



# Q4

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REPORT 2019

## **Highlights of the Q4 2019 report**

- Total revenue from continued operations in the fourth quarter of 2019 was MNOK 1.2 compared to MNOK 0.1 in the fourth quarter of 2018. The increase is related to the acquisition of new properties.
- Operating profit (EBIT) for the quarter was a negative MNOK 8.9 and pre-tax profit for continuing operations was MNOK 41.6 compared to operating profit (EBIT) of negative MNOK 0.9 and pre-tax profit of negative MNOK 0.3 for the fourth quarter of 2018. Profitability in the fourth quarter was negatively affected by non-recurring payroll expenses related to the sale of PM and PPP, and negative fair value adjustments related to transaction costs of the new acquisition. Further pre-tax profit was affected by a positive fair value revision of the earn-out consideration of MNOK 40 from the sale of PM and PPP.
- As previously communicated PPG entered into a purchase agreement with Odin Bidco AS regarding the purchase of 100% of the shares in Pioneer Public Properties AS and Pioneer Management AS from PPG on 9 October 2019 with a total purchase price for the shares of MNOK 2,734. Closing of the Transaction took place on 24 October 2019. A gain on sale of MNOK 694 was recorded over the quarter, and were included as part of profit from discontinued operations.
- PPG's subsidiary Pioneer Property Group International AS acquired over the quarter 8 properties in Poland, 3 properties in Netherlands and 1 property in Sweden from Care Properties Finance AS, a wholly owned subsidiary of Norlandia Health & Care Group AS.
- Based on the development of the PPP group, the earn-out consideration of MNOK 100 related to the sale of PPP and PM was paid in full subsequent to the quarter.
- PPG purchased 1,631,447 preference shares in PPG at a price of NOK 102.00 per preference share.
- Over the quarter PPG paid a quarterly dividend to holders of preference shares of NOK 1.875 per preference share and an extraordinary dividend to the holders of ordinary shares of NOK 27.74 per ordinary share charged to the company's share premium reserves.

## **Background for the transaction and strategy going forward**

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

The aim of the board of directors is to continue to invest in real property and enter into long-term leases with governmental-backed tenants in Europe. Further, the Board of Directors will evaluate the possibility of establishing a new division within the Group with focus on investments within commercial real estate, such as office buildings and hotels. PPG has also expanded its capital management, allowing for greater flexibility within liquidity management however always having sufficient reserves to meet PPG's financial obligations.

The current real estate portfolio consists of a total of 13 preschool properties located in Norway, Sweden, Netherlands and Poland.

## **Key material events during the quarter**

On 9 October 2019, PPG entered into the Purchase Agreement with Odin Bidco AS regarding the purchase of 100% of the shares in Pioneer Public Properties AS and Pioneer Management AS from PPG with a total purchase price for the shares of MNOK 2,734. PPG was also entitled to an earn-out of up to MNOK 100 conditional upon the future development of the PPP group. A portion of the purchase price was also used to reinvest in Odin Bidco AS, resulting in a 10% equity stake in the company with a value of MNOK 256. Closing of the Transaction took place on 24 October 2019. Odin Bidco is owned by a consortium consisting of Australian pension funds managed by Whitehelm Capital and the Whitehelm European Infrastructure Fund I incorporated company. The sale marks the completion of the strategic process that was initiated in the first quarter of 2019. The preference shares issued by PPG will not be affected by the transaction and the company will continue to be listed on the Oslo Stock Exchange.

Over the quarter, Pioneer Public Properties AS entered into a share purchase agreement to acquire a property portfolio. A completion of said transaction would trigger a payout of the entire earn-out consideration of MNOK 100 to PPG. PPG subscribed in December in a share capital increase in Odin Bidco AS in order for the company to be capitalized to close the transaction, increasing its investment with MNOK 23 in Odin Bidco AS and maintaining a 10% economic ownership. The transaction closed subsequent to the quarter, and PPG has received the full earn-out consideration of MNOK 100. Please see note 9 for further information with regards to the fair value estimates of the earn-out consideration.

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

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 to allow for more flexible capital management. The company's main business will continue to be investments in real property and related activities, but PPG now has a greater flexibility for liquidity management. The new liquidity strategy is being evaluated in close cooperation with the board of directors. Over the quarter, PPG purchased bonds in Norlandia Health & Care Group AS (NHC02) with a par value of MSEK 29.5 and bonds in NHC02 with a par value of MSEK 23.5 subsequent to the quarter. Further, subsequent to the quarter, PPG subscribed for MNOK 50 in a reputable Nordic high yield fund.

Over the quarter PPG purchased 1,631,447 preference shares in PPG at a price of NOK 102.00 per preference share, hence owning approx. 10% of the share capital. Subsequent to the quarter the general meeting passed a resolution to decrease the share capital of NOK 1,631,447 in order to redeem 1,631,447 of PPG's own preference shares. The decrease is still pending at the time of publication, with a creditor deadline 20 February. PPG has to date not received any inquiries.

Over the quarter, PPG paid a quarterly dividend to holders of preference shares in total NOK 1.875 per preference share and an extraordinary dividend to the holders of ordinary shares of NOK 27.74 per ordinary share charged to the company's share premium reserves.

## **Subsequent events since the end of the quarter**

Subsequent to the quarter PPG received the earn-out consideration related to the sale of PPP and PM of MNOK 100, bought MSEK 23.5 in NHC02 bonds and subscribed for MNOK 50 in a reputable Nordic high yield fund. Further, subsequent to the quarter, the general meeting passed a resolution to the decrease the share capital of NOK 1,631,447 in order to redeem 1,631,447 of PPG's own preference shares. The decrease is still pending at the time of publication, with a creditor deadline 20 February. PPG has to date not received any inquiries.

## **Overview of the financial accounts for the fourth quarter of 2019**

Total revenue from continued operations in the fourth quarter of 2019 was MNOK 1.2 compared to MNOK 0.1 in the fourth quarter of 2018. The increase is related to the acquisition of new properties from NHC.

Operating profit (EBIT) for the quarter was a negative MNOK 8.9 and pre-tax profit for continuing operations was MNOK 41.6 compared to operating profit (EBIT) of negative MNOK 0.9 and pre-tax profit of negative MNOK 0.3 for the fourth quarter of 2018. Profitability in the fourth quarter was negatively affected by non-recurring payroll expenses related to the sale of PM and PPP, and negative fair value adjustments related to transaction costs of the new acquisition. Further pre-tax profit was affected by a positive fair value revision of the earn-out consideration of MNOK 40 from the sale of PM and PPP.

No income was recognized from the associated company, Odin Bidco AS, as the consolidated financials were not ready at the time of publication. This will be included in the annual report.

The sold entities were classified as discontinued operations and held for sale prior to completion of the sale in the quarter. The profit from discontinued operations over the period amounted to MNOK 691.2, of which MNOK 693.7 relates to gain on sale, and a negative MNOK 2.5 from operating activities. The profitability from the operating activities were negatively affected by non-recurring other financial expenses related to the strategic review of the PPP portfolio of MNOK 11.9.

At the end of the quarter PPG had total assets of MNOK 2,471.3 where MNOK 471.0 were related to investment property and shares in the associated company, Odin Bidco AS, and with a cash balance of MNOK 1,860.8. Total equity amounted to MNOK 2,409.6 and there was no long-term debt in the group.

## **Responsibility statement**

The interim financial statements for the period have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial positions and profit and loss of the Group.

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 year and their impact on the financial statements, as well as a description of the principal risks and uncertainties facing the Group.

18 feb 2020

Roger Adolfsen  
Chairman

Sandra Henriette Riise  
Board Member

Geir Hjorth  
Board Member

Even Carlsen  
Board Member

Nina H. Torp Høisæter  
Board Member

## Consolidated Income Statement - Pioneer Property Group ASA

NOK thousand	Note	Q4 2019	YTD 2019	Q4 2018	FY 2018
<b>Continuing operations</b>					
Income from rent		916	1,184	87	347
Other income		319	319	-	0
<b>Total Income</b>	4	1,235	1,503	87	348
Payroll expenses		5,218	5,765	140	559
Other operating expenses		2,584	5,141	817	2,232
<b>Total Expenses</b>		7,801	10,907	956	2,791
Fair value adjustment on investment properties	5	-2,286	-2,083	-	1,500
<b>Operating profit (EBIT)</b>		<b>-8,853</b>	<b>-11,487</b>	<b>-870</b>	<b>-943</b>
Interest income		8,476	8,476	42	44
Other financial income		45,474	45,473		
Interest expenses		261	261	-525	34
Currency gain (-) / loss		3,239	3,239	-1	30
Other financial expenses		0	-342	-	-
<b>Net Finance</b>		<b>50,450</b>	<b>50,791</b>	<b>568</b>	<b>-20</b>
<b>Profit/(loss) before tax, continuing operation</b>		<b>41,597</b>	<b>39,304</b>	<b>-302</b>	<b>-963</b>
Income taxes		4,390	4,707	1,879	2,658
<b>Profit/(loss) for the period, continuing operations</b>		<b>37,207</b>	<b>34,597</b>	<b>-2,181</b>	<b>-3,621</b>
<b>Profit/(loss) discontinued operations, net of tax</b>	3	<b>691,158</b>	<b>805,551</b>	<b>97,301</b>	<b>198,730</b>
<b>Profit/(loss) for the period, total operations</b>		<b>728,364</b>	<b>840,148</b>	<b>95,120</b>	<b>195,109</b>

## Consolidated Statement of Comprehensive Income - Pioneer Property Group ASA

Exchange differences, from translation of foreign operations	-741	348	1,387	-424
<b>Total comprehensive income</b>	<b>727,623</b>	<b>840,496</b>	<b>96,507</b>	<b>194,685</b>
<b>Total comprehensive attributable to</b>				
Shareholders of the parent	727,623	840,496	96,657	193,950
Non-controlling interests	-	-	-150	735
<b>Profit/(loss) for the period</b>	<b>727,623</b>	<b>840,496</b>	<b>96,807</b>	<b>194,685</b>
<b>Earnings per share (NOK), continuing operations</b>				
Basic earnings per preference share	1.88	7.5	1.88	7.5
Basic earnings per ordinary share	2.55	-1.44	-1.46	-5.34
Dividends per preference share	1.88	7.5	1.88	7.5
Dividends per ordinary share	27.74	27.74	0	0
<b>Earnings per share (NOK), total operations</b>				
Basic earnings per preference share	1.88	7.5	1.88	7.5
Basic earnings per ordinary share	72.97	80.64	8.45	14.91
Dividends per preference share	1.88	7.5	1.88	7.5
Dividends per ordinary share	27.74	27.74		

**Consolidated Statement of Financial Position - Pioneer Property Group ASA**

<b>NOK thousands</b>	<b>Note</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
<b>Assets</b>			
Investment property	5	191,453	5,269,296
Deferred tax assets			
Associated companies	3,10	279,529	-
Loans to other companies			1,000
<b>Total non-current assets</b>		<b>470,982</b>	<b>5,270,296</b>
Income tax			
Trade and other receivables	3,9	116,198	6,269
Other investments		23,258	
Cash and cash equivalents		1,860,813	283,271
<b>Total current assets</b>		<b>2,000,269</b>	<b>289,541</b>
 <b>Total assets</b>		<b>2,471,251</b>	<b>5,559,837</b>
 <b>Equity and liabilities</b>			
Share capital		16,314	16,314
Own shares	-	1,631	
Share premium		1,202,885	1,487,326
Retained earnings		1,192,013	553,652
Non-controlling interest			-
<b>Total equity</b>	6	<b>2,409,581</b>	<b>2,057,292</b>
 Borrowings	7	-	2,911,291
Deferred tax		5,621	188,269
Other non-current liabilities		-	575
<b>Total non-current liabilities</b>		<b>5,621</b>	<b>3,100,135</b>
 Borrowings	7	-	330,044
Current tax payable		143	24,323
Other current liabilities		55,906	48,042
<b>Total current liabilities</b>		<b>56,049</b>	<b>402,409</b>
<b>Total liabilities</b>		<b>61,670</b>	<b>3,502,544</b>
 <b>Total equity and liabilities</b>		<b>2,471,251</b>	<b>5,559,837</b>

## Consolidated Statement of Changes in Equity - Pioneer Property Group ASA

NOK thousands	Note	Attributable to owners of the parent			Retained earnings	Total	Non-controlling interests	Total Equity	
		Share capital	Own Shares	Share premium					
<b>Balance at 1 January 2018</b>		<b>16,314</b>		<b>1,487,325</b>	<b>431,717</b>	<b>1,935,357</b>		<b>1,935,357</b>	
Profit/(loss) for the period					194,374	194,374	735	<b>195,109</b>	
Exchange differences from foreign operations					-446	-446	21	<b>-424</b>	
Total comprehensive income for the period					193,928	193,928	756	<b>194,685</b>	
Sale of shares to non-controlling interests					124	124	2,467	<b>2,591</b>	
Purchase of shares from non-controlling interests					-23,367	-23,367	-3,223	<b>-26,590</b>	
Dividends on preference shares					-48,750	-48,750		<b>-48,750</b>	
Transactions with owners					-71,993	-71,993	-756	<b>-72,749</b>	
<b>Balance at 31 December 2018</b>		<b>16,314</b>		<b>1,487,325</b>	<b>553,653</b>	<b>2,057,293</b>	<b>0</b>	<b>2,057,293</b>	
Profit/(loss) for the period					840,148	840,148	0	<b>840,148</b>	
Exchange differences from foreign operations					348	348		<b>348</b>	
Comprehensive income for the period					0	840,496	840,496	<b>840,496</b>	
Bought own shares					-1,631	-165,573	-167,204	<b>-167,204</b>	
Transactions with non-controlling interests								<b>0</b>	
Dividends on ordinary shares	6				-272,253	-272,253		<b>-272,253</b>	
Dividends on preference shares	6				-12,187	-36,562	-48,750	<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>1,202,885</b>	<b>1,192,014</b>	<b>2,409,581</b>	<b>0</b>	<b>2,409,581</b>

**Consolidated Statement of Cash Flows - Pioneer Property Group ASA (including discontinued operations)**

<i>NOK thousands</i>	<i>Note</i>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>			
Profit before income tax total opertaion (including discontinued operations)	3	875,305	246,834
<i>Adjustments for:</i>			
Fair value adjustments on investment property		-46,061	-120,397
Other adjustment		-45,473	
Interest net		-8,654	137,993
Borrowing cost	7	118,083	
Taxes paid		-16,971	-20,781
Exchange gains/(losses)		10,413	-4,571
Profit/loss on sale of fixed assets		-693,508	
<i>Changes in working capital:</i>			
Trade receivables		-23,978	-3,326
Trade payables		45,583	-4,656
Other accruals		-24,723	-8,282
<b>Generated from operations</b>		<b>190,016</b>	<b>222,813</b>
Interest received		8,654	651
Interest paid		-115,064	-134,137
Interest received			
<b>Cash generated from operating activities</b>		<b>83,607</b>	<b>89,327</b>
 <b>Cash flows from investing activities:</b>			
Proceeds from sale of Subsidiaries/properties		2,182,412	
Purchase of subsidiaries / properties		-52,793	-346,367
Purchase of shares		-	
Purchase of bond		-23,491	
Purchase of receivables		-150,007	
Other long term receivables		82,054	
Proceeds from sale of shares and bonds			
<b>Cash from investing activities</b>		<b>2,038,174</b>	<b>-346,367</b>
 <b>Cash flows from financing activities:</b>			
Proceeds from debt to financial institutions			955,021
Proceeds from other borrowings			
Repayments of debt to financial institutions	7	-56,068	-487,756
Repayments to other borrowings			
Proceeds from shares issued			
Repayment of shares issued			
Purchase of own shares		-167,204	
Dividends	6	-321,004	-48,750
Dividends paid to non-controlling interests			
Transactions with non-controlling interests			-15,787
<b>Cash from financing activities</b>		<b>-544,276</b>	<b>402,729</b>
<b>Change in cash and cash equivalents</b>		<b>1,577,505</b>	<b>145,689</b>
 Cash and cash equivalents at beginning of period		283,271	138,815
Exchange gains/(losses) on cash and cash equivalents	37	-	-1,233
<b>Cash and cash equivalents at period end</b>		<b>1,860,813</b>	<b>283,271</b>

## 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 18 Feb 2020. The figures in the statements have not been audited.

The interim condensed consolidated financial statements for the fourth quarter 2019, ending 31 Dec 2019, 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 2018 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 2018, except for the implementation of IFRS 16 Leases as of 1 January 2019, as described below.

### Note 2: Implementation of IFRS 16

The Group has adopted IFRS 16 Leases from 1 January 2019 using the simplified transition approach in accordance with IFRS 16.C5(b) and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The Group has only one leasing contract at 1 January 2019, the lease of the head office. The lease term was 12 months with no minimum rental period.

For the implementation of IFRS 16 the group has used the following practical expedients as permitted by IFRS 16:

The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

As a consequence of applying the practical expedient there were no implementation effects of IFRS 16 in the opening balance as of 1 January 2019.

#### The following accounting principles are applied:

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.

### Note 3: Discontinued operations

On 9 October 2019, PPG entered into the Purchase Agreement with Odin Bidco AS regarding the purchase of 100% of the shares in Pioneer Public Properties AS and Pioneer Management from PPG 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. PPG was also entitled to an earn-out of up to MNOK 100 conditional upon the future development of the PPP group. The earn-out were valued to MNOK 50 at transaction date as the total earn-out consideration of up to MNOK 100 were conditional upon the future development of the PPP group. Included in the consideration was also an 10% equity stake in Odin Bidco AS with a value of MNOK 256.

Closing of the Transaction took place on 24 October 2019. A gain on sale of Pioneer Public Property AS and Pioneer Management AS of MNOK 694 was recognized, including transaction cost of MNOK 60 recognized as a reduction of the gain.

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

Discontinuing operations					
NOK thousand	Note	Q4 2019	YTD 2019	Q4 2018	FY 2018
<b>Continuing operations</b>					
Income from rent		19,091	250,549	73,366	287,842
Other income		124	186	344	386
<b>Total income</b>		19,214	250,735	73,710	288,227
Payroll expenses		242	4,079	952	952
Other operating expenses		1,008	15,515	-3,788	24,974
<b>Total Expenses</b>		1,250	19,594	-2,836	25,926
Fair value adjustment on investment properties		-	48,697	62,770	118,897
<b>Operating profit (EBIT)</b>		17,964	279,837	139,316	381,199
Interest income		131	178	596	632
Interest expenses		8,978	117,822	37,524	138,635
Currency gain ( ) / loss		546	7,174	-16,727	-4,601
Other financial expenses		11,913	12,721	-	-
<b>Net Finance</b>		-21,307	-137,539	-20,202	-133,402
<b>Profit/(loss) before tax</b>		-3,343	142,299	119,114	247,797
Income taxes		-798	30,450	21,813	49,067
<b>Profit/(loss) for the period</b>		-2,545	111,848	97,301	198,730
<b>Gain of sale from discontinuing operations</b>		693,703	693,703		
<b>Profit/(loss) discontinued operations, net of tax</b>		691,158	805,551	97,301	198,730
Other comprehensive income					
Items to be reclassified to P&L in subsequent periods:					
Exchange differences, from translation of foreign operations		1,089	-1,811	-424	
<b>Total comprehensive income from discontinued operations</b>		691,158	806,640	95,490	198,306
Earnings per share (NOK) for profit from discontinued operation					
Basic earnings per ordinary share 1)		69,18	77,22	8.67	15.28
Diluted earnings per ordinary share		9,814,470	9,814,470	9,814,470	9,814,470

The following table shows the cash flow from the discontinued operations in Pioneer Public Property AS and Pioneer Management AS:

NOK thousands	2019	2018
<b>Generated from operations</b>	<b>206,811</b>	<b>244,469</b>
<b>Cash generated from operating activities</b>	<b>91,901</b>	<b>110,414</b>
<b>Cash from investing activities</b>	<b>10,762</b>	<b>-522,498</b>
<b>Cash from financing activities</b>	<b>-124,237</b>	<b>561,425</b>
<b>Change in cash and cash equivalents</b>	<b>-21,574</b>	<b>149,341</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>265,744</b>	<b>117,636</b>
Exchange gains/(losses) on cash and cash equivalents	37	-1,233
<b>Cash and cash equivalents at period end</b>	<b>244,208</b>	<b>265,744</b>

#### Note 4: Segments

The Group's main business is to own and manage Investment Properties and rent them out to operators of pre-schools. There is no material difference in risk and margins in the

different Investment Properties. The Group is therefore considered to operate in one business area and in four geographical areas.

A geographical split of revenues for the quarter is as follows:

Norway Q4 19	Sweden Q4 19	Polen Q4 19	Nederland Q4 19	Group Q4 19	Polen YTD	Nederland YTD	Norway YTD	Sweden YTD	Group YTD 19
89	85	319	741	1,235	319	741	358	85	1,503
100	-189	-1,686	-711	-2,286	-1,686	-711	503	-189	-2,683
-7,412	-1504	-1,367	29	4,833	-1,367	29	-10,235	104	-11,676
<b>Investment Properties</b>									
10,800	11,187	118,858	48,608	191,453					
1,856,979	897	807	130	1,860,813					

The segments only include continuing operations.

#### Note 5: Investment Properties

The fair value of Investment Properties is assessed quarterly by management. The Investment Properties are also subject to on-site inspections and technical evaluations. Over the quarter a valuation report was commissioned from external valuation party for the property in Norway and the fair value was adjusted in the fourth quarter based on the new aggregate market value of the Investment Properties from this report.

In Q4 2019 the company acquired 12 properties from Norlandia to a purchase price of EUR 18.2 million. There were 8 properties in Poland, 3 in Netherland and 1 property in Sweden. Management has concluded that the acquired companies were acquired at fair values, and due to the short passage of time it is the management evaluation that this also represents the fair value at year's end. The negative fair value adjustments for Poland, Sweden and Netherland relate to transaction costs incurred in relation to the transaction.

#### Overview of account movements 31.12.19

NOK thousand	Norway	Sweden	Finland	Polen	Nederland	Group
Fair value in the beginning of the year	4,183,000	95,943	990,354	-	-	5,269,296
Addition:						0
-Investment in subsidiaries /properties	13,429			122,297		50,509
Effect of currency exchange differences in foreign operations	-4,485	-5,157	-	1,753	-	1,190
Sale	-4,214,656	-92,463	-990,988			-5,298,107
Fair value adjustments on investment properties	42,456	764	5,790	-	1,686	-
<b>Fair value in the end of the year</b>	<b>10,800</b>	<b>13,187</b>	<b>0</b>	<b>118,858</b>	<b>48,608</b>	<b>191,453</b>
Net change in unrealized gain	300	-189	0	-1,686	-	-711
						-2,286

#### Overview of account movements 2018

NOK thousand	Norway	Sweden	Finland	Polen	Nederland	Group
Fair value in the beginning of the year	4,079,000	47,000	605,780	-	-	4,731,779
Addition:						0
-Investment in subsidiaries /properties	18,453	47,864	335,778			402,095
Effect of currency exchange differences in foreign	-	-1,362	16,387			15,025
Fair value adjustments on investment properties	85,547	2,441	32,409			120,397
<b>Fair value in the end of the year</b>	<b>4,183,000</b>	<b>95,943</b>	<b>990,354</b>	<b>0</b>	<b>0</b>	<b>5,269,296</b>
Net change in unrealized gain	85,547	2,441	32,409	0	0	120,397

#### Note 6: Share capital and shareholder information

The company's preference shares confer a preferential right over ordinary shares to an annual dividend of NOK 7.50 per preference share. Dividend payments are made quarterly

with NOK 1.875 per preference share, 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 quarter PPG paid a quarterly dividend to holders of preference shares in total NOK 1.875 per preference share and an extraordinary dividend to the holders of ordinary shares of NOK 27.74 per ordinary share charged to the companies share premium reserves.

Over the quarter PPG purchased 1,631,447 preference shares in PPG at a price of NOK 102.00 per preference share, hence owning approx. 10% of the share capital.

The company has 9 814 470 ordinary shares and 6 500 000 preference shares.

#### **Note 7: Borrowings**

Interest-bearing liabilities and available cash and cash equivalents constitute the capital of the Group. Following the sale of PPP and PM, the Group has no external debt.

#### **Note 8: Related-party transactions**

<i>NOK in thousand</i>	<b>2019</b>	<b>2018</b>
Rent revenue from Norlandia Care Group AS including subsidiaries	74,347	70,661
Rent revenue from Kidsa Drift including subsidiaries	34,646	42,191
Success fee M&A services and Management fee from Hospitality Invest AS	15,459	
Success fee from Oslo Corporate Holding AS	5,000	
Sale of shares and properties to related parties	39,375	-
Purchase of shares and properties from related parties	49,322	163,502

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

#### **Note 9: Fair value adjustments financial assets**

The earn-out described in note 3 are measured at fair value at the balance sheet. This resulted in a gain of MNOK 40 from MNOK 50 to MNOK 90, per 31 December 2019.

#### **Note 10: Income from associated companies**

PPG is considered to have significant influence in Odin Bidco AS due to PPG's voting rights of approximately 20% and a board seat. No income was recognized from the associated company, as the consolidated financials were not ready at the time of publication. This will be included in the annual report.

#### **Note 11: Subsequent events**

Subsequent to the quarter PPG received the earn out consideration related to the sale of PPP and PM of MNOK 100. Further, subsequent to the quarter, the general meeting passed a resolution to decrease the share capital of NOK 1,631,447 in order to redeem 1,631,447 of PPGs own preference shares. The decrease is still pending at the time of publication, with a creditor deadline 20 February. PPG has to date not received any inquiries. PPG also bought MSEK 23.5 in NHC02 bonds and subscribed for MNOK 50 in a reputable Nordic high yield fund subsequent to the quarter.