

Pioneer Public Properties III AS Group

IFRS
(International Financial Reporting Standards)

31 December 2014

Consolidated Financial Statements

The board of directors report 2014 for Pioneer Public Properties III AS Group.

Operations and location

The Pioneer Public Properties III group are located in Oslo. The groups operations consist of investments in real estate projects and other real estate related projects.

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.

Comments the financial statements

The annual report gives an accurate overview of the group's financial development throughout the year.

There have been no major events after the end of the fiscal year 2014, which have had an impact on the annual report.

Research and development

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

Work environment, equal opportunities and discrimination

There are no employees in the Pioneer Public Properties III AS Group as of 31. December. However the group had employees in the first half of 2014. The work environment was considered to be good and there were no reported work related incidents . The Board of Directors consists of 4 men.

External environment

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

Total comprehensive income

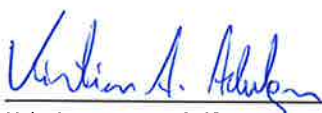
The Board of Directors propose the following allocation of the net income of 33 116 MNOK:

- Transfer to other reserves:	33 116 TNOK
- Total:	33 116 TNOK

Oslo, 16.03.15



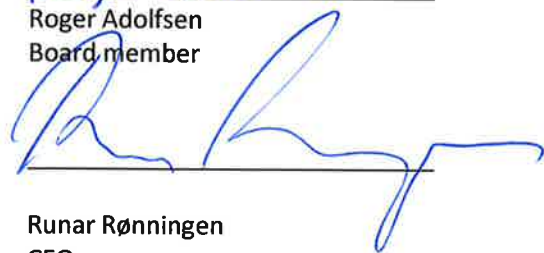
Even Carlsen
Chairman



Kristian Arne Adolfsen
Board member



Roger Adolfsen
Board member



Runar Rønningen
CEO

All figures in TNOK

	Notes	2014
Income from rent	19	52 969
Other revenue		0
Total income		52 969
<hr/>		
Expenses related to property		
Staff costs		0
Other operating expenses	12	8 252
Total expenses		8 252
<hr/>		
Operating profit before fair value adjustments on investment properties		44 717
<hr/>		
Fair value adjustments on investment properties	16	28 103
<hr/>		
Operating profit		72 819
<hr/>		
Share of profit of investments accounted for using the equity method		
Interest income	13	1 067
Interest expenses	13	28 522
Other finance expenses		0
<hr/>		
Finance costs - net		-27 455
<hr/>		
Profit before income tax		45 365
Income tax expense	20,17	-12 248
Profit		33 116
<hr/>		
<i>Other comprehensive income</i>		
Translation differences		
Other comprehensive income		0
<hr/>		
Total comprehensive income		33 116

All figures in TNOK

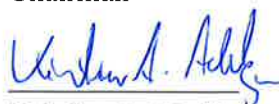
	Notes	31.12.2014
Assets		
<i>Non-current assets</i>		
Investment property	10,16	1 378 000
Equipment and other movables		
Investment in affiliated company		
Loans to group companies		
Loans to affiliated company		
Other investments		
Other long term receivables		
Total non-current assets		1 378 000
Current assets		
Other receivables	7	241
Cash and cash equivalents	8	18 821
Total current assets		19 062
Total assets		1 397 062

All figures in TNOK

	Note	31.12.2014
Equity and liabilities		
<i>Paid in equity</i>		
Share capital	9	264 900
Share premium		
Total paid in equity		264 900
<i>Retained earnings</i>		
Retained earnings	9	33 116
Total retained earnings		33 116
Total equity		298 016
<i>Non-current liabilities</i>		
Liabilities to financial institutions	10	947 331
Derivative financial instruments		0
Deferred income tax liabilities		6 822
Other long term liabilities	18	113 496
Total non-current liabilities		1 067 649
<i>Current liabilities</i>		
Liabilities to financial institutions		
First year instalments		19 737
Current income tax	17,2	5 426
Other current liabilities	11	6 234
Total current liabilities		31 397
Total liabilities		1 099 046
Total equity and liabilities		1 397 062



Even Carlsen
Chairman



Kristian A Adolfsen
Board member



Roger Adolfsen
Board member



Runar Rønningen
CEO

Statement of changes in equity

	Note	Paid in equity Share capital	Retained earnings Retained earnings	Total equity
Incorporation of the company 27.05.14	9	30 000		30 000
30.06.2014		30 000	0	30 000
Profit of the year			33 116 224	33 116 224
Other comprehensive income				
Total comprehensive income			33 116 224	33 116 224
Increase of capital	9	264 870 000		264 870 000
31.12.2014		264 900 000	33 116 224	298 016 224

All figures in TNOK

	Note	31.12.2014
Cash flow from operations		
Profit before income taxes		45 365
Adjust for:		
Depreciations		
Fair value adj. on investment properties		-28 103
Finance income		
Finance costs		
Net foreign exchange		
Cashflow before change in working capital		17 262
Change in working capital		
Changes in trade receivables and trade payables		1 777
Changes in other current balance sheet items		4 216
Taxes paid		
Net cash flow from operations		5 993
Cash flow from investments		
Purchase of investments property		-1 349 897
Sale of investment property		0
Net investment in shares		
Net changes in financial receivables		
Interest received		
Net cash flow from investments		-1 349 897
Cash flow from financing		
Proceeds from increased debt		0
Repayments of loan		1 095 102
Change in amort.interest		-14 538
Change in share capital		264 900
Distribution to owners		
Interest paid		
Net cash flow from financing		1 345 464
Net change in cash and cash equivalents		18 821
Cash and cash equivalents at the beginning of the period		0
Cash and cash equivalents at the end of the period		18 821

Restricted funds

Note 1 General information

Pioneer Public Properties III AS is a corporation registered in Norway. Their main office is located in Oslo. The corporation was founded on May 27th, 2014.

The corporations operations consist of investments in real estate projects and other real estate related projects.

Pioneer Public Properties III AS invested in 2014 in a portofolio consisting of 45 properties. The properties are leased out to the Espira group, which is in the business of daycare centers. This is currently the only area of business the group is involved in.

The accounts were approved by the Board on March 16th, 2015.

2. Accounting principles

- 2.1 General
- 2.2 Changes in accounting policies
- 2.3 Consolidation
- 2.4 Investment property
- 2.5 Lease agreements
- 2.6 Financial assets
- 2.7 Trade receivables
- 2.8 Cash and cash equivalents
- 2.9 Share capital
- 2.10 Trade payables and other short term payables
- 2.11 Borrowings
- 2.12 Borrowing costs
- 2.13 Current and deferred income tax
- 2.14 Provisions
- 2.15 Revenue recognition
- 2.16 Real estate related costs and other costs
- 2.17 Interest income
- 2.18 Classification of assets and debt
- 2.19 Dividends
- 2.20 Operating segment

2.1 General

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as determined by the EU, and in accordance with amendments following the Norwegian Accounting Act.

The accounts have been prepared under the historical cost convention.

The accounts have been prepared with consistent accounting principles for similar transactions and events.

These accounts are drawn up in connection with the listing of the bonds on the Oslo Stock Exch:

The account cover the period from incorporation date until 31.12.2014.

2.2 Changes in accounting principles

a) New and improved standards implemented by the group

This accounts is the first accounts submitted by the company. The accounts is submitted according to regulations following regulation on prospectuses.

b) New and improved standards not implemented by the group

Several new and improved standards have been issued by IASB with effective date later than for accounting periods starting after 1.1.14. These standards have not been used by the company in the preparation of the annual account of 2014. The most material new and improved standards are:

IFRS 9 Financial instruments. Effective date: 01.01.2018

IFRS 15 Revenue from contracts with customers. Effective date: 01.01.2017.

These standards will not have material effect on the group.

2.3 Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control over the financial and operational principles. Control is normally gained through ownership (direct or indirect) of more than half the voting shares of an entity.

The effect of options or other agreements that provide the group with control over the financial and operational principles are also considered.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the date control ceases.

Acquisitions of subsidiaries/other entities

The group applies the acquisitions method to account for acquisition of subsidiaries or other entities. The assets and debt transferred in business combinations are recognised at their fair values at the acquisition date. Deferred tax is calculated based on the difference between fair value and the tax bases of assets and debt.

Goodwill is calculated as the excess of the consideration and the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the minority interest in the acquire. The minority interest is valued either at fair value or by the minority share of the net assets. When investing in related companies goodwill is included in the recognised value of the investment. Goodwill is recognised at acquisition value with deduction of any accumulated devaluations. Goodwill is not depreciated but an impairment test is performed each year. Negative goodwill is recognised as income on the date of acquisition.

Acquisition of entities not viewed as acquisition of operations

Acquisition of entities that do not comprise of sufficient operations, are viewed as purchase of assets. The acquisition cost is allocated to the acquired assets, no deferred tax is calculated.

Elimination of transactions

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Unrealised gains on transactions with associates are eliminated with the group's share of the company.

Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Investment property

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.

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 maintenance of the investment property are charged to the 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.

2.5 Lease agreements

(a) When a group company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments, including prepayments, made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(b) When a group company is the lessor

Property leased on an operational lease is included in investment property on the group balance sheet. Rental income is included on a straight-line basis over the period of the lease. The pay remuneration to consultants in negotiations of new lease agreements. Remuneration paid in relation to new lease agreements is included in the carrying amount of the investment property and is amortised over the life of the lease agreement.

Payments, free rental period or other incentives given to the lessee are accrued on a straight-line over the period of the lease.

2.6 Financial assets

Classification

The group classifies its financial assets in the following categories: (a) at fair value through profit or loss and (b) loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Financial assets are initially recognised at fair value, and transaction costs are expensed in the income statement. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other gains and losses' in the period in which they arise.

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.

(b) 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.

Loans and receivables are initially recognised at fair value, transaction costs are added to the carrying amount. Loans and receivables are subsequently 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.

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.

Other financial obligations

Other financial obligations include all obligations not classified at fair value over the income statement. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial obligations are initially recognised at fair value, and transaction costs are expensed in the income statement. Obligations are subsequently carried at amortised cost.

Financial obligations are derecognised when the obligation to rights to meet the obligation have expired. This normally happens when the group pay their obligations.

Offsetting financial assets and obligations

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. 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.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank deposits, other short-term highly liquid investments with original maturities of three months or less. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity. When such ordinary shares are subsequently reissued, any consideration received, is included in equity

attributable to the company's equity holders. Voting rights related to treasury shares are annulled and no dividend is allocated to treasury shares.

Minority interests are included in equity. Minority interests are initially measured at fair value of net assets at acquisition including any goodwill. The minority interest is attributed to its proportionate share of the profit of the relevant subsidiaries. Buying and selling shares from / to minority interests are accounted for as an equity transaction. The difference between proportionate share of the book value and the transaction price is charged / credited to the majority share of equity.

2.10 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.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost using the effective interest method.

The 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.12 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.13 Current and deferred income tax

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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It 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. 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 or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to

any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Revenue recognition

Revenue comprise of rental income, service fees and administration fees from the properties. Rental income is recognised over the life of the lease agreement. Income from through-invoicing of costs to tenants is recognised in the period when they are rendered according to contract.

2.16 Real estate related costs and other costs

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

2.17 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. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.18 Classification of assets and debt

Current assets and short term debt expected to be settled within 12 months, and other items that are included in the company's normal operating cycle are classified as current. Strategic investments are classified as fixed assets. The short term share of the long-term debt is classified as short term.

2.19 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.20 Operating segment

Pioneer Public Properties III AS Group owns 45 properties all of which are leased out to the Espira Group. The Espira Group is in the business of operating daycare center. Pioneer Public Properties III AS Group is only involved in this operating segment. All of the properties are located in Norway, and thus all of the group's income comes from this

geographic marked.

Note 3**Financial risk management**

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's overall risk management programme seeks to minimise potential adverse effects on the group's financial performance.

The risk management is performed by the management

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 agree on acceptable level in relation to interest rate exposure, these are then monitored continuously. The level of interest rate exposure is determined based on an assessment of existing cash flows, financial condition and liquidity available.

Interest rate risk

Since the group's interest-bearing assets do not generate significant amount of interest, changes in market interest not have a material impact on the group's interest income.

The Group's exposures to interest rate risk is mainly related to long-term financing (note 15). Loans with floating interest rates mean that the Group is exposed to fluctuations in future cash flows form of current interest payments.

Exposure to interest rate risk is assessed continuously. The need for a fixed rate is under constant review in relation to the Group's ability to withstand adverse fluctuations in earnings due to higher interest costs. Management's assessment is that the Group's current financial position does not indicate a need for fixed interest rates. The only fixed-interest agreements entered into by the end of 2014 has been established as a result of demands from the lender in relation to the financing of individual projects.

If interest rates had been 1% higher in 2014 the result after tax would be NOK 3,5 million lower, all other conditions unchanged. If interest rates had been 1% lower the result after tax would be NOK 3,5 million higher, all other conditions unchanged.

The average effective interest rate of the Group's interest-bearing financial instruments at year end was as follows

	2014
Bonds	6,67 %

Credit risk

Credit risk is the risk of loss when a party is unable to redeem their obligations to the group. The risk is mainly linked to trade receivables and other receivables. The risk is managed by doing thorough evaluations of the credit quality of the customer when new lease agreements are signed, demand deposits or guarantees, and perform regular monitoring of the credit quality of significant customers. The maximum exposure to credit risk at year end is equal to the recognised value of financial assets.

Exposure on credit risk at the end of the period:

	2014
Other long term receivables	0
Trade receivables	0
Other receivables	241
Bank deposits	18 821
Total exposure	19 062

In relation to outstanding with related parties and banks evaluated credit risk as very low.

Total exposure	19 062
- outstanding with related parties	
-bank deposits	18 821
Total exposure by related parties and bank deposits	241

	2014
Total exposure by related parties after bank deposits	241
Share of overdue claims	0
Fresh claims	241

Exposure to credit risk is considered low at the end of the financial year.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet their obligations at maturity, and the risk that the group will not be able to meet their liquidity obligations without a significant increase in cost. At a broader perspective, liquidity risk also include the risk that the group is not able to finance necessary investments in the properties.

Liquidity risk is reduced by having a sufficient liquidity reserve, and by ensuring that the debt maturities are distributed over the time.

The table below illustrates the maturity structure of liabilities.

An overview of the maturity dates of the Group's assets and liabilities are presented below. This is used by management in connection with the liquidation ity management in the Group. The amounts below are the contractual undiscounted payments.

	Booked amount	Expected cashflow				
		1-3 months	3-12 months	Year 1-2	Year 3-5	After year 5
Assets						
Loans to group companies	0					0
Loans to affiliated company	0					0
Other receivables	241	241				
Cash and bank deposits	18 821	18 821				
	19 062	19 062	0	0	0	0
Liabilities						
Borrowings bonds	370 462	6 150	18 450	49 200	431 962	0
Borrowings bank	596 606	11 285	33 728	88 998	130 924	653 940
First year instalments	0					
Liabilities to financial institutions	0					
Other long term liabilities	113 496					113 496
Trade payables	0					
Other current payables	0					
	1 080 564	17 435	52 178	138 198	562 886	767 435

Note 4 Capital structure and capital management

The main purpose of the group's capital structure is to ensure that the group maintains adequate capital base for the business of the group, and to provide returns to shareholders and other stakeholders. The capital balance is critical to ensure that the Group maintains a satisfactory credit rating and satisfactory loan terms.

The Group manages its capital structure and makes necessary changes to it based on an ongoing assesment of the financial condition of the business and future prospects in both the short and medium term. Management of capital structure is adjusting dividends, capital reduction or issuing new shares.

The group monitors capital management based on the ratio of net debt and total assets. Net debt is defined as interest bearing debt (short and long), minus cash and liquid investments. Total capital is calculated as the sum of equity and net interest-bearing debt.

The objective for 2014 has been to maintain an acceptable debt-ratio. Under IFRS, the group applies the book value of equity, as this does not differ significantly from value adjusted equity.

All figures in TNOK

	2014
Total interest-bearing debt	967 068
Cash and liquid investment	18 821
Net interest-bearing debt	948 246
Total equity	298 016
Total capital	1 397 062
Debt-ratio	67,9 %

Note 5 Accounting estimates

When preparing the financial accounts according to IFRS the group management has used estimates based on their best judgement and realistic assumptions. Some situations or changes in the market situation may lead to changes in estimates and in turn influence the group assets, debt, equity and profits.

Note 6 Financial instruments

All figures in TNOK

31.12.2014	2014				Total
	financial derivatives at fair value through profit and loss	Stocks available for sale	Loans and other receivables	financial liabilities recognised at amortised cost	
Assets					
Financial investments		0			0
Loans to group companies			0		0
Loans to affiliated company			0		0
Other long term receivables			0		0
Trade and other receivables			241		241
Cash and cash equivalents			18 821		18 821
Total Financial assets	0	0	19 062	0	19 062
Liabilities					
Non current borrowings				1 060 826	1 060 826
Financial derivatives	0				0
Interest-bearing current debt				19 737	19 737
Accounts payable and other current liabilities				6 234	6 234
Total Financial liabilities	0	0	0	1 086 797	1 086 797

Fair value of financial instruments recognized at amortized cost.

Short-term receivables and payables are assumed to have a fair value that corresponds to the carrying amount due to the short maturity and low credit risk.

The fair value of long-term receivables and payables are assumed not differ significantly from the carrying value as the interest rate is largely liquid.

Note 7 Trade and other receivables

All figures in TNOK

	<u>2014</u>
Trade receivables	
Other current receivables	241
Total receivables	241

	<u>2014</u>
Provision for impairment of trade receivables at 1.1	0
This years provision for receivables impairment	0
Loss on receivables	0
Reversal of prior years provision	0
Provision for impairment of trade receivables at 30.06	0

Ageing of trade receivables

	Total	Not due and within < 30 days	30-60d	60-90d	>90d
2014	241	241			

Note 8 Cash and cash equivalents

	<u>2014</u>
Cash and cash equivalents	18 821
Restricted funds	<u>0</u>
Total	<u>18 821</u>

All figures in TNOK

Note 9 Paid in equity, shareholders and retained earnings

	2014
A1 shares, nominal value NOK 1	5 298 000
A2 shares, nominal value NOK 1	21 192 000
B shares, nominal value NOK 1	238 410 000
Total number of ordinary shares	264 900 000
<hr/>	
Shares at incorporation 27.05.2014	30 000
Increase of capital	264 870 000
Ordinary shares 31.12.2014	264 900 000

All shares give the same right to vote but not the same right to dividend.

	Number of shares	Share %	Voting share %
Norlandia Care Group AS	64 900 500	24,50 %	24,50 %
Hospitality Invest AS	45 664 256	17,24 %	17,24 %
Mecca Invest AS	35 176 071	13,28 %	13,28 %
Eidissen Consult AS	35 176 071	13,28 %	13,28 %
Grafo AS	35 176 071	13,28 %	13,28 %
Klevenstern AS	35 176 071	13,28 %	13,28 %
Hi Capital AS	8 332 960	3,14 %	3,14 %
Pioneer Capital Partners AS	5 298 000	2,00 %	2,00 %
	<hr/>		
	264 900 000	100,00 %	100,00 %

Dividend and group contribution

The company has not paid any dividend in 2014. Based on the 2014 financial statements a dividend will not be proposed.

Note 10 Interest-bearing debt

	2014
Total interest-bearing debt, nominal value	967 068
- of which hedged (fixed interest rate)	0
Hedging Ratio	0,0 %

Average interest rate, including margin (%)

Total interest-bearing debt, nominal value	967 068
Capitalized borrowing costs	-14 538
<u>Total book value interest-bearing debt</u>	<u>952 529</u>
<u>First year instalments of debt (short-term)</u>	<u>19 737</u>
<u>Long-term interest-bearing debt excluding first year instalments</u>	<u>932 792</u>

Maturity on long-term debt

Maturity in 2015	19 737
Maturity in 2016 - 2018	447 281
Maturity in 2019 or later	485 511
<u>Total</u>	<u>952 529</u>

The recognised value of the assets pledged as security for liabilities as per 31.12

	2014
Investment property	1 378 000
<u>Total pledged assets</u>	<u>1 378 000</u>
<u>Borrowings secured with pledged assets</u>	<u>952 529</u>

All figures in TNOK

Note 11 Accounts payable and other payables

	2014
Trade payables	
Public duties payable	
Other short term liabilities	6 234
Total	6 234

All figures in TNOK

Note 12 Real estate related costs and other operating expenses

Real estate related costs	2014
Maintenance costs	
Operating costs relating to real estate	
<u>Total cost related to property</u>	<u>0</u>
	0
Other operating expenses	
Legal and consulting fees	4 669
Auditors	238
Rent cost	
Other operating expenses	3 345
Bad debts	
Depreciation	
<u>Total other operating expenses</u>	<u>8 252</u>

The Group has no cost related to the real estate portfolio - all costs are covered by the tenants.

All figures in TNOK

Note 13 Financial income and costs

Finance income

	2014
Interest income	1 067
Other finance income	
Total finance income	1 067

Finance costs

	2014
Interest expense on borrowings measured at amortised cost	28 522
Other finance costs	
Total finance costs	28 522

Interest expense

	2014
Interest expense on borrowings	26 907
Discounting on provisions	1 615
Total interest expense using the effective interest	28 522

All figures in TNOK

Note 14 Events after the reporting period

There has not been any post balance sheet events that affect the financial statements.

Note 15

Subsidiary

Company Name	Location	Percent of stock
Care Real Estate 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 %
Rambjøra 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 %

Note 16 Investment properties

All figures in TNOK

Overview of account movements 2014

	Properties
Fair value in the beginning of the year	0
Addition:	
-Investment in properties	0
-Addition to properties	0
-investment in subsidiaries	1 349 897
Sale	0
Fair value adjustments on investment properties	28 103
Fair value in the end of the year	1 378 000
Net change in unrealized gain	28 103

Profit and Loss Accounts associated to investment properties	2014
Rental income from investment properties	52 969
Expenses related to the leased properties	0
Expenses related to the not leased properties	0

Overview input to the valuation

	Properties
Valuation level	3
Valuation model	DCF
Fair value 31.12.2014	1 378 000
Number of daycare openings	45
Actually rent	52 969
Markets rent	52 500
Remaining rent periode	19 year
Expected inflation until 2017	1,7%-2,6%
Expected inflation after 2017	2,5 %
Discount rent	8 %

Note 16. Investment property contd

Fair value of investment properties

Investment properties are estimated at fair value based on calculations of value provided by DTZ. The properties are mainly valued based on the discounting of future cash flows - both contractually obligated cash flows as well as estimated cash flows.

Key factors include the continuing income and expenses at the property, market rents, discount rates, and inflation.

Key factors used to determine the value include location of the property, the popularity of the area in which the property is located, the property's standard, the general real estate and credit market, the tenant's solidity, as well as the lease agreement and its specific terms.

All of the daycare properties are valued based on the discounting of future cash flows (the DCF model). This model utilizes a number of non-observable parameters, which include the following:

Future rental income:

These are estimated based on the actual location, the type of property, and the condition which the property is in. The estimate is confirmed by existing lease agreements as well as recently signed lease agreements for similar properties in the area.

Discount rate:

The discount rate is determined by the existing marked rate, adjusted for the estimated uncertainty of the size of and the time in which the future cash flows will be received.

Value at the end of the lease agreement:

The value at the end of the lease agreement is based on the estimated construction costs at that time.

Note 17 Income tax

	<u>2014</u>
Current income tax charge	5 426
Adjustments in respect of current income tax of previous year Relating to origination and reversal of temporary differences	6 822
Income tax expense	<u>12 248</u>
Profit before income tax	45 365
Income tax expense calculated at 27 %	12 248
Effect of capitalizing benefit related to loss	
Application of loss carried forward	
Non-deductible expenses	
Others	
Income tax expense	<u>12 248</u>

All figures in TNOK

Note 18 Transactions with related parties

<i>Corporation</i>	<i>Share</i>	<i>Liabilities</i>
Norlandia Care Group AS	24,50 %	20 033
HI Capital AS	20,38 %	16 667
Mecca Invest AS	13,28 %	10 858
Eidissen Consult AS	13,28 %	10 858
Grafo AS	13,28 %	10 858
Klevenstern AS	13,28 %	10 858

All figures in TNOK

Note 19 Rental Income

<i>Recognised rentals</i>	2014
Minimum income	52 969
Variable income	0
Total income	52 969

Due for payment:

	2014
by 1 year	108 057
1 to 5 years	590 900
After 5 years	384 043
Sum	1 083 000

All figures in TNOK

Note 20 Deferred tax

Change in deferred tax assets	Financial derivative instruments	Loss carried forward	Provisions	Total
01.01.2013				
Deferred tax on purchase and sale of company				
Recognized deferred tax				
Transactions directly in equity				
Currency changes				
31.12.2013				
Deferred tax on purchase and sale of company				
Recognized deferred tax				
Effect on changed tax rate				
Transactions directly in equity				
31.12.2014				
Change in deferred tax liabilities				
		Investment property	Other items	Total
01.01.2013				
Deferred tax on purchase and sale of company				
Recognized deferred tax				
Effect on changed tax rate				
Currency changes				
31.12.2013				
Deferred tax on purchase and sale of company		226 207 134		226 207 134
Recognized deferred tax			6 822 183	6 822 183
Currency changes				0
31.12.2014				
		226 207 134	6 822 183	233 029 317

Temporary differences not included in the calculation of deferred tax

	2014	2013
01.01.	0	
Change related to new acquisitions	226 207 135	
Change related to sales		
Effect of changed tax rate		
31.12.	226 207 135	0
Net recognised deferred tax liabilities	6 822 183	0

Current income tax liabilities	2014	2013
Current income tax	5 426 285	0
Change in prior years	0	0
Total current income tax liabilities	5 426 285	0

Loss carried forward

Loss carried forward as of 31. December 2014 is due at the following time:

	2014	2013
Indefinite	0	
Total loss carried forward	0	

Deferred tax recognised in comprehensive income

	2014	2013
Total	0	0

Share dividends to shareholders in the parent company does not effect either payable tax or deferred tax.