     | 2,692    | 728                          | 2001                      |
| Tampa III, FL           | 83,788         |              | 2,670        | 6,249                     | (532)                           | 2,670                                      | 5,182                     | 8,387    | 103                          | 2007                      |
| Vero Beach, FL          | 50,390         |              | 159          | 1,783                     | 404                             | 259  | 2,087                     | 2,346    | 349                          | 1998/1997                 |
| West Palm Beach I, FL   | 67,973         | 2,359        | 719          | 3,420                     | 1,436                           | 835  | 4,740                     | 5,575    | 1,518                        | 2001                      |
| West Palm Beach II, FL  | 93,764         |              | 2,129        | 8,671                     | 188                             | 2,129                                      | 8,859                     | 10,988   | 1,665                        | 2004                      |
| Alpharetta, GA          | 90,485         | (F)          | 806          | 4,720                     | 867                             | 967  | 5,426                     | 6,393    | 1,968                        | 2001                      |
| Austell, GA             | 83,615         |              | 1,635        | 4,711                     | 135                             | 1,643                                      | 4,838                     | 6,481    | 353                          | 2006                      |
| Decatur, GA             | 148,480        |              | 616          | 6,776                     | (99)                            | 616  | 6,677                     | 7,293    | 1,900                        | 1998                      |
| Norcross, GA            | 85,390         | (D)          | 514          | 2,930                     | 659                             | 632  | 3,470                     | 4,103    | 1,019                        | 2001                      |
| Peachtree City, GA      | 49,845         | 1,746        | 435          | 2,532                     | 519                             | 529  | 2,957                     | 3,486    | 885                          | 2001                      |
| Smyrna, GA              | 56,820         | (F)          | 750          | 4,271                     | 113                             | 750  | 4,384                     | 5,134    | 1,496                        | 2001                      |
| Snellville, GA          | 79,950         |              | 1,660        | 4,781                     | 91                              | 1,660                                      | 4,872                     | 6,532    | 251                          | 2007                      |
| Suwanee I, GA           | 85,450         |              | 1,737        | 5,010                     | 86                              | 1,737                                      | 5,096                     | 6,832    | 261                          | 2007                      |
| Suwanee II, GA          | 79,640         | (K)          | 800          | 6,942                     | (336)                           | 800  | 6,268                     | 7,406    | 119                          | 2007                      |
| Addison, IL             | 31,275         | (I)          | 428          | 3,531                     | 167                             | 428  | 3,698                     | 4,126    | 590                          | 2004                      |
| Aurora, IL              | 73,845         |              | 644          | 3,652                     | 41                              | 644  | 3,693                     | 4,337    | 608                          | 2004                      |
| Bartlett, IL            | 51,525         |              | 931          | 2,493                     | 67                              | 931  | 2,560                     | 3,491    | 419                          | 2004                      |
| Hanover, IL             | 41,174         | (E)          | 1,126        | 2,197                     | 71                              | 1,126                                      | 2,268                     | 3,394    | 373                          | 2004                      |
| Bellwood, IL            | 86,575         | (E)          | 1,012        | 5,768                     | 519                             | 1,012                                      | 6,287                     | 7,299    | 2,087                        | 2001                      |
| Des Plaines, IL         | 74,600         | (I)          | 1,564        | 4,327                     | 157                             | 1,564                                      | 4,484                     | 6,048    | 727                          | 2004                      |
|                         | 64,304         | (I)          | 1,446        | 3,535                     | 201                             | 1,446                                      | 3,736                     | 5,182    | 615                          | 2004                      |



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|                       |         |     |       |        |     |       |        |        |       |      |
|-----------------------|---------|-----|-------|--------|-----|-------|--------|--------|-------|------|
| Elk Grove Village, IL |         |     |       |        |     |       |        |        |       |      |
| Glenview, IL          | 100,115 | (I) | 3,740 | 10,367 | 100 | 3,740 | 10,467 | 14,207 | 1,713 | 2004 |
| Gurnee, IL            | 80,300  | (I) | 1,521 | 5,440  | 183 | 1,521 | 5,623  | 7,144  | 915   | 2004 |
| Harvey, IL            | 60,315  | (I) | 869   | 3,635  | 46  | 869   | 3,681  | 4,550  | 606   | 2004 |
| Joliet, IL            | 74,350  | (I) | 547   | 4,704  | 59  | 547   | 4,763  | 5,310  | 782   | 2004 |
| Kildeer, IL           | 46,475  | (I) | 2,102 | 2,187  | 82  | 2,102 | 2,269  | 4,371  | 368   | 2004 |
| Lombard, IL           | 57,736  | (I) | 1,305 | 3,938  | 488 | 1,305 | 4,426  | 5,731  | 696   | 2004 |
| Mount Prospect, IL    | 65,000  | (I) | 1,701 | 3,114  | 79  | 1,701 | 3,193  | 4,894  | 520   | 2004 |
| Mundelein, IL         | 44,700  | (I) | 1,498 | 2,782  | 74  | 1,498 | 2,856  | 4,354  | 471   | 2004 |
| North Chicago, IL     | 53,300  | (I) | 1,073 | 3,006  | 161 | 1,073 | 3,167  | 4,240  | 510   | 2004 |
| Plainfield I, IL      | 53,900  |     | 1,770 | 1,715  | 133 | 1,770 | 1,848  | 3,618  | 304   | 2004 |
| Plainfield II, IL     | 52,100  |     | 694   | 2,000  | 103 | 694   | 2,103  | 2,797  | 294   | 2005 |
| Schaumburg, IL        | 31,235  |     | 538   | 645    | 94  | 538   | 739    | 1,277  | 127   | 2004 |
| Streamwood, IL        | 64,305  | (A) | 1,447 | 1,662  | 152 | 1,447 | 1,814  | 3,261  | 300   | 2004 |
| Warrensville, IL      | 48,796  | (A) | 1,066 | 3,072  | 89  | 1,066 | 3,161  | 4,228  | 428   | 2005 |
| Waukegan, IL          | 79,750  | (I) | 1,198 | 4,363  | 94  | 1,198 | 4,457  | 5,655  | 732   | 2004 |
| West Chicago, IL      | 48,475  | (E) | 1,071 | 2,249  | 125 | 1,071 | 2,374  | 3,445  | 385   | 2004 |
| Westmont, IL          | 53,700  | (I) | 1,155 | 3,873  | 41  | 1,155 | 3,914  | 5,069  | 643   | 2004 |
| Wheeling I, IL        | 54,210  | (A) | 857   | 3,213  | 137 | 857   | 3,350  | 4,207  | 551   | 2004 |
| Wheeling II, IL       | 67,825  | (I) | 793   | 3,816  | 175 | 793   | 3,991  | 4,784  | 650   | 2004 |
| Woodridge, IL         | 50,725  | (I) | 943   | 3,397  | 50  | 943   | 3,447  | 4,390  | 568   | 2004 |
| Indianapolis I, IN    | 43,600  | (I) | 1,871 | 1,230  | 65  | 1,871 | 1,295  | 3,166  | 220   | 2004 |
| Indianapolis II, IN   | 44,900  | (I) | 669   | 2,434  | 68  | 669   | 2,502  | 3,171  | 423   | 2004 |
| Indianapolis III, IN  | 60,850  | (I) | 1,229 | 2,834  | 40  | 1,229 | 2,874  | 4,103  | 473   | 2004 |

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| Description           | Initial Cost      |                   |              |              |                               | Gross Carrying Amount<br>at December 31, 2007 |              |          |        | Accumulated<br>Depreciation<br>(L) | Year<br>Acquired /<br>Developed |
|-----------------------|-------------------|-------------------|--------------|--------------|-------------------------------|---|--------------|----------|--------|------------------------------------|---------------------------------|
|                       | Square<br>Footage | Encum-<br>brances | Building and |              | Sub-sequent<br>to Acquisition | Building and                                  |              | Total    |        |                                    |                                 |
|                       |                   |                   | Land         | Improvements |                               | Land  | Improvements |          |        |                                    |                                 |
| Indianapolis IV, IN   | 68,250            |                   | \$ 641       | \$ 3,154     | \$ 4                          | \$ 552  | \$ 3,247     | \$ 3,799 | \$ 533 | 2004                               |                                 |
| Indianapolis V, IN    | 74,825            | (I)               | 2,138        | 3,633        | 131                           | 2,138   | 3,764        | 5,902    | 610    | 2004                               |                                 |
| Indianapolis VI, IN   | 73,353            | (A)               | 406          | 3,496        | 151                           | 406   | 3,647        | 4,053    | 589    | 2004                               |                                 |
| Indianapolis VII, IN  | 91,807            | (I)               | 908          | 4,755        | 348                           | 908   | 5,103        | 6,011    | 820    | 2004                               |                                 |
| Indianapolis VIII, IN | 80,140            | (I)               | 887          | 3,548        | 101                           | 887   | 3,649        | 4,536    | 599    | 2004                               |                                 |
| Indianapolis IX, IN   | 61,732            | (I)               | 1,133        | 4,103        | 150                           | 1,133   | 4,253        | 5,386    | 689    | 2004                               |                                 |
| Baton Rouge I, LA     | 55,474            |                   | 112          | 1,248        | 497                           | 208   | 1,649        | 1,857    | 487    | 1997                               |                                 |
| Baton Rouge II, LA    | 80,452            | (A)               | 150          | 1,558        | 1,272                         | 331   | 2,649        | 2,980    | 840    | 1997                               |                                 |
| Baton Rouge III, LA   | 60,770            |                   | 133          | 1,487        | 625                           | 271   | 1,974        | 2,245    | 561    | 1997                               |                                 |
| Prairieville, LA      | 28,319            |                   | 90           | 1,004        | 170                           | 90  | 1,174        | 1,264    | 356    | 1998                               |                                 |
| Slidell, LA           | 79,540            | (D)               | 188          | 3,175        | 1,581                         | 802   | 4,142        | 4,944    | 1,142  | 2001                               |                                 |
| Boston, MA            | 60,270            | (F)               | 1,516        | 8,628        | 186                           | 1,516   | 8,814        | 10,330   | 2,882  | 2002                               |                                 |
| Leominster, MA        | 54,081            | (D)               | 90           | 1,519        | 2,319                         | 338   | 3,591        | 3,928    | 905    | 1998                               |                                 |
| Medford, MA           | 58,577            | (K)               | 1,330        | 7,165        | (565)                         | 1,330   | 6,033        | 7,930    | 119    | 2007                               |                                 |
| Baltimore, MD         | 93,700            | (E)               | 1,050        | 5,997        | 889                           | 1,173   | 6,763        | 7,936    | 2,177  | 2001                               |                                 |
| California, MD        | 77,678            |                   | 1,486        | 4,280        | 62                            | 1,486   | 4,342        | 5,828    | 709    | 2004                               |                                 |
| Gaithersburg, MD      | 86,970            | 6,227             | 3,124        | 9,000        | 96                            | 3,124   | 9,096        | 12,220   | 1,405  | 2005                               |                                 |
| Laurel, MD            | 162,297           | (F)               | 1,409        | 8,035        | 3,309                         | 1,928   | 10,825       | 12,753   | 2,919  | 2001                               |                                 |
| Temple Hills, MD      | 97,250            | (D)               | 1,541        | 8,788        | 1,975                         | 1,800   | 10,504       | 12,304   | 2,955  | 2001                               |                                 |
| Grand Rapids, MI      | 87,031            | (A)               | 185          | 1,821        | 1,345                         | 325   | 3,027        | 3,351    | 1,064  | 1996                               |                                 |
| Portage, MI           | 50,280            |                   | 104          | 1,160        | 784                           | 237   | 1,810        | 2,048    | 613    | 1996                               |                                 |
| Romulus, MI           | 42,175            | (A)               | 308          | 1,743        | 581                           | 418   | 2,214        | 2,632    | 622    | 1997                               |                                 |
| Wyoming, MI           | 91,283            | (A)               | 191          | 2,135        | 956                           | 354   | 2,928        | 3,282    | 1,074  | 1996                               |                                 |
| Biloxi, MS            | 66,394            |                   | 148          | 1,652        | 719                           | 279   | 2,240        | 2,519    | 600    | 1997                               |                                 |
| Gautier, MS           | 35,925            |                   | 93           | 1,040        | 40                            | 93  | 1,080        | 1,173    | 367    | 1997                               |                                 |
| Gulfport I, MS        | 68,320            |                   | 128          | 1,438        | 851                           | 156   | 2,261        | 2,417    | 676    | 1997                               |                                 |
| Gulfport II, MS       | 64,445            |                   | 117          | 1,306        | 552                           | 179   | 1,797        | 1,975    | 549    | 1997                               |                                 |
| Gulfport III, MS      | 61,251            | (E)               | 172          | 1,928        | 845                           | 338   | 2,607        | 2,945    | 723    | 1997                               |                                 |
| Waveland, MS          | 57,096            |                   | 215          | 2,481        | (445)                         | 392   | 1,859        | 2,251    | 155    | 1998                               |                                 |
| Belmont, NC           | 80,512            |                   | 385          | 2,196        | 502                           | 451   | 2,632        | 3,083    | 843    | 2001                               |                                 |
| Burlington I, NC      | 109,545           | (A)               | 498          | 2,837        | 316                           | 498   | 3,153        | 3,651    | 1,015  | 2001                               |                                 |
| Burlington II, NC     | 42,280            |                   | 320          | 1,829        | 228                           | 340   | 2,037        | 2,377    | 641    | 2001                               |                                 |
| Cary, NC              | 111,772           | (A)               | 543          | 3,097        | 259                           | 543   | 3,357        | 3,899    | 835    | 2001                               |                                 |
| Charlotte, NC         | 69,000            | (F)               | 782          | 4,429        | 1,354                         | 1,068   | 5,497        | 6,565    | 1,466  | 1999                               |                                 |
| Fayetteville I, NC    | 41,450            |                   | 156          | 1,747        | 744                           | 301   | 2,346        | 2,647    | 730    | 1997                               |                                 |
| Fayetteville II, NC   | 54,225            | (F)               | 213          | 2,301        | 699                           | 399   | 2,813        | 3,213    | 772    | 1997                               |                                 |
| Raleigh, NC           | 48,675            |                   | 209          | 2,398        | 204                           | 296   | 2,516        | 2,811    | 687    | 1998                               |                                 |
| Brick, NJ             | 52,740            |                   | 234          | 2,762        | 1,273                         | 485   | 3,784        | 4,269    | 1,146  | 1994                               |                                 |
| Clifton, NJ           | 105,550           | (A)               | 4,346        | 12,520       | 109                           | 4,346   | 12,629       | 16,975   | 1,621  | 2005                               |                                 |
| Cranford, NJ          | 91,250            |                   | 290          | 3,493        | 1,984                         | 779   | 4,988        | 5,767    | 1,426  | 1994                               |                                 |
| East Hanover, NJ      | 107,679           |                   | 504          | 5,763        | 3,447                         | 1,315   | 8,399        | 9,714    | 2,396  | 1994                               |                                 |
| Elizabeth, NJ         | 38,892            |                   | 751          | 2,164        | 202                           | 751   | 2,366        | 3,117    | 289    | 2005                               |                                 |
| Fairview, NJ          | 27,676            |                   | 246          | 2,759        | 231                           | 246   | 2,990        | 3,236    | 954    | 1997                               |                                 |
| Hamilton, NJ          | 70,550            |                   | 1,885        | 5,430        | 132                           | 1,893   | 5,554        | 7,446    | 402    | 2006                               |                                 |
| Hoboken, NJ           | 34,280            |                   | 1,370        | 3,947        | 407                           | 1,370   | 4,354        | 5,724    | 530    | 2005                               |                                 |
| Jersey City, NJ       | 91,361            |                   | 397          | 4,507        | 2,530                         | 1,010   | 6,424        | 7,434    | 1,840  | 1994                               |                                 |
| Linden I, NJ          | 95,575            |                   | 517          | 6,008        | 2,864                         | 1,170   | 8,219        | 9,389    | 2,365  | 1994                               |                                 |
| Linden II, NJ         | 35,800            |                   |              | 2            | 873                           | 189   | 686          | 875      | 70     | 1994                               |                                 |
| Morris Township, NJ   | 75,576            | (D)               | 500          | 5,602        | 2,480                         | 1,072   | 7,510        | 8,582    | 2,045  | 1997                               |                                 |
| Parsippany, NJ        | 66,325            |                   | 475          | 5,322        | 1,903                         | 909   | 6,790        | 7,700    | 1,924  | 1997                               |                                 |
| Randolph, NJ          | 52,565            | (D)               | 855          | 4,872        | 1,229                         | 1,108   | 5,848        | 6,956    | 1,781  | 2002                               |                                 |
| Sewell, NJ            | 57,767            | (F)               | 484          | 2,766        | 1,135                         | 706   | 3,678        | 4,385    | 1,118  | 2001                               |                                 |
| Albuquerque I, NM     | 65,927            | (C)               | 1,039        | 3,395        | 167                           | 1,039   | 3,562        | 4,601    | 515    | 2005                               |                                 |
| Albuquerque II, NM    | 58,834            | (C)               | 1,163        | 3,801        | 141                           | 1,163   | 3,942        | 5,105    | 565    | 2005                               |                                 |
| Albuquerque III, NM   | 41,016            |                   | 519          | 1,697        | 174                           | 519   | 1,870        | 2,390    | 267    | 2005                               |                                 |
| Albuquerque IV, NM    | 57,536            | (C)               | 664          | 2,171        | 156                           | 664   | 2,327        | 2,991    | 335    | 2005                               |                                 |
| Albuquerque V, NM     | 52,217            |                   | 915          | 2,996        | 144                           | 915   | 3,141        | 4,056    | 357    | 2006                               |                                 |
| Carlsbad, NM          | 39,999            | (B)               | 490          | 1,613        | 77                            | 491   | 1,689        | 2,180    | 243    | 2005                               |                                 |
| Deming, NM            | 33,005            | (B)               | 338          | 1,114        | 78                            | 339   | 1,192        | 1,531    | 173    | 2005                               |                                 |
| Las Cruces, NM        | 43,850            | (B)               | 611          | 2,012        | 98                            | 612   | 2,109        | 2,721    | 304    | 2005                               |                                 |
| Lovington, NM         | 15,751            | (B)               | 222          | 740          | (189)                         | 169   | 603          | 773      | 87     | 2005                               |                                 |

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|                              |        |     |       |        |       |       |        |        |       |      |
|------------------------------|--------|-----|-------|--------|-------|-------|--------|--------|-------|------|
| Silver City, NM              | 26,875 | (B) | 153   | 504    | 67    | 153   | 571    | 724    | 85    | 2005 |
| Truth or<br>Consequences, NM | 24,010 | (B) | 10    | 34     | 65    | 11    | 98     | 109    | 19    | 2005 |
| Las Vegas I, NV              | 50,882 |     | 1,851 | 2,986  | 161   | 1,851 | 3,147  | 4,998  | 314   | 2006 |
| Las Vegas II, NV             | 49,000 |     | 3,354 | 5,411  | 83    | 3,355 | 5,493  | 8,848  | 551   | 2006 |
| Endicott, NY                 | 35,930 |     | 779   | 838    | 77    | 779   | 915    | 1,694  | 151   | 2005 |
| Jamaica, NY                  | 89,455 | (D) | 2,043 | 11,658 | 346   | 2,043 | 12,004 | 14,047 | 3,931 | 2001 |
| New Rochelle, NY             | 48,431 | (A) | 1,673 | 4,827  | 83    | 1,673 | 4,910  | 6,583  | 681   | 2005 |
| North Babylon, NY            | 78,338 | (F) | 225   | 2,514  | 3,921 | 568   | 6,092  | 6,660  | 1,680 | 1998 |
| Riverhead, NY                | 38,690 |     | 1,068 | 1,149  | 97    | 1,068 | 1,246  | 2,314  | 207   | 2005 |
| Southold, NY                 | 58,609 |     | 2,079 | 2,238  | 188   | 2,079 | 2,426  | 4,505  | 391   | 2005 |
| Avon, CO                     | 28,227 |     | 1,012 | 2,252  | 88    | 1,012 | 2,340  | 3,351  | 308   | 2005 |
| Boardman, OH                 | 65,495 | (F) | 64    | 745    | 2,095 | 287   | 2,617  | 2,904  | 1,292 | 1980 |
| Brecksville, OH              | 58,452 |     | 228   | 2,545  | 954   | 442   | 3,286  | 3,727  | 878   | 1998 |

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| Description              | Square Footage | Encumbrances | Initial Cost |                           | Costs Subsequent to Acquisition | Gross Carrying Amount at December 31, 2007 |                           |        | Accumulated Depreciation (L) | Year Acquired / Developed |
|--------------------------|----------------|--------------|--------------|---------------------------|---------------------------------|--|---------------------------|--------|------------------------------|---------------------------|
|                          |                |              | Land         | Building and Improvements |                                 | Land                                       | Building and Improvements | Total  |                              |                           |
| Canton I, OH             | 39,750         |              | \$ 138       | \$ 679                    | \$ 178                          | \$ 137                                     | \$ 857                    | \$ 995 | \$ 122                       | 2005                      |
| Canton II, OH            | 26,200         |              | 122          | 595                       | 109                             | 120  | 706                       | 826    | 103                          | 2005                      |
| Centerville I, OH        | 86,390         | (I)          | 471          | 3,705                     | 110                             | 471  | 3,815                     | 4,286  | 617                          | 2004                      |
| Centerville II, OH       | 43,400         | (E)          | 332          | 1,757                     | 144                             | 332  | 1,901                     | 2,233  | 299                          | 2004                      |
| Cleveland I, OH          | 45,950         |              | 525          | 2,592                     | 114                             | 524  | 2,707                     | 3,231  | 403                          | 2005                      |
| Cleveland II, OH         | 58,450         |              | 290          | 1,427                     | 149                             | 289  | 1,578                     | 1,866  | 241                          | 2005                      |
| Columbus, OH             | 66,875         |              | 1,234        | 3,151                     | (19)                            | 1,239                                      | 3,127                     | 4,366  | 256                          | 2006                      |
| Dayton I, OH             | 43,100         | (E)          | 323          | 2,070                     | 80                              | 323  | 2,150                     | 2,473  | 351                          | 2004                      |
| Dayton II, OH            | 48,149         |              | 441          | 2,176                     | 122                             | 440  | 2,298                     | 2,739  | 339                          | 2005                      |
| Euclid I, OH             | 46,910         |              | 200          | 1,053                     | 1,880                           | 317  | 2,816                     | 3,133  | 1,404                        | 1988                      |
| Euclid II, OH            | 47,275         |              | 359          |                           | 1,630                           | 461  | 1,528                     | 1,989  | 348                          | 1988                      |
| Grove City, OH           | 89,290         |              | 1,756        | 4,485                     | 82                              | 1,761                                      | 4,562                     | 6,324  | 358                          | 2006                      |
| Hilliard, OH             | 89,715         |              | 1,361        | 3,476                     | 88                              | 1,366                                      | 3,558                     | 4,924  | 278                          | 2006                      |
| Hudson, OH               | 65,240         |              | 195          | 2,198                     | 470                             | 274  | 2,588                     | 2,863  | 736                          | 1998                      |
| Lakewood, OH             | 39,267         |              | 405          | 854                       | 441                             | 405  | 1,295                     | 1,700  | 678                          | 1989                      |
| Louisville, OH           | 53,960         |              | 257          | 1,260                     | 110                             | 255  | 1,372                     | 1,627  | 204                          | 2005                      |
| Marblehead, OH           | 52,300         |              | 374          | 1,843                     | 146                             | 373  | 1,991                     | 2,363  | 291                          | 2005                      |
| Mason, OH                | 33,900         |              | 127          | 1,419                     | 56                              | 149  | 1,452                     | 1,602  | 447                          | 1998                      |
| Mentor, OH               | 51,275         |              | 206          | 1,011                     | 1,385                           | 204  | 2,398                     | 2,602  | 211                          | 2005                      |
| Miamisburg, OH           | 59,930         | (I)          | 375          | 2,410                     | 101                             | 375  | 2,511                     | 2,886  | 413                          | 2004                      |
| Middleburg Heights, OH   | 93,025         |              | 63           | 704                       | 1,864                           | 332  | 2,299                     | 2,631  | 601                          | 1980                      |
| North Canton I, OH       | 45,400         |              | 209          | 846                       | 500                             | 299  | 1,255                     | 1,555  | 807                          | 1979                      |
| North Canton II, OH      | 44,180         |              | 70           | 1,226                     | 1                               | 239  | 1,058                     | 1,297  | 226                          | 1983                      |
| North Olmsted I, OH      | 48,665         |              | 63           | 704                       | 1,134                           | 214  | 1,687                     | 1,901  | 516                          | 1979                      |
| North Olmsted II, OH     | 47,850         | (F)          | 290          | 1,129                     | 1,016                           | 469  | 1,964                     | 2,435  | 896                          | 1988                      |
| North Randall, OH        | 80,099         | (F)          | 515          | 2,323                     | 2,778                           | 898  | 4,718                     | 5,616  | 1,246                        | 1998                      |
| Perry, OH                | 63,850         |              | 290          | 1,427                     | 106                             | 288  | 1,535                     | 1,823  | 231                          | 2005                      |
| Reynoldsburg, OH         | 67,545         |              | 1,290        | 3,295                     | 84                              | 1,295                                      | 3,375                     | 4,670  | 264                          | 2006                      |
| Strongsville, OH         | 43,727         | (K)          | 570          | 3,486                     | (315)                           | 570  | 2,855                     | 3,741  | 57                           | 2007                      |
| Warrensville Heights, OH | 90,331         |              | 525          | 766                       | 2,839                           | 935  | 3,195                     | 4,130  | 722                          | 1980                      |
| Westlake, OH             | 62,750         |              | 509          | 2,508                     | 123                             | 508  | 2,632                     | 3,140  | 397                          | 2005                      |
| Willoughby, OH           | 34,454         |              | 239          | 1,178                     | 127                             | 238  | 1,306                     | 1,544  | 195                          | 2005                      |
| Youngstown, OH           | 65,950         | (A)          | 67           |                           | 1,687                           | 204  | 1,550                     | 1,754  | 809                          | 1977                      |
| Levittown, PA            | 76,230         | (F)          | 926          | 5,296                     | 788                             | 926  | 6,084                     | 7,010  | 1,907                        | 2001                      |
| Philadelphia, PA         | 100,347        | (D)          | 1,461        | 8,334                     | 718                             | 1,461                                      | 9,052                     | 10,513 | 3,642                        | 2001                      |
| Alcoa, TN                | 42,325         | (J)          | 254          | 2,113                     | 61                              | 254  | 2,173                     | 2,428  | 294                          | 2005                      |
| Antioch, TN              | 76,150         |              | 588          | 4,906                     | 99                              | 588  | 5,005                     | 5,593  | 564                          | 2005                      |
| Cordova I, TN            | 54,225         | (G)          | 296          | 2,482                     | 142                             | 297  | 2,624                     | 2,920  | 358                          | 2005                      |
| Cordova II, TN           | 67,600         |              | 429          | 3,580                     | 125                             | 429  | 3,704                     | 4,134  | 341                          | 2006                      |
| Knoxville I, TN          | 29,377         |              | 99           | 1,113                     | 99                              | 102  | 1,209                     | 1,311  | 382                          | 1997                      |
| Knoxville II, TN         | 38,000         |              | 117          | 1,308                     | 169                             | 129  | 1,466                     | 1,594  | 439                          | 1997                      |
| Knoxville III, TN        | 45,736         |              | 182          | 2,053                     | 564                             | 331  | 2,469                     | 2,799  | 655                          | 1998                      |
| Knoxville IV, TN         | 58,852         |              | 158          | 1,771                     | 592                             | 310  | 2,211                     | 2,521  | 553                          | 1998                      |
| Knoxville V, TN          | 42,790         |              | 134          | 1,493                     | 392                             | 235  | 1,784                     | 2,019  | 514                          | 1998                      |
| Knoxville VI, TN         | 63,440         | (J)          | 439          | 3,653                     | 79                              | 440  | 3,731                     | 4,171  | 503                          | 2005                      |
| Knoxville VII, TN        | 54,994         | (J)          | 312          | 2,594                     | 83                              | 312  | 2,677                     | 2,989  | 362                          | 2005                      |
| Knoxville VIII, TN       | 96,518         | (J)          | 585          | 4,869                     | 107                             | 586  | 4,975                     | 5,561  | 670                          | 2005                      |
| Memphis I, TN            | 91,300         | (E)          | 677          | 3,880                     | 1,066                           | 677  | 4,945                     | 5,623  | 1,506                        | 2001                      |
| Memphis II, TN           | 71,960         |              | 395          | 2,276                     | 160                             | 395  | 2,436                     | 2,831  | 830                          | 2001                      |
| Memphis III, TN          | 41,137         | (G)          | 212          | 1,779                     | 131                             | 213  | 1,909                     | 2,122  | 265                          | 2005                      |
| Memphis IV, TN           | 38,750         | (G)          | 160          | 1,342                     | 112                             | 160  | 1,453                     | 1,614  | 202                          | 2005                      |
| Memphis V, TN            | 60,370         | (G)          | 209          | 1,753                     | 398                             | 210  | 2,150                     | 2,360  | 263                          | 2005                      |
| Memphis VI, TN           | 109,317        |              | 462          | 3,851                     | 235                             | 462  | 4,086                     | 4,548  | 375                          | 2006                      |
| Memphis VII, TN          | 115,303        |              | 215          | 1,792                     | 289                             | 215  | 2,081                     | 2,296  | 188                          | 2006                      |
| Memphis VIII, TN         | 96,060         |              | 355          | 2,959                     | 222                             | 355  | 3,181                     | 3,536  | 290                          | 2006                      |
| Nashville I, TN          | 106,930        |              | 405          | 3,379                     | 193                             | 405  | 3,572                     | 3,977  | 400                          | 2005                      |
| Nashville II, TN         | 83,274         |              | 593          | 4,950                     | 190                             | 593  | 5,140                     | 5,733  | 564                          | 2005                      |

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|                     |         |       |       |       |       |       |       |       |     |      |
|---------------------|---------|-------|-------|-------|-------|-------|-------|-------|-----|------|
| Nashville III, TN   | 99,600  |       | 416   | 3,469 | 137   | 416   | 3,607 | 4,023 | 388 | 2006 |
| Nashville IV, TN    | 102,425 |       | 992   | 8,274 | 126   | 992   | 8,400 | 9,392 | 897 | 2006 |
| Austin I, TX        | 59,520  |       | 2,239 | 2,038 | 62    | 2,239 | 2,100 | 4,338 | 258 | 2005 |
| Austin II, TX       | 65,401  |       | 734   | 3,894 | 120   | 738   | 4,009 | 4,748 | 369 | 2006 |
| Austin III, TX      | 71,030  |       | 1,030 | 5,468 | 119   | 1,035 | 5,582 | 6,617 | 418 | 2006 |
| Baytown, TX         | 38,950  |       | 946   | 863   | 59    | 948   | 921   | 1,868 | 127 | 2005 |
| Bryan, TX           | 60,450  |       | 1,394 | 1,268 | 77    | 1,396 | 1,343 | 2,739 | 184 | 2005 |
| College Station, TX | 26,550  | (H)   | 812   | 740   | 32    | 813   | 771   | 1,584 | 105 | 2005 |
| Dallas, TX          | 58,707  |       | 2,475 | 2,253 | 115   | 2,475 | 2,367 | 4,842 | 291 | 2005 |
| Denton, TX          | 60,836  | 2,062 | 553   | 2,936 | 75    | 569   | 2,995 | 3,564 | 215 | 2006 |
| El Paso I, TX       | 59,864  | (C)   | 1,983 | 1,805 | 113   | 1,984 | 1,918 | 3,901 | 255 | 2005 |
| El Paso II, TX      | 48,692  | (C)   | 1,319 | 1,201 | 74    | 1,320 | 1,274 | 2,594 | 169 | 2005 |
| El Paso III, TX     | 71,276  | (C)   | 2,408 | 2,192 | 98    | 2,409 | 2,289 | 4,698 | 303 | 2005 |
| El Paso IV, TX      | 48,962  | (C)   | 2,073 | 1,888 | (271) | 2,074 | 1,616 | 3,690 | 265 | 2005 |
| El Paso V, TX       | 62,825  | (B)   | 1,758 | 1,617 | 79    | 1,761 | 1,693 | 3,454 | 219 | 2005 |
| El Paso VI, TX      | 36,620  | (B)   | 660   | 607   | 72    | 662   | 677   | 1,339 | 90  | 2005 |
| El Paso VII, TX     | 34,545  | (B)   | 563   | 517   | 55    | 565   | 571   | 1,136 | 76  | 2005 |
| Fort Worth I, TX    | 49,778  |       | 1,253 | 1,141 | 68    | 1,253 | 1,208 | 2,462 | 149 | 2005 |
| Fort Worth II, TX   | 72,925  |       | 868   | 4,607 | 76    | 874   | 4,676 | 5,551 | 430 | 2006 |
| Frisco I, TX        | 50,854  | (A)   | 1,093 | 3,148 | 33    | 1,093 | 3,181 | 4,274 | 439 | 2005 |
| Frisco II, TX       | 71,339  | 3,440 | 1,564 | 4,507 | 57    | 1,564 | 4,564 | 6,128 | 628 | 2005 |

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| Description              | Initial Cost      |                   |            |                              |                            | Gross Carrying Amount<br>at December 31, 2007 |                              |              |            | Accumulated<br>Depreciation<br>(L) | Year<br>Acquired /<br>Developed |
|--------------------------|-------------------|-------------------|------------|------------------------------|----------------------------|---|------------------------------|--------------|------------|------------------------------------|---------------------------------|
|                          | Square<br>Footage | Encum-<br>brances | Costs      |                              |                            | Land  | Building and<br>Improvements | Total        |            |                                    |                                 |
|                          |                   |                   | Land       | Building and<br>Improvements | Sub-sequent<br>Acquisition |   |                              |              |            |                                    |                                 |
| Frisco III, TX           | 72,275            |                   | \$ 1,147   | \$ 6,088                     | \$ 69                      | \$ 1,154                                      | \$ 6,151                     | \$ 7,305     | \$ 567     | 2006                               |                                 |
| Garland I, TX            | 70,000            | 3,280             | 751        | 3,984                        | 231                        | 767   | 4,199                        | 4,966        | 293        | 2006                               |                                 |
| Garland II, TX           | 68,475            |                   | 862        | 4,578                        | 41                         | 862   | 4,619                        | 5,481        | 290        | 2006                               |                                 |
| Greenville I, TX         | 59,385            |                   | 1,848      | 1,682                        | 43                         | 1,848   | 1,725                        | 3,573        | 215        | 2005                               |                                 |
| Greenville II, TX        | 44,900            |                   | 1,337      | 1,217                        | 45                         | 1,337   | 1,262                        | 2,599        | 157        | 2005                               |                                 |
| Houston I, TX            | 101,350           |                   | 1,420      | 1,296                        | 89                         | 1,422   | 1,383                        | 2,805        | 191        | 2005                               |                                 |
| Houston II, TX           | 71,300            |                   | 1,510      | 1,377                        | 76                         | 1,512   | 1,450                        | 2,962        | 207        | 2005                               |                                 |
| Houston III, TX          | 60,820            | 547               | 575        | 524                          | 175                        | 576   | 698                          | 1,274        | 85         | 2005                               |                                 |
| Houston IV, TX           | 43,775            | (H)               | 960        | 875                          | 67                         | 961   | 941                          | 1,902        | 126        | 2005                               |                                 |
| Houston V, TX            | 127,145           | 4,477             | 1,153      | 6,122                        | 193                        | 1,156   | 6,312                        | 7,468        | 421        | 2006                               |                                 |
| Keller, TX               | 61,885            | 2,605             | 890        | 4,727                        | 40                         | 890   | 4,766                        | 5,657        | 457        | 2006                               |                                 |
| La Porte, TX             | 45,100            |                   | 842        | 761                          | 101                        | 843   | 861                          | 1,704        | 119        | 2005                               |                                 |
| Lewisville, TX           | 58,465            | 1,874             | 476        | 2,525                        | 99                         | 492   | 2,608                        | 3,100        | 186        | 2006                               |                                 |
| Mansfield, TX            | 63,025            |                   | 837        | 4,443                        | 60                         | 843   | 4,496                        | 5,339        | 415        | 2006                               |                                 |
| McKinney I, TX           | 47,020            | 1,374             | 1,632      | 1,486                        | 62                         | 1,634   | 1,546                        | 3,180        | 186        | 2005                               |                                 |
| McKinney II, TX          | 70,050            | 4,303             | 855        | 5,076                        | 45                         | 857   | 5,119                        | 5,976        | 493        | 2006                               |                                 |
| North Richland Hills, TX | 57,025            |                   | 2,252      | 2,049                        | 56                         | 2,252   | 2,105                        | 4,357        | 259        | 2005                               |                                 |
| Roanoke, TX              | 59,400            |                   | 1,337      | 1,217                        | 46                         | 1,337   | 1,263                        | 2,600        | 159        | 2005                               |                                 |
| San Antonio I, TX        | 75,270            |                   | 2,895      | 2,635                        | 26                         | 2,895   | 2,661                        | 5,556        | 316        | 2005                               |                                 |
| San Antonio II, TX       | 73,205            |                   | 1,047      | 5,558                        | 46                         | 1,052   | 5,600                        | 6,652        | 351        | 2006                               |                                 |
| San Antonio III, TX      | 72,525            |                   | 996        | 5,286                        | 13                         | 996   | 5,298                        | 6,294        | 265        | 2007                               |                                 |
| Sherman I, TX            | 55,050            | 1,599             | 1,904      | 1,733                        | 53                         | 1,906   | 1,785                        | 3,690        | 215        | 2005                               |                                 |
| Sherman II, TX           | 48,425            | 1,909             | 1,337      | 1,217                        | 50                         | 1,337   | 1,268                        | 2,604        | 153        | 2005                               |                                 |
| Spring, TX               | 72,801            |                   | 580        | 3,081                        | 38                         | 580   | 3,119                        | 3,700        | 299        | 2006                               |                                 |
| Murray I, UT             | 60,280            | (C)               | 3,847      | 1,017                        | 122                        | 3,848   | 1,137                        | 4,985        | 157        | 2005                               |                                 |
| Murray II, UT            | 71,421            | (C)               | 2,147      | 567                          | 189                        | 2,148   | 755                          | 2,903        | 98         | 2005                               |                                 |
| Salt Lake City I, UT     | 56,446            | (C)               | 2,695      | 712                          | 144                        | 2,696   | 855                          | 3,552        | 120        | 2005                               |                                 |
| Salt Lake City II, UT    | 53,676            | (C)               | 2,074      | 548                          | 119                        | 2,075   | 666                          | 2,741        | 93         | 2005                               |                                 |
| Fredericksburg I, VA     | 69,450            |                   | 1,680      | 4,840                        | 224                        | 1,680   | 5,063                        | 6,744        | 514        | 2005                               |                                 |
| Fredericksburg II, VA    | 61,493            |                   | 1,757      | 5,062                        | 283                        | 1,758   | 5,344                        | 7,102        | 532        | 2005                               |                                 |
| Milwaukee, WI            | 58,515            | (I)               | 375        | 4,333                        | 113                        | 375   | 4,446                        | 4,821        | 731        | 2004                               |                                 |
| USIFB                    | 25,032            |                   |            | 7,057                        |                            |   | 7,057                        | 7,057        |            | 2007                               |                                 |
| Corporate Office         |                   |                   |            |                              |                            |   | 6,202                        | 6,316        | 2,542      | 1977                               |                                 |
| Construction in Progress |                   |                   |            |                              |                            |   | 5,482                        | 5,482        |            |                                    |                                 |
|                          | 26,144,216        |                   | \$ 364,263 | \$ 1,339,432                 | \$ 200,935                 | \$ 393,715                                    | \$ 1,513,651                 | \$ 1,916,396 | \$ 269,278 |                                    |                                 |

- (A) This facility is part of Yasky Loan portfolio, with a balance of \$80,000 as of December 31, 2007.
- (B) This facility is part of the YSI XXV Loan portfolio, with a balance of \$8,201 as of December 31, 2007.
- (C) This facility is part of the YSI XX Loan portfolio, with a balance of \$67,545 as of December 31, 2007.
- (D) This facility is part of the YSI II Loan portfolio, with a balance of \$86,843 as of December 31, 2007.
- (E) This facility is part of the YSI VI Loan portfolio, with a balance of \$79,645 as of December 31, 2007.
- (F) This facility is part of the YSI I Loan portfolio, with a balance of \$86,770 as of December 31, 2007.
- (G) This facility is part of the YSI XXVI Loan portfolio, with a balance of \$9,956 as of December 31, 2007.
- (H) This facility is part of the YSI XXVIII Loan portfolio, with a balance of \$1,676 as of December 31, 2007.
- (I) This facility is part of the YSI III Loan portfolio, with a balance of \$86,712 as of December 31, 2007.
- (J) This facility is part of the YSI XXX Loan portfolio, with a balance of \$8,024 as of December 31, 2007.
- (K) This facility is part of the YSI RT Secured Term Loan portfolio, with a balance of \$47,444 as of December 31, 2007.
- (L) Depreciation on the buildings and improvements is recorded on a straight-line basis over their estimated useful lives, which range from five to 39 years.

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Activity in real estate facilities during 2007, 2006, and 2005 was as follows (in thousands):

|                                    | 2007                | 2006                | 2005                |
|------------------------------------|---------------------|---------------------|---------------------|
| <b>Storage facilities</b>          |                     |                     |                     |
| Balance at beginning of year       | \$ 1,771,864        | \$ 1,386,786        | \$ 851,628          |
| Acquisitions & improvements        | 160,256             | 384,130             | 564,305             |
| Dispositions and other             | (21,206)            | (534)               | (30,530)            |
| Construction in progress           | 5,482               | 1,482               | 1,383               |
| Balance at end of year             | \$ 1,916,396        | \$ 1,771,864        | \$ 1,386,786        |
| <b>Accumulated depreciation</b>    |                     |                     |                     |
| Balance at beginning of year       | \$ 205,049          | \$ 140,491          | \$ 122,473          |
| Depreciation expense               | 68,355              | 64,728              | 39,949              |
| Dispositions and other             | (4,126)             | (170)               | (21,931)            |
| Balance at end of year             | \$ 269,278          | \$ 205,049          | \$ 140,491          |
| <b>Net Storage facility assets</b> | <b>\$ 1,647,118</b> | <b>\$ 1,566,815</b> | <b>\$ 1,246,295</b> |

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