<Page>

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A AMENDMENT NO. 1

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

For the fiscal year ended December 31, 2004
Commission File Number: 1-13820

SOVRAN SELF STORAGE, INC.

(Exact name of Registrant as specified in its charter)

Maryland	16-1194043
(State of incorporation or organization)	(I.R.S. Employer Identification No.)

6467 Main Street
Buffalo, NY 14221
(Address of principal executive offices) (Zip code)
(716) 633-1850
(Registrant's telephone number including area code)

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

Title of Securities	Exchanges on which Registered
Common Stock, $.01 Par Value	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes [ ] No [X]

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of June 30, 2004, 15,041,465 shares of Common Stock, $.01 par value per share, were outstanding, and the aggregate market value of the Common Stock held by non-affiliates was approximately $549,886,190 (based on the closing price of the Common Stock on the New York Stock Exchange on June 30, 2004).

As of March 1, 2005, 16,061,121 shares of Common Stock, $.01 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for Annual Meeting of Shareholders of the Company to be held on May 18, 2005 (Part III).

<Page>

EXPLANATORY NOTE

This Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2004, initially filed on March 15, 2005, is being filed for the sole purpose of correcting the Report of Independent Registered Public Accounting Firm, which inadvertently excluded the fourth paragraph as required by paragraph 170 of the Public Company Accounting Oversight Board Auditing Standard No. 2.

This Form 10-K/A speaks as of the original filing date and has not been updated to reflect events occurring subsequent to the original filing date. This Amendment No. 1 contains only sections and exhibits to the Form 10-K that are being amended. Accordingly, the sections of and exhibits to the Form 10-K as originally filed that are not included herein are unchanged and continue in full force and effect as originally filed and should be read in conjunction with this Form 10-K/A.

<Page>

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Sovran Self Storage, Inc.

We have audited the accompanying consolidated balance sheets of Sovran Self Storage, Inc. as of December 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sovran Self Storage, Inc. at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Sovran Self Storage, Inc.'s internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 4, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

March 4, 2005
Buffalo, New York

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SOVRAN SELF STORAGE, INC. CONSOLIDATED BALANCE SHEETS

	December 31,	
(dollars in thousands, except share data)	2004	2003
Assets		
Investment in storage facilities:		
Land	$ 148,341	$ 134,248
Building and equipment	663,175	593,041
	811,516	727,289
Less: accumulated depreciation	(109,750)	(90,682)
Investment in storage facilities, net	701,766	636,607
Cash and cash equivalents	3,105	20,101
Accounts receivable	1,530	1,626
Receivable from related parties	90	95
Receivable from joint ventures	2,593	2,133
Investment in joint ventures	1,113	2,926
Prepaid expenses	3,282	3,093
Other assets	6,094	6,079
Net assets of discontinued operations	-	10,676
Total Assets	$ 719,573	$ 683,336
	========	========
Liabilities		
Line of credit	$43,000	$9,000
Term notes	200,000	200,000
Accounts payable and accrued liabilities	9,121	10,069
Deferred revenue	3,824	3,440
Fair value of interest rate swap agreements	3,425	7,835
Accrued dividends	9,663	8,592
Mortgage payable	46,075	46,819
Total Liabilities	315,108	285,755
Minority interest - Operating Partnership	12,007	13,671
Minority interest - consolidated joint venture	15,007	15,713
Shareholders' Equity		
Series A Junior Participating Cumulative Preferred Stock, $.01 par value, 250,000 shares authorized and no shares issued and outstanding	- -	- -

9.85% Series B Cumulative Preferred Stock, $.01 par value, 1,700,000 shares authorized, no shares issued and outstanding at December 31, 2004, (1,200,000 shares issued and outstanding at December 31, 2003) $30,000 liquidation value	- -	28,585
8.375% Series C Convertible Cumulative Preferred Stock, $.01 par value, 2,400,000 shares issued and outstanding at December 31, 2004 (2,800,000 shares issued and outstanding at December 31, 2003) $60,000 liquidation value	53,227	67,129
Common stock $.01 par value, 100,000,000 shares authorized, 15,972,227 shares outstanding (14,259,863 at December 31, 2003)	171	154
Additional paid-in capital	418,007	356,875
Unearned restricted stock	(1,774)	(1,722)
Dividends in excess of net income	(61,751)	(48,069)
Accumulated other comprehensive loss	(3,254)	(7,580)
Treasury stock at cost, 1,171,886 shares	(27,175)	(27,175)
Total Shareholders' Equity	377,451	368,197
Total Liabilities and Shareholders' Equity	$ 719,573	$ 683,336

See notes to financial statements.

<Page>

SOVRAN SELF STORAGE, INC. CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
(dollars in thousands, except per share data)	2004	2003	2002
Revenues			
Rental income	$ 119,605	$ 108,524	$ 98,389
Other operating income	3,681	2,890	2,118
Total operating revenues	123,286	111,414	100,507
Expenses			
Property operations and maintenance	32,166	28,545	23,852
Real estate taxes	11,014	9,977	9,128
General and administrative	11,071	9,616	8,586
Depreciation and amortization	19,895	18,687	17,102
Total operating expenses	74,146	66,825	58,668
Income from operations	49,140	44,589	41,839
Other income (expenses)			
Interest expense	(17,408)	(15,102)	(14,664)
Interest income	301	416	356
Write-off of unamortized financing fees due to debt retirement	-	(713)	-
Minority interest - Operating Partnership	(1,043)	(1,176)	(1,180)
Minority interest - consolidated joint venture	(499)	(614)	(810)
Equity in income (losses) of joint ventures	207	186	(15)
Income from continuing operations	30,698	27,586	25,526
Income from discontinued operations (including gain on disposal in 2004 of $1,083)	1,306	837	775
Net Income	32,004	28,423	26,301

Redemption amount in excess of carrying value of Series B Preferred Stock	(1,415)	-	-
Preferred stock dividends	(7,168)	(8,818)	(5,093)
Net income available to common shareholders	$ 23,421	$ 19,605	$ 21,208
	=======	=======	=======
Per Common Share - basic:			
Continuing operations	$ 1.45	$ 1.41	$ 1.60
Discontinued operations	$ 0.09	$ 0.06	$ 0.06
Earnings per common share - basic	$ 1.54	$ 1.47	$ 1.66
Per Common Share - diluted:			
Continuing operations	$ 1.44	$ 1.40	$ 1.58
Discontinued operations	$ 0.09	$ 0.06	$ 0.06
Earnings per common share - diluted	$ 1.53	$ 1.46	$ 1.64
Dividends declared per common share	$ 2.42	$ 2.41	$ 2.38

See notes to financial statements.

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SOVRAN SELF STORAGE, INC. CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(dollars in thousands, except share data)	9.85% Series B Preferred Stock Shares	9.85% Series B Preferred Stock	8.375% Series C Preferred Stock Shares	8.375% Series C Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Unearned Restricted Stock	Dividends in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
Balance January 1, 2002	1,200,000	$ 28,585	-	$ -	12,354,961	$ 132	$ 293,835	$ (1,978)	$ (25,746)	$ 373	$(18,037)	$277,164
Net proceeds from issuance of stock through Dividend Reinvestment and Stock Purchase Plan	- -	- -	- -	- -	549,720	6	16,440	- -	- -	- -	- -	16,446
Issuance of 8.375% Series C Convertible Preferred Stock	- -	- -	2,800,000	67,129	- -	- -	977	- -	(230)	- -	- -	67,876
Exercise of stock options	-	-	-	-	247,775	2	5,646	-	-	-	-	5,648
Issuance of restricted stock	-	-	-	-	18,500	-	586	(586)	-	-	-	-
Earned portion of restricted stock	-	-	-	-	-	-	-	430	-	-	-	430
Deferred compensation outside directors	- -	- -	- -	- -	- -	- -	89	- -	- -	- -	- -	89
Purchase of treasury shares	-	-	-	-	(186,617)	-	-	-	-	-	(5,188)	(5,188)
Carrying value less than redemption value on redeemed partnership units	- -	- -	- -	- -	- -	- -	(150)	- -	- -	- -	- -	(150)
Net income	-	-	-	-	-	-	-	-	26,301	-	-	26,301
Change in fair value of derivatives	- -	- -	- -	- -	- -	- -	- -	- -	- -	(10,393)	- -	(10,393)
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	15,908
Dividends	-	-	-	-	-	-	-	-	(35,449)	-	-	(35,449)
Balance December 31, 2002	1,200,000	28,585	2,800,000	67,129	12,984,339	140	317,423	(2,134)	(35,124)	(10,020)	$ (23,225)	$342,774
Net proceeds from issuance of stock through Dividend Reinvestment and Stock Purchase Plan	- -	- -	- -	- -	1,098,230	11	34,588	- -	- -	- -	- -	34,599
Exercise of stock options	-	-	-	-	323,110	3	7,726	-	-	-	-	7,729
Earned portion of restricted stock	-	-	-	-	-	-	-	412	-	-	-	412
Deferred compensation outside directors	- -	- -	- -	- -	- -	- -	96	- -	- -	- -	- -	96
Value of Series C Preferred Stock placement certificate	- -	- -	- -	- -	- -	- -	(2,958)	- -	- -	- -	- -	(2,958)
Purchase of treasury shares	-	-	-	-	(145,816)	-	-	-	-	-	(3,950)	(3,950)
Net income	-	-	-	-	-	-	-	-	28,423	-	-	28,423
Change in fair value of derivatives	-	-	-	-	-	-	-	-	-	2,440	-	2,440

Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	30,863
Dividends	-	-	-	-	-	-	-	-	(41,368)	-	-	(41,368)
Balance December 31, 2003	1,200,000	28,585	2,800,000	67,129	14,259,863	154	356,875	(1,722)	(48,069)	(7,580)	(27,175)	368,197
Net proceeds from issuance of stock through Dividend Reinvestment and Stock Purchase Plan	- -	- -	- -	- -	1,163,651	12	43,482	- -	- -	- -	- -	43,494
Exercise of stock options	-	-	-	-	225,750	2	5,500	-	-	-	-	5,502
Issuance of restricted stock	-	-	-	-	12,058	-	463	(463)	-	-	-	-

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Earned portion of restricted stock	-	-	-	-	-	-	-	411	-	-	-	411
Deferred compensation outside directors	- -	- -	- -	- -	- -	- -	129	- -	- -	- -	- -	129
Conversion of Series C Preferred Stock to common stock and exercise of related stock warrants	- -	- -	(400,000)	(8,871)	310,905	3	8,868	- -	- -	- -	- -	- -
Exercise of Series C Preferred Stock placement certificate	- -	- -	- -	(5,031)	- -	- -	2,958	- -	- -	- -	- -	(2,073)
Carrying value less than redemption value on redeemed partnership units	- -	- -	- -	- -	- -	- -	(268)	- -	- -	- -	- -	(268)
Redemption of 9.85% Series B Preferred Stock	(1,200,000)	(28,585)	- -	- -	- -	- -	- -	- -	- -	- -	- -	(28,585)
Redemption amount in excess of carrying value of 9.85% Series B Preferred Stock	- -	- -	- -	- -	- -	- -	- -	- -	(1,415)	- -	- -	(1,415)
Net income	-	-	-	-	-	-	-	-	32,004	-	-	32,004
Change in fair value of derivatives	-	-	-	-	-	-	-	-	-	4,326	-	4,326
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	36,330
Dividends	-	-	-	-	-	-	-	-	(44,271)	-	-	(44,271)
Balance December 31, 2004	-	$ -	2,400,000	$ 53,227	15,972,227	$ 171	$ 418,007	$ (1,774)	$ (61,751)	$ (3,254)	$ (27,175)	$377,451

See notes to financial statements.

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SOVRAN SELF STORAGE, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
(dollars in thousands)	2004	2003	2002
Operating Activities			
Net income from continuing operations	$ 30,698	$ 27,586	$ 25,526
Adjustments to reconcile net income to net cash provided by operating activities:			
Write-off of deferred financing costs	-	713	-
Depreciation and amortization	19,895	18,687	17,102
Equity in (income) losses of joint ventures	(207)	(186)	15
Minority interest	1,542	1,790	1,990
Restricted stock earned	411	411	430
Changes in assets and liabilities:			
Accounts receivable	103	147	(587)
Fees receivable from joint ventures	-	-	-
Prepaid expenses	(171)	(419)	15
Accounts payable and other liabilities	1,644	2,302	215
Deferred revenue	(48)	(82)	(162)
Net cash provided by operating activities	53,867	50,949	44,544
Investing Activities			
Acquisition of storage facilities	(65,629)	(8,187)	(79,216)
Improvements and equipment additions	(17,961)	(22,936)	(17,755)
Net proceeds from the sale of storage facilities	11,640	-	-
Reimbursement of advances to (advances to) joint ventures	958	(110)	(2,118)
Receipts from related parties	5	3	24
Net cash used in investing activities	(70,987)	(31,230)	(99,065)
Financing Activities			
Net proceeds from sale of common stock	49,125	42,425	22,034
Net proceeds from sale of preferred stock and common stock warrants	-	-	67,876
Proceeds from line of credit	74,000	9,000	-
Paydown of line of credit	(40,000)	(128,000)	(6,000)
Proceeds from term notes	-	200,000	-
Paydown of term notes	-	(75,000)	(30,000)
Proceeds from mortgage financing	-	-	48,000
Financing costs	(735)	(2,927)	(460)
Dividends paid - common stock	(36,032)	(31,750)	(30,089)
Dividends paid - preferred stock	(7,168)	(8,818)	(4,863)
Distributions from unconsolidated joint venture	602	646	1,032
Minority interest distributions	(2,422)	(2,752)	(2,694)
Purchase of treasury stock	-	(3,950)	(5,188)
Redemption of operating partnership units	(1,758)	(462)	(3,163)
Redemption of Series B Preferred Stock	(30,000)	-	-
Series C Preferred Stock placement certificate payment	(5,031)	-	-
Mortgage principal and capital lease payments	(744)	(1,176)	(2,671)
Net cash (used in) provided by financing activities	(163)	(2,764)	53,814
Net (decrease) increase in cash from continuing operations	(17,283)	16,955	(707)
Cash provided by discontinued operations	287	1,083	887
Cash at beginning of period	20,101	2,063	2,063
Cash at end of period	$ 3,105	$ 20,101	$ 2,243

Supplemental cash flow information			
Cash paid for interest	$ 17,403	$ 13,344	$ 14,465
Capital lease obligations incurred	-	1,529	2,183
Capital lease obligations discharged	-	(2,986)	-
Fair value of net liabilities assumed on the acquisition of storage facilities	744	212	559

Dividends declared but unpaid at December 31, 2004, 2003 and 2002 were $9,663, $8,592, and $7,791, respectively.

See notes to financial statements.

<Page>

Sovran Self Storage, Inc. - December 31, 2004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Sovran Self Storage, Inc. (the "Company," "We," "Our," or "Sovran"), a self-administered and self-managed real estate investment trust (a "REIT"), was formed on April 19, 1995 to own and operate self-storage facilities throughout the United States. On June 26, 1995, the Company commenced operations effective with the completion of its initial public offering. At December 31, 2004, we owned and/or managed 271 self-storage properties under the "Uncle Bob's Self Storage" Registered trade name in 21 states.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: All of the Company's assets are owned by, and all its operations are conducted through, Sovran Acquisition Limited Partnership (the "Operating Partnership"). Sovran Holdings, Inc., a wholly-owned subsidiary of the Company (the "Subsidiary"), is the sole general partner of the Operating Partnership; and the Company is a limited partner of the Operating Partnership, and thereby controls the operations of the Operating Partnership, holding a 97% ownership interest therein as of December 31, 2004. The remaining ownership interests in the Operating Partnership (the "Units") are held by certain former owners of assets acquired by the Operating Partnership subsequent to its formation.

We consolidate all wholly owned subsidiaries. Partially owned subsidiaries and joint ventures are consolidated when we control the entity. We evaluate partially-owned subsidiaries and joint ventures held in partnership form in accordance with the provisions of Statement of Positions (SOP) 78-9, "Accounting for Investments in Real Estate Ventures", to determine whether the rights held by other investors constitute "important rights" as defined therein. For partially-owned subsidiaries or joint ventures held in corporate form (including limited liability companies with governance provisions that are the functional equivalent of regular corporations), we consider the guidance of SFAS No. 94 "Consolidation of All Majority-Owned Subsidiaries" and Emerging Issues Task Force (EITF) 96-16, "Investor's Accounting for an Investee When the Investor has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights", and in particular, whether rights held by other investors would be viewed as "participation rights" as defined therein. To the extent that any minority investor has important rights in a partnership or substantive participating rights in a corporation, including substantive veto rights, the related entity will generally not be consolidated. We also consider the provisions of SFAS Interpretation No. 46(R), "Consolidation of Variable Interest Entities - An Interpretation of ARB No. 51" in evaluating whether consolidation of entities which are considered to be variable interest entities is warranted and we are the primary beneficiary of the expected losses or residual gains of such entities. Our consolidated financial statements include the accounts of the Company, the Operating Partnership, and Locke Sovran II, LLC, which is a majority controlled joint venture. All intercompany transactions and balances have been eliminated. Investments in joint ventures that are not majority owned are reported using the equity method.

Cash and Cash Equivalents: The Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Revenue and Expense Recognition: Rental income is recorded when earned. Rental income received prior to the start of the rental period is included in deferred revenue. Advertising costs are expensed as incurred and for the years ended December 31, 2004, 2003, and 2002 were $0.5 million, $0.6 million, and $0.6 million, respectively.

Other Income: Consists primarily of sales of storage-related merchandise (locks and packing supplies), management fees, insurance commissions, and incidental truck rentals.

<Page>

Investment in Storage Facilities: Storage facilities are recorded at cost. The purchase price of acquired facilities is allocated to land, building, and equipment based on the fair value of each component. Depreciation is computed using the straight-line method over estimated useful lives of forty years for buildings and improvements, and five to twenty years for furniture, fixtures and equipment. Expenditures for significant renovations or improvements that extend the useful life of assets are capitalized. Repair and maintenance costs are expensed as incurred.

Whenever events or changes in circumstances indicate that the basis of the Company's property may not be recoverable, the Company's policy is to assess any impairment of value. Impairment is evaluated based upon comparing the sum of the expected undiscounted future cash flows to the carrying value of the property, on a property by property basis. If the sum of the undiscounted cash flow is less than the carrying amount, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. At December 31, 2004 and 2003, no assets had been determined to be impaired under this policy and, accordingly, this policy had no impact on the Company's financial position or results of operations.

Other Assets: Included in other assets are net loan acquisition costs and a note receivable. The loan acquisition costs were $4.4 million and $3.6 million at December 31, 2004, and 2003, respectively. Accumulated amortization on the loan acquisition costs was approximately $1.1 million and $0.3 million at December 31, 2004, and 2003, respectively. Loan acquisition costs are amortized over the terms of the related debt. Amortization expense was $0.7 million, $0.9 million and $1.0 million for the periods ended December 31, 2004, 2003 and 2002, respectively. The note receivable of $2.8 million represents a note from certain investors of Locke Sovran II, LLC. The note bears interest at LIBOR plus 2.4% and matures upon the dissolution of Locke Sovran II, LLC.

Accounts Payable and Accrued Liabilities: Accounts payable and accrued liabilities consists primarily of trade payables, accrued interest, and property tax accruals. The Company accrues property tax expense based on estimates and historical trends. Actual expense could differ from these estimates.

Minority Interest: The minority interest reflects the outside ownership interest of the limited partners of the Operating Partnership and the joint venture partner's interest in Locke Sovran II, LLC. Amounts allocated to these interests are reflected as an expense in the income statement and increase the minority interest in the balance sheet. Distributions to these partners reduce this balance. At December 31, 2004, Operating Partnership minority interest ownership was 494,269 Units, or 3.0%.

Income Taxes: The Company qualifies as a REIT under the Internal Revenue Code of 1986, as amended, and will generally not be subject to corporate income taxes to the extent it distributes at least 90% of its taxable income to its shareholders and complies with certain other requirements. Accordingly, no provision has been made for federal income taxes in the accompanying financial statements.

Comprehensive Income: Comprehensive income consists of net income and the change in value of derivatives used for hedging purposes and is reported in the consolidated statements of shareholders' equity. Comprehensive income was $36.3 million, $30.9 million and $15.9 million for the years ended December 31, 2004, 2003, and 2002, respectively.

Derivative Financial Instruments: On January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, which requires companies to carry all derivatives on the balance sheet at fair value. The Company determines 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 it has been designated and qualifies as part of a hedging relationship and, if so, the reason for holding it. The Company's use of derivative instruments is limited to cash flow hedges, as defined in SFAS No. 133, of certain interest rate risks.

Recent Accounting Pronouncements: In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of ARB 51." The primary objectives of this interpretation are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights ("variable interest entities") and how to determine when and which business enterprise (the "primary beneficiary") should consolidate the variable interest entity. This new model for consolidation applies to an entity in which either (i) the equity investors (if any) do not have a controlling financial interest; or (ii) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46 requires that the primary beneficiary, as well as all other enterprises with a significant variable interest in a variable interest entity, make additional disclosures. Certain disclosure requirements of FIN 46 were effective for financial statements issued after January 31, 2003. In December 2003, the Financial Accounting Standards Board ("FASB") issued FIN No. 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46-R") to address certain FIN 46 implementation issues. The Company has evaluated the impact of adopting FIN 46-R applicable to entities that are not special purpose entities created prior to February 1, 2003 and does not believe that any of our investments in joint ventures or partially owned subsidiaries require consolidation under the provisions of FIN46-R.

Effective June 2003, the Company adopted FASB Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" (Statement No. 150). Statement No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument within its scope as a liability. Many of these instruments were previously classified as equity. Statement No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. In October 2003, the FASB issued FASB Staff Position (FSP) SFAS 150-3, "Effective Date for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests under SFAS 150", which defers certain provisions of Statement No. 150 as they apply to mandatorily redeemable noncontrolling interests. The deferral is expected to remain in effect while those issues are addressed in either Phase II of the FASB's Liabilities and Equity project or Phase II of the Business Combination project. Adoption of Statement No. 150 did not have a material effect on the Company's consolidated financial statements.

Stock-Based Compensation: On December 16, 2004, the FASB issued FASB Statement No. 123 (revised 2004), Share-Based Payment, which is a revision of FASB Statement No. 123, *Accounting for Stock-Based Compensation*. Statement 123(R) supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and amends FASB Statement No. 95, *Statement of Cash Flows*. Generally, the approach in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) *requires* all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Statement 123(R) must be adopted no later than July 1, 2005. Early adoption will be permitted in periods in which financial statements have not yet been issued. The Company expects to adopt Statement 123(R) on July 1, 2005.

As permitted by Statement 123, in 2004 and previous years the Company accounted for share-based payments to employees using Opinion 25's intrinsic value method and, as such, generally recognized no compensation cost for employee stock options when the stock option price at the grant date is equal to or greater than the fair market value of the stock at that date. Accordingly, the adoption of Statement 123(R)'s fair value method will have an impact on the Company's result of operations, although it will have no impact on the Company's overall financial position. The impact of adoption of Statement 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had the Company adopted Statement 123(R) in prior periods, the impact of that standard would have approximated the impact of Statement 123 as described below (in thousands, except for earnings per share information):

	Pro Forma		
(dollars in thousands, except per share data)	2004	2003	2002
Net income available to common shareholders as reported	$ 23,421	$ 19,605	$ 21,208
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards	(155)	(200)	(202)
Pro forma net income available to common shareholders	$ 23,266	$ 19,405	$ 21,006
Earnings per common share			
Basic - as reported	$ 1.54	$ 1.47	$ 1.66
Basic - pro forma	$ 1.53	$ 1.45	$ 1.65
Diluted - as reported	$ 1.53	$ 1.46	$ 1.64
Diluted - pro forma	$ 1.52	$ 1.44	$ 1.62

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its stock options under the fair value method of SFAS No. 123. The fair value for the stock options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rate of 4.4% for 2004, 3.5% for 2003, and 4.0% for 2002; dividend yield of 6.6% for 2004, 7.0% for 2003, and 8.0% for 2002; volatility factor of the expected market price of the Company's common stock of .20 for 2004, and .19 for 2003 and .21 for 2002; expected life of 7 years. The weighted average fair value of options granted was $3.53 in 2004, $2.21 in 2003, and $1.98 in 2002.

The Black-Scholes options valuation 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 valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period.

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.

Reclassification: Certain amounts from the 2003 and 2002 financial statements have been reclassified as a result of the sale of five stores in 2004 that have been reclassified as discontinued operations (see Note 5).

3. EARNINGS PER SHARE

The Company reports earnings per share data in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share." In computing earnings per share, the Company excludes preferred stock dividends from net income to arrive at net income available to common shareholders. The following table sets forth the computation of basic and diluted earnings per common share.

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(Amounts in thousands, except per share data)	Year Ended December 31, 2004	2003	2002
Numerator:			
Net income available to common shareholders	$ 23,421	$ 19,605	$ 21,208
Denominator:			
Denominator for basic earnings per share - weighted average shares	15,161	13,346	12,766
Effect of Dilutive Securities:			
Stock options and warrants	134	127	179
Denominator for diluted earnings per share - adjusted weighted - average shares and assumed conversion	15,295	13,473	12,945
Basic Earnings per Common Share	$ 1.54	$ 1.47	$ 1.66
Diluted Earnings per Common Share	$ 1.53	$ 1.46	$ 1.64

Potential common shares from the Series C Convertible Cumulative Preferred Stock (see Note 13) were excluded from the 2004, 2003, and 2002 diluted earnings per share calculation because their inclusion would have had an antidilutive effect on earnings per share.

4. INVESTMENT IN STORAGE FACILITIES

The following summarizes activity in storage facilities during the years ended December 31, 2004 and December 31, 2003. This summary excludes the effect of storage facilities presented as discontinued operations (see Note 5).

(Dollars in thousands)	2004	2003
Cost:		
Beginning balance	$727,289	$698,334
Acquisition of storage facilities	66,373	9,842
Improvements and equipment additions	18,075	22,937
Dispositions	(221)	(3,824)
Ending balance	$811,516	$727,289

Accumulated Depreciation:		
Beginning balance	$ 90,682	$ 73,820
Additions during the year	19,175	17,787
Dispositions	(107)	(925)
Ending balance	$109,750	$ 90,682

During 2004 the Company acquired ten storage facilities for $66.4 million. Substantially all of the purchase price of these facilities was allocated to land ($13.5 million), building ($51.8 million) and equipment ($1.1 million) and the operating results of the acquired facilities have been included in the Company's operations since the respective acquisition dates.

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5. DISCONTINUED OPERATIONS

SFAS No.144 "Accounting for the Impairment or Disposal of Long-Lived Assets" addresses accounting for discontinued operations. The Statement requires the segregation of all disposed components of an entity with operations that (i) can be distinguished from the rest of the entity and (ii) will be eliminated from the ongoing operations of the entity in a disposal transaction.

Based on the criteria of SFAS No. 144, five properties that have been sold by the Company require presentation as discontinued operations as of December 31, 2004. The amounts in the 2003 and 2002 financial statements related to the operations and the net assets of these properties have been reclassified and are presented as discontinued operations and net assets from discontinued operations, respectively.

During 2004, the Company sold five non-strategic storage facilities located in Pennsylvania, Tennessee, Ohio, and South Carolina for net cash proceeds of $11.7 million resulting in a gain of $1.1 million. The operations of these five facilities and the gain on sale are reported as discontinued operations. The following is a summary of the amounts reported as discontinued operations:

	Year Ended December 31,		
(dollars in thousands)	2004	2003	2002
Total revenue	$ 544	$ 1,747	$ 1,633
Property operations and maintenance expense	(193)	(476)	(431)
Real estate tax expense	(38)	(141)	(137)
Depreciation and amortization expense	(90)	(293)	(290)
Net realized gain on properties sold	1,083	-	-
Total income from discontinued operations	$ 1,306	$ 837	$ 775
	========	========	========

6. UNSECURED LINE OF CREDIT AND TERM NOTE

On September 4, 2003, the Company entered into agreements relating to new unsecured credit arrangements, and received funds under those arrangements. In December 2004, the agreements were amended by increasing the line of credit availability from $75 million to $100 million (expandable to $200 million), reducing the interest rate from LIBOR plus 1.375% to LIBOR plus 0.90%, and increasing the maturity by one year to September 2007. In addition, the line of credit requires a facility fee of 0.20%. The amendment also reduced the interest rate on the $100 million term note from LIBOR plus 1.50% to LIBOR plus 1.20%, and extended the maturity by one year to September 2009. The Company also maintains a $80 million term note maturing September 2013 bearing interest at a fixed rate of 6.26% and a $20 million term note maturing September 2013 bearing interest at a variable rate equal to LIBOR plus 1.5%. The weighted average interest rate at December 31, 2004 on the Company's line of credit before the effect of interest rate swaps was approximately 3.3% (2.5% at December 31, 2003). At December 31, 2004, there was $57 million available on the revolving line of credit excluding the amount available on the expansion feature.

The Company recorded an expense of $713,000 during 2003, representing the unamortized financing costs relating to the credit facilities that were replaced by the new credit arrangements. No such charge was incurred in 2004.

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The table below summarizes the Company's debt obligations and interest rate derivatives at December 31, 2004. The estimated fair value of financial instruments is subjective in nature and is dependent on a number of important assumptions, including discount rates and relevant comparable market information associated with each financial instrument. The fair value of the fixed rate term note and mortgage note were estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts. Accordingly, the estimates presented below are not necessarily indicative of the amounts the Company would realize in a current market exchange.

Expected Maturity Date							Fair Value
2005	2006	2007	2008	2009	Thereafter	Total	Value

Line of credit - variable rate LIBOR + 0.9%	-	-	$ 43,000	-	-	-	$ 43,000	$ 43,000
Notes Payable:								
Term note - variable rate LIBOR+1.20%	-	-	-	-	$100,000	-	$ 100,000	$100,000
Term note - variable rate LIBOR+1.50%	-	-	-	-	-	$ 20,000	$ 20,000	$ 20,000
Term note - fixed rate 6.26%	-	-	-	-	-	$ 80,000	$ 80,000	$ 80,656
Mortgage note - fixed rate 7.19% (Note 7)	$ 809	$ 870	$ 936	$997	$ 1,081	$ 41,382	$ 46,075	$ 48,090
Interest rate derivatives (Note 8)	-	-	-	-	-	-	-	$ 3,425

7. MORTGAGE PAYABLE AND CAPITAL LEASE OBLIGATIONS

In February 2002, the consolidated joint venture (Locke Sovran II, LLC) entered into a mortgage note of $48 million. The note is secured by the 27 properties owned by the joint venture with a carrying value of $73.9 million and $74.2 at December 31, 2004 and 2003, respectively. The 10-year mortgage bears interest at the fixed rate of 7.19%. The outstanding balance on the mortgage is $46.1 million and $46.8 million at December 31, 2004 and 2003 respectively.

During 2002, the Company entered into lease agreements, qualifying as capital leases, for trucks to be used at its storage facilities. On December 31, 2003, the Company purchased the entity from which it was leasing the trucks. The purchase price of $3.3 million was allocated to the cost of the trucks. This purchase resulted in the discharge of the capital lease obligations.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swaps are used to adjust the proportion of total debt that is subject to variable interest rates. The interest rate swaps require the Company to pay an amount equal to a specific fixed rate of interest times a notional principal amount and to receive in return an amount equal to a variable rate of interest times the same notional amount. The notional amounts are not exchanged. 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 interest rate swaps with a number of major financial institutions to minimize counterparty credit risk.

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The interest rate swaps qualify and are designated as hedges of the amount of future cash flows related to interest payments on variable rate debt. Therefore, the interest rate swaps are recorded in the consolidated balance sheet at fair value and the related gains or losses are deferred in shareholders' equity as Accumulated Other Comprehensive Loss ("AOCL"). These deferred gains and losses are amortized into interest expense during the period or periods in which the related interest payments affect earnings. However, to the extent that the interest rate swaps are not perfectly effective in offsetting the change in value of the interest payments being hedged, the ineffective portion of these contracts is recognized in earnings immediately. Ineffectiveness was immaterial in 2004 and 2003.

The Company has entered into three interest rate swap agreements, one in March 2001 for $50 million and two in September 2001 for $50 million and $30 million, to effectively convert a total of $130 million of variable-rate debt to fixed-rate debt. One of the $50 million interest rate swap agreements matures in November 2005, the other matures in October 2006, and the $30 million swap agreement matures in September 2008.

The 2001 interest rate swap agreements are the only derivative instruments, as defined by SFAS No. 133, held by the Company. During 2004, 2003, and 2002, the net reclassification from AOCL to interest expense was $4.7 million, $4.8 million and $4.0 million, respectively, based on payments made under the swap agreements. Based on current interest rates, the Company estimates that payments under the interest rate swaps will be approximately $3.7 million in 2005. Payments made under the interest rate swap agreements will be reclassified to interest expense as settlements occur. The fair value of the swap agreements including accrued interest was a liability of $3.4 million and $7.8 million at December 31, 2004, and 2003 respectively.

9. STOCK OPTIONS

The Company established the 1995 Award and Option Plan (the "Plan") for the purpose of attracting and retaining the Company's executive officers and other key employees. 1,500,000 shares were authorized for issuance under the Plan. The options vest ratably over four and five years, and must be exercised within ten years from the date of grant. The exercise price for qualified incentive stock options must be at least equal to the fair market value of the common shares at the date of grant. As of December 31, 2004, options for 222,415 shares were outstanding under the Plan and options for 334,158 shares of common stock were available for future issuance.

The Company also established the 1995 Outside Directors' Stock Option Plan (the Non-employee Plan) for the purpose of attracting and retaining the services of experienced and knowledgeable outside directors. The Non-employee Plan provides for the initial granting of options to purchase 3,500 shares of common stock and for the annual granting of options to purchase 2,000 shares of common stock to each eligible director. Such options vest over a one-year period for initial awards and immediately upon subsequent grants. In addition, effective in 2004 each outside director receives restricted shares annually equal to 80% of the annual fees paid to them. Such restricted shares vest over a one-year period. The total shares reserved under the Non-employee Plan is 150,000. The exercise price for options granted under the Non-employee Plan is equal to fair market value at date of grant. As of December 31, 2004, options for 25,000 common shares and restricted shares of 2,356 were outstanding under the Non-employee Plan and options for 38,144 shares of common stock were available for future issuance.

The Company has also issued 142,042 shares of restricted stock to employees which vest over four to nine year periods. The fair market value of the restricted stock on the date of grant ranged from $20.38 to $39.475. The Company charges unearned restricted stock, a component of shareholders' equity, for the market value of shares as they are issued. The unearned portion is then amortized and charged to expense over the vesting period.

A summary of the Company's stock option activity and related information for the years ended December 31 follows:

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2004 2003 2002

	2004		2003		2002	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of year:	443,665	$ 24.71	734,775	$ 23.08	902,550	$ 23.14
Granted	38,000	37.43	32,000	30.42	80,000	30.92
Exercised	(225,750)	24.18	(323,110)	23.92	(247,775)	22.80
Forfeited	(8,500)	29.12	-	-	-	-
Outstanding at end of year	247,415	$ 27.00	443,665	$ 24.71	734,775	$ 23.08
Exercisable at end of year	91,940	$ 25.25	174,415	$ 26.27	317,030	$ 25.39

At December 31, 2004, there were 151,915 options outstanding at exercise prices ranging from $19.07 to $29.99 and 95,500 options outstanding at exercise prices ranging from $30.00 to $43.09. The weighted average remaining contractual life of those options is 6.67 years. As disclosed further in Note 14, warrants to purchase 357,500 common shares of the Company at a price of $32.60 per share are outstanding at December 31, 2004.

10. RETIREMENT PLAN

Employees of the Company qualifying under certain age and service requirements are eligible to be a participant in a 401(k) Plan. The Company contributes to the Plan at the rate of 50% of the first 4% of gross wages that the employee contributes. Total expense to the Company was approximately $125,000, $119,000, and $92,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

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11. SHAREHOLDER RIGHTS PLAN

In November 1996, the Company adopted a Shareholder Rights Plan and declared a dividend distribution of one Right for each outstanding share of common stock. Under certain conditions, each Right may be exercised to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock at a purchase price of $75, subject to adjustment. The Rights will be exercisable only if a person or group has acquired 10% or more of the outstanding shares of common stock, or following the commencement of a tender or exchange offer for 10% or more of such outstanding shares of the Company's common stock. If a person or group acquires more than 10% of the then outstanding shares of the Company's common stock, each Right will entitle its holder to receive, upon exercise, common stock having a value equal to two times the exercise price of the Right. In addition, if the Company is acquired in a merger or other business combination transaction, each Right will entitle its holder to purchase that number of the acquiring Company's common shares having a market value of twice the Right's exercise price. The Company will be entitled to redeem the Rights at $.01 per Right at any time prior to the earlier of the expiration of the Rights in November 2006 or the time that a person has acquired a 10% position. The Rights do not have voting or dividend rights, and until they become exercisable, have no dilutive effect on the Company's earnings.

12. INVESTMENT IN JOINT VENTURES

Investment in joint ventures includes an ownership interest in Locke Sovran I, LLC, which owns 11 self-storage facilities throughout the United States, and an ownership interest in Iskalo Office Holdings, LLC, which owns the building that houses the Company's headquarters and other tenants.

In December 2000, the Company contributed seven self-storage properties to Locke Sovran I, LLC with a fair market value of $19.8 million, in exchange for a $15 million 1 year note receivable bearing interest at LIBOR plus 1.75% which was repaid in 2001, and a 45% interest in Locke Sovran I, LLC. This transaction resulted in a gain on the disposal of the properties of approximately $4.3 million; $1.9 million of this gain was deferred as a result of the Company's continuing ownership interest in Locke Sovran I, LLC, as such the initial investment, including cash funding, was recorded at $3.1 million. The deferred gain is being amortized over the life of the properties, consistent with the depreciation expense recorded by Locke Sovran I, LLC. For the years ended December 31, 2004 and 2003, the Company's share of Locke Sovran I, LLC's income was $141,000 and $86,000, respectively, and the amortization of the deferred gain was $40,000, each of which are recorded as equity in income of joint ventures on the consolidated statements of operations. The Company manages the storage facilities for Locke Sovran I, LLC and received fees of $322,000, $311,000, and $290,000, for the years ended 2004, 2003, and 2002, respectively.

The Company also has a 49% ownership interest in Iskalo Office Holdings, LLC at December 31, 2004. During 2004, Iskalo Office Holdings obtained long-term financing and used the proceeds to repay the note payable to the Company of $1.1 million. The Company's remaining investment includes a capital contribution of $49. For the years ended December 31, 2004 and 2003, the Company's share of Iskalo Office Holdings, LLC's income was $27,000 and $59,000, respectively. The Company paid rent to Iskalo Office Holdings, LLC of $426,000 in 2004 and $393,000 in 2003, and $255,000 in 2002. Future minimum lease payments under the lease are $0.4 million per year through 2009. Also, the Company purchased land from Iskalo Office Holdings, LLC for $0.4 million and $1.2 million in 2004 and 2003, respectively.

A summary of the unconsolidated joint ventures' financial statements as of and for the year ended December 31, 2004 is as follows:

(dollars in thousands)	Locke Sovran I, LLC	Iskalo Office Holdings, LLC
Balance Sheet Data:		
Investment in storage facilities, net	$ 38,798	$ -
Investment in office building	-	5,939
Other assets	1,637	739
Total Assets	$ 40,435	$ 6,678
Due to the Company	$ 2,593	$ -
Mortgage payable	29,755	7,627
Other liabilities	686	271
Total Liabilities	33,034	7,898
Unaffiliated partners' equity (deficiency)	4,014	(727)
Company equity (deficiency)	3,387	(493)
Total Liabilities and Partners' Equity (deficiency)	$ 40,435	$ 6,678
Income Statement Data:		
Total revenues	$ 6,441	$ 1,049
Total expenses	6,128	993
Net income	$ 313	$ 56

The Company does not guarantee the debt of Locke Sovran I, LLC or Iskalo Office Holdings, LLC.

13. PREFERRED STOCK

Series A

The Company has authorized 10,000,000 shares of preferred stock, of which 250,000 shares have been designated as Series A Junior Participating Cumulative Preferred Stock with a $.01 par value. Upon issuance pursuant to the Shareholder Rights Plan (see note 11), the Series A Junior Preferred Stock will have certain voting, dividend and liquidation preferences over common stock, as described in the Form 8-K filed December 3, 1996.

Series B

On July 30, 1999, the Company issued 1,200,000 shares of 9.85% Series B Cumulative Redeemable Preferred Stock. The offering price was $25 per share resulting in net proceeds of $28.6 million after expenses. On August 2, 2004, the Company redeemed all 1,200,000 outstanding shares of its 9.85% Series B Cumulative Preferred Stock for $30 million plus accrued but unpaid dividends on those shares. The excess of the redemption amount over the carrying value of the Series B Preferred Stock was $1.4 million and has been shown as a reduction in net income available to common shareholders in accordance with EITF Abstract Topic D-42, "The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock."

Series C

On July 3, 2002, the Company entered into an agreement providing for the issuance of 2,800,000 shares of 8.375% Series C Convertible Cumulative Preferred Stock ("Series

C Preferred") in a privately negotiated transaction. The Company immediately issued 1,600,000 shares of the Series C Preferred and issued the remaining 1,200,000 shares on November 27, 2002. The offering price was $25.00 per share resulting in net proceeds for the Series C Preferred and related common stock warrants of $67.9 million after expenses. On August 4, 2004, the Company issued 306,748 shares of its common stock in connection with a written notice from a holder of its Series C Preferred Stock requesting the conversion of 400,000 shares of Series C Preferred Stock into common stock. As a result of this conversion, all such 400,000 shares of Series C Preferred Stock were retired leaving 2,400,000 shares outstanding at December 31, 2004.

The Series C Preferred has a fixed annual dividend rate equal to the greater of 8.375% or the actual dividend paid on the number of the Company's common shares into which the Series C Preferred is convertible. The Series C Preferred is convertible at a ratio of .76687 common shares for each Series C Preferred share and can be redeemed at the Company's option on or after November 30, 2007 at $25.00 per share ($60,000,000 aggregate at December 31, 2004) plus accrued and unpaid dividends. Dividends on the Series C Preferred are cumulative from the date of original issue and are payable quarterly in arrears on the last day of each March, June, September, and December at a rate of $2.09375 per annum per share.

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Holders of the Series C Preferred generally have no voting rights. However, if the Company does not pay dividends on the Series C Preferred shares for six or more quarterly periods (whether or not consecutive), the holders of the shares, voting as a class with the holders of any other class or series of stock with similar voting rights, will be entitled to vote for the election of two additional directors to serve on the Board of Directors until the Series C Preferred dividends are paid.

In addition, the Company issued warrants to the Series C Preferred investors to purchase 379,166 common shares of the Company at a price of $32.60 per share that expire November 30, 2007. Using the Black-Scholes method, the warrants had a fair value at the issue date of $1.97 per common share covered by the warrants. During 2004, warrants for 21,666 were exercised leaving 357,500 remaining. Also, an entity related to one of the investors received a placement certificate that entitles it to receive cash from the Company in the amount of 650,000 multiplied by the excess of the fair market value of the Company's common stock over $32.60 on the date the certificate is exercised. The placement certificate was exercised in 2004, resulting in a $5 million payment by the Company.

The Company recorded a deemed dividend of $0.2 million in 2002 in connection with the issuance of the Series C Preferred. The deemed dividend represents the calculated value of the beneficial conversion feature that existed on July 3, 2002, the date of issuance of the Series C Preferred. The beneficial conversion feature is calculated as the excess of, on the date of issuance of the Series C Preferred, the fair value of the common stock into which the Series C Preferred is convertible, over the issuance amount allocated to the Series C Preferred.

14. SUPPLEMENTARY QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of quarterly results of operations for the years ended December 31, 2004 and 2003 (dollars in thousands, except per share data).

	2004 Quarter Ended			
	March 31	June 30	Sept. 30	Dec. 31
Operating revenue (a)	$ 28,504	$ 30,214	$ 32,421	$ 32,146
Income from continuing operations (a)	$ 6,822	$ 8,012	$ 7,899	$ 7,962
Income from discontinued operations(a)	$ 753	$ 42	$ 513	$ -
Net Income	$ 7,575	$ 8,054	$ 8,412	$ 7,962
Net income available to common shareholders	$ 5,371	$ 5,850	$ 5,494	$ 6,706
Net Income Per Common Share				
Basic	$ 0.37	$ 0.39	$ 0.36	$ 0.42
Diluted	$ 0.37	$ 0.39	$ 0.35	$ 0.42

	2003 Quarter Ended			
	March 31	June 30	Sept. 30	Dec. 31
Operating revenue(a)	$ 26,638	$ 27,495	$ 28,740	$ 28,542
Income from continuing operations(a)	$ 6,498	$ 7,360	$ 6,786	$ 6,943
Income from discontinued operations(a)	$ 187	$ 202	$ 227	$ 220
Net Income	$ 6,685	$ 7,562	$ 7,013	$ 7,163
Net income available to common shareholders	$ 4,481	$ 5,358	$ 4,809	$ 4,958
Net Income Per Common Share				
Basic	$ 0.35	$ 0.41	$ 0.36	$ 0.36
Diluted	$ 0.34	$ 0.41	$ 0.35	$ 0.35

(a) Figures as presented in this table differ from the amounts as presented in the Company's quarterly reports due to the impact of discontinued operations accounting with respect to the five stores sold in 2004 as described in Note 5.

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15. COMMITMENTS AND CONTINGENCIES

The Company's current practice is to conduct environmental investigations in connection with property acquisitions. At this time, the Company is not aware of any environmental contamination of any of its facilities that individually or in the aggregate would be material to the Company's overall business, financial condition, or results of operations.

At December 31, 2004, the Company was in negotiations to acquire five stores for approximately $20 million. One of these stores was purchased on February 23, 2005 for $7.5 million.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9a. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Our management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective at December 31, 2004. There have not been changes in the Company's internal controls or in other factors that could significantly affect these controls during the quarter ended December 31, 2004.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2004. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Our management performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004 based upon criteria in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment, management determined that our internal control over financial reporting was effective as of December 31, 2004 based on the criteria in Internal Control-Integrated Framework issued by COSO.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/S/ Robert J. Attea	/S/ David L. Rogers
Chief Executive Officer	Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Sovran Self Storage, Inc.

We have audited management's assessment, included in the accompanying "Management's Report on Internal Control Over Financial Reporting", that Sovran Self Storage, Inc. (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

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

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004 is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004 and our report dated March 4, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

March 4, 2005
Buffalo, New York

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3. Exhibits

The exhibits required to be filed as part of this Annual Report on Form 10-K have been included as follows:

3.1(a)*	Amended and Restated Articles of Incorporation of the Registrant.
3.1(b)*	Articles Supplementary to the Amended and Restated Articles of Incorporation of the Registrant classifying and designating the series A Junior Participating Cumulative Preferred Stock. (Incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-A filed December 3, 1996.)
3.1(c)*	Articles Supplementary to the Amended and Restated Articles of Incorporation of the Registrant classifying and designating the 8.375% Series C Convertible Cumulative Preferred Stock. (Incorporated by reference to Exhibit 1.6 to Registrant's Form 8-A filed July 29, 1999.)
3.2**	Bylaws of the Registrant.
4.1*	Shareholder Rights Plan. (Incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-A filed December 3, 1996.)
4.2**	Amendment No. 1 to Shareholders Rights Plan.
4.3**	Form of Investment Warrant Certificate.
10.1	Agreement of Limited Partnership of Sovran Acquisition Limited Partnership, as amended. (Incorporated by reference to Exhibit 3.1 of the General Form of Registration of Securities of the Partnership on Form 10.)
10.2*	Form of Non-competition Agreement between the Registrant and Charles E. Lannon.
10.3*	Form of Non-competition Agreement between the Registrant and Robert J. Attea.
10.4*	Form of Non-competition Agreement between the Registrant and Kenneth F. Myszka.
10.5*	Form of Non-competition Agreement between the Registrant and David L. Rogers.
10.6	Sovran Self Storage, Inc. 1995 Award and Option Plan, as Amended. (Incorporated by reference to the same numbered exhibit to the Registrant's Proxy Statement filed April 12, 2001.)
10.7	Sovran Self Storage, Inc. 1995 Outside Directors' Stock Option Plan, as Amended. (Incorporated by reference to the same numbered exhibit to the Registrant's Proxy Statement field April 8, 2004.)
10.8*	Sovran Self Storage Incentive Compensation Plan for Executive Officer.
10.10*	Form of Supplemental Representations, Warranties and Indemnification Agreement among the Registrant and Robert J. Attea, Charles E. Lannon, Kenneth F. Myszka and David L. Rogers.
10.11*	Form of Pledge Agreement among the Registrant and Robert J. Attea, Charles E. Lannon, Kenneth F. Myszka and David L. Rogers.

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10.12*	Form of Indemnification Agreement between the Registrant and certain Officers and Directors of the Registrant.

10.13*	Form of Subscription Agreement (including Registration Rights Statement) among the Registrant and subscribers for 422,171 Common Shares.
10.14*	Form of Registration Rights and Lock-Up Agreement among the Registrant and Robert J. Attea, Charles E. Lannon, Kenneth F. Myszka and David L. Rogers.
10.16 ****	Employment Agreement between the Registrant and Robert J. Attea.
10.17 ****	Employment Agreement between the Registrant and Kenneth F. Myszka.
10.18 ****	Employment Agreement between the Registrant and David L. Rogers.
10.19**	Securities Purchase Agreement among Registrant, Sovran Acquisition Limited Partnership, The Prudential Insurance Company of America, Teachers Insurance and Annuity Association of America and other institutional investors.
10.20**	Amendments to Agreement of Limited Partnership of Sovran Acquisition Limited Partnership.
10.21**	Registration Rights Agreement.
10.22	Promissory Note between Locke Sovran II, LLC and PNC Bank, National Association. (Incorporated by reference to the same numbered exhibit to Registrant's Form 10-K filed March 27, 2003.)
10.23 *****	Second Amended and Restated Revolving Credit and Term Loan Agreement among Registrant, the Partnership, Fleet National Bank and other lenders named therein.
10.24 ***	Note Purchase Agreement among Registrant, the Partnership and the purchaser named therein.
12.1 ******	Statement Re: Computation of Earnings to Fixed Charges.
21	Subsidiary of the Company. The Company's only subsidiary is Sovran Holdings, Inc.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	Incorporated by reference to the same numbered exhibits as filed in the Company's Registration Statement on Form S-11 (File No. 33-91422) filed June 19, 1995.

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**	Incorporated by reference to the same numbered exhibits as filed in the Company's Current Report on Form 8-K, filed July 12, 2002.
***	Incorporated by reference to the same numbered exhibits as filed in the Company's Quarterly Report on Form 10-Q, filed November 12, 2003.
****	Incorporated by reference to exhibits 10.19 to 10.21 as filed in the Company's Annual Report on Form 10-K/A, filed June 27, 2002.
*****	Incorporated by reference to Exhibit 10.25 filed in the Company's Current report on Form 8-K, filed

December 21, 2004.

****** Incorporated by reference to Exhibit 12.1 filed in the Company's Annual Report on Form 10-K, filed March 15, 2005

(b) Reports on Form 8-K:
The Company filed a Current Report on Form 8-K dated November 3, 2004, attaching a press release announcing earnings for the quarter ended September 30, 2004.

The Company filed a Current Report on Form 8-K dated December 21, 2004, disclosing that it had entered into a Second Amended and Restated Revolving credit and term Loan Agreement.

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SIGNATURES

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

SOVRAN SELF STORAGE, INC.

January 6, 2006

By: /s/ David L. Rogers
David L. Rogers,
Chief Financial Officer,
Secretary

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

Signature	Title	Date
/s/ Robert J. Attea Robert J. Attea	Chairman of the Board of Directors Chief Executive Officer and Director (Principal Executive Officer)	January 6, 2006

/s/ Kenneth F. Myszka Kenneth F. Myszka	President, Chief Operating Officer and Director	January 6, 2006
/s/ David L. Rogers David L. Rogers	Chief Financial Officer (Principal Financial and Accounting Officer)	January 6, 2006
/s/ John Burns John Burns	Director	January 6, 2006
/s/ Michael A. Elia Michael A. Elia	Director	January 6, 2006
/s/ Anthony P. Gammie Anthony P. Gammie	Director	January 6, 2006
/s/ Charles E. Lannon Charles E. Lannon	Director	January 6, 2006

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Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-21679) and the Registration Statement (Form S-8 No. 333-42272) pertaining to the 1995 Award and Option Plan and to the 1995 Outside Directors' Stock Option Plan, the Registration Statement (Form S-8 No. 333-42270) pertaining to the Deferred Compensation Plan for Directors of Sovran Self Storage, Inc., the Registration Statement (Form S-3 No. 333-64735) pertaining to the Dividend Reinvestment and Stock Purchase Plan of Sovran Self Storage, Inc., the Registration Statement (Form S-8 No. 333-73806) pertaining to the 1995 Award and Option Plan, the Registration Statement (Form S-3 No. 333-97715) pertaining to the Series C Convertible Cumulative Preferred Stock; Common Stock underlying the Series C Convertible Cumulative Preferred Stock; Common Stock Warrants and Common Stock underlying the Common Stock Warrants, and the Registration Statement (Form S-8 No. 333-107464) pertaining to the 1995 Outside Directors' Stock Option Plan of our reports dated March 4, 2005 with respect to the consolidated financial statements and schedule of Sovran Self Storage, Inc., Sovran Self Storage, Inc. management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Sovran Self Storage, Inc. included in this Form 10-K/A.

We also consent to the incorporation by reference in the Registration Statements (Form S-3 No. 333-51169 and Form S-3 No. 333-118223) of Sovran Self Storage, Inc. and Sovran Acquisition Limited Partnership and in each related Prospectus of our reports dated March 4, 2005 with respect to the consolidated financial statements and schedule of Sovran Self Storage, Inc., Sovran Self Storage, Inc. management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Sovran Self Storage, Inc., included in this Form 10-K/A.

/s/ Ernst & Young LLP

January 5, 2006
Buffalo, New York

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Exhibit 31.1

Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as amended

I, Robert J. Attea, certify that:

1. I have reviewed this annual report on Form 10-K/A of Sovran Self Storage, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

Date: January 6, 2006

/ S / Robert J. Attea
Robert J. Attea
Chairman of the Board and Chief Executive Officer

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Exhibit 31.2

Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as amended

I, David L. Rogers, certify that:

1. I have reviewed this annual report on Form 10-K/A of Sovran Self Storage, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

Date: January 6, 2006

/ S / David L. Rogers
David L. Rogers
Secretary, Chief Financial Officer

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Exhibit 32

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Each of the undersigned of Sovran Self Storage, Inc. (the "Company") does hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) The Annual Report on Form 10-K/A of the Company for the annual period ended December 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Dated: January 6, 2006

/ S / Robert J. Attea
Robert J. Attea
Chairman of the Board
Chief Executive Officer

/ S / David L. Rogers
David L. Rogers
Chief Financial Officer