

Pioneer Public Properties II AS

Financial results for the first half of 2015

1/1-2015 to 30/06-2015



Oslo, 24 August 2015

Summary of the first half year (H1) 2015 financial performance

- Operational financial development in line with previous estimates and expectations, with revenues of MNOK 14 and EBITDA of MNOK 12.
- During the first half year the equity ownership of PPPII was transferred to a new holding company, Pioneer Property Group ASA, and in this process a new valuation of the underlying properties was completed. In accordance with IFRS the increased value of MNOK 152 is booked in the first half quarter as a one-off profit under Fair Value Change.
- Three additional kindergarten properties were acquired for a total Enterprise Value of MNOK 57, thereby utilizing the remaining MNOK 40 from the bond issue in 2013.
- Reported profit is positively impacted by the increase in property values, with a pre-tax profit of MNOK 154.
- The increase in property values has also increased shareholder equity value, from MNOK 93 at the end of 2014 to MNOK 244 at the end of the first half of 2015.
- At the end of the quarter all bond-related financial covenants are met/exceeded.

Background and highlights of the first half 2015

The sole activity of the Company is to own and lease out kindergarten properties. The properties are leased out to operators on long-term 20-year triple-net contracts.

In the first half year of 2015 all operations proceeded as planned and operational financial results are in line with expectations. As previously announced (30 April 2015), the Company acquired three additional kindergarten properties for a total Enterprise Value of NOK 57.2 million - corresponding to 8% gross yield in accordance to the Bond Agreement. A 20-year triple-net lease contract was signed with Kidsa Drift AS - again backed by a contract with Norlandia Preschools AS (and NCG parent guarantee) with a step-in obligation if the Kidsa Drift AS contract is terminated. The acquisition was financed with MNOK 17 equity and utilized the NOK 40m held in escrow from the bond-offering in 2013 as debt financing. These three properties add, on an annualized basis, an additional MNOK 4.6 to the company's total annual revenues, and have been included in PPPII's operations effective from 1 May.

On 12 May 2015 the equity ownership of Pioneer Public Properties II AS was sold to a newly established property company, Pioneer Property Group ASA ("PPG"), controlled by the same majority shareholders and therefore did not represent a change of equity control in PPPII. Subsequently PPG's preference shares were listed on the Oslo Axess stock exchange – and detailed information on the ownership transfer of PPPII and the updated property valuations are in PPG's IPO-prospectus available via its website pioneerproperty.no.

Overview of the accounts for the first half year (H1) 2015

The enclosed financial statements are for the PPPII Group, including subsidiaries.

During the first half of 2015, no material events have taken place which impact the underlying operations, and the operating results are in line with the company's ambitions and forecasts. The NOK 40 million additional financing in escrow was utilized, as mentioned above, which has improved the overall financial strength of the company as annualized revenues are increased by MNOK 4.6

which will also have a positive impact on profitability and cash flow, while total interest bearing debt levels were not impacted by this acquisition (already drawn and held in escrow).

At the end of H1/2015 the balance sheet is in accordance with the covenants relating to the bond issue.

Responsibility Statement of the Board of Directors

We hereby confirm that, to the best of our knowledge, the interim accounts for H1 2015 have been prepared in accordance with applicable accounting standards, and that the financial statements give a true and fair view of the Group's assets, liabilities, financial position and result of operations, and that the report gives a true and fair review of the development of the group.

24 August 2015

Board of Directors of
Pioneer Public Properties II AS

Runar Rønningen
Chairman
Sign.

Group Profit & Loss Statement (unaudited IFRS)

NOK1000	H1/2014	H2/2014	FY 2014	H1/2015
Rental income	13,256.9	13,313.6	26,570.5	14,311.3
Other operating costs	-1,159.3	-2,368.3	-3,527.6	-1,979.9
EBITDA	12,097.6	10,945.3	23,042.9	12,331.4
Fair value change	0.0	15,900.0	15,900.0	151,725.0
Operating profit	12,097.6	26,845.3	38,942.9	164,056.4
Interest income	1.3	1,632.7	1,634.0	196.8
Interest cost	-8,846.2	-11,551.7	-20,397.9	-9,858.9
Sum net interest	-8,844.9	-9,919.0	-18,763.9	-9,662.1
Pre-tax profit	3,252.7	16,926.3	20,179.0	154,394.3
Tax expense			-5,871.5	
Profit for the period			14,307.5	

Group Balance Sheet (unaudited IFRS)

NOK1000	30-06-14	31-12-14	30-06-15
Properties	310,956.1	335,000.0	526,725.0
Sum tangible assets	310,956.1	335,000.0	526,725.0
Other receivables	12,775.1	9,139.9	8,143.2
Cash & equivalents	55,636.1	48,981.4	16,152.1
Total current assets	68,411.2	58,121.3	24,295.4
Total assets	379,367.3	393,121.3	551,020.4
Total owners equity	66,030.0	66,030.0	66,030.0
Other equity	-5,203.7	24,333.7	177,931.9
Minority interests			95.65
Total equity	60,826.3	90,363.7	244,057.6
Deferred tax	3,000.1	5,990.5	6,670.9
Subordinated loan	101,891.7	102,053.9	773.1
Bond loan	200,000.0	191,948.9	173,187.0
Husbanken loan	0.0	801.4	64,106.3
Total non-current liabilities	304,891.7	300,794.8	244,737.3
Current income tax			0.0
Other current liabilities	13,649.2	1,962.9	62,225.5
Total current liabilities	13,649.2	1,962.854	62,225.5
Total liabilities	318,541.0	302,757.625	306,962.8
Total equity & liabilities	379,367.3	393,121.3	551,020.4