

Pioneer Public Properties II AS

Financial results for 2014

1/1-2014 – 31/12-2014



Oslo, 2 March 2015

Summary of the full year 2014 financial performance

- Financial development in line with expectations.
- Bond-related financial covenants are met/exceeded.
- Revenue of MNOK 27, EBITDA of MNOK 23, and operating profit of MNOK 39. Operating profit is impacted by IFRS positive value-adjustment of the underlying properties of MNOK 16
- Total shareholder equity of MNOK 93
- No material events have taken place that have had a material impact on 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 yield compression. Pioneer Capital Partners (PCP), the Issuer's manager, has a goal of creating a portfolio with critical mass consisting of properties with public tenants and/or public subsidized tenants. By selling a larger portfolio, a portfolio premium is expected to generate an increased value of the combined properties.

In the second half year 2014 all operations proceeded as planned and financial results are in line with expectations. From the bond issue in the first half of 2013 PPPII still has NOK 40m of unused funds in escrow, and the managers are diligently seeking new investment opportunities for these funds. New kindergarten-properties have been identified and the managers are considering executing these investments during 2015. 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 2014

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

During 2014, and specifically during, the second half of 2014, no material events have taken place and the financial results are in line with the company's ambitions and forecasts. 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 the half-year and 2014 the balance sheet is in accordance with the covenants relating to the bond issue. DTZ have prepared and delivered to the company an updated valuation report of the underlying properties with a valuation of MNOK 335. 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 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.

2 March 2015

Board of Directors of
Pioneer Public Properties II AS

Kristian Adolfsen,
Chairman
Sign.

Runar Rønningen,
CEO
Sign.

Group Profit & Loss Statement (preliminary unaudited IFRS)

NOK1000	2013	H1/2014	H2/2014	2014
Rental income	27 515,9	13 256,9	13 313,6	26 570,5
Other operating costs	(3 172,6)	(1 159,3)	(2 368,3)	(3 527,6)
EBITDA	24 343,3	12 097,6	10 945,3	23 042,9
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Depreciation/revaluation	5 334,9	-	15 900,0	15 900,0
Operating profit	29 678,1	12 097,6	26 845,3	38 942,9
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Sum net interest	(19 347,6)	(8 844,9)	(9 919,0)	(18 763,9)
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Pre-tax profit	10 330,6	3 252,7	16 926,3	20 179,0
Tax	(2 718,6)			(2 766,5)
After-tax profit	7 611,9			17 412,6

Group Balance Sheet (preliminary unaudited IFRS)

NOK1000	Pr 31/12-2013	Pr 31/12-2014
Properties	319 100,0	335 000,0
Other assets	-	-
Sum tangible assets	319 100,0	335 000,0
Other receivables	9 447,5	9 139,9
Cash & equivalents	54 553,0	48 981,4
Total current assets	64 000,5	58 121,3
Total assets	383 100,5	393 121,3
Total owners equity	66 030,0	66 030,0
Other equity	10 026,2	27 438,8
Total equity	76 056,2	93 468,8
Deferred tax	119,0	226,5
Subordinated loan	101 730,5	102 855,3
Bond loan	189 642,5	191 948,9
Total non-current liabilities	291 491,9	295 030,7
Other current liabilities	15 552,5	4 621,8
Total current liabilities	15 552,5	4 621,8
Total liabilities	307 044,4	299 652,6
Total equity & liabilities	383 100,5	393 121,3