

# Interim Report Q4 2017

Self Storage Group ASA

 SELF STORAGE  
GROUP



# Contents

Highlights	2
Key Figures	2
Subsequent events	3
Financial development	4
Strategy	6
Corporate developments	8
Risks and uncertainty factors	8
Outlook	8
Financials	9
Alternative performance measures	17



# Highlights

- Revenues in Q4 2017 of NOK 55.3 million, up from NOK 50.8 million in Q4 2016
- Adjusted EBITDA was NOK 15.1 million, up from NOK 9.0 million in Q4 2016
- Positive change in fair value of investment properties of NOK 15.9 million to a total of NOK 338.6 million
- SSG reported NOK 212.1 million in revenues for the full year of 2017, with an adjusted EBITDA of NOK 54.2 million. Adjusted Net profit before tax was NOK 73.5 million
- Current lettable area (CLA) end of Q4 2017 was 103 700 m<sup>2</sup>, up from 93 800 in Q4 2016. Two new sites were opened during the quarter.
- Acquisition of 4 properties with a potential of 2 200 m<sup>2</sup> lettable area was completed. The facilities are expected to open spring 2018
- Average occupancy in Q4 for sites with more than 12 months of operation was 84,1% with an average rent per m<sup>2</sup> of NOK 2 337 per year
- Private placement of NOK 200 million and successful completion of Initial Public Offering (IPO). The first day of trading in the Group's shares on Oslo Stock Exchange was 27 October 2017
- Cash position at the end of Q4 2017 was NOK 195.2 million up from NOK 34.1 million in Q4 2016

# Key Figures

Summary adjusted financial and operating result

<b>KEY FIGURES</b>	<b>2 017</b>	<b>2 016</b>	<b>2 017</b>	<b>2 016</b>
(Unaudited figures in NOK million)	<b>Q4</b>	<b>Q4</b>	<b>YTD</b>	<b>YTD</b>
Revenue	55,3	50,8	212,1	80,9
Total operating costs <sup>1</sup>	40,2	41,8	158,0	54,9
Adjusted EBITDA	15,1	9,0	54,2	26,0
Adjusted EBIT	12,7	7,3	46,9	21,8
Change in fair value of investment properties	15,9	17,4	29,8	17,8
Adjusted Profit before tax	28,2	24,3	73,5	38,6
Adjusted Net profit	25,6	18,0	59,7	28,8
Current lettable area (in thousands m2)	103,7	93,8	103,7	93,8
Lettable area under development (in thousand m2)	12,3	N/A	12,3	N/A

<sup>1</sup> Adjusted for IPO and non-recurring items of NOK 3.9 million in Q4 2017 and NOK 9.5 million YTD

Alternative performance measures (APMs) are described in the corresponding section in the back of the report

\*CSS was acquired 28.9.2016. Minilageret AS was acquired 30 June 2017.

# Subsequent events

- Acquisition of the Minilager Norge group with 4 300 m<sup>2</sup> lettable area
- Acquisition of three properties in Halden, Lørenskog and Tromsø with a total potential lettable area of 3 300 m<sup>2</sup>
- Signed agreement to acquire two properties in Molde and Larvik with a total potential lettable area of 1 400 m<sup>2</sup>
- The Group has at the date of this report a total lettable area of 125 000 m<sup>2</sup>, including 17 000 m<sup>2</sup> lettable area under development. The Group has other rent income related to industries other than self-storage from 5 300 m<sup>2</sup> of the 21 300 m<sup>2</sup> yet not converted into self-storage units





# Financial development

## Revenue

Revenue for the fourth quarter was NOK 55.3 million, which is NOK 4.5 million up from fourth quarter 2016. NOK 2.7 million of the increase relates to income from Minilageret AS, acquired 30 June 2017. The remaining increase relates to growth in existing portfolio of rentals in the Norwegian market, due to opening of new sites and expansions on existing sites during the year. Revenue from operations in Sweden and Denmark is in line with the results in the fourth quarter 2016, despite the closing of one site due to expire of the lease-contract. NOK 4.6 million of the revenue is attributable to income from ancillary services and income from industries other than self-storage.

Revenue in the fourth quarter is down NOK 0.3 million (-0,6%) from Q3 2017 due to seasonal fluctuations because of lower activity in the colder winter months. New openings and expansions had a positive revenue-contribution of NOK 0.9 million.

Revenue YTD was NOK 212.1 million, up from NOK 80.9 million in 2016. The financial development in SSG in 2016 was highly affected by the acquisition of CSS 28 September 2016.

## Property related expenses

Property related expenses consists of lease expenses, maintenance and other operating costs. The City Self-Storage segment has mainly leasehold properties (99% leasehold), while OK Minilager has a mix of freehold and leasehold properties (47% freehold). The two new City Self-Storage sites opened during the third quarter 2017 are both freehold.

Property related expenses in the fourth quarter were NOK 23.5 million, a decrease of NOK 0.7 million from fourth quarter 2016. The decrease is attributable to lower operating costs in the City Self-Storage segment. Property related expenses are in line with third quarter 2017.

## Salary and other employee benefits

Salary and other employee benefits in the fourth quarter were NOK 9.5 million, an increase of NOK 0.6 million from fourth quarter 2016. There were none HQ-functions in Q4 2016. The HQ-functions were carried out in Selvaag Self-Storage, which was acquired 31.12.2016. 60% of HQ-costs were charged as management fee.

Salary and other employee benefits increased by NOK 1.1 million from the third quarter 2017. This increase is partly due to holiday pay in July reducing comparable costs in third quarter, and partly due to some new management and administrative roles, given the growth of the company. Salary and other employee benefits in the City Self-Storage segment are reduced in Denmark, due to reorganization.

## Depreciation

The depreciation in the fourth quarter was NOK 2.5 million, an increase of NOK 0.8 million from fourth quarter 2016. The increase is related to fitout and other equipment for new facilities and expansions. Depreciation is NOK 0.2 million up from third quarter 2017.

## Other operating expenses

Other operating expenses consist of IT and related costs, sales and advertising, and other operating expenses. Other operating expenses in the fourth quarter was NOK 11.1 million, an increase of NOK 2.4 million from fourth quarter 2016.

The operating earnings in the fourth quarter of 2017 was impacted by transaction costs related to the acquisition of Minilager Norge AS and non-recurring costs related to the IPO. In total, non-recurring costs amounted to NOK 3.9 million in the quarter, resulting in an adjusted EBITDA of NOK 15.1 million. Operating costs in the fourth quarter adjusted for non-recurring costs is decreased by NOK 1.6 million compared with fourth quarter 2016.

Other operating expenses adjusted for non-recurring costs increased by NOK 0.9 million from third quarter. The increase is due to higher marketing activity in addition to costs related to being a listed company.

Non-recurring items	Q4	Q3	Q2	YTD Q4
IPO- costs	3,3	2,7	0,9	6,9
Acquisition costs	0,6	1,9		2,5
Total non-recurring items	3,9	4,6	0,9	9,5

## Change in fair value of investment property

The fair value of investment property is based on external valuations in combination with management estimates and judgments. The value increase during fourth quarter was NOK 15.9 million to NOK 338.6 million.

## Profit before tax

Reported profit before tax in fourth quarter was NOK 24.2 million, a decrease of NOK 0,03 million from fourth quarter 2016. Adjusted for non-recurring costs in the fourth quarter, profit before tax was NOK 28.2 million.

## Statement of financial position

Total assets were NOK 685 million at the end of the fourth quarter of 2017, compared to NOK 322.4 million at the end of 2016, following the acquisition of investment properties and balance sheet consolidation.

Investment property has increased by NOK 175 million to NOK 338.6 million. Cash and bank deposits have increased by NOK 161.1 million to TNOK 195.2 million. The Group completed private placements of NOK 100 million in January 2017 and of NOK 200 million in October 2017.

SSG has a loan agreement for new investment properties with Handelsbanken. SSG invoices the customers in advance. Current liabilities consist of prepaid income in addition to the remaining part of the purchase price to the owner of Minilageret AS (NOK 5.2 million).

Total equity was NOK 515.8 million. Thus, the equity ratio was 75%. Net interest-bearing debt was positive with NOK 100.8 million.

## Cashflow

SSG has a strong cash flow. Net cash flow from operating activities in 2017 was NOK 42.3 million, compared to NOK 34.9 million in 2016. Net cash flow from investing activities was NOK -123.4 million compared to NOK -192.7 million in 2016, primarily related to the cash consideration in connection with the acquisition of subsidiaries and investment properties, which is in line with the Groups strategy. Net cash flow from financing activities was NOK 241.6 million in 2017, compared to NOK 185.4 million in 2016. Proceeds from issue of equity instruments were NOK 287.4 million. SSG's cash balance at the end of the fourth quarter was NOK 195.2 million.

## Strategy

SSG engages in the business of renting out self-storage units to both private individuals and businesses. The Group is a leading provider of self-storage services with facilities in Norway, Sweden and Denmark. The business model of the Group is to operate self-storage facilities in Scandinavia with a strong focus on cost effective operations, competitive rent levels and industry leading customer service. In order to achieve this, the Group is constantly working hard in order to increase the level of automation in all parts of the value chain. The Group's vision is to be a leading and preferred self-storage provider to individuals and businesses.

Following the acquisition of City Self-Storage in September 2016, the Group is operating under two separate brands: OK Minilager and City Self-Storage. These two brands focus on different market segments and provide a strong platform serving customers with different preferences and needs.

The Group offers self-storage solutions in all Scandinavian countries, with a primary focus on the capital cities Oslo, Stockholm and Copenhagen through City Self-Storage, and a nationwide presence in Norway through OK Minilager. All City Self-Storage facilities are climate controlled, while OK Minilager offers both climate controlled and container based storage facilities.

In July 2017, SSG also added 9 additional climate controlled and self-serviced facilities with a total lettable area of 7 746 square meters to its portfolio through the acquisition of Minilageret AS.

As of end December 2017, the Group operates a total of 84 facilities with a total lettable area of 103 668 m<sup>2</sup>.

In December 2017 SSG entered into an agreement with Eats to acquire Minilager Norge AS with four climate controlled facilities with a total lettable area of 4 300 m<sup>2</sup>. The transaction was closed 13 February 2018.

The strategy is to develop the Group further and to expand the total lettable area by investing in new and preferably owned facilities. The Group seeks to strengthen its nationwide presence in Norway while at the same time optimising current sites in Denmark and Sweden and search for profitable expansion opportunities. Going forward, new facilities will primarily be established as owned properties to ensure long-term access to attractive locations at a lower running cost. In identifying such properties the Group will focus on factors such as location, capex and conversion time. Investment properties are gathered in the 100% owned company OK Property AS, and leased to the operating companies in the group.

## Business concepts

The Group is operating under both the OK Minilager and City Self-Storage brand and will continue to do so as the two concepts target different market segments.

### OK Minilager

is a nationwide self-storage concept offered in the Norwegian market and the strategy is to continue to increase its presence in all major regions and communities in Norway. The planned expansion will mainly be composed of owned properties, including a combination of purpose-built facilities and conversion of existing buildings. At the same time OK Minilager will have a strong focus on retaining its position as the most cost-effective player in the Norwegian market by continuously looking for innovative solutions to increase the customer experience and to increase operating efficiency.

### City Self-Storage

is SSG's "urban concept", targeting the population in Oslo, Stockholm and Copenhagen. The strategy is to strengthen the market position in Oslo by establishing more sites at attractive locations in the Greater Oslo area, while at the same time continuing the ongoing cost reduction initiatives and optimising the organisation. In the other Scandinavian countries, the goal is to improve operating efficiency at existing facilities through cost reductions, upgrades and increased visibility and market awareness. City Self-Storage will however act opportunistically about potential mergers and acquisitions, both with regards to single facilities and other self-storage providers with a complementary portfolio of facilities. As with OK Minilager, the goal for City Self-Storage going forward is to increase the share of owned facilities.

## Competitive strengths

The Group is confident that it has multiple competitive strengths that separates SSG from other self-storage providers. These strengths have enabled the Group to achieve high historical growth and to establish a strong market position in all markets in which it operates. Through leveraging on these competitive strengths, SSG expects to continue to grow and to confirm its position as one of Scandinavia's leading self-storage providers.

## Market leading position

The Group is one of the leading self-storage providers in Scandinavia with a particularly strong position in the Norwegian market. SSG has a high market share, both in the Greater Oslo area and on a countrywide basis. City Self-Storage and OK Minilager are on a stand-alone basis the two largest self-storage providers in the Norwegian market. This position has been built through careful planning and a dedicated focus on selecting the right type of facilities. SSG entered the Swedish and the Danish market through the acquisition of City Self-Storage and is today the 3. largest self-storage provider in Stockholm and Copenhagen measured by the total number of facilities.

## Strong platform for future growth

The combination of a countrywide presence in the "early stage" Norwegian market and a strong position in the more developed markets in Stockholm and Copenhagen provides a strong foundation for future expansion and growth. The Group can act opportunistically with regards to setting up new facilities while leveraging its strong brand recognition, customer base and knowledge in the respective markets.



## Track record of rapid and profitable growth

Both OK Minilager and City Self-Storage have displayed solid financial track records with increasing revenues and continuously improving EBITDA margins. The Group has an ambitious growth plan and the management team has demonstrated the ability to handle rapid growth without jeopardizing profitability. Since being established in 2009, OK Minilager has been able to grow its revenues by a compound annual growth rate (CAGR) of 51.5%. At the same time, the EBITDA margin has improved from 18.8% in 2009 to 50.4% in 2016.

The goal is to develop the Group further and to expand the total lettable area by investing in new and preferably owned facilities. The Group seeks to strengthen its nationwide presence in Norway while at the same time optimising current sites in Denmark and Sweden and search for profitable expansion opportunities.

## Corporate developments

SSG was listed at the Oslo Stock Exchange on 27 October 2017. 14 285 000 new shares were issued at a fixed price of NOK 14 as part of the IPO.

1 485 714 new shares were issued 20 November 2017 to the selling shareholder of Minilageret AS, as part settlement of the remaining part of the purchase price.

## Risks and uncertainty factors

SSG is exposed to risk and uncertainty factors, which may affect some or all of the company's activities. SSG has financial risk, market risk as well as operational risk and risk related to the current and future products. There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2016.

## Outlook

There is a large untapped potential for self storage in Scandinavia as urbanization and smaller living spaces cause increasing need for external storage solutions. To enhance these opportunities, SSG has established a solid platform for future growth with prime locations in all Scandinavian capitals as well as cities across Norway. The Group has a proven track-record to develop and operate this attractive portfolio of self storage facilities, leveraging on a lean and operationally focused organisation to increase margins and targeting additional growth, mainly through owned properties.

The Group has built up and acquired new storage capacity during 2017 and is continuously phasing the new capacity into the market. SSG is experiencing a satisfactory demand for its solutions, and is filling up new storage facilities while at the same time achieving attractive rent levels. SSG has also identified additional opportunities through already acquired development projects and low-cost expansion within existing facilities.

This foundation, a strong macro picture in all Scandinavian countries, combined with a strategy to grow the freehold portfolio in selected markets, gives SSG a solid platform for future growth and value creation.

# Financials

## Self Storage Group Condensed consolidated statement of profit or loss and other comprehensive income

(Amounts in NOK 1 000)

	Note	Unaudited		Unaudited	
		For the three months ended 31 December 2017	For the three months ended 31 December 2016	For the twelve months ended 31 December 2017	For the twelve months ended 31 December 2016
Revenue	3	55 308	50 820	212 143	80 877
Property-related expenses	3	23 469	24 173	94 994	33 829
Salary and other employee benefits	3	9 496	8 891	34 944	11 340
Depreciation		2 482	1 642	7 261	4 224
Other operating expenses	3	11 146	8 785	37 464	9 687
<b>Operating profit before fair value adjustments</b>		<b>8 715</b>	<b>7 329</b>	<b>37 480</b>	<b>21 797</b>
Change in fair value of investment properties		15 903	17 392	29 831	17 832
<b>Operating profit after fair value adjustments</b>		<b>24 618</b>	<b>24 721</b>	<b>67 311</b>	<b>39 629</b>
Finance income		947	224	1 333	233
Finance expense		1 318	673	4 626	1 247
<b>Profit before tax</b>		<b>24 247</b>	<b>24 272</b>	<b>64 018</b>	<b>38 615</b>
Income tax expense		2 240	6 249	11 996	9 785
<b>Profit for the period</b>		<b>22 007</b>	<b>18 023</b>	<b>52 022</b>	<b>28 830</b>
Total comprehensive income for the year attributable to parent company shareholders		22 007	18 023	52 022	28 830
Total comprehensive income for the year attributable to non-controlling interests		-	-	-	-
<b>Earnings per share</b>					
Basic (NOK)	4	0,37	0,75	1,03	1,24
Diluted (NOK)	4	0,36	0,75	1,02	1,24
<b>Other comprehensive income, net of income tax</b>					
Items that may be reclassified subsequently to profit or loss					
- currency translation difference		49	-114	477	-114
<b>Other comprehensive income for the period, net of income tax</b>		<b>49</b>	<b>-114</b>	<b>477</b>	<b>-114</b>
<b>Total comprehensive income for the period</b>		<b>22 056</b>	<b>17 909</b>	<b>52 499</b>	<b>28 716</b>
Total comprehensive income for the year attributable to parent company shareholders		22 056	17 909	52 499	28 716
Total comprehensive income for the year attributable to non-controlling interests		-	-	-	-

# Self Storage Group

## Condensed consolidated statement of financial position

(Amounts in NOK 1 000)

		Unaudited	
		31 December	31 December
		2017	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	Note 5	338 631	163 738
Property, plant and equipment		52 618	45 291
Goodwill		72 272	51 985
<b>Total non-current assets</b>		<b>463 521</b>	<b>261 014</b>
<b>Current assets</b>			
Inventories		1 434	1 623
Trade and other receivables		11 455	10 577
Other current assets		13 397	15 078
Cash and bank deposits		195 224	34 115
<b>Total current assets</b>		<b>221 510</b>	<b>61 393</b>
<b>TOTAL ASSETS</b>		<b>685 031</b>	<b>322 407</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued share capital	Note 6	6 369	395
Share premium		396 416	89 863
Other reserves		363	-114
Retained earnings		112 612	64 903
<b>Total equity</b>		<b>515 760</b>	<b>155 047</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term interest-bearing debt		89 690	23 179
Deferred tax liabilities		22 289	4 383
Obligations under finance leases		214	526
<b>Total non-current liabilities</b>		<b>112 193</b>	<b>28 088</b>
<b>Current liabilities</b>			
Short-term interest-bearing debt		4 750	86 169
Trade and other payables		10 282	8 743
Income tax payable		1 699	8 171
Other taxes and withholdings		4 789	3 912
Obligations under finance leases		312	384
Other current liabilities		35 246	31 893
<b>Total current liabilities</b>		<b>57 078</b>	<b>139 272</b>
<b>Total liabilities</b>		<b>169 271</b>	<b>167 360</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>685 031</b>	<b>322 407</b>

# Self Storage Group

## Condensed consolidated statement of Changes in Equity

for the twelve months ended 31 Desember

(Amounts in NOK 1 000)

	Issued Share capital	Share premium	Currency translation reserve	Retained earnings	Total equity
<b>Balance at 1 January 2016</b>	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
<b>Total comprehensive income for the period</b>			-114	28 830	28 716
Issue of ordinary shares	168	89 833			90 001
Effect change in tax rate				194	194
<b>Balance at 31 December 2016</b>	<b>395</b>	<b>89 863</b>	<b>-114</b>	<b>64 903</b>	<b>155 047</b>
<b>Balance at 1 January 2017</b>	<b>395</b>	<b>89 863</b>	<b>-114</b>	<b>64 903</b>	<b>155 047</b>
Profit (loss) for the period				52 022	52 022
Other comprehensive income (loss) for the period net of income tax			477		477
<b>Total comprehensive income for the period</b>			477	52 022	52 499
Issue of ordinary shares, net of transaction costs	1 661	306 553			308 214
Issue of share capital - transfer from retained earnings	4 313			-4 313	-
<b>Balance at 31 December 2017 (Unaudited)</b>	<b>6 369</b>	<b>396 416</b>	<b>363</b>	<b>112 612</b>	<b>515 760</b>

# Self Storage Group

## Condensed consolidated statement of Cash flows

(Amounts in NOK 1 000)	Unaudited	Audited
	<b>For the twelve months ended 31 December 2017</b>	<b>For the twelve months ended 31 December 2016</b>
<b>Cash flow from operating activities</b>		
Profit before tax	64 018	38 615
Income tax paid	-8 170	-2 748
Interests not paid	626	663
Financial lease	-384	
Depreciation	7 261	4 224
Gain/loss on disposal of property, plant and equipment	148	
Change in fair value of investment property	-29 831	-17 832
Change in trade and other receivables	-733	-390
Change in trade and other payables	1 466	4 615
Change in other current assets	5 047	6 279
Change in other current liabilities	2 820	1 484
<b>Net cash flow from operating activities</b>	<b>42 268</b>	<b>34 910</b>
<b>Cash flow from investing activities</b>		
Payments for investment property	-42 163	-52 813
Payments for property, plant and equipment	-11 471	-2 972
Proceeds from disposal of property, plant and equipment	-	561
Net cash outflow on acquisition of subsidiaries	-69 760	-137 482
<b>Net cash flow from investing activities</b>	<b>-123 394</b>	<b>-192 706</b>
<b>Cash flow from financing activities</b>		
Net proceeds from issue of equity instruments of the Company	287 416	90 000
Proceeds from borrowings	95 000	128 291
Repayment of borrowings	-140 840	-32 904
<b>Net cash flow from financing activities</b>	<b>241 576</b>	<b>185 387</b>
Net change in cash and cash equivalents	160 450	27 591
Cash and cash equivalents at beginning of the period	34 115	6 661
Effect of foreign currency rate changes on cash and cash equivalents	659	-137
<b>Cash and equivalents at end of the period</b>	<b>195 224</b>	<b>34 115</b>



## Note 1 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. The condensed 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 interim financial statements were approved by the Board of Directors on 14 February 2018.

## Note 2 Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2016, and must be read in conjunction with these. The interim financial statements are unaudited. The implementation of Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses and Amendments to IAS 7 Disclosure Initiative, both applicable to accounting period commencing on 1 January 2017 and later, have not have any effect on the recognition, measurement or notes disclosures in these condensed consolidated financial statements.

## Note 3 Segment information

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, the Group decided to report management information based on the two concepts offered by the Group, City Self-Storage (CSS) and OK Minilager (OKM). OK Property AS (OKP) was established at the start of 2017 gathering the investments-properties in the Group. The Other/elimination column includes administration and management activities not attributable to the operating segments and 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 total of Sales income and Other income in the segment reporting corresponds with the line item Revenue as recognised under IFRS. The financial information included for the operating segments for the period is presented in accordance with principles in Norwegian financial reporting standards (NGAAP).

## 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.
Property	The ownership and development of property. Internal lease agreements with the operating companies in the group, in addition to external lease agreements.
Other/eliminations	Elimination and the remainder of the Group's activities, including administration and management activities not attributable to the operating segments described above.

<b>For the three months ended 31 December 2017</b>	<b>CSS</b>	<b>OKM</b>	<b>Property</b>	<b>Other/eliminations</b>	<b>Total</b>
Sales income	36 157	14 541			50 698
Other income	3 876	395	1 907	-1 568	4 610
Operating costs	-33 553	-7 199	-531	-2 828	-44 111
EBITDA	6 480	7 737	1 376	-4 396	11 197
Reconciliation to profit before tax as reported under IFRS					
Depreciation					-2 482
Change in fair value of investment property					15 903
Finance lease expense					
Finance income					947
Finance expense					-1 318
<b>Profit before tax</b>					<b>24 247</b>
<b>For the year ended 31 December 2017</b>	<b>CSS</b>	<b>OKM</b>	<b>Property</b>	<b>Other/eliminations</b>	<b>Total</b>
Sales income	142 737	50 847		-	193 584
Other income	16 402	1 476	6 151	-5 470	18 559
Operating costs	-132 281	-27 067	-1 310	-6 744	-167 402
EBITDA	26 858	25 256	4 841	-12 214	44 741
Reconciliation to profit before tax as reported under IFRS					
Depreciation					-7 261
Change in fair value of investment property					29 831
Finance lease expense					
Finance income					1 333
Finance expense					-4 626
<b>Profit before tax</b>					<b>64 018</b>
<b>For the three months ended 31 December 2016</b>	<b>CSS</b>	<b>OKM</b>	<b>Property</b>	<b>Other/eliminations</b>	<b>Total</b>
Sales income	40 913	9 817			50 730
Other income		0	201	-111	90
Operating costs	-36 424	-5 586	-45	105	-41 950
EBITDA	4 489	4 230	156	-6	8 870
Reconciliation to profit before tax as reported under IFRS					
Depreciation					-1 642
Change in fair value of investment property					17 392
Finance lease expense					101
Finance income					224
Finance expense					-673
<b>Profit before tax</b>					<b>24 272</b>
<b>For the year ended 31 December 2016</b>	<b>CSS</b>	<b>OKM</b>	<b>Property</b>	<b>Other/eliminations</b>	<b>Total</b>
Sales income	40 912	39 833			80 745
Other income			986	-854	132
Operating costs	-36 425	-19 637	-57	848	-55 271
EBITDA	4 487	20 196	929	-6	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
<b>Profit before tax</b>					<b>38 615</b>

## Note 4 Earnings per share

(Amounts in NOK)

	For the three months ended 31 December 2017	For the three months ended 31 December 2016	For the twelve months ended 31 December 2017	For the twelve months ended 31 December 2016
Profit (loss) for the year	22 007 000	18 023 000	52 022 000	28 830 000
Weighted average number of outstanding shares during the period (basic)	58 954 435	23 906 593	50 604 776	23 300 000
Weighted average number of outstanding shares during the period (diluted)	60 627 905	23 906 593	51 021 997	23 300 000
Earnings (loss) per share - basic in NOK	0,37	0,75	1,03	1,24
Earnings (loss) per share - diluted in NOK	0,36	0,75	1,02	1,24

On 29 September 2017, the company's shares were split in the ratio of 1:10, so that one share with nominal value of NOK 1 is replaced with 10 new shares, each with a nominal value of NOK 0.10. 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.

On 26 October 2017 a share issue took place raising an amount of TNOK 191 550 net of transaction costs, increasing the share capital to TNOK 6 221.

On 20 November 2017, the company issued 1 485 714 new shares to the selling shareholder of Minilageret AS, as part settlement of the remaining part of the purchase price for Minilageret AS. After registration of the new shares, the new share capital is TNOK 6 370 divided into 63 695 284 shares with par value NOK 0.10.

## Note 5 Investment property

(Amounts in NOK 1 000)

During the twelve month period ended 31 December 2017, the following changes have occurred in the Group's portfolio of investment properties:

Balance as at 31 December 2016		163 738
Godøygata 8 AS	Company acquired as asset acquisition	8 954
Minilageret AS	Business combination (note 5)	70 654
Sverdrupsgate 23	Asset acquisition in OK Property AS	7 898
Trondheimsveien 436 AS	Company acquired as asset acquisition	15 845
Fabrikkveien 8	Asset acquisition in OK Property AS	9 739
Vestby Næringspark	Asset acquisition in OK Property AS	1 428
Ulaveien 9	Asset acquisition in OK Property AS	5 997
Nordkilen 4A AS	Company acquired as asset acquisition	7 300
Gneisveien 2	Asset acquisition in OK Property AS	4 100
Mjåvannsveien 158	Asset acquisition in OK Property AS	2 204
Doneheia 167-169	Asset acquisition in OK Property AS	2 759
Additions to existing properties		8 185
Fair value adjustments recognised in profit or loss <sup>1</sup>		29 831
<b>Balance as at 31 December 2017</b>		<b>338 631</b>

<sup>1</sup>In December 2017, an external valuation company, Newsec, conducted a valuation of 29 of 35 properties. The majority of the properties that were valued are properties acquired before 2017.

## Note 6 Changes in shareholders' equity

(Amounts in NOK 1 000)

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.

On 3 January 2017 a share issue took place raising an amount of TNOK 95 866 net of transaction costs, increasing the share capital to TNOK 479.

On 29 September 2017, the company's share capital has increased by TNOK 4 313 by transferring an equivalent amount from the company's retained earnings. Furthermore, the company's shares are split in the ratio 1:10, so that one share with nominal value of NOK 1 is replaced with 10 new shares, each with a nominal value of NOK 0.10.

On 26 October 2017 a share issue took place raising an amount of TNOK 191 550 net of transaction costs, increasing the share capital to TNOK 6 221.

On 20 November 2017, the company issued 1 485 714 new shares to the selling shareholder of Minilageret AS, as part settlement of the remaining part of the purchase price for Minilageret AS. After registration of the new shares, the new share capital is TNOK 6 369 divided into 63 695 284 shares with par value NOK 0.10.



## Note 7 Interest bearing liabilities

(Amounts in NOK 1 000)

Interest bearing liabilities are carried at amortized cost. The carrying amounts approximate fair value as at 31 December 2017.

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.

In the fourth quarter 2017 Self Storage Group has settled a total debt of TNOK 30 458, in addition to ordinary downpayments.

For the twelve month period ended 31 December 2017	Amounts due in		1-5 years	Total
	less than 1 year			
Debt to financial institutions	4 750		89 690	94 440
Specification of loans				
	<b>2017</b>	<b>Currency</b>		
Handelsbanken	74 479	NOK		
Handelsbanken	19 824	NOK		
Santander Consumer Bank AS	137	NOK		
<b>Total bank borrowings at amortised cost</b>	<b>94 440</b>			

## Note 8 Subsequent events

- Acquisition of the Minilager Norge group. 1 567 398 new shares to the selling shareholder were issued 13 February 2018 as part settlement of the purchase price
- Acquisition of three properties in Halden, Lørenskog and Tromsø
- Agreement to acquire two properties in Molde and Larvik

## Alternative performance measures (APMs)

Self Storage Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, management provides alternative performance measures that are regularly reviewed by management to enhance the understanding of the Group's performance in addition to the financial information prepared in accordance with IFRS. The alternative performance measures may be presented on a basis that is different from other companies.



## Operating profit before fair value adjustments

Presenting operating profit before fair value adjustments is useful to Self Storage Group as it provides a measure of profit before taking into account the movement in fair value of investment property and is useful to the Group for assessing operating performance.

### SSG's financial APMs

- EBIT: Operating profit before fair value adjustments
- Adjusted EBIT: EBIT +/- identified items to be excluded from adjusted EBIT as described below
- EBITDA: EBIT + depreciation, amortization and impairments
- Adjusted EBITDA: EBITDA +/- identified items to be excluded from adjusted EBIT as described below + impairments
- Adjusted Profit before tax: Adjusted EBIT +/- change in fair value of investment properties +/- net finance
- Adjusted Net Profit : Adjusted Profit before tax +/- tax expense

### Definition of APM used in Interim Report

(NOK 1 000)	Fourth quarter 2017	Fourth quarter 2016	YTD 2017	YTD 2016
<b>Operating profit before fair value adjustments</b>	<b>8 715</b>	<b>7 329</b>	<b>37 480</b>	<b>21 797</b>
EBIT	8 715	7 329	37 480	21 797
Costs related to IPO	3 335		6 947	
Acquisition costs	603		2 503	
Adjusted EBIT	12 653	7 329	46 930	21 797
Change in fair value of investment properties	15 903	17 392	29 831	17 832
Adjusted Profit before tax	28 185	24 272	73 468	38 615
Tax	2 604	6 249	13 767	9 785
Adjusted Net profit	25 581	18 023	59 701	28 830
<b>Operating profit before fair value adjustments</b>	<b>8 715</b>	<b>7 329</b>	<b>37 480</b>	<b>21 797</b>
Depreciation	2 482	1 642	7 261	4 224
EBITDA	11 197	8 971	44 741	26 021
Costs related to IPO	3 335		6 947	
Acquisition costs	603		2 503	
Adjusted EBITDA	15 135	8 971	54 191	26 021