

Interim Report Q3 2019

Self Storage Group ASA



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Highlights

Q3 2019

- Revenues of NOK 71.9 million, up from NOK 60.6 million in Q3 2018
- Adjusted EBITDA of NOK 28.4 million, up from NOK 22.4 million in Q3 2018, excluding IFRS 16 impacts
- Adjusted profit before tax of NOK 22.9 million, up from NOK 18.3 million in Q3 2018, excluding IFRS 16 impacts
- Average occupancy in Q3 2019 for sites with more than 12 months of operation was 86% (86%) with an average rent per m² of NOK 2 370 per year (2 338 NOK)
- Current lettable area end of Q3 2019 was 134 900 m², up from 114 900 m² end of Q3 2018
- Acquisitions of Eurobox and two large properties in Oslo
- Total value of freehold investment property end September 2019 of NOK 1 046 million, up from NOK 456 million end September 2018
- Cash position end of September 2019 of NOK 103 million

Key Figures¹

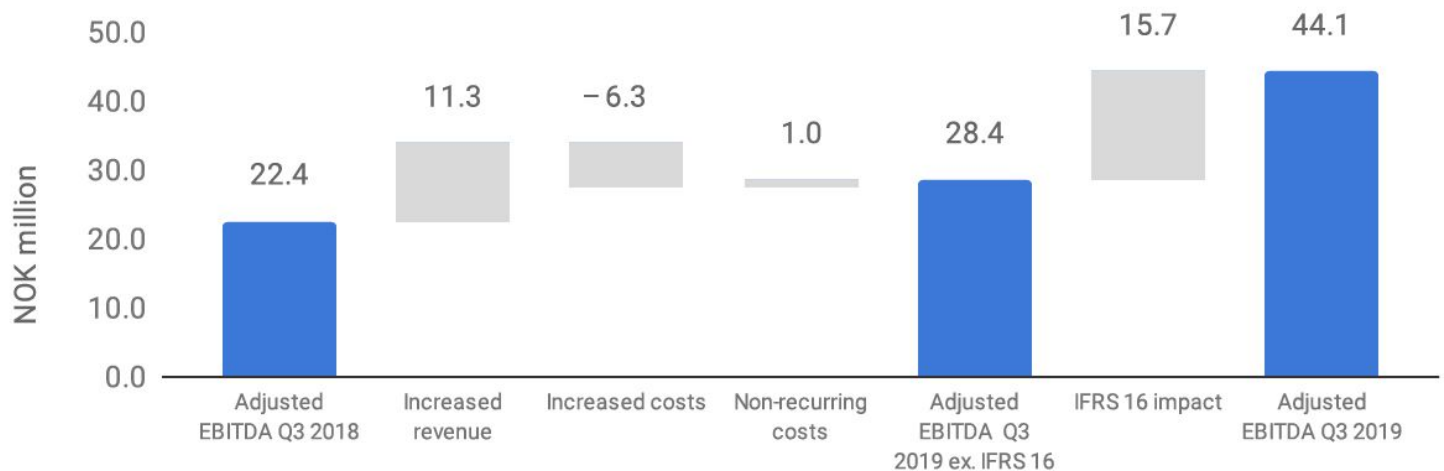
(Amounts in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Full year 2018
Revenue	71.9	60.6	194.6	177.6	238.4
Adjusted costs	27.8	38.2	80.5	121.6	162.6
Total adjustments	1.0	-	4.0	1.9	1.9
Adjusted EBITDA	44.1	22.4	114.1	56.0	75.7
<i>Adjusted EBITDA ex IFRS 16</i>	<i>28.4</i>	<i>22.4</i>	<i>68.6</i>	<i>56.0</i>	<i>75.7</i>
Adjusted EBIT	40.8	19.2	105.9	48.0	65.2
Change in fair value of investment properties	-	-	5.1	2.5	38.2
Change in fair value of leasehold properties	- 13.8	-	- 40.5	-	-
Adjusted Profit before tax	20.3	18.3	52.2	47.6	100.3
<i>Adjusted Profit before tax ex IFRS 16</i>	<i>22.9</i>	<i>18.3</i>	<i>60.7</i>	<i>47.6</i>	<i>100.3</i>
Adjusted Net Profit	16.4	15.1	41.4	37.7	81.1
Current lettable area (in thousands m2)	134.9	114.9	134.9	114.9	117.0
Lettable area under development (in thousands m2)	23.7	12.8	23.7	12.8	13.4

¹Non-GAAP measures are defined on page 28

Financial development

The underlying financial development in Q3 2019 was solid with an adjusted EBITDA-growth excluding impacts of IFRS 16 of 26.8%. SSG has a significant number of long-term leasehold agreements, that according to IFRS 16 are treated as financial leases. The new accounting standard was implemented with effect from 1 January 2019 using the modified retrospective approach. See note 2 for description.

Adjusted EBITDA for Q3 2018 vs Q3 2019, including impact of IFRS 16, is visualised below.



Revenue

Revenue for Q3 2019 was NOK 71.9 million, an increase of NOK 11.3 million from Q3 2018. The increase in revenue is related to the acquisition of Eurobox, which is consolidated from 1 July, growth in lettable area through opening of new facilities and expansions, in addition to increased revenue from mature sites with higher average rent per m² than a year earlier. Increased revenue from the CSS-segment amounts to NOK 9.3 million, of which NOK 6.5 million is related to self-storage revenue from Eurobox. In addition Eurobox has NOK 0.8 million in revenue from office-tenants. Increased revenue from the OKM-segment amounted to NOK 2.2 million.

NOK 5.7 million of the revenue in Q3 2019 is attributable to income from insurance, ancillary services and rent income from segments other than self-storage, an increase from NOK 4.5 million in Q3 2018. The increase is mainly related to the sale of insurance to customers. Income from office-tenants is reduced by NOK 0.3 million compared to Q3 2018, due to contracts expire and office-space converted to self-storage.

Lease expenses

Lease expenses were NOK 4.0 million for Q3 2019, down from NOK 17.7 million in Q3 2018. Leasehold expenses are reduced by NOK 15.7 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 increased by NOK 2.0 million since Q3 2018 mainly because of one long-term leasehold contract in Eurobox.

At the end of September 2019, 35% of the current lettable area in SSG is freehold, compared to 28% at the end of September 2018. The City Self-Storage segment has mainly leasehold properties (18% of current lettable area is freehold), 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 Q3 2019 were NOK 7.3 million, an increase of NOK 1.5 million compared to Q3 2018.

There are increased costs related to growth in number of facilities and growth in lettable area. Lettable area in SSG has increased with 20 000 m² (17.4%) since September 2018, and the number of facilities has increased by fourteen to 110 facilities as of end September 2019. During Q3 the four Eurobox-facilities were acquired adding 10 800 m² to the portfolio, and lettable area of several facilities were expanded, adding additional 2 000 m².

Salary and other employee benefits

Salary and other employee benefits in Q3 2019 were NOK 8.9 million, an increase of NOK 0.5 million from Q3 2018. NOK 0.6 million is related to costs from Eurobox.

Salary in SSG in the third quarter is always impacted by holiday pay for full time employees in the Norwegian companies, which leads to lower salary-expenses in July. Salary and other employee benefits in Q2 2019 NOK was in comparison NOK 0.8 million higher.

The number of full time equivalents (FTE) has increased from 67 FTE in September 2018 to 70 FTE in September 2019, including 5 FTE from the Eurobox acquisition. There has been a reduction of 2 employees in the CSS-segment since a year earlier.

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 in addition to costs related to Eurobox.

Depreciation

Depreciation in Q3 2019 was NOK 3.3 million, an increase of NOK 0.1 million from Q3 2018. The depreciation is mainly related to fitout and other equipment for new facilities and expansions. Maintenance is posted as property costs.

Other operating expenses

Other operating expenses consist of IT and related costs, sales and advertising, and other administrative costs. In Q3 2019 other operating expenses were NOK 8.7 million, an increase of NOK 2.4 million from Q3 2018. There were NOK 1.0 million classified as non-recurring costs in Q3 2019. The non-recurring costs were related to the acquisition of Eurobox and other investment properties. In Q3 2018 there were no adjustments. Adjusted for non-recurring costs of NOK 1.0 million recognised in Q3 2019, other operating expenses have increased by NOK 1.4 million compared with Q3 2018. NOK 0.9 million of the increase is related to marketing, both to increased focus and due to the fact that costs will increase as a consequence of more customers (costs per click). NOK 0.3 million is related to costs from Eurobox. The remainder of the increase of NOK 0.2 million is attributable to the growth of the company.

(NOK 1 000)	Q3	Q3	YTD	YTD	Full year
Adjustments	2019	2018	2019	2018	2018
Acquisition costs	997	-	3 986	640	640
Restructuring	-	-	-	390	390
First time value-assessment of freehold portfolio	-	-	-	199	199
Severance packages	-	-	-	713	713
Total adjustments	997	-	3 986	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. Newly acquired investment properties are appraised continuously throughout the year.

There were no change in fair value of freehold investment property recognised in P&L in Q3 2019 nor in the P&L in Q3 2018. Change in fair value of right-of-use-assets of leasehold property recognised in P&L in Q3 2019 was NOK -13.8 million, compared to NOK 0 million recognised in P&L in Q3 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 1 046 million and fair value of right-of-use-assets leasehold property was NOK 456.0 million at 30 September 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.

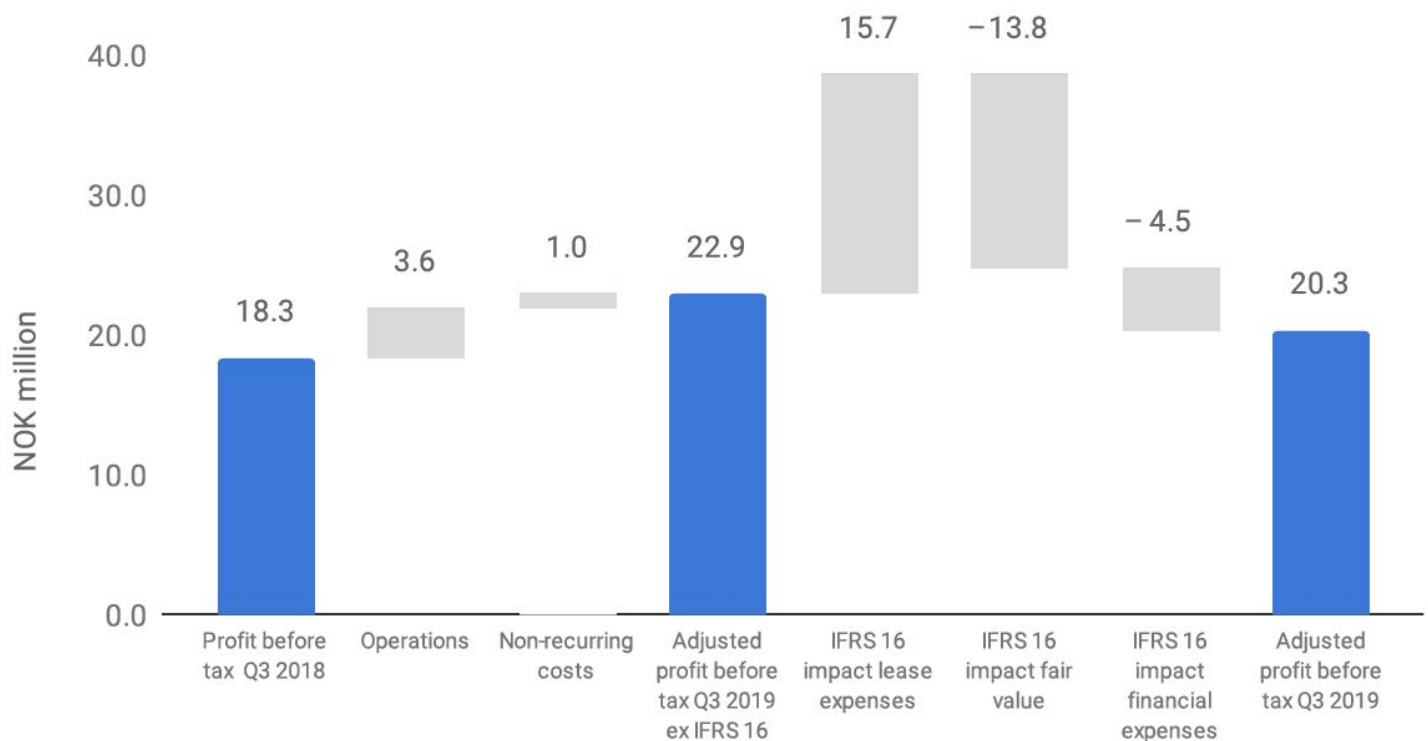
EBITDA and profit before tax

EBITDA in Q3 2019 was NOK 44.1 million, an increase of NOK 21.7 million since Q3 2018. EBITDA adjusted for non-recurring costs and effects of implementation of IFRS 16 was NOK 28.4 million, which is an increase of NOK 6.0 million from Q3 2018. NOK 4.4 million of the increase in EBITDA is attributable to Eurobox.

Profit before tax in Q3 2019 was NOK 19.3 million, an increase of NOK 1.0 million from Q3 2018.

There is a negative impact of NOK -2.6 million related to IFRS 16. Profit before tax adjusted for impact from IFRS 16 and non-recurring costs increased from NOK 18.3 million in Q3 2018 to NOK 22.9 million in Q3 2019.

Profit before tax for Q3 2018 vs Q3 2019, including impact of IFRS 16, is visualised below.



Statement of financial position

Total assets were NOK 1 956 million at 30 September 2019, compared to NOK 850.4 million at 31 December 2018, an increase of NOK 1 106 million. NOK 453.8 million is related to the impact of IFRS 16, whereof NOK 456.0 million is recognition of right-of-use assets of leasehold property. Freehold investment property has increased with NOK 521.1 million from 31 December 2018 to NOK 1 046 million as of 30 September 2019, mainly due to the acquisition of Eurobox and two large properties in Oslo during the third quarter. Goodwill has increased with NOK 90.3 million related to the acquisition of Eurobox and amounts to NOK 185.0 million at the end of September 2019.

Cash and bank deposits have decreased with NOK 19.3 million to NOK 102.9 million at the end of September 2019 from December 2018. The decrease is mainly attributable to higher net outflow on acquisition of subsidiaries and investment property than net proceeds from the private placement and new loans 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 debt¹ amounts to NOK 347.7 million at the end of September 2019, an increase of NOK 218.0 million from December 2018. Loan to value of freehold investment property is 33% as of end September 2019, compared to 25% at the end of December 2018.

At the end of September 2019 cash minus interest-bearing debt¹ was negative with NOK 244.8 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 September 2019 was NOK 980.5 million, an increase of NOK 355.4 million from December 2018. The increase is mainly attributable to the issuance of new shares in connection with the private placement of gross NOK 250 million in June 2019 and issuance of consideration shares of gross NOK 75 million to the selling shareholder of Eurobox in July 2019. Obligations under financial lease at the end of September 2019 was NOK 462.6 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 50% at the end of September 2019 from 73% at the end of December 2018, as a consequence of the implementation of IFRS 16. The equity ratio excluding IFRS 16 impact is 66%.

Cash flow

SSG has a strong cash flow. Net cash flow from operating activities during Q3 2019 was NOK 36.3 million, compared to NOK 18.5 million during Q3 2018. NOK 18.5 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 nine months of 2019 was NOK 109.6 million, compared to NOK 45.6 million a year earlier. NOK 48.3 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, increase in prepaid expenses and timing differences for payments.

Net cash flow from investing activities during Q3 2019 was NOK -451.3 million compared to NOK -16.7 million at the end of Q3 2018. Net cash flow from investing activities for the first nine months of 2019 was NOK -537.3 million compared to NOK -112.3 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 94.3 million at the end of Q3 2019, compared to NOK -1.8 million at the end of Q3 2018. The impact of IFRS 16 for Q3 2019 for net cash flow from financing activities was NOK -18.5 million. Net cash flow from financial activities was in addition affected by new loan of NOK 120 million and repayment loan of NOK 4.3 million in Q3 2019. Net cash flow from financing activities for the first nine months of 2019 was NOK 408.8 million, compared to NOK -19.7 million a year earlier. The impact of IFRS 16 for the first nine months of 2019 for net cash flow from financing activities was NOK -48.3 million. Net cash flow from financial activities year to date was in addition affected by net proceeds from the private placement of NOK 242.7 million in June, new loan of NOK 228.0 million and repayment loan of NOK 10.2 million in 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 September 2019 was NOK 102.9 million.

¹Non-GAAP measures are defined on page 28

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. Eurobox, which was acquired in July, will be rebranded CSS during 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 country wide 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.

On 1 July 2019 the company issued 3 896 103 consideration shares at a price per share of NOK 19.25 to the seller of Eurobox as part settlement of the acquisition.

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 causes 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.

Oslo, 29 October 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)

		Unaudited For the three months ended 30 September 2019	Unaudited For the three months ended 30 September 2018	Unaudited For the nine months ended 30 September 2019	Unaudited For the nine months ended 30 September 2018	Audited For the twelve months ended 31 December 2018
	Note					
Revenue	3	71 909	60 630	194 569	177 609	238 361
Lease expenses	2,3	3 952	17 700	10 275	53 794	71 451
Property-related expenses	3	7 292	5 844	20 279	18 903	25 425
Salary and other employee benefits	3	8 913	8 383	28 396	27 692	37 403
Depreciation		3 298	3 196	8 259	7 954	10 527
Other operating expenses	3	8 666	6 285	25 493	23 179	30 311
Operating profit before fair value adjustments		39 788	19 222	101 867	46 087	63 244
Change in fair value of investment properties	6	-	-	5 073	2 500	38 223
Change in fair value of leasehold properties	2,6	-13 825	-	-40 478	-	-
Operating profit after fair value adjustments		25 963	19 222	66 462	48 587	101 467
Finance income		374	174	657	786	1 511
Finance expense	2	7 056	1 093	18 947	3 680	4 632
Profit before tax		19 281	18 303	48 172	45 693	98 346
Income tax expense		3 718	3 187	9 921	9 537	18 856
Profit for the period		15 563	15 116	38 251	36 156	79 490
Total comprehensive income for the year attributable to parent company shareholders		15 563	15 116	38 251	36 156	79 490
Total comprehensive income for the year attributable to non-controlling interests		-	-	-	-	-
Earnings per share						
Basic (NOK)	4	0.19	0.23	0.53	0.55	1.22
Diluted (NOK)	4	0.19	0.23	0.53	0.55	1.22
Other comprehensive income, net of income tax						
Items that may be reclassified subsequently to profit or loss						
- currency translation difference		138	23	- 512	- 603	- 73
Other comprehensive income for the period, net of income tax		138	23	- 512	- 603	- 73
Total comprehensive income for the period		15 701	15 139	37 739	35 553	79 417
Total comprehensive income for the year attributable to parent company shareholders		15 701	15 139	37 739	35 553	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 30 September 2019	Audited 31 December 2018
ASSETS			
Non-current assets	Note		
Investment property	6	1 045 578	524 505
Right-of-use assets - leasehold property	2,6	456 035	-
Property, plant and equipment		103 125	70 405
Goodwill		184 992	94 639
Financial instruments		24 750	-
Other intangible assets		1 718	1 376
Total non-current assets		1 816 198	690 925
Current assets			
Inventories		1 577	1 270
Trade and other receivables		16 355	13 421
Other current assets		19 100	22 598
Cash and bank deposits		102 885	122 228
Total current assets		139 917	159 517
TOTAL ASSETS		1 956 115	850 442
EQUITY AND LIABILITIES			
Equity			
Issued share capital	7	8 261	6 573
Share premium		743 869	427 889
Other reserves		- 222	290
Retained earnings		228 550	190 299
Total equity		980 458	625 051
LIABILITIES			
Non-current liabilities			
Long-term interest-bearing debt	8	243 378	118 023
Long-term obligations under finance leases	2,8	403 539	143
Other financial liabilities		550	873
Deferred tax liabilities		90 905	34 911
Total non-current liabilities		738 372	153 950
Current liabilities			
Short-term interest-bearing debt	8	104 354	11 750
Short-term obligations under finance leases	2,8	59 017	74
Trade and other payables		7 533	11 404
Income tax payable		16 696	11 647
Other taxes and withholdings		6 049	5 291
Other current liabilities		43 636	31 275
Total current liabilities		237 285	71 441
Total liabilities		975 657	225 391
TOTAL EQUITY AND LIABILITIES		1 956 115	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	-	-	-	36 156	36 156
Other comprehensive income (loss) for the period net of income tax	-	-	- 603	-	- 603
Total comprehensive income for the period	-	-	- 603	36 156	35 553
Issue of ordinary shares, net of transaction costs	204	31 515	-	-	31 719
Balance at 30 September 2018	6 573	427 931	- 240	146 965	581 229

Balance at 1 January 2019	6 573	427 889	290	190 299	625 051
Profit (loss) for the period	-	-	-	38 251	38 251
Other comprehensive income (loss) for the period net of income tax	-	-	- 512	-	- 512
Total comprehensive income for the period	-	-	- 512	38 251	37 739
Issue of ordinary shares, net of transaction costs	1 688	315 980	-	-	317 668
Balance at 30 September 2019 (Unaudited)	8 261	743 869	- 222	228 550	980 458

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 September 2019	For the three months ended 30 September 2018	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018	For the year ended 31 December 2018
Cash flow from operating activities						
Profit before tax		19 281	18 303	48 172	45 693	98 346
Income tax paid		-	153	- 1 446	- 1 700	- 2 244
Interest expense	2	6 225	495	16 699	1 048	1 819
Depreciation		3 298	3 196	8 259	7 954	10 527
Gain/loss on disposal of property, plant and equipment		-	-	-	-	- 47
Change in fair value of investment property	6	-	-	- 5 073	- 2 500	- 38 223
Change in fair value of leasehold property	2,6	13 825	-	40 478	-	-
Change in trade and other receivables		351	- 1 112	- 1 131	- 1 548	- 1 946
Change in trade and other payables		- 7 770	- 1 071	- 7 161	660	791
Change in other current assets		- 1 171	- 2 821	765	- 3 344	- 2 414
Change in other current liabilities		2 301	1 396	10 060	- 662	- 582
Net cash flow from operating activities		36 340	18 539	109 622	45 601	66 027
Cash flow from investing activities						
Payments for investment property		- 4 610	- 4 686	- 27 022	- 51 442	- 62 902
Payments for property, plant and equipment		- 4 918	- 6 045	- 20 149	- 15 368	- 21 648
Net cash outflow on acquisition of subsidiaries		- 441 774	- 6 000	- 490 130	- 45 454	- 72 957
Net cash flow from investing activities		- 451 302	- 16 731	- 537 301	- 112 264	- 157 507
Cash flow from financing activities						
Net proceeds from issue of equity instruments of the Company	7	- 1 236	-	242 668	-	-
Proceeds from borrowing	8	120 000	-	228 000	-	40 000
Repayment of borrowings	8	- 4 288	- 1 187	- 10 163	- 17 878	- 19 066
Payments of lease liabilities	2,8	- 14 028	-	- 34 772	-	-
Payments of leases classified as interest	2,8	- 4 454	-	- 13 498	-	-
Interest paid	8	- 1 720	- 649	- 3 403	- 1 784	- 2 312
Net cash flow from financing activities		94 274	- 1 836	408 832	- 19 662	18 622
Net change in cash and cash equivalents		- 320 688	- 28	- 18 847	- 86 325	- 72 858
Cash and cash equivalents at beginning of the period		423 391	108 324	122 228	195 224	195 224
Effect of foreign currency rate changes on cash and cash equivalents		182	- 155	- 496	- 758	- 138
Cash and equivalents at end of the period		102 885	108 141	102 885	108 141	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 29 October 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 adjustments 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 changes 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 third 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 September 2019		
	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	31 December 2018	Impact	1 January 2019	30 September 2019	Impact	30 September 2019
	IAS 17	IFRS 16	IFRS 16	IAS 17*	IFRS 16	IFRS 16
Total non-current assets	690 925	437 402	1 128 327	1 359 808	456 390	1 816 198
Total current assets	159 517	-	159 517	142 531	- 2 614	139 917
TOTAL ASSETS	850 442	437 402	1 287 844	1 502 339	453 776	1 956 115
Total equity	625 051	-	625 051	987 901	- 7 443	980 458
Total non-current liabilities	153 950	395 262	549 212	336 144	402 228	738 372
Total current liabilities	71 441	42 140	113 581	178 294	58 991	237 285
Total liabilities	225 391	437 402	662 793	514 438	461 219	975 657
TOTAL EQUITY AND LIABILITIES	850 442	437 402	1 287 844	1 502 339	453 776	1 956 115

* 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 Q3 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Q3 2019 IFRS 16
Revenue	71 909	-	71 909
Lease expenses	19 667	-15 715	3 952
Property-related expenses	7 292	-	7 292
Salary and other employee benefits	8 913	-	8 913
Depreciation	3 260	38	3 298
Other operating expenses	8 666	-	8 666
Operating profit before fair value adjustments	24 111	15 677	39 788
Change in fair value of investment properties	-	-	-
Change in fair value of leasehold properties	-	-13 825	-13 825
Operating profit after fair value adjustments	24 111	1 852	25 963
Net finance	-2 228	-4 454	-6 682
Profit before tax	21 883	-2 602	19 281
Income tax expense	4 963	-1 245	3 718
Profit for the period	16 920	-1 357	15 563

* 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	194 569	-	194 569
Lease expenses	55 820	-45 545	10 275
Property-related expenses	20 279	-	20 279
Salary and other employee benefits	28 396	-	28 396
Depreciation	8 158	101	8 259
Other operating expenses	25 493	-	25 493
Operating profit before fair value adjustments	56 423	45 444	101 867
Change in fair value of investment properties	5 073	-	5 073
Change in fair value of leasehold properties	-	-40 478	-40 478
Operating profit after fair value adjustments	61 496	4 966	66 462
Net finance	-4 792	-13 498	-18 290
Profit before tax	56 704	-8 532	48 172
Income tax expense	11 166	-1 245	9 921
Profit for the period	45 538	-7 287	38 251

* 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 1.4 million in the third quarter of 2019 and NOK 7.3 million YTD 2019.

IFRS 16 impacts on statement of cash flow

(Amounts in NOK 1 000)

	Unaudited Q3 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Q3 2019 IFRS 16
Net cash flows from operating activities	17 858	18 482	36 340
Net cash flows from investing activities	-451 302	-	-451 302
Net cash flows from financing activities	112 756	-18 482	94 274
Net change in cash and cash equivalents	-320 688	-	-320 688

* 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	61 352	48 270	109 622
Net cash flows from investing activities	-537 301	0	-537 301
Net cash flows from financing activities	457 102	-48 270	408 832
Net change in cash and cash equivalents	-18 847	-	-18 847

* 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 operating entity from the Eurobox acquisition is reported as part of the CSS segment and the three property entities are reported as part of the Property segment.

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 September 2019	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Sales income	47 216	18 984	-	-	-	-	66 200
Other income	3 711	876	13 006	-	- 11 884	-	5 709
Lease expenses	- 21 766	- 8 671	-	- 333	11 146	15 672	- 3 952
Other operating costs	- 17 350	- 5 502	- 1 616	- 1 141	738	-	- 24 871
EBITDA	11 811	5 687	11 390	- 1 474	-	15 672	43 086
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 3 298
Change in fair value of investment property							-
Change in fair value of leasehold property							- 13 825
Finance income							374
Finance expense							- 7 056
Profit before tax							19 281

For the three months ended 30 September 2018	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Sales income	39 185	16 955	- 35	-	-	-	56 105
Other income	2 467	651	8 792	-	- 7 385	-	4 525
Lease expenses	- 17 493	- 7 141	- 2	- 166	7 102	-	- 17 700
Other operating costs	- 14 333	- 4 899	- 949	- 614	283	-	- 20 512
EBITDA	9 826	5 566	7 806	- 780	-	-	22 418
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 3 196
Change in fair value of investment property							-
Change in fair value of leasehold property							-
Finance income							174
Finance expense							- 1 093
Profit before tax							18 303

For the nine months ended 30 September 2019	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Sales income	125 525	53 236	-	-	-	-	178 761
Other income	12 132	2 916	30 956	-	- 30 196	-	15 808
Lease expenses	- 56 602	- 25 930	-	- 864	27 707	45 414	- 10 275
Other operating costs*	- 48 505	- 18 032	- 4 206	- 5 914	2 489	-	- 74 168
EBITDA	32 550	12 190	26 750	- 6 778	-	45 414	110 126
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 8 259
Change in fair value of investment property							5 073
Change in fair value of leasehold property							- 40 478
Finance income							657
Finance expense							- 18 947
Profit before tax							48 172

For the nine months ended 30 September 2018	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Sales income	115 136	47 101	-	-	-		162 237
Other income	10 632	2 440	22 036	-	- 19 736		15 372
Lease expenses	- 49 398	- 21 188	- 24	- 501	17 317		- 53 794
Other operating costs	- 49 587	- 15 560	- 3 046	- 4 000	2 419		- 69 774
EBITDA	26 783	12 793	18 966	- 4 501	-		54 041
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 7 954
Change in fair value of investment property							2 500
Finance lease expense							-
Finance income							786
Finance expense							- 3 680
Profit before tax							45 693

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 September 2019	For the three months ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Profit (loss) for the period	15 563 000	15 116 000	38 251 000	36 156 000
Weighted average number of outstanding shares during the period (basic)	82 574 877	65 374 111	71 668 984	65 203 305
Weighted average number of outstanding shares during the period (diluted)	82 617 226	65 374 111	71 754 928	65 203 305
Earnings (loss) per share - basic in NOK	0.19	0.23	0.53	0.55
Earnings (loss) per share - diluted in NOK	0.19	0.23	0.53	0.55

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
Eurobox Minilager AS - operating company	Self-storage solutions	1 July 2019	100%
Cron Gruppen AS	Self-storage solutions	1 July 2019	100%
Cron Invest AS	Self-storage solutions	1 July 2019	100%
Eurobox Billingstad AS	Self-storage solutions	1 July 2019	100%

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 acquired 10 September 2019. The operating entity from the Eurobox acquisition is reported as part of the CSS segment and the three property entities are reported as part of the Property segment.

Consideration

(Amounts in NOK 1 000)

	Eurobox
Cash	234 297
Shares in Self Storage Group ASA	75 000
Total consideration	309 297

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. The cash consideration is adjusted for changes in work in capital.

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 and may be subject to change during the measurement period, which is one year from the date of the acquisition.

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

(Amounts in NOK 1 000)	Carrying amount 1 July 2019	Fair value adjustments	Fair value 1 July 2019
Investment property	235 479	-	235 479
Fit-out and property, plant and equipment	4 756	15 265	20 021
Trade receivables	1 706	-	1 706
Option to buy additional freehold property	-	24 750	24 750
Other current assets	1 517	-	1 517
Cash and cash equivalents	1 978	-	1 978
Deferred tax liability	- 41 828	- 8 803	- 50 631
Trade payables	- 914	-	- 914
Tax payable	- 1 326	-	- 1 326
Other current liabilities	- 13 555	-	- 13 555
Net assets	187 813	31 211	219 024

Goodwill

(Amounts in NOK 1000)	Eurobox
Consideration	309 297
Fair value of identifiable net assets acquired	- 219 024
Goodwill	90 273

Goodwill originating from the business combination is related to the fair value of the four properties in operation, and the value stems from the synergies of the net assets of the business, as well as from other benefits, such as the ability to earn monopoly profits and barriers to market entry. 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 the nine first months of 2019 are estimated to be approximately NOK 21.6 million and NOK 7.4 million respectively, if the Company had acquired Eurobox with effect from 1 January 2019. EBITDA for the nine first months of 2019 is estimated to NOK 11.2 million.

Estimated transaction costs related to the acquisition amounted to NOK 2.6 million are recorded in the second and third quarter.

Note 6 Investment property

(Amounts in NOK 1 000)

During the nine month period ended 30 September 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	- 40 478	-	-40 478
Additions and disposals leasehold property in the year	62 857	-	62 857
Asset acquisition in OK Property AS	-	8 294	8 294
Business combinations (see note 5)	-	234 523	234 523
Company acquired as asset acquisition	-	254 454	254 454
Additions to existing properties	-	18 729	18 729
Fair value adjustments recognised in profit or loss	-	5 073	5 073
Other/translation differences	- 3 746	-	-3 746
Balance as at 30 September 2019	456 035	1 045 578	1 501 613

Note 7 Changes in shareholders' equity

	Date	Number of shares issued	Total number of shares	Total share capital	Value per share
Issue of ordinary shares as part settlement to the selling shareholder of Minilager Norge group	13 February 2018	1 567 472	65 262 682	6 526 268	0.10
Issue of ordinary shares from exercising options	23 March 2018	100 000	65 362 682	6 536 268	0.10
Issue of ordinary shares as part settlement to the selling shareholder of Minilageret AS	27 June 2018	371 429	65 734 111	6 573 411	0.10
Issue of ordinary shares from Private Placement	25 June 2019	12 987 012	78 721 123	7 872 112	0.10
Issue of ordinary shares as part settlement to the selling shareholder of Eurobox	1 July 2019	3 896 103	82 617 226	8 261 723	0.10

At the General Meeting in 2019 the Board of Directors was authorised to increase the 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 September 2019.

As at 30 September 2019	Amounts due in		Total
	less than 1 year*	1-5 years	
Debt to financial institutions (NOK, Handelsbanken)	104 354	243 378	347 732
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	-	62 857	62 857
Additions and disposals of other leases in the year	-	456	456
Repayments of borrowings/Payments of lease	-10 163	-34 772	-44 935
Proceeds from borrowings	228 000	-	228 000
Interests expenses of borrowings	3 525	-	3 525
Interests paid of borrowings	-3 403	-	-3 403
Other/translation differences	-	-3 604	-3 604
Balance as at 30 September 2019	347 732	462 556	810 288

* Of the debt to financial institutions due in less than 1 year, NOK 81.2 million is planned refinanced December 2019.

Note 9 Subsequent events

- There are no subsequent events.

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 permit for a more complete and comprehensive analysis of the Group's operating performance relative to other companies and across periods in addition to the financial information prepared in accordance with IFRS. Companies comparable to the Group vary with regards to, inter alia, capital structure and mix of leasehold and freehold properties. Non-IFRS financial measures, such as EBITDA, can assist the Company and investors in comparing performance on a more consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly depending upon accounting methods, mix of freehold and leasehold properties or based on non-operating factors. Also, some of the non-IFRS financial measures presented herein adjust for one-time costs or costs that are not considered to be a part of regular operations.

The non-IFRS financial measures presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The non-IFRS financial measures presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results. The non-IFRS financial 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 properties and leasehold properties and is useful to the Group for assessing operating performance.

Adjustments

Identified 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

- Interest bearing debt: Defined as long-term interest-bearing debt plus short-term interest bearing debt. The figure does not include obligations under finance leases
- 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, amortisation and impairments
- Adjusted EBITDA: EBITDA +/- identified items to be excluded from adjusted

EBITDA as described below

- Adjusted Profit before tax: Adjusted EBIT +/- change in fair value of investment Properties and leasehold properties +/- net finance
- Adjusted Net Profit : Adjusted Profit before tax +/- tax expense

SSG's non-financial APMs

- Current lettable area (CLA): Net area (m2) available for customers to rent for self-storage
- Total lettable area: Net area (m²) in the portfolio included area not yet lettable to self-storage

Reconciliation of APM used in Interim Report

(Amounts in NOK 1 000)

	30 September	31 December
	2019	2018
Interest-bearing debt		
Long-term interest-bearing debt	243 378	118 023
Short-term interest-bearing debt	104 354	11 750
Total interest-bearing debt	347 732	129 773

(Amounts in NOK 1 000)

	Q3 2019	Ex IFRS 16 Q3 2019	Q3 2018	Full year 2018
Lease expenses	3 952	19 667	17 700	71 451
Property-related expenses	7 292	7 292	5 844	25 425
Salary and other employee benefits	8 913	8 913	8 383	37 403
Other operating expenses	8 666	8 666	6 285	30 311
Total adjustments	- 997	- 997	-	-1 942
Adjusted costs	27 826	43 541	38 212	162 648
Operating profit before fair value adjustments	39 788	24 111	19 222	63 244
EBIT	39 788	24 111	19 222	63 244
Total adjustments	997	997	-	1 942
Adjusted EBIT	40 785	25 108	19 222	65 186
Change in fair value of investment properties	-	-	-	38 223
Change in fair value of leasehold properties	-13 825	-	-	-
Adjusted Profit before tax	20 278	22 880	18 303	100 288
Tax	3 910	5 155	3 187	19 228
Adjusted Net profit	16 368	17 725	15 116	81 060
Operating profit before fair value adjustments	39 788	24 111	19 222	63 244
Depreciation	3 298	3 260	3 196	10 527
EBITDA	43 086	27 371	22 418	73 771
Total adjustments	997	997	-	1 942
Adjusted EBITDA	44 083	28 368	22 418	75 713
Adjustments				
Acquisition costs	997	997	-	640
Restructuring of legal structure	-	-	-	390
First time value assessment of freehold portfolio	-	-	-	199
Severance packages	-	-	-	713
Total adjustments	997	997	-	1 942

(Amounts in NOK 1 000)	YTD 2019	Ex IFRS 16 YTD 2019	YTD 2018	Full year 2018
Lease expenses	10 275	55 820	53 794	71 451
Property-related expenses	20 279	20 279	18 903	25 425
Salary and other employee benefits	28 396	28 396	27 692	37 403
Other operating expenses	25 493	25 493	23 179	30 311
Total adjustments	-3 986	-3 986	-1 942	-1 942
Adjusted costs	80 457	126 002	121 626	162 648
Operating profit before fair value adjustments	101 867	56 423	46 087	63 244
EBIT	101 867	56 423	46 087	63 244
Total adjustments	3 986	3 986	1 942	1 942
Adjusted EBIT	105 853	60 409	48 029	65 186
Change in fair value of investment properties	5 073	5 073	2 500	38 223
Change in fair value of leasehold properties	-40 478	-	-	-
Adjusted Profit before tax	52 158	60 690	47 635	100 288
Tax	10 742	11 987	9 942	19 228
Adjusted Net profit	41 416	48 703	37 693	81 060
Operating profit before fair value adjustments	101 867	56 423	46 087	63 244
Depreciation	8 259	8 158	7 954	10 527
EBITDA	110 126	64 581	54 041	73 771
Total adjustments	3 986	3 986	1 942	1 942
Adjusted EBITDA	114 112	68 567	55 983	75 713
Adjustments				
Acquisition costs	3 986	3 986	640	640
Restructuring of legal structure	-	-	390	390
First time value assessment of freehold portfolio	-	-	199	199
Severance packages	-	-	713	713
Total adjustments	3 986	3 986	1 942	1 942