SELF STORAGE GROUP

Annual Report 2018

Self Storage Group ASA

Contents

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 101 facilites as of December 2018 with a total lettable area of 117 000 m². The Group focuses on maintaining a lean organisation and has currently 64 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.

History

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

2018 was exciting and eventful for Self Storage Group. We continued on our growth story, reaching over 100 facilities in Scandinavia. With our growing margins in 2018, we have proven the scalability of our platform. Our dedicated and experienced team has created these results, through hard work and a restless focus on customer experiences.

Self Storage Group is a customer centric company, with a vision that the customer's interests should be a part of all decisions. In 2018, we continued to see a positive trend in both customer acquisition and customer retention, achieved through high customer satisfaction ratings. It is encouraging to see that customer success is yielding results over time.

One important element in our growth journey is the expansion of new facilities. In 2018, we opened 17 facilities, bringing the total number of storage units to 101. Our portfolio of owned facilities increased with 62% in 2018. At the end of the year, the Group owned 35 100 m² of lettable area. 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.

We have continued our investments in technology in 2018. Our focus with these investments are both to improve customer experiences, and to automate business processes. We expect to see long-term effects of these investments, with increased customer satisfaction, reduced costs, and durable competitiveness.

On the M&A side, we have completed the acquisition of Minilager Norge group, a portfolio of four attractive properties in Norway. Minilager Norge group has been successfully integrated into our group of companies, revealing the synergies we can leverage through our combined platforms of IT, marketing and operations.

With a robust financial position and a proven scalable platform for growth, we are stepping up our business development initiatives, as we are experiencing a satisfactory demand for our solutions, and are filling up new storage facilities while at the same time achieving attractive rent levels. 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.

I thank our stakeholders for their engagement in 2018 and look forward to our continued cooperation.

Best regards,

Fabian Søbak

CEO


SELF-STORAGE
GROUP
CSS: 2018
Expansions
Customer Satisfaction
Minilager Norge
Costs
90% goal

Highlights 2018

- Revenues in 2018 of NOK 238.4 million, up from NOK 212.1 million in 2017
- Adjusted EBITDA[1] in 2018 of NOK 75.7 million, up from NOK 54.2 million in 2017
- Change in fair value of investment properties in 2018 of NOK 38.2 million
- Total value of investment property of NOK 524.5 million end December 2018
- Pre-tax profit for 2018 of NOK 98.3 million, up from NOK 62.2 million in 2017
- Acquisition of Minilager Norge with 4 300 m² lettable area
- Acquisition of 11 investment properties with a potential lettable area of 12 800 m²
- Signed agreement to acquire landmark property at Alnabru, Oslo
- Total number of facilities end of 2018 is 101, up from 84 facilities at the end of 2017
- Current lettable area end 2018 of 117 000 m², up from 103 700 m² end 2017
- Cash position of NOK 122.2 million at the end of December 2018
- The Group's current loan to value on investment property is 25%

Subsequent events

- Acquisition of landmark development property at Alnabru, Oslo (Breivollveien 25C AS) with an estimated lettable area of 4 900 m²
- Acquisition of three properties in Stavanger (Vteto AS), Kristiansand (Bråvannsløkka) and Bodø (Sneveien 13 AS) with a total potential lettable area of 2 450 m²
- Exercise of the option to acquire the leased facility in Halden (Sørlifeltet) with a lettable area of 965 m². The transaction is expected to be closed in the second quarter.
- Agreement to acquire a property in Grimstad (Østerskogen 75) with a total potential lettable area of 400 m². The transaction is expected to be closed in the fourth quarter.

Key Figures[1]

Summary Adjusted financial and operating result

	2018	2017
(Amounts in NOK million)	**Full year**	**Full year**
Revenue	238.4	212.1
Adjusted costs	162.6	158.0
Non-recurring costs	1.9	11.3
Adjusted EBITDA	75.7	54.2
Adjusted EBIT	65.2	46.9
Change in fair value of investment properties	38.2	29.8
Adjusted Profit before tax	100.3	73.5
Adjusted Net Profit	81.1	59.7
Current lettable area (in thousands m²)	**117.0**	**103.7**
Lettable area under development (in thousands m²)	13.4	12.3

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

Board of Directors Report

2018 was an eventful year for Self Storage Group (SSG) with investments in property, completion of the acquisition of Minilager Norge group and investments in CRM and technology. We experience growing margins and results, positive cash flow from operations and a solid balance.

Revenues

Revenue for 2018 increased by NOK 26.2 million to NOK 238.4 million compared with 2017. NOK 12.0 million of the increase is revenue from business combinations acquired in 2018 and 2017. The remaining part of the increase is related to organic growth due to opening of new facilities and expansions. Income from ancillary services and rent income from segments other than self-storage contributed with NOK 20.1 million.

Lease expenses

Lease expenses constitute NOK 71.5 million for 2018. Lease expenses have been reduced by NOK 1.4 million due to renegotiation of certain leasehold agreements and the discontinuation of one facility in first quarter 2017 in Sweden.

The City Self-Storage segment has mainly leasehold properties (92% of current lettable area is leasehold), while 56% of current lettable area in OK Minilager is freehold. The share of freehold property is increasing in both segments. As of end December 2018, 30% of current lettable area in SSG is freehold. The lease obligations are mainly long-term.

IFRS 16 is implemented from 1 January 2019, and the Group will recognise a liability to make lease payments when applying the new model. The implementation will give decreased lease in 2019, see note 3.

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 2018 were NOK 25.4 million, an increase of NOK 3.3 million compared to 2017. The increase is related to growth in number of facilities and growth in lettable area.

The lettable area in SSG has increased with 13 300 m² in the period, and the number of facilities has increased by 17.

Salary and other benefits

Salary and other employee benefits for 2018 were NOK 37.4 million, an increase of NOK 0.7 from 2017. Adjusted for non-recurring costs in 2017 and first half of 2018, salary and other employee benefits have increased by NOK 1.7 million compared to 2017. There have been a decrease of costs in the CSS-segment as staff has been reduced, but this is offset by an increased number of employees in the OKM-segment and HQ. The construction team has been strengthened in order to deliver on our strategy of consistent growth, and some new roles were added to HQ during 2017. SSG has a total of 64 full time equivalents (FTEs) as of December 2018.

Depreciation

Depreciation for the year 2018 increased by NOK 3.3 million from 2017 to NOK 10.5 million. The depreciation is mainly related to fit-out and other equipment for new facilities and expansions.

Lease expenses are now recognised as operating expense included in EBITDA. Due to the implementation of IFRS 16 from 1 January 2019, the Group will recognise depreciation of right-to-use assets when applying the new model. The implementation will give increased depreciation in 2019, see note 3.

Other operating expenses

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

For 2018 other operating expenses decreased by NOK 7.2 million compared to 2017 to NOK 30.3 million. Adjusted for non-recurring costs the increase is NOK 0.4 million. There have been increased costs given the growth of the Group during 2018 in addition to costs related to being a listed company.

(NOK 1 000)

Non-recurring costs	**2018**	**2017**
Costs related to IPO	-	6 947
Acquisition costs	640	2 503
Option to employee	-	1 803
Restructuring of legal structure	390	-
First time value-assessment of freehold portfolio	199	-
Severance packages	713	-
Total non-recurring costs	**1 942**	**11 253**

Change in fair value of investment property

The fair value of investment property is based on external valuations. All investment properties have been valued by an external real estate appraiser company in December 2018. For 2018 the change in fair value recognised in P&L is NOK 38.2 million, an increase of NOK 8.4 million compared to 2017. The increase is attributable to the entire portfolio and are mainly related to CPI-adjustment of lease agreements.

Fair value of investment property at 31 December 2018 was NOK 524.5 million. Fair value of investment property at 31 December 2017 was NOK 338.6 million.

EBITDA and profit before tax

EBITDA for 2018 is NOK 73.8 million, an increase of NOK 30.8 million compared to 2017. EBITDA adjusted for non-recurring costs increased by NOK 21.5 million. There were NOK 2.0 million in non-recurring costs for 2018, while non-recurring costs for 2017 were NOK 11.3 million. The increase in EBITDA is related to both organic growth and acquisitions. Revenue has increased by NOK 26.2 million, while adjusted costs have increased by NOK 4.7 million, equalising an EBITDA-margin for the growth of 82%.

Profit before tax for 2018 was NOK 98.3 million, an increase of NOK 36.1 million from 2017. The increase is attributed to improved EBITDA as well as positive change in fair value of investment properties.

IFRS 16 is implemented from 1 January 2019. The implementation will impact the Consolidated Financial Statement, see note 3.

Financial position

Total assets were NOK 850.4 million at the end of 2018, compared to NOK 685.0 million at 31 December 2017. Investment property has increased with NOK 185.9 million from 31 December 2017 to NOK 524.5 million as of 31 December 2018.

Cash and bank deposits have decreased to NOK 122.2 million at the end of December 2018 from NOK 195.2 million one year earlier. The reduction in cash is related to the cash consideration in the acquisition of Minilager Norge group and purchase of eleven investment properties during 2018. SSG has a loan facility for purchase of investment properties with Handelsbanken. Interest-bearing debt amounts to NOK 129.8 million at the end of December 2018, an increase of NOK 35.3 million from a year earlier. Undrawn loan facility on existing agreement is 116 million as of 31 December 2018. At the end of December 2018 cash minus interest-bearing debt was negative with NOK 7.6 million. SSG invoices the customers in advance, which reduces credit risks and provides stable working capital. Current liabilities consist mainly of prepaid income.

Total equity at the end of December 2018 was NOK 625.1 million, an increase of NOK 111.1 million from one year earlier. Loan to value is 25% as of end of 2018, a decrease from 28% one year earlier. The equity ratio decreased to 73% at the end of December 2018 from 75% one year earlier.

IFRS 16 is implemented from 1 January 2019, and the Group will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term when applying the new model. The implementation will significantly increase both assets and liability in 2019, see note 3.

Cash flow

SSG has a strong cash flow. Net cash flow from operating activities for 2018 was NOK 63.7 million, compared to NOK 42.3 million in 2017. The main changes relates to improved profit before tax, lower income tax paid due to utilisation of tax losses carried forward, change in depreciation, change in fair value of investment property, higher trade receivable not due and timing differences for payments. Net cash flow from investing activities for 2018 was NOK -157.5 million, compared to NOK -123.4 million in 2017. Net cash flow from financing activities was NOK 20.9 million in 2018, compared to NOK 241.6 million in 2017 where equity instruments of the Company were issued, a new loan was issued and loan repaid.

SSG's cash balance at the end of December 2018 was NOK 122.2 million.

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 and head office for the Group.

Revenue in 2018 of NOK 14.0 million and NOK 12.0 million in 2017 are related to management fees and accounting services to group companies. Salary and other employee benefits in 2018 of NOK 12.6 million and NOK 12.7 million in 2017 are related to employees with head office functions. Depreciation in 2018 amounted to NOK 0.2 million and NOK 0.05 million in 2017, mainly related to software. Other operating expenses consists of IT and related costs, audit and consultancy fees, in addition to office and travel costs. In 2018 other operating expenses were NOK 7.2 million compared to NOK 13.0 million in 2017. The operating costs in 2018 were impacted by transaction costs related to the acquisitions with NOK 1.2 million. In 2017 the operating costs were impacted by transaction costs related to the acquisitions and non-recurring costs related to the IPO of in total NOK 11.3 million.

Total assets were NOK 627.0 million at the end of 2018, compared to NOK 567.9 million at the end of 2017. Investment in subsidiaries has increased with NOK 326.6 million from 31 December 2017 to NOK 524.8 million as of 31 December 2018. Loans to group companies has been reduced from NOK 194.4 million as of end 2017 to NOK 56.8 million as of end 2018. Cash and bank deposits have decreased to NOK 41.9 million at the end of December 2018 from NOK 140.4 million one year earlier. The reduction in cash is related to the cash consideration in the acquisition of Minilager Norge group. Self Storage Group ASA has a loan facility for purchase of investment properties with Handelsbanken. Interest-bearing debt amounts to NOK 129.8 million at the end of December 2018, an increase of NOK 35.3 million from a year earlier.

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 owned properties, including a combination of purpose-built facilities and conversion of existing buildings. At the same time, OK Minilager will have a strong focus on retaining its position as the most cost-effective player in the Norwegian market by continuously looking for innovative solutions to increase the customer experience and to increase operating efficiency.

City Self-Storage

is SSG's "urban concept", targeting the population in the major cities, currently serving Oslo, Stockholm and Copenhagen. The strategy is to strengthen the market position in the major cities in Norway by establishing more sites at attractive locations, while at the same time continuing the ongoing cost reduction initiatives and optimising the organisation. City Self-Storage is planning to open its first facility in Stavanger in Q2 2018, and a greenfield facility in Trondheim in 2020.

In the other Scandinavian countries, the goal is to improve operating efficiency at existing facilities through cost reductions, upgrades and increased visibility and market awareness. City Self-Storage will however act opportunistically about potential mergers and acquisitions, both with regards to single facilities and other self-storage providers with a complementary portfolio of facilities. As with OK Minilager, the goal for City Self-Storage going forward is to increase the share of owned facilities.

Competitive strengths

The Group is confident that it has multiple competitive strengths that separates SSG from other self-storage providers. These strengths have enabled the Group to achieve high historical growth and to establish a strong market position in all markets in which it operates. Through leveraging on these competitive strengths, SSG expects to continue to grow and to confirm its position as one of Scandinavia's leading self-storage providers.

Market leading position

The Group is one of the leading self-storage providers in Scandinavia with a particularly strong position in the Norwegian market. SSG has a high market share, both in the Greater Oslo area and on a countrywide basis. City Self-Storage and OK Minilager are on a stand-alone basis the two largest self-storage providers in the Norwegian market. This position has been built through careful planning and a dedicated focus on selecting the right type of facilities. SSG entered the Swedish and the Danish market through the acquisition of City Self-Storage and is today the fourth largest self-storage provider in Copenhagen and Stockholm measured by the total number of facilities, and the third largest self-storage provider in Europe.

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.

The strategy is to develop the Group further and to expand the total lettable area by investing in new and preferably owned facilities. The Group seeks to strengthen its nationwide presence in Norway while at the same time optimising current sites in Denmark and Sweden and search for profitable expansion opportunities. Going forward, new facilities will primarily be established as owned properties to ensure long-term access to attractive locations at a lower running cost. In identifying such properties, the Group will focus on factors such as location, capex and conversion time. Investment properties are gathered in the 100% owned company OK Property AS, and leased to the operating companies in the Group. SSG has succeeded in attracting investors and raising capital, and is in a good position for executing the strategy.

Corporate Development

On 13 February 2018, the Company issued 1 567 472 new shares to the selling shareholder of Minilager Norge group, as part settlement of the remaining part of the purchase price.

On 23 March 2018, the Company issued 100 000 new shares to an employee pursuant to an exercise of pre-existing share options, of which costs were recorded in Q4 2017.

On 22 May 2018 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 27 June 2018, the Company issued 371 429 new shares to the selling shareholder of Minilageret AS, as part settlement of the remaining part of the purchase price for Minilageret AS. Minilageret AS was acquired in June 2017.

During 2018 the legal restructuring of the Group continued. Investment properties were gathered in the 100% owned company OK Property, and leased to the operating companies in the Group.

Minilageret AS was merged with OK Minilager AS and the moving-Company City Moving AS was merged with City Self-Storage Norge AS.

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. 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. Consequently, the continued development and implementation of CSR guidelines, inspired by the Oslo Stock Exchange guidance on the reporting of corporate responsibility, is a prioritised task.

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. Self Storage Group´s Corporate Governance Report is based on the Norwegian Code of Practice for Corporate Governance dated 17 October 2018, which can be found on pages 19-25 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 2018, the Company had 65 734 111 outstanding shares, held by 928 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 2018 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 2018, the Group had 87 (84) employees, of which 50 work fulltime. In 2018, the sickness absence in Self Storage Group was 1,6 percent. There was one absence due to injuries in the Group.

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 2018, women held 32 percent of the positions in the Group. Female employees made up 25 percent of the Management team and 40 percent of the Board of Directors.

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 Company believes that good corporate governance is important to deliver value to its shareholders, and complies with the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board.

The Company has, in accordance with applicable legislation and stock exchange listing rules, provided a report on the Company's corporate governance that is provided in a separate section of the Annual Report.

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 2018, the Group operates 101 facilities across Scandinavia with a total lettable area of more than 130 400 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 and nationwide presence in Norway. 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 Self Storage Group owned properties.

The Company has built up and acquired new storage capacity during 2018 and is gradually phasing the new capacity into the market. Self Storage Group is experiencing a satisfactory demand for its solutions, and is quickly filling up new storage facilities while at the same time achieving attractive rent levels.

Self Storage Group has also identified additional opportunities through already acquired development projects and low-cost expansion within existing facilities.

This foundation, a strong macro picture in all Scandinavian countries, combined with a strategy to grow the freehold portfolio in selected markets, gives Self Storage Group a solid platform for future growth and value creation.

Parent Company results and distribution of funds

Net loss for the Parent Company Self Storage Group ASA, was NOK 0.1 million. The Board recommends the following distribution of funds:

(NOK million)	
Dividend	-
Transferred to other equity	**-0.1**

Self Storage Group ASA

Oslo, April 24th, 2019

sign

Martin Nes
Chairman

sign

Runar Vatne
Board member

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, and was Managing Director of the company. Mr. Søbak has following the acquisition of City Self-Storage in 2016 held the position as Chief Executive Officer for the Group. Mr. Søbak is a Norwegian citizen and resides in Oslo.

Cecilie Brænd Hekneby

CFO

Mrs. Hekneby joined City Self-Storage in 2015 and has following the acquisition of City Self-Storage in 2016 held the position as Chief Financial Officer for the Group. Prior to this, she held the positions as Group Controller 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 country manager for City Self Storage in Norway and Sweden since 2011. Mr. Larsson became General Manager for Norway, Sweden and Danmark in 2017. He has 11 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.

Lauras Melnikas

Growth Manager

Mr. Melnikas joined OK Minilager as Operations Manager in 2011 and has held the position as Growth Manager since 2017. Prior to this, he worked as a Project Manager in the Lithuanian Renewable Energy Association (LAIEA), was a co-founder and Operations Manager of fast-food company MaMaMa and furniture manufacturing site Pratum in Lithuania. Mr. Melnikas holds a BSc in Management and Finance from ISM University of Management and Economics. Mr. Melnikas is a Lithuanian citizen, and resides in Oslo.

Board of Directors

Martin Nes

Chairman

Member of the Board since November 2016. Mr. Nes is CEO in Ferncliff. He took a law degree at the University of Oslo, and also holds a Master of Laws degree from University of Southampton, England. He previously spent several years with the Norwegian law firm Wikborg Rein, working in both the Oslo and London offices, and with the law firm Evensen & Co. Mr Nes has extensive corporate experience and is/has been chairman and/or a member of the boards of several listed companies, including SD Standard Drilling Plc, Aqualis ASA, Nickel Mountain Group AB, Saga Tankers ASA, NEL ASA and Weifa ASA. He is a Norwegian citizen, and resides in Norway. Mr Nes has attended 8 of 8 board meetings in 2018. Mr Nes holds 672 899 shares in the Company.

Ingrid Elvira Leisner

Board Member

Member of the Board since May 2018. Ms. Leisner has previously worked as Head of Portfolio Management for Electric Power in Statoil Norge AS. She also has a background as a trader of different oil and gas products in her 15 years in Statoil ASA. Ms. Leisner holds a Bachelor of Business degree (Siviløkonom) with honors from the University of Texas at Austin. She has served on the board of several companies listed on the Oslo Stock Exchange and is currently on the Board of Directors of Spectrum ASA, TechStep ASA and Maritime and Merchant ASA. Ms. Leisner is a Norwegian citizen, and resides in Oslo. Ms Leiser has attended 4 of 4 board meetings in 2018 since elected in May 2018. Ms Leisner holds no 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. Before he co-founded 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 8 of 8 board meetings in 2018. Mr Søbak holds 9 565 000 shares in the Company.

Runar Vatne

Board Member

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 7 of 8 board meetings in 2018. Mr Vatne holds 2 607 630 shares in the Company.

Yvonne Litsheim Sandvold

Board Member

Member of the Board since October 2017. Ms. Sandvold is the Chief Operating Officer of Frognerbygg AS, and has extensive experience from the Norwegian real estate industry. Ms Sandvold currently serves on the Board of Directors of Oslo Børs listed company Aqualis ASA as well as several private companies. She holds a degree in psychology from the University of Oslo. Ms Sandvold is a Norwegian citizen, and resides in Norway. Ms Sandvold has attended 8 of 8 board meetings in 2018. Ms Sandvold holds no shares in the Company.

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 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 it'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 2018 the Board of Directors was authorised to increase share capital with up to NOK 3.268.134,10 through one or several share capital increases. The authorisation may be used to provide the Company with financial flexibility, including in connection with investments, merger and acquisitions. The Board's authorisation is valid until the annual General Meeting in 2019.

Non-conformance with the recommendation: None

4. Equal treatment of shareholders and transactions with close associates

At the General Meeting in 2018 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 arms 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 28.

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 2019.

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 22 May 2018, 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. 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 2018. 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 2019. 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 total comprehensive income

(Amounts in NOK 1 000)

	Note	For the year ended 31 December 2018	For the year ended 31 December 2017
Revenue	7, 8	238 361	212 143
Lease expenses	7, 26	71 451	72 842
Property-related expenses		25 425	22 152
Salary and other employee benefits	10	37 403	36 747
Depreciation	14, 15	10 527	7 261
Other operating expenses	7, 11, 28	30 311	37 464
Operating profit before fair value adjustments		**63 244**	**35 677**
Change in fair value of investment properties	9	38 223	29 831
Operating profit after fair value adjustments		**101 467**	**65 508**
Finance income	12	1 511	1 333
Finance expense	12	4 632	4 626
Profit before tax		**98 346**	**62 215**
Income tax expense	13	18 856	11 996
Profit for the period		**79 490**	**50 219**
Total comprehensive income for the year attributable to parent company shareholders		79 490	50 219
Total comprehensive income for the year attributable to non-controlling interests		-	-
Earnings per share			
Basic (NOK)	21	1.22	0.99
Diluted (NOK)	21	1.22	0.98
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
- currency translation difference		- 73	477
Other comprehensive income for the period, net of income tax		**- 73**	**477**
Total comprehensive income for the period		**79 417**	**50 696**
Total comprehensive income for the year attributable to parent company shareholders		79 417	50 696
Total comprehensive income for the year attributable to non-controlling interests		-	-

Consolidated statement of financial position

(Amounts in NOK 1 000)	Note	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Investment property	9, 24	524 505	338 631
Property, plant and equipment	14, 24	70 405	52 125
Goodwill	15	94 639	72 272
Other intangible assets	15	1 376	493
Total non-current assets		**690 925**	**463 521**
Current assets			
Inventories	17	1 270	1 434
Trade and other receivables	18, 24	13 421	11 455
Other current assets		22 598	13 397
Cash and bank deposits	19, 22	122 228	195 224
Total current assets		**159 517**	**221 510**
TOTAL ASSETS		**850 442**	**685 031**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	20	6 573	6 369
Share premium		427 889	396 416
Other reserves		290	363
Retained earnings		190 299	110 809
Total equity		**625 051**	**513 957**
Liabilities			
Non-current liabilities			
Long-term interest-bearing debt	23	118 023	89 690
Other financial liabilities		873	-
Deferred tax liabilities	13	34 911	22 289
Obligations under finance leases	25	143	214
Total non-current liabilities		**153 950**	**112 193**
Current liabilities			
Short-term interest-bearing debt	23	11 750	4 750
Trade and other payables		11 404	10 282
Income tax payable	13	11 647	1 699
Other taxes and withholdings		5 291	4 789
Obligations under finance leases	25	74	312
Other current liabilities	27	31 275	37 049
Total current liabilities		**71 441**	**58 881**
Total liabilities		**225 391**	**171 074**
TOTAL EQUITY AND LIABILITIES		**850 442**	**685 031**

Self Storage Group ASA

Oslo, April 24th, 2019

sign	sign	sign
Martin Nes Chairman	Runar Vatne Board member	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 2018	For the year ended 31 December 2017
Cash flows from operating activities			
Profit before tax		98 346	62 215
Income tax paid		-2 244	-8 170
Adjustment for net interests paid		- 493	242
Depreciation	14, 15	10 527	7 261
Gain/loss on disposal of property, plant and equipment		- 47	148
Change in fair value of investment property	9	-38 223	-29 831
Change in trade and other receivables		-1 946	- 733
Change in trade and other payables		791	1 466
Change in other current assets		-2 414	5 047
Change in other current liabilities		- 582	4 623
Net cash flows from operating activities		**63 715**	**42 268**
Cash flows from investing activities			
Payments for investment property		-62 902	-42 163
Payments for property, plant and equipment		-21 648	-11 471
Net cash outflow on acquisition of subsidiaries		-72 957	-69 760
Net cash flows from investing activities		**-157 507**	**-123 393**
Cash flows from financing activities			
Net proceeds from issue of equity instruments of the Company		-	287 416
Proceeds from borrowings	23	40 000	95 000
Repayment of borrowings	23	-19 066	-140 840
Net cash flows from financing activities		**20 934**	**241 576**
Net change in cash and cash equivalents		-72 858	160 450
Cash and cash equivalents at beginning of the period		195 224	34 115
Effect of foreign currency rate changes on cash and cash equivalents		- 138	659
Cash and equivalents at end of period	**19**	**122 228**	**195 224**

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 2017		**395**	**89 863**	**- 114**	**64 903**	**155 047**
Profit (loss) for the period		-	-	-	50 219	50 219
Other comprehensive income (loss) for the period net of income tax		-	-	477	-	477
Total comprehensive income for the period		-	-	477	50 219	50 696
Issue of ordinary shares, net of transaction costs		1 661	306 553	-	-	308 214
Issue of share capital - transfer from retained earnings		4 313	-	-	-4 313	-
Balance at 31 December 2017		**6 369**	**396 416**	**363**	**110 809**	**513 957**
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**

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 Nedre Skøyen vei 24, 0276 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, which are the first consolidated financial statements prepared by the Group, were approved for issue by the Board of Directors on 24 April 2019. 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

Revenue from rental is measured at the fair value of the considerations received or receivable in accordance with IAS 17 Leases. Revenue is reduced for rebates and other similar allowances. Revenue from retail sales and distribution of insurance is recognised according to IFRS 15 (2017: IAS 18) when control of a good or service transfer to a customer. Implementation of IFRS 15 do not have any effect on the way the Group recognise revenue earlier recognised according to IAS 18.

- 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 are 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.

Leasing

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. 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

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from a change in the fair value of investment properties 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.

An investment property is derecognised upon disposal or when the 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.

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.

Assets held under finance leases 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.

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.

Employee options

The fair value of options granted under the share option plan is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions.

It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Interest-bearing borrowings

Interest-bearing bank loans and overdraft are initially recorded at fair value, net of directly attributable transaction costs. 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.

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. The assets are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership to another party.

Classification and impairment according to IAS 39 (2017 figures)

The Group's financial assets are classified as "loans and other receivables" and consist of "trade and other receivables" and "cash and cash equivalents". Management determines the classification of its financial assets at initial recognition, and the classification of financial assets depends on the nature and purpose of the financial assets.

Financial assets are assessed for indicators of impairment at the end of the reporting period and are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Classification and impairment according to IFRS 9 (2018 figures)

The Group's financial assets are classified as "amortized cost" and consist of "trade and other receivables" and "cash and cash equivalents". 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.

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 amortized cost using the effective interest method.

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 2018 and earlier have been adopted for all periods presented in these consolidated financial statements. The Group applied IFRS 9 and IFRS 15 for the first time in 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 was effective for annual periods beginning on or after 1 January 2018.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. Other than trade receivables and cash and cash equivalents, the Group has none financial assets subject to IFRS 9's new expected credit loss model (ECL). 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. The new model did not result in any changes to allowance for doubtful receivables as at 1 January 2018.

IFRS 9 contains three principal classification categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The adoption of IFRS 9 has not had a significant effect on the Group's accounting for financial liabilities. The below table summarises reclassifications of financial instruments on adoption of IFRS 9:

	Measurement category		Carrying amount	
(Amounts in NOK 1 000)	**Previous (IAS 39)**	**New (IFRS 9)**	**Previous (IAS 39)**	**New (IFRS 9)**
Current financial assets				
Trade and other receivables	Loans and receivables	Amoirtised cost	13 421	13 421
Cash and bank deposits	Loans and receivables	Amoirtised cost	122 228	122 228
Total financial assets			**135 649**	**135 649**
Non-current financial liabilities				
Long term debt to financial institutions	Other financial liabilities	Other financial liabilities	118 023	118 023
Other financial liabilities	Other financial liabilities	Other financial liabilities	873	873
Obligations under finance leases	Other financial liabilities	Other financial liabilities	143	143
Current liabilities				
Short term interest-bearing debt	Other financial liabilities	Other financial liabilities	11 750	11 750
Trade and other payables	Other financial liabilities	Other financial liabilities	11 404	11 404
Obligations under finance leases	Other financial liabilities	Other financial liabilities	74	74
Other current liabilities	Other financial liabilities	Other financial liabilities	31 275	31 275
Total financial liabilities			**173 542**	**173 542**

The reclassifications of financial instruments on adoption of IFRS 9 did not result in any changes to their measurement.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. The new standard does not have any effect on the way the Group recognise any of the current types of revenue in scope of IFRS 15, retail sales and distribution of insurance. The new standard does not apply to rental income, which is in scope of IAS 17 Leases.

Standards and Interpretations in issue but not yet adopted

The standards and interpretations which have been issued, but are not yet effective, up to the date of issuance of the Group's financial statements, and which are considered to have an effect on the Group, are disclosed below.

New standards and amendments which are not yet effective and which are not considered to have an impact on the Group are not disclosed. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

IASB has issued IFRS 16 Leases, with effective date 1 January 2019. IFRS 16 is part of the convergence project with FASB to replace IAS 17. The standard requires to recognise assets and liabilities for most leases.

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 will recognise 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 depreciation of the right-of-use assets separately from interest on lease liabilities in the income statement.

Right to use assets from lease arrangements with self-storage meets the criteria for investment property recognised at fair value. The change in value for these properties will mainly be related to the terminal value that accrues to the lessor and not Self Storage Group. The Group has made the following accounting policy choices and elected to apply the following practical expedients related to the implementation of IFRS 16:

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

The change in accounting policies for lessees will have a significant positive impact on EBITDA for the Group, as lease expenses will be reduced. Depreciation and financial expenses will increase. There will be no net effect for the income statement over the lease period. Total assets and net debt will increase. The updated implementation effect for 2019 is estimated to be:

- An increase in investment property and financial liabilities of approximately NOK 440 million on opening balance as of January 1, 2019.
- A net effect in the income statement of NOK 7-12 million as additional costs, as a result of a decrease in lease expenses of NOK 58-65 million, offset by increases in depreciations at NOK 50-55 million and financial expenses of NOK 16-18 million. Calculations are based on known contracts as of January 1, 2019.

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.

Investment properties

Investment property is owned with the aim of achieving a long-term return from rental income and increase in value. 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 investment properties are recognised in profit or loss as they arise, and are presented on a separate line "Change in value of investment properties".

Initial measurement also takes into consideration the property's cost price, which includes direct transaction costs such as document duty and other public duties, legal fees and due diligence costs. Transaction costs associated with properties acquired through business combinations (as defined in IFRS 3) are expensed.

Subsequent expenditure is added to the 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. 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 2018, the amount of goodwill tested for impairment amounted to TNOK 94 639. No impairment losses were recognised in 2017 or 2018. Details of the impairment loss calculation are set out in note 15.

Note 5 Financial instruments risk management objectives and policies

(Amounts in NOK 1 000)

The Group's financial assets and liabilities comprise cash and bank deposits, trade receivables, trade payables, loans from financial institutions, loans from shareholders and various other financial assets and liabilities. All financial assets and liabilities are carried at amortized cost. The carrying value of all financial assets and liabilities approximates their fair value. 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 estimating and monitoring cash and liquidity needs on an on-going basis, and maintaining adequate reserves and banking facilities. The Group has sufficient cash available to meet its obligations as at 31 December 2018. 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 are 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	Effect on equity
2018	50	- 6 489	- 4 996
	-50	6 489	4 996
2017	50	- 4 722	- 3 589
	-50	4 722	3 589

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

	2018	2017
Bank loans	2.1	1.9

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. 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 and equity if the exchange rates fluctuate

			2018		2017
Foreign currency sensitivity	**Changes in currency**	**Effect on profit before tax**	**Effect on equity**	**Effect on profit before tax**	**Effect on equity**
SEK	10%	580	447	633	481
	-10%	-580	-447	-633	-481
DKK	10%	947	729	796	605
	-10%	-947	-729	-796	-605
EUR	10%	-280	-215	-145	-110
	-10%	280	215	145	110
GBP	10%	-59	-45	-	-
	-10%	59	45	-	-

with +/- 10% measured against NOK:

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.

	2018	2017
Interest bearing debt	129 773	94 440
Cash	- 122 228	- 195 224
Net debt	7 545	- 100 784
Equity	625 051	513 957
Total equity and net debt	**632 596**	**413 173**

Note 6 Business combinations

(Amounts in NOK 1 000)

Acquisitions during the period

2018	Main business activity	Date of business combination	Proportion of voting equity acquired	Acquiring entity
Minilager Norge AS - operating company	Self-storage solutions	1 January 2018	100%	Self Storage Group
Minilager Norge AS	Self-storage solutions	1 January 2018	100%	Self Storage Group
Hatcher Norge AS	Self-storage solutions	1 January 2018	100%	Self Storage Group
Minilager Moss AS	Self-storage solutions	1 January 2018	100%	Self Storage Group

The above companies have been acquired with the purpose of continuing expansion of the Group's activities, which focus on the self-storage market in Norway. Minilager Norge group was acquired on 1 January 2018 and is reported as part of the City Self-Storage (CSS) operating segment.

Consideration	
	Minilager Norge group
Cash	16 577
Shares in Self Storage Group ASA	25 000
Total consideration	**41 577**

The purchase agreement of Minilager Norge group included a contingent liability related to the terms of a building permit for the construction of a new storage building. The building permit was approved in July 2018, and the building will be located on a property in Moss.

Self Storage Group had recognised a contingent consideration of NOK 6 million, as this was the most likely outcome at the balance sheet date as of 30 June 2018. The liability was included in short-term liabilities in the financial statement and was settled with cash in July 2018.

The fair value of trade receivables in Minilager Norge group at the acquisition date is NOK 94 thousand and includes an allowance for impairment of NOK 117 thousand.

Assets and liabilities assumed in connection with the business combination of Minilager Norge group have been recognised at their estimated fair value on the date of the business combination. Fair value adjustments based on valuation from external real estate appraiser have been made to the investment properties owned by the Group. No other adjustments to the carrying values of assets and liabilities have been identified. No not previously recognised intangible assets were identified. The estimates are provisional 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 January 2018	Fair value adjustments	Fair value 1 January 2018
Investment property	9 821	22 697	32 518
Property, plant and equipment	8 208		8 208
Trade receivables	94		94
Other current assets	30		30
Cash and cash equivalents	1 030		1 030
Deferred tax liability	- 380	- 5 220	- 5 600
Interest-bearing liabilities	- 14 239		- 14 239
Trade payables	- 313		- 313
Other current liabilities	- 1 226		- 1 226
Net assets	**3 026**	**17 477**	**20 502**

Goodwill

	Minilager Norge group
Consideration	41 577
Fair value of identifiable net assets acquired	- 20 502
Goodwill	**21 075**

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

From 1 January 2018 through 31 December 2018, revenues of NOK 7 040 thousand and profit after tax of NOK 2 989 thousand were recognised for the acquired companies.

Transaction costs related to the acquisition amounts to NOK 569 thousand.

Minilager Norge group has a rental agreement with the company ML Halden AS related to Sørlifeltet. The agreement includes an option to acquire Sørlifeltet, the shares in ML Halden or to acquire the part of Sørlifeltet which is in use for self-storage operations.

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. During the fourth quarter of 2016, after the acquisition of the City Self-Storage companies, the Group decided to report management information based on the two concepts offered by the Group, City Self-Storage (CSS) and OK Minilager (OKM). Following the establishment of OK Property AS (OKP) at the start of 2017, the Group's property business is reported in the Property segment. Other/elimination includes eliminations of intercompany transactions and the remainder of the Group's activities not attributable to the other operating segments. In the tables below, reconciliation from EBITDA to Profit before tax is presented on an aggregated level.

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

The Group's reportable segments are as follows:

OK Minilager (OKM)	Nationwide presence in Norway offering climate controlled storage units and container based storage.
City Self-Storage (CSS)	Climate controlled facilities in all Scandinavian countries, with a primary focus on the capital cities of Oslo, Stockholm and Copenhagen.
Property	The ownership and development of property. Internal lease agreements with the operating companies in the group, in addition to external lease agreements.
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.

** From January 2018, the investment properties are gathered in the Property segment, following the legal restructuring. The operating companies have entered into internal lease contracts with OK Property AS. This partly explains increased operating costs in the OKM segment and the increased income in Property segment compared to the first nine months of year 2017. The internal income and expenses are eliminated on Group level.*

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

For the year ended 31 December 2017	CSS	OKM	Property	SSG ASA	Other/ eliminations	Total
Sales income	142 737	50 847	-	-	-	193 584
Other income	16 402	1 476	6 151	-	-5 470	18 559
Lease expenses	-64 180	-12 006	- 82	- 650	4 076	-72 842
Other operating costs	-68 101	-15 061	-1 228	-13 113	1 140	-96 363
EBITDA	26 858	25 256	4 841	-13 763	- 254	42 938
Reconciliation to profit before tax as reported under IFRS						
Depreciation						-7 261
Change in fair value of investment property						29 831
Finance lease expense						-
Finance income						1 333
Finance expense						-4 626
Profit before tax						**62 215**

No customer exceeds 10 percent of the revenues.

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 2018	For the year ended 31 December 2017
Rental income from self-storage services	218 254	193 584
Revenue from retail sales	6 174	7 935
Agent revenue from insurance services	3 574	4 441
Other revenue	10 359	6 183
Total revenue	**238 361**	**212 143**

Geographical analysis of revenues:		
Norway	167 738	138 012
Sweden	35 780	38 639
Denmark	34 843	35 492
Total revenue	**238 361**	**212 143**

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

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.

	For the year ended 31 December 2018	For the year ended 31 December 2017
Balance at beginning of the period	338 631	163 738
Business combination (note 6)	32 518	70 654
Asset acquisition in OK Property AS	42 210	66 223
Company acquired as asset acquisition	52 230	
Additions to existing properties	20 693	8 185
Fair value adjustments recognised in profit or loss	38 223	29 831
Balance at end of the period	**524 505**	**338 631**

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 contractual obligations for construction contracts related to investment properties at 31 December 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
Investment property	-	-	524 505	524 505
Total investment property as at 31 December 2018	**-**	**-**	**524 505**	**524 505**
Investment property	-	-	338 631	338 631
Total investment property as at 31 December 2017	**-**	**-**	**338 631**	**338 631**

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 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	4 957	6.9 %
Total	**49**	**81 056**	**524 435**	**40 166**	**6.2 %**

Total investment property as at 31 December 2017	Number of properties	Total gross area (m2)	Market value	Market rent	Net yield
Oslo and Akershus	5	13 100	121 500	7 360	5.3 %
Eastern Norway except Oslo and Akershus	17	29 750	114 031	9 578	6.4 %
Southern Norway	5	5 820	31 100	2 420	6.6 %
Western Norway	7	10 100	68 300	5 110	6.8 %
Trøndelag and Northern Norway	1	300	3 700	240	5.6 %
Total	**35**	**59 070**	**338 631**	**24 708**	**6.1 %**

The portfolio of investment property was valued by an external real estate appraiser company in December 2018. The increase in fair value is attributable to the entire portfolio. The majority of the properties that were valuated are properties acquired before 2018. 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 2018	For the year ended 31 December 2017
Salaries and wages	30 396	28 439
Social security tax	5 137	4 668
Pension expense	1 312	1 243
Other	558	2 397
Total salary and other employee benefits	**37 403**	**36 747**
Average number of full time equivalent employees	64.2	60.3

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 2018

Name	Title	Salary	Pension expense	Bonus	Total remuneration
Fabian Søbak	CEO	518	17	-	535
Cecilie Hekneby	CFO	1 324	73	-	1 396
Lauras Melnikas	Growth Manager	801	32	128	961
Isak Larsson	General Manager CSS	1 109	43	435	1 587

Remuneration to Board of Directors in 2018

Name	Title	Fee
Martin Nes	Chairman of the Board	150
Gustav Søbak	Boardmember	100
Runar Vatne	Boardmember	100
Yvonne Sandvold	Boardmember	100
Caroline Folkeson Jensen	Boardmember (resigned 22.05.18)	100
Johan Henrik Krefting	Nomination Committee	7
Lars Christian Stugaard	Nomination Committee	13

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.

The Growth Manager has a 3-month staying on bonus based on his fixed salary payable at the end of 2018. The Growth Manager had share options for 10 shares in OK Minilager in his employee contract, converted to 10 000 shares in SSG ASA in 2017. The cost of the share option was recorded in 2017 and exercised in March 2018.

As of 31 December 2018 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 2018	For the year ended 31 December 2017
Audit fee	991	1 379
Other attest services	198	142
Tax consultancy services	39	-
Total fee to auditor	**1 228**	**1 521**

Note 12 Finance income and finance expense

(Amounts in NOK 1 000)

Finance income

	For the year ended 31 December 2018	For the year ended 31 December 2017
Gain from trainsactions in foreign currency	60	639
Interest income	736	-
Other finance income	715	694
Total finance income	**1 511**	**1 333**

Finance expense

	For the year ended 31 December 2018	For the year ended 31 December 2017
Loss from transactions in foreign currency	397	212
Interest cost	3 191	3 519
Interest on obligations under finance lease	16	31
Other fees and charges	1 028	864
Total finance expense	**4 632**	**4 626**

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 2018	For the year ended 31 December 2017
Deferred tax expense	7 069	10 297
Current tax expense	11 788	1 699
Income tax expense	18 856	11 996

Income tax payable (balance sheet)	For the year ended 31 December 2018	For the year ended 31 December 2017
Income tax payable	11 647	1 699

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 2018	For the year ended 31 December 2017
Profit/(loss) before income tax	98 346	62 215
Statutory income tax rate	23%	24%
Expected income tax expense/(benefit)	22 620	14 932
Tax effect non deductible expenses (benefits)	- 495	-2 017
Effect of changes in tax rules and rates	-2 534	- 983
Change in deferred tax asset not recognised	- 734	64
Income tax expense/income for the year	**18 856**	**11 996**
Effective tax rate	19%	19%

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows:

	Norway	Sweden	Denmark	Total
Not time limited	-	-	74 131	74 131
Total tax losses carried forward	-	-	74 131	74 131
Of which not recognised as deferred tax assets	-	-	74 131	74 131

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 2018	For the year ended 31 December 2017
Investment property, property, plant and equipment	-36 457	-23 480
Finance Lease	- 239	- 216
Receivables	163	110
Deferred income	1 440	1 309
Gain/loss account	- 10	- 13
Other differences	192	-
Deferred tax asset (liability)	**-34 911**	**-22 289**

Deferred tax has been calculated using a tax rate of 22% for 2018 and 23% for 2017. This is the tax rates enacted as at 31 December 2018 and 31 December 2017. Current tax rate for deferred tax 2018 in Sweden and Denmark is 22%.

Tax rates outside Norway different from 23%

City Self Storage Sweden and City Self Storage Denmark have lower nominal tax rates (22%) than the nominal tax rate for Norway (23%).

Effect of changes in tax rates

Norway will reduce corporate income tax rate from 23% to 22%, and Sweden from 22% to 21.4% with effect from 1 January 2019.

Note 14 Property, plant and equipment

(Amounts in NOK 1 000)

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**

Year ended 31 December 2017	Operating and office equipment	Equipment under finance leases	Total
Cost at 1 January 2017	66 213	2 021	68 234
Acquisitions through business combinations	5 888	-	5 888
Additions in the year	8 596	-	8 596
Disposals in the year	3 755	-	3 755
Translation differences	865	-	865
Cost at 31 Desember 2017	**77 807**	**2 021**	**79 828**
Accumulated depreciation at 1 January 2017	22 598	399	22 997
Depreciation in the year	7 047	158	7 205
Disposals in the year	2 740	-	2 740
Translation differences	240	-	240
Accumulated depreciation at 31 December 2017	27 145	557	27 702
Net carrying amount at 31 December 2017	**50 661**	**1 464**	**52 125**
Estimated useful life	3-20 years	10-15 years	
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.

Note 15 Goodwill

(Amounts in NOK 1 000)

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**

Year ended 31 December 2017	Goodwill	Software	Total
Cost at 1 January 2017	51 985	55	52 040
Acquisitions through business combinations	20 537	-	20 537
Additions in the year	-	494	494
Translation differences	- 250	-	- 250
Cost at 31 Desember 2017	72 272	549	72 821
Accumulated depreciation at 1 January 2017	-	-	-
Depreciation in the year	-	56	56
Translation differences	-	-	-
Accumulated depreciation at 31 December 2017	-	56	56
Net carrying amount at 31 December 2017	**72 272**	**493**	**72 765**

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 combination.

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 9,0 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 2019 approved by the Board of Directors
- Inflation is set at 2 percent
- For goodwill testing, management has used a ten-year period, which is equal to the average remaining length of the lease terms
- Risk-free interest rate is the 10-year government bond yield
- Beta value is SSG's Beta per 31.12.2018

	Cash Generating Units	
	CSS	**OKM**
Goodwill	73 060	21 759
Deferred tax	-5 220	-6 418
Goodwill for impairment testing	67 840	15 341

	Cash Generating Units	
Sensitivity analysis 2018	**CSS**	**OKM**
Pre-tax discount rate	9.0 %	9.0 %
Discount rate level before possible impairment of goodwill	28.0 %	31.0 %

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	Acquisition type	Country of operation	31 Dec 2018	31 Dec 2017
City Self-Storage A/S	Self-storage	28 Sep 2016	Self Storage Group ASA	Business combination	DK	100%	100%
City Self-Storage Norge AS	Self-storage	28 Sep 2016	Self Storage Group ASA	Business combination	NO	100%	100%
City Self-Storage Sverige AB	Self-storage	28 Sep 2016	Self Storage Group ASA	Business combination	SE	100%	100%
Etterstadsletta 3 AS	Real estate	31 Dec 2016	OK Minilager AS	Asset acquisition	NO	*	100%
Nyvegen 7 Eiendom AS	Real estate	13 Sep 2016	OK Minilager AS	Asset acquisition	NO	*	100%
OK Minilager AS	Self-storage		Self Storage Group ASA	Asset acquisition	NO	100%	100%
Skolmar 23 Eiendom AS	Real estate	1 Oct 2015	OK Minilager AS	Asset acquisition	NO	*	100%
Wallemslien 18 AS	Real estate	1 Nov 2016	OK Minilager AS	Asset acquisition	NO	*	100%
OK Property AS	Real estate	31 Jan 2017	Self Storage Group ASA	Establishment	NO	100%	100%
Minilageret AS	Self-storage	30 Jun 2017	Self Storage Group ASA	Business combination	NO	*	100%
City Moving AS	Self-storage	13 Oct 2017	Self Storage Group ASA	Establishment	NO	**	100%
Godøygata 8 AS	Real estate	30 Mar 2017	OK Property AS	Asset acquisition	NO	***	100%
Trondheimsveien 436 AS	Real estate	1 Jul 2017	OK Property AS	Asset acquisition	NO	***	100%
Nordkilen 4A AS	Real estate	1 Nov 2017	OK Property AS	Asset acquisition	NO	***	100%
Minilager Norge AS	Self-storage	1 Jan 2018	Self Storage Group ASA	Business combination	NO	100%	
Hatcher Norge AS	Real estate	1 Jan 2018	Self Storage Group ASA	Business combination	NO	***	
Minilager Moss AS	Real estate	1 Jan 2018	Self Storage Group ASA	Business combination	NO	***	
Minilager Norge AS	Real estate	1 Jan 2018	Self Storage Group ASA	Business combination	NO	***	
Solheimsveien 32 AS	Real estate	1 Feb 2018	OK Property AS	Asset acquisition	NO	100%	
Meierigaten Eiendom AS	Real estate	17 Oct 2018	OK Property AS	Asset acquisition	NO	100%	
Vinkelhuset V AS	Real estate	18 Oct 2018	OK Property AS	Asset acquisition	NO	100%	
AEO Eiendom Kristiansund AS	Real estate	30 Nov 2018	OK Property AS	Asset acquisition	NO	100%	

For more information on the business combination in 2018, please refer to note 6.

** Etterstadsletta 3 AS, Wallemslien 18 AS, Nyvegen 7 Eiendom AS, Skolmar 23 Eiendom AS and Minilageret AS were merged with OK Minilager AS in 2018*

*** City Moving AS was merged with City Self-Storage Norge AS in 2018*

**** Godøygata 8 AS, Trondheimsveien 436 AS, Nordkilen 4A AS, Hatcher Norge AS, Minilager Moss AS and Minilager Norge AS were merged with OK Property AS in 2018*

Note 17 Inventories

Inventories comprise finished goods of NOK 1.3 million as at 31 December 2018 (2017: NOK 1.4 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 2018 have been expensed in profit or loss.

Note 18 Trade and other receivables

(Amounts in NOK 1 000)

	For the year ended 31 December 2018	For the year ended 31 December 2017
Trade receivables	14 499	12 444
Allowances for bad debt provisions (analysed below)	- 1 078	- 988
Total trade receivables	**13 421**	**11 455**
Other receivables	-	-
Total trade and other receivables	**13 421**	**11 455**

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

Allowance for bad debt	For the year ended 31 December 2018	For the year ended 31 December 2017
Balance at the beginning of the year	- 988	- 914
Acquisitions	- 165	-
Bad debt provisions recognised on trade receivables	1 409	974
Change in allowance	-1 348	-1 036
Translation differences	15	- 12
Balance at the end of the year	**-1 078**	**- 988**

	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**

	For the year ended 31 December 2017			
Specification of the age distribution of trade receivables:	**Trade receivables**	**Bad dept provision rate**	**Allowance for bad debt**	**Trade receivables net of allowance**
Not past due on the reporting date	10 080	0%	-	10 080
Past due 0-30 days	1 136	0%	-	1 136
Past due 31-60 days	351	42%	- 148	203
Past due 61-90 days	76	52%	- 40	37
Past due over 90 days	800	100%	- 800	-
Carrying amount:	**12 443**		**- 988**	**11 455**

62 percent of trade and other receivables at 31 December 2018 are in NOK (2017: 58 percent). Remaining amounts are in DKK and SEK.

Note 19 Cash and cash equivalents

(Amounts in NOK 1 000)

	As at 31 December 2018	**As at 31 December 2017**
Cash	84	104
Employee withholding tax	1 095	1 205
Variable rate bank accounts	121 049	191 433
Deposits	-	2 482
Total cash and cash equivalents	**122 228**	**195 224**

Of the total balance in cash and cash equivalents, NOK 1.1 million (2017: NOK 1.2 million) relate to restricted funds for employee withholding taxes. Deposits are reclassified to other current assets in 2018.

Note 20 Share capital and shareholders

(Amounts in NOK)

The share capital of NOK 6 573 671 consisted of 65 734 111 shares, each with a nominal value of NOK 0.10 at the end of 2018. All shares carry equal rights.

	For the year ended 31 December 2018	For the year ended 31 December 2017
Ordinary shares at beginning of period	63 695 284	3 945 500
Issue of ordinary shares from cash contribution	1 938 827	15 131 957
Issue of ordinary shares from exercising options	100 000	-
Issue of ordinary shares from non-cash contribution	-	1 485 714
Issue of share capital - transfer from retained earnings	-	43 132 113
Ordinary shares at 31 December	65 734 111	63 695 284

List of main shareholders at 31 December 2018:

Shareholder	Country	Number of shares	Ownership percentage
FEOK AS	Norway	12 220 000	18.6 %
CENTRUM SKILT AS	Norway	9 565 000	14.6 %
FABIAN HOLDING AS	Norway	9 565 000	14.6 %
FERNCLIFF INVEST AS	Norway	4 080 000	6.2 %
HOLTA INVEST AS	Norway	3 621 305	5.5 %
VATNE EQUITY AS	Norway	2 607 630	4.0 %
SKAGEN M2 VERDIPAPIRFOND	Norway	2 376 147	3.6 %
HSBC TTEE MARLB EUROPEAN TRUST	United Kingdom	1 605 815	2.4 %
EATS AS	Norway	1 567 398	2.4 %
VERDIPAPIRFONDET DNB SMB	Norway	1 487 462	2.3 %
FIDELITY INT REAL ESTATE FUND	United States	1 395 952	2.1 %
HANDELSBANK NORDISKA SMABOLAGSFOND	United Kingdom	1 200 000	1.8 %
STOREBRAND VEKST VERDIPAPIRFOND	United Kingdom	1 148 325	1.7 %
KLAVENESS MARINE FINANCE AS	Norway	1 084 245	1.6 %
DANSKE INVEST NORGE VEKST	Norway	1 071 428	1.6 %
TAALERI NORDIC VALUE EQUITY FUND	Norway	675 000	1.0 %
SABINUM AS	Norway	532 000	0.8 %
BERNT HOLDING AS	Norway	505 770	0.8 %
GRANDEUR PEAK GLOBAL REACH FUND	United States	481 500	0.7 %
CECILIE MARGRETHE BRÆND HEKNEBY	Norway	346 288	0.5 %
Other		8 597 846	13.1 %
Sum		**65 734 111**	**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	14.6 %
Gustav Søbak (Centrum Skilt AS)	Board member	9 565 000	14.6 %
Runar Vatne[1] (Vatne Equity AS)	Board member	2 607 630	4.0 %
Martin Nes[2]	Chairman of the Board	672 899	1.0 %
Cecilie Hekneby[3]	Chief Financial Officer	348 138	0.5 %
Lauras Melnikas	Growth Manager	184 750	0.3 %
Hans Isak Larsson	General Manager CSS	40 000	0.1 %

[1]Runar Vatne owns 100% of the shares in Vatne Capital AS. Vatne Capital AS owns 100% of the shares in Vatne Equity AS.
[2]Martin Nes owns 100% of the shares in Hanekamb Invest AS. Hanekamb Invest AS ownes 3.11% of the shares in Feok AS.
[3]Cecilie Hekneby and close relatives.

Note 21 Earnings per share

(Amounts in NOK)

	For the twelve months ended 31 December 2018	For the twelve months ended 31 December 2017
Profit (loss) for the year	79 490 000	50 219 343
Weighted average number of outstanding shares during the period (basic)	65 203 305	50 604 776
Weighted average number of outstanding shares during the period (diluted)	65 203 305	51 021 997
Earnings (loss) per share - basic in NOK	1.22	0.99
Earnings (loss) per share - diluted in NOK	1.22	0.98

On 29 September 2017, the Company's shares were split in the ratio of 1:10, so that one share with nominal value of NOK 1 is replaced with 10 new shares, each with a nominal value of NOK 0.10. Earnings per share have been calculated as if the proportionate change in the number of shares outstanding had taken place at the start of the earliest period for which earnings per share is presented to ensure comparability.

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

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

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

Note 22 Categories of financial assets and liabilities

(Amounts in NOK 1 000)

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**

As at 31 December 2017	Loans and receivables		Financial liabilities measured at amortized cost	Total
Current financial assets				
Trade and other receivables	11 455	-	-	11 455
Cash and bank deposits	195 224	-	-	195 224
Total financial assets	**206 679**	**-**	**-**	**206 679**
Non-current financial liabilities				
Long term debt to financial institutions	-	-	89 690	89 690
Obligations under finance leases	-	-	214	214
Current liabilities				
Short term interest-bearing debt	-	-	4 750	4 750
Trade and other payables	-	-	10 282	10 282
Obligations under finance leases	-	-	312	312
Other current liabilities	-	-	37 049	37 049
Total financial liabilities	**-**	**-**	**142 297**	**142 297**

The carrying amounts of financial assets and liabilities approximate their fair value as at 31 December 2018 and 31 December 2017 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.

Note 23 Maturity analysis financial liabilities

(Amounts in NOK 1 000)

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 2018			
Debt to financial institutions	11 750	118 023	129 773
For the year ended 31 December 2017			
Debt to financial institutions	4 750	89 690	94 440

The Group entered into a new loan agreement with Handelsbanken in July 2018. 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 investment property at all times. As of 31 December 2018, the Group is not in breach of any of the covenants.

Trade and other payables are due within three months.

Specification of loans

	2018	**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 amortized cost	**129 773**			

	2017	**Currency**	**Maturity date**	**Interest rate**
Handelsbanken	74 479	NOK	Dec-20	3 months NIBOR +1.45 %
Handelsbanken	19 824	NOK	Dec-20	3 months NIBOR +1.45 %
Santander Consumer Bank AS	137	NOK	Nov-19	4.16%
Total borrowings at amortised cost	**94 440**			

Changes in liabilities arising from financing activities	Interest bearing borrowings	Non-interest bearing borrowings	Total borrowings
Opening balance 1 January 2018	**94 440**	**-**	**94 440**
Proceeds from borrowings	40 000	-	40 000
Additions due to acquisitions	14 239	-	14 239
Interest expenses	2 528	-	2 528
Interests paid	- 2 368	-	- 2 368
Repayment of borrowings	- 19 066	-	- 19 066
Closing balance 31 December 2018	**129 773**	**-**	**129 773**

Changes in liabilities arising from financing activities	Interest bearing borrowings	Non-interest bearing borrowings	Total borrowings
Opening balance 1 January 2017	**109 348**	**4 000**	**113 348**
Proceeds from borrowings	95 000	-	95 000
Additions due to acquisitions	26 295	-	26 295
Interest expenses	3 347	-	3 347
Interests paid	- 2 710	-	- 2 710
Repayment of borrowings	- 136 840	- 4 000	- 140 840
Closing balance 31 December 2017	**94 440**	**-**	**94 440**

Note 24 Assets pledged as security

(Amounts in NOK 1 000)

	As at 31 December 2018	As at 31 December 2017
Liability secured by assets pledged:	**437 550**	**294 250**
Carrying value of assets pledged as security:		
Trade receivables	13 421	11 455
Investment properties and other assets	585 374	378 737
Total	**598 795**	**390 192**

Note 25 Obligations under finance leases

(Amounts in NOK 1 000)

Leasing arrangements

The Group leases certain of its property, plant and equipment under finance leases, primarely containers. The average lease term is 5 years. The Group has an option to acquire the equipment for a nominal amount at the end of the lease term. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed. An average rate applicable to similar loans has been used as the basis for calculating the financial liabilities .

Finance lease liabilities

		Present value of lease payments	
	Note	**As at 31 December 2018**	**As at 31 December 2017**
Not later than one year		74	312
Later than one year and not later than five years		143	214
Present value of lease payments		**217**	**526**
Finance charges		31	31
Included in the consolidated financial statement as:		**As at 31 December 2018**	**As at 31 December 2017**
- Current obligations	22	74	312
- Non - current obligations	22	143	214

Note 26 Operating lease

(Amounts in NOK 1 000)

The Groups operating leases relate primarily to the lease of property

	Future minimum lease payments	
	As at 31 December 2018	**As at 31 December 2017**
Lease of Property		
Less than one year	66 335	64 008
Between one and five years	181 485	192 632
More than five years	116 520	150 030
	For the year ended 31 December 2018	**For the year ended 31 December 2017**
Lease expense recognised in profit or loss	71 451	72 842

Note 27 Other current liabilities

(Amounts in NOK 1 000)

	As at 31 December 2018	As at 31 December 2017
Prepayments from customers	24 227	22 964
Payable to employees and shareholders	1 308	3 156
Other current liabilities	5 740	10 929
	31 275	**37 049**

All other liabilities are classified as current liabilities. In 2017 the amount also include the remaining part of the purchase price to Minilageret AS (NOK 5.2 million)

Note 28 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 2018	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ended 31 December 2017
Ferncliff Invest AS	-	-	375	3 187

Purchase from related party Ferncliff Invest AS in 2018 and 2017 consist of interest costs and advisory services related to acquisitions. There are no outstanding balances wih related parties as of 31 December 2017 and 2018.

See also note 20 Share capital and shareholders.

Note 29 Events after the reporting period

(Amounts in NOK 1 000)

Acquisition of properties

In the period from 1 January 2019 to 24 April 2019 , the Group has acquired the following properties:

Name of property	Purchase price	Date of acquisition	Type of acquisition
Vteto AS, Stavanger	6 600	2 January 2019	Company - asset acquisition
Bråvannsløkka 1, Kristiansand	7 200	21 March 2019	Asset acquisition
Breivollveien 25C AS, Oslo	42 300	10 April 2019	Company - asset acquisition
Sneveien 13 AS, Bodø	11 600	10 April 2019	Company - asset acquisition
Halden Lagerbygg AS, Halden[1]	6 700	Expected Q2 2019	Company - asset acquisition
Østerskogen 75, Grimstad[2]	2 950	Expected Q4 2019	Asset acquisition

[1]Halden Lagerbygg AS is the owner of Sørlifeltet. The Group has a rental agreement of this property and an option to acquire the property, see note 6. The option is exercised and the transaction is expected to be closed during the second quarter in 2019.

[2]Agreement to acquire Østerskogen 75. The transaction is expected to be closed during fourth quarter of 2019.

Financial statements Self Storage Group ASA

Parent company income statement

(Amounts in NOK 1 000)

	Note	For the year ended 31 December 2018	For the year ended 31 December 2017
Other revenue	12	13 951	12 028
Salary and other employee benefits	2	12 627	12 736
Depreciations	14, 15	176	56
Other operating expenses	11	7 249	13 067
Operating profit		**- 6 101**	**- 13 831**
Finance income	13	8 842	36 033
Finance expense	13	2 753	1 135
Net financials		**6 090**	**34 898**
Profit before tax		**- 11**	**21 066**
Income tax expense	3	108	3 107
Net profit for for the year		**- 119**	**17 960**
Proposed profit appropriation			
Retained earnings		- 119	17 960
Total appropriation		**- 119**	**17 960**

Parent company financial position

(Amounts in NOK 1 000)

	Note	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Intangible assets	14	1 376	493
Investment in subsidiaries	4	524 753	198 176
Loans to group companies	5	56 833	194 379
Property, plant and equipment	15	139	-
Total non-current assets		**583 101**	**393 047**
Current assets			
Trade and other receivables		340	680
Receivables from group companies	5	1 469	33 702
Other current assets		243	-
Cash and bank deposits	7	41 894	140 437
Total current assets		**43 945**	**174 820**
TOTAL ASSETS		**627 046**	**567 867**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	8, 10	6 573	6 369
Share premium	10	469 153	437 680
Retained earnings	10	18 335	18 454
Total equity		**494 061**	**462 503**
Liabilities			
Non-current liabilities			
Long-term interest-bearing debt	9, 16	118 023	89 553
Deferred tax liabilities	3	51	9
Total non-current liabilities		**118 075**	**89 562**
Current liabilities			
Short-term interest-bearing debt	16	11 750	4 750
Trade and other payables		602	1 688
Income tax payable		65	-
Other taxes and withholdings		805	998
Other current liabilities		1 689	8 366
Total current liabilities		**14 910**	**15 802**
Total liabilities		**132 985**	**105 364**
TOTAL EQUITY AND LIABILITIES		**627 046**	**567 867**

Self Storage Group ASA

Oslo, April 24th, 2019

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

Parent company Consolidated statement of cash flows

(Amounts in NOK 1 000)	Note	For the year ended 31 December 2018	For the year ended 31 December 2017
Cash flows from operating activities			
Profit before tax		- 11	21 066
Income tax paid		-	-
Interest not paid		221	490
Interest not received		- 317	- 2 515
Depreciation	14, 15	176	56
Group contribution	5, 13	-	- 32 830
Change in trade and other receivables		-	- 870
Change in receivables from group companies		- 597	-
Change in trade and other payables		- 1 087	1 020
Change in other current assets		97	- 41
Change in other current liabilities		- 91	2 631
Net cash flows from operating activities		**- 1 609**	**- 10 993**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		- 1 198	- 494
Net cash flow of loan to subsidiaries		- 147 137	- 191 864
Net cash outflow on acquisition of subsidiaries		- 16 680	- 120 104
Net cash flows from investing activities		**- 165 015**	**- 312 462**
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		-	287 416
Proceeds from borrowings	16	40 000	95 000
Group contribution and dividend from subsidiaries		32 830	81 043
Repayment of borrowings	16	- 4 750	- 1 188
Net cash flows from financing activities		**68 080**	**462 271**
Net change in cash and cash equivalents		- 98 543	138 816
Cash and cash equivalents at beginning of the period		140 437	205
Cash from merger with Selvaag Self-Storage AS		-	1 416
Cash and equivalents at end of period	**7**	**41 894**	**140 437**

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 includes 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 2018	For the year ended 31 December 2017
Salaries and wages	9 325	7 714
Social security tax	1 446	1 176
Pension expense	458	369
Other	1 398	3 477
Total salary and other employee benefits	**12 627**	**12 736**
Average number of full time equivalent employees	14.2	12.9

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 2018 is as follows:

	Salary and other benefits	Pension expense	Bonus	Total remuneration
CEO	518	17	-	535
Other key management*	2 124	105	128	2 357
Total key management remuneration	**2 642**	**122**	**128**	**2 892**

**Other key management consist of 2 persons. See note 10 in Notes to the consolidated financial statements*

Remuneration to Board of Directors

The remuneration paid to the Board of Directors in 2018 is as follows:

Name	Title	Fee
Martin Nes	Chairman of the Board	150
Gustav Søbak	Boardmember	100
Runar Vatne	Boardmember	100
Yvonne Sandvold	Boardmember	100
Caroline Folkeson Jensen	Boardmember (resigned 22.05.18)	100
Johan Henrik Krefting	Nomination Committee	7
Lars Christian Stugaard	Nomination Committee	13

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 2018	For the year ended 31 December 2017
Deferred tax expense	42	3 107
Current tax expense	65	-
Income tax expense	108	3 107

Income tax payable (balance sheet)	For the year ended 31 December 2018	For the year ended 31 December 2017
Income tax payable	65	-

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 2018	For the year ended 31 December 2017
Profit/(loss) before income tax	- 11	21 066
Statutory income tax rate	23%	24%
Expected income tax expense/(benefit)	- 3	5 056
Tax effect non deductible expenses	113	- 1 949
Effect of changes in tax rules and rates	- 2	-
Income tax expense/income for the year	**108**	**3 107**
Effective tax rate	-949%	15%

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 2018	For the year ended 31 December 2017
Property, plant and equipment	- 51	- 9
Deferred tax asset (liability)	**- 51**	**- 9**

Deferred tax has been calculated using a tax rate of 22 % for 2018 and 23 % for 2017. This is the tax rates enacted as at 31 December 2018 and 31 December 2017.

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	Parent company	Acquisition type	Country of operation	31 Dec 2018	31 Dec 2017
City Self-Storage A/S	Self-storage	28 Sep 2016	Self Storage Group ASA	Business combination	DK	100%	100%
City Self-Storage Norge AS	Self-storage	28 Sep 2016	Self Storage Group ASA	Business combination	NO	100%	100%
City Self-Storage Sverige AB	Self-storage	28 Sep 2016	Self Storage Group ASA	Business combination	SE	100%	100%
OK Minilager AS	Self-storage		Self Storage Group ASA	Asset acquisition	NO	100%	100%
OK Property	Real estate	31 Jan 2017	Self Storage Group ASA	Establishment	NO	100%	100%
Minilageret AS	Self-storage	30 Jun 2017	Self Storage Group ASA	Business combination	NO	*	100%
City Moving	Self-storage	13 Oct 2017	Self Storage Group ASA	Establishment	NO	**	100%
Minilager Norge AS	Self-storage	1 Jan 2018	Self Storage Group ASA	Business combination	NO	100%	
Hatcher Norge AS	Real estate	1 Jan 2018	Self Storage Group ASA	Business combination	NO	***	
Minilager Moss AS	Real estate	1 Jan 2018	Self Storage Group ASA	Business combination	NO	***	
Minilager Norge AS	Real estate	1 Jan 2018	Self Storage Group ASA	Business combination	NO	***	

For more information on the business combination in 2018, please refer to note 6.

** Minilageret AS was merged with OK Minilager AS in 2018*
*** City Moving AS was merged with City Self-Storage Norge AS in 2018*
**** Hatcher Norge AS, Minilager Moss AS and Minilager Norge AS were merged with OK Property AS in 2018*

Note 5 Balance with group companies

(Amounts in NOK 1 000)

Receivables	2018	2017
Loans to group companies	56 833	194 379
Accounts receivable	1 191	872
Other receivables	277	32 830
Sum	58 301	228 081
Payables	**2018**	**2017**
Accounts payable	-	-
Other liabilities	-	-
Sum	-	-

Other receivables in 2017 consist of Group contribution from subsidiaries.

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 2018	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ended 31 December 2017
Ferncliff Invest AS	-	-	375	1 875

Purchase from related party Ferncliff Invest AS in 2018 and 2017 consist of advisory services related to acquisition costs. There are no outstanding balances wih related parties as of 31 December 2017 and 2018.

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 2018	As at 31 December 2017
Cash	-	-
Employee withholding tax	388	638
Variable rate bank accounts	41 506	139 556
Deposits	-	243
Total cash and cash equivalents	**41 894**	**140 437**

Of the total balance in cash and cash equivalents, TNOK 388 (2017: TNOK 638) relate to restricted funds for employee withholding taxes. Deposits are reclassified to other current assets in 2018.

Note 8 Share capital and shareholders

(Amounts in NOK)

The share capital of NOK 6 573 671 consisted of 65 734 111 shares, each with a nominal value of NOK 0.10 at the end of 2018. All shares carry equal rights.

	For the year ended 31 December 2018	For the year ended 31 December 2017
Ordinary shares at beginning of period	63 695 284	3 945 500
Issue of ordinary shares from cash contribution	1 938 827	15 131 957
Issue of ordinary shares from exercising options	100 000	-
Issue of ordinary shares from non-cash contribution	-	1 485 714
Issue of share capital - transfer from retained earnings	-	43 132 113
Ordinary shares at 31 December	65 734 111	63 695 284

List of main shareholders at 31 December 2018:

Shareholder	Country	Number of shares	Ownership percentage
FEOK AS	Norway	12 220 000	18.6 %
CENTRUM SKILT AS	Norway	9 565 000	14.6 %
FABIAN HOLDING AS	Norway	9 565 000	14.6 %
FERNCLIFF INVEST AS	Norway	4 080 000	6.2 %
HOLTA INVEST AS	Norway	3 621 305	5.5 %
VATNE EQUITY AS	Norway	2 607 630	4.0 %
SKAGEN M2 VERDIPAPIRFOND	Norway	2 376 147	3.6 %
HSBC TTEE MARLB EUROPEAN TRUST	United Kingdom	1 605 815	2.4 %
EATS AS	Norway	1 567 398	2.4 %
VERDIPAPIRFONDET DNB SMB	Norway	1 487 462	2.3 %
FIDELITY INT REAL ESTATE FUND	United States	1 395 952	2.1 %
HANDELSBANK NORDISKA SMABOLAGSFOND	United Kingdom	1 200 000	1.8 %
STOREBRAND VEKST VERDIPAPIRFOND	United Kingdom	1 148 325	1.7 %
KLAVENESS MARINE FINANCE AS	Norway	1 084 245	1.6 %
DANSKE INVEST NORGE VEKST	Norway	1 071 428	1.6 %
TAALERI NORDIC VALUE EQUITY FUND	Norway	675 000	1.0 %
SABINUM AS	Norway	532 000	0.8 %
BERNT HOLDING AS	Norway	505 770	0.8 %
GRANDEUR PEAK GLOBAL REACH FUND	United States	481 500	0.7 %
CECILIE MARGRETHE BRÆND HEKNEBY	Norway	346 288	0.5 %
Other		8 597 846	13.1 %
Sum		**65 734 111**	**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	14.6 %
Gustav Søbak (Centrum Skilt AS)	Board member	9 565 000	14.6 %
Runar Vatne[1] (Vatne Equity AS)	Board member	2 607 630	4.0 %
Martin Nes[2]	Chairman of the Board	672 899	1.0 %
Cecilie Hekneby[3]	Chief Financial Officer	348 138	0.5 %
Lauras Melnikas	Growth Manager	184 750	0.3 %
Hans Isak Larsson	General Manager CSS	40 000	0.1 %

[1]Runar Vatne owns 100% of the shares in Vatne Capital AS. Vatne Capital AS owns 100% of the shares in Vatne Equity AS.
[2]Martin Nes owns 100% of the shares in Hanekamb Invest AS. Hanekamb Invest AS ownes 3.11% of the shares in Feok AS.
[3]Cecilie Hekneby and close relatives.

Note 9 Long-term liabilities and receivables

(Amounts in NOK 1 000)

The Company has the following long-term liabilities:	2018	2017
Handelsbanken	118 023	89 553
Total long-term liabilities	**118 023**	**89 553**

The Company has the following long-term receivables:	2018	2017
Long-term receivables from subsidiaries	56 833	194 379
Total long-term receivables	**56 833**	**194 379**

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 2017	**395**	**131 127**	**1 589**	**133 112**
Profit (loss) for the period	-	-	17 960	17 960
Issue of ordinary shares	1 661	306 553	-	308 214
Issue of share capital - transfer from retained earnings	4 313	-	- 4 313	-
Equity effect of merger	-	-	3 218	3 218
Balance at 31 December 2017	**6 369**	**437 680**	**18 454**	**462 503**
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

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 2018	For the year ended 31 December 2017
Audit fee	267	220
Other attest services	172	53
Total fee to auditor	**439**	**273**

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 2018	For the year ended 31 December 2017
Group contribution	-	32 830
Gain from transactions in foreign currency	289	42
Other finance income	8 553	3 160
Total finance income	**8 842**	**36 033**

Finance expense

	For the year ended 31 December 2018	For the year ended 31 December 2017
Loss from transactions in foreign currency	118	36
Interest cost	2 480	1 002
Other fees and charges	155	97
Total finance expense	**2 753**	**1 135**

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 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**

Year ended 31 December 2017	Intangible assets	Total
Cost at 1 January 2017	-	-
Additions through merger	55	55
Additions in the year	494	494
Disposals in the year	-	-
Cost at 31 Desember 2017	549	549
Accumulated depreciation at 1 January 2017	-	-
Depreciation in the year	56	56
Accumulated depreciation at 31 December 2017	56	56
Net carrying amount at 31 December 2017	**493**	**493**
Estimated useful life	3 year	
Depreciation method	straight-line	

Note 15 Property, plant and equipment

(Amounts in NOK 1 000)

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**

Year ended 31 December 2017	Operating and office equipment	Total
Cost at 1 January 2017	-	-
Additions in the year	-	-
Disposals in the year	-	-
Cost at 31 Desember 2017	-	-
Accumulated depreciation at 1 January 2017	-	-
Depreciation in the year	-	-
Accumulated depreciation at 31 December 2017	-	-
Net carrying amount at 31 December 2017	**-**	**-**
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 2018. 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 investment property at all times. As of 31 December 2018, the Group is not in breach of any of the covenants.

Trade and other payables are due within three months.

Specification of loans

	2017	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**			
	2 017	**Currency**	**Maturity date**	**Interest rate**
Handelsbanken	74 479	NOK	Dec-20	3 months NIBOR +1.45 %
Handelsbanken	19 824	NOK	Dec-20	3 months NIBOR +1.45 %
Total bank borrowings at amortised cost	**94 303**			

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**

Changes in liabilities arising from financing activities	Interest bearing borrowings
Opening balance 1 January 2017	-
Proceeds from borrowings	95 000
Interest expenses	1 002
Interests paid	- 511
Repayment of borrowing	- 1 188
Closing balance 31 December 2017	**94 303**

Statement by the Board of Directors

We confirm that the financial statements for the period 1 January up to and including 31 December 2018, 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 24th, 2019

sign	sign	sign
Martin Nes Chairman	Runar Vatne Board member	Gustav Sigmund Søbak Board member
sign	sign	sign
Ingrid Elvira Leisner Board member	Yvonne Litsheim Sandvold Board member	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 enhance the understanding of the Group's performance in addition to the financial information prepared in accordance with IFRS. The alternative performance measures may be presented on a basis that is different from other companies.

Operating profit before fair value adjustments

Presenting operating profit before fair value adjustments is useful to Self Storage Group as it provides a measure of profit before taking into account the movement in fair value of investment property and is useful to the Group for assessing operating performance.

Non-recurring costs

Extraordinary costs not likely to occur in the normal course of business in Self Storage Group are defined as non-recurring costs. Examples of non-recurring costs are costs related to the IPO in 2017, 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

- Adjusted costs: Lease expenses + property-related expenses + salary and other employee benefits + other operating expenses +/- identified items to be excluded from adjusted costs as described below
- EBIT: Operating profit before fair value adjustments
- Adjusted EBIT: EBIT +/- identified items to be excluded from adjusted EBIT as described below
- EBITDA: EBIT + depreciation, amortization and impairments
- Adjusted EBITDA: EBITDA +/- identified items to be excluded from adjusted EBITDA as described below + impairments
- Adjusted Profit before tax: Adjusted EBIT +/- change in fair value of investment properties +/- net finance
- Adjusted Net Profit: Adjusted Profit before tax +/- tax expense

SSG's non-financial APMs

- Current lettable area (CLA): Net area (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

Definition of APM

(NOK 1 000)	2018	2017
Lease expenses	71 451	72 842
Property-related expenses	25 425	22 152
Salary and other employee benefits	37 403	36 747
Other operating expenses	30 311	37 464
Non-recurring costs	1 942	11 253
Adjusted costs	**162 648**	**157 952**
Operating profit before fair value adjustments	63 244	35 677
EBIT	63 244	35 677
Non-recurring costs	1 942	11 253
Adjusted EBIT	65 186	46 930
Change in fair value of investment properties	38 223	29 831
Adjusted Profit before tax	100 288	73 468
Tax	19 228	13 767
Adjusted Net profit	**81 060**	**59 701**
Operating profit before fair value adjustments	63 244	35 677
Depreciation	10 527	7 261
EBITDA	73 771	42 938
Non-recurring costs	1 942	11 253
Adjusted EBITDA	**75 713**	**54 191**

Non-recurring costs

Costs related to IPO	-	6 947
Acquisition costs	640	2 503
Share option	-	1 803
Restructuring of legal structure	390	-
First time value assessment of freehold portfolio	199	-
Severence packages	713	-
Sum non-recurring costs	**1 942**	**11 253**

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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 financial positions as at 31 December 2018, the income statements 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 financial position as at 31 December 2018, the statements of total 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 of the parent company present fairly, in all material respects, the financial position of the parent company as at 31 December 2018, 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 2018 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 2018. 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 investment property

The investment properties in the consolidated financial statements of Self Storage Group ASA are recognized at fair value, amounting to NOK 524.5 million, equal to 62 % of the consolidated statement of financial position as of 31 December 2018. The change in fair value of investment properties recorded in the income statement amounted to NOK 38.2 million in 2018. The Group used an external appraiser to value the properties. The valuation of the Group's investment properties is dependent on a range of estimates such as rental income and yield. The valuation of the Group's investment properties 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 investment properties 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 of investment property. Further, we tested the mathematical accuracy of the valuation model.

We refer to the Company's disclosures included in Note 2 significant accounting principles (section Investment Property) and note 9 Investment Property in the consolidated financial statements about the valuation model, key assumptions and estimation uncertainty.

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, 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, 24 April 2019
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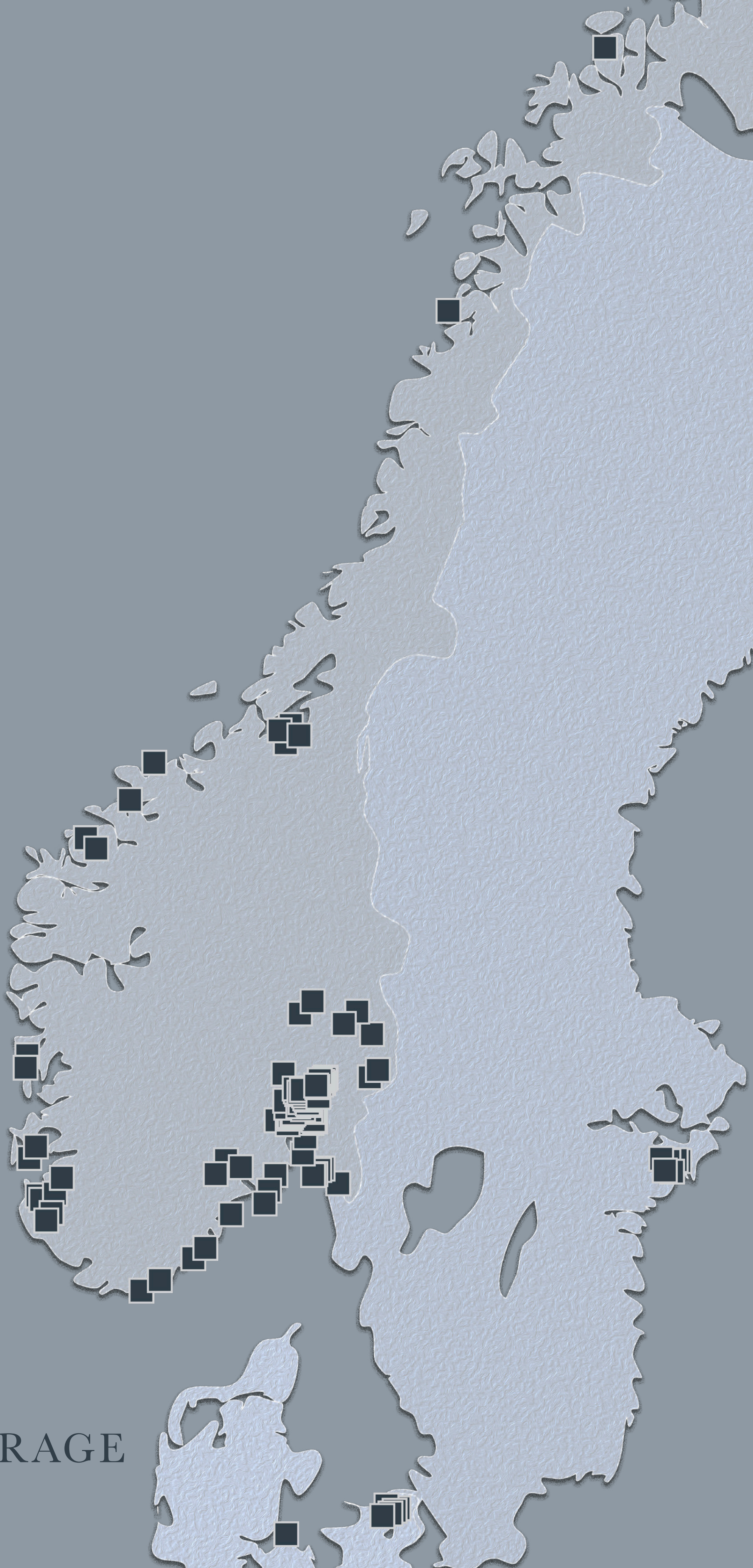
The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)



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