SELF STORAGE
GROUP

Annual Report 2019

Self Storage Group ASA

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About Self Storage Group

Self Storage Group 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 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 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.

Self Storage Group operates a total of 111 facilities as of December 2019 with a total lettable area of 137 500 m². The Group focuses on maintaining a lean organisation and has currently 69 full time equivalents. The Group is headquartered at Skøyen in Oslo, where all the administrative and customer service related functions are located. Site managers and other operationally focused employees are located throughout Scandinavia with close proximity to the facilities.

As of 31 December 2019

History

- **2019** — NOK 250 million private placement towards external investors, acquisition of Eurobox and acquisition of several investment properties
- **2018** — Opening of facility number 100, acquisition of Minilager Norge group and acquisition of investment properties
- **2017** — NOK 100 million private placement towards external investors, acquisition of investment properties, acquisition of Minilageret AS, initial public offering with placement of additional NOK 200 million and signed agreement to acquire Minilager Norge
- **2016** — Ferncliff invests in OK Minilager, acquisition of City Self-Storage, establishment of Self Storage Group
- **2014/15** — OK Minilager opens its first climate-controlled facility, City Self-Storage divests Polish and Czech portfolio consisting of a total of 5 facilities, additionally to the Spanish portfolio consisting of 8 facilities
- **2011** — OK Minilager opens its first freehold facility
- **2010** — OK Minilager launches online booking with 100 % self-service
- **2009** — OK Minilager established by Fabian and Gustav Søbak
- **2006** — The City Self-Storage expansion continues with the first opening in Poland
- **2002** — The first City Self-Storage sites were opened in Spain and the Czech Republic
- **1998** — Selvaag Group entered into the business and City Self-Storage expanded into Denmark
- **1993** — City Self-Storage established with one site in Norway and a minority stake in the Swedish Safe Mini Lager

Letter from the CEO

Self Storage Group had an exciting and eventful year in 2019 – delivering on our strategy, producing strong financial results, and improving our platform for growth even further. The major headlines of the year were the significant investments in new properties, as well as the acquisition of Eurobox.

The SSG team has worked tirelessly to develop our pipeline, deliver great customer service, and improving margins. I am proud to see the improvement we all have delivered together this year.

SSG aim to develop a business model that is sustainable with low carbon footprint, where sustainability is an integral part of business model. Our stakeholder and materiality analysis, which identifies the economic, social, climate and environmental consequences of the company's operations that have the greatest impact on stakeholders' assessments and decisions, gives us prioritised areas with targets for improvements the coming year. One example of this is the reduction we experience in energy consumption and energy cost on facilities where we have upgraded to LED-lightning.

During 2019, we have continued our investments in technology with focus to improve customer experience and business automation. We expect to see long-term effects of these investments, with increased customer satisfaction, scalable costs, and durable competitiveness.

The expansion of new facilities has been a focus for SSG in 2019 as well. During the year we opened ten facilities, bringing the total number of storage units to 111. The value of our portfolio of owned facilities exceeded 1 billion NOK at the end of the year. The Group had 137 500 m² in current lettable area (CLA) as of December 2019. We have managed to increase occupancy on the new facilities according to expectations, at the same time as we have maintained occupancy rates and average rent on the mature sites.

An important step in the development of the company was the acquisition of Eurobox in July 2019. Eurobox was the 2nd largest self-storage operator in Norway with 10 800 m² CLA, and 8 100 m² in potential CLA. The portfolio consists of four attractive properties in the Greater Oslo Region.

Our view is that urbanization and smaller living spaces, particularly in the larger cities, will continue to cause an increasing need for external storage solutions. SSG has a robust financial position and a track record of growth. This foundation, a strong macro picture in all Scandinavian countries, combined with a strategy to grow the freehold portfolio in selected markets, gives Self Storage Group a solid platform for future growth and value creation.

The progress we made this past year sets the foundation for a great future for our company. In 2020 we have seen the advent of the novel coronavirus (COVID-19), which is currently affecting the whole society and economy. SSG has entered the new year with a solid balance sheet, and we are well positioned to endure the challenges ahead, and also to seize opportunities which will arise.

I thank our stakeholders for their efforts and engagement in 2019 and look forward to our continued co-operation in this new year.

Best regards,

Fabian Søbak

CEO

Highlights 2019

2019 was 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.

- Revenues in 2019 of NOK 266.5 million, up from NOK 238.4 million in 2018
- Adjusted EBITDA[1] in 2019 of NOK 93.1 million, up from NOK 75.7 million in 2018, excluding IFRS 16 impact
- Change in fair value of freehold investment property in 2019 of NOK 17.5 million
- Total value of freehold investment property of NOK 1 074 million end December 2019, up from NOK 525 million end December 2018
- Pre-tax profit for 2019 of NOK 75.6 million, down from NOK 98.3 million in 2018
- Acquisition of Eurobox with 10 800 m² lettable area
- Acquisition of 7 freehold investment properties with a potential lettable area of 14 550 m²
- Total number of facilities end of 2019 is 111, up from 101 facilities at the end of 2018
- Current lettable area end 2019 of 137 500 m², up from 117 000 m² end 2018
- Cash position of NOK 88.1 million at the end of December 2019
- The Group's current loan to value on freehold investment property is 32%

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 16 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
- Acquisition of Ulven P28 AS was successfully completed on 13 February 2020. The transaction had a property value of NOK 47 million and was settled through issuance of 1 711 358 new shares of SSG.
- COVID-19: Self Storage Group has implemented measures to safeguard customers and employees following the novel corona virus (COVID-19). The Group is continuously monitoring the latest developments and is implementing measures on a day to day basis. Currently the Group experiences limited business impact. All self-storage facilities are expected to continue to be open as usual for both existing and new customers. Our self-serviced and digitalised offering is by nature a safe and flexible solution for our customers. The extent and duration of COVID-19 remain uncertain and is dependent on future developments that cannot be accurately predicted at time being. The Group record investment property at fair value, and changes in the economic environment including long-term assumptions could potentially have impact on the financial results. COVID-19 is considered a non-adjusting subsequent event.

[1]Non-GAAP measures are defined in the corresponding section in the back of the report

Key Figures[1]

Summary Adjusted financial and operating result

	2019	2018
(Amounts in NOK million)	**Full year**	**Full year**
Revenue	266.5	238.4
Lease expenses	11.8	71.5
Total other operating expenses	103.3	93.1
Total adjustments	4.7	1.9
Adjusted EBITDA	**156.0**	**75.7**
Adjusted EBITDA ex IFRS 16	**93.1**	**75.7**
Adjusted EBIT	143.9	65.2
Change in fair value of freehold investment property	17.5	38.2
Change in fair value of leasehold investment property	-55.2	-
Adjusted Profit before tax	80.3	100.3
Adjusted Profit before tax ex IFRS 16	91.4	100.3
Adjusted Net Profit	**65.5**	**81.1**
Current lettable area (in thousands m^2)	137.5	117.0
Lettable area under development (in thousands m^2)	21.3	13.4

[1]Non-GAAP measures are defined in the corresponding section in the back of the report

Board of Directors Report

2019 was a new eventful year for Self Storage Group (SSG) with investments in property, acquisition of Eurobox and investments in CRM and technology. We experience growing margins and results, positive cash flow from operations and a solid balance.

Revenues

Revenue for 2019 increased by NOK 28.1 million to NOK 266.5 million compared with 2018. NOK 12.0 million of the increase relates to acquisitions, while the remaining is related to organic growth through opening of new facilities and expansions. Income from ancillary services and rent income from segments other than self-storage contributed with NOK 21.8 million.

Lease expenses

Lease expenses constitute NOK 11.8 million for 2019. Lease expense have been reduced by NOK 59.6 million resulting in reclassification of expenses to change in fair value of leasehold investment properties. This is due to IFRS 16 implementation, where long-term leasehold agreements are treated as financial leases. The remaining part of lease expenses is related to leasehold contracts classified as short-term.

The City Self-Storage segment has mainly leasehold properties (81% of current lettable area is leasehold), while 59% of current lettable area in OK Minilager is freehold. The share of freehold property is increasing in both segments. As of end December 2019, 36% of current lettable area in SSG is freehold. The lease obligations are mainly long-term, with an average remaining length of 5.7 years for the Group.

Property-related expenses

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

Property related expenses for 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 in the period 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 benefits

Salary and other employee benefits for 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 for the year 2019 increased by NOK 1.6 million from 2018 to NOK 12.1 million. The depreciation is mainly related to fit-out and other equipment for new facilities and expansions.

Other operating expenses

Other operating expenses consist of IT and related costs, sales and advertising, and other administrative expenses.

For 2019 other operating expenses increased by NOK 4.4 million compared to 2018 to NOK 34.7 million. Adjusted for non-recurring costs the increase is NOK 1.0 million. NOK 1.5 million of the costs in 2019 comes from Eurobox.

(NOK 1 000)

Adjustments	**2019**	**2018**
Acquisition costs	4 653	640
Restructuring of legal structure	-	390
First time value-assessment of freehold portfolio	-	199
Severance packages	-	713
Total adjustments	**4 653**	**1 942**

Change in fair value of investment property

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

For 2019 the change in fair value recognised in P&L is NOK 17.5 million, a reduction of NOK 20.7 million compared to 2018. 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 years.

Change in fair value of leasehold investment property recognised in P&L in 2019 was NOK -55.2 million, compared to NOK 0 million in 2018. Change in fair value of leasehold investment property is related to IFRS 16 and value adjustment due to passage of time of recognised leases. See note 3 for description of IFRS 16 impact.

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

EBITDA and profit before tax

EBITDA for 2019 is NOK 151.4 million, an increase of NOK 77.6 million compared to 2018. EBITDA adjusted for non-recurring costs and effects of implementation of IFRS 16 increased by NOK 17.4 million. There were NOK 4.7 million in non-recurring costs for 2019, while non-recurring costs for 2018 were NOK 1.9 million. The increase in EBITDA is related to both organic growth and acquisitions. Revenue has increased by NOK 28.1 million, while adjusted costs before IFRS 16 impact have increased by NOK 10.6 million.

Profit before tax for 2019 was NOK 75.6 million, a decrease of NOK 22.7 million from 2018. Adjusted profit before tax in 2019 was NOK 80.3 million. The decrease is related to change in fair value of freehold investment property of NOK -20.7 million, impact of IFRS 16 of NOK -11.1 million and increased net finance of NOK -4.4 million.

Financial position

Total assets were NOK 2 005 million at the end of 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 leasehold investment 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 acquisitions 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 freehold investment property with Handelsbanken up to 60% of the freehold investment property value. Interest-bearing debt[1] 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 in compliance with all loan 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 a sound working capital. Current liabilities mainly consist of prepaid income.

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, because of the implementation of IFRS 16. The equity ratio excluding IFRS 16 impact is 67% (2018: 73%).

Cash flow

SSG has a strong cash flow. Net cash flow from operating activities for 2019 was NOK 145.5 million, compared to NOK 66.0 million in 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 is mainly related to decrease in prepaid expenses and changes in working capital.

Net cash flow from investing activities for 2019 was NOK -561.2 million, compared to NOK -157.5 million in 2018. Payments for freehold 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 381.9 million in 2019, compared to NOK 18.6 million in 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.

[1]Non-GAAP measures are defined in the corresponding section in the back of the report

Financial development in Self Storage Group ASA

Self Storage Group ASA was established in November 2016. The Company merged with Selvaag Self-Storage AS in January 2017. Self Storage Group ASA is the holding Company for the Group.

Revenue in 2019 of NOK 15.2 million and NOK 14.0 million in 2018 are related to management fees and accounting services to group companies. Salary and other employee benefits in 2019 of NOK 16.7 million and NOK 12.6 million in 2018 are related to employees with HQ functions. Depreciation in 2019 amounted to NOK 0.5 million and NOK 0.2 million in 2018, mainly related to software and inventory. Other operating expenses consists of IT and related costs, audit and consultancy fees, in addition to office and travel costs. In 2019 other operating expenses were NOK 7.1 million compared to NOK 7.2 million in 2018. The operating costs in 2019 were impacted by transaction costs related to the acquisitions with NOK 4.7 million. In 2018 the operating costs were impacted by transaction costs related to the acquisitions with NOK 1.2 million.

Total assets were NOK 1 165 million at the end of 2019, compared to NOK 627.0 million at the end of 2018. Investment in subsidiaries has increased with NOK 309.3 million from 31 December 2018 to NOK 834.0 million as of 31 December 2019. Loans to group companies has been increased from NOK 56.8 million as of end 2018 to NOK 298.5 million as of end 2019. Cash and bank deposits have decreased to NOK 13.5 million at the end of December 2019 from NOK 41.9 million one year earlier. The decrease is mainly attributable to higher net outflow on acquisition of subsidiaries and freehold investment property than net proceeds from the private placement and new borrowings drawn up under the existing loan facility. Self Storage Group ASA has a loan facility for purchase of freehold investment property with Handelsbanken up to 60% of the freehold investment property value in the Group. Interest-bearing debt amounts to NOK 342.3 million at the end of December 2019, an increase of NOK 212.5 million from December 2018. The loan facility has several covenants. As of 31 December 2019, Self Storage Group ASA is not in breach of any of the covenants.

Strategy

The Group is operating under both the OK Minilager and City Self-Storage brand, and will continue to do so as these 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 2020/2021. 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.

Industry leading customer service

Self-storage is increasingly becoming an online industry where the majority of the enquiries are channelled through websites and mobile apps. As more and more facilities are becoming self-serviced, customer service is becoming an even more important aspect. Being able to provide a seamless and well-integrated user experience by combining easy to use online booking systems with around-the-clock accessible customer service on multiple platforms has become a significant competitive advantage. Self Storage Group has been a pioneer in this area and has constantly been pushing in order to improve the user experience.

The company offers user-friendly online booking solutions and a personal customer service across several formats such as phone, mail, chat and social media. This has been a contributing factor to why both OK Minilager and City Self-Storage have established themselves as some of the leading self-storage providers in Scandinavia. However, the Company recognise that there is further upside by streamlining the two concepts even further, especially across the different countries.

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 development

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.

Corporate social responsibility and sustainability

Self Storage Group ASA was listed on Oslo Stock Exchange in October 2017, leveraging on the acquisitions of Minilageret AS and City Self-Storage. The Minilager Norge group was acquired in January 2018 and Eurobox in July 2019. As the Group is integrating the acquired companies, great attention is brought to corporate social responsibility, sustainability and business conducts across different borders and cultures. The Company aims at a continued solid corporate culture and to preserve the integrity of the Company, by helping employees practise good business standards.

The Group has implemented ethical guidelines as a part of the corporate governance framework to maintain a high ethical standard in its business concept and relations with customers, suppliers and employees. Self Storage Group´s Corporate Social Responsibility and Sustainability Report inspired by the guidance on reporting of corporate responsibility published by Oslo Stock Exchange in 2018, which can be found on pages 20-25 of this Annual Report.

Shareholders and financing

The Self Storage Group ASA shares are listed on the Oslo Stock Exchange under the ticker “SSG.” At the end of 2019, the Company had 82 617 226 outstanding shares, held by 951 shareholders. The nominal value of the Self Storage Group ASA share is NOK 0.10 per share.

As a result of the positive financial development in 2019 and the loan facility with Handelsbanken, the Group estimates that it has sufficient working capital for the 12 months following the balance sheet date. In accordance with section 3(3a) of the Norwegian Accounting Act, the Board of Directors, therefore, confirms that the going-concern assumption is met and that the annual accounts have been prepared in accordance with this assumption.

The Group has placed considerable emphasis on providing shareholders, and investors in general, with timely and relevant new information about the Group and its activities in compliance with applicable laws and regulations.

Self Storage Group is committed to increase awareness of the stock in Norway and abroad. The list of shareholders includes a considerable number of Nordic institutional investors and private investors.

Risks

Self Storage Group is exposed to risk and uncertainty factors, which may affect some or all of the Group´s activities. The Group has financial risk, market risk, operational risk and risk related to current and future products. The complete range of risk factors is discussed in detail in note 5.

As set out in the corporate governance guidelines of Self Storage Group, the Board of Directors shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The objective for the Company's risk management and internal control is to manage, rather than eliminate, exposure to risks related to the successful conduct of the Company's business and to support the quality of its financial reporting.

Effective risk management and good internal control contribute to securing shareholders' investment in the Company and the Company's assets. The Board shall ensure that the Company's internal control comprises guidelines, processes, duties, conduct and other matters that:

- Facilitate targeted and effective operational arrangements for the Company and also make it possible to manage commercial risk, operational risk, the risk of breaching applicable legislation and regulations as well as all other forms of risk that may be material for achieving the Company's commercial objectives
- Contribute to ensuring the quality of internal and external reporting
- Contribute to ensuring that the Company operates in accordance with the relevant legislation and regulations as well as with its internal guidelines for its activities, including the Company's ethical guidelines and corporate values

The Board shall form its own opinion on the Company's internal controls, based on the information presented to the Board. Reporting by executive management to the Board shall be prepared in a format that gives a balanced presentation of all risks of material significance, and of how the internal control system handles these risks. The Board shall develop and assess the need for internal control systems which address the organisation and execution of the Company's financial reporting. These systems shall be continuously developed in light of the Company's growth and situation.

The Board shall also focus on the need for developing ethical guidelines ensuring that employees can safely communicate to the Board matters related to illegal or unethical conduct by the Company. In addition, the Board shall ensure that the Company has the necessary routines and hired personnel to ensure that any outsourced functions are handled in a satisfactory manner.

Employees and working conditions

At year-end 2019, the Group had 94 (87) employees, of which 54 work fulltime. In 2019, the sickness absence in Self Storage Group was 1,7 percent. There were two absences due to injuries in the Group.

The Group attempts to maintain a working environment where equal opportunities for all based on qualifications and irrespective of gender, age, sex, ethnicity, sexual orientation, disability, or any other protected status. At year-end 2019, women held 35 percent of the positions in the Group. Female employees made up 25 percent of the Management team and 50 percent of the Board of Directors at time for issuance of the annual report.

The working environment in Self Storage Group is, in the Board's view, considered to be satisfying. The Company is committed to maintaining an open and constructive dialogue with the employee representatives.

The Company's operations are not considered to have any material impact on the climate and the environment.

Corporate Governance

The Board and management of Self Storage Group ASA are committed to maintaining high ethical standards and promoting good corporate governance. The Company believes that good corporate governance builds confidence among shareholders, customers and other stakeholders, and thereby supports maximal value creation over time. The equal treatment of all shareholders lies at the heart of the Company's corporate governance policy. The Company has only one class of shares, and all shareholders have equal rights. The Company's shares are listed and freely transferable.

The Company has, in accordance with applicable legislation and stock exchange listing rules, provided a report on the Company's corporate governance, which can be found on pages 26-32 of this Annual Report. The Corporate Governance Report is based on the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board, dated 17 October 2018.

COVID-19

Self Storage Group has implemented measures to safeguard customers and employees following the novel corona virus (COVID-19). The Group is continuously monitoring the latest developments and evaluates the implementing measures on a day to day basis. Currently the Group experiences limited business impact. All self-storage facilities are expected to continue to be open as usual for both existing and new customers. Our self-serviced and digitalised offering is by nature a safe and flexible solution for our customers.

Potential impacts related to the corona-virus's on the Groups financial resultants are as follows;

- The Group expects to see increased risk for bankruptcy in the business segment, but this segment only constitutes approximately 20% of the revenue. At the same time there is a potential for increased demand from business customers due to downsizing or restructuring of the sale process because of COVID-19.
- With increased unemployment in the Scandinavian countries there is an increased risk for bad dept for private customers, but this risk is minimised by the standard credit rating of new customers, invoicing in advance and closely monitoring of bad dept.
- A decline in the housing-market can reduce the need for self-storage, but historically changes in customers life create demand for self-storage, also in times with recession.
- The planned growth in lettable area can be impacted by reduced supplies of fitout from foreign suppliers.

The impact of COVID-19 remains uncertain and is dependent on future developments that cannot be predicted at time being. The Group record investment property at fair value, and changes in the economic environment including long-term assumptions could potentially have impact on the financial results. COVID-19 is considered a non-adjusting subsequent event.

Outlook

Self Storage Group is a leading self-storage provider in Scandinavia with two strong brands and concepts; OK Minilager and City Self-Storage. As of 31 December 2019, the Group operates 111 facilities across Scandinavia with a total lettable area of 158 800 m² and current lettable area of 137 500 m².

There is a large untapped potential for self-storage in Scandinavia as urbanisation and smaller living spaces cause increasing need for external storage solutions. To enhance these opportunities, Self Storage Group 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.

The Company 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. Self Storage Group 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 sets the foundation for a great future for the Group. In 2020 we have seen the advent of the novel coronavirus (COVID-19), which is currently affecting the whole society and economy. SSG has entered the new year with a solid balance sheet, and is well positioned to endure the challenges ahead, and also to seize opportunities which will arise.

Parent Company results and distribution of funds

Net profit for the Parent Company Self Storage Group ASA, was NOK 2.0 million. The Board recommends the following distribution of funds:

(NOK million)	
Dividend	-
Transferred to other equity	**2.0**

Self Storage Group ASA

Oslo, April 27th, 2020

sign

Runar Vatne
Chairman

sign

Gustav Sigmund Søbak
Board member

sign

Ingrid Elvira Leisner
Board member

sign

Yvonne Litsheim Sandvold
Board member

sign

Fabian Søbak
CEO

Management

Fabian Emil Søbak

CEO

Mr. Søbak co-founded OK Minilager AS together with his father, Gustav Søbak, in 2009. Since then he has held the position as Chief Executive Officer, and following the acquisition of City Self-Storage in 2016, he has served as the Chief Executive officer of the combined company. Mr. Søbak is a Norwegian citizen and resides in Oslo.

Cecilie Brænd Hekneby

CFO

Mrs. Hekneby joined City Self-Storage in 2015 as Head of Finance and has following the acquisition of City Self-Storage held the position as Chief Financial Officer for the Group. Prior to this, she held the positions as Group Controller in 2016 in Color Line and Project Manager and Financial Controller in Posten Norge. Mrs. Hekneby holds a Master degree from Norwegian School of Economics and Business Administration (NHH). Mrs. Hekneby is a Norwegian citizen and resides in Oslo.

Isak Larsson

General Manager CSS

Mr. Larsson has held the position as General Manager for Norway and Sweden since 2011. He also became General Manager for Denmark in 2017. He has 14 years of experience from the self-storage industry. Mr. Larsson holds a Bachelor degree in Industrial Marketing from Högskolan in Kristianstad, Sweden. Mr. Larsson is a Swedish citizen, and resides in Oslo.

Ole Tidemann Røine

Property Manager

Mr. Røine started as Property Manager in Self Storage Group in august 2019. Prior to this he worked as Manager for maintenance and operations in Studentsamskipnaden SiO, and has also experience as project leader of construction projects. Mr Røine holds a Bachelor degree in Management from Norwegian Business School BI, and has education from Norwegian Military Academy. Mr. Røine is a Norwegian citizen, and resides in Oslo.

Board of Directors

Runar Vatne

Chairman

Elected Chairman on 23 January 2020. Member of the Board since August 2017. Mr. Vatne is the principal and owner of Vatne Capital, a family office investing in financial assets and real estate. He is also a Partner and responsible for transactions in Søylen Eiendom, a leading Oslo based real estate company which he co-founded in 2004. Before Søylen Eiendom, Mr. Vatne was a broker in Pareto Securities. Mr. Vatne is a Norwegian citizen and resides in Oslo. Mr Vatne has attended 12 of 12 board meetings in 2019. Mr Vatne holds 3 623 214 shares in the Company.

Gustav Søbak

Board Member

Member of the Board since November 2016. Mr. Søbak co-founded OK Minilager AS together with his son, Fabian Emil Søbak, in 2009. Mr. Søbak has more than 30 years of experience in the real estate sector. Prior to co-founding OK Minilager he built up a parking company which he eventually sold to a Norwegian subsidiary of Apcoa. Mr. Søbak is a Norwegian citizen and resides in Oslo. Mr Søbak has attended 12 of 12 meetings in 2019. Mr Søbak holds 6 565 000 shares in the Company.

Ingrid Elvira Leisner

Board Member

Member of the Board since May 2018. Ms. Leisner is currently on the board of directors of TechStep ASA, Maritime and Merchant ASA and Norwegian Air Shuttle ASA. Ms. Leisner has previously worked as Head of Portfolio Management for Electric Power in Statoil Norge AS in addition of being a trader of different oil and gas products in her 15 years in Statoil ASA. Ms. Leisner holds a Bachelor of Business degree with honors from the University of Texas at Austin. Ms. Leisner is a Norwegian citizen, and resides in Oslo. Ms Leiser has attended 12 of 12 meetings in 2019. Ms Leisner holds 10 390 shares in the Company.

Yvonne Litsheim Sandvold

Board Member

Member of the Board since October 2017. Ms Sandvold is the founder and CEO of YLS Næringseiendom and the marketing manager of Frognerbygg AS. She has extensive experience from the Norwegian real estate industry. Ms Sandvold currently serves on the Board of several public and private companies. Ms Sandvold holds a cand. Psychol. degree from the University of Oslo. Ms Sandvold is a Norwegian citizen, and resides in Norway. Ms Sandvold has attended 12 of 12 board meetings in 2019. Ms Sandvold holds 415 584 shares[1] in the Company.

[1] All shares were sold 17.01.20

Corporate Social Responsibility and Sustainability Report

Introduction and management approach

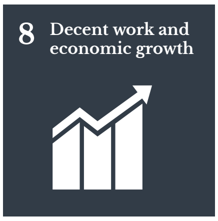
Self Storage Group's goal is to be the preferred self-storage provider in Scandinavia and generate profitability and return to our shareholders. The Group focuses on lean operations and automations. At the same time SSG aspire to offer industry leading customer service. The Group aims to develop a business model that is sustainable with low carbon footprint. The Board of Directors emphasises the importance of sustainability as an integral part of the company's operations and development.

Reporting standards

The Corporate Social Responsibility and Sustainability Report is inspired by the guidance on reporting of corporate responsibility from 2018 published by Oslo Stock Exchange. Oslo Stock Exchange's guidance is based on the Global Reporting Initiative's standards for corporate responsibility reporting (GRI Standards).

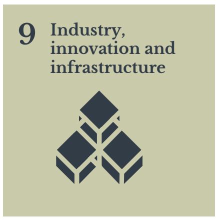
Contribution to the UN Sustainable Development Goals

The Group has prioritised three of the seventeen Sustainable Development Goals set out in the UN's 2030 Agenda for Sustainable Development. SSG sees the following goals as particularly significant to our business and the solutions the Group can contribute to:



Goal 8: Decent work and economic growth

The Group requests suppliers and contractors to sign a declaration to secure the use of quality in deliveries and decent pay and working conditions for hired employees. The Group has the same standards for own employees. Investments in new properties and expansions are made to increase lettable area available for our customers. Cost focus at all levels is considered vital to ensure profitability and further economic growth.



Goal 9: Industry, innovation, and infrastructure

In the building and renovation process, the Group takes into consideration possible innovative environmental solutions for its properties and building projects to lower the energy consumption. SSG also focuses on using products of high quality to reduce negative environmental impacts throughout the lifetime of our buildings. By providing self-storage facilities close to where customers live, the customers can choose to live in smaller apartments with less storage space. Proximity to the facilities reduces the transportation-distance. As a contribution to the sharing economy some of our facilities provide trailers and transportation cars for rent, reducing the need for each customer to have their own car.

Goal 12: Responsible consumption and production

The Group is continuously focusing on improving customer service, with staff and/or new technology. Self-storage is a product that let people store their belongings instead of throwing and purchasing new items.

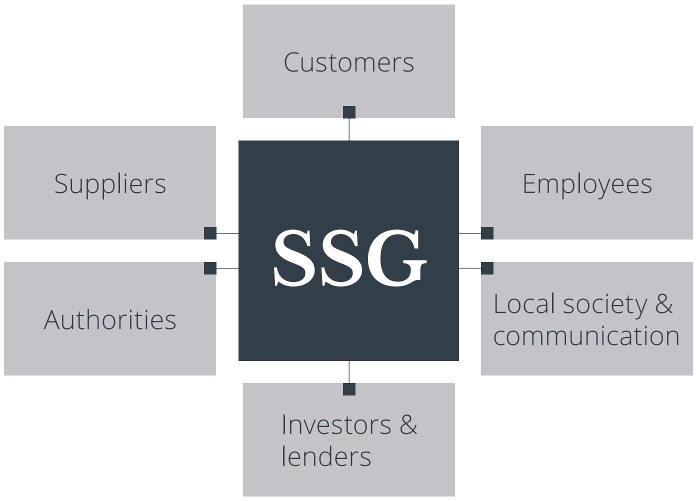
The Group often transits old buildings that risk being demolished to self-storage. In the building process there is focus on sorting waste for recycling. Buildings life cycle economical cost and life cycle environmental impact is emphasised when considering different solutions. In the planning process efficient use of the square meters is essential.

Stakeholder and materiality analysis

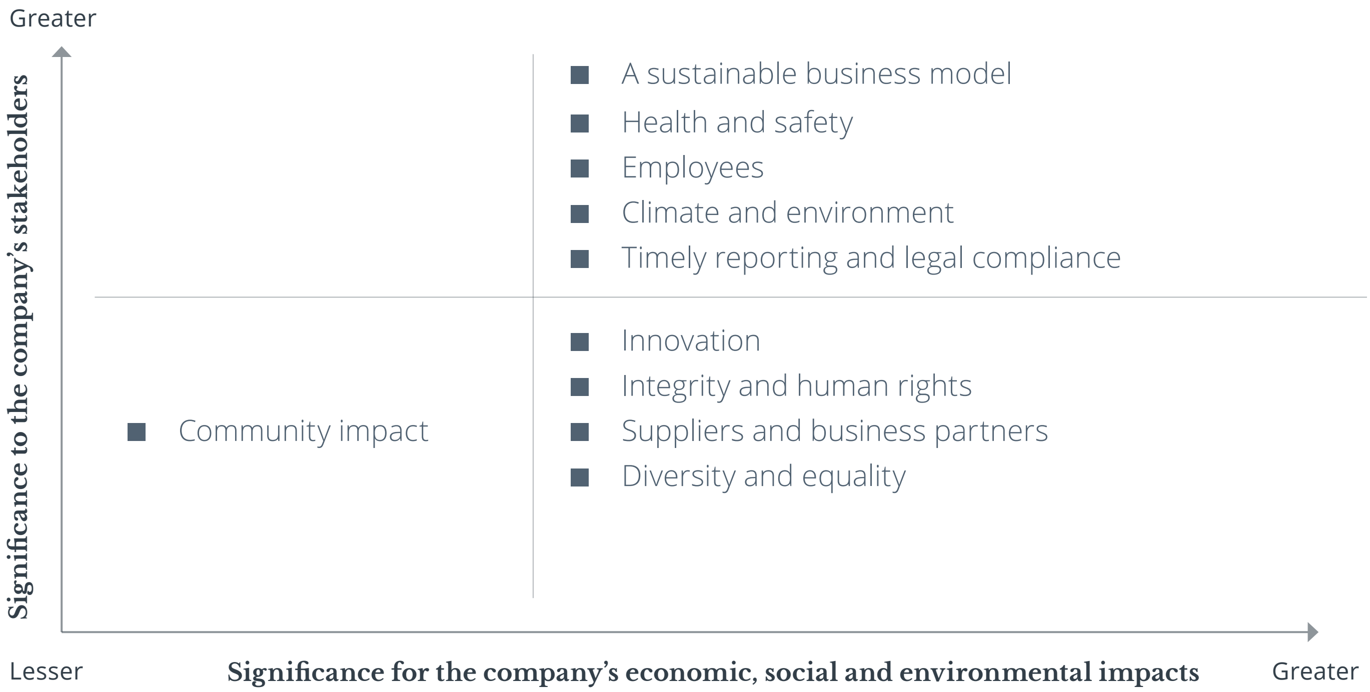
Self Storage Group fulfils its corporate responsibilities by developing and running its operations profitably, and in a manner that conforms with fundamental ethical values and respect for individual people, society as a whole and the environment. This approach includes maintaining a dialogue with the Group's most important stakeholders.

The Group has conducted a stakeholder and materiality analysis which identifies the economic, social, climate and environmental consequences of the company's operations that have the greatest impact on stakeholders' assessments and decisions.

The model below shows which groups of stakeholders are regarded as most important for Self Storage Group:



The model below specifies the degree of importance for SSG's stakeholders, as well as what is important and relevant for Self Storage Group:



SSG's defined main focus areas

A sustainable business model

Health and safety

Employees

Climate & environment

Timely reporting and legal compliance

A sustainable business model

The self-storage business model is sustainable with focus on buildings and materials with long lifetime and storage of customers belongings in climate-controlled environments. A sustainable business model is there for significant for the company's economic, social and environmental impacts.

By transforming old buildings to self-storage facilities, the Group contributes to sustainability, through the building process as earlier described. In addition, fit-out in good condition from closed facilities is dismantled and moved to new facilities if suitable.

Self-storage is a product that helps people store instead of throwing away for later to buy new belongings. By being a provider of self-storage facilities close to where customers live, these buildings can be built smaller and there is less need for transportation to the facility. Customers satisfaction is important for us to continue to grow and their feedback gives valuable information to develop the business further.

Caretakers of the properties are hired locally if it is a suitable solution. This reduce the need of transportation to the different facilities localised in Scandinavia.

Targets for 2020

- Start to use better platforms to measure customer satisfaction, such as Trustpilot
- Send monthly surveys where customer satisfaction is measured (Net Promoter Score)

Health and safety

The Group works continuously with health and safety matters for employees and customers. The absence due to illness for the Group in 2019 was 1.7%. Our site management supervise all facilities at a regularly basis to ensure a safe environment, with fire security being the most important measure.

All employees at construction sites are required to wear protection equipment. Injuries on employees are reported, measured and followed up. There were no fatal or high consequence injuries in Self Storage Group in 2019 (0). For 2019 the Group had two employees that had absence due to injuries. One Site Manager in Norway needed to sew its finger when it accidentally came close to a shelf with sharp edges. Absence for one (1) day. The other one was working at a construction site in Norway and when working on removing an old gate got a cut when the gate slipped and fell on the construction workers hand. Absence for three (3) days. Where there has been reported injuries from customers, the ones the Group knows about are non-serious cut injuries where customers only needed patches or wound disinfection to clean the wounds. No fatal or high consequence injuries from customers have been reported (0).

Targets for 2020

- Increase quality of the internal control system
- No injuries leading to sickness absence among employees and hired personnel
- Implement "suppliers declaration" for HSE, minimum wages etc for existing contracts

Employees

The employees are essential for the operation. At year-end 2019, the Group had 94 (87) employees, of which 54 worked fulltime. The employees have different roles in the organisation, such as customer service, caretaker, preparer of storage rooms, administration and construction. The group has been through several acquisitions, and work has been done to integrate the different working cultures to one. Company awards are used in the Group to premiere good role models for the values set.

Many of the employees work on different facilities, and the intranet is important both for information to the employees and as a social platform where employees in all roles can communicate easily. The Group has low turnover (8% for 2019) and the average number of years an employee is employed is five years. All new employees are given necessary training to perform the work.

Targets for 2020

- Measuring employee satisfaction by using annual employee survey
- Use the results to implement new measures if/where it's needed

Climate and environment

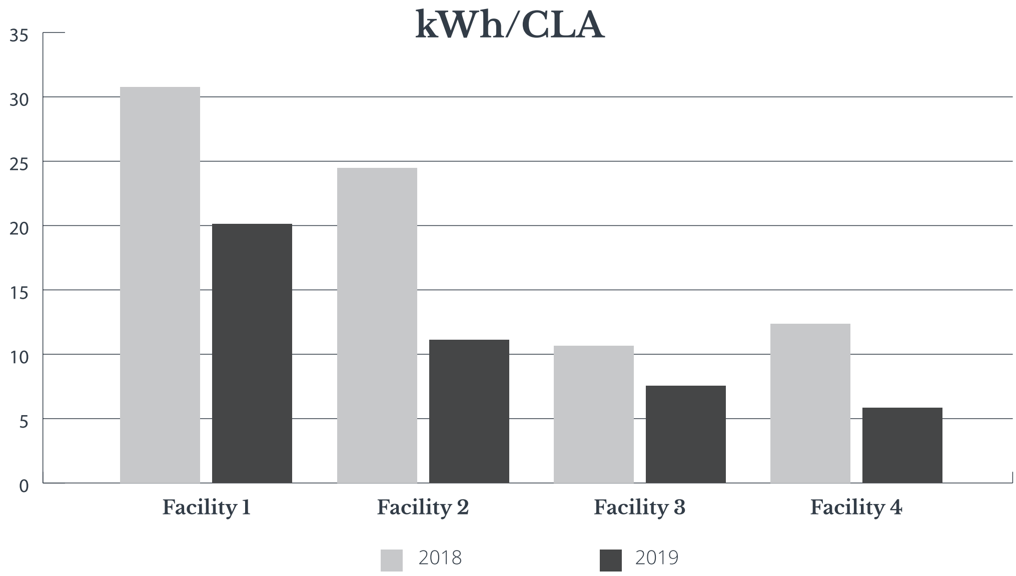
Climate and environment have great significance for especially the company's economic impacts. However, the Groups operations are not considered to have any material impact on the climate and the environment even that the Group has focus on climate and environment.

The highest environmental risk for Self Storage Group operations both on short and long term relates to water. More extreme water with heavy rain increase the risk for flooded buildings. Therefore, we put extra tension on roofing and other water related issues. Selected storage rooms are equipped with special mats on the floor to reduce water damages. Measures to prevent water damages have high attention in the Group, and in addition we recommend all customers to have insurance when renting storage.

In the building process the management always try to combine sustainable and green solutions with long term financial choices. The Group requires recycling in the building process and on office facilities.

The Group has focus on energy management on all levels and is continuously focusing on reducing the energy consumption in the portfolio. Our buildings are equipped with few technical installations, so lowering the energy consumption is mainly done by lower the temperature in climate-controlled environments, installing heat pumps and upgrading to LED-lightning.

In Denmark several of the facilities have upgraded to LED-lightning both indoor and outdoor. The upgrades have been implemented from autumn 2018. In the figure below the decrease in energy consumption for four of the Danish facilities which are upgraded can be seen. The analyses is based of used kWh divided on CLA (m2) for these facilities. Heating of these facilities are performed with district heating. The figures below are not adjusted for climate.



Targets for 2020

- Set up systems for monitoring energy consumption and establishing KPI (kWh/ CLA) on all facilities. After establishing a "point- 0", we will establish a goal for reductions.
- Continue renewal of old lighting systems
- Consider to choose 0- emission alternatives when company cars are to be renewed

Timely reporting and legal compliance

The Group is listed on Oslo Stock Exchange and follows all required reporting guidelines. All reporting has been made according to published financial calendar and regulatory deadlines. The goal is to continue to deliver timely reporting with high quality that contains all required information.

Financial reporting and legal compliance are focus on both Management and Board Meetings. This ensures that enough resources are allocated timely.

Targets for 2020

- 100% timely reporting according to financial calendar and regulatory deadlines

Other

Innovation

The Group seeks new solutions to continuously improve the customer service. By focusing on digital solutions, the customers' ability to help themselves are increased. New solutions are intuitive and easy, thus improving the customers experience.

The CRM-system developed for OK Minilager has been upgraded and improved since 2018. The acquired companies Minilageret, Minilager Norge and Eurobox have successfully been migrated to the new platform. All new CSS-facilities are also added to the new CRM-system. During 2020 the Group plans to start the migration of CSS-facilities to the new CRM-system.

The focus on modern CRM is essential for efficient operations which is easy to scale up when new facilities are added to the portfolio. The management works close with operation and customer service to develop new solutions.

Community impact

Self-storage is a business with little traffic and limited pollution. Approximately 80% of the customers are individual customers, who rarely visit their storage room. Some facilities offer volunteer organisations discounts on storage.

Integrity and human rights

Integrity and human rights are of great significance for the Group, and no violations on these are accepted. We think that most of our stakeholders do not assess this as a risk in Scandinavia. The Group has implemented ethical guidelines as a part of the corporate governance framework to maintain a high ethical standard in its business concept and relations with customers, suppliers and employees. These guidelines ensure compliance with arm's length distance principles and minimise the risk for corruption. The Group pays tax to the local country and are not involved in tax planning.

Suppliers and business partners

Timely deliveries from suppliers are essential for the Groups operations and growth. To ensure that all suppliers follow laws and regulations the Group has started to use a supplier declaration. The declaration focuses on hired labours salary and rights, recycling, use of subcontractors and quality systems.

Diversity and equality

The Group attempts to maintain a working environment with equal opportunities for all based on qualifications and irrespective of gender, age, sex, ethnicity, sexual orientation, disability, or any other protected status. At year-end 2019, women held 35 percent of the positions in the Group. Female employees made up 25 percent of the Management team and 50 percent of the Board of Directors. The organisation is set up with a flat and unformal organisation model. A total of 15 different nationalities are represented in the Group.

Corporate Governance

The Board of Directors of Self Storage Group has adapted the Company´s corporate governance policy document. This policy addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board of Directors, the Chief Executive Officer (the "CEO") and the Company's executive management team.

1. Reporting on corporate governance

The policy is based on the Norwegian Code of Practice for Corporate Governance issued 17 October 2018 by the Norwegian Corporate Governance Board. The Company will in accordance with applicable legislation and stock exchange listing rules provide a report on the Company's corporate governance in the directors' report or in a document that is referred to in the directors' report.

Non-conformance with the recommendation: None

2. Business

The Company's business as set out in the Articles of Association is to offer self-storage facilities, including investments in real estates and companies with similar activities. The Board of Directors long-term objective is to be the preferred self-storage provider in Scandinavia and generate profitability and return to its shareholders.

The Board of Directors long-term objective is to be the preferred self-storage provider in Scandinavia and generate profitability and return to its shareholders.

The Company will pursue the following main strategies to reach its overall objective:

- Customer satisfaction
- Digitalisation
- Automation
- Cost leadership

The Company has formulated the following main values to form a guideline for the Company's business operations:

- Service
- Respect
- Responsibility
- Competitive
- Innovation

The Board of Directors should evaluate these objectives, strategies and risk profiles at least yearly.

Ethical guidelines

The Company will maintain a high ethical standard in its business concept and relations with customers, suppliers and employees. The following ethical guidelines shall be practiced in the Company, and shall apply to all employees of the Company:

- Personal conduct: All employees and representatives of the Company shall behave with respect and integrity towards business relations and partners, customers and colleagues. All employees shall be treated equally regardless of race, gender and sexuality. The executive management team has a particular responsibility to promote openness, loyalty and respect.
- Conflict of Interests: The Company's employees or representatives shall avoid situations wherein a conflict between their own personal and/or financial interests and the Company's interests may occur.
- Confidential Information: Employees or representatives of the Company possessing confidential information related to the Company, shall conduct themselves and safeguard such information with great care and loyalty, and comply with any and all signed confidentiality statements.
- Influence: The Company's employees or representatives shall neither directly nor indirectly offer, promise, request, demand or accept illegal or unjust gifts of money or any other remuneration in order to achieve a commercial benefit.
- Environment: The Company will contribute to the sustainable development of society through responsible commercial operations and continuous improvement.
- Competition: The Company supports fair and open competition. The Company's employees or representatives shall never take part in any activities that may constitute a breach of competition legislation.
- Breach of Ethical Guidelines: Any breach of these ethical guidelines may inflict severe consequences for the Company, and any breach may imply consequences for the person in question.

Non-conformance with the recommendation: None

3. Capital structure and dividend

The Board aims to maintain a satisfactory capital structure in the Company in light of the Company's objective, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board shall continuously assess the Company's capital requirements in light of the Company's strategy and risk profile.

There is only one class of shares in the Company and all shares carry equal rights. The Company shall emphasise equal treatment of its shareholders.

The Group is currently focused on growing the business of the Group and has not paid out any dividend, nor made any decision to do so. However, based on future cash flow, capital expenditure, financing requirements and profitability, the Group may choose to adapt a more active dividend policy.

At the General Meeting in 2019 the Board of Directors was authorised to increase share capital with up to NOK 3 286 705.50 through one or several share capital increases. The authorisation may be used to provide the Company with financial flexibility, including in connection with investments, merger and acquisitions. The Board's authorisation is valid until the annual General Meeting in 2020.

As of the date of the Annual Report the share capital is increased with NOK 1 859 447.30 since the General Meeting in 2019.

Non-conformance with the recommendation: None

4. Equal treatment of shareholders and transactions with close associates

At the General Meeting in 2019 the Board of Directors was authorised to increase the share capital. In effectuation of this authorisation, the existing shareholders pre-emptive rights to subscribe shares can be deviated.

Any transactions, agreements or arrangements between the Company and its shareholders, members of the board, members of the executive management team or close associates of any such parties shall only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act. The Board shall arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question must be considered to be immaterial. The Company's financial statements shall provide further information about transactions with related parties.

The Company has no own shares.

See also note 27.

Non-conformance with the recommendation: None

5. Shares and negotiability

The shares in the Company shall be freely transferable.

Non-conformance with the recommendation: None

6. General meetings

All shareholders have the right to participate in the General Meetings of the company, which exercise the highest authority of the Company. The annual General Meeting shall normally be held before 31 May every year.

The full notice for General Meetings shall be sent to the shareholders no later than 21 days prior to the meeting. The notices for such meetings shall include documents providing the shareholders with sufficient detail in order for the shareholders to make an assessment of all the cases to be considered as well as all relevant information regarding procedures of attendance and voting. The Annual Report will be made available on the Group's website. The Board and the Company's auditor shall be present at General Meetings.

Notices for General Meeting shall provide information on the procedures shareholders must observe in order to participate in and vote at the General Meeting. The notice should also set out: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the General Meeting.

The cut-off for confirmation of attendance shall be set as short as practically possible and the Board will arrange matters so that shareholders, who are unable to attend in person, will be able to vote by proxy. The form of proxy will be distributed with the notice.

Non-conformance with the recommendation: None

7. Nomination committee

The Company has a Nomination Committee as set out in the Articles of Association. The members of the Nomination Committee should be selected to take into account the interests of shareholders in general. The majority of the Nomination Committee should be independent of the Board and the executive management team. Members of the executive management team should not be members of the Nomination Committee. Instructions for the Nomination Committee shall be approved by the Company's General Meeting.

The nomination committee currently consists of the following three members: Lars Christian Stugaard (chairperson), Henrik Krefting and Andreas Lorentzen. The current members have been elected by the General Meeting with a term until the Company's ordinary General Meeting in 2020.

Non-conformance with the recommendation: None

8. Board of Directors: Composition and independence

In appointing members to the Board, it is emphasised that the Board shall have the requisite competence to independently evaluate the cases presented by the executive management team as well as the Company's operation. It is also considered important that the Board can function well as a body of colleagues. Board members shall be elected for periods not exceeding two years at a time, with the possibility of re-election. Board members shall be encouraged to own shares in the Company.

The Board shall comply with all applicable requirements as set out in the Norwegian Public Limited Liability Companies, Act, the listing rules of Oslo Stock Exchange and the recommendations set out in the Norwegian Code of Practice for Corporate Governance.

At the General Meeting 23 May 2019, the following were elected to the Board of Directors for one year: Martin Nes, chairman, Runar Vatne, Gustav Sigmund Søbak, Yvonne Litsheim Sandvold and Ingrid Elvira Leisner. On 16 January 2020 Martin Nes resigned as chairman with immediate effect as a consequence of Feok As and Ferncliff selling their shares in SSG. The remaining board elected Runar Vatne as new chairman on 23 January. The Annual Report provides information about Board members' background, qualifications and independence. The Company does not have a corporate assembly.

Non-conformance with the recommendation: None

9. The work of the Board of Directors

The Board's primary responsibility shall be (i) participating in the development and approval of the Company's strategy, (ii) performing necessary monitoring functions and (iii) acting as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs. The Board is also responsible for ensuring that the operations of the Company are in compliance with the Company's values and ethical guidelines. The Chair of the Board shall be responsible for ensuring that the Board's work is performed in an effective and correct manner.

The Board shall ensure that the Company has a good management with clear internal distribution of responsibilities and duties. A clear division of work has been established between the Board and the executive management team. The CEO is responsible for the executive management of the Company. All members of the Board shall regularly receive information about the Company's operational and financial development. The Company's strategies shall regularly be subject to review and evaluation by the Board. Board members and members of the executive management team shall immediately notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

The full Board of Directors of the Company serves as the Company's Audit Committee. The Company has no remuneration committee. Guidelines for remuneration of the managing director and the executive personnel were approved at the General Meeting in May 2019. The Board shall prepare an annual evaluation of its work.

Non-conformance with the recommendation: None

10. Risk management and internal control

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The internal control and the systems shall also encompass the Company's guidelines etc. for how it integrates considerations related to stakeholders into its creations of value. The objective of the risk management and internal control shall be to manage exposure to risks in order to ensure successful conduct of the Company's business and to support the quality of its financial reporting. Self Storage Group has documented internal procedures, including description of authority. Monthly financial reports are sent to the Board. There are monthly meetings among key finance personnel to review financial results, incidents, projects, estimates, etc. This input is used in the monthly reporting to the Board.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board shall provide an account in the Annual Report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

Non-conformance with the recommendation: None

11. Remuneration of the Board of Directors

The General Meeting shall annually determine the Board's remuneration. Remuneration of Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. The Board shall be informed if individual Board members perform other tasks for the Company than exercising their role as Board members.

Work in sub-committees may be compensated in addition to the remuneration received for Board membership. No share options have been granted to members of the Board. The Company's financial statements shall provide information regarding the Board's remuneration.

Non-conformance with the recommendation: None

12. Remuneration of executive personnel

The Board decides the salary and other compensation to the CEO within any legal boundaries set out in the annual statement on compensation to the CEO and executive management as approved by the Company's General Meeting. The CEO's salary and bonus shall be competitive and otherwise on market terms for similar companies. Any fringe benefits shall be in line with market practice, and should not be substantial in relation to the CEO's basic salary. The Board shall annually carry out an assessment of the salary and other remuneration to the CEO.

The Company's financial statements shall provide further information about salary and other compensation to the CEO and the executive management team.

The CEO determines the remuneration of executive employees. The Board shall issue guidelines for the remuneration of the executive management team for approval by the General Meeting. The guidelines shall lay down the main principles for the Company's management remuneration policy. The salary level should not be of a size that could harm the Company's reputation, or above the norm in comparable companies. The salary level should, however, ensure that the Company can attract and retain executive employees with the desired expertise and experience.

The Board of Directors has established guidelines for remuneration of the key employees of the Company, and the guidelines will be presented to the annual General Meeting in 2020. The remuneration guidelines are included in note 10 to the annual accounts.

Non-conformance with the recommendation: None

13. Information and communications

The Board and the executive management team assign considerable importance to giving the shareholders quick, relevant and current information about the Company and its activity areas. Emphasis is placed on ensuring that the shareholders receive identical and simultaneous information.

Sensitive information will be handled internally in a manner that minimises the risk of leaks. All contracts to which the Company becomes a party, shall contain confidentiality clauses.

The Company shall have clear routines for who is allowed to speak on behalf of the Company on different subjects, and who shall be responsible for submitting information to the market and investor community. The CEO and CFO shall be the main contact persons of the Company in such respects.

The Board should ensure that the shareholders are given the opportunity to make known their points of view at and outside the General Meeting.

Non-conformance with the recommendation: None

14. Take-overs

In a take-over process, the Board and the executive management team each have an individual responsibility to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall ensure that:

- the Board will not seek to hinder or obstruct any takeover bid for the Company's operations or shares unless there are particular reasons for doing so;
- the Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- the Board shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the Board must be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance. This includes obtaining a valuation from an independent expert. On this basis, the Board will make a recommendation as to whether or not the shareholders should accept the bid.

Non-conformance with the recommendation: None

15. Auditor

The Company´s auditor is EY.

Each year the Board of Directors shall ensure that the auditor presents to the Board a plan for the implementation of the audit work and a written confirmation that the auditor satisfies established requirements as to independence and objectivity.

The auditor shall be invited to all Board meetings where the annual accounts are on the agenda. Whenever necessary, the Board shall meet with the auditor to review the auditor's view on the Company's accounting principles, key aspects of the audit, risk areas, internal control routines etc.

The auditor may only be used as a financial advisor to the Company provided that such use of the auditor does not have the ability to affect or question the auditors' independence and objectiveness as auditor for the Company. Only the Company's CEO and/or CFO shall have the authority to enter into agreements in respect of such counselling assignments.

At the Annual General Meeting, the Board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other concrete assignments.

In connection with the auditor's presentation to the Board of the annual work plan, the presentation should cover internal control procedures, including assessment of weaknesses identified and proposals for improvement.

The Board shall arrange for the auditor to attend all General Meetings.

Non-conformance with the recommendation: None

Consolidated financial statements

Consolidated statement of comprehensive income

(Amounts in NOK 1 000)

	Note	For the year ended 31 December 2019	For the year ended 31 December 2018
Revenue	7, 8	266 453	238 361
Lease expenses	7, 25	11 813	71 451
Property-related expenses		28 975	25 425
Salary and other employee benefits	10	39 566	37 403
Depreciation	14, 15	12 108	10 527
Other operating expenses	7, 11, 27	34 730	30 311
Operating profit before fair value adjustments		**139 261**	**63 244**
Change in fair value of freehold investment property	9	17 523	38 223
Change in fair value of leasehold investment property	9	-55 204	-
Operating profit after fair value adjustments		**101 580**	**101 467**
Finance income	12	1 283	1 511
Finance expense	12	27 260	4 632
Profit before tax		**75 603**	**98 346**
Income tax expense	13	13 870	18 856
Profit for the period		**61 733**	**79 490**
Total comprehensive income for the year attributable to parent company shareholders		61 733	79 490
Total comprehensive income for the year attributable to non-controlling interests		-	-
Earnings per share			
Basic (NOK)	21	0.83	1.22
Diluted (NOK)	21	0.83	1.22
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
- currency translation difference		- 383	- 73
Other comprehensive income for the period, net of income tax		**- 383**	**- 73**
Total comprehensive income for the period		**61 350**	**79 417**
Total comprehensive income for the year attributable to parent company shareholders		61 350	79 417
Total comprehensive income for the year attributable to non-controlling interests		-	-

Consolidated statement of financial position

(Amounts in NOK 1 000)	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Freehold investment property	9, 24	1 074 457	524 505
Leasehold investment property	9, 25	489 062	-
Property, plant and equipment	14, 24	112 595	70 405
Goodwill	15	184 828	94 639
Financial instruments	6	24 750	-
Other intangible assets	15	1 839	1 376
Total non-current assets		**1 887 531**	**690 925**
Current assets			
Inventories	17	1 617	1 270
Trade and other receivables	18, 24	15 928	13 421
Other current assets		11 410	22 598
Cash and bank deposits	19, 22	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	20	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	23	239 057	118 023
Long-term lease liabilities	23, 25	450 642	143
Other financial liabilities		454	873
Deferred tax liabilities	13	91 053	34 911
Total non-current liabilities		**781 206**	**153 950**
Current liabilities			
Short-term interest-bearing debt	23	103 223	11 750
Short-term lease liabilities	23, 25	52 190	74
Trade and other payables		7 115	11 404
Income tax payable	13	9 309	11 647
Other taxes and withholdings		5 276	5 291
Other current liabilities	26	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 ASA

Oslo, April 27th, 2020

sign	sign	
Runar Vatne Chairman	Gustav Sigmund Søbak Board member	
sign	sign	sign
Ingrid Elvira Leisner Board member	Yvonne Litsheim Sandvold Board member	Fabian Søbak CEO

Consolidated statement of cash flows

(Amounts in NOK 1 000)	Note	For the year ended 31 December 2019	For the year ended 31 December 2018
Cash flows from operating activities			
Profit before tax		75 603	98 346
Income tax paid		-10 720	-2 244
Interest expense		24 602	1 819
Depreciation	14;15	12 108	10 527
Gain/loss on disposal of property, plant and equipment		-	- 47
Change in fair value of freehold investment property	9	-17 523	-38 223
Change in fair value of leasehold investment property	9	55 204	-
Change in trade and other receivables		- 703	-1 946
Change in trade and other payables		-5 497	791
Change in other current assets		6 332	-2 414
Change in other current liabilities		6 107	- 582
Net cash flows from operating activities		**145 513**	**66 027**
Cash flows from investing activities			
Payments for investment property		-42 753	-62 902
Payments for property, plant and equipment		-28 497	-21 648
Net cash outflow on acquisition of subsidiaries		-489 962	-72 957
Net cash flows from investing activities		**-561 212**	**-157 507**
Cash flows from financing activities			
Net proceeds from issue of equity instruments of the Company		241 862	-
Proceeds from borrowings	23	228 000	40 000
Repayment of borrowings	23	-15 950	-19 066
Payments of lease liabilities	23;25	-47 442	-
Payments of leases classified as interest	23;25	-18 417	-
Interest paid	23	-6 148	-2 312
Net cash flows from financing activities		**381 905**	**18 622**
Net change in cash and cash equivalents		-33 794	-72 858
Cash and cash equivalents at beginning of the period		122 228	195 224
Effect of foreign currency rate changes on cash and cash equivalents		- 317	- 138
Cash and equivalents at end of period	**19**	**88 117**	**122 228**

Consolidated statement of Changes in Equity

(Amounts in NOK 1 000)	Note	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	20, 21	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	20, 21	1 688	316 964	-	-	318 652
Balance at 31 December 2019		**8 261**	**744 853**	**- 93**	**252 032**	**1 005 053**

Notes to the consolidated financial statements

Note 1 General information

Self Storage Group ASA ("the Company") is a public listed Company incorporated and domiciled in Norway. The address of the registered office is Karenslyst allé 2, 0278 Oslo.

Self Storage Group ASA is the parent company of the Self Storage Group. The Group provides self-storage facilities to customers throughout Norway, Sweden and Denmark.

These consolidated financial statements were approved for issue by the Board of Directors on 27 April 2020. Some minor rounding differences may occur, entailing that the total may deviate from the total of the individual amounts. This is due to the rounding to whole thousands of individual amounts.

Note 2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all periods presented. Amounts are in thousands of Norwegian kroner (NOK) unless stated otherwise. The functional currency of the parent company is NOK, which is also the presentation currency of the Group.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements have been prepared on the historical cost basis except for investment property, which is measured at fair value with changes recognised in profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in applying the Group's accounting policies. Areas involving a high degree of judgment or complexity, and areas in which assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Group has power over the investee, is exposed, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred and all the identifiable assets and liabilities of an acquired business are measured at fair values at the date of acquisition. Acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured at the amount by which the total consideration transferred exceeds the net fair value of assets acquired. Goodwill is not amortized, but its value is tested for impairment at least annually, or more frequently when there is an indication that the cash-generating unit to which goodwill has been allocated, may be impaired. Goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases. All subleases are classified as operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature in accordance with IFRS 16. Revenue income is presented net of rebates and other similar allowances. Revenue from retail sales and distribution of insurance is recognised according to IFRS 15 when control of a good or service transfer to a customer.

- Self-storage revenue: Self-storage services are provided on a time basis. The price at which customers store their goods is dependent on size of unit and storage facility location. Customers are either automatically charged in advance on a monthly basis (credit card payments) or invoiced on a monthly basis. The customer may choose to be charged in advance for 6 and 12 months in order to receive a discount.
- Retail sales: Storage ancillary goods such as boxes, tape and bubble-wrap are offered to customers. The performance obligations is satisfied upon delivery.
- Distribution of insurance: Customers must have insurance, and may choose to insure their goods in storage, through the storage provider or through their own insurance. When insurance is bought through the storage provider the performance obligation is satisfied over the insurance period. The Group acts as an agent in these arrangements and revenue is recognised net of costs. Customers are invoiced on a monthly basis.

Leases when lessee (2019 figures)

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 according to IFRS 16 as a right-of-use asset and corresponding lease liability at the date at which the leased asset is available for use, see note 3. 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 leasehold 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. At year-end lease payments are increased with annual inflation for the upcoming year when known. 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.

Measurement of right-of-use assets

The Group leases properties that meet the definition of investment property. Refer to the accounting policies on investment properties.

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. 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.

Leases (2018 figures)

The Group recorded its leases under IAS 17 until 31 December 2018.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and the rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Assets are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

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. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Investment property

Freehold investment property

Freehold investment property are properties held to earn rentals and/or for capital appreciation. Freehold investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, freehold investment property is measured at fair value. Gains and losses arising from a change in the fair value of freehold investment property are included in profit or loss in the period in which they arise. Expenditures such as ongoing maintenance, are expensed, while other expenses that are expected to generate future economic benefits are capitalised.

A freehold investment property is derecognised upon disposal or when the freehold investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period during which the property is derecognised.

Leasehold investment property

Leasehold investment property is measured at fair value. Gains and losses arising from changes in the fair value of leasehold investment 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. All options starting within the next seven years and reasonably certain to exercise are included.

In measuring of right-of-use assets non-lease components are not 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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange confirmed by the Central Bank of Norway in effect at the reporting date.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign subsidiaries are translated into NOK using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Current and deferred tax

Income tax expense represents the sum of taxes currently payable and deferred tax.

Current tax payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognised based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for taxable temporary differences and deferred tax assets arising from deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Currently, no deferred tax asset has been recognised in the consolidated financial statements of the Group.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (see impairment of assets below). Acquisition cost includes expenditures that are directly attributable to the acquisition of the individual item.

Depreciation is calculated on a straight-line basis in order to write down the cost of the tangible assets to their residual values over their expected useful lives. If significant individual parts of the assets have different useful lives, they are recognised and depreciated separately. Depreciation commences when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Assets that are subject to depreciation or amortization are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised if the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). An impairment loss is recognised immediately in profit or loss, reducing the carrying value to the recoverable amount.

Non-financial assets (or cash generating units) other than goodwill that have suffered impairment charges are reviewed for possible reversal of the impairment at each reporting date. A reversal is recognised immediately in profit or loss and increases the carrying amount of the asset to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out (FIFO) basis. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale. Appropriate impairment losses have been recognised for obsolescence.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and other short-term highly liquid investments with original maturities of three months or less.

Financial assets

The Group’s financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the asset. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, with net changes in fair value recognized in the statement of profit or loss. This category includes derivative instruments to acquire investment property. The Group applies the same methodology to perform valuation on these derivatives as on investment property. The financial asset is de-recognized when the company either exercise the derivative (and obtain right to investment property) or the derivative expires without the Group declare the right to exercise. The Group currently has one derivative for a property in Asker, which expires in July 2021.

Classification and impairment

The Group's financial assets classified as “amortized cost” consist of "trade and other receivables" and "cash and cash equivalents". Financial assets classified as “fair value through profit or loss” consist of “financial instruments”. Management determines the classification of its financial assets at initial recognition, and the basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset.

Financial assets are assessed for indicators of impairment at the end of the reporting period subject to the expected credit loss model. For trade receivables, the Group applies a simplified approach in calculating expected credit loss. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For financial instruments assets are valued according to fair value at the end of the reporting period.

Financial liabilities and equity instruments

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group are recognised at the proceeds received, net of any issue costs. Transaction costs directly attributable to the issue of equity are recognised directly in equity, net of tax.

Financial liabilities

The Group's financial liabilities are classified as “other financial liabilities” and consist of “debt to financial institutions” and “trade and other payables”. These financial liabilities are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method.

The Group's financial liabilities are measured and classified in the categories as “fair value through profit or loss” and “other financial liabilities”. Financial liabilities classified as “other financial liabilities” in the balance sheet are recognised at fair value through profit and loss. All other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing bank loans and overdraft are initially recorded at fair value, net of directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. Finance charges, including premium payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are included within the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Statement of cash flows

The statement of cash flows is prepared using the indirect method. This means that the statement is based on the Group’s profit before tax in order to present cash flows from operating, investing and financing activities respectively. Cash payment made in acquiring subsidiaries less the cash acquired as part of the transactions is reported under Cash flows from investing activities.

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated as profit or loss attributable to ordinary shareholders of the Group, adjusted for the effects of all potential dilutive options.

Note 3 Adoption of new and revised International Financial Reporting Standards (IFRSs)

Standards and Interpretations affecting amounts reported in the current period

All relevant new and revised IFRSs and IFRIC interpretations that are mandatory for periods commencing 1 January 2019 and earlier have been adopted for all periods presented in these consolidated financial statements. With except for IFRS 16, no other standards had significant impact. The Group applied IFRS 16 for the first time in 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 16 Leases

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:

- One single discount rate is used on the portfolio of leasehold investment property due to similar characteristics
- Non-lease components embedded in the lease contract are separated and hence not recognised as lease liabilities and capitalised as right-of-use asset
- 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.

Measurement of lease liabilities

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 percent.

Fora accounting policy applicable from 1 January 2019 see note 2.

Transition impacts of implementation of IFRS 16

Transition impact of adopting the new standard and impacts on the income statement for 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	
	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. Lease agreements are existing agreements annually adjusted, and the management estimate that the leases are at market price, like what new lease agreements would be signed at. The assets are therefor measured at the same value as lease liabilities 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)	Full year 2019	Impact	Full year 2019
	IAS 17*	**IFRS 16**	**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 changes 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 Group was NOK -6.8 million for 2019.

IFRS 16 impacts on statement of cash flow

(Amounts in NOK 1 000)	Full year 2019	Impact	Full year 2019
	IAS 17*	**IFRS 16**	**IFRS 16**
Net cash flows from operating activities	79 654	65 859	145 513
Net cash flows from investing activities	-561 212	-	-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 is no net impact on change in cash and cash equivalents.

Standards and Interpretations in issue but not yet adopted

There are no new standards or amendments in short term perspective which have been issued, but are not yet effective, that are considered to have an impact on the Group. The Group intends to adopt these standards, if applicable, when they become effective.

Note 4 Critical accounting judgements and key sources of estimation uncertainty

Critical accounting estimates and judgements

In the application of the Group's accounting policies, as described in note 2, management is required to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are evaluated on an on-going basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant.

Freehold investment property

Freehold investment property is owned with the aim of achieving a long-term return from rental income and increase in value. Freehold investment property is recognised at fair value, based on market values identified by independent valuers. Gains or losses as a result of changes in the market value of freehold investment property is recognised in profit or loss as they arise and are presented on a separate line "Change in value of freehold investment property".

Freehold investment property is measured initially at cost, including transaction costs. Transaction costs associated with properties acquired through business combinations (as defined in IFRS 3) are expensed.

Subsequent expenditure is added to the freehold investment property's carrying amount, if it is probable that future financial benefits associated with the expenditure will flow to the Group and the expense can be measured reliably. Other maintenance costs are recorded through the income statement in the period in which they are incurred. Freehold investment properties are valued at each reporting date. The values are estimated by independent valuers. The valuation is based on the individual property's assumed future cash flows, and property values are arrived at by discounting cash flows with an individual risk-adjusted required rate of return. Events that can trigger the individual rate of return are changes in the market situation, damages on the building or changes in lease arrangement.

The required rate of return for each property is defined as being a long-term risk-free interest rate plus a property-specific risk supplement. The latter is defined on its location, standard, occupancy rate, tenants' financial reliability and remaining lease term. Known market transactions with similar properties in the same geographical area are also taken into consideration. See also note 9.

Impairment of assets

The carrying amounts of non-current tangible and intangible assets are assessed by means of impairment tests whenever there is an indication of impairment. Any impairment of goodwill is nevertheless assessed at least annually. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. As of 31 December 2019, the amount of goodwill tested for impairment amounted to NOK 184.8 million. No impairment losses were recognised in 2019 or 2018. Details of the impairment loss calculation are set out in note 15.

Lease

The Group as lessor

All leases where the Group are lessor are short-term leases and not recognised in the balance.

The Group as lessee

The Group has several leases with options to extend the term of lease. When determining the lease liability of the Group, the following principles were applied to options. All extension options on leasehold investment property starting within the next seven years and reasonably certain to exercise are included in the lease liability, as these are established facilities with high occupancy that require significant investment to move and are therefore reasonably certain to be kept in use for as long as possible under current conditions. The Group assess that changing market conditions and the increased amount of freehold properties can affect future decision of exercising options. Therefor only options starting within the next seven years are included. Leases used in administrative and supporting functions were determined to be more flexible therefore management determined these did not meet the reasonably certain criteria and were not included in the lease liability.

The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses the Group's incremental borrowing rate. This is 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.

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. At year-end lease payments are increased with annual inflation for the upcoming year when known.

Lease agreements are existing agreements annually adjusted, and the management estimate are that the leases are at market price, like what new lease agreements would be signed at. The assets are therefor measured at the same value as lease liabilities.

Note 5 Financial instruments risk management objectives and policies

(Amounts in NOK 1 000)

The Group's financial assets and liabilities comprise financial instruments, cash and bank deposits, trade receivables, trade payables, loans from financial institutions, obligations under finance leases and various other financial assets and liabilities. Financial assets and liabilities are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. Refer to note 22 and note 23 for further details.

The Group finances its activities through borrowings, by issuing equity instruments and through operations. The Group does currently not use financial derivatives. The Group is subject to market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

Liquidity risk

The Group manages liquidity risk by forecasting and monitoring cash and liquidity needs on an on-going basis and maintaining adequate cash-reserves. The Group is in a growth phase and is investing in new properties, expansions and fit out for new facilities. The growth is primarily financed through cashflow from operating activities and bank loans. Increased bank loans instead of more expensive building loan are chosen if considered the best economic option. The Group has sufficient cash available to meet its obligations as at 31 December 2019. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

Credit risk

Credit risk is the risk of a counterparty defaulting. The Group's credit risk is limited to trade receivables and is mitigated by the fact that a credit check is performed, using credit rating agencies, for all new customers. Credit quality of a customer is assessed based on recommendation from the credit rating agencies and credit history. Rent is generally invoiced monthly in advance. Historically, losses on receivables have been low and an allowance has been made for anticipated future losses on current balances. Outstanding trade receivables are regulatory monitored and followed up. Other financial assets comprise largely bank deposits. The carrying value of the bank deposits and receivables represents the Group's maximum exposure to credit risk. See also note 18.

Interest rate risk

The Group is exposed to interest rate risk through its financial activities. The interest-bearing debt consists of two elements, 3 months Nibor + a fixed charge of 145 basis points. The purpose of the Group's interest rate risk management is to reduce interest costs and at the same time keep the volatility of future interest payments within acceptable limits.

The following table illustrates the sensitivity of the Group to potential interest rate changes. The calculation is based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates.

Interest rate sensivity	Change in interest rates in basis points	Effect on profit before tax
2019	50	- 17 114
	-50	17 114
2018	50	- 6 489
	-50	6 489

The average effective interest rate on financial instruments were as follows:

	2019	2018
Bank loans	2.60	2.05

Foreign currency risk

Exposures to currency exchange rates arise from the Group's purchases abroad, which are primarily denominated in SEK, DKK, EUR and GBP. There is a smaller amount of purchases in foreign currency. Profit after tax for the Group is also affected by changes in exchange rates, as the results of foreign companies are translated into Norwegian kroner at the weighted average exchange rate for the period. In addition, the Group is exposed to changes in exchange rate on loan from the parent company to the subsidiary in Denmark where the loan is in DKK.

The following table shows currency effect on the Group's profit if the exchange rates fluctuate with +/- 10% measured against NOK:

		2019	2018
Foreign currency sensitivity	**Changes in currency**	**Effect on profit before tax**	**Effect on profit before tax**
SEK	10%	663	580
	-10%	-663	-580
DKK	10%	702	947
	-10%	-702	-947
EUR	10%	-272	-280
	-10%	272	280
GBP	10%	-71	-59
	-10%	71	59

Capital management

The main purpose of the Group's capital management is to maintain a good balance between debt and equity, in order to maximize the value of the shares in the Group through creation of dividend and underlying values, while also maintaining a good credit rating and obtaining loan terms with lenders that reflect the risk profile of the Group.

Net debt is defined as interest-bearing debt (short and long), less cash. Equity includes all capital and reserves, paid and earned.

	2019	2018
Interest bearing debt	342 280	129 773
Cash	- 88 117	- 122 228
Net debt	254 163	7 545
Equity	1 005 053	625 051
Total equity and net debt	**1 259 216**	**632 596**

Note 6 Business combinations

(Amounts in NOK 1 000)

Acquisitions during the period

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

The above companies have been jointly acquired in the Eurobox acquisition with the purpose of continuing expansion of the group's activities, which focus on the self-storage market in Norway. The acquisition of the entities with exception of Eurobox Billingstad was completed at 1 July 2019, while Eurobox Billingstad was completed at 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

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

The purchase agreement of Eurobox included an option to acquire a neighbouring building at Billingstad, which needs to be exercised by 1 July 2021. 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 completion of the business combination. Freehold investment property is recorded to fair value based on valuation from external real estate appraiser. Surplus value is identified related to fit-out, and the fair value is based on management's best estimate. No other adjustments to the carrying values of assets and liabilities have been 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

	Carrying amount 1 July 2019	Fair value adjustments	Fair value 1 July 2019
Freehold 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**

**Eurobox has historically reported under NGAAP with investment property recorded at historical cost less accumulated depreciation and amortization. As part of transition to IFRS investment property is recorded to fair value in accordance with IAS 40*

Goodwill

	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 did not impact revenue and profit before they are consolidated from 1 July 2019.

The revenue and net profit from the acquisition 1 July 2019 and throughout the year are NOK 14.2 million and NOK 6.0 million respectively. The revenue and net profit for the full year of 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 of 2019 is NOK 13.9 million.

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

Note 7 Segment information

(Amounts in NOK 1 000)

Management has determined the operating segments based on reports reviewed by the CEO and management team and Board of Director's, and 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. The Group reports management information according to earlier accounting standard IAS 17, and the segment report are not adjusted for 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 Rental income from self-storage services and Other income in the segment reporting corresponds with the line item Revenue as recognised under IFRS. Other income mainly exists of income from ancillary services and rental income from segments other than self-storage.

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 year ended 31 December 2019	**CSS**	**OKM**	**Property**	**SSG ASA**	**Other/ eliminations**	**IFRS 16-adjustment***	**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 freehold investment property							17 523
Change in fair value of leasehold investment 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**		**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 freehold investment property							38 223
Change in fair value of leasehold investment property							-
Finance income							1 511
Finance expense							-4 632
Profit before tax							**98 346**

No customer exceeds 10 percent of the revenues.

**Adjustment to extract segment reporting according to IAS 17 to include IFRS 16 impacts*

Note 8 Revenue

(Amounts in NOK 1 000)

The following is an analysis of the Group's revenue for the period:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Rental income from self-storage services*	244 633	218 254
Revenue from retail sales	3 760	3 574
Agent revenue from insurance services	7 601	6 174
Other revenue	10 459	10 359
Total revenue	**266 453**	**238 361**

Geographical analysis of revenues:		
Norway	192 705	167 738
Sweden	35 510	35 780
Denmark	38 238	34 843
Total revenue	**266 453**	**238 361**

The geographical allocation is based on the location of the business operations.

Total revenue under IFRS 15 is NOK 21.8 million (2018: NOK 20.1 million) and the company has only immaterial contract assets and liabilities.

**Accounted for under the leasing standard.*

Note 9 Investment property

(Amounts in NOK 1 000)

Investment property is measured at fair value. Gains and losses arising from a change in the fair value of investment property are included in profit or loss in the period in which they arise. The Company's valuation process is based on valuations performed by an independent external party, supplemented by internal analysis and assessments. The valuations are reviewed on a quarterly basis.

Properties are valued by discounting future cash flows. Both contractual and expected future cash flows are included in the calculations. Fair value assessments depend largely on assumptions related to market rent, discount rates and inflation. Market rent is based on individual assessments for each property.

Carrying value of investment property

Changes in the carrying amount of investment property are specified in the table below.

	Leasehold investment 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
Additions and disposals leasehold property in the year	109 010	-	109 010
Value adjustment due to passage of time	-55 204	-	-55 204
Business combination (note 6)	-	235 479	235 479
Asset acquisition in OK Property AS	-	11 257	11 257
Asset acquisition	-	254 197	254 197
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**

	Leasehold investment property	Freehold investment property	Total
Balance as at 31 December 2017	**-**	**338 631**	**338 631**
Business combination (note 6)	-	32 518	32 518
Asset acquisition in OK Property AS	-	42 210	42 210
Asset acquisition	-	52 230	52 230
Additions to existing properties	-	20 693	20 693
Fair value adjustments recognised in profit or loss	-	38 223	38 223
Balance as at 31 December 2018	**-**	**524 505**	**524 505**

Lease payments are based on contract between the real estate company and the operating companies. Property-related expenses relating to investment properties are recognised in profit or loss. The group had none significant contractual obligations for construction contracts related to investment properties at year end 2019 and 2018.

Fair value assessment

Changes in fair value of investment property are specified in the table below

	Determination of fair value using			
	Observable market value for corresponding assets and liabilities (level 1)	Other significant observable input (level 2)	Other significant unobservable input (level 3)	Total estimated fair value
Freehold investment property	-	-	1 074 457	1 074 457
Leasehold investment property	-	-	489 062	489 062
Financial instruments	-	-	24 750	24 750
Total as at 31 December 2019	**-**	**-**	**1 588 269**	**1 588 269**
Freehold investment property	-	-	524 505	524 505
Total as at 31 December 2018	**-**	**-**	**524 505**	**524 505**

Level 1: Investment property valued based on quoted prices in active markets for identical assets.

Level 2: Investment property valued based on observable market information not covered by level 1.

Level 3: Investment property valued based on information that is not observable under level 2.

Valuation

Total freehold investment property as at 31 December 2019	Number of properties	Total gross area (m²)	Market value	Market rent	Net yield
Oslo and Akershus	9	31 714	433 900	25 020	5.1 %
Eastern Norway except Oslo and Akershus	25	51 237	368 600	26 777	6.2 %
Southern Norway	8	9 206	54 050	4 184	6.5 %
Western Norway	13	17 044	129 500	9 286	6.3 %
Trøndelag and Northern Norway	3	7 628	40 500	2 002	7.6 %
Total	**58**	**116 829**	**1 026 550**	**67 268**	**5.8 %**
Total freehold investment property as at 31 December 2018	**Number of properties**	**Total gross area (m²)**	**Market value**	**Market rent**	**Net yield**
Oslo and Akershus	6	15 447	156 400	9 827	5.4 %
Eastern Norway except Oslo and Akershus	22	34 531	180 235	13 735	6.5 %
Southern Norway	6	7 256	41 400	3 182	6.5 %
Western Norway	12	16 194	114 800	8 465	6.3 %
Trøndelag and Northern Norway	3	7 628	31 600	1 987	7.6 %
Total	**49**	**81 056**	**524 435**	**37 196**	**6.2 %**

The portfolio of freehold investment property was valued by an external real estate appraiser company at year end 2018 and 2019. The increase in fair value is attributable to the entire portfolio. The majority of the properties that were valuated are properties acquired before 2018 and 2019. Leasehold property is not specified further, as the fair value relates to lease agreements, and not the property value. Total gross area includes land area not yet build.

Note 10 Salary and other employee benefits

(Amounts in NOK 1 000)

	For the year ended 31 December 2019	For the year ended 31 December 2018
Salaries and wages	30 593	30 396
Social security tax	6 252	5 137
Pension expense	1 622	1 312
Other	1 099	558
Total salary and other employee benefits	**39 566**	**37 403**
Average number of full time equivalent employees	66.5	64.2

The Group has a defined contribution pension scheme that complies with requirements of Norwegian occupational pension legislation (OTP).

Remuneration to key management during the year ended 31 December 2019

Name	Title	Salary	Pension expense	Bonus	Total remuneration
Fabian Søbak	CEO	616	24	-	641
Cecilie Hekneby	CFO	1 504	101	-	1 604
Lauras Melnikas	Growth Manager (resigned 31.03.2020)	1 104	82	197	1 383
Isak Larsson	General Manager CSS	1 097	58	446	1 602
Ole Tidemann Røine	Real Estate Manager (started 01.08.2019)	337	19	-	357
Total		**4 658**	**284**	**644**	**5 586**

Remuneration to Board of Directors in 2019

Name	Title	Fee
Martin Nes	Chairman of the Board (resigned January 2020)	250
Runar Vatne	Chairman of the Board (elected January 2020)*	150
Gustav Søbak	Boardmember	150
Yvonne Sandvold	Boardmember	150
Ingrid Elvira Leiser	Boardmember	150
Johan Henrik Krefting	Nomination Committee	10
Lars Christian Stugaard	Nomination Committee	20
Andreas Lorentzen	Nomination Committee	10
Total		**890**

**Prior to being elected as Chairman of the Board, mr Vatne was a Board member*

Salaries and remuneration to leading employees

Leading employees is in this regard defined as the SSG Management Team. The remuneration packages are designed to attract, motivate and retain leading employees of the necessary calibre and to reward them for enhancing value to shareholders. Total remuneration for leading employees consists of a fixed salary and a few common fringe benefits.

The General Manager for CSS (GM CSS) has a bonus program with a maximum of 50% bonus achievement based on his fixed salary. The achievement of performance objectives can be measured through clearly defined results parameters/KPIs. Results parameters/KPIs include both financial performance targets set for the Company as well as individual performance targets tied to the individual's area of responsibility.

As of 31 December 2019 no share options are outstanding or have been granted.

The Group is required to have a compulsory pension in accordance with the Norwegian Accounting Act §7-30a. The Group has a pension plan that fulfils this requirement. Leading employees are members of the Company's pension and insurance scheme that applies to all employees. No loans or guarantees have been provided to any employees, members of the Board or their related parties.

Note 11 Auditor's fee

(Amounts in NOK 1 000)

Fees to auditors (exclusive of VAT) for the year ended 31 December are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Audit fee	877	991
Other attestation services	382	198
Tax consultancy services	274	39
Total fee to auditor	**1 533**	**1 228**

Note 12 Finance income and finance expense

(Amounts in NOK 1 000)

Finance income

	For the year ended 31 December 2019	For the year ended 31 December 2018
Gain from transactions in foreign currency	65	60
Interest income	799	736
Other finance income	419	715
Total finance income	**1 283**	**1 511**

Finance expense

	For the year ended 31 December 2019	For the year ended 31 December 2018
Loss from transactions in foreign currency	616	397
Interest expense	7 097	3 191
Interest expense on lease liabilities	18 417	16
Other fees and charges	1 130	1 028
Total finance expense	**27 260**	**4 632**

All finance income and expense relate to financial assets and financial liabilities measured at amortised cost.

Note 13 Income tax

(Amounts in NOK 1 000)

Specification of income tax expense

The tax benefit/(expense) is calculated based on income before tax and consists of current tax and deferred tax.

	For the year ended 31 December 2019	For the year ended 31 December 2018
Deferred tax expense	4 261	7 069
Current tax expense	9 609	11 788
Income tax expense	13 870	18 856

Income tax payable (balance sheet)	For the year ended 31 December 2019	For the year ended 31 December 2018
Income tax payable*	9 309	11 647

**Tax payable in the balance sheet is reduced with NOK 1 790 thousand (2018: NOK 0) related to transaction cost recorded directly against equity.*

Effective Tax Rate

The difference between income tax calculated at the applicable income tax rate and the income tax exepense attributable to loss before income tax was as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Profit/(loss) before income tax	75 603	98 346
Statutory income tax rate	22%	23%
Expected income tax expense/(benefit)	16 633	22 620
Tax effect non deductible expenses (benefits)	- 946	- 495
Foreign operations with tax rates other than Norwegian tax rate	- 24	-
Effect of changes in tax rules and rates	-	-2 534
Change in deferred tax asset not recognised	-1 621	- 734
Correction previous years' taxes	- 171	-
Income tax expense/income for the year	**13 870**	**18 856**
Effective tax rate	18%	19%

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows:

	Norway	Sweden	Denmark	Total
Not time limited	-	-	67 548	67 548
Total tax losses carried forward	**-**	**-**	**67 548**	**67 548**
Of which not recognised as deferred tax assets	-	-	67 548	67 548

Deferred tax asset are not recognised for unused tax losses carried forward, as the Group cannot demonstrate that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Specification of the tax effect of temporary differences and losses carried forward

The tax effects of temporary differences and tax losses carried forward at 31 December are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Investment property, property, plant and equipment	-101 375	-36 457
Leases	4 071	- 239
Receivables	106	163
Deferred income	-	1 440
Gain/loss account	286	- 10
Other differences	100	192
Deferred tax assets, not recognised	5 759	-
Deferred tax asset (liability)	**-91 053**	**-34 911**

Deferred tax has been calculated using a tax rate of 22%. This is the tax rates enacted as at 31 December 2019 and 31 December 2018. Current tax rate for deferred tax 2018 in Sweden and Denmark is 22%.

Tax rates outside Norway different from 22%

City Self Storage Sweden has lower nominal tax rate (21.4%) than the nominal tax rate for Norway (22%).

Effect of changes in tax rates

Sweden will reduce corporate income tax rate from 22% to 21.4% with effect from 1 January 2020.

Note 14 Property, plant and equipment

(Amounts in NOK 1 000)

Year ended 31 December 2019	Operating and office equipment	Leased assets	Total
Cost at 1 January 2019	106 394	2 021	108 415
Acquisitions through business combinations	20 988	-	20 988
Additions in the year	27 590	5 646	33 236
Translation differences	- 193	-	- 193
Cost at 31 Desember 2019	**154 779**	**7 667**	**162 446**
Accumulated depreciation at 1 January 2019	37 295	715	38 009
Depreciation in the year	11 109	556	11 665
Translation differences	176	-	176
Accumulated depreciation at 31 December 2019	48 580	1 271	49 850
Net carrying amount at 31 December 2019	**106 199**	**6 396**	**112 595**

Year ended 31 December 2018	Operating and office equipment	Equipment under finance leases	Total
Cost at 1 January 2018	77 807	2 021	79 828
Acquisitions through business combinations	8 208	-	8 208
Additions in the year	21 143	-	21 143
Disposals in the year	692	-	692
Translation differences	- 73	-	- 73
Cost at 31 Desember 2018	**106 394**	**2 021**	**108 415**
Accumulated depreciation at 1 January 2018	27 145	557	27 702
Depreciation in the year	10 206	158	10 364
Disposals in the year	134	-	134
Translation differences	77	-	77
Accumulated depreciation at 31 December 2018	37 295	715	38 009
Net carrying amount at 31 December 2018	**69 099**	**1 306**	**70 405**
Estimated useful life	3-20 years	Contract lifetime	
Depreciation method	straight-line	straight-line	

Estimated useful life on fitout is 20 years. Remaining Operating and office equipment has a useful life of 3-5 years.

Leased assets are assesed for impairment, and no indicatiors of imapirment are identified.

Note 15 Goodwill and other intangible assets

(Amounts in NOK 1 000)

Year ended 31 December 2019	**Goodwill**	**Software**	**Total**
Cost at 1 January 2019	94 639	1 595	96 234
Acquisitions through business combinations	90 161	-	90 161
Additions in the year	-	906	906
Translation differences	28	-	28
Cost at 31 Desember 2019	184 828	2 501	187 329
Accumulated depreciation at 1 January 2019	-	219	219
Depreciation in the year	-	443	443
Translation differences	-	-	-
Accumulated depreciation at 31 December 2019	-	662	662
Net carrying amount at 31 December 2019	**184 828**	**1 839**	**186 667**

Year ended 31 December 2018	**Goodwill**	**Software**	**Total**
Cost at 1 January 2018	72 272	549	72 821
Acquisitions through business combinations	21 075	-	21 075
Additions in the year	1 222	1 046	2 268
Translation differences	70	-	70
Cost at 31 Desember 2018	94 639	1 595	96 234
Accumulated depreciation at 1 January 2018	-	56	56
Depreciation in the year	-	163	163
Translation differences	-	-	-
Accumulated depreciation at 31 December 2018	-	219	219
Net carrying amount at 31 December 2018	**94 639**	**1 376**	**96 015**

Software - acquired and developed

Expenses related to the purchase of new software are capitalised as an intangible asset if these costs are not part of the original hardware costs. Software is depreciated over 3 years.

Expenses incurred due to service or maintenance are expensed unless the changes in the software increase the future economic benefits of the software.

Goodwill

Goodwill originating from the business combination is primarily related to anticipated synergies from on-going operations and the benefit of integrating the entire business into the Group.

No impairment has been recognised subsequent to the business combinations.

The Group tests goodwill for impairment annually, or more often if internal or external indications of a loss in value exists. The goodwill in the Group is recognised and tested within the operating segments City Self-Storage and OK Minilager, being the relevant group of Cash Generating Units (CGU). The recoverable amount for these operating segments is determined using the value in use approach. Budgets (before tax) for the next year are utilised as the basis for estimating future cash flows and a pre-tax discount rate of 7.6 percent applied (WACC). Management's assessment is that goodwill would not suffer an impairment loss given a reasonable change in the key variables utilised in calculating the value in use for the relevant cash generating units.

The recoverable amount of each segment was determined based on the following estimates:

- Future sales and costs are based on budget for 2020 approved by the Board of Directors
- Inflation is set at 1.6 percent
- For goodwill testing, management has used a ten-year period, which is equal to the average remaining length of the lease terms of property
- Risk-free interest rate is the 10-year government bond yield
- Beta value is SSG's Beta per 31.12.2019

	Cash Generating Units	
	CSS	OKM
Goodwill	163 221	21 759
Deferred tax	-50 735	-6 418
Goodwill for impairment testing	112 486	15 341

	Cash Generating Units	
Sensitivity analysis 2019	CSS	OKM
Pre-tax discount rate	7.6 %	7.6 %
Discount rate level before possible impairment of goodwill	15.9 %	33.6 %

Note 16 Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows

Proportion of ownership interest and voting power held by the group

Name of subsidiary	Principal activity	Acquisition date	Parent company	31 Dec 2019	31 Dec 2018
City Self-Storage A/S (Denmark)	Self-storage	28 Sep 2016	Self Storage Group ASA	100%	100%
City Self-Storage Norge AS	Self-storage	28 Sep 2016	Self Storage Group ASA	100%	100%
City Self-Storage Sverige AB	Self-storage	28 Sep 2016	Self Storage Group ASA	100%	100%
OK Minilager AS	Self-storage		Self Storage Group ASA	100%	100%
OK Property AS	Real estate	31 Jan 2017	Self Storage Group ASA	100%	100%
Minilager Norge AS	Self-storage	1 Jan 2018	Self Storage Group ASA	*	100%
Solheimsveien 32 AS	Real estate	1 Feb 2018	OK Property AS	**	100%
Meierigaten Eiendom AS	Real estate	17 Oct 2018	OK Property AS	**	100%
Vinkelhuset V AS	Real estate	18 Oct 2018	OK Property AS	**	100%
AEO Eiendom Kristiansund AS	Real estate	30 Nov 2018	OK Property AS	**	100%
Vteto AS	Real estate	2 Jan 2019	OK Property AS	**	
Breivollveien 25C AS	Real estate	10 April 2019	OK Property AS	100%	
Halden Lagerbygg AS	Real estate	23 May 2019	OK Property AS	**	
Eurobox Minilager AS	Self-storage	1 July 2019	Self Storage Group ASA	100%	
Cron Gruppen AS	Real estate	1 July 2019	Self Storage Group ASA	100%	
Cron Invest AS	Real estate	1 July 2019	Self Storage Group ASA	100%	
Eurobox Billingstadsletta AS	Real estate	1 July 2019	Self Storage Group ASA	100%	
Fellesgården AS	Real estate	30 Aug 2019	OK Property AS	100%	
Hovfaret 11 Eiendom	Real estate	30 Aug 2019	OK Property AS	100%	

For more information on the business combination in 2019, please refer to note 6.

** Minilager Norge AS was merged with City Self-Storage Norge AS in 2019*

*** Solheimsveien 32 AS, Meierigaten Eiendom AS, Vinkelhuset V AS, AEO Eiendom Kristiansund AS, Vteto AS and Halden Lagerbygg AS were merged with OK Property AS in 2019*

Note 17 Inventories

Inventories comprise finished goods of NOK 1.6 million as at 31 December 2019 (2018: NOK 1.3 million) and include storage supplies for sale to customers.

No impairment charges that reduce the carrying value of inventories have been recognised during the period.

Inventories sold during 2019 have been expensed in profit or loss.

Note 18 Trade and other receivables

(Amounts in NOK 1 000)

	For the year ended 31 December 2019	For the year ended 31 December 2018
Trade receivables	16 846	14 499
Allowances for bad debt provisions (analysed below)	- 918	- 1 078
Total trade receivables	**15 928**	**13 421**
Other receivables	-	-
Total trade and other receivables	**15 928**	**13 421**

The above total represents the Group's maximum exposure to credit risk at the reporting date.

	For the year ended 31 December 2019			
Specification of the age distribution of trade receivables:	**Trade receivables**	**Expected credit loss rate**	**Allowance for bad debt**	**Trade receivables net of allowance**
Not past due on the reporting date	13 616	0%	-	13 616
Past due 0-30 days	1 783	5%	- 86	1 697
Past due 31-60 days	446	25%	- 112	334
Past due 61-90 days	118	44%	- 52	66
Past due over 90 days	883	76%	- 668	215
Carrying amount:	**16 846**		**- 918**	**15 928**

	For the year ended 31 December 2018			
Specification of the age distribution of trade receivables:	**Trade receivables**	**Expected credit loss rate**	**Allowance for bad debt**	**Trade receivables net of allowance**
Not past due on the reporting date	10 740	0%	-	10 740
Past due 0-30 days	1 948	0%	-	1 948
Past due 31-60 days	626	20%	- 124	501
Past due 61-90 days	166	60%	- 100	66
Past due over 90 days	1 020	84%	- 854	166
Carrying amount:	**14 499**		**-1 078**	**13 421**

64 percent of trade and other receivables at 31 December 2019 are in NOK (2018: 62 percent). Remaining amounts are in DKK and SEK.

Note 19 Cash and cash equivalents

(Amounts in NOK 1 000)

	For the year ended 31 December 2019	For the year ended 31 December 2018
Cash	145	84
Employee withholding tax	1 212	1 095
Bank deposits	86 760	121 049
Total cash and cash equivalents	**88 117**	**122 228**

Note 20 Share capital and shareholders

(Amounts in NOK)

The share capital of NOK 8 261 723 consisted of 82 617 226 shares, each with a nominal value of NOK 0.10 at the end of 2019. All shares carry equal rights.

	For the year ended 31 December 2019	For the year ended 31 December 2018
Ordinary shares at beginning of period	65 734 111	63 695 284
Issue of ordinary shares from cash contribution	16 883 115	1 938 827
Issue of ordinary shares from exercising options	-	100 000
Ordinary shares at 31 December	82 617 226	65 734 111

List of main shareholders at 31 December 2019:

Shareholder	Country	Number of shares	Ownership percentage
FEOK AS	Norway	14 297 922	17.3 %
FABIAN HOLDING AS	Norway	9 565 000	11.6 %
CENTRUM SKILT AS	Norway	6 565 000	7.9 %
FERNCLIFF TIH AS	Norway	4 080 000	4.9 %
FIRST RISK CAPITAL AS	Norway	3 896 103	4.7 %
VATNE EQUITY AS	Norway	3 623 214	4.4 %
SKAGEN M2 VERDIPAPIRFOND	Norway	3 129 278	3.8 %
HANDELSBANKEN Nordiska Smabolag	United Kingdom	2 719 000	3.3 %
VERDIPAPIRFONDET ODIN EIENDOM	Norway	2 256 674	2.7 %
HOLTA INVEST AS	Norway	1 939 064	2.3 %
VERDIPAPIRFONDET DNB SMB	Norway	1 927 075	2.3 %
HSBC TTEE MARLB EUROPEAN TRUST	United Kingdom	1 923 074	2.3 %
Danske Invest Norge Vekst	Norway	1 641 428	2.0 %
EATS AS	Norway	1 498 432	1.8 %
VERDIPAPIRFONDET HOLBERG NORGE	Norway	1 250 000	1.5 %
VERDIPAPIRFONDET STOREBRAND VEKST	United Kingdom	1 026 960	1.2 %
MUSTAD INDUSTRIER AS	Norway	911 397	1.1 %
KLAVENESS MARINE FINANCE AS	Norway	824 173	1.0 %
BNP Paribas Securities Services	France	811 794	1.0 %
SOLE ACTIVE AS	Norway	790 000	1.0 %
Other		17 941 638	21.7 %
Sum		**82 617 226**	**100%**

Shares held by Board of Directors and Executive Management	Title	Amount of shares	Ownership percentage
Fabian Søbak (Fabian Holding AS)	Chief Executive Officer	9 565 000	11.6 %
Gustav Søbak (Centrum Skilt AS)	Board member	6 565 000	7.9 %
Runar Vatne [1](Vatne Capital AS)	Chairman of the Board	3 623 214	4.4 %
Martin Nes [2]	Chairman of the Board	789 470	1.0 %
Cecilie Hekneby [3]	Chief Financial Officer	607 878	0.7 %
Yvonne Sandvold [4] (Yls Næringseiendom AS)	Board member	415 584	0.5 %
Lauras Melnikas (resigned 31.03.20)	Growth Manager	184 750	0.2 %
Hans Isak Larsson	General Manager CSS	40 000	0.0 %
Ingrid Leisner 5 (Duo Jag AS)	Board member	10 390	0.0 %

[1] *Runar Vatne owns 100% of the shares in Vatne Capital AS. Vatne Capital AS owns 100% of the shares in Vatne Equity AS. (elected 23.01.20)*

[2] *Martin Nes ownes 100% of the shares in Hanekamb Invest AS. Hanekamb Invest AS ownes 3.11% of the shares in Feok AS. All of the shares were sold 17.01.20. (resigned 17.01.20)*

[3] *Cecilie Hekneby and close relatives.*

[4] *Yvonne Sandvold and close relatives owns 100% of the shares in Yls Næringseiendom AS. All of the shares were sold 17.01.20.*

[5] *Ingrid Leisner and close relatives ownes 100% of the shares in Duo Jag AS.*

Note 21 Earnings per share and changes in shareholders' equity

(Amounts in NOK)

Earnings per share

	For the twelve months ended 31 December 2019	For the twelve months ended 31 December 2018
Profit (loss) for the year	61 733 000	79 490 000
Weighted average number of outstanding shares during the period (basic)	74 436 122	65 203 305
Weighted average number of outstanding shares during the period (diluted)	74 500 344	65 203 305
Earnings (loss) per share - basic in NOK	0.83	1.22
Earnings (loss) per share - diluted in NOK	0.83	1.22

Changes in shareholders' equity

	Date	Number of shares issued	Total number of shares	Total share capital	Value per share
Ordinary shares at 31 December 2017			**63 695 284**	**6 369 528**	**0.10**
Issue of ordinary shares as part settlement to the selling shareholder of Minilager Norge group	2/13/2018	1 567 472	65 262 682	6 526 268	0.10
Issue of ordinary shares from exercising options	3/23/2018	100 000	65 362 682	6 536 268	0.10
Issue of ordinary shares as part settlement to the selling shareholder of Minilageret AS	6/27/2018	371 429	65 734 111	6 573 411	0.10
Ordinary shares at 31 December 2018			**65 734 111**	**6 573 411**	**0.10**
Issue of ordinary shares from Private Placement	6/25/2019	12 987 012	78 721 123	7 872 112	0.10
Issue of ordinary shares as part settlement to the selling shareholder of Eurobox	7/1/2019	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 May 2020.

Note 22 Categories of financial assets and liabilities

(Amounts in NOK 1 000)

As at 31 December 2019	Amortized cost	Fair value through profit or loss	Other financial liabilities measured at amortized cost	Total
Current financial assets				
Financial instruments*	-	24 750	-	24 750
Trade and other receivables	15 928	-	-	15 928
Cash and bank deposits	88 117	-	-	88 117
Total financial assets	**104 045**	**24 750**	**-**	**128 795**
Non-current financial liabilities				
Long term debt to financial institutions	-	-	239 057	239 057
Long term lease liabilities	-	-	450 642	450 642
Other financial liabilities	-	454	-	454
Current liabilities				
Short term interest-bearing debt	-	-	103 223	103 223
Short term lease liabilities	-	-	52 190	52 190
Trade and other payables	-	-	7 115	7 115
Other current liabilities	-	-	41 231	41 231
Total financial liabilities	**-**	**454**	**893 458**	**893 912**

As at 31 December 2018	Amortized cost	Fair value through profit or loss	Other financial liabilities measured at amortized cost	Total
Current financial assets				
Trade and other receivables	13 421	-	-	13 421
Cash and bank deposits	122 228	-	-	122 228
Total financial assets	**135 649**	**-**	**-**	**135 649**
Non-current financial liabilities				
Long term debt to financial institutions	-	-	118 023	118 023
Other financial liabilities	-	873	-	873
Obligations under finance leases	-	-	143	143
Current liabilities				
Short term interest-bearing debt	-	-	11 750	11 750
Trade and other payables	-	-	11 404	11 404
Obligations under finance leases	-	-	74	74
Other current liabilities	-	-	31 275	31 275
Total financial liabilities	**-**	**873**	**172 669**	**173 542**

The carrying amounts of financial assets and liabilities approximate their fair value as at 31 December 2019 and 31 December 2018 respectively. Arrangements with financial institutions are entered into on market terms, and the carrying value at the reporting date has been assessed as approximating fair value.

**Option to acquire a building, which needs to be exercised by 1 July 2021, calculated based on market value for a neighbouring property.*

Note 23 Maturity analysis financial liabilities

(Amounts in NOK 1 000)

Interest bearing liabilities are carried at amortized costs.

	Amounts due in				
For the year ended 31 December 2019	**less than 1 year**	**1-2 years**	**3-4 years**	**more than 5 year**	**Total**
Debt to financial institutions *	113 596	249 941	-	-	363 537
Lease liabilities	83 131	130 009	128 568	281 698	623 407
For the year ended 31 December 2018	**less than 1 year**	**more than 1 year**			**Total**
Debt to financial institutions	11 750	118 023			129 773

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

Specification of debt to financial institutions

	2019	Currency	Maturity date	Interest rate
Handelsbanken	67 001	NOK	Jul-20	3 months NIBOR +1,45 %
Handelsbanken	17 822	NOK	Aug-20	3 months NIBOR +1,45 %
Handelsbanken	33 262	NOK	Jul-21	3 months NIBOR +1,45 %
Handelsbanken	105 349	NOK	Jun-22	3 months NIBOR +1,45 %
Handelsbanken	118 846	NOK	Aug-22	3 months NIBOR +1,45 %
Total bank borrowings at amortized cost	**342 280**			

	2018	Currency	Maturity date	Interest rate
Handelsbanken	70 708	NOK	Jul-20	3 months NIBOR +1.45 %
Handelsbanken	18 820	NOK	Aug-20	3 months NIBOR +1.45 %
Handelsbanken	40 245	NOK	Jul-21	3 months NIBOR +1.45 %
Total borrowings at amortised cost	**129 773**			

The Group entered into a new loan agreement with Handelsbanken in August 2019. The loans are classified in line with existing loan covenants.

Self Storage Group has several non-financial covenants in addition to one financial covenant in the agreement with Handelsbanken. The financial covenant is stating that interest-bearing debt is required to be less than 60 percent of fair value of freehold investment property at all times. As of 31 December 2019, the Group is in compliance with all loan covenants.

Trade and other payables are due within three months.

Changes in liabilities arising from financing activities	Interest bearing borrowings	Lease liabilities	Non-interest bearing borrowings	Total borrowings
Closing balance 31 December 2018	**129 773**	**217**	**-**	**129 990**
Implementation impact of lease earlier classified as operating lease commitments	-	437 402	-	437 402
Opening balance 1 January 2019	**129 773**	**437 619**	**-**	**567 392**
Cash flow:				
Proceeds from borrowings	228 000	-	-	228 000
Interests paid	- 6 148	- 18 417	-	- 24 565
Repayment of borrowings /Payments of lease	- 15 950	- 47 442	-	- 63 392
Cash flows - total	**205 902**	**- 65 859**	**-**	**140 043**
Non-cash changes:				
Additions and disposals of leases for leasehold investment property in the year	-	109 010	-	109 010
Additions and disposals of other leases in the year	-	5 646	-	5 646
New leases	-	114 656	-	114 656
Interest expenses	6 605	18 417	-	25 022
Other movements	6 605	18 417	-	25 022
Other/translation differences	-	- 2 001	-	- 2 001
Foreign exchange movements	-	- 2 001	-	- 2 001
Closing balance 31 December 2019	**342 280**	**502 832**	**-**	**845 112**

Changes in liabilities arising from financing activities	Interest bearing borrowings	Lease liabilities	Non-interest bearing borrowings	Total borrowings
Opening balance 1 January 2018	**94 440**	**526**	**-**	**94 440**
Cash flow:				
Proceeds from borrowings	40 000	-	-	40 000
Interests paid	- 2 312	-	-	- 2 312
Repayment of borrowings /Payments of lease	- 19 066	- 325	-	- 19 066
Cash flows - total	**18 622**	**- 325**	**-**	**18 622**
Non-cash changes:				
Additions due to acquisitions	14 239	-	-	14 239
Interest expenses	2 472	16	-	2 488
Closing balance 31 December 2018	**129 773**	**217**	**-**	**129 789**

Note 24 Assets pledged as security

(Amounts in NOK 1 000)

	As at 31 December 2019	As at 31 December 2018
Liability secured by assets pledged:	**831 050**	**437 550**
Carrying value of assets pledged as security:		
Trade receivables	15 928	13 421
Freehold investment properties and other assets	1 170 172	585 374
Total	**1 186 100**	**598 795**

Note 25 Leases

(Amounts in NOK 1 000)

Group as a lessee

The Group leases certain leasehold properties that is classified as leasehold investment property. These leases have lease terms between 3 months and 20 years. The Group applies the short-term lease recognition exemptions for leases with lease term below one year.

The Group has a lease contract for use of office space, with a lease term of five years. The Group has the option to lease the assets for an additional term of three years. The lease is classified as property, plant and equipment. Property, plant and equipment also include leased trailers and containers with average lease terms of three years. The Group's obligations under its leases are secured by the lessors' title to the leased assets.

Changes in recognised leases during the period:

	Lease liabilities	Leased assets	
		Leasehold investment property	Other leases
Opening balance 1 January 2019	**217**	**-**	**1 306**
Implementation impact of lease earlier classified as operating lease commitments	437 402	437 402	-
Additions and disposals of leases for freehold investment property in the year	109 010	109 010	-
Additions and disposals of other leases in the year	5 646	-	5 646
Payments	- 47 442	-	-
Change in fair value of leasehold investment property	-	- 55 204	-
Depreciation	-	-	- 556
Other/translation differences	- 2 002	- 2 147	-
Closing balance 31 December 2019	**502 832**	**489 062**	**6 396**

Amounts related to leases recogniced in profit or loss:

	2019
Expenses relating to short-term leases (included in lease expenses)	11 813
Change in fair value of leasehold investment property	55 204
Depreciation expense of leased assets classefied as property, plant and equipment	556
Interest expense on lease liabilities (included in finance expenses)	18 417
Total amount recognised in profit or loss	**85 990**

The Group had total cash outflows for leases of NOK 77 672 thousand in 2019. The future cash outflows relating to leases that have not yet commenced are disclosed in note 23.

The Group has certain lease contracts related to leasehold investment property that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group’s business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (see note 4). Options to extend not yet committed to amounts to NOK 136 360 thousand as of 31 December 2019, with periods ranging between one and ten years.

The Group has committed to future leases. Leases not yet commenced to which the lessee is committed NOK 7 435 thousand as of 31 December 2019.

Note 26 Other current liabilities

(Amounts in NOK 1 000)

	As at 31 December 2019	As at 31 December 2018
Prepayments from customers	28 948	24 227
Payable to employees and shareholders	1 128	1 308
Other current liabilities	11 155	5 740
	41 231	**31 275**

All other liabilities are classified as current liabilities.

Note 27 Related party transactions

(Amounts in NOK 1 000)

Balances and transactions between Self Storage Group ASA and its subsidiaries, which are related parties of Self Storage Group ASA, have been eliminated in the consolidated figures and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the year, the Group entered into the following trading transactions with related parties:

	Sale		Purchase	
	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2018
Ferncliff TIH AS	-	-	2 000	375

	Amounts owed by related parties (included in other receivables)		Amounts owed to related parties (included in short-term interest-bearing debt and other current liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Ferncliff TIH AS	-	-	563	-

Purchase from related party Ferncliff TIH AS in 2019 and 2018 consist of interest costs and advisory services related to acquisitions and development of investment properties.

See also note 20 Share capital and shareholders.

Note 28 Events after the reporting period

- Acquisition of one property in Trondheim with a total potential lettable area of 2 100 m2 successfully completed on 15 January 2020
- On 16 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
- Acquisition of Ulven P28 AS was successfully completed on 13 February 2020. The transaction had a property value of NOK 47 million and was settled through issuance of 1 711 358 new shares of SSG.
- COVID-19: Self Storage Group has implemented measures to safeguard customers and employees following the novel corona virus (COVID-19). The Group is continuously monitoring the latest developments and is implementing measures on a day to day basis. Currently the Group experiences limited business impact. All self-storage facilities are expected to continue to be open as usual for both existing and new customers. Our self-serviced and digitalised offering is by nature a safe and flexible solution for our customers. The extent and duration of COVID-19 remain uncertain and is dependent on future developments that cannot be accurately predicted at time being. The Group record investment property at fair value, and changes in the economic environment including long-term assumptions could potentially have impact on the financial results. COVID-19 is considered a non-adjusting subsequent event.

Financial statements Self Storage Group ASA

Parent company income statement

(Amounts in NOK 1 000)

	Note	For the year ended 31 December 2019	For the year ended 31 December 2018
Other revenue	12	15 222	13 951
Salary and other employee benefits	2	16 718	12 627
Depreciations	14, 15	509	176
Other operating expenses	11	7 133	7 249
Operating profit		**- 9 137**	**- 6 101**
Finance income	13	20 203	8 842
Finance expense	13	7 259	2 753
Net financials		**12 943**	**6 090**
Profit before tax		**3 806**	**- 11**
Income tax expense	3	1 829	108
Net profit for for the year		**1 977**	**- 119**
Proposed profit appropriation			
Retained earnings		1 977	- 119
Total appropriation		**1 977**	**- 119**

Parent company statement of financial position

(Amounts in NOK 1 000)

	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Intangible assets	14	1 839	1 376
Investment in subsidiaries	4	834 047	524 753
Loans to group companies	5	298 506	56 833
Property, plant and equipment	15	780	139
Total non-current assets		**1 135 172**	**583 101**
Current assets			
Trade and other receivables		372	340
Receivables from group companies	5	15 590	1 469
Other current assets		-	243
Cash and bank deposits	7	13 506	41 894
Total current assets		**29 468**	**43 945**
TOTAL ASSETS		**1 164 640**	**627 046**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	8, 10	8 261	6 573
Share premium	10	786 117	469 153
Retained earnings	10	20 312	18 335
Total equity		**814 690**	**494 061**
Liabilities			
Non-current liabilities			
Long-term interest-bearing debt	9, 16	239 057	118 023
Long-term debt to group companies	9	3 142	-
Deferred tax liabilities	3	90	51
Total non-current liabilities		**242 289**	**118 075**
Current liabilities			
Short-term interest-bearing debt	16	103 223	11 750
Trade and other payables		788	602
Income tax payable		-	65
Other taxes and withholdings		1 133	805
Other current liabilities		2 516	1 689
Total current liabilities		**107 660**	**14 910**
Total liabilities		**349 950**	**132 985**
TOTAL EQUITY AND LIABILITIES		**1 164 640**	**627 046**

Self Storage Group ASA

Oslo, April 27th, 2020

sign

Runar Vatne
Chairman

sign

Gustav Sigmund Søbak
Board member

sign

Ingrid Elvira Leisner
Board member

sign

Yvonne Litsheim Sandvold
Board member

sign

Fabian Søbak
CEO

Parent company statement of cash flows

(Amounts in NOK 1 000)	Note	For the year ended 31 December 2019	For the year ended 31 December 2018
Cash flows from operating activities			
Profit before tax		3 806	- 11
Income tax paid		- 65	-
Interest expense		6 604	2 215
Depreciation	14, 15	509	176
Group contribution	5, 13	- 14 287	-
Change in trade and other receivables		-	-
Change in receivables from group companies		- 111	- 597
Change in trade and other payables		187	- 1 087
Change in other current assets		488	97
Change in other current liabilities		1 156	- 91
Net cash flows from operating activities		**- 1 714**	**703**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		- 1 613	- 1 198
Net cash flow of loan to subsidiaries		- 238 532	- 147 137
Net cash outflow on acquisition of subsidiaries		- 234 294	- 16 680
Net cash flows from investing activities		**- 474 438**	**- 165 015**
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		241 862	-
Proceeds from borrowings	16	228 000	40 000
Group contribution and dividend from subsidiaries		-	32 830
Repayment of borrowings	16	- 15 950	- 4 750
Interest paid		- 6 148	- 2 312
Net cash flows from financing activities		**447 764**	**65 769**
Net change in cash and cash equivalents		- 28 388	- 98 543
Cash and cash equivalents at beginning of the period		41 894	140 437
Cash and equivalents at end of period	**7**	**13 506**	**41 894**

Note 1 Parent Company Accounting policies

Accounting Principles

The financial statements have been prepared in accordance to the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Revenue recognition

Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred. Revenues from the sale of services and long-term manufacturing projects are recognised in the income statement according to the project's level of completion provided the outcome of the transaction can be estimated reliably. Progress is measured as the number of hours spent compared to the total number of hours estimated. When the outcome of the transaction cannot be estimated reliably, only revenues equal to the protect costs that have been incurred will be recognised as revenue. The total estimated loss on a contract will be recognised in the income statement during the period when it is identified that a project will generate a loss.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilised. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Balance sheet classification

Current assets and short-term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets/long-term liabilities. Current assets are valued at the lower of cost and fair value. Short-term liabilities are recognised at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long-term liabilities are recognised at nominal value.

Property, plant and equipment

"Property, plant and equipment" is capitalised and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment Is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period. Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends/group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Short-term investments

Short-term investments (stocks and shares seen as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognised as other financial income.

Pensions

The Company has a defined contribution pension in accordance with local laws. The premium paid is regarded as the pension cost for the period and classified as wage cost in the profit and loss statement.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, highly liquid investments with maturities of three months or less.

Note 2 Salary and other employee benefits

(Amounts in NOK 1 000)

	For the year ended 31 December 2019	For the year ended 31 December 2018
Salaries and wages	13 304	9 325
Social security tax	2 352	1 446
Pension expense	601	458
Other	461	1 398
Total salary and other employee benefits	**16 718**	**12 627**
Average number of full time equivalent employees	19.8	14.2

The Group has a defined contribution pension scheme that complies with requirements of Norwegian occupational pension legislation (OTP).

Remuneration to key management

Total remuneration to key management during the year ended 31 December 2019 is as follows:

	Title	Salary and other benefits	Pension expense	Bonus	Total remuneration
Fabian Søbak	CEO	616	24	-	641
Cecilie Hekneby	CFO	1 504	101	-	1 604
Lauras Melnikas	Growth Manager (resigned 31.03.2020)	1 104	82	197	1 383
Ole Tidemann Røine	Real Estate Manager (started 01.08.2019)	337	19	-	357
Total key management remuneration		**3 561**	**226**	**197**	**3 985**

Remuneration to Board of Directors

The remuneration paid to the Board of Directors in 2019 is as follows:

Name	Title	Fee
Martin Nes	Chairman of the Board (resigned January 2020)	250
Runar Vatne	Chairman of the Board (elected January 2020)*	150
Gustav Søbak	Boardmember	150
Yvonne Sandvold	Boardmember	150
Ingrid Elvira Leiser	Boardmember	150
Johan Henrik Krefting	Nomination Committee	10
Lars Christian Stugaard	Nomination Committee	20
Andreas Lorentzen	Nomination Committee	10
Total		**890**

**Prior to being elected as Chairman of the Board, mr Vatne was a Board member*

Note 3 Income tax

(Amounts in NOK 1 000)

Specification of income tax expense

The tax benefit/(expense) is calculated based on income before tax and consists of current tax and deferred tax.

	For the year ended 31 December 2019	For the year ended 31 December 2018
Deferred tax expense	39	42
Current tax expense	1 790	65
Income tax expense	1 829	108

Income tax payable (balance sheet)	For the year ended 31 December 2019	For the year ended 31 December 2018
Income tax payable*	-	65

**Tax payable in the balance sheet is reduced with NOK 1 790 thousand (2018: NOK 0) in reduced tax related to transaction cost recorded directly against equity.*

Effective Tax Rate

The difference between income tax calculated at the applicable income tax rate and the income tax expense attributable to loss before income tax was as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Profit/(loss) before income tax	3 806	- 11
Statutory income tax rate	22%	23%
Expected income tax expense/(benefit)	837	- 3
Tax effect non deductible expenses	992	113
Effect of changes in tax rules and rates	-	- 2
Income tax expense/income for the year	**1 829**	**108**
Effective tax rate	48%	-949%

Specification of the tax effect of temporary differences and losses carried forward

The tax effects of temporary differences and tax losses carried forward at 31 December are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Property, plant and equipment	- 90	- 51
Deferred tax asset (liability)	**- 90**	**- 51**

Deferred tax has been calculated using a tax rate of 22 % for 2019 and 2018. This is the tax rates enacted as at 31 December 2019 and 31 December 2018.

Note 4 Subsidiaries

Details of the company's subsidiaries at the end of the reporting period are as follows:

Proportion of ownership interest and voting power held by the group

Name of subsidiary	Principal activity	Acquisition date	Book value 31 Dec 2019 (NOK 1 000)	Book value 31 Dec 2018 (NOK 1 000)	31 Dec 2019	31 Dec 2018
City Self-Storage A/S (Denmark)	Self-storage	28 Sep 2016	4 857	4 857	100%	100%
City Self-Storage Norge AS	Self-storage	28 Sep 2016	77 651	73 882	100%	100%
City Self-Storage Sverige AB	Self-storage	28 Sep 2016	2 334	2 334	100%	100%
OK Minilager AS	Self-storage		58 863	58 863	100%	100%
OK Property	Real estate	31 Jan 2017	381 873	381 049	100%	100%
Minilager Norge AS	Self-storage	1 Jan 2018	-	3 769	*	100%
Eurobox Minilager AS	Self-storage	1 July 2019	75 855	-	100%	
Cron Gruppen AS	Real estate	1 July 2019	77 598	-	100%	
Cron Invest AS	Real estate	1 July 2019	58 974	-	100%	
Eurobox Billingstadsletta AS	Real estate	1 July 2019	96 042	-	100%	

For more information on the business combination in 2019, please refer to note 6 for the Group.

** Minilager Norge AS was merged with City Self-Storage AS in 2019*

Note 5 Balance with group companies

(Amounts in NOK 1 000)

Receivables	2019	2018
Loans to group companies	298 506	56 833
Accounts receivable	1 303	1 191
Other receivables	14 287	277
Sum	**314 096**	**58 301**

Payables	2019	2018
Long-term debt to group companies	3 142	-
Sum	**3 142**	**-**

Interest income from loans to group companies amounts to NOK 5.2 million in 2019 (2018: NOK 7.9 million)

Note 6 Related party transactions

(Amounts in NOK 1 000)

Balances and transactions between Self Storage Group ASA and its subsidiaries, which are related parties of Self Storage Group ASA, are not disclosed in this note. For information related to transactions with subsidiaries, see note 5 Balances with Group companies. Details of transactions between Self Storage Group ASA and other related parties are disclosed below.

During the year, Self Storage Group ASA entered into the following trading transactions with related parties:

	Sale		Purchase	
	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2018
Ferncliff TIH AS	-	-	1 688	375

	Amounts owed by related parties (included in other receivables)		Amounts owed to related parties (included in short-term interest-bearing debt and other current liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Ferncliff TIH AS	-	-	250	-

Purchase from related party Ferncliff TIH AS in 2019 and 2018 consist of advisory services related to acquisition costs.

See also note 28 Related party transactions in Notes to the consolidated financial statements.

Note 7 Cash and cash equivalents

(Amounts in NOK 1 000)

	As at 31 December 2019	As at 31 December 2018
Cash	-	-
Employee withholding tax	545	388
Bank deposits	12 961	41 506
Total cash and cash equivalents	**13 506**	**41 894**

Note 8 Share capital and shareholders

(Amounts in NOK)

The share capital of NOK 8 261 723 consisted of 82 617 226 shares, each with a nominal value of NOK 0.10 at the end of 2019. All shares carry equal rights.

	For the year ended 31 December 2019	For the year ended 31 December 2018
Ordinary shares at beginning of period	65 734 111	63 695 284
Issue of ordinary shares from cash contribution	16 883 115	1 938 827
Issue of ordinary shares from exercising options	-	100 000
Ordinary shares at 31 December	82 617 226	65 734 111

List of main shareholders at 31 December 2019:

Shareholder	Country	Number of shares	Ownership percentage
FEOK AS	Norway	14 297 922	17.3 %
FABIAN HOLDING AS	Norway	9 565 000	11.6 %
CENTRUM SKILT AS	Norway	6 565 000	7.9 %
FERNCLIFF TIH AS	Norway	4 080 000	4.9 %
FIRST RISK CAPITAL AS	Norway	3 896 103	4.7 %
VATNE EQUITY AS	Norway	3 623 214	4.4 %
SKAGEN M2 VERDIPAPIRFOND	Norway	3 129 278	3.8 %
HANDELSBANKEN Nordiska Smabolag	United Kingdom	2 719 000	3.3 %
VERDIPAPIRFONDET ODIN EIENDOM	Norway	2 256 674	2.7 %
HOLTA INVEST AS	Norway	1 939 064	2.3 %
VERDIPAPIRFONDET DNB SMB	Norway	1 927 075	2.3 %
HSBC TTEE MARLB EUROPEAN TRUST	United Kingdom	1 923 074	2.3 %
Danske Invest Norge Vekst	Norway	1 641 428	2.0 %
EATS AS	Norway	1 498 432	1.8 %
VERDIPAPIRFONDET HOLBERG NORGE	Norway	1 250 000	1.5 %
VERDIPAPIRFONDET STOREBRAND VEKST	United Kingdom	1 026 960	1.2 %
MUSTAD INDUSTRIER AS	Norway	911 397	1.1 %
KLAVENESS MARINE FINANCE AS	Norway	824 173	1.0 %
BNP Paribas Securities Services	France	811 794	1.0 %
SOLE ACTIVE AS	Norway	790 000	1.0 %
Other	0	17 941 638	21.7 %
Sum		**82 617 226**	**100%**

Shares held by Board of Directors and Executive Management

	Title	Amount of shares	Ownership percentage
Fabian Søbak (Fabian Holding AS)	Chief Executive Officer	9 565 000	11.6 %
Gustav Søbak (Centrum Skilt AS)	Board member	6 565 000	7.9 %
Runar Vatne [1](Vatne Capital AS)	Chairman of the Board	3 623 214	4.4 %
Martin Nes [2]	Chairman of the Board	789 470	1.0 %
Cecilie Hekneby [3]	Chief Financial Officer	607 878	0.7 %
Yvonne Sandvold [4] (Yls Næringseiendom AS)	Board member	415 584	0.5 %
Lauras Melnikas (resigned 31.03.20)	Growth Manager	184 750	0.2 %
Hans Isak Larsson	General Manager CSS	40 000	0.0 %
Ingrid Leisner 5 (Duo Jag AS)	Board member	10 390	0.0 %

[1] *Runar Vatne owns 100% of the shares in Vatne Capital AS. Vatne Capital AS owns 100% of the shares in Vatne Equity AS. (elected 23.01.20)*

[2] *Martin Nes ownes 100% of the shares in Hanekamb Invest AS. Hanekamb Invest AS ownes 3.11% of the shares in Feok AS. All of the shares were sold 17.01.20. (resigned 17.01.20)*

[3] *Cecilie Hekneby and close relatives.*

[4] *Yvonne Sandvold and close relatives owns 100% of the shares in Yls Næringseiendom AS. All of the shares were sold 17.01.20.*

[5] *Ingrid Leisner and close relatives ownes 100% of the shares in Duo Jag AS.*

Note 9 Long-term liabilities and receivables

(Amounts in NOK 1 000)

The Company has the following long-term liabilities:	2019	2018
Handelsbanken	239 057	118 023
Long-term liabilities to subsidiaries	3 142	-
Total long-term liabilities	**242 199**	**118 023**

The Company has the following long-term receivables:	2019	2018
Long-term receivables from subsidiaries	298 506	56 833
Total long-term receivables	**298 506**	**56 833**

Note 10 Change in equity for the parent company

(Amounts in NOK 1 000)	Issued Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2018	**6 369**	**437 680**	**18 454**	**462 503**
Profit (loss) for the period	-	-	- 119	- 119
Issue of ordinary shares, net of transaction costs	204	31 473	-	31 677
Balance at 31 December 2018	**6 573**	**469 153**	**18 335**	**494 061**
Balance at 1 January 2019	**6 573**	**469 153**	**18 335**	**494 061**
Profit (loss) for the period	-	-	1 977	1 977
Issue of ordinary shares, net of transaction costs	1 688	316 964	-	318 652
Balance at 31 December 2019	**8 261**	**786 117**	**20 312**	**814 690**

Note 11 Auditor's fee

(Amounts in NOK 1 000)

Fees to auditors (exclusive of VAT) for the year ended 31 December are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Audit fee	200	267
Other attestation services	278	172
Tax consultancy services	262	-
Total fee to auditor	**739**	**439**

Note 12 Revenue

Revenue is related to management fees and accounting services to group companies.

Note 13 Finance income and finance expense

(Amounts in NOK 1 000)

Finance income

	For the year ended 31 December 2019	For the year ended 31 December 2018
Group contribution	14 287	-
Gain from transactions in foreign currency	56	289
Other finance income	5 860	8 553
Total finance income	**20 203**	**8 842**

Finance expense

	For the year ended 31 December 2019	For the year ended 31 December 2018
Loss from transactions in foreign currency	281	118
Interest cost	6 605	2 480
Other fees and charges	373	155
Total finance expense	**7 259**	**2 753**

All finance income and expense relate to financial assets and financial liabilities measured at amortized cost.

Note 14 Intangible assets

(Amounts in NOK 1 000)

Year ended 31 December 2019	Intangible assets	Total
Cost at 1 January 2019	1 595	1 595
Additions in the year	906	906
Disposals in the year	-	-
Cost at 31 Desember 2019	2 501	2 501
Accumulated depreciation at 1 January 2019	219	219
Depreciation in the year	443	443
Accumulated depreciation at 31 December 2019	662	662
Net carrying amount at 31 December 2019	**1 839**	**1 839**

Year ended 31 December 2018	Intangible assets	Total
Cost at 1 January 2018	549	549
Additions in the year	1 046	1 046
Disposals in the year	-	-
Cost at 31 Desember 2018	1 595	1 595
Accumulated depreciation at 1 January 2018	56	56
Depreciation in the year	163	163
Accumulated depreciation at 31 December 2018	219	219
Net carrying amount at 31 December 2018	**1 376**	**1 376**
Estimated useful life	3 year	
Depreciation method	straight-line	

Note 15 Property, plant and equipment

(Amounts in NOK 1 000)

Year ended 31 December 2019	Operating and office equipment	Total
Cost at 1 January 2019	152	152
Additions in the year	706	706
Disposals in the year	-	-
Cost at 31 Desember 2019	858	858
Accumulated depreciation at 1 January 2019	13	13
Depreciation in the year	65	65
Accumulated depreciation at 31 December 2019	78	78
Net carrying amount at 31 December 2019	**780**	**780**

Year ended 31 December 2018	Operating and office equipment	Total
Cost at 1 January 2018	-	-
Additions in the year	152	152
Disposals in the year	-	-
Cost at 31 Desember 2018	152	152
Accumulated depreciation at 1 January 2018	-	-
Depreciation in the year	13	13
Accumulated depreciation at 31 December 2018	13	13
Net carrying amount at 31 December 2018	**139**	**139**
Estimated useful life	5 year	
Depreciation method	straight-line	

Note 16 Maturity analysis financial liabilities

(Amounts in NOK 1 000)

The Group entered into a new loan agreement with Handelsbanken in July 2019. The loans are classified in line with existing loan covenants.
Interest bearing liabilities are carried at amortized costs.

	Amounts due in		
	less than 1 year	**1-5 years**	**Total**
For the year ended 31 December 2019			
Debt to financial institutions*	103 223	239 057	342 280
For the year ended 31 December 2018			
Debt to financial institutions	11 750	118 023	129 773

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

Specification of loans

	2019	Currency	Maturity date	Interest rate
Handelsbanken	67 001	NOK	Jul-20	3 months NIBOR +1,45 %
Handelsbanken	17 822	NOK	Aug-20	3 months NIBOR +1,45 %
Handelsbanken	33 262	NOK	Jul-21	3 months NIBOR +1,45 %
Handelsbanken	105 349	NOK	Jun-22	3 months NIBOR +1,45 %
Handelsbanken	118 846	NOK	Aug-22	3 months NIBOR +1,45 %
Total bank borrowings at amortised cost	**342 280**			

	2 018	Currency	Maturity date	Interest rate
Handelsbanken	70 708	NOK	Dec-20	3 months NIBOR +1.45 %
Handelsbanken	18 820	NOK	Dec-20	3 months NIBOR +1.45 %
Handelsbanken	40 245	NOK	Jul-21	3 months NIBOR +1.45 %
Total bank borrowings at amortised cost	**129 773**			

Changes in liabilities arising from financing activities	Interest bearing borrowings
Opening balance 1 January 2019	**129 773**
Proceeds from borrowings	228 000
Interest expenses	6 605
Interests paid	- 6 148
Repayment of borrowing	- 15 950
Closing balance 31 December 2019	**342 280**

Changes in liabilities arising from financing activities	Interest bearing borrowings
Opening balance 1 January 2018	**94 303**
Proceeds from borrowings	40 000
Interest expenses	2 480
Interests paid	- 2 259
Repayment of borrowing	- 4 750
Closing balance 31 December 2018	**129 773**

Self Storage Group has several non-financial covenants in addition to one financial covenant in the agreement with Handelsbanken. The financial covenant is stating that interest-bearing debt is required to be less than 60 percent of fair value of freehold investment property at all times. As of 31 December 2019, the Group is in compliance with all loan covenants. Trade and other payables are due within three months.

Statement by the Board of Directors

We confirm that the financial statements for the period 1 January up to and including 31 December 2019, to the best of our knowledge, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial positions and profit or loss of the Company and the Group as a whole. The Board of Directors' report includes a fair review of the development and performance of the business and the position of the Company and the Group as a whole, together with a description of the principal risks and uncertainties that they face.

Self Storage Group ASA

Oslo, April 27th, 2020

sign

Runar Vatne
Chairman

sign

Gustav Sigmund Søbak
Board member

sign

Ingrid Elvira Leisner
Board member

sign

Yvonne Litsheim Sandvold
Board member

sign

Fabian Søbak
CEO

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 freehold investment property and leasehold investment property 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.

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 freehold investment property and leasehold investment property +/- net finance
- Adjusted Net Profit: Adjusted Profit before tax +/- tax expense

(Amounts in NOK 1 000)	31 December	31 December
Interest-bearing debt	**2019**	**2018**
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**

(NOK 1 000)	2019	2019 ex IFRS 16	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
Severence packages	-	-	713
Total adjustments	**4 653**	**4 653**	**1 942**

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

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Self Storage Group ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Self Storage Group ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2019, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2019, the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of freehold investment property

The freehold investment property in the consolidated statement of financial position are recorded at fair value, amounting to NOK 1 074.5 million, equal to 53.6 % of the total assets. The change in fair value recorded in the statement of comprehensive income amounted to NOK 17.5 million in 2019. The Group used an external appraiser to assist with valuation of the freehold property. The valuation of the Group's freehold investment property is dependent on a range of estimates such as rental income and yield. The valuation of the freehold investment property is a key audit matter due to its magnitude, the uncertainty of the estimates and the complexity of the calculation.

We evaluated the professional qualifications and objectivity of the appraiser used by management. We obtained an understanding of the nature of the work performed, which included an evaluation of the objectivity and scope, including the methods and assumptions applied. We discussed the estimates and the movements in the fair value of the freehold investment property with management and the external appraiser. We involved specialists to evaluate the valuation model and the principles behind the assumptions used in estimating the fair value. Further, we tested the mathematical accuracy of the valuation model.

We refer to the Group's disclosures included in note 2 Significant accounting principles (section Investment Property), note 4 Critical accounting judgements and key sources of estimation uncertainty and note 9 Investment property in the consolidated financial statements.

Implementation of IFRS 16 Leases

With effect from 1 January 2019, the Group implemented IFRS 16 Leases, using the modified retrospective approach. At implementation date, lease liabilities of NOK 437.4 are recognized in the consolidated financial statement. At 31 December 2019 recognized non-current and current lease liabilities are NOK 502.8 million. The leasehold investment property is recognized with NOK 489.1 million in the consolidated financial statements.

The Group has a considerable number of lease contracts held by Group companies. The Group assessment of lease liabilities and leasehold investment property involves judgement from management on whether the contracts meet the definitions in the accounting standard and its recognition requirements, as well as estimates of contract lengths, including evaluation of the possibility of extension options to be exercised. The implementation requires processes for systematization, evaluation, recognition and classification of lease liabilities. Implementation of IFRS 16 Leases is therefore a key audit matter.

Our audit procedures included identification, understanding, evaluation and testing of management processes and controls regarding the implementation. Further we evaluated the efficiency of the Groups processes for systematization, evaluation, recognition and classification of contract liabilities. We tested the mathematical accuracy of the model for liability calculation, and on a sample basis tested input against contractual terms. We evaluated the completeness by analysing the rent payments in the model against recorded rent payments. We also reviewed the management assumptions for discount rate and the estimated contract lengths based on extension options expected to be exercised.

We refer to note 3 Adoption of new and revised IFRS standards, as well as note 9 Investment property and note 25 Leases in the consolidated financial statements.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

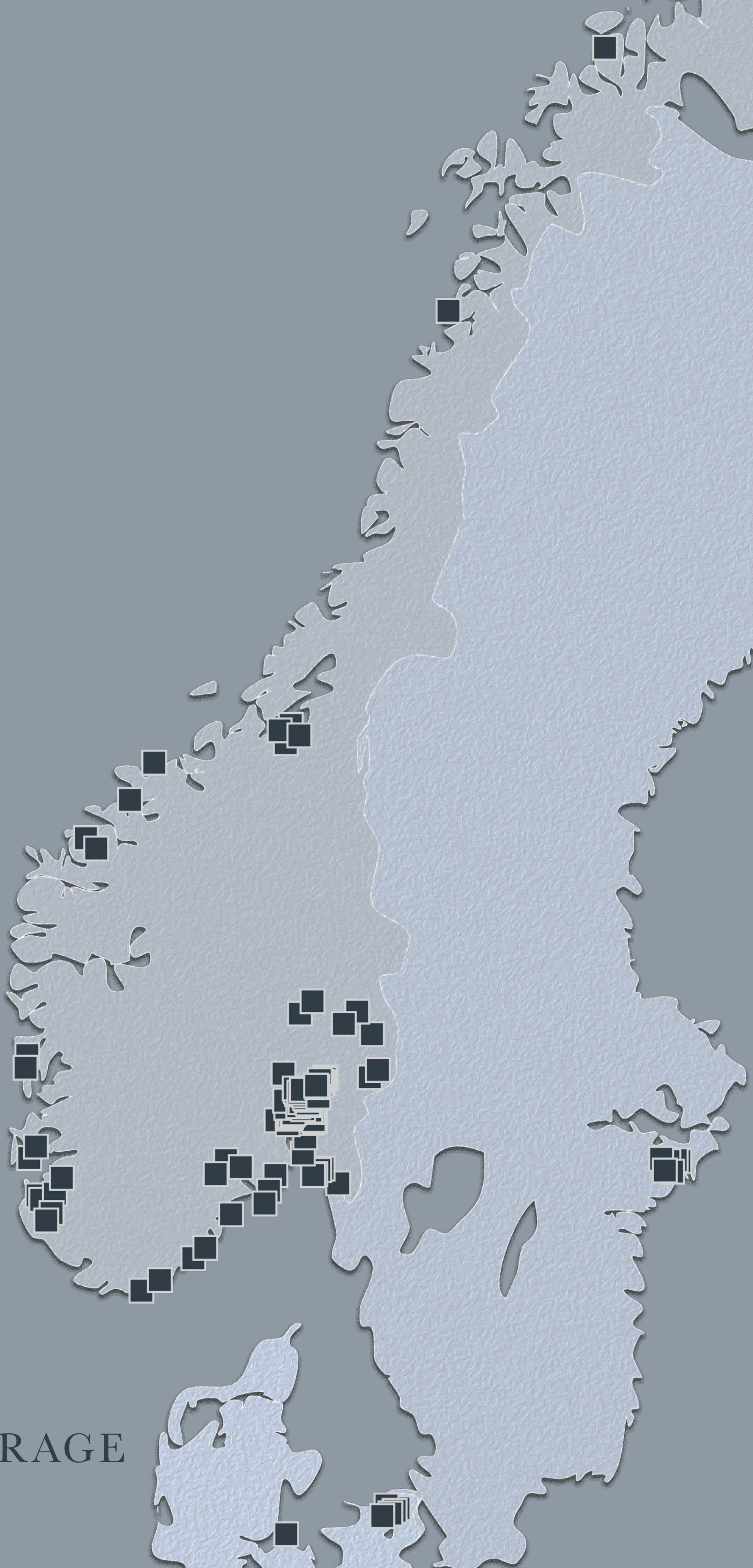
Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 27 April 2020
ERNST & YOUNG AS

Jon-Michael Grefsrød

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)



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