

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek immediately your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who is authorised under the Financial Services and Markets Act 2000. All Shareholders are strongly advised to consult their professional advisers regarding their own tax position.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Panmure, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Lok'nStore and for no-one else in connection with the matters set out in this document and will not be responsible to anyone other than Lok'nStore for providing the protections afforded to customers of Panmure nor for providing advice in connection with the matters set out in this document or any other transaction or arrangement referred to herein.

Lok'nStore Group PLC

(incorporated in England and Wales with registered number 4007169)

Notice of Annual General Meeting

and

Proposed approval of waiver of mandatory offer provisions in the City Code

Notice of the Annual General Meeting of the Company to be held at 10.30 a.m. on 27 November 2003 at the offices of City Law Partnership, 99 Charterhouse Street, London EC1M 6NQ is set out at the end of this document.

A Form of Proxy for use by all Shareholders at the Annual General Meeting is enclosed with this document. To be valid, the accompanying Form of Proxy must be completed, signed and returned in accordance with the instructions printed thereon to the Company's Registrars, Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA by not later than 10.30 a.m. on 25 November 2003.

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DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Act”	the Companies Act 1985, as amended
“AGM Authority”	the authority, to be proposed at the Annual General Meeting, for the Company to make market purchases of Ordinary Shares up to an overall maximum of 9,265,848 Ordinary Shares less such number of Ordinary Shares as are purchased by the Company pursuant to the Tender Offer
“Annual General Meeting” or “AGM”	the annual general meeting of the Company convened for 10.30 a.m. on 27 November 2003 (and any adjournment thereof), notice of which is set out at the end of this document
“Approved Share Option Scheme”	the approved share option scheme adopted by Lok’nStore Limited on 23 November 1999 and assumed by Lok’nStore with effect from 20 June 2000
“Board” or “Directors”	the board of directors of the Company listed on page 4 of this document
“City Code”	the City Code on Takeovers and Mergers
“EMI Plan”	the Company’s enterprise management incentive share option plan
“Form of Proxy”	the form of proxy accompanying this document, for use by Shareholders at the AGM
“Group”	Lok’nStore and its subsidiary undertakings
“Independent Directors”	the Directors other than Andrew Jacobs, Colin Jacobs and Simon Thomas
“Independent Shareholders”	Shareholders other than the Major Shareholders
“Lok’nStore” or the “Company”	Lok’nStore Group PLC
“Major Shareholders”	Andrew Jacobs and Simon Thomas (and their concert parties)
“Option Agreements”	the option agreements between the Company and certain of its directors
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“Panel”	The Panel on Takeovers and Mergers
“Panmure”	WestLB Panmure Limited
“Repurchase Resolution”	the special resolution numbered 5 set out in the notice of AGM at the end of this document
“Resolutions”	the resolutions set out in the notice of AGM at the end of this document
“Shareholders”	holders of Ordinary Shares
“Share Option Schemes”	the Approved Share Option Scheme, EMI Plan and Option Agreements
“Tender Offer”	the proposed invitation to be made to Shareholders by Panmure to tender Ordinary Shares
“Waiver Resolutions”	the ordinary resolutions numbered 8 and 9 set out in the notice of AGM at the end of this document

PART I

Letter from the Chairman of Lok'nStore Group PLC

Directors

Andrew Jacobs (*Executive Chairman*)
Simon Griffith Thomas (*Chief Executive*)
Colin Michael Jacobs (*Acquisitions Director*)
Richard John Holmes (*Non-executive Director*)
Marcus John Gregory Stanton (*Non-executive Director*)

Registered Office

99 Charterhouse Street
London
EC1M 6NQ

27 October 2003

To the holders of Ordinary Shares and, for information only, to the holders of options under the Share Option Schemes

Dear Shareholder,

1. Introduction

The Annual General Meeting of the Company, notice of which is set out at the end of this document, is to be held on 27 November 2003. At this meeting, in addition to the usual resolutions put to Shareholders at the AGM, resolutions will also be proposed seeking authority for the Company to purchase its own Ordinary Shares and seeking the approval of Independent Shareholders of waivers of certain obligations that may arise under the City Code as a result of the exercise of this authority by the Company. The authority to purchase Ordinary Shares is only intended to be utilised in circumstances where the Directors believe this to be in the best interests of Shareholders generally.

The purpose of this document is to explain to you the background to the resolutions which will be considered at the Annual General Meeting and why the Directors consider Resolution 5 to be in the best interests of Shareholders as a whole, why the Independent Directors consider Resolutions 8 and 9 to be in the best interest of the Independent Shareholders and why they respectively recommend that you vote in favour of them.

2. Background

On 13 August 2003, a circular was sent to Shareholders setting out details of a proposed Tender Offer to purchase up to 9,265,848 Ordinary Shares for a total value of up to £6.0 million, financed through existing cash resources and bank debt. The circular contained details of the existing shareholdings of three of the Directors, Andrew Jacobs, Colin Jacobs and Simon Thomas, together with those of their concert parties, who hold or are beneficially interested in an aggregate of 8,716,496 Ordinary Shares.

In accordance with Rule 9 of the City Code, if the aggregate percentage shareholding of the Major Shareholders were to increase as a result of the Tender Offer, they would usually be required to make an offer for the entire issued share capital of the Company. However, at the extraordinary general meeting of the Company held on 5 September 2003 Independent Shareholders approved a waiver of these obligations.

At the date of posting this notice of AGM, the Tender Offer has not yet been launched. In the event that the maximum number of 9,265,848 Ordinary Shares is not repurchased by the Company pursuant to the Tender Offer, the Directors wish to preserve the right for the Company to make market purchases of Ordinary Shares up to this maximum amount. Accordingly, at the Annual General Meeting, Shareholders will be asked to authorise the Company to purchase 9,265,848 Ordinary Shares less such number of Ordinary Shares as are purchased by the Company pursuant to the Tender Offer (the "AGM Authority").

The waiver of the obligations under Rule 9 of the City Code given by the Panel authorised repurchases made pursuant to the Tender Offer. Any other repurchases by the Company of Ordinary Shares, including the repurchase of Ordinary Shares pursuant to the AGM Authority will require an additional waiver by the Panel of any obligations arising under Rule 9 of the City Code. Further details regarding Rule 9 of the City Code are set out in paragraph 4 of this letter. Your Board has therefore consulted the Panel, which has agreed that, subject to the approval of Independent Shareholders on a poll at the AGM, it will waive any obligation that would otherwise arise under Rule 9 for the Major Shareholders, as a result of the repurchase by the Company of Ordinary Shares in the market, to make a general offer for the Ordinary Shares which they do not already hold.

Any exercise by the Major Shareholders of the options held by them could also oblige them to make a general offer to all Shareholders. The Panel has agreed that, subject to the approval of Independent Shareholders on a poll at the AGM, it will waive any obligation that would otherwise arise under Rule 9 for the Major Shareholders, as a result of the exercise of options held by them, to make a general offer for the Ordinary Shares which they do not already hold.

The Major Shareholders have not taken part in the decision to seek the Rule 9 waivers from the Panel pursuant to the Waiver Resolutions nor the recommendation given by the Independent Directors in relation to the Waiver Resolutions. Further, none of the Major Shareholders will vote on the Waiver Resolutions at the Annual General Meeting.

3. Approval for transactions involving the Directors

The Company is seeking approval under section 320 of the Act for any Ordinary Shares held by the directors and persons connected with them which may be purchased by the Company pursuant to the AGM Authority.

4. City Code on Takeovers and Mergers

Rule 9 of the City Code is designed to prevent the acquisition of control of a company without a general offer being made to all shareholders. Under Rule 9 of the City Code, when any person (or group of persons acting in concert) holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company and acquires additional shares carrying voting rights of that company, that person or group of persons is normally required by the Panel to make a general offer for the balance of the issued equity share capital. Under Rule 37 of the City Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 (although a shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9).

The Major Shareholders together hold 8,716,496 Ordinary Shares representing 30.6 per cent. of the issued share capital of the Company before any repurchases of Ordinary Shares pursuant to the Tender Offer or AGM Authority and are therefore affected by these provisions.

Under the City Code, it is necessary to provide an illustration of the maximum potential shareholding of the Major Shareholders assuming no sales of Ordinary Shares by them and assuming the maximum number of Ordinary Shares is repurchased by the Company pursuant to the Tender Offer and the AGM Authority. On this basis, the combined shareholding of the Major Shareholders of 8,716,496 Ordinary Shares would represent 45.4 per cent. of the issued share capital of the Company following completion of the Tender Offer and the full utilisation of the AGM Authority.

Andrew Jacobs (and his concert parties) hold options over 1,171,518 Ordinary Shares and Simon Thomas (and his concert parties) hold options over 556,487 Ordinary Shares. If the Major Shareholders were to exercise all of the options they hold then the maximum percentage shareholding of the Major Shareholders after the Tender Offer and the full utilisation of the AGM Authority would be 49.9 per cent.

The Waiver Resolutions are subject to the approval of Independent Shareholders on a poll and each Independent Shareholder will be entitled to one vote for each Ordinary Share held.

5. Annual General Meeting

A notice convening an AGM to be held at the offices of City Law Partnership, 99 Charterhouse Street, London EC1M 6NQ on 27 November 2003 at 10.30 a.m. is set out at the end of this document.

Due to their interests in the Waiver Resolutions, the Major Shareholders will abstain from voting on such resolutions in respect of their combined interests of 8,716,496 Ordinary Shares representing 30.6 per cent. of the Company's issued ordinary share capital.

6. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the AGM. Whether or not Shareholders intend to be present at the AGM, all Shareholders are requested to complete and return the Form of Proxy as soon as possible and, in any event, so as to be received by the Company's Registrars, Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA, no later than 10.30 a.m. on 25 November 2003.

The completion and return of a Form of Proxy will not preclude Shareholders from attending the AGM and voting in person should they wish to do so.

Recommendation

Repurchase Resolution

The Directors consider that the AGM Authority is in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend all Shareholders to vote in favour of the Repurchase Resolution to be proposed at the AGM, as they intend to do in respect of their own beneficial holdings of Ordinary Shares which, in aggregate, amount to 8,001,000 Ordinary Shares, representing approximately 28.1 per cent. of the existing issued share capital of the Company.

Waiver Resolutions

The Independent Directors, who have been so advised by Panmure, consider that the waiver of the obligations which might otherwise be incurred by the Major Shareholders under Rule 9 of the City Code as a result of the purchase of Shares pursuant to the AGM Authority is in the best interests of Independent Shareholders as a whole. In providing advice to the Independent Directors, Panmure has taken into account the Independent Directors' commercial assessments.

Accordingly, the Independent Directors recommend all Independent Shareholders to vote in favour of the Waiver Resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial holdings of Ordinary Shares which, in aggregate, amount to 122,000 Ordinary Shares, representing approximately 0.4 per cent. of the existing issued share capital of the Company.

The Major Shareholders are considered to be interested in the outcome of the Waiver Resolutions and accordingly, Andrew Jacobs, Colin Jacobs and Simon Thomas have not participated in the Board's recommendation of them and the Major Shareholders will not vote on the Waiver Resolution.

Yours faithfully,

Andrew Jacobs
Executive Chairman

PART II

Additional Information

1. Responsibility

The Directors, whose names appear in paragraph 2 of this Part II, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Directors

The names and functions of the Directors are as follows (including a brief resume of Andrew Jacobs, Simon Thomas and Colin Jacobs):

Andrew Jacobs – Executive Chairman

Andrew, aged 44, founded the Company in February 1995 after eight years experience as a stockbroker, most notably as an Executive Director of Nomura International. He has an MPhil in Economics from Cambridge University and BSc in Economics from the London School of Economics.

Simon Thomas – Chief Executive

Simon, aged 43, has been an Executive Director of Lok'nStore since 1997 after a career in the publishing and finance sectors. Simon co-founded the emerging markets investment trust business at LCF Edmond de Rothschild. He has also worked at Swiss Bank Corporation, Nomura International and Reed International.

Colin Jacobs – Acquisitions Director

Colin, aged 39, has been with Lok'nStore since its inception in 1995. Prior to joining Lok'nStore, he worked in a sales and marketing role for Courts, the furniture retailer.

Richard Holmes – Non-executive Director

Marcus Stanton – Non-executive Director

The registered office of the Company is 99 Charterhouse Street, London, EC1M 6NQ and the business address of the Directors is 12 Skerne Road, Kingston-upon-Thames, Surrey KT2 5AD.

3. Directors' and other interests

3.1 As at 24 October 2003 (being the latest practicable date prior to the publication of this document), the interests of the Directors and their immediate families in the share capital of the Company which (i) have been notified to the Company pursuant to section 324 or 328 of the Act, or which (ii) are required to be entered in the register maintained under section 325 of the Act, or which (iii) are interests of a person connected (within the meaning of section 346 of the Act) with a Director which would, if the connected person were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

	<i>Number of Ordinary Shares Beneficial</i>	<i>Number of Ordinary Shares Non beneficial</i>	<i>Percentage held</i>
A Jacobs (Notes 1 and 3)	5,379,000	60,000	19.1
S G Thomas (Notes 1 and 3)	2,500,000	—	8.8
C M Jacobs (Note 2)	—	12,496	0.0
R J Holmes	95,000	—	0.3
M J G Stanton	27,000	—	0.1

Note 1 Andrew Jacobs, Simon Thomas and Rhys Warren-Thomas (Simon Thomas' brother) are the three beneficiaries of a pension fund which holds 460,425 Ordinary Shares in Lok'nStore. The above figures do not include the shares held by such pension fund.

Note 2 Colin Jacobs, Bernard Jacobs and Hazel Jacobs (Andrew Jacobs' and Colin Jacobs' father and mother respectively), are the three beneficiaries of a pension fund which holds 289,575 Ordinary Shares in Lok'nStore. The above figures do not include the shares held by such pension fund.

Note 3 Andrew Jacobs and Simon Thomas have granted a fixed charge over an aggregate of 3,759,398 Ordinary Shares in favour of The Royal Bank of Scotland plc securing an overdraft facility not relating to Lok'nStore.

- 3.2 In addition to the interests in Ordinary Shares referred to in paragraph 3.1 above, the Directors have the following options to subscribe for Ordinary Shares pursuant to the Share Option Schemes:

Option Agreements

<i>Optionholder</i>	<i>Date of grant</i>	<i>Ordinary Shares</i>	<i>Exercise price (pence)</i>	<i>Date exercisable</i>
S G Thomas	1 April 1997	496,489	37	1 April 2002-2007
A Jacobs	1 April 1997	992,978	37	1 April 2002-2007
C M Jacobs	1 April 1997	153,000	37	1 April 2002-2007

EMI Plan

<i>Optionholder</i>	<i>Date of grant</i>	<i>Ordinary Shares</i>	<i>Exercise price (pence)</i>	<i>Date exercisable</i>
C M Jacobs	30 April 2001	25,540	191	30 April 2004

- 3.3 Save as disclosed above, none of the Directors has any interest in the share capital or loan capital of the Company nor does any person connected with the Directors (within the meaning of section 346 of the Act) have any such interests, whether beneficial or non beneficial.
- 3.4 The following Directors have dealt for value in the Ordinary Shares in the 12 months preceding the date of this document:

<i>Director</i>	<i>Date</i>	<i>Nature of transaction</i>	<i>Number of Ordinary Shares</i>	<i>Price per Ordinary Share (pence)</i>
C M Jacobs	1 November 2002	Exercise of options	12,496	37

- 3.5 Save as disclosed in paragraph 3.4 above, there were no options granted to or exercised by Directors in the 12 months preceding the date of this document.
- 3.6 Save as disclosed in paragraph 3.4 above, none of the Directors, nor members of their immediate families has dealt for value in the Ordinary Shares in the 12 months preceding the date of this document.
- 3.7 Save as disclosed in this document, Lok'nStore is not aware of any persons who directly or indirectly, jointly or severally exercise or could exercise control over it.
- 3.8 As at 24 October 2003, being the latest practicable date prior to the publication of this document, no subsidiary of the Company nor any pension fund of the Company nor any persons whose investments are managed on a discretionary basis by a fund manager (other than an exempt fund manager) which is controlled by, controls or is under the same control as the Company or any bank, stockbroker, financial or other professional adviser to the Company (other than an exempt market maker), nor any person controlling, controlled by or under the same control as such bank, stockbroker, financial or other professional adviser, owned or controlled any Ordinary Shares or any securities convertible into, rights to subscribe for or options (including traded options) in respect of, or any derivatives referenced to, Ordinary Shares.

4. Directors' service agreements

No service agreement between any Director and the Company has more than twelve months to run, or has provisions for predetermining compensation on termination of an amount which equals or exceeds one year's salary and benefits in kind, and no such agreement has been entered into, replaced or amended within six months preceding the date of this document.

5. Major Shareholders

- 5.1 The Major Shareholders comprise Andrew Jacobs and Simon Thomas (and their concert parties). Andrew Jacobs and Simon Thomas are both directors of Trucost PLC, an unlisted company and each holds approximately 30 per cent. of the issued share capital of Trucost PLC. Simon Thomas and Andrew Jacobs hold no other directorships in publicly quoted companies outside Lok'nStore Group PLC.
- 5.2 Simon Thomas' and Andrew Jacobs' business address is 12 Skerne Road, Kingston-upon-Thames, Surrey KT2 5AD.

- 5.3 Full details as at 24 October 2003, being the latest practicable date prior to the publication of this document, of the Major Shareholders' shareholding is set out below.

	<i>Number of Ordinary Shares</i>	<i>Percentage held</i>
Andrew Jacobs:		
Shares held in his own name (Note 3)	5,379,000	18.89%
Shares held by Andrew Jacobs' wife	60,000	0.21%
Shares held by his pension fund (Note 1)	460,425	1.62%
Colin Jacobs – Andrew Jacobs' brother:		
Shares held by his pension fund (Note 2)	289,575	1.02%
Shares held by Colin Jacobs' wife	12,496	0.04%
Bernard Jacobs – Andrew Jacobs' father:		
Shares held in his own name	10,000	0.04%
Katie Jacobs – Andrew Jacobs' sister in law:		
Shares held in her own name	5,000	0.02%
Andrew Jacobs and connected persons	6,216,496	21.84%
Simon Thomas (Notes 1 and 3)	2,500,000	8.78%
Total shares held by Major Shareholders	8,716,496	30.62%

Note 1 Andrew Jacobs, Simon Thomas and Rhys Warren-Thomas (Simon Thomas' brother), are the three beneficiaries of a pension fund which holds 460,425 Ordinary Shares in Lok'nStore.

Note 2 Colin Jacobs, Bernard Jacobs and Hazel Jacobs (Andrew Jacobs' and Colin Jacobs' father and mother respectively), are the three beneficiaries of a pension fund which holds 289,575 Ordinary Shares in Lok'nStore.

Note 3 Andrew Jacobs and Simon Thomas have granted a fixed charge over an aggregate of 3,759,398 Ordinary Shares in favour of The Royal Bank of Scotland plc securing an overdraft facility not relating to Lok'nStore.

- 5.4 As at 24 October 2003, being the latest practicable date prior to the publication of this document, the interests in Ordinary Shares in Lok'nStore held by the Major Shareholders were as set out in the table below. The table also shows the maximum potential percentage interest assuming the repurchase of the maximum number of 9,265,848 Ordinary Shares pursuant to the Tender Offer and the AGM Authority and assuming no sales by the Major Shareholders.

	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>		
		<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>
Andrew Jacobs (and his concert parties)	6,216,496	21.8%	32.4%	35.3%
Simon Thomas (and his concert parties)	2,500,000	8.8%	13.0%	14.6%
Total	8,716,496	30.6%	45.4%	49.9%

Note 1 As at 24 October 2003, being the latest date prior to publication of this document

Note 2 Following the completion of the Tender Offer and full utilisation of the AGM Authority, assuming the repurchase of 9,265,848 Ordinary Shares and that the Major Shareholders do not tender any Ordinary Shares under the Tender Offer or sell any Ordinary Shares to the Company pursuant to the AGM Authority

Note 3 Following the completion of the Tender Offer and full utilisation of the AGM Authority, assuming the repurchase of 9,265,848 Ordinary Shares and full exercise of options held by the Major Shareholders and that the Major Shareholders do not tender any Ordinary Shares under the Tender Offer or sell any Ordinary Shares to the Company pursuant to the AGM Authority

- 5.5 Save as disclosed in paragraph 3.4, none of the Major Shareholders have dealt for value in the Ordinary Shares in the 12 months preceding the date of this document.
- 5.6 Andrew Jacobs and Simon Thomas have confirmed to the Board that, following completion of the Tender Offer and any subsequent purchases of Ordinary Shares by the Company pursuant to the AGM Authority, the current intention of the Major Shareholders is that the business of the Company will be continued in substantially the same manner as at present. Further, Andrew Jacobs and Simon Thomas have confirmed that the existing employment rights of the employees of the Company will be fully safeguarded, and that all transactions and relationships between Lok'nStore and the Major Shareholders will be conducted at arm's length and on a normal commercial basis.

- 5.7 There is no agreement, arrangement or understanding between the Major Shareholders and any director or Shareholder of Lok'nStore or any person having any connection with or dependence on, or which is conditional on, the outcome of the proposed purchase and cancellation of shares.
- 5.8 Andrew Jacobs and Simon Thomas have confirmed to the Board that, save in respect of normal market transactions, it is not the present intention of the Major Shareholders to transfer any of their respective shareholdings in Lok'nStore to any other person or persons, or to transfer to related persons, companies or trusts of the Major Shareholders.

6. Options

As at 24 October 2003 (being the latest practicable date prior to the publication of this document), the total number of outstanding options to subscribe for new Ordinary Shares was 2,168,846, representing approximately 7.6 per cent. of the Company's issued share capital.

Assuming full acceptance of the Tender Offer and the repurchase of 9,265,848 Ordinary Shares, the total number of outstanding options to subscribe for new Ordinary Shares would represent approximately 11.3 per cent. of the Company's remaining issued share capital.

7. Material contracts

No contracts have been entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, within the period of two years prior to the publication of this document which are or may be material save for the following:

7.1 *Loan Facility*

A revolving credit agreement (the "Credit Agreement") between the Company and Lok'nStore Limited (the "Subsidiary") (1) and National Westminster Bank plc (the "Bank") (2) dated 19 September 2002 in terms of which the Bank agreed to provide a fixed term loan facility in the aggregate principal amount of up to £10,000,000 to the Subsidiary ("Facility") for a term of 3 years. Under the terms of the agreement the Subsidiary pays interest for each fixture period (the "Fixture Period") (such period being one, three, six months or such period as the parties may agree) at a rate equal to the sum of (i) 1.75 per cent. per year (ii) LIBOR for that Fixture Period and (iii) such costs as the Bank determines necessary to compensate the Bank for complying with government and regulatory requirements.

Under the Credit Agreement the whole of the outstanding loan shall be repaid in full on the final repayment date, which is 18 September 2005. The loan may be drawn down in one amount or in stages, such stages being subject to a minimum single drawing of £100,000. As security for the Facility, the Subsidiary has *inter alia* granted the Bank a legal charge over a number of freehold properties. Also, by way of security for the Facility, the Company has granted a mortgage debenture in favour of the Bank and each of the Company and the Subsidiary has given cross guarantees. The Company may be required to give additional mortgages and guarantees in respect of any further undertakings, properties or assets acquired by the Subsidiary in the future. Under the agreement the Subsidiary provides general, financial and financial information covenants in favour of the Bank; these include covenants to the effect that net tangible assets will at all times exceed £14,500,000 and that the value of the assets of the Group secured to the Bank shall not be more than 70 per cent. of the amount of the outstanding loan from time to time. Under the Credit Agreement there are also provisions for early repayment of the loans and events of default.

7.2 *Placing and Open Offer Agreement*

A placing and open offer agreement dated 21 June 2002 entered into between the Company and Panmure which contains certain warranties and undertakings given by the Company and the Directors, and indemnities given by the Company, in favour of Panmure.

8. Major interests in Ordinary Shares

In so far as it is known to the Company, as at 24 October 2003 (being the latest practicable date prior to the publication of this document), the following persons (other than Directors) were interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:

	<i>Number of Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>
Universities Superannuation Scheme	2,263,779	8.0
Rock Nominees Ltd	1,676,268	5.9
Fidelity Investment Services Ltd	1,724,074	6.0
Canada Life Ltd	1,200,000	4.2
Lok'nStore Employee Benefit Trust	1,127,500	4.0
Aegon Asset Management	888,087	3.1

9. Significant and material changes

- 9.1 There has been no significant change in the financial or trading position of the Group since the publication of the preliminary accounts for the year ended 31 July 2003, being the last financial period for which unaudited financial statements of the Group have been published.
- 9.2 There has been no material change in the financial or trading position of the Group since the publication of the last audited financial statements of the Group for the year ended 31 July 2003.

10. General

Panmure has given, and has not withdrawn its written consent to the inclusion herein of the references to its name in the form and context in which they appear.

11. Middle market quotations

The middle market quotations for an Ordinary Share on the first business day of each of the six months immediately preceding the date of this document and on the latest available date prior to the publication of this document as derived from the Daily Official List, were as follows:

<i>Date Price</i>	<i>(pence)</i>
1 May 2003	79.0
2 June 2003	79.0
1 July 2003	66.5
1 August 2003	66.5
1 September 2003	79.5
1 October 2003	84.5
24 October 2003	78.5

12. Documents available for inspection

Copies of the following documents will be available for inspection, free of charge, at the offices of City Law Partnership, 99 Charterhouse Street, London EC1M 6NQ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of the AGM and at the AGM from 15 minutes prior to its commencement until its conclusion:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated accounts for Lok'nStore for the two financial years ended 31 July 2002 and 2003;
- (c) the material contracts referred to in paragraph 7 above;
- (d) the consent referred to in paragraph 10 above; and
- (e) this document.

Date: 27 October 2003

NOTICE OF ANNUAL GENERAL MEETING

LOK'NSTORE GROUP PLC

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of City Law Partnership, 99 Charterhouse Street, London EC1M 6NQ on 27 November 2003 at 10.30 a.m. for the purpose of considering and if thought fit, passing the following resolutions of which resolutions 1, 2, 3, 4, 6, 8, 9 and 10 will be proposed as ordinary resolutions and resolutions 5 and 7 as special resolutions.

RESOLUTIONS

Ordinary business

1. To receive the Directors' report and financial statements for the year ended 31 July 2003 together with the auditors' report therein.
2. To re-appoint Baker Tilly as auditors.
3. To re-elect Richard Holmes as a director of the Company, in accordance with Article 110 of the Company's Articles of Association, whereby at each Annual General Meeting the directors, by rotation, retire from office.
4. To re-elect Marcus Stanton as a director of the Company, in accordance with Article 110 of the Company's Articles of Association, whereby at each Annual General Meeting the directors, by rotation, retire from office.

Special business

5. That the Company is, pursuant to section 166 of the Companies Act 1985, hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of ordinary shares of 1p each ("Ordinary Shares") of the Company provided that:
 - (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 9,265,848 Ordinary Shares less such number of Ordinary Shares as are purchased by the Company pursuant to the Tender Offer referred to in the Company's circular to Shareholders dated 13 August 2003 (such that the maximum number of Ordinary Shares hereby authorised to be purchased shall not in any event exceed 9,265,848 Ordinary Shares);
 - (ii) the minimum price which may be paid for Ordinary Shares is 1p per Ordinary Share;
 - (iii) the maximum price which may be paid for an Ordinary Share is 5 per cent. above the average middle-market closing price of the Company's Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Company purchases the relevant Ordinary Shares;
 - (iv) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which contract to purchase would or might require to be executed wholly or partly after the expiry of such authority, and may make the purchase of Ordinary Shares in pursuance of any such contract; and
 - (v) the authority hereby conferred shall expire not later than eighteen months after the date on which this resolution is passed unless previously renewed, varied or revoked by the Company in general meeting.
6. That the directors be and are hereby generally and unconditionally authorised for the purpose of Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the

Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £65,313 provided that this authority shall expire (unless previously reviewed varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company to be held in 2004 (the "Section 80 period") save that the Company may prior to the Section 80 period make an offer or agreement which would or might require relevant securities to be allotted after the Section 80 period and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

7. That the directors be and are hereby empowered in substitution for any existing power under section 95 of the Act but without prejudice to the exercise of any such power prior to the passing of this resolution, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority given in accordance with section 80 of the Act by the preceding resolution, as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - (i) the allotment of equity securities for cash where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of Ordinary Shares in proportion (as nearly as may be) to their then holdings of Ordinary Shares but subject to the directors having the right to make such exclusions or other arrangements in connection with such offer as they deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange or otherwise howsoever;
 - (ii) the allotment for cash (otherwise than pursuant to paragraph (i) above) of equity securities up to an aggregate nominal amount of £14,234;
 - (iii) the allotment of any Ordinary Shares pursuant to the exercise of any options under the Option Agreements (as defined in the AGM Circular),

and this power shall expire at the conclusion of the annual general meeting of the Company to be held in 2004 unless previously varied, revoked or renewed by the Company in general meeting save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require any such equity securities to be allotted after such expiry and the directors may allot such equity securities pursuant to any such offer, agreement or other arrangement as if the authority hereby had not expired.

8. That, the waiver by the Panel on Takeovers and Mergers of any obligation which might otherwise fall on Simon Thomas and Andrew Jacobs (and their concert parties), collectively and/or individually, to make a general offer for the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the purchase by the Company of up to 9,265,848 Ordinary Shares in the market pursuant to the Tender Offer and the AGM Authority (as defined in the circular to Shareholders dated 27 October 2003) which, assuming a purchase of the maximum of 9,265,848 Ordinary Shares and no sales by Simon Thomas and Andrew Jacobs (and their concert parties), would result in the aggregate shareholding of Simon Thomas and Andrew Jacobs (and their concert parties) of 8,716,496 Ordinary Shares increasing as a percentage of the issued share capital of the Company (as a result of the reduction of issued shares from 28,468,693 to a minimum of 19,202,845) to a maximum of 45.4 per cent., be and is hereby approved.
9. That, the waiver by the Panel on Takeovers and Mergers of any obligation which might otherwise fall on Simon Thomas and Andrew Jacobs (and their concert parties), collectively and/or individually, to make a general offer for the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the full or partial exercise by Andrew Jacobs, a

director of the Company (and his concert parties), of any of his options over 1,171,518 Ordinary Shares, or as a result of the full or partial exercise by Simon Thomas (and his concert parties), also a director of the Company, of any of his options over 556,487 Ordinary Shares, which together if exercised in full and assuming a purchase of the maximum of 9,265,848 Ordinary Shares and no sales by Simon Thomas and Andrew Jacobs (and their concert parties) would result in the aggregate shareholding of Simon Thomas and Andrew Jacobs (and their concert parties) increasing as a percentage of the issued share capital of the Company to a maximum of 49.9 per cent., be and is hereby approved.

10. That, the purchase by the Company of Ordinary Shares from a director of the Company or a person connected with him for the purposes of Part X of the Act pursuant to the authority referred to in resolution 5 above be and is hereby approved for the purposes of section 320 of the Act.

BY ORDER OF THE BOARD
Secretarial Solutions Limited, Secretary

Dated: 27 October 2003

Registered Office:
99 Charterhouse Street
London
EC1M 6NQ

Notes:

1. A holder of Ordinary Shares entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. A reply-paid form of proxy is enclosed with this document for use in connection with the meeting. To be valid, the form of proxy should be completed in accordance with the instructions printed on it and sent, so as to reach the Company's registrars, Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA not less than 48 hours before the time appointed for the meeting.
3. Completing and returning a form of proxy will not prevent a holder of Ordinary Shares from attending and voting in person at the meeting should he or she so wish.
4. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only Ordinary Shareholders registered in the register of members of the Company 48 hours before the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time or in the event that the meeting is adjourned, in the register of Members 48 hours before the time of any adjourned meeting. Changes to entries on the register of Members after such time or, in the event that the meeting is adjourned, to entries in the register of Members after 48 hours before the time of the adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. Resolutions 8 and 9 above will be decided on a poll in accordance with the requirements of the Panel on Takeovers and Mergers for the purposes of its agreement to a waiver of Rule 9 of the City Code on Takeovers and Mergers and the Major Shareholders (as defined in the circular dated 27 October 2003) will not be entitled to vote on such resolutions.

