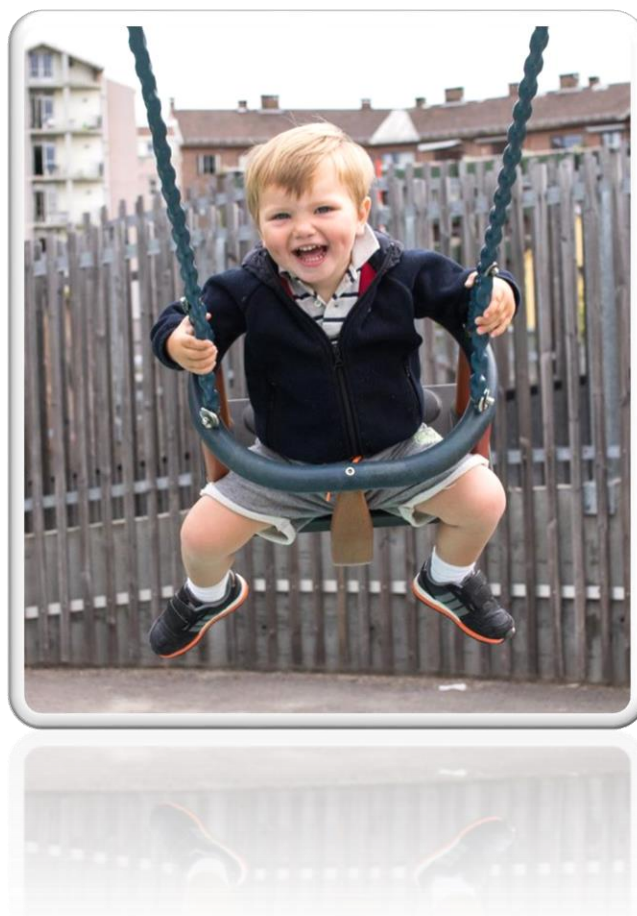


## **Pioneer Public Properties II AS**

**Financial results for the second half of 2015**

**1/7-2015 to 31/12-2015**



**Oslo, 16 February 2016**

## **Summary of the second half year (H2) 2015 financial performance**

- Operational financial development in line with previous estimates and expectations, with revenues of MNOK 16 and EBITDA of MNOK 12.
- Bond-related financial covenants are met/exceeded.
- No material events have taken place in the second half that have led to a reason to re-value the underlying investment properties. A commissioned valuation report in conjunction with year-end accounts from Newsec has also confirmed the current valuations.
- Solid balance sheet with property valuation of MNOK 527 and cash equivalents of MNOK 22.

## **Background and highlights of the second half of 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. In the preceding first half of 2015 (H1), 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. The second half of the year was therefore the first operational half year for the Company, and all operations progressed as expected. Detailed information, including the IPO prospectus and financial reports, for PPPII's owner Pioneer Property Group ASA are available at its website [pioneerproperty.no](http://pioneerproperty.no).

## **Overview of the accounts for the second half of 2015**

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

During the second 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.

At the end of the half year and 2015 the balance sheet is in accordance with the covenants relating to the bond issue. Newsec have prepared and delivered to the Company an updated valuation report of the underlying properties, which confirms the current valuation of MNOK 527 for the investment properties – and no material market-related events in the period have taken place that should have further impacted the valuation of the portfolio.

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

We hereby confirm that, to the best of our knowledge, the accounts for H2 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.

16 February 2015

Board of Directors of Pioneer Public Properties II AS

Runar Rønningen, Chairman

Sign.

## Group Profit & Loss Statement (audited IFRS)

<b>NOK1000</b>	<b>H1/2014</b>	<b>H2/2014</b>	<b>FY 2014</b>	<b>H1/2015</b>	<b>H2/2015</b>	<b>FY 2015</b>
<b>Rental income</b>	<b>13,256.9</b>	<b>13,313.6</b>	<b>26,570.5</b>	<b>14,311.3</b>	<b>15,829.0</b>	<b>30,140.3</b>
Other operating costs	-1,159.3	-2,368.3	-3,527.6	-1,979.9	-3,491.3	-5,471.2
<b>EBITDA</b>	<b>12,097.6</b>	<b>10,945.3</b>	<b>23,042.9</b>	<b>12,331.4</b>	<b>12,337.7</b>	<b>24,669.1</b>
Fair value change	0.0	15,900.0	15,900.0	151,725.0	0.0	151,725.0
<b>Operating profit</b>	<b>12,097.6</b>	<b>26,845.3</b>	<b>38,942.9</b>	<b>164,056.4</b>	<b>12,337.7</b>	<b>176,394.1</b>
Interest income	1.3	1,632.7	1,634.0	196.8	3,182.9	3,379.7
Interest cost	-8,846.2	-11,551.7	-20,397.9	-9,858.9	-5,864.7	-15,723.6
<b>Sum net interest</b>	<b>-8,844.9</b>	<b>-9,919.0</b>	<b>-18,763.9</b>	<b>-9,662.1</b>	<b>-2,681.8</b>	<b>-12,343.9</b>
<b>Pre-tax profit</b>	<b>3,252.7</b>	<b>16,926.3</b>	<b>20,179.0</b>	<b>154,394.3</b>	<b>9,655.9</b>	<b>164,050.2</b>
Tax expense			-5,871.5			-26,213.3
<b>Profit for the period</b>			<b>14,307.5</b>			<b>137,836.9</b>

## Group Balance Sheet (audited IFRS)

NOK1000	30-06-14	31-12-14	30-06-15	31-12-15
Properties	310,956.1	335,000.0	526,725.0	526,725.0
<b>Sum tangible assets</b>	<b>310,956.1</b>	<b>335,000.0</b>	<b>526,725.0</b>	<b>526,725.0</b>
Other receivables	12,775.1	9,139.9	8,143.2	10,217.6
Cash & equivalents	55,636.1	48,981.4	16,152.1	22,234.6
<b>Total current assets</b>	<b>68,411.2</b>	<b>58,121.3</b>	<b>24,295.4</b>	<b>32,452.2</b>
<b>Total assets</b>	<b>379,367.3</b>	<b>393,121.3</b>	<b>551,020.4</b>	<b>559,177.2</b>
Total owners equity	66,030.0	66,030.0	66,030.0	66,030.0
Other equity	-5,203.7	24,333.7	177,931.9	165,063.3
Minority interests			95.65	0
<b>Total equity</b>	<b>60,826.3</b>	<b>90,363.7</b>	<b>244,057.6</b>	<b>231,093.3</b>
Deferred tax	3,000.1	5,990.5	6,670.9	32,203.8
Subordinated loan	101,891.7	102,053.9	773.1	33,561.4
Bond loan	200,000.0	191,948.9	173,187.0	174,425.1
Husbanken loan	0.0	801.4	64,106.3	62,366.9
<b>Total non-current liabilities</b>	<b>304,891.7</b>	<b>300,794.8</b>	<b>244,737.3</b>	<b>302,557.2</b>
Current income tax	0.0	0.0	0.0	0.0
Other current liabilities	13,649.2	1,962.9	62,225.5	25,526.7
<b>Total current liabilities</b>	<b>13,649.2</b>	<b>1,962.854</b>	<b>62,225.5</b>	<b>25,526.7</b>
<b>Total liabilities</b>	<b>318,541.0</b>	<b>302,757.625</b>	<b>306,962.8</b>	<b>328,083.9</b>
<b>Total equity &amp; liabilities</b>	<b>379,367.3</b>	<b>393,121.3</b>	<b>551,020.4</b>	<b>559,177.2</b>