RNS Final Results

Preliminary Results

LOK'N STORE GROUP PLC

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

Preliminary Results for the year ended 31 July 2021

Lok'nStore Group Plc, a leading company in the UK self-storage market announces results for the year ended 31 July 2021.

Highlights of Lok'nStore Group plc results 2021

Excellent trading, significant asset value growth, ambitious store opening programme and accelerated dividend policy

Strong trading

- ✓ Group Revenue £21.9 million up 21.3% (2020: £18.04 million)
- ✓ Group Adjusted EBITDA[1] £11.89 million up 23.2% (2020: £9.65 million)
- ✓ Operating Profit £7.46 million up 29.0% (2020: £5.79 million)

Driven by operating metrics

- ✓ Total Occupied space up 35.3% (2020: 5.9%)
- ✓ Occupancy up from 69.6% to 85.8%
- ✓ Pricing up 8.7% year-on-year

Increased cash flow drives step change in dividend growth

- ✓ Cash Available for Distribution (CAD) [3] per share up 33.3% to 28.4 pence (2020: 21.3 pence)
- ✓ Annual dividend 15 pence per share up 15.4% (2020: 13 pence per share)
- ✓ Tenth year of consecutive Dividend increase

Significant increase in net asset value

- ✓ Adjusted Net Asset Value[5] per share up 31.6% to £7.31 (2020: £5.56)

Low debt

- ✓ Loan to Value ratio[6] (LTV) 21.0% (2020: 19.3%)
- ✓ Average cost of debt[7] 1.54% (2020: 1.69%)

Dynamic pipeline[8] of new landmark stores will deliver further growth

- ✓ £26.9 million invested in new stores
- ✓ Pipeline of 14 new stores will take total to 51[8]
- ✓ Pipeline will add 38% more trading space

Positive outlook

- ✓ Occupancy increases point to further revenue and profit growth
- ✓ Trading momentum continues post year end
- ✓ Strategy unchanged – increase revenue from existing stores and open more new stores

For all of the definitions of the terms used in the highlights above refer to the notes section below.

Commenting on the Group's results, Andrew Jacobs, Executive Chairman of Lok'nStore Group said,

"Lok'nStore's business has moved ahead significantly with revenue up 21.3% on last year. Trading since the year end has continued to be good. We have made a step change in the dividend policy raising the annual dividend by 15.4% to 15 pence per share and this is an indication to investors of our intention to accelerate the dividend growth as our cash flows continue to build.

"We have made significant progress on our new store pipeline, with two new stores opened in the period and one existing store acquired contributing to our net asset value per share growth of 31.6%. Three stores are currently under construction opening early 2022, and four more are soon to commence. This pipeline of new stores delivers 38% more space and will add further momentum to sales and earnings growth.

"Our strategy remains to open more landmark stores while maintaining a conservative balance sheet. We will continue this exciting period of growth, building asset value and increasing dividend income for our shareholders."

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Notes - What we mean when we say … (and why we use these key performance indicators (KPIs))

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 EBITDA** – **Earnings before interest, tax, depreciation and amortisation –** This measure strips away non-cash charges, finance charges and tax. 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. **Other income and expenditure items –** refers to one-off items of a non-operational nature which arose during the year, often relating to asset disposals, and are unlikely to be recurring.

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 measures the capacity of the business to pay dividends or pay down debt. The calculation of the CAD is set out in the Financial Review.

4. **Adjusted Total Group 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 the Group's accounting policy on leases are only presented at their book values within the Statement of Financial Position.

5. **NAV – Adjusted Net Asset Value 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 year-end. The shares held in the Group's employee benefits trust and treasury shares are excluded from the number of shares. The calculation of the Net Asset Value per share is set out in the Financial Review.

6. **LTV – Loan to Value ratio –** measures the net 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 bank debt of £56.3 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) as set out in the Financial Review.

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 quarterly/weekly charging periods throughout the year and taking an average based on the whole financial year. Apart from the Group's Revolving Credit Facility the Group has no other debt. The average cost of debt 1.54% (2020: 1.69%)

8. **Pipeline Sites** – means sites for new stores that either we have 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 1 is with lawyers. We currently have 26 owned stores with an additional 11 managed stores trading. When these 14 sites are fully developed we will have a total of 51 stores.

9. **Secured Pipeline Sites** – means the 13 sites for new stores on which we have exchanged legal contracts. Of these ten stores are Lok'nStore owned Stores and three will be managed stores.

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 IFRS 16 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 Financial Review.

11. **Gearing –** refers to the level of debt compared to 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 Financial Statements.

12. **Group Adjusted EBITDAR** - 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 a comparison between the operating performance of freehold stores (which do not pay rent) and leasehold stores. This analysis is set out in a table in the Financial Review.

13. **Cost Ratio -** calculates the ratio of the total operating costs of the business as set out in the Financial Review, expressed as a percentage of total Group revenue (Note 2), giving a perspective on the cost efficiency of the business when compared to the cost ratio of the previous year. The Cost Ratio has been reduced further to 44.9% (2020: 45.8 %)

See also the glossary

Chairman's Statement

I am delighted to be reporting on these great results with Lok'nStore delivering a strong operating performance. This has resulted in another year of significant growth in revenue, profits, and asset values, enabling the Group to accelerate dividend growth over the coming years.

These excellent full-year results can be summarised as:

- 35.3% growth of occupied space across our stores
- 21.3% increase in Group Revenue
- 23.2% growth in Group Adjusted EBITDA
- 31.6% growth in Adjusted Net Asset Value per share
- 38% more trading space in New Store Pipeline[8]
- £26.9 million investment in our landmark store opening programme
- Accelerated growth of dividend

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

Accelerated Dividend Growth
The Board has reviewed the Company's dividend policy in the context of its disciplined approach to capital allocation. In light of the cash-generative qualities of the business and noting the requirement to invest in the landmark store opening programme, we are pleased to report that Lok'nStore will now pursue a more progressive dividend policy which reflects the strong long-term underlying cash flow growth of the business.

The Directors are proposing a final dividend of 10.67 pence per share (2020: 9.00 pence) following the interim dividend payment of 4.33 pence per share in June 2021, bringing the total distribution for the year to 15 pence per share, an increase of 15.4% (2020: 13 pence per share) and our tenth year of increase in a row.

Subject to approval at the Company's AGM on 9 December 2021 the final dividend will be paid on 7 January 2022 to shareholders on the register on 26 November 2021. The ex-dividend date will be 25 November 2021. The final deadline for Dividend Reinvestment Election by investors is 10 December 2021.

Increase in Net Asset Value
Adjusted Total Group Assets[4] have moved upwards sharply in the year by 28.5% to £294.8 million mainly due to the trading strength of our business, as well as investor interest in self-storage assets and our investment in new stores.

Our trading assets are independently valued by Jones Lang La Salle (JLL) on the 31st July each year. This year we saw an uplift of our freehold and leasehold trading stores of £66.5 million. £23.0 million of this uplift comes from the maiden valuations of our new stores in Leicester and Salford. The Chichester store added £5.1 million.

A further £27.6 million comes from the impact of improved cash flows of the same store portfolio that were valued last year. This demonstrates the impact operating performance has on asset values and why one of our key objectives remains to fill existing stores and continue improving pricing.

The balance of the uplift comes from improvements in both the Discount Rate and Exit Yield applied to the valuations. On a same store basis on our owned freehold trading stores, we have seen exit yields improve on average by 32 basis points, with discount rates improving by 37 basis points. This demonstrates that the performance of the UK Self-Storage Market is attracting significant investor appetite. The Exit Yield and Discount Rates applied are backed by transactional evidence and give us confidence that there may be more exit yield compression to come as investors chase scarce assets. We are well positioned to benefit from future changes with our high quality portfolio of stores.

Investment in our Stores
While we invested £26.9 million in new store development this year, we are able to report a year-end LTV ratio of only 21.0% (2020: 19.3%) and net debt of £56.3 million (2020: £38.3 million) (Refer to Note 28b).

During the year we increased our number of owned trading stores by three, with Leicester and Salford opening in the year and Chichester being purchased from a management client.

The Group continues to find high-quality sites for new landmark stores. Trading at our new stores continues to exceed expectations and this underpins our confidence that our pipeline will add further to sales and earnings growth, adding 42.5% more trading space to our owned portfolio.

Three stores are currently under construction in Warrington, Wolverhampton and Stevenage and these will be open in early 2022. We expect to be on site at four more of our pipeline stores during the coming financial year, with these due to open in FY2023.

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

We generated managed store income of £1.35 million this year, up 35.8% from the previous year (2020: £0.99 million). Total managed store assets under Lok'nStore's management are now approaching £100 million.

Our current pipeline includes an additional three managed stores which will take the total number of managed stores to 14.

Our Objectives
We are focused on allocating capital in a way that most benefits our shareholders over the short, medium and long term. Therefore our strategic and operational objectives are to:

- Steadily increase CAD per share increasing shareholder return from a rising asset base with conservative levels of debt
- Fill existing stores and improve pricing
- Acquire more sites to build new landmark stores
- Increase the number of stores we manage for third parties

Our People
We always rely on our amazing people to deliver these impressive results, and this has been especially the case during the pandemic when I am proud to say that they went the 'extra mile' every day to provide essential services such as storing medical equipment and PPE.

I am delighted to say that all of our colleagues continue to benefit from the success of the business with £1 million paid in bonuses to those colleagues directly supporting customers, an increase of 158% on the previous year.

We will continue to invest in training to develop and deepen the skills of our team members. We have reviewed our pay levels to ensure that all of our employees are paid fairly and we continue to promote equity ownership to our colleagues via our Share Investment Plan and the granting of options.

Liquidity and Cash Flow
At 31 July 2021 the Group had cash balances of £9.1 million (2020: £13.1 million). The Group has a £75 million five-year revolving credit facility and this was extended to £100 million after the year-end and provides all the financing needs for the current pipeline. Following a one-year extension executed post year-end the facility now runs until April 2026. The Group is not obliged to make any repayments on its loan facility prior to its expiration in April 2026.

Cash inflow from operating activities before investing and financing activities was £12.2 million in the year to 31 July 2021 up 25.6%.

Debt and Bank Covenants
The average cost of bank debt on drawn facilities for the period was 1.54% (2020: 1.69%) and all of the Group's total drawn bank debt of £65.4 million is unhedged, which means we have benefited immediately from the reduction in base lending rate during the year. At the date of this Report the Group's current cost of debt is running at 1.55%.

Interest cover is more than 10 times against a covenant of 2.5 times. At the year-end our loan-to-value ratio based on net bank debt was 21.0% versus a bank covenant of 60% providing a large cushion against any unforeseen circumstances. Both the LTV and Interest covenants exclude the gearing effects of IFRS 16 as agreed with our banks.

Capital Expenditure
It is always our intention to commence the construction and fit out of all of our pipeline stores as soon as all planning and enabling works have been completed.

Self-storage benefits from the short lead time between breaking ground and store opening of only around twelve months. We only have committed future capital expenditure at the two stores in Warrington and Stevenage, both of which will be open and producing cash within the coming year. We have a high degree of flexibility regarding start dates for further building at other sites. We can therefore adapt our development program quickly to react to changing economic circumstances.

Outlook for more Growth
Trading since the year end has continued to be good. The significant occupancy gains during the year provide the Group with pricing and margin opportunities into this financial year and beyond.

Our new store pipeline will add 38% more trading space over coming years providing further impetus to the growth of cash flows and therefore dividends. We look to the future with confidence.

Andrew Jacobs
Executive Chairman
29 October 2021

The UK Self-Storage Market

The UK Self-Storage Market at a Glance

The Self-Storage Association UK Annual Industry Survey 2021 reports that the UK Self-Storage industry is made up of 1,997 sites offering 50.5 million sq. ft. of space.

Sq. ft. of self-storage per head of Population			Annual Turnover of UK Self-storage Industry	Average Store Size
UK	Australia	US		
0.74	1.9	9.4	£890 million	25,200 sq. ft.

Market Overview

As reported in the Self-Storage Association UK (SSA UK) Annual Industry Survey 2021 the UK self-storage market continues to grow but remains under-developed relative to Australia and the US. In the UK there are an estimated 1,997 self-storage facilities providing 50.5 million sq. ft. of storage space. With a population of 68 million people in the UK this equates to only 0.74 sq. ft. per person.

The structure of the UK industry is changing. When the industry first emerged companies were predominately single owner sites often located in industrial areas but larger operators (defined as operators managing ten or more sites), such as Lok'nStore, have recently been developing purpose-built stores in retail-facing locations offering customers a higher standard of product and service.

The main barriers to entry to the market remain the difficulty in finding and securing suitable sites as well as gaining the appropriate planning consents. As a result, larger operators now own or manage around a third of all facilities which translates to 45% of market share in terms of revenue and space. Currently Lok'nStore is the fourth largest operator in the UK by number of stores.

Drivers of Demand for Self-Storage

Demand for self-storage by both business and household customers is driven by a specific need based on changing circumstances as well as economic activity and business confidence.

For household customers their need is often linked to a life event where they will need space temporarily, for example, to turn a box room into a home office, but increasingly householders are using storage on a semi-permanent basis to free up space at home or store belongings they don't have room for.

Business customers use self-storage for a variety of purposes including storage of goods, excess or seasonal stock, document archiving or storage of equipment and tools. Businesses tend to store for longer than household customers and take larger units, although they also take advantage of self-storage for temporary periods to support seasonal sales or office moves or refurbishments.

During the pandemic many of our customers were providing critical services distributing medical and other essential supplies. We include the NHS, GP surgeries, care and home support services and government departments amongst our customers.

Lok'nStore's Opportunity in the Market

The SSA UK Annual Industry Survey 2021 notes that public awareness of and demand for self-storage is increasing. We know that on average customers chose a store within five miles of their home or business. With a pipeline of 13 stores and a continuing program of evaluating further site opportunities, Lok'nStore is well placed to attract new customers and add further momentum to the growth of our sales and profits.

Combining the Group's competitive strengths (recognised brand, excellent customer service, rigorous cost control) and the attractive market dynamics of the storage sector (growing sector, under supply, resilience during economic downturn) with our strong balance sheet and flexible operating and ownership model (see our portfolio strategy), we believe Lok'nStore can take advantage of the opportunities presented and continue its growth without significantly increasing risk.

Our Business Model:

Our overriding objective is to increase the Cash Available for Distribution (CAD) enabling a predictable growth of the dividend from a rising asset base while maintaining conservatively geared balance sheet.

What we do	How we create value	Sharing value with our stakeholders
• Buy or lease prominent sites • Build highly visible orange Landmark storage centres • Offer clean, dry, secure storage to business and household customers • Offer managed storage services to third-party owners	• Take a flexible approach to site selection • Increase our asset base • Careful cost control • Drive store EBITDA growth through a closely managed occupancy and pricing strategy • Earn fees from managing stores on behalf of others • Carefully balanced use of leverage	Shareholders • High-quality earnings • Growing NAV per share • Progressive dividend policy Customers • Easy to locate stores • Friendly and high-level customer service • Wide range of storage solutions • Transparent and open contracts Our people • Development opportunities through the Lok'nStore Academy • Regular opportunities for career progression through our expanding store portfolio • Uncapped bonus scheme • Share ownership plans • High regard for health and safety
37 UK Stores currently trading (including 11 Managed Stores)	£21.9 million Group revenue	• 15 pence annual dividend per share • Rated excellent on Google with an average score of 4.5 • £1.0 million (2020: £0.39 million) paid out in bonuses to store teams

Our strategy:

Our objectives	Achievements in 2021	Strategy in action
Steadily increase cash available for distribution (CAD) per share	CAD per share up 33.3% to 28.4 pence (2020: 21.28 pence).	Annual dividend 15 pence per share up 15.4% (2020: 13 pence per share)
Fill existing stores and improve pricing	We continued to improve our online visibility through evolution of our search engine strategy. We focussed on developing our teams' sales and customer service through the Lok'nStore Academy. These actions resulted in a 51% increase in new customers over the year.	Self-storage unit occupancy up 35.3% Self-storage pricing up 8.7% NAV per share up 31.6%
Acquire more sites to build new landmark stores	13 stores secured in planning or development. Planning permissions achieved at Basildon, Bedford, Bournemouth, Cheshunt and Staines	We acquired 4 new sites in this financial year: Peterborough, Barking, Altrincham and Staines We also agreed a contract on our first purpose-built leasehold store in Basildon
Increase the number of stores we manage for third parties	3 managed stores in planning or development.	Managed store fees up 35.8%

Managing Director’s Review:

Total Self-Storage Revenue up 20.7%	Adjusted Store EBITDA up 25.5%	Occupied space up 35.3%

“Excellent operating performance drives significant growth of asset values.”

Neil Newman-Shepherd
Managing Director

Lok’nStore Group has had another excellent year successfully delivering against all of our strategic objectives. Once again revenue, profits and asset values have all moved sharply ahead. In coming years our pipeline of new stores will substantially increase the proportion of our store space which is new or purpose-built and will add further momentum to the growth of sales and profits.

Trading
Group revenue for the year was £21.9 million, up 21.3% year on year (2020: £18.04 million) driven by occupancy increases and improved pricing across our stores. This revenue growth led to a 23.2% increase in Group Adjusted EBITDA.

- ✓ Total self-storage revenue £20.6 million up 20.7% (2020: £17.0 million)
- ✓ Adjusted Store EBITDA £12.03 million up 25.5% (2020: £9.59 million)
- ✓ Occupied space up 35.3% (2020: 5.9%)
- ✓ Occupancy up from 69.6% to 85.8%
- ✓ Unit pricing up 8.7%
- ✓ £26.9 million invested in our portfolio of stores this year

Total Adjusted Store EBITDA, a key performance indicator of profitability and cash flow of the business, increased 25.5% to £12.03 million (2020: £9.59 million). The overall Adjusted EBITDA margin across all stores was higher again at 58.3% (2020: 56.1%) with the Adjusted Store EBITDA margins of the freehold stores at 63.1% (2020: 61.9%) and the leasehold stores at 46.5% (2020: 42.9%).

Over the course of the year unit occupancy rose by an unprecedented 35.3% and unit pricing was up 8.7%.

At the year-end we had 11 managed stores operating and the Wolverhampton managed store currently under construction. During the year we purchased the existing Chichester managed store.

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 63.1% and 100.0% respectively versus 58.3% across all stores. The impact of this will be to continue to increase the average store EBITDA margin of the Group overall, and 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.

In the table below we show how the performance of the stores varies between freehold and leasehold stores. Currently 50.2% of Lok’nStore owned trading space is freehold, 21.8% is leasehold and 28.0% is managed stores.

Leaseholds trade on lower margins due to the rent payable, but nevertheless the 46.5% 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. The freehold stores produce 76.9% (2020: 76.8%) of the Adjusted store EBITDA and account for 91.8% (2020: 91.6%) of valuations (including secured pipeline stores).

This mix of tenures with their different risk and return characteristics provides flexibility in the balance sheet and opportunities to create value throughout the property cycle.

Portfolio Analysis and Performance Breakdown

						When fully Developed	
Portfolio Analysis and Performance Breakdown **As at 31 July 2021**	**Number of stores**	**% of Valuation**	**% of Adjusted Store EBITDA**	**Adjusted Store EBITDA margin (%)**	**% lettable space**	**Number of Stores**	**Total % lettable space**
Freehold	**17**	**79.2**	**76.9**	**63.1**	**50.2**	**26**	**56.5**
Leaseholds	**9**	**8.2**	**23.1**	**46.5**	**21.8**	**10**	**15.9**
Managed Stores	**11**	–	–	**100**	**28.0**	**14**	**27.6**
Total Stores Trading	**37**	–	–	–	–	**50**	–
Pipeline Stores *							
Owned - Freehold	**9**	**12.6**	–	–	–	–	–
Owned - Leasehold	**1**	–					
Managed Stores	**3**	–	–	–	–	–	–
Total Stores	**50**	**100**	**100**	**58.3**	**100**	**50**	**100**

*Applies to the 13 contracted stores only.

In the table below we show how the performance breaks down across the stores based on age. Clearly older stores have had more time to fill up and produced 68.4% EBITDAR margins. Over time as new stores and pipeline sites go through their life cycle they will progress towards similar margins, adding substantially to revenues and profits.

Operating Performance at a glance (Lok'nStore owned stores only)

Weeks Old	**Pipeline**	**Under 100**	**100 to 250**	**over 250**	**Total**
Year Ended 31 July 2021					
Sales £000		287	2,122	18,220	20,629
Stores Adjusted EBITDA £'000		(272)	1,390	10.913	12,031
EBITDA Margin (%)		**(94.8%)**	**65.5%**	**59.9%**	**58.3%**
Store Adjusted EBITDAR £'000		(267)	1,390	12,467	13,590
EBITDAR Margin (%)		**(93.0%)**	**65.5%**	**68.4%**	**65.9%**
As at 31 July 2020 ('000 sq. ft.)					
Maximum Net Area	**572**	**148**	**226**	**971**	**1,917**
Freehold / Long Leasehold ('000 sq. ft.)	**520**	**148**	**226**	**536**	**1,430**
Short Leasehold ('000 sq. ft.)	**52**	**–**	**–**	**435**	**487**
Number Stores					
Freehold	9	3	4	10	26
Short Leasehold	1	–	–	9	10
Total Stores	**10**	**3**	**4**	**19**	**36**

Table covers Lok'nStore owned trading stores only.

In respect of the Farnborough Store (over 250 weeks) the total store revenue includes a £100,000 contribution receivable from Group Head Office.

Marketing
New customers are typically drawn to Lok'nStore by three key drivers:

- Our distinctive landmark stores
- Google and other search engines
- Existing or previous customers and customer referrals

Store visibility remains pivotal to our marketing efforts. With their prominent positions, distinctive design and bright orange elevations our stores raise the profile of the Lok'nStore brand and help to generate a substantial proportion of our business. Our new landmark stores are located in highly prominent locations and we continually invest in new signage and lighting at our existing stores as well as creating striking designs for our new landmark stores, to promote and enhance their visual prominence and engage the local community.

The internet continues to be the main media channel for our advertising. Our website at www.loknstore.co.uk is one of the most established self-storage websites in the UK. The website delivers a high level of customer experience across desktop and mobile devices. Any new development of the website begins with a mobile first focus. 59% of visits to the website in the year were from a mobile device, consistent with last year. This is a very dynamic area and we are committed to its continued development. We believe the internet provides a strong competitive advantage for the major operators such as Lok'nStore with relatively large marketing budgets.

Pipeline of New Stores
Against this background of ever improving operating performance, we have invested £26.9 million (2020: £12.0 million) in new store development this year and we have a new store pipeline of 13 secured stores by the reporting date, which will take the total to 50 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.

We believe that the UK self-storage market is still in its infancy with low penetration and increased consumer awareness leading to faster fill up rates.

Our Covid-19 safe response
Self-Storage is a service business but our facilities are not used intensively. Customer footfall is always comparatively low and our stores have few people in them at any given time, even under normal circumstances.

Many of our customers provide critical services distributing medical and other essential supplies. We include the NHS, GP surgeries, care and home support services and government departments amongst our customers and we are proud to provide them with an efficient service at this difficult time.

We have put in place a comprehensive range of key measures undertaken for colleagues and customers alike. Here is a summary of the key measures:

For our Colleagues

- Colleagues have been provided with PPE including face masks, Perspex safety screens, visors and hand sanitiser.

- We have paid our team members and Directors as normal, including those working reduced hours or self-isolating.

- All bonus systems remained unchanged so colleagues had the opportunity to increase their earning potential.

- 8 out of 171 team members have had a period of furlough since March 2020 during which Lok'nStore fully funded their salary at its normal level. All of these employees were furloughed to enable them, where necessary, to either shield or care for someone shielding. We have returned all of these furlough funds.

- We are in regular communication with our store colleagues, updating them on the latest advice from Public Health England and the Government. We have also put in place contingency plans around reduced staffing levels to cope with increased absences as a result of self-isolation or illness.

For our Customers

- All of our stores have remained open

- We remain vigilant with our daily cleaning programme and our staff have intensified cleaning of the most commonly touched areas and of shared equipment such as trolleys.

- Customers can still communicate with our friendly teams by telephone, email or live chat.

- Where a customer has approached us with a short-term financial burden, we have worked with them to find a mutual solution, nevertheless bad debt has remained extremely subdued at only 0.17% of Group revenue.

- To further support our customers through the worst of the pandemic no storage price reviews were issued to customers for 12 months between March 2020 and March 2021.

Future

Lok'nStore has had an excellent year, with all of our trading and financial metrics moving ahead briskly demonstrating the strength of the self-storage business model throughout the economic cycle. Trading has remained good since the year-end.

Against the background of a strong performance from our existing stores, we have a current pipeline of 14 new stores which will add considerable momentum to sales and earnings growth in the future.

Neil Newman-Shepherd
Managing Director
29 October 2021

Property review

37 stores now trading	13 new landmark stores secured	New stores will add 38% to trading space

Store and Portfolio Strategy

Each of our operating stores is a profitable unit in its own right. Therefore, our strategy is to continue to increase the number of stores we operate without 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 rising 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. Our focus on the trading business gives us many opportunities and our property decisions are always driven by the requirements of the trading business.

Flexible Approach to Site Acquisition

All of the projects noted below are part of our strategy of actively managing our operating portfolio to ensure we are maximising both trading potential and value. This includes strengthening our distinctive brand, increasing the size and number of our stores and replacing stores or sites where it will increase shareholder value. We are focussed on allocating capital in the most efficient manner to achieve our objectives for our shareholders.

We prefer to own freeholds if possible, and where opportunities arise, we will seek to acquire the freehold of our leasehold stores. However, we are happy to take leases on appropriate terms and benefit from the advantages of a lower entry cost, with further options to create value later in the store's life cycle.

Sale and Manage-Back of Stores

We also consider selling established stores on sale and manage-back contracts in order to recycle the capital into the development of new landmark stores and manage the 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!

Our most important consideration is always the trading potential of the store rather than the property tenure and sale and manage-backs have the additional advantages:-

i) The critical mass of stores numbers benefits the business (e.g. through Google search and sharing of other marketing costs)
ii) It spreads the central management costs
iii) Through the performance fees we are exposed to the capital upside without committing capital

As at 31 July 2021, Lok'nStore operated 26 of its own stores. Of these Lok'nStore owns 17 freehold stores and 9 stores are operated under commercial leases. All of our leasehold stores are inside the Landlord and Tenant Act providing us with security of tenure. We operate 11 further stores under management contracts. The average unexpired term of the Group's leaseholds is 11 years and 1 month as at 31 July 2021.

Pipeline

- 13 stores in our current Secured Pipeline are under development of which 9 will be owned freehold by Lok'nStore with one leasehold, and 3 managed stores

- 1 new store opportunity is progressing with lawyers

- Current Pipeline of 13 contracted stores adds 38% of extra trading space to the overall portfolio, 42.5% to our owned portfolio and 26.3% to the managed portfolio

All 13 stores in our Secured Pipeline[9] are in prominent locations with large catchment areas and little established competition, and demonstrate the Group's ability to source high-quality sites adding to future sales and earnings growth. These eye-catching buildings, with their distinctive orange Lok'nStore branded livery and prominent signage, create highly visible landmarks, which continue to be a big source of new customers.

Summary of our current pipeline:-

NEW STORE PIPELINE		
Store	**Size sq. ft.**	**Status**
Warrington	60,000	Onsite - Open November 2021
Stevenage	56,000	Onsite - Open December 2021
Wolverhampton	53,000	Onsite - Open January 2022
Bournemouth	77,000	Planning Consent Granted
Staines	60,000	Planning Consent Granted
Basildon	53,000	Planning Consent Granted
Bedford	55,000	Planning Consent Granted
Cheshunt	60,000	Planning Consent Granted
Peterborough	40,000	Planning Consent Granted (post year-end)
Chester	40,000	Planning Application Submitted
Kettering	40,000	Pre-application planning submission - being reviewed
Barking	60,000	Design
Altrincham	60,000	Pre-application planning submission - being reviewed

During the year we opened two new stores in Leicester and Salford. Early trading in both stores has been very encouraging. We also acquired the existing managed store in Chichester. We acquired four new sites during the year and we also signed a lease on our first purpose-built leasehold store.

Portfolio breakdown
When the contracted development pipeline of 13 sites has been completed Lok'nStore will operate from 50 stores including 14 managed stores. In addition, a further new store opportunity is progressing with lawyers. The secured pipeline sites represent a combination of ten owned and three managed stores. These will add 657,458 sq. ft. of new capacity adding 55.5% to freehold and leasehold trading space and 26.3% to the managed store portfolio delivering a 38% increase in overall trading space.

Portfolio Breakdown As at 31 July 2021	**No of Stores/Sites**	**Trading Lok'nStore**	**Trading Managed**	**Pipeline**	**Secured**	**With Lawyers**
Freehold & Long Leasehold	17	17				
Leaseholds	9	9				
Pipeline (Freehold)	9			9	9	
Pipeline (Leasehold)	1			1	1	
Managed Stores (Trading)	11		11			
Managed Stores (Pipeline)	4			4	3	1
Total	**51**	**26**	**11**	**14**	**13**	**1**
MLA sq. ft.	**2,627,012**	**1,344,830**	**574,724**	**707,458**	**657,458**	**50,000**

Managed Stores

- Approaching £100 million of Store assets under management
- 35.8% increase in management fees

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 all 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. Alternatively, Lok'nStore can sell an existing trading store to a new owner and continue to manage the store under a management contract. Lok'nStore is then able to recycle the capital back into its new store opening programme whilst maintaining the operating footprint of the store.

Under a managed store contract Lok'nStore receives a standard management fee based on revenue, a performance fee based on certain objectives and fees on a successful exit. We also charge acquisition, planning and branding fees. This enables the Group to earn revenue from our expertise and knowledge of the self-storage industry without committing our capital, to amortise fixed central costs over a wider operating base and drive further traffic to our website which benefits our entire operation.

All of the operating expenses of the store are paid for by the third party out of the store revenue with Lok'nStore then receiving various fees and performance bonuses. This strategy improves the risk adjusted return of our business by increasing the operating footprint, revenues and profits without committing capital.

We now manage approaching £100 million of assets under this structure on which we generated managed store income of £1,346,264 this year, up 35.8% (2020: £991,298) from the previous year. We expect this to continue increasing steadily over the coming years as more managed stores are opened.

Management fees	**Percentage Increase** %	**Group Year ended 31 July 2021** £	**Group Year ended 31 July 2020** £
Recurring fees			
Base management fees		**515,940**	**434,345**
Administration and compliance fees		**59,500**	**53,638**
Enhanced Management fees		**307,184**	**243,315**
Recurring fees - Sub-total	**20.7%**	**882,624**	**731,298**
Construction & Advisory fees		**12,500**	**45,000**
Supplementary fees		**303,327**	**215,000**
Increase in estimated fees receivable		**147,813**	–
Non-recurring fees -sub total	**78.3%**	**463,640**	**260,000**
Total management fees	**35.8%**	**1,346,264**	**991,298**

Growing Store Property Assets and Net Asset Value

- ✓ Adjusted Total Assets £294.8 million[4] up 28.5% on last year (2020: £229.4 million)
- ✓ Adjusted Net Asset Value of £7.31 per share up 31.6% on last year (2020: £5.56 per share)
- ✓ Value of operating stores £212.8 million up 26.3% on last year (2020: £168.4 million)
- ✓ Total property assets £270.1 million up 34.9% on last year (2020: £200.2 million)

Our freehold and leasehold stores have been independently valued by Jones Lang LaSalle (JLL) at £212.8 million (Net Book Value (NBV) £70.9 million) as at 31 July 2021 (2020: £168.4 million: NBV £56.6 million).

The significant change in property valuation is referred to further in the Financial Review section of the Strategic Report and is detailed in note 11(a) of the notes to the financial statements. The principal drivers for this increase are:-

- The trading stores have performed very well in terms of increasing occupancy over the course of the year which has driven the stabilised occupancy assumed by JLL higher with the average assumed stabilised occupancy rising to 88.85% (2020: 84.9%)
- Discount Rates and Exit Yields applied by JLL have also compressed this year
- Transactional activity in the UK and across Europe remains strong
- There is an increasing amount of capital looking to access the self-storage market, with a real step change in the interest in the sector in 2018/19 with major private equity and institutions looking to enter the market. The entrance of Schroders to the market in 2016 was a significant movement in the sector, followed by

Legal and General and Carlyle Group in 2019. More recently, Angelo Gordon, GIC and Heitman have committed significant capital to the sector, with other institutions looking to enter the market either through direct acquisition or by funding new store developments.

- The self-storage sector has proven its resilience as an asset class throughout the Covid-19 pandemic

Adding our stores under development at cost, and land and buildings held at director valuation, our total property valuation is up 34.9% to £270.1 million (2020: £200.2 million). The increase in the values of properties which were also valued by JLL last year was 22.8% (2020: 3.5%).

Financial Review:

Group Revenue £21.9 million up 21.3%	Group Adjusted EBITDA £11.89 million up 23.2%	Operating profit £7.46 million up 29.0%

"Disciplined capital allocation and investment into fast-growing landmark assets"

Ray Davies
Finance Director

- ✓ Group Revenue £21.9 million up 21.3% (2020: £18.04 million)
- ✓ Group Adjusted EBITDA[2] £11.89 million up 23.2% (2020 £9.65 million)
- ✓ Operating profit £7.46 million up 29.0% (2020: £5.79 million)
- ✓ **Post Balance Sheet:** £25 million accordion executed - increases bank facility to £100 million
- ✓ Bank facility extended by one year to April 2026

Lok'nStore's business generates an increasing cash flow from its strong asset base with a low LTV of 21.0% and a low average cost of debt of 1.54%. The value of the Group's property assets underpins a flexible business model with predictable and rising cash flows and low credit risk giving the business a firm base for growth.

IFRS 16
The Group applies IFRS 16 which removes the distinction between operating and finance leases, and requires the recognition of a right of use asset and a corresponding lease liability in the Statement of Financial Position. Further details of these can be found in note 1.

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. CAD was up 31.1% for the year.

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.

Post Balance Sheet:

- £25 million accordion executed - increases bank facility to £100 million
- Bank facility extended by one year to April 2026
- Migration from LIBOR to an alternative risk-free reference rate (SONIA)

On 20 October 2021, the Group executed the accordion arrangement embedded within the Revolving Credit Facility which increases the facilities available to the Group from £75 million to £100 million.

In addition, the Group has also agreed a one-year extension on its existing joint banking facility. The facility is a joint agreement with ABN AMRO N V and NatWest Bank plc participating equally and is closely aligned to the terms of the Group's previous facility. ABN Amro N V replaced Lloyds Bank plc in June 2021 as one of the Group's strategic banking partners.

The facility which was due to expire in April 2025, will now run until April 2026 providing funding for more landmark site acquisitions.

The two principal bank covenants (LTV and Senior Interest) and margin are unaffected by the execution of the accordion and this extension of term.

Amendments to the Facility Agreement dealing with the transition from LIBOR to SONIA (Sterling Over Night Indexed Average) have also been made, fulfilling UK regulator's requirements ahead of LIBOR's phasing out after 31 December 2021.

Management of Interest Rate Risk

- ✓ Average cost of debt 1.54% (2020: 1.69%)

With £65.4 million of gross debt drawn, the Group is not committed to hedging but will keep the matter under review. It is not the intention of the Group to enter into any hedging arrangement at this time given our low level of net debt, low loan to value ratio and high interest cover.

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

	Group 2021 £'000	**Group 2020 £'000**
Total profit for the financial year attributable to owners of the parent	**3,283**	2,974

	2021 No. of shares	2020 No. of shares
Weighted average number of shares		
For basic earnings per share	**29,035,104**	28,976,967
Dilutive effect of share options*	**527,846**	517,257
For diluted earnings per share	**29,562,950**	29,494,224

Earnings Per Share	**Group 2021 pence**	Group 2020 pence
Basic		
Total basic earnings per share	**11.33p**	10.26p
Diluted		
Total diluted earnings per share	**11.10p**	10.08p

* Further options that could potentially dilute EPS in the future are excluded from the above because they are not dilutive in the period presented. Full details of share options are included in note 21.

Basic earnings per share were 11.33 pence (2020: 10.26 pence per share) and diluted earnings per share were 11.10 pence (2020: 10.08 pence per share).

Cost Ratio Reduced Further

- ✓ Group operating costs amounted to £9.8 million for the year (2020: £8.26 million) up by 19.1%.
- ✓ Cost ratio[12] reduced further to 44.9% (2020: 45.8%)

We are disciplined in control of our operating costs. Group operating costs amounted to £9.8 million for the period, a 19.1% increase year on year (2020: £8.26 million) and we provide a breakdown below.

Future cost increases are likely to be driven by the expansion of the business in the areas of rates, staffing and marketing. Overall cost increases are mainly driven by the expansion of the business.

Property costs are our largest cost category and increased by 8.9%. These costs mainly constitute rent and rates and have risen in recent years as we felt the effects of higher rates bills and as we opened our new Landmark stores which are generally larger. Staff costs increased by 25.6% as we staffed the new stores and paid higher performance bonuses to all our store colleagues based on the significant revenue growth achieved.

The increase in overhead costs is principally due to a higher level of online marketing costs and legal and professional costs related to work on rent reviews, corporate tax and general compliance work.

Group Costs (Refer also Note 3a)	**Increase in Costs %**	**Year ended 31 July 2021 £'000**	Year ended 31 July 2020 £'000
Property and premises costs	**10.2**	**3,224**	2,925
Staff costs	**25.6**	**5,270**	4,196
Overheads	**17.7**	**1,341**	1,139
Total	**19.1**	**9,835**	8,260

Cash Flow and Financing
At 31 July 2021 the Group had cash balances of £9.1 million (2020: £13.1 million). Cash inflow from operating activities before investing and financing activities was £12.2 million, up 25.8% (2020: £9.7 million).

As well as using cash generated from operations to fund some capital expenditure, the Group had at 31 July 2021 a £75 million five-year revolving credit facility recently increased to £100 million post year-end and which now runs until April 2026. This provides sufficient liquidity for the Group's current needs. Undrawn committed facilities at the year-end amounted to £9.6 million (2020: £23.7 million). With facility utilisation at £65.4 million and combined with cash balances the £100 million facility now provides over £43 million of available headroom leaving the business with plenty of headroom to keep acquiring and building new landmark stores.

Increasing Cash Flow Supports 15.4% Annual Dividend Increase

- ✓ Annual dividend 15 pence per share up 15.4% (2020: 13 pence per share)
- ✓ Cash Available for Distribution (CAD) of 28.36 pence per share (2020: 21.28 pence per share)
- ✓ Cash Available for Distribution (CAD) up 33.5%

CAD provides a clear picture of ongoing cash flow available for dividends or debt repayment.

Analysis of Cash Available for Distribution (CAD)	**Group Year ended 31 July 2021 £'000**	Group Year ended 31 July 2020 £'000
Group Adjusted EBITDA (Per Statement of Comprehensive Income)	**11,890**	9,654
Property lease rents	**(1,559)**	(1,468)
Net finance costs paid	**(969)**	(1,046)
Capitalised maintenance expenses	**(193)**	(110)
New Works Team	**(129)**	(89)
Current tax (note 8)	**(798)**	(768)
	(3,648)	(3,481)
Cash Available for Distribution	**8,242**	6,173
Increase in CAD over last year	**33.5%**	12.5%
	Number	Number
Closing shares in issue (less shares held in EBT)	**29,063,575**	29,010,078
CAD per share (annualised)	**28.36p**	21.28p
Increase in CAD per share over last year	**33.3%**	12.3%

Gearing[11] (excluding IFRS16 Lease Liabilities)
At 31 July 2021 the Group had £65.4 million of bank borrowings (2020: £51.3 million) representing gearing of 37.2% (2020: 31.5%) on net debt of £56.3 million (2020: £38.3 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 33.8% (2020: 28.3%). After adjusting for the deferred tax liability carried at year-end of £44.3 million gearing drops to 26.4% (2020: 23.6%).

Gearing[11] (including IFRS16 Lease Liabilities)
At 31 July 2021 the Group had £65.4 million of bank borrowings (2020: £51.3 million) and £11.2 million of lease liabilities (2020: £12.5 million) representing gearing of 44.6% (2020: 41.8%) on net debt of £67.5 million (2020: £50.7 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 40.7% (2020: 37.7%). After adjusting for the deferred tax liability carried at period end of £44.3 million gearing drops to 31.7% (2020: 31.5%).

Capital Expenditure
The Group has an active store development programme and has grown through a combination of building new stores, existing store improvements and relocations.

Capital expenditure during the period totalled £26.9 million (2020: £12 million). This was primarily the purchase of the Chichester Store for £4.0 million, the acquisition of development sites in Barking and Altrincham, ongoing construction works at our Warrington and Stevenage stores, the exchange of contracts on our Peterborough site, and the completion of construction works at our Leicester, and Salford stores. Costs relating to the planning and pre-development works on our Bournemouth, Bedford, Cheshunt, Peterborough, Kettering and Staines sites also featured.

The Group has capital expenditure contracted but not provided for in the financial statements of £6.16 million (2020: £2.97 million). We carefully evaluate the ongoing economic and trading position before making any further capital commitments.

Purchase and Sale of Treasury Shares
We are proposing to renew our ongoing authority to buy back shares at this year's AGM to ensure the Group continues to have flexibility to make purchases should it be considered to be in the best interests of shareholders to do so.

On 25 September 2020, Lok'nStore, bought back 8,000 Ordinary Shares of 1p each in the market at a price of 519.0 pence per Ordinary Share. On 2 October 2020 Lok'nStore bought back 29,972 ordinary shares of 1p each in the market at a price of 517.5 pence per Ordinary Share. On 11 December 2020, Lok'nStore bought back 88,883 ordinary shares of 1p each in the market at a price of 554.8 pence per Ordinary Share.

On 18 May 2021, the entire holding of 126,855 shares held in treasury were sold into the market at a price of 668.66 pence per share. As at 31 July 2021, the total number of voting rights (TVR) in the Company is 29,650,567 shares.

Strong Balance Sheet, Efficient Use of Capital, Low Debt

- ✓ Revolving Credit Facility (RCF) £75 million increased to £100 million (post year-end)
- ✓ £26.9 million invested in new store pipeline (2020: £12.0 million)
- ✓ Net debt £56.3 million (2020: £38.3 million)
- ✓ Loan to Value Ratio (LTV) net of cash 21.0% (2020: 19.3%)
- ✓ Cost of debt averaged 1.54% in the year (2020: 1.69%) on £65.4 million debt drawn (2020: £51.3 million)

Lok'nStore has a good credit model, with low debt and gearing and which is strongly cash generative from an increasing asset base. Its increased bank facilities at low rates of interest position the business well for the future.

Statement of Financial Position
Net Group assets at the year-end were £151.3 million up 24.6% (2020: £121.4 million). Freehold properties were independently valued at 31 July 2021 at £212.8 million up 40.3% (2020: £151.7 million). Please refer to the table of property values below.

The Parent Company's net assets have increased as a result of the £5 million dividend paid up from Lok'nStore Limited, the principal operating business of the Group.

Taxation
The Group has made a current tax provision against earnings in this period of £0.80 million (2020: £0.92 million) based on a corporation tax rate of 19% (2020: 19%). The deferred tax provision which used to be calculated at forward corporation tax rates of 19% is now calculated at the substantively enacted corporation tax rate and has therefore increased to 25%. The deferred tax provision is substantially a tax provision against the potential crystallisation (sales) of revalued properties and past 'rolled over' gains amount to £46.8 million (2020: £26.8 million (See Note 19).

Market Valuation of Freehold and Leasehold Land and Buildings
It is the Group's policy to commission an independent external valuation of its properties at each financial year-end.

Our 17 freehold properties are held in the statement of financial position at fair value and have been valued by JLL. Refer to note 11(a) – property, plant and equipment and also to the accounting policies for details of the fair value of trading properties.

The valuations of the leasehold stores held as leases are not taken onto the statement of financial position. However, these have also been valued and these valuations have been used to calculate the Adjusted Net Asset Value position of the Group. The value of our leases in the valuation totals £22.1 million (2020: £16.73 million), and we have reported by way of a note the underlying value of these leasehold stores in our revaluations and adjusted our Net Asset Value (NAV) calculation accordingly to include their value. This ensures comparable NAV calculations.

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

It is not the intention of the Directors to make any significant disposals of operational stores, although disposals may be considered where it is clear that value can be created by recycling the capital into new stores.

The Board will continue to commission independent valuations on its trading stores annually to coincide with its year-end reporting.

Analysis of Total Property Value

	No. of Stores/Sites	**31 July 2021 Valuation £**	No. of Stores/Sites	31 July 2020 Valuation £
Freehold stores valued by JLL[1]	**17**	**212,800,000**	15	151,675,000
Short leasehold stores valued by JLL[2]	**9**	**22,100,000**	8	16,725,000
	26	**234,900,000**	23	168,400,000
Freehold land and buildings at Director valuation [3]	1	**1,500,000**	1	1,931,457
Subtotal	**27**	**236,400,000**	24	170,331,457
Sites in development at cost[4]	**12**	**33,675,774**	10	29,884,683
Total	**39**	**270,075,774**	34	200,216,140

1 Includes related fixtures and fittings (refer to note 11a)
2 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 (2020 valuation: 9 years and 7 months).
3 For more details refer note 11a) – Directors' valuation
4 Includes £380,193 (2020: £382,190) of capitalised interest during the year.

Total freeholds account for 91.8% of property valuations (2020: 91.6%).

Increase in Adjusted Net Asset Value per Share

- ✓ Adjusted Net Asset Value per share up 31.6% to £7.31 (2020: £5.56)

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) and in treasury (zero) are excluded from the number of shares.

At July 2021, the Adjusted Net Asset Value per share (before deferred tax) increased 31.6% to £7.31 from £5.56 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 share options during the year.

Analysis of Adjusted Net Asset Value (NAV)	**Group 31 July 2021 £'000**	Group 31 July 2020 £'000
Net assets	**151,259**	121,382
Adjustment to include short leasehold stores at valuation		
Add: JLL leasehold stores valuation	**22,100**	16,725
Deduct: leasehold properties and their fixtures and fittings at NBV	**(7,630)**	(3,707)
	165,729	134,400
Deferred tax arising on revaluation of leasehold properties[1]	**(3,618)**	(2,473)
Adjusted net assets	**162,111**	131,927
Shares in issue	**Number ('000s)**	Number ('000s)

Opening shares in issue	**29,633**	29,584
Shares issued for the exercise of options	**54**	49
Closing shares in issue	**29,687**	29,633
Shares held in EBT	**(623)**	(623)
Closing shares for NAV purposes	**29,064**	29,010
Adjusted Net Asset Value per share after deferred tax provision	**£5.58**	£4.55

Adjusted Net Asset Value per share before deferred tax provision	**Group 31 July 2021 £'000**	Group 31 July 2020 £'000
Adjusted net assets	**162,111**	131,927
Deferred tax liabilities and assets recognised by the Group	**46,760**	26,760
Deferred tax arising on revaluation of leasehold properties[1]	**3,618**	2,473
Adjusted net assets before deferred tax	**212,489**	161,160
Closing shares for NAV purposes	**29,064**	29,010
Adjusted Net Asset Value per share before deferred tax provision	**£7.31**	£5.56

[1] A deferred tax adjustment in respect of the uplift in the value of the leasehold properties has been included, calculated by applying the substantively enacted corporation tax rate of 25% (2020: 19%). 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.

Summary

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 flexible 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.

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 and communities, employees and shareholders, and to listen and take account of their views. We operate strict Health and Safety policies and procedures.

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

<table>
<tr><td colspan="2">The Board</td></tr>
<tr><td colspan="2">Reviews Risk Register in full twice a year
Considers specific risk areas as raised by the Executive Board</td></tr>
<tr><td colspan="2">Executive Board Committee</td></tr>
<tr><td colspan="2">Reviews risks at monthly executive management meetings and if material requests for the Board to consider risk at next scheduled Board Meeting (or earlier if necessary)</td></tr>
<tr><td>Capex Committee</td><td>Property Risk Committee</td></tr>
<tr><td>Meets Monthly
Manages proposed capital expenditure, actual spend, rolling capex requirements</td><td>Meets Periodically
Considers:
Risks associated with properties including Health and Safety
Environmental Impact</td></tr>
</table>

Principal Risks

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

Risk	Description	Key mitigation
Interest Rate and Liquidity Risk	The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk (for details please see note 16).	▪ Regular review by the Board (full details are set out in the Financial Review). ▪ Debt and interest are low relative to assets and earnings. ▪ Could reduce debt, if required, by executing 'Sale and Manage-Back' arrangements on mature stores.
Tax Risk	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 Company.	▪ Regular monitoring of changes in legislation. ▪ Use of appointed professional advisers and trade bodies.
Property Valuation Risk	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.	▪ Regular monitoring of any changes in market conditions and transactions occurring within our marketplace. ▪ Use of independent professional valuers expert in the self-storage sector. ▪ Past experience from the financial crisis of 2008 shows the sector has been resilient to a market downturn. ▪ Store properties are all UK based and predominantly located in the affluent South of England and therefore not exposed to overseas/international/currency risks etc. ▪ Operational management teams with the skills, experience and motivation to continue to drive operational performance.
Environmental Risk	Flooding. Increased requirement to reduce waste and greenhouse gas emissions and reduce environmental impact on the environment	▪ Flood risk due diligence undertaken on all prospective site acquisitions. ▪ Flood protection measures in place at all stores. ▪ Group has been measuring environmental impact since 2005 and is committed to manage waste effectively and control polluting emissions. ▪ All new construction has solar power on the roofs of its buildings.
Property Acquisition	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.	▪ We hold weekly property meetings to manage the search process and property purchases. ▪ Use of property acquisition consultants. ▪ Regular communication with agents. ▪ Attendance at industry relevant property events.
Planning Permission	The process of gaining planning permissions remains challenging.	▪ Where we can we acquire sites subject to planning. ▪ We work with an established external planning consultant. ▪ Our property team has over 20 years' experience.
Construction	Poor construction may affect the value of the property and/ or the efficient operation of the centre.	▪ We use a design and build contract with a variety of established contractors. ▪ We use external project managers. ▪ All projects are overseen by our property team which has over 20 years' experience.
Maintenance/ Damage	Damage to properties through poor maintenance or flood or fire could render a centre inoperable.	▪ Regular site checks by team members. ▪ Rolling maintenance plan for all stores. ▪ Comprehensive disaster recovery plan. ▪ Appropriate insurance cover.
Increased Competition	An increasing number of competitors in the industry may negatively impact Lok'nStore's existing operations (e.g. pricing / available sites).	▪ Established criteria for site selection including: ○ Prominent locations ○ High visibility ○ Distinctive designs and bright orange elevations and signage to attract customers. ▪ Continued investment in the Group's website and internet marketing. ▪ Ensure high levels of customer service through training and monitoring.
Employee Retention	Loss of employees may affect our ability to operate our stores and provide	▪ Aim to offer a good work/life balance and career development.

	the high levels of customer service expected.	▪ Regular reviews of remuneration levels against market. ▪ Achievable bonus systems. ▪ Generous Employee Share Schemes. ▪ High-quality training via Lok'nStore Academy. ▪ Intranet for improved communications. ▪ Established Employee rewards programme.
IT System Breach	A breach of our IT systems might adversely affect the operations of the business and our reputation.	▪ Regularly reviewed IT security systems. ▪ Well communicated policies and procedures for handling and managing a systems breach.
Covid-19 Risk	A spread of the virus and social protection measures introduced by Government may adversely affect the operations and financial performance of the business and adversely impact on the health of staff.	▪ Please refer to our Covid-19 Group Response section in the Managing Director's Review.

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2021

	Notes	Group Year Ended 31 July 2021 £'000	Group Year Ended 31 July 2020 £'000
Revenue	2	**21,892**	18,041
Total property, staff, distribution and general costs	3(a)	**(10,001)**	(8,387)
Adjusted EBITDA[1]		**11,891**	9,654
Depreciation	6	**(4,149)**	(3,779)
Equity-settled share based payments		**(118)**	(88)
Loss on sale of land and property	3(c)	**(160)**	–
		(4,427)	(3,867)
Operating profit		**7,464**	5,787
Finance income	4	**1**	29
Finance cost	5	**(1,017)**	(1,126)
Profit before taxation		**6,448**	4,690
Income tax expense	8	**(3,165)**	(1,716)
Profit for the period from continuing operations		**3,283**	2,974
Profit for the year		**3,283**	2,974
Profit attributable to:			
Owners of the Parent	23a	**3,283**	2,974
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Increase in property valuation	11	**47,718**	8,849
Deferred tax relating to change in property valuation	19	**(18,224)**	(3,602)
Other comprehensive income		**29,494**	5,247
Total comprehensive income for the period		**32,777**	8,221
Attributable to:			
Owners of the Parent		**32,777**	8,221

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2021

Earnings per share attributable to owners of the Parent		**Group Year Ended 31 July 2021 £'000**	Group Year Ended 31 July 2020 £'000
Basic	10		
Total basic earnings per share		**11.33p**	10.26p
Diluted	10		
Total diluted earnings per share		**11.10p**	10.08p

[1] Adjusted EBITDA is defined in the accounting policies section of the notes to this Report.

Consolidated Statement of Changes in Equity

For the year ended 31 July 2021

	Attributable to owners of the Parent					
	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total Equity £'000
31 July 2019	**296**	**10,490**	**8,357**	**71,106**	**26,301**	**116,550**
Profit for the year	–	–	–	–	2,974	**2,974**
Other comprehensive income:						
Increase in property valuation net of deferred tax	–	–	–	5,247	–	**5,247**
Total comprehensive income for the year	–	–	–	5,247	2,974	**8,221**
Transactions with owners:						
Dividend paid	–	–	–	–	(3,572)	**(3,572)**
Share-based payments	–	–	88	–	–	**88**
Transfers in relation to share-based payments	–	–	(14)	–	14	**–**
Deferred tax relating to share options	–	–	24	–	–	**24**
Exercise of share options	1	70	–	–	–	**71**
Transfer additional depreciation on revaluation net of deferred tax	–	–	–	(378)	378	**–**
Total transactions with owners	1	70	98	(378)	(3,180)	**(3,389)**
31 July 2020	**297**	**10,560**	**8,455**	**75,975**	**26,095**	**121,382**
Profit for the year	–	–	–	–	3,283	**3,283**
Other comprehensive income:						
Increase in property valuation net of deferred tax	–	–	–	29,494	–	**29,494**
Total comprehensive income for the year	–	–	–	29,494	3,283	**32,777**
Transactions with owners:						
Dividend paid	–	–	–	–	(3,865)	**(3,865)**
Share-based payments	–	–	118	–	–	**118**
Transfers in relation to share-based payments	–	–	(26)	–	26	**–**
Deferred tax relating to share options	–	–	591	–	–	**591**
Exercise of share options	1	255	–	–	–	**256**
Reserve transfer on disposal of assets	–	–	–	(165)	165	–
Transfer additional depreciation on revaluation net of deferred tax	–	–	–	(568)	568	**–**
Total transactions with owners	1	255	683	(733)	(3,106)	**(2,900)**
31 July 2021	**298**	**10,815**	**9,138**	**104,736**	**26,272**	**151,259**

Company Statement of Changes in Equity

For the year ended 31 July 2021

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Other Reserves £'000	Total Equity £'000
31 July 2019	**296**	**10,490**	**4,416**	**1,838**	**17,040**
Profit for the year	–	–	14,792	–	**14,792**
Equity settled share-based payments	–	–	–	88	**88**
Transfer in relation to share-based payments	–	–	14	(14)	**–**
Exercise of share options	1	70	–	–	**71**
Dividends paid	–	–	(3,572)	–	**(3,572)**
31 July 2020	**297**	**10,560**	**15,650**	**1,912**	**28,419**
Profit for the year	–	–	4,793	–	**4,793**
Equity settled share-based payments	–	–	–	118	**118**
Transfer in relation to share-based payments	–	–	26	(26)	**–**
Exercise of share options	1	255		–	**256**
Dividends paid	–	–	(3,865)	–	**(3,865)**
31 July 2021	**298**	**10,815**	**16,604**	**2,004**	**29,721**

Consolidated and Company Statements of Financial Position

31 July 2021 Company Registration No. 04007169

	Notes	Group 31 July 2021 £'000	Group 31 July 2020 £'000	Company 31 July 2021 £'000	Company 31 July 2020 £'000
Assets					
Non-current assets					
Property, plant and equipment	11a	255,652	187,258	–	–
Investments	12	–	–	2,670	2,552
Financial assets		–	361	–	–
Right of use assets	11b	10,503	11,764	–	–
		266,155	199,383	2,670	2,552
Current assets					
Inventories	13	290	270	–	–
Trade and other receivables	14	4,273	3,628	27,051	25,867
Cash and cash equivalents		9,105	13,066	–	–
Financial assets		509	–	–	–
Total current assets		14,177	16,964	27,051	25,867
Total assets		280,332	216,347	29,721	28,419
Liabilities					
Current liabilities					
Trade and other payables	15	(5,841)	(4,676)	–	–
Lease liabilities	18	(1,258)	(1,298)	–	–
Taxation		(365)	(368)	–	–
		(7,464)	(6,342)	–	–
Non-current liabilities					
Borrowings	17	(64,941)	(50,705)	–	–
Lease liabilities	18	(9,908)	(11,158)	–	–
Deferred tax	19	(46,760)	(26,760)	–	–
		(121,609)	(88,623)	–	–
Total liabilities		(129,073)	(94,965)	–	–
Net assets		151,259	121,382	29,721	28,419
Equity					
Equity attributable to owners of the Parent					
Called up share capital	20	298	297	298	297
Share premium		10,815	10,560	10,815	10,560
Other reserves	22a	9,138	8,455	2,004	1,912
Retained earnings	23a	26,272	26,095	16,604	15,650
Revaluation reserve		104,736	75,975	–	–
Total equity		151,259	121,382	29,721	28,419

As permitted by section 408 Companies Act 2006, the Parent Company's statement of comprehensive income has not been included in these financial statements. The profit and comprehensive income for the year ended 31 July 2021 was £4.8 million (2020: £14.8 million).

Approved by the Board of Directors and authorised for issue on 28 October 2021 and signed on its behalf by:

Andrew Jacobs
Chief Executive Officer

Ray Davies
Finance Director

Consolidated Statement of Cash Flows
For the year ended 31 July 2021

	Notes	Group Year Ended 31 July 2021 £'000	Group Year Ended 31 July 2020 £'000
Operating activities			
Cash generated from operations	25a	12,187	9,700
Income tax paid		(800)	(893)
Net cash from operating activities		11,387	8,807
Investing activities			
Proceeds of sale of land (net of disposal costs) - Wolverhampton		1,509	–
Proceeds of sale of land (net of disposal costs) - Southampton		1,676	–
Purchase of property, plant and equipment	11a	(26,474)	(11,628)
Interest received		1	29
Net cash used in investing activities		(23,288)	(11,599)
Financing activities			
Proceeds of bank borrowings drawn 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 shares purchased for treasury (net of costs)		(693)	–
Equity shares sold from treasury (net of costs)		846	–
Equity dividends paid		(3,865)	(3,572)
Proceeds from issuance of Ordinary Shares (net)		103	71
Net cash from financing activities		7,940	2,196
Net (decrease) in cash and cash equivalents in the period		(3,961)	(596)
Cash and cash equivalents at beginning of the period		13,066	13,662
Cash and cash equivalents at end of the period		9,105	13,066

No statement of cash flows is presented for the Company as it had no cash flows in either year.

Accounting Policies

General Information
Lok'nStore Group plc is an AIM listed company incorporated and domiciled in England and Wales. The address of the registered office is One Fleet Place, London, EC4M 7WS, UK. Copies of this Annual Report and Accounts may be obtained from the Company's head office at 112 Hawley Lane, Farnborough, Hants, GU14 8JE or 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 Strategic Report.

Basis of Accounting
The preliminary financial information does not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 but is derived from statutory accounts for the years ended 31 July 2021 and 31 July 2020, both of which are audited. The Preliminary Announcement is prepared on the same basis as set out in the statutory accounts for the year ended 31 July 2021. While the financial information included in this Preliminary Announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not in itself contain sufficient information to comply with IFRSs.

The statutory accounts for the year ended 31 July 2021 have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretation Committee relevant to its operations and effective for accounting periods beginning on or after 1 August 2020.

The statutory accounts for the year ended 31 July 2021 will be 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 financial statements have been prepared on the historic cost basis except that certain trading properties and non-current financial assets are stated at fair value.

Standards in Issue but not yet Effective
At the date of authorisation of these financial statements the following standards, which have not been applied in these financial statements, were in issue but not yet effective. These standards, which are effective for annual periods beginning on or after 1 January 2020.

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3, definition of a business;
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material;
- IAS 1 Presentation of Liabilities (effective 1 January 2023);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4,
  and IFRS 16 Interest Rare Benchmark Reform – Phase 2

The Directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application.

Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries) made up to 31 July each year. 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 the continued impact of Covid-19 on the Group, they have satisfied themselves that the business is a going concern. The impact of Covid-19 and the measures the Directors have taken to mitigate its effects are set out in 'Our Covid-19 safe response' section in the Managing Director's Review.

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 £9.1 million (2020: £13.1 million), undrawn committed bank facilities at 31 July 2021 of £9.6 million (2020: £23.7 million), and cash generated from operations in the year ended 31 July 2021 of £12.2 million (2020: £9.7 million).

Post balance sheet: In October 2021, the Group executed the accordion arrangement embedded within the Revolving Credit Facility which increases the facilities available to the Group to £100 million.

In addition, the Group has also agreed a one-year extension on its existing joint banking facility with National Westminster Bank/ Royal Bank of Scotland plc and ABN AMRO Bank NV. The facility which was due to expire in April 2025, will now run until April 2026 providing funding for more landmark site acquisitions to support the Group's ambitious growth plans.

The facility is a combined agreement with ABN AMRO Bank NV and The Royal Bank of Scotland plc/ National Westminster Bank plc. The Group is fully compliant with all bank covenants and undertakings and is not obliged to make any repayments prior to expiration. The 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 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.

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(a). The carrying value of land and buildings held at valuation at the reporting date was £199.6 million (2020: £141.4 million) as shown in the table in note 11(a).

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 £33.7 million (2020: £29.9 million). Please see note 11(a) 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.

Previously 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. 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. Refer to the Property Review for the changing ownership structure of the stores.

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 year-end, Lok'nStore operates 26 owned 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). Of the 26 stores, Lok'nStore owns the freehold interest in 17 stores, 9 of the stores are held under commercial leases.

There are a further 11 managed stores operating under management contracts for third-party owners making a total of 37 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 fair value gains in 2021 (net deferred of tax) of £29.5 million (2020: £5.2 million) in Other Comprehensive Income rather than the profit and 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 estimates the incremental borrowing rate based on its external borrowings secured against a similar asset, adjusted for the term of the lease.

1 The Group's Property Leases

IFRS 16 was adopted in the year ended 31 July 2020 using the full retrospective method. 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 under the property lease term. This treatment relates to the Group's property leases. The Group has no leases on any other types of assets.

IFRS 16 recognises a right of use assets (ROU) of £10.50 million at 31 July 2021 (31 July 2020: £11.76 million) and total lease liabilities of £11.17 million, (31 July 2020: £12.46 million) with depreciation charges of £1.26 million (31 July 2020: £1.25 million) and lease interest charges of £0.30 million (31 July 2020: £0.30 million) .

Detailed analysis is provided in the tables below:-

	Group 31 July 2021 £'000	Group 31 July 2020 £'000
Total rents payable under property leases	**1,559**	1,467

Statement of Financial Position (extract)	**Group 31 July 2021 £'000**	Group 31 July 2020 £'000
Right of use asset (ROU)	**10,503**	11,764
Current Lease Liability		
Amounts due within one year	**1,258**	1,298
Non-current Lease Liability		
Amounts due in one to two years	**1,085**	1,327
Amounts due in three to five years	**2,585**	2,881
Amounts due in more than five years	**6,238**	6,950
Non-current Lease Liability	**9,908**	11,158
Total lease liability	**11,166**	12,456

Statement of Comprehensive Income (extract)	**Group 31 July 2021 £'000**	Group 31 July 2020 £'000
Property lease expense	**1,559**	1,467
Depreciation of right of use asset (ROU)	**(1,261)**	(1,254)
Interest charged on lease liability	**(270)**	(296)
Impact on Comprehensive Income	**28**	(83)

Comparative Analysis of the effect within the Statement of Comprehensive Income prior to IFRS 16	**Group 31 July 2021 £'000**	Group 31 July 2020 £'000
Increase in EBITDA	**1,559**	1,467
Increase / (decrease) in operating profit	**298**	213
Increase / decrease in profit before tax	**28**	(83)

The Group has applied a single Discount Rate equivalent to its effective cost of debt. For more detailed information on the Group's commitments under property leases refer to note 29 (Commitments under property leases).

2 Revenue

Analysis of the Group's revenue is shown below:

Stores trading	**Group 2021 £'000**	Group 2020 £'000
Self-storage revenue	**18,165**	15,126
Insurance revenue	**2,079**	1,663
Retail sales	**285**	201
Total self-storage revenue – owned stores	**20,529**	16,990
Ancillary store revenue	**–**	4
Management fees – managed stores	**1,346**	991
Sub-total	**21,875**	17,985
Non-storage income	**17**	56
Total revenue per statement of comprehensive income	**21,892**	18,041

The Group has one operating segment, being self-storage in the UK.

3(a) Property, Staff, Distribution and General Costs

	Group 2021 £'000	Group 2020 £'000
Property and premises costs	**4,783**	4,392
Property leases capitalised	**(1,559)**	(1,467)
Net property and premises costs	**3,224**	2,925
Staff costs	**5,269**	4,196
General overheads	**1,341**	1,139
Sub-total operating costs	**9,834**	8,260
Retail products cost of sales (see note 3b)	**167**	127
	10,001	8,387

3(b) Cost of Sales of Retail Products

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

	Group 2021 £'000	Group 2020 £'000
Retail	**125**	98
Insurance	**14**	13
Other	**28**	16
	167	127

3(c) Other Income and Costs

	Group 2021 £'000	Group 2020 £'000
Profit on sale of land at Wolverhampton [1]	**(265)**	–
Loss on sale of vacant property at Southampton [2]	**425**	–
	160	–

[1] Profit on sale of land at Wolverhampton: During the period development land with the benefit of planning permission was sold on a sale and manage-back.

[2] In December 2020, we completed the sale of our vacant property in Southampton, Hampshire for £1.6 million (net of disposal costs) (Net Book Value c. £2 million) eliminating over £150,000 p.a. of residual costs.

4 Finance Income

	Group 2021 £'000	Group 2020 £'000
Bank interest	**1**	29

Interest receivable arises on cash and cash equivalents (see note 16).

5 Finance Costs

	Group 2021 £'000	Group 2020 £'000
Bank interest	**469**	510
Non-utilisation fees	**120**	183
Bank loan arrangement fees	**158**	137
Interest on lease liabilities	**270**	296
	1,017	1,126

6 Profit before Taxation

	Group 2021 £'000	Group 2020 £'000
Profit before taxation is stated after charging:		
Depreciation and amounts written off property, plant and equipment:		
Depreciation based on historic cost	**2,178**	2,058
Depreciation based on revalued assets	**710**	467
Depreciation of right of use assets (note 1)	**1,261**	1,254
	4,149	3,779

Amounts payable to RSM UK Audit LLP and their associates for audit and non-audit services:

	Group 2021 £'000	Group 2020 £'000
Audit services		
– UK statutory audit of the Company and consolidated accounts	**80**	68
Other services		
– interim agreed upon procedures	**9**	9
Tax services		
– compliance services	**–**	23
– advisory services	**–**	9
	89	109
Comprising:		
Audit services	**80**	68
Non-audit services	**9**	41
	89	109

7 Employees

	Group 2021 No.	Group 2020 No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Store management	**145**	142
Administration	**26**	25
	171	167

Costs for the above persons:	Group 2021 £'000	Group 2020 £'000
Wages and salaries	**4,369**	3,580
Social security costs	**555**	440
Pension costs	**130**	114
	5,054	4,134
Share-based remuneration (options)	**118**	88
	5,172	4,222

Share-based remuneration is separately disclosed in the statement of comprehensive income. Wages and salaries of £107,304 (2020: £91,815) have been capitalised as additions to property, plant and equipment as they are directly attributable to the acquisition of these assets. All other employee costs are included in staff costs in the statement of comprehensive income.

In relation to pension contributions, there was £14,292 (2020: £15,183) outstanding at the year-end. There were no employees employed by Lok'nStore Group plc in the year other than the Directors (2020: nil).

Directors' Remuneration 2021	**Emoluments £**	**Bonuses £**	**Benefits £**	**Sub Total £**	**Pension £**	**Gains on Share Options £**	**Total £**
Executive:							
A Jacobs	215,233	132,500	6,568	354,301	–	–	**354,301**
RA Davies	165,797	45,946	5,434	217,177	6,631	–	**223,808**
N Newman-Shepherd	91,210	179,545	2,571	273,326	3,648	–	**276,974**
Non-Executive:							
SG Thomas	22,743	–	5,087	27,830	–	14,436	**42,266**
RJ Holmes	22,743	–	–	22,743	–	–	**22,743**
ETD Luker	28,430	–	–	28,430	–	–	**28,430**
CP Peal	22,743	–	–	22,743	–	–	**22,743**
J Woyda	20,848	–	–	20,848	–	–	**20,848**
	589,747	**357,991**	**19,660**	**967,398**	**10,279**	**14,436**	**992,113**

Directors' Remuneration 2020	**Emoluments £**	**Bonuses £**	**Benefits £**	**Sub Total £**	**Pension £**	**Gains on Share Options £**	**Total £**
Executive:							
A Jacobs	225,233	36,500	6,107	267,840	–	–	**267,840**
RA Davies	165,797	13,300	4,845	183,942	6,631	–	**190,573**
N Newman-Shepherd	82,877	40,345	2,560	125,782	3,315	172,358	**301,455**
Non-Executive:							
SG Thomas	31,518	–	4,808	36,326	–	–	**36,326**
RJ Holmes	22,743	–	–	22,743	–	–	**22,743**
ETD Luker	28,430	–	–	28,430	–	–	**28,430**
CP Peal	22,743	–	–	22,743	–	–	**22,743**
	579,341	**90,145**	**18,320**	**687,806**	**9,946**	**172,358**	**870,110**

Details of the Directors' remuneration is shown above. Key management personnel are defined as the Directors of the Group and the additional participants in the Partnership Performance Plan (PPP).

The highest paid Director did not accrue any pension rights during the year. The benefits in kind all relate to medical insurance premiums paid on behalf of the Directors. The number of Directors to whom retirement benefits are accruing under money purchase pension schemes in respect of qualifying service is two (2020: two).

8 Taxation

	Group 2021 £'000	Group 2020 £'000
Current tax:		
UK corporation tax	**798**	920
Deferred tax:		
Origination and reversal of temporary differences	**260**	730
Impact of change of rate on closing balance	**2,107**	66
Total deferred tax	**2,367**	796
Income tax expense for the year	**3,165**	1,716

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

	2021 £'000	2020 £'000
Profit before tax	**6,448**	4,690
Tax on ordinary activities at the effective standard rate of corporation tax in the UK of 19% (2020: 19%)	**1,225**	931
Depreciation of non-qualifying assets	**263**	229
Share-based payment charges in excess of corresponding tax deduction	**(20)**	17
Impact of change in tax rate on closing deferred tax balances	**2,107**	806
Adjustments in respect of prior periods - deferred tax	**–**	66
Adjustments in respect of prior periods - corporation tax	**(375)**	–
Impact of change in tax rate on timing differences	–	(157)
Write-back of over provision	–	(153)
Other	**(35)**	(23)
Income tax expense for the year	**3,165**	1,716
Effective tax rate	**49%**	36%

In addition to the amount charged to profit or loss for the year, deferred tax relating to the revaluation of the Group's properties of £17.85 million (2020: £3.7 million) has been recognised as a debit/credit directly in other comprehensive income (see note 19 on deferred tax). Impact of change in the tax rate on closing deferred tax balances arises because the deferred tax provision which used to be calculated at forward corporation tax rates of 19% is now calculated at the substantively enacted corporation tax rate and has increased to 25%.

9 Dividends

Amounts recognised as distributions to equity holders in the year:	**2021 £'000**	2020 £'000
Final dividend for the year ended 31 July 2019 (8.33 pence per share)	**–**	2,413
Interim dividend for the year to 31 July 2020 (4.00 pence per share)	**–**	1,159
Final dividend for the year ended 31 July 2020 (9.00 pence per share)	**2,612**	
Interim dividend for the year to 31 July 2021 (4.33 pence per share)	**1,253**	
	3,865	3,572

In respect of the current year the Directors paid an interim dividend of 4.33 pence per share to shareholders on 11 June 2021. The Directors propose that a final dividend of 10.67 pence per share will be paid to the shareholders. The total estimated final dividend to be paid is approximately £3.1 million based on the number of shares in issue at 15 October 2021 as adjusted for shares held in the Employee Benefits Trust.

This is subject to approval by shareholders at the Annual General Meeting on 9 December 2021 and has not been included as a liability in these financial statements. The ex-dividend date will be 25 November 2021; the record date 26 November 2021; with an intended payment date of 7 January 2022. The final deadline for Dividend Reinvestment Election (DRIP) is 10 December 2021.

10 Earnings per Share

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

	Group 2021 £'000	Group 2020 £'000
Total profit for the financial year attributable to owners of the parent	**3,283**	2,974

	2021 No. of Shares	2020 No. of shares
Weighted average number of shares		
For basic earnings per share	**29,035,104**	28,976,967
Dilutive effect of share options[1]	**527,846**	517,257
For diluted earnings per share	**29,562,950**	29,494,224

[1] Further options that could potentially dilute EPS in the future are excluded from the above because they are not dilutive in the period presented. Full details of share options are included in notes 21 to 25.

Earnings per share	**Group 2021 pence**	Group 2020 pence
Basic		
Total basic earnings per share	**11.33p**	10.26p
Diluted		
Total diluted earnings per share	**11.10p**	10.08p

11a) 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
Cost or valuation						
1 August 2019	**18,442**	**133,531**	**3,968**	**26,554**	**30**	**182,525**
Additions	11,443	149	29	389	–	**12,010**
Disposals	–	–	–	–	(20)	**(20)**
Revaluations	–	7,686	–	–	–	**7,686**
31 July 2020	**29,885**	**141,366**	**3,997**	**26,943**	**10**	**202,201**
Depreciation						
1 August 2019	–	–	**2,078**	**11,497**	**14**	**13,587**
Depreciation	–	1,164	191	1,167	2	**2,524**
Disposals	–	–	–	–	(4)	**(4)**
Revaluations	–	(1,164)	–	–	–	**(1,164)**
31 July 2020	–	–	2,269	12,664	10	**14,943**
Net book value at 31 July 2020	**29,885**	**141,366**	**1,728**	**14,279**	–	**187,258**
Cost or valuation						
1 August 2020	**29,885**	**141,366**	**3,997**	**26,943**	**10**	**202,201**
Additions	21,688	325	3,560	1,281	–	**26,854***
Transfers	(16,654)	13,157	–	3,497	–	**–**
Disposals	(1,243)	(1,497)	–	(1,301)	–	**(4,041)**
Revaluations	–	46,266	–	–	–	**46,266**
31 July 2021	33,676	199,617	7,557	30,420	10	**271,280**
Depreciation						
1 August 2020	–	–	2,269	12,664	10	**14,943**
Depreciation	–	1,453	240	1,195	–	**2,888**
Disposals	–	–	–	(750)	–	**(750)**
Revaluations	–	(1,453)	–	–	–	**(1,453)**
31 July 2021	–	–	**2,509**	**13,109**	**10**	**15,628**
Net book value at 31 July 2021	**33,676**	**199,617**	**5,048**	**17,311**	–	**255,652**

* including capitalised interest costs of £380,193

The Group has an active store development programme and in accordance with IAS 23 (Borrowing costs) has material assets that take a substantial period of time to develop from acquisition to ultimate store opening. Accordingly borrowing costs of £380,193 (2020: £382,190) have been capitalised in the current year that are directly attributable to the acquisition, construction and fit-out of these qualifying store assets. The total amount is carried in development property assets. If all property, plant and equipment were stated at historic cost the carrying value would be £113.0 million (2020: £91.6 million).

Capital expenditure during the year totalled £26.9 million (2020: £12.0 million). This was primarily the purchase of the Chichester store for £4.0 million, the acquisition of development sites in Barking and Altrincham, ongoing construction works at our Warrington and Stevenage stores, the exchange of contracts on our Peterborough site, and the completion of construction works at our Leicester and Salford stores. Costs relating to the planning and pre-development works on our Bournemouth, Bedford, Cheshunt, Peterborough Kettering and Staines sites also featured.

Property, plant and equipment (non-current assets) with a carrying value of £255.7 million (2020: £187.3 million) are pledged as security for bank loans.

Independent External Market Valuation of Freehold and Leasehold Land and Buildings
Fair Value Measurement
The fair value hierarchy within which the fair value measurements are categorised is level 3, in accordance with IFRS 13 (Fair value measurement).

On 31 July 2021 an independent professional valuation was prepared by Jones Lang LaSalle Limited (JLL) in respect of 17 freehold, and 9 leasehold stores operated by Lok'nStore. The valuation was prepared in accordance with the RICS Valuation – Global Standards 2020 – UK national supplement, published by The Royal Institution of Chartered Surveyors (the RICS Red Book) and the valuation methodology is explained in more detail below. The valuations were prepared on the basis of Fair Value as a fully equipped operational entity having regard to trading potential. The valuation was provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the RICS Red Book JLL have confirmed that:

- This is the sixth year that JLL has been appointed to value the properties.
- The valuers who prepared the valuation have the necessary skills and experience having been significantly involved in the sector.
- JLL do not provide other significant professional or agency services to the Company.
- In relation to the preceding financial year of JLL the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5% and is minimal.

The valuation report indicates a total valuation for all properties valued of £234.9 million (2020: £168.4 million) of which £212.8 million (2020: £151.7 million) relates to freehold properties, and £22.1 million (2020: £16.7 million) relates to properties held under leases.

Freehold land and buildings are carried at valuation in the statement of financial position. Short leasehold improvements at properties held under leases are carried at cost rather than valuation in accordance with IFRS.

For the trading properties the valuation methodology explained in more detail below is based on fair value as fully equipped operational entities, having regard to trading potential. Of the £212.8 million (2020: £151.7 million) valuation of the freehold properties £14.7 million (2020: £12.3 million) relates to the net book value of fixtures, fittings and equipment, and the remaining £198.1 million (2020: £139.4 million) relates to freehold properties.

The 2021 valuation includes and reflects movements in value which have resulted from the operational performance of the stores and market movements in the investment environment.

Valuation Methodology
Jones Lang LaSalle Limited (JLL) have adopted the profits method of valuation, and cross-checked with the direct comparison method based on recent transactions in the sector, which is the main method of pricing adopted by purchasers of self-storage properties.

JLL have valued the assets on an individual basis and have disregarded any portfolio effect.

The profits method of valuation considers the cash flow generated by the trading potential of the self-storage facility. Due to the specialised design and use of the buildings, the value is typically based on their ability to generate a net income from operating as self-storage facilities.

JLL have constructed a discounted cash flow model. This sets out their explicit assumptions on the underlying cash flow that they believe could be generated by a Reasonably Efficient Operator at each of the properties, both at the valuation date and in the near future as the properties increase their occupancy and rates charged to customers. Judgements are made as to the trading potential and likely long-term sustainable occupancy.

Stable occupancy depends upon the nature of demand, size of property and nearby competition, and allows for a reasonable vacancy rate to enable the operator to contract units to new customers. In the valuation the assumed stabilised occupancy level for the 26 trading stores (both freeholds and leaseholds) averages 88.5% (2020: 84.9%).

Expenditure is deducted (such as business rates, staff costs, repair and maintenance, utilities, marketing and bad debts) as well as an operator's charge which takes account of central costs. JLL also make an allowance for long-term capex requirements where applicable. The assumptions used by JLL include:-

- The cash flow for freeholds runs for an explicit period of ten years, after which it is capitalised at an all risks yield which reflects the implicit future growth of the business, or a hypothetical sale.
- The cash flow for leaseholds continues for the unexpired term of the lease.

- The Discount Rate applied has had regard to recent transactions, weighted average costs of capital and target return in other asset types with adjustments made to reflect differences in the risk and liquidity profile.
- The weighted average annual Discount Rate adopted (for both freeholds and leaseholds) is 9.24% (2020: 8.70%).
- The Discount Rates used in the freehold valuation ranges from 7.5% to 9.25% (2020: 7.75% to 9.5%).
- The yield arising from the first year of the projected cash flow is 6.49% (2020: 6.08%), rising to 7.61% (2020: 8.13%) in year five.
- JLL have assumed purchasers' costs of 6.8% (2020: 6.8%).
- The average assumed stabilised occupancy is 88.85% (2020: 84.9%).
- The average Exit Yield assumed is 6.73% (2020: 7.13%).

The comparison method considers recent transactions where self-storage properties have sold, and then adjusts them based on a multiple of current earnings, and a capital value per square foot. They are adjusted to reflect differences in location, physical characteristics, local supply and demand, tenure and trading levels.

The Group has reported that the Lok'nStore trading stores have performed very well in terms of increasing occupancy over the course of the year which has driven the stabilised occupancy assumed by JLL higher.

For leaseholds the same methodology has been used as for freehold property, except that no sale of the assets in the tenth year is assumed, but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's operating leaseholds is approximately 11 years and 1 month as at 31 July 2021 (9 years and 7 months: 31 July 2020). Valuations for stores held under leases are not reflected in the statement of financial position and the assets in relation to these stores are carried at cost less accumulated depreciation.

In 2011, one of the Group store's leases was renegotiated and includes a ten-year option to renew the leases from March 2026 to March 2036. The option to extend is only operable in the event that all four of the leases applicable to this store are extended and this option is personal to Lok'nStore or another "major self-storage operator", to be approved by the landlord (approval not to be unreasonably withheld). The JLL valuation on this store is based on this Special Assumption that the option to extend the lease for ten years is exercised. This is consistent with the approach taken in previous years.

Directors' valuation of land and property

1) **The old Southampton store**: Following the opening of the new Southampton store with the corresponding transfer of all customers from the old Southampton store, the vacant building was redeveloped for cruise parking. In 2020 the Board concluded that management time and capital could be more effectively deployed within the self-storage business and the operation was closed. In December 2020 the site was sold for £1.69 million £0.4 million below its historic book value and £0.2 million below its Director Valuation but eliminating £150,000 of annualised residual costs.

2) **Land & Buildings at the rear of the new Salford trading store.**
Following the opening of the new Salford store there is available 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 have placed a Directors' Valuation of £1.5 million on this land and building.

The total value of land and property carried at Director Valuation at 31 July 2021 is £1.5 million (2020: £2 million).

11b) Right of use assets (ROU)

Group Property Leases	**Group 31 July 2021 £'000**	Group 31 July 2020 £'000
Right of use asset (ROU) – opening balance	**11,764**	13,018
Depreciation of right of use asset (ROU)	**(1,261)**	(1,254)
Right of use asset (ROU) – closing balance	**10,503**	11,764

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% as an incremental borrowing rate as the single Discount Rate.

The right of use assets are depreciated on a depreciation charge based on the individual lease term of the separate leases.

12 Investments

Company investments in subsidiary undertakings	**£'000**
31 July 2019	**2,464**
Capital contributions arising from share-based payments	88
31 July 2020	**2,552**
Capital contributions arising from share-based payments	118
31 July 2021	**2,670**

The Company holds more than 20% of the share capital of the following companies, all of which are incorporated in England and Wales:

Company Name	**Company Registration No.**	**Class of Shareholding**	% of Shares and Voting Rights Held **Directly**	**Indirectly**	**Nature of Entity**
Lok'nStore Limited * #	02902717	Ordinary	100	–	Self-storage
Lok'nStore Trustee Limited ¥ ♦	03788705	Ordinary	–	100	Trustee
Southern Engineering and Machinery Company Ltd ¥ #	00381670	Ordinary	–	100	Self-storage
Semco Machine Tools Limited ≠ #	01025573	Ordinary	–	100	Dormant
Semco Engineering Limited ≠ #	01164294	Ordinary	–	100	Dormant
ParknCruise Limited ¥ ♦	10329934	Ordinary	–	100	Dormant
The Box Room (Self-storage) Limited ¥♦	06840417	Ordinary	–	100	Self-storage

¥ These companies are subsidiaries of Lok'nStore Limited.
≠ These companies are subsidiaries of Southern Engineering and Machinery Company Limited and did not trade during the year.
* These companies have taken the exemption from audit under Section 479A of the Companies Act 2006.
♦ The address of these companies is 112, Hawley Lane, Farnborough, Hants. GU14 8JE.
The address of these companies is 1, Fleet Place, London. EC4M 7WS.

13 Inventories

	Group 2021 £'000	Group 2020 £'000
Consumables and goods for resale	**290**	270

The amount of inventories recognised in cost of sales as an expense during the year was £124,656 (2020: £97,966). (See Note 3(b)).

14 Trade and Other Receivables

	Group 2021 £'000	Group 2020 £'000
Trade receivables	**1,451**	746
Other receivables	**881**	2,451
Taxation	**1,497**	–
Prepayments and accrued income	**444**	431
	4,273	3,628

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Other receivables include monies receivable from the managed stores for services provided by the Group. The taxation debtor of £1,497 million is a VAT repayment owed to the Group by HMRC which was received post year-end.

The following balances existed between the Company and its subsidiaries at 31 July:

	Company 2021 £'000	Company 2020 £'000
Net amount due from Lok'nStore Limited	**27,051**	25,867

The amount due from Lok'nStore Limited is interest free. The balance is repayable on demand.

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.

Included in the Group's trade receivables balance are receivables with a carrying amount of £89,329 (2020: £110,668) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality 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. The average age of these receivables is 55 days past due (2020: 54 days past due). The Group does not expect credit losses on intra-group balances.

Ageing of past due but not impaired receivables

	Group 2021 £'000	Group 2020 £'000
0–30 days	**14**	16
30–60 days	**4**	16
60+ days	**71**	79
Total	**89**	111

Movement in the allowance for credit losses

	Group 2021 £'000	Group 2020 £'000
Balance at the beginning of the year	**189**	191
Impairment losses recognised	**22**	20
Amounts written off as uncollectible	**(64)**	(22)
Balance at the end of the year	**147**	189

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further provision required.

Ageing of impaired trade receivables	**Group 2021 £'000**	Group 2020 £'000
0–30 days	**–**	–
30–60 days	**–**	–
60+ days	**147**	189
Total	**147**	189

15 Trade and Other Payables

	Group 2021 £'000	Group 2020 £'000
Trade payables	1,385	1,275
Taxation and social security costs	370	137
Other payables	690	777
Accruals and deferred income	3,397	2,487
	5,842	4,676

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

16 Financial Instruments

Capital management and gearing

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the borrowings disclosed in note 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 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 year-end is as follows:

Gearing – Bank borrowings	Group 2021 £'000	Group 2020 £'000
Gross debt – bank borrowings *	(65,399)	(51,322)
Cash and cash equivalents	9,105	13,066
Net debt	(56,294)	(38,255)
Total equity – balance sheet	151,259	121,382
Net debt to equity ratio	37.2%	31.5%

Total Gearing – Bank borrowings and lease liabilities	Group 2021 £'000	Group 2020 £'000
Gross debt – bank borrowings *	(65,399)	(51,322)
Gross debt – lease liabilities	(11,166)	(12,455)
Cash and cash equivalents	9,105	13,066
Net debt	(67,460)	(50,711)
Total equity – balance sheet	151,259	121,382
Net debt to equity ratio	44.6%	41.8%

* Gross debt is the total amount of bank debt drawn before any amortisation of bank arrangement fees.

The movement of the Group's gearing ratio arises principally through the combined effect of an increase in the value of its trading properties, and the cash generated from operations, offset primarily by drawdown of debt to fund the acquisition of development sites in Warrington, Barking and Altrincham. The Group's operating cash was also applied to ongoing construction works at our Warrington and Stevenage stores, the exchange of contracts on our Peterborough site, and the completion of construction works at our Leicester, and Salford stores. Costs relating to the planning and pre-development works on our Bournemouth, Bedford, Cheshunt, Peterborough, Kettering and Staines sites also featured.

Exposure to credit and interest rate risk arises in the normal course of the Group's business.

A Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of interest rates. The Group previously has hedged through the deployment of interest rate swaps although the Group had no such instruments in place at 31 July 2020 or 31 July 2021. The Board continues to keep its hedging policy under periodic review.

B Debt management

Debt is defined as non-current and current borrowings, as detailed in note 17. Equity includes all capital and reserves of the Group. The Group is not subject to externally imposed capital requirements.

The Group borrows through a joint revolving credit facility with Royal Bank of Scotland/Nat West Bank plc and ABN AMRO Bank secured on its store portfolio and other Group assets, excluding intangibles, with a net book value of £255.7 million (2020: £187.3 million). Borrowings are arranged to ensure the Group fulfils its strategy of growth and development of its stores and to maintain short-term liquidity. As at the reporting date the Group has a committed revolving credit facility of £75 million (2020: £75 million). This facility provides for an accordion of £25 million which although uncommitted at the year-end can take the facility to £100 million and runs to 2025 with an option of a one-year extension. After the year-end on 20 October 2021, the Group executed the accordion and the one-year extension and details are provided in note 17 (Borrowings).

C Interest rate risk management

The Group's policy on interest rate management is agreed at Board level and is reviewed on an on-going basis. All borrowings are denominated in Sterling and are detailed in note 17. The Group has a number of revolving loans within its overall revolving credit facility and as such is exposed to interest rate risks at the time of renewal arising from any upward movement in the LIBOR rate.

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 July 2021 are as follows:

	Group 2021 £'000	Group 2020 £'000
Variable rate treasury deposits #	**7,604**	11,608
SIP trustee deposits	**63**	63
Cash in operating current accounts	**1,430**	1,385
Other cash and cash equivalents	**8**	10
Total cash and cash equivalents	**9,105**	13,066

Money market rates for the Group's variable rate treasury deposit track National Westminster Bank plc base rate.

The rate attributable to the variable rate deposits at 31 July 2021 was 0.01%.

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.

D Interest rate sensitivity analysis

Over the longer term, significant changes in interest rates may have an impact on consolidated earnings.

At 31 July 2021, it is estimated that an increase of one percentage point in interest rates would have reduced the Group's annual profit before tax by £653,989 (2020: £513,222) and conversely a decrease of one percentage point in interest rates would have increased the Group's annual profit before tax by £653,989 (2020: £513,222). There would have been no effect on amounts recognised directly in other comprehensive income. The sensitivity has been calculated by increasing by 1% the average variable interest rate of 1.54% and applying to the variable rate borrowings of £65.4 million in the year (2020: £51.3 million / 1.69%).

E Cash management and liquidity
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note B above is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Short-term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to risk.

F Foreign currency management
The Group operates solely in the United Kingdom and as such all of the Group's financial assets and liabilities are denominated in Sterling and there is no exposure to exchange risk.

G Credit risk
The credit risk management policies of the Group with respect to trade receivables are discussed in note 14. There has not been a significant change in credit quality.

The Group has a strong credit model with customers paying four-weekly in advance for their storage. The Group has no significant concentration of credit risk, with exposure spread across over 16,000 customers (2020: 12,500) and with no individual self-storage customer accounting for more than 1% of total revenue and no entities under common control (e.g. Government) accounting for more than 5% of total revenues.

The Group holds a right of lien over its self-storage customers' goods if customer debts are not paid although this is used relatively infrequently within the context of overall customer numbers and only ever as a final stage in the debt recovery process.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit-rating agencies, in line with the Group's policy which is to borrow from major institutional banks when arranging finance.

The Group's maximum exposure to credit risk at 31 July 2021 was £1.48 million (2020: £2.40 million) on receivables and £9.1 million (2020: £13.1 million) on cash and cash equivalents.

H Maturity analysis of financial liabilities
The undiscounted contractual cash flow maturities are as follows:

2021 - Group	**Trade and Other Payables £'000**	**Borrowings £'000**	**Interest on Borrowings £'000**
Over five years	**–**	**–**	**–**
From two to five years	**–**	**65,399**	**2,248**
From one to two years	**–**	**–**	**1,010**
Due after more than one year	**–**	**65,399**	**3,258**
Due within one year	**2,856**	**–**	**1,010**
Total contractual undiscounted cash flows	**2,856**	**65,399**	**4,268**

2020 - Group	Trade and Other Payables £'000	Borrowings £'000	Interest on Borrowings £'000
Over five years	–	–	–
From two to five years	–	51,322	2,364
From one to two years	–	–	865
Due after more than one year	–	51,322	3,229
Due within one year	2,585	–	865
Total contractual undiscounted cash flows	2,585	51,322	4,094

Lease liabilities are separately disclosed in Note 29.

I Fair values of financial instruments

	Group 2021 £'000	Group 2020 £'000
Categories of financial assets and financial liabilities		
Financial assets measured at amortised cost		
Trade and other receivables [1]	**2,824**	3,971
Cash and cash equivalents	**9,105**	13,066
Financial liabilities measured at amortised cost		
Trade and other payables	**(2,856)**	(2,585)
Lease liabilities	**(11,166)**	(12,456)
Bank loans	**(64,941)**	(50,705)

[1] Includes £509,277 relating to fees receivable in July 2022 (2020: £361,460) from the Aldershot managed store now classified as a current asset (measured at fair value) (2020: classified as a non-current asset).

The fair values of the Group's cash and short-term deposits and those of other financial assets equate to their carrying amounts.

The amounts are presented net of provisions for doubtful receivables and allowances for impairment are made where appropriate.

J Company's financial instruments

The Company's financial assets are amounts owed by subsidiary undertakings amounting to £27.1 million (2020: £25.9 million) which are classified as loans and receivables, and the investment in its subsidiary undertaking of £2.67 million (2020: £2.55 million). These amounts are denominated in Sterling, are non-interest bearing, are unsecured and fall due for repayment within one year. No amounts are past due or impaired. The Company has no financial liabilities.

17 Borrowings

Bank borrowings	**Group 2021 £'000**	Group 2020 £'000
Non-current		
Bank loans repayable in more than two years but not more than five years		
Gross	**65,399**	51,322
Deferred financing costs	**(458)**	(617)
Net bank borrowings	**64,941**	50,705
Non-current borrowings	**64,941**	50,705

Post Balance Sheet:

- **£25 million accordion executed and increases bank facility from £75 million to £100 million**
- **Bank facility extended by one year to April 2026**
- **Migration from LIBOR to an alternative risk-free reference rate (SONIA)**

On 20 October 2021, the Group executed the accordion arrangement embedded within the Revolving Credit Facility which increases the facilities available to the Group from £75 million to £100 million.

In addition, the Group has also agreed a one-year extension on its existing joint banking facility with National Westminster Bank/ Royal Bank of Scotland plc and ABN AMRO Bank N V. The facility which was due to expire in April 2025, will now run until April 2026 providing funding for more landmark site acquisitions.

The two principal bank covenants (LTV and Senior interest) and margin are unaffected by the execution of the accordion and this extension of term. Margin / pricing is also unaffected.

Amendments to the Facility Agreement dealing with the transition from LIBOR to SONIA (Sterling Over Night Indexed Average) have also been made, fulfilling UK regulator's requirements ahead of LIBOR's phasing out after 31 December 2021.

The Group currently has £65.4 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 £255.7 million (2020: £187.8 million) together with cross-company guarantees from Group companies.

With current facility utilisation at £65.4 million and combined with cash balances the £100 million facility provides over £43 million of available headroom).

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% 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% as part of the amortisation of the lease liability the total lease liabilities are shown below.

Lease liabilities attributable to right of use assets	**Group 2021 £'000**	Group 2020 £'000
Current lease liabilities		
Amounts due within one year	**1,258**	1,298
Non-current lease Liabilities		
Amounts due in one to two years	**1,085**	1,326
Amounts due in three to five years	**2,585**	2,881
Amounts due in more than five years	**6,238**	6,950
Non-current lease liabilities	**9,908**	11,157
Total lease liabilities	**11,166**	12,455

Lease liabilities attributable to right of use assets	**Group 2021 £'000**	Group 2020 £'000
Balance brought forward	**12,455**	13,626
Lease repayments	**(1,559)**	(1,467)
Lease interest (non-cash)	**270**	296
Total lease liabilities	**11,166**	12,455

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 cash outflow for leases is set out in note 29 (Commitments under property leases).

19 Deferred Tax

Deferred tax liability	**Group 2021 £'000**	Group 2020 £'000
Liability at start of year	**26,760**	22,385
Total charge to income for the year	**2,367**	796
	29,127	23,181
Tax charged directly to other comprehensive income	**18,224**	3,602
(Credit) to share-based payment reserve	**(591)**	(23)
Liability at end of year	**46,760**	26,760

The following are the major deferred tax liabilities and assets recognised by the Group and the movements during the year:

	Accelerated Capital Allowances £'000	Other Temporary Differences £'000	Revaluation of Properties £'000	Rolled over Gain on Disposal £'000	Share Options £'000	Total £'000
At 31 July 2019	**3,215**	**369**	**16,337**	**2,704**	**(240)**	**22,385**
Charge to income for the year	434	110	–	252	–	**796**
Charge to other comprehensive income	–	–	3,602	–	–	**3,602**
Charge to share-based payment reserve	–	–	–	–	(23)	**(23)**
At 31 July 2020	**3,649**	**479**	**19,939**	**2,956**	**(263)**	**26,760**
Charge to income for the year	1,479	130	–	758	–	**2,367**
Charge to other comprehensive income	–	–	18,224	–	–	**18,224**
Charge to share-based payment reserve	–	–	–	–	(591)	**(591)**
At 31 July 2021	**5,128**	**609**	**38,163**	**3,714**	**(854)**	**46,760**

The increase in the deferred tax liability arises substantially from a combination of an increase in the valuation of the Group's stores and a rise in forward tax rates which last year was calculated at forward corporation tax rates of 19% and is now calculated at the substantively enacted corporation tax rate of 25%.

The deferred tax provision is substantially a tax provision against the potential crystallisation (sales) of revalued properties and past "rolled over" gains and amounts to £46.8 million (2020: £26.8 million), the crystallisation of which is within the Board's control.

20 Share Capital

Authorised:	**2021 £'000**	2020 £'000
35,000,000 ordinary shares of 1 pence each (2020: 35,000,000)	**350**	350

Allotted, issued and fully paid ordinary shares	**£'000**	£'000
Balance at start of year	**297**	296
Options exercised during the year 53,497 (2020: 85,171)	**1**	1
Balance at end of year	**298**	297

	Called up, Allotted and Fully Paid Number	Called up, Allotted and Fully Paid Number
Number of shares at start of the year	**29,633,290**	29,583,786
Options exercised during the year	**53,497**	49,504
Number of shares at end of the year	**29,686,787**	29,633,290

The Company has one class of Ordinary Shares which carry no right to fixed income.

21 Equity-Settled Share-Based Payment Plans

The Group operates three equity-settled share-based payment plans; one, approved and two unapproved share option schemes.

The Company has granted the following share options:

2021 Summary	**As at 31 July 2020 No. of Options**	**Granted**	**Exercised**	**Lapsed/ Surrendered**	**As at 31 July 2021 No. of Options**
Unapproved Share Options	715,104	8,608	(39,762)	–	**683,950**
Unapproved Share Options (PPP Scheme)	830,000	280,000	–	(120,000)	**990,000**
Approved CSOP Share Options	97,935	2,276	(13,735)	–	**86,476**
Total	**1,643,039**	**290,884**	**(53,497)**	**(120,000)**	**1,760,426**

2020 Summary	As at 31 July 2019 No. of Options	Granted	Exercised	Lapsed/ Surrendered	As at 31 July 2020 No of Options
Unapproved Share Options	750,851	8,945	(44,692)	–	**715,104**
Unapproved Share Options (PPP Scheme)	540,000	290,000	–	–	**830,000**
Approved CSOP Share Options	94,939	11,079	(4,812)	(3,271)	**97,935**
Total	1,385,790	310,024	(49,504)	(3,271)	**1,643,039**

The following table shows options held by Directors under all schemes.

	Total at 31 July 2020	Options Granted	Options Exercised	Unapproved Scheme	Approved CSOP Share Options	**Total at 31 July 2021**
2021						
Executive Directors						
A Jacobs – Unapproved	206,087	–	–	206,087	–	**206,087**
A Jacobs – PPP	120,000	40,000	–	160,000	–	**160,000**
A Jacobs – total	326,087	40,000	–	366,087	–	**366,087**
RA Davies – Unapproved	246,977	–	–	246,977	–	**246,977**
RA Davies – CSOP	7,742	–	–	–	7,742	**7,742**
RA Davies – PPP	120,000	40,000	–	160,000	–	**160,000**
RA Davies total	374,719	40,000	–	406,977	7,742	**414,719**
N Newman-Shepherd - Unapproved	135,599	–	–	135,599	–	**135,599**
N Newman-Shepherd - CSOP	8,618	–	–	–	8,618	**8,618**
N Newman-Shepherd - PPP	180,000	60,000	–	240,000	–	**240,000**
N Newman-Shepherd total	324,217	60,000	–	375,599	8,618	**384,217**
Non-Executive Directors						
SG Thomas – Unapproved	5,217	–	(5,217)	–	–	**–**
All Directors total	**1,030,240**	**140,000**	**(5,217)**	**1,148,663**	**16,360**	**1,165,023**

	Total at 31 July 2019	Options Granted	Options Exercised/ Lapsed	Unapproved Scheme	Approved CSOP Share Options	**Total at 31 July 2020**
2020						
Executive Directors						
A Jacobs – Unapproved	206,087	–	–	206,087	–	**206,087**
A Jacobs – PPP	80,000	40,000	–	120,000	–	**120,000**
A Jacobs – total	286,087	40,000	–	326,087	–	**326,087**
RA Davies – Unapproved	246,977	–	–	246,977	–	**246,977**
RA Davies – CSOP	7,742	–	–	–	7,742	**7,742**
RA Davies – PPP	80,000	40,000	–	120,000	–	**120,000**
RA Davies total	334,719	40,000	–	366,977	7,742	**374,719**
N Newman-Shepherd - Unapproved	172,421	–	(36,822)	135,599	–	**135,599**
N Newman-Shepherd - CSOP	10,661	–	(2,043)	–	8,618	**8,618**
N Newman-Shepherd - PPP	120,000	60,000	–	180,000	–	**180,000**
N Newman-Shepherd total	303,082	60,000	(38,865)	315,599	8,618	**324,217**
Non-Executive Directors						
SG Thomas – Unapproved	5,217	–	–	5,217	–	**5,217**
All Directors total	**929,105**	**140,000**	**(38,865)**	**1,013,880**	**16,360**	**1,030,240**

The grant of options to Executive Directors and senior management is recommended by the Remuneration Committee on the basis of their contribution to the Group's success. The options vest after two and a half, three or five years, subject to the performance criteria attached to the options.

Under the CSOP Approved Share Option scheme and the Unapproved Share Options scheme, the exercise price of the options is equal to the closing mid-market price of the shares on the trading day previous to the date of the grant. Exercise of an option is subject to continued employment or in the case of unapproved options at the discretion of the Board. The life of each option granted is six and a half to seven years. There are no cash settlement alternatives.

Under the CSOP Approved Share Option scheme and the Unapproved Share Options scheme, the expected volatility is based on a historical review of share price movements over a period of time, prior to the date of grant, commensurate with the expected term of each award. The expected term is assumed to be six and a half years which is part way between vesting (two and a half to three years after grant) and lapse (ten years after grant). The risk-free rate of return is the UK gilt rate at date of grant commensurate with the expected term (i.e. six and a half years).

Under the Partnership Performance Plan, the expected volatility is based on a historical review of share price movements over a period of time, prior to the date of grant, commensurate with the expected term of each award. For options granted on 31 July 2021, the expected term is assumed to be 11.76 years, which is halfway between vesting and lapse. The vesting date is based upon the assumption that the CAD and/or NAV targets are met at the same time as the share price target is met, and the lapse date is the fifteenth anniversary of the grant. The risk-free rate of return is the UK gilt rate at date of grant commensurate with the expected term (i.e. 11.76 years).

The total charge for the year relating to employer share-based payment schemes was £117,586 (2020: £87,990), all of which relates to equity-settled share-based payment transactions.

22(a) Other Reserves

Group	Merger Reserve £'000	Other Reserve £'000	Capital Redemption Reserve £'000	Share-based Payment Reserve £'000	Total £'000
31 July 2019	**6,295**	**1,294**	**34**	**734**	**8,357**
Share-based remuneration (options)	–	–	–	88	**88**
IFRS 2 – transfer retained earnings	–	–	–	(14)	**(14)**
Tax charge relating to share options	–	–	–	24	**24**
31 July 2020	**6,295**	**1,294**	**34**	**832**	**8,455**

Share-based remuneration (options)	–	–	–	118	118
IFRS 2 - transfer retained earnings	–	–	–	(26)	(26)
Tax charge relating to share options	–	–	–	591	591
31 July 2021	**6,295**	**1,294**	**34**	**1,515**	**9,138**

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. 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. The revaluation reserves is a non-cash non-distributable reserve that reflects the uplift between market (fair) value of the Group's store assets and their historic book value.

Share-based payment reserve

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. The total amounts calculated and accordingly transferred to retained earnings amounted to £26,419 (2020: £13,760).

22(b) Other Reserves

Company	**Other Reserve £'000**	**Share-based Payment Reserve £'000**	**Total £'000**
31 July 2019	**1,114**	**724**	**1,838**
Share-based remuneration (options)	–	88	**88**
IFRS 2 - transfer to/from retained earnings	–	(14)	**(14)**
31 July 2020	**1,114**	**798**	**1,912**
Share-based remuneration (options)	–	118	**118**
IFRS 2 - transfer to/from retained earnings	–	(26)	**(26)**
31 July 2021	**1,114**	**890**	**2,004**

23(a) Retained Earnings

Group	**Retained Earnings before Deduction of Own Shares £'000**	**Own Shares (Note 24) £'000**	**Retained Earnings Total £'000**
31 July 2019	26,801	(500)	26,301
Profit attributable to owners of Parent for the financial year	2,974	–	2,974
Transfer from revaluation reserve (Additional depreciation on revaluation)	378	–	378
Transfer from share based payment reserve (Note 22a)	14	–	14
Dividend paid	(3,572)	–	(3,572)
31 July 2020	26,595	(500)	26,095
Profit attributable to owners of Parent for the financial year	**3,283**	–	**3,283**
Transfer from revaluation reserve (Additional depreciation on revaluation)	**568**	–	**568**
Transfer from share based payment reserve (Note 22a)	**26**	–	**26**
Reserve transfer on disposal of assets	**165**	–	**165**

Dividend paid	**(3,865)**	–	**(3,865)**
31 July 2021	**26,772**	**(500)**	**26,272**

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 and shares purchased separately by Lok'nStore Limited for Treasury Account.

23(b) Retained Earnings

Company	**Retained Earnings before Deduction of Own Shares £'000**	**Own Shares (Note 24) £'000**	**Retained Earnings Total £'000**
31 July 2019	**4,416**	**–**	**4,416**
Profit attributable to owners of Company for the financial year	14,792	–	14,792
Transfer from share based payment reserve (Note 22b)	14	–	14
Dividend paid	(3,572)	–	(3,572)
31 July 2020	**15,650**	**–**	**15,650**
Profit attributable to owners of Company for the financial year	**4,793**	–	**4,793**
Transfer from share based payment reserve (Note 22b)	**26**	–	**26**
Dividend paid	**(3,865)**	–	**(3,865)**
31 July 2021	**16,604**	**–**	**16,604**

24 Own Shares

	EBT Shares Number	EBT Shares £	Treasury Shares Number	Treasury Shares £	Own Shares total £
31 July 2020 and 31 July 2021	**623,212**	**499,910**	**–**	**–**	**499,910**

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 July 2021, the Trust held 623,212 (2020: 623,212) Ordinary Shares of 1 pence each with a market value of £4,580,608 (2020: £3,552,308). No shares were transferred out of the scheme during the year (2020: nil).

No options have been granted under the EBT. The EBT waived its dividends in full. No other dividends were waived during the year.

25 Cash flows

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

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Profit before tax	**6,448**	4,690
Depreciation	**4,149**	3,779
Equity-settled share-based payments	**118**	88
Loss on disposal of land and property	**160**	–
Interest receivable	**(1)**	(29)
Interest payable – bank borrowings	**747**	830
Interest payable – lease liabilities	**270**	296
Increase in financial asset	**(148)**	–
(Increase) / decrease in inventories	**(20)**	28
(Increase) / decrease in receivables	**(645)**	79
Increase / (decrease) in payables	**1,109**	(61)
Cash generated from operations	**12,187**	9,700

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

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

	Group 2021 £'000	Group 2020 £'000
Decrease in cash in the year	**(3,961)**	(596)
Change in net debt resulting from cash flows	**(14,077)**	(8,350)
Movement in net debt in year	**(18,038)**	(8,946)
Net bank debt brought forward	**(38,256)**	(29,310)
Net bank debt carried forward	**(56,294)**	(38,256)

26 Commitments Under Property Leases

At 31 July 2021 the total future minimum lease payments as a lessee under non-cancellable leases were as follows:

Land and Buildings	**Group 2021 £'000**	Group 2020 £'000
Amounts due:		
Within one year	**1,612**	1,575
Between two and five years	**4,583**	5,041
After five years	**6,863**	7,811
	13,058	14,427

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.

The Group's property leases on its leased stores are recognised as a right of use asset and as a corresponding liability at the year–end.

27 Related Party Transactions

The Company provides share options for the employees of Lok'nStore Limited. The capital contributions arising from these share-based payments are separately disclosed under investments in note 12.

The aggregate remuneration of the Directors, and the other key management personnel of the Group, is set out below. Further information on the remuneration of individual Directors is found in note 7.

	Group 2021 £'000	Group 2020 £'000
Short-term employee benefits - Directors	1,112	965
Short-term employee benefits - Other key management	525	328
Post-employment benefits - Directors	10	10
Post-employment benefits - Other key management	18	10
Share-based payments	118	88
Total	1,783	1,401

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.

Group Director shareholdings – dividends received

In respect of the total dividends paid during the year of £3.87 million (2020: £3.57 million), the Group Directors received the amounts set out in the table below: -

Director's Dividend Income	Holding	Final 2020	Interim 2021		Total 2021	Total 2020
		9 pence per Share	4.33 pence per Share			
	No.	£	£		£	£
Executive:						
A Jacobs	5,203,600	433,460	225,316		658,776	641,644
R Davies	65,334	5,571	2,829		8,400	7,332
N Newman-Shepherd	30,739	2,767	1,331		4,098	1,996
Non-Executive:						
SG Thomas	1,525,000	137,700	66,033		203,733	188,673
RJ Holmes	307,606	27,685	13,319		41,004	33,744
ETD Luker	35,000	3,150	1,516		4,666	3,551
CP Peal	636,913	57,219	27,578		84,797	78,833
J Woyda	2,419	–	105		105	–
	7,806,611	667,552	338,027		1,005,579	955,733

Managed Stores – Group Director shareholdings

Although the Director holdings in Managed Stores falls outside of the definition of related party transactions they are disclosed here, as in previous years, for transparency and are set out in the table below: -

Director	Gypsy Moth (Wolverhampton)	Broadstairs	Exeter
	No. of Shares	No. of Shares	No. of Shares
Andrew Jacobs	36,800	38,160	240,000
Charles Peal	–	–	500,000
Simon Thomas	–	–	160,000
Total shareholding	36,800	38,160	900,000
Issued Share Capital	189,341	189,690	3,970,000
% of Issued Share Capital	**19.4%**	**20.1%**	**22.7%**

- These shareholdings relate to the three Managed Stores which have very specific EIS tax advantages. The Directors respective shareholdings have remained unchanged since their initial investment.

- The Lok'nStore Directors have no other shareholdings in any other Managed Stores. The Chichester store was sold in this financial year to Lok'nStore and the sale proceeds within the investment vehicle were recycled to acquire a replacement site in Wolverhampton which is currently being developed. (Detailed particulars are set out below under Project Gypsy Moth). Lok'nStore will earn development fees and operating management fees on the Wolverhampton site.

- Changes in UK Tax legislation mean that these EIS tax advantages no longer exist and these reliefs are not available for Managed Store opportunities that may be undertaken in the future.

- Under UK Takeover Panel protocols in relation to the Rule 9 Waiver agreed each year with Lok'nStore Group plc, necessary to preserve the Group's share buyback authority, Andrew Jacobs cannot, by agreement with the Panel, purchase any more Lok'nStore shares. As such the three EIS investment vehicles represented an opportunity for Mr Jacobs to hold additional self-storage assets in tax efficient vehicles.

- Lok'nStore Group operate 11 Managed Stores, currently trading, and have a further 3 secured Managed Stores in the pipeline making a total of 14 Managed Stores. The Managed Store strategy is a well-developed one which enables the Group to increase the operational footprint of Lok'nStore branded stores without the balance sheet risk of ownership.

- At 31 July 2021, Lok'nStore has a total 50 stores (37 currently trading and a pipeline of 13 secured stores).

- The terms of the Management Services Agreements executed between Lok'nStore and with Chichester, Broadstairs and Exeter were executed at arm's length on normal commercial terms with independent Director(s) who were not directors of Lok'nStore and therefore unconnected. The commercial terms are all similar to, and consistent with, those agreed with other third-party Managed Store owners.

- The Board of Lok'nStore Group plc have governance protocols in place to ensure that there are no conflicts of interest between the Group and the shareholders of Chichester, Broadstairs and Exeter. Specifically, Mr Jacobs could not hold a disproportionate holding in the EIS Managed Stores commensurate with his shareholding in Lok'nStore Group plc.

Project Gypsy Moth

On 29 January 2021, Lok'nStore acquired the managed store in Chichester (the Chichester Store) from Gypsy Moth Storage Limited (GMS - formerly Chichester Storage Limited). On the same date Lok'nStore sold to GMS its freehold development site at Pantheon Park, Wolverhampton.

The five-year old Chichester Store was acquired for £4.025 million as independently valued by JLL. The Group paid in aggregate £4.16 million in cash with associated costs and stamp duty. The acquisition was funded from the Group's existing bank facilities.

Lok'nStore sold its freehold land site at Pantheon Park, Wolverhampton to GMS, with the full benefit of the planning permission and all accumulated planning and design work for a new storage services facility for a total cash consideration of £1.523 million, (excluding VAT) reflecting the purchase price of the Wolverhampton site, plus planning and other costs and fees incurred by the Group through to completion. The sales proceeds were used to offset the cost of the acquisition of the Chichester Store. At the year-end there was a net balance due to Lok'nStore Limited of £325,935.

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

The MSA and DAA are each in substantially the same form and commercial terms as other agreements to which the Group is party in respect of its other managed facilities. Store development is underway and once developed the Wolverhampton facility will comprise a 52,600 sq. ft. purpose-built landmark store featuring Lok'nStore's distinctive branding and is located in an excellent location adjacent to a busy retail park. The store is expected to open by Q1 2022.

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

GMS is a private company which was incorporated in 2014 to develop and own the Chichester storage services operation, under the management of the Group. Andrew Jacobs, Executive Chairman of Lok'nStore Group holds 17.6% of the share capital of Lok'nStore and also holds 19.4% of the share capital of GMS. GMS has one director, Ray Davies appointed on 20 September 2019, who is also Group Finance Director of Lok'nStore. Accordingly, GMS is deemed to be a related party of Lok'nStore within the meaning of the AIM Rules and the above transactions constituted related party transactions within the meaning of the AIM Rules. Due process was followed at the time of the transaction with full consideration provided by the Independent Directors of Lok'nStore, being the Board excluding Andrew Jacobs and Ray Davies, having consulted with finnCap (as the Company's nominated adviser) in accordance with the AIM Rules.

28 Capital Commitments and Guarantees

The Group has capital expenditure contracted but not provided for in the financial statements of £6.16 million (2020: £2.97 million) relating to commitments to complete the ongoing construction of our sites in Warrington and Stevenage, replacement of the Horsham roof as well as building retentions outstanding on the completed Wellingborough and Leicester stores.

29 Bank Borrowings

The Company has guaranteed the bank borrowings of Lok'nStore Limited, a subsidiary company. As at the year-end, that company had gross bank borrowings of £65.4 million (2020: £51.3 million).

30 Events after the Reporting Date

1) Extension of Banking Facilities

- **£25 million accordion executed and increases bank facility from £75 million to £100 million**
- **Bank facility extended by one year to April 2026**
- **Migration from LIBOR to an alternative risk-free reference rate (SONIA)**

On 20 October 2021, the Group executed the accordion arrangement embedded within the Revolving Credit Facility which increases the facilities available to the Group from £75 million to £100 million.

In addition, the Group has also has agreed a one-year extension on its existing joint banking facility with National Westminster Bank/ Royal Bank of Scotland plc and ABN AMRO Bank N V. The facility which was due to expire in April 2025, will now run until April 2026 providing funding for more landmark site acquisitions.

The two principal bank covenants (LTV and Senior interest) and margin are unaffected by the execution of the accordion and this extension of term. Margin /pricing is also unaffected.

Amendments to the Facility Agreement dealing with the transition from LIBOR to SONIA (Sterling Over Night Indexed Average) have also been made, fulfilling UK regulator's requirements ahead of LIBOR's phasing out after 31 December 2021.

The Group currently has £65.4 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 £255.7 million (2020 £187.8 million) together with cross-company guarantees from Group companies.

With current facility utilisation at £65.4 million and combined with cash balances the £100 million facility provides over £43 million of available headroom).

2) Peterborough Site – Grant of planning permission

On 22 October 2021, the Group received planning permission for a new storage facility and associated access and parking at its site at Maskew Avenue, New England, Peterborough.

Glossary

Abbreviation	
APM	Alternative performance measures
Adjusted EBITDA	Earnings before all depreciation and amortisation charges, losses or profits on disposal, share-based payments, acquisition costs, 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
APD	Auditing Practices
Bps	Basis Points
CAC	Contributory asset charges
CAD	Cash available for Distribution
Capex	Capital Expenditure
CGU	Cash-generating units
CO2 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	Her 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
LIBOR	London Interbank Offered Rate
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
Sq. ft.	Square feet
tCO2e	Tonnes of carbon dioxide equivalent
TVR	Total voting rights
VAT	Value Added Tax

Our Stores

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Owned Trading Stores

Basingstoke, Hampshire Crockford Lane Chineham Basingstoke Hampshire RG24 8NA Tel 01256 474700 basingstoke@loknstore.co.uk	**Bristol, Gloucestershire** Longwell Green Trade Park Aldermoor Way Bristol Gloucestershire BS30 7ET Tel 0117 967 7055 bristol@loknstore.co.uk	**Cardiff, Glamorgan** 234, Penarth Road Cardiff Wales CF11 8LR Tel 0292 022 1901 cardiff@loknstore.co.uk	**Chichester, West Sussex** 17, Terminus Road Chichester West Sussex PO19 8TX Tel 01243 771840 chichester@loknstore.co.uk
Eastbourne, East Sussex Unit 4, Hawthorn Road Eastbourne East Sussex BN23 6QA Tel 01323 749222 eastbourne@loknstore.co.uk	**Fareham, Hampshire** 26 + 27 Standard Way Fareham Industrial Park Fareham Hampshire PO16 8XJ Tel 01329 283300 fareham@loknstore.co.uk	**Farnborough, Hampshire** 112 Hawley Lane Farnborough Hampshire GU14 8JE Tel 01252 511112 farnborough@loknstore.co.uk	**Gillingham, Kent** Courteney Road Gillingham Kent ME8 0RT Tel 01634 366044 gillingham@loknstore.co.uk
Harlow, Essex Edinburgh Way Temple Fields Harlow Essex CM20 2GF Tel 01279 882366 harlow@loknstore.co.uk	**Hedge End, Southampton** Units 2 and 3 Waterloo Industrial Estate Flanders Rd Hedge End Southampton SO30 2QT Tel 01489 787005 hedgeend@loknstore.co.uk	**Horsham, West Sussex** Redkiln Estate Blatchford Road Horsham West Sussex RH13 5QR Tel 01403 272001 horsham@loknstore.co.uk	**Ipswich, Suffolk** 7a Futura Park Ipswich IP3 9QH Tel 01473 794940 **ipswich@loknstore.co.uk**
Leicester, East Midlands Freemens Common Road Leicester LE2 7SL Tel: 0116 497 0785 leicester@loknstore.co.uk	**Luton, Bedfordshire** 27 Brunswick Street Luton Bedfordshire LU2 0HG Tel 01582 721177 luton@loknstore.co.uk	**Maidenhead, Berkshire** Stafferton Way Maidenhead Berkshire SL6 1AY Tel 01628 878870 maidenhead@loknstore.co.uk	**Milton Keynes, Buckinghamshire** Etheridge Avenue Brinklow Milton Keynes Buckinghamshire MK10 0BB Tel 01908 281900 miltonkeynes@loknstore.co.uk
Northampton Central, Northamptonshire 16 Quorn Way Grafton Street Industrial Estate Northampton Northamptonshire NN1 2PN Tel 01604 629928 nncentral@loknstore.co.uk	**Northampton Riverside, Northamptonshire** Units 1–4, Carousel Way Northampton Northamptonshire NN3 9HG Tel 01604 785522 northampton@loknstore.co.uk	**Poole, Dorset** 50 Willis Way Fleetsbridge Poole Dorset BH15 3SY Tel 01202 666160 poole@loknstore.co.uk	**Portsmouth, Hampshire** Rudmore Square Portsmouth Hampshire PO2 8RT Tel 02392 876783 portsmouth@loknstore.co.uk
Reading, Berkshire 251 A33 Relief Road Reading Berkshire RG2 0RR Tel 01189 588999 reading@loknstore.co.uk	**Salford, Lancashire** North Phoebe Street Salford, Manchester, M5 4EA Tel 0161 676 5903 salford@loknstore.co.uk	**Southampton, Hampshire** Third Avenue Southampton Hampshire SO15 0JX Tel 02380 783388 southampton@loknstore.co.uk	**Sunbury, Middlesex** Unit C, The Sunbury Centre Hanworth Road Sunbury on Thames Middlesex TW16 5DA Tel 01932 761100 sunbury@loknstore.co.uk

Tonbridge, Kent Unit 6 Deacon Trading Estate Vale Road Tonbridge Kent TN9 1SW Tel 01732 771007 tonbridge@loknstore.co.uk	**Wellingborough, Northamptonshire** 19/21 Whitworth Way Wellingborough Northamptonshire NN8 2EF Tel 01634 366044 wellingborough@loknstore.co.uk		

Development locations – LNS Owned Stores

Altrincham, Cheshire 30 Davenport Lane Broadheath Altrincham Cheshire WA14 5DT	**Barking, London** 1 Alfreds Way Barking IG11 0AS	**Basildon** Unit 5, St Hilary Retail Park Miles Gray Road Basildon Essex SS14 3BA	**Bedford, Bedfordshire** 69 Cardington Road Bedford MK42 0BQ
Bournemouth, Dorset Land at Wessex Field Deansleigh Road Bournemouth Dorset BH7 7DU	**Cheshunt, Hertfordshire** Land lying on the South Side of Halfhide Lane Turnford Hertfordshire EN8 0FH	**Peterborough, Northamptonshire** Land at Maskew Avenue Peterborough	**Staines, Surrey** Plot C Lovett Road Staines TW18 3AZ
Stevenage, Hertfordshire Whittle Way Stevenage Hertfordshire SG1 2GX	**Warrington, Cheshire** Bluecoat Street Orford Warrington Cheshire WA2 7FX		

Managed stores - Trading

Aldershot, Hampshire 251, Ash Road Aldershot Hampshire GU12 4DD Tel 0845 4856415 aldershot@loknstore.co.uk	**Ashford, Kent** Wotton Road Ashford Kent TN23 6LL Tel 01233 645500 ashford@loknstore.co.uk	**Broadstairs, Kent** Unit 2, Pyramid Business Park, Poorhole Lane, Broadstairs, Kent CT10 2PT Tel 01843 863253 broadstairs@loknstore.co.uk	**Crawley, West Sussex** Sussex Manor Business Park Gatwick Road Crawley West Sussex RH10 9NH Tel 01293 738530 crawley@loknstore.co.uk
Crayford, Kent Block B Optima Park Thames Road Crayford Kent DA1 4QX Tel 01322 525292 crayford@loknstore.co.uk	**Dover, Kent** Honeywood Parkway Whitfield Dover CT16 3FJ Tel 01304 827353 dover@loknstore.co.uk	**Exeter, Devon** 1 Matford Park Road Exeter Devon EX2 8ED Tel 01392 823989 exeter@loknstore.co.uk	**Gloucester, Gloucestershire** Metz Way Gloucester GL1 1AH **(Opened February 2020)** Tel: 01452 938082 gloucester@loknstore.co.uk
Hemel Hempstead, Hertfordshire Fortius Point, 47, Maylands Avenue Hemel Hempstead Hertfordshire HP2 7DE Tel 01442 240768 hemelhempstead@loknstore.co.uk	**Oldbury, West Midlands** 6 Churchbridge, Oldbury, West Midlands **B69 2AP** Tel 0121 5446309 **(Opened February 2020)** oldbury@loknstore.co.uk	**Swindon, Wiltshire** Kembrey Street Elgin Industrial Estate Swindon Wiltshire SN2 8UY Tel 01793 421234 swindoneast@loknstore.co.uk	

Managed stores - Under Development

Chester, Cheshire 58-64 Sealand Road, Chester CH1 4LD	**Kettering, Northamptonshire** Site between Pytchley Lane and Pytchley Road, Kettering NN15 6XB	**Wolverhampton, Staffordshire** Unit 1, Pantheon Park Wednesfield Way Wolverhampton Staffordshire WV11 3DS