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

FORM 10-K

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

For the fiscal year ended December 31, 2007
Commission File Number: 1-13820

SOVRAN SELF STORAGE, INC.

(Exact name of Registrant as specified in its charter)

Maryland

(State of incorporation or organization)

16-1194043

(I.R.S. Employer Identification No.)

6467 Main Street

Williamsville, 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
Common Stock, \$.01 Par Value

Exchanges on which Registered
New York Stock Exchange

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

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

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

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

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

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

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

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

As of June 30, 2007, 20,606,535 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 \$960,236,763 (based on the closing price of the Common Stock on the New York Stock Exchange on June 30, 2007).

As of February 15, 2008, 21,765,626 shares of Common Stock, \$.01 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement for the Annual Meeting of Shareholders of the Registrant to be held on May 21, 2008 (Part III).

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Part I

When used in this discussion and elsewhere in this document, 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 Exchange Act of 1933 and in Section 21F of the Securities 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 would 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 effectively compete in the industry in which it does business; 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 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 that may change the taxability of future income.

Item 1. Business

Sovran Self Storage, Inc. together with its direct and indirect subsidiaries and the consolidated joint ventures, to the extent appropriate in the applicable context, (the “Company,” “We,” “Our,” or “Sovran”) is a self-administered and self-managed real estate investment trust (“REIT”) that acquires, owns and manages self-storage properties. We refer to the self-storage properties owned and managed by us as “Properties.” We began operations on June 26, 1995. At February 15, 2008, we owned and managed 360 Properties consisting of approximately 22.9 million net rentable square feet, situated in 22 states. Among our 360 self-storage facilities are 38 properties that we manage for two joint ventures of which we are a majority owner. We believe we are the fifth largest operator of self-storage properties in the United States based on facilities owned and managed. Our Properties conduct business under the user-friendly name Uncle Bob’s Self-Storage®.

We were formed to continue the business of our predecessor company, which had engaged in the self-storage business since 1985. We own an indirect interest in each of the Properties through a limited partnership (the “Partnership”). In total, we own a 98.1% economic interest in the Partnership and unaffiliated third parties own collectively a 1.9% limited partnership interest at December 31, 2007. We believe that this structure, commonly known as an umbrella partnership real estate investment trust (“UPREIT”), facilitates our ability to acquire properties by using units of the Partnership as currency. By utilizing interests in the Partnership as currency in facility acquisitions, we may partially defer the seller’s income tax liability which in turn may allow us to obtain more favorable pricing.

We were incorporated on April 19, 1995 under Maryland law. Our principal executive offices are located at 6467 Main Street, Williamsville, New York 14221, our telephone number is (716) 633-1850 and our web site is www.sovranss.com.

We seek to enhance shareholder value through internal growth and acquisition of additional storage properties. Internal growth is achieved through aggressive property management: increasing rents, increasing occupancy levels, controlling costs, maximizing collections and strategically expanding and improving the Properties. Should economic conditions warrant, we may develop new properties. We believe that there continue to be opportunities for growth through acquisitions, and constantly seek to acquire self-storage properties that are susceptible to realization of increased economies of scale and enhanced performance through application of our expertise.

Industry Overview

We believe that self-storage facilities offer inexpensive storage space to residential and commercial users. In addition to fully enclosed and secure storage space, many facilities also offer outside storage for automobiles, recreational vehicles and boats. Better facilities are usually fenced and well lighted with gates that are either manually operated or automated and have a full-time manager. Customers have access to their storage area during

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business hours and in certain circumstances are provided with 24-hour access. Individual storage units are secured by the customer's lock, and the customer has sole control of access to the unit.

According to the Self-Storage Almanac, of the approximately 45,000 facilities in the United States, less than 12% are managed by the ten largest operators. The remainder of the industry is characterized by numerous small, local operators. The shortage of skilled operators, the scarcity of equity capital available to small operators for acquisitions and expansions, and the potential for savings through economies of scale are factors that are leading to consolidation in the industry. We believe that, as a result of this trend, significant growth opportunities exist for operators with proven management systems and sufficient capital resources.

Property Management

We believe that we have developed substantial expertise in managing self-storage facilities. Key elements of our management system include the following:

Personnel:

Property managers attend a thorough orientation program and undergo continuous training that emphasizes closing techniques, identification of selected marketing opportunities, networking with possible referral sources, and familiarization with our customized management information system. In addition to frequent contact with Area Managers and other Company personnel, property managers receive periodic newsletters via our intranet regarding a variety of operational issues, and from time to time attend "roundtable" seminars with other property managers.

Marketing and Sales:

Responding to the increased customer demand for services, we have implemented several programs expected to increase occupancy and profitability. These programs include:

- A Customer Care Center (call center) that services new and existing customers' inquiries and facilitates the capture of sales leads that were previously lost;
- Internet marketing, which provides customers information about all of our stores via numerous portals and e-mail;
- A rate management system, that matches product availability with market demand for each type of storage unit at each store, and determines appropriate pricing. The Company credits this program in achieving higher yields and controlling discounting;
- Dri-guard, that provides humidity-controlled spaces. We became the first self-storage operator to utilize this humidity protection technology. These environmental control systems are a premium storage feature intended to protect metal, electronics, furniture, fabrics and paper from moisture; and
- Uncle Bob's trucks, that provide customers with convenient, affordable access to vehicles to help move-in their goods, and which also serve as moving billboards to help advertise our storage facilities.

Ancillary Income:

Our stores are essentially retail operations and we have in excess of 150,000 customers. As a convenience to those customers, we sell items such as locks, boxes, tarps, etc. to make their storage experience easier. We also make available renters insurance through a third party carrier, on which we earn a commission. Income from incidental truck rentals, billboards and cell towers is also earned by our Company.

Information Systems:

Our customized computer system performs billing, collections and reservation functions for each Property. It also tracks information used in developing marketing plans based on occupancy levels and tenant demographics and histories. The system generates daily, weekly and monthly financial reports for each Property that are transmitted to our principal office each night. The system also requires a property manager to input a descriptive explanation for all debit and credit transactions, paid-to-date changes, and all other discretionary activities, which allows the accounting staff at our principal office to promptly review all such transactions. Late charges are automatically imposed. More sensitive activities, such as rental rate changes and unit size or number changes, are completed only by Area Managers. Our customized management information system permits us to add new facilities to our portfolio with minimal additional overhead expense.

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Property Maintenance:

All of our Properties are subject to regular and routine maintenance procedures, which are designed to maintain the structure and appearance of our buildings and grounds. A staff headquartered in our principal office is responsible for the upkeep of the Properties, and all maintenance service is contracted through local providers, such as lawn service, snowplowing, pest control, gate maintenance, HVAC repairs, paving, painting, roofing, etc. A codified set of specifications has been designed and is applied to all work performed on our Uncle Bob's stores. As with many other aspects of our Company, our size has allowed us to enjoy relatively low maintenance costs because we have the benefit of economies of scale in purchasing, travel and overhead absorption.

Environmental and Other Regulations

We are subject to federal, state, and local environmental regulations that apply generally to the ownership of real property. We have not received notice from any governmental authority or private party of any material environmental noncompliance, claim, or liability in connection with any of the Properties, and are not aware of any environmental condition with respect to any of the Properties that could have a material adverse effect on our financial condition or results of operations.

The Properties are also generally subject to the same types of local regulations governing other real property, including zoning ordinances. We believe that the Properties are in substantial compliance with all such regulations.

Insurance

Each of the Properties is covered by fire and property insurance (including comprehensive liability), and all-risk property insurance policies, which are provided by reputable companies and on commercially reasonable terms. In addition, we maintain a policy insuring against environmental liabilities resulting from tenant storage on terms customary for the industry, and title insurance insuring fee title to the Company-owned Properties in an aggregate amount that we believe to be adequate.

Federal Income Tax

We operate, and intend to continue to operate, in such a manner as to continue to qualify as a REIT under the Internal Revenue Code of 1986 (the "Code"), but no assurance can be given that we will at all times so qualify. To the extent that we continue to qualify as a REIT, we will not be taxed, with certain limited exceptions, on the taxable income that is distributed to our shareholders. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — REIT Qualification and Distribution Requirements."

Competition

The primary factors upon which competition in the self-storage industry is based are location, rental rates, suitability of the property's design to prospective customers' needs, and the manner in which the property is operated and marketed. We believe we compete successfully on these bases. The extent of competition depends significantly on local market conditions. We seek to locate facilities so as not to cause our Properties to compete with one another for customers, but the number of self-storage facilities in a particular area could have a material adverse effect on the performance of any of the Properties.

Several of our competitors, including Public Storage, U-Haul, and Extra Space Storage, are larger and have substantially greater financial resources than we do. These larger operators may, among other possible advantages, be capable of greater leverage and the payment of higher prices for acquisitions.

Investment Policy

While we emphasize equity real estate investments, we may, at our discretion, invest in mortgage and other real estate interests related to self-storage properties in a manner consistent with our qualification as a REIT. We

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may also retain a purchase money mortgage for a portion of the sale price in connection with the disposition of Properties from time to time. Should investment opportunities become available, we may look to acquire self-storage properties via a joint-venture partnership or similar entity. We may or may not elect to have a significant investment in such a venture, but would use such an opportunity to expand our portfolio of branded and managed properties.

Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, we also may invest in securities of entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities.

Disposition Policy

We periodically review our Properties. Any disposition decision will be based on a variety of factors, including, but not limited to, the (i) potential to continue to increase cash flow and value, (ii) sale price, (iii) strategic fit with the rest of our portfolio, (iv) potential for, or existence of, environmental or regulatory issues, (v) alternative uses of capital, and (vi) maintaining qualification as a REIT.

No storage facilities were sold in 2007, 2006, or 2005.

Distribution Policy

We intend to pay regular quarterly distributions to our shareholders. However, future distributions by us will be at the discretion of the Board of Directors and will depend on the actual cash available for distribution, our financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Board of Directors deems relevant. In order to maintain our qualification as a REIT, we must make annual distributions to shareholders of at least 90% of our REIT taxable income (which does not include capital gains). Under certain circumstances, we may be required to make distributions in excess of cash available for distribution in order to meet this requirement.

Borrowing Policy

Our Board of Directors currently limits the amount of debt that may be incurred by us to less than 50% of the sum of the market value of our issued and outstanding Common and Preferred Stock plus our debt. We, however, may from time to time re-evaluate and modify our borrowing policy in light of then current economic conditions, relative costs of debt and equity capital, market values of properties, growth and acquisition opportunities and other factors.

The Company has a \$100 million unsecured line of credit that matures in September 2008 and a \$100 million unsecured term note that matures in September 2009. The line of credit bears interest at LIBOR plus 0.90% and requires a 0.20% facility fee. The term note bears interest at LIBOR plus 1.20%. In April 2006, the Company entered into a \$150 million unsecured term note maturing in April 2016 bearing interest at 6.38%. 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 1.50%. In September 2007, the Company entered into a \$25 million term note arrangement with a bank maturing March 2008 bearing interest at LIBOR plus 1.20%. At December 31, 2007, there was no amount available on the revolving line of credit, and \$19 million available under the bank term note.

In January 2008, we increased the availability under the bank term note from \$25 million to \$40 million and extended the maturity date from March 31, 2008 to April 30, 2008.

We will be refinancing our unsecured line of credit and short-term bank note in 2008. We expect these refinancings will be done through a new unsecured line of credit and the issuance of 10 year notes. Although we believe we can refinance at acceptable rates of interest, the recent turmoil in the credit markets may impact our overall financing costs.

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To the extent that we desire to obtain additional capital to pay distributions, to provide working capital, to pay existing indebtedness or to finance acquisitions, expansions or development of new properties, we may utilize amounts available under the bank term note, an expanded line of credit, common or preferred stock offerings, floating or fixed rate debt financing, retention of cash flow (subject to satisfying our distribution requirements under the REIT rules) or a combination of these methods. Additional debt financing may also be obtained through mortgages on our Properties, which may be recourse, non-recourse, or cross-collateralized and may contain cross-default provisions. We have not established any limit on the number or amount of mortgages that may be placed on any single Property or on our portfolio as a whole, although certain of our existing term loans contain limits on overall mortgage indebtedness. For additional information regarding borrowings, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” and Note 6 to the Consolidated Financial Statements filed herewith.

Employees

We currently employ a total of 1,057 employees, including 360 property managers, 21 area managers, and 548 assistant managers and part-time employees. At our headquarters, in addition to our three senior executive officers, we employ 125 people engaged in various support activities, including accounting, customer care, and management information systems. None of our employees are covered by a collective bargaining agreement. We consider our employee relations to be excellent.

Available Information

We file with the U.S. Securities and Exchange Commission quarterly and annual reports on Forms 10-Q and 10-K, respectively, current reports on Form 8-K, and proxy statements pursuant to the Securities Exchange Act of 1934, in addition to other information as required. The public may read and copy any materials that we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1 (800) SEC-0330. We file this information with the SEC electronically, and the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available free of charge on our web site at <http://www.sovranss.com> as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. In addition, our codes of ethics and Charters of our Governance, Audit Committee, and Compensation Committee are available free of charge on our website at <http://www.sovranss.com>.

Also, copies of our annual report and Charters of our Governance, Audit Committee, and Compensation Committee will be made available, free of charge, upon written request to Sovran Self Storage, Inc., Attn: Investor Relations, 6467 Main Street, Williamsville, NY 14221.

Item 1A. Risk Factors

You should carefully consider the risks described below, together with all of the other information included in or incorporated by reference into our Form 10-K, as part of your evaluation of the Company. If any of the following risks actually occur, our business could be harmed. In such case, the trading price of our securities could decline, and you may lose all or part of your investment.

Our Acquisitions May Not Perform as Anticipated

We have completed many acquisitions of self-storage facilities since our initial public offering of common stock in June 1995. Our strategy is to continue to grow by acquiring additional self-storage facilities. Acquisitions entail risks that investments will fail to perform in accordance with our expectations and that our judgments with respect to the prices paid for acquired self-storage facilities and the costs of any improvements required to bring an acquired property up to standards established for the market position intended for that property will prove inaccurate. Acquisitions also involve general investment risks associated with any new real estate investment.

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We May Incur Problems with Our Real Estate Financing

Unsecured Credit Facility. We have a line of credit with a syndicate of financial institutions, which are our “lenders.” This unsecured credit facility is recourse to us and the required payments are not reduced if the economic performance of any of the properties declines. The unsecured credit facility limits our ability to make distributions to our shareholders, except in limited circumstances. If there is an event of default, our lenders may seek to exercise their rights under the unsecured credit facility, which could have a material adverse effect on us and our ability to make expected distributions to shareholders and distributions required by the real estate investment trust provisions of the Internal Revenue Code of 1986.

Rising Interest Rates. Indebtedness that we incur under the unsecured credit facility and bank term note bears interest at a variable rate. Accordingly, increases in interest rates could increase our interest expense, which would reduce our cash available for distribution and our ability to pay expected distributions to our shareholders. We manage our exposure to rising interest rates using interest rate swaps and other available mechanisms. If the amount of our indebtedness bearing interest at a variable rate increases, our unsecured credit facility may require us to use those arrangements.

Refinancing May Not Be Available. It may be necessary for us to refinance our unsecured credit facility through additional debt financing or equity offerings. If we were unable to refinance this indebtedness on acceptable terms, we might be forced to dispose of some of our self-storage facilities upon disadvantageous terms, which might result in losses to us and might adversely affect the cash available for distribution. If prevailing interest rates or other factors at the time of refinancing result in higher interest rates on refinancings, our interest expense would increase, which would adversely affect our cash available for distribution and our ability to pay expected distributions to shareholders.

Recent turmoil in the credit markets could affect our ability to obtain debt financing on reasonable terms and have other adverse effects on us. The United States credit markets have recently experienced significant dislocations and liquidity disruptions which have caused the spreads on available debt financings to widen considerably. These circumstances have materially impacted liquidity in the debt markets, making financing terms for borrowers less attractive. A prolonged downturn in the credit markets could cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. Continued uncertainty in the credit markets may negatively impact our ability to make acquisitions.

Our Debt Levels May Increase

Our Board of Directors currently has a policy of limiting the amount of our debt at the time of incurrence to less than 50% of the sum of the market value of our issued and outstanding common stock and preferred stock plus the amount of our debt at the time that debt is incurred. However, our organizational documents do not contain any limitation on the amount of indebtedness we might incur. Accordingly, our Board of Directors could alter or eliminate the current policy limitation on borrowing without a vote of our shareholders. We could become highly leveraged if this policy were changed. However, our ability to incur debt is limited by covenants in our bank credit arrangements.

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We Are Subject to the Risks Posed by Fluctuating Demand and Significant Competition in the Self-Storage Industry

Our self-storage facilities are subject to all operating risks common to the self-storage industry. These risks include but are not limited to the following:

- Decreases in demand for rental spaces in a particular locale;
- Changes in supply of, or demand for, similar or competing self-storage facilities in an area;
- Changes in market rental rates; and
- Inability to collect rents from customers.

Our current strategy is to acquire interests only in self-storage facilities. Consequently, we are subject to risks inherent in investments in a single industry. Our self-storage facilities compete with other self-storage facilities in their geographic markets. As a result of competition, the self-storage facilities could experience a decrease in occupancy levels and rental rates, which would decrease our cash available for distribution. We compete in operations and for acquisition opportunities with companies that have substantial financial resources. Competition may reduce the number of suitable acquisition opportunities offered to us and increase the bargaining power of property owners seeking to sell. The self-storage industry has at times experienced overbuilding in response to perceived increases in demand. A recurrence of overbuilding might cause us to experience a decrease in occupancy levels, limit our ability to increase rents and compel us to offer discounted rents.

Our Real Estate Investments Are Illiquid and Are Subject to Uninsurable Risks and Government Regulation

General Risks. Our investments are subject to varying degrees of risk generally related to the ownership of real property. The underlying value of our real estate investments and our income and ability to make distributions to our shareholders are dependent upon our ability to operate the self-storage facilities in a manner sufficient to maintain or increase cash available for distribution. Income from our self-storage facilities may be adversely affected by the following factors:

- Changes in national economic conditions;
- Changes in general or local economic conditions and neighborhood characteristics;
- Competition from other self-storage facilities;
- Changes in interest rates and in the availability, cost and terms of mortgage funds;
- The impact of present or future environmental legislation and compliance with environmental laws;
- The ongoing need for capital improvements, particularly in older facilities;
- Changes in real estate tax rates and other operating expenses;
- Adverse changes in governmental rules and fiscal policies;
- Uninsured losses resulting from casualties associated with civil unrest, acts of God, including natural disasters, and acts of war;
- Adverse changes in zoning laws; and
- Other factors that are beyond our control.

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Illiquidity of Real Estate May Limit its Value. Real estate investments are relatively illiquid. Our ability to vary our portfolio of self-storage facilities in response to changes in economic and other conditions is limited. In addition, provisions of the Code may limit our ability to profit on the sale of self-storage facilities held for fewer than four years. We may be unable to dispose of a facility when we find disposition advantageous or necessary and the sale price of any disposition may not equal or exceed the amount of our investment.

Uninsured and Underinsured Losses Could Reduce the Value of our Self Storage Facilities. Some losses, generally of a catastrophic nature, that we potentially face with respect to our self-storage facilities may be uninsurable or not insurable at an acceptable cost. Our management uses its discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to acquiring appropriate insurance on our investments at a reasonable cost and on suitable terms. These decisions may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace a property after it has been damaged or destroyed. Under those circumstances, the insurance proceeds received by us might not be adequate to restore our economic position with respect to a particular property.

Possible Liability Relating to Environmental Matters. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in that property. Those laws often impose liability even if the owner or operator did not cause or know of the presence of hazardous or toxic substances and even if the storage of those substances was in violation of a tenant's lease. In addition, the presence of hazardous or toxic substances, or the failure of the owner to address their presence on the property, may adversely affect the owner's ability to borrow using that real property as collateral. In connection with the ownership of the self-storage facilities, we may be potentially liable for any of those costs.

Americans with Disabilities Act. The Americans with Disabilities Act of 1990, or ADA, generally requires that buildings be made accessible to persons with disabilities. A determination that we are not in compliance with the ADA could result in imposition of fines or an award of damages to private litigants. If we were required to make modifications to comply with the ADA, our results of operations and ability to make expected distributions to our shareholders could be adversely affected.

There Are Limitations on the Ability to Change Control of Sovran

Limitation on Ownership and Transfer of Shares. To maintain our qualification as a REIT, not more than 50% in value of our outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals, as defined in the Code. To limit the possibility that we will fail to qualify as a REIT under this test, our Amended and Restated Articles of Incorporation include ownership limits and transfer restrictions on shares of our stock. Our Articles of Incorporation limit ownership of our issued and outstanding stock by any single shareholder to 9.8% of the aggregate value of our outstanding stock, except that the ownership by some of our shareholders is limited to 15%.

These ownership limits may:

- Have the effect of precluding an acquisition of control of Sovran by a third party without consent of our Board of Directors even if the change in control would be in the interest of shareholders; and
- Limit the opportunity for shareholders to receive a premium for shares of our common stock they hold that might otherwise exist if an investor were attempting to assemble a block of common stock in excess of 9.8% or 15%, as the case may be, of the outstanding shares of our stock or to otherwise effect a change in control of Sovran.

Our Board of Directors may waive the ownership limits if it is satisfied that ownership by those shareholders in excess of those limits will not jeopardize our status as a REIT under the Code or in the event it determines that it is no longer in our best interests to be a REIT. Waivers have been granted to the former holders of our Series C preferred stock, FMR Corporation and Cohen & Steers, Inc. A transfer of our common stock and/or

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preferred stock to a person who, as a result of the transfer, violates the ownership limits may not be effective under some circumstances.

Other Limitations. Other limitations could have the effect of discouraging a takeover or other transaction in which holders of some, or a majority, of our outstanding common stock might receive a premium for their shares of our common stock that exceeds the then prevailing market price or that those holders might believe to be otherwise in their best interest. The issuance of additional shares of preferred stock could have the effect of delaying or preventing a change in control of Sovran even if a change in control were in the shareholders' interest. In addition, the Maryland General Corporation Law, or MGCL, imposes restrictions and requires that specified procedures with respect to the acquisition of stated levels of share ownership and business combinations, including combinations with interested shareholders. These provisions of the MGCL could have the effect of delaying or preventing a change in control of Sovran even if a change in control were in the shareholders' interest. Waivers and exemptions have been granted to the initial purchasers of our former Series C preferred stock in connection with these provisions of the MGCL. In addition, under the Partnership's agreement of limited partnership, in general, we may not merge, consolidate or engage in any combination with another person or sell all or substantially all of our assets unless that transaction includes the merger or sale of all or substantially all of the assets of the Partnership, which requires the approval of the holders of 75% of the limited partnership interests thereof. If we were to own less than 75% of the limited partnership interests in the Partnership, this provision of the limited partnership agreement could have the effect of delaying or preventing us from engaging in some change of control transactions.

Our Failure to Qualify as a REIT Would Have Adverse Consequences

We intend to operate in a manner that will permit us to qualify as a REIT under the Code. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. Continued qualification as a REIT depends upon our continuing ability to meet various requirements concerning, among other things, the ownership of our outstanding stock, the nature of our assets, the sources of our income and the amount of our distributions to our shareholders.

In addition, a REIT is limited with respect to the services it can provide for its tenants. We have provided certain conveniences for our tenants, including property insurance underwritten by a third party insurance company that pays us commissions. We believe the insurance provided by the insurance company would not constitute a prohibited service to our tenants. No assurances can be given, however, that the IRS will not challenge our position. If the IRS successfully challenged our position, our qualification as a REIT could be adversely affected.

If we were to fail to qualify as a REIT in any taxable year, we would not be allowed a deduction for distributions to shareholders in computing our taxable income and would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Unless entitled to relief under certain Code provisions, we also would be ineligible for qualification as a REIT for the four taxable years following the year during which our qualification was lost. As a result, distributions to the shareholders would be reduced for each of the years involved. Although we currently intend to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to revoke our REIT election.

Market Interest Rates May Influence the Price of Our Common Stock

One of the factors that may influence the price of our common stock in public trading markets or in private transactions is the annual yield on our common stock as compared to yields on other financial instruments. An increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of our common stock.

Regional Concentration of Our Business May Subject Us to Economic Downturns in the States of Texas and Florida.

As of December 31, 2007, 135 of our 358 self-storage facilities are located in the states of Texas and Florida. For the year ended December 31, 2007, these facilities accounted for approximately 41.7% of our total revenues. This concentration of business in Texas and Florida exposes us to potential losses resulting from a

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downturn in the economies of those states. If economic conditions in those states deteriorate, we may experience a reduction in existing and new business, which may have an adverse effect on our business, financial condition and results of operations.

Changes in Taxation of Corporate Dividends May Adversely Affect the Value of Our Common Stock

The maximum marginal rate of tax payable by domestic noncorporate taxpayers on dividends received from a regular “C” corporation under current law is 15% through 2010, as opposed to higher ordinary income rates. The reduced tax rate, however, does not apply to distributions paid to domestic noncorporate taxpayers by a REIT on its stock, except for certain limited amounts. Although the earnings of a REIT that are distributed to its stockholders generally remain subject to less federal income taxation than earnings of a non-REIT “C” corporation that are distributed to its stockholders net of corporate-level income tax, legislation that extends the application of the 15% rate to dividends paid after 2010 by “C” corporations could cause domestic noncorporate investors to view the stock of regular “C” corporations as more attractive relative to the stock of a REIT, because the dividends from regular “C” corporations would continue to be taxed at a lower rate while distributions from REITs (other than distributions designated as capital gain dividends) are generally taxed at the same rate as the individual’s other ordinary income.

Terrorist Attacks and the Possibility of Armed Conflict May Have an Adverse Effect on Our Business, Financial Condition and Operating Results and Could Decrease the Value of Our Assets

Terrorist attacks and other acts of violence or war, such as those that took place on September 11, 2001, or the recent war with Iraq, could have a material adverse effect on our business and operating results. There may be further terrorist attacks against the United States. Attacks or armed conflicts that directly impact one or more of our properties could significantly affect our ability to operate those properties and, as a result, impair our ability to achieve our expected results. Furthermore, we may not have insurance coverage for losses caused by a terrorist attack. That insurance may not be available or, if it is available and we decide, or are required by our lenders, to obtain terrorism coverage, the cost for the insurance may be significant in relationship to the risk covered. In addition, the adverse effects terrorist acts and threats of future attacks could have on the U.S. economy could similarly have a material adverse effect on our business, financial condition and results of operations. Finally, further terrorist acts could cause the United States to enter into armed conflict, which could further impact our business, financial and operating results.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

At December 31, 2007, we owned and managed a total of 358 Properties situated in twenty-two states. We manage 38 of the Properties for two joint ventures of which we are a majority owner.

Our self-storage facilities offer inexpensive, easily accessible, enclosed storage space to residential and commercial users on a month-to-month basis. Most of our Properties are fenced with computerized gates and are well lighted. A majority of the Properties are single-story, thereby providing customers with the convenience of direct vehicle access to their storage spaces. Our stores range in size from 22,000 to 186,000 net rentable square feet, with an average of approximately 63,000 net rentable square feet. The Properties generally are constructed of masonry or steel walls resting on concrete slabs and have standing seam metal, shingle, or tar and gravel roofs. All Properties have a property manager on-site during business hours. Customers have access to their storage areas during business hours, and some commercial customers are provided 24-hour access. Individual storage spaces are secured by a lock furnished by the customer to provide the customer with control of access to the space.

All of the Properties conduct business under the user-friendly name Uncle Bob's Self-Storage®.

The following table provides certain information regarding the Properties owned and managed as of December 31, 2007:

	Number of Stores at December 31, 2007	Square Feet	Number of Spaces	Percentage of Store Revenue
Alabama	22	1,602,057	12,019	4.4%
Arizona	9	510,720	4,519	2.5%
Connecticut	5	303,537	2,864	2.3%
Florida	54	3,398,478	30,780	17.7%
Georgia	26	1,575,198	12,773	6.6%
Louisiana	14	795,426	7,142	3.7%
Maine	2	115,345	1,010	0.6%
Maryland	4	172,901	2,035	1.1%
Massachusetts	14	755,389	6,834	4.0%
Michigan	7	482,597	4,579	1.6%
Mississippi	10	739,220	5,732	2.1%
Missouri	7	435,990	3,804	2.1%
New Hampshire	4	231,123	2,089	1.1%
New York	28	1,608,916	14,565	8.1%
North Carolina	15	797,087	6,957	3.4%
Ohio	16	1,072,722	8,732	4.2%
Pennsylvania	6	367,985	2,965	1.5%
Rhode Island	4	167,886	1,566	1.0%
South Carolina	8	445,968	3,773	1.9%
Tennessee	4	280,299	2,354	1.1%
Texas	81	5,778,898	46,747	24.0%
Virginia	18	1,067,443	9,910	5.0%
Total	358	22,705,185	193,749	100.0%

Item 3. Legal Proceedings

In the normal course of business, we are subject to various claims and litigation. While the outcome of any litigation is inherently unpredictable, we do not believe that any of these matters will have a material adverse impact on our financial condition, results of operations or cash flows.

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Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Common Stock is traded on the New York Stock Exchange under the symbol "SSS." Set forth below are the high and low sales prices for our Common Stock for each full quarterly period within the two most recent fiscal years.

Quarter 2006	High	Low
1st	\$ 55.71	\$ 46.39
2nd	55.20	45.71
3rd	56.35	49.00
4th	60.00	54.63
Quarter 2007	High	Low
1st	\$ 63.93	\$ 54.98
2nd	56.56	47.18
3rd	50.25	40.40
4th	50.43	39.75

As of February 15, 2008, there were approximately 1,350 holders of record of our Common Stock.

We have paid quarterly dividends to our shareholders since our inception. Reflected in the table below are the dividends paid in the last two years.

For federal income tax purposes, distributions to shareholders are treated as ordinary income, capital gain, return of capital or a combination thereof. Distributions to shareholders for 2007 represent 84% ordinary income and 16% return of capital.

History of Dividends Declared on Common Stock

1st Quarter, 2006	\$0.615 per share
2nd Quarter, 2006	\$0.615 per share
3rd Quarter, 2006	\$0.620 per share
4th Quarter, 2006	\$0.620 per share
1st Quarter, 2007	\$0.620 per share
2nd Quarter, 2007	\$0.620 per share
3rd Quarter, 2007	\$0.630 per share
4th Quarter, 2007	\$0.630 per share

EQUITY COMPENSATION PLAN INFORMATION

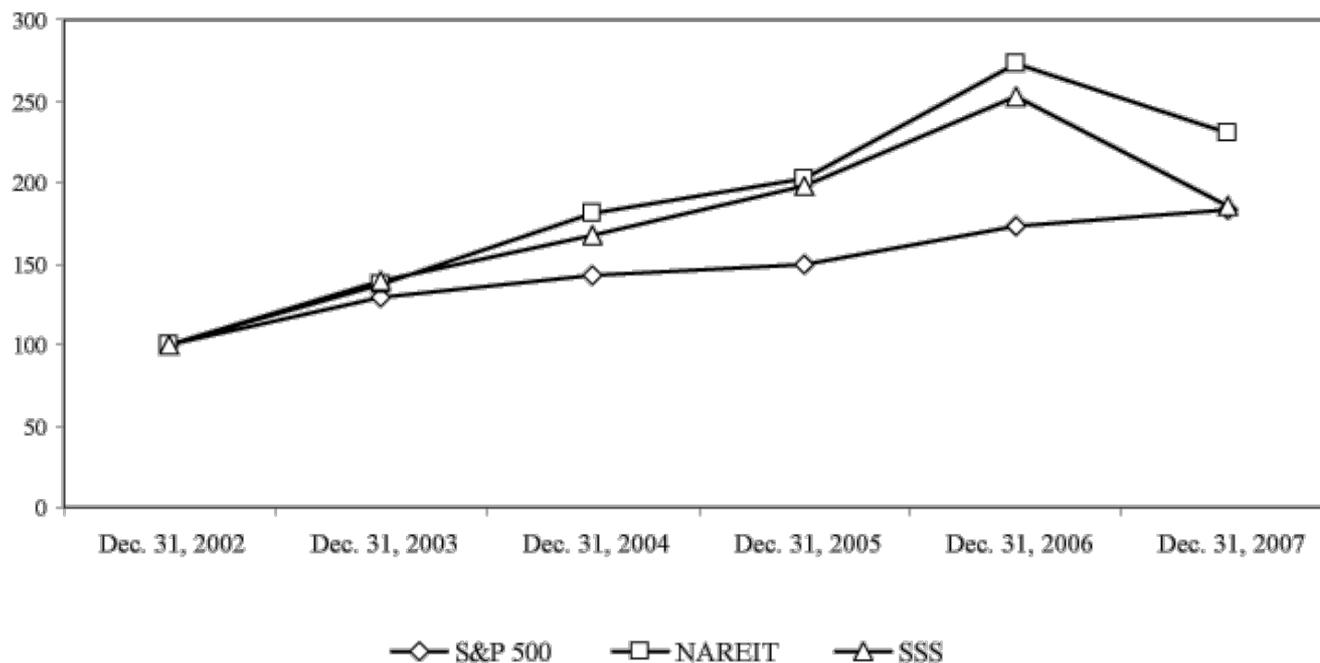
The following table sets forth certain information as of December 31, 2007, with respect to equity compensation plans under which shares of the Company's Common Stock may be issued.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance (#)
Equity compensation plans approved by shareholders:			
2005 Award and Option Plan	87,000	\$ 50.96	1,327,520
1995 Award and Option Plan	53,125	\$ 26.80	0
1995 Outside Directors' Stock Option Plan	28,000	\$ 46.25	9,160
Deferred Compensation Plan for Directors (1)	34,959	N/A	10,041
Equity compensation plans not approved by shareholders:	N/A	N/A	N/A

- (1) Under the Deferred Compensation Plan for Directors, non-employee Directors may defer all or part of their Directors' fees that are otherwise payable in cash. Directors' fees that are deferred under the Plan will be credited to each Directors' account under the Plan in the form of Units. The number of Units credited is determined by dividing the amount of Directors' fees deferred by the closing price of the Company's Common Stock on the New York Stock Exchange on the day immediately preceding the day upon which Directors' fees otherwise would be paid by the Company. A Director is credited with additional Units for dividends on the shares of Common Stock represented by Units in such Directors' Account. A Director may elect to receive the shares in a lump sum on a date specified by the Director or in quarterly or annual installments over a specified period and commencing on a specified date.

CORPORATE PERFORMANCE GRAPH

The following chart and line-graph presentation compares (i) the Company's shareholder return on an indexed basis since December 31, 2002 with (ii) the S&P Stock Index and (iii) the National Association of Real Estate Investment Trusts Equity Index.



**CUMULATIVE TOTAL SHAREHOLDER RETURN
SOVRAN SELF STORAGE, INC.
DECEMBER 31, 2002 — DECEMBER 31, 2007**

	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007
S&P	100.00	128.70	142.69	149.69	173.34	182.86
NAREIT	100.00	137.13	180.43	202.38	273.34	230.45
SSS	100.00	139.50	167.30	197.23	252.25	185.23

The foregoing item assumes \$100.00 invested on December 31, 2002, with dividends reinvested.

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Item 6. Selected Financial Data

The following selected financial and operating information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the financial statements and related notes included elsewhere in this Annual Report on Form 10-K:

(dollars in thousands, except per share data)	At or For Year Ended December 31,				
	2007	2006	2005	2004	2003
Operating Data					
Operating revenues	\$ 193,769	\$ 166,295	\$ 138,305	\$ 123,286	\$ 111,414
Income from continuing operations	39,214	36,610	34,790	30,698	27,586
Income from discontinued operations (1)	—	—	—	1,306	837
Net income	39,214	36,610	34,790	32,004	28,423
Income from continuing operations per common share – diluted	1.81	1.89	1.84	1.44	1.40
Net income per common share – basic	1.81	1.90	1.86	1.54	1.47
Net income per common share – diluted	1.81	1.89	1.84	1.53	1.46
Dividends declared per common share	2.50	2.47	2.44	2.42	2.41
Balance Sheet Data					
Investment in storage facilities at cost	\$1,330,639	\$1,143,904	\$ 893,980	\$ 811,516	\$ 727,289
Total assets	1,164,636	1,053,210	784,376	719,573	683,336
Total debt	566,517	462,027	339,144	289,075	255,819
Total liabilities	610,805	495,352	365,037	315,108	285,755
Series B preferred stock	—	—	—	—	28,585
Series C preferred stock	—	26,613	26,613	53,227	67,129
Other Data					
Net cash provided by operating activities	\$ 85,077	\$ 64,533	\$ 60,234	\$ 53,914	\$ 51,003
Net cash provided by operating activities – discontinued operations	—	—	—	287	1,124
Net cash used in investing activities	(190,267)	(176,567)	(79,156)	(71,034)	(31,284)
Net cash used in investing activities – discontinued operations	—	—	—	—	(41)
Net cash provided by (used in) financing activities	61,470	154,853	20,728	(163)	(2,764)

(1) In 2004 we sold five stores whose operations and gain are classified as discontinued operations for all previous years presented.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the financial statements and notes thereto included elsewhere in this report.

Disclosure Regarding Forward-Looking Statements

When used in this discussion and elsewhere in this document, 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 Exchange Act of 1933 and in Section 21F of the Securities Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements 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 would cause rents and occupancy rates to decline; our ability to evaluate, finance and integrate acquired businesses into our existing business and operations; our ability to effectively compete in the industry in which we do business; our 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 our outstanding floating rate debt; our reliance on our call center; our cash flow may be insufficient to meet required payments of principal, interest and dividends; and tax law changes that may change the taxability of future income.

Business and Overview

We believe we are the fifth largest operator of self-storage properties in the United States based on facilities owned and managed. All of our stores are operated under the user-friendly name “Uncle Bob’s Self-Storage.”

Operating Strategy:

Our operating strategy is designed to generate growth and enhance value by:

- A. Increasing operating performance and cash flow through aggressive management of our stores:
- Operating performance continues to improve as a result of revenue drivers implemented by us over the past five years, including:
 - The formation of our Customer Care Center, which answers sales inquiries and makes reservations for all of our properties on a centralized basis,
 - The rollout of the Uncle Bob’s truck move-in program, under which, at present, 262 of our stores offer a free Uncle Bob’s truck to assist our customers in moving into their spaces, and
 - An increase in internet marketing and sales.
 - In addition to increasing revenue, we have worked to improve services and amenities at our stores. While this has caused operating expenses to increase over the past five years, it has resulted in a superior storage experience for our customers. Our managers are better qualified and receive a significantly higher level of training than they did five years ago, customer access and security are greatly enhanced as a result of advances in technology, and property appearance and functionality have been improved.
 - Our customized property management systems enable us to improve our ability to track trends, set optimal pricing levels, enjoy considerable economies of scale in vendor and supply pricing, and control collections and accounts receivable.

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B. Acquiring additional stores:

- In markets where we already operate facilities, we seek to acquire new stores one or two at a time from independent operators. By so doing, we can add to our existing base, which should improve market penetration in those areas, and contribute to the benefits achieved from economies of scale.
- We will seek to enter new markets if we can do so by acquiring a group of stores in those markets. We feel that our marketing efforts and control systems would enhance even those portfolios that have been managed efficiently by independent operators, and that attractive returns can be generated by such acquisitions.

C. Expanding and enhancing our existing stores:

- We intend to continue to install climate controlled and Dri-guard space at select stores, providing our customers with better storage solutions and improving yields on our portfolio.
- We intend to add buildings to a number of our stores, providing additional rental units of a size and type to meet existing demand.
- We will seek to acquire parcels of land contiguous to some of our stores and add to the available rental space at those stores.
- We intend to modify existing buildings to better match size and type of rental units to existing demand. At some stores, this may be as simple as reconfiguring walls and doors; at others, it may entail rebuilding in a configuration more in tune with market conditions.
- Over the past three years, we have undertaken an announced program of expanding and enhancing our properties. Primarily, we have worked to add premium storage (i.e., air-conditioned and/or humidity controlled) space to our portfolio. In 2006, we expended approximately \$12.6 million to add some 290,000 square feet of such space to our properties; in 2007, we spent approximately \$25 million to add 444,000 square feet. The program entails construction of new buildings, acquisition of parcels of land contiguous to stores deemed suitable for expansion, and demolition of certain structures to make room for more optimally configured spaces. In 2008, we expect to continue this program, spending as much as \$50 million to add up to 700,000 square feet of additional space to our existing stores.

Supply and Demand

We believe the supply and demand model in the self-storage industry is micro market specific in that a majority of our business comes from within a five mile radius of our stores. However, the historically low interest rates available to developers over the past four years have resulted in increased supply on a national basis. We have experienced some of this excess supply in certain markets in Texas and Florida, but because of the demand model, we have not seen a widespread effect on our stores. We have also observed an increase in the sales price of existing facilities as a result of the low interest rates, such that the capitalization rates on acquisitions (expected annual return on investment) have decreased from approximately 10% seven years ago to 7.25% today. With the decrease of debt and equity capital brought about by market conditions in the past year, we have seen capitalization rates level off at approximately 7.25%.

Operating Trends

In 2007, our industry experienced some softness in demand. This was due in part to regional issues, such as the reduction of hurricane driven demand in Florida and the Gulf Coast states, and to an overall slowdown in the housing sector. We believe this housing slowdown has impacted our industry in two ways: 1.) a reduction in lease-up activity resulting from fewer residential real estate transactions (both buyers and sellers of residences use our product in times of transition) and 2.) a contraction of housing construction activity which has reduced the number of people working in the construction trades (trades people are a measurable part of our usual tenant base.)

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While we enjoyed same store revenue growth of approximately 5% in each of the prior four years, we were only able to achieve 3% top line growth in 2007, primarily because of the aforementioned issues. We expect conditions in most of our markets to remain relatively stable at current levels and are forecasting 3% revenue growth on a same store basis in 2008.

Expenses related to operating a self-storage facility have increased substantially over the last five years as a result of expanded hours, increased health care costs, property insurance costs, and the costs of amenities (such as Uncle Bob's trucks). While we do not foresee further expansion of our cost base, we do expect the trend of increasing expenses to continue at a pace commensurate with CPI growth. Because almost all of our costs are fixed, should revenue growth moderate significantly or stall, operating margins will be affected.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts reported in our financial statements and the accompanying notes. On an on-going basis, we evaluate our estimates and judgments, including those related to carrying values of storage facilities, bad debts, and contingencies and litigation. We base these estimates on experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Carrying value of storage facilities: We believe our judgment regarding the impairment of the carrying value of our storage facilities is a critical accounting policy. Our policy is to assess any impairment of value whenever events or circumstances indicate that the carrying value of a storage facility may not be recoverable. Such events or circumstances would include negative operating cash flow or significant declining revenue per storage facility. Impairment is evaluated based upon comparing the sum of the expected undiscounted future cash flows to the carrying value of the storage facility, 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 exceeds the fair value of the asset. If cash flow projections are inaccurate and in the future it is determined that storage facility carrying values are not recoverable, impairment charges may be required at that time and could materially affect our operating results and financial position. At December 31, 2007 and 2006, no assets had been determined to be impaired under this policy.

Estimated useful lives of long-lived assets: We believe that the estimated lives used for our depreciable, long-lived assets is a critical accounting policy. Changes in estimated useful lives of these assets could have a material adverse impact on our financial condition or results of operations.

Qualification as a REIT: We operate, and intend to continue to operate, as a REIT under the Internal Revenue Code of 1986 (the Code), but no assurance can be given that we will at all times so qualify. To the extent that we continue to qualify as a REIT, we will not be taxed, with certain limited exceptions, on the taxable income that is distributed to our shareholders. If we fail to qualify as a REIT, any requirement to pay federal income taxes could have a material adverse impact on our financial conditions and results of operations.

YEAR ENDED DECEMBER 31, 2007 COMPARED TO YEAR ENDED DECEMBER 31, 2006

We recorded rental revenues of \$187.5 million for the year ended December 31, 2007, an increase of \$26.6 million or 16.5% when compared to 2006 rental revenues of \$160.9 million. Of the increase in rental revenue, \$4.8 million resulted from a 3.2% increase in rental revenues at the 285 core properties considered in same store sales (those properties included in the consolidated results of operations since January 1, 2006). The increase in same store rental revenues was achieved primarily through rate increases on select units averaging 4.4%, offset by a decrease in occupancy of 175 basis points, which we believe resulted from general economic conditions, in particular the housing sector, and the return to normalcy in Florida after the hurricanes. As of April 1, 2006, the

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consolidated income statement includes the results of a previously unconsolidated joint venture (Locke Sovran I, LLC) that has been consolidated as a result of an additional investment in that entity by us. The rental income related to Locke Sovran I that was included in our results for the year ended December 31, 2007 was \$1.7 million higher than that included in 2006 as a result of the consolidation in April 2006. The remaining \$20.1 million increase in rental revenues resulted from the acquisition of 31 stores during 2007 and from having the 42 stores acquired in 2006 included for a full year of operations. Other income increased \$0.9 million due to increased merchandise and insurance sales and the additional incidental revenue generated by truck rentals.

Property operating and real estate tax expense increased \$10.7 million, or 18.0%, in 2007 compared to 2006. Of this increase, \$8.2 million were expenses incurred by the facilities acquired in 2007 and from having expenses from the 2006 acquisitions included for a full year of operations. \$1.9 million of the increase was due to increased property insurance, utilities, maintenance expenses, and increased property taxes at the 285 core properties considered same stores. The property operating and real estate tax expense related to Locke Sovran I that was included in our results for the year ended December 31, 2007, was \$0.6 million higher than that included in 2006 as a result of the consolidation in April 2006. We expect same-store operating costs to increase only moderately in 2008 with increases primarily attributable to utilities and property taxes.

General and administrative expenses increased \$1.1 million or 8.1% from 2006 to 2007. The increase primarily resulted from the costs associated with operating the properties acquired in 2007 and 2006.

Depreciation and amortization expense increased to \$34.0 million in 2007 from \$25.3 million in 2006, primarily as a result of additional depreciation taken on real estate assets acquired in 2007, a full year of depreciation on 2006 acquisitions, and the amortization of in-place customers leases relating to these acquisitions.

Income from operations increased from \$67.6 million in 2006 to \$74.5 million in 2007 as a result of the net effect of the aforementioned items.

Interest expense increased from \$29.5 million in 2006 to \$33.9 million in 2007 as a result of higher interest rates, additional borrowings under our line of credit and term notes to purchase 31 stores in 2007, and the consolidation of Locke Sovran I, LLC as of April 1, 2006.

The casualty gain recorded in 2007 relates to insurance proceeds received in excess of the carrying value of a building damaged by a fire at one of our facilities.

The decrease in preferred stock dividends from 2006 to 2007 was a result of the conversion of all remaining 1,200,000 shares of our Series C Preferred Stock into 920,244 shares of common stock in July 2007.

YEAR ENDED DECEMBER 31, 2006 COMPARED TO YEAR ENDED DECEMBER 31, 2005

We recorded rental revenues of \$160.9 million for the year ended December 31, 2006, an increase of \$27.1 million or 20.2% when compared to 2005 rental revenues of \$133.9 million. As of April 1, 2006, the consolidated income statement includes the results of a previously unconsolidated joint venture (Locke Sovran I, LLC) that has been consolidated as a result of an additional investment in that entity by us. The rental income related to Locke Sovran I that was included in our consolidated results for the year ended December 31, 2006, was \$5.1 million. Of the remaining \$22.0 million increase in rental income, \$6.6 million resulted from a 5.2% increase in rental revenues at the 255 core properties considered in same store sales (those properties included in the consolidated results of operations since January 1, 2005 that were at a stable occupancy). The increase in same store rental revenues was achieved primarily through rate increases on select units averaging 3.8%, and a slight occupancy increase, which we believe resulted from improved responsiveness to customer demand created by our centralized call center and the increased demand in areas damaged by the 2005 hurricanes. The remaining \$15.4 million increase in rental revenues resulted from the acquisition of 42 stores during 2006 and from having the 14 stores acquired in 2005 included for a full year of operations. Other income increased \$0.9 million due to increased merchandise and insurance sales and the additional incidental revenue generated by truck rentals.

Property operating and real estate tax expense increased \$10.9 million, or 22.6%, in 2006 compared to

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2005. Of this increase, \$6.5 million were expenses incurred by the facilities acquired in 2006 and from having expenses from the 2005 acquisitions included for a full year of operations. \$2.6 million of the increase was due to increased property insurance, utilities, maintenance expenses, and increased property taxes at the 255 core properties considered same stores. The consolidation of Locke Sovran I, LLC as of April 1, 2006 resulted in a \$1.8 million increase in property operating and real estate tax expense in 2006. We expect the trend of increasing operating costs to continue at a moderate to high pace primarily attributable to utilities and property insurance costs.

General and administrative expenses increased \$1.2 million or 9.6% from 2005 to 2006. The increase primarily resulted from the costs associated with operating the properties acquired in 2006 and 2005.

Depreciation and amortization expense increased to \$25.3 million in 2006 from \$21.2 million in 2005, primarily as a result of additional depreciation taken on real estate assets acquired in 2006, a full year of depreciation on 2005 acquisitions, and the consolidation of Locke Sovran I, LLC.

Income from operations increased from \$55.9 million in 2005 to \$67.6 million in 2006 as a result of the net effect of the aforementioned items.

Interest expense increased from \$20.2 million in 2005 to \$29.5 million in 2006 as a result of higher interest rates, additional borrowings under our line of credit and term notes to purchase 42 stores in 2006, and the consolidation of Locke Sovran I, LLC as of April 1, 2006.

The decrease in preferred stock dividends from 2005 to 2006 was a result of the conversion of 1,200,000 shares of our Series C Preferred Stock into 920,244 shares of common stock in 2005.

FUNDS FROM OPERATIONS

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.

FFO 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.

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Reconciliation of Net Income to Funds From Operations

(dollars in thousands)	For Year Ended December 31,				
	2007	2006	2005	2004	2003
Net income	\$39,214	\$36,610	\$34,790	\$32,004	\$28,423
Minority interest in income	2,631	2,434	1,529	1,542	1,790
Depreciation of real estate and amortization of intangible assets exclusive of deferred financing fees	34,036	25,305	21,222	19,175	17,856
Depreciation of real estate included in discontinued operations	—	—	—	90	293
Depreciation and amortization from unconsolidated joint ventures	59	168	484	473	460
Casualty gain	(114)	—	—	—	—
Gain on sale of real estate	—	—	—	(1,137)	—
Preferred stock dividends	(1,256)	(2,512)	(4,123)	(7,168)	(8,818)
Redemption amount in excess of carrying value of Series B Preferred Stock	—	—	—	(1,415)	—
Funds from operations allocable to minority interest in Operating Partnership	(1,425)	(1,450)	(1,519)	(1,333)	(1,563)
Funds from operations allocable to minority interest in Locke Sovran I and Locke Sovran II	<u>(1,848)</u>	<u>(1,785)</u>	<u>(1,499)</u>	<u>(1,475)</u>	<u>(1,539)</u>
Funds from operations available to common shareholders	\$ 71,297	\$ 58,770	\$ 50,884	\$ 40,756	\$ 36,902

LIQUIDITY AND CAPITAL RESOURCES

Our ability to retain cash flow is limited because we operate as a REIT. In order to maintain our REIT status, a substantial portion of our operating cash flow must be used to pay dividends to our shareholders. We believe that our internally generated net cash provided by operating activities will continue to be sufficient to fund ongoing operations, capital improvements, dividends and debt service requirements through September 2008, at which time our revolving line of credit matures.

We will be refinancing our \$100 million unsecured line of credit and \$40 million short-term bank note in 2008. We expect these refinancings will be done through a new unsecured line of credit and the issuance of 10 year notes. Although we believe we can refinance at acceptable rates of interest, the recent turmoil in the credit markets may impact our overall financing costs. See Risk Factors – “We May Incur Problems with Our Real Estate Financing.”

Cash flows from operating activities were \$85.1 million, \$64.5 million and \$60.2 million for the years ended December 31, 2007, 2006, and 2005, respectively. The increase for each year is primarily attributable to increased net income, increased non-cash charges for depreciation and amortization, an increase in accounts payable related to property taxes, and a decrease in prepaid insurance.

Cash used in investing activities was \$190.3 million, \$176.6 million, and \$79.2 million for the years ended December 31, 2007, 2006, and 2005 respectively. The increase in cash used from 2005 to 2006 was attributable to increased acquisition activity in 2006. The increase from 2006 to 2007 was due to increased acquisition activity, an increase in improvements to existing facilities, and additional investment in our consolidated joint ventures.

Cash provided by financing activities was \$61.5 million in 2007 compared to \$154.9 million in 2006 and \$20.7 million in 2005, respectively. In April 2006, the Company entered into a \$150 million unsecured term note maturing in April 2016 bearing interest at 6.38%. The proceeds from this term note were used to pay down the

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outstanding balance on the Company's line of credit, to repay a \$25 million term note entered in January 2006 and a \$15 million term note entered in April 2006, and to make an additional investment into Locke Sovran I, LLC and Locke Sovran II, LLC (consolidated joint ventures). In December 2006, we issued 2.3 million shares of our common stock and realized net proceeds of \$122.4 million. A portion of the proceeds were used to repay the entire outstanding balance on our line of credit that had been drawn on to finance acquisitions subsequent to April 2006. The remaining proceeds from the 2006 common stock offering were used along with 2007 borrowings under our line of credit to fund 2007 acquisitions.

We have a \$100 million unsecured line of credit that matures in September 2008 and a \$100 million unsecured term note that matures in September 2009. The line of credit bears interest at LIBOR plus 0.90% and requires a 0.20% facility fee. The term note bears interest at LIBOR plus 1.20%. We also maintain 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 1.50%. In September 2007, the Company entered into a \$25 million term note arrangement with a bank maturing March 2008 bearing at LIBOR plus 1.20%. At December 31, 2007, there was no amount available on the revolving line of credit, and \$19 million available under the bank term note.

In January 2008, we increased the availability under the bank term note from \$25 million to \$40 million and extended the maturity date from March 31, 2008 to April 30, 2008.

The line of credit facility and term notes currently have investment grade ratings from Standard and Poor's (BBB-) and Fitch (BBB-).

Our line of credit and term notes require us to meet certain financial covenants, including prescribed leverage, fixed charge coverage, minimum net worth, limitations on additional indebtedness and limitations on dividend payouts. As of December 31, 2007, we were in compliance with all covenants.

In addition to the unsecured financing mentioned above, our consolidated financial statements also include \$110.5 million of mortgages payable as detailed below:

- * 7.80% mortgage note due December 2011, secured by 11 self-storage facilities (Locke Sovran I) with an aggregate net book value of \$41.6 million, principal and interest paid monthly. The outstanding balance at December 31, 2007 on this mortgage was \$29.1 million.
- * 7.19% mortgage note due March 2012, secured by 27 self-storage facilities (Locke Sovran II) with an aggregate net book value of \$80.2 million, principal and interest paid monthly. The outstanding balance at December 31, 2007 on this mortgage was \$43.6 million.
- * 7.25% mortgage note due December 2011, secured by 1 self-storage facility with an aggregate net book value of \$5.9 million, principal and interest paid monthly. Estimated market rate at time of acquisition 5.40%. The outstanding balance at December 31, 2007 on this mortgage was \$3.7 million.
- * 6.76% mortgage note due September 2013, secured by 1 self-storage facility with an aggregate net book value of \$2.1 million, principal and interest paid monthly. The outstanding balance at December 31, 2007 on this mortgage was \$1.0 million.
- * 6.35% mortgage note due March 2014, secured by 1 self-storage facility with an aggregate net book value of \$1.9 million, principal and interest paid monthly. The outstanding balance at December 31, 2007 on this mortgage was \$1.1 million.
- * 5.55% mortgage notes due November 2009, secured by 8 self-storage facilities with an aggregate net book value of \$35.3 million, interest only paid monthly. Estimated market rate at time of acquisition 6.44%. The outstanding balance at December 31, 2007 on this mortgage was \$25.7 million.
- * 7.50% mortgage notes due August 2011, secured by 3 self-storage facilities with an aggregate net book value of \$14.5 million, principal and interest paid monthly. Estimated market rate at time of acquisition 6.42%. The outstanding balance at December 31, 2007 on this mortgage was \$6.3 million.

The 7.80% and 7.19% mortgages were incurred in 2001 and 2002 respectively as part of the financing of the consolidated joint ventures. The Company assumed the 7.25%, 6.76%, 6.35%, 5.55% and 7.5% mortgage notes in connection with the acquisitions of storage facilities in 2005 and 2006.

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In July 1999, we issued 1,200,000 shares of 9.85% Series B Cumulative Redeemable Preferred Stock. We redeemed all outstanding shares of our Series B Preferred Stock on August 2, 2004 at a total cost of \$30 million plus accrued but unpaid dividends on those shares. In accordance with Emerging Issues Task Force (“EITF”) Topic D-42, “The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock”, we recorded a reduction of \$1.4 million from 2004 net income to arrive at net income available to common shareholders relating to the difference between the Series B Preferred Stock carrying value and the redemption amount.

On July 3, 2002, we entered into an agreement providing for the issuance of 2,800,000 shares of 8.375% Series C Convertible Cumulative Preferred Stock and warrants to purchase 379,166 shares of common stock at \$32.60 per share in a privately negotiated transaction. The offering price was \$25.00 per share and the net proceeds of \$67.9 million were used to reduce indebtedness that was incurred in the June 2002 acquisition of seven self-storage properties and to repay a portion of our borrowings under the line of credit. During 2005, we issued 920,244 shares of our common stock in connection with a written notice from one of the holders of our Series C Preferred Stock requesting the conversion of 1,200,000 shares of Series C Preferred Stock into common stock. In 2004, we issued 306,748 shares of our common stock in connection with the conversion of 400,000 shares of Series C Preferred Stock into common stock. On July 7, 2007, we issued 920,244 shares of our common stock to the holder of our Series C Preferred Stock upon the holder’s election to convert the remaining 1,200,000 shares of Series C Preferred Stock into common stock. As a result of the conversion, \$26.6 million recorded in shareholders’ equity as 8.375% Series C Convertible Cumulative Preferred Stock was reclassified to additional paid-in capital.

During 2007 and 2006, we did not acquire any shares of our common stock via the Share Repurchase Program authorized by the Board of Directors. From the inception of the Share Repurchase Program through December 31, 2007, we have reacquired a total of 1,171,886 shares pursuant to this program. From time to time, subject to market price and certain loan covenants, we may reacquire additional shares.

During 2007, we issued 265,916 shares via our Dividend Reinvestment and Stock Purchase Plan and Employee Stock Option Plan. We realized \$13.2 million from the sale of such shares. We expect to issue shares when our share price and capital needs warrant such issuance.

Future acquisitions, share repurchases and repayment of the credit line are expected to be funded with draws on the bank term note, issuance of secured or unsecured term notes, issuance of common or preferred stock, sale of properties, private placement solicitation of joint venture equity and other sources of capital.

CONTRACTUAL OBLIGATIONS

The following table summarizes our future contractual obligations:

Contractual obligations	Payments due by period				
	Total	2008	2009-2010	2011-2012	2013 and thereafter
Line of credit	\$ 100.0million	\$ 100.0million	—	—	—
Term notes	\$ 356.0million	\$ 6.0million	\$ 100.0million	—	\$250.0million
Mortgages payable	\$ 110.5million	\$ 1.8million	\$ 29.9million	\$ 76.9million	\$ 1.9million
Interest payments	\$ 157.7million	\$ 34.3million	\$ 49.6million	\$ 38.3million	\$ 35.5million
Land lease	\$ 1.2million	\$ 0.1million	\$ 0.1million	\$ 0.1million	\$ 0.9million
Building leases	\$ 4.5million	\$ 0.6million	\$ 0.8million	\$ 0.1million	\$ 3.0million
Total	\$ 729.9million	\$ 142.8million	\$ 180.4million	\$ 115.4million	\$ 291.3million

ACQUISITION OF PROPERTIES

During 2007, we used operating cash flow, borrowings pursuant to the line of credit, borrowings under the bank term note, proceeds from our Dividend Reinvestment and Stock Purchase Plan, and proceeds from the December 2006 common stock offering to acquire 31 Properties in Alabama, Florida, Mississippi, New York, and

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Texas comprising 2.3 million square feet from unaffiliated storage operators. During 2006, we used operating cash flow, borrowings pursuant to the line of credit, borrowings under the \$150 million 10 year term note, and proceeds from our Dividend Reinvestment and Stock Purchase Plan to acquire 42 Properties in Alabama, Georgia, Florida, Louisiana, Missouri, New Hampshire, New York, Tennessee, and Texas comprising 2.6 million square feet from unaffiliated storage operators. During 2005, we used operating cash flow, borrowings pursuant to the line of credit, and proceeds from our Dividend Reinvestment and Stock Purchase Plan to acquire 14 Properties in Alabama, Connecticut, Georgia, Louisiana, Massachusetts, New York, and Texas comprising one million square feet from unaffiliated storage operators. At December 31, 2007, we owned and operated 358 self-storage facilities in 22 states. Of these facilities, 38 are managed by us for two consolidated joint ventures of which we are a majority owner.

FUTURE ACQUISITION AND DEVELOPMENT PLANS

Our external growth strategy is to increase the number of facilities we own by acquiring suitable facilities in markets in which we already have operations, or to expand into new markets by acquiring several facilities at once in those new markets.

At December 31, 2007, we were in negotiations to acquire ten stores for approximately \$52 million. Two of these stores were purchased in January of 2008 for \$14.3 million. There can be no assurance that the remaining potential acquisitions will be completed.

In addition, we are continuing with our program of expanding and enhancing our existing properties. In 2008, we expect to add as much as 700,000 square feet of climate and/or humidity controlled space, and acquire several parcels of land contiguous to our existing stores. The projected cost of these revenue enhancing improvements is estimated at approximately \$50 million. During 2007 we spent approximately \$25 million on such revenue enhancing improvements. Funding of these and the above-mentioned improvements is expected to be provided primarily from borrowings under our line of credit, and issuance of common shares through our Dividend Reinvestment and Stock Purchase Plan.

We also expect to accelerate, by two to three years, the required capital expenditures on 50 to 70 of our Properties. This includes repainting, paving, and remodeling of the office buildings at these facilities. For 2007 we spent approximately \$21 million on such improvements and we expect to spend approximately \$20 million in 2008.

DISPOSITION OF PROPERTIES

During 2004, as part of an asset management program, we sold five non-strategic storage facilities located in Pennsylvania, Tennessee, Ohio, and South Carolina to unaffiliated parties for \$11.7 million resulting in a net gain of \$1.1 million. No sales took place in 2005 through 2007.

We may seek to sell additional Properties to joint venture programs or third parties in 2008.

OFF-BALANCE SHEET ARRANGEMENTS

Our off-balance sheet arrangement includes an ownership interest in Iskalo Office Holdings, LLC, which owns the building that houses our headquarters and other tenants.

The Company has a 49% ownership interest in Iskalo Office Holdings, LLC at December 31, 2007. For the years ended December 31, 2007 and 2006, the Company's share of Iskalo Office Holdings, LLC's income was \$80,000 and \$80,000, respectively. The Company paid rent to Iskalo Office Holdings, LLC of \$561,000, \$583,000 and \$445,000 in 2007, 2006, and 2005, respectively. Future minimum lease payments under the lease are \$0.6 million per year through 2010. Also, the Company purchased land from Iskalo Office Holdings, LLC for \$0.4 million and \$1.2 million in 2004 and 2003, respectively.

In April 2006, the Company made an additional investment of \$2.8 million in a former off-balance sheet arrangement known as Locke Sovran I, LLC that increased the Company's ownership to over 70%. As a result of this transaction the Company has consolidated the results of operations of Locke Sovran I, LLC in its financial

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statements since April 1, 2006, the date that it acquired its controlling interest. For the years ended December 31, 2005 and 2004, the Company's share of Locke Sovran I, LLC's income was \$171,000 and \$141,000, 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 for those years. The Company manages the storage facilities for Locke Sovran I, LLC and received fees of \$332,000, and \$322,000 for the years ended 2005, and 2004. Locke Sovran I, LLC, owns 11 self-storage facilities throughout the United States.

A summary of the unconsolidated joint venture's financial statements as of and for the year ended December 31, 2007 is as follows:

(dollars in thousands)	Iskalo Office Holdings, LLC
Balance Sheet Data:	
Investment in office building	\$ 5,662
Other assets	808
Total Assets	<u>\$ 6,470</u>
Mortgage payable	\$ 7,410
Other liabilities	110
Total Liabilities	7,520
Unaffiliated partners' deficiency	(610)
Company deficiency	(440)
Total Liabilities and Partners' Deficiency	<u>\$ 6,470</u>
Income Statement Data:	
Total revenues	\$ 1,387
Total expenses	1,224
Net income	<u>\$ 163</u>

We do not expect to have material future cash outlays relating to this joint venture and we do not guarantee the debt of Iskalo Office Holdings, LLC. A summary of our cash flows arising from the off-balance sheet arrangements with Iskalo Office Holdings, LLC for the three years ended December 31, 2007, and with Locke Sovran I, LLC for the year ended December 31, 2005 and for the three months ended March 31, 2006 (the date it has been included in our consolidated results of operations) are as follows:

(dollars in thousands)	Year ended December 31,		
	2007	2006	2005
Statement of Operations			
Other income (management fees income)	\$ —	\$ 85	\$ 332
General and administrative expenses (corporate office rent)	561	583	445
Equity in income of joint ventures	119	172	202
Investing activities			
Reimbursement of advances to (advances to) joint ventures	—	17	(187)
Financing activities			
Distributions from unconsolidated joint ventures	98	123	490

REIT QUALIFICATION AND DISTRIBUTION REQUIREMENTS

As a REIT, we are not required to pay federal income tax on income that we distribute to our shareholders, provided that the amount distributed is equal to at least 90% of our taxable income. These distributions must be made in the year to which they relate, or in the following year if declared before we file our federal income tax return, and if it is paid before the first regular dividend of the following year. The first distribution of 2008 may be applied toward our 2007 distribution requirement.

As a REIT, we must derive at least 95% of our total gross income from income related to real property, interest and dividends. In 2007, our percentage of revenue from such sources exceeded 98%, thereby passing the 95% test, and no special measures are expected to be required to enable us to maintain our REIT designation. Although we currently intend to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to revoke our REIT election.

INTEREST RATE RISK

We have entered into interest rate swap agreements in order to mitigate the effects of fluctuations in interest rates on our floating rate debt. At December 31, 2007, we have three outstanding interest rate swap agreements as summarized below:

Notional Amount	Effective Date	Expiration Date	Fixed Rate Paid	Floating Rate Received
\$50 Million	11/14/05	9/1/09	5.590%	1 month LIBOR
\$20 Million	9/4/05	9/4/13	5.935%	6 month LIBOR
\$50 Million	10/10/06	9/1/09	5.680%	1 month LIBOR

Upon renewal or replacement of the credit facility, our total interest may change dependent on the terms we negotiate with the lenders; however, the LIBOR base rates have been contractually fixed on \$120 million of our debt through the interest rate swap termination dates.

Through September 2009, \$350 million of our \$456 million of unsecured debt is on a fixed rate basis after taking into account the interest rate swaps noted above. Based on our outstanding unsecured debt of \$456 million at December 31, 2007, a 1% increase in interest rates would increase our interest expense \$1.1 million annually.

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The table below summarizes our debt obligations and interest rate derivatives at December 31, 2007. 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 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 we would realize in a current market exchange.

(dollars in thousands)	Expected Maturity Date Including Discount						Total	Fair Value
	2008	2009	2010	2011	2012	Thereafter		
Line of credit — variable rate								
LIBOR + 0.9%	\$ 100,000	—	—	—	—	—	\$ 100,000	\$ 100,000
Notes Payable:								
Term note — variable rate								
LIBOR+1.20%	\$ 6,000	—	—	—	—	—	\$ 6,000	\$ 6,000
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	\$ 81,640
Term note — fixed rate 6.38%	—	—	—	—	—	\$ 150,000	\$ 150,000	\$ 152,754
Mortgage note — fixed rate								
7.80%	\$ 427	\$ 467	\$ 504	\$ 27,686	—	—	\$ 29,084	\$ 30,989
Mortgage note — fixed rate								
7.19%	\$ 1,042	\$ 1,128	\$ 1,211	\$ 1,301	\$ 38,963	—	\$ 43,645	\$ 45,876
Mortgage note — fixed rate								
7.25%	\$ 133	\$ 141	\$ 149	\$ 3,220	—	—	\$ 3,643	\$ 3,612
Mortgage note — fixed rate								
6.76%	\$ 22	\$ 23	\$ 25	\$ 27	\$ 29	\$ 896	\$ 1,022	\$ 1,075
Mortgage note — fixed rate								
6.35%	\$ 24	\$ 26	\$ 28	\$ 30	\$ 31	\$ 983	\$ 1,122	\$ 1,146
Mortgage notes — fixed rate								
5.55%	—	\$ 25,719	—	—	—	—	\$ 25,719	\$ 26,684
Mortgage notes — fixed rate								
7.50%	\$ 194	\$ 208	\$ 222	\$ 5,658	—	—	\$ 6,282	\$ 6,517
Interest rate derivatives – liability	—	—	—	—	—	—	—	\$ 1,368

INFLATION

We do not believe that inflation has had or will have a direct effect on our operations. Substantially all of the leases at the facilities are on a month-to-month basis which provides us with the opportunity to increase rental rates as each lease matures.

SEASONALITY

Our revenues typically have been higher in the third and fourth quarters, primarily because we increase rental rates on most of our storage units at the beginning of May and because self-storage facilities tend to experience greater occupancy during the late spring, summer and early fall months due to the greater incidence of residential moves during these periods. However, we believe that our customer mix, diverse geographic locations, rental structure and expense structure provide adequate protection against undue fluctuations in cash flows and net revenues during off-peak seasons. Thus, we do not expect seasonality to affect materially distributions to shareholders.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”), an interpretation of FASB Statement No. 109, “Accounting for Income Taxes.” FIN 48 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

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The cumulative effect of applying the recognition and measurement provisions of FIN 48, if any, is reflected as an adjustment to the opening balance of retained earnings. The Company's adoption date was January 1, 2007. The adoption of FIN 48 did not have an impact on our Consolidated Financial Statements.

In September 2006, FASB Statement 157, "Fair Value Measurements" ("SFAS 157") was issued. SFAS 157 establishes a framework for measuring fair value by providing a standard definition of fair value as it applies to assets and liabilities. SFAS 157, which does not require any new fair value measurements, clarifies the application of other accounting pronouncements that require or permit fair value measurements. The effective date for the Company is January 1, 2008. However, the FASB has delayed the effective date of Statement 157 for all nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. The Company is evaluating the impact of adopting SFAS 157 on its Consolidated Financial Statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 allows entities to voluntarily choose, at specified election dates, to measure many financial assets and liabilities at fair value. The effective date for the Company is January 1, 2008. The Company is evaluating the impact of the provisions of SFAS 159 on its Consolidated Financial Statements.

In December 2007, FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements (SFAS No. 160), which amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements. SFAS No. 160 establishes accounting and reporting standards that require the ownership interests in subsidiaries not held by the parent to be clearly identified, labeled and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. This statement also requires the amount of consolidated net income attributable to the parent and to the non-controlling interest to be clearly identified and presented on the face of the consolidated statement of income. This Statement applies prospectively to all entities that prepare consolidated financial statements and applies prospectively for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Upon adoption of SFAS 160, the Company will re-classify non-controlling interests as a component of equity.

In December 2007, the FASB Statement 141R, "Business Combinations" ("SFAS 141R") was issued. SFAS 141R replaces SFAS 141. SFAS 141R requires the acquirer of a business to recognize and measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at fair value. SFAS 141R also requires transactions costs related to the business combination to be expensed as incurred. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The effective date for the Company will be January 1, 2009. We have not yet determined the impact of SFAS 141R related to future acquisitions, if any, on our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required is incorporated by reference to the information appearing under the caption "Interest Rate Risk" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" above.

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, 2007 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. Our audits also included the financial statement schedule listed in the Index at Item 15(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, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, 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.

As discussed in Note 2 to the consolidated financial statements, on January 1, 2006 the Company adopted Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment."

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Sovran Self Storage, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Buffalo, New York
February 25, 2008

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SOVRAN SELF STORAGE, INC.
CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except share data)	December 31,	
	2007	2006
Assets		
Investment in storage facilities:		
Land	\$ 237,836	\$ 208,644
Building, equipment, and construction in progress	1,092,803	935,260
	<u>1,330,639</u>	<u>1,143,904</u>
Less: accumulated depreciation	(185,258)	(155,843)
Investment in storage facilities, net	1,145,381	988,061
Cash and cash equivalents	4,010	47,730
Accounts receivable	2,802	2,166
Receivable from related parties	27	37
Prepaid expenses	4,842	5,336
Fair value of interest rate swap agreements	—	2,274
Other assets	7,574	7,606
Total Assets	<u>\$1,164,636</u>	<u>\$1,053,210</u>
Liabilities		
Line of credit	\$ 100,000	\$ —
Term notes	356,000	350,000
Accounts payable and accrued liabilities	23,755	15,358
Deferred revenue	5,647	5,292
Fair value of interest rate swap agreements	1,230	—
Accrued dividends	13,656	12,675
Mortgages payable	110,517	112,027
Total Liabilities	<u>610,805</u>	<u>495,352</u>
Minority interest — Operating Partnership	9,659	10,164
Minority interest — consolidated joint venture	16,783	16,783
Shareholders' Equity		
8.375% Series C Convertible Cumulative Preferred Stock, \$.01 par value, no shares issued and outstanding at December 31, 2007 (1,200,000 shares issued and outstanding at December 31, 2006, \$30 million liquidation value)	—	26,613
Common stock \$.01 par value, 100,000,000 shares authorized, 21,676,586 shares outstanding (20,443,529 at December 31, 2006)	228	216
Additional paid-in capital	654,141	612,738
Dividends in excess of net income	(98,437)	(83,609)
Accumulated other comprehensive income	(1,368)	2,128
Treasury stock at cost, 1,171,886 shares	(27,175)	(27,175)
Total Shareholders' Equity	<u>527,389</u>	<u>530,911</u>
Total Liabilities and Shareholders' Equity	<u>\$1,164,636</u>	<u>\$1,053,210</u>

See notes to financial statements.

SOVRAN SELF STORAGE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(dollars in thousands, except per share data)	Year Ended December 31,		
	2007	2006	2005
Revenues			
Rental income	\$187,479	\$160,924	\$133,856
Other operating income	<u>6,290</u>	<u>5,371</u>	<u>4,449</u>
Total operating revenues	193,769	166,295	138,305
Expenses			
Property operations and maintenance	52,513	44,034	35,954
Real estate taxes	17,467	15,260	12,407
General and administrative	15,234	14,095	12,863
Depreciation and amortization	<u>34,036</u>	<u>25,347</u>	<u>21,222</u>
Total operating expenses	<u>119,250</u>	<u>98,736</u>	<u>82,446</u>
Income from operations	74,519	67,559	55,859
Other income (expenses)			
Interest expense	(33,861)	(29,494)	(20,229)
Interest income	954	807	487
Casualty gain	114	—	—
Minority interest — Operating Partnership	(783)	(905)	(1,039)
Minority interest — consolidated joint ventures	(1,848)	(1,529)	(490)
Equity in income of joint ventures	<u>119</u>	<u>172</u>	<u>202</u>
Net Income	39,214	36,610	34,790
Preferred stock dividends	<u>(1,256)</u>	<u>(2,512)</u>	<u>(4,123)</u>
Net income available to common shareholders	<u>\$ 37,958</u>	<u>\$ 34,098</u>	<u>\$ 30,667</u>
Earnings per common share — basic	\$ 1.81	\$ 1.90	\$ 1.86
Earnings per common share — diluted	\$ 1.81	\$ 1.89	\$ 1.84
Dividends declared per common share	\$ 2.50	\$ 2.47	\$ 2.44

See notes to financial statements.

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

(dollars in thousands, except share data)	8.375% Series C Preferred Stock Shares	8.375% Series C Preferred Stock	Common Stock Shares	Common Stock
Balance January 1, 2005	2,400,000	\$ 53,227	15,972,227	\$ 171
Net proceeds from issuance of stock through Dividend				
Reinvestment and Stock Purchase Plan	—	—	283,379	3
Exercise of stock options	—	—	129,015	1
Issuance of non-vested stock	—	—	13,778	—
Earned portion of non-vested stock	—	—	—	—
Deferred compensation outside directors	—	—	—	—
Conversion of Series C Preferred Stock to common stock and exercise of related stock warrants	(1,200,000)	(26,614)	1,164,647	12
Net income	—	—	—	—
Change in fair value of derivatives	—	—	—	—
Total comprehensive income	—	—	—	—
Dividends	—	—	—	—
Balance December 31, 2005	1,200,000	26,613	17,563,046	187
Net proceeds from the issuance of common stock	—	—	2,300,000	23
Net proceeds from issuance of stock through Dividend				
Reinvestment and Stock Purchase Plan	—	—	501,089	5
Exercise of stock options	—	—	37,675	—
Reclass of unearned non-vested stock to additional paid in capital	—	—	—	—
Issuance of non-vested stock	—	—	41,719	1
Earned portion of non-vested stock	—	—	—	—
Stock option expense	—	—	—	—
Deferred compensation outside directors	—	—	—	—
Carrying value less than redemption value on redeemed partnership units	—	—	—	—
Net income	—	—	—	—
Change in fair value of derivatives	—	—	—	—
Total comprehensive income	—	—	—	—
Dividends	—	—	—	—
Balance December 31, 2006	1,200,000	26,613	20,443,529	216
Net proceeds from issuance of stock through Dividend				
Reinvestment and Stock Purchase Plan	—	—	252,816	3
Exercise of stock options	—	—	13,100	—
Issuance of non-vested stock	—	—	43,989	—
Earned portion of non-vested stock	—	—	—	—
Stock option expense	—	—	—	—
Deferred compensation outside directors	—	—	—	—
Conversion of Series C Preferred Stock to common stock and exercise of related stock warrants	(1,200,000)	(26,613)	920,244	9
Conversion of operating partnership units to common stock	—	—	2,908	—
Carrying value less than redemption value on redeemed partnership units	—	—	—	—
Net income	—	—	—	—
Change in fair value of derivatives	—	—	—	—
Total comprehensive income	—	—	—	—
Dividends	—	—	—	—
Balance December 31, 2007	—	\$ —	21,676,586	\$ 228

See notes to financial statements

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

Additional Paid-in Capital	Non- vested Stock	Dividends in Excess of Net Income	Accumulated Other Comprehensive Income (loss)	Treasury Stock	Total Equity
\$ 418,007	\$ (1,774)	\$ (61,751)	\$ (3,254)	\$ (27,175)	\$ 377,451
11,929	—	—	—	—	11,932
3,238	—	—	—	—	3,239
582	(582)	—	—	—	—
—	518	—	—	—	518
125	—	—	—	—	125
32,958	—	—	—	—	6,356
—	—	34,790	—	—	34,790
—	—	—	4,708	—	4,708
—	—	—	—	—	39,498
—	—	(45,034)	—	—	(45,034)
466,839	(1,838)	(71,995)	1,454	(27,175)	394,085
122,388	—	—	—	—	122,411
24,862	—	—	—	—	24,867
1,142	—	—	—	—	1,142
(1,838)	1,838	—	—	—	—
(1)	—	—	—	—	—
876	—	—	—	—	876
119	—	—	—	—	119
181	—	—	—	—	181
(1,830)	—	—	—	—	(1,830)
—	—	36,610	—	—	36,610
—	—	—	674	—	674
—	—	—	—	—	37,284
—	—	(48,224)	—	—	(48,224)
612,738	—	(83,609)	2,128	(27,175)	530,911
12,756	—	—	—	—	12,759
425	—	—	—	—	425
—	—	—	—	—	—
1,224	—	—	—	—	1,224
183	—	—	—	—	183
161	—	—	—	—	161
26,604	—	—	—	—	—
167	—	—	—	—	167
(117)	—	—	—	—	(117)
—	—	39,214	—	—	39,214
—	—	—	(3,496)	—	(3,496)
—	—	—	—	—	35,718
—	—	(54,042)	—	—	(54,042)
<u>\$ 654,141</u>	<u>\$ —</u>	<u>\$ (98,437)</u>	<u>\$ (1,368)</u>	<u>\$ (27,175)</u>	<u>\$ 527,389</u>

SOVRAN SELF STORAGE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)	Year Ended December 31,		
	2007	2006	2005
Operating Activities			
Net income	\$ 39,214	\$ 36,610	\$ 34,790
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	34,999	26,340	22,012
Casualty gain	(114)	—	—
Equity in income of joint ventures	(119)	(172)	(202)
Minority interest	2,631	2,434	1,529
Non-vested stock earned	1,224	876	518
Stock option expense	183	119	—
Changes in assets and liabilities:			
Accounts receivable	(599)	(407)	(74)
Prepaid expenses	822	(2,029)	183
Accounts payable and other liabilities	7,082	1,011	1,445
Deferred revenue	(246)	(249)	33
Net cash provided by operating activities	85,077	64,533	60,234
Investing Activities			
Acquisition of storage facilities	(138,059)	(130,251)	(60,681)
Improvements, equipment additions, and construction in progress	(52,441)	(37,021)	(17,885)
Casualty insurance proceeds received	1,692	—	—
Additional investment in consolidated joint ventures net of cash acquired	—	(8,181)	—
Reimbursement of advances to (advances to) joint ventures	—	17	(187)
Property deposits	(1,469)	(1,169)	(418)
Receipts from related parties	10	38	15
Net cash used in investing activities	(190,267)	(176,567)	(79,156)
Financing Activities			
Net proceeds from sale of common stock	13,345	148,601	21,652
Proceeds from line of credit	112,000	94,000	56,000
Paydown of line of credit	(12,000)	(184,000)	(9,000)
Proceeds from term notes	6,000	150,000	—
Financing costs	(316)	(632)	(352)
Dividends paid — common stock	(51,805)	(43,837)	(39,773)
Dividends paid — preferred stock	(1,256)	(2,513)	(4,123)
Distributions from unconsolidated joint venture	98	123	490
Minority interest distributions	(2,912)	(2,815)	(2,567)
Redemption of operating partnership units	(174)	(2,788)	(722)
Mortgage principal and capital lease payments	(1,510)	(1,286)	(877)
Net cash provided by financing activities	61,470	154,853	20,728
Net (decrease) increase in cash	(43,720)	42,819	1,806
Cash at beginning of period	47,730	4,911	3,105
Cash at end of period	\$ 4,010	\$ 47,730	\$ 4,911
Supplemental cash flow information			
Cash paid for interest, net of interest capitalized	\$ 32,313	\$ 26,647	\$ 19,097
Fair value of net liabilities assumed on the acquisition of storage facilities	1,580	65,650	4,320

Dividends declared but unpaid at December 31, 2007, 2006 and 2005 were \$13,656, \$12,675, and \$10,801, respectively.

See notes to financial statements.

SOVRAN SELF STORAGE, INC. — DECEMBER 31, 2007
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, 2007, we owned and operated 358 self-storage properties in 22 states under the name Uncle Bob’s Self Storage®. Among our 358 self-storage properties are 38 properties that we manage for two consolidated joint ventures of which we are a majority owner.

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; the Company is a limited partner of the Operating Partnership, and through its ownership of the Subsidiary and its limited partnership interest controls the operations of the Operating Partnership, holding a 98.1% ownership interest therein as of December 31, 2007. 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. Our consolidated financial statements include the accounts of the Company, the Operating Partnership, and Locke Sovran I, LLC and Locke Sovran II, LLC, which are majority owned joint ventures. All intercompany transactions and balances have been eliminated. Investments in joint ventures that we do not control but for which we have significant influence over are reported using the equity method.

In April 2006, the Company made additional investments of \$8,475,000 in Locke Sovran I, LLC and Locke Sovran II, LLC that increased the Company’s ownership from approximately 45% to over 70% in each of these joint ventures. As a result of this transaction, from the date that its controlling interest was acquired, the Company has consolidated the accounts of Locke Sovran I, LLC in its financial statements. The accounts of Locke Sovran II, LLC were already being included in the Company’s financial statements as it has been a majority controlled joint venture since 2001.

Cash and Cash Equivalents: The Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents. The cash balance includes \$3.2 million and \$3.1 million, respectively, held in escrow for encumbered properties at December 31, 2007 and 2006.

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, 2007, 2006, and 2005 were \$1.4 million, \$1.0 million, and \$0.6 million, respectively.

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

Investment in Storage Facilities: Storage facilities are recorded at cost. The purchase price of acquired facilities is allocated to land, building, equipment, and in-place customer leases 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. Interest and other costs incurred during the construction period of major expansions are capitalized. Capitalized interest during the year ended December 31, 2007 was \$0.4 million. No interest was capitalized during 2006 or 2005. Repair and maintenance costs are expensed as incurred.

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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, 2007 and 2006, 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, a note receivable, property deposits, and the value placed on in-place customer leases at the time of acquisition. The loan acquisition costs were \$6.2 million and \$5.9 million at December 31, 2007, and 2006, respectively. Accumulated amortization on the loan acquisition costs was approximately \$3.8 million and \$2.9 million at December 31, 2007, and 2006, respectively. Loan acquisition costs are amortized over the terms of the related debt. 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. Property deposits were \$1.5 million and \$1.7 million at December 31, 2007 and 2006, respectively.

The Company allocates a portion of the purchase price of acquisitions to in-place customer leases. The value of in-place customer leases is based on the Company's experience with customer turnover. The Company amortizes in-place customer leases on a straight-line basis over 12 months (the estimated future benefit period). At December 31, 2007, the purchase price allocated to in-place customer leases was \$4.7 million and the accumulated amortization was \$3.8 million

Amortization expense, including amortization of in-place customer leases, was \$4.8 million, \$1.0 million and \$0.8 million for the periods ended December 31, 2007, 2006 and 2005, respectively.

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 I, LLC and 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, 2007, Operating Partnership minority interest ownership was 422,727 Units, or 1.9%. At December 31, 2006, Operating Partnership minority interest ownership was 429,035 Units, or 2.1%. The redemption value of the Units at December 31, 2007 and 2006 was \$17.0 million and \$24.6 million, respectively. The Operating Partnership is obligated to redeem each Unit at the request of the holder thereof for cash equal to the fair market value of a share of the Company's common stock, at the time of such redemption, provided that the Company at its option may elect to acquire any such Unit presented for redemption for one common share or cash.

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. On an aggregate basis, the Company's reported amounts of net assets exceeds the tax basis by approximately \$72 million and \$75 million at December 31, 2007 and 2006, respectively

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 \$35.7 million, \$37.3 million and \$39.5 million for the years ended December 31, 2007, 2006, and 2005, respectively.

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Derivative Financial Instruments: 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 July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), an interpretation of FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The cumulative effect of applying the recognition and measurement provisions of FIN 48, if any, is reflected as an adjustment to the opening balance of retained earnings. The Company's adoption date was January 1, 2007. The adoption of FIN 48 did not have an impact on our Consolidated Financial Statements.

In September 2006, FASB Statement 157, "Fair Value Measurements" ("SFAS 157") was issued. SFAS 157 establishes a framework for measuring fair value by providing a standard definition of fair value as it applies to assets and liabilities. SFAS 157, which does not require any new fair value measurements, clarifies the application of other accounting pronouncements that require or permit fair value measurements. The effective date for the Company is January 1, 2008. However, the FASB has delayed the effective date of Statement 157 for all nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. The Company is evaluating the impact of adopting SFAS 157 on its Consolidated Financial Statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 allows entities to voluntarily choose, at specified election dates, to measure many financial assets and liabilities at fair value. The effective date for the Company is January 1, 2008. The Company is evaluating the impact of the provisions of SFAS 159 on its Consolidated Financial Statements.

In December 2007, FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements (SFAS No. 160), which amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements. SFAS No. 160 establishes accounting and reporting standards that require the ownership interests in subsidiaries not held by the parent to be clearly identified, labeled and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. This statement also requires the amount of consolidated net income attributable to the parent and to the non-controlling interest to be clearly identified and presented on the face of the consolidated statement of income. This Statement applies prospectively to all entities that prepare consolidated financial statements and applies prospectively for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Upon adoption of SFAS 160, the Company will re-classify non-controlling interests as a component of equity.

In December 2007, the FASB Statement 141R, "Business Combinations" ("SFAS 141R") was issued. SFAS 141R replaces SFAS 141. SFAS 141R requires the acquirer of a business to recognize and measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at fair value. SFAS 141R also requires transaction costs related to the business combination to be expensed as incurred. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The effective date for the Company will be January 1, 2009. We have not yet determined the impact of SFAS 141R related to future acquisitions, if any, on our consolidated financial statements.

Stock-Based Compensation: Effective January 1, 2006, the Company adopted Statement 123(R) and uses the modified-prospective method. Under the modified-prospective method, the Company recognizes compensation cost in the financial statements issued subsequent to January 1, 2006 for all share based payments granted, modified, or settled after the date of adoption as well as for any awards that were granted prior to the adoption date for which the requisite service period has not been completed as of the adoption date.

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The Company recorded compensation expense (included in general and administrative expense) of \$183,000 and \$119,000 related to stock options under Statement 123(R) and \$1.2 million and \$876,000 related to amortization of non-vested stock grants for the years ended December 31, 2007 and 2006, respectively. The Company uses the Black-Scholes Merton option pricing model to estimate the fair value of stock options granted subsequent to the adoption of FAS 123(R). The application of this pricing model involves assumptions that are judgmental and sensitive in the determination of compensation expense. The weighted average for key assumptions used in determining the fair value of options granted during 2007 follows:

	Weighted Average	Range
Expected life (years)	6.76	5.00 - 7.00
Risk free interest rate	4.70%	4.30 - 4.99%
Expected volatility	20.27%	20.00% - 20.80%
Expected dividend yield	5.11%	4.50% - 5.70%
Fair value	\$ 6.86	\$ 5.15 - \$8.89

To determine expected volatility, the Company uses historical volatility based on daily closing prices of its Common Stock over periods that correlate with the expected terms of the options granted. The risk-free rate is based on the United States Treasury yield curve at the time of grant for the expected life of the options granted. Expected dividends are based on the Company's history and expectation of dividend payouts. The expected life of stock options is based on the midpoint between the vesting date and the end of the contractual term.

As permitted by Statement 123, through the fourth quarter of 2005, the Company accounted for share-based payments to employees using APB 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 was equal to or greater than the fair market value of the stock at that date. Had the Company adopted Statement 123(R) in 2005, the impact of that standard would have approximated the impact of Statement 123 as described below:

	Pro Forma 2005
(dollars in thousands, except per share data)	
Net income available to common shareholders as reported	\$30,667
Add: Total stock-based compensation expense recorded	518
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards	(657)
Pro forma net income available to common shareholders	\$30,528
Earnings per common share	
Basic — as reported	\$ 1.86
Basic — pro forma	\$ 1.85
Diluted — as reported	\$ 1.85
Diluted — pro forma	\$ 1.84

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.

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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.

(Amounts in thousands, except per share data)	Year Ended December 31,		
	2007	2006	2005
Numerator:			
Net income available to common shareholders	\$37,958	\$34,098	\$30,667
Denominator:			
Denominator for basic earnings per share — weighted average shares	20,955	17,951	16,506
Effect of Dilutive Securities:			
Stock options and warrants and non-vested stock	<u>49</u>	<u>70</u>	<u>127</u>
Denominator for diluted earnings per share — adjusted weighted average shares and assumed conversion	21,004	18,021	16,633
Basic Earnings per Common Share	\$ 1.81	\$ 1.90	\$ 1.86
Diluted Earnings per Common Share	\$ 1.81	\$ 1.89	\$ 1.84

4. INVESTMENT IN STORAGE FACILITIES

The following summarizes activity in storage facilities during the years ended December 31, 2007 and December 31, 2006.

(Dollars in thousands)	2007	2006
Cost:		
Beginning balance	\$1,143,904	\$ 893,980
Acquisition of storage facilities	136,653	166,310
Consolidation of Locke Sovran I, LLC as of April 1, 2006	—	38,000
Additional investment in consolidated joint ventures	—	8,647
Improvements and equipment additions	45,885	30,480
Increase in construction in progress	6,621	6,586
Dispositions	<u>(2,424)</u>	<u>(99)</u>
Ending balance	\$1,330,639	\$1,143,904
Accumulated Depreciation:		
Beginning balance	\$ 155,843	\$ 130,550
Additions during the year	30,196	25,347
Dispositions	<u>(781)</u>	<u>(54)</u>
Ending balance	\$ 185,258	\$ 155,843

The Company allocates purchase price to the tangible and intangible assets and liabilities acquired based on their estimated fair values. The value of land and buildings are determined at replacement cost. Intangible assets, which represent the value of existing customer leases, are recorded at their estimated fair values. During 2007, the Company acquired 31 storage facilities for \$141.3 million. Substantially all of the purchase price of these facilities was allocated to land (\$27.7 million), building (\$110.0 million), equipment (\$1.5 million) and in-place customer

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leases (\$2.1 million) and the operating results of the acquired facilities have been included in the Company's operations since the respective acquisition dates.

5. PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

The following unaudited pro forma Condensed Statement of Operations is presented as if (i) the 31 storage facilities purchased during 2007, (ii) the 42 storage facilities purchased during 2006, (iii) the additional investment in Locke Sovran I, LLC and Locke Sovran II, LLC in April 2006, and (iv) the related indebtedness incurred and assumed on these transactions had all occurred at January 1, 2006. Such unaudited pro forma information is based upon the historical statements of operations of the Company. It should be read in conjunction with the financial statements of the Company. In management's opinion, all adjustments necessary to reflect the effects of these transactions have been made. This unaudited pro forma information does not purport to represent what the actual results of operations of the Company would have been assuming such transactions had been completed as set forth above nor does it purport to represent the results of operations for future periods.

(dollars in thousands, except share data)	Year Ended December 31,	
	2007	2006
Pro forma total operating revenues	\$ 199,569	\$ 191,505
Pro forma net income	\$ 41,749	\$ 33,985
Pro forma earnings per common share — diluted	\$ 1.92	\$ 1.54

6. UNSECURED LINE OF CREDIT AND TERM NOTES

The Company has a \$100 million unsecured line of credit that matures in September 2008 and a \$100 million unsecured term note that matures in September 2009. The line of credit bears interest at LIBOR plus 0.90% and requires a 0.20% facility fee. The term note bears interest at LIBOR plus 1.20%. The Company also maintains a \$80 million term note maturing September 2013 bearing interest at a fixed rate of 6.26%, a \$20 million term note maturing September 2013 bearing interest at a variable rate equal to LIBOR plus 1.50%, and a \$150 million unsecured term note maturing in April 2016 bearing interest at 6.38%. The interest rate at December 31, 2007 on the Company's available line of credit was approximately 5.5% (6.20% at December 31, 2006). At December 31, 2007, there was nothing available on the unsecured line of credit.

The Company entered into a \$25 million term note arrangement with a bank in September 2007. The term note bears interest at LIBOR plus 1.20%. There was \$6 million outstanding and \$19 million available under this term note arrangement at December 31, 2007. In January 2008, the Company increased the availability under the bank term note from \$25 million to \$40 million and extended the maturity date from March 31, 2008 to April 30, 2008.

[Table of Contents](#)**7. MORTGAGES PAYABLE**

Mortgages payable at December 31, 2007 and December 31, 2006 consist of the following:

(dollars in thousands)	December 31, 2007	December 31, 2006
7.80% mortgage note due December 2011, secured by 11 self-storage facilities (Locke Sovran I) with an aggregate net book value of \$41.6 million, principal and interest paid monthly	\$ 29,084	\$ 29,486
7.19% mortgage note due March 2012, secured by 27 self-storage facilities (Locke Sovran II) with an aggregate net book value of \$80.2 million, principal and interest paid monthly	43,645	44,623
7.25% mortgage note due December 2011, secured by 1 self-storage facility with an aggregate net book value of \$5.9 million, principal and interest paid monthly. Estimated market rate at time of acquisition 5.40%	3,643	3,769
6.76% mortgage note due September 2013, secured by 1 self-storage facility with an aggregate net book value of \$2.1 million, principal and interest paid monthly	1,022	1,043
6.35% mortgage note due March 2014, secured by 1 self-storage facility with an aggregate net book value of \$1.9 million, principal and interest paid monthly	1,122	1,144
5.55% mortgage notes due November 2009, secured by 8 self-storage facilities with an aggregate net book value of \$35.3 million, interest only paid monthly. Estimated market rate at time of acquisition 6.44%	25,719	25,496
7.50% mortgage notes due August 2011, secured by 3 self-storage facilities with an aggregate net book value of \$14.5 million, principal and interest paid monthly. Estimated market rate at time of acquisition 6.42%	6,282	6,466
Total mortgages payable	<u>\$ 110,517</u>	<u>\$ 112,027</u>

The Company assumed the 7.25%, 6.76%, 6.35%, 5.55% and 7.50% mortgage notes in connection with the acquisitions of storage facilities in 2005 and 2006. The 7.25%, 5.55%, and 7.50% mortgages were recorded at their estimated fair value based upon the estimated market rates at the time of the acquisitions ranging from 5.40% to 6.44%. The carrying value of these three mortgages approximates the actual principal balance of the mortgages payable. An immaterial premium exists at December 31, 2007, which will be amortized over the remaining term of the mortgages based on the effective interest method.

The table below summarizes the Company's debt obligations and interest rate derivatives at December 31, 2007. 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.

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(dollars in thousands)	Expected Maturity Date Including Premium						Total	Fair Value
	2008	2009	2010	2011	2012	Thereafter		
Line of credit — variable rate LIBOR + 0.9%	\$100,000	—	—	—	—	—	\$100,000	\$100,000
Notes Payable:								
Term note — variable rate LIBOR+1.20%	\$ 6,000	—	—	—	—	—	\$ 6,000	\$ 6,000
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	\$ 81,640
Term note — fixed rate 6.38%	—	—	—	—	—	\$150,000	\$150,000	\$152,754
Mortgage note — fixed rate 7.80%	\$ 427	\$ 467	\$ 504	\$27,686	—	—	\$ 29,084	\$ 30,989
Mortgage note — fixed rate 7.19%	\$ 1,042	\$ 1,128	\$1,211	\$ 1,301	\$38,963	—	\$ 43,645	\$ 45,876
Mortgage note — fixed rate 7.25%	\$ 133	\$ 141	\$ 149	\$ 3,220	—	—	\$ 3,643	\$ 3,612
Mortgage note — fixed rate 6.76%	\$ 22	\$ 23	\$ 25	\$ 27	\$ 29	\$ 896	\$ 1,022	\$ 1,075
Mortgage note — fixed rate 6.35%	\$ 24	\$ 26	\$ 28	\$ 30	\$ 31	\$ 983	\$ 1,122	\$ 1,146
Mortgage notes — fixed rate 5.55%	—	\$ 25,719	—	—	—	—	\$ 25,719	\$ 26,684
Mortgage notes — fixed rate 7.50%	\$ 194	\$ 208	\$ 222	\$ 5,658	—	—	\$ 6,282	\$ 6,517
Interest rate derivatives — liability	—	—	—	—	—	—	—	\$ 1,368

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.

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 Income ("AOCI"). 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 2007, 2006, and 2005.

The Company has entered into three interest rate swap agreements as detailed below to effectively convert a total of \$120 million of variable-rate debt to fixed-rate debt.

Notional Amount	Effective Date	Expiration Date	Fixed Rate Paid	Floating Rate Received
\$50 Million	11/14/05	9/1/09	5.590%	1 month LIBOR
\$20 Million	9/4/05	9/4/13	5.935%	6 month LIBOR
\$50 Million	10/10/06	9/1/09	5.680%	1 month LIBOR

The interest rate swap agreements are the only derivative instruments, as defined by SFAS No. 133, held by

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the Company. During 2007, 2006, and 2005, the net reclassification from AOCL to interest expense was (\$1.1) million, \$(0.5) million and \$2.2 million, respectively, based on (receipts) payments received or made under the swap agreements. Based on current interest rates, the Company estimates that payments under the interest rate swaps will be approximately \$1.3 million in 2008. Receipts 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 \$1.2 million and an asset of \$2.3 million at December 31, 2007, and 2006 respectively.

9. STOCK OPTIONS AND NON-VESTED STOCK

The Company established the 2005 Award and Option Plan (the "Plan") which replaced the expiring 1995 Award and Option 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, 2007, options for 140,125 shares were outstanding under the Plans and options for 1,327,520 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 non-vested shares annually equal to 80% of the annual fees paid to them. During the restriction period, the non-vested shares may not be sold, transferred, or otherwise encumbered. The holder of the non-vested shares has all rights of a holder of common shares, including the right to vote and receive dividends. During 2007, 1,564 non-vested shares were issued to outside directors. Such non-vested 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 the fair market value at the date of grant. As of December 31, 2007, options for 28,000 common shares and non-vested shares of 7,340 were outstanding under the Non-employee Plan and options for 9,160 shares of common stock were available for future issuance.

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

	2007		2006		2005	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of year:	113,225	\$ 35.77	142,900	\$ 32.68	247,415	\$ 27.00
Granted	74,000	52.49	14,000	51.78	38,000	45.26
Exercised	(13,100)	32.44	(37,675)	30.33	(129,015)	25.11
Forfeited	(6,000)	59.62	(6,000)	33.05	(13,500)	36.39
Outstanding at end of year	168,125	\$ 42.54	113,225	\$ 35.77	142,900	\$ 32.68
Exercisable at end of year	82,625	\$ 34.45	74,225	\$ 31.14	72,650	\$ 27.26

A summary of the Company's stock options outstanding at December 31, 2007 follows:

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Exercise Price Range	Outstanding		Exercisable	
	Options	Weighted average exercise price	Options	Weighted average exercise price
\$19.06 – 29.99	33,275	\$ 21.75	33,275	\$ 21.75
\$30.00 – 39.99	21,850	\$ 34.51	15,850	\$ 33.14
\$40.00 – 57.79	113,000	\$ 50.21	33,500	\$ 47.68
Total	168,125	\$ 42.54	82,625	\$ 34.45
Intrinsic value of outstanding stock options at December 31, 2007				\$732,616
Intrinsic value of exercisable stock options at December 31, 2007				\$720,804
Intrinsic value of stock options exercised in 2007				\$346,306

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's common stock at December 31, 2007, or the price on the date of exercise for those exercised during the year. As of December 31, 2007, there was approximately \$0.5 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under our stock award plans. That cost is expected to be recognized over a weighted-average period of approximately 2.5 years. The weighted average remaining contractual life of all options is 7.3 years, and for exercisable options is 5.7 years.

Non-vested Stock

The Company has also issued 243,884 shares of non-vested stock to employees which vest over two to nine year periods. During the restriction period, the non-vested shares may not be sold, transferred, or otherwise encumbered. The holder of the non-vested shares has all rights of a holder of common shares, including the right to vote and receive dividends. At December 31, 2007, the fair market value of the non-vested stock on the date of grant ranged from \$20.38 to \$59.81. During 2007, 42,425 shares of non-vested stock were issued to employees with a fair value of \$2.3 million. The Company charges additional paid-in capital for the market value of shares as they are issued. The unearned portion is then amortized and charged to expense over the vesting period. The Company uses the average of the high and low price of its common stock on the date the award is granted as the fair value for non-vested stock awards.

A summary of the status of unvested shares of stock issued to employees and directors as of and during the years ended December 31 follows:

	2007		2006		2005	
	Non-vested Shares	Weighted average grant date fair value	Non-vested Shares	Weighted average grant date fair value	Non-vested Shares	Weighted average grant date fair value
Unvested at beginning of year:	96,453	\$ 40.21	71,411	\$ 30.39	71,904	\$ 27.83
Granted	43,989	53.79	41,719	53.86	13,778	42.24
Vested	(24,546)	39.39	(16,677)	32.29	(14,271)	28.94
Forfeited	—	—	—	—	—	—
Unvested at end of year	115,896	\$ 45.54	96,453	\$ 40.21	71,411	\$ 30.39

Compensation expense of \$1.2 million, \$0.9 million and \$0.5 million was recognized for the vested portion of non-vested stock grants in 2007, 2006 and 2005, respectively. The fair value of non-vested stock that vested during 2007, 2006 and 2005 was \$1.0 million, \$0.5 million and \$0.4 million, respectively. The total compensation cost related to non-vested stock was \$4.4 million at December 31, 2007, and the remaining weighted-average period over which this expense will be recognized was 7.2 years.

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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 \$256,000, \$166,000, and \$149,000 for the years ended December 31, 2007, 2006 and 2005, respectively.

11. INVESTMENT IN JOINT VENTURES

The Company has a 49% ownership interest in Iskalo Office Holdings, LLC at December 31, 2007. For the years ended December 31, 2007 and 2006, the Company's share of Iskalo Office Holdings, LLC's income was \$80,000 and \$80,000, respectively. The Company paid rent to Iskalo Office Holdings, LLC of \$561,000, \$583,000 and \$445,000 in 2007, 2006, and 2005, respectively. Future minimum lease payments under the lease are \$0.6 million per year through 2010.

A summary of the unconsolidated joint venture's financial statements as of and for the year ended December 31, 2007 is as follows:

(dollars in thousands)	Iskalo Office Holdings, LLC
Balance Sheet Data:	
Investment in office building	\$ 5,662
Other assets	808
Total Assets	<u>\$ 6,470</u>
Mortgage payable	\$ 7,410
Other liabilities	110
Total Liabilities	7,520
Unaffiliated partners' deficiency	(610)
Company deficiency	(440)
Total Liabilities and Partners' Deficiency	<u>\$ 6,470</u>
Income Statement Data:	
Total revenues	\$ 1,387
Total expenses	1,224
Net income	<u>\$ 163</u>

The Company does not guarantee the debt of Iskalo Office Holdings, LLC.

Through March 31, 2006, investment in joint ventures also included an ownership interest in Locke Sovran I, LLC, which owns 11 self-storage facilities throughout the United States. 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 one year note receivable bearing interest at LIBOR plus 1.75% which was repaid in 2001, and a 45% interest in Locke Sovran I, LLC.

In April 2006, the Company made an additional investment of \$2.8 million in Locke Sovran I, LLC that increased the Company's ownership to over 70%. As a result of this transaction the Company has consolidated the results of operations of Locke Sovran I, LLC in its financial statements since April 1, 2006, the date that it acquired its controlling interest. For the years ended December 31, 2005 and 2004, the Company's share of Locke Sovran I, LLC's income was \$171,000 and \$141,000, 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 for those years. The Company manages the storage facilities for Locke Sovran I, LLC and received fees of \$332,000,

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and \$322,000 for the years ended 2005, and 2004.

12. PREFERRED STOCK

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. During 2005, the Company issued 920,244 shares of its common stock in connection with a written notice from one of the holders of the Series C Preferred Stock requesting the conversion of 1,200,000 shares of Series C Preferred Stock into common stock. In 2004, the Company issued 306,748 shares of its common stock in connection with the conversion of 400,000 shares of Series C Preferred Stock into common stock. On July 7, 2007, we issued 920,244 shares of our common stock to the holder of our Series C Preferred Stock upon the holder's election to convert the remaining 1,200,000 shares of Series C Preferred Stock into common stock. As a result of the conversion, \$26.6 million recorded in shareholders' equity as 8.375% Series C Convertible Cumulative Preferred Stock was reclassified to additional paid-in capital.

13. SUPPLEMENTARY QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of quarterly results of operations for the years ended December 31, 2007 and 2006 (dollars in thousands, except per share data).

	2007 Quarter Ended			
	March 31	June 30	Sept. 30	Dec. 31
Operating revenue	\$44,600	\$48,101	\$50,998	\$50,070
Net Income	\$ 9,537	\$ 8,064	\$10,875	\$10,738
Net income available to common shareholders	\$ 8,909	\$ 7,436	\$10,875	\$10,738
Net Income Per Common Share				
Basic	\$ 0.44	\$ 0.36	\$ 0.51	\$ 0.50
Diluted	\$ 0.44	\$ 0.36	\$ 0.51	\$ 0.50

	2006 Quarter Ended			
	March 31	June 30	Sept. 30	Dec. 31
Operating revenue	\$36,657	\$40,296	\$44,784	\$44,558
Net Income	\$ 8,595	\$ 9,386	\$ 9,465	\$ 9,165
Net income available to common shareholders	\$ 7,967	\$ 8,758	\$ 8,837	\$ 8,537
Net Income Per Common Share				
Basic	\$ 0.45	\$ 0.50	\$ 0.49	\$ 0.46
Diluted	\$ 0.45	\$ 0.50	\$ 0.49	\$ 0.45

14. 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, 2007, the Company was in negotiations to acquire ten stores for approximately \$52 million. Two of these stores were purchased in January of 2008 for \$14.3 million.

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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, 2007. 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, 2007.

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, 2007. 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, 2007 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, 2007 based on the criteria in Internal Control-Integrated Framework issued by COSO.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2007 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included in Item 9A herein.

/S/ Robert J. Attea
Chief Executive Officer

/S/ David L. Rogers
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

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

We have audited Sovran Self Storage, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Sovran Self Storage, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

A company's internal control over financial reporting is a process designed 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, Sovran Self Storage, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, 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 Sovran Self Storage, Inc. as of December 31, 2007 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007 of Sovran Self Storage, Inc. and our report dated February 25, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Buffalo, New York
February 25, 2008

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information contained in the Proxy Statement for the Annual Meeting of Shareholders of the Company to be held on May 21, 2008, with respect to directors, executive officers, audit committee, and audit committee financial experts of the Company and Section 16(a) beneficial ownership reporting compliance, is incorporated herein by reference in response to this item.

The Company has adopted a code of ethics that applies to all of its directors, officers, and employees. The Company has made the Code of Ethics available on its website at <http://www.sovranss.com>.

Item 11. Executive Compensation

The information required is incorporated by reference to “Executive Compensation” and “Director Compensation” in the Company’s Proxy Statement for the Annual Meeting of Shareholders of the Company to be held on May 21, 2008.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required herein is incorporated by reference to “Stock Ownership By Directors and Executive Officers” and “Security Ownership of Certain Beneficial Owners” in the Proxy Statement for the Annual Meeting of Shareholders of the Company to be held on May 21, 2008.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required herein is incorporated by reference to “Certain Transactions” and “Election of Directors—Director Independence” in the Company’s Proxy Statement for the Annual Meeting of Shareholders to be held on May 21, 2008.

Item 14. Principal Accountant Fees and Services

The information required herein is incorporated by reference to “Appointment of Independent Auditor” in the Company’s Proxy Statement for the Annual Meeting of Shareholders to be held on May 21, 2008.

Part IV

Item 15. Exhibits, Financial Statement Schedules

- (a) Documents filed as part of this Annual Report on Form 10-K:
1. The following consolidated financial statements of Sovran Self Storage, Inc. are included in Item 8.
 - (i) Consolidated Balance Sheets as of December 31, 2007 and 2006.
 - (ii) Consolidated Statements of Operations for Years Ended December 31, 2007, 2006, and 2005.
 - (iii) Consolidated Statements of Shareholders’ Equity for Years Ended December 31, 2007, 2006, and 2005.
 - (iv) Consolidated Statements of Cash Flows for Years Ended December 31, 2007, 2006, and 2005.
 - (v) Notes to Consolidated Financial Statements.
 2. The following financial statement Schedule as of the period ended December 31, 2007 is included in this Annual Report on Form 10-K.
Schedule III Real Estate and Accumulated Depreciation.

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All other Consolidated financial schedules are omitted because they are inapplicable, not required, or the information is included elsewhere in the consolidated financial statements or the notes thereto.

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 Amended and Restated Articles of Incorporation of the Registrant. (incorporated by reference to Exhibit 3.1 (a) to the Registrant's Registration Statement on Form S-11 (File No. 33-91422) filed June 19, 1995).
- 3.2 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.)
- 3.3 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 4.1 to Registrant's Current Report on Form 8-K filed July 12, 2002).
- 3.4 Bylaws, as amended, of the Registrant (incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K filed April 7, 2004).
- 4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Registrant's Registration Statement on Form S-11 (File No. 33-91422) filed June 19, 1995).
- 10.1+ Sovran Self Storage, Inc. 2005 Award and Option Plan, as amended (incorporated by reference to the Registrant's Proxy Statement filed April 11, 2005).
- 10.2+ Sovran Self Storage, Inc. 1995 Outside Directors' Stock Option Plan, as amended (incorporated by reference to the Registrant's Proxy Statement filed April 8, 2004).
- 10.3+ Employment Agreement between the Registrant and Robert J. Attea (incorporated by reference to Exhibit 10.19 as filed in the Company's Annual Report on Form 10-K/A, filed June 27, 2002).
- 10.4+ Employment Agreement between the Registrant and Kenneth F. Myszka (incorporated by reference to Exhibit 10.20 as filed in the Company's Annual Report on Form 10-K/A, filed June 27, 2002).
- 10.5+ Employment Agreement between the Registrant and David L. Rogers (incorporated by reference to Exhibit 10.21 as filed in the Company's Annual Report on Form 10-K/A, filed June 27, 2002).
- 10.6+ Standard form of Employment Agreement to which Andrew J. Gregoire, Edward F. Killeen, and Paul T. Powell employees are parties.
- 10.7+ Form of restricted stock grant pursuant to Sovran Self Storage, Inc. 2005 Award and Option Plan (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q/A filed November 24, 2006).
- 10.8+ Form of stock option grant pursuant to Sovran Self Storage, Inc. 2005 Award and Option Plan (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q/A filed November 24, 2006).
- 10.9+ Form of restricted stock grant pursuant to Sovran Self Storage, Inc. 1995 Award and Option Plan (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q/A filed November 24, 2006).
- 10.10+ Form of stock option grant pursuant to Sovran Self Storage, Inc. 1995 Award and Option Plan

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- (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q/A filed November 24, 2006).
- 10.11+ Deferred Compensation Plan for Directors (incorporated by reference to Schedule 14A Proxy Statement filed April 8, 2004).
- 10.12 Amended Indemnification Agreements with members of the Board of Directors and Executive Officers (incorporated by reference to Exhibit 10.35 and 10.36 to Registrant's Current Report on Form 8-K filed July 20, 2006).
- 10.13 Amendments to Agreement of Limited Partnership of Sovran Acquisition Limited Partnership (incorporated by reference to Exhibit 10.2 filed in the Company's Current Report on Form 8-K, filed July 12, 2002).
- 10.14 Promissory Note between Locke Sovran II, LLC and PNC Bank, National Association (incorporated by reference to Exhibit 10.22 to Registrant's Form 10-K filed March 27, 2003).
- 10.15 Second Amended and Restated Revolving Credit and Term Loan Agreement among Registrant, the Partnership, Fleet National Bank and other lenders named therein (incorporated by reference to Exhibit 10.25 filed in the Company's Current Report on Form 8-K, filed December 21, 2004).
- 10.16 Note Purchase Agreement among Registrant, the Partnership and the purchaser named therein (incorporated by reference to Exhibit 10.24 filed in the Company's Quarterly Report on Form 10-Q, filed November 12, 2003).
- 10.17 Amendment to Note Purchase Agreement dated September 3, 2003 (incorporated by reference to Exhibit 10.26 of Registrant's Current Report on Form 8-K filed May 20, 2005).
- 10.18 Cornerstone Acquisition Agreement and Amendments to Certain Loan Agreements (incorporated by reference to Exhibits 10.30, 10.31, 10.32, 10.33 and 10.34 of Registrant's Current Report on Form 8-K filed June 26, 2006).
- 10.19 \$150 million, 6.38% Senior Guaranteed Notes, Series C due April 26, 2016, and Amendments to Second Amendment Restated Revolving Credit and Term Loan Agreement dated December 16, 2004 and Amendment to Note Purchase Agreement dated September 4, 2003 (incorporated by reference to Exhibits 10.27, 10.28, and 10.29 of the Registrant's Current Report on Form 8-K filed May 1, 2006).
- 10.20 Term Loan Agreement dated September 12, 2007 among Registrant, the Partnership and M&T Bank (incorporated by reference to Exhibit 10.26 of the Registrant's Current Report on Form 8-K filed September 17, 2007).
- 10.21 Promissory Note between Locke Sovran I, LLC and GMAC Commercial Mortgage Corporation (incorporated by reference to Exhibit 10.21 as filed in the Company's Annual Report on Form 10-K, filed March 1, 2007).
- 12.1* Statement Re: Computation of Earnings to Fixed Charges.
- 21 Subsidiaries of the Company (incorporated by reference to Exhibit 21 as filed in the Company's Annual Report on Form 10-K, filed March 1, 2007).
- 23* Consent of Independent Registered Public Accounting Firm.
- 24.1* Powers of Attorney (included on signature pages).
- 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.

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- 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.

* Filed herewith.

+ Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K.

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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.

February 28, 2008

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Robert J. Attea</u> Robert J. Attea	Chairman of the Board of Directors Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2008
<u>/s/ Kenneth F. Myszka</u> Kenneth F. Myszka	President, Chief Operating Officer and Director	February 28, 2008
<u>/s/ David L. Rogers</u> David L. Rogers	Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2008
<u>/s/ John Burns</u> John Burns	Director	February 28, 2008
<u>/s/ Michael A. Elia</u> Michael A. Elia	Director	February 28, 2008
<u>/s/ Anthony P. Gammie</u> Anthony P. Gammie	Director	February 28, 2008
<u>/s/ Charles E. Lannon</u> Charles E. Lannon	Director	February 28, 2008

Sovran Self Storage, Inc.
Schedule III
Combined Real Estate and Accumulated Depreciation
(in thousands)
December 31, 2007

Description	ST	Encumbrance	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
			Land	Building, Equipment and Improvements	Improvements	Building, Equipment and	Land	Improvements	Total				
Boston-Metro I	MA		\$ 363	\$ 1,679	\$ 438	\$363	\$ 2,117	\$2,480	\$ 643	1980	6/26/1995	5 to 40 years	
Boston-Metro II	MA		680	1,616	335	680	1,951	2,631	633	1986	6/26/1995	5 to 40 years	
E. Providence	RI		345	1,268	482	345	1,750	2,095	517	1984	6/26/1995	5 to 40 years	
Charleston I	SC		416	1,516	1,977	416	3,493	3,909	658	1985/07	6/26/1995	5 to 40 years	
Lakeland I	FL		397	1,424	313	397	1,737	2,134	563	1985	6/26/1995	5 to 40 years	
Charlotte	NC		308	1,102	922	747	1,585	2,332	508	1986	6/26/1995	5 to 40 years	
Tallahassee I	FL		770	2,734	1,826	770	4,560	5,330	1,357	1973	6/26/1995	5 to 40 years	
Youngstown	OH		239	1,110	1,254	239	2,364	2,603	553	1980	6/26/1995	5 to 40 years	
Cleveland-Metro II	OH		701	1,659	727	701	2,386	3,087	690	1987	6/26/1995	5 to 40 years	
Tallahassee II	FL		204	734	886	198	1,626	1,824	449	1975	6/26/1995	5 to 40 years	
Pt. St. Lucie	FL		395	1,501	832	779	1,949	2,728	694	1985	6/26/1995	5 to 40 years	
Deltona	FL		483	1,752	1,889	483	3,641	4,124	813	1984	6/26/1995	5 to 40 years	
Middletown	NY		224	808	792	224	1,600	1,824	481	1988	6/26/1995	5 to 40 years	
Buffalo I	NY		423	1,531	1,608	497	3,065	3,562	921	1981	6/26/1995	5 to 40 years	
Rochester I	NY		395	1,404	447	395	1,851	2,246	549	1981	6/26/1995	5 to 40 years	
Salisbury	MD		164	760	370	164	1,130	1,294	357	1979	6/26/1995	5 to 40 years	
New Bedford	MA		367	1,325	373	367	1,698	2,065	586	1982	6/26/1995	5 to 40 years	
Fayetteville	NC		853	3,057	609	853	3,666	4,519	1,090	1980	6/26/1995	5 to 40 years	
Jacksonville I	FL		152	728	867	687	1,060	1,747	382	1985	6/26/1995	5 to 40 years	
Columbia I	SC		268	1,248	440	268	1,688	1,956	562	1985	6/26/1995	5 to 40 years	
Rochester II	NY		230	847	395	234	1,238	1,472	377	1980	6/26/1995	5 to 40 years	
Savannah I	GA		463	1,684	3,533	816	4,864	5,680	937	1981/07	6/26/1995	5 to 40 years	
Greensboro	NC		444	1,613	489	444	2,102	2,546	711	1986	6/26/1995	5 to 40 years	
Raleigh I	NC		649	2,329	763	649	3,092	3,741	939	1985	6/26/1995	5 to 40 years	
New Haven	CT		387	1,402	828	387	2,230	2,617	586	1985	6/26/1995	5 to 40 years	
Atlanta-Metro I	GA		844	2,021	634	844	2,655	3,499	822	1988	6/26/1995	5 to 40 years	
Atlanta-Metro II	GA		302	1,103	316	303	1,418	1,721	493	1988	6/26/1995	5 to 40 years	
Buffalo II	NY		315	745	1,638	517	2,181	2,698	458	1984/07	6/26/1995	5 to 40 years	
Raleigh II	NC		321	1,150	554	321	1,704	2,025	489	1985	6/26/1995	5 to 40 years	
Columbia II	SC		361	1,331	547	374	1,865	2,239	588	1987	6/26/1995	5 to 40 years	
Columbia III	SC		189	719	971	189	1,690	1,879	441	1989	6/26/1995	5 to 40 years	
Columbia IV	SC		488	1,188	485	488	1,673	2,161	530	1986	6/26/1995	5 to 40 years	
Atlanta-Metro III	GA		430	1,579	513	602	1,920	2,522	673	1988	6/26/1995	5 to 40 years	
Orlando I	FL		513	1,930	422	513	2,352	2,865	797	1988	6/26/1995	5 to 40 years	

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Description	ST	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
		Encumbrance	Land	Building, Equipment and Improvements	Building, Equipment and Improvements	Land	Improvements	Total				
Sharon	PA	194		912	354	194	1,266	1,460	409	1975	6/26/1995	5 to 40 years
Ft. Lauderdale	FL		1,503	3,619	-344	1,503	3,275	4,778	1,112	1985	6/26/1995	5 to 40 years
West Palm I	FL		398	1,035	231	398	1,266	1,664	471	1985	6/26/1995	5 to 40 years
Atlanta-Metro IV	GA		423	1,015	353	424	1,367	1,791	468	1989	6/26/1995	5 to 40 years
Atlanta-Metro V	GA		483	1,166	272	483	1,438	1,921	496	1988	6/26/1995	5 to 40 years
Atlanta-Metro VI	GA		308	1,116	482	308	1,598	1,906	563	1986	6/26/1995	5 to 40 years
Atlanta-Metro VII	GA		170	786	490	174	1,272	1,446	418	1981	6/26/1995	5 to 40 years
Atlanta-Metro VIII	GA		413	999	577	413	1,576	1,989	554	1975	6/26/1995	5 to 40 years
Baltimore I	MD		154	555	1,294	306	1,697	2,003	360	1984	6/26/1995	5 to 40 years
Baltimore II	MD		479	1,742	1,086	479	2,828	3,307	788	1988	6/26/1995	5 to 40 years
Augusta I	GA		357	1,296	703	357	1,999	2,356	603	1988	6/26/1995	5 to 40 years
Macon I	GA		231	1,081	358	231	1,439	1,670	472	1989	6/26/1995	5 to 40 years
Melbourne I	FL		883	2,104	1,511	883	3,615	4,498	1,051	1986	6/26/1995	5 to 40 years
Newport News	VA		316	1,471	687	316	2,158	2,474	690	1988	6/26/1995	5 to 40 years
Pensacola I	FL		632	2,962	1,042	651	3,985	4,636	1,286	1983	6/26/1995	5 to 40 years
Augusta II	GA		315	1,139	729	315	1,868	2,183	524	1987	6/26/1995	5 to 40 years
Hartford-Metro I	CT		715	1,695	865	715	2,560	3,275	714	1988	6/26/1995	5 to 40 years
Atlanta-Metro IX	GA		304	1,118	2,365	619	3,168	3,787	632	1988	6/26/1995	5 to 40 years
Alexandria	VA		1,375	3,220	994	1,376	4,213	5,589	1,302	1984	6/26/1995	5 to 40 years
Pensacola II	FL		244	901	360	244	1,261	1,505	486	1986	6/26/1995	5 to 40 years
Melbourne II	FL		834	2,066	1,087	1,591	2,396	3,987	855	1986	6/26/1995	5 to 40 years
Hartford-Metro II	CT		234	861	1,844	612	2,327	2,939	500	1992	6/26/1995	5 to 40 years
Atlanta-Metro X	GA		256	1,244	1,700	256	2,944	3,200	662	1988	6/26/1995	5 to 40 years
Norfolk I	VA		313	1,462	757	313	2,219	2,532	686	1984	6/26/1995	5 to 40 years
Norfolk II	VA		278	1,004	277	278	1,281	1,559	457	1989	6/26/1995	5 to 40 years
Birmingham I	AL		307	1,415	1,529	384	2,867	3,251	617	1990	6/26/1995	5 to 40 years
Birmingham II	AL		730	1,725	497	730	2,222	2,952	747	1990	6/26/1995	5 to 40 years
Montgomery I	AL		863	2,041	535	863	2,576	3,439	845	1982	6/26/1995	5 to 40 years
Jacksonville II	FL		326	1,515	394	326	1,909	2,235	612	1987	6/26/1995	5 to 40 years
Pensacola III	FL		369	1,358	2,708	369	4,066	4,435	789	1986/07	6/26/1995	5 to 40 years
Pensacola IV	FL		244	1,128	687	719	1,340	2,059	459	1990	6/26/1995	5 to 40 years
Pensacola V	FL		226	1,046	517	226	1,563	1,789	512	1990	6/26/1995	5 to 40 years
Tampa I	FL		1,088	2,597	909	1,088	3,506	4,594	1,138	1989	6/26/1995	5 to 40 years
Tampa II	FL		526	1,958	663	526	2,621	3,147	877	1985	6/26/1995	5 to 40 years
Tampa III	FL		672	2,439	557	672	2,996	3,668	954	1988	6/26/1995	5 to 40 years
Jackson I	MS		343	1,580	2,146	796	3,273	4,069	634	1990/07	6/26/1995	5 to 40 years
Jackson II	MS		209	964	581	209	1,545	1,754	527	1990	6/26/1995	5 to 40 years
Richmond	VA		443	1,602	709	443	2,311	2,754	704	1987	8/25/1995	5 to 40 years
Orlando II	FL		1,161	2,755	869	1,162	3,623	4,785	1,157	1986	9/29/1995	5 to 40 years

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Description	ST	Encumbrance	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
			Building, Equipment and		Building, Equipment and		Building, Equipment and						
			Land	Improvements	Land	Improvements	Land	Improvements	Total				
Birmingham III	AL		424	1,506	647	424	2,153	2,577	762	1970	1/16/1996	5 to 40 years	
Macon II	GA		431	1,567	671	431	2,238	2,669	656	1989/94	12/1/1995	5 to 40 years	
Harrisburg I	PA		360	1,641	525	360	2,166	2,526	672	1983	12/29/1995	5 to 40 years	
Harrisburg II	PA	(1)	627	2,224	844	692	3,003	3,695	849	1985	12/29/1995	5 to 40 years	
Syracuse I	NY		470	1,712	1,210	472	2,920	3,392	739	1987	12/27/1995	5 to 40 years	
Ft. Myers	FL		205	912	261	206	1,172	1,378	487	1988	12/28/1995	5 to 40 years	
Ft. Myers II	FL		412	1,703	415	413	2,117	2,530	832	1991/94	12/28/1995	5 to 40 years	
Newport News II	VA		442	1,592	1,045	442	2,637	3,079	574	1988/93/07	1/5/1996	5 to 40 years	
Montgomery II	AL		353	1,299	261	353	1,560	1,913	543	1984	1/23/1996	5 to 40 years	
Charleston II	SC		237	858	597	232	1,460	1,692	438	1985	3/1/1996	5 to 40 years	
Tampa IV	FL		766	1,800	615	766	2,415	3,181	697	1985	3/28/1996	5 to 40 years	
Arlington I	TX		442	1,767	267	442	2,034	2,476	617	1987	3/29/1996	5 to 40 years	
Arlington II	TX		408	1,662	981	408	2,643	3,051	721	1986	3/29/1996	5 to 40 years	
Ft. Worth	TX		328	1,324	304	328	1,628	1,956	498	1986	3/29/1996	5 to 40 years	
San Antonio I	TX		436	1,759	1,109	436	2,868	3,304	769	1986	3/29/1996	5 to 40 years	
San Antonio II	TX		289	1,161	416	289	1,577	1,866	491	1986	3/29/1996	5 to 40 years	
Syracuse II	NY		481	1,559	2,273	671	3,642	4,313	795	1983	6/5/1996	5 to 40 years	
Montgomery III	AL		279	1,014	988	433	1,848	2,281	477	1988	5/21/1996	5 to 40 years	
West Palm II	FL		345	1,262	269	345	1,531	1,876	485	1986	5/29/1996	5 to 40 years	
Ft. Myers III	FL		229	884	289	229	1,173	1,402	344	1986	5/29/1996	5 to 40 years	
Pittsburgh	PA		545	1,940	1,084	545	3,024	3,569	688	1990	6/19/1996	5 to 40 years	
Lakeland II	FL		359	1,287	1,023	359	2,310	2,669	678	1988	6/26/1996	5 to 40 years	
Springfield	MA		251	917	2,201	297	3,072	3,369	693	1986	6/28/1996	5 to 40 years	
Ft. Myers IV	FL		344	1,254	219	310	1,507	1,817	475	1987	6/28/1996	5 to 40 years	
Cincinnati	OH	(2)	557	1,988	530	652	2,423	3,075	135	1988	7/23/1996	5 to 40 years	
Dayton	OH	(2)	667	2,379	181	646	2,581	3,227	156	1988	7/23/1996	5 to 40 years	
Baltimore III	MD		777	2,770	268	777	3,038	3,815	887	1990	7/26/1996	5 to 40 years	
Jacksonville III	FL		568	2,028	897	568	2,925	3,493	866	1987	8/23/1996	5 to 40 years	
Jacksonville IV	FL		436	1,635	436	436	2,071	2,507	663	1985	8/26/1996	5 to 40 years	
Pittsburgh II	PA		627	2,257	1,274	631	3,527	4,158	992	1983	8/28/1996	5 to 40 years	
Jacksonville V	FL		535	2,033	292	538	2,322	2,860	775	1987/92	8/30/1996	5 to 40 years	
Charlotte II	NC		487	1,754	378	487	2,132	2,619	556	1995	9/16/1996	5 to 40 years	
Charlotte III	NC		315	1,131	301	315	1,432	1,747	398	1995	9/16/1996	5 to 40 years	
Orlando III	FL		314	1,113	838	314	1,951	2,265	563	1975	10/30/1996	5 to 40 years	
Rochester III	NY		704	2,496	1,200	707	3,693	4,400	828	1990	12/20/1996	5 to 40 years	
Youngstown II	OH		600	2,142	1,938	693	3,987	4,680	701	1988/07	1/10/1997	5 to 40 years	
Cleveland III	OH		751	2,676	1,659	751	4,335	5,086	1,033	1986	1/10/1997	5 to 40 years	
Cleveland IV	OH		725	2,586	1,244	725	3,830	4,555	973	1978	1/10/1997	5 to 40 years	
Cleveland V	OH	(1)	637	2,918	1,545	701	4,399	5,100	1,262	1979	1/10/1997	5 to 40 years	

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Description	ST	Initial Cost to Company			Cost Capitalized	Gross Amount at Which			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
		Encumbrance	Land	Building, Equipment and Improvements	Subsequent to Acquisition	Carried at Close of Period						
					Building, Equipment and Improvements	Land	Building, Equipment and Improvements	Total				
Cleveland VI	OH		495	1,781	813	495	2,594	3,089	681	1979	1/10/1997	5 to 40 years
Cleveland VII	OH		761	2,714	1,098	761	3,812	4,573	1,033	1977	1/10/1997	5 to 40 years
Cleveland VIII	OH		418	1,921	1,426	418	3,347	3,765	895	1970	1/10/1997	5 to 40 years
Cleveland IX	OH		606	2,164	682	606	2,846	3,452	732	1982	1/10/1997	5 to 40 years
Grand Rapids I	MI	(2)	455	1,631	772	591	2,267	2,858	133	1976	1/17/1997	5 to 40 years
Grand Rapids II	MI		219	790	797	219	1,587	1,806	428	1983	1/17/1997	5 to 40 years
Kalamazoo	MI	(2)	516	1,845	1,396	657	3,100	3,757	151	1978/07	1/17/1997	5 to 40 years
Lansing	MI	(2)	327	1,332	1,305	513	2,451	2,964	134	1987	1/17/1997	5 to 40 years
Holland	MI		451	1,830	1,797	451	3,627	4,078	903	1978/07	1/17/1997	5 to 40 years
San Antonio III	TX	(1)	474	1,686	365	504	2,021	2,525	529	1981	1/30/1997	5 to 40 years
Universal	TX		346	1,236	247	346	1,483	1,829	424	1985	1/30/1997	5 to 40 years
San Antonio IV	TX		432	1,560	1,603	432	3,163	3,595	723	1995	1/30/1997	5 to 40 years
Houston-Eastex	TX		634	2,565	1,141	634	3,706	4,340	916	1993/95	3/26/1997	5 to 40 years
Houston-Nederland	TX		566	2,279	282	566	2,561	3,127	688	1995	3/26/1997	5 to 40 years
Houston-College	TX		293	1,357	551	293	1,908	2,201	462	1995	3/26/1997	5 to 40 years
Lynchburg-Lakeside	VA		335	1,342	1,232	335	2,574	2,909	571	1982	3/31/1997	5 to 40 years
Lynchburg-Timberlake	VA		328	1,315	829	328	2,144	2,472	572	1985	3/31/1997	5 to 40 years
Lynchburg-Amherst	VA		155	710	309	152	1,022	1,174	299	1987	3/31/1997	5 to 40 years
Christiansburg	VA		245	1,120	464	245	1,584	1,829	378	1985/90	3/31/1997	5 to 40 years
Chesapeake	VA		260	1,043	1,063	260	2,106	2,366	476	1988/95	3/31/1997	5 to 40 years
Danville	VA		326	1,488	180	326	1,668	1,994	444	1988	3/31/1997	5 to 40 years
Orlando-W 25th St	FL		289	1,160	701	616	1,534	2,150	411	1984	3/31/1997	5 to 40 years
Delray I-Mini	FL		491	1,756	600	491	2,356	2,847	693	1969	4/11/1997	5 to 40 years
Savannah II	GA		296	1,196	324	296	1,520	1,816	416	1988	5/8/1997	5 to 40 years
Delray II-Safeway	FL		921	3,282	431	921	3,713	4,634	1,047	1980	5/21/1997	5 to 40 years
Cleveland X-Avon	OH		301	1,214	1,979	304	3,190	3,494	541	1989/07	6/4/1997	5 to 40 years
Dallas-Skillman	TX		960	3,847	1,070	960	4,917	5,877	1,379	1975	6/30/1997	5 to 40 years
Dallas-Centennial	TX		965	3,864	1,160	943	5,046	5,989	1,364	1977	6/30/1997	5 to 40 years
Dallas-Samuell	TX	(1)	570	2,285	741	611	2,985	3,596	838	1975	6/30/1997	5 to 40 years
Dallas-Hargrove	TX		370	1,486	425	370	1,911	2,281	592	1975	6/30/1997	5 to 40 years
Houston-Antoine	TX		515	2,074	508	515	2,582	3,097	722	1984	6/30/1997	5 to 40 years
Atlanta-Alpharetta	GA		1,033	3,753	422	1,033	4,175	5,208	1,186	1994	7/24/1997	5 to 40 years
Atlanta-Marietta	GA	(1)	769	2,788	429	825	3,161	3,986	846	1996	7/24/1997	5 to 40 years
Atlanta-Doraville	GA		735	3,429	281	735	3,710	4,445	1,001	1995	8/21/1997	5 to 40 years
GreensboroHilltop	NC		268	1,097	272	268	1,369	1,637	353	1995	9/25/1997	5 to 40 years
GreensboroStgCch	NC		89	376	1,341	89	1,717	1,806	338	1997	9/25/1997	5 to 40 years
Baton Rouge-Airline	LA	(1)	396	1,831	900	421	2,706	3,127	624	1982	10/9/1997	5 to 40 years
Baton Rouge-Airline2	LA		282	1,303	287	282	1,590	1,872	440	1985	11/21/1997	5 to 40 years
Harrisburg-Peiffers	PA		635	2,550	514	637	3,062	3,699	726	1984	12/3/1997	5 to 40 years

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Description	ST	Encumbrance	Initial Cost to Company		Cost Capitalized	Gross Amount at Which			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
			Land	Building, Equipment and Improvements	Subsequent to Acquisition	Carried at Close of Period						
					Building, Equipment and Improvements	Land	Improvements	Total				
Chesapeake-Military	VA		542	2,210	218	542	2,428	2,970	649	1996	2/5/1998	5 to 40 years
Chesapeake-Volvo	VA		620	2,532	821	620	3,353	3,973	822	1995	2/5/1998	5 to 40 years
Virginia Beach-Shell	VA		540	2,211	209	540	2,420	2,960	651	1991	2/5/1998	5 to 40 years
Virginia Beach-Central	VA		864	3,994	661	864	4,655	5,519	1,198	1993/95	2/5/1998	5 to 40 years
Norfolk-Naval Base	VA		1,243	5,019	654	1,243	5,673	6,916	1,451	1975	2/5/1998	5 to 40 years
Tampa-E.Hillsborough	FL		709	3,235	701	709	3,936	4,645	1,100	1985	2/4/1998	5 to 40 years
Northbridge	MA	(2)	441	1,788	776	657	2,348	3,005	120	1988	2/9/1998	5 to 40 years
Harriman	NY		843	3,394	466	843	3,860	4,703	999	1989/95	2/4/1998	5 to 40 years
Greensboro-High Point	NC		397	1,834	464	397	2,298	2,695	579	1993	2/10/1998	5 to 40 years
Lynchburg-Timberlake	VA		488	1,746	431	488	2,177	2,665	534	1990/96	2/18/1998	5 to 40 years
Titusville	FL	(2)	492	1,990	636	652	2,466	3,118	125	1986/90	2/25/1998	5 to 40 years
Salem	MA		733	2,941	934	733	3,875	4,608	992	1979	3/3/1998	5 to 40 years
Chattanooga-Lee Hwy	TN		384	1,371	487	384	1,858	2,242	485	1987	3/27/1998	5 to 40 years
Chattanooga-Hwy 58	TN		296	1,198	999	414	2,079	2,493	489	1985	3/27/1998	5 to 40 years
Ft. Oglethorpe	GA		349	1,250	454	349	1,704	2,053	450	1989	3/27/1998	5 to 40 years
Birmingham-Walt	AL		544	1,942	736	544	2,678	3,222	752	1984	3/27/1998	5 to 40 years
East Greenwich	RI		702	2,821	1,005	702	3,826	4,528	897	1984/88	3/26/1998	5 to 40 years
Durham-Hillsborough	NC		775	3,103	568	775	3,671	4,446	916	1988/91	4/9/1998	5 to 40 years
Durham-Cornwallis	NC		940	3,763	636	940	4,399	5,339	1,068	1990/96	4/9/1998	5 to 40 years
Salem-Policy	NH		742	2,977	459	742	3,436	4,178	788	1980	4/7/1998	5 to 40 years
Warren-Elm	OH	(1)	522	1,864	1,116	569	2,933	3,502	624	1986	4/22/1998	5 to 40 years
Warren-Youngstown	OH		512	1,829	1,693	675	3,359	4,034	559	1986	4/22/1998	5 to 40 years
Waterford-Highland	MI		1,487	5,306	1,139	1,487	6,445	7,932	1,580	1978	4/28/1998	5 to 40 years
Indian Harbor Beach	FL		662	2,654	-627	662	2,027	2,689	544	1985	6/2/1998	5 to 40 years
Jackson 3 - I55	MS		744	3,021	117	744	3,138	3,882	794	1995	5/13/1998	5 to 40 years
Katy-N.Fry	TX		419	1,524	863	419	2,387	2,806	502	1994	5/20/1998	5 to 40 years
Hollywood-Sheridan	FL		1,208	4,854	306	1,208	5,160	6,368	1,275	1988	7/1/1998	5 to 40 years
Pompano Beach-Atlantic	FL		944	3,803	242	944	4,045	4,989	1,029	1985	7/1/1998	5 to 40 years
Pompano Beach-Sample	FL		903	3,643	188	903	3,831	4,734	936	1988	7/1/1998	5 to 40 years
Boca Raton-18th St	FL		1,503	6,059	651	1,503	6,710	8,213	1,662	1991	7/1/1998	5 to 40 years
Vero Beach	FL		489	1,813	95	489	1,908	2,397	511	1997	6/12/1998	5 to 40 years
Humble	TX		447	1,790	2,180	740	3,677	4,417	621	1986/07	6/16/1998	5 to 40 years
Houston-Old Katy	TX	(1)	659	2,680	356	698	2,997	3,695	658	1996	6/19/1998	5 to 40 years
Webster	TX		635	2,302	116	635	2,418	3,053	595	1997	6/19/1998	5 to 40 years
Carrollton	TX		548	1,988	275	548	2,263	2,811	545	1997	6/19/1998	5 to 40 years
Hollywood-N.21st	FL		840	3,373	322	840	3,695	4,535	933	1987	8/3/1998	5 to 40 years
San Marcos	TX		324	1,493	591	324	2,084	2,408	513	1994	6/30/1998	5 to 40 years
Austin-McNeil	TX		492	1,995	256	510	2,233	2,743	599	1994	6/30/1998	5 to 40 years
Austin-FM	TX		484	1,951	425	481	2,379	2,860	577	1996	6/30/1998	5 to 40 years

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Description	ST	Encumbrance	Initial Cost to Company		Cost Capitalized	Gross Amount at Which			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
			Land	Improvements	Subsequent to Acquisition	Carried at Close of Period						
					Building, Equipment and	Land	Improvements	Total				
Jacksonville-Center	NC		327	1,329	651	327	1,980	2,307	384	1995	8/6/1998	5 to 40 years
Jacksonville-Gum Branch	NC		508	1,815	1,211	508	3,026	3,534	567	1989	8/17/1998	5 to 40 years
Jacksonville-N.Marine	NC		216	782	502	216	1,284	1,500	369	1985	9/24/1998	5 to 40 years
Eules	TX		550	1,998	624	550	2,622	3,172	563	1996	9/29/1998	5 to 40 years
N. Richland Hills	TX		670	2,407	1,407	670	3,814	4,484	698	1996/07	10/9/1998	5 to 40 years
Batavia	OH		390	1,570	834	390	2,404	2,794	483	1988/07	11/19/1998	5 to 40 years
Jackson-N.West	MS		460	1,642	435	460	2,077	2,537	580	1984	12/1/1998	5 to 40 years
Katy-Franz	TX		507	2,058	1,524	507	3,582	4,089	530	1993	12/15/1998	5 to 40 years
W. Warwick	RI		447	1,776	776	447	2,552	2,999	550	1986/94	2/2/1999	5 to 40 years
Lafayette-Pinhook 1	LA		556	1,951	831	556	2,782	3,338	785	1980	2/17/1999	5 to 40 years
Lafayette-Pinhook2	LA		708	2,860	243	708	3,103	3,811	716	1992/94	2/17/1999	5 to 40 years
Lafayette-Ambassador	LA		314	1,095	622	314	1,717	2,031	513	1975	2/17/1999	5 to 40 years
Lafayette-Evangeline	LA		188	652	1,401	188	2,053	2,241	490	1977	2/17/1999	5 to 40 years
Lafayette-Guilbeau	LA		963	3,896	753	963	4,649	5,612	976	1994	2/17/1999	5 to 40 years
Gilbert-Elliott Rd	AZ		651	2,600	1,076	772	3,555	4,327	671	1995/07	5/18/1999	5 to 40 years
Glendale-59th Ave	AZ		565	2,596	472	565	3,068	3,633	660	1997	5/18/1999	5 to 40 years
Mesa-Baseline	AZ		330	1,309	630	733	1,536	2,269	343	1986	5/18/1999	5 to 40 years
Mesa-E.Broadway	AZ		339	1,346	560	339	1,906	2,245	374	1986	5/18/1999	5 to 40 years
Mesa-W.Broadway	AZ		291	1,026	563	291	1,589	1,880	306	1976	5/18/1999	5 to 40 years
Mesa-Greenfield	AZ		354	1,405	229	354	1,634	1,988	377	1986	5/18/1999	5 to 40 years
Phoenix-Camelback	AZ		453	1,610	654	453	2,264	2,717	481	1984	5/18/1999	5 to 40 years
Phoenix-Bell	AZ		872	3,476	667	872	4,143	5,015	949	1984	5/18/1999	5 to 40 years
Phoenix-35th Ave	AZ		849	3,401	625	849	4,026	4,875	851	1996	5/21/1999	5 to 40 years
Westbrook	ME		410	1,626	1,704	410	3,330	3,740	521	1988	8/2/1999	5 to 40 years
Cocoa	FL		667	2,373	686	667	3,059	3,726	654	1982	9/29/1999	5 to 40 years
Cedar Hill	TX		335	1,521	242	335	1,763	2,098	426	1985	11/9/1999	5 to 40 years
Monroe	NY		276	1,312	1,079	276	2,391	2,667	367	1998	2/2/2000	5 to 40 years
N.Andover	MA		633	2,573	585	633	3,158	3,791	554	1989	2/15/2000	5 to 40 years
Seabrook	TX		633	2,617	301	633	2,918	3,551	600	1996	3/1/2000	5 to 40 years
Plantation	FL		384	1,422	349	384	1,771	2,155	363	1994	5/2/2000	5 to 40 years
Birmingham-Bessemer	AL		254	1,059	1,107	254	2,166	2,420	291	1998	11/15/2000	5 to 40 years
Brewster	NY	(2)	1,716	6,920	293	1,876	7,053	8,929	362	1991/97	12/27/2000	5 to 40 years
Austin-Lamar	TX	(2)	837	2,977	164	914	3,064	3,978	177	1996/99	2/22/2001	5 to 40 years
Houston-E.Main	TX	(2)	733	3,392	240	796	3,569	4,365	191	1993/97	3/2/2001	5 to 40 years
Ft.Myers-Abrams	FL	(2)	787	3,249	114	854	3,296	4,150	190	1997	3/13/2001	5 to 40 years
Dracut	MA	(1)	1,035	3,737	519	1,104	4,187	5,291	642	1986	12/1/2001	5 to 40 years
Methuen	MA	(1)	1,024	3,649	499	1,091	4,081	5,172	619	1984	12/1/2001	5 to 40 years
Columbia 5	SC	(1)	883	3,139	1,109	942	4,189	5,131	588	1985/07	12/1/2001	5 to 40 years
Myrtle Beach	SC	(1)	552	1,970	723	589	2,656	3,245	426	1984	12/1/2001	5 to 40 years

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Description	ST	Encumbrance	Initial Cost to Company		Cost Capitalized	Gross Amount at Which			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
			Land	Building, Equipment and Improvements	Subsequent to Acquisition	Carried at Close of Period						
					Building, Equipment and Improvements	Land	Improvements	Total				
Kingsland	GA	(1)	470	1,902	812	666	2,518	3,184	429	1989	12/1/2001	5 to 40 years
Saco	ME	(1)	534	1,914	266	570	2,144	2,714	324	1988	12/3/2001	5 to 40 years
Plymouth	MA		1,004	4,584	192	1,004	4,776	5,780	720	1996	12/19/2001	5 to 40 years
Sandwich	MA	(1)	670	3,060	400	714	3,416	4,130	533	1984	12/19/2001	5 to 40 years
Syracuse	NY	(1)	294	1,203	358	313	1,542	1,855	267	1987	2/5/2002	5 to 40 years
Houston-Westward	TX	(1)	853	3,434	804	912	4,179	5,091	647	1976	2/13/2002	5 to 40 years
Houston-Boone	TX	(1)	250	1,020	467	268	1,469	1,737	224	1983	2/13/2002	5 to 40 years
Houston-Cook	TX	(1)	285	1,160	295	305	1,435	1,740	228	1986	2/13/2002	5 to 40 years
Houston-Harwin	TX	(1)	449	1,816	578	480	2,363	2,843	358	1981	2/13/2002	5 to 40 years
Humble-Hempstead	TX	(1)	545	2,200	859	583	3,021	3,604	418	1974/78	2/13/2002	5 to 40 years
Houston-Kuykendahl	TX	(1)	517	2,090	697	553	2,751	3,304	427	1979/83	2/13/2002	5 to 40 years
Houston-Hwy 249	TX	(1)	299	1,216	960	320	2,155	2,475	285	1983	2/13/2002	5 to 40 years
Mesquite-Hwy 80	TX	(1)	463	1,873	494	496	2,334	2,830	345	1985	2/13/2002	5 to 40 years
Mesquite-Franklin	TX	(1)	734	2,956	654	784	3,560	4,344	495	1984	2/13/2002	5 to 40 years
Dallas-Plantation	TX	(1)	394	1,595	263	421	1,831	2,252	279	1985	2/13/2002	5 to 40 years
San Antonio-Hunt	TX	(1)	381	1,545	394	408	1,912	2,320	284	1980	2/13/2002	5 to 40 years
Humble-5250 FM	TX		919	3,696	303	919	3,999	4,918	553	1998/02	6/19/2002	5 to 40 years
Pasadena	TX		612	2,468	225	612	2,693	3,305	365	1999	6/19/2002	5 to 40 years
League City-E.Main	TX		689	3,159	253	689	3,412	4,101	469	1994/97	6/19/2002	5 to 40 years
Montgomery	TX		817	3,286	1,965	1,119	4,949	6,068	469	1998/07	6/19/2002	5 to 40 years
Texas City	TX		817	3,286	118	817	3,404	4,221	481	1999	6/19/2002	5 to 40 years
Houston-Hwy 6	TX		407	1,650	154	407	1,804	2,211	253	1997	6/19/2002	5 to 40 years
Lumberton	TX		817	3,287	161	817	3,448	4,265	486	1996	6/19/2002	5 to 40 years
The Hamptons 1	NY		2,207	8,866	556	2,207	9,422	11,629	1,189	1989/95	12/16/2002	5 to 40 years
The Hamptons 2	NY		1,131	4,564	446	1,131	5,010	6,141	628	1998	12/16/2002	5 to 40 years
The Hamptons 3	NY		635	2,918	290	635	3,208	3,843	396	1997	12/16/2002	5 to 40 years
The Hamptons 4	NY		1,251	5,744	310	1,252	6,053	7,305	761	1994/98	12/16/2002	5 to 40 years
Duncanville	TX		1,039	4,201	34	1,039	4,235	5,274	474	1995/99	8/26/2003	5 to 40 years
Dallas-Harry Hines	TX		827	3,776	296	827	4,072	4,899	422	1998/01	10/1/2003	5 to 40 years
Stamford	CT		2,713	11,013	271	2,713	11,284	13,997	1,087	1998	3/17/2004	5 to 40 years
Houston-Tomball	TX		773	3,170	1,732	773	4,902	5,675	379	2000	5/19/2004	5 to 40 years
Houston-Conroe	TX		1,195	4,877	78	1,195	4,955	6,150	464	2001	5/19/2004	5 to 40 years
Houston-Spring	TX		1,103	4,550	223	1,103	4,773	5,876	455	2001	5/19/2004	5 to 40 years
Houston-Bissonnet	TX		1,061	4,427	2,601	1,061	7,028	8,089	442	2003/07	5/19/2004	5 to 40 years
Houston-Alvin	TX		388	1,640	32	388	1,672	2,060	170	2003	5/19/2004	5 to 40 years
Clearwater	FL		1,720	6,986	26	1,720	7,012	8,732	654	2001	6/3/2004	5 to 40 years
Houston-Missouri City	TX		1,167	4,744	447	1,566	4,792	6,358	438	1998	6/23/2004	5 to 40 years
Chattanooga-Hixson	TN		1,365	5,569	697	1,365	6,266	7,631	576	1998/02	8/4/2004	5 to 40 years
Austin-Round Rock	TX		2,047	5,857	653	2,051	6,506	8,557	552	2000	8/5/2004	5 to 40 years

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Description	ST	Encumbrance	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
			Land	Building, Equipment and Improvements	Land	Building, Equipment and Improvements	Land	Improvements	Total				
East Falmouth	MA		1,479	5,978	95	1,479	6,073	7,552	443	1998	2/23/2005	5 to 40 years	
Cicero	NY		527	2,121	489	527	2,610	3,137	187	1988/02	3/16/2005	5 to 40 years	
Bay Shore	NY		1,131	4,609	49	1,131	4,658	5,789	345	2003	3/15/2005	5 to 40 years	
Springfield-Congress	MA		612	2,501	70	612	2,571	3,183	186	1965/75	4/12/2005	5 to 40 years	
Stamford-Hope	CT		1,612	6,585	84	1,612	6,669	8,281	484	2002	4/14/2005	5 to 40 years	
Houston-Jones	TX	3,643	1,214	4,949	55	1,215	5,003	6,218	337	1997/99	6/6/2005	5 to 40 years	
Montgomery-Richard	AL		1,906	7,726	85	1,906	7,811	9,717	526	1997	6/1/2005	5 to 40 years	
Oxford	MA		470	1,902	81	470	1,983	2,453	129	2002	6/23/2005	5 to 40 years	
Austin-290E	TX		537	2,183	98	537	2,281	2,818	151	2003	7/12/2005	5 to 40 years	
SanAntonio-Marbach	TX		556	2,265	146	556	2,411	2,967	153	2003	7/12/2005	5 to 40 years	
Austin-South 1st	TX		754	3,065	51	754	3,116	3,870	203	2003	7/12/2005	5 to 40 years	
Pinehurst	TX		484	1,977	89	484	2,066	2,550	136	2002/04	7/12/2005	5 to 40 years	
Marietta-Austell	GA		811	3,397	429	811	3,826	4,637	237	2003	9/15/2005	5 to 40 years	
Baton Rouge-Florida	LA		719	2,927	112	719	3,039	3,758	173	1984/94	11/15/2005	5 to 40 years	
Cypress	TX		721	2,994	1,079	721	4,073	4,794	197	2003	1/13/2006	5 to 40 years	
Texas City	TX		867	3,499	48	867	3,547	4,414	185	2003	1/10/2006	5 to 40 years	
San Marcos-Hwy 35S	TX		628	2,532	427	982	2,605	3,587	135	2001	1/10/2006	5 to 40 years	
Baytown	TX		596	2,411	61	596	2,472	3,068	131	2002	1/10/2006	5 to 40 years	
Webster	NY		937	3,779	89	937	3,868	4,805	188	2002/06	2/1/2006	5 to 40 years	
Houston-Jones Rd 2	TX		707	2,933	1,974	707	4,907	5,614	184	2000/07	3/9/2006	5 to 40 years	
Cameron-Scott	LA	1,022	411	1,621	124	411	1,745	2,156	89	1997	4/13/2006	5 to 40 years	
Lafayette-Westgate	LA		463	1,831	50	463	1,881	2,344	88	2001/04	4/13/2006	5 to 40 years	
Broussard	LA		601	2,406	1,209	601	3,615	4,216	119	2002/07	4/13/2006	5 to 40 years	
Congress-Lafayette	LA	1,122	542	1,319	62	542	1,381	1,923	69	1997/99	4/13/2006	5 to 40 years	
Manchester	NH		832	3,268	55	832	3,323	4,155	144	2000	4/26/2006	5 to 40 years	
Nashua	NH		617	2,422	207	617	2,629	3,246	101	1989	6/29/2006	5 to 40 years	
Largo 2	FL	2,457	1,270	5,037	143	1,270	5,180	6,450	200	1998	6/22/2006	5 to 40 years	
Pinellas Park	FL		929	3,676	86	929	3,762	4,691	145	2000	6/22/2006	5 to 40 years	
Tarpon Springs	FL	2,282	696	2,739	60	696	2,799	3,495	109	1999	6/22/2006	5 to 40 years	
New Orleans	LA	4,162	1,220	4,805	51	1,220	4,856	6,076	192	2000	6/22/2006	5 to 40 years	
St Louis-Meramec	MO	4,802	1,113	4,359	123	1,113	4,482	5,595	173	1999	6/22/2006	5 to 40 years	
St Louis-Charles Rock	MO		766	3,040	61	766	3,101	3,867	119	1999	6/22/2006	5 to 40 years	
St Louis-Shackelford	MO	2,413	828	3,290	67	828	3,357	4,185	131	1999	6/22/2006	5 to 40 years	
St Louis-W.Washington	MO	3,842	734	2,867	356	734	3,223	3,957	123	1980/01	6/22/2006	5 to 40 years	
St Louis-Howdershell	MO		899	3,596	149	899	3,745	4,644	146	2000	6/22/2006	5 to 40 years	
St Louis-Lemay Ferry	MO		890	3,552	94	890	3,646	4,536	141	1999	6/22/2006	5 to 40 years	
St Louis-Manchester	MO	3,628	697	2,711	69	697	2,780	3,477	109	2000	6/22/2006	5 to 40 years	
Arlington-Little Rd	TX	2,085	1,256	4,946	114	1,256	5,060	6,316	195	1998/03	6/22/2006	5 to 40 years	
Dallas-Goldmark	TX		605	2,434	40	605	2,474	3,079	97	2004	6/22/2006	5 to 40 years	

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Description	ST	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
		Encumbrance	Land	Building, Equipment and Improvements	Building, Equipment and Improvements	Land	Building, Equipment and Improvements	Total					
Dallas-Manana	TX		607	2,428	91	607	2,519	3,126	97	2004	6/22/2006	5 to 40 years	
Dallas-Manderville	TX		1,073	4,276	49	1,073	4,325	5,398	171	2003	6/22/2006	5 to 40 years	
Ft. Worth-Granbury	TX	1,871	549	2,180	68	549	2,248	2,797	88	1998	6/22/2006	5 to 40 years	
Ft. Worth-Grapevine	TX	2,133	644	2,542	36	644	2,578	3,222	101	1999	6/22/2006	5 to 40 years	
San Antonio-Blanco	TX		963	3,836	40	963	3,876	4,839	153	2004	6/22/2006	5 to 40 years	
San Antonio-Broadway	TX		773	3,060	68	773	3,128	3,901	124	2000	6/22/2006	5 to 40 years	
San Antonio-Huebner	TX	2,326	1,175	4,624	36	1,175	4,660	5,835	178	1998	6/22/2006	5 to 40 years	
Chattanooga-Lee Hwy II	TN		619	2,471	50	619	2,521	3,140	95	2002	8/7/2006	5 to 40 years	
Lafayette-Evangeline	LA		699	2,784	65	699	2,849	3,548	106	1995/99	8/1/2006	5 to 40 years	
Montgomery-E.S.Blvd	AL		1,158	4,639	185	1,158	4,824	5,982	160	1996/97	9/28/2006	5 to 40 years	
Auburn-Pepperell Pkwy	AL		590	2,361	100	590	2,461	3,051	80	1998	9/28/2006	5 to 40 years	
Auburn-Gatewood Dr	AL		694	2,758	18	694	2,776	3,470	89	2002/03	9/28/2006	5 to 40 years	
Columbus-Williams Rd	GA		736	2,905	67	736	2,972	3,708	100	2002/04/06	9/28/2006	5 to 40 years	
Columbus-Miller Rd	GA		975	3,854	58	975	3,912	4,887	126	1995	9/28/2006	5 to 40 years	
Columbus-Armour Rd	GA		0	3,680	63	0	3,743	3,743	124	2004/05	9/28/2006	5 to 40 years	
Columbus-Amber Dr	GA		439	1,745	17	439	1,762	2,201	58	1998	9/28/2006	5 to 40 years	
Concord	NH		813	3,213	27	813	3,240	4,053	96	2000	10/31/2006	5 to 40 years	
Buffalo-Lagner	NY		532	2,119	50	532	2,169	2,701	41	1993/07	3/30/2007	5 to 40 years	
Buffalo-Transit	NY		437	1,794	51	437	1,845	2,282	38	1998	3/30/2007	5 to 40 years	
Buffalo-Lake	NY		638	2,531	155	638	2,686	3,324	55	1997	3/30/2007	5 to 40 years	
Buffalo-Union	NY		348	1,344	74	348	1,418	1,766	28	1998	3/30/2007	5 to 40 years	
Buffalo-Niagara Falls	NY		323	1,331	32	323	1,363	1,686	28	1998	3/30/2007	5 to 40 years	
Buffalo-Youngs	NY		315	2,185	26	316	2,210	2,526	24	1999/00	3/30/2007	5 to 40 years	
Buffalo-Sheridan	NY		961	3,827	40	961	3,867	4,828	75	1999	3/30/2007	5 to 40 years	
Buffalo-Transit	NY		375	1,498	141	375	1,639	2,014	33	1990/95	3/30/2007	5 to 40 years	
Rochester-Phillips	NY		1,003	4,002	23	1,003	4,025	5,028	78	1999	3/30/2007	5 to 40 years	
Greenville	MS		1,100	4,386	80	1,100	4,466	5,566	118	1994	1/11/2007	5 to 40 years	
Port Arthur	TX		929	3,647	53	930	3,699	4,629	79	2002/04	3/8/2007	5 to 40 years	
Beaumont	TX		1,537	6,018	110	1,537	6,128	7,665	132	2003/06	3/8/2007	5 to 40 years	
Huntsville	AL		1,607	6,338	28	1,607	6,366	7,973	94	1989/06	6/1/2007	5 to 40 years	
Huntsville	AL		1,016	4,013	19	1,017	4,031	5,048	60	1993/07	6/1/2007	5 to 40 years	
Gulfport	MS		1,423	5,624	11	1,423	5,635	7,058	84	1998/05	6/1/2007	5 to 40 years	
Huntsville	AL		1,206	4,775	14	1,206	4,789	5,995	72	1998/06	6/1/2007	5 to 40 years	
Mobile	AL		1,216	4,819	10	1,216	4,829	6,045	72	2000/07	6/1/2007	5 to 40 years	
Gulfport	MS		1,345	5,325	17	1,345	5,342	6,687	80	2002/04	6/1/2007	5 to 40 years	
Huntsville	AL		1,164	4,624	18	1,164	4,642	5,806	70	2002/06	6/1/2007	5 to 40 years	
Foley	AL		1,346	5,474	13	1,347	5,486	6,833	84	2003/06	6/1/2007	5 to 40 years	
Pensacola	FL		1,029	4,180	18	1,029	4,198	5,227	66	2003/06	6/1/2007	5 to 40 years	
Auburn	AL		686	2,732	11	686	2,743	3,429	42	2003	6/1/2007	5 to 40 years	

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Description	ST	Initial Cost to Company		Cost Capitalized	Gross Amount at Which			Accum. Deprec.	Date of Construction	Date Acquired	Life on which depreciation in latest income statement is computed
		Land	Building, Equipment and Improvements	Subsequent to Acquisition	Land	Building, Equipment and Improvements	Total				
Gulfport	MS	1,811	7,152	11	1,811	7,163	8,974	106	2004/06	6/1/2007	5 to 40 years
Pensacola	FL	732	3,015	13	732	3,028	3,760	49	2006	6/1/2007	5 to 40 years
Montgomery	AL	1,075	4,333	20	1,076	4,352	5,428	66	2006	6/1/2007	5 to 40 years
Montgomery	AL	885	3,586	13	885	3,599	4,484	55	2006	6/1/2007	5 to 40 years
San Antonio	TX	676	2,685	50	676	2,735	3,411	42	2003/06	5/21/2007	5 to 40 years
Beaumont	TX	742	3,024	3	742	3,027	3,769	13	2002/05	11/14/2007	5 to 40 years
Hattiesburg	MS	444	1,799	0	444	1,799	2,243	0	1998	12/19/2007	5 to 40 years
Biloxi	MS	384	1,548	0	384	1,548	1,932	0	2000	12/19/2007	5 to 40 years
Foley	AL	437	1,757	0	437	1,757	2,194	0	2000	12/19/2007	5 to 40 years
Construction in progress		0	0	13,207	0	13,207	13,207	0	2007		
Corporate Office	NY	0	68	10,898	1,621	9,345	10,966	5,758	2000	5/1/2000	5 to 40 years
		\$225,933	\$ 874,659	\$ 230,047	\$237,836	\$ 1,092,803	\$1,330,639	\$185,258			

- (1) These properties are encumbered through one mortgage loan with an outstanding balance of \$43.6 million at December 31, 2007.
- (2) These properties are encumbered through one mortgage loan with an outstanding balance of \$29.1 million at December 31, 2007.

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	December 31, 2007	December 31, 2006	December 31, 2005
Cost:			
Balance at beginning of period	\$1,143,904	\$ 893,980	\$811,516
Additions during period:			
Acquisitions through foreclosure	\$ —	\$ —	\$ —
Other acquisitions	136,653	212,957	65,001
Improvements, etc.	<u>52,506</u>	<u>37,066</u>	<u>18,236</u>
	189,159	250,023	83,237
Deductions during period:			
Cost of real estate sold	<u>(2,424)</u>	<u>(99)</u>	<u>(773)</u>
Balance at close of period	<u>\$1,330,639</u>	<u>\$1,143,904</u>	<u>\$893,980</u>
Accumulated Depreciation:			
Balance at beginning of period	\$ 155,843	\$ 130,550	\$109,750
Additions during period:			
Depreciation expense	<u>\$ 30,196</u>	<u>\$ 25,347</u>	<u>\$21,222</u>
	30,196	25,347	21,222
Deductions during period:			
Accumulated depreciation of real estate sold	<u>(781)</u>	<u>(54)</u>	<u>(422)</u>
Balance at close of period	<u>\$ 185,258</u>	<u>\$ 155,843</u>	<u>\$130,550</u>

**Statement Re: Computation of Earnings to
Combined Fixed Charges and Preferred Stock Dividends**

Amounts in thousands

	Year ended December 31,				
	2007	2006	2005	2004	2003
Earnings:					
Income from continuing operations before minority interest in consolidated subsidiaries and income or loss from equity investees	\$ 41,726	\$ 38,872	\$ 36,117	\$ 32,033	\$ 29,190
Fixed charges	35,117	32,006	24,352	25,296	25,534
Preferred dividend requirements of consolidated subsidiaries	(1,256)	(2,512)	(4,123)	(7,168)	(8,818)
Earnings (1)	75,587	68,366	56,346	50,161	45,906
Fixed charges:					
Interest expense	32,898	28,501	19,439	17,408	15,102
Amortization of financing fees	963	993	790	720	1,614
Preferred stock dividends	1,256	2,512	4,123	7,168	8,818
Fixed charges (2)	\$ 35,117	\$ 32,006	\$ 24,352	\$ 25,296	\$ 25,534
Ratio of earnings to combined fixed charges and preferred stock dividends (1)/(2)	2.15	2.14	2.31	1.98	1.80

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements and Related Prospectuses:

- (1) Registration Statement (Form S-8 No. 333-21679) of Sovran Self Storage, Inc.
- (2) 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,
- (3) Registration Statement (Form S-8 No. 333-42270) pertaining to the Deferred Compensation Plan for Directors of Sovran Self Storage, Inc.,
- (4) Registration Statement (Form S-3 No. 333-64735) of Sovran Self Storage, Inc.,
- (5) Registration Statement (Form S-8 No. 333-73806) pertaining to the 1995 Award and Option Plan,
- (6) Registration Statement (Form S-3 No. 333-97715) of Sovran Self Storage, Inc.,
- (7) Registration Statement (Form S-8 No. 333-107464) pertaining to the 1995 Outside Directors' Stock Option Plan,
- (8) Registration Statement (Form S-8 No. 333-138937) pertaining to the 2005 Award and Option Plan,
- (9) Registration Statement (Form S-3 No. 333-51169) of Sovran Self Storage, Inc. and Sovran Acquisition Limited Partnership,
- (10) Registration Statement (Form S-3 No. 333-118223) of Sovran Self Storage, Inc. and Sovran Acquisition Limited Partnership and,
- (11) Registration Statement (Form S-3 No. 333-138970) of Sovran Self Storage, Inc.;

of our reports dated February 25, 2008, with respect to the consolidated financial statements and schedule of Sovran Self Storage, Inc., and the effectiveness of internal control over financial reporting of Sovran Self Storage, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2007.

/s/ Ernst & Young LLP

Buffalo, New York
February 25, 2008

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 report on Form 10-K 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;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: February 28, 2008

/ S / Robert J. Attea

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

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 report on Form 10-K 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;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: February 28, 2008

/ S / David L. Rogers

David L. Rogers
Secretary, Chief Financial Officer

