

Pioneer Public Properties II AS

Semi-Annual Financial Report

1/1-2013 – 30/6-2013



Oslo, 30 August 2013

Summary of H1/2013

- Financial development in line with expectations.
- Bond-related financial covenants are met/exceeded.
- Revenue of MNOK 12,6 EBITDA of MNOK 11,8 and operating profit of MNOK 8,6.
- Total shareholder equity of MNOK 66 and total interest bearing debt of MNOK 305,7
- 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 first half of 2013 PPPII issued NOK 200m in bonds, whereof NOK 160 million was used to partly finance the acquisition of 20 kindergarten properties, and NOK 40 million was placed in escrow and can be used to partly finance the acquisition of additional kindergarten properties. If such an acquisition takes place, the shareholders will need to issue equity such that the LTV of any additional properties are maximum 70%. I.e. if the NOK 40 million on escrow is used to acquire kindergarten properties, the shareholders must raise minimum NOK 17 million in equity (thus maintaining an LTV of 70%). No additional acquisition has been made so far.

Overview of the accounts for H1/2013

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 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 PPPIII portfolio.

Responsibility Statement of the Board of Directors

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

30 August 2013

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
Rental income	12 597,9
Other operating costs	(761,5)
EBITDA	11 836,4
Depreciation	(3 244,7)
Operating profit	8 591,7
Interest income	75,7
Other financial income	44,1
Interest cost	(4 959,2)
Sum net interest	(4 839,4)
Pre-tax profit	3 752,4

Group Balance Sheet (unaudited)

NOK1000	Pr 30/6-2013
Properties	320 000,0
Other assets	13 874,8
Sum tangible assets	333 874,8
Other receivables	4 277,8
Cash & equivalents	53 058,4
Total current assets	57 336,2
Total assets	391 211,0
Total owners equity	66 030,0
Other equity	1 715,0
Total equity	67 745,0
Deferred tax	12 000,0
Subordinated loan	32 640,0
Bond loan	200 000,0
NCG/Husbanken loan	73 100,0
Total non-current liabilities	317 740,0
Taxes payable	2 076,2
Accounts payable	707,2
Public duties payable	(457,4)
Other current liabilities	3 400,0
Total current liabilities	5 726,0
Total liabilities	323 466,0
Total equity & liabilities	391 211,0