RNS Final Results

PRELIMINARY RESULTS FOR YEAR ENDED 31 JULY 2023

LOK'N STORE GROUP PLC

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

Preliminary Results for the year ended 31 July 2023

Lok'nStore, the AIM listed self-storage company, is pleased to announce its Preliminary Results for the year ended 31 July 2023.

Highlights

- **Solid growth of Same Store Revenue**
- **Increase in Net Asset Value per share**
- **10.1% increase in annual dividend**
- **Dynamic new store opening schedule driving future growth**
  - **Two new Landmark stores opened**
  - **Three further Landmark stores to open in FY24**
- **£20.5 million equity raise**
- **Low net debt and LTV**

Reminder – We sold four stores on a sale and manage-back arrangement on 31 January 2022 adding circa £37 million to cash, reinforcing our strong financial footing. ('the Sale')

- Our Same Store analysis strips out the Sale and the new stores opened.
- Our Same Store Self Storage analysis also strips out the effect of this sale, new stores and management income from Managed Stores.

This Same Store analysis and all other Alternative Performance Measures (APM's) denoted by superscripts are explained in the key performance indicators (KPIs) definitions below.

Strong revenue growth

Same Store[14]

- ✓ Same Store Self Storage Revenue[15] £25.30 million up 12.1% (2022: £22.57 million)
- ✓ Same Store Self Storage Adjusted EBITDA[1] £14.5 million up 4.0% (2022: £13.9 million)

Headline

- ✓ Group Revenue £27.1 million up 0.9% (2022: £26.9 million)
- ✓ Group Adjusted EBITDA[1] £15.1 million down 7.9% (2022: £16.3 million)

Driven by solid operating metrics

- ✓ Pricing up 6.8% to £27.37 per sq. ft (2022: £25.62 per sq. ft)
- ✓ Closing occupancy in stores over 3 years old 80.6% (2022: 82.9%)

- ✓ Move in's up 4.9% year on year
- ✓ Managed store recurring revenue £1.5 million up 11.9% (2022: £1.3 million)

Management of Costs

- ✓ External cost increases experienced in year, specifically in energy, insurance and interest charges – we expect the rate of these cost increases to abate
- ✓ Same Store store[15] EBITDA margins although lower remain robust at 57.2% (2022: 61.3%)

Twelfth consecutive year of dividend increase

- ✓ Annual dividend increased by 1.75 pence to 19.00 pence per share up 10.1% (2022: 17.25 pence per share) - covered 1.5x by CAD

Net Asset Value up

- ✓ Adjusted Net Asset Value[5] per share up 1.4% to £9.86 per share (2022: £9.72 per share)

Disciplined capital allocation underpins our strong balance sheet and low net debt

- ✓ £20.5 million (gross) equity raised in July 2023
- ✓ £42.1 million cash at year-end (2022: £46.5 million)
- ✓ Net debt (excluding lease liabilities and deferred finance costs) reduced to £12.3 million (2022: £20.3 million)
- ✓ Loan to Value ratio[6] (net of cash) down to 3.7% (2022: 6.6%)

Dynamic pipeline[8] of new Landmark stores will deliver further growth

- ✓ Two new Landmark stores opened - 108,890 sq.ft of new owned space added up 9.7%
- ✓ Three new Landmark stores on site will add over 162,000 sq. ft of new trading space.

Well positioned for the future

- ✓ Trading momentum continues post year end with stores revenue up 6.3% for August and September 2023 compared to the same corresponding two-month period last year.
- ✓ Flexibility to respond to market circumstances

For all of the definitions of the terms used in the highlights above refer to the KPI notes section below.

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

"Lok'nStore's business has once again moved ahead with Same Store Self Storage revenue up 12.1%. Demand for UK self-storage assets remains strong, and this, coupled with our new store openings, has driven our Net Asset Value up by 1.4% to £9.86 per share. We are proposing a 10.1% increase in the annual dividend, the twelfth year of increased dividends in a row. The net debt is low and LTV is only 3.7%.

"Trading since the year-end continues to be in line with expectations. We have opened two new Landmark stores and are on site at three more which will open within the next 12 months which can be completed using cash . These new stores will add further momentum to sales, earnings and net asset growth."

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Chair's Statement

I am delighted to be reporting another year of good results for Lok'nStore, delivering a strong operating and financial performance.

These results can be summarised as:

- **Solid growth of Same Store[14] revenue**
- **Increase in Net Asset Value per share**
- **Rate of cost increases abating**
- **10.1% increase in annual dividend**
- **Low net debt and LTV**
- **Dynamic new store opening schedule driving future growth**
    - **Two new Landmark stores opened**
    - **Three further Landmark stores to open in FY24**

These results demonstrate Lok'nStore's delivery of growth in long-term shareholder return through all stages of the economic cycle. The significant and continued investor interest in the UK self-storage sector demonstrated by market transactions underpins the increased value of our assets and our strategy to open more Landmark stores.

The detail behind these results is discussed further in our Financial Review.

Further Strengthening the Balance Sheet
On 7 July 2023, the Company raised total gross proceeds of approximately £20.5 million through the issue of 2,679,739 new Ordinary Shares via a Placing and REX Retail Offer, at a price of 765 pence per Ordinary Share. The Fundraising Shares represented approximately 8.9% of the Company's issued share capital.

As a result, we have new shareholders as well as existing institutional shareholders who have increased their shareholdings. We are also particularly pleased that existing smaller retail shareholders participated via the REX offer. I would like to thank existing shareholders for their support and welcome our new shareholders to the Company.

In the previous financial year 2022, the Group completed the Sale. This transaction added sales proceeds of c. £37 million to cash balances.

These two strategic actions reinforced the Company's excellent financial position with low net debt. A conservative capital structure and a strong Balance Sheet remain a key focus. We report a year-end LTV ratio (net of cash) of only 3.7% (2022: 6.6%) and a low level of net debt of only £12.3 million, down from £20.3 million in the previous year (refer to note 26b).

Continued revenue growth driven by strong demand
In the year we have replaced all the revenue generated from the four established stores sold last year which is a great performance and at a headline level we report a 0.9% increase in Group Revenue. Same-Store Group Revenue remains strong with growth of 6.6% over last year.

Customer demand remains significantly above levels seen pre-pandemic and this year has continued to move ahead with total move-ins up 4.9% compared to last year. This continuing strong demand from new customers combined with our dynamic pricing management has resulted in a total increase in pricing over the past three years of 31.2%. Our pricing moved forward by 6.8% in the last 12 months.

Management of cost increases
At a headline level, total Group Operating Costs amounted to £11.8 million for the period (2022: £10.4 million) up by 14.2%. On a Same Store basis costs have increased by 17.8% compared to last year.

As previously reported at the half year, we have seen significant external cost increases primarily through energy costs, which have risen in the year by £1.2 million compared to the same period last year, a trebling of the previous year's energy costs. In the coming year we expect this major change in energy costs to abate and then decline in FY25.

Interest costs have also risen significantly. The cash costs of bank interest paid (before capitalisation of interest costs, non-utilisation fees and loan amortisation fees) in the year was £3.1 million compared to £1.3 million last year. The average costs of debt over the year was 4.77%. With rates rising throughout the year the Group's current cost of debt at year-end was 6.19%. Currently, interest on our active drawn loans is 6.68%.

We now have clarity on future business rates, following the publishing of the revaluation listing which took effect from April 2023. This will result in our business rates increasing £0.49 million per annum from April 2023 and by a further £0.20 million per annum from April 2024.

We have robust EBITDA margins which provide a shelter to the business against these external cost increases. This is supported by our ability to move our own pricing forward.

We have a strong record of disciplined cost control. In FY24 we expect Same-Store operating costs to increase more modestly, driven mainly by revised business rates with other costs increases more muted. From FY25, we expect operating costs to increase more slowly with cost increases mainly being driven by the expansion of store numbers so revenue growth flows into earnings.

Increase in Net Asset Value
I am pleased to report an increase of 1.5% in the Adjusted Net Asset Value per share to £9.87 per share (2022: £9.72 per share) (31 January 2023 £9.15 per share).

Since the last year-end at 31 July 2022 we have seen significant changes in the debt markets. As a result, Jones Lang LaSalle (JLL), consider that the yields and discount rates which were applied at the July 2022 year-end have changed. On our owned freehold trading stores we have seen exit yields increase on average by 33 basis points to 5.79%, with discount rates increasing by 45 basis points to 7.47%.

These changes have been fully offset by improved cash flows and the extension of the lease at our Eastbourne store. This demonstrates the impact operating performance has on asset values and why one of our key objectives remains to fill existing stores and continue improving pricing.

The Exit Yield and Discount Rates applied in the valuations are validated by transactional evidence. There is continued strong institutional investor appetite in the UK self-storage sector. JLL comment that *"The self-storage market has had strong market activity since July 2022 which reflects the continued appetite for the sector but the higher cost of debt in the present finance market is having an impact. The sector's operational resilience in the current climate is making it a popular asset class with investors – this is accentuated with its structural undersupply".*

Our new Bedford and Peterborough Landmark stores had their maiden external valuation in July 2023, which were accretive to asset value. We have two further Owned Stores in Staines and Basildon opening in FY24 and expect these to add momentum to Net Assets with their maiden external valuations at July 2024. More details on the valuation of our trading stores can be found on in note 12(a) of the financial statements.

Further Dividend Growth
The Directors are proposing a final dividend of 13.25 pence per share an increase of 8.2% (2022: 12.25 pence) following the interim dividend payment of 5.75 pence per share in June 2023, bringing the total distribution for the year to 19 pence per share, an increase of 1.75 pence per share up 10.1% (2022: 17.25 pence per share) and our twelfth year of increase in a row.

Subject to approval at the Company's AGM on 7 December 2023 the final dividend will be paid on 5 January 2024 to shareholders on the register on 24 November 2023. The ex-dividend date will be 23 November 2023. The final deadline for Dividend Reinvestment Election by investors is 8 December 2023.

Investment in new Stores
This year we invested £17.3 million in new store development adding 12% to our owned stores trading space. We opened two new owned stores in Bedford and Peterborough. Trading at our new stores continues to meet expectations and this underpins our confidence that our pipeline will add further to sales and earnings growth.

We are on site at three Stores, in Staines, Basildon, and Kettering (managed) which will all open in the coming 12 months. The remaining capital expenditure required to complete the Staines and Basildon stores is £12.7 million, all of which can be paid out of cash. We are due to go on site shortly at Bromborough, Wirral on behalf of a third-party Managed Store client.

Self-storage generally benefits from the short lead time between breaking ground and store opening of around twelve months. We have only committed future capital expenditure at the two owned stores where we are on site, both of which will be open within the next 12 months. We have a high degree of flexibility regarding start dates for further building at other sites. We can therefore adapt our development programme quickly to react to changing economic circumstances.

The pipeline progress is discussed further in the Property Review.

Cash Flow, Debt and Bank Covenants
At 31 July 2023, the Group had cash balances of £42.1 million. Cash inflow from operating activities before investing and financing activities was £15.8 million in the year to 31 July 2023 (2022: £18.6 million).

The Group has a £100 million five-year Revolving Credit Facility which, together with cash, provides all the financing needs for the current secured pipeline and runs until April 2026. The Group is not obliged to make any repayments on its loan facility prior to its expiration in April 2026.

The average cost of bank debt on drawn facilities for the year was 4.77% (2022: 1.71%). All of the Group's total drawn bank debt of £54.4 million (2022: £66.8 million) is unhedged. At the date of this Report the Group’s current cost of debt is running at 6.68% as rates have moved higher since the year-end.
At the year-end senior interest cover was 4 times finance charges on gross debt tested on a 12-month rolling basis, against a bank covenant of 2.5 times. At the year-end our loan-to-value ratio based on net bank debt was 3.7% versus a bank covenant of 60% providing a large cushion of comfort.

Post Balance Sheet: On 11 August 2023, the Group paid down £19.02 million out of its recent equity placing proceeds reducing the balance on its Revolving Credit Facility, pending redrawing over time for its future deployment on the Group’s pipeline stores.

Managed Stores
Our strategy includes growing the number of stores we manage for third party owners. This enables the Group to earn revenue without having to commit capital, to amortise fixed central costs over a wider operating base and drive further traffic to our website which benefits our entire operation.

During the year, we generated total Managed Store income of £1.66 million, with recurring fees of £1.47 million (2022: £1.31 million) up 11.9%. This was driven by increased revenues generated from the Managed Stores and also the four stores we sold on manage back contracts on 31 January 2022.

In the management fees table in the Managing Director’s Review, we separate recurring management fees from non-recurring fees. Non-recurring fees relate to one off fees generated from planning, store opening, construction and advisory and supplementary fees.

Lok’nStore manages 16 stores for third-party owners. Our current new store pipeline includes two Managed Stores, taking the total number to 18.

Our Team
We rely on our amazing people to deliver these impressive results and I would like to thank them for all of their hard work and dedication. I am delighted to say that all of our colleagues continue to benefit from the

success of the business and we continue to promote equity ownership to our colleagues through our Shares in Partnership Equity Ownership scheme and the granting of share options.

I am proud that during the year we introduced a comprehensive non-contributory Employee Assistance Program which has a death in service life insurance for all colleagues combined with an associated package of benefits. These include direct access to a GP and availability of confidential counselling services, as well as access to a range of online tools covering tax and legal advice, childcare, fitness and personal coaching advice.

Board changes

The Board was delighted to announce the appointment of Tom Lampard, the Group's Property Director, to the Board of Directors of the Group with effect from 6 February 2023.

Tom joined Lok'nStore in March 2012, and has worked in a variety of roles across the Group. Since July 2017, Tom has worked in the Group's property acquisitions team, most recently as Director of Acquisitions, sourcing and securing land and buildings to expand the Group's significant new store pipeline. Tom is an integral member of the management team significantly contributing to the Group's growth over recent years.

As part of the board's ongoing review of governance and with immediate effect, Jeff Woyda will become chair of the Audit Committee with Charles Peal becoming a member of the committee. I would like to thank Charles for his hard work and dedication as chair of the Audit Committee over the last few years.

Post Balance Sheet: The Board was delighted to announce the appointment of Bridget Barker to the Board of Directors of the Group with effect from 14 September 2023. Bridget is an experienced lawyer having gained over 35 years' experience at Macfarlanes, a leading and well-established City of London law firm, where she specialised in investment funds, financial services and regulatory legal work with a focus on private equity and real estate funds. Latterly she was head of the Investment Management Group at Macfarlanes. Since leaving Macfarlanes, Bridget has pursued various non-executive roles and consulting appointments at organisations such as Praesidium, Mirabaud 1819 Advisory Group and Mainspring Fund Services. Bridget is currently the CEO of Race Against Dementia, a charity established to raise money to fund breakthrough and innovative dementia research.

Share trading volumes and liquidity

It has been a feature for some time that high shareholder concentration in our shares has contributed to lower share transaction volumes and has limited their market liquidity. In addition, prospective and existing investors have sometimes been unable to secure a meaningful sized holding.

In May 2023, I sold 1,250,000 Ordinary Shares of 1p each ("Ordinary Shares") in the Company at a price of 800 pence per Ordinary Share.

As a result of this transaction and following the Placing in July 2023 I, along with persons closely associated with me, still own, in aggregate, 4,359,550 Ordinary Shares representing 14.5 per cent of the Company's total voting rights.

In May 2023, Simon Thomas sold 100,000 Ordinary Shares at a price of 815 pence per Ordinary Share resulting in his beneficial interest in the Company decreasing to 1,292,800 Ordinary Shares representing 4.3 per cent of the Company's total voting rights.

These transactions have broadened the Group's institutional shareholder base and potentially increased the liquidity in the trading of the Groups 's shares. I remain the largest shareholder and Simon Thomas remains the fifth largest shareholder, demonstrating our continued support for the business.

Environmental, Social and Governance

We are committed to decarbonising our business with an Operational Net Zero target of 2040.

In recent years, the Lok'nStore Environmental committee, consisting of colleagues in various roles across the business, including four Board members, has been focused on practical improvements we can make to our environmental footprint.

We are working hard to create an environmentally sustainable business for all our customers, our colleagues, local communities and the wider environment. We have made good progress on all of our environmental targets this year and these are discussed in detail in our Environmental and Social Report.

Our Objectives

Our objectives are to:

- Fill existing stores and improve pricing
- Steadily increase the dividend from a strong asset base with conservative levels of debt
- Develop our pipeline into new Landmark stores
- Acquire more sites to build new Landmark stores
- Increase the number of stores we manage for third parties

Outlook

This year's results are good and trading since the year-end remains in line with management expectations.

Lok'nStore continues to experience year to year revenue growth on a Same Store basis and this will be enhanced by the three stores opened in FY22 and two stores opened this year. The opening of another two new owned stores over the coming year will provide further momentum.

We expect the rate of external cost increases that we have experienced this year to abate and we expect operating costs to revert to a position where cost increases are mostly driven by the expansion of the number of stores meaning that revenue growth flows into earnings.

We have an exciting period of growth ahead. With Lok'nStore's resilient and flexible business model enabling the business to manage its conservative debt structure the Board is confident the Group will continue to thrive. This strength enables Lok'nStore to look confidently through the current external market turbulence.

Andrew Jacobs
Chair
27 October 2023

Notes - What we mean when we say … (and why we use these key performance indicators (KPIs))

In addition to IFRS accounting performance measures we use some Alternative Performance Measures (APMs) to help us explain how the underlying business is performing.

Here we identify those measures and explain what we mean when we use them and, importantly, why we use them: -

1. **Group Adjusted EBITDA (Group Adjusted Earnings before interest, tax, depreciation and amortisation) –** Adjusted EBITDA is defined as EBITDA before losses or profits on disposal, share-based payments, acquisition costs, non-underlying items and which demonstrates the cash generative qualities of the business.

2. **Non-underlying items –** Refers to one-off items of a non-operational nature which arose during the year, and which may relate to asset disposals, abortive site acquisition costs, or other costs and which are likely to be material and infrequent events. (Refer to note 4 of the Financial Statements).

3. **Cash Available for Distribution (CAD) –** Is calculated as Adjusted EBITDA less total net finance cost, less capitalised maintenance expenses, New Works Team costs and current tax. This measures the capacity of the business to pay dividends or pay down debt. The Cash Available for Distribution per share is CAD divided by the number of shares in issue less shares held in the Employee Benefit Trust (EBT) which do not attract a dividend. The calculation of the CAD and the CAD per share is set out in the Financial Review.

4. **Adjusted Total Group Assets –** The value of adjusted total assets of £392.9 million (2022: £370.9 million) is calculated by adding the independent valuation of the leasehold properties of £27.2 million (2022: £24.2 million) less their corresponding net book value (NBV) £6.9 million (2022: £7.2 million) to the total assets in the Statement of Financial Position of £372.6 million (2022: £353.9 million). This provides clarity on the significant value of the leasehold stores as trading businesses which, under the Group's accounting policy on leases, are only presented at their book values within the Statement of Financial Position.

5. **Adjusted Net Asset Value per share (NAV per share) –** Adjusted Net Asset Value per share is the net assets adjusted for the valuation of leasehold stores (properties held under leases) and deferred tax divided by the number of shares at the year-end. The shares held in the Group's employee benefits trust and treasury shares are excluded from the number of shares. The calculation of the Net Asset Value per share is set out in the Financial Review.

6. **Loan to Value ratio (LTV) –** Measures the net debt of the business expressed as a percentage of total property assets giving a perspective on the gearing of the business. The calculation is based on net debt (excluding deferred finance costs) of £12.3 million expressed as a percentage of the total freehold and leasehold properties independently valued by JLL of £301.9 million (2022: £279.0 million) and development land assets of £30.6 million (2022: £29.2 million) totalling £332.5million (2022: £308.2 million) as set out in the Financial Review in the Analysis of Total Property Value table.

7. **Average Cost of Debt –** The average cost of debt is calculated by taking the total interest paid on the Group's Revolving Credit Facility in the quarterly/weekly charging periods throughout the year and taking an average based on the whole financial year. Apart from the Group's Revolving Credit Facility, the Group has no other bank debt. The average cost of debt 4.77% (2022: 1.71%).

8. **Pipeline Sites –** Sites for new stores that either we have exchanged contracts on or have agreed heads of terms and are progressing with our lawyers towards a contract exchange. We have 13 pipeline sites of which 11 are contracted and two are progressing with lawyers. We currently have 26 Owned Stores trading with an additional 16 Managed Stores trading. When these 13 sites are fully developed, we will have a total of 55 stores - 37 will be owned by the Group and 18 will be Managed Stores managed on behalf of third-party owners.

9. **Secured Pipeline Sites –** The eleven sites for new stores on which we have exchanged legal contracts. Of these, nine stores are Lok'nStore Owned Stores and two will be Managed Stores.

10. **Adjusted Store EBITDA** is Group Adjusted EBITDA (see 1 above) before the deduction of central and Head Office costs. Unlike Group Adjusted EBITDA, this measure excludes the impact of IFRS 16 and includes property rentals payable as normal operating costs of each store. The measure is designed to give clarity on the recurring operating cash flow of the business and provides important information on the underlying performance of the trading stores and shows the cash-generating core of the business. Use of this metric enables us to provide additional information on store EBITDA contributions (after leasing costs) and the margins analysed between freehold and leasehold stores and according to the age of the stores. This analysis is set out in a table in the Financial Review.

11. **Gearing** refers to the level of debt compared to equity capital, usually expressed in percentage form. It is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders. Gearing can be measured by a number of ratios, and we use the debt-to-equity ratio in this document. The calculation of the gearing percentage, also referred to as the net debt to equity ratio, is set out in note 17 of the Financial Statements.

12. **Group Adjusted EBITDAR** is Group Adjusted EBITDA before the deduction of rent. The measure is designed to give clarity on the effect of the rent payable by leasehold stores and how its elimination enables a comparison between the operating performance of freehold stores (which do not pay rent) and leasehold stores which pay rent. This analysis is set out in a table in the Financial Review.

13. **Cost Ratio** calculates the ratio of the total operating costs of the business as set out in the Financial Review, expressed as a percentage of total Group revenue (note 1), giving a perspective on the cost efficiency of the business when compared to the cost ratio of the previous year. The Cost Ratio has increased to 43.6% (2022: 38.5 %)

14. **Same Store Group –** This measure is used to give transparency on improvements in the operating business in the year unrelated to the opening of new stores, closure of old stores, and more particularly in the previous financial year, the Sale, commenting on stores that were open and trading at both 31 July 2022 and 31 July 2023 financial year-ends. The Same Store key performance measure helps to illustrate the performance of the underlying business.

15. **Same Store Self-Storage** – This measure is the Same Store Group measures but less management income received from the management of the Managed Store portfolio. This is used to give transparency on the underlying trading of the self-storage business.

See also the glossary

The UK Self-Storage Market at a Glance

The Self-Storage Association (SSA UK) UK Annual Industry Survey 2023, reported that the UK self-storage industry is made up of sites offering 55.5 million sq. ft. of space.

Market Overview

As reported in the SSA UK Annual Industry Survey 2023 the UK self-storage market continues to grow but remains under-developed relative to Australia and the United States.

	UK	Australia	US
Number of self-storage stores	2,231	1,300	54,100
Square feet of self-storage (millions)	55.5	43.59	3,067
Square feet of self-storage per population	**0.82**	**1.75**	**9.39**

In the UK there are an estimated 1,492 self-storage facilities, plus an additional 739 containerised sites, providing a total of 55.5 million sq. ft. of storage space. With a population of c.68 million people in the UK this equates to only 0.82 sq. ft. per person. Occupancy rates across the UK industry at 31 December 2022 of built space was stable at 83.3%.

The structure of the UK industry is changing. When the industry first emerged companies were predominantly single owner sites often located in industrial areas, but larger operators (defined as operators managing ten or more sites), such as Lok'nStore, have recently been developing purpose-built stores in retail-facing locations offering customers a higher standard of product and service.

The main barriers to entry to the market remain the difficulty in finding and securing suitable sites as well as gaining the appropriate planning consents. As a result, larger operators now own or manage around 30% of all facilities which translates to 40% of market share in terms of space. Currently, Lok'nStore is the fifth largest operator in the UK by number of stores, currently owing or managing 42 trading stores.

There remains strong market sentiment towards the sector with strong inflation proofed characteristics, a structurally under supplied market and a sector maturity providing investable assets of suitable scale.

- Self-storage performs well in times of economic uncertainty compared to other sectors
- The robust nature of the business model / sector throughout the economic cycle has proved its ability to withstand exogenous shocks
- Potential for increased allocation to self-storage as other sectors are impacted by volatility
- An inflation hedge with low usage of utilities will favour the sector
- Investors in the sector include those with low leverage
- Debt markets should remain liquid due to income generation
- Pricing corrections in land will create buying opportunities
- Yield gap with US and AsiaPac markets remains wide
- Still structurally undersupplied compared to demand drivers

Drivers of Demand for Self-Storage

Demand for self-storage by both household and business customers is driven by a specific need based on changing circumstances as well as economic activity and business confidence.

For household customers their need is often linked to a life event where they will need space temporarily, for example, to turn a box room into a home office, but increasingly householders are using storage on a semi-permanent basis to free up space at home or store belongings they do not have room for.

Business customers use self-storage for a variety of purposes including storage of goods, excess or seasonal stock, document archiving or storage of equipment and tools. Businesses tend to store for longer than household customers and take larger units, although they also take advantage of self-storage for temporary periods to support office moves or refurbishments.

During the pandemic, many of our customers were providing critical services distributing medical and other essential supplies. We include the NHS, GP surgeries, care and home support services and government departments amongst our customers.

Lok'nStore's Opportunity in the Market

The SSA UK Annual Industry Survey 2023 noted that public awareness of and demand for self-storage is increasing. We know that on average customers chose a store within five miles of their home or business. With a secured pipeline of eleven stores, and a continuing programme of evaluating further site opportunities, Lok'nStore is well placed to attract new customers and add further momentum to the growth of our sales and profits.

The Group's has a number of competitive strengths: recognised brand, excellent customer service, rigorous cost control, and the attractive market dynamics of the storage sector. With a growing sector, an under supplied market, embedded resilience during economic downturns combined with our strong balance sheet and flexible operating and ownership model (see our portfolio strategy), we believe Lok'nStore can take advantage of the opportunities presented and continue its growth without significantly increasing risk.

Our Business Model:

Our overriding objective is to increase the Cash Available for Distribution (CAD) enabling a predictable growth of the dividend from a rising asset base while maintaining a conservatively geared balance sheet.

What we do	**How we create value**	**Sharing value with our stakeholders**
• Buy or lease prominent sites • Build highly visible orange Landmark stores • Offer clean, dry, secure storage to business and household customers • Offer managed storage services to third party owners	• Take a strategic and tactical approach to site selection • Increase our asset base • Careful cost control • Drive store EBITDA growth through a closely managed occupancy and pricing strategy • Earn fees from managing stores on behalf of others • Carefully balanced use of leverage	Shareholders • High-quality earnings • Growing NAV per share • Progressive dividend policy Customers • Easy to locate stores • Friendly and high-quality customer service • Wide range of storage solutions • Transparent and open contracts Our people • Personal development through the Lok'nStore Academy • Regular opportunities for career progression through our expanding store portfolio • Uncapped bonus scheme • Share ownership plans • Regular gifts and rewards for all colleagues
42 UK Stores currently trading (Including 16 Managed Stores)	£27.1 million Group revenue (2022: £26.9 million)	• Rated 'Excellent' on Google with an average score of 4.8 out of 5 from almost 8,000 reviews • £0.64 million paid out in bonuses to store teams (2022: £0.73 million) • 57% of current store managers have been promoted internally

Our strategy:

Our objectives	Achievements in 2023
Fill existing stores and improve pricing	• Closing occupancy in stores over 3 years old, which strips out the effect of the 108,890 sq. ft. of new space added in the year, was 80.6% compared to 82.9% at 31 July 2022 • Self-storage pricing up 7.0%
Steadily increase the dividend from a strong asset base with conservative levels of debt	• Total annual dividend 19.00 pence per share up 10.14% (2022: 17.25 pence per share) • Net debt reduced to £12.3 million LTV net of cash 3.7%
Develop our secured pipeline into new Landmark stores	• Two Landmark stores opened during the year. • Planning permissions achieved at our Bolton site
Acquire more sites to build new Landmark stores	• New sites acquired in Milton Keynes and Eastbourne this financial year • 11 stores secured in planning or development
Increase the number of stores we manage for third parties	• Recurring managed store fees up 11.9% • One Managed Store under development in Kettering • A development site in Bromborough, Wirral acquired by a third party investor

Managing Director's Review:

Total Same Store Self Storage Revenue up **12.1**%	Adjusted Same Store EBITDA up **4.0**%	Price per occupied sq. ft up **6.8**%

"High quality cash flow generation and new store openings drive strong asset values "

Neil Newman-Shepherd
Managing Director

Lok'nStore Group has had another successful year. In coming years, our pipeline of new stores will substantially increase the proportion of our store space which is new or purpose-built and will add further momentum to the growth of sales and profits.

The Performance of Our Stores

Same Store

- ✓ Same Store Group Revenue £27.1 million up 6.6% (2022: £25.4 million)
- ✓ Same Store Adjusted EBITDA[1] £14.5 million up 4.0% (2022: £13.9 million)
- ✓ Same Store Group Adjusted EBITDA[1] £15.2 million down 1% (2022: £15.4 million)
- ✓ Same Store Group Operating Profit before non-underlying[2] items £9.2 million down 13.4% (2022: £10.6 million)

Headline

- ✓ Group Revenue £27.1 million up 1% (2022: £26.9 million)
- ✓ Group Adjusted EBITDA[1] £15.1 million down 7.9% (2022: £16.3 million)
- ✓ Group Operating Profit before non-underlying[2] items £8.9 million down 21.9% (2022: £11.4 million)
- ✓ Price up 6.8%
- ✓ Store EBITDA Margins 56.1% (2022: 61.6%)
- ✓ Managed Store revenue – recurring fees £1.5 million up 11.9%

Revenue Momentum Continues (see table below)
Revenue growth in FY23 has remained strong with self-storage revenue up 5.3%. Same-store self-storage revenue was up 12.1% on the previous year. H2 self-storage revenue increased by 11.2% against the previous year, slightly ahead of expectations.

Price per sq. ft of occupied space was up a further 6.8% in the year driven by continued strong demand and higher than previous levels of occupied space. Closing occupancy in stores over 3 years old, which strips out the effect of the 108,890 sq. ft. of new space added in the year, was 80.6% compared to 82.9% at 31 July 2022. Total occupied unit space was level with last year.

Performance – Same Store Analysis [14]

	Headline Performance 31st July 2023		Same Store Performance 31st July 2023		31 July 2022	
Period end 31 July 2023 Headline	**£'000**	**Increase %**	£'000 Same Store	Percentage Increase %	£'000 Headline	£'000 Same Store
Group revenue	27,147	0.9	27,085	6.6	26,902	25,403
Self-storage revenue	25,364	5.3	25,302	12.1	24,076	22,577
Store Adjusted EBITDA	14,294	(4.0)	14,468	4.0	14,884	13,911
Group Adjusted EBITDA	15,056	(7.9)	15,229	(1.0)	16,349	15,376
Operating profit (before non-underlying items[2])	8,916	(21.9)	9,162	(13.4)	11,421	10,581
Operating profit (after non-underlying items)	8,598	(49.9)	8,843	(45.8)	17,160	16,317
Operating costs	11,838	14.2	11,602	17.8	10,365	9,850

As a result of the external cost increases we have seen in the year, particularly around energy the overall Adjusted EBITDA margin across all stores decreased to 56.1% from 61.6%. Adjusted Store EBITDA margins of the freehold stores decreased to 61.8% (2022: 66.5%).

On a Same Store basis, the overall Adjusted EBITDA margin across all stores decreased to 57.2% from 61.3%. The leasehold stores decreased to 46.1% (2022: 53.3%). Going forward, we expect these cost increases to abate and in the absence of external factors, we expect margins to move ahead again over time as new Landmark stores continue to fill and new stores open, resulting in gains in revenue falling to earnings.

As the business develops the balance of the stores continues to shift towards freehold Landmark stores and Managed Stores which have a higher-than-average Adjusted Store EBITDA margin at 61.8% and 100% respectively, versus 56.1% across all stores. The medium-term impact of this will be to continue to increase the average EBITDA margin of the Group overall. This effect is accentuated by operating more stores from a relatively fixed central cost base. In this context, the new stores in the pipeline will make a larger than average contribution to Group profits as they become established trading units.

The freehold stores produce 70.2% (2022: 71.8%) of the Adjusted Store EBITDA and account for 91.8% (2022: 91.4%) of valuations (including secured pipeline stores). Leaseholds trade on lower margins due to the rent payable, but nevertheless the 46.1% margin achieved is substantial, and leads to a higher return on capital than the freehold stores which require much larger capital expenditure to buy the land and buildings.

This mix of tenures with their different risk and return characteristics provides flexibility in the balance sheet and opportunities to create value throughout the property and economic cycle.

Ancillary Sales
Ancillary sales consisting of boxes, packaging materials, insurance and other sales were £2.49 million (2022: £2.49 million) accounting for 10.8% (2022: 10.3%) of self-storage revenues.

Portfolio Analysis and Performance Breakdown
In the table below, we show how the performance of the stores varies between freehold and leasehold stores. Currently, 46% of Lok'nStore branded trading space is Owned freehold, 19.5% is leasehold and 34.5% is Managed Stores.

Portfolio Analysis and Performance Breakdown	**Number of stores**	**% of Property Valuation**	**% of Adjusted Store EBITDA**	**Adjusted Store EBITDA Margin (%)**	**% lettable space**	**When Fully Developed**	
						Number of stores	**Total % lettable space**
As at 31 July 2023							
Freehold Stores	17	82.6	70.2	61.8	46.0	25	52.2
Leasehold Stores	9	8.2	29.8	46.1	19.5	10	14.7
Managed Stores	16	–	–	100	34.5	18	33.1
Total stores trading	42					53	100
Pipeline Stores (secured)*							
Owned – Freehold	8	9.2	–	–	–	–	–
Owned – Leasehold	1	–	–	–	–	–	–
Managed	2	–	–	–	–	–	–
Total Secured Pipeline Stores	11	–	–	–	–	–	–
Total Stores	**53**	**100**	**100**	**56.1**	**100**	**53**	**100**

*Applies to the 11 contracted stores only.

Analysis of Stores As at 31 Jan 2023	No of Stores/Sites	Stores Trading Lok'nStore	Stores Trading Managed	Secured Pipeline
Freeholds	17	17		
Leaseholds	9	9		
Pipeline (Freehold)	8			8
Pipeline (Leasehold)	1			1
Subtotal 'Owned Stores'	**35**	**26**		**9**
Managed Stores (Trading)	16		16	
Managed Stores (Pipeline)	2			2
Subtotal 'Managed Stores'	**18**		**16**	**2**
Total No. of Stores	**53**	**26**	**16**	**11**
MLA sq. ft	**2,778,515**	**1,372,766**	**774,800**	**630,949**

Over time as new stores and pipeline sites go through their life cycle, they will progress towards similar margins adding substantially to revenues and profits.

Operating Performance by age of store (Lok'nStore owned stores only)
In the Operating Performance table below, we show how the performance breaks down across the stores, based on the age of store. Older stores have had more time to fill-up and produce higher EBITDA returns.

Weeks Old	**Pipeline**	**Under 100**	**100 to 250**	**over 250**	**Total**
Year Ended 31 July 2023					
Sales £000		881	2,263	22,320	25,464
Store Adjusted EBITDA £'000		(215)	1,170	13,339	14,294
EBITDA Margin (%)		(24.4%)	51.7%	59.8%	56.1%
Store Adjusted EBITDAR £'000		(170)	1,170	15,111	16,111
EBITDAR Margin (%)		(19.3%)	51.7%	67.7%	63.3%
As at 31 July 2023 ('000 sq. ft)					
Maximum Net Area	**535**	**217**	**161**	**994**	**1,907**
Freehold / Long Leasehold ('000 sq. ft)	485	217	161	559	1,422
Short Leasehold ('000 sq. ft)	50	–	–	435	485
Number of Stores					
Freehold	8	4	3	10	25
Short Leasehold	1	–	–	9	10
Total Stores	**9**	**4**	**3**	**19**	**35**

[1] In respect of the Farnborough Store (over 250 weeks), the total store revenue includes a £100,000 contribution receivable from Group Head Office.

Marketing
New customers are typically drawn to Lok'nStore by three key drivers:

- Our distinctive Landmark stores
- Google and other search engines
- Existing or previous customers and customer referrals

Store visibility remains pivotal to our marketing efforts. With their prominent positions, distinctive design, and bright orange elevations our stores raise the profile of the Lok'nStore brand and help to generate a substantial proportion of our business. Our Landmark stores are in highly prominent locations, and we continually invest in new signage and lighting at our existing stores as well as creating striking designs for our new Landmark stores, to promote and enhance their visual prominence and engage the local community.

The internet continues to be the main media channel for our advertising. Our website at www.loknstore.co.uk is one of the most established self-storage websites in the UK. The website delivers a high level of customer experience across desktop and mobile devices. This is a very dynamic area, and we are committed to its continued development. We believe the internet provides a strong competitive advantage for the major operators such as Lok'nStore with relatively large marketing budgets.

New Landmark Stores
We have invested £17.3 million (2022: £12.2 million) in new store development this year.

On 17 February 2023, our new Landmark store opened in Bedford. The store is in a prominent location on the busy western side of the town, directly accessed from a busy roundabout servicing all arterial routes to Tesco, the town centre and neighbours Costa, Lidl and other retailers.

Our new freehold Landmark store in Peterborough opened on 27 June 2023. The site occupies a central location in the city, prominently positioned on the access route to a large and busy retail park with neighbouring occupiers including B&Q, Aldi, Currys and Argos.

Early trading at both stores has been good.

We are on-site at three Stores: Staines (long leasehold), Basildon (leasehold) and Kettering (managed), all of which will be open in the next 12 months, adding a further 162,100 sq. ft. of trading space to the undersupplied UK self-storage market. The Board anticipates that Staines and Basildon will be NAV accretive at their first-time valuation in July 2024.

We have a total new store pipeline of eleven secured stores. These will all be purpose-built Landmark stores in highly prominent locations and will add substantially to the Group's capacity for revenue, profit and asset growth. Further details on this pipeline can be found in the Property Review.

Managed Stores Recurring Revenue Increasing

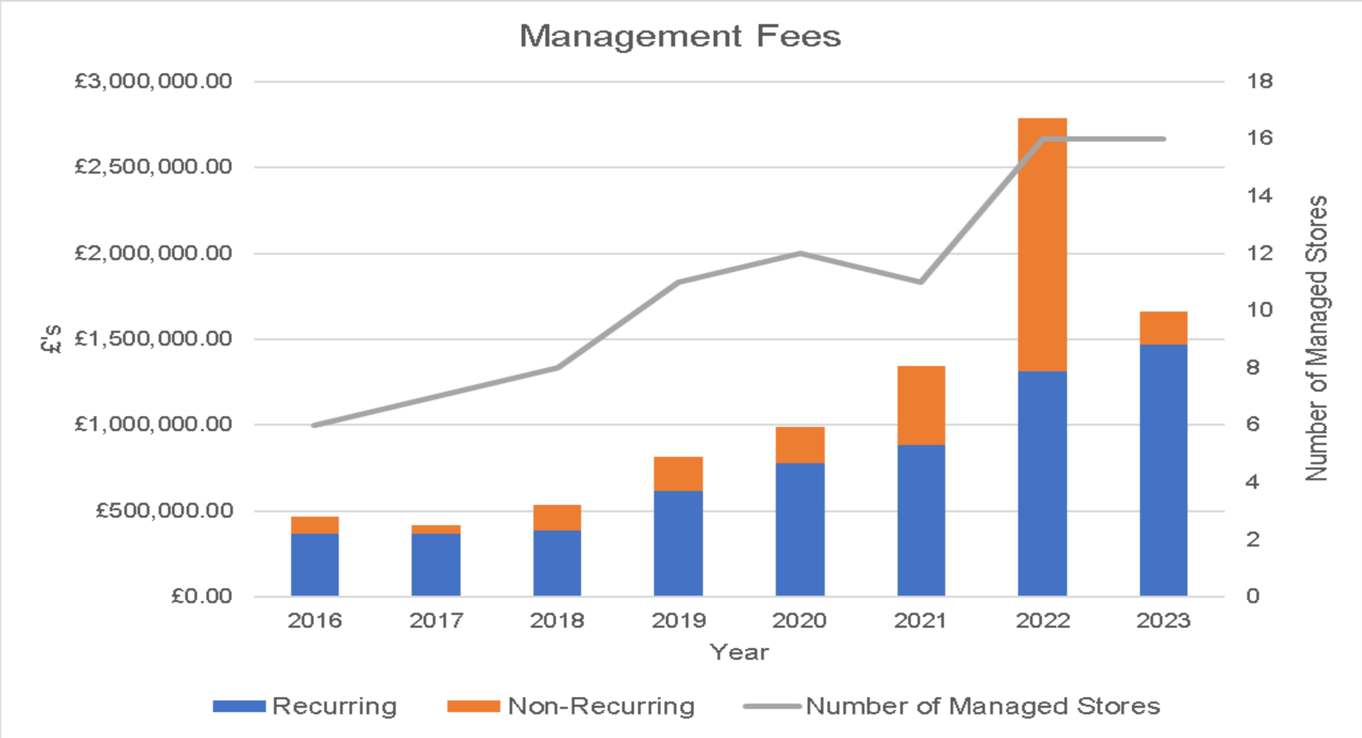
Total Managed Store revenue in the year was £1.66 million (2022: £2.79 million). Last year, we received non - recurring management fees of £1.47 million from Managed Store owners following asset transactions. These fees are positive for Lok'nStore but are irregular in their nature and have not been repeated this year.

Stripping out the impact of this, recurring management fees were up by 11.9% to £1.47 million as we saw the full-year effect of the four sale and manage-back stores executed on 31 January 2022 last year. At the year-end, we had 16 Managed Stores operating, with the Kettering store currently on site and the Bromborough (Wirral) site due on site in the coming months. These two sites will add to recurring management fees in the coming years.

Income from non-recurring fees was down in the year to £0.19 million (2022: £1.47 million). Although these fees are irregular in nature, this demonstrates the contractually embedded value in the Managed Stores income stream. Non-recurring fees come from various sources such as including planning success fees, construction and advisory fees and fees crystallised when an asset transaction occurs. In 2022, the Group benefited from one-off asset transaction fees from three stores in the portfolio which did not recur this year.

Management Fees	**Percentage Increase/(decrease)** %	**Group Year Ended 31 July 2023** £	Group Year Ended 31 July 2022 £
Recurring fees			
Base management fees		**929,810**	722,084
Administration and compliance fees		**105,000**	86,916
Management performance fees		**434,280**	504,379
Recurring fees - Subtotal	**11.9%**	**1,469,090**	1,313,379
Construction & Advisory fees		**30,000**	12,500
Supplementary fees		**160,000**	1,459,177
Non-recurring fees -sub total	**(87.1)**	**190,000**	1,471,677
Total management fees	**(40.4)**	**1,659,090**	2,785,056

The graph below shows how our historical management fees have grown and indicates a strong correlation between the recurring management fee income and the number of stores under management.



Our Store Colleagues

The Group's progress that I have reported above could not have been achieved without the commitment and dedication of our team members who have worked extremely hard throughout this year. We did see elevated levels of colleague turnover post-Covid but we now see levels of colleague turnover settle to pre-Covid levels and the level of vacancies in the business is now at normal levels.

I would personally like to thank our team members throughout the business for the hard work, enthusiasm and dedication in achieving these results.

Our Business Model Provides Strength and Adapts Quickly in an Uncertain World

We operate with a high EBITDA margin, sheltering the business from cost increases. Debt and leverage are low, and we have considerable cash on hand. Importantly, the Company can pause capital expenditure quickly if market conditions dictate and the ongoing business requires little maintenance capital expenditure. At the year-end, we are on-site at three stores (one Managed) where the capex required to complete the two Owned Store projects is £12.7 million, compared to the £42.1 million of cash on hand.

The Company has c.17,500 customers who come from a diverse social and economic background and whose reasons for storing are widely diverse. Customers pay on a rolling four weekly up-front basis. As a result, bad debt continues to be low at 0.3% of revenue. Each customer is relatively small with no self-storage customer accounting for more than 1% of revenue. Additionally, the UK self-storage market remains under-supplied, and demand remains strong.

Future

Lok'nStore has had a good year, with revenue moving ahead steadily, demonstrating the strength of the self-storage business model throughout the economic cycle. Trading has remained good and in line with expectations since the year-end.

We are currently experiencing some cost increases, but the business is sheltered from this effect by high EBITDA margins and our ability to raise rates charged. These cost increases are now starting to slow and, in some areas, reverse.

Against the background of a strong performance from our existing stores, we have a secured pipeline of eleven new stores all of which will add considerable momentum to sales and earnings growth in the future. Our flexible model allows us to develop these new Landmark stores when market circumstances and planning permissions dictate.

We will continue to deliver increasing returns from a secure asset and capital base leveraging from our established business model and operational expertise and digital platform. We will continue our focus on delivering the highest levels of service.

Neil Newman-Shepherd
Managing Director
27 October 2023

Property Review

42 stores now trading	11 new Landmark stores secured	New stores will add 29.4**%** to total trading space

Store and Portfolio Strategy
Our strategy is to continue to increase the number of stores we operate without stretching our balance sheet, capitalising on a UK self-storage market which is in a state of under-supply and comparative infancy. The core focus of this strategy is the acquisition of highly prominent freehold locations in busy towns and cities in England where we will build well-branded Landmark stores.

Lok'nStore's rising operating cash flow, solid asset base and tactical approach to its store property portfolio provide the Group with opportunities to improve the terms of its property usage in all stages of the economic cycle. Our focus on the trading business gives us many opportunities and our property decisions are always driven by the requirements of the trading business.

The net proceeds of the equity fundraising in June 2023 will support the continued development of the secured pipeline as well as providing valuable liquidity with which to position Lok'nStore favourably as a strong buyer in future site acquisition negotiations whilst maintaining the Group's conservative approach to debt.

Flexible Approach to Site Acquisition
All the projects noted below are part of our strategy of actively managing our operating portfolio to ensure we are maximising both trading potential and value. This includes strengthening our distinctive brand, increasing the size and number of our stores, and replacing stores or sites where it will increase shareholder value. We are focused on allocating capital in the most efficient manner to achieve our objectives.

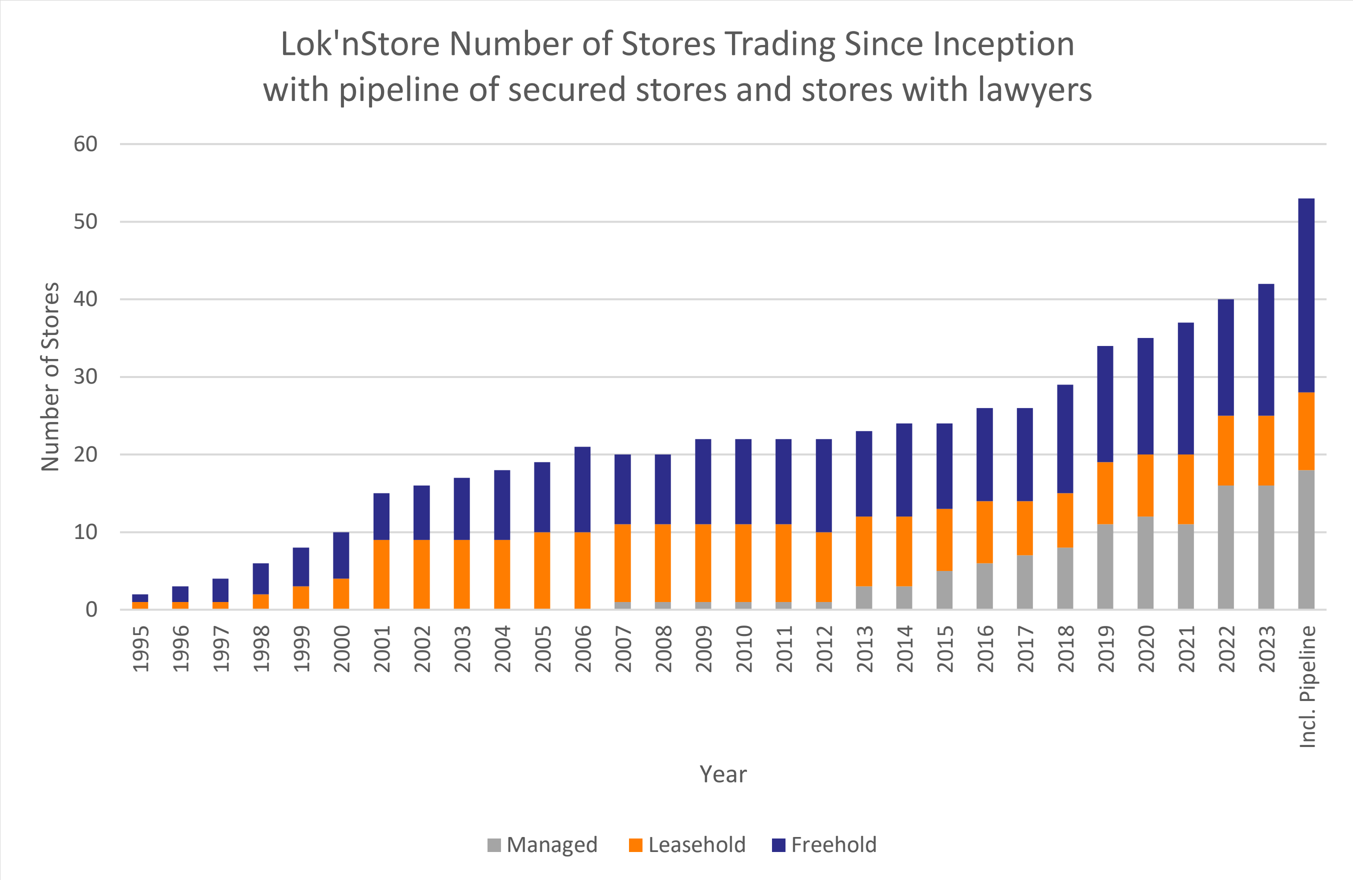
We prefer to own freeholds if possible, and where opportunities arise, we will seek to acquire the freehold of our leasehold stores. However, we are happy to take leases on appropriate terms and benefit from the advantages of a lower entry cost, with further options to create value later in the store's life cycle.

Sale and Manage-Back of Stores
We also consider selling established stores on sale and manage-back contracts in order to recycle the capital into the development of new Landmark stores and manage the balance sheet as part of our successful growth strategy and disciplined capital allocation. Indeed, some of our stores have been freehold, leasehold, and Managed Stores during their operating life cycle.

Our most important consideration is always the trading potential of the store rather than the property tenure and sale and manage-backs have these additional advantages: -

i) The critical mass of store numbers benefits the business (e.g. through Google search and sharing of other marketing costs)
ii) It spreads the central management costs
iii) Through the performance and exit fees we are exposed to the trading and capital upside without committing capital

The table below illustrates the rapid growth of store numbers and the changing tenure mix over time including the growth of Managed Stores over recent years.



At 31 July 2023, Lok'nStore operated 26 of its own stores. Of these Lok'nStore owns 17 freehold and nine leasehold stores. All nine leasehold stores are inside the Landlord and Tenant Act providing us with security of tenure. The average unexpired term of the Group's leaseholds valued by JLL is 12 years and 10 months as at 31 July 2023. We operate 16 further stores under management contracts.

Our Exciting Landmark Store Pipeline

We are on-site at three stores that will open during 2024 and we have two new store opportunities which are progressing with lawyers.

Our current pipeline of eleven contracted stores will add 29.4% of extra trading space to the overall portfolio, 39% to our Owned portfolio and 12.3% to the Managed portfolio.

All 11 stores in our Secured Pipeline[9] are in prominent locations with large catchment areas and demonstrate the Group's ability to source high-quality sites adding to future sales and earnings growth. These eye-catching buildings, with their distinctive orange Lok'nStore branded livery and prominent signage, create highly visible landmarks, which continue to be a big source of new customers.

The lease on the Sunbury store expired on the 30 July 2022. We are in dialogue with the landlord regarding a new lease on the existing site or in a new site. In the meantime, we continue to trade from the current store which benefits from being protected by the provisions of the Landlord and Tenant Act.

Acquisitions During the Year

Milton Keynes: New Freehold

On 4 October 2022, we exchanged contracts, subject to planning, on a freehold development opportunity in Watling Street, Milton Keynes. This new highly visible roadside location in the north-west of the city complements our existing leasehold store, seven miles to the south-east. Once developed, the Landmark store will add circa 60,000 sq.ft. of lettable area.

Eastbourne: New Freehold

Contracts have been exchanged on a freehold site in Eastbourne, Sussex where we intend to submit planning for a 60,000 sq. ft Landmark store shortly. Completion is due by the end of the year upon vacation of the current occupier. This prominant location, adjacent to supermarkets and retail, is close to our existing leasehold store. The initial land cost will be £5.53 million and total net project costs are expected to be c.£12.0 million.

Eastbourne: Existing Leasehold Site
We recently announced the signing of a new lease at our existing Eastbourne store which runs for twenty years. We have the valuable opportunity to improve profitability in the Eastbourne market via a tenant only break clause after five years. As with all other leased stores within the Group's portfolio, the new lease benefits from being within the terms of the 1954 Landlord and Tenant Act. The current store has been trading successfully since its opening in 2003.

Bolton: Purchase Completed
At the end of May 2023, the Group completed the purchase of a site in Bolton for £1.8 million, for a new 57,578 sq. ft. Landmark store.

Further New Store Pipeline Progress
Following the Eastbourne freehold purchase, our total secured pipeline of 11 secured new stores will result in the Group operating 53 stores when fully developed, increasing the Owned Store trading space by 37.7%. This pipeline of new stores will add considerable momentum to sales and earnings growth once developed.

Building work continues at three of our new Landmark store developments in Staines (long leasehold), Basildon and Kettering (managed), all of which will be open in the next 12 months and where the remaining capital expenditure as at 31 July 2023 was £12.7 million, adding a further 162,100 sq. ft. of trading space.

Planning Permissions Update
Lok'nStore's highly experienced management team continues to progress the new store pipeline despite the planning system remaining lengthy and unpredictable.

In January 2023, we were granted planning consent to build a Landmark store in Bolton, Greater Manchester. We are now in the process of tendering for the construction of this store which will provide 57,578 sq.ft. of new space. Located on land on the east side of Manchester Road, Bolton, this site will be in due course likely transferred to an existing Managed Store client and subsequently developed by Lok'nStore and operated on their behalf.

We have received an indicative intention to formally grant planning permission under delegated powers in Barking, Greater London, subject to the agreement of planning conditions. At c.84,000 sq. ft, when it opens this freehold Landmark store will be our biggest store to date.

We have also received a grant from the Planning Committee for our updated planning permission at our freehold site in Cheshunt, Hertfordshire, subject to the agreement of planning conditions. With this permission we intend to build a c.60,000 sq.ft. Landmark store along with retail space for a discount food retailer. The discount food retailer will pay a lease premium to Lok'nStore on completion of planning matters and a further payment to Lok'nStore on completion of the building. The net remaining capital expenditure to complete this project is c.£6.5 million.

Managed Stores
Bromborough: Contracts have been exchanged on a site for a new 49,500 sq. ft Landmark store in Bromborough, Wirral. The site, which already benefits from planning permission, will be owned by an existing Managed Store client. Through our well-established Managed Store programme, Lok'nStore will receive one-off fees for finding and securing the site, development advice and use of the Lok'nStore brand. Once open, we will receive a recurring monthly management fee as a percentage of revenue plus a valuable additional recurring performance fee once returns reach an agreed level. The developer went on-site in September 2023. The store is expected to open in late 2024.

Kettering: Building work continues at the new Landmark store development in Kettering which is on track to open in spring 2024.

Summary of Our Current Pipeline at 31 July 2023

Store		Total Size sq. ft	Status	On site at 31 July 2023 sq. ft
Basildon	Leasehold	49,700	On site – opening late 2023	49,700
Staines	Long Leasehold	66,500	On site – opening Spring 2024	66,500
Kettering	Managed	45,900	On site– opening Spring 2024	45,900
Bromborough	Managed	49,500	Planning consent granted – on-site Autumn 2023	
Bolton	Freehold	57,578	Planning consent granted	
Cheshunt	Freehold	60,300	Planning Committee resolution to grant consent received	
Barking	Freehold	84,200	Planning application submitted – Indicative intention to formally grant planning received	
Bournemouth	Freehold	75,100	Further planning application submitted	
Altrincham	Freehold	63,900	Planning appeal submitted	
Milton Keynes	Freehold	60,000	Planning application submitted	
Eastbourne	Freehold	60,000	In Design	
Total 11 stores		**672,678**		**162,100**

During the year, we opened two new stores in Bedford and Peterborough. Early trading in all new stores has been very encouraging. We acquired two new sites during the year and have a further two sites progressing with lawyers.

Growing Store Property Assets and Net Asset Value

- ✓ Adjusted Total Assets £392.9 million[4] up 5.9% on last year (2022: £370.9 million)
- ✓ Adjusted Net Asset Value of £9.86 pence per share up 1.4% on last year (2022: £9.72 per share)
- ✓ Value of operating stores £301.9 million up 8.2% on last year (2022: £279.0 million)
- ✓ Total property assets £334.0 million up 7.8% on last year (2022: £309.7 million)
- ✓ Investment in new stores £17.3 million (including capitalised interest) (2022: £12.2 million)

Market Valuation of Freehold and Leasehold Land and Buildings

It is the Group's policy to commission an independent external valuation of its properties at each financial year-end. Our freehold stores have been independently valued by JLL at £274.7 million (2022: £254.8 million).

Accordingly, Adjusted Total Group Assets[4] have moved up in the year to £392.9 million, up 5.9% on 31 July (2022: £370.9 million). A significant contributor to this increase was the uplift from the external valuation at 31 July 2023 combined with the trading strength of our business, as well as our investment in new stores.

In this 12 month period, we saw a 0.8% same-store uplift in the valuations of our freehold and leasehold trading stores of £2.23 million. This comparison excludes the maiden valuations on our new stores in Bedford and Peterborough.

On our Owned freehold trading stores we have seen exit yields increase on average by 33 basis points, with discount rates increasing by 45 basis points. These changes had the effect of reducing the valuation

by £15.45 million. Improved cash flows in the stores that were valued last year added £14.20 million, which materially reversed the effects from the changing capitalisation rates.
The remaining £24.15 million of valuation comes from the maiden valuations of our Bedford and Peterborough stores and the regearing of the Eastbourne lease.

It remains the Group's established policy to undertake a comprehensive external valuation at each year-end and we will do so at the next year end at 31 July 2024.

Valuations
It is not the current intention of the Directors to make any further significant disposals of trading stores, although individual asset disposals may be considered where value can more easily be added by recycling the capital into new stores.

The valuations of our freehold property assets are included in the Statement of Financial Position at their fair value. The value of our leasehold stores in the valuation totals £27.2 million (2022: £24.3 million) but they are held at cost less accumulated depreciation in the Statement of Financial Position.

Our freehold and leasehold stores have been independently valued by JLL at £301.9 million (2022: £279.0 million). The value of adjusted total assets of £392.9 million (2022: £370.9 million) is calculated by adding the valuation of the leasehold properties less their corresponding net book value to the other assets in the business. This provides clarity on the significant value of the leasehold stores as trading businesses which under the Group's accounting policy rules on leases are only presented at their book values within the Statement of Financial Position.

At the year-end, Lok'nStore had 42 stores trading. Of these, 26 stores are Owned with 17 freeholds, nine leasehold and 16 under management contracts.

The average unexpired term of the Group's operating leaseholds valued by JLL is approximately 12 years and 10 months at 31 July 2023. All of our leasehold stores are inside the Landlord and Tenant Act providing us with a strong degree of security of tenure.

A deferred tax liability arises on the revaluation of the properties and on the rolled-over gain arising from the disposal of some properties. It is not envisaged that any tax will become payable in the foreseeable future on these disposals due to the availability of rollover relief.

We have reported by way of a note the underlying value of these leasehold stores in revaluations and adjusted our Net Asset Value (NAV) calculation accordingly to include their value. This ensures comparable NAV calculations. An analysis of the valuations achieved is set out in the table below.

Analysis of Total Property Value	**No of Stores /Sites**	**31 July 2023 Valuation £'000**	No of Stores /Sites	31 July 2022 Valuation £'000
Freeholds[3] valued by JLL[1]	**17**	**274,725**	15	254,775
Leaseholds valued by JLL[2]	**9**	**27,200**	9	24,250
Subtotal	**26**	**301,925**	24	279,025
Sites in development at cost[3]	**9**	**30,605**	9	29,215
Subtotal[4]	**35**	**332,530**	33	308,240
Freehold land & buildings at Director valuation	**1**	**1,500**	1	1,500
Total	**36**	**334,030**	34	309,740

1 Includes related fixtures and fittings (refer to note 12a).
2 The nine leaseholds valued by JLL 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 9 years and 7 months at the date of the 2023 valuation.
3 Includes £1.54 million of capitalised interest during the period (2022: £0.59 million).
4 Loan to Value calculation based on these property values.

Total freehold properties account for 91.8% of all property values (2022: 92.2%).

Adding our stores under development at cost, and land and buildings held at Director valuation, our total property valuation is up 7.8% to £334.0 million (2022: £309.7 million). The increase in the values of properties which were also valued by JLL last year was 8.2% (2022: 22.6%).
The change in the property valuation is referred to further in the Financial Review section of the Strategic Report and is detailed in note 12(a) of the notes to the financial statements. The principal drivers for this increase are: -

- The trading stores have continued to trade at high occupancy. The stabilised occupancy assumed by JLL is materially unchanged at 87.79% (2022: 88.23%)
- Discount Rates and Exit Yields applied by JLL have increased this year reflecting changes in the debt market
- The increases in these capitalisation rates are lower than seen in other sectors of the property industry over the past 12 months. There is a significant amount of capital looking to access the self-storage market with major private equity and institutions having entered the market in recent years, including Schroders, Legal and General, The Carlyle Group, Angelo Gordon, GIC, Heitman and Nuveen. The Board is aware of a number of other institutions looking to enter the market either through direct acquisition or by funding new store developments.
- Transactional activity in the UK and across Europe remains strong

JLL reported in its 2023 Valuation report: "Self-storage is widely viewed as an inflation hedge. The sector has proved itself as a resilient asset class that generally performs well during economic stress events as was seen during the Global Financial Crisis and the Covid-19 pandemic".

Further changes in interest rates, risk free rates or changes in the macro-economic outlook may affect the capitalisation rates applied by External Valuers. In note 12a, we set out the likely effects of a 50 bps and a 100 bps increase / decrease in Discount Rate and Exit Yield used in this year's valuations.

Managed Stores

- Circa £150 million of store assets under management
- 11.9% increase in recurring management fees earned

Lok'nStore manages an increasing number of stores for third party owners. Under this model, Lok'nStore can provide a turnkey package for investors wishing to own trading self-storage assets. The investor supplies the capital for the project which Lok'nStore manages. Lok'nStore will buy, build and operate the stores under the Lok'nStore brand and within our current management structure.

For Managed Stores Lok'nStore receives a standard monthly management fee, a performance fee based on certain return hurdles and fees on a successful exit. We also charge acquisition, planning and branding fees. This allows Lok'nStore to earn revenue from our expertise and knowledge of the self-storage industry without committing our capital. We can amortise various fixed central costs over a wider operating base and drive more visits to our website, moving it up the internet search rankings and benefitting all the stores we both own and manage.

This strategy improves the risk adjusted return of the business by increasing the operating footprint, revenues and profits without committing capital. There is a strong correlation between the total management fee income and the number of stores under management.

We now manage in excess of £150 million of assets under this structure on which we generated managed store income of £1.66 million this year (2022: £2.79 million). Within this, recurring fees were up 11.9% and we expect recurring fees to continue increasing steadily over the coming years as more Managed Stores are opened. Second half income was stronger and includes additional fees from store openings and non-recurring fees contributed to benefit additional supplementary fees (initial branding fees etc). Managed Store income is generated from our existing platform and central management, resulting in an effective margin from this activity of 100%.

Financial Review:

Same Store Group Revenue £27.1 million up 6.6%	Same Store EBITDA 57.2%	Net LTV 3.7%

"Prudent balance sheet management and continuing investment into Landmark stores"

Ray Davies
Finance Director

The Group has reported higher revenue and strong profits.

Same Store

- ✓ Same Store[14] Group Revenue £27.1 million up 6.6% (2022: £25.4 million)
- ✓ Same Store Group Adjusted EBITDA[1] £15.2 million down 1% (2022: £15.4 million)
- ✓ Same Store Group Operating Profit before non-underlying[2] items £9.2 million down 13.4% (2022: £10.6 million)

Headline

- ✓ Group Revenue £27.1 million up 0.9% (2022: £26.9 million)
- ✓ Group Adjusted EBITDA[1] £15.1 million down 7.9% (2022: £16.3 million)
- ✓ Group Operating Profit before non-underlying[2] items £8.9 million down 21.9% (2022: £11.4 million)
- ✓ Store EBITDA Margins 56.1% (2022: 61.6%)

- ✓ Operating Profit £8.6 million down 49.9% (2022: £17.2 million)
- ✓ Cash available for Distribution (CAD)[3] £9.13 million down 19.8% (2022: £11.39 million)
- ✓ Cash available for Distribution (CAD) per share 28.4 pence (2022: 38.7 pence)
- ✓ Final dividend up 8.2% to 13.25 pence per share (2022: 12.25 pence per share)
- ✓ Cash balance £42.1 million (2022: £46.5 million)
- ✓ £100 million Bank RCF runs to April 2026

Revenue
Total Group Revenue for the year was £27.1 million, an increase of £0.2 million (0.9%) from £26.9 million in the prior year. Same Store Revenue for the year was £27.1 million, an increase of 6.6% (2022: £25.4 million).

Post-Balance Sheet. In FY24, the Group will change the way it provides contents protection to its customers and during the course of the year will transition to an Enhanced Liability Protection Service (ELPS) for our customers. Prior to this change, IPT at 12% will continue to be paid to our insurance provider based on our total insurance revenue and will continue to be paid to us by our customers. After the change, ELPS will be subject to VAT and not Insurance Premium Tax ("IPT").

As we transition to the ELPS scheme, we have decided not to pass the entirety of the 8% differential uplift on to our customers immediately, and hence, gross ELPS revenue next year will be lower but not materially so and will be recovered completely over the next year or two.

Operating Costs
Group operating costs amounted to £11.8 million for the year (2022: £10.4 million) up by 14.2%

Historically, overall cost increases have been mainly driven by the expansion of the business. As previously reported at our interim results in January 2023, we are now seeing some short term but significant external cost pressures., At a headline level, total Group operating costs amounted to £11.8 million for the year (2022: £10.4 million) up by 14.2%, which includes the profit and loss costs of opening new stores in Bedford, Peterborough, Warrington and Stevenage; offset by the reduction in costs from the Sale. On a Same Store basis, costs have increased by 17.8% against last year (refer store analysis of Group operating costs in the table below).

We saw significant external cost pressure in property costs this year, with total property costs increasing by £1.45 million. Energy cost accounted for £1.2 million of this uplift with a further £0.25 million from increased Insurance costs.

Our largest cost area, staff costs, increased by 1.9% as we staffed the new stores which was offset by lower performance bonuses to our store colleagues. On a Same Store basis this increase was just 0.1%. There was also a lower national insurance cost because of the combined effects of lower bonuses paid and fewer share options exercised by management and staff in the year.

The 9.0% increase in overhead costs is due to a combination of factors. There has been a stepped increase in audit fees as the audit profession adjusts its fee rates in response to higher regulatory costs. Legal and professional costs related to work on rent reviews, corporate tax, and increased valuation costs for additional work commissioned by the Group for valuation work completed by JLL. Bank charges which now contain a full year amortisation charge (non-cash) in respect of bank fees charged last year for the £25 million accordion and the one-year RCF extension also increased costs. Amortisation charges for 2023 were £0.24 million (2022: £0.22 million). Other administrative costs (computer support, telephones, printing postage and stationery and marketing costs etc) show no material cost increases.

Looking forward, in FY24, we estimate that Same Store operating costs to increase by around 6.0% or £0.75 million, driven materially by revised business rates which will result in our 2023-24 business rates increasing £0.49 million with transitional relief and by a further £0.20 million plus future inflationary increases in FY25. This step change in business rates will be offset in part by the reduction in medium term energy costs we are seeing through our hedged purchasing and by improvements in our insurance costs achieved during the renewal process for 2023-24.

We have a strong record of disciplined control of our costs. From FY25, we fully expect operating costs to revert to a low growth position with cost increases driven by the expansion of the business.

Group Operations	**Increase/ (decrease) in Costs %**	**Year Ended 31 July 2023 £'000**	Year Ended 31 July 2022 £'000
Property costs	**28.6**	**6,821**	5,304
Adjustment for property lease rentals	**4.1**	**(1,817)**	(1,746)
Property and premises costs	**40.7**	**5,004**	3,558
Staff costs	**1.9**	**5,267**	5,369
Overheads	**9.0**	**1,567**	1,438
Total	**14.2**	**11,838**	10,365

Group Operations Same Store Analysis	**Increase (decrease) in Costs %**	**Year ended Ended 31 July 2023 £'000**	Year Ended 31 July 2022 £'000
Property costs	**32.9**	**6,698**	5,062
Adjustment for property lease rentals	**4.1**	**(1,817)**	(1,746)
Restated property and premises costs	**18.1**	**4,881**	3,316
Staff costs	**0.1**	**5,177**	5,176
Overheads	**12.5**	**1,544**	1,358
Total	**17.8**	**11,602**	9,850

Strong Balance Sheet, Efficient Use of Capital, Low Debt

- ✓ RCF of £100 million and runs to April 2026
- ✓ £17.3* million invested in new store pipeline (2022: £12.2 million)
- ✓ Net debt (excluding leases) £12.3 million (2022: £20.3 million)
- ✓ Loan to Value ratio (LTV) net of cash 3.7% (2022: 6.6%)
- ✓ Cost of debt averaged 4.8% in the year (2022: 1.71%) on £54.4 million debt (2022: £66.8 million)

* Includes £1.54 million of capitalised interest

The Group's RCF of £100 million is a joint agreement with ABN AMRO NV and NatWest Bank plc participating equally and runs until April 2026 providing funding for more Landmark site acquisitions. The Group is fully compliant with the two principal bank covenants (LTV and Senior Interest)

Management of Interest Rate Risk

Lok'nStore generates an increasing cash flow from its strong asset base with a low LTV net of cash of 3.7% and an average cost of debt of 4.8%. The value of the Group's assets underpins a resilient business model with stable and rising cash flows and low credit risk giving the business a firm base to fund future growth.

Post Balance Sheet - Temporary Reduction of Debt (RCF)

On 11 August 2023, the Group paid down £19.02 million out of its recent equity placing proceeds reducing the balance on its RCF, pending redrawing over time for its future deployment on the Group's pipeline stores.

Interest Expense and Bank Borrowings

The Group pays a margin of 1.5% on its Interest and the all-in effective rate is calculated by reference to SONIA (Sterling Over Night Indexed Average) plus margin.

- Average cost of debt 4.8% (2022: 1.71%)
- Average cost of debt (on active revolving loans at 31 July 2023) 6.2% (2022: 2.71%)
- Current cost of debt at date of this Report 6.8%

With £54.4 million of gross debt currently drawn against the £100 million bank facility, the Group is not committed to enter into interest rate hedged instruments but continues to keep the matter under review. It is not the current intention of the Group to commit to a hedged instrument at this time given our low level of net debt, low Loan to Value ratio and high interest cover.

The gross bank interest expense (before capitalisation of interest costs, non-utilisation fees and loan amortisation fees) for the year was £3.1 million (2022: £1.30 million), due to higher average debt and higher average costs of borrowing. These average costs of borrowing have continued to rise after the year-end and the Group's current cost of debt is running at 6.8%.

The Group continues to monitor closely the effects of rising interest rates on its Senior Interest covenant, which is tested on a 12-month rolling basis, and the Group's flexible business model will enable it to take appropriate steps to mitigate its effects should it be required. Capitalised interest in the year on our store development programme was £1.54 million (2022: £0.59 million). Total finance costs in the Statement of Comprehensive Income increased to £2.56 million (2022: £1.33 million).

Lok'nStore will continue to report on the Cash Available for Distribution (CAD) which aims to look through the statutory accounts and give a clear picture of the ongoing ability of the Company to generate cash flow from the operating business that can be used to pay dividends, make investments in new stores, or pay down debt.

As agreed with the banks, both the Loan to Value and Senior Interest covenants set out in our bank facility continue to be tested excluding the effects of IFRS 16. For covenant calculation purposes, debt / LTV will continue to exclude right of use assets and the corresponding lease liabilities created by IFRS 16. When testing the Senior Interest Covenant, property lease costs will continue to be a deduction in the calculation of EBITDA, in accordance with the accounting principles in force prior to 1 January 2019.

Cash Flow and Financing

At 31 July 2023, the Group had cash balances of £42.1 million (2022: £46.5 million). Cash inflow from operating activities before investing and financing activities was £15.81 million (2022: £18.57 million). As well as using cash generated from operations to fund some capital expenditure, the Group's £100 million five-year Revolving Credit Facility provides sufficient liquidity for the Group's current needs. Undrawn committed facilities at the period-end amounted to £45.6 million (2022: £33.2 million). Cash plus undrawn committed facilities amounts to £87.7 million, leaving the business with plenty of headroom.

Earnings Per Share

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

	Group Year Ended 31 July 2023 £'000	Group Year Ended 31 July 2022 £'000
Total profit for the financial year attributable to owners of the Parent	4,692	12,078

	2023 No. of Shares	2022 No. of shares
Weighted average number of shares		
For basic earnings per share	29,518,911	29,287,451
Dilutive effect of share options[1]	467,137	549,321
For diluted earnings per share	29,986,048	29,836,772

[1] Further options that could potentially dilute EPS in the future are excluded from the above because they are not dilutive in the period presented. Full details of share options are included in note 22.

	Group 2023 pence	Group 2022 pence
Total basic earnings per share	15.90p	41.24p
Total diluted earnings per share	15.65p	40.48p

High Quality Cash Flow

The Group's high quality cash flow is demonstrated by:

- Sound operating fundamentals –
    - High store EBITDA margins 56.1% (freeholds 61.8%)
    - Excellent credit model - bad debts in FY23 less than c. 0.3% of Group revenue
    - Minimum of four weeks storage paid in advance and every 28 days thereafter
    - Over 90% of new customers pay by Direct Debit
    - Contractual lien operates over customer goods in the event of serious payment default

- Diversified customer base
    - 17,500 customers with a wide mix of businesses and households covering many sectors and geographies
    - No customer concentration risk – no customer accounts for more than 0.5% of Group revenue

- Other features
    - Operates in 42 different localised markets
    - Very low inventory required
    - Very low capital re-investment required once initial build and fit-out has been completed
    - Low staffing requirements per store

Increasing Cash Flow Supports a 10.1% Annual Dividend Increase

- ✓ Annual dividend 19 pence per share up 10.1% (2022: 17.25 pence per share)
- ✓ Cash Available for Distribution of 28.4 pence per share (2022: 38.7 pence per share)
- ✓ Cash Available for Distribution £9.13 million (2022: £11.39 million)

CAD provides a clear picture of ongoing cash flow available for dividends, new store development or debt repayment.

Analysis of Cash Available for Distribution (CAD)	**Group Year Ended 31 July 2023 £'000**	Group Year Ended 31 July 2022 £'000
Group Adjusted EBITDA (Per Statement of Comprehensive Income)	**15,056**	16,349
Property lease rents	**(1,817)**	(1,746)
Net finance costs paid (excluding re-financing costs)	**(2,664)**	(1,395)
Capitalised maintenance expenses	**(121)**	(120)
New Works Team	**(76)**	(125)
Current tax (note 9)	**(1,245)**	(1,572)
	(5,923)	(4,958)
Cash Available for Distribution	**9,133**	11,391
(Decrease) / Increase in CAD over last year £	**(2,258)**	3,149
(Decrease) / Increase in CAD over last year %	**(19.8%)**	38.2%
	Number	Number
Closing shares in issue (less shares held in EBT)	**32,144,246**	29,380,333
CAD per share	**28.4p**	38.7p
(Decrease) / Increase in CAD per share over last year	**(26.6%)**	36.7%

Analysis of the Underlying Business After Adjustment for Non-underlying Items

When comparing 31 July 2023 with last year, the Group benefited last year from a higher than usual level of exceptional gains principally resulting from the Sale totalling £5.9 million in the prior year.

In the table below we separate these non-underlying items and non-recurring management fee income to show the performance of the underlying business.

	2023 £'000	**2023 £'000**	**2023 £'000**	**2022 £'000**	**2022 £'000**	**2022 £'000**
	Underlying Business	**Non-underlying Items and Non-recurring Management Fee Income**	**Total**	Underlying Business	Non-underlying Items and Non-recurring Management Fee Income	Total
Revenue	**27,147**	**–[1]**	**27,147**	25,430	1,472[1]	26,902
Total property, staff, distribution, and general costs	**(12,091)**	**–**	**(12,091)**	(10,553)	–	(10,553)
Adjusted EBITDA[1]	**15,056**	**–**	**15,056**	14,877	1,472	16,349
Depreciation	**(5,690)**	**–**	**(5,690)**	(4,727)	–	(4,727)
Equity-settled share-based payments	**(450)**	**–**	**(450)**	(201)	–	(201)
Non-underlying items	**–**	**(318)[2]**	**(318)**	–	5,739[2]	5,739
	(6,140)	**(318)**	**(6,458)**	(4,928)	5,739	811
Operating profit	**8,916**	**(318)**	**8,598**	9,949	7,211	17,160
Finance income	**665**	**–**	**665**	42	–	42

Finance cost	(2,562)	–	(2,562)	(1,328)	–	(1,328)
Profit before taxation	7,019	(318)	6,701	8,663	7,211	15,874

1 Represents non-recurring management fees
2 Refer note 4 of the notes to the financial statements for the analysis of non-underlying items

Taxation
The Group has made a current tax provision against earnings in this period of £1.2 million (2022: £1.7 million) based on a blended corporation tax rate of 8 months at 19%, and 4 months at 25%. (2022: 19%). The deferred tax provision which is calculated at forward corporation tax rates of 25% is substantially a tax provision against the potential crystallisation (sales) of revalued properties and past 'rolled over' gains, and amounts to £66.3 million (2022: £63.2 million).

The external revaluation of the trading stores at 31 July 2023 is the principal contributor to the uplift in the total deferred tax provision at the year-end. (See note 20).

Gearing[11] (Excluding IFRS16 Lease Liabilities)
At 31 July 2023, the Group had £54.4 million of gross bank borrowings (2022: £66.8 million) and cash of £42.1 million (2022: £46.5 million) representing gearing of 5.3% (2022: 9.9%) on net assets of £230.5 million (2022: £205 million) - after adjusting for the uplift in value of short leaseholds which are stated at depreciated historic cost in the Statement of Financial Position gearing is 4.9% (2022: 9.1%).

Gearing[11] (Including IFRS16 Lease Liabilities)
At 31 July 2023, the Group had £54.4 million of gross bank borrowings (2022: £66.8 million) and cash of £42.1 million (2022: £46.5 million) with £14.7 million of lease liabilities (2022: £10.9 million) representing gearing of 11.7% (2022:15.2%) on net assets of £230.5 million (2022: £205 million) - after adjusting for the uplift in value of short leaseholds which are stated at depreciated historic cost in the Statement of Financial Position gearing is 12.7% (2022: 17.0%).

Capital Expenditure
The Group has an active new store development programme. The Group has grown through a combination of building new stores, existing store improvements and relocations. We have concentrated on extracting value from existing assets and developing through collaborative projects and management contracts.

Capital expenditure during the period totalled £17.3 million (2022: £12.2 million). This was primarily the contract exchange of the Milton Keynes site, the purchase of the Bolton site and the exchange of contracts on the Eastbourne site. There are ongoing construction and fit out works at our sites in Staines and Basildon, final costs on Bedford and Peterborough prior to opening, as well as the completion of construction works at our Stevenage and Warrington stores. Planning and pre-development works at our Bournemouth, Altrincham, Barking and Cheshunt sites also featured.

The Group has capital expenditure contracted but not provided for in the financial statements of £13.1 million (2022: £11.2 million). We carefully evaluate the ongoing economic and trading position before making any further capital commitments and can reduce capex quickly if the market deteriorates.

Lok'nStore has a good credit model, with low debt and gearing and which is strongly cash generative from an increasing asset base. Increased bank facilities, on competitive margins, and extended to April 2026, positions the business well for the future.

Statement of Financial Position
Group net assets at the year-end were £230.5 million, up 12.3% (2022: £205.3 million)

The Parent Company's net assets have increased because of the £7.0 million dividend paid up from Lok'nStore Limited, the principal operating business of the Group.

Market Valuation of Freehold and Leasehold Land and Buildings
It is the Group's policy to commission an independent external valuation of its properties at each financial year-end.

Our freehold stores have been independently valued by JLL at £274.7 million (2022: £254.8 million), up 7.8%. Please refer to the table of property values in the Property Review.

Accordingly, Adjusted Total Group Assets[4] have moved upwards sharply in the year to £392.9 million, up 5.9% (2022: £370.9 million). A significant contributor to this increase was the uplift from the external valuation at 31 July 2023 combined with the trading strength of our business, as well as our investment in new stores.

In this 12-month period, we saw a Same Store uplift in valuations of £2.6 million in our freehold and leasehold trading stores, a 0.94% increase. The like-for-like comparison excludes the Sale, and the maiden valuations on our new stores in Bedford and Peterborough.

It remains the Group's established policy to undertake a comprehensive external valuation at each year-end and we will do so at the next year-end at 31 July 2024.

Valuations

It is not the intention of the Directors to make any further significant disposals of trading stores, although individual disposals may be considered where value can more easily be added by recycling the capital into new stores.

The valuations of our freehold property assets are included in the Statement of Financial Position at their fair value. The value of our leasehold stores in the valuation totals £27.2 million (2022: £24.3 million) but they are held at cost less accumulated depreciation in the Statement of Financial Position.

A deferred tax liability arises on the revaluation of the properties and on the rolled-over gain arising from the disposal of some properties. It is not envisaged that any tax will become payable in the foreseeable future on these disposals due to the availability of rollover relief.

We have reported by way of a note, the underlying value of these leasehold stores in revaluations and adjusted our Net Asset Value (NAV) calculation accordingly to include their value. This ensures comparable NAV calculations. An analysis of the valuations achieved is set out in the table below.

Increase in Adjusted Net Asset Value Per Share

Adjusted Net Assets per Share are the net assets of the Group adjusted for the valuation of leasehold stores and deferred tax divided by the number of shares at the year-end. The shares currently held in the Group's Employee Benefits Trust (own shares held) and in treasury (zero) are excluded from the number of shares.

At 31 July 2023, the Adjusted Net Asset Value per share (before deferred tax) increased 1.4% to £9.86 from £9.72 last year.

This increase is a result of higher property values on our existing stores as the strength of our Landmark stores is recognised, combined with cash generated from operations less dividend payments, offset in part by an increase in the shares in issue due to the exercise of a small number of share options during the year.

Analysis of Net Asset Value (NAV)	**31 July 2023 £'000**	31 July 2022 £'000
Net assets	**230,472**	205,346
Adjustment to include short leasehold stores at valuation		
Add: JLL leasehold valuation	**27,200**	24,250
Deduct: leasehold properties and their fixtures and fittings at NBV	**(6,952)**	(7,224)
	250,720	222,372
Deferred tax arising on revaluation of leasehold properties[1]	**(5,062)**	(4,256)
Adjusted net assets	**245,658**	218,116

Shares in issue	Number '000	Number '000
Opening shares in issue	**30,004**	29,687
Shares issued for the exercise of options	**83**	317
Shares issued from the primary placing	**2,680**	–
Closing shares in issue	**32,767**	30,004
Shares held in EBT	**(623)**	(623)
Closing shares for NAV purposes	**32,144**	29,381
Adjusted Net Asset Value per share after deferred tax provision	**£7.64**	£7.42
Adjusted Net Asset Value per share before deferred tax provision		
Adjusted net assets (see above)	**245,658**	218,116
Deferred tax liabilities and assets recognised by the Group	**66,290**	63,214
Deferred tax arising on revaluation of leasehold properties[1]	**5,062**	4,256
Adjusted net assets before deferred tax	**317,010**	285,586
Closing shares for NAV purposes	**32,144**	29,381
Adjusted Net Asset Value per share before deferred tax provision	**£9.86**	£9.72

[1] A deferred tax adjustment in respect of the uplift in the value of the leasehold properties has been included, calculated by applying the substantively enacted corporation tax rate of 25% (2022: 25%). 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.

Move to SETS Trading Platform:
In February 2023, the Board approved a transition for trading of the Company's shares on AIM from the London Stock Exchange's SETSqx (Stock Exchange Electronic Trading Service: Quotes and Crosses) trading platform to its SETS (Stock Exchange Electronic Trading System) platform, effective 7 February 2023.

This move is intended to provide investors with access to the entire SETS system, providing liquidity via traditional order book trades, as well as firm two-way quotes from market makers.

Summary
Lok'nStore Group operates within the UK self-storage industry which is still an immature sector with strong growth prospects. With a low Loan to Value ratio and plenty of headroom on our bank facilities, this market presents an excellent opportunity for further growth of Lok'nStore's business.

Recently opened Landmark stores and our ambitious new store pipeline demonstrate the Group's ability to use those strengths to exploit the opportunities available throughout the economic cycle.

Our high margins, strong balance sheet and flexible business model enables Lok'nStore to confidently look through the current external market turbulence.

We look to the future with confidence.

Ray Davies
Finance Director

Principal Risks and Uncertainties:

Principal Risks and Uncertainties in Operating our Business

Risk management has been a fundamental part of the successful development of Lok'nStore. The process is designed to improve the probability of achieving our strategic objectives, keeping our team members safe, protecting the interests of our shareholders and key stakeholders, and enhancing the quality of our decision-making through understanding the risks inherent in both the day-to-day operations and the strategic direction of the Group, as well as their likely impact.

Management of our risks helps us protect our reputation, which is very important to the ability of the Group to attract customers, particularly with the growth of social media. We always try to communicate clearly with our customers, suppliers, local authorities, communities, team members, and shareholders, and to listen and take account of their views. We operate strict Health and Safety policies and procedures and more information on these can be found in the Environmental and Social Section.

Our Risk Management Governance

The Board has overall responsibility for the management of the Group's risks. As the Group's strategic direction is reviewed and agreed, the Board identifies the associated risks and works to reduce or mitigate them using an established risk management framework in conjunction with the Executive Management Team. This is a continuing and evolving process as we review and monitor the underlying risk elements relevant to the business.

Risk Management Framework

The risk register covers all areas of the business including property, finance, employees, insurance, customers, strategy, governance, and disaster recovery. The risks are categorised by risk area and numerically rated based on a combination of 'likelihood' and 'consequences and impact' on the business. The combination of these two becomes the 'risk factor' and any factor with a rating over 15 is reported to the Board.

Risk Management Team

Ray Davies, Finance Director, is the Board member responsible for ensuring that the risk management and related control systems are effective, and that the communication channels between the Board and the Executive Management Team are open and working correctly. The Executive Management Team is responsible for the day-to-day management of the risk factors. Responsibility for identifying, managing, and controlling the risk is assigned to an individual as shown on the risk register depending on the business area. Reporting against the risks forms part of the monthly Executive management meeting and the risk factor may be amended if applicable. There are also sub-committees for particular risk areas which meet regularly. The Risk Management and Reporting Structure is shown below.

Our Risk Management and Reporting Structure

<table>
<tr><td colspan="2">The Board</td></tr>
<tr><td colspan="2">Reviews Risk Register in full twice a year
Considers specific risk areas as raised by the Executive Board</td></tr>
<tr><td colspan="2">Executive Board Committee</td></tr>
<tr><td colspan="2">Reviews risks at monthly Executive management meetings and if material, requests the Board consider risk at next scheduled Board Meeting (or earlier, if necessary)</td></tr>
<tr><td>Capex Committee</td><td>Property Risk Committee</td></tr>
<tr><td>Meets Monthly
Manages proposed capital expenditure, actual spend, rolling capex requirements</td><td>Meets Periodically
Considers:
Risks associated with properties including Health and Safety
Environmental Impact</td></tr>
</table>

Principal Risks

The principal risks our business faces and our key mitigations, are outlined in the table below.

Risk	Description	Key Mitigation
Interest Rate and Liquidity Risk	The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk (for details please see note 17).	▪ Regular review by the Board (full details are set out in the Financial Review. ▪ Debt and interest are low relative to assets and earnings. With interest rates rising, this risk *per se* is increasing, however the Executive and the Board monitor this position carefully through the Group's detailed operating reports produced on a weekly basis and detailed financial and accounting reports produced on a monthly basis. ▪ Could reduce debt, if required, by executing sale and manage-back arrangements on mature stores or slow the rate of site development.
Tax Risk	Changes to tax legislation may impact the level of corporation tax, capital gains tax, VAT and stamp duty land tax which would in turn affect the profits of the Group.	▪ Regular monitoring of changes in legislation. ▪ Use of appointed professional advisers and trade bodies.
Treasury Risk	The Group has faced increased costs from adverse interest rate movements. The Bank of England has raised base rates (BOEBR) fourteen times since December 2021 and BOEBR is currently 5.25% up from 0.1% in March 2020.	▪ The Group has a £100 million Revolving Credit Facility which runs until April 2026, providing funding for future Landmark stores. The two principal bank covenants (LTV and Senior Interest) are covenant compliant. ▪ Lok'nStore is a robust business which generates an increasing cash flow from its strong asset base with a low LTV net of cash of 3.7% (2022: 6.6%). The value of the Group's assets underpins a flexible business model with stable and rising cash flows and low credit risk giving the business a firm base for growth. ▪ Average cost of debt 4.77% (2022: 1.71%). ▪ Average cost of debt (active revolving loans) 6.2% (2022: 2.71%). ▪ Current cost of debt 6.8%. ▪ With £54.4million of gross debt currently drawn against the £100 million bank facility, the Group is not committed to enter into hedging instruments although recognising that interest rates have risen significantly. The Group continues to regularly monitor this risk. ▪ The Group monitors compliance with its bank covenants closely and during the year it complied with all of its bank covenants. ▪ The Group has the ability to pay down debt which it did by repaying £19 million post-balance sheet. ▪ The Group can raise equity to finance growth. On 7 July 2023, the Company raised total gross proceeds of approximately £20.5 million through the issue of 2,679,739 new Ordinary Shares via a Placing and REX Retail Offer, at a price of 765 pence per Ordinary Share.
Property Valuation	The external independent valuations of the stores are	▪ Regular monitoring of any changes in market conditions and transactions occurring within our

Risk	sensitive to both operational trading performance of the stores and also wider market conditions. It follows that a reduction in operational performance or a deterioration of market conditions could have a material adverse impact on the Net Asset Value (NAV) of the Group.	marketplace. ▪ Use of independent professional valuers who are experts in the self-storage sector. There is regular contact with the current valuer JLL and discussions around market values and transactions within the sector, including post year-end. ▪ Previous experience of downturns, such as the Dotcom and Global Financial crises, has demonstrated that Self-Storage has considerable resilience. ▪ Stores are predominantly Landmark stores in prime locations and are all UK based and predominantly located in the affluent South of England. The Group is therefore not exposed to overseas/international currency risks, etc. ▪ Operational management teams with the skills, experience, and motivation to continue to drive operational performance.
Environmental Risk	Flooding. Increased requirement to reduce waste and greenhouse gas emissions and reduce environmental impact on the environment.	▪ Flood risk due diligence undertaken on all prospective site acquisitions. ▪ Flood protection measures in place at all stores. ▪ Group has been measuring environmental impact since 2005 and is committed to manage waste effectively and control polluting emissions. ▪ All new construction has solar power on the roofs of its buildings.
Property Acquisition	Acquiring new sites is a key strategic objective of the business but we face significant competition from other uses such as hotels, car showrooms and offices as well as from other self-storage operators.	▪ We hold weekly property meetings to manage the search process and property purchases. ▪ Use of property acquisition consultants. ▪ Regular communication with agents. ▪ Attendance at industry relevant property events.
Planning Permission	The process of gaining planning permissions remains challenging. Planning approval is increasingly dependent on Social or Environmental enhanced features such as BREEAM standards, as well as local planners' demands for green spaces, cycle and footpaths, etc. all adding cost and complexity to a planning project.	▪ Where we can we acquire sites subject to planning. ▪ We work with an established external planning consultant. ▪ Our property team has over 20 years' experience in obtaining planning consents for our stores.
Construction	Poor construction may affect the value of the property and/or the efficient operation of the store. Rising costs of developing a store may mean site opportunities which do not meet management's return on investment criteria may not be taken up.	▪ We use a design and build contract with a variety of established contractors. ▪ We use external project managers. ▪ All projects are overseen by our property team which has over 20 years' experience. ▪ Construction projects are subject to a tender process ▪ Rising costs are factored into our financial modelling to ensure the required returns are achievable.

	Availability of 'Grid Capacity'	▪ Ensure sufficient due diligence undertaken to ensure supply. ▪ Contracts to be subject to availability of Grid Capacity as a condition.
Maintenance /Damage	Damage to properties through poor maintenance or flood or fire could render a store inoperable.	▪ Regular site checks by team members. ▪ Rolling maintenance plan for all stores. ▪ Comprehensive disaster recovery plan. ▪ Appropriate insurance cover.
Increased Competition	An increasing number of competitors in the industry may negatively impact Lok'nStore's existing operations (e.g. pricing/available sites).	▪ Established criteria for site selection including: ○ Prominent locations ○ High visibility ○ Distinctive designs and bright orange elevations and signage to attract customers. ▪ Continued investment in the Group's website and internet marketing. ▪ Ensure high levels of customer service through training and monitoring.
Colleague Retention	Loss of team members may affect our ability to operate our stores and provide the high levels of customer service expected.	▪ Aim to offer a good work/life balance and career development. ▪ Regular reviews of remuneration levels against market. ▪ Achievable bonus systems. ▪ Generous Employee Share Schemes. ▪ High-quality training within the Lok'nStore Academy ▪ Intranet for improved communications. ▪ Established colleague rewards programme.
Cyber Security and IT System Breach	A breach of our IT systems might adversely affect the operations and income of the business resulting in potential fines, customer compensation and causing reputational damage to the Group.	▪ Regularly reviewed IT security systems. ▪ Well communicated policies and procedures for handling and managing a systems breach.
Future Pandemic Risk	A spread of the virus and social protection measures which may be introduced by Government may adversely affect the operations and financial performance of the business and adversely impact on the health of team members.	▪ The Group has a well-defined policy and response developed and executed throughout the recent Covid-19 pandemic. ▪ Our Covid-19 Group Safe Response has been documented in detail in the Managing Director's Review on page 20 in the 2021 Annual Report and is not repeated here.

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2023

	Notes	Group Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000
Revenue	1	27,147	26,902
Total property, staff, distribution, and general costs	2	(12,091)	(10,553)
Adjusted EBITDA[1]		15,056	16,349
Depreciation	7	(5,690)	(4,727)
Equity-settled share-based payments	23a	(450)	(201)
Non-underlying items	4	(318)	5,739
		(6,458)	811
Operating profit		8,598	17,160
Finance income	5	665	42
Finance cost	6	(2,562)	(1,328)
Profit before taxation		6,701	15,874
Income tax expense	9	(2,009)	(3,796)
Profit for the year attributable to Owners of the Parent	24a	4,692	12,078
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Fair value movement in property valuation	12	7,819	60,171
Deferred tax relating to change in property valuation	20	(1,954)	(14,284)
Other comprehensive income		5,865	45,887
Total comprehensive income for the year attributable to Owners of the Parent		10,557	57,965

Earnings per share attributable to owners of the Parent		Group Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000
Basic			
Total basic earnings per share	11	15.90p	41.24p
Diluted			
Total diluted earnings per share	11	15.65p	40.48p

[1] Adjusted EBITDA is defined in the accounting policies section of the notes to this Report.

Consolidated Statement of Changes in Equity

For the year ended 31 July 2023

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total Equity £'000
	Attributable to owners of the Parent					
31 July 2021	**298**	**10,815**	**9,138**	**104,736**	**26,272**	**151,259**
Profit for the year	–	–	–	–	12,078	12,078
Other comprehensive income:						
Increase in property valuation net of deferred tax	–	–	–	45,887	–	45,887
Total comprehensive income for the year	–	–	–	45,887	12,078	57,965
Transactions with owners:						
Dividend paid	–	–	–	–	(4,601)	(4,601)
Share-based payments	–	–	201	–	–	201
Transfers in relation to share-based payments	–	–	(180)	–	180	–
Deferred tax relating to share options	–	–	(57)	–	–	(57)
Exercise of share options	3	576	–	–	–	579
Reserve transfer on disposal of assets	–	–	–	(20,258)	20,258	–
Transfer additional depreciation on revaluation net of deferred tax	–	–	–	(821)	821	–
Total transactions with owners	3	576	(36)	(21,079)	16,658	(3,878)
31 July 2022	**301**	**11,391**	**9,102**	**129,544**	**55,008**	**205,346**
Profit for the year	–	–	–	–	4,692	4,692
Other comprehensive income:						
Increase in property valuation net of deferred tax	–	–	–	5,865	–	5,865
Total comprehensive income for the year	–	–	–	5,865	4,692	10,557
Transactions with owners:						
Dividend paid	–	–	–	–	(5,295)	(5,295)
Share-based payments	–	–	450	–	–	450
Transfers in relation to share-based payments	–	–	(47)	–	47	–
Deferred tax relating to share options	–	–	(358)	–	–	(358)
Primary equity placing (gross)	27	20,473	–	–	–	20,500
Transaction costs of primary placing		(889)				(889)
Exercise of share options	1	160	–	–	–	161
Transfer additional depreciation on revaluation net of deferred tax	–	–	–	(1,095)	1,095	–
Total transactions with owners	28	19,744	45	(1,095)	(4,153)	14,569
31 July 2023	**329**	**31,135**	**9,147**	**134,314**	**55,547**	**230,472**

Company Statement of Changes in Equity

For the year ended 31 July 2023

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Other Reserves £'000	Total Equity £'000
31 July 2021	**298**	**10,815**	**16,604**	**2,004**	**29,721**
Profit and total comprehensive income for the year	–	–	5,756	–	**5,756**
Transactions with owners:					
Equity settled share-based payments	–	–	–	201	**201**
Transfer in relation to share- based payments	–	–	180	(180)	**–**
Exercise of share options	3	576		–	**579**
Dividends paid	–	–	(4,601)	–	**(4,601)**
Total transactions with owners	3	576	1,335	21	**(1,935)**
31 July 2022	**301**	**11,391**	**17,939**	**2,025**	**31,656**
Profit and total comprehensive income for the year	–	–	6,701	–	**6,701**
Transactions with owners:					
Equity settled share-based payments	–	–	–	450	**450**
Transfer in relation to share-based payments	–	–	47	(47)	**–**
Primary equity placing	27	20,473	–	–	**20,500**
Transaction costs of primary placing		(889)			**(889)**
Exercise of share options	1	160	–	–	**161**
Dividends paid	–	–	(5,295)	–	**(5,295)**
Total transactions with owners	28	19,744	1,453	403	**21,628**
31 July 2023	**329**	**31,135**	**19,392**	**2,428**	**53,284**

Consolidated and Company Statements of Financial Position

31 July 2023 Company Registration No. 04007169

	Notes	Group 31 July 2023 £'000	Group 31 July 2022 £'000	Company 31 July 2023 £'000	Company 31 July 2022 Restated £'000
Assets					
Non-current assets					
Property, plant, and equipment	12a	314,013	292,848	–	–
Investments	13	–	–	3,321	2,871
Other receivables	15	–	–	42,963	22,785
Right of use assets	12b	13,769	10,424	–	–
		327,782	303,272	46,284	25,656
Current assets					
Inventories	14	145	143	–	–
Trade and other receivables	15	2,585	3,988	7,000	6,000
Cash and cash equivalents	17c	42,132	46,465	–	–
Total current assets		44,862	50,596	7,000	6,000
Total assets		372,644	353,868	53,284	31,656
Liabilities					
Current liabilities					
Trade and other payables	16	(7,180)	(7,229)	–	–
Obligations under lease liabilities	19	(826)	(1,612)	–	–
Taxation		–	(989)	–	–
		(8,006)	(9,830)	–	–
Non-current liabilities					
Borrowings	18	(54,046)	(66,196)	–	–
Obligations under lease liabilities	19	(13,830)	(9,282)	–	–
Deferred tax	20	(66,290)	(63,214)	–	–
		(134,166)	(138,692)	–	–
Total liabilities		(142,172)	(148,522)	–	–
Net assets		230,472	205,346	53,284	31,656
Equity attributable to owners of the Parent					
Called up share capital	21	329	301	329	301
Share premium		31,135	11,391	31,135	11,391
Other reserves	23a	9,147	9,102	2,428	2,025
Retained earnings	24	55,547	55,008	19,392	17,939
Revaluation reserve		134,314	129,544	–	–
Total equity		230,472	205,346	53,284	31,656

As permitted by section 408 Companies Act 2006, the Parent Company's statement of comprehensive income has not been included in these financial statements. The profit and comprehensive income for the year ended 31 July 2023 was £6.7 million (2022: £5.8 million).

Approved by the Board of Directors and authorised for issue on 27 October 2023 and signed on its behalf by:

Andrew Jacobs
Chair

Ray Davies
Finance Director

Consolidated Statement of Cash Flows

For the year ended 31 July 2023

	Notes	Group Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000
Operating activities			
Cash generated from operations	26a	15,815	18,569
Income tax paid		(1,960)	(1,060)
Net cash inflow from operating activities		13,855	17,509
Investing activities			
Proceeds of sale & manage-back stores		–	37,922
Purchase of property, plant, and equipment	12a	(15,803)	(11,961)
Interest received		665	13
Net cash (used in) / generated by investing activities		(15,138)	25,974
Financing activities			
Proceeds of bank borrowings utilised for store development and bank refinancing		–	1,386
Repayment of bank borrowings		(12,386)	–
Finance costs paid		(3,324)	(1,741)
Lease liabilities paid		(1,817)	(1,746)
Primary equity placing (net of placing costs)		19,611	–
Equity dividends paid		(5,295)	(4,601)
Proceeds from exercise of share options		161	579
Net cash used in from financing activities		(3,050)	(6,123)
Net (decrease) / increase / in cash and cash equivalents in the year		(4,333)	37,360
Cash and cash equivalents at beginning of the year		46,465	9,105
Cash and cash equivalents at end of the year		42,132	46,465

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 Fleet Place, London, EC4M 7WS, UK. Copies of this Annual Report and Accounts may be obtained from the Company's Head Office at 112 Hawley Lane, Farnborough, Hants, GU14 8JE or the investor section of the Company's website at http://www.loknstore.co.uk. The principal activities of the Group and the nature of its operations are described in the Strategic Report.

Basis of Accounting

The preliminary financial information does not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 but is derived from statutory accounts for the years ended 31 July 2023 and 31 July 2022, both of which are audited. The report of the auditor on the statutory financial statements for the year ended 31 July 2023 was (i) unqualified; (ii) did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain statements under S 498(2) or (3) of the Companies Act 2006. The statutory financial statements for the year ended 31 July 2023 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The statutory accounts for the year ended 31 July 2022 have been delivered to the Registrar of Companies. The report of the auditor on the statutory financial statements for the year ended 31 July 2022 was (i) unqualified; (ii) did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain statements under S 498(2) or (3) of the Companies Act 2006.

The Preliminary Announcement is prepared on the same basis as set out in the statutory accounts for the year ended 31 July 2023. While the financial information included in this Preliminary Announcement has been prepared in accordance with the recognition and measurement criteria of UK-adopted International Financial Reporting Standards (IFRS), this announcement does not in itself contain sufficient information to comply with IFRSs. The Group expects to publish full financial statements that comply with IFRSs in November 2023.

The financial statements for the year ended 31 July 2023 have been prepared in accordance with UK-adopted International Accounting Standards (IFRS) as adopted by the UK Endorsement Board and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretation Committee applicable to companies reporting under UK adopted IFRS relevant to its operations and effective for accounting periods beginning on or after 1 August 2022. There was no material impact on the adoption of these.

The statutory accounts for the year ended 31 July 2023 will be delivered to the Registrar of Companies following the Company's Annual General Meeting and will be available from the investor section of the Company's website at http://www.loknstore.co.uk.

The financial statements have been prepared on the historic cost basis except that certain trading properties and non-current financial assets are stated at fair value.

Standards, Amendments, Improvements & Interpretations applicable [1]

At the date of authorisation of these financial statements the following standards, which have not been applied in these financial statements, were in issue but not yet effective.

New pronouncement	Effective date*
IFRS 17 Insurance Contracts	1 Jan 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 Jan 2023

Definition of Accounting Estimates - Amendments to IAS 8	1 Jan 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 Jan 2023
International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	Note 1
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 Jan 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 Jan 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 Jan 2024

* Effective for annual periods beginning on or after this date.
Note 1: The amendments are effective immediately upon issuance. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

The Directors do not anticipate that the adoption of these revised standards, amendments and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application.

Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries) made up to 31 July each year. Control is achieved where the Company has power over the investee, exposure, or rights to variable returns from the investee and the ability to use its power to vary those returns.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation, except to the extent that intra-group losses indicate an impairment.

Going Concern
The Directors can report that, based on the Group's budgets and financial projections, which include a recognition of the inflationary effect on rising costs on the Group, they have satisfied themselves that the business is a going concern. The impact of rising costs and increasing bank interest rates and the measures the Directors have taken to mitigate its effects are set out in the Managing Director's Review.

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 £42.1 million (2022: £46.5 million), undrawn committed bank facilities at 31 July 2023, based on the Group's facility of £100 million, of £45.6 million (2022: £33.2 million – based on £100 million facility), and cash generated from operations in the year ended 31 July 2023 of £15.8 million (2022: £18.6 million).

With interest rates rising, interest risk *per se* is increasing, however the Executive and the Board monitor this position carefully through the Group's detailed operating reports produced on a weekly basis and detailed financial and accounting reports produced on a monthly basis.

The Directors continually review and update the Group's 'Rolling Forecast Model' which projects forward for a minimum of three years. After taking into account the Group's operating plan and budget for the year ending 31 July 2024 and beyond, and reviewing these projected cash flows, applying reasonable sensitivity analysis, together with the Group's available cash balances, borrowing facilities, and potential property valuation movements over that period, the Directors consider that the Group has sufficient funds to meet its liabilities and commitments as they fall due and for a period of at least twelve months from the date of approval of these financial statements.

The Group's current and future bank covenant compliance is reviewed as part of this process. The Bank's senior interest covenant is tested quarterly on a 12-month rolling basis.

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
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. The opening offer discount of 50% (eight weeks for the price of four) is spread evenly over the term of the discount period.

a) Self-storage revenue
Self-storage revenue is recognised over the period for which the space is occupied by the customer on a time apportionment 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). Revenue is recognised evenly over the period of self-storage.

b) Retail sales
The Group operates a packaging shop within each of its stores 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.

The Group provides insurance to customers through a block policy purchased from its insurer. Block policyholders supply VAT exempt insurance transactions as principals rather than insurance-related services as intermediaries and accordingly insurance income received from the customer is recognised as revenue rather than offset against the costs of the block policy. The key characteristics of a block policy are that:

- There is a contract between the block policyholder and the insurer which allows the block policyholder to effect insurance cover subject to certain conditions.
- The Group acting in our own name as the block policyholder procures insurance cover for third parties from the insurer.
- There is a contractual relationship between the block policyholder and third parties under which the insurance is procured.
- The block policyholder stands in place of the insurer in effecting the supply of insurance to the third parties.
- The Group is not exposed to any insured losses arising from its insurance activity and therefore insurance risk.

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. Fees are invoiced monthly based on revenue performance. Additional performance fees may be earned if an individual Managed Store's EBITDA

performance exceeds agreed thresholds. Periodic fees may also be earned for additional specific services provided and are invoiced when that service has been completed. Revenue is recognised for each performance condition once the condition has been met.

Alternative Performance Measures (APMs)
In addition to International Financial Reporting Standards, (IFRS) accounting performance measures, we use some Alternative Performance Measures (APMs) to help us explain to the users of these Financial Statements how the underlying business is performing.

Such APMs are Key Performance Indicators for our business and include, for example, Adjusted Store EBITDA, Cash Available for Distribution (CAD), Loan to Value (LTV), Adjusted Net Asset Value (NAV) and others.

We identify these measures and explain what we mean when we use them and, importantly, why we use them. They are intended to supplement and not substitute those financial measures prepared in accordance with IFRS.

Critical Accounting Estimates a) and Judgements b) c) and d)
The preparation of financial statements under 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 commissions an external valuation of its self-storage stores. This valuation uses a discounted cash flow methodology which is based on current and projected net operating income. The Group employs expert external valuers, JLL, who report on the value of the Group's stores on an annual basis. The principal assumptions underlying management's estimation of the fair value are those relating to stabilised occupancy levels, expected future growth in storage fees 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 12(a) together with estimation sensitivities undertaken. The carrying value of land and buildings held at valuation at the reporting date was £255.6 million (2022: £239.8 million) as shown in the table in note 12(a).

b) Assets in the course of construction and land held for 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. In acquiring sites for redevelopment into self-storage facilities, the Group estimates and makes judgements on the potential lettable storage space that it can achieve in its planning negotiations, together with the time it will take to achieve maturity. In addition, assumptions are made on the storage fees 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 therefore justify the proposed 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 £30.6 million (2022: £29.2 million). Please see note 12(a) for more details.

c) Classification of self-storage facilities as owner-occupied properties rather than investment properties

The Directors consider that Lok'nStore Group plc is the Parent Company of a 'trading business' and is not wholly or mainly engaged in making investments.

The Group is an integrated storage solutions business offering a range of services to its customers. We provide services to our customers under contracts for the provision of storage services which do not give them any property or tenancy rights and a large number of the stores we operate are from properties where we do not own the land or the buildings. The assets we do own are valued on the basis of the trading cash flows that the operating businesses generate.

The Group continues to develop its managed stores' business where it uses its operational and logistic expertise to provide a full range of services to customers in stores we manage for third-party owners. In recent years the Group has developed many new managed stores all of which are owned by third-party investors and managed by Lok'nStore.

Previously owned sites at Woking, Ashford, Swindon and Crayford, have historically been the subject of sale and manage-back transactions by which Lok'nStore has retained the management of the business when a third-party owner acquired the business, land and buildings. In FY2022, another four trading stores were the subject of sale and manage-back transactions by which Lok'nStore has retained the management of the business.

All of this trading activity, including active management and marketing activity, as well as the self-storage income earned from our leasehold stores' activity, demonstrate that the holding of land is not a core activity because the trading operation is not dependent on the ownership of land. See the chart in the Property Review for the changing ownership structure of the stores.

The Group has always and continues to comply with all of the usual accounting and tax protocols consistent with a trading business. As at the year-end, Lok'nStore operates 42 stores mainly in southern England, although in recent years we have expanded our historically southern England focused geographic footprint into the Southwest (Exeter), Wales (Cardiff) and the Northwest (Salford, Warrington, and Altrincham). Of the 42 stores, Lok'nStore owns the freehold interest in 17 stores, nine of the stores are held under commercial leases. There are a further 16 managed stores operating under management contracts for third-party owners making a total of 42 stores trading under the Lok'nStore brand. In addition, there is a secured pipeline of a further 11 stores (nine owned and two managed). When fully developed the Group will operate 53 trading stores.

One of the features of Lok'nStore's strategy is to increase the number of stores we manage for third parties selling our expertise in storage solutions management, operating systems and marketing, through management fees rather than retaining a proprietary interest in land and buildings.

The classification of self-storage facilities as owner-occupied properties rather than investment properties has resulted in the recognition of fair value gains in 2023 (net deferred of tax) of £5.9 million (2022: £45.9 million) in Other Comprehensive Income rather than the Income Statement.

d) Application of IFRS 16

The Group uses judgement to assess whether the interest rate implicit in the lease is readily determinable. When the interest rate implicit in the lease is not readily determinable, the Group estimates the incremental borrowing rate based on its external borrowings secured against a similar asset, adjusted for the term of the lease.

1 Revenue

Analysis of the Group's revenue is shown below:

Stores trading	Group 2023 £'000	Group 2022 £'000
Self-storage revenue	22,873	21,585
Insurance revenue	2,251	2,239
Retail sales (packing materials etc.)	240	252
Subtotal self-storage revenue – owned stores	25,364	24,076
Management fees – managed stores	1,659	2,785
Subtotal	27,023	26,861
Non-storage income	124	41
Total revenue per statement of comprehensive income	27,147	26,902

Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. Given the nature of the Group's business, there is one segment, which is the provision of self-storage and related services which all arise in the UK.

2 Property, Staff, Distribution and General Costs

	Group 2023 £'000	Group 2022 £'000
Property and premises costs	6,821	5,304
Property rentals *	(1,817)	(1,746)
Net property and premises costs	5,004	3,558
Staff costs	5,267	5,369
General overheads	1,567	1,438
Subtotal operating costs	11,838	10,365
Retail products cost of sales (see note 3)	253	188
Total	12,091	10,553

*This adjustment relates to lease payments in the period which are treated as a reduction in lease liabilities. The property and premises costs are presented with this figure included to present the underlying costs associated with lease rentals.

3 Cost of Sales of Retail Products

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

	Group 2023 £'000	Group 2022 £'000
Retail	110	113
Insurance	97	23
Other	46	52
Total cost of sales of retail products	253	188

4 Non-underlying items

	Group 2023 £'000	Group 2022 £'000
Profit on sale of trading stores [1]	–	5,936
Liquidated damages received on development [2]	195	175
Abortive site costs [3]	(63)	(372)
Recognition of additional Share Incentive Plan (SIP) liability	(369)	–
Additional follow-on costs relating to the sale and manage-back of four trading stores located at Basingstoke, Cardiff, Horsham, and Portsmouth.	(81)	–
Total non-underlying items	(318)	5,739

1 Profit arising on the sale and manage-back of four trading stores located at Basingstoke, Cardiff, Horsham and Portsmouth.
2 Liquidated damages received on the late delivery of a new store development which has subsequently opened.
3 The Group's active search for suitable development sites for new Landmark stores has resulted in some abortive costs - mainly around planning and associated professional costs.

5 Finance Income

	Group 2023 £'000	Group 2022 £'000
Bank interest	660	42
Other interest	5	–
Total finance income	665	42

Interest receivable arises on cash and cash equivalents (see note 17).

6 Finance Costs

	Group 2023 £'000	Group 2022 £'000
Interest on bank borrowings	3,112	1,296
Capitalised interest	(1,544)	(589)
Net bank interest	1,568	707
Non-utilisation fees	212	166
Amortisation of bank loan arrangement fees	235	216
Interest on obligations under lease liabilities	547	239
Total finance costs	2,562	1,328

7 Profit before Taxation

Profit before taxation is stated after charging:	Group 2023 £'000	Group 2022 £'000
Depreciation and amounts written off property, plant and equipment:		
Depreciation based on cost	2,550	2,316
Depreciation based on revalued assets	1,452	1,094
Depreciation of property, plant and equipment (note 12a)	4,002	3,410
Depreciation of right of use assets	1,688	1,314
Loss on disposal of fixed assets	–	3
Total	5,690	4,727

	Group 2023 £'000	Group 2022 £'000
Audit services		
– UK statutory audit of the Company and consolidated accounts	144	125
Other services		
– Interim Review - agreed upon procedures	12	9
	156	134
Comprising:		
Audit services	144	125
Non-audit services	12	9
Amounts payable to RSM UK Audit LLP	156	134

8 Employees

	Group 2023 No.	Group 2022 No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Store management *	163	151
Administration	30	27
	193	178

Of the 163 store employees, 64 (2022:54) are directly deployed in Managed Stores and the corresponding employee costs are recharged to the third party owners.

Costs for the above persons:	Group 2023 £'000	Group 2022 £'000
Wages and salaries	4,060	4,174
Social security costs	530	702
Pension costs	109	98
	4,699	4,974
Share-based remuneration (options)	450	201
	5,149	5,175

Share-based remuneration is separately disclosed in the statement of comprehensive income. Wages and salaries of £92,572 (2022: £154,920) have been capitalised as additions to property, plant and equipment as they are directly attributable to the acquisition of these assets.

All other employee costs are included in staff costs in the statement of comprehensive income.

In relation to pension contributions, there was £19,938 (2022: £32,807) outstanding at the year-end. There were no employees employed by Lok'nStore Group plc in the year other than the Directors (2022: nil).

Directors' Remuneration 2023	Salary £	Bonuses £	Benefits £	Sub Total £	Pension £	Gains on Share Options £	Total £
Executive:							
A Jacobs	235,035	32,250	8,235	275,520	–	–	275,520
RA Davies	182,792	20,627	5,587	209,006	7,312	326,687	543,005
N Newman-Shepherd	102,397	70,715	2,912	176,024	4,096	30,222	210,342
T Lampard	32,099	20,417	1,253	53,769	1,284	–	55,053
Non-Executive:							
J Woyda	31,345	–	–	31,345	–	–	31,345
SG Thomas	25,075	–	5,914	30,989	–	–	30,989
RJ Holmes	25,075	–	–	25,075	–	–	25,075
CP Peal	25,075	–	–	25,075	–	–	25,075
	658,893	**144,009**	**23,901**	**826,803**	**12,692**	**356,909**	**1,196,404**

Directors' Remuneration 2022	Salary £	Bonuses £	Benefits £	Sub Total £	Pension £	Gains on Share Options £	Total £
Executive:							
A Jacobs	223,842	146,500	7,387	377,729	–	1,360,277	1,738,006
RA Davies	174,087	49,287	5,587	228,961	6,963	456,995	692,919
N Newman-Shepherd	97,521	100,523	2,793	200,837	3,901	11,058	215,796
Non-Executive:							
J Woyda	27,364	–	–	27,364	–	–	27,364
SG Thomas	23,881	–	5,570	29,451	–	–	29,451
RJ Holmes	23,881	–	–	23,881	–	–	23,881
ETD Luker	9,950	–	–	9,950	–	–	9,950
CP Peal	23,881	–	–	23,881	–	–	23,881
	604,407	**296,310**	**21,337**	**922,054**	**10,864**	**1,828,330**	**2,761,248**

Details of the Directors' remuneration are shown above.

The highest paid Director received contributions during the year of £7,312 (2022; £nil). The benefits in kind all relate to medical insurance premiums paid on behalf of the Directors. The number of Directors to whom retirement benefits are accruing under money purchase pension schemes in respect of qualifying service is two (2022: two).

9 Taxation

	Group 2023 £'000	Group 2022 £'000
Current tax:		
UK corporation tax – current year	1,283	1,572
UK corporation tax - adjustment in respect of prior period	(38)	111
Total UK corporation tax	1,245	1,683
Deferred tax:		
Origination and reversal of temporary differences	764	2,113
Total deferred tax	764	2,113
Total Income tax expense for the year	2,009	3,796

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

	2023 £'000	2022 £'000
Profit before tax	6,701	15,874
Tax on ordinary activities at the effective standard rate of corporation tax in the UK of 21% (2022: 19%)	1,423	3,016
Depreciation of non-qualifying assets	482	377
Share-based payment charges in excess of corresponding tax deduction	94	(337)
Adjustments in respect of prior periods – corporation tax	(38)	111
Tax effect of rolled over gains on sale of property	–	432
Other	48	197
Income tax expense for the year	2,009	3,796
Effective tax rate	30%	24%

In addition to the amount charged to profit or loss for the year, deferred tax relating to the revaluation of the Group's properties of £1.95 million (2022: £14.3 million) has been recognised directly in other comprehensive income (see note 20 on deferred tax).

The current year tax charge is a blended rate of 21% based on a pro-rata calculation of eight months at 19% and four months at 25%. The deferred tax balances are measured at the substantively enacted rates of corporation tax being 19% until 31 March 2023 and a rate of 25% thereafter.

10 Dividends

Amounts recognised as distributions to equity holders in the year:	2023 £'000	2022 £'000
Final dividend for the year ended 31 July 2021 (10.67 pence per share)	–	3,132
Interim dividend for the year to 31 July 2022 (5.00 pence per share)	–	1,469
Final dividend for the year ended 31 July 2022 (12.25 pence per share)	3,602	–
Interim dividend for the year to 31 July 2023 (5.75 pence per share)	1,693	–
	5,295	4,601

In respect of the current year the Directors paid an interim dividend of 5.75 pence per share to shareholders on 10 June 2023. The Directors propose that a final dividend of 13.25 pence per share will be paid to the shareholders. The total estimated final dividend to be paid is approximately £4.34 million based on the number of shares in issue at 13 October 2023 as adjusted for shares held in the Employee Benefits Trust.

This is subject to approval by shareholders at the Annual General Meeting on 7 December 2023 and has not been included as a liability in these financial statements. The ex-dividend date will be 23 November 2023; the record date 24 November 2023; with an intended payment date of 5 January 2023. The final deadline for Dividend Reinvestment Election (DRIP) is 8 December 2023.

11 Earnings per Share

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

	Group 2023 £'000	Group 2022 £'000
Total profit for the financial year attributable to owners of the Parent	4,692	12,078

	2023 No. of shares	2022 No. of shares
Weighted average number of shares		
For basic earnings per share	29,518,911	29,287,451
Dilutive effect of share options[1]	467,137	549,321
For diluted earnings per share	29,986,048	29,836,772

[1] Further options that could potentially dilute EPS in the future are excluded from the above because they are not dilutive in the period presented. Full details of share options are included in note 22.

Earnings per share	Group 2023 pence	Group 2022 pence
Basic		
Total basic earnings per share	15.90p	41.24p
Diluted		
Total diluted earnings per share	15.65p	40.48p

12a) Property, Plant and Equipment

Group	Development Property Assets at Cost £'000	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
Cost or valuation						
1 August 2021	**33,676**	**199,617**	**7,557**	**30,420**	**10**	271,280
Additions	10,611	756	158	663	–	12,188*
Transfers	(15,072)	11,234	–	3,838	–	–
Disposals	–	(30,101)	–	(3,615)	–	(33,716)
Revaluations	–	58,299	–	–	–	58,299
31 July 2022	**29,215**	**239,805**	**7,715**	**31,306**	**10**	308,051
Depreciation						
1 August 2021	–	–	2,509	13,109	10	15,628
Depreciation	–	1,872	296	1,242	–	3,410
Disposals	–	–	–	(1,963)	–	(1,963)
Revaluations	–	(1,872)	–	–	–	(1,872)
31 July 2022	**–**	**–**	**2,805**	**12,388**	**10**	15,203
Net book value at 31 July 2022	29,215	239,805	4,910	18,918	–	292,848
Cost or valuation						
1 August 2022	29,215	239,805	7,715	31,306	10	**308,051**
Additions	13,260	38	173	3,877	–	**17,348***
Transfers	(11,870)	10,186	–	1,684	–	**–**
Disposals	–	–	–	–	–	**–**
Revaluations	–	5,570	–	–	–	**5,570**
31 July 2023	30,605	255,599	7,888	36,867	10	**330,970**
Depreciation						
1 August 2022	–	–	2,805	12,388	10	**15,203**
Depreciation	–	2,249	301	1,452	–	**4,002**
Disposals	–	–	–	–	–	**–**
Revaluations	–	(2,249)	–	–	–	**(2,249)**
31 July 2023	–	–	3,106	13,840	10	**16,956**
Net book value at 31 July 2023	**30,605**	**255,599**	**4,782**	**23,027**	**–**	**314,013**

* including capitalised interest costs of £1,544,229 (2022: £589,843).

The Group has an active store development programme and in accordance with IAS 23 (borrowing costs) has material assets that take a substantial period of time to develop from acquisition to ultimate store opening. Accordingly borrowing costs of £1,54 million (2022: £0.59 million) have been capitalised that are directly attributable to the acquisition, construction and fit-out of these qualifying store assets. £332,529 of this amount relates to development stores which opened during the year leaving a balance of £1,211,700 carried in development property assets. If all property, plant and equipment were stated at historic cost the carrying value would be £124.9 million (2022: £111.4 million).

Capital expenditure during the period totalled £17.3 million. (2022: £12.2 million). This was primarily the contract exchange of the Milton Keynes site, the purchase of the Bolton site and the exchange of contracts on the Eastbourne site. There are ongoing construction and fit out works at our sites in Staines and Basildon, final costs on Bedford and Peterborough prior to opening, as well as and the completion of construction works at our Stevenage and Warrington stores. Also, planning and pre-development works at our Bournemouth, Altrincham, Barking and Cheshunt sites featured.

Property, plant and equipment (non-current assets) with a carrying value of £314.0 million (2022: £292.8 million) are pledged as security for bank loans.

Independent External Market Valuation of Freehold and Leasehold Land and Buildings
Fair Value Measurement

The fair value hierarchy within which the fair value measurements are categorised is level 3, in accordance with IFRS 13 (fair value measurement).

On 31 July 2023, an independent professional valuation was prepared by JLL in respect of 15 freehold, and nine leasehold stores operated by Lok'nStore. The valuation was prepared in accordance with the RICS Valuation – Global Standards 2022 – UK national supplement, published by The Royal Institution of Chartered Surveyors (the RICS Red Book) and the valuation methodology is explained in more detail below. The valuations were prepared on the basis of Fair Value as a fully equipped operational entity having regard to trading potential. The valuation was provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the RICS Red Book JLL has confirmed that:

- This is the eighth year that JLL has been appointed to value the properties.
- The valuers who prepared the valuation have the necessary skills and experience having been significantly involved in the sector.
- JLL do not provide other significant professional or agency services to the Company.
- In relation to the preceding financial year of JLL the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5% and is minimal.

The valuation report indicates a total valuation for all properties valued of £301.9 million (2022: £279 million) of which £274.7 million (2022: £254.8 million) relates to freehold properties, and £27.2 million (2022: £24.2 million) relates to properties held under leases. Full details are set out in the Property Review in the table of property values.

Freehold land and buildings are carried at valuation in the Statement of Financial Position. Short leasehold improvements at properties held under leases are carried at cost rather than valuation in accordance with IFRS.

For the trading properties the valuation methodology explained in more detail below is based on fair value as fully equipped operational entities, having regard to trading potential. Of the £274.7 million (2022: £254.8 million) valuation of the freehold properties £20.9 million (2022: £16.6 million) relates to the net book value of fixtures, fittings and equipment, and the remaining £253.8 million (2022: £238.2 million) relates to freehold properties.

The 2023 valuation includes and reflects movements in value which have resulted from the operational performance of the stores and market movements in the investment environment.

Valuation Methodology
JLL has adopted the profits method of valuation and cross-checked with the direct comparison method based on recent transactions in the sector, which is the main method of pricing adopted by purchasers of self-storage properties. The carrying value of freehold land and buildings of £255.3million also includes £1.5 million of assets held at Directors' valuation (see below).

JLL have valued the assets on an individual basis and have disregarded any portfolio effect.

The profits method of valuation considers the cash flow generated by the trading potential of the self-storage facility. Due to the specialised design and use of the buildings, the value is typically based on their ability to generate a net income from operating as self-storage facilities.

JLL have constructed a discounted cash flow model. This sets out their explicit assumptions on the underlying cash flow that they believe could be generated by a Reasonably Efficient Operator at each of the properties, both at the valuation date and in the near future as the properties increase their occupancy and rates charged to customers. Judgements are made as to the trading potential and likely long-term sustainable occupancy.

Stable occupancy depends upon the nature of demand, size of property and nearby competition, and allows for a reasonable vacancy rate to enable the operator to contract units to new customers. In the valuation the assumed stabilised occupancy level for the 26 trading stores (both freeholds and leaseholds) averages 87.79% (2022: 88.23%).

Expenditure is deducted (such as business rates, staff costs, repair and maintenance, utilities, marketing and bad debts) as well as an operator's charge which takes account of central costs. JLL also make an allowance for long- term capex requirements where applicable. The assumptions used by JLL include: -

- The cash flow for freeholds runs for an explicit period of ten years, after which it is capitalised at an all risks yield which reflects the implicit future growth of the business, or a hypothetical sale.
- The cash flow for leaseholds continues for the unexpired term of the lease.
- The Discount Rate applied has had regard to recent transactions, weighted average costs of capital and target return in other asset types with adjustments made to reflect differences in the risk and liquidity profile.
- The weighted average annual Discount Rate adopted (for both freeholds and leaseholds) is 7.62% (2022: 7.21%).
- The Discount Rates used in the freehold valuation ranges from 6.75% to 9.00% (2022: 6.50% to 8.75%).
- The yield arising from the first year of the projected cash flow is 4.90% (2022: 5.30%), rising to 7.13% (2022: 6.79%) in year five.
- JLL has assumed purchasers' costs of 6.80% (2022: 6.80%).
- The average assumed stabilised occupancy is 87.79% (2022: 88.23%).
- The average Exit Yield assumed is 6.51% (2022: 6.16%).

The comparison method considers recent transactions where self-storage properties have sold, and then adjusts them based on a multiple of current earnings and a capital value per square foot. They are adjusted to reflect differences in location, physical characteristics, local supply and demand, tenure and trading levels.

The Group has reported that the Lok'nStore trading stores have performed very well in terms of increasing pricing while maintaining occupancy over the course of the year.

For leaseholds, the same methodology has been used as for freehold property, except that no sale of the assets in the tenth year is assumed, but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's operating leaseholds valued by JLL is approximately twelve years and ten months as at 31 July 2023 (ten years and one month: 31 July 2022). Valuations for stores held under leases are not reflected in the Statement of Financial Position and the assets in relation to these stores are carried at cost less accumulated depreciation.

In 2011, one of the Group store's leases was renegotiated and includes a ten-year option to renew the leases from March 2026 to March 2036. The option to extend is only operable in the event that all four of the leases applicable to this store are extended and this option is personal to Lok'nStore or another "major self-storage operator", to be approved by the landlord (approval not to be unreasonably withheld). The JLL valuation on this store is based on this Special Assumption that the option to extend the lease for ten years is exercised. This is consistent with the approach taken in previous years.

Self-storage valuations are complex and involve a degree of judgement. As a guide and assuming all other factors are constant, improvements in a store's EBITDA would lead to an increase in that store's valuation. Conversely, an increase in Exit Yield and Discount Rate would result in a lower valuation and vice-versa. The effect of a change in more than one input would magnify the impact on the valuation. Inputs moving in opposite directions, such as price and occupancy improving but capitalisation rates increasing could result in no net impact on valuations.

Further changes in interest rates, risk free rates or changes in the macro-economic outlook may affect the capitalisation rates applied by External Valuers in future independent valuations.

As an example of the sensitivity of capitalisation rates:

* A 50bpts decrease in the Exit Yields and Discount Rate would result in a £28.3 million increase in this year's valuation.
* A 100bpts decrease in the Exit Yields and Discount Rate would result in a £62.8 million increase in this year's valuation.
* A 50bpts increase in the Exit Yield and Discount Rate would result in a £23.8 million decrease in this year's valuation.
* A 100bpts increase in the Exit Yield and Discount Rate would result in a £44.1 million decrease in this year's valuation.

It is the Company's policy to conduct independent valuations of all trading assets at the end of each financial year. At the interim half year stage, the Directors will consult with JLL to consider whether there has been any material change in market conditions. If there has been then the Directors will instruct an Independent Valuation at this point.

Directors' valuation of land and property

Land & Buildings at the rear of the new Salford trading store

Following the opening of the new Salford store in 2022, there is available land and building at the rear of the new store which is suitable for rent on commercial terms to third party users. Based on negotiated rents with tenants, the Directors continue to place a Directors' valuation of £1.5 million (2022: £1.5 million) on this land and building.

The total value of land and property carried at Directors' valuation at 31 July 2023 is £1.5 million (2022: £1.5 million).

12b) Right of use assets (ROU)

The Group accounts for the value of its property leases on the balance sheet by the recognition of a right of use asset (the right to use the leased item) and a corresponding financial liability to pay rentals due over the property lease term. This treatment relates to the Group's property leases. The Group has no leases on any other types of assets.

The Group recognises right of use assets (ROU) of £13.8 million at 31 July 2023 (2022: £10.4 million) and total lease liabilities of £14.7 million, (2022: £10.9 million) with depreciation charges of £1.7 million (2022: £1.3 million) and lease interest charges of £0.5 million (2022: £0.2 million).

Detailed analysis is provided in the tables below: -

Right of use asset (ROU)	Group 31 July 2023 £'000	Group 31 July 2022 £'000
At 31 July 2022	10,424	10,503
Additions	5,032	1,235
Depreciation	(1,688)	(1,314)
At 31 July 2023	13,768	10,424

	Group 31 July 2023 £'000	Group 31 July 2022 £'000
Property rentals	1,817	1,746
Depreciation of right of use asset (ROU)	(1,688)	(1,314)
Interest charged on lease liability	(547)	(239)
Impact on Comprehensive Income	(418)	193

The right of use assets represents the present value of minimum lease payments for the Group's property leases. The Group has no leases on any other types of assets. The Present Value of all future operating lease payments on existing leases is calculated using 2.2% (2022: 2.2%) and on the two new leases executed in the current year at 6.43% as an incremental borrowing rate as the single Discount Rate. The right of use assets are depreciated based on the individual lease term of the separate leases.

The significant increase in the right of use asset relates to the execution of a new 20-year lease at our Eastbourne Store and a new 25 year lease on our Basildon store.

13 Investments

Company investments in subsidiary undertakings	**£'000**
31 July 2021	**2,670**
Capital contributions arising from share-based payments	201
31 July 2022	**2,871**
Capital contributions arising from share-based payments	450
31 July 2023	**3,321**

The Company holds more than 20% of the share capital of the following companies, all of which are incorporated in England and Wales:

			% of Shares and Voting Rights		
Company Name	**Company Registration No.**	**Class of Shareholding**	**Directly**	**Indirectly**	**Nature of Entity**
Lok'nStore Limited * #	02902717	Ordinary	100	–	Self-storage
Lok'nStore Trustee Limited ¥ ♦	03788705	Ordinary	–	100	Trustee
Southern Engineering and Machinery Company Ltd ¥ * #	00381670	Ordinary	–	100	Self-storage
Semco Machine Tools Limited ≠ #	01025573	Ordinary	–	100	Dormant
Semco Engineering Limited ≠ #	01164294	Ordinary	–	100	Dormant
ParknCruise Limited ¥ ♦	10329934	Ordinary	–	100	Dormant
The Box Room (Self-storage) Limited ¥ * ♦	06840417	Ordinary	–	100	Self-storage

¥ These companies are subsidiaries of Lok'nStore Limited.
≠ These companies are subsidiaries of Southern Engineering and Machinery Company Limited and did not trade during the year.
* These companies have taken the exemption from audit under Section 479A of the Companies Act 2006.
♦ The address of these companies is 112, Hawley Lane, Farnborough, Hants. GU14 8JE.
The address of these companies is 1, Fleet Place, London. EC4M 7WS.

14 Inventories

	Group 2023 £'000	Group 2022 £'000
Consumables and goods for resale	145	143

The amount of inventories recognised in Group cost of sales as an expense during the year was £109,106 (2022: £112,887) (see note 3). The Company had no inventory in either year.

15 Trade and Other Receivables

	Group 2023 £'000	Group 2022 £'000
Trade receivables	1,342	1,198
Other receivables	779	2,318
Taxation	27	–
Prepayments and accrued income	437	472
	2,585	3,988

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Other receivables include monies receivable from the managed stores for services provided by the Group.

The following balances existed between the Company and its subsidiaries at 31 July:

	Company 2023 £'000	Company 2022 Restated £'000
Current receivables	7,000	6,000
Non-current receivables (restated)	42,963	22,785
Net amount due from Lok'nStore Limited	49,963	28,785

The non-current receivables represent amounts which are not expected to be repaid within one year notwithstanding that the balance is repayable on demand. Previously the entire balance was included in current receivables and therefore the comparative balance has been restated to present £22.8m as a non-current receivable which has decreased the previously presented current receivables by the same amount. There is no impact on the previously reported result for the period ended 31 July 2022 or net assets at that date of the parent entity. The Directors have determined it is not necessary to re-present the balance sheet for the year ended 31 July 2021 as doing so would not improve a user's understanding of the adjustment.

Receivables from group undertakings are interest free. These have been considered for impairment using the twelve-month expected credit loss model because there have been no changes in credit risk since initial recognition. The expected credit losses on amounts owed by Group companies is insignificant (2022: insignificant).

Trade receivables
In respect of its self-storage business the Group does not typically offer credit terms to its customers and hence the Group is not exposed to significant credit risk. All customers are required to pay in advance of the storage period. Late charges are applied to a customer's account if they are more than ten days overdue in their payment. The Group provides for receivables based upon sales levels and estimated recoverability. There is a right of lien over the customers' goods, so if they have not paid within a certain time frame the

Group has the right to sell the items they store to cover the debt owed by the customer. Trade receivables that are overdue are provided for based on estimated irrecoverable amounts, determined by reference to expected credit losses.

For individual self-storage customers, the Group does not perform credit checks. However, this is mitigated by the fact that all customers are required to pay in advance. Before accepting a new business customer who wishes to use a number of the Group's stores, the Group uses an external credit rating to assess the potential customer's credit quality and defines credit limits by customer. There are no customers who represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivables balance are receivables with a carrying amount of £0.14 million (2022: £0.1 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group holds a right of lien over its self-storage customers' goods if these debts are not paid. The average age of these receivables is 53 days past due (2022: 55 days past due). The Group does not expect credit losses on intra-group balances.

Ageing of past due but not impaired receivables

	Group 2023 £'000	Group 2022 £'000
0–30 days	28	22
30–60 days	13	8
60+ days	95	70
Total	136	100

Movement in the allowance for credit losses

	2023 £'000	2022 £'000
Balance at the beginning of the year	100	147
Impairment losses recognised	32	30
Amounts written off as uncollectible	4	(77)
Balance at the end of the year	136	100

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further provision required.

Ageing of impaired trade receivables	Group 2023 £'000	Group 2022 £'000
0–30 days	–	–
30–60 days	–	–
60+ days	136	100
Total	136	100

16 Trade and Other Payables

	Group 2023 £'000	Group 2022 £'000
Trade payables	1,326	1,849
Taxation and social security costs	453	1,014
Other payables	549	588
Accruals and deferred income	4,852	3,778
	7,180	7,229

The Group has financial risk management policies in place to ensure that all payables are paid within credit terms. The Directors consider that the carrying amount of trade and other payables approximates fair value. The Company had no trade and other payables in either year.

The Group invoices its customers in advance, and therefore any deferred income balance is primarily related to amounts paid by customers for storage services beyond the Balance Sheet date.

17 Financial Instruments

Capital management and gearing

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which include the borrowings disclosed in note 18, 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 with hedging forming a Board agenda item for discussion at each Board meeting.

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 relatively conservative gearing ratio (the proportion of net debt to equity) balancing the overall level with the opportunities for the growth of the business. 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 year-end is as follows:

Gearing – Bank borrowings	**Group 2023 £'000**	Group 2022 £'000
Gross debt – bank borrowings *	**(54,399)**	(66,785)
Cash and cash equivalents	**42,132**	46,465
Net debt	**(12,267)**	(20,320)
Total equity – balance sheet	**230,472**	205,346
Net debt to equity ratio	**5.3%**	9.9%

Total Gearing – Bank borrowings and lease liabilities	**Group 2023 £'000**	Group 2022 £'000
Gross debt – bank borrowings *	**(54,399)**	(66,785)
Gross debt – lease liabilities	**(14,656)**	(10,894)
Cash and cash equivalents	**42,132**	46,465
Net debt	**(26,923)**	(31,214)
Total equity – balance sheet	**230,472**	205,346
Net debt to equity ratio	**11.7%**	15.2%

* Gross debt is the total amount of bank debt drawn before any amortisation of bank arrangement fees.

The movement of the Group's gearing ratio arises principally through the combined effect of an increase in the value of its trading properties, and the cash generated from operations also enhanced by loan repayments during the year reducing the RCF by £12.4 million.

The Group's operating cash was also applied to ongoing planning, construction and fit out works at other sites, This expenditure during the period totalled £17.3 million (2022: £12.2 million). This was primarily the contract exchange of the Milton Keynes site, the purchase of the Bolton site and the exchange of contracts on the Eastbourne site. There are ongoing construction and fit out works at our sites in Staines and Basildon, final costs on Bedford and Peterborough prior to opening, as well as and the completion of construction works at our Stevenage and Warrington stores. Also, planning and pre-development works at our Bournemouth, Altrincham, Barking and Cheshunt sites featured.

Exposure to credit and interest rate risk arises in the normal course of the Group's business.

A Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of interest rates. The Group previously has hedged through the deployment of interest rate swaps although the Group had no such instruments in place at 31 July 2022 or 31 July 2023. The Board continues to keep its hedging policy under periodic review.

B Debt management

Debt is defined as non-current and current borrowings, as detailed in note 18. Equity includes all capital and reserves of the Group. The Group is not subject to externally imposed capital requirements.

The Group borrows through a joint Revolving Credit Facility with Royal Bank of Scotland/NatWest Bank plc and ABN AMRO Bank secured on its store portfolio and other Group assets, excluding intangibles, with a net book value of £314.0 million (2022: £292.8 million).

Borrowings are arranged to ensure the Group fulfils its strategy of growth and development of its stores and to maintain short-term liquidity. As at the reporting date the Group has a committed Revolving Credit Facility of £100 million (2022: £100 million) providing undrawn committed facilities at 31 July 2023 of £45.6 million. This facility runs to April 2026, and details are provided in note 18 (Borrowings).

C Interest rate risk management

The Group's policy on interest rate management is agreed at Board level and is reviewed on an on-going basis. All borrowings are denominated in Sterling and are detailed in note 17.

The Group has a number of revolving loans within its overall Revolving Credit Facility and as such is exposed to interest rate risks at the time of renewal arising from any upward movement in the SONIA rate. With the rising level of interest rates, the Board monitors closely its effect on the business and has levers in place to mitigate the effects.

Cash and cash equivalents: Cash balances and cash equivalents represent only liquid assets with a maturity of three months or less and include cash in hand deposits at call with banks (treasury deposit). Cash held in current accounts have historically earned little no interest but with rising interest rates instant access accounts now attract a rate of 3.3%.

Surplus cash is transferred daily to a treasury deposit account which earns interest at the prevailing money market rates currently 3.55%. All amounts are denominated in Sterling. The balances at 31 July 2023 are as follows:

	Group 2023 £'000	Group 2022 £'000
Variable rate treasury deposits	**41,238**	45,371
SIP trustee deposits	**63**	63
Cash in operating current accounts	**826**	1,031
Other cash and cash equivalents	**5**	–
Total cash and cash equivalents	**42,132**	46,465

As at 31 July 2023, the Group had £8 million on treasury reserve with ABN Amro Bank.

Amount	From	To	Interest rate	Interest to maturity
£4,000,000 GBP (3 months)	31 May 2023	31 August 2023	4.05%	£40,832.88
£4,000,000 GBP (2 months)	1 June 2023	1 August 2023	3.77%	£25,202.19

Equity Raise: On 7 July 2023, the Company raised total gross proceeds of approximately £20.5 million (gross) through the oversubscribed issue of 2,679,739 new Ordinary Shares via a Placing and REX Retail Offer.

Post Balance Sheet, the Group repaid £19 million of its Revolving Credit Facility and will redraw as required as it deploys the cash required to progress its development pipeline.
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.

D Interest rate sensitivity analysis
Over the longer term, significant changes in interest rates may have an impact on consolidated earnings.

At 31 July 2023, it is estimated that an increase of one percentage point in interest rates would have increased the Group's annual interest charge by £0.54 million (2022: £0.67 million) and conversely a decrease of one percentage point in interest rates would have reduced the Group's annual profit before tax by £0.54 million (2022: £0.67 million). There would have been no effect on amounts recognised directly in other comprehensive income. The sensitivity has been calculated by increasing by 1% the average variable interest rate of 4.77% and applying to the variable rate borrowings of £54.4 million in the year (2022: £68.8 million/1.71%).

E Cash management and liquidity
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note B above is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Short-term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to risk.

F Foreign currency management
The Group operates solely in the United Kingdom and as such all of the Group's financial assets and liabilities are denominated in Sterling and there is no exposure to exchange risk.

G Credit risk
The credit risk management policies of the Group, with respect to trade receivables, are discussed in note 15. There has not been a significant change in credit quality.

The Group has a strong credit model with customers paying four-weekly in advance for their storage. The Group has no significant concentration of credit risk, with exposure spread across 17,500 customers (2022: 17,000) and with no individual self-storage customer accounting for more than 1% of total revenue and no entities under common control (e.g., Government) accounting for more than 5% of total revenues.

The Group holds a right of lien over its self-storage customers' goods if customer debts are not paid although this is used relatively infrequently within the context of overall customer numbers and only ever as a final stage in the debt recovery process.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit-rating agencies, in line with the Group's policy which is to borrow from major institutional banks when arranging finance. The Group's maximum exposure to credit risk at 31 July 2023 was £1.38 million (2022: £2.26 million) on receivables and £42.1 million (2022: £46.5 million) on cash and cash equivalents.

H Maturity analysis of financial liabilities

The undiscounted contractual cash flow maturities are as follows:

2023 – Group	**Trade and Other Payables £'000**	**Borrowings £'000**	**Interest on Borrowings £'000**
Over five years	–	–	–
From two to five years	–	54,399	1,632
From one to two years	–	–	3,366
Due after more than one year	–	54,399	4,998
Due within one year	4,224	–	3,366
Total contractual undiscounted cash flows	**4,224**	**54,399**	**8,364**

2022 – Group	Trade and Other Payables £'000	Borrowings £'000	Interest on Borrowings £'000
Over five years	–	–	–
From two to five years	–	66,785	3,131
From one to two years	–	–	1,809
Due after more than one year	–	66,785	4,940
Due within one year	4,207	–	1,809
Total contractual undiscounted cash flows	4,207	66,785	6,749

Lease liabilities are separately disclosed in note 19.

I Classification of financial instruments

	Group 2023 £'000	**Group 2022 £'000**
Categories of financial assets and financial liabilities		
Financial assets measured at amortised cost		
Trade and other receivables [1]	2,121	3,516
Cash and cash equivalents	42,132	46,465
Financial liabilities measured at amortised cost		
Trade and other payables	(4,224)	(4,207)
Lease liabilities	(17,148)	(10,894)
Bank loans	(54,046)	(66,196)

The fair values of the Group's cash and short-term deposits and those of other financial assets equate to their carrying amounts. The amounts are presented net of provisions for doubtful receivables and allowances for impairment are made where appropriate. The fair value of financial liabilities equates to their carrying amounts.

J Company's financial instruments

The Company's financial assets are amounts owed by subsidiary undertakings amounting to £50.0 million (2022: £28.8 million) which are classified as loans and receivables, refer note 15. These amounts are denominated in Sterling. The Company has no financial liabilities.

18 Borrowings

Bank borrowings	Group 2023 £'000	Group 2022 £'000
Non-current		
Bank loans repayable in more than two years but not more than five years		
Gross	54,399	66,785
Deferred financing costs	(353)	(589)
Net bank borrowings	54,046	66,196
Non-current borrowings	54,046	66,196

The Group currently has £54.4 million drawn against its facility which is secured with RBS and ABN AMRO jointly by legal charges and debentures over the freehold and leasehold properties and other tangible assets of the business with a net book value of £314.0 million (2022: £292.8 million) together with cross-company guarantees from Group companies.

The interest rate is set under the Sterling Overnight Index Average (SONIA) arrangements. The all-in debt cost on £54.4 million drawn averaged 4.77% (2022: 1.55%) in the period with the costs of debt rising to 6.19% on active revolving loans.

The Group is not obliged to make any repayments prior to the facility's expiration in April 2026. The two principal bank covenants (LTV and Senior interest) and margin are unaffected by the execution of the accordion and this extension of term. Margin/pricing is also unaffected.

With current facility utilisation at £54.4 million and combined with cash balances of £42.1 million the £100 million facility provides around £87.7 million of available cash headroom.

19 Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the leases. Where this cannot be readily determined the Present Value of all future operating lease payments is calculated using 2.2% (2022: 2.2%) as an incremental borrowing rate as the Discount Rate, or 6.43% in respect of new leases entered into in the current year.

After the application of a weighted depreciation charge based on the individual lease term of the separate leases and the imputation of an interest charge at 2.2% (2022: 2.2%), and on the two new leases executed in the current year at 6.43%, as part of the amortisation of the lease liability the total lease liabilities are shown below.

Lease liabilities attributable to right of use assets	Group 2023 £'000	Group 2022 £'000
Current lease liabilities		
Amounts due within one year	826	1,612
Non-current lease liabilities		
Amounts due in one to two years	1,039	1,174
Amounts due in three to five years	1,786	2,774
Amounts due in more than five years	11,005	5,334
Non-current lease liabilities	13,830	9,282
Total lease liabilities	14,656	10,894

Lease liabilities attributable to right of use assets	**Group 2023 £'000**	Group 2022 £'000
Balance brought forward	**10,894**	11,166
Increase in new leases	**5,032**	1,235
Lease repayments	**(1,817)**	(1,746)
Lease interest (non-cash)	**547**	239
Total lease liabilities	**14,656**	10,894

The portfolio of property leases all have similar characteristics. Subject to periodic future rent reviews, typically every five years, there are no variable lease payments. The Group has no leases on any other types of assets. The total future commitments due under non-cancellable leases is set out in note 27 (Commitments under Property Leases).

20 Deferred Tax

Deferred tax liability	**Group 2023 £'000**	Group 2022 £'000
Liability at start of year	**63,214**	46,760
Total charge to income for the year	**764**	2,113
	63,978	48,873
Tax charged directly to other comprehensive income	**1,954**	14,284
Charge / (credit) to share-based payment reserve	**358**	57
Liability at end of year	**66,290**	63,214

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

	Accelerated Capital Allowances £'000	Other Temporary Differences £'000	Revaluation of Properties £'000	Rolled over Gain on Disposal £'000	Share Options £'000	Total £'000
At 31 July 2021	**5,128**	**609**	**38,163**	**3,714**	**(854)**	46,760
Charge to income for the year	591	–	–	1,522	–	2,113
Charge to other comprehensive income	–	–	9,978	4,306	–	14,284
Credit to share-based payment reserve	–	–	–	–	57	57
At 31 July 2022	5,719	609	48,141	9,542	(797)	63,214
Charge to income for the year	797	(33)	–	–	–	**764**
Charge to other comprehensive income	–	–	1,954	–	–	**1,954**
Credit to share-based payment reserve	–	–	–	–	358	**358**
At 31 July 2023	**6,516**	**576**	**50,095**	**9,542**	**(439)**	**66,290**

The increase in the deferred tax liability arises substantially from a combination of an increase in the valuation of the Group's stores and a provision for the gain arising on the Sale which will in due course be subject to a roll-over relief claim.

The deferred tax provision is substantially a tax provision against the potential crystallisation (sales) of revalued properties and past 'rolled over' gains and amounts to £66.3 million (2022: £63.2 million). The timing of any crystallisation of these liabilities is within the Board's control.

21 Share Capital

Authorised:	2023 £'000	2022 £'000
35,000,000 Ordinary Shares of 1 pence each (2022: 35,000,000)	350	350

Allotted, issued and fully paid Ordinary Shares	£'000	£'000
Balance at start of year	301	298
Options exercised during the year	1	3
Primary placing of fully paid Ordinary Shares	27	–
Balance at end of year	329	301

	Called up, Allotted and Fully Paid Number	Called up, Allotted and Fully Paid Number
Number of shares at start of the year	30,003,545	29,686,787
Options exercised during the year	84,174	316,758
Primary placing of fully paid Ordinary Shares	2,679,739	–
Number of shares at end of the year	32,767,458	30,003,545

The share capital of the Company consists only of fully paid Ordinary Shares with a nominal par value of 1 penny per share. There are no restrictions on the ability of shareholders to receive dividends. All Ordinary Shares are equally eligible to receive dividends and represent one vote at shareholders' meetings. The Ordinary Shares carry no right to fixed income.

On 7 July 2023, the Company raised total gross proceeds of approximately £20.5 million (gross) through the oversubscribed issue of 2,679,739 new Ordinary Shares via a Placing and REX Retail Offer, at a price of 765 pence per Ordinary Share. The Fundraising Shares represented approximately 8.9% of the Company's issued share capital. The transaction costs of the brokers associated with the equity raise were £732,561 and together with £156,459 legal and other associated costs total £889,020 and are recognised in equity.

22 Equity-Settled Share-Based Payment Plans

The Group operates three equity-settled share-based payment plans: one approved and two unapproved share option schemes.

The Company has granted the following share options:

2023 Summary	**As at 31 July 2022** **No. of Options**	**Granted**	**Exercised**	**Lapsed/ Surrendered**	**As at 31 July 2023** **No. of Options**
Unapproved Share Options	404,790	–	(69,559)	–	**335,231**
Unapproved Share Options (2018 PPP Scheme)	1,267,658	–	–	–	**1,267,658**
Unapproved Share Options (2023 PPP Scheme)	–	264,000	–	–	**264,000**
Approved CSOP Share Options	62,583	20,272	(14,615)	–	**68,240**
Total	**1,735,031**	**284,272**	**(84,174)**	**–**	**1,935,129**

2022 Summary	As at 31 July 2021 No. of Options	Granted	Exercised	Lapsed/ Surrendered	As at 31 July 2022 No of Options
Unapproved Share Options	683,950	1,163	(280,323)	–	**404,790**
Unapproved Share Options (PPP Scheme)	990,000	277,658	–	–	**1,267,658**
Approved CSOP Share Options	86,476	12,542	(36,435)	–	**62,583**
Total	1,760,426	291,363	(316,758)	–	**1,735,031**

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

2023	Total at 31 July 2022	Options Granted	Options Exercised	Unapproved Scheme	Approved CSOP Share Options	**Total at 31 July 2023**
Executive Directors						
A Jacobs – Unapproved	–	–	–	–	–	**–**
A Jacobs – PPP (2018)	200,000	–	–	200,000	–	**200,000**
A Jacobs – PPP (2023)	–	40,000	–	40,000	–	**40,000**
A Jacobs – total	200,000	40,000	–	240,000	–	**240,000**
RA Davies – Unapproved	181,977	–	(50,000)	131,977	–	**131,977**
RA Davies – CSOP	2,941		–	–	2,941	**2,941**
RA Davies – PPP (2018)	198,236	–	–	198,236	–	**198,236**
RA Davies – PPP (2023)	–	40,000	–	40,000	–	**40,000**
RA Davies total	383,154	40,000	(50,000)	370,213	2,941	**373,154**
N Newman – Unapproved	135,599	–	(2,420)	133,179	–	**133,179**
N Newman – CSOP	8,182	–	(1,600)		6,582	**6,582**
N Newman – PPP (2018)	299,422	–	–	299,422	–	**299,422**
N Newman – PPP (2023)	–	60,000	–	60,000	–	**60,000**
N Newman total	443,203	60,000	(4,020)	492,601	6,582	**499,183**
Tom Lampard – Unapproved	11,840	–	–	11,840	–	**11,840**
Tom Lampard – CSOP	8,984		–	–	8,984	**8,984**
Tom Lampard – PPP (2018)	250,000	–	–	250,000	–	**250,000**
Tom Lampard – PPP (2023)	–	60,000	–	60,000	–	**60,000**
T Lampard total	270,824	60,000	–	321,840	8,984	**330,824**
All Directors total	**1,297,181**	**200,000**	**(54,020)**	**1,424,654**	**18,507**	**1,443,161**

2022	Total at 31 July 2021	Options Granted	Options Exercised	Unapproved Scheme	Approved CSOP Share Options	Total at 31 July 2022
Executive Directors						
A Jacobs – Unapproved	206,087	–	(206,087)	–	–	–
A Jacobs – PPP (2018)	160,000	40,000	–	200,000	–	200,000
A Jacobs – total	366,087	40,000	(206,087)	200,000	–	200,000
RA Davies – Unapproved	246,977	–	(65,000)	181,977	–	181,977
RA Davies – CSOP	7,742	2,941	(7,742)	–	2,941	2,941
RA Davies – PPP (2018)	160,000	38,236	–	198,236	–	198,236
RA Davies total	414,719	41,177	(72,742)	380,213	2,941	383,154
N Newman – Unapproved	135,599	–	–	135,599	–	135,599
N Newman – CSOP	8,618	964	(1,400)	–	8,182	8,182
N Newman – PPP (2018)	240,000	59,422	–	299,422	–	299,422
N Newman-Shepherd total	384,217	60,386	(1,400)	435,021	8,182	443,203
All Directors total	**1,165,023**	**141,563**	**(280,229)**	**1,015,234**	**11,123**	**1,026,357**

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, three or five years, subject to the performance criteria attached to the options.

Under the CSOP Approved Share Option scheme and the Unapproved Share Options scheme, 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 or in the case of unapproved options at the discretion of the Board. The life of each option granted is six and a half to seven years. There are no cash settlement alternatives.

Under the CSOP Approved Share Option scheme and the Unapproved Share Options scheme, 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 and a half years which is part way between vesting (two and a half to three years after grant) and lapse (ten 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 and a half years).

Under the Partnership Performance Plan, 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. There were no options granted on 31 July 2023 in respect of the 2018 Scheme.

The vesting date is based upon the assumption that the CAD and/or NAV targets are met at the same time as the share price target is met, and the lapse date is the fifteenth anniversary of the grant. The risk-free rate of return is the UK gilt rate at date of grant commensurate with the expected term (i.e.10.34 years).

The total charge for the year relating to employer share-based payment schemes was £449,623 (2022: £201,385), all of which relates to equity-settled share-based payment transactions.

23(a) Other Reserves

Group	Merger Reserve £'000	Other Reserve £'000	Capital Redemption Reserve £'000	Share-based Payment Reserve £'000	Total £'000
31 July 2021	**6,295**	**1,294**	**34**	**1,515**	**9,138**
Share-based remuneration (options)	–	–	–	201	201
IFRS 2 – transfer retained earnings	–	–	–	(180)	(180)
Tax charge relating to share options	–	–	–	(57)	(57)
31 July 2022	**6,295**	**1,294**	**34**	**1,479**	**9,102**
Share-based remuneration (options)	–	–	–	450	**450**
IFRS 2 - transfer retained earnings	–	–	–	(47)	(**47**)
Tax charge relating to share options	–	–	–	(358)	(**358**)
31 July 2023	**6,295**	**1,294**	**34**	**1,524**	**9,147**

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. The revaluation reserve is a non-cash non-distributable reserve that reflects the uplift between market (fair) value of the Group's store assets and their historic book value.

Share-based payment reserve
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 £46,662 (2022: £180,391).

23(b) Other Reserves

Company	**Other Reserve £'000**	**Share-based Payment Reserve £'000**	**Total £'000**
31 July 2021	**1,114**	**890**	**2,004**
Share-based remuneration (options)	–	201	201
IFRS 2 - transfer to/from retained earnings	–	(180)	(180)
31 July 2022	**1,114**	**911**	**2,025**
Share-based remuneration (options)	–	450	**450**
IFRS 2 - transfer to/from retained earnings	–	(47)	**(47)**
31 July 2023	**1,114**	**1,314**	**2,428**

24(a) Retained Earnings

Group	Retained Earnings before Deduction of Own Shares £'000	Own Shares (note 25) £'000	Retained Earnings Total £'000
31 July 2021	26,772	(500)	26,272
Profit attributable to owners of Parent for the financial year	12,078	–	12,078
Transfer from revaluation reserve			
Additional depreciation on revaluation	821	–	821
Transfer from share-based payment reserve (note 23a)	180	–	180
Reserve transfer on disposal of assets	20,258	–	20,258
Dividend paid	(4,601)	–	(4,601)
31 July 2022	55,508	(500)	55,008
Profit attributable to owners of Parent for the financial year	4,692	–	**4,692**
Transfer from revaluation reserve			
Additional depreciation on revaluation	1,095	–	**1,095**
Transfer from share-based payment reserve (note 23a)	47	–	**47**
Dividend paid	(5,295)	–	**(5,295)**
31 July 2023	**56,047**	**(500)**	**55,547**

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.

24(b) Retained Earnings

Company	Retained Earnings before Deduction of Own Shares £'000	Own Shares (note 25) £'000	Retained Earnings Total £'000
31 July 2021	**16,604**	**–**	**16,604**
Profit attributable to owners of Company for the financial year	5,756	–	5,756
Transfer from share-based payment reserve (note 23b)	180	–	180
Dividend paid	(4,601)	–	(4,601)

31 July 2022	17,939	–	17,939
Profit attributable to owners of Company for the financial year	6,701	–	6,701
Transfer from share-based payment reserve (note 23b)	47	–	47
Dividend paid	(5,295)	–	(5,295)
31 July 2023	**19,392**	**–**	**19,392**

25 Own Shares

	EBT Shares Number	EBT Shares £	Treasury Shares Number	Treasury Shares £	Own Shares total £
31 July 2022 and 31 July 2023	**623,212**	**499,910**	**–**	**–**	**499,910**

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 colleagues salaries on a monthly basis as they so instruct for purchase of shares in the Company. Shares are allocated to colleagues based on the prevailing market price when the salary deductions are made.
As at 31 July 2023, the Trust held 623,212 (2022: 623,212) Ordinary Shares of 1 pence each with a market value of £4,923,375 (2022: £6,356,762). No shares were transferred out of the scheme during the year (2022: nil).

No options have been granted under the EBT. The EBT waived its dividends in full. No other dividends were waived during the year.

26 Cash flows

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

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Profit before tax	**6,701**	15,874
Depreciation	**5,690**	4,727
Equity-settled share-based payments	**450**	201
Non-underlying items (note 4)	**318**	(5,739)
Interest receivable	**(665)**	(42)
Interest payable – bank borrowings	**2,015**	1,089
Interest payable – lease liabilities	**547**	239
Decrease / (increase) in financial asset	**–**	509
(Increase) / decrease in inventories	**(2)**	148
Decrease (increase) in receivables	**1,393**	285
(Decrease) / Increase in payables	**(632)**	1,278
Cash generated from operations	**15,815**	18,569

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

Net bank debt is defined as non-current and current borrowings, as detailed in note 18, less cash and cash equivalents.

	Group 2023 £'000	Group 2022 £'000
(Decrease) / increase in cash in the year	(4,333)	37,360
Change in net debt resulting from cash flows	12,386	(1,386)
Movement in net debt in year	8,053	35,974
Net bank debt brought forward	(20,320)	(56,294)
Net bank debt carried forward	(12,267)	(20,320)

27 Commitments Under Property Leases

At 31 July 2023 the total future minimum lease payments as a lessee under non-cancellable leases were as follows:

Land and Buildings	Group 2023 £'000	Group 2022 £'000
Amounts due:		
Within one year	1,415	1,727
Between two and five years	4,354	4,737
After five years	14,687	6,273
	20,456	12,737

Property lease payments represent rentals payable by the Group for certain of its properties. Typically, leases are negotiated for a term of 20 years and rentals are fixed for an average of five years.

The Group's property leases on its leased stores are recognised as a right of use asset and as a corresponding liability at the year-end.

28 Related Party Transactions and Directors Share Interests

There were no reportable related party transactions during the year.

The Company provides share options for the employees of Lok'nStore Limited. The capital contributions arising from these share-based payments are separately disclosed under investments in note 13.

The aggregate remuneration of the Directors, and the other key management personnel of the Group, is set out below. Further information on the remuneration of individual Directors is found in note 8.

	Group 2023 £'000	Group 2022 £'000
Short-term employee benefits – Directors	827	922
Short-term employee benefits - Other key management	175	259
Post-employment benefits - Directors	13	11
Post-employment benefits - Other key management	6	8
Share-based payments	450	201
Social security costs - Directors	158	370
Social security costs - Other key management	43	49
Total	1,672	1,934

The Group recognises a number of management personnel that are important to retain within the business in order for it to achieve its strategic plan. Accordingly, these are recognised as key personnel and are participants in the Long-Term Performance Plan. They are included in the table above.

Group Director shareholdings – dividends received

In respect of the total dividends paid during the year of £5.3 million (2022: £4.6 million), the Group Directors received the amounts set out in the table below: -

Director's Dividend Income	Holding	Final 2022	Interim 2023		Total 2023	Total 2022
		12.25 pence per Share	5.75 pence per Share			
Executive:	No.	£	£		£	£
A Jacobs *	3,953,600	675,459	317,052		992,511	864,036
R Davies	81,807	10,021	4,704		14,725	11,570
N Newman-Shepherd	30,739	3,766	1,767		5,533	4,817
Non-Executive:						
SG Thomas *	1,546,190	189,408	88,906		278,314	265,010
RJ Holmes	279,606	35,477	16,652		52,129	45,381
CP Peal	590,865	72,381	33,975		106,356	94,118
J Woyda	2,419	296	139		435	379
	6,485,226	986,808	463,195		1,450,003	1,285,311

* Andrew Jacobs and Simon Thomas dividend income above includes their respective holdings in their individual pension funds.

Managed Stores – Group Director shareholdings

The relationship between Lok'nStore Group plc and the Managed Stores which it manages have been reported in detail in last year's financial statements and is not repeated here.

Although the Director holdings in Managed Stores falls outside of the definition of related party transactions they are disclosed here, as in previous years, for transparency and are set out in the table below: -

Director	Wolverhampton No. of Shares	Broadstairs No. of Shares	Exeter No. of Shares
Andrew Jacobs	36,800	38,160	240,000
Charles Peal	–	–	500,000
Simon Thomas	–	–	160,000
Total shareholding	36,800	38,160	900,000
Issued Share Capital	189,341	189,690	3,970,000
% of Issued Share Capital	**19.4%**	**20.1%**	**22.7%**

- These shareholdings relate to three Managed Stores, each in separate corporate vehicles, which have very specific EIS tax advantages. The Directors' respective shareholdings in these companies have remained unchanged since their initial investment.

- The Lok'nStore Directors have no other shareholdings in any other Managed Stores.

- Changes in UK Tax legislation mean that these EIS tax advantages no longer exist, and these reliefs are no longer available for Managed Store opportunities that may be undertaken in the future.

- Under UK Takeover Panel protocols in relation to the Rule 9 Waiver agreed each year with Lok'nStore Group plc, necessary to preserve the Group's share buyback authority, Andrew Jacobs cannot, by agreement with the Panel, purchase any more Lok'nStore shares. As such the three EIS investment vehicles represented an opportunity for Mr Jacobs to hold additional self-storage assets in tax efficient vehicles.

- Lok'nStore Group operate 16 Managed Stores, currently trading, and have two further secured Managed Stores in the pipeline in Kettering and Bromborough (Wirral) making a total of 18 Managed Stores. The Managed Store strategy is a well-developed one which enables the Group to increase the operational footprint of Lok'nStore branded stores without the balance sheet risk of ownership.

- At 31 July 2023, Lok'nStore has a total of 53 stores (42 currently trading and a pipeline of 11 secured stores).

- The terms of the Management Services Agreements executed between Lok'nStore and with Wolverhampton, Broadstairs and Exeter were executed at arm's length on normal commercial terms with independent Director(s) who were not directors of Lok'nStore and therefore unconnected. The commercial terms are all similar to, and consistent with, those agreed with other third-party Managed Store owners.

- The Board of Lok'nStore Group plc have governance protocols in place to ensure that there are no conflicts of interest between the Group and the shareholders of the Wolverhampton, Broadstairs and Exeter stores. Specifically, Mr Jacobs could not hold a disproportionate holding in the EIS Managed Stores not commensurate with his shareholding in Lok'nStore Group plc.

29 Capital Commitments

The Group has capital expenditure contracted but not provided for in the financial statements of £13.1 million (2022: £11.21 million) relating to commitments to complete the ongoing construction of our sites in Peterborough and final contract commitments on our completed sites at Warrington and Stevenage.

We are also committed on the Staines Store project in respect of the land and main build contract and the Basildon Store in respect of the lease commitment which commenced on 26 June 2023 following practical completion of the delivery of the building to us.

30 Guarantees

The Company and its subsidiary Lok'nStore Limited are joint borrowers under the facility agreement disclosed in note 18. Each entity provides a guarantee to the lenders in respect of the remaining amount due under the agreement.

31 Events after the Reporting Date

1) Barking Planning Permission Grant

On 21 September 2023 we received notice of the grant of planning permission for our development in Barking, further on the same date planning agreements were agreed and sealed by the Local Authority. We may now proceed to develop the site for 85,000 sq.ft of lettable self-storage space.

2) Cheshunt Planning Permission Grant / Cheshunt Planning Agreement secured

On 20 October 2023, we received notice of the grant of planning permission for our self-storage development in Cheshunt. On the same date planning agreements were agreed and sealed by the Local Authority. We may now proceed to develop the site for self-storage alongside a discount food supermarket.

3) Luton Residential Planning Permission

On Tuesday 22 August 2023, Luton Borough Council Planning Committee resolved to delegate that the Head of Planning may grant planning permission, subject to satisfactory Planning Agreements, for 136 residential apartments at our existing Luton Store site.

4) Temporary Debt reduction

On 11 August 2023, the Group paid down £19.02 million out of its recent equity placing proceeds reducing the balance on its RCF, pending redrawing over time for its future deployment on the Group's pipeline stores.

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5) Appointment of a new Non-Executive Director

The Board is pleased to announce the appointment of Bridget Barker who joined the Board on 14 September 2023.

Bridget joins us with a wealth of experience and is an experienced lawyer having gained over 35 years' experience at Macfarlanes, a leading and well-established City of London law firm, where she specialised in investment funds, financial services and regulatory legal work with a focus on private equity and real estate funds. Latterly she was head of the Investment Management Group at Macfarlanes. Since leaving Macfarlanes, Bridget has pursued various non-executive roles and consulting appointments at organisations such as Praesidium, Mirabaud 1819 Advisory Group and Mainspring Fund Services.

Bridget will be appointed to the Company's audit and remuneration committees in the coming year providing a second independent non-executive director on each Committee.

Glossary

Abbreviation

APM	Alternative performance measure
AGM	Annual General Meeting
Bps	Basis Points
BREEAM	Building Research Establishment Environmental Assessment Method
CAD	Cash available for Distribution
Capex	Capital Expenditure
CGU	Cash-generating units
CO2 e	Carbon Dioxide Equivalents
CSOP	Company Share Option Plan
DRIP	Dividend Reinvestment Plan
EBT	Employee Benefit Trust
EIS	Enterprise Investment Scheme
(eKPIs)	Environmental key performance indicators
EMI	Enterprise Management Incentive Scheme
ESOP	Employee Share Option Plan
EU	European Union
EV	Electric Vehicle
GHG	Greenhouse gas
HMRC	His Majesty's Revenue and Customs
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IPT	Insurance Premium Tax
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
JLL	Jones Lang LaSalle
KPI	Key Performance Indicator
Landmark Store	A large modern, purpose built, and visually prominent store positioned in a retail-facing location within its marketplace.
LFL	Like for like
LTPPP	Long Term Partnership Performance Plan
LTV	Loan to Value ratio
Move -ins	When a prospective customer has completed the sales process and moves their goods into a storage unit
MWh	Megawatt Hour
NAV	Net Asset Value
NBV	Net Book Value
Operating Profit	Earnings before interest and tax (EBIT)
PPP	Partnership Performance Plan
PV	Photovoltaic
QCA	Quoted Companies Alliance
RCF	Bank Revolving Credit Facility
RICS	Royal Institution of Chartered Surveyors
RIDDOR	Reporting of Injuries, Disease and Dangerous Occurrences Regulations 2013
RNS	Regulatory News Service
ROU	Right of Use Asset
Sale	In the previous financial year, FY22, the sale and manage-back of previously owned stores (Basingstoke, Cardiff, Horsham and Portsmouth stores)
SIP	Share Incentive Plan
SME	Small and medium sized enterprises
SONIA	Sterling Overnight Index Average
sq. ft	Square feet
tCO2e	Tonnes of carbon dioxide equivalent

TVR	Total voting rights
VAT	Value Added Tax

Our Stores

- Aldershot, Hampshire
- Altrincham, Cheshire
- Ashford, Kent
- Barking, London
- Basildon, Essex
- Basingstoke, Hampshire
- Bedford, Bedfordshire
- Bolton, Lancashire
- Bournemouth, Dorset
- Bristol, Gloucestershire
- Broadstairs, Kent
- Bromborough, Wirral
- Cardiff, Glamorgan
- Cheshunt, Hertfordshire
- Chichester, West Sussex
- Crawley, West Sussex
- Crayford, Kent
- Dover, Kent
- Eastbourne, East Sussex
- Eastbourne, East Sussex
- Exeter, Devon
- Fareham, Hampshire
- Farnborough, Hampshire
- Gillingham, Kent
- Gloucester, Gloucestershire
- Harlow, Essex
- Hedge End, Southampton
- Hemel Hempstead, Hertfordshire
- Horsham, West Sussex
- Ipswich, Suffolk
- Kettering, Northamptonshire
- Leicester, East Midlands
- Luton, Bedfordshire
- Maidenhead, Berkshire
- Milton Keynes, Buckinghamshire
- Milton Keynes, Buckinghamshire
- Northampton Central, Northamptonshire
- Northampton Riverside, Northamptonshire
- Oldbury, West Midlands
- Peterborough, Northamptonshire
- Poole, Dorset
- Portsmouth, Hampshire
- Reading, Berkshire
- Salford, Lancashire
- Southampton, Hampshire
- Staines, Surrey
- Stevenage, Hertfordshire
- Sunbury, Middlesex
- Swindon, Wiltshire
- Tonbridge, Kent
- Warrington, Cheshire
- Wellingborough, Northamptonshire
- Wolverhampton, Staffordshire

- Open Stores
- Pipeline Stores
- New Stores in Period