

**Pioneer Public Properties II AS**

**Financial results for 2013**

**1/1-2013 – 31/12-2013**



**Oslo, 28 February 2014**

## **Summary of the full year 2013 financial performance**

- Financial development in line with expectations.
- Bond-related financial covenants are met/exceeded.
- Revenue of MNOK 28, EBITDA of MNOK 24, and operating profit of MNOK 14.
- Total shareholder equity of MNOK 63 and total debt of MNOK 327.
- No material events have taken place that have altered the underlying valuation of the property portfolio, or the company's financial estimates going forward.

## **Background and strategy**

The only activity carried out by the Issuer is to own and lease out kindergarten properties. The Issuer's transaction rationale is to create a portfolio of steady cash flows from strong counterparties and in doing so achieving a yield compression. Pioneer Capital Partners (PCP), the Issuer's manager, has a goal of creating a portfolio of NOK 1-3 billion with public tenants and/or public subsidized tenants. By selling a larger portfolio, a portfolio premium is expected to generate the yield compression desired.

In the second half of 2013 PPPII all operations proceeded as planned and financial results are in line with expectations. From the bond issue in H1/2013 PPPII still has NOK 40m of unused funds in escrow, and the managers are diligently seeking new investment opportunities for these funds. At the end of the year several new kindergarten-properties have been identified and the managers expect to invest these funds during 2014. When such acquisition(s) takes place, the shareholders will contribute with equity as in accordance with the bond agreement.

## **Overview of the accounts for the full year 2013**

The Company was incorporated in November 2012 and hence does not have historical turnover and operating results for the comparable period of 2012. The enclosed financial statements are for the PPPII Group, including subsidiaries.

Since the bond issue in the first half of 2013 no material events have taken place and the financial results are in line with the company's ambitions and forecasts given at that time. The NOK 40 million additional financing in escrow is still not used, and will be drawn upon when the company identifies additional properties to be included in the PPPII portfolio.

At the end of H1/2013 the balance sheet is in accordance with the covenants relating to the bond issue and no material market-related events have taken place that might have impacted the valuation of the PPPII portfolio.

## **Responsibility Statement of the Board of Directors**

We hereby confirm that, to the best of our knowledge, the interim accounts for 2013 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.

28 February 2014

Board of Directors of  
Pioneer Public Properties II AS

Kristian Adolfsen,  
Chairman  
sign.

Runar Rønningen,  
CEO  
Sign.

## Group Profit & Loss Statement (unaudited)

NOK1000	H1/2013	H2/2013	2013
<b>Income</b>	<b>12 597,9</b>	<b>14 918,0</b>	<b>27 515,9</b>
Operating costs	(761,5)	(2 703,8)	(3 465,3)
<b>EBITDA</b>	<b>11 836,4</b>	<b>12 214,2</b>	<b>24 050,7</b>
Depreciation	(3 244,7)	(6 383,7)	(9 628,4)
<b>Operating profit</b>	<b>8 591,7</b>	<b>5 830,6</b>	<b>14 422,3</b>
Interest income	75,7	509,8	585,4
Other financial income	44,1	75,4	119,6
Interest cost	(4 959,2)	(10 369,3)	(15 328,5)
<b>Sum net interest</b>	<b>(4 839,4)</b>	<b>(9 784,1)</b>	<b>(14 623,5)</b>
<b>Pre-tax profit</b>	<b>3 752,4</b>	<b>(3 953,5)</b>	<b>(201,2)</b>

## Group Balance Sheet (unaudited)

NOK1000	Pr 30/6-2013	Pr 30/12-2013
Properties	320 000,0	325 711,6
Other assets	13 874,8	
<b>Sum tangible assets</b>	<b>333 874,8</b>	<b>325 711,6</b>
Other receivables	4 277,8	9 447,5
Cash & equivalents	53 058,4	54 553,0
<b>Total current assets</b>	<b>57 336,2</b>	<b>64 000,5</b>
<b>Total assets</b>	<b>391 211,0</b>	<b>389 712,1</b>
Total owners equity	66 030,0	66 030,0
Other equity	1 715,0	(3 218,0)
<b>Total equity</b>	<b>67 745,0</b>	<b>62 812,0</b>
Deferred tax	12 000,0	13 469,5
Subordinated loan	32 640,0	33 154,0
Bond loan	200 000,0	200 858,0
NCG/Husbanken loan	73 100,0	72 754,8
<b>Total non-current liabilities</b>	<b>317 740,0</b>	<b>320 236,2</b>
Other current liabilities	5 726,0	6 664,0
<b>Total current liabilities</b>	<b>5 726,0</b>	<b>6 664,0</b>
<b>Total liabilities</b>	<b>323 466,0</b>	<b>326 900,2</b>
<b>Total equity &amp; liabilities</b>	<b>391 211,0</b>	<b>389 712,1</b>