

Q4

REPORT 2018

Highlights of the Q4 2018 report

- Total revenue in the fourth quarter of 2018 was MNOK 73.8, compared to MNOK 66.6 in the fourth quarter of 2017. The increase is related to the acquisition of new properties.
- Operating profit (EBIT) in the quarter was MNOK 138.4 and pre-tax profit was MNOK 118.8 compared to MNOK 257.4 and MNOK 252.8 in the fourth quarter of 2017, respectively. Profitability in the fourth quarter was positively impacted by net fair value adjustments amounting to MNOK 62.8 based on the Company's valuation process.
- Profitability in the quarter was positively impacted by a reversal of previously booked value added tax for management services, as VAT authorities reclassified these services as VAT-exempt. Total operating costs in the quarter had therefore a positive impact of MNOK 2.9 on EBIT. Adjusted for one-time effects the operating costs were at the same level as previous quarters.
- The Company took over two properties from Norlandia in the fourth quarter. These are a part of the acquisition announced towards the end of the previous quarter. The remaining properties are to be taken over during 2019.
- In the fourth quarter PPG acquired Pioneer Management AS, the provider of management services to PPG, as a strategic move to secure direct control of business-critical management services and systems.
- Following the acquisition of Pioneer Management AS, the new CEO Anders Løken was hired. Former CEO Runar Rønningen and CFO Martin P. Hoff are facilitating the transfer and will be leaving the Company in the first quarter of 2019.
- At the end of the quarter PPG paid quarterly dividend to holders of preference shares in total NOK 1.875 per preference share.
- At the end of the quarter PPG had total assets of MNOK 5,559.8, where Investment Properties were valued at MNOK 5,269.3, and with a cash balance of MNOK 283.3. Total liabilities was MNOK 3,502.5 with total equity of MNOK 2,057.2.
- The Company is in compliance with all bank and bond-related financial covenants.

Background and strategy

Pioneer Property Group ASA (PPG) is a real estate company focusing on providing high-quality properties for government-backed care-services. The company's current portfolio consists of 171 properties centrally located in the large cities in Norway, Sweden and Finland. The total portfolio houses a total of over fifteen thousand children. The properties are leased out on long-term triple-net contracts to leading kindergarten operators, including Norlandia Care Group, Espira and Touhula.

The Company's property portfolio is a result of the acquisition from several independent preschool operators, again driven by these companies' wish to free-up resources and capital to be able to provide the highest quality possible in their primary focus area – preschool operations. Pioneer Property's kindergartens have during the later years played an important role in the improvement of the Norwegian preschool market, through improved capacity, quality and cost-efficiency.

PPG's kindergartens are well located in central areas, including Stavanger, Bergen, Kristiansand, Gothenburg, Helsinki, and the greater Oslo area.

Going forward the company's strategy is to expand its reach into care-services property with similar characteristics as the Norwegian kindergarten market – i.e. long-term contracts with solid operators, again backed by government financing, or lease properties directly to municipalities looking for a solid private real estate partner.

Key material events during the quarter

In the fourth quarter PPG acquired Pioneer Management AS ("PM"), the provider of management services to PPG. The underlying objective was to insource the management services provided for under the management agreement

as the Company has reached a size that makes it natural to secure direct control of business-critical management services and systems. As a part of the transfer to inhouse management, Anders Løken was hired as CEO and has been working alongside former management to facilitate the transfer.

Subsequent events since the end of the quarter

PPG has signed an extension of a bank facility originally due in March 2019 of MNOK 260 for a period of 12 months.

Overview of the financial accounts for the fourth quarter of 2018

Total revenue in the fourth quarter of 2018 was MNOK 73.8, compared to MNOK 66.6 in the fourth quarter of 2017. The increase is related to the acquisition of new properties. Operating profit (EBIT) in the quarter was MNOK 138.4 and pre-tax profit was MNOK 118.8 compared to MNOK 257.4 and MNOK 252.8 in the fourth quarter of 2017, respectively. Profitability in the fourth quarter was positively impacted by net fair value adjustments amounting to MNOK 62.8, based on the Company's valuation process. Profitability in the quarter was also positively impacted by a reversal of previously booked value added tax for management services, as VAT authorities reclassified these services as VAT-exempt. Total operating costs in the quarter had therefore a positive impact of MNOK 2.9 on EBIT. Adjusted for one-time effects the operating costs were at the same level as previous quarters. At the end of the quarter PPG had total assets of MNOK 5,559.8, where Investment Properties were valued at MNOK 5,269.3, and with a cash balance of MNOK 283.3. Total debt was MNOK 3,502.5 with total equity of MNOK 2,057.3.

12 February 2019

Roger Adolfsen
Chairman

Sandra Henriette Riise
Board Member

Even Carlsen
Board Member

Geir Hjorth
Board Member

Nina Hjørdis Torp Høisæter
Board Member

Consolidated Income Statement - Pioneer Property Group ASA

NOK thousand	Note	Q4 18	2018	Q4 17	2017
Income from rent	3	73,453	288,189	67,563	255,531
Other income		344	386	-951	175
Total Income		73,796	288,575	66,612	255,706
Payroll expenses		1,092	1,511	113	428
Other operating expenses		-2,971	27,205	7,427	29,129
Total Expenses		-1,879	28,717	7,540	29,557
Fair value adjustment, properties	4, 7	62,770	120,397	198,325	198,325
Operating profit (EBIT)		138,446	380,256	257,397	424,474
Finance income		637	676	-948	1,767
Finance expenses		36,999	138,669	26,381	114,144
Currency		-16,728	-4,571	-22,709	-12,619
Net Finance		-19,634	-133,422	-4,620	-99,758
Profit/(loss) before tax		118,812	246,834	252,778	324,716
Income taxes		23,692	51,725	56,945	74,210
Profit/(loss) for the period		95,120	195,109	195,833	250,506
Profit/(Loss) attributable to					
Shareholders of the parent		95,270	194,374	195,833	250,506
Non-controlling interests		-150	735		
Profit/(loss) for the period		95,120	195,109	195,833	250,506
Earnings per share (NOK)					
Basic earnings per preference share		1.88	7.50	1.88	7.50
Basic earnings per ordinary share		8.47	14.84	12.58	20.56
Dividend per preference share		1.88	7.50	1.88	7.50
Dividend per ordinary share		-	-	-	5.00

Consolidated Statement of Comprehensive Income - Pioneer Property Group ASA

	Q4 18	2018	Q4 17	2017
Profit/(loss) for the period	95,120	195,109	195,833	250,506
Other comprehensive income				
Exchange differences, from foreign operations	1,387	-424	533	533
Comprehensive income	96,507	194,685	196,366	251,039
Comprehensive income attributable to				
Shareholders of the parent	96,630	193,928	196,366	251,039
Non-controlling interests	-123	756		
Comprehensive income	96,507	194,685	196,366	251,039

Consolidated Statement of Financial Position - Pioneer Property Group ASA

NOK thousands	Note	31-12-18	31-12-17
Assets			
Investment property	4, 7	5,269,296	4,722,894
Other non-current assets		1,000	9,885
Total non-current assets		5,270,296	4,732,779
Trade and other receivables		6,269	1,938
Cash and cash equivalents		283,271	138,815
Total current assets		289,541	140,752
Total assets		5,559,837	4,873,532
Equity and liabilities			
Share capital	9	16,314	16,314
Share premium	9	1,487,326	1,487,326
Retained earnings		553,652	431,717
Total equity		2,057,292	1,935,358
Borrowings	5	2,911,291	2,637,759
Deferred tax		188,269	160,464
Other non-current liabilities		575	1,216
Total non-current liabilities		3,100,135	2,799,439
Borrowings	5	330,044	69,490
Current tax payable		24,323	20,731
Other current liabilities		48,042	48,515
Total current liabilities		402,409	138,735
Total liabilities		3,502,544	2,938,174
Total equity and liabilities		5,559,837	4,873,532

Consolidated Statement of Changes in Equity - Pioneer Property Group ASA

NOK thousands	Attributable to owners of the parent				Non-controlling interests	Total Equity
	Share capital	Share premium	Retained earnings	Total		
Balance at 1 January 2017	16,314	1,548,586	230,224	1,795,124		1,795,124
Profit/(loss) for the period			250,506	250,506		250,506
Exchange differences from foreign operations			533	533		533
Other changes			-795	-795		-795
Comprehensive income for the period	-	-	250,243	250,243		250,243
Dividend		-61,260	-48,750	-110,010		-110,010
Transactions with owners		-61,260	-48,750	-110,010		-110,010
Balance at 31 December 2017	16,314	1,487,326	431,717	1,935,357		1,935,357
Profit/(loss) for the period			194,374	194,374	735	195,109
Exchange differences from foreign operations			-446	-446	21	-424
Comprehensive income for the period		-	193,928	193,928	756	194,685
Sale of shares to non-controlling interests			124	124	2,467	2,591
Purchase of shares from non-controlling interests			-23,367	-23,367	-3,223	-26,590
Dividend			-48,750	-48,750		-48,750
Transactions with owners		-	-71,993	-71,993	-756	-72,749
Balance at 31 December 2018	16,314	1,487,326	553,653	2,057,293	0	2,057,292

Consolidated Statement of Cash Flows - Pioneer Property Group ASA

NOK thousands	Note	Year 2018	Year 2017
Cash flows from operating activities:			
Profit before income tax		246 834	324 716
<i>Adjustments for:</i>			
Fair value adjustments on investment property		-120 397	-198 325
Finance expense net		137 993	112 377
Taxes paid		-20 781	-7 891
Exchange gains/(losses)		-4 571	
Changes in working capital:			
Trade receivables		-3 326	-163
Trade payables		-4 656	12 007
Other accruals		-8 526	523
Cash generated from operations		222 569	243 243
Interest received		651	1 767
Interest paid		-134 137	-114 144
Net cash generated from operating activities		89 083	130 866
Cash flows from investing activities:			
Purchase of subsidiaries / properties		-318 567	-450 707
Net cash used in investing activities		-318 567	-450 707
Cash flows from financing activities:			
Proceeds from debt to financial institutions		955 021	273 913
Repayments of debt to financial institutions		-515 556	-67 347
Dividends paid to owners of the parent		-48 750	-97 822
Transactions with non-controlling interests		-15 836	-
Net cash from financing activities		374 879	108 743
Net change in cash and cash equivalents		145 396	-211 098
Cash and cash equivalents at beginning of period		138 815	349 734
Exchange gains/(losses) on cash and cash equivalents		-940	179
Cash and cash equivalents at period end		283 271	138 815

Notes to the Financial Statements - Pioneer Property Group ASA

Note 1: Accounting Principles

1.1 General information

Pioneer Property Group ASA (the 'Company') and its subsidiaries (together, the 'Group') invests in kindergarten, preschool properties, retirement homes and other healthcare related properties and rent the properties out on long term leases. The Group holds investment properties in Norway, Sweden and Finland.

Pioneer Property Group ASA is a public limited company incorporated and domiciled in Norway. The address of the Company's registered office is Rådhusgata 23, 0158 Oslo.

The consolidated interim financial statements cover the period from 1 January 2018 to 31 December 2018 and have been approved by the Board of Directors on 12 February 2018.

1.2 Accounting policies

The interim consolidated report are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2017, except for the standards (IFRS 9 and IFRS 15) implemented as of 1 January 2018, which didn't affect the Group's Financial Statements.

The fourth quarter report has not been audited.

Note 2: Financial Risk

2.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by management under guidance by the Board of Directors. Management identifies, evaluates and act upon financial risks.

a) Market risk

Market risk is the risk that future cash flows in the form of interest payments change as a result of changes in market interest rates. Management and the Board of Directors agree on an acceptable level of interest rate exposures, which are monitored continuously by management. The level of interest rate exposure is determined based on an assessment of existing cash flows, general assessment of financial condition and available liquidity.

(i) Fair value interest rate risk

The Group holds interest bearing assets in terms for cash deposits. Fluctuations in interest would yield a higher or lower interest income. At the current level of cash deposits a change in interest rate of +/- 1 % would not be material for the financial statements.

The Group's interest rate risk arises from long-term borrowings. The Group holds several types of borrowings. Borrowings at fixed rates expose the Group to fair value interest rate risk.

(ii) Cash flow interest rate risk

Exposure to cash flow interest rate risk is assessed continuously. The need for a fixed rate is under constant review in relation to the Group to withstand adverse fluctuations in profit due to higher interest rates. Management's assessment is that the Group's current financial position does not indicate a further need for fixed interest rates.

If the interest rate had been +/- 1 % in Q4 2018 the result after tax would be +/- MNOK 7 million, all other conditions unchanged and assuming a floating interest rate on 100% of the Company's borrowings.

b) Credit risk

Credit risk is the risk of loss when a party is unable to redeem their obligations to the Group, and credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, and credit exposures customers, including outstanding receivables and committed transactions.

Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on ratings. The utilization of credit limits is monitored regularly.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Exposure to credit risk	31-12-18	31-12-17
Accounts receivable	1,098	745
Other Short term receivable	5,171	1,192
Cash balance	283,271	138,815
Total exposure	289,541	140,752

The credit risk related to outstanding to related parties and banks is considered to be low.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations at maturity without incurring a significant increase in finance cost or not being able to meet its obligations at all. The risk also includes that the Group must forfeit investment opportunities. Cash flow forecasting is performed at Group level. Group management monitors the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom to avoid breaches in covenants on relevant borrowing facilities as well as capability to pay out quarterly dividends to holders of preference shares. The monitoring takes into account the Group's debt financing plans and covenant compliance.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Maturity of financial liabilities	31/12/2018				
	< 1y	1y-2y	2y-5y	>5y	Total
Borrowings	329 119	68 141	589 090	1 273 053	2 259 402
Interest on borrowings	65 305	60 491	148 251	215 062	489 108
Bond loans	-	-	1 000 000	-	1 000 000
Interest on bond loans	65 670	65 720	24 645	-	156 035
					3 904 546

A bank facility originally due in March 2019 of MNOK 260 were extended for a period of 12 months in 2019. The extension is not reflected in the above maturity profile

d) Currency risk

Currency risk is a financial risk that exists when a financial transaction is denominated in a currency other than that of

the base currency of the company. Currency risk also exists when the foreign subsidiary of a firm maintains financial statements in a currency other than the reporting currency of the consolidated entity. The risk is that there may be an adverse movement in the exchange rate of the denomination currency in relation to the base currency before the date when the transaction is completed.

As the Group has subsidiaries in Sweden and Finland where the currencies are SEK and EUR, respectively, the company is exposed to currency risk as the Group's consolidated financial statements are reported in NOK.

2.2 Capital management

The group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders holding ordinary shares, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Gearing ratio at the end of the period	31-12-18	31-12-17
Total borrowings	3,241,335	2,707,249
Less: Cash and cash equivalents	283,271	138,815
Net debt	2,958,064	2,568,434
Total equity	2,053,937	1,954,791
Total capital	5,012,000	4,523,225
Gearing ratio	59%	57%

Note 3: Segment Summary

The Group's business is to own and manage investment properties in Norway, Sweden and Finland and rent them out to operators of pre-schools. There is no material difference in risk and margins in the different investment properties. The Group is therefore considered to operate in one business area and in three geographical areas

The Group have seven customers: Norlandia Barnehaegene, Kidsa Barnehager, Espira Barnehaegene, Suomen Tenava Päiväkodit, Norlandia Förskolor, Touhula and Casparssons

Vårdhem. A geographical split of revenues for the quarter is as follows:

Q4 2018, NOK thousand	Norway	Sweden	Finland	Group
Total Income	58,497	1,173	14,126	73,796
Fair value adjustment on investment properties	78,547	-2,699	-13,078	62,770
Operating profit (EBIT)	140,678	-1,970	-263	138,446
2018, NOK thousand	Norway	Sweden	Finland	Group
Total Income	232,265	3,416	52,894	288,575
Fair value adjustment on investment properties	85,741	2,441	32,216	120,397
Operating profit (EBIT)	298,083	5,177	76,995	380,256
Investment properties	4,183,000	95,943	990,353	5,269,296
Cash and cash equivalents	254,967	2,659	25,645	283,271
Q4 2017, NOK thousand	Norway	Sweden	Finland	Group
Total Income	56,226	717	9,669	66,612
Fair value adjustment on investment properties	225,808	-1,298	-26,185	198,325
Operating profit (EBIT)	277,869	-1,551	-18,921	257,397
2017, NOK thousand	Norway	Sweden	Finland	Group
Total Income	226,288	2,961	26,457	255,706
Fair value adjustment on investment property	225,808	-1,298	-26,185	198,325
Operating profit (EBIT)	429,503	1,333	-6,362	424,474
Investment properties	4,079,000	47,000	596,894	4,722,894
Cash and cash equivalents	130,920	1,752	6,143	138,815

Note 4: Critical accounting estimates and judgement

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of items in the statement of financial position within the next financial year are addressed below.

a) Fair value of Investment Properties.

The fair value of investment Properties is assessed quarterly by management. The Investment Properties are also on a regular basis subject to on-site inspections and technical evaluations. At the end of year 2018 a valuation report was commissioned from Newsec and the fair value was adjusted in the fourth quarter based on the new aggregate market value of the investment properties from this report. The change in the valuation is within a reasonable possible outcome, see also sensitivity analysis in note 7.

Note 5: Borrowings

Interest-bearing liabilities and available cash and cash equivalents constitute the capital of the Group. The Group's main source of financing are bank loans, bond loans in the Norwegian bond market and shareholder loans. Summary of external bank- and bond loans by tranche as of 31 December 2018:

NOK thousand	31-12-18	31-12-17
Non-current		
Commercial bank loans	1,189,672	876,657
Husbank loans (state bank)	728,470	770,693
Bonds in Pioneer Public Properties AS	993,149	990,409
Total	2,911,291	2,637,759
NOK thousand	31-12-18	31-12-17
Current		
Commercial bank loans	292,318	36,479
Husbank loans (state bank)	37,726	33,011
Bonds in Pioneer Public Properties AS	-	-
Total	330,044	69,490
NOK thousand	31-12-18	31-12-17
Total non-current and current		
Commercial bank loans	1,481,990	913,136
Husbank loans (state bank)	766,196	803,704
Bonds in Pioneer Public Properties AS	993,149	990,409
Total	3,241,335	2,707,249

a) Bank borrowings

The Group's major bank loans are with Husbanken, DnB, Swedbank, and Pareto Bank. The bank borrowings mature until 2035.

b) Bond loans

The Group has one listed bond:

Pioneer Public Property (ticker PPU01) at Oslo Børs amounting to NOK 1,000 million with maturity in May 2021. The bond is a senior secured callable bullet bond with voluntary redemption at specified premiums up until maturity. Summary of bond loans:

Bonds	Book value 31-12-18	Marked value 31-12-18	Coupon	Term
PPP	1,000,000	1,000,000	NIBOR + 5,25 %	2016/2021
Transaction costs	-13,701			
Amortization	6,850			
Total bond	993,149	1,000,000		
Whereof current	-	-		
Bonds	Book value 31-12-17	Marked value 31-12-17	Coupon	Term
PPP	1,000,000	1,000,000	NIBOR + 5,25 %	2016/2021
Transaction costs	-13,701			
Amortization	4,110			
Total bond	990,409	1,000,000		
Whereof current	-	-		

The PPU01 bond agreement has certain limitations on the borrower, including: (i) maintain an equity of minimum 25% on a consolidated basis for the PPP-group. (ii) Maintain cash and cash equivalents of min MNOK 75, and (iii) maintain a minimum ratio between unsecured debt to total financial indebtedness of 30%.

In addition, the company has a direct bond-loan from a European Infrastructure debt fund of MEUR 70 in its Finnish subsidiary.

Note 6: Changes in Group structure, acquisitions

Towards the end of the third quarter the company entered into agreement to acquire eleven properties from Norlandia. Two of these purchases were carried through in Q4 2018.

Pioneer Property Group ASA acquired Pioneer Management AS in Q4 2018 for MNOK 29. This is recognised as a business combination. The purpose of the transaction is to insource the management. There was no goodwill in the transaction.

Pioneer Management AS held shares in Pioneer Public Property V AS, which was previously recognised as a non-controlling interest. The value allocated to the shares (MNOK 26.5) are recognised as a transaction with owners in the statement of equity.

The purchase price allocation is based on audited interim figures for Pioneer Management AS.

Note 7: Investment Property

Valuation

The Group rents out the investment properties on long term triple net contracts, with an exception on the properties leased to Espira, one of the Group's four main customers. On average, there are 15 years remaining on the lease agreements. All agreements are fully CPI-adjusted annually. The Group does not have any material future maintenance capital expenditure on properties as all maintenance is carried by the tenant as agreed upon in the lease agreements. The properties are primarily located in the greater Oslo area, Bergen, the greater Stavanger area, Bodø, Tromsø, and certain locations in Sweden and Finland. See the Company's web site for a full list and map of all the properties. The investment properties are valued in accordance with the fair value method and all have been valued in accordance with valuation Level 3. The yield level of the properties has been determined on the basis of their unique risk and transactions made at the respective location according to the location price method. At the end of 2018, PPG commissioned an external cash-flow valuation for all the individual properties from Newsec. Newsec has in this report valuated each property on an individual basis using a combination of discounted cash-flow analysis and property yield level. The prime-yield used as a benchmark for individual yield assumptions in Newsec's analysis was 5.00%, and a number of individual factors for each property were applied to assess the individual yield for the respective property/location.

Sensitivity analysis

A property analysis is an estimate of the value that an investor is willing to pay for the property at a given time. The valuation is made on the basis of generally accepted models and certain assumptions on different parameters. The market value of the properties can only reliably be established in a transaction between two independent parties. An uncertainty interval is stated in the property values and is between +/- 5 per cent in a normal market. A changed property value of +/- 5 per cent affects the Group's property value by +/- MNOK 263. If yield is changed by 1 per cent the book value of the properties change with MNOK +/- 805, and a change of 0,5 percent of MNOK +/- 402. If the rent changed by +/- 5 per cent value of the properties change with MNOK +/- 265.

Note 8: Related-party transactions

In the fourth quarter PPG acquired Pioneer Management AS ("PM"), the provider of management services to PPG. The underlying objective was to insource the management services provided for under the management agreement as the Company has reached a size that makes it natural to secure direct control of business-critical management services and systems. Pioneer Management AS was majority owned by Kristian and Roger Adolfsen, who are also the majority owners of the ordinary shares in PPG.

Note 9: Share capital and shareholder information

The Company has two classes of shares - ordinary shares and preference shares. The face value per share for both ordinary and preference shares classes is NOK 1.

There are no changes affecting ordinary shares or preference shares as of 30 December 2018.

About the shares

The differences between the share classes are differing voting rights and differing rights to the Company's profit. Besides voting rights, the difference between the Company's share classes is that the preference shares entail a preferential right to the Company's profit through a preferential right over ordinary shares to dividends. The regulations on voting rights and dividends are decided upon by the Shareholders' Meeting and can be found in the Articles of Association.

The ordinary share

The Company's ordinary share confers one vote unlike the preference shares that confer one-tenth of a vote.

The preference share

The Company's preference shares confer a preferential right over ordinary shares to an annual dividend of NOK 7.50 per preference share. Dividend payments are made quarterly with NOK 1.875 per preference share, if approved by the General Assembly.

Note 10: Subsequent events

PPG has signed an extension of a bank facility originally due in March 2019 of MNOK 260 for a period of 12 months.

PIONEER PUBLIC PROPERTIES AS

Background

The Pioneer Public Properties AS (PPP) group of companies was established towards the end of 2015 and comprise all the operational companies in Pioneer Property Group ASA. The reason for establishing this subset group of companies was in preparation for the issuance of the PPP unsecured bond of MNOK 1,000, which was issued in the third quarter of 2016. The financial statements of Pioneer Public Properties AS are therefore very closely related to the financial statements of Pioneer Property Group ASA, with the key difference being the exclusion of the mother company of the PPG group including its newly acquired subsidiary Pioneer Management AS. All operational discussions will be identical for the two groups, and discussions of financial accounts will be similar, with a few exceptions. The comments below are to be read in conjunction with the report for the PPG Group, as also presented in this document.

Discussion of the financial accounts for the fourth quarter of 2018

Total revenues in the quarter were MNOK 73.4, compared to MNOK 66.6 in the fourth quarter of 2017. The increase is due to the acquisition of new properties.

Operating profit (EBIT) in the quarter was MNOK 139.8 and pre-tax profit was MNOK 119.6, compared to MNOK 257.9 and MNOK 251.9 in the fourth quarter of 2017, respectively.

At the end of the quarter PPP had total assets of MNOK 5,538.4, where Investment Properties were valued at MNOK 5,269.3, and with a cash balance of MNOK 260.3. Total debt, including certain non-interest-bearing debt, was MNOK 3576.5 with total equity of MNOK 1,961.9. PPP is in compliance with all bond-related covenants.

The consolidated statement of Income statement and statement of financial position financial statements have been drawn up in accordance with International Standards for Financial Reporting (IFRS).

12 February 2018

Anders H. Løken
Chairman

Roger Adolfsen
Board Member

Consolidated Income Statement – Pioneer Public Properties AS

NOK thousand	Q4 18	2018	Q4 17	2017
Income from rent	73,453	288,189	67,562	255,531
Other income	14	57	-950	176
Total Income	73,467	288,246	66,612	255,707
Other operating expenses	-3,565	25,288	6,965	26,917
Total Expenses	-3,565	25,288	6,965	26,917
Fair value adjustment on investment properties	62,770	120,397	198,325	198,325
Operating profit (EBIT)	139,802	383,355	257,972	427,115
Finance income	587	623	-1,294	796
Finance expenses	32,820	136,698	27,473	117,154
Currency gain (-) / loss	-16,727	-4,571	-22,941	-12,619
Other financial expenses	4,704	7,624	232	-
Net Finance	-20,210	-139,128	-6,058	-103,739
Profit/(loss) before tax	119,592	244,227	251,915	323,376
Income taxes	21,914	49,168	56,748	73,899
Profit/(loss) for the period	97,678	195,059	195,167	249,477
Profit/(Loss) attributable to				
Shareholders of the parent	97,828	194,324	195,167	249,477
Non-controlling interests	-150	735		
Profit/(loss) for the period	97,678	195,059	195,167	249,477

Consolidated Statement of Financial Position – Pioneer Public Properties AS

NOK thousands	31-12-18	31-12-17
Assets		
Investment property	5,269,296	4,722,894
Other non-current assets	1,000	9,885
Total non-current assets	5,270,296	4,732,779
Trade and other receivables	7,815	1,600
Cash and cash equivalents	260,265	104,459
Total current assets	268,080	106,059
Total assets	5,538,376	4,838,839
Equity and liabilities		
Share capital	120,000	120,000
Share premium	1,264,959	1,264,959
Retained earnings	573,727	439,238
Non-controlling interest	3,223	0
Total equity	1,961,909	1,824,196
Borrowings	2,938,340	2,637,760
Deferred tax	188,269	160,464
Other non-current liabilities	575	90,973
Total non-current liabilities	3,127,184	2,889,196
Borrowings	330,044	69,490
Current tax payable	21,764	20,420
Other current liabilities	97,475	35,537
Total current liabilities	449,283	125,447
Total liabilities	3,576,467	3,014,643
Total equity and liabilities	5,538,376	4,838,839

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