

Pioneer Public Properties III AS

Financial results for the fourth quarter of 2014

1/10-2014 – 31/12-2014



Oslo, 2 March 2015

Summary of the fourth quarter (Q4) of 2014

- Financial results in line with estimates and expectations - revenue of MNOK 26.5, EBITDA of MNOK 23.1, and operating profit of MNOK 66.7. The operating profit is impacted by the end-of year value adjustment of the underlying properties in accordance with IFRS.
- At the end of the quarter all bond-related financial covenants are met/exceeded.
- Total shareholder equity of MNOK 304.8 and total net interest bearing debt of MNOK 967.1. Cash equivalents of MNOK 18.8.
- No events have taken place that have materially altered the underlying valuation of the property portfolio or the company's financial estimates going forward.

Background and strategy

Pioneer Public Properties III AS ("PPPIII") completed the acquisition of 45 kindergartens at the start of the third quarter of 2014, which was also the basis for the establishment of the company. The kindergartens are leased out to Espira to 2018/19, with several 10+5 options thereafter. However, there was also established a lease agreement with Norlandia Care Group with a step-in obligation to assume operations after Espira with a 20-year duration. The properties therefore have very solid counterparties. Both of these operators are among the largest and most professional kindergarten operators in the market.

PPPIII's kindergartens are well located in city-areas, including Stavanger, Bergen, Kristiansand, and the greater Oslo area. The average age of the properties is at a low eight year average, and the quality of the properties is therefore very high. In total the properties have a capacity of almost six thousand children, and the agreed total annual rent is currently at approx NOK 106 million.

The financing of the properties was completed by a combination of existing Husbank-loans (state-subsidized loans given to newbuild kindergartens), equity, non-interest bearing subordinated loan, and a new-issued bond loan of NOK 385 million. The bond-loan has since the transaction been approved for listing on the Oslo Stock Exchange under the ticker "PIII01".

The fourth quarter of 2014 was therefore the second operational quarter for PPPIII, and the quarter developed as planned with financial results in line with expectations.

Overview of the accounts for the fourth quarter (Q4) 2014

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

During the fourth quarter of 2014 the operations proceeded as expected with financial results in line with the company's previous ambitions and forecasts, and the Board of Directors' outlook for the future development of PPPIII is the same as communicated at the time of the P11101 bond placement. In accordance with the Bond Agreement, an external year-end 2014 valuation report for the properties was prepared by DTZ, and profitability for the fourth quarter is therefore impacted by a positive fair-value change of the properties of NOK 28.1m (IFRS). Note that since the company was incorporated mid-2014 there are no comparable financial figures for the previous year (2013).

At the end of Q4/2014 the balance sheet is in compliance with the covenants relating to the bond issue.

Responsibility Statement of the Board of Directors

We hereby confirm that, to the best of our knowledge, the interim accounts for the fourth quarter of 2014 have been prepared in accordance with applicable accounting standards, and that the financial statements give a true and fair view of the Group's assets, liabilities, financial position and result of operations, and that the report gives a true and fair review of the development of the group.

2 March 2015

Board of Directors of
Pioneer Public Properties III AS

Even Carlsen
Chairman
Sign.

Runar Rønningen
CEO
Sign.

Group Profit & Loss Statement (preliminary unaudited IFRS)

NOK1000	Q3/2014	Q4/2014	2014
Rental income	26 484,6	26 484,6	52 969,1
Other operating costs	(4 909,8)	(3 342,5)	(8 252,3)
EBITDA	21 574,7	23 142,1	44 716,9
Fair value change	(15 456,9)	43 559,5	28 102,6
Operating profit	6 117,9	66 701,6	72 819,5
Interest income	536,8	530,6	1 067,4
Other financial income	-	-	-
Interest cost	(14 893,8)	(13 628,4)	(28 522,2)
Sum net interest	(14 357,0)	(13 097,8)	(27 454,8)
Pre-tax profit	(8 239,1)	53 603,8	45 364,7
Tax expense			(5 426,3)
Profit for the period			39 938,4

Group Balance Sheet (preliminary unaudited IFRS)

NOK1000	Pr 30/9-2014	Pr 31/12-2014
Properties	1 330 000,0	1 378 000,0
Other assets	-	-
Sum tangible assets	1 330 000,0	1 378 000,0
Other receivables	4 079,9	240,7
Cash & equivalents	47 420,9	18 821,4
Total current assets	51 500,7	19 062,1
Total assets	1 381 500,7	1 397 062,1
Total owners equity	264 900,0	264 900,0
Other equity	-8 239,1	39 938,4
Total equity	256 660,9	304 838,4
Deferred tax	-	-
Subordinated loan	146 470,3	113 495,8
Bond loan	369 653,9	370 461,6
Husbanken loan	601 809,1	596 606,2
Total non-current liabilities	1 117 933,3	1 080 563,5
Other current liabilities	6 906,6	11 660,2
Total current liabilities	6 906,6	11 660,2
Total liabilities	1 124 839,9	1 092 223,7
Total equity & liabilities	1 381 500,7	1 397 062,1