

SELVAAG BOLIG

Q4 2020

Fourth quarter results



Highlights of the fourth quarter 2020

- Operating revenues NOK 1 347 million (NOK 1 414 million)
- Adjusted EBITDA² NOK 358 million (NOK 398 million) and ordinary EBITDA¹ NOK 334 million (NOK 375 million)
- Pre-tax profit of NOK 347 million (NOK 375 million)
- Limited operational impact of Covid-19, projects progressing as normal
- 199 units⁵ sold (140) and construction started on 254 (248)
- 286 units completed (254) and 272 delivered (214)
- A total of 1 310 units (1 504) under construction at 31 December, with a combined sales value of NOK 6 413 million (NOK 7 155 million)
- 74 per cent of units under construction sold (70 per cent)
- The board proposes a dividend of NOK 3.00 per share (NOK 1.50) for the second half, which totals NOK 281.3 million. That corresponds to about 81 per cent of profit per share for the period. Total ordinary dividend for the year will be NOK 6.00 per share (NOK 3.50). A supplementary dividend of NOK 22 per share was paid in the first quarter of 2020 following the transaction with Urban Property
- Sverre Molvik took over as CEO and Øystein Klungland became COO

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

Key figures

(figures in NOK 1 000)

	Q4 2020	Q4 2019	2020	2019
IFRS main figures				
Operating revenues	1 347 207	1 414 449	2 697 950	3 368 838
EBITDA ¹	334 287	375 223	608 481	877 455
EBITDA adjusted ²	358 040	398 386	678 592	959 361
Operating profit/(loss)	348 229	372 374	1 643 805	864 707
Profit/(loss) before taxes	347 492	374 636	1 653 470	853 969
Net income	243 943	278 572	1 523 572	654 515
Cash flow from operating activities	922 900	943 696	1 615 689	985 901
Net cash flow	523 995	690 436	(293 353)	521 652
Interest-bearing liabilities	2 468 428	2 253 331	2 468 428	2 253 331
Total assets	5 970 802	6 912 432	5 970 802	6 912 432
Equity	2 437 815	3 382 084	2 437 815	3 382 084
Equity ratio	40.8%	48.9%	40.8%	48.9%
Earnings per share in NOK	2.62	3.00	16.33	7.04
Segment reporting (NGAAP⁴)				
Operating revenues	949 370	1 062 412	3 215 905	3 259 957
EBITDA ³	168 624	232 741	631 991	770 631
EBITDA margin	17.8%	21.9%	19.7%	23.6%
Key figures (net, adjusted for share in joint ventures)				
Number of units sold ⁵	199	140	683	752
Number of construction starts	254	248	496	830
Number of units delivered	272	214	720	732
Number of units completed	286	254	691	776

¹ EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

² EBITDA adjusted excludes financial expenses included in project cost. See note 6 for details.

³ EBITDA is operating profit before interest, tax, depreciation, amortisation, profit from joint ventures and other gains (losses).

⁴ The NGAAP accounts utilise the percentage of completion method, i.e. percentage of completion multiplied by the sales ratio.

⁵ Units sold are sales contracts entered into with customers pursuant to the Norwegian Housing Construction Act. In accordance with the IFRS, they are recognised as income on delivery.

Financial review

Summary of overall results

(figures in NOK 1 000)	Q4 2020	Q4 2019	2020	2019
Total operating revenues	1 347 207	1 414 449	2 697 950	3 368 838
Project expenses	(934 910)	(936 657)	(1 967 586)	(2 279 485)
Other operating expenses, salaries and personnel costs, depreciation and amortisation	(83 347)	(91 698)	(266 647)	(286 870)
Total operating expenses	(1 018 257)	(1 028 355)	(2 234 233)	(2 566 355)
Associated companies and joint ventures	2 843	(13 720)	134 961	62 224
Other gains (losses), net	16 436	-	1 045 127	-
Operating profit	348 229	372 374	1 643 805	864 707
Net financial expenses	(737)	2 262	9 665	(10 738)
Profit before taxes	347 492	374 636	1 653 470	853 969
Income taxes	(103 549)	(96 064)	(129 898)	(199 454)
Net income	243 943	278 572	1 523 572	654 515

Results for the fourth quarter of 2020

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

Selvaag Bolig had operating revenues of NOK 1 347.2 million (NOK 1 414.4 million) in the fourth quarter. Revenues from units delivered accounted for NOK 1 335 million (NOK 1 068.9 million) of the total. A commercial property and an option contract were sold by the group in the fourth quarter of 2019 for NOK 320 million in all. Other revenues derived from non-core activities, mainly provision of services.

A total of 272 units (214) were delivered in the quarter, including 264 (192) from consolidated project companies and eight (22) from joint ventures.

Project costs for the quarter totalled NOK 934.9 million (NOK 936.7 million), of which NOK 23.8 million (NOK 23.2 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 83.3 million (NOK 91.7 million) for the period. Payroll costs accounted for NOK 51.5 million (NOK 45.8 million) of this figure. The increase primarily reflected provisions for severance pay and termination of employment. In addition, NOK 4.9 million (NOK 5.5 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 29.3 million (NOK 43 million) for the quarter, including NOK 10.5 million (NOK 13.6 million) for sales and marketing.

The share of profit from associates and joint ventures came to NOK 2.8 million (loss of NOK 13.7 million) for the quarter. This increase from the same period of 2019 primarily reflected the fact that units delivered in the period came from projects with better margins than those in the corresponding quarter of 2019.

Other gain totalled NOK 16.4 million owing to a reclassification of tax payable in relation to the transaction with Urban Property. NOK 16.4 million previously included in net gain is now recognised as a tax expense. This increases both gain and tax expense. Comprehensive income is not affected. See note 7 for more information.

Reported EBITDA was NOK 334.3 million (NOK 375.2 million), corresponding to a margin of 24.8 per cent (26.5 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 358 million (NOK 398.4 million), corresponding to a margin of 26.6 per cent (28.2 per cent). The decline in EBITDA for the fourth quarter primarily reflected lower margins in individual projects compared with 2019. In addition, the number of units delivered by joint ventures was smaller than in the year before. 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 2.5 million (NOK 2.8 million) for the quarter. Operating profit thereby came to NOK 348.2 million (NOK 372.4 million).

Net financial expense amounted to NOK 0.7 million (income of NOK 2.3 million). Pre-tax profit for the quarter came to NOK 347.5 million (NOK 374.6 million).

Tax expense for the period came to NOK 103.5 million (NOK 96.1 million). This includes NOK 16.4 million previously recognised as net gain from the transaction with Urban Property. See above. Comprehensive income for the fourth quarter consequently came to NOK 243.9 million (NOK 278.6 million). NOK 244 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 278.6 million), and a negative NOK 0.1 million (NOK 0) to non-controlling shareholders.

Results for the full year 2020

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

Selvaag Bolig had operating revenues of NOK 2 698 million (NOK 3 368.8 million) for the year. Revenues from units delivered accounted for NOK 2 643.8 million (NOK 2 962.7 million) of the total. In addition, a commercial property and an option contract were sold by the group for a total of NOK 320 million in the fourth quarter of 2019. Revenues primarily declined from the year before because of the sales mentioned above and because a higher proportion of units delivered from joint ventures in 2020 are presented net. For more information on the effects of presenting joint-venture projects net. See note 8 on proportional consolidation. Other revenues related to non-core activities, mainly provision of services.

A total of 720 units (732) were delivered in the year, including 584 (635) from consolidated project companies and 136 (97) from joint ventures.

Project costs for the year totalled NOK 1 967.6 million (NOK 2 279.5 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 totalled NOK 266.6 million (NOK 286.9 million) for the period. Payroll costs accounted for NOK 149.8 million (NOK 132.2 million) of this figure. Changed accrual of incentive schemes yielded a rise of NOK 10.5 million for the year. The remaining increase primarily related to provision for severance payments and termination of employment. In addition, NOK 21.7 million (NOK 22 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 107 million (NOK 141.9 million), including NOK 33.1 million (NOK 55.8 million) for sales and marketing.

The share of profit from associates and joint ventures came to NOK 135 million (NOK 62.2 million). This increase primarily reflected a larger number of deliveries by joint ventures.

Other gains amounted to NOK 1 045.1 million. These related to the sale of a substantial proportion of the group's land portfolio to Urban Property. Furthermore, NOK 16.4 million in tax payable from the transaction are included in tax expense. The net accounting effects from this transaction came to NOK 1 028.7 million. See note 7 for more information.

Reported EBITDA less the gain from the Urban Property transaction came to NOK 608.5 million (NOK 877.5 million), corresponding to a margin of 22.6 per cent (26 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 678.6 million (NOK 959.4 million), corresponding to a margin of 25.2 per cent (28.5 per cent). The decline in EBITDA from 2019 primarily reflected 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 1 643.8 million (NOK 864.7 million) for the year. Net financial income amounted to NOK 9.7 million (expense of NOK 10.7 million). This includes a gain of NOK 11.2 million from the sale of a financial investment outside the core business.

Pre-tax profit came to NOK 1 653.5 million (NOK 854 million). Tax expense came to NOK 129.9 million (NOK 199.5 million), corresponding to an effective tax rate of 7.9 per cent. The low tax expense in 2020 must be viewed in relation to conducting the Urban Property transaction as a sale of shares, allowing the gain to be treated in accordance with the exemption method for share sales between limited companies. In addition comes the tax-free sale of shares in one of the group's housing projects and gain on the sale of a financial investment. These transactions have also been treated in accordance with the exemption method. Comprehensive income for the year came to NOK 1 523.6 million (NOK 654.5 million), with NOK 494.9 million related to ordinary operations and NOK 1 028.7 million representing net gain from the transaction with Urban Property. NOK 1

523.7 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 654.5 million), and a negative NOK 0.1 million (NOK 0) to non-controlling shareholders.

Cash flow

Consolidated net cash flow from operational activities was NOK 922.9 million (NOK 943.7 million) for the fourth quarter. The decline from the same period of 2019 primarily reflected a positive effect in the latter quarter from reduced accounts receivable for units delivered from the preceding three months. Settlement of receivables related to flats delivered made a positive contribution. See the change in the item on changes in other working capital assets.

For the full year, consolidated cash flow from operational activities was NOK 1 615.7 million (NOK 985.9 million). The rise from 2019 primarily reflected the settlement for the Urban Property transaction. 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. See note 5 on inventories for more information.

Net cash flow from investing activities was NOK 4.7 million (negative at NOK 9.7 million) for the quarter. The change from the same period of 2019 primarily reflected net receipts from the redemption of loan agreements with joint ventures.

Cash flow from investing activities for the year was NOK 413.8 million (NOK 64.1 million). The increase from 2019

primarily reflected the settlement for the Urban Property transaction covering equity interests in joint ventures and loans related to these. See note 7. In addition, dividends received from joint ventures increased in 2020. Disbursements in the period related mainly to financing joint ventures.

Net cash flow from financing activities was negative at NOK 403.6 million (NOK 243.6 million) for the quarter. The change from the same period of 2019 primarily reflected increased redemption of construction loans.

During the full year, net cash flow from financing activities was negative at NOK 2 322.9 million (NOK 528.4 million). The change from 2019 primarily reflected the supplementary dividend of NOK 2 055.3 million paid following the Urban Property transaction. Refinancing of land loans in connection with the transaction is described in note 7. Other changes in liabilities related primarily to the drawdown and redemption of construction loans.

The group's holding of cash and cash equivalents at 31 December totalled NOK 885.3 million (NOK 1 178.7 million), an increase of NOK 524 million from 30 September and a decline of NOK 293.4 million from a year earlier.

Cash flow summary

(figures in NOK 1 000)	Q4 2020	Q4 2019	2020	2019
Profit before taxes	347 492	374 636	1 653 470	853 969
Net cash flow from operating activities	922 900	943 696	1 615 689	985 901
Net cash flow from investment activities	4 697	(9 652)	413 846	64 128
Net cash flow from financing activities	(403 602)	(243 607)	(2 322 888)	(528 377)
Net change in cash and cash equivalents	523 995	690 436	(293 353)	521 652
Cash and cash equivalents at start of period	361 338	488 250	1 178 686	657 034
Cash and cash equivalents at end of period	885 333	1 178 686	885 333	1 178 686

Financial position

The carrying amount of Selvaag Bolig's total inventory (land, units under construction and completed units) at 31 December was NOK 3 940.8 million, compared with NOK 4 274.6 million at 30 September and NOK 3 636.7 million a year earlier. The decline in the fourth quarter primarily reflected

units delivered. See note 5 for a further specification of inventory.

Equity was NOK 2 437.8 million (NOK 3 382.1 million) at 31 December, corresponding to an equity ratio of 40.8 per cent

(48.9 per cent). Selvaag Bolig ASA paid a supplementary dividend of NOK 2 055.3 million in the first quarter, following the Urban Property transaction. 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. A dividend of NOK 279.8 million (NOK 185.9 million) was paid in the fourth quarter on the basis of profit for the first half of 2020. Non-controlling interests amounted to NOK 7.8 million (NOK 7.9 million) of equity.

Other current non-interest-bearing liabilities for the group totalled NOK 651.1 million (NOK 710.7 million) at 31 December, of which NOK 278.1 million (NOK 207.1 million) represented advance payments from customers.

At 31 December, consolidated interest-bearing debt amounted to NOK 2 468.4 million (NOK 2 253.3 million), of which NOK 1 100.3 million (NOK 1 092.3 million) was non-current and NOK 1 368.1 million (NOK 1 161 million) was current. NOK 694.1 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 248.1 million (NOK 1 294.1 million) at 31 December. 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.

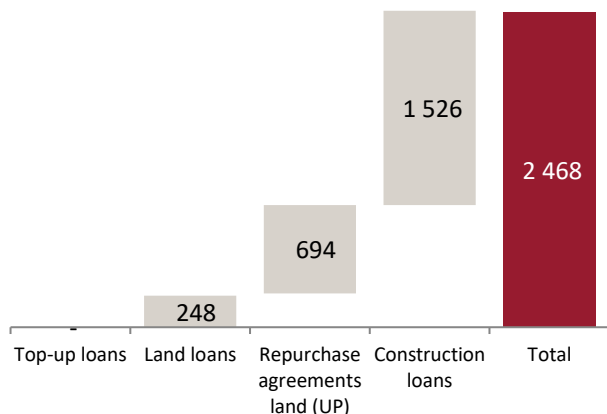
Selvaag Bolig ASA has a credit facility agreement of NOK 150 million with DNB, which matures in April 2022. This facility was reduced from NOK 500 million to NOK 150 million in January 2020 in connection with the sale of parts of the land bank to Urban Property. The group also has an annually renewed overdraft facility of NOK 150 million with DNB. No drawings had been made against any of these facilities at 31 December.

Net interest-bearing debt

(figures in NOK 1 000)	Q4 2020	Q3 2020	2019
Non-current interest-bearing debt	1 100 293	1 255 561	1 092 288
Current interest-bearing debt	674 014	885 413	1 161 043
Current liabilities repurchase agreements and seller	694 121	730 637	-
Cash and cash equivalents	(885 333)	(361 338)	(1 178 686)
Net interest-bearing debt	1 583 095	2 510 273	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 31 December, the group had no top-up loans, land loans of NOK 248 million, repurchase agreements with Urban Property of NOK 694 million and total construction loans of NOK 1 526 million.

Interest-bearing debt at 31 December 2020 (NOK mill)



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.

At 31 December, interest of NOK 164 million on land loans had been capitalised, while interest of NOK 84 million relating to land loans was recognised in profit and loss.

In connection with the Urban Property transaction on 21 January, a large proportion of the group's land loans were redeemed and replaced with liabilities in the form of repurchase agreements with Urban Property. See note 7 for a description of the transaction. This means that interest charges on land loans related to these sites, which are collectively designated portfolio B, have been replaced by option premiums paid quarterly. These premiums are treated in the accounts in the same way as the land-loan interest charges, being capitalised as inventory and included in the cost of sales on delivery of completed units. Option premiums paid and capitalised for sites in portfolio B came to NOK 5.3 million for the fourth quarter and NOK 30.2 million for the year.

Portfolio C comprises land which the group has the right or obligation to purchase from Urban Property in the future. See note 7 for more information. Provision for accrued option premiums is made quarterly as other long-term assets and other long-term liabilities respectively in Selvaag Bolig's consolidated accounts. The asset is reclassified as inventory when the land is taken over. Provision for and capitalisation of option premiums for portfolio C came to NOK 4.2 million for the fourth quarter and NOK 13.9 million for the year.

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 fourth quarter 2020

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q4 20	Q4 19	Q4 20	Q4 19	Q4 20	Q4 19
Property development	937 858	1 043 457	225 175	286 415	252 030	298 173
Other	11 512	18 955	(56 551)	(53 674)	(40 298)	(54 148)
IFRS adjustments	397 837	352 037	165 663	142 482	136 497	128 349
Total group	1 347 207	1 414 449	334 287	375 223	348 229	372 374

Segments for the full year 2020

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	12M 20	12M 19	12M 20	12M 19	12M 20	12M 19
Property development	3 165 232	3 204 163	800 377	921 317	939 871	1 023 012
Other	50 673	55 794	(168 386)	(150 686)	876 224	(153 965)
IFRS adjustments	(517 955)	108 881	(23 510)	106 824	(172 290)	(4 340)
Total group	2 697 950	3 368 838	608 481	877 455	1 643 805	864 707

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 fourth quarter were NOK 937.9 million (NOK 1 043.5 million). They derived from 18 projects (19) in production. The decline in revenues compared with the same period a year earlier reflected the 2019 sale of a commercial property and an option contract for NOK 320 million in all.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 712.7

million (NOK 757 million) for the fourth 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 225.2 million (NOK 286.4 million) for the quarter, corresponding to a profit margin of 24 per cent (27.4 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 fourth quarter came to NOK 11.5 million (NOK 19 million), while operating costs amounted to NOK 68 million (NOK 72.6 million). Costs relate largely to remuneration for the administration and management, as well as to central marketing. EBITDA was thereby negative at NOK 56.6 million (NOK 53.7 million).

Review of operations

All figures are presented net, adjusted for Selvaag Bolig's share of joint ventures, unless otherwise specified. Units sold are sales contracts entered into with customers pursuant to the Norwegian Housing Construction Act. Pursuant to the IFRS, these are recognised as income on delivery.

Operations

Gross sales during the quarter totalled 225 units with a combined value of NOK 1 177 million. Selvaag Bolig's share amounted to 199 units with a combined value of NOK 1 010 million.

Work started on constructing 254 units during the fourth quarter, so that Selvaag Bolig had 1 310 units worth some NOK 6.4 billion under construction at 31 December. A total of 286 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 group has projects in Oslo, Bærum, Asker, Lørenskog, Ski, Ås, Fredrikstad, Stavanger, Sandnes, Sola, Tønsberg, Trondheim, Bergen and Stockholm. However, no projects were under construction in Bergen, Sandnes, Bærum, Fredrikstad or Stockholm during the fourth quarter.

Quarterly development of the project portfolio

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Units sold	140	164	142	178	199
Construction starts	248	15	31	196	254
Units completed	254	89	104	212	286
Units delivered	214	114	122	212	272
Units under construction	1 504	1 431	1 357	1 342	1 310
Proportion of sold units under construction	70 %	76 %	78 %	77 %	74 %
Completed unsold units	56	37	25	19	19
Sales value of units under construction (NOK million)	7 155	6 742	6 327	6 660	6 413

Purchase and sale of land

The group entered into purchase agreements for two Stockholm sites - Slakthusområdet and Årstafältet - expected to provide 150 and 120 units respectively. These Swedish purchases will be made directly by Selvaag Bolig. The agreements related to land provided by the relevant local authorities, and therefore tie up no capital. Settlement will be made when the sites are ready for construction.

In addition, an agreement was entered into during the quarter to acquire Lilleakerveien 47 in western Oslo, which can provide about 150 units. This acquisition will be implemented in accordance with the collaboration agreement with Urban Property.

Furthermore, with effect from January 2020, large parts of Selvaag Bolig's available land portfolio is owned by Urban Property. The companies are long-term and strategic partners. Urban Property is a financially sound, well-capitalised and predictable partner. The collaboration agreement includes the following elements:

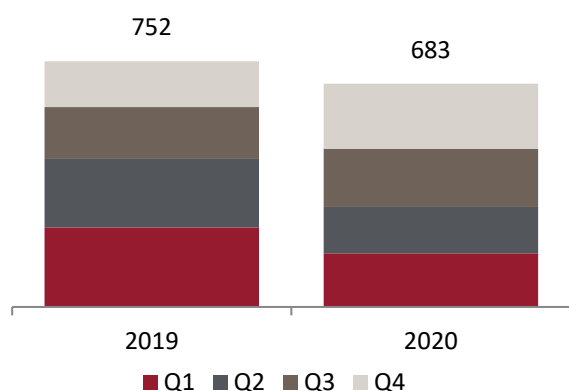
- Urban Property has a pre-emptive right to buy new land Selvaag Bolig wants to develop.
- Selvaag Bolig has an option to buy back the land from Urban Property.
- The land is repurchased in stages by Selvaag Bolig at its original acquisition price plus an annual option premium of Nibor plus 3.75 per cent. In addition comes a transaction fee, which is 0.5 per cent when Urban Property buys property from the landowner and two per cent when Selvaag Bolig buys from Urban Property.
- The agreement includes financial covenants.

Where Selvaag Bolig is concerned, this means:

- that the company eliminates the need for equity to buy land, in that Selvaag Bolig pays 50 per cent of the purchase price to Urban Property on taking over a property (when construction starts) and 50 per cent on completion of the project.
- a higher return on equity.
- that a higher share of the profit can be distributed as dividend.
- a more efficient and predictable financing of new and existing land.
- increased competitiveness when buying land.
- that the downside risk for Selvaag Bolig is limited to 48 months of option premiums (break fee).

Sales development and progress

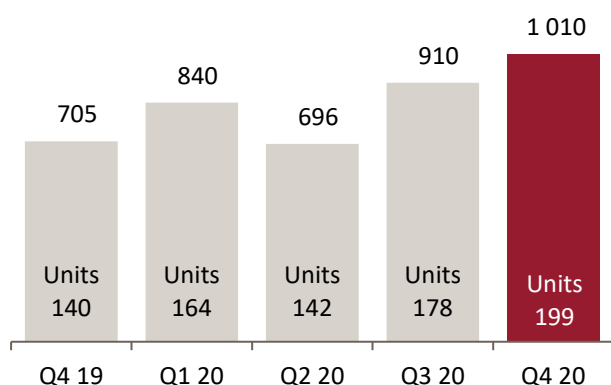
Units sold



Total housing sales during the fourth quarter, including Selvaag Bolig's relative share of joint ventures, amounted to

199 units with a combined sales value of NOK 1 010 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 140 units with a combined value of NOK 705 million.

Value of units sold (NOK mill)



Selvaag Bolig started sales during the quarter in three projects, comprising 62 residential units (32).

Sales starts in the quarter

Project	No of units	Category	Region
Langhus Hus C	24	Flat	Greater Oslo
Skårerbyen Pluss	20	Flat	Greater Oslo
Luratoppen	18	Flat	Rogaland
Total	62		

Construction began on 254 (248) units during the quarter. At 31 December, Selvaag Bolig consequently had 1 310 (1 504) units under construction. They included 1 206 units in Greater Oslo and 104 in Rogaland county.

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 31 December - in other words, the sales value of the 1 310 (1 504) units then under construction - was NOK 6 413 million (NOK 7 155 million).

A total of 286 (254) units were completed in the fourth quarter, and 272 (214) - including ones completed earlier - were delivered. The completed units were spread over three projects.

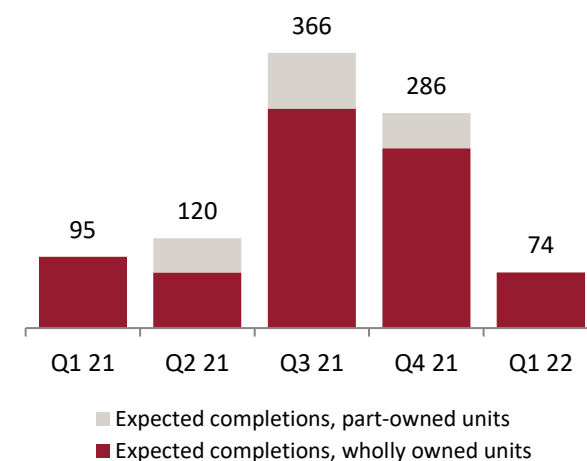
At 31 December, the group held 19 (56) completed but unsold units. Consolidated project companies accounted for 264 (192) of the units delivered, while eight (22) were in part-owned project companies.

Units completed by project

Prosjekt	# enheter	Boligtype	Region
Lørenporten Felt B	125	Leiligheter	Stor-Oslo
Lørenskog Stasjonsby Tribunen	62	Leiligheter	Stor-Oslo
Skårerløkka	99	Leiligheter	Stor-Oslo
Totalt	286		

Based on anticipated progress for the projects, 95 units are expected to be completed in the first quarter of 2021. Estimated completions for 2021 as a whole amount to 867 units.

Expected number of completions



Share information

The company had 93.77 million issued shares at 31 December, divided between 3 547 shareholders.

The 20 largest shareholders controlled 79.9 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 45.85 to NOK 57.90, which was also the closing price at 31 December. That compared with NOK 51.80 at 30 September, and the share price accordingly rose by 12 per cent over the quarter.

Just under 4.2 million shares, or 4.5 per cent of the overall number outstanding, were traded during the period. Share turnover totalled NOK 213.5 million during the quarter, corresponding to an average daily figure of roughly NOK 3.3 million.

20 largest shareholders at 31 December 2020

Shareholder	# of shares	% share
SELVAAG AS	50 180 087	53.5%
Skandinaviska Enskilda Banken AB *	6 049 720	6.5%
PARETO INVEST AS	2 652 746	2.8%
Morgan Stanley & Co. Int. Plc. *	2 632 236	2.8%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 989 929	2.1%
JPMorgan Chase Bank, N.A., London *	1 853 972	2.0%
State Street Bank and Trust Comp *	1 540 053	1.6%
MUSTAD INDUSTRIER AS	870 000	0.9%
J.P. Morgan Bank Luxembourg S.A. *	776 249	0.8%
Brown Brothers Harriman & Co. *	709 324	0.8%
Landkreditt Utbytte	650 000	0.7%
VERDIPAPIRFONDET HOLBERG NORGE	650 000	0.7%
SANDEN AS	601 588	0.6%
BANAN II AS	600 000	0.6%
SPARHANS AS	547 221	0.6%
VERDIPAPIRFONDET EIKAR SPAR	528 300	0.6%
Brown Brothers Harriman & Co. *	522 650	0.6%
Morgan Stanley & Co. International	510 603	0.5%
J.P. Morgan Bank Luxembourg S.A. *	510 005	0.5%
SEB PRIME SOLUTIONS SISSENER CANOP	500 000	0.5%
Total 20 largest shareholders	74 874 683	79.9%
Other shareholders	18 891 005	20.1%
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.

Selvaag Bolig has implemented measures in connection with the Covid-19 pandemic to protect customers, employees, suppliers and others. The City of Oslo has introduced guidelines for all workplaces within its boundaries. In accordance with these, employees at Selvaag Bolig's Oslo head office who can do their job satisfactorily without being physically present have been told to work from home until new guidelines are introduced. Measures adopted by the group to maintain sales activity include making provision for virtual viewing and increased use of private views. The group is otherwise operating normally. At 16 February 2021, current projects are progressing virtually as planned and have not been affected by entry restrictions for foreign workers.

Housing sales have been good. For the fourth quarter and second half in all, they were the best in the group's history measured by turnover. However, 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.

As a pure housing developer, without its own construction arm, Selvaag Bolig puts all building work out to competitive tender. This means the group has great operational flexibility and can adapt its operations at short notice to changing levels of activity in the market. As a general rule, it requires 60 per cent advance sales before initiating projects. Seventy-four per cent of total units under construction and 86 per cent of planned completions in 2021 had been sold at 31 December.

Selvaag Bolig is well placed organisationally, operationally and financially to maintain and strengthen its position in the time to come.

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

Transactions with related parties

Selvaag Bolig had no significant transactions with related parties in the fourth quarter. See note 23 to the group's

annual reports for detailed information on transactions with related parties in earlier years.

Housing market

Activity in the Norwegian housing market was high in the second half and fourth quarter, particularly in the Oslo area.

According to Statistics Norway, seasonally adjusted national house prices at 31 December were on average 2.7 per cent higher than at 30 September and up by 7.1 per cent from 31 December 2019. Price developments differed between Selvaag Bolig's core areas during the quarter. Overall prices rose by 4.8 per cent during the quarter in Oslo including

Bærum, and were 7.8 per cent higher than at 31 December 2019. In Akershus excluding Bærum, prices rose by 3.6 per cent and were up by 7.8 per cent from 31 December 2019. Prices in Stavanger rose by 1.4 per cent during the quarter, and were 10 per cent higher than at 31 December 2019. Prices in Bergen increased by 2.5 per cent in the quarter and were up by 7.4 per cent from 31 December 2019. In Trondheim, prices rose by 3.1 per cent for the quarter and were 6.4 per cent higher than at 31 December 2019.

Outlook

Selvaag Bolig is well positioned, with large projects centrally located in and around Greater Oslo, Stavanger, Bergen and Trondheim. The company is also in a build-up phase in the Stockholm region.

Activity was high during the second half in the newbuild market, particularly in the Oslo area, and this has continued since the New Year. However, 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. Low interest rates for residential mortgage, high household purchasing power and demographic trends mean that Selvaag Bolig expects a good market for new housing in the time to come. However, uncertainty exists over the long-term effects of Covid-19. A possible increase in mortgage interest rates, higher unemployment and a tightening in the residential mortgage regulations could curb demand

Interim financial statements (IFRS)

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Note	Q4 2020	Q4 2019	2020	2019
Revenues		1 335 016	1 388 650	2 643 756	3 282 480
Other revenues		12 191	25 799	54 194	86 358
Total operating revenues		1 347 207	1 414 449	2 697 950	3 368 838
Project expenses		(934 910)	(936 657)	(1 967 586)	(2 279 485)
Salaries and personnel costs		(51 545)	(45 844)	(149 849)	(132 213)
Depreciation and amortisation		(2 494)	(2 849)	(9 803)	(12 748)
Other operating expenses		(29 308)	(43 005)	(106 995)	(141 909)
Total operating expenses		(1 018 257)	(1 028 355)	(2 234 233)	(2 566 355)
Associated companies and joint ventures		2 843	(13 720)	134 961	62 224
Other gains (losses), net	7	16 436	-	1 045 127	-
Operating profit		348 229	372 374	1 643 805	864 707
Financial income		2 499	9 984	21 313	16 742
Financial expenses		(3 236)	(7 722)	(11 648)	(27 480)
Net financial expenses		(737)	2 262	9 665	(10 738)
Profit/(loss) before taxes		347 492	374 636	1 653 470	853 969
Income taxes		(103 549)	(96 064)	(129 898)	(199 454)
Net income		243 943	278 572	1 523 572	654 515
Other comprehensive income/expenses					
Translation differences		(3 910)	6	4 311	(6)
Total comprehensive income/(loss) for the period		240 033	278 578	1 527 883	654 509
Net income for the period attributable to:					
Non-controlling interests		(74)	-	(74)	-
Shareholders in Selvaag Bolig ASA		244 017	278 572	1 523 646	654 515
Total comprehensive income/(loss) for the period attributable to:					
Shareholders in Selvaag Bolig ASA		240 107	278 578	1 527 957	654 509
Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:					
Earnings per share (basic and diluted) in NOK		2.62	3.00	16.33	7.04

Statements of financial position

(figures in NOK 1 000)	Note	Q4 2020	Q3 2020	2019
ASSETS				
Non-current assets				
Goodwill		383 376	383 376	383 376
Property, plant and equipment		7 332	5 329	5 588
Right-of-use lease assets		34 976	37 287	44 219
Investments in associated companies and joint ventures		406 850	398 637	430 281
Loans to associated companies and joint ventures		73 539	85 369	70 893
Other non-current assets		119 601	113 562	165 283
Total non-current assets		1 025 674	1 023 560	1 099 640
Current assets				
Inventories (property)	5, 7	3 940 793	4 274 588	3 636 663
Trade receivables		70 466	69 454	82 220
Other current receivables		48 536	422 297	51 052
Cash and cash equivalents		885 333	361 338	1 178 686
Assets held for sale	7	-	-	864 171
Total current assets		4 945 128	5 127 677	5 812 792
TOTAL ASSETS		5 970 802	6 151 237	6 912 432
EQUITY AND LIABILITIES				
Equity attributed to shareholders in Selvaag Bolig ASA		2 430 023	2 170 765	3 374 218
Non-controlling interests		7 792	7 866	7 866
Total equity		2 437 815	2 178 631	3 382 084
LIABILITIES				
Non-current liabilities				
Pension liabilities		1 030	1 482	1 017
Deferred tax liabilities		26 370	46 664	24 444
Provisions		60 373	60 373	60 373
Other non-current liabilities	7	17 810	14 552	3 105
Non-current lease liabilities		26 738	28 869	35 263
Non-current interest-bearing liabilities		1 100 293	1 255 561	1 092 288
Total non-current liabilities		1 232 614	1 407 501	1 216 490
Current liabilities				
Current lease liabilities		8 524	8 374	7 922
Current interest-bearing liabilities		674 014	885 413	1 161 043
Current liabilities repurchase agreements and seller credits	7	694 121	730 637	-
Trade payables		137 495	118 058	167 633
Current tax payables		135 130	113 816	208 488
Other current non-interest-bearing liabilities		651 089	708 807	710 728
Liabilities directly associated with assets classified as held for sale	7	-	-	58 044
Total current liabilities		2 300 373	2 565 105	2 313 858
Total liabilities		3 532 987	3 972 606	3 530 348
TOTAL EQUITY AND LIABILITIES		5 970 802	6 151 237	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	-	-	-	-	-	(2 475 244)	(2 475 244)	-	(2 475 244)
Share buy back	(600)	-	-	-	-	(15 459)	(16 059)	-	(16 059)
Employee share programme	754	-	-	-	-	18 397	19 151	-	19 151
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	1 523 646	1 523 646	(74)	1 523 572
Other comprehensive income/(loss) for the period	-	-	-	4 311	-	-	4 311	-	4 311
Equity at 31 December 2020	186 996	1 394 857	700 629	10 097	3 528	133 915	2 430 025	7 792 *	2 437 815

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	-	-	-	-	-	(418 179)	(418 179)	-	(418 179)
Share buy back	-	-	-	-	-	-	-	-	-
Employee share programme	985	-	-	-	-	30 133	31 118	-	31 118
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(1 500)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	654 515	654 515	-	654 515
Other comprehensive income/(loss) for the period	-	-	-	(6)	-	-	(6)	-	(6)
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	Q4 2020	Q4 2019	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxes		347 492	374 636	1 653 470	853 969
Income taxes paid		(86 533)	(110 060)	(207 419)	(158 888)
Depreciation and amortisation		2 494	2 849	9 803	12 748
Other gains (losses), net	7	(16 436)	-	(1 045 127)	-
Disposal of assets and liabilities held for sale	7	-	-	1 681 231	-
companies and joint ventures		(2 843)	13 720	(134 961)	(62 224)
Changes in inventories (property)	5	345 366	369 275	(244 735)	62 734
Changes in trade receivables		(1 012)	175 114	11 754	132 787
Changes in trade payables		19 437	70 412	(30 138)	(13 727)
Changes in other operating working capital assets		374 024	24 163	(19 382)	10 189
Changes in other operating working capital		(59 089)	23 587	(58 807)	148 312
Net cash flow from operating activities		922 900	943 696	1 615 689	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		(2 211)	(19)	(2 278)	(453)
Proceeds from sale of associated companies		-	-	-	44 500
Purchases of associated companies and joint ventures		(5 000)	(7 733)	(10 065)	(19 219)
Proceeds from sale of other investments and repayment of loans	7	23 058	-	312 033	22 000
Purchases of other investments and loans		(11 150)	(1 900)	(55 250)	(22 300)
Dividends and disbursements from associated companies and joint ventures		-	-	169 406	39 500
Net cash flow from investment activities		4 697	(9 652)	413 846	64 128
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	7	493 157	293 270	2 720 291	1 398 284
Repayments of borrowings	7	(907 911)	(555 030)	(2 558 587)	(1 518 391)
Repayments of lease liabilities		(2 001)	(2 613)	(7 943)	(10 454)
Dividends paid to equity holders of Selvaag Bolig		-	-	(2 475 244)	(418 179)
Payment of profit sharing and dividends to non-controlling interests in subsidiaries		-	-	-	(1 500)
Share buy back Selvaag Bolig ASA		-	-	(16 059)	-
Proceeds from disposal of shares Selvaag Bolig ASA		13 153	20 765	14 653	21 864
Net cash flow from financing activities		(403 602)	(243 607)	(2 322 888)	(528 377)
Net change in cash and cash equivalents		523 995	690 436	(293 353)	521 652
Cash and cash equivalents at start of period		361 338	488 250	1 178 686	657 034
Cash and cash equivalents at end of period		885 333	1 178 686	885 333	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.

Fourth quarter 2020

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	937 858	11 512	949 370
Project expenses	(697 159)	(245)	(697 404)
Other operating expenses	(15 524)	(67 818)	(83 342)
EBITDA (percentage of completion)	225 175	(56 551)	168 624
Reconciliation EBITDA to operating profit (loss)			
EBITDA (percentage of completion)	225 175	(56 551)	168 624
Sales revenues (adjustment effect of percentage of completion)	(909 334)	-	(909 334)
Sales revenues (completed contract)	1 307 171	-	1 307 171
Project expenses (adjustment effect of percentage of completion)	652 260	-	652 260
Project expenses (completed contract)	(889 766)	-	(889 766)
Lease liabilities	2 489	-	2 489
Depreciation and amortisation	-	(2 494)	(2 494)
Share of income (losses) from associated companies and joint ventures	2 843	-	2 843
Other gain (loss), net	-	16 436	16 436
Operating profit (loss)	390 838	(42 609)	348 229
Units under construction	1 310	N/A	N/A
Units delivered	272	N/A	N/A

Fourth quarter 2019

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	1 043 457	18 955	1 062 412
Project expenses	(737 833)	(376)	(738 209)
Other operating expenses	(19 209)	(72 253)	(91 462)
EBITDA (percentage of completion)	286 415	(53 674)	232 741
Reconciliation EBITDA to operating profit (loss)			
EBITDA (percentage of completion)	286 415	(53 674)	232 741
Sales revenues (adjustment effect of percentage of completion)	(713 587)	-	(713 587)
Sales revenues (completed contract)	1 065 624	-	1 065 624
Project expenses (adjustment effect of percentage of completion)	473 195	-	473 195
Project expenses (completed contract)	(671 643)	-	(671 643)
Lease liabilities	2 613	-	2 613
Depreciation and amortisation	-	(2 849)	(2 849)
Share of income (losses) from associated companies and joint ventures	(13 720)	-	(13 720)
Other gain (loss), net	-	-	-
Operating profit (loss)	428 897	(56 523)	372 374
Units under construction	1 504	N/A	N/A
Units delivered	214	N/A	N/A

At 31 Dec 2020

(figures in NOK 1 000)

Operating revenues	3 165 232	50 673	3 215 905
Project expenses	(2 316 388)	(729)	(2 317 117)
Other operating expenses	(48 467)	(218 330)	(266 797)
EBITDA (percentage of completion)	800 377	(168 386)	631 991
Reconciliation EBITDA to Operating profit (loss):			
EBITDA (percentage of completion)	800 377	(168 386)	631 991
Sales revenues (adjustment effect of percentage of completion)	(3 127 434)	-	(3 127 434)
Sales revenues (completed contract)	2 609 480	-	2 609 480
Project expenses (adjustment effect of percentage of completion)	2 238 612	-	2 238 612
Project expenses (completed contract)	(1 888 905)	-	(1 888 905)
Lease liabilities	9 776	-	9 776
Depreciation and amortisation	-	(9 803)	(9 803)
Share of profits (losses) from associated companies and joint ventures	134 961	-	134 961
Other gain (loss), net	-	1 045 127	1 045 127
Operating profit (loss)	776 867	866 938	1 643 805
Units under construction	1 310	N/A	N/A
Units delivered	720	N/A	N/A

At 31 Dec 2019

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	3 204 163	55 794	3 259 957
Project expenses	(2 203 911)	(839)	(2 204 750)
Other operating expenses	(78 935)	(205 641)	(284 576)
EBITDA (percentage of completion)	921 317	(150 686)	770 631
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	921 317	(150 686)	770 631
Sales revenues (adjustment effect of percentage of completion)	(2 828 584)	-	(2 828 584)
Sales revenues (completed contract)	2 937 465	-	2 937 465
Project expenses (adjustment effect of percentage of completion)	1 917 090	-	1 917 090
Project expenses (completed contract)	(1 991 825)	-	(1 991 825)
Lease liabilities	10 454	-	10 454
Depreciation and amortisation	-	(12 748)	(12 748)
Share of profits (losses) from associated companies and joint ventures	62 224	-	62 224
Other gain (loss), net	-	-	-
Operating profit (loss)	1 028 141	(163 434)	864 707
Units under construction	1 504	N/A	N/A
Units delivered	732	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)	Q4 2020	Q3 2020	2019
Land (undeveloped)	909 297	979 002	1 020 774
Work in progress	2 911 003	3 171 639	2 433 245
Completed units	120 493	123 947	182 644
Carrying amount	3 940 793	4 274 588	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)	Q4 2020	Q4 2019	2020	2019
Project expenses	(934 910)	(936 657)	(1 967 586)	(2 279 485)
Finance expenses	(23 753)	(23 163)	(70 111)	(81 906)
Other project expenses	(911 157)	(913 494)	(1 897 475)	(2 197 579)

(figures in NOK 1 000)	Q4 2020	Q4 2019	2020	2019
EBITDA ¹	334 287	375 223	608 481	877 455
EBITDA margin	24.8%	26.5%	22.6%	26.0%
EBITDA adjusted ²	358 040	398 386	678 592	959 361
EBITDA margin adjusted	26.6%	28.2%	25.2 %	28.5%

¹ EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

² EBITDA adjusted excludes financial expenses included in project costs.

Profit for the first nine months 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 preemption 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 buyback 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 Nordr 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 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 Sinseneien 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 Sinseneien 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 5.3 million in the fourth quarter and NOK 30.2 million for the year. 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 (break fee). In addition comes a transaction fee, which is 0.5 per cent when Urban Property buys property from the landowner and two per cent when Selvaag Bolig buys from Urban Property. Selvaag Bolig pays 50 per cent of the purchase price to Urban Property on taking over a property and 50 per cent on completion of the project.

SBO repurchased one site from Portfolio B during the fourth quarter. In addition, three sites were repurchased in 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 694 million at 31 December.

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 4.2 million in the fourth quarter and NOK 13.9 million for the year. 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 (break fee). The option premiums are supplemented by a transaction fee, which is 0.5 per cent when Urban Property buys property from the landowner and two per cent when Selvaag Bolig buys from Urban Property. Selvaag Bolig pays 50 per cent of the purchase price to Urban Property on taking over a property and 50 per cent on completion of the project.

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		937 741		(3 575)			934 166
Gain from sale of joint ventures					125 984		125 984
Fees subject to completion of transaction						(15 023)	(15 023)
Profit (loss) before income taxes		937 741	-	(3 575)	125 984	(15 023)	1 045 127
Income tax payable		(16 436)					(16 436)
Net income		921 305		(3 575)	125 984	(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.

Statement of proportional consolidation

	Q4 2020			Q4 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	1 335 016	86 038	1 421 054	1 388 650	107 620	1 496 270
Other revenues	12 191	4 284	16 475	25 799	5 553	31 352
Total operating revenues	1 347 207	90 322	1 437 529	1 414 449	113 173	1 527 622
Project expenses	(934 910)	(80 713)	(1 015 623)	(936 657)	(112 811)	(1 049 468)
Salaries and personnel costs	(51 545)	(456)	(52 001)	(45 844)	(559)	(46 403)
Depreciation and amortisation	(2 494)	(991)	(3 485)	(2 849)	(2 416)	(5 265)
Other operating expenses	(29 308)	(6 012)	(35 320)	(43 005)	(10 372)	(53 377)
Total operating expenses	(1 018 257)	(88 171)	(1 106 428)	(1 028 355)	(126 158)	(1 154 513)
Associated companies and joint ventures	2 843	(2 843)	-	(13 720)	13 720	-
Other gains (losses), net	16 436	-	16 436	-	-	-
Operating profit	348 229	(692)	347 537	372 374	735	373 109
Financial income	2 499	36	2 535	9 984	194	10 178
Financial expenses	(3 236)	(976)	(4 212)	(7 722)	(5 405)	(13 127)
Net financial expenses	(737)	(940)	(1 677)	2 262	(5 211)	(2 949)
Profit/(loss) before taxes	347 492	(1 632)	345 860	374 636	(4 477)	370 159
Income taxes	(103 549)	1 631	(101 918)	(96 064)	4 476	(91 588)
Net income	243 943	-	243 943	278 572	-	278 572
EBITDA margin¹	24.8%	N/A	23.3%	26.5%	N/A	24.8%
EBITDA margin adj²	26.6%	N/A	25.0%	28.2%	N/A	26.7%

¹ EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

² EBITDA adjusted excludes financial expenses included in project costs. See note 6.

	12M 2020			12M 2019		
	Adj share Assoc/JV		Pro forma gross	Adj share Assoc/JV		Pro forma gross
	IFRS	gross	Assoc/JV	IFRS	gross	Assoc/JV
(figures in NOK 1 000)						
Revenues	2 643 756	839 288	3 483 044	3 282 480	492 461	3 774 941
Other revenues	54 194	15 706	69 900	86 358	22 030	108 388
Total operating revenues	2 697 950	854 994	3 552 944	3 368 838	514 491	3 883 329
Project expenses	(1 967 586)	(667 577)	(2 635 163)	(2 279 485)	(372 297)	(2 651 782)
Salaries and personnel costs	(149 849)	(1 779)	(151 628)	(132 213)	(1 902)	(134 115)
Depreciation and amortisation	(9 803)	(3 918)	(13 721)	(12 748)	(9 906)	(22 654)
Other operating expenses	(106 995)	(24 575)	(131 570)	(141 909)	(34 662)	(176 571)
Total operating expenses	(2 234 233)	(697 848)	(2 932 081)	(2 566 355)	(418 767)	(2 985 122)
Associated companies and joint ventures	134 961	(134 961)	-	62 224	(62 224)	-
Other gains (losses), net	1 045 127	-	1 045 127	-	-	-
Operating profit	1 643 805	22 185	1 665 990	864 707	33 500	898 207
Financial income	21 313	93	21 406	16 742	303	17 045
Financial expenses	(11 648)	(3 736)	(15 384)	(27 480)	(15 619)	(43 099)
Net financial expenses	9 665	(3 643)	6 023	(10 738)	(15 315)	(26 053)
Profit/(loss) before taxes	1 653 470	18 542	1 672 012	853 969	18 185	872 154
Income taxes	(129 898)	(18 542)	(148 440)	(199 454)	(18 186)	(217 640)
Net income	1 523 572	-	1 523 572	654 515	-	654 515
EBITDA margin ¹	22.6%	N/A	17.9%	26.0%	N/A	23.7%
EBITDA margin adj ²	25.2%	N/A	20.6%	28.5%	N/A	26.4%

¹ EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

² EBITDA adjusted excludes financial expenses included in project costs. See note 6.

9. Events after the balance sheet date

An agreement was entered into in January 2021 with Urban Property which specifies that land classified as portfolio A will be converted to portfolio C with effect from 1 January 2021.

SELVAAG BOLIG

For further information, please contact:

Sverre Molvik, CEO Selvaag Bolig ASA

Telephone: +47 401 00 585, e-mail: smo@selvaagbolig.no

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.

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