



Lok'nStore Group Plc
Results for the year ended
31 July 2021



Lok'nStore Results Highlights

Year ended 31 July 2021

- Group Revenue £21.9 million up 21.3%
- Group Adjusted EBITDA¹ £11.89 million up 23.2%
- Operating Profit £7.46 million up 29%
- **Occupied space up 35.3% y-y**
- **Pricing up 8.7% y-y (Up 10.9% since January)**



Shareholder Highlights – Accelerating Asset and Dividend Growth

- Adjusted Net Asset Value per share² up 31.6% to £7.31 per share
- Cash available for Distribution (CAD)³ £8.24 million up 33.5%
- Cash available for Distribution per share 28.4 pence up 33.3%
- Total annual dividend 15p per share up 15.4% - **accelerating growth**

2 & 3 refer to notes page 29





Increased banking facility

- Execution of £25 million accordion takes total facility up to £100 million
- £50m Nat West , £50m ABN AMRO
- One year extension executed - now runs to April 2026
- No change in pricing - Interest margin currently 1.5%
- No changes to principal covenants
- Average cost of debt in year 1.54%
- Covers existing new Landmark store pipeline

Strong Balance Sheet

Efficient use of capital, low debt, low leverage



- Investing in new Landmark stores - Capex of £26.9 million
- Adjusted total assets⁴ up 28.5% to £294.8 million (2020: £229.4 million)
- Net debt £56.3 million (2020: £38.3 million)
- Loan to value ratio⁵ 21% (2020: 19.3%)

Breakdown of increase in JLL Valuation*

Total increase in assets of **£66.5** million breaks down as follows

- **£28.1** million from maiden valuation of 2 new stores opened in Leicester and Salford plus acquisition of Chichester vs cost of £20.1 million
- **£38.4** million for existing trading stores of which :-
- **£27.6** million from improved trading
- Yield shift only accounts for **£10.8 million** of the asset value increase with freehold exit yields and discount rates only coming in 30 and 40 bps respectively*

*see appendix for movement in valuation metrics



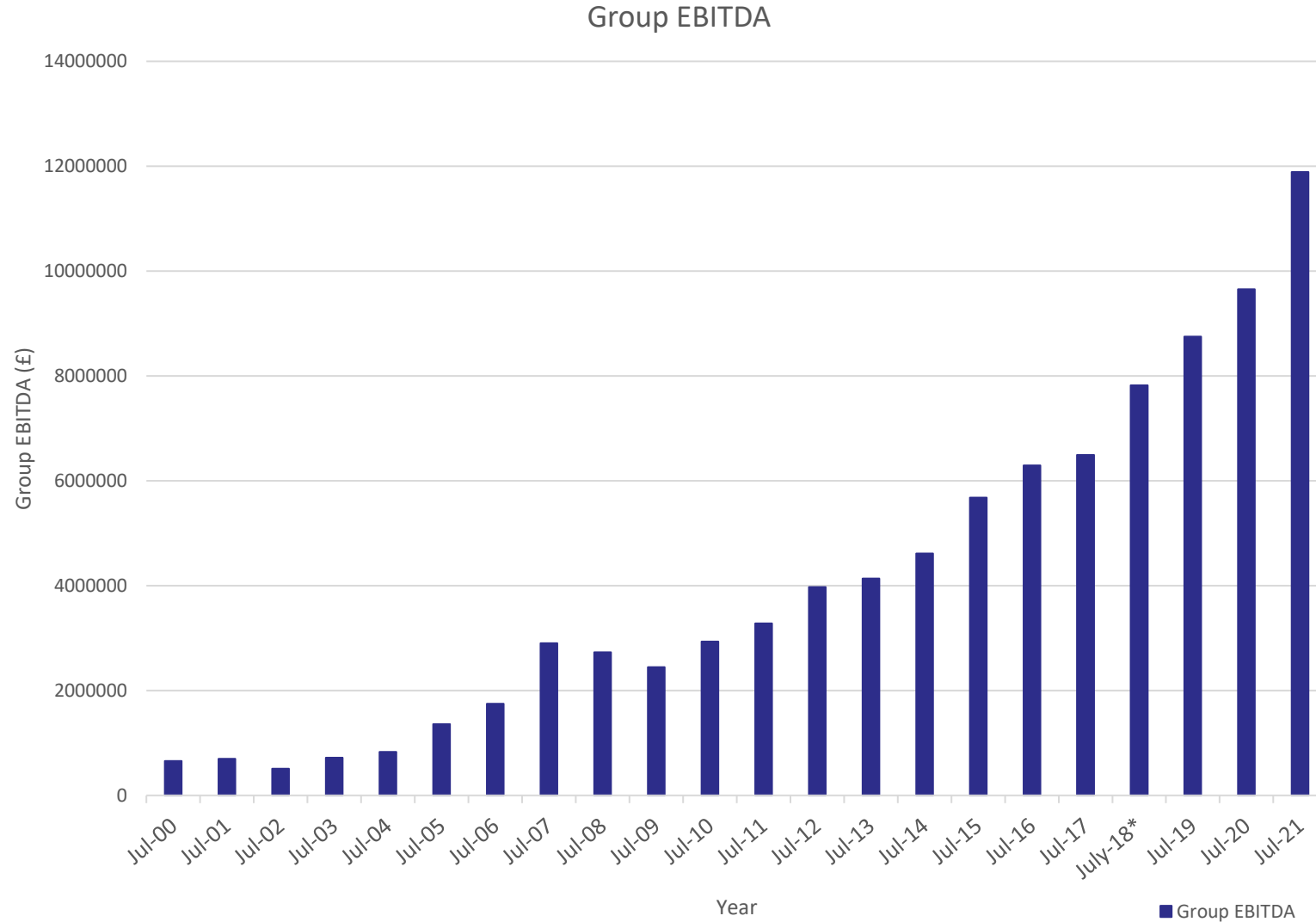
Unprecedented Operating metrics

- Occupancy up from 69.6% to 85.8%
- Occupied space up 35.3%
- Half of stores over 90% occupied
- New customers up 48% y-y
- Pricing up 8.7% y-y (up 10.9% since January)
- Prices to new customers 22.8% above current price achieved

(Data for Lok'nStore owned stores)



Consistent Growth & Record Profits

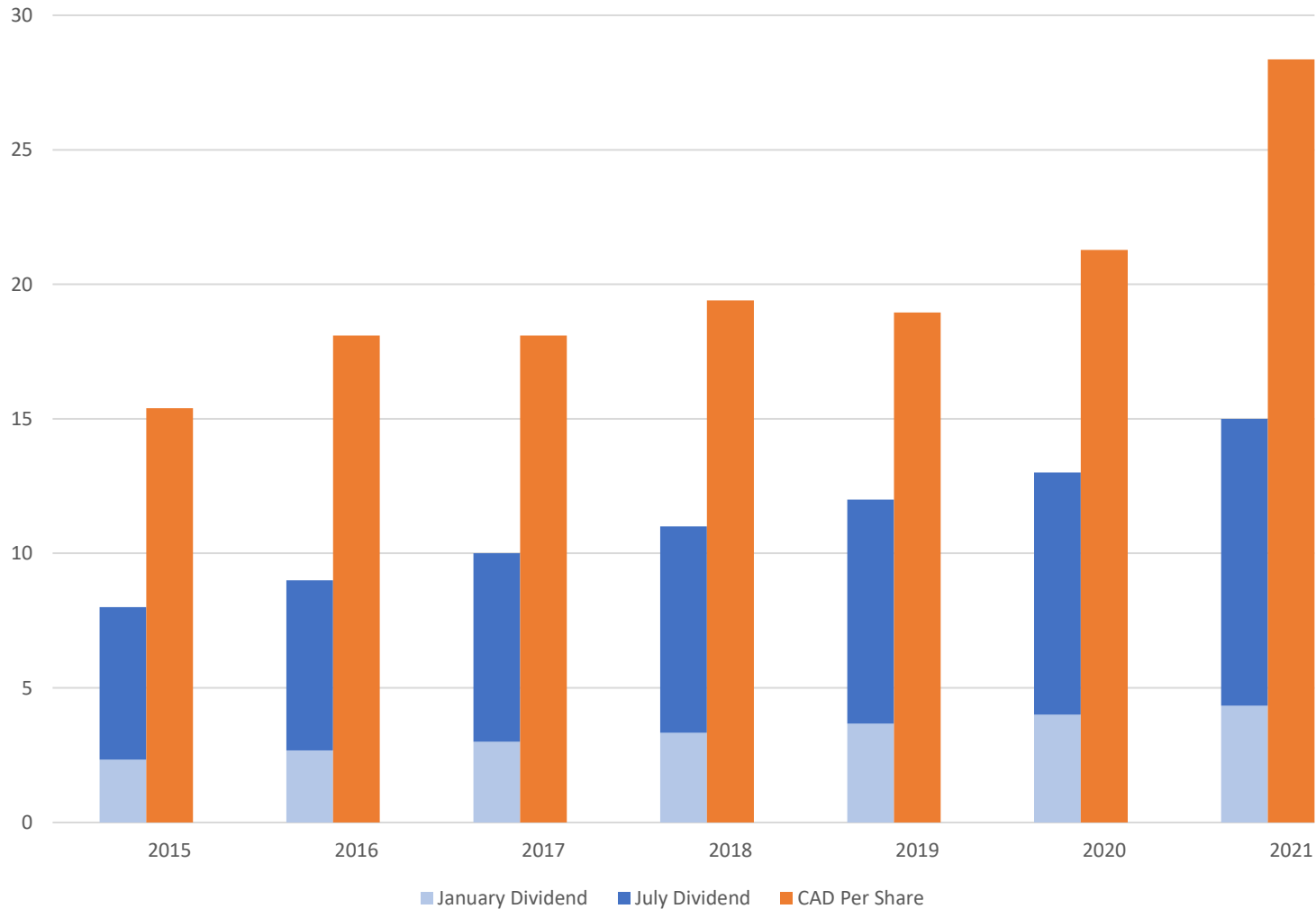


* Introduction of IFRS 16 in 2018



Accelerating Dividend Growth

CAD £8.24 million up 33.5%, Annual Dividend 15 pence up 15.4%



Future Growth driven by new Landmark stores



Lok'nStore Gloucester

- Current pipeline⁷ of 14 stores taking total to 51
- 2 new stores trading plus 1 acquired
- On site at 3 stores – opening by early 2022
- 5 new sites acquired
- 5 Planning permissions granted
- Preparing to go on site at 4 sites
- Pipeline adds 38% more to total trading space

Store Opening Programme

Updated 29 October 2021

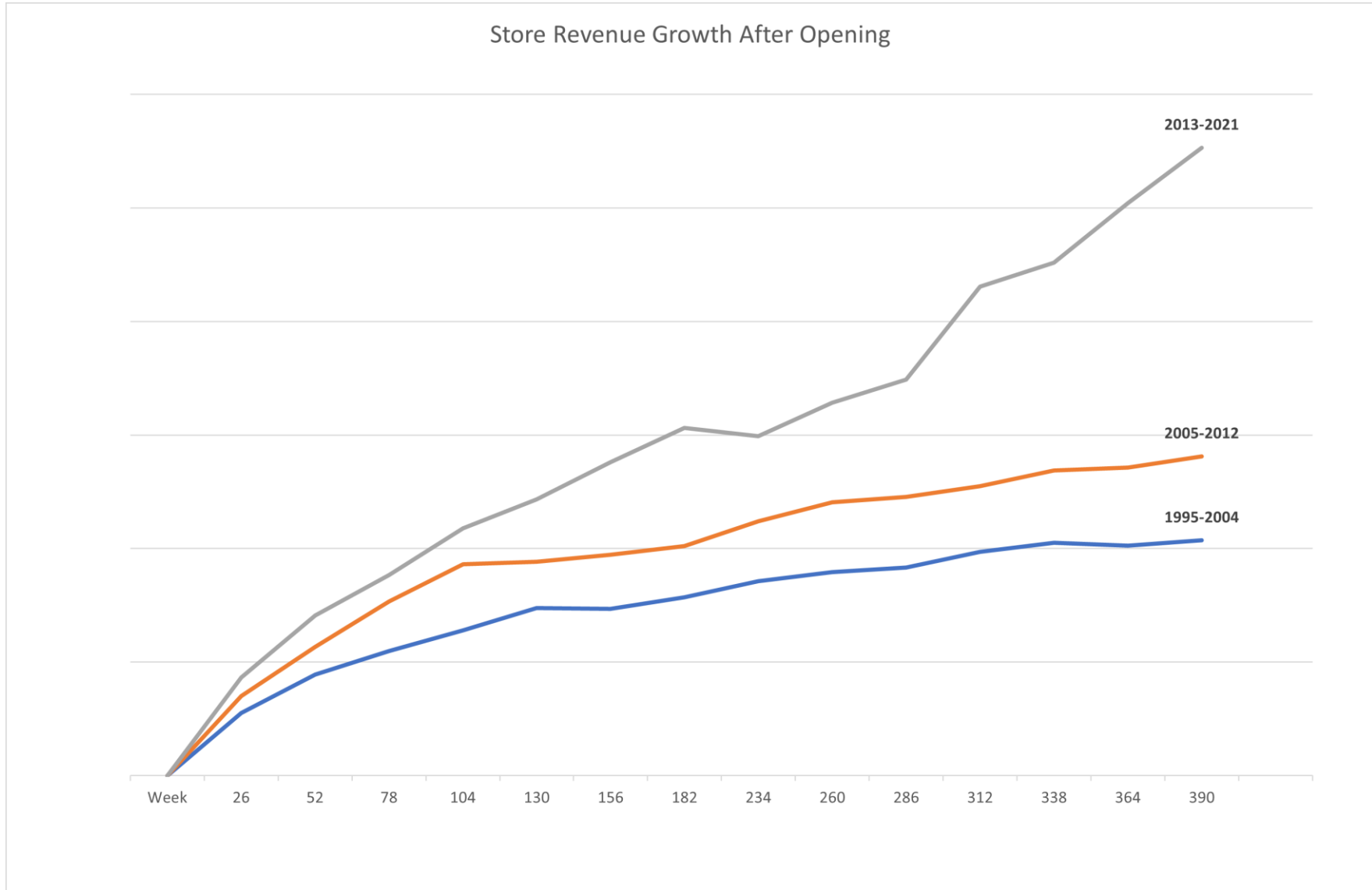
Store	Tenure	Lok'nStore Capital Expenditure	Size sq. ft.	Status
Leicester	Freehold	£8 million	60,000	Opened August 2020
Salford	Freehold	£8 million	53,000	Opened April 2021
Stevenage	Freehold	£8 million	56,358	Will open by early 2022
Wolverhampton	Managed	N/A	52,600	Will open by early 2022
Warrington	Freehold	£8 million	59,500	Will open by early 2022
Basildon	Leasehold	£2.5 million	52,000	Planning permission achieved
Staines	Long Leasehold	£9.5 million	60,000	Planning permission achieved
Bournemouth	Freehold	£8 million (net)	76,700	Planning permission achieved
Bedford	Freehold	£6 million	60,000	Planning permission achieved
Cheshunt	Freehold	£6 million (net)	60,300	Planning permission achieved
Kettering	Managed	N/A	40,000	Planning application submitted
Chester	Managed	N/A	45,700	Planning application submitted
Peterborough	Freehold	£5 million	40,000	*Stop Press* – Planning Permission Granted
Altrincham	Freehold	£7.5 million	50,000	Acquired
Barking	Freehold	£13 million	60,000	Acquired
A	Managed	N/A	60,000	With Lawyers

Store Opening Programme by year

Financial Year	Store Opening Pipeline	% growth of lettable area in Year
FY2022	2 new freehold stores plus 1 managed	9.6%
FY2023	4 new freehold stores plus 1 leasehold	15.1%
FY2024	3 new freehold stores plus 2 managed	11.6%

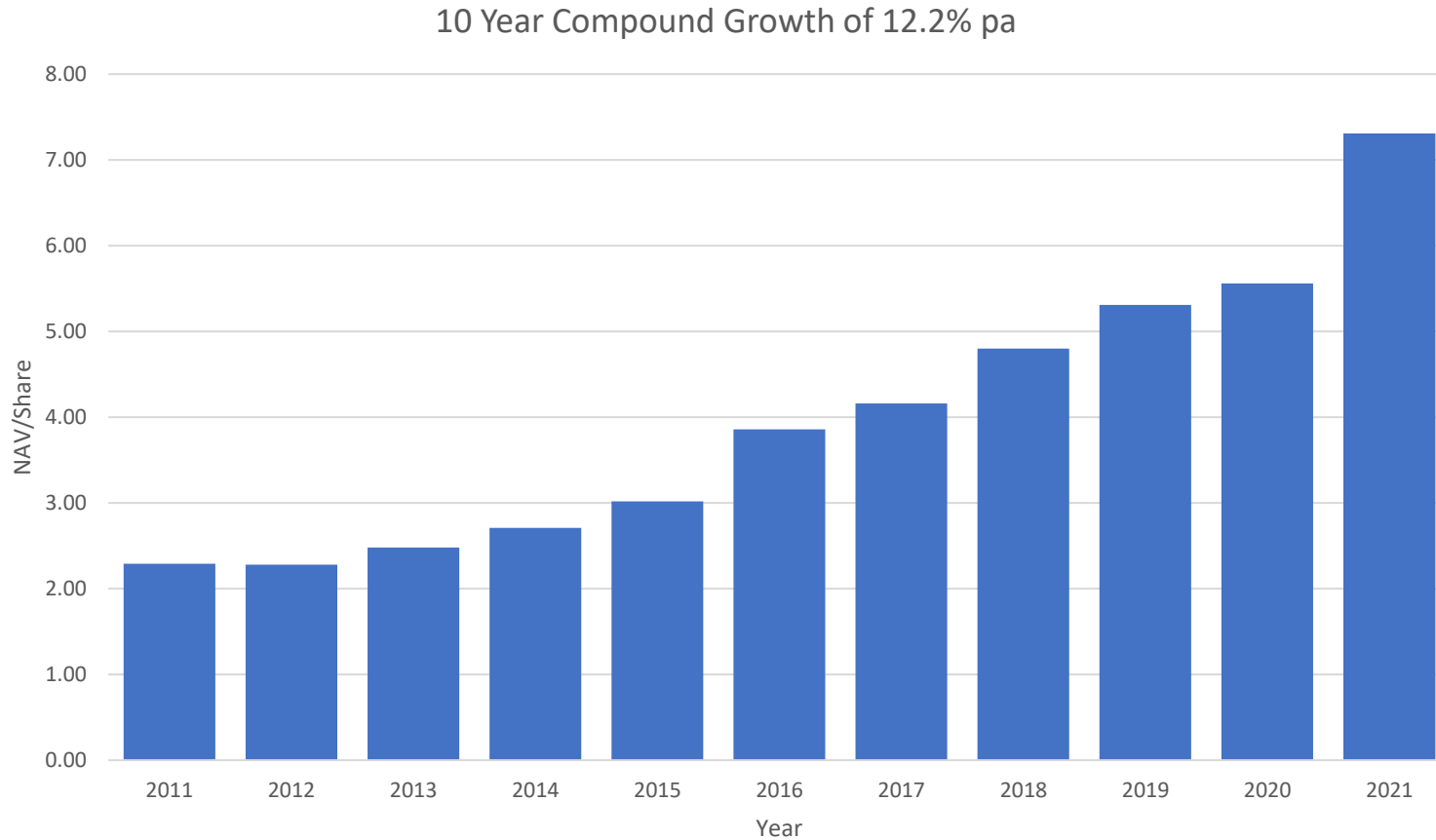


Store Revenue Growth after Opening





Compound Growth of Net Asset Value per share





Consolidated Statement of Profit & Loss

Year ended 31 July 2021

	Year ended 31-Jul-21 £'000	Increase/ (Decrease) %	Year ended 31-Jul-20 £'000
Revenue	21,892	21.3	18,041
Retail COS and Operating Costs	(10,001)	19.3	(8,387)
Group Adjusted EBITDA	11,891	23.2	9,654
Depreciation & amortisation	(4,149)		(3,779)
Equity settled share based payments	(118)		(88)
Loss on sale of land*	(160)		–
Group operating profit	7,464	29.0	5,787
Finance costs (net)	(1,016)		(1,097)
Profit before tax	6,448	37.5	4,690



Consolidated Statement of Financial Position

As at 31 July 2021

	31-Jul 2021	31-Jul 2020
	£'000	£'000
Non-current assets - Property, Plant & Equipment	255,652	187,258
Financial assets	–	361
Right of Use assets	10,503	11,764
Total non-current assets	266,155	199,383
Net current assets	6,713	10,622
Non-current debt- bank borrowings	(64,941)	(50,705)
Non-current debt- lease liabilities	(9,908)	(11,158)
Deferred tax	(46,760)	(26,760)
Net Assets	151,259	121,382
Gearing (net of cash)* - bank borrowings	37.2%	31.5%
Gearing (net of cash)** - bank borrowings and lease liabilities	44.6%	41.8%
Share Capital	298	297
Share Premium	10,815	10,560
Other Reserves	9,138	8,455
Retained Earnings	26,272	26,095
Revaluation Reserve	104,736	75,975
Shareholder Funds	151,259	121,382
*Based on Net Debt – (bank borrowings) of:	£56.3 m	£38.3 m
**Based on Net debt – (bank borrowings and lease liabilities) of:	£67.5 m	£50.7 m



Consolidated Statement of Cash Flow

Year ended 31st July 2021

	Year ended 31-Jul-21	Year ended 31-Jul-20
	£'000	£'000
Operating activities		
Cash generated from operations	12,187	9,700
Income tax paid	(800)	(893)
Net cash from operating activities	11,387	8,807
Investing activities		
Proceeds from sale of land (net of disposal costs) - Wolverhampton	1,509	–
Proceeds from sale of land (net of disposal costs) - Southampton	1,676	–
Purchase of property, plant and equipment	(26,474)	(11,628)
Interest received	1	29
Net cash outflow from investing activities	(23,288)	(11,599)
Financing activities		
Equity shares purchased for treasury (net of costs)	(693)	–
Equity shares sold from treasury (net of costs)	846	–
Proceeds of bank borrowings utilised for store development	14,077	8,351
Finance costs paid on bank refinancing	–	(113)
Finance costs paid	(969)	(1,074)
Lease liabilities paid	(1,559)	(1,467)
Equity dividends paid	(3,865)	(3,572)
Proceeds from issue of ordinary shares (net)	103	71
Net cash inflow from financing activities	7,940	2,196
Net (decrease) in cash and cash equivalents in the year	(3,961)	(596)
Cash and cash equivalents at the beginning of the year	13,066	13,662
Cash and cash equivalents at the end of the year	9,105	13,066



Robust Asset Backing

Analysis of net asset value per share

Analysis of NAV per Share	31 July 2021	31 July 2020
	£'000	£'000
Net assets	151,259	121,382
Add: JLL leasehold valuation	22,100	16,725
Deduct: leasehold properties and their FF&E at NBV	(7,630)	(3,707)
Adjusted net assets	165,729	134,400
Deferred tax arising on revaluation of freehold properties	46,760	26,760
Adjusted net assets before deferred tax	212,489	161,160
	No. '000s	No. '000s
Issued share capital (ords)	29,633	29,584
Add: shares issued for the exercise of options	54	49
Closing shares in issue	29,687	29,633
Less: shares held in EBT	(623)	(623)
Shares for NAV purposes	29,064	29,010
Adjusted NAV / share (before deferred tax)	£7.31	£5.56

Business on course delivering significant growth



- Increasing customer occupancy driving revenue, pricing and profits
- Strong balance sheet and low LTV
- Growing new Landmark store pipeline to deliver 38% more total space
- Accelerated dividend growth



Lok'nStore Group plc



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Lok'nStore Locations

Our Locations

■ Stores

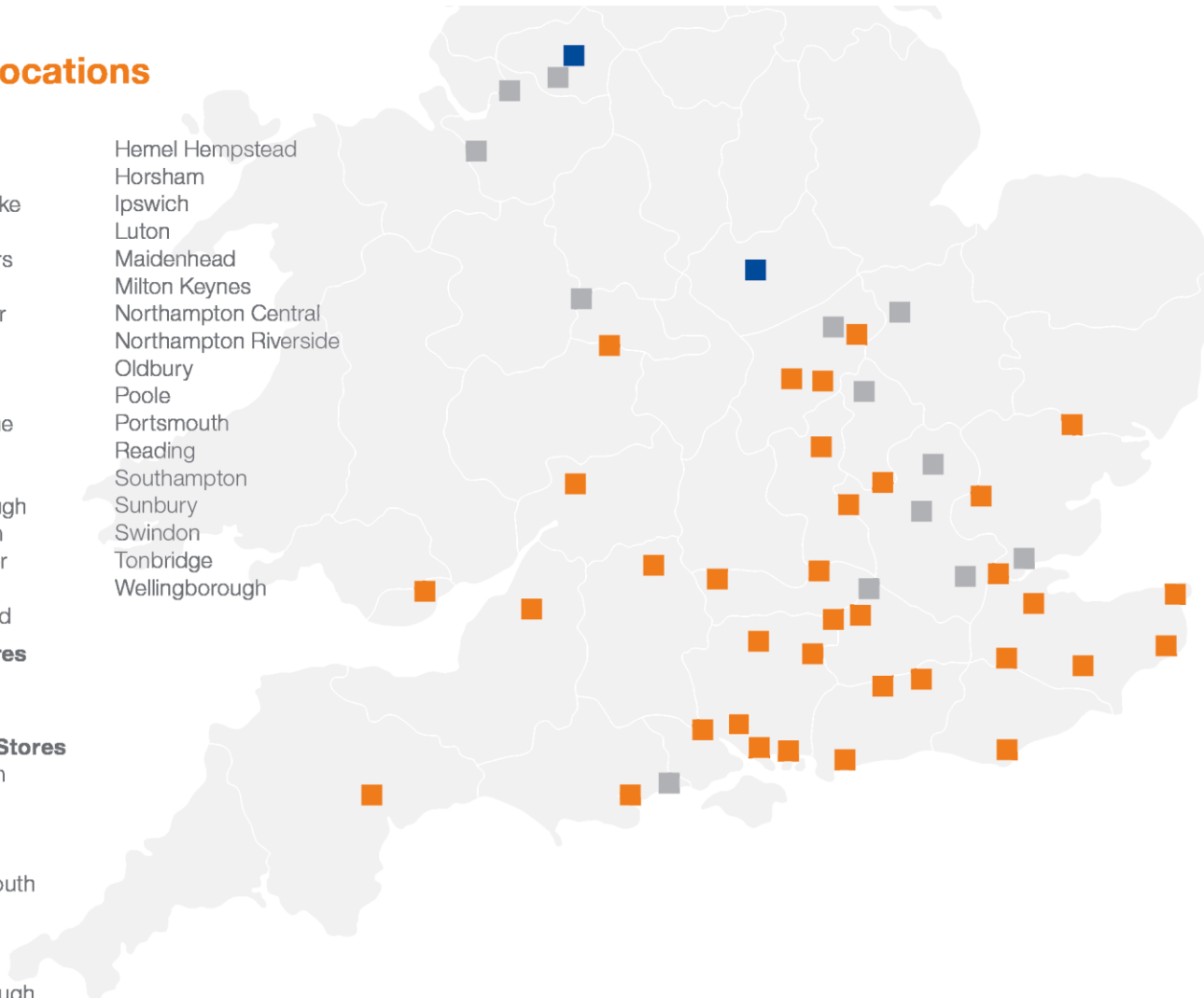
- Aldershot
- Ashford
- Basingstoke
- Bristol
- Broadstairs
- Cardiff
- Chichester
- Crawley
- Crayford
- Dover
- Eastbourne
- Exeter
- Fareham
- Farnborough
- Gillingham
- Gloucester
- Harlow
- Hedge End
- Hemel Hempstead
- Horsham
- Ipswich
- Luton
- Maidenhead
- Milton Keynes
- Northampton Central
- Northampton Riverside
- Oldbury
- Poole
- Portsmouth
- Reading
- Southampton
- Sunbury
- Swindon
- Tonbridge
- Wellingborough

■ New Stores

- Leicester
- Salford

■ Pipeline Stores

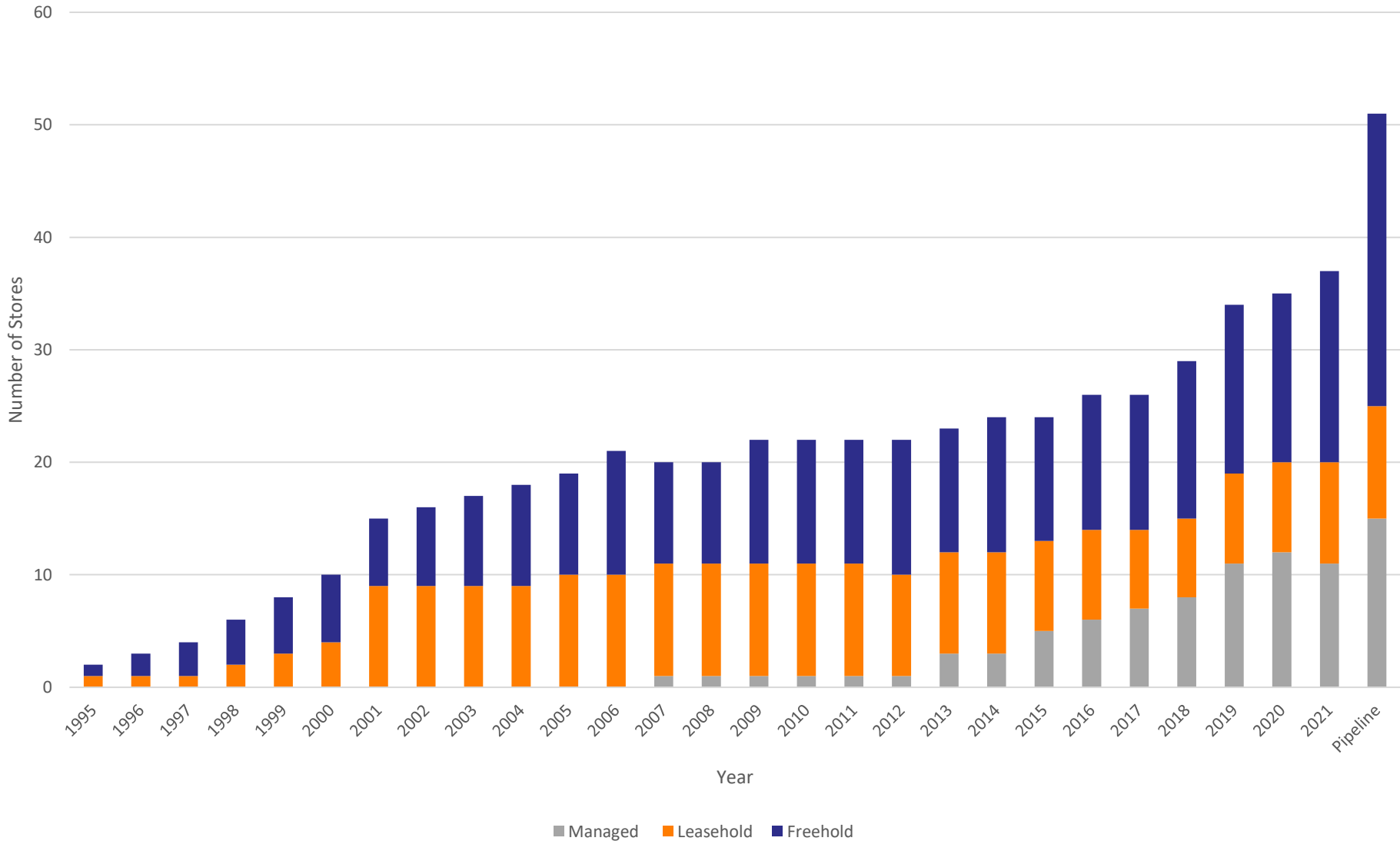
- Altrincham
- Barking
- Basildon
- Bedford
- Bournemouth
- Cheshunt
- Chester
- Kettering
- Peterborough
- Staines
- Stevenage
- Warrington
- Wolverhampton





Growth of stores by tenure

Lok'nStore Number of Stores Trading Since Inception





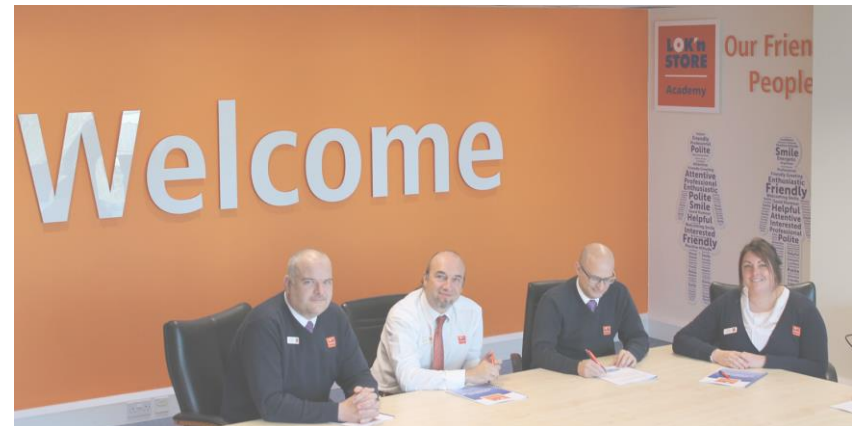
Environmental Sustainability FY 2021 - extract

S&P Trucost has found that Lok'nStore assessed and disclosed quantitative data on all its material environmental impacts. We have done so for 20 years

Impact	Result	Comment
Operational GHG Emissions (scope 1 & 2)	✓	In the year 2020-21 operational GHG emissions intensity has decreased by 41%. This demonstrates our ongoing commitment to decreasing GHG emissions, which have reduced by 94% since 2005 when monitoring began from 1189 tCO ₂ e to 75 tCO ₂ e.
Renewable Energy Generation	✓	Generation of electricity from our solar panels installed on our buildings is entirely dependent on sunshine hours and a 15% decrease in energy generated at our sites is largely reflective of less sunshine hours during the period. PV solar panels will continue to be installed on new stores to increase electricity generated by our operations.
Waste Generation and Recycling	✓	In the year 2020–21 total waste generation decreased by 27% while the total number of trading sites increased. When adjusted for intensity we saw a 40% decrease in landfill waste. Alongside the decrease in landfill waste, we also achieved a 4% increase in waste recycled.

Social Responsibility with Lok'nStore

- Lok'nStore academy – We are delighted to report that 46 colleagues have completed National Vocational Qualifications (NVQs) since the Academy opened*
- 62% of store managers were promoted internally
- Diversity across stores:
 - Male 38%
 - Female 62%
- Diversity across Head Office:
 - Male 50%
 - Female 50%



*Source: Lok'nStore Annual Report 2021

Governance – new Independent Non- Executive Director

- Board - new Independent NXD – Jeff Woyda
 - Experienced listed company finance director (Clarksons)
- Reporting and compliance is in line with QCA code





Movement of valuation metrics

		FY2020	FY2021
Average Exit Yield	Freehold	6.5%	6.2%
	Leasehold	15.6%	23.1%
	All	9.7%	12.0%
Average Discount rate	Freehold	8.6%	8.2%
	Leasehold	16.9%	24.4%
	All	11.4%	13.8%
Average Stabilised Occupancy Rate		84.9%	88.9%
Year 1 yield		6.0%	5.9%
Year 1 price growth assumption		2.0%	7.1%

Freeholds account for 91% of total trading asset valuations



Pandemic - Lok'nStore Response

- All stores have remained open – self storage an “essential service”
- Social distancing measures in place - Head Office and Central team largely working remotely
- Construction has continued as normal and paying all rents as normal
- Not applied for business rates holiday
- No government backed loans
- All furlough funds returned
- Lower market interest rates save circa £200,000 annualised
- All bonus schemes are directly linked to Company performance so are unchanged - If outcomes were weaker then bonuses will be lower. Currently very good bonuses reflect buoyant performance



Uses of Lok'nStore under lockdown

- Medical wholesalers, NHS hospitals, doctors surgeries, community hospitals
- Storing oxygen, ventilators, PPE, air purifiers other medical supplies
- A Community Hospital storing gym equipment and chairs to make space for beds
- Stored office furniture to create space for a vaccination centre
- A national health authority storing 300 office chairs to clear space so they were able to re-open their offices creating a Covid safe environment

- Companies storing extra stock as business has grown due to the increased online demand
- Businesses used storage to enable them to stay in business by reducing their overheads by exiting leases
- Now businesses storing PPE and social distancing equipment in case lockdowns re-imposed

Notes

1	Group Adjusted EBITDA - Earnings before interest, tax, depreciation and amortisation – The measure strips away non-cash charges, finance charges and tax and now also reflects the removal of operating leases from operating expenses as a result of the implementation of IFRS 16. Adjusted EBITDA is defined as EBITDA before losses or profits on disposal, share-based payments, acquisition costs, exceptional items, finance income, finance costs and taxation.
2	Adjusted Net Asset Value (NAV) / Adjusted NAV per share - Adjusted Net Asset Value is the net assets of the business adjusted for the valuation of leasehold stores and deferred tax. Adjusted NAV per Share is that number divided by the number of shares at the year-end. The shares held in the Group's employee benefits trust and any treasury shares are excluded from the number of shares. The calculation can be found in the business and finance review of the statement for the year under review.
3	CAD – Cash available for Distribution – is calculated as Adjusted EBITDA less total net finance cost, less capitalised maintenance expenses, New Works Team costs and current tax. This measure is designed to give clarity to the capacity of the business to generate net operating cash that can be used to pay dividends to shareholders.
4	Adjusted Total Assets – The value of adjusted total assets of £294.8 million (2020: £229.4 million) is calculated by adding the independent valuation of the leasehold properties of £22.1 million (2020: £16.7 million) less their corresponding net book value (NBV) £7.6 million (2020: £3.7 million) to the total assets in the Statement of Financial Position of £280.3 million (2020: £216.4 million). 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.
5	LTV – Loan to Value Ratio – measures the debt of the business expressed as a percentage of total property assets giving a perspective on the gearing of the business. The calculation is based on net debt (excluding IFRS 16 lease liabilities) of £56.3 million (2020: £38.3 million) as a percentage of the total properties independently valued by JLL and including development land assets of £33.7 million (2020: £29.9 million) totalling £268.6 million (2020: £198.3 million).



Notes (continued)

6	<p>Store Adjusted EBITDA - is Adjusted EBITDA (see 2 above) before the deduction of central and head office costs. This important information provides an insight into 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 and the margins analysed between freehold and leasehold stores and according to the age of the stores.</p>
7	<p>Current 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 have 14 pipeline sites of which 13 are contracted and are not yet trading as at 29 October 2021 the date of approval of these financial statements. There are also 1 site that is currently progressing with lawyers.</p>
8	<p>Freeholds valued by JLL includes related fixtures and fittings (refer note 11a in financial statements)</p>
9	<p>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 11 years and 1 month at the date of the 2021 valuation.</p>