



RNS

Half-year/Interim Report



## INTERIM RESULTS

[LOK'N STORE GROUP PLC](#)

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

Lok'nStore Group Plc, the AIM quoted self-storage Company announces interim results for the six months to 31 January 2023

### Highlights:

**Reminder – We sold four stores on 31 January 2022 adding circa £37 million to cash, reinforcing our strong financial footing. Our Same Store analysis strips out the effect of this and of new stores opened**

- ❖ Excellent growth of same store revenue
- ❖ 15% increase in interim dividend
- ❖ New store opening schedule driving future growth
- ❖ Strong balance sheet with low net debt and LTV
- ❖ Growth strategy flexible and adaptive

### Strong revenue growth

#### Same Store

- Same Store Group Revenue £13.22 million up 11.2 % (31.1.2022: £11.89 million)
- Same Store Group Adjusted EBITDA<sup>1</sup> £7.79 million up 8.9% (31.1.2022: £7.16 million)
- Same Store Group Operating Profit before non-underlying<sup>2</sup> items £5.33 million up 7.6% (31.1.2022: £4.95 million)

#### Headline

- Group Revenue £13.58 million up 1.5% (31.1.2022: £13.38 million)
- Group Adjusted EBITDA<sup>1</sup> £7.93 million down 2.3% (31.1.2022: £8.12 million)
- Group Operating Profit before non-underlying<sup>2</sup> items £5.24 million down 9.3% (31.1.2022: £5.78 million)

### Driven by solid operating metrics

- Move-ins up 13.5% on corresponding period last year
- Same-Store occupied space up 2.6%
- Achieved rate on occupied space up 9.2% to £26.45 per sq. ft (31.1.2022: £24.22 per sq. ft)

- Managed store revenue £0.82 million up 21.8% (31.1.2022: £0.67 million)
- Trading momentum continues post year end with same-store revenue up 11.4% for February and March 2023 compared to the same period last year

### **Management of Costs**

- External cost increases experienced in period, specifically in energy, local rates, and interest
- EBITDA margins remain robust at 60.3% despite these cost increases

### **Cash flow (CAD) supports interim dividend increase**

- Cash available for Distribution 17.70 pence per share down 6.8% (31.1.2022: 19.00 pence)
- Interim dividend 5.75 pence per share up 15% (31.1.2022: 5.0 pence per share) - Twelfth consecutive year of interim dividend increase

### **Operational resilience reflected in net asset value**

- Adjusted Net Asset Value (NAV) per share up 8.6% year on year to £9.15 (31.1.2022: £8.43) and down 5.9% from 31 July 2022 (£9.72)
- Four new owned stores on site accretive to NAV when they open

### **Sale of four stores last year leads to strong balance sheet and low net debt**

- £40.3 million cash at period-end (31.7.2022: £44.4 million)
- Net debt (excluding lease liabilities and deferred financing costs) £26.5 million (31.7.2022: £20.3 million)
- Loan to value ratio<sup>6</sup> 8.9% (31.7.2022: 6.6%)
- £18.2 million capex required to complete store development on site covered by cash
- Bank facility runs until April 2026

### **New Landmark stores will deliver further growth**

- Bedford store opened February 2023 – very early trading has been excellent
- Peterborough store opening in 2<sup>nd</sup> half
- A further three store openings in FY24

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

“Lok'nStore is reporting excellent results with same-store sales rising 11.2%, operating margins remaining resilient at 60.3% and same-store EBITDA growth of 8.9%. This is against the background of a more challenging business environment with increased costs of energy, local rates and interest.

“After the sale-and-manage back of 4 stores on 31 January 2022 for £37.9 million we are focused on same store growth. This transaction puts the Company in a strong financial position with only 8.9% net loan to value ratio. We are committed to continuing our disciplined approach to capital allocation.

“We have updated the valuation of our assets resulting in net asset value per share of £9.15, down 5.9% since July 2022 and 8.6% up from January 2022. This valuation reflects increased interest rates and our buoyant sales and robust margins.

“We will open 5 new Landmark stores in the coming year. These will all be accretive to asset value, revenue and profits as they fill up. Trading since the period end has remained solid. Our flexible and adaptive business model gives us confidence about the future, and we are increasing the interim dividend by 15% to 5.75 pence per share, the twelfth consecutive increase of the interim dividend.”

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## Key Performance Indicators (KPIs)

### What we mean when we say... (and why we use these Key Performance Indicators)

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

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

- 1. Group Adjusted Earnings before interest, tax, depreciation and amortisation –** Adjusted EBITDA is defined as EBITDA before losses or profits on disposal, share-based payments, acquisition costs, non-underlying items and which demonstrates the cash generative qualities of the business.
- 2. Non-underlying items –** Refers to one-off items of a non-operational nature which arose during the year, and which may relate to asset disposals, abortive site acquisition costs, or other costs and which are likely to be infrequent events. (Refer to note 4 of the Financial Statements).
- 3. Cash Available for Distribution (CAD) –** Is calculated as Adjusted EBITDA less total net finance cost, less capitalised maintenance expenses, New Works Team costs and current tax. This measures the capacity of the business to pay dividends or pay down debt. The Cash Available for Distribution per share is CAD divided by the number of shares in issue less shares held in the Employee Benefit Trust (EBT). The calculation of the CAD and the CAD per share is set out in the Business and Financial Review.
- 4. Adjusted Total Group Assets –** The value of adjusted total assets of £353.0 million (31.01.2022: £332.3 million) (31.07.2022: £370.9 million) is calculated by adding the independent valuation of the leasehold properties of £22.9 million (31.01.2022: £23.1 million) (31.07.2022: £24.2 million) less their corresponding net book value (NBV) £7.0 million (31.01.2022: £7.3 million) (31.07.2022: £7.2 million) to the total assets in the Statement of Financial Position of £337.1 million (31.01.2022: £316.5 million) (31.07.2022: £353.9 million). This provides clarity on the significant value of the leasehold stores as trading businesses which are only presented at their book values within the Statement of Financial Position.
- 5. Adjusted Net Asset Value per share (NAV per share) –** Adjusted Net Asset Value per share is the net assets adjusted for the valuation of leasehold stores (properties held under leases) and deferred tax divided by the number of shares at the period-end. The shares held in the Group's Employee Benefits Trust are excluded from the number of shares. The calculation of the Net Asset Value per share is set out in the Business and Financial Review.
- 6. Loan to Value Ratio (LTV) –** measures the debt of the business expressed as a percentage of total property assets giving a perspective on the gearing of the business. The LTV calculation of 8.9% is based on (excluding IFRS 16 lease liabilities) of £26.5 million as set out in note 24b (31.01.2022: £22.4 million) (31.07.2022: £20.3 million) as a percentage of the total properties independently valued by JLL, and at 31 January 2023 at Directors' Valuation and including development land assets all totalling £297.5 million (31.01.2022: £269.3 million) (31.07.2022: £308.2 million) as set out in the Business and Financial Review in the Analysis of Total Property Value table.
- 7. Average Cost of Debt –** The average cost of debt is calculated by taking the total interest paid on the Group's Revolving Credit Facility in the monthly/weekly charging periods throughout the period and taking an average based on the whole financial period. Apart from the Group's Revolving Credit Facility the Group has no other debt. The average cost of debt in the period was 4.13% (31.7.2022: 1.71%). Average cost of debt on active loans not yet 'rolled over' is 4.96% (31.7.2022: 2.71%).
- 8. Pipeline Sites –** means sites for new stores that we have either exchanged contracts on or have agreed heads of terms and are progressing with our lawyers towards completion. We now have 16 pipeline sites of which 11 are contracted and 5 are currently with lawyers. We currently have 24 owned stores trading with an additional 16 managed stores trading. When these 16 sites are fully developed, we will have a total of 56 stores. (Refer to table of Analysis of Stores in the Business and Financial Review).
- 9. Secured Pipeline Sites –** means the 11 sites for new stores on which we have exchanged legal contracts. Of these 10 stores are Lok'nStore Owned Stores and 1 will be a Managed Store.

10. **Adjusted Store EBITDA** – is Group Adjusted EBITDA (see 1 above) before the deduction of central and head office costs. Unlike Group Adjusted EBITDA this measure excludes the impact of IFRS16 and includes leasing charges as normal operating costs of each store. The measure is designed to give clarity on the recurring operating cash flow of the business and provides important information on the underlying performance of the trading stores and shows the cash generating core of the business. Use of this metric enables us to provide additional information on store EBITDA contributions (after leasing costs) and the margins analysed between freehold and leasehold stores and according to the age of the stores. This analysis is set out in a table in the Business and Financial Review.
11. **Gearing** – refers to the level of a company's debt relative to its equity capital, usually expressed in percentage form. It is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders. Gearing can be measured by a number of ratios, and we use the debt-to-equity ratio in this document. The calculation of the gearing percentage, also referred to as the net debt to equity ratio, is set out in Note 16 of the Interim Financial Statements.
12. **Group Adjusted EBITDAR** - EBITDAR is Earnings before interest, tax, depreciation amortisation and rent. The measure is designed to give clarity on the effect of the rent payable by leasehold stores and how its elimination enables an analytical comparison between freehold stores' operating performance (which do not pay rent) and leasehold stores' operating performance. This analysis is set out in a table in the Business and Financial Review on page.
13. **Cost Ratio** - calculates the ratio of the total operating costs of the business as set out in the Business and Financial Review, expressed as a percentage of total Group Revenue (note 1), giving a perspective on the cost efficiency of the business when compared to the cost ratio of the previous year. Cost pressures around energy particularly has increased the Cost Ratio to 40.7% (31.1.2022: 38.7%)
14. **Same Store Analysis** – This measure is used to give transparency on improvements in the operating business in the period unrelated to the opening of new stores, closure of old stores, and more particularly in this financial period, the sale and manage-back of four stores which were sold on 31 January 2022, and reporting on stores that were open and trading at both financial period ends 31 January 2022 and 31 January 2023. This also eliminates two new stores from the 31 January 2023 calculation. The Same Store key performance measure helps to illustrate the performance of the underlying business.

## Chairman's Statement

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

These results can be summarised as:

- Sale of four stores last year reinforces strong balance sheet and low net debt - with capital released to invest in new stores
- 11.2% increase in Same Store Group Revenue
- Disciplined management of cost increases
- 8.9% growth in Same Store Group Adjusted EBITDA
- Adjusted Net Asset Value (NAV) per share up 8.6% year on year to £9.15 (31.1.2022: £8.43) and down 5.9% from 31 July 2022
- 15% Increase in interim dividend
- Dynamic new store opening schedule to drive future growth –
  - Bedford store opened February 2023
  - Four more stores open in next 12 months

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

### Strengthening the Balance Sheet

In the corresponding period last year to 31 January 2022, the Group completed the Sale and Manage-Back of four freehold stores. This transaction added sales proceeds of c. £37 million to cash balances and today puts the Company in an excellent financial position with low net debt. Our Same Store analysis strips out the effect of this and of the new stores in order to demonstrate the strength of the underlying operating performance.

### Continued revenue growth driven by strong demand

In the period we have replaced all the revenue generated from the four stores sold last year which is a great performance and at a headline level we report a 1.5% increase in Group Revenue. Same-Store Group Revenue remains strong with growth of 11.2% over the same period last year.

Customer demand remains significantly above pre-pandemic levels with total move-ins up 13.5% on the corresponding period last year.

### Management of costs

At a headline level, total Group Operating Costs amounted to £5.53 million for the period (31.1.2022: £5.18 million) up by 6.8%. On a Same Store basis costs have increased by 14.3% against the same period last year.

Historically, overall cost increases have been mainly driven by the expansion of the business. As previously reported at the full year, we are now seeing some short term but significant external cost pressures primarily through energy costs, which have increased in the period by £0.51 million compared to the same period last year.

The cash costs of bank interest paid (before capitalisation of interest costs, non-utilisation fees and loan amortisation fees) in the period was £1.34 million compared to £0.53 million in the same period last year. The Group's current cost of debt is running at 4.96%.

Looking forward, we now have clarity on the revised business rates from April 2023 which will result in our business rates increasing £0.49 million per annum from April 2023 and by a further £0.2 million per annum from the following year. This step change in business rates will be offset in part by the reduction in medium term energy costs we are already starting to see in the market.

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

### Operational resilience reflected in net asset value

Since the year end at July 31<sup>st</sup> 2022 we have seen significant changes in the debt markets. After consulting with our external valuers Jones Lang LaSalle (JLL), the Directors consider that the yields and discount rates which were applied at the July 2022 year end had changed sufficiently that a directors' valuation was required to give investors clarity on movements in asset values.

The directors, with the assistance of JLL, have applied a 6.4% reduction to the fair value of our freehold and leasehold stores which are now stated at £261.1 million (31.7.22: £279.0 million). Trading store values were 9.8% higher than at the corresponding period at the end of January 2022.

This movement in asset values is driven by changes in both the Discount rates and Exit Yields.

There is continued strong institutional investor appetite in the UK self-storage sector.

JLL comment that *“The self-storage market has had strong market activity since July 2022 which reflects the continued appetite for the sector but the higher cost of debt in the present finance market is having an impact. The sector’s operational resilience in the current climate is making it a popular asset class with investors – this is accentuated with its structural undersupply”*.

Adjusted Total Group Assets<sup>4</sup> of £353.0 moved upwards by 6.2% year on year (31.1.2022: £332.3 million) and down 4.8% measured against the 31 July 2022 figure of £370.9 million. This results in the Adjusted Net Asset Value (NAV) per share up 8.6% year on year to £9.15 and down 5.9% from 31 July 2022.

The four new owned stores on site will be accretive to asset values when they open. Bedford and Peterborough will have their maiden external valuation in July 2023 with two further owned stores opening in FY24 with their maiden external valuations at July 2024.

Further details of the director valuation is set out in the Total Property Value table in the Business and Financial Review and in note 11 of the financial statements.

### **Further Dividend Growth**

I am pleased to report that the continuing strong cash flow allows us to continue to increase the dividend.

At this interim stage we will pay one third of the previous year’s total annual dividend which equates to 5.75 pence per share, up 15% on the 5.0 pence per share interim dividend last year. This is the twelfth year of interim dividend growth.

The increase in the interim dividend follows a consistent pattern reflecting the continued growth of the Group. The interim dividend will be paid on 9 June 2023 to shareholders on the register on 5 May 2023. The ex-dividend date will be 4 May 2023. The final deadline for Dividend Reinvestment Election by investors is 19 May 2023.

### **Investment in our stores**

In the period we invested £7.6 million (31.1.2022: £7.1 million) in sites and store development. Loan-to-value (LTV) ratio (net of cash) is only 8.9% (31.1.2022: 8.3%) (31.7.2022: 6.6%) and net debt is £26.5 million (31.1.2022: £22.4 million) (31.7.2022: £20.3 million).

Stores on site require capital expenditure over the coming twelve months of £18.2 million to complete. This will be drawn from the cash on hand at period-end of £40.3 million without the need to draw down further debt.

Self-storage benefits from the short lead time between breaking ground and store opening of only around twelve months. Beyond the stores currently on site, we have a high degree of flexibility regarding start dates for further building. We can therefore adapt our development programme quickly to react to changing economic circumstances.

### **Managed Stores**

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

During the period, we generated total Managed Store income of £0.82 million, with recurring fees of £0.76 million up 29.5% from the previous corresponding period. This increase was driven by the four stores we sold on manage back contracts at 31 January 2022.

Lok’nStore manages 16 stores for third-party owners. Our current new store pipeline includes one managed store which will take the total number to 17.

### **Our team**

We always rely on our amazing people to deliver these impressive results and I would like to thank them for all of their hard work and dedication. I am delighted to say that all our colleagues continue to benefit from the success of the business through bonuses as well as through our Shares in Partnership Equity Ownership scheme and the granting of options.

To support our colleagues with the rising cost of living we once again have brought forward annual pay reviews of our store teams and provided a one-off cost of living support payment over the winter. We have also recently introduced life insurance for all colleagues.

We will continue to invest in training to develop and deepen the skills of our team members through the Lok'nStore Academy and create internal succession as the business continues to expand.

### **Board changes**

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

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

### **Liquidity and Cash Flow**

At 31 January 2023, the Group had cash balances of £40.3 million (31.7.2022: £46.5 million) and a £100 million five-year revolving credit facility which runs until April 2026. This provides ample liquidity for the Group's current needs. Undrawn committed facilities at the period-end amounted to £33.2 million. The Group is not obliged to make any repayments prior to the facility's expiration in April 2026.

Cash inflow from operating activities before investing and financing activities was £7.85 million in the period to 31 January up 5.4% on the same period last year (31.1.2022: £7.45 million).

### **Debt and Bank Covenants**

The average cost of bank debt on drawn facilities for the period was 4.13% (2022: 1.55%). The Group's total drawn bank debt of £66.8 million is unhedged. The Board keeps the decision on interest rate hedging under regular review.

At the period-end interest cover was 4.7 times tested on a 12-month rolling basis, against a covenant of 2.5 times. At the period end our loan-to-value ratio (LTV) based on net bank debt was 8.9% versus a bank covenant limit of 60% providing a strong platform for us to develop our pipeline and open new stores.

Both the Loan to Value and Senior Interest covenants continue to be tested excluding the effects of IFRS 16. For this purpose, debt / LTV will continue to exclude Right of Use Assets and corresponding lease liabilities accounted for under IFRS 16. Property lease costs (rents) will continue to be a deduction in the calculation of EBITDA, in accordance with the accounting principles in force prior to 1 January 2019, when testing the Senior Interest covenant.

### **Good progress on ESG targets**

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

We are working hard to create an environmentally sustainable business for all our customers, our colleagues, local communities and the wider environment. We are on track to achieve all of our environmental targets for this year which as reported in our July 2022 Annual Report are;

- To obtain Energy Performance Certificates for all owned stores
- To complete a feasibility study on battery storage to complement future PV systems
- To increase the number of stores with PV systems
- Complete a feasibility study to retro fit all stores suitable for PV
- Review the benefit of swapping our vans from diesel to electric
- To trial the retro fitting of LED lighting in place of lower efficiency fittings

Lok'nStore has been reporting on ESG factors since 2005 and was the first listed UK self-storage company to do so. Since then, we have been continually active and our operational GHG emissions are 96.5% lower than if we had taken no action since 2005.

We will report in full at our year-end the details of our environmental performance along with our commitments and targets in our Environmental and Social Report.

## **Our Objectives**

Our strategic and operational objectives remain to:

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

## **Positive Outlook**

After the period-end we opened a new Landmark owned store in Bedford. Early trading in this store has been excellent. This underpins our confidence that our pipeline of new stores will add further to sales and earnings growth. We are managing the current cost increases and expect the rate of growth of costs to recede in the medium term.

Lok'nStore continues to experience strong year-to-year revenue growth on a Same Store basis. This will be enhanced by the three stores opened last year, and immediately after the period-end the opening of our Bedford store. We have further new stores in Staines, Basildon and Peterborough all opening over the coming year. We have contracted on a new site in Milton Keynes and our secured store pipeline of new stores will add 32.5% more trading space over coming years. We have further sites progressing with lawyers.

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

## **Andrew Jacobs**

Chair

21 April 2023

## Business and Financial Review

Lok'nStore Group has had another very good period successfully increasing our underlying revenue and profit.

### The Performance of our Stores

- ✓ Total Same Store Self-storage revenue £12.34 million up 10.3% (31.1.2022: £11.19 million)
  - Total Self-storage revenue £12.7 million up 0.1% (31.1.2022: £12.69 million)
- ✓ Same Store Adjusted Store EBITDA £7.54 million up 4.6% (31.1.2022: £7.21 million)
  - Adjusted Store EBITDA £7.66 million down 6.2% (31.1.2022: £8.17 million)
- ✓ Achieved rate up 9.2%
- ✓ Store EBITDA Margins 60.3% (31.1.2022: 64.4%)
- ✓ Managed store revenue £0.82 million up 21.8%.

Same Store Group Revenue for the six-month period was £13.22 million, up 11.2% year on year (31.1.2022: £11.88 million) driven by good occupancy and improved pricing across our stores. This revenue growth led to an increase in Same Store Group Adjusted EBITDA to £7.79 million up 8.9% (31.1.2022: £7.16 million).

Over the course of the year continued strong demand and higher than previous occupancy levels have allowed us to move pricing forward 9.2% compared to twelve months ago.

### Performance – Same Store Analysis <sup>14</sup>

Period end 31 January 2023	Headline Performance 31 January 2023		Same Store Performance 31 January 2023		31 January 2022	
	£'000 Headline	Percentage Increase %	£'000 Same Store	Percentage Increase %	£'000 Headline	£'000 Same Store
Group revenue	13,583	1.5	13,220	11.2	13,384	11,884
Self-storage revenue	12,700	0.1	12,337	10.3	12,689	11,190
Store Adjusted EBITDA	7,658	(6.2)	7,541	4.6	8,168	7,208
Group Adjusted EBITDA	7,931	(2.3)	7,793	8.9	8,116	7,156
Operating profit (before non-underlying items)	5,243	(9.3)	5,330	7.6	5,783	4,955
Operating costs	5,527	6.8	5,307	14.3	5,175	4,643
Total Store EBITDA Margins	60.3%		61.2%		64.4%	64.4%
Freehold Store EBITDA Margins	64.7%		66.2%		68.9%	70.0%
Leasehold Store EBITDA Margins	50.6%		50.6%		53.1%	53.1%

As a result of the external cost increases we have seen in the period, particularly around energy and local rates, the overall adjusted EBITDA margin across all stores decreased to 60.3% from 64.4%. Adjusted Store EBITDA margins of the freehold stores decreased to 64.7% (31.1.2022: 68.9%).

On a Same Store basis, the overall adjusted EBITDA margin across all stores decreased to 61.2% from 64.4%. The leasehold stores decreased to 50.6% (31.1.2022: 53.1%). Going forwards, in the absence of more exogenous shocks, we expect margins to move ahead again over time as new landmark stores continue to fill and new stores open.

As the business develops the balance of the stores continues to shift towards landmark freehold stores and managed stores which have a higher-than-average adjusted store EBITDA margin at 64.7% and 100% respectively versus 60.3% across all stores. The medium-term impact of this will be to continue to increase the average EBITDA margin of the Group overall. This effect is accentuated by operating more stores from a relatively fixed central cost base. In this context the new stores in the pipeline will make a larger than average contribution to Group profits as they become established trading units.

### Ancillary Sales

Ancillary sales consisting of boxes, packaging materials, insurance and other sales were £1.26 million (31.01.2022: £1.33 million) accounting for 9.9% (31.01.2022: 10.5%) of self-storage revenues.

## Portfolio Analysis and Performance Breakdown

In the table below we show how the performance of the stores varies between freehold and leasehold stores. Currently 43.3% of Lok'nStore owned trading space is freehold, 20.5% is leasehold and 36.2% is in Managed Stores.

Portfolio Analysis and Performance Breakdown	Number of stores	% of Property Valuation	% of Adjusted Store EBITDA	Adjusted Store EBITDA Margin (%)	% lettable space	When Fully Developed	
						Number of stores	Total % lettable space
<b>As at 31 January 2023</b>							
Freehold Stores	15	80.1	72.1	64.7	43.3	24	52.9
Leasehold Stores	9	7.7	27.9	50.6	20.5	10	15.0
Managed Stores	16	–	–	100	36.2	17	32.1
<b>Total stores trading</b>	40					51	100
<b>Pipeline Stores (secured)*</b>							
Owned – Freehold	9	12.2	–	–	–	–	–
Owned – Leasehold	1	–	–	–	–	–	–
Managed	1	–	–	–	–	–	–
<b>Total secured Pipeline Stores</b>	11	–	–	–	–	–	–
<b>Total Stores</b>	51	100	100	60.3	100	51	100

\*Applies to the 11 contracted stores only.

Analysis of Stores	No of Stores/Sites	Stores Trading Lok'nStore	Stores Trading Managed	Pipeline Total	Pipeline Secured	Pipeline With lawyers
<b>As at 31 Jan 2023</b>						
Freeholds	15	15				
Leaseholds	9	9				
Pipeline (Freehold)	14			14	9	5
Pipeline (Leasehold)	1			1	1	
<b>Sub-total 'Owned Stores'</b>	<b>39</b>	<b>24</b>		<b>15</b>	<b>10</b>	<b>5</b>
Managed Stores (Trading)	16		16			
Managed Stores (Pipeline)	1			1	1	
<b>Sub-total 'Managed Stores'</b>	<b>17</b>		<b>16</b>	<b>1</b>	<b>1</b>	
<b>Total No. of Stores.</b>	<b>56</b>	<b>24</b>	<b>16</b>	<b>16</b>	<b>11</b>	<b>5</b>
<b>MLA sq. ft.</b>	<b>2,997,596</b>	<b>1,271,873</b>	<b>774,800</b>	<b>950,923</b>	<b>666,523</b>	<b>285,400</b>

The freehold stores produce 72.1% (31.1.2022: 74.1%) of the Adjusted store EBITDA and account for 92.3% (31.1.2022: 91.5%) of valuations (including secured pipeline stores). Leaseholds trade on lower margins due to the rent payable, but nevertheless the 50.6% margin achieved is substantial, and leads to a higher return on capital than the freehold stores which require much larger capital expenditure to buy the land and buildings.

## Operating Performance at a glance (Lok'nStore freehold and leasehold stores only)

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

Weeks Old	Secured Pipeline	Under 100	100 to 250	over 250	Total
<b>Six months ended 31 January 2023</b>					
Sales £000		663	802	11,235	12,700
Stores Adjusted EBITDA £'000		194	484	6,980	7,658
<b>Adjusted EBITDA Margin (%)</b>		<b>29.3%</b>	<b>60.3%</b>	<b>62.1%</b>	<b>60.3%</b>
Stores Adjusted EBITDAR £'000		197	484	7,849	8,530
<b>Adjusted EBITDAR Margin (%)</b>		<b>29.7%</b>	<b>60.3%</b>	<b>69.9%</b>	<b>67.2%</b>
As at 31 January 2023 (sq. ft.)					
<b>Maximum Net Area</b>	<b>620</b>	<b>169</b>	<b>216</b>	<b>887</b>	<b>1,892</b>
Freehold / Long leasehold ('000 sq. ft.)	570	169	216	452	1,407
Short Leasehold (sq. ft.)	50	–	–	435	485
<b>Number of Stores</b>					
Freehold / Long Leasehold	9	3	4	8	24
Short Leasehold	1	–	–	9	10
<b>Total Stores</b>	<b>10</b>	<b>3</b>	<b>4</b>	<b>17</b>	<b>34</b>

## Director Valuation of Freehold and Leasehold Land and Buildings

Since the year end at July 31 2022 we have seen significant changes in the debt markets. After consulting with our external valuers Jones Lang LaSalle (JLL), the Directors considered that the yields and discount rates which were applied at the July 2022 year end had moved sufficiently that a Directors' Valuation was required to give investors clarity on movements in asset values.

The Directors have applied a 6.4% reduction to the fair value of our freehold and leasehold stores which are now stated at £261.1 million (31.7.22: £279.0 million). Trading store values were still 9.8% higher than at the corresponding period end of January 2022.

As part of the Directors' valuation process, we commissioned JLL to complete a review of a representative sample of the portfolio to reflect the key changes in current market activity, occupancy, achieved rate as well as costs. They undertook a desktop valuation of three stabilised stores and two stores in early fill up.

The Directors then prepared a management valuation of all remaining stores using the following assumptions which were driven by the JLL desktop valuations inputs consistent with the sample stabilised stores. Specifically;

- Exit Yield and Discount Rate increased by 50bps on all freehold stores from the values applied by JLL at 31<sup>st</sup> July 2022
- Short term EBITDA assumptions were reduced to reflect the combined output of improved revenue offset by increased costs.
- Longer term EBITDA has improved as JLL assume costs stabilisation and continued improved trading.
- Leasehold stores had the leasehold term adjusted to reflect the time passed (6 months) between July 2022 and Jan 2023

In our FY2022 Annual Report we provided some insight on how our stores values would be affected by a change in exit yields and discount rates and a reduction in valuation of 6.4% is broadly in line with this sensitivity analysis.

Further detail is set out in the Total Property Value table below and in note 11 of the financial statements.

It remains the Group's established policy to undertake a comprehensive external valuation at each year-end and will do so at the next year end at 31 July 2023.

## Total Assets and Net Asset Value

- Adjusted Total Assets £353.0 million<sup>4</sup> up 6.2% on last year (31.1.2022: £332.3) (31.7.2022: £370.9 million)
- Adjusted Net Asset Value (NAV) per share<sup>5</sup> January to January up 8.6% to £9.15 (31.1.2022: £8.43)
- Adjusted Net Asset Value (NAV) per share down 5.9% from 31 July 2022 (£9.72)
- Investment in new stores £8.3 million (including capitalised interest) (31.1.2022: £7.1 million)
- Value of operating stores £261.1 million up 9.8% on last year (31.1.2022: £237.7) and down 6.4% from 31 July 2022 (£279.0 million).
- Total property assets £299.0 million up 10.4% on last year (31.1.2022: £270.8) and down 3.5% from 31 July 2022 (£309.7 million).

The value of adjusted total assets of £353.0 million (31.01.2022: £332.3 million) is calculated by adding the valuation of the leasehold properties less their corresponding net book value to the other assets in the business. This provides clarity on the significant value of the leasehold stores as trading businesses which under accounting rules on leases are only presented at their book values within the Statement of Financial Position.

At the period-end Lok'nStore had 40 stores trading. Of these, 24 stores are owned with 15 freeholds, 9 leasehold and 16 under management contracts.

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

The valuations of our freehold property assets are included in the Statement of Financial Position at their fair value. The value of our leasehold stores in the valuation totals £22.95 million (31.1.2022: £23.1 million) but they are held at cost in the Statement of Financial Position.

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

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

<b>Analysis of Total Property Value</b>	<b>No of stores /sites</b>	<b>31 Jan 2023 Valuation £'000</b>	<b>No of stores /sites</b>	<b>31 Jan 2022 Valuation £'000</b>	<b>No of stores /sites</b>	<b>31 July 2022 Valuation £'000</b>
Freeholds <sup>3</sup> valued by JLL <sup>1</sup>	15	254,775	14	214,600	15	254,775
Directors' Valuation Adjustment		(16,650)		–		–
Fair value of freehold stores		238,125		214,600		254,775
Leaseholds valued by JLL <sup>2</sup>	9	24,250	9	23,075	9	24,250
Directors' Valuation Adjustment		(1,300)		–		–
Fair value of leasehold stores		22,950		23,075		24,250
Subtotal	24	261,075	23	237,675	24	279,025
Sites in development at cost <sup>3</sup>	10	36,393	12	31,643	9	29,215
Subtotal <sup>4</sup>	34	297,468	35	269,318	33	308,240
Freehold land & Buildings at Director valuation	1	1,500	1	1,500	1	1,500
<b>Total</b>	<b>35</b>	<b>298,968</b>	<b>36</b>	<b>270,818</b>	<b>34</b>	<b>309,740</b>

<sup>1</sup> Includes related fixtures and fittings (refer to note 11)

<sup>2</sup> The nine leaseholds valued by JLL are all within the terms of the Landlord and Tenant Act (1954) giving a degree of security of tenure. The average length of the leases on the leasehold stores valued was 9 years and 7 months at the date of the 2023 valuation.

<sup>3</sup> Includes £663,658 of capitalised interest during the period. (31.01.2022: £296,466) (31.07.2022: £440,522).

<sup>4</sup> Loan to value calculation based on these property values.

Total freehold properties account for 92.5% of all property values (31.1.2022: 91.5%).

## Growth from new stores and more new landmark stores to come

Post the period end our new store in Bedford opened. Early trading has been excellent. Today we are on site at four stores, which require capital expenditure over the coming twelve months of £18.2 million to complete these projects. This will be drawn from the cash on hand at period end of £40.3 million without the need to draw further debt.

Our total secured pipeline of 10 stores adds 32.5% of extra trading space to the total portfolio, 48.7% to our owned portfolio and 5.9% to the managed portfolio. Beyond the secured pipeline we continue to see many exciting opportunities.

We have invested £7.6 million (31.1.2022: £7.2 million) in new store development this period and we have a new store pipeline of 10<sup>9</sup> secured stores which will take the total to 51 stores. These will all be purpose-built landmark stores in highly prominent locations and will add substantially to the Group's capacity for revenue, profit and asset growth.

## Acquisition of a development site in Milton Keynes

On 4<sup>th</sup> October 2022, we exchanged contracts on a freehold development site in Watling Street, Milton Keynes subject to planning. This highly visible roadside location in the north west of the city complements our existing leasehold store, 7 miles to the south east. Once developed the store will add c. 60,000 sq. ft. of lettable area.

## Bolton Planning permission granted

In January 2023 we were granted planning consent to build a Landmark store in Bolton, Greater Manchester. We are now in the process of tendering for the construction of this store which will provide 57,578 sq. ft of new space.

## Summary of our contracted pipeline at 31 January 2023:

Store	Size sq. ft	Status	On-site at 31 Jan 2023 Size sq. ft	On site after 30 April 2023 Size sq. ft (Additional)
Bedford	56,445	Opened 17 February 2023	56,445	
Peterborough	45,900	On site – target opening July 2023	45,900	
Basildon	49,700	On site – target opening Autumn 2023	49,700	
Staines	66,500	On site – target opening Autumn 2023	66,500	
Kettering	45,900	On site - target opening Spring 2024	45,900	
Bolton	57,578	Planning granted		57,578
Bournemouth	75,100	Further Planning application to be submitted		75,100
Altrincham	63,900	Planning appeal submitted		63,900
Barking	84,200	Planning application submitted		84,200
Cheshunt	60,300	Further Planning application submitted		60,300
Milton Keynes	60,000	Planning application submitted		60,000
<b>Total – 11 stores</b>	<b>665,523</b>		<b>264,445</b>	<b>401,078</b>

## Store and Portfolio Strategy

Our strategy is to continue to increase the number of stores we operate without over stretching our balance sheet. The core focus of this strategy is the acquisition of highly prominent freehold locations in busy towns and cities in England where we will build well-branded landmark stores.

Lok'nStore's operating cash flow, solid asset base, and tactical approach to its store property portfolio provide the Group with opportunities to improve the terms of its property usage in all stages of the economic cycle.

## Managed Stores

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

We also consider selling established stores on sale and manage-back contracts in order to recycle capital into new landmark stores. This allows us to carefully manage our balance sheet as part of our successful growth strategy and disciplined capital allocation. Indeed, some of our stores have been freehold, leasehold and managed stores during their operating life cycle.

For managed stores Lok'nStore receives a standard monthly management fee, a performance fee based on certain objectives and fees on a successful exit. We also charge acquisition, planning construction and advisory fees and branding fees.

Although these fees are irregular in nature, this demonstrates the contractually embedded value in the managed stores income stream. This allows Lok'nStore to earn revenue from our expertise and knowledge of the self-storage industry without committing our capital. We can amortise various fixed central costs over a wider operating base and drive more visits to our website moving it up the internet search rankings and benefitting all of the stores we both own and manage.

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

We generated managed store income of £821,607 in this period, compared to £674,545 for the same period last year driven by the sale-and-manage-back of four stores last January.

Recurring management fees generated £761,607 an increase of 29.5% over the same period last year (31.1.2022: £588,014). Non-recurring fees were £60,000 in the first half (31.01.2022: £86,531).

Managed store income is generated from our existing platform and central management, resulting in an effective margin from this activity of 100%.

Management fees	Percentage Increase/ (decrease)  %	Group Period ended 31 January 2023 £	Group Period ended 31 January 2022 £	Group Year ended 31 July 2022 £
<b>Recurring fees</b>				
Base management fees		469,564	294,012	722,084
Administration and compliance fees		52,500	35,000	86,916
Enhanced Management fees		239,543	259,002	504,379
<b>Recurring fees - Sub-total</b>	<b>29.5%</b>	<b>761,607</b>	588,014	1,313,379
<b>Non-recurring fees</b>				
Construction & Advisory fees		-	12,500	12,500
Supplementary fees		60,000	50,000	1,459,177
Increase in estimated fees receivable		-	24,031	-
<b>Non-recurring fees</b>	<b>(30.7%)</b>	<b>60,000</b>	86,531	1,471,677
<b>Total management fees</b>	<b>21.8%</b>	<b>821,607</b>	674,545	2,785,056

## Financial results

- Same Store Group Revenue £13.22 million up 11.2% (31.1.2022: £11.89 million)
  - Group revenue £13.58 million up 1.5% (31.1.2022: £13.38 million)
- Same Store Group Adjusted EBITDA<sup>1</sup> £7.79 million up 8.9% (31.1.2022: £7.16 million)
  - Group Adjusted EBITDA<sup>1</sup> £7.93 million down 2.3% (31.1.2022: £8.12 million)
- Cash available for Distribution (CAD)<sup>3</sup> £5.21 million down 6.6% (31.1.2022: £5.58 million)
- Cash available for Distribution (CAD) per share (Annualised) 17.70 pence down 6.8% (31.1.2022: 19.00 pence)
- Loan to Value (net of cash) 8.9% (31.1.2022: 8.3%) (31.7.2022: 6.6%)
- Interim dividend up 15% to 5.75 pence per share (31.1.2022: 5.0 pence per share)
- Cash balance £40.3 million (31.1.2022: £44.4 million) (31.7.2022: £46.5 million)

Lok'nStore is a robust business which generates cash flow from its strong asset base with a low LTV net of cash of 8.9% and an average cost of debt of 4.13%. The value of the Group's assets underpins a flexible business model with stable cash flows and low credit risk giving the business a firm base for growth.

## Operating Costs

- Group operating costs amounted to £5.53 million for the year (31.1.2022: £5.18 million) up by 6.8%
- Cost ratio<sup>13</sup> 40.7% (31.1.2022: 38.7%) (31.7.2022: 38.5%)

We have a strong record of disciplined control of our costs. Nevertheless, at a headline level, total Group Operating Costs amounted to £5.53 million for the period (31.1.2022: £5.18 million) up by 6.8%. On a Same Store basis costs have increased by 14.8% against the same period last year reflecting the current "cost of living crisis". (Refer store analysis of Group operating costs in the table below).

Historically, overall cost increases have been mainly driven by the expansion of the business. As previously reported at the full year, we are now seeing some short term but significant external cost increases primarily through energy costs, which have increased in the period by £0.51 million compared to the same period last year.

Looking forward, we now have clarity on the revised business rates from April 2023 which will result in our 2023-24 business rates increasing £0.49 million with transitional relief and by £0.69 million plus future inflationary increases as we move to a full charge. This step change in business rates will be offset in part by the reduction in medium term energy costs we are already starting to see in the market.

Property costs increased by 13.2%. These costs mainly constitute rents on our property leases, rates, energy and property maintenance and have risen in recent years as we felt the effects of higher rates and energy bills and as we opened our new Landmark stores which are generally larger and therefore incur higher rates bills.

Our largest cost area, staff costs, decreased by 4.3% in the period, driven by careful management and lower national insurance costs as fewer share options were exercised by management and staff in the period.

The 11.9% increase in overhead costs is principally due to a stepped increase in audit fees as the audit profession adjusts its fee rates in response to higher regulatory and operating costs. Legal and professional costs related to work on rent reviews, corporate tax, increased valuation costs for additional work commissioned by the Group for valuation work completed by JLL, and general compliance work also increased.

Other administrative costs (computer support, telephones, PPS and marketing etc) show no material cost pressures.

Group Operations	Increase (decrease) in costs %	Six months ended 31 Jan 2023 £'000	Six months ended 31 Jan 2022 £'000	Year ended 31 July 2022 £'000
Property costs	13.2%	3,034	2,681	5,304
Adjustment for property lease rentals	(3.5%)	(871)	(903)	(1,746)
Restated property and premises costs	21.7%	2,163	1,778	3,558
Staff costs	(4.3%)	2,577	2,694	5,369
Overheads	11.9%	787	703	1,438
Total	6.8%	5,527	5,175	10,365

**Same Store Analysis** – This measure is used to give transparency on improvements in the operating business in the period unrelated to the opening of new stores, closure of old stores, and more particularly in this financial period, the sale and manage-back of four owned stores which were sold on 31 January 2022, and reporting on stores that were open and trading at both financial year ends 31 January 2022 and 31 January 2023. This also eliminates the two new stores from the 31 January 2023 calculation.

The same store key performance measure helps to illustrate the performance of the underlying business and the same store costs are shown in the table below which shows the overall Group cost increased by 14.3%.

Group Operations Same Store analysis	Increase (decrease) in costs %	Six months ended 31 Jan 2023 £'000	Six months ended 31 Jan 2022 £'000	Year ended 31 July 2022 £'000
Property costs	23.2%	2,975	2,415	4,881
Adjustment for property lease rentals	(3.5%)	(871)	(903)	(1,746)
Restated property and premises costs	39.2%	2,104	1,512	3,135
Staff costs	(1.4%)	2,456	2,492	5,062
Overheads	16.9%	747	639	1,325
Total	14.3%	5,307	4,642	9,522

### Strong Balance Sheet, Efficient Use of Capital, Low Debt

- Revolving Credit Facility £100 million runs to April 2026
- £8.3\* million invested in new store pipeline (31.1.2022: £7.1 million)
- Net debt (excluding leases) £26.5 million (31.1.2022: £22.4 million)
- Loan to Value Ratio (LTV) net of cash 8.9% (31.1.2022: 8.3%) (31.7.2022: 6.6%)
- Cost of debt averaged 4.13% in the period (31.1.2022: 1.55%) on £66.8 million debt (31.1.2022: £66.8 million)

\* Includes £0.66 million of capitalised interest

### Cash flow and financing

At 31 January 2023 the Group had cash balances of £40.3 million (31.1.2022: £44.4 million) (31.7.2022: £46.5 million). Cash inflow from operating activities before investing and financing activities was £7.85 million (31.1.2022: £7.45 million).

As well as using cash generated from operations to fund some capital expenditure, the Group has a £100 million five-year revolving credit facility which runs until April 2026. This provides sufficient liquidity for the Group's current needs. Undrawn committed facilities at the period-end amounted to £33.2 million (31.1.2022: £33.2 million) (31.7.2022: £33.2 million). Cash plus undrawn committed facilities amounts to £73.5 million leaving the business with plenty of headroom.

### Strong Cash Flow Supports 15% Increase in Interim Dividend

- Interim dividend 5.75 pence per share up 15% (2022: 5.0 pence per share)
- Cash available for Distribution (CAD) per share (annualised) was down 6.8% to 17.70 pence compared to the corresponding period last year (31.1.2022: 19.00 pence)

At this interim stage we will pay one third of the previous year's total annual dividend which equates to 5.75 pence per share, up 15% on the 5.0 pence per share interim dividend paid last year. This is the twelfth year of interim dividend growth.

The table below shows the calculation of CAD.

<b>Analysis of Cash Available for Distribution (CAD)</b>	<b>Period ended 31 January 2023 £'000</b>	Period ended 31 January 2022 £'000	Year ended 31 July 2022 £'000
Group Adjusted EBITDA (Per Statement of Comprehensive Income)	7,931	8,116	16,349
Adjustment for property lease rentals	(871)	(903)	(1,746)
Net finance costs paid	(1,135)	(600)	(1,395)
Capitalised maintenance expenses	(11)	(60)	(120)
New Works Team	(35)	(73)	(125)
Current tax (Note 8)	(671)	(903)	(1,572)
Total deductions	(2,722)	(2,539)	(4,958)
<b>Cash Available for Distribution</b>	<b>5,208</b>	<b>5,577</b>	<b>11,391</b>
(Decrease) /increase in CAD over last year £	(369)		
(Decrease) / increase in CAD over last period / year %	(6.6%) Number	59.6% Number	38.2% Number
Closing shares in issue (less shares held in EBT and treasury)	29,422,990	29,354,843	29,380,333
CAD per share (annualised)	17.7p	19.0p	38.7p
(Decrease) / increase in CAD per share over last period / year	(6.8%)	57.2%	36.7%

### Management of interest rate risk

With £66.8 million of gross debt currently drawn against the £100 million bank facility the Group is not committed to enter into hedging instruments but continues to keep the matter under review.

The gross bank interest expense (before capitalisation of interest costs, non-utilisation fees and loan amortisation fees) for the period was £1.34 million (31.01.2022: £0.53 million), due to higher average debt and higher average costs of borrowing. These average costs of borrowing have continued to rise after the period-end and the Group's current cost of debt is running at 4.96%.

The Group continues to monitor closely the effects of rising interest rates on its senior interest covenant, which is tested on a 12-month rolling basis, and the Group's flexible business model will enable it to take appropriate steps to mitigate its effects should it be required.

Capitalised interest in the period on our store development programme was £663,658 (31.1.2022: £296,466). Total finance costs in the Statement of Comprehensive income for the period increased to £1.01 million (31.1.2022: £0.54 million).

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

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

### Taxation

The Group has made a current tax provision against earnings in this period of £0.67 million (31.1.2022: £0.90 million) based on a corporation tax rate of 19% (31.1.2022: 19%). With the increase in corporation tax rate to 25% effective 1 April 2023, the Group will pay a blended rate of 21% for year ended 31 July 2023. The deferred tax provision which is calculated at forward corporation tax rates of 25% is substantially a tax provision against the potential crystallisation (sales) of revalued properties and past 'rolled over' gains and amounts to £59.5 million (31.1.2022: £54.2 million) (31.7.2022: £63.2 million).

The Directors' reconsideration of the valuations of the trading stores at the period-end has mainly contributed to the reduction in the total deferred tax provision at the period-end (See Note 19).

### Analysis of the underlying business after adjustment for non-underlying items

When comparing 31 January 2023 with the corresponding period last year, the Group benefited from a higher than usual level of exceptional gains principally resulting from the sale of the four sale and manage-back stores totalling £6.1 million in the prior period.

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

	Period ended 31 January 2023 £'000	Period ended 31 January 2023 £'000	Period ended 31 January 2023 £'000	Period ended 31 January 2022 £'000	Period ended 31 January 2022 £'000	Period ended 31 January 2022 £'000
	Underlying business	Non- underlying items and non-recurring management fee income	Total	Underlying business	Non- underlying items and non- recurring management fee income	Total
<b>Revenue</b>	<b>13,522</b>	<b>61<sup>1</sup></b>	<b>13,583</b>	13,297	87 <sup>1</sup>	13,384
<b>Total property, staff, distribution, and general costs</b>	<b>(5,652)</b>	<b>–</b>	<b>(5,652)</b>	(5,268)	–	(5,268)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>7,870</b>	<b>61</b>	<b>7,931</b>	8,029	87	8,116
Depreciation	(2,463)	–	(2,463)	(2,232)	–	(2,232)
Equity-settled share-based payments	(225)	–	(225)	(101)	–	(101)
Non-underlying items	–	119 <sup>2</sup>	119	–	6,089 <sup>2</sup>	6,089
	<b>(2,688)</b>	<b>119</b>	<b>(2,569)</b>	(2,333)	6,089	3,756
<b>Operating profit</b>	<b>5,182</b>	<b>180</b>	<b>5,362</b>	5,696	6,176	11,872
Finance income	305	–	305	–	–	–
Finance cost	(1,008)	–	(1,008)	(539)	–	(539)
<b>Profit before taxation</b>	<b>4,479</b>	<b>180</b>	<b>4,659</b>	5,157	6,176	11,333

<sup>1</sup> Represents non-recurring management fees

<sup>2</sup> Refer to note 4 of the notes to the financial statements for the analysis of non-underlying items

### Earnings per share

Basic earnings per share were 12.38 pence (31.1.2022: 30.16 pence per share) and diluted earnings per share were 12.17 pence (31.1.2022: 29.64 pence per share).

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Total profit for the financial year attributable to owners of the parent	<b>3,651</b>	8,832	12,078
Weighted average number of shares	<b>No. of shares</b>	No. of shares	No. of shares
For basic earnings per share	<b>29,479,779</b>	29,277,827	29,287,451
Dilutive effect of share options	<b>520,042</b>	520,839	549,321
For diluted earnings per share	<b>29,999,821</b>	29,798,666	29,836,772

623,212 shares (31.01.2022: 623,212) are held in the Employee Benefit Trust, and these are excluded from the above calculation.

<b>Earnings per share attributable to owners of the Parent</b>	<b>Six months ended 31 January 2023 Unaudited</b>	Six months ended 31 January 2022 Unaudited	Year ended 31 July 2022 Audited
<b>Earnings per share - Basic</b>			
Basic earnings per share	<b>12.38p</b>	30.16p	41.24p
<b>Earnings per share - Diluted</b>			
Total diluted earnings per share	<b>12.17p</b>	29.64p	40.48p

The significant increase in earnings per share in the previous period is due in substantial part to the profits generated by the sale and manage-back of the four stores executed on 31 January 2022 (Refer Statement of Comprehensive Income).

#### **Gearing<sup>11</sup> (excluding IFRS16 lease liabilities)**

At 31 January 2023 the Group had £66.8 million of gross bank borrowings (31.1.2022: £66.8 million) (31.7.2022: £66.8 million) representing gearing of 13.7% (31.1.2022: 12.6%) (31.7.2022: 9.9%) on net assets of £194 million (31.1.2022: £178 million) (31.7.2022: £205 million).

After adjusting for the uplift in value of short leaseholds which are stated at depreciated historic cost in the statement of financial position, gearing is 12.6% (31.1.2022: 11.6%) (31.7.2022: 9.9%).

#### **Gearing<sup>11</sup> (including IFRS16 lease liabilities)**

At 31 January 2023 the Group had £66.8 million of gross bank borrowings (31.1.2022: £66.8 million) (31.7.2022: £66.8 million) and £10.1 million of lease liabilities (31.1.2022: £12.45 million) (31.7.2022: £10.9 million) representing gearing of 18.9% (31.1.2022: 19.7%) (31.7.2022: 15.2%) on net assets of £194 million (31.1.2022: £178 million) (31.7.2022: £205 million).

After adjusting for the uplift in value of short leaseholds which are stated at depreciated historic cost in the statement of financial position, gearing is 17.5% (31.1.2022: 18.1%) (31.7.2022: 17%).

#### **Capital expenditure**

Capital expenditure during the period totalled £8.3 million (including capitalised interest during the period). This was primarily the purchase of the Milton Keynes site, together with ongoing construction and fit out works, as well as planning and pre-development.

#### **Adjusted Net Asset Value per Share**

- Adjusted Net Asset Value per share up 8.6% to £9.15 (31.1.2022: £8.43)

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

At 31 January 2023, the Adjusted Net Asset Value per share (before deferred tax) increased 8.6% to £9.15 from £8.43 last year. This increase is a result of higher property values on our existing stores as the strength of our Landmark stores is recognised, combined with cash generated from operations less dividend payments, offset in part by an increase in the shares in issue due to the exercise of a small number of share options during the period.

At 31 January 2023, the Adjusted Net Asset Value of £9.15 per share (before deferred tax) decreased 5.9% from £9.72 per share recorded at 31 July 22 last year.

	<b>31 Jan 2023 £'000 Unaudited</b>	31 Jan 2022 £'000 Unaudited	31 July 2022 £'000 Audited
<b>Analysis of net asset value (NAV)</b>			
Net assets	<b>193,674</b>	177,362	205,346
Adjustment to include operating/short leasehold stores at valuation			
Add: JLL leasehold valuation	<b>22,950</b>	23,075	24,250
Deduct: leasehold properties and their fixtures and fittings at NBV	<b>(7,039)</b>	(7,313)	(7,224)
	<b>209,585</b>	193,124	222,372
Deferred tax arising on revaluation of leasehold properties <sup>1</sup>	<b>(3,978)</b>	(3,941)	(4,256)
Adjusted net assets	<b>205,607</b>	189,183	218,116
	<b>Number '000</b>	Number '000	Number '000
Shares in issue			
Opening shares in issue	<b>30,004</b>	29,687	29,687
Shares issued for the exercise of options	<b>42</b>	291	317
Closing shares in issue	<b>30,046</b>	29,978	30,004
Shares held in EBT	<b>(623)</b>	(623)	(623)
Closing shares for NAV purposes	<b>29,423</b>	29,355	29,381
Adjusted net asset value per share after deferred tax provision	<b>£6.99</b>	£6.45	£7.42
<b>Adjusted net asset value per share before deferred tax provision</b>			
Adjusted net assets (see above)	<b>205,607</b>	189,183	218,116
Deferred tax liabilities and assets recognised by the Group	<b>59,535</b>	54,174	63,214
Deferred tax arising on revaluation of leasehold properties <sup>1</sup>	<b>3,978</b>	3,941	4,256
Adjusted net assets before deferred tax	<b>269,120</b>	247,298	285,586
Closing shares for NAV purposes	<b>29,423</b>	29,355	29,381
Adjusted net asset value per share before deferred tax provision	<b>£9.15</b>	£8.43	£9.72

<sup>1</sup> A deferred tax adjustment in respect of the uplift in the value of the leasehold properties has been included. Although this is a memorandum adjustment as leasehold properties are included in the Group's financial statements at cost and not at valuation, this deferred tax adjustment is included in the adjusted net asset value calculation in order to maintain a consistency of tax treatment between freehold and leasehold properties.

## Outlook

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

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

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

We look to the future with confidence.

**Neil Newman**  
Group Managing Director

**Ray Davies**  
Group Finance Director

## Principal Risks and Uncertainties:

### Principal Risks and Uncertainties in Operating our Business

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

Management of our risks helps us protect our reputation, which is very important to the ability of the Group to attract customers, particularly with the growth of social media. We always try to communicate clearly with our customers, suppliers, local authorities, communities, employees, and shareholders, and to listen and take account of their views. We operate strict Health and Safety policies and procedures as part of our Risk Management Framework.

### Our Risk Management Governance

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

### Risk Management Framework

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

### Risk Management Team

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

### Our Risk Management and Reporting Structure

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

## Principal Risks

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

Risk	Description	Key Mitigation
<i>Interest Rate and Liquidity Risk</i>	The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk (for details please see note 16).	<ul style="list-style-type: none"> <li>▪ Regular review by the Board.</li> <li>▪ Debt and interest are low relative to assets and earnings. With interest rates rising, this risk <i>per se</i> is increasing, however the Executive and the Board monitor this position carefully through the Group's detailed operating reports produced on a weekly basis and detailed financial and accounting reports produced on a monthly basis.</li> <li>▪ Could reduce debt, if required, by executing 'Sale and Manage-Back' arrangements on mature stores or slow the rate of site development.</li> </ul>
<i>Tax Risk</i>	Changes to tax legislation may impact the level of corporation tax, capital gains tax, VAT and stamp duty land tax which would in turn affect the profits of the Group.	<ul style="list-style-type: none"> <li>▪ Regular monitoring of changes in legislation.</li> <li>▪ Use of appointed professional advisers and trade bodies.</li> </ul>
<i>Treasury Risk</i>	The Group faces increased costs from adverse interest rate movements. The Bank of England has raised base rates repeatedly since February 2022 and is currently 4.25% up from 0.1% in March 2020.	<ul style="list-style-type: none"> <li>▪ The Group has headroom within its Revolving Credit Facility of £100 million.</li> <li>▪ The facility does not expire until April 2026, providing funding for more Landmark site acquisitions.</li> <li>▪ Lok'nStore is a robust business which generates an increasing cash flow from its strong asset base with a low LTV net of cash of 8.9% (31.7.2022: 6.6%) and an average cost of debt of 4.13%. The value of the Group's assets underpins a flexible business model with stable and rising cash flows and low credit risk giving the business a firm base for growth.</li> <li>▪ Average cost of debt 4.13% (31.7.2022: 1.71%)</li> <li>▪ Average cost of debt (active revolving loans) 4.96% (31.7.2022: 2.71%)</li> <li>▪ With £66.8 million of gross debt currently drawn against the £100 million bank facility the Group is not committed to enter into hedging instruments but recognising that these rates are now rising, the Group is regularly monitoring this risk and continues to keep the matter under review.</li> <li>▪ The Group monitors compliance with its bank covenants closely and during the year it complied with all of its bank covenants.</li> </ul>
<i>Property Valuation Risk</i>	The external independent valuations of the stores are sensitive to both operational trading performance of the stores and also wider market conditions. It follows that a reduction in operational performance or a deterioration of market conditions could have a material adverse impact on the Net Asset Value (NAV) of the Group.	<ul style="list-style-type: none"> <li>▪ Regular monitoring of any changes in market conditions and transactions occurring within our marketplace.</li> <li>▪ Use of independent professional valuers who are experts in the self-storage sector. There is regular contact with the current valuer JLL and discussions around market values and transactions within the sector, including post year-end.</li> <li>▪ Previous experience of downturns, such as the Dotcom and global financial crises, has</li> </ul>

		<p>demonstrated that Self Storage has considerable resilience.</p> <ul style="list-style-type: none"> <li>▪ Stores are predominantly Landmark stores in prime locations and are all UK based and predominantly located in the affluent South of England. The Group is therefore not exposed to overseas/international/currency risks etc.</li> <li>▪ Operational management teams with the skills, experience, and motivation to continue to drive operational performance.</li> </ul>
<i>Environmental Risk</i>	<p>Flooding.</p> <p>Increased requirement to reduce waste and greenhouse gas emissions and reduce environmental impact on the environment.</p>	<ul style="list-style-type: none"> <li>▪ Flood risk due diligence undertaken on all prospective site acquisitions.</li> <li>▪ Flood protection measures in place at all stores.</li> <li>▪ Group has been measuring environmental impact since 2005 and is committed to manage waste effectively and control polluting emissions.</li> <li>▪ All new construction has solar power on the roofs of its buildings.</li> </ul>
<i>Property Acquisition</i>	<p>Acquiring new sites is a key strategic objective of the business but we face significant competition from other uses such as hotels, car showrooms and offices as well as from other self-storage operators.</p>	<ul style="list-style-type: none"> <li>▪ We hold weekly property meetings to manage the search process and property purchases.</li> <li>▪ Use of property acquisition consultants.</li> <li>▪ Regular communication with agents.</li> <li>▪ Attendance at industry relevant property events.</li> </ul>
<i>Planning Permission</i>	<p>The process of gaining planning permissions remains challenging. Planning approval is increasingly dependent on Social or Environmental enhanced features such as BREEAM standards, as well as local planners' demands for green spaces, cycle, and footpaths etc, all adding cost and complexity to a planning project.</p>	<ul style="list-style-type: none"> <li>▪ Where we can we acquire sites subject to planning.</li> <li>▪ We work with an established external planning consultant.</li> <li>▪ Our property team has over 20 years' experience in obtaining planning consents for our stores.</li> </ul>
<i>Construction</i>	<p>Poor construction may affect the value of the property and/or the efficient operation of the store. Rising costs of developing a store may mean site opportunities which do not meet management's return on investment criteria may not be taken up.</p>	<ul style="list-style-type: none"> <li>▪ We use a design and build contract with a variety of established contractors.</li> <li>▪ We use external project managers.</li> <li>▪ All projects are overseen by our property team which has over 20 years' experience.</li> <li>▪ Construction projects are subject to a tender process.</li> <li>▪ Rising costs are factored into our financial modelling to ensure the required returns are achievable.</li> </ul>
<i>Maintenance /Damage</i>	<p>Damage to properties through poor maintenance or flood or fire could render a store inoperable.</p>	<ul style="list-style-type: none"> <li>▪ Regular site checks by team members.</li> <li>▪ Rolling maintenance plan for all stores.</li> <li>▪ Comprehensive disaster recovery plan.</li> <li>▪ Appropriate insurance cover.</li> </ul>
<i>Increased Competition</i>	<p>An increasing number of competitors in the industry may</p>	<ul style="list-style-type: none"> <li>▪ Established criteria for site selection including: <ul style="list-style-type: none"> <li>○ Prominent locations</li> </ul> </li> </ul>

	negatively impact Lok'nStore's existing operations (e.g., pricing/available sites).	<ul style="list-style-type: none"> <li>○ High visibility</li> <li>○ Distinctive designs and bright orange elevations and signage to attract customers.</li> </ul> <ul style="list-style-type: none"> <li>▪ Continued investment in the Group's website and internet marketing.</li> <li>▪ Ensure high levels of customer service through training and monitoring.</li> </ul>
<i>Employee Retention</i>	Loss of employees may affect our ability to operate our stores and provide the high levels of customer service expected.	<ul style="list-style-type: none"> <li>▪ Aim to offer a good work/life balance and career development.</li> <li>▪ Regular reviews of remuneration levels against market.</li> <li>▪ Achievable bonus systems.</li> <li>▪ Generous Employee Share Schemes.</li> <li>▪ High-quality training within the Lok'nStore Academy</li> <li>▪ Intranet for improved communications.</li> <li>▪ Established Employee rewards programme.</li> </ul>
<i>Cyber security and IT System Breach</i>	A breach of our IT systems might adversely affect the operations and income of the business resulting in potential fines, customer compensation and causing reputational damage to the Group.	<ul style="list-style-type: none"> <li>▪ Regularly reviewed IT security systems.</li> <li>▪ Well communicated policies and procedures for handling and managing a systems breach.</li> </ul>
<i>Future Pandemic Risk</i>	A spread of the virus and social protection measures which may be introduced by Government may adversely affect the operations and financial performance of the business and adversely impact on the health of staff.	<ul style="list-style-type: none"> <li>▪ The Group has a well-defined policy and response developed and executed throughout the recent Covid-19 pandemic.</li> <li>▪ Our Covid-19 Group Safe Response has been documented in detail in the Managing Director's Review on page 20 in the 2021 Annual Report and is not repeated here.</li> </ul>

**Consolidated Statement of Comprehensive Income**  
**For the six months ended 31 January 2023**

	Notes	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
<b>Revenue</b>	1	<b>13,583</b>	13,384	26,902
<b>Total property, staff, distribution and general costs</b>	2	<b>(5,652)</b>	(5,268)	(10,553)
<b>Group Adjusted EBITDA<sup>1</sup></b>		<b>7,931</b>	8,116	16,349
Depreciation	7	<b>(2,463)</b>	(2,232)	(4,727)
Equity settled share-based payments		<b>(225)</b>	(101)	(201)
Non-underlying items	4	<b>119</b>	6,089	5,739
		<b>(2,569)</b>	3,756	811
<b>Operating profit</b>		<b>5,362</b>	11,872	17,160
Finance income	5	<b>305</b>	–	42
Finance cost	6	<b>(1,008)</b>	(539)	(1,328)
<b>Profit before taxation</b>		<b>4,659</b>	11,333	15,874
Income tax expense	8	<b>(1,008)</b>	(2,501)	(3,796)
<b>Profit attributable to:</b>				
Owners of the parent	22	<b>3,651</b>	8,832	12,078
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to profit and loss				
Fair value movement in property valuation		<b>(16,057)</b>	25,590	60,171
Deferred tax relating to change in property valuation		<b>4,014</b>	(5,816)	(14,284)
<b>Other comprehensive income</b>		<b>(12,043)</b>	19,774	45,887
<b>Total comprehensive income for the period attributable to Owners of the Parent</b>		<b>(8,392)</b>	28,606	57,965
<b>Earnings per share attributable to owners of the Parent</b>		<b>Six months ended 31 January 2023 Unaudited</b>	Six months ended 31 January 2022 Unaudited	Year ended 31 July 2022 Audited
	Notes			
<b>Earnings per share Basic</b>				
Total basic earnings per share	10	<b>12.38p</b>	30.16p	41.24p
<b>Earnings per share Diluted</b>				
Total diluted earnings per share	10	<b>12.17p</b>	29.64p	40.48p

## Consolidated Statement of Changes in Equity

### For the six months ended 31 January 2023

	Attributable to owners of the Parent				Retained earnings £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Other reserves £'000	Revaluation reserve £'000		
<b>1 August 2021 - Audited</b>	<b>298</b>	<b>10,815</b>	<b>9,138</b>	<b>104,736</b>	<b>26,272</b>	<b>151,259</b>
Profit for the period	–	–	–	–	8,832	8,832
Other comprehensive income						
Increase in property valuation net of deferred tax	–	–	–	19,774	–	19,774
Total comprehensive income for the year	–	–	–	19,774	8,832	28,606
Transactions with Owners						
Dividend paid	–	–	–	–	(3,132)	(3,132)
Share based payments	–	–	101	–	–	101
Transfers in relation to share based payments	–	–	(166)	–	166	–
Exercise of share options	3	526	–	–	–	529
Reserve transfer on disposal of assets	–	–	–	(20,258)	20,258	–
Transfer additional dep'n on revaluation net of deferred tax	–	–	–	(234)	234	–
Total transactions with owners	3	526	(65)	(20,492)	17,526	(2,502)
<b>31 January 2022 – Unaudited</b>	<b>301</b>	<b>11,341</b>	<b>9,073</b>	<b>104,018</b>	<b>52,630</b>	<b>177,363</b>
Profit for the period (restated)	–	–	–	–	3,246	3,246
Other comprehensive income						
Increase in property valuation net of deferred tax	–	–	–	26,113	–	26,113
Total comprehensive income for the year	–	–	–	26,113	3,246	29,359
Transactions with Owners						
Dividend paid	–	–	–	–	(1,469)	(1,469)
Share based payments	–	–	100	–	–	100
Transfers in relation to share based payments	–	–	(14)	–	14	–
Deferred tax credit relating to share options	–	–	(57)	–	–	(57)
Exercise of share options	–	50	–	–	–	50
Reserve transfer on disposal of assets	–	–	–	–	–	–
Transfer additional dep'n on revaluation net of deferred tax	–	–	–	(587)	587	–
Total transactions with owners	–	50	29	(587)	(868)	(1,376)
<b>31 July 2022 – Audited</b>	<b>301</b>	<b>11,391</b>	<b>9,102</b>	<b>129,544</b>	<b>55,008</b>	<b>205,346</b>
Profit for the period	–	–	–	–	3,651	3,651
Other comprehensive income						
Decrease in property valuation net of deferred tax	–	–	–	(12,043)	–	(12,043)
Total comprehensive income for the year	–	–	–	(12,043)	3,651	(8,392)
Transactions with Owners						
Dividend paid	–	–	–	–	(3,602)	(3,602)
Share based payments	–	–	225	–	–	225
Transfers in relation to share based payments	–	–	(24)	–	24	–
Exercise of share options	–	97	–	–	–	97
Reserve transfer on disposal of assets	–	–	–	–	–	–
Transfer additional dep'n on revaluation net of deferred tax	–	–	–	(432)	432	–
Total transactions with owners	–	97	201	(432)	(3,146)	(3,280)
<b>31 January 2023 – Unaudited</b>	<b>301</b>	<b>11,488</b>	<b>9,303</b>	<b>117,069</b>	<b>55,513</b>	<b>193,674</b>

## Consolidated Statement of Financial Position

31 January 2023

	Notes	31 January 2023 Unaudited £'000	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11	283,240	255,097	292,848
Right of use assets	12	9,712	11,809	10,424
		<b>292,952</b>	266,906	303,272
<b>Current assets</b>				
Inventories	13	132	252	143
Trade and other receivables	14	3,738	4,481	3,988
Cash and cash equivalents		40,262	44,363	46,465
Financial assets		–	533	–
		<b>44,132</b>	49,629	50,596
<b>Total current assets</b>		<b>44,132</b>	49,629	50,596
<b>Total assets</b>		<b>337,084</b>	316,535	353,868
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	15	(6,893)	(5,450)	(7,229)
Lease liabilities	18	(1,295)	(1,272)	(1,612)
Taxation		(580)	(1,019)	(989)
<b>Total current liabilities</b>		<b>(8,768)</b>	(7,741)	(9,830)
<b>Non-current liabilities</b>				
Borrowings	17	(66,314)	(66,079)	(66,196)
Lease liabilities	18	(8,792)	(11,179)	(9,282)
Deferred tax	19	(59,536)	(54,174)	(63,214)
<b>Total non-current liabilities</b>		<b>(134,642)</b>	(131,432)	(138,692)
<b>Total liabilities</b>		<b>(143,410)</b>	(139,173)	(148,522)
<b>Net assets</b>		<b>193,674</b>	177,362	205,346
<b>Equity</b>				
<b>Equity attributable to owners of the parent</b>				
Called up share capital	20	301	300	301
Share premium		11,488	11,341	11,391
Other reserves	21	9,303	9,073	9,102
Retained earnings	22	55,513	52,630	55,008
Revaluation reserve		117,069	104,018	129,544
<b>Total equity</b>		<b>193,674</b>	177,632	205,346

Approved by the Board of Directors and authorised for issue on 21 April 2023 and signed on its behalf by:

**Andrew Jacobs**  
Chair

**Ray Davies**  
Finance Director

**Consolidated Statement of Cash Flows**  
**For the six months ended 31 January 2023**

	Notes	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
<b>Operating activities</b>				
Cash generated from operations	24a	7,847	7,445	18,569
Income tax paid		(950)	(250)	(1,060)
<b>Net cash from operating activities</b>		<b>6,897</b>	7,195	17,509
<b>Investing activities</b>				
Proceeds of sale & manage-back stores		–	37,922	37,922
Purchase of property, plant and equipment	11	(7,589)	(6,793)	(11,961)
Interest received		305	–	13
<b>Net cash generated by / used in investing activities</b>		<b>(7,284)</b>	31,129	25,974
<b>Financing activities</b>				
Proceeds of bank borrowings utilised for store development		–	1,198	1,386
Proceeds of bank borrowings utilised for payment of accordion fees		–	188	–
Finance costs paid		(1,440)	(946)	(1,741)
Lease liabilities paid		(871)	(903)	(1,746)
Equity dividends paid		(3,602)	(3,132)	(4,601)
Proceeds from issuance of ordinary shares (net)		97	529	579
<b>Net cash (used in) / from financing activities</b>		<b>(5,816)</b>	(3,066)	(6,123)
<b>Net (decrease / increase) in cash and cash equivalents in the period</b>		<b>(6,203)</b>	35,258	37,360
<b>Cash and cash equivalents at beginning of the period</b>		<b>46,465</b>	9,105	9,105
<b>Cash and cash equivalents at end of the period</b>		<b>40,262</b>	44,363	46,465

## Accounting Policies

### General information

Lok'nStore Group plc is an AIM listed company incorporated and domiciled in England and Wales. As required, further information is available in the investor section of the Company's website at <http://www.loknstore.co.uk>. The address of the registered office is One Fleet Place, London, EC4M 7WS, UK. Copies of this Interim Report and Accounts may be obtained from the Company's head office at 112 Hawley Lane, Farnborough, Hants, GU14 8JE or from the investor section of the Company's website at <http://www.loknstore.co.uk>. The principal activities of the Group and the nature of its operations are described in the Business and Financial Review.

### Basis of Accounting

The interim results for the six months ended 31 January 2023 have been prepared on the basis of the accounting policies expected to be used in the 2023 Lok'nStore Group Plc Annual Report and Accounts and in accordance with the recognition and measurement principles of UK adopted International Accounting Standards.

The statutory accounts for the year ended 31 July 2022 were delivered to the Registrar of Companies following the Company's Annual General Meeting and will be available from the investor section of the Company's website at <http://www.loknstore.co.uk>.

The same accounting policies, presentation and methods of computation are followed in these interim condensed set of financial statements as have been applied in the Group's latest annual audited financial statements and will also be applied to the next annual audited financial statements.

The interim results, which were approved by the Directors on 21 April 2023, are unaudited. The interim results do not constitute statutory financial statements within the meaning of section 434A of the Companies Act 2006.

Comparative figures for the year ended 31 July 2022 have been extracted from the statutory accounts for the Group for that period, which carried an unqualified audit report, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter, did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries). Control is achieved where the Company has power over the investee, exposure or rights to variable returns from the investee and the ability to use its power to vary those returns. Intra-group transactions, balances, and unrealised gains and losses on transactions between Group companies are eliminated on consolidation, except to the extent that intra-group losses indicate an impairment.

### Going concern

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

The Group has a Revolving Credit Facility of £100 million which runs until April 2026. The Board has a reasonable expectation that the Company and the Group have adequate resources and facilities to continue in operational existence for the foreseeable future based on Group cash balances and cash equivalents of £40.3 million (31.07.2022: £46.5 million), undrawn committed bank facilities at 31 January 2023 of £33.2 million (31.07.2022: £33.2 million), and cash generated from operations in the period of £7.85 million (31.01.2022: £7.45 million) (31.07.2022: £18.6 million).

With interest rates rising, interest risk *per se* is increasing, however the Executive and the Board monitor this position carefully through the Group's detailed operating reports produced on a weekly basis and detailed financial and accounting reports produced on a monthly basis. The Group's bank covenant compliance is reviewed as part of this process. The Bank's senior interest covenant is tested quarterly on a 12-month rolling basis.

The Group is fully compliant with all bank covenants and undertakings and is not obliged to make any repayments prior to expiration. The robust capital structure, cash flow and financing and the performance of the business are reported in the Chairman's Statement and in the Business and Financial review. The interim financial statements are therefore prepared on a going concern basis.

### Revenue recognition

The Group recognises revenue when the amount of the revenue can be reliably measured and when goods are sold and title has passed. Revenue from services provided is recognised evenly over the period in which the services are provided.

**a) Self-storage revenue**

Self-storage services are provided on a time basis. The price at which customers store their goods is dependent on size of unit and store location. Customers are invoiced on a four-weekly cycle in advance and revenue is recognised based on time stored to date within the cycle. When customers vacate, they are rebated the unexpired portion of their four weekly advance payment (subject to a seven-day notice requirement). Revenue is recognised evenly over the period of self-storage.

**b) Retail sales**

The Group operates a packaging shop within each of its storage centres for selling storage-related goods such as boxes, tape and bubble-wrap. Sales include sales to the public at large as well as self-storage customers. Sales of goods are recognised at point of sale when the product is sold to a customer.

**c) Insurance**

Customers may choose to insure their goods in storage. The weekly rate of insurance charged to customers is calculated based on the tariff per week for each £1,000 worth of goods stored by the customer. This charge is retained by Lok'nStore and covers the cost of the block policy and other costs. Customers are invoiced on a four-weekly basis for the insurance cover they use, and revenue is recognised based on time stored to date within the cycle.

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

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

**d) Management fee income**

Management fees earned for managing stores not owned by the Group are recognised over the period for which the services are provided. Fees are invoiced monthly based on a percentage of revenue performance. Additional performance fees may be earned if an individual managed stores' EBITDA performance exceeds agreed thresholds. Periodic fees may also be earned for additional specific services provided and are invoiced when that service has been completed. Revenue is recognised for each performance condition once the condition has been met.

**Critical Accounting Estimates a) and b) and Judgements c) and d)**

The preparation of financial statements under IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual outcomes may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**a) Estimate of fair value of trading properties**

The Group commissions an external valuation of its self-storage stores. This valuation uses a discounted cash flow methodology which is based on current and projected net operating income. Principal assumptions underlying management's estimation of the fair value are those relating to stabilised occupancy levels expected future growth in storage fees and operating costs, maintenance requirements, capitalisation rates and Discount Rates.

The Directors, with the assistance of JLL, undertook a Directors' Valuation as at 31 January 2023 in respect of our properties externally valued at 31 July 2022. As part of this valuation process, the Directors' commissioned JLL to complete a review of a representative sample of the portfolio to reflect the key changes in current market activity, occupancy, rent as well as upcoming changes in business rates. They undertook a desktop valuation of three stabilised stores and two stores in early fill up.

The Directors' then prepared a management valuation of all remaining stores using the following assumptions which were driven by the JLL desktop valuations inputs consistent with the sample.

As a consequence the Directors have applied a £17.95 million reduction (6.4%) to the fair value of our freehold and leasehold stores which are now stated at £261.1 million (31.7.2022: £279.0 million).

A more detailed explanation of the background and methodology adopted in the valuation of the Group's trading properties is set out in note 11. The carrying value of land and buildings held at valuation at the reporting date was £222.8 million (31.07.2022: £239.8 million) as shown in the table in note 11.

**b) Assets in the course of construction and land held for store development ('Development property assets')**

The Group's development property assets are held in the statement of financial position at historic cost and are not valued externally. In acquiring sites for redevelopment into self-storage facilities, the Group estimates and makes judgements on the potential lettable storage space that it can achieve in its planning negotiations, together with the time it will take to achieve maturity. In addition, assumptions are made on the storage fees that can be achieved at the store by comparison with other stores within the portfolio and within the local area.

These judgements, taken together with estimates of operating costs and the projected construction cost, allow the Group to calculate the potential net operating income at maturity, projected returns on capital invested and hence to support the purchase price of the site at acquisition.

Following the acquisition, regular reviews are carried out taking into account the status of the planning negotiations, and revised construction costs or capacity of the new facility, for example, to make an assessment of the recoverable amount of the development property. The Group reviews all development property assets for impairment at each reporting date in the light of the results of these reviews. Once a store is opened it is valued as a trading store.

The carrying value of development property assets at the reporting date was £36.4 million (31.07.2022: £29.2 million). See note 11 for more details.

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

The Directors consider that Lok'nStore Group plc is the Parent Company of a "Trading business" and is not wholly or mainly engaged in making investments. The holding of land is not a core activity.

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

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

Historically owned sites at Woking, Ashford, Swindon and Crayford, have been the subject of sale and manage-back transactions by which Lok'nStore has retained the management of the business when a third-party owner acquired the business, land and buildings.

In the previous period ended 31 January 2022, the Group executed on the sale and Manage-back of a further four trading stores, again retaining the management of the stores as Lok'nStore branded stores. All of this trading activity as well as the self-storage income earned from our leasehold stores' activity demonstrate that the holding of land is not a core activity because the trading operation is not dependent on the ownership of land.

Furthermore, the Group has always and continues to comply with all of the usual accounting and tax protocols consistent with a trading business. As at the period-end, Lok'nStore operates 40 stores mainly in southern England, although in recent years we have expanded our historically southern England focused geographic footprint into the South-West (Exeter), Wales (Cardiff) and the North West (Salford, Warrington and Altrincham).

Lok'nStore owns the freehold interest in 15 stores, 9 of the stores are held under commercial leases. There are a further 16 managed stores operating under management contracts for third-party owners making a total of 40 stores trading under the Lok'nStore brand.

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

The classification of self-storage facilities as owner-occupied properties rather than investment properties has resulted in the recognition of a reduction in fair value in the period of £12.0 million (net deferred of tax) (31.07.2022: Gain £45.9 million) (31.1.2022 Gain: £19.8 million) in Other Comprehensive Income rather than in the profit or loss.

**d) Application of IFRS 16**

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

## Notes to the Financial Statements

### For the six months ended 31 January 2023

#### 1 Revenue

Analysis of the Group's revenue from continuing operations is shown below:

	<b>Six months ended 31 January 2023 Unaudited £'000</b>	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
<b>Stores trading</b>			
Self-storage revenue	11,438	11,362	21,585
Insurance revenue	1,138	1,201	2,239
Retail sales	124	126	252
Sub-total - self-storage revenue – owned stores	12,700	12,689	24,076
Management fees – managed stores	822	674	2,785
Sub-total	13,522	13,363	26,861
Non-storage income	61	21	41
<b>Total revenue per statement of comprehensive income</b>	<b>13,583</b>	<b>13,384</b>	<b>26,902</b>

#### 2 Property, staff, distribution, general costs and retail cost of sales

	<b>Six months ended 31 January 2023 Unaudited £'000</b>	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Property and premises costs	3,034	2,680	5,304
Property lease rental payments	(871)	(903)	(1,746)
Net property and premises costs	2,163	1,777	3,558
Staff costs	2,577	2,695	5,369
General overheads	787	703	1,438
Sub total – operating costs	5,527	5,175	10,365
Retail products cost of sales	125	93	188
<b>Total property, staff, distribution, general costs and retail cost of sales</b>	<b>5,652</b>	<b>5,268</b>	<b>10,553</b>

#### 3 Cost of sales of retail products

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

	<b>Six months ended 31 January 2023 Unaudited £'000</b>	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Retail	55	57	113
Insurance	48	12	23
Other	22	24	52
<b>Total cost of sales of retail products</b>	<b>125</b>	<b>93</b>	<b>188</b>

#### 4 Non-underlying items

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Profit on sale of trading stores <sup>1</sup>	–	6,089	5,936
Liquidated damages received on development <sup>2</sup>	195	–	175
Abortive costs <sup>3</sup>	(76)	–	(372)
	<b>119</b>	<b>6,089</b>	<b>5,739</b>

2022/23

<sup>1</sup> Profit arising on the sale and manage-back of four trading stores located at Basingstoke, Cardiff, Horsham, and Portsmouth.

<sup>2</sup> Liquidated damages received on the late delivery of a new store development which has subsequently opened.

<sup>3</sup> The Group's active search for suitable development sites for new Landmark stores has resulted in some abortive costs - mainly around planning and corporate professional costs.

#### 5 Finance income

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Bank interest	305	–	42
<b>Total finance income</b>	<b>305</b>	<b>–</b>	<b>42</b>

#### 6 Finance costs

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Bank interest	676	235	707
Non-utilisation fees	100	68	166
Amortisation of bank loan arrangement fees	117	98	216
Interest on lease liabilities	115	138	239
<b>Total finance cost</b>	<b>1,008</b>	<b>539</b>	<b>1,328</b>

Most interest payable arises on bank loans classified as financial liabilities measured at amortised cost.

#### 7 Profit before taxation

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Profit before taxation is stated after charging:			
Depreciation and amounts written off property, plant and equipment:			
Depreciation based on historic cost	1,225	1,176	2,316
Depreciation based on revalued assets	576	311	1,094
Depreciation of property, plant and equipment:	1,801	1,487	3,410
Depreciation of right of use assets	662	744	1,317
	<b>2,463</b>	<b>2,231</b>	<b>4,727</b>

## 8 Taxation

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Current tax:			
UK corporation tax	671	903	1,683
Deferred tax:			
Origination and reversal of temporary differences	336	1,598	2,113
Total deferred tax charge	336	1,598	2,113
Income tax expense for the period/year	1,008	2,501	3,796

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

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Profit before tax	4,659	11,333	15,874
Tax on ordinary activities at the standard effective rate of corporation tax in the UK of 19%	866	2,153	3,016
Depreciation of non-qualifying assets	225	62	377
Share based payment charges in excess of corresponding tax deduction	(13)	(21)	(337)
Other non-deductible expenditure	2	–	–
Adjustments in respect of prior periods – corporation tax	–	–	111
Realised gain on sale and manage-back assets subject to 'roll-over relief'	–	(1,157)	–
Rolled over gain on sale and manage back stores	–	1,522	432
Other	(72)	(58)	197
Income tax expense for the period/year	1,008	2,501	3,796
Effective tax rate	21.6%	22.1%	24%

With the increase in corporation tax rate to 25% effective 1 April 2023, the Group will pay a blended rate of 21% for year ended 31 July 2023.

## 9 Dividends

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
<b>Amounts recognised as distributions to equity holders in the year:</b>			
Final dividend - year ended 31 July 2021 (10.67 pence per share)	–	3,132	3,132
Interim dividend - six months to 31 July 2022 (5.00 pence per share)	–	–	1,469
Final dividend - year ended 31 July 2022 (12.25 pence per share)	3,602	–	–
	3,602	3,132	4,601

In respect of the current period the Directors propose that an interim dividend of 5.75 pence per share will be paid to the shareholders. The total estimated dividend to be paid is £1.7 million based on the number of shares currently in issue as adjusted for shares held in the Employee Benefits Trust.

This interim dividend is an on-account payment of a final annual dividend and is ultimately subject to approval by

shareholders at the 2023 Annual General Meeting and has not been included as a liability in these financial statements.

The ex-dividend date will be 4 May 2023; the record date 5 May 2023 with an intended payment date of 9 June 2023. The final deadline for Dividend Reinvestment Election is 19 May 2023.

## 10 Earnings per share

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

	<b>Six months ended 31 January 2023 Unaudited £'000</b>	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Total profit for the financial year attributable to owners of the parent	<b>3,651</b>	8,832	12,078
	<b>No. of shares</b>	No. of shares	No. of shares
Weighted average number of shares			
For basic earnings per share	<b>29,479,779</b>	29,277,827	29,287,451
Dilutive effect of share options	<b>520,042</b>	520,839	549,321
For diluted earnings per share	<b>29,999,821</b>	29,798,666	29,836,772

623,212 shares (31.01.2022: 623,212) are held in the Employee Benefit Trust, and these are excluded from the above calculation.

<b>Earnings per share attributable to owners of the Parent</b>	<b>Six months ended 31 January 2023 Unaudited</b>	Six months ended 31 January 2022 Unaudited	Year ended 31 July 2022 Audited
<b>Earnings per share - Basic</b>			
Basic earnings per share	<b>12.38p</b>	30.16p	41.24p
<b>Earnings per share - Diluted</b>			
Total diluted earnings per share	<b>12.17p</b>	29.64p	40.48p

## 11 Property, plant and equipment

Group	Development property assets at cost £'000	Land and buildings at valuation £ '000	Short leasehold improvements at cost £'000	Fixtures, fittings and equipment at cost £'000	Motor vehicles at cost £'000	Total £'000
<b>Cost or valuation</b>						
<b>1 August 2021</b>	<b>33,676</b>	<b>199,617</b>	<b>7,557</b>	<b>30,420</b>	<b>10</b>	<b>271,280</b>
Additions	5,993	649	24	424	–	<b>7,090</b>
Transfers	(8,026)	6,212	–	1,814	–	–
Disposals	–	(30,101)	–	(1,649)	–	<b>(31,750)</b>
Revaluations	–	24,876	–	–	–	<b>24,876</b>
<b>31 January 2022 Unaudited</b>	<b>31,643</b>	<b>201,253</b>	<b>7,581</b>	<b>31,009</b>	<b>10</b>	<b>271,496</b>
<b>Depreciation</b>						
<b>1 August 2021</b>	–	–	<b>2,509</b>	<b>13,109</b>	<b>10</b>	<b>15,628</b>
Depreciation	–	716	149	622	–	<b>1,487</b>
Revaluations	–	(716)	–	–	–	<b>(716)</b>
<b>31 January 2022 Unaudited</b>	–	–	<b>2,658</b>	<b>13,731</b>	<b>10</b>	<b>16,399</b>
<b>Net book value at 31 January 2022 - Unaudited</b>	<b>31,643</b>	<b>201,253</b>	<b>4,923</b>	<b>17,278</b>	–	<b>255,097</b>
<b>Cost or valuation</b>						
<b>1 February 2022</b>	<b>31,643</b>	<b>201,253</b>	<b>7,581</b>	<b>31,009</b>	<b>10</b>	<b>271,496</b>
Additions	4,618	107	134	239	–	<b>5,098</b>
Transfers	(7,046)	5,022	–	2,024	–	–
Disposals	–	–	–	(1,966)	–	<b>(1,966)</b>
Revaluations	–	33,423	–	–	–	<b>33,423</b>
<b>31 July 2022 - Audited</b>	<b>29,215</b>	<b>239,805</b>	<b>7,715</b>	<b>31,306</b>	<b>10</b>	<b>308,051</b>
<b>Depreciation</b>						
<b>1 February 2022</b>	–	–	<b>2,658</b>	<b>13,731</b>	<b>10</b>	<b>16,399</b>
Depreciation	–	1,156	147	620	–	<b>1,923</b>
Disposals	–	–	–	(1,963)	–	<b>(1,963)</b>
Revaluations	–	(1,156)	–	–	–	<b>(1,156)</b>
<b>31 July 2022 - Audited</b>	–	–	<b>2,805</b>	<b>12,388</b>	<b>10</b>	<b>15,203</b>
<b>Net book value at 31 July 2022 - Audited</b>	<b>29,215</b>	<b>239,805</b>	<b>4,910</b>	<b>18,918</b>	–	<b>292,848</b>
<b>Cost or valuation</b>						
<b>1 August 2022</b>	<b>29,215</b>	<b>239,805</b>	<b>7,715</b>	<b>31,306</b>	<b>10</b>	<b>308,051</b>
Additions	7,178	50	32	991	–	<b>8,251</b>
Disposals	–	–	–	–	–	–
Revaluations	–	(17,016)	–	–	–	<b>(17,016)</b>
<b>31 January 2023 – Unaudited</b>	<b>36,393</b>	<b>222,839</b>	<b>7,747</b>	<b>32,297</b>	<b>10</b>	<b>299,286</b>
<b>Depreciation</b>						
<b>1 August 2022</b>	–	–	<b>2,805</b>	<b>12,388</b>	<b>10</b>	<b>15,203</b>
Depreciation	–	958	151	692	–	<b>1,801</b>
Revaluations	–	(958)	–	–	–	<b>(958)</b>
<b>31 January 2023 Unaudited</b>	–	–	<b>2,956</b>	<b>13,080</b>	<b>10</b>	<b>16,046</b>
<b>Net book value at 31 January 2023 – Unaudited</b>	<b>36,393</b>	<b>222,839</b>	<b>4,791</b>	<b>19,217</b>	–	<b>283,240</b>

The Group has an active store development programme and has material qualifying assets that take a substantial period of time to develop from acquisition to store opening. Accordingly, in accordance with IAS 23, borrowing costs of £663,658 (six months ended 31.1.2022: £296,466: year ended 31.07.2022 £589,843) have been capitalised in the current period that are directly attributable to the acquisition, construction and fit-out of these qualifying store assets.

Capital expenditure during the period totalled £7.6 million. This was primarily the purchase (exchange of contracts) of the Milton Keynes site, together with ongoing construction and fit out works at our sites in Bedford and Peterborough, as well as planning and pre-development works at our Bournemouth, Altrincham, Barking Cheshunt and Bolton sites.

Property, plant and equipment (non-current assets) with a carrying value of £283.2 million (31.7.2022: £292.8 million) (31.1.2022: £255.1 million) are pledged as security for bank loans (see Note 17).

### **Market Valuation of Freehold and Operating Leasehold Land and Buildings**

The Directors, with the assistance of JLL, undertook a Directors' Valuation as at 31 January 2023 in respect of our properties externally valued at 31 July 2022. As a consequence, the directors have applied a £17.95 million reduction (6.4%) to the fair value of our freehold and leasehold stores which are now stated at £261.1 million (31.7.2022: £279.0 million). After this adjustment store values were 9.8% higher than at 31 January 2022.

As part of the Directors' valuation process, we commissioned JLL to complete a review of a representative sample of the portfolio to reflect the key changes in current market activity, occupancy, rent as well as upcoming changes in business rates. They undertook a desktop valuation of;

- Three stabilised stores
- Two stores in early fill up

The Directors' then prepared a management valuation of all remaining stores using the following assumptions which were driven by the JLL desktop valuations inputs consistent with the sample stabilised stores. Specifically;

- Exit Yield and Discount Rate increased by 50bps on all freehold stores from the values applied by JLL at 31<sup>st</sup> July 2022
- Short term EBITDA assumptions were reduced to reflect the combined output of improved revenue offset by increased costs.
- Longer term EBITDA has improved as JLL assume costs stabilisation and continued improved trading.
- Leasehold stores had the leasehold term adjusted to reflect the time passed (6 months) between July 2022 and Jan 2023

Applying the above methodology has resulted in a same store valuation reduction of £17,950,000 (6.4%).

It remains the Group's established policy to undertake a comprehensive external valuation at each year-end and we will do so at the next year-end at 31 July 2023.

### **Directors' valuation of land and property**

#### **Land & Buildings at the rear of the new Salford trading store.**

Following the opening of the Salford store there is a remainder of land and building at the rear of the new store which is suitable for rent on commercial terms to third party users. Based on negotiated rents with third parties the Directors continue to place a Directors' Valuation of £1.5 million on this land and building. 31.1.2022: £1.5 million).

## **12 Right of Use assets (ROU)**

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

The Group recognises right of use (ROU) assets of £9.7 million at 31 January 2023 (31.1.2022: £11.8 million) and total lease liabilities of £10.1 million, (31.1.2022: £10.9 million) with depreciation charges of £0.66 million (31.1.2022: £0.74 million) and lease interest charges of £0.11 million (31.1.2021: £0.14 million).

Detailed analysis is provided in the tables below: -

<b>Group property leases</b>	<b>Group 31 January 2023 £'000</b>	<b>Group 31 January 2022 £'000</b>	<b>Group 31 July 2022 £'000</b>
Total rents payable under property leases	<b>871</b>	901	1,746
<b>Statement of Financial Position (extract)</b>			
Right of Use Asset (ROU)	<b>9,712</b>	11,809	10,424
	<b>Group 31 January 2023 £'000</b>	<b>Group 31 January 2022 £'000</b>	<b>Group 31 July 2022 £'000</b>
Property rentals	<b>871</b>	901	1,746
Depreciation of right of use assets (ROU)	<b>(662)</b>	(744)	(1,314)
Interest charged on lease liability	<b>(115)</b>	(138)	(239)
Impact on Comprehensive Income	<b>94</b>	19	193

The Group has no leases on any other types of assets. The Present Value of all future operating lease payments is calculated using 2.2% (2022: 2.2%) as an incremental borrowing rate as the single Discount Rate. The right of use assets are depreciated based on the individual lease term of the separate leases.

### 13 Inventories

	<b>31 January 2023 Unaudited £'000</b>	<b>31 January 2022 Unaudited £'000</b>	<b>31 July 2022 Audited £'000</b>
Consumables and goods for resale	<b>132</b>	252	143

The amount of inventories recognised as an expense during the period was £54,851 (31.1.2022: £56,183).

### 14 Trade and other receivables

	<b>31 January 2023 Unaudited £'000</b>	<b>31 January 2022 Unaudited £'000</b>	<b>31 July 2022 Audited £'000</b>
Trade receivables	<b>1,960</b>	1,353	1,198
Other receivables	<b>1,252</b>	2,537	2,318
Prepayments and accrued income	<b>526</b>	591	472
	<b>3,738</b>	4,481	3,988

#### Trade receivables

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

There is a right of lien over the customers' goods, so if they have not paid within a certain time frame the Group has the right to sell the items they store to cover the debt owed by the customer. Trade receivables that are overdue are provided for based on estimated irrecoverable amounts, determined by reference to expected credit losses.

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

There has not been a significant change in credit quality in the Group's trade receivables and the amounts are still considered recoverable. The Group holds a right of lien over its self-storage customers' goods if these debts are not paid.

## 15 Trade and other payables

	<b>31 January 2023 Unaudited £'000</b>	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
Trade payables	2,310	1,141	1,849
Taxation and social security costs	401	552	1,014
Other payables	561	584	588
Accruals and deferred income	3,621	3,173	3,778
	<b>6,893</b>	<b>5,450</b>	<b>7,229</b>

The Directors consider that the carrying amount of trade and other payables and accruals approximates fair value.

## 16 Capital management and gearing

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in 17, cash and cash equivalents and equity attributable to the owners of the Parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Group's banking facilities require that management give regular consideration to interest rate hedging strategy. The Group has complied with this requirement during the year.

The Group's Board reviews the capital structure on an on-going basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The Group seeks to have a relatively conservative gearing ratio (the proportion of net debt to equity) balancing the overall level with the opportunities for the growth of the business. The Board considers at each review the appropriateness of the current ratio in light of the above. The Board is currently satisfied with the Group's gearing ratio.

The gearing ratio at the period-end is as follows:

<b>Gearing – Bank Borrowings</b>	<b>31 January 2023 Unaudited £'000</b>	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
Gross debt	(66,785)	(66,785)	(66,785)
Cash and cash equivalents	40,262	44,363	46,465
Net debt	(26,523)	(22,422)	(20,320)
Total equity – balance sheet	193,674	177,362	205,346
Net debt to equity ratio	13.7%	12.6%	9.9%

  

<b>Total Gearing – Bank Borrowings and lease liabilities</b>	<b>31 January 2023 Unaudited £'000</b>	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
Gross debt – bank borrowings	(66,785)	(66,785)	(66,785)
Gross debt – lease liabilities	(10,087)	(12,451)	(10,894)
Cash and cash equivalents	40,262	44,363	46,465
Net debt	(36,610)	(34,873)	(31,214)
Total equity – balance sheet	193,674	177,362	205,346
Net debt to equity ratio	18.9%	19.7%	15.2%

Cash balances held in current accounts attract no interest, but surplus cash is transferred daily to a treasury deposit account which earns interest at the prevailing money market rates. All amounts are denominated in Sterling. The balances at 31 January 2023 are as follows:

	<b>31 January 2023 Unaudited £'000</b>	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
Variable rate treasury deposits	39,490	4,815	45,371
SIP trustee deposits	63	63	63
Cash in operating current accounts	703	39,223	1,031
Other cash and cash equivalents	6	262	–
<b>Total cash and cash equivalents</b>	<b>40,262</b>	<b>44,363</b>	<b>46,465</b>

The Group reviews the current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts review. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis of the impact of movements in interest rates on gearing and interest cover.

The Group places its cash deposits not immediately required for store development activity cash on Treasury Deposit Reserve in tranches based on fixed monthly deposit periods and executes these on a rolling basis.

## 17 Borrowings

The Group currently has £66.8 million drawn against its facility which is secured with RBS and ABN AMRO jointly by legal charges and debentures over the freehold and leasehold properties and other tangible assets of the business with a net book value of £283.2 million (31.1.2022: £255.8 million) together with cross-company guarantees from Group companies.

The interest rate is set under the new Sterling Overnight Index Average (SONIA) arrangements replacing the London Inter-Bank Offer Rate (LIBOR). The all-in debt cost on £66.8 million drawn averaged 4.13% (31.7.2022: 1.55%) in the period with the costs of debt rising to 4.96% on active revolving loans.

The Group is not obliged to make any repayments prior to the facility's expiration in April 2026.

	<b>31 January 2023 Unaudited £'000</b>	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
<b>Bank borrowings</b>			
<b>Non-current</b>			
Bank loans repayable in more than two years but not more than five years			
Gross	66,785	66,785	66,785
Deferred financing costs	(471)	(706)	(589)
<b>Net bank borrowings</b>	<b>66,314</b>	<b>66,079</b>	<b>66,196</b>
<b>Non-current borrowings</b>	<b>66,314</b>	<b>66,079</b>	<b>66,196</b>

## 18 Lease liabilities

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

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

<b>Lease liabilities attributable to Right of Use assets</b>	<b>31 January 2023 Unaudited £'000</b>	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
<b>Current lease liabilities</b>			
Amounts due within one year	1,295	1,272	1,612
<b>Non-current lease liabilities</b>			
Amounts due in one to two years	1,075	1,044	1,174
Amounts due in three to five years	2,642	2,827	2,774
Amounts due in more than five years	5,075	7,308	5,334
<b>Non-current lease liabilities</b>	<b>8,792</b>	11,179	9,282
<b>Total lease liabilities</b>	<b>10,087</b>	12,451	10,894

<b>Lease liabilities attributable to Right of Use assets</b>	<b>31 January 2023 Unaudited £'000</b>	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
Total lease liabilities B/fwd	10,894	11,166	11,166
Increase in lease liabilities – lease extensions	(51)	2,050	1,235
Lease repayments	(871)	(903)	(1,746)
Lease interest (non-cash)	115	138	239
<b>Total lease liabilities C/fwd</b>	<b>10,087</b>	12,451	10,894

The portfolio of property leases all have similar characteristics. Subject to periodic future rent reviews, typically every five years, there are no variable lease payments. The Group has no leases on any other types of assets.

The total future commitments due under non-cancellable leases is set out in note 25 (Commitments under Property Leases).

## 19 Deferred tax

	<b>31 January 2023 Unaudited £'000</b>	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
<b>Deferred tax liability</b>			
<b>Liability at start of period/year</b>	<b>63,214</b>	46,760	46,760
Charge to income for the period/year	336	1,598	2,113
Tax charged / credited directly to other comprehensive income	(4,014)	5,816	14,284
Credit to share based payment reserve	–	–	57
<b>Liability at end of period/year</b>	<b>59,536</b>	54,174	63,214

## 20 Share capital

	<b>31 January 2023 Unaudited £'000</b>	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
Authorised: 35,000,000 ordinary shares of 1 pence each	<b>350</b>	350	350
	<b>Called up, allotted and fully paid Number</b>	Called up, allotted and fully paid Number	Called up, allotted and fully paid Number
Number of shares at start of period/year	<b>30,003,545</b>	29,686,787	29,686,787
Options exercised during period/year	<b>42,657</b>	291,268	316,758
Balance at end of period/year	<b>30,046,202</b>	29,978,055	30,003,545
Allotted, issued and fully paid ordinary shares	<b>£</b>	£	£
Balance at start of period/year	<b>301</b>	297	298
Options exercised during period/year	<b>–</b>	3	3
Balance at end of period/year	<b>301</b>	300	301

The Company has one class of ordinary shares which carry no right to fixed income.

## 21 Other reserves

Group	Merger reserve £'000	Other reserve £'000	Capital redemption reserve £'000	Share- based payment reserve £'000	Total £'000
<b>1 August 2021 - Audited</b>	<b>6,295</b>	<b>1,294</b>	<b>34</b>	<b>1,515</b>	<b>9,138</b>
Equity share based payments	–	–	–	101	101
Tax credit relating to share options	–	–	–	(166)	(166)
<b>31 January 2022 - Unaudited</b>	<b>6,295</b>	<b>1,294</b>	<b>34</b>	<b>1,450</b>	<b>9,073</b>
Equity share based payments	–	–	–	100	100
Transfer to retained earnings in relation to share based payments	–	–	–	(180)	(180)
Tax relating to share options	–	–	–	109	109
<b>31 July 2022 - Audited</b>	<b>6,295</b>	<b>1,294</b>	<b>34</b>	<b>1,479</b>	<b>9,102</b>
Equity share based payments	–	–	–	225	225
Tax credit relating to share options	–	–	–	(24)	(24)
<b>31 January 2023 - Unaudited</b>	<b>6,295</b>	<b>1,294</b>	<b>34</b>	<b>1,680</b>	<b>9,303</b>

### Merger reserve

The merger reserve represents the excess of the nominal value of the shares issued by Lok'nStore Group plc over the nominal value of the share capital and share premium of Lok'nStore Limited as at 31 July 2001.

### Other reserves

The other distributable reserve and the capital redemption reserve arose in the year ended 31 July 2004 from the purchase of the Company's own shares and a cancellation of share premium.

### Share based payment reserve

Under IFRS 2 there is the option to make transfers from the share-based payment reserve to retained earnings in respect of accumulated share option charges where the options have either been exercised or have lapsed post-vesting.

## 22 Retained earnings

Group	Retained earnings before deduction of own shares £'000	Own shares (Note 23) £'000	Retained earnings Total £'000
<b>1 August 2021 - Audited</b>	<b>26,772</b>	<b>(500)</b>	<b>26,272</b>
Profit for the financial period- restated	8,832	–	8,832
Transfer from revaluation reserve - additional depreciation on revaluation	234	–	234
Transfer share-based payment reserve	166	–	166
Reserve transfer from disposal of assets	20,258	–	20,258
Dividend paid	(3,132)	–	(3,132)
<b>31 January 2022 - Unaudited</b>	<b>53,130</b>	<b>(500)</b>	<b>52,630</b>
<b>1 February 2022 - Unaudited</b>			
Profit for the financial period	3,246	–	3,246
Transfer from revaluation reserve - additional depreciation on revaluation	587	–	587
Transfer share-based payment reserve (Note 21)	14	–	14
Dividend paid	(1,469)	–	(1,469)
<b>31 July 2022 - Audited</b>	<b>55,508</b>	<b>(500)</b>	<b>55,008</b>
<b>1 August 2022 - Audited</b>			
Profit for the financial period	3,651	–	3,651
Transfer from revaluation reserve - additional depreciation on revaluation	432	–	432
Transfer share-based payment reserve (Note 21)	24	–	24
Dividend paid	(3,602)	–	(3,602)
<b>31 January 2023 - Unaudited</b>	<b>56,013</b>	<b>(500)</b>	<b>55,513</b>

The transfer from revaluation reserve represents the additional depreciation charged on revalued assets net of deferred tax. The Own Shares Reserve represents the cost of shares in Lok'nStore Group plc purchased in the market and held in the Employee Benefit Trust to satisfy awards made under the Group's share incentive plan.

The reserve transfer on disposal of assets arises from the disposal of the four sale and manage-back stores and represents a transfer from revaluation reserve (an unrealised gain) to retained earnings (a realised gain).

## 23 Own shares

	EBT shares Number	EBT shares £	Treasury Number	Treasury £	Own shares total £
31 July 2021 – Audited	623,212	499,910		–	499,910
31 January 2022 – Unaudited	623,212	499,910	–	–	499,910
31 July 2022 – Audited	623,212	499,910	–	–	499,910
<b>31 January 2023 – Unaudited</b>	<b>623,212</b>	<b>499,910</b>	<b>–</b>	<b>–</b>	<b>499,910</b>

The Group operates an Employee Benefit Trust (EBT) under a settlement dated 8 July 1999 between Lok'nStore Limited and Lok'nStore Trustee Limited, constituting an employees' share scheme.

Funds are placed in the trust by way of deduction from employees' salaries on a monthly basis as they so instruct for purchase of shares in the Company. Shares are allocated to employees at the prevailing market price when the salary deductions are made.

As at 31 January 2023, the Trust held 623,212 (31.01.2022: 623,212) ordinary shares of 1 pence each with a market value of £5,920,514 (31.01.2022: £6,232,120). No shares were transferred out of the scheme during the period (2022: Nil). No options have been granted under the EBT.

## 24 Cash flows

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

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Group profit before tax	4,659	11,333	15,874
Depreciation and loss on disposal	2,463	2,231	4,727
Equity settled share-based payments	225	101	201
Non-underlying items	(119)	(6,089)	(5,739)
Interest receivable	(305)	–	(42)
Interest payable – bank borrowings	894	401	1,089
Interest payable – lease liabilities	115	138	239
Increase / decrease in financial asset	–	(24)	509
Decrease in inventories	11	38	148
Decrease / (increase) in receivables	250	(208)	285
(Decrease) / increase in payables	(346)	(476)	1,278
<b>Cash generated from operations</b>	<b>7,847</b>	<b>7,445</b>	<b>18,569</b>

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

Net debt is defined as non-current and current borrowings, as detailed in note 17 less cash and cash equivalents.

	Six months ended 31 January 2023 Unaudited £'000	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
(Decrease) / increase in cash in the period/year	(6,203)	35,258	37,360
Change in net debt resulting from cash flows	–	(1,386)	(1,386)
Movement in net debt in period	(6,203)	33,872	35,974
Net debt brought forward	(20,320)	(56,294)	(56,294)
Net debt carried forward	(26,523)	(22,422)	(20,320)

## 25 Commitments under property leases

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

	31 January 2023 Unaudited £'000	31 January 2022 Unaudited £'000	31 July 2022 Audited £'000
Land and buildings			
Amounts due:			
Within one year	1,727	1,843	1,727
Between two and five years	4,663	5,352	4,737
After five years	5,693	6,091	6,273
	<b>12,083</b>	<b>13,286</b>	<b>12,737</b>

Property lease payments represent rentals payable by the Group for certain of its properties. Typically, leases

are negotiated for a term of 20 years and rentals are fixed for an average of five years.

## 26 Related party events

The aggregate remuneration of the Directors, and the other key management personnel of the Group, is set out below.

	<b>Six months ended 31 January 2023 Unaudited £'000</b>	Six months ended 31 January 2022 Unaudited £'000	Year ended 31 July 2022 Audited £'000
Short-term employee benefits - Directors	374	373	922
Short-term employee benefits - Other key management	105	141	259
Post-employment benefits - Directors	9	9	11
Post-employment benefits - Other key management	4	4	8
Share-based payments	225	101	201
Social security costs – Directors	80	296	370
Social security costs – Other key management	23	24	49
<b>Total</b>	<b>820</b>	<b>948</b>	<b>1,820</b>

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

## 27 Capital Commitments

The Group has capital expenditure contracted but not provided for in the financial statements of £18.2 million relating to commitments to complete the ongoing construction of our sites in Bedford and Peterborough and final contract commitments on our completed sites at Warrington and Stevenage. We are also committed on the Staines Store project in respect of the land and main build contract and the Basildon Store in respect of the lease commitment which commences when practical completion of the building is delivered to us at the end of April/May 2023.

On 29 November 2022, the Group signed a letter of intent for the fit-out works on the Staines store which will commence in May 2023. In addition, on 9 February 2023, after the period end, the Group signed a JCT contract for the fit-out works at the Basildon store.

## 28 Events after the Reporting Date

### Bedford Opening:

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

## Glossary

### Abbreviation

APM	Alternative performance measure
Adjusted EBITDA	Earnings before all depreciation and amortisation charges, losses or profits on disposal, share-based payments, acquisition costs, non-underlying items and non-recurring professional costs, finance income, finance costs and taxation
Adjusted Store EBITDA	Adjusted EBITDA (see above) but before central and head office costs
AGM	Annual General Meeting
Bps	Basis Points
CAD	Cash available for Distribution
Capex	Capital Expenditure
CGU	Cash-generating units
CO <sub>2</sub> e	Carbon Dioxide Equivalents
CSOP	Company Share Option Plan
DRIP	Dividend Reinvestment Plan
EBT	Employee Benefit Trust
EIS	Enterprise Investment Scheme
(eKPIs)	Environmental key performance indicators
EMI	Enterprise Management Incentive Scheme
ESOP	Employee Share Option Plan
EU	European Union
GHG	Greenhouse gas
HMRC	His Majesty's Revenue and Customs
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
JLL	Jones Lang LaSalle
KPI	Key Performance Indicator
LFL	Like for like
LTPPP	Long Term Partnership Performance Plan
LTV	Loan to Value Ratio
MWh	Megawatt Hour
NAV	Net Asset Value
NBV	Net Book Value
Operating Profit	Earnings before interest and tax (EBIT)
PPP	Partnership Performance Plan
PV	Photovoltaic
QCA	Quoted Companies Alliance
RICS	Royal Institution of Chartered Surveyors
RNS	Regulatory News Service
ROU	Right of Use Asset
SIP	Share Incentive Plan
SME	Small and medium sized enterprises
SONIA	Sterling Overnight Index Average
Sq. ft.	Square feet
tCO <sub>2</sub> e	Tonnes of carbon dioxide equivalent
TVR	Total voting rights
VAT	Value Added Tax