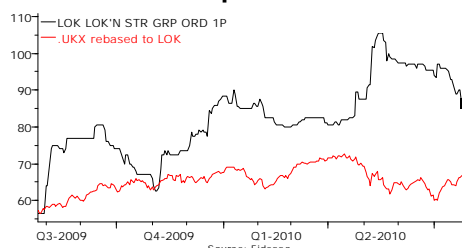


# Lok'nStore Group 86.5p

## Continuing Occupancy & Price Increases

28 July 2010

### Share Price: 86.5p



**Shares in Issue:** 25m fully diluted

**12m High:** 105.5p

**12m Low:** 56.5p

**Shares In Issue:** 25m

**Market Cap:** 22m

**NAV/Share:** 210p with properties at valuation

**Gearing:** 65% with properties at valuation (46% ignoring deferred tax liability)

**Interest Cover:** 1.8X

**EPIC Code:** LOK.L

**Sector:** Support Services

**Market:** London AIM

**Broker:** Arbutnot Securities

**PR:** Financial Dynamics

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**Website:** [www.loknstore.co.uk](http://www.loknstore.co.uk)

**Description:** Lok'nStore is the fourth largest self-storage group in the UK with a c. 5% market share. It owns 23 self-storage centres in the affluent South East of England, 21 of which are open. The freehold/leasehold sq ft split is 64/36. The household/business revenue (£) split is 62/38.

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Lok'nStore Group plc (Lok'nStore) has released a pre-close trading update in which the company reports that "trading has been good" and its results for the full year to 31 July 2010 will be in line with market expectations. We currently expect the company to report a full year profit before tax of circa £300k on group sales of £10.3m.

Key points from the statement are:

- Occupancy up 3%
- Prices up 5% over the twelve month period
- A continued focus on cash generation with cash at £5m of cash of £3.9m at 31 January 2010
- Further asset management gains with leases on two stores being extended on significantly improved terms.

Despite the uncertainty inherent in the economy storage occupancy has continued to grow. This growth in part reflects an active investment in sales training, in order that Lok'nStore's staff can both generate more enquiries and convert these enquiries into new business.

Price increases have also been implemented at a number of stores. We believe that there is continued scope for further increases with Lok'nStore's average prices historically lower than those of its competitors.

With Lok'nStore's cost base largely fixed the combination of occupancy and price increases has led to margin improvement year on year.

On the asset base side, a cautious approach to new capital expenditure is being maintained – and this will likely remain the case until there is clear evidence that the UK is in an economic recovery. Meanwhile, where possible Lok'nStore will look to generate gains from its portfolio as it has recently demonstrated at two stores.

Full year results for the year to 31 July 2010 will be released on 8 November. If the good news flow continues to come we expect that we may well be looking at an upgrade.

Y/E	Group Sales	Group EBITDA	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	Mkt Cap/ EBITDA	Divi	Yield
July	£m	£m	£m	£m	P	X	P	%
2008A	10.8	2.7	(0.74)	(0.31)	(1.5)	8.4	1.00	1.1
2009A	10.0	2.5	(0.66)	(0.66)	(2.4)	9.4	1.00	1.1
2010E	10.3	2.7	0.30	0.30	1.2	8.5	1.00	1.1
2011E	11.1	3.3	0.55	0.55	2.19	7.0	1.00	1.1



Lok'nStore Group

28 July 2010

Management	Major Shareholders
<p><b>Chairman:</b> Simon Thomas</p> <p><b>Chief Executive Officer:</b> Andrew Jacobs</p> <p><b>Finance Director:</b> Ray Davies</p> <p><b>Acquisitions Director:</b> Colin Jacobs</p> <p><b>Non-Executive Director:</b> Richard Holmes</p> <p><b>Non-Executive Director:</b> Edward Luker</p> <p><b>Non-Executive Director:</b> Charles Peal</p>	<p><b>Andrew Jacobs:</b> 20.8%</p> <p><b>Audley Capital:</b> 16.7%</p> <p><b>Laxey Partners</b> 9.4%</p> <p><b>Simon Thomas:</b> 8.4%</p> <p><b>Oliver Bernard Ellingham:</b> 5.2%</p> <p><b>Charles Stanley</b> 5.0%</p>
Key Dates	Key Milestones
<p><b>Full Year Results:</b> November 2010</p>	<p><b>April 1997:</b> Floated on OFEX raising £1.1m at 38p</p> <p><b>March 2008:</b> Second fundraising raised £1.15m at 60p/share</p> <p><b>November 1999:</b> Takeover approach from ACCESS rejected. ACCESS takes 29% stake in co for £4.8m</p> <p><b>June 2000:</b> Lok'nStore moved to AIM</p> <p><b>July 2002:</b> Share placing at 155p per share raises £10m</p> <p><b>January 2004:</b> Second cash bid at 115p/share rejected</p> <p><b>February 2007:</b> First purpose-build freehold store opened in Farnborough.</p> <p><b>March 2007:</b> Kingston unit sold to a residential developer for £10m (NBV: £0.98m)</p> <p><b>January 2008:</b> Residential planning permission granted for existing Reading store.</p> <p><b>April 2009:</b> Confirms an early stage expression of interest in the group from a third party</p> <p><b>July 2009:</b> Offer talks terminated</p>

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