



HALF-YEARLY
REPORT 2023

Brennemoen Hotel

Highlights of the half-yearly 2023 report

- Contractual rental income from continued operations for the first half of 2023 was MNOK 49.8 compared to MNOK 38.7 for the first half of 2022.
- Operating profit (EBIT) for the first half of 2023 was MNOK 61.6 compared to MNOK 68.6 for the first half of 2022.
- PPG added one office property (combined office and warehouse) in Mo i Rana over the period due to the acquisition of additional shares in BM3 Eiendom which is now regarded as a subsidiary.
- PPG paid two quarterly dividends to the holders of preference shares in total NOK 5.00 per preference share and a dividend to the holders of the ordinary shares in total of NOK 3.05 per ordinary share.
- An acquisition of 50% of the shares in a Joint Venture company owning three hotels with a total real estate value of MNOK 270.0 in Sweden was acquired subsequent to the balance sheet date.

Operations and strategy

Pioneer Property Group ASA (PPG) is an investment company with a real estate focus. The current real estate portfolio of PPG includes the following segments:

1. Preschools
2. Hotel Properties
3. Retail Properties
4. Property Development
5. Office Properties

PPG will continue to invest in real estate within these segments and enter into long-term triple-net leases with leading operators. PPG's real estate portfolio at the end of first half of 2023 consisted of three preschool properties, six retail properties, seven hotel properties, five development projects and two office properties.

Key material events during the first half of 2023

During first half of 2023, PPG has declared quarterly dividends to the holders of preference shares in total NOK 5.00 per preference share. As per the articles of association §5, the annual dividend to the holders of preference share is NOK 10.00 per preference share.

PPG has increased the real estate portfolio during first half of 2023 within the segment of office and property development. The group acquired additional shares in office property in Mo I Rana based on a property value of MNOK 25.5 and development rights related to the property at Evenes Airport, close to the terminal.

For the other property in Evenes, east of the E10, PPG has agreed a new lease contract with Tesla. The lease contract calls for the building of a sales- and repair shop of approx. 2.000 sqm to be completed in 2025.

The first half of 2023 has been strong for the hotel segment, lifting income due to the revenue-based lease contract of the hotels.

The war on Ukraine and the following international sanctions has resulted in cost increases lifting the inflation rate which has given a positive impact on PPG rent income, which is adjusted for changes in CPI annually. On the other side, higher interest rates have increased interest cost for PPG and resulting in negative fair value adjustments for some properties, especially within the retail segment.

Preschools

| Preschool (NOKt) | 1H 2023 | 1H 2022 |
|--|----------------|----------------|
| Total Income | 3 348 | 192 |
| Fair value adjustment on investment properties | -4 500 | 0 |
| Operating profit/loss (EBIT) | -1 526 | 80 |
| Investment properties | 111 500 | 11 500 |

The Preschool segment consists of three preschool properties owned by PPG after the acquisition of Gaustadskogen and Tjuvholmen preschools in September 2022. Total lease income for the first half of 2023 for the Preschool segment amounted to MNOK 3.3 with a fair property value based on third party valuation of the properties owned by PPG per 30.06.23 of MNOK 111.5. There have been no material events for the segment for the first half of 2023.

Retail Properties

| Retail Properties (NOKt) | 30.06.2023 | 30.06.2022 |
|--|-------------------|-------------------|
| Total Income | 16 197 | 13 471 |
| Fair value adjustment on investment properties | -14 642 | 3 858 |
| Operating profit/loss (EBIT) | -1 193 | 15 030 |
| Investment properties | 447 500 | 455 500 |
| Project in progress | 700 | |

Pioneer Retail Properties AS was established to procure and build facilities for retail properties, mainly for the Ferda group all over Norway. The Retail Properties segment consists of 8 retail properties owned by PPG. Total lease income for the first half of 2023 for the retail properties segment amounted to MNOK 16.2 in 1H 2023 compared to 13.5 in 1H 2022 with a fair property value based on third party valuations per 30.06.23 of MNOK 447.5.

Hotel Properties

| Hotel Properties (NOKt) | 1H 2023 | 1H 2022 |
|--|----------------|----------------|
| Total Income | 29 856 | 23 284 |
| Fair value adjustment on investment properties | -13 079 | 37 555 |
| Operating profit/loss (EBIT) | 13 043 | 55 691 |
| Investment properties | 934 641 | 954 233 |
| Project in progress | | 485 |

Pioneer Hotel Properties AS acquired its first hotel properties through the downturn following the Covid-19 pandemic across the Nordics and Europe. The Hotel Properties segment now consists of 6 hotel properties owned by PPG, and 1 property in Forus recognized as an associated company. Total lease income for the first half of 2023 for the Hotel Properties segment amounted to MNOK 29.9 in 1H 2023 compared to MNOK 23.3 in 1H 2022 with a fair property value based on third party valuations per 30.06.23 of MNOK 934.6.

The hotel lease agreements are triple-net in nature, while the lease income is derived from the highest of a minimum lease and a percent of the hotel turnover. The total annual minimum rent from the hotel properties is approximately MNOK 47 with rent income expected to increase when Park Hotel Voss, Guard Hotel Oslo Airport and Forum Stavanger have completed their renovations in 2023/2024. All of the hotel properties, except Forus Hotell, are rented out to Norlandia Hotel Group, who operates the hotels on franchise agreements with leading hotel brands. Norlandia Hotel Group is owned by Hospitality Invest AS.

Guard Hotel at Oslo Airport and Forum hotel in Stavanger are currently undergoing renovation, both expected to be completed in 2023/2024, and Park Hotel Voss is scheduled for development of the whole property, adding both residential apartments and additional hotel rooms to the project. The total renovation budget for the two hotels currently under renovations is approximately 70 MNOK and is financed with additional bank debt and cash. For the renovation and property development in Voss, the scope is yet not decided.

Property Development

| Property Development (NOKt) | 1H 2023 | 1H 2022 |
|--|----------------|----------------|
| Total Income | 3 707 | 978 |
| Fair value adjustment on investment properties | 62 573 | -2 921 |
| Operating profit/loss (EBIT) | 63 893 | -2 511 |
| Investment properties | 350 525 | 73 500 |
| Project in progress | 27 169 | 31 176 |

Pioneer Property Development is developing general commercial real estate and housing. In January 2023, the development rights for the PPG acquired the development rights related to the property in Evenes Airport, close to the terminal. The property is now used for parking. The property east of E10 which was purchased in 2020, is now developing with the construction of premises for Ferda and Tesla, to be finished in 2024 and 2025 respectively.

Other existing projects within the segments include a housing project of 400 – 450 units in Mo i Rana, also in Northern Norway. Both projects are joint ventures with local partners. Evenes is being consolidated into the accounts whilst the project in Mo i Rana is treated as an associated company.

In Brennemoen nearby Mysen, PPG is working together with Dag Hvaring and Studio City Norway AS in order to develop a studio city, with film, tv-studios backlots etc. and potentially expanding the current hotel.

The segment consists of 6 development projects and the lease income is mainly related to outdoor parking at Evenes airport.

All projects are long term in nature and are developing according to plan.

Fair value of the projects that are characterised as investment properties, based on third party valuations per 30.06.23 was MNOK 350.5. The increase in property value and fair value adjustments is mainly related to the development projects in Evenes.

Office Properties

| Office Properties (NOKt) | 1H 2023 | 1H 2022 |
|--|----------------|----------------|
| Total Income | 1 856 | 804 |
| Fair value adjustment on investment properties | -5 095 | 2 394 |
| Operating profit/loss (EBIT) | -4 628 | 2 664 |
| Investment properties | 65 000 | 45 000 |

The office property segment was established in 2022 as a result of the acquisition of Terminalveien 10 in Bodø together with local investors. In 2023, PPG acquired additional shares in BM3 Eiendom AS, a company treated as an associate company in 2023, owning 38% of the shares at year end 2022. In 2023, it was purchased additional shares for 4.8 MNOK settled in cash, increasing PPG ownership to 88.5% of the property. The property consists of 3.000 sqm of office and warehouse buildings.

Subsequent events since the end of the first half of 2023

In July 2023, Up North Property entered into a Joint Venture Agreement with Västerkulla Hotell Holding AB regarding the acquisition of three hotels in Sweden. The property value is 270.0 MNOK. The hotels are located in Eskilstuna, Jönköping and Helsingborg. The properties totals approximately 13,500 sqm and are managed by Norlandia Hotel Group.

Overview of the financial accounts for the first half of 2023

Contractual rental income from the first half of 2023 was MNOK 49.8 compared to MNOK 38.7 for the first half of 2022. The increase is related to rent income from the acquisition of new properties in 2022 and 2023 and as well as stronger revenue from the hotel operation, resulting in lease payments above the minimum rent. Other income is related to compensation received for deficient maintenance.

Operating profit (EBIT) from continued operations for the first half of 2023 was a positive MNOK 61.6 compared to MNOK 68.6 for the first half of 2022. Profitability for the first half of 2023 was positively impacted by positive fair value adjustments related to the development segment of the portfolio and increased rent income from properties. The decrease from 2022 is explained by larger fair value adjustments in 1H 2022 than 1H 2023 combined with increased interest expenses.

Gain from associated companies is related to positive result in the associated company Norlandia Holding AS and the property development project in Ramstadsletta which sold 18.000 sqm of the property to Thaugland.

Net finance for the first half of 2023 amounted to a negative MNOK 19.3 compared to a positive amount of MNOK 12.0 for the first half of 2022. Net finance has been negatively impacted by increasing interest rates and interest expenses from new debt obtained. In 1H 2022, net finance was positively impacted of gain from the sale of Odin Bidco recorded in other financial income.

Profit for the first half of 2023 for total operations amounted to MNOK 39.3 compared to MNOK 77.7 for the first half of 2022, as explained above, the decrease from 2022 is due to large fair value adjustments in 1H 2022 than 1H 2023 and profit from the sale of Odin Bidco in 2022.

At the end of the first half of 2023 PPG had total assets of MNOK 2,563 mainly comprised of MNOK 1,909.2 as investment property, a total of MNOK 128.3 (266.1 in 1H 2022) in Hospitality Invest bonds and high yield funds and a cash balance of MNOK 219.1. Total equity amounted to MNOK 1,369.8 (1,427.6 in 1H 2022). At the end of the first half total borrowings amounted to MNOK 1.081,9 (788.6 in 1H 2022).

Use of Alternative Performance Measures (APM)

Alternative Performance Measures (APM) are performance measures not within the applicable financial reporting framework (IFRS). The company reports the following alternative performance measures (APMs):

| APM amounts in NOK million | Explanation | 1H 2023 | 1H 2022 | 1H 2021 | | | | | | | | | | | | | | | | |
|-------------------------------------|---|---|-----------|---------|------|------|-------|------|------|------|--------|------|------|------|--------|------|--|--|--|--|
| EBIT | <i>Earnings before interest and taxes</i> | 61 595 | 68 579 | 131 357 | | | | | | | | | | | | | | | | |
| Weighted average gross yield | <i>The weighted average gross yield on estimated rent calculated by adjusting for property value. Gross yield for a property or portfolio of properties is calculated as estimated contractual annualised rental income for the upcoming financial year divided by the market value as of balance sheet date.</i> | <table border="0"> <tr> <td>Preschool</td> <td>5,6%</td> <td>3,4%</td> <td>3,2%</td> </tr> <tr> <td>Hotel</td> <td>6,4%</td> <td>5,8%</td> <td>6,0%</td> </tr> <tr> <td>Retail</td> <td>7,3%</td> <td>6,1%</td> <td>6,2%</td> </tr> <tr> <td>Office</td> <td>7,4%</td> <td></td> <td></td> </tr> </table> | Preschool | 5,6% | 3,4% | 3,2% | Hotel | 6,4% | 5,8% | 6,0% | Retail | 7,3% | 6,1% | 6,2% | Office | 7,4% | | | | |
| Preschool | 5,6% | 3,4% | 3,2% | | | | | | | | | | | | | | | | | |
| Hotel | 6,4% | 5,8% | 6,0% | | | | | | | | | | | | | | | | | |
| Retail | 7,3% | 6,1% | 6,2% | | | | | | | | | | | | | | | | | |
| Office | 7,4% | | | | | | | | | | | | | | | | | | | |
| NOI | <i>Net Operating Income, meaning contractual rental revenue from properties minus all reasonable direct property related expenses.</i> | 45 840 | 35 178 | 11 204 | | | | | | | | | | | | | | | | |

The reported numbers are included in the financial statements and can be directly reconciled with official IFRS line items. The APMs are used consistently over time and accompanied by comparatives for the corresponding previous periods.

Responsibility statement

The interim financial statements for the period have been prepared in accordance with IAS 34 – Interim reporting, and that the information in the financial statements gives a true and fair view of the Group's assets, liabilities, financial situation and result as a whole.

We also confirm that, to the best of our knowledge, the interim financial statements give a true and fair reflection of important events that have occurred during the financial period and their impact on the financial statements, as well as a description of the principal risks and uncertainties facing the Group.

Oslo, 24 August 2023

Board of Directors of Pioneer Property Group ASA



Roger Adolfsen
Chairman of the Board



Sandra Henriette Riise
Member of the board



Ane Nordahl Carlsen
Member of the Board



Nina Hjørdis Torp Høisæter
Member of the Board



Geir Hjorth
Member of the Board



John Ivar Busklein
Chief Executive Officer

Consolidated Income Statement - Pioneer Property Group ASA

| NOK thousand | Note | 1H 2023 | 1H 2022 | FY 2022 |
|--|------|----------------|---------------|---------------|
| Continuing operations | | | | |
| Contractual rental income | | 49 837 | 38 731 | 76 176 |
| Other income | | 5 127 | 0 | 1 089 |
| Total income | 2 | 54 964 | 38 731 | 77 264 |
| Employee expenses | | 3 559 | 2 375 | 4 301 |
| Property expenses | | 3 997 | 3 553 | 6 202 |
| Other operating expenses | | 11 070 | 5 110 | 13 247 |
| Total operating expenses | | 18 626 | 11 038 | 23 750 |
| Fair value adjustment on investment properties | 2,3 | 25 257 | 40 886 | 16 267 |
| Operating profit (EBIT) | | 61 595 | 68 579 | 69 781 |
| Gain/Loss from associated company | | 12 350 | -2 207 | -1 647 |
| Interest income | | 10 862 | 4 216 | 17 027 |
| Interest expenses | 5 | 36 839 | 16 050 | 42 396 |
| Other financial income | 7,9 | -5 721 | 26 047 | 33 805 |
| Net Finance income (+) /expenses (-) | | -19 348 | 12 007 | 6 789 |
| Profit/(loss) before tax | | 42 247 | 80 585 | 76 571 |
| Income taxes | | 2 978 | 2 847 | 11 795 |
| Profit/(loss) for the period | | 39 268 | 77 738 | 64 775 |
| Profit/(loss) discontinued operations, net of tax | | | | |
| Profit/(loss) for the period, total operations | | 39 268 | 77 738 | 64 775 |
| Consolidated Statement of Comprehensive Income - Pioneer Property Group ASA | | | | |
| Other comprehensive income | | | | |
| Exchange differences, from translations of foreign operations | | 7 710 | -1 223 | -4 186 |
| <i>Items to be reclassified to P&L in subsequent periods:</i> | | | | |
| Exchange differences associated company | | | | |
| Exchange differences, from translation of foreign operations | | | | |
| Total comprehensive income | | 46 978 | 76 515 | 60 589 |
| Total comprehensive income attributable to | | | | |
| Shareholders of the parent | | 24 740 | 72 316 | 34 592 |
| Non-controlling interests | | 22 238 | 4 199 | 25 997 |
| Profit/(loss) for the period | | 46 978 | 76 515 | 60 589 |
| Earnings per share (NOK), continuing operations | | | | |
| Basic earnings per ordinary share | | 2.02 | 6.04 | 2.74 |
| Earnings per share (NOK), total operations | | | | |
| Basic earnings per ordinary share | | 2.02 | 6.04 | 2.74 |

Consolidated Statement of Financial Position - Pioneer Property Group ASA

| NOK thousands | Note | 30.06.2023 | 30.06.2022 |
|--|----------|------------------|------------------|
| Assets | | | |
| Investment property | 3 | 1 909 166 | 1 539 733 |
| Project in progress, investment property | | 27 939 | 31 682 |
| Software | | 198 | |
| Other interest in property | 10 | 9 712 | 25 654 |
| Associated companies | | 111 644 | 15 391 |
| Other investment | 7 | 48 953 | 7 931 |
| Loans to associated companies | | 28 282 | 53 897 |
| Loans to other companies | | 29 796 | 26 |
| Total non-current assets | | 2 165 689 | 1 674 313 |
| Trade and other receivables | | 49 896 | 36 814 |
| Other investment | | 128 298 | 266 066 |
| Cash and cash equivalents | | 219 149 | 362 884 |
| Total current assets | | 397 342 | 665 764 |
| Total assets | | 2 563 030 | 2 340 077 |
| Equity and liabilities | | | |
| Share capital | | 14 683 | 14 683 |
| Own shares | | -988 | -988 |
| Share premium | | 555 637 | 555 637 |
| Retained earnings | | 736 319 | 826 309 |
| Non-controlling interest | | 64 187 | 31 997 |
| Total equity | 4 | 1 369 838 | 1 427 639 |
| Borrowings | 5 | 891 926 | 750 497 |
| Deferred tax | | 56 407 | 54 130 |
| Other non-current liabilities | | 1 676 | |
| Total non-current liabilities | | 950 009 | 804 627 |
| Borrowings | | 188 387 | 38 110 |
| Current tax payable | | 395 | 17 939 |
| Associated companies | | 0 | 0 |
| Other current liabilities | | 54 401 | 51 763 |
| Total current liabilities | | 243 183 | 107 811 |
| Total liabilities | | 1 193 192 | 912 439 |
| Total equity and liabilities | | 2 563 030 | 2 340 077 |

Consolidated Statement of Changes in Equity - Pioneer Property Group ASA

| <i>NOK thousands</i> | Notes | Attributable to owners of the parent | | | | | Total | Non-controlling interests | Total Equity |
|--|-------|--------------------------------------|-----------------|----------------|----------------------------------|-------------------|------------------|---------------------------|------------------|
| | | Share capital | Treasury shares | Share premium | Currency translation differences | Retained earnings | | | |
| Balance at 1 January 2022 | | 14 683 | -988 | 555 637 | -257 | 779 886 | 1 348 962 | 28 407 | 1 377 368 |
| Profit/(loss) for the period | | | | | | 38 778 | 38 778 | 25 997 | 64 775 |
| Exchange differences from foreign operations | | | | | -4 186 | | -4 186 | | -4 186 |
| Total comprehensive income for the period | | | | | -4 186 | 38 778 | 34 592 | 25 997 | 60 589 |
| Transaction with non-controlling interests | | | | | | 3 360 | 3 360 | -2 701 | 659 |
| Dividends on ordinary shares | | | | | | -40 292 | -40 292 | | -40 292 |
| Dividends on preference shares | | | | | | -37 836 | -37 836 | | -37 836 |
| Transactions with owners | | | | | | -74 618 | -74 618 | -2 701 | -77 319 |
| Balance at 31 December 2022 | | 14 683 | -988 | 555 637 | -4 443 | 744 046 | 1 308 936 | 51 703 | 1 360 639 |
| Profit/(loss) for the period | | | | | | 17 030 | 17 030 | 22 238 | 39 268 |
| Exchange differences from foreign operations | | | | | 7 860 | | 7 860 | | 7 860 |
| Total comprehensive income for the period | | | | | 7 860 | 17 030 | 24 890 | 22 238 | 47 128 |
| Transaction with non-controlling interests | | | | | | -950 | -950 | -9 754 | -10 704 |
| Other changes | | | | | | 2 221 | 2 221 | | 2 221 |
| Dividends on ordinary shares | 4 | | | | | -10 043 | -10 043 | | -10 043 |
| Dividends on preference shares | 4 | | | | | -19 403 | -19 403 | | -19 403 |
| Transactions with owners | | | | | | -28 175 | -28 175 | -9 754 | -37 929 |
| Balance at 30 June 2023 | | 14 683 | -988 | 555 637 | 3 417 | 732 901 | 1 305 651 | 64 186 | 1 369 838 |

Consolidated Statement of Cash Flows - Pioneer Property Group ASA

| <i>NOK thousands</i> | Note | 30.06.2023 | 30.06.2022 | 31.12.2022 |
|---|------|----------------|----------------|----------------|
| Cash flows from operating activities: | | | | |
| Profit before income tax total operations | | 42 247 | 80 585 | 76 571 |
| <i>Adjustments for:</i> | | | | |
| Fair value adjustments on investment property | | -25 257 | -40 886 | -16 267 |
| Fair value adjustments on financial instruments | | -4 344 | | -10 718 |
| Other adjustments | | 11 942 | -1 056 | 4 000 |
| Profit from associated companies | | -12 350 | 2 207 | 1 647 |
| Interest net | 5 | 25 625 | 11 837 | 25 694 |
| Borrowing cost | | | | |
| Taxes paid | | -9 142 | -6 655 | -22 229 |
| Exchange gains/(losses) | | -1 524 | 344 | 1 066 |
| Gain on sale bonds/Bonds/shares/properties | | -375 | -25 338 | -28 477 |
| Changes in working capital: | | | | |
| Trade receivables | | -21 261 | -16 286 | -3 529 |
| Trade payables | | -9 065 | 12 175 | 20 151 |
| Other accruals | | -2 038 | -1 762 | 7 762 |
| Generated from operations | | -5 544 | 15 165 | 55 670 |
| Interest received | | 5 241 | 1 870 | 6 799 |
| Interest paid | | -31 500 | -13 515 | -27 707 |
| Cash generated from operating activities | | -31 803 | 3 520 | 34 763 |
| Cash flows from investing activities: | | | | |
| Proceeds from sale of shares | | | 372 069 | 372 069 |
| Proceeds from sale of bonds | | | | 214 000 |
| Proceeds from sale of funds | | | 49 817 | 49 817 |
| Proceeds from sale of properties | | 15 975 | | |
| Proceeds from loans to other companies | | 36 000 | | 21 291 |
| Loans to other companies | | -16 213 | | -12 000 |
| Purchase of subsidiaries / properties | | -109 718 | -89 572 | -284 976 |
| Purchase of shares | | | | -30 741 |
| Purchase of shares in associated companies | | | | -93 879 |
| Purchase of bond | | | -160 990 | -222 990 |
| Purchase of funds | | -5 000 | | |
| Net purchase of receivables/debt | | -2 826 | -29 191 | -43 535 |
| Loans to associated companies | | | -1 400 | -2 400 |
| Received dividend/repaid paid-in capital other shares | | 2 729 | 11 532 | 11 532 |
| Proceeds from transfer of receivables | | | | |
| Cash from investing activities | | -79 053 | 152 265 | -21 812 |
| Cash flows from financing activities: | | | | |
| Proceeds from debt to financial institutions | | 241 500 | 256 000 | 349 546 |
| Proceeds from other borrowings | | 8 995 | 12 412 | |
| Repayments of debt to financial institutions | | -114 198 | -173 059 | -194 873 |
| Repayments other debt | | -42 405 | | |
| Loans from other companies | | | 20 360 | 51 080 |
| Dividends on ordinary shares | 4 | -10 041 | -9 474 | -35 251 |
| Dividends on preference shares | 4 | -19 403 | -18 433 | -37 351 |
| Cash from financing activities | | 64 448 | 87 806 | 133 151 |
| Change in cash and cash equivalents | | -46 408 | 243 591 | 146 102 |
| Cash and cash equivalents at beginning of period | | 265 226 | 119 383 | 119 383 |
| Exchange gains/(losses) on cash and cash equivalents | | 332 | -89 | -259 |
| Cash and cash equivalents at period end | | 219 149 | 362 884 | 265 226 |

Notes to the Financial Statements - Pioneer Property Group ASA

Note 1: General information

Pioneer Property Group ASA, which is the parent company of the Pioneer Property group (the Group), is a public limited liability company incorporated and domiciled in Norway, with its corporate headquarters in Oslo. Pioneer Property Group ASA is listed on the Oslo Stock Exchange.

The company's Board of Directors approved the condensed financial statements on 24 August 2023. The figures in the statements have not been audited.

The interim condensed consolidated financial statements for the first half of 2023, ending 30 June 2023, were prepared in accordance IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2022 annual report.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

Note 2: Segments

The Group's main business is to own and manage Investment Properties and rent them out. The Group has throughout 2022 and 2023 expanded its real estate activities into new areas with difference in property type and risk. The Group is considered to operate in 5 business areas: i) Preschools, ii) Hotel Properties, iii) Retail Properties, iv) Property Development and v) Office Properties. The segment Other includes mainly Pioneer Property Group ASA.

A split between the real estate segments are as follows:

Segment 30.06.23

| | Preschool Properties | Retail Properties | Develop- ment properties | Hotels Properties | Office Properties | Other | Total |
|---------------------------|-------------------------|----------------------|--------------------------------|----------------------|----------------------|--------|-----------|
| Total Income | 3 348 | 16 197 | 3 707 | 29 856 | 1 856 | | 54 964 |
| Fair Value Adjustment | -4 500 | -14 642 | 62 573 | -13 079 | -5 095 | | 25 257 |
| Operating profit (Ebit) | -1 526 | -1 193 | 63 893 | 13 043 | -4 628 | -7 993 | 61 595 |
| Investment Properties | 111 500 | 447 500 | 350 525 | 934 641 | 65 000 | 0 | 1 909 166 |
| Project in progress | | 700 | 27 169 | | | 69 | 27 939 |
| Cash and Cash equivalents | 14 836 | 21 841 | 69 548 | 30 123 | 484 | 82 317 | 219 149 |

Segment 30.06.22

| | Preschool Properties | Retail Properties | Develop- ment properties | Hotels Properties | Office Properties | Other | Total |
|---------------------------|-------------------------|----------------------|--------------------------------|----------------------|----------------------|---------|-----------|
| Total Income | 192 | 13 471 | 978 | 23 284 | 804 | 2 | 38 731 |
| Fair Value Adjustment | | 3 858 | -2 921 | 37 555 | 2 394 | | 40 886 |
| Operating profit (Ebit) | 80 | 15 030 | -2 511 | 55 691 | 2 664 | -2 375 | 68 579 |
| Investment Properties | 11 500 | 455 500 | 73 500 | 954 233 | 45 000 | | 1 539 733 |
| Project in progress | | | 31 176 | 485 | | 20 | 31 682 |
| Cash and Cash equivalents | 320 | 29 256 | 5 257 | 65 643 | 1 519 | 260 889 | 362 884 |

Note 3: Investment Properties

The fair value of Investment Properties is evaluated semi-annually based on third party valuations. Properties acquired during first half of 2023 has not been subject to third party valuations. The Investment Properties are also subject to on-site inspections and/or technical evaluations from time to time. As of the end of first half 2023 reporting period, the weighted average gross yield for preschool properties is 5.6%. For the hotel segment, the gross yield ranges from 5.5% to 8.0%, with a weighted average gross yield of 6.4%. For the retail properties segment, the gross yield ranges from 6.1% to 8.4%, with a weighted average of 7.3%. For the office properties segment, the gross yield ranges from 6.7% to 9.4%, with a weighted average of 7.4%. As of the end of first half 2023 reporting period, the calculated weighted average gross yield for the investment property portfolio with running rental income was 6.7% against 5.9% first half 2023, based on expected annual contractual lease income of MNOK 105.5 after refurbishment, expected inflation of 6% for 2023 and 2% normalized annual inflation and market rent at the end of lease period.

Overview of account movements 30.06.23

| <i>NOK thousand</i> | Preschool Properties | Retail Properties | Development Properties | Hotel Properties | Office Properties | Group |
|---|-------------------------|----------------------|---------------------------|------------------|-------------------|------------------|
| Fair value in the beginning of the year | 116 000 | 461 000 | 227 681 | 924 029 | 70 000 | 1 798 710 |
| Addition: | | | | | | 0 |
| -Investment in subsidiaries /properties | | 1 142 | 76 056 | 16 348 | 95 | 93 641 |
| Effect of currency exchange differences in foreign operations | | | | 7 343 | | 7 343 |
| Sale | | 0 | -15 784 | | | -15 784 |
| Fair value adjustments - discontinued operations | | | | | | 0 |
| Fair value adjustments on investment properties | -4 500 | -14 642 | 62 573 | -13 079 | -5 095 | 25 257 |
| Fair value in the end of the year | 111 500 | 447 500 | 350 525 | 934 641 | 65 000 | 1 909 166 |
| Net change in unrealized gain | -4 500 | -14 642 | 62 573 | -13 079 | -5 095 | 25 257 |

Overview of account movements 30.06.22

| <i>NOK thousand</i> | Preschool Properties | Retail Properties | Development Properties | Hotel Properties | Office Properties | Group |
|---|-------------------------|----------------------|---------------------------|------------------|-------------------|------------------|
| Fair value in the beginning of the year | 11 500 | 428 070 | 37 500 | 915 971 | | 1 393 041 |
| Addition: | | | | | | 0 |
| -Investment in subsidiaries /properties | | 23 572 | 38 921 | 2 303 | 42 606 | 107 401 |
| Effect of currency exchange differences in foreign operations | | | | -1 596 | | -1 596 |
| Fair value adjustments on investment properties | | 3 858 | -2 921 | 37 555 | 2 394 | 40 886 |
| Fair value in the end of the year | 11 500 | 455 500 | 73 500 | 954 233 | 45 000 | 1 539 733 |
| Net change in unrealized gain | 0 | 3 858 | -2 921 | 37 555 | 2 394 | 40 886 |

Note 4: Share capital and shareholder information

The company's preference shares confer a preferential right over ordinary shares to an annual dividend of NOK 10.00 per preference share. Dividend payments are made quarterly with NOK 2.500 per preference share, subject to approval by the Board of Directors on quarterly basis. The Annual General Meeting has given the Board of Directors authorization to approve distribution of dividend on the preference shares.

Over the first half of 2023 PPG paid a total dividend to holders of preference shares of NOK 5.00 per preference share. Further PPG paid a dividend to the holders of the ordinary shares in total of NOK 3.046 per ordinary share distributed to the ordinary shares held by Eidissen Consult AS and Grafo AS.

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.

The company has 9,814,470 ordinary shares and 4,868,553 preference shares.

Note 5: Borrowings

Interest-bearing liabilities and available cash and cash equivalents constitute the capital of the Group. At 30.06.2023 PPG had external borrowings with the following maturity profile:

Maturity of financial liabilities at the end of the period:

| <i>NOK thousand</i> | 30.06.2023 | | | | |
|---------------------------------------|-------------------|----------------|----------------|----------------|------------------|
| | <1y | 1y-2y | 2y-5y | >5y | Total |
| Borrowings (bank) | 189 117 | 125 865 | 506 672 | 244 528 | 1 066 183 |
| Interest on borrowings (bank) | 61 804 | 57 902 | 111 670 | 113 100 | 344 476 |
| Other current liabilities | 34 545 | | | | 34 545 |
| Interest on other current liabilities | | | | | 0 |
| Total | 285 466 | 183 768 | 618 342 | 357 628 | 1 445 204 |

| <i>NOK thousand</i> | 30.06.2022 | | | | |
|---------------------------------------|-------------------|----------------|----------------|----------------|----------------|
| | <1y | 1y-2y | 2y-5y | >5y | Total |
| Borrowings (bank) | 16 573 | 118 887 | 270 120 | 272 028 | 677 607 |
| Interest on borrowings (bank) | 28 742 | 25 347 | 50 347 | 46 217 | 150 653 |
| Other current liabilities | 21 537 | 81 337 | 6 152 | 646 | 109 672 |
| Interest on other current liabilities | 3 990 | 2 587 | 415 | 0 | 6 993 |
| Total | 70 842 | 228 158 | 327 034 | 318 891 | 944 925 |

| <i>NOK thousand</i> | 30.06.2023 | 30.06.2022 |
|-----------------------|-------------------|-------------------|
| Non-current | | |
| Commercial bank loans | 856 954,537 | 661 034 |
| Other loans | 20 111,469 | 89 463 |
| Total | 877 066 | 750 497 |

| <i>NOK thousand</i> | 30.06.2023 | 30.06.2022 |
|-----------------------|-------------------|-------------------|
| Current | | |
| Commercial bank loans | 98 945,36 | 16 573 |
| Other loans | 90 171,30 | 21 537 |
| Total | 189 117 | 38 110 |

| <i>NOK thousand</i> | 30.06.2023 | 30.06.2022 |
|--------------------------------------|-------------------|-------------------|
| Total non-current and current | | |
| Commercial bank loans | 955 900 | 677 607 |
| Other Loans | 110 283 | 111 000 |
| Total | 1 066 183 | 788 607 |

Note 6: Related-party transactions

Related party:

| <i>NOK in thousand</i> | 30.06.2023 | 30.06.2022 |
|---|------------|------------|
| Rent revenue from Norlandia Health & Care Group AS including subsidiaries | 3 825 | 192 |
| Rent revenue from Ferda Norge AS | 16 171 | 14 449 |
| Rent revenue from Norlandia Hotel group | 24 856 | 20 899 |
| Consultant fee from Up North Hospitality Invest and Hi Capital AS | 451 | 109 |
| Fee from NHG Development AS regarding refurbishment (subsidiary of Hospitality Invest AS) | 11 247 | 300 |
| Management fee from Hospitality Invest AS | 1 888 | |
| Consultant fee to Oslo Corporate Holding AS | 450 | 263 |
| Construction services from B-G Entreprenør AS (subsidiary of Hospitality Invest AS) | 6 761 | 3 380 |
| Management fee from RJW Holding AS | 334 | 437 |
| Loan to related parties | 14 000 | |
| Paid debt to related parties | | 1 649 |
| Purchase of shares and properties from related parties | 18 242 | 40 360 |

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

Note 7: Fair value adjustments financial assets

Per 30.06.2023, the financial assets are measured at fair value based on third party valuations or brokers quotes, except for Hospitality Invest which is measured at last reported trade date.

Bonds/Funds/Shares:

| <i>NOK thousand</i> | 3) Bonds | 3) Funds | 4) Hospitality invest AS | 2) Pancom AS | Other investment | Total |
|---|---------------|---------------|--------------------------|---------------|------------------|----------------|
| Fair value in the beginning of the year | 62 000 | 56 954 | 18 212 | 30 741 | | 167 907 |
| Purchase in 2023 | | 5 000 | | | | 5 000 |
| Sold in 2023 | | | | | | 0 |
| Repaid capital | | | | | | 0 |
| Currency adjustments | | | | | | 0 |
| Fair value adjustments | 893 | 3 451 | | | | 4 344 |
| Fair value 30.06.23 | 62 893 | 65 405 | 18 212 | 30 741 | | 177 251 |

| <i>NOK thousand</i> | 3) Bonds | 3) Funds | 4) Odin Bidco AS | 4) Hospitality invest AS | Other investment | Total |
|--|----------------|---------------|------------------|--------------------------|------------------|----------------|
| Fair value in the beginning of the year | 49 625 | 104 600 | 357 900 | 7 541 | | 519 666 |
| Purchase in 2022 | 160 990 | | | | 390 | 161 380 |
| Sold in 2022 | | -50 206 | -346 368 | | | -396 574 |
| Fair value investment; loss of significant influence | | | -11 532 | | | -11 532 |
| Currency adjustments | | | | | | |
| Fair value adjustments | 1 245 | -189 | | | | 1 056 |
| Fair value 30.06.22 | 211 860 | 54 206 | 0 | 7 541 | 390 | 273 997 |

Note 8: Companies bought/established in 2023

The Group has during the first half of 2023 acquired or established the following companies:

| Company Name | Location | Share of ownership |
|---------------------|-----------------|---------------------------|
| BM3 Eiendom AS | Norway | 88 % |
| Evenes Utvikling AS | Norway | 53 % |

Note 9: Other financial gains/-losses

Other financial gains/losses

| <i>NOK thousand</i> | 1H 2023 | 1H 2022 |
|--------------------------|----------------|----------------|
| Currency gain/loss | 1 524 | -343 |
| Gain on sale shares | | 25 701 |
| Gain on sale bonds | | |
| Changes in fair value | -7 598 | 1 056 |
| Other financial income | 437 | 184 |
| Other financial expenses | -85 | -551 |
| Total | -5 721 | 26 047 |

Note 10: Other interest in property

A non-financial asset "Other interests in property" is included in the consolidated financial statements reporting for the first half of 2023. It is related to a right, but not the obligation to acquire land. The cost of these options are recognised when they meet the definition of an asset (with probable economic benefits and reliable measurement), and they represent the right, but not the obligation to acquire land. The assets are measured at their cost and are regularly reviewed for impairment.

The acquisition of Brennemoen Eiendom in 2022 included rights to purchase land in Mysen close to Brennemoen Hotel. The option agreement were entered into 3.7.2014 and the options can be exercised within 31.12.2023.

Note 11: Subsequent events

In July 2023 Up North Property entered into an agreement to acquire 50 % of the shares in a Joint Venture company owning three hotels with a total real estate value of MNOK 270.0 in Sweden and bank debt of 165.8. The acquisition was closed in July and is financed with cash consideration are rented out to Norlandia Hotel Group, who operates the hotels on franchise agreements with leading hotel brands.

Pioneer Property Development purchased 41% of the shares in Vossevangen Utvikling for a cash consideration of MNOK 13. Vossevangen Utvikling aims to develop both commercial and residential property in Voss municipality. The company holds 50 % of PPG subsidiary Park Hotel Holdco, along with four different development projects.

The Board of Directors in Pioneer Property Group ASA has approved a dividend of NOK 2.500 per share to the holders of preference shares and for the third quarter of 2023. In addition, a dividend in the amount of NOK 7.564 per relevant ordinary share to the number of ordinary shares held by Eidissen Consult AS and Grafo AS, in total MNOK 24.8 were approved.



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