

Taking the next step

Acquisition of Eurobox and two properties in Oslo

25 June 2019



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AGENDA

1

Introduction to the acquisitions

2

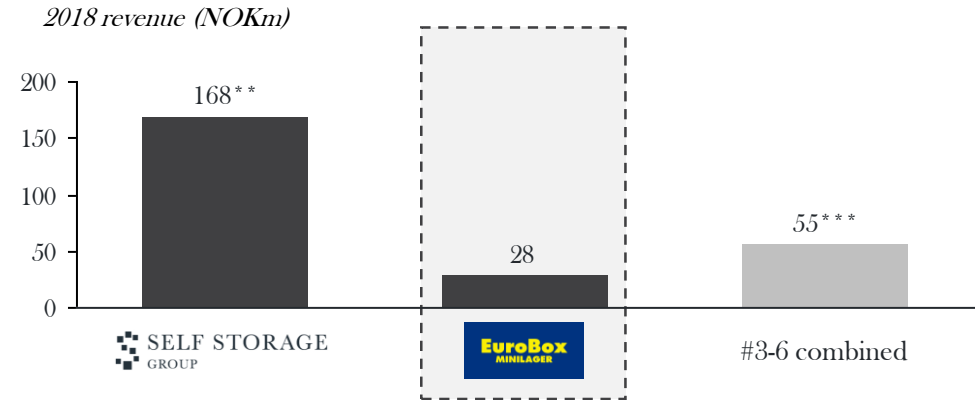
Appendix

Acquiring Eurobox AS – Norway's #2 self storage player

Eurobox acquisition

- Enterprise Value of NOK 320m
 - NOK 75m settled in SSG consideration shares
 - NOK 141m debt potential*
- Eurobox represents a significant addition to SSG's freehold portfolio
 - 61% of portfolio is freehold with substantial expansion potential
- Option to acquire neighboring building at Billingstad for NOK 31.5m, with a CLA potential of 3,150m²
- In line with SSG's M&A strategy of strengthening market position and gaining attractive assets with further development potential

Strengthening the #1 position in Norway



Eurobox in numbers

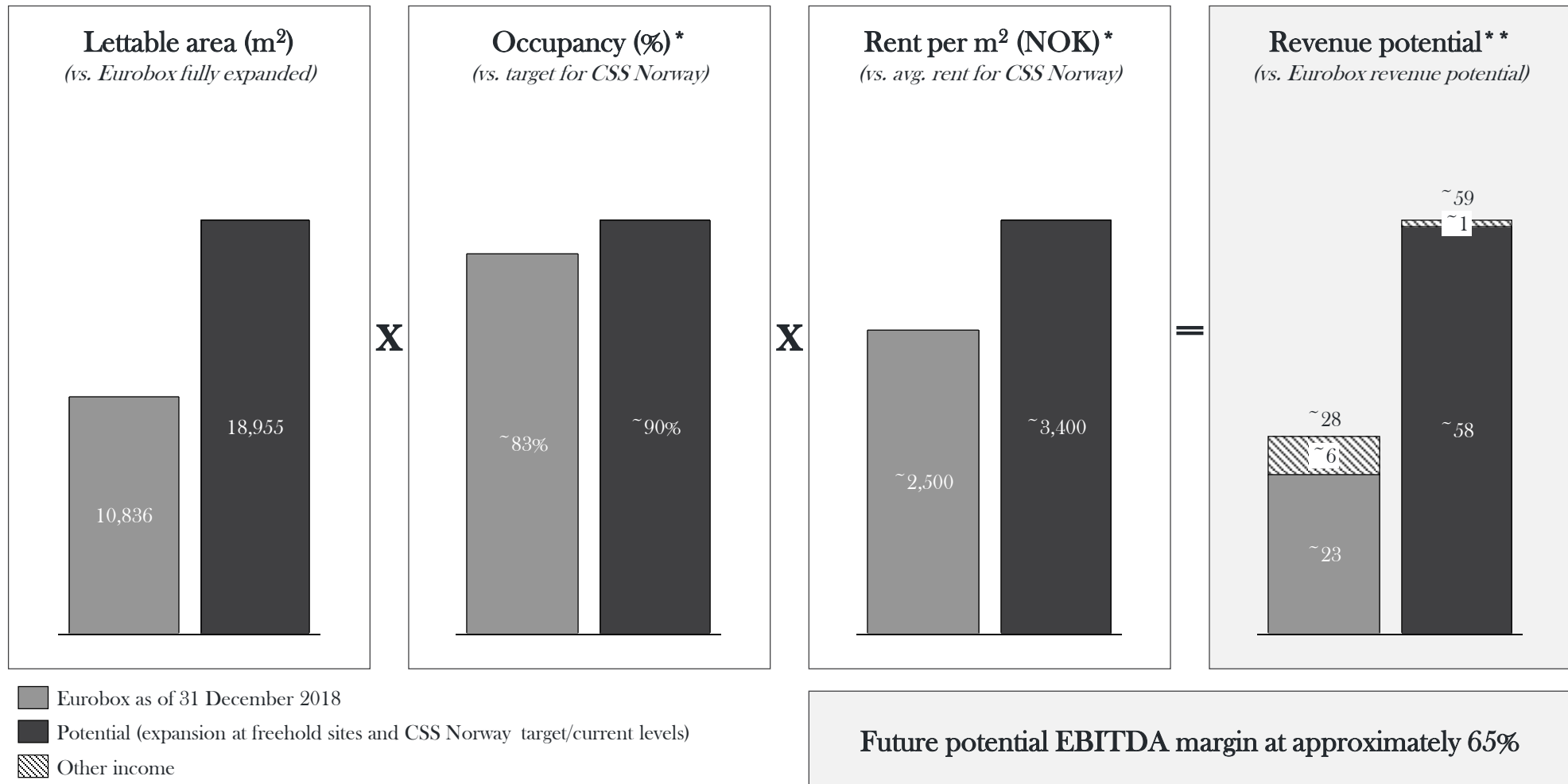
NOK 28.3m Revenue 2018	10,836 m ² Current lettable area	19,450 m ² Gross owned area
NOK 11.7m EBITDA 2018	8,119 m ² CLA expansion potential****	1,912 Storage rooms

Four locations in the Oslo-area



Note: *Assuming 60% leverage on acquired investment property, **Revenues for Norway, *** 2017 revenues if no 2018 numbers available, **** Including CLA potential from option to acquire neighboring building at Billingstad

Significant revenue potential in Eurobox...



Note: ^{*}Average occupancy and rent pr m² for sites with more than 12 months of operation in NOK

^{**} Comprising revenue from renting out storage units (solid grey) and other income (shaded grey)

...combined with the acquisition of two other attractive properties centrally located in Oslo...

Kalbakken (Østre Aker vei 101)



Property value	NOK 55m
Expected rent levels	Average CSS levels
Current income	NOK 3.4m
Gross property	4,700m ²
CLA	3,000m ²

- Located alongside Østre Aker vei, with ~23,000 vehicles passing every day
- Feasibility study conducted for expanding the property with an extra floor
- Great visibility and easy access from main roads
- Transaction status: Bid acceptance, closure subject to due diligence and board approval

Skøyen (Hovfaret 11)

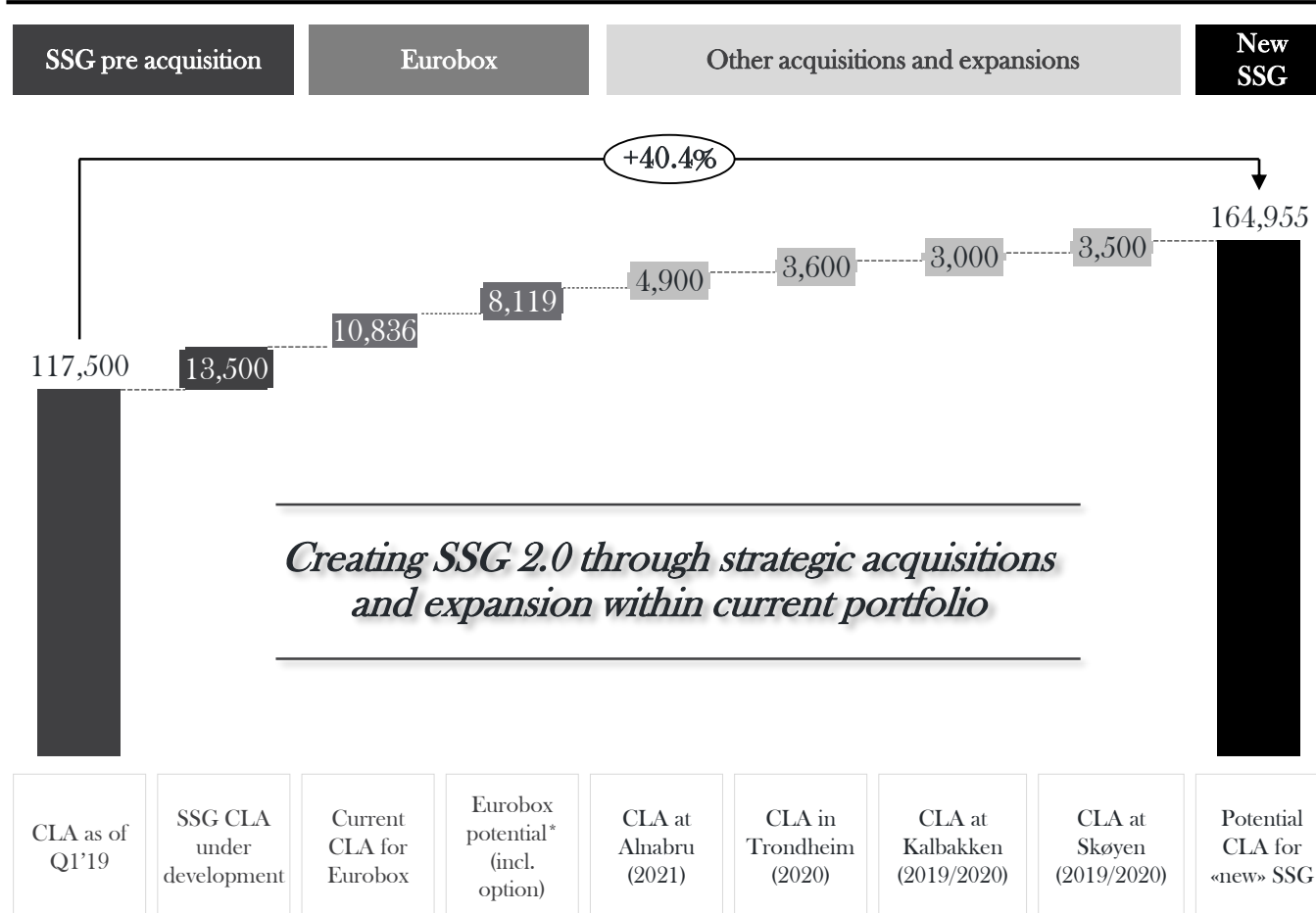


Property value	NOK 145m
Expected rent levels	Above average CSS levels
Current income	NOK 0m
Gross property	5,600 m ²
CLA	3,500 m ²

- Located at Skøyen, an attractive commercial hub with a significant catchment area
- An attractive market opportunity in Oslo West with a higher income demographic
- Low penetration of self storage and high entry barriers in Oslo West
- Transaction status: Bid acceptance, closure subject to due diligence and board approval

...provides SSG with a significant CLA potential

Rapidly expanding current lettable area



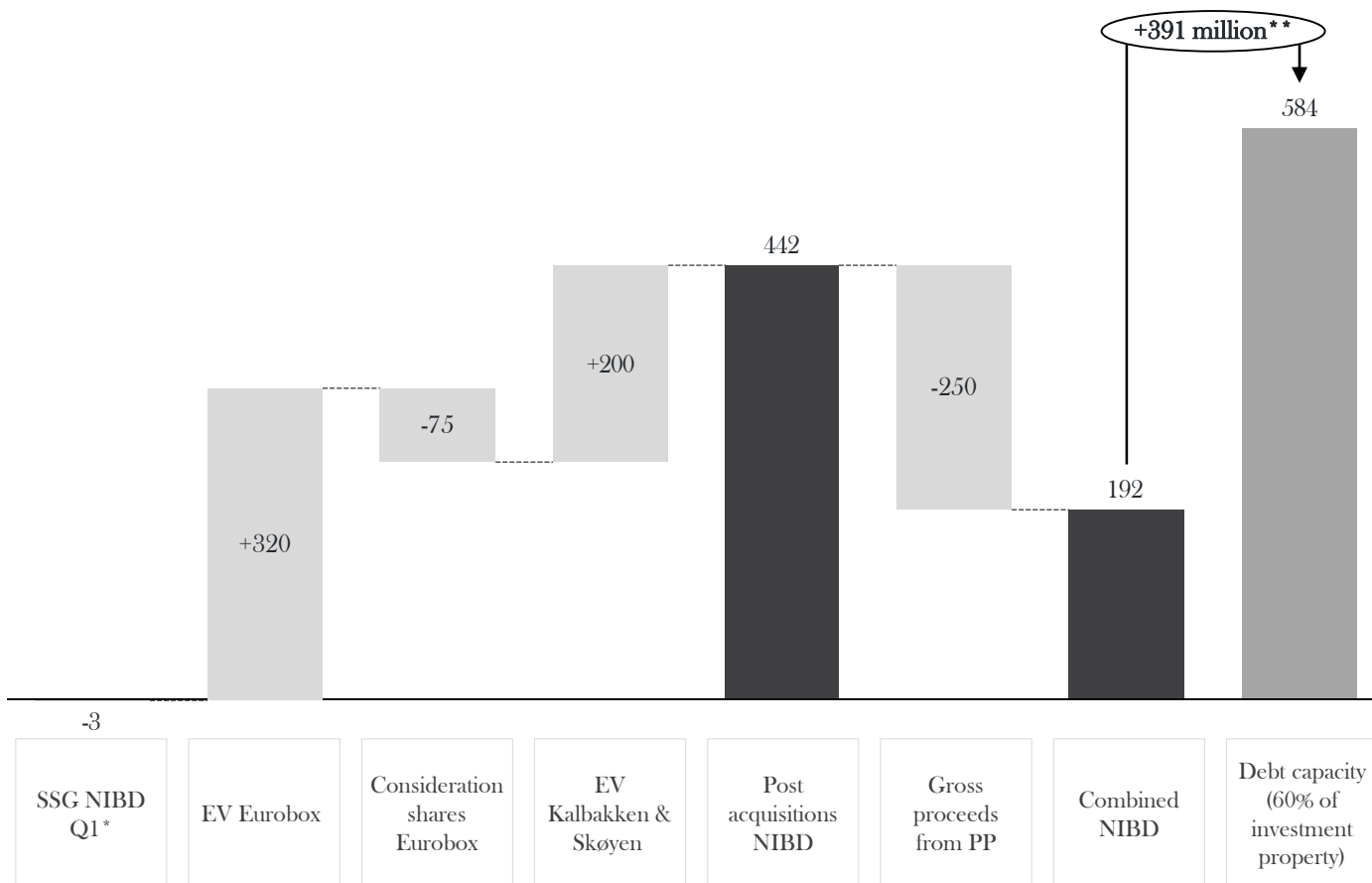
Comments

- Significant potential for expansion of Eurobox facilities as well as within the current SSG portfolio
- Capital structure allows for further expansion and to exercise option at Billingstad
- 13,500m² under development within current SSG portfolio
- 8,119m² of expansion potential at acquired Eurobox facilities
- 8,500m² of additional lettable area unlocked by developing existing greenfield projects at Alnabru and in Trondheim
- 6,500m² from ongoing acquisitions of properties at Kalbakken and Skøyen
- Current expected annual organic growth of 10 000+m²

Note: *CLA potential at Nedre Eikervei and Austadgata currently partly rented to external companies

Increasing financial leverage but maintaining substantial financial flexibility for further expansion

NOK ~400m available combined net debt capacity**

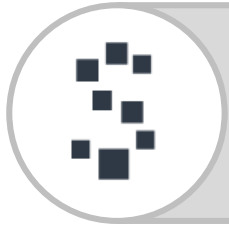


Commentary

- At Q1 2019, SSG had negative net interest bearing debt of NOK ~2.7 million (excluding leasing liabilities)
- Following the acquisition of Eurobox, Kalbakken, Skøyen and the contemplated private placement, the estimated combined net debt amounts to NOK 192 million
- Excess net debt capacity** of NOK ~400 million under the Company's existing loan facilities, which allows for a gross LTV of 60%, corresponding to NOK ~584 million
- Remaining financial flexibility to act on pipeline of potential acquisitions of companies and properties

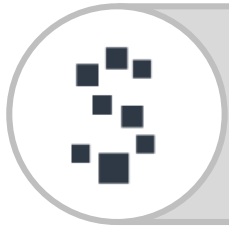
Note: *Excluding leasing debt, **Net debt capacity = Gross debt capacity + cash

Rationale for acquiring Eurobox AS



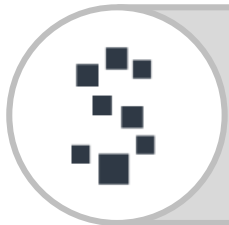
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- *Strengthening the leading Norwegian #1 position and increasing scale in line with SSG's M&A strategy*



2

- *Significant revenue potential by rebranding to CSS and taking advantage of expansion potential in freehold facilities*



3

- *Attractive locations with good visibility and further value creation opportunities through CLA expansion and synergies*

Key Risks to the SSG investment case

Operational risks

- The storage industry is highly competitive. The market is fragmented with a wide range of competitors. The industry includes numerous regional and local companies, of varying sizes and financial resources. Additionally, the Company may face increased competition from foreign companies, with greater financial and other resources
- The Company's storage facilities and the assets stored by customers may be subject to fire, break-ins, water leakage and other damaging events outside SSGs control. Although the Company maintains general liability insurance coverage and professional indemnity insurance coverage, amounts may not be covered
- The Company may make strategic acquisitions to support growth and profitability. Such acquisitions may be unsuccessful. In any such acquisition there are risks that the Company's assessment of and assumptions regarding acquisition targets may prove to be incorrect, and actual developments may differ significantly from expectations. Further, the Company may not be able to integrate acquisitions successfully and such integration may require greater investment than anticipated, and the Company could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, authorities and other parties
- Changes in laws and regulations regulating the Company's business or operations may impose more onerous obligations on the Company and limit its profitability, including increasing the costs associated with the Company's compliance with such laws and regulations

Financing risks

- The Company may in the future require additional funds in order to execute its business strategy, or for other purposes. Adequate sources of funds may not be available, or available at acceptable terms and conditions, when the Company needs it. If the Company raises additional funds by issuing additional shares or other equity or equity-linked securities, it may result in a dilution of the holdings of existing shareholders. If adequate funds are not available on a timely basis, the Company may need to scale back, sell or eliminate certain of its assets and/or activities

Risks relating to the Shares

- The Shares may not be a suitable investment for all investors. An investment in the Company's shares involves risk of loss of capital. The market value of the shares may fluctuate significantly in response to a number of factors beyond the Company's control
- The Company may in the future decide to offer additional Shares or other securities in order to finance its operation or service its debt, in connection with unanticipated liabilities or expenses, or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to subscribe for or purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, holdings and voting interests of existing shareholders could be diluted
- Beneficial owners of the Shares registered in a nominee account (through brokers, dealers or other third parties) could be unable to exercise their voting rights for such Shares, unless their ownership is re-registered in their names with the VPS prior to any general meeting of shareholders. There is no assurance that beneficial owners of the Shares will receive the notice of any such general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners
- Pre-emptive rights to secure and pay for Shares in additional issuance could be unavailable to U.S. or other shareholders, and investors may be unable to exercise voting rights for shares registered in a nominee account

AGENDA

1

Introduction to the acquisitions

2

Appendix

Size has a value in itself and SSG will have strong platform with better visibility and potential for future growth



Positive effects of consolidation

Combing the two leading providers

i

Strengthening market share, foothold and entry barriers in the Norwegian market by combining the two leading self-storage providers

ii

Combining SSG and Eurobox will have synergy effects on both revenues and costs

iii

Increasing marketing impact throughout the group by adding prime locations with excellent visibility

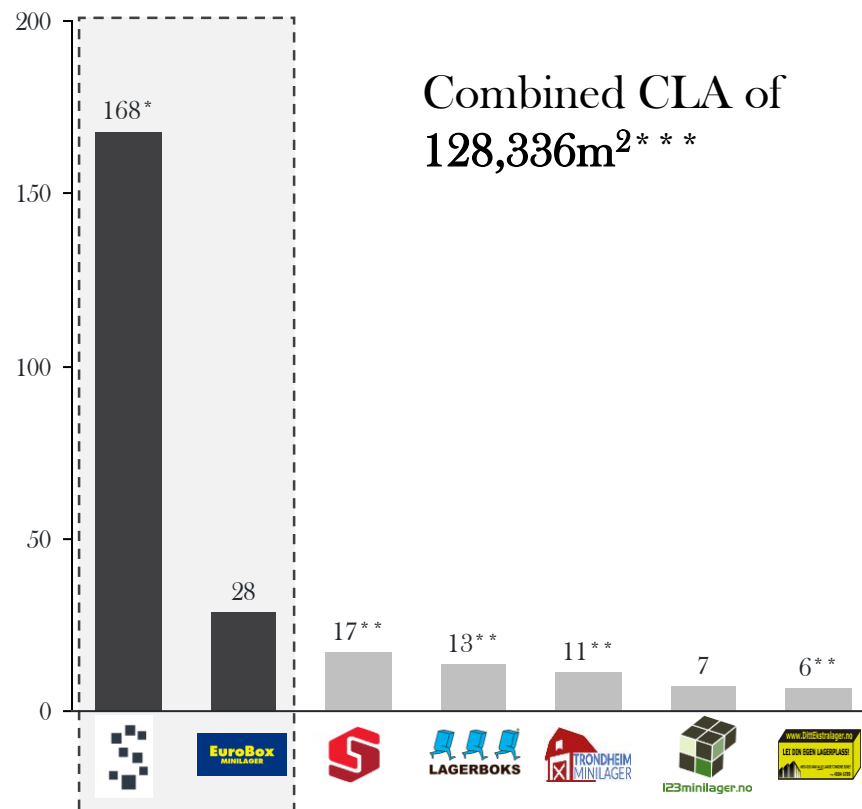
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Strengthening SSG's Greater Oslo area cluster with four more facilities

v

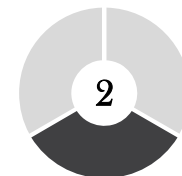
Larger size should have a positive effect towards banks and various capital markets

2018 revenue
(NOKm)



Note: *Revenues for Norway, **2017 revenues, ***As of 31.03.2019

The Eurobox acquisition gives a satisfactory capital return based solely on the current run-rate



Free cash flow to equity



Current equity capital base



FCF yield

	Eurobox Freehold	Eurobox Leasehold (10 year contract*)	Potential after rebranding to City Self-Storage
CLA run-rate within 2019	8,303	4,273	18,955
Price/m ²	~2,150	~3,000	~3,400 (average CSS)
Occupancy	~76%	93%	Target 90%
Other revenues	NOK 5.5m	NOK 0m	Lower from conversion
COGS + Opex	~30% of revenues*	~50% of revenues**	Some cost synergies
Interest rate	To be refinanced	To be refinanced	Bank financing at NIBOR + 145bps
Tax	Norwegian corporate tax rate	Norwegian corporate tax rate	Norwegian corporate tax rate

ENTERPRISE VALUE
NOK 320m

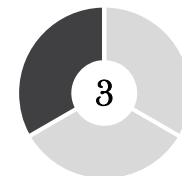


DEBT
NOK 141m***

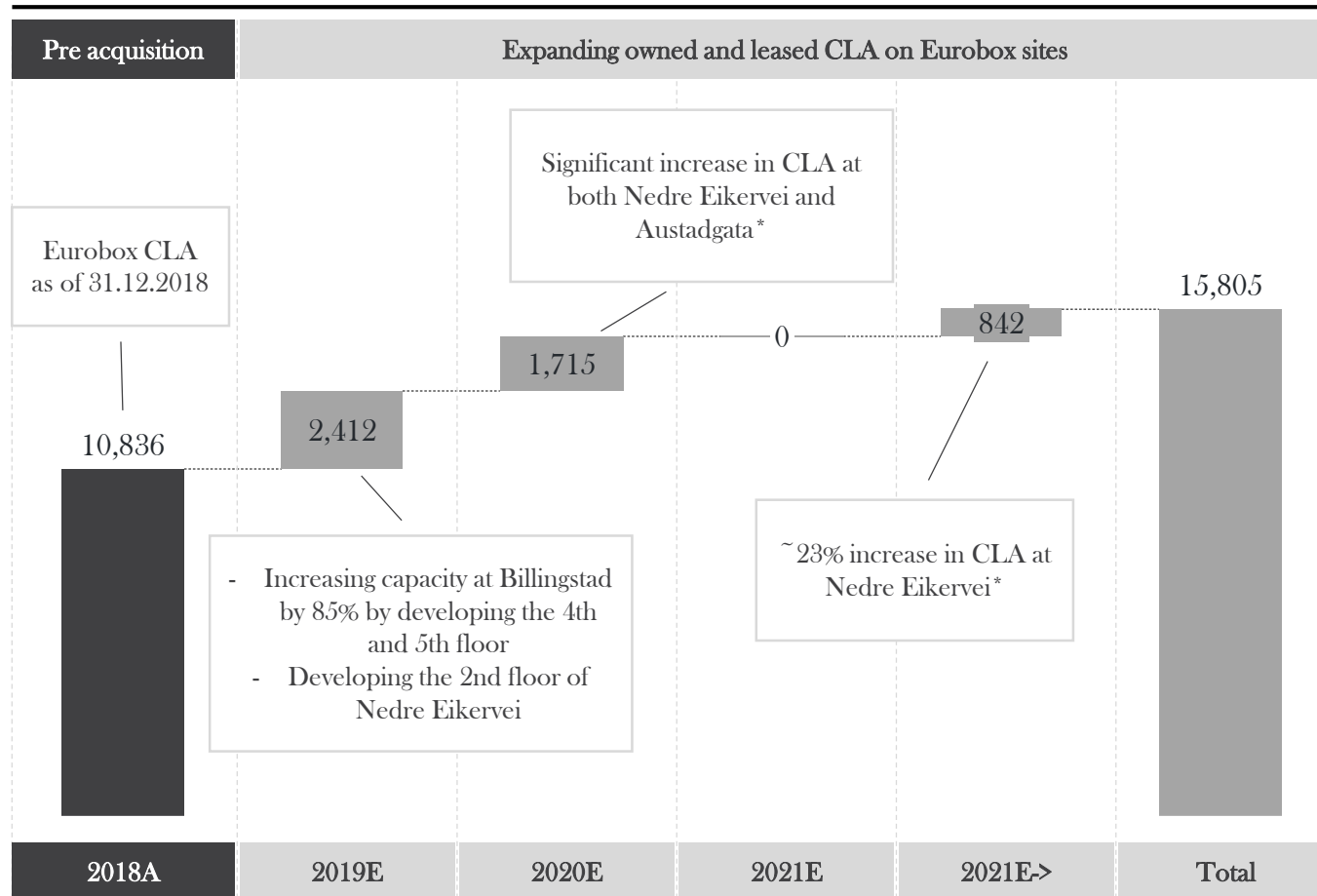
Healthy ROE on current running business

Note: *SSG freehold margin, **Given current prices and renegotiated lease contract, ***Assuming 60% leverage on acquired investment property

Value development potential within the current portfolio of properties...



Expanding current lettable area at the acquired sites

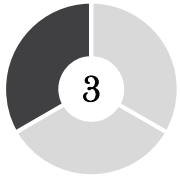


Comments

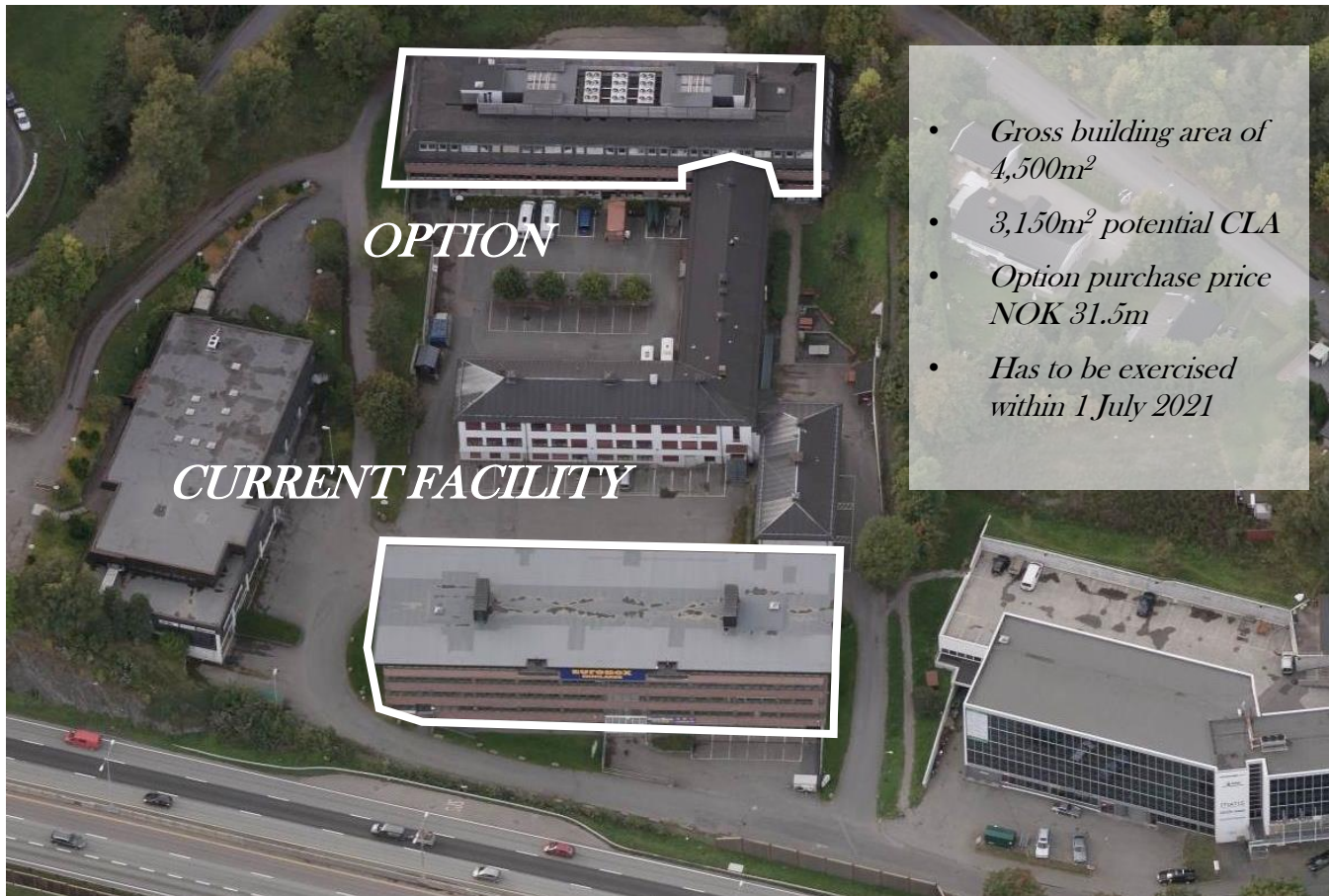
- There is significant potential for expansion at the acquired Eurobox facilities
- SSG should be able to convert area with alternative and less profitable use to lettable area
- Owned and leased CLA of 10,836m² as of 31 December 2018
- Additional capacity of almost ~5,000m² has been identified, of which ~2,400m² at Billingstad and Nedre Eikervei developed within 2019
- Further upside potential from utilising more of the 19,450m² of gross area across all properties

Note: *Currently partly rented to external companies

...and the option to acquire a second facility at Billingstad at attractive terms positions SSG for further growth







Option to acquire second building at Billingstad



Comments

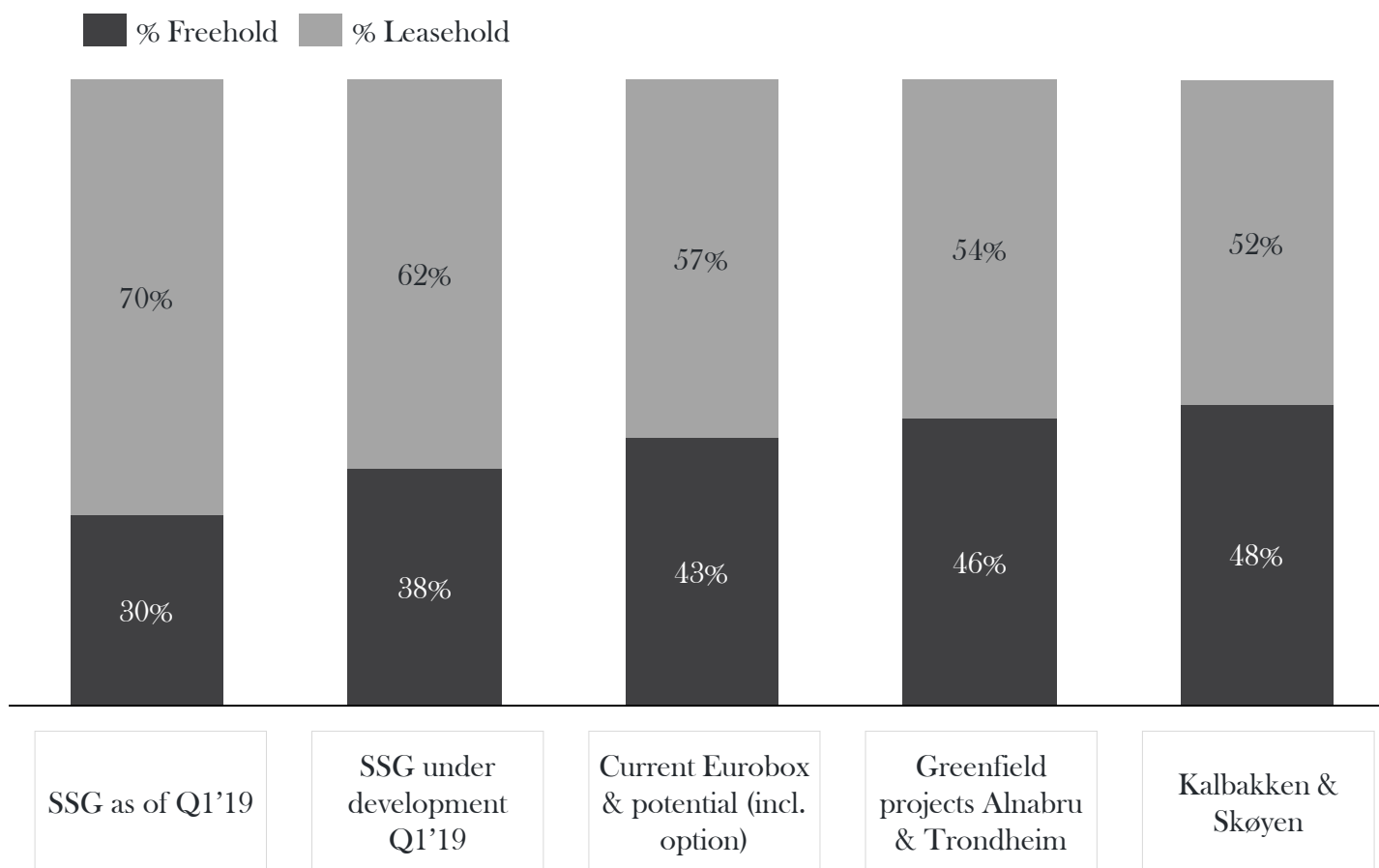
- Current facility at Billingstad comes with option to acquire neighboring building
- Exercising the option should contribute significantly to the earnings potential of the Eurobox properties
- Facility ideally located alongside E18, one of the most densely trafficked highways in all of Norway, with 80-90,000 vehicles passing every day

Four properties attractively situated in the Greater Oslo area

Owned property			Rented property
Gulskogen (Nedre Eiker vei 37A)	Billingstad (Billingstadsletta 91)	Strømsø (Austadgata 18)	Adamstuen (General Birchs gate 16)
			
<ul style="list-style-type: none"> Plot: 6,556m² Gross property: 7,600m² CLA: 2,126m² CLA potential: 2,389m² # of storage rooms: 370 Property is rented to a fitness center and offices in addition to self storage Facility located in Drammen alongside Nedre Eiker vei, with 9-10,000 vehicles passing every day 	<ul style="list-style-type: none"> Plot: 3,500m² Gross property: 5,850m² CLA: 2,060m² CLA potential: 1,740m² currently owned + option to acquire 3,150m² CLA in the neighboring building # of storage rooms: 381 Facility located alongside E18, one of the most densely trafficked highway in all of Norway, with 80-90,000 vehicles passing every day 	<ul style="list-style-type: none"> Plot: 7,283m² Gross property: 6,000m² CLA: 2,377m² CLA potential: 840m² # of storage rooms: 419 Property is rented to a car washing company and a store in addition to self storage Facility located in Drammen, alongside Bjørnsterne Bjørnsons gate, with 27-28,000 vehicles passing every day 	<ul style="list-style-type: none"> Plot: n.a. Gross property: 6,920m² CLA: 4,273 # storage rooms: 742 Remaining lease of ~10 years Facility located centrally in Oslo at Adamstuen, alongside General Birchs gate, with 3-4,000 vehicles passing every day

Rapid growth in share of freehold CLA following Eurobox and the two properties in Oslo

% freehold CLA after transactions and current SSG expansion plan



Comments

- Increasing share of freehold from 30% to 48% following the current SSG expansion plan, in addition to the Eurobox acquisition and the two property transactions at Kalbakken and Skøyen
- Current expected annual organic growth of 10 000+m², which could increase SSG's share of freehold even further
- SSG's gross owned property value of 76,600m² as of Q1'19 to increase with 29,750m² from acquisitions:
 - Eurobox: 19,450m²
 - Kalbakken: 4,700m²
 - Skøyen: 5,600m²

