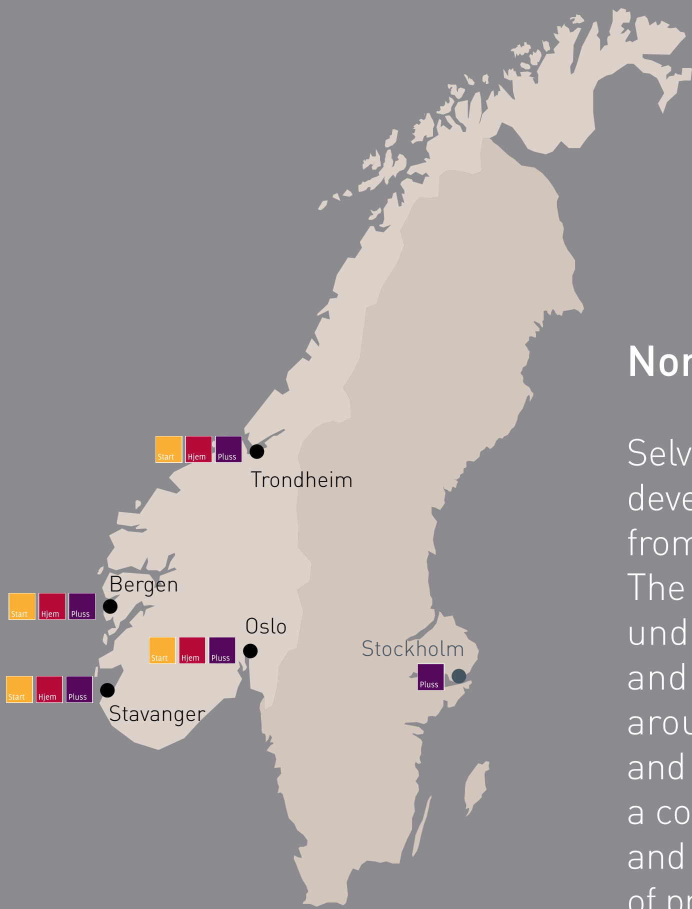
SELVAAG BOLIG

2014

ANNUAL REPORT

SELVAAG BOLIG



Norway's leading housebuilder

Selvaag Bolig ASA is a residential property developer controlling the entire value chain from acquisition of land to sale of homes. The company has several thousand homes under development at any given time, and focuses on the growth areas in and around Greater Oslo, Bergen, Stavanger and Trondheim. Selvaag Bolig represents a continuation of Selvaag's 60-year history and experience, and offers a broad variety of property types marketed under the brand names Start, Hjem and Pluss. The company is headquartered at Ullern in Oslo.

www.selvaagboligasa.no/en

Contents

Organisation and board
4 CEO letter
7 Organisation
8 Selvaag Bolig – the business
12 Corporate governance
18 Corporate social responsibility

Financial: group
20 Directors' report
26 Statement of comprehensive income
27 Statement of financial position
28 Statement of changes in equity
29 Statement of cash flows
30 Notes

Auditor's report
60 Auditor's report

Strong sales and solid results

Positive house sales, strong results and a number of good land purchases during 2014 confirmed our position as one of Norway's leading and profitable housing developers.

Sales of new homes weakened sharply in late 2013 and, as expected, early 2014 proved very challenging. Despite the slow start, however, we sold 886 homes in 2014 – almost 150 more than the year before.

The market was fully recovered by April, and the last nine months of 2014 accounted for 93 per cent of total sales for the year. No less than 886 dwellings worth more than NOK 3 billion were sold. We started building 757 homes during the year, and completed 923. At 31 December, we had 1 308 units with a sales value of NOK 4.7 billion under construction. No less than 77 per cent of these were sold, which means we can look forward to substantial value creation.

We have always said that our company is particularly well equipped to cope with market fluctuations. The quiet period around the beginning of 2014 demonstrated the truth of this. While a decline in housing starts was reported, we secured sufficient advance sales to be able to start building. And we also felt the effects of the market recovery earlier than our competitors. That means our strategy is proving successful. Our average prices are lower than our competitors can offer, we are only present in Norway's four major conurbations where urbanisation and housebuilding remain high, we are lightly staffed, we concentrate solely on housebuilding and all our construction activity is put out to competitive tender.

Already well established in Oslo, Stavanger and Bergen, we started sales for our first housing project in Trondheim during 2014. This project, located at Lade and covering more than 200 homes, was very well received in the market. We are thereby present in Norway's four biggest conurbations, where the need for new homes is greatest, and now have a solid land bank for more than 11 000 homes.

However, trends in 2014 showed that the various areas we operate in develop along their own lines and that big local differences exist between these markets. While growth was strong and sales good in Bergen, Trondheim and Greater Oslo, the Stavanger market proved more challenging. That reflected particular uncertainty among housebuyers in Rogaland county over their own financial prospects as well as a big supply of new and second-hand homes. We believe that 2015 could be a turbulent year in the Stavanger area, but that conditions will revert to normal by 2016.

We must nevertheless emphasise that our most important market is Greater Oslo, where population growth and housing demand are at record levels. About 80 per cent of our land portfolio is located in and around Greater Oslo, and we continued to strengthen our presence here over the past year and during early 2015. That includes the acquisition of sites for more than 400 homes at Økern, 400 at Løren and 150 at Fornebu. In addition comes a large site in Oslo which could accommodate about 350 homes. In other words, we are very well equipped to derive the maximum benefit from future growth. We have a solid land bank, deliver very good results and have a sound foundation for growth.

Our company has made great progress since it was established in 2008. Annual turnover tripled to NOK 3 billion up to 2012, and our profit margin rose from six to 13 per cent. Although we will be continuing to grow, the scope also exists for distributing a slice of our profits to shareholders. A dividend of 0.50 per share was already paid for 2013, two years before schedule. The board has recommended a payment of NOK 1.20 per share for 2014. This reflects not only, as outlined above, the good financial results over time and a high level of value creation but also the fact that our solid financial position improved markedly during 2014. At 1 January 2015, we are well equipped to strengthen our market position and achieve our long-term ambition of delivering more homes. We are looking forward to continued progress.

Baard Schumann,
CEO

The executive management of Selvaag Bolig ASA: Baard Schumann, Sverre Molvik, Halvard Kverne, Petter Cedell, Øystein Klungland, Bård Teigland and Kristoffer Gregersen.

Board

Baard Schumann
Group CEO *

Kristoffer Gregersen
Vice president communications *

Sverre Molvik
CFO *

Petter Cedell
Vice president property investment *

Bård Teigland
Vice president sales and marketing *

Halvard Kverne
Vice president port-folio management *

Øystein Klungland
Vice president port-folio management *

Anders Haavik
General manager Pluss Service **

Executive management at 1 April 2015

* Member of the executive management
** Reports directly to the president and CEO

Selvaag Bolig – the business

Business model/strategy

Selvaag Bolig is a housing development company which offers homes tailored for specific customer groups in the growth areas in and around Greater Oslo, Bergen, Stavanger, Trondheim and Stockholm. By offering good housing at competitive prices, the company will give as many people as possible, in all phases of their lives, the opportunity to own a home. The company does not have an in-house construction arm and concentrates solely on developing large housing projects. That reduces risk and improves prices

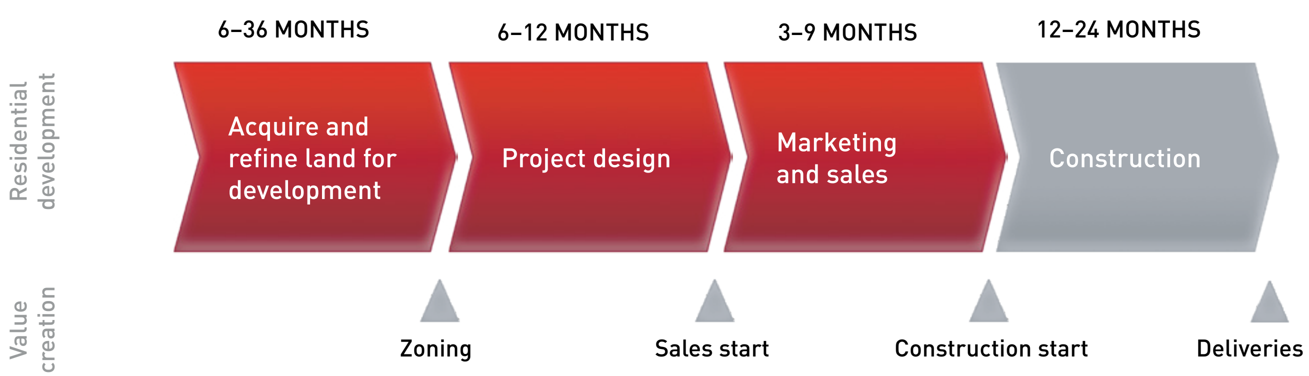
Housing concepts tailored to the market

Through its Start, Hjem (Home) and Pluss concepts, Selvaag Bolig offers homes tailored to different target groups with varying needs and preferences. It also develops housing projects which combine the various concepts. That provides a range tailored to the market and helps to optimise the sales and income profile of each project.

Competitive tendering for all contracts

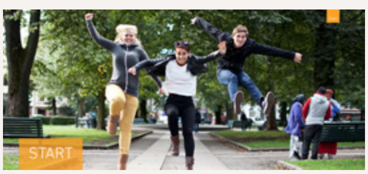
Selvaag Bolig takes an effective approach to housebuilding. This has helped to position it as a cost-effective player, well equipped to meet possible fluctuations in the housing market. The company is solely a developer, without its own construction organisation. This means it manages the whole value chain from the purchase of land to the sale of turnkey homes, and all construction activity is subject to competitive tendering. That approach offers several advantages.

- Fewer employees: Selvaag Bolig employs about 80 people in its core business. A small organisation boosts cost efficiency.
- Better prices: by obtaining tenders from several contractors, the company always gets the right price.
- Less capital tied up and lower execution risk: both tied-up capital and execution risk in the construction phase are reduced.
- Lower market risk: Selvaag Bolig avoids big staffing adjustments in the event of market fluctuations.
- Right expertise at all times: construction companies vary in the areas where they have their leading-edge expertise. Selvaag Bolig collaborates with the contractors who can overcome the challenges in the best possible way.
- Improved capacity: the company mobilises the capacity it needs at any given time, and avoids capacity problems when several projects are to be built at the same time.



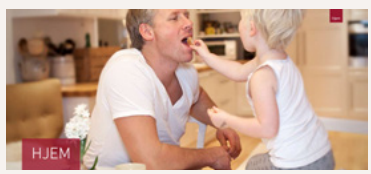
Start

- Space-efficient two- and three-room apartments
- In and around the big cities
- Modular and site-built
- Aimed at young first-time buyers



Hjem

- Flats and small houses in and around the big cities
- Established housing solutions with solid quality and the emphasis on the living environment
- Modular and site-built
- Single people and couples of all ages, with and without children



Pluss

- Flats in central and attractive locations in big cities
- High quality and standard, with a service concept
- Site-built
- Aimed at well-off people who value comfort and convenience

Value drivers

In addition to subjecting construction to competitive tendering, Selvaag Bolig's strategy for buying and developing new sites is central to value creation at the company. Its existing land bank is large enough to ensure a high level of activity in the time to come. That allows the company to be selective in choosing new sites, and particularly to be critical about the way such land fits with the existing portfolio while also meeting the market requirements prevailing at any given time for location, size, price and development potential.

The company's sales strategy played a key role in its good progress during 2014. Segmentation of housing schemes and optimising composite projects which bring together various housing concepts have yielded positive sales and a favourable selling pace. Selvaag Bolig normally seeks to sell 60 per cent of a project within a six-month sales period. That pace indicates that the price is "appropriate".

Furthermore, the attention devoted to detailed planning, standardisation, duplication of projects and strategic land development helps to provide low construction costs and good project margins for the company and sensible housing prices for end customers. Selvaag Bolig sets high internal standards for quality at every level, and has extensive quality requirements for products and operations at its sub-contractors. That helps to reduce the risk of errors in the projects, and to ensure that all homes are good in technical terms and energy-efficient.

Goals

Selvaag Bolig aims to be Norway's leading housebuilder, and has a long-term goal of delivering 1 500 homes per year. Long-term growth will not reduce profitability or increase financial risk. The company is experiencing generally good demand in its projects, and sees that its strategy helps to secure its position as market leader and to strengthen its competitiveness.

Dividend policy

Selvaag Bolig's aim is to manage the group's resources so that shareholders secure a return, in the form of dividend and the rise in the share price. This return should be competitive with other investments. The company's long-term goal is to pay a dividend of up to 50 per cent of its net profit.

Risk management

Selvaag Bolig works actively to minimise the risk of cost overruns and delays in ongoing projects. Risk is minimised by entering into turnkey contracts with solid construction companies which are well financed, possess a high level of expertise, and can document the ability to deliver. The contractor is responsible for delivering the project at the agreed time and price. In addition, the greater proportion of the project cost is assured by the fact that building does not begin until advance sales reach 60 per cent. Furthermore, a high degree of standardisation, combined with considerable detailing in the specifications to contractors, reduces the risk of delays in the construction process. Repetitive production of standardised projects involves continuous learning at the contractors and contributes to ever more efficient project execution while further reducing the risk of errors and delays.

External risk factors

Macro-economic conditions for Norway are good, with low interest rates, low unemployment and a high level of purchasing power in households. Combined with high population growth and insufficient housebuilding in areas experiencing growth pressures, this contributes to a big need for new housing.

However, experience from earlier years indicates that negative shifts could occur in demand despite solid underlying market conditions. This is often because consumer perceptions of the market may be out of step with actual conditions.

Key figures

Selvaag Bolig sold 886 homes in 2014. Construction started on 757 units, and 861 were delivered to customers. At 31 December, the company had 1 308 homes under construction.

The company has an expressed goal of achieving a project margin of 12 per cent for site-built homes and 16 per cent for modular buildings.

(amounts in NOK 1 000)	**2014**	**2013**
Operating revenues	2 945 246	2 196 964
Operating profit	365 712	266 971
Pre-tax profit/(loss)	348 706	236 988
Interest-bearing debt	2 711 919	2 785 215
Total assets	6 214 244	5 969 849
Equity ratio	39,5%	37,8%
Total units sold	886	740
Total units started	757	1 083
Total units delivered	861	687
Total units completed	923	678

Corporate governance in Selvaag Bolig

Selvaag Bolig wishes to maintain a high standard of corporate governance. This strengthens confidence in the company, and contributes to long-term value creation by regulating the division of roles between shareholders, board and executive management over and above legal and regulatory requirements.

Corporate governance in Selvaag Bolig is based on the following main principles.

- Relevant, reliable and identical communication about Selvaag Bolig's business and corporate governance.
- The independence of Selvaag Bolig's board from the company's executive management.
- A clear internal division of roles and duties between board and executive management.
- All shareholders treated equally and in accordance with applicable legislation.

1. Implementation and reporting on corporate governance

Compliance

Selvaag Bolig regards corporate governance as an important subject, which deals with the relationship between society, the shareholders, the board of directors and the executive management of the company.

Selvaag Bolig ASA is a Norwegian public limited liability company listed on the Oslo Stock Exchange. The company is subject to section 3, sub-section 3b of the Norwegian Accounting Act, which requires it to provide an annual statement of its principles and practice for corporate governance. This rule specifies the minimum information which the presentation must provide.

The Norwegian Corporate Governance Board (NCGB) has established the Norwegian code of practice for corporate governance (the code). Listed companies are required by the Oslo Stock Exchange to provide an annual overall presentation of their principles for corporate governance in line with the prevailing code. The current obligations for listed companies are available at www.oslobors.no, and the NCGB code can be found at www.nues.no.

Selvaag Bolig observes the applicable code, published on 30 October 2014, in accordance with the "comply or explain" principle. This means that the individual points in the code are observed, but possible variances are accounted for. The company provides an annual overall presentation of its principles for corporate governance in its annual report, and this information is available at www.selvaagboligasa.no.

Values base, ethical guidelines and CSR

Ethical guidelines and other policy documents have been formulated in accordance with the company's values base. The company's core values are concern for others and creativity, and these are well entrenched throughout the business.

The ethical guidelines contain general principles for business practice and personal behaviour, and are intended to serve as a starting point for the attitudes and basic views which will permeate Selvaag Bolig's corporate culture.

Selvaag Bolig is also concerned with its corporate social responsibility (CSR), and wants to build homes in a positive manner which creates the greatest possible "residential value" for its customers. Continuous efforts are made to minimise emissions, discharges and environmental pollution. At the same time, the company is an active driver in the public debate on housing issues, and speaks on behalf of its customers. No separate guidelines on CSR have been drawn up, since this subject is covered in the ethical guidelines and in policy documents related to the company's values base.

More information related to the company's vision, strategy, values and CSR can be found on its website at www.selvaagboligasa.no.

The group's general policy is that no unequal treatment or other forms of discrimination will occur on the basis of gender or ethnic background.

Selvaag Bolig pays special attention to environmental considerations in pursuing its housing development activities, and has incorporated concern for the natural environment in its planning and management systems.

2. The business

The business purpose of Selvaag Bolig is "to acquire and develop housing projects with a view to sale, to buy and sell real property, and other activities associated with this, including business property. The company can participate in other companies at home and abroad related to housing development". This appears in article 3 of the company's articles of association, which are available on the company's website at www.selvaagboligasa.no. Selvaag Bolig's goals and principal strategies are described in this annual report and on the website at www.selvaagboligasa.no. Through annual strategy processes, the board considers whether the goals and guidelines derived from the strategies are unambiguous, adequate, well operationalised and comprehensible to the employees.

3. Equity and dividends

Selvaag Bolig had an equity of NOK 2 457 million at 31 December 2014. The board regards this as acceptable in relation to the company's business purpose, strategy and risk profile.

Dividend

Selvaag Bolig's aim is to manage the group's resources in such a way that shareholders achieve a return in the form of dividend and rising share price which is competitive with comparable investments. The company's long-term goal is to pay a dividend of about 50 per cent of its net profit. It will nevertheless be important to secure good financial freedom of action for the company, and this consideration could mean at times that a somewhat lower level of dividend is paid than the long-term goal would indicate.

The board has proposed a dividend for 2014 of NOK 112.5 million, corresponding to NOK 1.20 per share and 44.4 per cent of net profit.

Purchase of Treasury shares

The board of Selvaag Bolig was mandated by the annual general meeting of 23 April 2014 to acquire the company's own shares up to a total nominal value of NOK 18 753 137, corresponding to about 10 per cent of the share capital. This mandate can be used for a possible later reduction in the share capital with the consent of the general meeting, for remuneration of the directors, for incentive programmes or as settlement for the possible acquisition of businesses, and for the purchase of shares where this is financially advantageous. The mandate can be exercised several times, and remains valid until the AGM in 2015, and in any event no longer than to 30 June 2015. The mandate to acquire the company's own shares awarded at the AGM of 23 April 2014 has not been utilised during its term, and a motion will be put to this year's AGM for a one-year extension until the AGM in 2016.

Capital increase

The same AGM mandated the board to increase the company's share capital by up to NOK 18 753 137. This mandate can be exercised several times, and remains valid until the AGM in 2015, and in any event no longer than to 30 June 2015. It replaces earlier mandates for similar purposes, and embraces capital increases in exchange for non-monetary considerations or the right to involve the company in special obligations. The mandate to increase the company's share capital awarded at the AGM of 23 April 2014 has not been utilised during its term, and a motion will be put to this year's AGM for a one-year extension until the AGM in 2016.

4. Equal treatment of shareholders and transactions with related parties

Equal treatment of shareholders

Selvaag Bolig has one class of share and all the shares have equal voting rights. Emphasis is given in the work of the board and the executive management to treating all shareholders equally and to giving them the same opportunities to exercise influence. The company's articles of association impose no restrictions on voting rights.

The company's transactions in its own shares are conducted via the stock exchange or in other ways at the stock market price. In the event of an increase in share capital, existing shareholders will have a pre-emptive right to subscribe unless special considerations justify waiving this right. Any such waivers will be justified and published in a stock exchange announcement in connection with the increase in share capital.

Transactions with related parties

To protect the company's reputation, Selvaag Bolig is concerned to maintain an open and cautious approach to investments on terms which could be perceived as an undesirably close transaction or relationship between the company and a director, a senior executive or related parties of these. This is outlined in the company's ethical guidelines and instructions for the board. Each director is duty-bound to assess at all times whether conditions exist which could objectively weaken general confidence in their impartiality or which could give rise to conflicts of interest. The company also monitors the various offices and the like held by directors as a source of information for the executive management in avoiding unintentional conflicts of interest.

Where transactions take place with related parties, they must be conducted at arm's length and on market terms. The board has guidelines which ensure that executive personnel report to the board if they have a material interest, directly or indirectly, in a contract entered into by the company. In the event of not immaterial transactions between the company and related parties, the board will commission an independent valuation and make this known to the shareholders.

Transactions with related parties are reported in note 23 to the financial statements in the company's annual report, and in the half-year report.

Principal shareholder

Selvaag Gruppen AS is the principal shareholder in Selvaag Bolig ASA, and Selvaag Bolig ASA is a subsidiary of the Selvaag Gruppen group.

5. Freely negotiable shares

No restrictions are placed on the negotiability of shares in Selvaag Bolig ASA by its articles of association.

6. General meetings

About the general meeting

Shareholders exercise the highest authority in Selvaag Bolig ASA through the general meeting. The board makes provision to ensure that the general meeting is an effective forum for shareholders and directors.

Notice

The AGM for 2014 is scheduled to take place from 10.00 on 29 April 2015 in the company's premises at Silurveien 2 in Oslo.

Notice of meetings is sent to the shareholders by post and is made available on the company's website 21 days before the general meeting at the latest. Detailed supporting documentation relating to items on the agenda, including the nomination committee's recommendations, are posted to the company's website 21 days before the general meeting at the latest. See article 9 in the articles of association. A shareholder can nevertheless request that supporting documentation for the general meeting be sent to them by post, and this right is enshrined in the company's articles of association. The supporting documentation must contain all the details required by the shareholders to form a view of every item on the agenda.

All shareholders registered in the Norwegian Central Securities Depository (VPS) will receive the notice, and have the right to submit motions and to vote directly or by proxy. A financial calendar, which includes the date of the AGM, is available on the company's website.

Registration and proxy form

Registration must be made in writing, by post, telefax, VPS account or e-mail. The board wishes to facilitate attendance by the largest possible number of shareholders at the general meeting. Shareholders who cannot attend in person are encouraged to appoint a proxy. Provision is made for the shareholder to specify separate voting instructions to their proxy for every item on the agenda. All information on the appointment of a proxy and the appropriate forms can be found on the company's website.

Agenda and execution

The general meeting elects its own chair. The meeting is opened by the chair of the board, who also arranges for the election of a chair for the meeting. The AGM's duties include adopting the annual financial statements and directors' report, and considering the board's declaration on the determination of executive pay and other remuneration.

Members of the nomination committee and its chair are elected by the general meeting. In addition, the general meeting considers such other matters as are assigned to it by legislation or the articles of association. The minutes of the general meeting are published via a stock exchange announcement and are made available on the company's website at www.selvaagboligasa.no after the meeting.

The AGM in 2014 took place on 23 April, and about 65 per cent of the total issued shares and votes were represented.

Deviation from the code: According to the code, the board, the nomination committee and the auditor should attend. The chairs of the board and the nomination committee, as well as the chief executive, are always present to answer possible question. The whole board will attend if this is considered necessary in view of items on the agenda.

7. Nomination committee

Article 7 of the articles of association specifies that the company will have a nomination committee. Guidelines have been established on this committee's duties and composition, and on the eligibility of candidates for election. These guidelines were adopted by the general meeting held on 30 August 2011.

Pursuant to the articles of association, the nomination committee will have three members elected for a two-year term. The majority of these members must be independent of the company's board and executive management, and the committee must act in the interests of shareholders in general. The chair of the nomination committee is elected by the general meeting, which also determines the remuneration of the committee's members. The nomination committee itself recommends members of the committee.

The present committee was elected at the AGM of 10 April 2013, with the exception of Leiv Askvig. He was elected at the extraordinary general meeting of 9 December 2014 to replace Peter Groth, who was elected to the company's board at the same time. The nomination committee comprises

- Steinar Mejlænder-Larsen (chair)
- Helene Langlo Volle
- Leiv Askvig.

The chair of the nomination committee is employed by a subsidiary of Selvaag Gruppen AS. The duties of the nomination committee are to propose candidates for election as directors and to recommend fees for the directors, members of board sub-committees and members of the nomination committee. The report of the board's annual self-assessment is considered by the committee. The committee will account for its work and present its recommendations, with justifications, to the general meeting. The recommendations must encompass relevant information about the candidates and an assessment of their independence from the company's executive management and board. The committee should be in contact with shareholders, directors and the chief executive during its work on proposing candidates for the board, and entrench its recommendations with the company's largest shareholders. The committee's recommendations, with justifications, are made available 21 days at the latest before the general meeting takes place. Recommendations from the committee must meet the requirements for the composition of the board which derive at any given time from applicable legislation and statutory regulations.

8. Composition and independence of the board

Composition of the board

Pursuant to article 5 of the company's articles of association, the board of Selvaag Bolig will comprise three-nine members. The chair and the shareholder-elected directors are elected by the general meeting, based on recommendations from the nomination committee.

The board currently comprises seven directors, of whom three are women.

Selvaag Bolig's board is composed in such a way that it meets the company's need for expertise, capacity and diversity. Weight is given to the possession by the board as a whole of a broad business and management background as well as in-depth understanding of the housing industry and property development. An overview of each director's expertise, background and shareholding in the company is available on the company's website at www.selvaagboligasa.no and in this annual report. Employees of the business are represented on the board, and the number of these worker directors is specified in the applicable agreement on pay and conditions. At present, two worker directors are elected by the employees. None of the shareholder-elected directors are employed by or have carried out work for Selvaag Bolig.

Both shareholder- and employee-elected directors are elected for two-year terms. Directors' fees are determined by the general meeting on the basis of a recommendation from the nomination committee.

Independence of the board

The composition of the board ensures that it can act independently of special interests, and it must also function effectively as a collective body to the benefit of the shareholders in general.

No shareholder-elected director is involved in the executive management. The chair, Olav H Selvaag, is an executive vice president of Selvaag Gruppen, and director Karsten Bomann Jonsen is the chief executive of Selvaag Gruppen. Selvaag Gruppen is the company's principal shareholder and, through subsidiaries and other investments, may have business relations with Selvaag Bolig as a supplier.

The other shareholder-elected directors are independent of Selvaag Bolig's executive management and significant business relations.

See note 22 to the annual financial statements for information on the shareholdings of directors in Selvaag Bolig at 31 December 2014. By virtue of their position, each director is subject to the regulations on primary insiders, with clear rules related to such issues the duty to investigate and report in the event of trading in the company's shares.

9. The work of the board of directors

The board's duties

The board of directors bears the ultimate responsibility for management of the group and for supervising the chief executive and the group's operations.

That makes the board responsible for ensuring an acceptable organisation of the business and determining strategies, plans and budgets. Furthermore, the board is responsible for establishing control systems and for ensuring that the group is operated in compliance with the established values base and ethical guidelines, and with the expectations of the owners for socially responsible operation. The board has a duty to ensure that the accounts and asset management are subject to satisfactory controls. Matters of significant strategic or financial importance are dealt with by the board. The board is responsible for appointing the chief executive, establishing the chief executive's instructions, authorities and terms of employment, and determining the chief executive's remuneration. In addition, the board will protect the interests of the shareholders while also having a responsibility for the company's other stakeholders.

A total of 13 board meetings were held in 2014, including four conducted as electronic sessions with no physical gathering. All directors were present at 10 of the meetings.

Instructions for the board

The board has adopted instructions which specify the rules and guidelines for its work and administrative procedures. These are reviewed annually or as required. The instructions for the board define the duties and obligations associated with its work, and its relationship with the chief executive. The chair is responsible for ensuring that the work of the board is conducted in a correct and efficient manner. The board works on the basis of an annual plan, with specified topics and issues for board meetings. The board evaluates its work and competence on an annual basis. This is done through a self-assessment which is summarised for the nomination committee. At least once a year, the board reviews the most important areas of risk as well as internal control in the company.

Instructions for the chief executive

The chief executive of Selvaag Bolig ASA is responsible for the executive management of the Selvaag Bolig group. The chief executive must also ensure that the accounts comply with legislation and other relevant provisions, and that the group's assets are managed in an acceptable manner. The chief executive is appointed by the board of directors and reports to it. The chief executive is duty-bound to keep the board continuously informed on the group's financial position, operations and asset management. The board has also approved an authority structure for the company which clarifies the authority of the chief executive and the executive management in terms of which issues must be considered by the board.

Financial reporting

The board receives periodic reports with comments on the company's financial status. Where interim reporting is concerned, the company observes the deadlines specified by the Oslo Stock Exchange.

Board committees

The board has found it appropriate to establish sub-committees to serve as preparatory and advisory bodies for the board.

	Meetings	% attendance
Olav Hindahl Selvaag	13 of 13	100
Karsten Bomann Jonsen	13 of 13	100
Ole Jarl Rettedal [1)]	8 of 9	89
Gisele Marchand	12 of 13	92
Anne Sofie Bjørkholt [2)]	10 of 13	77
Peter Groth [3)]	1 of 1	100
Christopher Brunvoll	13 of 13	100
Marianne Ørnsrud [4)]	8 of 8	100
Anne-Kari Drønen Mathiesen [4)]	5 of 5	100

1) Stepped down from the board in September 2014.
2) Elected to the board at the extraordinary general meeting of 27 June 2013.
3) Elected to the board at the extraordinary general meeting of 9 December 2014.
4) Marianne Ørnsrud replaced Anne-Kari Drønen Mathiesen at the AGM of April 2014.

Audit committee
The audit committee is elected by and from among the directors, and must comprise at least two directors. At least one of these should have experience from the exercise of accounting or financial management, or of auditing. Members of the audit committee are appointed by the board, and changes to its composition are made when the board might wish to do so or when the members cease to be directors of the company. The audit committee currently comprises the following members:

- Gisele Marchand (chair)
- Karsten Bomann Jonsen.

The company's auditor also attends all the meetings.

The audit committee serves as a preparatory and advisory body for the board. It will (a) prepare the board's follow-up of the financial reporting process, (b) monitor the systems for internal control and risk management, (c) maintain ongoing contact with the company's elected auditor concerning the audit of the annual accounts, and (d) assess and monitor the independence and objectivity of the auditor in relation to the company, and particularly the extent to which services other than audit provided by the auditor represent a threat to the latter's independence and objectivity in relation to the company. The audit committee met seven times in 2014.

Compensation committee
A compensation committee has also been established, comprising two directors who are independent of the company's executive management. The members of the compensation committee are appointed by the board for two-year terms or until they cease to be directors of the company. The compensation committee currently comprises the following members:

- Olav H Selvaag
- Peter Groth.

The compensation committee serves as a preparatory and advisory body for the board, which prepares issues for consideration and decision by the board concerning remuneration for the company's executive management and associated matters. The compensation committee helps the board to shape principles and strategies for remunerating senior executives. While the compensation committee reports and makes recommendations to the board, the latter is responsible for acting on such proposals. The company has drawn up separate instructions for the compensation committee's work, which contain further details on the committee's duties, composition and procedures. The committee met once in 2014.

10. Risk management and internal control
Risk management and internal control in Selvaag Bolig are intended to help ensure that the company takes a coherent approach to its operations, financial reporting and compliance with applicable legislation and regulations. The board is required to conduct an annual review of Selvaag Bolig's risk management and internal control. Internal control also embraces the company's values base, CSR and ethical guidelines, which apply to all employees.

Board reviews and reporting
An annual strategy meeting is held by Selvaag Bolig to lay the basis for the board's consideration and decisions during the year. The most important risk exposure areas and the internal control system are reviewed at this meeting.

A survey of the company's risk factors and management is conducted annually. This exercise plays a key role for the board's strategy meeting, and defines the direction of further work on the company's risk management. An overarching management model has been established for continuous follow-up, based on the group's strategy, values base and ethical guidelines. In addition, principles have been drawn up for reporting in the key areas, as well as guidelines for central processes and activities. An authority matrix has also been established for delegating responsibilities to defined roles in the organisation. All employees have clear guidelines on the scope of their own authority and on the next level up for decisions or approvals.

Selvaag Bolig has established a set of internal procedures and systems which are intended to secure uniform and reliable financial reporting and operations. A quality assurance system has also been established to safeguard quality when executing the group's projects. One component of this system is a review, conducted at least once a quarter, of risk in the projects and other parts of the business with a view to securing reliable financial reporting and, if required, specifying necessary risk measures. Planning, management, execution and financial follow-up of construction and production processes and projects are integrated in the Selvaag Bolig group's commercial operation. Construction projects report systematically to the group management.

Selvaag Bolig's consolidated financial statements are prepared in accordance with the applicable IFRS. The board receives periodic reports on the group's financial results as well as a description of the status of the most important individual projects. In addition, quarterly financial reports are prepared and reviewed by the board ahead of interim reporting. The auditor attends meetings of the audit committee and board meetings related to the presentation of the interim annual financial statements. The company's key risk factors are described in the directors' report.

11. Remuneration of the board of directors
The general meeting determines directors' fees annually on the basis of a recommendation from the nomination committee.

A total of NOK 1 424 000 was paid in directors' fees for 2014. Fees paid to each director in 2014 are presented in note 22 to the annual financial statements. Directors' fees are not linked to the group's performance. No options are awarded to directors, and shareholder-elected directors have no agreement on a pension plan or payment after their period of service has ended. None of the shareholder-elected directors do work for the company in addition to their directorship.

Directors observe general insider regulations for trading in the company's shares. See note 22 to the consolidated financial statements for an overview of shares owned by directors.

12. Remuneration of executive personnel

As mentioned in section 9, a compensation committee comprising two directors has been established to support the board's work on the conditions of employment for the chief executive and on the strategy for and main principles of remuneration for the company's senior executives. The group's guidelines for the remuneration of executive personnel are described in note 22 to the consolidated financial statements.

The main element in the remuneration scheme is fixed basic pay. Variable pay takes the form of bonus payments, based on objective, definable and measurable criteria. Such variable pay (bonuses) cannot exceed 60 per cent of basic pay for the executive management and 67 per cent for the chief executive. No options have been awarded to employees or elected officers of the company.

These guidelines are presented annually to the general meeting in connection with its consideration of the financial statements.

13. Information and communication

Selvaag Bolig endeavours to ensure that all reporting of financial and other information is timely and correct, and based on openness and equal treatment of players in the securities market. The company observes the recommendations of the Oslo Stock Exchange on reporting investor information, which came into force on 1 January 2012. Information from Selvaag Bolig is published in the form of annual and interim reports, press releases, stock exchange announcements and investor presentations. All information regarded as significant for the valuation of the company is distributed and published by Thomson Reuters, the Oslo Stock Exchange messaging system and the company's website at www.selvaag-boligasa.no.

The company presents its interim annual results by the end of February. Full financial statements, together with the directors' report and the rest of the annual report, are made available to shareholders every year at least three weeks before the AGM, and by the end of April at the latest. Interim figures are reported within 60 days of the end of the quarter, in accordance with the rules of the Oslo Stock Exchange.

A financial calendar is published by the company for a year at a time, before 31 December as required by the rules of the Oslo Stock Exchange. This calendar is available on the websites of the company and the Oslo Stock Exchange.

The primary purpose of information from the company will be to clarify the company's long-term goals and potential, including its strategy, value drivers and important risk factors. The company's guidelines for investor relations provide more detailed specifications for the way information is handled in the group. Who will act as the company's spokesperson on various matters has been defined. The chief executive of Selvaag Bolig will be the primary spokesperson to the financial market on behalf of the company.

14. Take-overs

The company's articles of association place no restrictions on the purchase of shares in the company. In the event of a take-over bid, the board will help to ensure that the company's shareholders are treated equally and that the group's day-to-day operations are not disrupted unnecessarily. The board will seek to help ensure that the shareholders have sufficient information and adequate time to form an opinion on a take-over bid.

The instructions for the board of Selvaag Bolig ASA specify how the company will respond should an offer be made for the company's shares. In such cases, the board will issue a statement which contains an assessment of the offer and a recommendation to the shareholders on whether they should accept it. In this assessment, the board should take account of such considerations as the way a possible take-over would affect long-term value creation in the company. A justification of the recommendation must be provided.

15. Auditor

The group's auditor is elected by the general meeting. The board's audit committee will present its report when the general meeting comes to elect the auditor. Selvaag Bolig's auditor is PricewaterhouseCoopers.

Auditor's relationship with board and audit committee

No qualifications have ever been made in the auditor's report.

The auditor gives the board an account of its work and provides an assessment of the company's financial reporting and internal control in connection with the annual financial statements. At this meeting, the board is briefed on which services in addition to auditing have been provided during the year. The auditor meets the board at least once a year without the executive management being present. The auditor has the right to attend Selvaag Bolig's general meeting. Written confirmation must be provided once a year by the auditor to the board that the specified requirements for the independence of the auditor have been met.

The auditor attends the meetings of the audit committee. Once a year, the auditor must present the committee with the main features of the plan for conducting the audit work. The auditor will review possible significant changes in Selvaag Bolig's accounting principles, assessment of significant accounting estimates and all significant conditions where disagreement has occurred between the auditor and the executive management. At least once a year, the auditor must review Selvaag Bolig's internal control system with the audit committee – including identifiable weaknesses and proposals for improvement.

The board briefs the general meeting on the auditor's fee, broken down between audit work and other services in addition to auditing.

Corporate social responsibility (CSR)

Selvaag Bolig will create value for society by building good homes with the greatest possible residential benefit, in part through its own product development, efforts to enhance cost-efficiency, and a strong presence in the public debate. Ethical, social and environmental considerations are integrated in its day-to-day operations. The company's goal is to be a good and secure workplace, and it requires that the company and its suppliers pursue their operations in compliance with applicable legislation and statutory regulations. Furthermore, Selvaag Bolig will be a responsible social player and minimise emissions/discharges and damage to the natural environment. The company has ethical guidelines which are described at www.selvaagboligasa.no. It also describes its corporate governance in this annual report and on the website at www.selvaagboligasa.no. Continuous efforts are made to ensure that employees are familiar with and apply all the company's guidelines related to CSR.

Selvaag Bolig will meet requirements related to

- human rights and social dumping
- worker rights and social conditions
- impact on the natural environment
- combating corruption and price fixing

Human rights and social dumping

Selvaag Bolig does not have its own construction company, and accordingly spends substantial amounts on purchasing construction services every year. This provides big opportunities for influencing the industry in the fight against social dumping. Selvaag Bolig sets requirements for and works continuously to help ensure that suppliers and sub-suppliers have normal or statutory pay and working conditions. The bulk of the company's operations are in Norway, and it purchases services primarily from Norway, Estonia and Poland. It does not accept any form of harassment or discrimination on such grounds as race, religion, nationality, sexual orientation or gender, and does not tolerate any behaviour which can be perceived as threatening or demeaning. Selvaag Bolig requires that its suppliers do not practise social dumping and that all statutory requirements are observed. This requirement is included, for example, in contracts with suppliers of construction services. In this way, the company helps to ensure that all workers at its partners and suppliers are employed on a legal basis and that no social dumping occurs in the value chain. Work done in Norway by supplier and/or partner employees complies with Norwegian pay agreements and legislation. Suppliers doing work on Norwegian building sites must, for example, be able to document at all times that the labour force used on these sites is legal. This is followed up with regular inspections.

To the best of the company's knowledge, no social dumping or breaches of human rights occurred in Selvaag Bolig or at its suppliers during 2014. The company's routines for safeguarding human rights and countering social dumping are considered to function well, and work on improving them will continue in 2014. Reference is also made to section 3.8.8 of the company's ethical guidelines on the working environment, available on its website at www.selvaagboligasa.no.

Worker rights and social conditions

Selvaag Bolig will be an inclusive workplace, where the rights of all employees are safeguarded in accordance with applicable legislation.

Expertise enhancement

All employees are given opportunities for professional development and expertise enhancement, including through courses, seminars and specialist gatherings both in-house and externally. All managers with personnel responsibility must conduct annual job reviews. Expertise enhancement is a key item in these discussions.

Job satisfaction

The working environment in Selvaag Bolig is regarded as good. The company measures job satisfaction among employees on an annual basis. Results from these surveys are used as the basis for developing measures and routines which improve job satisfaction. Job satisfaction in the company is good, and the goal is for the company to be one of the industry's most attractive workplaces. On the basis of the employee survey, a number of measures were implemented in 2014. These included strengthening teamwork and the internal flow of information in the company. New surveys indicate that these measures have worked well.

Working environment and sickness absence

The working environment in the group is regarded as good. Ensuring that efforts to reduce sickness absence and prevent injury have a high priority in the companies is given emphasis by the board. The group's target is that sickness absence will be below three per cent. It was 3.1 per cent in the group for 2014, compared with four per cent in 2013.

The corresponding figures for the parent company were two and 4.3 per cent. No lost-time injuries were recorded among the company's employees during 2014. The company works continuously on measures to reduce sickness absence.

Health, safety and the working environment (HSWE)

Selvaag Bolig has adopted guidelines based on ISO standards for health, safety and environment. Through the Norwegian construction client and internal control regulations, the company fulfils the requirements posed for construction clients to monitor health, safety and the working environment (HSWE) at building sites. Contracts for all projects accord with regulatory requirements, and HSWE performance is reported regularly to the chief executive and board as specified by the guidelines to the regulations. Selvaag Bolig sets special requirements for HSWE in all turnkey contracts. Specific provisions are included in all contracts entered into by the company with contractors on turnkey contracts. As the construction client, Selvaag Bolig prepares an HSWE plan for its construction projects and ensures that the turnkey contractor follows up all the requirements defined in the contract. Regular inspections are conducted at the building sites. Immediate action is taken if nonconformities are detected. These routines function well and will be continued.

Equal opportunities

The group's general policy is that no unequal treatment or other form of discrimination related to gender or ethnic background will occur. It gives emphasise to expertise rather than gender, age or ethnic background when making appointments. Women account for 50 per cent of the workforce, compared with 44 per cent in 2013.

Impact on the natural environment

Selvaag Bolig pays special attention to environmental considerations when pursuing its housing development activities, and has taken account of the natural environment in its planning and management systems. The company will seek to minimise its negative impact on the environment and climate. Its environmental impact relates primarily to energy consumption, materials, waste, and interventions in and use of natural resources. Selvaag Bolig builds houses in accordance with applicable legislation and statutory regulations. These include strict requirements for climate-friendly and energy-efficient homes. The company is continuing to work on industrialising the construction of environment-friendly buildings so that these can be erected more cheaply and so that the company can adapt its homes more easily to possible future and tougher official requirements. Internal work is evaluated regularly. The buildings and the construction process are followed up continuously through internal and external inspections. The company's routines and management systems are regarded as good, and are being continued without change.

Combating corruption and price fixing

Selvaag Bolig does not accept any form of corruption. Its employees must exercise caution in accepting or providing gifts, services or other benefits from or to business contacts.

Selvaag Bolig does not accept any form of price fixing with other players. Employees must not contribute to any form of price collusion with business contacts or others which could distort competition or conflict with applicable regulations against price fixing and/or cartel operations. The regulations and how they are to be practised are known to the employees, in part through training programmes for new recruits and reviews in group meetings, and are available on the company's website. No cases of price fixing or corruption were exposed in 2014, and continuous efforts are made to strengthen knowledge of the company's routines among employees.

Further information can be found in section 3.9 of the company's ethical guidelines on dealings with customers, suppliers, competitors and government agencies, which are available on the company's website at www.selvaag-boligasa.no.

Breaches of the ethical guidelines

Section 3.15 of the company's ethical guidelines contains provisions on routines to be followed in the event of possible suspicions that formal legal or regulatory rules, or the company's ethical guidelines, have been breached. These routines instruct the employee concerned to raise the issue through the line organisation, possibly with the group's legal officer. The ethical guidelines are available on the company's website.

Directors' report

BOARD OF DIRECTORS (From left): Christopher Brunvoll, Gisele Marchand, Karsten Bomann Jonsen, Olav Hindahl Selvaag, Marianne Ørnsrud, Baard Schumann, Peter Groth and Anne Sofie Bjørkholt.

Selvaag Bolig had a good year in 2014, with 886 homes sold and a total turnover of NOK 3 billion. The level of activity in the group was high, and the order backlog is good. At 31 December, 1 308 homes with a combined sales value of approximately NOK 4.7 billion were under construction. That will help to ensure future value creation for the company. Selvaag Bolig has land for about 10 300 homes in and around the four largest Norwegian cities as well as a number of interesting development projects, and is well positioned for continued growth. The company's solid financial position, good results over time and positive prospects mean that the board proposes the payment of a dividend of NOK 1.20 per share for fiscal 2014.

Overview of 2014

Highlights

The level of activity in Selvaag Bolig was high during 2014, with good sales and strong financial progress. A total of 886 homes with a combined sales value of NOK 3 billion were sold during the year. Nine hundred and twenty-three homes were completed. Selvaag Bolig's production and value creation were high at 31 December. Construction started on 757 homes during the year, and 1 308 were being built at 31 December. Seventy-seven per cent of these had been sold. House sales rose throughout 2014, and were excellent in the third and fourth quarters. Viewed overall, sales for the year were good and demand for homes was high – particularly in the priority areas in and around Greater Oslo, Trondheim and Bergen.

A number of dispositions were made by Selvaag Bolig during 2014 to maintain and strengthen its position as one of the leading housebuilders in the markets where it operates. The company strengthened its land bank over the course of the year with new sites in several of the core areas, particularly in and around Greater Oslo. Its land bank by 31 December had the potential for developing some 10 300 homes, with 76 per cent in Greater Oslo. Selvaag Bolig was also well established in Stavanger and Bergen, and began sales during 2014 for its first housing projects at Lade in Trondheim and at Sjøsia in Tromsø. Involving more than 200 and 160 homes respectively, these were very well received in the market. Selvaag Bolig is thereby present in Norway's four largest conurbations, with the greatest need for new homes, leaving it well positioned for further growth. The company also develops some commercial property, primarily related to major housing projects where planning regulations call for this. The present portfolio embraces a total area of about 100 000 square metres for development as commercial premises.

The group's business

Selvaag Bolig is one of Norway's leading housing developers. It buys and develops new housing land, and manages the whole value chain from acquisition of land to completion and sale of homes. The group concentrates on the areas in and around Greater Oslo, Bergen, Stavanger and Trondheim. It also has collaboration projects in Stockholm. Selvaag Pluss Service AS offers services related to Selvaag Bolig's Pluss concept. The group's housing development business embraces both wholly and partly owned projects, some of which take the form of joint ventures with external investors.

Selvaag Bolig does not build itself, but awards construction contracts on a project-by-project basis. That gives it the opportunity to select the best option for each project while increasing flexibility in relation to market fluctuations. Using external contractors also ties up less capital and cuts execution risk during the construction phase.

In addition to traditional site-built homes, the group possesses unique expertise through its Selvaag Bolig Modulbygg subsidiary in the development of homes through the use of modules. This modern and industrial approach to housebuilding helps to keep construction costs low, ensure cheaper homes for buyers and provide good profits for the company. Modules are delivered by external subcontractors in Estonia and Poland with many years of production experience and modern factories. Quality is high, and indoor production helps to reduce the risk of fabrication errors.

Selvaag Bolig continues Selvaag's historical social commitment and the opportunity to combine value creation with socially useful measures. The company's goal is to build good homes which provide the greatest possible residential benefit for its customers, and it works to ensure that as many people as possible can afford to buy their own home.

Financial review

Income statement

(Figures for 2013 are presented in brackets)

Operating revenue

Consolidated operating revenue for 2014 totalled NOK 2 945.2 million (NOK 2 197 million). The increase from the year before reflected more homes delivered. During 2014, 861 (687) homes were delivered, including 824 (647) from the consolidated project companies. Units delivered accounted for NOK 2 790.1 million (NOK 2 000.2 million) of total revenues.

Operating costs

Operating costs totalled NOK 2 579.5 million (NOK 1 930 million), with project costs accounting for NOK 2 371.8 million (NOK 1 709.6 million). The latter relate mainly to construction costs for homes delivered in the period. Payroll costs accounted for NOK 82.9 million (NOK 87.7 million).

Other operating costs came to NOK 132.6 million (NOK 121.1 million), of which NOK 62.7 million (NOK 52.8 million) related to sales and marketing.

The item for gain (loss), net associates and joint ventures came to NOK 32.4 million (NOK 10.9 million). This increase primarily reflects the delivery of units by a joint-venture project in Stockholm.

Operating profit

The group made an operating profit of NOK 365.7 million (NOK 267 million). EBITDA adjusted for financial expenses incorporated in project costs came to NOK 488.6 million (NOK 347.8 million). Ordinary EBITDA was NOK 386.9 million (NOK 289.1 million) for the year, corresponding to a margin of 13.1 per cent (13.2 per cent).

Financial items

Net financial expenses came to NOK 17 million (NOK 30 million). This reduction primarily reflected a guarantee cost of NOK 12.9 million in 2013.

Pre-tax profit

Profit before tax expense was NOK 348.7 million (NOK 237 million). Net tax expense was NOK 94.2 million (NOK 51.4 million). Consolidated tax expense does not include tax liability for tax objects which are not part of the Selvaag Bolig group. Tax on non-controlling shareholders' share of profit for the period is included in the non-controlling share of profit and equity.

Consolidated net profit came to NOK 254.5 million (NOK 185.6 million), of which NOK 253.4 million (NOK 164.2 million) is attributable to the shareholders of Selvaag Bolig ASA and NOK 1.2 million (NOK 21.4 million) to non-controlling shareholders.

Cash flow

Consolidated net cash flow from operational activities was NOK 187.3 million (NOK 104 million). The difference between pre-tax profit and operational cash flow primarily reflected an increase in accounts receivable from estate-agent client accounts for homes delivered. Payment for projects delivered will often take place in the following quarter, since the money is held in the estate agent's client account until the sale has been legally registered. The increase in cash flow from the year before primarily reflected more units delivered.

Net cash flow from investing activities was negative at NOK 5.7 million (positive at NOK 48.8 million) Investment in joint ventures involved total cash payments of NOK 38.9 million (NOK 43.3 million). Payments from joint ventures totalled NOK 45.6 million (NOK 58.2 million). NOK 32.9 million in other investment and loan redemptions was also included in 2013.

Net cash flow from financing activities was negative at NOK 202.7 million (NOK 123.7 million). The change from the year before mainly reflected the bond loan of NOK 500 million issued in the second quarter of 2013, which was partly offset by increased drawdowns of construction loans in the projects during 2014. Selvaag Bolig ASA paid NOK 46.9 million in dividend during the second quarter. In addition, NOK 9.2 million in dividend and profit sharing was paid to non-controlling shareholders. Other cash flows correspond to net redemption of loans.

Cash and cash equivalents declined by NOK 21.1 million to NOK 565.9 million (NOK 587 million).

Balance sheet

Assets in Selvaag Bolig at 31 December 2014 totalled NOK 6 214.2 million (NOK 5 969.8 million). The carried amount of consolidated inventories (land, housing under construction and completed homes) at 31 December was NOK 4 348.8 million (NOK 4 283.9 million).

Equity at 31 December was NOK 2 457.3 million (NOK 2 259 million), corresponding to an equity ratio of 39.5 per cent (37.8 per cent). The board proposes that a dividend of NOK 1.20 per share be paid to shareholders for 2014, amounting to NOK 112.5 million.

The group held cash and cash equivalents of NOK 565.9 million (NOK 587 million) at 31 December. Selvaag Bolig ASA, the parent company, held cash and cash equivalents of NOK 51.2 million (NOK 21.7 million) at 31 December.

At 31 December, consolidated interest-bearing debt amounted to NOK 2 711.2 million (NOK 2 785.2 million), of which NOK 1 752.4 million (NOK 2 116.2 million) was non-current and NOK 959.5 million (NOK 669 million) was current.

Consolidated other current non-interest-bearing debt amounted to NOK 507.5 million (NOK 550.1 million) at 31 December, of which advance payments by customers accounted for NOK 262.7 million (NOK 277.7 million).

Financing

The group issued an unsecured bond loan of NOK 500 million in the second quarter of 2013. This loan has a five-year term and quarterly interest payments from 27 September 2013. The interest rate is three-month Nibor plus 475 basis points. Financial covenants attached to the loan require the group to have 1) a minimum equity ratio of 25 per cent until 30 June 2017 and 27.5 per cent thereafter until maturity in June 2018 and 2) a sales ratio of at least 60 per cent for houses under construction. Both these covenants were fulfilled at 31 December 2014. The bond loan was listed on the Oslo Stock Exchange in the third quarter of 2013. The terms of the loan were amended in the fourth quarter to increase the group's operational flexibility. See the stock exchange announcement of 7 November 2014.

The group had two overdraft facilities at 31 December, each of NOK 150 million. NOK 55 million had been drawn down on one of these.

Consolidated interest-bearing debt can largely be divided into three categories – top-up, land and construction loans. At 31 December 2014, the group had top-up loans of NOK 546 million, land loans of NOK 931 million and construction loans of NOK 1 234 million. The top-up loan comprised an unsecured bond carried at a net amortised cost of NOK 491 million and NOK 55 million drawn down on an overdraft facility.

Each project in Selvaag Bolig is organised as a single purpose vehicle (SPV). In addition to financing from the parent company, this implies that each company seeks its own external capital financing for the development of a project. Land credits will be converted to construction loans as the projects start up. Building costs are wholly financed by loans, and increased activity in the companies will accordingly mean that construction loans rise in line with progress.

Going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the board confirms that the going concern assumption is realistic and that the financial statements for 2014 have been prepared on that assumption. This view rests on the group's good capital adequacy and financial position.

Events after the balance sheet date

The company took over two sites during February 2015 at Lørenvangen 22 and Sinsenveien 45-49 in Oslo. The second of these is to be developed through a 50-50 joint venture with Veidekke.

Parent company Selvaag Bolig ASA

Operating revenues for Selvaag Bolig ASA, the parent company, came to NOK 97.3 million (NOK 247.1 million), and the operating loss was NOK 39.7 million (profit of NOK 99.3 million). Ordinary net profit for the year was NOK 365.3 million (NOK 120.7 million). Profit for 2014 included a gain of NOK 35 million from the sale of land to a subsidiary, while profit for 2013 incorporated a similar gain of NOK

174 million. These internal gains are eliminated in the consolidated financial statements.

Allocation of the net profit

The parent company, Selvaag Bolig ASA, made a net profit of NOK 365.3 million for 2014 (NOK 120.7 million). The parent company's equity amounted to NOK 2 219.4 million (NOK 1 966.6 million) at 31 December.

The board proposes that a dividend of NOK 1.20 per share be paid for 2014, corresponding to NOK 112.5 million.

Risk and risk management

Risk management

As a housing developer, the group is exposed to various risk factors related to land development, sales and the execution of construction projects. These factors can affect the group's business activities and financial position. The board of Selvaag Bolig accordingly gives a high priority to dealing with and managing risk, and has established routines and control systems to limit overall risk exposure to an acceptable level.

Selvaag Bolig pays special attention to risk management and internal control. Risk surveys conducted annually contribute to raising awareness and to dealing with the most significant risk conditions which could affect the business goals defined in the company's strategy.

The primary risk factors can be categorised as market, operational and financial risk.

Market risk

Housing demand is influenced by a large number of factors at both micro and macro level. It may be affected by substantial fluctuations in the general level of interest rates and/or significant changes in other financial variables to which potential house-buyers might be exposed. Changes in housing demand could furthermore affect Selvaag Bolig's opportunities to sell homes at budgeted prices within the planned time frames. Were the pace of sales to be lower than expected because of changes in market conditions, planned developments could be postponed. The company accordingly has internal requirements related to advance sales, which require 60 per cent of a project to be sold before construction starts.

Operational risk

Risk related to contractors

Selvaag Bolig draws on external construction companies and service providers in connection with developing and building new projects. As a result, it is exposed to the risk of loss and additional project cost if a contractor/supplier finds itself in financial difficulties. To reduce this risk, the company mainly enters into construction contracts with large, well-established players which have a solid financial position and experience, and which can document quality work. In addition, standardised and detailed construction plans developed by Selvaag Bolig are used to reduce the risk of errors, misunderstandings and delays by the contractor.

Furthermore, Selvaag Bolig is exposed to increases in the level of prices for construction contracts and to cost overruns. For projects built on site, the company mainly enters into turnkey contracts. Costs are thereby fixed before sales and construction begins. That makes it easier to maintain a good overview of the level of costs. In the event of big fluctuations in construction costs, the company also has the opportunity to use modular construction. This represents a cheaper form of production than site-build, but can involve increased risk related to foreign exchange fluctuations and to execution.

Planning risk

Planning changes at various levels by the relevant public authorities could affect Selvaag Bolig's various projects, including the interest of future buyers in the properties. Such changes could also limit opportunities to continue developing the properties. That can also boost costs.

Financial risk

Credit risk

The group's credit risk relates largely to the settlement of its accounts receivable, which primarily involve private customers as housebuyers. Buyers are required to pay a 10 per cent deposit in advance when a sale is agreed, and to document satisfactory financing for the property.

Foreign exchange risk

Virtually all the group's activities are based in Norway. However, the group buys modules from abroad in euros. When certain purchase contracts are signed with foreign module suppliers, the exchange rate is locked in by ordering foreign currency at a fixed rate for future settlement based on the supplier's payment plan. As a result, the group has some exposure to foreign exchange risk.

Interest rate risk (own financing, deposits)

Interest rate risk relates primarily to the group's liquidity. Big changes in interest rates are also significant for the group's borrowing costs, and could affect the valuation of its assets. The company has opted not to enter into any form of hedging contract, since land credits are converted to construction loans as building proceeds.

Financing risk (access to capital)

Selvaag Bolig depends on access to capital in order to acquire sites and build homes. Where external capital is concerned, the company has good and close relations with its principal banks, which are well-capitalised Nordic institutions. The banks became less restrictive in their lending during 2013, and this trend continued in 2014. Competition between the banks is perceived to be substantial, and the company was thereby able to secure the financing required for its projects. However, that may change in the future. Selvaag Bolig also utilises other solutions for new land purchases, including agreements with landowners on options for future purchasing.

Liquidity risk
Conservative liquidity management means having sufficient liquid assets and available financing through lines of credit to meet the group's obligations. The group issued a bond loan of NOK 500 million in 2013, and refinanced a large proportion of its loans. Selvaag Bolig administers liquidity actively, and pays special attention to maintaining adequate liquidity at all times. The company continuously monitors forecast and actual cash flows.

The board takes the view that the group had a well-balanced exposure to financial and liquidity risk at 31 December. Cash and cash equivalents in Selvaag Bolig at 31 December amounted to NOK 565.9 million (NOK 587 million) for the group and NOK 51.2 million (NOK 21.7 million) for the parent company. Liquid assets consisted primarily of cash and bank deposits. Further reference is made to the comments on financing above and to note 16 to the consolidated financial statements for an overview of loans, maturities and loan terms.

Organisation

Selvaag Bolig ASA was established in 2008 as an independent housing development unit in the Selvaag Gruppen group. It is the parent company for the underlying group subsidiaries, which are responsible for operations. At 31 December 2014, the Selvaag Bolig group had a total of 99 employees, including 60 in the parent company and 39 in the subsidiaries.

Corporate social responsibility (CSR)

Selvaag Bolig will create value for society by building good homes with the greatest possible residential benefit, in part through its own product development, efforts to enhance cost-efficiency, and a strong presence in the public debate. Ethical, social and environmental considerations are integrated in its day-to-day operations. The company's goal is to be a good and secure workplace, and it requires that the company and its suppliers pursue their operations in compliance with applicable legislation and statutory regulations. Furthermore, Selvaag Bolig will be a responsible social player and minimise emissions/discharges and damage to the natural environment. The company has ethical guidelines which are described at www.selvaagboligasa.no. Continuous efforts are made to ensure that employees are familiar with and apply all the company's guidelines related to CSR. See the separate section of CSR in this annual report.

Shareholder information

The company was listed on the Oslo Stock Exchange on 28 June 2012. It had 917 shareholders (863) at 31 December 2014, of whom 63 were foreign (55). See note 14 to the consolidated financial statements for Selvaag Bolig ASA for detailed shareholder information.

Transactions with related parties

Selvaag Bolig had no significant transactions with related parties in 2014. See note 23 to the consolidated financial statements for further information on transactions with related parties.

Corporate governance

Selvaag Bolig ASA is committed to maintaining a high standard of corporate governance. A healthy corporate culture is essential for safeguarding confidence in the company, securing access to capital and ensuing good value creation over time. All shareholders will be treated equally, and a clear division of labour will exist between the board and the company's executive management. Selvaag Bolig complies with the Norwegian code of practice for corporate governance of 30 October 2014.

A detailed statement on the way Selvaag Bolig implements the 15 sections of the code can be found on the company's website at www.selvaagboligasa.no and in this annual report.

Pay and other remuneration of senior executives

Pay and other remuneration of senior executives in the group are presented in note 22 to the consolidated financial statements. This note also outlines the principles on which executive remuneration is based.

Annual general meeting

The AGM for 2014 will take place on 29 April 2015.

Outlook

Positive house sales, strong results and a number of good land purchases during 2014 confirmed Selvaag Bolig's position as one of Norway's leading and profitable housing developers.

Sales of new homes weakened sharply in late 2013 and, as expected, early 2014 proved very challenging. Despite the slow start, however, Selvaag Bolig sold 886 homes in 2014 – almost 150 more than the year before.

The market was fully recovered by April, and the last nine months of 2014 accounted for 93 per cent of total sales for the year. Selvaag Bolig started building 757 homes during the year, and completed 923. At 31 December, it had 1 308 units with a sales value of NOK 4.7 billion under construction. No less than 77 per cent of these were already sold.

Forecasts from Statistics Norway indicate that urbanisation and population growth will create a substantial need for new homes in the largest Norwegian cities during the years to come. Selvaag Bolig has good development sites in Norway's four biggest growth regions. As a pure housing developer, the company has a sensible staffing which can easily be adjusted to the level of activity, and is also able to put all construction out to competitive tender. In the board's view, this has given and will continue to give Selvaag Bolig competitive advantages. The company is well equipped financially, operationally and organisationally to safeguard and strengthen its position.

Oslo, 24 March 2015

Olav Hindahl Selvaag Chair	Peter Groth Director	Karsten Bomann Jonsen Director	Anne Sofie Bjørkholt Director
Gisele Marchand Director	Marianne Ørnsrud Worker Director	Christopher Brunvoll Worker Director	Baard Schumann President and CEO

Statement of comprehensive income

for the financial period ended 31 December

(amounts in NOK 1,000, except earnings per share)	Note	2014	2013
Sales revenues	*2*	2 887 604	2 133 271
Other revenues	*25*	57 642	63 693
Total revenues		**2 945 246**	**2 196 964**
Project expenses	*5*	(2 371 797)	(1 709 646)
Salaries and personnel expenses	*6*	(82 868)	(87 656)
Depreciation and amortisation	*9, 10*	(21 205)	(22 089)
Other operating expenses	*7*	(132 586)	(121 116)
Other gain (loss), net		(3 482)	(419)
Share of income (losses) from associated companies	*24*	32 404	10 933
Total operating expenses		**(2 579 534)**	**(1 929 993)**
Operating profit (loss)		**365 712**	**266 971**
Financial income	*8*	21 215	16 419
Financial expenses	*8*	(38 221)	(46 402)
Net financial expenses		**(17 006)**	**(29 983)**
Profit (loss) before income taxes		**348 706**	**236 988**
Income tax (expense) income	*19*	(94 175)	(51 408)
Profit (loss) for the year		**254 531**	**185 580**
Other comprehensive income items that may be reclassified to profit or loss			
Foreign currency translation		(182)	(115)
Total comprehensive income for the year		**254 349**	**185 465**
Profit (loss) for the year attributable to:			
Non-controlling interests		1 169	21 398
Shareholders of Selvaag Bolig ASA		253 362	164 182
Total comprehensive income for the year attributable to:			
Non-controlling interests		1 169	21 398
Shareholders of Selvaag Bolig ASA		253 180	164 067
Earnings per share for profit (loss) attributable to shareholders of Selvaag Bolig ASA			
Earnings per share (basic and diluted, in NOK)	*14*	2,70	1,75

Statement of financial position

at 31 December

(amounts in NOK 1,000)	Note	2013	2012
ASSETS			
Non-current assets			
Goodwill	*9*	383 376	383 376
Other intangible assets	*9*	32 199	51 106
Property, plant and equipment	*10*	17 395	4 914
Investments in associated companies and joint ventures	*24*	156 723	150 705
Loans to associated companies and joint ventures	*23, 24*	17 679	12 251
Other non-current assets		104 116	154 336
Total non-current assets		**711 488**	**756 688**
Current assets			
Inventory property	*5*	4 348 805	4 283 850
Trade receivables	*11*	440 283	107 015
Other current receivables	*11*	147 738	235 254
Cash and cash equivalents	*12*	565 930	587 042
Total current assets		**5 502 756**	**5 213 161**
TOTAL ASSETS		**6 214 244**	**5 969 849**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the Company	*13*	2 442 570	2 236 268
Non-controlling interests		**14 728**	**22 718**
Total equity		**2 457 298**	**2 258 986**
Liabilities			
Non-current liabilities			
Pension obligations		2 187	1 183
Deferred tax liabilities	*19*	205 355	154 097
Provisions	*20*	92 578	92 578
Other non-current non-interest-bearing liabilities		8 627	10 269
Non-current interest-bearing liabilities	*16*	**1 752 401**	**2 116 176**
Total non-current liabilities		**2 061 148**	**2 374 303**
Current liabilities			
Current interest-bearing liabilities	*16*	959 518	669 039
Trade payables	*17*	187 348	115 157
Current income taxes payable	*19*	41 391	2 255
Other current non-interest-bearing liabilities	*17*	507 541	550 109
Total current liabilities		**1 695 798**	**1 336 560**
Total liabilities		**3 756 946**	**3 710 863**
TOTAL EQUITY AND LIABILITIES		**6 214 244**	**5 969 849**

Oslo, 24 March 2015

Olav Hindahl Selvaag Chair	Peter Groth Director	Karsten Bomann Jonsen Director	Anne Sofie Bjørkholt Director
Gisele Marchand Director	Marianne Ørnsrud Worker Director	Christopher Brunvoll Worker Director	Baard Schumann President and CEO

Statement of changes in equity

(amounts in NOK 1 000)	Share capital	Share premium account	Other paid-in capital	Cumulative translation differences	Other reserves	Retained earnings	Equity attributed to shareholders in Selvaag Bolig ASA	Non-controlling interests	Total equity
EQUITY AS OF 1 JANUARY 2014	**187 511**	**1 394 857**	**700 629**	**1 079**	**3 528**	**(51 336)**	**2 236 268**	**22 718 *)**	**2 258 986**
Dividend	-	-	-	-	-	(46 878)	(46 878)	-	(46 878)
Profit sharing to external guarantor	-	-	-	-	-	-	-	(159)	(159)
Paid to non-controlling share holders	-	-	-	-	-	-	-	(9 000)	(9 000)
Total comprehensive income/(loss) for the year:									
Net income/(loss) for the year	-	-	-	-	-	253 362	253 362	1 169	254 531
Other comprehensive income/(loss)	-	-	-	(182)	-	-	(182)	-	(182)
EQUITY AS OF 31 DECEMBER 2014	**87 511**	**1 394 857**	**700 629**	**897**	**3 528**	**155 147**	**2 442 570**	**14 728 *)**	**2 457 298**
EQUITY AS OF 1 JANUARY 2013	**87 511**	**1 394 857**	**700 629**	**1 194**	**3 528**	**(215 518)**	**2 072 200**	**74 421 *)**	**2 146 621**
Profit sharing to external guarantor	-	-	-	-	-	-	-	(64 101)	(64 101)
Dividend paid to non-controlling share holders	-	-	-	-	-	-	-	(9 000)	(9 000)
Total comprehensive income/(loss) for the year:									-
Net income/(loss) for the year	-	-	-	-	-	164 182	164 182	21 398	185 580
Other comprehensive income/(loss)	-	-	-	(115)	-	-	(115)	-	(115)
EQUITY AS OF 31 DECEMBER 2013	**187 511**	**1 394 857**	**700 629**	**1 079**	**3 528**	**(51 336)**	**2 236 268**	**22 718 *)**	**2 258 986**

*) Non-controlling interests includes tax from profits in companies subject to partnership taxation. Income taxes in the Group does not include taxes from tax subjects outside the Selvaag Bolig Group, see note 19 tax.

Statement of cash flows

for the financial period from 1 January to 31 December

(amounts in NOK 1,000)	Note	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before income taxes		348 706	236 988
Income taxes paid		(970)	-
Depreciation and amortisation	*9, 10*	21 205	22 089
Other (gains) losses, net		3 482	419
Share of (income) losses from associated companies and joint ventures	*24*	(32 404)	(10 933)
Change in inventory property	*5*	27 670	(361 075)
Change in trade receivables	*11*	(332 454)	91 758
Change in trade payables	*17*	71 332	(66 053)
Changes in other working capital assets		120 637	12 492
Changes in other working capital liabilities		(39 953)	178 265
Net cash flow from operating activities		**187 251**	**103 950**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of tangible and intangible fixed assets		-	2 939
Payments for acquisition of tangible and intangible fixed assets		(14 557)	(2 500)
Proceeds from disposal of businesses and subsidiaries, net of cash disposed	*12*	-	507
Payments for acquisitions of businesses and subsidiaries, net of cash acquired	*12*	2 184	-
Payments for acquisition of associated companies and joint ventures	*24*	(38 928)	(43 305)
Proceeds from disposal of other investments and repayments on loans given		-	42 961
Payments for acquisition of other investments and loans given		-	(10 008)
Dividends and distributions from associated companies and joint ventures	*24*	45 623	58 193
Net cash flow from investing activities		**(5 678)**	**48 787**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings	*16*	1 358 726	1 642 843
Repayments of borrowings	*16*	(1 560 391)	(1 480 042)
Net change in bank overdraft	*16*	55 017	(213 384)
Dividends paid to equity holders of Selvaag Bolig ASA		(46 878)	-
Payment of profit sharing and dividends to non-controlling interests in subsidiaries	*13*	(9 159)	(73 101)
Net cash flow from financing activities		**(202 685)**	**(123 684)**
Net change in cash and cash equivalents		(21 112)	29 053
Cash and cash equivalents at 1 January	12	**587 042**	**557 989**
Cash and cash equivalents at 31 December	12	**565 930**	**587 042**

For further specifications refer to note 12.

Notes to the consolidated financial statements

Note 1: General information

Selvaag Bolig ASA (the "Company") and its subsidiaries (together "the Group") is a property development group, involved in the construction of residential property for sale in the ordinary course of business.

Selvaag Bolig ASA is listed at the Oslo Stock Exchange. The Company's ultimate controlling party is Selvaag Gruppen AS, which owns 53.5% of the shares.

The registered office of the Company is Lørenvangen 22, 0580 Oslo.

Note 2: Significant accounting policies

The principal accounting policies are set out below and have been consistently applied to all accounting periods presented.

2.1 Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the EU as at 31 December 2013.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 20 March 2014.

2.2 Basis of preparation

The Group consolidated financial statements have been prepared on a going concern and historical cost basis, except for derivatives which are recognised at fair value through profit or loss.

2.3 Functional and presentation currency

(a) Functional and presentation currency

Items included in the individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in NOK, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated in subsequent periods.

2.4 Consolidation

The consolidated financial statements include the financial statements of the Company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. This is generally presumed to exist when the Company holds more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2.5 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the CEO and management group. This group is responsible for allocating resources and assessing performance of the operating segments. For the purposes of internal reporting the Group utilises the percentage of completion method for which the degree of completion is estimated based on expenses incurred relative to total estimated cost and sales rate. Operating profit (loss) under the percentage of completion method also includes an estimated profit element.

2.6 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies. Significant influence is generally presumed to exist when the Company holds between 20% and 50% of the voting rights.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Share of income (loss) from associated companies is included within operating profit (loss) as this is considered integral to the Group's operations.

2.7 Investments in jointly controlled entities

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method, as described in note 2.6 Investments in associates above, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Share of income (loss) from joint ventures is included within operating profit (loss) as this is considered integral to the Group's operations.

2.8 Business combinations

Where property is acquired through the acquisition of entities, management consider the substance of the assets and activities acquired. When acquiring a group of assets or net assets that do not constitute a business, the cost price is allocated between the individual identifiable assets and liabilities acquired based on their relative fair values as at the acquisition date.

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Part of goodwill is due to the recognition of deferred tax obligation at nominal value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as liability will be recognised in profit or loss.

2.9 Intangible assets

a) Goodwill

Goodwill arising on an acquisition of a business is carried at cost price as established at the date of acquisition of the business (see note 2.8 above). Goodwill is not amortised, but is tested for impairment annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or collections of cash-generating units) expected to benefit from synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. 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 any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. 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.

Cash-generating units are defined in accordance with Group internal reporting.

b) Other intangible assets
Other intangible assets are initially recognised at fair value. The asset's residual value and expected useful life are reviewed on an annual basis and adjusted if necessary. If an asset's carrying value exceeds the recoverable amount, the asset will immediately be written down to the recoverable amount. Any gain or loss arising from the disposal of an asset will be determined as the difference between the asset's sales price and carrying value, and recognised in the consolidated statement of comprehensive income as Other net profit (loss).

2.10 Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of property and related transactions in the ordinary course of the Group's activities, in accordance with IAS 18 Revenues.

(a) Sale of property
Revenue from sale of residential property (including any sale of projects under development and undeveloped land) is recognised at the transaction date, when all the conditions for recognition have been satisfied. The transfer of risk and control is completed at the time of delivery.

Property may be sold with a degree of continuing involvement by the seller, which may be commitments to complete construction of the property, or a seller guarantee of occupancy of a housing cooperative for a certain period of time. The Group recognises revenue when the significant risks and rewards of ownership of property sold are transferred to the buyer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved.

(b) Lease revenues
Rental income from leasing of property (operating leases in which the Group is a lessor) is recognised on a straight-line basis over the term of the relevant lease and included in Other revenues.

c) Sale of services
Revenue from sale of services is recognised when the service is performed. Estate agent services directly associated with sale of property are included in Sales revenue. Other services are included in Other revenue.

2.11 Inventory property
Under IAS 2 Inventories, inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, or as materials or supplies to be consumed in the production process or in the rendering of services. Inventories include land and other property held for resale.

The Group has property which is land and buildings intended for sale in the ordinary course of business or which is in the process of construction or development for such sale. Inventories thus comprise land, property held for resale, and property under development and construction. Inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition. The cost of conversion includes costs directly related to the construction of the property (such as amounts paid to sub-contractors for construction) and an allocation of fixed and variable overheads incurred during development and construction. Borrowing costs directly attributable to the acquisition, construction or production of property, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Capitalisation of borrowing costs commences when the plot is regulated. Capitalisation of other directly attributable costs commences when it is more likely than not that the project will be realised. Other costs are included in the cost of inventories only to the extent that they are directly attributable to bringing the inventories to their present location and condition, including e.g. planning and design costs. Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount is recognised as an expense (presented as project expense) in the period in which the related revenue is recognised.

2.12 Property, plant and equipment
Property, plant and equipment are recognised at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance is recognised as an expense during the period in which it is incurred. Depreciation is calculated on a straight-line basis, generally 3-10 years.

The asset's residual values and useful lives are reviewed annually, and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. 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 (other gain/(loss), net).

2.13 Financial assets
Financial assets are initially recognised at fair value. Subsequent measurement depends on the classification of the assets. The Group classifies its financial assets in the following categories: "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined by management at the time of initial recognition. The Group has no material financial assets classified at fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where 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 impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2.14 Financial liabilities
The Group classifies its financial liabilities as either financial liabilities at "fair value through profit or loss" or "other financial liabilities".

The classification depends on the nature and purpose of the financial assets and is determined by management at the time of initial recognition.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. If the interest element is insignificant, trade payables are carried at the original invoice amount.

2.15 Cash and cash equivalents

Cash and cash equivalents as presented in the statement of cash flows include cash in hand, bank deposits, and other short-term highly liquid investments with original maturities of three months or less. In the statement of financial position, bank overdrafts are presented within borrowings in current liabilities.

2.16 Equity

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 the Group are recognised at the proceeds received, net of direct issue costs (net of income tax).

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. On subsequent disposal of own shares, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in Equity attributable to shareholders of the Company. Ordinary shares are classified as equity.

2.17 Income tax

Income tax expense represents current tax expense and changes in deferred tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of 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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Changes in deferred tax

Deferred tax is recognised 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 generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognises deferred tax for associated companies and jointly controlled entities subject to partnership taxation. Deferred tax is not recognised for limited companies.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intonation to settle the balances on a net basis.

Current and deferred tax for the year

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 arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.18 Provisions

Provisions, e.g. for warranties or infrastructure, are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

2.19 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The group is currently not party to any finance lease arrangements.

Rental income from operating leases (in which the Group is a lessor) is recognised on a straight-line basis over the term of the relevant lease and included in Other revenue.

Operating lease payments (in which the Group is a lessee) 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. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. The Group is currently not party to any material operating lease arrangements.

2.20 Employee benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Obligations related to early retirement pensions (AFP) are part of a multi-employer defined benefit plan. The Company's share of the liability is, however, not measurable and the plan is thus accounted for as is it were a defined contribution plan.

2.21 Adoption of new and revised standards and interpretations

Issued accounting standards and interpretations effective for annual periods beginning on 1 January 2013

The following new and revised/amended IFRSs and interpretations have been adopted in these consolidated financial statements. The application has not had any material impact on the amounts reported, but may affect the accounting for future transactions or arrangements.

Interpretation	Title	Date of issue	Applicable to accounting periods commencing on or after
IFRS 13	Fair Value Measurement	May 2011	1 January 2013
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	June 2011	1 July 2012
IAS 19 (revised in 2011)	Employee Benefits	June 2011	1 January 2013
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	December 2011	1 January 2013
Improvements to IFRSs (various Standards and Interpretations)	Improvements to IFRSs 2009-2011 Cycle	May 2012	1 January 2013

Issued accounting standards and interpretations not effective for the year ended 31 December 2013

As at the date of authorisation of these financial statements, the Standards and Interpretations in the table below had been issued by the IASB but were not effective for the financial year ended 31 December 2013.

The directors anticipate that these Standards and Interpretations will be adopted in the Group's financial statements for the period beginning 1 January 2014 or later. Effective dates are as applicable for IFRSs as adopted by the European Union as these in some cases will deviate from the effective dates as issued by the IASB. The directors have not yet considered the potential impact of the adoption of these new and revised/amended IFRSs and Interpretations. Standards that are not clearly relevant for the consolidated financial statements (for example amendments to IFRS 1 First-time adoption of IFRSs) are not included in the table below.

Interpretation	Title	Date of issue	Applicable to accounting periods commencing on or after
IFRS 10	Consolidated Financial Statements	May 2011	1 January 2014
IFRS 11	Joint Arrangements	May 2011	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	May 2011	1 January 2014
IAS 27 (revised in 2011)	Separate Financial Statements	May 2011	1 January 2014
IAS 28 (revised in 2011)	Investments in Associates and Joint Ventures	May 2011	1 January 2014
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	December 2011	1 January 2014
Amendments to IFRS 10, 11 and 12	Amendments to transitional guidance	June 2012	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Amendments for investment entities	October 2012	1 January 2014
IFRIC Interpretation 21	Levies	May 2013	1 January 2014 (not approved by the EU)
Amendments to IAS 36	Recoverable Amount Disclosures for Non-financial Assets	May 2013	1 January 2014
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	June 2013	1 January 2014
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	November 2013	1 July 2014 (not approved by the EU)
Improvements to IFRSs (various Standards and Interpretations)	Improvements to IFRSs 2010-2012 Cycle	December 2013	1 July 2014 (not approved by the EU)

Improvements to IFRSs (various Standards and Interpretations)	Improvements to IFRSs 2011-2013 Cycle	December 2013	1 July 2014 (not approved by the EU)
IFRS 9	Financial Instruments	November 2009, and subsequent amendments to IFRS 7 and IFRS 9 issued December 2011 and November 2013	IASB mandatory date 1 January 2015 postponed by the EU

Note 3: Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

Estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources will be required. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates will, by definition, rarely equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Certain amounts included in or affecting the financial statements and related disclosure must be estimated, requiring management to make assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared.

Estimation of net realisable value for inventory property:

The property development projects are classified as inventory in accordance with IAS 2. Inventories comprise of land (undeveloped), work in progress and finished goods, and are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In determining the net realisable value, management carries out assessment of important factors relevant for the valuation, including macroeconomic factors such as expected housing prices and rental levels, as well as expected yields, approvals from authorities, construction costs and project progression. When considered appropriate, management uses reports from external valuation experts to estimate property values or to corroborate the Company's own estimates. Changes in circumstances and in management's assessment and assumptions will result in amendments to the estimated net realisable value. Also refer to note 5.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.9. The recoverable amounts of cash-generating units are determined based on fair value or useful value. These calculations require the use of estimates. No impairment charges have been made for the 2012 through 2013 financial periods and management has determined that any reasonably possible change in key assumptions, such as discount rate and estimated cash flows, would not cause the need to reduce the carrying amount of goodwill. Also refer to note 9.

Provisions

The Group has made provisions for contract obligations, e.g. infrastructure and construction of parking areas. The provision is based on present obligation, but of uncertain timing and amount. The size of the provision is estimated based on individual contracts and circumstances. Also refer to note 20.

Note 4: Segment information

Management has determined the operating segments based on reports reviewed by the CEO and management group and which are used to make strategic decisions. The figures below were reported to the CEO and the management group at the end of the reporting period. The main segments are defined as Property Development ("Boligutvikling") within three geographic regions: Greater Oslo, the Rest of Norway, and Other Countries. In addition the Other segment consists of Services and Estate Agent, as well as unallocated revenues and costs.

The Group utilises the percentage of completion method in its internal reporting for which the degree of completion is estimated based on expenses incurred relative to total estimated costs and sales rate. Operating revenues under the percentage of completion method also includes an estimated profit element for sold units. The group consolidated income statement is based on the completed contract method, in which revenue is recognised at the time of transfer of risk and control, being the point of delivery of the property. A reconciliation of this effect (from percentage of completion to completed contract) can be found in the segment reporting under "Reconciliation EBITDA to operating profit (loss)".

Group management considers segment results based on the percentage of completion method for determining EBITDA. The method of measurement is defined as operating profit (loss) before "Depreciation and amortisation", "Other gain (loss), net", and "Share of income (losses) from associated companies". Financial income and expenses are not allocated to operating segments since this type of activity is managed by a central finance function focused on managing the Group's liquidity.

As of 31 December 2014	**Property development**				
(amounts in NOK 1,000)	**Greater Oslo**	**The rest of Norway**	**Other countries**	**Other**	**Total**
Operating revenues	2 137 025	950 445	2 155	23 585	3 113 210
Project expenses	(1 637 874)	(762 627)	-	(1 376)	(2 401 877)
Other operating expenses	(42 822)	(30 177)	(3 510)	(139 388)	(215 897)
EBITDA (percentage of completion)	**456 329**	**157 641**	**-1 355**	**-117 179**	**495 436**
Reconciliation EBITDA to Operating profit (loss):					
EBITDA (percentage of completion)	456 329	157 641	(1 355)	(117 179)	495 436
Sales revenues (adjustment effect of percentage of completion)	(2 070 248)	(871 867)	-	-	(2 942 115)
Sales revenues (completed contract)	2 204 730	567 598	-	-	2 772 328
Project expenses (adjustment effect of percentage of completion)	1 627 491	701 764	-	-	2 329 255
Project expenses (completed contract)	(1 826 852)	(473 544)	-	-	(2 300 396)
Depreciation and amortisation	-	-	-	(21 205)	(21 205)
Share of income (loss) from associated companies	(1 846)	4 224	30 026	-	32 404
Other gain (loss), net	-	-	-	-	-
Operating profit (loss)	**389 604**	**85 816**	**28 671**	**(138 384)**	**365 712**
Units in production	835	473	-	I/A	1 308
Units delivered	684	139	38	I/A	861

As of 31 December 2013	**Property development**				
(amounts in NOK 1,000)	**Greater Oslo**	**The rest of Norway**	**Other countries**	**Other**	**Total**
Operating revenues	1 920 785	652 775	1 990	24 293	2 599 843
Project expenses	(1 462 078)	(501 982)	-	(4 354)	(1 968 414)
Other operating expenses	(48 648)	(17 164)	(2 085)	(140 875)	(208 772)
EBITDA (percentage of completion)	**410 059**	**133 629**	**(95)**	**(120 936)**	**422 657**
Reconciliation EBITDA to Operating profit (loss):					
EBITDA (percentage of completion)	410 059	133 629	(95)	(120 936)	422 657
Sales revenues (adjustment effect of percentage of completion)	(1 764 821)	(604 488)	-	-	(2 369 309)
Sales revenues (completed contract)	1 245 620	718 734	-	-	1 964 354
Project expenses (adjustment effect of percentage of completion)	1 353 884	465 524	-	-	1 819 408
Project expenses (completed contract)	(974 091)	(584 473)	-	-	(1 558 564)
Depreciation and amortisation	-	-	-	(22 089)	(22 089)
Share of income (loss) from associated companies	2 651	9 009	(727)	-	10 933
Other gain (loss), net	-	-	-	(419)	(419)
Operating profit (loss)	**273 302**	**137 935**	**(822)**	**(143 444)**	**266 971**
Units in production	1 156	279	39	I/A	1 474
Units delivered	496	191	-	I/A	687

Note 5: Inventory property

(amounts in NOK 1,000)	Land	Borrowing cost of land	Capitalised project expenses	Total
As of 1 january 2013	1 837 284	123 691	1 949 710	3 910 685
Additions	98 648	38 528	1 929 414	2 066 591
Acquisition of subsidiaries	16 221	-	-	16 221
Reclassifications of land to capitalised project expenses	(301 869)	(21 056)	322 925	-
Inventory expenses on delivered units	(34 399)	(3 680)	(1 671 567)	(1 709 646)
Carrying amount as of 31 December 2013	**1 615 885**	**137 483**	**2 530 482**	**4 283 850**
Additions	16 913	32 920	2 343 390	2 393 223
Acquisition of subsidiaries	31 718	-	11 811	43 529
Reclassifications of land to capitalised project expenses	(174 792)	(37 129)	211 921	-
Inventory expenses on delivered units (project expenses)	(8 615)	-	(2 353 182)	(2 361 797)
Annual impairment losses	-	-	(10 000)	(10 000)
Carrying amount as of 31 December 2014	**1 481 109**	**133 274**	**2 734 422**	**4 348 805**

(amounts in NOK 1,000)	2014	2013
Land (undeveloped)	1 614 382	1 753 368
Work in progress	2 360 274	2 398 847
Finished projects	374 149	131 635
Carrying amount as of 31 December	**4 348 805**	**4 283 850**

Acquisition of subsidiaries consists of the two previously associated companies Nordic Residential S.L. and Nordic Sol Commercial S.L. Capitalisation rates utilised to determine the amount of borrowing costs eligible for capitalisation were between 3.9% and 4.0% during 2014. Corresponding rates were between 3.9% and 4.1% during 2013.

Valuation of properties

Plots of land are considered part of inventory and are valued to the lowest of acquisition cost and net realisable value. An internal assessment of the value of inventory property is prepared annually at year-end in order to determine net realisable value for individual plots/properties.

Additionally, and at the Group's request, external valuations performed by Akershus Eiendom, of properties have been performed as of 31 December 2014. Group management has determined the most significant assumptions relevant to the valuation of individual plots/properties, including size, geographic location, current regulation, potential for development, and timing of sale. The external valuation indicates excess values of NOK 709 million beyond the carrying amounts related to the properties included in land (undeveloped).

Impairment test inventory property

The Group has recognised an impairment charge of NOK 10 million on a parking facility in Lørenskog. There were no further impairment losses on inventory property (buildings and land) for 2014. There were no impairment losses recognised in 2013.

See note 16 for inventory property pledged as collateral for borrowings from financial institutions.

Note 6: Salaries and personnel expenses

(amounts in NOK 1,000)	2014	2 013
Wages and salaries	(91 139)	(90 305)
Social security tax	(15 420)	(14 874)
Pension costs	(5 523)	(5 073)
Other benefits	(6 658)	(6 314)
Salary expense capitalised to inventory	35 871	28 911
Total salaries and personnel expenses	**(82 868)**	**(87 656)**
Average number of employees	99	100

Specification of pension costs

(amounts in NOK 1,000)	2014	2 013
Pension cost - defined contribution and disability pension plan	(2 959)	(2 925)
Pension cost - defined benefit plan	(1 788)	(1 610)
Other pension costs (including early retirement (AFP))	(776)	(538)
Net pension costs	**(5 523)**	**(5 073)**

As of 31 December 2014, there were 93 employees included in the defined contribution plan. In addition 6 employees were included in a defined benefit plan which is closed for new members. The defined benefit plan carries a net oblligation of NOK 2.0 million. 69 current employees were included in the early retirement (AFP) plan. Also refer to note 8 for Selvaag Bolig ASA.

Companies in Norway are required to offer a pension plan in line with the Act relating to occupational pensions ("lov om obligatorisk tjenestepensjon"), and the Group's companies have a pension plan that meets these requirements. Basis for earned pension rights under the defined contribution plan is 3.5% of salary between 1 and 6 times the social security base amount (G) and 6.5% between 6 and 12 G.

Note 7: Other operating expenses

(amounts in NOK 1,000)	Note	2014	2013
Operation and maintenance		(21 348)	(21 303)
Consultancy expenses		(22 236)	(25 073)
Commisions and other sales related expenses		(62 714)	(52 840)
Losses on receivables	*11*	(1 794)	(2 067)
Other operating expenses		(24 494)	(19 833)
Total other operating expenses		**(132 586)**	**(121 116)**

Operation and maintenance includes expenses related to lease contracts and operation of the Selvaag Group headquarters purchased from Selvaag Gruppen of NOK 6.8 million (8.1) in 2014. See also note 23 related party transactions for further specifications.

The increase in commisions and sales related expenses is mainly due to a generally higher level of activity with more sales and sales starts compared to 2013.

Other operating expenses primarily consist of administrative expenses, including services purchased from Selvaag Gruppen of NOK 2.5 million in 2014 and NOK 2.9 million in 2013.

Note 8: Financial income and expenses

(amounts in NOK 1,000)	Note	2014	2013
Interest income on financial assets measured at amortised cost		16 473	13 838
Net foreign currency gains		3 079	1 371
Other financial income		1 663	(338)
Total financial income		**21 215**	**14 871**
Interest expenses on financial liabilities measured at amortised cost		(65 033)	(66 237)
Capitalised interest	*5*	32 920	38 528
Total interest expenses		(32 113)	(27 709)
Net foreign currency losses		(1 209)	-
Other financial expenses *)		(4 899)	(17 145)
Total financial expenses		**(38 221)**	**(44 854)**
Net financial expenses		**(17 006)**	**(29 983)**

*) Includes guarantee cost of NOK 13.0 million to external guarantor.

Note 9: Intangible Assets

		Other intangible assets		
(amounts in NOK 1,000)	Goodwill	Trademarks	Rental contracts	Total
Cost at 31 December 2012	**389 183**	**50 000**	**44 545**	**483 728**
Additions	-	-	-	-
Disposals	(5 807)	-	-	(5 807)
Cost at 31 December 2013	**383 376**	**50 000**	**44 545**	**477 921**
Additions	-	-	-	-
Disposals	-	-	-	-
Cost at 31 December 2014	**383 376**	**50 000**	**44 545**	**477 921**
Accumulated amortisation at 31 December 2012	**-**	**(12 500)**	**(11 624)**	**(24 124)**
Write-downs				
Amortisation	-	(10 000)	(9 315)	(19 315)
Accumulated amortisation at 31 December 2013	**-**	**(22 500)**	**(20 939)**	**(43 439)**
Write-downs				
Amortisation	-	(10 000)	(8 907)	(18 907)
Accumulated amortisation at 31 December 2014	**-**	**(32 500)**	**(29 846)**	**(62 346)**
Carrying amount at 31 December 2013	**383 376**	**27 500**	**23 606**	**434 482**
Carrying amount at 31 December 2014	**383 376**	**17 500**	**14 699**	**415 575**
Estimated useful life	-	5 years*)	5 years*)	
Amortisation method	-	Straight-line	Straight-line	

*) Estimated useful life until September 2016.

The value of intangible assets is tested for impairment annually, or more often when there is indication that the value may be impaired. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount.

Impairment testing of goodwill and other intangible assets

The Group tests goodwill for impairment annually, or more often if internal or external indications of impairment exist. Other intangible assets, including the trademark "Selvaag Pluss" and long-term property leases will be amortised over their expected useful life and tested for impairment if events during the period indicate that the value may be impaired.

a) Goodwill

Goodwill arisen from business combinations is allocated to each of the Group's cash-generating segments as follows:

2014	Goodwill
Property development - Greater Oslo	213 309
Property development - The rest of Norway	168 867
Other	1 200
Total	**383 376**

2014	Goodwill
Property development - Greater Oslo	213 309
Property development - The rest of Norway	168 867
Other	1 200
Total	**383 376**

Cash generating units are divided into operating segments Property development across three geographic areas - Greater Oslo, The rest of Norway, Other countries, and Other. Goodwill allocated to the "Other" segment originated from the acquisition of Meglerhuset Selvaag in 2010. Refer to note 4 for segment information. The change in goodwill for Other in 2013 is related to the sale of Selvaag Boligutleie AS and the transfer of business from Selvaag Boligmegling AS to Eiendomsmegler Krogsveen. From goodwill of NOK 7,0 previously related to Meglerhuset Selvaag NOK 5.8 million was included in the gain (loss) calculation related to these transactions.

An external valuation indicates excess values of NOK 709 million beyond the carrying amounts related to the properties included in land (undeveloped), see note 5. The excess values are allocated to cash generating units Property development - Greater Oslo and Property development - The rest of Norway. The Group expects to realise the excess values in the current land bank through projects developed during the next 5-10 years.

The Group has tested the goodwill for impairment based on a model estimating future cash flows from property development projects. The estimated cash flows are discounted to net present value using a weighted average cost of capital discount rate. Future cash flows are estimated based on expected cash flow from ongoing projects, future projects from the current land bank and future projects requiring new investments in properties. Expected cash outflows related to new investments in properties and administration costs are included in the calculation. The most significant assumptions in the calculation model are deemed to be sales volume and discount rate, in addition to the profit rate in the projects. The impairment test shows sufficient excess values beyond the carrying values concluding that any reasonable decrease in the key assumptions will not trigger an impairment loss for goodwill.

b) trademark

The trademark "Selvaag Pluss" was included in the acquisition of Selvaag Pluss Eiendom KS detailed in note 6. The recoverable amount of the asset is calculated based on the expected future value generated by the concept. The liquidity forecasts used in the estimates are based on management's estimate of the expected excess value of the "Pluss-concept" during a five-year period. Future cash flows are discounted using a discount rate of 15% (before tax).

c) Other intangible assets

The trademark "Selvaag Pluss" was included in the acquisition of Selvaag Pluss Eiendom KS detailed in note 6. The recoverable amount of the asset is calculated based on the expected future value generated by the concept. The liquidity forecasts used in the estimates are based on management's estimate of the expected excess value of the "Pluss-concept" during a five-year period. Future cash flows are discounted using a discount rate of 15% (before tax).

Note 10: Property, plant and equipment

(amounts in NOK 1,000)	Machinery and plant	Inventory and other equipment	Total
Cost at 31 December 2012	-	11 185	11 185
Additions 2013	-	2 276	2 276
Disposals 2013	-	(3 153)	(3 153)
Translation differences	-	146	146
Cost at 31 December 2013	**-**	**10 454**	**10 454**
Additions 2014	*3 556*	11 769	15 325
Disposals 2014	-	*(1 333)*	(1 333)
Translation differences	-	-	-
Cost at 31 December 2014	**3 556**	**20 890**	**24 446**
Accumulated depreciation at 31 December 2012	**-**	**(4 731)**	**(4 731)**
Depreciation 2013	-	(2 774)	(2 774)
Disposals 2013	-	2 011	2 011
Translation differences	-	(46)	(46)
Accumulated depreciation at 31 December 2013	**-**	**(5 540)**	**(5 540)**
Depreciation 2014	*(118)*	(2 181)	(2 299)
Disposals 2014	-	732	732
Translation differences	-	56	56
Accumulated depreciation at 31 December 2014	*(118)*	(6 933)	(7 051)
Carrying amount at 31 December 2013	**-**	**4 914**	**4 914**
Carrying amount at 31 December 2014	**3 438**	**13 957**	**17 395**
Estimated useful life	*3-5 years*	3-5 years	
Depreciation method	*straight-line*	straight-line	

Note 11: Trade and other receivables

(amounts in NOK 1,000)	2014	2013
Receivables from sale of land	36 450	84 393
Seller credits	28 604	27 504
Other loans and receivables	39 061	42 439
Other non-current assets	**104 116**	**154 336**

(amounts in NOK 1,000)	2014	2013
Trade receivables	**440 283**	**107 015**
Current non-interest-bearing receivables from the Selvaag Group	1 275	1 275
Other receivables *)	119 613	222 323
Other current financial receivables	**120 888**	**223 598**
Prepaid expenses	26 850	11 656
Total other current receivables	**147 738**	**235 254**

*) For 2014 the amount was mainly receivables from sale of land and commercial properties. The amount in 2013 was mainly related to receivable of NOK 171.8 million from the sale of Bjørnåsen Syd 3 AS, see also note 23 transactions with related parties.

The carrying amounts of trade and other receivables are denominated in NOK.

Analysis of trade receivables overdue at the end of the reporting period	2014	2013
Not overdue	438 789	99 946
Overdue 1-100 days	925	6 130
Overdue → 100 days	7 950	7 866
Gross trade receivables	**447 664**	**113 942**
Total allowance for doubtful debts	7 381	6 928
Net trade receivables	**440 283**	**107 015**

Losses on receivables	2014	2013
Movement in allowance for doubtful debts	453	(56)
Receivables written off during the year as uncollectible	1 341	2 123
Losses on receivables in the statement of comprehensive income	**1 794**	**2 067**

Note 12: Additional information to the statement of cash flows

Acquisitions of businesses and subsidiaries

The table below shows the effects on the consolidated statement of financial position from acquisitions of businesses and subsidiaries:

(amounts in NOK 1,000)	2014	2013
Current assets	45 057	-
Liabilities	-25 366	-
Fair value of existing ownership interests in associated companies at acquisition date	-19 691	-
Total consideration	**-**	**-**
Cash payments related to acquisitions	-	-
Cash in subsidiaries acquired	2 232	-
Payments for acquisitions of businesses and subsidiaries, net of cash acquired	**2 232**	**-**

Acquisitions in 2014 consist of former associated companies Nordic Residential S.L. and Nordic Sol Commercial S.L.

Disposal of businesses and subsidiaries

The table below shows the effects on the consolidated statement of financial position from disposal of businesses and subsidiaries:

(amounts in NOK 1,000)	2014	2013
Current assets	-	2 951
Liabilities	-	(503)
Gains (losses) on disposal of businesses and subsidiaries	-	(220)
Total consideration	**-**	**2 228**
Cash proceeds related to disposals of businesses and subsidiaries	-	2 228
Cash in subsidiaries disposed of	-	(1 721)
Payments for acquisitions of businesses and subsidiaries, net of cash acquired	**-**	**507**

Cash and cash equivalents

(amounts in NOK 1,000)	2014	2013
Restricted bank accounts	96 415	24 903
Non-restricted bank deposits and cash	469 515	562 139
Total	**565 930**	**587 042**

Restricted bank accounts are guarantees related to contingent taxes and guarantees required by § 12 in "Bustadoppføringsloven".

Interest payments

Payments and proceeds of interest are classified as operating activities. Payments were NOK 137 and NOK 128 million in 2014 and 2013, respectively. Proceeds of interests were NOK 13 million in 2014 and NOK 9 million in 2013.

Note 13: Additional information to the statement of changes in equity and shareholders

Paid-in capital

(amounts in NOK 1,000, except number of shares)	Number of shares	Share capital	Share premium	Other paid-in capital	Total paid-in capital
Equity as of 31 December 2013	**93 755 157**	**187 511**	**1 394 857**	**700 629**	**2 282 997**
Equity as of 31 December 2014	**93 755 157**	**187 511**	**1 394 857**	**700 629**	**2 282 997**

As of 31 December 2014 and 31 December 2013, the share capital of the company (net of treasury shares) was NOK 187,510,314, comprising 93,755,157 fully-paid ordinary shares with a par value of NOK 2.00. All issued shares carry equal rights.

The company holds 10,531 treasury shares as of 31 December 2014 (10,531 treasury shares as of 31 December 2013).

The board in Selvaag Bolig ASA has a mandate from the Annual General Meeting (AGM) to acquire the company's shares with a total nominal value of up to NOK 18 753 137. The amount paid for the shares must be a minimum of NOK 10 and maximum of NOK 30. The board can use the mandate with a possible later write-down of the share capital with the consent of the general meeting, remuneration of the directors, incentive programmes, settlement for the possible acquisition of businesses, or for the purchase of shares where this is financially beneficial. The board has a free choice of the methods to be used in acquiring or disposing of shares. The mandate will last until the AGM in 2015 with a proposal to extend the mandate period until AGM in 2016.

Further the board in Selvaag Bolig ASA has a mandate from the AGM to increase the share capital, on one or more occations by a total of NOK 18 753 137. The mandate can be used to issue shares as payment related to incentive schemes, as consideration for the aquisition of business falling within the company's business purpose, or for necessary strenghtening of the company's equity. The mandate will last until the AGM in 2015 with a proposal to extend the mandate period until til AGM in 2016.

Other equity reserves

Other reserves in the statement of changes in equity consist of the Group's share of transactions with owners in associated companies and joint ventures.

Non-controlling interests (NCI)

	NCI ownership in %		NCI share of profit (loss)		NCI carrying amount as of	
(amounts in NOK 1,000)	**31.12.14**	**31.12.13**	**2014**	**2013**	**31.12.14**	**31.12.13**
Nesttun Pluss AS/KS	25.0%	25.0%	1 184	14 187	14 728	22 544
Løren 2B AS/IS	3.7%	3.7%	(15)	7 211	-	174
			1 169	**21 398**	**14 728**	**22 718**

The project Løren 2B is partly guaranteed by external investors. The guarantee, which is significant in this project, leads to a substancial share of the profit to be distributed based on the share of the guarantee rather than the ownership share.

Payments of NOK 9.0 million in dividends (9.0) and NOK 0.2 million in profit sharing (64.1) reduced the share of equity allocated to non-controlling interests to NOK 14.7 million (22.7)

Ownership structure

As of 31 December 2014, the Group had 917 shareholders, of which 63 shareholders outside Norway. As of 31 December 2013, the Group had 863 shareholders, of which 55 shareholders outside Norway.

The 20 largest shareholders as of 31 Desember 2014 were as follows:

Shareholder	Ordinary shares	Ownership/ voting share %
SELVAAG GRUPPEN AS	50 180 087	53,5%
SKANDINAVISKA ENSKILDA BANKEN AB	5 542 547	5,9%
AS ATLANTIS VEST	3 574 556	3,8%
MP PENSJON PK	2 557 294	2,7%
MORGAN STANLEY & CO. INTERNATIONAL	2 389 096	2,5%
PARETO AS	2 065 624	2,2%
US BK EVERMORE GLO VAL FUND	1 520 000	1,6%
STOREBRAND NORGE I	1 327 079	1,4%
UTHALDEN A/S	1 234 613	1,3%
THE BANK OF NEW YORK MELLON	1 231 559	1,3%
HOLTA INVEST AS	1 200 000	1,3%
STOREBRAND VERDI	1 164 879	1,2%
J.P. MORGAN CHASE BANK N.A. LONDON	1 109 431	1,2%
HOLBERG NORGE	1 098 143	1,2%
HOLBERG NORDEN	1 055 000	1,1%
ANAXO CAPITAL AS	828 246	0,9%
VERDIPAPIRFONDET DNB SMB	825 000	0,9%
J.P. MORGAN CHASE BANK N.A. LONDON	773 748	0,8%
VERDIPAPIRFONDET OMEGA INVESTMENT	729 000	0,8%
FIDELITY SELECT PORTFOLIOS: FIDELI	626 200	0,7%
Total 20 largest shareholders	**81 032 102**	**86,4%**
Other shareholders (including treasury shares)	12 733 586	13,6%
Total ordinary shares	**93 765 688**	**100,0%**

The 20 largest shareholders as of 31 Desember 2013 were as follows:

Shareholder	Ordinary shares	Ownership/ voting share %
Selvaag Gruppen AS	50 180 087	53,5%
Skandinaviska Enskilda Banken AB	5 943 767	6,3%
IKM Eiendom AS	3 575 624	3,8%
MP Pensjon PK	3 480 000	3,7%
Skips AS Tudor	2 839 477	3,0%
Havfonn AS	2 144 856	2,3%
TS Eiendom AS	1 782 568	1,9%
Pareto AS	1 490 000	1,6%
Storebrand Verdi	1 212 107	1,3%
Holberg Norge	1 205 334	1,3%
Holberg Norden	1 100 000	1,2%
Holta Invest AS	1 050 000	1,1%
Uthalden AS	1 004 613	1,1%
Storebrand Norge I	818 441	0,9%
JPMorgan Chase Bank	750 000	0,8%
Verdipapirfondet Omega Investment	700 000	0,7%
Storebrand Aksje Innland	618 301	0,7%
Odin Eiendom	537 542	0,6%
Hustadlitt A/S	501 449	0,5%
SEB London	452 349	0,5%
Total 20 largest shareholders	**81 386 515**	**86,8%**
Other shareholders (including treasury shares)	12 379 173	13,2%
Total ordinary shares	**93 765 688**	**100,0%**

The members of the board of directors and the Chief Executive Officer held no share options in the company during the years 2014 and 2013. See note 22 for an overview of the members of the board of directors' and the Chief Executive Officer's share ownership in the company during the years 2014 and 2013.

Note 14: Earnings per share

Earnings per share are calculated by dividing the profit (loss) for the period by the weighted average number of shares in issue. There are no diluting effects related to the share capital in the years 2014 and 2013.

	2014	2013
Profit (loss) for the period attributable to shareholders of the Company in NOK 1,000	253 362	164 182
Weighted average number of shares outstanding during the period	93 765 688	93 765 688
Basic earnings per share in NOK	**2,70**	**1,75**
Diluted earnings per share in NOK	**2,70**	**1,75**

Note 15: Dividend

The board has proposed a dividend of NOK 1.20 for 2014, in total NOK 112.5 million. This corresponds to 44 percent of the profit for the year. For the year 2013 a dividend of NOK 46.9 million was paid, corresponding to NOK 0.5 per share and 29 percent of the profit for the year. The dividend for 2014 is subject to approval by the annual general meeting 29 April and is not reflected in the financial statement for 2014.

Note 16: Interest-bearing liabilities

Specification of interest-bearing liabilities

(amounts in NOK 1,000)	2014	2013
Non-current liabilities		
Bank loans	1 260 970	1 628 268
Bond issue	491 431	487 908
Total non-current interest-bearing liabilities at amortised cost	**1 752 401**	**2 116 176**
Current liabilities		
Bank loans	959 518	662 875
Other current liabilities	-	6 164
Total current interest-bearing liabilities at amortised cost	**959 518**	**669 039**
Total interest-bearing liabilites at amortised cost	**2 711 919**	**2 785 215**

Two overdraft facilities of NOK 150 million each were held by the group at 31 December, one of which was drawn down by NOK 55 million.

The group issued an unsecured bond loan of NOK 500 million in the second quarter of 2013, with a five-year term and quarterly interest payments commencing on 27 September 2013. Interest on the loan is three months Nibor plus a margin of 475 basis points. The bond incorporates covenants which require the company to maintain 1) a minimum equity ratio of 25 per cent until 30 June 2017 and then 27.5 per cent until maturity in June 2018 and 2) a sales ratio of at least 60 per cent for units under construction. Both covenants were fulfilled at 31 December 2014. The bond was listed on the Oslo Stock Exchange in the third quarter of 2013. The covenants on the loans were amended in the fourth quarter to give the group increased operational flexibility. See the stock exchange announcement of 7 November 2014.

The group's interest-bearing debt falls primarily into three categories: liabilities in parent company Selvaag Bolig ASA (top-up loans), land loans and construction loans. At 31 December, the group had a top-up loan of NOK 546 million, land loans of NOK 931 million and construction loans of NOK 1 234 million. The top-up loan consisted of a bond carried at a net amortised cost of NOK 491 million and an overdraft facility of NOK 55 million.

Company	Loan instrument	Lender	2014	Currency	Maturity date
Selvaag Bolig ASA	Bond	Bond owners	491 431	NOK	27.06.18
Selvaag Bolig ASA	Land loan	DNB	161 994	NOK	31.12.2016
Selvaag Bolig ASA	Working capital fascility	DNB	55 017	NOK	Unspecified
Selvaag Bolig ASA	Revolving credit fascility	DNB	-	NOK	31.12.2015
Selvaag Bolig Lørenskog AS	Land loan	DNB / Handelsbanken	109 300	NOK	30.09.2018
Skårer Bolig AS	Land loan	Storebrand	195 000	NOK	19.11.2015
Selvaag Bolig Løren 5 AS	Land loan	DNB / Handelsbanken	67 556	NOK	31.12.2016
Selvaag Bolig Vestfold AS	Land loan	DNB	54 250	NOK	31.12.2016
Selvaag Løren 7 AS	Land loan	DNB	42 000	NOK	31.12.2016
Jaasund AS	Land loan	SR Bank	62 510	NOK	31.12.2018
Lervik Brygge AS	Land loan	SR Bank	21 300	NOK	31.12.2015

Aase Gaard AS	Land loan	SR Bank	23 913	NOK	31.12.2017
Nyhavn Pluss KS	Land/construction loan	DNB	70 628	NOK	30.03.2017
Selvaag Bolig Lillohøyden AS	Construction loan	DNB / Handelsbanken	296 351	NOK	31.12.2015
Selvaag Bolig Vestfold AS	Construction loan	DNB	17 619	NOK	30.11.2015
Selvaag Bjørnåsen Nord AS	Construction loan	DNB	103 540	NOK	30.09.2015
Selvaag Bolig Stasjonsby I AS	Construction loan	DNB / Handelsbanken	102 133	NOK	31.05.2015
Selvaag Bolig Formtoppen AS	Construction loan	DNB / Handelsbanken	75 089	NOK	30.09.2015
Selvaag Bolig Oppløpet AS	Construction loan	DNB / Handelsbanken	38 000	NOK	31.12.2016
Øya Lervig Brygge AS	Construction loan	DNB	363 719	NOK	31.03.2016
Strandkanten Pluss II KS	Construction loan	DNB	74 097	NOK	30.04.2017
Lade Allé 67 / 69 Holding AS	Construction loan	Sparebank 1 Midt-Norge	75 058	NOK	04.11.2017
Other companies in Greater Oslo	Land loan	DNB/Sparebanken Øst	41 000	NOK	2017
Other companies in Greater Oslo	Construction loan	DNB	22 140	NOK	2015 - 2017
Other companies in the rest of Norway	Land loan	DNB/SR Bank	20 388	NOK	2015
Other companies in the rest of Norway	Construction loan	SR Bank	66 575	NOK	2015 - 2017
Other companies	Other loans	DNB/Sparebanken Øst/Bancaja	61 311	-	2015 - 2022
Total interest-bearing liabilities			**2 711 919**		

Interest rates are based on 3 month NIBOR with a margin added on. As per 31 December 2014 the average interest rate for the top-up loans was 5.95%, land loans was 3.92% and construction loans 3.73%.

The differences between the disclosed nominal interest rates and effective interest rates are deemed insignificant.
Duration of contruction loans follows the completion rate and delivery of housing units, hence final redemption is when the project is completed.

Company *(amounts in NOK 1,000)*	**Loan instrument**	**Lender**	**2013**	**Currency**	**Maturity date**
Selvaag Bolig ASA	Bond	Bond owners	487 908	NOK	27.06.18
Selvaag Bolig ASA	Land loan	DNB	235 694	NOK	31.12.2016
Selvaag Bolig ASA	Working capital fascility	DNB	-	NOK	Unspecified
Selvaag Bolig ASA	Revolving credit fascility	DNB	-	NOK	31.12.2015
Selvaag Bolig Lørenskog AS	Land loan	DNB/Handelsbanken	131 000	NOK	30.09.2018
Skårer Bolig AS	Land loan	Storebrand	195 000	NOK	19.11.2015
Selvaag Bolig Løren 5 AS	Land loan	DNB / Handelsbanken	77 943	NOK	31.12.2016
Selvaag Bolig Vestfold AS	Land loan	DNB	59 250	NOK	31.12.2016
Selvaag Løren 7 AS	Land loan	DNB	42 000	NOK	31.12.2016
Lade Allé 67 / 69 Holding AS	Land loan	DNB	73 700	NOK	31.12.2014
Jaasund AS	Land loan	SR Bank	65 010	NOK	31.12.2018
Lervik Brygge AS	Land loan	SR Bank	21 300	NOK	31.12.2015
Aase Gaard AS	Land loan	SR Bank	29 400	NOK	31.12.2017
Nyhavn Pluss KS	Land/construction loan	DNB	67 049	NOK	30.06.2014
Selvaag Bolig Lillohøyden AS	Construction loan	DNB/Handelsbanken	205 575	NOK	31.12.2015
Selvaag Bolig Løren 5 AS	Construction loan	DNB/Handelsbanken	133 090	NOK	30.06.2015
Selvaag Bolig Vestfold AS	Construction loan	DNB	88 456	NOK	15.02.2014
Selvaag Bolig Bjørnåsen Syd II AS	Construction loan	DNB	154 187	NOK	30.09.2014
Selvaag Bjørnåsen Nord AS	Construction loan	DNB	58 339	NOK	30.09.2015
Selvaag Bolig Mortensrudhøyden AS	Construction loan	DNB	39 240	NOK	30.09.2014
Selvaag Fernanda Nissen AS	Construction loan	DNB	151 473	NOK	30.09.2014
Selvaag Bolig Glassverket AS	Construction loan	DNB	31 105	NOK	31.12.2014
Øya Lervig Brygge AS	Construction loan	DNB	116 516	NOK	31.03.2016
Jaasund Bolig II AS	Construction loan	SR Bank	58 267	NOK	30.09.2015
Other companies in Greater Oslo	Land loan	DNB/Sparebanken Øst	34 600	NOK	2014-2017
Other companies in Greater Oslo	Construction loan	DNB	41 536	NOK	2014-2015
Other companies in the rest of Norway	Land loan	DNB/SR Bank	69 888	NOK	2014-2015
Other companies in the rest of Norway	Construction loan	SR Bank	41 944	NOK	2015
Other companies	Other loans	DNB/Sparebanken Øst/Bancaja	75 745	-	2015 - 2022
Total interest-bearing liabilities			**2 785 215**		

Interest rates are based on 3 month NIBOR with a margin added on. As per 31 December 2013 the average interest rate for the bond was 6.58%, land loans was 4.35%, construction loans 4.22% and other loans 5.24%.

The differences between the disclosed nominal interest rates and effective interest rates are deemed insignificant.
Duration of contruction loans follows the completion rate and delivery of housing units, hence final redemption is when the project is completed.

Non-current interest-bearing liabilites

Maturity schedule for non-current loans:

Period	2014	2013
To be repaid during 2015	-	780 611
To be repaid during 2016	727 519	543 403
To be repaid during 2017	336 844	82 500
To be repaid during 2018	663 241	683 918
To be repaid during 2019 or later	24 796	25 744
Total	**1 752 400**	**2 116 176**

Current interest-bearing liabilities

The table below includes liabilities maturing within 12 months subsequent to the reporting period

Maturity schedule for current loans:

Period	2014	2013
Repayable within 0-6 months after period-end	143 801	213 833
Repayable within 6-12 months after period-end	815 717	455 206
Total	**959 518**	**669 039**

Collateral and guarantees etc.

Secured loans	2014	2013
Bank loans - financial institutions	2 220 488	2 291 143

Carrying value of land pledged as security on bank loans	2014	2013
Inventory	4 186 021	4 267 923

Note 17: Trade and other payables

(amounts in NOK 1,000)	2014	2013
Trade payables	**187 348**	**115 157**
Current non-interest-bearing liabilities payable to the Selvaag Group	1 867	-
Accrued expenses	191 813	183 342
Other current financial liabilities	-	3 459
Total other current non-interest-bearing financial liabilities	**193 680**	**186 801**
Other current liabilities *)	313 861	363 308
Total other current non-interest-bearing liabilities	**507 541**	**550 109**

*) Prepayments from customers was NOK 262.7 million at year end 2014, compared to NOK 277.7 million at year end 2013.

Trade payables

The Group's trade payables have the following maturity structure at 31 December:

Maturity	2014	2013
Repayable 0-3 months after the end of the reporting period	187 348	115 157
Repayable 3-6 months after the end of the reporting period	-	-
Net trade payables	**187 348**	**115 157**

Note 18: Managing capital and financial risk management

18.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management activities seek to minimise potential adverse effects on the Group's financial performance.

The CEO and management group identify and evaluate financial risks on an on-going basis.

(a) Market risk

(i) Foreign exchange risk. Projects outside Norway are financed in local currency through subsidiaries. The current policy is not to hedge foreign currency exposure.

The company is a Norwegian real estate developer, focusing on Norwegian development projects and properties. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk, however to a limited degree. Projects outside Norway are financed in local currency through subsidiaries. The group purchase modules from abroad which are priced in euro. When certain purchase contracts are signed with foreign module suppliers, the exchange rate is locked in by ordering foreign currency at a fixed rate for future settlement based on the supplier's payment plan. As a result, the group has some exposure to foreign exchange risk.

(ii) Price risk

The Group is generally exposed to property price risk, and the Group is mainly exposed geographically in Norway. In addition, the Group has invested in one ongoing and one future project in Sweden, in addition to one project in Spain. The Group is also exposed to risks related to construction costs and material prices. The profit margin of each project will vary depending on the development of sales income per square meter for the residential properties. The Group's exposure to price risk is partly hedged as presales equivalent to 60% of total sales value in each project is required prior to construction start.

The degree of risk associated with the prices of goods and services varies depending on contract type. Projects often span over several years and material prices and salary expenses may increase during the construction period. Most contracts are based on fixed prices for the construction period, but certain contracts contain index clauses allowing price increases.

(iii) Interest rate ris

The Group's interest rate risk arises largely from long term borrowings. Borrowings issued at variable rates expose the Group to interest rate fluctuations affecting cash flows. The Group capitalises interest cost as part of development projects (inventory property) as the projects progress, in accordance with IAS 23 Borrowing Costs. Refer to note 16 Interest-bearing liabilities for details of the Group's borrowings.

(b) Credit risk

Credit risk is managed on a Group level. The Group is exposed to counterparty risk when Group companies enters into agreements regarding sales of residential property. Credit risk also arises from outstanding receivables, such as loans to associated companies.

Credit risk related to sale of property is considered to be limited since sales take place through professional estate agents. Normally, a 10 % deposit and documentation of financing is required from home buyers upon entering a contract. The balance is settled upon transfer of title.

Based on the above, the Group assesses credit risk associated with financial assets to be low.

The Group's maximum exposure to credit risk comprises the classes 'trade receivables and other current and non-current receivables', and 'cash and cash equivalents'. See note 18.3 for carrying amounts of these classes as of 31 December 2014 and 2013.

(c) Liquidity risk

The Group manageges liquidity conservatively by maintaining adequate cash reserves, banking facilities and borrowing facilities to meet its foreseeable obligations. In 2013 the Group issued a bond of NOK 500 million and refinanced several loans. The Group manages its liquidity actively to ensure adequate liquidity at any time. The group supervises forecasts and actual cash flows.

See note 16 'Interest-bearing liabilities' and note 17 'Trade and other payables' for maturity analysis of financial liabilities. The majority of current non-interest bearing liabilities are repayable within 6 months.

Maturity schedule for the Group's liabilities (nominal values)

Interest-bearing liabilities

(amounts in NOK 1,000)	Note	Total per 31.12.2014	← 1 year	1-3 years	3-6 years	6-10 years	→ 10 years
Bank loans *)	*16*	2 338 991	1 012 901	1 132 584	168 710	24 796	-
Other interest-bearing liabilities	*16*	608 726	31 150	62 300	515 276	-	-
Total interest-bearing liabilities		**2 947 717**	**1 044 051**	**1 194 884**	**683 987**	**24 796**	**-**

Non-interest-bearing liabilities

(amounts in NOK 1,000)	Note	Total per 31.12.2014	← 1 year	1-3 years	3-6 years	6-10 years	→ 10 years
Trade payables	*17*	187 348	187 348	-	-	-	-
Current non-interest-bearing liabilities payable to the Selvaag Group	*17*	1 867	1 867	-	-	-	-
Accrued expenses	*17*	191 813	191 813	-	-	-	-
Other current financial liabilities	*17*	-	-	-	-	-	-
Other current liabilities	*17*	313 861	313 861	-	-	-	-
Other non-current non-interest-bearing liabilities	*18.3*	8 627	-	8 627	-	-	-
Total non-interest-bearing liabilities		**703 516**	**694 889**	**8 627**	**-**	**-**	**-**

*) Including estimated interest payments.

Maturity schedule for the Group's liabilities (nominal values)

Interest-bearing liabilities

(amounts in NOK 1,000)	Note	Total per 31.12.2013	← 1 year	1-3 years	3-6 years	6-10 years	→ 10 years
Bank loans *)	*16*	2 479 232	720 736	1 448 358	310 138	-	-
Other interest-bearing liabilities	*16*	**653 899**	**39 064**	*65 800*	*549 035*	-	**-**
Total interest-bearing liabilities		**3 133 131**	**759 801**	**1 514 158**	**859 172**	**-**	**-**

Non-interest-bearing liabilities

(amounts in NOK 1,000)	Note	Total per 31.12.2013	← 1 year	1-3 years	3-6 years	6-10 years	→ 10 years
Trade payables	*17*	115 157	115 157	-	-	-	-
Accrued expenses	*17*	183 342	183 342	-	-	-	-
Other current financial liabilities	*17*	3 459	3 459	-	-	-	-
Other current liabilities	*17*	363 308	363 308	-	-	-	-
Other non-current non-interest-bearing liabilities	*18.3*	10 269	-	10 269 **)	-	-	-
Total non-interest-bearing liabilities		**675 535**	**665 266**	**10 269**	**-**	**-**	**-**

*) Including estimated interest payments.
**) Includes advance payment of NOK 4.8 million from sale of land where risk and control have not been transferred.

18.2 Capital risk management

The Group's objective when managing its capital is to ensure the ability of the entities in the Group to continue as going concerns while providing returns for shareholders and benefits for other stakeholders and maintaining an optimal capital structure.

In achieving this objective, the Group focuses on the profitability of the various projects. As a main rule a 12% margin is required in the projects, except for module projects which requires 16%. In order to optimise the capital structure, management evaluates all available funding sources on an on-going basis. Capital requirements are mainly funded through a cash pool arrangement in which selected entities in the Selvaag Bolig Group participates. In addition, the Company has a facility related to start-up of new projects.

18.3 Financial assets and liabilites

Classification of financial assets and liabilities

(amounts in NOK 1,000)	Note	2014 Fair value through profit and loss	2014 Loans and receivables	2013 Fair value through profit and loss	2013 Loans and receivables
Financial assets					
Loans to associated companies and joint ventures		-	17 679	-	12 251
Other non-current assets	11	-	104 116	-	154 336
Financial non-current assets		**-**	**121 795**	**-**	**166 587**
Trade receivables		-	440 283	-	107 015
Other current financial receivables	*11*	-	120 888	-	223 598
Cash and cash equivalents		-	565 930	-	587 042
Financial current assets		**-**	**1 127 101**	**-**	**917 655**
Financial assets		**-**	**1 248 896**	**-**	**1 084 242**

	Note	2014 Fair value through profit and loss	2014 Financial liabilities at amortised cost	2013 Fair value through profit and loss	2013 Financial liabilities at amortised cost
Financial liabilities					
Non-current interest-bearing liabilities	*16*	-	1 752 401	-	2 116 176
Other non-current non-interest-bearing liabilities		-	8 627	-	10 269
Financial non-current liabilites		**-**	**1 761 028**	**-**	**2 126 445**
Current interest-bearing liabilities	*16*	-	959 518	-	669 039
Trade payables		-	187 348	-	115 157
Other current non-interest-bearing financial liabilities	*17*	-	193 680	-	186 801
Financial current liabilites		**-**	**1 340 546**	**-**	**970 997**
Financial liabilites		**-**	**3 101 574**	**-**	**3 097 442**

Classes of financial assets and liabilities

(amounts in NOK 1,000)	Note	2014	2013
Trade receivables and other current and non-current financial assets			
Loans to associated companies and joint ventures		17 679	12 251
Other non-current assets	*11*	104 116	154 336
Trade receivables		440 283	107 015
Other current financial receivables	*11*	120 888	223 598
Total trade receivables and other current and non-current financial assets		**682 966**	**497 200**
Cash and cash equivalents			
Cash and cash equivalents		565 930	587 042
Trade payables and other non-interest-bearing financial liabilities			
Other non-current non-interest-bearing liabilities		8 627	10 269
Trade payables		187 348	115 157
Total other current non-interest-bearing financial liabilities	*17*	193 680	186 801
Total trade payables and other non-interest-bearing financial liabilities		**389 655**	**312 227**
Interest-bearing liabilities			
Non-current interest-bearing liabilities	*16*	1 752 401	2 116 176
Current interest-bearing liabilities	*16*	959 518	669 039
Total interest-bearing liabilities		**2 711 919**	**2 785 215**

Sensitivity analysis

Interest rate risk

2014			
Adjustment to interest level in basis points	50	100	150
Effect - Bank loans	(11 279)	(22 558)	(33 837)
Effect - Other loans	(2 464)	(4 928)	(7 391)
Effect on cash flow (in NOK 1,000)	**(15 991)**	**(31 981)**	**(47 972)**

2013			
Adjustment to interest level in basis points	50	100	150
Effect - Bank loans	(12 775)	(25 549)	(38 324)
Effect - Other loans	(1 264)	(2 528)	(3 793)
Effect on cash flow (in NOK 1,000)	**(14 039)**	**(28 078)**	**(42 116)**

The above tables detail the Group's sensitivity to a decrease or increase in interest rates by 50, 100 and 150 basis points, respectively. The effects are calculated on a pre-tax basis and based on the average outstanding amounts during the period. Profit or loss and equity effects are expected to be approximately similar to the effects on cash flow after taxes.

Foreign exchange risk

The Group is to a limited degree exposed to foreign currency risk. Fluctuations in the amount of +/- 5 % as of 31 December 2014 and 2013 would cause immaterial changes to the Group's profit and loss, and will affect the consolidated statement of changes in equity only with immaterial amounts.

18.4 Fair values of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the consolidated financial statements, the financial instruments are grouped into classes as described below. The estimated fair values of the Group's financial instruments are based on available market prices where applicable and the valuation methodologies per class are described below.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of financial instruments.

- Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Trade receivables and other current and non-current financial assets

For trade receivables and other current and non current financial assets, the nominal amount, adjusted for allowance for bad debt, is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Cash and cash equivalents

The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Trade payables and other non-interest-bearing financial liabilities

For trade payables and other non-interest-bearing financial liabilities, the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Interest-bearing liabilities

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Derivatives

Fair values of foreign currency forward contracts are retrieved from external financial institutions based on the applicable foreign currency rates in the market at the end of the reporting period. Fair values of interest rate swap contracts are retrieved from external financial institutions based on the applicable interest rates in the market at the end of the reporting period. The derivatives are measured using level 2 inputs.

The carrying amounts for the assets and liabilities of all classes are assessed to be a reasonable approximation of fair values, and a table showing the carrying amounts and fair values per class is not considered necessary.

Note 19: Income taxes

Specification of income tax (expense) income:

(amounts in NOK 1,000)	2014	2013
Current income taxes payable	(41 391)	(2 255)
Under-allocated the year before	(744)	-
Changes in deferred taxes	(52 040)	(49 153)
Income taxes in profit (loss)	**(94 175)**	**(51 408)**

The Group's business activities are mainly related to Norway with only insignificant amounts arising in other countries. An allocation of income tax expense between countries is thus not considered necessary.

Reconciliation from nominal to effective income tax rate:

(amounts in NOK 1,000)	2014	2013
Profit (loss) before income taxes	**348 706**	**236 988**
Estimated income taxes according to nominal tax rate (28%)	(94 151)	(66 357)
Taxable income related to the exemption method, in accordance with the Norwegian taxation act § 2-38	(2 197)	(275)
Other non-deductible expenses	(8 572)	(994)
Other non-taxable income	1 997	10 060
Other items	-	235
Unrecognised deferred tax assets	-	(433)
Changed income tax rate (from 28% to 27%)	-	4 114
Share of income from associated companies and joint ventures	8 749	2 241
Income tax income (expense)	**(94 175)**	**(51 408)**
Effective income tax rate *)	**-27,0 %**	**-21,7 %**

*) The difference between the effective and the nominal tax rate in 2014 and 2013 primarily reflects substantial profits in subsidiaries with non-controlling interests which are subject to partnership taxation, in addition to tax free gains from sales of subsidiaries under the exemption method (Norwegian: fritaksmetoden). Profit (loss) before taxes includes Selvaag Bolis ASAs and non-controlling interests share of profit (loss) in companies subject to partership taxation. Consolidated tax expense does not include tax liabilities for taxable entities which are not part of the Selvaag Bolig group. The non-controlling share of the profit (loss) is regarded as a permanent difference. Tax on the non-controlling interest's share of profit (loss) for the period is included in the non-controlling interests' share of profit and equity.

Share of income from associated companies and joint ventures

Share of income from associated companies and joint ventures which are not limited partnerships is recognised on an after tax basis and therefore does not impact the Group's income tax expense, see note 24.

Deferred tax assets and liabilities as of 31 December

	2014		2013	
(amounts in NOK 1,000)	Asset	Liability	Asset	Liability
Non-current assets	-	709	-	11 015
Inventory property	-	227 617	-	218 088
Receivables	-	29	394	-
Current liabilities	3 337	-	10 602	-
Non-current liabilities	19 552	-	19 552	-
Losses carried forward	112	-	44 460	-
Total temporary differences	**23 001**	**228 355**	**75 007**	**229 103**
Unrecognised deferred tax assets	-		-	
Net deferred tax assets (liabilities) in the statement of financial position	**(205 355)**		**(154 095)**	

Deferred tax assets are included in the statement of financial position to the extent that the realisation of the related tax benefit through future taxable profits is probable. There are no expiration dates on losses carried forward.

The net movement of deferred tax assets (liabilities) is as follows:

(amounts in NOK 1,000)	2014	2013
Net deferred tax assets (liabilities) as of 1 January	(154 097)	(105 620)
Disposal of subsidiaries	782	676
Recognised in the statement of comprehensive income	(52 040)	(49 153)
Net deferred tax assets (liabilities) as of 31 December	**(205 355)**	**(154 097)**

Note 20: Provisions

(amounts in NOK 1,000)	2014	2013
Provision for contractual infrastructure	92 578	92 578
Other non-current provisions	-	-
Total non-current provisions for other liabilities	**92 578**	**92 578**

The provision for contractual infrastructure is related to infrastructure and construction of parking areas in Lørenskog. The obligations falls due when the projects are realized.

Development during the period

(amounts in NOK 1,000)	2014	2013
As of 1 January	**92 578**	**92 112**
Obligations arising during the year and effects of changes in estimates	-	466
Amounts utilised	-	-
Reclassification after business combinations	-	-
Reclassification of pension obligations	-	-
Obligations in acquired companies	-	-
As of 31 December	**92 578**	**92 578**

Companies with active development projects have obligations to build infrastructure etc. as a consequence of regulatory requirements and development plans. These obligations are reflected in the carrying value of the various projects and are not recognised separately as provisions.

Note 21: Contingent liabilities and guarantees

The Group is subject to the following contingent liabilities due to ownership interests in subsidiaries and associated companies:

(amounts in NOK 1,000)	2014	2013
Guarantees to vendors	-	3 173
Capital not called up - limited partnerships	-	17 838
Total contingent liabilities	**-**	**21 011**

The Group has given personal guarantees of NOK 886.6 million in 2014, and NOK 575.8 million in 2013. These guarantees are mainly related to gaurantees issued by Selvaag Bolig ASA in relation to internal transfers of land and the corresponding land- and contruction loans from Selvaag Bolig ASA to subsidiaries. The Group fulfills legal requirements (pursuant to "Bustadoppføringsloven" § 12) with respect to purchased bank guarantees and other guarantees. Corresponding liabilities included in the statement of financial position are not included in the above amounts.

Note 22: Remuneration and fees to management, board of directors and auditors

This statement of remuneration is valid for work performed by leading employees in the Group.
In accordance with the Public Limited Companies Act §6-16a, the Board of Directors shall prepare a statement on determination of salary and other remuneration to the CEO and other senior management. The Group has the following principles regarding the determination of remuneration to the CEO and Management Group:

In the opinion of the Board of Directors, salary and other remuneration to the CEO and management should be competitive, and total remuneration should reflect the extent of their responsibilities. Leading personnel may receive remuneration as a bonus in addition to basic salary, conditional on fulfilment of certain performance criteria, as well as ordinary additional remuneration for this type of position. All managers are members of the ordinary pension scheme of the Group. The Group has no specific remuneration arrangement for the CEO or other managers connected to the shares or the development of the share price, including options. In the event of dismissal, the CEO will receive 12 months' salary.

Specification of remuneration to management (amounts in NOK 1,000):

2014	Position	Salary	Bonus	Pension	Other	Total
Baard Schumann	CEO	2 869	1 876	60	255	5 060
Haavard Rønning [1]	CFO	1 303	1 020	45	34	2 402
Sverre Molvik [1]	Vice president portefolio management	1 836	1 053	60	36	2 985
Halvard Kverne	Vice president portefolio management	1 863	1 080	60	54	3 057
Øystein Klungland	Vice president portefolio management	1 714	564	60	32	2 370
Bård Teigland	Vice president sales and marketing	1 738	680	60	32	2 510
Petter Cedell	Vice president property investment	1 327	750	60	18	2 155
Total - Group management		**12 650**	**7 023**	**405**	**461**	**20 539**

2013	Position	Salary	Bonus	Pension	Other	Total
Baard Schumann	CEO	2 714	1 742	49	243	4 748
Haavard Rønning	CFO	1 685	960	49	32	2 726
Halvard Kverne	Vice president portefolio management	1 773	1 038	49	35	2 895
Sverre Molvik	Vice president portefolio management	1 728	1 011	49	23	2 811
Anne-Grethe Storaker [2]	Vice president sales and marketing	1 223	720	49	21	2 013
Bård Teigland [3]	Vice president sales and marketing	1 452	0	33	9	1 494
Petter Cedell	Vice president property investment	1 229	720	49	25	2 023
Total - Group management		**11 804**	**6 191**	**327**	**387**	**18 709**

1) Sverre Molvik was apointed as CFO when Haavard Rønning left the company 1 October 2014.
2) Anne Grethe Storaker was Market and Sales Director until 1 May 2013.
3) Bård Teigland assumed his position as Market and Sales Director from 1 May 2013.

As of 31 December 2014 the CEO has a NOK 2.1 million loan from Selvaag Bolig ASA. The interest rate is equal to the norm rate published by The Norwegian Ministry of Finance.

Specification of Board fees (amounts in NOK 1,000):

	Positon	2014	2013
Olav Hindahl Selvaag	Chair	400	400
Karsten Bomann Jonsen [1]	Director	325	325
Gisele Marchand [2]	Director	350	325
Ole Jarl Rettedal [3]	Director	250	250
Peter Groth [4]	Director	-	-
Anne Sofie Bjørkholt [5]	Director	210	-
Wenche Kjølås [6]	Director	-	325
Anne Breive [6]	Director	-	250
Christopher Brunvoll	Director (Elected by the employees)	30	30
Marianne Ørnsrud [7]	Director (Elected by the employees)	-	-
Anne -Kari Drønen Mathiesen [7]	Director (Elected by the employees)	30	30
Lise Bache Mathisen	Director (Elected by the employees)	4	-
Total - Board members		**1 599**	**1 935**

1) The fee includes NOK 75 thousand for work in the audit commitee.
2) The fee includes NOK 100 thousand for work as head of the audit committe.
3) Left the Board in september 2014.
4) Elected Board member december 2014.
5) Elected Board member fall 2013.
6) Left the Board in 2012.
7) Marianne Ørnsrud replaced Anne-Kari Drønen Mathiesen as board member in april 2014.

Specification of fees paid to the auditor:

(amounts in NOK 1,000)	2014	2013
Statutory audit services to the parent company	1 159	1 395
Statutory audit services to subsidiaries	1 388	1 715
Other assurance services	458	549
Tax advisory services	49	15
Other non-audit services	-	247
Total fees paid to the auditor (exclusive of VAT)	**3 054**	**3 921**

The following Board members and Group management personnell have shares in Selvaag Bolig ASA 31 December (number of shares):

	Position	2014	2013
Olav Hindahl Selvaag [1]	Chair	50 231 661	50 231 661
Karsten Bomann Jonsen	Director	5 000	5 000
Gisele Marchand	Director	5 000	5 000
Marianne Ørnsrud	Director (Elected by the employees)	6 250	6 250
Christopher Brunvoll	Director (Elected by the employees)	6 250	6 250
Baard Schumann [2]	CEO	31 323	31 323
Halvard Kverne	Vice president portefolio management	6 250	6 250
Øystein klungland	Vice president portefolio management	10 000	0
Sverre Molvik	CFO	37 250	37 250
Bård Teigland	Vice president sales and marketing	15 000	15 000
Petter Cedell	Vice president property investment	656	656

1) Includeres shares owned by Selvaag Gruppen AS and other related parties.
2) Includeres shares owned by related parties.

The Board's statement on determination of salary and other remuneration to leading personnel in Selvaag Bolig ASA

The following statement of salary and other remuneration to members of the Group's management will be presented for a consultative vote at the ordinary general meeting in April 2014.

Guidelines for management remuneration

Leading personnel includes the Chief Executive Officer (CEO) and other senior management. For the purposes of these guidelines, the remuneration package signifies total compensation, including one or more of the following elements: fixed base salary, variable pay (including bonus), and other benefits (including pension contribution, termination benefits, fringe benefits and other benefits-in-kind). Severance pay comprises compensation related to resignation, and may include termination payments, other financial compensation and payment in kind.

Main principles for determination of remuneration packages

Remuneration to management in Selvaag Bolig ASA should be competitive, but not leading compared to similar companies. The primary element of a remuneration package shall be the fixed base salary. The remuneration packages must be designed as to avoid unreasonable compensation due to external circumstances outside management's control. The individual elements in a remuneration package, including fixed base salary, any variable pay or other benefits such as pension contributions and severance, must be considered in the context of total compensation. The Board must maintain an overview of the total value of each manager's agreed compensation and ensure that management's remuneration packages do not have adverse consequences for the Company or in other ways are detrimental to the Company's reputation. Individuals in the Group's management shall not receive specific compensation for Board positions within wholly owned subsidiaries.

Variable pay

Any variable pay shall be based on the following principles:
Clear connections must exist between the goals determining variable pay and the objectives of the company. Variable pay must be based on objective, definable and measurable criteria. For the management group, variable pay (bonus) may not exceed 60% of fixed base salary (67% for the CEO). The criteria shall be based on circumstances which are possible for management to influence and set forth a distinct period for which variable pay will be determined. A system for variable pay must be transparent and easily comprehensible.

Pension contributions

The terms for determining management's pension should be equal to those of other employees.

Severance pay

In the case of a pre-established agreement through which the Chief Executive Officer waives the protection against dismissal as set forth by the working environment act ("Arbeidsmiljøloven"), an agreement regarding severance can be reached. Severance payments should not be utilised in the event of voluntary resignation, except if warranted by special circumstances. Severance pay should not exceed 12 months' fixed base salary in addition to any compensation during the period of notice. Severance pay should be withheld if conditions for dismissal exist, or if during the period in which severance pay is provided, irregularities or acts of negligence are discovered that may result in liabilities for damages or the individual being indicted for violation of the law.

The financial year 2014 did not contain any deviations from the guidelines for management remuneration.

Note 23: Related party transactions

Receivables, liabilities and transactions between Selvaag Bolig ASA and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation and are not disclosed in this note. Selvaag Gruppen AS owns 53.5% of the shares in Selvaag Bolig. Purchases and sales of services involving Selvaag Gruppen AS and its related parties are based on market terms. This is mainly rent, IT-services and payroll services. Details of significant transactions between the Group and other related parties are disclosed below.

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

(amounts in NOK 1,000)	2014	2013
Sales of goods and services		
Selvaag Gruppen AS (parent company)	262	957
Associated companies	2 277	-
Joint ventures	-	-
Other related parties (including subsidiaries of parent company)	-	190
Purchase of goods and services		
Selvaag Gruppen AS (parent company)	(8 520)	(11 094)
Other related parties (including subsidiaries of parent company)	(2 721)	(4 491)
Financial income		
Other related parties (including subsidiaries of parent company)	1 366	998
Financial expenses		
Selvaag Gruppen AS (parent company)	-	-

The following receivables and liabilities were outstanding as of 31 December:

(amounts in NOK 1,000)	2014	2013
Receivables		
Selvaag Gruppen AS (parent company)	5 907	287
Associated companies *)	17 054	60 832
Other related parties (including subsidiaries of parent company)	38 152	37 004
Liabilities		
Selvaag Gruppen AS (parent company)	(3 250)	(2 652)
Other related parties (including subsidiaries of parent company)	(2 036)	(41)

Other related party transactions

Selvaag Bolig had significant transactions with related parties during 2014.

A final decision was taken at the company's AGM during April 2013 on the sale of a commercial development site in Lørenskog Stasjonsby to Selvaag Gruppen AS. The sale generated an accounting revenue of NOK 34.1 million. The group sold six terraced houses in Lier to Selvaag Gruppen AS during the fourth quarter 2013 for a total compensation of NOK 24.2 million. Furthermore, it delivered 96 flats at Bjørnåsen to an leasing company in which Selvaag Gruppen AS has a 26.7 per cent holding. Total consideration for the shares was NOK 26.8 million, but the consolidated group accounts the sale was classified as sale of goods generating gross revenues of NOK 186.3 million.

Note 24: Investments in associated companies and joint ventures

Company / *(amounts in NOK 1,000)*	Year of acquisition	Registered office	Ownership and voting power 2014	Ownership and voting power 2013
Sandvika Boligutvikling KS	2008	Norway	33,3 %	33,3 %
Sandvika Boligutvikling AS	2008	Norway	37,0 %	37,0 %
Lørenplatået 1 KS	2008	Norway	27,0 %	27,0 %
Lørenplatået 1 Komplementar AS	2008	Norway	30,0 %	30,0 %
Stord Industribygg AS og Holding AS*)	2011	Norway	66,0 %	66,0 %
Tangen pluss AS	2011	Norway	50,0 %	50,0 %
Union Pluss KS	2011	Norway	50,0 %	50,0 %
Union Pluss Komplementar AS	2011	Norway	50,0 %	50,0 %
Projektbolaget Sädesälan AB	2011	Sweden	50,0 %	50,0 %
Nordic Residential S.L. **)	2011	Spain	100,0 %	50,0 %
Kaldnes Boligutviklng AS	2012	Norway	50,0 %	50,0 %
Fredensborgveien KS	2012	Norway	50,0 %	50,0 %
Sandnes Eiendom Invest AS	2013	Norway	20,0 %	20,0 %
Kirkeveien Utbyggingsselskap AS	2013	Norway	50,0 %	50,0 %
Tiedemannsfabrikken AS	2014	Norway	50,0 %	-
Smedplassen Prosjekt AS	2014	Norway	50,0 %	-

*) Classified as joint venture as the shareholder agreement does not grant the majority control of the company.

**) Consolidated as subsidiary from 31 December 2014. The remaining 50 percent share holding was acquired for a consideration of 1 Euro as a part of an agreement for restructuring of debts. There were no adjustments to the book value of assets and debts in the opening balance as of 31 December 2014. The transaction also included the company Nordic Sol Commercial S.L. where the 50 percent ownership share was previously written down to 0. The remaining 50 percent share holding was acquired for a consideration of 1 Euro. Refer to note 5 for effects on inventory and note 12 for the effect on the consolidated financial position.

Specifications of investments in associated companies and joint ventures:

Company / *(amounts in NOK 1,000)*	Owner-ship share	Carrying amount 01.01.14	Additions/ disposals	Share of profit	Equity adjustments and dividends	Carrying amount 31.12.14
Sandvika Boligutvikling KS	33,3 %	6 886	90	-	(4 440)	2 536
Sandvika Boligutvikling AS	37,0 %	2 978	-	-	444	3 422
Lørenplatået 1 KS	27,0 %	3 440	-	1 041	(4 481)	-
Lørenplatået 1 Komplementar AS	30,0 %	496	-	(353)	(143)	-
Kaldnes Boligutvikling AS	50,0 %	14 207	-	(682)	-	13 525
Stord Industribygg AS og Holding AS	66,0 %	44 176	-	3 720	-	47 896
Sandnes Eiendom Invest AS	66,0 %	37 642	-	1 250	-	38 892
Tangen pluss AS	50,0 %	10 388	-	(1 596)	(8 325)	467
Union Pluss KS	20,0 %	1 499	-	(799)	(700)	-
Union Pluss Komplementar AS	50,0 %	906	-	(339)	(567)	-
Projektbolaget Sädesärlan AB	50,0 %	822	28 158	27 714	(27 409)	29 285
Nordic Residential S.L.	50,0 %	17 170	(19 693)	2 523	-	(0)
Kirkeveien Utbyggingsselskap AS	50,0 %	10 000	-	-	-	10 000
Tiedemannsfabrikken AS	50,0 %	-	2 520	(74)	-	2 446
Smedplassen Prosjekt AS	50,0 %	-	8 250	-	-	8 250
Other		96	(90)	(1)	-	5
Total		**150 705**	**19 235**	**32 404**	**(45 621)**	**156 723**

Company / *(amounts in NOK 1,000)*	**Ownership share**	**Carrying amount 01.01.13**	**Additions/ disposals**	**Share of profit**	**Equity adjustments and dividends**	**Carrying amount 31.12.13**
Sandvika Boligutvikling KS	33,3 %	33 352	-	(566)	(25 900)	6 886
Sandvika Boligutvikling AS	37,0 %	4 347	-	-	(1 369)	2 978
Lørenplatået 1 KS	27,0 %	5 647	-	3 803	(6 010)	3 440
Lørenplatået 1 Komplementar AS	30,0 %	1 098	-	(3)	(599)	496
Kaldnes Boligutviklng AS	50,0 %	14 903	-	(696)	-	14 207
Stord Industribygg AS	66,0 %	46 353	-	240	-	46 593
Stord Industribygg Holding AS	66,0 %	(204)	-	(2 213)	-	(2 417)
HEBO AS	50,0 %	504	-	(504)	-	-
Sandnes Eiendom Invest AS	20,0 %	0	37 055	587	-	37 642
Tangen pluss AS	50,0 %	21 593	-	10 903	(22 108)	10 388
Union Pluss KS	50,0 %	3 808	-	141	(2 450)	1 499
Union Pluss Komplementar AS	50,0 %	677	-	(16)	245	906
Projektbolaget Sädesälan AB	50,0 %	8 283	-	-	(7 461)	822
Nordic Residential S.L.	50,0 %	17 904	-	(734)	-	17 170
Kirkeveien Utbyggingsselskap AS	50,0 %	-	10 000	-	-	10 000
Other		105	-	(9)	-	96
Total		158 369	47 055	10 933	(65 652)	150 705

Subsidiaries in the Group have given NOK 17.7 million (12.3) in loans to associated companies and joint ventures as of 31 December.

Summarised financial information (100%) of associated companies and joint ventures as of 31 December

(amounts in NOK 1,000)	**2 014**	**2 013**
Total assets	1 127 157	812 813
Total liabilities	823 843	569 259
Net assets	**303 314**	**243 554**
Total revenues	654 165	106 744
Total profit (loss) for the year	**65 365**	**35 169**

Note 25: Other revenues

(amounts in NOK 1,000)	**2014**	**2013**
Lease revenues *)	29 659	34 514
Service revenue	11 522	13 659
Other operating revenues	16 461	15 520
Total other revenues	**57 642**	**63 693**

*) As of 31 December 2014 and 2013, all operating leases where the Group acts as a lessor are cancellable.

Note 26: Events after the reporting period

In February the group acquired two properties in Oslo at Lørenvangen 22 and Sinsenveien 45-49. The latter will be developed through a joint venture arrangement with Veidekke where both parties hold a 50 percent ownership share.

To the Annual Shareholders' Meeting of Selvaag Bolig ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Selvaag Bolig ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2014, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2014, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Selvaag Bolig ASA as at 31 December 2014, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Selvaag Bolig ASA as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and 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 the proposal for the allocation of the profit 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 produce a proper and clearly set out registration and documentation of the company’s accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 24 March 2015
PricewaterhouseCoopers AS

Thomas Fraurud
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

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