

Description of Corporate Governance in Pioneer Property Group ASA

Pioneer Property Group ASA (PPG) strives to maintain high confidence with its investors, customers, and the society in general, and therefore actively adheres to good corporate governance.

1. Introduction

PPG is required to adhere to the reporting standards according to the Norwegian Accounting Act Section 3-3b and “Norsk anbefaling for eierstyring og selskapsledelse” (Norwegian recommendation for corporate governance and management). The Norwegian Accounting act is available at www.lovdata.no and the recommendations are available at www.nues.no.

The description and implementation of corporate governance is to be treated at PPG’s Annual General Meeting (AGM). The Company’s auditor is to review if the description is consistent with the Norwegian Accounting Act Section 3-3b. The Auditor’s review is to be included in the Auditor’s report of the Annual Report.

2. Business

According to PPG’s articles of association, PPG is to conduct its business as investments in property and associated business.

The ultimate goal for PPG’s business is to achieve maximum growth in equity per share, so that the shareholders of the company in a long-term perspective, achieve a return that is competitive in comparison to other investment opportunities.

The Company’s strategy is to acquire, own and to develop properties in the Nordic region.

3. Capital and dividends

PPG operates in a capital-intensive business, where the choice of financial strategy is of material importance. A crucial element is the ambition to maintain a solid financial position, characterized by a solid equity ratio and substantial liquidity reserves. The Company’s strategy shall contribute to reduce financial risk while maintaining financial flexibility to execute attractive investment opportunities.

The Board of Directors proposes shareholder dividends to the AGM. The AGM cannot approve a dividend higher than proposed by the Board. The Board of Directors is to maintain a conservative dividend policy harmonized with PPG’s long-term investment plans and ambitions of a high equity ratio and strong liquidity. The Company’s preference shares are secured predictable dividends through the Articles of Association, and the ordinary shares may receive dividends if there is sufficient profitability and liquidity.

4. Equal treatment of shareholders and transactions with related parties

PPG has two equity classes and voting rights are detailed in the Articles of Association.

If the Board of Directors, with proxy from the AGM, approves capital increases where existing shareholders preferential rights are dismissed, then the background shall be described in the Stock Exchange release in relation to the capital increase.

The Company has guidelines relating to the reporting from Board Members and leading employees if they engage in direct or indirect agreements or transactions with the Company of material importance.

Transactions with related parties will be described in the notes to the Annual Report. All related party transactions will be on an arms-length basis at market-based terms, as if they were done with independent parties. In respect of non-material agreements and transactions, the Board will seek the advice of third parties.

5. Free trade of shares

The shares in PPG are to be traded freely. There is no form of trade restrictions on the Company's shares. The shares are traded on Oslo Axess.

6. Annual General Meeting (AGM)

The Annual General Meeting is the highest authority of PPG.

The Board of Directors shall strive to provide all shareholders the opportunity to exercise their respective influence by participating at the Company's AGM, and that the AGM is to be an effective meeting place for shareholders and the Board, by making sure:

- The notice and associated documents are available at the Company's web-page.
- The documents give necessary information so that the shareholders can make well-informed decisions in regard to the agenda.
- Notice of participation to be set as close to the AGM as possible – usually three days prior.

The Board of Directors and the Company's auditor are to participate at the AGM.

7. Nomination Committee.

PPG has a nomination committee consisting of three members. The nomination committee is chosen by the AGM, with candidates proposed by the shareholders, for a two year period. The nomination committee suggests Board Members to the AGM.

8. Independence of the Board of Directors

PPG's Articles of Association state that the Board shall have between 3-7 members. The Chairman is to be chosen by the AGM.

The current Board of PPG has five members. Three of the members of the board are independent of PPG's leading employees, material business associations, and the Company's major shareholders. None of the leading employees are a member of the Board.

The Board Members are encouraged to own shares in the Company. An overview of the Board's shareholdings are detailed in the Annual Report.

The Board's collective expertise is viewed as sufficient to contribute positively to the Company's development and to safeguard shareholder interests. A closer presentation of the Board is available at the Company's web page www.pioneerproperty.no.

9 The work of the Board of Directors

The Board has the overall responsibility for leading the Company and the implementation of the Company's strategy. The Board's responsibility also includes control of PPG's business, including the responsibility that the business is organized within the limits of the law.

The Board instructs the Chief Executive Officer (CEO), who is responsible for the day-to-day administration of the Company.

The Board sets plans for its work and meets when necessary.

The CEO has a right and duty to participate in the Board Meetings, and has to participate with his opinion.

The Board discusses its own work and processes in regards to execution of Board Meetings, and also the Board's collective competency in respect of the Company's business.

10 Risk-management and internal control

The Board is responsible to make sure that the Company has sufficient processes and systems to manage risk control in light of the Company's business. This responsibility also encompasses the Company's value-principles and guidelines for ethics and community responsibility.

PPG's most important risks are related to market risks of the property market, financial risks and operational risks. The most important risk factors are to be described and discussed in the Annual Report and reported to the Board on a quarterly basis.

11 Remuneration to the Board of Directors

The AGM sets the annual compensation to the Board of Directors.

The remuneration to the Board is not dependent on the Company's profitability and no share options are issued to Board Members.

12 Remuneration to leading employees

There are currently no persons employed by PPG, but the Company is managed through a management agreement with Pioneer Management AS. The management agreement is at market based terms.

13 Information and communication

PPG strives to give continuous and sufficient information to its shareholders and other parties. Openness, equality and correct reporting will contribute so that different parties receive the best possible basis to assess the Company's current and future situation.

The Board has set guidelines for the Company's reporting of financial- and other information.

The Company issues an annual financial calendar with key dates such as for the AGM and financial reporting.

14 Business acquisition

There are no limitations in the Articles of Association in respect to the acquisition of shares in PPG.

If an offer for the Company happens, the Board will strive to treat all shareholders equally and that the business is not disrupted.

The Board will ensure that all shareholders receive sufficient information, including third party valuation opinions, within reasonable time, to make a qualified decision regarding an Offer.

The Board will not without material reason seek to prevent an offer for the Company of the Company's shares, including the issuance of new shares or other decisions specifically done in attempt to stop such and offer or acquisition after the offer has become public.

The Board will give a statement with a recommendation to whether shareholders should accept an offer or not.

Transaction which are designed to end the Company's business are to be taken by the AGM.

16 The Company's Auditor

The Auditor is to audit the Annual Accounts and the Board's Annual Report which has been presented by the Board the CEO in accordance to generally accepted accounting standards.

The Auditor is to present each year to the Board its plan on how its audit is to be conducted. On demand, meetings are to be held between the Board and the Auditor, either independently or together with the CEO.

Remuneration to the Auditor is to be approved the by AGM and detailed In the Annual Report.

Description of Community Responsibility

Community Responsibility

PPG works systematically with community responsibility within the areas human rights, employee rights, environment, anti-corruption and social responsibility. The work with community responsibility is important for the whole of PPG's business as is represents the Company's core values and provides the fundament for long-term sustainability.

Global Reporting Initiative (GRI)

PPG wishes to support active and sustainable development. This will be followed up through specific goals in line with the framework Global Reporting Initiative.

A Tradition of Community- and Social Responsibility

PPG has a long tradition of supporting positive core values though solid local communities surrounding its properties.