



Lok'nStore Group PLC - LOK Strategic Disposal
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Lok'nStore Group PLC
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Lok'nStore Group plc ("Lok'nStore" or "the Company")

Strategic Disposal

"Lok'nStore makes strategic disposal of document storage business to provide capital for reinvestment into fast growth landmark self-storage stores"

Lok'nStore, the fast-growing self-storage Company, is pleased to announce the strategic disposal to Iron Mountain UK Plc of its document storage business Saracen Datastore Limited ("Saracen") for £7.64 million in cash against its Net Book Value as at 31 July 2018 of £5.4 million. Saracen contributed £2.38 million to the Group's revenue and £0.66 million to its EBITDA in the financial year to 31 July 2018.

In the short term, the disposal proceeds will be used to reduce overall group borrowing and will improve all key banking ratios. On a pro forma basis, based on the Company's audited position at 31 July 2018, based on net debt of £32.3m decreasing by £7.64 million:

- the Loan to Value Ratio decreases from 19.7% to 15.1%;
- the Net Asset Value per share increases from £4.80 to £4.89;
- the Senior Interest Covenant Ratio improves, saving interest at a current effective interest rate of 2.13%; and
- proforma EBITDA to adjusted interest increases from 9.09 times covered to 10.35 times based on the most recent quarterly testing covenant for October 2018.

In the medium term the disposal proceeds will be used to fund the ongoing investment into our highly accretive development pipeline of new self-storage centres, fulfilling the Company's objective of growing asset value by recycling capital from lower growth assets into high growth landmark stores. Recent examples of such investment include:

- Two new sites acquired in Stevenage and Wolverhampton which will be developed into new landmark stores adding around 100,000 sq. ft. to the trading portfolio in 2020. Both sites are in busy, main road locations close to retail parks.
- Acquisition of an existing single store self-storage operation of 42,000 sq. ft. in Hedge End, Southampton for a total investment of £1.4m. The site is in an excellent location and the Company believes that the rebranding of the store and the implementation of Lok'nStore's management processes will improve the store's revenue and EBITDA profit from its pro forma level of £570,000 and £100,000 respectively.

Following these transactions and the development of the new sites, Lok'nStore will be operating from 41 locations of which 21 are held freehold, 8 leasehold and 12 are managed stores.

Lok'nStore will update the market on trading in the first half of the financial year on Monday 11th February 2019.

Andrew Jacobs, CEO of Lok'nStore said:

“Executing this strategic disposal and making these further acquisitions continues our strategy of increasing the number of fast growing landmark self-storage centres. We are reallocating capital to enhance the efficiency and quality of our portfolio and expand our asset value whilst further strengthening our balance sheet.

We take a tactical approach to the management of both property and financial assets creating value without significantly increasing risk whilst maintaining the predictable growth in dividends for investors.”

-Ends-

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The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.