



ANNUAL REPORT

2021

Pioneer Property Group ASA

Contents



A modern interior space featuring a wall of vertical wooden slats and a ceiling with horizontal wooden slats. Large windows provide natural light. In the foreground, there is a seating area with yellow and green chairs and a small table. The background shows a bright room with more seating and a view of the outside.

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The board of directors' report for Pioneer Property Group ASA (PPG) 2021

Highlights of the report

Total revenue from continued operations for 2021 was MNOK 45.5 compared to MNOK 2.1 in 2020.

Pre-tax profit from continued operations for 2021 was MNOK 300.7 compared to MNOK 120.9 for 2020.

PPG acquired six hotel properties and three retail properties over the period. Further one hotel (50% owned) was acquired 31.12.2021.

PPG paid four quarterly dividends to the holders of preference shares in total NOK 9.0 per preference share and a ordinary dividend of NOK 3.645 to the holders of the ordinary shares, and additional dividends held by Eidissen Consult AS and Grafo AS of 4.207 per share.

Operations and strategy

Pioneer Property Group ASA (PPG) is an investment company with a real estate focus. 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 now reports 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

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 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 year-end 2021 consisted of one property in the Preschools segment, four properties in Retail properties segment, six properties in the Hotel properties segment in addition to three properties in the Property development segment. Further, PPG holds a 8.2 % stake in Odin Bidco AS, which owns a real estate portfolio of ~256 preschools at mainly long-term triple-net contracts primarily in the Nordics.

Key material events during 2021

COVID-19 represented an extraordinary situation which has continued through 2021. The pandemic has impacted PPG directly through less lease income from hotel properties were the lease payments are based on the highest of a minimum rent and a percentage of the hotel's turnover. Lease agreements on other segments are triple-net and not linked to operational utilisation of any kind.

During 2021, PPG has declared quarterly dividends to the holders of preference shares in total NOK 9.00 per preference share. As per the articles of association §5, the annual preferred dividend to the holders of preference share increased by NOK 1 per preference share from 01. July 2021 to 2.375 per quarter. 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 4.207 per relevant ordinary share distributed to the ordinary shares held by Eidissen Consult AS and Grafo AS. In 2021, PPG has increased the real estate portfolio and its investment activity, especially within the hotel property segment.

The largest single transaction was carried out in May 2021 when PPG through Pioneer Hotel Properties AS acquired four hotel properties from Hospitality Invest AS with a total property value of MNOK 566.6 based on third party valuations. During 2021, PPG carried out purchase of additionally three hotels located in Stavanger and Voss through the subsidiary Up North Property.

The second largest transaction was the purchase of properties in Tønsberg municipality related to Askjem Camping Center with a total real estate value of nearly MNOK 200.

In terms of other financial investments, the bond holdings in Norlandia Health & Care Group AS (NHC) was sold as payment in kind for the four hotels mentioned above. PPG still holds per 31.12.21 bonds in Hospitality Invest AS (HOIN02) with a par value of MNOK 50, and high yield funds with a purchase price of MNOK 100.

In total, PPG has acquired investment property within the hotel, retail, development and preschool segment with a total property value of MNOK 1,078 and a total fair value of Investment Property of MNOK 1,393 and project in progress related to Investment property of MNOK 45.

Preschools

Preschool (NOKt)	2021	2020
Total Income	371	364
Fair value adjustment on investment properties	700	
Operating profit/loss (EBIT)	268	962
Investment properties	11 500	11 500
Cash and cash equivalents	251	1 159

The Preschool segment consists of one preschool property owned by PPG. Further PPG owns 8.2% in Odin Bidco which owns a total of 256 preschool properties. Total lease income for the Preschool segment amounted to MNOK 0.4 in 2021 and 2020, with a fair property value based on third party valuation of the property owned by PPG per 31.12.21 of MNOK 11.5. There have been no material events for the segment during 2021.

Retail Properties

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 4 retail properties owned by PPG. Total lease income for 2021 for the retail properties segment amounted to MNOK 17.7 with a fair property value based on third party valuations per 31.12.21 of MNOK 428.1.

Hotel Properties

Hotel Properties (NOKt)	2021	2020
Total Income	26 960	-
Fair value adjustment on investment properties	105 068	-
Operating profit/loss (EBIT)	129 863	-
Investment properties	915 971	-
Cash and cash equivalents	45 414	-

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 six hotel properties owned by PPG. Total lease income for 2021 for the Hotel Properties segment amounted to MNOK 27.0 (acquired during 2021) with a fair property value based on third party valuations per 31.12.21 of MNOK 916.0.

Property Development

Property Development (NOKt)	2021	2020
Total Income	-	-
Fair value adjustment on investment properties	-2 043	628
Operating profit/loss (EBIT)	-4 494	497
Investment properties	37 500	37 500
Project in progress, investment properties	45 383	627
Cash and cash equivalents	1 994	698

Through Pioneer Property Development AS, PPG develop properties within general commercial real estate and housing. The segment consists of 5 development projects and there is no lease income for the segment. The main asset is Evenes Tomteselskap, based on third party valuations the value per 31.12.21 was MNOK 37.5. PPG also has two development projects under construction, recognised as project in progress, investment properties. PPG currently holds two plots together with local partners, treated as associate company in the accounts. One is located at Ramstadsletta in Bærum, a 49 000 m² plot and the other is located in Mo i Rana with a potential of 400 residential units.

Subsequent events since the end of 2021

PPG's has acquired Terminalveien 10 in Bodø based on a property value of MNOK 45 together with local investors. PPG has an ownership of 52 % in the property, controlling the acquired subsidiary that owns the property. The transaction was completed March 8 2022. The property consideration has been paid in cash and the Group has incurred in a loan of MNOK 33. is expected that this investment property will increase PPG's annual net lease income of approximately with MNOK 3.0.

The building of premises for Ferda in Rana, recognised as Project in Progress for the 2021 Financial Statement, was completed in February 2022.

On 24 February 2022, Russia began an open military invasion of Ukraine. The conflict in Ukraine has not affected PPG directly, but the war will have an impact on the financial and political situation in Europe, resulting in several heavy economic sanctions and will have a negative impact in the Western economies. Estimating the financial outcome of this conflict, and the economic impact is not possible at present.

Overview of the financial accounts for 2021

Total revenues from continued operations were MNOK 45.1 in 2021 compared to MNOK 2.1 in 2020. Revenues consisted mostly of rental revenues from investment properties in Norway.

Operating profit from continuing operations (EBIT) for 2021 amounted to MNOK 251.5, compared to a negative MNOK 5.4 in 2020. The difference can primarily be explained by a positive fair value revision of MNOK 220.5 in 2021.

In 2021, a loss off MNOK 4.1 from associated companies was recognised from Ramstadsletta and Kongsparken. In 2020, a gain of MNOK 19.5 was recognised following the derecognition of the associated company Odin Bidco. Subsequently the investment is recognised at fair value per 2021, and will be continued to be

measured at fair value going forward. Please see note 8 for more information.

Net financial income from continuing operations for the year was MNOK 49.2 compared to MNOK 126.3 in 2020, with the majority of the gain recognized from the sale of bonds. Due to the realisation of bonds and fair value adjustments, income taxes increased from MNOK 10.7 in 2020 to MNOK 72.4 in 2021

There have not been any discontinued operations in 2021.

This year's net profit for the group was MNOK 228.3, compared to MNOK 138.1 in 2020.

The Group had total assets of MNOK 2,186.6 where MNOK 1,902.4 were related mainly to investment property and shares in the associated company, Odin Bidco AS. Further PPG had a cash balance of MNOK 119.383 and MNOK 154.6 in other short-term investments related to bonds and high yield funds held by PPG.

Total equity amounted to MNOK 1,377.1 with the majority of the difference being explained by the profit for 2021, and the dividends on the ordinary and preference shares paid during 2021.

The annual report gives an accurate overview of the Group's financial development throughout the year. There have been no events after the end of the fiscal year 2021 which have had any material impact on the financial status of the Group.

Research and Development

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

Work Environment, Equal opportunities and Discrimination

There was at year end 3 employees in Pioneer Property Group ASA. There are no employees in any other Group-companies. The Board of Directors consists of two women and three men.

Managers' remuneration

The board of directors has prepared a declaration on salary and other remuneration for the Company's executive management pursuant to Section 6-16a of the Norwegian Public Limited Liability Companies Act. The declaration includes the policies which the Company will use for the determination of salary and other remuneration to its executive management in the calendar year 2021. The declaration is made available at the Group's webpage www.pioneerproperty.no

External Environment

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

Corporate Governance

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

Financial Risks

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

The market risk of a general increase in interest rate levels.

Credit risk relating to banks or other financial institutions' willingness to lend money, which may restrict the Company's ability to take up new loans in the future.

Liquidity risk in the case of unforeseen delay of cash payments on income and/or unexpected costs.

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

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

The board of directors

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

Name	Position	Served since	Term expires
Roger Adolfsen	Chairperson	2015	2023
Sandra Henriette Riise	Board member	2015	2023
Geir Hjorth	Board member	2015	2023
Even Carlsen	Board member	2015	2023
Nina Torp Høisæther	Board member	2015	2023

The directors Sandra Henriette Riise and Even Carlsen are independent of the majority shareholder of the Company, Hospitality Invest AS, and all board members are independent of the Management. All board members attended all board meetings. The composition of the Board of Directors is in compliance with the independence requirements of the Corporate Governance Code. Currently, there are no directors and officers liability insurance covering legal personal liability for financial damage caused by their performance of their duties.

Brief description of the board of directors

Roger Adolfsen, Chairperson

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

Sandra Henriette Riise, Board member

Sandra H. Riise serves as chair on the Norwegian Better Regulation Council. Ms. Riise is a former Chief Executive Officer of Accounting Norway, the Norwegian Association of Authorized Accountants, and has held the position of Chief Municipal

Executive (*Nw. Rådmann*) of Andøya municipality. Ms. Riise is educated from BI Norwegian School of Management, and is a registered certified public accountant since 1980.

Geir Hjorth, Board member

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

Even Carlsen, Board member

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

Nina H. Torp Høisæther, Board member

Nina H.T. Høisæther has held various board positions within the confederation of Norwegian Enterprises ("NHO") (*Nw: Næringslivets Hovedorganisasjon*) and various CEO roles within the Norlandia sphere. She is currently working with business development in Norlandia Health and Care Group AS and as a board member at NHO Service and Trade and Chairman of the board of directors of Health and Welfare within NHO Service and Trade. Ms. Høisæther is educated within nursing from the University of Stavanger and University of Oslo.

Responsibility Statement

We confirm to the best of our knowledge, that the set of Financial statements for the financial year ending 31. December 2021 have been prepared in accordance with IFRS and gives a fair view of the Group's assets, liabilities, financial position and profit or loss.

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

Oslo, 29 March 2022

Board of Directors of Pioneer Property Group ASA



Roger Adolfsen
Chairman of the Board



Sandra Henriette Riise
Member of the board



Even 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

PIONEER PROPERTY GROUP - CONSOLIDATED

Consolidated Income Statement

NOK thousand	Note	2021	2020
Contractual rental income	13	45 056	2 052
Other operating income		461	-
Total income		45 517	2 052
Operating expenses			
Employee expenses	14	2 856	3 209
Property expenses		3 529	-
Other operating expenses	15	8 058	5 846
Total operating expenses		14 443	9 055
Fair value adjustments on investment properties	7	220 462	1 638
Operating profit (EBIT)		251 535	-5 365
Gain/Loss from associated companies	8	-4 106	19 498
Interest income	9	15 234	28 689
Interest expense	11	20 730	4 043
Other financial gains/losses (-)	16	58 776	82 174
Net Finance income (+) /expenses (-)		49 174	126 318
Profit before tax		300 710	120 954
Income taxes	17	72 409	10 722
Profit		228 301	110 232
Profit/(loss) discontinued operations, net of tax	23	-	-27 835
Profit/(loss) for the period, total operations		228 301	138 067
Profit/(loss) attributable to			
Shareholders of the parent		210 847	137 914
Non-controlling interest		17 454	153
Profit/(loss) for the period		228 301	138 067
Other comprehensive income			
<i>Items to be reclassified to P&L in subsequent periods:</i>			
Exchange differences, from translation of foreign operations		-257	6 757
<i>Items reclassified to P&L in the period:</i>			
Exchange differences, from translation of foreign operations		-	-7 088
Other comprehensive income		-257	-331
Total comprehensive income		228 044	137 736
Comprehensive income attributable to			
Shareholders of the parent		228 044	137 736
Non-controlling interests			
Comprehensive income		228 044	137 736

Earnings per share (NOK) for profit from continuing operations:

Basic earnings per ordinary share	18	19,70	8,07
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Earnings per share (NOK) for profit from total operations:

Basic earnings per ordinary share	18	19,70	10,90
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Weighted average ordinary shares

	18	9 814 470	9 814 470
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PIONEER PROPERTY GROUP

Consolidated Statement of Financial Position

<i>NOK thousands</i>	Note	2021	2020
ASSETS			
Investment properties	6	1 393 041	94 000
Project in progress, investment property	7	45 383	627
Other investment	9	365 441	314 497
Associated company	8	14 868	-
Loan to associated company	9, 20	51 455	5 557
Loan to other companies	9	32 646	-
TOTAL NON-CURRENT ASSETS		1 902 835	414 681
Trade and other receivables	9	10 171	8 642
Other short-term investments	9	154 225	491 031
Cash and cash equivalents	10	119 383	386 258
TOTAL CURRENT ASSETS		283 779	885 932
TOTAL ASSETS		2 186 614	1 300 613

PIONEER PROPERTY GROUP

Consolidated Statement of Financial Position

<i>NOK thousands</i>	Note	2021	2020
EQUITY AND LIABILITIES			
Share capital	21	14 683	14 683
Treasury shares	21	-988	-988
Share premium	21	555 637	555 637
Other reserve and retained earnings		779 630	650 963
Non controlling interest		28 407	11 696
TOTAL EQUITY		1 377 369	1 231 992
LIABILITIES			
Non-current borrowings	11	520 483	32 125
Deferred tax	17	54 218	4 724
TOTAL NON-CURRENT LIABILITIES		574 701	36 849
Current borrowings	11	176 854	13 040
Current tax payable	17	22 724	6 655
Associated company	8	-	220
Other current liabilities	12	34 967	11 857
TOTAL CURRENT LIABILITIES		234 544	31 773
TOTAL LIABILITIES		809 245	68 622
TOTAL EQUITY AND LIABILITIES		2 186 614	1 300 613

PIONEER PROPERTY GROUP - CONSOLIDATED

Statement of Changes in Equity

Attributable to owners of the parent

NOK thousands	Notes	Share capital	Treasury shares	Share premium	Curr. Trans. Diff.	Retained earnings	Total	Non-contr. Interest	Total Equity
Balance at 1 January 2020		16 314	-1 631	1 202 886	331	1 193 883	2 411 782	-	2 411 782
Profit/(loss) for the period	-	-	-	-	-	137 914	137 914	153	138 067
Exchange diff. from foreign operations	-	-	-	-	-7 088	-	-7 088	-	-7 088
Exchange diff. from associated company	-	-	-	-	3 145	-	3 145	-	3 145
Exchange differences reclassified to Income statement on disposal	-	-	-	-	3 612	-	3 612	-	3 612
Total comprehensive Income for the period					-331	137 914	137 583	153	137 736
Capital reduction		-1 631	1 631	-	-	-	-	-	-
Proportion of non-contr. interests	-	-	-	-	-	-	-	11 543	11 543
Acquisition of treasury shares	21	-	-988	-	-	-100 081	-101 069	-	-101 069
Dividends on preference shares and ordinary shares	21	-	-	-647 249	-	-580 752	-1 228 001	-	-1 228 001
Balance at 31 December 2020		14 683	-988	555 637	-	650 963	1 220 295	11 696	1 231 992
Profit/(loss) for the period	-	-	-	-	-	210 847	210 847	17 454	228 301
Exchange diff. from foreign operations	-	-	-	-	-257	-	-257	-	-257
Total comprehensive Income for the period					-257	210 847	210 590	17 454	228 044
Capital reduction	-	-	-	-	-	-	-	-	-
Transaction with non-controlling interests	21	-	-	-	-	-2 196	-2 196	-744	-2 940
Dividends on ordinary shares and preference shares	21	-	-	-	-	-79 727	-79 727	-	-79 727
Balance at 31 December 2021		14 683	-988	555 637	-257	779 886	1 348 962	28 407	1 377 369

PIONEER PROPERTY GROUP - CONSOLIDATED

Statement of Cash Flow

NOK thousands	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax total operations (incl.discontinued operations in 2020)		300 710	149 719
Adjustments for:			
Fair value adjustments on investment property	6	-220 462	-1 638
Other adjustments	9	30 226	-80 913
Profit from associated companies	8	4 106	-19 498
Interest net		5 496	-24 645
Taxes paid		-6 655	-
Exchange gains/(losses)		7 598	-6 552
Profit/loss on sale of discontinued operations	23	-	-17 695
Gain on sale bonds		-93 489	-
Changes in working capital			
Trade receivables		21 555	-36
Trade payables		-16 770	-38 063
Other accruals		-1 598	3 118
CASH GENERATED FROM OPERATIONS			30 718
			-36 204
Interest received		12 944	27 308
Interest paid		-12 917	-3 997
NET CASH FLOW FROM OPERATING ACTIVITIES			30 745
			-12 893
INVESTING ACTIVITIES			
Proceeds from sale of shares	23	-	145 731
Proceeds from sale of bonds	9	358 961	-
Purchase of subsidiaries / properties	19	-741 546	-33 656
Purchase of shares	9	-	-25 488
Purchase of shares in associated companies	8	-	-50
Purchase of bond	9	-	-279 708
Purchase of funds	9	-3 120	-100 000
Purchase of other items		-	-627
Purchase of receivables		-15 596	-
Loans to associated companies	9, 20	-57 700	-5 500
Received dividend/repaid paid-in capital other shares	9	8 460	7 624
Proceeds from transfer of receivables	4	-	159 670
NET CASH USED IN INVESTING ACTIVITIES			-450 542
			-132 004
FINANCING ACTIVITIES			
Proceeds from debt to financial institutions	11	295 458	-
Repayments of debt to financial institutions	11	-178 128	-587
Repayments other debt	11	-1 151	-
Loans from other companies	11	115 500	-
Purchase of own shares	20	-	-101 069
Dividends on ordinary shares	20	-44 802	-1 200 015
Dividends on preference shares	17	-33 955	-27 984
NET CASH (USED IN) / FROM FINANCING ACTIVITES			152 922
			-1 329 656
Net increase in cash and cash equivalents		-266 875	-1 474 554
Cash and cash equivalents at beginning of year		386 258	1 860 814
Exchange (losses)/gains on cash and cash equivalents		-1	-
CASH AND CASH EQUIVALENTS AT END OF YEAR			119 383
			386 258

Notes to the Financial Statements

1. About the business

Pioneer Property Group ASA (the 'Company') and its subsidiaries (together, the 'Group') invests mainly in a broad range of properties including retail properties; hotel properties; preschool properties, and property development within commercial and residential real estate (currently under development). The Group leases out the investment properties on long-term leases. The current real estate portfolio is situated in Norway and Sweden.

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

The consolidated annual financial statements cover the period from 1 January 2021 to 31 December 2021, with 2020 shown as comparative period.

These consolidated financial statements are approved by the Board of Directors 29. March 2022.

2. Key transactions and events in 2021

PPG acquired a hotel portfolio of four hotels, two in Norway and two in Sweden with an estimated property value of MNOK 566.6 and interest bearing debt 222.2. in first half of 2021. PPG has continued to grow its real estate portfolio with the acquisition of three additional hotels. Forum, Vossevangen Hotel and Scandic Forus. Further information has been included in notes 6 and 11.

The subsidiary Pioneer Retail Properties AS has purchased 5 properties over the course of 2021, the largest transaction being Ås Næring AS and Askjem Eiendom AS for a total share purchase price of approximately MNOK 120. Further information has been included in note 6.

PPG sold bonds in Norlandia Health & Care Care Group ASA (NHC01 and NHC02) and Hospitality Invest AS (HOIN02) with par values of MNOK 196.0 (NHC01), MSEK 134.0 (NHC02). Further information has been included in notes 9 and 16.

Additionally, PPG has invested in a 49 000 m² plot together with local partners at Ramstadsletta in Bærum, Norway. Further information has been included in note 8.

3. General Accounting Principles

Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are related to valuation of investment properties as described in note 6 and the valuation of financial instruments measured at fair value as described in note 9.

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

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

Consolidation

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

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

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

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

Foreign currency translation.

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

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

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

Dividend

Pioneer Property Group ASA has two classes of shares, ordinary shares and preference shares. The preference shares are entitled to annual dividend payments amounting to NOK 8.50 per preference share which stepped up to NOK 9.50 per preference share from 01 July 2021, if the board of directors approves payment of dividends through an authorisation from the General Meeting. The dividend payments has been made quarterly with NOK 2.125 per preference share in first half of 2021, and NOK 2.375 over the second half of 2021. The Preference shares are currently redeemable at a price of NOK 100 per share, which was valid from 1 July 2020 when it stepped down from NOK 130 per preference share. The coupon for the preference share will be increased annually with NOK 1 per annum. Maximum coupon is set to NOK 10 per share.

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

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

Leasing

The Group as a lessee

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 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.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group has only short-term leases.

The Group as a lessor

The Group enters into lease agreements where it acts as a lessor. This constitutes the Group's main source of income. See note 13 for the description of the Group's accounting policies on Rental Income.

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

Estimates and assumptions

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

Judgements

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

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

- Investment properties, note 6
- Financial instruments, note 9

4. Financial risk management

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

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

a) Market risk

Market risk for the Group is the risk that future cash flows in the form of interest payments change as a result of changes in market interest rates in addition to fluctuations in currencies. The level of interest rate exposure and currency risk exposure are determined based on an assessment by management and the Board of Directors of existing cash flows, general assessment of financial condition and available liquidity.

(i) Fair value interest rate risk

The Group holds interest bearing assets in terms for cash deposits and bonds. Fluctuations in interest would yield a higher or lower interest income. At the current level of cash deposits, a change in interest rate of +/- 1 % will not be material for the financial statements. Further, a change in interest levels may yield changes in the fair value of the real estate portfolio in addition to the performance of the bonds and bond funds held on PPG's balance sheet.

(ii) Cash flow interest rate risk

Exposure to cash flow interest rate risk is assessed when necessary. As of 31.12.2021, the Group is exposed to variable interest rates for its borrowings linked to the different investment properties. The Group also holds borrowings with fixed interest rates. See note 11 for further details.

The need for a fixed rate is periodically assessed, depending on the effects of adverse fluctuations in interest payment cash flows due to higher interest rates. Management's assessment is that the Group's current financial position does not indicate a further need for fixed interest rates.

The following table summarises how the profit or loss, before tax, and equity in the 2021 reporting period would have been affected by changes in the interest rate that Management considers are reasonably possible:

Interest rate sensitivity (in TNOK)	-0,50 %	-0,25 %	0,25 %	0,50 %
Change P&L/Equity	1 413	706	-706	-1 413

(iii) Currency risk

Currency risk is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the company. Currency risk also exists when the foreign subsidiary of a firm maintains financial statements in a currency other than the reporting currency of the consolidated entity. The risk is that there may be an adverse movement in the exchange rate of the denomination currency in relation to the base currency before the date when the transaction is completed.

Monetary assets and liabilities are sensitive to movements in foreign exchange rates. As most the operations of the Group are located in Norway, and all financing activities are denominated in NOK (see note 11), Management considers that the exposure to foreign exchange risk is low, as all loans are nominated in NOK and the cash funds in Swedish Krona at year end was MSEK 8.9

For its operating activities in Sweden, the Group manages its foreign currency risk by maintaining a policy to hold the foreign currency received to meet its future obligations in foreign currency, such as refurbishment needs.

b) Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations. Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents; loans granted and trade receivables, including committed transactions. The Group assess the expected credit losses in relation to its financial assets taking into account its past experience and also taking into account forwards looking information

Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group places credit limits on its customers. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by the contractual counterparties. The impairment analysis on trade receivables is performed at each reporting period based on a provision matrix, grouping its receivables in the number of days past due. As of the end of the 2021 and 2020 reporting periods, there has not been recorded any loss and there are no significant amount of trade receivables past due.

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

With respect to the loans to associates and other parties, the Groups applies general approach to assess the impairment of financial assets measured at amortised cost. Loans to associates are closely monitored by Management, and concludes that the credit risk, including the probability of default within the next 12 months is very low. There has not been a significant increase in the credit risk since the initial recognition.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations at maturity without incurring a significant increase in finance cost or not being able to meet its obligations at all. The risk also includes that the Group must forfeit investment opportunities. Cash flow forecasting is performed at Group level.

Group management monitors the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom to pay out quarterly dividends to holders of preference shares. The monitoring takes into account the possibility to raise external debt, as the Group keeps unleveraged assets and properties. The Group also keeps its liquid funds in cash and cash equivalents, and in high yield funds with high liquidity.

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

Maturity of financial liabilities at the end of the 2021 reporting period:

NOK thousand	31.12.2021				
	<1y	1y-2y	2y-5y	>5y	Total
Borrowings	176 854	107 409	362 741	49 577	696 582
Interest on borrowings	23 573	18 150	25 260	16 099	83 082
Total	200 427	125 559	388 001	65 677	779 664

During 2021, the Group became the counterparty to a number of loan agreements, mostly in connections with its acquisitions of investment properties. See Note 11 for further details.

As of the end of the 2021 reporting period, Management considers highly likely that the Group will enter into refinancing agreement for one of the loans maturing in less than 12 months, with an amortised cost value of MNOK 148. The new agreement is expected to be paid in periodic payments over a term of 5 years. However, since at the end of the 2021 reporting period the Group has not completed the agreement (i.e. no unconditional right to defer settlement for at least 12 months after the reporting period), the loan is presented as current liabilities.

Maturity of financial liabilities at the end of the 2020 reporting period:

NOK thousand	31.12.2020				
	<1y	1y-2y	2y-5y	>5y	Total
Borrowings	24 084	4 605	27 520	-	56 209
Interest on borrowings	1 454	871	1 234	-	3 559
Total	25 538	5 476	28 754	-	59 767

For the year ended 31. December 2020 the maturities were limited to other current liabilities which will be settled in less than one year.

Capital management

The group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern; to maintain an optimal capital structure to reduce the cost of capital; and to comply with all covenants agreed with the lenders to the Group. Compliance with covenants is further described in note 11.

When managing the capital, PPG will take into account the need for sufficient liquidity reserves to meet PPG's financial obligations.

Management determines that the current liquidity in the Group and the current liquidity forecasts as of 31.12.21 grants the Group with enough resources to meet its obligations and continue with its current investment plan. Management continues to monitor the optimal capital structure going forward, depending on operational needs. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to repay debt.

5. Segments

Accounting principles

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

Description

During 2021, the Group has made different investments across a broad range of properties, mainly in Norway and in Sweden to a more limited extent. As of the end of the reporting period, the Group's real estate portfolio was comprised of retail properties; hotel properties; preschool properties; and development properties with both commercial and residential use.

Following this change in its real estate portfolio, the Group decided to change the basis over which the reportable segments are provided to the chief operating decision maker, from a geographical disaggregation to a disaggregation based on economic characteristics such as their nature and use. Management has therefore identified four different segments, all of them held to with a view to enter into lease agreements where the Group acts as a lessor.

Preschools

The Preschool segment consists of one preschool property owned by PPG, located in Bergen. Further PPG owns 8.2% in Odin Bidco which owns a total of approximately 256 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 Preschool segment amounted to MNOK 0.4 in 2021 and 2020, with a fair property value based on third party valuation of the property owned by PPG per 31.12.21 of MNOK 11.5. There have been no material events for the segment during 2021.

Retail Properties

The retail property segment constitutes of properties owned by the subsidiary Pioneer Retail Properties AS, which was established to procure and build facilities for retail properties, mainly for the Ferda group all over Norway. The segment consists currently of 4 retail properties owned by PPG. Total lease income for 2021 for the retail properties segment amounted to MNOK 17.7 with a fair property value based on third party valuations per 31.12.21 of MNOK 428.1.

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 Ferda Norge AS on a 15-year triple-net lease, which uses the properties in its business within sale and rental of caravans and motorhomes. 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 31.12.21 and thus PPG has recognised a positive fair value revaluation over the year. In terms of property count Ås Næring AS and Askjem Eiendom AS 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.

In July 2021, PPG acquired 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. The annual rent is MNOK 3.6.

Further, PPG acquired Bobil Eiendom Balsfjord AS for MNOK 1,5 and Bobil Eiendom Fauske AS for MNOK 20 before adjustments for taxes, current assets and debt. Bobil Eiendom Balsfjord AS is constructing new premises for Ferda and is estimated to be completed by the end of 2022. Bobil Eiendom Fauske AS owns a 1.600 m² building let out to Ferda on a 15-year barehouse lease agreement. Annual lease for 2022 is expected to be MNOK 1.3 for Bobil Eiendom Fauske AS.

Property Development

Pioneer Property Development AS develop general commercial real estate and housing. The segment consists of 5 development projects and there is no lease income for the segment.

In the beginning of 2021 PPG, through Pioneer Development AS, acquired a 49 000 m² plot together with local partners at Ramstadsletta in Bærum, Norway. The plot has an expected potential to develop around 70 000 m² 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 m² greenfield area in close proximity to the Evenes airport in Northern Norway. This project has agreed a term sheet with Perishable Center North to build a airfreight terminal for the salmon industry.

The housing project of 400 – 450 units in Mo i Rana is still under development. 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 new retail properties in Evenes, Balsfjord and Mo i Rana, which will be leased out to Ferda upon completion. The development projects are recognized as Project in progress, investment properties and is accounted in accordance with the cost model. Please refer to note 7.

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

Hotel Properties

The hotel properties segment is hotels in both Norway and Sweden, rented out to Up North Hospitality AS, who has a management agreement with Norlandia Hotel Group, or directly to Norlandia Hotel Group. Norlandia Hotel Group operates the hotels on franchise agreements with leading hotel brands. Norlandia Hotel Group is owned by Hospitality Invest AS. The properties is owned by subsidiaries of Pioneer Hotel Properties AS, which 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 six hotel properties owned by PPG. Total lease income for 2021 for the Hotel Properties segment amounted to MNOK 27.0 with a fair property value based on third party valuations per 31.12.21 of MNOK 916.0.

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.

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 as restrictions are lifted.. 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 hotel property Forum Stavanger – a 182 room 23 story signal building with close proximity to Stavanger Forum. The hotel had a lease agreement with Scandic that expired in September 21, and a new lease agreement with Up North Hospitality AS, who has a management agreement with Norlandia Hotel Group was entered into in September 2021. The hotel will further undergo renovations in 2022 with limited rent income contributions expected from the property over the renovation period.

In July 2021 Up North Property 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 2022 and 2023 with limited rent income contributions expected from the property over the renovation period. Further, the company has entered a new lease agreement with Up North Hospitality AS, who has a management agreement with Norlandia Hotel Group.

The rent payment in the lease contract of the hotel properties are based on the highest of a minimum rent and a percentage of the hotel's turnover. As the pandemic is expected to continue to slow down, it is projected that the lease income from the Hotel Properties segment will increase above minimum rent.

Other

"Other" includes activities and revenue in the parent company PPG that does not fall into the other categories.

The information provided to the chief operating decision maker during 2021 includes:

NOK thousand	Preschool Properties	Retail Properties	Development Properties	Hotel Properties	Other	Group
Total Income	371	17 725		26 960	461	45 517
Fair value adjustment on investment properties		117 437	-2 043	105 068		220 462
Operating profit/loss (EBIT)	268	130 209	-4 494	129 863	-4 311	251 535
Investment properties	11 500	428 070	37 500	915 971		1 393 041
Project in progress, investment properties			45 383			45 383
Cash and cash equivalents	251	21 892	1 994	45 414	49 832	119 383

The Group has chosen to restate the 2020 comparative period in the same basis as for 2021:

NOK thousand	Preschool	Retail	Development	Hotel	Other	Group
	Properties	Properties	Properties	Properties		
Total Income	364	1 687				2 052
Fair value adjustment on investment property	700	310	628			1 638
Operating profit (EBIT)	962	1 917	497		-8 741	-5 365
Investment properties	11 500	45 000	37 500			94 000
Project in progress, investment properties			627			627
Cash and cash equivalents	1 159	3 235	698		381 167	386 258

6. Investment properties

Accounting principles

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

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

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

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

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

Critical accounting estimates

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

The yield level of the property has been determined on the basis of the unique risk and transactions based on the respective locations.

At the end of the year, the Group commissioned external cash-flow valuations for the properties that are not under development, from an independent valuer. The independent valuer has in these reports valued the properties on an individual basis using a combination of discounted cash-flow analysis and property yield level. Individual factors for the properties were applied to assess the yield for the respective property/location. Factors, such as relevant country, the property's location in relation to a major city, net-population change, size of the property, year of build and whether or not the property is on leased land (Norwegian: festetomt).

As of the end of the 2021 reporting period, the gross yield for preschool property is 3.4%. For the hotel segment, the gross yield ranges from 5.3% to 9.6%, with a weighted average gross yield of 6.2%. For the retail properties segment, the gross yield ranges from 5.7% to 6.8%, with a weighted average of 6.1%. As of the end of the 2021 reporting period, the calculated weighted average gross yield for the investment property portfolio was 6.2%, based on annual contractual lease income of MNOK 75.8 after refurbishment of Forum, expected annual inflation of 2% and market rent at the end of lease period.

Description

As of 31.12.21 the Groups investment property portfolio consists of one preschool property, six retail properties, four hotels in Norway, and two hotels in Sweden and land in Evenes and Balsfjord. The Group owns and manages a total area of approximately 66.700 square meters, not including associated companies, project in progress and development properties.

Overview of account movements 2021

<i>NOK thousand</i>	Preschool Properties	Retail Properties	Development Properties	Hotel Properties	Group
Fair value in the beginning of the year	11 500	45 000	37 500	-	94 000
Investment in subsidiaries /properties	-	265 633	2 043	810 903	1 078 579
<u>Fair value adjustments on investment properties</u>	-	117 437	-2 043	105 068	220 462
Fair value in the end of the year	11 500	428 070	37 500	915 971	1 393 041
Net change in unrealized gain	-	117 437	-2 043	105 068	220 462

The category of hotel properties concentrated represented the biggest share of the total additions by the Group during 2021. The hotels acquired, included the Scandic Brennemoen Hotel; the Park Inn by Radisson Airport Hotel; the Strand Hotel Borgholm; and the Best Western Hotel Scheele. These properties represented additions for an amount of MNOK 566.6. PPG also established Up North Property AS. Up North Property AS acquired Forum in Stavanger and Vossevangen Park Hotel Vossevangen in Voss city centre in Norway with property value of MNOK 244.3.

With respect to the retail properties, the additions made during 2021 mainly related to properties located outside Grimstad, in Fauske and in Balsfjord. Also, Ås/Askjem was acquired, whose property (located in the Tønsberg municipality) is being used by the lessee for its business within sale and rental of caravans and motorhomes, and its real estate value was MNOK 195.8 at the time of acquisition.

Overview of account movements 2020

As of 31.12.20 the Groups investment property portfolio consists of one preschool property, one retail property and one plot near Evenes, all located in Norway. In summary the total Group's portfolio as of 31 December 2020 was valued to MNOK 94, a decrease from MNOK 191 as of year-end 2019. The change is explained by the sale of most of the Group's operations as described in note 23 discontinued operations.

<i>NOK thousand</i>	Preschool Properties	Retail Properties	Development Properties	Hotel Properties	Group
Fair value in the beginning of the year	191 453	-	-	-	191 453
-	-	-	-	-	-
Investment in subsidiaries /properties	-	44 690	36 872	-	81 562
Effect of currency exchange differences in foreign operations	7 447	-	-	-	7 447
Sale of operations	-188 100	-	-	-	-188 100
<u>Fair value adjustments on investment properties</u>	700	310	628	-	1 638
Fair value in the end of the year	11 500	45 000	37 500	-	94 000
Net change in unrealized gain	700	310	628	-	1 638

Commitments

As of the end of the 2021, it is planned refurbishment of Park Hotel Vossevangen and Forum Hotel with limited rent income contributions from the property over the renovation period as the rent is based on a lower percentage of the hotel turnover in the renovation period, agreed with its lessees. When renovation is completed, the annual minimum rent will increase, as well the turnover-based rent.

The Group had no commitments of this type at the end of the 2020 reporting period.

Total property operating expenses

The Group did not incur in direct operating expenses (including repairs and maintenance) in investment property that did not generate rental income during the 2021 and 2020 reporting periods. As for the investment properties that did generate rental income during the 2021 and 2020 reporting periods, there were no material direct operating expenses incurred during the period, as most of the contracts are triple net (i.e. net of insurance, taxes and maintenance).

Sensitivity analysis

A property analysis is an estimate of the value that an investor is willing to pay for the property at a given time. The valuation is made on the basis of generally accepted models and certain assumptions on different parameters.

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

Preschool properties

As of 31 December 2021, the Group had the following sensitivity to changes in these identified significant inputs:

NOK million	Yield sensitivity			
	-0,5%	0,0%	0,5%	
NOI sensitivity	-5 %	13	11	10
	0 %	14	12	10
	5 %	14	12	11

Retail properties

As of 31 December 2021, the Group had the following sensitivity to changes in these identified significant inputs:

NOK million	Yield sensitivity			
	-0,5%	0,0%	0,5%	
NOI sensitivity	-5 %	444	407	375
	0 %	467	428	395
	5 %	490	450	415

Development properties

The fair value of the properties classified as property development use the same significant unobservable inputs as the other categories presented. However, due to their immaterial amount, the sensitivity analysis is not provided, as no change in significant unobservable inputs would cause a change in fair value that would significantly affect the results of the Group.

Hotel properties

As of 31 December 2021, the Group had the following sensitivity to changes in these identified significant inputs:

NOK million	Yield sensitivity			
	-0,5%	0,0%	0,5%	
NOI sensitivity	-5 %	1 006	870	767
	0 %	1 059	916	807
	5 %	1 112	962	847

Comparative period 2020

As of 31 December 2020, the Group had the following sensitivity to changes in these identified significant inputs:

NOK million	Yield sensitivity			
	-0,5%	0,0%	0,5%	
NOI sensitivity	-5 %	102	89	79
	0 %	108	94	84
	5 %	113	99	88

7. Projects in progress, investment properties

Accounting principles

The Group measures its investment properties under development ("project in progress, investment properties") following the same fair value model as for the investment property already, unless the fair value of a project in progress cannot be reliably measured in a continuing basis. In that case, the Group decides to account for the project in progress in accordance with the cost model, until the moment the project has been completed (i.e. when the property is in the condition necessary for it to be capable of operating in the manner intended by management) and there fair value of the property can be reliably measured.

When applying the cost model, the carrying value of the project in progress includes its purchase price, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and also the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, if applicable.

Description

Project in progress, investment properties	
Cost 1 January 2021	627
Additions	34 203
Additions from acquisition of companies	10 553
Carrying value 31 January 2021	45 383

Bobil Eiendom Balsfjord AS and Bobil Eiendom Rana AS is building premises of approx. 1 250 sqm each, 2.500 sqm in total, for sale and rental of caravans and motorhomes in Rana and Balsfjord in Northern Norway. The expected completion of the building process is Q1 2022 and Q3 2022 respectively.

Management determines that the fair value of the projects in progress cannot be estimated reliably, due to the special characteristics of the projects where the annual rent is calculated based on total building cost multiplied with a fixed percentage, having large impact on the market value. However, management concludes that it is highly likely that the projects in progress have a fair value that is higher than the carrying amount recognised under the cost model. Once completed, the Group will estimate the fair value of the investment properties.

Management has not detected any indication of impairment for the projects in progress.

8. Associated companies

Accounting principles

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

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

Description

Kongsparken AS

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

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

Forus Holdco AS

Forus Holdco AS was established by Vico Eiendom AS and Up North Property AS to acquire 100 % of the shares in Forusveien 31 - Hotell AS from Vico Eiendom AS. Forusveien 31 - Hotell AS owns Scandic Forus Hotel in Stavanger municipality. The hotel is let out to Scandic Hotels AS. Vico Eiendom AS and the Group. Both owns 50 % of the company and the purchase price of the shares is MNOK 180.1 on a 100 % basis.

The Group is controlling 50 % of the votes in the Board of Directors. Project management and daily operations are performed by Hauglandgruppen. It is the Group's evaluation that Hauglandgruppen have significant influence in Forus Holdco AS. Forus Holdco AS was acquired on 29.12.2021.

Ramstadsletta Utvikling AS

During the first half of 2021 PPG, through Pioneer Development AS, acquired a 49 000 m² plot together with local partners at Ramstadsletta in Bærum, Norway. The plot has an expected potential to develop around 70 000 m² of residential and commercial real estate and PPG has an ownership in the project of 40.08% as of 31.12.2021. The company is treated as an associated company.

The Group's shares of the financial positions in the companies owned per year end 2021 and 2020:

<i>NOK thousand</i>	31.12.2021	31.12.2020
Deferred tax	886	154
Licenses, patents, rights	21 120	21 855
Investment properties	5 617	-
Other non-current loans	93 114	-
Other non-current assets	232 879	27
Cash	4 590	1 698
Other current assets	30	-
Borrowings (current and non-current)	-324 091	-24 014
Other non-current liabilities	-	-
Other current liabilities	-2 970	-160
Net assets	31 174	439
Carrying amount (at percentage of part. by the Group)	14 868	-220

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

<i>NOK thousand</i>	2021	2020
Carrying amount at 01.01	-220	276 865
Invested capital in Kongsparken AS	-	50
Invested capital in Ramstadsletta Utvikling AS	12	-
Invested capital in Forus Holdco AS	14 115	-
Interest-free loan to Ramstadsletta AS (Note 20)	5 067	-
Additional contribution C-shares	-	17 947
Received dividend	-	-7 624
Loss of significant influence	-	-306 956
Gain on loss of significant influence	-	6 593
Share of gain in the associated companies	-4 106	16 050
Share of other comprehensive income	-	-3 145
Carrying amount at 31.12	14 869	-220

The share of profit (loss) is calculated in the following table, showing the breakdown by associate and its contribution to the current year consolidated income statement of the Group, for the year 2021:

<i>NOK thousand</i>	Kongsparken AS	Ramstadsletta utvikling AS	Forus Holdco AS
Net income	-2 855	-6 713	-
The Group' share of ownership as of 31.12	50 %	40 %	50 %
Share of loss in the owner period	-1 428	-2 690	-

Share of loss in Kongsparken AS for 2020 is calculated as:

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

Share of gain/loss in Odin Bidco AS for 2020 is calculated as:

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

9. Financial Instruments

Accounting principles

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

Financial assets

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

Financial assets measured at amortized cost

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

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

Financial assets measured at fair value through profit or loss

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

Financial liabilities

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

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

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

Fair Value

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

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

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

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

Valuation of investment properties is categorised as level 3 in the fair value hierarchy as the valuation requires the use of significant unobservable inputs. An explanation of the valuation methodologies and the inputs to the valuation model is provided in note 6.

Critical accounting estimates

The shares in Odin Bidco AS is measured by an independent valuation expert in relation to issuance of shares. Odin Bidco AS owns preschool properties in Norway, Sweden, Finland and Netherlands. Fair value is measured using an income approach, meaning discounted cash flow to equity until an exit in 2045.

Revenue is based on rental agreements adjusted for the consumer price index and it is assumed that the contracts are renewed at expire. The rental agreements are triple net contracts where the operator has the main responsibility for annual maintenance, insurance, and other directly related property. Average EBITDA-margin is estimated to 96.8% (95% in 2020). Finance expense is based on the current borrowing structure. In addition, growth based on future acquisitions are included. The equity discount rate applied is 9.80% (10.05% in 2020).

The most sensitive assumption is the discount rate. If the discount rate were reduced or increased with 0.25%, the corresponding value of the Group's share of Odin will increase/decrease with approximately 4.5% (5% in 2020).

The Group holds the following financial assets and liabilities:

<i>NOK thousand</i>	31.12.2021	31.12.2020
<i>Financial assets at amortised cost</i>		
Loan to associated companies	51 455	5 557
Loan to other companies	32 646	-
Cash and cash equivalents	119 383	386 258
Trade and other receivables	10 171	8 642
<i>Financial assets at fair value through profit or loss</i>		
Other investments 1)	154 225	491 031
Other Shares 2)	365 441	314 497
Sum	681 866	1 205 986
<i>Financial liabilities at amortised cost</i>		
Borrowings	697 336	45 165
Other current liabilities	26 751	11 044
Sum	724 087	56 209

- 1) Other investments are measured at fair value as level 1 in the fair value hierarchy in accordance with quoted prices
- 2) Other Shares includes the ownership share in Odin Bidco AS and other investments in shares where the company have no significant influence or control, which is measured according to level 3 in the hierarchy.

Specification of investments measured at fair value held as of 31 December 2021:

<i>NOK thousand</i>	1) Bonds	2) Odin Bidco AS	2) Hospitality Invest AS	Total
Fair value in the beginning of the year	396 813	94 218	306 956	805 528
Purchase in 2021	-	3 120	22 053	25 174
Sold in 2021	-266 722			-266 722
Repaid capital			-8 460	-8 460
Currency adjustments	-5 627			-5 627
Fair value adjustments	-74 839	7 262	37 351	-30 226
Fair value in the end of the year	49 625	104 600	357 900	519 666

Specification of investments measured at fair value held as of 31 December 2020:

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

1 and 3) Bonds and funds are measured at fair value as level 1 in the fair value hierarchy in accordance with quoted prices.

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

10. Cash and cash equivalents

Accounting principles

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are convertible to cash in three months or less to known amounts of cash and which are subject to an insignificant risk of changes in value.

Description

Cash and cash equivalents include bank deposits:

<i>NOK in thousand</i>	31.12.2021	31.12.2020
Bank deposits	119 383	386 258
Total	119 383	386 258

All interest income relates to interest on bank deposits.

The bank deposits include restricted cash related to tax withholding account of TNOK 140 per 31 December 2021 (TNOK 465 per 31 December 2020).

11. Borrowings

Accounting principles

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

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

Description

Borrowings and available cash and cash equivalents constitute the capital of the Group. The Group's main source of financing are bank loans and trade credit.

The Group had the following borrowing as of 31 December 2021:

<i>NOK thousand</i>	31.12.2021	31.12.2020
Non-current		
Commercial bank loans	416 067	28 800
Other loans	104 416	3 325
Total	520 483	28 800

<i>NOK thousand</i>	31.12.2021	31.12.2020
Current		
Commercial bank loans	161 229	13 040
Other loans	15 625	
Total	176 854	13 040

<i>NOK thousand</i>	31.12.2021	31.12.2020
Total non-current and current		
Commercial bank loans	577 295	41 840
Other loans	120 041	3 325
Total	697 336	45 165

The borrowings the Group holds as of the end of 2021 and 2020 are linked to the investment properties owned by the Group. The following assets have been pledged as security for liabilities:

<i>NOK thousand</i>	31.12.2021	31.12.2020
Investment property	1 239 070	82 500
Total pledged assets	1 239 070	82 500

The amounts pledged as security for liabilities corresponds to the value of the completed investment properties. (see note 6 for further information).

Relevant terms and conditions

Out of the total amortised cost value of all borrowings held as of 31.12.2021, MNOK 105 have a fixed annual interest rate that ranges from 3 to 4%. The rest of the borrowings are subject to an interest rate structure that is comprised of a variable interest rate based the 3-month NIBOR plus a margin that typically approximates 3% annually. On average, the annual average interest rates realised for 2021 has been 2,98%. All loans are denominated in NOK.

See note 4 for the maturity of financial liabilities at the end of the period, and for a description of the financial risks arising from changes in the interest rates.

Compliance with covenants

The borrowing agreements typically include covenants that the Group must fulfil. The nature and characteristics of the covenants vary from agreement to agreement, but the typical financial covenants are loan-to-value ratios ranging from 65 to 70%; and minimum liquidity requirements in the subsidiary that is the counterparty to the borrowing agreement with the lender.

Management has determined that, as of the end of the 2021 reporting period, the Group is in compliance with all the covenants required by the lender.

Changes in borrowings from financing activities:

<i>NOK thousand</i>	Non-current borrowings	Current borrowings	Total
At 1 January 2021	32 125	13 040	45 165
<u>Cash flows</u>			
Cash flow received	388 950	22 008	410 958
Repayments	-1 151	-178 128	-179 279
<u>Non-cash:</u>			
Purchase of operations	99 538	319 934	419 472
Interest	1 020		1 020
At 31 December 2021	520 483	176 854	697 336
At 1 January 2020	-	-	-
<u>Cash flows</u>			
Cash flow received	2 150		2 150
Repayments	-	-777	-777
<u>Non-cash:</u>			
Purchase of operations	29 887	13 817	43 704
Interest	88	-	88
At 31 December 2020	32 125	13 040	45 165

12. Other current liabilities

<i>NOK in thousand</i>	31.12.2021	31.12.2020
Trade payable	8 758	1 302
Government taxes	1 056	761
Accrued interest	4 344	233
Dividend	9 216	8 246
Accrued cost, Prepaid revenues	3 844	580
Other current liabilities	7 749	735
Total other current liabilities	34 967	11 857

Dividend relates to Q4 2021 dividend approved by the board, with payment date in January 2022.

13. Rental income

Accounting principles

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

Revenue consists of rental income, which is typically recognised on a straight-line basis over the period of the lease agreements with its lessees (see note 3 for further information). Revenues are presented net of VAT, discounts, and rebates. Service charge expenses are charged to tenants and recognised in the balance sheet together with payments on account of tenants, and therefore does not affect the result beyond an administrative premium recognised under revenue.

Description

The group holds twelve revenue generating properties per year end, in general leased out on long-term triple net contracts.

The group is the lessor of investment properties. The group's contractual rental income is distributed as follows, where the numbers are adjusted annually to reflect CPI. The rent in the table below are adjusted with an annual increase of 2% yields:

<i>NOK in thousand</i>	31.12.2021	31.12.2020
Trade payable	8 758	1 302
Government taxes	1 056	761
Accrued interest	4 344	233
Dividend	9 216	8 246
Accrued cost, Prepaid revenues	3 844	580
Other current liabilities	7 749	735
Total other current liabilities	34 967	11 857

The Group typically rents out the investment properties to tenants on long term triple-net contracts where the operator has the main responsibility for annual maintenance, insurance, and other directly related property. All agreements are fully adjusted annually to reflect CPI. However, the hotel investment properties typically have the characteristic that rental income is subject to certain positive variability over an agreed minimum lease payment: lease payments are based on the highest of a minimum rent and a percentage of the hotel's turnover.

All revenue during 2021 and 2020 has been originated in Norway and Sweden.

Government grants related to income

The Group received Government grants during 2021 for an amount of MNOK 2.05, as a compensation from the local municipality in Sweden, to partially compensate its loss in revenue due to the COVID restrictions. This grant related to income has been presented as part of the consolidated income statement, under the line item "rental income", as it is the loss of rental income that the grant compensated.

14. Employee expenses and management remuneration

<i>NOK in thousand</i>	2021	2020
Salary	2 412 319	2 551 940
Payroll tax	374 396	334 855
Pension benefits	37 002	9 484
Other benefits	32 208	312 446
Total salary and pension costs	2 855 925	3 208 725

The remuneration to the management in 2021:

<i>NOK</i>	Salary	Bonus	Pension benefits	Total compensation
John Ivar Busklein (CEO)	506 798		14 522	521 320
Øystein B. Grini (CFO)	409 797		6 572	416 369
Ole-Kristofer Bragnes (former CFO)	320 801	250 000	4 239	575 040
Total management remuneration	1 237 396	250 000	25 334	1 512 730

The remuneration to the management in 2020:

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

John Ivar Busklein has been CEO of Pioneer Property Group ASA in a part time position at 28,4%. Ole-Kristofer Bragnes held the position as CFO from 24 October 2019 until 31. August 2021. Øystein Grini was appointed as new CFO of the Group as of 1. September 2021.

No member of the management has in their agreement that they will get any right to compensation after termination of employment. No loans or guarantees have been given to any members of the management, the Board of directors or other corporate bodies.

The board of directors of PPG has prepared a determination of salary and other remuneration to the executive management, in accordance with applicable law. The declaration includes the policies which PPG will use for the determination of salary and other remuneration to its executive management in the calendar year 2021 as published on the company's web page pioneerproperty.no. These policies shall be subject to an advisory vote by the general meeting.

The remuneration to the Board of Directors:

NOK	2021	2020
Roger Adolfsen (Chariman of the board)	110 000	120 000
Geir Hjorth (board member)	110 000	110 000
Sandra Riise (board member)	110 000	120 000
Even Carlsen (board member)	100 000	110 000
Nina Høisæter (board member)	110 000	120 000
Total remuneration	540 000	580 000

15. Other operating expenses

NOK in thousand	2021	2020
Accounting fees, legal expenses and other fees	6 659	4 341
Other operating expenses	415	375
Auditing fees	841	852
Other fees from the auditor	143	278
Total other operating expenses	8 058	5 846

16. Other financial gains (losses)

NOK thousand	2021	2020
Currency gain/loss	-7 598	1 261
Gain on sale bonds	93 489	-
Changes in fair value (see note 9)	-30 226	80 913
Other financial income	3 372	-
Other financial expenses	-260	-
Total other operating expenses	58 776	82 174

The gains on sale of bonds are in relation to the bonds sold in Norlandia Health & Care Group ASA (NHC01 and NHC02) and Hospitality Invest AS (HOIN02) with par values of MNOK 196.0 (NHC01), MSEK 134.0 (NHC02) 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.

17. Income taxes

Accounting principles

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

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

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

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

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

Changes in deferred tax liabilities:

<i>NOK in thousand</i>	<i>Investment property</i>	<i>Other items</i>	<i>Total</i>
01.01.2020	157	598	756
Recognized deferred tax	6 798	-2 751	4 047
Sale of operations	-79		-79
31.12.2020	6 876	-2 152	4 724
Recognized deferred tax	47 547	1 947	49 494
Sale of operations			0
31.12.2021	54 423	-205	54 218

Income tax expense:

<i>NOK in thousand</i>	<i>2021</i>	<i>2020</i>
Tax payable	22 724	6 655
Change in deferred tax	49 494	4 047
Changes related to currency translation	120	-
Other changes	71	20
Income tax expense	72 409	10 722

Reconciliation of tax expense:

<i>NOK in thousand</i>	2021	2020
Profit before income tax	300 710	120 954
Tax expense based on standard rate of Norwegian (22%)	66 156	26 610
Adjustments for:		
Effect of tax rates outside Norway	273	-
Tax effect not taken into account at acquisition	-5 534	-6
Changes related to currency translation	120	-
Permanent differences	11 393	-15 226
Other differences		-656
Income tax expense for the period	72 409	10 722
of which related to discontinued operations		
Estimated effective tax rate for the period	24,1%	8,9%

The Group has applied the main rule for recognition of deferred tax in connection with the purchase of shares in property companies that are not acquired through a business combination. This means that deferred tax is recognised as the difference between the tax value and accounting value of investment property in the subsidiary, and value changes of the investment property. Not recognised deferred tax linked to initial recognition exemption for investment properties per 31 December 2021 is MNOK 151.5 (MNOK 1.3 in 2020).

18. Earnings per share

Accounting principles

The Group's preference shares are entitled to a fixed dividend of NOK 9.50 per annum from 01 July 2021, if the General Assembly approves payment of dividends. To calculate the earnings per share the entitled dividend to the preference shares is deducted from comprehensive income for the period. The earnings per ordinary share is the remaining comprehensive income deducted the preference share dividend divided by the weighted average number of shares in issue during the period.

Earnings per share from continuing operations.

<i>NOK</i>	31.12.2021	31.12.2020
Net profit continuing operation	228 300 631	110 232 087
Less pref share dividends	-34 925 280	-31 044 694
Profit attributable to ord shares	193 375 351	79 187 393
Weighted avg ord shares	9 814 470	9 814 470
EPS to ord shares	19,70	8,07

Earnings per share from discontinued operations:

<i>NOK</i>	31.12.2021	31.12.2020
Net profit discontinuing operations	27 835 369	
Less pref share dividends	0	
Profit attributable to ord shares	27 835 369	
Weighted avg ord shares	9 814 470	
EPS to ord shares	2,84	

Earnings per share from total operations:

NOK	31.12.2021	31.12.2020
Net profit discontinuing operations	228 300 631	138 067 456
Less pref share dividends	-34 925 280	-31 044 694
Profit attributable to ord shares	193 375 351	107 022 762
Weighted avg ord shares	9 814 470	9 814 470
EPS to ord shares	19,70	10,90

Diluted

As per 31 December 2021 no rights are issued which cause diluted earnings per share to be different to basic earnings per share. Refer to note 21 for information related to the classes of shares.

19. Group structure and acquisition of companies

Accounting Principles

Business combinations:

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

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

Acquisition-related costs are expensed as incurred.

Acquisition of subsidiaries not viewed as a business combination

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

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

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

Acquisition of companies regarded as asset purchase:

In the first half of 2021 PPG acquired indirectly ~51% of the shares in Evenes Tomteselskap AS through an 53% owned SPV.

Within retail properties, PPG made a three minor acquisitions. The acquisition of Caravan Eiendom Grimstad AS AS, who owns a property outside Grimstad through the company Bobil Eiendom Grimstad AS, was completed in July. The property is let out on a remaining 5-year lease agreement with Ferda. In late 2021, PPG also acquired two additional properties through the acquisitions of Bobil Eiendom Fauske AS and Bobil Eiendom Balsfjord AS. The property in Fauske is a 1.600 sqm property let out to Ferda. The property in Balsfjord has a 1 250 sqm property under construction, estimated to be completed in Q3 2022. When completed, it will be let out to Ferda on a 15 year triple net lease contract.

NOK in thousand	2021	2020
Purchase of subsidiaries/Properties -cash	741 546	33 656
Cash acquired companies	36 127	6 552
Debt acquired companies	611 660	44 592

Companies bought or incorporated in 2021:

Company Name	Location	Share of ownership	Share of voting rights
Pioneer Hotel Properties AS	Norway	100 %	100%
Up North Property AS	Norway	90 %	90%
Forum Holdco AS	Norway	100 %	100%
Forum Hotellbygg AS	Norway	100 %	100%
Park Hotel Holdco AS	Norway	50 %	50%
Park Hotel Eiendom AS	Norway	50 %	50%
Brennemoen Hotel Eiendom AS	Norway	100 %	100%
Guard Hotel AS	Norway	100 %	100%
Guard Hotel II AS	Norway	100 %	100%
Köping Hotellfastighet AB	Sweden	100 %	100%
Strand Hotell Borgholm Fastighets AB	Sweden	100 %	100%
Ås Næring AS	Norway	100 %	100%
Askjem Eiendom AS	Norway	100 %	100%
Caravan Eiendom Grimstad AS	Norway	100 %	100%
Bobil Eiendom Grimstad AS	Norway	100 %	100%
Bobil Eiendom Fauske AS	Norway	100 %	100%
Bobil Eiendom Balsfjord AS	Norway	100 %	100%

Companies bought or incorporated in 2020:

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

The Group consists of the following subsidiaries per 31 December 2021:

Company Name	Location	Share of ownership	Share of voting rights
Pioneer Property Group International AS	Norway	100 %	100%
Pioneer Preschools AS	Norway	100 %	100%
Kidsa Ospeli Eiendom AS	Norway	100 %	100%
Pioneer Retail Properties AS	Norway	100 %	100%
Bobil Eiendom Rana AS	Norway	100 %	100%
Bobil Eiendom Evenes AS	Norway	100 %	100%
Håhjem AS	Norway	100 %	100%
Ås Næring AS	Norway	100 %	100%
Askjem Eiendom AS	Norway	100 %	100%
Caravan Eiendom Grimstad AS	Norway	100 %	100%
Bobil Eiendom Grimstad AS	Norway	100 %	100%
Bobil Eiendom Fauske AS	Norway	100 %	100%
Bobil Eiendom Balsfjord AS	Norway	100 %	100%
Pioneer Property Development AS	Norway	100 %	100%
Evenes Holding AS	Norway	53 %	53%
Evenes Tomteselskap AS	Norway	66 %	66%
Pioneer Hotel Properties AS	Norway	100 %	100%
Up North Property AS	Norway	90 %	90%
Forum Holdco AS	Norway	100 %	100%
Forum Hotellbygg AS	Norway	100 %	100%
Park Hotel Holdco AS	Norway	50 %	50%
Park Hotel Eiendom AS	Norway	50 %	50%
Brennemoen Hotel Eiendom AS	Norway	100 %	100%
Guard Hotel AS	Norway	100 %	100%
Guard Hotel II AS	Norway	100 %	100%
Köping Hotellfastighet AB	Sweden	100 %	100%
Strand Hotell Borgholm Fastighets AB	Sweden	100 %	100%

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

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

20. Related party transactions

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

The Group has the following related parties as of 31.12.2021:

Related party	Relation to the Group
Roger Adolfsen	Chairman of the Board and owner of Mecca Invest AS
Sandra Henriette Riise	Board member
Geir Hjort	Board member
Even Carlsen	Board member and owner of Grafo AS
Nina Hjørdis Torp Høisæter	Board member
Hospitality Invest AS	Substantial shareholder
Grafo AS	Substantial shareholder
Klevstern AS	Substantial shareholder
Mecca Invest AS	Substantial shareholder
Norlandia Health & Care Group AS	Controlled by substantial shareholders, refer to note 21
Kara Invest AS	Controlled by substantial shareholders, refer to note 21
Ferda Norge AS	Controlled by substantial shareholders, refer to note 21
Acea Invest AS	Controlled by substantial shareholders, refer to note 21
Kidprop AS	Controlled by substantial shareholders, refer to note 21
Caravan Eiendom AS	Controlled by substantial shareholders, refer to note 21
Norlandia Hotel Group	Controlled by substantial shareholders, refer to note 21
Up North Hospitality AS	Controlled by substantial shareholders, refer to note 21
Kongsparken AS	Associated company
Ramstadsletta Utvikling AS	Associated company

The Group had the following related parties as of 31.12.2020:

Related party	Relation to the Group
Roger Adolfsen	Chairman of the Board and owner of Mecca Invest AS
Sandra Henriette Riise	Board member
Geir Hjort	Board member
Even Carlsen	Board member and owner of Grafo AS
Nina Hjørdis Torp Høisæter	Board member
Hospitality Invest AS	Substantial shareholder
Grafo AS	Substantial shareholder
Klevstern AS	Substantial shareholder
Mecca Invest AS	Substantial shareholder
Oslo Corporate Holding AS	Controlled by substantial shareholders, refer to note 21
Norlandia Health & Care Group AS	Controlled by substantial shareholders, refer to note 21
Ferda Norge AS	Controlled by substantial shareholders, refer to note 21
Acea Invest AS	Controlled by substantial shareholders, refer to note 21
Odin Bidco AS	Associated company until derecognition in December 2020

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

	2021		2020	
	Ord. Shares	Pref. shares	Ord. Shares	Pref. shares
Roger Adolfsen	3 160 192	-	3 159 849	0
Even Carlsen	1 642 024	-	1 642 024	0

The Group had the following material transactions with related parties:

<i>NOK in thousand</i>	2021	2020
Rent revenue from Norlandia Health & Care Group AS including subsidiaries	371	11 844
Rent revenue from Ferda Norge AS	17 725	1 687
Rent revenue from Norlandia Hotel group	26 960	
Management fee from Up North Hospitality AS	1 345	
Success fee M&A services and Management fee to Hospitality Invest AS	2 679	686
Interest income from associated companies	457	
Sale of bonds to related parties	358 961	
Sale of shares and properties to related parties		60 868
Sale of receivables to related parties		159 670
Purchase of receivables from related parties	-6 156	-
Purchase of shares and properties from related parties	423 151	60

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

<i>NOK in thousand</i>	31.12.2021	31.12.2020
Norlandia companies	25 974	-
Kongsparken AS	12 714	-
Ramstadsletta Utvikling AS	37 886	-
Ferda Norge	211	17
Acea Invest AS	8 879	8 456

For compensation to key management personnel, see note 14.

Preference share buy-back program (see also note 21).

Loans to associate entities

During the 2021 reporting period, the Group lent its associates funds in the form of loans to finance its investments, in agreement with the other shareholders of the associates.

The loan to its associate Ramstadsletta Utvikling AS has a nominal amount of MNOK 48. The contract does not contemplate the payment of interests. As a consequence, the amount of the loan has been re-calculated to reflect the present value of all future cash receipts discounted using an interest rate similar to the ones borne by the Group (see note 11 for further information), resulting in an amortised cost value of MNOK 38. As the contributions from the other shareholders were of a different nature and amount, the difference between the increase in net assets for the Group, and the contribution made has been considered a financial expense in the consolidated income statement, for an amount of MNOK 5.

21. Share capital and shareholder information

The Company have two classes of shares, ordinary shares and preference shares. As of 31 December 2021, Pioneer Property Group ASA had a share capital of NOK 14,683,023, divided into 9,814,470 ordinary shares and 4,868,553 preference shares with a nominal value of NOK 1 per share for both categories.

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

The ordinary share

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

The preference shares

The Company's preference shares confer a preferential right over ordinary shares to an annual dividend of NOK 8.50 per preference share per annum which stepped up to NOK 9.50 on 01 July 2021. Dividend payments are made quarterly with NOK 2.175 per preference share (NOK 2.375 after 01 of July), if approved by the General Assembly. The preference share does not otherwise confer a right to dividend. If the general meeting decided not to pay dividends or to pay dividends that fall below NOK 2.125 per preference share (NOK 2.375 after 01. of July) during a quarter, the difference between paid dividends and NOK 2.135 per preference share shall be accumulated and adjusted upwards with an annual interest rate of 5 per cent until full dividends have been distributed. No dividends may be distributed to the ordinary shareholders until the preference shareholders have received full dividends including the withheld amount.

		Share value in NOK				
	Number of shares	Ordinary shares	Preference shares	Share premium	Treasury shares	Total
At 1 January 2020	16 314 470	9 814 470	6 500 000	1 202 884 717	-1 631 447	1 217 567 740
Capital reduction	-1 631 447		-1 631 447		1 631 447	-
Payment premiums 2020	-	-	-	-647 247 818	-	-647 247 818
Acquisition of treasury shares	-	-	-	-	-987 966	-987 966
At 31 December 2021	14 683 023	9 814 470	4 868 553	555 636 899	-987 966	569 331 956
Capital reduction	-	-	-	-	-	-
Payment premiums 2021	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-
At 31 December 2021	14 683 023	9 814 470	4 868 553	555 636 899	-987 966	569 331 956

As part of the Group's buy back of own preference shares program, the Group acquired in March 2020 987,966 own preference shares in PPG at a price of NOK 102.00 per preference share. This equals approximately 6.73% of the share capital, which represents 0.96% of the votes. Detailed information regarding dividends, issues and redemption can be found in the Company's Articles of Association, available in the prospectus at the Company's website.

Further PPG holds 987,966 own preference shares.

10 largest shareholders registered in VPS as of 31 December 2021:

	Ordinary shares	Preference shares	Voting share
Hospitality Invest AS	32,62%	0,00%	31,08%
Eidissen Consult AS	16,73%	0,00%	15,94%
Grafo AS	16,73%	0,00%	15,94%
Mecca Invest AS	15,78%	0,00%	15,04%
Klevenstern AS	15,78%	0,00%	15,04%
HI Capital AS	2,34%	0,00%	2,23%
Skandinaviska Enskilda Banken AB	0,00%	10,27%	0,49%
Nordnet Bank AB	0,00%	7,56%	0,36%
Avanza Bank AB	0,00%	7,52%	0,36%
The Bank of New York Mellon	0,00%	6,90%	0,33%
Other Shareholders	0,00%	67,75%	3,20%
Total	100 %	100 %	100 %

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

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

22. Contingent liabilities

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

23. Discontinued Operations

Accounting principles

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

Discontinued operations 2021

There have been no effects from any discontinued operations during 2021.

Discontinued operations 2020

On 18 December the Group entered into an agreement of selling 100% of the shares in PPGI's wholly owned subsidiary PPG Netherlands Holding B.V. ("PPGNH") to Kinland Finland Oy for a cash consideration of MNOK 60.9 in addition to a repayment of the shareholder loans given by Pioneer Property Group International AS. PPGNH has subsidiaries in the Netherlands, Poland and Sweden, which again respectively own a portfolio of 12 preschool properties in said countries. The transaction was closed 30 December 2021.

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

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

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

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

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

Condensed consolidated Income Statement

Discontinuing operations

<i>NOK thousand</i>	2020
Income from rent	11 479
Other income	-
Total Income	11 479
Payroll expenses	-
Other operating expenses	412
Total Expenses	412
Fair value adjustment on investment properties	-
Operating profit (EBIT)	11 067
Interest income	-
Interest expenses	-1
Currency gain (-) / loss	4
Other financial expenses	-
Net Finance	2,799
Profit/(loss) before tax	11 070
Income taxes	930
Profit/(loss) for the period	10 140
Gain of sale from discontinuing operations	-
Remeasurement of earnout at 31 December 2019	-
Profit/(loss) discontinued operations, net of tax	10 140
Other comprehensive income	
<i>Items to be reclassified to P&L in subsequent periods:</i>	
Exchange differences, from translation of foreign operation	3 612
Total comprehensive income from discontinued operations	13 752

Earnings per share (NOK) for profit from discontinuing operation

Basic earnings per ordinary share	1,03
Weighted avg ord shares	9 814 470

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

<i>NOK thousands</i>	2020
Cash generated from operating activities	11 696
Cash from investing activities	-
Cash from financing activities	-
Change in cash and cash equivalents	11 696
Cash and cash equivalents at beginning of period	1 834
Exchange gains/(losses) on cash and cash equivalents	-72
Cash and cash equivalents at period end	13 458

24. New standards not yet adopted

There are no new or amended standards that affect the Group as of the year 2021.

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

25. Subsequent events

PPG's has acquired Terminalveien 10 in Bodø based on a property value of MNOK 45 together with local investors. PPG has an ownership of 52 % in the property, controlling the acquired subsidiary that owns the property. The transaction was completed 8 March 2022. The property consideration has been paid in cash and the Group has incurred in a loan of MNOK 33. is expected that this investment property will increase PPG's annual net lease income of approximately with MNOK 3.0.

The building of premises for Ferda in Rana was completed in March 2022.

In January 2022, the omicron variant of the COVID-19 virus resulted in new restrictions, affecting PPG directly through less lease income from hotels. Government has lifted all covid restrictions, PPG anticipates that the virus will have limited impact of the performance in 2022.

The current geopolitical situation affecting Russia and Ukraine, are causing macroeconomic repercussions, affecting businesses globally, and with unknown effects in the foreseeable future. However, in light of the current circumstances, it is not expected that these events will significantly affect the Group's operations.

Alternative Performance Measures

The company reports the following alternative performance measures (APMs):

EBITDA – Margin	Earnings before interest, depreciation and amortization divided by lease income
EBIT	Earnings before interest
Gross yield	Gross yield for a property or portfolio of properties is calculated as contractual annualised rental income for the upcoming financial year divided by the market value as of balance sheet date.
Weighted average gross yield	The weighted average gross yield calculated by adjusting for property value
NOI	Net Operating Income, meaning all revenue from properties minus all reasonable direct property related expenses.



ANNUAL REPORT (PARENT COMPANY) 2021

PIONEER PROPERTY GROUP ASA

PIONEER PROPERTY GROUP ASA

STATEMENT OF INCOME

	Note	2021	2020
OPERATING REVENUE AND EXPENSE			
Revenue	1	4 124 453	-
TOTAL OPERATING REVENUE		4 124 453	-
Employee benefits expense	2	2 844 664	3 187 214
Depreciation and amortisation expense	3	5 743	-
Other operating expenses	2	5 982 633	5 522 584
TOTAL OPERATING EXPENSES		8 833 040	8 709 798
OPERATING PROFIT OR LOSS		-4 708 588	-8 709 798
FINANCIAL INCOME AND EXPENSES			
Financial income			
Changes in market value of fin. cur. assets	4,5	11 301 327	86 695 090
Income from subsidiaries	5	994 910	12 882 518
Interest received from group companies	1,5	23 141 361	9 630 928
Other interest	5	13 136 938	28 554 309
Other financial income	5	98 289 996	800 133
Total financial income		146 864 532	138 562 977
Financial expenses			
Changes in market value of fin. cur. assets	4,5	78 878 891	5 782 052
Interest paid to group companies	1,5	360 651	-
Other interest	5	-	3 276 044
Other financial expense	5	8 791 528	-
Total financial expenses		88 031 070	9 058 096
NET FINANCE		58 833 462	129 504 881
ORDINARY RESULT BEFORE TAX		54 124 874	120 795 082
Tax on ordinary result	6	26 775 800	6 606 687
PROFIT		27 349 074	114 188 395
ATTRIBUTABLE TO			
To ordinary dividends payable		-	35 773 743
To additional dividends payable		43 953 128	580 753 161
To other equity		-16 604 053	-502 338 508
Net brought forward		27 349 074	114 188 395

PIONEER PROPERTY GROUP ASA

Balance sheet pr. 31.12.2021

	Note	2021	2020
ASSETS			
Fixed assets			
Tangible assets			
Fixtures and fittings, office machinery etc.	3	20 100	-
Total tangible assets		20 100	-
Financial fixed assets			
Investments in subsidiaries	7	31 088 422	16 600 588
Loans to group companies	1	671 831 771	29 257 271
Investments in shares or units		310 985 144	297 392 507
Total financial fixed assets		1 013 905 337	343 250 366
TOTAL FIXED ASSETS		1 013 925 437	343 250 366
CURRENT ASSETS			
Receivables			
Receivables on group companies	1	1 928 666	3 591 379
Other short-term receivables		11 368 909	8 455 909
Total receivables		13 297 575	12 047 288
Investments			
Quoted bonds	4	49 625 000	396 813 372
Other financial Instruments	4	104 600 066	94 217 948
Total receivables		154 225 066	491 031 320
Cash and bank deposits	8	49 709 708	379 773 825
TOTAL CURRENT ASSETS		217 232 349	882 852 433
TOTAL ASSETS		1 231 157 786	1 226 102 799

PIONEER PROPERTY GROUP ASA

Balance sheet pr. 31.12.2021

	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
EQUITY AND LIABILITIES			
Share capital	9,10,11	14 683 023	14 683 023
Treasury shares	9	-987 966	-987 966
Share premium reserve	9	555 636 899	555 636 899
TOTAL PAID-IN EQUITY		569 331 956	569 331 956
Other equity	9	586 819 482	593 815 182
TOTAL EQUITY		1 156 151 438	1 163 147 138
Liabilities			
Provision			
Deferred tax	6	442	-
Total provisions		442	-
Other non-current liabilities			
Liabilities to group companies	1	9 017 897	9 987 524
Total other non-current liabilities		9 017 897	9 987 524
TOTAL NON-CURRENT LIABILITIES		9 018 339	9 987 524
Current liabilities			
Accounts payable		1 019 678	397 763
Income tax payable	6	18 905 888	6 655 427
Dividends payable		9 216 394	44 019 991
Liabilities to group companies	1	35 770 318	318 379
Other current liabilities		870 166	957 573
TOTAL SHORT-TERM LIABILITIES		65 988 009	52 968 138
TOTAL LIABILITIES		75 006 348	62 955 662
TOTAL EQUITY AND LIABILITIES		1 231 157 786	1 226 102 799

Oslo, 29 March 2022

Board of Directors of Pioneer Property Group ASA



Roger Adolfsen
Chairman of the Board



Sandra Henriette Riise
Member of the board



Even 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

PIONEER PROPERTY GROUP ASA

Statement of Cash Flow

	Note	2021	2020
Cash flows from operating activities			
Profit before tax		54 124 874	120 795 082
Taxes paid		-6 655 427	-
Gains and losses on sale bonds	4	-93 488 770	-
Depreciation	3	-5 743	-
Gains and losses on sale shares		5 744	-10 000 000
Group contributions	1	-994 910	-3 051 454
Exchange gains/(losses)		7 105 053	5 628 775
Fair value adjustmenst on quoted bonds	4	67 577 564	-80 913 038
Trade receivables		-933 756	-
Trade payables		621 914	-1 551 159
Other accruals		-2 700 857	-133 250 664
Net cash flow from operating activities		24 655 686	-102 342 458
Cash flows from investing activities			
Payments for purchase of shares		-13 622 637	-32 752 345
Payments for purchase of other investments	3	-25 843	-
Payments of loan to group companies	1	-644 473 553	-26 788 677
Proceeds from sale of shares		23 045 624	-
Proceeds from issuance of long term debt		-	194 531 081
Proceeds from sale of bonds	4	358 960 824	-
Payments to buy other investments		-3 120 495	-
Proceeds from sale of other investments		-	-379 707 848
Net cash flow from investments activities		-279 236 080	-244 717 789
Cash flow from financing activities			
Payments for purchase of own shares		-	-101 069 335
Dividends paid		-78 756 725	-580 753 160
Repayment of share premium reserve		-	-450 287 884
Group contributions paid		-318 379	-2 201 536
Group contributions received		3 591 379	-
Received share premium		-	3 058 963
Net cash flow from financing activities		-75 483 725	-1 131 252 952
Net change in cash and cash equivalents		-330 064 119	-1 478 313 198
Cash and cash equivalents at the beginning of the period		379 773 825	1 858 087 023
Cash and cash equivalents at the end of the period		49 709 706	379 773 825

Notes to the financial statements 2021

Accounting Principles:

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

Balance sheet classification

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

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

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

Subsidiaries and investment in associates

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

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

Accounts receivable and other receivables

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

Income tax

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

Financial assets measured at fair value through profit or loss

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

Foreign currency translation

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

Cash

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

Note 1 - Liabilities to/receivables from group companies

Interest received from group companies is NOK 23 141 361 and interest paid to group companies is NOK 360 651. Total income on management fee to group companies is NOK 4 124 453, included in this amount is accrued income with NOK 1 675 611.

	Per 31.12.	Per 01.01.
Receivables		
Accounts receivable	933 756	0
Group contributions	994 910	3 591 379
Loans to group companies	671 831 771	29 257 271
Total receivables	673 760 437	32 848 650
Liabilities		
Group contributions	35 770 318	318 379
Other liabilities	9 017 897	9 987 524
Total Liabilities	44 788 215	10 305 903

Note 2 - Management and auditor compensation

The company's auditor expenses (VAT included) :

	2021	2020
Statutory audit	609 227	791 123
Other services	115 607	277 813
Total	724 833	1 068 936

	2021	2020
Payroll	2 614 263	2 551 940
Payroll expenses (employer tax)	374 396	334 855
Pension cost	37 002	9 484
Other payments	-180 997	290 935
Total	2 844 664	3 187 214

It's been paid remuneration for directors with NOK 540 000.

Roger Adolfsen (Chairman of the board)	110 000
Geir Hjorth (board member)	110 000
Sandra Riise (board member)	110 000
Even Carlsen (board member)	100 000
Nina Høisæter (board member)	110 000

The company has two employees in 100% and 28.4% position and fall under the Act on Mandatory occupational pensions act, and they have established mandatory occupational pensions for the employees.

Ole-Kristofer Bragernes was the CFO of Pioneer Property Group ASA until 31th August 2021, then Øystein Grini became the CFO of Pioneer Property Group ASA in a full time position.

NOK	Bonus	Salary	Total Compensation
Ole-kristofer Bragnes (former CFO)	250 000	320 801	570 801
Øystein B. Grini (CFO)		409 797	409 797
John Ivar Busklein (CEO)	0	506 798	506 798
Total	250 000	1 237 396	1 487 396

John Ivar Busklein (CEO) received a bonus of NOK 28 400 in Januar 2022 for his performance as CEO in Pioneer Property Group ASA.

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

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

The board of directors of PPG has prepared a determination of salary and other remuneration to the executive management, in accordance with applicable law. The declaration includes the policies which PPG will use for the determination of salary and other remuneration to its executive management in the calendar year 2022 as published on the company's web page pioneerproperty.no. These policies shall be subject to an advisory vote by the general meeting.

Note 3 - Fixtures and fittings, office machinery etc.

**Fixtures and fittings, office
machinery
etc.**

Acquisition cost as at. 1/1	0
+ Additions	25 843
Acquisition cost as at. 31/12	
Accumulated depreciation 1/1	0
+ Depreciation for the year	5 743
Accumulated depreciation 31/12	5 743
Net Value 31/12	20 100
Percentage depreciation	33

Note 4 - Quoted bonds

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

Quoted bonds:	Acquisition cost	Change in value	Marked Value
HOIN02	37 500 000	12 125 000	49 625 000
Total	37 500 000	12 125 000	49 625 000

Funds:	Acquisition cost	Change in value	Marked Value
Holdberg Kreditt A Fond	52 914 704	1 233 946	54 148 650
First Fondene AS	50 205 791	245 625	50 451 416
Total	103 120 495	1 479 571	104 600 066

Quoted bonds sold in 2021:

	Acquisition cost	Change in value previous years	Change in value this year	Sale	Gain
NHC02	123 883 611	31 390 436	-31 390 436	162 508 631	38 625 020
NHC01	141 871 250	44 573 750	-44 573 750	196 735 000	54 863 750
Total	265 754 861	75 964 184	-75 964 186	359 243 631	93 488 770

Note 5 - Financial income and expenses

	2021	2020
Financial income:		
Change in marked value of fin.cur.assets	11 301 327	86 695 090
Group contribution	994 910	3 051 454
Gain on sale of subsidiaries	0	9 831 064
Interest received from group companies	23 141 361	9 630 928
Other interest	13 136 938	28 554 309
Currency gain	1 680 731	800 133
Other financial income	3 120 495	0
Gain on sale quoted bonds	93 488 770	0
Total financial income	146 864 532	138 562 977
Financial expenses:		
Change in marked value of fin.cur.assets	78 878 891	5 782 052
Interest paid to group companies	360 661	0
Other interest	0	3 276 044
Currency loss	8 785 784	0
Loss on sale of shares	5 744	0
Total financial expenses	88 031 069	9 058 096

Note 6 - Tax

Calculation of this years tax basis:

Net profit/loss before tax expense	54 124 874
+ Permanent differences	66 588 397
+ Changes in temporary differences	-2 010
+ Received group contributions	994 910
- Paid group contributions	35 770 318
= Income	85 935 854

This years income tax expense consist of:

Estimated tax of net profit	26 775 358
= Tax payable	26 775 358
+/- Change in deferred tax	442
= Total tax expense	26 775 800
Tax rate	22%

current tax liability:

Tax payable	26 775 358
+/- Effect on tax of group contributions	-7 869 470
= Tax payable	18 905 888

Note 7 - Investments in subsidiaries

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

The company has shares in the following subsidiary:

Subsidiary, office location:	Owner-ship %	Voting rights %	Net profit last year	Equity last year
Pioneer Preschools AS, Oslo	100,00 %	100,00 %	-218 693	194 525
Pioneer Property Group International AS, Oslo	100,00 %	100,00 %	212 571	8 865 765
Pioneer Hotel Properties AS, Oslo	100,00 %	100,00 %	-9 632 474	30 000
Pioneer Retail Properties AS, Oslo	100,00 %	100,00 %	479 705	1 073 133
Pioneer Property Development AS, Oslo	100,00 %	100,00 %	-1 142 234	30 000

Note 8 - Bank deposits

Employees tax deduction, deposited in a separate bank account with total amount 31.12.21 NOK 139 967.

Note 9 - Other equity

	Share capital	Own Shares	Share premium reserve	Other equity	Total equity
Per 1.1	14 683 023	-987 966	555 636 899	593 815 182	1 163 147 138
Ordinary result				27 349 074	27 349 074
Dividends allocated				-9 027 848	-9 027 848
Dividends				-34 925 280	-34 925 280
Other Changes				9 608 354	9 608 354
Per 31.12	14 683 023	-987 966	555 636 899	586 819 4482	1 156 151 438

Other changes:

Gain on sold shares/company within the group.

Note 10 - Share capital

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

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

Class of shares	shares	Total value	Voting rights
Ordinary shares	9 814 470	9 814 470	Each share has 1 vote
Preference shares	4 868 553	4 868 553	Each share has 0,1 vote
Total	14 683 023	14 683 023	

The company's shareholders ordinary shares:

Shareholders	Ord. shares
--------------	-------------

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

The company's 4 biggest shareholders pref.shares :

Shareholders:	Pref.Shares
Pioneer Property Group ASA	-987 966
Skandinaviska Enskilda Banken AB	500 000
Nordnet Bank AB	368 050
Avanza Bank AB	366 177

Indirectly owned shares of executives in the company:

	Ordinary shares	Pref. shares
Roger Adolfsen (Chairman)	3 160 192	0
Even Carlsen (Board member)	1 642 024	0

Note 11 - Transactions with related parties

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

Hospitality Invest AS, management fee NOK 2 678 575

Independent Auditor's Report

To the General Meeting in Pioneer Property Group ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pioneer Property Group ASA.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2021, income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2021, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements comply with applicable statutory requirements,
- The accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.



We have been the auditor of Pioneer Property Group ASA for 7 years from the election by the general meeting of the shareholders on April 16th 2015 for the accounting year 2015.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How the key audit matter was addressed in the audit
Valuation of investment properties The Group's value of investment properties in the financial statements amounts to TNOK 1 393 041 equivalent to 63,7 % of the group's total assets. The valuation of the properties is performed by an external independent party, and is described in note 6 in the financial statements. The amount and the complexity and judgement involved in the valuation, lead us to identify this as a risk area in our audit.	Our audit procedures included, among others, involving our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by independent party, in particular those relating to the discounted cash flow model and marked based yield for the rental properties. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the valuation is most sensitive, that is, those that have the most significant effect on the determination of the value of the properties. We have also evaluated the independent party's competence and independence in performing the valuation of the investment properties.

Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Director's report

Independent Auditor's Report Pioneer Property Group ASA - 2021

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Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Governance, Corporate Social Responsibility and for the report on payments to governments

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Board of Directors and the Managing Director (management) are responsible for the preparation of financial statements that give a true and fair view, for in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name PPGASA-2021-12-31-en.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelovaen) and the accompanying Regulation on European Single Electronic Format (ESEF).



In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 29 March 2022

BDO AS

A handwritten signature in blue ink that appears to read "Sven Aarvold".

Sven Aarvold
State Authorised Public Accountant

GROUP WEB PAGES

PARENT & SUBSIDIARIES

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