



# Half-yearly report

2021

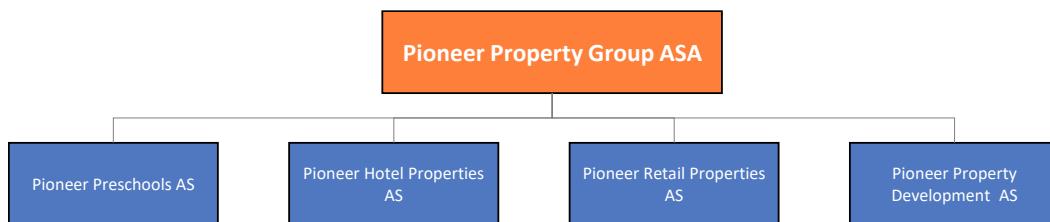
## Highlights of the half-yearly 2021 report

- Total revenue from continued operations for the first half of 2021 was MNOK 12.2 compared to MNOK 0.2 for the first half of 2020
- Operating profit (EBIT) for the first half of 2021 was MNOK 131.4 compared to a negative MNOK 5.9 for the first half of 2020
- PPG acquired five hotel properties and one retail property over the period. Further one hotel property and one retail property were acquired subsequent to the balance sheet date
- PPG paid two quarterly dividends to the holders of preference shares in total NOK 4.25 per preference share and a dividend to the holders of the ordinary shares in total of NOK 3.645 per ordinary shares, in addition to a dividend in the amount of NOK 1.291 per relevant ordinary share distributed to the ordinary shares held by Eidissen Consult AS and Grafo AS

## Operations and strategy

Pioneer Property Group ASA (PPG) is an investment company with a real estate focus. As previously communicated PPG has since the beginning of 2020 expanded its real estate activities into new areas and the current portfolio does no longer only contain preschool properties spread over different geographies. Therefore, PPG will from 2021 instead start to report based on the characteristics of the properties and hence report on the following segments:

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



### *Simplified legal structure*

The focus area for PPG will be to continue to invest in real estate within these segments and enter into long-term triple-net leases with leading operators. PPG may also in the future establish a new segment with a focus on investments within commercial real estate, such as office buildings. PPG's real estate portfolio per the first half of 2021 consisted of one preschool property, two retail properties, five hotel properties in addition to five development projects. Further, PPG holds a 9.4% stake in Odin Bidco AS which owns a real estate portfolio of ~215 preschools at mainly long-term triple-net contracts primarily in the Nordics.

## Key material events during the first half of 2021

COVID-19 represents an extraordinary situation that materialised in the spring of 2020, and which has continued into 2021. 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, interest rate income as well as it may change the yield levels affecting real estate valuations. PPGs lease agreements are triple-net and not linked to any kind of utilisation, expect for the hotel properties where the lease payments are based on the

highest of a minimum rent and a percentage of the hotel's turnover. All of the hotels owned are at the time of acquisition paying minimum rent, and the company has at present not received any COVID -19 related tenant inquiries. However, PPG expects a minor reduction in rental income from the Swedish hotels due to the pandemic. As the pandemic eventually is expected to slow down it is projected that the lease income from the Hotel Properties segment will increase above minimum rent. Furthermore, it is difficult to estimate the 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 the first half of 2021 that are linked to COVID-19.

In May 2021 PPG subscribed in a share capital increase in Odin Bidco AS in order for the Odin Bidco group to be capitalised to close an acquisition of a new real estate portfolio. PPG increased its investment with approximately MNOK 22, diluting its overall ownership down to 9.4% from 10%. After the investment PPG no longer has any equity commitment to Odin Bidco. At year end 2020 PPG no longer held significant influence in the company and therefore derecognised Odin Bidco as an associated company. It is now held as a financial investment at fair value and per 30.06 PPG's Odin Bidco investment is valued to MNOK 355 based on third party valuations.

During the first half of 2021, PPG declared two quarterly dividends to the holders of preference shares in total NOK 4.25 per preference share. As per the articles of association §5, the annual preferred dividend to the holders of preference share will increase by NOK 1 per preference share from 01. July 2021. Further PPG paid a dividend to the holders of the ordinary shares in total of NOK 3.645 per ordinary shares, in addition to a dividend in the amount of NOK 1.291 per relevant ordinary share distributed to the ordinary shares held by Eidissen Consult AS and Grafo AS.

In May 2021 PPG sold all of its bond holdings in Norlandia Health & Care Group AS (NHC) to Hospitality Invest AS as payment in kind for an acquisition of four hotel properties as explained in the Hotel Properties segment. The payment in kind was completed with the following par values: i) NHC01: MNOK 196 and ii) NHC02: MSEK 163.5, at the following bond prices (based on broker quotes): i) NHC01: 100.375 and ii) NHC02: 100.375. A majority of the bonds were bought during the Covid-19 financial downturn in March 2020 with an overall average cost of low 70s, and thus significant fair value revaluations has since been recorded prior to, and in relation to, the sale of the bonds. In terms of other financial investments PPG still holds per 30.06 bonds in Hospitality Invest AS (HOIN02) with a par value of MNOK 50, which has now increased back to par. Further the high yield funds have in total recovered to a level slightly above PPGs initial investment.

#### Preschools

Preschools (NOKt)	1H 2021	1H 2020
Total Income	185	182
Fair Value Adjustment	0	0
Operating profit (Ebit)	103	-120
Investment Properties	11,500	10,800

The Preschool segment consists of one preschool property owned by PPG. Further PPG owns 9.4% in Odin Bidco which owns a total of approximately 215 preschool properties. The Odin Bidco investment is held as a financial investment and therefore not consolidated into the PPG numbers. Total lease income for the first half of 2021 for the Preschool segment amounted to MNOK 0.2 with a fair property value based on third party valuation of the property owned by PPG per 30.06.21 of MNOK 11.5. There have been no material events for the segment for the first half of 2021.

## Retail Properties

Retail Properties (NOKt)	1H 2021	1H 2020
Total Income	5,752	0
Fair Value Adjustment	86,359	0
Operating profit (Ebit)	99,577	0
Investment Properties	326,000	0

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 2 retail properties owned by PPG, with one more acquired subsequent to the balance sheet date. Total lease income for the first half of 2021 for the retail properties segment amounted to MNOK 5.8 with a fair property value based on third party valuations per 30.06.21 of MNOK 326.0.

Over the period PPG's subsidiary Pioneer Retail Properties AS acquired Ås Næring AS and Askjem Eiendom AS for a total share purchase price of approximately MNOK 120, settled in cash and the 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 (now Ferda Tønsberg AS) which uses the properties in its business within sale and rental of caravans and motorhomes. Simultaneously Ferda Gruppen AS acquired 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 15-year triple-net lease agreement was entered into in relation to the acquisition. The combination of a new lease agreement, supported by the Ferda Group, in addition to a rent level on updated market terms resulted in a higher third party valuation per 30.06.21 and thus PPG has recognised a positive fair value revaluation. In terms of property count Askjems has been counted as one property in the PPG portfolio and it is expected to increase PPG's annual lease income with approximately MNOK 16.4.

## Hotel Properties

Hotel Properties (NOKt)	1H 2021	1H 2020
Total Income	6,225	0
Fair Value Adjustment	40,018	0
Operating profit (Ebit)	37,364	0
Investment Properties	770,019	0

Pioneer Hotel Properties AS was established to acquire hotel properties through the downturn following the Covid-19 pandemic across the Nordics and Europe. The Hotel Properties segment consists of five hotel properties owned by PPG, with one more acquired subsequent to the balance sheet date. Total lease income for the first half of 2021 for the Hotel Properties segment amounted to MNOK 6.2 with a fair property value based on third party valuations per 30.06.21 of MNOK 770.0.

PPG acquired in May 2021 through Pioneer Hotel Properties AS four hotel properties from Hospitality Invest AS:

- I) Brennemoen Hotel Eiendom AS, which owns Scandic Brennemoen Hotel;
- II) Guard Hotell AS and Guard Hotell II AS, which own Park Inn by Radisson Airport Hotel;
- III) Strand Hotel Borgholm Fastighets AB, which owns Strand Hotel Borgholm; and
- IV) Köping Hotellfastighet AB, which owns Best Western Hotel Scheele.

The total property valuation of the companies was MNOK 566.6 based on third party valuations, while the total purchase price, adjusted for net debt and other customary balance sheet adjustments, including repayment of

shareholder loans to Hospitality Invest AS, was MNOK 389.7. The purchase price has been settled through a cash consideration of MNOK 30.8 and through bonds in Norlandia Health & Care Group AS (“NHC”) as payment in kind as previously explained.

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 acquired hotel properties is approximately MNOK 35 which is expected to increase to a turnover based rent above the minimum level post Covid-19 when the world normalises. The four acquired hotels 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. The Guard and Brennemoen hotels were already financed on an 50-60% LTV basis, while Strand and Köping are unencumbered. Further debt may be obtained on these properties for overall liquidity purposes going forward.

In relation to the creation of the Hotel Properties segment, PPG also established Up North Property AS, which is 90.1% owned by Pioneer Hotel Properties and 9.9% indirectly owned by Svein Arild Mevold, who was the previous CEO of Scandic Norway. Up North Property’s strategy is to acquire hotel properties in the Nordics and Europe, where there is an opportunity to change the hotels market position through reconfigurations and renovations for the hotel to adapt to a changed hotel market. Up North Property’s first acquisition was done in May when it acquired Forum Hotellbygg AS, which owns the property Scandic Forum Stavanger – a 182 room 23 story signal building with close proximity to Stavanger Forum. The hotel has a lease agreement with Scandic which expires in September 21, and a new lease agreement with Up North Hospitality AS, who has a management agreement with Norlandia Hotel Group, will be entered into. Up North Property is owned 90.1% by Hospitality Invest and the remaining indirectly by Svein Arild Mevold. The hotel will further undergo renovations in 2021 and 2022 with limited rent income contributions expected from the property over the renovation period.

#### **Property Development**

<b>Property Development (NOKt)</b>	<b>1H 2021</b>	<b>1H 2020</b>
Total Income	0	0
Fair Value Adjustment	0	-1,538
Operating profit (Ebit)	-244	-1,579
 Investment Properties	 42,255	 23,544

Pioneer Property Development will concentrate on the development of general commercial real estate and housing. The segment consists of 5 development projects and there are no lease income for the segment. Fair value for the projects that are characterised as investment properties, mainly Evenes Tomteselskap, based on third party valuations per 30.06.21 was MNOK 42.3.

During the first half of 2021 PPG, through Pioneer Development AS, acquired a 49 000 m<sup>2</sup> plot together with local partners at Ramstadsletta in Bærum, Norway. The plot has an expected potential to develop around 70 000 m<sup>2</sup> of residential and commercial real estate and PPG has an ownership in the project of approximately 40%. The company is treated as an associated company in the accounts.

Existing projects within the segments include 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 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. Further PPG is currently building a new retail property in Evenes and one in Mo i Rana, which will be leased out to Ferda upon completion.

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

### **Subsequent events since the end of the first half of 2021**

In July 2021 Up North Property, a subsidiary of Pioneer Hotel Properties, acquired 50% of Park Hotel Eiendom AS, together with a local partner, which owns the property Park Hotel Vossevangen in Voss city centre in Norway. The hotel consists of 122 rooms and the hotel is situated right next to the lake and just across the street from the new gondola. The hotel operating company was simultaneously acquired by Up North Hospitality AS. The hotel will undergo renovations through 2021 and 2022 with limited rent income contributions expected from the property over the renovation period. Further a new lease agreement with Up North Hospitality AS, who has a management agreement with Norlandia Hotel Group, will be entered into.

Within Retail Properties, PPG acquired in July 2021 Caravan Eiendom Grimstad AS which owns a property outside of Grimstad which is used for sale and rental of caravans and motorhomes and rented out to Ferda.

### **Overview of the financial accounts for the first half of 2021**

Total revenue from continued operations from the first half of 2021 was MNOK 12.2 compared to MNOK 0.2 for the first half of 2020. The increase is related to the acquisition of new properties over the period, mainly within Retail Properties and Hotel Properties.

Operating profit (EBIT) from continued operations for the first half of 2021 was a positive MNOK 131.4 compared to a negative MNOK 5.7 for the first half of 2020. Profitability for the first half of 2021 was affected by positive fair value adjustments related mainly to the acquisition of Askjems, primarily related to new lease agreements, in addition to a positive revision for the properties in Hotel Properties from the time of acquisition.

Net finance for the first half of 2021 amounted to MNOK 53.3 compared to MNOK 34.3 for the first half of 2020. Net finance was mainly positively impacted by gain of sale from the sold NHC bonds recorded in other financial income, in addition to a positive fair value revision for Odin Bidco of MNOK 25.8, Hospitality Invest bonds of MNOK 1.5 and the two high yield funds of MNOK 7.4.

Profit for the first half of 2021 for total operations amounted to MNOK 157.1 compared to MNOK 23.5 for the first half of 2020.

At the end of the first half of 2021 PPG had total assets of MNOK 1,887.3 that compromised mainly of MNOK 1,149.8 as investment property, MNOK 354.8 from the Odin Bidco financial investment, a total of MNOK 151.7 in Hospitality Invest bonds and two high yield funds and a cash balance of MNOK 98.0. Total equity amounted to MNOK 1,337.0. At the end of the first half total borrowings amounted to MNOK 483.1.

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

12 August 2021

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	1H 2021	1H 2020* Restated	FY 2020
<b>Continuing operations</b>				
Income from rent		12,162	182	2,052
<b>Total Income</b>	3	<b>12,162</b>	<b>182</b>	<b>2,052</b>
Payroll expenses		1,288	1,152	3,209
Other operating expenses		5,894	3,361	5,846
<b>Total Expenses</b>		<b>7,182</b>	<b>4,512</b>	<b>9,055</b>
Fair value adjustment on investment properties	4	126,377	-1,538	1,638
<b>Operating profit (EBIT)</b>		<b>131,357</b>	<b>-5,868</b>	<b>-5,365</b>
Profit from associated company		-796		19,498
Interest income		11,408	2,961	28,689
Other financial income		17,608	0	
Interest expenses	6	3,031	0	4,043
Currency gain (-) / loss		6,514	-13,323	-1,261
Changes in fair value	8	34,613	18,055	80,913
Other financial expenses		7	0	0
<b>Net Finance</b>		<b>53,281</b>	<b>34,339</b>	<b>126,319</b>
<b>Profit/(loss) before tax, continuing operation</b>		<b>184,638</b>	<b>28,472</b>	<b>120,954</b>
Income taxes		27,577	4,960	10,722
<b>Profit/(loss) for the period, continuing operations</b>		<b>157,061</b>	<b>23,511</b>	<b>110,232</b>
Profit/(loss) discontinued operations, net of tax	2		<b>27,898</b>	<b>27,835</b>
<b>Profit/(loss) for the period, total operations</b>		<b>157,061</b>	<b>51,409</b>	<b>138,068</b>

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

Other comprehensive income				
Exchange differences, from translations of foreign operations		201	3,143	3,612
Exchange differences, from translation of foreign operations from associated companies			2,170	3,145
<i>Items to be reclassified to P&amp;L in subsequent periods:</i>				
Exchange differences associated company				
Exchange differences, from translation of foreign operations			-5,644	-7,088
<b>Total comprehensive income</b>		<b>157,262</b>	<b>51,078</b>	<b>137,737</b>
<b>Total comprehensive attributable to</b>				
Shareholders of the parent		157,596	52,184	137,915
Non-controlling interests		-335	-1,106	153
<b>Profit/(loss) for the period</b>		<b>157,262</b>	<b>51,078</b>	<b>138,068</b>
<b>Earnings per share (NOK), continuing operations</b>				
Basic earnings per ordinary share		14.32	2.10	8.07
<b>Earnings per share (NOK), total operations</b>				
Basic earnings per ordinary share		14.32	3.10	10.9

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

<b>NOK thousands</b>	<b>Note</b>	<b>30/06/2021</b>	<b>31/12/2020</b>
<b>Assets</b>			
Investment property	4	1,149,774	94,000
Project in progress		13,531	627
Associated companies			
Other investment	8	362,290	314,497
Loans to associated companies		60,257	5,557
<b>Total non-current assets</b>		<b>1,585,851</b>	<b>414,681</b>
Trade and other receivables		51,801	8,642
Other investments	8	151,675	491,031
Cash and cash equivalents		98,020	386,258
<b>Total current assets</b>		<b>301,497</b>	<b>885,932</b>
 <b>Total assets</b>		<b>1,887,348</b>	<b>1,300,613</b>
 <b>Equity and liabilities</b>			
Share capital		14,683	14,683
Own shares	-	988	-
Share premium		555,637	555,637
Retained earnings		756,294	650,963
Non-controlling interest		11,361	11,696
<b>Total equity</b>	<b>5</b>	<b>1,336,987</b>	<b>1,231,992</b>
 Borrowings	6	387,895	32,125
Deferred tax		4,724	4,724
<b>Total non-current liabilities</b>		<b>392,619</b>	<b>36,849</b>
 Borrowings	6	95,236	13,040
Current tax payable		33,187	6,655
Associated companies		1,005	220
Other current liabilities		28,314	11,857
<b>Total current liabilities</b>		<b>157,741</b>	<b>31,773</b>
<b>Total liabilities</b>		<b>550,360</b>	<b>68,622</b>
 <b>Total equity and liabilities</b>		<b>1,887,348</b>	<b>1,300,613</b>

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

NOK thousands	Note	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 2020</b>		16,314	-1,631	1,202,886	331	1,193,883	2,411,782	<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					3,145			<b>3,145</b>
Exchange differences reclassified to income statement on disposal					3,612			<b>3,612</b>
Total comprehensive income for the period					-331	137,914	153	<b>137,736</b>
Proportion of non-controlling interests						0	11,543	<b>11,543</b>
Acquisition of treasury shares			-988			-100,081	-101,069	<b>-101,069</b>
Dividends on ordinary shares				-650,307		-549,708	-1,200,015	<b>-1,200,015</b>
Dividends on preference shares				3,058		-31,044	-27,986	<b>-27,986</b>
Transactions with owners		-1,631	643	-647,249	0	-680,834	-1,329,071	<b>-1,317,527</b>
<b>Balance at 31 December 2020</b>		<b>14,683</b>	<b>-988</b>	<b>555,637</b>	<b>-0</b>	<b>650,963</b>	<b>1,220,295</b>	<b>11,696</b>
Profit/(loss) for the period						157,396	-335	<b>157,061</b>
Exchange differences from foreign operations					201		201	<b>201</b>
Comprehensive income for the period		0	0	0	201	157,396	157,597	<b>-335</b>
Dividends on ordinary shares		5				-35,774	-35,774	<b>-35,774</b>
Dividends on preference shares		5				-16,492	-16,492	<b>-16,492</b>
Transactions with owners		0	0	0	0	-52,266	-52,266	<b>0</b>
<b>Balance at 30 June 2021</b>		<b>14,683</b>	<b>-988</b>	<b>555,637</b>	<b>201</b>	<b>756,092</b>	<b>1,325,626</b>	<b>11,361</b>
								<b>1,336,987</b>

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

<i>NOK thousands</i>	<i>Note</i>	<i>30/06/2021</i>	<i>30/06/2020</i>
<b>Cash flows from operating activities:</b>			
Profit before income tax total operation (including discontinued operations)		184,638	56,369
<i>Adjustments for:</i>			
Fair value adjustments on investment property	-	126,377	2,650
Profit from associated companies		796	-
Other adjustment		41,351	-
Interest net	6	-	8,376
Taxes paid		-	103
Exchange gains/(losses)		6,514	-
Profit/loss on sale of bonds	-	93,489	
Profit/loss on sale of discontinued operations		-	9,831
<b>Changes in working capital:</b>			
Trade receivables	-	772	-
Trade payables	-	12,554	-
Other accruals		2,789	5,817
<b>Generated from operations</b>		<b>-5,480</b>	<b>-31,666</b>
Interest received		10,344	5,812
Interest paid	-	2,634	-
Interest received		-	3,277
<b>Cash generated from operating activities</b>		<b>2,230</b>	<b>-29,131</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of shares			
Proceeds from sale of Subsidiaries/properties			99,831
Purchase of subsidiaries / properties	-	640,258	-
Purchase of shares		-	30,736
Purchase of shares in assosiated companies		-	
Purchase of bonds		-	279,708
Purchase of funds		-	
Purchase of other items		-	100,000
Purchase of receivables		-	
Received dividend/repaid paid-in capital other shares		-	
Other long term receivables		-	49,150
Proceeds from transfer of receivables		-	
<b>Cash from investing activities</b>		<b>-640,258</b>	<b>-371,793</b>
<b>Cash flows from financing activities:</b>			
Proceeds from debt to financial institutions		695	
Proceeds from other borrowings		108,697	
Repayments of debt to financial institutions	-	11,598	
Loans to associated companies	-	54,700	
Repayments to other borrowings		-	
Proceeds from sale of bonds		358,961	
Repayment of shares issued		-	
Purchase of own shares		-	101,069
Dividends on ordinary shares	5	-	35,774
Dividends on preference shares	5	-	16,492
Transactions with non-controlling interests		-	16,405
<b>Cash from financing activities</b>		<b>349,789</b>	<b>-317,493</b>
<b>Change in cash and cash equivalents</b>		<b>-288,238</b>	<b>-718,417</b>
Cash and cash equivalents at beginning of period		386,258	1,860,814
Purchase of cash		-	63
Exchange gains/(losses) on cash and cash equivalents		-	14,765
<b>Cash and cash equivalents at period end</b>		<b>98,020</b>	<b>1,157,225</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 12 August 2021. The figures in the statements have not been audited.

The interim condensed consolidated financial statements for the first half of 2021, ending 30 Jun 2021, 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 2020 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 2020.

### Note 2: Discontinued operations

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 numbers for 1H 2020 have thus been re-stated, and the income from the international portfolio has been moved to discontinued operations.

The discontinued operations for 1H 2020 further include the booked gain from the received earn-out related to the sale of Pioneer Public Properties AS and Pioneer Management AS in 2019, as well as an adjustment when Odin Bidco AS was derecognised as an associated company and recorded as an financial investment in 2020.

### Note 3: Segments

The Group's main business is to own and manage Investment Properties and rent them out. The Group has in 2020 expanded its real estate activities into new areas with difference in property type and risk. The Group is therefore now considered to operate in 4 business areas: i) Preschools,

ii) Hotel Properties, iii) Retail Properties and IV) Property Development. The segment Other includes mainly Pioneer Property Group ASA

A split between the real estate segments are as follows:

Segments 30.06.21:	Preschools	Retail Properties	Property Development	Hotel Properties	Other	Total
Total Income	185	5,752	0	6,225		12,162
Fair Value Adjustment	0	86,359	0	40,018		126,377
Operating profit (Ebit)	103	99,577	-244	37,364	-5,444	131,357
Investment Properties	11,500	326,000	42,255	770,019	0	1,149,774
Cash and Csh equivalents	1,262	5,098	1,545	28,757	61,358	98,020

Segments 30.06.20:	Preschools	Retail Properties	Property Development	Hotel Properties	Other	Total
Total Income	182	0	0	0	0	182
Fair Value Adjustment	0	0	-1,538	0	0	-1,538
Operating profit (Ebit)	-120	0	-1,579	0	-4,169	-5,868
Investment Properties	10,800	0	23,544	0	0	34,344
Cash and Csh equivalents	1,019	0	88	0	1,147,772	1,148,879

### Note 4: Investment Properties

The fair value of Investment Properties are evaluated semi-annually based on third party valuations. The Investment Properties are also subject to on-site inspections and/or technical evaluations from time to time. Per 30.06.2021 a valuation report was commissioned from external valuation party for all Investment Properties held by PPG.

NOK thousand	Preschools	Retail Properties	Property Development	Hotel Properties	Group
Fair value in the beginning of the year	11,500	45,000	37,500		94,000
Addition:					-
-Investment in subsidiaries /properties		194,641	4,755	730,001	929,397
Effect of currency exchange differences in foreign operations					-
Sale					-
Fair value adjustments on investment properties		86,359		40,018	126,377
<b>Fair value in the end of the year</b>	<b>11,500</b>	<b>326,000</b>	<b>42,255</b>	<b>770,019</b>	<b>1,149,774</b>
Net change in unrealized gain	-	86,359	-	40,018	126,377
<i>Overview of account movements 30.06.20</i>					
NOK thousand	Preschools	Retail Properties	Property Development	Hotel Properties	Group
Fair value in the beginning of the year	191,453				191,453
Addition:					-
-Investment in subsidiaries /properties				25,074	25,074
Effect of currency exchange differences in foreign operations		14,425			14,425
Sale					-
Fair value adjustments on investment properties	-	1,121	-	1,530	-
<b>Fair value in the end of the year</b>	<b>204,757</b>	<b>0</b>	<b>23,544</b>	<b>0</b>	<b>228,301</b>
Net change in unrealized gain	-1,121	0	-1,530	0	-2,651

### Note 5: Share capital and shareholder information

The company's preference shares confer a preferential right over ordinary shares to an annual dividend of NOK 8.50 per preference share. Dividend payments are made quarterly with NOK 2.125 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. As

per the articles of association §5, the annual preferred dividend to the holders of preference share will increase by NOK 1 per preference share from 01. July 2021.

Over the first half of 2021 PPG paid a total dividend to holders of preference shares of NOK 4.25 per preference share. Further PPG paid a dividend to the holders of the ordinary shares in total of NOK 3.645 per ordinary shares, in addition to a dividend in the amount of NOK 1.291 per relevant ordinary share distributed to the ordinary shares held by Eidissen Consult AS and Grafo AS.

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. Following a 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.

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

#### Note 6: Borrowings

Interest-bearing liabilities and available cash and cash equivalents constitute the capital of the Group. At 30.06.2021 PPG had external borrowings with the following maturity profile:

Maturity of financial liabilities at the end of the period:

NOK thousand	30/06/2021				
	<1y	1y-2y	2y-5y	>5y	Total
Borrowings (bank)	79,611	175,317	105,953	26,075	386,956
Interest on borrowings (bank)	9,218	6,210	4,026	4,083	23,537
Other current liabilities	15,625	18,125	58,750	3,675	96,175
Interest on other current liabilities	519	1,238	6,413	0	8,169
<b>Total</b>	<b>104,972</b>	<b>200,890</b>	<b>175,141</b>	<b>33,833</b>	<b>514,839</b>

NOK thousand	30/06/2020				
	<1y	1y-2y	2y-5y	>5y	Total
Borrowings (bank)	11,750				11,750
Interest on borrowings (bank)	334				334
<b>Total</b>	<b>12,084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,084</b>

NOK thousand	30/06/2021	30/06/2020
<b>Non-current</b>		
Commercial bank loans	307,345	0
Other loans	80,550	0
<b>Total</b>	<b>387,895</b>	<b>0</b>

NOK thousand	30/06/2021	30/06/2020
<b>Current</b>		
Commercial bank loans	79,611	11,750
Other loans	15,625	0
<b>Total</b>	<b>95,236</b>	<b>11,750</b>

NOK thousand	30/06/2021	30/06/2020
<b>Total non-current and current</b>		
Commercial bank loans	386,956	11,750
Other Loans	96,175	0
<b>Total</b>	<b>483,131</b>	<b>11,750</b>

#### Note 7: Related-party transactions

NOK in thousand	30/06/2021	30/06/2020
Rent revenue from Norlandia Health & Care Group AS and Norlandia Hotel Group AS including subsidiaries	5,938	5,863
Rent revenue from Ferda Norge AS	5,752	
Management fee from Hospitality Invest AS	1,329	82
Management fee from Oslo Corporate Holding AS	152	
Management fee from RWI Holding AS	437	
Taken over debt from related parties	16,197	
Paid debt to related parties	5,563	
Purchase of shares and properties from related parties	406,847	6,061

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

#### Note 8: Fair value adjustments financial assets

Per 30.06.2021 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.

NOK thousand	1) Bonds	2) Funds	3) Odin	Bidco AS	4) Hospitality Invest AS	Total
Fair value in the beginning of the year	396,813	94,218	306,956	7,541	805,528	
Purchase in 2021		84		22,053		22,137
Sold in 2021		-341,436				-341,436
Fair value investment; loss of significant influence						-
Currency adjustments	-6,877					-6,877
Fair value adjustments	1,500		7,374	25,739		34,613
<b>Fair value 30.06.21</b>	<b>50,000</b>	<b>101,675</b>	<b>354,748</b>	<b>7,541</b>	<b>513,965</b>	

#### Note 9: Companies bought/established in 2021

The Group has during the first half of 2021 acquired or established the following companies:

Company Name	Location	Share of ownership
Ås Næring AS	Norway	100%
Askjem Eiendom AS	Norway	100%
Up North Property AS	Norway	90.1 %
Forum Holdco AS	Norway	90.1 %
Forum Hotellbygg AS	Norway	90.1 %
Brennemoen Hotel Eiendom AS AS	Norway	100%
Guard Hotell AS	Norway	100%
Guard Hotell II AS	Norway	100%
Köping Hotellfastighet AB	Sweden	100%
Strand Hotell Borgholm Fastighets AB	Sweden	100%

**Note 10: Subsequent events**

Subsequent to the first half of 2021 PPG acquired 50% of the shares in Park Hotel Eiendom AS, and made a minor acquisition of Caravan Eiendom Grimstad AS. Park Hotel

Eiendom AS owns the property Park Hotel Vossevangen in Voss city centre in Norway, while Caravan Eiendom Grimstad AS owns a property outside of Grimstad which is used for sale and rental of caravans and motorhomes.