Lok'nStore Group

Interim Results

RNS Number : 3323L
Lok'nStore Group PLC
27 April 2015

LOK'NSTORE GROUP PLC
("Lok'nStore" or "the Group")

Interim results
For the six months to 31 January 2015

Lok'nStore Group Plc, a leading company in the UK self-storage market announces results for six months to 31 January 2015.

Group Financial Highlights

Revenue £7.63 million up 13.6% (31.1.2014: £6.71 million)
Adjusted EBITDA[1] £2.92 million up 33.8% (31.1.2014: £2.18 million)
Operating profit £2.03 million up 38.2% (31.1.2014: £1.47m)
Profit before taxation £1.48 million up 61.9% (31.01.14: £0.92 million)
Net debt down to £24.3 million (31.1.2014: £25.4 million)
Interim dividend 2.33 pence per share up 16.5% (31.1.2014: 2 pence per share)
Adjusted Net Asset Value per share[2] £2.69 up 9.0% (31.1.2014: £2.47)

Operational Highlights

Self-storage:
Unit occupied sq.ft up 5.5%
Unit pricing up 6.7%
Self-storage revenue £6.71 million up 15.9% (31.1.2014: £5.79 million).
Store EBITDA £3.65 million up 27.4% (31.1.2014: £2.86 million)
Store EBITDA margins up 5% to 54.6% (31.1.2014: 49.6%) `

Document storage:
Revenue £0.92 million up 4.3% (31.1.2014: £0.88 million)
Boxes stored up 33.6% year-on-year
Tapes stored up 7.3% year-on-year

Property Highlights

Completion of Sale of old Reading store for residential development for £2.9 million
New Reading store opened October 2014
New Aldershot managed store will open in May 2015
Bristol and Southampton stores due to open in early 2016
New store in Chichester for management contract

Key Metrics

Loan to value ratio down to 27.5%[3] (31.1.2014: 30.9%)
Funds from Operations (FFO) [4] £2.52 million up 37.2% (31.1.2014: £1.84 million)
Annualised FFO per share of 20.1 pence per share up 33.1% (31.1.2014: 15.1 pence per share)

[1] Adjusted EBITDA is defined as profits before depreciation, amortisation, losses or profits on disposal, share-based payments, acquisition costs, non-recurring professional costs, finance income, finance costs and taxation

[2] Adjusted net asset value per share is the net assets adjusted for the valuation of leasehold stores and deferred tax divided by the number of shares at the period end. The shares held in the Group's employee benefits trust and treasury are excluded from the number of shares.

[3] Calculation based on net debt, excluding deferred finance costs of £24.3 million (31.1.2014: £25.4 million) and total property value of £88.4 million (31.1.2014: £82.3 million).

[4] Funds from Operations (FFO) is calculated as EBITDA minus net finance cost on operating assets

Commenting on the Group's results, Andrew Jacobs CEO of Lok'nStore Group said,

"We are delighted to report these impressive results. We have built on the strong growth of last year with a 5.5% increase in units occupied and a 6.7% increase in prices delivering a 13.6% growth in revenue.

With tight cost control group EBITDA profit margins have expanded to 38.3% from 32.4% last year. As well as increasing our turnover, margins and profits, we continue to invest in the future growth of the business. We opened our new store in Reading last October, transferring all of the existing customers before completing the sale of our old Reading Store for £2.9 million. Trading at the new Reading and Maidenhead stores has been good underpinning our confidence that the further new stores in Aldershot, Chichester, Southampton and Bristol opening over the coming eighteen months will add further impetus to sales and profit growth.

The strength of the existing business, good asset management and Lok'nStore's conservative debt means that this major expansion can be financed out of cash flow and our existing bank facility. This will enable the business to continue to deliver increasing dividends for our shareholders."

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Chairman's Statement

Rapid growth, increased dividend and strong new store opening programme

Building on our success over recent years, Lok'nStore Group has capitalised on its firm foundations with impressive growth during the first half of financial 2015. A robust 13.6% growth in revenue resulted from both strong occupancy and solid price growth. With operating and finance costs firmly under control margins have increased both at the store level and the group level. As a result profits have grown sharply with EBITDA up 33.8%, net profit up 61.9%, and FFO up 37.2%.

We are midway through a store development programme that will lead to an increase in new and purpose built space from 39.6% to 57.9% and increase space by 12% in our own portfolio. Recently opened stores in Crawley, Maidenhead and Reading grew strongly in the period with plenty of capacity to continue contributing to growth during the coming years. The new store development programme will also continue with the management stores opening in Aldershot in May 2015 and Chichester opening late in 2015, and the new stores in Southampton and Bristol opening in 2016. This new store growth will build on a robust performance from the existing portfolio.

With our innovative approach to financing our strong balance sheet and our growing cash flows we are achieving all this whilst reducing our gearing from its existing modest level and increasing dividends.

Impressive Trading

Group revenue grew rapidly in the period to £7.63 million, up 13.6% year on year (31.1.2014: £6.71 million) driven by self-storage unit occupancy which is up 5.5% and prices achieved for rented self-storage units which are up 6.7%. This strong revenue growth has resulted in a 33.8% increase in a Group Adjusted EBITDA of £2.92 million (31.1.2014: £2.18 million) and a 58% increase in net profit to £1.1 million (31.1.2014: £0.7 million). With finance costs also firmly under control this translates into Funds from Operations (FFO) per share growing by 33.1% to 20.1 pence per share (annualised).

Tight control over operating costs has pushed margins and profits to record levels. Group EBITDA margin increased from 32.4% to 38.3% and the store EBITDA margins increased by 5% points to 54.6%.

Properties

Following on from our Maidenhead store which opened in December 2013 and which continues to trade well, we have completed the disposal of the old Reading store on 31 October 2014. This has largely funded the development of the new store there which opened in November 2014. Trading has been encouraging since it opened.

The new Aldershot store will open in May 2015. The new Southampton and Bristol stores will open in 2016. We have also signed a Management Services Agreement with an external investor to manage a new storage facility in Chichester, West Sussex which will open late in 2015.

Dividend

It is intended that the Company's future dividend payments will reflect the growth in the underlying cash generated by the business. At the interim stage we intend to pay approximately one third of the previous year's total annual dividend which equates to 2.33 pence per share, up 16.5% on the 2 pence per share interim dividend last year. This interim dividend will be paid on 15 June 2015. The final dividend will be declared when the Group's full year results are announced.

Outlook

Lok'nStore is a dynamic business with a record of consistent profit growth and cash generation and is well positioned for the coming years. Recent strong trading will be reinforced by our programme of new, modern, purpose-built store openings and upgrades.

With the high barriers to entry to the self-storage industry created by the strong demand for property in South-East England and the difficulties of the local planning process, we believe there is the opportunity for significant further growth and we will continue to focus our efforts on five key areas:

- Filling existing stores and improving pricing
- Developing new stores on a self-funded basis
- Opportunistic site acquisitions
- Increasing the number of stores we manage for third parties
- Developing our document storage offering through organic growth

Simon G Thomas
Chairman
24 April 2015

Business and Financial Review
The Performance of our Stores

Sales, Profits and Occupancy growing sharply

Trading
Total group revenue for the period grew 13.6% to £7.63 million (31.1.2014: £6.71 million). Group operating profit for the year is up 38.2% to £2.03 million (31.1.2014: £1.47 million). Document storage revenue was £0.92 million up 4.3% (31.1.2014: £0.88 million).

Occupancy of the self-storage units increased 5.5% year on year to 63.6% (31.1.2014: 63.8%) of current lettable area (CLA) as we filled up space and fitted new space. This was combined with year on year price increases of 6.7%. Self-storage revenue for the period was £6.71 million up 15.9% (31.1.2014: £5.79 million).

With costs firmly under control this revenue growth translates into strong profit growth. We again managed to increase the overall adjusted EBITDA margin across all stores by 5 percentage points from 49.6% to 54.6%. The adjusted EBITDA margins of the freehold stores were 63.9% (31.1.2014: 61.6%) and the leasehold store margins rose to 42.2% (31.1.2014: 34.5%).

Total store EBITDA in the self-storage business, a key performance indicator of profitability and cash flow of the business, increased 27.4% to £3.65 million (31.1.2014: £2.86 million).

At the end of January 2015 33.4% of Lok'nStore's self-storage revenue was from business customers (31.1.2014: 33.7%) with the remainder from household customers, (31.1.2014: 66.3%). By number of customers 20.0% of our customers were business customers (31.1.2014: 20.1%).

Portfolio Analysis and Performance Breakdown	**Number of stores**	**% of Valuation**	**% of Store EBITDA**	**Store EBITDA Margin (%)**	**% lettable space Lok Owned**	**Total % lettable space**
As at 31 January 2015						
Freehold and long leasehold stores	12	77.9	64.9	64.5	58.3	53.5
Operating Leaseholds stores	9	17.2	35.1	42.5	41.7	38.2
Pipeline stores (Freehold)	2	4.9	–	–	–	–
Managed Stores (trading)	3	–	–	–	–	8.3
Managed Stores (under development)	2	–	–	–	–	–
Total	**28**	**100**	**100**	**54.6**	**100**	**100**

The average unexpired term of the Group's operating leaseholds is approximately 13 years and 2 months as at 31 January 2015 (14 years and 2 months: 31 January 2014). Total freeholds and long leasehold stores account for 82.8% of total property values. (Long leaseholds are those with over 50 years remaining term)

Ancillary Sales
Ancillary sales consisting of boxes and packaging materials, insurance and other sales increased 10.1% over the year accounting for 10.7% of self-storage revenues (31.1.2014: 11.3%). We continue to promote our insurance to new customers with the result that 93% (31.1.2014: 93%) of our new customers purchased our insurance over the year, and this has resulted in an increase in the percentage of our customers who are insured through Lok'nStore to 78% (31.1.2014: 76%).

Document storage business

In our document storage business revenue and earnings have improved slightly, and we are pleased to report that the operating metrics are improving quickly in response to the Company's more customer facing approach. These changes have resulted in excellent customer feedback and put us in a good position to win new business, with boxes stored increasing by 33.6% and tapes stored by 7.3% year on year.

	6 months ended 31 January 2015		**6 months ended 31 January 2014**
	Document Storage £'000	**Growth %**	**Document Storage £'000**
Document storage – Revenue	993	12.2	884
Document storage – Adjusted EBITDA	108	47.7	73

Following the fit-out of new warehouse racking we have the capacity to significantly increase the number of boxes stored within our existing premises. As part of this strategy additions of £0.44 million were made in the current year to Saracen's fixtures, fittings and equipment.

Property

Lok'nStore has 24 freehold, leasehold and managed stores trading. Of these 21 stores are owned with 12 freehold or long leasehold, nine leasehold and three further sites operate under management contracts. With Aldershot opening in May 2015 this will increase the number of stores we operate under management contracts to four and the total to 25. Lok'nStore is attracting a steady stream of investment partners to help drive the growth of the operating business.

Acquisition of site for new store in Bristol
In January 2014 Lok'nStore acquired a site in Longwell Green, Bristol. The site of approximately 0.9 acres is in a busy retail park and has planning permission to build a 50,000 sq. feet self-storage centre in Lok'nStore's modern and distinctive design. The total cost of the store when built and fitted-out, will be around £4 million and will add to Lok'nStore's high-quality portfolio of purpose built self-storage centres in prominent trading locations.

Sale of previous Reading store and opening new Reading store
On 31 October 2014, the Company sold its former storage site in Reading to a residential developer. The Company has received a cash payment of £2.9m for the site and further payments may be received depending on the value of residential sales achieved on the site. The existing customers have now been transferred into the adjacent new store which provides 48,000 square feet of space in a highly prominent location on the main A33 relief road.

Portsmouth North Harbour
On 24 November 2014 the Company announced the sale of the Company's undeveloped site at Portsmouth North Harbour for £3 million. The disposal is conditional on the buyer achieving appropriate planning permission which could take up to 18 months.

Aldershot
In 2012 Lok'nStore signed an agreement to develop and manage a new self-storage centre in Aldershot, Hampshire, located in a prominent location on the main Aldershot roundabout above the A331 with significant levels of passing traffic.

The store will be managed for outside investors under the Lok'nStore brand. Lok'nStore has contributed approximately £2.5 million of development funds of the estimated £4.5 million total cost of development and will manage the building and operation of the store. Building and fit-out works to the store are almost complete and the store will open in May 2015.

Lok'nStore will generate a return by charging a return on the development capital, and a management fee for the construction, operation and branding of the store. This project is consistent with Lok'nStore's strategy of expanding the operating footprint of the business while maintaining tight control on debt.

Financial

Lok'nStore is a robust business which generates an increasing cash flow from its strong asset base. With a low LTV of 27.5% and interest rate risks substantially hedged through to October 2016 the business has a firm base for growth. The value of the Group's property assets underpin a flexible business model with stable and rising cash flows, low credit risk and tightly controlled operating costs.

Taxation
The Group has made a tax provision against earnings in this period of £0.29 million.

Earnings per share
Basic earnings per share were 4.39 pence (31.1.2014: 2.87 pence per share) and diluted earnings per share were 4.29 pence (31.1.2014: 2.81 pence per share). Operating profit is 38.2% higher year on year.

Management of interest rate risk
Lok'nStore has £27.7 million of gross debt currently drawn against its £40 million revolving credit facility. £20 million is at a fixed interest rate with £10 million fixed rate swap at a fixed 1 month sterling LIBOR rate of 1.2% and £10 million swap at a fixed 1 month sterling LIBOR rate of 1.15%. With 1 month LIBOR around 0.5%, this leaves a balance of £7.7 million floating at a current all-in rate of around 2.85% and results in an overall weighted average rate of 3.34%. The £20 million fixed rate is treated as an effective cash flow hedge and its fair value on a mark-to-market basis has fluctuated historically. Its current fair value of £0.19 million is currently stated as a non-current asset (31.1.2014: £0.05 million). (See Note 15).

Operating costs
Group operating costs amounted to £4.55 million for the period, a 4.8% increase year on year (31.1.2014: £4.34 million). Overall operating costs as a percentage of revenue have decreased and represent 59.7% as a cost ratio. (31.1.2014: 64.7%). This disciplined approach to costs ensures that as much as possible of the revenue growth achieved contributes to increasing our profits. For the previous five years we have reduced our group operating costs each year. Although this is increasingly challenging while delivering strong growth, we have again in this period, through disciplined management, contained property costs with underlying property costs up 2.5% excluding the higher rates charges from the Maidenhead and Reading stores. Overhead costs have been reduced**.** Staff costs increased by 7.3% through a combination of higher sales bonuses driven off strong sales growth and additional national insurance costs arising on the exercise of employee share options. Progress continues on reducing Saracen's operating costs with a 3.4% decrease year on year.

Group	Increase/ (Decrease) in costs %	Six months ended 31 Jan 2015 £'000	Six months ended 31 Jan 2014 £'000	Year ended 31 July 2014 £'000
Property costs	**7.1**	**1,960**	1,829	3,689
Staff costs	**7.3**	**2,005**	1,870	3,971
Overheads	**(11.1)**	**491**	552	1,153
Distribution costs	**2.7**	**95**	93	189
Total	**4.8**	**4,551**	4,344	9,002

Self-Storage	Increase/ (Decrease) in costs %	Six months ended 31 Jan 2015 £'000	Six months ended 31 Jan 2014 £'000	Year ended 31 July 2014 £'000
Property costs	**10.3**	**1,729**	1,567	3,196
Staff costs	**9.3**	**1,672**	1,530	3,298
Overheads	**(14.3)**	**423**	493	1,011
Total	**6.5**	**3,824**	3,590	7,505

[1] Includes expenses relating to Southern Engineering and Machinery Company a wholly owned subsidiary which owns the Southampton development site.

Serviced Archive Storage	Increase/ (Decrease) in costs %	Six months ended 31 Jan 2015 £'000	Six months ended 31 Jan 2014 £'000	Year ended 31 July 2014 £'000
Property costs	**(11.8)**	**231**	262	493
Staff costs	**(1.8)**	**334**	339	673
Overheads	**15.3**	**68**	59	1142
Distribution costs	**2.7**	**95**	93	189
Total	**(3.4)**	**728**	753	1,497

Cash flow
At 31 January 2015 the Group had cash balances of £3.4 million (31.1.2014: £2.4 million). Cash inflow from operating activities before investing and financing activities was £1.4 million (31.1.2014: £1.6 million). As well as using cash generated from operations to fund some capital expenditure, the Group has a five year revolving credit facility. This provides sufficient liquidity for the Group's current needs. Undrawn committed facilities at the period-end amounted to £12.3 million (31.1.2014: £12.3 million).

Gearing
There was £27.7 million of gross borrowings (31.1.2014: £27.7 million) representing gearing of 53.2% (31.1.2014: 62.2%) on net debt of £24.3 million (31.1.2014: £25.4 million). After adjusting for the uplift in value of leaseholds which are stated at depreciated historic cost in the statement of financial position, gearing is 42.8% (31.1.2014: 50.4%). After adjusting for the deferred tax liability carried at period end of £11.0 million gearing drops to 35.8% (31.1.2014: 42.1%).

Funds from Operations (FFO)
By excluding £0.16 million (31.1.2014: £0.21 million) of the interest costs of carrying the development sites from the total net interest charge of £0.55 million (31.1.2014: £0.55 million) the interest on the operating portfolio is £0.39 million for the period (31.1.2014: £0.34 million). Funds from operations (FFO) represented by EBITDA minus interest on the operating portfolio is therefore £2.52 million up 37.2% (31.1.2014: £1.84 million) equating to 20.1 pence per share annualised, up 33.1% on last year (31.1.2014: 15.1 pence per share annualised).

Analysis of Funds from Operations (FFO)	Six months ended 31 Jan 2015 £'000	Six months ended 31 Jan 2014 £'000	Year ended 31 July 2014 £'000
Group EBITDA	**2,916**	2,179	4,616
Finance Costs	**549**	554	1,110
Interest costs relating to holding development assets	**(158)**	(215)	(467)
Net finance cost based on operations	**391**	339	643
Funds from Operations	**2,525**	1,840	3,973
Increase in Funds from Operations	**37.2%**		
	No.	No.	No.
Adjusted shares in issue	**25,162,113**	24,423,868	24,719,027
FFO per share (annualised)	**20.1 pence**	15.1 pence	16.1 pence
Increase in FFO per share	**33.1%**		

Capital expenditure and capital commitments

The Group has grown through a combination of new site acquisition, existing store improvements and relocations, and has concentrated on extracting value from its existing assets and developing through collaborative projects and management contracts. Capital expenditure during the period totalled £1.9 million (31.1.2014: £3.4 million). This was primarily the completion of construction and fitting out works at Maidenhead and Reading, demolition works at our Southampton and Portsmouth North Harbour sites, and some professional and other costs incurred in the preparation of our site in Bristol. The Group also invested a further £0.44 million in additional racking at the Saracen Olney warehouse to increase box capacity.

The Company has no further capital commitments beyond final amounts due on its Reading store, its £1.32 million investment commitment at Aldershot, (£1.18 million already spent) and some minor works to existing properties. (Refer note 25: Capital Commitments).

Market Valuation of Freehold and Operating Leasehold Land and Buildings

On 31 July 2014 professional valuations were prepared by Cushman and Wakefield (C&W) in respect of eleven freehold, one long leasehold and seven operating leasehold properties. This valuation has been adopted for the 31 January 2015 period-end. The valuation was prepared in accordance with the RICS Valuation - Professional Standards, published by The Royal Institute of Chartered Surveyors (the "Red Book"). The valuation has been provided for accounts purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book.

A deferred tax liability arises on the revaluation of the properties and on the rolled-over gain arising from the disposal of the Kingston and Woking sites in 2007. It is not envisaged that any tax will become payable in the foreseeable future on these disposals due to the availability of rollover relief. The existing Reading store was sold with the benefit of its permission for residential development and the proceeds will be reinvested in our new store pipeline. It is not the intention of the Directors to make any other significant disposals of trading stores, although individual disposals may be considered where it is clear that added value can be created by recycling the capital into other opportunities.

The Board will continue to commission independent valuations on its trading stores annually to coincide with its year-end reporting.

The valuations of our freehold property assets are included in the Statement of Financial Position at their fair value, but under applicable accounting standards, no value is included in respect of our leasehold stores to the extent that they are classified as operating leases. The value of our operating leases in the valuation totals £14.6 million (31.1.2014: £13.2 million). Instead we have reported by way of a note the underlying value of these leasehold stores in future revaluations and adjusted our Net Asset Value (NAV) calculation accordingly to include their value. This will ensure comparable NAV calculations.

Analysis of Total Property Value

	No of stores/sites	**31 Jan 2015 Valuation £'000**	No of stores/sites	31 Jan 2014 Valuation £'000	No of stores/sites	31 July 2014 Valuation £'000
Freehold valued by C & W	**12**	**65,910**	12	54,460	12	64,510
Leasehold valued by C & W	**7**	**14,570**	7	13,200	7[1]	14,570
Subtotal	**19**	**80,480**	19	67,660	19	79,080
Sites in development at cost	**3**	**7,874**	4	14,636	4	11,409
Total	**22**	**88,354**	23	82,296	23	90,489

1 Two leasehold stores were not valued as their remaining unexpired terms were insufficient to yield a value under the Cushman & Wakefield valuation methodology.

Adjusted Net Asset Value per Share

Adjusted net assets per share is the net assets of the Group business adjusted for the valuation of leasehold stores and deferred tax divided by the number of shares at the period-end. The shares currently held in the Group's employee benefits trust (own shares held) and in treasury are excluded from the number of shares.

At January 2015 the adjusted net asset value per share increased to £2.69 from £2.47 year on year, up 9.0%. This increase is a result of higher property values, cash generated from operations, offset in part by an increase in the shares in issue due to the exercise of share options by management and staff during the period and an increased dividend pay-out.

Adjusted Net Asset Value per Share (NAV)	**31 Jan 2015 £'000**	31 Jan 2014 £'000	31 July 2014 £'000
Net assets	**45,711**	40,892	45,210
Adjustment to include leasehold stores at valuation			
Add: C & W leasehold valuation [1]	**14,570**	13,200	14,570
Deduct: leasehold properties and their fixtures and fittings at NBV	**(3,445)**	(3,577)	(3,555)
	56,836	50,515	56,225
Deferred tax arising on revaluation of leasehold properties [2]	**(2,225)**	(1,925)	(2,203)
Adjusted net assets	**54,611**	48,590	54,022
Shares in issue	**Number**	Number '000s	Number '000s
Opening shares	**27,809**	27,141	27,141
Shares issued for the exercise of options	**443**	373	668
Closing shares in issue	**28,252**	27,514	27,809
Shares held in treasury	**(2,467)**	(2,467)	(2,467)
Shares held in EBT	**(623)**	(623)	(623)
Closing shares for NAV purposes	**25,162**	24,424	24,719
Adjusted net asset value per share after deferred tax provision	**£2.17**	£1.99	£2.18
Adjusted net asset value per share before deferred tax provision	**£2.69**	£2.47	£2.71

1 The seven leaseholds valued by Cushman & Wakefield are all within the terms of the Landlord and Tenant Act (1954) giving a degree of security of tenure. The average length of the leases on the leasehold stores valued was 13 years and 8 months at the date of the 2014 valuation (2013 valuation: 14 years and 8 months).

2 A deferred tax adjustment in respect of the uplift in the value of the leasehold properties has been included. Although this is a memorandum adjustment as leasehold properties are included in the Group's financial statements at cost and not at valuation, this deferred tax adjustment is included in the adjusted net asset value calculation in order to maintain a consistency of tax treatment between freehold and leasehold properties.

Corporate and Social Responsibilities

Lok'nStore conducts its business in a manner that reflects honesty, integrity and ethical conduct. We believe that the long-term success of the business is best served by respecting the interests of all our stakeholders. Management of social, environmental and ethical issues is of high importance to Lok'nStore. These issues are dealt with on a day-to-day basis by the Group's managers with principal accountability lying with the Board of Directors. We look for opportunities to address our responsibility to the environment, and we pay close attention to our energy use, carbon dioxide emissions, water use and waste production. At each year-end Lok'nStore commissions a full assessment of the Group's environmental impact.

Customers

We believe in clarity and transparency towards our customers. Brochures and literature are written in plain English, explaining clearly our terms of business without hiding anything. We are open and honest about our products and services and do not employ pressure selling techniques or attempt to take advantage of any vulnerable groups. If we make a mistake we acknowledge it, deal with the problem quickly, and learn from our error. We listen to our customers as we know that they can help us improve our service to them. In return 21% of our move-ins in the period came from previous customers, existing customers taking more space, and customer referrals.

Andrew Jacobs
Chief Executive Officer

Ray Davies
Finance Director

Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2015

	Notes	**Six months ended 31 January 2015 Unaudited £'000**	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 £'000
Revenue	1a	**7,629**	6,714	13,910
Total property, staff, distribution and general costs	2a	**(4,713)**	(4,535)	(9,294)
Adjusted EBITDA[1]		**2,916**	2,179	4,616
Amortisation of intangible assets		**(83)**	(83)	(165)
Depreciation based on historic cost		**(547)**	(450)	(965)
Additional depreciation based on revalued assets		**(134)**	(129)	(258)
Loss on sale of motor vehicle		**(8)**	(9)	(28)
Equity settled share based payments	18	**(112)**	(37)	(119)
Impairment of development land asset	2c	**–**	–	(1,604)
		(884)	(708)	(3,139)
Operating profit		**2,032**	1,471	1,477
Finance income	3	**26**	14	26
Finance cost	4	**(575)**	(569)	(1,136)
Profit before taxation	5	**1,483**	916	367
Income tax expense	6	**(387)**	(220)	(170)
Profit for the period		**1,096**	696	197
Profit attributable to:				
Owners of the parent	20	**1,096**	696	197

Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
(Decrease)/increase in property valuation	**(128)**	326	6,281
Deferred tax relating to change in property valuation	**26**	(73)	(1,261)
	(102)	253	5,020
Items that may be subsequently reclassified to profit and loss			
Increase in fair value of cash flow hedges	**137**	214	322
Deferred tax relating to cash flow hedges	**(28)**	(48)	(72)
	109	166	250
Other comprehensive income	**7**	419	5,270
Total comprehensive income for the period	**1,103**	1,115	5,467
Attributable to:			
Owners of the parent	**1,103**	1,115	5,467

	Notes			
Earnings per share				
Basic	8	**4.39p**	2.87p	0.81p
Diluted	8	**4.29p**	2.81p	0.79p

[1] Adjusted EBITDA and operating profit are defined in the accounting policies section of the notes to the interim report.

Consolidated Statement of Changes in Equity
For the six months ended 31 January 2015

	Share capital £'000	Share premium £'000	Other reserves £'000	Revaluation reserve £'000	Retained earnings £'000	Attributable to owners of the parent £'000	Non controlling interest £'000	Total equity £'000
1 August 2013	**272**	**1,013**	**10,511**	**21,665**	**6,631**	**40,092**	**280**	**40,372**
Profit for the period	–	–	–	–	696	696	–	696
Other comprehensive income:								
Increase in asset valuation net of deferred tax	–	–	–	253	–	253	–	253
Decrease in fair value of cash flow hedges net of deferred tax	–	–	166	–	–	166	–	166
Total comprehensive income	–	–	166	253	696	1,115	–	1,115
Transactions with owners:								
Dividend paid	–	–	(1,052)	–	–	(1,052)	–	(1,052)
Transfer additional dep'n on revaluation net of deferred tax	–	–	–	(100)	100	–	–	–
Transfer minority interest on acquisition of subsidiary shares	–	–	–	–	280	280	(280)	–
Equity share based payments	–	–	37	–	–	37	–	37
Exercise of share options	3	417	–	–	–	420	–	420
31 January 2014	**275**	**1,430**	**9,662**	**21,818**	**7,707**	**40,892**	**–**	**40,892**
Loss for the period	–	–	–	–	(498)	(498)	–	(498)
Other comprehensive income:								
Increase in asset valuation net of deferred tax	–	–	–	4,766	–	4,766	–	4,766
Decrease in fair value of cash flow hedges net of deferred tax	–	–	83	–	–	83	–	83
Total comprehensive income	–	–	83	4,766	(498)	4,351	–	4,351
Transactions with owners:								
Dividend paid	–	–	(490)	–	–	(490)	–	(490)
Transfer additional dep'n on revaluation net of deferred tax	–	–	–	(106)	106	–	–	–
IFRS2 transfer share options to which the equity relates have either been exercised or lapsed	–	–	(742)	–	742	–	–	–
Equity share based payments	–	–	82	–	–	82	–	82
Exercise of share options	4	371	–	–	–	375	–	375
31 July 2014	**279**	**1,801**	**8,595**	**26,478**	**8,057**	**45,210**	**–**	**45,210**
Profit for the period	–	–	–	–	1,096	1,096	–	1,096
Other comprehensive income:								
Decrease in property valuation net of deferred tax	–	–	–	(102)	–	(102)	–	(102)
Decrease in fair value of cash flow hedges net of deferred tax	–	–	109	–	–	109	–	109
Total comprehensive income	–	–	109	(102)	1,096	1,103	–	1,103
Transactions with owners:								
Dividend paid	–	–	(1,258)	–	–	(1,258)	–	(1,258)
Transfer additional dep'n on revaluation net of deferred tax	–	–	–	(107)	107	–	–	–
IFRS2 transfer share options to which the equity relates have either been exercised or lapsed	–	–	(211)	–	211	–	–	–
Equity share based payments	–	–	112	–	–	112	–	112
Exercise of share options	4	540	–	–	–	544	–	544
31 January 2015	**283**	**2,341**	**7,347**	**26,269**	**9,471**	**45,711**	**–**	**45,711**

Consolidated Statement of Financial Position
31 January 2015

Company Registration No. 04007169

	Notes	**31 January 2015 Unaudited £'000**	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Assets				
Non-current assets				
Intangible assets	9a	**3,840**	4,005	3,923
Property, plant and equipment	9b	**78,721**	69,185	77,679
Property lease premiums	9c	**–**	4,607	–
Derivative financial instruments	15b	**188**	–	51
		82,749	77,797	81,653
Current assets				
Inventories	11	**127**	150	131
Trade and other receivables	12	**3,408**	2,389	2,901
Cash and cash equivalents		**3,397**	2,264	2,178
Total current assets (excluding non-current assets classified as held for sale)		**6,932**	4,803	5,210
Non-current assets classified as held for sale	10	**–**	–	2,900
Total assets		**89,681**	82,600	89,763
Liabilities				
Current liabilities				
Trade and other payables	13	**(4,883)**	(4,213)	(5,900)
Taxation		**(624)**	(206)	(338)
		(5,507)	(4,419)	(6,238)
Non-current liabilities				
Borrowings	15a	**(27,497)**	(27,393)	(27,445)
Derivative financial instruments	15b	**–**	(57)	–
Deferred tax	16	**(10,966)**	(9,839)	(10,870)
		(38,463)	(37,289)	(38,315)
Total liabilities		**(43,970)**	(41,708)	(44,553)
Net assets		**45,711**	40,892	45,210
Equity				
Equity attributable to owners of the parent				
Called up share capital	17	**282**	275	279
Share premium		**2,342**	1,430	1,801
Other reserves	19	**7,347**	9,662	8,595
Retained earnings	20	**9,471**	7,707	8,057
Revaluation reserve		**26,269**	21,818	26,478
Total equity		**45,711**	40,892	45,210

Approved by the Board of Directors and authorised for issue on 24 April 2015 and signed on its behalf by:

Andrew Jacobs
Chief Executive Officer

Ray Davies
Finance Director

Consolidated Statement of Cash Flows
For the six months ended 31 January 2015

	Notes	**Six months ended 31 January 2015 Unaudited £'000**	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Operating activities				
Cash generated from operations	22a	**1,388**	1,606	5,241
Net cash from operating activities		**1,388**	1,606	5,241
Investing activities				
Purchase of property, plant and equipment	9b	**(1,865)**	(1,570)	(6,485)
Additions to property lease premiums	9c	**–**	(1,806)	–
Proceeds from disposal of property, plant and equipment		**2,907**	7	19
Interest received		**26**	14	26
Net cash used in investing activities		**1,068**	(3,355)	(6,440)
Financing activities				
Repayment of borrowings		**–**	–	919
Proceeds from new borrowings		**–**	919	(5)
Finance costs paid		**(524)**	(517)	(1,033)
Equity dividends paid		**(1,258)**	(1,053)	(1,543)
Proceeds from issuance of ordinary shares (net)		**545**	421	795
Net cash used in financing activities		**(1,237)**	(230)	(867)
Net increase/(decrease) in cash and cash equivalents in the period		**1,219**	(1,979)	(2,066)
Cash and cash equivalents at beginning of the period		**2,178**	4,243	4,244
Cash and cash equivalents at end of the period		**3,397**	2,264	2,178

No statement of cash flows is presented for the Company as it had no cash flows in either year.

Accounting Policies

General Information
Lok'nStore Group plc is an AIM listed company incorporated and domiciled in England and Wales. The address of the registered office is One London Wall, London EC2Y 5AB, UK. Copies of this Interim Report and Accounts may be obtained from the Company's head office at 112 Hawley Lane, Farnborough, Hants, GU14 8JE, or from the investor section of the Company's website at http://www.loknstore.co.uk.

Basis of preparation
The interim results for the six months ended 31 January 2015 have been prepared on the basis of the accounting policies expected to be used in the 2015 Lok'nStore Group Plc Annual Report and Accounts and in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union ('EU') ('IFRS').

The same accounting policies, presentation and methods of computation are followed in these interim condensed set of financial statements as have been applied in the Group's latest annual audited financial statements.

The interim results, which were approved by the Directors on 24 April 2015, are unaudited. The interim results do not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006.

Comparative figures for the year ended 31 July 2014 have been extracted from the statutory accounts for the Group for that period, which carried an unqualified audit report, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter, did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

Going concern
The Directors can report that, based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Company and the Group have adequate resources and facilities to continue in operational existence for the foreseeable future based on Group cash balances and cash equivalents of £3.4 million (31.01.2014: £2.3 million), undrawn committed bank facilities at 31 January 2014 of £12.3 million (31.01.2014: £12.3 million), and cash generated from operations in the period to 31 January 2015 of £1.4 million (31.01.2014: £1.6 million). The Group continues to operate its five year £40 million revolving credit facility with Lloyds TSB plc. The facility has been in place since 20 October 2011 and runs until 19 October 2016. The Group is fully compliant with all bank covenants and undertakings and is not obliged to make any repayments prior to expiration. The financial statements are therefore prepared on a going concern basis.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for goods and services provided in the ordinary course of the Group's activities, net of discount, VAT and after eliminating sales within the Group.

The Group recognises revenue when the amount of the revenue can be reliably measured and when goods are sold and title has passed. Revenue from services provided is recognised evenly over the period in which the services are provided.

a) Self-storage revenue
Self-storage services are provided on a time basis. The price at which customers store their goods is dependent on size of unit and store location. Customers are invoiced on a four-weekly cycle in advance and revenue is recognised based on time stored to date within the cycle. When customers vacate they are rebated the unexpired portion of their four weekly advance payment (subject to a seven day notice requirement).

b) Retail sales
The Group operates a 'pack shop' within each of its storage centres for selling storage related goods such as boxes, tape and bubble-wrap. Sales include sales to the public at large as well as self-storage customers. Sales of goods are recognised at point of sale when the product is sold to a customer.

c) Insurance
Customers may choose to insure their goods in storage. The weekly rate of insurance charged to customers is calculated based on the tariff per week for each £1,000 worth of goods stored by the customer. This charge is retained by Lok'nStore and covers the cost of the block policy and other costs. Customers are invoiced on a four-weekly basis for the insurance cover they use and revenue is recognised based on time stored to date within the cycle.

d) Management fee income
Management fees earned for managing stores not owned by the Group are recognised over the period for which the services are provided.

e) Serviced archive and records management
Typically Customers are invoiced monthly in advance for the storage of their archive boxes, tapes and files and revenue is recognised based on time stored to date within the monthly cycle. In respect of the provision of additional services, such as document box or tape collection and retrieval from archive, customers are invoiced typically monthly in arrears and revenue is recognised in line with the provision of these services.

Adjusted EBITDA
Earnings before interest, tax, depreciation and amortisation (EBITDA) is defined as profits from operations before all depreciation and amortisation charges, share-based payments and other non-recurring costs, finance income, finance costs and taxation.

Store adjusted EBITDA
Store adjusted EBITDA is defined as adjusted EBITDA (see above) but before central and head office costs.

Operating profit
Operating profit is defined as profit after all costs except finance income, finance costs and taxation.

Critical accounting estimates and judgements
The preparation of consolidated financial statements under EU-IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual outcomes may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimate of fair value of trading properties
The Group values its self-storage centres using a discounted cash flow method which is based on current and projected net operating income. Principal assumptions underlying management's estimation of the fair value are those relating to stabilised occupancy levels, expected future growth in storage rents and operating costs, maintenance requirements, capitalisation rates and discount rates. A more detailed explanation of the background and methodology adopted in the valuation of the Group's trading properties is set out in note 9b. The carrying value of freehold land and buildings held at valuation at the reporting date was £65.9 million (31.01.2014: £54.5 million) as shown in the Analysis of Total Property Value table in the Chairman's Statement.

b) Assets in the course of construction and land held for pipeline store development ('Development property assets')
The Group's development property assets are held in the statement of financial position at historic cost and are not valued externally. When acquiring sites for redevelopment into self-storage facilities, the Group estimates and makes judgements on the potential net lettable storage space that it can achieve in its planning negotiations, together with the time it will take to achieve mature occupancy levels. In addition, assumptions are made on the prices that can be achieved at the store by comparison with other stores within the portfolio and within the local area. These judgements, taken together with estimates of operating costs and the projected construction cost, allow the Group to calculate the potential net operating income at maturity, projected returns on capital invested and hence to support the purchase price of the site at acquisition. Following the acquisition, regular reviews are carried out taking into account the status of the planning negotiations, and revised construction costs or capacity of the new facility, for example, to make an assessment of the recoverable amount of the development property. The Group reviews all development property assets for impairment at each reporting date in the light of the results of these reviews. Once a store is opened, it is valued as a trading store.

The carrying value of development property assets at the reporting date was £7.8 million (31.01.2014: £14.6 million - £4.6 million of which was classified as property lease premiums). Please see note 9c for more details.

c) Estimate of fair value of intangible assets acquired in business combination
The relative size of the Group's intangible assets, excluding goodwill, makes the judgements surrounding the estimated useful lives important to the Group's financial position. At 31 January 2015 intangible assets, excluding goodwill, amounted to £2.73 million (31.01.2014: £2.90 million).

The valuation method used and key assumptions are described in note 9a.

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The estimated useful life of customer relationships principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. Typically, the customer base for a serviced archive business is relatively inert. Corporate customers do not tend to switch service providers and indeed they incur box withdrawal charges should they do so. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge.

d) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

1a Revenue

Analysis of the Group's revenue is shown below:

Stores trading	**Six months ended 31 January 2015 Unaudited £'000**	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Self-storage revenue	**5,921**	5,074	10,510
Other storage related revenue	**713**	648	1,349
Ancillary store rental revenue	**4**	4	4
Management fees	**68**	61	128
Sub-total	**6,706**	5,787	11,991
Stores under development			
Non-storage income	**–**	43	79
Sub-total	**6,706**	5,830	12,070
Serviced archive and records management revenue	**923**	884	1,840
Total revenue per statement of comprehensive income	**7,629**	6,714	13,910

1b Segmental information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board to allocate resources to the segments and to assess their performance.

All of the Group's activities occur in the United Kingdom.

Financial information is reported to the Board with revenue and profit analysed between self-storage activity and serviced archive and records management activity.

Segment revenue comprises of sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the Board represents the profit earned by each segment before acquisition costs and other non-recurring set-up costs, finance income, finance costs and tax. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the Board uses a measure of adjusted EBITDA (as defined in the accounting policies) and reviews the non-current assets attributable to each segment as well as the financial resources available. All assets are allocated to reportable segments. Assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned. All liabilities are allocated to individual segments other than borrowings and tax. Information is reported to the Board of Directors on a product basis as management believe that the activity of self-storage and the activity of serviced archive and records management expose the Group to differing levels of risk and rewards due to the length, nature, seasonality and customer base of their respective operating cycles.

The amounts presented to the Board with respect to total assets and total liabilities are measured in a manner consistent with the financial statements and are allocated based on the operations of the segment. Borrowings are managed centrally on a Group basis and are therefore not allocated to segments.

Corporate transactions and the treasury function are managed centrally and therefore are not allocated to segments. Sales between segments are carried out at arm's length. The serviced archive segment with over 340 customers has a greater customer concentration with its ten largest corporate customers accounting for 32.5% (31.01.2014: 32.9%) of revenue its top 50 accounting for 63.0% (31.01.2014: 64.2%) and its top 100 accounting for 79.9% (31.01.2014: 80.9%) of revenue. The self-storage segment with over 8,000 customers has no individual self-storage customer accounting for more than 1% of total revenue and no group of entities under common control (e.g. Government) accounts for more than 10% of total revenues.

The segment information for the period ended 31 January 2015 is as follows:

2014/2015 - Unaudited	**Self-storage six months ended 31 January 2015 £'000**	**Serviced archive and records management six months ended 31 January 2015 £'000**	**Total six months ended 31 January 2015 £'000**	Self-storage six months ended 31 January 2014 £'000	Serviced archive and records management six months ended 31 January 2014 £'000	Total six months ended 31 January 2014 £'000
Revenue from external customers	**6,706**	**923**	**7,629**	5,830	884	6,714
Segment adjusted EBITDA	**2,808**	**108**	**2,916**	2,106	73	2,179
Depreciation	**(633)**	**(48)**	**(681)**	(531)	(48)	(579)
Amortisation of intangible assets	**–**	**(83)**	**(83)**	**–**	(83)	(83)
Loss on disposal – motor vehicles	**–**	**(8)**	**(8)**	(4)	(5)	(9)
Equity settled share based payments	**(112)**	**–**	**(112)**	(37)	**–**	(37)
Segment profit/(loss)	**2,063**	**(31)**	**2,032**	1,534	(63)	1,471
Central costs not allocated to segments:						
Finance income			**26**			14
Finance costs			**(575)**			(569)
Profit before taxation			**1,483**			916
Income tax expense			**(387)**			(220)
Consolidated profit for the financial period			**1,096**			696

2013/2014 - Audited	Self-storage year ended 31 July 2014 £'000	Serviced archive & records management year ended 31 July 2014 £'000	Total year ended 31 July 2014 £'000
Revenue from external customers	12,070	1,840	13,910
Segment adjusted EBITDA	4,378	238	4,616
Management charges	25	(25)	-
Depreciation	(1,127)	(96)	(1,223)
Amortisation of intangible assets	–	(165)	(165)
Loss on disposal – motor vehicles	(8)	(20)	(28)
Equity settled share based payments	(119)	–	(119)
Impairment of development land asset	(1,604)	–	(1,604)
Segment profit/(loss)	1,545	(68)	1,477
Central costs not allocated to segments:			
Finance income			26
Finance costs			(1,136)
Profit before taxation			367
Income tax expense			(170)
Consolidated profit for the financial year			197

2014/2015	**Self-storage six months ended 31 January 2015 £'000**	**Serviced archive & records management six months ended 31 January 2015 £'000**	**Total six months ended 31 January 2015 £'000**	Self-storage six months ended 31 January 2014 £'000	Serviced archive & records management six months ended 31 January 2014 £'000	Total six months ended 31 January 2014 £'000
Total assets	**83,806**	**5,875**	**89,681**	76,892	5,708	82,600
Segment liabilities	**(15,975)**	**(498)**	**(16,473)**	(13,736)	(522)	(14,258)
Borrowings (not allocated to segment liabilities)			**(27,497)**			(27,393)
Derivative financial instruments (not allocated to segment liabilities)			**–**			(57)
Total liabilities			**(43,970)**			(41,708)
Capital expenditure	**1,423**	**442**	**1,865**	3,195	181	3,376

[1] Capital expenditure includes fixed asset additions (note 9b) and additions to property lease premiums (note 9c)

2013/2014	Self-storage six months ended 31 July 2014 £'000	Serviced archive & records management six months ended 31 July 2014 £'000	Total six months ended 31 July 2014 £'000
Total assets	83,803	5,960	89,763
Segment liabilities	(16,379)	(729)	(17,108)
Borrowings (not allocated to segment liabilities)			(27,445)
Derivative financial instruments (not allocated to segment liabilities)			
Total liabilities			(44,553)
Capital expenditure	6,269	215	6,484

2a Property, staff, distribution and general costs

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Property and premises costs	**1,960**	1,829	3,689
Staff costs	**2,005**	1,870	3,971
General overheads	**491**	552	1,153
Distribution costs	**95**	93	189
Retail products cost of sales	**162**	191	292
	4,713	4,535	9,294

2b Cost of sales of retail products

Cost of sales represents the direct costs associated with the sale of retail products (boxes, packaging etc.), the ancillary sales of insurance cover for customer goods and the provision of van hire services, all of which fall within the Group's ordinary activities.

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Retail	**69**	67	149
Insurance	**17**	27	32
Van hire	**–**	22	6
Other	**1**	30	–
	87	146	187
Serviced archive consumables and direct costs	**75**	45	105
	162	191	292

2c Other costs

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Impairment of development land asset (see note 9b)	**–**	–	1,604

3 Finance income

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Bank interest	**26**	14	26

All interest receivable arises on cash and cash equivalents.

4 Finance costs

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Bank interest	**465**	454	912
Non-utilisation fees and amortisation of bank loan arrangement fees	**110**	114	223
Hire purchase and other interest	**–**	1	1
	575	569	1,136

Most interest payable arises on bank loans classified as financial liabilities measured at amortised cost.

5 Profit before taxation

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £ '000
Profit before taxation is stated after charging:			
Depreciation and amounts written off property, plant and equipment:			
– owned assets	**681**	580	1,224
Amortisation of intangible assets	**83**	83	165
Operating lease rentals – land and buildings	**773**	779	1,529

6 Taxation

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Current tax:			
UK corporation tax	**293**	206	338
Deferred tax:			
Origination and reversal of temporary differences	**94**	14	(311)
Adjustments in respect of prior periods	**–**	–	143
Total deferred tax charge / (credit)	**94**	14	(168)
Income tax expense for the period/year	**387**	220	170

The charge for the period can be reconciled to the profit for the period as follows:

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Profit before tax	**1,483**	916	368
Tax on ordinary activities at the standard effective rate of corporation tax in the UK of 20.67% (31.1.2014: 22.4%)	**306**	205	82
Expenses not deductible for tax purposes	**4**	2	3
Depreciation of non-qualifying assets	**58**	21	41
Share based payment charges in excess of corresponding tax deduction	**23**	8	26
Amounts not recognised in deferred tax	**–**	(16)	–
Adjustments in respect of prior periods – deferred tax	**–**	–	143
Sale of Reading recognised for tax purposes	**–**	–	(132)
Impact of change in tax rate on timing differences	**(4)**	–	7
Income tax expense for the period/year	**387**	220	170
Effective tax rate	**26%**	24%	46%

The UK's main rate of corporation tax reduced to 21% from 1 April 2014. The effective rate for this period is 26%. (31.01.2014: 24%).

In addition to the amount charged to profit or loss for the period, deferred tax relating to the revaluation of the Group's properties of £25,612 (31.1.2014: £72,916) and the fair value of cash flow hedges of £28,320 (31.1.2014: (£47,963) has been recognised directly in other comprehensive income (see note 16 on deferred tax).

7 Dividends

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Amounts recognised as distributions to equity holders in the year:			
Final dividend for the year ended 31 July 2013 (4.33 pence per share)	**–**	1,053	1,053
Interim dividend for the six months to 31 January 2014 (2.00 pence per share)	**–**	–	490
Final dividend for the year ended 31 July 2014 (5.00 pence per share)	**1,258**	–	–
	1,258	1,053	1,543

In respect of the current year the Directors propose that an interim dividend of 2.33 pence per share will be paid to the shareholders. The total estimated dividend to be paid is £568,161 based on the number of shares currently in issue as adjusted for shares held in the Employee Benefits Trust and for shares held on treasury. This interim dividend is an on-account payment of a final annual dividend and is ultimately subject to approval by shareholders at the 2015 Annual General Meeting and has not been included as a liability in these financial statements. The ex-dividend date will be 7 May 2015; the record date 8 May 2015; with an intended payment date of 15 June 2015.

8 Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares.

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Profit for the financial period	**1,096**	696	197

	No. of shares	No. of shares	No. of shares
Weighted average number of shares			
For basic earnings per share	**24,950,434**	24,228,587	24,392,144
Dilutive effect of share options	**614,261**	561,021	589,427
For diluted earnings per share	**25,564,695**	24,789,608	24,981,571

623,212 (31.01.2014: 623,212) shares are held in the Employee Benefit Trust and 2,466,869 (31.01.2014: 2,466,869) shares are held in Treasury. Both are excluded from the above calculation.

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £	Year ended 31 July 2014 Audited £
Earnings per share			
Basic	**4.39p**	2.87p	0.81p
Diluted	**4.29p**	2.81p	0.79p

9a Intangible assets

Group	Goodwill £'000	Contractual customer relationships £'000	Total £'000
Cost at 1 August 2013	1,110	3,309	4,419
Amortisation at 1 August 2013	–	(331)	(331)
Charge for the period	–	(83)	(83)
Amortisation at 31 January 2014	–	(414)	(414)
Net book value at 31 January 2014	**1,110**	**2,895**	**4,005**
Cost at 31 January 2014	1,110	3,309	4,419
Amortisation at 31 January 2014	–	(414)	(414)
Charge for the period	–	(83)	(83)
Amortisation at 31 July 2014	–	(496)	(496)
Net book value at 31 July 2014	**1,110**	**2,813**	**3,923**
Cost at 1 August 2014	1,110	3,309	4,419
Amortisation at 1 August 2014	–	(496)	(496)
Charge for the period	–	(83)	(83)
Amortisation at 31 January 2015	–	(**579**)	(**579**)
Net book value at 31 January 2015	**1,110**	**2,730**	**3,840**

All goodwill and customer relationships are allocated to the serviced archive cash-generating unit (CGU) identified as a separate business segment.

The remaining amortisation period of the contractual customer relationships at 31 January 2015 is 15 years and 5 months (2014: 16 years 5 months).

The values for impairment purposes are based on estimated future cash flows and the following key assumptions:

- a discount rate of 11%
- estimated useful lives of customer relationships (20 years)
- long term sustainable growth rates of 2.75%
- a forward corporation tax rate of 20%
- sensitivity: the Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value. A cut in projected sales growth by around 6% would result in the carrying value of goodwill being reduced to its recoverable amount.

9b Property, plant and equipment

Group	Development property assets at cost £'000	Land and buildings at valuation £ '000	Long leasehold land and buildings at valuation £'000	Short leasehold improvements at cost £'000	Fixtures, fittings and equipment at cost £'000	Motor vehicles at cost £'000	Total £'000
Net book value at 31 July 2013	8,716	50,774	–	1,035	7,293	68	67,886
Net book value at 31 Jan 2014	10,029	50,861	–	990	7,261	44	69,185
Net book value at 31 July 2014	11,409	51,412	5,121	961	8,764	12	77,679
Cost or valuation							
1 August 2014	**13,013**	**51,412**	**5,121**	**2,560**	**18,242**	**(9)**	**90,339**
Additions	490	141	–	3	1,231	–	1,865
Non- current assets held for sale	–	2,900	–	–	–	–	2,900
Disposals	–	(2,840)	–	–	(307)	–	(3,147)
Reclassification	(4,025)	2,958	–	–	1,067	–	–
Revaluations	–	(306)	(92)	–	–	–	(398)
31 January 2015	**9,478**	**54,265**	**5,029**	**2,563**	**20,233**	**(9)**	**91,559**
Depreciation							
1 August 2014	**1,604**	**–**	**–**	**1,599**	**9,478**	**(21)**	**12,660**
Depreciation	–	259	12	46	363	1	681
Disposals	–	–	–	–	(232)	–	(232)
Revaluations		(259)	(12)	–	–	–	(271)
31 January 2015	**1,604**	–	–	**1,645**	**9,609**	**(20)**	**12,838**
Net book value at January 2015	**7,874**	**54,265**	**5,029**	**918**	**10,624**	**11**	**78,721**

If all property, plant and equipment were stated at historic cost the carrying value would be £46.4 million (31.01.2014: £45.4 million).

Capital expenditure during the period totalled £1.9 million (31.1.2014: £3.4 million). This was primarily the completion of construction and fitting out works at Reading, demolition works at our Southampton and Portsmouth North Harbour sites, and some professional and other costs incurred in the pre-development phase our new site in Bristol. The Group also invested a further £0.44 million in additional racking at the Saracen Olney warehouse to increase box capacity.

Property, plant and equipment (non-current assets) with a carrying value of £78.7 million (31.1.2014: £73.8 million including Maidenhead held in property lease premium) are pledged as security for bank loans (see note 15a).

Market Valuation of Freehold and Operating Leasehold Land and Buildings

Following the comprehensive external valuation at 31 July 2014 by Cushman and Wakefield (C&W), the freehold and leasehold properties have not been externally valued at 31 January 2015, although in accordance with the Group's established policy it is the intention to do so at the next year end at 31 July 2015.

Although the Board did not commission an external valuation at this interim period-end it is mindful of the need to accord with the measurement principles of International Financial Reporting Standards as adopted by the European Union. Accordingly after consultation with our external valuers, the Directors considered that although there was evidence of a more buoyant real estate market, there had not been such a material movement in market yields that warranted a modification to the position as at 31 January 2015 in respect of our properties externally valued at 31 July 2014. The Directors therefore consider that it is appropriate to maintain the portfolio's external valuation without modification pending a comprehensive external valuation at our 31 July 2015 year-end.

9c Property lease premiums

Group	**Six months 31 January 2015 Unaudited £'000**	Six months 31 January 2014 Unaudited £'000	Year 31 July 2014 Audited £'000
Balance 1 February/1 August	**–**	2,801	2,800
Additions during the period/year	**–**	1,806	–
Transfer to property plant and equipment	**–**	–	(2,800)
Balance 31 January/31 July	**–**	4,607	_

10 Non-current assets held for sale

£2.9 million of the asset relating to the existing trading store at Reading was presented as held for sale in the comparative figures. This follows the agreement to sell the site for residential development for £2.9 million. The sale completed in this financial period on 31 October 2014.

11 Inventories

	31 January 2015 Unaudited £'000	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Consumables and goods for resale	**127**	150	131

The amount of inventories recognised as an expense during the period was £98,634 (31.1.2014: £91,257).

12 Trade and other receivables

	31 January 2015 Unaudited £'000	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Trade receivables	**1,183**	939	1,542
Other receivables	**1,596**	965	666
Prepayments and accrued income	**629**	485	693
	3,408	2,389	2,901

The Directors consider that the carrying amount of trade and other receivables and accrued income approximates their fair value.

13 Trade and other payables

	31 January 2015 Unaudited £'000	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Trade payables	**952**	826	2,031
Taxation and social security costs	**598**	121	149
Other payables	**1,112**	971	1,139
Accruals and deferred income	**2,221**	2,295	2,581
	4,883	4,213	5,900

The Directors consider that the carrying amount of trade and other payables and accruals approximates fair value.

14 Capital management and gearing

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the borrowings disclosed in note 15a, cash and cash equivalents and equity attributable to the owners of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. The Group's banking facilities require that management give regular consideration to interest rate hedging strategy. The Group has complied with this during the year.

The Group's Board reviews the capital structure on an on-going basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group seeks to have a conservative gearing ratio (the proportion of net debt to equity). The Board considers at each review the appropriateness of the current ratio in light of the above. The Board is currently satisfied with the Group's gearing ratio.

The gearing ratio at the period-end is as follows:

Capital Management	**31 January 2015 Unaudited £'000**	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Gross debt	**(27,701)**	(27,701)	(27,701)
Cash and cash equivalents	**3,397**	2,264	2,178
Net debt	**(24,304)**	(25,437)	(25,523)
Total equity	**45,711**	40,892	45,210
Net debt to equity ratio	**53.2%**	62.2%	56.4%

The improvement in the Group's gearing ratio year on year arises through the combined effect of an increase in the C&W valuation of its freehold and long leasehold properties and cash generated from operations. A reversal in the liability arising on the market to market 'fair value' of the two interest rate swaps and additional cash raised from equity options exercised by staff also helped to improve the ratio offset in part by the one-off impairment charge of £1.6 million on a property.

The Group reviews the current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts review. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis of the impact of movements in interest rates on gearing and interest cover.

Cash balances held in current accounts attract no interest but surplus cash is transferred daily to a treasury deposit account which earns interest at the prevailing money market rates. All amounts are denominated in Sterling. The balances at 31 January 2015 are as follows:

Cash and cash equivalents	**31 January 2015 Unaudited £'000**	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Variable rate treasury deposits[1]	**2,589**	1,940	1,927
SIP trustee deposits	**45**	59	56
Cash in operating current accounts	**703**	170	113
Other cash and cash equivalents	**60**	95	82
Total cash and cash equivalents	**3,397**	2,264	2,178

1 Money market rates for the Group's variable rate treasury deposit track Lloyds TSB plc base rate. The rate attributable to the variable rate deposits at 31 January 2015 was 0.5%.

15a Borrowings

	31 January 2014 Unaudited £'000	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Non-current			
Bank loans repayable in more than two years but not more than five years			
Gross	**27,701**	27,701	27,701
Deferred financing costs	**(204)**	(308)	(256)
Net bank borrowings	**27,497**	27,393	27,445

The £40 million revolving credit facility with Lloyds TSB plc is secured by legal charges and debentures over the freehold and leasehold properties and other assets of the business with a net book value of £85.8 million together with cross-company guarantees from Group companies. The revolving credit facility is for a five-year term and expires on 19 October 2016. The Group is not obliged to make any repayments prior to expiration. The loans bear interest at the London Inter-Bank Offer Rate (LIBOR) plus 2.35%–2.65% Lloyds TSB plc margin based on a loan to value covenant test while the interest cover and loan to value covenants are broadly in line with the previous facility.

15b Derivative financial instruments

The Group continues to operate two separate £10 million interest rate swaps as a cash flow hedge with Lloyds TSB Bank plc, both effective from 31 May 2012, the first at a fixed 1 month sterling LIBOR rate of 1.2% and the second at a fixed one-month sterling LIBOR rate of 1.15%. Both swaps run up to the expiration of the current banking facility in October 2016. The balance of the drawn facility of £7.7 million (31.01.2014: £7.7 million) remains at a floating rate.

					Fair Value		
		Currency	**Principal £**	**Maturity date**	**31 Jan 2015 Unaudited £'000**	31 Jan 2014 Unaudited £'000	31 July 2014 Audited £'000
3032816LS	Interest rate swap	GBP	10,000,000	20/10/2016	**98**	(35)	20
3047549LS	Interest rate swap	GBP	10,000,000	20/10/2016	**90**	(21)	31
			20,000,000		**188**	(56)	51

The movement in fair value of the interest rate swaps of £137,033 (31.1.2014: £214,324) has been recognised in other comprehensive income in the period.

16 Deferred tax

Deferred tax liability	**31 January 2015 Unaudited £'000**	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Liability at start of period/year	**10,870**	9,705	9,705
Charge / (credit) to income for the period/year	**94**	13	(168)
Tax charged directly to other comprehensive income	**2**	121	1,333
Liability at end of period/year	**10,966**	9,839	10,870

The following are the major deferred tax liabilities and assets recognised by the Group and the movements during the year:

	Accelerated Capital Allowances £'000	Tax losses £'000	Intangible assets £'000	Other temporary differences £'000	Revaluation of properties £'000	Rolled over gain on disposal £'000	Total £'000
At 1 August 2013	**1,075**	**(6)**	**596**	**(35)**	**6,242**	**1,833**	**9,705**
Charge/ (credit) to income for the period	57	6	(17)	(5)	(28)	–	13
Charge to other comprehensive income	–	–	–	**48**	(163)	236	121
At 31 January 2014	**1,132**	**–**	**579**	**8**	**6,051**	**2,069**	**9,839**
Charge/ (credit) to income for the period	309	–	(16)	(2)	(467)	(4)	(180)
Charge to other comprehensive income	–	–	–	23	1,424	(236)	1,211
At 31 July 2014	**1,441**	**–**	**563**	**29**	**7,008**	**1,829**	**10,870**
Charge/ (credit) to income for the period	111	–	(17)	–	–	–	94
Charge to other comprehensive income	–	–	–	28	(26)	–	2
At 31 January 2015	**1,552**	**–**	**546**	**57**	**6,982**	**1,829**	**10,966**

A potential deferred tax asset of £328,485 (31.1.2014: £178,466) arises in respect of the share options in existence at 31 January 2015 but has not been recognised in the accounts. No deferred tax asset arises in relation to the remainder of the share options as at 31 January 2015 as the share price at the period-end is below the exercise price of the options.

17 Share capital

	31 January 2015 Unaudited £'000	31 January 2014 Unaudited £'000	31 July 2014 Audited £'000
Authorised: 35,000,000 ordinary shares of 1 pence each	**350**	350	350

	Called up, allotted and fully paid Number	Called up, allotted and fully paid Number	Called up, allotted and fully paid Number
Number of shares at start of period/year	**27,809,108**	27,141,193	27,141,193
Options exercised during period/year	**443,086**	372,756	667,915
Balance at end of period/year	**28,252,194**	27,513,949	27,809,108

Allotted, issued and fully paid ordinary shares	**£'000**	£'000	£'000
Balance at start of period/year	**278**	272	272
Options exercised during period/year	**4**	3	7
Balance at end of period/year	**282**	275	279

The Company has one class of ordinary shares which carry no right to fixed income.

18 Equity settled share-based payment plans

The Group operates two equity-settled share-based payment plans, an approved and an unapproved share option scheme, the rules of which are similar in all material respects. The Enterprise Management Initiative Scheme ('EMI') is closed to new grants of options as the Company no longer meets the HMRC small company criteria.

The Company has the following share options:

2015 Summary	As at 31 July 2014 Audited No of options	Granted	Exercised	Lapsed/ surrendered	**As at 31 January 2015 Unaudited**
Enterprise Management Initiative Scheme	41,414	–	(2,500)	–	**38,914**
Unapproved Share Options	2,276,111	–	(395,586)	–	**1,880,525**
Approved CSOP Share Options	246,286	–	(45,000)	–	**201,286**
Total	2,563,811	–	(443,086)	–	**2,120,725**
Options held by Directors	1,741,470	–	(372,500)	–	**1,368,970**
Options not held by Directors	822,341	–	(70,586)	–	**751,755**
Total	2,563,811	–	(443,086)	–	**2,120,725**

2014 **Summary**	As at 31 January 2014 No of options	Granted	Exercised	Lapsed/ surrendered	As at 31 July 2014
Enterprise Management Initiative Scheme	77,828	–	(36,414)	–	41,414
Unapproved Share Options	2,229,867	272,939	(226,695)	–	2,276,111
Approved CSOP Share Options	188,275	93,061	(32,050)	(3,000)	246,286
Total	2,495,970	366,000	(295,159)	(3,000)	2,563,811
Options held by Directors	1,766,470	175,000	(200,000)	–	1,741,470
Options not held by Directors	729,500	191,000	(95,159)	(3,000)	822,341
Total	2,495,970	366,000	(295,159)	(3,000)	2,563,811

The following table shows options held by Directors under all schemes.

				At 31 January 2015			
	As at 31 July 2014 Audited	**Options granted**	**Options exercised**	**EMI Scheme**	**Unapproved Scheme**	**Approved CSOP share options**	**Total at 31 January 2015 Unaudited**
2014							
Executive Directors							
A Jacobs - Unapproved	580,000	–	**(200,000)**	**–**	380,000	**–**	**380,000**
SG Thomas - Unapproved	220,000	–	**(50,000)**	**–**	170,000	–	**170,000**
RA Davies - Unapproved	581,977	–	**(50,000)**	–	531,977	–	**531,977**
RA Davies - CSOP	14,493	–	**–**	–	–	14,493	**14,493**
RA Davies total	596,470	–	**(50,000)**	**–**	**531,977**	**14,493**	**546,470**
CM Jacobs - EMI	31,414	–	**–**	31,414	–	–	**31,414**
CM Jacobs - Unapproved	259,509	–	**(72,500)**	–	187,009	–	**187,009**
CM Jacobs - CSOP	29,077	–	**–**	–	–	29,077	**29,077**
CM Jacobs total	320,000	–	**(72,500)**	**31,414**	187,009	**29,077**	**247,500**
Non-Executive Directors							
ETD Luker - Unapproved	15,000	–	**–**	–	15,000	–	**15,000**
C P Peal - Unapproved	10,000	–	**–**	–	10,000	–	**10,000**
Non-Executive total	**25,000**	**–**	**–**	**–**	**25,000**	**–**	**25,000**
All Directors total	**1,741,470**	**–**	**(372,500)**	**31,414**	**1,293,986**	**43,570**	**1,368,970**

The grant of options to Executive Directors and senior management is recommended by the Remuneration Committee on the basis of their contribution to the Group's success. The options vest after two and a half or three years. The exercise price of the options is equal to the closing mid-market price of the shares on the trading day previous to the date of the grant. Exercise of an option is subject to continued employment. The life of each option granted is six and a half to seven years. There are no cash settlement alternatives. The expected volatility is based on a historical review of share price movements over a period of time, prior to the date of grant, commensurate with the expected term of each award. The expected term is assumed to be six years which is part way between vesting (two and a half to three years after grant) and lapse (10 years after grant). The risk free rate of return is the UK gilt rate at date of grant commensurate with the expected term (i.e. six years).

The total charge for the period relating to employer share-based payment schemes was £111,996 (31.1.2014: £36,939), all of which relates to equity-settled share-based payment transactions.

19 Other reserves

Group	Cash flow hedge reserve £'000	Merger reserve £'000	Other reserve £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Total £'000
1 August 2013 - Audited	**(217)**	**6,295**	**2,837**	**34**	**1,562**	**10,511**
Equity share based payments	–	–	–	–	37	37
Cash flow hedge reserve net of tax	166	–	–	–	–	166
Dividend paid	–	–	(1,052)	–	–	(1,052)
31 January 2014 - Unaudited	**(51)**	**6,295**	**1,785**	**34**	**1,599**	**9,662**
Equity share based payments	–	–	–	–	81	81
Transfer to retained earnings	–	–	–	–	(741)	(741)
Cash flow hedge reserve net of tax	84	–	–	–	–	84
Dividend paid	–	–	(491)	–	–	(491)
31 July 2014 - Audited	**33**	**6,295**	**1,294**	**34**	**939**	**8,595**
Equity share based payments	–	–	–	–	112	112
Transfer to retained earnings	–	–	–	–	(211)	(211)
Cash flow hedge reserve net of tax	109	–	–	–	–	109
Dividend paid	–	–	(1,258)	–	–	(1,258)
31 January 2015 - Unaudited	**142**	**6,295**	**36**	**34**	**840**	**7,347**

The merger reserve represents the excess of the nominal value of the shares issued by Lok'nStore Group plc over the nominal value of the share capital and share premium of Lok'nStore Limited as at 31 July 2001. The other distributable reserve and the capital redemption reserve arose in the year ended 31 July 2004 from the purchase of the Company's own shares and a cancellation of share premium.

Share based payment reserve
Under IFRS2 there is the option to make transfers from the share based payment reserve to retained earnings in respect of accumulated share option charges where the options have either been exercised or have lapsed post-vesting. The total amounts calculated and accordingly transferred to retained earnings amounted to £210,749. (31.1.2014: £nil)

20 Retained earnings

Group	Retained earnings before deduction of own shares £'000	Own shares (note 21) £'000	Retained earnings Total £'000
1 August 2013 - Audited	**10,872**	**(4,241)**	**6,631**
Profit for the financial period	696	–	696
Transfer from non-controlling interest	280		280
Transfer from revaluation reserve	100	–	100
31 January 2014 - Unaudited	**11,948**	**(4,241)**	**7,707**
Profit for the financial period	(498)	–	(498)
Transfer from revaluation reserve	106	–	106
Transfer from share based payment reserve (Note 19)	742	–	742
31 July 2014 - Audited	**12,298**	**(4,241)**	**8,057**
Profit for the financial period	1,096	–	1,096
Transfer from revaluation reserve	107	–	107
Transfer from share based payment reserve (Note 19)	211	–	211
31 January 2015 - Unaudited	**13,712**	**(4,241)**	**9,471**

The transfer from revaluation reserve represents the additional depreciation charged on revalued assets net of deferred tax.

The Own Shares Reserve represents the cost of shares in Lok'nStore Group plc purchased in the market and held in the Employee Benefit Trust to satisfy awards made under the Group's share incentive plan and shares purchased separately by Lok'nStore Limited for Treasury Account. These treasury shares have not been cancelled and were purchased at an average price considerably lower than the Group's adjusted net asset value. These shares may in due course be released back into the market to assist liquidity of the Company's stock and to provide availability of a reasonable line of stock to satisfy investor demand as and when required.

21 Own shares

	ESOP shares Number	ESOP shares £	Treasury shares Number	Treasury shares £	Own shares total £
1 August 2013 - Audited	**623,212**	**499,910**	**2,466,869**	**3,741,036**	**4,240,946**
31 January 2014 - Unaudited	623,212	499,910	2,466,869	3,741,036	4,240,946
31 July 2014 - Audited	623,212	499,910	2,466,869	3,741,036	4,240,946
31 January 2015 - Unaudited	**623,212**	**499,910**	**2,466,869**	**3,741,036**	**4,240,946**

Lok'nStore Limited holds a total of 2,466,869 of Lok'nStore Group plc ordinary shares of 1p each for treasury with an aggregate nominal value of £24,669 purchased for an aggregate cost of £3,741,036 at an average price of £1.503 per share. These shares represent 8.73% of the Parent Company's called-up share capital. The maximum number of shares held by Lok'nStore Limited in the year was 2,466,869. No shares were disposed of or cancelled in the year.

The Group operates an Employee Benefit Trust (EBT) under a settlement dated 8 July 1999 between Lok'nStore Limited and Lok'nStore Trustee Limited, constituting an employees' share scheme. Funds are placed in the trust by way of deduction from employees' salaries on a monthly basis as they so instruct for purchase of shares in the Company. Shares are allocated to employees at the prevailing market price when the salary deductions are made. As at 31 January 2015, the Trust held 623,212 (31.01.2014: 623,212) ordinary shares of 1 pence each with a market value of £1,486,361 (31.01.2014: £1,237,076). No shares were transferred out of the scheme during the period (2014: nil).

No dividends were waived during the year. No options have been granted under the EBT.

22 Cash flows

(a) Reconciliation of profit before tax to cash generated from operations

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Profit before tax	**1,483**	916	367
Depreciation	**681**	580	1,224
Amortisation of intangible assets	**83**	83	165
Impairment of development land asset	**–**	–	1,604
Equity settled share based payments	**112**	37	119
Loss on sale of motor vehicles	**8**	9	27
Interest receivable	**(26)**	(14)	(26)
Interest payable	**575**	569	1,136
Decrease/ (increase) in inventories	**3**	(12)	7
(Increase)/ decrease in receivables	**(507)**	28	(484)
(Decrease) / increase in payables	**(1,024)**	(590)	1,102
Cash generated from operations	**1,388**	1,606	5,241

(b) Reconciliation of net cash flow to movement in net debt

Net debt is defined as non-current and current borrowings, as detailed in note 15a less cash and cash equivalents.

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Increase/ (decrease) in cash in the period/year	**1,219**	(1,979)	(2,066)
Change in net debt resulting from cash flows	**–**	(916)	(914)
Movement in net debt in period	**1,219**	(2,895)	(2,980)
Net debt brought forward	**(25,523)**	(22,542)	(22,543)
Net debt carried forward	**(24,304)**	(25,437)	(25,523)

23 Commitments under operating leases

At 31 January 2015 the total future minimum lease payments under non-cancellable operating leases were as follows:

The Group as a lessee:

The minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows:

	Six months ended 31 January 2015 Unaudited £'000	Six months ended 31 January 2014 Unaudited £'000	Year ended 31 July 2014 Audited £'000
Land and buildings			
Amounts due:			
Within one year	**1,525**	1,515	1,543
Between two and five years	**5,660**	5,592	5,732
After five years	**8,054**	9,262	8,740
	15,239	16,369	16,015

Operating lease payments represent rentals payable by the Group for certain of its properties. Leases are negotiated for a typical term of 20 years and rentals are fixed for an average of five years.

24 Events after the reporting date

On 6 February 2015, The Company signed a Management Services Agreement to manage a storage facility in Chichester, West Sussex on behalf of external investors.

25 Capital commitments and guarantees

The Group has capital expenditure contracted but not provided for in the financial statements of £1.6 million (31.01.2014: £2.7 million) and has no further capital commitments beyond final amounts due on its Reading store, its £1.32 million development commitment at Aldershot, (£1.18 of £2.5 million already spent) and some minor works to existing properties.

Our Stores

Head office
Lok'nStore plc
112 Hawley Lane
Farnborough
Hampshire GU14 8JE
Tel 01252 521010

www.loknstore.co.uk
www.loknstore.com

Central Enquiries
0800 587 3322
info@loknstore.co.uk
www.loknstore.co.uk

Basingstoke, Hampshire
Crockford Lane
Chineham
Basingstoke
Hampshire RG24 8NA
Tel 01256 474700
Fax 01256 477377
basingstoke@loknstore.co.uk

Crayford, Kent
Block B
Optima Park
Thames Road
Crayford
Kent DA1 4QX
Tel 01322 525292
Fax 01322 521333
crayford@loknstore.co.uk

Eastbourne, East Sussex
Unit 4, Hawthorn Road
Eastbourne
East Sussex BN23 6QA
Tel 01323 749222
Fax 01323 648555
eastbourne@loknstore.co.uk

Fareham, Hampshire
26 + 27 Standard Way
Fareham Industrial Park
Fareham
Hampshire PO16 8XJ
Tel 01329 283300
Fax 01329 284400
fareham@loknstore.co.uk

Farnborough, Hampshire
112 Hawley Lane
Farnborough
Hampshire GU14 8JE
Tel 01252 511112
Fax 01252 744475
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Harlow, Essex
Unit 1 Dukes Park
Edinburgh Way
Harlow
Essex CM20 2GF
Tel 01279 454238
Fax 01279 443750
harlow@loknstore.co.uk

Horsham, West Sussex
Blatchford Road
Redkiln Estate
Horsham
West Sussex RH13 5QR
Tel 01403 272001
Fax 01403 274001
horsham@loknstore.co.uk

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27 Brunswick Street
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Bedfordshire LU2 0HG
Tel 01582 721177
Fax 01582 721188
luton@loknstore.co.uk

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Stafferton Way
Maidenhead
Berkshire
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maidenhead@loknstore.co.uk

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Etheridge Avenue
Brinklow
Milton Keynes
Buckinghamshire MK10 0BB
Tel 01908 281900
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Northampton Central
16 Quorn Way
Grafton Street Industrial Estate
Northampton NN1 2PN
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Northampton Riverside
Units 1–4
Carousel Way
Northampton
Northamptonshire NN3 9HG
Tel 01604 785522
Fax 01604 785511
northampton@loknstore.co.uk

Poole, Dorset
50 Willis Way
Fleetsbridge
Poole
Dorset BH15 3SY
Tel 01202 666160
Fax 01202 666806
poole@loknstore.co.uk

Portsmouth, Hampshire
Rudmore Square
Portsmouth PO2 8RT
Tel 02392 876783
Fax 02392 821941
portsmouth@loknstore.co.uk

Reading, Berkshire
251 A33 Relief Road
Reading
RG2 0RR

reading@loknstore.co.uk

Southampton, Hampshire
Manor House Avenue
Millbrook
Southampton
Hampshire SO15 0LF
Tel 02380 783388
Fax 02380 783383
southampton@loknstore.co.uk

Staines, Middlesex
The Causeway
Staines
Middlesex TW18 3AY
Tel 01784 464611
Fax 01784 464608
staines@loknstore.co.uk

Sunbury on Thames, Middlesex
Unit C, The Sunbury Centre
Hanworth Road
Sunbury
Middlesex TW16 5DA
Tel 01932 761100
Fax 01932 781188
sunbury@loknstore.co.uk

Swindon Kembrey Park, Wiltshire
Kembrey Street
Elgin Industrial Estate
Swindon
Wiltshire SN2 8UY
Tel 01793 421234
Fax 01793 422888
swindoneast@loknstore.co.uk

Swindon (West), Wiltshire
16–18 Caen View
Rushy Platt Industrial Estate
Swindon
Wiltshire SN5 8WQ
Tel 01793 878222
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swindonwest@loknstore.co.uk

Tonbridge, Kent
Unit 6 Deacon Trading Estate
Vale Road
Tonbridge
Kent TN9 1SW
Tel 01732 771007
Fax 01732 773350
tonbridge@loknstore.co.uk

Development locations

Southampton, Hampshire
Third Avenue
Millbrook
Southampton
SO15 0JX

North Harbour, Port Solent, Hampshire
Southampton Road
Portsmouth
PO6 4RH

Bristol
Gallagher Trade Park
Longwell Green
Bristol
BS30

Managed stores

Aldershot, Hampshire
(Opening May 2015)
251, Ash Road
Aldershot
GU12 4DD
Tel 0845 4856415
aldershot@loknstore.co.uk

Ashford, Kent
Wotton Road
Ashford
Kent TN23 6LL
Tel 01233 645500
Fax 01233 646000
ashford@loknstore.co.uk

Chichester, West Sussex
(Opening end 2015)
17, Terminus Road
Chichester
West Sussex
PO19 8TX
chichester@loknstore.co.uk

Crawley, West Sussex
Sussex Manor Business Park
Gatwick Road
Crawley
RH10 9NH
Tel 01293 738530
crawley@loknstore.co.uk

Woking
Marlborough Road
Woking
GU21 5JG
Tel 01483 378323
Fax 01483 722444
woking@loknstore.co.uk

Glossary

Abbreviation	
Adjusted EBITDA	Earnings before all depreciation and amortisation charges, losses or profits on disposal, share-based payments, acquisition costs, and non-recurring professional costs, finance income, finance costs and taxation
AGM	Annual General Meeting
APD	Auditing Practices Board
Bps	Basis Points
C&W	Cushman & Wakefield
CAC	Contributory asset charges
Capex	Capital Expenditure
CGU	Cash generating units
CO_2 e	Carbon Dioxide Emissions
CSOP	Company Share Option Plan
EBT	Employee Benefit Trust
EMI	Enterprise Management Incentive Scheme
EU	European Union
GHG	Greenhouse gas
HMRC	Her Majesty's Revenue & Customs
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LIBOR	London Interbank Offered Rate
LTV	Loan to Value Ratio
MWh	Megawatt Hour
Operating Profit	Earnings before interest and tax (EBIT)
PESM	Partial Exemption Special Method
RICS	Royal Institution of Chartered Surveyors
SMO	Standard Method Override Calculation
sq. ft.	Square Feet
Store adjusted EBITDA	Adjusted EBITDA (see above) but before central and head office costs.
VAT	Value Added Tax