

Pioneer Public Properties III AS

Financial results for Q3-2014

1 July 2014 – 30 September 2014



Oslo, 28 November 2014

Summary of the third quarter (Q3) of 2014

- Acquisition of 45 kindergarten
- Financing structure in place, including bond loan of MNOK 385 million
- Listing of bond with ticker PIII01 on the Oslo Stock Exchange
- At end of quarter all bond-related financial covenants are met/exceeded.
- Financial results in line with estimates - revenue of MNOK 26.5, EBITDA of MNOK 21.6, and operating profit of MNOK 6.1. Certain transaction-related costs are included in operating costs, and the upcoming Q4 will see an improvement in operating profitability.
- Total shareholder equity of MNOK 256.7 and total net interest bearing debt of MNOK 971.5. Cash equivalents of MNOK 47.4.
- 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

Pioneer Public Properties III AS ("PPPIII") completed the acquisition of 45 kindergartens at the start of the third quarter, 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 106 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".

The third quarter of 2014 was therefore the first full operational quarter for PPPII, and the quarter developed as planned with financial results in line with expectations.

Overview of the accounts for the first half year (H1) 2014

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

During the third quarter of 2014 the operations proceeded as expected with financial results in line with the company's previous ambitions and forecasts, and the Board of Directors' outlook for the future development of PPPIII is the same as communicated at the time of the P11101 bond placement. The profit and loss statement includes certain costs specifically related to the execution

of the transaction (the property acquisition), and profitability in the upcoming fourth quarter is expected to be slightly improved.

At the end of Q3/2014 the balance sheet is in compliance 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 PPPII portfolio. Note that the balance sheet fair value of the properties is identical to the valuation at the start of the quarter, but includes a negative fair value change of MNOK 15 in the P&L accounts as the initial measurement of the value (IAS 40.20 and 40.30) also includes transaction costs.

Responsibility Statement of the Board of Directors

We hereby confirm that, to the best of our knowledge, the interim accounts for H1 2014 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 November 2014

Board of Directors of
Pioneer Public Properties II AS

Runar Rønningen
Chairman
sign.

Group Profit & Loss Statement (unaudited IFRS)

NOK1000	Q3/2014
Rental income	26 484,6
Other operating costs	(4 909,8)
EBITDA	21 574,7
Fair value change	(15 456,9)
Operating profit	6 117,9
Interest income	536,8
Other financial income	-
Interest cost	(14 893,8)
Sum net interest	(14 357,0)
Pre-tax profit	(8 239,1)
Tax expense	
Profit for the period	(8 239,1)

Group Balance Sheet (unaudited IFRS)

NOK1000	Pr 30/9-2014
Properties	1 330 000,0
Other assets	-
Sum tangible assets	1 330 000,0
Other receivables	4 079,9
Cash & equivalents	47 420,9
Total current assets	51 500,7
Total assets	1 381 500,7
Total owners equity	264 900,0
Other equity	(8 239,1)
Total equity	256 660,9
Subordinated loan from owners	146 470,3
Bond loan	369 653,9
Husbanken loan	601 809,1
Total non-current liabilities	1 117 933,3
Other current liabilities	6 906,6
Total current liabilities	6 906,6
Total liabilities	1 124 839,9
Total equity & liabilities	1 381 500,7