

SELVAAG BOLIG

Q2 2020

Second quarter results



Highlights of the second quarter 2020

- Operating revenues NOK 436 million (NOK 1 035 million)
- Adjusted EBITDA** NOK 75 million (NOK 316 million) and ordinary EBITDA* NOK 62 million (NOK 282 million)
- Pre-tax profit of NOK 59 million (NOK 275 million)
- Limited operational impact of Covid-19, projects progressing as normal
- 142 units sold (210) and construction started on 31 (311)
- 104 units completed (307) and 122 delivered (246)
- A total of 1 357 units (1 538) under construction at 30 June, with a combined sales value of NOK 6 327 million (NOK 7 039 million)
- 78 per cent of units under construction sold (71 per cent)
- Pursuant to the mandate from the most recent AGM, the board has resolved to pay a dividend of NOK 3.00 per share for the first half (NOK 2.00)

(Figures in brackets relate to the same period of the year before)

Key figures

(figures in NOK 1 000)	Q2 2020	Q2 2019	1H 2020	1H 2019	2019
IFRS main figures					
Operating revenues	435 528	1 035 185	644 638	1 144 344	3 368 838
EBITDA*	61 970	282 007	172 220	270 502	877 455
EBITDA adjusted**	75 483	316 126	192 808	307 175	959 361
Operating profit/(loss)	59 584	278 710	1 196 030	263 908	864 707
Profit/(loss) before taxes	58 568	274 931	1 195 077	254 341	853 969
Cash flow from operating activities	(223 036)	(128 078)	959 582	(486 179)	985 901
Net cash flow	(92 578)	34 853	(499 917)	(57 141)	521 652
Interest-bearing liabilities	2 646 452	2 964 984	2 646 452	2 964 984	2 253 331
Total assets	6 082 087	7 179 634	6 082 087	7 179 634	6 912 432
Equity	2 371 439	3 075 342	2 371 439	3 075 342	3 382 084
Equity ratio	39.0%	42.8%	39.0%	42.8%	48.9%
Earnings per share in NOK	0.52	2.24	12.60	2.08	7.04
Segment reporting (NGAAP****)					
Operating revenues	803 239	867 559	1 559 536	1 548 043	3 259 957
EBITDA***	153 266	211 369	312 813	365 685	770 631
EBITDA margin	19.1%	24.4%	20.1%	23.6%	23.6%
Key figures (net, adjusted for share in joint ventures)					
Number of units sold	142	210	306	453	752
Number of construction starts	31	311	46	408	830
Number of units delivered	122	246	236	275	732
Number of units completed	104	307	193	319	776

* EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

** EBITDA adjusted excludes financial expenses included in project cost. See note 6 for details.

*** EBITDA is operating profit before interest, tax, depreciation, amortisation, profit from joint ventures and other gains (losses).

**** The NGAAP accounts utilise the percentage of completion method, i.e. percentage of completion multiplied by the sales ratio.

Update related to Covid-19

Selvaag Bolig has initiated measures related to the Covid-19 pandemic, which are intended to protect customers, employees, suppliers and others. At 17 August, no group employees have tested positive for the virus and all personnel are encouraged to follow the recommendations and advice of the relevant authorities. The group's offices are open.

Measures designed by Selvaag Bolig to help maintain sales activity, in addition to normal viewing of properties, include provision for digital viewing and increased use of private viewing. It has also initiated a sales campaign aimed at customers aged 18-34. This has yielded good results and is being continued until further notice.

Uncertainty related to Covid-19 remains high and it is unclear what long-term spin-offs the pandemic could have, and how these might in turn affect the housing market and Selvaag Bolig. At 17 August, progress with current projects has not been noticeably affected.

As a pure housing developer, without its own construction arm, Selvaag Bolig puts all building work out to competitive tender. That provides a high level of operational flexibility, allowing the group to adjust operations at short notice to changes in market activity. As a general rule, the group requires 60 per cent advance sales in a project before starting construction. Seventy-eight per cent of total units under construction and 84 per cent of those planned for completion in 2020 were sold at 30 June. In addition to action already taken, the possible need for further measures will be continuously assessed.

Selvaag Bolig is well equipped organisationally, operationally and financially to maintain and strengthen its position, including during this uncertain time.

Financial review

Summary of overall results

(figures in NOK 1 000)	Q2 2020	Q2 2019	1H 2020	1H 2019	2019
Total operating revenues	435 528	1 035 185	644 638	1 144 344	3 368 838
Project expenses	(336 774)	(705 177)	(470 665)	(774 687)	(2 279 485)
Other operating expenses, salaries and personnel costs, depreciation and amortisation	(65 026)	(63 439)	(119 152)	(123 472)	(286 870)
Total operating expenses	(401 800)	(768 616)	(589 817)	(898 159)	(2 566 355)
Associated companies and joint ventures	25 856	12 141	112 518	17 723	62 224
Other gains (losses), net	-	-	1 028 691	-	-
Operating profit	59 584	278 710	1 196 030	263 908	864 707
Net financial expenses	(1 016)	(3 779)	(953)	(9 567)	(10 738)
Profit before taxes	58 568	274 931	1 195 077	254 341	853 969
Income taxes	(10 263)	(66 663)	(17 777)	(61 315)	(199 454)
Net income	48 305	208 268	1 177 300	193 026	654 515

Results for the second quarter of 2020

(Figures in brackets relate to the corresponding period of 2019. The figures are unaudited)

Selvaag Bolig had operating revenues of NOK 435.5 million (NOK 1 035.2 million) in the second quarter. Revenues from units delivered accounted for NOK 422.5 million (NOK 1 012 million) of this total. The decline in revenues from the same period of last year primarily reflects fewer units delivered and a higher proportion of units delivered from joint ventures which are presented net. For more information, see note 8 on proportional consolidation. Other revenues derived from non-core activities, mainly provision of services.

A total of 122 units (246) were delivered in the quarter, including 86 (229) from consolidated project companies and 36 (17) from joint ventures.

Project costs for the quarter totalled NOK 336.8 million (NOK 705.2 million), of which NOK 13.5 million (NOK 34.1 million) represented previously capitalised financial expenses. Total project expenses primarily represented construction costs for units delivered as well as costs in projects which did not qualify for capitalisation as inventory.

Operating costs excluding project costs totalled NOK 65 million (NOK 63.4 million) for the period. Payroll costs accounted for NOK 30 million (NOK 25 million) of this figure. Changed accrual of incentive schemes yielded an increase of NOK 7.3 million during the quarter. In addition, NOK 6 million (NOK 5.6 million) in payroll costs relating to housing under construction was capitalised during the quarter and will be expensed as project costs on future delivery.

Other operating costs came to NOK 32.6 million (NOK 35.2 million) for the quarter, including NOK 9.2 million (NOK 16.5 million) for sales and marketing.

The share of profit from associates came to NOK 25.9 million (NOK 12.1 million) for the quarter. This increase from the same period of 2019 primarily reflected a larger number of deliveries by joint ventures.

Reported EBITDA was NOK 62 million (NOK 282 million), corresponding to a margin of 14.2 per cent (27.2 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 75.5 million (NOK 316.1 million), corresponding to a margin of 17.3 per cent (30.5 per cent). The decline in EBITDA for the second quarter primarily reflected fewer units delivered and lower margins in individual projects compared with 2019. EBITDA margins are influenced positively by presenting results from joint ventures net rather than including them in turnover. For more information, see note 8 on proportional consolidation.

Consolidated depreciation and amortisation totalled NOK 2.4 million (NOK 3.3 million) for the quarter. Operating profit thereby came to NOK 59.6 million (NOK 278.7 million).

Net financial expenses amounted to NOK 1 million (NOK 3.8 million). Pre-tax profit for the quarter came to NOK 58.6 million (NOK 274.9 million).

Tax expense for the period came to NOK 10.3 million (NOK 66.7 million). Comprehensive income for the second quarter consequently came to NOK 48.3 million (NOK 208.3 million). NOK 48.3 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 208.3 million), and NOK 0 (NOK 0) to non-controlling shareholders.

Results for the first half of 2020

Selvaag Bolig had operating revenues of NOK 644.6 million (NOK 1 144.3 million) in the first half. Revenues from units delivered accounted for NOK 618.4 million (NOK 1 104.8 million) of this total. The decline in revenues from the same period of last year primarily reflected a higher proportion of units delivered from joint ventures which are presented net, and rather fewer units delivered in all. For more information, see note 8 on proportional consolidation. Other revenues related to non-core activities, mainly provision of services.

A total of 236 units (275) were delivered in the first half, including 126 (246) from consolidated project companies and 110 (29) from joint ventures.

Project costs for the first half totalled NOK 470.7 million (NOK 774.7 million), primarily construction costs for units delivered as well as costs in other projects which did not qualify for capitalisation as inventory.

Operating costs excluding project costs and associates totalled NOK 119.2 million (NOK 123.5 million) for the period. Payroll costs accounted for NOK 60.4 million (NOK 52.1 million) of this figure. Changed accrual of incentive schemes yielded an increase of NOK 7.3 million during the first half. In addition, NOK 12 million (NOK 11.1 million) in payroll costs relating to housing under construction was capitalised and will be expensed as project costs on future delivery.

Other operating costs came to NOK 53.9 million (NOK 64.7 million) for the first half, including NOK 15.7 million (NOK 29 million) for sales and marketing.

The share of profit from associates and joint ventures came to NOK 112.5 million (NOK 17.7 million). This increase reflected a larger number of deliveries by joint ventures.

Other gains amounted to NOK 1 028.7 million. These related to the sale of a substantial proportion of the group's land portfolio to Urban Property, and present the net accounting effects of this transaction. See note 7 for more information.

Reported EBITDA less the gain from the Urban Property transaction came to NOK 172.2 million (NOK 270.5 million) for the half year, corresponding to a margin of 26.7 per cent (23.6 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 192.8 million (NOK 307.2 million), corresponding to a margin of 29.9 per cent (26.8 per cent). The decline in EBITDA from the first half of 2019 primarily reflected fewer units delivered and lower margins in individual projects. EBITDA margins are influenced positively by presenting results from joint ventures net

rather than including them in turnover. For more information, see note 8 on proportional consolidation.

Consolidated operating profit totalled NOK 1 196 million (NOK 263.9 million) for the first half. Net financial expenses amounted to NOK 1 million (NOK 9.6 million).

Pre-tax profit for the first half came to NOK 1 095.1 million (NOK 254.3 million). Tax expense for the first half came to NOK 17.8 million (NOK 61.3 million). The low tax expense in 2020 must be viewed in relation to conducting the transaction with Urban Property as a sale of shares, allowing the gain to be treated in accordance with the exemption method for share sales between limited companies. Comprehensive income for the first half came to NOK 1 177.3 million (NOK 193 million). NOK 1 177.3 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 193 million), and NOK 0 (NOK 0) to non-controlling shareholders.

Cash flow

Consolidated net cash flow from operational activities was negative at NOK 223 million (NOK 128.1 million) for the second quarter. The decline from the same period of 2019 primarily reflected fewer units delivered.

During the first half, consolidated cash flow from operational activities was NOK 959.6 million (negative at NOK 486.2 million). The rise from the same period of 2019 primarily reflected the settlement for the transaction with Urban Property. See the table in note 7 for more information. The negative effect from inventory reflected a high level of construction activity and relatively few deliveries from wholly owned projects during the quarter. See note 5 on inventories for more information.

Net cash flow from investing activities was NOK 157.3 million (NOK 9.6 million) for the quarter. The change from the same period of last year primarily reflected increased dividends from joint ventures.

Cash flow from investing activities was NOK 377.5 million (NOK 49.3 million) in the first half. The change from the same period of 2019 primarily reflected the settlement for the transaction with Urban Property covering equity interests in

joint ventures and loans related to these. See note 7. In addition, dividends received from joint ventures have increased this year. Disbursements in the quarter related mainly to financing joint ventures.

Net cash flow from financing activities was negative at NOK 26.9 million (positive at NOK 153.3 million) for the quarter. The change from the same period of 2019 reflected net drawdown of debt, partly offset by a lower dividend paid.

During the first half, net cash flow from financing activities was negative at NOK 1 837 million (positive at NOK 379.7 million). The change from the same period of 2019 primarily reflected the supplementary dividend of NOK 2 055.3 million paid following the transaction with Urban Property. Refinancing of land loans in connection with the transaction is described in note 7. Other changes in liabilities related primarily to the drawdown of construction loans.

The group's holding of cash and cash equivalents at 30 June totalled NOK 678.8 million (NOK 599.9 million), a decline of NOK 92.6 million from 31 March and an increase of NOK 78.9 million from a year earlier.

Cash flow summary

(figures in NOK 1 000)	Q2 2020	Q2 2019	1H 2020	1H 2019	2019
Profit before taxes	58 568	274 931	1 195 077	254 341	853 969
Net cash flow from operating activities	(223 036)	(128 078)	959 582	(486 179)	985 901
Net cash flow from investment activities	157 309	9 611	377 461	49 311	64 128
Net cash flow from financing activities	(26 851)	153 321	(1 836 960)	379 727	(528 377)
Net change in cash and cash equivalents	(92 578)	34 853	(499 917)	(57 141)	521 652
Cash and cash equivalents at start of period	771 347	565 040	1 178 686	657 034	657 034
Cash and cash equivalents at end of period	678 769	599 893	678 769	599 893	1 178 686

Financial position

The carrying amount of Selvaag Bolig's total inventory (land, units under construction and completed units) at 30 June was NOK 4 276.8 million, compared with NOK 4 053.9 million at 31 March and NOK 4 801.2 million a year earlier. The increase during the second quarter primarily reflected a rise in the inventory of units under construction because of a low share of deliveries from wholly owned projects. See note 5 for a further specification of inventory.

Equity was NOK 2 371.4 million (NOK 3 075.3 million) at 30 June, corresponding to an equity ratio of 39 per cent (42.8 per cent). Selvaag Bolig ASA paid a supplementary dividend of NOK 2 055.3 million in the first quarter, following the transaction with Urban Property. A further dividend of NOK 140.1 million (NOK 232.3 million) was paid in the second quarter on the basis of profit for the second half of 2019. Non-controlling interests amounted to NOK 7.9 million (NOK 7.9 million) of equity.

Other current non-interest-bearing liabilities for the group totalled NOK 610.2 million (NOK 713.6 million) at 30 June, of which NOK 303.1 million (NOK 218.7 million) represented advance payments from customers.

At 30 June, consolidated interest-bearing debt amounted to NOK 2 646.5 million (NOK 2 965 million), of which NOK 1 635.8 million (NOK 1 932.7 million) was non-current and NOK 1 010.6 million (NOK 1 032.3 million) was current. NOK 729.2 million of current debt related to repurchase agreements with and seller credits for Urban Property. See note 7 for more information.

The group had land loans totalling NOK 294 million (NOK 1 606.2 million) at 30 June. This decline primarily reflected the fact that a large part of the properties are financed through Urban Property and classified as current liabilities repurchase agreements. See above. Land loans are normally converted to construction loans in line with the progress of the respective construction projects.

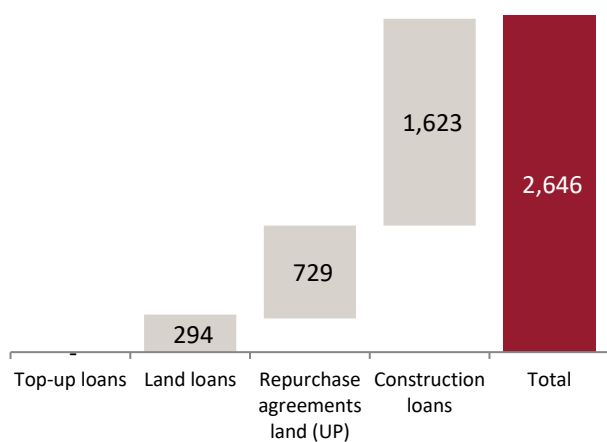
Selvaag Bolig ASA has a credit facility agreement of NOK 150 million with DNB, which matures in April 2022. This facility was reduced from NOK 500 million to NOK 150 million in January 2020 in connection with the sale of parts of the land bank to Urban Property. The company also has an annually renewed overdraft facility of NOK 150 million with DNB. No drawings had been made against any of these facilities at 30 June.

Net interest-bearing debt

(figures in NOK 1 000)	Q2 2020	Q1 2020	Q2 2019	2019
Non-current interest-bearing debt	1 635 844	1 171 507	1 932 672	1 092 288
Current interest-bearing debt	281 429	482 218	1 032 312	1 161 043
Current liabilities repurchase agreements	729 179	863 579	-	-
Cash and cash equivalents	(678 769)	(771 347)	(599 893)	(1 178 686)
Net interest-bearing debt	1 967 683	1 745 957	2 365 091	1 074 645

The group's interest-bearing debt falls primarily into four categories: 1) top-up loans, which are liabilities in parent company Selvaag Bolig ASA, 2) land loans, 3) repurchase agreements with Urban Property and 4) construction loans. At 30 June, the group had no top-up loans, land loans of NOK 294 million, repayment agreements with Urban Property of NOK 729 million and total construction loans of NOK 1 623 million.

Interest costs on land loans are normally recognised in profit and loss until the site secures planning permission. They are capitalised against the site from the day the project secures planning permission, and recognised in profit and loss as part of the cost of sales when the units are delivered. Interest charges on construction loans are capitalised during the construction period and recognised under cost of sales in the same way.

Interest-bearing debt at 30 June 2020 (NOK mill)

At 30 June, interest of NOK 210 million on land loans had been capitalised, while interest charges of NOK 84 million relating to land loans were recognised in profit and loss.

Operational reporting

Each project is followed up individually in daily operations, and operational reporting accordingly comprises one main segment - housing development. Reporting also comprises the "other business" segment. The latter primarily includes service deliveries in completed Pluss projects as well as group administration not allocated to the main segment. Operational reporting utilises the percentage of completion method for recognising revenues and profit, which differs from the IFRS where profit is recognised on delivery. Note 4 to the financial statements presents segment information reconciled with the financial reporting figures (IFRS).

Segments second quarter 2020 and first half

Second quarter

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q2 20	Q2 19	Q2 20	Q2 19	Q2 20	Q2 19
Property development	791 137	853 394	190 771	236 256	216 323	263 052
Other	12 102	14 165	(37 505)	(24 887)	(37 601)	(25 820)
IFRS adjustments	(367 711)	167 626	(91 296)	70 638	(119 138)	41 478
Total group	435 528	1 035 185	61 970	282 007	59 584	278 710

Jan-June

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	6M 20	6M 19	6M 20	6M 19	6M 20	6M 19
Property development	1 535 278	1 524 398	385 474	424 793	464 625	473 234
Other	24 258	23 645	(72 661)	(59 108)	955 781	(60 973)
IFRS adjustments	(914 898)	(403 699)	(140 593)	(95 183)	(224 376)	(148 353)
Total group	644 638	1 144 344	172 220	270 502	1 196 030	263 908

Housing development

This segment comprises all Selvaag Bolig's projects regardless of geographical location, since each project is followed up individually.

Operating revenues from housing development for the second quarter were NOK 791.1 million (NOK 853.4 million). They derived from 19 projects (21) in production.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 600.4 million (NOK 617.1 million) for the second quarter.

Construction costs in the segment reporting are exclusive of directly-related financial expenses (interest on construction loans). This differs from the IFRS accounts, where financial expenses are included in project costs on delivery.

EBITDA presents operating profit (loss) before depreciation, gain (loss), and share of profit (loss) from associates. It came to NOK 190.8 million (NOK 236.3 million) for the quarter, corresponding to a profit margin of 24.1 per cent (27.7 per cent).

Other business - unallocated

The other business segment comprises a number of activities in the group which are not regarded as part of the core business on a stand-alone basis. It also includes administration and management which cannot be attributed directly to the projects and are accordingly not allocated to the housing development segment.

Operating revenues for the segment in the second quarter came to NOK 12.1 million (NOK 14.2 million), while operating costs amounted to NOK 49.6 million (NOK 39 million). Costs relate largely to remuneration for the administration and management, as well as to central marketing. EBITDA was thereby negative at NOK 37.5 million (NOK 24.9 million).

Review of operations

All figures are presented net, adjusted for Selvaag Bolig's share of joint ventures, unless otherwise specified.

Operations

Gross sales during the quarter totalled 186 units with a combined value of NOK 920 million. Selvaag Bolig's share amounted to 142 units with a combined value of NOK 696 million.

Work started on constructing 31 units during the second quarter, so that Selvaag Bolig had 1 357 units worth some NOK 6.3 billion under construction at 30 June. A total of 104 units were completed during the quarter.

To manifest value creation in the group, segment reporting shows revenue and costs in the various projects using the

percentage of completion method as its accounting principle.

Projects

The company has projects in Oslo, Bærum, Asker, Lørenskog, Ski, Stavanger, Sandnes, Sola, Tønsberg, Trondheim, Bergen and Stockholm. However, no projects were under construction in Bærum, Bergen or Sandnes during the second quarter.

Quarterly development of the project portfolio

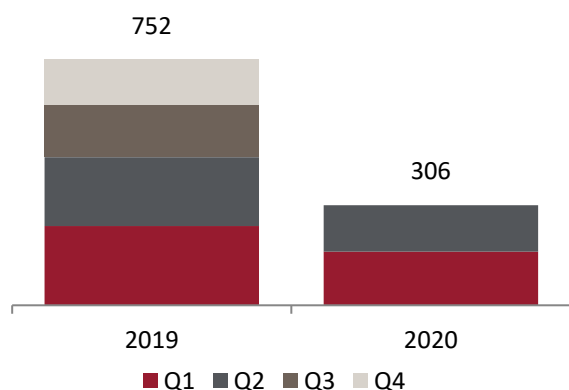
	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Units sold	210	159	140	164	142
Construction starts	311	174	248	15	31
Units completed	307	203	254	89	104
Units delivered	246	243	214	114	122
Units under construction	1 538	1 510	1 504	1 431	1 357
Proportion of sold units under construction	71 %	72 %	70 %	76 %	78 %
Completed unsold units	48	34	56	37	25
Sales value of units under construction (NOK million)	7 039	7 192	7 155	6 742	6 327

Purchase and sale of land

No new agreements were entered into during the period for the purchase or sale of land.

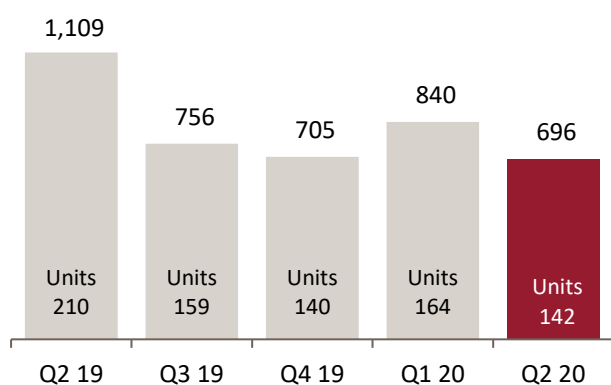
Sales development and progress

Units sold



Total housing sales during the second quarter, including Selvaag Bolig's relative share of joint ventures, amounted to 142 units with a combined sales value of NOK 696 million. These sales comprise Selvaag Bolig's consolidated project companies as well as its relative share of units sold in joint-venture projects. Sales in the same period of 2019 totalled 210 units with a combined value of NOK 1 106 million.

Value of units sold (NOK mill)



Selvaag Bolig started sales during the quarter in three projects, comprising 91 residential units (363).

Sales starts in the quarter

Project	No of units	Category	Region
Lervig Brygge	14	Flat	Stavanger
Skifabrikken - Ski	39	Flat	Greater Oslo
Tiedemannsparken	38	Flat	Greater Oslo
Total	91		

Construction began on 31 (311) units during the quarter. At 30 June, Selvaag Bolig consequently had 1 357 (1 538) units under construction. They included 1 340 units in Greater Oslo and 17 abroad.

Construction starts can vary substantially from quarter to quarter, since construction normally only begins when 60 per cent of the value in a project has been sold.

The order backlog at 30 June - in other words, the sales value of the 1 357 (1 538) units then under construction - was NOK 6 327 million (NOK 7 039 million).

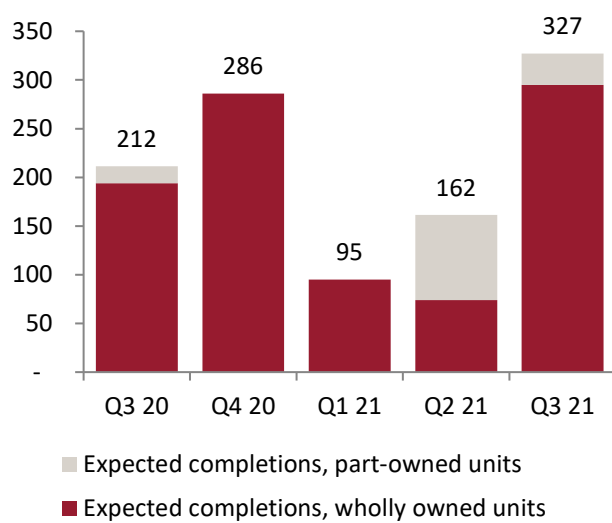
A total of 104 (307) units were completed in the second quarter, and 122 (246) - including ones completed earlier - were delivered. The completed units were spread over three projects.

At 30 June, the group held 25 (48) completed but unsold units. Consolidated project companies accounted for 86 (229) of the units delivered, while 36 (17) were in part-owned project companies.

Units completed by project

Project	No of units	Category	Region
Lervig Brygge	71	Flat	Stavanger
Saga Park	16	Flat	Trondheim
Svea Serenad	17	Flat	Stockholm
Total	104		

Based on anticipated progress for the projects, 212 units are expected to be completed in the third quarter of 2020. Estimated completions for 2020 as a whole amount to 691 units.

Expected number of completions

Share information

The company had 93.77 million issued shares at 30 June, divided between 3 571 shareholders.

The 20 largest shareholders controlled 78.7 per cent of the total number of issued shares. The largest shareholder was Selvaag AS, with a 53.5 per cent holding.

During the quarter, the Selvaag Bolig share varied in price from NOK 40.25 to NOK 56.90, which was also the closing price at 30 June. That compared with NOK 46.30 at 31 March, and the share price accordingly rose by 23 per cent over the quarter. An ordinary dividend of NOK 1.50 per share was paid in the second quarter for the second half of 2019.

Pursuant to its mandate from the most recent AGM, the board has resolved to pay a dividend of NOK 3.00 per share (NOK 2.00) for the first half. This will be paid at the end of August.

A total of 6.7 million shares, or 7.6 per cent of the overall number outstanding, were traded during the period. Share turnover totalled NOK 308.2 million during the quarter, corresponding to an average daily figure of roughly NOK 5.2 million.

20 largest shareholders at 30 June 2020

Shareholder	# of shares	% share
SELVAAG AS	50 180 087	53.5%
LANDSFORSÅKRINGAR FASTIGHETSFOND	6 966 632	7.4%
Morgan Stanley & Co. Int. Plc. *	2 483 619	2.6%
PARETO INVEST AS	2 030 578	2.2%
State Street Bank and Trust Comp *	1 660 183	1.8%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 424 301	1.5%
J.P. Morgan Bank Luxembourg S.A. *	1 223 236	1.3%
Morgan Stanley & Co. International	764 259	0.8%
MUSTAD INDUSTRIER AS	700 000	0.7%
Landkreditt Utbytte	700 000	0.7%
TMAM EUROPEAN REAL ESTATE SEC	677 190	0.7%
BARCLAYS CAPITAL SEC. LTD FIRM	605 138	0.6%
BANAN II AS	600 000	0.6%
VERDIPAPIRFONDET HOLBERG NORGE	600 000	0.6%
SANDEN AS	550 000	0.6%
Brown Brothers Harriman & Co. *	549 800	0.6%
SPARHANS AS	547 221	0.6%
VERDIPAPIRFONDET EIKA SPAR	528 300	0.6%
HOLTA INVEST AS	512 010	0.5%
VERDIPAPIRFONDET EIKA NORGE	446 300	0.5%
Total 20 largest shareholders	73 748 854	78.7%
Other shareholders	20 016 834	21.3%
Total number of shares	93 765 688	100.0%

* Further information regarding shareholders is presented at:
<http://sboasa.no/en>

Risk and uncertainty factors

As a housing developer, Selvaag Bolig is exposed to risks which could affect the group's business and financial position.

Risk factors relate to land development, sales and the execution of housing projects, and can be divided into market, operational and financial categories. The group gives priority to work on managing and dealing with risk, and has established routines and control systems to limit and control risk exposure.

Macroeconomic conditions - particularly unemployment and interest rates - as well as demographic changes are factors which affect the group's progress.

Furthermore, uncertainty related to Covid-19 remains high. It is unclear what the long-term spin-offs from the outbreak will be and how these in turn will affect the housing market

and Selvaag Bolig. At 17 August, the progress of current projects has not been affected to any great extent.

As a pure housing developer, without its own construction arm, Selvaag Bolig has great operational flexibility and can adapt its operations at short notice to changing levels of activity in the market.

See the company's annual report, available on its website, for a more detailed explanation of the risk and uncertainty factors it faces.

See the separate section on risks and measures related to Covid-19.

Transactions with related parties

The general meeting of Selvaag Bolig approved in December 2019 the sale of a large proportion of the company's land holdings to a separate company structure, Urban Property, owned 30 per cent by Selvaag AS. The transaction was implemented in January 2020. See note 7 for further details.

See note 23 to the group's annual reports for detailed information on transactions with related parties in earlier years.

Housing market

According to Statistics Norway, seasonally adjusted Norwegian house prices at 30 June were on average 1.1 per cent higher than at 31 March and up by 2.3 per cent from 30 June 2019. Price developments differed between Selvaag Bolig's core areas during the quarter. Overall prices rose by 0.5 per cent during the quarter in Oslo including Bærum, and were 2.2 per cent higher than at 30 June 2019. In Akershus county excluding Bærum, prices rose by 0.9 per cent and

were up by 1.9 per cent from 30 June 2019. Prices displayed a flat trend in Stavanger during the quarter, and were 0.5 per cent higher than at 30 June 2019. Prices in Bergen increased by 0.3 per cent in the quarter and were up by 3.6 per cent from 30 June 2019. In Trondheim, prices rose by 0.4 per cent for the quarter and were 3.9 per cent higher than at 30 June 2019.

Outlook

Selvaag Bolig is well positioned, with large projects centrally located in and around Greater Oslo, Stavanger, Bergen and Trondheim. The newbuild market was steady and good during the first three months of the year, but became significantly quieter after the introduction of the government's measures related to Covid-19. However, the market has been good from the end of May, particularly in the Oslo area, but the company has had fewer housing starts than deliveries. This means that the number of units under construction will decline somewhat in coming quarters.

According to Statistics Norway, urbanisation and population growth create a large and long-term demand for new housing

in Selvaag Bolig's core areas. Good macroeconomic conditions, high household purchasing power and demographic trends mean that Selvaag Bolig expects a stable market for new housing in the time to come. However, uncertainty exists over the effects of Covid-19.

The reduction in interest rates and an easing in residential mortgage rules have contributed to increased sales. However, new interest-rate increases and a tightening in the residential mortgage regulations could curb demand to some extent in the short term.

Interim financial statements (IFRS)

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Note	Q2 2020	Q2 2019	1H 2020	1H 2019	2019
Revenues		422 489	1 011 968	618 412	1 104 759	3 282 480
Other revenues		13 039	23 217	26 226	39 585	86 358
Total operating revenues		435 528	1 035 185	644 638	1 144 344	3 368 838
Project expenses		(336 774)	(705 177)	(470 665)	(774 687)	(2 279 485)
Salaries and personnel costs		(30 044)	(24 983)	(60 395)	(52 137)	(132 213)
Depreciation and amortisation		(2 386)	(3 297)	(4 881)	(6 594)	(12 748)
Other operating expenses		(32 596)	(35 159)	(53 876)	(64 741)	(141 909)
Total operating expenses		(401 800)	(768 616)	(589 817)	(898 159)	(2 566 355)
Associated companies and joint ventures		25 856	12 141	112 518	17 723	62 224
Other gains (losses), net	7	-	-	1 028 691	-	-
Operating profit		59 584	278 710	1 196 030	263 908	864 707
Financial income		1 102	2 312	5 348	5 148	16 742
Financial expenses		(2 118)	(6 091)	(6 301)	(14 715)	(27 480)
Net financial expenses		(1 016)	(3 779)	(953)	(9 567)	(10 738)
Profit/(loss) before taxes		58 568	274 931	1 195 077	254 341	853 969
Income taxes		(10 263)	(66 663)	(17 777)	(61 315)	(199 454)
Net income		48 305	208 268	1 177 300	193 026	654 515
Other comprehensive income/expenses						
Translation differences		(3 979)	3	7 456	2	(6)
Total comprehensive income/(loss) for the period		44 326	208 271	1 184 756	193 028	654 509
Net income for the period attributable to:						
Shareholders in Selvaag Bolig ASA		48 305	208 268	1 177 300	193 026	654 515
Total comprehensive income/(loss) for the period attributable to:						
Shareholders in Selvaag Bolig ASA		44 326	208 271	1 184 756	193 028	654 509
Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:						
Earnings per share (basic and diluted) in NOK		0.52	2.24	12.60	2.08	7.04

The consolidated financial information has not been audited

Statements of financial position

(figures in NOK 1 000)	Note	Q2 2020	Q1 2020	Q2 2019	2019
ASSETS					
Non-current assets					
Goodwill		383 376	383 376	383 376	383 376
Property, plant and equipment		5 417	5 506	6 710	5 588
Right-of-use lease assets		39 598	41 908	48 929	44 219
Investments in associated companies and joint ventures		378 812	512 199	393 503	430 281
Loans to associated companies and joint ventures		86 618	84 092	133 101	70 893
Other non-current assets		128 075	123 693	307 033	165 283
Total non-current assets		1 021 896	1 150 774	1 272 652	1 099 640
Current assets					
Inventories (property)	5, 7	4 276 758	4 053 949	4 801 230	3 636 663
Trade receivables		66 836	85 307	434 154	82 220
Other current receivables		37 828	41 152	71 705	51 052
Cash and cash equivalents		678 769	771 347	599 893	1 178 686
Assets held for sale	7	-	-	-	864 171
Total current assets		5 060 191	4 951 755	5 906 982	5 812 792
TOTAL ASSETS		6 082 087	6 102 529	7 179 634	6 912 432
EQUITY AND LIABILITIES					
Equity attributed to shareholders in Selvaag Bolig ASA		2 363 573	2 459 379	3 067 476	3 374 218
Non-controlling interests		7 866	7 866	7 866	7 866
Total equity		2 371 439	2 467 245	3 075 342	3 382 084
LIABILITIES					
Non-current liabilities					
Pension liabilities		1 327	1 172	379	1 017
Deferred tax liabilities		46 762	46 453	92 992	24 444
Provisions		60 373	60 372	60 373	60 373
Other non-current liabilities	7	10 085	6 996	2 862	3 105
Non-current lease liabilities		31 001	33 131	39 224	35 263
Non-current interest-bearing liabilities		1 635 844	1 171 507	1 932 672	1 092 288
Total non-current liabilities		1 785 392	1 319 631	2 128 502	1 216 490
Current liabilities					
Current lease liabilities		8 223	8 073	9 188	7 922
Current interest-bearing liabilities		281 429	482 218	1 032 312	1 161 043
Current liabilities repurchase agreements	7	729 179	863 579	-	-
Trade payables		130 564	144 460	93 450	167 633
Current tax payables		165 686	155 559	127 197	208 488
Other current non-interest-bearing liabilities		610 175	661 764	713 643	710 728
Liabilities directly associated with assets classified as held for sale	7	-	-	-	58 044
Total current liabilities		1 925 256	2 315 653	1 975 790	2 313 858
Total liabilities		3 710 648	3 635 284	4 104 292	3 530 348
TOTAL EQUITY AND LIABILITIES		6 082 087	6 102 529	7 179 634	6 912 432

The consolidated financial information has not been audited

Statement of changes in equity

	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 at 1 January 2020	186 842	1 394 857	700 629	5 786	3 528	1 082 575	3 374 220	7 866 *	3 382 084
Transactions with owners:									
Dividend	-	-	-	-	-	(2 195 401)	(2 195 401)	-	(2 195 401)
Share buy back	-	-	-	-	-	-	-	-	-
Employee share programme	-	-	-	-	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period:									
Net income/(loss) for the period	-	-	-	-	-	1 177 300	1 177 300	-	1 177 300
Other comprehensive income/(loss) for the period	-	-	-	7 456	-	-	7 456	-	7 456
Equity at 30 June 2020	186 842	1 394 857	700 629	13 242	3 528	64 474	2 363 575	7 866 *	2 371 439

Equity at 1 January 2019	183 523	1 394 857	700 629	5 792	3 528	816 106	3 106 772	9 366 *	3 116 136
Transactions with owners:									
Dividend	-	-	-	-	-	(232 322)	(232 322)	-	(232 322)
Share buy back	-	-	-	-	-	-	-	-	-
Employee share programme	-	-	-	-	-	-	-	(1 500)	(1 500)
Total comprehensive income/(loss) for the period:									
Net income/(loss) for the period	-	-	-	-	-	193 026	193 026	-	193 026
Other comprehensive income/(loss) for the period	-	-	-	2	-	-	2	-	2
Equity at 30 June 2019	183 523	1 394 857	700 629	5 794	3 528	776 810	3 067 479	7 866 *	3 075 342
Transactions with owners:									
Dividend	-	-	-	-	-	(185 857)	(185 857)	-	(185 857)
Share buy back	-	-	-	-	-	-	-	-	-
Employee share programme	985	-	-	-	-	30 133	31 118	-	31 118
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period:									
Net income/(loss) for the period	-	-	-	-	-	461 489	461 489	-	461 489
Other comprehensive income/(loss) for the period	-	-	-	(8)	-	-	(8)	-	(8)
Equity at 31 December 2019	184 508	1 394 857	700 629	5 786	3 528	1 082 575	3 374 221	7 866 *	3 382 084

The consolidated financial information has not been audited.

* Non-controlling interests include tax from profits in companies subject to partnership taxation. Income taxes in the group do not include taxes from tax subjects outside the Selvaag Bolig group.

Statement of cash flow

(figures in NOK 1 000)	Note	Q2 2020	Q2 2019	1H 2020	1H 2019	2019
CASH FLOW FROM OPERATING ACTIVITIES						
Profit/(loss) before taxes		58 568	274 931	1 195 077	254 341	853 969
Income taxes paid		-	-	(60 443)	(48 828)	(158 888)
Depreciation and amortisation		2 386	3 297	4 881	6 594	12 748
Other gains (losses), net	7	-	-	(1 028 691)	-	-
Disposal of assets and liabilities held for sale	7	-	-	1 681 231	-	-
Share of profits/(losses) from associated companies and joint ventures		(25 856)	(12 141)	(112 518)	(17 723)	(62 224)
Changes in inventories (property)	5	(206 273)	(169 092)	(602 374)	(465 779)	62 734
Changes in trade receivables		18 471	(372 619)	15 384	(219 147)	132 787
Changes in trade payables		(13 896)	(40 694)	(37 069)	(131 310)	(13 727)
Changes in other operating working capital assets		(2 448)	(3 726)	6 235	(15 371)	10 189
Changes in other operating working capital		(53 988)	191 965	(102 131)	151 044	148 312
Net cash flow from operating activities		(223 036)	(128 078)	959 582	(486 179)	985 901
CASH FLOW FROM INVESTMENT ACTIVITIES						
Proceeds from sale of property, plant and equipment and intangible assets		-	-	-	-	100
Purchases of PPE and intangible assets		(9)	(39)	(44)	(39)	(453)
Proceeds from sale of associated companies		-	-	-	-	44 500
Purchases of associated companies and joint ventures		-	-	(5 065)	-	(19 219)
Proceeds from sale of other investments and repayment of loans	7	8 712	-	253 464	22 000	22 000
Purchases of other investments and loans		(10 800)	(7 850)	(40 300)	(12 150)	(22 300)
Dividends and disbursements from associated companies and joint ventures		159 406	17 500	169 406	39 500	39 500
Net cash flow from investment activities		157 309	9 611	377 461	49 311	64 128
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from borrowings	7	602 439	519 738	1 858 984	799 580	1 398 284
Repayments of borrowings	7	(487 678)	(131 840)	(1 497 582)	(181 549)	(1 518 391)
Repayments of lease liabilities		(1 980)	(2 613)	(3 961)	(5 227)	(10 454)
Dividends paid to equity holders of Selvaag Bolig		(140 132)	(232 322)	(2 195 401)	(232 322)	(418 179)
Payment of profit sharing and dividends to non-controlling interests in subsidiaries		-	-	-	(1 500)	(1 500)
Proceeds from disposal of shares Selvaag Bolig ASA		500	358	1 000	745	21 864
Net cash flow from financing activities		(26 851)	153 321	(1 836 960)	379 727	(528 377)
Net change in cash and cash equivalents		(92 578)	34 853	(499 917)	(57 141)	521 652
Cash and cash equivalents at start of period		771 347	565 040	1 178 686	657 034	657 034
Cash and cash equivalents at end of period		678 769	599 893	678 769	599 893	1 178 686

The consolidated financial information has not been audited

Selected notes to the quarterly financial statements

1. General information and accounting policies

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. The condensed consolidated interim financial information consists of the group and the group's interest in associated companies and jointly controlled entities.

The group's consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the group's consolidated financial statements for 2019.

The accounting policies applied in preparing these interim condensed consolidated financial statements are otherwise consistent with those applied in the group's consolidated financial statements for the year ended 31 December 2019.

2. Accounting judgements, estimates and assumptions

The preparation of interim financial information requires management to make judgements, estimates and assumptions which affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were largely the same as those which applied in the consolidated financial statements for the year ended 31 December 2019.

3. Transactions with related parties

See note 23 to the consolidated financial statements for 2019 for detailed information on related-party transactions in previous years.

4. Segment information

The main segment is defined as property development. 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 on the basis of expenses incurred relative to total estimated costs and sales rate. Operating profit (loss) under the percentage of completion method also includes an estimated profit element. The 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 stage 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 disposals from associated companies and joint ventures". 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.

Second quarter 2020

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	791 137	12 102	803 239
Project expenses	(584 704)	(141)	(584 845)
Other operating expenses	(15 662)	(49 466)	(65 128)
EBITDA (percentage of completion)	190 771	(37 505)	153 266
Reconciliation EBITDA to operating profit (loss)			
EBITDA (percentage of completion)	190 771	(37 505)	153 266
Sales revenues (adjustment effect of percentage of completion)	(785 610)	-	(785 610)
Sales revenues (completed contract)	417 900	-	417 900
Project expenses (adjustment effect of percentage of completion)	576 700	-	576 700
Project expenses (completed contract)	(328 630)	-	(328 630)
Lease liabilities	2 488	-	2 488
Depreciation and amortisation	-	(2 386)	(2 386)
Share of income (losses) from associated companies and joint ventures	25 856	-	25 856
Other gain (loss), net	-	-	-
Operating profit (loss)	99 475	(39 891)	59 584
Units under construction	1 357	N/A	N/A
Units delivered	122	N/A	N/A

Second quarter 2019

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	853 394	14 165	867 559
Project expenses	(593 238)	(197)	(593 435)
Other operating expenses	(23 900)	(38 855)	(62 755)
EBITDA (percentage of completion)	236 256	(24 887)	211 369
Reconciliation EBITDA to operating profit (loss)			
EBITDA (percentage of completion)	236 256	(24 887)	211 369
Sales revenues (adjustment effect of percentage of completion)	(823 415)	-	(823 415)
Sales revenues (completed contract)	991 042	-	991 042
Project expenses (adjustment effect of percentage of completion)	572 403	-	572 403
Project expenses (completed contract)	(684 146)	-	(684 146)
Lease liabilities	2 613	-	2 613
Depreciation and amortisation	-	(3 297)	(3 297)
Share of income (losses) from associated companies and joint ventures	12 141	-	12 141
Other gain (loss), net	-	-	-
Operating profit (loss)	306 894	(28 184)	278 710
Units under construction	1 538	N/A	N/A
Units delivered	246	N/A	N/A

At 30 June 2020

(figures in NOK 1 000)

Operating revenues	1 535 278	24 258	1 559 536
Project expenses	(1 127 074)	(402)	(1 127 476)
Other operating expenses	(22 730)	(96 517)	(119 247)
EBITDA (percentage of completion)	385 474	(72 661)	312 813
Reconciliation EBITDA to Operating profit (loss):			
EBITDA (percentage of completion)	385 474	(72 661)	312 813
Sales revenues (adjustment effect of percentage of completion)	(1 526 870)	-	(1 526 870)
Sales revenues (completed contract)	611 973	-	611 973
Project expenses (adjustment effect of percentage of completion)	1 116 029	-	1 116 029
Project expenses (completed contract)	(459 219)	-	(459 219)
Lease liabilities	4 976	-	4 976
Depreciation and amortisation	-	(4 881)	(4 881)
Share of profits (losses) from associated companies and joint ventures	112 518	-	112 518
Other gain (loss), net	-	1 028 691	1 028 691
Operating profit (loss)	244 881	951 149	1 196 030
Units under construction	1 357	N/A	N/A
Units delivered	236	N/A	N/A

At 30 June 2019

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	1 524 398	23 645	1 548 043
Project expenses	(1 059 913)	(340)	(1 060 253)
Other operating expenses	(39 692)	(82 413)	(122 105)
EBITDA (percentage of completion)	424 793	(59 108)	365 685
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	424 793	(59 108)	365 685
Sales revenues (adjustment effect of percentage of completion)	(1 487 267)	-	(1 487 267)
Sales revenues (completed contract)	1 083 569	-	1 083 569
Project expenses (adjustment effect of percentage of completion)	1 039 014	-	1 039 014
Project expenses (completed contract)	(753 449)	-	(753 449)
Lease liabilities	5 227	-	5 227
Depreciation and amortisation	-	(6 594)	(6 594)
Share of profits (losses) from associated companies and joint ventures	17 723	-	17 723
Other gain (loss), net	-	-	-
Operating profit (loss)	329 610	(65 702)	263 908
Units under construction	1 538	N/A	N/A
Units delivered	275	N/A	N/A

5. Inventory - property

The group has property which comprises land and buildings intended for sale in the ordinary course of business or 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.

(figures in NOK 1 000)	Q2 2020	Q1 2020	Q2 2019	2019
Land (undeveloped)	1 088 295	1 062 463	1 656 492	1 020 774
Work in progress	3 077 792	2 855 127	2 856 304	2 433 245
Completed units	110 671	136 359	288 434	182 644
Carrying amount	4 276 758	4 053 949	4 801 230	3 636 663

6. Project expenses and EBITDA

The group expenses all directly attributable costs in construction projects as project expenses. This includes financial expenses. Below is a specification showing the

project cost and EBITDA including and excluding financial expenses.

(figures in NOK 1 000)	Q2 2020	Q2 2019	1H 2020	1H 2019	2019
Project expenses	(336 774)	(705 177)	(470 665)	(774 687)	(2 279 485)
Finance expenses	(13 513)	(34 119)	(20 588)	(36 673)	(81 906)
Other project expenses	(323 261)	(671 058)	(450 077)	(738 014)	(2 197 579)

(figures in NOK 1 000)	Q2 2020	Q2 2019	1H 2020	1H 2019	2019
EBITDA*	61 970	282 007	172 220	270 502	877 455
EBITDA margin	14.2%	27.2%	26.7%	23.6%	26.0%
EBITDA adjusted**	75 483	316 126	192 808	307 175	959 361
EBITDA margin adjusted	17.3%	30.5%	29.9 %	26.8%	28.5%

* EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

** EBITDA adjusted excludes financial expenses included in project costs.

Profit for the first half of 2020 includes NOK 1 028.7 million in recognised gain from the transaction with Urban Property. This has been excluded from the calculation of EBITDA above. The EBITDA margin is affected positively by presenting results from joint ventures net and excluding

them from turnover. For more information, see note 8 on proportional consolidation, which presents the effect if the joint ventures had been included with their share of turnover - in other words, not presented net.

7. Transaction with Urban Property

The group entered in the fourth quarter of 2019 into an agreement to sell a substantial proportion of the land it owned where construction had yet to start (the transaction) to Urban Property (UP), which is owned by external third parties. The transaction was implemented on 21 January 2020. The purpose of the transaction was to reduce the group's financial borrowings and tied capital, and to free up substantial added value in the Selvaag Bolig (SBO) portfolio of properties which has increased the group's capacity to pay dividend. Through options and pre-emption agreements with UP, the group will have the opportunity to buy back part of the properties sold in stages as and when required for further development and construction.

The transaction covered properties divided into Portfolios A, B and C. Portfolio A comprised properties expected to be bought back through the exercise of a pre-emptive right within a longer timeframe extending beyond 2020. Portfolio B comprised properties where the group has buy-back options which primarily fall within a timeframe expected to be shorter than 31 December 2020. Portfolio C covered future land purchase agreements, and prepayments related to these, with third parties where the group did not own the properties at the time. The transaction also included the purchase by UP of two companies which took the form of joint ventures between SBO and Veidekke Eiendom AS and NHP Eiendom AS respectively. Portfolios B and C are covered by options for the group to buy back the properties later. SBO and UP

intend to pursue a long-term collaboration, so that SBO will also obtain options to purchase land which UP acquires in the future. The intention is that UP will enter into agreements on acquiring new properties in the market, and that SBO will have an option to buy these from UP.

The accounting effects of the transaction for Portfolios A, B and C as well as for the sale of interests in joint ventures are discussed in more detail below.

Portfolio A property sales

The consideration for shares and settlement of intercompany liabilities related to Portfolio A was NOK 1 542 million. The carrying amount of these properties at 31 December 2019 was NOK 657 million. The transaction was implemented in the first quarter of 2020 and the interim financial statements reflect a net gain of NOK 921 million on the sale of Portfolio A properties. That includes associated tax positions.

A pre-emptive right is held by the group to buy back the land if UP decides on a sale. However, the group cannot at any time require UP to sell the properties.

Further information on the sale of Portfolio A properties is presented in the tables below.

Sale of companies owned 50 per cent from SBO to UP

At 31 December 2019, SBO owned 50 per cent of Sinsenveien Holding AS and 50 per cent of Haakon VII's Gate 4 Holding AS. Both joint venture holdings were sold in their entirety (100 per cent) in the transaction, with shareholder loans also being redeemed.

The holdings have been treated in the SBO financial statements as associated companies pursuant to IAS 28 Investments in Associates and Joint Ventures. These investments were owned 50 per cent by external owners and 50 per cent by SBO with equal interests, and the equity method was applied in SBO's consolidated financial statements.

Following the sale of the two holdings in the joint ventures through the transaction, SBO no longer owns any shares in Sinsenveien Holding AS and Haakon VII's Gate 4 Holding AS. The sale has therefore been recognised in its entirety in profit and loss. The sale of the two holdings yielded a gain of NOK 126 million and had a cash effect of NOK 202 million in the first quarter. Included in the consideration was NOK 17 million in settlement of further shareholder loans provided by SBO in January before implementation of transaction.

Property sale Portfolio B

These properties were recognised with a total carrying amount of NOK 679 million at the transaction date. The total consideration amounted to NOK 864 million.

In accounting terms, the sale of Portfolio B with buy-back agreements (in other words, including purchase options) does not involve the calculation of either gain or loss, but has been treated as a financing arrangement because SBO retains control of these properties. This means that the carrying amount of Portfolio B remains unchanged as inventory after the transaction, while the consideration of NOK 864 million from the sale of Portfolio B has been recognised as a liability for repurchase agreements (to UP) in the SBO balance sheet.

The option premium related to the properties in Portfolio B is paid quarterly and corresponds to three months Nibor plus a margin of 3.75 per cent annually. These premiums are treated for accounting purposes in the same way as interest charges on land loans. They are recognised in the balance sheet as part of inventory and expensed as cost of sales when completed residential units are delivered. Option premiums paid and capitalised for land in portfolio B amounted to NOK 9.9 million in the second quarter and NOK 18.9 million in the first half. SBO can cancel the option at any given time on payment of a fixed break fee corresponding to 48 months of option premiums for the property.

SBO repurchased three sites from Portfolio B during the second quarter. As a consequence, debt related to repurchase agreements with and seller credits for UP was reduced from NOK 864 million to NOK 729 million.

Property sale Portfolio C

Portfolio C covered properties which the group had the right or obligation to purchase in the future. An agreement has been entered into which means that UP acquires rights and obligations corresponding to those currently held by the group in relation to the landowners. SBO will remain the formal counterparty to the present landowners. The agreement covers agreements on future property acquisitions. After UP has acquired a property, SBO will have an option to buy it back on specified terms.

In addition, Portfolio C included a compensation of NOK 143 million from UP for advance payments made by SBO to today's landowners for future land purchase. A 2.5 per cent deduction has been made from this amount, which has been recognised as a deduction of NOK 3.6 million from the net gain on the transaction.

The option premium related to land in Portfolio C corresponds to three months Nibor plus a margin of 3.75 per cent annually. Fifty per cent of this premium falls due when SBO acquires the land from UP, with the remainder

falling due on completion of the relevant project. Provision for accrued option premiums is made quarterly in SBO's consolidated accounts, as other non-current assets and other non-current liabilities respectively. The asset is reclassified as inventory when the land is taken over. Option premiums for Portfolio C provided for and capitalised amounted to NOK 4 million in the second quarter and NOK 5.5 million in the first half. SBO can cancel the option at any given time in exchange for a break fee comprising the accumulated rise in the buy-back price

for the property plus a fixed supplement corresponding to 48 months of growth in this price.

Costs conditional on implementing the transaction amounted to NOK 15 million. These are recognised as a deduction from the net gain.

Other items

The following table provides an overview of the estimated accounting effects of the transaction for Portfolios A, B and C as well as for the sale of associated companies:

Statement of financial position	Carrying value						
Amounts in NOK 1 000	31.12.2019	Portfolio A	Portfolio B	Portfolio C	Joint ventures	Financing	Total change
Disposal group presented as asset held for sale							
Inventory Portfolio A	656 537	(656 537)					(656 537)
Prepayments for property acquisitions	143 000			(143 000)			(143 000)
Receivable from joint ventures	58 632				(75 681)		(75 681)
Investments in joint ventures							
Total asset held for sale in the balance sheet 31.12.2019	858 169	(656 537)		(143 000)	(75 681)		(875 218)
Liabilities part of the disposal group presented as held for sale							
Deferred tax liabilities	52 473	(52 473)					(52 473)
Other assets influenced by in the transaction							-
Cash (representing net consideration from UP)		1 541 806	863 579	139 425	201 664	(978 517)	1 767 958
Inventory Portfolio B	678 778						-
Other liabilities influenced by the transaction							
Interest-bearing liabilities (bank debt) settled as part of the transaction						(978 517)	(978 517)
Financial debt obligation assumed for portfolio B			863 579				863 579
Income tax payable		16 436					16 436
Equity							
Equity		921 305		(3 575)	125 984		1 043 714
Statement of comprehensive income effects in 2020							
Amounts in NOK 1 000		Portfolio A	Portfolio B	Portfolio C	Joint ventures	Other	Total
Gain, sale of properties		921 305		(3 575)			917 730
Gain from sale of joint ventures							125 984
Fees subject to completion of transaction						(15 023)	(15 023)
Profit (loss) before income taxes		921 305		(3 575)		(15 023)	1 028 691
Presentation in the cash flow statement in 2020							
Amounts in NOK 1 000		Portfolio A	Portfolio B	Portfolio C	Joint ventures	Other	Total
Cash flow from operational activities		1 541 806		139 425			1 681 231
Cash flow from investing activities (part of proceeds from sale of other investments and repayments of loans)					201 664		201 664
Cash flow from financing activities (proceeds from borrowings and repayments of borrowings)			863 579			(978 517)	(114 937)
Total cash effect		1 541 806	863 579	139 425	201 664	(978 517)	1 767 958

The table above presents a specification of the assets and liabilities covered by the transaction. It also shows the accounting implications of the transaction, including the effects on profit and loss and cash flow.

8. Proportional consolidation related to associate companies and joint ventures - pro forma information

Selvaag Bolig executes a number of its housing projects in collaboration with other parties, often on a 50-50 basis. These are recognised in the statement of comprehensive income pursuant to the IFRS using the equity method, where Selvaag Bolig's share of the net result is presented as share of profit/(loss) from associated companies and joint ventures. Selvaag Bolig finds that the number of collaboration projects is increasing and that, in this context, it is relevant to provide information on how the

statement of comprehensive income would have appeared were the equity interest in collaboration projects to be consolidated.

In the table below, the statement of comprehensive income pursuant to the IFRS has been restated to show the proportional consolidation of associated companies and joint ventures in accordance with Selvaag Bolig's equity interest in collaboration projects.

	Q2 2020			Q2 2019		
	IFRS	Adj share Assoc/JV gross	Pro forma gross Assoc/JV	IFRS	Adj share Assoc/JV gross	Pro forma gross Assoc/JV
(figures in NOK 1 000)						
Revenues	422 489	231 112	653 601	1 011 968	84 180	1 096 148
Other revenues	13 039	3 672	16 711	23 217	103	23 320
Total operating revenues	435 528	234 785	670 313	1 035 185	84 283	1 119 468
Project expenses	(336 774)	(197 123)	(533 897)	(705 177)	(55 045)	(760 222)
Salaries and personnel costs	(30 044)	(374)	(30 418)	(24 983)	(285)	(25 268)
Depreciation and amortisation	(2 386)	(967)	(3 353)	(3 297)	(2 390)	(5 687)
Other operating expenses	(32 596)	(8 160)	(40 756)	(35 159)	(7 648)	(42 806)
Total operating expenses	(401 800)	(206 623)	(608 423)	(768 616)	(65 367)	(833 983)
Associated companies and joint ventures	25 856	(25 856)	-	12 141	(12 141)	-
Other gains (losses), net	-	-	-	-	-	-
Operating profit	59 584	2 306	61 890	278 710	6 774	285 485
Financial income	1 102	3	1 105	2 312	(77)	2 235
Financial expenses	(2 118)	(860)	(2 978)	(6 091)	(3 083)	(9 174)
Net financial expenses	(1 016)	(858)	(1 874)	(3 779)	(3 160)	(6 939)
Profit/(loss) before taxes	58 568	1 448	60 016	274 931	3 614	278 546
Income taxes	(10 263)	(1 448)	(11 711)	(66 663)	(3 615)	(70 278)
Net income	48 305	-	48 305	208 268	-	208 268
EBITDA margin *	14.2%	N/A	9.7%	27.2%	N/A	26.0%
EBITDA margin adj**	17.3%	N/A	13.2%	30.5%	N/A	29.3%

* EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

** EBITDA adjusted excludes financial expenses included in project costs. See note 6.

	1H 2020			1H 2019		
	Adj share Assoc/JV		Pro forma gross Assoc/JV	Adj share Assoc/JV		Pro forma gross Assoc/JV
	IFRS	gross		IFRS	gross	
(figures in NOK 1 000)						
Revenues	618 412	601 640	1 220 052	1 104 759	154 897	1 259 656
Other revenues	26 226	7 694	33 920	39 585	11 152	50 737
Total operating revenues	644 638	609 334	1 253 972	1 144 344	166 049	1 310 393
Project expenses	(470 665)	(460 801)	(931 466)	(774 687)	(115 103)	(889 790)
Salaries and personnel costs	(60 395)	(866)	(61 261)	(52 137)	(756)	(52 893)
Depreciation and amortisation	(4 881)	(1 948)	(6 829)	(6 594)	(5 084)	(11 678)
Other operating expenses	(53 876)	(12 022)	(65 898)	(64 741)	(15 037)	(79 778)
Total operating expenses	(589 817)	(475 637)	(1 065 454)	(898 159)	(135 981)	(1 034 140)
Associated companies and joint ventures	112 518	(112 518)	-	17 723	(17 723)	-
Other gains (losses), net	1 028 691	-	1 028 691	-	-	-
Operating profit	1 196 030	21 179	1 217 209	263 908	12 346	276 254
Financial income	5 348	56	5 404	5 148	119	5 267
Financial expenses	(6 301)	(1 959)	(8 260)	(14 715)	(6 225)	(20 940)
Net financial expenses	(953)	(1 904)	(2 857)	(9 567)	(6 106)	(15 673)
Profit/(loss) before taxes	1 195 077	19 275	1 214 352	254 341	6 240	260 581
Income taxes	(17 777)	(19 275)	(37 052)	(61 315)	(6 240)	(67 555)
Net income	1 177 300	-	1 177 300	193 026	-	193 026
EBITDA margin *	26.7%	N/A	15.6%	23.6%	N/A	22.0%
EBITDA margin adj**	29.9%	N/A	19.2%	26.8%	N/A	25.3%

* EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

** EBITDA adjusted excludes financial expenses included in project costs. See note 6.

Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, the interim financial statements for the period from 1 January to 30 June 2020 have been prepared in accordance with IAS 34 on interim reporting, and that the information in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and profit or loss taken as a whole.

We also confirm that, to the best of our knowledge, the interim report for the first half gives a true and fair view of important events in the accounting period and their influence on the interim report for the first half, as well as the principal risks and uncertainties facing the business in the next accounting period.

The Board of directors for
Selvaag Bolig ASA
Oslo, 17 august 2020

Olav Hindahl Selvaag
Chair

Sissel Kristensen
Director

Magnus Kristiansen
Director

Øystein Thorup
Director

Tore Myrvold
Director

Camilla Wahl
Director

Gisele Marchand
Director

Rolf Thorsen
President and CEO

SELVAAG BOLIG

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About Selvaag Bolig

Selvaag Bolig ASA is a residential property developer controlling 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 70-year history and experience, and offers a broad variety of property types. The company is headquartered at Ullern in Oslo.

www.selvaagbolig.no