

## Share Price Performance



Source: JCF Group

## Implications for other companies:

negative(▼); positive(▲); neutral(►).

LoknStore Group  
Support ServicesUnited Kingdom  
LOK.L12m High/Low  
Market Cap152p  
► Buy  
165p/103p  
£38.1m

## Under developed market

- HI results to January 2005 are ahead of our expectations.
- Adjusted PBT of £88k is up from a loss of £30k last year and ahead of our forecast of a loss of £178k. The improvement on our expectations is mainly due to the operational gearing on a better sales performance.
- Sales are up 24% on last year to £3.89m, driven by a 21% increase in the number of customers and a 22% increase in the area let. We had forecast £3.66m.
- Management has stated that trading is satisfactory and they continue to see attractive opportunities to grow the number of stores.
- An independent valuation has valued the properties at £33.6m (net book value £18.4m) as operational self-storage businesses. This is in line with our estimates. However, it excludes any uplift from the development of Kingston, excludes any potential to extend leaseholds and only includes Farnborough at net book value.
- Net debt at January 2005 was £7.1m, up slightly from £6.9m at December 2004. We expect net debt to increase substantially as the portfolio is expanded in line with the group's strategy. The increase in property valuations provides the group with increased financial flexibility and strength.
- We cautiously estimate current net assets are worth 123p per share (including an estimate of a £5m profit on the redevelopment of Kingston). However, if the group decides to retain some exposure to the development profit at Kingston and we include some uplift from Farnborough and ongoing leases, we could raise this estimate to 135p.
- We value the current portfolio, assuming it is matured and run for cash, at 150p. The shares are trading in line with this valuation but this methodology excludes the potential for further expansion and value generation.
- We are upgrading our forecasts to PBT/EPS £175k/0.65p to July 2005 (previously loss £200k/ (0.78p) and £350k/1.30p to July 2006 (previously loss £20k/-0.08p).
- Lok'nStore is successfully building a valuable portfolio of self storage sites in the South East. We believe this market is under developed and will see substantial long term growth. We expect the NAV to rise consistently as this potential is realised and the share price to rise accordingly.

## Analyst

Guy Hewett

+44 (0) 20 7597 5191

guy.hewett@investec.co.uk

Investec acts as Broker and Advisor to LoknStore Group

## Definition of Research Ratings

	Expected 12m performance vs the FT Allshare
<b>Strong Buy</b>	Outperform by greater than 20%
<b>Buy</b>	Outperform 10% - 20%
<b>Hold</b>	Outperform/Underperform by less than 10%
<b>Reduce</b>	Underperform 10% - 20%
<b>Sell</b>	Underperform by greater than 20%

## UK Stock Ratings Distribution

	Coverage Universe		Investment Banking Clients	
	Count	% of total	Count	% of rating category
<b>Buy</b>	123	52%	51	41%
<b>Hold</b>	85	36%	10	12%
<b>Sell</b>	29	12%	0	0%

Source: Investec

Investec Bank (UK) Ltd has investment banking relationships with a number of companies covered by our Research department. In addition we may seek an investment banking relationship with companies referred to in this research. As a result investors should be aware that the firm may have a conflict of interest which could be considered to have the potential to affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Our policy on managing actual or potential conflicts of interest can be found at [www.investec.com/UnitedKingdom/Securities/Institutional/Research](http://www.investec.com/UnitedKingdom/Securities/Institutional/Research)

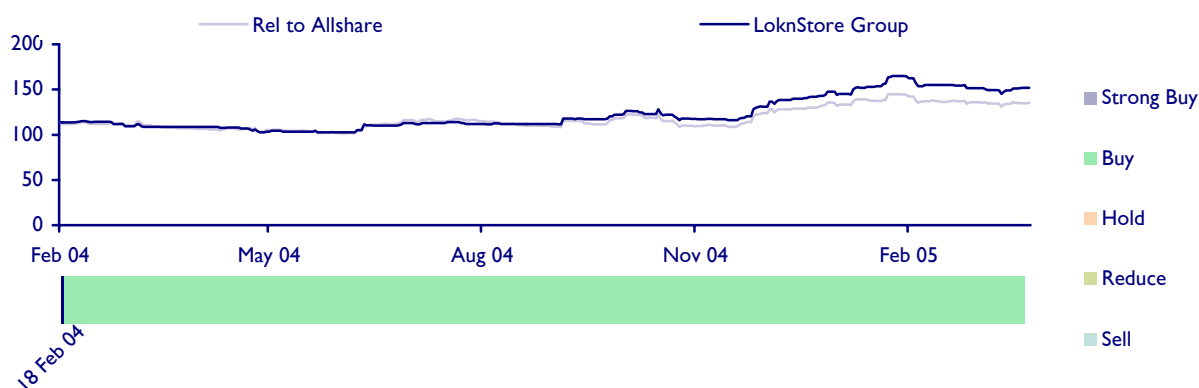
**Analyst Certification:**

I/We Guy Hewett, attest that the views expressed in this research report accurately reflect my/our personal views about the subject security and issuer. Furthermore, no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

**Additional/Third Party Research Disclosures:**

Investec makes a market in the securities of LoknStore Group. Investec has received compensation from LoknStore Group for investment banking services.

## LoknStore Group Ratings Plotter as at 11 Apr 05



Source: FTSE All Share/Investec Securities

Investec is a division of Investec Bank (UK) Limited which is authorised and regulated by the Financial Services Authority. A member of the London Stock Exchange. Registered office 2 Gresham Street, London, EC2V 7QP. Registered in England Number 489604.

This report has been issued or approved for issue by a member of the Investec Group of companies ("Investec Group") listed below and has been forwarded to you solely for your information and should not be considered as an offer or solicitation of an offer to sell, buy or subscribe to any securities or any derivative instrument or any other rights pertaining thereto ("financial instruments"). This report is intended for use by professional and business investors only. This report may not be reproduced without the consent of Investec Group or one of its affiliates ("Investec").

The information and opinions expressed in this report have been compiled from sources believed to be reliable, but, neither Investec, nor any of its directors, officers, or employees accepts liability from any loss arising from the use hereof or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this report. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company and its subsidiaries. Investec is not agreeing to nor is it required to update the opinions, forecasts or estimates contained herein.

The value of any securities or financial instruments mentioned in this report can fall as well as rise. Foreign currency denominated securities and financial instruments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such securities or financial instruments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors. This report does not have regard to the specific instrument objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, financial instrument or investment strategies discussed in this report.

Investec (or its directors, officers or employees) may, to the extent permitted by law, own or have a position in the securities or financial instruments (including derivative instruments or any other rights pertaining thereto) of any company or related company referred to herein, and may add to or dispose of any such position or may make a market or act as a principal in any transaction in such securities or financial instruments. Directors of Investec may also be directors of any of the companies mentioned in this report. Investec may from time to time provide or solicit investment banking, underwriting or other financial services to, for or from any company referred to herein. Investec (or its directors, officers or employees) may, to the extent permitted by law, act upon or use the information or opinions presented herein, or research or analysis on which they are based prior to the material being published. Investec may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

The securities or financial instruments described herein may not have been registered under the US Securities Act of 1933, and may not be offered or sold in the United States of America or to US persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements or such Act. US persons who are interested in trading securities listed in this report should contact a US registered broker dealer. Investec Inc. accepts responsibility for the issuance of this report (when distributed in the United States to US persons who do not meet the definition of a US major institutional investor). Law may restrict the distribution of this document in other jurisdictions and persons into whose possession this document comes should inform them about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of United States securities laws or the laws of any such other jurisdiction.

To our readers in the United Kingdom, this report has been issued by Investec Bank (UK) Limited, a firm authorised and regulated by the Financial Services Authority and a member of the London Stock Exchange. This report is not for distribution to private customers.

To our readers in the Republic of Ireland, this report has been issued or approved for issue in the Republic of Ireland by Investec Bank (UK) Limited (Irish branch), a firm regulated by the Central Bank of Ireland.

This report is disseminated in South Africa by Investec Securities Limited, which is regulated by the Financial Services Board and the Johannesburg Stock Exchange, and in Switzerland by Investec Bank (Switzerland) AG.

This report is not intended for use or distribution for US corporations that do not meet the definition of a major US institutional investor in the United States or for use by any citizen or resident of the United States.

© 2005

This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of Investec Group or one of its subsidiaries or affiliates. Securities referred to in this research report may not be eligible for sale in those jurisdictions where a member of the Investec Group is not authorised or permitted by local law to do so. In particular, the Investec Group does not allow the redistribution of this report to non-professional investors and cannot be held responsible in any way for third parties who effect such redistribution.