1 800 FLOWERS COM INC
Form 10-Q
May 11, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **April 1, 2018**

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 No. **0-26841**

1-800-FLOWERS.COM, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE	**11-3117311**
(State of incorporation)	(I.R.S. Employer Identification No.)

One Old Country Road, Carle Place, New York 11514	**(516) 237-6000**
(Address of principal executive offices)(Zip code)	(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). **Yes** No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	**Accelerated filer**
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
	Emerging growth company

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

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

Yes **No**

The number of shares outstanding of each of the Registrant's classes of common stock as of May 4, 2018:

Class A common stock: 36,036,960
Class B common stock: 28,567,063

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PART I. – FINANCIAL INFORMATION

ITEM 1. – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1-800-FLOWERS.COM, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except share data)

	April 1, 2018 *(unaudited)*	**July 2, 2017**
Assets		
Current assets:		
Cash and cash equivalents	$ *173,069*	$ *149,732*
Trade receivables, net	*22,514*	*14,073*
Inventories	*68,906*	*75,862*
Prepaid and other	*17,780*	*17,735*
Total current assets	*282,269*	*257,402*
Property, plant and equipment, net	*153,737*	*161,381*
Goodwill	*62,590*	*62,590*
Other intangibles, net	*60,093*	*61,090*
Other assets	*11,664*	*10,007*
Total assets	$ *570,353*	$ *552,470*
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ *19,000*	$ *27,781*
Accrued expenses	*91,941*	*90,206*
Current maturities of long-term debt	*9,344*	*7,188*
Total current liabilities	*120,285*	*125,175*
Long-term debt	*94,911*	*101,377*
Deferred tax liabilities	*20,864*	*33,868*
Other liabilities	*11,946*	*9,811*
Total liabilities	*248,006*	*270,231*

Commitments and contingencies (See Note 13)

Stockholders' equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, none issued	-	-
Class A common stock, $0.01 par value, 200,000,000 shares authorized, 51,912,721 and 51,227,779 shares issued at April 1, 2018 and July 2, 2017, respectively	*519*	*513*
Class B common stock, $0.01 par value, 200,000,000 shares authorized, 33,847,063 and 33,901,603 shares issued at April 1, 2018 and July 2, 2017, respectively	*338*	*339*
Additional paid-in-capital	*340,901*	*337,726*
Retained earnings	*81,652*	*32,638*
Accumulated other comprehensive loss	*(198*)	*(187*)
Treasury stock, at cost, 15,970,246 and 14,709,731 Class A shares at April 1, 2018 and July 2, 2017, respectively, and 5,280,000 Class B shares at April 1, 2018 and July 2, 2017	*(100,865*)	*(88,790*)
Total stockholders' equity	*322,347*	*282,239*
Total liabilities and stockholders' equity	$ *570,353*	$ *552,470*

See accompanying Notes to Condensed Consolidated Financial Statements.

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1-800-FLOWERS.COM, Inc. and Subsidiaries

Condensed Consolidated Statements of Income

(in thousands, except for per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	April 1, 2018	**April 2, 2017**	**April 1, 2018**	**April 2, 2017**
Net revenues	$*238,545*	$*233,715*	$*921,987*	$*954,097*
Cost of revenues	*145,090*	*140,134*	*525,995*	*532,135*
Gross profit	*93,455*	*93,581*	*395,992*	*421,962*
Operating expenses:				
Marketing and sales	*68,215*	*70,158*	*231,708*	*245,112*
Technology and development	*10,241*	*10,254*	*29,086*	*29,591*
General and administrative	*19,553*	*20,962*	*58,128*	*64,446*
Depreciation and amortization	*7,885*	*8,492*	*24,646*	*25,656*
Total operating expenses	*105,894*	*109,866*	*343,568*	*364,805*
Operating income (loss)	*(12,439*)	*(16,285*)	*52,424*	*57,157*
Interest expense, net	*662*	*1,191*	*2,919*	*4,796*
Other (income) expense, net	*31*	*(421*)	*(315*)	*(570*)
Income (loss) before income taxes	*(13,132*)	*(17,055*)	*49,820*	*52,931*
Income tax expense (benefit)	*(4,669*)	*(5,925*)	*806*	*16,903*
Net income (loss)	**$*(8,463*** **)**	**$*(11,130*** **)**	**$*49,014***	**$*36,028***
Basic net income (loss) per common share	$*(0.13*)	$*(0.17*)	$*0.76*	$*0.55*
Diluted net income (loss) per common share	$*(0.13*)	$*(0.17*)	$*0.73*	$*0.53*
Weighted average shares used in the calculation of net income (loss) per common share:				
Basic	*64,527*	*65,199*	*64,694*	*65,169*
Diluted	*64,527*	*65,199*	*66,949*	*67,747*

See accompanying Notes to Condensed Consolidated Financial Statements.

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1-800-FLOWERS.COM, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

(in thousands)

(unaudited)

	Three Months Ended		Nine Months Ended	
	April 1, 2018	April 2, 2017	April 1, 2018	April 2, 2017
Net income (loss)	$(8,463)	$(11,130)	$49,014	$36,028
Other comprehensive income (loss) (currency translation & other miscellaneous items)	(38)	(100)	(11)	(19)
Comprehensive income (loss)	$(8,501)	$(11,230)	$49,003	$36,009

See accompanying Notes to Condensed Consolidated Financial Statements.

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1-800-FLOWERS.COM, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Nine Months Ended	
	April 1, 2018	**April 2, 2017**
Operating activities:		
Net income	$49,014	$36,028
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	24,646	25,656
Amortization of deferred financing costs	721	1,285
Deferred income taxes	(13,004)	(1,889)
Bad debt expense	906	935
Stock-based compensation	3,002	4,784
Other non-cash items	249	(227)
Changes in operating items:		
Trade receivables	(9,347)	(13,595)
Inventories	6,956	892
Prepaid and other	(45)	(2,030)
Accounts payable and accrued expenses	1,453	9,670
Other assets	(88)	(34)
Other liabilities	110	(267)
Net cash provided by operating activities	**64,573**	**61,208**
Investing activities:		
Working capital adjustment related to sale of business	(8,500)	-
Capital expenditures, net of non-cash expenditures	(15,809)	(18,753)
Net cash used in investing activities	**(24,309)**	**(18,753)**
Financing activities:		
Acquisition of treasury stock	(12,075)	(8,277)
Proceeds from exercise of employee stock options	179	268
Proceeds from bank borrowings	30,000	181,000
Repayment of bank borrowings	(35,031)	(185,000)
Debt issuance costs	-	(1,507)
Net cash used in financing activities	**(16,927)**	**(13,516)**

Net change in cash and cash equivalents	***23,337***	***28,939***
Cash and cash equivalents:		
Beginning of period	*149,732*	*27,826*
End of period	**$*173,069***	**$*56,765***

See accompanying Notes to Condensed Consolidated Financial Statements.

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1-800-FLOWERS.COM, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note *1* – Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by *1-800*-FLOWERS.COM, Inc. and subsidiaries (the "Company") in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form *10*-Q and Article *10* of Regulation S-*X.* They do *not* include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the *three* and *nine* month periods ended *April 1, 2018* are *not* necessarily indicative of the results that *may* be expected for the fiscal year ending *July 1, 2018.* For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form *10*-K for the fiscal year ended *July 2, 2017.*

The Company's quarterly results *may* experience seasonal fluctuations. Due to the seasonal nature of the Company's business, and its continued expansion into non-floral products, the Thanksgiving through Christmas holiday season, which falls within the Company's *second* fiscal quarter, is expected to generate nearly *50%* of the Company's annual revenues, and all of its earnings. Additionally, due to the number of major floral gifting occasions, including Mother's Day, Valentine's Day and Administrative Professionals Week, revenues also rise during the Company's fiscal *third* and *fourth* quarters in comparison to its fiscal *first* quarter. In fiscal *2017,* Easter was on *April 16th,* falling within the Company's fiscal *fourth* quarter, whereas, in fiscal *2018,* Easter was on *April 1st,* which resulted in the shift of Easter-related revenue and EBITDA into the Company's *third* quarter of fiscal *2018.*

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In *May 2014,* the FASB issued ASU *No. 2014-09,* “Revenue from Contracts with Customers.” This amended guidance will enhance the comparability of revenue recognition practices and will be applied to all contracts with customers. Expanded disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized are requirements under the amended guidance. As we continue to evaluate the impact of this ASU, we have determined that the new standard will impact the following areas: the costs of producing and distributing the Company’s catalogs will be expensed upon mailing, instead of being capitalized and amortized in direct proportion to the actual sales; gift card breakage will be recognized over the expected customer redemption period, rather than when redemption is considered remote; the Company will defer revenue at the time the Celebrations Reward loyalty points are earned using a relative fair value approach, rather than accruing a liability equal to the incremental cost of fulfilling its obligations. We have further identified the timing of revenue recognition for e-commerce orders (shipping point versus destination) as a potential issue in our analysis, which is *not* expected to change the total amount of revenue recognized, but could accelerate the timing of when revenue is recognized. We plan to adopt this guidance beginning with the *first* quarter in the fiscal year ending *June 30, 2019,* on a modified retrospective basis, with a cumulative adjustment to retained earnings. We are continuing to evaluate the impact that this ASU, and related amendments and interpretive guidance, will have on our consolidated financial statements, including the related disclosures.

In *July 2015,* the FASB issued ASU *No. 2015-11,* “Inventory (Topic *330*).” The pronouncement was issued to simplify the measurement of inventory and changes the measurement from lower of cost or market to lower of cost and net realizable value. The Company adopted this standard effective *July 3, 2017.* The adoption of ASU *2015-11* did *not* have a significant impact on the Company’s consolidated financial position or results of operations.

In *January 2016,* the FASB issued ASU *No. 2016-01,* "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities." The pronouncement requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. This guidance will become effective for the Company's fiscal year ending *June 30, 2019.* The adoption is *not* expected to have a significant impact on the Company’s consolidated financial statements.

In *February 2016,* the FASB issued ASU *No. 2016-02,* “Leases (Topic *842*).” Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. This guidance offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for the Company's fiscal year ending *June 28, 2020.* We are currently evaluating the impact and expect the ASU will have a material impact on our consolidated financial statements, primarily to the consolidated balance sheets and related disclosures.

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In *March 2016,* the FASB issued ASU *No. 2016-09,* "Improvements to Employee Share-Based Payment Accounting." ASU *No. 2016-09* affects all entities that issue share-based payment awards to their employees. ASU *No. 2016-09* simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The Company elected to early adopt the amendments in ASU *2016-09,* in fiscal *2017.* As a result, stock-based compensation excess tax benefits are reflected in the Consolidated Statements of Income as a component of the provision for income taxes, whereas they were previously recognized in equity. This change resulted in the recognition of excess tax benefits against income tax expenses, rather than additional paid-in capital, of *$1.0* million for the year ended *July 2, 2017.* There was *no* impact on earnings per share since approximately *700,000* tax benefit shares for the year ended *July 2, 2017,* previously associated with the APIC pool calculation, are *no* longer considered in the diluted share computation. Additionally, our Consolidated Statements of Cash Flows now present excess tax benefits as an operating activity. This change has been applied prospectively in accordance with the ASU and prior periods have *not* been adjusted. Further, the Company has elected to account for forfeitures as they occur, rather than estimate expected forfeitures. The cumulative effect of this change, which was recorded as compensation expense in fiscal *2017,* was *not* material to the financial statements. In addition, this ASU allows entities to withhold an amount up to an employees' maximum individual statutory tax rate in the relevant jurisdiction, up from the minimum statutory requirement, without resulting in liability classification of the award. We adopted this change on a modified retrospective basis, with *no* impact to our consolidated financial statements. Finally, this ASU clarified that the cash paid by an employer when directly withholding shares for tax withholding purposes should be classified as a financing activity. This change does *not* have an impact on the Company's consolidated financials as it conforms with its current practice.

In *June 2016,* the FASB issued ASU *No. 2016-13,* "Financial Instruments-Credit Losses (Topic *326*): Measurement of Credit Losses on Financial Instruments." ASU *2016-13* introduces a new forward-looking "expected loss" approach, to estimate credit losses on most financial assets and certain other instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information and reasonable and supportable forecasts. This ASU also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses. ASU *2016-13* is effective for the Company's fiscal year ending *July 4, 2021,* and the guidance is to be applied using the modified-retrospective approach. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In *June 2016,* the FASB issued ASU *2016-15,* "Statement of Cash Flows (Topic *230*), a consensus of the FASB's Emerging Issues Task Force." ASU *2016-15* is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The ASU is effective for the Company's fiscal year ending *June 30, 2019,* and interim periods within those fiscal years. Early adoption is permitted, including interim periods within those fiscal years. An entity that elects early adoption must adopt all of the amendments in the same period. The guidance requires application using a retrospective transition method. The adoption is *not* expected to have a significant impact on the Company's consolidated financial statements.

In *January 2017,* the FASB issued ASU *No. 2017-01,* "Business Combinations (Topic *805*): Clarifying the Definition of a Business (ASU *2017-01*)," which revises the definition of a business and provides new guidance in evaluating when a set of transferred assets and activities is a business. ASU *2017-01* is effective for the Company's fiscal year ending *June 30, 2019,* with early adoption permitted, and should be applied prospectively. We do *not* expect the standard to have a material impact on our consolidated financial statements.

In *January 2017,* the FASB issued ASU *No. 2017-04,* "Intangibles - Goodwill and Other (Topic *350*): Simplifying the Test for Goodwill Impairment," which eliminates step *two* from the goodwill impairment test. Under ASU *2017-04,* an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This guidance is effective for the Company's fiscal year ending *July 4, 2021,* with early adoption permitted, and should be applied prospectively. We do *not* expect the standard to have a material impact on our consolidated financial statements.

In *February 2017,* the FASB issued ASU *No. 2017-05,* "Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets." This update clarifies the scope of accounting for the derecognition or partial sale of nonfinancial assets to exclude all businesses and nonprofit activities. ASU *2017-05* also provides a definition for in-substance nonfinancial assets and additional guidance on partial sales of nonfinancial assets. This guidance will be effective for the Company's fiscal year ending *June 30, 2019* and *may* be applied retrospectively. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In *May 2017,* the FASB issued ASU *No 2017-09,* "Compensation - Stock Compensation (Topic *718*): Scope of Modification Accounting." This ASU provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting. An entity would *not* apply modification accounting if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification. ASU *2017-09* is effective for the Company's fiscal year ending *June 30, 2019,* with early adoption permitted, and should be applied prospectively to an award modified on or after the adoption date. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

U.S. Tax Reform

On *December 22, 2017,* the U.S. government enacted significant changes to the U.S. tax law following the passage and signing of the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act revises the future ongoing U.S. corporate income tax by, among other things, lowering U. S. corporate income tax rates from *35%* to *21%.* As the Company's fiscal year ends on *July 1, 2018,* the lower corporate income tax rate will be phased in, resulting in a U.S. statutory federal rate of approximately *28%* for the current fiscal year and *21%* for subsequent fiscal years. The Tax Act also eliminates the domestic production activities deduction and introduces limitations on certain business expenses and executive compensation deductions. See Note *11* – Income taxes for the impact of the Tax Act on the Company's financial statements.

On *December 22, 2017,* the SEC issued guidance under Staff Accounting Bulletin *No. 118,* Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB *118"*) directing taxpayers to consider the impact of the Tax Act as "provisional" when it does *not* have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete its accounting for the change in tax law. The changes in the Tax Act are broad and complex. The final impacts of the Tax Act *may* differ from the Company's estimates due to, among other things, changes in interpretations of the Tax Act, further legislation related to the Tax Act, changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates to estimates the Company has utilized to calculate the impacts of the Tax Act. The Securities Exchange Commission has issued rules that would allow for a measurement period of up to *one* year after the enactment date of the Tax Act to finalize the related tax impacts.

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Note *2* – Net Income (Loss) Per Common Share

The following table sets forth the computation of basic and diluted net income (loss) per common share:

	Three Months Ended		**Nine Months Ended**	
	April 1, 2018	**April 2, 2017**	**April 1, 2018**	**April 2, 2017**
	(in thousands, except per share data, unaudited)			
Numerator:				
Net income (loss)	$*(8,463*)	$*(11,130*)	$*49,014*	$*36,028*
Denominator:				
Weighted average shares outstanding	*64,527*	*65,199*	*64,694*	*65,169*
Effect of dilutive securities:				
Employee stock options (1)	-	-	*1,564*	*1,511*
Employee restricted stock awards	-	-	*691*	*1,067*
	-	-	*2,255*	*2,578*
Adjusted weighted-average shares and assumed conversions	*64,527*	*65,199*	*66,949*	*67,747*
Net income (loss) per common share attributable to 1-800-FLOWERS.COM, Inc.				
Basic	$*(0.13*)	$*(0.17*)	$*0.76*	$*0.55*
Diluted	$*(0.13*)	$*(0.17*)	$*0.73*	$*0.53*

Note *3* – Stock-Based Compensation

The Company has a Long Term Incentive and Share Award Plan, which is more fully described in Note *12* and Note *13* to the consolidated financial statements included in the Company's Annual Report on Form *10*-K for the fiscal year ended *July 2, 2017,* that provides for the grant to eligible employees, consultants and directors of stock options, restricted shares, and other stock-based awards.

The amounts of stock-based compensation expense recognized in the periods presented are as follows:

	Three Months Ended		Nine Months Ended	
	April 1, 2018	April 2, 2017	April 1, 2018	April 2, 2017
		(in thousands, unaudited)		
Stock options	$*108*	$*110*	$*323*	$*337*
Restricted stock	*825*	*1,176*	*2,679*	*4,447*
Total	*933*	*1,286*	*3,002*	*4,784*
Deferred income tax benefit	*254*	*387*	*846*	*1,528*
Stock-based compensation expense, net	$*679*	$*899*	$*2,156*	$*3,256*

Stock-based compensation is recorded within the following line items of operating expenses:

	Three Months Ended		Nine Months Ended	
	April 1, 2018	April 2, 2017	April 1, 2018	April 2, 2017
		(in thousands, unaudited)		
Marketing and sales	$*248*	$*342*	$*804*	$*1,384*
Technology and development	*49*	*71*	*160*	*267*
General and administrative	*636*	*873*	*2,038*	*3,133*
Total	$*933*	$*1,286*	$*3,002*	$*4,784*

Stock based compensation expense has *not* been allocated between business segments, but is reflected as part of Corporate overhead. (see Note *12* - Business Segments.)

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Stock Options

The following table summarizes stock option activity during the *nine* months ended *April 1, 2018:*

	Options	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (years)**	**Aggregate Intrinsic Value (000s)**
Outstanding at July 2, 2017	*2,127,734*	$ *2.42*		
Granted	-	$ -		
Exercised	*(34,000*)	$ *2.67*		
Forfeited	*(17,500*)	$ *9.83*		
Outstanding at April 1, 2018	*2,076,234*	$ *2.35*	*3.1*	$ *19,612*
Options vested or expected to vest at April 1, 2018	*2,076,234*	$ *2.35*	*3.1*	$ *19,612*
Exercisable at April 1, 2018	*1,682,234*	$ *2.29*	*3.1*	$ *15,997*

As of *April 1, 2018,* the total future compensation cost related to non-vested options, *not* yet recognized in the statement of income, was *$0.5* million and the weighted average period over which these awards are expected to be recognized was *1.3* years.

Restricted Stock

The Company grants shares of Common Stock to its employees that are subject to restrictions on transfer and risk of forfeiture until fulfillment of applicable service and performance conditions and, in certain cases, holding periods (Restricted Stock). The following table summarizes the activity of non-vested restricted stock awards during the *nine* months ended *April 1, 2018:*

	Shares	**Weighted Average Grant Date Fair**

		Value
Non-vested at July 2, 2017	*1,352,873*	$ *7.44*
Granted	*921,473*	$ *9.50*
Vested	*(596,402*)	$ *7.76*
Forfeited	*(633,404*)	$ *9.50*
Non-vested at April 1, 2018	*1,044,540*	$ *7.83*

The fair value of non-vested shares is determined based on the closing stock price on the grant date. As of *April 1, 2018,* there was *$5.4* million of total unrecognized compensation cost related to non-vested restricted stock-based compensation to be recognized over the weighted-average remaining period of *2.0* years.

Note *4* – Disposition

On *March 15, 2017,* the Company and Ferrero International S.A., a Luxembourg corporation (“Ferrero”), entered into a Stock Purchase Agreement (the “Purchase Agreement”) pursuant to which Ferrero agreed to purchase from the Company all of the outstanding equity of Fannie *May* Confections Brands, Inc., including its subsidiaries, Fannie *May* Confections, Inc. and Harry London Candies, Inc. (“Fannie *May”)* for a total consideration of *$115.0* million in cash, subject to adjustment for seasonal working capital. The working capital adjustment was finalized in *August 2017,* resulting in an *$11.4* million reduction to the purchase price. The resulting gain on sale of *$14.6* million, is included within “Other (income) expense, net” in the Company’s consolidated statements of income in the *fourth* quarter of fiscal year *2017.*

The Company and Ferrero also entered into a transition services agreement whereby the Company will provide certain post-closing services to Ferrero and Fannie *May* for a period of approximately *18* months, related to the business of Fannie *May,* and a commercial agreement with respect to the distribution of certain Ferrero and Fannie *May* products.

Operating results of Fannie *May* are reflected in the Company’s consolidated financial statements through *May 30, 2017,* the date of its disposition, within its Gourmet Food & Gift Baskets segment. During fiscal *2017,* Fannie *May* contributed net revenues of *$85.6* million. Operating and pre-tax income during such period were *not* material.

Note *5* – Inventory

The Company’s inventory, stated at cost, which is *not* in excess of market, includes purchased and manufactured finished goods for sale, packaging supplies, crops, raw material ingredients for manufactured products and associated manufacturing labor and is classified as follows:

	April 1, 2018	**July 2, 2017**
	(in thousands)	
Finished goods	$*29,716*	$*34,476*
Work-in-process	*8,784*	*11,933*
Raw materials	*30,406*	*29,453*
Total inventory	$*68,906*	$*75,862*

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Note *6* – Goodwill and Intangible Assets

The following table presents goodwill by segment and the related change, if any, in the net carrying amount:

	1-800-Flowers.com Consumer Floral	**BloomNet Wire Service**	**Gourmet Food & Gift Baskets**	**Total**
	(in thousands)			
Balance at April 1, 2018 and July 2, 2017	$ *17,441*	$ -	$ *45,149*	$ *62,590*

The Company's other intangible assets consist of the following:

		April 1, 2018			**July 2, 2017**		
	Amortization Period	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**
	(in years)	*(in thousands)*					
Intangible assets with determinable lives:							
Investment in licenses	*14-16*	$ *7,420*	$ *6,016*	$ *1,404*	$ *7,420*	$ *5,937*	$ *1,483*
Customer lists	*3-10*	*12,184*	*9,146*	*3,038*	*12,184*	*8,227*	*3,957*
Other	*5-14*	*2,946*	*2,137*	*809*	*2,946*	*2,045*	*901*
Total intangible assets with determinable lives		*22,550*	*17,299*	*5,251*	*22,550*	*16,209*	*6,341*
Trademarks with indefinite lives		*54,842*	-	*54,842*	*54,749*	-	*54,749*
Total identifiable intangible assets		$ *77,392*	$ *17,299*	$ *60,093*	$ *77,299*	$ *16,209*	$ *61,090*

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group *may not* be recoverable. Future estimated amortization expense is as follows: remainder of fiscal *2018 - $0.3* million, fiscal *2019 - $0.7* million, fiscal *2020 - $0.6* million, fiscal *2021 - $0.6* million, fiscal *2022 - $0.5* million and thereafter - *$2.6million.*

Note *7* – Investments

The Company has certain investments in non-marketable equity instruments of private companies. The Company accounts for these investments using the equity method if they provide the Company the ability to exercise significant influence, but *not* control, over the investee. Significant influence is generally deemed to exist if the Company has an ownership interest in the voting stock of the investee between *20%* and *50%,* although other factors, such as representation on the investee's Board of Directors, are considered in determining whether the equity method is appropriate. The Company records equity method investments initially at cost, and adjusts the carrying amount to reflect the Company's share of the earnings or losses of the investee.

The Company's equity method investment is comprised of an interest in Flores Online, a Sao Paulo, Brazil based internet floral and gift retailer, that the Company originally acquired on *May 31, 2012.* The Company currently holds *24.9%* of the outstanding shares of Flores Online. The book value of this investment was *$0.6* million as of *April 1, 2018* and *$1.0* million as of *July 2, 2017,* and is included in the "Other assets" line item within the Company's consolidated balance sheets. The Company's equity in the net loss of Flores Online for the *three* and *nine* months ended *April 1, 2018* and *April 2, 2017* was less than *$0.1* million. During the quarter ended *December 31, 2017,* Flores Online entered into a share exchange agreement with Isabella Flores, whereby among other changes, the Company exchanged *5%* of its interest in Flores Online for a *5%* interest in Isabella Flores. This new investment of approximately *$0.1* million is currently being accounted as a cost method investment. In conjunction with this share exchange, the Company determined that the fair value of its investment in Flores Online was below its carrying value and that this decline was other-than-temporary. As a result, during the quarter ended *December 31, 2017,* the Company recorded an impairment charge of *$0.2* million, which is included within the "Other (income) expense, net" line item in the Company's consolidated statement of income.

Investments in non-marketable equity instruments of private companies, where the Company does *not* possess the ability to exercise significant influence, are accounted for under the cost method. Cost method investments are originally recorded at cost, and are included within "Other assets" in the Company's consolidated balance sheets. The aggregate carrying amount of the Company's cost method investments was *$1.8* million as of *April 1, 2018* and *$1.7* million as of *July 2, 2017.*

The Company also holds certain trading securities associated with its Non-Qualified Deferred Compensation Plan ("NQDC Plan"). These investments are measured using quoted market prices at the reporting date and are included within the "Other assets" line item in the consolidated balance sheets (see Note *10* - Fair Value Measurements).

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Note *8* –Debt

The Company's current and long-term debt consists of the following:

	April 1, 2018	**July 2, 2017**
	(in thousands)	
Revolver (1)	$-	$-
Term Loan (1)	*107,094*	*112,125*
Deferred financing costs	*(2,839*)	*(3,560*)
Total debt	*104,255*	*108,565*
Less: current debt	*9,344*	*7,188*
Long-term debt	$*94,911*	$*101,377*

(*1*) On *December 23, 2016,* the Company entered into an Amended and Restated Credit Agreement (the *"2016* Amended Credit Agreement") with JPMorgan Chase Bank as administrative agent, and a group of lenders. The *2016* Amended Credit Agreement amended and restated the Company's credit agreement dated as of *September 30, 2014 (*the *"2014* Agreement") to, among other things, extend the maturity date of its *$115.0* million outstanding term loan ("Term Loan") and revolving credit facility (the "Revolver") to *December 23, 2021.* The Term Loan is payable in *19* quarterly installments of principal and interest beginning on *April 2, 2017,* with escalating principal payments, at the rate of *5%* in year one, *7.5%* in year two, *10%* in year three, *12.5%* in year four, and *15%* in year five, with the remaining balance of *$61.8* million due upon maturity. The Revolver, in the aggregate amount of *$200* million, subject to seasonal reduction to an aggregate amount of *$100* million for the period from *January 1* through *August 1, may* be used for working capital and general corporate purposes, subject to certain restrictions.

For each borrowing under the *2016* Amended Credit Agreement, the Company *may* elect that such borrowing bear interest at an annual rate equal to either (*1*) a base rate plus an applicable margin varying from *0.75%* to *1.5%,* based on the Company's consolidated leverage ratio, where the base rate is the highest of (a) the prime rate, (b) the highest of the federal funds rate and the overnight bank funding rate as published by the New York Fed, plus *0.5%* and (c) an adjusted LIBO rate, plus *1%* or (*2*) an adjusted LIBO rate plus an applicable margin varying from *1.75%* to *2.5%,* based on the Company's consolidated leverage ratio. The *2016* Amended Credit Agreement requires that while any borrowings are outstanding the Company comply with certain financial covenants and affirmative covenants as well as certain negative covenants, that subject to certain exceptions, limit the Company's ability to, among other things, incur additional indebtedness, make certain investments and make certain restricted payments. The Company was in compliance with these covenants as of *April 1, 2018.* The *2016* Amended Credit Agreement is secured by substantially all of the assets of the Company and the Subsidiary Guarantors.

Future principal payments under the term loan are as follows: *$2.2* million – remainder of fiscal *2018, $10.1* million – fiscal *2019, $12.9* million – fiscal *2020, $15.8* million - fiscal *2021,* and *$66.1* – fiscal *2022.*

Note *9* - Property, Plant and Equipment

The Company’s property, plant and equipment consists of the following:

	April 1, 2018	July 2, 2017
	(in thousands)	
Land	$*30,789*	$*30,789*
Orchards in production and land improvements	*10,830*	*9,703*
Building and building improvements	*58,088*	*56,791*
Leasehold improvements	*12,553*	*11,950*
Production equipment and furniture and fixtures	*50,160*	*47,293*
Computer and telecommunication equipment	*47,559*	*45,026*
Software	*126,806*	*119,177*
Capital projects in progress - orchards	*9,489*	*9,971*
Property, plant and equipment, gross	*346,274*	*330,700*
Accumulated depreciation and amortization	*(192,537*)	*(169,319*)
Property, plant and equipment, net	$*153,737*	$*161,381*

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Note *10* - Fair Value Measurements

Cash and cash equivalents, trade and other receivables, prepaids, accounts payable and accrued expenses are reflected in the consolidated balance sheets at carrying value, which approximates fair value due to the short-term nature of these instruments. Although *no* trading market exists, the Company believes that the carrying amount of its debt approximates fair value due to its variable nature. The Company's investments in non-marketable equity instruments of private companies are carried at cost and are periodically assessed for other-than-temporary impairment, when an event or circumstances indicate that an other-than-temporary decline in value *may* have occurred. The Company's remaining financial assets and liabilities are measured and recorded at fair value (see table below). The Company's non-financial assets, such as definite lived intangible assets and property, plant and equipment, are recorded at cost and are assessed for impairment when an event or circumstance indicates that an other-than-temporary decline in value *may* have occurred. Goodwill and indefinite lived intangibles are tested for impairment annually, or more frequently if events occur or circumstances change such that it is more likely than *not* that an impairment *may* exist, as required under the accounting standards.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level *1* measurements) and the lowest priority to unobservable inputs (level *3* measurements). The *three* levels of the fair value hierarchy under the guidance are described below:

Level *1*	Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
Level *2*	Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are *not* active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
Level *3*	Valuations based on inputs that are supported by little or *no* market activity and that are significant to the fair value of the assets or liabilities.

The following table presents by level, within the fair value hierarchy, financial assets and liabilities measured at fair value on a recurring basis:

	Carrying Value	Fair Value Measurements Assets (Liabilities) Level 1	Level 2	Level 3
	(in thousands)			
Assets (liabilities) as of April 1, 2018:				
Trading securities held in a “rabbi trust” (1)	$*8,941*	$*8,941*	$ -	$ -
	$*8,941*	$*8,941*	$ -	$ -
Assets (liabilities) as of July 2, 2017:				
Trading securities held in a “rabbi trust” (1)	$*6,916*	$*6,916*	$ -	$ -
	$*6,916*	$*6,916*	$ -	$ -

(*1*) The Company has established a Non-qualified Deferred Compensation Plan for certain members of senior management. Deferred compensation plan assets are invested in mutual funds held in a “rabbi trust” which is restricted for payment to participants of the NQDC Plan. Trading securities held in a rabbi trust are measured using quoted market prices at the reporting date and are included in the “Other assets” line item, with the corresponding liability included in the “Other liabilities” line item in the consolidated balance sheets.

Note *11* – Income Taxes

At the end of each interim reporting period, the Company estimates its effective income tax rate expected to be applicable for the full year. This estimate is used in providing for income taxes on a year-to-date basis and *may* change in subsequent interim periods. The Company’s effective tax rate from operations for the *three* and *nine* months ended *April 1, 2018* was *35.6%* and *1.6%* respectively, compared to *34.7%* and *31.9%* in the same periods of the prior year. The effective rates for fiscal *2018* were impacted by changes associated with the Tax Act (see Note *1* - Accounting Policies above). During the quarter ended *December 31, 2017,* in addition to the benefit received as a result of the lower *28.0%* transitional federal tax rate in fiscal *2018,* the Company recognized a discrete tax benefit of *$12.2* million, or *$0.18* per diluted share, reflecting a revaluation of its deferred tax liabilities at the lower U.S. federal statutory rate of *21%.* In addition, fiscal *2018* effective rates were impacted by state income taxes, which were partially offset by various permanent differences, tax credits and return to provision adjustments related to the filing of the Company’s Fiscal *2017* tax return. The effective rates for fiscal *2017* differed from the U.S. federal statutory rate due to various permanent differences and tax credits, including excess tax benefits on stock based compensation as a result of the Company's early adoption of ASU *2016-09,* domestic production deductions and research and development credits, partially offset by state income taxes.

The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and various foreign countries. The Company completed its audit by the Internal Revenue Service for fiscal year *2014,* however, fiscal years *2015* and *2016* remain subject to federal examination. Due to ongoing state examinations and non-conformity with the federal statute of limitations for assessment, certain states remain open from fiscal *2012.* The Company commenced operations in foreign jurisdictions in *2012.* The Company's foreign income tax filings are open for examination by its respective foreign tax authorities.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. At *April 1, 2018,* the Company has an unrecognized tax benefit, including an immaterial amount of accrued interest and penalties, of approximately *$0.5* million. The Company believes that *no* significant unrecognized tax positions will be resolved over the next *twelve* months.

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Note *12* – Business Segments

The Company's management reviews the results of the Company's operations by the following *three* business segments:

- *1-800*-Flowers.com Consumer Floral,
- BloomNet Wire Service, and
- Gourmet Food and Gift Baskets

Segment performance is measured based on contribution margin, which includes only the direct controllable revenue and operating expenses of the segments. As such, management's measure of profitability for these segments does *not* include the effect of corporate overhead (see (a) below), nor does it include depreciation and amortization, other (income) expense, net and income taxes, or stock-based compensation, both of which are included within corporate overhead. Assets and liabilities are reviewed at the consolidated level by management and *not* accounted for by segment.

	Three Months Ended		**Nine Months Ended**	
	April 1, 2018	**April 2, 2017**	**April 1, 2018**	**April 2, 2017**
	(in thousands, unaudited)			
Net revenues:				
1-800-Flowers.com Consumer Floral	$*135,782*	$*124,684*	$*312,456*	$*297,707*
BloomNet Wire Service	*24,498*	*24,091*	*64,637*	*65,557*
Gourmet Food & Gift Baskets	*78,458*	*85,611*	*545,408*	*592,295*
Corporate	*264*	*260*	*851*	*839*
Intercompany eliminations	*(457*)	*(931*)	*(1,365*)	*(2,301*)
Total net revenues	$*238,545*	$*233,715*	$*921,987*	$*954,097*
Operating Income (Loss)				
Segment Contribution Margin (non-GAAP):				
1-800-Flowers.com Consumer Floral	$*16,226*	$*15,863*	$*33,988*	$*37,172*
BloomNet Wire Service	*8,439*	*8,245*	*22,832*	*23,713*

Gourmet Food & Gift Baskets	*(8,811*)	*(10,776*)	*79,698*	*84,544*
Segment Contribution Margin Subtotal	*15,854*	*13,332*	*136,518*	*145,429*
Corporate (a)	*(20,408*)	*(21,125*)	*(59,448*)	*(62,616*)
Depreciation and amortization	*(7,885*)	*(8,492*)	*(24,646*)	*(25,656*)
Operating Income (Loss)	$*(12,439*)	$*(16,285*)	$*52,424*	$*57,157*

(a) Corporate expenses consist of the Company's enterprise shared service cost centers, and include, among other items, Information Technology, Human Resources, Accounting and Finance, Legal, Executive and Customer Service Center functions, as well as Stock-Based Compensation. In order to leverage the Company's infrastructure, these functions are operated under a centralized management platform, providing support services throughout the organization. The costs of these functions, other than those of the Customer Service Center, which are allocated directly to the above categories based upon usage, are included within corporate expenses as they are *not* directly allocable to a specific segment.

Note *13* – Commitments and Contingencies

Litigation

There are various claims, lawsuits, and pending actions against the Company and its subsidiaries incident to the operations of its businesses. It is the opinion of management, after consultation with counsel, that the ultimate resolution of such claims, lawsuits and pending actions will *not* have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward Looking Statements

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A) is intended to provide an understanding of our financial condition, change in financial condition, cash flow, liquidity and results of operations. The following MD&A discussion should be read in conjunction with the consolidated financial statements and notes to those statements that appear elsewhere in this Form 10-Q and in the Company's Annual Report on Form 10-K. The following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could differ materially from those discussed or referred to in the forward-looking statements. Factors that could cause or contribute to any differences include, but are not limited to, those discussed under the caption "Forward-Looking Information and Factors That May Affect Future Results" and under Part I, Item 1A, of the Company's Annual Report on Form 10-K under the heading "Risk Factors."

Overview

1-800-FLOWERS.COM, Inc. and its subsidiaries (collectively, the "Company") is a leading provider of gifts for all celebratory occasions. For the past 40 years, 1-800-Flowers.com® has been helping deliver smiles to customers with a 100% Smile Guarantee® backing every gift. In addition to the 1-800-Flowers.com brand, which offers fresh flowers, plants, fruit and gift baskets, as well as balloons, plush and keepsake gifts, the Company's BloomNet® international floral wire service (www.mybloomnet.net) and Napco floral gifts and décor brands provide a broad range of quality products and value-added services designed to help professional florists grow their businesses profitably. The 1-800-FLOWERS.COM, Inc. family of brands also offers everyday gifting and entertaining products such as premium, gift-quality fruits and other gourmet items from Harry & David® (1-877-322-1200 or www.harryanddavid.com), popcorn and specialty treats from The Popcorn Factory® (1-800-541-2676 or www.thepopcornfactory.com); cookies and baked gifts from Cheryl's® (1-800-443-8124 or www.cheryls.com); gift baskets and towers from 1-800-Baskets.com® (www.1800baskets.com) and DesignPac Gifts; premium English muffins and other breakfast treats from Wolferman's (1-800-999-1910 or www.wolfermans.com); artisanal and specialty chocolates from Simply Chocolate℠ (www.simplychocolate.com), carved fresh fruit arrangements from FruitBouquets.com (www.fruitbouquets.com); top quality steaks and chops from Stock Yards® (www.stockyards.com), and personalized gifts from Personalization Universe® (www.personalizationuniverse.com).

Service offerings such as Celebrations Passport®, Celebrations Rewards® and Celebrations Reminders® are designed to deepen relationships with customers across all brands. 1-800-FLOWERS.COM, Inc. was named to the Stores® 2017 Hot 100 Retailers List by the National Retail Federation and also received the Gold award in the "Best Artificial Intelligence" category at the Data & Marketing Association's 2017 International ECHO Awards.

Shares in 1-800-FLOWERS.COM, Inc. are traded on the NASDAQ Global Select Market, ticker symbol: FLWS.

On May 30, 2017, the Company completed the sale of the outstanding equity of Fannie May Confections Brands, Inc., including its subsidiaries, Fannie May Confections, Inc. and Harry London Candies, Inc. ("Fannie May") to Ferrero International S.A., a Luxembourg corporation ("Ferrero"), for a total consideration of $115.0 million in cash, subject to adjustment for seasonal working capital. The working capital adjustment was finalized in August 2017, resulting in an $11.4 million reduction to the purchase price. The resulting gain on sale of $14.6 million, is included within "Other (income) expense, net" in the Company's consolidated statements of income in the fourth quarter of fiscal year 2017.

The Company and Ferrero also entered into a transition services agreement whereby the Company will provide certain post-closing services to Ferrero and Fannie May for a period of approximately 18 months, related to the business of Fannie May, and a commercial agreement with respect to the distribution of certain Ferrero and Fannie May products.

Operating results of Fannie May are reflected in the Company's consolidated financial statements through May 30, 2017, the date of its disposition, within its Gourmet Food & Gift Baskets segment. See Segment Information and Results of Operations below for a comparison of fiscal 2018 results to fiscal 2017, adjusted to exclude the operations of Fannie May.

Definitions of non-GAAP Financial Measures:

We sometimes use financial measures derived from consolidated financial information, but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Certain of these are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission rules. See below for definitions and the reasons why we use these non-GAAP financial measures. Where applicable, see the Segment Information and Results of Operations sections below for reconciliations of these non-GAAP measures to their most directly comparable GAAP financial measures. These non-GAAP financial measures are referred to as "adjusted" or "on a comparable basis" below, as these terms are used interchangeably.

Adjusted revenues

Adjusted revenues measure GAAP revenues adjusted for the effects of acquisitions, dispositions, and other items affecting period to period comparability. See Segment Information for details on how adjusted revenues were calculated for each period presented.

We believe that this measure provides management and investors with a more complete understanding of underlying revenue trends of established, ongoing operations by excluding the effect of activities which are subject to volatility and can obscure underlying trends.

Management recognizes that the term "adjusted revenues" may be interpreted differently by other companies and under different circumstances. Although this may influence comparability of absolute percentage growth from company to company, we believe that these measures are useful in assessing trends of the Company and its segments, and may therefore be a useful tool in assessing period-to-period performance trends.

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Adjusted gross profit and adjusted gross profit percentage

Adjusted gross profit measures GAAP revenues less cost of revenues, adjusted for the effects of acquisitions, dispositions, and other items affecting period to period comparability. Adjusted gross profit percentage measures adjusted gross profit divided by adjusted revenues. See Segment Information for details on how adjusted gross profit and adjusted gross profit percentage were calculated for each period presented.

We believe that this measure provides management and investors with a more complete understanding of underlying gross profit trends of established, ongoing operations by excluding the effect of activities which are subject to volatility and can obscure underlying trends.

Management recognizes that the term "adjusted gross profit" or “adjusted gross profit percentage” may be interpreted differently by other companies and under different circumstances. Although this interpretation may vary from company to company, we believe that these consistently applied measures are useful in assessing trends of the Company and its segments, and may therefore be a useful tool in assessing period-to-period performance trends.

EBITDA and adjusted EBITDA

We define EBITDA as net income (loss) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for the impact of stock based compensation, Non-Qualified Plan Investment appreciation/depreciation, and certain items affecting period to period comparability. See Segment Information or details on how EBITDA and adjusted EBITDA were calculated for each period presented.

The Company presents EBITDA because it considers such information meaningful supplemental measures of its performance and believes such information is frequently used by the investment community in the evaluation of similarly situated companies. The Company uses EBITDA and adjusted EBITDA as factors used to determine the total amount of incentive compensation available to be awarded to executive officers and other employees. The Company's credit agreement uses EBITDA and adjusted EBITDA to measure compliance with covenants such as interest coverage and debt incurrence. EBITDA and adjusted EBITDA are also used by the Company to evaluate and price potential acquisition candidates.

EBITDA and adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Some of the limitations are: (a) EBITDA and adjusted EBITDA do not reflect changes in, or cash requirements for, the Company's working capital needs; (b) EBITDA and adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debts; and (c) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and EBITDA does not reflect any cash requirements for such capital expenditures. EBITDA should only be used on a supplemental basis combined with GAAP results when evaluating the Company's performance.

Segment contribution margin and adjusted segment contribution margin

We define segment contribution margin as earnings before interest, taxes, depreciation and amortization, before the allocation of corporate overhead expenses. Adjusted segment contribution margin is defined as segment contribution margin adjusted for certain items affecting period to period comparability. See Segment Information for details on how segment contribution margin and comparable segment contribution margin were calculated for each period presented.

When viewed together with our GAAP results, we believe segment contribution margin and comparable segment contribution margin provide management and users of the financial statements information about the performance of our business segments.

Segment contribution margin and comparable segment contribution margin are used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. The material limitation associated with the use of the segment contribution margin and adjusted segment contribution margin is that it is an incomplete measure of profitability as it does not include all operating expenses or non-operating income and expenses. Management compensates for these limitations when using this measure by looking at other GAAP measures, such as operating income and net income.

Adjusted net income and adjusted net income per common share

We define adjusted net income and adjusted net income per common share as net income and net income per common share adjusted for certain items affecting period to period comparability. See Segment Information below for details on how adjusted net income and adjusted net income per common share were calculated for each period presented.

We believe that adjusted net income and adjusted net income per common share are meaningful measures because they increase the comparability of period to period results.

Since these are not measures of performance calculated in accordance with GAAP, they should not be considered in isolation of, or as a substitute for, GAAP net income and net income per common share, as indicators of operating performance and they may not be comparable to similarly titled measures employed by other companies.

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Segment Information

The following table presents the net revenues, gross profit and segment contribution margin from each of the Company's business segments, as well as consolidated EBITDA, Adjusted EBITDA and adjusted net income.

	Three Months Ended					
	April 1, 2018	April 2, 2017	Exclude Operating Results of Fannie May	Severance Costs	As Adjusted (non-GAAP) April 2, 2017	As Adjusted (non-GAAP) % Change
	(in thousands, unaudited)					
Net revenues:						
1-800-Flowers.com Consumer Floral	$135,782	$124,684	$ -	$ -	$ 124,684	8.9 %
BloomNet Wire Service	24,498	24,091	-	-	24,091	1.7 %
Gourmet Food & Gift Baskets	78,458	85,611	(17,700)	-	67,911	15.5 %
Corporate	264	260	-	-	260	1.5 %
Intercompany eliminations	(457)	(931)	537	-	(394)	-16.0 %
Total net revenues	$238,545	$233,715	$ (17,163)	$ -	$ 216,552	10.2 %
Gross profit:						
1-800-Flowers.com Consumer Floral	$53,744	$50,584	$ -	$ -	$ 50,584	6.2 %
	39.6 %	40.6 %	-	-	40.6 %	
BloomNet Wire Service	12,931	12,915	-	-	12,915	0.1 %
	52.8 %	53.6 %	-	-	53.6 %	
Gourmet Food & Gift Baskets	26,532	29,780	(7,134)	-	22,646	17.2 %
	33.8 %	34.8 %	-	-	33.3 %	
Corporate (a)	248	302	-	-	302	-17.9 %
	93.9 %	116.2 %	-	-	116.2 %	
Total gross profit	$93,455	$93,581	$ (7,134)	$ -	$ 86,447	8.1 %
	39.2 %	40.0 %	-	-	39.9 %	
EBITDA (non-GAAP):						
Segment Contribution Margin (non-GAAP):						
1-800-Flowers.com Consumer Floral	$16,226	$15,863	$ -	$ -	$ 15,863	2.3 %

BloomNet Wire Service	8,439	8,245	-	-	8,245	2.4 %
Gourmet Food & Gift Baskets	(8,811)	(10,776)	225	439	(10,112)	12.9 %
Segment Contribution Margin Subtotal	15,854	13,332	225	439	13,996	13.3 %
Corporate (a)	(20,408)	(21,125)	324	-	(20,801)	1.9 %
EBITDA (non-GAAP)	(4,554)	(7,793)	549	439	(6,805)	33.1 %
Add: Stock-based compensation	933	1,286	-	-	1,286	27.4 %
Add: Comp charge related to NQ Plan Investment Appreciation	30	404	-	-	404	92.6 %
Adjusted EBITDA (non-GAAP)	$(3,591)	$(6,103)	$ 549	$ 439	$ (5,115)	29.8 %

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	Nine Months Ended					
					As Adjusted (non-GAAP)	**As Adjusted (non-GAAP)**
	April 1, 2018	**April 2, 2017**	**Exclude Operating Results of Fannie May**	**Severance Costs**	**April 2, 2017**	**% Change**
	(in thousands, unaudited)					
Net revenues:						
1-800-Flowers.com Consumer Floral	$312,456	$297,707	$ -	$ -	$ 297,707	5.0 %
BloomNet Wire Service	64,637	65,557	-	-	65,557	-1.4 %
Gourmet Food & Gift Baskets	545,408	592,295	(70,273)	-	522,022	4.5 %
Corporate	851	839	-	-	839	1.4 %
Intercompany eliminations	(1,365)	(2,301)	1,051	-	(1,250)	-9.2 %
Total net revenues	$921,987	$954,097	$ (69,222)	$ -	$ 884,875	4.2 %
Gross profit:						
1-800-Flowers.com Consumer Floral	$123,322	$121,383	$ -	$ -	$ 121,383	1.6 %
	39.5 %	40.8 %	-	-	40.8 %	
BloomNet Wire Service	35,682	37,019	-	-	37,019	-3.6 %
	55.2 %	56.5 %	-	-	56.5 %	
Gourmet Food & Gift Baskets	236,152	262,716	(27,559)	-	235,157	0.4 %
	43.3 %	44.4 %	-	-	45.0 %	
Corporate (a)	836	844	-	-	844	-0.9 %
	98.2 %	100.6 %	-	-	100.6 %	
Total gross profit	$395,992	$421,962	$ (27,559)	$ -	$ 394,403	0.4 %
	42.9 %	44.2 %	-	-	44.6 %	
EBITDA (non-GAAP):						
Segment Contribution Margin (non-GAAP):						
1-800-Flowers.com Consumer Floral	$33,988	$37,172	$ -	$ -	$ 37,172	-8.6 %
BloomNet Wire Service	22,832	23,713	-	-	23,713	-3.7 %
Gourmet Food & Gift Baskets	79,698	84,544	(2,793)	542	82,293	-3.2 %
Segment Contribution Margin Subtotal	136,518	145,429	(2,793)	542	143,178	-4.7 %
Corporate (a)	(59,448)	(62,616)	1,087		(61,529)	3.4 %
EBITDA (non-GAAP)	77,070	82,813	(1,706)	542	81,649	-5.6 %
Add: Stock-based compensation	3,002	4,784			4,784	-37.2 %
Add: Comp charge related to NQ Plan Investment Appreciation	669	686	-	-	686	2.5 %

Adjusted EBITDA (non-GAAP)	$80,741	$88,283	$(1,706)	$ 542	$ 87,119	-7.3%

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Reconciliation of net income (loss) to adjusted net income (loss) (non-GAAP):

	Three Months Ended		Nine Months Ended	
	April 1, 2018	April 2, 2017	April 1, 2018	April 2, 2017
	(in thousands, unaudited)			
Net income (loss)	$(8,463)	$(11,130)	$49,014	$36,028
Adjustments to reconcile net income (loss) to adjusted net income (loss) (non-GAAP)				
Deduct: Fannie May operating results		(1,361)		(731)
Deduct: U.S. tax reform impact on deferred taxes (b)			12,158	
Add back: Severance costs		439		542
Add back: Income tax expense impact on Fannie May operating results and severance costs		(625)		(406)
Adjusted net income (loss) (non-GAAP)	$(8,463)	$(9,955)	$36,856	$36,895
Basic and diluted net income (loss) per common share				
Basic	$(0.13)	$(0.17)	$0.76	$0.55
Diluted	$(0.13)	$(0.17)	$0.73	$0.53
Basic and diluted adjusted net income (loss) per common share (non-GAAP)				
Basic	$(0.13)	$(0.15)	$0.57	$0.57
Diluted	$(0.13)	$(0.15)	$0.55	$0.54
Weighted average shares used in the calculation of net income (loss) and adjusted net income (loss) (non-GAAP) per common share				
Basic	64,527	65,199	64,694	65,169
Diluted	64,527	65,199	66,949	67,747

Reconciliation of net income (loss) to adjusted EBITDA (non-GAAP) (c):

	Three Months Ended		Nine Months Ended	
	April 1, 2018	April 2, 2017	April 1, 2018	April 2, 2017
	(in thousands, unaudited)			
Net income (loss)	$(8,463)	$(11,130)	$49,014	$36,028
Add:				
Interest expense and other, net	693	770	2,604	4,226
Depreciation and amortization	7,885	8,492	24,646	25,656
Income tax expense (benefit)	(4,669)	(5,925)	806	16,903

EBITDA (non-GAAP)	(4,554)	(7,793)	77,070	82,813
Add:				
Severance costs	-	439	-	542
Compensation charge related to NQ plan investment appreciation	30	404	669	686
Stock-based compensation	933	1,286	3,002	4,784
Less:				
Fannie May EBITDA	-	(549)	-	1,706
Adjusted EBITDA (non-GAAP)	$(3,591)	$(5,115)	$80,741	$87,119

(a) Corporate expenses consist of the Company's enterprise shared service cost centers, and include, among other items, Information Technology, Human Resources, Accounting and Finance, Legal, Executive and Customer Service Center functions, as well as Stock-Based Compensation. In order to leverage the Company's infrastructure, these functions are operated under a centralized management platform, providing support services throughout the organization. The costs of these functions, other than those of the Customer Service Center, which are allocated directly to the above categories based upon usage, are included within corporate expenses as they are not directly allocable to a specific segment.

(b) The adjustment to deduct the impact of the U.S. tax reform from net income, for the nine months ended April 1, 2018, includes the impact of the re-valuation of the Company's deferred tax liability of $12.2mm or $0.18 per diluted share, but does not include the ongoing impact of the lower federal corporate tax rate.

(c) Segment performance is measured based on segment contribution margin or segment Adjusted EBITDA, reflecting only the direct controllable revenue and operating expenses of the segments, both of which are non-GAAP measurements. As such, management's measure of profitability for these segments does not include the effect of corporate overhead, described above, depreciation and amortization, other income (net), and other items that we do not consider indicative of our core operating performance.

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Results of Operations

Net Revenues

	Three Months Ended			Nine Months Ended		
	April 1, 2018	**April 2, 2017**	**% Change**	**April 1, 2018**	**April 2, 2017**	**% Change**
	(dollars in thousands)					
Net revenues:						
E-Commerce	$196,866	$177,729	10.8 %	$729,769	$705,407	3.5 %
Other	41,679	55,986	-25.6 %	192,218	248,690	-22.7 %
Total net revenues	$238,545	$233,715	2.1 %	$921,987	$954,097	-3.4 %

Net revenues consist primarily of the selling price of the merchandise, service or outbound shipping charges, less discounts, returns and credits.

Net revenues increased 2.1% during the three months ended April 1, 2018, and decreased 3.4% during the nine months ended April 1, 2018. On a comparable basis, adjusting fiscal 2017 net revenues to reflect the May 30, 2017 disposition of Fannie May, net revenues increased 10.2% and 4.2% during the three and nine months ended April 1, 2018, respectively, compared to the same periods of the prior year. These increases were attributable to growth within the Consumer Floral segment, which accelerated during the Valentine's Day holiday, as well as the Gourmet Foods & Gift Baskets segments, reflecting year-over-year growth in most of its food gift brands, particularly Harry & David. Comparable revenue growth also benefited from the shift of the Easter holiday from the fourth quarter in fiscal 2017 to the third quarter in fiscal 2018. Adjusting for both the Easter shift, as well as the disposition of Fannie May, revenue growth was approximately 6.1% and 3.3% during the three and nine months ended April 1, 2018, respectively, compared to the same periods of the prior year.

E-commerce revenues (combined online and telephonic) increased by 10.8% and 3.5% during the three and nine months ended April 1, 2018, respectively, compared to the same periods of the prior year, as a result of growth within the Consumer Floral and Gourmet Foods & Gift Baskets segments. On a comparable basis, adjusting fiscal 2017 e-commerce revenues to exclude the revenues of Fannie May, e-commerce revenues increased 11.8% and 5.2% during the three and nine months ended April 1, 2018, respectively, compared to the same periods of the prior year. During the three months ended April 1, 2018, the Company fulfilled approximately 3,107,000 orders through its e-commerce sales channels (online and telephonic sales), at an average order value of $63.31, compared to approximately 2,703,000, at an average order value of $65.75 (2,660,000 orders and $66.22 average order value, adjusted to exclude Fannie May orders in fiscal 2017), during the same period of the prior year. During the nine months ended April 1, 2018, the Company fulfilled approximately 9,754,000 orders, through its e-commerce sales channels (online and telephonic sales), at an average order value of $74.77, compared to approximately 9,395,000 orders, at an average order value of $75.08 (9,097,000 orders and $76.29 average order value, adjusted to exclude Fannie May orders in fiscal 2017), during the same period of the prior year.

Other revenues are derived from the Company’s BloomNet Wire Service segment, as well as the wholesale and retail channels of the 1-800-Flowers.com Consumer Floral and Gourmet Food and Gift Baskets segments. Other revenues decreased by 25.6% and 22.7% during the three and nine months ended April 1, 2018, respectively, compared to the same periods of the prior year, primarily as a result of the Fannie May disposition during May 2017. On a comparable basis, adjusting fiscal 2017 other revenues to exclude the revenues of Fannie May, other revenues increased 4.5% and 1.3% during the three and nine months ended April 1, 2018, respectively, compared to the same periods of the prior year.

The 1-800-Flowers.com Consumer Floral segment includes the operations of the 1-800-Flowers.com brand, which derives revenue from the sale of consumer floral products through its e-commerce sales channels (telephonic and online sales), retail stores, and royalties from its franchise operations. Net revenues increased 8.9% and 5.0%, during the three and nine months ended April 1, 2018, in comparison to the same periods of the prior year, due to increased demand, especially during the key Valentine holiday, driven by merchandising and marketing efforts, an increase in promotional activity in order to expand market share, as well as the impact of the Easter holiday, which shifted approximately $2.2 million of revenues into the Company's fiscal third quarter of Fiscal 2018, compared to Fiscal 2017, when Easter was in the Company's fiscal fourth quarter. Revenues during the nine months ended April 1, 2018 were negatively impacted, by approximately $0.8 million, due to hurricanes Harvey and Irma.

The BloomNet Wire Service segment includes revenues from membership fees as well as other product and service offerings to florists. Net revenues increased 1.7% and decreased 1.4% during the three and nine months ended April 1, 2018, respectively, compared to the same periods of the prior year. The increase during the three months ended April 1, 2018 was primarily due to increased wholesale product sales volume and higher transaction fees due to price increases. The decrease during the nine months ended April 1, 2018 was primarily due to lower membership, transaction fees and ancillary revenues resulting from a decline in network shop count, partially offset by higher wholesale product revenues. During the nine months ended April 1, 2018, these decreases were exacerbated by the impact of hurricanes Harvey and Irma, as BloomNet provided financial aid to florists in the affected areas, and waived approximately $0.2 million of membership fees.

The Gourmet Food & Gift Baskets segment includes the operations of Harry & David, Wolferman’s, Stockyards, Cheryl’s, Fannie May (through the date of its disposition on May 30, 2017), The Popcorn Factory, and 1-800-Baskets/DesignPac Gifts. Revenue is derived from the sale of gourmet fruits, cookies, baked gifts, premium chocolates and confections, gourmet popcorn, gift baskets, and prime steaks and chops through the Company’s e-commerce sales channels (telephonic and online sales) and company-owned and operated retail stores under the Harry & David, Cheryl’s and Fannie May (through the date of its disposition) brand names, as well as wholesale operations. Net revenues decreased 8.4% and 7.9% during the three and nine months ended April 1, 2018, respectively, compared to the same periods of the prior year, due to the disposition of Fannie May on May 30, 2017. On a comparable basis, adjusting fiscal year 2017 revenues to exclude Fannie May, net revenues increased 15.5% and 4.5% during the three and nine months ended April 1, 2018, respectively, compared to the same periods of the prior year due to the shift of approximately $6.6 million of Easter holiday volume into the quarter, as well as growth in everyday gifting, particularly in the the Harry & David, Cheryl's and 1-800-Baskets.com brands. Comparable segment growth was attributable to several initiatives implemented during the second half of fiscal 2017, including: (i) the Company's successful efforts to grow the "everyday" volume of its Gourmet Foods & Gift Baskets brands through expanded birthday and sympathy merchandise, (ii) the modernization of the Harry & David brand, which focused on developing merchandising assortments and digital marketing programs that helped to broaden the demographic reach of the brand, and, (ii) the launch of the Simply Chocolates product line, which is managed by 1-800-Baskets. Comparable revenue growth during the nine months ended April 1, 2018 was negatively impacted by a temporary disruption in operations at our Cheryl's brand, related to the implementation of a new production and warehouse management system, which, in turn, led to the brand's decision to stop taking orders eight days prior to the Christmas holiday. As a result, the Company estimates that it had to forego approximately $4.0 million in holiday revenues during its second quarter of Fiscal 2018. The operational issues at Cheryl's have been addressed and business has returned to its normal pace during the current quarter. In addition, revenues during the nine months ended April 1, 2018 were negatively impacted, by approximately $0.2 million, due to hurricanes Harvey and Irma.

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Gross Profit

	Three Months Ended			Nine Months Ended		
	April 1, 2018	**April 2, 2017**	**% Change**	**April 1, 2018**	**April 2, 2017**	**% Change**
	(dollars in thousands)					
Gross profit	$93,455	$93,581	-0.1 %	$395,992	$421,962	-6.2 %
Gross margin %	39.2 %	40.0 %		42.9 %	44.2 %	

Gross profit consists of net revenues less cost of revenues, which is comprised primarily of florist fulfillment costs (fees paid directly to florists), the cost of floral and non-floral merchandise sold from inventory or through third parties, and associated costs including inbound and outbound shipping charges. Additionally, cost of revenues include labor and facility costs related to direct-to-consumer and wholesale production operations.

Gross profit decreased 0.1% and 6.2% during the three and nine months ended April 1, 2018, respectively, in comparison to the same periods of the prior year, while gross profit percentage decreased 80 and 130 basis points, during the three and nine months ended April 1, 2018, respectively, in comparison to the same periods of the prior year. On a comparable basis, adjusting prior year gross profit to exclude Fannie May, which was disposed of on May 30, 2017, gross profit increased 8.1% and 0.4% during the three and nine months ended April 1, 2018, respectively, in comparison to the same periods of the prior year, while gross profit percentage decreased 70 and 170 basis points, during the same periods. The higher comparable gross profit is due to the increase in comparable revenues noted above, partially offset by lower gross profit percentages, primarily reflecting the growth of the Company's Passport free-shipping program, an increase in the promotional nature of the Valentine holiday this year, and continued higher transportation and hourly labor costs. Gross profit during the nine months ended April 1, 2018 was also negatively impacted by the operational issue at Cheryl's during the Christmas holiday season.

The 1-800-Flowers.com Consumer Floral segment gross profit increased by 6.2% and 1.6% during the three and nine months ended April 1, 2018, respectively, in comparison to the same period of the prior year, due to the aforementioned revenue growth, partially offset by a decrease in gross profit percentage of 100 and 130 basis points to 39.6% and 39.5%, respectively. The lower gross profit percentages reflect increased promotional activity within the Consumer Floral segment in order to increase market share, especially during the critical Valentine holiday, and the growth of the Company's Passport free-shipping program, which has been driving improved customer loyalty and purchase frequency.

BloomNet Wire Service segment's gross profit during the three months ended April 1, 2018 was consistent with the same period of the prior year, as the increase in revenues noted above were offset by an 80 basis point decrease in gross profit percentage, to 52.8%, as a result of the aforementioned shift in product mix. Gross profit decreased 3.6% during the nine months ended April 1, 2018, in comparison to the same period of the prior year, due to the decreases in revenues, noted above, and gross profit percentage which declined 130 basis points to 55.2%. The lower gross profit percentages are due to sales mix, with a decline in higher margin membership and related services, offset by an increase in lower margin wholesale product sales.

The Gourmet Food & Gift Baskets segment gross profit decreased by 10.9% and 10.1% during the three and nine months ended April 1, 2018, respectively, in comparison to the same periods of the prior year, while gross profit percentage decreased 100 and 110 basis points to 33.8% and 43.3%, over the same respective periods. On a comparable basis, adjusting prior year gross profit to exclude Fannie May, which was disposed of on May 30, 2017, gross profit increased 17.2% and 0.4% during the three and nine months ended April 1, 2018, respectively, in comparison to the same periods of the prior year, while gross profit percentage increased 50 and decreased 170 basis points to 33.8% and 43.3%, over the same respective periods. The increase in comparable gross profit during the three months ended April 1, 2018 was primarily due to the increased revenues noted above, combined with an improved gross profit percentage due to product/channel mix and production efficiency gains, partially offset by lower margins at Cheryl's associated with "win-back" marketing programs and the sale of excess holiday inventory at lower than standard margins, as well as higher transportation and labor costs. While gross profit increased 0.4% on a comparable basis during the nine months ended April 1, 2018, the lower comparable gross profit percentage during this period primarily reflects the impact of the operational issue at the Company's Cheryl's Cookies brand, which negatively impacted gross profit by approximately $4.0 million during the second quarter of the current fiscal year, as a result of increased labor and expedited shipping, but also had a lingering effect in the third quarter due to the sale of excess holiday inventory at lower than standard margins and customer "win-back" promotional programs. In addition, although revenue growth provided for improved gross profit at Harry & David, higher transportation costs at Harry & David and our wholesale 1-800-Baskets brand negatively impacted gross profit percentage.

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Marketing and Sales Expense

	Three Months Ended			Nine Months Ended		
	April 1, 2018	**April 2, 2017**	**% Change**	**April 1, 2018**	**April 2, 2017**	**% Change**
	(dollars in thousands)					
Marketing and sales	$68,215	$70,158	-2.8 %	$231,708	$245,112	-5.5 %
Percentage of net revenues	28.6 %	30.0 %		25.1 %	25.7 %	

Marketing and sales expense consists primarily of advertising and promotional expenditures, catalog costs, online portal and search costs, retail store and fulfillment operations (other than costs included in cost of revenues) and customer service center expenses, as well as the operating expenses of the Company's departments engaged in marketing, selling and merchandising activities.

Marketing and sales expense decreased 2.8% and 5.5% during the three and nine months ended April 1, 2018, compared to the same periods of the prior year, due to the disposition of Fannie May on May 30, 2017. On a comparable basis, adjusting prior year marketing and sales expense to exclude Fannie May's expenditures, marketing and sales expense increased 6.0% and 3.0% during the three and nine months ended April 1, 2018, but decreased, as a percentage of net revenue, to 28.6% and 25.1%, compared to 29.7% and 25.4% during the comparative three and nine months ended April 2, 2017. On a comparable basis, the increase in spend came from the Consumer Floral and Gourmet Foods & Gift Baskets segments, commensurate with revenue growth, as a result of the Company's incremental marketing efforts designed to accelerate revenue growth and capture market share during a highly competitive and promotional Valentine's Day holiday. This increased marketing spend was partially offset by a reduction in performance based bonuses, resulting in an overall reduction in total marketing and sales spend ratios, as a percentage of net revenues.

Technology and Development Expense

	Three Months Ended			Nine Months Ended		
	April 1, 2018	**April 2, 2017**	**% Change**	**April 1, 2018**	**April 2, 2017**	**% Change**
	(dollars in thousands)					
Technology and development	$10,241	$10,254	-0.1 %	$29,086	$29,591	-1.7 %
Percentage of net revenues	4.3 %	4.4 %		3.2 %	3.1 %	

Technology and development expense consists primarily of payroll and operating expenses of the Company's information technology group, costs associated with its websites, including hosting, design, content development and maintenance and support costs related to the Company's order entry, customer service, fulfillment and database systems.

Technology and development expenses was unchanged and decreased 1.7% during the three and nine months ended April 1, 2018, compared to the same period of the prior year, primarily due to favorable hosting costs due to closing certain data centers and moving to cloud based solutions, lower labor expenses resulting from a reduction in headcount and performance based bonuses, partially offset by increased license and maintenance costs related to security and order processing platforms.

General and Administrative Expense

	Three Months Ended			**Nine Months Ended**		
	April 1, 2018	**April 2, 2017**	**% Change**	**April 1, 2018**	**April 2, 2017**	**% Change**
	(dollars in thousands)					
General and administrative	$19,553	$20,962	-6.7 %	$58,128	$64,446	-9.8 %
Percentage of net revenues	8.2 %	9.0 %		6.3 %	6.8 %	

General and administrative expense consists of payroll and other expenses in support of the Company's executive, finance and accounting, legal, human resources and other administrative functions, as well as professional fees and other general corporate expenses.

General and administrative expense decreased 6.7% and 9.8% during the three and nine months ended April 1, 2018, compared to the same period of the prior year, primarily due to the disposition of Fannie May on May 30, 2017. On a comparable basis, adjusting prior year general and administrative expense to exclude Fannie May's expenditures, general and administrative expense increased 2.1% and decreased 1.3% during the respective three and nine months ended April 1, 2018, in comparison to the same periods of the prior year. The increase during the three months ended April 1, 2018 is due primarily to higher health insurance costs due to unfavorable medical claims experience, as well as an increase in legal fees and bad debt expense, due to the bankruptcy of a wholesale customer, partially offset by a larger increase in the value of Non-Qualified Deferred Compensation Plan investments in the prior year (increase offset in Other (income) expense net line item on the financials statement – see below), and lower labor due to a reduction in performance based bonuses. The decrease during the nine months ended April 1, 2018 is due to reductions in travel and labor resulting from a reduction in performance based bonuses, partially offset by higher health insurance costs and increased professional fees.

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Depreciation and Amortization Expense

	Three Months Ended			Nine Months Ended		
	April 1, 2018	**April 2, 2017**	**% Change**	**April 1, 2018**	**April 2, 2017**	**% Change**
	(dollars in thousands)					
Depreciation and amortization	$7,885	$8,492	-7.1 %	$24,646	$25,656	-3.9 %
Percentage of net revenues	3.3 %	3.6 %		2.7 %	2.7 %	

Depreciation and amortization expense for the three months ended April 1, 2018 decreased 7.1% and 3.9%, in comparison to the same period of the prior year, due to the disposition of Fannie May. On a comparable basis, adjusting prior year depreciation and amortization expense to exclude Fannie May, depreciation and amortization expense increased 2.7% and 6.2% during the respective three and nine months ended April 1, 2018, in comparison to the same periods of the prior year as a result of recent shorter-lived IT capital expenditures.

Interest Expense, net

	Three Months Ended			Nine Months Ended		
	April 1, 2018	**April 2, 2017**	**% Change**	**April 1, 2018**	**April 2, 2017**	**% Change**
	(dollars in thousands)					
Interest expense, net	$662	$1,191	-44.4 %	$2,919	$4,796	-39.1 %

Interest expense, net consists primarily of interest expense and amortization of deferred financing costs attributable to the Company’s credit facility (See Note 8 - Debt, in Item 1 for details regarding the 2016 Amended Credit Facility), net of income earned on the Company’s available cash balances.

Interest expense, net decreased 44.4% and 39.1% during the three and nine months ended April 1, 2018 in comparison to the same periods of the prior year, as a result of scheduled repayment of term loan borrowings, as well higher interest income on the Company’s outstanding cash balances (associated with cash received from the sale of Fannie May in the prior year). Interest expense, net during the nine months ended April 1, 2018 also benefited from the funding of Christmas holiday working capital requirements primarily through the use of cash on hand from the sale of Fannie May, in comparison to fiscal 2017, when the Company funded working capital requirements through its revolving credit facility,

Other (income) expense, net

	Three Months Ended			Nine Months Ended		
	April 1, 2018	**April 2, 2017**	**% Change**	**April 1, 2018**	**April 2, 2017**	**% Change**
	(dollars in thousands)					
Other (income) expense, net	$31	$(421)	-107.4 %	$(315)	$(570)	-44.7 %

Other (income) expense, net for the three and nine months ended April 1, 2018 consists primarily of investment earnings of the Company's Non-Qualified Deferred Compensation Plan assets, which for the nine months ended April 1, 2018 was partially offset by a $0.2 million impairment related to the Company's equity method investment in Flores Online (see Note 7 - Investments above).

Other (income) expense, net for the three and nine months ended April 2, 2017 consists primarily of investment earnings of the Company's Non-Qualified Deferred Compensation Plan investments, partially offset by a decrease in the Company's equity interest in Flores Online.

Income Taxes

The Company recorded an income tax benefit of $4.7 million and $5.9 million, respectively during the three months ended April 1, 2018 and April 2, 2017, and income tax expense of $0.8 million and $16.9 million, respectively during the nine months ended April 1, 2018 and April 2, 2017. The Company's effective tax rate from operations for the three and nine months ended April 1, 2018 was 35.6% and 1.6% respectively, compared to 34.7% and 31.9% in the same periods of the prior year. The effective rates for fiscal 2018 were impacted by changes associated with the Tax Act (see Note 1 - Accounting Policies in Item 1 above). The Tax Act was enacted on December 22, 2017, however, since the Company has a July 1 fiscal year-end, the lower corporate income tax rate will be phased in, resulting in a U.S. statutory federal rate of approximately 28% for our fiscal year ending on July 1, 2018, and 21% for subsequent fiscal years. While the rate reduction associated with the Tax Act reduced the Company's tax benefit during the quarter ended April 1, 2018, this impact was offset by various tax credits and return to provision adjustments related to the filing of the Company's Fiscal 2017 tax return. In addition to the impact of the lower transitional rate, during the quarter ended December 31, 2017, the Company recognized a discrete tax benefit of $12.2 million, or $0.18 per diluted share, reflecting a revaluation of deferred tax liabilities at the lower U.S. federal statutory rate of 21%. The effective rates for fiscal 2017 differed from the U.S. federal statutory rate due to various permanent differences and tax credits, including excess tax benefits on stock based compensation as a result of the Company's early adoption of ASU 2016-09, domestic production deductions and research and development credits, partially offset by state income taxes. At April 1, 2018, the Company has an unrecognized tax benefit, including an immaterial amount of accrued interest and penalties, of approximately $0.5 million. The Company believes that no significant unrecognized tax positions will be resolved over the next twelve months.

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Liquidity and Capital Resources

Liquidity and borrowings

The Company's principal sources of liquidity are cash on hand, cash flows generated from operations and the borrowings available under the 2016 Credit Facility (see Note 8 - Debt in Item 1 for details). At April 1, 2018, the Company had working capital of $162.0 million, including cash and cash equivalents of $173.1 million, compared to working capital of $132.2 million, including cash and cash equivalents of $149.7 million, at July 2, 2017. As of April 1, 2018, there were no borrowings outstanding under its working capital Revolver. Due to the seasonal nature of the Company's business, and its continued expansion into non-floral products, the Thanksgiving through Christmas holiday season, which falls within the Company's second fiscal quarter, typically generates nearly 50% of the Company's annual revenues, and all of its earnings. As a result, cash generated during its second quarter is expected to be sufficient to provide for operating needs until the second quarter of fiscal 2019, when the Company expects to borrow against its Revolver to fund pre-holiday manufacturing and inventory purchases.

We believe that our sources of funding will be sufficient to meet our anticipated operating cash needs for at least the next 12 months. However, any projections of future cash needs and cash flows are subject to substantial uncertainty. We continually evaluate opportunities to repurchase common stock and we will, from time to time, consider the acquisition of, or investment in, complementary businesses, products, services, capital infrastructure, and technologies, which might affect our liquidity requirements or cause us to require additional financing.

Cash Flows

Net cash provided by operating activities of $64.6 million for the nine months ended April 1, 2018, was primarily attributable to the Company's net income during the period, adjusted by non-cash charges for depreciation/amortization, deferred income taxes (including the impact of the Tax Act – see Note 1 -Accounting Policies and Note 11 – Income taxes in Item 1 above) and stock based compensation, as well as seasonal changes in working capital, including decreases in inventory and accounts payable/accrued expenses, partially offset by increases in receivables.

Net cash used in investing activities of $24.3 million for the nine months ended April 1, 2018, was primarily attributable to the working capital adjustment related to the sale of Fannie May, of which $8.5 million was still due to Ferrero at July 2, 2017, and to capital expenditures related to the Company's technology initiatives and Gourmet Foods & Gift Basket segment manufacturing production and orchard planting equipment.

Net cash used in financing activities of $16.9 million for the nine months ended April 1, 2018 was primarily due to Term Loan repayments of $5.0 million and the acquisition of $12.1 million of treasury stock. All borrowings under the Company's revolving credit facility were repaid by the end of the fiscal second quarter.

Stock Repurchase Program

The Company has a stock repurchase plan through which purchases can be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program is financed utilizing available cash. On August 30, 2017, the Company’s Board of Directors authorized an increase to its stock repurchase plan of up to $30.0 million. As of April 1, 2018, $20.1 million remained authorized under the plan.

Contractual Obligations

There have been no material changes outside the ordinary course of business related to the Company’s contractual obligations as discussed in the Annual Report on Form 10-K for the year ended July 2, 2017.

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Critical Accounting Policies and Estimates

As disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2017, the discussion and analysis of the Company's financial condition and results of operations are based upon the consolidated financial statements of 1-800-FLOWERS.COM, Inc., which have been prepared in conformity with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances, and management evaluates its estimates and assumptions on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions. The Company's most critical accounting policies relate to revenue recognition, accounts receivable, inventory, goodwill, other intangible assets and long-lived assets and income taxes. There have been no significant changes to the assumptions and estimates related to the Company's critical accounting policies, since July 2, 2017, except for the enactment of the Tax Act (see Note 1 - Accounting Policies and Note 11 – Income taxes in Item 1 above for details).

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." This amended guidance will enhance the comparability of revenue recognition practices and will be applied to all contracts with customers. Expanded disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized are requirements under the amended guidance. As we continue to evaluate the impact of this ASU, we have determined that the new standard will impact the following areas: the costs of producing and distributing the Company's catalogs will be expensed upon mailing, instead of being capitalized and amortized in direct proportion to the actual sales; gift card breakage will be estimated based on the historical pattern of gift card redemption, rather than when redemption is considered remote; the Company will defer revenue at the time the Celebrations Reward loyalty points are earned using a relative fair value approach, rather than accruing a liability equal to the incremental cost of fulfilling its obligations. We have further identified the timing of revenue recognition for e-commerce orders (shipping point versus destination) as a potential issue in our analysis, which is not expected to change the total amount of revenue recognized, but could accelerate the timing of when revenue is recognized. We plan to adopt this guidance beginning with the first quarter in the fiscal year ending June 30, 2019, on a retrospective basis, with a cumulative adjustment to retained earnings. We are continuing to evaluate the impact that this ASU, and related amendments and interpretive guidance, will have on our consolidated financial statements, including the related disclosures.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330)." The pronouncement was issued to simplify the measurement of inventory and changes the measurement from lower of cost or market to lower of cost and net realizable value. The Company adopted this standard effective July 3, 2017. The adoption of ASU 2015-11 did not have a significant impact on the Company's consolidated financial position or results of operations.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities." The pronouncement requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. This guidance will become effective for the Company's fiscal year ending June 30, 2019. The adoption is not expected to have a significant impact on the Company’s consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842).” Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. This guidance offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for the Company’s fiscal year ending June 28, 2020. We are currently evaluating the impact and expect the ASU will have a material impact on our consolidated financial statements, primarily to the consolidated balance sheets and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, “Improvements to Employee Share-Based Payment Accounting.” ASU No. 2016-09 affects all entities that issue share-based payment awards to their employees. ASU No. 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The Company elected to early adopt the amendments in ASU 2016-09, in fiscal 2017. As a result, stock-based compensation excess tax benefits are reflected in the Consolidated Statements of Income as a component of the provision for income taxes, whereas they were previously recognized in equity. This change resulted in the recognition of excess tax benefits against income tax expenses, rather than additional paid-in capital, of $1.0 million for the year ended July 2, 2017. There was no impact on earnings per share since approximately 700,000 tax benefit shares for the year ended July 2, 2017, previously associated with the APIC pool calculation, are no longer considered in the diluted share computation. Additionally, our Consolidated Statements of Cash Flows now present excess tax benefits as an operating activity. This change has been applied prospectively in accordance with the ASU and prior periods have not been adjusted. Further, the Company has elected to account for forfeitures as they occur, rather than estimate expected forfeitures. The cumulative effect of this change, which was recorded as compensation expense in fiscal 2017, was not material to the financial statements. In addition, this ASU allows entities to withhold an amount up to an employees’ maximum individual statutory tax rate in the relevant jurisdiction, up from the minimum statutory requirement, without resulting in liability classification of the award. We adopted this change on a modified retrospective basis, with no impact to our consolidated financial statements. Finally, this ASU clarified that the cash paid by an employer when directly withholding shares for tax withholding purposes should be classified as a financing activity. This change does not have an impact on the Company’s consolidated financials as it conforms with its current practice.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” ASU 2016-13 introduces a new forward-looking “expected loss” approach, to estimate credit losses on most financial assets and certain other instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information and reasonable and supportable forecasts. This ASU also expands the disclosure requirements to enable users of financial statements to understand the entity’s assumptions, models and methods for estimating expected credit losses. ASU 2016-13 is effective for the Company’s fiscal year ending July 4, 2021, and the guidance is to be applied using the modified-retrospective approach. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230), a consensus of the FASB’s Emerging Issues Task Force.” ASU 2016-15 is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The ASU is effective for the Company’s fiscal year ending June 30, 2019, and interim periods within those fiscal years. Early adoption is permitted, including interim periods within those fiscal years. An entity that elects early adoption must adopt all of the amendments in the same period. The guidance requires application using a retrospective transition method. The adoption is not expected to have a significant impact on the Company’s consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business (ASU 2017-01)," which revises the definition of a business and provides new guidance in evaluating when a set of transferred assets and activities is a business. ASU 2017-01 is effective for the Company's fiscal year ending June 30, 2019, with early adoption permitted, and should be applied prospectively. We do not expect the standard to have a material impact on our consolidated financial statements.

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In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This guidance is effective for the Company’s fiscal year ending July 4, 2021, with early adoption permitted, and should be applied prospectively. We do not expect the standard to have a material impact on our consolidated financial statements.

In February 2017, the FASB issued ASU No. 2017-05, “Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets.” This update clarifies the scope of accounting for the derecognition or partial sale of nonfinancial assets to exclude all businesses and nonprofit activities. ASU 2017-05 also provides a definition for in-substance nonfinancial assets and additional guidance on partial sales of nonfinancial assets. This guidance will be effective for the Company’s fiscal year ending June 30, 2019 and may be applied retrospectively. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In May 2017, the FASB issued ASU No 2017-09, “Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting.” This ASU provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting. An entity would not apply modification accounting if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification. ASU 2017-09 is effective for the Company's fiscal year ending June 30, 2019, with early adoption permitted, and should be applied prospectively to an award modified on or after the adoption date. The Company is currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

Forward Looking Information and Factors that May Affect Future Results

Our disclosure and analysis in this report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent the Company’s current expectations or beliefs concerning future events and can generally be identified by the use of statements that include words such as “estimate,” “project,” “believe,” “anticipate,” “intend,” “plan,” “foresee,” “likely,” “will,” “goal,” “target” or sin phrases. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of the Company’s control that could cause actual results to differ materially from the results expressed or implied in the forward-looking statements, including:

the Company’s ability:

- to achieve revenue and profitability;
- to leverage its operating platform and reduce operating expenses;
- to manage the increased seasonality of its business;
- to cost effectively acquire and retain customers;

- o to effectively integrate and grow acquired companies;
- o to reduce working capital requirements and capital expenditures;
- o to compete against existing and new competitors;
- o to manage expenses associated with sales and marketing and necessary general and administrative and technology investments; and
- o to cost efficiently manage inventories;

the outcome of contingencies, including legal proceedings in the normal course of business; and

general consumer sentiment and economic conditions that may affect levels of discretionary customer purchases of the Company’s products.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Forms 10-Q, 8-K and 10-K reports to the Securities and Exchange Commission. Our Annual Report on Form 10-K filing for the fiscal year ended July 2, 2017 listed various important factors that could cause actual results to differ materially from expected and historic results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. Readers can find them in Part I, Item 1A, of that filing under the heading “Cautionary Statements Under the Private Securities Litigation Reform Act of 1995”. We incorporate that section of that Form 10-K in this filing and investors should refer to it.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from the effect of interest rate changes.

Interest Rate Risk

The Company’s exposure to market risk for changes in interest rates relates primarily to the Company’s investment of available cash balances and its long-term debt. The Company generally invests its cash and cash equivalents in investment grade corporate and U.S. government securities. Due to the currently low rates of return the Company is receiving on its cash equivalents, the potential for a significant decrease in short-term interest rates is low and, therefore, a further decrease would not have a material impact on the Company’s interest income. Borrowings under the Company’s credit facility bear interest at a variable rate, plus an applicable margin, and therefore expose the Company to market risk for changes in interest rates. The effect of a 50 basis point increase in current interest rates on the Company’s interest expense would be approximately $0.1 and $0.4 million during the three and nine months ended April 1, 2018, respectively.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of April 1, 2018. Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of April 1, 2018.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the Company’s evaluation required by Rules 13a-15(d) or 15d-15(d) of the Securities Exchange Act of 1934 during the quarter ended

April 1, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Litigation

There are various claims, lawsuits, and pending actions against the Company and its subsidiaries incident to the operations of its businesses. It is the opinion of management, after consultation with counsel, that the ultimate resolution of such claims, lawsuits and pending actions will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

ITEM 1A. RISK FACTORS.

There were no material changes to the Company's risk factors as discussed in Part 1, Item 1A-Risk Factors in the Company's Annual Report on Form 10-K for the year ended July 2, 2017.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company has a stock repurchase plan through which purchases can be made from time to time in the open market and through privately negotiated transactions, subject to general market conditions. The repurchase program is financed utilizing available cash. On August 30, 2017, the Company's Board of Directors authorized an increase to its stock repurchase plan of up to $30.0 million. As of April 1, 2018, $20.1 million remained authorized under the plan.

The following table sets forth, for the months indicated, the Company's purchase of common stock during the first nine months of fiscal 2018, which includes the period July 3, 2017 through April 1, 2018:

Period	Total Number	Average Price	Total Number of	Dollar Value of

	of Shares Purchased	Paid Per Share (1)	Shares Purchased as Part of Publicly Announced Plans or Programs	Shares that May Yet Be Purchased Under the Plans or Programs
	(in thousands, except average price paid per share)			
07/03/17 - 07/30/17	89.3	$ 9.66	89.3	$ 16,363
07/31/16 - 08/27/17	99.6	$ 9.08	99.6	$ 15,456
08/28/17 - 10/01/17	268.7	$ 9.43	268.7	$ 27,859
10/02/17 - 10/29/17	233.5	$ 9.62	233.5	$ 25,606
10/30/17 - 12/03/17	414.3	$ 9.36	414.3	$ 21,719
12/04/17 - 12/31/17	61.9	$ 10.16	61.9	$ 21,089
01/01/18 - 01/28/18	-	$ -	-	$ 21,089
01/29/18 - 02/25/18	93.2	$ 10.60	93.2	$ 20,098
02/26/18 - 04/01/18	-	$ -	-	$ 20,098
Total	1,260.5	$ 9.55	1,260.5	

(1) Average price per share excludes commissions and other transaction fees.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

31.1	Certification of the principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of the principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Document
101.PRE	XBRL Taxonomy Definition Presentation Document

* Filed herewith.

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SIGNATURES

Pursuant to the requirements 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.

		1-800-FLOWERS.COM, Inc. (Registrant)
		/s/ Christopher G. McCann
Date:	May 11, 2018	Christopher G. McCann Chief Executive Officer, Director and President (Principal Executive Officer)
		/s/ William E. Shea
Date:	May 11, 2018	William E. Shea Senior Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)

n Agreements below. (2) The 5% and 10% rates of appreciation were set by the Securities and Exchange Commission and are not intended to forecast future appreciation, if any, of our common shares.

(c) Aggregated Option Exercises in 2004 and Fiscal Year-End Option Values

	Shares	Number of Securities	Value of Unexercised

Name	Acquired on Exercise (#)	Value Realized ($)	Underlying Unexercised Options at FY-End Exercisable	Underlying Unexercised Options at FY-End Unexercisable	In-the-Money Options at FY-End ($)(1) Exercisable	In-the-Money Options at FY-End ($)(1) Unexercisable
Robert J. Amsdell						
Steven G. Osgood	0	$ 0	0	200,000	$ 0	$ 270,000
Todd C. Amsdell	0	$ 0	0	200,000	$ 0	$ 270,000
Tedd D. Towsley	0	$ 0	0	100,000	$ 0	$ 135,000

(1) Based upon the closing price per share of our common shares of $17.35 on December 31, 2004.

Employment and Noncompetition Agreements

We have entered into employment agreements with each of our named executive officers.

Pursuant to their employment agreements, Robert J. Amsdell, Steven G. Osgood, Todd C. Amsdell and Tedd D. Towsley agreed to serve, respectively, as (a) our Chairman and Chief Executive Officer, (b) our President and Chief Financial Officer, (c) our Chief Operating Officer and (d) our Vice President and Treasurer. The term of each agreement commenced concurrently with the closing of our IPO on October 27, 2004 and ends on December 31, 2007, with automatic one-year renewals unless either we or the individual elects not to renew the agreement. Under the agreements, Robert J. Amsdell receives an annual salary of $200,000, Steven G. Osgood receives an annual salary of $350,000, Todd C. Amsdell receives an annual salary of $350,000 and Tedd D. Towsley receives an annual salary of $200,000, subject in each case to annual increases in the sole discretion of our board of trustees or the compensation committee of our board of trustees. Each of the executives is also eligible to participate in any bonus plan established by the compensation committee of our board of trustees. In addition, each executive will participate in any group life, hospitalization, disability, health, pension, profit sharing and other benefit plans we adopt with respect to comparable senior level executives. Among other perquisites, each executive also receives either an annual automobile allowance of $6,000 or we provide a suitable automobile to the executive.

In the event any executive s employment agreement is terminated for disability or death, he or the beneficiaries of his estate will receive any accrued and unpaid salary, vacation and other benefits, any unpaid bonus for the prior year, a pro rated bonus in the year of termination (based on the target bonus for that year), and all equity awards shall immediately vest and become fully exercisable. If we terminate any executive s employment agreement for cause or an executive terminates his employment agreement without good reason, the executive will only have the right to receive any accrued and unpaid salary, vacation and other benefits, any bonus as provided for in the bonus plan and reimbursement for expenses incurred but not paid prior to the date of termination.

If we terminate any executive s employment agreement without cause or an executive terminates his employment agreement for good reason, the executive will have the right to receive any accrued and unpaid salary, vacation and other benefits; any unpaid bonus for the prior year, a pro rated bonus in the year of termination (based on the target bonus for that year), reimbursement for expenses incurred but not paid prior to the date of termination, continued medical, prescription and dental benefits for eighteen months and a cash payment equal to two times (or three times with respect to Robert J. Amsdell) the sum of his annual salary as of the date of the termination of the agreement and the average bonus actually paid for the prior two calendar years. In addition, all equity awards shall immediately vest and become fully exercisable. If we elect not to renew any executive s employment agreement, the executive will have the right to receive a cash payment equal to one times the sum of his annual salary as of the date of expiration of the employment agreement and the average bonus actually paid for the prior two calendar years.

If we terminate any executive s employment agreement for cause, the executive shall have no right to receive any compensation or benefits under the employment agreement on or after the effective date of termination, other than annual salary and other benefits including payments for accrued but unused vacation prior to the date of termination.

Each employment agreement defines cause as the executive s conviction for a felony or a misdemeanor involving moral turpitude; commission of an act of fraud, theft or dishonesty related to our business or the business of our affiliates or to his duties; willful and continuing failure or habitual neglect to perform his duties; material violation of confidentiality covenants or noncompetition agreement; or willful and continuing breach of the employment agreement.

Each employment agreement defines good reason as: a material reduction in the executive s authority, duties and responsibilities or the assignment to him of duties materially and adversely inconsistent with his position; a reduction in the executive s annual salary; our failure to obtain a reasonably satisfactory agreement from any successor to our business to assume and perform the employment agreement; a change in control (as defined in the employment agreement); our material and willful breach of the employment agreement; or our requirement that the executive s work location be moved more than 50 miles from our principal place of business in Cleveland, Ohio unless the executive s work location is closer to his primary residence.

Each executive is entitled to receive payment from us of an amount sufficient to make him whole for any excise tax imposed on payments made contingent on a change in control under Section 4999 of the Internal Revenue Code.

In addition to the employment agreements, our executive officers and Barry L. Amsdell, one of our trustees, entered into noncompetition agreements with us, which became effective as of the completion of our IPO on October 27, 2004. The noncompetition agreements contain covenants not to compete for a period that is the longer of either the three-year period beginning as of the date of the noncompetition agreement or the period of the executive s or trustee s service with us plus an additional one-year period. The noncompetition agreements provide that each of the executives and Barry L. Amsdell will not directly or indirectly engage in any business involving self-storage facility development, construction, acquisition or operation or own any interests in any self-storage facilities in each case in the United States of America, other than (a) any interests they may own in the option facilities through their interests in Rising Tide Development and (b) up to 5% of the outstanding shares of any public company. The noncompetition agreements also contain a nonsolicitation covenant that applies to employees and independent contractors. The nonsolicitation covenant lasts for a period that is the longer of either the three-year period beginning as of the date of the noncompetition agreement or the period of the executive s or trustee s service with us plus an additional two-year period.

Equity and Benefit Plans

Descriptions of the provisions of our 2004 Equity Incentive Plan, which we refer to as the equity incentive plan, and our deferred trustees plan, which is a component of our equity incentive plan, are set forth below. These summaries are qualified in their entirety by the detailed provisions of the equity incentive plan and the deferred trustees plan, which are exhibits to the registration statement of which this prospectus is a part.

Our board of trustees and shareholders approved the equity incentive plan on October 1, 2004. The purpose of the equity incentive plan is to provide incentives to our employees, non-employee trustees and other service providers to stimulate their efforts toward our continued success, long-term growth and profitability and to attract, reward and retain key personnel.

A total of 3,000,000 common shares are available for issuance under the equity incentive plan, subject to reduction under certain circumstances. The maximum number of common shares subject to options, share appreciation rights or time-vested restricted shares that can be issued under the equity incentive plan to any person is 500,000 shares in any single calendar year. The maximum number of shares that can be issued under the equity incentive plan to any person other than pursuant to an option, share appreciation rights or time-vested restricted shares is 250,000 shares in any single calendar year.

The maximum amount that may be earned as an annual incentive award or other cash award in any fiscal year by any one person is $2,000,000 and the maximum amount that may be earned as a performance award or other cash award in respect of a performance period by any one person is $5,000,000.

Administration. The equity incentive plan is administered by the compensation committee of our board of trustees. Subject to the terms of the equity incentive plan, the compensation committee selects participants to receive awards, determines the types of awards and their terms and conditions, and interprets provisions of the equity incentive plan.

Source of Shares. The common shares issued or to be issued under the equity incentive plan consist of authorized but unissued shares. If any shares covered by an award are not purchased or are forfeited, if an award is settled in cash or if an award otherwise terminates without delivery of any common shares, then the number of common shares counted against the aggregate number of shares available under the plan with respect to the award will, to the extent of any such forfeiture or termination, again be available for making awards under the equity incentive plan, but will be deducted from the maximum individual limits described above.

If the option price, a withholding obligation or any other payment is satisfied by tendering shares or by withholding shares, only the number of shares issued net of the shares tendered or withheld will be deemed delivered for purpose of determining the maximum number of shares available for delivery under the equity incentive plan.

Eligibility. Awards may be made under the equity incentive plan to our or our affiliates employees, trustees and consultants and to any other individual whose participation in the equity incentive plan is determined to be in our best interests by our board of trustees.

Amendment or Termination of the Plan. While our board of trustees may terminate or amend the equity incentive plan at any time, no amendment may materially adversely impair the rights of grantees with respect to outstanding awards. In addition, an amendment will be contingent on approval of our shareholders to the extent required by law or if the amendment would increase the benefits accruing to participants under the equity incentive plan, materially increase the aggregate number of common shares that may be issued under the equity incentive plan, or materially modify the requirements as to eligibility for participation in the equity incentive plan.

Unless terminated earlier, the equity incentive plan will terminate in 2014, but will continue to govern unexpired awards.

Options. The equity incentive plan permits the granting of options to purchase common shares intended to qualify as incentive stock options under the Code, referred to as incentive stock options, and stock options that do not qualify as incentive stock options, referred to as nonqualified stock options. The exercise price of each stock option may not be less than 100% of the fair market value of our common shares on the date of grant. If we were to grant incentive stock options to any 10% shareholder, the exercise price may not be less than 110% of the fair market value of our common shares on the date of grant. We may grant options in substitution for options held by employees of companies that we may acquire. In this case, the exercise price would be adjusted to preserve the economic value of the employee s stock option from his or her former employer. Such options granted in substitution shall not count against the shares available for issuance under the equity incentive plan.

The term of each stock option is fixed by the compensation committee and may not exceed ten years from the date of grant. The compensation committee determines at what time or times each option may be exercised and the period of time, if any, after retirement, death, disability or termination of employment during which options may be exercised. Options may be made exercisable in installments. The exercisability of options may be accelerated by the compensation committee. The exercise price of an option may not be amended or modified after the grant of the option, and an option may not be surrendered in consideration of or exchanged for a grant of a new option having an exercise price below that of the option which was surrendered or exchanged.

In general, an optionee may pay the exercise price of an option by cash or cash equivalents acceptable to us, by tendering common shares (which if acquired from us have been held by the optionee for at least six months) or by means of a broker-assisted cashless exercise. Stock options granted under the equity incentive plan may not be sold, transferred, pledged, or assigned other than by will or under applicable laws of descent and distribution. However, we may permit limited transfers of non-qualified options for the benefit of immediate family members of grantees to help with estate planning concerns.

Other Awards. The compensation committee may also award under the equity incentive plan:

- common shares subject to restrictions;

- common share units, which are the conditional right to receive a common share in the future, subject to restrictions and to a risk of forfeiture;

- unrestricted common shares, in lieu of cash bonuses, which are common shares issued at no cost or for a purchase price determined by the compensation committee which are free from any restrictions under the equity incentive plan;

- dividend equivalent rights entitling the grantee to receive credits for dividends that would be paid if the grantee had held a specified number of common shares, which shall be granted, if at all, in tandem with stock options on a one-for-one basis;

- a right to receive a number of common shares or, in the discretion of the compensation committee, an amount in cash or a combination of shares and cash, based on the increase in the fair market value of the shares underlying the right during a stated period specified by the compensation committee; and

- performance and annual incentive awards, ultimately payable in common shares or cash, as determined by the compensation committee.

The compensation committee may grant multi-year and annual incentive awards subject to achievement of specified performance goals tied to business criteria described below.

Section 162(m) of the Code limits publicly held companies to an annual deduction for federal income tax purposes of $1,000,000 for compensation paid to their chief executive officer and the four highest compensated executive officers other than the chief executive officer determined at the end of each year, referred to as covered employees. However, performance-based compensation is excluded from this limitation.

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The equity incentive plan is designed to permit the compensation committee to grant awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m), but it is not required under the plan that awards qualify for this exception.

Business Criteria. The compensation committee will use one or more of the following business criteria, on a consolidated basis, and/or with respect to specified subsidiaries or lending groups (except with respect to the total shareholder return and earnings per share criteria), in establishing performance goals for awards intended to comply with Section 162(m) of the Code granted to covered employees:

total shareholder return;

total shareholder return as compared to total return (on a comparable basis) of a publicly available index such as, but not limited to, the Standard & Poor s 500 Stock Index;

net income;

net operating income;

pretax earnings;

funds from operations;

earnings calculated before any or all of the following: interest expense, interest, taxes, depreciation and amortization;

operating margin;

earnings per share;

return on equity;

return on capital;

return on assets;

return on investment;

operating earnings;

working capital;

ratio of debt to shareholders equity; and

revenue.

Adjustments for Share Dividends and Similar Events. The compensation committee will make appropriate adjustments in outstanding awards and the number of shares available for issuance under the equity incentive plan, including individual limitations on awards, to reflect common share dividends, share splits, spin-offs and other similar events.

Deferred Trustees Plan

In May 2005, we implemented the Deferred Trustees Plan, a component of our equity incentive plan, upon the approval of our board of trustees. The Deferred Trustees Plan is intended to comply with the requirements of Section 409A of the Code, recently enacted under the American Jobs Creation Act of 2004.

Pursuant to the terms of the Deferred Trustees Plan, only non-employee members of our board are eligible to participate in the Deferred Trustees Plan. Each eligible trustee may elect to receive all of his annual cash retainers and meeting fees payable for service on our board or any committee thereof, which we refer to as *Compensation,* in the form of either all common shares or all deferred shares. The common shares or deferred shares granted in connection with the Deferred Trustees Plan will be granted pursuant to our equity incentive plan (or any successor plan thereto which permits participation by trustees).

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In the first calendar year, which we refer to as the *Plan Year,* in which the participant becomes eligible to participate in the Deferred Trustees Plan, the participant may make an irrevocable deferral election, within 30 days after initial eligibility, to receive his annual Compensation in the form of deferred shares. The deferral election will only apply with respect to Compensation not yet earned by the trustee as of the date such trustee submits an election form. For each succeeding Plan Year, each eligible participant must make a new irrevocable deferral election for such Plan Year by timely delivering a new election form prior to the end of the preceding Plan Year.

Upon making a deferral election, the participant must also elect the date on which, or the event following which, distributions from his deferral account are to begin and the form in which distributions are to be made when due. The distributions may be in the form of a lump sum, annual installment payments over a period not to exceed three years, or a combination of a lump sum and annual installment payments over a period not to exceed three years.

We have established a separate deferral account for each participant and from time to time we enter the amount to be credited or debited to such participant s deferral account. Each participant will be 100% vested in his deferral account. Upon our payment of a cash dividend on outstanding common shares, participants will be entitled to receive dividend equivalents for each deferred share held by the participant as of the applicable record date in an amount equal to the per-share dividend paid on the common shares.

We administer the Deferred Trustees Plan; however, we have the authority to appoint a committee to carry out, on our behalf, any one or more of its authorities, powers, and responsibilities with respect to the Deferred Trustees Plan. We are responsible for all reasonable administrative expenses of the Deferred Trustees Plan.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Formation Transactions

As described below, in connection with our formation, we issued common shares to Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and certain of the Amsdell Entities as the result of the mergers into us of Amsdell Partners, Inc. and High Tide LLC, which owned the general and substantially all of the limited partner interests in our operating partnership. Pursuant to separate contribution agreements with us, Amsdell Entities owned by Robert J. Amsdell and Barry L. Amsdell contributed three facilities to our operating partnership in exchange for operating partnership units and the assumption of outstanding indebtedness on these facilities. Pursuant to a partnership reorganization agreement, one of these Amsdell Entities also received operating partnership units as a result of the reorganization of its limited partner interests in our operating partnership. In addition, we used a portion of the proceeds of our IPO to fund our purchase of the capital stock of U-Store-It Mini Warehouse Co., the prior manager of our self-storage facilities, for cash from Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and certain of the Amsdell Entities and to repay notes owed to them.

We did not obtain any independent third-party appraisals of the properties acquired by or contributed to our operating partnership in connection with our formation transactions, or any other independent third party valuation or fairness opinions in connection with the formation transactions. As a result, the value of the shares, units and the cash that we issued in the formation transactions may have exceeded the fair market value of these properties and other assets. In addition, the value of the units or shares that we issued in these mergers, contributions and exchanges will increase or decrease if our share price increases or decreases. The IPO price of our common shares was determined through negotiations between us and the underwriters. The IPO price did not necessarily bear any relationship to our book value or the fair market value of our assets. As a result of the foregoing, the value of the equity that Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and the Amsdell Entities owned following our formation transactions may have exceeded the fair market value of their interests in High Tide LLC, Amsdell Partners, Inc. and the other assets we acquired from them in those transactions.

Merger Agreements

We acquired general and limited partner interests in U-Store-It, L.P., our operating partnership, pursuant to two merger agreements, dated July 30, 2004, one between us and High Tide LLC and the other between us and Amsdell Partners, Inc. These two entities were partners in our operating partnership and were owned by Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and certain of the Amsdell Entities. Pursuant to the merger agreements, High Tide LLC and Amsdell Partners, Inc. each merged with and into us and we remained as the surviving entity. We succeeded to all of High Tide LLC s and Amsdell Partners, Inc. s limited and general partner interests in the operating partnership, subject to each of their existing liabilities. As a result of these merger agreements, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and these Amsdell Entities received common shares, as more specifically described below:

Robert J. Amsdell received approximately 151,000 shares (with a value of approximately $2.4 million);

The Robert J. Amsdell Family Irrevocable Trust, a trust formed for the benefit of the family of Robert J. Amsdell, received approximately 3.9 million shares (with a value of approximately $62.7 million);

Barry L. Amsdell received approximately 151,000 shares (with a value of approximately $2.4 million);

The Loretta Amsdell Family Irrevocable Trust, a trust formed for the benefit of the family of Barry L. Amsdell, received approximately 3.9 million shares (with a value of approximately $62.7 million); and

Todd C. Amsdell received approximately 430,000 shares (with a value of approximately $6.9 million).

Contribution Agreements

Our operating partnership acquired three facilities pursuant to contribution agreements, dated July 30, 2004, with certain Amsdell Entities, each of which is owned 50% by Robert J. Amsdell and 50% by Barry L. Amsdell. These Amsdell Entities contributed three facilities to our operating partnership in exchange for operating partnership units and the assumption of approximately $10.4 million of outstanding indebtedness on these facilities. The operating partnership assumed or succeeded to all of the contributors rights, obligations and responsibilities with respect to the contributed facilities.

Pursuant to these contribution agreements, the Amsdell Entities owned and controlled by Robert J. Amsdell and Barry L. Amsdell received approximately 798,000 operating partnership units (with a value of approximately $12.8 million), and we assumed approximately $10.4 million of indebtedness of these Amsdell Entities.

Partnership Reorganization Agreement

Pursuant to a partnership reorganization agreement, dated July 30, 2004, one of the Amsdell Entities owned 50% by Robert J. Amsdell and 50% by Barry L. Amsdell received approximately 332,000 operating partnership units (with a value of approximately $5.3 million) as a result of the reorganization of such Amsdell Entity s limited partner interests in our operating partnership.

Stock Purchase Agreement

We purchased U-Store-It Mini Warehouse Co. pursuant to a stock purchase agreement, dated October 27, 2004, between us and Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and certain of the Amsdell Entities. Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and such Amsdell Entities collectively received approximately $23.0 million in cash in connection with the purchase of U-Store-It Mini Warehouse Co. with Robert J. Amsdell receiving $0.1 million, Barry L. Amsdell receiving $0.1 million, Todd C. Amsdell receiving $1.2 million, the Robert J. Amsdell Family Irrevocable Trust, a trust formed for the benefit of the family of Robert J. Amsdell, receiving $10.8 million and the Loretta Amsdell Family Irrevocable Trust, a trust formed for the benefit of the family of Barry L. Amsdell, receiving $10.8 million, and the repayment of notes totaling $18.7 million held by Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and such Amsdell Entities from U-Store-It Mini Warehouse Co.

Partnership Agreement

On October 27, 2004, we entered into a second amended and restated partnership agreement with the limited partners in our operating partnership. We are the general partner of the operating partnership and we owned approximately 87.8% of the aggregate partnership interests in the operating partnership as of July 31, 2005. Amsdell Entities owned and controlled by Robert J. Amsdell and Barry L. Amsdell are the other limited partners in our operating partnership.

Option Agreement

On October 27, 2004, we entered into an option agreement with Rising Tide Development, a company owned and controlled by Robert J. Amsdell and Barry L. Amsdell, that granted our operating partnership the option to purchase 18 self-storage facilities from Rising Tide Development. The terms of the option agreement are described above under the heading Our Business and Facilities Our Facilities Option Facilities, on page 82. Rising Tide Development received no cash consideration for entering into such option agreement. As described below, we purchased three of the facilities, the San Bernardino VII, CA facility on January 5, 2005, the Orlando II, FL facility on March 18, 2005 and the Boyton Beach II, FL facility on March 18, 2005. Barry L. Amsdell and Robert J. Amsdell each has a 50% ownership interest in Rising Tide Development.

Registration Rights

Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and the Amsdell Entities who acquired common shares or operating partnership units in our IPO transactions received registration rights. Beginning as early as October 2005, they will be entitled to require us to register their shares for public sale subject to certain exceptions, limitations and conditions precedent.

Management Contracts

On October 27, 2004, YSI Management LLC, one of our wholly owned subsidiaries, entered into a management contract with Rising Tide Development to provide property management services to the option facilities for a fee equal to the greater of 5.35% of the gross revenues of each facility or $1,500 per facility per month. U-Store-It Mini Warehouse Co., another of our wholly owned subsidiaries, entered into a marketing and ancillary services contract with Rising Tide Development to provide marketing and various additional services to the option facilities. In return for these services, U-Store-It Mini Warehouse Co. will retain all of the profits it derives from these services. Each of these contracts is for a four-year term (or, if earlier, a term ending on the date upon which Rising Tide Development has sold all of the option facilities), with a one-year extension option exercisable by Rising Tide Development. Either party may terminate each contract upon a breach by the other party of the contract that materially and adversely affects such party or the option facilities. The contracts may be amended by written agreement of each party, subject to the approval of a majority of the independent members of our board of trustees. In 2004 and the six months ended June 30, 2005, approximately $201,000 of management fees were earned pursuant to the management contract and approximately $236,000 was earned pursuant to the marketing and ancillary services contract.

Office Lease

Pursuant to a lease dated October 27, 2004, we leased approximately 15,000 square feet of office space at The Parkview Building, an approximately 40,000 square foot multi-tenant office building located at 6745 Engle Road, plus approximately 4,000 square feet of an approximately 18,000 square foot office building located at 6751 Engle Road, which are both part of Airport Executive Park, a 50-acre office and flex development located in Cleveland, Ohio. Airport Executive Park is owned by Amsdell and Amsdell, an entity in which Barry L. Amsdell and Robert J. Amsdell each have a 50% ownership interest. The lease was for a ten-year term, with one ten-year extension option exercisable by us. The rent payable under this lease was approximately $238,000 per year for the initial term of the lease. From the closing of our IPO until December 31, 2004, we incurred expenses of approximately $40,000 on this lease.

Aircraft Timesharing Agreement

On October 22, 2004, we entered into a timesharing agreement with Amsdell Holdings I, Inc., an entity owned 50% by Robert J. Amsdell and 50% by Barry L. Amsdell, which provided us the right to use an airplane owned by Aqua Sun Investments, L.L.C, or *Aqua Sun,* at a 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 pursuant to a timesharing agreement. The total amount incurred for such aircraft charters by us for the three and six months ended June 30, 2005 was approximately $0.1 million and $0.2 million, respectively. As described below, effective June 30, 2005 the timesharing agreement was terminated and was replaced with a non-exclusive aircraft lease agreement.

Other Formation Transactions

In some instances, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and/or the Amsdell Entities provided environmental indemnities and other similar undertakings to lenders in connection with mortgage loans secured by the facilities contributed to us in our formation transactions. We caused our operating partnership to assume the liabilities on these indemnities and other undertakings accruing from and after the closing of our IPO. We also indemnified Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and such Amsdell Entities with respect to any loss incurred pursuant to such obligations. In addition, we used approximately $1.6 million of the proceeds of our IPO to repay the outstanding balance on a loan made to us by Robert J. Amsdell and Barry L. Amsdell. Robert J. Amsdell and Barry L. Amsdell each received one half of this repayment, or approximately $0.8 million.

Post-Formation Transactions

Exercises of Option to Purchase Certain Option Facilities

On January 5, 2005, in connection with our exercise of our option to purchase the San Bernardino VII, CA facility from Rising Tide Development, our operating partnership issued 201,848 units of limited partnership interest to Rising Tide Development. The average closing price of our common shares for the 10 consecutive trading days immediately preceding the closing date of the purchase of the option facility ($17.18) was used to determine the number of units issued. The purchase price of the San Bernardino VII, CA facility was determined by the terms of the option agreement which states that the purchase price is equal to the lower of (i) a price determined by multiplying in-place net operating income at the time of purchase by 12.5 and (ii) the fair market value of the option facility as determined by an appraisal process involving third party appraisers.

On March 18, 2005, in connection with our exercise of our option to purchase the Orlando II, FL facility and the Boyton Beach II, FL facility from Rising Tide Development, our operating partnership issued 293,197 units of limited partnership interest to Rising Tide Development. The average closing price of our common shares for the 10 consecutive trading days immediately preceding the closing date of the purchase of the option facility ($17.17) was used to determine the number of units issued. The purchase price of the facilities was determined by the terms of the option agreement which states that the purchase price is equal to the lower of (i) a price determined by multiplying in-place net operating income at the time of purchase by 12.5 and (ii) the fair market value of the option facility as determined by an appraisal process involving third party appraisers.

In May 2005, in connection with the preparation of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, our independent auditors discovered that the calculation of the purchase price for the two option properties acquired from Rising Tide Development on March 18, 2005 was not made in accordance with the terms specified in the option agreement, which resulted in an overpayment by us of approximately $1.7 million of consideration for those two properties. On May 14, 2005, we entered into an agreement with Rising Tide Development pursuant to which 100,202 units in the operating partnership previously issued to Rising Tide Development were cancelled and $28,057 in cash (representing the distribution paid with respect to such units in April 2005) was returned to us. In connection with the review of our interim financial statements for the quarter ended March 31, 2005, we and our independent auditors determined that the lack of adequate internal control procedures surrounding related party transactions could result in transactions not being properly reviewed and approved by the independent trustees and that such deficiency in our internal control over financial reporting constituted a material weakness.

In order to address the material weakness, during the quarter ended June 30, 2005 we adopted procedures governing all related party transactions, including transactions with Rising Tide Development. These procedures implement a rigorous process for review of related party transactions, including review and approval of the proposed transaction by the disinterested trustees and consultation with disinterested members of senior management and outside legal counsel, where appropriate. In the case of transactions with Rising Tide Development, these procedures are designed to ensure that an accurate determination of the purchase price is made prior to our acquisition of an option facility, including an independent review of the purchase price calculation made in connection with option exercises under the option agreement. In light of the aforementioned changes, we believe that we have remediated this weakness.

Registration Rights

Rising Tide Development received registration rights with respect to the operating partnership units it received in connection with our acquisition of option facilities. Beginning as early as January 2006, it will be entitled to require us to register for public sale, subject to certain exceptions, limitations and conditions precedent, the common shares that may be acquired by them in connection with the exercise of their redemption rights under the partnership agreement with respect to their operating partnership units.

Office Leases

On March 29, 2005, the operating partnership entered into an office lease agreement with Amsdell and Amsdell for office space of approximately 18,000 square feet at The Parkview Building plus approximately 4,000 square feet of the office building located at 6751 Engle Road. The new lease, which was effective as of January 1, 2005, replaced the original office lease, entered into in October 2004 between a subsidiary of the operating partnership and Amsdell and Amsdell, and has a ten-year term, with one five-year extension option exercisable by the operating partnership. The fixed minimum rent under the terms of this lease is $23,739 per month from July 1, 2005 to December 31, 2005, with scheduled increases thereafter up to a maximum rent of $31,205 per month from January 1, 2013 to December 31, 2014. Our disinterested trustees approved the terms of, and the entry into, the office lease by the operating partnership.

On June 29, 2005, our operating partnership entered into another office lease agreement with Amsdell and Amsdell for additional office space of approximately 1,588 square feet of rentable space in The Parkview Building. This office lease was effective as of May 7, 2005 and has an approximately two-year term expiring on April 30, 2007. The operating partnership has the option to extend this office lease for an additional three-year period at the then prevailing market rate upon the same terms and conditions contained in the office lease. The fixed minimum rent under the terms of this office lease is $1,800 per month from June 1, 2005 to April 30, 2006, and $1,900 per month from May 1, 2006 to April 30, 2007. Our disinterested trustees approved the terms of, and the entry into, the office lease by our operating partnership.

On June 29, 2005, our operating partnership also entered into a month-to-month office lease agreement with Amsdell and Amsdell for office space of approximately 3,500 square feet of an office building located at 6779 Engle Road. The lease was effective as of May 1, 2005. The fixed minimum rent under the terms of the lease is $3,700 per month. Our disinterested trustees approved the terms of, and the entry into, the month-to-month office lease agreement by our operating partnership.

The total lease payments incurred under our three current office lease agreements for the six months ended June 30, 2005 was approximately $0.2 million.

Aircraft Lease

On July 1, 2005, our operating partnership entered into a non-exclusive aircraft lease agreement with Aqua Sun pursuant to which the operating partnership may lease for corporate use from time to time an airplane owned by Aqua Sun. Aqua Sun is an entity owned by Robert J. Amsdell and Barry L. Amsdell. Under the terms of the non-exclusive aircraft lease agreement, the operating partnership may lease the airplane owned by Aqua Sun at an hourly rate of $1,450 per flight hour. Aqua Sun is responsible for various costs associated with operation of the airplane, including insurance, storage and maintenance and repair, but the operating partnership is responsible for fuel costs and the costs of pilots and other cabin personnel required for its use of the airplane. The lease, which was effective as of July 1, 2005 and replaced the existing timesharing agreement entered into as of October 22, 2004 between us and an affiliate of Aqua Sun, has a one-year term and is automatically renewed for additional one-year periods unless terminated by either party. Our disinterested trustees approved the terms of, and the entry into, the non-exclusive aircraft lease agreement by the operating partnership.

Other Arrangements

We engage, and the Predecessor engaged, Amsdell Construction, a company owned 50% by Robert J. Amsdell, our Chief Executive Officer, and 50% by Barry L. Amsdell, one of our trustees, to maintain and improve our self-storage facilities. The total payments incurred by us to Amsdell Construction from the closing of our IPO until December 31, 2004 was $0.5 million and for the six months ended June 30, 2005 was approximately $0.3 million.

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We 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 our self-storage facilities and offices. The total payments made by us to Deborah Dunlevy Designs for the six months ended June 30, 2005 were approximately $56,000. On certain occasions, we engage Dunlevy Building Systems Inc., a company owned by John Dunlevy, the husband of Deborah Dunlevy and a brother-in-law of Robert J. Amsdell and Barry L. Amsdell, for construction, zoning consultant and general contractor services at certain of our self-storage facilities. The total payments made by us to Dunlevy Building Systems Inc. for the six months ended June 30, 2005 were approximately $5,000.

STRUCTURE AND FORMATION OF OUR COMPANY

Our Operating Entities

Our Operating Partnership

All of our assets are held by, and our operations conducted by, our operating partnership and its subsidiaries. We control our operating partnership as the sole general partner and as the owner of approximately 87.8% of the aggregate partnership interests as of July 31, 2005. Amsdell Entities owned by Robert J. Amsdell and Barry L. Amsdell are limited partners of our operating partnership and owned approximately 3.6% of the aggregate partnership interests as of July 31, 2005. Outside third parties own the remaining operating partnership units.

Beginning on October 27, 2005, certain limited partners of our operating partnership may redeem their operating partnership units in exchange for either cash in an amount equal to the market value of our common shares or, if we elect to assume and satisfy the redemption obligation directly, either cash or a number of our common shares equal to the number of operating partnership units offered for redemption, adjusted as specified in the partnership agreement of our operating partnership. The operating partnership will have the sole discretion to elect whether the redemption right will be satisfied by us in cash or our common shares.

Our Service Companies

All of our facilities and the 13 option facilities currently owned by Rising Tide Development are managed by YSI Management LLC, a wholly-owned subsidiary of our operating partnership. Certain activities that could cause us to receive non-qualifying income under the REIT gross income tests, such as selling packing supplies and locks and renting moving equipment, are conducted by U-Store-It Mini Warehouse Co., another wholly-owned subsidiary of our operating partnership, which has made an election to be treated as a taxable REIT subsidiary. We may consider managing additional facilities owned by unrelated third parties in the future for strategic reasons, including to diversify our revenue base or as a means of analyzing potential acquisitions. These management activities may be performed either by YSI Management LLC or by U-Store-It Mini Warehouse Co.

Formation Transactions and Our Recent Formation as a REIT

We were formed to succeed to the self-storage operations owned directly and indirectly by Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and the Amsdell Entities. We are organized as a Maryland real estate investment trust 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. We commenced operations on October 21, 2004 after completing the mergers of Amsdell Partners, Inc. and High Tide LLC with and into us, followed by our IPO, and the consummation of various other formation transactions which occurred concurrently with, or shortly after, the completion of the IPO. We completed our IPO on October 27, 2004. In the IPO, we sold an aggregate of 28,750,000 common shares (including 3,750,000 common shares pursuant to the exercise of the underwriters over-allotment option) at an offering price of $16.00 per share, for gross proceeds of $460.0 million. The IPO resulted in net proceeds to us, after deducting underwriting discount and commission, financial advisory fees and expenses of the IPO, of approximately $425.0 million.

As part of our formation transactions, we acquired general and limited partner interests in our operating partnership from Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and certain of the Amsdell Entities in exchange for our common shares, and we also acquired U-Store-It Mini Warehouse Co., our management company, for cash. In addition, three additional facilities were contributed to our operating partnership by the Amsdell Entities in exchange for operating partnership units and the assumption of outstanding indebtedness on these facilities.

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Cost of Recent Acquisitions

We are required to disclose the cost to our promoters of assets acquired within the last two years that became our assets in connection with the formation transactions. These acquisitions consisted of the following:

High Tide LLC purchased a 71.21% limited partner interest in our operating partnership from the Common Retirement Fund of the State of New York for $274.8 million and a 0.61% limited partner interest in our operating partnership from Square Foot Companies, LLC for $2.4 million (we acquired these limited partner interests in our operating partnership through our merger with High Tide LLC as part of our formation transactions); and

Our operating partnership purchased three facilities in 2002 for an aggregate purchase price of $19.4 million and one facility in 2003 for the purchase price of $3.2 million (we acquired indirect interests in these facilities as a result of our acquisition of general and limited partnership interests in our operating partnership, which occurred through our mergers with Amsdell Partners, Inc. and High Tide LLC as part of our formation transactions).

At the time of High Tide LLC s purchase of limited partner interests in our operating partnership, 0.5% of High Tide LLC was indirectly owned by Robert J. Amsdell, our Chairman and Chief Executive Officer, 0.5% was indirectly owned by Barry L. Amsdell, one of our trustees, 5.14% was indirectly owned by Todd C. Amsdell, our Chief Operating Officer, 46.93% was owned by the Robert J. Amsdell Family Irrevocable Trust and the remaining 46.93% was owned by the Loretta Amsdell Family Irrevocable Trust.

At the time our operating partnership made the 2002 and 2003 facility purchases, 1.3% of our operating partnership was indirectly owned by Robert J. Amsdell, our Chairman and Chief Executive Officer, 1.3% was indirectly owned by Barry L. Amsdell, one of our trustees, 1.3% was indirectly owned by Todd C. Amsdell, our Chief Operating Officer, 12.1% was indirectly owned by the Robert J. Amsdell Family Irrevocable Trust and 12.1% was indirectly owned by the Loretta Amsdell Family Irrevocable Trust.

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STRUCTURE AND DESCRIPTION OF OPERATING PARTNERSHIP

The following is a summary of the material terms of the partnership agreement of our operating partnership, which we refer to as the partnership agreement. This summary is not comprehensive. For more detail, you should refer to the partnership agreement itself, which is an exhibit to the registration statement of which this prospectus is a part. See Where You Can Find More Information on page 157. For purposes of this section, reference to our company, we, us and our mean U-Store-It Trust and its wholly owned subsidiaries.

Management

Our operating partnership, U-Store-It, L.P., is a Delaware limited partnership that was formed on July 25, 1996. We are the sole general partner of our operating partnership, and we conduct substantially all of our operations through our operating partnership. As of July 31, 2005, we owned approximately 87.8% of the interests in our operating partnership. Except as otherwise expressly provided in the partnership agreement, we, as general partner, have the exclusive right and full authority and responsibility to manage and operate the partnership s business. Limited partners generally do not have any right to participate in or exercise control or management power over the business and affairs of our operating partnership or the power to sign documents for or otherwise bind our operating partnership. We, as general partner, have full power and authority to do all things we deem necessary or desirable to conduct the business of our operating partnership, as described below. In particular, we are under no obligation to consider the tax consequences to limited partners when making decisions for the benefit of our operating partnership but we are expressly permitted to take into account our tax consequences. The limited partners have no power to remove us as general partner, unless our shares are not publicly-traded, in which case we, as general partner, may be removed with or without cause by the consent of the partners holding partnership interests representing more than 50% of the percentage interests (as defined in the partnership agreement) entitled to vote thereon. In certain limited circumstances, the consent of the limited partners (not including us in some cases) is necessary.

Management Liability and Indemnification

We, as general partner of our operating partnership, and our trustees and officers are not liable for monetary or other damages to our operating partnership, any partners or assignees for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission, unless we acted in bad faith and the act or omission was material to the matter giving rise to the loss, liability or benefit not derived. To the fullest extent permitted by applicable law, the partnership agreement indemnifies us, as general partner, any limited partners, and any of our officers, directors or trustees and other persons as we may designate from and against any and all losses, claims, damages, liabilities, joint or several, expenses, judgments, fines, settlements and other amounts incurred in connection with any actions relating to the operations of our operating partnership, unless it is established by a final determination of a court of competent jurisdiction that:

- the act or omission of the indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty;
- the indemnitee actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the indemnitee had reasonable cause to believe that the act or omission was unlawful.

Fiduciary Responsibilities

Our trustees and officers have duties under applicable Maryland law to manage us in a manner consistent with the best interests of our shareholders. At the same time, we, as general partner, have fiduciary duties to manage our operating partnership in a manner beneficial to our operating partnership and its partners. Our duties, as general partner, to our operating partnership and its limited partners, therefore, may come into conflict with the duties of our trustees and officers to our shareholders.

The partnership agreement expressly limits our liability by providing that we, as general partner, and our officers, trustees, agents or employees, are not liable for monetary or other damages to our operating partnership, the limited partners or assignees for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission unless we acted in bad faith and the act or omission was material to the matter giving rise to the loss, liability or benefit not derived.

Transfers

We, as general partner, generally may not transfer any of our partnership interests in our operating partnership, including any of our limited partner interests, except in connection with a merger, consolidation or other combination with or into another person, a sale of all or substantially all of our assets or any reclassification, recapitalization or change of our outstanding shares. We may engage in such a transaction only if the transaction has been approved by the consent of the partners holding partnership interests representing more than 50% of the percentage interest (as defined in the partnership agreement) entitled to vote thereon, including any operating partnership units held by us and in connection with which all limited partners have the right to receive consideration which, on a per unit basis, is equivalent in value to the consideration to be received by our shareholders, on a per share basis, and such other conditions are met that are expressly provided for in our partnership agreement. In addition, we may engage in a merger, consolidation or other combination with or into another person where following the consummation of such transaction, the equity holders of the surviving entity are substantially identical to our shareholders. We will not withdraw from our operating partnership, except in connection with a transaction as described in this paragraph.

With certain limited exceptions, the limited partners may not transfer their interests in our operating partnership, in whole or in part, without our written consent, which consent may be withheld in our sole and absolute discretion.

Even if our consent is not required for a transfer by a limited partner, we, as general partner, may prohibit the transfer of operating partnership units by a limited partner unless we receive a written opinion of legal counsel that the transfer would not require filing of a registration statement under the Securities Act or would not otherwise violate any federal or state securities laws or regulations applicable to our operating partnership or the operating partnership units. Further, except for certain limited exceptions, no transfer of operating partnership units by a limited partner, without our prior written consent, may be made if:

- in the opinion of legal counsel for our operating partnership, there is a significant risk that the transfer would result in our operating partnership being treated as an association taxable as a corporation for federal income tax purposes or would result in a termination of our operating partnership for federal income tax purposes;

- in the opinion of legal counsel for our operating partnership, there is a significant risk that the transfer would adversely affect our ability to continue to qualify as a REIT or would subject us to certain additional taxes; or

- such transfer is effectuated through an established securities market or a secondary market (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code.

Except with our consent to the admission of the transferee as a limited partner, no transferee shall have any rights by virtue of the transfer other than the rights of an assignee, and will not be entitled to vote operating partnership units in any matter presented to the limited partners for a vote. We, as general partner, will have the right to consent to the admission of a transferee of the interest of a limited partner, which consent may be given or withheld by us in our sole and absolute discretion.

In the case of a proposed transfer of operating partnership units to a lender to our operating partnership or any person related to the lender whose loan constitutes a nonrecourse liability, the transferring partner must provide notice to us and the lender must enter into arrangements with our operating partnership as part of such transaction.

Distributions

The partnership agreement requires the distribution of available cash on at least a quarterly basis. Available cash is the net operating cash flow plus any reduction in reserves and minus interest and principal payments on debt, all cash expenditures (including capital expenditures), investments in any entity, any additions to reserves and other adjustments, as determined by us in our sole and absolute discretion.

Unless we otherwise specifically agree in the partnership agreement or in an agreement entered into at the time a new class or series is created, no partnership interest will be entitled to a distribution in preference to any other partnership interest. A partner will not in any event receive a distribution of available cash with respect to an operating partnership unit if the partner is entitled to receive a distribution out of that same available cash with respect to a share of our company for which that operating partnership unit has been exchanged or redeemed.

We will make reasonable efforts, as determined by us in our sole and absolute discretion and consistent with our qualification as a REIT, to distribute available cash:

- to the limited partners so as to preclude the distribution from being treated as part of a disguised sale for federal income tax purposes; and

- to us, as general partner, in an amount sufficient to enable us to pay shareholder dividends that will satisfy our requirements for qualifying as a REIT and to avoid any federal income or excise tax liability for us.

Allocation of Net Income and Net Loss

Net income and net loss of our operating partnership are determined and allocated with respect to each fiscal year of our operating partnership. Except as otherwise provided in the partnership agreement, an allocation of a share of net income or net loss is treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing net income or net loss. Except as otherwise provided in the partnership agreement, net income and net loss are allocated to the general partner and the limited partners in accordance with their respective percentage interests in the class at the end of each fiscal year. The partnership agreement contains provisions for special allocations intended to comply with certain regulatory requirements, including the requirements of Treasury Regulations Sections 1.704-1(b), 1.704-2 and 1.752-3(a). See Material United States Federal Income Tax Considerations, beginning on page 131.

Redemption

As a general rule, a limited partner may exercise a redemption right to redeem his or her operating partnership units at any time beginning one year following the date of the issuance of the operating partnership units held by the limited partner. If we give the limited partners notice of our intention to make an extraordinary distribution of cash or property to our shareholders or effect a merger, a sale of all or substantially all of our assets, or any other similar extraordinary transaction, each limited partner may exercise its unit redemption right, regardless of the length of time it has held its operating partnership units. This unit redemption right begins when the notice is given, which must be at least 20 business days before the record date for determining shareholders eligible to receive the distribution or to vote upon the approval of the merger, sale or other extraordinary transaction, and ends on the record date. We, in our sole discretion, may shorten the required notice period of not less than 20 business days prior to the record date to determine the shareholders eligible to vote upon a merger transaction (but not any of the other covered transactions) to a period of not less than 10 calendar days so long as certain conditions set forth in the partnership agreement are met. If no record date is applicable, we must provide notice to the limited partners at least 20 business days before the consummation of the merger, sale or other extraordinary transaction.

A limited partner may exercise its unit redemption right by giving written notice to our operating partnership and us. The operating partnership units specified in the notice generally will be redeemed on the tenth business day following the date we received the redemption notice or, in the case of the exercise of a unit redemption right in connection with an extraordinary transaction, the date our operating partnership and we received the redemption notice. A limited partner may not exercise the unit redemption right for fewer than 1,000 operating partnership units, or if the limited partner holds fewer than 1,000 operating partnership units, all of the operating partnership units held by that limited partner. The redeeming partner will have no right to receive any distributions paid on or after the redemption date with respect to those operating partnership units redeemed.

Unless we elect to assume and perform our operating partnership s obligation with respect to the unit redemption right, as described below, a limited partner exercising a unit redemption right will receive cash from our operating partnership in an amount equal to the market value of our common shares for which the operating partnership units would have been redeemed if we had assumed and satisfied our operating partnership s obligation by paying our common shares, as described below. The market value of our common shares for this purpose (assuming a market then exists) will be equal to the average of the closing trading price of our common share on the New York Stock Exchange for the ten trading days before the day on which we received the redemption notice.

We have the right to elect to acquire the operating partnership units being redeemed directly from a limited partner in exchange for either cash in the amount specified above or a number of our common shares equal to the number of operating partnership units offered for redemption, adjusted as specified in the partnership agreement to take into account prior share dividends or any subdivisions or combinations of our common shares. The operating partnership will have the sole discretion to elect whether the redemption right will be satisfied by us in cash or our common shares. No redemption or exchange can occur if delivery of common shares by us would be prohibited either under the provisions of our declaration of trust or under applicable federal or state securities laws, in each case regardless of whether we would in fact elect to assume and satisfy the unit redemption right with shares.

Issuance of Additional Partnership Interests

We, as general partner, are authorized to cause our operating partnership to issue additional operating partnership units or other partnership interests to its partners, including us and our affiliates, or other persons. These operating partnership units may be issued in one or more classes or in one or more series of any class, with designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to one or more other classes of partnership interests (including operating partnership units held by us), as determined by us in our sole and absolute discretion without the approval of any limited partner, subject to limitations described below.

No operating partnership unit or interest may be issued to us as general partner or limited partner unless:

- our operating partnership issues operating partnership units or other partnership interests in connection with the grant, award or issuance of shares or other equity interests in us having designations, preferences and other rights so that the economic interests attributable to the newly issued shares or other equity interests in us are substantially similar to the designations, preferences and other rights, except voting rights, of the operating partnership units or other partnership interests issued to us, and we contribute to our operating partnership the proceeds from the issuance of the shares or other equity interests received by us; or

- our operating partnership issues the additional operating partnership units or other partnership interests to all partners holding operating partnership units or other partnership interests in the same class or series in proportion to their respective percentage interests in that class or series.

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Preemptive Rights

Except to the extent expressly granted by our operating partnership in an agreement other than the partnership agreement, no person or entity, including any partner of our operating partnership, has any preemptive, preferential or other similar right with respect to:

additional capital contributions or loans to our operating partnership; or

the issuance or sale of any operating partnership units or other partnership interests.

Amendment of Partnership Agreement

Amendments to the partnership agreement may be proposed by us, as general partner, or by any limited partner holding partnership interests representing 25% or more of the percentage interest (as defined in the partnership agreement) entitled to vote thereon. In general, the partnership agreement may be amended only with the approval of the general partner and the consent of the partners holding partnership interests representing more than 50% of the percentage interests (as defined by the partnership agreement) entitled to vote thereon. However, as general partner, we will have the power, without the consent of the limited partners, to amend the partnership agreement as may be required:

to add to our obligations as general partner or surrender any right or power granted to us as general partner or any affiliate of ours for the benefit of the limited partners;

to reflect the admission, substitution, termination or withdrawal of partners in compliance with the partnership agreement;

to set forth the designations, rights, powers, duties and preferences of the holders of any additional partnership interests issued in accordance with the authority granted to us as general partner;

to reflect a change that does not adversely affect the limited partners in any material respect, or to cure any ambiguity, correct or supplement any provision in the partnership agreement not inconsistent with law or with other provisions of the partnership agreement, or make other changes with respect to matters arising under the partnership agreement that will not be inconsistent with law or with the provisions of the partnership agreement; and

to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal, state or local agency or contained in federal, state or local law.

The approval of a majority of the partnership interests held by limited partners other than us is necessary to amend provisions regarding, among other things:

the issuance of partnership interests in general and the restrictions imposed on the issuance of additional partnership interests to us in particular;

the prohibition against removing us as general partner by the limited partners;

restrictions on our power to conduct businesses other than owning partnership interests of our operating partnership and the relationship of our shares to operating partnership units;

limitations on transactions with affiliates;

our liability as general partner for monetary or other damages to our operating partnership;

partnership consent requirements for the sale or other disposition of substantially all the assets of our operating partnership; or the transfer of partnership interests held by us or the dissolution of our operating partnership.

Any amendment of the provision of the partnership agreement which allows the voluntary dissolution of our operating partnership before December 31, 2054 can be made only with the consent of the partners holding partnership interest representing 90% or more of the percentage interest (as defined in the partnership agreement) entitled to vote thereon, including partnership interests held by us.

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Amendments to the partnership agreement that would, among other things:

convert a limited partner s interest into a general partner s interest;

modify the limited liability of a limited partner;

alter the interest of a partner in profits or losses, or the right to receive any distributions, except as permitted under the partnership agreement with respect to the admission of new partners or the issuance of additional operating partnership units; or

materially alter the unit redemption right of the limited partners,

must be approved by each limited partner or any assignee who is a bona fide financial institution that loans money or otherwise extends credit to a holder of operating partnership units or partnership interests that would be adversely affected by the amendment.

Tax Matters

Pursuant to the partnership agreement, the general partner is the tax matters partner of our operating partnership. Accordingly, through our role as the general partner of the operating partnership, we have authority to make tax elections under the Code on behalf of our operating partnership, and to take such other actions as permitted under the partnership agreement.

Term

Our operating partnership will continue until dissolved upon the first to occur of any of the following:

an event of our withdrawal, as the general partner, (other than an event of bankruptcy), unless within 90 days after the withdrawal, the written consent of the outside limited partners, as defined in the partnership agreement, to continue the business of our operating partnership and to the appointment, effective as of the date of withdrawal, of a substitute general partner is obtained;

through December 31, 2054, an election by us, as general partner, with the consent of the partners holding partnership interests representing 90% of the percentage interest (as defined in the partnership agreement) of the interests entitled to vote thereon (including operating partnership units held by us);

an election to dissolve the operating partnership by us, as general partner, in our sole and absolute discretion after December 31, 2054;

entry of a decree of judicial dissolution of our operating partnership pursuant to Delaware law;

the sale of all or substantially all of the assets and properties of our operating partnership for cash or for marketable securities; or

entry of a final and non-appealable judgment by a court of competent jurisdiction ruling that we are bankrupt or insolvent, or entry of a final and non-appealable order for relief against us, under any federal or state bankruptcy or insolvency laws, unless prior to or at the time of the entry of such judgment or order, the written consent of the outside limited partners, as defined in our partnership agreement, to continue the business of our operating partnership and to the appointment, effective as of a date prior to the date of such order or judgment, of a substitute general partner is obtained.

INVESTMENT POLICIES AND POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of our investment policies and our policies with respect to certain activities, including financing matters and conflicts of interest. 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. However, any change to any of these policies would be made by our board of trustees only after a review and analysis of that change, in light of then existing business and other circumstances, and then only if our trustees believe, in the exercise of their business judgment, that it is advisable to do so and in our and our shareholders best interests. We cannot assure you that our investment objectives will be attained.

Investments in Real Estate or Interests in Real Estate

Our business is focused on the ownership, operation, acquisition and development of self-storage facilities and activities directly related thereto. We intend to focus on increasing our external growth by pursuing targeted acquisitions of self-storage facilities in attractive markets with strong economic and demographic characteristics. In particular, we will seek to acquire facilities primarily in areas that we consider to be growth markets in California, Colorado, Florida, Georgia, Illinois, Texas and the Northeastern United States. We also intend to invest in the development of new self-storage facilities within areas where we have facilities in order to capitalize on excess demand. 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 or develop a significant number of facilities efficiently and within a short period of time. However, future investments will not be limited to any geographic area, to a type of facility or to a specified percentage of our total assets. We will strategically invest in new markets when opportunities are available that meet our investment criteria.

In evaluating future acquisitions of self-storage facilities within our targeted markets, we will generally focus on 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. In addition to seeking newer facilities that have recently reached stabilization, we will seek facilities that offer significant growth potential through other means. These potential acquisition targets would benefit from our extensive management experience or, in some cases, through our development experience, in renovations or expansions. In addition to acquisitions of single facilities, we may invest in portfolio acquisitions searching for situations where there is significant potential for increased operating efficiency and economies of scale.

We currently expect to incur additional debt in connection with any future acquisitions and developments of real estate.

We expect to conduct all of our investment activities through the operating partnership. Our policy is to acquire assets primarily for current income generation. In general, our investment objectives are:

- to increase our value through increases in the cash flows and values of our facilities;
- to achieve long-term capital appreciation, and preserve and protect the value of our interest in our facilities; and
- to provide quarterly cash distributions.

We intend to engage in such future investment activities in a manner that is consistent with the maintenance of our status as a REIT for U.S. federal income tax purposes. In addition, we may dispose of one or more of our facilities, in whole or in part, when circumstances warrant but our intent is to focus on new development and/or acquisitions.

Investments in Mortgages

We have not, prior to this offering, engaged in any significant investments in mortgage loans and do not presently intend to invest in mortgage loans. However, we may do so at the discretion of our board of trustees, without a vote of our shareholders, subject to the investment restrictions applicable to REITs. The mortgage loans in which we may invest may be secured by either first mortgages or junior mortgages, and may or may not be insured by a governmental agency. If we choose to invest in mortgages, we would expect to invest in mortgages secured by self-storage facilities. However, there is no restriction on the proportion of our assets which may be invested in a type of mortgage or any single mortgage or type of mortgage loan. Investments in real estate mortgages run the risk that one or more borrowers may default under certain mortgages and that the collateral therefore may not be sufficient to enable us to recoup our full investment.

Investments in Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

We have generally not, prior to this offering, engaged in investment activities in other real estate entities. Subject to REIT qualification rules, we may in the future invest in securities of entities engaged in real estate activities or securities of other issuers. See Material United States Federal Income Tax Considerations, beginning on page 131. We also may invest in the securities of other issuers in connection with acquisitions of indirect interests in facilities, which normally would include joint venture interests such as general or limited partner interests in special purpose partnerships owning facilities. We may in the future acquire some, all or substantially all of the securities or assets of other REITs or similar real estate entities where such investment would be consistent with our investment policies. Subject to the percentage ownership limitations and asset test requirements for REIT qualification, there are no limitations on the amount or percentage of our total assets that may be invested in any one issuer. The primary activities of persons in which we may invest may include, among others, investment in self-storage facilities. The decision to purchase such securities will be subject to criteria including, with respect to self-storage facilities owned by such persons, the criteria set forth above under Investments in Real Estate or Interests in Real Estate. We have not and do not anticipate investing in other issuers of securities for the purpose of exercising control or acquiring any investments primarily for sale in the ordinary course of business or holding any investments with a view to making short-term profits from their sale. In any event, we do not intend that our investments in securities will require us to register as an investment company under the Investment Company Act of 1940, and we intend to divest securities before any registration would be required.

We have not in the past acquired, and we do not anticipate that we will in the future seek to acquire, loans secured by facilities and we have not, nor do we intend to, engage in trading, underwriting, agency distribution or sales of securities of other issuers.

Dispositions

Subject to REIT qualification rules, and avoidance of the 100% prohibited transactions tax, we will consider disposing of facilities if our management determines that a sale of a facility would be in our best interests based on the price being offered for the facility, the operating performance of the facility, the tax consequences of the sale and other factors and circumstances surrounding the proposed sale.

Financing Policies

As of June 30, 2005, we had approximately $489.4 million of total indebtedness outstanding. Our board of trustees considers a number of factors when evaluating our level of indebtedness and when making decisions regarding the incurrence of additional indebtedness, including the purchase price of facilities to be acquired or developed with debt financing, the estimated market value of our facilities upon refinancing and the ability of particular facilities, as well as our company as a whole, to generate cash flow to cover expected debt service.

Generally speaking, although we may incur any of the forms of indebtedness described below, we are currently focused primarily on financing future growth through the incurrence of secured mortgage debt on an individual facility or a portfolio of facilities and borrowings under our revolving credit facility. We may incur debt in the form of purchase money obligations to the sellers of facilities, or in the form of publicly or privately placed debt instruments, financing from banks, institutional investors, or other lenders, any of which may be unsecured or may be secured by mortgages or other interests in our facilities. This indebtedness may be recourse, non-recourse or cross-collateralized and, if recourse, that recourse may include our general assets and, if non-recourse, may be limited to the particular facility to which the indebtedness relates. In addition, we may invest in facilities subject to existing loans secured by mortgages or similar liens, or may refinance facilities acquired on a leveraged basis. We may use the proceeds from any borrowings for general working capital, to finance acquisitions, expansion, redevelopment of operating facilities or development of new facilities, to refinance existing indebtedness or to purchase interests in partnerships or joint ventures in which we participate or may participate in the future. We also may incur indebtedness for other purposes when, in the opinion of our board or management, it is advisable to do so. In addition, we may need to borrow additional cash to make distributions (including distributions that may be required under the Code) if we do not have sufficient cash available to make those distributions.

Lending Policies

We do not have a policy limiting our ability to make loans to other persons. Subject to REIT qualification requirements, we may consider offering purchase money financing in connection with the sale of facilities where the provision of that financing will increase the value to be received by us for the facility sold. We and our operating partnership may make loans to joint ventures in which we or they participate or may participate in the future. We have not engaged in any significant lending activities in the past.

Equity Capital Policies

Our board of trustees has the authority, without further shareholder approval, to issue additional authorized common and preferred shares or operating partnership units or otherwise raise capital, including through the issuance of senior securities, in any manner and on such terms and for such consideration it deems appropriate, including in exchange for property. Existing shareholders have no preemptive right to common or preferred shares or operating partnership units issued in any offering, and any offering might cause a dilution of a shareholder s investment in us. Although we have no current plans to do so, and we have not done so since our IPO, we may in the future issue common shares in connection with acquisitions. However, we have issued, and may in the future issue, units in our operating partnership in connection with acquisitions of property.

We may, under certain circumstances, purchase our common shares in the open market or in private transactions with our shareholders, provided that those purchases are approved by our board. We have not repurchased, and our board of trustees has no present intention of causing us to repurchase, any shares, and any such action would only be taken in conformity with applicable federal and state laws and the applicable requirements for qualification as a REIT.

Conflict of Interest Policy

Our board of trustees is subject to certain provisions of the Maryland General Corporation Law, or MGCL, that are designed to eliminate or minimize conflicts. However, we cannot assure you that these policies or provisions of law will be successful in eliminating the influence of these conflicts.

Under the MGCL, a contract or other transaction between us and any of our trustees and any other entity in which that trustee is also a trustee or director, or has a material financial interest, is not void or voidable solely on the grounds of the common directorship or interest, the fact that the trustee was present at the meeting at which the contract or transaction is approved or the fact that the trustee s vote was counted in favor of the contract or transaction, if:

- the fact of the common directorship or interest is disclosed to our board of trustees or a committee of our board of trustees, and our board of trustees, or that committee, authorizes the contract or transaction by the affirmative vote of a majority of the disinterested trustees, even if the disinterested trustees constitute less than a quorum;

- the fact of the common directorship or interest is disclosed to our shareholders entitled to vote, and the contract or transaction is approved by a majority of the votes cast by the shareholders entitled to vote, other than votes of shares owned of record or beneficially by the interested trustee, corporation, firm or other entity; or

the contract or transaction is fair and reasonable to us.

Pursuant to our Corporate Governance Guidelines, without the approval of a majority of our disinterested trustees, we will not enter into a transaction or arrangement (including utilizing the services of any trustee to provide legal, accounting, financial, consulting or other similar services to us) in which a trustee has a material personal or financial interest (direct or indirect). Whether a trustee has a material personal or financial interest in a transaction or arrangement will be determined by our board of trustees on a case-by-case basis, but at a minimum a trustee will be considered to have a material personal or financial interest in a transaction or arrangement if we will be required to disclose the transaction or arrangement in our annual proxy statement to shareholders or our annual report on Form 10-K. The interested trustee will not participate in any board discussion regarding the matter in which the trustee has such an interest. For purposes of our Corporate Governance Guidelines, a trustee will include any entity with which the trustee is affiliated, any immediate family member of a trustee and any entity in which a trustee s immediate family member has a material interest.

Our corporate governance and nominating committee has adopted, and we have implemented, policies governing all related party transactions, including, but not limited to, transactions with Rising Tide Development, office leases and aircraft use. See Certain Relationships and Related Transactions Post-Formation Transactions Exercises of Option to Purchase Certain Option Facilities, on page 103.

Reporting Policies

We are subject to the full information reporting requirements of the Securities Exchange Act of 1934, as amended. Pursuant to these requirements, we file periodic reports, proxy statements and other information, including certified financial statements, with the Securities and Exchange Commission. See Where You Can Find More Information, on page 157.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common shares and units of limited partnership interest in our operating partnership as of August 31, 2005 by (a) each of our trustees, (b) each of our named executive officers, (c) all of our trustees and executive officers as a group and (d) each person known to us to be the beneficial owner of more than five percent of our common shares. Unless otherwise indicated, all shares and operating partnership units are owned directly and the indicated person has sole voting and dispositive power. The Securities and Exchange Commission has defined beneficial ownership of a security to mean the possession, directly or indirectly, of voting power and/or dispositive power. A shareholder is also deemed to be, as of any date, the beneficial owner of all securities that such shareholder has the right to acquire within 60 days after that date through (a) the exercise of any option, warrant or right, (b) the conversion of a security, (c) the power to revoke a trust, discretionary account or similar arrangement, or (d) the automatic termination of a trust, discretionary account or similar arrangement.

Unless otherwise indicated, the address of each person listed below is c/o U-Store-It Trust, 6745 Engle Road, Suite 300, Cleveland, Ohio 44130.

	Before this Offering				After this Offering			
Beneficial Owner	**Number of Shares and Units Beneficially Owned**	**% of All Shares and Units**	**Number of Shares Beneficially Owned**	**% of All Shares**	**Number of Shares and Units Beneficially Owned**	**% of All Shares and Units**	**Number of Shares Beneficially Owned**	**% of All Shares**
Named Executive Officers and Trustees								
Todd C. Amsdell(1)	8,402,656	19.7%	8,402,656	22.4%	8,402,656	14.6%	8,402,656	16.0%
Robert J. Amsdell(2)	1,675,162	3.9%	1,280,319	3.4%	1,675,162	2.9%	1,280,319	2.4%
Barry L. Amsdell(3)	1,070,652	2.5%	675,809	1.8%	1,070,652	1.9%	675,809	1.3%
Steven G. Osgood(4)	129,667	*	129,667	*	129,667	*	129,667	*
Tedd D. Towsley(5)	52,084	*	52,084	*	52,084	*	52,084	*
Thomas A. Commes	14,063	*	14,063	*	14,063	*	14,063	*
John C. Dannemiller	9,063	*	9,063	*	9,063	*	9,063	*
William M. Diefenderfer III(6)	9,063	*	9,063	*	9,063	*	9,063	*
David J. LaRue	6,563	*	6,563	*	6,563	*	6,563	*
Harold S. Haller	4,263	*	4,263	*	4,263	*	4,263	*
All executive officers and trustees as a group	11,373,236	26.5%	10,583,550	28.1%	11,373,236	19.7%	10,583,550	20.1%

(10 persons)								
Other More than Five Percent Beneficial Owners								
Robert J. Amsdell Family Irrevocable Trust(7)	3,921,850	9.2%	3,921,850	10.4%	3,921,850	6.8%	3,921,850	7.5%
Loretta Amsdell Family Irrevocable Trust(7)	3,921,850	9.2%	3,921,850	10.4%	3,921,850	6.8%	3,921,850	7.5%
Wellington Management Company, LLP(8)	1,964,200	4.6%	1,964,200	5.2%	1,964,200	3.4%	1,964,200	3.7%

* Indicates amount owned is less than 1%

(1) Shares and units beneficially owned include 7,843,700 shares owned by affiliated entities and related family trusts of Robert J. Amsdell, Barry L. Amsdell and Todd C. Amsdell (which entities and trusts we refer to herein collectively as the Amsdell Entities) as follows: (a) 3,921,850 shares owned by the Robert J. Amsdell Family Irrevocable Trust, of which Todd C. Amsdell is the business advisor and, in such capacity, has, under the trust agreements, the sole power to direct the voting and disposition of the

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shares; and (b) 3,921,850 shares owned by the Loretta Amsdell Family Irrevocable Trust, of which Todd C. Amsdell is also the business advisor and, in such capacity, has, under the trust agreements, the sole power to direct the voting and disposition of the shares. The beneficiaries of these two trusts are comprised of members of the families of Robert J. Amsdell and Loretta Amsdell, who is the wife of Barry L. Amsdell. Also includes 429,789 shares owned directly by Todd C. Amsdell, 62,500 shares issuable in satisfaction of a grant of deferred shares made under our equity incentive plan concurrently with the closing of our IPO and 66,667 shares issuable upon the exercise of options which are exercisable within 60 days of August 31, 2005.

(2) Shares and units beneficially owned include 1,524,358 units owned by the Amsdell Entities as follows: (a) 337,756 units owned by Amsdell Holdings I, Inc., of which Robert J. Amsdell is the President, a director and 50% shareholder, which are redeemable for cash or, at our option, shares within 60 days of August 31, 2005; (b) 187,249 units owned by Amsdell & Amsdell general partnership, of which Robert J. Amsdell is a 50% general partner, which are redeemable for cash or, at our option, shares within 60 days of August 31, 2005; (c) 604,510 units owned by a trust of which Robert J. Amsdell is the sole trustee and whose equal beneficiaries are Robert J. Amsdell and his brother, Barry L. Amsdell, which are redeemable for cash or, at our option, shares within 60 days of August 31, 2005; and (d) 394,843 units owned by Rising Tide Development, of which Robert J. Amsdell owns a 50% interest. Also includes 150,804 shares owned directly by Robert J. Amsdell. Shares and units beneficially owned do not include (a) 3,921,850 shares owned by the Robert J. Amsdell Family Irrevocable Trust, of which Todd C. Amsdell (the son of Robert J. Amsdell) is the business advisor and, in such capacity, has the sole power to direct the voting and disposition of the shares, and (b) 3,921,850 shares owned by the Loretta Amsdell Family Irrevocable Trust, of which Todd C. Amsdell is also the business advisor and, in such capacity, has the sole power to direct the voting and disposition of the shares. The beneficiaries of these two trusts are comprised of members of the families of Robert J. Amsdell and Loretta Amsdell, who is the wife of Barry L. Amsdell.

(3) Shares and units beneficially owned include 919,848 units owned by Amsdell Entities as follows: (a) 337,756 units owned by Amsdell Holdings I, Inc., of which Barry L. Amsdell is an officer, director and 50% shareholder, which are redeemable for cash or, at our option, shares within 60 days of August 31, 2005; and (b) 187,249 units owned by Amsdell & Amsdell general partnership, of which Barry L. Amsdell is a 50% general partner, which are redeemable for cash or, at our option, shares within 60 days of August 31, 2005; and (c) 394,843 units owned by Rising Tide Development, of which Barry L. Amsdell owns a 50% interest. Also includes 150,804 shares owned directly by Barry L. Amsdell. Shares and units beneficially owned do not include 604,510 units owned by a trust of which Robert J. Amsdell is the sole trustee and whose equal beneficiaries are Robert J. Amsdell and his brother, Barry L. Amsdell. Robert J. Amsdell has sole voting and dispositive power with respect to the units owned by this trust. Shares and units beneficially owned also do not include (a) 3,921,850 shares owned by the Robert J. Amsdell Family Irrevocable Trust, of which Todd C. Amsdell (the nephew of Barry L. Amsdell) is the business advisor and, in such capacity, has the sole power to direct the voting and disposition of the shares, and (b) 3,921,850 shares owned by the Loretta Amsdell Family Irrevocable Trust, of which Todd C. Amsdell is also the business advisor and, in such capacity, has the sole power to direct the voting and disposition of the shares. The beneficiaries of these two trusts are comprised of members of the families of Robert J. Amsdell and Loretta Amsdell, who is the wife of Barry L. Amsdell.

(4) Comprised of 500 shares owned directly by Steven G. Osgood, 62,500 shares issuable in satisfaction of grants of deferred share units made under our equity incentive plan concurrently with the closing of our IPO and 66,667 shares issuable upon the exercise of options which are exercisable within 60 days of August 31, 2005.

(5) Comprised of 18,750 shares issuable in satisfaction of grants of deferred share units made under our equity incentive plan concurrently with the closing of our IPO and 33,334 shares issuable upon the exercise of options which are exercisable within 60 days of August 31, 2005.

(6) Comprised of 1,000 shares held by William M. Diefenderfer s 401(k) plan, 1,000 shares held by a trust for the benefit of his son and 7,063 shares owned directly.

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(7) Each trust has reported in a Schedule 13D filing that it possessed shared voting power and shared dispositive power over the shares held by the respective trust. Todd C. Amsdell is the business advisor of each trust and, in such capacity, has the sole power, under the trust agreements, to direct the voting and disposition of these shares. See footnote (1). The trustee of each trust is Bernard L. Karr. The address of each trust is c/o Bernard L. Karr, trustee, McDonald Hopkins Co., LPA, 600 Superior Avenue, E., Suite 2100, Cleveland, Ohio 44114.

(8) Based on information provided by Wellington Management Company, LLP in a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2005, Wellington Management has shared dispositive power with respect to 1,938,800 of these shares and shared voting power with respect to 1,455,100 of these shares. Wellington Management s address is 605 Third Avenue, New York, New York 10158.

The determination that there were no other persons, entities or groups known to us to beneficially hold more than 5% of our common shares was based on a review of all reports filed with respect to U-Store-It Trust since our IPO with the Securities and Exchange Commission pursuant to Section 13(d) or 13(g) of the Exchange Act.

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DESCRIPTION OF SHARES

The following is a summary of the material terms of our shares of beneficial interest. Copies of our declaration of trust and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. See Where You Can Find More Information.

General

Our declaration of trust provides that we may issue up to 200,000,000 common shares of beneficial interest, par value $0.01 per share, and 40,000,000 preferred shares of beneficial interest, par value $0.01 per share. As of June 30, 2005, there were 37,345,162 common shares issued and outstanding and no preferred shares issued and outstanding.

Maryland law and our declaration of trust provide that none of our shareholders is personally liable for any of our obligations solely as a result of that shareholder s status as a shareholder.

Voting Rights of Common Shares

Subject to the provisions of our declaration of trust regarding restrictions on the transfer and ownership of shares of beneficial interest, each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders, including the election of trustees, and, except as provided with respect to any other class or series of shares of beneficial interest that we may issue, the holders of such common shares will possess exclusive voting power. There is no cumulative voting in the election of trustees. As a result, the holders of a plurality of the outstanding common shares, voting as a single class, can elect all of the trustees then standing for election. Our bylaws provide that a majority of the votes cast at a meeting of shareholders duly called at which a quorum is present is sufficient to approve any other matter which may properly come before the meeting, unless a higher vote is required under our bylaws, our declaration of trust or applicable statute.

Under the Maryland statute governing real estate investment trusts formed under the laws of that state, which we refer to as the Maryland REIT law, a Maryland REIT generally cannot amend its declaration of trust or merge unless approved by the affirmative vote of shareholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all the votes entitled to be cast on the matter) is set forth in the REIT s declaration of trust. Our declaration of trust provides that amendments to the declaration of trust and our merger with another entity may be approved by the affirmative vote of the holders of not less than a majority of all votes entitled to be cast on the matter. Under the Maryland REIT law and our declaration of trust, our trustees will be permitted to amend the declaration of trust from time to time to qualify as a REIT under the Code or the Maryland REIT law, without the affirmative vote or written consent of the shareholders.

Dividends, Distributions, Liquidation and Other Rights

All common shares offered by this prospectus will be duly authorized, fully paid and nonassessable. Holders of our common shares are entitled to receive dividends and distributions when authorized by our board of trustees, and declared by us out of assets legally available for the payment of dividends or distributions. They also are entitled to share ratably in our assets legally available for distribution to our shareholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all of our known debts and liabilities. These rights are subject to the preferential rights of any other class or series of our shares and to the provisions of our declaration of trust regarding restrictions on transfer of our shares.

Holders of our common shares have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to the restrictions on transfer of shares contained in our declaration of trust and to the ability of the board of trustees to create common shares with differing voting rights, all common shares have equal dividend, liquidation and other rights.

Power to Reclassify Shares and Issue Additional Common Shares or Preferred Shares

Our declaration of trust authorizes our board of trustees to classify any authorized but unissued common and preferred shares and to reclassify any previously classified but unissued common shares and preferred shares of any series from time to time in one or more series, as authorized by the board of trustees. Prior to issuance of shares of each class or series, the board of trustees is required by the Maryland REIT law and our declaration of trust to set for each such class or series, subject to the provisions of our declaration of trust regarding the restrictions on transfer of shares of beneficial interest, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such class or series. As a result, our board of trustees could authorize the issuance of preferred shares that have priority over the common shares with respect to dividends, distributions and rights upon liquidation and with other terms and conditions that could have the effect of delaying, deterring or preventing a transaction or a change in control that might involve a premium price for holders of common shares or otherwise might be in their best interest. As of the closing of this offering, no preferred shares will be outstanding.

To permit us increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise, our declaration of trust allows us to issue additional common shares or preferred shares and to classify or reclassify unissued common shares or preferred shares and thereafter to issue the classified or reclassified shares without shareholder approval, unless shareholder approval is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although we have no present intention of doing so, we could issue a class or series of shares that could delay, deter or prevent a transaction or a change in control that might involve a premium price for holders of common shares or might otherwise be in their best interests.

Holders of our common shares do not have preemptive rights, which means they have no right to acquire any additional shares that we may issue at a subsequent date.

Restrictions on Ownership and Transfer

In order to qualify as a REIT under the Code, our shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Also, no more than 50% of the value of our outstanding shares (after taking into account options to acquire shares) may be owned, directly, indirectly or through attribution, by five or fewer individuals (as defined in the Code to include certain entities).

Because our board of trustees believes that it is essential for us to qualify as a REIT and for anti-takeover and other strategic reasons, our declaration of trust, subject to certain exceptions, contains restrictions on the number of our shares of beneficial interest that a person may own. Our declaration of trust provides that:

- no person, other than an excepted holder or a designated investment entity (each as defined in our declaration of trust), may own directly, or be deemed to own by virtue of the attribution provisions of the Code, more than 5%, in value or number of shares, whichever is more restrictive, of the outstanding common shares;

- no person may own directly or indirectly, or be deemed to own through attribution, more than 9.8% in value or number of shares, whichever is more restrictive, of the issued and outstanding shares of any class or series of preferred shares;

- no excepted holder, which means certain members of the Amsdell family, certain trusts established for the benefit of members of the Amsdell family and certain related entities, may own directly or indirectly common shares if, under the applicable tax attribution rules of the Code, any single excepted holder who is treated as an individual would own more than 29%, in value or number of shares, whichever is more restrictive, of our outstanding common shares, any two excepted holders treated as individuals would own more than 34%, in value or number of shares, whichever is more restrictive, of our outstanding common shares, any three excepted holders treated as individuals would

own more than 39%, in value or number of shares, whichever is more restrictive, of our outstanding common shares, any four excepted holders treated as individuals would own more than 44%, in value or number of shares, whichever is more restrictive, of our outstanding common shares, or any five excepted holders treated as individuals would own more than 49%, in value or number of shares, whichever is more restrictive, of our outstanding common shares;

no designated investment entity may acquire or hold, directly or indirectly (or through attribution), shares in excess of the designated investment entity limit of 9.8%, in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of common shares;

no person shall beneficially or constructively own our shares of beneficial interest that would result in us being closely held under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT; and

no person shall transfer our shares of beneficial interest if such transfer would result in our shares of beneficial interest being owned by fewer than 100 persons.

The excepted holder limit was established in light of the fact that Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and certain Amsdell Entities owned a substantial percentage of our common shares upon completion of our IPO. The excepted holder limit does not permit each excepted holder to own 29% of our common shares. Rather, the excepted holder limit prevents two or more excepted holders who are each treated as individuals under the applicable tax attribution rules from owning a higher percentage of our common shares than the maximum amount of common shares that could be owned by any one excepted holder (29%), plus the maximum amount of common shares that could be owned by any one or more other individual common shareholders who are not excepted holders (5%). We do not believe the 29% expected holder limit for certain members of the Amsdell family and certain related entities will jeopardize our REIT status because no other individual shareholder can own more than 5% of the value of our outstanding common shares. Accordingly, no five individuals can own more than 49% of our shares and, thus, we will be in compliance with the REIT qualification requirement prohibiting five or fewer individuals from owning more than 50% of the value of our outstanding shares.

The declaration of trust defines a designated investment entity as:

1. an entity that is a pension trust that qualifies for look-through treatment under Section 856(h)(3) of the Code;

2. an entity that qualifies as a regulated investment company under Section 851 of the Code; or

3. an entity that (i) for compensation engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities; (ii) purchases securities in the ordinary course of its business and not with the purpose or effect of changing or influencing control of us, nor in connection with or as a participant in any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) of the Securities Exchange Act of 1934, as amended; and (iii) has or shares voting power and investment power under the Securities Exchange Act of 1934, as amended;

so long as each beneficial owner of such entity, or in the case of an asset management company, the individual account holders of the accounts managed by such entity, would satisfy the 5% ownership limit if such beneficial owner or account holder owned directly its proportionate share of the shares held by the entity.

Our board of trustees may waive the 5% ownership limit, or the 9.8% designated investment entity limit, for a shareholder that is not an individual if such shareholder provides information and makes representations to the board that are satisfactory to the board, in its reasonable discretion, to establish that such person s ownership in excess of the 5% limit or the 9.8% limit, as applicable, would not jeopardize our qualification as a REIT.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our shares that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. If any transfer of shares or any other event would otherwise result in any person violating the ownership limits described above, then our declaration of trust provides that (a) the transfer will be void and of no force or effect with respect to the prohibited transferee with respect to that number of shares that exceeds the ownership limits, (b) the prohibited transferee would not acquire any right or interest in the shares, and (c) the shares in question will be automatically transferred to a charitable trust. The foregoing restrictions on transferability and ownership will not apply if our board of trustees determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

All certificates representing our shares bear a legend referring to the restrictions described above.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) of all classes or series of our shares, including common shares, is required to give written notice to us within 30 days after the end of each taxable year stating the name and address of such owner, the number of shares of each class and series of shares that the owner beneficially owns and a description of the manner in which such shares are held. Each such owner shall provide to us such additional information as we may request in order to determine the effect, if any, of such beneficial ownership on our status as a REIT and to ensure compliance with the ownership limitations. In addition, each shareholder shall upon demand be required to provide to us such information as we may request, in good faith, in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

These ownership limitations could delay, deter or prevent a transaction or a change in control that might involve a premium price for the common shares or might otherwise be in the best interest of our shareholders.

Transfer Agent and Registrar

The transfer agent and registrar for our common shares is LaSalle Bank National Association.

Certain Provisions of Maryland Law and Our Declaration of Trust and Bylaws

The following description of certain provisions of Maryland law and of our declaration of trust and bylaws is only a summary. For a complete description, we refer you to the applicable Maryland law, our declaration of trust and bylaws.

Number of Trustees; Vacancies

Our declaration of trust and bylaws provide that the number of our trustees will be established by a vote of a majority of the members of our board of trustees. Currently, we have seven trustees. Our bylaws provide that any vacancy, including a vacancy created by an increase in the number of trustees, may be filled only by a majority of the remaining trustees, even if the remaining trustees do not constitute a quorum. Pursuant to our declaration of trust, each of our trustees is elected by our shareholders to serve until the next annual meeting and until their successors are duly elected and qualified. Under Maryland law, our board may elect to create staggered terms for its members.

Our bylaws provide that at least a majority of our trustees will be independent, with independence being defined in the manner established by our board of trustees and in a manner consistent with listing standards established by the New York Stock Exchange.

Removal of Trustees

Our declaration of trust provides that a trustee may be removed only with cause and only upon the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of trustees. Absent removal of all of our trustees, this provision, when coupled with the provision in our bylaws authorizing our

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board of trustees to fill vacant trusteeships, may preclude shareholders from removing incumbent trustees and filling the vacancies created by such removal with their own nominees.

Business Combinations

Our board of trustees has approved a resolution that exempts us from the provisions of the Maryland business combination statute described below but may opt to make these provisions applicable to us in the future. Maryland law prohibits business combinations between us and an interested shareholder or an affiliate of an interested shareholder for five years after the most recent date on which the interested shareholder becomes an interested shareholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. Maryland law defines an interested shareholder as:

- any person who beneficially owns 10% or more of the voting power of our shares; or
- an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding voting shares.

A person is not an interested shareholder if our board of trustees approves in advance the transaction by which the person otherwise would have become an interested shareholder. However, in approving a transaction, our board of trustees may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by our board of trustees.

After the five-year prohibition, any business combination between us and an interested shareholder generally must be recommended by our board of trustees and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of our then outstanding shares of beneficial interest; and
- two-thirds of the votes entitled to be cast by holders of our voting shares other than shares held by the interested shareholder with whom or with whose affiliate the business combination is to be effected or shares held by an affiliate or associate of the interested shareholder.

These super-majority vote requirements do not apply if our common shareholders receive a minimum price, as described under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested shareholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are approved by our board of trustees before the time that the interested shareholder becomes an interested shareholder.

Control Share Acquisitions

Our bylaws contain a provision exempting any and all acquisitions of our shares from the provisions of the Maryland Control Share Acquisition Act. However, our board of trustees may opt to make these provisions applicable to an acquisition of our shares at any time by amending or repealing this provision in the future, and may do so on a retroactive basis. Maryland law provides that control shares of a Maryland REIT acquired in a control share acquisition have no voting rights unless approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares beneficially owned by the acquiring person in a control share acquisition or by our officers or by our trustees who are our employees are excluded from the shares entitled to vote in accordance with the immediately preceding sentence. Control shares are shares that, if aggregated with all other shares previously acquired by the acquiring person, or in respect of which the acquiring person is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiring person to exercise or direct the exercise of the voting power in electing trustees within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel our board of trustees to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the special meeting. If no request for a special meeting is made, we may present the question at any shareholders meeting.

If voting rights are not approved at the shareholders meeting or if the acquiring person does not deliver the statement required by Maryland law, then, subject to certain conditions and limitations, we may redeem any or all of the control shares, except those for which voting rights have previously been approved, for fair value. Fair value is determined without regard to the absence of voting rights for the control shares and as of the date of the last control share acquisition or of any meeting of shareholders at which the voting rights of the shares were considered and not approved. If voting rights for control shares are approved at a shareholders meeting, the acquiror may then vote a majority of the shares entitled to vote, and all other shareholders may exercise appraisal rights. The fair value of the shares for purposes of these appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition. The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction, nor does it apply to acquisitions approved by or exempted by our declaration of trust or bylaws.

Merger, Amendment of Declaration of Trust

Under Maryland REIT law, a Maryland REIT generally cannot dissolve, amend its declaration of trust or merge with another entity unless approved by the affirmative vote of shareholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage, but not less than a majority of all the votes entitled to be cast on the matter, is set forth in the REIT s declaration of trust. Our declaration of trust provides that amendments to the declaration of trust and our merger with another entity may be approved by the affirmative vote of the holders of not less than a majority of the votes entitled to be cast on the matter. Under the Maryland REIT law and our declaration of trust, our trustees will be permitted, without any action by our shareholders, to amend the declaration of trust from time to time to qualify as a REIT under the Code or the Maryland REIT law without the affirmative vote or written consent of the shareholders.

Limitation of Liability and Indemnification

Our declaration of trust limits the liability of our trustees and officers for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- a final judgment based upon a finding of active and deliberate dishonesty by the trustee that was material to the cause of action adjudicated.

Our declaration of trust requires us, to the maximum extent permitted by Maryland law, to indemnify, and to pay or reimburse reasonable expenses to, any of our present or former trustees or officers or any individual who, while a trustee or officer and at our request, serves or has served another entity, employee benefit plan or any other enterprise as a trustee, director, officer, partner or otherwise. The indemnification

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covers any claim or liability against the person. Our bylaws will require us, to the maximum extent permitted by Maryland law, to indemnify each present or former trustee or officer who is made a party to a proceeding by reason of his or her service to us.

Maryland law permits us to indemnify our present and former trustees and officers against liabilities and reasonable expenses actually incurred by them in any proceeding unless:

- the act or omission of the trustee or officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;
- the trustee or officer actually received an improper personal benefit in money, property or services; or
- in a criminal proceeding, the trustee or officer had reasonable cause to believe that the act or omission was unlawful.

However, Maryland law prohibits us from indemnifying our present and former trustees and officers for an adverse judgment in a derivative action or if the trustee or officer was adjudged to be liable for an improper personal benefit. Our bylaws and Maryland law require us, as a condition to advancing expenses in certain circumstances, to obtain:

- a written affirmation by the trustee or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification; and
- a written undertaking to repay the amount reimbursed if the standard of conduct is not met.

Operations

We generally are prohibited from engaging in certain activities, including acquiring or holding property or engaging in any activity that would cause us to fail to qualify as a REIT.

Term and Termination

Our declaration of trust became operative on July 26, 2004 and provides for us to have a perpetual existence. Pursuant to our declaration of trust, and subject to the provisions of any of our classes or series of shares of beneficial interest then outstanding and the approval by a majority of the entire board of trustees, our shareholders, at any meeting thereof, by the affirmative vote of at least two-thirds of all of the votes entitled to be cast on the matter, may approve a plan of liquidation and dissolution.

Meetings of Shareholders

Under our bylaws, annual meetings of shareholders are to be held each year during the month of May at a date and time as determined by our board of trustees. Special meetings of shareholders may be called only by a majority of the trustees then in office, by the Chairman of our board of trustees, our President or our Chief Executive Officer. Additionally, special meetings of the shareholders shall be called by the Chairman of our board of trustees upon the written request of shareholders entitled to cast at least a majority of votes entitled to be cast at such meeting. Only matters set forth in the notice of the special meeting may be considered and acted upon at such a meeting. Our bylaws provide that any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting by unanimous written consent, if that consent sets forth that action and is signed by each shareholder entitled to vote on the matter.

Advance Notice of Trustee Nominations and New Business

Our bylaws provide that, with respect to an annual meeting of shareholders, nominations of persons for election to our board of trustees and the proposal of business to be considered by shareholders at the annual meeting may be made only:

- pursuant to our notice of the meeting;
- by our board of trustees; or

by a shareholder who was a shareholder of record both at the time of the provision of notice and at the time of the meeting who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws.

With respect to special meetings of shareholders, only the business specified in our notice of meeting may be brought before the meeting of shareholders and nominations of persons for election to our board of trustees may be made only:

pursuant to our notice of the meeting;

by our board of trustees; or

provided that our board of trustees has determined that trustees shall be elected at such meeting, by a shareholder who was a shareholder of record both at the time of the provision of notice and at the time of the meeting who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in our bylaws.

The purpose of requiring shareholders to give advance notice of nominations and other proposals is to afford our board of trustees the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by our board of trustees, to inform shareholders and make recommendations regarding the nominations or other proposals. The advance notice procedures also permit a more orderly procedure for conducting our shareholder meetings. Although our bylaws do not give our board of trustees the power to disapprove timely shareholder nominations and proposals, they may have the effect of precluding a contest for the election of trustees or proposals for other action if the proper procedures are not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of trustees to our board of trustees or to approve its own proposal.

Possible Anti-Takeover Effect of Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws

The business combination provisions of Maryland law (if our board of trustees opts to make them applicable to us), the control share acquisition provisions of Maryland law (if the applicable provision in our bylaws is rescinded), the limitations on removal of trustees, the restrictions on the acquisition of our shares of beneficial interest, the power to issue additional common shares or preferred shares and the advance notice provisions of our bylaws could have the effect of delaying, deterring or preventing a transaction or a change in the control that might involve a premium price for holders of the common shares or might otherwise be in their best interest. The unsolicited takeovers provisions of Maryland law permit our board of trustees, without shareholder approval and regardless of what is provided in our declaration of trust or bylaws, to implement takeover defenses that we may not yet have.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have outstanding approximately 52.3 million common shares, assuming no exercise of outstanding options to purchase common shares under our equity incentive plan. Of these shares, the 15.0 million shares sold in this offering and the 28.75 million shares sold in our IPO are or will be freely transferable without restriction or further registration under the Securities Act, except for any shares held, or purchased in this offering, by our affiliates, as that term is defined by Rule 144 under the Securities Act. The remaining approximately 8.6 million shares expected to be outstanding immediately after completion of this offering, plus any shares purchased by affiliates in this offering, will be restricted shares as defined in Rule 144.

In addition, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell, the Amsdell Entities, each of our other senior officers and each of our other trustees who beneficially own common shares as of the date of this prospectus have agreed under written lock-up agreements not to sell any common shares or any securities which may be converted into or exchanged for any common shares for 90 days from the date of this prospectus without the prior written consent of the representative of the underwriters. See Underwriting Lock-Up Agreements, beginning on page 155.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after this offering, a person who owns shares that were purchased from us or any affiliate of ours at least one year previously, including a person who may be deemed an affiliate, is entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the then outstanding common shares; or
- the average weekly trading volume of the common shares on the New York Stock Exchange during the four calendar weeks preceding the date on which notice of the sale is filed with the Securities and Exchange Commission.

Sales under Rule 144 are also subject to volume limitations, manner of sale provisions, notice requirements and the availability of current public information about us.

Any person who is not deemed to have been our affiliate at any time during the 90 days preceding a sale, and who owns shares within the definition of restricted securities under Rule 144 that were purchased from us or any of our affiliates at least two years previously, would be entitled to sell those shares under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements.

Registration Rights

We have granted Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and the Amsdell Entities who acquired common shares or units in our formation transactions which took place at the time of our IPO certain registration rights with respect to the common shares that they acquired in the formation transactions as well as the common shares that may be acquired by them in connection with the exercise of the redemption rights under the partnership agreement with respect to their operating partnership units. An aggregate of approximately 9.7 million common shares acquired in the formation transactions are 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). Beginning as early as October 27, 2005, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and the Amsdell Entities will be entitled to require us to register their shares for public sale subject to certain exceptions, limitations and conditions precedent. For example, their exercises will be subject to customary provisions restricting registration rights in the event of corporate events affecting us. We will bear expenses incident to our registration requirements under the registration rights agreement, including the reasonable fees and disbursements of counsel to the persons exercising registration rights in connection with their exercise of the registration rights, except that such expenses shall not include any brokerage and sales commissions or any transfer taxes relating to the sale of such shares.

In addition, we have granted Rising Tide Development certain registration rights with respect to the common shares that may be acquired by them in connection with the exercise of their redemption rights under the partnership agreement with respect to the operating partnership units received in connection with our 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 our option exercises) are subject to a registration rights agreement. Beginning as early as January 2006, Rising Tide Development will be entitled to require us to register approximately 0.2 million of such common shares for public sale subject to certain exceptions, limitations and conditions precedent. Rising Tide Development will be entitled to require us to register the remaining approximately 0.2 million common shares for public sale, subject to certain exceptions, limitations and conditions precedent, beginning as early as March 2006. Rising Tide Development s exercise of its registration rights will be subject to customary provisions restricting registration rights in the event of corporate events affecting us. We will bear expenses incident to our registration requirements under the registration rights agreement, including the reasonable fees and disbursements of counsel to the persons exercising registration rights in connection with their exercise of the registration rights, except that such expenses shall not include any brokerage and sales commissions or any transfer taxes relating to the sale of such shares.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

For purposes of the following discussion, references to our company, we and us mean only U-Store-It Trust and not its subsidiaries or affiliates. The following discussion describes the material U.S. federal income tax considerations relating to our taxation as a REIT, and the acquisition, ownership and disposition of our common shares being sold in this offering. Because this is a summary that is intended to address only federal income tax considerations relating to the ownership and disposition of our common shares, it may not contain all the information that may be important to you. As you review this discussion, you should keep in mind that:

- the tax considerations for you may vary depending on your particular tax situation;
- special rules that are not discussed below may apply to you if, for example, you are:
  - a tax-exempt organization,
  - a broker-dealer,
  - a non-U.S. corporation or individual who is not taxed as a citizen or resident of the United States, all of which may be referred to collectively as non-U.S. persons,
  - a trust, estate, regulated investment company, real estate investment trust, financial institution, insurance company or S corporation,
  - subject to the alternative minimum tax provisions of the Code,
  - holding the shares as part of a hedge, straddle, conversion or other risk-reduction or constructive sale transaction,
  - holding the shares through a partnership or similar pass-through entity,
  - a person with a functional currency other than the U.S. dollar,
  - beneficially or constructively holding 10% or more (by vote or value) of the beneficial interest in us,
  - a U.S. expatriate, or
  - otherwise subject to special tax treatment under the Code;
- this summary does not address state, local or non-U.S. tax considerations;
- this summary deals only with investors that hold the shares as a capital asset, within the meaning of Section 1221 of the Code; and
- this discussion is not intended to be, and should not be construed as, tax advice.

Hogan & Hartson L.L.P. has rendered the opinions described below under Tax Opinions Received by Us in Connection with this Offering. You should be aware that the opinions are based on current law and are not binding on the IRS or any court. The Internal Revenue Service may challenge Hogan & Hartson L.L.P. s opinions, and such a challenge could be successful.

The information in this section is based on the Code, current, temporary and proposed regulations promulgated by the U.S. Treasury Department, the legislative history of the Code, current administrative interpretations and practices of the IRS, and court decisions. The reference to IRS interpretations and practices includes IRS practices and policies as endorsed in private letter rulings, which are not binding on the IRS except with respect to the taxpayer that receives the ruling. In each case, these sources are relied upon as they exist on the date of this registration statement. Future legislation, regulations, administrative interpretations and court decisions could change current law or adversely affect existing interpretations of current law. Any change could apply retroactively. We have not received any rulings from the IRS concerning our qualification as a REIT. Accordingly, even if there is no change in the applicable law, no assurance can be provided that the statements made in the following discussion, which do not bind the IRS or the courts, will not be challenged by the IRS or will be sustained by a court if so challenged.

Each prospective investor is advised to consult his or her tax advisor to determine the impact of his or her personal tax situation on the anticipated tax consequences of the ownership and sale of our common shares. This includes the federal, state, local, foreign and other tax consequences of the ownership and sale of our common shares and the effect of the provisions in the American Jobs Creation Act on your ownership of our shares.

Taxation and Qualification of Our Company as a REIT

General. We have elected to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with our first taxable year ending December 31, 2004. A REIT generally is not subject to federal income tax on the income that it distributes currently to shareholders provided that the REIT meets the applicable REIT distribution requirements and other requirements for qualification as a REIT under the Code. We believe that we have been and that we are organized and have operated and we intend to continue to operate, in a manner to qualify for taxation as a REIT under the Code. However, qualification and taxation as a REIT depends upon our ability to meet the various qualification tests imposed under the Code, including through our actual annual (or in some cases quarterly) operating results, requirements relating to income, asset ownership, distribution levels and diversity of share ownership, and the various other REIT qualification requirements imposed under the Code. Given the complex nature of the REIT qualification requirements, the ongoing importance of factual determinations and the possibility of future change in our circumstances, we cannot provide any assurances that we will be organized or operated in a manner so as to satisfy the requirements for qualification and taxation as a REIT under the Code, or that we will meet in the future the requirements for qualification and taxation as a REIT. See Failure to Qualify as a REIT, beginning on page 143.

The sections of the Code that relate to our qualification and operation as a REIT are highly technical and complex. This discussion sets forth the material aspects of the sections of the Code that govern the federal income tax treatment of a REIT and its shareholders. This summary is qualified in its entirety by the applicable Code provisions, relevant rules and Treasury regulations, and related administrative and judicial interpretations.

Tax Opinions Received by Us in Connection with this Offering. Hogan & Hartson L.L.P. has acted as our tax counsel in connection with this offering of our common shares. Hogan & Hartson L.L.P has rendered to us an opinion to the effect that, commencing with our taxable year ending December 31, 2004, we have been and we are organized in conformity with the requirements for qualification and taxation as a REIT, and our current and proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Code. Hogan & Hartson L.L.P. has rendered an opinion that this section, to the extent that it describes applicable U.S. federal income tax law, is correct in all material respects. Hogan & Hartson L.L.P. also has rendered to us an opinion to the effect that our operating partnership will be taxed for federal income tax purposes as a partnership and not as an association taxable as a corporation. It must be emphasized that these opinions are based on various assumptions and representations as to factual matters, including factual representations made by us in a certificate provided by one of our officers. In addition, these opinions are based upon our factual representations set forth in this prospectus. Moreover, our qualification and taxation as a REIT depends upon our ability to meet the various qualification tests imposed under the Code. Accordingly, no assurance can be given that our actual results of operation for any particular taxable year will satisfy those requirements. Hogan & Hartson L.L.P. has no obligation to update its opinions rendered to us in connection with this offering or to monitor or review our compliance with the various REIT qualification and partnership classification requirements. Further, the anticipated income tax treatment described in this prospectus may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. See Failure to Qualify as a REIT, beginning on page 143.

Taxation. For each taxable year in which we qualify for taxation as a REIT, we generally will not be subject to federal corporate income tax on our net income that is distributed currently to our shareholders. Shareholders generally will be subject to taxation on dividends (other than designated capital gain dividends and qualified dividend income) at rates applicable to ordinary income, instead of at lower capital gain rates. Qualification for taxation as a REIT enables the REIT and its shareholders to substantially eliminate the double taxation (that is, taxation at both the corporate and shareholder levels) that generally results from an investment in a regular corporation. Regular corporations (non-REIT C corporations) generally are subject to federal corporate income taxation on their income and shareholders of regular corporations are subject to tax on any dividends that are received. Currently, however, shareholders of regular corporations who are taxed at individual rates generally are taxed on dividends they receive at capital gains rates, which are lower for individuals than ordinary income rates, and shareholders of regular corporations who are taxed at regular corporate rates will receive the benefit of a dividends received deduction that substantially reduces the effective rate that they pay on such dividends. Income earned by a REIT and distributed currently to its shareholders generally will be subject to lower aggregate rates of federal income taxation than if such income were earned by a non-REIT C corporation, subjected to corporate income tax, and then distributed to shareholders and subjected to tax either at capital gain rates or the effective rate paid by a corporate recipient entitled to the benefit of the dividends received deduction.

While we generally will not be subject to corporate income taxes on income that we distribute currently to shareholders, we will be subject to federal income tax as follows:

1. We will be taxed at regular corporate rates on any undistributed REIT taxable income. REIT taxable income is the taxable income of the REIT subject to specified adjustments, including a deduction for dividends paid.

2. We may be subject to the alternative minimum tax on our undistributed items of tax preference, if any.

3. If we have (1) net income from the sale or other disposition of foreclosure property that is held primarily for sale to tenants in the ordinary course of business, or (2) other non-qualifying income from foreclosure property, we will be subject to tax at the highest corporate rate on this income.

4. Our net income from prohibited transactions will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to tenants in the ordinary course of business other than foreclosure property.

5. If we fail to satisfy either the 75% gross income test or the 95% gross income test discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a tax equal to the gross income attributable to the greater of either (1) the amount by which 75% of our gross income exceeds the amount of our income qualifying under the 75% test for the taxable year or (2) the amount by which 95% of our gross income exceeds the amount of our income qualifying for the 95% income test for the taxable year, multiplied in either case by a fraction intended to reflect our profitability.

6. We will be subject to a 4% nondeductible excise tax on the excess of the required distribution over the sum of amounts actually distributed, excess distributions from the preceding tax year and amounts retained for which federal income tax was paid if we fail to make the required distributions by the end of a calendar year. The required distributions for each calendar year is equal to the sum of:

85% of our REIT ordinary income for the year;

95% of our REIT capital gain net income for the year; and

any undistributed taxable income from prior taxable years.

7. We will be subject to a 100% penalty tax on some payments we receive (or on certain expenses deducted by a taxable REIT subsidiary) if arrangements among us, our tenants, and our taxable REIT subsidiaries are not comparable to similar arrangements among unrelated parties.

8. If we acquire any assets from a non-REIT C corporation in a carry-over basis transaction, we would be liable for corporate income tax, at the highest applicable corporate rate for the built-in gain with respect to those assets if we disposed of those assets within 10 years after they were acquired. To the extent that assets are transferred to us in a carry-over basis transaction by a partnership in which a corporation owns an interest, we will be subject to this tax in proportion to the non-REIT C corporation s interest in the partnership. Built-in gain is the amount by which an asset s fair market value exceeds its adjusted tax basis at the time we acquire the asset.

9. With regard to our 2005 and subsequent taxable years, if we fail to satisfy one of the REIT asset tests (other than certain de minimis failures), but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a tax equal to the greater of $50,000 or the amount determined by *multiplying* the net income generated by the non-qualifying assets during the period of time that the assets were held as non-qualifying assets by the highest rate of tax applicable to corporations.

10. With regard to our 2005 and subsequent taxable years, if we fail to satisfy certain of the requirements under the Code the failure of which would result in the loss of our REIT status, and the failure is due to reasonable cause and not willful neglect, we may be required to pay a penalty of $50,000 for each such failure in order to maintain our qualification as a REIT.

11. If we fail to comply with the requirements to send annual letters to our shareholders requesting information regarding the actual ownership of our shares and the failure was not due to reasonable cause or was due to willful neglect, we will be subject to a $25,000 penalty or, if the failure is intentional, a $50,000 penalty.

Furthermore, notwithstanding our status as a REIT, we also may have to pay certain state and local income taxes, because not all states and localities treat REITs the same as they are treated for federal income tax purposes. Moreover, each of our taxable REIT subsidiaries (as further described below) is subject to federal, state and local corporate income taxes on its net income.

If we are subject to taxation on our REIT taxable income or subject to tax due to the sale of a built-in gain asset that was acquired in a carry-over basis from a non-REIT C Corporation, some of the dividends we pay to our shareholders during the following year may be subject to tax at the reduced capital gains rates, rather than taxed at ordinary income rates. See U.S. Taxation of Taxable U.S. Shareholders Generally Qualified Dividend Income, beginning on page 147.

Requirements for Qualification as a Real Estate Investment Trust. The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) that issues transferable shares or transferable certificates to evidence its beneficial ownership;

(3) that would be taxable as a domestic corporation, but for Sections 856 through 860 of the Code;

(4) that is neither a financial institution nor an insurance company within the meaning of certain provisions of the Code;

(5) that is beneficially owned by 100 or more persons;

(6) not more than 50% in value of the outstanding shares or other beneficial interest of which is owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities and as determined by applying certain attribution rules) during the last half of each taxable year;

(7) that makes an election to be a REIT for the current taxable year, or has made such an election for a previous taxable year that has not been revoked or terminated, and satisfies all relevant filing and other

administrative requirements established by the IRS that must be met to elect and maintain REIT status;

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(8) that uses a calendar year for federal income tax purposes and complies with the recordkeeping requirements of the Code and the Treasury regulations promulgated thereunder; and

(9) that meets other applicable tests, described below, regarding the nature of its income and assets and the amount of its distributions.

The Code provides that conditions (1), (2), (3) and (4) above must be met during the entire taxable year and condition (5) above must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (5) and (6) do not apply until after the first taxable year for which an election is made to be taxed as a REIT. Condition (6) must be met during the last half of each taxable year. For purposes of determining share ownership under condition (6) above, a supplemental unemployment compensation benefits plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes generally is considered an individual. However, a trust that is a qualified trust under Code Section 401(a) generally is not considered an individual, and beneficiaries of a qualified trust are treated as holding shares of a REIT in proportion to their actuarial interests in the trust for purposes of condition (6) above.

We believe that we have been organized, have operated and have issued sufficient shares of beneficial interest with sufficient diversity of ownership to allow us to satisfy the above conditions. In addition, our declaration of trust contain restrictions regarding the transfer of shares of beneficial interest that are intended to assist us in continuing to satisfy the share ownership requirements described in conditions (5) and (6) above. These restrictions, however, may not ensure that we will be able to satisfy these ownership requirements. If we fail to satisfy these share ownership requirements, we will fail to qualify as a REIT (except as described in the next paragraph).

To monitor our compliance with condition (6) above, a REIT is required to send annual letters to its shareholders requesting information regarding the actual ownership of its shares. If we comply with the annual letters requirement and we do not know or, exercising reasonable diligence, would not have known of our failure to meet condition (6) above, then we will be treated as having met condition (6) above.

To qualify as a REIT, we cannot have at the end of any taxable year any undistributed earnings and profits that are attributable to a non-REIT taxable year. We elected to be taxed as a REIT beginning with our first taxable year in 2004 and we do not believe that we have succeeded to any earnings and profits of a C corporation that were not distributed prior to December 31, 2004. Therefore, we do not believe we had any undistributed non-REIT earnings and profits.

Ownership of Interests in Partnerships and Limited Liability Companies. In the case of a REIT which is a partner in a partnership or a member in a limited liability company treated as a partnership for federal income tax purposes, Treasury regulations provide that the REIT will be deemed to own its pro rata share of the assets of the partnership or limited liability company, as the case may be, based on its capital interests in such partnership or limited liability company. Also, the REIT will be deemed to be entitled to the income of the partnership or limited liability company attributable to its pro rata share of the assets of that entity. The character of the assets and gross income of the partnership or limited liability company retains the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests. Thus, our pro rata share of the assets and items of income of our operating partnership, including our operating partnership s share of these items of any partnership or limited liability company in which we own an interest, are treated as our assets and items of income for purposes of applying the requirements described in this prospectus, including the income and asset tests described below.

We have included a brief summary of the rules governing the federal income taxation of partnerships and limited liability companies and their partners or members below in Tax Aspects of Our Ownership of Interests in the Operating Partnership, and other Partnerships and Limited Liability Companies. We have control of our operating partnership and substantially all of the subsidiary partnerships and limited liability companies and intend to continue to operate them in a manner consistent with the requirements for our qualification and taxation as a REIT. In the future, we may be a limited partner or non-managing member in some of our partnerships and limited liability companies. If such a partnership or limited liability company

were to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action that could cause us to fail a REIT income or asset test, and that we would not become aware of such action in a time frame which would allow us to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we could fail to qualify as a REIT unless entitled to relief, as described below.

Ownership of Interests in Qualified REIT Subsidiaries. We may acquire 100% of the stock of one or more corporations that are qualified REIT subsidiaries. A corporation will qualify as a qualified REIT subsidiary if we own 100% of its stock and it is not a taxable REIT subsidiary. A qualified REIT subsidiary will not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a qualified REIT subsidiary will be treated as our assets, liabilities and such items (as the case may be) for all purposes of the Code, including the REIT qualification tests. For this reason, references in this discussion to our income and assets should be understood to include the income and assets of any qualified REIT subsidiary we own. Income of a qualified REIT subsidiary will not be subject to federal income tax, although it may be subject to state and local taxation in some states. Our ownership of the voting stock of a qualified REIT subsidiary will not violate the asset test restrictions against ownership of securities of any one issuer which constitute more than 10% of the voting power or value of such issuer s securities or more than five percent of the value of our total assets, as described below in Asset Tests Applicable to REITs, beginning on page 139.

Ownership of Interests in Taxable REIT Subsidiaries. A taxable REIT subsidiary is a corporation other than a REIT in which we directly or indirectly hold stock, which has made a joint election with us to be treated as a taxable REIT subsidiary under Section 856(l) of the Code. A taxable REIT subsidiary also includes any corporation other than a REIT in which a taxable REIT subsidiary of ours owns, directly or indirectly, securities, (other than certain straight debt securities), which represent more than 35% of the total voting power or value of the outstanding securities of such corporation. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to our tenants without causing us to receive impermissible tenant service income under the REIT gross income tests. A taxable REIT subsidiary is required to pay regular federal income tax, and state and local income tax where applicable, as a non-REIT C corporation. In addition, a taxable REIT subsidiary may be prevented from deducting interest on debt funded directly or indirectly by us if certain tests regarding the taxable REIT subsidiary s debt to equity ratio and interest expense are not satisfied. If dividends are paid to us by our taxable REIT subsidiary, then a portion of the dividends we distribute to shareholders who are taxed at individual rates will generally be eligible for taxation at lower capital gains rates, rather than at ordinary income rates. See U.S. Taxation of Taxable U.S. Shareholders Generally Qualified Dividend Income, beginning on page 147.

Generally, a taxable REIT subsidiary can perform impermissible tenant services without causing us to receive impermissible tenant services income under the REIT income tests. However, several provisions applicable to the arrangements between us and our taxable REIT subsidiary 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 interest payments in excess of a certain amount made directly or indirectly to us. In addition, we will be obligated to pay a 100% penalty tax on some payments we receive or on certain expenses deducted by the taxable REIT subsidiary if the economic arrangements between us, our tenants and the taxable REIT subsidiary are not comparable to similar arrangements among unrelated parties. Our taxable REIT subsidiary, and any future taxable REIT subsidiaries acquired by us, may make interest and other payments to us and to third parties in connection with activities related to our facilities. There can be no assurance that our taxable REIT subsidiaries will not be limited in their ability to deduct certain interest payments made to us. In addition, there can be no assurance that the IRS might not seek to impose the 100% excise tax on a portion of payments received by us from, or expenses deducted by, our taxable REIT subsidiaries.

U-Store-It Mini Warehouse Co. is taxable as a regular corporation and has elected, together with us, to be treated as our taxable REIT subsidiary. Although we do not currently hold an interest in any other taxable

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REIT subsidiaries, we may acquire securities in one or more additional taxable REIT subsidiaries or elect to treat a subsidiary in which we currently own securities as a taxable REIT subsidiary in the future.

Income Tests Applicable to REITs. To qualify as a REIT, we must satisfy two gross income tests which are applied on an annual basis. First, in each taxable year we must derive directly or indirectly at least 75% of our gross income, excluding gross income from prohibited transactions, from investments relating to real property or mortgages on real property or from some types of temporary investments. Income from investments relating to real property or mortgages on related property includes rents from real property, gains on the disposition of real estate, dividends paid by another REIT and interest on obligations secured by mortgages on real property or on interests in real property. Second, in each taxable year we must derive at least 95% of our gross income, excluding gross income from prohibited transactions, from any combination of income qualifying under the 75% test and dividends, interest, and gain from the sale or disposition of stock or securities.

Rents we receive will qualify as rents from real property for the purpose of satisfying the gross income requirements for a REIT described above only if several conditions are met:

The amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount we receive or accrue generally will not be excluded from the term rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales;

We, or an actual or constructive owner of 10% or more of our shares, must not actually or constructively own 10% or more of the interests in the tenant, or, if the tenant is a corporation, 10% or more of the voting power or value of all classes of stock of the tenant. Rents received from such tenant that is a taxable REIT subsidiary, however, will not be excluded from the definition of rents from real property as a result of this condition if either (i) at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by the taxable REIT subsidiary are comparable to rents paid by our other tenants for comparable space or (ii) the property is a qualified lodging property and such property is operated on behalf of the taxable REIT subsidiary by a person who is an independent contractor and certain other requirements are met;

Rent attributable to personal property, leased in connection with a lease of real property, is not greater than 15% of the total rent received under the lease. If this requirement is not met, then the portion of rent attributable to personal property will not qualify as rents from real property; and

We generally must not provide directly impermissible tenant services to the tenants of a property, subject to a 1% de minimis exception, other than through an independent contractor from whom we derive no income or a taxable REIT subsidiary. We may, however, directly perform certain services that are usually or customarily rendered in connection with the rental of space for occupancy only and are not otherwise considered rendered primarily for the convenience of the tenant of the property. Examples of such services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. In addition, we may provide through an independent contractor or a taxable REIT subsidiary, which may be wholly or partially owned by us, both customary and non-customary services to our tenants without causing the rent we receive from those tenants to fail to qualify as rents from real property. If the total amount of income we receive from providing impermissible tenant services at a property exceeds 1% of our total income from that property, then all of the income from that property will fail to qualify as rents from real property. Impermissible tenant service income is deemed to be at least 150% of our direct cost in providing the service.

We monitor (and intend to continue to monitor) the activities provided at, and the non-qualifying income arising from, our facilities and believe that we have not provided services that will cause us to fail to meet the income tests. We provide some services and may provide access to third party service providers at some or all of our facilities. Based upon our experience in the markets where the facilities are located, we believe that all access to service providers and services provided to tenants by us (other than through a qualified

independent contractor or a taxable REIT subsidiary) either are usually or customarily rendered in connection with the rental of real property and not otherwise considered rendered to the occupant, or, if considered impermissible services, will not result in an amount of impermissible tenant service income that will cause us to fail to meet the income test requirements. However, we cannot provide any assurance that the IRS will agree with these positions.

Interest generally will be non-qualifying income for purposes of the 75% or 95% gross income tests if it depends in whole or in part on the income or profits of any person. However, interest based on a fixed percentage or percentages of gross receipts or sales may still qualify under the gross income tests. We do not expect to derive significant amounts of interest that will not qualify under the 75% and 95% gross income tests.

Our share of any dividends received from U-Store-It Mini Warehouse Co. and from other corporations in which we own an interest (other than qualified REIT subsidiaries) will qualify for purposes of the 95% gross income test but not for purposes of the 75% gross income test. We do not anticipate that we will receive sufficient dividends from U-Store-It Mini Warehouse Co. or other such corporations to cause us to exceed the limit on non-qualifying income under the 75% gross income test. Dividends that we receive from other qualifying REITs will qualify for purposes of both REIT income tests.

From time to time, we might enter into hedging transactions with respect to one or more of our assets or liabilities, including interest rate swap or cap agreements, options, futures contracts, or any similar financial instruments. For taxable years prior to 2005, to the extent that such financial instruments were entered into to reduce the interest rate risk with respect to any indebtedness incurred or to be incurred to acquire or carry real estate assets, any periodic payments or gains from disposition were treated as qualifying income for purposes of the 95% gross income test, but not for the 75% gross income test. If, however, part or all of the indebtedness was incurred for other purposes, then part or all of the income for such years would be non-qualifying income for purposes of both the 75% and the 95% gross income tests. For our 2005 and subsequent taxable years, income or gain from hedging transactions will be disregarded for purposes of the 95% gross income test if the hedge is entered into in the normal course of our business primarily to manage the risk of interest rate changes with respect to indebtedness incurred or to be incurred by us to acquire or carry real estate assets and we meet specified identification requirements. We intend to structure any hedging transactions in a manner that does not jeopardize our status as a REIT.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for that year if we are entitled to relief under the Code. These relief provisions generally will be available if our failure to meet the tests is due to reasonable cause and not due to willful neglect, and we disclose to the IRS the sources of our income as required by the Code and applicable regulations. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally incur exceeds the limits on nonqualifying income, the IRS could conclude that the failure to satisfy the tests was not due to reasonable cause. If these relief provisions are inapplicable to a particular set of circumstances, we will fail to qualify as a REIT. As discussed above, under Taxation and Qualification of Our Company as a REIT General, beginning on page 132 even if these relief provisions apply, a tax would be imposed based on the amount of nonqualifying income.

Prohibited Transaction Income. Any gain that we realize on the sale of any property held as inventory or otherwise held primarily for sale to tenants in the ordinary course of business, including our share of any such gain realized by our operating partnership, either directly or through its subsidiary partnerships and limited liability companies, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Under existing law, whether property is held as inventory or primarily for sale to tenants in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. However, we will not be treated as a dealer in real property with respect to a property that it sells for the purposes of the 100% tax if (i) we have held the property for at least four years for the production of rental income prior to the sale, (ii) capitalized expenditures on the property in the four years preceding the sale are less than 30% of the net selling price of the property, and (iii) we either (a) have seven or fewer sales of property (excluding certain property obtained through foreclosure) for the year of sale or (b) the aggregate tax basis of property sold during the year of sale is 10% or less of the aggregate tax basis of all of our assets as of the beginning of the taxable year and substantially all of the marketing and development expenditures with respect to the property sold are made through an independent contractor from whom we derive no income. The sale of more than one property to one buyer as part of one transaction constitutes one sale for purposes of this safe harbor. We intend to hold our facilities for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning our facilities and to make occasional sales of the facilities as are consistent with our investment objectives. However, the IRS may successfully contend that some or all of the sales made by us or our operating partnership or its subsidiary partnerships or limited liability companies are prohibited transactions. In that case, we would be required to pay the 100% penalty tax on our allocable share of the gains resulting from any such sales.

Penalty Tax. Any redetermined rents, redetermined deductions or excess interest we generate will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of services furnished by one of our taxable REIT subsidiaries to any of our tenants, and redetermined deductions and excess interest represent amounts that are deducted by a taxable REIT subsidiary for payments to us that are in excess of the amounts that would have been deducted based on arm s-length negotiations. Rents we receive will not constitute redetermined rents if they qualify for the safe harbor provisions contained in the Code. Safe harbor provisions are provided where:

- amounts are excluded from the definition of impermissible tenant service income as a result of satisfying the 1% de minimis exception;

- a taxable REIT subsidiary renders a significant amount of similar services to unrelated parties and the charges for such services are substantially comparable;

- rents paid to us by tenants who are not receiving services from the taxable REIT subsidiary are substantially comparable to the rents paid by our tenants leasing comparable space who are receiving services from the taxable REIT subsidiary and the charge for the services is separately stated; or

- the taxable REIT subsidiary s gross income from the service is not less than 150% of the taxable REIT subsidiary s direct cost of furnishing the service.

While we anticipate that any fees paid to a taxable REIT subsidiary for tenant services will reflect arm s-length rates, a taxable REIT subsidiary may under certain circumstances provide tenant services which do not satisfy any of the safe-harbor provisions described above. Nevertheless, these determinations are inherently factual, and the IRS has broad discretion to assert that amounts paid between related parties should be reallocated to clearly reflect their respective incomes. If the IRS successfully made such an assertion, we would be required to pay a 100% penalty tax on the redetermined rent, redetermined deductions or excess interest, as applicable.

Asset Tests Applicable to REITs. At the close of each quarter of our taxable year, we must also satisfy four tests relating to the nature and diversification of our assets.

(1) at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items and government securities. For purposes of this test, real estate assets include our allocable share of real estate assets held by our operating partnership and the partnership and limited liability company subsidiaries of our operating partnership that are treated as partnership or disregarded entities for federal income tax purposes, as well as stock or debt instruments that are purchased with the proceeds of an offering of shares or a public offering of debt with a term of at least five years, but only for the one-year period beginning on the date we receive such proceeds.

(2) not more than 25% of our total assets may be represented by securities, other than those securities includable in the 75% asset class (*e.g.*, securities that qualify as real estate assets and government securities);

(3) except for equity investments in REITs, debt or equity investments in qualified REIT subsidiaries and taxable REIT subsidiaries, and other securities that qualify as real estate assets for purpose of the 75% test described in clause (1):

the value of any one issuer s securities owned by us may not exceed 5% of the value of our total assets;

we may not own more than 10% of any one issuer s outstanding voting securities; and

we may not own more than 10% of the total value of the outstanding securities of any one issuer, other than securities that qualify for the straight debt exception discussed below; and

(4) not more than 20% of the value of our total assets may be represented by the securities of one or more taxable REIT subsidiaries.

Securities for purposes of the asset tests may include debt securities. However, the Code specifically provides that the following types of debt will not be taken into account for purposes of the 10% value test: (1) securities that meet the straight debt safe-harbor, as discussed in the next paragraph; (2) loans to individuals or estates; (3) obligations to pay rent from real property; (4) rental agreements described in Section 467 of the Code; (5) any security issued by other REITs; (6) certain securities issued by a state, the District of Columbia, a foreign government, or a political subdivision of any of the foregoing, or the Commonwealth of Puerto Rico; and (7) any other arrangement as determined by the IRS. In addition, for purposes of the 10% value test only, to the extent we hold debt securities that are not described in the preceding sentence, (a) debt issued by partnerships that derive at least 75% of their gross income from sources that constitute qualifying income for purposes of the 75% gross income test, and (b) debt that is issued by any partnership, to the extent of our interest as a partner in the partnership, are not considered securities.

Debt will meet the straight debt safe harbor if (1) neither we, nor any of our controlled taxable REIT subsidiaries (i.e., taxable REIT subsidiaries more than 50% of the vote or value of the outstanding stock of which is directly or indirectly owned by us), own any securities not described in the preceding paragraph that have an aggregate value greater than one percent of the issuer s outstanding securities, as calculated under the Code, (2) the debt is a written unconditional promise to pay on demand or on a specified date a sum certain in money, (3) the debt is not convertible, directly or indirectly, into stock, and (4) the interest rate and the interest payment dates of the debt are not contingent on the profits, the borrower s discretion or similar factors. However, contingencies regarding time of payment and interest are permissible for purposes of qualifying as a straight debt security if either (1) such contingency does not have the effect of changing the effective yield of maturity, as determined under the Code, other than a change in the annual yield to maturity that does not exceed the greater of (i) 5% of the annual yield to maturity or (ii) 0.25%, or (2) neither the aggregate issue price nor the aggregate face amount of the issuer s debt instruments held by the REIT exceeds $1,000,000 and not more than 12 months of unaccrued interest can be required to be prepaid thereunder. In addition, debt will not be disqualified from being treated as straight debt solely because the time or amount of payment is subject to a contingency upon a default or the exercise of a prepayment right by the issuer of the debt, provided that such contingency is consistent with customary commercial practice.

Our operating partnership owns 100% of the interests of U-Store-It Mini Warehouse Co. We are considered to own our pro rata share (based on our ownership in the operating partnership) of the interests in U-Store-It Mini Warehouse Co. equal to our proportionate share (by capital) of the operating partnership. U-Store-It Mini Warehouse Co. has elected, together with us, to be treated as our taxable REIT subsidiary. So long as U-Store-It Mini Warehouse Co. qualifies as a taxable REIT subsidiary, we will not be subject to the 5% asset test, 10% voting securities limitation or 10% value limitation with respect to our ownership interest. We may acquire securities in other taxable REIT subsidiaries in the future. We believe that the aggregate value of our interest in our taxable REIT subsidiary does not exceed, and believe that in the future it will not exceed, 20% of the aggregate value of our gross assets. To the extent that we own an interest in an issuer that does not qualify as a REIT, a qualified REIT subsidiary, or a taxable REIT subsidiary, we believe that our pro rata share of the value of the securities, including debt, of any such issuer does not exceed, and believe in the future it will not exceed, 5% of the total value of our assets. Moreover, with respect to each issuer in which we own an interest that does not qualify as a qualified REIT subsidiary or a taxable REIT subsidiary, we believe that our ownership of the securities of any such issuer complies with the 10% voting securities limitation and 10% value limitation. However, no independent appraisals have been obtained to support these conclusions. In this regard, however, we cannot provide any assurance that the IRS might disagree with our determinations.

The asset tests must be satisfied not only on the last day of the calendar quarter in which we, directly or through pass-through subsidiaries, acquire securities in the applicable issuer, but also on the last day of the calendar quarter in which we increase our ownership of securities of such issuer, including as a result of increasing our interest in pass-through subsidiaries. After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the 25%, 20% or 5% asset tests solely by reason of changes in the relative values of our assets. If failure to satisfy the 25%, 20% or 5% asset tests results from an acquisition of securities or other property during a quarter, we can cure this failure by disposing of sufficient non-qualifying assets within 30 days after the close of that quarter. An acquisition of securities could result from our increasing our interest in our operating partnership, the exercise by limited partners of their redemption right relating to units in the operating partnership or an additional capital contribution of proceeds of an offering of our shares of beneficial interest. We intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests and to take any available action within 30 days after the close of any quarter as may be required to cure any noncompliance with the 25%, 20% or 5% asset tests. Although we plan to take steps to ensure that we satisfy such tests for any quarter with respect to which testing is to occur, there can be no assurance that such steps will always be successful. If we fail to timely cure any noncompliance with the asset tests, we would cease to qualify as a REIT, unless we satisfy certain relief provisions described in the next paragraph.

Furthermore, for our 2005 and subsequent taxable years, the failure to satisfy the asset tests can be remedied even after the 30-day cure period under certain circumstances. If the total value of the assets that caused a failure of the 5% asset test, the 10% voting securities test or the 10% value test does not exceed either 1% of our assets at the end of the relevant quarter or $10,000,000, we can cure such a failure by disposing of sufficient assets to cure such a violation within six months following the last day of the quarter in which we first identify the failure of the asset test. For a violation of any of the asset tests (including the 75%, 25% and the 20% asset tests) attributable to the ownership of assets the total value of which exceeds the amount described in the preceding sentence, we can avoid disqualification as a REIT if the violation is due to reasonable cause and we dispose of an amount of assets sufficient to cure such violation within the six-month period described in the preceding sentence, pays a tax equal to the greater of $50,000 or the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets during the period of time that the assets were held as nonqualifying assets, and file in accordance with applicable Treasury regulations a schedule with the IRS that describes the assets. The applicable Treasury regulations are yet to be issued. Thus, it is not possible to state with precision under what circumstances we would be entitled to the benefit of these provisions.

Annual Distribution Requirements Applicable to REITs. To qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our shareholders each year in an amount at least equal to the sum of:

90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain; and

90% of our after tax net income, if any, from foreclosure property; *minus*

the excess of the sum of certain items of non-cash income over 5% of our REIT taxable income.

In addition, for purposes of this test, non-cash income means income attributable to leveled stepped rents, original issue discount included in our taxable income without the receipt of a corresponding payment, cancellation of indebtedness or a like-kind exchange that is later determined to be taxable.

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We must pay these distributions in the taxable year to which they relate, or in the following taxable year if they are declared during the last three months of the taxable year, payable to shareholders of record on a specified date during such period and paid during January of the following year. Such distributions are treated as paid by us and received by our shareholders on December 31 of the year in which they are declared. In addition, at our election, a distribution for a taxable year may be declared before we timely file our tax return for such year and paid on or before the first regular dividend payment date after such declaration, provided such payment is made during the twelve-month period following the close of such year. These distributions are taxable to our shareholders, other than tax-exempt entities, in the year in which paid. This is so even though these distributions relate to the prior year for purposes of our 90% distribution requirement. The amount distributed must not be preferential i.e., every shareholder of the class of shares with respect to which a distribution is made must be treated the same as every other shareholder of that class, and no class of shares may be treated otherwise than in accordance with its dividend rights as a class. To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be required to pay tax on that amount at regular corporate tax rates. We intend to make timely distributions sufficient to satisfy these annual distribution requirements. In this regard, the partnership agreement of our operating partnership authorizes us, as general partner of our operating partnership, to take such steps as may be necessary to cause our operating partnership to distribute to its partners an amount sufficient to permit us to meet these distribution requirements.

We expect that our REIT taxable income will be less than our cash flow because of depreciation and other non-cash charges included in computing REIT taxable income. Accordingly, we anticipate that we will generally have sufficient cash or liquid assets to enable us to satisfy the distribution requirements described above. However, from time to time, we may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in arriving at our taxable income. If these timing differences occur, we may need to arrange for short-term, or possibly long-term, borrowings or need to pay dividends in the form of taxable dividends in order to meet the distribution requirements.

Under some circumstances, we may be able to rectify an inadvertent failure to meet the distribution requirement for a year by paying deficiency dividends to our shareholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends. However, we will be required to pay interest to the IRS based upon the amount of any deduction claimed for deficiency dividends.

Furthermore, we will be required to pay a 4% nondeductible excise tax to the extent we fail to distribute during each calendar year, or in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January following such calendar year, at least the sum of:

- 85% of our REIT ordinary income for such year;
- 95% of our REIT capital gain net income for the year; and
- any undistributed taxable income from prior taxable years.

Any REIT taxable income and net capital gain on which this excise tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating such tax and excess distributions from the immediately preceding year may be carried over.

A REIT may elect to retain rather than distribute all or a portion of its net capital gains and pay the tax on the gains. In that case, a REIT may elect to have its shareholders include their proportionate share of the undistributed net capital gains in income as long-term capital gains and receive a credit for their share of the tax paid by the REIT. For purposes of the 4% excise tax described above, any retained amounts would be treated as having been distributed.

Record-Keeping Requirements. We are required to comply with applicable record-keeping requirements. Failure to comply could result in monetary fines.

Failure to Qualify as a REIT

If we fail to comply with one or more of the conditions required for qualification as a REIT (other than asset tests and the income tests that have the specific savings clauses discussed above in Taxation and Qualification of Our Company as a REIT Asset Tests Applicable to REITs, beginning on page 139 and Taxation and Qualification of Our Company as a REIT Income Tests Applicable to REITs, beginning on page 137), we can avoid termination of our REIT status by paying a penalty of $50,000 for each such failure, provided that our noncompliance was due to reasonable cause and not willful neglect. If we fail to qualify for taxation as a REIT in any taxable year and the statutory relief provisions do not apply, we will be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to shareholders in any year in which we fail to qualify will not be deductible by us, and we will not be required to distribute any amounts to our shareholders. As a result, our failure to qualify as a REIT would significantly reduce the cash available for distribution by us to our shareholders. In addition, if we fail to qualify as a REIT, all distributions to shareholders will be taxable as dividends to the extent of our current and accumulated earnings and profits, whether or not attributable to capital gains earned by us. Non-corporate shareholders currently would be taxed on these dividends at capital gains rates; corporate shareholders may be eligible for the dividends received deduction with respect to such dividends. Unless entitled to relief under specific statutory provisions, we will also be disqualified from taxation as a REIT for the four taxable years following the year during which we lost our qualification. There can be no assurance that we would be entitled to any statutory relief.

Tax Aspects of Our Ownership of Interests in the Operating Partnership and other Partnerships and Limited Liability Companies

General. Substantially all of our investments are held indirectly through our operating partnership. In addition, our operating partnership holds certain of its investments indirectly through subsidiary partnerships and limited liability companies that we expect will be treated as partnerships or as disregarded entities for federal income tax purposes. In general, entities that are classified as partnerships or as disregarded entities for federal income tax purposes are pass-through entities which are not required to pay federal income tax. Rather, partners or members of such entities are allocated their pro rata shares of the items of income, gain, loss, deduction and credit of the entity, and are required to include these items in calculating their federal income tax liability, without regard to whether the partners or members receive a distribution of cash from the entity. We include in our income our pro rata share of the foregoing items for purposes of the various REIT income tests and in the computation of our REIT taxable income. Moreover, for purposes of the REIT asset tests, we include our pro rata share of assets, based on capital interests, of assets held by our operating partnership, including its share of assets held by its subsidiary partnerships and limited liability companies. See Taxation and Qualification of Our Company as a REIT Requirements for Qualification as a Real Estate Investment Trust, beginning on page 134 and Taxation and Qualification of Our Company as a REIT Ownership of Interests in Partnerships and Limited Liability Companies, beginning on page 135.

Entity Classification. Our interests in our operating partnership and the subsidiary partnerships and limited liability companies involve special tax considerations, including the possibility that the IRS might challenge the status of one or more of these entities as a partnership or disregarded entity, and assert that such entity is an association taxable as a corporation for federal income tax purposes. If our operating partnership, or a subsidiary partnership or limited liability company, were treated as an association, it would be taxable as a corporation and would be required to pay an entity-level tax on its income. In this situation, the character of our assets and items of gross income could change, which could preclude us from satisfying the REIT asset tests and possibly the REIT income tests. See Taxation and Qualification of Our Company as a REIT Asset Tests Applicable to REITs, beginning on page 139 and Taxation and Qualification of Our Company as a REIT Income Tests Applicable to REITs, beginning on page 137. This, in turn, would prevent us from qualifying as a REIT. See Failure to Qualify as a REIT, beginning on page 143 for a discussion of the effect of our failure to meet these tests for a taxable year. In addition, a change in our operating partnership s or a subsidiary partnership s or limited liability company s status as a partnership for tax purposes might be treated as a taxable event. If so, we might incur a tax liability without any related cash distributions.

Our operating partnership and each of our other partnerships and limited liability companies (other than an entity that has elected to be a taxable REIT subsidiary) intend to claim classification as a partnership or as a disregarded entity for federal income tax purposes and we believe that they will be classified as either partnerships or as disregarded entities. As described above, Hogan & Hartson L.L.P. will render an opinion to the effect that the operating partnership will be taxed for federal income tax purposes as a partnership and not as an association taxable as a corporation. See Taxation and Qualification of Our Company as a REIT Tax Opinions Received by Us in Connection with this Offering, beginning on page 132. It must be emphasized that this opinion will be based on various assumptions and representations as to factual matters, including factual representations made by us in a certificate provided by one of our officers. Hogan & Hartson L.L.P. has no ongoing obligation to update its opinion rendered to us in connection with this offering.

A partnership is a publicly-traded partnership under Section 7704 of the Code if:

(1) interests in the partnership are traded on an established securities market; or

(2) interests in the partnership are readily tradable on a secondary market or the substantial equivalent of a secondary market.

Our company and the operating partnership currently take the reporting position for federal income tax purposes that the operating partnership is not a publicly-traded partnership. There is a risk, however, that the right of a holder of operating partnership units to redeem the units for common shares could cause operating partnership units to be considered readily tradable on the substantial equivalent of a secondary market. Under the relevant Treasury regulations, interests in a partnership will not be considered readily tradable on a secondary market, or on the substantial equivalent of a secondary market, if the partnership qualifies for specified safe harbors, which are based on the specific facts and circumstances relating to the partnership. We and the operating partnership believe that the operating partnership will qualify for at least one of these safe harbors at all times in the foreseeable future. The operating partnership cannot provide any assurance that it will continue to qualify for one of the safe harbors mentioned above.

If the operating partnership is a publicly-traded partnership, it will be taxed as a corporation unless at least 90% of its gross income consists of qualifying income under Section 7704 of the Code. Qualifying income is generally real property rents and other types of passive income. We believe that the operating partnership will have sufficient qualifying income so that it would be taxed as a partnership, even if it were a publicly-traded partnership. The income requirements applicable to us in order for it to qualify as a REIT under the Code and the definition of qualifying income under the publicly-traded partnership rules are very similar. Although differences exist between these two income tests, we does not believe that these differences would cause the operating partnership not to satisfy the 90% gross income test applicable to publicly-traded partnerships.

Allocations of Partnership Income, Gain, Loss and Deduction. The partnership agreement generally provides that items of operating income and loss will be allocated to the holders of units in proportion to the number of units held by each such unit holder. If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury regulations thereunder, the item subject to the allocation will be reallocated in accordance with the partners interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Our operating partnership s allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury regulations promulgated under this section of the Code.

Tax Allocations with Respect to the Facilities. Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership, must be allocated in a manner so that the contributing partner is charged with the unrealized gain or benefits from the unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value or book value of the property and its adjusted tax basis of the property at the

time of contribution. These allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. Appreciated property will be contributed to our operating partnership in exchange for interests in our operating partnership in connection with the formation transactions. The partnership agreement requires that these allocations be made in a manner consistent with Section 704(c) of the Code. Treasury regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of accounting for book-tax differences. We and our operating partnership have agreed to use the traditional method for accounting for book-tax differences for certain facilities initially contributed to our operating partnership in connection with our formation transactions. To the extent we use the traditional method, a description of this method is below.

Under the traditional method, which is the least favorable method from our perspective, the carryover basis of contributed facilities in the hands of our operating partnership (i) may cause us to be allocated lower amounts of depreciation and other deductions for tax purposes than would be allocated to us if all contributed facilities were to have a tax basis equal to their fair market value at the time of the contribution and (ii) in the event of a sale of such facilities, could cause us to be allocated taxable gain in excess of our corresponding economic or book gain (or taxable loss that is less than our economic or book loss) with respect to the sale, with a corresponding benefit to the contributing partners. Therefore, the use of the traditional method could result in our having taxable income that is in excess of economic income and our cash distributions from the operating partnership. This excess taxable income is sometimes referred to as phantom income and will be subject to the REIT distribution requirements described in Annual Distribution Requirements Applicable to REITs. Because we rely on our cash distributions from the operating partnership to meet the REIT distribution requirements, the phantom income could adversely affect our ability to comply with the REIT distribution requirements and cause our shareholders to recognize additional dividend income without an increase in distributions. See Taxation and Qualification of Our Company as a REIT Requirements for Qualification as a Real Estate Investment Trust, beginning on page 134 and Taxation and Qualification of Our Company as a REIT Annual Distribution Requirements Applicable to REITs, beginning on page 141.

We, as the general partner of our operating partnership, have the sole discretion to select which method set forth in the applicable Treasury regulations to use to account for book-tax differences for other facilities acquired by our operating partnership in the future. Any property acquired by our operating partnership in a taxable transaction will initially have a tax basis equal to its fair market value and, accordingly, Section 704(c) of the Code will not apply.

Federal Income Tax Considerations for Holders of Our Common Shares

When we use the term U.S. shareholder, we mean a holder of our common shares that is, for United States federal income tax purposes:

- a citizen or resident, as defined in Section 7701(b) of the Code, of the United States;

- a corporation, partnership, limited liability company or other entity treated as a corporation or partnership for United States federal income tax purposes that was created or organized in or under the laws of the United States or of any State thereof or in the District of Columbia unless, in the case of a partnership or limited liability company, Treasury regulations provide otherwise;

- an estate the income of which is subject to United States federal income taxation regardless of its source; or

- in general, a trust whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in the Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to this date that elect to continue to be treated as United States persons, shall also be considered U.S. shareholders.

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If you hold our common shares and are not a U.S. shareholder, you are a non-U.S. shareholder. If a partnership holds our common shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common shares, you should consult your tax advisor regarding the tax consequences of the ownership and disposition of our common shares.

U.S. Taxation of Taxable U.S. Shareholders Generally

Distributions Generally. As long as we qualify as a REIT, distributions out of our current or accumulated earnings and profits that are not designated as capital gains dividends or qualified dividend income will be taxable to our taxable U.S. shareholders as ordinary income and will not be eligible for the dividends-received deduction in the case of U.S. shareholders that are corporations. For purposes of determining whether distributions to holders of common shares are out of current or accumulated earnings and profits, our earnings and profits will be allocated first to any outstanding preferred shares and then to our outstanding common shares.

To the extent that we make distributions in excess of our current and accumulated earnings and profits, these distributions will be treated first as a tax-free return of capital to each U.S. shareholder. This treatment will reduce the adjusted tax basis that each U.S. shareholder has in its shares for tax purposes by the amount of the distribution, but not below zero. Distributions in excess of a U.S. shareholder s adjusted tax basis in its shares will be taxable as capital gains, provided that the shares have been held as a capital asset, and will be taxable as long-term capital gain if the shares have been held for more than one year. Dividends we declare in October, November, or December of any year and payable to a shareholder of record on a specified date in any of these months shall be treated as both paid by us and received by the shareholder on December 31 of that year, provided we actually pay the dividend on or before January 31 of the following calendar year.

Capital Gain Dividends. We may elect to designate distributions of our net capital gain as capital gain dividends. Distributions that we properly designate as capital gain dividends will be taxable to our taxable U.S. shareholders as gain from the sale or disposition of a capital asset to the extent that such gain does not exceed our actual net capital gain for the taxable year. Designations made by us will only be effective to the extent that they comply with Revenue Ruling 89-81, which requires that distributions made to different classes of shares be composed proportionately of dividends of a particular type. If we designate any portion of a dividend as a capital gain dividend, a U.S. shareholder will receive an IRS Form 1099-DIV indicating the amount that will be taxable to the shareholder as capital gain. Corporate shareholders, however, may be required to treat up to 20% of some capital gain dividends as ordinary income.

Instead of paying capital gain dividends, we may designate all or part of our net capital gain as undistributed capital gain. We will be subject to tax at regular corporate rates on any undistributed capital gain. A U.S. shareholder will include in its income as long-term capital gains its proportionate share of such undistributed capital gain and will be deemed to have paid its proportionate share of the tax paid by us on such undistributed capital gain and receive a credit or a refund to the extent that the tax paid by us exceeds the U.S. shareholder s tax liability on the undistributed capital gain. A U.S. shareholder will increase the basis in its common shares by the difference between the amount of capital gain included in its income and the amount of tax it is deemed to have paid. A U.S. shareholder that is a corporation will appropriately adjust its earnings and profits for the retained capital gain in accordance with Treasury regulations to be prescribed by the IRS. Our earnings and profits will be adjusted appropriately.

We will classify portions of any designated capital gain dividend or undistributed capital gain as either:

(1) a 15% rate gain distribution, which would be taxable to non-corporate U.S. shareholders at a maximum rate of 15%; or

(2) an unrecaptured Section 1250 gain distribution, which would be taxable to non-corporate U.S. shareholders at a maximum rate of 25%.

We must determine the maximum amounts that we may designate as 15% and 25% rate capital gain dividends by performing the computation required by the Code as if the REIT were an individual whose ordinary income were subject to a marginal tax rate of at least 28%.

Recipients of capital gain dividends from us that are taxed at corporate income tax rates will be taxed at the normal corporate income tax rates on those dividends.

Qualified Dividend Income. With respect to shareholders who are taxed at the rates applicable to individuals, we may elect to designate a portion of our distributions paid to shareholders as qualified dividend income. A portion of a distribution that is properly designated as qualified dividend income is taxable to non-corporate U.S. shareholders as capital gain, provided that the shareholder has held the common shares with respect to which the distribution is made for more than 60 days during the 120-day period beginning on the date that is 60 days before the date on which such common shares become ex-dividend with respect to the relevant distribution. The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

(1) the qualified dividend income received by us during such taxable year from non-REIT C corporations (including our corporate subsidiaries, other than qualified REIT subsidiaries, and our taxable REIT subsidiaries);

(2) the excess of any undistributed REIT taxable income recognized during the immediately preceding year over the federal income tax paid by us with respect to such undistributed REIT taxable income; and

(3) the excess of any income recognized during the immediately preceding year attributable to the sale of a built-in-gain asset that was acquired in a carry-over basis transaction from a non-REIT C corporation over the federal income tax paid by us with respect to such built-in gain.

Generally, dividends that we receive will be treated as qualified dividend income for purposes of (1) above if the dividends are received from a domestic corporation (other than a REIT or a regulated investment company) or a qualifying foreign corporation and specified holding period requirements and other requirements are met. A foreign corporation (other than a foreign personal holding company, a foreign investment company, or passive foreign investment company) will be a qualifying foreign corporation if it is incorporated in a possession of the United States, the corporation is eligible for benefits of an income tax treaty with the United States that the Secretary of Treasury determines is satisfactory, or the stock of the foreign corporation on which the dividend is paid is readily tradable on an established securities market in the United States. We generally expect that an insignificant portion, if any, of our distributions will consist of qualified dividend income. If we designate any portion of a dividend as qualified dividend income, a U.S. shareholder will receive an IRS Form 1099-DIV indicating the amount that will be taxable to the shareholder as qualified dividend income.

Passive Activity Losses and Investment Interest Limitations. Distributions we make and gain arising from the sale or exchange by a U.S. shareholder of our shares will not be treated as passive activity income. As a result, U.S. shareholders generally will not be able to apply any passive losses against this income or gain. Distributions we make, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation. A U.S. shareholder may elect, depending on its particular situation, to treat capital gain dividends, capital gains from the disposition of shares and income designated as qualified dividend income as investment income for purposes of the investment interest limitation, in which case the applicable capital gains will be taxed at ordinary income rates. We will notify shareholders regarding the portions of our distributions for each year that constitute ordinary income, return of capital and qualified dividend income. U.S. shareholders may not include in their individual income tax returns any of our net operating losses or capital losses. Our operating or capital losses would be carried over by us for potential offset against future income, subject to applicable limitations.

Dispositions of Our Shares. If a U.S. shareholder sells or otherwise disposes of its shares in a taxable transaction, it will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale or other

disposition and the holder s adjusted basis in the shares for tax purposes. This gain or loss will be a capital gain or loss if the shares have been held by the U.S. shareholder as a capital asset. The applicable tax rate will depend on the U.S. shareholder s holding period in the asset (generally, if an asset has been held for more than one year, such gain or loss will be long-term capital gain or loss) and the U.S. shareholder s tax bracket. A U.S. shareholder who is an individual or an estate or trust and who has long-term capital gain or loss will be subject to a maximum capital gain rate, which is currently 15%. The IRS has the authority to prescribe, but has not yet prescribed, regulations that would apply a capital gain tax rate of 25% (which is generally higher than the long-term capital gain tax rates for noncorporate shareholders) to a portion of capital gain realized by a noncorporate shareholder on the sale of REIT shares that would correspond to the REIT s unrecaptured Section 1250 gain. In general, any loss recognized by a U.S. shareholder upon the sale or other disposition of common shares that have been held for six months or less, after applying the holding period rules, will be treated be such U.S. shareholders as a long-term capital loss, to the extent of distributions received by the U.S. shareholder from us that were required to be treated as long-term capital gains. Shareholders are advised to consult their own tax advisors with respect to the capital gain to liability.

U.S. Taxation of Tax-Exempt Shareholders

Provided that a tax-exempt shareholder, except certain tax-exempt shareholders described below, has not held its common shares as debt financed property within the meaning of the Code and the shares are not otherwise used in its trade or business, the dividend income from us and gain from the sale of our common shares will not be unrelated business taxable income, or UBTI to a tax-exempt shareholder. Generally, debt financed property is property, the acquisition or holding of which was financed through a borrowing by the tax-exempt shareholder.

For tax-exempt shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, or qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) or (c)(20) of the Code, respectively, or single parent title-holding corporations exempt under Section 501(c)(2) and whose income is payable to any of the aforementioned tax-exempt organizations, income from an investment in our common shares will constitute unrelated business taxable income unless the organization is able to properly claim a deduction for amounts set aside or placed in reserve for certain purposes so as to offset the income generated by its investment in our shares. These prospective investors should consult with their own tax advisors concerning these set aside and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a pension-held REIT are treated as UBTI if received by any trust which is described in Section 401(a) of the Code, is tax-exempt under Section 501(a) of the Code and holds more than 10%, by value, of the interests in the REIT. A pension-held REIT includes any REIT if:

- at least one of such trusts holds more than 25%, by value, of the interests in the REIT, or two or more of such trusts, each of which owns more than 10%, by value, of the interests in the REIT, hold in the aggregate more than 50%, by value, of the interests in the REIT; and

- it would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Code provides that shares owned by such trusts shall be treated, for purposes of the not closely held requirement, as owned by the beneficiaries of the trust, rather than by the trust itself.

The percentage of any REIT dividend from a pension-held REIT that is treated as UBTI is equal to the ratio of the UBTI earned by the REIT, treating the REIT as if it were a pension trust and therefore subject to tax on UBTI, to the total gross income of the REIT. An exception applies where the percentage is less than 5% for any year, in which case none of the dividends would be treated as UBTI. The provisions requiring pension trusts to treat a portion of REIT distributions as UBTI will not apply if the REIT is able to satisfy the not closely held requirement without relying upon the look-through exception with respect to pension trusts. As a result of certain limitations on the transfer and ownership of our common and preferred shares contained in our charter, we do not expect to be classified as a pension-held REIT, and accordingly, the tax treatment described above should be inapplicable to our tax-exempt shareholders.

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U.S. Taxation of Non-U.S. Shareholders

The following discussion addresses the rules governing United States federal income taxation of the ownership and disposition of our common shares by non-U.S. shareholders. These rules are complex, and no attempt is made herein to provide more than a brief summary of such rules. Accordingly, the discussion does not address all aspects of United States federal income taxation and does not address state, local or foreign tax consequences that may be relevant to a non-U.S. shareholder in light of its particular circumstances.

Distributions Generally

As described in the discussion below, distributions paid by us with respect to our common shares will be treated for federal income tax purposes as either:

- ordinary income dividends;
- long-term capital gain; or
- return of capital distributions.

This discussion assumes that our shares will continue to be considered regularly traded on an established securities market for purposes of the FIRPTA provisions described below. If our shares are no longer regularly traded on an established securities market, the tax considerations described below would differ.

Ordinary Income Dividends. A distribution paid by us to a non-U.S. common shareholder will be treated as an ordinary income dividend if the distribution is paid out of our current or accumulated earnings and profits and:

- the distribution is not attributable to our net capital gain; or
- the distribution is attributable to our net capital gain from the sale of U.S. real property interests and the non-U.S. common shareholder owns 5% or less of the value of our common shares at all times during the taxable year during which the distribution is paid.

Ordinary dividends that are effectively connected with a U.S. trade or business of the non-U.S. shareholder will be subject to tax on a net basis (that is, after allowance for deductions) at graduated rates in the same manner as U.S. shareholders (including any applicable alternative minimum tax).

Generally, we will withhold and remit to the IRS 30% of dividend distributions (including distributions that may later be determined to have been made in excess of current and accumulated earnings and profits) that could not be treated as capital gain distributions with respect to the non-U.S. shareholder (and that are not deemed to be capital gain dividends for purposes of the FIRPTA withholding rules described below) unless:

- a lower treaty rate applies and the non-U.S. shareholder files an IRS Form W-8BEN evidencing eligibility for that reduced treaty rate with us; or
- the non-U.S. shareholder files an IRS Form W-8ECI with us claiming that the distribution is income effectively connected with the non-U.S. shareholder s trade or business.

Return of Capital Distributions. A distribution in excess of our current and accumulated earnings and profits will be taxable to a non-U.S. shareholder, if at all, as gain from the sale of common shares to the extent that the distribution exceeds the non-U.S. shareholder s basis in its common shares. A distribution in excess of our current and accumulated earnings and profits will reduce the non-U.S. shareholder s basis in its common shares and will not be subject to U.S. federal income tax.

We may be required to withhold at least 10% of any distribution in excess of our current and accumulated earnings and profits, even if a lower treaty rate applies and the non-U.S. shareholder is not liable for tax on the receipt of that distribution. However, the non-U.S. shareholder may seek a refund of these amounts from the IRS if the non-U.S. shareholder s U.S. tax liability with respect to the distribution is less than the amount withheld.

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Capital Gain Dividends. A distribution paid by us to a non-U.S. shareholder will be treated as long-term capital gain if the distribution is paid out of our current or accumulated earnings and profits and:

the distribution is attributable to our net capital gain (other than from the sale of U.S. real property interests) and we timely designate the distribution as a capital gain dividend; or

the distribution is attributable to our net capital gain from the sale of U.S. real property interests and the non-U.S. common shareholder owns more than 5% of the value of common shares at any point during the taxable year in which the distribution is paid.

Due to recent amendments to the REIT taxation provisions in the Code, it is not entirely clear whether designated capital gain dividends described in the first bullet point above (that is, distributions attributable to net capital gain from sources other than the sale of U.S. real property interests) that are paid to non-U.S. shareholders who own less than 5% of the value of common shares at all times during the relevant taxable year will be treated as long-term capital gain to such non-U.S. shareholders. If we were to pay such a capital gain dividend, non-U.S. shareholders should consult their tax advisors regarding the taxation of such distribution. Long-term capital gain that a non-U.S. shareholder is deemed to receive from a capital gain dividend that is not attributable to the sale of U.S. real property interests generally will not be subject to U.S. tax in the hands of the non-U.S. shareholder unless:

the non-U.S. shareholder s investment in our common shares is effectively connected with a U.S. trade or business of the non-U.S. shareholder, in which case the non-U.S. shareholder will be subject to the same treatment as U.S. shareholders with respect to any gain, except that a non-U.S. shareholder that is a corporation also may be subject to the 30% branch profits tax; or

the non-U.S. shareholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a tax home in the United States in which case the nonresident alien individual will be subject to a 30% tax on his capital gains.

Under the Foreign Investment in Real Property Tax Act, referred to as FIRPTA, distributions that are attributable to net capital gain from the sales by us of U.S. real property interests and paid to a non-U.S. shareholder that owns more than 5% of the value of common shares at any time during the taxable year during which the distribution is paid will be subject to U.S. tax as income effectively connected with a U.S. trade or business. The FIRPTA tax will apply to these distributions whether or not the distribution is designated as a capital gain dividend.

Any distribution paid by us that is treated as a capital gain dividend or that could be treated as a capital gain dividend with respect to a particular non-U.S. shareholder that owns more than 5% of the value of common shares at any time during the taxable year during which the distribution is paid will be subject to special withholding rules under FIRPTA. We will be required to withhold and remit to the IRS 35% of any distribution that could be treated as a capital gain dividend with respect to the non-U.S. shareholder, whether or not the distribution is attributable to the sale by us of U.S. real property interests. The amount withheld is creditable against the non-U.S. shareholder s U.S. federal income tax liability or refundable when the non-U.S. shareholder properly and timely files a tax return with the IRS.

Undistributed Capital Gain. Although the law is not entirely clear on the matter, it appears that amounts designated by us as undistributed capital gains in respect of our shares held by non-U.S. shareholders generally should be treated in the same manner as actual distributions by us of capital gain dividends. Under that approach, the non-U.S. shareholder would be able to offset as a credit against their U.S. federal income tax liability resulting therefrom their proportionate share of the tax paid by us on the undistributed capital gains treated as long-term capital gain to the non-U.S. shareholder, and generally to receive from the IRS a refund to the extent their proportionate share of the tax paid by us were to exceed the non-U.S. shareholder s actual U.S. federal income tax liability on such long-term capital gain. If we were to designate any portion of our net capital gain as undistributed capital gain, a non-U.S. shareholder should consult its tax advisor regarding the taxation of such undistributed capital gain.

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Sale of Our Common Shares. Gain recognized by a non-U.S. shareholder upon the sale or exchange of our common shares generally would not be subject to United States taxation unless:

(1) the investment in our common shares is effectively connected with the non-U.S. shareholder s United States trade or business, in which case the non-U.S. shareholder will be subject to the same treatment as domestic shareholders with respect to any gain;

(2) the non-U.S. shareholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the nonresident alien individual will be subject to a 30% tax on the individual s net capital gains from United States sources for the taxable year; or

(3) our common shares constitute a United States real property interest within the meaning of FIRPTA, as described below.

Our common shares will not constitute a United States real property interest if we are a domestically controlled REIT. We will be a domestically controlled REIT if, at all times during a specified testing period, less than 50% in value of our common shares is held directly or indirectly by non-U.S. shareholders.

We believe that we will be a domestically controlled REIT and, therefore, that the sale of our common shares by a non-U.S. shareholder would not be subject to taxation under FIRPTA. Because our common shares are publicly traded, however, we cannot guarantee that we are or will continue to be a domestically controlled REIT.

Even if we do not qualify as a domestically controlled REIT at the time a non-U.S. shareholder sells our common shares, gain arising from the sale still would not be subject to FIRPTA tax if:

(1) the class or series of shares sold is considered regularly traded under applicable Treasury regulations on an established securities market, such as the New York Stock Exchange; and

(2) the selling non-U.S. shareholder owned, actually or constructively, 5% or less in value of the outstanding class or series of shares being sold throughout the shorter of the period during which the non-U.S. shareholders held such class or series of shares or the five-year period ending on the date of the sale or exchange.

If gain on the sale or exchange of our common shares by a non-U.S. shareholder were subject to taxation under FIRPTA, the non-U.S. shareholder would be subject to regular United States federal income tax with respect to any gain on a net basis in the same manner as a taxable U.S. shareholder, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals.

Information Reporting and Backup Withholding Tax Applicable to Shareholders

U.S. Shareholders. In general, information-reporting requirements will apply to payments of distributions on our common shares and payments of the proceeds of the sale of our common shares to some U.S. shareholders, unless an exception applies. Further, the payer will be required to withhold backup withholding tax on such payments at the rate of 28% if:

(1) the payee fails to furnish a taxpayer identification number, or TIN, to the payer or to establish an exemption from backup withholding;

(2) the IRS notifies the payer that the TIN furnished by the payee is incorrect;

(3) there has been a notified payee under-reporting with respect to interest, dividends or original issue discount described in Section 3406(c) of the Code; or

(4) there has been a failure of the payee to certify under the penalty of perjury that the payee is not subject to backup withholding under the Code.

Some shareholders, including corporations, may be exempt from backup withholding. Any amounts withheld under the backup withholding rules from a payment to a shareholder will be allowed as a credit against the shareholder s United States federal income tax liability and may entitle the shareholder to a refund, provided that the required information is furnished to the IRS.

Non-U.S. Shareholders. Generally, information reporting will apply to payments of distributions on our common shares, and backup withholding described above for a U.S. shareholder will apply, unless the payee certifies that it is not a United States person or otherwise establishes an exemption.

The payment of the proceeds from the disposition of our common shares to or through the United States office of a United States or foreign broker will be subject to information reporting and, possibly, backup withholding as described above for U.S. shareholders, or the withholding tax for non-U.S. shareholders, as applicable, unless the non-U.S. shareholder certifies as to its non-U.S. status or otherwise establishes an exemption, provided that the broker does not have actual knowledge that the shareholder is a United States person or that the conditions of any other exemption are not, in fact, satisfied. The proceeds of the disposition by a non-U.S. shareholder of our common shares to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, if the broker is a United States person, a controlled foreign corporation for United States tax purposes, or a foreign person 50% or more of whose gross income from all sources for specified periods is from activities that are effectively connected with a United States trade or business, a foreign partnership 50% or more of whose interests are held by partners who are United States persons, or a foreign partnership that is engaged in the conduct of a trade or business in the United States, then information reporting generally will apply as though the payment was made through a United States office of a United States or foreign broker unless the broker has documentary evidence as to the non-U.S. shareholder s foreign status and has no actual knowledge to the contrary.

Applicable Treasury regulations provide presumptions regarding the status of shareholders when payments to the shareholders cannot be reliably associated with appropriate documentation provided to the payer. If a non-U.S. shareholder fails to comply with the information reporting requirement, payments to such person may be subject to the full withholding tax even if such person might have been eligible for a reduced rate of withholding or no withholding under an applicable income tax treaty. Because the application of the these Treasury regulations varies depending on the shareholder s particular circumstances, you are urged to consult your tax advisor regarding the information reporting requirements applicable to you.

Backup withholding is not an additional tax. Any amounts that we withhold under the backup withholding rules will be refunded or credited against the non-U.S. shareholder s federal income tax liability if certain required information is furnished to the IRS. Non-U.S. shareholders should consult with their own tax advisors regarding application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury regulations.

Other Tax Consequences

We may be required to pay tax in various state or local jurisdictions, including those in which we transact business, and our shareholders may be required to pay tax in various state or local jurisdictions, including those in which they reside. Our state and local tax treatment may not conform to the federal income tax consequences discussed above. In addition, a shareholder s state and local tax treatment may not conform to the federal income tax consequences discussed above. Consequently, prospective investors should consult with their tax advisors regarding the effect of state and local tax laws on an investment in our common shares.

A portion of our income is earned through our taxable REIT subsidiaries. The taxable REIT subsidiaries are subject to federal, state and local income tax at the full applicable corporate rates. In addition, a taxable REIT subsidiary will be limited in its ability to deduct interest payments in excess of a certain amount made directly or indirectly to us. To the extent that our taxable REIT subsidiaries and we are required to pay federal, state or local taxes, we will have less cash available for distribution to shareholders.

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Sunset of Reduced Tax Rate Provisions

Several of the tax considerations described herein are subject to a sunset provision. The sunset provisions generally provide that for taxable years beginning after December 31, 2008, certain provisions that are currently in the Code will revert back to a prior version of those provisions. These provisions include provisions related to the reduced maximum income tax rate of 15% (rather than 20%) on long-term capital gains for taxpayers taxed at individual rates, including the application of the long-term capital gains rate to qualified dividend income, and certain other tax rate provisions described herein. The impact of this reversion is not discussed herein. Consequently, prospective shareholders should consult their own tax advisors regarding the effect of sunset provisions on an investment in our common shares.

Tax Shelter Reporting

If a holder recognizes a loss as a result of a transaction with respect to our shares of at least (i) for a holder that is an individual, S corporation, trust or a partnership with at least one noncorporate partner, $2 million or more in a single taxable year or $4 million or more in a combination of taxable years, or (ii) for a holder that is either a corporation or a partnership with only corporate partners, $10 million or more in a single taxable year or $20 million or more in a combination of taxable years, such holder may be required to file a disclosure statement with the IRS on Form 8886. Direct shareholders of portfolio securities are in many cases exempt from this reporting requirement, but shareholders of a REIT currently are not excepted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer s treatment of the loss is proper. Shareholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

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UNDERWRITING

Lehman Brothers Inc. is acting as representative of the underwriters. Under the underwriting agreement, which is filed as an exhibit to the registration statement relating to this prospectus, each of the underwriters named below has severally agreed to purchase from us the respective number of common shares shown opposite its name below:

Underwriters	Number of Shares
Lehman Brothers Inc.	
Citigroup Global Markets Inc.	
Wachovia Capital Markets, LLC	
A.G. Edwards & Sons, Inc.	
Raymond James & Associates, Inc.	
Banc of America Securities LLC	
KeyBanc Capital Markets, a division of McDonald Investments Inc.	
Harris Nesbitt Corp.	
Total	15,000,000

The underwriting agreement provides that the underwriters obligation to purchase common shares depends on the satisfaction of the conditions contained in the underwriting agreement including:

- the obligation to purchase all of the common shares offered hereby, if any of the shares are purchased;
- the representations and warranties made by us to the underwriters are true;
- there is no material change in the financial markets; and
- we deliver customary closing documents to the underwriters.

Commissions and Expenses

The representative of the underwriters has advised us that the underwriters propose to offer the common shares directly to the public at the public offering price on the cover of this prospectus and to selected dealers, which may include the underwriters, at such offering price less a selling concession not in excess of $ per share. The underwriters may allow, and the selected dealers may re-allow, a discount from the concession not in excess of $ per share to other dealers. After the offering, the representative may change the offering price and other selling terms.

The expenses of the offering that are payable by us are estimated to be $1.3 million (exclusive of underwriting discount and commissions).

Underwriting

The following table summarizes the underwriting discount and commissions we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase additional shares. The underwriting fee is the difference between the initial price to the public and the amount the underwriters pay to us for the shares.

	No Exercise	Full Exercise
Per share	$	$
Total	$	$

Option to Purchase Additional Shares

We have granted the underwriters an option, exercisable for 30 days after the date of this prospectus, to purchase, from time to time, in whole or in part, up to an aggregate of 2,250,000 shares at the public offering price less underwriting discount and commissions. This option may be exercised if the underwriters sell more than 15,000,000 shares in connection with this offering. To the extent that this option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase its pro rata portion of these additional shares based on the underwriter s percentage underwriting commitment in the offering as indicated in the table at the beginning of this Underwriting Section.

Lock-Up Agreements

We, all of our trustees and executive officers and the Amsdell Entities have agreed that, without the prior written consent of Lehman Brothers Inc., we and they will not directly or indirectly, offer, pledge, announce the intention to sell, sell, contract to sell, sell an option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any common shares or any securities that may be converted into or exchanged for any common shares, enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common shares, make any demand for or exercise any right or file or cause to be filed a registration statement with respect to the registration of any common shares or securities convertible, exercisable or exchangeable into common shares or any of our other securities or publicly disclose the intention to do any of the foregoing for a period of 90 days from the date of this prospectus other than permitted transfers.

The 90-day restricted period described in the preceding paragraph will be extended if:

during the last 17 days of the 90-day restricted period we issue an earnings release or announce material news or a material event; or

prior to the expiration of the 90-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 90-day period;

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

Stabilization, Short Positions and Penalty Bids

In connection with this offering, Lehman Brothers may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the common shares, in accordance with Regulation M under the Securities Exchange Act of 1934:

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

A short position involves a sale by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase in the offering, which creates the syndicate short position. This short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through their option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Syndicate covering transactions involve purchases of the common shares in the open market after the distribution has been completed in order to cover syndicate short positions.

Penalty bids permit the representative to reclaim a selling concession from a syndicate member when the common shares originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common shares or preventing or retarding a decline in the market price of the common shares. As a result, the price of the common shares may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common shares. In addition, neither we nor any of the underwriters make representation that the representative will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representative on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter s or selling group member s web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Stamp Taxes

If you purchase common shares offered in this prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus.

Relationships

Certain of the underwriters and their related entities have engaged and may engage in commercial and investment banking transactions with us in the ordinary course of their business. They have received customary compensation and expenses for these commercial and investment banking transactions. Lehman Brothers and its affiliates are lenders under six of our existing fixed rate multi-facility mortgage loans. In addition, affiliates of Lehman Brothers, Wachovia Securities and Harris Nesbitt are lenders under our revolving credit facility. The balance of our revolving credit facility will be repaid with net proceeds from this offering.

LEGAL MATTERS

The validity of the common shares and certain tax matters will be passed upon for us by Hogan & Hartson L.L.P. The validity of the common shares will be passed upon for the underwriters by Sullivan & Cromwell LLP, New York, New York. In rendering their opinion, Sullivan & Cromwell LLP will rely as to matters of Maryland law on Miles & Stockbridge P.C., Baltimore, Maryland.

EXPERTS

The consolidated balance sheet of U-Store-It Trust and subsidiaries as of December 31, 2004 and the consolidated and combined balance sheet of Acquiport/ Amsdell (which term is described in Note 1 of such financial statements) as of December 31, 2003; the consolidated statements of operations, shareholders equity, and cash flows of U-Store-It Trust and subsidiaries for the period from October 21, 2004 (commencement of operations) through December 31, 2004, and the related financial statement schedule; the consolidated and combined statements of operations, owners equity (deficit), and cash flows of Acquiport/ Amsdell for the period from January 1, 2004 through October 20, 2004, and for the years ended December 31, 2003 and 2002; and the combined statement of revenues and certain expenses of the properties known as the Rising Tide Combined Properties for the years ended December 31, 2004, 2003 and 2002, all included in this prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing herein, and have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The summary of historical information relating to combined operating revenues and specific expenses of selected self storage facilities owned by National Self Storage Operating Entities for the year ended December 31, 2004 included in this registration statement has been so included in reliance on the reports of Clifton Gunderson LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The statement of revenues and certain expenses of Liberty Self-Stor, Inc. and Subsidiaries Selected Facilities for the year ended December 31, 2004 included in this registration statement has been so included in reliance on the reports of Grant Thornton, LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The combined statement of revenue and certain operating expenses of Ford Storage for the year ended December 31, 2004; the combined statement of revenue and certain operating expenses of A-1 Storage for the year ended December 31, 2004; the statement of revenue and certain operating expenses of Clifton Storage for the year ended December 31, 2004; and the combined statement of revenue and certain operating expenses of Texas Storage Portfolio for the year ended December 31, 2004; all included in this registration statement have been so included in reliance on the reports of The Schonbraun McCann Group, LLC, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-11, including exhibits and schedules filed with the registration statement of which this prospectus is a part, under the Securities Act with respect to the common shares we propose to sell in this offering. This prospectus does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our company and the common shares we propose to sell in this offering, we refer you to the registration statement, including the exhibits and schedules to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document referred to in this prospectus are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, we refer you to the copy of the contract or document that has been filed and each statement in this prospectus is qualified in all respects by reference to the exhibit to which the reference relates. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined without charge at the public reference room of the Securities and

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Exchange Commission, 450 Fifth Street, N.W., Room 1024, Washington, DC 20549. Copies of such material also can be obtained at prescribed rates by mail from the Public Reference Section of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. The Securities and Exchange Commission s toll-free number is 1-800-SEC-0330. In addition, the Securities and Exchange Commission maintains a website, *http://www.sec.gov,* that contains reports, proxy and information statements and other information regarding registrants, including us, that file electronically with the Securities and Exchange Commission.

We are required to comply with the informational requirements of the Securities Exchange Act of 1934 and, accordingly, file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. Those reports, proxy statements and other information are available for inspection and copying at the Public Reference Room and internet site of the Securities and Exchange Commission referred to above. Such reports, proxy statements and other information are not part of this prospectus.

In addition, we maintain a website that contains information about us at http://www.u-store-it.com. Information contained on our website is not part of this prospectus.

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NATIONAL SELF STORAGE OPERATING ENTITIES

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U-STORE-IT TRUST
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information of U-Store-It Trust as of June 30, 2005 and for the six months ended June 30, 2005 has been derived from the historical condensed consolidated financial statements of U-Store-It Trust included in this prospectus.

The unaudited proforma condensed consolidated financial information for U-Store-It Trust for the year ended December 31, 2004 has been derived from the historical condensed consolidated and combined financial statements of U-Store-It Trust and Acquiport/ Amsdell included in this prospectus.

For purposes of our financial statements Acquiport/ Amsdell is comprised of the following entities: Acquiport/ Amsdell I Limited Partnership, Acquiport/ Amsdell III, LLC, Acquiport IV, LLC, Acquiport V, LLC, Acquiport VI, LLC, Acquiport VII, LLC, USI Limited Partnership and USI II, LLC. Our presentation of Acquiport/ Amsdell also includes three additional facilities, Lakewood, OH, Lake Worth, FL and Vero Beach I, FL.

Our pro forma condensed consolidated balance sheet reflects adjustments to U-Store-It Trust s historical financial data to give effect to the following as if each had occurred on June 30, 2005: (i) financing transactions completed and pending subsequent to June 30, 2005, (ii) facility acquisitions completed subsequent to June 30, 2005, and (iii) this offering and the expected use of proceeds therefrom, including pending facility acquisitions.

Our pro forma condensed consolidated statements of income reflect adjustments to U-Store-It Trust s historical financial data to give effect to the following as if each had occurred on January 1, 2004: (i) our initial public offering and our formation transactions that took place at the time of our initial public offering, (ii) financing transactions completed and pending since our initial public offering, (iii) facility acquisitions completed since our initial public offering, and (iv) this offering and the expected use of proceeds therefrom, including pending facility acquisitions.

We have based our unaudited pro forma adjustments on available information and assumptions that we consider reasonable. The adjustments contained herein are based on preliminary information and estimated allocations and could change based on completion of the transactions. Our unaudited pro forma condensed consolidated financial information and related notes presented below do not purport to represent what our actual financial position or results of operations would have been as of the date and for the periods indicated, nor does it purport to represent our future financial position or results of operations.

You should read our unaudited pro forma condensed consolidated financial information, together with the notes thereto, in conjunction with the more detailed information contained in the historical financial statements and related notes of U-Store-It Trust and Acquiport/ Amsdell and information contained under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

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U-STORE-IT TRUST
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET INFORMATION
June 30, 2005
(Dollars in Thousands)

				Offering and Related Transactions			
	Historical (1)	Completed and Pending Financing Transactions (2)	Completed Facility Acquisitions (3)	Common Stock Offering (4)	Debt Repayment (5)	Pending Facility Acquisitions (6)	U-Store-It Trust Pro Forma
ASSETS							
Storage facilities net	$ 847,539		$ 303,012(iii)			$ 82,828	$ 1,233,379
Cash	5,808	$ 167,424(i)	(71,700)(i)	$ 283,714	$ (160,248)(i)	(70,037)	154,961
Restricted cash	14,090						14,090
Loan procurement costs net	6,932	2,576(ii)					9,508
Other assets	5,244		98(iii)				5,342
TOTAL	$ 879,613	$ 170,000	$ 231,410	$ 283,714	$ (160,248)	$ 12,791	$ 1,417,280
LIABILITIES AND SHAREHOLDERS EQUITY							
LIABILITIES							
Loans payable	$ 489,372	$ 170,000(iii)	$ 169,542(ii)		$ (160,248)(ii)	$ 12,791	$ 681,457
Capital lease obligations	90						90
Accounts payable and accrued expenses	12,234		95(ii)				12,329
Distributions payable	10,457						10,457
Rents received in advance	6,917		195(ii)				7,112
Security deposits	609		78(ii)				687
Total liabilities	519,679	170,000	169,910	0	(160,248)	12,791	712,132
MINORITY INTEREST	17,275	0	46,329(iv)	0	0	0	63,604
SHAREHOLDERS EQUITY:							
Common shares	373			$ 150			523

Additional paid-in-capital	396,932		15,171(iv)	283,564			695,667
Unearned share grant compensation	(82)						(82)
Accumulated deficit	(54,564)						(54,564)
Total shareholders equity	342,659	0	15,171	283,714	0	0	641,544
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 879,613	$ 170,000	$ 231,410	$ 283,714	$ (160,248)	$ 12,791	$ 1,417,280

See accompanying notes.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET JUNE 30, 2005 (Dollars in Thousands)

(1) Reflects the historical combined balance sheet of U-Store-It Trust as of June 30, 2005 (Unaudited).

(2) Reflects financing transactions which U-Store-It Trust completed subsequent to June 30, 2005 and a currently pending financing transaction. Proceeds from the completed mortgage loans were primarily used to fund acquisitions completed subsequent to June 30, 2005, including the acquisition of self-storage facilities from National Self Storage in July 2005 and two individual facilities in New Jersey in July 2005. The remaining amounts were and will be used to repay borrowings under our revolving credit facility.

(i) Reflects net cash provided by completed and pending financing transactions:

Multi-facility 5.13% fixed rate mortgage due 2012	$	80,000
Multi-facility 4.96% fixed rate mortgage due 2012		80,000
Multi-facility 5.98% fixed rate mortgage due 2015		75,000(a)
Less cash paid for new loan procurement costs		(2,576)
Less repayment of revolving credit facility		(65,000)
Net cash received as part of financing transactions	$	167,424

(ii) Represents adjustments to loan procurement costs from the completed and pending financing transactions:

Multi-facility 5.13% fixed rate mortgage due 2012	$	1,158
Multi-facility 4.96% fixed rate mortgage due 2012		1,018
Multi-facility 5.98% fixed rate mortgage due 2015		400(a)
Adjustments to loan procurement costs from completed and pending financing transactions	$	2,576

(iii) As part of the completed and pending financing transactions, we will increase total debt by:

Multi-facility 5.13% fixed rate mortgage due 2012	$	80,000
Multi-facility 4.96% fixed rate mortgage due 2012		80,000
Multi-facility 5.98% fixed rate mortgage due 2015		75,000(a)
Less repayment of revolving credit facility		(65,000)
Net increase in debt	$	170,000

(a) We expect to enter into a multi-facility fixed rate mortgage loan in October 2005 in the amount of up to $75,000, which loan will bear interest at 5.98% and mature in October 2015. We assumed the obligation to enter into this loan in connection with the National Self Storage acquisition.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET JUNE 30, 2005
(Dollars in Thousands)

(3) Represents the adjustments related to the acquisition of 88 self-storage facilities. These acquisitions were completed from July 1, 2005 through the date hereof. The aggregate acquisition cost for the facilities was $303,110.

The acquisition cost for the facilities is calculated as follows:

Paid from cash on hand	$	71,700(i)
Fair value of debt and other net liabilities assumed		169,910(ii)
Operating partnership units granted at fair value		61,500
Aggregate acquisition cost	$	303,110
(i) Reflects cash on hand used for the purchase of the facilities	$	(71,700)

(ii) As part of the completed facility transactions, total debt and other liabilities increased by:

Borrowing under the revolving credit facility	$	86,537
Debt assumed between July 1, 2005 and July 31, 2005 related to National Self Storage acquisition:		
Mortgage loans collateralized by certain facilities of National Self Storage due from 2007 to 2014, effective interest rates ranging from 5.00% to 5.59% per annum		42,794(a)
Mortgage loans collateralized by certain facilities of National Self Storage due 2006, stated interest rate 8.02% per annum		40,211
Total debt		169,542
Other liabilities assumed:		
Accounts payable and accrued expenses		95
Rents received in advance		195
Security deposits		78
		368
Total debt and other net liabilities	$	169,910

(iii) The allocation of the aggregate acquisition cost to the assets acquired is as follows:

Storage facilities	$	303,012
Other assets assumed		98
Total assets acquired	$	303,110

(iv) Reflects the adjustment to minority interest as a result of capital transactions executed during 2005:

Operating partnership units granted at fair value	$	61,500
Dilution adjustment		(15,171)(b)
Minority interest	$	46,329

(a) Includes $2,300 mark to market adjustment.

(b) Amount represents the dilution adjustment resulting from the issuance of operating partnership units during 2005.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET JUNE 30, 2005
(Dollars in Thousands)

(4) Reflects the sale of 15,000,000 U-Store-It Trust common shares for $20.00 per share in this offering:

Assets		
Cash	$	283,714(a)
Liabilities and Shareholders Equity:		
Common shares	$	150
Additional paid-in-capital		283,564
Total liabilities and shareholders equity	$	283,714

(a) Amount reflects the estimated net cash proceeds from the offering:

Gross offering proceeds	$	300,000
Less: Underwriting discount		(15,000)
Less: Other transaction expenses		(1,286)
Net cash proceeds	$	283,714

(5) Reflects the repayment of debt from proceeds of this offering:

(i) Reflects cash used for the repayment of debt	$	(160,248)
(ii) Reflects repayment of debt:		
Repayment of revolving credit facility	$	(120,037)
Repayment of mortgage loans collateralized by certain facilities of National Self Storage due 2006, stated interest rate 8.02% per annum.		(40,211)
	$	(160,248)

(6) Represents the adjustments related to the pending acquisition of 17 self-storage facilities. The acquisition cost for the facilities is calculated as follows:

Paid from cash proceeds of this offering	$	70,037
Fair value of debt assumed		12,791(a)
Total acquisition cost	$	82,828

(a) Includes $400 mark to market adjustment.

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U-STORE-IT TRUST
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the Six Months Ended June 30, 2005
(Dollars in Thousands Except Per Share Amounts)

				Offering and Related Transactions				
		Completed and Pending	Completed			Pending		
	Historical (7)	Financing Transactions (8)	Facility Acquisitions (9)	Common Stock Offering	Debt Repayment (10)	Facility Acquisitions (11)	Other Adjustments (12)	U-Store-It Trust Pro Forma
REVENUES:								
Rental income	$ 59,077		$ 20,039			$ 2,613		$ 81,729
Other property related income	4,422		976			85		5,483
Total revenues	63,499	0	21,015	0	0	2,698	0	87,212
OPERATING EXPENSES:								
Property operating expenses	22,810		8,535			992		32,337
Depreciation	16,765		6,784			1,558		25,107
General and administrative	6,254		199			28		6,481
Total operating expenses	45,829	0	15,518	0	0	2,578	0	63,925
OPERATING INCOME	17,670	0	5,497	0	0	120	0	23,287
OTHER EXPENSE:								
Interest expense	12,949	$ 5,447(i)	4,939		$ (4,156)	358		19,537
Loan procurement amortization and other expense	744	176(ii)						920
Total other expense	13,693	5,623	4,939	0	(4,156)	358	0	20,457

INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	3,977	(5,623)	558	0	4,156	(238)		2,830
Minority interest	(156)						$ (99)	(255)
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ 3,821	$ (5,623)	$ 558	$ 0	$ 4,156	$ (238)	$ (99)	$ 2,575
Earnings per share:								
Basic earnings per share	$ 0.10							$ 0.05
Diluted earnings per share	$ 0.10							$ 0.05
Weighted average share information:								
Basic shares outstanding	37,477,920							52,477,920
Diluted shares outstanding	37,501,575							52,501,575

See accompanying notes.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2005
(Dollars in Thousands)

(7) Reflects the historical consolidated statement of income of U-Store-It Trust for the six months ended June 30, 2005 (unaudited).

(8) Adjustments relate to the interest expense and loan procurement amortization expense related to the completed and pending financing transactions subsequent to June 30, 2005.

(i) Reflects net increase in interest expense as a result of completed and pending financing transactions:

Multi-facility 5.13% fixed rate mortgage due 2012	$	2,024
Multi-facility 4.96% fixed rate mortgage due 2012		1,957
Multi-facility 5.98% fixed rate mortgage due 2015		2,212(a)
Less repayment of revolving credit facility		(746)
Net increase in interest expense	$	5,447

(ii) Represents adjustments to loan procurement expense related to the completed and pending financing transactions:

Multi-facility 5.13% fixed rate mortgage due 2012	$	83
Multi-facility 4.96% fixed rate mortgage due 2012		73
Multi-facility 5.98% fixed rate mortgage due 2015		20(a)
	$	176

(a) We expect to enter into a multi-facility fixed rate mortgage loan in October 2005 in the amount of up to $75,000, which loan will bear interest at 5.98% and mature in October 2015. We assumed the obligation to enter into this loan in connection with the National Self Storage acquisition.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2005
(Dollars in Thousands)

(9) Represents the results of operations which will be reflected in our operating partnership as a result of the acquisition of 123 storage facilities. These acquisitions were completed from January 1, 2005 through the date hereof. For facilities acquired prior to June 30, 2005, the following results of operations only include amounts not already included in historical results of operations.

	Ford Storage	A-1 Self Storage	Option Facilities	Liberty Self-Stor(d)	Frisco I & II, TX	Ocoee, FL	A-1 Self Storage	Extra Closet	National Self Storage	Tempe, AZ	Clifton, NJ	Elizabeth & Hoboken, NJ	Colorado	Miami, FL	Pensacola, FL	Texas	Adjustments
ES	5	4	3	17	2	1	1	2	70	1	1	2	7	2	1	4	
ES:																	
	$ 305	$ 446	$ 256	$ 1,200	$ 362	$ 170	$ 277	$ 308	$ 12,103	$ 178	$ 793	$ 520	$ 1,190	$ 770	$ 389	$ 772	
		16	10	31		19	9	8	620	12	38	92	48	5	9	59	
	305	462	266	1,231	362	189	286	316	12,723	190	831	612	1,238	775	398	831	0
NG S:																	
	148	148	90	480	43	65	118	214	4,835	81	310	312	553	369	102	405	$ 262(b)
on																	6,784(a)
tive/ ent	18	12	17			11	15		671		35	39	62	83	23	27	(814)(b
	166	160	107	480	43	76	133	214	5,506	81	345	351	615	452	125	432	6,232
NG	139	302	159	751	319	113	153	102	7,217	109	486	261	623	323	273	399	(6,232)

:																
																4,939(c)
ent on																
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,939
ING ONS Y T	139	302	159	751	319	113	153	102	7,217	109	486	261	623	323	273	399	(11,171)
OM ING ONS	$ 139	$ 302	$ 159	$ 751	$ 319	$ 113	$ 153	$ 102	$ 7,217	$ 109	$ 486	$ 261	$ 623	$ 323	$ 273	$ 399	$ (11,171)

(a) Depreciation expense adjustment includes depreciation calculated on a straight line basis over the estimated useful lives ranging between 5-39 years on assets acquired in 2005 of:

Amount of storage facility acquisitions closed as of June 30, 2005	$134,711	
Amount of storage facility acquisitions closed from July 1, 2005 to the date hereof	303,012	
	$437,723	, with $324,927 allocated to buildings and $112,796 allocated to land.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2005
(Dollars in Thousands)

Depreciation expense for acquisitions made prior to June 30, 2005 was only adjusted for depreciation expense not already reflected in the historical financial statements.

(b) Management fees of $1,013 are eliminated as these represent fees paid to an unaffiliated management company that will no longer be incurred. Additional costs of $461 are anticipated to be incurred to manage the new facilities purchased. Adjustment reflects net difference between these expenses.

(c) Represents additional interest expense from debt assumed in connection with completed facility transactions:

Additional interest on loan assumed between January 1, 2005 and June 30, 2005:

Mortgage loan collateralized by Frisco II, TX facility, due 2014, effective interest rate of 5.25% per annum	$	58

Interest for the six months ended June 30, 2005 on loans assumed between July 1, 2005 and September 27, 2005:

Mortgage loans collateralized by certain facilities of National Self Storage due from 2007 to 2014, effective interest rates ranging from 5.00% to 5.59% per annum		1,097
Mortgage loans collateralized by certain facilities of National Self Storage due 2006, stated interest rate 8.02% per annum		1,612
Interest from borrowings under our revolving credit facility related to acquisitions completed subsequent to June 30, 2005		2,172
Total increase in interest expense	$	4,939

(d) Results of operations exclude one facility which was sold in the second quarter of 2005.

(10) Adjustments relate to the reduction of interest expense as a result of debt repayments from proceeds of the offering:

Repayment of revolving credit facility	$	(2,544)
Repayment of mortgage loans collateralized by certain facilities of National Self Storage due 2006, stated interest rate 8.02% per annum		(1,612)
	$	(4,156)

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2005
(Dollars in Thousands)

(11) Represents the following results of operations which will be reflected in our operating partnership as a result of the pending acquisition of 17 storage facilities.

	Texas	Dallas, TX	Jacksonville, FL	Adjustments	Total Pending Facility Acquisitions
TOTAL FACILITIES	8(d)	8	1(e)		17
REVENUES:					
Rental income	$ 955	$ 1,658			$ 2,613
Other property related income	85				85
Total revenues	1,040	1,658	0	0	2,698
OPERATING EXPENSES:					
Property operating expenses	702	254		$ 36(b)	992
Depreciation				1,558(a)	1,558
General and administrative	41			(13)(b)	28
Total operating expenses	743	254	0	1,581	2,578
OPERATING INCOME (EXPENSE)	297	1,404	0	(1,581)	120
OTHER EXPENSE:					
Interest expense				358(c)	358
Loan procurement amortization expense					
Total other expense	0	0	0	358	358
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	297	1,404	0	(1,939)	(238)
Minority interest					
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ 297	$ 1,404	$ 0	$ (1,939)	$ (238)

(a) Depreciation expense adjustment includes depreciation calculated on a straight line basis over the estimated useful lives ranging between 5-39 years on assets acquired of $82,828, with $61,484 allocated to buildings and $21,344 allocated to land.

(b) Management fees of $41 are eliminated as these represent fees paid to an unaffiliated management company that will no longer be incurred. Additional costs of $64 are anticipated to be incurred to manage the new facilities purchased. Adjustment reflects net difference between these expenses.

(c) Adjustment represents interest expense relating to assumed mortgages secured by five of the facilities.

(d) Includes one facility currently under construction.

(e) The Jacksonville, FL facility is not scheduled to open before December 2005.

(12) Reflects the allocation of income to minority interest holders (approximately 9.02%).

U-STORE-IT TRUST
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the Twelve Months Ended December 31, 2004
(Dollars in Thousands Except Per Share Amounts)

	Historical (13)	IPO and Related Transactions (14)	Completed and Pending Financing Transactions (15)	Completed Facility Acquisitions (16)	Offering and Related Transactions: Common Stock Offering	Offering and Related Transactions: Debt Repayment (17)	Pending Facility Acquisitions (18)	Other Adjustments (19)	U-Store-It Trust Pro Forma
REVENUES:									
Rental income	$ 86,945			$ 68,085			$ 3,847		$ 158,877
Other property related income	4,663	$ 1,912		3,792			110		10,477
Total revenues	91,608	1,912	0	71,877	0	0	3,957	0	169,354
OPERATING EXPENSES:									
Property operating expenses	35,666	1,520		28,153			1,778		67,117
Depreciation	22,328	1,062		24,508			3,159		51,057
Management fees to related party/ general and administrative	7,943	4,037		543			55		12,578
Total operating expenses	65,937	6,619	0	53,204	0	0	4,992	0	130,752
OPERATING INCOME (EXPENSE)	25,671	(4,707)	0	18,673	0	0	(1,035)	0	38,602
OTHER EXPENSE:									
Interest expense	23,813	65	$ 12,557(i)	10,331		$ (7,541)	715		39,940

Loan procurement amortization expense and other	5,939	(5,152)	352(ii)						1,139
Early extinguishment of debt	7,012	(7,012)							
Costs incurred to acquire management company	22,152								22,152
Total other expense	58,916	(12,099)	12,909	10,331	0	(7,541)	715	0	63,231
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	(33,245)	7,392	(12,909)	8,342	0	7,541	(1,750)	0	(24,629)
Minority interest	898							$ 1,324	2,222
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ (32,347)	$ 7,392	$ (12,909)	$ 8,342	$ 0	$ 7,541	$ (1,750)	$ 1,324	$ (22,407)
Earnings (Loss) per share:									
Basic earnings per share									$ (0.43)
Diluted earnings per share									$ (0.43)
Weighted average share information:									
Basic shares outstanding									52,477,920
Diluted shares outstanding									52,477,920

See accompanying notes.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
(Dollars in Thousands)

(13) Reflects the historical consolidated statement of income of U-Store-It Trust from October 21, 2004 to December 31, 2004 and historical consolidated and combined operating results for the Predecessor from January 1, 2004 to October 20, 2004. The operating results for the year ended December 31, 2004 are not comparable to future expected operating results of U-Store-It Trust since they include various IPO-related charges.

(14) Reflects the impact of our IPO and related transactions:

	IPO Formation Transactions (a)	IPO Offering Transactions (b)	Financing Transactions (c)	Other Adjustments (d)	IPO and Related Transactions
REVENUES:					
Rental income					
Other property related income		$ 1,912			$ 1,912
Total revenues	0	1,912	0	0	1,912
OPERATING EXPENSES:					
Property operating expenses		1,520			1,520
Depreciation	$ 1,062				1,062
Management fees to related party/ general and administrative		1,510		$ 2,527	4,037
Total operating expenses	1,062	3,030		2,527	6,619
OPERATING INCOME (EXPENSE)	(1,062)	(1,118)	0	(2,527)	(4,707)
OTHER EXPENSE:					
Interest expense	3,868		$ (3,803)		65
Loan procurement amortization expense and other	3,482		(8,634)		(5,152)
Early extinguishment of debt				(7,012)	(7,012)
Costs incurred to acquire management company					
Total other expense	7,350	0	(12,437)	(7,012)	(12,099)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	(8,412)	(1,118)	12,437	4,485	7,392

Minority interest					
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ (8,412)	$ (1,118)	$ 12,437	$ 4,485	$ 7,392

(a) The following table summarizes the pro forma impact of certain transactions that occurred on May 4, 2004 assuming that they occurred on January 1, 2004, as a result of the purchase of the interests in Acquiport/ Amsdell I Limited Partnership from the Common Retirement Fund of the State of New York (the Fund) and the Square Foot Companies, LLC (Square Foot), a company owned by our President and Chief Financial Officer.

	Lehman Brothers Term Loan (1)	**Purchase of the Fund s and Square Foot s Ownership Interest (2)**	**Repayment of Revolving Line of Credit (3)**	**Total IPO Formation Transactions**
Depreciation expense		$ 1,062		$ 1,062
Interest expense	$ 5,744		$ (1,876)	$ 3,868
Loan procurement cost amortization	$ 3,744		$ (262)	$ 3,482

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 (Dollars in Thousands)

(1) Interest expense associated with the term loan from an affiliate of Lehman Brothers, with an average interest rate of 4.13%. Adjustment reflects interest expense of approximately $8,743, net of the portion of the interest expense, $2,999, which was included in the historical Acquiport/ Amsdell Predecessor financial statements. The loan procurement cost adjustment reflects amortized loan procurement costs of approximately $5,615, net of the portion of the costs, $1,871, that was included in the historical Acquiport/Amsdell Predecessor amounts. The total loan procurement costs incurred of $11,231 are amortized over a 12 month period.

(2) Adjustments relate to the depreciation associated with the step-up in basis of depreciable assets associated with the purchase of the Fund s and Square Foot s ownership interests, net of the amount included in the historical Acquiport/ Amsdell Predecessor financial statements.

(3) Adjustment relates to the elimination of interest expense relating to the revolving line of credit in 2004, which was repaid with proceeds from the new term loan from an affiliate of Lehman Brothers on May 4, 2004, and the amortization associated with the revolving credit facility loan procurement costs.

(b) Adjustments relate to the purchase of U-Store-It Mini Warehouse Co. concurrent with the closing of our IPO.

Amount represents adjustment to ancillary revenues from the purchase of U-Store-It Mini Warehouse Co:	$	1,912 (1)
Amount represents adjustment to property operating expenses from the purchase of U-Store-It Mini Warehouse Co:		
Cost of goods sold	$	1,279 (2)
Provision for income taxes		241 (3)
	$	1,520
Amount represents adjustments to management fees to related party/general and administrative expense from the purchase of U-Store-It Mini Warehouse Co:		
Management fees	$	(3,689)(4)
Employee compensation		2,448 (5)
General and administrative		2,751 (6)
	$	1,510

(1) Ancillary revenue was historically revenue of U-Store-It Mini Warehouse Co. as stipulated in the management agreement between U-Store-It Mini Warehouse Co. and Acquiport/ Amsdell I Limited Partnership. Following the termination of the management contracts, this income was earned by our operating partnership.

(2) Represents the cost of goods sold associated with the ancillary revenue.

(3) Amount relates to the estimated tax at 38% on net ancillary income earned at our taxable REIT subsidiary.

(4) Amount represents the elimination of management fees paid to U-Store-It Mini Warehouse Co.

(5) Amount represents the payroll and fringe benefit costs associated with the employees who became employees of the operating partnership in connection with the purchase of U-Store-It Mini Warehouse Co.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
(Dollars in Thousands)

(6) Amount represents the general and administrative overhead charges associated with the U-Store-It Mini Warehouse Co. s headquarters.

(c) Adjustments relate to the interest expense and loan procurement amortization expense related to incurrence of new senior mortgage debt in October 2004:

Interest expense adjustment:		
Interest expense on senior 5.09% fixed rate mortgage due 2009	$	3,788
Interest expense on senior 5.19% fixed rate mortgage due 2010		3,863
Interest expense on senior 5.33% fixed rate mortgage due 2011		3,967
Less interest expense on loans repaid in the financing transactions:		
Mortgage loan collateralized by the Lakewood, OH facility, due April 2009, stated interest rate of 7.00% per annum		(119)
Mortgage loan collateralized by the Lake Worth, FL facility, due August 2004, stated interest rate of 3.15% per annum		(263)
Mortgage loan collateralized by the Lake Worth, FL facility, due December 2004, stated interest rate of 3.15% per annum		(51)
Mortgage loan collateralized by the Vero Beach I, FL facility, due December 2006, stated interest rate of 3.59% per annum		(22)
Mortgage loan collateralized by the San Bernardino IV, CA facility, due April 2006, stated interest rate of 9.35% per annum		(89)
Mortgage loan collateralized by the Boca Raton, FL facility, due September 2009, stated interest rate of 7.55% per annum		(127)
Mortgage loan collateralized by the Lancaster, CA facility, due May 2008, stated interest rate of 7.38% per annum		(65)
Mortgage loan collateralized by the Vista, CA facility, due February 2008, stated interest rate of 7.51% per annum		(127)
Note payable to related parties, due December 2004, average interest rate of 6.10% per annum		(56)
Term loan provided by an affiliate of Lehman Brothers, due May 2005, average interest rate of 4.21% per annum		(14,361)
Elimination of income statement effect of interest rate swap on a mortgage secured by the Lake Worth, FL facility, due August 2004		(141)
Net decrease in interest expense	$	(3,803)

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
(Dollars in Thousands)

Loan procurement amortization expense adjustment:		
Senior 5.09% fixed rate mortgage due 2009	$	74
Senior 5.19% fixed rate mortgage due 2010		68
Senior 5.33% fixed rate mortgage due 2011		60
Revolving credit facility due 2006		435
Less loan procurement amortization expense on repaid indebtedness:		
Mortgage loan collateralized by the Lakewood, OH facility, due April 2009, stated interest rate of 7.00% per annum		(15)
Mortgage loan collateralized by the Lake Worth, FL facility, due August 2004, stated interest rate of 3.15% per annum		(8)
Mortgage loan collateralized by the Lake Worth, FL facility, due December 2004, stated interest rate of 3.15% per annum		(3)
Mortgage loan collateralized by the Lancaster, CA facility, due May 2008, stated interest rate of 7.38% per annum		(2)
Term loan provided by an affiliate of Lehman Brothers, due May 2005, average interest rate of 4.21% per annum		(9,243)
	$	(8,634)

(d) Other adjustments:

Adjustment relates to reduction of loan procurement cost amortization and loan prepayment penalties applicable to early extinguishment of debt	$	(7,012)

Adjustment for non-recurring compensation charge related to issuance of deferred share grants at the IPO	$	(2,400)
Adjustment to increase compensation expense for employment agreements		917
Adjustment to increase stock compensation expense		527
Estimated incremental general and administrative costs associated with becoming a public company		3,483
	$	2,527

(15) Adjustments relate to the interest expense and loan procurement amortization expense related to the completed and pending financing transactions subsequent to December 31, 2004.

(i) Reflects increase in interest expense as a result of completed and pending financing transactions:

Multi-facility 5.13% mortgage loan, due 2012	$	4,104
Multi-facility 4.96% mortgage loan, due 2012		3,968
Multi-facility 5.98% mortgage loan, due 2015		4,485(a)
	$	12,557

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
(Dollars in Thousands)

(ii) Represents adjustments to loan procurement expense related to the completed and pending financing transactions:

Multi-facility 5.13% mortgage loan, due 2012	$	166
Multi-facility 4.96% mortgage loan, due 2012		146
Multi-facility 5.98% mortgage loan, due 2015		40(a)
	$	352

(a) We expect to enter into a multi-facility fixed rate mortgage loan in October 2005 in the amount of up to $75,000, which loan will bear interest at 5.98% and mature in October 2015. We assumed the obligation to enter into this loan in connection with the National Self Storage acquisition.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004

(Dollars in Thousands)

(16) Represents the results of operations which will be reflected in our operating partnership as a result of the acquisition of 170 self storage facilities. All of these acquisitions have been completed prior to the date of the offering. For facilities acquired prior to December 31, 2004, the following results of operations only include amounts not already included in historical results of operations.

ania ach, FL	Option Facilities	Gaithersburg, MD	Ford Storage	A-1 Self Storage	Liberty Self-Stor(d)	Frisco I & II, TX	Ocoee, FL	A-1 Self Storage	Extra Closet	National Self Storage	Tempe, AZ	Clifton, NJ	Elizabeth & Hoboken, NJ	Colorado	Miaml FL
1	3	1	5	4	17(e)	2	1	1	2	70	1	1	2	7	2
,431	$ 1,664	$ 1,159	$ 1,835	$ 2,221	$ 5,180	$ 1,007	$ 581	$ 800	$ 755	$ 23,773	$ 361	$ 1,695	$ 1,107	$ 2,349	$ 1,498
27	47	33		79			64	9	43	1,239	28	104	86	105	11
,458	1,711	1,192	1,835	2,300	5,180	1,007	645	809	798	25,012	389	1,799	1,193	2,454	1,509
,202	812	478	647	572	1,940	186	243	309	281	8,949	154	562	661	1,072	800
	101	72	105	54		54	36	29	48	1,302		81	87	123	204
,202	913	550	752	626	1,940	240	279	338	329	10,251	154	643	748	1,195	1,004
256	798	642	1,083	1,674	3,240	767	366	471	469	14,761	235	1,156	445	1,259	505

0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
256	798	642	1,083	1,674	3,240	767	366	471	469	14,761	235	1,156	445	1,259	505
256	$ 798	$ 642	$ 1,083	$ 1,674	$ 3,240	$ 767	$ 366	$ 471	$ 469	$ 14,761	$ 235	$ 1,156	$ 445	$ 1,259	$ 505

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
(Dollars in Thousands)

(a) Depreciation expense adjustment includes depreciation calculated on a straight line basis over the estimated useful lives ranging between 5-39 years on assets acquired of:

2004 acquisitions	$	235,752	
Amount of storage facility acquisitions as of June 30, 2005		134,711	
Amount of storage facility acquisitions from July 1, 2005 to the date hereof		303,012	
	$	673,475	, with $499,929 allocated to buildings and
			$173,546 allocated to land.

Depreciation expense for acquisitions made in 2004 was only adjusted for depreciation expense not already reflected in historical financial statements

(b) Management fees of $3,164 are eliminated as these represent fees paid to an unaffiliated management company that will no longer be incurred. Additional costs of $1,268 are anticipated to be incurred to manage the new properties purchased. Adjustment reflects net difference between these expenses.

(c) Represents additional interest expense from debt assumed in connection with completed facility transactions:

Additional interest on loans assumed between January 1, 2005 and June 30, 2005:		
Mortgage loan collateralized by Gaithersburg, MD facility, due 2010, effective interest rate of 5.25% per annum	$	392
Mortgage loan collateralized by Frisco II, TX facility, due 2014, effective interest rate of 5.25% per annum		204
		596
Interest for the twelve months ended December 31, 2004 on loans assumed between July 1, 2005 and September 27, 2005:		
Mortgage loans collateralized by certain facilities of National Self Storage due from 2007 to 2014, effective interest rates ranging from 5.00% to 5.59% per annum		2,194
Mortgage loans collateralized by certain facilities of National Self Storage due 2006, stated interest rate 8.02% per annum		3,223
Interest from borrowings under our revolving credit facility related to acquisitions completed subsequent to June 30, 2005		4,318
Total increase in interest expense	$	10,331

(d) Results of operations include one facility which was sold in the second quarter of 2005.

(e) Excludes one facility which was sold in the second quarter of 2005.

(17) Adjustments relate to the reduction of interest expense as a result of debt repayments from proceeds of this offering:

Repayment of revolving credit facility	$	(4,318)
Repayment of mortgage loans collateralized by certain facilities of National Self Storage due 2006, stated interest rate 8.02% per annum.		(3,223)
	$	(7,541)

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 (Dollars in Thousands)

(18) Represents the results of operations which will be reflected in our operating partnership as a result of the pending acquisition of 17 storage facilities.

	Texas	Dallas, TX	Jacksonville, FL	Adjustments	Total Pending Facility Acquisitions
TOTAL FACILITIES	8(d)	8	1(e)		17
REVENUES:					
Rental income	$ 1,154	$ 2,693			$ 3,847
Other property related income	110				110
Total revenues	1,264	2,693	0	0	3,957
OPERATING EXPENSES:					
Property operating expenses	1,188	523		$ 67(b)	1,778
Depreciation				3,159(a)	3,159
Management fees to related party/ general and administrative	64			(9)(b)	55
Total operating expenses	1,252	523	0	3,217	4,992
OPERATING INCOME (EXPENSE)	12	2,170	0	(3,217)	(1,035)
OTHER EXPENSE:					
Interest expense				715(c)	715
Loan procurement amortization expense					
Total other expense	0	0	0	715	715
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	12	2,170	0	(3,932)	(1,750)
Minority interest					
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ 12	$ 2,170	$ 0	$ (3,932)	$ (1,750)

(a) Depreciation expense adjustment includes depreciation calculated on a straight line basis over the estimated useful lives ranging between 5-39 years on assets acquired of $82,828, with $61,484 allocated to buildings and $21,344 allocated to land.

(b)

Management fees of $64 are eliminated as these represent fees paid to an unaffiliated management company that will no longer be incurred. Additional costs of $122 are anticipated to be incurred to manage the new facilities purchased. Adjustment reflects net difference between these expenses.

(c) Adjustment represents interest expense relating to assumed mortgages secured by five of the facilities.

(d) Includes one facility currently under construction.

(e) The Jacksonville, FL facility is not scheduled to open before December 2005.

(19) Reflects the allocation of income to minority interest holders (approximately 9.02%).

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U-STORE-IT TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2005 and December 31, 2004
(Unaudited)
($ in thousands, except par value amounts)

	June 30, 2005	December 31, 2004
ASSETS		
Storage facilities net	$ 847,539	$ 729,155
Cash	5,808	28,485
Restricted cash	14,090	7,211
Loan procurement costs net of amortization	6,932	7,624
Other assets	5,244	3,399
TOTAL ASSETS	$ 879,613	$ 775,874
LIABILITIES AND SHAREHOLDERS EQUITY		
LIABILITIES		
Loans payable	$ 489,372	$ 380,496
Capital lease obligations	90	156
Accounts payable and accrued expenses	12,234	10,958
Distributions payable	10,457	7,532
Rents received in advance	6,917	5,835
Security deposits	609	455
Total Liabilities	519,679	405,432
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST	17,275	11,062
SHAREHOLDERS EQUITY		
Common shares, $.01 par value, 200,000,000 shares authorized, 37,345,162 issued and outstanding	373	373
Additional paid in capital	396,932	396,662
Retained deficit	(54,564)	(37,430)
Unearned share grant compensation	(82)	(225)
Total shareholders equity	342,659	359,380
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 879,613	$ 775,874

See accompanying notes to the consolidated and combined financial statements.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/ AMSDELL (THE PREDECESSOR)
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(Unaudited)
($ in thousands, except per share data)

	The Company	The Predecessor	The Company	The Predecessor
	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
REVENUES:				
Rental income	$31,480	$ 20,261	$ 59,077	$ 39,752
Other property related income	2,304	946	4,422	1,979
Total revenues	33,784	21,207	63,499	41,731
OPERATING EXPENSES:				
Property operating expenses	12,014	7,987	22,810	15,685
Depreciation	8,744	5,259	16,765	9,987
General and administrative	3,229		6,254	
Management fees related party		1,138		2,240
Total operating expenses	23,987	14,384	45,829	27,912
OPERATING INCOME	9,797	6,823	17,670	13,819
OTHER EXPENSE:				
Interest expense	7,142	6,001	12,949	9,740
Loan procurement amortization expense	385	2,045	758	2,218
Other	(30)		(14)	
Total other expense	7,497	8,046	13,693	11,958
INCOME (LOSS) BEFORE MINORITY INTEREST	2,300	(1,223)	3,977	1,861
MINORITY INTEREST	(96)		(156)	
NET INCOME (LOSS)	$ 2,204	$ (1,223)	$ 3,821	$ 1,861
Basic income per share	$ 0.06		$ 0.10	
Diluted income per share	$ 0.06		$ 0.10	
	37,477,920		37,477,920	

Weighted-average basic common shares outstanding				
Weighted-average diluted shares outstanding		37,519,841		37,501,575
Distributions declared per share of common stock	$	0.28	$	0.56

See accompanying notes to the consolidated and combined financial statements.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
For the Six Months Ended June 30, 2005
(Unaudited)
(In thousands)

	Common Shares		Additional	Unearned		
	Number	Amount	Paid in Capital	Share Grant Compensation	Retained Deficit	Total
BALANCE at December 31, 2004	37,345	$ 373	$ 396,662	$ (225)	$ (37,430)	$ 359,380
Amortization of restricted shares				143		143
Share compensation expense			270			270
Net income					3,821	3,821
Distributions					(20,955)	(20,955)
BALANCE at June 30, 2005	37,345	$ 373	$ 396,932	$ (82)	$ (54,564)	$ 342,659

See accompanying notes to the consolidated and combined financial statements.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/ AMSDELL (THE PREDECESSOR)
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(Unaudited)
($ in thousands)

	The Company	The Predecessor
	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,821	$ 1,861
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,523	12,205
Equity compensation expense	413	
Minority interest in net income of subsidiaries	156	
Gain on sale of assets	(9)	
Changes in other operating accounts:		
Other assets	(1,694)	(587)
Accounts payable and accrued expenses	1,003	3,263
Other liabilities	255	252
Net cash provided by operating activities	21,468	16,994
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions and improvements to storage facilities	(116,584)	(1,534)
Proceeds from sale of asset	561	
Increase in restricted cash	(6,766)	(1,254)
Net cash used in investing activities	(122,789)	(2,788)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Loans payable	98,500	424,500
Notes payable related parties		3,961
Principal payments on:		
Loans payable	(999)	(144,208)
Capital lease obligations	(66)	(125)
Shareholder distributions	(18,030)	
Minority interest distributions	(695)	
Cash distributions to owners		(17,056)
Loan procurement costs	(66)	(8,683)
Cash contributions from owners		126
Loan made to owners		(277,152)
	78,644	(18,637)

Net cash provided by (used in) financing activities				
NET DECREASE IN CASH		(22,677)		(4,431)
CASH Beginning of period		28,485		7,503
CASH End of period	$	5,808	$	3,072
Supplemental disclosure of non-cash investing and financing activities:				
Storage facilities acquired through the issuance of limited partnership units in the operating partnership	$	6,752		
Storage facilities acquired through the assumption of mortgage loans	$	11,375		
Other assets and liabilities (net) acquired as part of storage facility acquisitions	$	990		

See accompanying notes to the consolidated and combined financial statements.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR) NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

1. Organization

U-Store-It Trust 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 (which entities and trusts are referred to herein as 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 sold 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 commission, financial advisory fees and expenses of the IPO, of approximately $425.0 million. As a result of the mergers, the IPO and the formation transactions, the Company owns the sole general partner interest in U-Store-It, L.P., a Delaware limited partnership that was formed in July 1996 under the name Acquiport/ Amsdell I Limited Partnership and was renamed U-Store-It, L.P. upon the completion of the IPO (the Operating Partnership), and approximately 95% of the aggregate partnership interests in the Operating Partnership at June 30, 2005. The Company is a real estate company engaged in the business of owning, acquiring, developing and operating self-storage properties for business and personal use under month-to-month leases and is operated as a REIT for federal income tax purposes. All of the Company s assets are held by, and operations are conducted through, the Operating Partnership and its subsidiaries.

The financial statements covered in this report represent the results of operations and financial condition of the Predecessor prior to the IPO and the formation transactions, and of the Company, for the three and six months ended June 30, 2005. The Predecessor was not a legal entity but rather a combination of certain real estate entities and operations as described below. Concurrent with the consummation of the IPO, the Company and the Operating Partnership, together with the partners and members of affiliated partnerships and limited liability companies of the Predecessor and other parties which held direct or indirect ownership interests in the properties, completed certain formation transactions (the Formation Transactions). The Formation Transactions were designed to (i) continue the operations of the Operating Partnership; (ii) acquire the management rights with respect to the Predecessor s existing facilities and three facilities contributed to the Operating Partnership by entities owned by Robert J. Amsdell and Barry L. Amsdell; (iii) enable the Company to raise the necessary capital for the Operating Partnership to repay a portion of the existing term loan provided by an affiliate of Lehman Brothers and other indebtedness related to the three facilities acquired by the Operating Partnership from entities owned by Robert J. Amsdell and Barry L. Amsdell and four of the other existing facilities; (iv) enable the Company to qualify as a REIT for federal income tax purposes commencing the day prior to the closing of the IPO; and (v) permit such entities owned by Robert J. Amsdell and Barry L. Amsdell to defer the recognition of gain related to the three facilities that were contributed to the Operating Partnership. These Formation Transactions are described in detail elsewhere in this prospectus.

2. Significant Accounting Policies

Basis of Presentation The accompanying unaudited consolidated and combined financial statements have been prepared by the Company pursuant to the rules and regulations of the SEC regarding interim financial reporting and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods presented in accordance with generally accepted accounting principles (GAAP). Accordingly, readers should refer to the Company s audited financial statements prepared in accordance with

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

GAAP, and the related notes thereto, for the year ended December 31, 2004, which are included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2004 (Commission File No. 001-32324), as certain footnote disclosure normally included in financial statements prepared in accordance with GAAP have been condensed or omitted from this report pursuant to the rules of the SEC. The results of operations for the three and six months ended June 30, 2005 are not necessarily indicative of the results of operations to be expected for any future period or the full year.

Recent Accounting Pronouncements In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), Share-Based Payment (SFAS No. 123-R), which is a revision of SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123-R supersedes Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and amends SFAS No. 95, Statement of Cash Flows. SFAS No. 123-R requires the fair value of all share-based payments to employees to be recognized in the consolidated statement of operations. The Company early adopted SFAS No. 123-R effective October 21, 2004.

3. Storage Facilities

The following summarizes the real estate assets of the Company as of:

Description	June 30, 2005	December 31, 2004
	($ in thousands)	
Land	$ 169,510	$ 136,168
Buildings and improvements	721,752	635,718
Equipment	95,487	79,742
Total	986,749	851,628
Less accumulated depreciation	(139,210)	(122,473)
Storage facilities net	$ 847,539	$ 729,155

The Company completed the following acquisitions during the six months ended June 30, 2005:

Acquisition of Option Facility. On January 5, 2005, the Company purchased the San Bernardino VII, California facility from Rising Tide Development, LLC (Rising Tide Development) (a related party) for the purchase price of approximately $7.3 million, consisting of $3.8 million in cash (which cash was used to pay off mortgage indebtedness secured by the facility) and $3.5 million paid in units in the Operating Partnership.

Acquisition of Self-Storage Zone Facility. On January 14, 2005, the Company acquired one self-storage facility from Airpark Storage LLC in Gaithersburg, Maryland for consideration of $10.7 million, consisting of $4.3 million in cash and $6.4 million of indebtedness. The purchase price allocation was finalized during the second quarter of 2005 for $11.8 million. The purchase price adjustment related primarily to a fair market value adjustment for debt.

Acquisition of Ford Storage Facilities. On March 1, 2005, the Company acquired five self-storage facilities, located in central Connecticut, from Ford Storage for an aggregate purchase price of $15.5 million in cash.

Acquisition of A-1 Self-Storage Facilities. On March 15, 2005, the Company acquired five self-storage properties, located in Connecticut, from A-1 Self Storage for an aggregate purchase price of approximately $21.7 million in cash. These facilities total approximately 201,000 rentable square feet.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

The Company now operates two of these facilities as one facility. On May 5, 2005, the Company acquired one self-storage facility from A-1 Self Storage for approximately $6.4 million in cash. The facility contains approximately 30,000 rentable square feet and is located in New York.

Acquisition of Option Facilities. On March 18, 2005, the Company purchased the Orlando II, Florida and the Boynton Beach II, Florida facilities from Rising Tide Development (a related party) for a purchase price initially determined to be $11.8 million, consisting of $6.8 million in cash (which cash was used to pay off mortgage indebtedness secured by the facilities) and $5.0 million in units of the Operating Partnership. An adjustment to the purchase price was effected during the second quarter of 2005, reducing the purchase price to $10.1 million, consisting of $6.8 million in cash and $3.3 million in units of the Operating Partnership after a price reduction of $1.7 million in May 2005.

Acquisition of Liberty Self-Stor Facilities. On April 5, 2005, the Company acquired 18 self-storage facilities from Liberty Self-Stor Ltd., a subsidiary of Liberty Self-Stor, Inc., for an aggregate purchase price of $34.0 million (the Liberty Acquisition). The facilities total approximately 926,000 rentable square feet and are located in Ohio and New York. In June 2005, the Company sold one facility, containing approximately 17,000 rentable square feet acquired in the Liberty Acquisition for $0.6 million, which approximated book value. Revenues, for the property sold, and the related results for operations were, insignificant to the Company s total revenues and related results of operations for the quarter ended June 30, 2005.

Acquisition of Individual Storage Facilities. In April 2005, the Company acquired three self-storage facilities from two parties for an aggregate purchase price of approximately $14.9 million in cash. These facilities total approximately 200,000 rentable square feet and are located in Texas (2 properties) and Florida (1 property).

Acquisition of Extra Closet Facilities. On May 24, 2005, the Company acquired two facilities from Extra Closet for an aggregate purchase price of approximately $6.8 million in cash. These facilities total approximately 99,000 rentable square feet and are located in Illinois.

The above acquisitions are included in the Company s results of operations from and after the date of acquisition. Self-storage facility acquisitions are initially recorded at the estimated fair values of the net assets acquired at the date of acquisition. These values are based in part on preliminary third-party market valuations. Because these fair values are based on currently available information and assumptions and estimates that the Company believes are reasonable at such time, they are subject to reallocation as additional information becomes available.

The following table summarizes the number of self-storage facilities placed into service from December 31, 2004 through June 30, 2005:

	Number of Self-Storage Facilities
Balance December 31, 2004	201
Facilities acquired	38
Facilities consolidated(1)	(2)
Facilities sold	(1)

Balance	June 30, 2005	236

(1) The Company operates two of the facilities owned as of December 31, 2004 as one facility and two of the facilities acquired in March 2005 as one facility.

**U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)**

4. Loans Payable

A summary of outstanding indebtedness of the Company as of June 30, 2005 and December 31, 2004 is as follows:

Description	June 30, 2005	December 31, 2004
	($ in thousands)	
The $90,000 loan from Lehman Brothers Holdings, Inc. (Lehman Capital) to YSI I LLC requires interest only payments until November 2005 and monthly debt service payments of $517 per month from November 2005 through May 2010. Interest is paid at the fixed rate of 5.19% through May 2010. The loan is collateralized by first mortgage liens against 21 storage facilities of YSI I LLC, which had a net book value of $94,493 at June 30, 2005.	$ 90,000	$ 90,000
The $90,000 loan from Lehman Capital to YSI II LLC requires interest only payments until November 2005 and monthly debt service payments of $524 per month from November 2005 through January 2011. Interest is paid at the fixed rate of 5.325% through January 2011. The loan is collateralized by first mortgage liens against 18 storage facilities of YSI II LLC, which had a net book value of $95,881 at June 30, 2005.	90,000	90,000
The $90,000 loan from Lehman Brothers Bank, FSB (Lehman Brothers Bank) to YSI III LLC, requires interest only payments until November 2005 and monthly debt service payments of $511 per month from November 2005 through November 2009. Interest is paid at the fixed rate of 5.085% through November 2009. The loan is collateralized by first mortgage liens against 26 storage facilities of YSI III LLC, which had a net book value of $128,253 at June 30, 2005.	90,000	90,000
The $70,000 loan from Lehman Capital to Acquiport III requires payments of $548 per month which includes interest payable monthly at 8.16% per annum through November 1, 2006, which is referred to in the loan agreement as the anticipated repayment date. The Company intends to repay the loan on or before the anticipated repayment date. After October 31, 2006, the loan requires interest at the greater of 13.16% and a defined Treasury rate plus 5%, additional monthly principal payments based on defined net cash flow and final repayment by November 1, 2025. The loan is collateralized by first mortgage liens against 41 storage facilities of Acquiport III, which had a net book value of $112,043, and restricted cash (on defeased debt) of $3,489 at June 30, 2005.	65,656	66,217

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

Description	June 30, 2005	December 31, 2004
	($ in thousands)	
The $42,000 mortgage loan from Lehman Brothers Bank to USI II requires principal payments of $300 per month and interest at 7.13% per annum through December 11, 2006, which is referred to in the loan agreement as the anticipated repayment date. The Company intends to repay the loan on or before the anticipated repayment date. After December 10, 2006, the loan requires interest at the greater of 12.13% and a defined Treasury rate plus 5%, additional monthly principal payments based on defined net cash flow and final repayment by December 11, 2025. The loan is collateralized by first mortgage liens against all ten storage facilities of USI II, which had a net book value of $40,610 at June 30, 2005.	39,508	39,878
The $7,700 mortgage loan from General Electric Capital Corporation to YSI IV LLC requires principal and interest payments of $52 per month at an interest rate of 8.63% per annum through July 2010, which is referred to in the loan agreement as the maturity date. The loan is collateralized by a first mortgage lien against one storage facility of YSI IV LLC, which had a net book value of $11,934 at June 30, 2005.	7,461	
The $3,890 mortgage loan from General Electric Corporation to YSI V LLC requires principal and interest payments of $24 per month at an interest rate of 6.22% per annum through January 2014, which is referred to in the loan agreement the maturity date . The loan is collateralized by a first mortgage lien against one storage facility of YSI V LLC, which had a net book value of $6,040 at June 30, 2005.	3,890	
The other loans payable assumed in conjunction with the acquisition of facilities require interest payable monthly at fixed rates ranging from 7.71% to 8.43% per annum and a weighted average of 8.01% at June 30, 2005. These loans require monthly payments of principal and interest, are due from 2008 to 2009, contain covenants with respect to net worth and are collateralized by first mortgage liens against two facilities at June 30, 2005 with a net book value of $7,283.	4,357	4,401

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR) NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

Description	June 30, 2005	December 31, 2004
	($ in thousands)	
The Operating Partnership has a $150,000 secured revolving credit facility with a group of banks led by Lehman Brothers, Inc. and Wachovia Capital Markets, LLC. The credit facility bears interest at a variable rate, which ranged from 4.84% to 4.99% at June 30, 2005, based upon a base rate or a Eurodollar rate plus in each case, a spread depending on the Company s leverage ratio. This credit facility is scheduled to mature in October 2007, with an option to extend the term for one year at the Company s option. The loan is collateralized by first mortgage liens against 116 storage facilities of the Operating Partnership, which had a net book value of $349,004 at June 30, 2005. This facility contains certain restrictive covenants on distributions and other financial covenants, all of which the Company was in compliance with as of June 30, 2005.	98,500	
Total	$ 489,372	$ 380,496

The annual principal payment requirements on the loans payable as of June 30, 2005 are ($ in thousands):

Year	Amount
2005 (remainder)	$ 1,573
2006	109,413
2007	103,966
2008	8,037
2009	90,569
2010 and Thereafter	175,814
Total	$ 489,372

5. Minority Interests

Minority interests relate to the interests in the Operating Partnership that are not owned by the Company, which, at June 30, 2005 and December 31, 2004, amounted to approximately 5% and 3%, respectively. In conjunction with the formation of the Company, certain former owners contributed properties to the Operating Partnership and received units in the Operating Partnership (Units) concurrently with the closing of the IPO. Limited partners who acquired Units in the Formation Transactions have the right, beginning October 27, 2005, to require the Operating Partnership to redeem part or all of their 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 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 ten 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, entities owned by the Company s Chief Executive Officer and one of its trustees received an

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR) NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

aggregate of 1,524,358 Units as of June 30, 2005, for six properties with a net historical basis of approximately $7.3 million.

6. Related Party Transactions

In connection with the IPO the Company entered into option agreements with Rising Tide Development, a company owned and controlled by Robert J. Amsdell, the Company s Chairman and Chief Executive Officer, and Barry L. Amsdell, one of its trustees, to acquire 18 self-storage facilities, consisting, as of June 30, 2005, of 12 facilities owned by Rising Tide Development, three facilities which Rising Tide Development has the right to acquire from unaffiliated third parties and three facilities which have since been acquired by the Company pursuant to the exercise of its options. The options become exercisable with respect to each particular self-storage facility if and when that facility achieves an occupancy level of 85% at the end of the month, for three consecutive months. The purchase price will be equal to the lower of (i) a price determined by multiplying in-place net operating income at the time of purchase by 12.5 and (ii) the fair market value of the option facility as determined by an appraisal process involving third party appraisers. The Company s option to acquire these facilities will expire on October 27, 2008. The determination to purchase any of the option facilities will be made by the independent members of the Company s board of trustees. During the six months ended June 30, 2005, the Company exercised its option to purchase three of these facilities for an aggregate purchase price of approximately $17.4 million, consisting of an aggregate of $6.8 million in Units and $10.6 million in cash after a price reduction of $1.7 million of consideration in May 2005. The price reduction resulted from a discovery that the calculation of the March purchase price was not made in accordance with the terms specified in the option agreement, which resulted in the overpayment. On May 14, 2005, the Company entered into an agreement with Rising Tide Development pursuant to which 100,202 units in the Operating Partnership previously issued to Rising Tide Development were cancelled and $28,057 in cash (representing the distribution paid with respect to such units in April 2005) was returned to the Company.

The Predecessor s self-storage facilities were operated by the U-Store-It Mini Warehouse Co. (the Property Manager), which was affiliated through common ownership with Amsdell Partners, Inc., High Tide Limited Partnership, and Amsdell Holdings I, Inc. Pursuant to the relevant property management agreements, Acquiport I and Acquiport III paid the Property Manager monthly management fees of 5.35% of monthly gross rents (as defined in the related management agreements); USI II paid the Property Manager a monthly management fee of 5.35% of USI II s monthly effective gross income (as defined in the related management agreements); and the owners of the Lake Worth, FL, Lakewood, OH, and Vero Beach I, FL facilities paid the Property Manager monthly management fees of 6% of monthly gross receipts through October 21, 2004, and 5.35% thereafter (as defined in the related management agreements). Effective October 27, 2004 upon acquisition of the Property Manager, the management contract with U-Store-It Mini Warehouse Co. was terminated and a new management agreement was entered into with YSI Management, LLC. Beginning October 27, 2004 management fees relating to our wholly-owned subsidiaries are eliminated in consolidation.

Effective October 27, 2004, YSI Management LLC, a wholly-owned subsidiary of the Operating Partnership, entered into a management contract with Rising Tide Development to provide property management services to the option facilities for a fee equal to the greater of 5.35% of the gross revenues of each facility or $1,500 per facility per month. Management fees earned by YSI Management LLC, from Rising Tide Development, were approximately $0.1 million and $0.2 million, respectively, for the three and six months ended June 30, 2005. Accounts receivable from Rising Tide Development at June 30, 2005 was approximately $0.5 million and is included in other assets. This receivable represents expenses paid on behalf of Rising Tide Development by YSI Management LLC that will be reimbursed under standard business terms.

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

The Company engages, and the Predecessor engaged, Amsdell Construction, a company owned by Robert J. Amsdell, the Company s Chief Executive Officer, and Barry L. Amsdell, a trustee of the Company, to maintain and improve its self-storage facilities. The total payments incurred by the Company to Amsdell Construction for the three and six months ended June 30, 2005 was approximately $0.1 million and $0.3 million, respectively. The total amount of payments incurred by the Predecessor to Amsdell Construction for the three and six months ended June 30, 2004 was $0.7 million and $1.5 million, respectively.

In March 2005, the Operating Partnership entered into an office lease agreement with Amsdell and Amsdell, an entity owned by Robert J. Amsdell and Barry L. Amsdell, for office space of approximately 18,000 square feet at The Parkview Building, an approximately 40,000 square foot multi-tenant office building located at 6745 Engle Road, plus approximately 4,000 square feet of an 18,000 square foot office building located at 6751 Engle Road, which are both part of Airport Executive Park, a 50-acre office and flex development located in Cleveland, Ohio. Airport Executive Park is owned by Amsdell and Amsdell. The new lease, which was effective as of January 1, 2005, replaced the original office lease, entered into in October 2004, between a subsidiary of the Operating Partnership and Amsdell and Amsdell and has a ten-year term, with one five-year extension option exercisable by the Operating Partnership. Under the Company s Corporate Governance Guidelines, the Company s disinterested trustees approved the terms of, and the entry into, the office lease by the Operating Partnership.

In June 2005, the Operating Partnership entered into another office lease agreement with Amsdell and Amsdell for additional office space of approximately 1,588 square feet of rentable space in The Parkview Building. This office lease was effective as of May 7, 2005 and has an approximately two-year term expiring on April 30, 2007. The Operating Partnership has the option to extend this office lease for an additional three-year period at the then prevailing market rate upon the same terms and conditions contained in this office lease. The fixed minimum rent under the terms of this office lease is $1,800 per month from June 1, 2005 to April 30, 2006, and $1,900 per month from May 1, 2006 to April 30, 2007. Under the Company s Corporate Governance Guidelines, the Company s disinterested trustees approved the terms of, and the entry into, the office lease by the Operating Partnership.

In June 2005, the Operating Partnership also entered into a month-to-month office lease agreement with Amsdell and Amsdell for office space of approximately 3,500 square feet of an office building located at 6779 Engle Road. The lease was effective as of May 1, 2005. The fixed minimum rent under the terms of the lease is $3,700 per month. Under the Company s Corporate Governance Guidelines, the Company s disinterested trustees approved the terms of, and the entry into, the month-to-month office lease agreement by the Operating Partnership.

The total of lease payments incurred under the three current office leases for the three and six months ended June 30, 2005 was approximately $0.1 million and $0.2 million, respectively.

The Company charters 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. The total amount incurred for such aircraft charters by the Company for the three and six months ended June 30, 2005 was approximately $0.1 million and $0.2 million, respectively. Effective June 30, 2005 the timesharing agreement was terminated and was replaced on July 1, 2005 with a Non-Exclusive Aircraft Lease Agreement. Under the Company s Corporate Governance Guidelines, the Company s disinterested trustees approved the terms of, and the entry into, the Non-Exclusive Aircraft Lease Agreement by the Operating Partnership. See Note 7 for a disclosure of the terms and conditions of the Non-Exclusive Aircraft Lease Agreement.

**U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)**

The Company engages 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 for its self-storage facilities. The total payments made by the Company to Dunlevy Building Systems Inc. for the three and six months ended June 30, 2005 were approximately $5,000.

The Company engages 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. The total payments made by the Company to Deborah Dunlevy Designs for the three and six months ended June 30, 2005 were approximately $26,000 and $56,000 respectively.

Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and the Amsdell Entities that acquired common shares or Units in the IPO transactions received registration rights. Beginning as early as October 27, 2005, they will be entitled to require the Company to register their shares for public sale subject to certain exceptions, limitations and conditions precedent.

7. Subsequent Events

The Company completed the following transactions subsequent to June 30, 2005:

Entry into Aircraft Lease Agreement. In July 2005, the Operating Partnership entered into a Non-Exclusive Aircraft Lease Agreement with Aqua Sun pursuant to which the Operating Partnership may lease for corporate use from time to time an airplane owned by Aqua Sun (the Aircraft Lease). Under the terms of the Aircraft Lease, the Operating Partnership may lease use of the airplane owned by Aqua Sun at an hourly rate of $1,450 per flight hour. Aqua Sun is responsible for various costs associated with operation of the airplane, including insurance, storage and maintenance and repair, but the Operating Partnership is 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, has a one-year term and is automatically renewed for additional one-year periods unless terminated by either party. Either party may terminate the agreement with or without cause upon 60 days prior notice to the other party.

The Aircraft Lease replaces a timesharing agreement that was entered into as of October 22, 2004 between a subsidiary of the Company and an affiliate of Aqua Sun regarding use of the airplane, which agreement was terminated on June 30, 2005 by mutual agreement of the parties thereto. The timesharing agreement was scheduled to expire on October 21, 2005.

Acquisition of Arizona Storage Facility. On July 11, 2005, the Company acquired one self-storage facility from Shurgard Storage for approximately $2.9 million in cash. The facility contains approximately 54,000 square feet and is located in Tempe, Arizona.

Acquisition of New Jersey Storage Facility. On July 15, 2005, the Company acquired one self-storage facility from Self Storage Plus for approximately $16.8 million in cash. The facility contains approximately 106,000 square feet and is located in Clifton, New Jersey.

Acquisition of National Self Storage Facilities. On July 26, 2005, the Company completed the acquisition of 70 self-storage facilities from various partnerships and other entities affiliated with National Self Storage and the Schomac Group, Inc. (National Self Storage) for an aggregate consideration of approximately $212.0 million. The consideration was comprised of approximately $61.5 million of units in the Operating Partnership, the assumption of approximately $80.8 million of outstanding debt by the Operating Partnership, and approximately $69.7 million in cash. The purchase agreement includes a provision permitting these unitholders, beginning one year after issuance of the units and for a period of seven years from the date of the closing and subject to certain conditions, to redeem a portion of their units by requiring us to purchase and simultaneously transfer to them real

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

estate properties to be identified by them for a purchase price equal to the fair value of such units. The redemption price is based on the trading price of the Company s common shares 10 days before the redemption date. The purchase price allocation is preliminary and is based on currently available information and upon preliminary assumptions and estimates the Company believes are reasonable. The Company has acquired debt at above market rates which will be revalued to respective fair market values upon finalization of the purchase price. Additionally, the fair value of the units is approximately $10.0 million higher than the book value expected to be recorded under purchase accounting. The acquired portfolio totals approximately 3.7 million rentable square feet and includes self-storage facilities located in the Company s existing markets in Southern California, Arizona and Tennessee and in new markets in Texas, Northern California, New Mexico, Colorado and Utah.

Entry into Lehman Brothers Mortgage Loan. In July 2005, YSI VI LLC (YSI VI), an indirect subsidiary of the Company, entered into a fixed rate mortgage loan agreement with Lehman Brothers Bank, FSB, as the lender, in the principal amount of $80.0 million. The mortgage loan, which is secured by 24 of the Company s self-storage facilities, bears interest at 5.13% and matures in August 2012. The mortgage loan will become immediately due and payable, and the lender will be entitled to interest on the unpaid principal sum at an increased rate, if any required payment is not paid on or prior to the date when due or on the happening of any other event of default. This mortgage loan requires YSI VI to establish reserves relating to the mortgaged facilities for replacements, repairs, real estate taxes and insurance. The Operating Partnership is a guarantor under this mortgage loan with respect to certain exceptions to the non-recourse provisions of the loan.

Entry into LaSalle Bank Mortgage Loan. In August 2005, YASKY LLC (YASKY), an indirect subsidiary of the Company, entered into a fixed rate mortgage loan agreement with LaSalle Bank National Association, as the lender, in the principal amount of $80.0 million. The mortgage loan, which is secured by 28 of the Company s self-storage facilities, bears interest at 4.96% and matures in September 2012. The mortgage loan will become immediately due and payable, and the lender will be entitled to interest on the unpaid principal sum at an increased rate, if any required payment is not paid on or prior to the date when due or on the happening of any other event of default. This mortgage loan requires YASKY LLC to establish reserves relating to the mortgaged facilities for replacements, repairs, real estate taxes and insurance. The Operating Partnership is a guarantor under this mortgage loan with respect to certain exceptions to the non-recourse provisions of the loan.

Acquisition of Elizabeth, NJ and Hoboken, NJ Facilities. On August 4, 2005, the Company acquired two self-storage facilities for approximately $8.2 million in cash. These facilities total approximately 74,000 square feet and are located in Elizabeth and Hoboken, New Jersey.

Acquisition of Colorado Portfolio. On September 22, 2005, the Company acquired seven self-storage facilities for $19.5 million in cash. These facilities total approximately 317,000 square feet and are located in Colorado.

Acquisition of Miami, Florida Facilities. On September 27, 2005, the Company acquired two self-storage facilities for $17.8 million in cash. These facilities total approximately 151,000 square feet and are located in Miami, Florida.

Acquisition of Pensacola, Florida Facility. On September 27, 2005, the Company acquired one self-storage facility for approximately $7.9 million in cash. This facility contains approximately 79,000 square feet and is located in Pensacola, Florida.

Acquisition of Texas Portfolio. On September 27, 2005, the Company acquired four self-storage facilities for $15.6 million in cash. These facilities total approximately 227,000 square feet and are located in Texas.

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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 sheet of U-Store-It Trust and subsidiaries (the Company) as of December 31, 2004 and the consolidated and combined balance sheet of Acquiport/ Amsdell (the Predecessor), as defined in Note 1, as of December 31, 2003, respectively, and the related consolidated statements of operations, shareholders equity, and cash flows of the Company for the period from October 21, 2004 (commencement of operations) through December 31, 2004, and the related consolidated and combined statements of operations, owners equity (deficit), and cash flows of the Predecessor for the period from January 1, 2004 through October 20, 2004, and for the years ended December 31, 2003 and 2002. Our audits also included the financial statement schedule listed in the Index at F-1. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on the 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. Neither the Company nor the Predecessor are required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company s or the Predecessor s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 the Company as of December 31, 2004 and the consolidated and combined financial position of the Predecessor as of December 31, 2003, the results of the Company s operations and cash flows for the period from October 21, 2004 (commencement of operations) through December 31, 2004, and the results of the Predecessor s operations and cash flows for the period from January 1, 2004 through October 20, 2004 and for the years ended December 31, 2003 and 2002, 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 therein.

/s/ DELOITTE & TOUCHE LLP
Cleveland, Ohio
March 30, 2005

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
CONSOLIDATED AND COMBINED BALANCE SHEETS
($ in thousands)

	The Company December 31, 2004	The Predecessor December 31, 2003
ASSETS		
Storage facilities net	$ 729,155	$ 395,599
Cash	28,485	7,503
Restricted cash	7,211	3,772
Loan procurement costs net of amortization	7,624	2,461
Other assets	3,399	2,884
TOTAL ASSETS	$ 775,874	$ 412,219
LIABILITIES AND SHAREHOLDERS /OWNERS EQUITY		
LIABILITIES		
Loans payable	$ 380,496	$ 271,571
Capital lease obligations	156	374
Accounts payable and accrued expenses	10,958	3,218
Distributions payable	7,532	
Accrued management fees related parties		370
Rents received in advance	5,835	4,552
Security deposits	455	385
TOTAL LIABILITIES	405,432	280,470
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST	11,062	
SHAREHOLDERS /OWNERS EQUITY		
Common shares, $.01 par value, 200,000,000 shares authorized, 37,345,162 issued and outstanding	373	
Additional paid in capital	396,662	
Retained deficit	(37,430)	
Unearned share grant compensation	(225)	
Owners equity		131,749
TOTAL SHAREHOLDERS /OWNERS EQUITY	359,380	131,749
TOTAL LIABILITIES AND SHAREHOLDERS /OWNERS EQUITY	$ 775,874	$ 412,219

See accompanying notes to the consolidated and combined financial statements.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/ AMSDELL (THE PREDECESSOR)
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
($ in thousands, except per share data)

	The Company	The Predecessor		
	For the Period October 21, 2004 to December 31, 2004	For the Period January 1, 2004 to October 20, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
REVENUES:				
Rental income	$ 21,314	$ 65,631	$ 76,898	$ 72,719
Other property related income	1,452	3,211	3,916	3,866
Total revenues	22,766	68,842	80,814	76,585
OPERATING EXPENSES:				
Property operating expenses	9,635	26,031	28,096	26,075
Depreciation	5,800	16,528	19,494	19,656
General and administrative	4,254			
Management fees Related party		3,689	4,361	4,115
Total operating expenses	19,689	46,248	51,951	49,846
OPERATING INCOME	3,077	22,594	28,863	26,739
OTHER INCOME (EXPENSE):				
Interest expense	(4,428)	(19,385)	(15,128)	(15,944)
Loan procurement amortization expense	(240)	(5,727)	(1,015)	(1,079)
Early extinguishment of debt	(7,012)			
Costs incurred to acquire management company	(22,152)			
Other	(41)	69	12	
Total other expense	(33,873)	(25,043)	(16,131)	(17,023)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	(30,796)	(2,449)	12,732	9,716
MINORITY INTEREST	898			
NET INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	(29,898)	(2,449)	12,732	9,716
DISCONTINUED OPERATIONS				
Income from operations			171	312
Gain on sale of storage facilities			3,329	

Income from discontinued operations						3,500		312
NET INCOME (LOSS)	$	(29,898)	$	(2,449)	$	16,232	$	10,028
Basic and diluted loss per share	$	(0.80)						
Weighted-average common shares outstanding basic and fully diluted		37,477,920						

See accompanying notes to the consolidated and combined financial statements.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/ AMSDELL (THE PREDECESSOR)
CONSOLIDATED AND COMBINED STATEMENTS OF SHAREHOLDERS EQUITY AND OWNERS EQUITY (DEFICIT)
(In thousands)

	Common Shares Number	Common Shares Amount	Additional Paid in Capital	Unearned Grant Shares Compensation	Retained Deficit	Owners Equity (Deficit)	Total
The Predecessor							
Balance at January 1, 2002		$	$	$	$	$ 142,162	$ 142,162
Net income						10,028	10,028
Cash contributions						16,666	16,666
Cash distributions						(26,443)	(26,443)
Balance at December 31, 2002						142,413	142,413
Net income						16,232	16,232
Cash contributions						1,788	1,788
Cash distributions						(28,684)	(28,684)
Balance at December 31, 2003						131,749	131,749
Net loss						(2,449)	(2,449)
Contributions						128,724	128,724
Cash distributions						(18,297)	(18,297)
Issuance of note receivable from owner						(277,152)	(277,152)
Balance at October 20, 2004						(37,425)	(37,425)
The Company							
Reclassify Predecessor owners deficit			(37,961)			37,961	
Reclassify Predecessor owners deficit relative to contribution of facilities at historic cost for partnership units			536			(536)	
	28,750	287	424,702				424,989

Net proceeds from sale of common shares							
Grant of restricted shares			2,675	(2,675)			
Amortization of restricted shares				2,450			2,450
Issuance of restricted shares	20						
Issuance of shares to former owners, property contributions	7,409	74	(74)				
Issuance of shares to former owners, management company acquisition	1,166	12	18,648				18,660
Share compensation expense			96				96
Record minority interests for former owners continuing interests			(11,960)				(11,960)
Net loss					(29,898)		(29,898)
Distributions					(7,532)		(7,532)
	37,345	$ 373	$ 396,662	$ (225)	$ (37,430)	$	$ 359,380

See accompanying notes to the consolidated and combined financial statements.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
($ in thousands)

	The Company	The Predecessor		
	For the Period October 21, 2004 to December 31, 2004	For the Period January 1, 2004 to October 20, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	$ (29,898)	$ (2,449)	$ 16,232	$ 10,028
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization	6,040	22,255	20,716	20,936
Early extinguishment of debt	7,012			
Share compensation expense	2,546			
Costs incurred to acquire management company	22,152			
Minority interest in net loss of subsidiaries	(898)			
Gain on sales of storage facilities			(3,329)	
Changes in other operating accounts:				
Other assets	3,021	118	657	(33)
Accounts payable and accrued expenses	(1,978)	5,664	(205)	602
Other liabilities	1,418	(65)	156	109
Net cash provided by operating activities	9,415	25,523	34,227	31,642
CASH FLOWS FROM INVESTING ACTIVITIES:				
Additions and improvements to storage facilities	(224,976)	(2,865)	(8,808)	(33,319)

Acquisition of management company, net	(3,492)			
Disposals of storage facilities		583		
Net proceeds from sales of storage facilities			8,068	
Increase in restricted cash	(607)	(2,832)	(1,767)	107
Net cash used in investing activities	(229,075)	(5,114)	(2,507)	(33,212)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from sale of common shares	424,989			
Proceeds from:				
Loans payable	270,000	424,500	3,934	30,392
Notes payable related parties		3,961		
Principal payments on:				
Loans payable	(437,849)	(147,725)	(2,093)	(21,040)
Notes payable related parties	(1,600)	(2,361)		
Capital lease obligations	(21)	(197)	(309)	(233)
Cash contributions from owners		108	1,788	16,666
Loan made to owners		(277,152)		
Cash distributions to owners		(18,297)	(28,684)	(26,443)
Pre-payment penalty on debt extinguishment	(887)			
Loan procurement costs	(8,554)	(8,682)	(365)	(160)
Net cash provided by (used in) financing activities	246,078	(25,845)	(25,729)	(818)
NET INCREASE (DECREASE) IN CASH	26,418	(5,436)	5,991	(2,388)
CASH Beginning of period	2,067	7,503	1,512	3,900
CASH End of period	$ 28,485	$ 2,067	$ 7,503	$ 1,512
CASH PAID FOR INTEREST	$ 9,032	$ 15,080	$ 15,648	$ 15,386
CASH PAID FOR TAXES	$ 25	$	$	$

See accompanying notes to the consolidated and combined financial statements.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS (Continued)
($ in thousands)

	The Company	The Predecessor		
	For the Period October 21, 2004 to December 31, 2004	For the Period January 1, 2004 to October 20, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
Supplemental disclosure of noncash activities:				
Contribution of facilities from prior owners for operating partnership units:				
Investment in real estate	$ 10,762	$	$	$
Mortgage loans	(10,365)			
Other, net	139			
Net assets acquired	536			
Acquisition of management company from prior owners:				
Assets acquired (excluding cash of $730)	659			
Liabilities assumed	(536)			
Net assets acquired	123			
Acquisition of 46 facilities:				
Investment in real estate	223,437			
Mortgage loans	(90,000)			
Other, net	(4,526)			
Net assets acquired	128,911			
Acquisition of three facilities:				
Investment in real estate				19,497
Other, net				(70)
Net assets acquired				19,427
Acquisition of four facilities:				
Investment in real estate, from related party				19,110

Mortgage loans, assumed			(19,110)
Net assets acquired			
Acquisition of partnership interests:			
Investment in real estate		128,672	
Contribution related to step-up in basis		(128,672)	
Acquisition of minority interest:			
Investment in real estate			577
Elimination of receivable			(125)
Cash paid to acquire the facilities			452
Reclassification of owners deficit to additional paid in capital	37,961		
Accrual for transfer of deferred financing fee assumed at merger date	(2,547)	2,547	
Record minority interest for limited partnership units in the operating partnership by reclassifying from additional paid in capital	11,960		
Items capitalized for funds yet to be disbursed	(427)		
Accrual for offering costs (reclassified to shareholders equity)	(3,668)	3,668	
Accrual for distributions	7,532		
Grant of deferred share units and restricted shares to management executives and trustees	2,675		

See accompanying notes to the consolidated and combined financial statements.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

1. Organization

U-Store-It Trust (we or 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 (which entities and trusts are referred to herein as 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 commission, financial advisory fees and expenses of the IPO, of approximately $425.0 million. As a result of the mergers, the IPO and the formation transactions, the Company owns the sole general partner interest in U-Store-It, L.P., a Delaware limited partnership that was formed in July 1996 under the name Acquiport/Amsdell I Limited Partnership and was renamed U-Store-It, L.P. upon the completion of the IPO (the Operating Partnership), and approximately 97% of the aggregate partnership interests in the Operating Partnership at December 31, 2004. The Company is a real estate company engaged in the business of owning, acquiring, developing and operating self-storage properties for business and personal use under month-to-month leases and is operated as a real estate investment trust (REIT), for federal income tax purposes. All of the Company s assets are held by, and operations are conducted through, the Operating Partnership and its subsidiaries.

The financial statements covered in this report represent the results of operations and financial condition of Acquiport/Amsdell (the Predecessor) prior to the IPO and the formation transactions and of the Company after October 21, 2004. The Predecessor was not a legal entity but rather a combination of certain real estate entities and operations as described below. Concurrent with the consummation of the IPO, the Company and the Operating Partnership, together with the partners and members of affiliated partnerships and limited liability companies of the Predecessor and other parties which held direct or indirect ownership interests in the properties (the Participants), completed certain formation transactions (the Formation Transactions). The Formation Transactions were designed to (i) continue the operations of the Operating Partnership, (ii) acquire the management rights with respect to the Predecessor s existing facilities and three facilities contributed by entities owned by Robert J. Amsdell and Barry L. Amsdell; (iii) enable the Company to raise necessary capital for the Operating Partnership to repay a portion of the existing term loan provided by an affiliate of Lehman Brothers and other indebtedness related to the three facilities acquired by the Operating Partnership from entities owned by Robert J. Amsdell and Barry L. Amsdell and on four of the other existing facilities; (iv) enable the Company to qualify as a REIT for federal income tax purposes commencing the day prior to the closing of the IPO; and (v) permit such entities owned by Robert J. Amsdell and Barry L. Amsdell to defer the recognition of gain related to the three facilities that were contributed to the Operating Partnership. These formation transactions are described in detail elsewhere in this prospectus.

The Predecessor was comprised of the following entities: 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 IV, LLC, Acquiport V, LLC, Acquiport VI, LLC, Acquiport VII, LLC, and USI II, LLC (USI II). The Predecessor also included three additional facilities, Lakewood, OH, Lake Worth, FL, and Vero Beach I, FL, which were contributed to the Operating Partnership in connection with the IPO. All intercompany balances and transactions are eliminated in consolidation and combination. At December 31, 2004 and 2003, the Company and the Predecessor owned 201 and 155 self-storage facilities, respectively.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

In connection with the IPO, Amsdell Partners, Inc., the prior corporate general partner of the Operating Partnership, and High Tide LLC, which previously owned substantially all of the limited partner interests in the Operating Partnership, merged with and into the Company, with the Participants receiving approximately 8.6 million common shares of the Company. Additionally, the Participants exchanged their interests in U-Store-It Mini Warehouse Co. (the prior manager of the self-storage facilities), for approximately $23.0 million. Concurrently with the purchase of U-Store-It Mini Warehouse Co., the Company contributed its ownership interest in U-Store-It Mini Warehouse Co. and its membership interests in YSI Management LLC to the Operating Partnership for units. The mergers of Amsdell Partners, Inc. and High Tide LLC with and into the Company were accounted for as mergers of entities under common control and accordingly, were recorded by the Company at the transferors historical cost basis. The purchase of the management company has been determined to not represent the purchase of a business for purposes of applying Financial Accounting Standards Board Statement (FASB) No. 141, Business Combinations and is recorded as a contract termination charge, net of assets and liabilities assumed of $0.8 million.

In May 2004, an entity (High Tide LLC) controlled by members of the Amsdell family acquired the only outside partnership interests in Acquiport I, which were held by partners that were not affiliated with the Amsdell family. High Tide LLC obtained an approximate $277.0 million loan from Acquiport I (the High Tide Note) to fund its purchase of approximately 71.8% of these partnership interests. As discussed in the following paragraph, this loan was funded with proceeds of the term loan. For financial statement purposes, the Acquiport I loan receivable from High Tide LLC was presented as a component of equity. In addition, Acquiport I applied push down accounting relating to this change in ownership, resulting in a step-up in basis of partnership assets of approximately $129.0 million, which is recorded to storage facilities. This step-up in basis was recorded in accordance with the Predecessor s policy relating to purchase price allocations. The High Tide Note was settled upon completion of the Company s IPO.

One of the partners limited partnership interests purchased by High Tide LLC was purchased from an institutional investment fund and the other was purchased from an entity controlled by an officer of Acquiport/Amsdell (Square Foot Companies, LLC, which owned a 0.61% interest in Acquiport I). Acquiport I provided funding for the acquisition to High Tide LLC utilizing proceeds of a $424.5 million term loan that Acquiport I obtained from an affiliate of Lehman Brothers. The remaining proceeds of this term loan were used to pay off Acquiport I s revolving line of credit of approximately $142.0 million and to pay financing costs. The loan was repaid in full on October 27, 2004 with a portion of the proceeds from the IPO. As a result of this purchase, the Amsdell family ownership of Acquiport I increased from approximately 28% to 100%, leaving no unaffiliated partners.

Through the Operating Partnership, the Company owns and manages 201 storage facilities as of December 31, 2004.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Combination The accompanying consolidated financial statements include all of the accounts of the Company, the Operating Partnership and wholly owned subsidiaries. The mergers of Amsdell Partners, Inc. and High Tide LLC with and into the Company and the property interests contributed to the Operating Partnership by the Predecessor have been accounted for as a reorganization of entities under common control and accordingly were recorded at the Predecessor s historical cost basis. Prior to the combination, the Company had no significant operations; therefore, the combined operations for the period prior to October 21, 2004 represent the operations of the Predecessor. The combination did not require any material adjustments to conform the accounting policies of the separate entities. All significant intercompany balances and transactions have been eliminated in the consolidated and combined financial statements. The real estate entities included in the accompanying consolidated and combined financial

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

statements of the Predecessor have been consolidated and combined on the basis that, for the periods presented, such entities were under common management.

Operating Segment The Company has one reportable operating segment; it owns, operates, develops, and manages storage facilities. The storage facilities are located in major metropolitan areas and have numerous tenants per facility. No single tenant represents 10% or more of our revenues. The facilities in Florida, Illinois and California provided 28.0%, 11.4% and 10.3%, respectively, of total revenues for the period from October 21, 2004 through December 31, 2004. The Company uses net operating income as a measure of operating performance at each of the facilities and for all of its facilities in the aggregate.

Storage Facilities Storage facilities are recorded 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 forty years. Expenditures for significant renovations or improvements that extend the useful life of assets are capitalized. Repairs and maintenance costs are expensed as incurred.

Upon acquisition of a facility, we have allocated the purchase price to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values. Acquisitions of portfolios of facilities are allocated to the individual facilities based upon 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, building and improvements and estimates of depreciated replacement cost of equipment. In allocating the purchase price, the Company determines whether the acquisitions include intangible assets or liabilities. Substantially all of the leases in place at acquired properties 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. The Company also considers whether in-place, at market leases represent an intangible asset. Based on the Company s experience, leases of this nature generally re-let in less than 30 days and lease-up costs are minimal. Accordingly, to date no intangible asset for in-place, at market leases has been recorded. Additionally, 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 (less than one year).

We evaluate long-lived assets which are held for use for impairment when events and circumstances indicate that there may be an impairment. We compare the carrying value of these long-lived assets to the undiscounted future cash flows attributable to the assets. An impairment loss is recorded if the net carrying value of the asset exceeds the undiscounted future cash flows attributable to the asset. The impairment loss recognized equals the excess of net carrying value over the related fair value of the asset. No impairment charges have been recognized in the periods reported herein.

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

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

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.

During 2003, the Predecessor sold five of its storage facilities located throughout the United States. 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 8). It is our policy to allocate interest expense to facilities disposed of by sale based on the principal amount of the debt that will or could be paid off upon sale.

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

Loan Procurement Costs Loan procurement costs related to borrowings consist of $8.4 million and $6.1 million at December 31, 2004 and 2003, respectively. These amounts are reported net of accumulated amortization of $0.8 million and $3.6 million as of December 31, 2004 and 2003, respectively. The costs are amortized over the life of the related debt using the interest method and reported as loan procurement amortization expense.

Other Assets Other assets consist primarily of accounts receivable and prepaid expenses.

Environmental Costs Our policy is to accrue remediation costs and other environmental expenses when it is probable that remediation and other similar activities will be required and the related costs can be reasonably estimated. All of our storage facilities have been the subject of independent Phase I environmental assessments and our policy is to have such assessments conducted on all new storage facility acquisitions. Although there can be no assurance that there is no environmental contamination at our facilities, management is not aware of any contamination at any of our facilities that individually or in the aggregate would be material to our business operations, or financial statements.

Revenue Recognition Management has determined that all of our leases are operating leases. Rental income is received 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 lease. The excess of rents received over amounts contractually due pursuant to the underlying leases is included in rents received in advance in the accompanying consolidated and combined balance sheets and contractually due but unpaid rents are included in other assets.

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

Other Property Related Income Other property related income consists primarily of late fees and administrative charges prior to October 27, 2004. Revenues from sales of storage supplies and other ancillary revenues and related costs were earned by U-Store-It Mini Warehouse Co. (the Property Manager) prior to October 27, 2004 and are not included in the operations of the Predecessor. Effective October 27, 2004, upon acquisition of the Property Manager, these ancillary revenues and costs are included in our operations, and YSI Management, LLC, a wholly owned subsidiary of the Operating Partnership, became the new property manager of the facilities.

Derivative Financial Instruments We carry all derivatives on the balance sheet at fair value. We determined 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, 2004, the Company had no outstanding derivative contracts.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

Income Taxes The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the Code), commencing with its taxable year ended December 31, 2004. The Company has been organized and has operated in a manner that it believes has allowed it to qualify for taxation as a REIT under the Code commencing with the taxable year ended December 31, 2004, and the Company intends to continue to be organized and operate in this manner. As a REIT, the Company is not required to pay federal corporate income taxes on its taxable income to the extent it is currently distributed to our shareholders.

However, qualification and taxation as a REIT depends upon the Company s ability to meet the various qualification tests imposed under the Code related to annual operating results, asset diversification, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that the Company will continue to be organized or continue to operate in a manner so as to remain qualified as a REIT. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on the Company s taxable income at regular corporate tax rates.

The Company has elected to treat U-Store-It Mini Warehouse Co. as a taxable REIT subsidiary (a TRS). In general, a TRS 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. A TRS is subject to corporate federal and state income taxes on its taxable income at regular statutory tax rates. The Company has provided for $0.1 million of income taxes for the period from October 27, 2004 through December 31, 2004 and is included in other income, and a deferred tax asset of $0.1 million is included in other assets at December 31, 2004.

Each member of the Predecessor is treated as a partnership for federal and state income tax purposes, so the tax effects of the Predecessor s operations are the responsibility of the partners and members of these entities. Accordingly, the Predecessor does not record any provision for income taxes in the consolidated and combined financial statements.

Earnings per Share Earnings per share is calculated based on the weighted average number of shares of our common shares and deferred share units outstanding during the period. The assumed exercise of outstanding share options and the effect of the vesting of unvested restricted shares that has been granted or has been committed to be granted, all using the treasury stock method, are not dilutive for the period from October 21, 2004 through December 31, 2004.

Share Options We apply the fair value method of accounting for the share options issued under our incentive award plan at the date of consummation of our IPO. Accordingly, compensation expense was recorded relating to such options over the vesting period.

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.

Reclassifications Certain prior year amounts have been reclassified to conform to current year presentation.

Recent Accounting Pronouncements In December, 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (revised 2004), Share-Based Payment (SFAS No. 123-R), which is a revision of SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123-R supersedes Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and amends

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

SFAS No. 95, Statement of Cash Flows. SFAS No. 123-R requires the fair value of all share-based payments to employees to be recognized in the consolidated statement of operations. The Company early adopted SFAS No. 123-R and has included $2.5 million of compensation expense relating to outstanding deferred shares, restricted shares and options in its 2004 statement of operations.

3. Storage Facilities

The following summarizes the real estate assets of the Company and the Predecessor as of:

Description	The Company December 31, 2004	The Predecessor December 31, 2003
	($ in thousands)	
Land	$ 136,168	$ 51,449
Buildings and improvements	635,718	388,410
Equipment	79,742	55,322
Total	851,628	495,181
Less accumulated depreciation	(122,473)	(99,582)
Storage facilities net	$ 729,155	$ 395,599

The carrying value of storage facilities has increased from December 31, 2003, primarily as a result of the application of push down accounting relating to the change in ownership of the Operating Partnership in May 2004, discussed in Note 1, and the acquisition of 46 storage facilities acquired at, or shortly after, the closing of the IPO.

4. Loans Payable

A summary of outstanding indebtedness as of December 31, 2004 and 2003 is as follows ($ in thousands):

Description	The Company December 31, 2004	The Predecessor December 31, 2003
The $90,000 loan from Lehman Brothers Holdings, Inc. (Lehman Capital) to YSI I LLC requires interest only payments until November 2005 and monthly debt service payments of $517 per month from November 2005 through May 2010. Interest is paid at the fixed rate of 5.19% through May 2010. The loan is collateralized by first mortgage liens against 21 storage facilities of YSI I LLC, which had a net book value of $96,529 at December 31, 2004.	$ 90,000	$
The $90,000 loan from Lehman Capital to YSI II LLC requires interest only payments until November 2005 and monthly debt service payments	90,000	

of $524 per month from November 2005 through January 2011. Interest is paid at the fixed rate of 5.325% through January 2011. The loan is collateralized by first mortgage liens against 18 storage facilities of YSI II LLC, which had a net book value of $98,059 at December 31, 2004.

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

Description	The Company December 31, 2004	The Predecessor December 31, 2003
The $90,000 loan from Lehman Brothers Bank, FSB (Lehman Brothers Bank) to YSI III LLC, requires interest only payments until November 2005 and monthly debt service payments of $511 per month from November 2005 through November 2009. Interest is paid at the fixed rate of 5.085% through November 2009. The loan is collateralized by first mortgage liens against 26 storage facilities of YSI III LLC, which had a net book value of $130,152 at December 31, 2004.	90,000	
The $70,000 loan from Lehman Capital to Acquiport III requires payments of $548 per month which includes interest payable monthly at 8.16% per annum through November 1, 2006, which is referred to in the loan agreement as the anticipated repayment date. The Company intends to repay the loan on or before the anticipated repayment date. After October 31, 2006, the loan requires interest at the greater of 13.16% and a defined Treasury rate plus 5%, additional monthly principal payments based on defined net cash flow and final repayment by November 1, 2025. The loan is collateralized by first mortgage liens against 41 storage facilities of Acquiport III, which had a net book value of $113,191, and restricted cash of $1,319 at December 31, 2004.	66,217	67,162
The $42,000 mortgage loan from Lehman Brothers Bank to USI II requires principal payments of $300 per month and interest at 7.13% per annum through December 11, 2006, which is referred to in the loan agreement as the anticipated repayment date. The Company intends to repay the loan on or before the anticipated repayment date. After December 10, 2006, the loan requires interest at the greater of 12.13% and a defined Treasury rate plus 5%, additional monthly principal payments based on defined net cash flow and final repayment by December 11, 2025. The loan is collateralized by first mortgage liens against all 10 storage facilities of USI II, which had a net book value of $41,239 at December 31, 2004.	39,878	40,564
The other loans payable assumed in conjunction with the acquisition of facilities require interest payable monthly at fixed rates ranging from 7.71% to 8.43% per annum and a weighted average of 8.01% at	4,401	9,648

December 31, 2004 and 7.38% to 8.43% per annum and a weighted average of 7.74% at December 31, 2003. These loans require monthly payments of principal and interest, are due from 2008 to 2009, contain covenants with respect to net worth and are collateralized by first mortgage liens against two facilities at December 31, 2004 with a net book value of $7,488.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

Description	The Company December 31, 2004	The Predecessor December 31, 2003
The $180,000 unsecured revolving line of credit from First Union Securities, Inc. (First Union) to Acquiport I required interest only payments at the base rate (defined as the higher of prime rate and the Federal funds rate plus 0.5%) or the adjusted LIBOR rate as defined by the line of credit agreement as selected by the borrower from time to time. At December 31, 2003, the outstanding balance required interest at 3.57% pursuant to the LIBOR contract entered into under the terms of the credit agreement This loan was paid in full on May 4, 2004.		142,462
The $6,183 mortgage loan from Wachovia to Lake Worth, FL required interest payable monthly at a variable rate of LIBOR plus 200 basis points. For time periods prior to August 16, 2004, the Company fixed the interest rate at 6.85% through an executed interest rate swap agreement. The loan was collateralized by a first mortgage lien against the facility, which had a net book value of $9,543, at December 31, 2003. This loan was paid off as part of the IPO and the Formation Transactions		5,816
The $2,200 mortgage loan from Charter One Bank to Lakewood, OH required interest payable monthly at 2.50% plus the Current Index (defined as the weekly average yield on the United States Treasury Securities adjusted to a constant maturity of one year as made available by the Federal Reserve Board). The rate of interest changes every 12 months but shall never exceeded 13.00% per annum or be less than 7.00% per annum. The loan required monthly payments for principal and interest. The loan was collateralized by a first mortgage lien against the property, which had a net book value of $1,120, at December 31, 2003. Interest at December 31, 2003 was 7.00%. This loan was paid off as part of the IPO and the Formation Transactions		2,033
The $2,000 construction loan from Wachovia to Lake Worth, FL required interest payable monthly at LIBOR The terms of the construction loan required completion within 24 months of the loan agreement at which time the loan converted to a permanent loan. Interest only payments were required through the construction phase. Conversion to a permanent loan was effective on December 20, 2003		2,000

with a maturity date of December 19, 2004. At December 31, 2003, the outstanding balance required monthly payments of principal and interest at 3.15% per annum, and the loan was collateralized by a second mortgage lien against the facility, which had a net book value of $9,543 at December 31, 2003. This loan was paid off as part of the IPO and the Formation Transactions	
The $1,287 mortgage loan from First Security State to Acquiport I required interest only payments payable monthly at a fixed rate of 9.35% per annum through April 1, 2006. The loan was collateralized by a first mortgage lien against one storage facility which had a net book value of $1,412 at December 31, 2003. This loan was paid off as part of the IPO and the Formation Transactions	1,153

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

Description	The Company December 31, 2004	The Predecessor December 31, 2003
The Vero Beach I, FL facility participated with other non-combined entities in a $10,000 revolving credit facility with Huntington National Bank. Interest was payable monthly at 2.50% per annum plus the thirty day LIBOR rate. The credit facility had a maturity date of December 12, 2006. The amount of allocated debt associated with specific draws related to the Vero Beach I, FL facility was $733. A first mortgage lien against the storage facility had been pledged as collateral for the credit facility, which had a net book value of $918 at December 31, 2003. Interest at December 31, 2003 was 3.71%. This loan was paid off as part of the IPO and the Formation Transactions		733
The Operating Partnership has a $150,000 secured revolving credit facility with a group of banks led by Lehman Brothers, Inc. and Wachovia Capital Markets, LLC. The credit facility bears interest at a variable rate based upon a base rate or a Eurodollar rate plus, in each case, a spread depending on our leverage ratio. No amounts were outstanding under this facility at December 31, 2004. This credit facility is scheduled to mature in October 2007, with an option to extend the term for one year at the Company s option		
In April 2004, Acquiport I entered into a loan agreement with Lehman Brothers Bank for $424,500. A portion of the proceeds was used to pay off the $180,000 unsecured revolving line of credit from First Union. The remaining proceeds were used to pay costs and expenses incurred in connection with the closing of the loan, including, without limitation, loaning a portion of the proceeds to High Tide LLC pursuant to the High Tide Note (Note 1), or for other general corporate purposes. The loan required an initial escrow deposit of $610 for taxes, insurance and to establish a replacement reserve This loan was paid off as part of the IPO and the Formation Transactions		
Total	$ 380,496	$ 271,571

The annual principal payment requirements on the loans payable as of December 31, 2004 are ($ in thousands):

Year	Amount
2005	$ 2,352
2006	109,037
2007	5,079
2008	7,641
2009	90,159
2010 and Thereafter	166,228
Total	$ 380,496

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR) NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

5. Minority Interests

Minority interests relate to the interests in the Operating Partnership that are not owned by the Company, which, at December 31, 2004, amounted to approximately 2.9%. In conjunction with the formation of the Company, certain former owners contributed properties to the Operating Partnership and received units in the Operating Partnership (Units) concurrently with the closing of the IPO. Limited partners who acquired Units in the Formation Transactions have the right, beginning on October 27, 2005, to require the Operating Partnership to redeem part or all of their 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 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 ten 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, entities owned by the Company s Chief Executive Officer and one of its trustees received an aggregate of 1,129,515 Units for three properties with a net historical basis of $0.5 million.

6. Related Party Transactions

As of December 31, 2004, the Company had entered into option agreements with Rising Tide Development, LLC (Rising Tide Development), a company owned and controlled by Robert J. Amsdell, the Company s Chairman and Chief Executive Officer, and Barry L. Amsdell, one of its trustees, to acquire 18 self-storage facilities, consisting of 14 facilities owned by Rising Tide Development and four facilities which Rising Tide Development has the right to acquire from unaffiliated third parties. The option agreements become exercisable with respect to each particular self-storage facility if and when that facility achieves an occupancy level of 85% at the end of the month for three consecutive months. The purchase price will be equal to the lower of (i) a price determined by multiplying in-place net operating income at the time of purchase by 12.5 and (ii) the fair market value of the option facility as determined by an appraisal process involving third party appraisers. The Company s option to acquire these facilities will expire on October 27, 2008. The determination to purchase any of the option facilities will be made by the independent members of the Company s board of trustees. Refer to Note 15 relating to the exercise of the option to purchase three of these facilities subsequent to December 31, 2004.

The Predecessor s self-storage facilities were operated by the Property Manager, which was affiliated through common ownership with Amsdell Partners, Inc., High Tide Limited Partnership, and Amsdell Holdings I, Inc. Pursuant to the relevant property management agreements, Acquiport I and Acquiport III paid the Property Manager monthly management fees of 5.35% of monthly gross rents (as defined in the related management agreements); USI paid the Property Manager a monthly management fee of 5.35% of USI s monthly effective gross income (as defined); and the owners of the Lake Worth, FL, Lakewood, OH, and Vero Beach I, FL facilities paid the Property Manager monthly management fees of 6% of monthly gross receipts through October 21, 2004, and 5.35% thereafter (as defined). Effective October 27, 2004 upon acquisition of the Property Manager, management fees relating to our wholly-owned subsidiaries are eliminated in consolidation. Effective October 27, 2004, YSI Management LLC, a wholly owned subsidiary of the Operating Partnership, entered into a management contract with Rising Tide Development to provide property management services to the option facilities for a fee equal to the greater of 5.35% of the gross revenues of each facility or $1,500 per facility per month. Management fees earned by YSI Management LLC, from Rising Tide Development, were approximately $71,000 for the period October 21, 2004 through December 31, 2004. Accounts receivable from Rising Tide Development at December 31, 2004 was approximately $271,000.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

During 2003, the Predecessor purchased two storage facilities from an affiliated entity for $5.7 million.

The Company engages, and the Predecessor engaged, Amsdell Construction, a company owned by Robert J. Amsdell, the Company s Chief Executive Officer and Barry L. Amsdell, a trustee of the Company to maintain and improve its self-storage facilities. The total payments incurred by the Company to Amsdell Construction for the period from October 21, 2004 through December 31, 2004 was approximately $0.5 million. The total amount of payments incurred by the Predecessor to Amsdell Construction for the period from January 1, 2004 through October 20, 2004 and the years ended December 31, 2003 and 2002 were $2.2 million, $2.6 million, and $6.1 million, respectively.

The Company s principal office, which is located in Cleveland, Ohio and is approximately 19,000 square feet, is leased from a partnership owned by Robert J. Amsdell and Barry L. Amsdell. The total amount of lease payments incurred under this lease by the Company for the period from October 21, 2004 through December 31, 2004 was approximately $40,000. Effective January 1, 2005 this lease agreement was modified and replaced with a new lease agreement dated March 29, 2005 (see Note 15).

Total future minimum rental payments under the new related party lease agreement as of December 31, 2004 are as follows:

	Related Party Amount ($ in thousands)
2005	$ 262
2006	308
2007	324
2008	324
2009	339
2010 and Thereafter	1,802
Total	$ 3,359

The Company charters an aircraft from Aqua Sun Investments, LLC, a company owned by Robert J. Amsdell and Barry L. Amsdell. The Company is under contract to reimburse Aqua Sun Investments, LLC at the rate of $1,250 for each hour of use of the aircraft and the payment of actual expenses associated with the use of the aircraft. The total amount incurred for such aircraft charters by the Company for the period from October 21, 2004 through December 31, 2004 was approximately $74,000.

Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell and the Amsdell Entities who acquired common shares or operating partnership units in the IPO transactions received registration rights. Beginning as early as October 27, 2005, they will be entitled to require us to register their shares for public sale subject to certain exceptions, limitations and conditions precedent.

Todd C. Amsdell, our Chief Operating Officer, earned approximately $0.2 million of a bonus for the period October 21, 2004 through December 31, 2004, in addition to the deferred share units earned and valued at $1.0 million, discussed in Note 11.

Additional related party disclosures are discussed in Notes 1, 5, 9, 11 and 15.

7. Fair Value of Financial Instruments

The fair value of financial instruments, including cash, accounts receivable, and accounts payable approximates their respective book values at December 31, 2004 and 2003. The Company has fixed interest

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

rate loans with a carrying value of $380.5 million at December 31, 2004 and fixed and variable rate loans with a carrying value of $271.9 million at December 31, 2003. The estimated fair value of these fixed and variable rate loans were $378.6 million and $279.2 million at December 31, 2004 and 2003, respectively. This estimate is based on discounted cash flow analyses assuming market interest rates for comparable obligations at December 31, 2004 and 2003.

8. Discontinued Operations

During the year ended December 31, 2003, the Predecessor sold five storage facilities for net proceeds of $8.1 million. In accordance with the terms of the Defeasance Agreements, approximately $1.4 million of the net proceeds related to the sale of the Indio Property storage facility was placed in a restricted cash account.

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 five storage facilities sold in 2003 were as follows:

Description	Year Ended December 31, 2003	Year Ended December 31, 2002
	($ in thousands)	
Revenues	$ 1,015	$ 1,199
Property operating expenses	(399)	(440)
Depreciation	(207)	(201)
Management fees to related party	(52)	(64)
Interest expense	(186)	(182)
Income from operations	171	312
Gain on sale of storage facilities	3,329	
Income from discontinued operations	$ 3,500	$ 312

9. 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.

Future minimum lease payments at December 31, 2004 are:

	Amount
	($ in thousands)
2005	$ 115
2006	49
2007	22
Total future minimum lease payments	186
Less imputed interest at 8%	30

Present value of lease payments	$	156

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR) NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

The Company currently owns six storage facilities that are subject to ground leases. The Company recorded rent expense of $24 for the period from October 21, 2004 through December 31, 2004. The Predecessor recorded rent expense of $76 for the period from January 1, 2004 through October 20, 2004. The Predecessor also recorded rent expense of $46 and $73 related to these leases in the years ended December 31, 2003 and 2002, respectively, all of which related to minimum lease payments.

Total future minimum rental payments under noncancelable ground leases and a related party office lease in effect as of December 31, 2004 are as follows:

	Third Party Amount	Related Party Amount
	($ in thousands)	
2005	$ 169	$ 262
2006	152	308
2007	146	324
2008	76	324
2009	50	339
2010 and Thereafter	244	1,802
Total	$ 837	$ 3,359

Each of the Company and the Predecessor 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.

10. Risk Management and Use of Financial Instruments

In the normal course of its business, the Company encounters economic risks. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk on its interest-bearing liabilities. Credit risk is the risk of inability or unwillingness of tenants to make required rent and other payments. Market risk is the risk of declines in the value of properties due to changes in rental rates, occupancy, interest rates or other market factors affecting the valuation of properties held by the Company.

Interest rate swaps are used to reduce the portion of total debt that is subject to variable interest rates. An interest rate swap requires the Company to pay an amount equal to a specific fixed rate of interest times a notional principal amount and entitles the Company to receive in return an amount equal to a variable rate of interest times the same notional amount. No other cash payments are made unless the contract is terminated prior to its maturity, in which case the contract would likely be settled for an amount equal to its fair value. The Company enters into contracts of this nature with major financial institutions to minimize counterparty credit risk.

The Predecessor had an interest rate swap that was undesignated and did not qualify for hedge accounting treatment; therefore, the swap was recorded at fair value and the related gains or losses were recorded in the statement of operations. The notional amount outstanding for the swap was approximately $5.8 million at December 31, 2003. The approximate fair value of the swap was a liability of $0.1 million at December 31, 2003, and is included in accounts payable and accrued expenses in the consolidated and combined balance sheets. The amount recognized as a reduction to interest expense due to changes in fair value was approximately $0.1 million and $0.2 million during the years ended December 31, 2004 and 2003, respectively. The swap matured on August 16, 2004.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

11. Share-Based Employee Compensation Plans

On October 19, 2004, the Company s sole shareholder approved a share-based employee compensation plan, the 2004 Equity Incentive Plan (the Plan). The purpose of the Plan is 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 Plan provides 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 Plan may be non-qualified share options or incentive share options.

The Plan is 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 Plan and determines the terms and provisions of option grants and share awards. A total of 3,000,000 common shares are reserved for issuance under the Plan. The maximum number of common shares subject to options, share appreciation rights, or time-vested restricted shares that can be awarded under the Plan to any person is 500,000 per calendar year. The maximum number of common shares that can be awarded under the Plan other than pursuant to an option, share appreciation rights or time-vested restricted shares that can be awarded to any person is 250,000 per calendar year. 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 Plan, unless the Plan has been terminated.

Under the Plan, the Compensation Committee determines the vesting schedule of each share award and option. Members of the Board of Trustees have been granted restricted share awards pursuant to the Plan as payment of their board fees. In each case, the number of restricted shares granted to trustees was equal to the dollar value of the fee divided by the fair market value of a common share on the date the fee would have been paid. Concurrently with the closing of the IPO, the Company also granted options under the Plan to certain of its employees and executive officers to purchase an aggregate of 950,000 common shares. The options granted to executive officers vest ratably over a three year period, one-third per year on each of the first three anniversaries of the grant date. The options granted to other employees of the Company vest evenly over a three year period, one-third per year on each of the third, fourth and fifth anniversaries of the grant date. 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.

The fair value for options granted in 2004, was estimated at the time the options were granted using the Black-Scholes option-pricing model applying the following weighted average assumptions:

	2004
Assumptions:	
Risk-free interest rate	4.38%
Expected dividend yield	7.0%
Volatility	26.25%
Weighted average expected life of the options	10 years
Weighted average fair value of options granted	$ 1.90

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 assumptions, including the expected stock price volatility.

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

In 2004, the Company recognized compensation expense related to deferred shares, restricted shares and options issued to employees and trustees of $2.5 million. Included in the compensation expense is approximately $2.4 million which represent the fair value of the deferred shares granted of 146,875 at $16.00 per deferred share to certain members of the Company s management team at consummation of the IPO. These shares did not have any vesting or forfeiture requirements.

The table below summarizes the option activity under Plan for the period from October 21, 2004 through December 31, 2004:

	Common Shares Subject to Options	Weighted Average Exercise Price Per Option
Options granted	950,000	$ 16.00
Options canceled	11,500	$ 16.00
Options exercised		
Balance at December 31, 2004	938,500	$ 16.00

The following table summarizes information regarding options outstanding at December 31, 2004:

	Options Outstanding			Options Not Exercisable	
Exercise Prices	Options	Weighted-Average remaining Contractual life In years	Weighted average exercise price	Options	Weighted average exercise price
$ 16.00	500,000	2.8	$ 16.00	500,000	$ 16.00
$ 16.00	438,500	4.8	$ 16.00	438,500	$ 16.00

Restricted Shares

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 is recognized as compensation expense over the vesting or service period.

12. Earnings Per Share and Shareholder s Equity

The following is a summary of the elements used in calculating basic and diluted earnings per share ($ in thousands except per share amounts):

	For the Period October 21, 2004 through December 31, 2004

Net loss attributable to common shares	$	(29,898)
Weighted average common shares outstanding basic		37,477,920
Potentially dilutive common shares(1):		
Share options		
Restricted shares		
Adjusted weighted average common shares outstanding diluted		37,477,920
Net loss per share basic and diluted	$	(0.80)

(1) For the period October 21, 2004 through December 31, 2004 the potentially dilutive shares of 65,748 were not included in the earnings per share calculation as their effect is antidilutive.

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

The 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. A Unit may be redeemed for cash, or at the Company s option, common shares on a one-for-one basis beginning on October 27, 2005. Outstanding minority interest Units in the Operating Partnership were 1,129,515 as of December 31, 2004. There were 37,345,162 common shares outstanding as of December 31, 2004. The outstanding common shares as of December 31, 2004, exclude 146,875 of deferred shares granted to certain members of the Company s management team (Note 11) which are treated as outstanding basic shares for computational purposes of earnings per share.

On November 16, 2004, the board of trustees declared a distribution to common shareholders of record and the Operating Partnership declared a distribution to unitholders of record, in each case as of January 10, 2005, of $0.2009 per common share and Unit, for the period commencing upon completion of the IPO and ending December 31, 2004. This distribution was paid on January 24, 2005. This initial pro-rated distribution was based on a distribution of $0.28 per share for a full quarter.

Concurrently with the closing of the IPO, the Company granted Steven G. Osgood, Todd C. Amsdell and Tedd D. Towsley options to purchase 200,000 shares, 200,000 shares and 100,000 shares, respectively. The options have an exercise price equal to the market value of the underlying common shares on the date of the grant ($16.00), and they become exercisable in three equal annual installments on October 27, 2005, 2006 and 2007.

Share-based compensation cost of $0.1 million has been recorded for options outstanding for the period October 21, 2004 through December 31, 2004, using the fair value of the options calculated using the Black-Scholes method.

13. Pro Forma Financial Information (Unaudited)

In May 2004, the Predecessor entered into a $424.5 million term loan agreement in order to acquire the outside partnership interests in Acquiport I, which were held by partners that were not affiliated with the Amsdell family, and to pay down the amounts outstanding under Acquiport I s revolving credit facility of approximately $142.0 million and to pay related financing costs. The $424.5 million term loan and the acquisition of the outside partnership interests in Acquiport I are discussed in Note 1 above. This loan was paid off upon completion of the IPO.

Concurrently with, or shortly after, completion of the IPO, the Company completed the acquisition of 46 self-storage facilities:

Metro Storage LLC. On October 27, 2004, we acquired the Metro Storage portfolio from Metro Storage LLC for a purchase price of $184.0 million. The portfolio consists of 42 self-storage facilities located in five states, Illinois, Indiana, Florida, Ohio and Wisconsin.

Devon Facilities. On October 28, 2004, we acquired two self-storage facilities, one located in Bradenton, FL and one in West Palm Beach, FL, from Devon/ Bradenton, L.P. and Devon/ West Palm, L.P., respectively, for a total purchase price of approximately $18.2 million.

Self-Storage Zone Facility. On November 1, 2004, we acquired one self-storage facility, located in California, MD, from Bay Media Network Limited Partnership for a purchase price of approximately $5.7 million.

Federal Self-Storage Facility. On November 1, 2004, we acquired one self-storage facility, located in Dania Beach, FL, from Federal Self Storage for a purchase price of approximately $13.9 million.

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

The unaudited pro forma information included below is presented as if the acquisition of the 46 facilities discussed above, the IPO transactions and related financing transactions, and the pay-off of the $424.5 million term loan had all occurred as of the first day of the periods presented.

The pro forma information excludes $2.5 million of compensation expense related to the IPO, $7.0 million of losses on early extinguishment of debt, $4.5 million of loan procurement amortization expense, $22.2 million for the costs incurred to acquire U-Store-It Mini Warehouse Co., a reduction of $11.4 million of interest expense related to the buyout of former partners, an increase in $11.7 for additional interest expense and loan amortization expense as the result of the incurrence of new senior mortgage debt and the payoff of other related debt, all of which were incurred during the year ended December 31, 2004. Additionally, we have included an estimate for annualized general and administrative expenses primarily relating to executive employment agreements and other costs as a result of being a public company. The pro forma information is based on the assumption that the Company s common shares and loans payable had been outstanding as of the beginning of the period presented.

The following table summarizes, on a pro forma basis, our consolidated results of operations for the years ended December 31, 2004 and 2003 based on the assumptions described above ($ in thousands, except per share data):

	2004	2003
	(unaudited)	
Pro forma revenues	$ 117,371	$ 108,181
Pro forma net income	$ 6,236	$ 6,363
Pro forma earnings per common share basic	$ 0.17	$ 0.17
Pro forma earnings per common share diluted	$ 0.17	$ 0.17

14. Selected Quarterly Financial Data (Unaudited)

The following is a summary of selected quarterly information for the Company and the Predecessor for years ended December 31, 2004 and 2003:

	Consolidated and Combined Quarter Ended				
Year	March 31,	June 30,	September 30,	December 31,(1)	Year Ended December 31,
	($ in thousands, except per share data)				
2004					
Revenues	$ 20,524	$ 21,207	$ 22,281	$ 27,596	$ 91,608
Income (loss) before minority interests	3,084	(1,223)	(2,271)	(32,835)	(33,245)
Net income (loss)	3,084	(1,223)	(2,271)	(31,937)	(32,347)
Net loss per share basic and diluted				(0.80)	(0.80)
2003					
Revenues	$ 19,391	$ 19,904	$ 20,681	$ 20,838	$ 80,814
Gain on sale of storage facilities		293	1,288	1,748	3,329

Net income	2,135	3,909	4,918	5,270	16,232

(1) The three months ended December 31, 2004 represents consolidated operating results for the Company from October 21, 2004 to December 31, 2004 and combined operating results for the Predecessor from October 1, 2004 to October 20, 2004. The operating results for the quarter ended December 31, 2004 are

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

not comparable to future expected operating results of the Company since they include various IPO-related charges.

15. Subsequent Events

The Company completed the following acquisitions subsequent to December 31, 2004:

Acquisition of Option Facility. On January 5, 2005, the Company purchased the San Bernardino VII, CA facility from Rising Tide Development (a related party see Note 6) for the purchase price of $7.3 million, consisting of $3.8 million in cash (which cash was used to pay off mortgage indebtedness secured by the facility) and $3.5 million payable in units in the Operating Partnership. This facility contains approximately 84,000 rentable square feet and was 84.9% occupied as of December 31, 2004.

Acquisition of Self-Storage Zone Facility. On January 14, 2005, the Company acquired one self-storage facility from Airpark Storage LLC in Gaithersburg, Maryland for the purchase price of $10.7 million, consisting of $4.3 million cash and $6.4 million of indebtedness. This facility contains approximately 87,000 rentable square feet.

Acquisition of Ford Storage Facilities. On March 1, 2005, the Company acquired five self-storage facilities, located in central Connecticut, from Ford Storage for an aggregate purchase price of $15.5 million. These facilities total approximately 258,000 rentable square feet.

Acquisition of A-1 Self-Storage Facilities. On March 15, 2005, the Company acquired five self-storage properties, located in Connecticut, from A-1 Self Storage for an aggregate purchase price of approximately $21.7 million in cash. These facilities total approximately 201,000 rentable square feet. The Company now operates two of these facilities as one facility.

Acquisition of Option Facilities. On March 18, 2005, the Company purchased the Orlando II, Florida and the Boynton Beach II, Florida facilities from Rising Tide Development (a related party see Note 6) for the purchase price of $11.8 million, consisting of $6.7 million in cash (which cash was used to pay off mortgage indebtedness secured by the facilities) and $5.1 million in units of the Operating Partnership. These facilities total approximately 155,000 rentable square feet and were 90.1% and 90.3% occupied as of December 31, 2004.

In addition, the Company has entered into definitive agreements to acquire an additional 89 self-storage facilities, as discussed below, for a total purchase price of $272.3 million.

The acquisitions are comprised of the following unrelated transactions:

The Company has agreed to acquire 70 self-storage facilities from various partnerships and other entities affiliated with National Self Storage and The Schomac Group, Inc. for an aggregate purchase price of approximately $212.0 million. The facilities total approximately 3.7 million rentable square feet and are located in Arizona, California, Colorado, New Mexico, Tennessee, Texas and Utah. The transaction also includes the purchase of four office parks. The purchase price includes the assumption of up to $80.8 million of indebtedness by our Operating Partnership upon closing and the issuance of approximately $61.5 million payable in Units in our Operating Partnership, with the balance to be paid in cash.

The Company entered into a contract to acquire 18 self-storage facilities from Liberty Self-Stor Ltd., a subsidiary of Liberty Self-Stor, Inc., for an aggregate price of $34.0 million. The facilities total approximately 926,000 rentable square feet and are located in Ohio and New York.

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The Company has entered into an agreement to purchase one self-storage facility from A-1 Self Storage for $6.4 million. The facility totals approximately 30,000 rentable square feet and is located in New York.

The Company has also entered into two separate agreements to acquire three facilities from two parties for an aggregate purchase price of approximately $14.9 million. The facilities total approximately 199,000 rentable square feet and are located in Texas (2 properties) and Florida (1 property).

The Company expects these acquisitions to close on or before June 30, 2005. The closings of the transactions are contingent upon the satisfaction of certain customary conditions. There are no assurances that the conditions will be met or that the transactions will be consummated.

On March 29, 2005, the Company entered into an office lease agreement with Amsdell and Amsdell, an entity owned by Robert J. Amsdell and Barry L. Amsdell, for office space of approximately 18,000 square feet at The Parkview Building, an approximately 40,000 square foot multi-tenant office building located at 6745 Engle Road, plus approximately 4,000 square feet of an approximately 18,000 square foot office building located at 6751 Engle Road, which are both part of Airport Executive Park, a 50-acre office and flex development located in Cleveland, Ohio. Airport Executive Park is owned by Amsdell and Amsdell. The lease is effective as of January 1, 2005 and has a ten-year term, with one five-year extension option exercisable by us. The aggregate amount of rent payable under this lease in 2005 will be approximately $260,000.

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REAL ESTATE AND RELATED DEPRECIATION
December 31, 2004
(Dollars in thousands)

		Initial Cost		Costs	Gross Carrying Amount at December 31, 2004				
				Subsequent				Accumulated	Year
			Building and	to		Building and		Depreciation	Acquired/
Description	Encumbrances	Land	Improvements	Acquisition	Land	Improvements	Total	(G)	Developed
Mobile I, AL	(F)	$ 149	$ 1,429	$ 744	$ 225	$ 2,097	$ 2,322	$ 635	1997
Mobile II, AL	(F)	226	2,524	729	301	3,178	3,479	929	1997
Mobile III, AL	(A)	167	1,849	459	237	2,238	2,475	603	1998
Glendale, AZ	(A)	201	2,265	1,038	418	3,086	3,504	719	1998
Scottsdale, AZ	(A)	443	4,879	2,040	883	6,479	7,362	1,486	1998
Tucson I, AZ	(A)	188	2,078	947	384	2,829	3,213	658	1998
Tucson II, AZ	(A)	188	2,078	1,021	391	2,896	3,287	655	1998
Apple Valley I, CA	(D)	140	1,570	1,590	476	2,824	3,300	599	1997
Apple Valley II, CA	(F)	160	1,787	1,331	431	2,847	3,278	656	1997
Bloomington I, CA	(F)	42	463	434	100	839	939	214	1997
Bloomington II, CA	(F)	54	604	443	144	957	1,101	211	1997
Fallbrook, CA	(C)	133	1,492	1,527	432	2,720	3,152	539	1997
Hemet, CA	(D)	125	1,396	1,375	417	2,479	2,896	510	1997
Highland, CA	(D)	215	2,407	1,998	582	4,038	4,620	894	1997
Lancaster, CA	(F)	390	2,247	780	556	2,861	3,417	382	2001
Ontario, CA	(A)	292	3,289	1,926	688	4,819	5,507	1,026	1998
Redlands, CA	(C)	196	2,192	1,228	449	3,167	3,616	806	1997
Rialto, CA	(A)	277	3,098	1,865	672	4,568	5,240	1,095	1997
Riverside I, CA	(F)	42	465	552	141	918	1,059	207	1997
Riverside II, CA	(F)	42	423	379	114	730	844	163	1997
Riverside III, CA	(A)	91	1,035	1,089	310	1,905	2,215	395	1998
San Bernardino I, CA	(F)	67	748	867	217	1,465	1,682	297	1997
San Bernardino II, CA	(C)	152	1,704	1,424	450	2,830	3,280	607	1997
San Bernardino III, CA	(F)	51	572	976	182	1,417	1,599	261	1997
San Bernardino IV, CA	(C)	152	1,695	1,397	444	2,800	3,244	601	1997
	(F)	112	1,251	949	306	2,006	2,312	463	1997

San Bernardino V, CA									
San Bernardino VI, CA	(F)	98	1,093	802	242	1,751	1,993	421	1997
Sun City, CA	(A)	140	1,579	930	324	2,325	2,649	522	1998
Temecula I, CA	(A)	184	2,038	1,241	435	3,028	3,463	654	1998
Temecula II, CA	(F)	476	2,697	6	476	2,703	3,179	155	2003
Vista, CA	(D)	711	4,076	1,899	1,118	5,568	6,686	636	2001
Yucaipa, CA	(C)	198	2,221	1,583	525	3,477	4,002	798	1997
Bloomfield, CT	(A)	78	880	2,181	360	2,779	3,139	443	1997
Branford, CT	(A)	217	2,433	1,417	504	3,563	4,067	1,059	1995
Enfield, CT	(D)	424	2,424	265	473	2,640	3,113	609	2001
Gales Ferry, CT	(A)	240	2,697	1,277	489	3,725	4,214	971	1995
Manchester, CT	(D)	540	3,096	208	563	3,281	3,844	598	2002
Milford, CT	(B)	87	1,050	1,024	274	1,887	2,161	427	1994
Mystic, CT	(B)	136	1,645	1,678	410	3,049	3,459	662	1994
South Windsor, CT	(B)	90	1,127	950	272	1,895	2,167	368	1994
Boca Raton, FL	(C)	529	3,054	1,369	812	4,140	4,952	724	2001
Boynton Beach, FL	(F)	667	3,796	1,466	958	4,971	5,929	914	2001
Bradenton, FL	(F)	1,931	5,561	3	1,931	5,564	7,495	48	2004
Bradenton, FL	(F)	1,180	3,324	8	1,180	3,332	4,512	28	2004

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SCHEDULE III
REAL ESTATE AND RELATED DEPRECIATION (Continued)
(Dollars in thousands)

Description	Encumbrances	Initial Cost Land	Initial Cost Building and Improvements	Costs Subsequent to Acquisition	Gross Carrying Amount at December 31, 2004 Land	Gross Carrying Amount at December 31, 2004 Building and Improvements	Total	Accumulated Depreciation (G)	Year Acquired/ Developed
Cape Coral, FL	(C)	472	2,769	2,159	830	4,570	5,400	887	2000
Dania, FL	(F)	205	2,068	1,442	481	3,234	3,715	834	1994
Dania Beach, FL	(F)	3,584	10,324	3	3,584	10,327	13,911	88	2004
Davie, FL	(D)	1,268	7,183	525	1,373	7,603	8,976	1,074	2001
Deerfield Beach, FL	(F)	946	2,999	1,746	1,311	4,380	5,691	525	1998
DeLand, FL	(A)	113	1,258	848	286	1,933	2,219	413	1998
Delray Beach, FL	(F)	798	4,539	485	883	4,939	5,822	1,069	2001
Fernandina Beach, FL	(A)	189	2,111	3,463	523	5,240	5,763	1,149	1996
Ft. Lauderdale, FL	(D)	937	3,646	2,126	1,384	5,325	6,709	681	1999
Ft. Myers, FL	(F)	303	3,329	236	328	3,540	3,868	901	1998
Lake Worth, FL	(C)	183	6,597	4,785	183	11,382	11,565	2,539	1998
Lakeland I, FL	(F)	81	896	882	256	1,603	1,859	447	1994
Lakeland II, FL	(F)	49	551	409	103	906	1,009	248	1996
Leesburg, FL	(A)	96	1,079	705	214	1,666	1,880	410	1997
Lutz, FL	(F)	992	2,868	4	992	2,872	3,864	25	2004
Lutz, FL	(F)	901	2,478	7	901	2,485	3,386	21	2004
Margate I, FL	(F)	161	1,763	1,318	399	2,843	3,242	563	1994
Margate II, FL	(A)	132	1,473	1,747	383	2,969	3,352	666	1996
Merrit Island, FL	(F)	716	2,983	373	796	3,276	4,072	422	2000
Miami I, FL	(D)	179	1,999	1,513	484	3,207	3,691	705	1995
Miami II, FL	(F)	188	2,052	567	286	2,521	2,807	628	1994
Miami III, FL	(F)	253	2,544	1,520	561	3,756	4,317	1,008	1994
Miami IV, FL	(F)	193	2,174	1,640	516	3,491	4,007	834	1995
Miami V, FL	(A)	193	2,165	1,085	364	3,079	3,443	858	1995
Naples I, FL	(F)	90	1,010	2,231	270	3,061	3,331	592	1996
Naples II, FL	(F)	148	1,652	4,288	558	5,530	6,088	1,035	1997
Naples III, FL	(F)	139	1,561	3,483	598	4,585	5,183	1,177	1997
Naples IV, FL	(A)	262	2,980	721	407	3,556	3,963	955	1998
Ocala, FL	(F)	55	558	548	155	1,006	1,161	259	1994
Orange City, FL	(F)	1,191	3,209	3	1,191	3,212	4,403	27	2004

Orlando, FL	(A)	187	2,088	423	240	2,458	2,698	755	1997
Pembroke Pines, FL	(D)	337	3,772	2,897	953	6,053	7,006	1,336	1997
Royal Palm Beach, FL	(C)	205	2,148	2,745	741	4,357	5,098	1,379	1994
Sarasota, FL	(F)	333	3,656	989	529	4,449	4,978	1,017	1998
St. Augustine, FL	(A)	135	1,515	3,165	383	4,432	4,815	949	1996
Stuart I, FL	(A)	154	1,726	1,060	319	2,621	2,940	673	1997
Stuart II, FL	(F)	324	3,625	2,651	685	5,915	6,600	1,365	1997
Tampa I, FL	(F)	124	1,252	543	220	1,699	1,919	536	1994
Tampa II, FL	(F)	330	1,887	410	330	2,297	2,627	436	2001
Vero Beach I, FL	(F)	71	774	223	171	897	1,068	178	1997
Vero Beach II, FL	(F)	88	1,009	227	88	1,236	1,324	363	1998
West Palm Beach, FL	2,542	719	3,420	1,367	835	4,671	5,506	964	2001
West Palm Beach, FL	(F)	2,129	8,671	8	2,129	8,679	10,808	86	2004
Alpharetta, GA	(C)	806	4,720	745	967	5,304	6,271	1,082	2001
Decatur, GA	(A)	616	6,776	328	616	7,104	7,720	2,080	1998

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(Dollars in thousands)

Description	Encumbrances	Initial Cost Land	Initial Cost Building and Improvements	Costs Subsequent to Acquisition	Gross Carrying Amount at December 31, 2004 Land	Gross Carrying Amount at December 31, 2004 Building and Improvements	Total	Accumulated Depreciation (G)	Year Acquired/ Developed
Norcross, GA	(D)	514	2,930	590	632	3,402	4,034	541	2001
Peachtree City, GA	1,859	435	2,532	460	529	2,898	3,427	482	2001
Smyrna, GA	(C)	750	4,271	42	750	4,313	5,063	870	2001
Addison, IL	(E)	428	3,531	6	428	3,537	3,965	30	2004
Aurora, IL	(F)	644	3,652	3	644	3,655	4,299	31	2004
Bartlett, IL	(F)	1,126	2,197	3	1,126	2,200	3,326	19	2004
Bartlett, IL	(F)	931	2,493	6	931	2,499	3,430	21	2004
Bellwood, IL	(F)	1,012	5,768	443	1,012	6,211	7,223	1,144	2001
Des Plaines, IL	(E)	1,564	4,327	5	1,564	4,332	5,896	37	2004
Elk Grove Village, IL	(E)	1,446	3,535	3	1,446	3,538	4,984	30	2004
Glenview, IL	(E)	3,740	10,367	2	3,740	10,369	14,109	89	2004
Gurnee, IL	(E)	1,521	5,440	2	1,521	5,442	6,963	47	2004
Harvey, IL	(E)	869	3,635	6	869	3,641	4,510	31	2004
Joliet, IL	(E)	547	4,704	2	547	4,706	5,253	40	2004
Lake Zurich, IL	(E)	2,102	2,187	2	2,102	2,189	4,291	19	2004
Lombard, IL	(E)	1,305	3,938	3	1,305	3,941	5,246	34	2004
Mount Prospect, IL	(E)	1,701	3,114	4	1,701	3,118	4,819	27	2004
Mundelein, IL	(E)	1,498	2,782	2	1,498	2,784	4,282	24	2004
North Chicago, IL	(E)	1,073	3,006	2	1,073	3,008	4,081	26	2004
Plainfield, IL	(F)	1,770	1,715	2	1,770	1,717	3,487	15	2004
Schaumburg, IL	(F)	538	645	2	538	647	1,185	6	2004
Streamwood, IL	(F)	1,447	1,662	2	1,447	1,664	3,111	14	2004
Waukegan, IL	(E)	1,198	4,363	2	1,198	4,365	5,563	37	2004
West Chicago, IL	(F)	1,071	2,249	2	1,071	2,251	3,322	19	2004
Westmont, IL	(E)	1,155	3,873	1	1,155	3,874	5,029	33	2004
Wheeling, IL	(F)	857	3,213	2	857	3,215	4,072	28	2004
Wheeling, IL	(E)	793	3,816	2	793	3,818	4,611	33	2004
Woodridge, IL	(E)	943	3,397	2	943	3,399	4,342	29	2004
Indianapolis, IN	(E)	1,229	2,834	3	1,229	2,837	4,066	24	2004
Indianapolis, IN	(F)	641	3,154	2	641	3,156	3,797	27	2004
Indianapolis, IN	(E)	2,138	3,633	2	2,138	3,635	5,773	31	2004

Indianapolis, IN	(F)	406	3,496	2	406	3,498	3,904	30	2004
Indianapolis, IN	(E)	908	4,755	2	908	4,757	5,665	41	2004
Indianapolis, IN	(E)	1,133	4,103	3	1,133	4,106	5,239	35	2004
Indianapolis, IN	(E)	887	3,548	3	887	3,551	4,438	30	2004
Indianapolis, IN	(E)	1,871	1,230	2	1,871	1,232	3,103	11	2004
Indianapolis, IN	(E)	669	2,434	2	669	2,436	3,105	21	2004
Baton Rouge I, LA	(F)	112	1,248	621	208	1,773	1,981	481	1997
Baton Rouge II, LA	(F)	118	1,181	1,055	267	2,087	2,354	508	1997
Baton Rouge III, LA	(F)	133	1,487	763	271	2,112	2,383	566	1997
Baton Rouge IV, LA	(A)	32	377	156	64	501	565	126	1998
Prairieville, LA	(A)	90	1,004	235	90	1,239	1,329	343	1998
Slidell, LA	(D)	188	3,175	1,513	802	4,074	4,876	592	2001
Boston, MA	(C)	1,516	8,628	115	1,516	8,743	10,259	1,341	2002
Leominster, MA	(D)	90	1,519	2,248	338	3,519	3,857	592	1998

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(Dollars in thousands)

		Initial Cost		Costs	Gross Carrying Amount at December 31, 2004				
Description	Encumbrances	Land	Building and Improvements	Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation (G)	Year Acquired/ Developed
Baltimore, MD	(F)	1,050	5,997	705	1,159	6,593	7,752	1,173	2001
California, MD	(F)	1,486	4,280	5	1,486	4,285	5,771	37	2004
Laurel, MD	(C)	1,409	8,035	2,958	1,928	10,474	12,402	1,517	2001
Temple Hills, MD	(D)	1,541	8,788	1,878	1,800	10,407	12,207	1,570	2001
Grand Rapids, MI	(F)	185	1,821	1,167	325	2,848	3,173	766	1996
Portage, MI	(F)	104	1,160	699	237	1,726	1,963	431	1996
Romulus, MI	(F)	308	1,743	520	418	2,153	2,571	259	1997
Wyoming, MI	(F)	191	2,135	917	354	2,889	3,243	776	1996
Biloxi, MS	(F)	148	1,652	670	279	2,191	2,470	578	1997
Gautier, MS	(F)	93	1,040	120	93	1,160	1,253	387	1997
Gulfport I, MS	(F)	128	1,438	563	156	1,973	2,129	662	1997
Gulfport II, MS	(F)	117	1,306	492	179	1,736	1,915	530	1997
Gulfport III, MS	(F)	172	1,928	864	338	2,626	2,964	693	1997
Waveland, MS	(A)	215	2,481	1,040	392	3,344	3,736	866	1998
Belmont, NC	(F)	385	2,196	364	451	2,494	2,945	499	2001
Burlington I, NC	(F)	498	2,837	84	498	2,921	3,419	641	2001
Burlington II, NC	(F)	320	1,829	126	340	1,935	2,275	362	2001
Cary, NC	(F)	543	3,097	111	543	3,208	3,751	474	2001
Charlotte, NC	(C)	782	4,429	1,294	1,068	5,437	6,505	629	1999
Fayetteville I, NC	(F)	156	1,747	773	301	2,375	2,676	582	1997
Fayetteville II, NC	(C)	213	2,301	872	399	2,987	3,386	769	1997
Raleigh, NC	(A)	209	2,398	421	296	2,732	3,028	720	1998
Brick, NJ	(B)	234	2,762	1,289	485	3,800	4,285	957	1994
Cranford, NJ	(B)	290	3,493	2,357	779	5,361	6,140	1,351	1994
East Hanover, NJ	(B)	504	5,763	4,016	1,315	8,968	10,283	2,277	1994
Fairview, NJ	(F)	246	2,759	438	246	3,197	3,443	953	1997
Jersey City, NJ	(B)	397	4,507	2,922	1,010	6,816	7,826	1,771	1994
Linden I, NJ	(B)	517	6,008	3,452	1,170	8,807	9,977	1,728	1994
Linden II, NJ	(B)	0	2	854	189	667	856	14	1994

Morris Township, NJ	(D)	500	5,602	2,915	1,072	7,945	9,017	1,924	1997
Parsippany, NJ	(A)	475	5,322	2,359	909	7,247	8,156	1,825	1997
Randolph, NJ	(D)	855	4,872	1,163	1,108	5,782	6,890	932	2002
Sewell, NJ	(C)	484	2,766	1,073	706	3,617	4,323	693	2001
Jamaica, NY	(D)	2,043	11,658	241	2,043	11,899	13,942	2,186	2001
North Babylon, NY	(C)	225	2,514	3,809	568	5,980	6,548	1,147	1998
Boardman, OH	(C)	64	745	2,067	287	2,589	2,876	1,005	1980
Brecksville, OH	(A)	228	2,545	1,199	442	3,530	3,972	834	1998
Centerville, OH	(E)	471	3,705	4	471	3,709	4,180	32	2004
Centerville, OH	(F)	332	1,757	2	332	1,759	2,091	15	2004
Dayton, OH	(F)	323	2,070	2	323	2,072	2,395	18	2004
Euclid I, OH	(A)	200	1,053	1,793	317	2,729	3,046	1,117	1988
Euclid II, OH	(A)	359	0	1,559	461	1,457	1,918	229	1988
Hudson, OH	(A)	195	2,198	556	274	2,675	2,949	710	1998
Lakewood, OH	(F)	405	854	398	405	1,252	1,657	573	1989
Mason, OH	(A)	127	1,419	184	149	1,581	1,730	467	1998

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U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/AMSDELL (THE PREDECESSOR)
SCHEDULE III
REAL ESTATE AND RELATED DEPRECIATION (Continued)
(Dollars in thousands)

		Initial Cost		Costs Subsequent	Gross Carrying Amount at December 31, 2004			Accumulated	Year
Description	Encumbrances	Land	Building and Improvements	to Acquisition	Land	Building and Improvements	Total	Depreciation (G)	Acquired/ Developed
Miamisburg, OH	(E)	375	2,410	2	375	2,412	2,787	21	2004
Middleburg Heights, OH	(A)	63	704	1,691	332	2,126	2,458	474	1980
North Canton I, OH	(F)	209	846	729	304	1,480	1,784	887	1979
North Canton II, OH	(F)	70	1,226	1,196	239	2,253	2,492	1,364	1983
North Olmsted I, OH	(A)	63	704	1,204	214	1,757	1,971	460	1979
North Olmsted II, OH	(C)	290	1,129	1,007	469	1,957	2,426	709	1988
North Randall, OH	(C)	515	2,323	2,712	898	4,652	5,550	688	1998
Warrensville Heights, OH	(B)	525	766	2,876	935	3,232	4,167	527	1980
Youngstown, OH	(F)	67	0	1,582	204	1,445	1,649	699	1977
Levittown, PA	(C)	926	5,296	749	926	6,045	6,971	1,035	2001
Philadelphia, PA	(D)	1,461	8,334	417	1,461	8,751	10,212	2,058	2001
Hilton Head I, SC	(A)	129	1,446	6,357	798	7,134	7,932	1,649	1997
Hilton Head II, SC	(A)	150	1,767	996	315	2,598	2,913	681	1997
Summerville, SC	(A)	143	1,643	710	313	2,183	2,496	549	1998
Knoxville I, TN	(F)	99	1,113	221	102	1,331	1,433	421	1997
Knoxville II, TN	(F)	117	1,308	259	129	1,555	1,684	431	1997
Knoxville III, TN	(A)	182	2,053	772	331	2,676	3,007	673	1998
Knoxville IV, TN	(A)	158	1,771	771	310	2,390	2,700	562	1998
	(A)	134	1,493	482	235	1,874	2,109	478	1998

Knoxville V, TN									
Memphis I, TN	(F)	677	3,880	781	677	4,661	5,338	811	2001
Memphis II, TN	(F)	395	2,276	74	395	2,350	2,745	452	2001
Milwaukee, WI	(E)	375	4,333	3	375	4,336	4,711	37	2004
Corporate Office, OH		0	0	1,400	0	1,400	1,400	686	1977
		$ 105,785	$ 553,169	$ 192,674	$ 136,168	$ 715,460	$ 851,628	$ 122,473	

(A) This facility is part of the 41 storage facilities pool which secures the $70.0 million loan from Lehman Capital.
(B) This facility is part of the 10 storage facilities pool which secures the $42.0 million loan from Lehman Brothers Bank.

(C) This facility is part of the 21 storage facilities pool which secures the $90.0 million loan from Lehman Capital.
(D) This facility is part of the 18 storage facilities pool which secures the $90.0 million loan from Lehman Capital.
(E) This facility is part of the 26 storage facilities pool which secures the $90.0 million loan from Lehman Brothers Bank.
(F) This facility participates in the $150.0 million revolving line of credit from Lehman Brothers, Inc. and Wachovia Capital Markets, LLC.
(G) Depreciation on the buildings and improvements is recorded on a straight-line basis over their estimated useful lives, which range from five to forty years.

U-STORE-IT TRUST AND SUBSIDIARIES (THE COMPANY) AND ACQUIPORT/ AMSDELL (THE PREDECESSOR)

Activity in real estate facilities during 2004, 2003 and 2002 was as follows:

	2004(1)	2003	2002
Storage Facilities			
Balance of beginning of year	$ 495,181	$ 492,067	$ 439,358
Acquisitions & Improvements	228,500	8,808	52,709
Dispositions and other	(725)	(5,694)	
Step up adjustment	128,672		
Balance at end of year	$ 851,628	$ 495,181	$ 492,067
Accumulated Depreciation			
Balance at beginning of year	99,582	80,835	61,179
Depreciation expense	22,328	19,494	19,656
Disposition and other	563	(747)	
Balance at end of year	122,473	99,582	80,835
Net storage facility assets	$ 729,155	$ 395,599	$ 411,232

The unaudited aggregate costs of storage facility assets for U.S. federal income tax purposes as of December 31, 2004 is approximately $739.7 million.

(1) The twelve months ended December 31, 2004 represents consolidated operating results for the Company from October 21, 2004 to December 31, 2004 and combined operating results for the Predecessor for January 1, 2004 to October 20, 2004.

INDEPENDENT AUDITORS REPORT

To the Partners of
National Self Storage Operating Entities

We have audited the accompanying Summary of Historical Information Relating to Combined Operating Revenues and Specified Expenses (Historical Summary) of the Facilities owned by National Self Storage Operating Entities for the year ended December 31, 2004. This Historical Summary is the responsibility of the management of The Schomac Group and Subsidiaries. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 audit provides a reasonable basis for our opinion.

The accompanying Historical Summary has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of U-Store-It Trust as described in Note 1 and is not intended to be a complete presentation of the revenues and expenses of the Facilities.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the Combined Operating Revenues and Specified Expenses described in Note 1 of the Facilities owned by National Self Storage Operating Entities for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ Clifton Gunderson LLP
Phoenix, Arizona
August 12, 2005

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NATIONAL SELF STORAGE OPERATING ENTITIES
Summary of Historical Information Relating to Combined Operating Revenues and Specified Expenses

	Six Months Ended June 30, 2005	Year Ended December 31, 2004
	(Unaudited)	
Operating revenues		
Rental, net of rental discounts	$ 12,103,302	$ 23,773,455
Merchandise sales and other income	620,209	1,238,639
Total operating revenues	12,723,511	25,012,094
Specified expenses		
Cost of operations	4,835,221	8,949,379
Management fees	670,962	1,301,646
Total specified expenses	5,506,183	10,251,025
Operating revenues in excess of specified expenses	$ 7,217,328	$ 14,761,069

See accompanying notes to the summary of historical information relating to combined operating revenues and specified expenses.

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NATIONAL SELF STORAGE OPERATING ENTITIES
NOTES TO SUMMARY OF HISTORICAL INFORMATION RELATING TO COMBINED OPERATING REVENUES AND SPECIFIED EXPENSES

Note 1 Acquisition of Facilities, Basis of Presentation, and Significant Accounting Policies

Acquisition of facilities: In accordance with a Purchase and Sale Agreement (Agreement), U-Store-It, L.P., a Delaware limited partnership of which U-Store-It Trust is the sole general partner, acquired sixty-six self storage facilities, four office parks, and one mobile home park described in the Agreement (the Facilities) located in Arizona, California, Colorado, New Mexico, Tennessee, Texas, and Utah owned by National Self Storage, The Schomac Group, Inc. and the other entities identified as sellers in the Agreement (National Self Storage).

Basis of presentation: The accompanying Summary of Historical Information Relating to Combined Operating Revenues and Specified Expenses (Historical Summary) for the year ended December 31, 2004 and the six months ended June 30, 2005 (unaudited) has been prepared for the purpose of complying with certain rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the actual operations of the Facilities.

Interim information: The Historical Summary for the six months ended June 30, 2005, is unaudited; however, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for the fair presentation of the Historical Summary for the interim period, on the basis described above, have been included. The results of such interim period are not necessarily indicative of the results for an entire year.

Significant accounting policies follow:

Accounting estimates: The preparation of the Historical Summary requires management to make a number of estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

Revenue recognition: Rental income is generated from the leasing of the self storage facilities and commercial rental property for terms that are generally less than one year. Ancillary income includes administration fees, late charges and revenue from the sale of merchandise, i.e., locks and storage boxes. The terms at the commercial rental properties are generally more than one year.

Specified expenses: Specified expenses exclude certain costs that may not be comparable to the future operations of these facilities. Excluded items consist of interest expense, depreciation and amortization, certain corporate costs and other expense not related to the future operations of the Facilities.

Management fees: Management fees are included at the specific percentage applicable to each facility for services provided by National Self Storage Management, Inc. (an affiliate of National Self Storage Operating Entities) related to property accounting, store management oversight, human resources and financial management.

This information is an integral part of the accompanying summary of historical information relating to combined operating revenues and specified expenses.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of
Liberty Self-Stor, Inc.

We have audited the accompanying Statement of Revenues and Certain Expenses of Liberty Self-Stor, Inc. and Subsidiary Selected Facilities (Liberty) (see Note 1 to the financial statement) for the year ended December 31, 2004. These financial statements are the responsibility of Liberty s management. Our responsibility is to express an opinion on these financial statements 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 the financial statement is free of material misstatement. Liberty is not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Liberty s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of U-Store-It Trust. Material amounts, as described in Note 1 to the financial statement, that would not be comparable to those resulting from the proposed future operations of the Selected Facilities are excluded and the financial statement is not intended to be a complete presentation of the revenues and expenses of the Selected Facilities.

In our opinion the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Selected Facilities for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP
Cleveland, Ohio
January 28, 2005

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LIBERTY SELF-STOR, INC. AND SUBSIDIARY SELECTED FACILITIES
STATEMENT OF REVENUES AND CERTAIN EXPENSES

	Three Months Ended March 31, 2005 (Unaudited)	Year Ended December 31, 2004
Revenues:		
Revenues from real estate operations	$ 1,250,674	$ 5,180,356
Expenses:		
Property operating expenses	496,612	1,939,640
Revenues in Excess of Certain Expenses	$ 754,062	$ 3,240,716

The accompanying notes to financial statements are an integral part of this statement.

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LIBERTY SELF-STOR, INC. AND SUBSIDIARY SELECTED FACILITIES
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
December 31, 2004

Note 1 The Business and Basis of Presentation

Liberty Self-Stor, Inc. (Liberty), a Maryland corporation, is a real estate investment trust that operates, manages, develops, expands, and invests in self-storage facilities. Liberty is the general partner and approximately 30% equity owner of an operating partnership that as of December 31, 2004 indirectly owned and operated 20 self-storage facilities.

On September 7, 2004, an asset purchase agreement was entered into with U-Store-It, L.P., a Delaware limited partnership of which U-Store-It Trust is the sole general partner, to sell all of its self-storage facilities to U-Store-It, L.P., except its Painesville, Ohio and Gahanna, Ohio facilities (the Selected Facilities).

Basis of Presentation

The accompanying statement of revenues and certain expenses has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the actual operations of the Selected Facilities for the period presented. Certain items may not be comparable to the future operations of the Selected Facilities. Excluded items consist of interest expense, depreciation and amortization, and certain corporate costs and other expenses not directly related to the future operations of the Selected Facilities.

Note 2 Summary of Significant Accounting Policies

Revenue Recognition

Liberty s revenue from real estate operations is derived primarily from monthly rentals of self-storage units. Rental revenue is recognized in the period the rent is earned which is typically on a monthly basis.

Liberty also leases certain commercial space in its Southold property under long-term lease agreements. Total lease revenue related to these leases was $30,426 for the year ended December 31, 2004. Revenue under these long-term lease agreements is recognized on a straight-line basis over the respective lease terms.

Liberty has one lease at its Southold property expiring August 30, 2005 whose revenue for 2005 will be approximately $12,000.

Advertising and Promotion Costs

Liberty expenses advertising and promotion costs when incurred. Amounts expensed for advertising and promotion totaled $123,381 for the year ended December 31, 2004.

Estimates, Risks and Uncertainties

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, the 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.

Income Taxes

No provision for federal or state income taxes has been made in the accompanying combined Statement of Revenues, Expenses and Comprehensive Income as Liberty has elected to be taxed as a REIT pursuant to Section 856(c)(l) of the Internal Revenue Code of 1986.

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LIBERTY SELF-STOR, INC. AND SUBSIDIARY SELECTED FACILITIES
NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES (Continued)
December 31, 2004

Note 3 Commitments and Contingencies

There are no material pending commitments or contingencies to which Liberty is a party or to which any of its assets are subject. Therefore, Liberty does not believe that any pending commitments or contingencies will have a material adverse effect on Liberty s financial condition, liquidity, or results of operation.

Note 4 Interim Unaudited Financial Information

The statement of revenue and certain expenses for the three months ended March 31, 2005 is unaudited; however, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the statement of revenue and certain expenses for this interim period has been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full year.

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INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying combined statement of revenue and certain operating expenses of Ford Storage (the Properties) for the year ended December 31, 2004. The statement is the responsibility of the Properties management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Properties internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying combined statement of revenue and certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of U-Store-It Trust, as described in Note 1. This presentation is not intended to be a complete presentation of the Properties revenue and expenses.

In our opinion, the statement referred to above presents fairly, in all material respects, the revenue and certain operating expenses described in Note 1 of the Properties for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ THE SCHONBRAUN McCANN GROUP LLC
Roseland, New Jersey
July 29, 2005

FORD STORAGE
COMBINED STATEMENTS OF REVENUE AND CERTAIN OPERATING EXPENSES

	Year Ended December 31, 2004
Revenue:	
Base rents	$ 1,835,122
Certain Operating Expenses:	
Property operating expenses	446,071
General and administrative expenses	104,618
Real estate taxes	201,356
	752,045
Revenue in excess of certain operating expenses	$ 1,083,077

See accompanying notes to combined statements of revenue and certain operating expenses.

FORD STORAGE
NOTES TO COMBINED STATEMENTS OF REVENUE AND CERTAIN OPERATING EXPENSES

1. BASIS OF PRESENTATION

Presented herein are the combined statements of revenue and certain operating expenses related to the operation of five storage facilities which includes the following (collectively, Ford Storage or the Properties):

Legal Name	Address	Units
Ford Storage East Windsor, LLC	East Windsor, CT	326
Ford Storage Monroe, LLC	Monroe, CT	411
Ford Storage Manchester, LLC	Manchester, CT	419
Ford Storage Newington, LLC	Newington, CT	264
Ford Storage Newington, LLC	Newington, CT	222

On March 1, 2005, U-Store-It Trust (the Trust) acquired the Properties.

The accompanying combined statement of revenue and certain operating expenses for the year ended December 31, 2004 was prepared for the purpose of complying with the provisions of Article 3.14 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) which requires certain information with respect to real estate operations to be included with certain filings with the SEC. Accordingly, the combined revenue and certain operating expenses excludes certain expenses that may not be comparable to those expected to be incurred by the Partnership in the proposed future operations of the aforementioned Properties. Items excluded consist of mortgage interest expense, depreciation, management fees and general and administrative expenses not directly related to the future operations.

2. USE OF ESTIMATES

The preparation of the combined statements of revenue and certain operating expenses in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined statements of revenue and certain operating expenses and accompanying notes. Actual results could differ from those estimates.

3. REVENUE RECOGNITION

Revenue relating to the Properties is recognized when payments are due. If it is determined after all methods of collection have been exhausted, that the account will not be collected, then it is written off to bad debt expense. The Properties are being leased to tenants under operating leases generally on a month to month basis.

4. PROPERTY OPERATING EXPENSES

The Properties operating expenses for the year ended December 31, 2004, include $63,279 for insurance, $28,645 for utilities, $197,790 in operating and maintenance costs and $156,357 in payroll.

5. ADVERTISING

Advertising cost of $91,593 were expensed when incurred and are included in property operating expenses.

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INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying combined statement of revenue and certain operating expenses of A-l Storage (the Properties) for the year ended December 31, 2004. The statement is the responsibility of the Properties management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Properties internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying combined statement of revenue and certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of U-Store-It Trust, as described in Note 1. This presentation is not intended to be a complete presentation of the Properties revenue and expenses.

In our opinion, the statement referred to above presents fairly, in all material respects, the revenue and certain operating expenses described in Note 1 of the Properties for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ The Schonbraun McCann Group LLC
Roseland, New Jersey
August 5, 2005

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A-l STORAGE
COMBINED STATEMENTS OF REVENUE AND
CERTAIN OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2004

Revenue		
Base rents	$	2,220,764
Other income		78,982
		2,299,746
Certain Operating Expenses		
Property operating expenses		424,730
General and administrative expenses		54,365
Real estate taxes		146,656
		625,751
Revenue in excess of certain operating expenses	$	1,673,995

See accompanying notes to combined statements of revenue and certain operating expenses.

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A-1 STORAGE
NOTES TO COMBINED STATEMENTS OF REVENUE AND CERTAIN OPERATING EXPENSES

1. BASIS OF PRESENTATION

Presented herein are the combined statement of revenue and certain operating expenses related to the operation of four storage facilities which includes the following (collectively, A-1 Storage or the Properties):

Legal Name	Address	Units
A-1 Self Storage LLC	Stamford, CT	369
Autumn Ridge, LTD	Old Saybrook, CT	725
Autumn Ridge, LTD	Old Saybrook, CT	256
A-1 Bristol Self Storage, LLC	Bristol, CT	504

On March 15, 2005, U-Store-It Trust (the Trust) acquired A-1 Storage.

The accompanying combined statement of revenue and certain operating expenses for the year ended December 31, 2004 was prepared for the purpose of complying with the provisions of Article 3.14 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) which requires certain information with respect to real estate operations to be included with certain filings with the SEC. Accordingly, the combined revenue and certain operating expenses excludes certain expenses that may not be comparable to those expected to be incurred by the Trust in the proposed future operations of the Properties. Items excluded consist of mortgage interest expense, depreciation, management fees and general and administrative expenses not directly related to the future operations.

2. USE OF ESTIMATES

The preparation of the combined statements of revenue and certain operating expenses in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined statements of revenue and certain operating expenses and accompanying notes. Actual results could differ from those estimates.

3. REVENUE RECOGNITION

Revenue relating to the Properties is recognized when payments are due. If it is determined after all methods of collection have been exhausted, that the account will bot be collected, then it is written off to bad debt expense. The Properties are being leased to tenants under operating leases generally on a month to month basis.

4. PROPERTY OPERATING EXPENSES

The Properties operating expenses for the year ended December 31, 2004, include $54,548 for insurance, $36,582 for utilities, $102,582 in operating and maintenance costs and $231,018 in payroll.

5. ADVERTISING

Advertising costs of $30,226 were expensed when incurred and are included in property operating expenses.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying combined statement of revenues and certain expenses of the following properties (San Bernardino VII, California, Orlando II, Florida, and Boynton Beach II, Florida) owned by Rising Tide Development, LLC (the Properties), for the years ended December 31, 2004, 2003 and 2002 (the Statement). This Statement is the responsibility of the management of U-Store-It Trust. Our responsibility is to express an opinion on the Statement 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. The Properties are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Properties internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement, 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.

The accompanying Statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Registration Statement on Form S-11 of U-Store-It Trust) as described in Note 1 to the Statement and are not intended to be a complete presentation of the Properties revenues and expenses.

In our opinion, such Statement presents fairly, in all material respects, the revenues and certain expenses of the Properties for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP
Cleveland, Ohio
August 25, 2005

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RISING TIDE COMBINED PROPERTIES
COMBINED STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Years Ended December 31, 2004, 2003 and 2002

	2004	2003	2002
REVENUES:			
Rent	$ 1,663,509	$ 973,740	$ 7,326
Other	47,345	25,215	29
	1,710,854	998,955	7,355
CERTAIN EXPENSES:			
Property operating expenses	811,578	514,962	915
Management fees related party	101,049	60,028	641
	912,627	574,990	1,556
REVENUES IN EXCESS OF CERTAIN EXPENSES	$ 798,227	$ 423,965	$ 5,799

See accompanying notes to the financial statement.

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RISING TIDE COMBINED PROPERTIES
NOTES TO COMBINED STATEMENT OF REVENUES AND CERTAIN EXPENSES
For the Years Ended December 31, 2004, 2003 and 2002

1. ACQUISITION OF PROPERTIES, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Acquisition of properties related party

In conjunction with the formation of U-Store-It Trust (the Company), the Company entered into option agreements with Rising Tide Development, LLC (Rising Tide Development), a company owned and controlled by Robert J. Amsdell, the Company s Chairman and Chief Executive Officer, and Barry L. Amsdell, one of the Company s trustees, dated October 27, 2004, to acquire properties owned by Rising Tide Development. Under the terms of the option agreements, the Company acquired the properties known as San Bernardino VII, California on January 5, 2005, and Orlando II, Florida and Boynton Beach II, Florida on March 18, 2005 (the Properties).

Basis of presentation

The accompanying combined statement of revenues and certain expenses (the Statement) has been prepared for the purpose of complying with certain rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the actual operations of the Properties for the periods presented. Certain items may not be comparable to the future operations of the Properties. Excluded items consist of interest expense, depreciation and amortization, and other costs not directly related to the future operations of the Properties.

Revenue recognition

Management has determined that all of the leases are operating leases. Rental revenue is recognized in accordance with the terms of the leases, which are generally month to month. Other revenues consist primarily of late fees, administrative charges, and revenues earned from the sale of storage supplies and other ancillary revenues.

Management fee expense related party

Management fees were paid to U-Store-It Mini Warehouse Co, a wholly owned subsidiary of U-Store-It, L.P., a related entity through common ownership, for the period from January 1, 2004 to October 26, 2004, and for the years ended December 31, 2003 and 2002. Pursuant to the property management agreement, the Properties paid monthly management fees equal to the 6% of gross receipts (as defined).

Effective October 27, 2004, Rising Tide Development entered into a new management agreement with YSI Management LLC, a wholly owned subsidiary of U-Store-It, L.P. Pursuant to the property management agreement, the Properties paid monthly management fees equal to the greater of 5.35% of the gross revenues of each facility or $1,500 per facility per month, for the period from October 27, 2004 to December 31, 2004.

Use of estimates

The preparation of the Statement 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

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INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying statement of revenue and certain operating expenses of Clifton Storage (the Property) for the year ended December 31, 2004. The statement is the responsibility of the Property s management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of U-Store-It Trust, as described in Note 1. This presentation is not intended to be a complete presentation of the Property s revenue and expenses.

In our opinion, the statement referred to above presents fairly, in all material respects, the revenue and certain operating expenses described in Note 1 of the Property for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/The Schonbraun McCann Group LLC
Roseland, New Jersey
August 31, 2005

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CLIFTON STORAGE
STATEMENT OF REVENUE AND CERTAIN OPERATING EXPENSES

	For the period January 1, 2005 through June 30, 2005 (Unaudited)	Year Ended December 31, 2004
Revenue		
Base rents	$ 792,545	$ 1,694,552
Other income	37,837	103,622
	830,382	1,798,174
Certain Operating Expenses		
Property operating expenses	138,357	244,931
General and administrative expenses	35,066	79,942
Real estate taxes	170,600	317,480
	344,023	642,353
Revenue in excess of certain operating expenses	$ 486,359	$ 1,155,821

See accompanying notes to statement of revenue and certain operating expenses.

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CLIFTON STORAGE
NOTES TO STATEMENT OF REVENUE AND CERTAIN OPERATING EXPENSES

1. BASIS OF PRESENTATION

Presented herein are the statements of revenue and certain operating expenses related to the operation of ECS-Clifton, LLC storage facility located in Clifton, New Jersey with 1,015 rental units (Clifton Storage or the Property). On July 15, 2005, U-Store-It Trust (the Trust) acquired the Property.

The accompanying statement of revenue and certain operating expenses for the year ended December 31, 2004 was prepared for the purpose of complying with the provisions of Article 3.14 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) which requires certain information with respect to real estate operations to be included with certain filings with the SEC. Accordingly, the revenue and certain operating expenses excludes certain expenses that may not be comparable to those expected to be incurred by the Trust in the proposed future operations of the Property. Items excluded consist of mortgage interest expense, depreciation, management fees and general and administrative expenses not directly related to the future operations.

2. USE OF ESTIMATES

The preparation of the statements of revenue and certain operating expenses in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the statements of revenue and certain operating expenses and accompanying notes. Actual results could differ from those estimates.

3. REVENUE RECOGNITION

Revenue relating to the Property is recognized when payments are due. If it is determined after all methods of collection have been exhausted, that the account will not be collected, then it is written off to bad debt expense. The Property is being leased to tenants under operating leases generally on a month to month basis.

4. PROPERTY OPERATING EXPENSES

The Property s operating expenses for the year ended December 31, 2004, include $27,825 for insurance, $41,831 for utilities, $81,150 for operating and maintenance costs and $94,125 in payroll.

The Property s operating expenses for the period January 1, 2005 through June 30, 2005 (unaudited) include $19,661 for insurance, $22,449 for utilities, $48,920 for operating and maintenance costs and $47,327 for payroll.

5. ADVERTISING

Advertising costs are expensed as incurred, $22,738 and $12,858 for 2004 and for the six months ended June 30, 2005 (unaudited), respectively, are included in property operating expenses.

6. INTERIM UNAUDITED FINANCIAL INFORMATION

The statement of revenue and certain operating expenses for the period January 1, 2005 through June 30, 2005 is unaudited; however, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the statement of revenue and certain operating expenses for this interim period has been included. The results of interim periods are not necessarily indicative of the results to be obtained for a full fiscal year.

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INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying combined statement of revenue and certain operating expenses of the Texas Storage Portfolio (the Properties) for the year ended December 31, 2004. The statement is the responsibility of the Properties management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Properties internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying combined statement of revenue and certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of U-Store-It Trust, as described in Note 1. This presentation is not intended to be a complete presentation of the Properties revenue and expenses.

In our opinion, the statement referred to above presents fairly, in all material respects, the revenue and certain operating expenses described in Note 1 of the Properties for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ The Schonbraun McCann Group LLC
Roseland, New Jersey
September 2, 2005

TEXAS STORAGE PORTFOLIO
COMBINED STATEMENTS OF REVENUE AND
CERTAIN OPERATING EXPENSES

	For the period January 1, 2005 through June 30, 2005 (Unaudited)	Year Ended December 31, 2004
Revenue		
Base rents	$ 1,726,829	$ 2,621,944
Other income	144,234	215,515
	1,871,063	2,837,459
Certain Operating Expenses		
Property operating expenses	751,678	1,357,607
General and administrative expenses	68,304	115,889
Real estate taxes	355,389	619,865
	1,175,371	2,093,361
Revenue in excess of certain operating expenses	$ 695,692	$ 744,098

See accompanying notes to combined statements of revenue and certain operating expenses.

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TEXAS STORAGE PORTFOLIO
NOTES TO COMBINED STATEMENTS OF REVENUE AND CERTAIN OPERATING EXPENSES

1. BASIS OF PRESENTATION

Presented herein are the combined statements of revenue and certain operating expenses related to the operation of the following eleven storage facilities, collectively (the Properties):

Legal Name	Location	Units
Republic Garland Self Stor, LP	Garland, TX	486(1)
Basswood Self Stor, LP	Fort Worth, TX	409
Davis Self Stor, LP	North Richland Hills, TX	459
Sandstor Partners 108, LP	Austin, TX	552
Storage Holding Midway, LP	Dallas, TX	561
Storage Holding Frisco, LP	Frisco, TX	629(2)
Storage Holdings Eastchase, LP	Fort Worth, TX	674
Republic Manchaca Self Stor, LP	Austin, TX	570
Storage Holding Mansfield, LP	Mansfield, TX	478
Republic Stassney Self Stor, LP	Austin, TX	587(3)
Interstate 10 Self Stor, LP	San Antonio, TX	676(4)

(1) Placed in service April 2004.

(2) Placed in service February 2004.

(3) Placed in service June 2004.

(4) Placed in service September 2004.

The accompanying combined statement of revenue and certain operating expenses for the year ended December 31, 2004 was prepared for the purpose of complying with the provisions of Article 3.14 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) which requires certain information with respect to real estate operations to be included with certain filings with the SEC. Accordingly, the combined revenue and certain operating expenses excludes certain expenses that may not be comparable to those expected to be incurred by U-Store-It Trust in the proposed future operations of the Properties. Items excluded consist of mortgage interest expense, depreciation, management fees and general and administrative expenses not directly related to the future operations.

2. USE OF ESTIMATES

The preparation of the combined statements of revenue and certain operating expenses in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined statements of revenue and certain operating expenses and accompanying notes. Actual results could differ from those estimates.

3. REVENUE RECOGNITION

Revenue relating to the Properties is recognized when payments are due. If it is determined after all methods of collection have been exhausted, that the account will not be collected, then it is written off to bad debt expense. The Properties are being leased to tenants under operating leases generally on a month to month basis.

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TEXAS STORAGE PORTFOLIO
NOTES TO COMBINED STATEMENTS OF REVENUE AND CERTAIN OPERATING EXPENSES (Continued)

4. PROPERTY OPERATING EXPENSES

The Properties operating expenses for the year ended December 31,2004, include $96,553 for insurance, $196,461 for utilities, $556,794 in operating and maintenance costs and $507,799 in payroll.

The Properties operating expenses for the period January 1, 2005 through June 30, 2005 (unaudited) include $46,361 for insurance, $112,435 for utilities, $312,841 for operating and maintenance costs and $280,041 for payroll.

5. ADVERTISING

Advertising costs are expensed as incurred, $199,436 and $114,271 for 2004 and for the six months ended June 30, 2005 (unaudited), respectively, are included in property operating expenses.

6. INTERIM UNAUDITED FINANCIAL INFORMATION

The combined statement of revenue and certain operating expenses for the period January 1, 2005 through June 30, 2005 is unaudited; however, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the statement of revenue and certain operating expenses for this interim period has been included. The results of interim periods are not necessarily indicative of the results to be obtained for a full fiscal year.

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LOGO

15,000,000 Shares
U-Store-It Trust
Common Shares

PROSPECTUS
, 2005

Lehman Brothers
Sole Book-Running Manager

Citigroup
Wachovia Securities
A.G. Edwards
Raymond James
Banc of America Securities LLC
KeyBanc Capital Markets
Harris Nesbitt

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31. ***Other Expenses of Issuance and Distribution***

The following table itemizes the expenses expected to be incurred by the Company in connection with this offering. All amounts are estimated except for the Securities and Exchange Commission registration fee and the NASD fee.

Securities and Exchange Commission registration fee	$ 43,531
NASD fee	37,484
New York Stock Exchange Listing Fee	52,500
Printing and engraving expenses	225,000
Legal fees and expenses	450,000
Accounting fees and expenses	345,000
Blue Sky fees and expenses (including legal fees)	1,000
Transfer agent and registrar fees and expenses	1,500
Miscellaneous	129,985
Total	$1,286,000

Item 32. ***Sales to Special Parties***

None.

Item 33. ***Recent Sales of Unregistered Securities***

(a) Upon our formation in July 2004, High Tide LLC was issued 100 common shares for total consideration of $1,500 in cash in order to provide our initial capitalization. In October 2004, High Tide LLC was reorganized as a Maryland REIT through a merger into us pursuant to a reorganization and merger agreement. Upon completion of this merger, those shares were canceled and retired without payment of any consideration therefor. The issuance of such shares was effected in reliance upon an exemption from registration provided by Section 4(2) under the Securities Act of 1933, as amended.

In connection with our formation transactions, common shares were issued to certain persons transferring interests and other assets to us in consideration of the transfer of such interests and assets as follows:

Robert J. Amsdell, our Chairman and Chief Executive Officer, received approximately 151,000 shares (with a value of approximately $2.4 million) in connection with the merger of High Tide LLC and Amsdell Partners, Inc., which were existing partners of the operating partnership, into us;

The Robert J. Amsdell Family Irrevocable Trust, a trust formed for the benefit of the family of Robert J. Amsdell, received approximately 3.9 million shares (with a value of approximately $62.7 million) in connection with the merger of High Tide LLC and Amsdell Partners, Inc., which were existing partners of our operating partnership, into us;

Barry L. Amsdell, one of our trustees, received approximately 151,000 shares (with a value of approximately $2.4 million) in connection with the merger of High Tide LLC and Amsdell Partners, Inc., which were existing partners of our operating partnership, into us;

The Loretta Amsdell Family Irrevocable Trust, a trust formed for the benefit of the family of Barry L. Amsdell, received approximately 3.9 million shares (with a value of approximately $62.7 million) in connection with the merger of High Tide LLC and Amsdell Partners, Inc., which were existing partners of our operating partnership, into us; and

Todd C. Amsdell, our Chief Operating Officer, received approximately 430,000 shares (with a value of approximately $6.9 million) in connection with the merger of High Tide LLC and Amsdell Partners, Inc., which were existing partners of our operating partnership, into us.

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The foregoing issuances occurred pursuant to agreements dated as of July 30, 2004. All of such persons irrevocably committed to the transfer of such interests and assets prior to the filing of our registration statement on Form S-11 relating to our initial public offering. The issuance of such units and shares was effected in reliance upon an exemption from registration provided by Section 4(2) under the Securities Act.

Item 34. ***Indemnification of Directors and Officers***

The Maryland REIT Law permits a Maryland real estate investment trust to include in its declaration of trust a provision limiting the liability of its trustees and officers to the trust and its shareholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active or deliberate dishonesty established in a judgment or other final adjudication to be material to the cause of action. Our declaration of trust contains a provision that limits the liability of our trustees and officers to the maximum extent permitted by Maryland law.

The Maryland REIT Law permits a Maryland real estate investment trust to indemnify and advance expenses to its trustees, officers, employees and agents to the same extent as permitted by the Maryland General Corporation Law (the MGCL) for directors and officers of Maryland corporations. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be a party by reason of their service in those or other capacities unless it is established that (a) the act or omission if the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was a result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right if the corporation or if the director or officer was adjudged to be liable to the corporation nor may a director be indemnified in circumstances in which the director is found liable for an improper personal benefit. In accordance with the MGCL and our bylaws, our bylaws require us, as a condition to advancement of expenses, to obtain (a) a written affirmation by the trustee or officer of his good faith belief that he has met the standard of conduct necessary for indemnification and (b) a written statement by or on his behalf to repay the amount paid or reimbursed by us if it shall ultimately be determined that the standard of conduct was not met.

Our declaration of trust provides that we shall indemnify, to the maximum extent permitted by Maryland law in effect from time to time, any individual who is a present or former trustee or officer (including any individual who, at our request, serves or has served as an, officer, partner, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise) from and against any claim or liability to which such person may become subject by reason of service in such capacity. We have the power, with the approval of our board of trustees, to provide indemnification and advancement of expenses to a present or former trustee or officer who served a predecessor of our company in any of the capacities described above and to any employee or agent of our company or a predecessor of our company. Maryland law requires us to indemnify a trustee or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity.

Item 35. ***Treatment of Proceeds from Stock Being Registered***

None of the proceeds will be contributed to an account other than the appropriate capital share account.

Item 36. ***Financial Statements and Exhibits***

(a) Financial Statements, all of which are included in the Prospectus:

See Index to Financial Statements.

(b) Exhibits

Exhibit No.	
1.1	Form of Underwriting Agreement.
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*	Bylaws of U-Store-It Trust, incorporated by reference to Exhibit 3.2 to Amendment No. 2 to the Company s Registration Statement on Form S-11, File No. 333-117848.
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.
5.1	Opinion of Hogan & Hartson L.L.P. regarding the validity of the securities being registered.
8.1	Opinion of Hogan & Hartson L.L.P. regarding tax matters.
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.
10.2*	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.
10.3*	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.
10.4*	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.
10.5*	Credit Agreement dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P., the several lenders from time to time parties thereto, Lehman Brothers Inc., Wachovia Capital Markets, LLC, SunTrust Bank, LaSalle Bank National Association and Lehman Commercial Paper Inc., incorporated by reference to Exhibit 10.5 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.6*	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.
10.7*	Stock Purchase Agreement dated as of October 27, 2004 by and among U-Store-It Trust, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell, the Robert J. Amsdell Family Irrevocable Trust dated June 4, 1998 and the Loretta Amsdell Family Irrevocable Trust dated June 4, 1998, relating to the purchase of U-Store-It Mini Warehouse Co., incorporated by reference to Exhibit 10.7 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.8*	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.
10.9*	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.
10.10*	

	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.
10.11*	Registration Rights Agreement dated as of October 27, 2004 by and among U-Store-It Trust, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell, the Robert J. Amsdell Family Irrevocable Trust dated June 4, 1998, the Loretta Amsdell Family Irrevocable Trust dated June 4, 1998, Amsdell Holdings I, Inc., Amsdell and Amsdell and Robert J. Amsdell, Trustee, incorporated by reference to Exhibit 10.11 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.12*	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.
10.13*	Indemnification Agreement dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and Steven G. Osgood, incorporated by reference to Exhibit 10.13 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.14*	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.

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Exhibit No.	
10.15*	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.
10.16*	Indemnification Agreement dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and Tedd D. Towsley, incorporated by reference to Exhibit 10.16 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.17*	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.
10.18*	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.
10.19*	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.
10.20*	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.
10.21*	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.
10.22*	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.
10.23*	Noncompetition Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Steven G. Osgood, incorporated by reference to Exhibit 10.23 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.24*	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.
10.25*	Noncompetition Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Tedd D. Towsley, incorporated by reference to Exhibit 10.25 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.26*	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.
10.27*	Employment Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Robert J. Amsdell, incorporated by reference to Exhibit 10.27 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.28*	Employment Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Steven G. Osgood, incorporated by reference to Exhibit 10.28 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.29*	Employment Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Todd C. Amsdell, incorporated by reference to Exhibit 10.29 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.30*	

	Employment Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Tedd D. Towsley, incorporated by reference to Exhibit 10.30 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.31*	Purchase and Sale Agreement dated as of August 13, 2004 by and between Acquiport/Amsdell I Limited Partnership and Metro Storage LLC, incorporated by reference to Exhibit 10.17 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.32*	Amendment to Purchase and Sale Agreement dated as of September 8, 2004 by and between Acquiport/Amsdell I Limited Partnership and Metro Storage LLC, incorporated by reference to Exhibit 10.18 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.33*	Contribution Agreement dated as of July 30, 2004 by and between Acquiport/Amsdell I Limited Partnership and Robert J. Amsdell, as Trustee incorporated by reference to Exhibit 10.2 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.

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Exhibit No.	
10.34*	Contribution Agreement dated as July 30, 2004 by and between Acquiport/Amsdell I Limited Partnership and Amsdell Holdings I, Inc. incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.35*	Contribution Agreement dated as of July 30, 2004 by and between Acquiport/Amsdell I Limited Partnership and Amsdell and Amsdell incorporated by reference to Exhibit 10.4 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.36*	Agreement and Plan of Merger and Reorganization dated as of July 30, 2004 by and between the Company and High Tide LLC incorporated by reference to Exhibit 10.5 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.37*	Agreement and Plan of Merger dated as of July 30, 2004 by and between the Company and Amsdell Partners, Inc. incorporated by reference to Exhibit 10.6 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.38*	Partnership Reorganization Agreement dated as of July 30, 2004 by and among High Tide LLC, Amsdell Partners, Inc., Amsdell Holdings I, Inc. and Acquiport/Amsdell I Limited Partnership incorporated by reference to Exhibit 10.7 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.39*	Purchase and Sale Agreement, dated as of March 1, 2005, by and between U-Store-It, L.P. and various partnerships and other entities affiliated with National Self Storage and The Schomac Group, Inc. named therein incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on March 4, 2005.
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10.42*	Timesharing Agreement, dated October 22, 2004 by and between Amsdell Holdings I, Inc. and U-Store-It Mini Warehouse Co., incorporated by reference to Exhibit 10.42 to the Company s Annual Report on Form 10-K, filed on March 31, 2005.
10.43*	Trustee Compensation Schedule, incorporated by reference to Exhibit 10.43 to the Company s Annual Report on Form 10-K, filed on March 31, 2005.
10.44*	Schedule of 2004 Bonuses for Named Executive Officers, incorporated by reference to Exhibit 10.44 to the Company s Annual Report on Form 10-K, filed on March 31, 2005.
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10.48*	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, filed on August 12, 2005.
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10.53*	Third Amendment to Purchase and Sale Agreement, dated July 20, 2005 by and between U-Store-It, L.P. and various partnerships and other entities affiliated with National Self Storage and the Schomac Group, Inc. named therein, incorporated by reference to Exhibit 10.7 to the Company s Quarterly Report on Form 10-Q, filed on August 12, 2005.
21.1	List of Subsidiaries of the Company.
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23.3	Consent of Grant Thornton LLP.
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23.6	Consent of Hogan & Hartson L.L.P. (included as part of Exhibit 5.1).
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* Incorporated herein by reference as above indicated.
Previously filed.

Item 37. ***Undertakings.***

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and this Offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby further undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Cleveland, state of Ohio, on September 29, 2005.

U-STORE-IT TRUST

By: /s/ Robert J. Amsdell

Robert J. Amsdell
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

/s/ Robert J. Amsdell Robert J. Amsdell	Chairman of the Board of Trustees and Chief Executive Officer (Principal Executive Officer)	September 29, 2005
/s/ Steven G. Osgood Steven G. Osgood	President and Chief Financial Officer (Principal Financial Officer)	September 29, 2005
/s/ Tedd D. Towsley Tedd D. Towsley	Vice President and Treasurer (Principal Accounting Officer)	September 29, 2005
* Barry L. Amsdell	Trustee	September 29, 2005
* Thomas A. Commes	Trustee	September 29, 2005
* John C. Dannemiller	Trustee	September 29, 2005
* William M. Diefenderfer	Trustee	September 29, 2005
* Harold S. Haller	Trustee	September 29, 2005
*	Trustee	September 29, 2005

David J. LaRue

* By: /s/ Robert J. Amsdell

Robert J. Amsdell
by power of attorney

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EXHIBIT INDEX

Exhibit No.	
1.1	Form of Underwriting Agreement.
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*	Bylaws of U-Store-It Trust, incorporated by reference to Exhibit 3.2 to Amendment No. 2 to the Company s Registration Statement on Form S-11, File No. 333-117848.
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.
5.1	Opinion of Hogan & Hartson L.L.P. regarding the validity of the securities being registered.
8.1	Opinion of Hogan & Hartson L.L.P. regarding tax matters.
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.
10.2*	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.
10.3*	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.
10.4*	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.
10.5*	Credit Agreement dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P., the several lenders from time to time parties thereto, Lehman Brothers Inc., Wachovia Capital Markets, LLC, SunTrust Bank, LaSalle Bank National Association and Lehman Commercial Paper Inc., incorporated by reference to Exhibit 10.5 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.6*	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.
10.7*	Stock Purchase Agreement dated as of October 27, 2004 by and among U-Store-It Trust, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell, the Robert J. Amsdell Family Irrevocable Trust dated June 4, 1998 and the Loretta Amsdell Family Irrevocable Trust dated June 4, 1998, relating to the purchase of U-Store-It Mini Warehouse Co., incorporated by reference to Exhibit 10.7 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.8*	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.
10.9*	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.

10.10*	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.
10.11*	Registration Rights Agreement dated as of October 27, 2004 by and among U-Store-It Trust, Robert J. Amsdell, Barry L. Amsdell, Todd C. Amsdell, the Robert J. Amsdell Family Irrevocable Trust dated June 4, 1998, the Loretta Amsdell Family Irrevocable Trust dated June 4, 1998, Amsdell Holdings I, Inc., Amsdell and Amsdell and Robert J. Amsdell, Trustee, incorporated by reference to Exhibit 10.11 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.12*	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.
10.13*	Indemnification Agreement dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and Steven G. Osgood, incorporated by reference to Exhibit 10.13 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.14*	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.

Exhibit No.	
10.15*	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.
10.16*	Indemnification Agreement dated as of October 27, 2004 by and among U-Store-It Trust, U-Store-It, L.P. and Tedd D. Towsley, incorporated by reference to Exhibit 10.16 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.17*	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.
10.18*	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.
10.19*	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.
10.20*	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.
10.21*	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.
10.22*	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.
10.23*	Noncompetition Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Steven G. Osgood, incorporated by reference to Exhibit 10.23 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.24*	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.
10.25*	Noncompetition Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Tedd D. Towsley, incorporated by reference to Exhibit 10.25 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.26*	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.
10.27*	Employment Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Robert J. Amsdell, incorporated by reference to Exhibit 10.27 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.28*	Employment Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Steven G. Osgood, incorporated by reference to Exhibit 10.28 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.29*	Employment Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Todd C. Amsdell, incorporated by reference to Exhibit 10.29 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
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	Employment Agreement dated as of October 27, 2004 by and between U-Store-It Trust and Tedd D. Towsley, incorporated by reference to Exhibit 10.30 to the Company s Current Report on Form 8-K, filed on November 2, 2004.
10.31*	Purchase and Sale Agreement dated as of August 13, 2004 by and between Acquiport/Amsdell I Limited Partnership and Metro Storage LLC, incorporated by reference to Exhibit 10.17 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.32*	Amendment to Purchase and Sale Agreement dated as of September 8, 2004 by and between Acquiport/Amsdell I Limited Partnership and Metro Storage LLC, incorporated by reference to Exhibit 10.18 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.33*	Contribution Agreement dated as of July 30, 2004 by and between Acquiport/Amsdell I Limited Partnership and Robert J. Amsdell, as Trustee incorporated by reference to Exhibit 10.2 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.

Exhibit No.	
10.34*	Contribution Agreement dated as July 30, 2004 by and between Acquiport/Amsdell I Limited Partnership and Amsdell Holdings I, Inc. incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.35*	Contribution Agreement dated as of July 30, 2004 by and between Acquiport/Amsdell I Limited Partnership and Amsdell and Amsdell incorporated by reference to Exhibit 10.4 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.36*	Agreement and Plan of Merger and Reorganization dated as of July 30, 2004 by and between the Company and High Tide LLC incorporated by reference to Exhibit 10.5 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
10.37*	Agreement and Plan of Merger dated as of July 30, 2004 by and between the Company and Amsdell Partners, Inc. incorporated by reference to Exhibit 10.6 to Amendment No. 1 to the Company s Registration Statement on Form S-11, File No. 333-117848.
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