



ANNUAL REPORT 2022

Pioneer Property Group ASA

Contents

3	Board of directors' report	15	Notes to the consolidated statements
9	Consolidated statement of Comprehensive Income	42	Alternative Performance Measures (APMs)
11	Consolidated statement of Financial Position - Assets	43	Annual report Pioneer Property Group ASA (parent)
12	Consolidated statement of Financial Position - Equity and Liabilities	55	Auditors report
13	Consolidated statement of Change in Equity		
14	Consolidated statement of Cash Flow		

The board of directors' report for Pioneer Property Group ASA (PPG) 2022

Highlights of the report

Total revenue for 2022 was MNOK 77.2 compared to MNOK 45.5 in 2021.

Pre-tax profit for 2022 was MNOK 76.6 compared to MNOK 300.7 for 2021.

PPG acquired four development properties, two preschools, and one office property over the period and sold all of the shares in Odin Bidco AS to existing shareholders in Odin Bidco.

The building of two retail properties were completed, increasing the retail property count to six.

PPG paid four quarterly dividends to the holders of preference shares in total NOK 9.75 per preference share and additional dividends of 5.939 per share held by Eidissen Consult AS and Grafo AS, and 5.164 per share held by Klevenstern AS and Mecca AS.

Operations and strategy

Pioneer Property Group ASA (PPG) is an investment company, mainly within real estate. PPG is a public limited company, the Company's registered office is Rådhusgata 23, 0158 Oslo. PPG has since the beginning of 2020 expanded its real estate activities into new areas and the current portfolio contain different segments than only preschool, 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
5. Office Properties

PPG acquired its first office property in March 2022, Office Properties is a new segment for the 2022-reporting period.

The focus area for PPG will be to continue to invest in real estate within these segments and seek to enter into long-term triple-net leases with leading operators. PPG's real estate portfolio per year-end 2022 consisted of three properties in the Preschools segment, six properties in Retail properties segment, six properties in the Hotel properties segment, one office property in addition to four properties in the Property development segment.

Key material events during 2022

COVID-19 represented an extraordinary situation in the beginning of 2022, and all restrictions are now lifted. The pandemic has impacted PPG directly in the two first months of 2022, as lease income from hotel properties were lower as lease payments are made based on a percentage of the hotels turnover. Hotel revenue and lease income recovered from march and by year end 2022, lease income normalized. Lease agreements on other segments are triple-net and not linked to operational utilisation of any kind.

During 2022, PPG has declared quarterly dividends to the holders of preference shares in total NOK 9.75 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 2022 to 2.500 per quarter. Furthermore PPG paid additional dividends of NOK 5.939 per share held by Eidissen Consult AS and Grafo AS, and NOK 5.164 per share held by Klevenstern AS and Mecca AS.

In 2022, PPG has increased the real estate portfolio and its investment activity, especially within the development property segment.

The largest single transaction was carried out in May 2022, when PPG sold its 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. Pioneer Property Group ASA entered into an agreement regarding the sale of all the shares owned by PPG in Odin Bidco AS to the existing shareholders in Odin Bidco AS. Closing of the transaction took place on June 6th. The agreed purchase price for the Shares was MNOK 372.1 generating a profit of MNOK 25.7.

The second largest transaction was the purchase of properties and shares from Hospitality Invest AS' direct and indirect subsidiaries.

- Gaustadskogen Eiendom AS (77%),
- Tjuvholmen Eiendom AS (100%)
- Norab Eiendom Vest AS (100%),

All companies are single purpose companies with tenants owned by Norlandia Health & Care Group AS. In addition, the transaction also included 23.6% of the shares in Norlandia Holding AS which owns certain hotels operated by Norlandia Hotel Group AS,

The total consideration payable by PPG was approximately MNOK 153.

In terms of other financial investments, PPG increased its bond holdings in Hospitality Invest bonds (HOIN02, Hospitality Invest AS 17/22) in first half of 2022. These bonds were later sold as payment in kind for the transaction mentioned above. PPG holds per 31.12.22 bonds in Hospitality Invest AS (HOIN02 22/25) with a par value of MNOK 62, and high yield funds with a market value of MNOK 56.

In total, PPG has acquired investment property with a total property value of MNOK 331.

Preschools

Preschool (NOKt)	2022	2021
Total Income	1 912	371
Fair value adjustment on investment properties	797	0
Operating profit/loss (EBIT)	2 308	268
Investment properties	116 000	11 500
Cash and cash equivalents	7 414	251

The Preschool segment consists of three preschool properties owned by PPG as of 31.12.2022. Total lease income for the Preschool segment amounted to MNOK 1.9 in 2022 and MNOK 0.4 2021, with a fair property value based on third party valuation of the properties owned by PPG per 31.12.22 of MNOK 116.

Retail Properties

Retail Properties (NOKt)	2022	2021
Total Income	29 414	17 725
Fair value adjustment on investment properties	-30 064	117 437
Operating profit/loss (EBIT)	-7 405	130 209
Investment properties	461 000	428 070
Cash and cash equivalents	19 037	21 892

Pioneer Retail Properties AS was established to procure and build facilities for retail business, mainly for the Ferda group all over Norway. The Retail Properties segment consists of 6 retailproperties owned by PPG. The building of premises for Ferda in Rana and Balsfjord, recognised as Project in Progress for the 2021 Financial Statement, was completed in February 2022 and October 2022 respectively, with a fair value upon completion of MNOK 63.

Total lease income for 2022 for the retail properties segment amounted to MNOK 29.2 with a fair property value based on third party valuations per 31.12.22 of MNOK 461.

Hotel Properties

Hotel Properties (NOKt)	2022	2021
Total Income	42 582	26 960
Fair value adjustment on investment properties	-11 701	105 068
Operating profit/loss (EBIT)	13 546	129 863
Investment properties	924 029	915 971
Cash and cash equivalents	48 580	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 51 (two hotels under refurbishment) with a fair property value based on third party valuations per 31.12.22 of MNOK 924.

Office Properties

Office Properties (NOKt)	2022	2021
Total Income	1 616	0
Fair value adjustment on investment properties	26 468	0
Operating profit/loss (EBIT)	26 908	0
Investment properties	70 000	0
Cash and cash equivalents	142	0

The first office property was acquired in march 2022, a seven stories tall building in Bodø. PPG 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. The expected annual lease income of 2023 is approx. MNOK 4.

Property Development

Property Development (NOKt)	2022	2021
Total Income	31 230	-2 043
Fair value adjustment on investment properties	30 028	-4 494
Operating profit/loss (EBIT)	227 681	37 500
Investment properties	65 366	1 994
Cash and cash equivalents		

Through Pioneer Property Development AS, PPG develop properties within general commercial real estate and housing. The segment consists of 6 development projects and the lease income for the segment is related to parking and tenants in residential that can be developed long term. The main asset is Evenes Holding AS, which holds two properties in Evenes in close proximity to Evenes Airport. In addition, PPG currently holds two plots together with local partners, treated as associate company in the accounts. One is located at Ramstadsletta in Bærum, the other is located in Mo i Rana with a potential of 400 residential units.

Subsequent events since the end of 2022

PPG acquired the development rights related to the property in Evenes Airport in January 2023, through Evenes Holding, a company owned together with local partners. The purchase price of MNOK 45 was settled partially with cash and partially with sellers credit.

Overview of the financial accounts for 2022

Total revenues were MNOK 76.2 in 2022 compared to MNOK 45.1 in 2021. Revenues consisted mostly of rental revenues from investment properties in Norway.

Operating profit (EBIT) for 2022 amounted to MNOK 69.8, compared to MNOK 251.5 in 2021. The difference can primarily be explained by a larger positive fair value revision of MNOK 220.5 in 2021, when the transaction market was really strong, versus MNOK 16.7 in 2022 as interest rates increased, affecting the yields on the properties.

In 2022, a loss off MNOK 1.6 from associated companies was recognised. In 2021, a loss off MNOK 4.1 from associated companies was recognised from Ramstadsletta and Kongsparken.

Net financial income for the year was MNOK 6.8 compared to MNOK 49.2 in 2021, with the majority of the gain recognized from the sale of Odin Bidco. The sale generated at net gain of MNOK 25.7. Income taxes decreased from MNOK 72.4 to 11.8.

There have not been any discontinued operations in 2022 or 2021.

This year's net profit for the group was MNOK 64.8, compared to MNOK 228.3 in 2021.

The Group had total assets of MNOK 2,459.6 (2,186.6 in 2021), where MNOK 1,905.8 (1,407.9 in 2021) were related to investment property and shares in associated companies. The additions in investment property and associated company has increased non-current borrowings in PPG. Further PPG had a cash balance of MNOK 226.2 (119.4 in 2021) and MNOK 118.9 (154.2 in 2021) in other short-term investments related to bonds and high yield funds held by PPG.

Total equity amounted to MNOK 1,360.6 (1,377.4) with the majority of the difference being explained by the profit for 2022, and the dividends on the ordinary and preference shares paid during the year.

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 2022 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 4 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 2022. 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.

Climate risk

Climate related risks are becoming more relevant and will be monitored closely for our properties. In general, many areas could be affected: from impairment testing, to provisions to fair value measurement. Storms and floods are long-term risks, with potential to physically damage to property values could be severe. Damage to third party equipment and installations may lead to increased insurance cost and/or reduced customer satisfaction.

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.

The Transparency Act has been incorporated in PPG and the company is reporting on the Transparency Act for 2022 and the report will be published on the company'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.

The 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.

Credit risk, the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

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

Name	Position	Served since	Term expires
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. Effective from June 1st 2022, directors and officers are covered by a liability insurance covering personal liabilities caused by performing their duties for the group.

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 educated as public accountant and is former Chief Executive Officer of Accounting Norway, the Norwegian Association of Authorized Accountants, and has held the position of Chief Municipal Executive (*Nw. Kommunedirektør*) of Andøya municipality. Ms. Riise is educated from BI Norwegian School of Management

Geir Hjorth, Board member

Geir Hjorth currently serves on the board of directors of 20 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. Høisæter 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 is Chairman of the board at The Service office at Confederation of Norwegian Enterprises Service, (Nw: Servicekontoret i NHO Service). Ms. Høisæther is educated within nursing from the University of Stavanger and University of Oslo.

Oslo, 30 March 2023

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

Responsibility Statement

We confirm to the best of our knowledge, that the set of Financial statements for the financial year ending 31. December 2022 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, 30 March 2023

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 Statement of Comprehensive Income

<i>NOK thousand</i>	Note	2022	2021
Contractual rental income	13	76 176	45 056
Other operating income		1 089	461
Total income		77 264	45 517
Operating expenses			
Employee expenses	14	4 301	2 856
Property expenses		6 202	3 529
Other operating expenses	15	13 247	8 058
Total operating expenses		23 750	14 443
Fair value adjustments on investment properties	6	16 267	220 462
Operating profit (EBIT)		69 781	251 535
Gain/Loss from associated companies	8	-1 647	-4 106
Interest income	9	17 027	15 234
Interest expense	11	42 396	20 730
Other financial gains/losses (-)	16	33 805	58 776
Net Finance income (+) /expenses (-)		6 789	49 174
Profit before tax		76 571	300 710
Income taxes	17	11 795	72 409
Profit		64 775	228 301
Profit/(loss) attributable to			
Shareholders of the parent		38 778	210 847
Non-controlling interest		25 997	17 454
Profit/(loss) for the period		64 775	228 301
Other comprehensive income			
<i>Items to be reclassified to P&L in subsequent periods:</i>			
Exchange differences, from translation of foreign operations		-4 186	-257
Other comprehensive income		-4 186	-257
Total comprehensive income		60 589	228 044
Comprehensive income attributable to			
Shareholders of the parent		34 592	228 044
Non-controlling interests		25 997	-
Comprehensive income		60 589	228 044

Earnings per share (NOK):

Basic earnings per ordinary share	18	2,74	19,70
-----------------------------------	----	------	-------

Diluted earnings per share (NOK):

Diluted earnings per ordinary share	18	2,74	19,70
-------------------------------------	----	------	-------

Weighted average ordinary shares

	18	9 814 470	9 814 470
--	----	-----------	-----------

PIONEER PROPERTY GROUP

Consolidated Statement of Financial Position

<i>NOK thousands</i>	Note	2022	2021
ASSETS			
Investment properties	6	1 798 709	1 393 041
Project in progress, investment property	7	739	45 383
Other interest in property		21 654	-
Other investment	9	48 953	365 441
Associated company	8	107 100	14 868
Loan to associated company	9, 20	56 948	51 455
Loan to other companies	9	12 296	32 646
TOTAL NON-CURRENT ASSETS		2 046 399	1 902 835
Trade and other receivables	9	29 024	10 171
Other short-term investments	9	118 954	154 225
Cash and cash equivalents	10	265 226	119 383
TOTAL CURRENT ASSETS		413 204	283 779
TOTAL ASSETS		2 459 603	2 186 614

PIONEER PROPERTY GROUP

Consolidated Statement of Financial Position

<i>NOK thousands</i>	Note	2022	2021
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		739 604	779 630
Non controlling interest		51 703	28 407
TOTAL EQUITY		1 360 639	1 377 369
LIABILITIES			
Non-current borrowings	11	834 870	520 483
Other non-current liabilities		1 777	-
Deferred tax	17	58 338	54 218
TOTAL NON-CURRENT LIABILITIES		894 984	574 701
Current borrowings	11	137 087	176 854
Current tax payable	17	6 813	22 724
Other current liabilities	12	60 082	34 967
TOTAL CURRENT LIABILITIES		203 980	234 544
TOTAL LIABILITIES		1 098 964	809 245
TOTAL EQUITY AND LIABILITIES		2 459 603	2 186 614

Oslo, 30 March 2023

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

Statement of Changes in Equity

Attributable to owners of the parent

<i>NOK thousands</i>	Notes	Share capital	Treasury shares	Share premium	Curr. Trans. Diff.*	Retained earnings	Total	Non-contr. Interest	Total Equity
Balance at 1 January 2021		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		-	-	-	-	-	-	-	-
Transactions with non-controlling interests	21	-	-	-	-	-2 196	-2 196	-744	-2 940
Acquisition of treasury shares	21	-	-	-	-	-	-	-	-
Dividends on preference shares and ordinary 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
Profit/(loss) for the period		-	-	-	-	38 778	38 778	25 997	64 775
Exchange diff. from foreign operations		-	-	-	-4 186	-	-4 186	-	-4 186
Total comprehensive Income for the period		-	-	-	-4 186	38 778	34 592	25 997	60 589
Capital reduction		-	-	-	-	150	150	-	150
Transaction with non-controlling interests	20	-	-	-	-	3 360	3 360	-2 701	659
Dividends on ordinary shares and preference shares	21	-	-	-	-	-78 128	-78 128	-	-78 128
Balance at 31 December 2022		14 683	-988	555 637	-4 443	744 046	1 308 936	51 703	1 360 639

*) Other reserves

PIONEER PROPERTY GROUP - CONSOLIDATED

Statement of Cash Flow

<i>NOK thousands</i>	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		76 571	300 710
Adjustments for:			
Fair value adjustments on investment property	6	-16 267	-220 462
Fair value adjustments on financial instruments	9	-10 718	30 226
Other adjustments		4 000	-
Profit from associated companies	8	1 647	4 106
Interest net		25 694	5 496
Taxes paid		-22 229	-6 655
Exchange gains/(losses)		1 066	7 598
Gain on sale bonds/shares		-28 477	-93 489
Changes in working capital			
Trade receivables	4	-3 529	21 555
Trade payables	12	20 151	-16 770
Other accruals		7 762	-1 598
CASH GENERATED FROM OPERATIONS		55 670	30 718
Interest received		6 799	12 944
Interest paid		-27 707	-12 917
NET CASH FLOW FROM OPERATING ACTIVITIES		34 763	30 745
INVESTING ACTIVITIES			
Proceeds from sale of shares	9	372 069	-
Proceeds from sale of bonds and funds	9	263 817	358 961
Proceeds from loan to other companies	11	21 291	-
Loans to other companies	11	-12 000	-
Purchase of subsidiaries / properties	19	-284 976	-741 546
Purchase of shares	9	-30 741	-
Purchase of shares in associated companies	8	-93 879	-
Purchase of bond	9	-222 990	-
Purchase of funds	9	-	-3 120
Net purchase of receivables/debt		-43 535	-15 596
Loans to associated companies	9, 20	-2 400	-57 700
Received dividend/repaid paid-in capital other shares	9	11 532	8 460
NET CASH USED IN INVESTING ACTIVITIES		-21 812	-450 541
FINANCING ACTIVITIES			
Proceeds from debt to financial institutions	11	349 546	295 458
Repayments of debt to financial institutions	11	-194 873	-178 128
Repayments other debt	11	-	-1 151
Loans from other companies	11	51 080	115 500
Dividends on ordinary shares	20	-35 251	-44 802
Dividends on preference shares	20	-37 351	-33 955
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		133 151	152 922
Net increase in cash and cash equivalents		146 101	-266 875
Cash and cash equivalents at beginning of year		119 383	386 260
Exchange (losses)/gains on cash and cash equivalents		-259	-1
CASH AND CASH EQUIVALENTS AT END OF YEAR		265 226	119 383

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, office 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 2022 to 31 December 2022, with 2021 shown as comparative period.

These consolidated financial statements are approved by the Board of Directors 30. March 2023.

2. Key transactions and events in 2022

In 2022, PPG has increased the real estate portfolio and its investment activity, especially within the development property segment.

The largest single transaction was carried out in May 2022 when PPG sold its 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. Pioneer Property Group ASA entered into an agreement regarding the sale of all the shares owned by PPG in Odin Bidco AS to the existing shareholders in Odin Bidco AS. Closing of the transaction took place on June 6th. The agreed price for the Shares was MNOK 372.1 generating a profit of MNOK 25.7.

The second largest transaction was the purchase of properties and shares from Hospitality Invest AS' in September 2022. The transaction consisted of majority of the shares in the following direct and indirect subsidiaries: Gaustadskogen Eiendom AS (77%); Tjuvholmen Eiendom AS (100%) and Norab Eiendom Vest AS (100%). All property companies with tenants owned by the Norlandia Health & Care Group AS. In addition the transaction also included 23.6% of the shares in Norlandia Holding AS, a company which owns hotels mainly operated by Norlandia Hotel Group AS.

In October, PPG acquired the remaining 23% of the shares in Gaustadskogen Eiendom AS based on a property value of 78MNOK, identical to the property value for purchase of 77% of the shares.

Other investments were a 7.500 sqm plot in Mo i Rana, a 51.500 sqm parking area in close proximity to Evenes Airport, and a 44.600 sqm plot situated next to Brennemoen Hotel in Indre Østfold municipality.

PPG continued to grow its diversity within the real estate portfolio with the acquisition of T10 Eiendom AS, a company owning a seven story large office building in Bodø.

In total, PPG has acquired investment property with a total property value of MNOK 331. See Notes 6 and 19 for further information on the acquisitions of companies regarded as asset purchases.

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, funds, shares 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 and accumulated at currency translation as part of other reserves. On disposal reserves related to actual disposal are transferred to the consolidated statement of comprehensive income as part of profit or loss on disposal.

Dividend

Pioneer Property Group ASA has two classes of shares, ordinary shares and preference shares. The preference shares were entitled to annual dividend payments amounting to NOK 9.50 per preference share until the end of June 2022. This was stepped up to NOK 10.00 per preference share from 01 July 2022, in accordance with the company's Articles of Association. The board of directors approves payment of dividends based on an authorisation from the Annual General Meeting. The dividend payments have been made quarterly with NOK 2.375 per preference share in first half of 2022, and NOK 2.500 over the second half of 2022. The Preference shares are currently redeemable at a price of NOK 100 per share, which was valid from 1 July 2020, when it was stepped down from NOK 130 per preference share. The coupon for the preference share has reached its maximum coupon, which is set to NOK 10 per share.

Dividend distribution to Ordinary shares and Preference Shares is recognised as a liability in the Group's financial statement in the period in which the dividend is approved by the Board of Directors based on the authorisation given by the Company's shareholders in the General Assembly.

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 the statement of the comprehensive income. 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 rates 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 cause 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 31.12.2022, 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 2022 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	-4173,2	-2086,6	2086,6	4173,2

(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 6.8

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 2022 and 2021 reporting periods, there has not been recorded any loss and there are no significant amount of trade receivables past due at the date of the approval of the financial statements.

	Total	Not due	between 1 and 60 days overdue	more than 60 days overdue
Trade Receivables	8 066	1 976	6 090	-
Other Receivables	20 958	20 958	-	-
As per 31.12.2022	29 024	22 934	6 090	-

	Total	Not due	between 1 and 60 days overdue	more than 60 days overdue
Trade Receivables	4 537	4 537	-	625
Other Receivables	5 634	5 634	-	-
As per 31.12.2021	10 171	10 171	-	625

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 2022 reporting period:

<i>NOK thousand</i>	31.12.2022				Total
	<1y	1y-2y	2y-5y	>5y	
Borrowings	137 087	244 667	375 310	207 650	964 713
Interest on borrowings	50 110	41 027	84 259	106 550	281 947
Other current liabilities	51 412				
Interest on other current liabilities					
Total	238 608	285 694	459 569	314 200	1 246 659

During 2022, 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 2022 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 84. The new agreement is expected to be paid in periodic payments over a term of 5 years. However, since at the end of the 2022 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 2021 reporting period:

<i>NOK thousand</i>	31.12.2021				Total
	<1y	1y-2y	2y-5y	>5y	
Borrowings	176 854	107 409	362 741	49 577	696 582
Interest on borrowings	23 573	18 150	25 260	16 099	83 082
Other current liabilities	26 525	-	-	-	26 525
Total	216 052	125 559	388 001	65 677	779 664

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 31.12.22 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 2022, 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; office properties and development properties with both commercial and residential use. The Office properties segment is a new one for 2022, as a consequence of the acquisition of an office property in Bodø (see Note 6 for further information).

Management has therefore identified five 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 three preschool property owned by PPG, located in Bergen and Oslo. Two preschools were acquired in September 2022 from Hi Capital AS and Hospitality Invest AS. Total lease income for the Preschool segment amounted to MNOK 1.9 in 2022 and MNOK 0.4 in 2021, with a fair property value based on third party valuation of the property owned by PPG per 31.12.21 of MNOK 116.

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 6 retail properties owned by PPG. Total lease income for 2022 for the retail properties segment amounted to MNOK 29.4 with a fair property value based on third party valuations per 31.12.22 of MNOK 461.

Over the period PPG's subsidiary Pioneer Retail Properties has completed two building projects with new premises for Ferda in Balsfjord and in Mo i Rana. The premises consist of 1200 m² building let out to Ferda on a 15-year barehouse lease agreement. Annual lease for 2023 is expected to be MNOK 4.7 MNOK combined for the two new properties.

Property Development

Pioneer Property Development AS develop general commercial real estate and housing. The segment consists of 3 development projects at the end of 2022.

During 2022, the construction of two new retail properties in Balsfjord and Mo i Rana was completed, previously recognized as Project in progress, investment properties. At year end of 2022, the two properties is recognized as investment properties in the retail property segment. Please refer to note 6 for further details. In autumn 2022, the building of Ferda Evenes was initialized, expected to be completed by the spring of 2024.

The existing development project in Evenes, Nordland of 400 000 m² greenfield area in close proximity to Harstad/Narvik airport in Northern Norway was expanded with an additional plot of 51 500 m² in November 2022, consisting of a 1200 m² building and a parking lot, with net rental income estimated to 7 MNOK annually. The purchase price for the plot was NOK 74 MNOK.

Hotel Properties

The hotel properties segment includes 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 are 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 2022 for the Hotel Properties segment amounted to MNOK 42.6 with a fair property value based on third party valuations per 31.12.22 of MNOK 924.

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.

Currently, the hotels in Forum and Gardermoen is undergoing renovations. When completed, the minimum rent and the expected rent will be increased.

Office properties

The first office property was acquired in March 2022, a seven stories tall building in Bodø. 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 was settled with cash and bank debt.

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 2022 includes:

<i>NOK thousand</i>	Preschool Properties	Retail Properties	Development Properties	Hotel Properties	Office Properties	Other	Group
Total Income	1 912	29 414	1 740	42 582	1 616	0	77 264
Fair value adjustment on investment properties	797	-30 064	30 767	-11 701	26 468	0	16 267
Operating profit/loss (EBIT)	2 308	-7 529	30 078	19 165	26 909	-1 151	69 781
Investment properties	116 000	461 000	227 681	924 029	70 000		1 798 709
Cash and cash equivalents	7 414	19 037	65 366	48 580	142	124 688	265 226

The comparative period for 2021 is stated below:

<i>NOK thousand</i>	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

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. Cost includes the amount of cash consideration paid and the fair value of other consideration given.

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 statement of comprehensive income 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 statement of comprehensive income 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 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) were applied to assess the yield for the respective property/location.

As of the end of the 2022 reporting period, the following gross yield for the investment properties is observed for the properties and the valuation of the properties implies the following yields:

	Preschool Properties	Retail Properties	Development Properties	Hotel Properties	Office Properties	Total
Gross yield range 2022	3.7% - 5.6%	6.5% - 7.7%	n/a	5.4% - 8.1%	6.2% - 6.2%	3.7% - 8.1%
Weighted average gross yield 2022	5.3%	7.1%	n/a	6.7%	6.2%	6.5%
Gross yield range 2021	3.4% - 3.4%	5.7% - 6.8%	n/a	5.3% - 9.6%	n/a	3.4% - 9.6%
Weighted average gross yield 2021	3.4%	6.1%	n/a	6.2%	n/a	6.2%

The calculated weighted average gross yield is based on annual contractual lease income of 2023 of MNOK 105.7 after refurbishment of Forum and Voss and is based on an expected annual inflation of 6.8% and market rent at the end of lease period.

Description

As of 31.12.22 the Groups investment property portfolio consists of three preschool properties, six retail properties, four hotels in Norway, two hotels in Sweden and land in Oslo, Rana, Evenes and Indre Østfold. The Group owns and manages a total area of approximately 75.500 square meters, not including associated companies and development properties.

Overview of account movements 2022

<i>NOK thousand</i>	Preschool Properties	Retail Properties	Development Properties	Hotel Properties	Office Properties	Other	Group
Fair value in the beginning of the year	11 500	428 070	37 500	915 971	-	-	1 393 041
Completed project in progress, transferred to Investment Property		44 882					44 882
Investment in subsidiaries /properties	103 703	18 112	159 414	24 372	43 532		349 134
Effect of currency exchange differences in foreign operations				-4 614			-4 614
Sale of operations							-
Fair value adjustments on investment properties	797	-30 064	30 767	-11 701	26 468		16 267
Fair value in the end of the year	116 000	461 000	227 681	924 029	70 000	-	1 798 709
Net change in unrealized gain	797	-30 064	30 767	-11 701	26 468	-	16 267

The segment of hotel properties represented the biggest share of value of properties in the Group at year end of 2022. The largest acquisitions in 2022 were purchase of additional land close to Evenes, within development properties, and the purchase of two preschools in Oslo. In addition an office property in Bodø was acquired based on a property value of MNOK 45.

With respect to the retail properties, the additions made during 2022 is related to the completion of properties located in Mo i Rana and in Balsfjord, recognized as project in progress, investment property in 2021.

In summary the total Group's portfolio as of 31 December 2022 was valued to MNOK 1 798.7 MNOK, an increase from MNOK 1 393 from year-end 2021.

Overview of account movements 2021

As of 31.12.21 the Groups investment property portfolio consisted of one preschool property, six retail property and one plot near Evenes, all located in Norway.

<i>NOK thousand</i>	Preschool	Retail	Development	Hotel	Group
	Properties	Properties	Properties	Properties	
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
Fair value adjustments on investment properties	-	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

Commitments

As of the end of the 2022, the undergoing refurbishment of Forum Hotel and the planned renovation of Park Hotel Vossevangen 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 tenants. When renovation is completed, the annual minimum rent will increase, as well the turnover-based rent. During 2022, a renovation budget of 20 MNOK was agreed with the tenant in Guard Hotel, increasing the minimum rent to 19,1 MNOK.

The Group had similar commitments of this type at the end of the 2021 reporting period, with both Park Hotel Vossevangen and Forum Hotel under renovation.

Total property operating expenses

The Group did not incur any direct operating expenses (including repairs and maintenance) in investment property that did not generate rental income during the 2022 and 2021 reporting periods. As for the investment properties that did generate rental income during the 2022 and 2021 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).

Climate related matters

Storms and floods are long-term risks, and potential physical damage to properties could be severe. However, all properties are insured. In November 2022, a flood in Voss caused damages on some equipment and installations, however all costs has been recovered by the insurance company. On long term, such events may lead to increased insurance cost, but this has not yet been observed.

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 2022, the Group had the following sensitivity to changes in these identified significant inputs:

<i>NOK million</i>		Yield sensitivity		
		-0,5%	0,0%	0,5%
NOI sensitivity	-5 %	122	110	101
	0 %	128	116	106
	5 %	134	122	111

Preschool properties - Comparative period 2021

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 2022, 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 %	471	438	409
	0 %	496	461	431
	5 %	521	484	452

Retail properties - Comparative period 2021

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, 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 2022, 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 %	948	878	817
	0 %	998	924	860
	5 %	1 048	970	903

Hotel Properties - Comparative period 2021

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

Office properties

As of 31 December 2022, 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 %	72	67	62
	0 %	76	70	65
	5 %	80	74	68

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.

Description

Project in progress, investment properties	
Cost 1 January 2022	45 383
Additions	238
Additions from acquisition of companies	
Realisations	
Completed projects, transferred to investment properties	-44 882
Depreciation	
Exchange differences	
Carrying value 31 December 2022	739

Bobil Eiendom Balsfjord AS and Bobil Eiendom Rana AS completed the construction of 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 in Q1 2022 and Q3 2022 respectively. For the year end reporting of 2022, the two properties are now recognised as investment properties.

For 2022, the project in progress is mainly related to building of new premises in Evenes.

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 replaced by approximately 400 newbuild apartments.

The Group is controlling 50 of the votes in the Board of Directors. The project management and daily operations are performed by Eiendomsselskapet Ranheim AS, thus it is PPG consideration that the group does not have control in Kongsparken.

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 The owners of Vico Eiendom AS is Hauglandgruppen, a family office located in Bergen.

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 PPG does not have control in Forus Holdco AS and is regarded as an associated company. 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 31.12.2022. The company is treated as an associated company.

Norlandia Holding AS

In September 2022 PPG acquired 23,58% of the shares in Norlandia Holding AS. Norlandia Holding is an investment company within hotel properties and development properties. Through its subsidiaries the company owns 21 properties and has 9 associated companies. The net profit in the company was MNOK 20.1 and the total book value of equity was MNOK 383.5. The company is treated as an associated company.

The Group's shares of the financial positions in the companies owned per year end 2022 and 2021:

<i>NOK thousand</i>	31.12.2022	31.12.2021
Goodwill		
Deferred tax	-63 195	886
Licenses, patents, rights	19 047	21 120
Investment properties	783 910	5 617
Other non-current loans	157 702	93 114
Other non-current assets	318 841	232 879
Cash	21 160	4 590
Other current assets	38 889	30
Borrowings (current and non-current)	-835 964	-324 091
Other non-current liabilities	-	-
Other current liabilities	-19 142	-2 970
Net assets	421 249	31 174
Share of ownership	107 100	14 868
Distribution of loss unevenly between share classes		
Carrying amount (at percentage of part. by the Group)	107 100	14 868

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

<i>NOK thousand</i>	2022	2021
Carrying amount at 01.01	14 869	-220
Invested capital in Norlandia Holding AS	87 783	-
Invested capital in Ramstadsletta Utvikling AS	2 795	12,0
Invested capital in Forus Holdco AS	-	14 115
Invested capital Bm3 Eiendom AS	3 301	
Interest-free loan to Ramstadsletta AS (Note 2)	-	5 067
Share of gain in the associated companies	-1 647	-4 106
Carrying amount at 31.12	107 100	14 869

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 2022:

<i>NOK thousand</i>	Kongsparken AS	Ramstadsletta Utvikling AS	Forus Holdco AS	Norlandia Holding AS	Bm3 Eiendom AS	Total
Net income	-5 145	-53	-430	4 795	103	-730
The Group' share of ownership	50,00 %	40,08 %	50,00 %	23,58 %	30,71 %	
Share of loss in the owner period	-2 573	-21	-215	1 131	32	-1 647

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 is calculated as:

<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	-

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).

Critical accounting estimates

The shares in Odin Bidco AS was sold in May 2022. Until the moment of their disposal, the shares have been measured by an independent valuation expert. Odin Bidco AS owns preschool properties in Norway, Sweden, Finland and Netherlands.

For the estimate of 2021, revenue was based on rental agreements adjusted for the consumer price index and it was 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 was estimated to 96.80%. Finance expense is based on the current borrowing structure. In addition, growth based on future acquisitions are included. The equity discount rate applied in 2021 was 9.80%.

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 would have increase/decrease with approximately 4.5% in 2021.

Specification of financial assets and liabilities:

The Group holds the following financial assets and liabilities:

<i>NOK thousand</i>	31.12.2022	31.12.2021
<i>Financial assets at amortised cost</i>		
Loan to associated companies	56 948	51 455
Loan to other companies	12 296	32 646
Cash and cash equivalents	265 226	119 383
Trade and other receivables	29 024	10 171
<i>Financial assets at fair value through profit or loss</i>		
Other investments 1)	118 954	154 225
Other Shares 2)	48 953	365 441
Sum	531 401	733 321
<i>Financial liabilities at amortised cost</i>		
Borrowings	971 955	697 336
Other current liabilities	49 936	26 751
Sum	1 021 891	724 087

1) Other investments are measured at fair value as level 1 in the fair value hierarchy in accordance with quoted prices

- 2) Other Shares included the ownership share in Odin Bidco AS in 2021 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 2022:

NOK thousand			2) Odin	2) Hospitality	Total
	1) Bonds	1) Funds	Bidco AS	Invest AS	
Fair value in the beginning of the year	49 625	104 600	357 900	7 541	519 666
Purchase in 2022	222 990	2 758	-		256 490
Sold in 2022	-210 615	-50 451	-346 368		-607 434
Repaid capital			-11 532		-11 532
Currency adjustments				-	-
Fair value adjustments		47		10 670	10 718
Fair value in the end of the year	62 000	56 954	0	18 212	167 907

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

2) Investments in shares where the company have no significant influence or control, is measured according to level 3 in the hierarchy. The shares are not traded, not quoted.

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

NOK thousand			2) Odin	2) Hospitality	Total
	1) Bonds	1) Funds	Bidco AS	Invest AS	
Fair value in the beginning of the year	396 813	94 218	306 956	7 541	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	7 541	519 666

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:

NOK in thousand	31.12.2022	31.12.2021
Bank deposits	265 226	119 383
Total	265 226	119 383

All interest income relates to interest on bank deposits.

The bank deposits include restricted cash related to tax withholding account of TNOK 223.6 per 31 December 2022 (TNOK 140 per 31 December 2021).

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 2022:

<i>NOK thousand</i>	31.12.2022	31.12.2021
Non-current		
Commercial bank loans	736 761	416 067
Other loans	98 107	104 416
Total	834 869	520 483

<i>NOK thousand</i>	31.12.2022	31.12.2021
Current		
Commercial bank loans	84 248	161 229
Other loans	52 838	15 625
Total	137 087	176 854

<i>NOK thousand</i>	31.12.2022	31.12.2021
Total non-current and current		
Commercial bank loans	821 010	577 295
Other loans	150 946	120 041
Total	971 955	697 336

The borrowings the Group holds as of the end of 2022 and 2021 are linked to the investment properties owned by the Group. The following assets have been pledged as security for liabilities:

<i>NOK thousand</i>	31.12.2022	31.12.2021
Investment property	1 637 880	1 239 070
Total pledged assets	1 637 880	1 239 070

For the properties that are pledged as security for liabilities, the amount pledged corresponds to the fair value of the 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 31.12.2022, MNOK 109,5 have a fixed annual interest rate that ranges from 1 to 4%. The rest of the borrowings are subject to an interest rate structure that is comprised of a variable interest rate based on the 3-month NIBOR plus a margin that typically approximates 2-3% annually. On average, the annual average interest rates realised for 2022 has been 5,07%. 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 2022 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 2022	520 483	176 854	697 336
Cash flows			
Cash flow received	367 001	33 624	400 626
Repayments	-16 000	-178 873	-194 873
Non-cash:			
Borrowing classified as non-current at 31 Desember 2021 becoming current during 2022	-102 582	102 582	-
Purchase of operations	58 529	2 900	61 429
Interest	7 437		7 437
At 31 December 2022	834 869	137 087	971 955
At 1 January 2021	32 125	13 040	45 165
Cash flows			
Cash flow received	388 950	22 008	410 958
Repayments	-1 151	-178 128	-179 279
Non-cash:			
Purchase of operations	99 538	319 934	419 472
Interest	1 020		1 020
At 31 December 2021	520 483	176 854	697 336

12. Other current liabilities

<i>NOK in thousand</i>	31.12.2022	31.12.2021
Trade payable	28 909	8 758
Government taxes	-1 379	1 056
Accrued interest	8 537	4 344
Dividend	14 742	9 216
Accrued cost, Prepaid revenues	1 226	3 844
Other current liabilities	8 047	7 749
Total other current liabilities	60 082	34 967

Dividend relates to Q4 2022 dividend approved by the board 13. October 2022, with payment date in January 2023.

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 nineteen 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 the change in CPI. The rent in the table below are adjusted with an annual CPI-adjustment of 2%:

<i>NOK in thousand</i>	31.12.2022	31.12.2021
Within 1 year	94 966	67 257
Between 1 and 5 years	323 622	316 621
After 5 years	619 784	625 253
Total	1 038 372	1 009 130

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 the change in CPI. However, the hotel investment properties typically have the characteristic that rental income is subject to certain positive variables 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 2022 and 2021 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. No compensation has been granted for 2022.

14. Employee expenses and management remuneration

<i>NOK in thousand</i>	2022	2021
Salary	3 620 160	2 412 319
Payroll tax	583 585	374 396
Pension benefits	61 149	37 002
Other benefits	35 744	32 208
Total salary and pension costs	4 300 638	2 855 925

Average Employees	3	2
-------------------	---	---

The remuneration to the management in 2022:

<i>NOK</i>	Salary	Bonus	Other benefits	Pension benefits	Total compensation
John Ivar Busklein (CEO)	525 713	150 000	-	7 299	683 012
Øystein B. Grini (CFO)	1 282 000	150 000	4 392	24 757	1 461 149
Total management remuneration	1 807 713	300 000	4 392	32 056	2 144 161

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

John Ivar Busklein has been CEO of Pioneer Property Group ASA in a part time position at 28,4%. Øystein Grini was appointed as new CFO of the Group as of 1. September 2021. Ole-Kristofer Bragnes held the position as CFO from 24 October 2019 until 31. August 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 2022 as published on the company's web page pioneerproperty.no. These policies shall be subject to an advisory vote by the general meeting.

The remuneration to the Board of Directors:

<i>NOK</i>	2022	2021
Roger Adolfsen (Chairman of the board)	130 000	110 000
Geir Hjorth (board member)	130 000	110 000
Sandra Riise (board member)	130 000	110 000
Even Carlsen (board member)	130 000	100 000
Nina Høisæter (board member)	130 000	110 000
Total remuneration	650 000	540 000

15. Other operating expenses

<i>NOK in thousand</i>	2022	2021
Accounting fees, auditing, legal expenses and other fees	5 908	7 644
Other operating expenses	7 339	415
Total other operating expenses	13 247	8 059

Fees from the auditor:

Fees from the auditor

<i>NOK in thousand</i>	2022	2021
Auditing fees	1 203	841
Other fees from the auditor	25	143
Total auditing fees	1 227	985

16. Other financial gains (losses)

<i>NOK thousand</i>	2022	2021
Currency gain/loss	-1 065	-7 598
Gain on sale shares	25 701	-
Gain on sale bonds	3 385	93 489
Loss on sale funds	-609	-
Changes in fair value (see note 9)	10 718	-30 226
Other adjustments	-4 000	-
Other financial income	-	3 372
Other financial expenses	-325	-260
Sum	33 805	58 776

The gains on sale of bonds listed under 2022 is related to the sale of Hospitality Invest AS (HOIN02) bonds and the sale of First High Yield Fund with a value of MNOK 50. The gains on sale of shares are related to the sale of the shares in Odin Bidco.

The changes in fair value is mainly related to the shares in Hospitality Invest AS.

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.

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 2022 is MNOK 175.1 (MNOK 151.5 in 2021).

Changes in deferred tax liabilities:

Change in deferred liabilities <i>NOK in thousand</i>	Investment property	Other items	Total
01.01.2021	6 876	-2 152	4 724
Recognized deferred tax	47 547	1 947	49 494
31.12.2021	54 423	-205	54 218
Recognized deferred tax	9 544	-5 424	4 120
31.12.2022	63 967	-5 629	58 338

Income tax expense:

<i>NOK in thousand</i>	2022	2021
Tax payable	6 812	22 724
Change in deferred tax	4 120	49 494
Changes related to currency translation	135	120
Other changes	729	71
Income tax expense	11 795	72 409

Reconciliation of tax expense:

<i>NOK in thousand</i>	2022	2021
Profit before income tax	76 571	300 710
Tax expense based on standard rate of Norwegian (22%)	16 846	66 156
Adjustments for:		
Effect of tax rates outside Norway	377	273
Tax effect not taken into account at acquisition		-5 534
Changes related to currency translation	135	120
Permanent differences	-5 305	11 393
Other differences	-258	
Income tax expense for the period	11 795	72 409

Estimated effective tax rate for the period	15,4%	24,1%
---	-------	-------

18. Earnings per share

Accounting principles

The Group's preference shares are entitled to a fixed dividend of NOK 10.00 per annum from 01 July 2022, 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 total operations.

<i>NOK</i>	31.12.2022	31.12.2021
Net profit continuing operation	64 775 432	228 300 631
Less pref share dividends	-37 835 722	-34 925 280
Profit attributable to ord shares	26 939 710	193 375 351
Weighted avg ord shares	9 814 470	9 814 470
EPS to ord shares	2,74	19,70

Diluted

As per 31 December 2022 no rights are issued which would 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 March 2022, Terminalveien 10 in Bodø was acquired together with local partners, holding 52% of the shares in T10 Holdco. The largest tenants is Haneseth Bodø, Haneseth VVS and Bodø Kontorsenter AS.

Within the property development segment, PPG increased its ownership to 85% in Evenes Tomteselskap AS indirectly with additionally ~24% of the shares in Evenes Tomteselskap AS through an 53% owned SPV. Further, the development the acquisition of Steinbekkhaugen AS, a 7,5 acre large development plot.

Two preschools was acquired during 2022, owned by the SPV's Gaustadskogen Eiendom AS and Tjuvholmen Eiendom AS. The property value was MNOK 105 and the annual lease income is estimated to MNOK 5.8. The preschools are located in Oslo.

The non-controlling interest in PPG is related to the shares in Park Hotel Holdco, Evenes Tomteselskap AS and T10 Holdco AS. For 2022, the transactions with non-controlling interest has been purchase of additional shares in Evenes Tomteselskap AS, and the establishment of T10 Holdco AS together with local partners who acquired 48% of T10 Holdco AS.

<i>NOK in thousand</i>	2022	2021
Purchase of subsidiaries/Properties -cash	287 772	741 546
Cash acquired companies	18 620	36 127
Debt acquired companies	108 968	611 660

Companies bought or incorporated in 2022:

Company Name	Location	Share of ownership	Share of voting rights
T10 Holdco AS	Norway	52%	52%
T10 Eiendom AS	Norway	100%	100%
ET Nord AS	Norway	100%	100%
ET Midt AS	Norway	100%	100%
ET Øst N AS	Norway	100%	100%
ET Øst S AS	Norway	100%	100%
ET Vest N AS	Norway	100%	100%
ET Vest S AS	Norway	100%	100%
PPG Hylle 1 AS	Sweden	100%	100%
PPG Hylle 2 AS	Norway	100%	100%
PPG Hylle 3 AS	Norway	100%	100%
Gaustadskogen Eiendom AS	Norway	100%	100%
Tjuvholmen Eiendom AS	Norway	100%	100%
Norab Eiendom Vest AS	Norway	100%	100%
Neptun Eiendom Invest AS	Norway	100%	100%
Steinbekkhaugen AS	Norway	100%	100%
Brennemoen Eiendom AS	Norway	100%	100%

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%

The Group consists of the following subsidiaries per 31 December 2022:

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%
Gautstadsbogen Eiendom AS	Norway	100%	100%
Tjuvholmen 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%
Brennemoen Eiendom AS	Norway	100%	100%
Steinbekkhaugen AS	Norway	100%	100%
Norab Eiendom Vest AS	Norway	100%	100%
Neptun Eiendom Invest AS	Norway	100%	100%
Evenes Holding AS	Norway	53%	53%
Evenes Tomteselskap AS	Norway	85%	85%
ET Nord AS	Norway	100%	100%
ET Midt AS	Norway	100%	100%
ET Øst N AS	Norway	100%	100%
ET Øst S AS	Norway	100%	100%
ET Vest N AS	Norway	100%	100%
ET Vest S AS	Norway	100%	100%
PPG Hylle 1 AS	Norway	100%	100%
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%
PPG Hylle 2 AS	Norway	100%	100%
PPG Hylle 3 AS	Norway	100%	100%
T10 Holdco AS	Norway	52%	52%
T10 Eiendom AS	Norway	100%	100%

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%

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 31.12.2022:

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
John Ivar Busklein	Chief Executive Officer
Øystein Grini	Chief Financial Officer
Hospitality Invest AS	Substantial shareholder
Grafo AS	Substantial shareholder
Klevenstern AS	Substantial shareholder
Mecca Invest AS	Substantial shareholder
Norlandia Health & Care Group AS	Controlled by substantial shareholders, refer to note 21
Norlandia Holding 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

The Group had 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
John Ivar Busklein	Chief Executive Officer
Øystein Grini	Chief Financial Officer
Hospitality Invest AS	Substantial shareholder
Grafo AS	Substantial shareholder
Klevenstern AS	Substantial shareholder
Mecca Invest AS	Substantial shareholder
Norlandia Health & Care Group AS	Controlled by substantial shareholders, refer to note 21
Norlandia Holding 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

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

Indirect ownership of shares by board member :

	2022		2021	
	Ord. Shares	Pref. shares	Ord. Shares	Pref. shares
Roger Adolfsen	3 160 192	-	3 160 192	-
Even Carlsen	1 642 024	-	1 642 024	-

The Group had the following material transactions with related parties:

<i>NOK in thousand</i>	2022	2021
Rent revenue from Norlandia Health & Care Group AS including subsidiaries	1 912	371
Rent revenue from Ferda Norge AS	29 414	17 725
Rent revenue from Norlandia Hotel group	42 582	26 960
Management fee from Up North Hospitality AS	1 875	1 345
Management fee from Oslo Corporate Holding AS	423	2 679
M&A services and Management fee to Hospitality Invest AS	2 877	2 679
Interest income from associated companies	2 300	457
Sale of bonds to related parties	153 500	358 961
Sale of receivables to related parties	-	-
Purchase of shares and properties from related parties	194 498	-
Purchase of receivables from related parties	-	-6 156
Purchase of shares and properties from related parties	-	423 151

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

Receivables from related parties

<i>NOK in thousand</i>	31.12.2022	31.12.2021
Norlandia companies	9 260	25 974
Kongsparken AS	14 644	12 714
Ramstadsletta Utvikling AS	48 000	48 000
Smedplassen Eiendom AS	1 432	-
Ferda Norge	-	211
Wayfare Invest AS	12 270	-
Acea Invest AS	-	8 879

Liabilities to related parties

<i>NOK in thousand</i>	31.12.2022	31.12.2021
Norlandia companies	30 742	1 273
Kidprop AS	-	5 852
Ferda Norge	-	574

For compensation to key management personnel, see note 14.

Loans to associate entities

During the 2022 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 beared 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 2.1

21. Share capital and shareholder information

The Company have two classes of shares, ordinary shares and preference shares. As of 31 December 2022, 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 9.50 per preference share per annum which stepped up to NOK 10.00 on 01 July 2022. Dividend payments are made quarterly with NOK 2.375 per preference share (NOK 2.500 after 01 of July), if approved by the Board of Directors based on the authorisation given 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 2.375 per preference share (NOK 2.500 after 01. of July) during a quarter, the difference between paid dividends and NOK 2.500 per preference share shall be accumulated and adjusted upwards with an annual interest rate of 5 per cent until full dividends have been distributed. No dividends may be distributed to the ordinary shareholders until the preference shareholders have received full dividends including the withheld amount.

	Number of shares	Share value in NOK					Total
		Ordinary shares	Preference shares	Share premium	Treasury shares		
At 1 January 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 2022	14 683 023	9 814 470	4 868 553	555 636 899	-987 966	569 331 956	
Capital reduction	-	-	-	-	-	-	
Payment premiums 2022	-	-	-	-	-	-	
Acquisition of treasury shares	-	-	-	-	-	-	
At 31 December 2022	14 683 023	9 814 470	4 868 553	555 636 899	-987 966	569 331 956	

PPG holds 987,966 preference shares in PPG at purchased 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.

During 2022, PPG has declared quarterly dividends to the holders of preference shares, in total MNOK 37.4. Furthermore PPG paid dividends to holders of the ordinary shares of MNOK 35.3.

10 largest shareholders registered in VPS as of 31 December 2022:

	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%	12,88%	0,61%
Avanza Bank AB	0,00%	10,25%	0,48%
Nordnet Bank AB	0,00%	8,44%	0,40%
The Bank of New York Mellon	0,00%	7,54%	0,36%
Other Shareholders	0,00%	60,88%	2,88%
Total	100 %	100 %	100%

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 %

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. New standards not yet adopted

There are no new or amended standards that affect the Group as of the year 2022.

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.

24. Subsequent events

PPG acquired the development rights related to the property in Evenes Airport. Owned together with local partners. The purchase price of MNOK 45 was settled partially with cash and partially with seller's credit.

Alternative Performance Measures

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

APM amounts in NOK million	Explanation	2022	2021	
EBIT	<i>Earnings before interest and taxes</i>	76 571	300 710	
Weighted average gross yield	<i>The weighted average gross yield on estimated rent calculated by adjusting for property value. Gross yield for a property or portfolio of properties is calculated as contractual annualised rental income for the upcoming financial year divided by the market value as of balance sheet date.</i>	Preschool	5.3%	3.4%
		Hotel	6.8%	6.2%
		Retail	7.1%	6.1%
		Office	6.2%	n/a
NOI	<i>Net Operating Income, meaning all revenue from properties minus all reasonable direct property related expenses.</i>	69 974	41 526	



ANNUAL REPORT (PARENT COMPANY) 2022

PIONEER PROPERTY GROUP ASA

PIONEER PROPERTY GROUP ASA

STATEMENT OF INCOME

	Note	2022	2021
OPERATING REVENUE AND EXPENSE			
Revenue	1	9 689 910	4 124 453
TOTAL OPERATING REVENUE		9 689 910	4 124 453
Employee benefits expense	2	4 752 215	2 844 664
Depreciation and amortisation expense	3	12 279	6
Other operating expenses	2	6 802 962	5 982 633
TOTAL OPERATING EXPENSES		11 567 456	8 833 040
OPERATING PROFIT OR LOSS		-1 877 546	-4 708 587
FINANCIAL INCOME AND EXPENSES			
Financial income			
Changes in market value of fin. cur. assets	4,5	47 160	11 301 327
Income from subsidiaries	5	1 692 676	994 910
Interest received from group companies	1,5	34 561 471	23 141 361
Other interest	5	10 276 108	13 136 938
Other financial income	5	83 542 310	98 289 996
Total financial income		130 119 725	146 864 531
Financial expenses			
Changes in market value of fin. cur. assets	4,5	-	78 878 891
Interest paid to group companies	1,5	391 355	360 651
Other interest	5	43 579	-
Other financial expense	5	609 227	8 791 528
Total financial expenses		1 044 161	88 031 070
NET FINANCE		129 075 564	58 833 461
ORDINARY RESULT BEFORE TAX		127 198 018	54 124 873
Tax on ordinary result	6	13 545 387	26 775 800
PROFIT		113 652 631	27 349 073
ATTRIBUTABLE TO			
To additional dividends payable		78 127 825	43 953 128
Given intra-group contribution		35 524 807	-
To other equity		-	-16 604 053
Net brought forward		113 652 631	27 349 074

PIONEER PROPERTY GROUP ASA

Balance sheet pr. 31.12.2022

	Note	2022	2021
ASSETS			
Fixed assets			
Tangible assets			
Fixtures and fittings, office machinery etc.	3	51 793	20 100
Total tangible assets		51 793	20 100
Financial fixed assets			
Investments in subsidiaries	7	585 011 829	31 088 422
Loans to group companies	1	321 152 191	671 831 771
Investments in associates	6	87 782 718	-
Investments in shares or units		38 282 669	310 985 144
Total financial fixed assets		1 032 229 407	1 013 905 337
TOTAL FIXED ASSETS		1 032 281 200	1 013 925 437
CURRENT ASSETS			
Receivables			
Receivables on group companies	1	2 299 170	1 928 666
Other short-term receivables		9 202 846	11 368 909
Total receivables		11 502 016	13 297 575
Investments			
Quoted bonds	4	62 000 000	49 625 000
Other financial Instruments	4	56 953 866	104 600 066
Total receivables		118 953 866	154 225 066
Cash and bank deposits	8	124 545 576	49 709 708
TOTAL CURRENT ASSETS		255 001 458	217 232 349
TOTAL ASSETS		1 287 282 658	1 231 157 786

PIONEER PROPERTY GROUP ASA

Balance sheet pr. 31.12.2021

	Note	2022	2021
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	622 344 289	586 819 482
TOTAL EQUITY		1 191 676 244	1 156 151 438
Liabilities			
Provision			
Deferred tax	6	283 680	442
Total provisions		283 680	442
Other non-current liabilities			
Liabilities to group companies	1	9 136 724	9 017 897
Total other non-current liabilities		9 136 724	9 017 897
TOTAL NON-CURRENT LIABILITIES		9 420 404	9 018 339
Current liabilities			
Accounts payable		3 912 344	1 019 678
Income tax payable	6	6 961 967	18 905 888
Dividends payable		14 742 481	9 216 394
Liabilities to group companies	1	28 637 189	35 770 318
Other current liabilities		31 837 408	870 166
TOTAL SHORT-TERM LIABILITIES		86 186 009	65 988 009
TOTAL LIABILITIES		95 606 413	75 006 348
TOTAL EQUITY AND LIABILITIES		1 287 282 658	1 231 157 785

Oslo, 30 March 2023

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	2022	2021
Cash flows from operating activities			
Profit before tax		127 198 018	54 124 874
Taxes paid		-18 905 888	-6 655 427
Gains and losses on sale bonds	4	-3 385 000	-93 488 770
Gains and losses on sale funds	4	609 227	-
Depreciation	3	12 279	-5 743
Gains and losses on sale shares		-80 157 310	5 744
Group contributions	1	-1 692 676	-994 910
Exchange gains/(losses)		-	7 105 053
Fair value adjustmenst on quoted bonds	4	-47 160	67 577 564
Trade receivables		933 756	-933 756
Trade payables		2 892 666	621 914
Other accruals		1 699 835	-2 700 857
Net cash flow from operating activities		29 157 747	24 655 686
Cash flows from investing activities			
Payments for purchase of shares		-650 140 606	-13 622 637
Payments for purchase of other investments	3	-43 972	-25 843
Payments of loan to group companies	1		-644 473 553
Payments from other loans		30 741 488	-
Proceeds from loan to group companies	1	350 798 408	-
Proceeds from sale of shares		383 631 273	23 045 624
Proceeds from issuance of long term debt		-	-
Proceeds from sale of funds	4	49 816 734	-
Proceeds from sale of bonds	4	214 000 000	358 960 824
Payments to buy other investments		-2 758 056	-3 120 495
Payments for purchase of quoted bonds		-222 990 000	-
Net cash flow from investments activities		153 055 269	-279 236 080
Cash flow from financing activities			
Payments for purchase of own shares		-	-
Dividends paid		-72 601 738	-78 756 725
Repayment of share premium reserve		-	-
Group contributions paid		-35 770 318	-318 379
Group contributions received		994 910	3 591 379
Received share premium		-	-
Net cash flow from financing activities		-107 377 146	-75 483 725
Net change in cash and cash equivalents		74 835 869	-330 064 119
Cash and cash equivalents at the beginning of the period		49 709 708	379 773 825
Cash and cash equivalents at the end of the period		124 545 576	49 709 708

Notes to the financial statements 2022

Accounting Principles:

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

Sales revenue

Revenue is recognized from the sale of goods at the time of delivery. Services are recognized as revenue as they are delivered

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 34 561 471 and interest paid to group companies is NOK 391 355. Total income on management fee to group companies is NOK 9 685 809, included in this amount is accrued income with NOK 7 185 479.

	Per 31.12.	Per 01.01.
Receivables		
Accounts receivable	0	933 756
Group contributions	1 692 676	994 910
Other short term receivables	606 494	0
Loans to group companies	321 152 191	671 831 771
Total receivables	323 451 361	673 760 437
Liabilities		
Group contributions	28 637 189	35 770 318
Other liabilities	9 136 724	9 017 897
Total Liabilities	37 773 913	44 788 215

Note 2 - Management and auditor compensation

The company's auditor expenses (VAT included) :

	2022	2021
Statutory audit	610 940	609 227
Other services	0	115 607
Total	610 940	724 833

	2022	2021
Payroll	4 070 852	2 614 263
Payroll expenses (employer tax)	583 585	374 396
Pension cost	61 149	37 002
Other payments	36 629	-180 997
Total	4 752 215	2 844 664

It's been paid remuneration for directors with NOK 650 000.

Roger Adolfsen (Chairman of the board)	130 000
Geir Hjorth (board member)	130 000
Sandra Riise (board member)	130 000
Even Carlsen (board member)	130 000
Nina Høisæter (board member)	130 000

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

NOK	Salary	Bonus	Other benefits	Pension cost	Total Compensation
Øystein B. Grini (CFO)	1 282 000	150 000	4 392	24 757	1 461 149
John Ivar Busklein (CEO) (28,4% part time position)	525 713	150 000	0	7 299	683 012
Total	1 807 713	300 000	4 392	32 056	2 144 161

John Ivar Busklein (CEO) and Øystein Grini received a bonus of NOK 150 000 each, paid in first quarter of 2023 for their performance 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 2023 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	25 843
+ Additions	43 972
Acquisition cost as at. 31/12	69 815
Accumulated depreciation 1/1	5 743
+ Depreciation for the year	12 279
Accumulated depreciation 31/12	18 021
Net Value 31/12	51 794
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	Market Value
Hospitality Invest AS	62 000 000	0	62 000 000
Total	62 000 000	0	62 000 000

Funds:	Acquisition cost	This year change in value	Market Value
Holberg Kreditt A Fond	55 672 760	47 158	56 953 866
Total	52 914 704	47 158	56 953 866

Quoted bonds sold/redeemed in 2022:

	Acquisition cost	Change in value previous years	Change in value this year	Sale	Gain
HOIN 17/12 FRN	198 490 000	0	12 125 000	214 000 000	3 385 000
First Fondene AS	50 180 336	245 625	0	49 816 734	609 226
Total	265 754 861	245 625	12 125 000	263 816 734	2 775 774

Note 5 - Financial income and expenses

	2022	2021
Financial income:		
Change in marked value of fin.cur.assets	47 160	11 301 327
Group contribution	0	994 910
Gain on sale of subsidiaries	0	0
Interest received from group companies	34 561 471	23 141 361
Other interest	10 276 108	13 136 938
Currency gain	0	1 680 731
Other financial income	1 692 676	3 120 495
Gain on sale quoted bonds	83 542 310	93 488 770
Total financial income	130 119 725	146 864 532
Financial expenses:		
Change in marked value of fin.cur.assets	0	78 878 891
Interest paid to group companies	391 355	360 661
Other interest	43 579	0
Currency loss	0	8 785 784
Loss on sale of shares	609 277	5 744
Total financial expenses	1 044 161	88 031 069

Note 6 - Tax

Calculation of this years tax basis:

Net profit/loss before tax expense	127 198 018
+ Permanent differences	-68 601 863
+ Changes in temporary differences	-6 339
+ Received group contributions	1 692 676
- Paid group contributions	-28 637 189
= Income	31 645 302

This years income tax expense consist of:

Estimated tax of net profit	13 262 149
= Tax payable	13 262 149
+/- Change in deferred tax	283 238
= Total tax expense	13 545 387
Tax rate	22%

current tax liability:

Tax payable	13 262 149
+/- Effect on tax of group contributions	-6 300 182
= Tax payable	6 961 967

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:	Ownership %	Voting rights %	Net profit last year	Equity last year
Pioneer Preschools AS, Oslo	100,00 %	100,00 %	-1 060 626	6 194 525
Pioneer Property Group International AS, Oslo	100,00 %	100,00 %	259 661	8 865 765
Pioneer Hotel Properties AS, Oslo	100,00 %	100,00 %	-8 512 974	299 355 616
Pioneer Retail Properties AS, Oslo	100,00 %	100,00 %	-3 360 940	68 417 787
Pioneer Property Development AS, Oslo	100,00 %	100,00 %	-1 810 844	150 030 001
T10 Holdco AS	52,00 %	52,00 %	-264 339	10 331 316
PPG Hylle 2 AS	100,00 %	100,00 %	0	
PPG Hylle 3 AS	100,00 %	100,00 %	0	

The company has shares in the following associates:

	Ownership %	Voting rights %	Net profit 2022	Equity 2022
Norlandia Holding AS	23,58 %	23,58 %	20 146 437	383 495 298

Note 8 - Bank deposits

Employees tax deduction, deposited in a separate bank account with total amount 31.12.22 NOK 223 683.

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	586 819 482	1 156 151 438
Ordinary result				113 652 631	113 652 631
Dividends				-78 127 825	-78 127 825
Per 31.12	14 683 023	-987 966	555 636 899	622 344 289	1 191 676 245

Other changes:

Group contributions

Note 10 - Share capital

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

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

Class of shares	shares	Total value	Voting rights
Ordinary shares	9 814 470	9 814 470	Each share has 1 vote
Preference shares	4 868 553	4 868 553	Each share has 0,1 vote
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 5 largest shareholders pref.shares :

Shareholders:	Pref.Shares
Pioneer Property Group ASA	-987 966
Skandinaviska Enskilda Banken AB	500 000
Avanza Bank AB	397 705
Nordnet Bank AB	327 649
The Bank of New York Mellon	292 714

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, purchase of assets NOK 153 000 000

Grafo AS, purchase of assets NOK 6 192 891

Eidissen Consult AS, purchase of assets NOK 6 192 891

Hospitality Invest AS, management fee NOK 2 723 012

Hospitality Invest AS, Other short-term receivables NOK 285 990

Independent Auditor's Report

To the Annual Shareholders meeting of Pioneer Property Group ASA

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 2022, income statement, 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 consolidated statement of financial position as at 31 December 2022, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 2022, 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 2022, 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 relevant laws and regulations in Norway and the 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 8 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	
<p>The Group's value of investment properties in the financial statements amounts to TNOK 1 798 709 equivalent to 73,1 % 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 judgements involved in the valuation, lead us to identify this as a risk area in our audit.</p>	<p>Our audit procedures included, among others, involving our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the 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, i.e., 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.</p>

Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report. 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 Directors' report

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 statutory requirements.



Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Governance and Corporate Social Responsibility.

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

Management is 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

As part of the audit of the financial statements of Pioneer Property Group ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with file name 5967007LIEEXZXJ3BC22-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

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 the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.



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, April 3rd, 2023
BDO AS

A handwritten signature in blue ink that reads 'Sven Mozart Aarvold'.

Sven Mozart Aarvold
State Authorised Public Accountant
(This document is signed electronically)

GROUP WEB PAGES

PARENT & SUBSIDIARIES

Pioneer Property Group ASA

www.pioneerproperty.no



PIONEER PROPERTY GROUP ASA
RÅDHUSGATA 23
0158 OSLO
NORWAY

WEB:
WWW.PIONEERPROPERTY.NO