

**Pioneer Public Properties III AS**

**Financial results for the fourth quarter of 2015**

**1/10-2015 to 31/12-2015**



**Oslo, 16 February 2016**

## Summary of the fourth quarter (Q4) of 2015

- Operational financial development in line with estimates and expectations, with revenue of MNOK 27.0 and EBITDA of MNOK 23.9.
- At the end of the quarter all bond-related financial covenants are met/exceeded.
- Total shareholder equity of MNOK 626 and total liabilities of MNOK 1,224.
- No events have taken place in the third quarter that have materially altered the underlying valuation of the property portfolio or the company's financial expectations 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 million.

## Overview of the accounts for the fourth quarter (Q4) 2015

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

During the third quarter of 2015 the operations proceeded as expected with underlying financial results in line with the company's previous ambitions and forecasts.

At the end of the fourth quarter of 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 1,801 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 PPPIII portfolio.

## Responsibility Statement of the Board of Directors

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

16 February 2016

Board of Directors of Pioneer Public Properties III AS

Runar Rønningen, Chairman  
Sign.

## Group Profit & Loss Statement (audited IFRS)

NOK1000	Q3/2014	Q4/2014	2014	Q1/2015	Q2/2015	Q3/2015	Q4/2015	2015
<b>Rental income</b>	<b>26,484.6</b>	<b>26,484.6</b>	<b>52,969.1</b>	<b>27,014.3</b>	<b>27,014.2</b>	<b>27,014.3</b>	<b>27,014.4</b>	<b>108,057.3</b>
Other operating costs	-4,909.8	-3,342.5	-8,252.3	-2,442.7	-2,410.2	-1,534.5	-3,104.9	-9,492.2
<b>EBITDA</b>	<b>21,574.7</b>	<b>23,142.1</b>	<b>44,716.9</b>	<b>24,571.6</b>	<b>24,604.0</b>	<b>25,479.9</b>	<b>23,909.6</b>	<b>98,565.1</b>
Fair value change	-15,456.9	43,559.5	28,102.6	0.0	423,000.0	0.0	0.0	423,000.0
<b>Operating profit</b>	<b>6,117.9</b>	<b>66,701.6</b>	<b>72,819.5</b>	<b>24,571.6</b>	<b>447,604.0</b>	<b>25,479.9</b>	<b>23,909.6</b>	<b>521,565.1</b>
Interest income	536.8	530.6	1,067.4	137.0	142.3	135.2	303.4	717.9
Interest cost	-14,893.8	-13,628.4	-28,522.2	-12,920.2	-13,729.1	-15,269.9	-14,162.2	-56,081.4
<b>Sum net interest</b>	<b>-14,357.0</b>	<b>-13,097.8</b>	<b>-27,454.8</b>	<b>-12,783.2</b>	<b>-13,586.8</b>	<b>-15,134.7</b>	<b>-13,858.8</b>	<b>-55,363.5</b>
<b>Pre-tax profit</b>	<b>-8,239.1</b>	<b>53,603.8</b>	<b>45,364.7</b>	<b>11,788.5</b>	<b>434,017.2</b>	<b>10,345.2</b>	<b>10,050.8</b>	<b>466,201.6</b>
Tax expense			-12,248.5					-117,781.4
<b>Profit for the period</b>	<b>-8,239.1</b>	<b>41,355.4</b>	<b>33,116.2</b>	<b>8,605.6</b>	<b>432,625.2</b>	<b>7,419.4</b>	<b>-100,230.0</b>	<b>348,420.2</b>

## Group Balance Sheet (audited IFRS)

NOK1000	30-09-14	31-12-14	31-03-15	30-06-15	30-09-15	31-12-15
Properties	1,330,000.0	1,378,000.0	1,378,000.0	1,801,000.0	1,801,000.0	1,801,000.0
<b>Sum tangible assets</b>	<b>1,330,000.0</b>	<b>1,378,000.0</b>	<b>1,378,000.0</b>	<b>1,801,000.0</b>	<b>1,801,000.0</b>	<b>1,801,000.0</b>
Other receivables	4,079.9	240.7	1,012.8	380.7	1,282.4	1,247.3
Cash & equivalents	47,420.9	18,821.4	24,142.9	32,799.4	42,942.7	48,409.6
<b>Total current assets</b>	<b>51,500.7</b>	<b>19,062.1</b>	<b>25,155.7</b>	<b>33,180.1</b>	<b>44,225.1</b>	<b>49,656.9</b>
<b>Total assets</b>	<b>1,381,500.7</b>	<b>1,397,062.1</b>	<b>1,403,155.7</b>	<b>1,834,180.1</b>	<b>1,845,225.1</b>	<b>1,850,656.9</b>
Total owners equity	264,900.0	264,900.0	264,900.0	264,900.0	264,900.0	264,900.0
Other equity	-8,239.1	33,116.2	41,721.8	474,347.0	481,766.4	361,557.9
<b>Total equity</b>	<b>256,660.9</b>	<b>298,016.2</b>	<b>306,621.8</b>	<b>739,247.0</b>	<b>746,666.4</b>	<b>626,457.9</b>
Deferred tax	0.0	6,822.2	10,005.1	11,397.1	14,322.8	117,001.6
Subordinated loan	146,470.3	113,495.8	113,495.8	114,022.6	116,456.1	120,828.1
Bond loan	369,653.9	370,461.6	371,269.3	372,077.0	346,384.7	346,742.4
Husbanken loan	601,809.1	596,606.2	591,718.4	566,753.0	561,802.0	556,595.9
<b>Total non-current liabilities</b>	<b>1,117,933.3</b>	<b>1,087,385.7</b>	<b>1,086,488.5</b>	<b>1,064,249.7</b>	<b>1,038,965.6</b>	<b>1,141,167.9</b>
Current income tax		5,426.3	5,426.3	5,426.3	5,426.3	
Other current liabilities	6,906.6	6,233.9	4,619.0	25,257.2	54,166.8	83,031.1
<b>Total current liabilities</b>	<b>6,906.6</b>	<b>11,660.2</b>	<b>10,045.3</b>	<b>30,683.4</b>	<b>59,593.1</b>	<b>83,031.1</b>
<b>Total liabilities</b>	<b>1,124,839.9</b>	<b>1,099,045.9</b>	<b>1,096,533.8</b>	<b>1,094,933.1</b>	<b>1,098,558.7</b>	<b>1,224,199.0</b>
<b>Total equity &amp; liabilities</b>	<b>1,381,500.7</b>	<b>1,397,062.1</b>	<b>1,403,155.7</b>	<b>1,834,180.1</b>	<b>1,845,225.1</b>	<b>1,850,656.9</b>