



RNS

Acquisition



Acquisition of trading store and sale of land

LOK'N STORE GROUP PLC

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Lok'nStore Group plc

("Lok'nStore", the "Company", or the "Group")

Acquisition of trading store and sale of land

Lok'nStore, the fast-growing AIM listed self-storage company, is pleased to announce that it has acquired the Lok'nStore managed store in Chichester ("the Chichester Store") and sold its freehold land site at Pantheon Park, Wolverhampton.

The five-year old Chichester Store will be acquired for £4.025 million (as independently valued by Jones Lang LaSalle Limited). The Company will pay in aggregate, approximately £4.16 million in cash with associated costs and stamp duty. The acquisition will be funded from the Group's existing bank facilities.

The current owner of the Chichester Store is Gypsy Moth Storage Limited ("GMS") which in the year to 31 March 2020 made EBITDA of £0.255 million; as at 31 March 2020 the book value of the Chichester Store was £2.3 million.

At the same Lok'nStore has sold its freehold land at Pantheon Park, Wolverhampton to GMS, with the full benefit of the planning permission and all accumulated planning and design work for a new storage services facility ("Wolverhampton Site") for a total cash consideration of £1.523 million, (excluding VAT) reflecting the purchase price of the site plus planning and other costs and fees incurred by the Group to date. Sales proceeds will be used to offset the cost of the acquisition of the Chichester Store, as above.

Following this sale Lok'nStore will enter into a new Management Services Agreement ("MSA") and Development and Advisory Agreement ("DAA") with GMS in respect of the Wolverhampton Site pursuant to which the Group will provide property and construction advice during the building of the Wolverhampton Store as well as ongoing operational management services of the facility once built.

The MSA and DAA are each in substantially the same form and commercial terms as other agreements to which the Group is party in respect of its other managed facilities.

Once developed the Wolverhampton facility will comprise a 52,600 ft purpose built landmark store featuring Lok'nStore's distinctive branding and is located in an excellent location adjacent to a busy retail park. The store is expected to open by Q1 2022.

Today's developments demonstrate the Group's ongoing desire to build a balanced portfolio of owned and managed stores. The sale to GMS is consistent with this strategy and enables the site to be developed in a capital-efficient manner. The acquisition of the Chichester store provides the Group with a mature cash generative asset which will be a welcome addition to the Group's portfolio of owned stores which are driving Group Cash Available for Distribution (CAD) and dividends. The reduction in ongoing management fees from the Chichester Store will be replaced by fees earned under the new DAA and MSA management and development agreements referred to above.

GMS is a private company which was incorporated in 2014 to develop and own the Chichester storage services operation, under the management of the Group. Andrew Jacobs, Executive Chairman of Lok'nStore Group holds 17.6% of the share capital of Lok'nStore and also holds 19.4% of the share capital of GMS*. GMS has one director, Ray Davies appointed on 20 September 2019, who is also Group Finance Director of Lok'nStore. Accordingly, GMS is deemed to be a related party of Lok'nStore within the meaning of the AIM Rules and the above transactions constitute related party transactions within the meaning of the AIM Rules. The Independent Directors of Lok'nStore, being the Board excluding Andrew Jacobs and Ray Davies consider, having consulted with finnCap (as the Company's nominated adviser) that the terms of the Proposals are fair and reasonable insofar as the Company's Shareholders are concerned.

The Board look forward to updating the market on first half trading on Monday 8th February

Neil Newman, Managing Director of Lok'nStore said:

"We are pleased to push forward our store management business with this new development in Wolverhampton. It provides continued momentum to our new store opening program with four stores currently under development. We have managed the Chichester store since its opening and it will provide a solid income over the coming years for Lok'nStore group."

*This interest does not amount to a related party holding for IFRS accounting purposes. Nevertheless, holdings of this type are disclosed in the annual report each year under related party transactions for full transparency. Source Lok'nStore Group Annual Report 2020.

-Ends-

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