

# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all of your shares in Lok'nStore Group Plc (the "Company") please send this document and the accompanying Annual Report and Form of Proxy as soon as possible 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. However, such documents should not be forwarded to, or transmitted in or into, any jurisdiction where to do so might violate the relevant laws and regulations in that jurisdiction.

## Lok'nStore Group Plc

(Incorporated with limited liability in England and Wales with registered number 4007169)

### Directors

Simon G. Thomas (Chairman)  
Andrew Jacobs (Chief Executive)  
Ray A. Davies (Finance Director)  
Colin M. Jacobs (Director)  
Richard J. Holmes (Non-executive Director)  
Edward Luker (Non-executive Director)  
Charles Peal (Non-executive Director)  
Ian Wright (Non-executive Director)

### Registered Office

One London Wall  
London  
EC2Y 5AB

16 November 2011

Dear Shareholder

### NOTICE OF ANNUAL GENERAL MEETING

#### Introduction

The annual general meeting of the Company is to be held at 11.00 am on 9 December 2011 at the offices of Maclay Murray & Spens LLP, One London Wall, London EC2Y 5AB (the "AGM") and is convened by the formal notice of meeting set out at the end of this document.

The purpose of this document is to explain to you the background to the resolutions which will be considered at the AGM.

#### Election of Directors

The Company's articles of association require that any director who has not been appointed or re-appointed at either of the Company's last two annual general meetings should retire. Accordingly, Andrew Jacobs, Simon Thomas and Richard Holmes are offering themselves for re-election. Ian Wright, who was appointed following the Company's previous annual general meeting, is offering himself for election.

#### Dividends

Resolution 7, which is proposed as an ordinary resolution, relates to the approval of a final dividend of 2.67 pence per ordinary share of 1 pence each in the capital of the Company ("Ordinary Shares") in respect of the year ended 31 July 2011. The final dividend, if approved by shareholders, will be paid on 16 December 2011 to all shareholders registered in the Company's share register on 18 November 2011. The Ordinary Shares will become ex-dividend on 16 November 2011.

#### Share Capital

Under the Act, directors of companies may not allot new shares (or grant rights over shares) unless authorised to do so by the shareholders in general meeting.

Accordingly, the ordinary resolution set out as Resolution 8 in the notice of AGM seeks to renew for a further period, expiring at the conclusion of the annual general meeting to be held in 2012, the authority previously granted to the directors of the Company (the "Directors") to allot new Ordinary Shares (or grant rights over Ordinary Shares) up to an aggregate nominal amount of £85,390, representing approximately one third of the existing issued ordinary share capital of the Company.

Furthermore, a company proposing to allot new equity securities (within the meaning of the Act) for cash may not do so before first

offering them pro rata to existing shareholders, subject to certain exceptions.

The special resolution set out as Resolution 9 therefore proposes that power be granted to allot securities for cash on a non-pre-emptive basis up to a maximum nominal amount equal to £12,808 (representing approximately five per cent. of the existing issued ordinary share capital of the Company). This resolution also disapplies the pre-emption rights to the extent necessary in connection with the allotment of Ordinary Shares to facilitate rights issues, open offers and similar transactions. The authority will expire on the conclusion of the annual general meeting of the Company to be held in 2012.

### **Purchase of Own Shares**

Resolution 10 is a special resolution to renew the authority granted to the Directors at the annual general meeting in 2010 for the Company to make purchases of its Ordinary Shares through the market. The renewed authority would expire at the conclusion of the next annual general meeting of the Company in 2012. The maximum aggregate number of Ordinary Shares which may be purchased pursuant to this authority would be 5,845,299, which represents approximately 22.82 per cent. of the Company's existing issued ordinary share capital (excluding treasury shares).

Any Ordinary Shares purchased under the authority sought by Resolution 10 will either be cancelled, and the number of Ordinary Shares in issue reduced accordingly, or will be held in treasury (provided such number does not represent more than 10 per cent. of the then issued ordinary share capital of the Company).

The board of Directors will only exercise the authority sought by Resolution 10 after taking account of the overall financial position of the Company and in circumstances where they believed that to do so would result in an increase in earnings per share and be in the best interests of shareholders as a whole.

### **Approval of Transactions involving the Directors**

Section 190 of the Act provides that a company may not enter into an arrangement under which (i) a director of the company or a person connected with a director (which includes companies connected with that director) acquires or is to acquire from the company a substantial non-cash asset or (ii) the company acquires or is to acquire a substantial non-cash asset from the director (or connected person) unless the arrangement has been approved by a resolution of the shareholders of the company.

Resolution 11 seeks approval under section 190 of the Act for the purchase by the Company of Ordinary Shares held by any of the Directors, and any persons connected with them, which may be purchased by the Company pursuant to Resolution 10. Resolution 11 places a limit on the extent to which the Directors and their connected parties may participate in a share buy back by the Company so that the Company may only purchase from each of the Directors and their connected parties up to such number of Ordinary Shares as is equal to their pro rata entitlement under the share buy back.

It is important to note that under Rule 37 of the City Code on Takeovers and Mergers (the "City Code"), when a company purchases its own voting shares, the resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the City Code, requiring the said person to make an offer for the company. Therefore, where the Company wishes to exercise the authority sought by Resolution 10 and this would result in a shareholder or shareholders incurring an obligation to make an offer under Rule 9, the Company will be required to seek a waiver of Rule 9 in relation to the repurchases by the Company prior to the implementation of the buy back and as a pre-condition thereto.

### **Annual General Meeting**

A notice convening the AGM to be held at the offices of Maclay Murray & Spens LLP, One London Wall, London EC2Y 5AB, is set out at the end of this document.

### **Action to be Taken**

You will find enclosed with this document a reply-paid form of proxy for use by the Company's shareholders at the AGM. Whether or not you intend to be present at the AGM, 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, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 11.00 am on 7 December 2011.

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

New shareholders should note that, in order to have the right to attend and vote at the meeting, your holding must be entered on the Company's share register by close of business on 7 December 2011.

Yours sincerely

**Simon Thomas**  
*Chairman*

## 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 LLP, One London Wall, London EC2Y 5AB on 9 December 2011 at 11.00 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 2011.
2. To elect Ian Wright as a director of the Company who retires from office in accordance with Article 99 of the Company's articles of association.
3. To re-elect Simon Thomas as a director of the Company who retires from office in accordance with Article 99 of the Company's articles of association.
4. To re-elect Andrew Jacobs as a director of the Company who retires from office in accordance with Article 99 of the Company's articles of association.
5. To re-elect Richard Holmes as a director of the Company who retires from office in accordance with Article 99 of the Company's articles of association.
6. To re-appoint Baker Tilly as auditors of the Company and authorise the directors to fix their remuneration.
7. To declare a final dividend of 2.67 pence per ordinary share for the financial year ended 31 July 2011.

### Special Business

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

8. (*Ordinary Resolution*)  
THAT the directors of the Company ("Directors"), in place of any existing authority conferred upon them, be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot and to make offers or agreements to allot shares or convert any securities into shares up to an aggregate nominal amount of £85,390 provided that this authority (unless previously revoked, varied or renewed) shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
9. (*Special Resolution*)  
THAT, conditional upon the passing of resolution 8 above, the Directors be and they are hereby empowered in accordance with sections 570 and 573 of the Act to allot equity securities (as defined in section 560(1) of the Act) pursuant to the authority conferred by resolution 8 above and to sell treasury shares as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to:
  - (i) the allotment or sale of equity securities for cash in connection with or pursuant to an offer to the holders of equity securities and other persons entitled to participate in proportion (as nearly as may be) to their then holdings of equity securities (or, as appropriate, the numbers of such securities which such other persons are for those purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body of, or any stock exchange in, any territory; and
  - (ii) the allotment (otherwise than pursuant to sub-paragraph 9(i) hereof) or sale of equity securities for cash up to a maximum nominal value of £12,808,

and shall expire at the conclusion of the annual general meeting of the Company to be held in 2012, save that the Company may at any time before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot or sell equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

10. *(Special Resolution)*

THAT, in substitution for any existing authority, the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 1p each ("Ordinary Shares") up to an aggregate of 5,845,299 Ordinary Shares at a price per Ordinary Share of not less than 1p per Ordinary Share and not more than 5 per cent above the average of the middle market quotations for an Ordinary Share as derived from the daily official list of The London Stock Exchange for the five business days immediately preceding the day on which the purchase is made (in each case exclusive of expenses), provided that the authority conferred by this resolution shall (unless previously revoked, varied or renewed) expire at the conclusion of the annual general meeting of the Company to be held in 2012 except that the Company may prior to the expiry of such authority make a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract, as if such authority had not expired.

11. *(Ordinary Resolution)*

THAT, for the purposes of section 190 of the Act, the Company be and is hereby authorised to purchase Ordinary Shares from any of the Directors or any persons connected with them (within the meaning of sections 252–255 of the Act) provided that the number of Ordinary Shares to be purchased from any of the Directors (or persons connected with them) shall be limited to such per cent. of the total number of Ordinary Shares being acquired by the Company pursuant to the authority referred to in resolution 10 above as shall equal the percentage of the issued Ordinary Shares in the capital of the Company in which the respective Director (or persons connected with them) are interested (as at the date of the acquisition).

**By order of the Board:**  
Secretarial Solutions Limited  
Secretary

**Registered Office:**  
One London Wall  
London EC2Y 5AB

16 November 2011

Notes

(i) A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to exercise all or any of the member's rights to attend, speak and vote at the meeting 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) If a member wishes to appoint a proxy to speak on behalf of him or her at the meeting the member will need to appoint his/her own choice of proxy (not the Chairman) and give instructions directly to their proxy.

(iii) A duly appointed proxy may attend the meeting, speak, vote on a show of hands and vote on a poll. A member may appoint more than one proxy provided each proxy is to exercise rights attached to different shares.

(iv) Alternatively, in the case of CREST members, voting may be effected by using the CREST electronic proxy appointment service. CREST members who wish to utilise the CREST service may do so by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars (whose CREST ID is RA 10) by the specified latest time for receipt of proxy appointments (see note (vii) below). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

(v) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vi) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(vii) 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, i.e. by 11.00 am on 7 December 2011.

(viii) Copies of the contracts of service of the directors of the Company remunerated under such contracts and letters of appointment for non-executive directors are available for inspection at the registered office of the Company during usual business hours from 16 November 2011 to 9 December 2011 inclusive and at One London Wall, London EC2Y 5AB for 15 minutes immediately prior to the meeting.

(ix) 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 6.00 pm on 7 December 2011 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.