HOLMETJERN
INVEST

Holmetjern Invest AS

Management Report

June 2021

Organization no. 912 810 089

HOLMETJERN
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Introduction

This report will focus on the Overvik asset, since this is the major investment in Holmetjern Invest AS. There has been substantial uncertainty related to this project during the last year, and this report focuses on the effect of the decision made by the City Council in Trondheim 28th April 2021.

As a supplement to this report, we refer to previous reports issued by Holmetjern Invest AS and stock exchange notices during the last 12-16 months related to Overvik.

Overvik 1H 2021

For Holmetjern Invest AS, 2021 has been an eventful year. There has been progression in the Municipal process regarding the future for the Overvik land plot, and political risks related to a substantial part of the plot has been cleared away, while substantial risk and uncertainty remains for the remaining part. Operational activity has remined high, while the company has spent considerable resources on putting a plan in place to address the upcoming bond maturity, considering the new developments.

As communicated in several stock exchange notices, the latest on 17 June 2021, the Trondheim City Council on 28 April 2021 instructed the Municipal Director to assume that the development and construction on Overvik shall continue, while certain parts of the Overvik plot shall be excluded from the current zoning plan and reclassified as “LNF” in the work to renew the municipal “KPA”. The resolution by the City Council stipulates that the area designated for continued development, can be developed, and constructed without additional provisions other than those included in the current area zoning plan. In mid-May this was reconfirmed in writing by the municipality to the company and is has also been reflected in the company’s subsequent collaboration with the municipality on the progression of the development of Overvik.

The final political decision on the future of the share of the plot that will be considered transferred back to “LNF” will be made in connection with the renewal of the KPA. This process is expected to be included during 2023. There is substantial risk related to the outcome of this process. The outcome of this process will define how the company will work further with this particular part of the area.

The part of Overvik designated for continued development is a considerable part of the total Overvik plot. In total, the area designated for continued development comprise ~190.000 sqm (190 decare) of land. Pursuant to a minimum requirement of six residential units per decare, a minimum of 1.100 residential units can be constructed on this land and potentially more. This represents a reduction from the minimum of 2.400 expected gross residential units of the Overvik project prior to the resolution by the City Counsel. While the City Council’s resolution implies a reduction in the number of residential units to be developed, it simultaneously also represents a substantial de-risking of the minimum 1.100 units on the area designated for continued development.

The company has partners in several of the plot areas on Overvik area. As the company's ownership stakes are larger in the area's that will continue development, relative to the area that will be considered for reclassification in the "KPA", the reduction in net residential units on a net basis for the company is less severe than the reduction in gross residential units. Of the minimum 1.100 residential units that can be develop, the company's share is approximately 800 units, as compared to the 1.200 previously expected net residential units.

Following the resolution by the City Counsel the company has devoted substantial efforts to put in place a strategy to ensure that the company will be in position to address the upcoming bond maturity February 2022. The company's strategy is twofold and comprise (i) a continued committed focus on the commercial development of Overvik and its other assets to maximise asset values on behalf of all stakeholders and (ii) exploration of strategic initiatives to monetize of one or more of the company's assets to provide sufficient liquidity to meet its financing obligations. In case of the latter, the company following the resolution from the City Counsil initiated strategic processes to this fact and expect to update the market these processes during the autumn of 2021.

As stipulated by the City Council resolution and in line with the company's strategy, the company continue the development of the area designated for continued development. Following the end of the second quarter, the Company has through Overvik T1 AS together with the municipality initiated detailed zoning plan of the next phase of construction comprising 150-180 residential units. This is a continuation of the planning process that was put on hold by the municipality in anticipation of the resolution made in April 2021. The process and the collaboration with the municipality is now progressing well. Work is also continuing the 135 residential units that are already for sale and under construction. The first 74 families will move into their new residential units on Overvik during October/November this year. The construction of the next 61 units will start autumn 2021 through the company TOBB Overvik 2 AS, and currently approximately 55% of the project are sold.

The development in the residential market in Trondheim is still strong, and the price growth previous 12 months is ~8%.

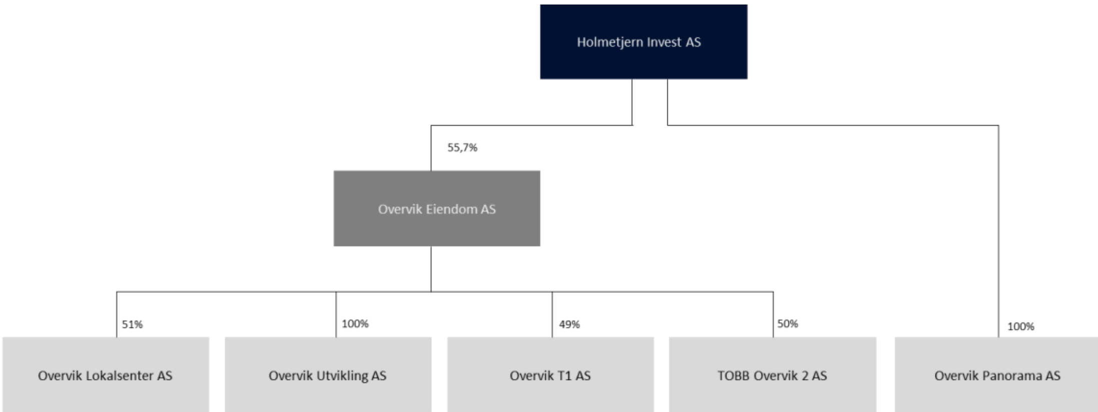
As there is a considerable risk that upcoming renewal of the municipal "KPA" will result in reclassification of parts of the Overvik plot back to "LNF", the value of this part of the Overvik plot has been substantially reduced following the resolution by the City Council. To reflect this fact, the company has during the financial period conducted a significant impairment of the book values of the relevant land assets. This extraordinary impairment also has a negative impact on the net result of the company during the period.

In connection with the publication of this financial report, the company has obtained updated third-party valuations for its residential assets, including the Overvik project. The valuation of Overvik reflects a scenario where the renewal of the "KPA" is in line with the parameters of the resolution made by the City Council in April 2021. As a result, the third-party valuation of the Overvik property is substantially reduced from previous levels. To address the risk associated with the areas that can be reversed, the appraiser has included in its model that the development starts at a significantly later stage and that the risk premium in the model also has increased significantly. This is the reason why the values are reduced significantly in the valuation of those areas.

However, two factors mitigates some of the value reduction of the company's holdings at Overvik. As the company has a relatively larger ownership share in the area where development will continue, the company's net reduction in assets values is less severe. In addition, the residential units that are now excluded from the updated valuation were initially planned towards the back end of the development life of the Overvik project, they carry a lower value per unit than the remaining residential units that will be developed in the nearer term. To further support and ensure compliance with the company's financial covenants, Kolbjørn Selmer, the main shareholder of the company, has entered into a subordination agreement for NOK 100.000.000 (NOK 100m) of the existing vendor note incurred by Overvik Utvikling AS in favour of the bondholders (previously accounted for as debt in the LTV calculation). As a result of the above, the company has an LTV as of the end of 1H 2021 of ~60 % (calculated as stipulated by the bond agreement) and is in compliance with its financial covenants. The subordinating of NOK 100m hence ensures that the LTV covenants are upheld on a healthy level. It is the company's firm belief that the values stipulated by the third-party valuations is a fair representation of the market value of the company's assets and hence illustrate a robust value backing for the company's stakeholders, as the value of the company's assets well exceed its liabilities. The company has certain loan maturities coming up during 2021 but are in good dialog with the respective lending banks and expect that these maturities will be extended.

While the resolution made by the City Counsel in April 2021 has had a significant negative impact on the company, substantial asset values remain intact and de-risked. Over the coming period of time, the company will work dedicated to carry out its strategy of continued (i) commercial development of Overvik and its other assets to maximise asset values on behalf of all stakeholders and (ii) exploration of strategic transactions to monetize of one or more of the company's assets to ensure sufficient liquidity to meet its financing obligations. The company remains positive in its ability to meet its financial obligation and will continue to its focused work on maximizing the value of its asset portfolio to the benefit of all its stakeholders.

The table below summarizes the main projects in Holmetjern Invest AS, and also key figures related to sqm.



	Overvik Lokalsenter AS	Overvik Utvikling AS	Overvik T1 AS	TOBB Overvik 2 AS	Overvik Panorama AS
Area (Sqm)	**20 000**	**221 200**	**42 600**	**3 900**	**50 000**
Area to be developed	*0*	*80 100*	*42 600*	*3 900*	*50 000*
Area currently stopped	*20 000*	*141 100*	*0*	*0*	*0*
Construction start, est.	NA	2023 (H2)	2023 (H2)	2021	2023 (H2)

Other projects and comments

The projects in Yventunet (Sarpsborg) and Opsahlhaven (Hokksund) are both sold per July 2021. The development on both projects have been good and the timing is considered by the board to be correct. This strengthens the liquidity for Holmetjern Invest AS.

No substantial changes on other projects in the Holmetjern group, compared to previous reporting.

Interim Group Financial Statements

Comments

The interim group financial report is prepared by 30 June 2021, in accordance with IFRS. The numbers are unaudited. The loss per Q2 2021 is NOK - 121m for the Group and NOK -84m for the Parent Company. As described above the financial statements are heavily affected by write-downs of assets related to investments with exposure to Overvik.

In addition, a write-down of the Inventory related to Tech Damper AS affects the Group accounts, and for the Parent company there has been a write-down of receivable against Tech Damper AS. This because of uncertainty related to future development for Tech Damper AS.

Interim Financial Statements, Group

Consolidated statement of profit or loss and other comprehensive income

Holmetjern Invest Group

NOK'000	Notes	30.06.2021	30.06.2020	2020
Revenue from contracts with customers	3	4 995	558	3 568
Cost of goods sold, property development		0	-95	-924
Cost of goods sold, other activities (impairment charge)		-6 794	0	-5 520
Gross profit		-1 799	462	-2 876
Administrative expenses	8	-21 185	-20 136	-39 837
Impairment losses	9	-56 102	0	-6 975
Other gains/losses - net		0	-76	-583
Operating profit		-79 086	19 750	-50 272
Finance income		3 087	3 941	9 021
Borrowing costs		-17 704	-20 822	-39 573
Finance costs - net		-14 617	-16 881	-30 552
Share of net profit from associates accounted for using the equity method	9	-43 545	-5 806	16 756
Profit before income tax		-137 248	-42 437	-64 068
Income tax expense		16 306	7 863	16 777
Profit for the period		-120 942	-34 573	-47 291
Profit is attributable to:				
Owners of Holmetjern Invest AS		-113 599	-34 259	-40 695
Non-controlling interests		-7 343	-314	-6 595
		-120 942	-34 573	-47 291
Profit for the period		-120 942	-34 573	-47 291
Other comprehensive income for the period, net of tax		0	0	0
Total comprehensive income for the period		-120 942	-34 573	-47 291
Total comprehensive income for the period is attributable to:				
Owners of Holmetjern Invest AS		-113 599	-34 259	-40 695
Non-controlling interests		-7 343	-314	-6 595
		-120 942	-34 573	-47 291

HOLMETJERN INVEST

Consolidated balance sheet

Holmetjern Invest Group

NOK'000	**Notes**	**30.06.2021**	**30.06.2020**	**31.12.2020**
ASSETS				
Non-current assets				
Property, plant and equipment		38 330	37 679	37 909
Goodwill		0	6 975	0
Deferred tax assets		58 284	33 058	42 316
Investments accounted for using the equity method		62 764	82 787	111 695
Financial asset at fair value through profit or loss		7 324	29 841	25 726
Financial assets at amortised costs		52 236	9 968	40 536
Other loans and receivables				
Total non-current assets		218 937	200 308	258 182
Current assets				
Inventories	4	547 589	542 084	551 984
Trade receivables		1 192	888	11 273
Other financial assets at amortised cost		34 074	82 827	67 593
Other receivables				
Financial asset at fair value through profit or loss		1 000	1 000	2 113
Cash and cash equivalents (excluding bank overdrafts)	6, 7	45 533	60 838	68 140
Total current assets	6	629 388	687 638	701 104
Total assets		848 325	887 946	959 285

HOLMETJERN
INVEST

Consolidated balance sheet

Holmetjern Invest Group

NOK'000	Notes	30.06.2021	30.06.2020	31.12.2020
LIABILITIES				
Non-current liabilities				
Bank loans	5, 7	0	201 340	0
Bond loan	5	0	289 615	296 448
Borrowings	5, 8	95 349	103 318	100 901
Total non-current liabilities		95 349	594 273	397 349
Current liabilities				
Trade and other payables		2 587	7 180	3 350
Current tax liabilities		27	0	349
Bank loans	5	200 008	0	200 008
Bond loan	5	296 914	0	0
Borrowings	5, 8	306 509	281 441	290 063
Other short term liabilities		286	333	580
Total current liabilities	6	806 331	288 954	494 349
Total liabilities		901 680	883 227	891 698
EQUITY				
Share capital and share premium		200	110	210
Other paid-in equity		20 789	0	20 779
Retained earnings		-80 380	-14 473	33 219
Non-controlling interests		6 036	19 081	13 379
Total equity		-53 355	4 719	67 588
Total liabilities and equity		848 325	887 946	959 285

Consolidated statement of changes in equity

Holmetjern Invest-Group

NOK'000	Note	Share capital	Share premium and other paid-in capital	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners					
Balance at 1 january 2020		100	10	19 788	19 898	30 502	50 399
Changes in accounting policy		0	0	0	0	0	0
Correction of error (net of tax)		0	0	0	0	0	0
Restated total equity at the beginning of the financial year		100	10	19 788	19 898	30 502	50 399
Profit for the period		0	0	-40 695	-40 695	-6 595	-47 291
Other comprehensive income		0	0	0	0	0	0
Total comprehensive income for the period		0	0	-40 695	-40 695	-6 595	-47 291
Transaction with owners in their capacity as owners:							
Contributions of equity net of transaction costs		100	20 779	0	20 879	0	20 879
Transaction with non-controlling interets		0	0	54 128	54 128	579	54 706
Dividends provided for or paid		0	0		0	-11 106	-11 106
		100	20 779	54 128	75 006	-10 527	64 480
Balance at 31 December 2020		**200**	**20 789**	**33 220**	**54 209**	**13 379**	**67 588**
Profit for the period		0	0	-113 599	-113 599	-7 343	-120 942
Other comprehensive income		0	0	0	0	0	0
Total comprehensive income for the period		0	0	-113 599	-113 599	-7 343	-120 942
Balance at 30 June 2021		200	20 789	-80 380	-59 391	6 036	-53 355

HOLMETJERN INVEST

Consolidated statement of cash flows

Holmetjern Invest Group

NOK'000	Notes	30.06.2021	30.06.2020	31.12.2020
Cash flow from operations				
Profit before income taxes		-137 248	-42 437	-64 068
Taxes paid in the period		-322	0	349
Gain/loss from sale of non-current assets		0	0	1 267
Depreciation		870	617	1 526
Impairment charges		0	0	6 975
Gains/(losses) recognised in other income - fair value		40 221	-76	0
Net profits from associates less dividends received		45 638	5 306	-13 506
Change in inventory	4	4 396	-9 015	-18 915
Change in other current items		10 477	-4 042	-17 776
Net cash flow from operations		**-35 969**	**-49 648**	**-104 147**
Cash flow from investments				
Purchase of property, plant and equipment		-1 291	-6 647	-7 812
Payment in other loans and receivables		0	-20 536	-35 870
Proceeds from sale of shares and investments in other companies		0	0	65 000
Purchase of shares and investments in other companies		0	-8 500	-18 153
Purchase of other investments		0	0	0
Proceeds from sale of other investments		3 293	0	0
Net cash flow from investments		**2 002**	**-35 683**	**3 165**
Cash flow from financing				
Proceeds from long term loans		0	118 926	132 211
Repayment of long term loans		0	0	-1 000
Transactions with non-controling interests		0	0	-10 290
Proceeds from issuance of equity		11 360	0	20 879
Payment of/ provided for dividend		0	-11 106	-11 106
Net cash flow from financing		**11 360**	**107 820**	**130 694**
Net change in cash and cash equivalents		-22 607	22 489	29 712
Cash and cash equivalents at the beginning of the period		68 140	38 349	38 428
Cash and cash equivalents at the end of the period	7	**45 533**	**60 838**	**68 140**

Interim Financial Statements, Parent Company

Profit and loss statement

Holmetjern Invest AS - parent company

NOK'000				
INCOME STATEMENT	**Note**	**30.06.2021**	**30.06.2020**	**31.12.2020**
Operating expences				
Personel expences		543	546	1 683
Depreciation		16	16	33
Other operating expences	8	63 547	9 891	21 908
Total operating expences		**64 107**	**10 453**	**23 624**
NET OPERATING PROFIT		**-64 107**	**-10 453**	**-23 624**
FINANCIAL ITEMS				
Financial income				
Dividend received		2 093	500	3 250
Interest income		9 714	7 626	14 381
Other financial income		38	544	68 840
Total financial income		**11 844**	**8 670**	**86 471**
Financial expences				
Change in value of marketable investments		0	0	0
Other interest expences	5,8	16 853	18 213	35 026
Other financial expences		19 091	912	7 407
Total financial expenses		**35 943**	**19 125**	**42 433**
NET FINANCIAL ITEMS		**-24 099**	**-10 455**	**44 038**
PROFIT BEFORE INCOME TAXES		-88 205	-20 908	20 414
Taxes		-3 951	-4 708	-9 307
NET PROFIT FOR THE PERIOD		-84 255	-16 200	29 721
ALLOCATIONS				
Allocated to dividend for dividend				
Allocated from/to other reserves		-84 255	-16 200	29 722
TOTAL ALLOCATIONS		-84 255	-16 200	29 722

Balance sheet statement

Holmetjern Invest AS - parent company

NOK'000				
ASSETS	**Note**	**30.06.2021**	**30.06.2020**	**31.12.2020**
NON-CURRENT ASSETS				
Intangible assets				
Deferred tax assets		27 773	19 223	23 822
Total intangible assets		**27 773**	**19 223**	**23 822**
Tangible fixed assets				
Fixtures, office equipment etc		19	52	36
Total tangile fixed assets		**19**	**52**	**36**
Fixed assets investments				
Investments in subsidiaries		27 328	21 554	27 328
Loan to group companies		114 497	95 074	119 144
Investments in associated companies		30 780	27 869	35 523
Loans to associated companies		8 567	14 645	21 176
Investments in other		7 966	25 893	25 894
Other long-term receivables		34 228	24 349	5 033
Total fixed asset investments		**223 365**	**209 385**	**234 097**
TOTAL FIXED ASSETS		**251 157**	**228 659**	**257 954**
CURRENT ASSETS				
Inventory property	4	0	0	0
Receivables				
Accounts receivable		925	375	456
Receivables from group companies		61 266	59 976	59 847
Other short-term receivables		6 661	35 528	55 520
Total receivables		**68 852**	**95 880**	**115 823**
Marketable shares		1 000	4 085	**2 113**
Cash and bank deposits	6, 7	32 272	44 533	51 762
TOTAL CURRENT ASSETS	**6**	**102 124**	**144 498**	**169 698**
TOTAL ASSETS		**353 281**	**373 157**	**427 653**

Balance sheet statement

Holmetjern Invest AS - parent company

NOK'000

EQUITY AND LIABILITIES	Note	30.06.2021	30.06.2020	31.12.2020
EQUITY				
Paid-in-equity				
Share capital		200	100	200
Share capital, not registered		0	0	0
Premium fund		20 790	10	20 790
Total paid-in equity		**20 990**	**110**	**20 990**
Retained earnings				
Retained equity		-27 908	11 297	56 346
Total retained earnings		**-27 908**	**11 297**	**56 346**
TOTAL EQUITY		**-6 919**	**11 407**	**77 336**
LIABILITIES				
Non-Current liabilities				
Other non-current liabilities				
Bond loans	5	0	287 868	296 448
Other long-term liabilities	5,8	51 472	67 681	49 088
TOTAL NON-CURRENT LIABILITIES		**51 472**	**355 549**	**345 536**
CURRENT LIABILITIES				
Bond loans	5	296 914	0	0
Accounts payable		66	666	302
Values added taxes		63	99	106
Dividend		0	0	0
Short-term liabilities to group companies		0	0	0
Other short-term liabilities	8	11 684	5 435	4 372
TOTAL CURRENT LIABILITIES	**6**	**308 728**	**6 201**	**4 780**
TOTAL LIABILITIES		**360 200**	**361 750**	**350 317**
TOTAL EQUITY AND LIABILITIES		**353 281**	**373 157**	**427 653**

Cash flow statement

Holmetjern Invest AS - parent company

NOK'000

	Note	30.06.2021	30.06.2020	31.12.2020
Cash flow from operations				
Earings before taxes		-88 205	-20 908	20 415
-Tax payable				0
+Loss/-gain on sale of assets		284	0	-64 667
+Depreciation and amortization		16	16	7 104
+Impairment charge on investments in shares in other companies		18 779	0	-1 983
+Impairment charge on other financial instruments		53 277	0	0
+/- Changes inventory		0	32 780	32 780
+/- Changes in accounts receivables		-469	-289	-370
+/- Changes in accounts payable		-236	-1 601	-1 965
+/- Changes in other accruals		-1 042	347	185
=Net cash flow from operations		**-17 596**	**10 347**	**-8 499**
Cash flow from investments				
+Repayment in other loans to group companies		0	-65 885	0
+Repayment in other loans		0	0	-107 386
-Payment in other loans and receivables		-17 776	-12 138	0
+ Fixed assets sold		0	0	0
+Sale of shares		6 079	0	64 670
-Investments in shares		-359	-8 494	-29 033
-Other investments		0	0	0
= Net cash flow from investments		**-12 056**	**-86 517**	**-71 748**
Cash flow from financing activities				
+New loans		10 162	123 273	134 579
-Repayment of long term liabilities			-23 212	-23 212
-Dividend				0
=Net cash flow fom financing activities		**10 162**	**100 061**	**111 367**
=Net change in cash and cash equivalents		**-19 490**	**23 891**	**31 120**
+Cash balance as og the beginning of the period		51 762	20 642	20 642
=Cash balanse as at the end of the period	**7**	**32 272**	**44 533**	**51 762**
Balance of cash and cash equivalents is distributed as follows:				
Cash and bank deposits as at the end of the period		32 243	44 491	51 698
+Tax witholdings etc as at the end of the period		29	42	64
=Balance of cash and cash equivalents as at the end of the period		**32 272**	**44 533**	**51 762**

Notes to the Interim Financial Statements

HOLMETJERN INVEST

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 presented.

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 2021.

These consolidated financial statements were authorised for issue by the board of directors on 31 August 2021.

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 company

(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.

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, w hich can include factors such as expected housing prices and rate of return, government approvals and estimated construction costs.

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

INTANGIBLE ASSETS

i) Goodw ill

Goodw ill arising on the acquisition of a business is recognised in the balance sheet at the date of acquisition of the business. Goodw ill is not amortised, but is tested for impairment annually. For the purposes of impairment testing, goodw ill 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.

Goodw ill is tested for impairment annually, or more frequently w hen 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 goodw ill 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 goodw ill is recognised in profit or loss in the consolidated income statement. An impairment loss recognised for goodw ill w ill not be reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodw ill 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 w ith IFRS 15 Revenue from contracts w ith customers.

i) Sale of property

Revenue from the sale of residential property (including any sale of projects under development and undeveloped land) is recognised w hen 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 w ith a degree of continuing involvement by the seller, w hich 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 w ith 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 flow s include cash in hand, bank deposits and other highly liquid investments w ith original maturities of three months or less. The cash flow statement is prepared using the indirect method. Interest payments are classified as operational cash flow s.

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).

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 which the entity operates (the "functional currency"). The consolidated financial statements are presented in NOK, which 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 which 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 following 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 borrowing rate.

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

- 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 with 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 with a lease term of 12 months or less.

Accounting principles Holmetjern Invest AS (Parent 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.

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2 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates w hich, by definition, w ill 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 w hich are more likely to be materially adjusted due to estimates and assumptions turning out to be w rong. Detailed information about each of these estimates and judgements is included in other notes together w ith information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains w here 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 w ould 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 w ith external advisors like real estate brokers, and also w ith input from various entrepreneurs. Managements estimate on net realizable value w ill then be discussed w ith external valuation experts to compare the management assessment of net present value w ith the external experts assessment of value.

Fair value - financial assets

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

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 activities of the group is done through different legal entities, w ith similar business activity. Management monitor and follow s up on a company by company basis.

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4 Inventories

	30.06.2021	30.06.2020	31.12.2020
	000'NOK	*000'NOK*	*000'NOK*
Property portfolio			
Overvik Utvikling AS	459 708	445 766	457 067
Overvik Lokalsenter AS	52 700	51 886	54 087
Opsahlhaven AS	0	544	2 650
Overvik Panorama 1 AS	35 180	35 180	35 180
Total property inventory	547 589	533 377	548 984
Other inventory	0	8 705	3 000
Total	547 589	542 082	551 984

Borrowing costs on external land loans in group entity that owns the inventory property, are capitalised from the day the group initiaties activities to develop the property. Borrowing costs are recognised in profit and loss as part of the cost of sales when the units are delivered.

	30.06.2021	30.06.2020	31.12.2020
	000'NOK	*000'NOK*	*000'NOK*
Land cost	392 634	392 634	386 165
Borrowing cost prior years	71 311	32 382	51 021
Capatilized borrowing costs this year	2 082	9 252	20 290
Capatilized project costs	88 056	99 109	91 509
Impairment charge	-6 495	0	0
Total	547 589	533 377	548 985

All inventory property is accounted for at historic cost and an impairment charge in case the fair value of the inventory is assessed to be lower than cost.

In a City Council meeting 28 April 2021, Trondheim Municipality has proposed to transfer parts of the Overvik estate to LNF at the next rollout of KPA, while the rest of the areas will be developed in line with the provisions in the current area zoning plan. This decision implies that the development and construction at Overvik will continue, however, with a reduced development volume potential compared to the current area zoning plan.

Following the City Council meeting on 28 April 2021, management has updated the impairment analysis to reflect the revised development potential. This updated impairment analysis identified an impairment in the Overvik Lokalsenter project. Based on the impairment analysis the carrying amount as per 30.06.2021 of the Overvik Lokalsenter project has been reduced with an impairment charge of NOK 6.495 mill.

No impairment was identified in the remaining project portfolio of the Group. Hence, the remaining project portfolio is accounted for at historical cost.

Please refer to note 9 for further impairment charges related to the revised zoning plan.

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 30.06.21	*NOK'000*		*NOK'000*	*NOK'000*
Bond loan*	296 914			296 914
Bank loans**	200 008			200 008
Other long-term borrowings		2 819	92 529	95 349
Short-term loans borrowings	306 509			306 509
Total	803 431	2 819	92 529	898 780

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 30.06.21	Interest pr 30.06.21	Amount 31.12.20	Interest 2020
NO0010815632Holme 18/22	296 914	12 163	294 600	25 055

	Cost pr 30.06.21	Capitalized as of 30.06.21
Accured costs associated with the bond is recorded against Bond in the balance sheet and expensed linear	2 314	3 086

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

Liquidity > NOK 4 millions

6 Current net assets

Group

	30.06.2021	30.06.2020	31.12.2020
	NOK'000	*NOK'000*	*NOK'000*
Current assets			
Cash and cash equivalents	45 533	60 838	68 140
Other Current assets	583 855	626 800	632 964
Current liabilities	806 331	288 954	494 349
Current net assets	**-176 943**	**398 684**	**206 755**

Company

	30.06.2021	30.06.2020	31.12.2020
	NOK'000	*NOK'000*	*NOK'000*
Current assets			
Cash and cash equivalents	32 272	44 533	51 762
Other Current assets	69 852	99 965	117 936
Current liabilities	308 728	6 201	4 780
Current net assets	**-206 604**	**138 297**	**164 918**

7 Cash and Cash equivalents

Group:

	30.06.2021	30.06.2020	31.12.2020
Restricted cash, payroll tax	68	111	167
Restricted cash, other	26 313	26 000	27 378
Total restricted cash	26 380	26 111	27 545
Unrestricted cash	19 153	34 727	40 595
Total cash and cash equivalents	45 533	60 838	68 140
Cash and Cash equivalents pledged as security	6 000	6 000	8 475

Company:

	30.06.2021	30.06.2020	31.12.2020
Restricted cash, payroll tax	29	42	63
Restricted cash, other	20 000	20 000	20 000
Total restricted cash	20 029	20 042	20 063
Unrestricted cash	12 243	24 491	31 698
Total cash and cash equivalents	32 272	44 533	51 762

8 Related parties

Parent entities

The group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest 30.06.2021	30.06.2020
Selmer Holding AS 1)	Ultimate parent entity and controlling party	Trondheim	71,25 %	71,25 %
Snowy Invest AS 2)		Trondheim	23,75 %	23,75 %
Singsaker Eiendom AS 3)		Trondheim	5,00 %	5,00 %

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

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

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

Group:

Transactions with and loans to/from related parties

	30.06.2021	30.06.2020
	NOK'000	NOK'000
Purchase of management services from parent company	15 127	15 117
Loans from key management personnel *	233 727	227 296
Loans from parent company and other ownership companies	51 472	61 102
Loans to associates	51 751	63 595

*Loan from key managing personell is related do purchase of land/property in 2016. The loan is charged with a intrest rate of NIBOR+2%, and has a downpayment plan over maximum 15 years (minimum downpayment 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 with a intrest rate from 4-8%. Unpayed dividens are not charged with intrest until the year after the dividend is given.

Loans to associates are normally charged with an intrest rate from 3-8%. High risk loans are charged with 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

	30.06.2021	30.06.2020
	NOK'000	NOK'000
Purchase of management services from parent company	8 459	8 459
Loans from parent company and other ownership companies	51 472	61 102
Interest paid on loans from parent companies and other ownership companies	2 356	2 472
Loans to associates	24 772	46 529

9 Impairment of investments in financial instruments, associated companies and receivables

under note 4, management has carried out an impairment review focusing on the Group's financial exposure towards companies affected by the reduced development potential in the Overvik area.

This review has identified the following impairment charges in addition to the impairment on inventory as described in note 4 (numbers in NOK thousands):

		Charged to line item in P&L
- Investment in associated companies:	39 302	Share of net profit from associates
- Investment in financial instruments:	18 402	Impairment losses
- Financial assets at amortised costs:	37 700	Impairment losses
- Total impairment charges:	95 404	

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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 2021 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 2021.

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, 31 August 2021

Karl Albrecht Opsahl Selmer
CEO/Director

Endre Kolbjørnsen
Chairman

Kolbjørn Opsahl Selmer
Director