



RNS

Miscellaneous



New store pipeline update

LOK'N STORE GROUP PLC

Released 07:00:06 05 July 2021

RNS Number : 0734E
Lok'nStore Group PLC
05 July 2021

Lok'nStore Group plc

New store pipeline update - three acquisitions and three planning permissions achieved

Increasing capacity in the under-supplied UK self-storage market

Lok'nStore, the fast-growing self-storage company, is pleased to provide the following update on its growing new store development pipeline.

Highlights:

- Significant development of new store pipeline - when delivered will result in the Group operating 51 stores.
 - Contracts exchanged on two new freehold and one leasehold acquisition.
 - Planning permission granted for two stores and one store extension.
 - Good progress building three new stores, due to open late 2021 and early 2022.
 - Delivery of the pipeline is expected to add c.658,500 sq.ft. of lettable space, following occupancy increasing in the twelve months to 31 January 2021 from 67.1% to 81.6% of available space.
 - New stores to be funded from the Group's existing revolving credit facility, operating cash flow and proceeds of sale of surplus land. Post investment loan-to-value ratio (LTV) will increase to between 20% and 25%.
- New Salford store opened in April and trading is very encouraging.

- Overall trading continues to be excellent.

Land acquisitions

In April 2021, we exchanged contracts on a leasehold development opportunity in Basildon, Essex. The development already benefits from planning consent and comprises a discount food retailer alongside other retail occupiers. Once developed the space will add c.52,000 sq.ft. of lettable area and will be our first leased landmark store.

In June, we acquired the freehold of a 1.5 acre site in the London Borough of Barking. The site occupies an extremely prominent and accessible landmark location on a junction of the A13. Once developed the site will add c.60,000 sq.ft. of lettable area.

In July, we acquired a site in Altrincham, Greater Manchester. We plan to develop a c.50,000 sq.ft landmark store within a prominently located retail hub.

Development of these three new stores will incur approximately £20 million of capital expenditure and are expected to produce a 12% return on investment once trading.

Further planning consents

In May, we were granted planning permission for our site in Bedford. When built, this landmark store will add c.50,000 sq.ft. of lettable space.

In Cheshunt, the local Council has resolved to grant planning permission for our development including a discount food retailer. This scheme echoes our other successful mixed-use schemes and reflects our strategy of maximizing use of available land whilst developing our own new store pipeline. Once developed this store will contribute c. 60,000 sq.ft to the Group.

At Broadstairs, we received planning permission to extend the existing successful operation effectively doubling the capacity of this relatively small store to approximately 40,000 sq.ft. in total.

Building programme

Building work continues at our new store developments in Warrington, Stevenage, and Wolverhampton, all of which will be open in late 2021 or early 2022. The developments at Staines and Basildon are both progressing and construction should be underway in 2021.

Further pipeline progress

When developed our current pipeline will add 38% to our total lettable area. The additions announced here increase our total pipeline of secured new stores to 13, which will result in the Group operating 51 stores when fully developed. Of the 13 pipeline stores, 8 have planning permission, of which 3 are on site, and 4 more are expected to be on site during 2021. We continue to find further opportunities to progress.

Delivery of the pipeline is expected to add c658,500 sq.ft. of lettable space, with 168,500 sq. ft. due for completion in 2022, 250,000 sq.ft. in 2023 and 240,000 sq.ft. in 2024. This additional

capacity follows on from the occupancy gains we reported recently which increased in the twelve months to 31 January 2021 from 67.1% to 81.6% of available space.

These new stores will be funded from the Group's existing revolving credit facility, operating cash flow, and proceeds of sale of surplus land. Net debt will rise to around £60 million in FY2023 against our current bank facility of £75 million (with accordion option, £100m). The loan-to-value ratio (LTV) will increase to between 20% and 25%.

Commenting on the recent progress Andrew Jacobs, Executive Chairman, said:

"We continue to deliver on our objective of opening more Landmark stores whilst maintaining the strength of our balance sheet and remaining conservatively geared. Our proven business model is working well – as we open new stores and build their occupancy so their value increases significantly whilst generating strong cash flows along the way. These cash flows can then fund future growth and an increasing dividend to our shareholders.

"Trading since our interim results announced in April continues to be excellent and further demonstrates that Lok'nStore is well positioned to build and open more new stores in the under-supplied UK self-storage market.

"Our total secured pipeline is now 13 stores which will add considerable momentum to earnings growth in the coming years, and we are continually assessing more new sites."

Enquiries:

Lok'nStore

Andrew Jacobs, Executive Chairman
Ray Davies, Finance Director

01252 521 010

finnCap Ltd

Julian Blunt/Seamus Fricker, Corporate Finance
Alice Lane, Corporate Broking

020 7220 0500

Camarco

Billy Clegg/Tom Huddart/Emily Shea-Simonds

020 3757 4991

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