

Pioneer Property Group ASA

Annual Report 2019

Report for the period 1 January – 31 December 2019

The 2019 Board of Directors Report for Pioneer Property Group ASA

Highlights of the Report

Total revenue in 2019 from continued operations were MNOK 1.5 and with a pre-tax profit from continued operations of a negative MNOK 3.9. Profit for the period for total operations were MNOK 842.4.

PPG entered into a purchase agreement with Odin Bidco AS regarding the purchase of 100% of the shares in Pioneer Public Properties AS and Pioneer Management AS from PPG on 9 October 2019 with a total purchase price for the shares of MNOK 2,734. Closing of the Transaction took place on 24 October 2019. A gain on sale of MNOK 694 was recorded over the quarter and were included as part of profit from discontinued operations.

The Group had total assets of MNOK 2,469 where MNOK 468 were related to investment properties and shares in the associated company, Odin Bidco AS, and with a cash balance of MNOK 1,861. Total equity amounted to MNOK 2,412 and there was no long-term debt in the group.

In 2019 PPG paid out quarterly dividend payments to its preference shareholders equivalent to NOK 1.875 per preference share per quarter. Further the PPG paid an extraordinary dividend to the holders of ordinary shares of NOK 27.74 per ordinary share charged to the company's share premium reserves.

The sale of Pioneer Public Properties AS and Pioneer Management AS

During the past years, the Board of Directors has experienced interest both from institutional investors providing long term debt financing, and from other third parties, with respect to a potential refinancing of, or sale of the assets or shares in, PPG's subsidiaries. Based on this, in 2019 the Board of Directors initiated a process to evaluate different strategic alternatives for the group. The alternatives included a broad range of options including, but not limited to, a recapitalization of the group including a refinancing of Pioneer Public Properties AS' outstanding bond loan, a continuation of the group's current strategy and/or a sale of all or parts of the shares in PPG's subsidiaries. Based on the interest from potential buyers, the board decided to proceed with a sale of the shares in Pioneer Public Properties AS and Pioneer Management AS.

On 9 October 2019, PPG entered into the Purchase Agreement with Odin Bidco AS regarding the purchase of 100% of the shares in Pioneer Public Properties AS (PPP) and Pioneer Management AS (PM) from PPG with a total purchase price for the shares of MNOK 2,734. PPG was also entitled to an earn-out of up to MNOK 100 conditional upon the future development of the PPP group. A portion of the purchase price was also used to reinvest in Odin Bidco AS, resulting in a 10% equity stake in the company with a value of MNOK 256. Closing of the transaction took place on 24 October 2019. Odin Bidco is owned by a consortium consisting of Australian pension funds managed by Whitehelm Capital and the Whitehelm European Infrastructure Fund I incorporated company.

The sale marks the completion of the strategic process that was initiated in the first quarter of 2019. The preference shares issued by PPG was not be affected by the transaction and the company is still listed on the Oslo Stock Exchange.

Operations and strategy going forward

Pioneer Property Group ASA (PPG) is an investment company with a real estate focus. The current real estate portfolio consists of a total of 13 preschool properties located in Norway, Sweden, Netherlands and Poland. The properties are leased out at long-term triple-net contracts to Norlandia. Further, PPG holds a 10% stake in Odin Bidco AS which owns a real estate portfolio of ~200 preschools at long-term triple-net contracts in the Nordics.

The focus area for PPG will be to continue to invest in real properties and enter into long-term leases with government-backed tenants in Europe. Further PPG may establish a new division within the Group with focus on investments within commercial real estate, such as office buildings and hotels in addition to development projects.

Based on the cash balance in PPG following the sale of PPP and PM, the general meeting changed the company's objective in the articles of association in 2019 to include investments in securities and other assets in order to allow for more flexible capital management. PPG's main business will continue to be investments in real property and related activities, but PPG now has greater flexibility for capital management. When managing the capital, PPG will take into account the need for sufficient liquidity reserves to meet PPG's financial obligations.

Key Material Events During the Year for continuing operations

Over the fourth quarter, Pioneer Public Properties AS entered into a share purchase agreement to acquire a property portfolio. A completion of said transaction would trigger a payout of the entire earn-out consideration of MNOK 100 to PPG. PPG subscribed in December 2019 in a share capital increase in Odin Bidco AS in order for the company to be capitalized to close the transaction, increasing its investment with MNOK 23 in Odin Bidco AS and maintaining a 10% economic ownership. The transaction closed subsequent the balance sheet date, and PPG has received the full earn-out consideration of MNOK 100.

PPG's subsidiary Pioneer Property Group International AS acquired in the fourth quarter 8 properties in Poland, 3 properties in Netherlands and 1 property in Sweden from Care Properties Finance AS, a wholly owned subsidiary of Norlandia Health & Care Group AS. All of the properties are preschools with triple-net contracts, with an average length to expiry of 15 years and Norlandia as the operator. The total purchase price was EUR 18.2m which will increase annual revenue with EUR 1.1m.

In the fourth quarter, PPG purchased bonds in Norlandia Health & Care Group AS (NHC02) with a par value of MSEK 29.5.

PPG purchased 1,631,447 preference shares in PPG at a price of NOK 102.00 per preference share, representing approx. 10% of the share capital. The share capital was decreased subsequent to the balance sheet date and the preference shares were redeemed.

In 2019 PPG paid out quarterly dividend payments to its preference shareholders equivalent to NOK 1.875 per preference share per quarter, and the Group's ambitions is to continue to pay these dividends going forward as outlined in PPG's articles of Association. Further the PPG paid an extraordinary dividend to the holders of ordinary shares of NOK 27.74 per ordinary share charged to the company's share premium reserves.

Subsequent Events Since the End of 2019

COVID-19 represents an extraordinary situation that has materialised post the balance sheet date, and it is uncertain how the pandemic will impact society as a whole and thus how it may affect the group going forward. The material risk factors for the group is estimated to be a potential reduction of rent income and change in interest rate affecting potential borrowing costs, interest rate income as well as it may change the yield levels affecting real estate valuations. PPGs lease agreement are triple-net and not linked to preschool utilisation. The company has at present not received any COVID -19 related tenant inquiries and does not expect a reduction in rental income due to the pandemic. Further it is difficult to estimate the current financial impact at present with regards to interest rate effects as both the macro economic consequences and the duration of COVID-19 are uncertain. The situation is closely being monitored by the management and the board of directors.

PPG acquired bonds in Norlandia Health & Care Care Group ASA (NHC01 and NHC02) and Hospitality Invest AS (HOIN02) with a par values of NOK 196.0m (NHC01), SEK 163.5 (NHC02) and NOK 50.0m (HOIN02). Further PPG subscribed for a total of MNOK 100 divided between two separate reputable Nordic high yield funds.

The general meeting in PPG passed a resolution to decrease the share capital of NOK 1,631,447 in order to redeem 1,631,447 of PPGs own preference shares.

PPG purchased 987,966 preference shares in PPG at a price of NOK 102 per preference share. Following the transaction, PPG holds no ordinary shares and 987,966 preference shares in PPG (approximately 6.73% of the share capital), which represents 0.96% of the votes.

PPG received the full earn-out consideration of MNOK 100 related to the sale of PPP and PM.

Accounting Policies:

The financial statements have been drawn up in accordance with International Standards for Financial Reporting (IFRS).

Going Concern

In accordance with the Accounting Act § 3-3, we confirm that the financial statements have been prepared under the assumption of going concern.

Comments on the Financial Statements

During 2019 total revenues from continued operations were MNOK 1.5. Revenues consist of rental income from investment properties, which are all long-term triple-net lease contracts towards Norlandia, with income from Norway, Sweden Poland and Netherlands. The properties were acquired in the fourth quarter of 2019.

Operating profit from continuing operations (EBIT) for 2019 amounted to a negative MNOK 12.0. The operating profit was negatively affected by non-recurring payroll expenses related to the sale of PM and PPP, and negative fair value adjustments related to transaction costs of the new international acquisition from Care Properties Finance AS (Norlandia).

Net financial income for continuing operations for the year was MNOK 8.1, with the majority stemming from interest income and a gain on a EUR hedging position of MNOK 5.2m related to the acquisition of the real estate portfolio from NHC.

The sold entities were classified as discontinued operations and held for sale prior to completion of the sale in October 2019. The net profit from discontinued operations for 2019 amounted to MNOK 846.1, of which MNOK 111.8 amounted to net profit from operating activities, MNOK 694.3 related to gain on sale and MNOK 40 related to a remeasurement of the earnout per 31/12/19.

Net profit for the group in 2019 was MNOK 842.4.

The Group had total assets of MNOK 2,468.6 where MNOK 468.3 were related to investment property and shares in the associated company, Odin Bidco AS, and with a cash balance of MNOK 1,860.8. Total equity amounted to MNOK 2,411.8 and there was no long-term debt in the group.

Total cash balance of MNOK 1,860.8 in the Group was up from MNOK 283.3 as of 31 December 2018 mainly due to the proceeds from the sale of Pioneer Public Properties AS and Pioneer Management AS.

Net profit for PPG ASA was MNOK 1,353.1 up from MNOK 42.0 in 2018, explained by the sale of Pioneer Public Properties AS and Pioneer Management AS. Net financial income amounted to MNOK 1,364.3 where income from subsidiaries represented MNOK 1,351.1 related to the sale. Total assets were MNOK 2,454.0 versus year end 2018 of MNOK 1,582.9. Equity in PPG ASA was MNOK 2,213.8 versus MNOK 1,548.9 by the end of 2018.

The annual report gives an accurate overview of the Group's financial development throughout the year. There have been no events after the end of the fiscal year 2019 which have had any material impact on the financial status of the Group.

Research and Development

The group is not involved in any R&D activities.

Work Environment, Equal opportunities and Discrimination

There was at year end 2 employees in Pioneer Property Group ASA. There are no employees in any other Group-companies. The Board of Directors consists of two women and three men.

Managers remuneration

The board of directors has prepared a declaration on salary and other remuneration for the Company's executive management pursuant to Section 6-16a of the Norwegian Public Limited Liability Companies Act. The declaration includes the policies which the Company will use for the determination of salary and other remuneration to its executive management in the calendar year 2020. The policies shall be subject to an advisory vote by the annual general meeting. The declaration is made available at the Group's webpage www.pioneerproperty.no

External Environment

The Group's operation consists of investing in and providing high-quality properties and is considered to have limited environmental impact. The company focuses on making investment and operational decisions that are in line with sustainable environmental practices.

Corporate Governance

Pioneer Property Group AS has prepared a report on Corporate Governance in accordance with the Norwegian Accounting Act Section 3-3b and the Norwegian Code of Practice for Corporate Governance dated 17 October 2018, and a report on Corporate Social Responsibility in accordance with the Norwegian Accounting Act Section 3-3c, both of which are made available at the Group's webpage www.pioneerproperty.no.

Financial Risks

The Company is exposed towards various financial risks, yet the Board of Directors view the total exposure to be at a manageable level. Some of the most important risk factors are:

- The market risk of a general increase in interest rate levels.
- Credit risk relating to banks or other financial institutions' willingness to lend money, which may restrict the Company's ability to take up new loans in the future.
- Liquidity risk in the case of unforeseen delay of cash payments on income and/or unexpected costs.

The Board of Directors and management performs continuous assessments of the most important financial risk factors, and evaluates the necessity of implementing specific measures. Specific measures are evaluated considering the Company's total financing risk exposure.

23 April 2020

The Board of Directors

Roger Adolfsen
Chairman of the Board

Sandra Henriette Riise
Board Member

Geir Hjorth
Board Member

Even Carlsen
Board Member

Nina Hjørdis Torp Høisæter
Board Member

The board of directors

The Articles of Association provide that the Board of Directors shall consist of 3 to 7 board members elected by the general meeting.

Name	Position	Served since	Term expires
Roger Adolfsen	Chairperson.....	2015	2021
Sandra Henriette Riise.....	Board member.....	2015	2021
Geir Hjorth	Board member.....	2015	2021
Even Carlsen	Board member.....	2015	2021
Nina Torp Høisæther	Board member.....	2015	2021

The directors Sandra Henriette Riise and Geir Hjorth are independent of the majority shareholder of the Company, Hospitality Invest AS, and all board members are independent of the Management. All board members attended all board meetings, with the exception of Even Carlsen who did not attend one board meeting. The composition of the Board of Directors is in compliance with the independence requirements of the Corporate Governance Code.

Brief description of the board of directors

Roger Adolfsen, Chairperson

Roger Adolfsen has broad experience from serving on various boards. Currently he holds various board positions and has more than 30 years of experience from business and real estate development. Adolfsen is a business graduate from BI Norwegian Business School. He also holds a Master in Business and Administration (MBA) from the University of Wisconsin.

Sandra Henriette Riise, Board member

Sandra H. Riise serves as chair on the Norwegian Better Regulation Council. She is a former Chief Executive Officer of Accounting Norway, the Norwegian Association of Authorized Accountants, and has held the position of Chief Municipal Executive (*Nw. Rådmann*) of Andøya municipality. Riise is educated from BI Norwegian School of Management, and was a registered certified public accountant in 1980.

Geir Hjorth, Board member

Geir Hjorth currently serves on the board of directors of 27 different companies (including several chairperson positions). He has extensive experience from the hotel industry and has participated in several courses pertaining to marketing and human resource management.

Even Carlsen, Board member

Even Carlsen has served on the board of directors of Private Barnehagers Landsforbund (*En. the Private Kindergartens National Association*), which he also participated in the start-up of. He has held various board positions in private companies. Carlsen is the co-founder of Tromsø Barnehagedrift AS, which was later merged into Acea AS, and he served as the Chief Executive Officer of the company from 2003 until 2008.

Nina H. Torp Høisæther, Board member

Nina H. T. Høisæther has held various board positions within NHO (*En. the Confederation of Norwegian Enterprise*) and she is currently a member of the board of directors of NHO Oslo/Akershus and has held various CEO roles within the Norlandia sphere. Høisæther is educated within nursing from the University of Stavanger, and she holds a major in Psychology and Sociology from South Dakota School of Mines and Technology.

Responsibility Statement of the Board of Directors

We confirm to the best of our knowledge, that the set of Financial statements for the financial year ending 31. December 2019 have been prepared in accordance with IFRS and gives a fair view of the Group's assets, liabilities, financial position and profit or loss.

We also confirm to the best of our knowledge, that the management report includes a fair review of important events that have occurred during the financial period and their impact on the set of financial statements, a description of the principal risks and uncertainties, and major related parties' transactions.

Oslo 23 April 2020

Board of Directors and Chief Executive Officer of Pioneer Property Group ASA.

Roger Adolfsen
Chairman of the Board

Sandra Henriette Riise
Board Member

Geir Hjorth
Board Member

Even Carlsen
Board Member

Nina Hjørdis Torp Høisæter
Board Member

John Ivar busklein
CEO

Group Financial Statements

Consolidated Income Statement

<i>NOK thousand</i>	Note	2019	2018 restated*
Contractual rental income	13	1,184	347
Other income		319	-
Total income		1,503	347
Employee expenses	14	5,765	559
Other operating expenses	15	5,141	2,232
Total Operating expenses		10,907	2,791
Fair value adjustment on investment properties	7	-2,632	1,500
Operating loss (EBIT)		-12,036	-943
Loss from associated company	8	2,647	-
Interest income	10	8,476	44
Interest expense		261	34
Other finance expenses		-342	30
Changes in fair value	9	5,473	-
Currency gain (-)/loss		3,239	-
Net Finance income (+) /expenses (-)		8,144	-20
Profit/(loss) before tax		-3,892	-963
Income taxes	16	-158	2,658
Profit/(loss) for the period		-3,734	-3,621
Profit/(loss) discontinued operations, net of tax	4	846,100	198,730
Profit/(loss) for the period, total operations		842,366	195,109
Profit/(Loss) attributable to			
Shareholders of the parent		842,366	194,374
Non-controlling interests		-	735
Profit/(loss) for the period		842,366	195,109
Other comprehensive income			
<i>Items to be reclassified to P&L in subsequent periods:</i>			
Exchange differences, from translation of foreign operations		1,437	-424
Exchange differences, from translation of foreign operations from associated companies		-17	
<i>Items reclassified to P&L in the period:</i>			
Exchange differences, from translation of foreign operations		-1,089	-
Other Comprehensive Income		331	-424
Total comprehensive income		842,697	194,685
Comprehensive income attributable to			
Shareholders of the parent		842,697	193,928
Non-controlling interests		-	756
Comprehensive income		842,697	194,685
Earnings per share (NOK) for profit from continuing operations:			
Basic earnings per ordinary share	17	-5,35	-5.34
Weighted average ordinary shares	17	9,814,470	9,814,470

*2018 are restated due to discontinued operations, see note 4

Consolidated Statement of Financial Position

<i>NOK thousands</i>	Note	31.12.2019	31.12.2018
Assets			
Investment properties	7	191 453	5 269 296
Associated company	8	276 865	-
Other non-current assets		-	1 000
Total non-current assets		468 318	5 270 296
Trade and other receivables	9	116 198	6 269
Other short-term investments	9	23 258	-
Cash and cash equivalents	10	1 860 813	283 271
Total current assets		2 000 269	289 541
Total assets		2 468 587	5 559 837
Equity and liabilities			
Share capital	20	16 314	16 314
Treasury shares	20	-1 631	-
Share premium	20	1 202 885	1 487 326
Retained earnings		1 194 215	553 652
Total equity		2 411 782	2 057 292
Non-current borrowings	11	-	2 911 291
Deferred tax	16	756	188 269
Other non-current liabilities		-	575
Total non-current liabilities		756	3 100 135
Current borrowings	11	-	330 044
Current tax payable	16	143	24 323
Other current liabilities	12	55 906	48 042
Total current liabilities		56 049	402 409
Total liabilities		56 804	3 502 544
Total equity and liabilities		2 468 587	5 559 837

Oslo, 23 April 2020

Board of Directors and Chief Executive Officer of Pioneer Property Group ASA

Roger Adolfsen
Chairman of the BoardSandra Henriette Riise
Board MemberGeir Hjorth
Board MemberEven Carlsen
Board MemberNina Hjørdis Torp Høisæter
Board MemberJohn Ivar Busklein
CEO

Consolidated Statement of Changes in Equity

Attributable to owners of the parent

<i>NOK thousands</i>	Notes	Share capital	Treasury shares	Share premium	Retained earnings	Total	Non-controlling interests	Total Equity
Balance at 1 January 2018		16 314	-	1 487 326	431 717	1 935 358	-	1 935 358
Profit/(loss) for the period		-	-	-	194 374	194 374	735	195 109
Exchange differences from translation of foreign operations		-	-	-	-446	-446	21	-424
Total comprehensive income for the period		-	-	-	193 928	193 928	756	194 685
Sale of shares to non-controlling interests	18	-	-	-	124	124	2 467	2 591
Purchase of shares from non-controlling interests		-	-	-	-23 367	-23 367	-3 223	-26 590
Dividends	17	-	-	-	-48 750	-48 750	-	-48 750
Transactions with owners		-	-	-	-71 993	-71 993	-756	-72 749
Balance at 31 December 2018		16 314	-	1 487 326	553 653	2 057 294	-	2 057 294
Profit/(loss) for the period		-	-	-	842 366	842 366	-	842 366
Exchange differences from foreign operations		-	-	-	1 437	1 437	-	1 437
Exchange differences fraom associated company		-	-	-	-17	-17	-	-17
Exchange differences reclassified to Income statement on disposal	4	-	-	-	-1 089	-1 089	-	-1 089
Total comprehensive income for the period		-	-	-	842 697	842 697	-	842 697
Acquisition of treasury shares	20	-	-1 631	-	-165 573	-167 204	-	-167 204
Dividends on ordinary shares	20	-	-	-272 253	-	-272 253	-	-272 253
Dividends on preference shares	17	-	-	-12 187	-36 562	-48 750	-	-48 750
Transactions with owners		-	-1 631	-284 441	-202 135	-488 207	-	-488 207
Balance at 31 December 2019		16 314	-1 631	1 202 886	1 194 214	2 411 782	-	2 411 782

Consolidated Statement of Cash Flows

<i>NOK thousands</i>	Note	2019	2018
Cash flows from operating activities:			
Profit before income tax total operation (including discontinued operations)	4	872 658	246 834
<i>Adjustments for:</i>			
Fair value adjustments on investment property	7	-46 064	-120 397
Other adjustments	9	-5 473	-
Profit from associated companies	8	2 647	-
Interest net		-8 654	137 993
Borrowing cost		118 083	-
Taxes paid		-16 971	-20 781
Exchange gains/(losses)		10 413	-4 571
Profit/loss on sale of discontinued operations	4	-733 508	-
Changes in working capital:			
Trade receivables		-23 978	-3 326
Trade payables		45 583	-4 656
Other accruals		-30 468	-8 282
Generated from operations		184 269	222 813
Interest received		8 654	651
Interest paid		-115 064	-134 137
Cash generated from operating activities		77 859	89 327
Cash flows from investing activities:			
Proceeds from sale of properties	4,7	2 173 467	-
Purchase of subsidiaries / properties	7	-52 793	-346 367
Purchase of bond		-23 491	-
Purchase of receivables		-135 315	-
Other long term receivables		82 054	-
Cash from investing activities		2 043 922	-346 367
Cash flows from financing activities:			
Proceeds from debt to financial institutions		-	955 021
Repayments of debt to financial institutions	11	-56 068	-487 756
Purchase of own shares	20	-167 204	-
Dividends on ordinary shares	20	-272 253	-
Dividends on preference shares	17	-48 750	-48 750
Transactions with non-controlling interests		-	-15 787
Cash from financing activities		-544 276	402 729
Change in cash and cash equivalents		1 577 505	145 689
Cash and cash equivalents at beginning of period		283 271	138 815
Exchange gains/(losses) on cash and cash equivalents		37	-1 233
Cash and cash equivalents at period end		1 860 813	283 271

See note 4 for cash flow in discontinued operations.

Notes to the Financial Statements

1 About the business

Pioneer Property Group ASA (the 'Company') and its subsidiaries (together, the 'Group') invests in real estate and other investments. The Group currently holds properties in Norway, Sweden, Poland and Netherlands.

Pioneer Property Group ASA is a public limited company incorporated and domiciled in Norway. The address of the Company's registered office is Rådhusgata 23, 0158 Oslo.

The consolidated annual financial statements cover the period from 1 January 2019 to 31 December 2019. The fourth quarter report was released 19 February 2020. Compared to this report the financial statements have been changed in these Annual Statements. The profit from the associated company Odin Bidco AS have been included with MNOK -2.6 and there was also a reduction in tax expense with MNOK 4.9. Further, a gain (MNOK 40) on an earnout have been reclassified from financial income to profit from discontinued operations and MNOK 0.6 reclassified from fair value adjustment on investment properties to profit from discontinued operations.

These consolidated financial statements are approved by the Board of Directors 23. April 2020.

2 Key transactions and events in 2019

On 9 October 2019, the Group entered into the Purchase Agreement with Odin Bidco AS regarding the sale of 100% of the shares in Pioneer Public Properties AS and Pioneer Management from the Group with a total sale price for the shares of NOK 2,734 million. The Group was also entitled to an earn-out of up to MNOK 100 conditional upon the future development of the PPP Group. A portion of the sale price was also used to reinvest in Odin Bidco AS, resulting in a 10% equity stake in the company with a value of MNOK 256. Closing of the Transaction took place on 24 October 2019. After the sale, the Group had one property left.

The Group's subsidiary Pioneer Property Group International AS acquired 21 November 2019 8 properties in Poland, 3 properties in Netherlands and 1 property in Sweden from Care Properties Finance AS, a wholly owned subsidiary of Norlandia Health & Care Group AS. All of the properties are preschools at triple-net contracts, with an average length to expiry of 15 years and Norlandia as the operator. The total purchase price was EUR 18.2m.

3 General Accounting Principles

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements have been prepared under the historical cost convention, except for fair value adjustments of earnout, derivatives, bonds and investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are related to valuation of investment properties as described in note 7 and valuation of earn-out as described in note 4 and note 9.

The statement of cash flow has been prepared using the indirect method.

All financial numbers are presented in NOK thousand, unless otherwise stated.

Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

Transactions with non-controlling interests in subsidiaries are treated as equity transactions. If shares are acquired from a non-controlling interest, the difference between the payment and the proportion of the carrying amount of the subsidiary's net assets attributable to the shares is recognized in the equity of the parent company's owners. Gains and losses arising from the sale of shares to non-controlling interests are similarly recognized in equity.

Foreign currency translation.

The Group's presentation currency is NOK, which is also the parent company's functional currency.

Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the consolidated income statement.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognized in other comprehensive income until disposal, at which time they are recognized in the consolidated income statement.

Dividend

Pioneer Property Group ASA has two classes of shares, ordinary shares and preference shares. The preference shares are entitled to annual dividend payments amounting to NOK 7.50 per preference share, if the board of directors approves payment of dividends through an authorisation from the General Meeting. If payable, the dividend payments will be made quarterly with NOK 1.875 per preference share. The Preference shares are currently redeemable at a price of NOK 130 per share. From 1 July 2020 the shares can be redeemed at a price of NOK 100 per share. At the same time the coupon for the preference share will be increased annually with NOK 1 per annum. Maximum coupon is set to NOK 10 per share.

The quarterly dividend distribution to the preference shares is recognised as equity in the Group's financial statements in the period in which the dividends are approved by the General Assembly.

Dividend distribution to Ordinary shares is recognised as a liability in the Group's financial statement in the period in which the dividend is approved by the Company's shareholders in the General Assembly to payment.

Leasing

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group (the commencement date). Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate. Right-of-use assets are measured. Payments associated with short-term leases and leases of low-value assets are recognized 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. The Group has only short-term leases.

4 Discontinued Operations**Accounting principles**

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Description

On 9 October 2019, the Group entered into a sale agreement with Odin Bidco AS regarding the sale of 100% of the shares in Pioneer Public Properties AS (PPP Group) and Pioneer Management from the Group to a total consideration of MNOK 2.784, including a fair value estimate of the earn-out consideration, of which MNOK 2.478 were paid in cash. The Group was also entitled to an earn-out of up to MNOK 100 conditional upon the future development (increased rental income by purchases) in the PPP Group a 2-year period. At the transaction date, the earnout was valued to MNOK 50 based on historical experience and management best judgements (see note 9 for further information about measurement after the transaction). Included in the consideration was also an 10% equity stake in Odin Bidco AS with a value of MNOK 256.

Closing of the Transaction took place on 24 October 2019. A gain on sale of Pioneer Public Property AS and Pioneer Management AS of MNOK 694 was recognized, including transaction cost of MNOK 60 recognized as a reduction of the gain. Per 31 December 2019, the earnout was remeasured at fair value according to level 3 in the fair value hierarchy. The fair value is estimated based on the management's expectations. In December 2019 management was made aware of that Odin Bidco AS had signed a SPA for purchase of properties, with planned closing in January 2020, making it more likely that the earnout will be settled. This resulted in a gain of MNOK 40.

After the described transaction the Group had one property left, situated in Norway, in addition to the indirect exposure from Odin Bidco AS.

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The following table shows the consolidated income statement for discontinuing operations and the gain resulting from the transaction:

<i>NOK thousand</i>	2019	2018
Income from rent	250,549	287,842
Other income	186	386
Total Income	250,735	288,227
Payroll expenses	4,079	952
Other operating expenses	15,515	24,974
Total Expenses	19,594	25,926
Fair value adjustment on investment properties	48,697	118,897
Operating profit (EBIT)	279,837	381,199
Interest income	178	632
Interest expenses	117,822	138,635
Currency gain (-) / loss	7,174	-4,601
Other financial expenses	12,721	-
Net Finance	-137,539	-133,402
Profit/(loss) before tax	142,299	247,797
Income taxes	30,450	49,067
Profit/(loss) for the period	111,848	198,730
Gain of sale from discontinuing operations	694,252	-
Remeasurement of earnout at 31 December 2019	40,000	-
Profit/(loss) discontinued operations, net of tax	846,100	198,730
Other comprehensive income		
<i>Items to be reclassified to P&L in subsequent periods:</i>		
Exchange differences, from translation of foreign operation	1,089	-424
Total comprehensive income from discontinued operations	847,189	198,306
Earnings per share (NOK) for profit from discontinued operation		
Basic earnings per ordinary share	86,21	20,25
Weighted avd ord shares	9,814,470	9,814,470

The following table shows the cash flow from the discontinued operations:

<i>NOK thousands</i>	2019	2018
Cash generated from operating activities	91 901	110 414
Cash from investing activities	10 762	-522 498
Cash from financing activities	-124 237	561 425
	-	-
Change in cash and cash equivalents	-21 574	149 341
Cash and cash equivalents at beginning of period	265 744	117 636
Exchange gains/(losses) on cash and cash equivalents	37	-1 233
Cash and cash equivalents at period end	244 208	265 744

5 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by management under guidance by the Board of Directors. Management identifies, evaluates and act upon financial risks.

a) Market risk

Market risk for the Group is the risk that future cash flows in the form of interest payments change as a result of changes in market interest rates. Management and the Board of Directors agree on an acceptable level of interest rate exposures, which are monitored continuously by the management. The level of interest rate exposure is determined based on an assessment of existing cash flows, general assessment of financial condition and available liquidity.

(i) Fair value interest rate risk

The Group holds interest bearing assets in terms for cash deposits and bonds. Fluctuations in interest would yield a higher or lower interest income. At the current level of cash deposits, a change in interest rate of +/- 1 % would be material for the financial statements, with an effect of MNOK 18.6. Further, a change in interest levels may yield changes in the fair value of the real estate portfolio.

(ii) Cash flow interest rate risk

The Group has currently no borrowings.

Exposure to cash flow interest rate risk is assessed when necessary. The need for a fixed rate is under review in relation to the Group to withstand adverse fluctuations in interest payment cash flows due to higher interest rates. Management's assessment is that the Group's current financial position does not indicate a further need for fixed interest rates.

(iii) Currency risk

Currency risk is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the company. Currency risk also exists when the foreign subsidiary of a firm maintains

financial statements in a currency other than the reporting currency of the consolidated entity. The risk is that there may be an adverse movement in the exchange rate of the denomination currency in relation to the base currency before the date when the transaction is completed.

Monetary assets and liabilities are sensitive to movements in foreign exchange rates. This sensitivity can be analysed in comparison to year end rates (assuming all other variables remain constant) as follows:

Currency	31/12/2019		31/12/2018	
	Increase/- decrease in NOK	Effect on profit before tax in NOK million	Increase/- decrease in NOK	Effect on profit before tax
EUR	+/-10%	6.2	+/-10%	64.5
SEK	+/-10%	0.3	+/-10%	0.6
PLN	+/-10%	8.5	+/-10%	-

b) Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations. Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents and trade receivables, including committed transactions. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The customers operate preschools based on agreements with municipalities.

The Group has one large customer with prepaid rent. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by this counterparty.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations at maturity without incurring a significant increase in finance cost or not being able to meet its obligations at all. The risk also includes that the Group must forfeit investment opportunities. Cash flow forecasting is performed at Group level. Group management monitors the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom to pay out quarterly dividends to holders of preference shares. The monitoring takes into account the possibility to raise external debt.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Maturity of financial liabilities at the end of the period:

For the year ended 31. December 2019 the maturities were limited to other current liabilities which will be settled in less than one year.

NOK thousand	31.12.2018				
	<1y	1y-2y	2y-5y	>5y	Total
Borrowings (bank)	329 119	68 141	589 090	1 273 053	2 259 402
Interest on borrowings (bank)	65 305	60 491	148 251	215 062	489 108
Bond loans	-	-	1 000 000	-	1 000 000
Interest on bond loans	65 670	65 720	24 645	-	156 035
Total	460 095	194 351	1 761 985	1 488 114	3 904 546

Capital management

The group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Group has a large liquidity surplus at 31.12.19 and the Group will continue to monitor the optimal capital structure going forward, depending on operational needs. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to repay debt.

6 Segments

Accounting principles

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. Furthermore, the entity's component's operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and thus separate financial information is available. The company has determined that the Board of Directors is collectively the chief operating decision maker.

Description

The Group's primary business is to own and manage investment properties. In 2019 most of the properties held were sold and this impacted the segment structure. By the end of 2019 the Group holds investment properties in Norway, Sweden, Poland and the Netherlands and rent them out to operators of preschools. There is no material difference with respect to risk and margins in the different investment properties.

Operating segments are reported in the same manner as the internal reporting to the Company's chief operating decision maker. The Company's chief operating decision maker, who is responsible for allocation of resources to and evaluating profitability within the operating segments is defined as the Board of Directors.

The Group has determined the operating segments based on the information reviewed by the Chief Executive Officer, to be the following: Norway, Sweden, Poland and the Netherlands. The Board of Directors monitors the operating results of these geographical regions separately for the purposes of making decisions about resource allocation and performance assessment. Regional performance is evaluated based on the operating results generated from rental of owned properties.

Overview of segments 2019

<i>NOK thousand</i>	Norway	Sweden	Poland	Netherland	Group
Total Income	358	85	319	741	1 503
Fair value adjustment on investment properties	-46	-189	-1 686	-711	-2 632
Operating profit/loss (EBIT)	-10 595	-104	-1 367	29	-12 036
Investment properties	10 800	13 187	118 858	48 608	191 453
Cash and cash equivalents	1 858 979	897	807	130	1 860 813

Overview of segments 2018 (not restated, see also note 4)

<i>NOK thousand</i>	Norway	Sweden	Finland	Group
Total Income	232 265	3 416	52 894	288 575
Fair value adjustment on investment property	85 741	2 441	32 216	120 398
Operating profit (EBIT)	298 083	5 177	76 995	380 255
Investment properties	4 183 000	95 943	990 353	5 269 296
Cash and cash equivalents	254 967	2 659	25 645	283 271

The identified segments equal the geographical areas.

The Group have one tenant, NHC through different SPVs, which are located in the countries corresponding to the Group's segments revenues origination.

7 Investment properties

Accounting principles

Property held with the purpose of achieving rental income, increase in value or both are classified as investment property. Investment property also include property under development for future use as investment property. Investment property is initially recognised at cost including transaction costs.

Transaction costs include stamp duty, lawyer's fees and commission to bring the property to the condition that is necessary to put the property into operation. Recognised value also includes replacement cost for parts of the existing investment property at the time when the cost is incurred and the terms for recognition has been met.

After initial recognition the investment property is subsequently recognised at fair value. Changes in fair value are presented in the income statement in the reporting period when change occurs.

Subsequent costs relating to investment property are included in the carrying amount if it is probable that they will result in future economic benefits for the investment property and the costs can be measured reliably. Expenses relating to operations and maintenance of the investment property are charged to the income statement during the financial period in which they are incurred.

Investment properties are derecognised when they are sold or are permanently out of operations and have no expected future economic benefit. All gains or losses relating to sales or disposal are presented in the income statement the same year as disposal. Gains or losses from disposal of investment property is the difference between net selling price and the carrying amount of the asset.

Critical accounting estimates and judgements

The investment properties are valued in accordance with the fair value method and all have been valued in accordance with valuation Level 3 in the fair value hierarchy (Level 3 - where inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)), see also note 9.

The yield level of the property has been determined on the basis of the unique risk and transactions made at the respective location according to the location price method.

At the end of the year, the Group commissioned an external cash-flow valuation for one individual property, carried forward from previous years, from the independent valuer. The independent valuer has in this report valued the property on an individual basis using a combination of discounted cash-flow analysis and property yield level. Individual factors for the property were applied to assess the yield for the respective property/location. Factors, such as relevant country, the property's location in relation to a major city, net-population change, size of the property/per child, year of build and whether or not the property is on a leased land (Norwegian: festetomt).

The Group acquired a portfolio of properties from Norlandia (see note 18) in November 2019. The transaction is entered into by arm's length distance and by willing parties, thus it is assumed that the transaction is an evidence of the fair value of the properties. Due to the short time frame, the transaction value is considered to be representative for the fair value at year end. As a consequence of recognised transaction costs as part of the investment, there were a fair value reduction related to these properties in 2019.

The average gross yield for the investment property portfolio is 6 %.

Description

As of 31 December 2019, the Group's property portfolio comprised of 13 properties (171 properties in 2018), whereof the all the properties are preschools. In November 2019 the Group acquired one property in Sweden, three properties in Netherlands and eight properties in Poland. After the sale of Pioneer Public Properties AS the group had left one property in Norway bringing the current total, as of December 2019, to 13 properties.

The Group rents out the investment properties on long term triple-net contracts to one main operator: Norlandia. All the lease agreements are 100% CPI-adjusted annually and are on a triple-net basis where the operator has the main responsibility for annual maintenance, insurance, and other directly related property costs including tax. Excluding Kidsa Ospeli, which have 6 months notice, all other agreements have 15 years remaining lease terms.

In summary the total Group's portfolio as of 31 December 2019 was valued to MNOK 191, a decrease from MNOK 5,269 as of year-end 2018. The change is explained by the sale of most of the Group's operations as described in note 4 discontinued operations and the acquisition of new properties (see note 18)

Overview of account movements 2019

<i>NOK thousand</i>	Norway	Sweden	Finland	Poland	Netherlands	Group
Fair value in the beginning of the year	4 183 000	95 943	990 354	-	-	5 269 296
Investment in subsidiaries /properties	-	13 429	-	122 297	50 509	186 234
Effect of currency exchange differences in foreign operations	-	-4 485	-5 156	-1 753	-1 190	-12 584
Sale of operations	-4 214 107	-92 463	-990 988	-	-	-5 297 558
Fair value adjustments - discontinued operations	41 954	953	5 790	-	-	48 697
Fair value adjustments on investment properties	-46	-189	-	-1 686	-711	-2 632
Fair value in the end of the year	10 800	13 187	-	118 858	48 608	191 453
Net change in unrealized gain	-46	-189	-	-1 686	-711	-2 632

Overview of account movements 2018

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<i>NOK thousand</i>	Norway	Sweden	Finland	Group
Fair value in the beginning of the year	4 079 000	47 000	605 780	4 731 779
Addition:				
-Investment in subsidiaries /properties	18 453	47 864	335 778	402 095
Effect of currency exchange differences in foreign operations	-	-1 362	16 387	15 024
Fair value adjustments on investment properties	85 547	2 441	32 409	120 397
Fair value in the end of the year	4 183 000	95 943	990 353	5 269 295
Net change in unrealized gain	85 547	2 441	32 409	120 397

Sensitivity analysis

A property analysis is an estimate of the value that an investor is willing to pay for the property at a given time. The valuation is made on the basis of generally accepted models and certain assumptions on different parameters. The market value of the properties can only reliably be established in a transaction between two independent parties.

The table below gives an indication of the effects on the value of the property portfolio if yield levels or rental income change.

<i>NOK million</i>		Yield sensitivity		
		-0,5%	0,0%	0,5%
NOI sensitivity	5 %	184	182	178
	0 %	194	192	187
	-5 %	204	201	196

NOI is defined as net operating income, meaning all revenue from properties minus all reasonable operating expenses.

8 Associated companies

Accounting principles

Associated companies are all entities over which the company has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without the ability to have control over those policies. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

Description

In October 2019 the Group sold most of its subsidiaries to the Odin Bidco AS as described in note 4. A part of the settlement was a share of ownership in Odin Bidco AS. The Group received a 10% equity stake with a value of MNOK 256, which represents the Group's value in Odin Bidco AS at transaction date. The shares received were 10,000,000

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B-shares and the shares entitled the Group to 20% voting rights at the transaction. The Group has currently one member in the Board. Each of the original shareholders are entitled to have one board member as long as the shareholder interest is not reduced below 5% or in case of dilutive shareholder interests, below 2%. The investment is measured according to the equity method. In December 2019 additional contribution were called upon and MNOK 23 were paid in January, giving the Group 904,887 C-shares.

Odin Bidco AS invests in properties and consisted, by the end of 2019, of mainly the portfolio previously owned by the Group. Odin Bidco AS has its headquarter in Oslo, Norway. Odin Bidco AS have three shareholder classes; A, B and C. Dividends are distributed unevenly between the share classes. A-shares are guaranteed a total annual return of 6%. C-shares shall receive a portion of ordinary dividend equal to its share of total share capital and B-shares receives any surplus of ordinary dividends after allocation to A and C-shares.

<i>NOK thousand</i>	31.12.2019
Goodwill	1 256 032
Investment properties	5 397 791
Other non-current assets	1 000
Cash	305 285
Other current assets	235 419
Borrowings (current and non-current)	-3 484 895
Other non-current liabilities	-792 203
Other current liabilities	-146 934
Net assets	2 771 495
Share of ownership	10 % 277 150
Distribution of loss unevenly between share classes	-285
Carrying amount	276 865

Changes in carrying amount in the period:

<i>NOK thousand</i>	2 019
A-shares received in sale of PPG (note 4)	256 333
Additional contribution C-shares	23 196
Share of loss in Odin Bidco AS	-2 647
Share of other comprehensive income	-17
Carrying amount at 31.12	276 865

Share of loss in the period is calculated as:

<i>NOK thousand</i>	A - shares	B-Shares	C-shares	Total
Net income allocated to share classes in Odin Bidco AS	230 137	-2 618 999	-21 402 152	-23 791 014
The Group' share of different share classes per 31.12	0 %	100 %	1 %	
Share of loss in the owner period	-	-2 618 999	-43 609	-2 662 608

The share of loss related to c-shares is calculated as the share of loss after the contribution in December 2019.

9 Financial Instruments

Accounting principles

A financial instrument is a contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument for another entity. Financial instruments are generally recognized as soon as the group becomes a party to the terms of the financial instrument.

Financial assets

Financial assets include, in particular, cash and cash equivalents, trade receivables and other loans and receivables. Financial instrument classification is based on the business model in which the instruments are held as well as the structure of the contractual cash flows.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are non-derivative financial assets with contractual payments that consist exclusively of payments of interest and principal on the outstanding nominal amount and are held with the objective of collecting the contractually agreed cash flows, such as loans and receivables, trade receivables or cash and cash equivalents (the "hold" business model).

After initial recognition, these financial assets are measured at amortized cost using the effective interest method less impairment. Gains and losses are recognized in profit or loss when the loans and receivables are impaired or derecognized. Interest effects from the application of the effective interest method and effects from currency translation are also recognised through profit or loss.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss comprise financial assets whose cash flows do not relate solely to payments of interest and repayments of principal on the outstanding nominal amount. Gains or losses on these financial assets are recognized through profit or loss.

Financial liabilities

Financial liabilities regularly give rise to a redemption obligation in cash or another financial asset. These include in particular bonds and other securitized liabilities, trade payables, liabilities to banks, liabilities to affiliated companies and derivatives designated as hedges. Financial liabilities are classified into the following categories:

- Financial liabilities measured at fair value through profit or loss, and
- Financial liabilities measured at amortized cost.

Upon initial recognition, financial liabilities are measured at fair value. The transaction costs directly attributable to the acquisition are also recognized for all financial liabilities that are subsequently measured at fair value not through profit or loss. Trade payables and other non-derivative financial liabilities are generally measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation underlying the liability is discharged, cancelled or expires.

Fair Value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price is directly observable or estimated using a valuation method.

The fair value is not always available as a market price but must be calculated on the basis of a range of valuation parameters. For this purpose, various categories are established in which, depending on the availability of observable parameters and the significance of these parameters for determining the fair value as a whole, the following levels apply:

Financial instruments and investment properties that are measured at fair value in the financial statements require disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Valuation of investment properties is categorised as level 3 in the fair value hierarchy as the valuation requires the use of significant unobservable inputs. An explanation of the valuation methodologies and the inputs to the valuation model is provided in note 7.

The Group holds the following financial assets and liabilities:

<i>NOK thousand</i>	31/12/2019	31/12/2018
<i>Financial assets at amortised cost</i>		
Other non-current assets	-	1,000
Cash and cash equivalents	1,860,813	283,271
Trade and other receivables	20,994	6,269
<i>Financial assets at fair value through profit or loss</i>		
Earn Out 1)	90,000	-
Currency swap 2)	5,204	-
Other investments 3)	23,258	-
	2,000,269	289,540
<i>Financial liabilities at amortised cost</i>		
Borrowings	-	3,241,335
Other current liabilities	55,906	48,042
	55,906	3,289,377

- 1) The earnout (see note 4) is measured at fair value as level 3 in the fair value hierarchy. The fair value is estimated based on the management's expectations. In December 2019 management was made aware of that Odin Bidco AS had signed a SPA for purchase of properties, with planned closing in January 2020, making it more likely that the earnout will be settled.
- 2) The currency swap is measured at fair value as level 2 in the fair value hierarchy
- 3) Other investments are measured at fair value as level 1 in the fair value hierarchy in accordance with quoted prices

Changes in fair value of financial assets recognised in profit or loss

<i>NOK in thousand</i>	2019	2018
Currency swap	5,204	-
Other items	269	-
Total	5,473	-

Trade and other receivables includes the following items:

<i>NOK thousand</i>	31.12.2019	31.12.2018
Earn out	90 000	-
Currency swap	5 205	-
Accounts receivable	2 643	1 098
Tax receivables from 2018	5 737	-
Other receivables	12 614	5 171
Total	116 198	6 269

10 Cash and cash equivalents

Accounting principles

Cash and cash equivalents include bank deposits.

<i>NOK in thousand</i>	31.12.2019	31.12.2018
Bank deposits	1 860 813	283 271
Total	1 860 813	283 271

Description

All interest income relates to interest on bank deposits.

The bank deposits include restricted cash related to tax withholding account of TNOK 2 242 per 31 December 2019 (TNOK 206 per 31 December 2018).

11 Borrowings

Accounting principles

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the duration of the borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Description

Interest-bearing liabilities and available cash and cash equivalents constitute the capital of the Group. The Group's main source of financing are bank loans, bond loans in the Norwegian bond market and shareholder loans.

The Group had no borrowings as of 31 December 2019, 2018 are summarized per tranche:

<i>NOK thousand</i>	31.12.2019	31.12.2018
Non-current		
Commercial bank loans	-	1 189 672
Husbank loans (state bank)	-	728 470
Bonds in Pioneer Public Propertie	-	993 149
Total	-	2 911 291

<i>NOK thousand</i>	31.12.2019	31.12.2018
Current		
Commercial bank loans	-	292 318
Husbank loans (state bank)	-	37 726
Bonds in Pioneer Public Propertie	-	-
Total	-	330 044

<i>NOK thousand</i>	31.12.2019	31.12.2018
Total non-current and current		
Commercial bank loans	-	1 481 990
Husbank loans (state bank)	-	766 196
Bonds in Pioneer Public Propertie	-	993 149
Total	-	3 241 335

See note 5 for the maturity of financial liabilities at the end of the period.

There were no pledged assets as of 31 December 2019:

<i>NOK thousand</i>	31.12.2019	31.12.2018
Investment property	-	5 269 296
Total pledged assets	-	5 147 932

Changes in borrowings from financing activities:

<i>NOK thousand</i>	Non-current borrowings	Current borrowings	Total
At 1 January 2019	2 911 291	330 044	3 241 335
<u>Cash flows</u>			
Repayments	-	-56 068	-56 068
<u>Non-cash:</u>			
Sale of operations	-2 911 291	-273 976	-3 185 267
At 31 December 2019	-	-	-
At 1 January 2018	2 637 759	69 490	2 707 249
<u>Cash flows</u>			
Cash flow received	1 024 511	-69 490	955 021
Repayments	-515 556	-	-515 556
Acquisitions	75 047	-	75 047
<u>Non-cash:</u>			
Effects of foreign exchange	14 962	-	14 962
Amortization	4 612	-	4 612
Borrowing classified as non-current at 31 December 2017 becoming current during 2018	-330 044	330 044	-
At 31 December 2018	2 911 291	330 044	3 241 335

12 Other current liabilities

<i>NOK in thousand</i>	31/12/2019	31/12/2018
Trade payable	1,975	835
Government taxes	45	1,181
Accrued interest	-	20,328
Dividend	12,188	12,188
Accrued cost, Prepaid revenues	3,189	3,449
Other current liabilities	38,509	10,062
Total other current liabilities	55,906	48,042

13 Rental income

Accounting principles

Revenue is recognised when it is probable that transactions will generate future economic benefits that will flow to the company and the amount can be reliably estimated. Revenues are presented net of value added tax and discounts.

Revenue consists of rental income. Revenues are presented net of VAT, discounts and rebates. Service charge expenses are charged to tenants and recognised in the balance sheet together with payments on account of tenants, and therefore does not affect the result beyond an administrative premium recognised under revenue.

Description

Properties are leased out on long term triple-net contracts to solid preschool operators as Norlandia and Kidsa Drift. After the sale of the total portfolio, except for one property (see also note 4) the new Group is mainly formed by the acquisition from Norlandia in November 2019, see note 18.

The group is the lessor of investment properties. The group's contractual rental income is distributed as follows, where the numbers are adjusted annually to reflect CPI or an equivalent index in the relevant country. The rent in the table below are adjusted with an annual increase of 2% yields. The 2018 figures include discontinued operations as sold in 2019, see note 4.

<i>NOK in thousand</i>	31/12/2019	31/12/2018
Within 1 year	10,930	307,025
Between 1 and 5 years	45,198	1,315,904
After 5 years	117,348	3,628,785
Total	173,476	5,251,714

The Group rents out the investment properties to tenants on long term triple-net contracts where the operator has the main responsibility for annual maintenance, insurance, and other directly related property costs including tax. On average there are 15 years remaining of the lease agreements. All agreements are fully adjusted annually to reflect CPI, or an equivalent index in the relevant country. There is no variable rent.

14 Employee expenses and management remuneration

<i>NOK in thousand</i>	2019	2018 restated
Salary	4,964,000	490,000
Payroll tax	699,924	69,090
Pension benefits	-	-
Other benefits	101,383	-
Total salary and pension costs	5,765,307	559,090

Average Employees	3	0.2
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The remuneration to the management for the full year 2019:

<i>NOK</i>	Salary	Other benefits	Pension benefits	Total compensation
Anders Løken	4 521 030	5 110	136 821	4 662 961
Ole-Kristofer Bragnes (CFO)	825 000	-	-	825 000
Total management remuneration	5 346 030	5 110	136 821	5 487 961

Anders Løken was the CEO of Pioneer Property Group ASA until 29th October 2019, then John Ivar Busklein became the CEO of Pioneer Property Group ASA in a part time position at 28,4%. No salary has been paid to John Ivar Busklein in 2019, but TNOK 100 has been allocated for his salary in 2019. Ole-Kristofer Bragnes held the position as CFO from 24 October 2019.

Ole-Kristofer Bragnes (CFO) will receive a bonus of NOK 450 000 in December 2020 if he is still employed. No member of the management has in their agreement that they will get any right to compensation after termination of employment. No loans or guarantees have been given to any members of the management, the Board of directors or other corporate bodies.

The board of directors of PPG has prepared a determination of salary and other remuneration to the executive management, in accordance with applicable law. The declaration includes the policies which PPG will use for the determination of salary and other remuneration to its executive management in the calendar year 2020 as published on the company's web page pioneerproperty.no. These policies shall be subject to an advisory vote by the general meeting.

The remuneration to the management in 2018:

<i>NOK</i>	Salary	Other benefits	Pension benefits	Total compensation
Anders Løken	150 000	366	13 942	164 308

The management was insourced in 2018 through the acquisition of Pioneer Management AS in November 2018, to secure direct control of business-critical management services and systems for the Group. Following the acquisition, the administration of Pioneer Property Group ASA was employed in a fully owned subsidiary of Pioneer Property Group ASA. Prior to December 2018 the administration was based on a management and did not receive compensation directly from the Group.

The remuneration to the Board of Directors:

<i>NOK</i>	2019	2018
Roger Adolfsen (Chairman of the board)	100 000	100 000
Geir Hjorth (board member)	90 000	100 000
Sandra Riise (board member)	100 000	100 000
Even Carlsen (board member)	90 000	90 000
Nina Høisæter (board member)	100 000	100 000
Total salary and pension costs	480 000	490 000

15 Other operating expenses

<i>NOK in thousand</i>	2019	2018
Management fee	58	84
Other operating expenses	3 869	1 477
Auditing fees	161	473
Other fees from the auditor	1 054	197
Total other operating expenses	5 141	2 232

16 Income taxes

Accounting principles

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except when related to items recognised in other comprehensive income or directly in equity. In such cases, the tax amount is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Changes in deferred tax liabilities:

<i>NOK in thousand</i>	Investment property	Other items	Total
01/01/2018	157,899	2,565	160,464
Recognized deferred tax	28,407	-602	27,805
31/12/2018	186,306	1,963	188,269
Recognized deferred tax	-899	598	-301
Sale of operations	-185,250	-1,963	-187,213
31/12/2019	157	598	756

Income tax expense:

<i>NOK in thousand</i>	2019	2018
Tax payable	143	24,323
Change in deferred tax	-301	27,805
Other changes	-	-403
Income tax expense	-158	51,725
of which related to discontinued operations		49,067

Reconciliation of tax expense:

<i>NOK in thousand</i>	2019	2018
Profit before income tax	-3 892	246 834
Tax expense based on standard rate of Norwegian (22%/23%)	-856	56 772
Adjustments for:		
Changes in tax rate (from 23% to 22%/from 24% to 23%)	4	-8 558
Effect of tax rates outside Norway	-8	-1 207
Changes in temporary differences not included in the calculation of deferred tax	-	2 863
Changes related to currency translation	-	98
Permanent differences	703	-
Purchase of business	-	1 941
Other differences	-	-183
Income tax expense for the period	-158	51 725
of which related to discontinued operations		49 067
Estimated effective tax rate for the period	4,1%	21,0%

The Group has applied the main rule for recognition of deferred tax in connection with the purchase of shares in property companies that are not acquired through a business combination. This means that deferred tax is recognised as the difference between the tax value and accounting value of investment property in the subsidiary, and value changes of the investment property. Not recognised deferred tax linked to initial recognition exemption for investment properties per 31 December 2019 is MNOK 19 (MNOK 570 in 2018).

17 Earnings per share

Accounting principles

The Group's preference shares are entitled to a fixed dividend of NOK 7.50 per annum, if the General Assembly approves payment of dividends. To calculate the earnings per share the entitled dividend to the preference shares is deducted from comprehensive income for the period. The earnings per ordinary share is the remaining comprehensive income deducted the preference share dividend divided by the weighted average number of shares in issue during the period.

Earnings per share from continuing operations.

<i>NOK</i>	31.12.2019	31.12.2018
Net profit continuing operation	-3 733 986	-3 621 357
Less pref share dividends	-48 750 000	-48 750 000
Profit attributable to ord shares	-52 483 986	-52 371 357
Weighted avg ord shares	9 814 470	9 814 470
EPS to ord shares	-5,35	-5,34

Earnings per share from discontinued operations:

<i>NOK</i>	31.12.2019	31.12.2018
Net profit discontinuing operations	846 100 104	0
Less pref share dividends	-	0
Profit attributable to ord shares	846 100 104	0
Weighted avg ord shares	9 814 470	9 814 470
EPS to ord shares	86,21	0,00

Diluted

As per 31 December 2019 no rights are issued which cause diluted earnings per share to be different to basic earnings per share. Refer to note 20 for information related to the classes of shares.

18 Group structure and acquisition of companies

Accounting Principles

Business combinations:

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value, or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Acquisition of subsidiaries not viewed as a business combination

An acquisition of entities not comprising any business activities is viewed as a purchase of assets. The acquisition cost is allocated to the acquired assets and no deferred tax is calculated for temporary differences that arise at their initial recognition. Acquisition related costs are capitalized with the asset.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies

Upon purchase of property management assess whether the purchase constitute purchase of a business or purchase of an asset in accordance with IFRS 3.

Acquisition of companies regarded as asset purchase in 2019:

In November 2019 the Group acquired one property in Sweden, three properties in the Netherlands and eight properties in Poland from Norlandia.

Pioneer Property Group ASA

<i>NOK in thousand</i>	2019
Purchase of subsidiaries/Properties -cash	52 792
Cash acquired companies	1 834
Debt acquired companies	148 034

Companies bought in 2019:

Company Name	Location	Share of ownership
Pioneer Property Group International AS	Norway	100 %
Bonomen AB	Sweden	100 %
PPG OG B.V	Netherlands	100 %
PPG Netherlands B.V	Netherlands	100 %
PPG Poland Holding Sp.Z.o.o	Poland	100 %
CPP Lezno Sp. Z.o.o	Poland	100 %
CPP Sulechow Sp Z.o.o	Poland	100 %
CPP Strakowa Sp. Z.o.o	Poland	100 %
PPG Netherlands Holding B.V	Netherlands	100 %

The Group consists of the following subsidiaries per 31 December 2019:

Company Name	Location	Share of ownership
Pioneer Property Group International AS	Norway	100 %
Pioneer Preschools AS	Norway	100 %
Kidsa Ospeli Eiendom AS	Norway	100 %
Bonomen AB	Sweden	100 %
PPG OG B.V	Netherlands	100 %
PPG Netherlands B.V	Netherlands	100 %
PPG Poland Holding Sp.Z.o.o	Poland	100 %
CPP Lezno Sp. Z.o.o	Poland	100 %
CPP Sulechow Sp Z.o.o	Poland	100 %
CPP Strakowa Sp. Z.o.o	Poland	100 %
PPG Netherlands Holding B.V	Netherlands	100 %

Business combinations and acquisition of non-controlling interest in 2018

The Group entered into an agreement in November 2018 to acquire 100% of the shares in Pioneer Management AS (Pioneer Management) from Pioneer Capital Partners AS (PCP).

Pioneer Management has a management agreement with the Group and has provided management services, including staffing the executive management positions including CEO and CFO.

The underlying objective of the transaction was to insource the management services provided for under the management agreement as the Company has reached a size that makes it natural to secure direct control of business-critical management services and systems. As part of the transaction the company also bought the minority interest held by the previous owners of Pioneer Management.

Total consideration was NOK 29,153 thousand which was settled in cash. All values in the transaction were identified:

<i>NOK in thousand</i>	
Purchase consideration	29 153
<i>Net assets acquired:</i>	
Current assets	1 578
Cash and cash equivalents	13 127
Current liabilities	-12 143
Shares in Pioneer Public Property AS	26 591
Net assets acquired	29 153

All excess values are allocated to the investment in shares in Pioneer Public Property V, of which Pioneer Management AS is a minority shareholder. As Pioneer Public Property V is a company held by the Group this is regarded as transaction with own shares and the allocated value is recognised as a reduction in equity. The reduction is presented as purchase of shares from non-controlling interests.

19 Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation and are not disclosed in this note.

The Group has the following related parties as of 31.12.2019:

Related party	Relation to the Group
Roger Adolfsen	Chairman of the Board and owner of Mecca Invest AS
Sandra Henriette Riise	Board member
Geir Hjort	Board member
Even Carlsen	Board member and owner of Grafo AS
Nina Hjørdis Torp Høisæter	Board member
Hospitality Invest AS	Substantial shareholder
Grafo AS	Substantial shareholder
Klevenstern AS	Substantial shareholder
Mecca Invest AS	Substantial shareholder
Oslo Corporate Holding AS	Controlled by substantial shareholders, refer to note 20
Norlandia Care Group AS	Controlled by substantial shareholders, refer to note 20
Kidsa Drift AS	Controlled by substantial shareholders, refer to note 20
Kidsa Barnehager AS	Controlled by substantial shareholders, refer to note 20
Acea Properties AS	Controlled by substantial shareholders, refer to note 20

Pioneer Property Group ASA

Indirect ownership of shares by board member per the balance sheet date:

	2019		2018	
	Ord. Shares	Pref. shares	Ord. Shares	Pref. shares
Roger Adolfsen	3 002 747	11 190	2 994 510	136 864
Even Carlsen	1 773 386	176 389	1 773 386	340 424

The Group had the following material transactions with related parties:

<i>NOK in thousand</i>	2019	2018
Rent revenue from Norlandia Care Group AS including subsidiaries	74,347	70,661
Rent revenue from Kidsa Drift including subsidiaries	36,646	42,191
Success fee M&A services and Managemnet fee to Hospitality Invest AS	15,459	-
Success fee to Oslo Corporate Holding AS	5,000	-
Sale of shares and properties to related parties	39,375	-
Purchase of receivables from related parties	150,007	
Purchase of shares and properties from related parties (refer to note 18)	49,322	163,502

Transactions made between the related parties are made on terms equivalent to those that prevail in the market at arm length.

Receivables from related parties

<i>NOK in thousand</i>	31.12.2019	31.12.2018
Norlandia companies	2 643	522

Liabilities to related parties

<i>NOK in thousand</i>	31.12.2019	31.12.2018
Norlandia companies	15 681	-

For compensation to key management personnel, see note 14.

Preference share buy-back program (see also note 20)

As part of the preference share buy-back program, the Group has acquired treasury shares to a price of NOK 102 per share from the following related parties:

Roger Adolfsen (chairman of the board of directors) has through his wholly owned company Mecca Invest AS sold 110,187 preference shares and will, following the transaction hold 5,628 preference shares in the Group. In addition, Roger Adolfsen holds 25% of the shares in Acea Properties AS, which directly and indirectly sold 34,903 preference shares and after the transaction directly and indirectly owns 20,857 preference shares in PPG and approximately 46% of the shares in Hospitality Invest AS, which directly and indirectly sold 14,723 preference shares and after the transaction directly and indirectly owns 752 preference shares in the Group

Even Carlsen (member of the board of directors) has through his wholly owned company Grafo AS sold 155,309 preference shares and will, following the transaction hold 171,175 preference shares in the Group. In addition, Even Carlsen holds 25% of the shares in Acea Properties AS, which directly and indirectly sold 34,903 preference shares and after the transaction directly and indirectly owns 20,857 preference shares in the Group.

20 Share capital and shareholder information

The Company have two classes of shares, ordinary shares and preference shares. As of 31 December 2019, Pioneer Property Group ASA had a share capital of NOK 16,314,470, divided into 9,814,470 ordinary shares and 6,500,000 preference shares with a nominal value of NOK 1 per share for both categories. There were no changes in the share capital during 2019.

The differences between the share classes are differing voting rights and differing rights to the Company's profit. The regulations on voting rights and dividends are decided upon by the Shareholders' Meeting and can be found in the Articles of Association.

The ordinary share

The Company's ordinary share confers one vote unlike the preference shares that confer one-tenth of a vote.

The preference shares

The Company's preference shares confer a preferential right over ordinary shares to an annual dividend of NOK 7.50 per preference share. Dividend payments are made quarterly with NOK 1.875 per preference share, if approved by the General Assembly. The preference share does not otherwise confer a right to dividend. If the general meeting decided not to pay dividends or to pay dividends that fall below NOK 1.875 per preference share during a quarter, the difference between paid dividends and NOK 1.875 per preference share shall be accumulated and adjusted upwards with an annual interest rate of 5 per cent until full dividends have been distributed. No dividends may be distributed to the ordinary shareholders until the preference shareholders have received full dividends including the withheld amount.

	Number of shares	Share value in NOK		Share premium	Treasury shares	Total
		Ordinary shares	Preference shares			
At 1 January 2018	16 314 470	9 814 470	6 500 000	1 487 325 615	-	1 503 640 085
At 31 December 2018	16 314 470	9 814 470	6 500 000	1 487 325 615	-	1 503 640 085
Payment premiums 2019	-	-	-	-284 440 898	-	-284 440 898
Acquisition of treasury shares	-	-	-	-	-1 631 000	-1 631 000
At 31 December 2019	16 314 470	9 814 470	6 500 000	1 202 884 717	-1 631 000	1 217 568 187

Of the payment of premiums in 2019, TNOK 272,253 was paid out to holders of ordinary shares, while TNOK 12,187 were paid out to holders of preference shares. The distribution to holders of the ordinary shares were NOK 27.74 per ordinary share.

As part of the Group's buy back of own preference shares program, the Group acquired in November 2019 1,631,447 own preference shares in PPG at a price of NOK 102.00 per preference share. This equals approximately 10% of the share capital, which represents 1.56% of the votes. Detailed information regarding dividends, issues and redemption can be found in the Company's Articles of Association, available in the prospectus at the Company's website.

Pioneer Property Group ASA

10 largest shareholders registered in VPS as of 31 December 2019:

	Ordinary shares	Preference shares	Voting share
Hospitality Invest AS	32,62%	0,00%	30,60%
Eidissen Consult AS	18,07%	7,90%	17,44%
Grafo AS	18,07%	2,63%	17,11%
Mecca Invest AS	14,45%	0,09%	13,55%
Klevenstern AS	14,45%	0,08%	13,55%
HI Capital AS	2,34%	0,00%	2,20%
Pioneer Property Group ASA	0,00%	25,10%	1,56%
Avanza Bank AB	0,00%	7,56%	0,47%
Nordnet Bank AB	0,00%	4,54%	0,28%
Timbercreek Fourquadglreal est par	0,00%	4,50%	0,28%
Other Shareholders	0,00%	48,00%	2,96%
Total	100 %	100 %	100%
<u>Related party:</u>			
Norlandia Care Group AS	0,00 %	0,01 %	0,01%
Acea Properties AS	0,00 %	0,03 %	0,02%
Northstar Properties AS	0,00 %	0,29 %	0,18%

10 largest shareholders (ordinary shares) as of 31 December 2018:

	Ordinary shares	Preference shares	Voting share
Hospitality Invest AS	32,62 %	0,00 %	30,60%
Eidissen Consult AS	18,07 %	11,98 %	17,69%
Grafo AS	18,07 %	5,02 %	17,26%
Mecca Invest AS	14,45 %	1,78 %	13,66%
Klevenstern AS	14,45 %	1,63 %	13,65%
Avanza Bank AB	0,00 %	8,15 %	0,51%
Norron Sicav - Target	0,00 %	6,22 %	0,39%
The Bank of New York Mellon	0,00 %	5,76 %	0,36%
Skandinaviska Enskilda bank AB	0,00 %	5,01 %	0,31%
HI Capital AS	2,34 %	0,00 %	2,20%
Other shareholders	0,00 %	54,45 %	3,38%
Total	100 %	100 %	100%
<u>Related party:</u>			
Norlandia Care Group AS	0,00 %	0,24 %	0,01%
Acea Properties AS	0,00 %	0,56 %	0,04%
Northstar Properties AS	0,00 %	0,29 %	0,02%

21 Contingent liabilities

The group has not been involved in any legal or financial disputes in the period covered by these consolidated financial statements, where an adverse outcome is considered more likely than remote.

22 Subsequent events

As Odin Bidco AS finalised the acquisition of Gnist Eiendom in 2020, the earn-out related to the sale of PPP and PM was released and the Group received the earn out consideration of MNOK 100 (see also note 4 and 9 for more information).

PPG acquired bonds in Norlandia Health & Care Care Group ASA (NHC01 and NHC02) and Hospitality Invest AS (HOIN02) with a par values of NOK 196.0m (NHC01), SEK 163.5 (NHC02) and NOK 50.0m (HOIN02). After year end, the Group subscribed for MNOK 100, divided between two separate reputable Nordic high yield funds.

As approved by the Board Meeting at 18 February the first quarter dividend to preference shareholders was paid by NOK 1.875 per preference share at 8 April 2020.

On 18 November 2019, the Group purchased 1,631,447 preference shares in the Group at a price of NOK 102.00 per preference share pursuant to the above-mentioned Board Authorisation (the "November 2019 Buy-Back"). Following the November 2019 Buy-Back, the general meeting of the Group resolved to reduce the Group's share capital with NOK 1,631,447 by redemption of the 1,631,447 preference shares purchased by the Group in connection with the November 2019 Buy-Back. The share capital reduction was registered with the Norwegian Register of Business Enterprises on 26 February 2020. The Group's new share capital is NOK 14,683,023 divided into 9,814,470 ordinary shares and 4,868,553 preference shares, each with a nominal value of NOK 1.00. After this the Group held no preference shares.

PPG purchased further 987,966 preference shares in PPG at a price of NOK 102 per preference share. Following the transaction, PPG holds no ordinary shares and 987,966 preference shares in PPG (approximately 6.73% of the share capital), which represents 0.96% of the votes.

COVID-19 represents an extraordinary situation, and it is uncertain how the pandemic will impact society as a whole and thus how it may affect the group going forward. The material risk factors for the group is estimated to be a potential reduction of rent income and change in interest rate affecting potential borrowing costs, interest rate income as well as it may change the yield levels affecting real estate valuations. PPGs lease agreement are triple-net and not linked to preschool utilisation. The company has at present not received any covid-19 related tenant inquiries and does not expect a reduction in rental income due to the pandemic. Further it is difficult to estimate the current financial impact at present with regards to interest rate effects as both the macro economic consequences and the duration of COVID-19 are uncertain. The situation is closely being monitored by the management and the board of directors.

23 Implementation of new standards

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

IFRS 16 Leases (effective date 1 January 2019 and approved by the EU)

The Group has adopted IFRS 16 Leases from 1 January 2019 using the simplified transition approach in accordance with IFRS 16.C5(b) and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The Group has only one leasing contract at 1 January 2019, the lease of the head office. The lease term was 12 months with no minimum rental period. In applying IFRS 16 for the first time, the Group has used the following practical expedients as permitted by IFRS 16: The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases. As a consequence of applying the practical expedient there were no implementation effects of IFRS 16 in the opening balance as of 1 January 2019.

24 New standards not yet adopted

The group has elected not to early adopt any standards or interpretations that have an adoption date after the balance sheet date. The most relevant is described below:

Definition of a Business – Amendments to IFRS 3 – effective from 1 January 2020

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions, however as the acquisitions of properties in the Group already is regarded as asset acquisition no changes are expected when it comes to future acquisitions of same types of properties

**Financial statement 2019
for
Pioneer Property Group ASA**

Organization number. 914839327

Income statement

	Note	2019	2018
OPERATING REVENUE AND EXPENCES			
Operating revenue			
Total operating revenue		0	0
Operating expenses			
Employee benefits expense	1	5 765 307	559 090
Other operating expenses	1	4 952 120	2 054 472
Total operating expenses		10 717 427	2 613 562
OPERATING PROFIT OR LOSS		(10 717 427)	(2 613 562)
FINANCIAL INCOME AND EXPENSES			
Financial income			
Changes in market value of fin. cur. assets		269 097	0
Income from subsidiaries	10,11	1 351 091 804	51 534 000
Interest recieved from group companies	4	1 185 081	5 687 433
Other interests		12 719 557	44 284
Other financial income		0	27
Total financial income		1 365 265 540	57 265 744
Financial expenses			
Interest paid to group companies	4	234 711	0
Other interests		261 348	34 152
Other financial expense		505 942	0
Total financial expenses		1 002 001	34 152
NET FINANCIAL INCOME AND EXPENCES		1 364 263 539	57 231 592
ORDINARY RESULT BEFORE TAXES		1 353 546 112	54 618 030
Tax on ordinary result	2	484 338	12 570 002
ORDINARY RESULT		1 353 061 774	42 048 028
TO MAJORITY INTERESTS		1 353 061 774	42 048 028
APPLICATION AND ALLOC.			
To ordinary dividends payable		200 018 899	12 187 500
To additional dividends payable		36 562 498	36 562 499
Given intra-group contribution		0	0
To/from other equity		1 116 480 377	(6 701 971)
TOTAL APPLICATION AND ALLOCATION		1 353 061 774	42 048 028

Balance sheet pr. 31.12.2019

	Note	31.12.2019	31.12.2018
ASSETS			
FIXED ASSETS			
Financial fixed assets			
Investments in subsidiaries	3	1 884 982	1 414 132 085
Loans to group companies	4	195 468 061	27 048 732
Investments in associates	3	279 528 573	0
Total financial fixed assets		476 881 616	1 441 180 817
TOTAL FIXED ASSETS		476 881 616	1 441 180 817
CURRENT ASSETS			
Receivables			
Receivables on group companies	4	0	124 254 456
Other short-term receivables		95 736 681	0
Total receivables		95 736 681	124 254 456
Investments			
Quoted bonds	8	23 258 007	0
Total investments		23 258 007	0
Bank deposits, cash in hand, etc.	7	1 858 087 024	17 429 929
TOTAL CURRENT ASSETS		1 977 081 712	141 684 385
TOTAL ASSETS		2 453 963 329	1 582 865 201

Balance sheet pr. 31.12.2019

	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
EQUITY			
Paid-in equity			
Share capital	5,6,9	16 314 470	16 314 470
Own shares	5	(1 631 447)	0
Share premium reserve	5	1 002 865 819	1 487 325 615
Total paid-in equity		1 017 548 842	1 503 640 085
Retained earnings			
Other equity	5	1 196 235 079	45 308 341
Total retained earnings		1 196 235 079	45 308 341
TOTAL EQUITY		2 213 783 921	1 548 948 426
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		1 948 922	0
Income tax payable	2	0	12 571 782
Public duties payable		44 887	0
Dividends payable		212 206 399	12 187 500
Liabilities to group companies	4	2 201 536	4 554 149
Other currents liabilities		23 777 663	4 603 344
TOTAL CURRENT LIABILITIES		240 179 407	33 916 775
TOTAL LIABILITIES		240 179 407	33 916 775
TOTAL EQUITY AND LIABILITIES		2 453 963 329	1 582 865 201

Oslo 23.04.2020

Roger Adolfsen
ChairmanSandra H Riise
Board memberGeir Hjorth
Board memberEven Carlsen
Board memberNina H. T. Høisæter
Board memberJohn Ivar Busklein
CEO

Notes 2019

Accounting Principles:

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

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions

Notes 2019

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Cash

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Note 1 - Management and auditor compensation

The company's auditor expenses (VAT included) :

	2019	2018
Statutory audit	118 750	450 000
Other services	290 535	182 459
Total	409 285	632 459

	2019	2018
Payroll	4 964 000	490 000
Payroll expenses (employer tax)	699 924	69 090
Other payments	101 383	0
Total	5 765 307	559 090

It's been paid remuneration for directors with NOK 480 000.

Roger Adolfsen (Chairman of the board)	100 000
Geir Hjorth (board member)	90 000
Sandra Riise (board member)	100 000
Even Carlsen (board member)	90 000
Nina Høisæter (board member)	100 000

The company has two employees in 50% position and do not fall under the Act on Mandatory occupational pensions act.

Anders Løken was the CEO of Pioneer Property Group ASA until 29th October 2019, then John Ivar Busklein became the CEO of Pioneer Property Group ASA in a part time position at 28,4%. No salary has been paid to the new CEO, but there has been allocated NOK 100 000 for his salary this year.

Notes 2019

NOK	Bonus	Salary	Total Compensation
Ole-kristofer Bragnes (CFO)	750 000	75 000	825 000
Anders Løken (former CEO)	2 900 000	0	2 900 000
Total	3 650 000	75 000	3 725 000

Ole-Krisofter Bragnes (CFO) will receive a bonus of NOK 450 000 in Desember 2020 if he is still employed.

No member of the management have in their agreement that they will get any right to compensation after termination of employment.

No loans or guarantees have been given to any members of the management, the Board of directors or other corporate bodies.

The board of directors of PPG has prepared a determination of salary and other remuneration to the executive management, in accordance with applicable law. The declaration includes the policies which PPG will use for the determination of salary and other remuneration to its executive management in the calendar year 2020 as published on the company 's web page pioneerproperty.no. These policies shall be subject to an advisory vote by the general meeting.

Notes 2019

Note 2 - Tax

Calculation of this years tax basis:

Net profit/loss before tax expense	1 353 546 112
+ Permanent differences	-1 351 344 576
+ Changes in temporary differences	0
- Paid group contributions	2 201 536
= Income	0

This years income tax expense consist of:

Estimated tax of net profit	484 338
= Tax payable	484 338
+/- Change in deferred tax	0
= Total tax expense	484 338
Tax rate	22

current tax liability:

Tax payable	484 338
+/- Effect on tax of group contributions	-484 338
= Tax Payable	0

Notes 2019

Note 3 - Investments in subsidiaries

Subsidiaries are valued at cost in the company accounts.

Subsidiary, office location:	Owner-ship %	voting rights %	Net profit last year	equity last year
Pioneer Preschools AS, Oslo	100,00 %	100,00 %	-212 936	93 332
Pioneer Property Group International AS, Oslo	100,00 %	100,00 %	-3 476 459	- 1 907 281

Associated company, office location:	Owner-ship%	voting-rights %	Net profit last year	equity last year
Odin Bidco AS, Oslo	10,00 %	19,17 %	-1 986 373	2 793 299 713

Note 4 - Liabilities to/receivables from group companies

Interest recieved from group companies NOK 1 185 081 and interest paid to group companies NOK 234 711.

	Pr 31.12.	pr 01.01.
Receivables		
Group contributions	0	51 534 000
Other short term receivables	0	72 720 456
Loans to group companies	195 468 061	27 048 732
Total receivables	195 468 061	151 303 188
Liabilities		
Group contributions	2 201 536	0
Other short term liabilities	0	4 554 149
Total Liabilities	2 201 536	4 554 149

Notes 2019

Note 5 - Other equity

	Share capital	Own Shares	Share premium reserve	Other equity	Total equity
Pr 1.1	16 314 470	0	1 487 325 615	45 308 341	1 548 948 426
Ordinary result				1 353 061 774	1 353 061 774
Dividends			-200 018 899		-200 018 899
Dividends paid			-284 440 898	-36 562 498	-321 003 396
Other Changes		-1 631 447		-165 572 537	-167 203 984
Pr 31.1.2	16 314 470	-1 631 447	1 002 865 819	1 196 235 079	2 213 783 921

Other Changes:

Own Shares in other equity -165 572 537

Due to the liquidity situation in PPG after the sale of PPP and PM, the board of directors wished to have the opportunity to optimize the capital structure of the Company. This was accepted by the general meeting which gave the board an authorisation to acquire treasury shares of a total nominal value of NOK 3,262,894, provided however that the Company's holding of treasury shares at any given time shall not exceed 10% of the Company's share capital. In November 2019 PPG acquired through a book building process 1,631,447 preference shares in PPG at a price of NOK 102.00 per preference share. Following the transaction, PPG held no ordinary shares and 1,631,447 preference shares in PPG (approximately 10% of the share capital), which represented 1.56% of the votes. The general meeting later passed in January 2020 a resolution to decrease the share capital in PPG with NOK 1,631,447 by redemption of 1,631,447 of PPGs own preference shares.

Notes 2019

Note 6 - Share capital

The company have 16 314 470 shares with a book value NOK 1 per share , and total share capital is NOK 16 314 470.

The company have two classes of shares, ordinary shares and preference shares :

Class of shares	shares	Total value	Voting rights
Ordinary shares	9 814 470	9 814 470	Each share has 1 vote
Preference shares	6 500 000	6 500 000	Each share has 0,1 vote
Total	16 314 470	16 314 470	

The company's shareholders ordinary shares:

Shareholders	Ord. shares
Hospitality Invest AS	3 201 926
Eidissen Consult AS	1 773 386
Grafo AS	1 773 386
Klevenstern AS	1 417 852
Mecca Invest AS	1 417 852
Hi Capital AS	230 068

The company's 4 biggest shareholders pref.shares :

Shareholders:	Pref.Shares
Pioneer Property Group ASA	-1 631 447
Eidissen Consult AS	513 558
Avanza Bank AB	491 578
Nordnet Bank AB	295 100

Indirectly owned shares of executives in the company :

	Ordinary shares	Pref. shares
Roger Adolfsen (Chairman)	3 002 747	11 190
Even Carlsen (Board member)	1 773 386	176 389

Note 7 - Bank deposits

Employees tax deduction, deposited in a separate bank account with total amount 31.12.19 NOK 2 241 697

Notes 2019

Note 8 - Quoted bonds

Financial instruments has been assessed at fair value. The fair value has been set in accordance with the value observable in the market at the balance sheet date.

Quoted bonds	Acquisition cost	Change in value	Marked Value
NHC02	22 988 909	269 097	23 258 007

Note 9 - Transactions with related parties

The Group has various transactions with associated companies. All the transactions have been carried out as part of the ordinary operations and at arms -length prices. The most significant transactions are as follows:

Hospitality Invest AS, success fee M&A services NOK 10 200 000
 Hospitality Invest AS, management fee NOK 5 258 575
 Oslo Corporate Holding AS, Success fee M&A services NOK 5 000 000

Note 10 - Significant sale of share over the period.

On 9 October 2019, PPG entered into the sales Agreement with Odin Bidco AS regarding the purchase of 100% of the shares in Pioneer Public Properties AS and Pioneer Management from PPG with a total purchase price for the shares of NOK 2 734 million. Closing of the Transaction took place on 24 October 2019.

A portion of the purchase price was also used to reinvest in Odin Bidco AS, resulting in a 10% equity stake in the company with a preliminary value of NOK 256 million. Further PPG is also entitled to an earn-out of up to NOK 100 million conditional upon the future development of the PPP group.

Odin Bidco is further owned by a consortium consisting of Australian pension funds managed by Whitehelm Capital and the Whitehelm European Infrastructure Fund I incorporated company.

Notes 2019

Note 11 - Events after the reporting periode

As per 31.12.19 PPG had entered into a share purchase agreement, with a close of said transaction triggering payout of the entire earn-out consideration. A risk adjusted payout of the earn out per 31.12.19 was estimated by management to be NOK 90m. The transaction closed in January 2020, and the earn-out consideration was paid in full subsequent to the balance sheet date.

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Sandra Henriette Riise

Styremedlem

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Roger Adolfsen

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Even Carlsen

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