

Q2

Quarterly report
2017

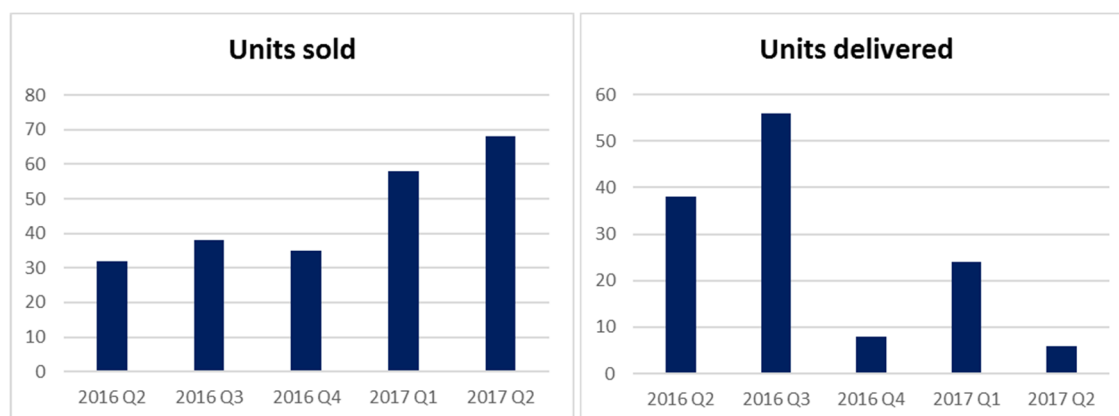


Highlights

- All-time high sales in Q2 2017 with 68 units sold (32)
- Total segment revenue increased to NOK 357 million in Q2 2017 compared to NOK 190 million in Q2 2016
- Total segment EBITDA increased to NOK 75 million in Q2 2017 compared to NOK 30 million in Q2 2016
- 257 units under construction (323) of which 88% are sold at the end of the quarter
- 99 % of expected completions in 2017 are sold
- Project margin increased to 21.15 % (19.03 %) in Q2
- Dividend for 2016 of NOK 50 million paid in Q2 2017

(Numbers in parentheses are for the equivalent period last year)

Units – Units refers to the number of apartments or houses



Amounts in NOK thousand unless otherwise stated

IFRS reporting	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
Revenue	78 014	253 650	302 684	346 185	691 497
EBITDA	9 401	33 178	100 954	58 557	74 093
Profit before tax	5 634	24 688	43 078	18 822	38 338
Equity ratio	22 %	10 %	22 %	10 %	28 %
Segment reporting					
<i>Residential real estate development</i>					
Revenue	357 205	190 477	527 033	358 530	787 167
EBITDA	75 040	30 275	100 954	58 557	129 609
EBITDA margin	21,01 %	15,89 %	19,16 %	16,33 %	16,47 %
Project margin	21,15 %	19,03 %	22,14 %	19,18 %	19,87 %
Key figures					
Number of units sold	68	32	126	73	146
Number of construction starts	25	155	29	232	232
Number of units delivered	6	38	30	49	113
Number of units completed	4	38	31	49	113

Operational and Market update

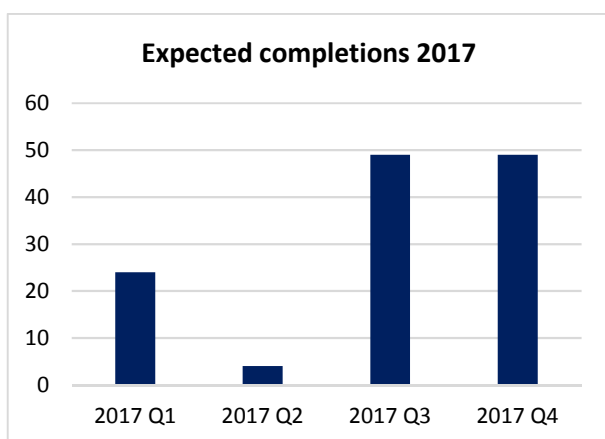
Sales and operations

During the first half of 2017, Solon Eiendom sold 126 units with a sales value of NOK 1 092 million representing an increase of 73 % in number of units and 158 % increase in sales value compared to the same period last year. The average sales price per unit in Q2 2017 was unusually high at NOK 10 million due to sales related to our Bygdøy project.

During the first six months of 2017, 30 units were completed and delivered to the end customer of which 6 units were delivered in Q2.

Solon Eiendom has a total of NOK 2.8 billion in sales value of projects under development consisting of 380 units. 84% of the units and 81% of the total sales value have already been sold. At the end of Q2 2017, 257 units were under construction of which 88% have been sold.

The company expects to complete 126 units for the full year 2017 and 99% of these units have already been sold.



Land bank acquisitions

Investments in the Land Bank in the first half of 2017 amounted to NOK 235 million, compared to NOK 62 million invested for the same period last year.

Winding down the biopharmaceutical business

During Q2 2017, the board of directors decided to wind down the biopharmaceutical business. This decision was based on an evaluation of various alternatives. As a result, the employees have been informed and the book value of the intangible assets of NOK 120 million and a restructuring provision of NOK 5 million have been expensed in Q2 2017.

In summary, sales for the first half of 2017 were positive and the number of units completed and delivered were according to plan. Activity on projects under development is satisfactory and there has been attractive land bank acquisitions. However, the quarterly results were negatively impacted by costs incurred in connection with winding down the biopharmaceutical business.

Outlook

Housing sales were strong during the first half of 2017 for the projects that Solon delivers. Going forward we expect that the market for new housing will be more differentiated which will support the continued demand for the projects Solon Eiendom delivers with high quality and unique architecture.

The deal flow of new properties is maintaining momentum and the Company continues to see attractive opportunities to acquire new properties. As a result of the current market dynamics, we are selective in our acquisitions maintaining an opportunistic approach. Solon Eiendom has invested strategically and the current land bank is sufficient to achieve our current goals for the period to come.

Risk Factors

Solon Eiendom is exposed to various forms of market, operational and financial risks that could affect performance, the ability to meet strategic goals and the company's reputation.

Financial results are affected by project execution, customer behavior and market developments, including fluctuations in housing and property prices. Results are also impacted by costs, both the company's

own and those charged by suppliers, as well as customers' ability to pay. The company is also exposed to financial market risks, including changes in interest rates, tax and counterparty risks, as well as risks associated with access to and terms of financing. Solon Eiendom has policies and procedures that identify, evaluate and respond to risks actively and systematically. The annual report for 2016 provides more information on risks and uncertainties.

Financial review Q2 2017

Revenue

Revenue was NOK 78 million in Q2 2017 compared to NOK 254 million in Q2 2016. The decrease in revenue was driven by the Residential Real Estate Development segment as the number of delivered units decreased from 38 units in Q2 2016 to 6 in Q2 2017.

Revenue for the first half of 2017 was NOK 303 million, representing a decrease of NOK 44 million compared to the same period last year. The decrease in revenue was mainly due to the Residential Real Estate Development segment as the number of delivered units decreased from 49 units in the first half of 2016 to 30 in the first half of 2017

Operating profit

The reported operating profit amounted to NOK 9 million in Q2 2017 compared to an operating profit of NOK 33 million in Q2 2016. The decrease in operating profit compared to Q2 2016 is due mainly to the decrease in delivered units as discussed above.

The reported operating profit amounted to NOK 52 million for the first half of 2017 compared to an operating profit of NOK 30 million for the first half of 2016. The increase in operating profit compared to half year 2016 is due mainly to improved margins on completed units.

Operating expenses

Total operating expenses amounted to NOK 63 million in Q2 2017, down from NOK 216 million in Q2 2016. The decrease is due to the reduction in revenues as a result of fewer delivered units and a reduction in other operating expenses.

Total operating expenses amounted to NOK 243 million for the first half of 2017, down from NOK 304 million for the same period in 2016. The decrease is due to the reduction in revenues and other operating expenses as discussed above.

Cost of goods sold

Costs of goods sold consist of project expenses/building costs. The costs of goods sold for Q2 2017 was NOK 53 million compared to NOK 209 million for Q2

2016. The level of expenses fluctuates closely with the number of units delivered to the end customer.

Employee benefit expenses

Employee benefit expenses amounted to NOK 7 million in the Q2 2017 compared to NOK 3 million in the same period last year. The increase is mainly due to an increase in bonus expense and increase in the number of employees compared to 2016.

Employee benefit expenses amounted to NOK 16 million for the first half of 2017 compared to NOK 5 million for the same period last year. The increase is mainly due to an increase in bonus expense and increase in the number of employees compared to 2016.

Other operating expenses

Other operating expenses amounted to NOK 3 million in Q2 2017 compared to NOK 4 million in the same period last year.

For the first half of 2017 other operating expenses amounted to NOK 10 million compared to NOK 8 million for the same period last year. The increase is mainly due to transaction costs related to the reverse acquisition in 2016, and listing costs.

Financial items

Financial income in Q2 2017 amounted to NOK 546 thousand compared to NOK 260 thousand for the same period in 2016.

Financial income for the first half of 2017 amounted to NOK 1 million compared to NOK 6 million for the same period in 2016. The decrease from 2016 is mainly due to the realization of shares in Holmen Eiendomsutvikling AS in 2016.

Financial expense consists mainly of interest expense to financial institutions. Interest expense related to land is capitalized as inventory from the date where a detailed zoning plan is in place. In addition, interest expense is capitalized as inventory during the construction period.

Financial expense amounted to NOK 4 million in Q2 2017 compared to NOK 9 million for the same period in 2016. The main reason for the decrease is due to a decrease in interest bearing liabilities related to unregulated land.

Financial expense amounted to NOK 10 million for the first half of 2017 compared to NOK 16 million for the same period in 2016. The main reason for the decrease is due to a decrease in interest bearing liabilities related to unregulated land.

Discontinued operations

As a result of the decision to wind down the biopharmaceutical segment the related intangible assets of NOK 120 million have been expensed in Q2 2017. In addition, a restructuring provision of NOK 5 million was recorded.

Cash flow

Cash flow used in operating activities was NOK 180 million in Q2 2017 compared to cash flow used in operating activities of NOK 72 million in Q2 2016. The increase in cash flow used in operating activities is mainly attributable to an increase in the land bank.

For the first half of 2017 cash flow used in operating activities was NOK 281 million compared to cash flow used in operating activities of NOK 59 million for the

same period last year, mainly caused by an increase in the land bank.

Tax

The tax income for the quarter was NOK 449 thousand compared to tax expense of NOK 5 926 thousand in Q2 2016.

The income tax expense for the first half of 2017 was NOK 9 million compared to NOK 5 million for the same period last year.

Funding

The Group had land loans totaling NOK 541 million at June 30, 2017 compared to NOK 449 million at June 30, 2016. These are normally converted to construction loans in connection with the start of construction.

The Group had construction loans totaling NOK 471 million at June 30, 2017 compared to NOK 387 million at June 30, 2016.

Undrawn and committed long-term bank overdraft credit facility was NOK 50 million at end of Q2

The weighted average interest rate on the debt is 3,09 %. At June, 2017 the Net Interest Bearing Debt (NIBD) was NOK 868 million. See Definitions and Abbreviations for calculation of NIBD.

Operating segments

Residential real estate development

Revenue in Q2 2017 from the residential real estate segment amounted to NOK 357 million, compared to NOK 190 million in Q2 2016. The revenue in Q2 17 consists of NOK 351 million from real estate development, and NOK 6 in rental income and other income. The increase in revenue compared to same quarter last year is due to higher percentage of both completion and sales in Q2 2017 even though the number of units under construction was 323 in Q2 2016 vs 257 in Q2 2017.

The weighted average percentage of completion in Q2 2017 was 66 % vs 36 % in Q2 2016. In addition, the weighted average of sales rate was 93 % in Q2 2017 vs 73 % in Q2 2016.

Revenue for the first half of 2017 from the residential real estate segment amounted to NOK 527 million, compared to NOK 359 million in the first half of 2016.

The Segment EBITDA increased from NOK 30 million in Q2 2016 to NOK 75 million in Q2 2017. The increase in segment EBITDA is due both to increased revenue in Q2 2017 vs Q2 2016 and an increase in project margin from 19 % to 21 % in Q2 17.

The Segment EBITDA increased from NOK 59 million in the first half of 2016 to NOK 101 million in the first half of 2017.

Investments in the Land Bank in Q2 2017 amounted to NOK 68 million, compared to NOK 62 million invested for the same period last year.

Investments in the Land Bank in the first half of 2017 amounted to NOK 235 million, compared to NOK 62 million invested for the same period last year.

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Units sold:	68	58	35	38	32
<i>Units sold (under construction)</i>	20	13	21	36	31
<i>Units sold (not under construction)</i>	48	45	14	2	1
Sales value units sold (000)	684 994	407 030	323 480	230 000	177 080
Units started	25	4	0	0	155
Units completed	4	27	7	57	38
Units delivered	6	24	8	56	38
Units under construction	257	236	259	266	323
Units under construction sold	227	205	212	194	214
Units under construction % sold	88 %	87 %	82 %	73 %	66 %
Average sales price sold units (000)	10 073	9 242	9 242	6 053	5 534

***The figures above are 100% and are not adjusted for Solon ownership**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	<i>Notes</i>	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
Revenue	2	78 014	253 650	302 684	346 185	691 497
Total revenue		78 014	253 650	302 684	346 185	691 497
Cost of goods sold		53 487	208 610	217 407	280 847	558 670
Employee benefit expense		7 132	3 497	16 291	5 191	12 738
Depreciation and amortization expense		157	157	314	314	629
Other operating expense		3 276	4 217	9 533	8 474	29 158
Other (gains) & losses		(701)	(27)	(153)	9 586	3 156
Total operating expenses		63 351	216 454	243 393	304 412	604 350
Loss investment property		5 418	4 174	7 300	12 223	12 463
Operating profit		9 244	33 021	51 991	29 550	74 684
Financial income		546	260	1 211	5 719	1 730
Financial expense		(4 156)	(8 593)	(10 125)	(16 447)	(38 076)
Net financial items		(3 610)	(8 333)	(8 914)	(10 728)	(36 346)
Profit before tax		5 634	24 688	43 078	18 822	38 338
Income tax expense		449	(5 926)	(8 705)	(4 882)	(9 935)
Profit for the period from continuing operations		6 083	18 762	34 372	13 940	28 403
Discontinued operations						
Loss after tax for the period from discontinued operations	6	(130 819)	-	(140 686)	-	(1 220)
Profit/(loss) for the period		(124 736)	18 762	(106 314)	13 940	27 183
Other comprehensive income		-	-	-	-	-
Total comprehensive income/(loss) for the period		(124 736)	18 762	(106 314)	13 940	27 183
Profit for the period is attributable to:						
- Owners of the parent		(123 449)	18 138	(117 392)	13 408	22 327
- Non-controlling interests		(1 288)	624	11 078	532	4 856
Earnings per share						
Earnings (loss) per share (NOK) basic:		(2,540)	0,544	(2,444)	0,402	0,702
Earnings (loss) per share (NOK) diluted:		(2,540)	0,544	(2,444)	0,402	0,656
Earnings per share for continuing operations						
Earnings (loss) per share (NOK) basic:		0,152	0,544	0,485	0,402	0,702
Earnings (loss) per share (NOK) diluted:		0,152	0,544	0,485	0,402	0,656

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	<i>Notes</i>	June 30, 2017	June 30, 2016	Dec 31, 2016
Non-current assets				
Assets from discontinued operations	6	-	-	120 263
Deferred tax assets		55	44	55
Investment properties		-	200 000	200 000
Property, plant and equipment		3 667	2 359	3 844
Investments in associated companies and joint ventures		31 843	3 889	2 006
Other non-current receivables		2 176	1 953	21 259
Total non-current assets		37 740	208 245	347 426
Current assets				
Inventories	3	1 401 351	1 068 050	1 168 425
Trade and other receivables		119 581	167 250	78 874
Cash and cash equivalents		147 646	47 582	238 642
Total current assets		1 668 578	1 282 882	1 485 941
Total assets		1 706 318	1 491 128	1 833 367
Equity and liabilities				
Share capital		48 595	100	905 234
Retained earnings		317 442	140 920	(408 187)
Equity attributable to the owners of the Company		366 037	141 020	497 047
Non-controlling interests		10 830	9 707	14 031
Total equity		376 867	150 727	511 078
Deferred tax		35 826	44 429	36 106
Interest bearing liabilities to financial institutions	4	397 234	431 465	637 475
Other long term interest bearing debt	4	-	78 007	28 250
Total non-current liabilities		433 060	553 901	701 831
Interest bearing liabilities to financial institutions	4	618 363	637 358	368 294
Trade payables		89 058	61 704	83 998
Tax payable		38 402	13 000	28 238
Public duties payable		8 432	3 060	9 837
Derivatives		-	4 181	2 012
Prepayments from customers		125 784	47 034	110 246
Other short-term liabilities		16 352	20 164	17 834
Total current liabilities		896 391	786 500	620 458
Total liabilities		1 329 451	1 340 401	1 322 289
Total equity and liabilities		1 706 318	1 491 128	1 833 367

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Q2 2017

<i>Amounts in NOK thousand</i>	Attributable to owners of Solon Eiendom Group:						Non-controlling interests	Total equity
	Share capital	Share premium	Other equity	Retained earnings	Total			
Balance at January 1, 2017	905 234	370 442	-	(778 628)	497 048	14 031	511 079	
Profit / (loss) for the period	-	-	-	(117 392)	(117 392)	11 078	(106 314)	
Other comprehensive income	-	-	-	-	-	-	-	
Total Comprehensive income for the period	-	-	-	-117 392	(117 392)	11 078	-106 314	
Share issue (repair issue)	66 667	33 333	-	-	100 000	-	100 000	
Transaction costs issue of share capital	-	(4 186)	-	-	(4 186)	-	(4 186)	
Capital reduction	(923 306)	923 306	-	-	0	-	-	
Transactions with non-controlling interests*	-	-	-	(59 433)	(59 433)	(567)	(60 000)	
Dividend to non-controlling interests	-	(50 000)	-	-	(50 000)	(13 712)	(63 712)	
Equity transactions for the period	-856 639	902 453	-	(59 433)	(13 619)	(14 279)	-27 898	
Balance at June 30, 2017	48 595	1 272 895	-	(955 453)	366 037	10 830	376 867	

*Purchase of the remaining 30% shares in Ski Næring & Boligutvikling AS. As Ski Bolig & Næringsutvikling AS has been consolidated in the groups financial statements, the acquisition cost of the shares was recorded as a reduction of equity.

Q2 2016

<i>Amounts in NOK thousand</i>	Attributable to owners of Solon Eiendom Group:						Non-controlling interests	Total equity
	Share capital	Share premium	Other equity	Retained earnings	Total			
Bionor Pharma ASA balance January 1, 2016	62 328	266 350	5 539	(268 009)	66 208	0	66 208	
Adjustment of equity in reverse acquisition	(62 228)	(266 350)	(5 539)	440 791	111 405	9 175	120 579	
Balance at January 1, 2016	100	0	0	172 782	177 613	9 175	186 787	
Profit for the period	-	-	-	13 408	13 408	532	13 940	
Other comprehensive income	-	-	-	-	-	-	-	
Total Comprehensive income for the period	-	-	-	13 408	13 408	532	13 940	
Dividend	-	-	-	(50 000)	(50 000)	-	(50 000)	
Balance at June 30, 2016	100	-	-	136 190	141 021	9 707	150 727	

2016

<i>Amounts in NOK thousand</i>	Attributable to owners of Solon Eiendom Group:						Non-controlling interests	Total equity
	Share capital	Share premium	Other equity	Retained earnings	Total			
Bionor Pharma ASA balance 1 January 2016	62 328	266 350	5 539	(268 009)	66 208	0	66 208	
Adjustment of equity in reverse acquisition	(62 228)	(266 350)	(5 539)	445 522	111 405	9 175	120 579	
Balance at 1 January 2016	100	-	-	177 513	177 613	9 175	186 787	
Profit for the period	-	-	-	22 327	22 327	4 856	27 183	
Other comprehensive income	-	-	-	-	-	-	-	
Total Comprehensive income for the period	-	-	-	22 327	22 327	4 856	27 183	
Dividend	-	-	-	(50 000)	(50 000)	-	(50 000)	
Business combination reverse acquisition	805 134	333 333	-	(928 467)	210 000	-	210 000	
Private placements	100 000	50 000	-	-	150 000	-	150 000	
Transaction costs issue of share capital	-	(12 892)	-	-	(12 892)	-	(12 892)	
Equity transactions for the period	905 134	370 442	-	(978 467)	297 109	-	297 109	
Balance at 31 December 2016	905 234	370 442	-	(778 628)	497 048	14 031	511 079	

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

<i>Amounts in NOK thousand</i>	<i>Notes</i>	Q2 2017	Q2 2016	1H 2017	1H 2016	2016
Cash flow from operating activities						
Profit before tax		5 634	24 688	43 078	18 821	37 118
Paid taxes		-	-	-	-	(130)
Depreciation and impairment		-	-	231	157	629
Profit (-)/loss (+) sale of shares		-	2 950	-	2 950	1 656
Unrealized gain (-)/loss (+) on derivatives		(37)	2 905	-	4 026	1 049
Realised loss on investment property		5 483	-	7 365	-	-
Unrealized gain (-)/loss (+) on investment property		-	4 174	-	12 223	12 463
Change in inventory		(109 353)	26 956	(232 926)	9 291	(91 084)
Change in receivable		(21 406)	(131 672)	(29 340)	(73 529)	84 671
Change in trade payables		2 559	13 037	5 387	(1 981)	26 665
Change in other accruals		(57 516)	(14 889)	(60 150)	(31 280)	(24 207)
Net cash flow from operations (continuing)		(174 636)	(71 849)	(266 354)	(59 320)	48 830
Net cash flow from operations of discontinued operations		(5 379)	-	(15 246)	-	-
Net cash flow from operating activities		(180 015)	(71 849)	(281 601)	(59 320)	48 830
Cash flow from investments						
Purchase of fixed assets		-	(3 579)	-	(14 425)	(15 113)
Proceeds from sale of business		54 335	-	54 335	-	-
Proceeds from sale of shares		-	-	-	-	12 545
Transactions with non-controlling interest		-	-	(60 000)	-	-
Purchases of shares		(30 176)	1	(30 176)	(15 006)	(16 262)
Repayment loans to third parties		-	3 044	-	3 044	152
Loans to third parties		6 476	8 156	(7 609)	-	(12 207)
Net cash flow from investments of continuing operations		30 635	7 622	(43 450)	(26 387)	(30 886)
Net cash flow from investments of discontinued operations		-	-	-	-	60 157
Net cash flow from investments		30 635	7 622	(43 450)	(26 387)	29 271
Cash flow from financing						
Repayments borrowings		(139 425)	(73 562)	(170 014)	(141 329)	(564 381)
Proceeds borrowings		347 673	189 804	371 967	202 491	515 686
Dividends to minority interests		-	-	(13 712)	-	-
Dividends to owners		(50 000)	(50 000)	(50 000)	(50 000)	(50 000)
Capital increase		(13 712)	-	95 814	-	137 108
Net cash flow from financing of continuing operations		144 536	66 241	234 054	11 162	38 413
Net cash flow from financing of discontinued operations		-	-	-	-	-
Net cash flow from financing		144 536	66 241	234 054	11 162	38 413
Net Change in Cash and Cash Equivalents		(4 844)	2 014	(90 997)	(74 546)	116 514
Cash and cash equivalents at the beginning of the period		152 490	45 569	238 642	122 128	122 128
Cash and cash equivalents at the end of the period		147 645	47 582	147 645	47 582	238 642

SELECTED NOTES TO THE ACCOUNTS

1. General information and basis for preparation

Solon Eiendom ASA (the "company") and its subsidiaries (together "the group") is a property development group, involved in the construction of residential property for sale in the ordinary course of business. The condensed consolidated interim financial information consists of the group and the group's interest in associated companies and jointly controlled entities.

The group's consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the group's consolidated financial statements for 2016.

The accounting policies applied in preparing these interim condensed consolidated financial statements are consistent with those applied in the group's consolidated financial statements for the year ended December 31, 2016.

Group management has not yet evaluated the impact of implementing new, revised and amended standards with a later date of adoption.

2. Accounting judgements, estimates and assumptions

The preparation of interim financial information

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

In preparing this consolidated interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were largely the same as those that applied in the consolidated financial statements for the year ended December 31, 2016.

3. Segment information

The main segment is defined as Property development.

The group utilizes the percentage of completion method in its internal reporting for which the degree of completion is estimated based on expenses incurred relative to total estimated costs and sales rate. Operating profit (loss) under the percentage of completion method also includes an estimated profit element. The group consolidated income statement is based on the completed contract method, in which revenue is recognized at the time of transfer of risk and control, being the point of delivery of the property. A reconciliation of this effect (from percentage of completion to completed contract) can be found in the segment reporting.

Note 2 Segment information

Management has determined the operating segments based on reports reviewed by the CEO and management group who make investment decisions, allocates the Group's resources and reviews the internal reporting in order to assess performance. The financial information below was reported to the CEO and the management group at the end of the reporting period. The main segment is defined as Residential Real Estate Development. In addition we have the unallocated segment which consist of items not directly related to real estate development.

The Group uses the percentage of completion in the internal reporting where completion is determined considering costs incurred in relation to total estimated costs of sales and sales rate. Revenues also includes an estimated profit element for sold units. The Group management assesses the profit/(loss) from the segments based on EBITDA where percentage of completion method is used. The measurement method is defined as earnings before "Depreciation and amortization", "Other gains & losses" and "Share of profit from associates."

In the consolidated income statement, revenue is recognized in accordance with IAS 18, where the recognition of revenue occurs at the time of transfer of risk and control, which is the date the units are delivered to the end customer.

Q2 2017

<i>Amounts in NOK thousand</i>	Residential real estate development	Unallocated adjustments	IFRIC 15 adjustment	Total
Revenue	357 205	615	(279 806)	78 014
Project expenses	268 531	603	(215 647)	53 487
Other operating expenses	13 634	1 491	-	15 125
Depreciation and amortisation	(248)	406	-	157
EBITDA	75 040	(1 480)	(64 159)	9 401
EBITDA margin	21,01 %			
Project margin*	21,15 %			
Units in production	257	-	-	257
Delivered units	6	-	-	6
Units sold	68	-	-	68
Total assets	1 839 696	(87 528)	(45 850)	1 706 318

*See Definitions and Abbreviations for calculation of project margin.

Q2 2016

<i>Amounts in NOK thousand</i>	Residential real estate development	Unallocated adjustments	IFRIC 15 adjustment	Total
Revenue	190 477	3 934	59 240	253 650
Project expenses	149 561	3 950	55 099	208 610
Other operating expenses	10 641	1 220	-	11 862
Depreciation and amortisation	370	(213)	-	157
EBITDA	30 275	(1 236)	4 141	33 178
EBITDA margin	15,89 %			
Project margin*	19,03 %			
Units in production	323	-	-	323
Delivered units	38	-	-	38
Units sold	32	-	-	32
Total assets	1 301 222	204 777	(14 871)	1 491 128

Note 2 Segment information (continued)

H1 2017

<i>Amounts in NOK thousand</i>	Residential real			Total
	estate development	Unallocated adjustments	IFRIC 15 adjustment	
Revenue	527 033	2 818	(227 167)	302 684
Project expenses	397 396	1 327	(181 317)	217 407
Other operating expenses	28 683	8 308	-	36 991
Depreciation and amortisation		314	-	314
EBITDA	100 954	(6 818)	(45 850)	48 286
EBITDA margin	19,16 %			
Project margin*	22,14 %			
Units in production	257	-	-	257
Delivered units	30	-	-	30
Units sold	126	-	-	126
Total assets	1 839 696	(87 528)	(45 850)	1 706 318

H1 2016

<i>Amounts in NOK thousand</i>	Residential real			Total
	estate development	Unallocated adjustments	IFRIC 15 adjustment	
Revenue	358 530	7 449	(19 794)	346 185
Project expenses	280 936	8 974	(9 064)	280 847
Other operating expenses	19 036	16 437	-	35 473
Depreciation and amortisation	645	(330)	-	314
EBITDA	58 557	(17 963)	(10 730)	29 865
EBITDA margin	16,33 %			
Project margin*	19,18 %			
Units in production	323	-	-	323
Delivered units	49	-	-	49
Units sold	73	-	-	73
Total assets	1 392 747	109 111	(10 730)	1 491 128

Note 3 Inventories

The Group has land and buildings which are intended for sale in ordinary course of business or which are under construction or development for such sale. Inventories thus includes land, property for resale, property under development and construction.

Inventories are valued at the lower of cost and net realizable value.

<i>Amounts in NOK thousand</i>	June 30, 2017	June 30, 2016	December 31, 2016
Land	749 174	769 485	548 381
Construction under development	652 177	298 565	620 044
Total	1 401 351	1 068 050	1 168 425

Note 4 Interest-bearing liabilities

<i>Amounts in NOK thousand</i>	June 30, 2017	June 30, 2016	December 31, 2016
Non- current liabilities due > 1 year			
Land Bank	393 633	248 558	327 993
Property Under Construction		17	132 638
Commercial		182 890	176 845
Other	3 601	78 007	28 250
Total non- current interest bearing liabilities	397 234	509 472	665 726
Current liabilities due within one year			
Land Bank	146 883	200 645	118 554
Property Under Construction	471 480	386 668	249 739
Commercial	-	7 500	-
Other	-	42 545	-
Total current interest bearing liabilities	618 363	637 358	368 293
Total interest bearing liabilities	1 015 597	1 146 831	1 034 019

The fair value of the liability is consider equal to its book value according to the amortized cost as shown above.

Covenants

The company's term loan facilities with various financial institutions contain standard market terms and covenants. The main covenants relate to minimum equity of NOK 400 million at December 31, minimum percentage of production sold of 67,5%, and a minimum liquidity requirement of NOK 50 million. In addition, there are covenants related to standard information requirements related to changes in ownership, share capital reductions, sale of business areas and dividends.

Note 5 Related party transactions

During the first six months of the financial year 2017, there has been one related party transaction with material effect on the financial position of the group. In February 2017, Solon Eiendom AS acquired 30 shares in Ski Bolig & Næringsutvikling AS representing 30% of the share capital from Mr. Edvin Austbø, a board member of Solon Eiendom ASA for a total consideration of NOK 60 million. As Ski Bolig & Næringsutvikling AS has been consolidated in the groups financial statements, the acquisition cost of the shares was recorded as a reduction of equity in the consolidated statement of financial position. Post transaction, Solon Eiendom AS owns 100% of Ski Bolig & Næringsutvikling AS.

Note 6 Discontinued operations

As previously communicated, the biopharmaceutical division engaged a team of international industry experts to propose an updated development plan and strategic partnership assessment. The team has been in dialogue with several potential partners and the response has been positive. However, it has not been possible to conclude a strategic partnership on acceptable terms.

As the current agreement with the team of industry experts expired at the end of May, various alternatives have been considered by management including engaging advisors to explore market opportunities or winding down the activities. Based on this review, it has been decided to wind down the activities. All employees have been informed and steps are being taken to stop all further activities and secure documentation related to the intellectual property rights. The book value of the intangible assets of NOK 120 million have been expensed in addition to a restructuring provision of NOK 5 million in Q2 2017.

<i>Amounts in NOK thousand</i>	Q2 2017
Write-down of intangible assets	120 263
Restructuring accrual	5 000
Loss from operating activities	5 556
Total	130 819

Declaration by the board of directors and CEO

The board and CEO have today considered and approved the condensed, consolidated financial statements for the six months ended June 30, 2017 for Solon Eiendom.

This declaration is based on information received by the board through reports and statements from the CEO, CFO and/or on the results of the Solon Eiendom business as well as other information essential to assess the group's position.

To the best of our knowledge:

- the condensed, consolidated financial statements for the six months ended June 30, 2017 for the Solon Eiendom have been prepared in accordance with IAS 34 interim financial statements as endorsed by EU.
- the information provided in the condensed, consolidated financial statements gives a true and fair view of the Solon Eiendom's assets, liabilities, financial position and results taken as a whole as of June 30, 2017.
- Solon Eiendoms' report and condensed, consolidated financial statements for the six months ended June 30, 2017 provide a true and fair overview of:
 - the development, performance and financial position of Solon Eiendom taken as a whole.
 - important events that have occurred during the accounting period and their impact on the financial statements as well as a description of the most significant risks and uncertainties facing Solon Eiendom for the remaining six months of the financial year.

The board of directors for Solon Eiendom ASA
Oslo, August 28, 2017

Simen Thorsen
Chairman

Edvin Austbø
Board Member

Bente Bøhler
Board Member

Katarina Finneng
Board Member

Tore Aksel Voldberg
Board Member

Andreas Martinussen
CEO

Definitions and abbreviations

Definitions

Adjusted EBITDA – EBITDA adjusted for interest expense capitalized in connection with the construction of residential properties

Units – Units refers to the number of apartments or houses

Abbreviations

EBITDA – Earnings before Interest, Taxes, Depreciation and Amortization

NIBD – Net Interest Bearing Debt

<i>Amounts in NOK thousand unless otherwise stated</i>	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
Equity ratio					
Total equity	376 867	150 727	376 867	150 727	511 078
Total equity and liabilities	1 706 318	1 491 128	1 706 318	1 491 128	1 833 367
Equity ratio	22 %	10 %	22 %	10 %	28 %
EBITDA segment reporting					
Revenue	357 205	190 477	527 033	358 530	787 167
Operating profit	75 288	29 905	100 954	57 912	127 800
Depreciation and amortisation expense	(248)	370	-	645	1 808
EBITDA	75 040	30 275	100 954	58 557	129 609
EBITDA margin	21,01 %	15,89 %	19,16 %	16,33 %	16,47 %
EBITDA					
Revenue	78 014	253 650	302 684	346 185	691 497
Operating profit	9 244	33 021	51 991	29 550	74 684
Depreciation and amortisation expense	157	157	314	314	629
EBITDA	9 401	33 178	52 305	29 864	75 313
Net interest bearing debt					
Interest bearing debt	1 015 597	1 146 830	1 015 597	1 146 830	1 034 019
Cash	147 646	47 582	147 646	47 585	238 642
Net interest bearing debt	867 951	1 099 248	867 951	1 099 245	795 377
Profit from projects - segment reporting					
Revenue	339 681	173 857	509 509	335 869	749 563
Cost of goods sold	267 845	140 779	396 711	271 460	600 598
Profit from projects	71 836	33 078	112 797	64 409	148 965
Project margin - segment reporting					
Profit from projects	71 835	33 078	112 797	64 409	148 965
Revenue from projects	339 681	173 857	509 509	335 869	749 563
Project margin	21,15 %	19,03 %	22,14 %	19,18 %	19,87 %



For further information, please contact:

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About Solon Eiendom

Solon Eiendom is a Norwegian residential real estate development company focusing on the Oslo and Akershus region. Solon Eiendom was established in 2006 by founder Simen Thorsen and investor Tore Aksel Voldberg

www.soloneiendom.no/investor-relations/