Interim Report Q1 2019

Self Storage Group ASA

SELF STORAGE GROUP

Contents

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GROUP

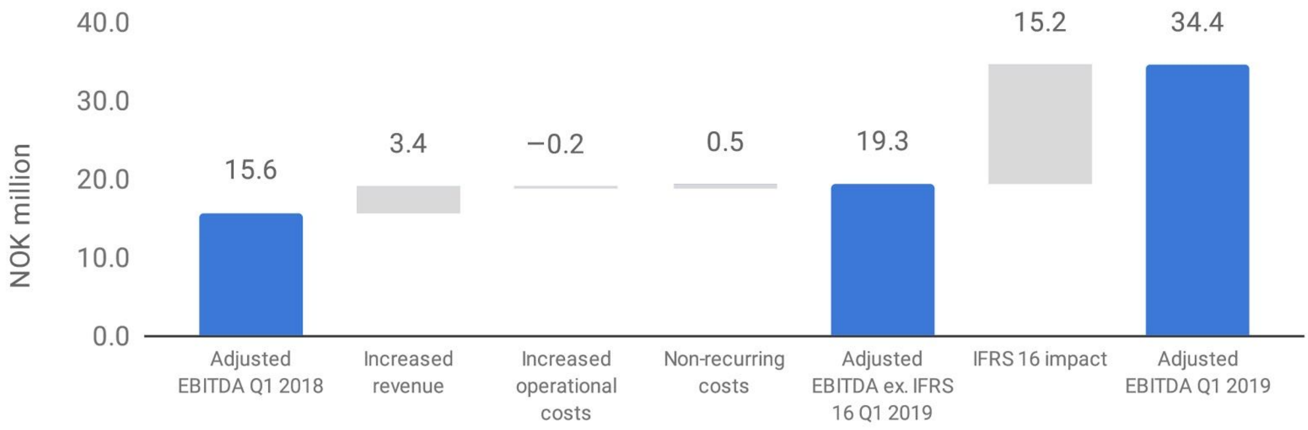
Highlights

- Revenues in Q1 2019 of NOK 61.6 million, up from NOK 58.3 million in Q1 2018
- EBITDA[1] in Q1 2019 of NOK 33.9 million, up from NOK 14.7 million in Q1 2018
- Adjusted EBITDA in Q1 2019 of NOK 19.3 million, up from NOK 15.6 million in Q1 2018, excluding impacts from implementation of IFRS 16
- Pre-tax profit in Q1 2019 of NOK 12.8 million, up from NOK 12.0 million in Q1 2018
- Adjusted pre-tax profit in Q1 2019 of NOK 15.9 million, up from NOK 12.9 million in Q1 2018, excluding impacts from implementation of IFRS 16
- Average occupancy in Q1 2019 for sites with more than 12 months of operation was 83.5% (84.1%) with an average rent per m^2 of NOK 2 353 per year (2 328 NOK)
- Current lettable area end of March 2019 was 117 500 m^2, up from 110 000 m^2 end of March 2018
- Acquisition in the quarter of one property in Stavanger with a total potential lettable area of 700 m^2
- Total value of owned investment property end March 2019 of NOK 537.7 million
- Cash position end of March 2019 of NOK 129.5 million

Key Figures[1]

Summary adjusted financial and operating result (Amounts in NOK million)	Q1 2019	Q1 2018	Full year 2018
Revenue	61.6	58.3	238.4
Adjusted costs	27.2	42.6	162.6
Non-recurring costs	0.5	0.9	1.9
Adjusted EBITDA	34.4	15.6	75.7
Adjusted EBIT	32.0	13.3	65.2
Change in fair value of investment properties	0.4	0.5	38.2
Change in fair value of leasehold properties	- 13.2	-	-
Adjusted Profit before tax	13.3	12.9	100.3
Adjusted Net Profit	11.0	9.9	81.1
Current lettable area (in thousands m^2)	117.5	110.0	117.0
Lettable area under development (in thousands m^2)	13.5	16.2	13.4

EBITDA development from Q1 2018 to Q1 2019, including implementation of IFRS 16 are visualised below.



[1]Non-GAAP measures are defined on page 23

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Financial development

The financial development in Q1 2019 was highly impacted by the implementation of IFRS 16. SSG has a significant number of long-term leasehold agreements, that according to the new standard are treated as financial leases.

Revenue

Revenue for Q1 2019 was NOK 61.6 million, an increase of NOK 3.4 million from Q1 2018. The increase in revenue is related to growth in lettable area through opening of new facilities and expansions, and an increased demand for self-storage.
NOK 6.4 million of the revenue in Q1 2019 is attributable to income from ancillary services and rent income from segments other than self-storage, up from NOK 5.3 million in Q1 2018.

Lease expenses

Lease expenses were NOK 3.1 million for Q1 2019, down from NOK 18.1 million in Q1 2018. Leasehold expenses are reduced by NOK 15.2 million due to the impacts of IFRS 16. The remaining part of leasehold expenses are related to leasehold contracts classified as short-term. The underlying costs for leasehold properties has increased by NOK 0.2 million since Q1 2018.

At the end of Q1 2019, 30% of current lettable area in SSG is freehold. The City Self-Storage segment has mainly leasehold properties (91% of current lettable area is leasehold), while 57% of current lettable area in OK Minilager is freehold. The share of freehold property is increasing in both segments.

Property-related expenses

Property-related expenses consist of maintenance, electricity, cleaning, alarm, insurance and other operating costs related to the facilities.

Property-related expenses in Q1 2019 were NOK 7.0 million, a decrease of NOK 0.3 million compared to Q1 2018. There are increased costs related to growth in number of facilities and growth in lettable area, but this is offset by reduced costs to maintenance in the City Self-Storage segment in Q1 2019.

Lettable area in SSG has increased with 7 500 m^2 since Q1 2018, and the number of facilities by eleven to 102 facilities as of end March 2019. One freehold-facilities and two leasehold-facilities were opened during Q1. Four facilities were merged into two facilities as a last step in the integration of Minilageret with OK Minilager. One container-facility was in the process of closing down in the quarter due to expiry of a lease contract end March 2019. The containers will be moved to other facilities.

Salary and other employee benefits

Salary and other employee benefits in Q1 2019 were NOK 9.8 million, an increase of NOK 0.4 million from Q1 2018.

There have been a decrease of costs to personnel in the CSS-segment as staff has been reduced, but this is offset by some increased costs in the OKM-segment and HQ. SSG has a total of 64 full time equivalents (FTEs) as of March 2019.

Depreciation

Depreciation in Q1 2019 was NOK 2.5 million, an increase of NOK 0.1 million from Q1 2018. The depreciation is mainly related to fitout and other equipment for new facilities and expansions.

Other operating expenses

Other operating expenses consist of IT and related costs, sales and advertising, and other administrative costs. In Q1 2019 other operating expenses were NOK 7.9 million, a decrease of NOK 1.0 million from Q1 2018. There were NOK 0.5 million classified as no non-recurring costs in Q1 2019. Adjusted for non-recurring costs of NOK 0.9 million recognised in Q1 2018 and NOK 0.5 million recognised in Q1 2019, other operating expenses have decreased by NOK 0.6 million.

(NOK 1 000) **Non-recurring costs**	**Q1 2019**	**Q1 2018**	**Full year 2018**
Acquisition costs	500	569	640
Restructuring of legal structure	-	152	390
First time value-assessment of freehold portfolio	-	199	199
Severance packages	-	-	713
Total non-recurring costs	**500**	**920**	**1 942**

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Change in fair value of investment property

The fair value of owned investment property is based on external valuations. All owned investment property was valued by an external real estate appraiser company in December 2018. There are no indications of change in the factors that influence the last fair value valuation.

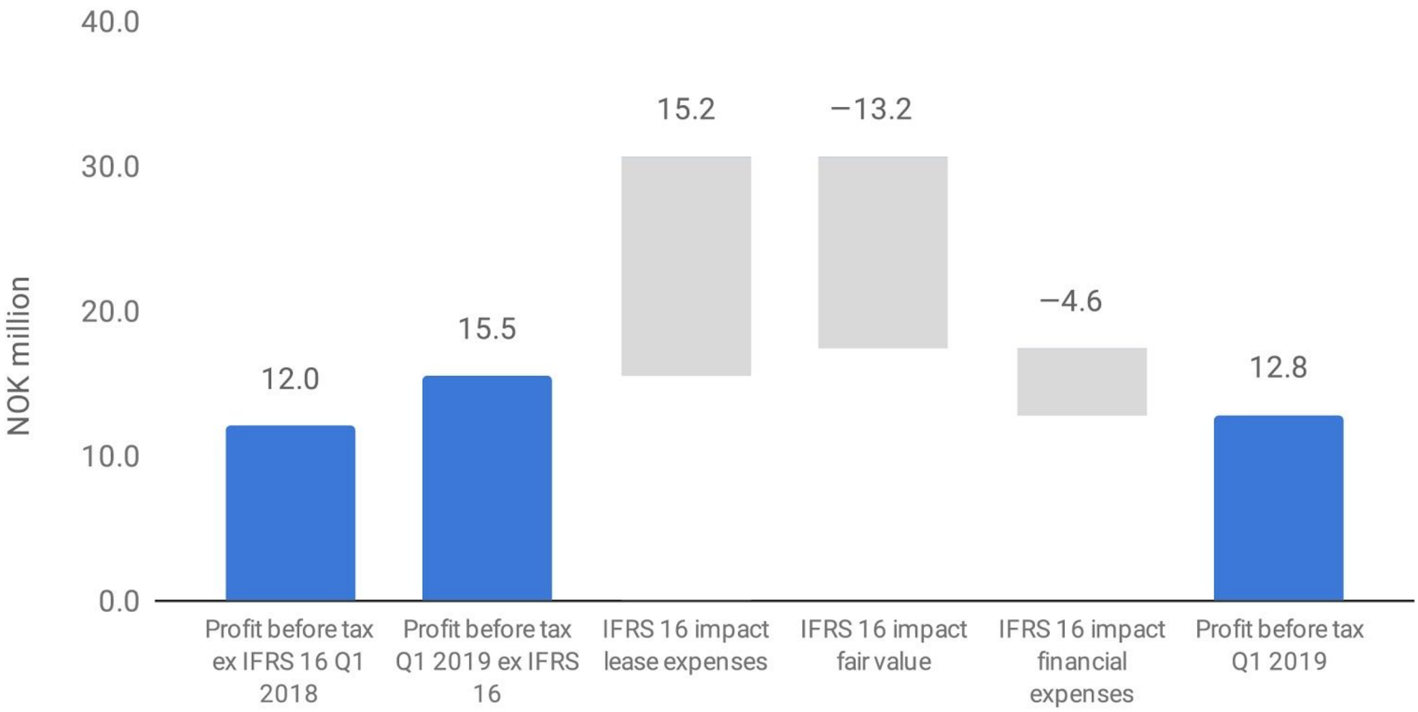
Change in fair value of owned investment property recognised in P&L in Q1 2019 was NOK 0.4 million, compared to NOK 0.5 million recognised in P&L in Q1 2018. Change in fair value of right-of-use-assets of leasehold property recognised in P&L in Q1 2019 was NOK -13.2 million, compared to NOK 0 million recognised in P&L in Q1 2018. The change in fair value of right-of-use-assets of leasehold property is related to the implementation of IFRS 16 and value adjustment due to passage of time of recognised leases.

Fair value of owned investment property was NOK 537.7 million and fair value of right-of-use-assets leasehold property was NOK 444.7 million at 31 March 2019. Fair value of investment property at 31 December 2018 was NOK 524.5 million, while there was none recognised right-of-use-assets of leasehold property. See note 2 for details of the implementation impact of IFRS 16.

EBITDA and profit before tax

EBITDA in Q1 2019 was NOK 33.9 million, an increase of NOK 19.2 million since Q1 2018. The increase adjusted for non-recurring costs is NOK 18.8 million. NOK 15.2 million of the increase is related to the impact of implementing IFRS 16. The remaining part of the increase is related to increased revenue of NOK 3.4 million and increased operational costs of NOK 0.2 million.

Profit before tax in Q1 2019 was NOK 12.8 million, an increase of NOK 0.8 million from Q1 2018.
There is a negative impact of NOK -2.6 million from the implementation of IFRS 16. Profit before tax adjusted for impact from IFRS 16 increased from NOK 12.0 million in Q1 2018 to NOK 15.5 million in Q1 2019.



Statement of financial position

Total assets were NOK 1 312.7 million at the end of Q1 2019, compared to NOK 850.4 million at 31 December 2018, an increase of NOK 462.2 million. NOK 442.5 million is related to the implementation of IFRS 16, whereof NOK 444.7 million is recognition of right-of-use assets of leasehold property. Investment property has increased with NOK 13.2 million from 31 December 2018 to NOK 537.7 million as of 31 March 2019.

Cash and bank deposits have increased with NOK 7.3 million to NOK 129.5 million at the end of March 2019 from December 2018. SSG has a loan facility for purchase of investment property with Handelsbanken. Interest-bearing debt amounts to NOK 126.8 million at the end of March 2019, a decrease of NOK 3.0 million from December 2018.

At the end of March 2019 cash minus interest-bearing debt was positive with NOK 2.7 million.

SSG invoices the customers in advance, which reduces credit risks and provides stable working capital. Current liabilities consist mainly of prepaid income.

Total equity at the end of March 2019 was NOK 635.0 million, an increase of NOK 9.9 million from December 2018. Loan to value of investment property is 24% as of end March 2019, which is the same level as at the end of December 2018. Obligations under financial lease at end of March 2019 was NOK 447.9 million, compared to NOK 0.2 million end of December 2018. The increase is related to the implementation of IFRS 16. The equity ratio decreased to 48% at the end of March 2019 from 73% at the end of December 2018, as a consequence of the implementation of IFRS 16.

Cash flow

SSG has a strong cash flow. Net cash flow from operating activities during Q1 2019 was NOK 39.2 million, compared to NOK 7.9 million during Q1 2018. NOK 15.2 million of the increase in net cash flow from operating activities are related to implementation of IFRS 16. The remaining increase in net cash flow from operating activities are related to decrease in prepaid expenses and timing differences for payments.

Net cash flow from investing activities during Q1 2019 was NOK -12.4 million compared to NOK -70.1 million at the end of Q1 2018, primarily related to the cash consideration in connection with acquisitions, investment properties and establishment of new facilities. This is in line with the Group’s strategy.

Net cash flow from financing activities was NOK -19.0 million at the end of Q1 2019, compared to NOK -2.3 million at the end of Q1 2018. The implementation impact for Q1 2019 for net cash flow from financing activities are NOK -15.2 million. Net cash flow from financial activities are in addition affected by repayment of loan in Q1 2019.

The implementation of IFRS 16 gives no net impact of change in cash and cash equivalents.

SSG’s cash balance at the end of March 2019 was NOK 129.5 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.

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 major cities 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.

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 the major cities, currently serving Oslo, Stockholm and Copenhagen. The strategy is to strengthen the market position in the major cities in Norway by establishing more sites at attractive locations, while at the same time continuing the ongoing cost reduction initiatives and optimising the organisation. City Self-Storage is planning to open its first facility in Stavanger in Q2 2019, and a greenfield facility in Trondheim in 2020.

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 fourth largest self-storage provider in Copenhagen and Stockholms, and the third largest self-storage provider in Europe, 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. SSG has succeeded in attracting investors and raising capital, and is in a good position for executing the strategy.

Corporate developments

During Q1 2019 the legal restructuring of the Group continued. In January 2019 the operating company in the Minilager Norge group was merged with City Self-Storage Norge AS, as the last step in the integration of the companies. The real-estate companies of the Minilager Norge group were merged with OK Property in 2018.

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 2018.

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 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.

Oslo, 7 May 2019

Board of Directors, Self Storage Group ASA

Financials

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

(Amounts in NOK 1 000)	Note	Unaudited For the three months ended 31 March 2019	Unaudited For the three months ended 31 March 2018	Audited For the twelve months ended 31 December 2018
Revenue	3	61 637	58 285	238 361
Lease expenses	2,3	3 108	18 057	71 451
Property-related expenses	3	6 974	7 287	25 425
Salary and other employee benefits	3	9 750	9 367	37 403
Depreciation		2 467	2 386	10 527
Other operating expenses	3	7 857	8 857	30 311
Operating profit before fair value adjustments		**31 481**	**12 331**	**63 244**
Change in fair value of investment properties	5	406	490	38 223
Change in fair value of leasehold properties	2,5	-13 181	-	-
Operating profit after fair value adjustments		**18 706**	**12 821**	**101 467**
Finance income		158	552	1 511
Finance expense	2	6 059	1 373	4 632
Profit before tax		**12 805**	**12 001**	**98 346**
Income tax expense		2 213	2 811	18 856
Profit for the period		**10 592**	**9 190**	**79 490**
Total comprehensive income for the year attributable to parent company shareholders		10 592	9 190	79 490
Total comprehensive income for the year attributable to non-controlling interests		-	-	-
Earnings per share				
Basic (NOK)	4	0.16	0.14	1.22
Diluted (NOK)	4	0.16	0.14	1.22
Other comprehensive income, net of income tax				
Items that may be reclassified subsequently to profit or loss				
- currency translation difference		- 650	- 484	- 73
Other comprehensive income for the period, net of income tax		**- 650**	**- 484**	**- 73**
Total comprehensive income for the period		**9 942**	**8 706**	**79 417**
Total comprehensive income for the year attributable to parent company shareholders		9 942	8 706	79 417
Total comprehensive income for the year attributable to non-controlling interests		-	-	-

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Self Storage Group
Condensed consolidated statement of financial position

(Amounts in NOK 1 000)

ASSETS	Note	Unaudited 31 March 2019	Audited 31 December 2018
Non-current assets	**Note**		
Investment property	5	537 714	524 505
Right-of-use assets - leasehold property	2,5	444 659	-
Property, plant and equipment		74 225	70 405
Goodwill		94 737	94 639
Other intangible assets		1 544	1 376
Total non-current assets		**1 152 879**	**690 925**
Current assets			
Inventories		1 509	1 270
Trade and other receivables		14 037	13 421
Other current assets		14 708	22 598
Cash and bank deposits		129 522	122 228
Total current assets		**159 776**	**159 517**
TOTAL ASSETS		**1 312 655**	**850 442**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	6	6 573	6 573
Share premium		427 889	427 889
Other reserves		- 360	290
Retained earnings		200 891	190 299
Total equity		**634 993**	**625 051**
LIABILITIES			
Non-current liabilities			
Long-term interest-bearing debt	7	115 053	118 023
Long-term obligations under finance leases	2,7	403 798	143
Other financial liabilities		756	873
Deferred tax liabilities		35 794	34 911
Total non-current liabilities		**555 401**	**153 950**
Current liabilities			
Short-term interest-bearing debt	7	11 750	11 750
Short-term obligations under finance leases	2,7	44 104	74
Trade and other payables		7 893	11 404
Income tax payable		12 690	11 647
Other taxes and withholdings		4 926	5 291
Other current liabilities		40 898	31 275
Total current liabilities		**122 261**	**71 441**
Total liabilities		**677 662**	**225 391**
TOTAL EQUITY AND LIABILITIES		**1 312 655**	**850 442**

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Self Storage Group
Condensed consolidated statement of Changes in Equity

(Amounts in NOK 1 000)	Issued Share capital	Share premium	Currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2018	**6 369**	**396 416**	**363**	**110 809**	**513 957**
Profit (loss) for the period	-	-	-	9 190	9 190
Other comprehensive income (loss) for the period net of income tax	-	-	- 484	-	- 484
Total comprehensive income for the period	-	-	- 484	9 190	8 706
Issue of ordinary shares, net of transaction costs	167	26 352	-	-	26 519
Balance at 31 March 2018	**6 536**	**422 768**	**- 121**	**119 999**	**549 182**

Balance at 1 January 2019	**6 573**	**427 889**	**290**	**190 299**	**625 051**
Profit (loss) for the period	-	-	-	10 592	10 592
Other comprehensive income (loss) for the period net of income tax	-	-	- 650	-	- 650
Total comprehensive income for the period	-	-	- 650	10 592	9 942
Issue of ordinary shares, net of transaction costs	-	-	-	-	-
Balance at 31 March 2019 (Unaudited)	**6 573**	**427 889**	**- 360**	**200 891**	**634 993**

Self Storage Group
Condensed consolidated statement of Cash flows

		Unaudited	Unaudited	Audited
(Amounts in NOK 1 000)	**Note**	**For the three months ended 31 March 2019**	**For the three months ended 31 March 2018**	**For the year ended 31 December 2018**
Cash flow from operating activities				
Profit before tax		12 805	12 001	98 346
Income tax paid		- 723	-	- 2 244
Interest expense	2	5 238	35	1 819
Depreciation		2 467	2 386	10 527
Gain/loss on disposal of property, plant and equipment		41	-	- 47
Change in fair value of investment property	5	- 406	- 490	- 38 223
Change in fair value of leasehold property	2,5	13 181	-	-
Change in trade and other receivables		- 603	219	- 1 946
Change in trade and other payables		- 3 512	443	791
Change in other current assets		809	- 5 205	- 2 414
Change in other current liabilities		9 899	- 1 531	- 582
Net cash flow from operating activities		**39 196**	**7 858**	**66 027**
Cash flow from investing activities				
Payments for investment property		- 6 107	- 26 559	- 62 902
Payments for property, plant and equipment		- 6 267	- 4 855	- 21 648
Net cash outflow on acquisition of subsidiaries		21	- 38 648	- 72 957
Net cash flow from investing activities		**- 12 353**	**- 70 062**	**- 157 507**
Cash flow from financing activities				
Proceeds from borrowing		-	-	40 000
Repayment of borrowings	7	- 2 938	- 1 717	- 19 066
Payments of lease liabilities	2,7	- 10 643	-	-
Payments of leases classified as interest	2,7	- 4 561	-	-
Interest paid	7	- 827	- 629	- 2 312
Net cash flow from financing activities		**- 18 969**	**- 2 346**	**18 622**
Net change in cash and cash equivalents		7 874	- 64 550	- 72 858
Cash and cash equivalents at beginning of the period		122 228	195 224	195 224
Effect of foreign currency rate changes on cash and cash equivalents		- 580	- 300	- 138
Cash and equivalents at end of the period		**129 522**	**130 374**	**122 228**

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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 7 May 2019.

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 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any standard, interpretation or amendment with effective date after 1 January 2019. With the exception of IFRS 16, no new standards or amendments impact the Group. The interim financial statements are unaudited.

IFRS 16 Leases (effective from 1 January 2019)

The Group adopted IFRS 16 with effect from 1 January 2019. The new standard was applied using the modified retrospective approach, and therefore comparatives for the year ended 31 December 2018 have not been restated and the reclassifications and adjustments on implementation are recognised in the opening balance sheet at 1 January 2019.

IFRS 16 establishes significant new accounting policies for lessees. IFRS 16 eliminates the current distinction between operating and finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model.

When applying the new model, the Group has recognised a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term for all leases with a lease term of more than 12 months, unless the underlying asset is of low value, and recognise fair value adjustment and depreciation of the right-of-use assets separately from interest on lease liabilities in the income statement.

The Group made the following accounting policy choices and elected the following practical expedients on initial implementation of IFRS 16:

- Fixed non-lease components embedded in the lease contract are separated and hence not recognised as lease liabilities and capitalised as right-of-use assets
- Rolling leases of less than 12 months and leases with a lease term of 12 months or shorter are not capitalised
- Low-value leases, meaning mainly office equipment, are not capitalised
- Lease assets and lease liabilities are presented separately in the statement of financial position if significantly
- The Group elected to apply the modified retrospective approach for transition to IFRS 16, meaning the Group has not restated the comparatives for 2018.

Accounting policy applicable from 1 January 2019

The Group leases properties, containers and trailers. Lease terms correspond to the term of the lease contract, unless the Group is reasonably certain that it will exercise contractual extensions or termination options. From 1 January 2019 leases are recognised as a right-of-use asset and corresponding lease liability at the date at which the leased asset is available for use. 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. The right-of-use assets of investment property is measured at fair value, and all other right-of-use assets are depreciated over the shorter of the lease term and their useful lives.

Measurement of lease liabilities

Lease liabilities are measured at the net present value of lease payments due under the contract, less any lease incentives receivable, plus the costs of purchase or termination options if reasonably certain to be exercised. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. All lease liabilities were measured at the present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The Group has defined all leasehold property as a similar economic environment with similar terms and conditions, the same for containers and trailers. The weighted average incremental borrowing rate applied to all lease liabilities at 1 January 2019 was 4.2%.

Measurement of right-of-use assets

Right-of-use assets of leasehold property are measured at fair value. Gains and losses arising from change in the fair value of leasehold property are included in profit or loss in the periode in which they arise. Change in value is outlined by the value adjustment due to passage of time, and no terminal value exists. Other right-of-use assets are containers and trailers and are measured at cost, comprising the initial measurement of lease liability, lease payments made at the commencement date, initial direct costs and estimated restoration costs, less any lease incentives received. In measuring of right-of-use assets non-lease components are not included. All options starting within the next seven years and reasonably certain to exercise are included.

Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Transition impacts of implementation of IFRS 16

Transition impact of adopting the new standard and impacts on the income statement for the first quarter of 2019 are shown in the tables below.

Reconciliation of total operating lease commitments at 31 December 2018 to lease liabilities recognised at 1 January 2019

(Amounts in NOK 1 000)	Total	Non-current	Current
Operating lease obligations at 31 December 2018	**364 340**		
Financial lease liabilities at 31 December 2018	217		
Commitments exempt due to rolling lease less than 12 months, expiry within 12 months or low value	-6 743		
Effect of changes to lease payments	-3 931		
Effect of increase in lease term due to extension options	196 623		
Effect of discounting	-112 887		
Lease liability at 1 January 2019	**437 619**	**395 405**	**42 214**
Present value of financial lease liability as at 31 December 2018	- 217	- 143	- 74
Additional lease liability as a result of implementation of IFRS 16 as at 1 January 2019	**437 402**	**395 262**	**42 140**

IFRS 16 impacts on statement of financial position

(Amounts in NOK 1 000)	Opening balance			31 March 2019		
	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	31 December 2018	**Impact**	**1 January 2019**	**31 March 2019**	**Impact**	**31 March 2019**
	IAS 17	**IFRS 16**	**IFRS 16**	**IAS 17***	**IFRS 16**	**IFRS 16**
Total non-current assets	690 925	437 402	1 128 327	707 788	445 091	1 152 879
Total current assets	159 517	- 2 626	156 891	162 402	- 2 626	159 776
TOTAL ASSETS	**850 442**	**434 776**	**1 285 218**	**870 190**	**442 465**	**1 312 655**
Total equity	625 051	-	625 051	637 629	- 2 636	634 993
Total non-current liabilities	153 950	395 262	549 212	151 713	403 688	555 401
Total current liabilities	71 441	39 514	110 955	80 848	41 413	122 261
Total liabilities	225 391	434 776	660 167	232 561	445 101	677 662
TOTAL EQUITY AND LIABILITIES	**850 442**	**434 776**	**1 285 218**	**870 190**	**442 465**	**1 312 655**

* Financial position impacts are shown as if IAS 17 still applied, without the adoption of the new standard IFRS 16

At 1 January 2019 the Group recognised lease liabilities of NOK 437.4 million and right-of-use assets of NOK 437.4 million. The remaining implementation impact of NOK -2.6 million is reversal of trade payables and other current assets now included in IFRS 16 implementation.

The Group recognised lease liabilities for leased properties, containers and trailers that were previously classified as operating leases. These liabilities were measured at the present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

A corresponding right-of-use asset was recognised, measured at the amount equal to the lease liability and adjusted by the amount of lease incentives embedded in the value of the asset, asset impairment, accrued costs of restoration and any liabilities relating to onerous leases.

IFRS 16 impacts on income statement

(Amounts in NOK 1 000)	Unaudited Q1 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Q1 2019 IFRS 16
Revenue	61 637	-	61 637
Lease expenses	18 269	-15 161	3 108
Property-related expenses	6 974	-	6 974
Salary and other employee benefits	9 750	-	9 750
Depreciation	2 403	64	2 467
Other operating expenses	7 857	-	7 857
Operating profit before fair value adjustments	**16 384**	**15 097**	**31 481**
Change in fair value of investment properties	406	-	406
Change in fair value of leasehold properties	-	-13 181	-13 181
Operating profit after fair value adjustments	**16 790**	**1 916**	**18 706**
Net finance	-1 342	-4 559	-5 901
Profit before tax	**15 448**	**-2 643**	**12 805**
Income tax expense	2 213	-	2 213
Profit for the period	**13 235**	**-2 643**	**10 592**

* Income statement impacts are shown as if IAS 17 still applied, without the adoption of the new standard IFRS 16

According to IFRS 16 the timing of expenses change over the lease term. Due to the interest element changes more expenses are recognised early in the lease term and less expenses are recognised later in the lease term, compared to IAS 17. During the first years of application of IFRS 16 under the modified retrospective transition approach, one will experience a net negative effect on profit or loss compared to the effects under IAS 17. Later in the lease terms there will be a corresponding positive impact of applying IFRS 16. Over the lease term the total expenses under IFRS 16 are equal to those of IAS 17.

The net negative impact on profit for the period for the Group was NOK 2.6 million in the first quarter of 2019.

IFRS 16 impacts on statement of cash flow

(Amounts in NOK 1 000)	Unaudited Q1 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Q1 2019 IFRS 16
Net cash flows from operating activities	23 992	15 204	39 196
Net cash flows from investing activities	-12 353	-	-12 353
Net cash flows from financing activities	-3 765	-15 204	-18 969
Net change in cash and cash equivalents	**7 874**	**-**	**7 874**

* Effect on cash flow statements impacts are shown as if IAS 17 still applied, without the adoption of the new standard IFRS 16

Under IFRS 16, operational lease payments within the scope of IFRS 16 are reclassified from operating activities to principal repayments of borrowings and payment of interest included as financing costs paid, both included in cash flows from financing activities.

There are no net impact on change in cash and cash equivalents.

Note 3 Segment information

Management has determined the operating segments based on reports reviewed by the CEO and management team and Board of Directors, which are used to make strategic and resource allocation decisions. The Group reports management information based on the two concepts offered by the Group, City Self-Storage (CSS) and OK Minilager (OKM), in addition to the Group's property business in the Property segment and Self Storage Group ASA (SSG ASA) in separate segments. Other/elimination includes eliminations of intercompany transactions and the remainder of the Group's activities not attributable to the other operating segments. In the tables below, reconciliation from EBITDA to Profit before tax, is presented on an aggregated level. The Group reports management information except IFRS 16 impacts.

The total of Sales income and Other income in the segment reporting corresponds with the line item Revenue as recognised under IFRS.

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. The internal income and expenses are eliminated on Group level.
SSG ASA	SSG ASA includes administration and management activities.
Other/eliminations	Elimination and the remainder of the Group's activities not attributable to the operating segments described above.

For the three months ended 31 March 2019	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Sales income	38 610	16 648	-	-	-	-	55 258
Other income	5 753	844	8 744	-	- 8 962	-	6 379
Lease expenses	- 17 710	- 8 543	-	- 195	8 179	15 161	- 3 108
Other operating costs	- 16 307	- 6 408	- 1 158	- 1 491	783	-	- 24 581
EBITDA	10 346	2 541	7 586	- 1 686	-	15 161	33 948
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 2 467
Change in fair value of investment property							406
Change in fair value of leasehold property							- 13 181
Finance income							158
Finance expense							- 6 059
Profit before tax							**12 805**

For the three months ended 31 March 2018	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Sales income	38 075	14 877	-	-	-	-	52 952
Other income	3 922	943	6 474	-	- 6 006	-	5 333
Lease expenses	- 16 069	- 6 723	-	- 165	4 900	-	- 18 057
Other operating costs	- 18 025	- 5 691	- 859	- 2 042	1 106	-	- 25 511
EBITDA	7 903	3 406	5 615	- 2 207	-	-	14 717
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 2 386
Change in fair value of investment property							490
Change in fair value of leasehold property							-
Finance income							552
Finance expense							- 1 372
Profit before tax							**12 001**

For the year ended 31 December 2018	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Sales income	154 180	64 073	-	-	-	-	218 253
Other income	14 249	3 424	29 903	-	- 27 468	-	20 108
Lease expenses	- 65 542	- 29 117	- 71	- 668	23 947	-	- 71 451
Operating costs	- 65 163	- 22 085	- 4 089	- 5 258	3 456	-	- 93 139
EBITDA	37 724	16 295	25 743	- 5 926	- 65	-	73 771
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 10 527
Change in fair value of investment property							38 223
Change in fair value of leasehold property							-
Finance income							1 511
Finance expense							- 4 632
Profit before tax							**98 346**

Note 4 Earnings per share

(Amounts in NOK)	For the three months ended 31 March 2019	For the three months ended 31 March 2018
Profit (loss) for the period	10 592 000	9 189 858
Weighted average number of outstanding shares during the period (basic)	65 734 111	64 470 419
Weighted average number of outstanding shares during the period (diluted)	65 734 111	64 841 848
Earnings (loss) per share - basic in NOK	0.16	0.14
Earnings (loss) per share - diluted in NOK	0.16	0.14

See also note 6

Note 5 Investment property

(Amounts in NOK 1 000)

During the three month period ended 31 March 2019, the following changes have occurred in the Group's portfolio of investment properties:

	Leasehold property	Owned investment property	Total
Balance as at 31 December 2018	**-**	**524 505**	**524 505**
Implementation impact of leasehold property earlier classified as operating lease commitments	437 402	-	437 402
Value adjustment due to passage of time	- 13 181	-	-13 181
Additions and disposals leasehold property in the year	25 705	-	25 705
Company acquired as asset acquisition	-	6 696	6 696
Additions to existing properties	-	6 107	6 107
Fair value adjustments recognised in profit or loss	-	406	406
Other/translation differences	- 5 267	-	-5 267
Balance as at 31 March 2019	**444 659**	**537 714**	**982 373**

Note 6 Changes in shareholders´equity

On 13 February 2018, the company issued 1 567 472 new shares to the selling shareholder of Minilager Norge group, as part settlement of the remaining part of the purchase price. After registration of the new shares, the new share capital is TNOK 6 526 268 divided into 65 262 682 shares with par value NOK 0.10.

On 23 March 2018, the company issued 100 000 shares to one employee, pursuant to an exercise of pre-existing share options. After registration of the new shares, the share capital of the Company was increased to NOK 6 536 268 consisting of 65 362 682 shares each with NOK 0.10 in par value.

On 27 June 2018, the company issued 371 429 new shares to the selling shareholder of Minilageret AS, as part settlement of the remaining part of the purchase price for Minilageret AS. Minilageret AS was acquired in June 2017. After registration of the new shares, the new share capital was NOK 6 573 411.10, divided into 65 734 111 shares with par value NOK 0.10.

At the General Meeting in 2018 the Board of Directors was authorised to increase share capital with up to NOK 3 268 134.10 through one or several share capital increases. The authorisation may be used to provide the Company with financial flexibility, including in connection with investments, merger and acquisitions. The Board’s authorisation is valid until the annual General Meeting in 2019.

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 March 2019.

	Amounts due in		
As at 31 March 2019	**less than 1 year**	**1-5 years**	**Total**
Debt to financial institutions (NOK, Handelsbanken)	11 750	115 053	126 803

Changes in liabilities arising from financing activities	**Interest bearing borrowings**	**Lease liabilities**	**Total financing activities**
Balance as at 31 December 2018	**129 773**	**217**	**129 990**
Implementation impact of lease earlier classified as operating lease commitments	-	437 402	437 402
Additions and disposals of leasehold property in the year	-	25 705	25 705
Additions and disposals of other leases in the year	-	456	456
Repayments of borrowings/Payments of lease	-2 938	-10 643	-13 581
Interests expenses of borrowings	795	-	795
Interests paid of borrowings	- 827	-	- 827
Other/translation differences	-	-5 235	-5 235
Balance as at 31 March 2019	**126 803**	**447 902**	**574 705**

Note 8 Subsequent events

- Acquisition of Breivollveien 25 in Alnabru, Oslo, and Bråvannsløkka 1 in Kristiansand
- The Group has at the date of this report a total lettable area of 131 800 m^2 , including 13 100 m^2 lettable area under development. Potential lettable area from the development properties in Alnabru, Oslo, and Tiller, Trondheim, is not included.

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.

Non-recurring costs

Extraordinary costs not likely to occur in the normal course of business in Self Storage Group are defined as non-recurring costs. Examples of non-recurring costs are acquisition costs, restructuring and severance packages. The exclusion of non-recurring costs is useful to Self Storage Group as it provides a measure for assessing underlying operating performance .

Definition of SSG's financial APMs

- Adjusted costs: Lease expenses + property-related expenses + salary and other employee benefits + other operating expenses +/- identified items to be excluded from adjusted costs as described below
- 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

SSG's non-financial APMs

- Current lettable area (CLA): Net area (m^2) available for customers to rent for self-storage
- Total lettable area: Net area (m^2) in the portfolio included area not yet lettable to self-storage

Reconciliation of APM used in Interim Report

(Amounts in NOK 1 000)	Q1 2019	Ex IFRS 16 Q1 2019	Q1 2018	Full year 2018
Lease expenses	3 108	18 269	18 057	71 451
Property-related expenses	6 974	6 974	7 287	25 425
Salary and other employee benefits	9 750	9 750	9 367	37 403
Other operating expenses	7 857	7 857	8 857	30 311
Non-recurring costs	- 500	- 500	- 920	-1 942
Adjusted costs	**27 189**	**42 350**	**42 648**	**162 648**
Operating profit before fair value adjustments	31 481	16 384	12 331	63 244
EBIT	31 481	16 384	12 331	63 244
Non-recurring costs	500	500	920	1 942
Adjusted EBIT	31 981	16 884	13 251	65 186
Change in fair value of investment properties	406	406	490	38 223
Change in fair value of leasehold properties	-13 181	-	-	-
Adjusted Profit before tax	13 305	15 948	12 920	100 288
Tax	2 299	2 213	3 005	19 228
Adjusted Net profit	**11 006**	**13 735**	**9 915**	**81 060**
Operating profit before fair value adjustments	31 481	16 384	12 331	63 244
Depreciation	2 467	2 403	2 386	10 527
EBITDA	33 948	18 787	14 717	73 771
Non-recurring costs	500	500	920	1 942
Adjusted EBITDA	**34 448**	**19 287**	**15 637**	**75 713**
Nonrecurring costs				
Acquisition costs	500	500	569	640
Restructuring of legal structure	-	-	152	390
First time value assessment of freehold portfolio	-	-	199	199
Severance packages	-	-	-	713
Sum non-recurring costs	**500**	**500**	**920**	**1 942**