

# Pioneer Property Group ASA

## Annual Report 2020

Report for the period 1 January – 31 December 2020

## The 2020 Board of Directors Report for Pioneer Property Group ASA

### Highlights of the Report

Total revenue in 2020 from continued operations were MNOK 2.1, with a pre-tax profit from continued operations of MNOK 110.2. Profit for the period for total operations were MNOK 138.1.

PPG received the full earn-out consideration of MNOK 100 in January 2020 related to the sale of Pioneer Public Properties AS and Pioneer Management AS in 2019.

During the first half of 2020 PPG acquired bonds in Norlandia Health & Care Care Group ASA (NHC01 and NHC02) and Hospitality Invest AS (HOIN02) with par values of MNOK 196.0 (NHC01), MSEK 134.0 (NHC02) and MNOK 50.0 (HOIN02). Significant unrealised positive fair value revisions were recorded over the year.

In 2020 PPG paid out quarterly dividend payments to its preference shareholders equivalent to NOK 7.75 per preference share. Further the PPG paid two extraordinary dividends to the holders of ordinary shares in total of NOK 122.27 per ordinary share by way of a combination of a repayment of paid-in capital and dividend.

PPG has expanded its real estate activities into two new areas by establishing two sub-groups: Pioneer Property Development AS and Pioneer Retail Properties AS.

In December 2020 PPG, through its wholly owned subsidiary Pioneer Property Group International AS, sold its international preschool portfolio of 12 preschools in Netherlands, Poland and Sweden to a subsidiary of Kinland AS. The total asset value for the portfolio is approximately EUR 18.7 million.

### Operations and strategy going forward

Pioneer Property Group ASA (PPG) is an investment company with a real estate focus. PPG's real estate portfolio at year end consisted of one preschool property and one retail property in addition to two development projects. Further, PPG holds a 10% stake in Odin Bidco AS which owns a real estate portfolio of ~215 preschools at mainly long-term triple-net contracts in the Nordics. PPG is however entitled to 20% of the economic distributions from Odin Bidco AS after an 10% IRR hurdle.

The focus area for PPG will be to continue to invest in real estate and enter into long-term triple-net leases with leading operators. Over the course of 2020, PPG has expanded its real estate activities into two new areas by establishing two sub-groups:

1. Pioneer Property Development AS
2. Pioneer Retail Properties AS

Pioneer Property Development AS will concentrate on development of general commercial real estate and housing. Currently the sub group is involved in developing a 400 000 m<sup>2</sup> greenfield area in close proximity to the Evenes airport in Northern Norway as well as in a housing project of 300 – 350 units in Mo i Rana, also in Northern Norway. Both projects are joint ventures with local partners.

Pioneer Retail Properties AS was established to procure and build facilities for retail properties, mainly for the Ferda group all over Norway. The Ferda group is expanding quickly and PPG will in close cooperation with Ferda utilise this growth as a financial partner to build its property portfolio. The portfolio consisted at year end of one property, with two more acquired subsequent to the balance sheet date. Further Pioneer Retail Properties will also consider investing in other types of retail properties going forward.

PPG may further establish two new divisions within the Group in the future with focus on investments within hotel properties and commercial real estate, such as office buildings.

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.

### Material Events During the Year

COVID-19 represents an extraordinary situation that has materialised during 2020, and it is uncertain how the pandemic will impact society as a whole and thus how it may affect the group going forward. The overall material risk factors for the group are estimated to be a potential reduction of rent income and change in interest rate affecting borrowing costs and interest rate income. In addition, it may influence the yield levels and subsequently affect real estate valuations. PPG's lease agreements are triple-net and not linked to operational utilisation of any kind. 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. In terms of financial performance there are no material adverse effects on PPG's financials from 2020 that are linked to COVID-19. The situation is closely being monitored by the management and the Board of Directors.

PPG subscribed in December 2019 in a share capital increase in Odin Bidco AS in order for the Odin Bidco group to be capitalized to close an acquisition of a new real estate portfolio. PPG increased its investment with MNOK 23 in Odin Bidco AS and maintained an 10% ownership. The transaction closed in January 2020 which triggered a pay-out of the entire earn-out consideration of MNOK 100 to PPG in January 2020 that was related to the sale of Pioneer Public Properties AS and Pioneer Management AS in 2019.

During the first half of 2020 PPG acquired bonds in Norlandia Health & Care Care Group ASA (NHC01 and NHC02) and Hospitality Invest AS (HOIN02) with par values of MNOK 196.0 (NHC01), MSEK 134.0 (NHC02) and MNOK 50.0 (HOIN02). A majority of the bonds were bought during the Covid-19 financial downturn in March 2020 with an overall average cost price of low 70s. All bonds have recovered since purchase to levels between 90-100 at year end resulting in significant unrealised gains showing the flexibility of PPG's balance sheet and liquidity position. No bonds have been purchased for the second half of 2020. As of 31.12.2020 PPG holds bonds with the following par values: NHC01: MNOK 196, NHC02: MSEK 163.5, HOIN02: MNOK 50. Further PPG subscribed in 1H'2020 for a total of MNOK 100 divided between two separate reputable Nordic high yield funds. The two high yield funds have started to recover following the rapid decrease in the high yield market in March, however still at values slightly below PPGs initial investment.

In January 2020 the general meeting in PPG passed a resolution to decrease the share capital of NOK 1,631,447 in order to redeem the 1,631,447 preference shares in PPG that was owned by PPG. Further, PPG purchased 987,966 of its own preference shares in March 2020 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.

Over the course of 2020, PPG has paid four quarterly dividends to the holders of preference shares in total NOK 7.75 per preference share. As per the articles of association §5, the annual preferred dividend to the holders of preference share has increased by NOK 1 per preference share per year from 01. July 2020 to NOK 2.125 per quarter. Further PPG has paid over the year two extraordinary dividends to the holders of the ordinary shares in total of NOK 122.27 per ordinary share by way of a combination of a repayment of paid-in capital and dividend.

As described, PPG has expanded its real estate activities into two new areas by establishing two sub-groups: Pioneer Property Development AS and Pioneer Retail Properties AS. In the first half of 2020 PPG acquired indirectly ~51% of the shares in Evenes Tomteslskap AS through an 53% owned SPV, and thus the financials

are consolidated into PPG's consolidated account. Evenes Tomteselskap AS owns a 400 000 m<sup>2</sup> greenfield area in close proximity to Evenes Airport, which will be developed together with a local partner. Further PPG established a 50/50 joint venture with a local real estate developer in Mo i Rana in Norway to develop a housing project of 300-350 units. PPG does not have control over the entity, and it is treated as an associated company. Both projects are long term in nature and will be developed over a 5-15-year period.

Within retail properties, PPG made a minor acquisition of Håhjem AS in July 2020. The acquired company owns real properties outside Ålesund and rent it out on an approximately 9-year lease agreement to Ferda which use the property in its business within sale and rental of caravans and motorhomes.

In December 2020 PPG, through its wholly owned subsidiary Pioneer Property Group International AS, sold its international preschool portfolio of 12 preschools in Netherlands, Poland and Sweden to a subsidiary of Kinland. The total enterprise value for the portfolio is approximately EUR 18.7 million, sold on a debt and cash free basis. PPG owned these properties for approximately one year and the portfolio was financed through internal shareholder loans from PPG. Through the holding period PPG has realised a return on equity of approximately 10% on a NOK for NOK basis. PPG also owns 10% of Kinland's parent company, Odin Bidco AS. In order to, among others, partly finance the transaction described herein, a share issue in Odin Bidco AS directed towards its shareholders was carried out, in which PPG has committed to invest NOK 40 million to retain its 10% ownership. Per year end 2020 PPG had approximately MNOK 22 left of the commitment.

### **Subsequent Events Since the End of 2020**

PPG's subsidiary Pioneer Retail Properties AS entered into a share purchase agreement to acquire Ås Næring AS and Askjem Eiendom AS for a total share purchase price of approximately MNOK 120, settled 65% in cash and the remaining by way of a vendor note with three years duration. The acquired companies own real properties in Tønsberg municipality, and rent these out to Askjems Camping-Center AS which uses the properties in its business within sale and rental of caravans and motorhomes. Simultaneously upon completion of the transactions, Ferda Gruppen AS will acquire 100% of the shares in Askjems Camping-Center AS. Askjems Camping-Center AS will continue as lessor of the properties in Tønsberg following Ferda Gruppen AS' acquisition and new long term lease agreements will be entered into. The completion of the transactions is subject to customary closing conditions and expected to close by the end of March 2021. Completion of the transaction is expected to increase PPG's lease income of approximately MNOK 16.4.

### **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**

Total revenues from continued operations were MNOK 2.1 in 2020 compared to MNOK 0.4 in 2019. Revenues consisted mostly of rental revenues from investment properties in Norway. PPG's international preschool portfolio were divested in Q4, and financials are included in profit from discontinued operations in 2020 and 2019.

Operating profit from continuing operations (EBIT) for 2020 amounted to a negative MNOK 5.4, compared to a negative MNOK 10.6 in 2019. The difference can primarily be explained by a positive fair value revision of MNOK 1.6 in 2020 in addition to non-recurring payroll expenses in 2019.

In 2020 a gain of MNOK19.5 was recognised following the derecognition of the associated company Odin Bidco AS. In 2020 PPG has considered that it has no longer significant influence in the company and the investment is therefore classified as a financial asset instead of an associated company. Subsequently the

investment is recognised at fair value per 2020, and will be continued to be measured at fair value going forward. Please see note 8 for more information.

Net financial income from continuing operations for the year was MNOK 126.3 compared to MNOK 8.1, with the majority of the difference resulting from a positive fair value revision of MNOK 80.9. The changes in fair value are related to unrealised positive fair value revaluations of the bonds in NHC and HI offset by a small loss in the high yield funds. The bonds are at year end measured to the following values based on broker quotes: NHC01: NOK 95.125, NHC02: SEK 94.875 and HOIN02: 97.00.

The net profit from discontinued operations for 2020 amounted to MNOK 27.8, of which MNOK 11.1 amounted to net profit from the international preschool portfolio divested in December 2020 and MNOK 7.8 is related to a gain on sale of the portfolio. A further MNOK 9.8 is related to a remeasurement of the earn-out received in full in January 2020, from the sale of PPP and PM in 2019.

Net profit for the group in 2020 was MNOK 138.1, compared to MNOK 842.4 in 2019. The 2019 financials were heavily affected by the sale of Pioneer Public Properties AS and Pioneer Management AS.

The Group had total assets of MNOK 1,300.6 where MNOK 414.7 were related mainly to investment property and shares in the associated company, Odin Bidco AS. Further PPG had a cash balance of MNOK 386.3 and MNOK 491.0 in other short-term investments related to the bonds and high yield funds held by PPG.

Total equity amounted to MNOK 1,232.0 with the majority of the difference being explained by dividends on the ordinary and preference shares paid over 2020.

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 2020 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](http://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](http://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.
- Changes in valuation of financial securities that is owned through optimising capital management. When managing the capital, PPG will take into account the need for sufficient liquidity reserves to meet PPG's financial obligations.

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 March 2021

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 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. Ms. Riise 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. Ms. Riise is educated from BI Norwegian School of Management, and is a registered certified public accountant since 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. Mr. 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 the confederation of Norwegian Enterprises ("NHO") (Nw: Næringslivets Hovedorganisasjon) and various CEO roles within the Norlandia sphere. She is currently working with business development in Norlandia Health and Care Group AS and as a board member at NHO Service and Trade and Chairman of the board of directors of Health and Welfare within NHO Service and Trade. Ms. 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 2020 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 March 2021

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>	<i>Note</i>	<b>2020</b>	<b>2019 restated*</b>
Contractual rental income	13	2 052	358
Other income		-	-
<b>Total Income</b>		<b>2 052</b>	<b>358</b>
Employee expenses	14	3 209	5 765
Other operating expenses	15	5 846	5 141
<b>Total Operating expenses</b>		<b>9 055</b>	<b>10 907</b>
Fair value adjustment on investment properties	7	1 638	-46
<b>Operating loss (EBIT)</b>		<b>-5 365</b>	<b>-10 595</b>
<b>Gain/Loss from associated company</b>	8	<b>19 498</b>	<b>2 647</b>
Interest income	9	28 689	8 476
Interest expense		4 043	261
Other finance expenses		0	-342
Changes in fair value	9	80 913	5 473
Currency gain (-)/loss		-1 261	3 239
<b>Net Finance income (+) /expenses (-)</b>		<b>126 318</b>	<b>8 144</b>
<b>Profit/(loss) before tax</b>		<b>120 954</b>	<b>-2 451</b>
Income taxes	16	10 722	-401
<b>Profit/(loss) for the period</b>		<b>110 232</b>	<b>-2 050</b>
Profit/(loss) discontinued operations, net of tax	4	27 835	844 416
<b>Profit/(loss) for the period, total operations</b>		<b>138 067</b>	<b>842 366</b>
<b>Profit/(Loss) attributable to</b>			
Shareholders of the parent		137 914	842 366
Non-controlling interests		153	-
<b>Profit/(loss) for the period</b>		<b>138 067</b>	<b>842 366</b>
Other comprehensive income			
<i>Items to be reclassified to P&amp;L in subsequent periods:</i>			
Exchange differences, from translation of foreign operations		3 612	1 437
Exchange differences, from translation of foreign operations from associated companies		3 145	-17
<i>Items reclassified to P&amp;L in the period:</i>			
Exchange differences, from translation of foreign operations		-7 088	-1 089,0
<b>Other Comprehensive Income</b>		<b>-331</b>	<b>331</b>
<b>Total comprehensive income</b>		<b>137 736</b>	<b>842 697</b>
<b>Comprehensive income attributable to</b>			
Shareholders of the parent		137 736	842 697
Non-controlling interests		-	-
<b>Comprehensive income</b>		<b>137 736</b>	<b>842 697</b>
<b>Earnings per share (NOK) for profit from continuing operations:</b>			
Basic earnings per ordinary share	17	8,07	-5,18
<b>Earnings per share (NOK) for profit from total operations:</b>			
Basic earnings per ordinary share	17	10,90	80,86
Weighted average ordinary shares	17	9 814 470	9 814 470
*2019 are restated due to discontinued operations, see note 4			

## Consolidated Statement of Financial Position

<i>NOK thousands</i>	<b>Note</b>	<b>31/12/2020</b>	<b>31.12.2019</b>
<b>Assets</b>			
Investment properties	7	94,000	191,453
Project in progress		627	-
Other investment	9	314,497	-
Associated company	8	-	276,865
Other non-current assets		5,557	-
<b>Total non-current assets</b>		<b>414,681</b>	<b>468,318</b>
Trade and other receivables	9	8,642	116,198
Other short-term investments	9	491,031	23,258
Cash and cash equivalents	10	386,258	1,860,813
<b>Total current assets</b>		<b>885,932</b>	<b>2,000,269</b>
<b>Total assets</b>		<b>1,300,613</b>	<b>2,468,587</b>
<b>Equity and liabilities</b>			
Share capital	20	14,683	16,314
Treasury shares	20	-988	-1,631
Share premium	20	555,637	1,202,885
Other reserve and retained earnings		650,963	1,194,215
Non-controlling interest		11,696	-
<b>Total equity</b>		<b>1,231,992</b>	<b>2,411,782</b>
Non-current borrowings	11	32,125	-
Deferred tax	16	4,724	756
Other non-current liabilities		-	-
<b>Total non-current liabilities</b>		<b>36,849</b>	<b>756</b>
Current borrowings	11	13,040	-
Current tax payable	16	6,655	143
Associated company	8	220	-
Other current liabilities	12	11,857	55,906
<b>Total current liabilities</b>		<b>31,773</b>	<b>56,049</b>
<b>Total liabilities</b>		<b>68,622</b>	<b>56,804</b>
<b>Total equity and liabilities</b>		<b>1,300,613</b>	<b>2,468,587</b>

Oslo, 23 March 2021

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

## Consolidated Statement of Changes in Equity

NOK thousands	Notes	Attributable to owners of the parent					Non-controlling interests	Total Equity
		Share capital	Treasury shares	Share premium	Currency translation differences	Retained earnings		
<b>Balance at 1 January 2019</b>		16,314	-	1,487,326	-	553,652	2,057,292	<b>2,057,292</b>
Profit/(loss) for the period		-	-	-	-	842,366	-	<b>842,366</b>
Exchange differences from foreign operations		-	-	-	1,437	-	-	<b>1,437</b>
Exchange differences from associated company		-	-	-	-17	-	-	<b>-17</b>
Exchange differences reclassified to Income statement on disposal		-	-	-	-1,089	-	-	<b>-1,089</b>
Total comprehensive income for the period		-	-	-	331	842,366	-	<b>842,697</b>
Acquisition of treasury shares	20	-	-1,631	-	-	-165,573	-	<b>-167,204</b>
Dividends on ordinary shares	20	-	-	-272,253	-	-272,253	-	<b>-272,253</b>
Dividends on preference shares	17	-	-	-12,188	-	-36,562	-	<b>-48,750</b>
Transactions with owners		-	-1,631	-284,441	-	-202,135	-	<b>-488,207</b>
<b>Balance at 31 December 2019</b>		<b>16,314</b>	<b>-1,631</b>	<b>1,202,886</b>	<b>331</b>	<b>1,193,883</b>	<b>2,411,782</b>	<b>2,411,782</b>
Profit/(loss) for the period		-	-	-	-	137,914	153	<b>138,067</b>
Exchange differences from foreign operations		-	-	-	-7,088	-	-	<b>-7,088</b>
Exchange differences from associated company	8	-	-	-	3,145	-	-	<b>3,145</b>
Exchange differences reclassified to Income statement on disposal	4	-	-	-	3,612	-	-	<b>3,612</b>
Total comprehensive income for the period		-	-	-	-331	137,914	153	<b>137,736</b>
Capital reduction		-1,631	1,631	-	-	-	-	<b>-</b>
Proportion of non-controlling interests		-	-	-	-	-	11,543	<b>11,543</b>
Acquisition of treasury shares	20	-	-988	-	-	-100,081	-	<b>-101,069</b>
Dividends on ordinary shares	20	-	-	-650,307	-	-549,708	-	<b>-1,200,015</b>
Dividends on preference shares	17	-	-	3,058	-	-31,044	-	<b>-27,986</b>
Transactions with owners		-1,631	643	-647,249	-	-680,834	11,543	<b>-1,317,527</b>
<b>Balance at 31 December 2020</b>		<b>14,683</b>	<b>-988</b>	<b>555,637</b>	<b>-</b>	<b>650,963</b>	<b>11,696</b>	<b>1,231,992</b>

## Consolidated Statement of Cash Flows

<i>NOK thousands</i>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:			
Profit before income tax total operation (including discontinued operations)	4	149,719	872,658
<i>Adjustments for:</i>			
Fair value adjustments on investment property	7	-1,638	-46,064
Other adjustments	9	-80,913	-5,473
Profit from associated companies	8	-19,498	2,647
Interest net		-24,645	-8,654
Borrowing cost			118,083
Taxes paid		-	-16,971
Exchange gains/(losses)		-6,552	10,413
Profit/loss on sale of discontinued operations	4	-17,695	-733,508
Changes in working capital:			
Trade receivables		-36	-23,978
Trade payables		-38,063	45,583
Other accruals		3,118	-30,468
<b>Generated from operations</b>		<b>-36,204</b>	<b>184,269</b>
Interest received		27,308	8,654
Interest paid		-3,997	-115,064
<b>Cash generated from operating activities</b>		<b>-12,893</b>	<b>77,859</b>
Cash flows from investing activities:			
Proceeds from sale of shares	4	145,731	2,173,467
Purchase of subsidiaries / properties	18	-33,656	-52,793
Purchase of shares	9	-25,488	-
Purchase of shares in associated companies	8	-50	-
Purchase of bond	9	-279,708	-23,491
Purchase of funds	9	-100,000	-
Purchase of other items		-627	-
Purchase of receivables		-	-135,315
Received dividend/repaid paid-in capital other shares	8	7,624	-
Proceeds from transfer of receivables	4	159,670	82,054
<b>Cash from investing activities</b>		<b>-126,504</b>	<b>2,043,922</b>
Cash flows from financing activities:			
Repayments of debt to financial institutions	11	-587	-56,068
Loans to associated companies		-5,500	-
Purchase of own shares	20	-101,069	-167,204
Dividends on ordinary shares	20	-1,200,015	-272,253
Dividends on preference shares	17	-27,984	-48,750
<b>Cash from financing activities</b>		<b>-1,335,156</b>	<b>-544,276</b>
<b>Change in cash and cash equivalents</b>		<b>-1,474,554</b>	<b>1,577,505</b>
Cash and cash equivalents at beginning of period		1,860,814	283,271
Exchange gains/(losses) on cash and cash equivalents			37
<b>Cash and cash equivalents at period end</b>		<b>386,258</b>	<b>1,860,814</b>

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 mainly in a broad range of properties ranging from retail properties to preschool properties, and leases them out on long term leases. The current real estate portfolio is situated in Norway.

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 2020 to 31 December 2020.

These consolidated financial statements are approved by the Board of Directors 23. March 2021.

## 2 Key transactions and events in 2020

PPG has received the full earn-out payment of MNOK 100 in January 2020 from the sale to Odin Bidco AS in 2019.

PPG acquired bonds in Norlandia Health & Care Care Group ASA (NHC01 and NHC02) and Hospitality Invest AS (HOIN02) with par values of MNOK 196.0 (NHC01), MSEK 134.0 (NHC02) and MNOK 50.0 (HOIN02). Further PPG subscribed in 1H'2020 for a total of MNOK 100 divided between two separate reputable Nordic high yield funds.

In January 2020 the general meeting in PPG passed a resolution to decrease the share capital of NOK 1,631,447 in order to redeem the 1,631,447 preference shares in PPG that was owned by PPG. Further, PPG purchased 987,966 preference shares in PPG in March 2020 at a price of NOK 102 per preference share.

December 2020 PPG, through its wholly owned subsidiary Pioneer Property Group International AS, sold its international preschool portfolio of 12 preschools in Netherlands, Poland and Sweden to a subsidiary of Kinland. The total enterprise value for the portfolio is approximately EUR 18.7 million, sold on a debt and cash free basis

## 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 earnout 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 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 which stepped up to NOK 8.50 per preference share from 01 July 2020, 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 and NOK 2.125 over the second half of 2020. The Preference shares are currently redeemable at a price of NOK 100 per share, which was valid from 1 July 2020 when it stepped down from NOK 130 per preference share. 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.

#### **The use of estimates and assessment of accounting policies when preparing the annual accounts**

##### **Estimates and assumptions**

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Judgements**

Management has, when preparing the financial statements; made certain significant assessments based on critical judgment when it comes to application of the accounting principles.

Material exercise of judgment and estimates relate to the following matters:

- Investment properties, note 7
- Associated companies, note 8
- Financial instruments, note 9

## **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.

### **Discontinued operations 2020**

On 18 December the Group entered into an agreement of selling 100% of the shares in PPGI's wholly owned subsidiary PPG Netherlands Holding B.V. ("PPGNH") to Kinland Finland Oy for a cash consideration of MNOK 60.9 in addition to a repayment of the shareholder loans given by Pioneer Property Group International AS. PPGNH has subsidiaries in the Netherlands, Poland and Sweden, which again respectively own a portfolio of 12 preschool properties in said countries. The transaction was closed 30 December 2020.

The group had internal receivable on PPGNH, this receivable was sold at the same time as the shares. The receivable was sold at carrying amount of MNOK 159.7. No gain or loss were recognised.

The Group recognized a gain on sale of shares in PPGNH of MNOK 7.8.

In order to, among others, partly finance the transaction described herein, a share issue in Odin Bidco AS directed towards its shareholders was carried out, in which PPG has committed to invest NOK 40 million to retain its 10% ownership of which NOK 17.9m has already been invested.



The Group owns 10% of Kinland's parent company, Odin Bidco AS after the sale. The share issue described above was conducted in C shares, which dilutes PPG's B shares which carry 2 votes per share. Following the share issue PPG had 18.63% of the votes.

PPG has received the full earn-out of MNOK 100 in January 2020 from the sale to Odin Bidco AS in 2019. Following this and additional expenses, an adjusted gain of MNOK 9.8 were recognised in 2020 in relation to the sale to Odin Bidco AS in 2019.

#### **Discontinued operations 2019**

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 an initial 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.

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

# Pioneer Property Group ASA

<i>NOK thousand</i>	<b>2020</b>	<b>2019</b>
Income from rent	11 479	251 375
Other income	-	505
<b>Total Income</b>	<b>11 479</b>	<b>251 880</b>
Payroll expenses	-	4 079
Other operating expenses	412	15 515
<b>Total Expenses</b>	<b>412</b>	<b>19 594</b>
Fair value adjustment on investment properties	-	46 111
<b>Operating profit (EBIT)</b>	<b>11 067</b>	<b>278 396</b>
Interest income	-	178
Interest expenses	-1	117 822
Currency gain (-) / loss	4	7 174
Other financial expenses	-	12 721
<b>Net Finance</b>	<b>3</b>	<b>-137 539</b>
<b>Profit/(loss) before tax</b>	<b>11 070</b>	<b>140 858</b>
Income taxes	930	30 694
<b>Profit/(loss) for the period</b>	<b>10 140</b>	<b>110 164</b>
Gain of sale from discontinuing operations	17 695	694 252
Remeasurement of earnout at 31 December 2019	0	40 000
<b>Profit/(loss) discontinued operations, net of tax</b>	<b>27 835</b>	<b>844 416</b>
Other comprehensive income		
<i>Items to be reclassified to P&amp;L in subsequent periods:</i>		
Exchange differences, from translation of foreign operation	3 612	1 437
<b>Total comprehensive income from discontinued operations</b>	<b>31 447</b>	<b>845 853</b>

## Earnings per share (NOK) for profit from discontinued operation

Basic earnings per ordinary share	2,84	86,04
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>	<b>2020</b>	<b>2019</b>
Cash generated from operating activities	11 696	92 937
Cash from investing activities	-	10 762
Cash from financing activities	-	-124 430
	-	-
<b>Change in cash and cash equivalents</b>	<b>11 696</b>	<b>-20 730</b>
Cash and cash equivalents at beginning of period	1 834	266 739
Exchange gains/(losses) on cash and cash equivalents	-72	13
<b>Cash and cash equivalents at period end</b>	<b>13 458</b>	<b>246 021</b>

## 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 in addition to fluctuations in currencies. The level of interest rate exposure and currency risk exposure are determined based on an assessment by management and the Board of Directors 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 % will not be material for the financial statements. Further, a change in interest levels may yield changes in the fair value of the real estate portfolio in addition to the performance of the bonds and bond funds held on PPG's balance sheet.

#### (ii) Cash flow interest rate risk

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	31.12.2020		31.12.2019	
	Increase/- decrease in NOK	Effect on profit before tax in NOK million	Increase/- decrease in NOK	Effect on profit before tax
EUR	+/-10%	0,0	+/-10%	6,2
SEK	+/-10%	16,2	+/-10%	0,3
PLN	+/-10%	0,0	+/-10%	8,5

**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 credit quality of the issuer is also taken into consideration when acquiring bonds.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by the contractual counterparties.

**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:**

<i>NOK thousand</i>	31.12.2020				
	<1y	1y-2y	2y-5y	>5y	Total
Borrowings (bank)	13 040	1 280	27 520	-	41 840
Interest on borrowings (bank)	1 454	871	1 234	-	3 559
Borrowings (other)		3 325	-	-	3 325
Other current liabilities	11 044				
<b>Total</b>	<b>14 494</b>	<b>5 476</b>	<b>28 754</b>	<b>-</b>	<b>48 723</b>

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

**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.

Based on the cash balance in PPG following the sale of Pioneer Public Properties AS and Pioneer Management AS, 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.

The Group has a large liquidity surplus at 31.12.20 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

By the end of 2020 most of the Group's properties within childcare were sold (one in Norway remains). The sold operations were classified as discontinued operations (see note 4).

The Group is currently building up different investments in Norway across a broader range of properties and financial instruments. As such the activities in the Group has changed significantly and the financial information reviewed by the chief operating decisions maker (Board of Directors) are the Group as a whole as per 31.12.20. There is one segment in 2020.

#### Geographical segment 2020

<i>NOK thousand</i>	<b>Norway</b>
Total Income	2 052
Fair value adjustment on investment properties	1 638
Operating profit/loss (EBIT)	-5 365
Investment properties	94 000
Cash and cash equivalents	386 258

#### Geographical segment 2019

<i>NOK thousand</i>	<b>Norway</b>	<b>Sweden</b>	<b>Poland</b>	<b>Netherland</b>	<b>Group</b>
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

## 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 external cash-flow valuations for the properties that are not under development, from an independent valuer. The independent valuer has in these reports valued the properties on an individual basis using a combination of discounted cash-flow analysis and property yield level. Individual factors for the properties 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, year of build and whether or not the property is on leased land (Norwegian: festetomt).

The average gross yield for the investment property portfolio is 7 %.

### Description

As of 31.12.20 the Groups investment property portfolio consists of one preschool property, one retail property and one plot near Evenes, all located in Norway.

In summary the total Group's portfolio as of 31 December 2020 was valued to MNOK 94, a decrease from MNOK 191 as of year-end 2019. The change is explained by the sale of most of the Group's operations as described in note 4 discontinued operations.

### Overview of account movements 2020

<i>NOK thousand</i>	<b>Norway</b>	<b>Sweden</b>	<b>Finland</b>	<b>Poland</b>	<b>Netherlands</b>	<b>Group</b>
Fair value in the beginning of the year	10 800	13 187	-	118 858	48 608	191 453
Investment in subsidiaries /properties	81 562	-	-	-	-	81 562
Effect of currency exchange differences in foreign operations	-	1 493	-	2 154	3 800	7 447
Sale of operations	-	-14 680	-	-121 012	-52 408	-188 100
Fair value adjustments on investment properties	1 638	-	-	-	-	1 638
<b>Fair value in the end of the year</b>	<b>94 000</b>	<b>-0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>94 000</b>
Net change in unrealized gain	1 638	-	-	-	-	1 638

## Overview of account movements 2019

<i>NOK thousand</i>	<b>Norway</b>	<b>Sweden</b>	<b>Finland</b>	<b>Poland</b>	<b>Netherlands</b>	<b>Group</b>
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
<b>Fair value in the end of the year</b>	<b>10 800</b>	<b>13 187</b>	<b>-</b>	<b>118 858</b>	<b>48 608</b>	<b>191 453</b>
Net change in unrealized gain	-46	-189	-	-1 686	-711	-2 632

## 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 table below gives an indication of the effects on the value of the property portfolio if yield levels change with 0.5% or rental income change with 5% NOI is defined as net operating income, meaning all revenue from properties minus all reasonable operating expenses.

<i>NOK million</i>		Yield sensitivity		
		<b>-0,5%</b>	<b>0,0%</b>	<b>0,5%</b>
NOI sensitivity	<b>-5 %</b>	102	89	79
	<b>0 %</b>	108	94	84
	<b>5 %</b>	113	99	88

## 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**

### *Kongsparken AS*

Kongsparken AS was established 11 September 2020 by Eiendomsselskapet Ranheim AS and the Group. Both owns 50% of the company and contributed each with kroner 50.000. Kongsparken AS have acquired an old closed school, which shall be demolished and instead 250 to 400 apartments shall be built.

The Group is controlling 50 of the votes in the Board of Directors. Project management and daily operations are performed by Eiendomsselskapet Ranheim AS. It is the Group's evaluation that they have significant influence in Kongsparken AS.

### *Odin Bidco AS*

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 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 was 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 further continued to invest in property over the course of 2020, and has grown to around 215 properties from the approximately 170 acquired from 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. If a dividend is paid, the A-shares have a claim of 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. In an exit event the exit proceeds are further distributed unevenly. Holders of the C-shares shall receive a portion of the exit proceeds equal to its share of total share capital. Further the remaining proceeds shall be distributed evenly between the A -shares and B-shares until they both have received a total annual return of 10%. The remaining proceeds shall be given to the B-shares.

18 December 2020 the investment in Odin Bidco AS was diluted through a share issuance in the C share class. The group participated with its 10% pro-rata share, and the Group now has a voting right of 18.63 % of the company following the share issuance. The Group has considered that it has no longer significant influence in the Company and the investments is recognised as a financial asset. At derecognition of an associated company a gain was recognised of MNOK 6.7. Going forward the ownership share is measured at its fair value, amounting to MNOK 307 as of 31 December 2020. See note 9 regarding fair value measurement of the investment.

## **Critical accounting estimates and judgements**

The Group has not received any financial information from the company by the publication of this Annual Report. The latest available financial information is from the first half year 2020. Consequently, the second half year up to dilution is estimated based on the available information. Due to the character of the business ordinary income and expenses are mainly the same throughout the year (rental income under triple net contracts). However, there are uncertainties related to the effect of acquired companies' full year effect and one-time expenses. The estimate is the management's best estimate, but it still has a high degree of uncertainty.



# Pioneer Property Group ASA

The Group's shares of the financial positions in the companies owned per year end 2020 and 2019:

<i>NOK thousand</i>	<b>31.12.2020</b>	<b>31.12.2019</b>
Goodwill	-	1 256 032
Deferred tax	154	-
Licenses, patents, rights	21 855	-
Investment properties	-	5 397 791
Other non-current assets	27	1 000
Cash	1 698	305 285
Other current assets	-	235 419
Borrowings (current and non-current)	-24 014	-3 484 895
Other non-current liabilities	-	-792 203
Other current liabilities	-160	-146 934
<b>Net assets</b>	<b>-439</b>	<b>2 771 495</b>
Share of ownership	50%/10%	
	-220	277 150
Distribution of loss unevenly between share classes		-285
<b>Carrying amount</b>	<b>-220</b>	<b>276 865</b>

Changes in the Group's carrying amount in the periods:

<i>NOK thousand</i>	<b>2020</b>	<b>2019</b>
Carrying amount at 01.01	276,865	-
Invested capital in Kongsparken AS	50	-
A-shares received in sale of PPG (note 4)	-	256,333
Additional contribution C-shares	17,947	23,196
Received dividend	-7,624	
Loss of significant influence	-306,956	-
Gain on loss of significant influence	6,593	
Share of gain in the associated companies	16,050	-2,647
Share of other comprehensive income	-3,145	-17
<b>Carrying amount at 31.12</b>	<b>-220</b>	<b>276,865</b>

Share of loss in Kongsparken AS is calculated as:

<i>NOK thousand</i>	<b>Shares</b>
Net income allocated to share classes in Kongsparken AS	-541
The Group's share of different share classes per 31.12	50 %
Share of loss in the owner period	-270

The Group's share of loss from Odin Bidco in the period is calculated as:

**2020:**

<i>NOK thousand</i>	<b>A - shares</b>	<b>B-Shares</b>	<b>C-shares</b>	<b>Total</b>
Net income allocated to share classes in Odin Bidco AS	12 242	15 143	132 923	160 308
The Group' share of different share classes per 31.12	0 %	100 %	1 %	
Share of gain in the owner period	-	15 143	1 178	16 321

**2019:**

<i>NOK thousand</i>	<b>A - shares</b>	<b>B-Shares</b>	<b>C-shares</b>	<b>Total</b>
Net income allocated to share classes in Odin Bidco AS	230	-2 619	-21 402	-23 791
The Group' share of different share classes per 31.12	0 %	100 %	1 %	
Share of loss in the owner period	-	-2 619	-44	-2 663

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>	<b>31.12.2020</b>	<b>31.12.2019</b>
<i>Financial assets at amortised cost</i>		
Other non-current assets	5 557	-
Cash and cash equivalents	386 258	1 860 813
Trade and other receivables	8 642	20 994
<i>Financial assets at fair value through profit or loss</i>		
Earn Out 1)	-	90 000
Currency swap 2)	-	5 204
Other investments 3)	491 031	23 258
Other Shares 4)	314 497	-
Sum	1 205 986	2 000 269
<i>Financial liabilities at amortised cost</i>		
Borrowings	45 165	-
Other current liabilities	11 044	55 906
Sum	56 209	55 906

- 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
- 4) Other Shares includes the ownership share in Odin Bidco AS and other investments in shares where the company have no significant influence or control, which is measured according to level 3 in the hierarchy.

**Specification of investments measured at fair value:**

<i>NOK thousand</i>	3) Bonds	3) Funds	4) Odin Bidco AS	4) Hospitality Invest AS	Total
Fair value in the beginning of the year	23 258	-	-	-	23 258
Purchase in 2020	279 708	100 000	-	7 541	387 249
Fair value investment; loss of significant influence	-	-	306 956	-	306 956
Currency adjustments	7 152	-	-	-	7 152
Fair value adjustments	86 695	-5 782	-	-	80 913
<b>Fair value in the end of the year</b>	<b>396 813</b>	<b>94 218</b>	<b>306 956</b>	<b>7 541</b>	<b>805 528</b>

**Critical accounting estimates and judgements**

The shares in Odin Bidco AS is measured by an independent valuation expert in relation to issuance of shares. Odin Bidco AS owns properties (see note 8 for further description). Fair value is measured using an income approach, meaning discounted cash flow to equity until an exit in 2045.

Revenue is based on rental agreements adjusted for the consumer price index and it is assumed that the contracts are renewed at expire. The rental agreements are triple net contracts where the operator has the main responsibility for annual maintenance, insurance, and other directly related property. EBITDA-margin is estimated to 95%. Finance expense is based on the current borrowing structure. In addition, growth based on future acquisitions are included. The equity discount rate applied is 10.05%.

The most sensitive assumption is the discount rate. If the discount rate were reduced or increased with 0.25%, the corresponding value of the Group's share of Odin will increase/decrease with approximately 5%.

Trade and other receivables includes the following items:

<i>NOK thousand</i>	<b>31.12.2020</b>	<b>31.12.2019</b>
Earn out	-	90 000
Currency swap	-	5 204
Accounts receivable	17	2 643
Tax receivables from 2018	-	5 737
Other receivables	8 604	12 614
<b>Total</b>	<b>8 621</b>	<b>116 198</b>

## 10 Cash and cash equivalents

### Accounting principles

Cash and cash equivalents include bank deposits.

<i>NOK in thousand</i>	<b>31.12.2020</b>	<b>31.12.2019</b>
Bank deposits	386 258	1 860 813
<b>Total</b>	<b>386 258</b>	<b>1 860 813</b>

### Description

All interest income relates to interest on bank deposits.

The bank deposits include restricted cash related to tax withholding account of TNOK 465 per 31 December 2020 (TNOK 2 242 per 31 December 2019).

## 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 the following borrowing as of 31 December 2020:

<i>NOK thousand</i>	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>Non-current</b>		
Commercial bank loans	28,800	-
Other loans	3,325	-
<b>Total</b>	<b>32,125</b>	<b>-</b>

<i>NOK thousand</i>	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>Current</b>		
Commercial bank loans	13,040	-
<b>Total</b>	<b>13,040</b>	<b>-</b>

<i>NOK thousand</i>	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>Total non-current and current</b>		
Commercial bank loans	41,840	-
Other loans	3,325	-
<b>Total</b>	<b>45,165</b>	<b>-</b>

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. The pledged assets as of 31 December 2020 were:

<i>NOK thousand</i>	<b>31.12.2020</b>	<b>31.12.2019</b>
Investment property	82 500	-
<b>Total pledged assets</b>	<b>82 500</b>	<b>-</b>

Changes in borrowings from financing activities:

<i>NOK thousand</i>	<b>Non-current borrowings</b>	<b>Current borrowings</b>	<b>Total</b>
<b>At 1 January 2020</b>	-	-	-
<u>Cash flows</u>			
Cash flow received	2 150		2 150
Repayments	-	-777	-777
<u>Non-cash:</u>			
Purchase of operations	29 887	13 817	43 704
Interest	88	-	88
<b>At 31 December 2020</b>	<b>32 125</b>	<b>13 040</b>	<b>45 165</b>
<b>At 1 January 2019</b>	<b>2 911 291</b>	<b>330 044</b>	<b>3 241 335</b>
<u>Cash flows</u>			
Repayments	-	-56 068	-56 068
<u>Non-cash:</u>			
Sale of operations	-2 911 291	-273 976	-3 185 267
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 12 Other current liabilities

<i>NOK in thousand</i>	<b>31.12.2020</b>	<b>31.12.2019</b>
Trade payable	1 302	1 975
Government taxes	761	45
Accrued interest	233	-
Dividend	8 246	12 188
Accrued cost, Prepaid revenues	580	3 189
Other current liabilities	735	38 509
<b>Total other current liabilities</b>	<b>11 857</b>	<b>55 906</b>

## 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 have historically been leased out on long-term triple-net contracts to leading operators. Following the divestment of the international portfolio in December 2020, the Group holds to revenue generating properties per year end. The remaining two properties have the following characteristics: Kidsa Ospeli has a 6-month notice period with a triple-net like standard. Håhjem AS' lease contract expires approximately year end 2028 and has a triple-net standard with the exception that the property owner carries the real estate tax.

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. The rent in the table below are adjusted with an annual increase of 2% yields. The 2019 figures include discontinued operations as sold in 2019 and 2020, see note 4.

<i>NOK in thousand</i>	<b>31.12.2020</b>	<b>31.12.2019</b>
Within 1 year	3 560	10 930
Between 1 and 5 years	14 187	45 198
After 5 years	11 403	117 348
<b>Total</b>	<b>29 150</b>	<b>173 476</b>

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. All agreements are fully adjusted annually to reflect CPI. There is no variable rent.

All revenue is originated in Norway.

### 14 Employee expenses and management remuneration

<i>NOK in thousand</i>	<b>2020</b>	<b>2019</b>
Salary	2 551 940	4 964 000
Payroll tax	334 855	699 924
Pension benefits	9 484	-
Other benefits	312 446	101 383
<b>Total salary and pension costs</b>	<b>3 208 725</b>	<b>5 765 307</b>

Average Employees	1	3
-------------------	---	---

The remuneration to the management in 2020:

<i>NOK</i>	<b>Salary</b>	<b>Bonus</b>	<b>Pension benefits</b>	<b>Total compensation</b>
John Ivar Busklein (CEO)	516 668	28 400	-	545 068
Ole-Kristofer Bragnes (CFO)	424 064	450 000	9 484	883 548
<b>Total management remuneration</b>	<b>940 732</b>	<b>478 400</b>	<b>9 484</b>	<b>1 428 616</b>

The remuneration to the management in 2019:

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

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.

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 Board of Directors:

<i>NOK</i>	<b>2020</b>	<b>2019</b>
Roger Adolfsen (Chairman of the board)	120 000	100 000
Geir Hjorth (board member)	110 000	90 000
Sandra Riise (board member)	120 000	100 000
Even Carlsen (board member)	110 000	90 000
Nina Høisæter (board member)	120 000	100 000
<b>Total remuneration</b>	<b>580 000</b>	<b>480 000</b>

## 15 Other operating expenses

<i>NOK in thousand</i>	<b>2020</b>	<b>2019</b>
Management fee	-	58
Other operating expenses	4 717	3 869
Auditing fees	852	1 027
Other fees from the auditor	278	188
<b>Total other operating expenses</b>	<b>5 846</b>	<b>5 141</b>



## 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>	<b>Investment property</b>	<b>Other items</b>	<b>Total</b>
<b>01.01.2019</b>	186 306	1 963	<b>188 269</b>
Recognized deferred tax	-899	598	-301
Sale of operations	-185 250	-1 963	-187 213
<b>31.12.2019</b>	157	598	<b>756</b>
Recognized deferred tax	6 798	-2 751	4 047
Sale of operations	-79		-79
<b>31.12.2020</b>	6 876	-2 152	<b>4 724</b>

Income tax expense:

<i>NOK in thousand</i>	<b>2020</b>	<b>2019</b>
Tax payable	6 655	143
Change in deferred tax	4 047	-301
Other changes	20	-
<b>Income tax expense</b>	<b>10 722</b>	<b>-158</b>

## Reconciliation of tax expense:

<i>NOK in thousand</i>	<b>2020</b>	<b>2,019</b>
Profit before income tax	120,954	-3,892
Tax expense based on standard rate of Norwegian (22%/22%)	26,610	-856
Adjustments for:		
Changes in tax rate (from 22% to 22%/from 23% to 22%)	-	4
Effect of tax rates outside Norway	-	-8
Changes in temporary differences not included in the calculation of deferred tax	-	-
Changes related to currency translation	-	-
Permanent differences	-15,226	703
Purchase of business	-6	-
Other differences	-656	-
<b>Income tax expense for the period</b>	<b>10,722</b>	<b>-158</b>
of which related to discontinued operations		
Estimated effective tax rate for the period	8.9%	4.1%

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 2020 is MNOK 1.3 (MNOK 19 in 2019).

## 17 Earnings per share

### Accounting principles

The Group's preference shares are entitled to a fixed dividend of NOK 8.50 per annum from 01 July 2020, 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>	<b>31.12.2020</b>	<b>31.12.2019*</b>
Net profit continuing operation	110 232 087	-2 049 899
Less pref share dividends	-31 044 694	-48 750 000
Profit attributable to ord shares	79 187 392	-50 799 899
Weighted avg ord shares	9 814 470	9 814 470
<b>EPS to ord shares</b>	<b>8,07</b>	<b>-5,18</b>

#### Earnings per share from discontinued operations:

<i>NOK</i>	<b>31.12.2020</b>	<b>31.12.2019</b>
Net profit discontinuing operations	27 835 369	844 416 016
Less pref share dividends	-	0
Profit attributable to ord shares	27 835 369	844 416 016
Weighted avg ord shares	9 814 470	9 814 470
<b>EPS to ord shares</b>	<b>2,84</b>	<b>86,04</b>

Earnings per share from total operations:

NOK	31.12.2020	31.12.2019
Net profit discontinuing operations	138 067 456	842 366 118
Less pref share dividends	-31 044 694	-48 750 000
Profit attributable to ord shares	107 022 761	793 616 118
Weighted avg ord shares	9 814 470	9 814 470
<b>EPS to ord shares</b>	<b>10,90</b>	<b>80,86</b>

Diluted

As per 31 December 2020 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 the first half of 2020 PPG acquired indirectly ~51% of the shares in Evenes Tomteslskap AS through an 53% owned SPV.

Within retail properties, PPG made a minor acquisition of Håhjem AS in July 2020. The acquired company owns real properties outside Ålesund and rent it out on an approximately 9-year lease agreement to Ferda which use the property in its business within sale and rental of caravans and motorhomes.

Pioneer Development AS, Pioneer Retail Properties AS and Bobil Eiendom Rana AS were bought empty shell companies, that were acquired for their paid-in capital.

<i>NOK in thousand</i>	<b>2020</b>	<b>2019</b>
Purchase of subsidiaries/Properties -cash	33 656	52 792
Cash acquired companies	6 552	1 834
Debt acquired companies	44 592	148 034

Companies bought or incorporated in 2020:

<b>Company Name</b>	<b>Location</b>	<b>Share of ownership</b>
Bobil Eiendom Rana AS	Norway	100 %
Bobil Eiendom Evenes AS	Norway	100 %
Pioneer Retail Properties AS	Norway	100 %
Håhjem AS	Norway	100 %
Pioneer Property Development AS	Norway	100 %
Evenes Holding AS	Norway	53 %
Evenes Tomteselskap AS	Norway	51 %

The Group consists of the following subsidiaries per 31 December 2020:

<b>Company Name</b>	<b>Location</b>	<b>Share of ownership</b>
Pioneer Property Group International AS	Norway	100 %
Pioneer Preschools AS	Norway	100 %
Kidsa Ospeli Eiendom AS	Norway	100 %
Bobil Eiendom Rana AS	Norway	100 %
Bobil Eiendom Evenes AS	Norway	100 %
Pioneer Retail Properties AS	Norway	100 %
Håhjem AS	Norway	100 %
Pioneer Property Development AS	Norway	100 %
Evenes Holding AS	Norway	53 %
Evenes Tomteselskap AS	Norway	51 %

## 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 31.12.2020:

# Pioneer Property Group ASA

<b>Related party</b>	<b>Relation to the Group</b>
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 Health & Care Group AS	Controlled by substantial shareholders, refer to note 20
Ferda Norge AS	Controlled by substantial shareholders, refer to note 20
Acea Invest AS	Controlled by substantial shareholders, refer to note 19
Odin Bidco AS	Associated company until derecognition in December 2020

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

	<b>2020</b>		<b>2019</b>	
	<b>Ord. Shares</b>	<b>Pref. shares</b>	<b>Ord. Shares</b>	<b>Pref. shares</b>
Roger Adolfsen	3 159 849	-	3 002 747	11 190
Even Carlsen	1 642 024	-	1 773 386	176 389

The Group had the following material transactions with related parties:

<i>NOK in thousand</i>	<b>2020</b>	<b>2019</b>
Rent revenue from Norlandia Health & Care Group AS including subsidiaries	11 844	110 993
Rent revenue from Ferda Norge AS	1 687	-
Success fee M&A services and Management fee to Hospitality Invest AS	686	15 459
Success fee to Oslo Corporate Holding AS	-	5 000
Sale of shares and properties to related parties	60 868	39 375
Sale of receivables to related parties	159 670	
Purchase of receivables from related parties	-	150 007
Purchase of shares and properties from related parties (refer to note 18)	60	49 322

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>	<b>31.12.2020</b>	<b>31.12.2019</b>
Norlandia companies	-	2 643
Ferda Norge	17	-
Acea Invest AS	8 456	-

## Liabilities to related parties

<i>NOK in thousand</i>	<b>31.12.2020</b>	<b>31.12.2019</b>
Norlandia companies	-	15 681
Ferda Norge	352	-

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 has through his wholly owned company Mecca Invest AS sold 5,628 preference shares and Mecca Invest AS will, following the transaction, hold 1,417,852 ordinary shares and no preference shares in the Group. In addition, Roger Adolfsen holds 25% of the shares in Acea Properties AS, which directly and indirectly sold 20,857 preference shares in connection with the buy-back. Following the transaction, Acea Properties AS will directly and indirectly own no ordinary shares and no preference shares in the Group. Further Roger Adolfsen holds approximately 46% of the shares in Hospitality Invest AS, which directly and indirectly sold 752 preference shares in connection with the buy-back. Following the transaction, Hospitality Invest AS will directly and indirectly own 3,431,994 ordinary shares and no preference shares in PPG

Even Carlsen (member of the board of directors) has through his wholly owned company Grafo AS sold 171,175 preference shares and will, following the transaction, hold 1,773,386 ordinary shares and no preference shares in the Group. In addition, Even Carlsen holds 25% of the shares in Acea Properties AS, whose number of preference shares sold and remaining holding of shares, is described above.

## 20 Share capital and shareholder information

The Company have two classes of shares, ordinary shares and preference shares. As of 31 December 2020, Pioneer Property Group ASA had a share capital of NOK 14,683,023, divided into 9,814,470 ordinary shares and 4,868,553 preference shares with a nominal value of NOK 1 per share for both categories.

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 per annum which stepped up to NOK 8.50 at 01 July 2020. Dividend payments are made quarterly with NOK 1.875 per preference share (NOK 2.125 after 01 of July), 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 (NOK 2.125 after 01. of July) 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				Total
		Ordinary shares	Preference shares	Share premium	Treasury shares	
At 1 January 2019	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	-	-	-	-	-1 631 447	-1 631 447
At 31 December 2019	16 314 470	9 814 470	6 500 000	1 202 884 717	-1 631 447	1 217 567 740
Capital reduction	-1 631 447	-	-1 631 447	-	1 631 447	-
Payment premiums 2020	-	-	-	-647 247 668	-	-647 247 668
Acquisition of treasury shares	-	-	-	-	-987 966	-987 966
At 31 December 2020	14 683 023	9 814 470	4 868 553	555 637 049	-987 966	569 332 106

Of the payment of premiums in 2020, TNOK 650,307 was paid out to holders of ordinary shares. The distribution to holders of the ordinary shares were NOK 66.26 per ordinary share.

As part of the Group's buy back of own preference shares program, the Group acquired in March 2020 987,966 own preference shares in PPG at a price of NOK 102.00 per preference share. This equals approximately 6.73% of the share capital, which represents 0.96% 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.

#### 10 largest shareholders registered in VPS as of 31 December 2020:

	Ordinary shares	Preference shares	Voting share
Hospitality Invest AS	32,62%	0,00%	31,08%
Eidissen Consult AS	16,73%	0,00%	15,94%
Grafo AS	16,73%	0,00%	15,94%
Mecca Invest AS	15,78%	0,00%	15,04%
Klevenstern AS	15,78%	0,00%	15,04%
HI Capital AS	2,34%	0,00%	2,23%
Skandinaviska Enskilda Banken AB	0,00%	10,27%	0,49%
Avanza Bank AB	0,00%	8,54%	0,40%
Nordnet Bank AB	0,00%	7,49%	0,35%
The Bank of New York Mellon	0,00%	6,90%	0,33%
Other Shareholders	0,00%	66,80%	3,16%
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

Further PPG holds 987,966 own preference shares.

#### 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 Fourquadgreal est par	0,00%	4,50%	0,28%
Other Shareholders	0,00%	48,00%	2,96%
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100%</b>
<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%

## 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**

The Board of Directors propose an ordinary dividend of NOK 3.645 per share, to be resolved by the Annual General Meeting on 19 April 2021. The total amount of dividend is estimated to be NOK 35.8 million.

PPG's subsidiary Pioneer Retail Properties AS entered into a share purchase agreement to acquire Ås Næring AS and Askjem Eiendom AS for a total share purchase price of approximately MNOK 120, settled 65% in cash and the remaining by way of a vendor note with three years duration. The acquired companies own real properties in Tønsberg municipality, and rent these out to Askjems Camping-Center AS which uses the properties in its business within sale and rental of caravans and motorhomes. Simultaneously upon completion of the Transactions, Ferda Gruppen AS will acquire 100% of the shares in Askjems Camping-Center AS. Askjems Camping Center AS will continue as lessor of the properties in Tønsberg following Ferda Gruppen AS' acquisition and new long term lease agreements will be entered into. The completion of the Transactions is subject to customary closing conditions, and is expected to close by the end of March 2021. Completion of the transaction is expected to increase PPG's lease income of approximately MNOK 16.4.

## **23 New standards not yet adopted**

There are no new or amended standards that affect the Group as of the year 2020.

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (IASB) that are effective in future accounting periods that the Group has decided not to adopt early. None of these would be expected to have a material impact on the entity in the future reporting periods and on foreseeable future transactions.



**Financial statement 2020  
for  
Pioneer Property Group ASA**

**Organization number. 914839327**

# Income statement

	Note	2020	2019
<b>OPERATING REVENUE AND EXPENCES</b>			
Operating revenue			
<b>Total operating revenue</b>		<b>0</b>	<b>0</b>
<b>Operating expenses</b>			
Employee benefits expense	1	3 187 214	5 765 307
Other operating expenses	1	5 522 584	4 952 120
<b>Total operating expenses</b>		<b>8 709 798</b>	<b>10 717 427</b>
<b>OPERATING PROFIT OR LOSS</b>		<b>(8 709 798)</b>	<b>(10 717 427)</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
<b>Financial income</b>			
Changes in market value of fin. cur. assets	8	86 695 090	269 097
Income from subsidiaries		12 882 518	1 351 091 804
Interest recieved from group companies	4	9 630 928	1 185 081
Other interests		28 554 309	12 719 557
Other financial income		800 133	0
<b>Total financial income</b>		<b>138 562 977</b>	<b>1 365 265 540</b>
<b>Financial expenses</b>			
Changes in market value of fin. cur. assets		5 782 052	0
Interest paid to group companies	4	0	234 711
Other interests		3 276 044	261 348
Other financial expense		0	505 942
<b>Total financial expenses</b>		<b>9 058 096</b>	<b>1 002 001</b>
<b>NET FINANCIAL INCOME AND EXPENCES</b>		<b>129 504 880</b>	<b>1 364 263 539</b>
<b>ORDINARY RESULT BEFORE TAXES</b>		<b>120 795 082</b>	<b>1 353 546 112</b>
Tax on ordinary result	2	6 606 687	484 338
<b>ORDINARY RESULT</b>		<b>114 188 395</b>	<b>1 353 061 774</b>
<b>TO MAJORITY INTERESTS</b>		<b>114 188 395</b>	<b>1 353 061 774</b>
<b>APPLICATION AND ALLOC.</b>			
To ordinary dividends payable		35 773 743	200 018 899
To additional dividends payable		580 753 161	36 562 498
Given intra-group contribution		0	0
To/from other equity		(502 338 508)	1 116 480 377
<b>TOTAL APPLICATION AND ALLOCATION</b>		<b>114 188 395</b>	<b>1 353 061 774</b>

## Balance sheet pr. 31.12.2020

	Note	31.12.2020	31.12.2019
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Financial fixed assets</b>			
Investments in subsidiaries	3	16 600 588	1 884 982
Loans to group companies	4	29 257 271	195 468 061
Investments in shares or units		297 392 507	279 528 573
<b>Total financial fixed assets</b>		<b>343 250 366</b>	<b>476 881 616</b>
<b>TOTAL FIXED ASSETS</b>		<b>343 250 366</b>	<b>476 881 616</b>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Receivables on group companies	4	3 591 379	0
Other short-term receivables		8 455 909	95 736 681
<b>Total receivables</b>		<b>12 047 288</b>	<b>95 736 681</b>
<b>Investments</b>			
Quoted bonds	8	396 813 372	23 258 007
Other financial instruments	8	94 217 948	0
<b>Total investments</b>		<b>491 031 320</b>	<b>23 258 007</b>
Bank deposits, cash in hand, etc.	7	379 773 825	1 858 087 024
<b>TOTAL CURRENT ASSETS</b>		<b>882 852 433</b>	<b>1 977 081 712</b>
<b>TOTAL ASSETS</b>		<b>1 226 102 799</b>	<b>2 453 963 329</b>

**Balance sheet pr. 31.12.2020**

	Note	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Paid-in equity</b>			
Share capital	5,6,9	14 683 023	16 314 470
Own shares	5	(987 966)	(1 631 447)
Share premium reserve	5	555 636 899	1 002 865 819
<b>Total paid-in equity</b>		<b>569 331 956</b>	<b>1 017 548 842</b>
<b>Retained earnings</b>			
Other equity	5	593 815 182	1 196 235 079
<b>Total retained earnings</b>		<b>593 815 182</b>	<b>1 196 235 079</b>
<b>TOTAL EQUITY</b>		<b>1 163 147 138</b>	<b>2 213 783 921</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
<b>Other non-currents liabilities</b>			
Liabilities to group companies	4	9 987 524	0
<b>Total other non-currents liabilities</b>		<b>9 987 524</b>	<b>0</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9 987 524</b>	<b>0</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable		397 763	1 948 922
Income tax payable	2	6 655 427	0
Public duties payable		619 005	44 887
Dividends payable		44 019 991	212 206 399
Liabilities to group companies	4	318 379	2 201 536
Other currents liabilities		957 573	23 777 663
<b>TOTAL CURRENT LIABILITIES</b>		<b>52 968 138</b>	<b>240 179 407</b>
<b>TOTAL LIABILITIES</b>		<b>62 955 662</b>	<b>240 179 407</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 226 102 799</b>	<b>2 453 963 329</b>

Oslo 23.03.2021

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

# Notes 2020

## 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 2020

### **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.

## Notes 2020

### 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) :

	2020	2019
Statutory audit	791 123	118 750
Other services	277 813	290 535
<b>Total</b>	<b>1 068 936</b>	<b>409 285</b>

	2020	2019
Payroll	2 551 940	4 964 000
Payroll expenses (employer tax)	334 855	699 924
Pension cost	9 484	0
Other payments	290 935	101 383
<b>Total</b>	<b>3 187 214</b>	<b>5 765 307</b>

It's been paid remuneration for directors with NOK 580 000.

Roger Adolfsen (Chairman of the board)	120 000
Geir Hjorth (board member)	110 000
Sandra Riise (board member)	120 000
Even Carlsen (board member)	110 000
Nina Høisæter (board member)	120 000

In addition a correction of remuneration for directors on NOK 130 000 has been made, which is a correction of too little provision in previous years.

The company has two employees in 50% and 28.4% position and do not fall under the Act on Mandatory occupational pensions act. But they have established an voluntary mandatory occupational pensions for the employees.

## Notes 2020

<b>NOK</b>	<b>Bonus</b>	<b>Salary</b>	<b>Total Compensation</b>
Ole-kristofer Bragnes (CFO)	450 000	424 064	874 064
John Ivar Busklein (CEO)	28 400	516 668	545 068
<b>Total</b>	<b>478 400</b>	<b>940 732</b>	<b>1 419 132</b>

Ole-Kristofer Bragnes (CFO) received a bonus of NOK 250 000 in Januar 2021 for his performance as CFO in Pioneer Property Group ASA.

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 2021 as published on the company's web page pioneerproperty.no. These policies shall be subject to an advisory vote by the general meeting.



## Notes 2020

### Note 2 - Tax

#### Calculation of this years tax basis:

Net profit/loss before tax expense	120 795 082
+ Permanent differences	-93 816 141
+ Changes in temporary differences	0
+ Received group contributions	3 591 379
- Paid group contributions	-318 379
<b>= Income</b>	<b>30 251 941</b>

#### This years income tax expense consist of:

Estimated tax of net profit	6 606 687
<b>= Tax payable</b>	<b>6 606 687</b>
+/- Change in deferred tax	0
<b>= Total tax expense</b>	<b>6 606 687</b>
Tax rate	22

#### current tax liability:

Tax payable	6 606 687
+/- Effect on tax of group contributions	48 740
<b>= Tax Payable</b>	<b>6 655 427</b>

## Notes 2020

### Note 3 - Investments in subsidiaries

Subsidiaries are valued at cost in the company's accounts.

The company has shares in the following subsidiary:

<b>Subsidiary, office location:</b>	<b>Owner- ship %</b>	<b>voting rights %</b>	<b>Net profit last year</b>	<b>equity last year</b>
Pioneer Preschools AS, Oslo	100,00 %	100,00 %	-215 804	93 332
Pioneer Property Group International AS, Oslo	100,00 %	100,00 %	12 732 039	8 835 765
Bobil Eiendom Rana AS, Oslo	100,00 %	100,00 %	-174	30 000
Pioneer Retail Properties AS, Oslo	100,00 %	100,00 %	1 225	1 000 000
Håhjem AS, Oslo	100,00 %	100,00 %	1 168 753	2 165 464
Pioneer Property Development AS, Oslo	100,00 %	100,00 %	-16 873	30 000

### Note 4 - Liabilities to/receivables from group companies

Interest received from group companies NOK 9 630 928 and interest paid to group companies NOK 0.

	<b>Pr 31.12.</b>	<b>pr 01.01.</b>
<b>Receivables</b>		
Group contributions	3 591 379	0
Loans to group companies	29 257 271	195 468 061
<b>Total receivables</b>	<b>32 848 650</b>	<b>195 468 061</b>
<b>Liabilities</b>		
Group contributions	318 379	2 201 536
Other liabilities	9 987 524	0
<b>Total Liabilities</b>	<b>10 305 903</b>	<b>2 201 536</b>

## Notes 2020

### Note 5 - Other equity

	Share capital	Own Shares	Share premium reserve	Other equity	Total equity
<b>Pr 1.1</b>	<b>16 314 470</b>	<b>-1 631 447</b>	<b>1 002 865 819</b>	<b>1 196 235 079</b>	<b>2 213 783 921</b>
Ordinary result				114 188 395	114 188 395
Decrease in capital	-1 631 447	1 631 447			0
Correction dividend 2019			3 058 963		3 058 963
Dividends allocated				-35 773 743	-35 773 743
Dividends paid				-31 044 696	-31 044 696
Dividends paid			-450 287 884	-549 708 465	-999 996 349
Other Changes		-987 966		-100 081 389	-101 069 355
<b>Pr 31.1.2</b>	<b>14 683 023</b>	<b>-987 966</b>	<b>555 636 899</b>	<b>593 815 182</b>	<b>1 163 147 138</b>

Other Changes:

Own Shares in other equity -100 081 389

Due to the liquidity situation in PPG after the sale of PPP and PM in 2019, the board of directors wished to have the opportunity to optimize the capital structure of the company. This resulted in PPG buying back in 2019 1,631,447 preference shares at a price of NOK 102 in accordance with resolutions passed by the general meeting. 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. In March 2020 PPG acquired through a book building process 987,966 preference share in PPG at a price of NOK 102.00 per shares (approximately 6.73% of the share capital), which represented 0,96% of the votes. The shares are still held by PPG at 31.12.20 and after the balance sheet date.

## Notes 2020

### Note 6 - Share capital

The company have 14 683 023 shares with a book value NOK 1 per share, and total share capital is NOK 14 683 023.

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	4 868 553	4 868 553	Each share has 0,1 vote
<b>Total</b>	<b>14 683 023</b>	<b>14 683 023</b>	

#### The company's shareholders ordinary shares:

Shareholders	Ord. shares
Hospitality Invest AS	3 201 926
Eidissen Consult AS	1 642 024
Grafo AS	1 642 024
Klevenstern AS	1 549 214
Mecca Invest AS	1 549 219
Hi Capital AS	230 068

The company's 4 biggest shareholders pref.shares :

Shareholders:	Pref.Shares
Pioneer Property Group ASA	-987 966
Skandinaviska Enskilda Banken AB	500 000
Avanza Bank AB	415 762
Nordnet Bank AB	364 747

Indirectly owned shares of executives in the company:

	Ordinary shares	Pref. shares
Roger Adolfsen (Chairman)	3 159 849	0
Even Carlsen (Board member)	1 642 024	0

### Note 7 - Bank deposits

Employees tax deduction, deposited in a separate bank account with total amount 31.12.20 NOK 464 589

## Notes 2020

### 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	130 477 936	31 390 436	161 868 372
NHC01	141 871 250	44 573 750	186 445 000
HOIN02	37 500 000	11 000 000	48 500 000
<b>Total</b>	<b>309 849 186</b>	<b>86 964 186</b>	<b>396 813 372</b>

Funds	Acquisition cost	Change in value	Marked Value
Holdberg Kreditt A Fond	50 000 000	-1 124 225	48 875 775
First Fondene AS	50 000 000	-4 657 827	45 342 173
<b>Total</b>	<b>100 000 000</b>	<b>-5 782 052</b>	<b>94 217 948</b>

### 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, management fee NOK 685 977

# PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".  
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

## Geir Hjorth

Styremedlem

Serienummer: 9578-5998-4-807155

IP: 95.169.xxx.xxx

2021-03-23 14:04:26Z



## Even Carlsen

Styremedlem

Serienummer: 9578-5998-4-2307906

IP: 37.191.xxx.xxx

2021-03-23 14:07:29Z



## John Ivar Busklein

Daglig leder

Serienummer: 9578-5995-4-199624

IP: 195.159.xxx.xxx

2021-03-23 14:07:46Z



## Nina Hjørdis Torp Høisæter

Styremedlem

Serienummer: 9578-5999-4-2251351

IP: 51.175.xxx.xxx

2021-03-23 15:04:13Z



## Roger Adolfsen

Styreleder

Serienummer: 9578-5998-4-915688

IP: 195.159.xxx.xxx

2021-03-23 15:05:48Z



## Sandra Henriette Riise

Styremedlem

Serienummer: 9578-5995-4-1004418

IP: 212.251.xxx.xxx

2021-03-23 15:52:37Z



Penneo Dokumentnøkkel: G83UZ-LBWHP-BEMSI-O8O8T-CPUU3-3LC2W

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

### Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service** <[penneo@penneo.com](mailto:penneo@penneo.com)>. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>