



RNS

Miscellaneous



Sale and Manage-Back of Four Stores

LOK'N STORE GROUP PLC

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Lok'nStore Group plc ("Lok'nStore", the "Group" or the "Company")

Sale and Manage-Back of Four Stores

"Transaction raises £39m to be reinvested in growth"

Highlights:

- Sale and Manage-Back of four freehold stores (the "Transaction") for a total gross consideration of £39.0 million. The Transaction represents a 22.8% uplift on the independent external valuation of the stores at 31 July 2021.
- Transaction is immediately accretive to Group net asset value, demonstrating the increasing demand for good quality UK self-storage assets with mature cash flows
- The Transaction will provide net sales proceeds of c.£37.2 million for reinvestment into new, faster growing landmark stores
- Lok'nStore has three sites with lawyers that are expected to be secured shortly. The new targets funded by the Transaction are over and above Lok'nStore's current pipeline of twelve stores

The Transaction:

Lok'nStore, the fast-growing self-storage company, is pleased to announce the Sale and Manage-Back of four of its freehold stores (the "Transaction") for a total gross consideration of £39.0 million to Self-Storage Trading LLP. The purchaser is an existing institutional managed-store client wholly independent of Lok'nStore and its directors.

Lok'nStore will continue to manage the stores, located in Basingstoke, Cardiff, Horsham and Portsmouth, as branded Lok'nStore operations maintaining the operational footprint of the business. Lok'nStore will receive management and performance fees for managing them on behalf of their new owner.

The total consideration of £39 million receivable is subject to a £1.8 million downward adjustment in respect of certain committed works to be completed at two of the sites.

The net proceeds of the sale will be recycled quickly into new, fast growing landmark stores. As of today, Lok'nStore has three further sites with lawyers that we expect to secure shortly, and a number of other opportunities are progressing as part of the Group's continuous site evaluation program which continues to identify high-quality sites for new landmark stores. These new target sites are over and above Lok'nStore's current pipeline of twelve stores which will be funded from the Group's existing £100 million revolving credit facility.

In the year to 31 July 2021 the four stores generated revenue of £2.54 million and contributed £1.54 million to Group EBITDA. In the first year following the sale, the Group expects to receive incremental management fees of c.£0.2 million in respect of the manage-back arrangement which will flow directly to Group EBITDA. The historic cost of the four stores was £13.75 million and their stated fair value as at 31 July 2021 was £31.75 million.

This Transaction does not impact the Group's ability to grow its annual dividend in line with market expectations and which is well covered by projected EBITDA levels of the business going forward.

The Group's adjusted pro forma Loan to Value ratio at 31 January 2022 calculated on a net debt basis falls to c. 8.0% (31 July 2021: 21.0%).

Independent Valuations of the Group's Stores:

Independent valuations of the Group's stores are commissioned annually at the Group's July 31 year-end. Following this transaction and other recent transactions in the self-storage market, the Board will consider whether at the Group's half-year ended 31 January 2022, there should be an upward adjustment made to the valuations of other stores in the Group and will report on this when we announce our interim results on Monday 25th April 2022.

Trading Update:

Trading since the year end in July 2021 has continued well. The fully funded existing new store pipeline of 12 stores is progressing well and in early January 2022 the Group opened a new Landmark store in Warrington. Lok'nStore is onsite at four stores, two of which will open in the coming months.

Lok'nStore will announce a pre close trading update on Monday 7 February 2022 for the six-month period ending 31 January 2022.

Andrew Jacobs, Executive Chairman of Lok'nStore said:

"This transaction, at a 22.8% premium to the July 2021 independent valuation, demonstrates the value Lok'nStore is creating and the growing institutional demand for UK self-storage assets.

"The £37.2 million of net cash generated from this transaction will support the further expansion of our new Landmark store pipeline. Our strategy remains unchanged, to recycle capital to deliver a faster growing return, which allows us to increase the rate of dividend growth for shareholders.

"This is a busy and exciting time for Lok'nStore as we rapidly grow and improve the quality of our owned portfolio creating value for our shareholders without significantly increasing risk."

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