OK Self-Storage Group

Consolidated statement of profit or loss and other comprehensive income

(Amounts in NOK 1 000)

	Note	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Continuing operations			
Revenue	6, 7	80 877	7 889
Other operating income	6	-	461
Property-related expenses	25	33 829	1 765
Salary and other employee benefits	9	11 340	1 081
Depreciation	13	4 224	985
Other operating expenses	7, 10, 27	9 687	1 041
Operating profit before fair value adjustments		**21 797**	**3 478**
Change in fair value of investment properties	8	17 832	1 781
Operating profit		**39 629**	**5 259**
Finance income	11	233	75
Finance expense	11	1 247	108
Profit before tax		**38 615**	**5 226**
Income tax expense	12	9 785	1 304
Profit for the period		**28 830**	**3 922**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
- currency translation difference		-114	-
Other comprehensive income for the period, net of income tax		**-114**	**-**
Total comprehensive income for the period		**28 716**	**3 922**
Earnings per share			
Basic and diluted (in NOK)	20	9,57	1,73

OK Self Storage Group AS
Consolidated statement of financial position

(Amounts in NOK 1 000)

ASSETS	Note	31 December 2016	31 December 2015	1 October 2015
Non-current assets				
Investment property	8	163 738	35 067	31 117
Property, plant and equipment	13, 23	45 291	22 809	23 794
Goodwill	14	51 985	-	-
Total non-current assets		261 014	57 876	54 911
Current assets				
Inventories	16	1 623	-	-
Trade and other receivables	17, 23	10 577	626	1 047
Other current assets		15 078	1 973	617
Cash and bank deposits	18,21	34 115	6 661	5 380
Total current assets		61 393	9 260	7 044
TOTAL ASSETS		322 407	67 136	61 955
EQUITY AND LIABILITIES				
Equity				
Issued share capital	19, 20	395	227	227
Share premium		89 863	30	30
Other reserves		-114	-	31 917
Retained earnings		64 903	35 879	-
Total equity		155 047	36 136	32 174
Liabilities				
Non-current liabilities				
Long-term interest-bearing debt	22	23 179	7 551	7 773
Deferred tax liabilities		4 383	3 248	2 677
Obligations under finance leases	24	526	910	1 003
Total non-current liabilities		28 088	11 709	11 453
Current liabilities				
Short-term interest-bearing debt	22, 27	86 169	3 868	3 862
Trade and other payables		8 743	859	112
Income tax payable	12	8 171	2 748	2 604
Other taxes and withholdings		3 912	1 655	-
Obligations under finance leases	24	384	368	366
Other current liabilities	26, 27	31 893	9 793	11 384
Total current liabilities		139 272	19 291	18 328
Total liabilities		167 360	31 000	29 781
TOTAL EQUITY AND LIABILITIES		322 407	67 136	61 955

Oslo, 11 August 2017

Martin Nes
Chairman of the Board

Gustav Sigmund Søbak
Board member

Jan Frode Frøiland
Board member

Runar Vatne
Board member

Fabian Emil Søbak
Board member and CEO

OK Self-Storage Group

Consolidated statement of Changes in Equity

For the period ended 31 December:

(Amounts in NOK 1 000)

	Share capital	Share premium	Currency translation reserve	Retained earnings	Total equity
Balance at 1 October 2015	227	30		31 917	**32 174**
Profit (loss) for the period				3 922	**3 922**
Other comprehensive income (loss) for the period net of income tax					**-**
Total comprehensive income for the period	**-**	**-**	**-**	**3 922**	**3 922**
Effect change in tax rates				40	**40**
Balance at 31 December 2015	**227**	**30**	**-**	**35 879**	**36 136**
Balance at 1 January 2016	227	30	-	35 879	**36 136**
Profit (loss) for the period				28 830	**28 830**
Other comprehensive income (loss) for the period net of income tax			-114		**-114**
Total comprehensive income for the period	**-**	**-**	**-114**	**28 830**	**28 716**
Issue of ordinary shares	168	89 833			**90 000**
Effect change in tax rates				194	**194**
Balance at 31 December 2016	**395**	**89 863**	**-114**	**64 903**	**155 047**

OK Self-Storage Group
Consolidated statement of cash flows

(Amounts in NOK 1 000)	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Cash flows from operating activities		
Profit before tax	38 615	5 226
Income tax paid	-2 748	-
Interest paid	663	7
Depreciation	4 224	985
Change in fair value of investment property	-17 832	-1 781
Change in trade and other receivables	-390	442
Change in trade and other payables	4 615	741
Change in other current assets	6 279	-1 374
Change in other current liabilities	1 484	687
Net cash flows from operating activities	**34 910**	**4 933**
Cash flows from investing activities		
Payments for investment property	-52 813	-360
Payments for property, plant and equipment	-2 972	-1 013
Proceeds from disposal of property, plant and equipment	561	1 372
Net cash outflow on acquisition of subsidiaries	-137 482	-8 984
Net cash flows from investing activities	**-192 706**	**-8 985**
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	90 000	-
Proceeds from borrowings	128 291	5 700
Repayment of borrowings	-32 904	-367
Net cash flows from financing activities	**185 387**	**5 333**
Net change in cash and cash equivalents	27 591	1 281
Cash and cash equivalents at beginning of the period	6 661	5 380
Effect of foreign currency rate changes on cash and cash equivalents	-137	-
Cash and equivalents at end of period	**34 115**	**6 661**

OK Self Storage Group AS – notes to the consolidated financial statements for the year ended 31 December 2016

Note 1 General information

OK Self Storage Group AS ("the Company") is a limited liability Company incorporated and domiciled in Norway. The address of the registered office is Rønningen 38, 1385 Asker

OK Self Storage Group AS is the parent company of the OK Self Storage Group. The Group provides self-storage facilities to customers throughout Norway, Sweden and Denmark.

These consolidated financial statements, which are the first consolidated financial statements prepared by the Group, were approved for issue by the Board of Directors on 11 August 2017. Some minor rounding differences may occur, entailing that the total may deviate from the total of the individual amounts. This is due to the rounding to whole thousands of individual amounts.

Note 2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all periods presented. Amounts are in thousands of Norwegian kroner (NOK) unless stated otherwise. The functional currency of the parent company is NOK, which is also the presentation currency of the Group. Amounts are stated in NOK thousands unless stated otherwise.

Basis of preparation
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements have been prepared on the historical cost basis except for investment property, which is measured at fair value with gains and losses recognised in profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in applying the Group's accounting policies. Areas involving a high degree of judgment or complexity, and areas in which assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Principles of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Group has power over the investee, is exposed, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Business combinations
Business combinations are accounted for using the acquisition method. The consideration transferred and all the identifiable assets and liabilities of an acquired business are measured at fair values at the date of acquisition. Acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured at the amount by which the total consideration transferred exceeds the net fair value of assets acquired. Goodwill is not amortized, but its value is tested for impairment at least annually, or more frequently when there is an indication that the cash-generating unit to which goodwill has been allocated, may be impaired. Goodwill is allocated to each of the Group’s cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition
Revenue is measured at the fair value of the considerations received or receivable. Revenue is reduced for rebates and other similar allowances.

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 storage facility location. Customers are either automatically charged in advance on a monthly basis (credit card payments) or invoiced on a monthly basis.

b) Retail sales: The Group operates a packaging shop and an online store for selling storage ancillary goods such as boxes, tape and bubble-wrap. Sales are recognised at point of sale when the product is delivered to a customer.

c) Insurance: Customers may choose to insure their goods in storage, either through City Self Storage (CSS) or their own insurance. CSS acts as an agent and the customers are invoiced on a monthly basis. Insurance is not offered as a product to customers in the OK Minilager segment.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and the rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Investment property
Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from a change in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period during which the property is derecognized.

Foreign currencies
In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange confirmed by the Central Bank of Norway in effect at the reporting date.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign subsidiaries are translated into NOK using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Current and deferred tax
Income tax expense represents the sum of taxes currently payable and deferred tax.

Current tax payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for taxable temporary differences and deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Currently, no deferred tax asset has been recognized in the consolidated financial statements of the Group.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment
Tangible non-current assets are stated at cost less accumulated depreciation and any impairment losses (see impairment of assets below). Acquisition cost includes expenditures that are directly attributable to the acquisition of the individual item.

Depreciation is calculated on a straight-line basis in order to write down the cost of the tangible assets to their residual values over their expected useful lives. If significant individual parts of the assets have different useful lives, they are recognized and depreciated separately. Depreciation commences when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-financial assets
At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that are subject to depreciation or amortization are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is recognized if the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). An impairment loss is recognized immediately in profit or loss, reducing the carrying value to the recoverable amount.

Non-financial assets (or cash generating units) other than goodwill that have suffered impairment charges are reviewed for possible reversal of the impairment at each reporting date. A reversal is recognized immediately in profit or loss and increases the carrying amount of the asset to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out (FIFO) basis. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale. Appropriate impairment losses have been recognized for obsolescence.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and other short-term highly liquid investments with original maturities of three months or less.

Interest-bearing borrowings
Interest-bearing bank loans and overdraft are initially recorded at fair value, net of directly attributable transaction costs. Finance charges, including premium payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are included within the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial assets
The Group’s financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the asset. The assets are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership to another party.

The Group's financial assets are classified as “loans and other receivables and consist of "trade and other receivables" and "cash and cash equivalents". Management determines the classification of its financial assets at initial recognition, and the classification of financial assets depends on the nature and purpose of the financial assets.

Financial assets are assessed for indicators of impairment at the end of the reporting period and are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial liabilities and equity instruments
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group are recognized at the proceeds received, net of any issue costs. Transaction costs directly attributable to the issue of equity are recognized directly in equity, net of tax.

Financial liabilities
The Group's financial liabilities are classified as “other financial liabilities” and consist of “debt to financial institutions” and “trade and other payables”. These financial liabilities are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method.

Earnings per share
Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated as profit or loss attributable to ordinary shareholders of the Group, adjusted for the effects of all dilutive potential options.

Note 3 Adoption of new and revised International Financial Reporting Standards (IFRSs)

Standards and Interpretations affecting amounts reported in the current period

These consolidated financial statements are the first consolidated financial statements issued by the Group. All relevant new and revised IFRSs and IFRIC interpretations that are mandatory for periods commencing 1 January 2016 and earlier have been adopted for all periods presented in these consolidated financial statements.

Standards and Interpretations in issue but not yet adopted

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations had been issued by the IASB but were not effective for the financial year ended 31 December 2016.

Management anticipates that these Standards and Interpretations will be adopted in the Group’s consolidated financial statements for periods beginning 1 January 2017 or later. Effective dates are as applicable for IFRSs as adopted by the European Union as these in some cases may deviate from the effective dates as issued by the IASB.

IFRS 16 *Leases*, issued in January 2016 and applicable to accounting periods commencing on and after 1 January 2019 (not yet endorsed by the EU) will replace the current standard on leasing IAS 17 Leasing. The new standard will have significant implications on the recognition of lease expenses, non-current assets, interest-bearing liabilities as well as on key financial ratios. IFRS 16 removes the current distinction between operating and finance leases and introduces a single lessee accounting model. When applying the new model, a lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset value is low, and recognise depreciation of leased assets separately from interest on lease liabilities in the income statement. The full impact of the implementation of IFRS 16 has not yet been considered by management. The operating lease commitments are primary relating to rent of property. As of December 31, 2016 operating lease commitments regarding property were NOK 469 million. In addition, the group has operating lease commitments regarding cars and office equipment.

It is considered that the impact of the adoption of the new and revised/amended Standards and Interpretations in the table below will not be material to the consolidated financial statements of the Group:

Standard/ Interpretation	Title	Date of issue	Applicable to accounting periods commencing on
IFRS 9	*Financial Instruments*	July 2014	1 January 2018
IFRS 15	*Revenue from Contracts with Customers*	May 2014	1 January 2018
Clarification to IFRS 15[1]	*Revenue from Contracts with Customers*	April 2016	1 January 2018

IFRS 17[1]	*Insurance Contracts*	May 2017	1 January 2019
Amendments to IAS 12[1]	*Recognition of Deferred Tax Assets for Unrealised Losses*	January 2016	1 Januar 2017
Amendments to IAS 7[1]	*Disclosure Initiative*	January 2016	1 Januar 2017
Amendments to IFRS 2[1]	*Classification and Measurement of Share-based Payment Transactions*	June 2016	1 January 2018
Amendments to IFRS 4[1]	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*	September 2016	1 January 2018
Annual improvements[1]	*Annual improvements to IFRSs 2014-2016 cycle*	December 2016	1 January 2018/1 January 2017
Amendments to IAS 40[1]	*Transfers of Investment Property*	December 2016	1 January 2018
IFRIC 22[1]	*Foreign Currency Transactions and Advance Consideration*	December 2016	1 January 2018
IFRIC 23[1]	*Uncertainty over Income Tax Treatments*	June 2017	1 January 2019
Amendments to IFRS 10 and IAS 28[1]	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	September 2014	Deferred indefinitely
IFRS 14	*Regulatory Deferral Accounts*	January 2014	1 January 2016. EU endorsement process not launched. EC will wait for the final standard

Note 4 Critical accounting judgments and key sources of estimation uncertainty

Critical accounting estimates and judgments
In the application of the Group's accounting policies, as described in note 2, management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are evaluated on an on-going basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant.

Investment properties
Investment property is valued at its fair value on the basis of a quarterly valuation updates, and based on estimates made by external advisors. The Group values its self-storage facilities using a discounted cash flow methodology which is based on projections for future periods. Principal assumptions and estimates underlying the fair value relate to expected future growth in rental income and operating costs, maintenance requirements and discount rates.

Income taxes
Management judgment is required in determining provisions for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognized. As of 31 December 2016, the company has not recognized any net deferred tax assets. The Group is also subject to income taxes in various jurisdictions. Judgment is required in determining the Group's provision for income taxes. There may be transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax liability and expense in the period in which such determination is made.

Impairment of assets
The carrying amounts of non-current tangible and intangible assets are assessed by means of impairment tests whenever there is an indication of impairment. Any impairment of goodwill is nevertheless assessed at least annually. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require management to estimate the future cash flows expected to arise from the

cash-generating unit and a suitable discount rate in order to calculate present value. As of 31 December 2016, the amount of goodwill tested for impairment amounted to TNOK 51 985. No impairment losses were recognized in 2015 or 2016. Details of the impairment loss calculation are set out in note 14.

Note 5 Financial instruments risk management objectives and policies

The Group's financial assets and liabilities comprise cash and bank deposits, trade receivables, trade payables, loans from financial institutions, loans from shareholders and various other financial assets and liabilities. All financial assets and liabilities are carried at amortized cost. The carrying value of all financial assets and liabilities approximates their fair value. Refer to note 21 and note 22 for further details.

The Group finances its activities through borrowings, by issuing equity instruments and through operations. The Group does currently not use financial derivatives. The Group is subject to market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

Liquidity risk
The Group manages liquidity risk by estimating and monitoring cash and liquidity needs on an on-going basis, and maintaining adequate reserves and banking facilities. The Group has sufficient cash available to meet its obligations as at 31 December 2016. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms. One of the subsidiaries, OK Minilager AS, has loan agreements that are subject to covenant clauses, whereby the company is required to meet certain key financial ratios; the company must obtain a positive year-end result, and obtain an equity ratio of 20-35%. Part of the equity can be substituted with subordinated loans from shareholders. The Group complied with all covenants in the year.

Credit risk
Credit risk is the risk of a counterparty defaulting. The Group's credit risk is limited to trade receivables and is mitigated by the fact that a credit check is performed, using credit rating agencies, for all new customers. Rent is generally invoiced monthly in advance. Historically, losses on receivables have been low and an allowance has been made for anticipated future losses on current balances. Other financial assets comprise largely bank deposits. The carrying value of the assets represents the Group's maximum exposure to credit risk.

Interest rate risk
The Group's interest rate risk is largely limited to variations in interest rates of bank deposits and interest on loans from financial institutions and shareholders. The interest rate risk is limited by depositing funds in a number of financial institutions, and using fixed interest rate deposits. Only the subsidiary OK Minilager AS has external loans as at 31 December 2016

Foreign currency risk
The Group undertakes business in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from purchase of goods and IT services in British pounds. The Group has operations in Denmark and Sweden and is exposed to fluctuations in Danish and Swedish kroner (DKK and SEK)).

Capital management
The Group aims to sustain an adequate equity ratio, and is focusing on maintaining sufficient cash resources to ensure the ability to finance further activities.

Note 6 Revenue

(Amounts in NOK 1 000)

The following is an analysis of the Group's revenue for the period, all from continuing operations:

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Revenue from self-storage services	76 166	7 889
Revenue from retail sales	2 233	-
Revenue from insurance services	1 221	-
Other revenue	1 257	-
Total revenue	**80 877**	**7 889**
Geographical analysis of revenues:		
Norway	60 644	7 889
Sweden	11 151	-
Denmark	9 081	-
Total revenue	**80 877**	**7 889**

The georaphical allocation is based on the location of the business operations.

Note 7 Segment information

(Amounts in NOK 1 000)

Management has determined the operating segments based on reports reviewed by the CEO and management group and Board, and which are used to make strategic and resource allocation decisions. During the fourth quarter of 2016, after the acquisition of the City Self-Storage companies (see note 14 for details of the acquisition), the Group decided to report management information based on the two concepts offered by the Group, City Self-Storage (CSS) and OK Minilager (OKM). The subsidiaries Skolmar 23 Eiendom AS, acquired on 1 October 2015 and Wallemslien 18 AS, acquired in November 2016, are included in "Other", along with head office functions and unallocated income and expenses.

The "Eliminations" column includes eliminations of inter-company transactions and balances. Adjustments necessary to reconcile management information with the Group's accounting principles (IFRS compliant) have been made on a total level, reconciling the total of the operating segment's EBITDA to the Group's consolidated profit before tax under IFRS. The item Sales income in the segment reporting corresponds to Revenue as recognised under IFRS (no adjustments required). The financial information included for the operating segments for the period is presented in accordance with principles in Norwegian financial reporting standards (NGAAP) for small entities.

The Group's reportable segments are as follows:

OK Minilager (OKM)	Nationwide presence in Norway offering climate controlled storage units and container based storage.
City Self-Storage (CSS)	Climate controlled facilities in all Scandinavian countries, with a primary focus on the capital cities of Oslo, Stockholm and Copenhagen.
Other	The remainder of the Group's activities, including administration and management activities not attributable to the operating segments described above.

For the year ended 31 December 2016	**CSS**	**OKM**	**Other**	**Eliminations**	**Total**
Sales income	40 912	39 833	986	-854	80 877
Other income	-	-	-	-	0
Operating costs	-36 425	-19 637	-63	854	-55 271
EBITDA	4 487	20 196	923	-	25 606
Reconciliation to profit before tax as reported under IFRS					
Depreciation	-	-	-	-	-4 224
Change in fair value of investment property	-	-	-	-	17 832
Finance lease expense	-	-	-	-	415
Finance income	-	-	-	-	233
Finance expense	-	-	-	-	-1 247
Profit before tax	-	-	-	-	**38 615**

For the three month period ended 31 December 2015	**CSS**	**OKM**	**Other**	**Eliminations**	**Total**
Sales income	-	7 889	213	-213	7 889
Other income	-	461	-	-	461
Operating costs	-	-4 203	-2	213	-3 992
EBITDA	-	4 147	211	0	4 358
Reconciliation to profit before tax as reported under IFRS					
Depreciation	-	-	-	-	-985
Change in fair value of investment property	-	-	-	-	1 781
Finance lease expense	-	-	-	-	105
Finance income	-	-	-	-	75
Finance expense	-	-	-	-	-108
Profit before tax	-	-	-	-	**5 226**

Note 8 Investment property

(Amounts in NOK 1 000)

Investment property is measured at fair value. Gains and losses arising from a change in the fair value of investment property are included in profit or loss in the period in which they arise. The company's valuation process is based on valuations performed by an independent external party, supplemented by internal analysis and assessments. The valuations are reviewed on a quarterly basis.

Properties are valued by discounting future cash flows. Both contractual and expected future cash flows are included in the calculations. Fair value assessments depend largely on assumptions related to market rent, discount rates and inflation. Market rent is based on individual assessments for each property.

Carrying value of investment property

Changes in the carrying amount of investment property are specified in the table below.

	For the year ended 31 December 2016	**For the three month period ended 31 December 2015**
Balance at beginning of the period	35 067	31 117
Additions	52 813	2 169
Acquisitions through asset acquisitions	58 026	-
Gain/loss on property revaluation	17 832	1 781
Balance at end of the period	163 738	35 067

Rental income amounting to NOK 76 166 for the year ended 31 December 2016 (2015: NOK 7 889) are recognised in Revenue (note 6).

Property-related expenses relating to investment properties are recognised in profit or loss.

The group had no significant contractual obligations for construction contracts related to investment properties at 31 December 2015 or 31 December 2016.

Fair value assessment

Changes in fair value of investment property are specified in the table below

	Determination of fair value using			
	Observable market value for corresponding assets and iabilities (level 1)	Other significant observable input (level 2)	Other significant unobservable input (level 3)	**Total estimated fair value**
Investment property	-	-	163 738	163 738
Total investment property as at 31 December 2016	**-**	**-**	**163 738**	**163 738**
Investment property	-	-	35 067	35 067
Total investment property as at 31 December 2015	**-**	**-**	**35 067**	**35 067**

Level 1: Investment property valued based on quoted prices in active markets for identical assets.
Level 2: Investment property valued based on observable market information not covered by level 1.
Level 3: Investment property valued based on information that is not observable under level 2.

Note 9 Salary and other employee benefits

(Amounts in NOK 1 000)

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Salaries and wages	9 530	949
Social security tax	1 344	123
Pension expense	229	-
Other	237	9
Total salary and other employee benefits	**11 340**	**1 081**
Average number of full time equivalent employees	19	7

The Group has a defined contribution pension scheme that complies with requirements of Norwegian occupational pension legislation (OTP).

Remuneration to key management

Total remuneration to key management during the year ended 31 December is as follows:

	For the year ended 31 December 2016	
	Salary	expense
CEO	200	4
Other key management	1 000	20
Total key management remuneration	1 200	24

	For the three month period ended 31 December 2015	
	Salary	expense
CEO	-	-
Other key management	232	5
Total key management remuneration	232	5

Remuneration to Board of Directors

No remuneration was paid or due to the Board of Directors for 2016 or 2015.

Note 10 Auditor's fee

(Amounts in NOK 1 000)

Fees to auditors (exclusive of VAT) for the year ended 31 December are as follows:

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Audit fee	70	28
Other attest services	61	13
Total fee to auditor	131	41

Note 11 Finance income and finance expense

(Amounts in NOK 1 000)

Finance income

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Gain from trainsactions in foreign currency	135	-
Other finance income	98	75
Total finance income	**233**	**75**

Finance expense

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Loss from trainsactions in foreign currency	38	-
Interest cost	979	-
Interest on obligations under finance lease	46	14
Other fees and charges	184	94
Total finance expense	**1 247**	**108**

All finance income and expense relate to financial assets and financial liabilities measured at amortized cost.

Note 12 Income tax

(Amounts in NOK 1 000)

Specification of income tax expense

The tax benefit/(expense) is calculated based on income before tax and consists of current tax and deferred tax.

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Deferred tax expense	5 356	1 238
Current tax expense	4 429	66
Income tax expense	9 785	1 304

Income tax payable (balance sheet)	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Income tax payable	8 171	2 748
Deferred tax liabilities (balance sheet)	8 171	2 748

Effective Tax Rate

The difference between income tax calculated at the applicable income tax rate and the income tax exepense attributable to loss before income tax was as follows:

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Profit/(loss) before income tax	38 615	5 226
Statutory income tax rate	25 %	27 %
Expected income tax expense/(benefit)	9 654	1 411
Tax effect non deductible expenses	-80	-107
Effect of changes in tax rules and rates	-61	1
Change in deferred tax asset not recognized	272	-
Income tax expense/income for the year	**9 785**	**1 304**
Effective tax rate	25 %	25 %

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows:

	Norway	Sweden	Denmark	Total
Not time limited	3 912	141	18 958	**23 011**
Total tax losses carried forward	**3 912**	**141**	**18 958**	**23 011**
Of which not recognized as deferred tax assets		141	18 958	**19 099**

Deferred tax asset are not recognized for unused tax losses carried forward, as the Group cannot demonstrate that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Specification of the tax effect of temporary differences and losses carried forward

The tax effects of temporary differences and tax losses carried forward at 31 December are as follows:

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Investment property, property, plant and equipment	4 342	3 258
Finance Lease	51	-
Receivables	-8	-10
Tax losses carried forward	-1	-
Deferred tax asset (liability)	**4 383**	**3 248**

Deferred tax has been calculated using a tax rate of 24 % for 2016 and 25 % for 2015. This is the tax rates enacted as at 31 December 2017 and 31 December 2016.

Note 13 Property, plant and equipment

(Amounts in NOK 1 000)

Year ended 31 December 2016	Operating and office equipment	Equipment under finance leases	Total
Cost at 1 January 2016	39 562	2 021	**41 583**
Acquisitions through business combinations	24 291	-	**24 291**
Additions in the year	2 976	-	**2 976**
Disposals in the year	561	-	**561**
Cost at 31 Desember 2016	66 268	2 021	**68 289**
Accumulated depreciation at 1 January 2016	18 532	241	**18 773**
Depreciation in the year	4 066	158	**4 224**
Accumulated depreciation at 31 December 2016	22 598	399	**22 997**
Net carrying amount at 31 December 2016	**43 669**	**1 622**	**45 291**

Three month period 31 December 2015			Total
Cost at 1 October 2015	39 562	2 021	**41 583**
Additions in the period	-	-	**-**
Disposals in the period	-	-	**-**
Cost at 31 Desember 2015	39 562	2 021	**41 583**
Accumulated depreciation at 1 October 2015	17 586	202	**17 788**
Depreciation in the period	946	39	**985**
Accumulated depreciation at 31 December 2015	18 532	241	**18 773**
Net carrying amount at 31 December 2015	**21 029**	**1 780**	**22 809**
Estimated useful life	3-5 years	10-15 years	
Depreciation method	straight-line	straight-line	

Note 14 Business combinations

Acquisitions during the year

2016	*Main business activity*	*Date of business combination*	*Proportion of voting equity acquired*	*Acquiring entity*
City Self-Storage Norge AS	Self-storage solutions	28 September 2016	100 %	OK Minilager AS
City Self-Storage A/S	Self-storage solutions	28 September 2016	100 %	OK Minilager AS
City Self-Storage Sweden AB	Self-storage solutions	28 September 2016	100 %	OK Minilager AS
Selvaag Self-Storage AS	Holding	31 December 2016	100 %	OK Self-Storage Group AS

The above companies have been acquired with the purpose of continuing expansion of the group's activities, which focus on the self-storage sector in the largest cities in Scandinavia. The three operating companies were acquired on 28 September 2016, with their previous holding company, Selvaag Self-Storage AS being acquired on 31 December 2016. For accounting purposes these entities are considered as one operating segment and goodwill has been allocated on that level in the business combination.

Consideration

(Amounts in NOK 1 000)	City Self-Storage Norge AS	City Self-Storage A/S	City Self-Storage Sweden AB	Selvaag Self-Storage AS	Total
Cash	83 430	4 857	2 334	10 000	100 621
Total consideration	**83 430**	**4 857**	**2 334**	**10 000**	**100 621**

Assets and liabilities assumed in connection with the business combination of City Self-Storage Norge AS, City Self-Storage Sweden AB and City Self-Storage A/S and Selvaag Self-Storage AS have been recognised at the estimated fair value on the date of the business combination. Management has, on a provisional basis, determined that no fair value adjustments were required as the carrying values of assets and liabilities approximate their fair value at the date of acquisition. No not previously recognised intangible assets were identified.

The fair value of trade receivables in City Self-Storage Norge AS is NOK 5 290 thousands and includes an allowance for impairment of NOK 788 thousands.

The fair value of trade receivables in City Self-Storage Sweden AB is NOK 1 451 thousands and includes an allowance for impairment of NOK 164 thousands.

The fair value of trade receivables in City Self-Storage A/S is NOK 2 837 thousands and includes an allowance for impairment of NOK 62 thousands.

Identifiable assets and liabilities recognised on the date of the business combination

	Acquired 28 September 2016			Acquired 31 December 2016
(Amounts in NOK 1 000)	City Self-Storage Norge AS	City Self-Storage A/S	City Self-Storage Sweden AB	Selvaag Self-Storage AS
Deferred tax assets	523	-		3 096
Property, plant and equipment	11 722	6 843	5 568	55
Trade receivables	5 290	2 837	1 451	2
Other current assets	8 431	3 942	6 519	11 564
Cash and cash equivalents	14 264	3 784	1 445	
Trade payables	-1 105	-1 330	-727	-549
Other current liabilities	-14 100	-10 618	-9 153	-1 118
Fair value of net assets	**25 025**	**5 458**	**5 103**	**13 050**

Goodwill

(Amounts in NOK 1 000)	***All acquired entities***
Consideration transferred	100 621
Fair value of identifiable net assets acquired	(48 636)
Goodwill	**51 985**

Goodwill originating from the business combination is primarily related to anticipated synergies from on-going operations and the benefit of integrating the entire business into the group. No impairment has been recognised subsequent to the business combination.

The Group tests goodwill for impairment annually, or more often if internal or external indications of a loss in value exists. The goodwill in the Group is recognised and tested within the operating segment City Self-Storage, being the relevant group of cash generating units. The recoverable amount for this operating segment is determined using the value in use approach. Budgets (before tax) for the next year are utilised as the basis for estimating future cash flows and a discount rate of 10 per cent applied. Management's assessment is that goodwill would not suffer an impairment loss given a reasonable change in the key variables utilised in calculating the value in use for the relevant cash generating units.

Goodwill that has arisen as part of the business acquisition is not tax deductible.

Effect on group results

From 28 September 2016 through 31 December 2016, revenues of NOK 40 912 thousands and profit after tax of NOK 1 425 thousands were recognised for the acquired companies (except Selvaag Self-Storage, which was acquired on 31 December 2016).

If the operating businesses had been consolidated from 1 January 2016 the sales revenues for the group would have been NOK 204 309 thousands and the profit after tax for the Group in 2016 would have been NOK 31 245 thousands.

Note 15 Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows

					Proportion of ownership interest and voting power held by the group	
Name of subsidiary	**Principal activity**	**Date of acquisition**	**Type of acquisition**	**Country of operation**	**31 December 2016**	**31 December 2015**
City Self-Storage A/S	Self-storage services	28 September 2016	combination	Denmark	100 %	
City Self-Storage Norge AS	Self-storage services	28 September 2016	combination	Norway	100 %	
City Self-Storage Sverige AE	Self-storage services	28 September 2016	combination	Sweden	100 %	
Etterstadsletta 3 AS	Real estate	31 December 2016	Asset acquisition	Norway	100 %	
Nyvegen 7 Eiendom AS	Real estate	13 September 2016	Asset acquisition	Norway	100 %	
OK Minilager AS	Self-storage services		Asset acquisition	Norway	100 %	
Skolmar 23 Eiendom AS	Real estate	1 October 2015	Asset acquisition	Norway	100 %	100 %
Wallemslien 18 AS	Real estate	1 November 2016	Asset acquisition	Norway	100 %	
Selvaag Self Storage AS	Self-storage services	31 December 2016	combination	Norway	100 %	

Refer to note 19 for more information on restructuring of the group.
For more information on the business combination, please refer to note 14.

Note 16 Inventories

(Amounts in NOK 1 000)

Inventories comprise finished goods of NOK 1 623 as at 31 December 2016 (2015: nil) and include storage supplies for sale to customers.

No impairment charges that reduce the carrying value of inventories have been recognised during the period.

Inventories sold during 2016 have been expensed in profit or loss .

Note 17 Trade and other receiveables

(Amounts in NOK 1 000)

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Trade receivables	10 474	626
Allowances for impairment (analysed below)	103	-
Total trade receivables	**10 577**	**626**
Other receiveables	-	-
Total trade and other receivables	**10 577**	**626**

The above total represents the group's maximum exposure to credit risk at the reporting date.

Allowance for impairment	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Balance at the beginning of the year	-	-
Impairment losses recognised on trade receivables	456	-
Amounts reversed during the period	-103	-
Balance at the end of the year	**353**	**-**

Aging of past due but not impaired trade receivables	For the year ended 31 December 2016	For the three month period ended 31 December 2015
0-30 days	918	179
31-60 days	210	13
61-90 days	7	-
Over 90 days	-	-
Total trade receivables due but not impaired	1 135	192
Current	9 442	434
Total trade receivables net of allowance	10 577	626

Note 18 Cash and cash equivalents

(Amounts in NOK 1 000)

	As at 31 December 2016	As at 31 December 2015
Cash	113	-
Employee withholding tax	238	170
Variable rate bank accounts	32 711	6 491
Deposits	1 053	-
Total cash and cash equivalents	**34 115**	**6 661**

Of the total balance in cash and cash equivalents, NOK 238 (2015: NOK 170) relate to restricted funds for employee withholding taxes. The CSS companies had an employee withholding tax guarantee with Selvaag Gruppen until 31 December 2016.

Note 19 Share capital and shareholders

The share capital of NOK 395 400 consisted of 3 945 000 shares, each with a nominal value of NOK 0.1 at the end of 2016. All shares carry equal rights.

The movement in the number of shares during the year was as follows:

	For the year ended 31 December 2016	**For the three month period ended 31 December 2015**
Ordinary shares at beginning of period	227 000	227 000
Issue of ordinary shares	122 200	
Issue of ordinary shares	45 300	
Additional shares on establishment of OK Self-Storage Group AS	3 550 500	
Ordinary shares at 31 December	3 945 000	227 000

List of main shareholders at 31 Desember 2016:

Shareholder	Country	Number of shares	Ownership percentage
Feok AS	Norway	1 222 000	31,0 %
Centrum Skilt AS	Norway	1 135 000	28,8 %
Fabian Holding AS	Norway	1 000 000	25,3 %
Ferncliff Invest AS	Norway	453 000	11,5 %
Quicksand AS	Norway	135 000	3,4 %

The Group has been subject to restructuring of the legal structure during 2016. A new holding company, OK Self-Storage Group AS (OK SSG), was established on 22 November 2016 and 100% of the shares in OK Minilager AS were transferred to this company as an asset contribution in exchange for shares in OK SSG. There was no change in ownership, i.e. the former shareholders in OK Minilager AS received identical shareholdings in OKSSG in the capital reorganisation. In the new structure, OK SSG is legally the new Group parent company. However, as the operations of OK Minilager AS were continued, the historical carrying amounts of OK Minilager AS have been carried forward as the basis for accounting measurement purposes.

On establishment of OK Self-Storage Group AS as the Group's holding company, the share capital was split into 3 945 000 shares with a nominal value of 0.10 NOK.

Note 20 Earnings per share

(Amounts in NOK)

	For the year ended 31 December 2016	For the three month period ended 31 December 2015
Profit (loss) for the year	28 830 000	3 922 000
Weighted average number of outstanding shares during the year	3 012 541	2 270 000
Earnings (loss) per share - basic and diluted in NOK	9,57	1,73

At the establishment of OK Self-Storage Group AS, the share capital was split into 3 945 000 shares at a nominal value of NOK 0.10 per share (previously 394 500 shares at NOK 1 per share). Earnings per share have been calculated as if the proportionate change in the number of shares outstanding had taken place at the start of the earliest period for which earnings per share is presented to ensure comparability.

Basic and diluted earnings per share are identical as there have been no dilutive effects during the periods presented.

Note 21 Categories of financial assets and liabilities

(Amounts in NOK 1 000)

As at 31 December 2016	Loans and receivables	Financial liabilities measured at amortized cost	Total
Current financial assets			
Trade and other receivables	10 577	-	10 577
Cash and bank deposits	34 115	-	34 115
Total financial assets	**44 692**		**44 692**
Non-current financial liabilities			
Long term debt to financial institutions	-	23 179	23 179
Obligations under finance leases	-	526	526
Current liabilities			
Short term interest-bearing debt	-	86 169	86 169
Trade and other payables	-	8 743	8 743
Obligations under finance leases	-	384	384
Other current liabilities	-	31 893	31 893
Total financial liabilities	**89 384**	**150 894**	**240 278**

As at 31 December 2015	Loans and receivables	Financial liabilities measured at amortized cost	Total
Current financial assets			
Trade and other receivables	626	-	626
Cash and cash equivalents	6 661	-	6 661
Total financial assets	**7 287**	**-**	**7 287**
Non-current financial liabilities			
Long term debt to financial institutions	-	7 551	7 551
Obligations under finance lease	-	910	910
Current liabilities			
Short term interest-bearing debt	-	3 868	3 868
Trade and other payables	-	859	859
Obligations under finance leases	-	368	368
Other current liabilities	-	9 793	9 793
Total financial liabilities	**-**	**23 349**	**23 349**

The carrying amounts of financial assets and liabilities approximate their fair value as at 31 December 2016 and 31 December 2015 respectively. Arrangements with financial institutions are entered into on market terms, and the carrying value at the reporting date has been assessed as approximating fair value.

Note 22 Maturity analysis financial liabilities

(Amounts in NOK 1 000)

amortized costs.

	Amounts due in		
	less than 1 year	1-5 years	Total
For the year ended 31 December 2016			
Debt to financial institutions and related parties	86 169	23 179	**109 348**
For the three month period ended 31 December 2015			
Debt to financial institutions and related parties	3 868	7 551	**11 419**

The Group refinanced in Februrary 2016 parts of its long-term lending portefolio. The loans are classified in accurance with existing loan convenants.

Trade and other payables are due within three months.

Specification of loans

	2016	Currency	Maturity date	Interest rate
Handelsbanken	14 625	NOK	Jul-19	3,22 %
Handelsbanken	4 617	NOK	Feb-21	3,11 %
Handelsbanken	5 118	NOK	Sep-20	3,10 %
Handelsbanken	1 561	NOK	May-21	3,05 %
Ferncliff Invest AS	36 502	NOK	Feb-17	3 months NIBOR + 3 %
Ferncliff Invest AS	45 487	NOK	Aug-17	3 months NIBOR + 3 %
Santander Consumer Bank AS	190	NOK	Nov-19	4,16 %
Other liabilities to related parties	1 249	NOK		
Total bank borrowings at amortised cost	**109 348**			

For more information regarding related parties, please refer to note 27.

(amounts in NOK 1 000)	2015	Currency	Maturity date	Interest rate
Handelsbanken	1 306	NOK	Nov-19	6,50 %
Handelsbanken	2 600	NOK	Jun-22	6,20 %
Handelsbanken	1 700	NOK	May-20	4,20 %
Handelsbanken	5 558	NOK	Sep-20	3,10 %
Santander Consumer Bank AS	255	NOK	Nov-19	4,16 %
Total long term borrowings at amortised co	**11 419**			

Note 23 Assets pledged as security

(Amounts in NOK 1 000)

Accounts receivable and operating equipment in OK Minilager AS are pledged as security for loan to financial institutions up to NOK 20 370 thousand.

Liability secured by assets pledged as at 31 December 2016:	**26 109**
Carrying value of assets pledged as security as at 31 December 2016:	
Trade receivables	540
Operating equipment/containers	27 137
Total	**27 677**

Note 24 Obligations under finance leases

(Amounts in NOK 1 000)

Leasing arrangements

The Group leases certain of its property, plant and equipment under finance leases. The average lease term is 5 years. The Group has an option to acquire the equipment for a nominal amount at the end of the lease term. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are variable. An average rate applicable to similar loans has been used as the basis for calculating the financial liabilities .

Finance lease liabilities

	Minimum lease payments	
	As at 31 December 2016	**As at 31 December 2015**
Not later than one year	384	368
Later than one year and not later than five years	526	910
Present value of minimum lease payments	**910**	**1 278**
Finance charges	(46)	(14)

Included in the consolidated financial statement as:	**As at 31 December 2016**	**As at 31 December 2015**
- Current obligations (note 21)	384	368
- Non - current obligations (note 21)	526	910

Note 25 Operating lease

(Amounts in NOK 1 000)

The group operating leases relate primarily to the lease of property.

Future minimum lease payments

	As at 31 December 2016	**As at 31 December 2015**
Lease of Property		
Less than one year	56 280	4 522
Between one and five years	180 245	9 232
More than five years	174 215	6 207

	For the year ended 31 December 2016	**For the three month period ended 31 December 2015**
Lease expense recognised in profit or loss	19 533	803

Note 26 Other current liabilities

(Amounts in NOK 1 000)

	As at 31 December 2016	As at 31 December 2015
Loans from shareholders	4 000	-
Prepayments from customers	397	-
Payable to employees and shareholders	1 638	-
Other current liabilities	25 858	9 793
	31 893	9 793

All other liabilities are classified as current liabilities.

Loans from shareholders relate to subordinated loans (non-interest bearing).

Note 27 Related party transactions

(Amounts in NOK 1 000)

Balances and transactions between OK Self-Storage Group AS and its subsidiaries, which are related parties of OK Self-Storage Group AS, have been eliminated on consolidation and are not disclosed in this note. Details of transaction between the Group and other related parties are disclosed below.

During the year, the Group entered into the following trading transactions with related parties:

	Sale		Purchase	
	For the year ended 31 December 2016	**For the three month period ended 31 December 2015**	**For the year ended 31 December 2016**	**For the three month period ended 31 December 2015**
Ferncliff Invest AS	-	-	75	-

At 31 December, the Company had the following outstanding balances with related parties:

	Amounts owed by related parties (included in other receivables)		**Amounts owed to related parties (included in short-term interest-bearing debt and other current liabilities)**	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
Loans from key management personnel	-	-	5 249	6 044
Ferncliff Invest AS			81 989	

Note 28 Events after the reporting period

Merger

The Group's subsidiary Selvaag Self Storage AS merged with OK Self Storage Group AS with effect from 2 January 2017. Accounting for the merger was based on continuity in carrying values for both entities.

Share issue

On 3 January 2017 a share issue took place raising NOK 100 000 thousands in capital (less transaction costs of NOK 4 153 thousands) and increasing the share capital to NOK 479 thousands.

Loans from financial institutions

On 10 July 2017, the Group entered into an agreement with Handelsbanken to re-finance existing loans in Handelsbanken and to enable the Group to repay shareholder loans as well as financing future acquisitions of property. The new loan is NOK 75 million with an interest rate of 3 month NIBOR +1.45 pp. The loan is repaid over three years. All properties owned by OK Minilager AS are pledged as security.

Acquisition of properties

In the period from 1 January 2017, the Group has acquired the following properties:

Name of property	Amount (NOK 1000)	Date of acquisition	Type of acquisition
Godøygata 8 AS	7 014	31 March 2017	Company - asset acquisition
Budov AS (Trondheimsveien 436)	10 814	1 July 2017	Company - asset acquisition
Fabrikkveien 8	9 738	1 August 2017	Asset acquisition

Business combinations

On 30 June 2017, the Group acquired Minilageret through a business combination.

	Main business activity	*Date of business combination*	*voting equity acquired*	*Acquiring entity*
Minilageret AS	Self-storage solutions	30 June 2017	100 %	OK Minilager AS

The company has been acquired with the purpose of continuing expansion of the group's activities, which focus on the self-storage market in Norway. Minilageret AS was acquired on 30 June 2017 and will report as part of the OK Minilager (OKM) operating segment.

Consideration (amounts in NOK 1 000)	Minilageret AS
Cash	39 000
Shares in OK Self-Storage Group AS	26 000
Total consideration	65 000

Assets and liabilities assumed in connection with the business combination of Minilageret AS have been recognised at their estimated fair value on the date of the business combination. Fair value adjustments have been made to the investment property owned by Minilageret. No other adjustments to the carrying values of assets and liabilities have been identified. No not previously recognised intangible assets were identified. The estimates are provisional and may be subject to change during the measurement period, which is one year from the date of the acquisition.

Identifiable assets and liabilities recognised on the date of the business combination

(amounts in NOK 1,000)	*Carrying amount 30 June 2017*	*Fair value adjustments*	*Fair value 30 June 2017*
Investment property	49 204	40 517	89 721
Property, plant and equipment	596		596
Trade receivables	111		111
Other current assets	461		461
Cash and cash equivalents	1 090		1 090
Deferred tax liability	-421	-9 724	-10 145
Interest-bearing liabilites	-26 295		-26 295
Trade payables	-54		-54
Other current liabilities	-209		-209
Net assets	**24 483**	**30 793**	**55 276**

Goodwill

(amounts in NOK 1000)	Minilageret AS
Consideration	65 000
Fair value of identifiable net assets acquired	-55 276
Goodwill	**9 724**

Goodwill originating from the business combination arises due to the recognition of deferred tax on the fair value adjustment
Goodwill that has arisen as part of the business acquisition is not tax deductible.

Effect on group results

For the six months ended 30 June 2017 no revenue or results were recognised in the Group financial statements, as the company was acquired on 30 June 2017, i.e. the reporting date.

If these businesses had been consolidated from 1 January 2017 the sales revenues for the group would have been NOK 106 607 thousands and the profit after tax for the Group for the six months ended 30 June 2017 would have been NOK 23 729 thousands.

Note 29 Transition to IFRS

(Amounts in NOK 1 000)

These are the Group's first financial statements prepared in accordance with IFRS. The accounting principles described in note 2 have been utilized in the preparation of the Group's financial statements for the year ended 31 December 2016, for the comparative figures for the three months ended 31 December 2015, and in the preparation of the IFRS opening statement of financial position as at 1 October 2015, which is the date of transition to IFRS from Norwegian generally accepted accounting principles (NGAAP).

Implementation effects

Investment property

Under NGAAP all owned property is measured initially at cost, and is carried at cost less any accumulated depreciation and any acumulated impairment losses. Under IFRS, IAS 40 is to be applied in the recognition, measurement and disclosure of investment property. IAS 40 Investment property applies to the accounting for property held to earn rentals. Initially measured at cost, and subsequently measured using a fair value model.

Finance lease

Under previous GAAP, finance leases were accounted for using the same principle as operating leases; i.e. recognised as an expense on a straight-line basis over the lease term. Under IFRS the Group recognises finance leases at the commencement of the lease term and both the leased asset and the related lease obligation are recognised in the statement of financial position at an amount equal to the fair value of the leased asset, or if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

In subsequent periods, the leased asset should be depreciated over the shorter of the lease term and its estimated useful life. The depreciation policy should be consistent with that for depreciable assets that are owned. The difference between the total minimum lease payments and the amount at which the lessee recognises the outstanding liability at the inception of the lease represent a finance charge. This finance charge is allocated to accounting periods over the term of the lease so as to produce a constant periodic rat of interest on the remaining balance of the lease obligation for each period.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of OK Self-Storage Group AS

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of OK Self-Storage Group AS. The financial statements of the group comprise the consolidated statement of financial position as at 31 December 2016 and 2015[1], the consolidated statement of profit or loss and other comprenhensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the consolidated financial statements are prepared in accordance with the law and regulations.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the group, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation

[1] 2015 relates to the three months ended 31 December as the Group was establish 1 October 2015.

of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

These consolidated financial statements are prepared for the purpose of meeting requirements in ongoing business scenarios for IPO and does not represent a replacement of OK Self-Storage Group AS' annual financial statement for 2016 and 2015. Our audit report should only be used in relation to these consolidated financial statements.

Oslo, 11 August 2017
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Arild Breivold

Arild Breivold
State Authorised Public Accountant (Norway)