

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your shares in Lok'nStore Group Plc, ("the Company") please forward this document at once, together with the accompanying Annual Report, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Investec Bank (UK) Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and for no-one else in connection with the matters set out in this document and will not be responsible to anyone other than the Company for providing the protections to customers of Investec nor for providing advice in connection with the matters set out in this document or any other transaction or arrangement referred to herein.

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# **LOK'NSTORE GROUP PLC**

*(Incorporated with limited liability 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**

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Action to be taken by Shareholders is set out on page 3.

Notice of an Annual General Meeting to be held at 10.00 am on 1 December 2005 at the offices of Maclay Murray & Spens, The City Law Partnership, 5 Old Bailey, London EC4M 7JX, is set out at the end of this document. To be valid for use at such Meeting, the form of proxy enclosed with this document must be completed and returned so as to be received by the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham Road, Beckenham, Kent BR3 4BR not later than 10.00 am on 29 November 2005.

1 November 2005

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# Definitions

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

<b>“Act”</b>	the Companies Act 1985, as amended;
<b>“AGM Authority”</b>	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 5,845,299 Ordinary Shares;
<b>“Annual General Meeting” or “AGM”</b>	the Annual General Meeting of the Company convened for 10.00 a.m. on 1 December 2005 (and any adjournment thereof), notice of which is set out at the end of this document;
<b>“Annual Report”</b>	the report and financial statements of the Company for the year ended 31 July 2005;
<b>“Approved Share Option Scheme”</b>	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;
<b>“Board” or “Directors”</b>	the Board of Directors of the Company listed on page 2 of this document;
<b>“City Code”</b>	the City Code on Takeovers and Mergers;
<b>“Company”</b>	Lok’nStore Group Plc;
<b>“EMI Plan”</b>	the Company’s enterprise management incentive share option plan;
<b>“Form of Proxy”</b>	the form of proxy accompanying this document, for use by Shareholders at the AGM;
<b>“Group”</b>	Lok’nStore and its subsidiary undertakings;
<b>“Independent Directors”</b>	the Directors other than Andrew Jacobs, Colin Jacobs and Simon Thomas;
<b>“Independent Shareholders”</b>	Shareholders other than the Major Shareholders;
<b>“Investec”</b>	Investec Bank (UK) Limited;
<b>“Lok’nStore” or the “Company”</b>	Lok’nStore Group Plc;
<b>“Major Shareholders”</b>	Andrew Jacobs and Simon Thomas (and their concert parties);
<b>“Option Agreements”</b>	the option agreements between the Company and certain of its directors;
<b>“Ordinary Shares”</b>	ordinary shares of 1 pence each in the capital of the Company;
<b>“Panel”</b>	The Panel on Takeovers and Mergers;
<b>“Repurchase Resolution”</b>	the special resolution numbered 7 set out in the notice of AGM at the end of this document;
<b>“Resolutions”</b>	the resolutions set out in the notice of AGM at the end of this document;
<b>“Rule 9”</b>	Rule 9 of the City Code;
<b>“Shareholders”</b>	holders of Ordinary Shares;
<b>“Share Option Schemes”</b>	the Approved Share Option Scheme, EMI Plan and Option Agreements;
<b>“Waiver Resolution”</b>	the ordinary resolution numbered 8 set out in the notice of AGM at the end of this document.

# Part I: Letter from the Chairman

## Lok'nStore Group Plc

(Registered in England No. 4007169)

### Directors:

Simon G. Thomas (Chairman)  
Andrew Jacobs (Chief Executive)  
Ray A. Davies (Finance Director)  
Colin M. Jacobs (Acquisitions Director)  
Richard J. Holmes (Non-executive Director)  
Robert W. Jackson (Non-executive Director)  
Marcus J.G. Stanton (Non-executive Director)

### Registered Office:

5 Old Bailey  
London  
EC4M 7JX

1 November 2005

Dear Shareholder

### Introduction

The Annual General Meeting of the Company is to be held at 5 Old Bailey, London EC4M 7JX on 1 December 2005 at 10.00 am and convened by formal Notice of Meeting set out at the end of this document. In addition to the usual resolutions put to Shareholders at the AGM, Directors are also proposing resolutions seeking your authority to buy back shares and also for the approval of Independent Shareholders of waivers of certain obligations which may arise under the City Code as a result of exercise of this authority. The authority to purchase shares is only intended to be utilised in circumstances where the Directors believe this to be in the best interests of Shareholders as a whole.

In addition to highlighting the usual business to be transacted at the Annual General Meeting, the purpose of this document is to explain to you the background to the resolutions which will be considered at the AGM and why the Directors consider resolution 7 to be in the best interests of Shareholders as a whole, why the Independent Directors consider resolution 8 to be in the best interests of Shareholders as a whole and why they respectively recommend that you vote in favour of them.

### Election of Directors

Andrew Jacobs and myself, who retire by rotation under the provisions of the Company's articles of association, are standing for re-election at the AGM.

### Share Capital

Under the Companies Act 1985, directors of companies may not allot shares unless authorised to do so by the shareholders in general meeting. Furthermore, a company proposing to allot shares may not do so before first offering them to existing Shareholders, subject to certain exceptions.

It is common practice for directors to seek shareholder approval at an annual general meeting for authority to allot shares should the need arise, subject to certain limits and within a specified time period, and your Directors propose seeking Shareholders' approval to renew authorities granted in previous years.

Resolution 5 will be proposed as an ordinary resolution to authorise the Directors generally to allot Ordinary Shares up to an aggregate nominal amount of £83,570 representing approximately one third of the existing ordinary share capital of the Company. Such authority will expire at the conclusion of the Annual General Meeting to be held in 2006.

Resolution 6 will be proposed as a special resolution to empower the Directors to allot a limited number of Ordinary Shares other than on a pre-emptive basis, such number representing 10 per cent of the issued share capital of the Company. This resolution also permits the issue of shares pursuant to the exercise of options without triggering pre-emption provisions.

### Purchase of Own Shares

On 27 November 2003, a general authority was given to the Directors to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) of up to 9,265,848 Ordinary Shares (less any shares purchased under a tender offer which the Board had proposed at that time), subject to certain conditions. Under this authority the Directors bought back 3,420,549 Ordinary Shares. At that time, the Company was also proposing to carry out buy backs by way of a tender offer. Due to improved market conditions in the Company's share price over a twelve month period in 2004, the tender offer did not proceed and, as referred to in the Annual Report, whilst the Directors have utilised the share buy back authority to the extent that such purchases were considered to be in the interests of Shareholders as a whole, the Directors resolved to seek your approval to renew the authority on an annual basis. Such a general authority was given to the Company at its annual general meeting held on 16 December 2004. However no Ordinary Shares have been repurchased by the Company under this authority this year.

Resolution 8 is therefore being proposed as a special resolution at the Annual General Meeting to renew the existing annual share buy back authority. Such authority will expire at the conclusion of the Annual General Meeting to be held in 2006. The authority is restricted to a maximum of 5,845,299 Ordinary Shares, which is equivalent to 23.3% of the Company's issued share capital and is equal to the number of Ordinary Shares available for purchase under the existing authority. The buy back authority will only be exercised in circumstances where the Directors regard such purchases to be in the best interests of Shareholders as a whole and subject to the waiver of Rule 9 by the Panel being approved by Shareholders as referred to below.

Any shares purchased in this way will either be cancelled, and the number of shares in issue reduced accordingly, or may be held in treasury (provided such number does not represent more than ten per cent. of the then issued share capital of the Company).

### **City Code on Takeovers and Mergers**

Andrew Jacobs and I are both directors of Trucost plc, an unlisted public company and also the trustees of a pension fund, VAS Pension Fund which holds Ordinary Shares in Lok'nStore. Trucost plc does not hold Ordinary Shares in the Company. As a result of these interests, under the City Code, both Andrew Jacobs and I and our close relatives and related trusts are regarded as a concert party for the purposes of any acquisition of its shares that the Company makes. As stated in the Chairman's letter of 27 October 2003, any acquisition of its shares by the Company will increase the aggregate shareholding of the Major Shareholders and Rule 9 of the City Code would usually require us to make an offer for the entire issued share capital of the Company. As a consequence of these provisions, Independent Shareholders have approved a waiver of these obligations in relation to any share buy backs by the Company for the last two years.

Rule 9 is designed to prevent the acquisition of control of a company without a general offer being made to all shareholders. Under Rule 9, 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, the 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 purpose 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). In addition, under the City Code any waiver of Rule 9 in relation to purchases by a company of its own voting shares is required to be renewed at the time of the renewal of the corresponding share buy back authority.

As referred to above, in accordance with the requirements of the City Code, last year Independent Shareholders approved a waiver of Rule 9 relieving Andrew Jacobs and I (together with our concert parties) of the requirement to make a general offer of the nature referred to above which might arise as a result of the Company's share buy back programme. Your Board has once more consulted with the Panel, which has agreed that, subject to approval of the 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 any future repurchases by the Company of Ordinary Shares in the market under the AGM Authority, to make a general offer for the Ordinary Shares which they do not already hold. Your Board is therefore seeking to renew the waiver sought last year from Independent Shareholders in respect of the Major Shareholders at the AGM by way of resolution 8.

Assuming no sales of Ordinary Shares by the Major Shareholders and that the maximum number of Ordinary Shares are bought back by the Company under the AGM Authority, then the combined shareholding of the Major Shareholders of 8,396,500 Ordinary Shares would represent 43.7 per cent. of the issued share capital of the Company following full utilisation of the AGM Authority.

Andrew Jacobs (and his concert parties) hold options over 1,398,518 Ordinary Shares and Simon Thomas (and his concert parties) hold options over 781,487 Ordinary Shares. If the Major Shareholders were to exercise all of the options they hold then the shareholdings of the Major Shareholders after full utilisation of the AGM Authority would be 49.41 per cent of the issued share capital of the Company. Independent Shareholders have previously approved a waiver of Rule 9 in these circumstances.

Should the Company buy back Ordinary Shares pursuant to the authorities to be granted at the AGM, the Major Shareholders will between them hold more than 30 per cent. (but not more than 50 per cent.) of the Company's voting share capital and (for so long as they continue to be treated as acting in concert), any further increase in that aggregate shareholding will be subject to the provisions of Rule 9.

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

### **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.

### **Annual General Meeting**

A notice convening an AGM to be held at the offices of Maclay Murray & Spens, The City Law Partnership, 5 Old Bailey, London EC4M 7JX, is set out at the end of this document.

Due to their interests in the Waiver Resolution, the Major Shareholders will abstain from voting on such resolution in respect of their combined interests of 8,396,500 Ordinary Shares representing 33.49 per cent of the Company's issued share capital.

### **Action to be taken**

You will find enclosed with this document a reply-paid form of proxy for use by Shareholders at the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete this form in accordance with the instructions printed on it as soon as possible. To be valid, completed forms of proxy must be received by Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR so as to arrive not later than 10.00 am on 29 November 2005.

Completion and return of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting if you so wish.

New Shareholders should note that, in order to have the right to attend and vote at the meeting, their holding must be entered on the Company's share register by close of business on 29 November 2005.

#### **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 7,813,500 Ordinary Shares, representing approximately 31.2 per cent. of the existing issued share capital of the Company.

##### *Waiver Resolution*

The Independent Directors, who have been so advised by Investec, 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 Ordinary Shares pursuant to the AGM Authority is in the best interests of Shareholders as a whole. In providing advice to the Independent Directors, Investec has taken into account the Independent Directors' commercial assessments.

Accordingly, the Independent Directors recommend all Independent Shareholders to vote in favour of the Waiver 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 122,000 Ordinary Shares, representing approximately 0.5 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 Resolution and accordingly, Andrew Jacobs, Colin Jacobs and Simon Thomas have not participated in the Board's recommendation and the Major Shareholders will not vote on the Waiver Resolution.

Yours sincerely

**Simon Thomas**  
**Chairman**

1 November 2005

# 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, Ray Davies and Colin Jacobs):

### *Andrew Jacobs (46) – Chief Executive*

Andrew 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 (45) – Chairman*

Simon 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.

### *Ray Davies (48) – Finance Director*

Ray, a chartered accountant, has held a number of senior finance positions in the construction and health & fitness sectors. In 1992, he was appointed Group Finance Director and Company Secretary of Dragons Health Clubs Plc during a period of rapid and sustained growth. Following its acquisition by Crown Sports Plc in 2000, he was appointed Finance Director of Crown Sports Clubs Division and Company Secretary of Crown Sports Plc, a fully listed company. From 1984 to 1992 Ray was Group Finance Director and Company Secretary of Mark Scott Constructions Group.

### *Colin Jacobs (41) – Acquisitions Director*

Colin 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 (45) – Non-executive Director*

### *Robert Jackson (49) – Non-executive Director*

### *Marcus Stanton (51) – Non-executive Director*

The registered office of the Company is 5 Old Bailey, London EC4M 7JX 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 29 October 2005 (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:-

	Number of Ordinary Shares Beneficial	Number of Ordinary Shares Non beneficial	Percentage held
A Jacobs (Notes 1 and 3)	5,254,000	60,000	21.2
S G Thomas (Notes 1 and 3)	2,437,500	–	9.7
R A Davies	–	–	–
C M Jacobs (Note 2)	–	15,000	0.0
R J Holmes	95,000	–	0.4
R W Jackson	–	–	–
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 Aylestone Pension Fund, which holds 164,575 Ordinary Shares in Lok'nStore. The above figures do not include the Ordinary shares held by such pension fund.

Note 3 Andrew Jacobs and Simon Thomas have granted a fixed charge over an aggregate of 4,069,768 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

Option holder	Date of Grant	Ordinary Shares	Exercise price (pence)	Date exercisable
S G Thomas	01.04.97	496,489	37	01.04.02 to 03.04.07
A Jacobs	01.04.97	992,978	37	01.04.02 to 03.04.07
C M Jacobs	01.04.97	130,000	37	01.04.02 to 03.04.07

#### EMI Plan

Option holder	Date of Grant	Ordinary Shares	Exercise price (pence)	Date exercisable
R A Davies	19.01.04	98,039	102	19.01.07 to 19.01.14
C M Jacobs	30.04.01	540*	191	30.04.04 to 30.04.09
	20.01.04	25,000	102	20.01.07 to 20.01.14
	30.07.04	22,759	113	30.07.07 to 30.07.14
	29.07.05	31,414	152	30.07.08 to 30.07.15

\* On 20 July 2005, Colin Jacobs agreed to waive his rights to exercise the grant of an option made on 30 April 2001 over 25,000 Ordinary Shares at 191 pence per share under the terms of the EMI Plan.

#### Unapproved Share Options

Option holder	Date of Grant	Ordinary Shares	Exercise price (pence)	Date exercisable
A Jacobs	20.01.04	50,000	102	20.01.07 to 20.01.14
	30.07.04	50,000	113	30.07.07 to 30.07.14
	29.07.05	50,000	152	30.07.08 to 30.07.15
SG Thomas	20.01.04	50,000	102	20.01.07 to 20.01.14
	30.07.04	50,000	113	30.07.07 to 30.07.14
	29.07.05	50,000	152	30.07.08 to 30.07.15
RA Davies	20.01.04	1,961	102	20.01.07 to 20.01.14
	30.07.04	50,000	113	30.07.07 to 30.07.14
	29.07.05	100,000	152	30.07.08 to 30.07.15
CM Jacobs	30.01.04	2,241	113	30.07.07 to 30.07.14
	16.05.05	25,000	148	16.05.08 to 16.05.15
	29.07.05	18,586	152	30.07.08 to 30.07.15

- 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:

Director	Date	Nature of transaction	Number of Ordinary Shares	Price per Ordinary Share (pence)
Colin Jacobs	25.01.05	Exercise of Option under Option Agreement dated 20.06.00	23,000	37
Colin Jacobs	25.01.05	Sale of shares	20,496	150



- 3.5 Save as disclosed in paragraphs 3.2 and 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 and in this paragraph, 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.

Bernard Jacobs (Andrew Jacobs' father) sold 26,800 Ordinary Shares at 140p on 30 December 2004 representing his entire holding in the Company.

The Company was notified on 4 November 2004 that the Aylestone Pension Fund sold 50,000 Ordinary Shares at 121p on 3 November 2004, with a resultant holding of 214,575 Ordinary Shares, representing 0.86% of the issued share capital.

The Company was notified on 15 December 2004 that the Aylestone Pension Fund sold a further 50,000 Ordinary Shares as detailed below with a resultant holding of 164,575 Ordinary Shares, representing 0.66 per cent. of the issued share capital.

Director	Date	Nature of transaction	Price per Number of Ordinary Shares	Ordinary Share (pence)
Aylestone Pension Fund	14.12.04	Sale of Shares	20,000	128
Aylestone Pension Fund	14.12.04	Sale of Shares	10,000	129
Aylestone Pension Fund	14.12.04	Sale of Shares	10,000	130
Aylestone Pension Fund	15.12.04	Sale of Shares	10,000	130

Colin Jacobs, a director of Lok'nStore is interested in these transactions by being one of three beneficiaries of the Aylestone Pension Fund.

- 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 Neither:
- (i) any subsidiary or fellow subsidiaries and associated companies of Lok'nStore or companies of which such companies are associated companies, or any bank or other financial or professional adviser of Lok'nStore (including stockbrokers but excluding exempt market-makers), including any person controlling, controlled by or under the same control as any such bank or financial or other professional adviser; nor
  - (ii) any pension fund of Lok'nStore or of any of its subsidiaries or fellow subsidiaries and its associated companies, or companies of which such companies are associated companies; nor
  - (iii) any discretionary fund manager (other than an exempt fund manager) connected with Lok'nStore or any subsidiary or fellow subsidiaries and associated companies of Lok'nStore and companies of which such companies are associated companies; nor
  - (iv) any employee benefit trust of Lok'nStore or any of its subsidiaries and fellow subsidiaries and its associated companies, and companies of which such companies are associated companies;

owns or controls any securities convertible into, rights to subscribe for, derivatives referenced to and options (including traded options) in respect of, Ordinary Shares or has dealt for value in any such securities in the 12 months prior to the date of this document.

#### 4. Directors' service agreements

No service agreements between any Director (or the Company providing the services of a Director) and the Company has more than twelve months to run, or has provisions for predetermining compensation on termination of an amount which 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 25 per cent. of the issued share capital of Trucost plc. Neither Simon Thomas nor Andrew Jacobs hold any other directorships in companies outside the Group.
- 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 29 October 2005, being the latest practicable date prior to the publication of this document, of the Major Shareholders' shareholding in the Company is set out below.

	Number of Ordinary Shares	Percentage held
<b>Andrew Jacobs:</b>		
Shares held in his own name (Note 3)	5,254,000	20.98%
Shares held by Andrew Jacobs' wife	60,000	0.24%
Shares held by his pension fund (Note 1)	460,425	1.84%
<b>Colin Jacobs – Andrew Jacobs' brother:</b>		
Shares held by his pension fund (Note 2)	164,575	0.66%
Shares held by Colin Jacobs' wife	15,000	0.06%
<b>Katie Jacobs – Andrew Jacobs' sister-in-law:</b>		
Shares held in her own name	5,000	0.02%
<b>Andrew Jacobs and connected persons</b>	<b>5,959,000</b>	<b>23.77%</b>
<b>Simon Thomas (Notes 1 and 3)</b>	<b>2,437,500</b>	<b>9.72%</b>
<b>Total Ordinary Shares held by Major Shareholders</b>	<b>8,396,500</b>	<b>33.49%</b>

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 Bernard Jacobs and Hazel Jacobs (Andrew Jacobs' and Colin Jacobs' father and mother respectively) and Colin Jacobs are the three beneficiaries of a pension fund which holds 164,575 Ordinary Shares in Lok'nStore.

Note 3 Andrew Jacobs and Simon Thomas have granted a fixed charge over an aggregate of 4,069,768 Ordinary Shares in favour of The Royal Bank of Scotland plc securing an overdraft facility not relating to Lok'nStore.

- 5.4 The table below shows the maximum potential percentage interest of the Major Shareholders in the Company assuming the repurchase of the maximum number of 5,845,299 Ordinary Shares pursuant to the AGM Authority, the exercise of their options in full and assuming no sales by the Major Shareholders.

	Number of Ordinary Shares	Percentage of issued Ordinary Shares		
		Note 1	Note 2	Note 3
Andrew Jacobs	5,959,000	23.77%	30.99%	34.37%
Simon Thomas	2,437,500	9.72%	12.68%	15.04%
<b>Total held by Major Shareholders</b>	<b>8,396,500</b>	<b>33.49%</b>	<b>43.67%</b>	<b>49.41%</b>

Note 1 As at 29 October 2005, being the latest date prior to publication of this document.

Note 2 Assuming full utilisation of the AGM Authority and the repurchase of 5,845,299 Ordinary Shares and that the Major Shareholders do not sell any Ordinary Shares to the Company pursuant to the AGM Authority.

Note 3 Following full utilisation of the AGM Authority, assuming the repurchase of 5,845,299 Ordinary Shares and full exercise of options held by the Major Shareholders (including those disclosed in paragraph 5.5 below) and that the Major Shareholders do not sell any Ordinary Shares to the Company pursuant to the AGM Authority.

- 5.5 In addition to the interests in Ordinary Shares disclosed in paragraph 5.3 above, Rhys Warren-Thomas (Simon Thomas' brother) holds the following options to subscribe for Ordinary Shares pursuant to the Share Option Schemes:

#### Approved Share Option Plan

Date of Grant	Ordinary Shares	Exercise price (pence)	Date exercisable
08.07.99	13,621	73	08.07.02 to 08.09.09
31.05.00	5,837	171	31.05.03 to 31.05.10

#### EMI Plan

Date of Grant	Ordinary Shares	Exercise price (pence)	Date exercisable
30.04.01	540*	191	30.04.04 to 30.04.11
21.07.03	15,000	93.5	31.10.05 to 31.10.13
27.11.03	25,000	93.5	27.11.06 to 27.11.13
30.07.04	13,102	113	30.07.07 to 30.07.14
29.07.05	31,414	152	30.07.08 to 30.07.15

## Unapproved Share Options

	Date of Grant	Ordinary Shares	Exercise price (pence)	Date exercisable
	30.07.04	11,898	113	30.07.07 to 30.07.14
	29.07.05	18,586	152	30.07.08 to 30.07.15
<b>Total</b>		<b>134,998</b>		

\* On 20 July 2005, Rhys Warren-Thomas agreed to waive his rights to exercise the grant of an option made on 30 April 2001 over 25,000 Ordinary Shares at 191p per share under the terms of the EMI Plan.

- 5.6 Save as disclosed in paragraphs 3.4 and 3.6 and in this paragraph, none of the Major Shareholders have dealt for value in the Ordinary Shares in the 12 months preceding the date of this document.

Major Shareholder	Date	Nature of Transaction	Number of Ordinary Shares	Price per Ordinary Shares
Bernard Jacobs	30.12.04	Sale of shares	26,800	140

- 5.7 Andrew Jacobs and Simon Thomas have confirmed to the Board that, following 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 and its subsidiaries 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.
- 5.8 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.
- 5.9 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 29 October 2005 (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 3,051,676, representing approximately 12.2 per cent. of the Company's issued share capital.

Assuming the repurchase of 5,845,299 Ordinary Shares, the total number of outstanding options to subscribe for new Ordinary Shares would represent approximately 15.9% per cent. of the Company's remaining issued share capital.

## 7. Repurchases made by the Company within the last 12 months

In the period from 29 October 2004 to 29 October 2005 (being the latest practicable date prior to the publication of this document), the Company made no purchases of Ordinary Shares for cancellation.

## 8. 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:

### Loan Facility:

A revolving credit agreement (the "Credit Agreement") between the Company (1) and Royal Bank of Scotland plc (the "Bank") (2) dated 15 July 2005 in terms of which the Bank agreed to provide a committed revolving credit facility in the aggregate principal amount of up to £20,000,000 to the Company ("Facility"). Under the terms of the agreement the Bank has provided facilities generally to fund the Company's acquisition of related storage assets and general corporate and working capital requirements. The Company 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) between 1.25 and 1.35 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 all outstanding loans shall be repaid in full on the final repayment date, which is 15 July 2010. As security for the Facility, the Company has inter alia granted the Bank a legal charge over a number of freehold properties but excluding the Kingston and Reading 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 Loknstore Limited 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 Company provides general, financial and financial information covenants in favour of the Bank; these include loan to value covenants and financial covenants relating to capital expenditure levels and EBITDA performance together with provisions for early repayment of the loans and events of default which are normal for a credit agreement of this nature.

## 9. Major interests in Ordinary Shares

In so far as it is known to the Company, as at 29 October 2005 (being the latest practicable date prior to the publication of this document), the following persons were interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:

	Number of Ordinary Shares	Percentage of existing issued share capital
A Jacobs	5,314,000	21.2
Mercury Real Estate Advisors	3,354,764	13.4
S G Thomas	2,437,500	9.7
North Atlantic Small Companies Investment Trust/Oryx International Growth Fund	2,100,000	8.6
Gartmore Investment Management	1,723,452	6.9
Universities Superannuation Scheme	1,403,779	5.6
Charles Stanley	1,175,525	4.7

## 10. Significant and material changes in the financial or trading position

There has been no significant change in the financial or trading position of the Group since the publication of the annual report and accounts for the year ended 31 July 2005, being the last financial period for which audited financial statements of the Group have been published.

## 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 Stock Exchange Daily Official List, were as follows:

Date price	(pence)
1 June 2005	158.5
1 July 2005	146.0
2 August 2005	143.0
1 September 2005	150.0
1 October 2005	147.0
1 November 2005	143.5

## 12. General

Investec 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.

## 13. Documents available for inspection

Copies of the following documents will be available for inspection, free of charge, at the offices of Maclay, Murray & Spens, The City Law Partnership, 5 Old Bailey, London EC4M 7JX 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:

- 13.1 the Memorandum and Articles of Association of the Company;
- 13.2 the audited consolidated accounts for Lok'nStore for the two financial years ended 31 July 2004 and 2005;
- 13.3 the material contract referred to in paragraph 8 above;
- 13.4 the consent referred to in paragraph 12 above; and
- 13.5 this document.

Date 1 November 2005

# Lok'nStore Group Plc

(Registered in England No. 4007169)

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of Lok'nStore Group Plc ("the Company") will be held at the offices of Maclay, Murray & Spens, The City Law Partnership, 5 Old Bailey, London EC4M 7JX on 1 December 2005 at 10.00 am for the following purposes:

### Ordinary Business

1. To approve the financial statements, the directors' and the auditors' reports for the year ended 31 July 2005.
2. To re-elect Mr Andrew Jacobs as a director of the Company who retires from office in accordance with Article 110 of the Company's articles of association.
3. To re-elect Mr Simon Thomas as a director of the Company who retires from office in accordance with Article 110 of the Company's articles of association.
4. To re-appoint Baker Tilly as auditors of the Company and authorise the directors to fix their remuneration.

### Special Business

To consider and, if thought fit, pass the following resolutions:

5. *(Ordinary Resolution)*  
That the Directors be 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 £83,570 provided that this authority shall expire (unless previously renewed 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 2006 ("the Section 80 Period") save that the Company may prior to the expiry of the Section 80 Period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the Section 80 Period in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.
6. *(Special Resolution)*  
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 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 £25,071;
  - (iii) the allotment of any Ordinary Shares pursuant to the exercise of any options under the Company's option arrangements

and this power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2006 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 the expiry of such power and the directors may allot such equity securities pursuant to any such offer, agreement or other arrangements as if the authority hereby had not expired.

7. *(Special Resolution)*  
That, in substitution for any existing authority, the Company is, pursuant to section 166 of the Companies Act 1985, hereby generally and unconditionally authorised to make market purchases and cancel (or otherwise hold in treasury) (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 5,845,299 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 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 at the conclusion of the Annual General Meeting of the Company to be held in 2006 unless previously renewed, varied or revoked by the Company in general meeting.

8. *(Ordinary Resolution)*

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 Ordinary Shares in the market pursuant to the authority given by Resolution 7 above which (assuming a purchase of the maximum of 5,845,299 Ordinary Shares, the full exercise of any options 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 10,576,505 Ordinary Shares increasing as a percentage of the issued share capital of the Company (as a result of the reduction of issued shares from 25,071,144 to a minimum of 21,405,850) to a maximum of 49.41 per cent. be and is hereby approved.

9. *(Ordinary Resolution)*

That, the purchase by the Company of Ordinary Shares from a director of the Company or a person connected with him for the purpose 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

**Registered Office:**

5 Old Bailey  
London EC4M 7JX

1 November 2005

Notes

- (i) A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and on a poll vote in his or her place. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting at the meeting should he or she subsequently wish to do so.
- (ii) To be effective, forms of proxy should be lodged with the Company's Registrars, Capita Registrars, not less than 48 hours before the time appointed for the Meeting or any adjourned meeting.
- (iii) The register of directors' interests and their families in the share capital of the Company and copies of the contracts of service of the directors of the Company remunerated under such contracts are available for inspection at the registered office of the Company during usual business hours from 1 November to 30 November 2005 inclusive and at 5 Old Bailey, London EC4M 7JX for 15 minutes immediately prior to the Annual General Meeting.
- (iv) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 5 pm on 29 November 2005 or, if the Annual General Meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned Annual General Meeting shall be entitled to attend and vote at the meeting.