Holmetjern Invest AS

Management Report

June 2020

Organization no. 912 810 089

Index

HOLMETJERN
INVEST

Comments from majority shareholder, Kolbjørn Selmer

In the first half of 2020, we have focused on further developing the projects we have with our partners. This applies to projects such as Overvik and Oreid, but also projects as Yventunet, Væretrøa and Opsahlhaven. When it comes to Overvik, we are very pleased with the sales at the first phase, where we have a sales ratio of approx. 87%. A new phase with 61 units will be launched for sale during September 2020. On this phase we expect construction start in December 2020 / January 2021. As mentioned earlier, the projects have been received in the market, hence we are also optimistic about the next phase at Overvik.

The first half of 2020 has been challenging for all because of Corona. To the extent that this affects the housing market, this could also affect HTI. This through, for example, a lower price and volume than what we have assumed in our estimates. So far this has not affected our projects, but we are prepared for such situation. Together with our partners, we continuously discuss how we can meet changed and challenging market conditions.

The process of optimizing our capital structure is ongoing, and we expect to see results from this during 2020.

The result per June 2020 is negative, both for HTI and for the Group. The book value of the equity is not value adjusted and is therefore considerably lower than estimated market value. Value adjusted equity for Holmetjern Invest AS is estimated to be approx. NOK 700m. With reference to previous reports, we expect 2020 to generate a profit for both the parent company and for the Group.

Best regards,

Kolbjørn Selmer

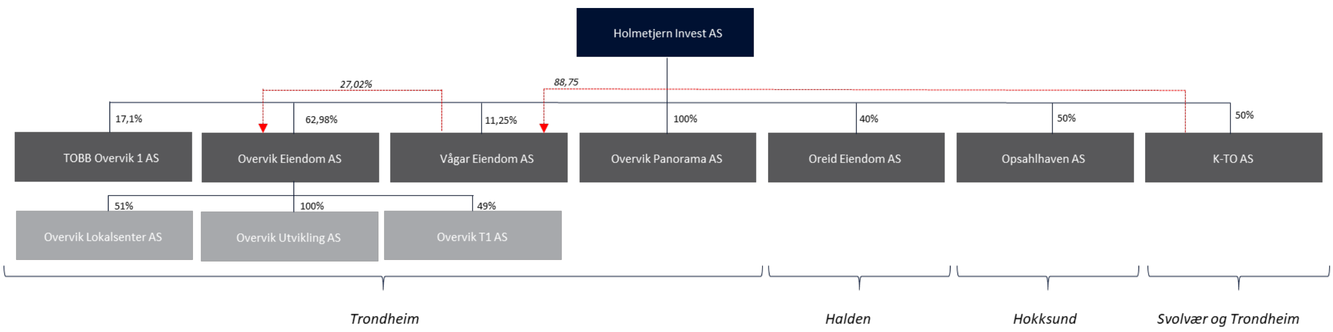
Introduction

This report provides a status for the largest real estate projects of Holmetjern Invest AS («HTI») as of June 2020. As a supplement to this report, we refer to previous reports issued by HTI including report issued 28th February 2020 (semi-annual report 2019) and report issued 30th April 2020 (Annual report 2019).

Holmetjern Invest AS

HTI is an investment company, located in Trondheim. Kolbjørn and Karl Albrecht Selmer owns 95% of the company and Endre Kolbjørnsen the remaining 5%. The company primarily invests in real estate and exercise active ownership in all its investments. The largest investment is Overvik in Trondheim. HTI is involved in development of app. 5.000 units, that will be built during the next 15-20 years. Based on this, the company is amongst the largest real estate developers in Trondheim. HTI cooperates with renowned partners who hold good track records. TOBB and HABO (both co-operative building societies) are examples of such partners. They are close collaborators in Overvik and Oreid respectively.

Investments, real estate



The figure above shows the major real estate investments of HTI, and where they are located. The main part of the investments is in Trondheim, including the companies TOBB Overvik 1 AS, Overvik Utvikling AS, Overvik Lokalsenter AS, Overvik Panorama AS and Overvik T1 AS. In addition, the company Vågar Eiendom AS owns 27 % of Overvik Eiendom AS. Vågar Eiendom AS hence has no inventory of lots itself. The construction of the first phase have started through the company TOBB Overvik 1 AS.

Highlights per Q2 2020

Status first phase, Overvik

The sale of the first phase consisting of 74 units have been good, and as of today the sales ratio is 87%. The construction start was November 2019, with expected completion in medio 2021. The start of construction marks the start of the development of a new district in Trondheim.


Sales start, next project at Overvik

The next project ("Overvik Park") is planned launched in the market in end of September 2020. This project consists of 61 apartments, in two buildings. The total value of the project is around NOK 250m. We will also offer some of this apartment in the "Leie før eie" concept. Our plan is to start construction December 2020/ January 2021. Completion is expected medio 2022.


Opsahlhaven

We have received a building permit for construction of 45 apartments of approx. 3.100 sqm. The sale price is assumed to be around NOK 52.000 per sqm. We will start the sales process in September 2020, with expected construction start primo 2021. The completion is expected in ultimo 2022.

Corona virus

Holmetjern Invest AS is mainly exposed to changes in the residential market. The Corona virus could both affect the residential prices but also the volume. As a result of this also the valuations of our portfolio could be affected. In our ongoing projects we have not experienced any negative effects so far, but we are prepared that this can occur. Our focus is specifically on the decline in sales rate and how this can potentially affect us and our investments. We are therefore in close dialogue with our partners to assess various measures should this happen. Concepts such as "rent-before-owning", which we have successfully implemented in the past, can for example be an alternative. We follow market developments closely and are ready to take action to the extent we see it necessary.

Organization

Monica Sagosen started as a CFO in June 2020. Monica has extensive experience from finance and auditing and has previously worked in EY and BDO. Monica worked as CFO in BDO before she started in Holmetjern Invest

Potential transaction involving the Overvik land plot

As published 29th May 2020 there is an ongoing process involving a potential sale of the shares in the Overvik companies. An update on this process is expected to be published within the near term.

Interim Group Financial Statements

Comments

The interim group financial report is prepared by 30 June 2020, in accordance with IFRS. The loss per Q2 2020 is NOK 35m. This is a result of no divestments so far in 2020 and also the fact that the effect of sales in our projects is not recognized in the accounts.

Changes in Fair Value of inventory is not recognized in the Profit and Loss, due to the accounting principles in IFRS. The equity according to IFRS is therefore substantial lower than the value-adjusted equity. The estimated value adjusted equity for HTI is approx. NOK 700m.

Interim Financial Statements, Group

Consolidated statement of profit or loss and other comprehensive income

Holmetjern Invest Group

NOK'000	**Notes**	**30.06.2020**	**30.06.2019**	**31.12.2019**
Revenue from contracts with customers	3	558	211	506
Cost of sales of goods		-95	-72	-107
Gross protit		462	139	399
Administrative expenses	8	-20 136	-17 410	-39 159
Other gains/losses - net		-76	-8 144	-7 579
Operating profit		-19 750	-25 415	-46 339
Finance income		3 941	2 397	6 729
Borrowing costs	4	-20 822	-13 034	-26 489
Finance costs - net		-16 881	-10 637	-19 760
Share of net profit from associates accounted for using the equity method		-5 806	-837	-1 542
Profit before income tax		-42 437	-36 889	-67 642
Income tax expense		7 863	5 776	11 866
Profit for the period		-34 573	-31 113	-55 776
Profit is attributable to:				
Owners of Holmetjern Invest AS		-34 259	-30 571	-64 946
Non-controlling interests		-314	-542	9 170
		-34 573	-31 113	-55 776
Profit for the period		-34 573	-31 113	-55 776
Other comprehensive income for the period, net of tax		0	0	0
Total comprehensive income for the period		-34 573	-31 113	-55 776
Total comprehensive income for the period is attributable to:				
Owners of Holmetjern Invest AS		-34 259	-30 571	-64 946
Non-controlling interests		-314	-542	9 170
		-34 573	-31 113	-55 776

HOLMETJERN
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Consolidated balance sheet

Holmetjern Invest Group

NOK'000	**Notes**	**30.06.2020**	**30.06.2019**	**31.12.2019**
ASSETS				
Non-current assets				
Property, plant and equipment		37 679	350	31 648
Goodwill		6 975	6 975	6 975
Deferred tax assets		33 058	19 030	25 658
Investments accounted for using the equity method		82 787	81 196	80 096
Financial asset at fair value through profit or loss		29 841	25 726	25 726
Financial assets at amortised costs		9 968	53 121	46 319
Other loans and receivables		0	0	0
Total non-current assets		200 308	186 399	216 422
Current assets				
Inventories	4	542 084	524 990	533 069
Trade receivables		888	64	791
Other financial assets at amortised cost		82 827	24 041	25 940
Other receivables		0	149	328
Financial asset at fair value through profit or loss		1 000	7 450	4 167
Cash and cash equivalents (excluding bank overdrafts)	6,7	60 838	50 517	38 428
Total current assets	6	687 638	607 211	602 723
Total assets		887 946	793 609	819 145

HOLMETJERN
INVEST

Consolidated balance sheet

Holmetjern Invest Group

NOK'000	Notes	30.06.2020	30.06.2019	31.12.2019
LIABILITIES				
Non-current liabilities				
Bank loans	5,7	201 340	201 340	201 348
Bond loan	5	289 615	190 947	194 263
Borrowings	5,8	103 318	164 800	165 570
Total non-current liabilities		594 273	557 087	561 181
Current liabilities				
Trade and other payables		7 180	2 418	11 260
Current tax liabilities		0	0	0
Borrowings	5,8	281 441	158 808	195 607
Other short term liabilities		333	245	698
Total current liabilities	6	288 954	161 471	207 565
Total liabilities		883 227	718 558	768 746
EQUITY				
Share capital and share premium		110	40	110
Retained earnings		-14 473	54 223	19 786
Non-controlling interests		19 081	20 788	30 502
Total equity		4 719	75 051	50 398
Total liabilities and equity		887 946	793 609	819 145

Trondheim, August 31th 2020

HOLMETJERN INVEST

Consolidated statement of changes in equity

Holmetjern Invest-Group

		Attributable to owners					
NOK'000	Notes	Share capital and premium	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 january 2019		30	10	94 805	94 845	32 436	127 281
Profit for the period		0	0	-64 946	-64 946	9 170	-55 776
Other comprehensive income		0	0	0	0	0	0
Total comprehensive income for the period		0	0	-64 946	-64 946	9 170	-55 776
Transaction with owners in their capacity as owners:							
Purchase of own shares		70	0	-70	0	0	0
Dividends provided for or paid		0	0	-10 000	-10 000	-11 106	-21 106
		70	0	-10 070	-10 000	-11 106	-21 106
Balance at 31 December 2019		**100**	**10**	**19 789**	**19 897**	**30 502**	**50 398**
Profit for the period		0	0	-34 259	-34 259	-314	-34 573
Other comprehensive income		0	0	0	0	0	0
Total comprehensive income for the period		0	0	-34 259	-34 259	-314	-34 573
Transaction with owners in their capacity as owners:							
Dividends provided for or paid		0	0		0	-11 106	-11 106
		0	0	0	0	-11 106	-11 106
Balance at 30 June 2020		100	10	-14 470	-14 362	19 082	4 719

HOLMETJERN
INVEST

Consolidated statement of cash flows

Holmetjern Invest Group

NOK'000	**Notes**	**30.06.2020**	**30.06.2019**	**31.12.2019**
Cash flow from operations				
Profit before income taxes		-42 437	-36 889	-67 642
Taxes paid in the period		0	0	
Gain/loss from sale of non-current assets		0	2 076	2 614
Depreciation		617	221	426
Gains/(losses) recognised in other income - fair value		-76	8 144	7 578
Net profits from associates less dividends received		5 306	2 765	4 962
Change in inventory	**4**	-9 015	-18 400	-26 479
Change in other current items		-4 042	2 502	4 150
Net cash flow from operations		**-49 648**	**-39 581**	**-74 391**
Cash flow from investments				
Purchase of property, plant and equipment		-6 647		
Payment in other loans and receivables		-20 536	-7 960	-35 520
Repayment in other loans and receivables		0	0	32 037
Proceeds from sale of shares and investments in other companies		0	3 853	7 622
Purchase of shares and investments in other companies		-8 500	-65	-17 094
Net cash flow from investments		**-35 683**	**-4 172**	**-12 955**
Cash flow from financing				
Proceeds from long term loans		118 926	28 539	62 002
Repayment of long term loans		0	-2 510	-4 469
Payment of dividend		-11 106	-21 106	-21 106
Net cash flow from financing		**107 820**	**4 923**	**36 427**
Net change in cash and cash equivalents		22 489	-38 830	-50 919
Cash and cash equivalents at the beginning of the period		38 349	89 347	89 347
Cash and cash equivalents at the end of the period	**7**	**60 838**	**50 517**	**38 428**

HOLMETJERN
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Interim Financial Statements, Holmetjern Invest AS

Profit and loss statement
Holmetjern Invest AS - Company

NOK'000

INCOME STATEMENT	Note	30.06.2020	30.06.2019	31.12.2019
Operating expences				
Personel expences		546	343	1 661
Depreciation		16	16	33
Other operating expences	8	9 891	13 983	20 584
Total operating expences		**10 453**	**14 342**	**22 277**
NET OPERATING PROFIT		**-10 453**	**-14 342**	**-22 277**
FINANCIAL ITEMS				
Financial income				
Dividend received		500	2 767	23 065
Intrest income		7 626	3 829	9 857
Other financial income		544	0	209
Total financial income		**8 670**	**6 596**	**33 131**
Financial expences				
Change in value of marketable investments		0	1 307	742
Other interest expences	5,8	18 213	9 444	20 208
Other financial expences		912	2 076	7 941
Total financial expenses		**19 125**	**12 828**	**28 891**
NET FINANCIAL ITEMS		**-10 455**	**-6 232**	**4 239**
PROFIT BEFORE INCOME TAXES		**-20 908**	**-20 574**	**-18 038**
Taxes		-4 708	-4 526	-7 295
NET PROFIT FOR THE PERIOD		**-16 200**	**-16 048**	**-10 743**
ALLOCATIONS				
Allocated to dividend for dividend				
Allocated from/to other reserves		-16 200	-16 048	-10 743
TOTAL ALLOCATIONS		**-16 200**	**-16 048**	**-10 743**

Balance sheet statement

Holmetjern Invest AS - Company

NOK'000

ASSETS	Note	30.06.2020	30.06.2019	31.12.2019
NON-CURRENT ASSETS				
Intangible assets				
Deferred tax assets		19 223	11 746	14 515
Total intangible assets		**19 223**	**11 746**	**14 515**
Tangible fixed assets				
Fixtures, office equipment etc		52	84	68
Total tangile fixed assets		**52**	**84**	**68**
Fixed assets investments				
Investments in subsidiaries		21 554	4 837	21 524
Loan to group companies		95 074	24 113	30 868
Investments in associated companies		27 869	22 057	19 369
Loans to associated companies		14 645	43 457	35 541
Investments in other		25 893	25 310	25 310
Other long-term receivables		24 349	1 000	1 000
Total fixed asset investments		**209 385**	**120 775**	**133 613**
TOTAL FIXED ASSETS		**228 659**	**132 605**	**148 195**
CURRENT ASSETS				
Inventory property	4	0	32 405	32 780
Receivables				
Accounts receivable		375	6	87
Receivables from group companies		59 976	38 207	58 297
Other short-term receivables		35 528	23 731	25 844
Total receivables		**95 880**	**61 944**	**84 228**
Marketable shares		4 085	7 450	**4 167**
Cash and bank deposits	7	44 533	25 040	20 642
TOTAL CURRENT ASSETS	**6**	**144 498**	**126 839**	**141 818**
TOTAL ASSETS		**373 157**	**259 444**	**290 013**

Balance sheet statement
Holmetjern Invest AS-Company

NOK'000

EQUITY AND LIABILITIES	Note	30.06.2020	30.06.2019	31.12.2019
EQUITY				
Paid-in-equity				
Share capital		100	30	30
Share capital, not registered				70
Premium fund		10	10	10
Total paid-in equity		**110**	**40**	**110**
Retained earnings				
Retained equity		11 297	21 394	26 630
Total retained earnings		**11 297**	**21 394**	**26 630**
TOTAL EQUITY		**11 407**	**21 435**	**26 740**
LIABILITIES				
Non-Current liabilities				
Other non-current liabilities				
Bond loans	5	287 868	190 947	194 263
Other long-term liabilities	5,8	67 681	29 905	36 726
TOTAL NON-CURRENT LIABILITIES		**355 549**	**220 852**	**230 989**
CURRENT LIABILITIES				
Accounts payable		666	1 548	2 267
Values added taxes		99	54	83
Dividend		0	0	0
Short-term liabilities to group companies		0	0	23 212
Other short-term liabilities	8	5 435	15 556	6 722
TOTAL CURRENT LIABILITIES	**6**	**6 201**	**17 157**	**32 283**
TOTAL LIABILITIES		**361 750**	**238 009**	**263 273**
TOTAL EQUITY AND LIABILITIES		**373 157**	**259 444**	**290 013**

Cash flow statement

Holmetjern Invest AS-Company

NOK'000

	Note	30.06.2019	30.06.2019	31.12.2019
Cash flow from operations				
Earings before taxes		-20 908	-20 574	-18 038
-Tax payable				0
+Loss/-gain on sale of fixed assets		0	2 076	2 614
+Depreciation and amortization		16	1 324	3 275
+/- Changes inventory		32 780	0	-375
+/- Changes in accounts receivables		-289	-6	-88
+/- Changes in accounts payable		-1 601	-630	90
+/- Changes in other accruals		347	10	244
=Net cash flow from operations		**10 347**	**-17 799**	**-12 277**
Cash flow from investments				
+Repayment in other loans to group companies		-65 885		-23 198
-Payment in other loans and receivables		-12 138	-26 953	-24 796
+ Fixed assets sold		0	3 853	7 622
-Investments in shares and units		-8 494	-95	-17 094
-Other investments		0	0	0
= Net cash flow from investments		**-86 517**	**-23 195**	**-57 467**
Cash flow from financing activities				
+New loans		123 273	30 838	40 370
-Repayment of long term liabilities		-23 212	-14 820	0
-Dividend			-10 000	-10 000
=Net cash flow fom financing activities		**100 061**	**6 018**	**30 370**
=Net change in cash and cash equivalents		**23 891**	**-34 975**	**-39 374**
+Cash balance as og the beginning of the period		20 642	60 015	60 015
=Cash balanse as at the end of the period	**7**	**44 533**	**25 040**	**20 641**
Balance of cash and cash equivalents is distributed as follows:				
Cash and bank deposits as at the end of the period		44 491	25 010	20 597
+Tax witholdings etc as at the end of the period		42	29	44
=Balance of cash and cash equivalents as at the end of the period		**44 533**	**25 040**	**20 641**

1 Summary of significant accounting policies

Significant accounting policies-Holmetjern Invest -Group

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

ABOUT THE GROUP

Holmetjern Invest AS is a private limited liability company organized and existing under the laws of Norway pursuant to the Norwegian Companies Act. The Company was incorporated in Norway on November 22nd, 2013, and the organisation number in the Norwegian Register of Business Enterprises is 912 810 089. The Company's registered name is Holmetjern Invest AS, the commercial name is Holmetjern. Holmetjern Invest AS is an investment company primarily focusing on residential property development. Holmetjern is the holding company and the parent company of the Group. Holmetjern has no relevant business or operational activities other than holding the investments and activities that are related to its subsidiaries. The Group develops, builds and sells occupier-owned homes, predominantly in Trondheim, in collaboration with experienced blue-chip partners. The Group includes four operating subsidiaries focusing on the property segment as well as four other smaller investments within the industry- and advisory segment.

STATEMENT OF COMPLIANCE
The group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the EU at 30 June 2020.

These consolidated financial statements were authorised for issue by the board of directors on 31 August 2020.

BASIS OF PREPARATION

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

INVESTMENTS IN ASSOCIATES

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

Associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. If the group's share of losses of an associate exceeds the group's carrying amount of that associate, the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the

Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss. The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate which are not related to the group. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Share of income (loss) from associated companies is included in operating profit (loss) since the investments are considered an integral part of the group's operations.

CONSOLIDATION

The consolidated financial statements include the financial statements of the company and entities controlled by the compa

(its subsidiaries). Control is achieved where the company is exposed, or has rights, to variable returns from its involvement with an entity, and has the ability to affect those returns through its power over the entity. This is generally presumed to exist when the company holds more than 50 per cent of the voting rights. The existence and effect of potential voting rights which are currently exercisable or convertible are also considered when assessing whether the company controls another entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. A negative comprehensive income in the subsidiaries is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In general, all group companies uses Norwegian General Accepted Accounting Principles when preparing their financial statements. Restatements are made to the financial statements to bring their accounting policies in line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Changes in the group's ownership interests in subsidiaries which do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Such transactions do not affect the profit or loss statement. When the group loses control of a subsidiary, the profit or loss is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (b) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial instruments or, when applicable, at the cost on initial recognition of an investment in an associate or a jointly controlled entity using the

BUSINESS COMBINATIONS

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

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Subsequent changes to the fair value of any contingent consideration classified as a liability is recognised in profit or loss

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INVENTORY PROPERTY

IAS 2 Inventories defines inventories as assets held for sale in the ordinary course of business or in the process of production for such sale, or as materials or supplies to be consumed in the production process or in the rendering of services. The group has property which is land and buildings intended for sale in the ordinary course of business or which is in the process of construction or development for such sale. Inventories can thus comprise of land, property held for resale, property under development and construction, and completed units which are not sold.

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition, and accumulated interest expenses. Capitalisation of attributable costs commences when it is more likely than not that the project will be realised. Other costs are included in the cost of inventories only to the extent that they are directly attributable to bringing the inventories to their present location and condition, including planning and design costs, for example.

Book value of undeveloped land is tested against net realisable value annually. If book value exceeds net realisable value, an impairment loss is recognized. If there are any indications of impairment, Management derives an internal assessment of the net realisable value of land in the form of a prognosis for the project. This prognosis builds on an external valuation, which can include factors such as expected housing prices and rate of return, government approvals

When properties are sold, the carrying amount is recognised as a cost of sale of goods in the income statement for the period in which the related revenue is recognised.

INTANGIBLE ASSETS

i) Goodwill

Goodwill arising on the acquisition of a business is recognised in the balance sheet at the date of acquisition of the business. Goodwill is not amortised, but is tested for impairment annually. For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units (or collections of cash-generating units) expected to benefit from synergies of the business combination.

Goodwill is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reducing the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill will not be reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

REVENUE RECOGNITION

Revenue is measured at fair value of the consideration received or receivable for the sale of property and related transactions in the ordinary course of the group's activities, in accordance with IFRS 15 Revenue from contracts with customers.

i) Sale of property

Revenue from the sale of residential property (including any sale of projects under development and undeveloped land) is recognised when the control is transferred to the customer. Control is considered transferred at the time of delivery of the property to the customer. Property may be sold with a degree of continuing involvement by the seller, which may be commitments to complete construction of the property, or a seller guarantee of occupancy of a housing cooperative for a certain period of time.

When a property is sold, the buyer normally has to make an advance payment to an escrow account held by the estate agent. The group does not have a right to the advance payment before providing security in accordance w ith Norw egian regulations. When security is provided, the advance payment is released from the escrow account and recognised as received cash and other short-term debt (advance payment). When the property is completed, but before delivery, the customer pays the remaining consideration to the escrow account. When the property is delivered to the customer, the group recognises the consideration as revenue and as a trade receivable. When the legal title to the property has been transferred, or other security provided, the remaining consideration is released from the escrow account.

ii) Lease revenues

Rental income from leasing of property (operating leases in w hich the group is a lessor) is recognised on a straight-line basis over the term of the relevant lease and included in other revenues.

ii) Sale of services

Control over services is considered to be transferred to the customer as the service is delivered. Revenue from sale of services is recognised w hen the service is performed.

FINANCIAL ASSETS

Financial assets are initially recognised at fair value. Subsequent measurement depends on the classification of the assets, and currently the group only has financial assets w hich are held in the group's business model w here the objective is to collect the contractual cash flow s, and w here the cash flow s are solely payments of principal and interest, are measured at amortised cost.

All equity investments are subsequently measured at fair value. Changes in the fair value of these financial assets are recognised in Other gains/losses - net. Impairment losses (and reversal of impairment losses) on these equity investments are not reported separately from other changes in fair value.

Trade receivables

Trade receivables are amounts due from customers in the group's ordinary property development business and related services. Trade receivables are recognised initially at the amount of the consideration and measured at amortised cost w here the financing components are insignificant. Impairment is recognised if there is evidence that the estimated future cash flow has been affected. The risk of impairment is low ow ing to the practice of making advance payments to escrow accounts.

Loans and other receivables

Loans and other receivables are held in the group's normal business model w here the objective is to collect payment and interest w hen due, and measured at amortised cost using the effective interest method less any impairment. The receivables are classified as current unless they are due more than 12 months from the balance sheet date.

FINANCIAL LIABILITIES

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost.

Borrow ings

Borrow ings are recognised initially at the received amount,net of transaction expenditures incurred, and subsequently measured at amortised cost. Any difference betw een the proceeds (net of transaction expenditures) and the nominal value is recognised in the income statement over the period of the borrow ings using the effective interest method. Borrow ings are classified as current liabilities unless the group has an unconditional right at the balance sheet date to defer settlement of the liability for at least 12 months.

Trade and other payables

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

SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the joint management group and board of directors. This group is responsible for allocating resources and assessing performance of the operating segments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents as presented in the statement of cash flows include cash in hand, bank deposits and other highly liquid investments with original maturities of three months or less. The cash flow statement is prepared using the indirect method. Interest payments are classified as operational cash flows.

INCOME TAX

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense which are taxable or deductible in other years and items which are never taxable or deductible. The group's liability for current tax is calculated using tax rates which have been enacted or substantively enacted by the end of the reporting period.

Changes in deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit. Deferred tax is also recognised for temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates which are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) which have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences which would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items which are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

EQUITY

An equity instrument is any contract which evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue expenditures (net of income tax).

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FUNCTIONAL AND PRESENTATION CURRENCY

(i) Functional and presentation currency

Items included in the individual financial statements of each of the group's entities are measured using the currency of the primary economic environment in w hich the entity operates (the "functional currency"). The consolidated financial statements are presented in NOK, w hich also is the functional currency of the parent company and all subsidiaries that are consolidated.

(ii) Transactions and balances

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

LEASING

The group has adopted IFRS 16 Leasing. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the follow ing lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrow ing rate.

Right-of-use assets are measured at cost comprising the follow ing:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

Payments associated w ith short-term leases and leases of low -value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases w ith a lease term of 12 months or less.

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Accounting principles Holmetjern Invest-Company

Basic principles

The financial statements have been prepared in accordance with the provisions of the Norwegian Accounting Act and accounting principles generally accepted in Norway, including Norwegian accounting standards.

Principles for income recognition

Income from the sale of services is recognized at the time the service is performed. Costs are recognized in accordance with the matching principle, i.e. costs are recognized in the same period as the associated income.

Assessment and classification of assets and liabilities

Fixed assets comprise assets intended for permanent ownership and use. Fixed assets are valued at acquisition cost. Tangible fixed assets are capitalized and depreciate over the economic life of the asset.

Fixed assets are written down to net recoverable value when a decrease in value is deemed to be permanent. The recoverable value shall be the higher of net market value and value of use. Value of use is equal to the current value of future cash flows generated by the asset. Write-downs are reversed when the basis for the write-down no longer applies.

Current assets and short-term liabilities normally include items that fall due for payment within one year of the balance sheet date, as well as items that are associated with the normal operating cycle. Current assets are valued at the lower of original cost or presumed recoverable value.

Tangible fixed assets

Tangible fixed assets are capitalized and depreciated linearly across the service lifetime of the asset, provided that their service lifetime exceeds 3 years and their cost of acquisition exceeds NOK 15,000.

Short-term receivables

Short-term receivables are recognized at face value. Provisions for loss have been made whenever it has been deemed necessary.

Inventory

Inventory is valued at the lower of cost or net recoverable value. The company's inventory comprises a plot of land under development. Inventory is recognized at cost, including consulting fees, wages and other direct and indirect development costs. The net recoverable value is the estimated sales price less costs incurred in connection with completion and sale of the property.

Shares and units in other companies and bonds

Shares and units acquired as long-term investments are classified as fixed assets.

Market-based share and bond investments are classified as current assets and valued at the lower of original cost and market value on the balance sheet date, cf. Section 5-2 of the Accounting Act.

Taxes

Taxes included in the profit and loss statement include both the period's payable taxes and changes in deferred taxes. Deferred tax is calculated at 22 percent on the basis of temporary differences that exist between accounting and tax values, as well as tax-related losses to be brought forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that are or may be reversed during the same period have been assessed and the net value brought forward.

2 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Significant estimates and jugdements

Inventory property

The net realizable value is the estimated as selling price adjusted for the total cost of completion. In determining the value of inventory property, management carries out an assessment of relevant factors. This would be factors like location, timeframe and macroeconomic factors like interest rate development. In addition to this, estimations are made regarding price levels and building cost. This is performed in close cooperation with external advisors like real estate brokers, and also with input from various entrepreneurs. Managements estimate on net realizable value will then be discussed with external valuation experts to compare the management assessment of net present value with the external experts assessment of value.

Fair value - financial assets

The main part of the investments are related to real estate companies, where net realizable value is estimated as described above, and then used as basis for the valuation of the investments.

The Corona virus

The corona virus affects the property segment, which is within the Company's core business. To date, this has not had a direct impact on our investments, but we expect that this can and will happen. We are in close dialogue with our partners and are closely monitoring the situation and the development. We have entry prices on our plots that make us robust even if the market should be weaker for a period. In addition, we can also implement other types of concepts that are more suited to this type of market situation, if necessary including "rent-before-owning"). We are therefore prepared to do changes if we see that the market situation due to the Corona virus will affect us.

3 Segment information

The group's management team and board of directors jointly, examines the group's performance from business perspective and has the view that they only have one reporable segment, real estate. The different real estate activitiess of the group is done through different legal entities, with similar business activity. Management monitor and follows up on a company by company basis.

4 Inventories

	30.06.2020	30.06.2019	31.12.2019
	000'NOK	*000'NOK*	*000'NOK*
Property portfolio			
Holmetjern Invest AS	0	32 405	32 780
Overvik Utvikling AS	445 766	420 979	427 712
Overvik Lokalsenter AS	51 886	48 486	49 440
Opsahlhaven AS	544	14 599	14 615
Overvik Panorama 1 AS	35 180	0	0
Total property inventory	533 377	516 469	524 548
Other inventory	8 705	8 520	8 520
Total	542 082	524 990	533 069

Borrow ing costs on external land loans in group entity that ow ns the inventory property, are capitalised from the day the group initiaties activities to develop the property. Borrow ing costs are recognised in profit and loss as part of the cost of sales w hen the units are delivered.

	30.06.2020	30.06.2019	31.12.2019
	000'NOK	*000'NOK*	*000'NOK*
Land cost	392 634	392 634	392 634
Borrow ing cost prior years	32 382	32 242	32 382
Capatilized borrow ing costs this year	9 252	10 049	18 889
Capatilized project costs	99 109	81 544	80 643
Total	533 377	516 470	524 548

All inventory property is accounted for at historic cost as no impairment to net realisable value is made

The inventory is accounted for at historical cost, and does not reflect the current fair value.
The market value of the inventory is assessed to be higher.

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5 Maturities, terms and conditions of financial liabilities

The tables below shows the group's financial liabilities into relevant maturity groupings based on their contractual maturities.

Contractual maturities of financial liabilities	Less than 1 year	Between 1 to 2 years	More than 2 years	Carrying amount (assets)/ liabilities
At 30.06.20	*NOK'000*		*NOK'000*	*NOK'000*
Bond loan*	0	300 000	0	289 615
Bank loans**	0	201 340	0	201 340
Other long-term borrowings	0	101 318	2 000	103 318
Short-term loans borrowings	281 441	0	0	281 441
Total	281 441	602 658	2 000	875 714

Coventants related to Financial liabilities

*Covenants related to bond loan Holmetjern Invest (Company) :

Net Loan To Value < 65%, Liquidity > NOK 20 millions

Bondholders holds a charge against the shares of Holmetjern Invest AS

The loan is due for redemption in 2022

The bond is interest-only through the loan period, which ends in February 2022

Bond loan	Amount 30.06.20	Interest pr 30.06.20	Amount 31.12.2019	Interest 2019
NO0010815632Holme 18/22	287 868	17 459	194 263	19 505

	Cost pr 30.06.20	Capitalized as of 30.06.20
Accured costs associated with the bond is recorded against Bond in the balance sheet and expensed linear	873	-10 385

**Covenants related to long term bank loan Overvik Lokalsenter:

Liquidity > NOK 4 millions

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6 Current net assets

Group

	30.06.2020	30.06.2019
	NOK'000	*NOK'000*
Current assets		
Cash and cash equivalents	60 838	50 517
Other Current assets	626 800	556 694
Current liabilities	288 954	161 471
Current net assets	**398 684**	**445 740**

Company

	30.06.2019	30.06.2019
	NOK'000	*NOK'000*
Current assets		
Cash and cash equivalents	44 533	25 040
Other Current assets	226 979	101 799
Current liabilities	73 116	17 157
Current net assets	**198 397**	**109 682**

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7 Cash and Cash equivalents

Group:

	30.06.2020	**30.06.2019**
Restricted cash, payroll tax	111	24
Restricted cash, other	26 000	20 000
Total restricted cash	26 111	20 024
Unrestricted cash	34 727	30 493
Total cash and cash equivalents	60 838	50 517
Cash and Cash equivalents pledged as security	6 000	8 475

Company:

	30.06.2020	**30.06.2019**
Restricted cash, payroll tax	42	24
Restricted cash, other	20 000	20 000
Total restricted cash	20 042	20 024
Unrestricted cash	40 085	5 016
Total cash and cash equivalents	44 533	25 040

8 Related parties

Parent entities

The group is controlled by the follow ing entities:

Name	**Type**	**Place of incorporation**	**Ownership interest** 30.06.2020	30.06.2019
Selmer Holding AS 1)	Ultimate parent entity and controlling party	Trondheim	71,25 %	71,25 %
Snow y Invest AS 2)		Trondheim	23,75 %	23,75 %
Singsaker Eiendom AS 3)		Trondheim	5,00 %	5,00 %

1)This company is solely ow ned by CEO Kolbjørn Opsahl Selmer.

2) This company is solely ow ned by board member Karl Albrecht Opsahl Selmer

3) This company is solely ow ned by chariman of the board Endre Kolbjørnsen

Group:

Transactions with and loans to/from related parties

	30.06.2020 NOK'000	**30.06.2019** NOK'000
Purchase of management services from parent company	15 117	14 738
Loans from key management personnel *	227 296	218 837
Loans from parent company and other ow nership companies	61 102	43 382
Loans to associates	63 595	66 572

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*Loan from key managing personell is related do purchase of land/property in 2016. The loan is charged w ith a intrest rate of NIBOR+2%, and has a dow npayment plan over maximum 15 years (minimum dow npayment rates of MNOK 15 per year). The loan giver has a 2nd priority security in the sold property until the loan is fully repaied.

Loans from parent companies are charged w ith a intrest rate from 4-8%. Unpayed dividens are not charged w ith intrest until the year after the dividend is given.

Loans to associates are normally charged w ith an intrest rate from 3-8%. High risk loans are charged w ith an intrest rate of 15%

Loans to associates are unsecured and are repayable in cash.

Loans to associates are repayable in a period of 1-3 years from the reporting date

There are not recognized any impairments in loans to associates.

Company:

Transactions with and loans to/from related parties

	30.06.2020	**30.06.2019**
	NOK'000	NOK'000
Purchase of management services from parent company	8 459	8 895
Loans from parent company and other ow nership companies	61 102	43 382
Interest paid on loans from parent companies and other ow nership companies	2 472	1 202
Loans to associates	46 529	65 228

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Responsibility statement from the Board of Directors and Chief Executive Officer

We confirm that, to the best of our knowledge, the interim financial statements for the six months ended 30 June 2020 has been prepared in accordance with IAS 34-Interim Financial Reporting, and that the accounts give a true and fair view of the group and the company's consolidated assets, liabilities, financial position and results of the operations per 30 June 2020.

We also confirm to the best of our knowledge, that the Director's report provides a true and fair view of the development and performance of the business and the position of the group and the company including description of key risks and uncertainty factors pertaining to the group going forward.

Trondheim, 31th August 2020

Karl Albrecht Opsahl Selmer CEO/Director	Endre Kolbjørnsen Chairman	Kolbjørn Opsahl Selmer Director