October 31, 2007

Sovran Self Storage Reports Third Quarter Results: Revenues Increase 14%

BUFFALO, N.Y.--(BUSINESS WIRE)--

Sovran Self Storage, Inc. (NYSE:SSS), a self-storage real estate investment trust (REIT), reported operating results for the quarter ended September 30, 2007.

Net income available to common shareholders for the third quarter of 2007 was $10.9 million or $.51 per diluted share. Net income available to common shareholders for the same period in 2006 was $8.8 million or $.49 per diluted share. Funds from operations per share for the quarter increased 24.2% to $19.1 million or $.89 per fully diluted common share compared to $.85 per fully diluted share for the quarter ended September 30, 2006. Strong rental rate growth was offset by the impact of a decline in occupancy in most of the Company's Florida markets.

David Rogers, the Company's Chief Financial Officer, said, "We've done well this quarter integrating our recent acquisitions into the Uncle Bob's family, and moving forward with our expansion and enhancement program."

OPERATIONS:

Total Company net operating income for the third quarter grew 15.2% compared with the same quarter in 2006 to $32.8 million. This growth was the result of improved operating performance and the income generated by the 58 stores acquired since mid 2006. Overall average occupancy for the quarter was 85.1% and average rent per square foot for the portfolio was $10.39.

Revenues at the 317 stores owned and/or managed for the entire quarter in both years increased 3.5% over the third quarter of 2006, the result of a 3.6% increase in rental rates (offset by a 140 basis point decrease in average occupancy) and a 3.1% increase in other income. Same store operating expenses declined 30 basis points primarily as a result of an expected decrease in property insurance premiums. As a result, same store net operating income improved by 5.7% over the third quarter of 2006. General and administrative expenses rose $538,000 over the same period in 2006; this is primarily due to increased expenses involved in operating 58 more facilities this year.

Strong performance was shown at the Company's Texas, North Carolina and New England stores as well as those in the Atlanta and Buffalo markets. Stores in Florida, South Carolina and the Washington, DC markets have experienced slower than expected growth during the quarter.

PROPERTIES:

The Company acquired no new stores during the quarter, but entered into contracts to acquire three facilities at a total cost of $10.6 million.

It continued its program of expanding and enhancing its existing stores - so far this year, the Company has expended $15.6 million to add 275,000 sq. ft. of new storage space to 15 stores, and converted 50,000 sq. ft. to premium storage at 4 others. Projects at 25 other stores are underway to add another 350,000 sq. ft. at an expected cost of $20 million.

CAPITAL TRANSACTIONS:

During the quarter, the Company issued 70,648 shares through its Dividend Reinvestment Program, Direct Stock Purchase Plan and Employee Option Plan. A total of $3.3 million was received, and was used to fund capital improvements.

On July 9, 2007, the Company issued 920,244 shares of common stock to the holder of its Series C Preferred stock upon the holder's election to convert 1.2 million shares of the Series C Preferred into common stock. The Company now has no issues of convertible preferred stock outstanding.

The Company's Board of Directors authorized the repurchase of up to two million shares of the Company's common stock. To date, the Company has acquired approximately 1.2 million shares pursuant to the program. The Company expects such repurchases to be effected from time to time, in the open markets or in private transactions. The amount and timing of shares to be purchased will be subject to market conditions and will be based on several factors, including compliance with lender covenants and the price of the Company's stock. No assurance can be given as to the specific timing or amount of the share repurchases or as to whether and to what extent the share repurchase will be consummated. The Company did not acquire any shares in the quarter ended September 30, 2007.

YEAR 2007 EARNINGS GUIDANCE:

The Company expects conditions in most of its markets to remain relatively stable, and estimates growth in net operating income on a same store basis to be approximately 4.5% for the balance of the year.

As previously announced, the Company has implemented a program that will add 450,000 to 600,000 square feet of rentable space at existing stores and convert up to an additional 250,000 to 300,000 square feet to premium (climate and humidity controlled) spaces over the next two years. The projected cost of these revenue enhancing improvements is estimated at between $45 and $50 million. $19 million was expended in 2006 on such improvements and up to $25 million is expected in 2007. $15.6 million was expended during the nine months ended September 30, 2007.

As opportunities arise, the Company may acquire self-storage facilities with high growth potential for its own portfolio, and may sell certain facilities depending on market conditions. For purposes of issuing 2007 guidance, the Company is forecasting accretive acquisitions of $135 million, opportunistic acquisitions of $10 million and no sales of existing facilities.

Funding of the acquisitions and the above mentioned revenue enhancing and refurbishing improvements will be provided primarily from borrowings on the Company's line of credit, term note borrowings, issuance of common shares in the Company's Dividend Reinvestment Program and Stock Purchase Programs, and issuance of common or preferred stock.

General and administrative expenses are expected to increase as the Company adds properties and enters new markets.

At September 30, 2007, all but $91 million of the Company's debt is either fixed rate or covered by rate swap contracts that essentially fix the rate. Subsequent borrowings that may occur will initially be pursuant to the Company's Line of Credit agreement at a floating rate of LIBOR plus 0.9% or pursuant to short term notes of LIBOR plus 1.2%.

Management expects funds from operations for the fourth quarter of 2007 to be between $.88 and $.90 per share.

FORWARD LOOKING STATEMENTS:

When used within this news release, the words "intends," "believes," "expects," "anticipates," and similar expressions are intended to identify "forward looking statements" within the meaning of that term in Section 27A of the Securities Act of 1933, and in Section 21F of Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by such forward looking statements. Such factors include, but are not limited to, the effect of competition from new self storage facilities, which could cause rents and occupancy rates to decline; the Company's ability to evaluate, finance and integrate acquired businesses into the Company's existing business and operations; the Company's ability to form joint ventures and sell existing properties to those joint ventures; the Company's existing indebtedness may mature in an unfavorable credit environment, preventing refinancing or forcing refinancing of the indebtedness on terms that are not as favorable as the existing terms; interest rates may fluctuate, impacting costs associated with the Company's outstanding floating rate debt; the regional concentration of the Company's business may subject it to economic downturns in the states of Florida and Texas; the Company's ability to effectively compete in the industries in which it does business; the Company's ability to successfully extend its truck leasing program and Dri-guard product roll-out; the Company's reliance on its call center; the Company's cash flow may be insufficient to meet required payments of principal and interest; and tax law changes which may change the taxability of future income.

CONFERENCE CALL:

Sovran Self Storage will hold its Third Quarter Earnings Release Conference Call at 9:00 a.m. Eastern Daylight Time on Thursday, November 1, 2007. Anyone wishing to listen to the call may access the webcast via the Investment portion of Sovran's homepage www.sovranss.com. The call will be archived for a period of 90 days after initial airing.

Sovran Self Storage, Inc. is a self-administered and self-managed equity REIT that is in the business of acquiring and managing self-storage facilities. The Company operates 354 self-storage facilities in 22 states under the name "Uncle Bob's Self Storage"(R). For more information, please contact David Rogers, CFO or Diane Piegza, VP Corporate Communications at (716) 633-1850 or visit the Company's Web site.

SOVRAN SELF STORAGE, INC.
BALANCE SHEET DATA
(unaudited)

(dollars in thousands)	September 30, 2007	December 31, 2006
Assets		
Investment in storage facilities:		
Land	$ 235,662	$ 208,644
Building, equipment and construction in progress	1,067,081	935,260
	1,302,743	1,143,904
Less: accumulated depreciation	(177,988)	(155,843)
Investment in storage facilities, net	1,124,755	988,061
Cash and cash equivalents	8,504	47,730

Accounts receivable	2,925	2,166
Receivable from related parties	27	37
Prepaid expenses	5,985	5,336
Fair value of interest rate swap agreements	797	2,274
Intangible asset - in-place customer leases (net of accumulated amortization of $3,348)	1,096	-
Other assets	5,664	7,606
Total Assets	$ 1,149,753	$ 1,053,210
Liabilities		
Line of credit	$ 91,000	$ -
Term notes	350,000	350,000
Accounts payable and accrued liabilities	22,827	15,358
Deferred revenue	5,746	5,292
Accrued dividends	13,616	12,675
Mortgages payable	110,911	112,027
Total Liabilities	594,100	495,352
Minority interest - Operating Partnership	9,779	10,164
Minority interest - consolidated joint ventures	16,783	16,783
Shareholders' Equity		
8.375% Series C Convertible Cumulative Preferred Stock	-	26,613
Common stock	228	216
Additional paid-in capital	650,872	612,738
Dividends in excess of net income	(95,518)	(83,609)
Accumulated other comprehensive income	684	2,128
Treasury stock at cost	(27,175)	(27,175)
Total Shareholders' Equity	529,091	530,911
Total Liabilities and Shareholders' Equity	$ 1,149,753	$ 1,053,210

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(dollars in thousands, except share data)	July 1, 2007 to September 30, 2007	July 1, 2006 to September 30, 2006
Revenues		
Rental income	$ 49,195	$ 43,354
Other operating income	1,803	1,430
Total operating revenues	50,998	44,784
Expenses		
Property operations and maintenance	13,501	12,163
Real estate taxes	4,649	4,112

General and administrative	3,968	3,430
Depreciation and amortization	7,784	6,683
Amortization of in-place customer leases	606	-
Total operating expenses	30,508	26,388
Income from operations	20,490	18,396
Other income (expense)		
Interest expense (including amortization of financing fees of $233 in 2007 and $240 in 2006)	(9,092)	(8,421)
Interest income	137	135
Minority interest - Operating Partnership	(215)	(225)
Minority interest - consolidated joint ventures	(462)	(462)
Equity in income of joint ventures	17	42
Net Income	10,875	9,465
Preferred stock dividends	-	(628)
Net income available to common shareholders	$ 10,875	$ 8,837
Earnings per common share - basic	$ 0.51	$ 0.49
Earnings per common share - diluted	$ 0.51	$ 0.49
Common shares used in basic earnings per share calculation	21,390,303	17,919,342
Common shares used in diluted earnings per share calculation	21,426,962	17,989,000
Dividends declared per common share	$ 0.6300	$ 0.6200

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(dollars in thousands, except share data)	January 1, 2007 to September 30, 2007	January 1, 2006 to September 30, 2006
Revenues		
Rental income	$ 138,985	$ 117,797
Other operating income	4,713	3,940
Total operating revenues	143,698	121,737
Expenses		
Property operations and maintenance	38,819	31,915
Real estate taxes	13,670	11,372
General and administrative	11,222	10,530
Depreciation and amortization	22,199	18,362
Amortization of in-place customer leases	3,348	-

Total operating expenses	89,258	72,179
Income from operations	54,440	49,558
Other income (expense)		
Interest expense (including amortization of financing fees of $716 in 2007 and $748 in 2006)	(24,908)	(20,992)
Interest income	814	490
Minority interest - Operating Partnership	(581)	(690)
Minority interest - consolidated joint ventures	(1,386)	(1,068)
Equity in income of joint ventures	97	148
Net Income	28,476	27,446
Preferred stock dividends	(1,256)	(1,884)
Net income available to common shareholders	$ 27,220	$ 25,562
Earnings per common share - basic	$ 1.31	$ 1.44
Earnings per common share - diluted	$ 1.31	$ 1.44
Common shares used in basic earnings per share calculation	20,760,920	17,692,367
Common shares used in diluted earnings per share calculation	20,813,165	17,758,535
Dividends declared per common share	$ 1.8700	$ 1.8500

COMPUTATION OF FUNDS FROM OPERATIONS (FFO) (1) - (unaudited)

(dollars in thousands, except share data)	July 1, 2007 to September 30, 2007	July 1, 2006 to September 30, 2006
Net income	$ 10,875	$ 9,465
Minority interest in income	677	687
Depreciation of real estate and amortization of intangible assets exclusive of deferred financing fees	8,390	6,683
Depreciation and amortization from unconsolidated joint ventures	14	14
Preferred dividends	-	(628)
Funds from operations allocable to minority interest in Operating Partnership	(377)	(366)
Funds from operations allocable to minority interest in consolidated joint ventures	(462)	(462)
Funds from operations available to common shareholders	19,117	15,393

FFO per share - diluted (a)	$ 0.89	$ 0.85
Common shares - diluted	21,426,962	17,989,000
Common shares if Series C Preferred Stock is converted	80,021	920,244
Total shares used in FFO per share calculation (a)	21,506,983	18,909,244

(dollars in thousands, except share data)	January 1, 2007 to September 30, 2007	January 1, 2006 to September 30, 2006
Net income	$ 28,476	$ 27,446
Minority interest in income	1,967	1,758
Depreciation of real estate and amortization of intangible assets exclusive of deferred financing fees	25,547	18,362
Depreciation and amortization from unconsolidated joint ventures	44	148
Preferred dividends	(1,256)	(1,884)
Funds from operations allocable to minority interest in Operating Partnership	(1,069)	(1,091)
Funds from operations allocable to minority interest in consolidated joint ventures	(1,386)	(1,323)
Funds from operations available to common shareholders	52,323	43,416
FFO per share - diluted (a)	$ 2.50	$ 2.42
Common shares - diluted	20,813,165	17,758,535
Common shares if Series C Preferred Stock is converted	640,170	920,244
Total shares used in FFO per share calculation (a)	21,453,335	18,678,779

(1) We believe that Funds from Operations ("FFO") provides relevant and meaningful information about our operating performance that is necessary, along with net earnings and cash flows, for an understanding of our operating results. FFO adds back historical cost depreciation, which assumes the value of real estate assets diminishes predictably in the future. In fact, real estate asset values increase or decrease with market conditions. Consequently, we believe FFO is a useful supplemental measure in evaluating our operating performance by disregarding (or adding back) historical cost depreciation.

Funds from operations is defined by the National Association of Real Estate Investment Trusts, Inc. ("NAREIT") as net income computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains or losses on sales of properties, plus depreciation and amortization and after adjustments to record unconsolidated partnerships and joint ventures on the same basis. We believe that to further understand our performance, FFO should be compared with our reported net income and cash flows in accordance with GAAP, as presented in our consolidated financial statements.

Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. FFO does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, as an alternative to net cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity, or as an indicator of our ability to make cash distributions.

(a) The Series C Convertible Preferred Shares were converted on July 9, 2007 into 920,244 common shares. These shares have been added to the diluted shares outstanding to calculate the FFO per share in 2006. The prorated shares through the conversion date have been added to the diluted shares outstanding to calculate the FFO per share in 2007.

QUARTERLY SAME STORE DATA (2) (dollars in thousands)	July 1, 2007 to September 30, 2007	July 1, 2006 to September 30, 2006	Percentage Change
Revenues:			
Rental income	$ 44,716	$ 43,180	3.6%
Other operating income	1,470	1,426	3.1%
Total operating revenues	46,186	44,606	3.5%
Expenses:			
Property operations, maintenance, and real estate taxes	16,142	16,185	-0.3%
Operating income	$ 30,044	$ 28,421	5.7%

(2) Includes the 317 stores owned and/or managed by the Company for the entire periods presented.

YEAR TO DATE SAME STORE DATA (3) (dollars in thousands)	January 1, 2007 to September 30, 2007	January 1, 2006 to September 30, 2006	Percentage Change
Revenues:			
Rental income	$116,993	$113,177	3.4%
Other operating income	3,885	3,796	2.3%
Total operating revenues	120,878	116,973	3.3%
Expenses:			
Property operations, maintenance, and real estate taxes	43,030	40,924	5.1%
Operating income	$ 77,848	$ 76,049	2.4%

(3) Includes the 285 stores owned and/or managed by the Company for the entire periods presented.

OTHER DATA	Same Store (2) 2007	Same Store (2) 2006	All Stores 2007	All Stores 2006
Weighted average quarterly occupancy	85.4%	86.8%	85.1%	86.7%
Occupancy at September 30	84.4%	85.9%	84.3%	85.9%
Rent per occupied square foot	$10.63	$10.26	$10.39	$10.25

Investment in Storage Facilities:

The following summarizes activity in storage facilities during the nine months ended September 30, 2007:

Beginning balance	$ 1,143,904
Property acquisitions	124,701
Improvements and equipment additions:	
Dri-guard / climate control installations	1,575
Expansions	14,044
Roofing, paving, painting, and equipment:	
Stabilized stores	10,200
Recently acquired and joint venture stores	4,115
Rental trucks	333
Change in construction in progress (Total CIP $10.5 million)	3,952
Dispositions	(81)
Storage facilities at cost at period end	$ 1,302,743

	September 30, 2007	September 30, 2006
Common shares outstanding at September 30	21,612,427	18,090,066
Operating Partnership Units outstanding at September 30	425,785	427,927

Source: Sovran Self Storage, Inc.