



Sovran Self Storage, Inc
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FOR IMMEDIATE RELEASE

August 5, 2009

Sovran Self Storage Reports Second Quarter Results

Buffalo, NY, August 5, 2009 – [Sovran Self Storage, Inc.](http://www.sovranselfstorage.com) (NYSE:SSS), a self-storage real estate investment trust (REIT), reported operating results for the quarter ended June 30, 2009.

Net income available to common shareholders for the second quarter of 2009 was \$6.3 million or \$.28 per diluted share. Net income available to common shareholders for the same period in 2008 was \$10.5 million or \$.48 per diluted share. Funds from operations for the quarter were \$.66 per fully diluted common share. One-time costs of almost \$1 million associated with a first quarter covenant waiver, higher interest expense associated with the Company's recent long-term financing, and increased customer move-in incentives were the primary factors leading to lower earnings for 2009's second quarter.

Occupancy levels at the Company's 385 storage facilities at June 30 improved to 82.5%, an increase of 360 basis points since March 31. Kenneth Myszka, the Company's President and Chief Operating Officer stated, "In a very challenging environment, we're pleased to see our marketing and call center efforts take hold. During the quarter, we had a net gain of 9,400 customers on a same store basis, and while we made heavy use of incentives, this got our summer season off to a solid start."

In early May, the Company announced it had breached a debt covenant with its lenders. David Rogers, the Company's Chief Financial Officer commented, "During the quarter, we took the necessary steps to fix this problem and to improve our liquidity position. We became even more prudent regarding acquisitions and expansions, reduced the dividend on our common stock, and raised some equity through our [DRIP and Stock Purchase Plans](#). We've gained sufficient room concerning the covenant restriction and, at June 30, we have in excess of \$60 million in cash and permissible borrowings remaining on our credit line."

OPERATIONS:

Total Company net operating income for the second quarter declined 2.3% (\$724,000) compared with the same quarter in 2008 to \$31.2 million. Overall average occupancy for the quarter was 80.9% and average rent per square foot for the portfolio was \$10.16.

Revenues at the 359 stores owned and/or managed for the entire quarter in both years decreased 3.7% over the second quarter of 2008, the result of a 2.8% decrease in effective rental rates and a 130 basis point drop in average occupancy. The Company continues to make extensive use of move-in incentives; during the quarter over \$3.4 million in "[first month free](#)"

incentives were granted, almost 65% more than those of last spring. At the quarter end date, occupancy on a same store basis was 82.6% compared to 83.1% at June 30, 2008.

Same store operating expenses decreased by 3.6% from last year's second quarter. A 6.5% increase in property taxes, and modest growth in marketing costs and internet advertising were offset by significant declines in virtually all other operating expense categories.

General and administrative expenses grew \$243,000 over the same period in 2008, primarily due to increased expenses associated with operating the Joint Venture.

During the quarter, modest revenue growth was shown at the Company's [Maryland](#), [Louisiana](#), and [Texas](#) stores, while stores in [Florida](#), [Georgia](#), and [New England](#) continued to show considerable revenue declines.

PROPERTIES:

The Company did not acquire any properties during the quarter for its own portfolio or for that of the Joint Venture.

As previously announced, the Company has curtailed its program of expanding and enhancing its existing stores, awaiting improvements in both the capital markets and the general economy. Four projects that were started in 2008 have been completed thus far this year at a cost of \$5.4 million. Most improvements will be postponed indefinitely, except for about \$8 million yet to be applied to projects still underway.

CAPITAL TRANSACTIONS:

The Company's line of credit and term notes require it to meet certain financial covenants, including prescribed leverage, fixed charge coverage, minimum net worth, limitations on additional indebtedness and limitations on dividend payouts. One such covenant limits total consolidated liabilities to 55% of gross asset value; at March 31 this ratio was 55.4%. In May, the Company received a waiver from its lenders at a cost of almost \$1 million, and then took measures to prevent a recurrence. These included issuance of equity through its Dividend Reinvestment Program and Direct Stock Purchase Plan, reducing the quarterly dividend, and reducing discretionary capital expenditures.

1.3 million shares were issued during the quarter, generating cash proceeds of \$29.4 million. This, combined with the other measures mentioned above, served to reduce the Company's liabilities by \$41 million during the quarter, while providing funding for some \$4 million of previously committed expansion projects and adding \$4.2 million to cash and current assets.

At June 30, 2009, the Company has \$500 million of unsecured term note debt and \$108 million of mortgage debt outstanding. \$26 million of the mortgage debt matures at the end of 2009; the next significant maturities are in 2012.

During the quarter, one of the two Credit Rating Agencies covering the Company reduced its rating on the Company's senior debt from BBB- to BB+. The other Agency

reaffirmed its BBB- rating, although it did place the Company on Rating Watch “Negative”. One of the effects of the rating drop was to cause an increase in the interest rate applied to two of the Company’s unsecured notes. As a result, the Company’s aggregate interest rate on its unsecured debt increased from 6.14% to 6.93%. There would be no additional impact on the cost of this debt should the Company suffer any further rating downgrades.

A summary of certain debt ratios at June 30, 2009 is as follows:

| | |
|---|-------|
| - Debt to Enterprise Value (at \$24.60/share) | 50.9% |
| - Debt to Book Cost | 43.4% |
| - Debt to EBITDA ratio | 5.7x |
| - Debt service coverage | 2.5x |

YEAR 2009 EARNINGS GUIDANCE:

The Company is anticipating soft consumer demand in many of its markets and for conditions to remain competitive. It expects to continue the use of leasing incentives as well as increased advertising and aggressive marketing to improve occupancy and, accordingly, estimates a decline in same store revenue of 2 to 4% from that of 2008. Property operating costs are projected to decrease by 1 to 2%. Management reiterates its previous forecast of an expected decline in same store NOI of 2 to 4%.

The Company has curtailed its expansion and enhancement program and, until market conditions significantly improve, will defer most of its planned 2009 expenditures of \$50 million. It has an estimated total of \$8 million of commitments outstanding on construction projects remaining to be completed in 2009.

At present, the Company does not expect to actively pursue the purchase of additional facilities while the capital and real estate markets remain unstable. It is negotiating the sale of several of its non-core stores, and may sell several of these facilities in the third and fourth quarters of 2009, although the impact of these sales is not included in guidance.

General and administrative expenses are expected to increase by 5 to 7% in 2009.

At June 30, 2009, all 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 be pursuant to the Company’s Line of Credit agreement at a floating rate of LIBOR plus 1.75%.

At June 30, 2009 the Company had 23,391,184 shares of common stock outstanding, and 419,952 Operating Partnership Units outstanding.

As a result of the above assumptions, management expects funds from operations for the third quarter of 2009 to be approximately \$.65 to \$.67 per share, and between \$2.70 and \$2.74 for the full year 2009.

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 21E of the 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 Company’s ability to comply with debt covenants; 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 reliance on its call center; the Company’s cash flow may be insufficient to meet required payments of principal, interest and dividends; and tax law changes which may change the taxability of future income.

CONFERENCE CALL:

Sovran Self Storage will hold its Second Quarter Earnings Release Conference Call at 9:00 a.m. Eastern Time on Thursday, August 6, 2009. Anyone wishing to listen to the call may access the webcast via the event page at <http://www.unclebobs.com/company/investment/>. 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 [385 self-storage facilities in 24 states](#) under the name “Uncle Bob’s Self Storage”[®]. 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 at www.unclebobs.com.

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

| (dollars in thousands) | June 30, 2009 | December 31, 2008 |
|--|---------------------|----------------------|
| Assets | | |
| Investment in storage facilities: | | |
| Land | \$ 240,525 | \$ 240,525 |
| Building, equipment and construction in progress | <u>1,160,632</u> | <u>1,148,676</u> |
| | 1,401,157 | 1,389,201 |
| Less: accumulated depreciation | <u>(233,429)</u> | <u>(216,644)</u> |
| Investment in storage facilities, net | 1,167,728 | 1,172,557 |
| Cash and cash equivalents | 10,089 | 4,486 |
| Accounts receivable | 2,199 | 2,971 |
| Receivable from related parties | - | 14 |
| Receivable from joint ventures | 161 | 336 |
| Investment in joint ventures | 19,989 | 20,111 |
| Prepaid expenses | 4,854 | 4,691 |
| Intangible asset - in-place customer leases (net of accumulated amortization of \$5,395 in 2009 and \$5,160 in 2008) | 54 | 289 |
| Other assets | <u>6,526</u> | <u>7,171</u> |
| Total Assets | <u>\$ 1,211,600</u> | <u>\$ 1,212,626</u> |
| Liabilities | | |
| Line of credit | \$ - | \$ 14,000 |
| Term notes | 500,000 | 500,000 |
| Accounts payable and accrued liabilities | 20,586 | 23,979 |
| Deferred revenue | 5,524 | 5,659 |
| Fair value of interest rate swap agreements | 19,883 | 25,490 |
| Accrued dividends | - | 14,090 |
| Mortgages payable | <u>108,314</u> | <u>109,261</u> |
| Total Liabilities | 654,307 | 692,479 |
| Noncontrolling redeemable Operating Partnership Units at redemption value | 10,331 | 15,118 |
| Equity | | |
| Common stock | 246 | 232 |
| Additional paid-in capital | 698,176 | 666,633 |
| Accumulated deficit | (118,018) | (122,581) |
| Accumulated other comprehensive loss | (19,349) | (25,162) |
| Treasury stock at cost | <u>(27,175)</u> | <u>(27,175)</u> |
| Total Shareholders' Equity | 533,880 | 491,947 |
| Noncontrolling interest - consolidated joint venture | <u>13,082</u> | <u>13,082</u> |
| Total Equity | <u>546,962</u> | <u>505,029</u> |
| Total Liabilities and Equity | <u>\$ 1,211,600</u> | <u>\$ 1,212,626</u> |

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

| | April 1, 2009 to June 30, 2009 | April 1, 2008 to June 30, 2008 |
|---|--------------------------------------|--------------------------------------|
| (dollars in thousands, except share data) | | |
| Revenues | | |
| Rental income | \$ 46,709 | \$ 48,432 |
| Other operating income | 1,785 | 1,688 |
| Management and acquisition fee income | 305 | - |
| Total operating revenues | <u>48,799</u> | <u>50,120</u> |
| Expenses | | |
| Property operations and maintenance | 12,440 | 13,355 |
| Real estate taxes | 5,141 | 4,823 |
| General and administrative | 4,338 | 4,095 |
| Depreciation and amortization | 8,432 | 8,181 |
| Amortization of in-place customer leases | 90 | 327 |
| Total operating expenses | <u>30,441</u> | <u>30,781</u> |
| Income from operations | 18,358 | 19,339 |
| Other income (expense) | | |
| Interest expense (including amortization of financing fees of \$315 in 2009 and \$289 in 2008, and \$923 of waiver fees in 2009) | (11,699) | (8,978) |
| Interest income | 20 | 86 |
| Equity in income of joint ventures | <u>63</u> | <u>7</u> |
| Income from continuing operations | 6,742 | 10,454 |
| Income from discontinued operations | - | 712 |
| Consolidated net income | <u>6,742</u> | <u>11,166</u> |
| Less: net income attributable to noncontrolling interests | <u>(456)</u> | <u>(625)</u> |
| Net income attributable to common shareholders | <u>\$ 6,286</u> | <u>\$ 10,541</u> |
| Earnings per common share attributable to common shareholders - basic | | |
| Continuing operations | \$ 0.28 | \$ 0.45 |
| Discontinued operations | <u>0.00</u> | <u>0.04</u> |
| Earnings per common share - basic | <u>\$ 0.28</u> | <u>\$ 0.49</u> |
| Earnings per common share attributable to common shareholders - diluted | | |
| Continuing operations | \$ 0.28 | \$ 0.45 |
| Discontinued operations | <u>0.00</u> | <u>0.03</u> |
| Earnings per common share - diluted | <u>\$ 0.28</u> | <u>\$ 0.48</u> |
| Common shares used in basic earnings per share calculation | | |
| | 22,613,518 | 21,727,506 |
| Common shares used in diluted earnings per share calculation | | |
| | 22,616,553 | 21,760,891 |
| Dividends declared per common share | <u>\$ -</u> | <u>\$ 0.6300</u> |

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

| | January 1, 2009 to June 30, 2009 | January 1, 2008 to June 30, 2008 |
|---|--|--|
| (dollars in thousands, except share data) | | |
| Revenues | | |
| Rental income | \$ 94,368 | \$ 96,490 |
| Other operating income | 3,359 | 3,250 |
| Management and acquisition fee income | 616 | - |
| Total operating revenues | <u>98,343</u> | <u>99,740</u> |
| Expenses | | |
| Property operations and maintenance | 25,877 | 27,150 |
| Real estate taxes | 10,285 | 9,563 |
| General and administrative | 8,724 | 8,220 |
| Depreciation and amortization | 16,828 | 16,253 |
| Amortization of in-place customer leases | 235 | 856 |
| Total operating expenses | <u>61,949</u> | <u>62,042</u> |
| Income from operations | 36,394 | 37,698 |
| Other income (expense) | | |
| Interest expense (including amortization of financing fees of \$630 in 2009 and \$562 in 2008, and \$923 of waiver fees in 2009) | (21,678) | (17,933) |
| Interest income | 53 | 178 |
| Equity in income of joint ventures | <u>94</u> | <u>19</u> |
| Income from continuing operations | 14,863 | 19,962 |
| Income from discontinued operations | - | 794 |
| Consolidated net income | <u>14,863</u> | <u>20,756</u> |
| Less: net income attributable to noncontrolling interests | <u>(942)</u> | <u>(1,262)</u> |
| Net income attributable to common shareholders | <u>\$ 13,921</u> | <u>\$ 19,494</u> |
| Earnings per common share attributable to common shareholders - basic | | |
| Continuing operations | \$ 0.62 | \$ 0.86 |
| Discontinued operations | <u>0.00</u> | <u>0.04</u> |
| Earnings per common share - basic | <u>\$ 0.62</u> | <u>\$ 0.90</u> |
| Earnings per common share attributable to common shareholders - diluted | | |
| Continuing operations | \$ 0.62 | \$ 0.86 |
| Discontinued operations | <u>0.00</u> | <u>0.04</u> |
| Earnings per common share - diluted | <u>\$ 0.62</u> | <u>\$ 0.90</u> |
| Common shares used in basic earnings per share calculation | 22,291,292 | 21,687,436 |
| Common shares used in diluted earnings per share calculation | 22,294,457 | 21,712,668 |
| Dividends declared per common share | <u>\$ 0.6400</u> | <u>\$ 1.2600</u> |

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

| (dollars in thousands, except share data) | April 1, 2009 to June 30, 2009 | April 1, 2008 to June 30, 2008 |
|--|--------------------------------------|--------------------------------------|
| Net income attributable to controlling interests | \$ 6,286 | \$ 10,541 |
| Net income attributable to noncontrolling interests | 456 | 625 |
| Depreciation of real estate and amortization of intangible assets exclusive of deferred financing fees | 8,522 | 8,508 |
| Depreciation and amortization from unconsolidated joint ventures | 209 | 14 |
| Gain on sale of real estate | - | (716) |
| Funds from operations allocable to noncontrolling interest in Operating Partnership | (275) | (352) |
| Funds from operations allocable to noncontrolling interest in consolidated joint ventures | <u>(340)</u> | <u>(421)</u> |
| Funds from operations available to common shareholders | 14,858 | 18,199 |
| FFO per share - diluted | \$ 0.66 | \$ 0.84 |
| Common shares - diluted | 22,616,553 | 21,760,891 |

| (dollars in thousands, except share data) | January 1, 2009 to June 30, 2009 | January 1, 2008 to June 30, 2008 |
|--|--|--|
| Net income attributable to controlling interests | \$ 13,921 | \$ 19,494 |
| Net income attributable to noncontrolling interests | 942 | 1,262 |
| Depreciation of real estate and amortization of intangible assets exclusive of deferred financing fees | 17,063 | 17,155 |
| Depreciation and amortization from unconsolidated joint ventures | 416 | 29 |
| Gain on sale of real estate | - | (716) |
| Funds from operations allocable to noncontrolling interest in Operating Partnership | (584) | (691) |
| Funds from operations allocable to noncontrolling interest in consolidated joint ventures | <u>(680)</u> | <u>(884)</u> |
| Funds from operations available to common shareholders | 31,078 | 35,649 |
| FFO per share - diluted | \$ 1.39 | \$ 1.64 |
| Common shares - diluted | 22,294,457 | 21,712,668 |

(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.

QUARTERLY SAME STORE DATA (2)

| (dollars in thousands) | April 1, 2009 to June 30, 2009 | April 1, 2008 to June 30, 2008 | Percentage Change |
|-------------------------------------|--------------------------------------|--------------------------------------|----------------------|
| Revenues: | | | |
| Rental income | \$ 46,579 | \$ 48,432 | -3.8% |
| Other operating income | <u>1,695</u> | <u>1,688</u> | <u>0.4%</u> |
| Total operating revenues | 48,274 | 50,120 | -3.7% |
| Expenses: | | | |
| Property operations and maintenance | 12,379 | 13,355 | -7.3% |
| Real estate taxes | <u>5,137</u> | <u>4,823</u> | <u>6.5%</u> |
| Total operating expenses | <u>17,516</u> | <u>18,178</u> | <u>-3.6%</u> |
| Operating income | \$ 30,758 | \$ 31,942 | -3.7% |

(2) Includes the 359 stores owned and/or managed by the Company for the entire periods presented.

Same Store Revenues by State (2)

| (dollars in thousands) | April 1, 2009 to June 30, 2009 | April 1, 2008 to June 30, 2008 | Percentage Change |
|------------------------|--------------------------------------|--------------------------------------|----------------------|
| Alabama | 2,536 | 2,647 | -4.2% |
| Arizona | 1,161 | 1,228 | -5.5% |
| Connecticut | 1,040 | 1,111 | -6.4% |
| Florida | 7,222 | 7,913 | -8.7% |
| Georgia | 2,948 | 3,298 | -10.6% |
| Louisiana | 1,970 | 1,917 | 2.8% |
| Maine | 255 | 284 | -10.2% |
| Maryland | 489 | 473 | 3.4% |
| Massachusetts | 1,915 | 1,963 | -2.4% |
| Michigan | 565 | 570 | -0.9% |
| Mississippi | 1,740 | 1,806 | -3.7% |
| Missouri | 1,038 | 1,090 | -4.8% |
| New Hampshire | 508 | 524 | -3.1% |
| New York | 4,345 | 4,458 | -2.5% |
| North Carolina | 1,600 | 1,669 | -4.1% |
| Ohio | 1,966 | 2,037 | -3.5% |
| Pennsylvania | 704 | 715 | -1.5% |
| Rhode Island | 428 | 482 | -11.2% |
| South Carolina | 879 | 916 | -4.0% |
| Tennessee | 488 | 545 | -10.5% |
| Texas | 12,236 | 12,149 | 0.7% |
| Virginia | 2,241 | 2,325 | -3.6% |
| Total same store | <u>\$ 48,274</u> | <u>\$ 50,120</u> | <u>-3.7%</u> |

YEAR TO DATE SAME STORE DATA (3)

| (dollars in thousands) | January 1, 2009 to June 30, 2009 | January 1, 2008 to June 30, 2008 | Percentage Change |
|-------------------------------------|--|--|----------------------|
| Revenues: | | | |
| Rental income | \$ 93,375 | \$ 95,838 | -2.6% |
| Other operating income | <u>3,194</u> | <u>3,245</u> | <u>-1.6%</u> |
| Total operating revenues | 96,569 | 99,083 | -2.5% |
| Expenses: | | | |
| Property operations and maintenance | 25,631 | 27,001 | -5.1% |
| Real estate taxes | <u>10,230</u> | <u>9,524</u> | <u>7.4%</u> |
| Total operating expenses | <u>35,861</u> | <u>36,525</u> | <u>-1.8%</u> |
| Operating income | \$ 60,708 | \$ 62,558 | -3.0% |

(3) Includes the 357 stores owned and/or managed by the Company for the entire periods presented.

OTHER DATA

| | Same Store (2) | | All Stores | |
|--------------------------------------|----------------|-------------|-------------|-------------|
| | <u>2009</u> | <u>2008</u> | <u>2009</u> | <u>2008</u> |
| Weighted average quarterly occupancy | 81.0% | 82.3% | 80.9% | 82.3% |
| Occupancy at June 30 | 82.6% | 83.1% | 82.5% | 83.1% |
| Rent per occupied square foot | \$10.06 | \$10.35 | \$10.16 | \$10.35 |

Investment in Storage Facilities:

The following summarizes activity in storage facilities during the six months ended June 30, 2009:

| | | |
|---|----|------------------|
| Beginning balance | \$ | 1,389,201 |
| Property acquisitions | | - |
| Improvements and equipment additions: | | |
| Expansions | | 5,369 |
| Roofing, paving, painting, and equipment: | | |
| Stabilized stores | | 3,005 |
| Recently acquired and joint venture stores | | 238 |
| Change in construction in progress (Total CIP \$17.4 million) | | 3,402 |
| Dispositions | | (58) |
| Storage facilities at cost at period end | \$ | <u>1,401,157</u> |

| | <u>June 30, 2009</u> | <u>June 30, 2008</u> |
|--|----------------------|----------------------|
| Common shares outstanding at June 30 | 23,391,184 | 21,890,727 |
| Operating Partnership Units outstanding at June 30 | 419,952 | 422,527 |