Interim Report Q2 2019

Self Storage Group ASA

SELF STORAGE GROUP

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GROUP

Highlights

Q2 2019

- Revenues of NOK 61.0 million, up from NOK 58.7 million in Q2 2018
- Adjusted EBITDA of NOK 20.9 million, up from NOK 17.9 million in Q2 2018, excluding IFRS 16 impacts
- Adjusted profit before tax of NOK 21.9 million, up from NOK 16.4 million in Q2 2018, excluding IFRS 16 impacts
- Average occupancy in Q2 2019 for sites with more than 12 months of operation was 85% (86%) with an average rent per m^2 of NOK 2 338 per year (2 281 NOK)
- Acquisitions of three properties in Kristiansand, Oslo and Halden
- Agreement to acquire Eurobox with associated property companies to an EV of NOK 320 million
- Announcement of acquisition of two large properties in Oslo at an EV of NOK 200 million
- Private placement with gross proceeds of NOK 250 million

First half year 2019

- Revenues of NOK 122.7 million, up from NOK 117.0 million in first half year 2018
- Adjusted EBITDA of NOK 40.2 million, up from NOK 33.6 million in first half year 2018, excluding IFRS 16 impacts
- Adjusted profit before tax of NOK 37.8 million, up from NOK 29.3 million in first half 2018, excluding IFRS 16 impacts
- Current lettable area end of June 2019 was 122 000 m^2, up from 112 900 m^2 end of June 2018
- Total value of freehold investment property end June 2019 of NOK 606.5 million
- Cash position end of June 2019 of NOK 423.4 million

Key Figures[1]

(Amounts in NOK million)	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Revenue	61.0	58.7	122.7	117.0	238.4
Adjusted costs	25.4	40.8	52.6	83.4	162.6
Non-recurring costs	2.5	1.0	3.0	1.9	1.9
Adjusted EBITDA	35.6	17.9	70.0	33.6	75.7
Adjusted EBITDA ex IFRS 16	*20.9*	*17.9*	*40.2*	*33.6*	*75.7*
Adjusted EBIT	33.0	15.6	65.1	28.8	65.2
Change in fair value of investment properties	4.7	2.0	5.1	2.5	38.2
Change in fair value of leasehold properties	- 13.4	-	- 26.7	-	-
Adjusted Profit before tax	18.6	16.4	31.9	29.3	100.3
Adjusted Profit before tax ex IFRS 16	*21.9*	*16.4*	*37.8*	*29.3*	*100.3*
Adjusted Net Profit	14.0	12.6	25.0	22.5	81.1
Current lettable area (in thousands m2)	122.0	112.9	122.0	112.9	117.0
Lettable area under development (in thousands m2)	13.7	13.5	13.7	13.5	13.4

[1]Non-GAAP measures are defined on page 29

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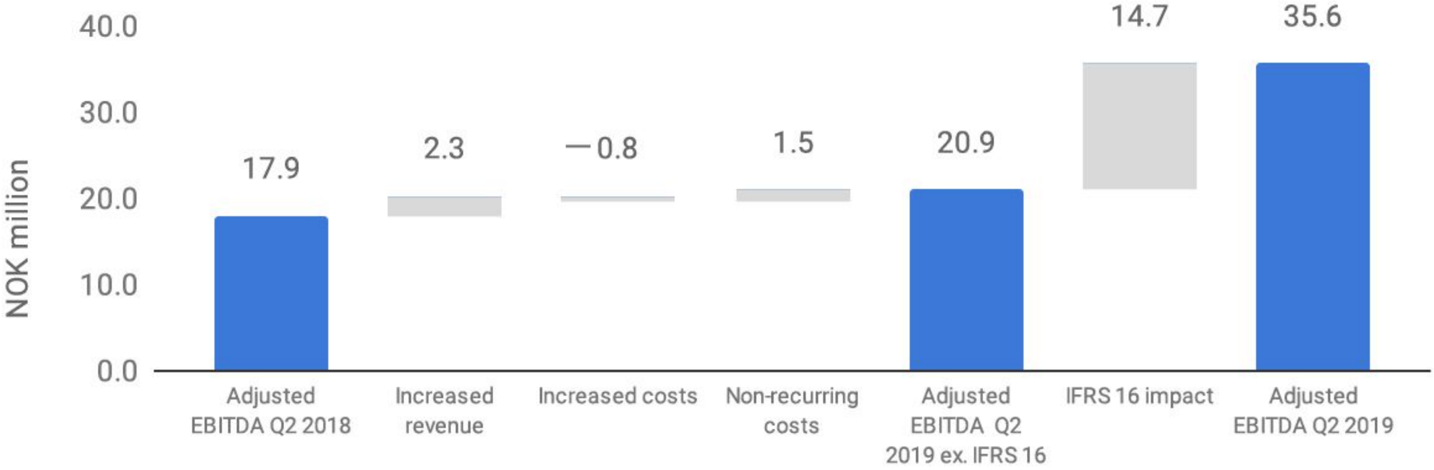
Subsequent events

- First closing of two tranches related to the acquisition of Eurobox successfully completed on 1 July 2019. NOK 75 million of the acquisition was settled through issuance of 3 896 103 consideration shares in Self Storage Group.
- The Group has at the date of this report a total lettable area of 151 500 m^2, including 17 700 m^2 lettable area under development

Financial development

The financial development in Q2 2019 was highly impacted by the accounting standard IFRS 16, which was implemented with effect from 1 January 2019. The new standard was applied using the modified retrospective approach. See note 2 for description. SSG has a significant number of long-term leasehold agreements, that according to the new standard are treated as financial leases.

Adjusted EBITDA for Q2 2018 vs Q2 2019, including impact of IFRS 16, is visualised below.



Revenue

Revenue for Q2 2019 was NOK 61.0 million, an increase of NOK 2.3 million from Q2 2018. Revenue for the first half of 2019 was NOK 122.7 million, an increase of NOK 5.7 million from the first half of 2018. The increase in revenue is related to growth in lettable area through opening of new facilities and expansions, in addition to increased revenue from mature sites with higher average rent per m^2 than a year earlier.

NOK 3.7 million of the revenue in Q2 2019 is attributable to income from ancillary services and rent income from segments other than self-storage, a decrease from NOK 5.5 million in Q2 2018. For the first half year of 2019 other income amounts to NOK 10.1 million, a decrease of NOK 0.8 million from a year earlier. The decrease is mainly related to reduced rent income from office-tenants when contracts expire and office-space is converted to self-storage.

Lease expenses

Lease expenses were NOK 3.2 million for Q2 2019, down from NOK 18.0 million in Q2 2018. Leasehold expenses are reduced by NOK 14.7 million due to implementation of IFRS 16. Lease expenses for the first half of 2019 were NOK 6.3 million, down from NOK 36.1 million in the first half of 2018. Leasehold expenses are reduced by NOK 29.8 million due to implementation of IFRS 16. The remaining part of leasehold expenses are related to leasehold contracts classified as short-term. The underlying costs for leasehold properties have decreased by NOK 0.2 million since Q2 2018, and increased by NOK 0.1 million compared with the first half of 2018. During Q2 one leasehold-facility in Halden was purchased and is now freehold, two leasehold-contracts were re-negotiated and expanded, and one new leasehold-contract was entered into.

At the end of June 2019, 32% of the current lettable area in SSG is freehold, compared to 26% at the end of June 2018. The City Self-Storage segment has mainly leasehold properties (90% of current lettable area is leasehold), while 59% 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, security, insurance and other operating costs related to the facilities.

Property-related expenses in Q2 2019 were NOK 6.0 million, an increase of NOK 0.2 million compared to Q2 2018. Property-related expenses for the first half year of 2019 were NOK 13.0 million, a decrease of NOK 0.1 million since the first half of 2018.

Lettable area in SSG has increased with 9 100 m^2 (8.1%) since June 2018, and the number of facilities has increased by eleven to 106 facilities as of end June 2019. During Q2 four freehold-facilities and one leasehold-facility were opened, one container leasehold-facility was closed, and two leasehold-facilities were expanded.

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 and continuously cost optimising of the organisation.

Salary and other employee benefits

Salary and other employee benefits in Q2 2019 were NOK 9.7 million, a decrease of NOK 0.2 million from Q2 2018. Salary and other employee benefit for the first half year of 2019 were NOK 19.5 million, an increase of NOK 0.2 million compared to a year earlier.

The number of full time equivalents (FTE) has been reduced from 71 FTE in June 2018 to 64 FTE in June 2019. Costs to personnel, particularly in the CSS-segment, have decreased compared with one year earlier, as staff has been reduced and synergies after the acquisitions of Minilageret and Minilager Norge have been utilised. The decrease in costs is offset by increased costs in OK Minilager and HQ related to the growth of the Group.

Depreciation

Depreciation in Q2 2019 was NOK 2.5 million, an increase of NOK 0.2 million from Q2 2018. Depreciation for the first half year 2019 was NOK 5.0 million, an increase of NOK 0.2 million compared to a year earlier. 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 Q2 2019 other operating expenses were NOK 9.0 million, an increase of NOK 0.9 million from Q2 2018. There were NOK 2.5 million classified as non-recurring costs in Q2 2019. The non-recurring costs were related to the acquisition of Eurobox and other investment properties. Adjusted for non-recurring costs of NOK 2.5 million recognised in Q2 2019 and NOK 1.0 million recognised in Q2 2018, other operating expenses have decreased by NOK 0.5 million compared with Q2 2018.

Other operating expenses for the first half year 2019 amounted to NOK 16.8 million, a decrease of NOK 0.1 million from a year earlier. Adjusted for non-recurring costs, other operating expenses have decreased with NOK 1.1 million compared to the first half year of 2018.

(NOK 1 000) **Non-recurring costs**	**Q2 2019**	**Q2 2018**	**YTD 2019**	**YTD 2018**	**Full year 2018**
Acquisition costs	2 489	71	2 989	640	640
Restructuring	-	238	-	390	390
First time value-assessment of freehold portfolio	-	-	-	199	199
Severance packages	-	713	-	713	713
Total non-recurring costs	**2 489**	**1 021**	**2 989**	**1 942**	**1 942**

Change in fair value of investment property

The fair value of freehold investment property is based on independent valuations. All freehold investment property at the time was appraised in December 2018. Three newly acquired investment properties were appraised during Q2 2019. There are no change in the factors that influence the last fair value valuation.

Change in fair value of freehold investment property recognised in P&L in Q2 2019 was NOK 4.7 million, compared to NOK 2.0 million recognised in P&L in Q2 2018. Change in fair value of right-of-use-assets of leasehold property recognised in P&L in Q2 2019 was NOK -13.4 million, compared to NOK 0 million recognised in P&L in Q2 2018.

Change in fair value of freehold investment property recognised in P&L for the first half year of 2019 was NOK 5.1 million, compared to NOK 2.5 million recognised in P&L one year earlier. Change in fair value of right-of-use-assets of leasehold property recognised in P&L for the first half year of 2019 was NOK -26.7 million, compared to NOK 0 million recognised in P&L for the first half year of 2018.

Change in fair value of right-of-use-assets of leasehold property is related to IFRS 16 and value adjustment due to passage of time of recognised leases. See note 2 for description of IFRS 16 impact.

Fair value of freehold investment property was NOK 606.5 million and fair value of right-of-use-assets leasehold property was NOK 433.2 million at 30 June 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.

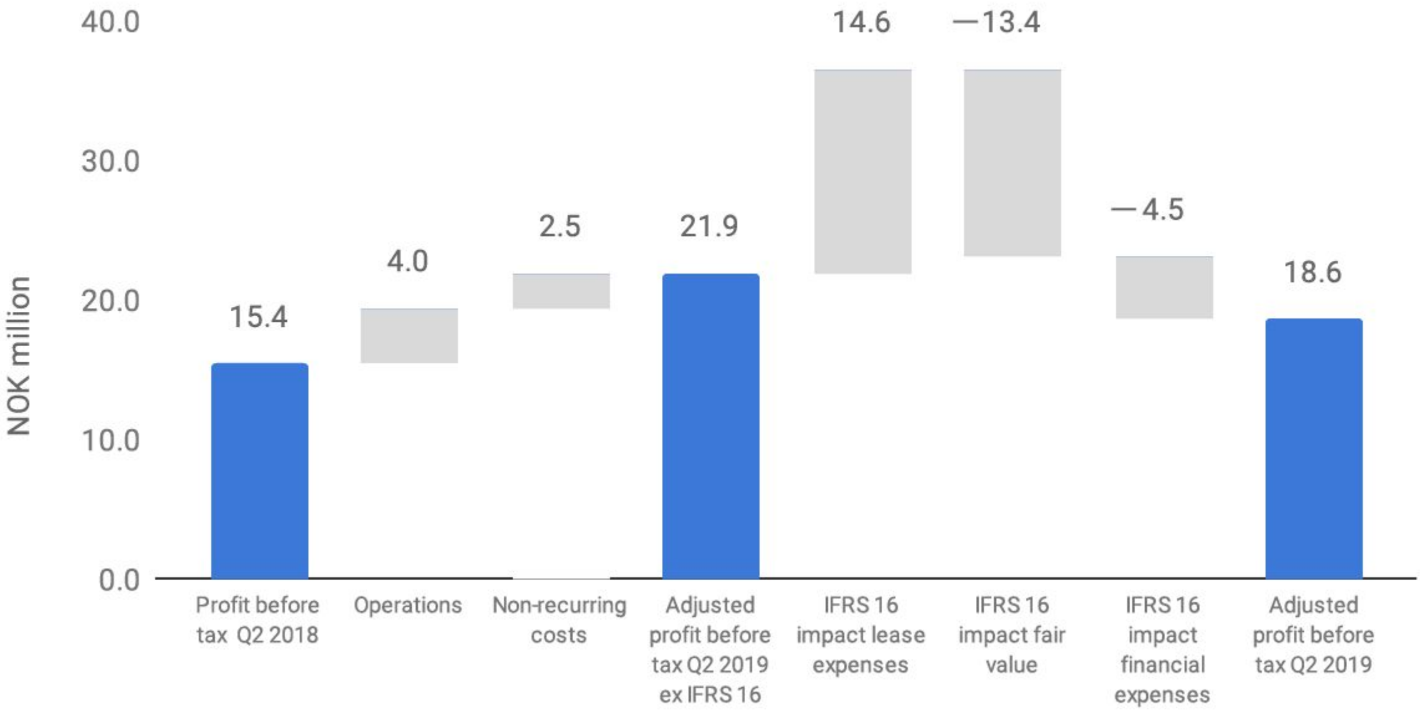
EBITDA and profit before tax

EBITDA in Q2 2019 was NOK 33.1 million, an increase of NOK 16.2 million since Q2 2018. EBITDA adjusted for non-recurring costs and effects of implementation of IFRS 16 was NOK 20.9 million, which is an increase of NOK 3.0 million from Q2 2018. NOK 2.3 million is related to increased revenue, and NOK 0.7 million is attributed to decreased costs.

EBITDA for the first half year of 2019 was NOK 67.0 million, an increase of NOK 35.4 million compared to the same period last year. EBITDA adjusted for non-recurring costs and effects of implementation of IFRS 16 was NOK 40.2 million, which is an increase of NOK 6.6 million from the first half of 2018.

Profit before tax in Q2 2019 was NOK 16.1 million, an increase of NOK 0.7 million from Q2 2018.
There is a negative impact of NOK -3.3 million related to IFRS 16. Profit before tax adjusted for impact from IFRS 16 and non-recurring costs increased from NOK 16.4 million in Q2 2018 to NOK 21.9 million in Q2 2019.

Profit before tax for Q2 2018 vs Q2 2019, including impact of IFRS 16, is visualised below.



Profit before tax for the first half year of 2019 was NOK 28.9 million, an increase of NOK 1.5 million from a year earlier. The negative impact from IFRS 16 amounted NOK -5.9 million. Profit before tax adjusted for impact from IFRS 16 and non-recurring costs increased from NOK 29.3 million in the first half of 2018 to NOK 37.8 million in the first half of 2019, an increase of NOK 8.5 million.

Statement of financial position

Total assets were NOK 1 671.5 million at 30 June 2019, compared to NOK 850.4 million at 31 December 2018, an increase of NOK 821.1 million. NOK 431.0 million is related to the impact of IFRS 16, whereof NOK 433.2 million is recognition of right-of-use assets of leasehold property. Freehold investment property has increased with NOK 82.0 million from 31 December 2018 to NOK 606.5 million as of 30 June 2019.

Cash and bank deposits have increased with NOK 301.2 million to NOK 423.4 million at the end of June 2019 from December 2018. The increase is mainly attributable to net proceeds from the private placement in connection with the signed acquisition of Eurobox, and a new loan drawn up under the existing loan facility.

SSG has a loan facility for purchase of investment property with Handelsbanken up to 60% of the freehold investment property value. Interest-bearing debt amounts to NOK 231.9 million at the end of June 2019, an increase of NOK 102.1 million from December 2018.

At the end of June 2019 cash minus interest-bearing debt was positive with NOK 191.5 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 June 2019 was NOK 891.0 million, an increase of NOK 266.0 million from December 2018. The increase is mainly attributable to the issuance of new shares in connection with the private placement in June 2019. Loan to value of freehold investment property is 38% as of end June 2019, compared to 25% at the end of December 2018. Obligations under financial lease at the end of June 2019 was NOK 439.7 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 53% at the end of June 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 Q2 2019 was NOK 34.1 million, compared to NOK 19.2 million during Q2 2018. NOK 14.6 million of the increase in net cash flow from operating activities is related to IFRS 16. Net cash flow from operating activities for the first half year 2019 was NOK 73.3 million, compared to NOK 27.1 million a year earlier. NOK 29.8 million of the increase in net cash flow from operating activities is related to IFRS 16. The remaining increase in net cash flow from operating activities is related to increased profit before tax, decrease in prepaid expenses and timing differences for payments.

Net cash flow from investing activities during Q2 2019 was NOK -73.6 million compared to NOK -25.5 million at the end of Q2 2018. Net cash flow from investing activities for the first half 2019 was NOK -86.0 million compared to NOK -95.3 million a year earlier. The investing activities are 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 333.5 million at the end of Q2 2019, compared to NOK -15.5 million at the end of Q2 2018. The impact of IFRS 16 for Q2 2019 for net cash flow from financing activities was NOK -14.6 million. Net cash flow from financial activities was in addition affected by net proceeds from the private placement, new loan and repayment of loan in Q2 2019. Net cash flow from financing activities for the first half 2019 was NOK 314.6 million, compared to NOK -17.8 million a year earlier. The impact of IFRS 16 for the first half 2019 for net cash flow from financing activities was NOK -29.8 million.

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

SSG's cash balance at the end of June 2019 was NOK 423.4 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 freehold facilities. The Group seeks to strengthen its nationwide presence in Norway while at the same time optimising current facilities in Denmark and Sweden and search for profitable expansion opportunities. Going forward, new facilities will primarily be established as freehold 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. Freehold 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 freehold 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, Stavanger, Stockholm and Copenhagen.

The strategy is to strengthen the market position in the major cities in Norway by establishing more facilities at attractive locations, while at the same time continuing the ongoing cost reduction initiatives and optimising the organisation. City Self-Storage opened its first facility in Stavanger in Q2 2019, and is planning to open 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 freehold 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. With the acquisition of Eurobox the leading position in the Norwegian market was solidified. 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 Stockholm, 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

On 31 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.

On 23 May 2019 the annual general meeting of Self Storage Group ASA was held. All proposals set out in the notice to the general meeting were approved. Martin Nes (chairman), Runar Vatne, Gustav Søbak, Yvonne Litsheim Sandvold and Ingrid Elvira Leisner were elected to the Board of Directors.

On 25 June 2019 the company entered into an agreement to acquire 100% of the shares in Eurobox Minilager AS and the associated property companies to an enterprise value of NOK 320 million. A private placement raising NOK 250 million in gross proceeds was launched after closing of trade at Oslo Børs and successfully completed the same evening.

On 28 June 2019 the company issued 12 987 012 new shares at a price per share of NOK 19.25.

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 platform for future growth is further strengthened through the acquisition of Eurobox.

SSG 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 freehold 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.

Statement by the Board of Directors

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2019 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Oslo, 14 August 2019
Board of Directors, Self Storage Group ASA

Martin Nes Chairman	Yvonne Sandvold Board member	Runar Vatne Board member
Ingrid Elvira Leisner Board member	Gustav Søbak Board member	Fabian Søbak CEO

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 30 June 2019	Unaudited For the three months ended 30 June 2018	Unaudited For the six months ended 30 June 2019	Unaudited For the six months ended 30 June 2018	Audited For the twelve months ended 31 December 2018
Revenue	3	61 022	58 695	122 660	116 981	238 361
Lease expenses	2,3	3 215	18 037	6 323	36 094	71 451
Property-related expenses	3	6 013	5 773	12 987	13 060	25 425
Salary and other employee benefits	3	9 734	9 942	19 484	19 309	37 403
Depreciation		2 533	2 372	4 961	4 758	10 527
Other operating expenses	3	8 968	8 036	16 826	16 893	30 311
Operating profit before fair value adjustments		**30 559**	**14 535**	**62 079**	**26 867**	**63 244**
Change in fair value of investment properties	6	4 667	2 011	5 073	2 500	38 223
Change in fair value of leasehold properties	2,6	-13 433	-	-26 653	-	-
Operating profit after fair value adjustments		**21 793**	**16 545**	**40 499**	**29 366**	**101 467**
Finance income		126	60	284	612	1 511
Finance expense	2	5 833	1 214	11 892	2 587	4 632
Profit before tax		**16 086**	**15 391**	**28 891**	**27 391**	**98 346**
Income tax expense		3 989	3 540	6 202	6 350	18 856
Profit for the period		**12 097**	**11 851**	**22 689**	**21 040**	**79 490**
Total comprehensive income for the year attributable to parent company shareholders		12 097	11 851	22 689	21 040	79 490
Total comprehensive income for the year attributable to non-controlling interests		-	-	-	-	-
Earnings per share						
Basic (NOK)	4	0.18	0.18	0.34	0.32	1.22
Diluted (NOK)	4	0.18	0.18	0.34	0.32	1.22
Other comprehensive income, net of income tax						
Items that may be reclassified subsequently to profit or loss						
- currency translation difference		- 1	- 142	- 651	- 626	- 73
Other comprehensive income for the period, net of income tax		**- 1**	**- 142**	**- 651**	**- 626**	**- 73**
Total comprehensive income for the period		**12 096**	**11 709**	**22 038**	**20 414**	**79 417**
Total comprehensive income for the year attributable to parent company shareholders		12 096	11 709	22 038	20 414	79 417
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	Audited
ASSETS		**30 June 2019**	**31 December 2018**
Non-current assets	**Note**		
Investment property	6	606 490	524 505
Right-of-use assets - leasehold property	2,6	433 209	-
Property, plant and equipment		81 321	70 405
Goodwill		94 749	94 639
Other intangible assets		1 525	1 376
Total non-current assets		**1 217 294**	**690 925**
Current assets			
Inventories		1 647	1 270
Trade and other receivables		14 915	13 421
Other current assets		14 249	22 598
Cash and bank deposits		423 391	122 228
Total current assets		**454 202**	**159 517**
TOTAL ASSETS		**1 671 496**	**850 442**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	7	7 872	6 573
Share premium		670 494	427 889
Other reserves		- 361	290
Retained earnings		212 988	190 299
Total equity		**890 993**	**625 051**
LIABILITIES			
Non-current liabilities			
Long-term interest-bearing debt	8	214 715	118 023
Long-term obligations under finance leases	2,8	395 368	143
Other financial liabilities		655	873
Deferred tax liabilities		40 797	34 911
Total non-current liabilities		**651 535**	**153 950**
Current liabilities			
Short-term interest-bearing debt	8	17 150	11 750
Short-term obligations under finance leases	2,8	44 372	74
Trade and other payables		12 068	11 404
Income tax payable		10 971	11 647
Other taxes and withholdings		6 130	5 291
Other current liabilities		38 277	31 275
Total current liabilities		**128 968**	**71 441**
Total liabilities		**780 503**	**225 391**
TOTAL EQUITY AND LIABILITIES		**1 671 496**	**850 442**

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	-	-	-	21 040	21 040
Other comprehensive income (loss) for the period net of income tax	-	-	- 626	-	- 626
Total comprehensive income for the period	-	-	- 626	21 040	20 414
Issue of ordinary shares, net of transaction costs	204	31 515	-	-	31 719
Balance at 30 June 2018	**6 573**	**427 931**	**- 263**	**131 849**	**566 090**

Balance at 1 January 2019	**6 573**	**427 889**	**290**	**190 299**	**625 051**
Profit (loss) for the period	-	-	-	22 689	22 689
Other comprehensive income (loss) for the period net of income tax	-	-	- 651	-	- 651
Total comprehensive income for the period	-	-	- 651	22 689	22 038
Issue of ordinary shares, net of transaction costs	1 299	242 605	-	-	243 904
Balance at 30 June 2019 (Unaudited)	**7 872**	**670 494**	**- 361**	**212 988**	**890 993**

Self Storage Group
Condensed consolidated statement of Cash flows

		Unaudited	Unaudited	Unaudited	Audited	Audited
(Amounts in NOK 1 000)	Note	For the three months ended 30 June 2019	For the three months ended 30 June 2018	For the six months ended 30 June 2019	For the six months ended 30 June 2018	For the year ended 31 December 2018
Cash flow from operating activities						
Profit before tax		16 086	15 390	28 891	27 391	98 346
Income tax paid		- 723	- 1 853	- 1 446	- 1 853	- 2 244
Interest expense	2	5 236	518	10 474	553	1 819
Depreciation		2 533	2 372	4 961	4 758	10 527
Gain/loss on disposal of property, plant and equipment		- 41	-	-	-	- 47
Change in fair value of investment property	6	- 4 667	- 2 010	- 5 073	- 2 500	- 38 223
Change in fair value of leasehold property	2,6	13 433	-	26 653	-	-
Change in trade and other receivables		- 879	- 655	- 1 482	- 436	- 1 946
Change in trade and other payables		4 121	1 288	609	1 731	791
Change in other current assets		1 127	4 682	1 936	- 523	- 2 414
Change in other current liabilities		- 2 140	- 528	7 759	- 2 059	- 582
Net cash flow from operating activities		**34 086**	**19 204**	**73 282**	**27 062**	**66 027**
Cash flow from investing activities						
Payments for investment property		- 16 305	- 20 197	- 22 412	- 46 756	- 62 902
Payments for property, plant and equipment		- 8 964	- 4 468	- 15 231	- 9 323	- 21 648
Net cash outflow on acquisition of subsidiaries		- 48 377	- 806	- 48 356	- 39 454	- 72 957
Net cash flow from investing activities		**- 73 646**	**- 25 471**	**- 85 999**	**- 95 533**	**- 157 507**
Cash flow from financing activities						
Net proceeds from issue of equity instruments of the Company	7	243 904	-	243 904		-
Proceeds from borrowing	8	108 000	-	108 000	-	40 000
Repayment of borrowings	8	- 2 937	- 14 974	- 5 875	- 16 691	- 19 066
Payments of lease liabilities	2,8	- 10 101	-	- 20 744	-	-
Payments of leases classified as interest	2,8	- 4 483	-	- 9 044	-	-
Interest paid	8	- 856	- 506	- 1 683	- 1 135	- 2 312
Net cash flow from financing activities		**333 527**	**- 15 480**	**314 558**	**- 17 826**	**18 622**
Net change in cash and cash equivalents		293 967	- 21 747	301 841	- 86 297	- 72 858
Cash and cash equivalents at beginning of the period		129 522	130 374	122 228	195 224	195 224
Effect of foreign currency rate changes on cash and cash equivalents		- 98	- 303	- 678	- 603	- 138
Cash and equivalents at end of the period		**423 391**	**108 324**	**423 391**	**108 324**	**122 228**

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 August 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 significant
- 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 period 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 second quarter of 2019 and YTD 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			30 June 2019		
	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	31 December 2018	**Impact**	**1 January 2019**	**30 June 2019**	**Impact**	**30 June 2019**
	IAS 17	**IFRS 16**	**IFRS 16**	**IAS 17***	**IFRS 16**	**IFRS 16**
Total non-current assets	690 925	437 402	1 128 327	783 692	433 602	1 217 294
Total current assets	159 517	-	159 517	456 797	- 2 595	454 202
TOTAL ASSETS	**850 442**	**437 402**	**1 287 844**	**1 240 489**	**431 007**	**1 671 496**
Total equity	625 051	-	625 051	896 997	- 6 004	890 993
Total non-current liabilities	153 950	395 262	549 212	256 251	395 284	651 535
Total current liabilities	71 441	42 140	113 581	87 241	41 727	128 968
Total liabilities	225 391	437 402	662 793	343 492	437 011	780 503
TOTAL EQUITY AND LIABILITIES	**850 442**	**437 402**	**1 287 844**	**1 240 489**	**431 007**	**1 671 496**

* 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 Q2 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Q2 2019 IFRS 16
Revenue	61 022	-	61 022
Lease expenses	17 884	-14 669	3 215
Property-related expenses	6 013	-	6 013
Salary and other employee benefits	9 734	-	9 734
Depreciation	2 495	38	2 533
Other operating expenses	8 968	-	8 968
Operating profit before fair value adjustments	**15 928**	**14 631**	**30 559**
Change in fair value of investment properties	4 667	-	4 667
Change in fair value of leasehold properties	-	-13 433	-13 433
Operating profit after fair value adjustments	**20 595**	**1 198**	**21 793**
Net finance	-1 222	-4 485	-5 707
Profit before tax	**19 373**	**-3 287**	**16 086**
Income tax expense	3 989	-	3 989
Profit for the period	**15 384**	**-3 287**	**12 097**

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

IFRS 16 effects on income statement YTD

(Amounts in NOK 1 000)	Unaudited YTD 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited YTD 2019 IFRS 16
Revenue	122 660	-	122 660
Lease expenses	36 153	-29 830	6 323
Property-related expenses	12 987	-	12 987
Salary and other employee benefits	19 484	-	19 484
Depreciation	4 898	63	4 961
Other operating expenses	16 826	-	16 826
Operating profit before fair value adjustments	**32 312**	**29 767**	**62 079**
Change in fair value of investment properties	5 073	-	5 073
Change in fair value of leasehold properties	-	-26 653	-26 653
Operating profit after fair value adjustments	**37 385**	**3 114**	**40 499**
Net finance	-2 564	-9 044	-11 608
Profit before tax	**34 821**	**-5 930**	**28 891**
Income tax expense	6 202	-	6 202
Profit for the period	**28 619**	**-5 930**	**22 689**

* 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 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, a net negative effect on profit or loss compared to the effects under IAS 17 will occur. 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 3.3 million in the second quarter of 2019 and NOK 5.9 million YTD 2019.

IFRS 16 impacts on statement of cash flow

(Amounts in NOK 1 000)	Unaudited Q2 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Q2 2019 IFRS 16
Net cash flows from operating activities	19 502	14 584	34 086
Net cash flows from investing activities	-73 646	-	-73 646
Net cash flows from financing activities	348 111	-14 584	333 527
Net change in cash and cash equivalents	**293 967**	**-**	**293 967**

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

IFRS 16 effects on statement of cash flow YTD

(Amounts in NOK 1 000)	Unaudited YTD 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited YTD 2019 IFRS 16
Net cash flows from operating activities	43 494	29 788	73 282
Net cash flows from investing activities	-85 999	0	-85 999
Net cash flows from financing activities	344 346	-29 788	314 558
Net change in cash and cash equivalents	**301 841**	**-**	**301 841**

* 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 30 June 2019	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Sales income	39 699	17 604	-	-	-	-	57 303
Other income	2 668	1 196	9 205	-	- 9 350	-	3 719
Lease expenses	- 17 126	- 8 716	-	- 336	8 382	14 581	- 3 215
Other operating costs	- 14 848	- 6 122	- 1 431	- 3 282	968	-	- 24 715
EBITDA	10 393	3 962	7 774	- 3 618	-	14 581	33 092
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 2 533
Change in fair value of investment property							4 667
Change in fair value of leasehold property							- 13 433
Finance income							126
Finance expense							- 5 833
Profit before tax							**16 086**

For the three months ended 30 June 2018	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Sales income	37 876	15 269	35	-	-	-	53 180
Other income	4 242	846	6 770	-	- 6 343	-	5 515
Lease expenses	- 15 836	- 7 324	- 22	- 170	5 314	-	- 18 038
Other operating costs	- 17 229	- 4 970	- 1 238	- 1 342	1 029	-	- 23 750
EBITDA	9 053	3 821	5 545	- 1 512	-	-	16 907
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 2 372
Change in fair value of investment property							2 011
Change in fair value of leasehold property							-
Finance income							60
Finance expense							- 1 215
Profit before tax							**15 391**

For the six months ended 30 June 2019	CSS	OKM	Property	SSG ASA	Other/elimi nations	IFRS 16	Total
Sales income	78 309	34 252	-	-	-	-	112 561
Other income	8 421	2 040	17 950	-	- 18 312	-	10 099
Lease expenses	- 34 836	- 17 259	-	- 531	16 561	29 742	- 6 323
Other operating costs*	- 31 155	- 12 530	- 2 590	- 4 773	1 751	-	- 49 297
EBITDA	20 739	6 503	15 360	- 5 304	-	29 742	67 040
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 4 961
Change in fair value of investment property							5 073
Change in fair value of leasehold property							- 26 653
Finance income							284
Finance expense							- 11 892
Profit before tax							**28 891**

For the six months ended 30 June 2018	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Sales income	75 951	30 146	35	-	-		106 132
Other income	8 165	1 789	13 244	-	- 12 349		10 849
Lease expenses	- 31 905	- 14 047	- 22	- 335	10 214		- 36 095
Other operating costs	- 35 252	- 10 661	- 2 097	- 3 386	2 135		- 49 261
EBITDA	16 959	7 227	11 160	- 3 721	-		31 625
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 4 758
Change in fair value of investment property							2 500
Finance lease expense							-
Finance income							612
Finance expense							- 2 588
Profit before tax							**27 391**

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 30 June 2019	For the three months ended 30 June 2018	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Profit (loss) for the period	12 097 000	11 851 000	22 689 000	21 040 000
Weighted average number of outstanding shares during the period (basic)	66 447 683	65 374 927	66 094 861	64 939 065
Weighted average number of outstanding shares during the period (diluted)	66 661 755	65 374 927	66 203 086	64 939 065
Earnings (loss) per share - basic in NOK	0.18	0.18	0.34	0.32
Earnings (loss) per share - diluted in NOK	0.18	0.18	0.34	0.32

See also note 7

Note 5 Business combinations

(Amounts in NOK 1 000)

Self Storage Group has acquired Eurobox, consisting of four legal entities. Eurobox operates four high quality climate controlled sites in the greater Oslo region, ideally located close to the main roads in the urban areas of Oslo, Asker and Drammen. Three of the facilities are freehold, and one facility has a long-term leasehold contract.

Acquisitions during the period

2019	Main business activity	Date of business combination	Proportion of voting equity acquired	Acquiring entity
Eurobox Minilager AS - operating company	Self-storage solutions	1 July 2019	100%	Self Storage Group
Cron Gruppen AS	Self-storage solutions	1 July 2019	100%	Self Storage Group
Gron Invest AS	Self-storage solutions	1 July 2019	100%	Self Storage Group
Eurobox Billingstad AS	Self-storage solutions	1 July 2019	100%	Self Storage Group

The above companies have been acquired with the purpose of continuing expansion of the group's activities, which focus on the self-storage market in Norway. Eurobox was acquired on 1 July 2019, with except for Eurobox Billingstad, expected to be completed during 3rd quarter. Eurobox will be reported as part of the City Self-Storage (CSS) operating segment.

Consideration

(Amounts in NOK 1 000)	Eurobox
Cash	243 529
Shares in Self Storage Group ASA	75 000
Total consideration	**318 529**

The purchase agreement included an option to acquire a neighbouring building at Billingstad. The excess value of the option is calculated based on market value for the neighbouring property, acquired in the transaction.

Assets and liabilities assumed in connection with the business combination of Eurobox group have been recognised at their estimated fair value on the date of the business combination. Fair value adjustments based on valuation from external real estate appraiser have been made to the freehold investment properties. No other adjustments to the carrying values of assets and liabilities have been identified. No not previously recognised intangible assets were identified. The purchase price allocation is preliminary an 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 1 July 2019	Fair value adjustments	Fair value 1 July 2019
Investment property	68 738	166 762	235 500
Fit-out and property, plant and equipment	4 601	15 399	20 000
Trade receivables	1 727	-	1 727
Option to buy additional freehold property	-	24 750	24 750
Other current assets	5 379	-	5 379
Cash and cash equivalents	441	-	441
Deferred tax liability	- 5 141	- 45 520	- 50 661
Trade payables	- 4 975	-	- 4 975
Tax payable	- 1 227	-	- 1 227
Other current liabilities	- 12 316	-	- 12 316
Net assets	**57 227**	**161 391**	**218 618**

Goodwill

(Amounts in NOK 1000)	Eurobox
Consideration	318 529
Fair value of identifiable net assets acquired	- 218 618
Goodwill	**99 911**

Goodwill originating from the business combination is primarily related to the fair value of the four properties in operation. No impairment has been recognised subsequent to the business combination. Goodwill that has arisen as part of the business acquisition is not tax deductible.

Effect on group results

The acquired companies do not affect revenue and profit before they are consolidated from 1 July 2019.

The revenue and net profit for first half year 2019 are estimated to be approximately NOK 14.3 million and NOK 4.7 million respectively, if the Company had acquired Eurobox with effect from 1 January 2019. EBITDA for the first half year of 2019 is estimated to NOK 7.1 million.

Estimated transaction costs related to the acquisition amounted to NOK 2.0 million are recorded in the second quarter.

Note 6 Investment property

(Amounts in NOK 1 000)

During the six month period ended 30 June 2019, the following changes have occurred in the Group's portfolio of investment properties:

	Leasehold property	Freehold 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	- 26 653	-	-26 653
Additions and disposals leasehold property in the year	27 376	-	27 376
Asset acquisition in OK Property AS	-	7 114	7 114
Company acquired as asset acquisition	-	54 500	54 500
Additions to existing properties	-	15 298	15 298
Fair value adjustments recognised in profit or loss	-	5 073	5 073
Other/translation differences	- 4 916	-	-4 916
Balance as at 30 June 2019	**433 209**	**606 490**	**1 039 699**

Note 7 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.

On 25 June 2019, the company issued 12 987 012 new shares in a Private Placement. After registration of the new shares, the new share capital was NOK 7 872 112.30, divided into 78 721 123 shares with par value NOK 0.10.

At the General Meeting in 2019 the Board of Directors was authorised to increase share capital with up to NOK 3 286 705.50 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 2020.

Note 8 Interest bearing liabilities

(Amounts in NOK 1 000)

Interest bearing liabilities are carried at amortized cost. The carrying amounts approximate fair value as at 30 June 2019.

	Amounts due in		
As at 30 June 2019	**less than 1 year**	**1-5 years**	**Total**
Debt to financial institutions (NOK, Handelsbanken)	17 150	214 715	231 865

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	-	27 376	27 376
Additions and disposals of other leases in the year	-	456	456
Repayments of borrowings/Payments of lease	-5 875	-20 744	-26 619
Proceeds from borrowings	108 000	-	108 000
Interests expenses of borrowings	1 650	-	1 650
Interests paid of borrowings	-1 683	-	-1 683
Other/translation differences	-	-4 967	-4 967
Balance as at 30 June 2019	**231 865**	**439 740**	**671 605**

Note 9 Subsequent events

- First closing of two tranches related to the acquisition of Eurobox successfully completed on 1 July 2019. NOK 75 million of the acquisition was settled through issuance of 3 896 103 consideration shares in Self Storage Group. See note 5 for description of business combination.
- The Group has at the date of this report a total lettable area of 151 500 m^2, including 17 700 m^2 lettable 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)	Q2 2019	Ex IFRS 16 Q2 2019	Q2 2018	Full year 2018
Lease expenses	3 215	17 884	18 037	71 451
Property-related expenses	6 013	6 013	5 773	25 425
Salary and other employee benefits	9 734	9 734	9 942	37 403
Other operating expenses	8 968	8 968	8 036	30 311
Non-recurring costs	-2 489	-2 489	-1 021	-1 942
Adjusted costs	**25 441**	**40 110**	**40 767**	**162 648**
Operating profit before fair value adjustments	30 559	15 928	14 535	63 244
EBIT	30 559	15 928	14 535	63 244
Non-recurring costs	2 489	2 489	1 021	1 942
Adjusted EBIT	33 048	18 417	15 556	65 186
Change in fair value of investment properties	4 667	4 667	2 011	38 223
Change in fair value of leasehold properties	-13 433	-	-	-
Adjusted Profit before tax	18 575	21 862	16 412	100 288
Tax	4 606	4 606	3 775	19 228
Adjusted Net profit	**13 969**	**17 256**	**12 637**	**81 060**
Operating profit before fair value adjustments	30 559	15 928	14 535	63 244
Depreciation	2 533	2 495	2 372	10 527
EBITDA	33 092	18 423	16 907	73 771
Non-recurring costs	2 489	2 489	1 021	1 942
Adjusted EBITDA	**35 581**	**20 912**	**17 928**	**75 713**
Nonrecurring costs				
Acquisition costs	2 489	2 489	71	640
Restructuring of legal structure	-	-	238	390
First time value assessment of freehold portfolio	-	-	-	199
Severance packages	-	-	713	713
Sum non-recurring costs	**2 489**	**2 489**	**1 021**	**1 942**

(Amounts in NOK 1 000)	YTD 2019	Ex IFRS 16 YTD 2019	YTD 2018	Full year 2018
Lease expenses	6 323	36 153	36 094	71 451
Property-related expenses	12 987	12 987	13 060	25 425
Salary and other employee benefits	19 484	19 484	19 309	37 403
Other operating expenses	16 826	16 826	16 893	30 311
Non-recurring costs	-2 989	-2 989	-1 942	-1 942
Adjusted costs	**52 631**	**82 461**	**83 414**	**162 648**
Operating profit before fair value adjustments	62 079	32 312	26 867	63 244
EBIT	62 079	32 312	26 867	63 244
Non-recurring costs	2 989	2 989	1 942	1 942
Adjusted EBIT	65 068	35 301	28 809	65 186
Change in fair value of investment properties	5 073	5 073	2 500	38 223
Change in fair value of leasehold properties	-26 653	-	-	-
Adjusted Profit before tax	31 880	37 810	29 333	100 288
Tax	6 844	6 844	6 800	19 228
Adjusted Net profit	**25 036**	**30 966**	**22 533**	**81 060**
Operating profit before fair value adjustments	62 079	32 312	26 867	63 244
Depreciation	4 961	4 898	4 758	10 527
EBITDA	67 040	37 210	31 625	73 771
Non-recurring costs	2 989	2 989	1 942	1 942
Adjusted EBITDA	**70 029**	**40 199**	**33 567**	**75 713**
Nonrecurring costs				
Acquisition costs	2 989	2 989	640	640
Restructuring of legal structure	-	-	390	390
First time value assessment of freehold portfolio	-	-	199	199
Severance packages	-	-	713	713
Sum non-recurring costs	**2 989**	**2 989**	**1 942**	**1 942**