

Interim Report Q4 2019

Self Storage Group ASA

 **SELF STORAGE**
GROUP



Contents

Highlights	2
Key Figures	2
Financial development	3
Strategy	9
Corporate developments	11
Risks and uncertainty factors	11
Outlook	12
Financials	13
Alternative performance measures (APMs)	29



Highlights

The fourth quarter ended a positive and busy year with solid revenue and EBITDA growth, development of new facilities, accretive M&A activities and total value of freehold investment property exceeding beyond NOK one billion.

Q4 2019

- Revenues of NOK 71.9 million, up from NOK 60.8 million in Q4 2018
- Adjusted EBITDA¹ of NOK 24.6 million, up from NOK 19.7 million in Q4 2018, excluding IFRS 16 impacts
- Change in fair value of investment properties of NOK 12.5 million in Q4 2019, a decrease of NOK 23.2 million since Q4 2018
- Adjusted profit before tax¹ of NOK 30.7 million excluding IFRS 16 impacts, a reduction of NOK 22.0 million from Q4 2018 due to lower change of fair value of investment properties and increased net finance
- Signed agreement to acquire of one property in Trondheim with a total potential lettable area of 2 100 m²
- Average occupancy in Q4 2019 for sites with more than 12 months of operation was 83% (84%) with an average rent per m² of NOK 2 375 per year (NOK 2 348)

Full year 2019

- Revenues of NOK 266.5 million, up from NOK 238.4. million in Q4 2018
- Adjusted EBITDA of NOK 93.1 million, up from NOK 75.7 million in Q4 2018, excluding IFRS 16 impact
- Total value of freehold investment property end December 2019 of NOK 1 074 million, up from NOK 525 million end December 2018
- Total number of facilities end of 2019 is 111, up from 101 facilities at the end of 2018
- Current lettable area end of December 2019 was 137 500 m², up from 117 000 m² end of 2018
- Cash position end December 2019 of NOK 88.1 million

Key Figures¹

(Amounts in NOK million)	Q4 2019	Q4 2018	Full year 2019	Full year 2018
Revenue	71.9	60.8	266.5	238.4
Lease expenses	1.5	17.7	11.8	71.5
Total other operating expenses	29.1	23.4	103.3	93.1
Total adjustments	0.7	-	4.7	1.9
Adjusted EBITDA	41.9	19.7	156.0	75.7
<i>Adjusted EBITDA ex IFRS 16</i>	<i>24.6</i>	<i>19.7</i>	<i>93.1</i>	<i>75.7</i>
Adjusted EBIT	38.1	17.2	143.9	65.2
Change in fair value of investment properties	12.5	35.7	17.5	38.2
Change in fair value of leasehold properties	- 14.7	-	- 55.2	-
Adjusted Profit before tax	28.1	52.7	80.3	100.3
<i>Adjusted Profit before tax ex IFRS 16</i>	<i>30.7</i>	<i>52.7</i>	<i>91.4</i>	<i>100.3</i>
Adjusted Net Profit	24.1	43.3	65.5	81.1
Current lettable area (in thousands m2)	137.5	117.0	137.5	117.0
Lettable area under development (in thousands m2)	21.3	13.4	21.3	13.4

¹Non-GAAP measures are defined on page 29

Financial development

The underlying financial development in Q4 2019 was solid with an adjusted EBITDA-growth of 25%, excluding impacts of IFRS 16. 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 Q4 2018 vs Q4 2019, including impact of IFRS 16, is visualised below.



Revenue

Revenue for Q4 2019 was NOK 71.9 million, an increase of NOK 11.1 million from Q4 2018. The increase in revenue is related to the acquisition of Eurobox, which is consolidated from 1 July 2019, growth in lettable area through opening of new facilities and expansions, growth in occupancy for facilities opened the last years, and increased revenue from mature sites with higher average rent per m². Increased revenue from the CSS-segment amounts to NOK 8.2 million, of which NOK 5.5 million is related to self-storage revenue from Eurobox. Increased revenue from the OKM-segment amounted to NOK 1.7 million. In addition SSG had NOK 1.3 million in increased revenue in income from segments other than self-storage.

NOK 6.0 million of the revenue in Q4 2019 is attributable to distribution of insurance, ancillary services and rent income from segments other than self-storage, an increase from NOK 1.3 million in Q4 2018. The increase is mainly related to income from office-tenants following the acquisition of properties in 2019. The income from office tenants fluctuates due to contracts expire and office-space converted to self-storage.

Revenue for full year 2019 increased by NOK 28.1 million to NOK 266.5 million compared with full year 2018. NOK 244.6 million is income from the rental of self-storage. Income from self-storage increased by NOK 26.4 million compared with full year 2018. NOK 12.0 million of the increase is revenue from Eurobox, which was acquired in July 2019. The remaining part of the increase is related to organic growth due to opening of new facilities and expansions, increased occupancy and prices for facilities opened the last years, and increased revenue from mature sites with higher average rent per m² than a year earlier.

Income from segments other than self-storage amounts to NOK 21.8 million for full year 2019. Income from insurance contributed with NOK 13.6 million, rent income from office-tenants contributed with NOK 5.4

million, and income from ancillary service contributed with NOK 2.8 million. NOK 1.4 million of the income from office -tenants are from Eurobox.

Lease expenses

Lease expenses were NOK 1.5 million for Q4 2019, down from NOK 17.7 million in Q4 2018 due to IFRS 16 implementation, where long-term leasehold agreements are treated as financial leases. The remaining part of lease expenses are related to leasehold contracts classified as short-term. In Q4 2018 NOK 0.5 million related to property tax in Sweden was recognised as lease expenses, but is recognised as property-related expenses as for the rest of the Group in Q4 2019.

For full year 2019 lease expenses were NOK 11.8 million, down from NOK 71.5 million in 2018 due to IFRS 16 implementation.

At the end of December 2019, 36% of the current lettable area in SSG is freehold, compared to 30% at the end of December 2018. The City Self-Storage segment has mainly leasehold properties (19% 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, property tax and other operating costs related to the facilities.

Property-related expenses in Q4 2019 were NOK 8.7 million, an increase of NOK 2.1 million compared to Q4 2018. NOK 0.5 million of the increase is related to property tax in Sweden which in Q4 2018 was recognised as lease expense, but is recognised as property-related expenses in Q4 2019.

Property-related expenses for full year 2019 were NOK 29.0 million, an increase of NOK 3.6 million compared to 2018. NOK 1.5 million of the increase is related to Eurobox.

There are increased costs related to growth in number of facilities and growth in lettable area. Lettable area in SSG has increased with 20 500 m² (18%) since December 2018, and the number of facilities has increased by ten to 111 facilities as of end December 2019. There are also property-related expenses incurred by the new large properties that are converted to self-storage, but do not generate income yet.

Salary and other employee benefits

Salary and other employee benefits in Q4 2019 were NOK 11.2 million, an increase of NOK 1.5 million from Q4 2018. NOK 0.7 million of the increase is related to costs from Eurobox. The remaining of the increase is related to annual wage increase and some new roles at the HQ given the growth of the Group.

Salary and other employee benefits for full year 2019 were NOK 39.6 million, an increase of NOK 2.2 million from 2018. NOK 1.3 million of the increase is related to personnel costs from Eurobox.

Salary and other employee benefits for full year 2019 in the CSS-segment excluded impact of personnel costs from Eurobox, 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 employees following the Eurobox-acquisition.

The number of full time equivalents (FTE) has increased from 64 FTE in December 2018 to 69 FTE in December 2019, including 5 FTE following the Eurobox acquisition.

Depreciation

Depreciation in Q4 2019 was NOK 3.8 million, an increase of NOK 1.3 million from Q4 2018. The depreciation is mainly related to fitout and other equipment for new facilities and expansions. Maintenance is posted as property-related expenses.

Depreciation for full year 2019 was NOK 12.1 million, an increase of NOK 1.6 million from 2018.

Other operating expenses

Other operating expenses consist of IT and related costs, sales and advertising, and other administrative expenses. In Q4 2019 other operating expenses were NOK 9.2 million, an increase of NOK 2.1 million from Q4 2018. There were NOK 0.7 million classified as non-recurring costs in Q4 2019. The non-recurring costs were related to acquisition of investment properties. In Q4 2018 there were no adjustments. Adjusted for non-recurring costs of NOK 0.7 million recognised in Q4 2019, other operating expenses have increased by NOK 1.4 million compared with Q4 2018. NOK 1.2 million of the increase is related to costs from Eurobox. The remainder of the increase amounts to NOK 0.2 million, and is attributable to the growth of the company.

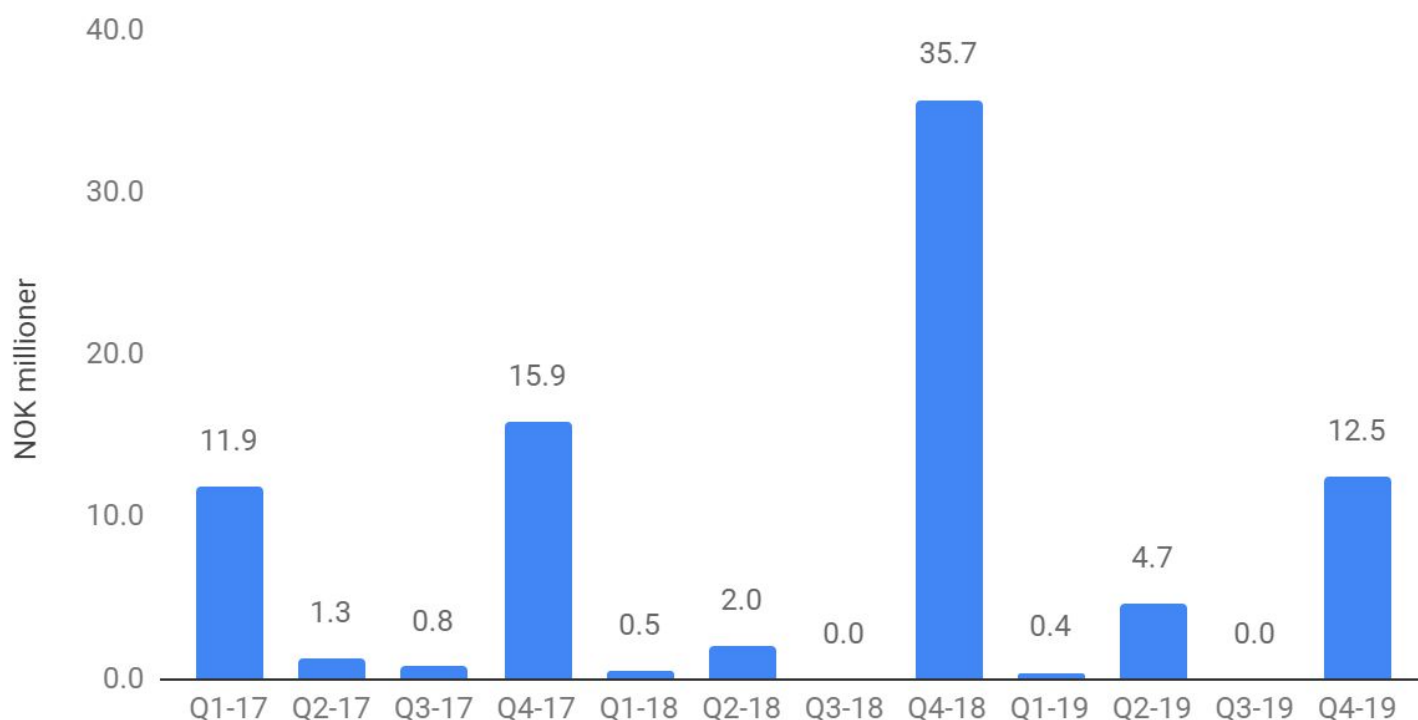
(NOK 1 000)	Q4 2019	Q4 2018	Full year 2019	Full year 2018
Adjustments				
Acquisition costs	667	-	4 653	640
Restructuring	-	-	-	390
First time value-assessment of freehold portfolio	-	-	-	199
Severance packages	-	-	-	713
Total adjustments	667	-	4 653	1 942

Change in fair value of investment property

The fair value of freehold investment property is based on independent valuations, with internal lease contracts between the 100% owned company OK Property and the operating companies at market terms as basic principle. Annual CPI-adjustment of the leases and changes in area with lease-agreements will impact the fair value.

In Q4 2019 the change in fair value of freehold investment property recognised in P&L was NOK 12.5 million. This is a reduction of NOK 23.2 million compared to Q4 2018, where the change in fair value of freehold investment property recognised in P&L was NOK 35.7 million. In 2018 several properties were acquired or

expanded and developed into self-storage, and thus the change in fair value of freehold investment property increased extraordinary compared with other quarters. The diagram below shows the change in fair value recognised in P&L from Q1 2017 to Q4 2019.



Change in fair value of right-of-use-assets of leasehold property recognised in P&L in Q4 2019 was NOK -14.7 million, compared to NOK 0 million recognised in P&L in Q4 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.

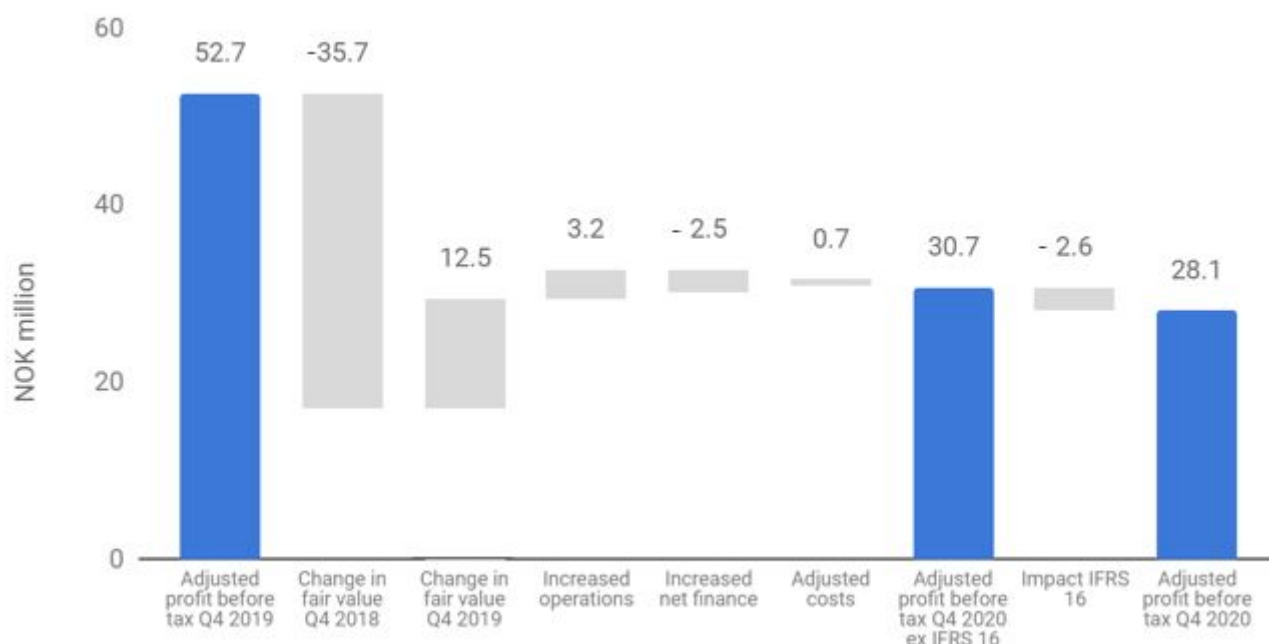
Fair value of freehold investment property was NOK 1 074 million and fair value of right-of-use-assets leasehold property was NOK 489.1 million at 31 December 2019. Fair value of investment property at 31 December 2018 was NOK 524.5 million, while there was none recognised right-of-use-assets of leasehold property.

EBITDA and profit before tax

EBITDA in Q4 2019 was NOK 41.2 million, an increase of NOK 21.5 million since Q4 2018. EBITDA adjusted for non-recurring costs and effects of implementation of IFRS 16 was NOK 24.6 million, which is an increase of NOK 4.8 million from Q4 2018.

Profit before tax in Q4 2019 was NOK 27.4 million, a decrease of NOK 25.2 million from Q4 2018. Adjusted profit before tax in Q4 2019 was NOK 28.1 million. The decrease is related to change in fair value of investment property of NOK -23.3 million, impact of IFRS 16 of NOK -2.6 million and increased net finance of NOK -2.5 million. The underlying operation adjusted for non-recurring costs has a positive development since a year earlier of NOK 3.9 million.

Profit before tax for Q4 2018 vs Q4 2019, including impact of IFRS 16, is visualised below.



Statement of financial position

Total assets were NOK 2 005 million at 31 December 2019, compared to NOK 850.4 million at 31 December 2018, an increase of NOK 1 154 million. NOK 491.6 million is related to the impact of IFRS 16, whereof NOK 489.1 million is recognition of right-of-use assets of leasehold property. Freehold investment property has increased with NOK 550.0 million from 31 December 2018 to NOK 1 074 million as of 31 December 2019, mainly due to the acquisition of Eurobox and several properties in Oslo during the year. Goodwill has increased with NOK 90.2 million related to the acquisition of Eurobox and amounts to NOK 184.8 million at the end of December 2019.

Cash and bank deposits have decreased with NOK 34.1 million to NOK 88.1 million at the end of December 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 borrowings 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 342.3 million at the end of December 2019, an increase of NOK 212.5 million from December 2018. Loan to value of freehold investment property is 32% as of end December 2019, compared to 25% at the end of December 2018. The loan facility has several covenants. As of 31 December 2019, the Group is not in breach of any of the covenants.

At the end of December 2019 cash minus interest-bearing debt was negative with NOK 254.2 million.

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

¹Non-GAAP measures are defined on page 29

Total equity at the end of December 2019 was NOK 1 005 million, an increase of NOK 380.0 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 December 2019 was NOK 502.8 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 December 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 67%.

Cash flow

SSG has a strong cash flow with invoicing of customers in advance and predictable and stable costs. Net cash flow from operating activities during Q4 2019 was NOK 35.9 million, compared to NOK 20.4 million during Q4 2018. Income tax paid was NOK 9.3 million in Q4 2019, an increase of NOK 8.7 million from Q4 2018 where taxable losses were utilised. Interest expenses are reclassified from cash flow from operating activities to financing activities. NOK 17.6 million of the increase in net cash flow from operating activities is related to IFRS 16. Net cash flow from operating activities for the full year of 2019 was NOK 145.5 million, compared to NOK 66.0 million for the full year 2018. NOK 65.9 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 for the full year 2019 is mainly related to decrease in prepaid expenses and timing differences for payments.

Net cash flow from investing activities during Q4 2019 was NOK -23.9 million compared to NOK -45.2 million at the end of Q4 2018. Net cash flow from investing activities for the full year of 2019 was NOK -561.2 million compared to NOK -157.5 million for the full year 2018. Payments for investment property includes additions to existing properties and acquisition of new properties. Payments for property, plant and equipment consists mainly of new fit-out. Net cash outflow for acquisition of subsidiaries includes business acquisition and acquisition accounted for as asset acquisition, and consists of Eurobox and several properties in Oslo acquired during 2019. These investing activities are in line with the Group's strategy.

Net cash flow from financing activities was NOK -26.9 million at the end of Q4 2019, compared to NOK 38.3 million at the end of Q4 2018. The impact of IFRS 16 for Q4 2019 for net cash flow from financing activities was NOK -17.6 million. Net cash flow from financial activities was affected by payment loan of NOK 5.8 million in Q4 2019. Net cash flow from financing activities for the full year of 2019 was NOK 381.9 million, compared to NOK 18.6 million for the full year 2018. The impact of IFRS 16 for the full year of 2019 for net cash flow from financing activities was NOK -65.9 million. Net cash flow from financial activities for full year 2019 was in addition affected by net proceeds from the private placement of NOK 241.9 million in June, proceeds from borrowing of NOK 228.0 million and repayment of borrowing of NOK 16.0 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 December 2019 was NOK 88.1 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 two facilities in Trondheim in 2020. Eurobox, which was acquired in July, will be rebranded to 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. Self Storage Group is the largest self-storage provider in Scandinavia and one of the largest operators in Europe measured by the total number of facilities. The group has a particularly strong position in Norway as the largest provider of self-storage and holds a solid platform for growth as the fourth largest provider in Stockholm and Copenhagen.

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 jeopardising 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 urbanisation 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, 11 February 2020
Board of Directors, Self Storage Group ASA

Financials

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

(Amounts in NOK 1 000)

	Note	Unaudited For the three months ended 31 December 2019	Unaudited For the three months ended 31 December 2018	Unaudited For the twelve months ended 31 December 2019	Audited For the twelve months ended 31 December 2018
Revenue	3	71 884	60 751	266 453	238 361
Lease expenses	2,3	1 538	17 657	11 813	71 451
Property-related expenses	3	8 696	6 559	28 975	25 425
Salary and other employee benefits	3	11 169	9 710	39 566	37 403
Depreciation		3 849	2 573	12 108	10 527
Other operating expenses	3	9 239	7 095	34 730	30 311
Operating profit before fair value adjustments		37 393	17 157	139 261	63 244
Change in fair value of investment properties	6	12 451	35 723	17 523	38 223
Change in fair value of leasehold properties	2,6	-14 726	-	-55 204	-
Operating profit after fair value adjustments		35 118	52 880	101 580	101 467
Finance income		626	725	1 283	1 511
Finance expense	2	8 313	952	27 260	4 632
Profit before tax		27 431	52 653	75 603	98 346
Income tax expense		3 949	9 319	13 870	18 856
Profit for the period		23 482	43 334	61 733	79 490
Total comprehensive income for the year attributable to parent company shareholders		23 482	43 334	61 733	79 490
Total comprehensive income for the year attributable to non-controlling interests		-	-	-	-
Earnings per share					
Basic (NOK)	4	0.28	0.66	0.83	1.22
Diluted (NOK)	4	0.28	0.66	0.83	1.22
Other comprehensive income, net of income tax					
Items that may be reclassified subsequently to profit or loss					
- currency translation difference		129	553	- 383	- 73
Other comprehensive income for the period, net of income tax		129	553	- 383	- 73
Total comprehensive income for the period		23 611	43 887	61 350	79 417
Total comprehensive income for the year attributable to parent company shareholders		23 611	43 887	61 350	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 31 December 2019	Audited 31 December 2018
ASSETS			
Non-current assets	Note		
Investment property	6	1 074 457	524 505
Right-of-use assets - leasehold property	2,6	489 062	-
Property, plant and equipment		112 595	70 405
Goodwill		184 828	94 639
Financial instruments		24 750	-
Other intangible assets		1 839	1 376
Total non-current assets		1 887 531	690 925
Current assets			
Inventories		1 617	1 270
Trade and other receivables		15 928	13 421
Other current assets		11 410	22 598
Cash and bank deposits		88 117	122 228
Total current assets		117 072	159 517
TOTAL ASSETS		2 004 603	850 442
EQUITY AND LIABILITIES			
Equity			
Issued share capital	7	8 261	6 573
Share premium		744 853	427 889
Other reserves		- 93	290
Retained earnings		252 032	190 299
Total equity		1 005 053	625 051
LIABILITIES			
Non-current liabilities			
Long-term interest-bearing debt	8	239 057	118 023
Long-term obligations under finance leases	2,8	450 642	143
Other financial liabilities		454	873
Deferred tax liabilities		91 053	34 911
Total non-current liabilities		781 206	153 950
Current liabilities			
Short-term interest-bearing debt	8	103 223	11 750
Short-term obligations under finance leases	2,8	52 190	74
Trade and other payables		7 115	11 404
Income tax payable		9 309	11 647
Other taxes and withholdings		5 276	5 291
Other current liabilities		41 231	31 275
Total current liabilities		218 344	71 441
Total liabilities		999 550	225 391
TOTAL EQUITY AND LIABILITIES		2 004 603	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	-	-	-	79 490	79 490
Other comprehensive income (loss) for the period net of income tax	-	-	- 73	-	- 73
Total comprehensive income for the period	-	-	- 73	79 490	79 417
Issue of ordinary shares, net of transaction costs	204	31 473	-	-	31 677
Balance at 31 December 2018	6 573	427 889	290	190 299	625 051

Balance at 1 January 2019	6 573	427 889	290	190 299	625 051
Profit (loss) for the period	-	-	-	61 733	61 733
Other comprehensive income (loss) for the period net of income tax	-	-	- 383	-	- 383
Total comprehensive income for the period	-	-	- 383	61 733	61 350
Issue of ordinary shares, net of transaction costs	1 688	316 964	-	-	318 652
Balance at 31 December 2019 (Unaudited)	8 261	744 853	- 93	252 032	1 005 053

Self Storage Group

Condensed consolidated statement of Cash flows

		Unaudited	Unaudited	Unaudited	Audited
(Amounts in NOK 1 000)	Note	For the three months ended 31 December 2019	For the three months ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2018
Cash flow from operating activities					
Profit before tax		27 431	52 653	75 603	98 346
Income tax paid		- 9 274	- 544	- 10 720	- 2 244
Interest expense	2	7 903	771	24 602	1 819
Depreciation		3 849	2 573	12 108	10 527
Gain/loss on disposal of property, plant and equipment		-	- 47	-	- 47
Change in fair value of investment property	6	- 12 451	- 35 723	- 17 523	- 38 223
Change in fair value of leasehold property	2,6	14 726	-	55 204	-
Change in trade and other receivables		428	- 398	- 703	- 1 946
Change in trade and other payables		1 664	131	- 5 497	791
Change in other current assets		5 567	930	6 332	- 2 414
Change in other current liabilities		- 3 952	80	6 107	- 582
Net cash flow from operating activities		35 891	20 426	145 513	66 027
Cash flow from investing activities					
Payments for investment property		- 15 731	- 11 460	- 42 753	- 62 902
Payments for property, plant and equipment		- 8 348	- 6 280	- 28 497	- 21 648
Net cash outflow on acquisition of subsidiaries		168	- 27 503	- 489 962	- 72 957
Net cash flow from investing activities		- 23 911	- 45 243	- 561 212	- 157 507
Cash flow from financing activities					
Net proceeds from issue of equity instruments of the Company	7	- 806	-	241 862	-
Proceeds from borrowing	8	-	40 000	228 000	40 000
Repayment of borrowings	8	- 5 787	- 1 188	- 15 950	- 19 066
Payments of lease liabilities	2,8	- 12 670	-	- 47 442	-
Payments of leases classified as interest	2,8	- 4 919	-	- 18 417	-
Interest paid	8	- 2 745	- 528	- 6 148	- 2 312
Net cash flow from financing activities		- 26 927	38 284	381 905	18 622
Net change in cash and cash equivalents		- 14 947	13 467	- 33 794	- 72 858
Cash and cash equivalents at beginning of the period		102 885	108 141	122 228	195 224
Effect of foreign currency rate changes on cash and cash equivalents		179	620	- 317	- 138
Cash and equivalents at end of the period		88 117	122 228	88 117	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 11 February 2020.

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 fourth quarter of 2019 and the full year of 2019 are shown in the tables below.

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

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

IFRS 16 impacts on statement of financial position

(Amounts in NOK 1 000)	Opening balance			31 December 2019		
	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	31 December 2018	Impact	1 January 2019	31 December 2019	Impact	31 December 2019
	IAS 17	IFRS 16	IFRS 16	IAS 17*	IFRS 16	IFRS 16
Total non-current assets	690 925	437 402	1 128 327	1 393 222	494 309	1 887 531
Total current assets	159 517	-	159 517	119 742	- 2 670	117 072
TOTAL ASSETS	850 442	437 402	1 287 844	1 512 964	491 639	2 004 603
Total equity	625 051	-	625 051	1 011 881	- 6 828	1 005 053
Total non-current liabilities	153 950	395 262	549 212	334 875	446 331	781 206
Total current liabilities	71 441	42 140	113 581	166 208	52 136	218 344
Total liabilities	225 391	437 402	662 793	501 083	498 467	999 550
TOTAL EQUITY AND LIABILITIES	850 442	437 402	1 287 844	1 512 964	491 639	2 004 603

* 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 Q4 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Q4 2019 IFRS 16
Revenue	71 884	-	71 884
Lease expenses	18 879	-17 341	1 538
Property-related expenses	8 696	-	8 696
Salary and other employee benefits	11 169	-	11 169
Depreciation	3 552	297	3 849
Other operating expenses	9 239	-	9 239
Operating profit before fair value adjustments	20 349	17 044	37 393
Change in fair value of investment properties	12 451	-	12 451
Change in fair value of leasehold properties	-	-14 726	-14 726
Operating profit after fair value adjustments	32 800	2 318	35 118
Net finance	-2 768	-4 919	-7 687
Profit before tax	30 032	-2 601	27 431
Income tax expense	7 015	-3 066	3 949
Profit for the period	23 017	465	23 482

* 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 Full year 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Full year 2019 IFRS 16
Revenue	266 453	-	266 453
Lease expenses	74 699	-62 886	11 813
Property-related expenses	28 975	-	28 975
Salary and other employee benefits	39 566	-	39 566
Depreciation	11 710	398	12 108
Other operating expenses	34 730	-	34 730
Operating profit before fair value adjustments	76 773	62 488	139 261
Change in fair value of investment properties	17 523	-	17 523
Change in fair value of leasehold properties	-	-55 204	-55 204
Operating profit after fair value adjustments	94 296	7 284	101 580
Net finance	-7 560	-18 417	-25 977
Profit before tax	86 736	-11 133	75 603
Income tax expense	18 181	-4 311	13 870
Profit for the period	68 555	-6 822	61 733

* 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 impact on profit for the period for the Group was NOK 0.5 million in the fourth quarter of 2019 and NOK -6.8 million for the full year of 2019.

IFRS 16 impacts on statement of cash flow

(Amounts in NOK 1 000)

	Unaudited Q4 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Q4 2019 IFRS 16
Net cash flows from operating activities	18 302	17 589	35 891
Net cash flows from investing activities	-23 911	-	-23 911
Net cash flows from financing activities	-9 338	-17 589	-26 927
Net change in cash and cash equivalents	-14 947	-	-14 947

* 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 Full year 2019 IAS 17*	Unaudited Impact IFRS 16	Unaudited Full year 2019 IFRS 16
Net cash flows from operating activities	79 654	65 859	145 513
Net cash flows from investing activities	-561 212	0	-561 212
Net cash flows from financing activities	447 764	-65 859	381 905
Net change in cash and cash equivalents	-33 794	-	-33 794

* 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 31 December 2019	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	47 152	18 721	-	-	-	-	65 873
Other income	3 732	1 163	12 839	-	- 11 723	-	6 011
Lease expenses	- 22 006	- 7 720	-	10	10 706	17 472	- 1 538
Other operating costs	- 18 776	- 7 263	- 2 311	- 1 771	1 017	-	- 29 104
EBITDA	10 102	4 901	10 528	- 1 761	-	17 472	41 242
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 3 849
Change in fair value of investment property							12 451
Change in fair value of leasehold property							- 14 726
Finance income							626
Finance expense							- 8 313
Profit before tax							27 431

For the three months ended 31 December 2018	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	39 044	16 972	-	-	-	-	56 016
Other income	3 617	984	7 867	-	- 7 733	-	4 735
Lease expenses	- 16 144	- 7 929	- 47	- 167	6 630	-	- 17 657
Other operating costs	- 15 578	- 6 525	- 1 043	- 1 258	1 040	-	- 23 364
EBITDA	10 939	3 502	6 777	- 1 425	- 63	-	19 730
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 2 573
Change in fair value of investment property							35 723
Change in fair value of leasehold property							-
Finance income							725
Finance expense							- 952
Profit before tax							52 653

For the year ended 31 December 2019	CSS	OKM	Property	SSG ASA	Other/eliminations	IFRS 16	Total
Rental income from self-storage services	172 676	71 957	-	-	-	-	244 633
Other income	15 864	4 079	43 796	-	- 41 919	-	21 820
Lease expenses	- 78 608	- 33 650	-	- 854	38 413	62 886	- 11 813
Other operating costs*	- 67 280	- 25 295	- 6 518	- 7 684	3 506	-	- 103 271
EBITDA	42 652	17 091	37 278	- 8 538	-	62 886	151 369
Reconciliation to profit before tax as reported under IFRS							
Depreciation							- 12 108
Change in fair value of investment property							17 523
Change in fair value of leasehold property							- 55 204
Finance income							1 283
Finance expense							- 27 260
Profit before tax							75 603

For the year ended 31 December 2018	CSS	OKM	Property	SSG ASA	Other/ eliminations	IFRS 16	Total
Rental income from self-storage services	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
Other 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
Finance lease expense							-
Finance income							1 511
Finance expense							- 4 632
Profit before tax							98 346

Note 4 Earnings per share

(Amounts in NOK)

	For the three months ended 31 December 2019	For the three months ended 31 December 2018	For the full year 2019	For the full year 2018
Profit (loss) for the period	23 482 000	43 334 000	61 733 000	79 490 000
Weighted average number of outstanding shares during the period (basic)	82 617 226	65 734 111	74 436 122	65 203 305
Weighted average number of outstanding shares during the period (diluted)	82 617 226	65 734 111	74 500 344	65 203 305
Earnings (loss) per share - basic in NOK	0.28	0.66	0.83	1.22
Earnings (loss) per share - diluted in NOK	0.28	0.66	0.83	1.22

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	234 294
Shares in Self Storage Group ASA	75 000
Total consideration	309 294

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. Investment property is recorded to fair value based on valuation from external real estate appraiser have been made to the freehold investment properties. Surplus value is identified related to fit-out, and the fair value adjustments is based on management's best estimate. 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	4 641	15 380	20 021
Trade receivables	1 706	-	1 706
Option to buy additional freehold property	-	24 750	24 750
Other current assets	1 521	-	1 521
Cash and cash equivalents	1 978	-	1 978
Deferred tax liability	- 41 828	- 8 829	- 50 657
Trade payables	- 914	-	- 914
Tax payable	- 1 281	-	- 1 281
Other current liabilities	- 13 470	-	- 13 470
Net assets	187 832	31 301	219 133

Goodwill

(Amounts in NOK 1000)	Eurobox
Consideration	309 294
Fair value of identifiable net assets acquired	- 219 133
Goodwill	90 161

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 full year 2019 are NOK 28.5 million and NOK 9.1 million respectively, if the Company had acquired Eurobox with effect from 1 January 2019. EBITDA for the full year 2019 is NOK 13.9 million.

Estimated transaction costs related to the acquisition amounted to NOK 2.8 million are recorded in 2019.

Note 6 Investment property

(Amounts in NOK 1 000)

During the full year 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	- 55 204	-	-55 204
Additions and disposals leasehold property in the year	109 010	-	109 010
Asset acquisition in OK Property AS	-	11 257	11 257
Business combinations (see note 5)	-	234 523	234 523
Company acquired as asset acquisition	-	255 153	255 153
Additions to existing properties	-	31 496	31 496
Fair value adjustments recognised in profit or loss	-	17 523	17 523
Other/translation differences	- 2 146	-	-2 146
Balance as at 31 December 2019	489 062	1 074 457	1 563 519

Note 7 Changes in shareholders' equity

	Date	Number of shares issued	Total number of shares	Total share capital	Value per share
Ordinary shares at 31 December 2018			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
Ordinary shares at 31 December 2019			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 amortised cost. The carrying amounts approximate fair value as at 31 December 2019.

As at 31 December 2019	Amounts due in		Total
	less than 1 year*	1-5 years	
Debt to financial institutions (NOK, Handelsbanken)	103 223	239 057	342 280
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	-	109 010	109 010
Additions and disposals of other leases in the year	-	5 646	5 646
Repayments of borrowings/Payments of lease	-15 950	-47 442	-63 392
Proceeds from borrowings	228 000	-	228 000
Interests expenses of borrowings	6 605	-	6 605
Interests paid of borrowings	-6 148	-	-6 148
Other/translation differences	-	-2 001	-2 001
Balance as at 31 December 2019	342 280	502 832	845 112

* Of the debt to financial institutions due in less than 1 year, NOK 84.8 million is planned refinanced in 2020.

Note 9 Subsequent events

- Acquisition of one property in Trondheim with a total potential lettable area of 2 100 m² successfully completed on 15 January 2020.
- On 17 January 2020 FEOK AS and Ferncliff TIH AS, companies controlled by Øystein Stray Spetalen, sold all their shares, corresponding to 22.24% in Self Storage Group ASA. The shares were acquired by Zeon Lux S.à r.l., an entity managed by affiliates of Centerbridge Partners, L.P. Martin Nes resigned as chairman with immediate effect as a consequence of the sales
- On 23 January 2020 the Board elected board member Runar Vatne as new chairman
- On 31 January 2020 the Board decided to commence a strategic review to explore all available options to maximise shareholder value and ensure equal treatment of shareholders
- On 4 February an agreement to acquire Ulven P28 AS was entered into. The transaction has a property value of approx NOK 47 million. The property value is payable on closing of the transaction in shares of SSG

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
- Total other operating expenses: property-related expenses + salary and other employee benefits + other operating expenses
- 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 APMs used in the Interim Report

(Amounts in NOK 1 000)

	31 December 2019	31 December 2018
Interest-bearing debt		
Long-term interest-bearing debt	239 057	118 023
Short-term interest-bearing debt	103 223	11 750
Total interest-bearing debt	342 280	129 773

(Amounts in NOK 1 000)

	Q4 2019	Ex IFRS 16 Q4 2019	Q4 2018	Full year 2018
Property-related expenses	8 696	8 696	6 559	25 425
Salary and other employee benefits	11 169	11 169	9 710	37 403
Other operating expenses	9 239	9 239	7 095	30 311
Total other operating expenses	29 104	29 104	23 364	93 139
Operating profit before fair value adjustments	37 393	20 349	17 157	63 244
EBIT	37 393	20 349	17 157	63 244
Total adjustments	667	667	-	1 942
Adjusted EBIT	38 060	21 016	17 157	65 186
Change in fair value of investment properties	12 451	12 451	35 723	38 223
Change in fair value of leasehold properties	-14 726	-	-	-
Adjusted Profit before tax	28 098	30 699	52 653	100 288
Tax	4 045	7 111	9 319	19 228
Adjusted Net profit	24 053	23 588	43 334	81 060
Operating profit before fair value adjustments	37 393	20 349	17 157	63 244
Depreciation	3 849	3 552	2 573	10 527
EBITDA	41 242	23 901	19 730	73 771
Total adjustments	667	667	-	1 942
Adjusted EBITDA	41 909	24 568	19 730	75 713
Adjustments				
Acquisition costs	667	667	-	640
Restructuring of legal structure	-	-	-	390
First time value assessment of freehold portfolio	-	-	-	199
Severance packages	-	-	-	713
Total adjustments	667	667	-	1 942

(Amounts in NOK 1 000)	Full year 2019	Ex IFRS 16 full year 2019	Full year 2018
Property-related expenses	28 975	28 975	25 425
Salary and other employee benefits	39 566	39 566	37 403
Other operating expenses	34 730	34 730	30 311
Total other operating expenses	103 271	103 271	93 139
Operating profit before fair value adjustments	139 261	76 773	63 244
EBIT	139 261	76 773	63 244
Total adjustments	4 653	4 653	1 942
Adjusted EBIT	143 914	81 426	65 186
Change in fair value of investment properties	17 523	17 523	38 223
Change in fair value of leasehold properties	-55 204	-	-
Adjusted Profit before tax	80 256	91 389	100 288
Tax	14 724	19 035	19 228
Adjusted Net profit	65 532	72 354	81 060
Operating profit before fair value adjustments	139 261	76 773	63 244
Depreciation	12 108	11 710	10 527
EBITDA	151 369	88 483	73 771
Total adjustments	4 653	4 653	1 942
Adjusted EBITDA	156 022	93 136	75 713
Adjustments			
Acquisition costs	4 653	4 653	640
Restructuring of legal structure	-	-	390
First time value assessment of freehold portfolio	-	-	199
Severance packages	-	-	713
Total adjustments	4 653	4 653	1 942