

Pioneer Property Group ASA 2015

**Report for the period 30 April - 31
December 2015**

The 2015 Board of Directors report Pioneer Property Group ASA. Highlights of the 2015 annual report

- Total revenues in 2015 were MNOK 129 097, and with a pre-tax profit of MNOK 41.
- Revenues and profitability were in line with expectations, and represent a quarterly run-rate rental-income of MNOK 51.
- The Company had total assets of MNOK 3,619, where Investment Property (112 preschools) were valued at MNOK 3,413 in addition to a cash balance of MNOK 195. Total debt was MNOK 1,981 and with total equity of MNOK 1,638.
- Towards the end of the year PPG commissioned a valuation report from Newsec, which confirmed the balance sheet valuations of the Investment Properties.
- In 2015 PPG initiated its quarterly dividend payments to its preference shareholders equivalent to NOK 1,875 per preference share per quarter, and the Company's ambitions is to continue to pay these dividends quarterly going forward, as described in PPG's Articles of Association.

Operations and location

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 112 Norwegian kindergartens centrally located in the largest cities and which house a total of over eleven thousand children. The properties are leased out on long-term triple-net contracts to large kindergarten operators, including Norlandia Care Group and Espira. The Company's headquarter is in Oslo, Norway.

Going concern

In accordance with the Accounting Act § 3-3, we confirm that the financial statements have been prepared under the assumption of going concern.

Accounting policies:

The financial statements have been drawn up in accordance with International Standards for Financial Reporting (IFRS). The consolidated accounts for the third quarter were compiled in accordance with IAS 34 - Interim Financial Reporting. The financial statements of the fourth quarter is an update on the last report which is the third quarter, and are therefore intended to be read in conjunction with the report of the third quarter.

Comments the financial statements

The annual report gives an accurate overview of the Group's financial development throughout the year. There have been no events after the end of the fiscal year 2015, which have had any material impact on the financial status of the Company.

Research and development

The group is not involved in any R & D activities.

Work environment, equal opportunities and discrimination

There are no employees in Pioneer Property Group ASA. The Board of Directors consists of 2 woman and 3 men.

External environment

The Company's operations do not result in pollution or spillage harmful to the external environment.

Financial risks

The Company is exposed towards various financial risks, but the Board of Directors view the total exposure to be at a controllable level. Some of the most important risk factors are:

- The market risk of a general increase in interest rate levels, and there through also an increase of the financial cost of loans to the Company.
- Credit risk relating to banks or other financial institutions' willingness to loan money, which may restrict the Company's ability to take up new loans in the futures.
- Liquidity risk in the case of unforeseen delay of cash payments on income and/or unexpected costs.

The Board of Directors and management performs ongoing assessments of the most important financial risk factors, and also evaluates the necessity of implementing specific measures, such as fixing interest rates. Specific measures are considered in light of the Company's total financial risk exposure.

Total comprehensive income

The Board of Directors propose the following allocation of the net income of 36 163 MNOK:

Transfer to other reserves:	36 163 TNOK
Total:	36 163 TNOK

Responsibility Statement of the Board of Directors

We confirm, to the best of our knowledge, that the set of financial statements for the financial year ending 31 December 2015 has been prepared in accordance with IFRS, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the financial year and their impact on the set of financial statements, a description of the underlying principal risks and uncertainties, and major related parties' transactions.

Oslo, 10 March 2016

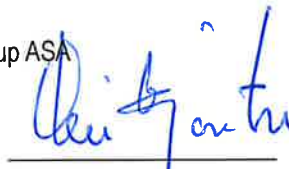
Board of Directors and Chief Executive Officer of Pioneer Property Group ASA



Roger Adolfsen
Leader Board of Directors



Sandra Henriette Riise
Board member



Geir Hjort
Board member



Even Carlsen
Board member



Nina Hjørdis Torp Høisæter
Board member



Runar Rønningen
CEO

Consolidated Income Statement

NOK thousand	Note	YTD 15
Income from rent	2	129 319
Other income	2	-223
Total Income		129 097
Payroll expenses	15	314
Expenses related to property	7	
Other operating expenses	7	31 943
Total Expenses		96 840
Fair value adjustment on investment properties	11	-
Operating profit (EBIT)		96 840
Finance income	12	7 122
Finance expenses	12	62 189
Net Finance		-55 067
Profit/(loss) before tax		41 773
Income taxes	9	5 610
Profit/(loss) for the period		36 163
Proposed dividends		-
Total distributed		36 163

Consolidated Statement of Comprehensive Income:

NOK thousand	Note	YTD 15
Profit/(loss) for the period		36 163
Total other comprehensive income, net of tax		-
Comprehensive income for the period		36 163
Profit or loss for the period attributable to Owners of Pioneer Property Group ASA		36 163
Comprehensive income for the period attributable to Ordinary shareholders og Pioneer Property Group ASA		6 178
Earnings per share (NOK)		
Basic earnings per preference share	5	4.61
Basic earnings per ordinary share	5	0.70
Dividend per preference share	5	4.61
Dividend per ordinary share	5	-

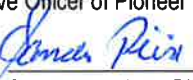
Consolidated Statement of Financial Position

NOK thousands	Note	31.12.2015
Assets		
Investment property	11	3 413 174
Deferred tax assets	10	-
Fixed assets		
Total non-current assets		3 413 174
Trade and other receivables		10 607
Cash and cash equivalents	6	195 329
Total current assets		205 936
Total assets		3 619 111
Equity and liabilities		
Share capital	18	16 314
Share premium	18	1 585 148
Retained earnings		36 163
Total equity		1 637 625
Borrowings	8	1 698 190
Deferred tax	9	15 844
Other non-current liabilities		139 508
Total non-current liabilities		1 853 542
Borrowings	8	86 793
Current tax payable	9	7 363
Other current liabilities		33 787
Total current liabilities		127 944
Total liabilities		1 981 485
Total equity and liabilities		3 619 111


Oslo, 10 March 2016

Board of Directors and Chief Executive Officer of Pioneer Property Group ASA



 Roger Adolfsen
 Leader Board of Directors


 Sandra Henriette Riise
 Board member


 Geir Hjort
 Board member


 Even Carlsen
 Board member


 Nina Hjørdis Torp Høisæter
 Board member


 Runar Rønningen
 CEO

Consolidated Statement of Changes in Equity

NOK thousands	Attributable to owners of the parent			Total Equity
	Share capital	Share premium	Retained earnings	
Balance at 5 January 2015	30	-	0	30
Profit/(loss) for the period			36 163	36 163
Proposed dividends			0	0
Other comprehensive income for the period			0	0
Total comprehensive income for the period	0	0	36 163	36 163
Reduction of share capital	-30			-30
Proceeds from shares issues debt conversion	15 384	1 523 063		1 538 447
Proceeds from shares issued, contribution in kind	30	2 970		3 000
Proceeds from shares issued	900	89 100		90 000
Repayment premiums		-29 985		-29 985
Transactions with owners	16 284	1 585 148	0	1 601 432
Balance at 31 December 2015	16 314	1 585 148	36 163	1 637 625

Consolidated Statement of Cash Flows

NOK thousands	Note	YTD 15
Cash flows from operating activities:		
Profit before income tax		41 773
<i>Adjustments for:</i>		
Fair value adjustments on investment property	12	-
Interest expense - net	13	-
Borrowing cost	9	-
Net (gain)/loss on sale of shares		-
Changes in working capital:		
Trade receivables	17	-807
Trade payables	18	-
Other accruals		128 377
Cash generated from operations		169 343
Interest paid		-
Income tax paid	8	-
Net cash generated from operating activities		169 343
Cash flows from investing activities:		
Purchase of property	11	-3 413 174
Purchase of net other assets	11	-
Other long term receivables		-
Proceeds from sale of shares and bonds	9, 19	-
Net cash used in investing activities		-3 413 174
Cash flows from financing activities:		
Proceeds from debt to financial institutions	8	1 837 698
Proceeds from other borrowings	8	-
Repayments of debt to financial institutions	9	-
Proceeds from shares issued	18	1 631 477
Repayment of shares issued	18	-30 015
Dividends paid to owners of the parent	15	-
Dividends paid to non-controlling interests	15	-
Net cash from financing activities		3 439 161
		-
Net change in cash and cash equivalents		195 329
Cash and cash equivalents at beginning of period	6	-
Exchange gains/(losses) on cash and cash equivalents		-
Cash and cash equivalents at period end	6	195 329
Consistency check:		
Cash and cash equivalents in Balance Sheet		195 329

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Note 1 | Accounting Principles

1.1 General information

Pioneer Property Group ASA (the 'Company') and its subsidiaries (together, the 'Group') invests in kindergarden and preschool properties and rent the properties out on long term leases. The Group holds investment properties in Norway.

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

The Company was incorporated 5 January 2015. The Group was formed 12 May 2015 after the acquisitions of Pioneer Public Properties I AS, Pioneer Public Properties II AS, Pioneer Public Properties III AS and Pioneer Public Properties IV AS. See note 11.

The consolidated interim financial statements covers the period from 1 April 2015 to 31 December 2015 (Q2-Q4 column) and 5 January 2015 - 31 December 2015 (YTD column).

1.2 Basis of preparation

The interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The interim consolidated financial statments have been prepared under the historical cost convention, as modified by fair value adjustments to investment properties.

The interim consolidated financial statements are the Group's first financial statements and in accordance with IFRS 1. For illustrative figures representing the Group as if it was established in 2015 refer to the combined IFRS statement presented in the Group's prospectus.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estiamtes are significant to the consolidated financial statements are disclosed in note 4.

The consolidated financial statements have been prepared on a going concern basis.

All financial numbers are presented in thousand NOK, unless otherwise stated.

1.3 Consolidation

Subsidiaries:

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred

acquisition date.

Acquisition related costs are expensed as incurred.

Acquisition of subsidiaries or other entities not viewed as a business combination

An acquisition of entities not comprising any business activities is viewed as a purchase of assets. The acquisition cost is allocated to the acquired assets and no deferred tax is calculated for temporary differences that arise at their initial recognition

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

1.4 Changes in accounting principles

These financial statements are the first accounts submitted by the Group. The financial statements and accompanying notes are in accordance with standards currently effective under IFRS as adopted by the EU.

A number of new standards and amendments to standards and interpretations are effective for periods beginning after 31 December 2015, and have not been applied in preparing these interim consolidated financial statement. None of the new Standards are expected to have a significant effect on the consolidated financial statements of the Group. The following new standards have not been implemented in the preparation of these financial statements:

- IFRS 9 Financial instruments
- IFRS 15 Revenue from contracts with customers.
- IFRS 16 Leases.

1.5 Investment properties

Property held with the purpose of achieving rental income, increase in value or both are classified as investment property. Investment property also include property under development for future use as investment property. Investment property is initially recognised at cost included transaction costs.

Upon purchase of property management assess whether the purchase constitute purchase of a business or purchase of an asset in accordance with IFRS 3.

Transaction costs include stamp duty, lawyer's fees and commission to bring the property to the condition that is necessary to put the property into operation. Recognised value also include replacement cost for parts of the existing investment property at the time when the cost is incurred and the terms for recognition has been met.

After initial recognition the investment property is then recognised at fair value. Profit or loss from changes in fair value are presented in the income statement when they arise.

Subsequent costs relating to investment property are included in the carrying amount if it is probable that they will result in future economic benefits for the investment property and the costs can be measured reliably. Expenses relating to operations and

income statement during the financial period in which they are incurred.

Investment properties are derecognised when they are sold or are permanently out of operations and no future economic benefit is expected if disposed of. All gains or losses relating to sales or disposal are presented in the income statement the same year as disposal. Gains or losses from disposal of investment property is the difference between net selling price and the carrying amount of the asset in the previous year's financial statements.

1.6 Lease agreements

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, the right to use an asset for an agreed period of time.

All the Group's properties are leased out under operating leases. The properties are included in the balance sheet as Investment Property.

Revenue comprise of rental income from the properties. Lease income on operating leases is recognized over the term of the lease on a straight line basis.

1.7 Real estate related costs and other costs

Costs directly related to the operations of existing properties are recognized as real estate related costs, other costs are included as administrative costs. Costs are recognised as they are accrued.

1.8 Financial assets

1.8.1 Classification

The group classifies its financial assets in the following category: Loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Currently the Group only holds financial assets in the category loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet

1.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

1.8.3 Impairment of financial assets

Assets carried at amortised cost:

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

1.9 Trade receivables

Trade receivables are amounts due from customers for rental of premises. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.10 Cash and cash equivalents

Cash and cash equivalents includes bank deposits.

1.11 Share capital

The Company has two classes of shares, ordinary shares and preference shares. Both classes are classified as equity.

1.12 Trade payables and other short term payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1.15 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.16 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

1.17 Current and deferred income tax

Tax on income in the interim periods are accrued using the tax rate that would be applicable to expected annual profit.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Norway. Management periodically evaluates positions taken in tax calculations with respect to situations in which applicable tax regulation is subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred income tax is

determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

1.18 Dividend distribution

The Company has two classes of shares, ordinary shares and preference shares. The preference shares are entitled to annual dividend payments amounting to NOK 7,50 per preference share, if the General Assembly approves payment of dividends. If payable, the dividend payments will be made quarterly with NOK 1,875 per preference share.

The quarterly dividend distribution to the preference shares is recognised as equity in the Group's financial statements in the period in which the dividends are approved by the General Assembly.

Dividend distribution to Ordinary shares is recognised as a liability in the Group's financial statement in the period in which the dividend is approved by the Company's shareholders in the General Assembly to payment.

1.19 Segements

The Group's only business is to own and rent out preschool properties. All properties are in the same business segment. All properties are in Norway.

1.20 Cash flow

The statement of cash flow has been prepared using the indirect method, and in accordance with IAS 34 a condensed statement is presented.

Note 2 | Financial risk management

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 programme focuses on the unpredictability of financial markets and seeks to minimise 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 of 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. refer to note 9 for details. 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 2015 the result after tax would be +/- MNOK 19,2 million, all other conditions unchanged and assuming a floating interest rate on 100% of the Company's borrowings.

The average effective interest rate of the Group's borrowings was at period end 2015: 3,3 %

b) Credit risk

Credit risk is the risk of loss when a party is unable to redeem their obligations to the Group.

Credit risk is managed on 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 utilisation 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 at the end of the period:	31.12.2015
Accounts receivable	807
Other Short term receivable	9 801
Cash balance	195 329
Total exposure	205 936

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 (refer to note 9), 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 at the end of the period:

	31.12.2015				
	< 3mths	3m-1y	1y-2y	2y-5y	>5y
Borrowings (bank)	9 901	29 942	190 450	340 854	645 719
Interest on borrowings (bank)	11 366	33 727	38 050	107 761	194 518
Bond loans	-	46 500	59 900	478 150	-
Interest on bond loans	9 235	27 705	36 940	39 235	-
Other liabilities	33 787	-	139 508	-	-

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	31.12.2015
Total borrowings	1 923 099
Less: Cash and cash equivalents	195 329
Net debt	1 727 770
Total equity	1 637 625
Total capital	3 365 396
Gearing ratio	51 %

Note 3 | Segment summary

The Group's business is to own and manage investment properties in Norway 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 one geographical area. Further segment information is therefore not prepared.

The Group have three customers: Norlandia Barnehagene, Kidsa Barnehager and Espira all of which contribute with more than 10 % of operating revenue.

Note 4 | Critical accounting estimates and judgement

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, 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 on a regular basis subject to on-site inspections and technical evaluations.

The properties are valued using a combination of discounted cash flow models and market based property yield. The Investment Properties are measured at level 3. All significant inputs are disclosed in note 12. All cash flows used in the calculations are based on long term contracts. Management assesses the cash flows to be stable without material uncertainty. The critical accounting estimates in the calculation, based on management's judgement is the yield.

The yield is calculated per investment property. The prime yield for pre-school properties is 5,50 %. Factors such as the property's location in relation to a major city, net-population change, size of the property/per child, year of build and whether or not the property is on a leased land (Norwegian: *festetomt*).

The average gross yield for the investment property portfolio is 6,0 %. Refer to note 12 for sensitivities.

Note 5 | Contingencies and commitments

The Group has no contingent liabilities nor commitments as at 31 December 2015.

Note 6 | Earnings per share

a) Basic

The Group's preference shares are entitled to a fixed dividend of NOK 7.50 per annum, if the General Assembly approves payment of dividends. To calculate the earnings per share the entitled dividend to the preference shares is deducted from comprehensive income for the period. The earnings per ordinary share is the remaining comprehensive income deducted the preference share dividend divided by the weighted average number of shares in issue during the period.

Calculation of earnings per share for the period	Q2	Q3	Q4	YTD
Comprehensive income for the period	-4 293 789	13 349 000	27 107 828	36 163 039
Less: Dividend to preference shares	-5 609 565	-12 187 500	-12 187 500	-29 984 565
Total	-9 903 354	1 161 500	14 920 328	6 178 474
Weighted average number of ordinary shares in issue	5 145 220	9 814 470	9 814 470	8 832 524.67
ESP to ors shares	-1.92	0.12	1.52	0.70

b) Diluted

As per 31 December 2015 no rights are issued which cause diluted earnings per share to be different to basic earnings per share.

Refer to note 17 for information related to the classes of shares.

Note 7 | Cash and cash equivalents

Cash and cash equivalents	31.12.2015
Bank deposits	195 329
Total	195 329

There are no restricted funds at the end of the period.

Note 8 | Expenses

For the full year 2015, the Company incurs additional expenses, particularly due to the listing of the preference shares on Oslo Axess. See the table below for a specification.

Specification of other operating expenses	30.06.2015	30.09.2015	31.12.2015	YTD 2015
Expenses related to initial public offering	14 416	-892	-	13 525
Other operating expenses including management fee	5 277	6 994	6 148	18 418
Total other operating expenses	19 693	6 102	6 148	31 943

Note 9 | 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 2015:

NOK thousand	31.12.2015
Non-current	
Commercial bank loans	404 086
Husbank loans (state bank)	772 937
Bonds in Pioneer Public Properties II AS	174 425
Bonds in Pioneer Public Properties III AS	346 742
Total	1 698 190

NOK thousand	31.12.2015
Current	
Commercial bank loans	19 151
Husbank loans (state bank)	20 692
Bonds in Pioneer Public Properties II AS	20 000
Bonds in Pioneer Public Properties III AS	26 950
Total	86 793

NOK thousand	31.12.2015
Total non-current and current	
Commercial bank loans	423 237
Husbank loans (state bank)	793 629
Bonds in Pioneer Public Properties II AS	194 425
Bonds in Pioneer Public Properties III AS	373 692
Total	1 784 983

a) bank borrowings

The Group's bankloans are with Husbanken, Pareto Bank and Handelsbanken. The bank borrowings mature until 2035. Of the total bank borrowings per 31 December 2015 NOK 603 million are on a fixed rate. The remaining NOK 613 million are on floating rates.

b) Bond loans

The Group has issues two bonds:

Pioneer Public Property II (PPP01 PRO) at Oslo ABM amounting to NOK 200 million with maturity April 2018 and Pioneer Public Property III (PIII01) at Oslo Børs amounting to NOK 385 million with maturity June 2019. The bonds are a senior secured callable bonds with voluntary redemption at specified premiums up until maturity.

Summary of bond loans:

Bonds	Book value	Marked value	Coupon	Term
	31.12.2015	31.12.2015		
PPP01 PRO	200 000	202 000	NIBOR + 5 %	2013/2018
PIII01	385 000	386 694	NIBOR + 4,5 %	2014/2019
Transaction costs	-24 896			
Amortization	8 013			
Total bond	568 117	588 694		
Whereof current	46 950	47 269		

In both bond agreements entered into there are limitations on the borrower (PPPII and PPPIII) in regard to additional financial indebtedness, distributions and renegotiations on borrowing. Also, the two bond loans are subject to the following main financial covenants.

Bonds	LTV*	Minimum cash
PPP01 PRO	120 %	MNOK 5
PIII01	120 %	6 month interest payment on the bond

*LTV: the aggregate of fair value of properties, the amount standing to credit of the issues at the escrow account and Earnings Account, must at all times exceed the covenant requirement of the total financial indebtedness of the Group

The recognised value of assets pledged as security for bank borrowings as per 31 December 2015

	31.12.2015
Investment property	3 413 174
Total pledged assets	3 413 174

Debt to shareholders at 31 December is MNOK 2,5 with interest at 5%.

c) Subordinated shareholder loans

Originating from the formation of the PPG's acquisition of its four subsidiary companies PPPI-IV, and the formation of the PPG Group, the Company has some remaining subordinated shareholder loans in addition to miscellaneous other long term debt. Total other long-term debt as of 31 December was MNOK 263. A portion of this debt has with accumulating, but not payable, annual interest of 5%. The interest is accrued and recorded under non-current liabilities, which for the fourth quarter totalled MNOK 1.8

Note 10 | Income taxes

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to date 31 December 2015 income tax expense is 27 %.

Tax expense	Q2 15	Q3 15	Q4 15	YTD 15
Profit before tax	-5 318	18 220	28 871	41 773
Adjustments for:				
- temporary differences	1 524	-178	-8 359	-7 014
- Permanent differences	-			-12 320
Taxable result for the period	-3 794	18 042	20 511	22 439
Income tax expense for the period	-1 024	4 871	1 763	5 610
Estimated effective tax rate for the period	19 %	27 %		13 %

Change in deferred tax/deferred tax asset YTD	Properties	Deferred loss	Other	Total
As per 5 January 2015	-	-		-
Recognized upon acquisition of assets	-	-	17 597	17 597
Change in the period			-1 753	-1 753
As per 31 December 2015	-	-	15 844	15 844

Change in deferred tax/deferred tax asset Q3	Investment properties	loss carried forward	Other items	Total
As per 1 April 2015	-	-		-
Recognized upon acquisition of assets	-	-	17 597	17 597
Change in the period			-1 753	-1 753
As per 31 December 2015	-	-	15 844	15 844

Note 11 | Changes in Group structure, acquisitions during the year and subsidiaries

The Company was incorporated 5 January 2015. The Group was formed after the acquisition of Pioneer Public Properties I AS, (PPP I), Pioneer Public Properties II AS (PPP II), Pioneer Public Properties III AS (PPP III) and Pioneer Public Properties IV AS (PPP IV) on 12 May 2015.

The acquisitions of PPP I, PPP II AS, PPP III and PPP IV included investment properties, liabilities and rent agreements. No employee or management contract was included in the acquisition. Based on the underlying facts and circumstances, management has evaluated that the purchases were not in scope of IFRS 3, but a purchase of a group of assets. Therefore no goodwill was recognized and the initial recognition exemption for recognising deferred tax was applied.

The following table summarises the consideration paid for PPP, PPP II, PPP III and PPP IV, the fair value of assets acquired, liabilities assumed at the acquisition date.

Consideration 12 May 2015

Equity instruments	891 447
Equity instruments preference shares	650 000
Total consideration transferred	1 541 447
Investment property	3 400 726
Net current assets and liabilities	43 327
Borrowings	-1 746 088
Shareholder loans	-156 518
Total identifiable assets	1 541 447

The Group consists of the following subsidiaries per 31 December 2015:

Company Name	Location	Percent of stock
Pioneer Public Properties AS	Oslo	100 %
Pioneer Public Properties I AS	Oslo	100 %
Bodø Eiendomsselskap AS	Oslo	100 %
Vestlandske Eiendomsselskap AS	Oslo	100 %
Tromsø Eiendomsselskap AS	Oslo	100 %
Pioneer Public Properties II AS	Oslo	100 %
Idunsvei 8 Eiendom DA	Oslo	100 %
Oslo Barnehager Eiendom AS	Oslo	100 %
Vifo Romeriket Eiendom AS	Oslo	100 %
Bergen Barnehager Eiendom AS	Oslo	100 %
Pioneer Public Properties III AS	Oslo	100 %
Service Property AS	Oslo	100 %
Bjørgene Barnehage AS	Oslo	100 %
Brådalsfjellet Barnehage AS	Oslo	100 %
Dragerskogen Barnehage AS	Oslo	100 %
Dvergsnestangen Barnehage AS	Oslo	100 %
Furuholmen Barnehage AS	Oslo	100 %
Garhaug Barnehage AS	Oslo	100 %
Gullhella Barnehage AS	Oslo	100 %
Gåserud Barnehage AS	Oslo	100 %
Halsnøy Kloster Barnehage AS	Oslo	100 %
Helldalsåsen Barnehage AS	Oslo	100 %
Høytorp Fort Barnehage AS	Oslo	100 %
Kløverenga Barnehage AS	Oslo	100 %
Kniveåsen Barnehage AS	Oslo	100 %
Krystallveien Barnehage AS	Oslo	100 %
Kuventræ Barnehage AS	Oslo	100 %
Litlasund Barnehage AS	Oslo	100 %
Løvestad Barnehage AS	Oslo	100 %
Marthahaugen Barnehage AS	Oslo	100 %
Myraskogen Barnehage AS	Oslo	100 %
Nordmo Barnehage AS	Oslo	100 %
Opaker Barnehage AS	Oslo	100 %
Opsahl Barnehage AS	Oslo	100 %
Ormadalen Barnehage AS	Oslo	100 %
Rambjørå Barnehage AS	Oslo	100 %
Ree Barnehage AS	Oslo	100 %
Romholt Barnehage AS	Oslo	100 %
Rubbestadneset Barnehage AS	Oslo	100 %
Rå Barnehage AS	Oslo	100 %
Salamonskogen Barnehage AS	Oslo	100 %
Skolegata Barnehage AS	Oslo	100 %
Skåredalen Barnehage AS	Oslo	100 %
Snurrefjellet Barnehage AS	Oslo	100 %
Solknatten Barnehage AS	Oslo	100 %
Stongafjellet Barnehage AS	Oslo	100 %
Sundbyfoss Barnehage AS	Oslo	100 %
Tjøsvoll Barnehage AS	Oslo	100 %
Torsbergskogen Barnehage AS	Oslo	100 %
Ulsetskogen Barnehage AS	Oslo	100 %
Vagletjørn Barnehage AS	Oslo	100 %
Vannverksdammen Barnehage AS	Oslo	100 %
Vanse Barnehage AS	Oslo	100 %
Veldetun Barnehage AS	Oslo	100 %
Østrem Barnehage AS	Oslo	100 %
Åbol Barnehage AS	Oslo	100 %
Århaug Barnehage AS	Oslo	100 %
Pioneer Public Properties IV AS	Oslo	100 %
Kidsa Bygg AS	Oslo	100 %
Kidsa Eiendom AS	Oslo	100 %
Kidsa AS	Oslo	100 %
Kidsa Eiendom II AS	Oslo	100 %
Norlandia Barnehagebygg AS	Oslo	100 %
Arken Barnehage Eiendom AS	Oslo	100 %

Note 12 | Investment property

The Group rent out the investment properties on long term triple net contracts, with an exception on the properties leased to Espira, one of the Group's three customers, refer to note 3. On average there are 17 years remaining on the lease agreements. All agreements are CPI adjusted annually. The Group does not have any future capital expenditure on properties as all maintenance is carried by the tenant.

The properties are located in the greater Oslo area, Bergen, Stavanger, Bodø and Tromsø. 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 2015, the Company has valued its portfolio based upon a gross average 6% yield - however an external cash-flow valuation for all the individual properties, to support the Company's valuation approach, was also carried out by external company Newsec.

Valuation

The Group uses yield valuation according to the cash flow method for external and internal valuations. The same valuation method has been used for all of the Group's properties. From the outcome in the cash flow model, the fair value of the property is calculated before deduction for selling expenses.

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 +/- NOK 171 million.

Note 13 | Net financial items

NOK thousands	Q2 15	Q3 15	Q4 15	YTD 15
Interest income	508	2 165	4 449	7 122
Interest income from related parties	-	-	-	-
Interest expense	13 342	28 898	19 949	62 189
Net financial items				

Note 14 | Related-party transactions

Related party	Relation to the Group
Roger Adolfsen	Chairman of the Board and owner of Mecca Invest AS
Sandra Henriette Riise	Board member
Geir Hjort	Board member
Even Carlsen	Board member and owner of Grafo AS
Nina Hjørdis Torp Høisæter	Board member
Runar Rønningen	CEO Pioneer Capital Partners
Pioneer Capital Partners AS	Shareholder and Deliverer of management services
Hospitality Invest AS	Substantial shareholder
Grafo AS	Substantial shareholder
Kevenstern AS	Substantial shareholder
Mecca Invest AS	Substantial shareholder
Norlandia Care Group AS	Controlled by substantial shareholders, refer to note 18
Kidprop AS	Controlled by substantial shareholders, refer to note 18
Kidsa Drift AS	Controlled by substantial shareholders, refer to note 18
Acea Properties AS	Controlled by substantial shareholders, refer to note 18

Indirect ownership of shares by board member:

	Ord. Shares	Pref. shares
Roger Adolfsen	2 938 912	538 126
Even Carlsen	1 773 386	384 094
Runar Rønningen	0	59 650

The Group had the following material transactions with related parties:

Transactions with related parties	Q2 15	Q3 15	Q4 15	YTD 15
Rent revenue from Norlandia Care Group AS including subsidiaries	8 449	14 937	14 937	38 324
Rent revenue from Kidsa Drift including subsidiaries	4 477	9 539	9 539	23 556
Management fee to Pioneer Capital Partners AS including subsidiaries	785	2 800	2 800	6 385
Purchase of shares from related parties (refer to note 11)	1 541 447	-		1 541 447

Receivables from related parties	31.12.2015
Kidprop AS	7 658
Hospitality Invest AS	5 874

Liabilities to related parties	31.12.2015
Pioneer Capital Partners AS	109 237
Norlandia Care Group AS	2 554
Kidsa Drift AS	18 242
Acea Properties AS	15 120

The outstanding balances between the related parties are unsecured. The interest rate used to calculate interest are based on current market rates. There are no provisions for loss on receivables. Transactions made between the related parties are made on terms equivalent to those that prevail in the market at arms length.

Note 15 | Payroll

The company does not have any employees. Refer to Note 14 for information regarding management fee to Pioneer Management AS, a fully owned subsidiary of Pioneer Capital Partners AS.

At the end of the accounting year 2015 there has been allocated NOK 313 775 as compensation to the Board of Directors.

Note 16 | Trade receivables

	31.12.2015
Trade Receivables	807
Other Receivables	9 801
Total Receivables	10 607

No provisions have been made for loss in receivables

Ageing of receivables

	Total	Not due	up to 30 days over due	between 30 and 60 days overdue	more than 60 days overdue
As per 31.12.2015	10 607	10 607	-	-	-

Note 17 | Share capital and shareholder information

	Number of shares	Share value in NOK			Total
		Ordinary shares	Preference shares	Share premium	
Proceeds from incorporation	30 000	30 000			
Paid out capital	-30 000	-30 000			
Proceeds from share issue, debt conversion	15 384 470	8 884 470	6 500 000	1 523 062 530	1 538 447 000
Proceeds from share issue, contribution in k	30 000	30 000		2 970 000	3 000 000
Proceeds from share issue	900 000	900 000		89 100 000	90 000 000
Payment premiums				-29 984 589	-29 984 589
At 30 September 2015	16 314 470	9 814 470	6 500 000	1 585 147 941	1 601 462 411

The Company have two classes of shares, ordinary shares and preference shares. The face value per share for both ordinary and preference shares classes is NOK 1. Share premium for all shares issued in the period is of NOK 99 per share.

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. The preference share does not otherwise confer a right to dividend. If the general meeting decided not to pay dividends or to pay dividends that fall below NOK 1.875 per preference share during a quarter, the difference between paid dividends and NOK 1.875 per preference share shall be accumulated and adjusted upwards with an annual interest rate of 5 per cent until full dividends have been distributed. No dividends may be distributed to the ordinary shareholders until the preference shareholders have received full dividends including the withheld amount. Any difference between NOK 1.875 per preference share and the dividend paid per preference share is accumulated for each quarter.

Detailed information regarding dividends, issues and redemption can be found in the Company's Articles of Association, available in the prospectus at the Company's website.

Shareholder	Ord shares	Pref shares
Norlandia Care Group AS	20,05 %	9,37 %
Hospitality Invest AS	19,82 %	0,00 %
HI Capital AS	2,34 %	2,79 %
Eidissen Consult AS	14,45 %	4,22 %
Grafo AS	14,45 %	4,22 %
Klevenstern AS	14,45 %	2,39 %
Mecca Invest AS	14,45 %	2,39 %
PCP AS	0,00 %	2,85 %
Other minority shareholders	0,00 %	71,77 %
Total	100 %	100 %

Note 18 | Operational leases

Properties are leased out on long term triple net contracts to solid pre-school operators (Espira, Norlandia Preschools and Kidsa Drift, of which all have lease guarantees from Norlandia Care Group.

Future payments under non-cancellable operating leases are as follows in nominal amounts excluding CPI adjustments

	31.12.2015
Within 1 year	208 114
Between 1 and 5 years	836 423
After 5 years	2 509 269

Note 19 -Subsequent events

No material subsequent events have occurred since the end of the year.