



April 11, 2024



**SHURGARD TO ACQUIRE LOK'NSTORE**

# TRANSACTION SUMMARY

## Compelling strategic and portfolio rationale

- Acquisition of Lok'nStore doubles the size of Shurgard in the UK from 48 stores to 100 stores (including pipeline) and represents two years of total Shurgard growth
- Increased exposure to London, South-East and Manchester, which have attractive underlying market dynamics and demographics
  - Highly complementary with Shurgard's London focused portfolio
- High-quality purpose-built stores with large growth potential through:
  - Existing store occupancy ramp-up (from 67% today to 90% fully stabilized)
  - Stabilization of secured development pipeline, representing 29% of Lok'nStore's fully built-out MLA<sup>1</sup>
- This acquisition has a combination of existing assets and attractive development pipeline which enhances our growth profile
  - 17 owned stores / 9 leased stores / 17 stores under management contract
  - Secured development pipeline: 8 owned stores / 1 store under management contract
- Further reinforce our UK future growth potential, leveraging Lok'nStore's strong track record in developing quality assets

## 100% cash acquisition at £11.10 for each Lok'nStore share

- Acquisition of Lok'nStore at a price of £11.10 per share, representing total equity value of £378m and total all-in cost of €613m<sup>2</sup>
- Shurgard will acquire the entirety of Lok'nStore's share capital, with shares to be delisted upon closing. The transaction is expected to be executed via a Scheme of Arrangement
  - 16% premium to spot (as at April 10, 2024)
  - 32%/37% premium to 1m/3m VWAP
- Board recommended deal with c.19% hard irrevocables from key shareholders including c.13% from Lok'nStore Chairman, CEO and founder Andrew Jacobs
- Initially financed 100% through bridge facility
- Expected to complete in July 2024

## Operating and financial benefits

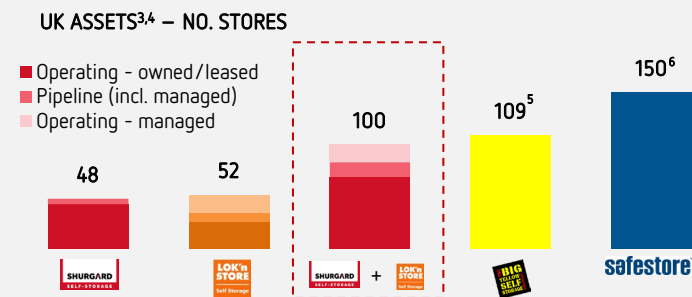
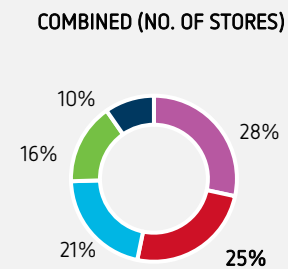
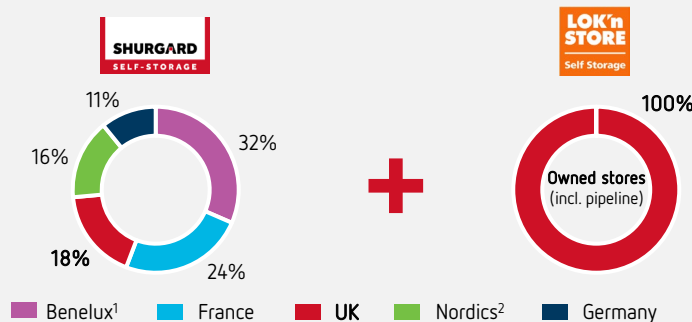
- Future stabilized NOI yield of c.8% at maturity (5-6 years), inclusive of ramp up of existing sites and secured development pipeline
- Total estimated operating, G&A and tax synergies of c.€4-5m in first full year, with incremental tax savings as the business grows
  - Lok'nStore to be integrated into Shurgard UK REIT
- Pro forma capital structure post deal within Shurgard guidance levels
  - We remain committed to a robust balance sheet and our financial policy in the medium term
- Accretion on Shurgard adjusted EPRA earnings per share: mid-single digit dilutive in 2024, neutral in 2025 and accretive from 2026 onwards

1. Comprising 50k sqm secured development pipeline (including 8 owned stores and excluding 1 store under management contract); 2. Including secured development pipeline costs to be spent over the next 3 years of €83m, refurbishment capex of €13m and transaction costs of €32m. FX rate as at April 10, 2024

# STRATEGIC RATIONALE

## Doubles UK portfolio by stores in one acquisition

Increased UK exposure:  
London,  
South-East and  
Manchester



### TARGETED APPROACH TO MARKET CONSOLIDATION

Adds two additional UK core growth markets:  
**South-East and Manchester**

**9m** South-East population

Access to region as large as London and highest income per inhabitant in UK (after London)

**4m** Greater Manchester population

Develop foothold in 2<sup>nd</sup> largest metropolitan area in UK (after London)

Highly concentrated & efficient portfolio

Across London, South-East and Manchester

High quality Lok'nStore portfolio

**171k sqm**  
Owned MLA<sup>7</sup>  
*(including secured development pipeline)*

**43%<sup>7</sup>**  
Portfolio built since January 2022  
*(owned assets - operating & secured development pipeline)*

**76%<sup>7</sup>**  
Purpose built  
*(including secured development pipeline)*

### INCOME FROM STORES UNDER MANAGEMENT CONTRACT

**18** stores *(including one in pipeline)*

**£1.7m** management fee p.a. *(FY23A)*

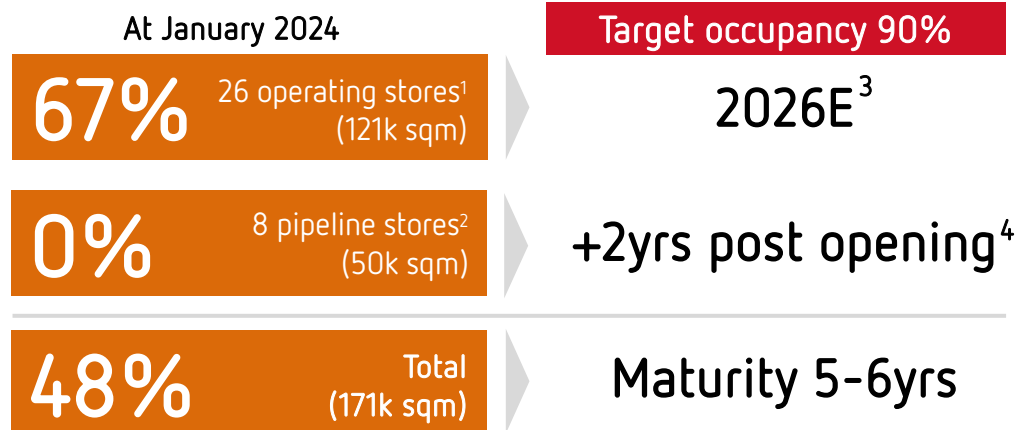
1. Belgium and Netherlands; 2. Denmark and Sweden; 3. Lok'nStore excludes Sunbury; 4. Big Yellow includes Armadillo stores; 5. Big Yellow Trading Statement (January 11, 2024); 6. Safestore Q1 2024 Trading Update (February 22, 2024); 7. Excludes all stores under management contract and excludes 1 owned store (Sunbury)

# STRATEGIC RATIONALE (CONT'D)

Acquisition of Lok'nStore provides an additional 171,000 sqm MLA, representing two full years of Shurgard's targeted annual expansion (2x 90,000 sqm)

Lok'nStore enhanced growth profile

## BLENDING OCCUPANCY – OWNED STORES



## PIPELINE MLA

	<b>SHURGARD</b> SELF-STORAGE (FY23A)	+	<b>LOK'n STORE</b> Self Storage	=	<i>Pro Forma</i>
MLA	149k sqm		50k sqm <sup>2</sup>		199k sqm
# stores <sup>5</sup>	25		8		33
% of fully built-out MLA	c.10% <sup>6</sup> <i>Total Shurgard</i>		c.29% <sup>1,6</sup>		c.12% <sup>1,6</sup> <i>Total Shurgard</i>

## SECURED DEVELOPMENT PIPELINE – OWNED STORES AND STORES UNDER MANAGEMENT CONTRACT<sup>5,7</sup>

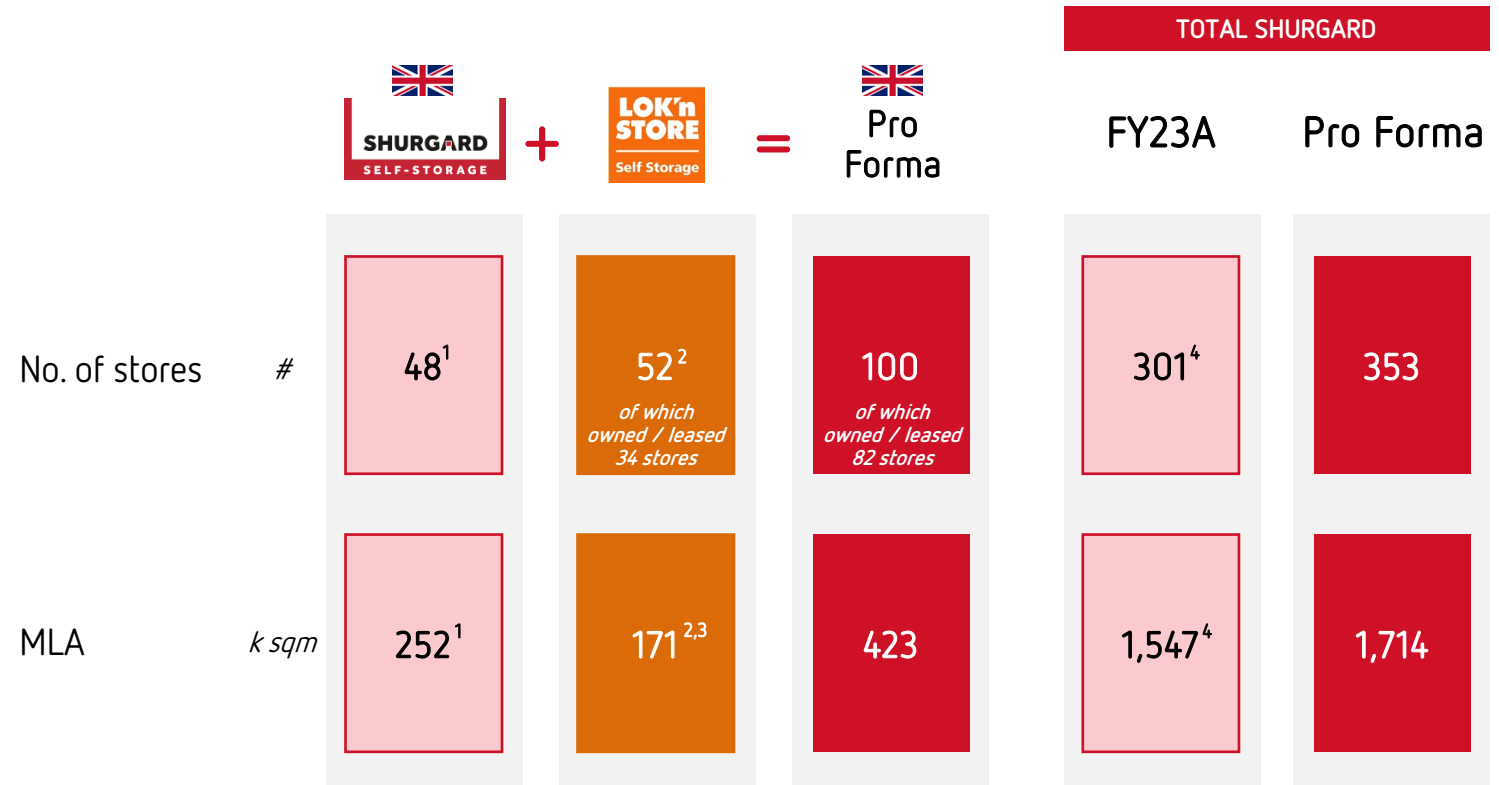
Asset	Opening	Status	MLA (k sqm)
Staines	Spring 2024	On Site	6.2
Barking	2025	Planning consent granted	5.4
Bolton	2025	Planning consent granted	5.6
Cheshunt	2026	Planning consent granted	7.8
Eastbourne 2	2026	Planning consent granted	5.4
Bournemouth	2026	Further planning application submitted	7.0
Altrincham	2026	Further planning application submitted	5.9
Milton Keynes Watling	2026	Planning application submitted	6.5
<b>Total</b>			<b>49.7</b>
Bromborough (under management contract)	Autumn 2024	On site	4.6

**€83m<sup>5</sup>**  
Capex to completion  
(secured development pipeline)

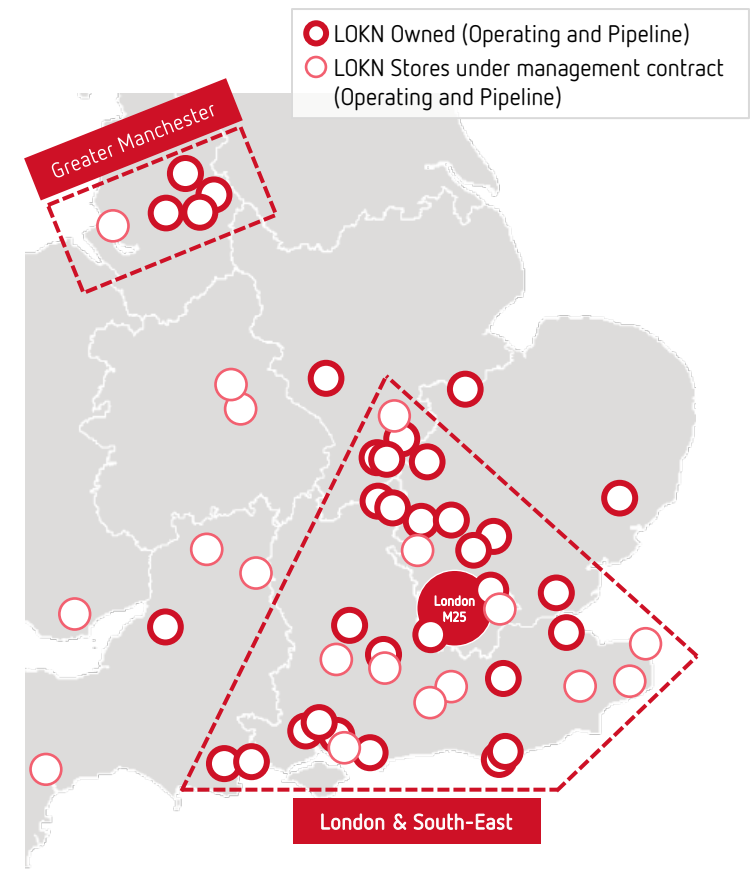
1. Excludes Sunbury; 2. Secured development pipeline excluding 1 store under management contract; 3. Stabilized occupancy for operating assets; 4. Stabilized occupancy for pipeline assets; 5. Owned and leased stores; 6. Sum of pipeline capex divided by GAV of operating assets plus development capex at cost; 7. Excludes Basildon (owned store completed December 2023) and Kettering (store under management contract recently completed)

# ACQUISITION INCREASES SHURGARD UK SCALE AND GROWTH PROFILE

## Shurgard UK portfolio post combination



## Increased exposure in South-East & Manchester



1. Includes Shurgard's 5 pipeline stores (36k sqm) (excludes 3 sites completed 2023 and 2 redevelopments); 2. Excludes 1 operating owned store (Sunbury); 3. Excludes all stores under management contract; 4. Includes 25 pipeline stores (149k sqm) (excludes 16 sites completed 2023 and 10 redevelopments)

# ROBUST BALANCE SHEET AND RETURNS

- Initially financed 100% through bridge facility
- Total all in cost €613m<sup>1</sup>
- Pro forma leverage of 25% LTV and 6.2x Net debt/Underlying EBITDA at acquisition (including bridge financing)
- We maintain a financial policy with a target to keep LTV at c. 25% and, 4.0x to 5.0x Net debt/ Underlying EBITDA, with a short-to medium-term maximum of 35% LTV or above 5.0x Net debt/Underlying EBITDA
- We aim to finance Lok'nStore and Shurgard's future development pipeline with a mix of debt and equity
- We remain committed to a robust balance sheet and being within our financial policy in the medium term

1. Including secured development pipeline costs to be spent over the next 3 years of €83m, refurbishment capex of €13m and transaction costs of €32m. FX rate as at April 10, 2024

# ANTICIPATED TRANSACTION TIMELINE

Key Events	Dates
Rule 2.7 announcement	April 11
Publication of Scheme Document	Early May (within 28 days of R2.7 announcement)
Earliest Date for Lok'nStore shareholder meetings	Late May, held 21+ days after the Scheme posted
Court Sanction Hearing	Early July
Closing	In July

# SELECTED ASSETS

**BASILDON**



**BEDFORD**



**HEMEL HEMPSTEAD**



**KETTERING**



**PETERBOROUGH**



**STAINES**



**STEVENAGE**



**WARRINGTON**



**WELLINGBOROUGH**

