

SELVAAG BOLIG

Q2 2020

Oslo, 18 August 2020
Rolf Thorsen, CEO
Sverre Molvik, CFO

Agenda

Highlights and sales

Operational and financial update

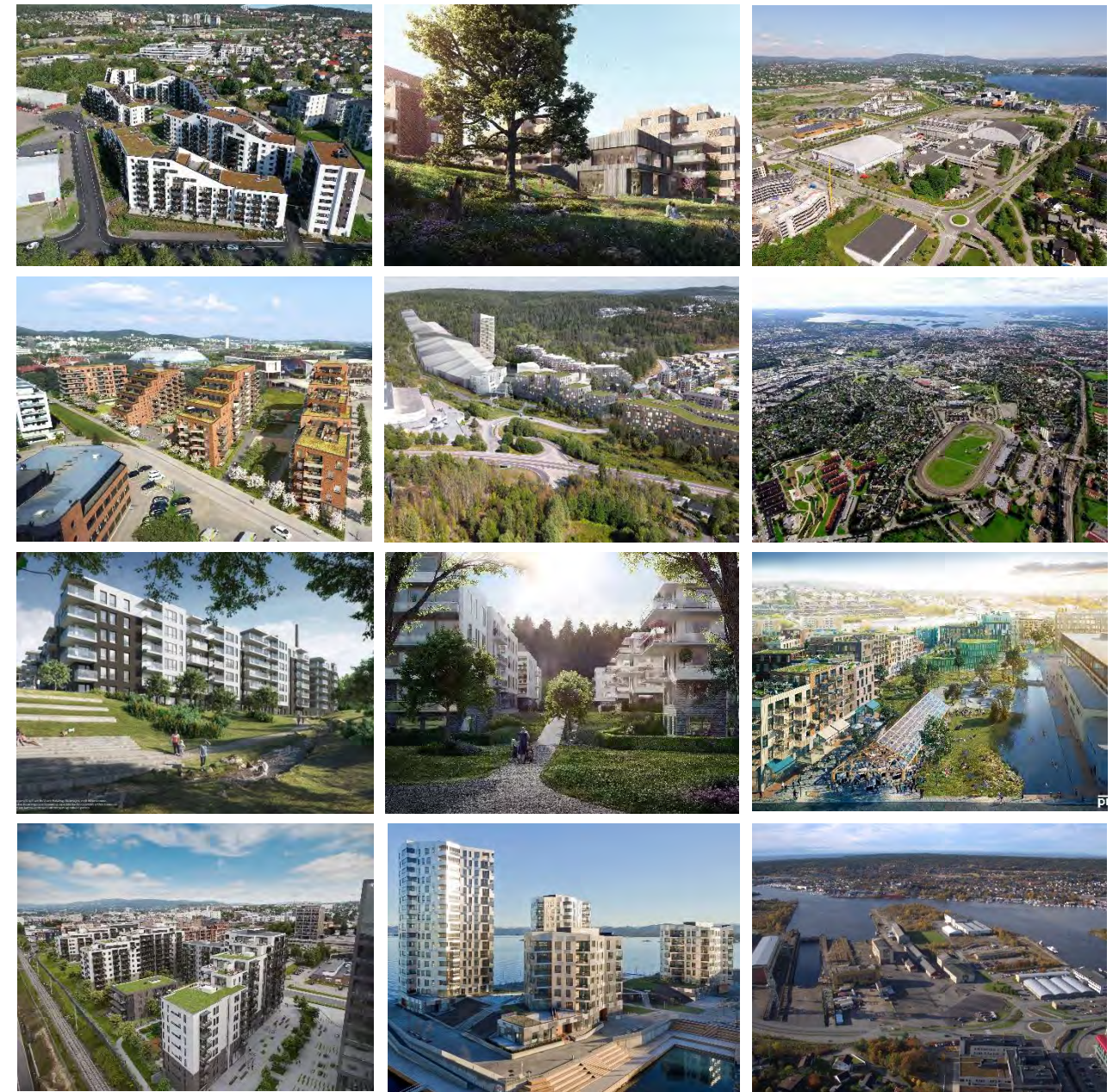
Market

Outlook and summary



Highlights Q2 2020

- Strong results considering few deliveries
- Good sales but impacted by Covid-19
- Dividend of NOK 3.00 per share H1 '20



Completed, ongoing and upcoming projects

Key financials Q2 and H1 2020

- excluding effects from UP transaction

Q2 2020

436

Operating revenues
NOK million

17.3

Adjusted EBITDA* margin
Per cent

803

Operating revenues (NGAAP)
NOK million

19.1

EBITDA** margin (NGAAP)
Per cent

First half year 2020

645

Operating revenues
NOK million

29.9

Adjusted EBITDA* margin
Per cent

1 560

Operating revenues (NGAAP)
NOK million

20.1

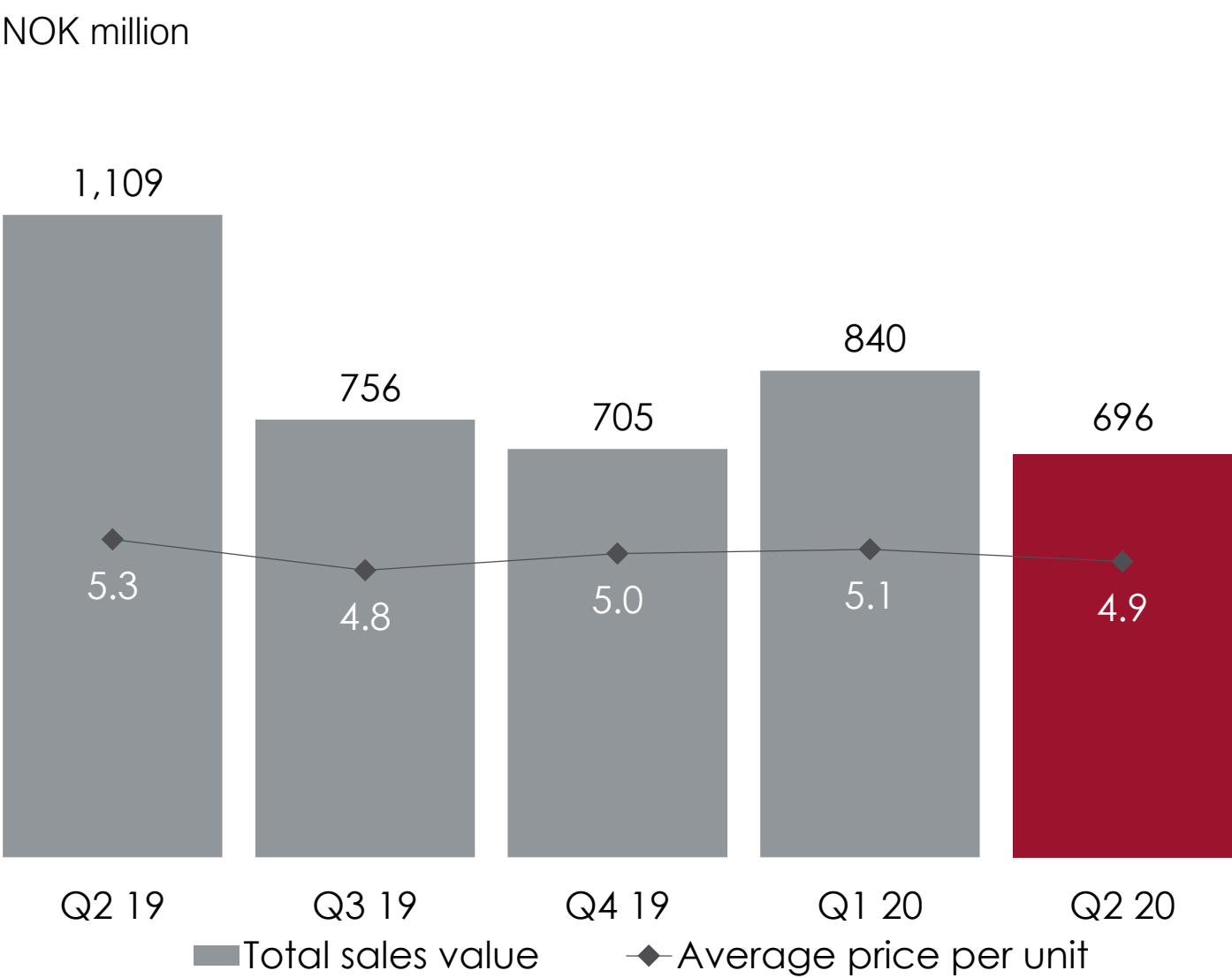
EBITDA** margin (NGAAP)
Per cent

* EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted excludes financial expenses included in project costs. Excluding other gains of NOK 1 029m in Q1 2020

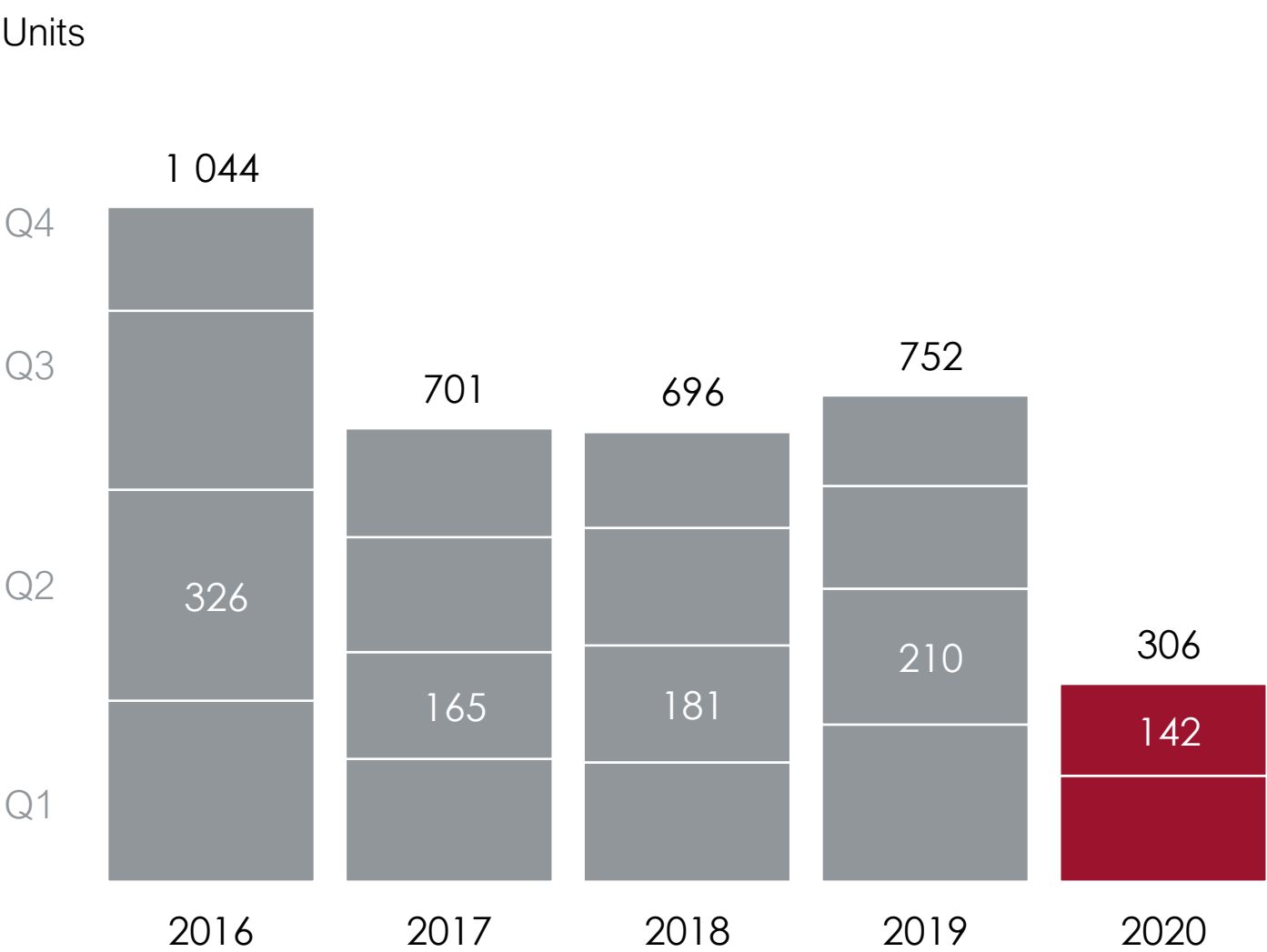
** EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

Sales value and units sold

Total and average sales value



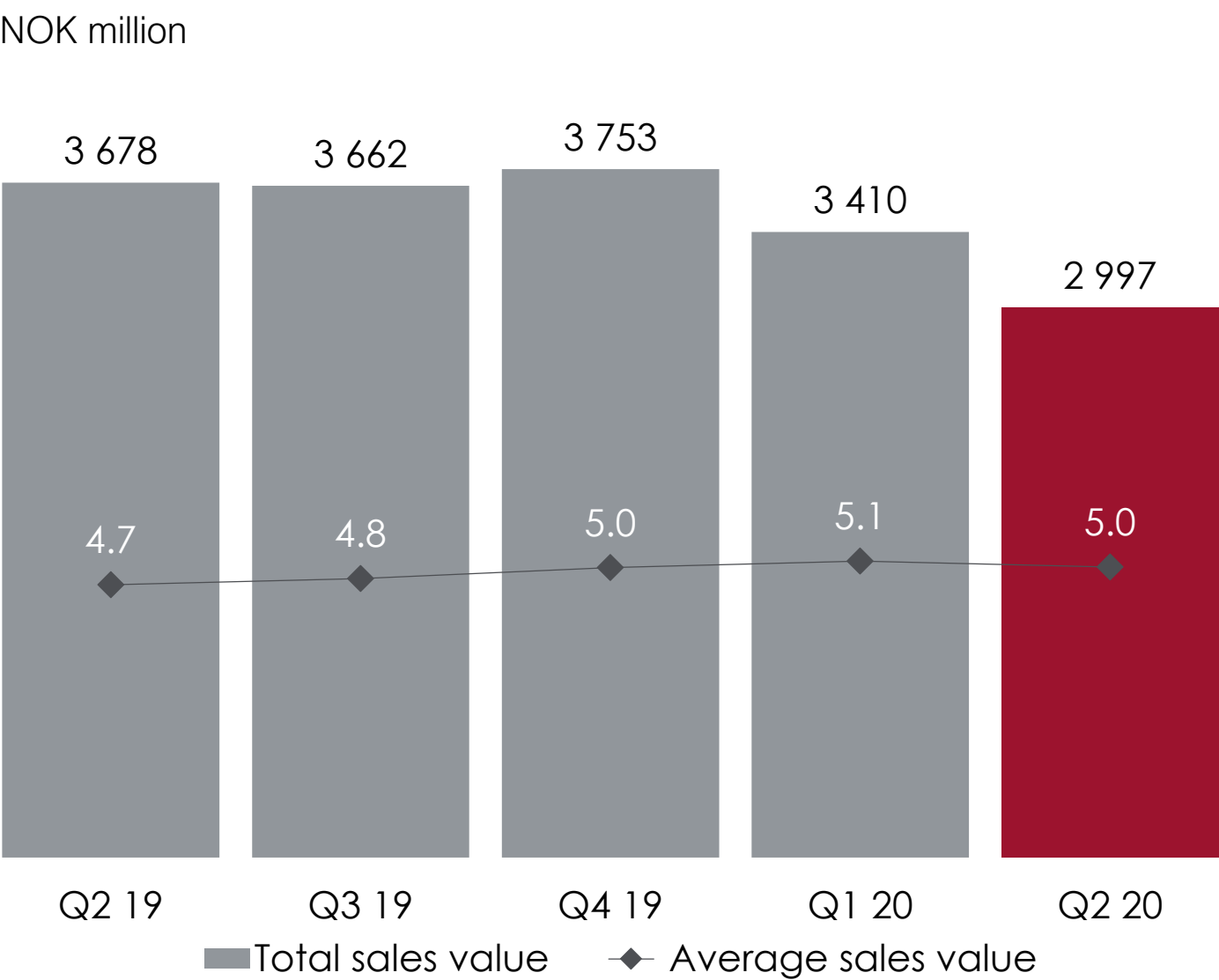
Number of units sold per quarter



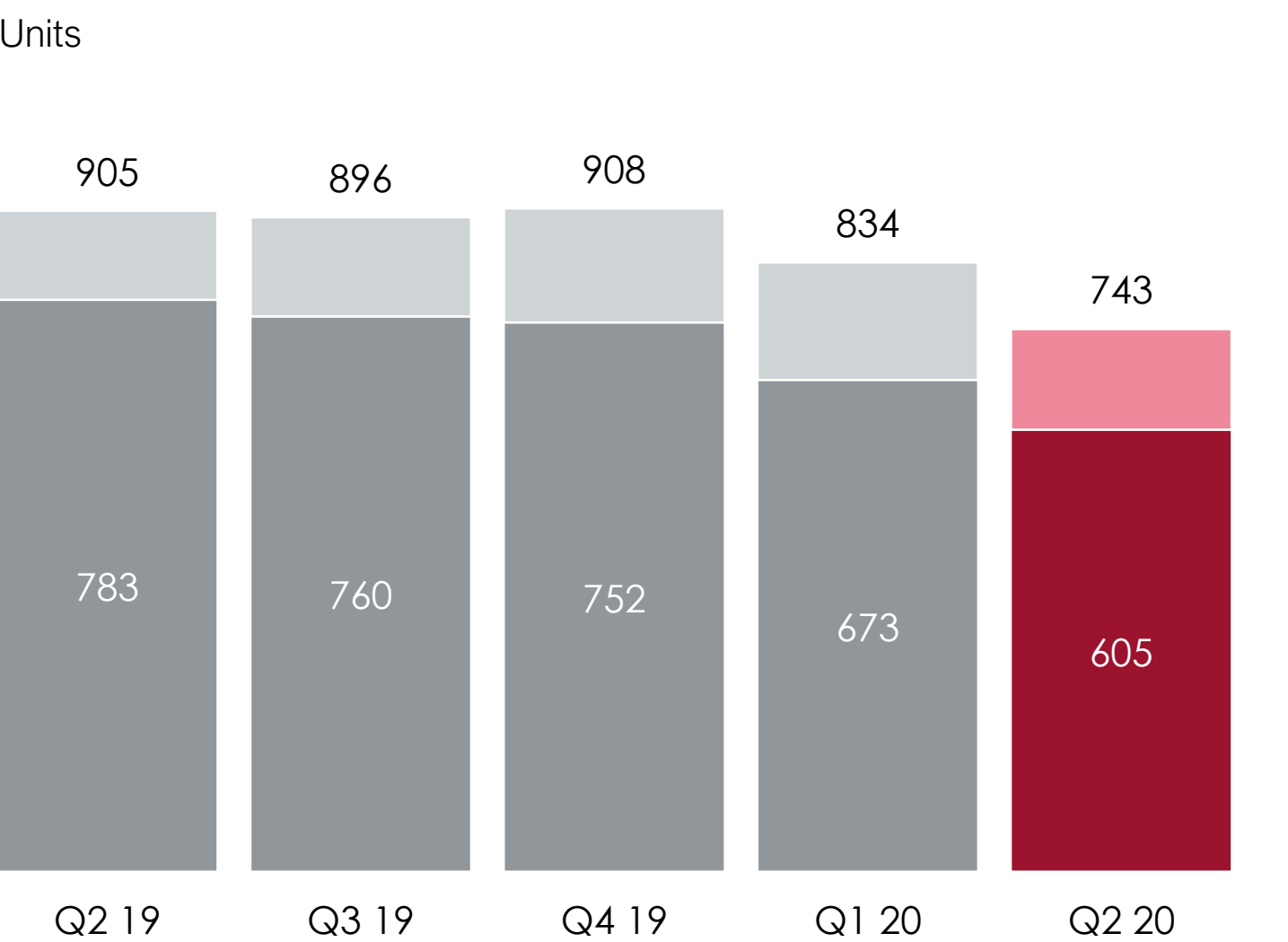
Note: Sales value is adjusted for Selvaag Bolig's share in joint ventures

Rolling sales value and units sold

Sales value 12 months rolling



Units sold 12 months rolling



Note: Sales value is adjusted for Selvaag Bolig's share in joint ventures

*Total columns show Selvaag Bolig's gross sales
**Columns excluding dotted areas show Selvaag Bolig's net sales

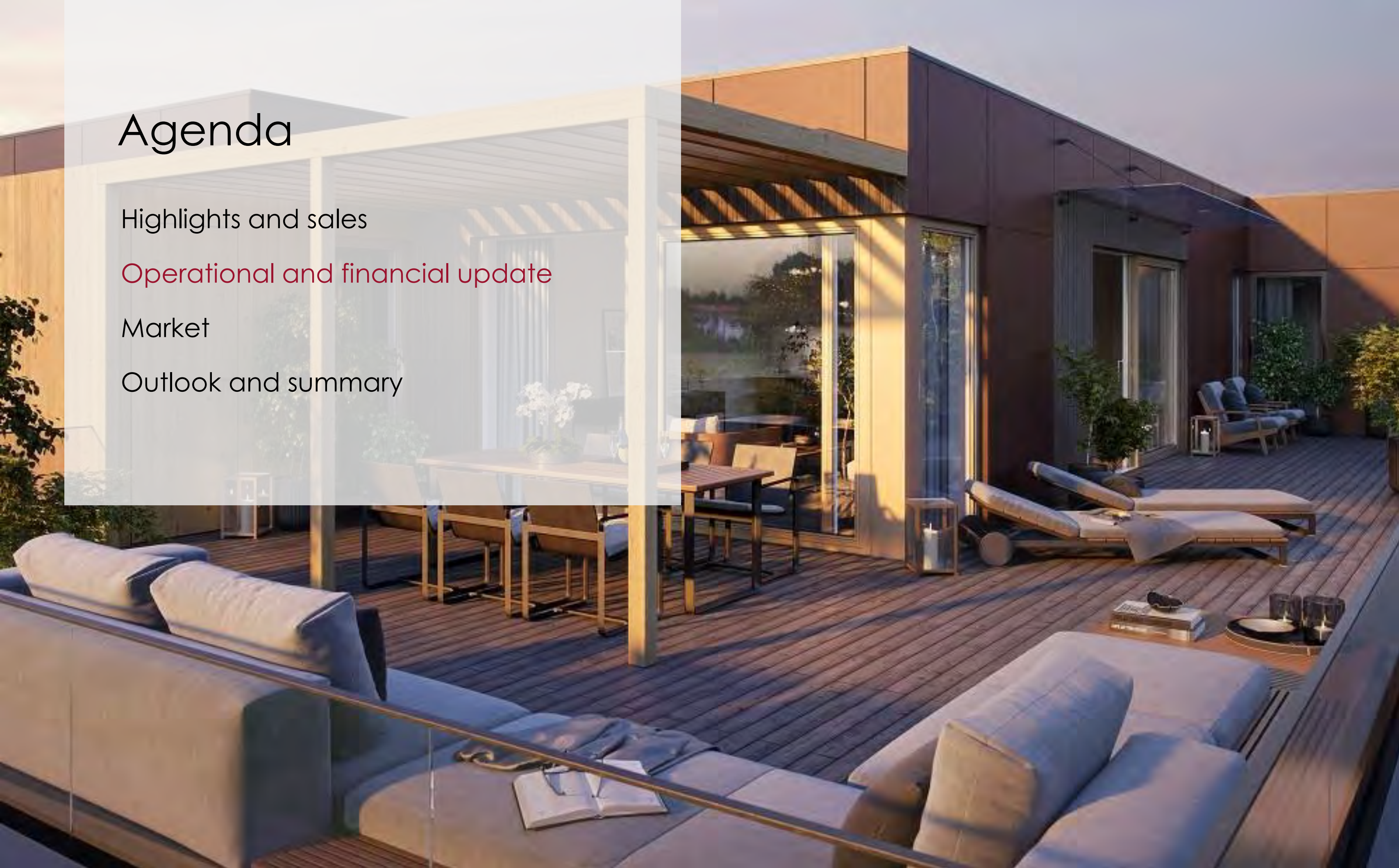
Agenda

Highlights and sales

Operational and financial update

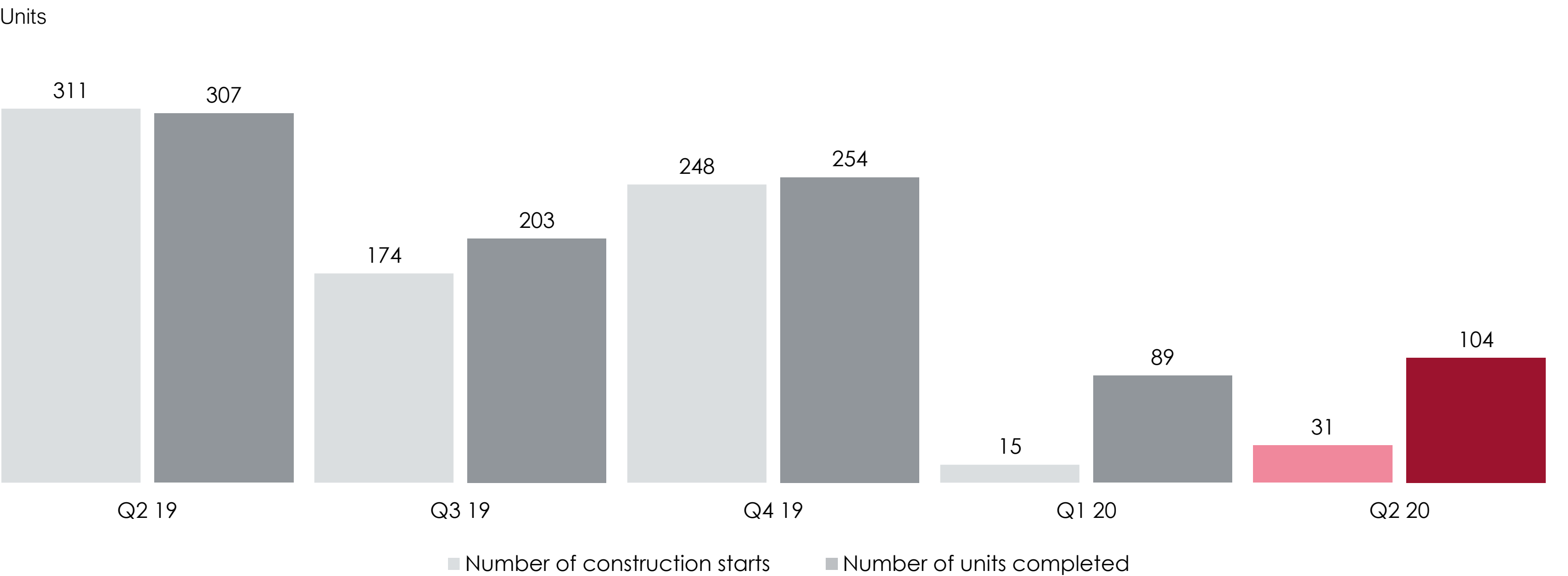
Market

Outlook and summary



Construction starts and completions

Construction starts and completions per quarter

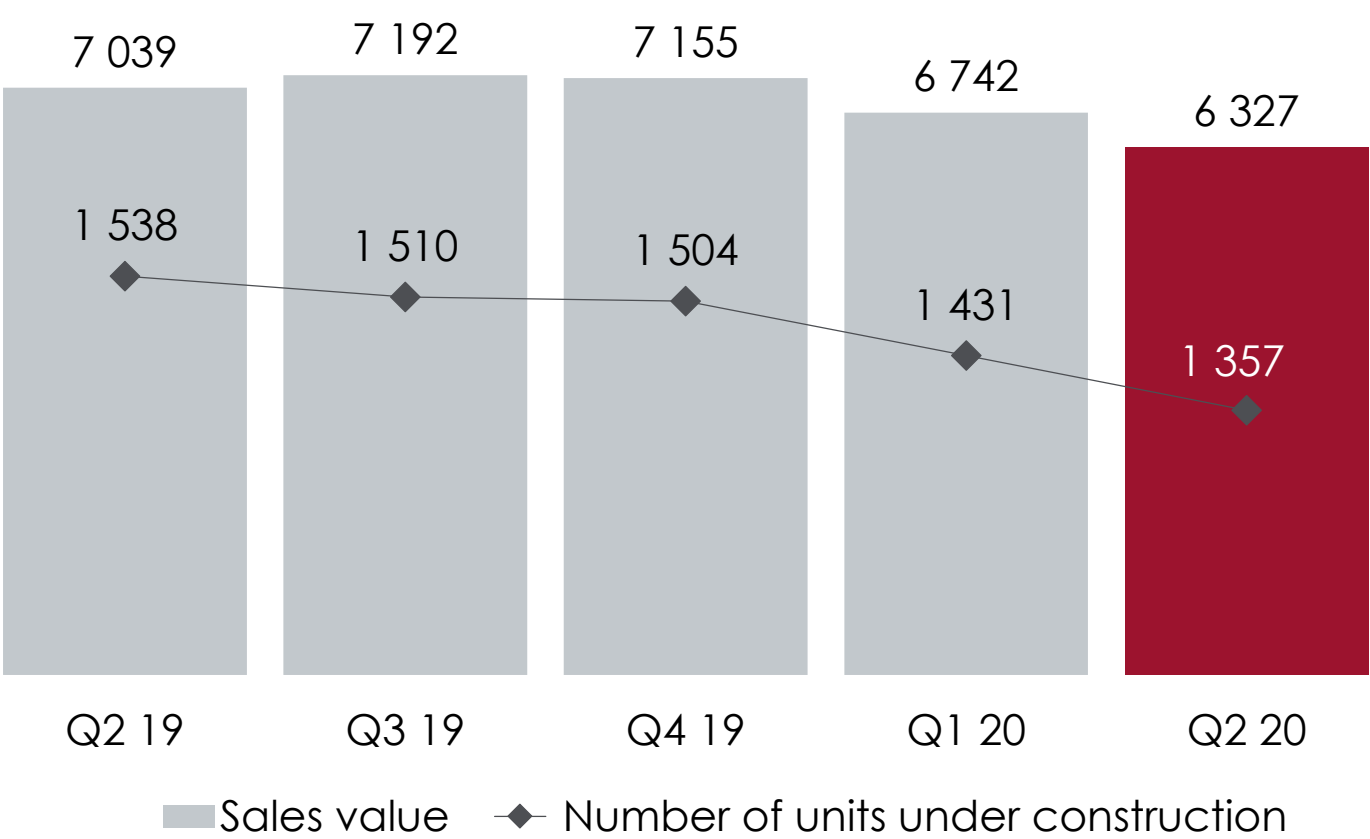


Note: Number of units are adjusted for Selvaag Bolig's share in joint ventures

Units under construction and completions

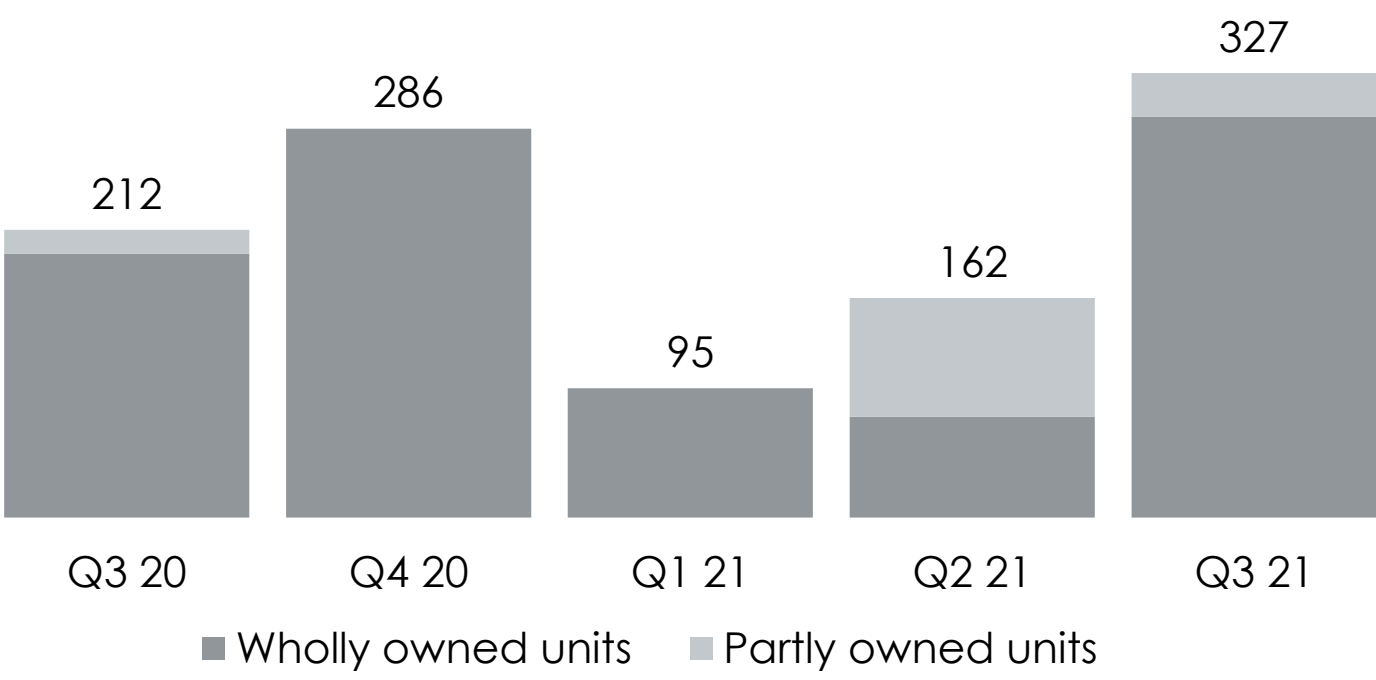
Sales value units under construction

NOK million



Expected completions per quarter

Units



- Q2 2020: 78% of units under construction sold by Q2 2020
- Q2 2020: 99% of construction volume in Greater Oslo Area*

- Expected completions for the full year 2020: 691 units
 - Somewhat below previous guiding
 - Delayed deliveries due to COVID-19
- 84% of 2020 completions sold by Q2 2020

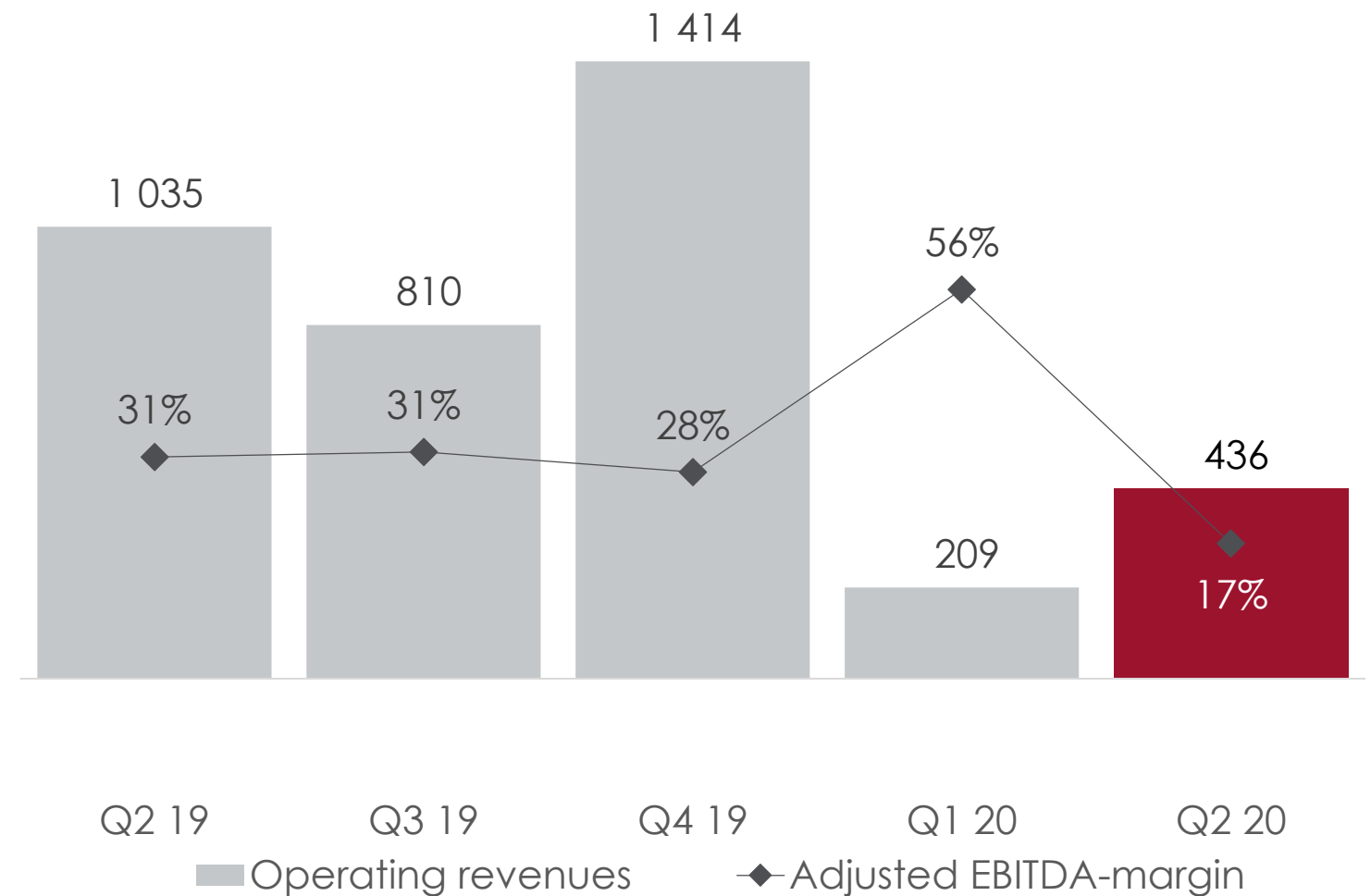
Note: Sales value and number of units are adjusted for Selvaag Bolig's share in joint ventures
* Includes: Oslo, Lørenskog, Follo, Tønsberg, Asker

Income statement highlights Q2 2020 (IFRS)

- 122 units delivered (246)
 - 36 units from share of JVs (17)
- Revenues NOK 436m (1 035)
 - Other revenues NOK 13m (23)
- Project costs NOK 337m (705)
 - Of which NOK 14m is interest (34)
- Other costs NOK 65m (63)
- Adjusted EBITDA* NOK 75m (316)
- EBITDA* NOK 62m (282)
- EPS in the quarter NOK 0.52 (2.24)

Revenues and adjusted EBITDA margin* (IFRS)

NOK million



* EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs. Excluding other gains of NOK 1 029m

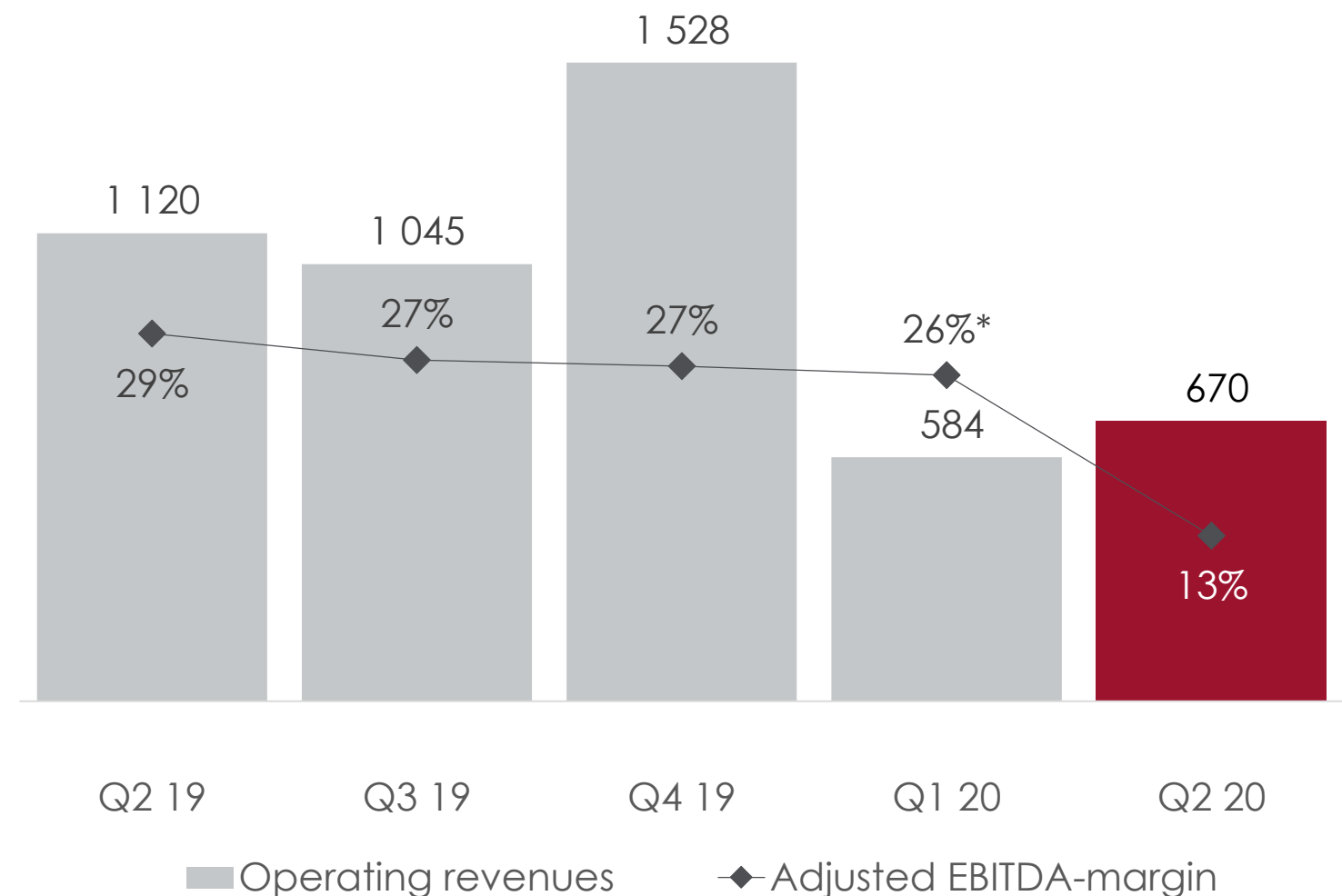
*Q1 2020 adjusted EBITDA margins of 56.1% excluding other gains of NOK 1 029m

Q2 2020 proforma figures including proportionate share of JV

- 122 units delivered (246)
 - 36 units from share of JVs (17)
- Revenues NOK 670 (1 119)
 - Other revenues NOK 17m (23)
- Project costs NOK 534m (760)
 - Of which NOK 23m is interest (37)
- Other costs NOK 75m (74)
- Adjusted EBITDA* NOK 89m (328)
- EBITDA* NOK 65m (291)
- EPS in the quarter NOK 0.52 (2.24)

Revenues and adjusted EBITDA margin* (IFRS)

NOK million



* EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs. Excluding other gains of NOK 1 029m. The difference compared to reported EBITDA is due to interest, taxes, depreciation and amortization in JVs.

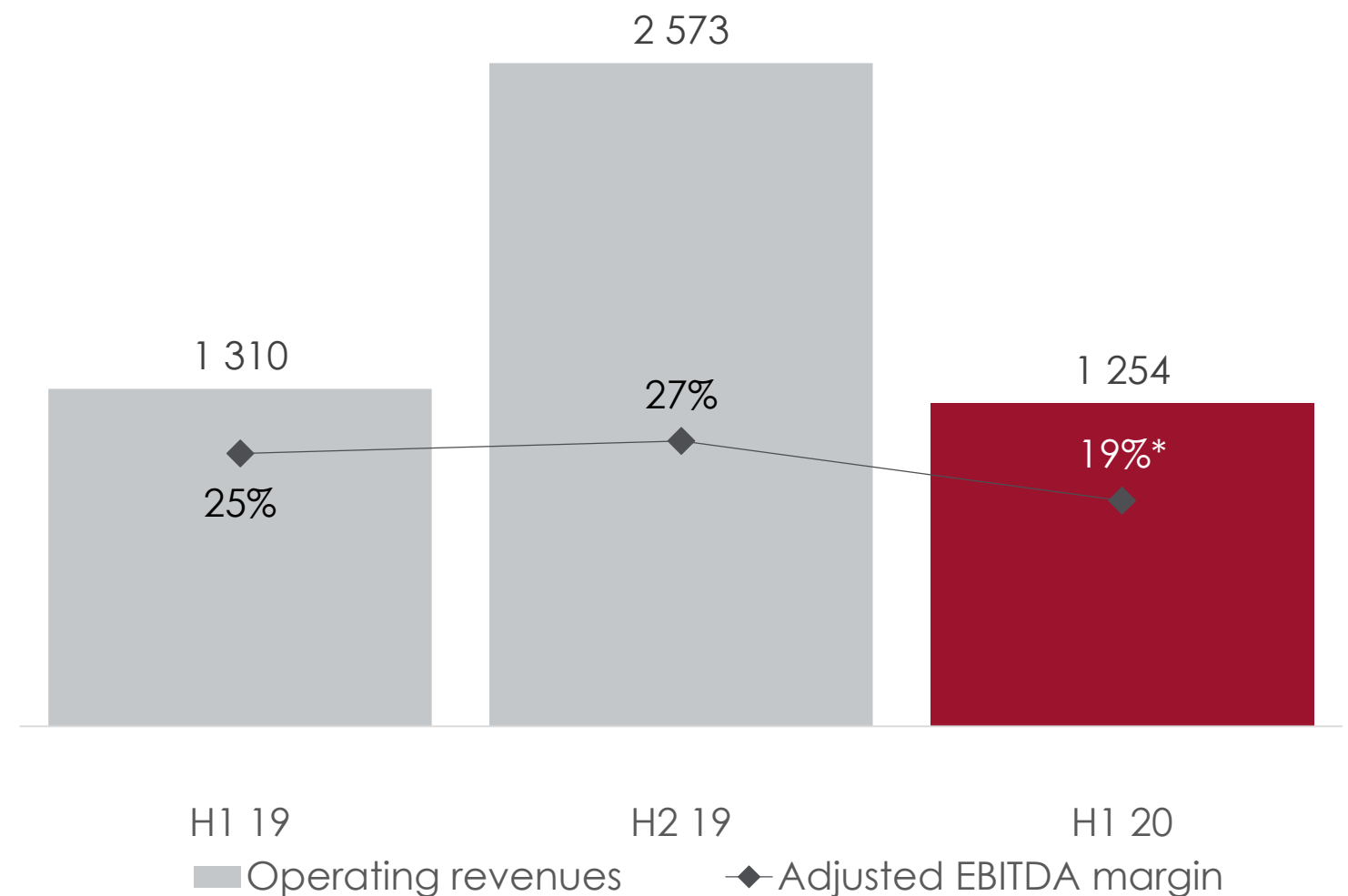
*Q1 2020 adjusted EBITDA margin of 26.0% excluding other gains of NOK 1 029m

H1 2020 proforma figures including proportionate share of JV

- 236 units delivered (275)
 - 110 units from share of JVs (29)
- Revenues NOK 1 254m (1 310)
 - Other revenues NOK 34m (51)
- Adjusted EBITDA* NOK 240m (332)
- EBITDA* NOK 195m (288)
- EPS in H1 NOK 12.60 (2.08)
 - NOK 1.59 ex UP transaction

Revenues and adjusted EBITDA margin* (IFRS)

NOK million



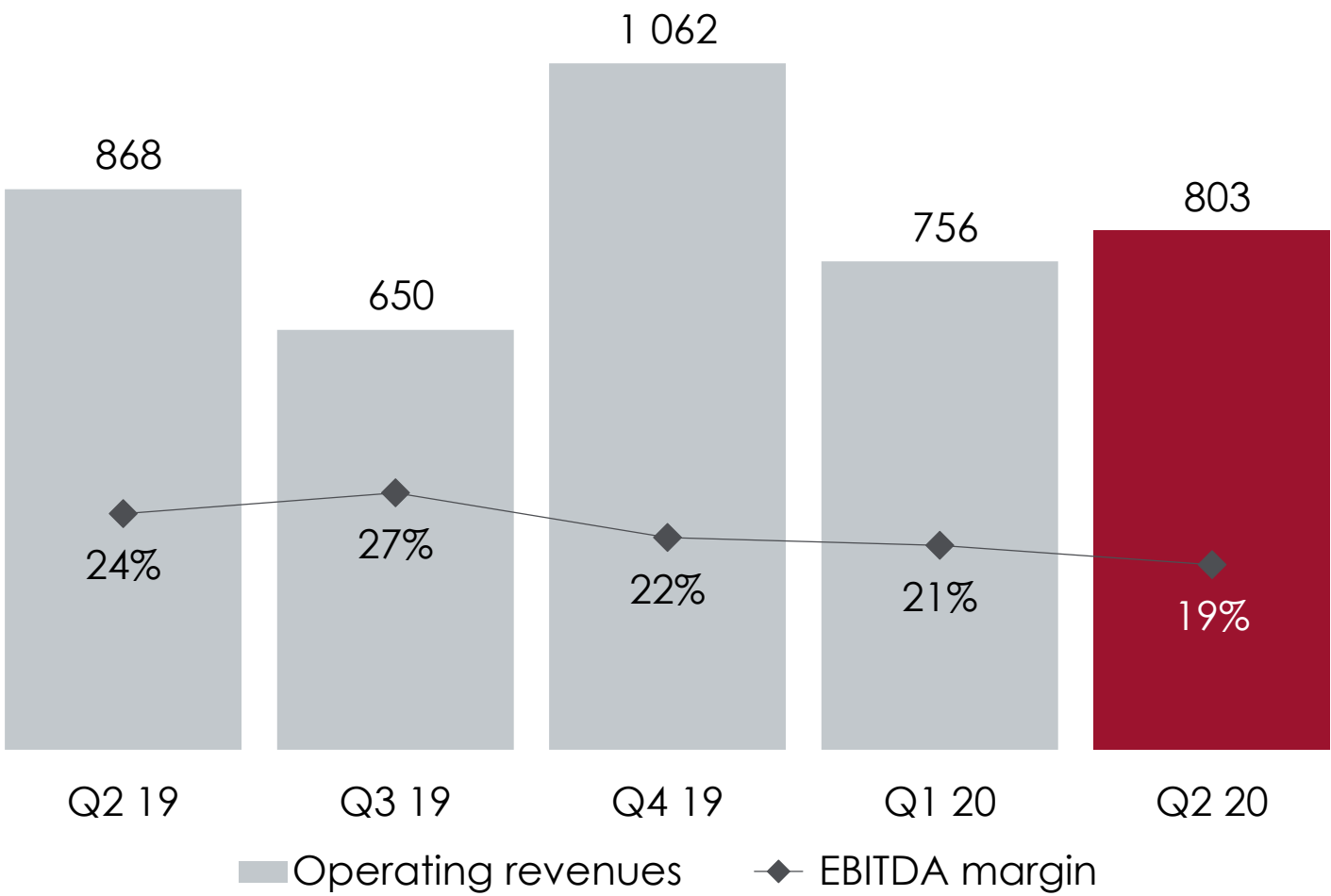
* EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs. Excluding other gains of NOK 1 029m

*Excluding other gains of NOK 1 029m

Income statement highlights Q2 2020 (NGAAP)

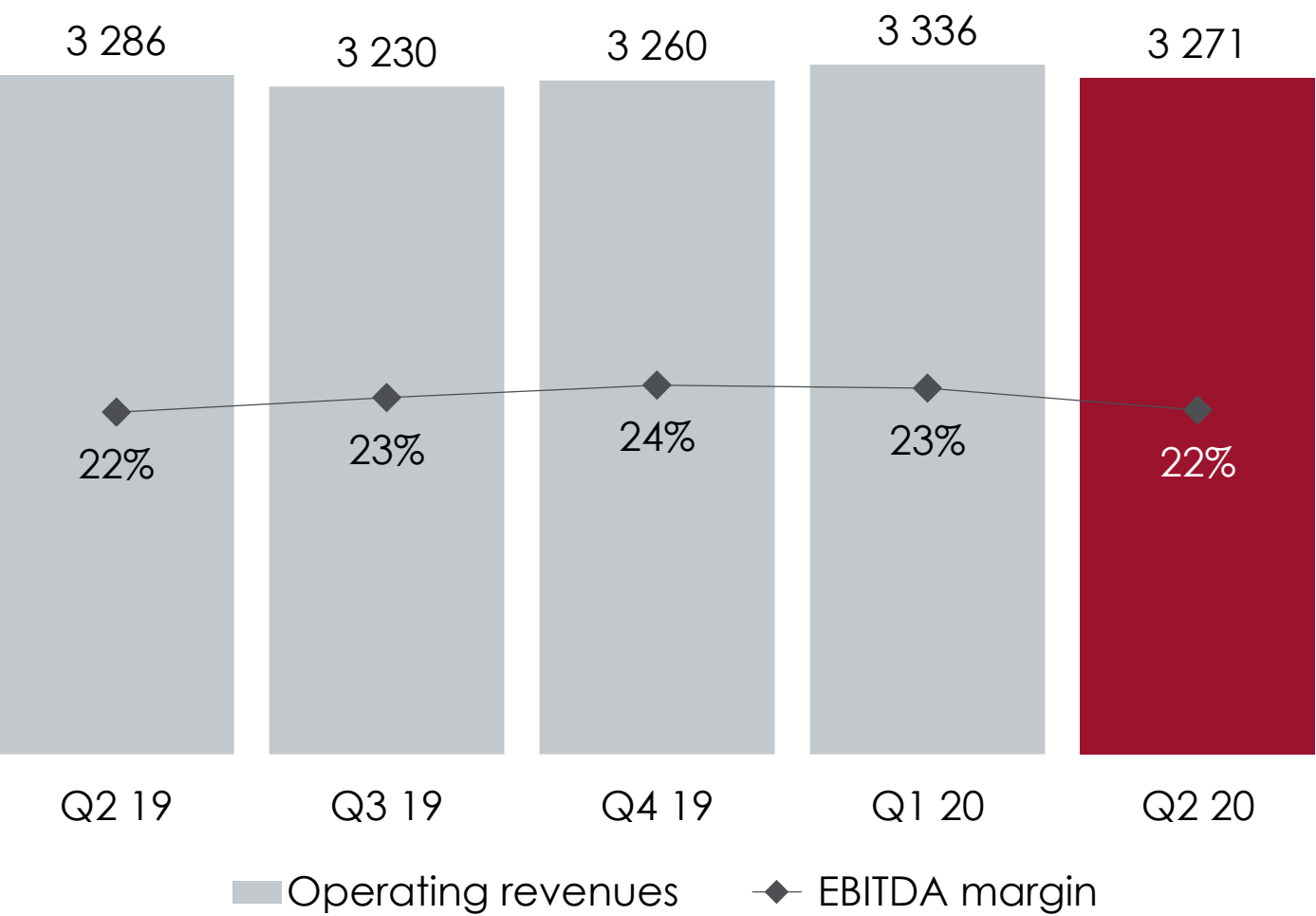
Revenues and EBITDA margin (NGAAP)*

NOK million



12 months rolling revenues (NGAAP)*

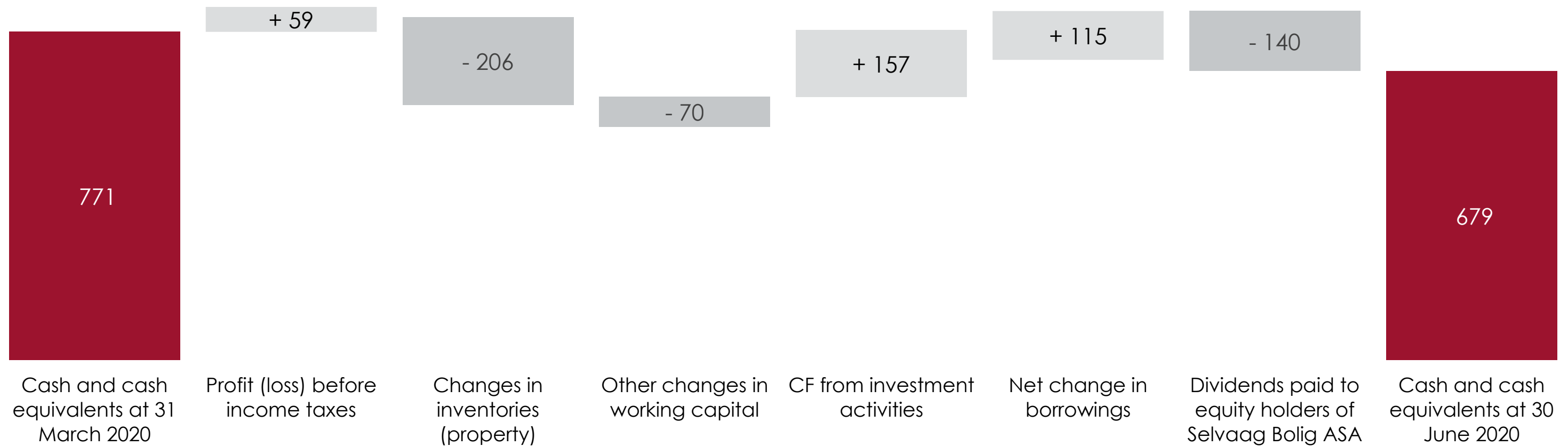
NOK million



* Construction costs are exclusive of financial expenses in the segment reporting (NGAAP)
Note: EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

Cash flow development Q2 2020

NOK million



- Cash flow from operations negative at NOK 223m driven by increased inventory due to high production activity
- Cash flow from investment activities positive at NOK 157m mainly due to received dividends from JVs
- Cash flow from financing activities negative at NOK 27m

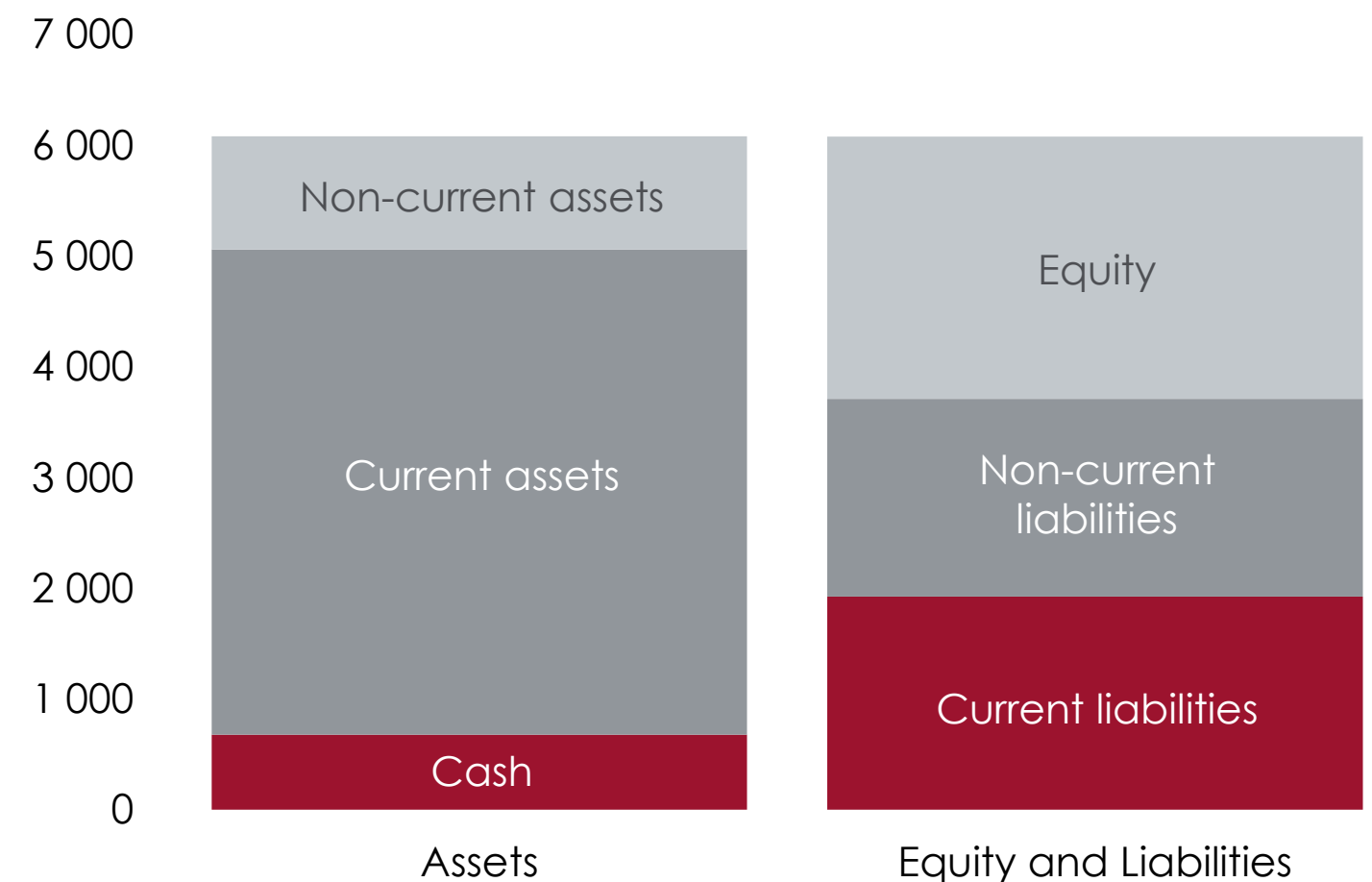
Note: Amounts below NOK 50m are excluded from the cash flow overview

Balance sheet highlights Q2 2020

- Book value of equity NOK 25.2 per share
 - Equity ratio of 39.0%
- Changes from Q1 2020:
 - Inventories increased by NOK 223m
 - Cash decreased by NOK 93m
 - Trade receivables decreased by NOK 18m
- Prepayments from customers represents NOK 303m of other current non-interest-bearing liabilities

Balance sheet composition

NOK million



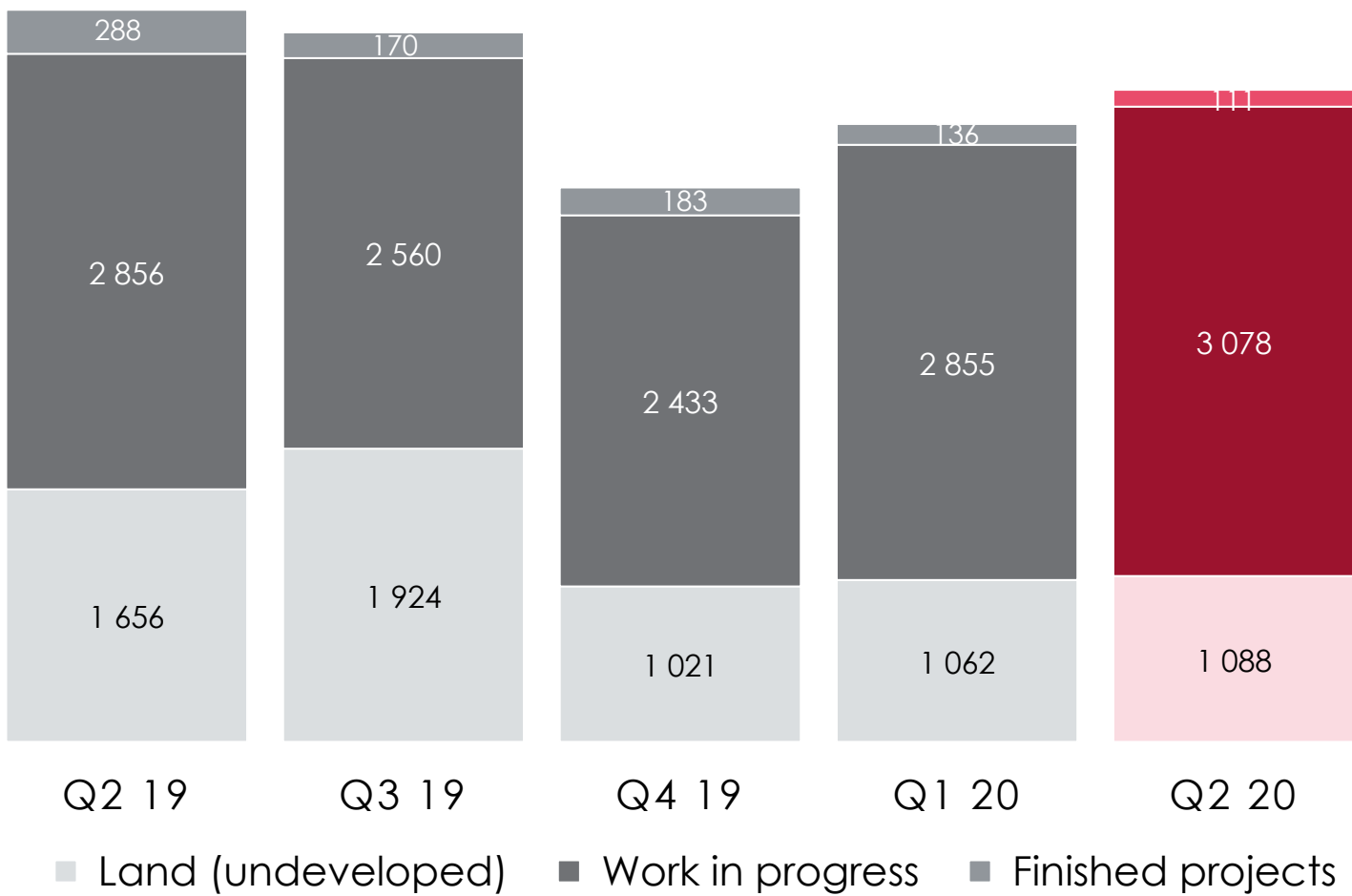
Inventories (property) Q2 2020

Q2 20 vs Q1 20

- Land value up NOK 26m
 - Mainly due to option premiums UP
- Work in progress up NOK 223m
 - Due to few completions
- Finished goods down NOK 26m

Inventory value development

NOK million

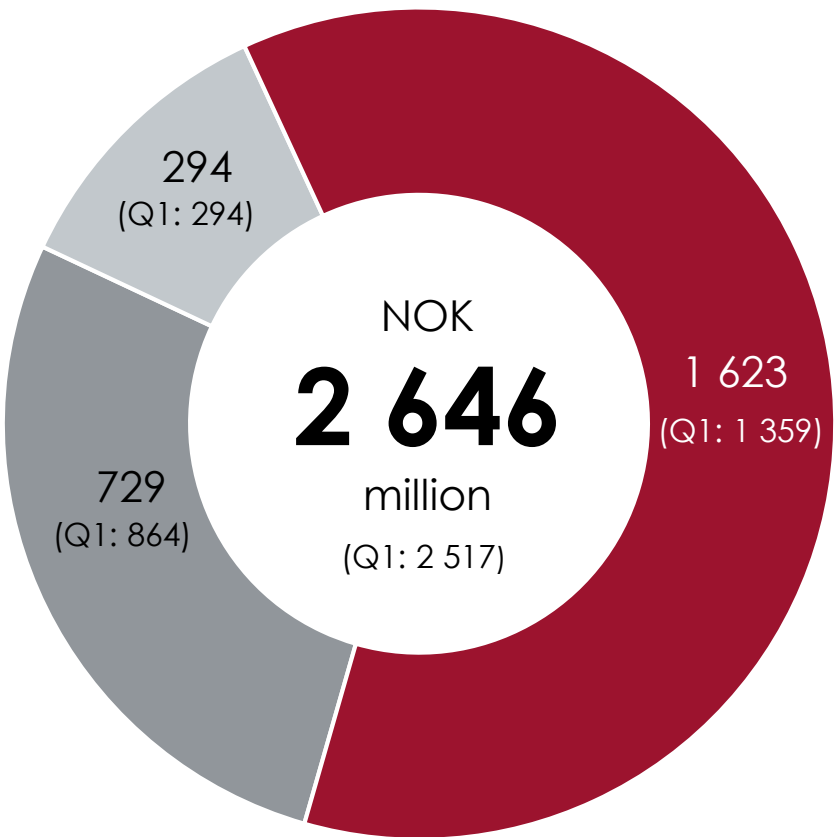


Note: UP transaction completed in Q12020. Land bank reduction of NOK 657 million booked Q4 2019 following reclassifications from land to assets held for sale.

Debt structure

Interest-bearing debt at 30.06.20

NOK million



■ Land loans Urban Property* ■ Land loan ■ Construction loan

* Repurchase agreements portfolio B

	Loan facility	Drawn at 30.6.20 (NOKm)	Interest rate margin*
1	Construction loan facilities from a range of Nordic credit institutions	1 623	1.75% - 2.60%
2	Land loans Urban Property**	729	3.75%***
3	Land loan facilities from a range of Nordic credit institutions	294	2.00% - 2.50%
4	NOK 150 million revolving credit facility from DNB maturing in 2022	0	3.40%
5	NOK 150 million working capital facility from DNB maturing in 2020	0	2.00%

Total Q2 2020 net interest-bearing debt NOK 1 968 million

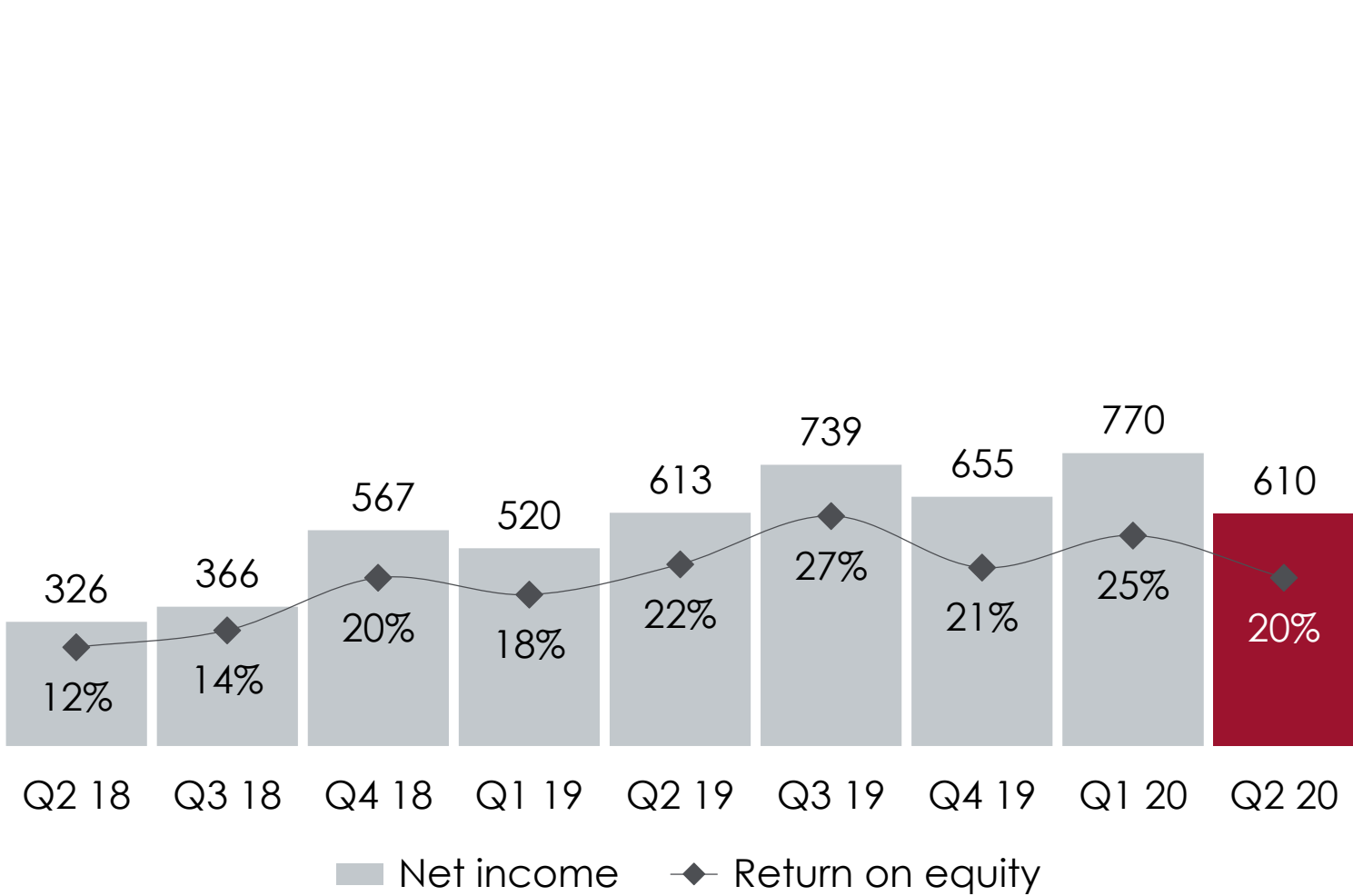
Total Q1 2020 net interest-bearing debt NOK 1 746 million

* Margin to 3m NIBOR
 ** Repurchase agreements portfolio B
 *** + 2.00% fee at property repurchase

Return on equity (IFRS)

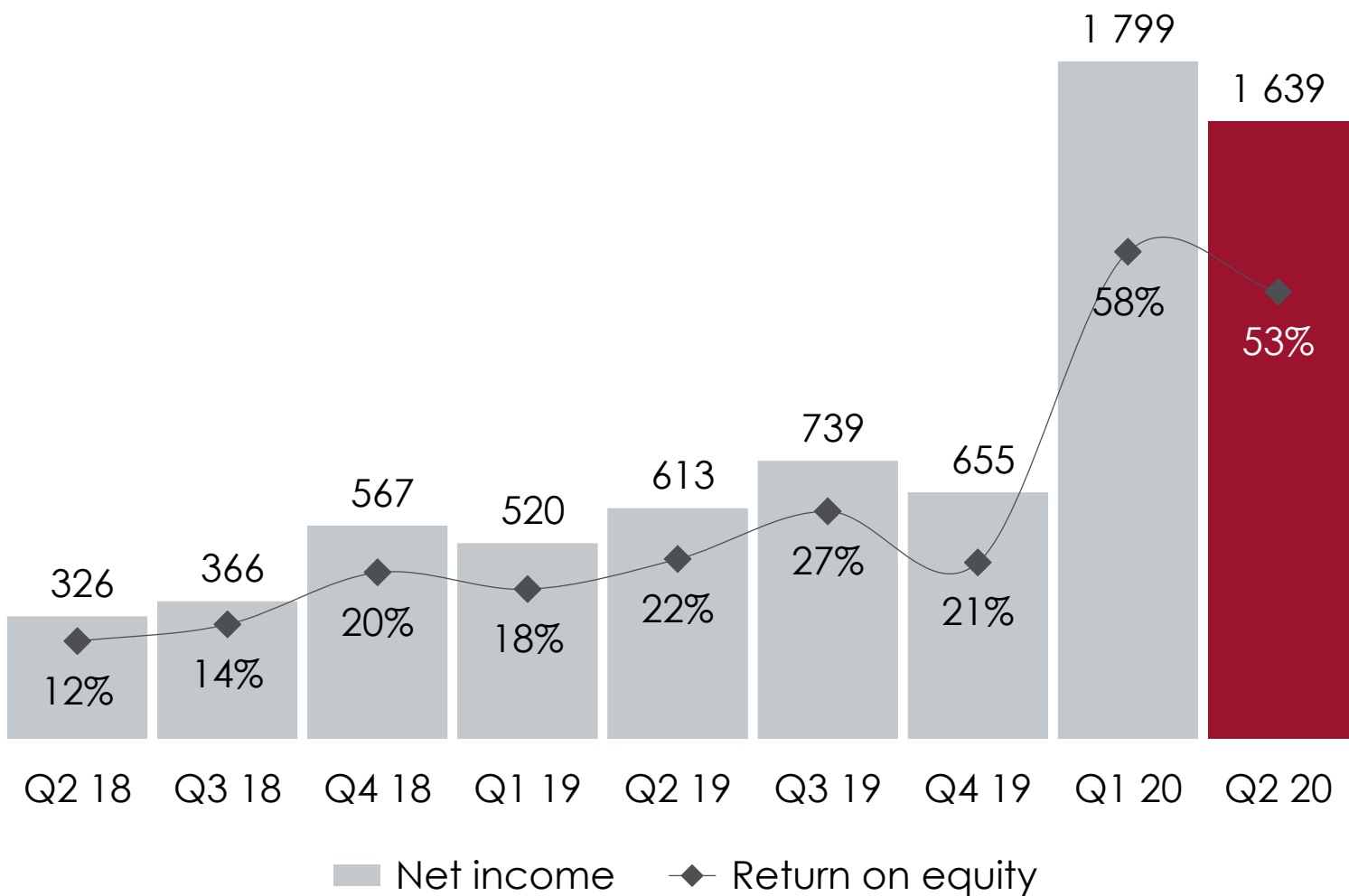
12 months rolling net income (NOKm) ROE (%)

Q1 2020 Net income excluding Other gains of NOK 1 029m



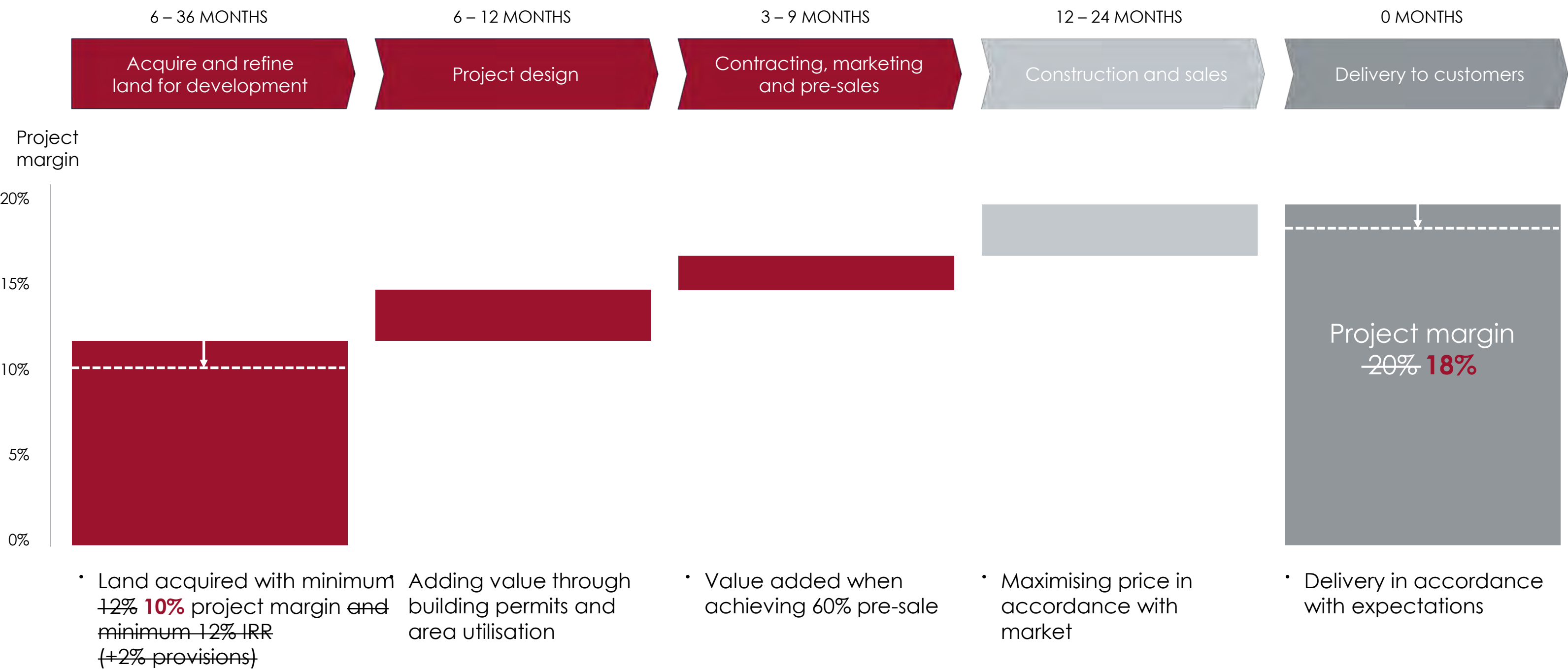
12 months rolling net income (NOKm) ROE (%)

Q1 2020 Net income including Other gains of NOK 1 029m



* Net income attributable to shareholders in Selvaag Bolig ASA
** Based on equity at the start of the period (attributed to shareholders in Selvaag Bolig ASA)

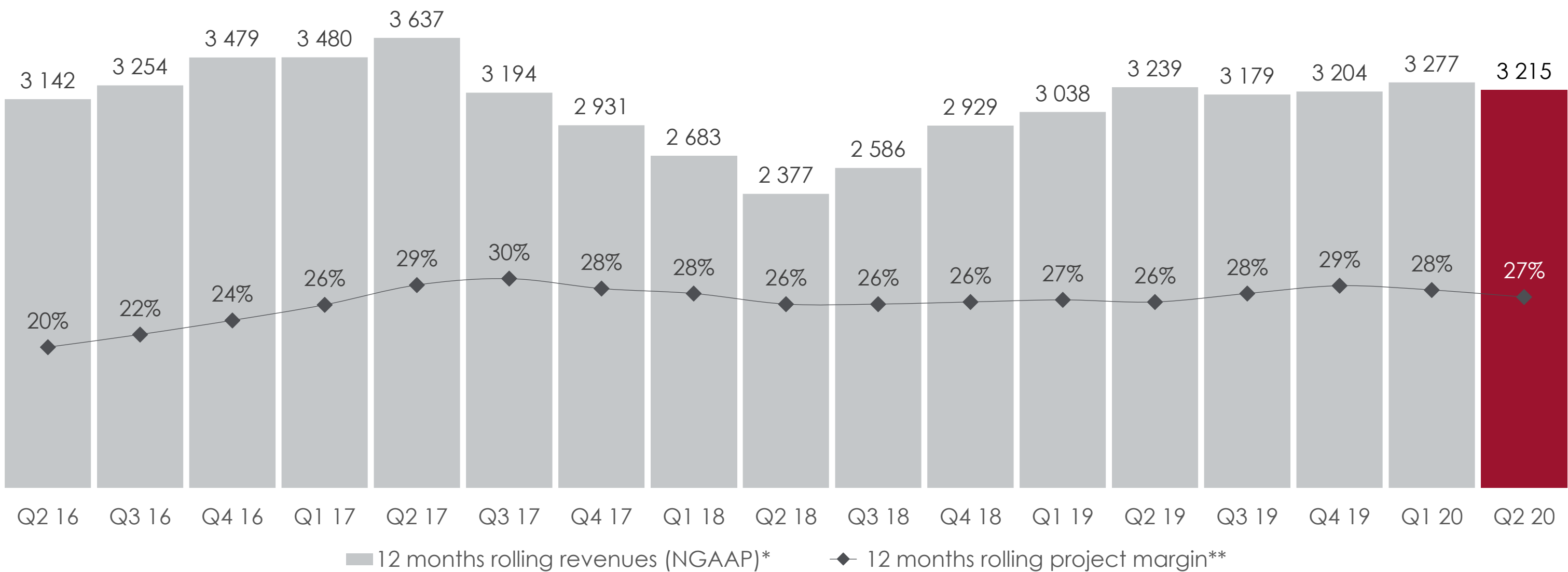
Margin development through project stages*



* Assuming flat market development

Project margin development

NOK million



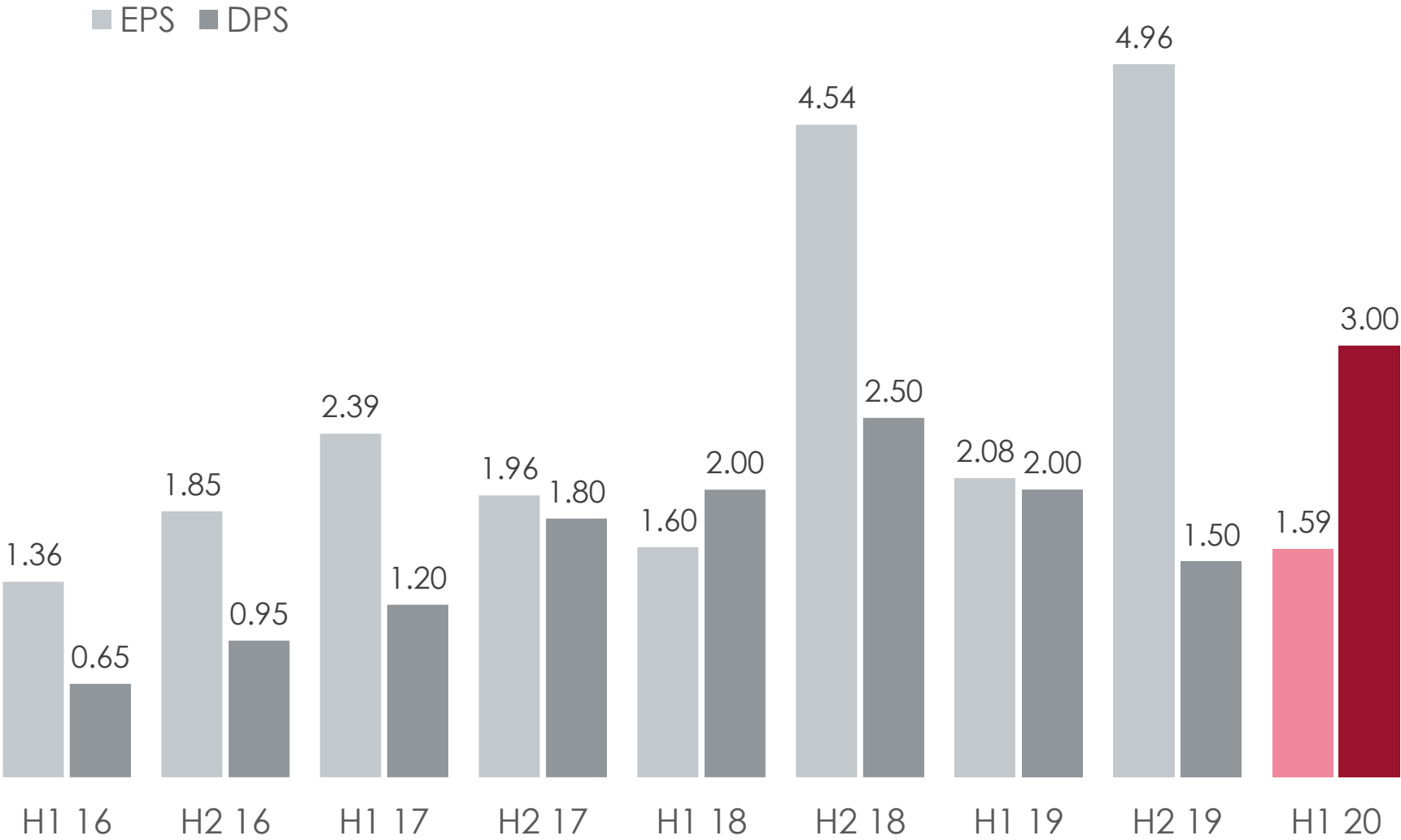
* Construction costs are exclusive of financial expenses in the segment reporting (NGAAP)

** Project margins are exclusive of overhead costs

Earnings and dividend per share

Bi-annual dividend and earnings per share

- H1 2020 EPS of NOK 1.59 (2.08)
 - Reported EPS NOK 12.60. Includes gains of NOK 1 029m from UP transaction
- H1 2020 DPS of NOK 3.00 (2.00)
 - Additional dividend of NOK 22.00 paid out 3 February 2020



Agenda

Highlights and sales

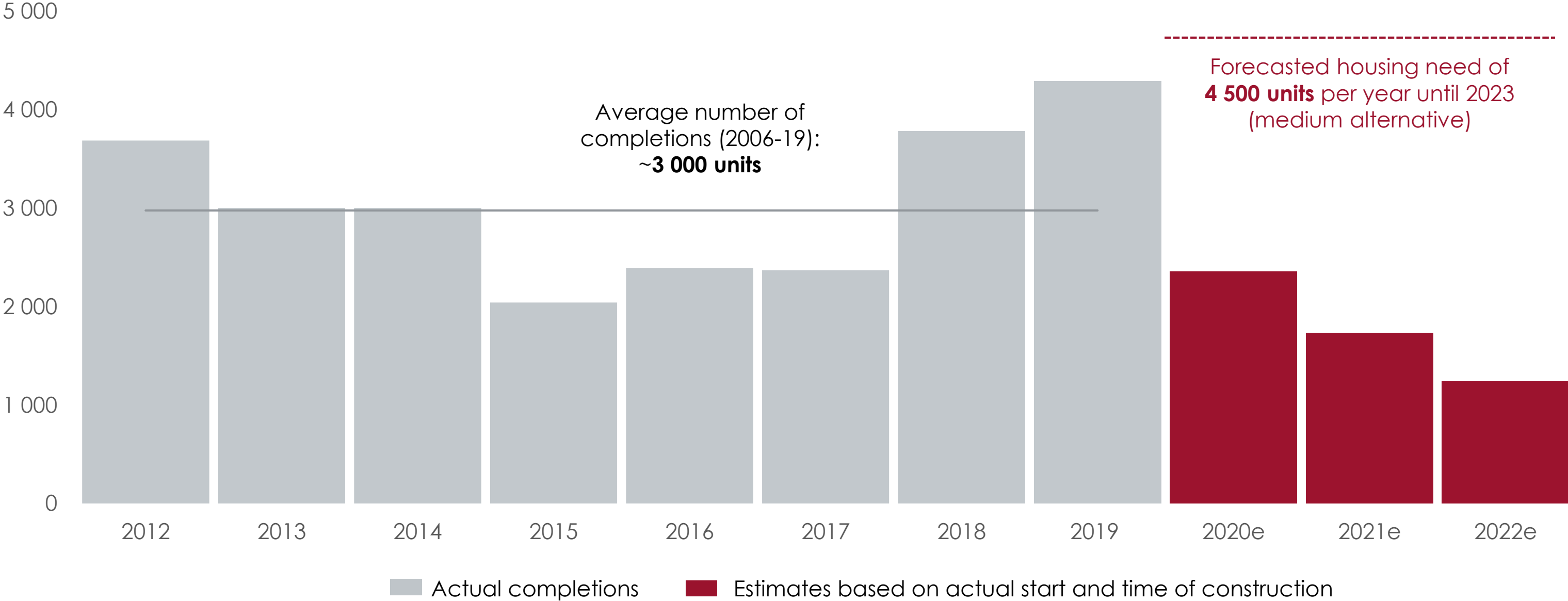
Operational and financial update

Market

Outlook and summary



Estimated completions in Oslo well below forecasted need

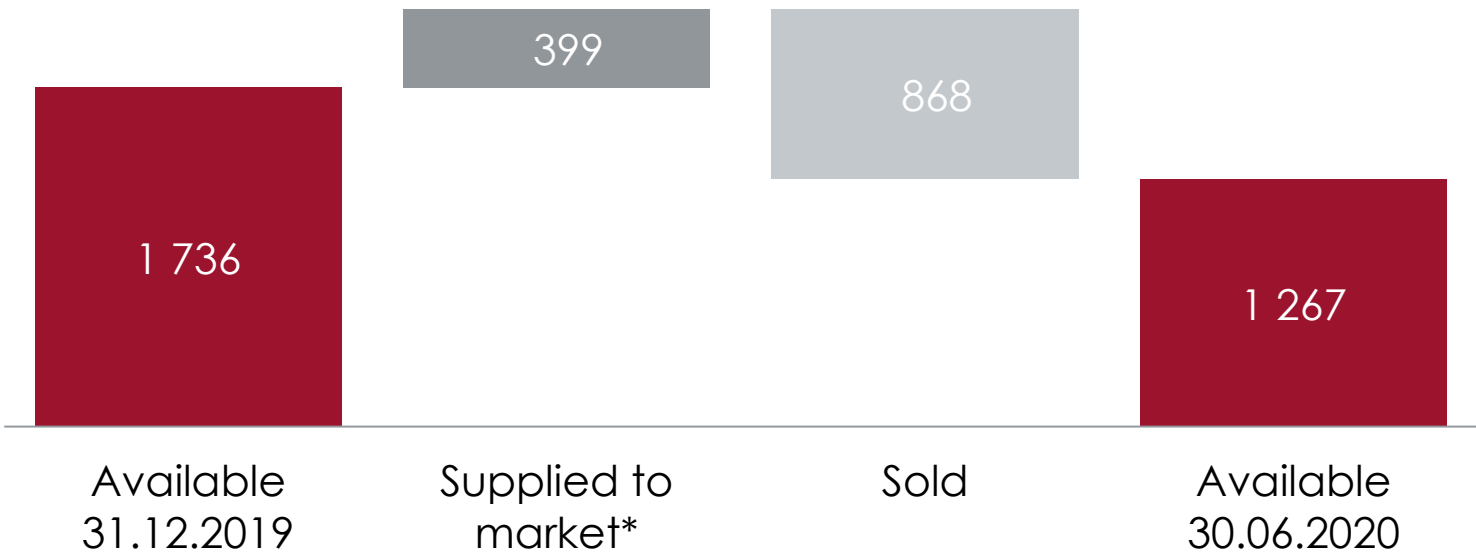


Sources: Historic data: Statistics Norway (SSB), Forecasted housing completions: Econ, Forecasted housing need: Prognosesenteret
Note: Number of persons per household in Oslo: 1.90
Note: Housing demand calculated on parameters such as number of persons per household, lag on housing development, housing demolition
Note: Completions exclusive of student- and senior housing

Newbuild market update

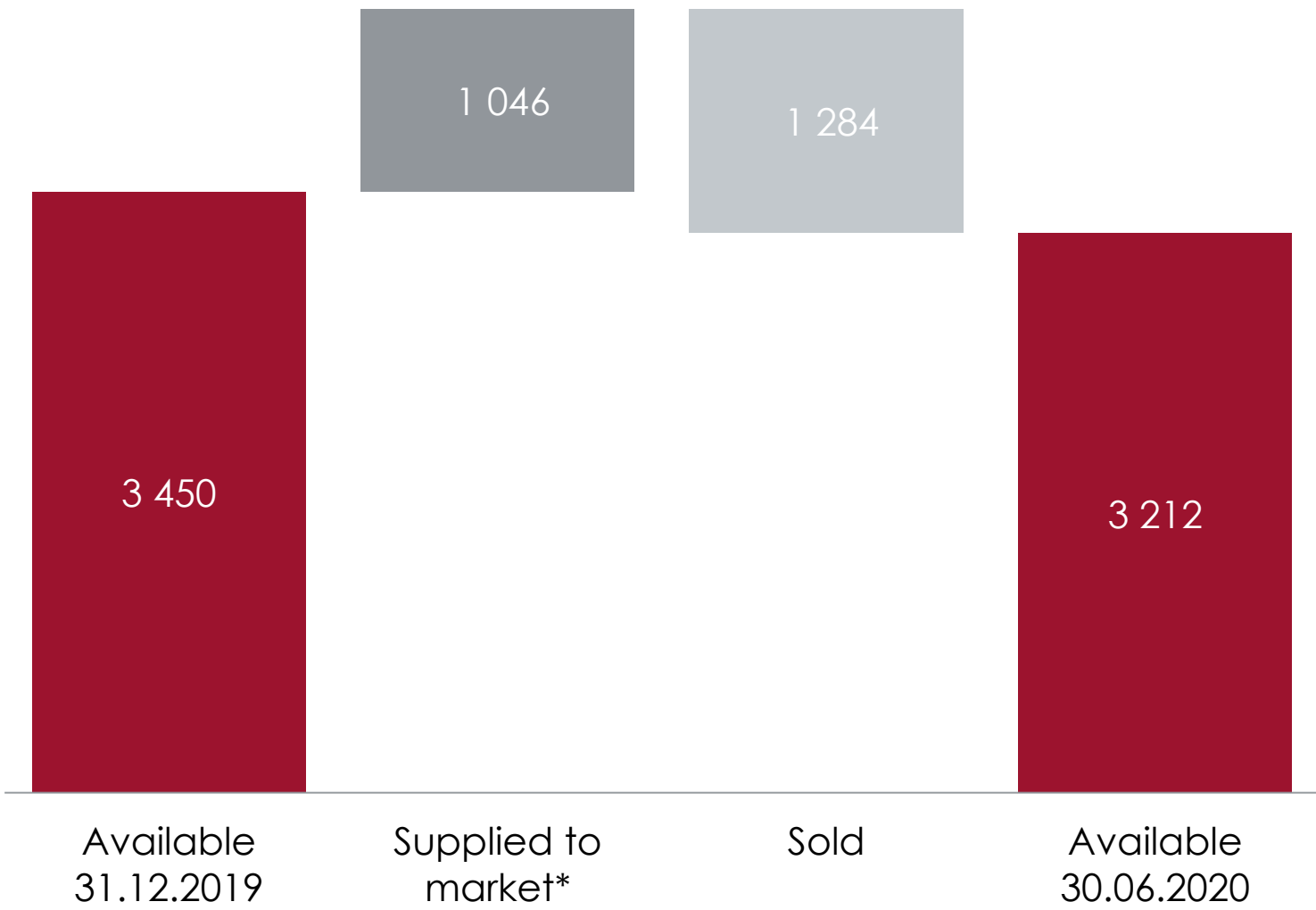
Oslo – 1.1.20 - 30.6.20

Units



Viken ex. Buskerud and Østfold – 1.1.20 - 30.6.20

Units



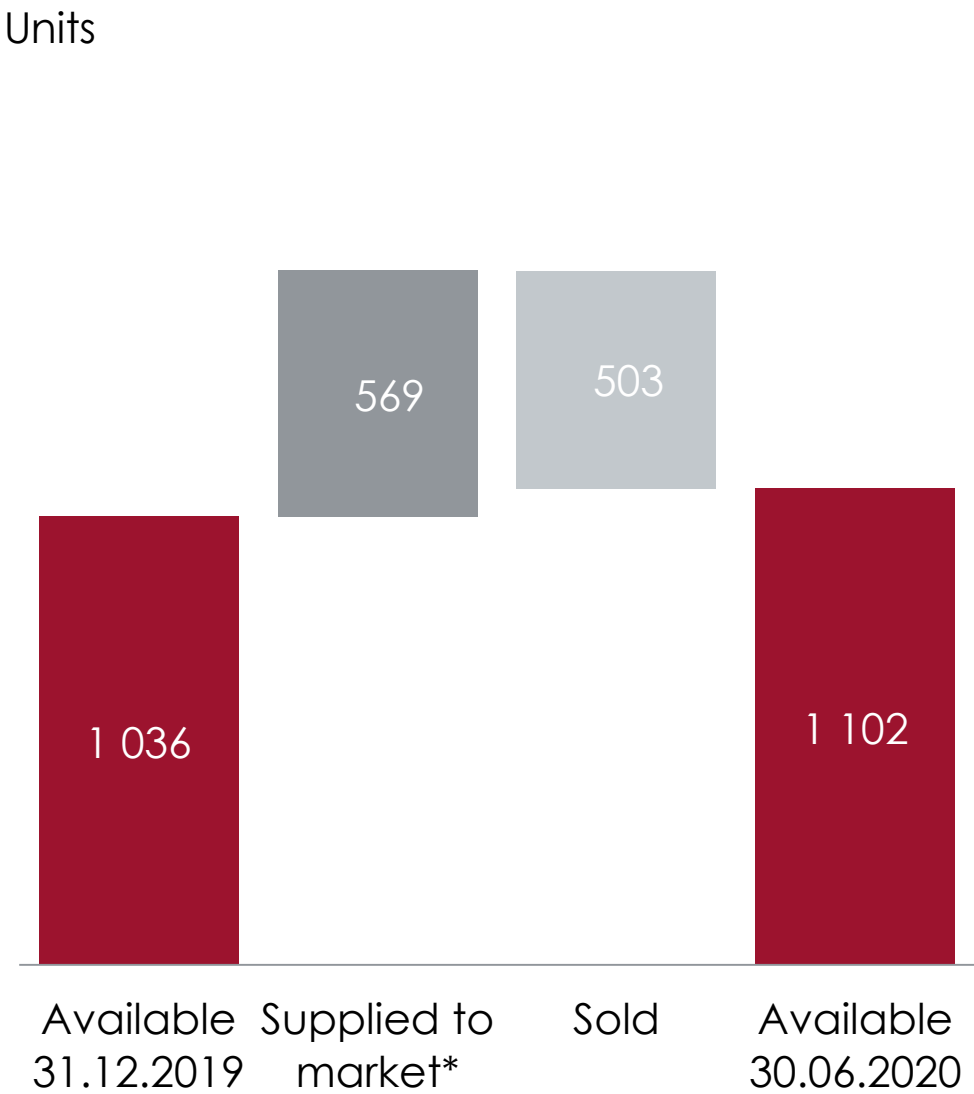
Source: SA - ECON Nye Boliger
* Adjusted for temporary withdrawals or cancellations during the period

Newbuild market update

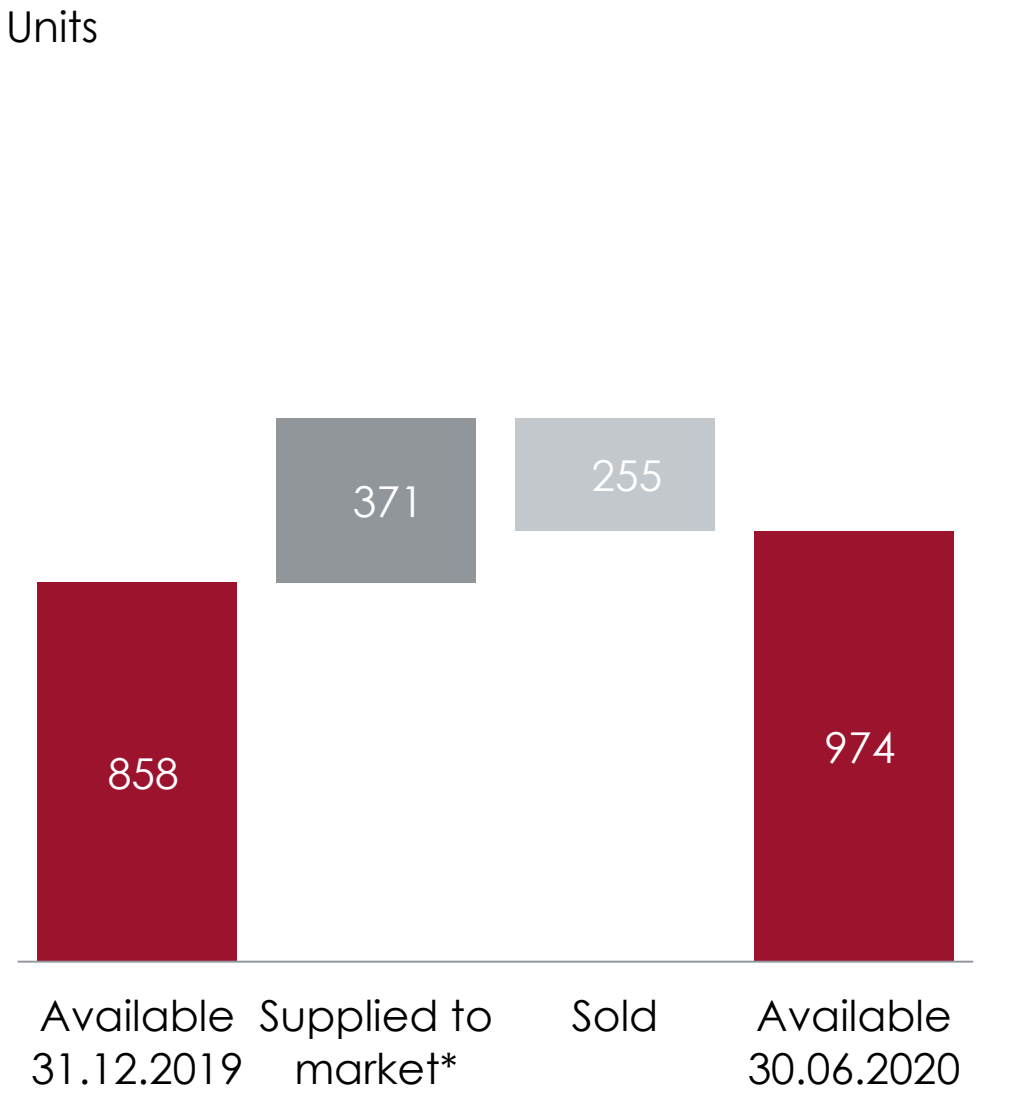
Bergen – 1.1.20 - 30.6.20



Trondheim – 1.1.20 - 30.6.20



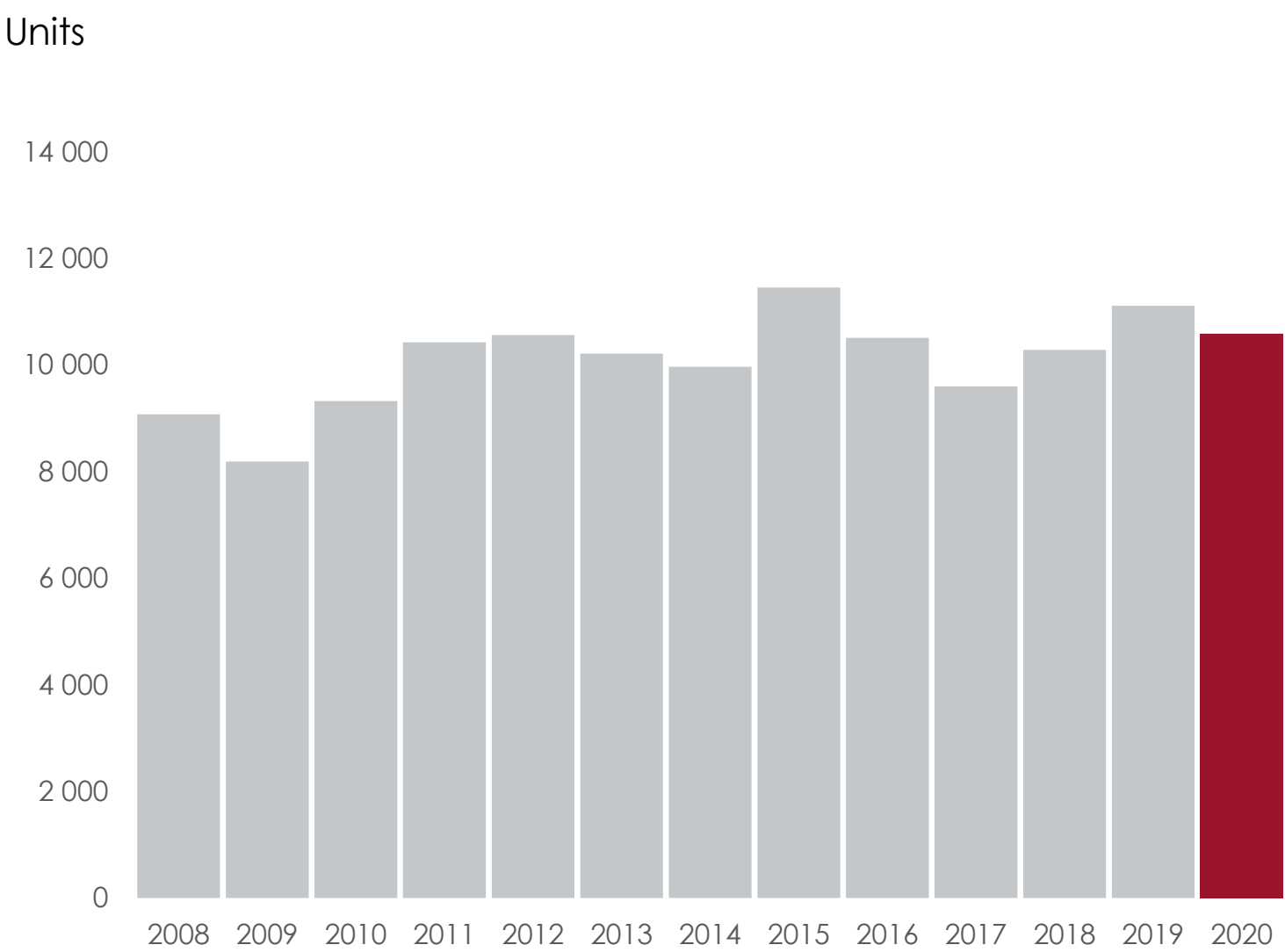
Stavanger & Sandnes – 1.1.20 - 30.6.20



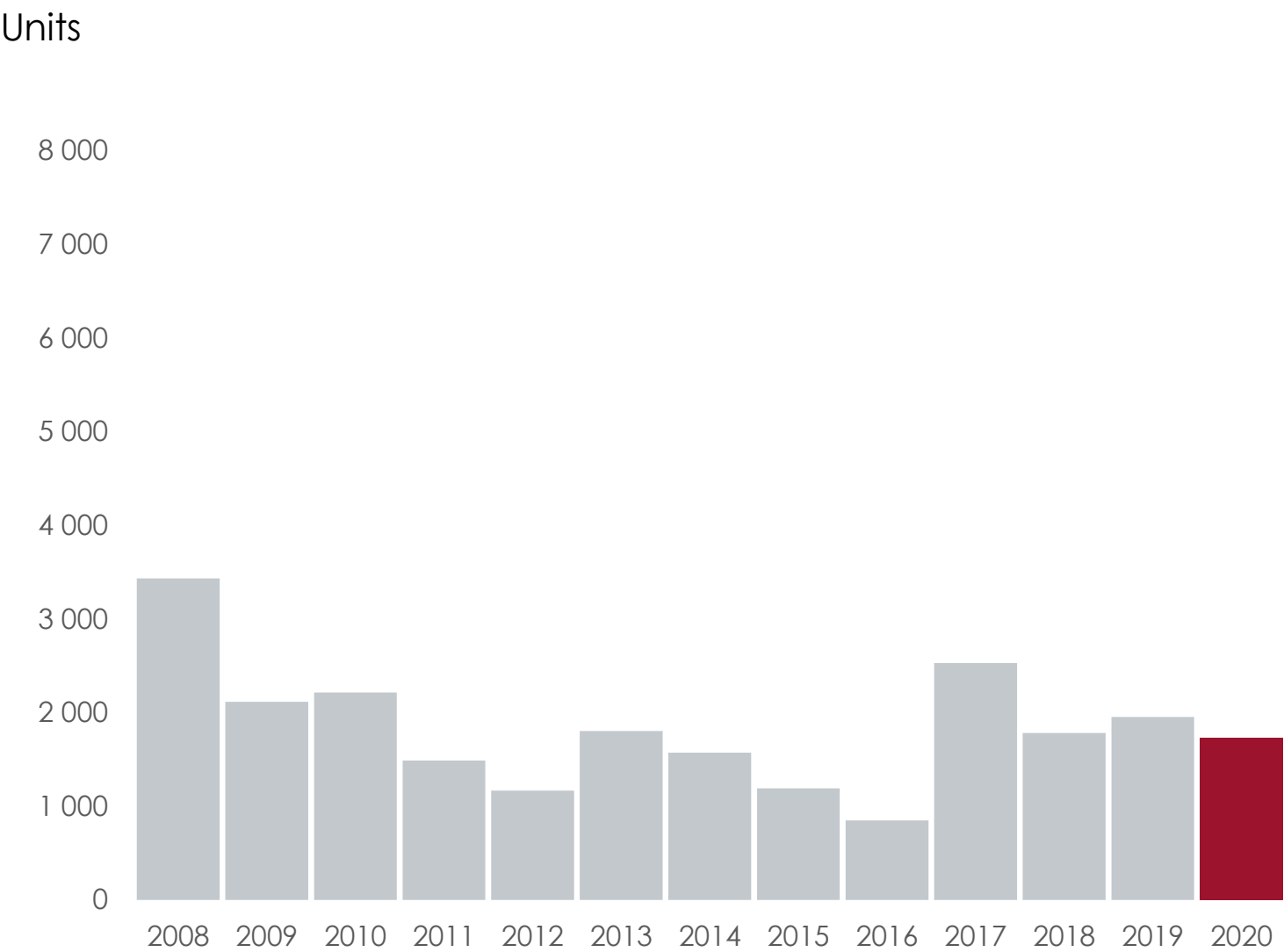
Source: SA - ECON Nye Boliger
* Adjusted for temporary withdrawals or cancellations during the period

Oslo second-hand market update

Units sold 1.1 - 30.6, 2008-20



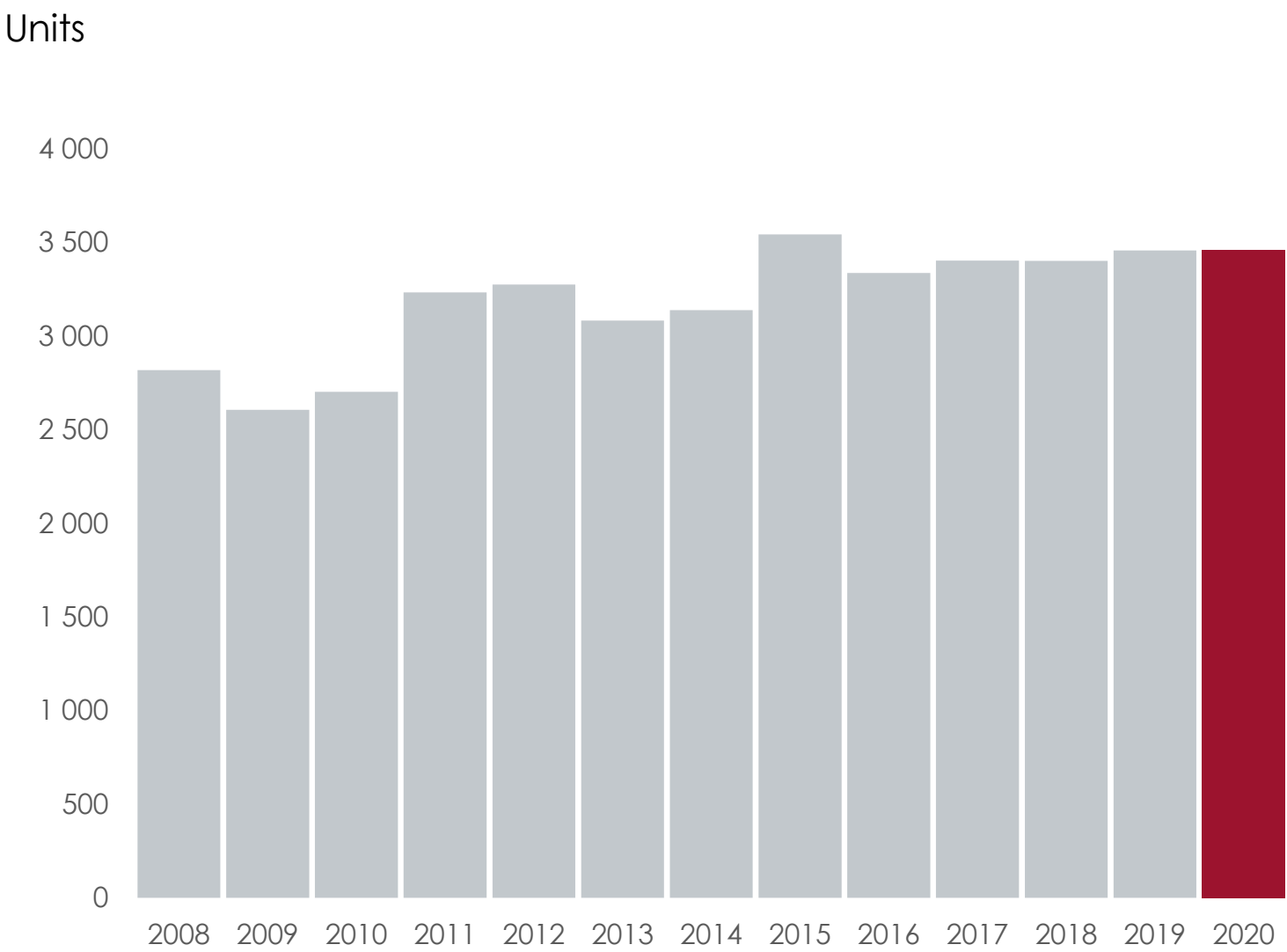
Inventory 1.8, 2008-20



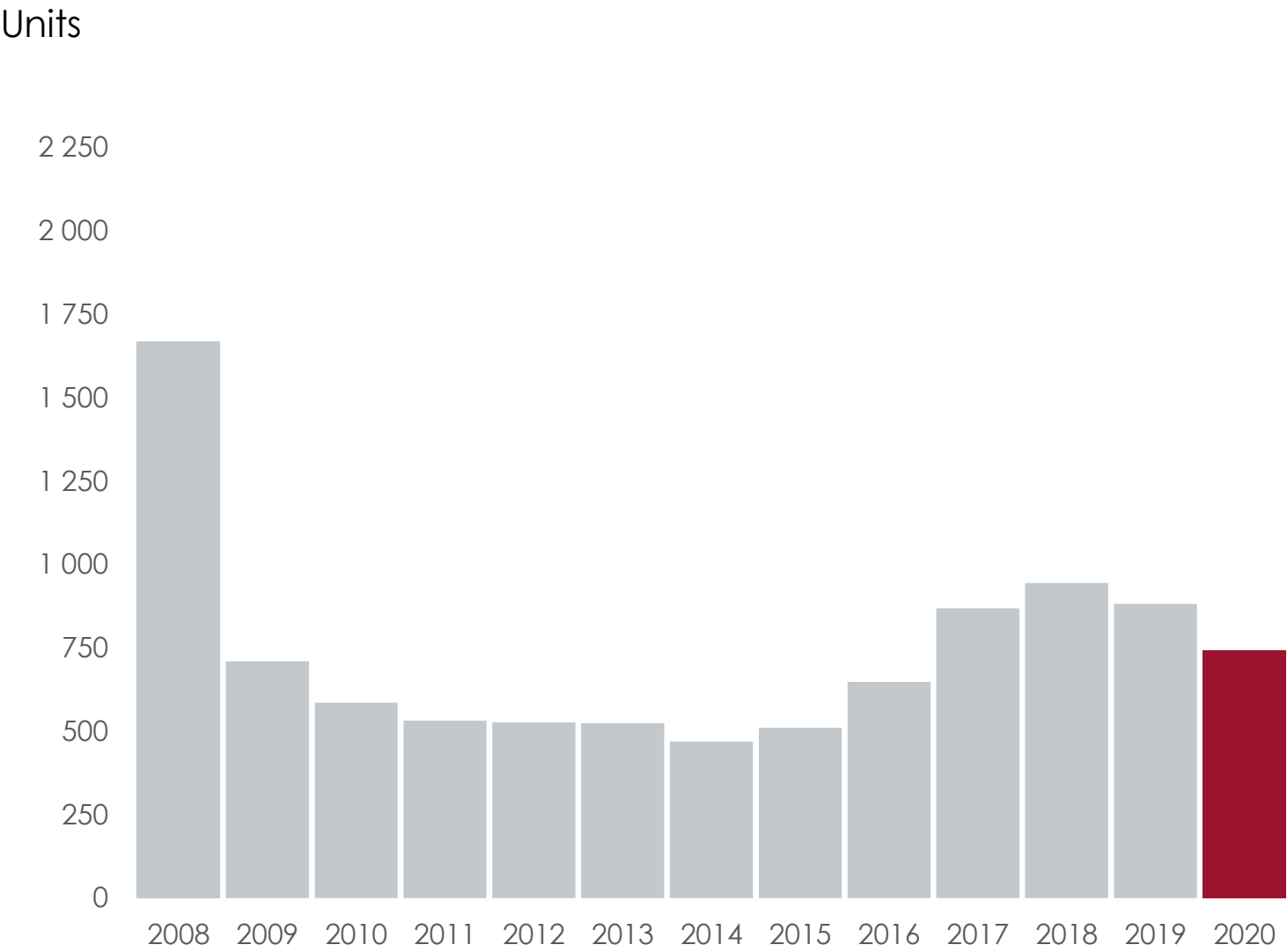
Source: Eiendomsverdi

Bergen second-hand market update

Units sold 1.1 - 30.6, 2008-20



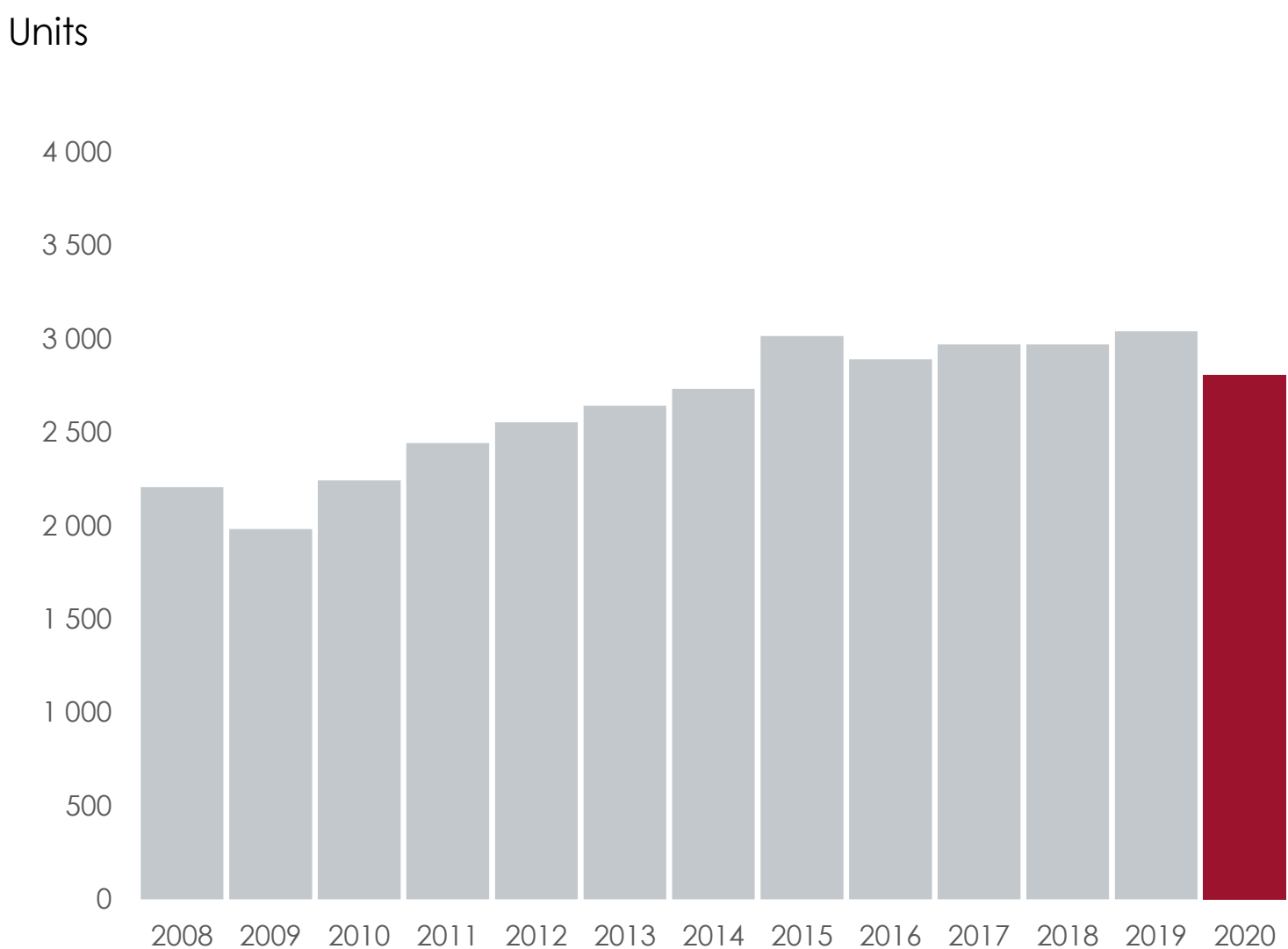
Inventory 1.8, 2008-20



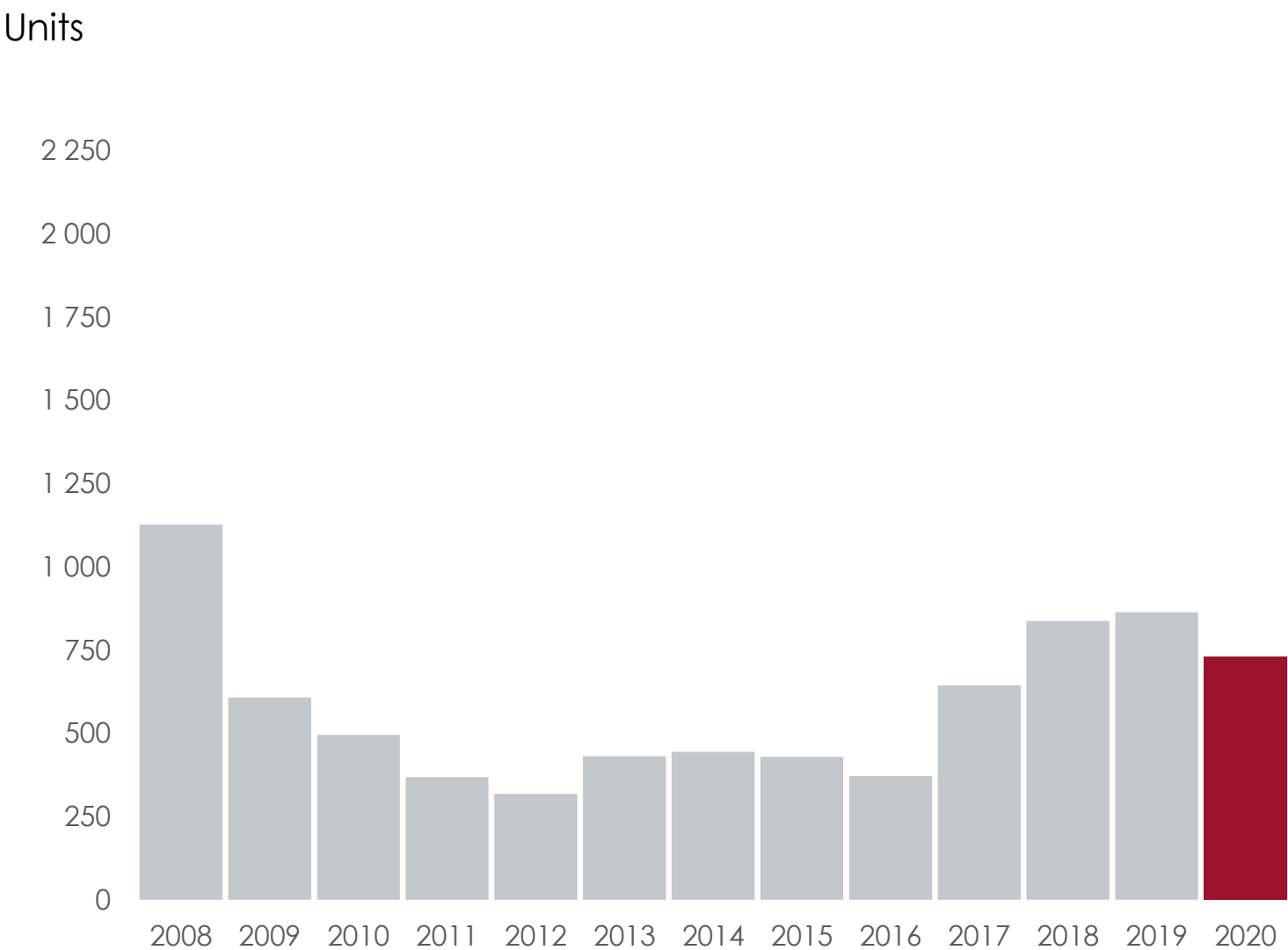
Source: Eiendomsverdi

Trondheim second-hand market update

Units sold 1.1 - 30.6, 2008-20



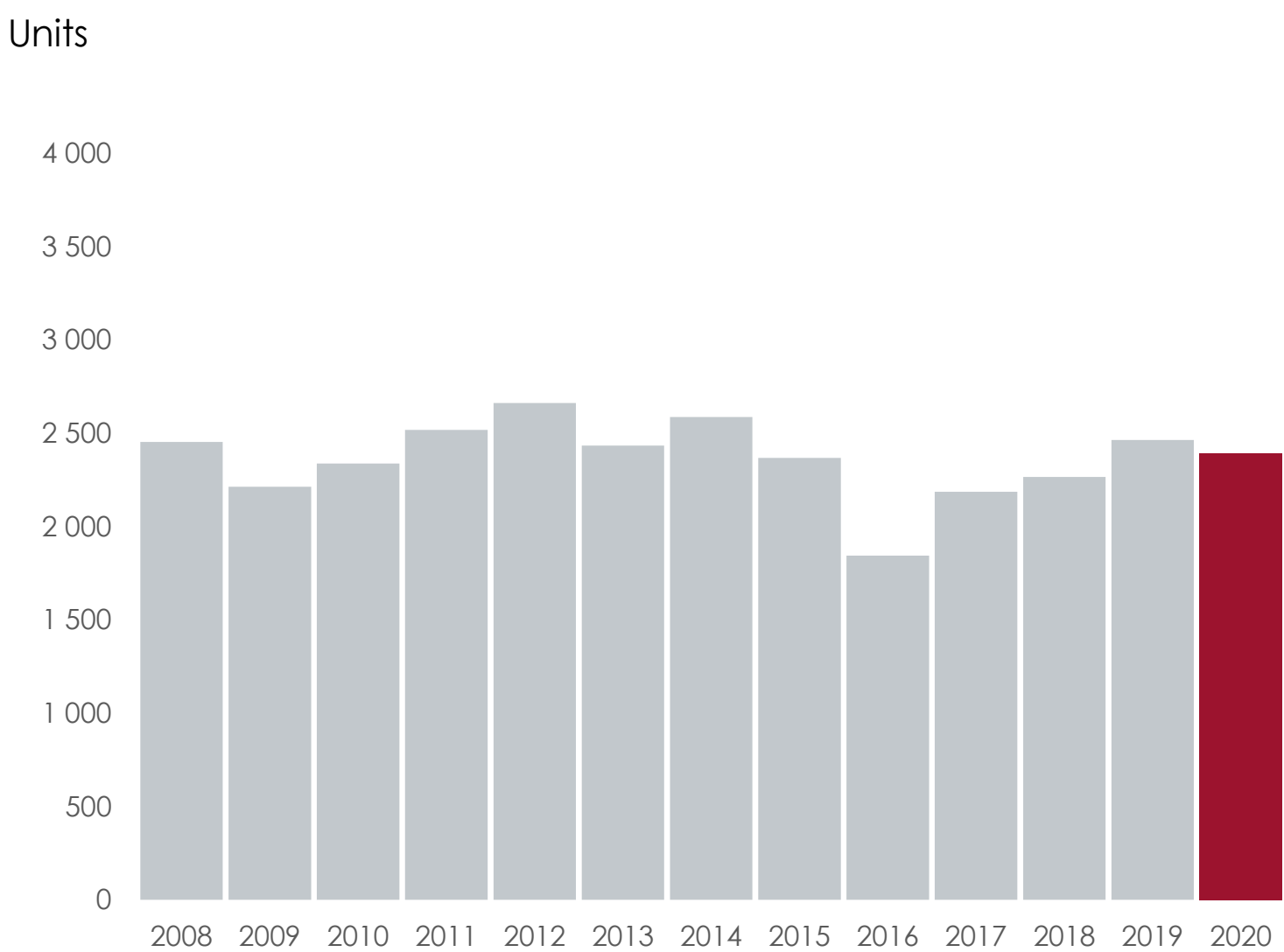
Inventory 1.8, 2008-20



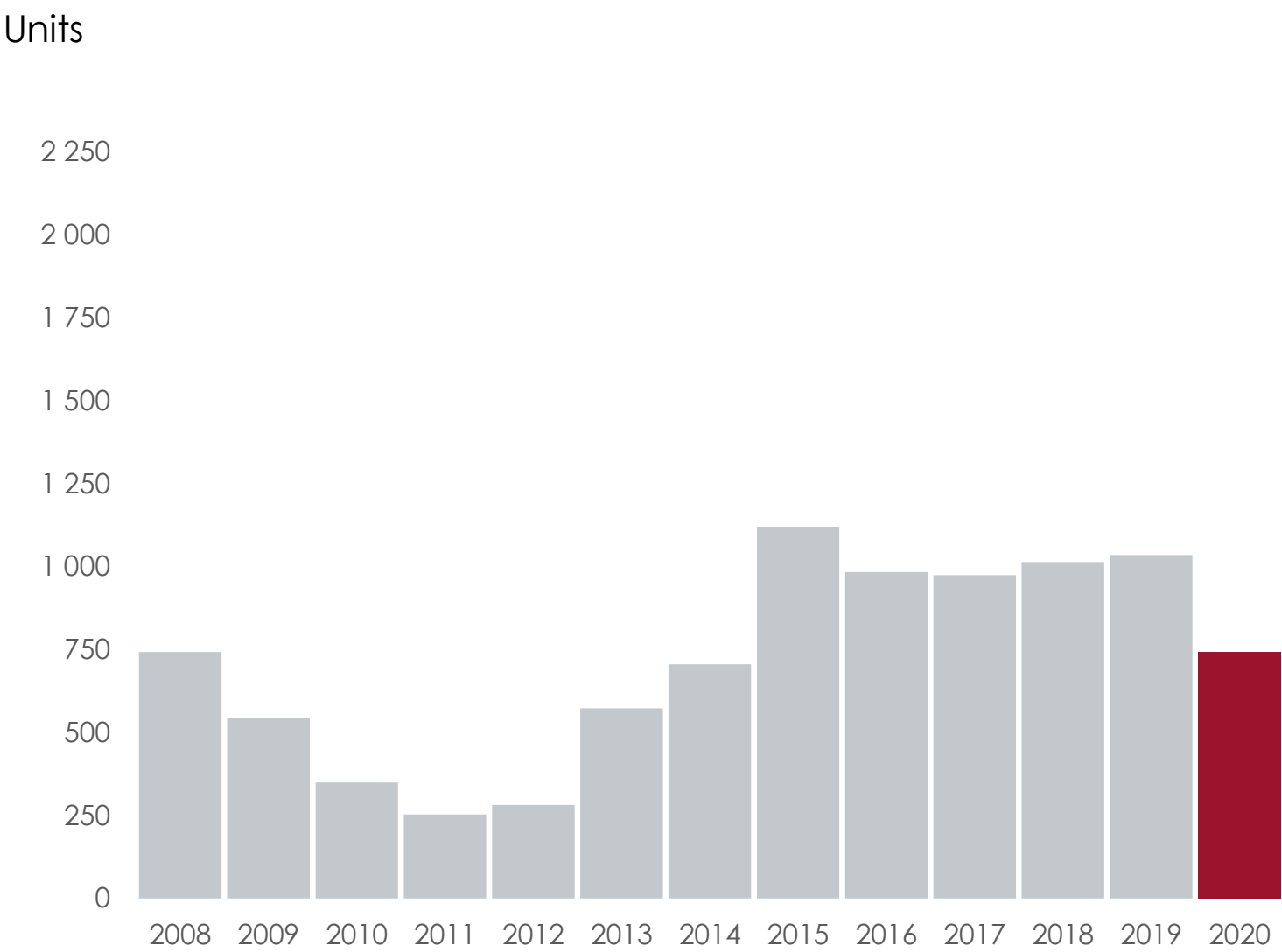
Source: Eiendomsverdi

Stavanger-area* second-hand market update

Units sold 1.1 - 30.6, 2008-20

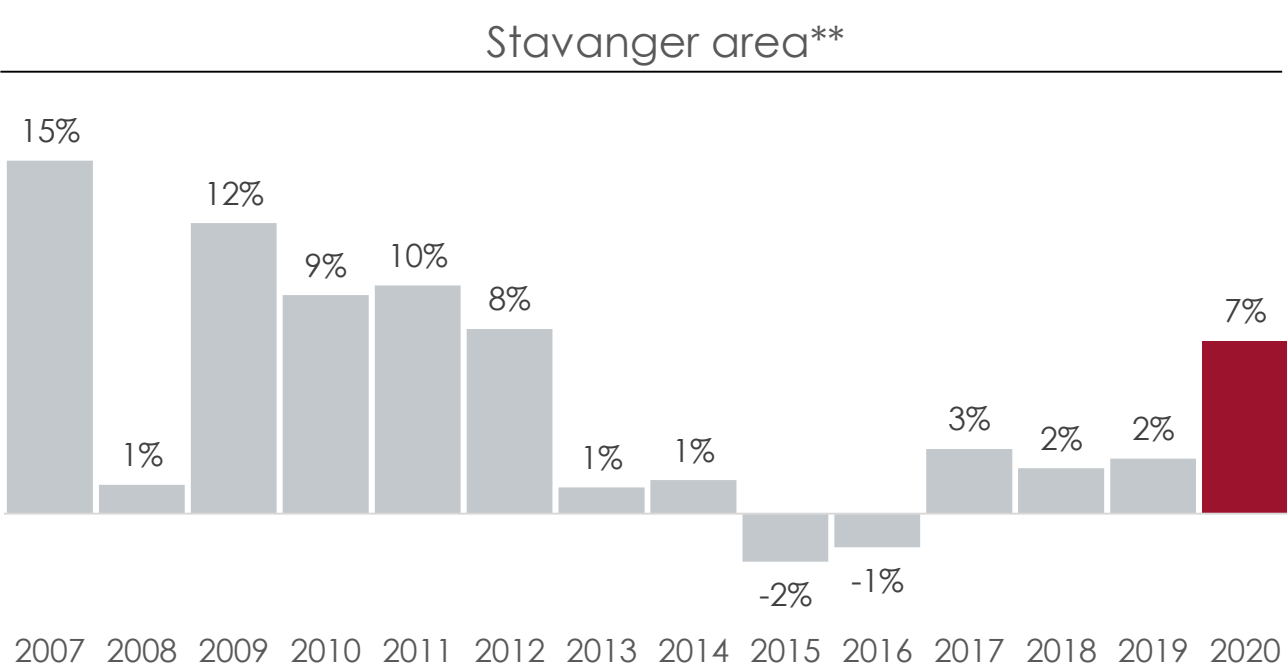
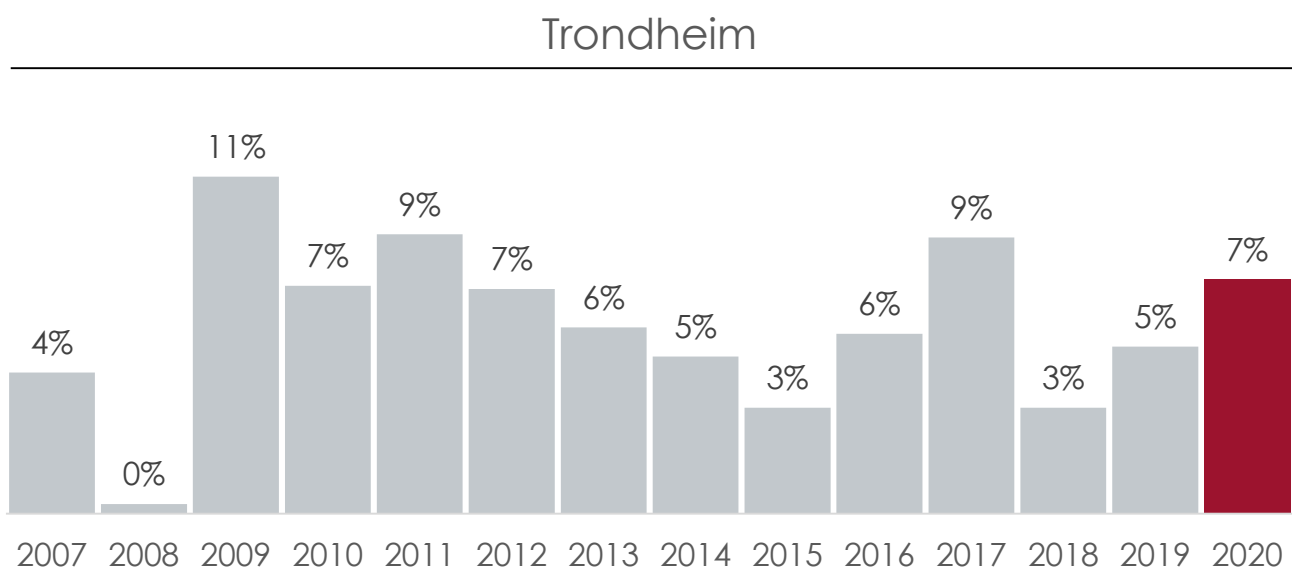
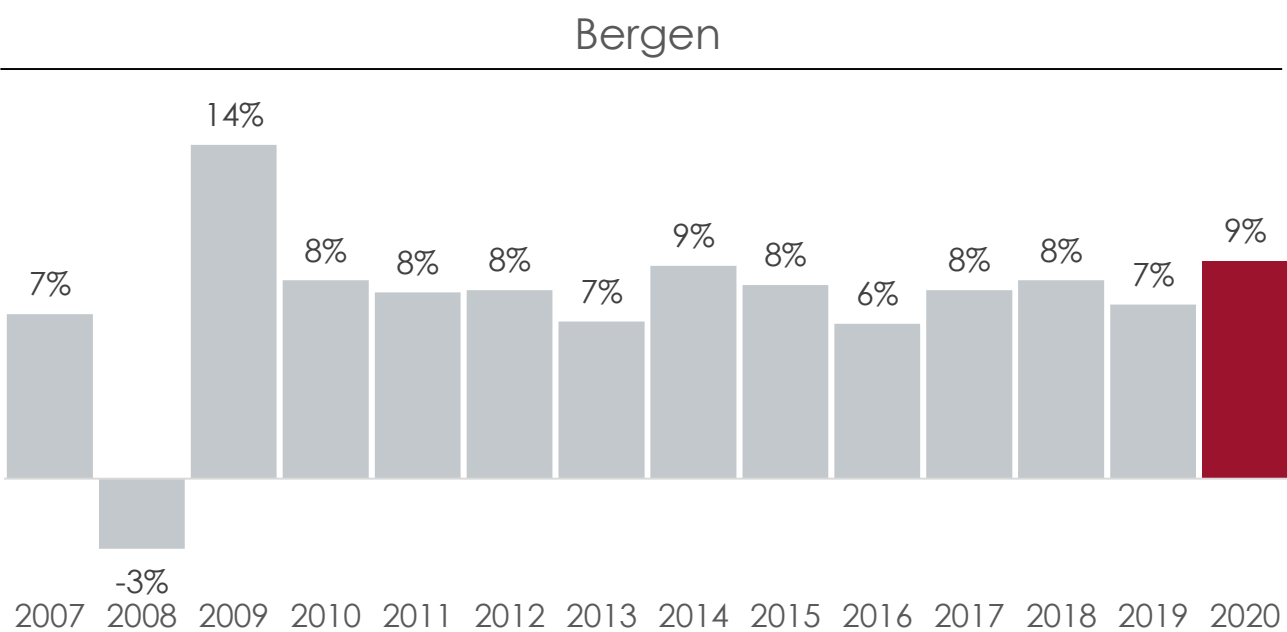
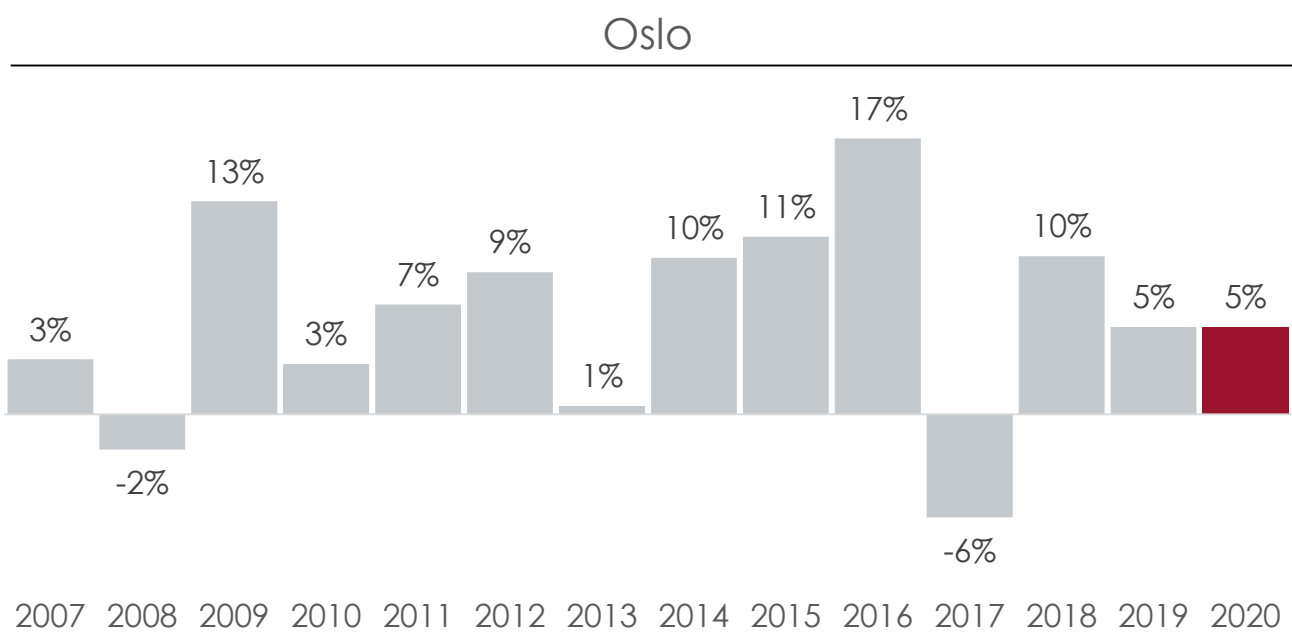


Inventory 1.8, 2008-20



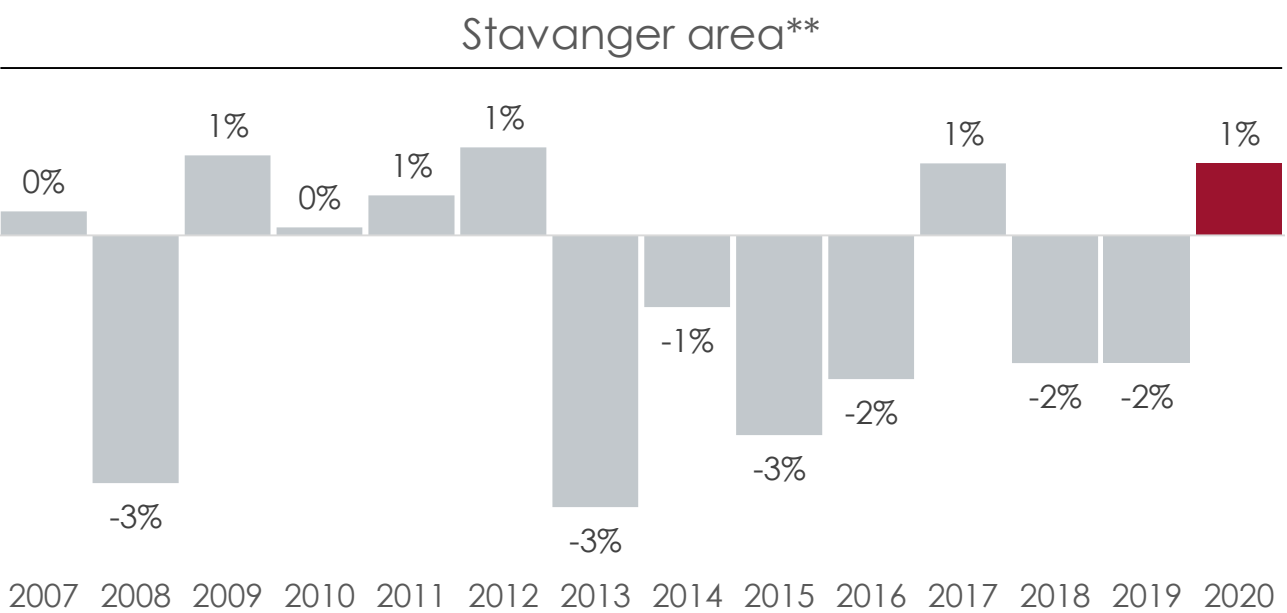
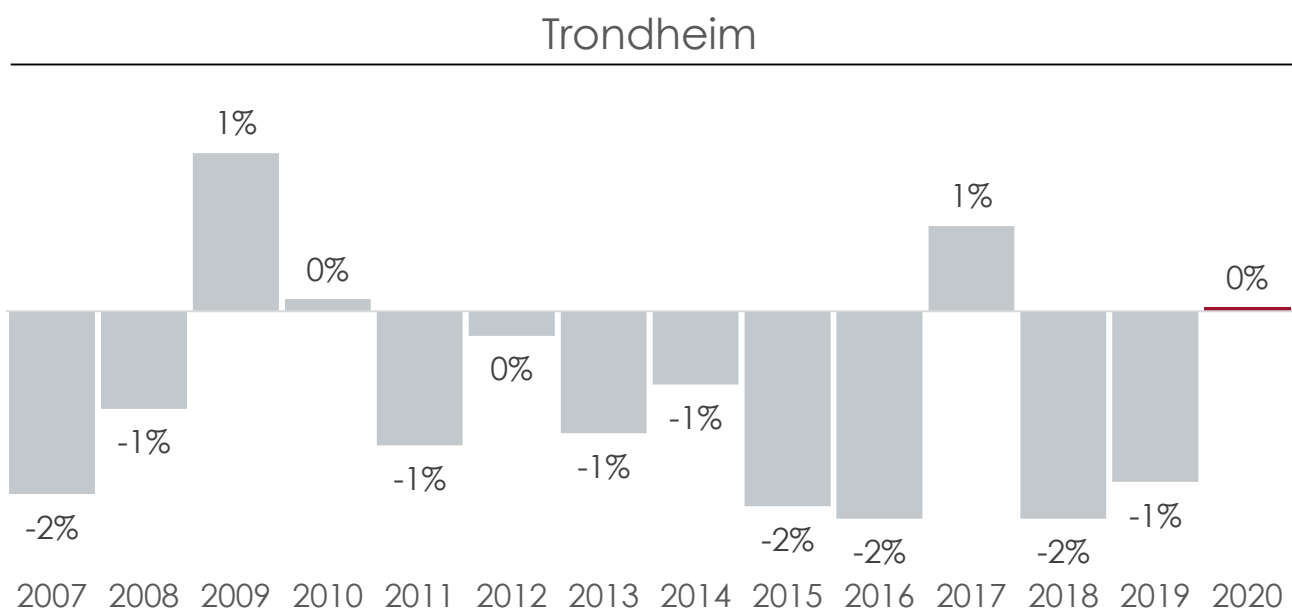
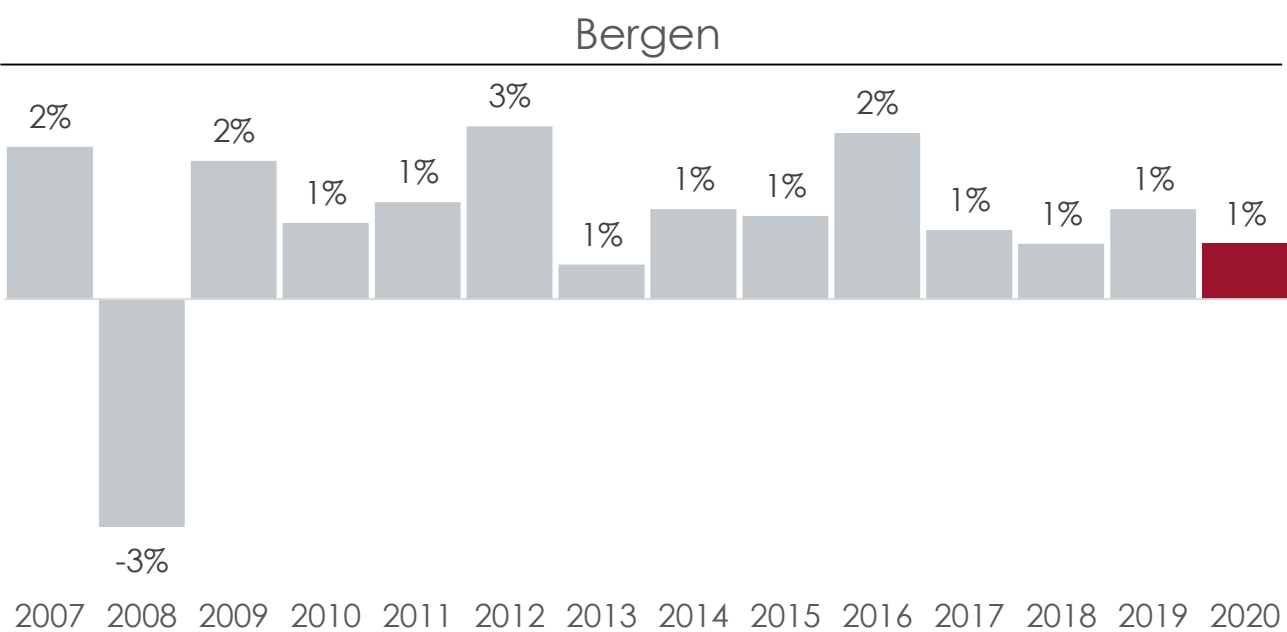
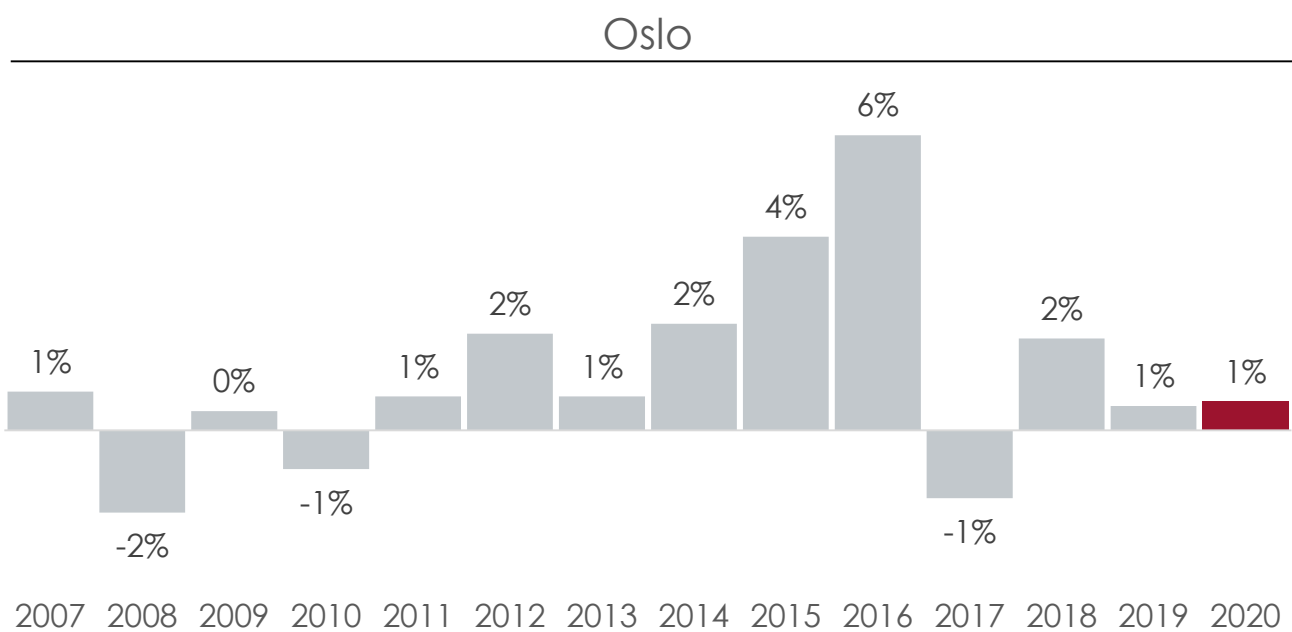
Source: Eiendomsverdi
* Include Stavanger, Sola, Sandnes, Randaberg

Regional price* development 1.1 – 31.07, 2007-20



Source: Eiendom Norge
* Nominal price change
** Includes Stavanger, Sola, Sandnes, Randaberg

Regional price* development July, 2007-20



Source: Eiendom Norge
* Nominal price change
** Includes Stavanger, Sola, Sandnes, Randaberg

Solid pipeline for H2 2020

- Skårerbyen Plus , Greater Oslo area
 - Serviced lifestyle apartments
 - New product in competitive market
 - 242 units total. Sales start of first 40 units September 2020
- Sandsli 360, Bergen
 - Project with significant customer interest in advance
 - 199 units total. Sales start of first 67 units in September 2020
- Lørenskog stasjonsby, Greater Oslo area
 - Urban project next to indoor skiing resort
 - 1 500 units total, 500 built
 - Sales start of 44 units in September
- Langhus 1405, Greater Oslo area
 - Attractive project in urban growth area
 - 259 units total. Sales start of 53 units in Q3

Sandsli 360



Skårerbyen Plus



Lørenskog stasjonsby



Langhus 1405

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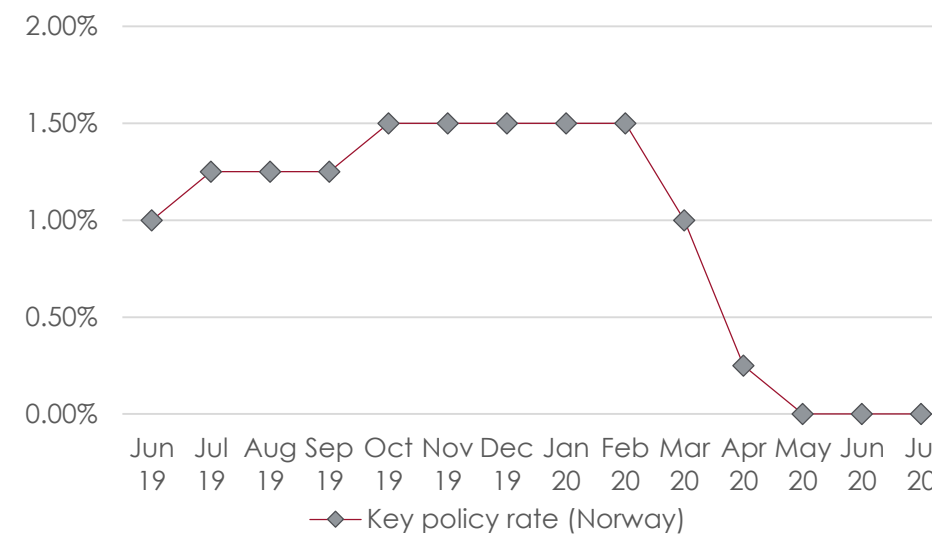


Outlook

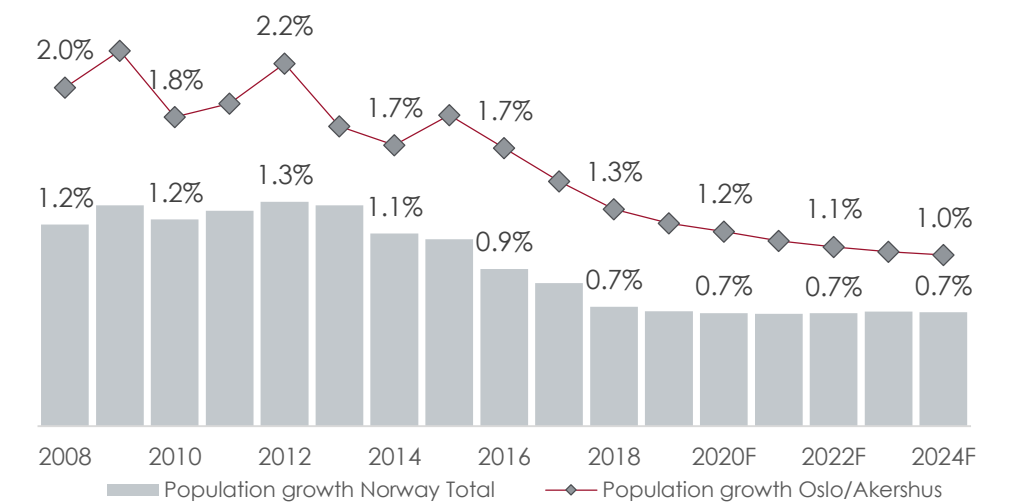
Year to date



Short term



Longer term



- Normal market conditions entering 2020
- Significant market impact from COVID-19 in April-May
- Improvement in selected regions entering H2

- Short term uncertainty
- Re-opening of Norway on hold
- Interest rates at all time low
- Regulatory uncertainty, easing of home loan regulations scrutinized

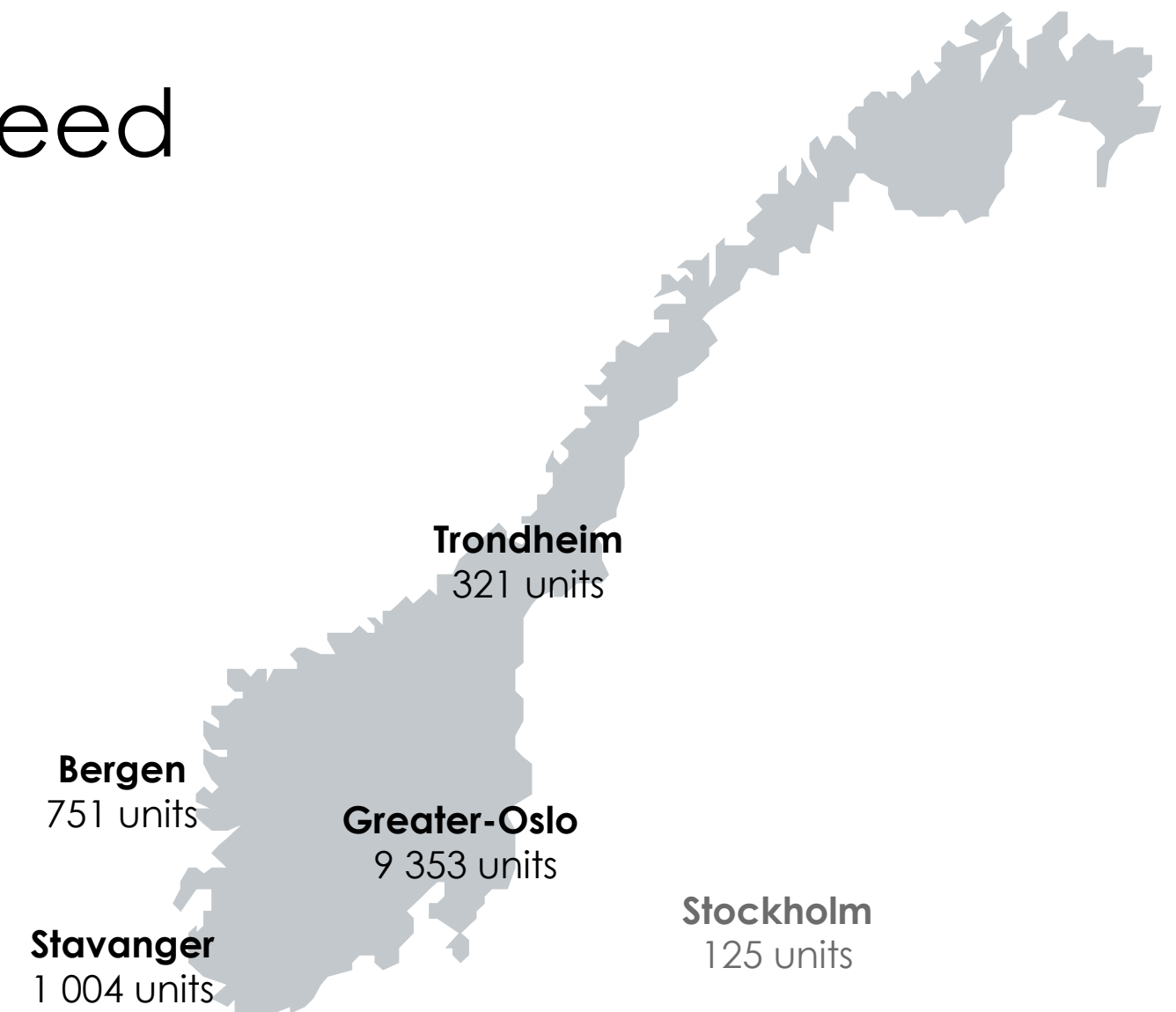
- Long term housing need unaffected
- Population growth well above country average in SBO focus areas
 - Urbanization
 - Immigration

* Source: Norges Bank

** Source: Statistics Norway

Addressing the long term housing need

- Nearly 60 000 homes over the last 70 years
- Housing for all
- Focus on fast growing urban regions
- Large projects with more than 150 units



Summary

- Strong results on few deliveries
- Good sales but impacted by Covid-19
- Dividend of NOK 3.00 per share H1 '20

Thank you for your attention – follow us online!

Next event:
3rd quarter 2020
11 November 2020



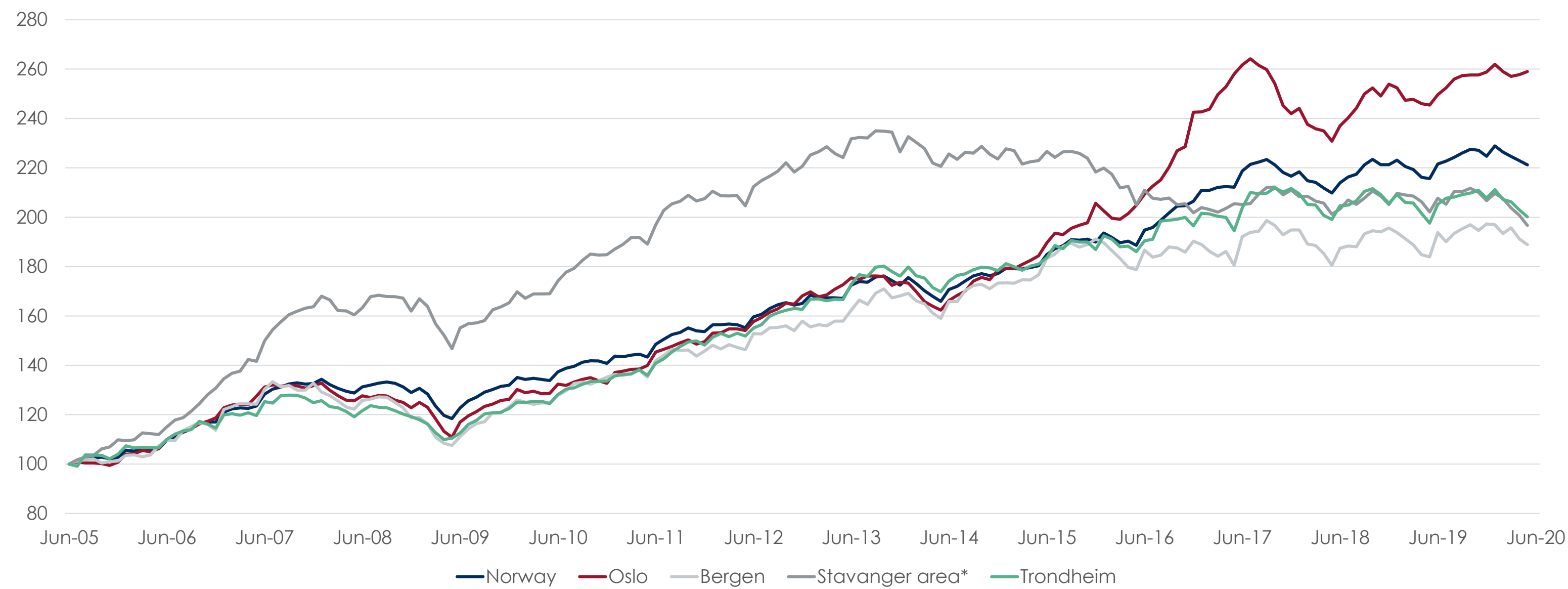
@SelvaagAksjen

Appendix



Price development Norway and selected regions (2005-20)

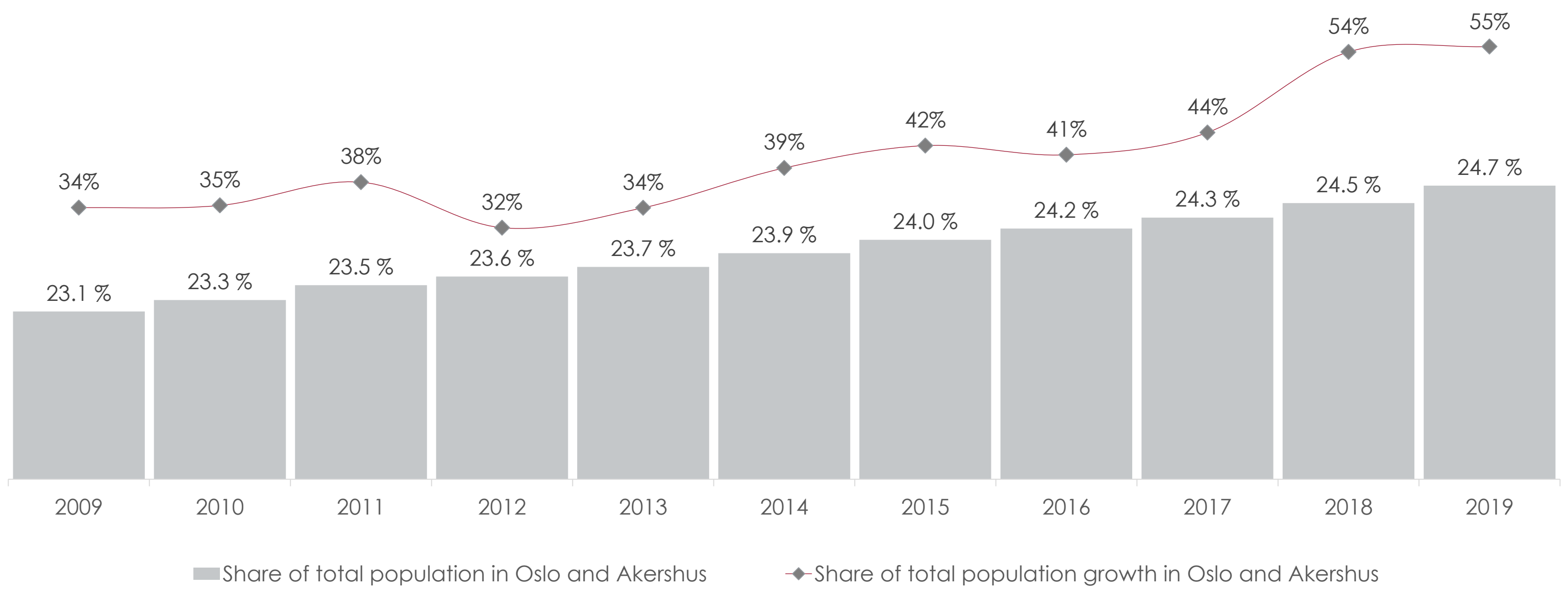
Price development (rebased 01/01/05)



Source: Eiendomsverdi

* Stavanger area includes: Randaberg, Sandnes, Sola, Stavanger

Increasing share of population growth in Oslo and Akershus



Source: Statistics Norway

Dividend policy

Selvaag Bolig's ambition is to pay high and stable dividends to its owners.

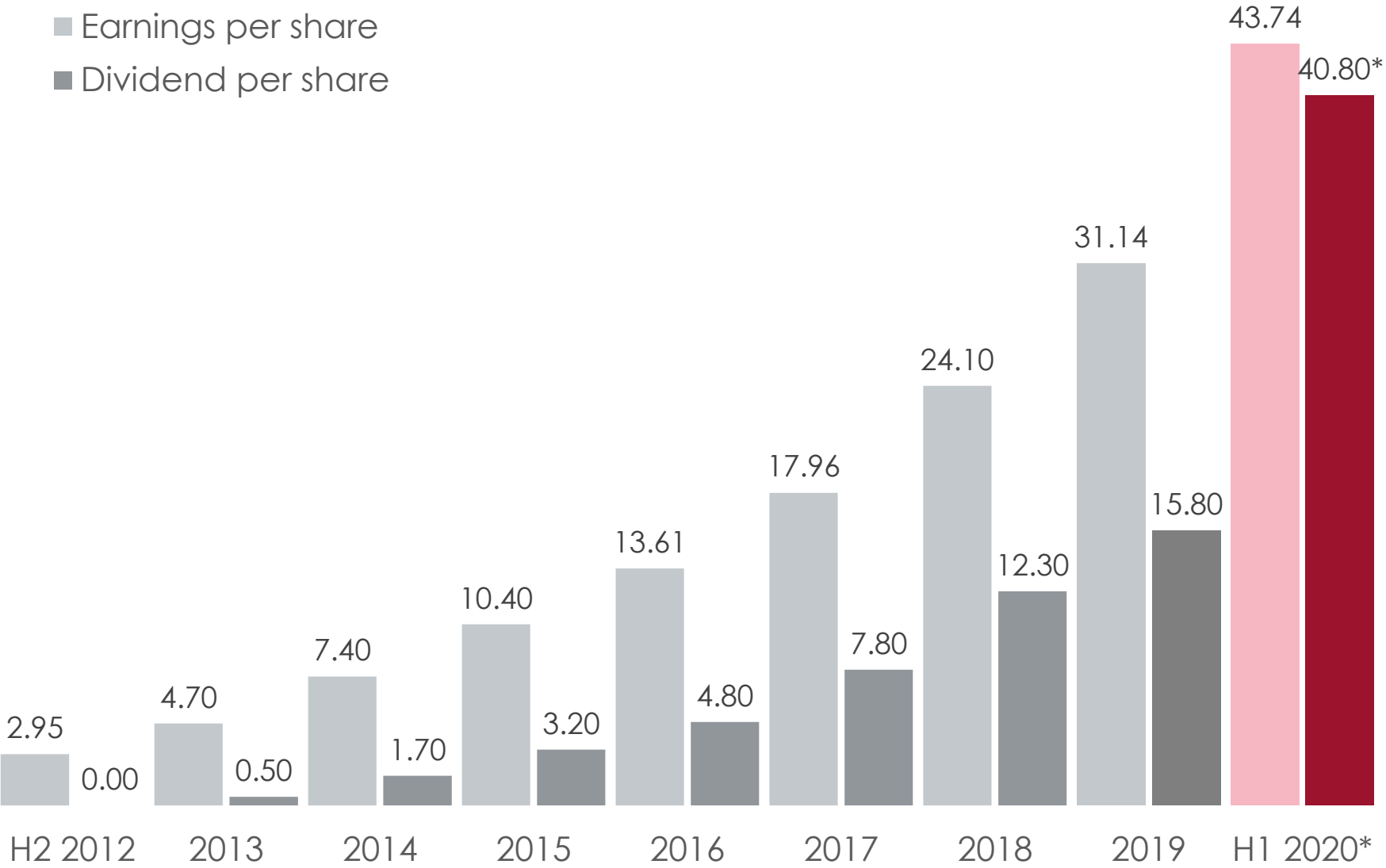
The company aims to pay dividends of minimum 40 per cent of net annual profit, paid in two instalments over the year. However, the size of the dividend will be weighed against the company's liquidity forecasts and capital adequacy.

The company will maintain an equity ratio of minimum 30 per cent

Earnings and dividend per share since IPO

- FY 2019 EPS of NOK 7.04 (6.14)
- FY 2019 DPS of NOK 3.50 (4.50)
- H1 2020 EPS of NOK 12.60 (2.08)
- H1 2020 DPS of NOK 3.00 (2.00)
- 2020 additional DPS of NOK 22.00

Accumulated dividend and earnings per share



* Additional dividend of NOK 22 per share paid out 3 February 2020

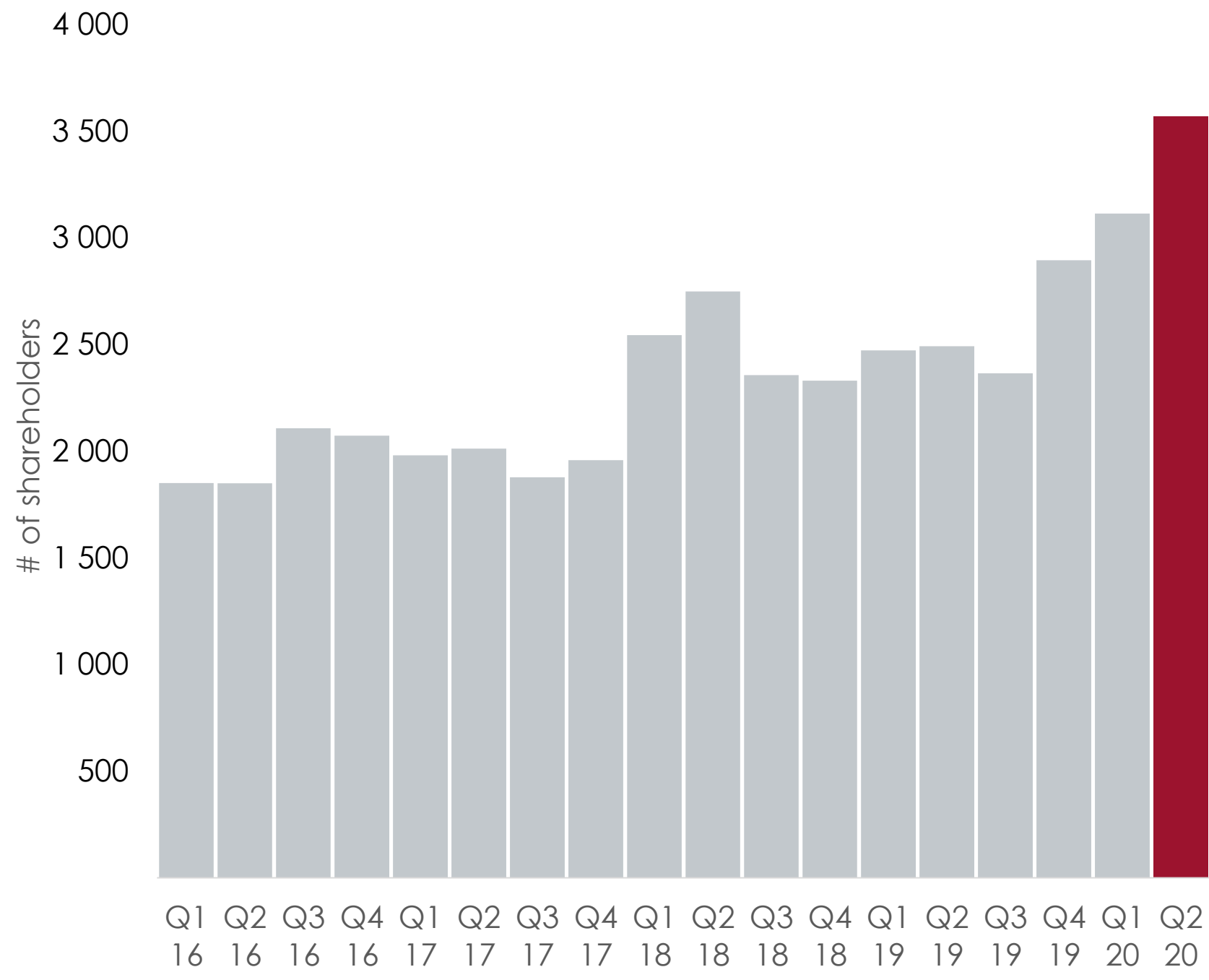
Share performance since IPO in June 2012



Source: Oslo Børs

Share information

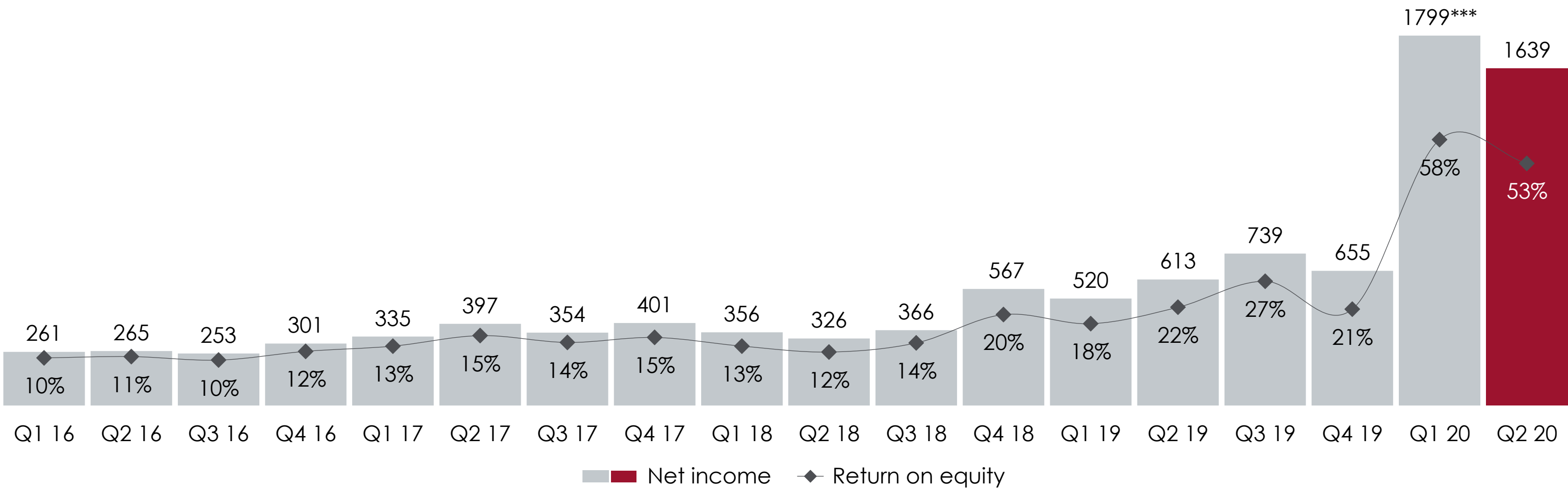
- Number of shares outstanding: 93.8 million
- Number of shareholders : 3 571 (2 491)
 - 20 largest controlling 78.7% (79.4)
 - Selvaag AS largest shareholder - 53.5%
- Trading
 - 6.7 million shares during the quarter (3.5)
 - Share turnover totaled NOK 308.2 million (157)



Return on equity (IFRS)

12 months rolling net income (IFRS)* and return on equity**

NOK million



* Net income attributable to shareholders in Selvaag Bolig ASA
** Based on equity at the start of the period (attributed to shareholders in Selvaag Bolig ASA)
*** Q1 2020 12 months rolling net income including Other gains of NOK 1 028.7 million

Largest shareholders at 30.6 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>

Positioned to realize large projects in Norway's four largest growing urban areas

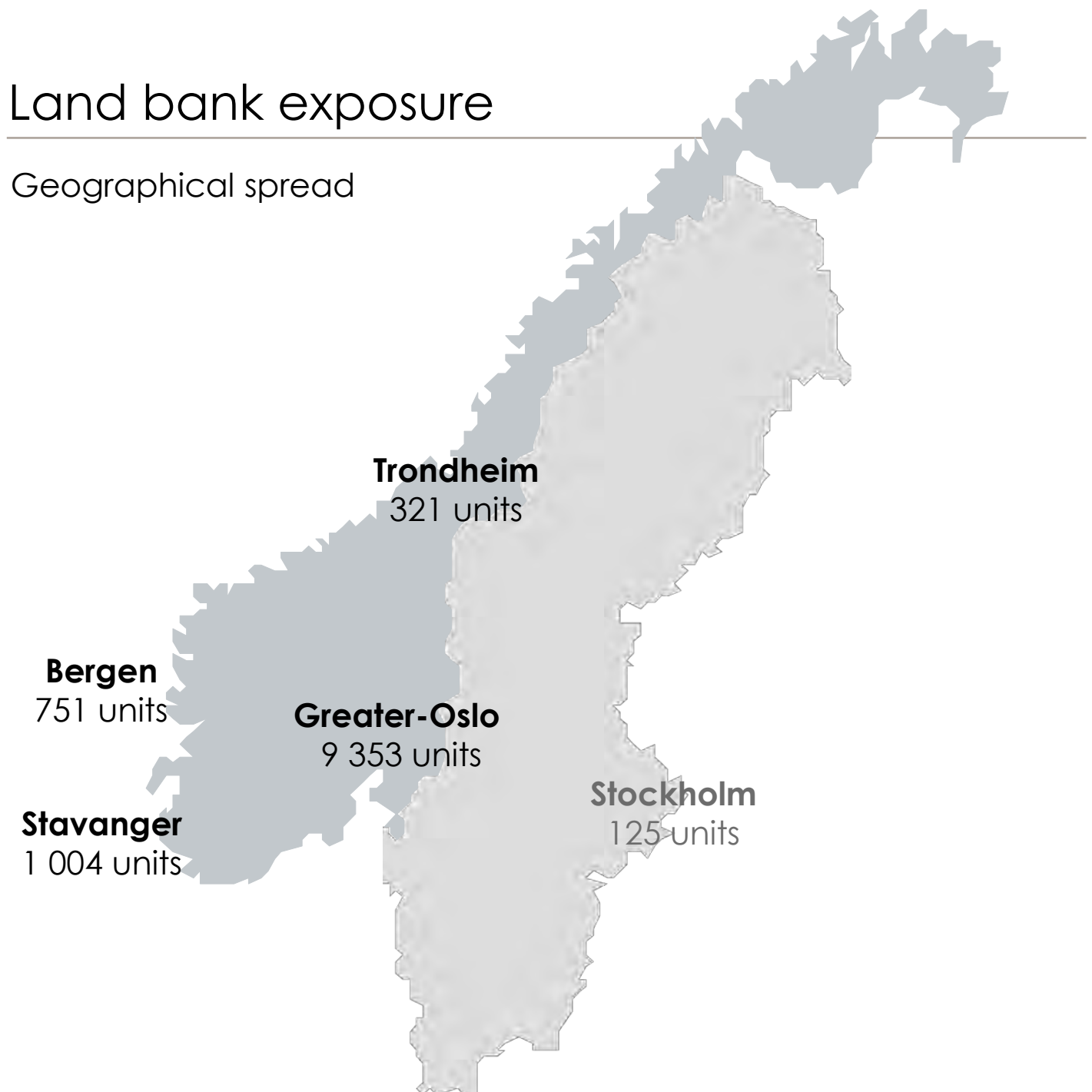
Land-bank strategy

- Acquire the right mix of zoned and un-zoned land in suitable locations
- Land acquisitions in defined core areas in co-operation with Urban Property
- High degree of site utilization and strategic land development
- Substantial land bank to accommodate targets/growth in core areas
- Good infrastructure and public transport
- Joint ventures (JVs)

Note: The numbers represent the size of the land portfolio as at 30 June 2020. All numbers are adjusted for Selvaag Bolig's share in joint ventures. 1) Greater Oslo area: Oslo, Akershus, Buskerud, Vestfold and Østfold, 2) The residential property development portfolio consists of land plots that are to be paid for when planning permission is received. The portfolio has a development potential of ~6 500 residential units.

Land bank exposure

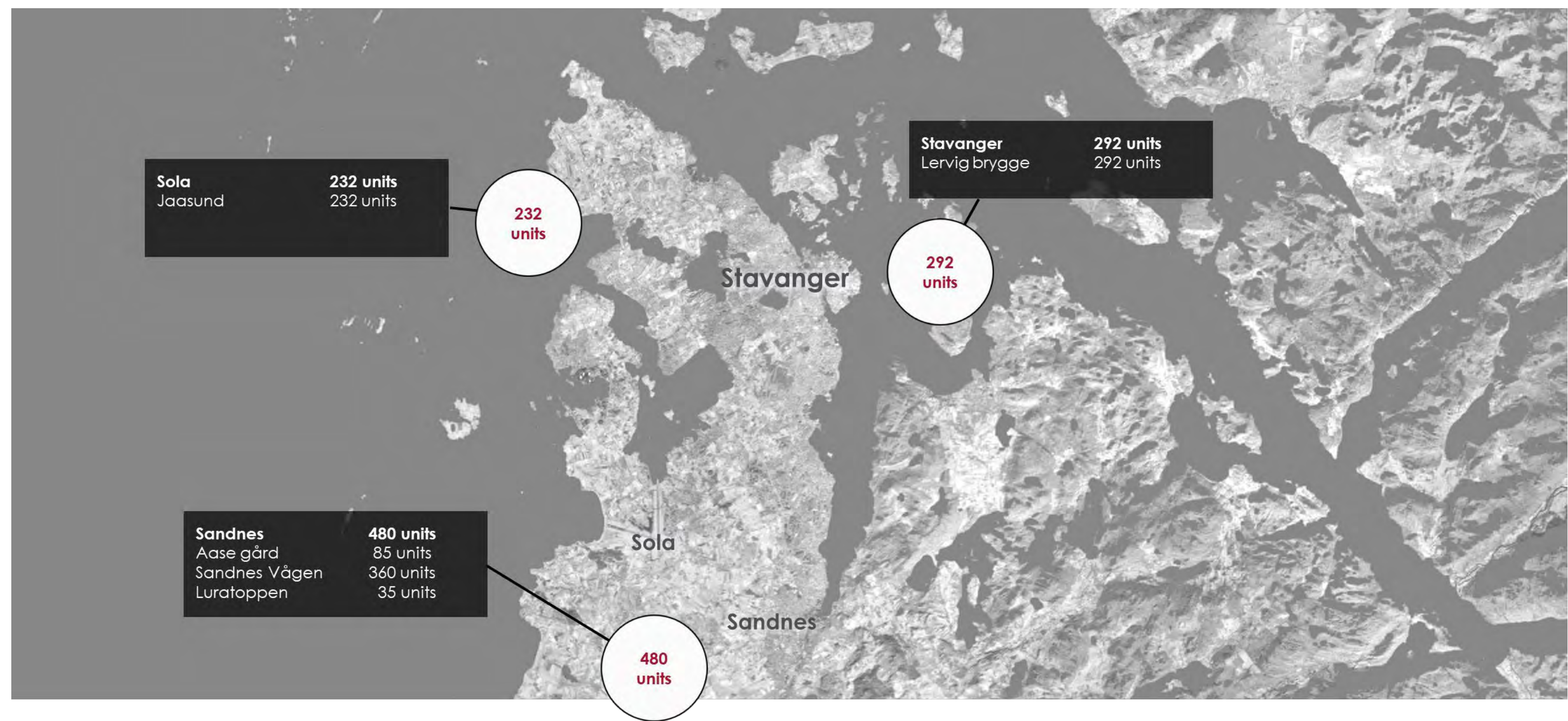
Geographical spread



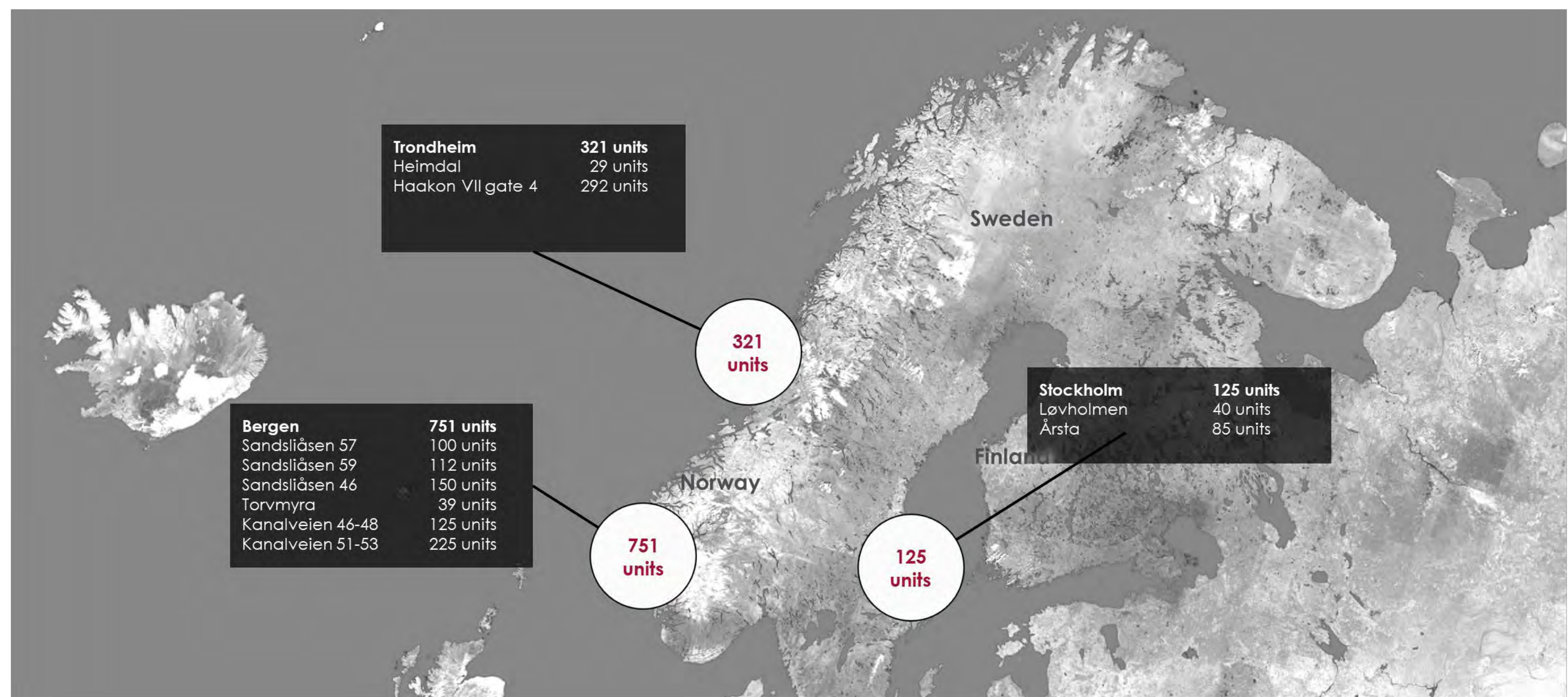
Land bank in Oslo and Greater Oslo at 30.6.20



Land bank in Stavanger area at 30.6.20

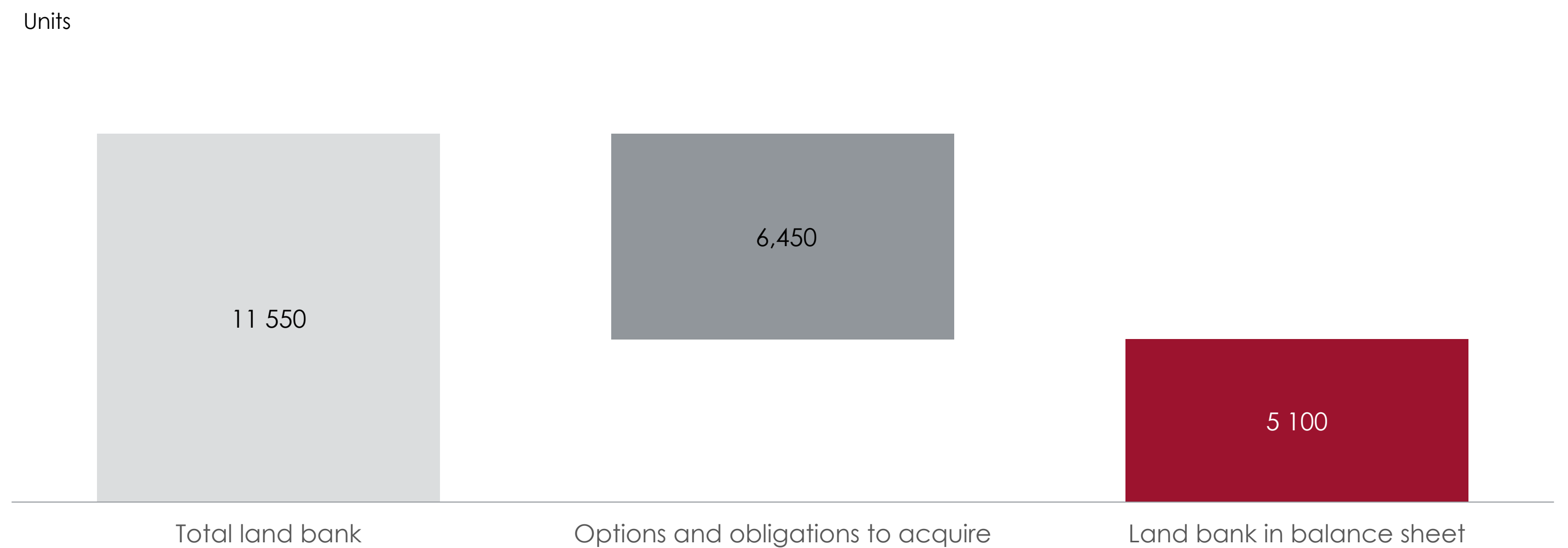


Land bank in Bergen, Trondheim and Stockholm at 30.6.20



Substantial portfolio for development

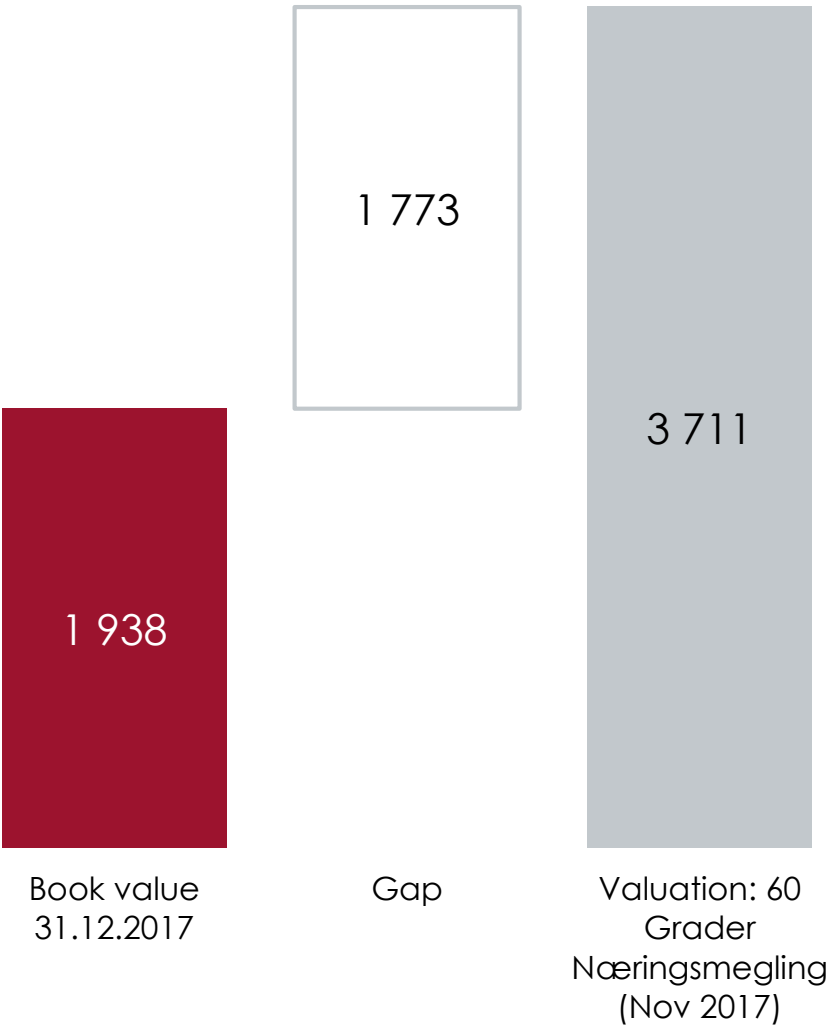
Total land bank portfolio at 30.6 2020



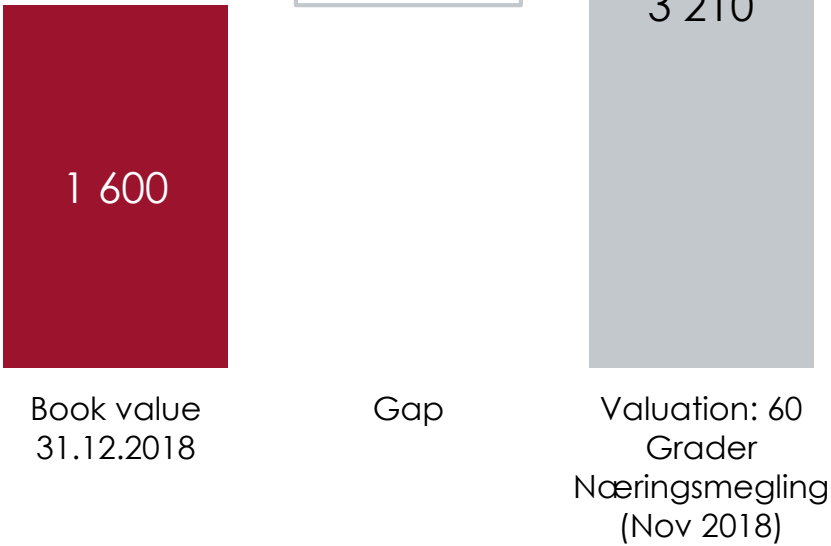
Land bank book value vs. external valuation year end

Q4 2017

NOK million

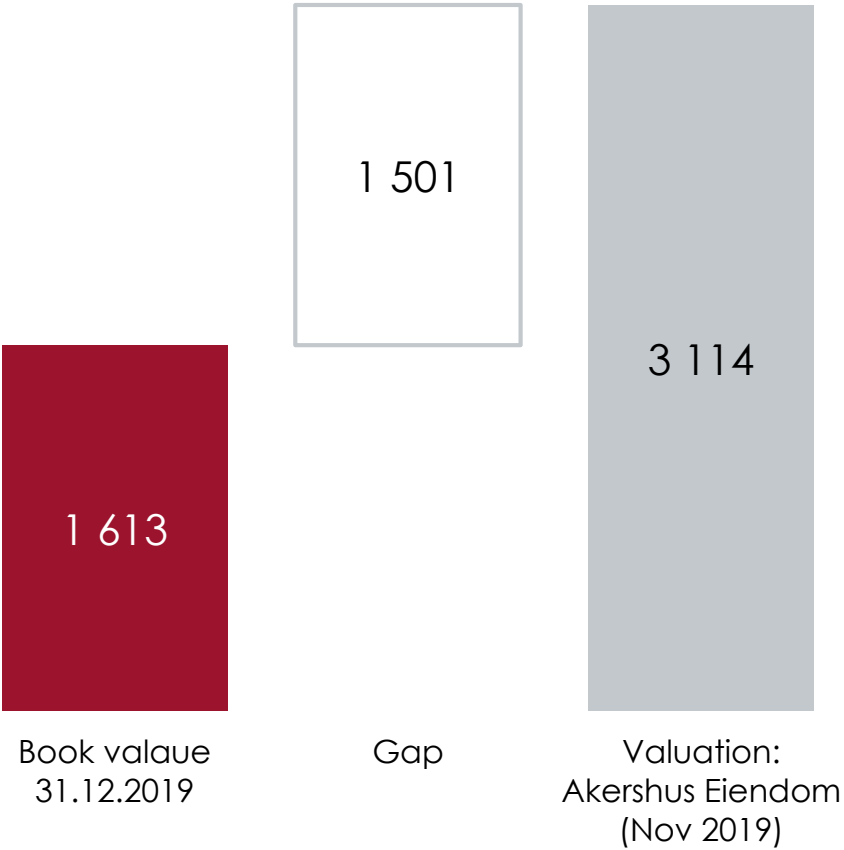


Q4 2018



Q4 2019

NOK million



Note: Joint ventures and land options not included in the valuation

Income statement IFRS

(figures in NOK million)	Q2 2020	Q2 2019	1H 2020	1H 2019	2019
Total operating revenues	435,5	1 035,2	644,6	1 144,3	3 368,8
Project expenses	(336,8)	(705,2)	(470,7)	(774,7)	(2 279,5)
Other operating expenses	(62,6)	(60,1)	(114,3)	(116,9)	(274,1)
Associated companies and joint ventures	25,9	12,1	112,5	17,7	62,2
EBITDA	61,970	282,0	172,2	270,5	877,5
Depreciation and amortisation	(2,4)	(3,3)	(4,9)	(6,6)	(12,7)
Other gains (loss)	-	-	1 028,7	-	-
EBIT	59,6	278,7	1 196,0	263,9	864,7
Net financial expenses	(1,0)	(3,8)	(1,0)	(9,6)	(10,7)
Profit/(loss) before taxes	58,6	274,9	1 195,1	254,3	854,0
Income taxes	(10,3)	(66,7)	(17,8)	(61,3)	(199,5)
Net income	48,3	208,3	1 177,3	193,0	654,5

Balance sheet

(figures in NOK million)	Q2 2020	Q1 2020	Q2 2019	2019
Intangible assets	383,4	383,4	383,4	383,4
Property, plant and equipment	5,4	5,5	6,7	5,6
Investments in associated companies and joint ventures	378,8	512,2	393,5	430,3
Other non-current assets	254,3	249,7	489,1	280,4
Total non-current assets	1 021,9	1 150,8	1 272,7	1 099,6
Inventories (property)	4 276,8	4 053,9	4 801,2	3 636,7
- Land	1 088,3	1 062,5	1 656,5	1 020,8
- Land held for sale				
- Work in progress	3 077,8	2 855,1	2 856,3	2 433,2
- Finished goods	110,7	136,4	288,4	182,6
Other current receivables	104,7	126,5	505,9	133,3
Cash and cash equivalents	678,8	771,3	599,9	1 178,7
Assets held for sale	-	-	-	-
Total current assets	5 060,2	4 951,8	5 907,0	5 812,8
TOTAL ASSETS	6 082,1	6 102,5	7 179,6	6 912,4
Equity attributed to shareholders in Selvaag Bolig ASA*	2 363,6	2 459,4	3 067,5	3 374,2
Non-controlling interests	7,9	7,9	7,9	7,9
Total equity	2 371,4	2 467,2	3 075,3	3 382,1
Non-current interest-bearing liabilities	1 635,8	1 171,5	1 932,7	1 092,3
Other non-current non interest-bearing liabilities	149,5	148,1	195,8	124,2
Total non-current liabilities	1 785,4	1 319,6	2 128,5	1 216,5
Current interest-bearing liabilities	1 010,6	1 345,8	1 032,3	1 161,0
Other current non interest-bearing liabilities	914,6	969,9	943,5	1 094,8
Total current liabilities	1 925,3	2 315,7	1 975,8	2 255,8
TOTAL EQUITY AND LIABILITIES	6 082,1	6 102,5	7 179,6	6 854,4

⁵⁴Corresponding to a book value of NOK per share

Cash flow statement

(figures in NOK million)	Q2 2020	Q2 2019	1H 2020	1H 2019	2019
Net cash flow from operating activities	(223,0)	(128,1)	959,6	(486,2)	985,9
Net cash flow from investment activities	157,3	9,6	377,5	49,3	64,1
Net cash flow from financing activities	(26,9)	153,3	(1 837,0)	379,7	(528,4)
Net change in cash and cash equivalents	(92,6)	34,9	(499,9)	(57,1)	521,7
Cash and cash equivalents at start of period	771,3	565,0	1 178,7	657,0	657,0
Cash and cash equivalents at end of period	678,8	599,9	678,8	599,9	1 178,7

Operational highlights – key operating figures

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Units sold	243	210	159	140	164	142
Construction starts	97	311	174	248	15	31
Units completed	12	307	203	254	89	104
Units delivered	29	246	243	214	114	122
Units under construction	1 534	1 538	1 510	1 504	1 431	1 357
Proportion of sold units under construction	70 %	71 %	72 %	70 %	76 %	78 %
Completed unsold units	13	48	34	56	37	25
Sales value of units under construction (NOK million)	7 097	7 039	7 192	7 155	6 742	6 327
Number of employees	91	91	91	87	87	87

EBITDA Q2 2020

(figures in NOK million)	Property development	Other	Total
Operating revenues	791,1	12,1	803,2
Project expenses	(584,7)	(0,1)	(584,8)
Other operating expenses	(15,7)	(49,5)	(65,1)
EBITDA (percentage of completion)	190,8	(37,5)	153,3

Note: Construction costs are exclusive of financial expenses in the segment reporting.

IFRS EBITDA for the quarter, per segment

Operating revenues	423,4	12,1	435,5
Project expenses	(336,6)	(0,1)	(336,8)
Other operating expenses	(13,2)	(49,5)	(62,6)
Share of income (losses) from associated companies and joint ventures	25,9	-	25,9
EBITDA	99,5	(37,5)	62,0

Units in production	1 357	N/A	N/A
Units delivered	122	N/A	N/A

Note: EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

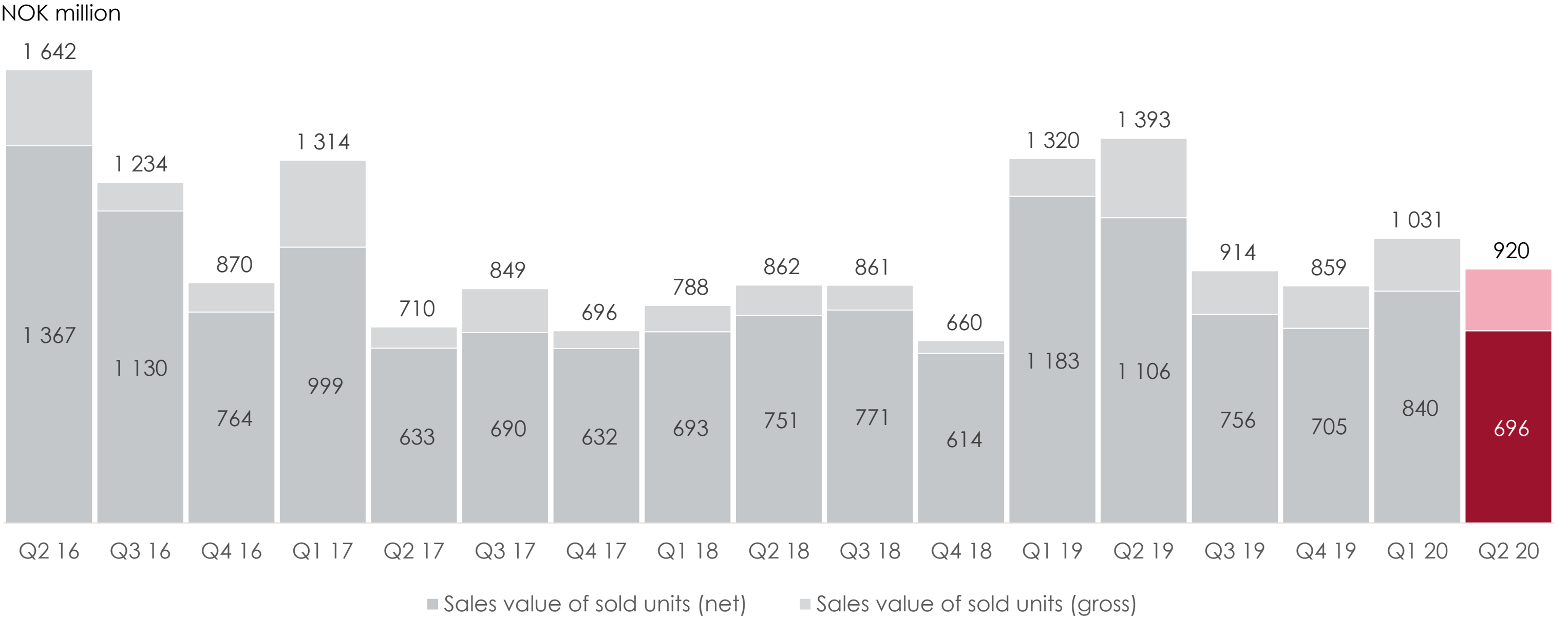
EBITDA H1 2020

(figures in NOK million)	Property development	Other	Total
Operating revenues	1 535,3	24,3	1 559,5
Project expenses	(1 127,1)	(0,4)	(1 127,5)
Other operating expenses	(22,7)	(96,5)	(119,2)
EBITDA (percentage of completion)	385,5	(72,7)	312,8
Note: Construction costs are exclusive of financial expenses in the segment reporting.			
IFRS EBITDA full year per segment			
Operating revenues	620,4	24,3	644,6
Project expenses	(470,3)	(0,4)	(470,7)
Other operating expenses	(17,8)	(96,5)	(114,3)
Share of income (losses) from associated companies and joint ventures	112,5	-	112,5
EBITDA	244,9	(72,7)	172,2
Units in production	I/A	N/A	N/A
Units delivered	I/A	N/A	N/A

Note: EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

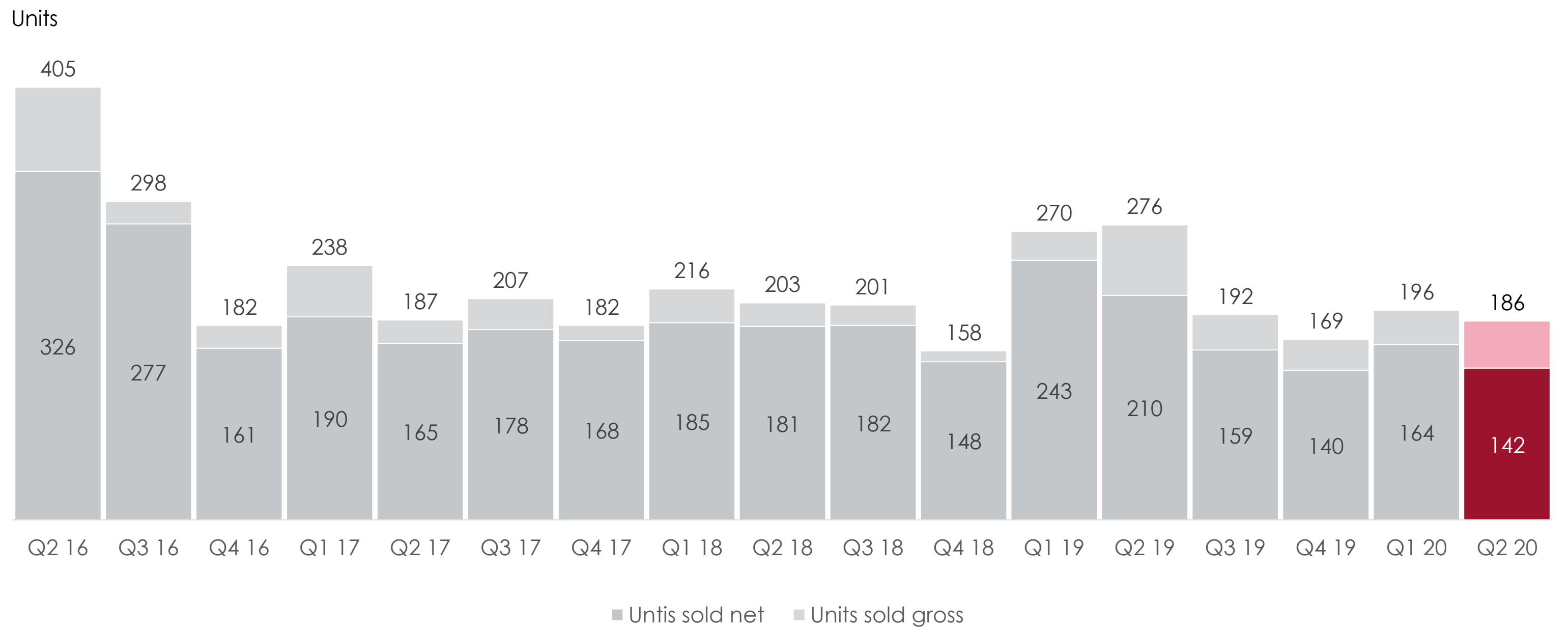
Value of units sold - gross and net

Sales value of units sold



Number of units sold - gross and net

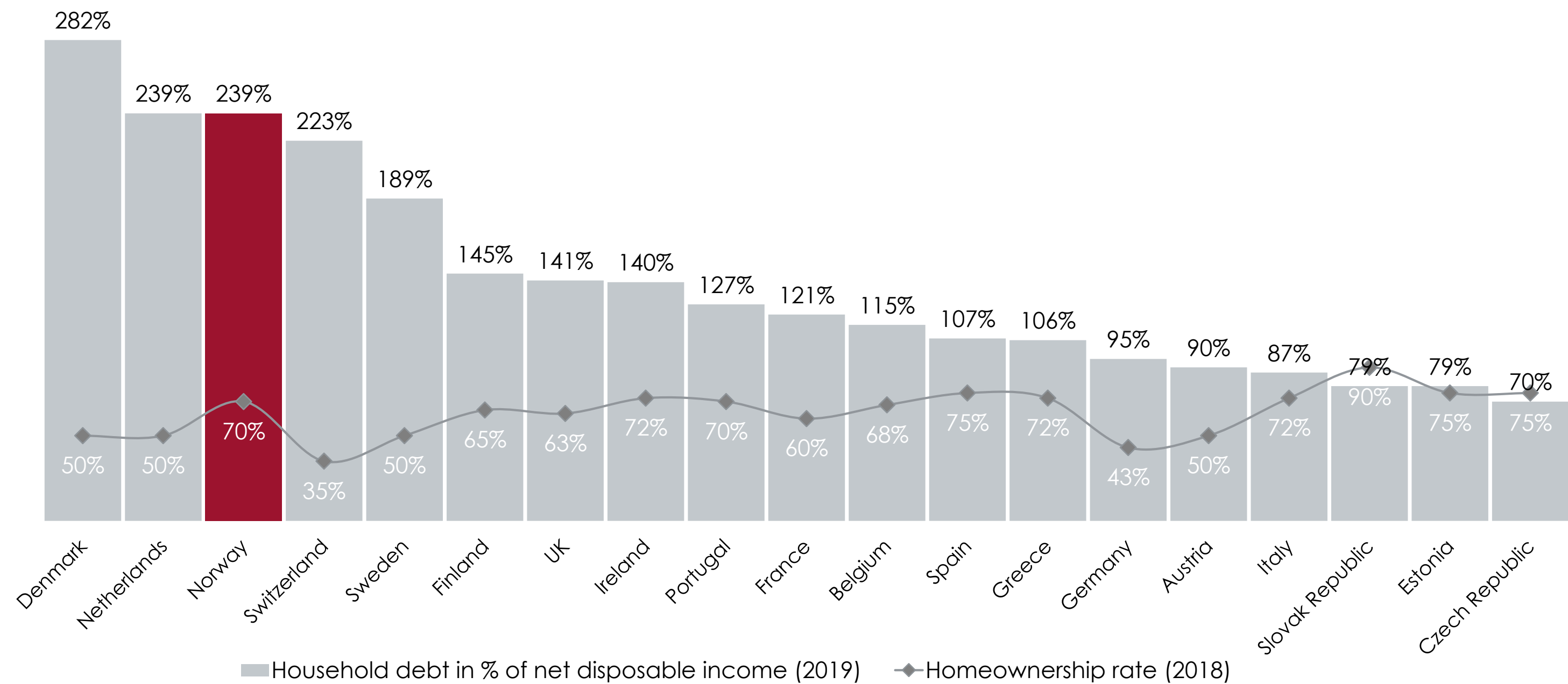
Number of units sold



Norwegian housing market

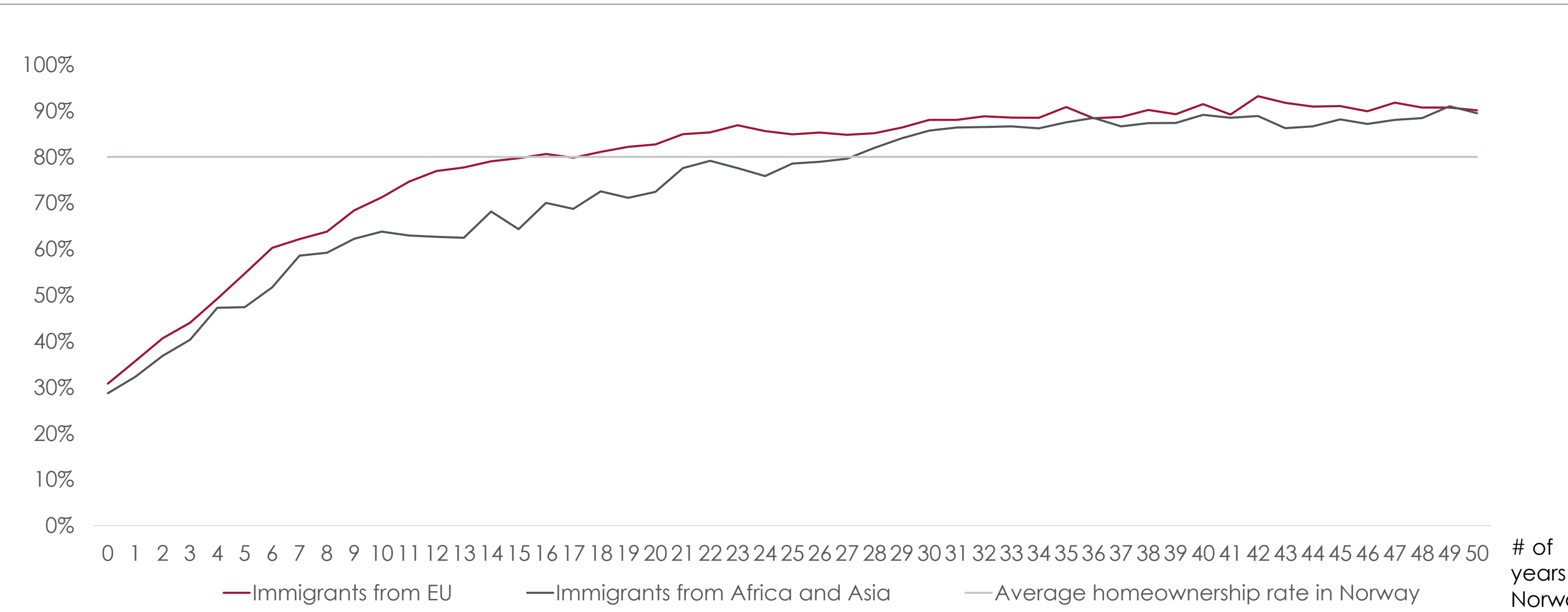
- Low risk for housebuilders
 - Advance sales: banks require that 50-70% of homes are sold before construction starts
 - Binding offers: offer to purchase is a binding sales contract, and requires a minimum 10% cash deposit
- High level of home ownership
 - 85% (one of the world's highest)
- Economic benefits for home owners
 - 23% of mortgage loan interest payments are tax deductible
 - Transfer stamp duty for new houses is lower than for second-hand homes
- Strong population growth
 - Norway's urban areas are among the fastest growing in Europe
 - Good market for new homes

Total household debt and homeownership



Immigration increases demand over time

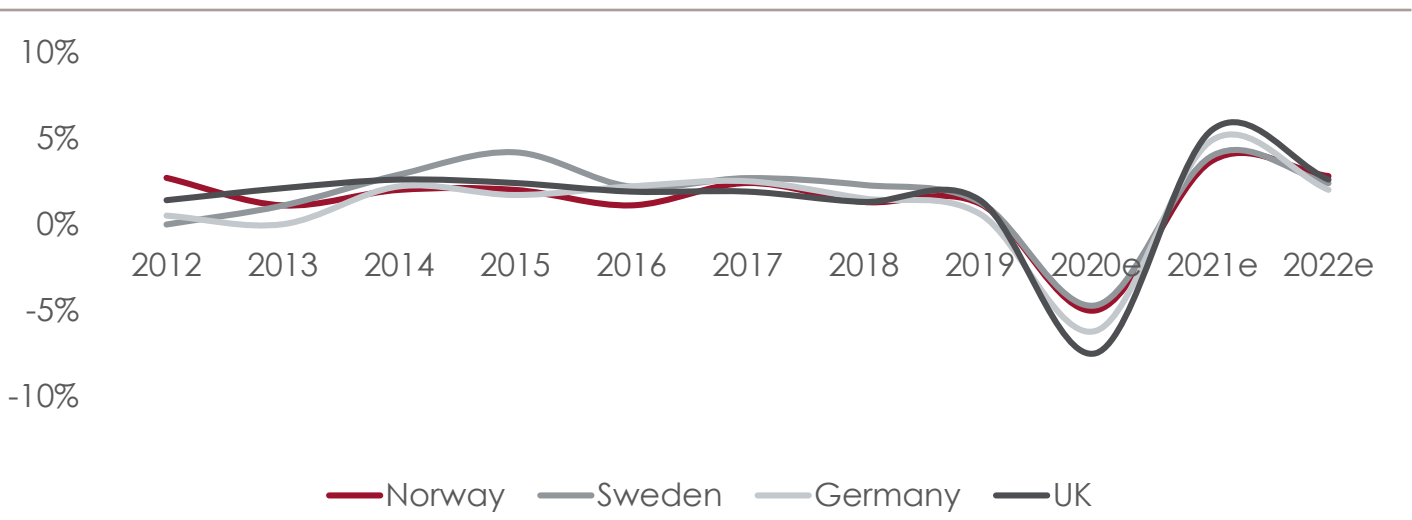
Homeownership rate among immigrants in Norway (per year living in Norway)



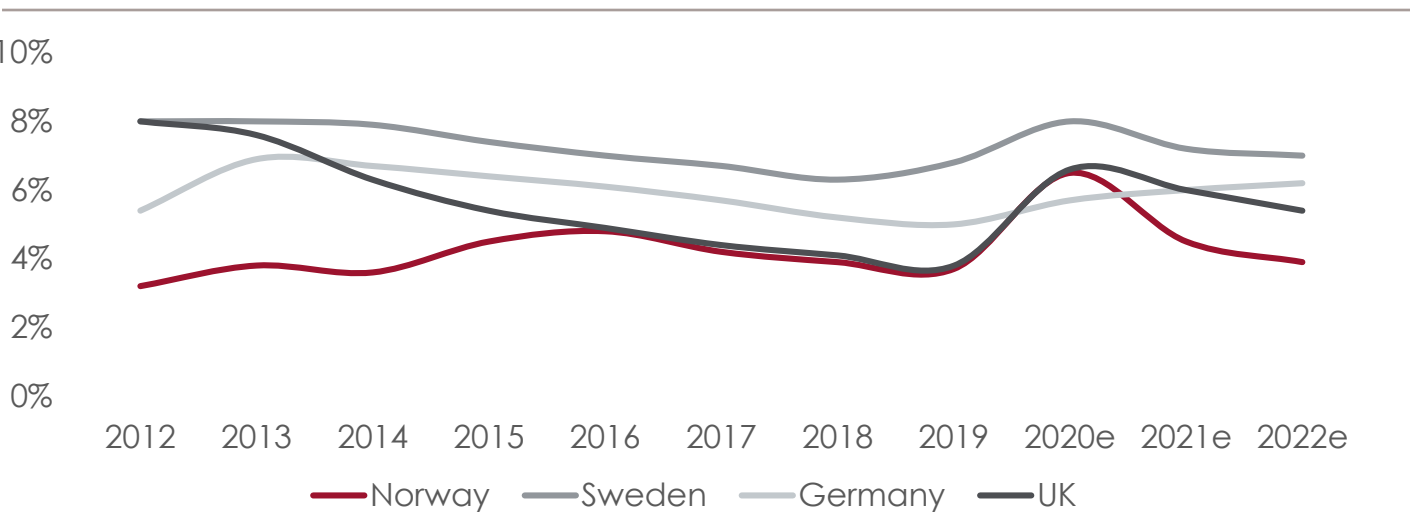
Source: Statistics Norway

Norway – robust economic conditions

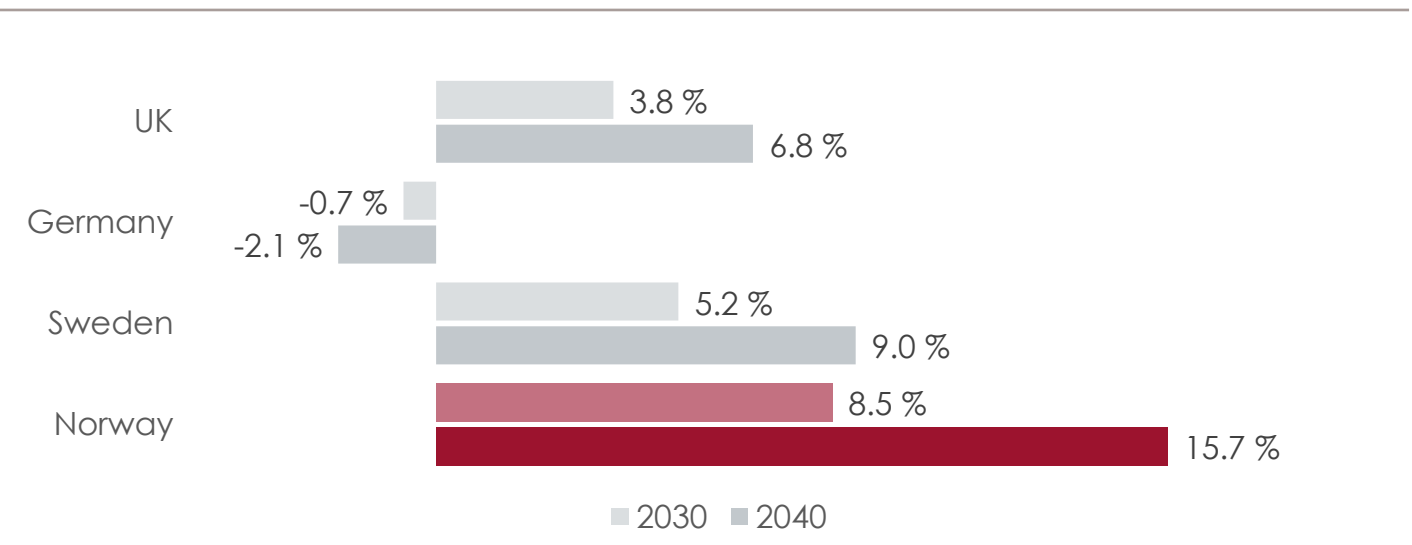
GDP growth 2012 - 2022e



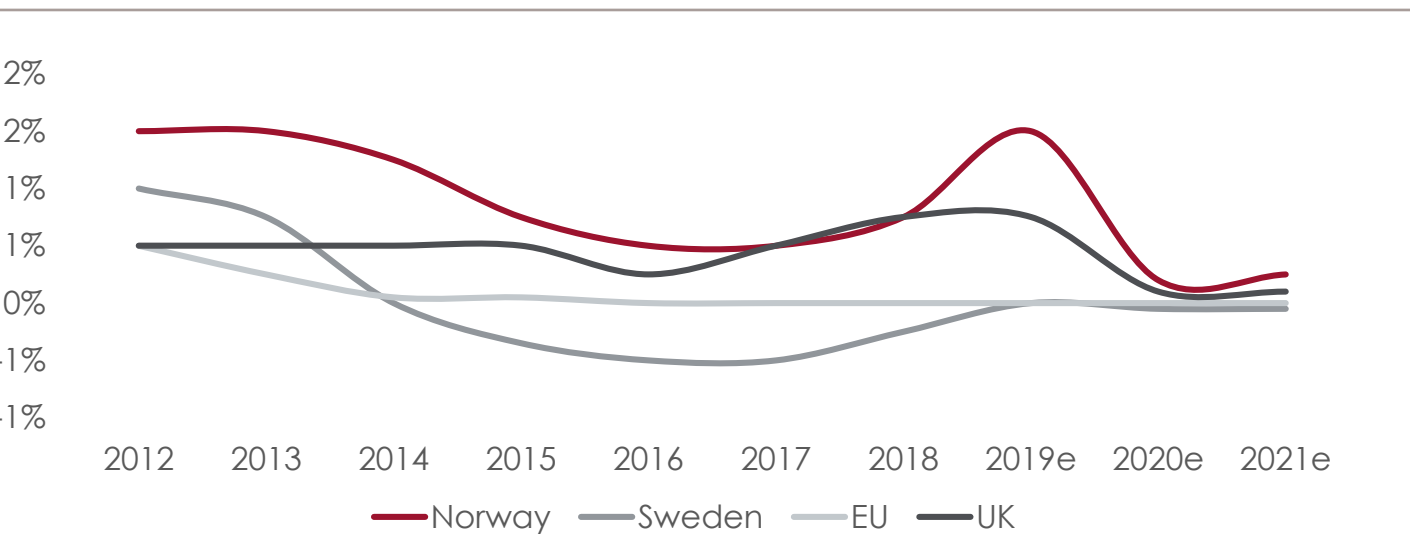
Unemployment 2012 - 2022e



Population growth 2020 - 2030e and 2040e



Interest rates* 2012 - 2021e

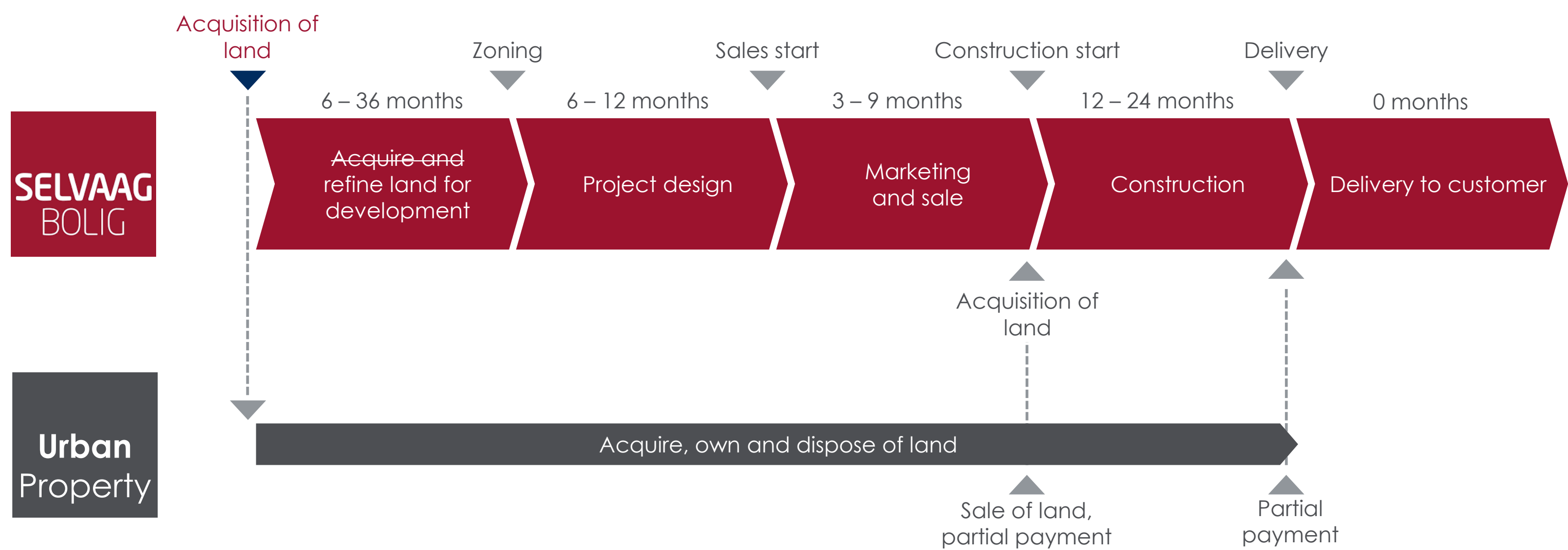


Source: Bloomberg, UN

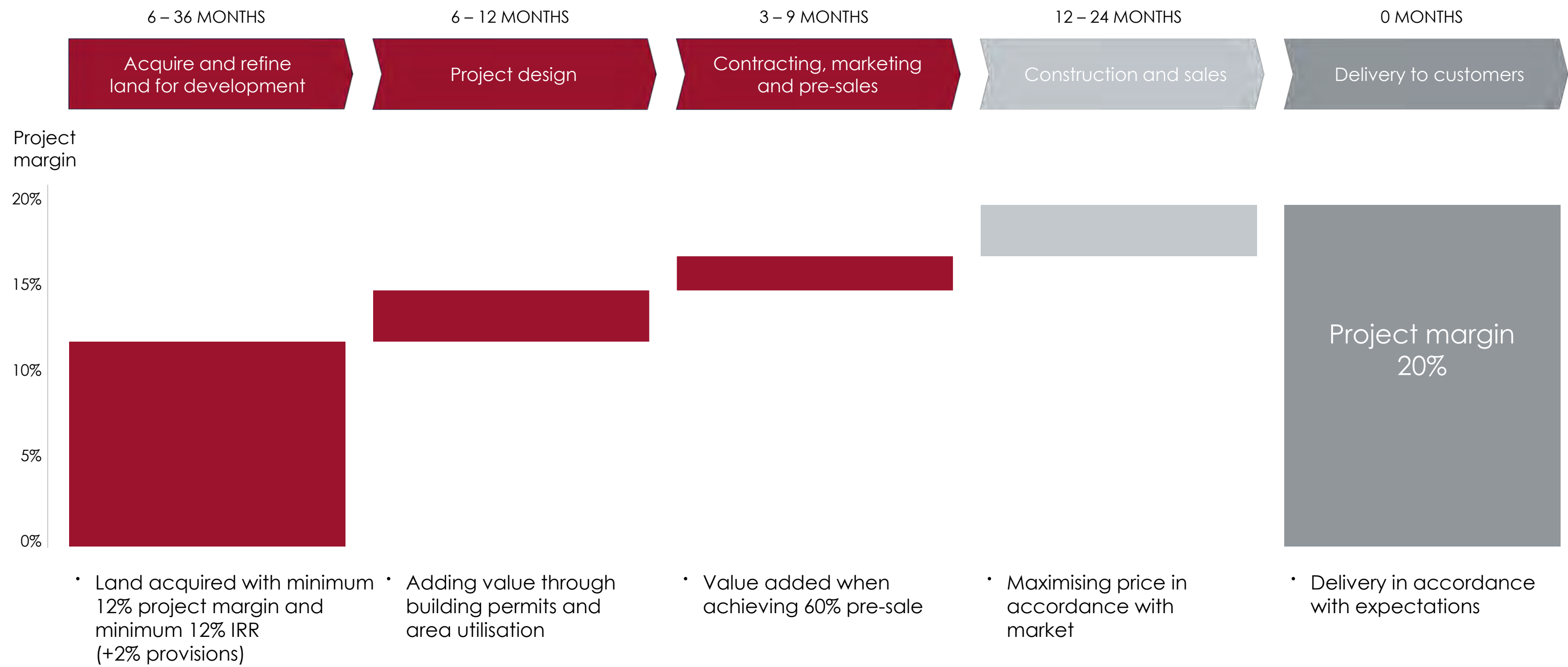
* Central bank rates

Reduced capital binding in practice, in effect no equity needed in Selvaag Bolig for land

Residential development value chain: cooperation between Selvaag Bolig and Urban Property



Historic general margin development through project stages



* Assuming flat market development

Example project calculations before and after

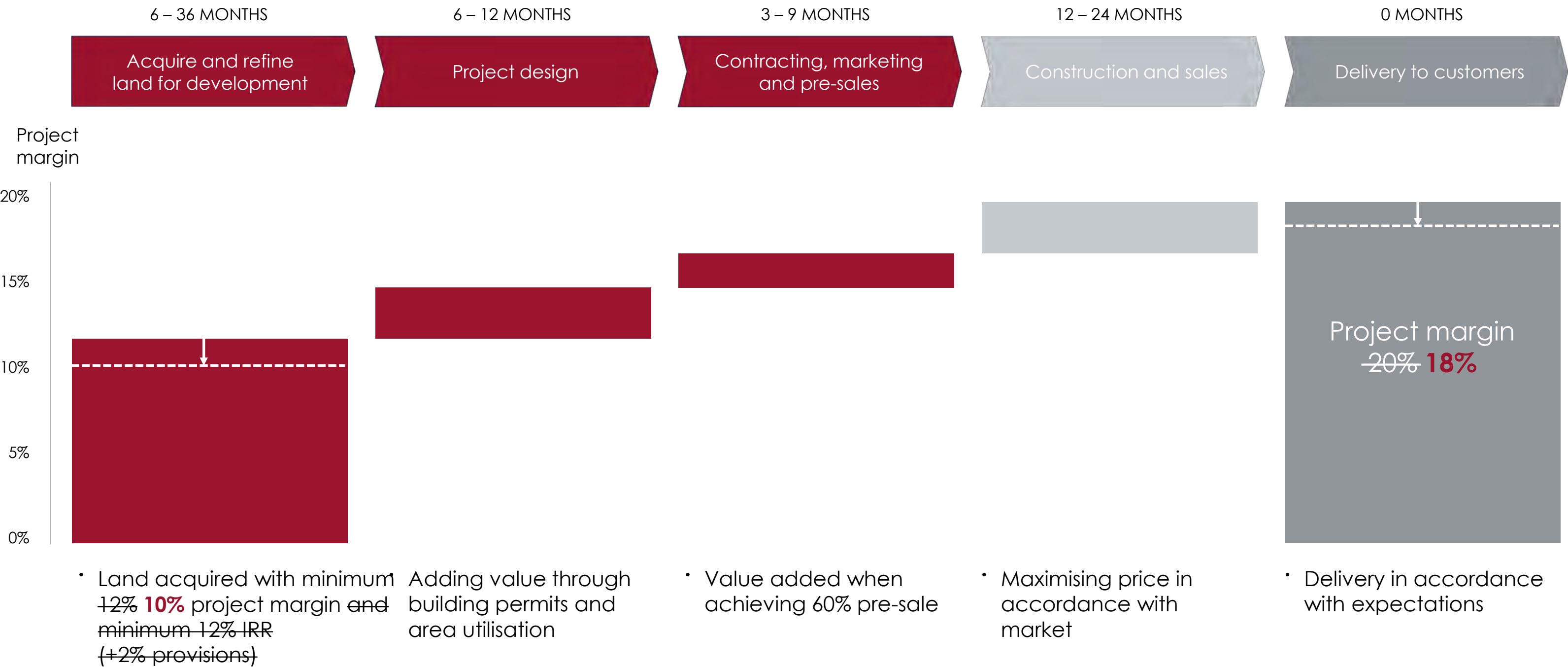
	1	BOOK VALUE OF LAND	2	MARKET VALUE OF LAND	3	LAND OWNED BY URBAN PROPERTY
Figures for illustration purposes only	MNOK	%	MNOK	%	MNOK	%
Sales revenue	348.5	100.0 %	348.5	100.0%	348.5	100.0%
Construction cost	195.8	56.2 %	195.8	56.2%	195.8	56.2%
Land cost	34.9	10.0 %	69.7	20.0%	85.2	24.4%
Other costs	24.5	7.0 %	24.5	7.0%	24.5	7.0%
Project cost	255.2	73.2 %	290.0	83.2%	305.5	87.7%
Net finance (excluding Urban Property)	11.0	3.2 %	16.8	4.8%	5.3	1.5%
TOTAL REVENUE	348.5	100.0 %	348.5	100.0%	348.5	100.0%
TOTAL COST	266.2	76.4 %	306.8	88.0%	310.9	89.2%
PROFIT	82.3	23.6 %	41.7	12.0 %	37.7	10.8%
Internal rate of return (IRR)		25.0 %		12.2%		28.0%



- 1 Initial project margin and IRR at current structure with book value of land about half of market value
- 2 Initial project margin and IRR at current structure given land at marked value
- 3 Initial project margin and IRR with Urban Property as partner and land at marked value (in addition to option premium)

67 Example apply a land ownership period in Urban Property of 3-4 years, and a finance cost of 4% on all capital employed in the project

Project margin will somewhat deflate* but higher IRR and less/no equity bound in land



* Assuming flat market development

Balance sheet implications and effects of dividend

Statements of financial position (figures in MNOK)	Reported Q4 2019	Transaction		Pro forma Q4 2019
		Sale	Dividend	
ASSETS				
Investments in associated companies and joint ventures	430	0	0	430
Loans to associated companies and joint ventures	130	-59	0	71
Other non-current assets	741	-143	0	598
Total non-current assets	1 301	-202	0	1 100
Inventory	4 299	-663	0	3 637
Other current receivables	133	0	0	133
Cash and cash equivalents	1 179	1 751	-2 055	875
Total current assets	5 611	1 088	-2 055	4 645
TOTAL ASSETS	6 912	887	-2 055	5 744
EQUITY AND LIABILITIES				
Total equity	3 383	1 043	-2 055	2 371
LIABILITIES				
Other non-current non interest-bearing liabilities	157	0	0	157
Non-current interest bearing liabilities	1 128	-157	0	971
Total non-current liabilities	1 284	-157	0	1 128
Current interest bearing liabilities	1 169	0	0	1 169
Other current non interest-bearing liabilities	1 076	0	0	1 076
Total current liabilities	2 245	0	0	2 245
Total liabilities	3 530	-157	0	3 373
TOTAL EQUITY AND LIABILITIES	6 912	887	-2 055	5 744
Equity%	49 %			41 %
Dividend per share (NOK)			22,0	

- Transaction value NOK 3 360m
- Repayment of debt
NOK 1 160m
- Free liquidity from transaction
NOK 1 800m
- EO dividend NOK 22 per share
- Pro forma equity down
~NOK 1 000 to NOK 2 364m
 - Equity ratio 41%, down from 49%

SELVAAG BOLIG