

Pioneer Public Properties III AS

Financial results for the first quarter of 2016

1/1-2016 to 31/03-2016



Oslo, 10 May 2016

Summary of the first quarter (Q1) of 2016

- Operational financial development in line with estimates and expectations, with revenue of MNOK 27.7 and EBITDA of MNOK 24.8. Revenues have been increased with CPI from January 1st in line with the lease agreements.
- 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 1,230.
- No events have taken place in the first 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 nine-year average, and the quality of the properties is therefore high. In total the properties have a capacity of almost six thousand children, and the agreed total annual rent is currently at approx. NOK 111 million.

Overview of the accounts for the first quarter (Q1) 2016

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

During the first quarter of 2016 the operations proceeded as expected with underlying financial results in line with the company's previous ambitions and forecasts.

At the end of the first quarter of 2016 the balance sheet is in accordance 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 accounts for the first quarter of 2016 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.

10 May 2016

Board of Directors of Pioneer Public Properties III AS

Runar Rønningen, Chairman

Sign.

Group Profit & Loss Statement (unaudited IFRS)

NOK1000	Q1/2015	Q2/2015	Q3/2015	Q4/2015	2015	Q1/2016
Rental income	27,014.3	27,014.2	27,014.3	27,014.4	108,057.3	27,681.6
Other operating costs	-2,442.7	-2,410.2	-1,534.5	-3,104.9	-9,492.2	-2,841.8
EBITDA	24,571.6	24,604.0	25,479.9	23,909.6	98,565.1	24,839.8
Fair value change	0.0	423,000.0	0.0	0.0	423,000.0	0.0
Operating profit	24,571.6	447,604.0	25,479.9	23,909.6	521,565.1	24,839.8
Interest income	137.0	142.3	135.2	303.4	717.9	217.6
Interest cost	-12,920.2	-13,729.1	-15,269.9	-14,162.2	-56,081.4	-13,286.8
Sum net interest	-12,783.2	-13,586.8	-15,134.7	-13,858.8	-55,363.5	-13,069.2
Pre-tax profit	11,788.5	434,017.2	10,345.2	10,050.8	466,201.6	11,770.6
Tax expense					-117,781.4	
Profit for the period					348,420.2	

Group Balance Sheet (unaudited IFRS)

NOK1000	31-03-15	30-06-15	30-09-15	31-12-15		Pr 31/3-2016
Properties	1,378,000	1,801,000	1,801,000	1,801,000		1,801,000
Sum tangible assets	1,378,000	1,801,000	1,801,000	1,801,000		1,801,000
Other receivables	1,013	381	1,282	1,247		407
Cash & equivalents	24,143	32,799	42,943	48,410		54,908
Total current assets	25,156	33,180	44,225	49,657		55,314
Total assets	1,403,156	1,834,180	1,845,225	1,850,657		1,856,314
Total owners equity	264,900	264,900	264,900	264,900		264,900
Other equity	41,722	474,347	481,766	361,558		361,416
Total equity	306,622	739,247	746,666	626,458		626,316
Deferred tax	10,005	11,397	14,323	117,002		117,143
Subordinated loan	113,496	114,023	116,456	120,828		149,849
Bond loan	371,269	372,077	346,385	346,742		347,550
Husbanken loan	591,718	566,753	561,802	556,596		551,458
Total non-current liabilities	1,086,489	1,064,250	1,038,966	1,141,168		1,166,001
Current income tax	5,426	5,426	5,426			
Other current liabilities	4,619	25,257	54,167	83,031		63,998
Total current liabilities	10,045	30,683	59,593	83,031		63,998
Total liabilities	1,096,534	1,094,933	1,098,559	1,224,199		1,229,998
Total equity & liabilities	1,403,156	1,834,180	1,845,225	1,850,657		1,856,314