

Pioneer Public Properties III AS

Financial results for the first quarter of 2015

1/1-2015 to 31/3-2015



Oslo, 28 May 2015

Summary of the first quarter (Q1) of 2015

- Financial results in line with estimates and expectations - revenue of MNOK 27, EBITDA of MNOK 24.6, and operating profit of MNOK 24.6. Revenues from 1/1-2015 are increased in accordance to CPI.
- At the end of the quarter all bond-related financial covenants are met/exceeded.
- Total shareholder equity of MNOK 306.6 and total net interest bearing debt of MNOK 963.0. Cash equivalents of MNOK 24.1.
- No events have taken place that have materially altered the underlying valuation of the property portfolio or the company's financial estimates going forward.

Background and strategy

Pioneer Public Properties III AS ("PPPIII") completed the acquisition of 45 kindergartens at the start of the third quarter of 2014, which was also the basis for the establishment of the company. The kindergartens are leased out to Espira to 2018/19, with several 10+5 options thereafter. However, there was also established a lease agreement with Norlandia Care Group with a step-in obligation to assume operations after Espira with a 20-year duration. The properties therefore have very solid counterparties. Both of these operators are among the largest and most professional kindergarten operators in the market.

PPPIII's kindergartens are well located in city-areas, including Stavanger, Bergen, Kristiansand, and the greater Oslo area. The average age of the properties is at a low eight year average, and the quality of the properties is therefore very high. In total the properties have a capacity of almost six thousand children, and the agreed total annual rent is currently at approx NOK 108,1 million.

The financing of the properties was completed by a combination of existing Husbank-loans (state-subsidized loans given to newbuild kindergartens), equity, non-interest bearing subordinated loan, and a new-issued bond loan of NOK 385 million. The bond-loan has since the transaction been approved for listing on the Oslo Stock Exchange under the ticker "PIII01".

Events since the close of the first quarter (Q1) 2015

In the start of the second quarter the equity ownership of PPPIII was transferred to a newly established company named Pioneer Property Group ASA (PPG) controlled by the same shareholders as PPPIII, and therefore not a change of control event. This transfer of ownership is not expected to impact the operations and/or cash-flow of PPPIII. Information relating to PPG can be found at www.pioneerproperty.no.

Overview of the accounts for the first quarter (Q1) 2015

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

During the first quarter of 2015 the operations proceeded as expected with financial results in line with the company's previous ambitions and forecasts. Operating costs are slightly reduced from 2014, as 2014 was impacted by additional costs relating to the establishment of PPPIII, and

specifically in Q4 extra accounting and auditing expenses. Note that since the company was incorporated mid-2014 there are no comparable financial figures for the first quarter of 2014.

At the end of Q1/2015 the balance sheet is in compliance with the covenants relating to the bond issue.

Responsibility Statement of the Board of Directors

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

28 May 2015

Board of Directors of
Pioneer Public Properties III AS

Even Carlsen
Chairman
Sign.

Runar Rønningen
CEO
Sign.

Group Profit & Loss Statement (preliminary unaudited IFRS)

NOK1000	Q3/2014	Q4/2014	FY 2014	Q1/2015
Rental income	26 484,6	26 484,6	52 969,1	27 014,3
Other operating costs	-4 909,8	-3 342,5	-8 252,3	-2 442,7
EBITDA	21 574,7	23 142,1	44 716,9	24 571,6
Fair value change	-15 456,9	43 559,5	28 102,6	0,0
Operating profit	6 117,9	66 701,6	72 819,5	24 571,6
Interest income	536,8	530,6	1 067,4	137,0
Interest cost	-14 893,8	-13 628,4	-28 522,2	-12 920,2
Sum net interest	-14 357,0	-13 097,8	-27 454,8	-12 783,2
Pre-tax profit	-8 239,1	53 603,8	45 364,7	11 788,5
Tax expense			-12 248,5	
Profit for the period			33 116,2	

Group Balance Sheet (preliminary unaudited IFRS)

NOK1000	31.12.2014	31.03.2015
Properties	1 378 000,0	1 378 000,0
Sum tangible assets	1 378 000,0	1 378 000,0
Other receivables	240,7	1 012,8
Cash & equivalents	18 821,4	24 142,9
Total current assets	19 062,1	25 155,7
Total assets	1 397 062,1	1 403 155,7
Total owners equity	264 900,0	264 900,0
Other equity	33 116,2	41 721,8
Total equity	298 016,2	306 621,8
Deferred tax	6 822,2	10 005,1
Subordinated loan	113 495,8	113 495,8
Bond loan	370 461,6	371 269,3
Husbanken loan	596 606,2	591 718,4
Total non-current liabilities	1 087 385,7	1 086 488,5
Current income tax	5 426,3	5 426,3
Other current liabilities	6 233,9	4 619,0
Total current liabilities	11 660,2	10 045,3
Total liabilities	1 099 045,9	1 096 533,8
Total equity & liabilities	1 397 062,1	1 403 155,7