

Pioneer Property Group ASA

Initial Public Offering of Preference Shares on Oslo Axess

June 2015

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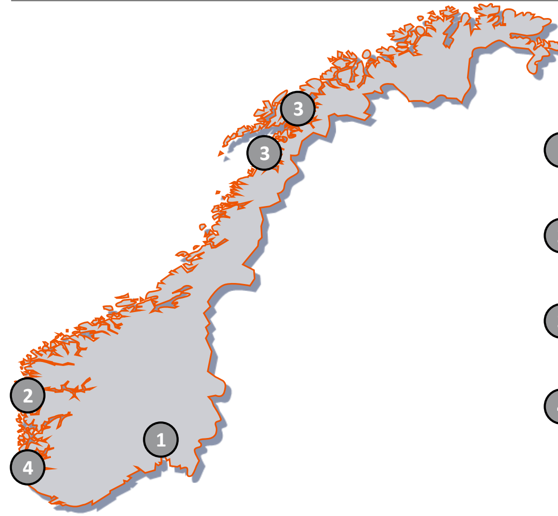
Introduction to Pioneer Property Group

Pioneer Property Group in brief

- Pioneer Property Group is a newly incorporated real estate company formed by a merger of four real estate portfolios; Pioneer Public Properties I-IV, which holds a total of 112 preschool properties in Norway and houses more than 11,000 preschool children
- The properties can be divided into four main clusters*: The Greater Oslo Region, Bergen, Bodø/Tromsø, and Jæren (Sandnes, Stavanger, Sola)
- Total property value of NOK 3,400m, rent of NOK 17.1m per month and EBITDA of NOK 15.9m per month
- All preschools are rented out to large preschool operators on triple-net long-term leases (avg. remaining lease of 18 years) - again backed/supported by government subsidies and broad political support
- Strategy is to continue the company's successful acquisition and consolidation strategy of government-backed social infrastructure real estate.

Property portfolio divided into four clusters*



	Cluster	% of rent
1	Greater Oslo Region	25%
2	Bergen	17%
3	Bodø/Tromsø	12%
4	Jæren	46%

* Rough illustration. The portfolio includes certain outliers in other larger cities such as Drammen and Kristiansand

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The offering in brief

Main terms

Volume:	Up to 2,800,000 shares (NOK 280,000,000)
Share price:	NOK 100
Min. subscription:	NOK 10,500
Dividend:	NOK 7.50 per annum, quarterly payments in arrears After 5th anniversary, the dividend is increased by NOK 1.00 annually up to NOK 10.00
Redemption:	Until 5th anniversary: NOK 130.00 After 5th anniversary: NOK 100.00
Voting right:	Each preference share carries 1/10 voting right
Outstanding amount:	Should dividends from the preference shares not be paid out in connection with a record date or should the dividend per preference share paid out be less than the amount per preference share that is supposed to be paid out, an amount equivalent to the difference is added to the *outstanding amount*. The outstanding amount is increased quarterly on a cumulative day to day basis by a factor equivalent to an annual interest rate of +5%, where the increase is calculated from the quarterly point in time when payment of the dividend should have occurred
Listing:	Oslo Axess
Other:	No dividend to shareholders of common equity before pay-out of dividend to preference shareholders (quarterly and accrued)

Comments

- Pioneer Property Group ASA ("Pioneer", "PPG", the "Group" or the "Company") issued 6,500,000 preference shares totaling NOK 650 million on 12 May 2015
- In conjunction with the initial public offering, up to 2,800,000 preference shares (NOK 280,000,000) is offered to institutional as well as Norwegian and Swedish retail investors
- The selling shareholders include Acea Properties AS, Eidissen Consult AS, Grafo AS, Hospitality Invest AS, Kidprop AS, Kidsa Drift AS, Klevenstern AS, Mecca Invest AS, Norlandia Care Group AS and Pioneer Capital Partners AS

Key investment highlights

1 Strong and attractive underlying market

- Revenues derived from the government-backed private preschool market
- Low exposure to the general economic climate. Preschools a “must have” service
- High level of predictability and security as the properties are in centrally located areas with positive net population growth

2 Stable earnings and great cash flow visibility

- Future rental income locked in through long-term triple net contracts with solid preschool operators Espira and Norlandia Preschools, with parent guarantee from Norlandia Care Group
- Triple-net long-term leases backed/supported by government subsidies and broad political support for private operators in the preschool market (including strong support from the largest left-wing socialist political party)
- Subsidiary-funds PPPII and PPPIII both have listed bonds on the Oslo Stock Exchange and have demonstrated stable cash-flows and consistent returns over the past few years

3 Strong counterparty Norlandia Care Group

- Norlandia Care Group’s subsidiary Norlandia Preschools is one of the largest players in the Norwegian preschool market and generates approx. 85% of its earnings from Norwegian municipalities and 15% from parental fees
- Norlandia Preschools operates 135 preschools, 49 elderly care homes, and 5 patient hotels

4 Experienced sponsors and organization

- The founders, through The Adolfsen Group*, has more than 20 years of experience with a strong track record from preschool and care services as well as property development
- Kristian and Roger Adolfsen, the majority owners, control more than 10 successful groups and over the last 20+ years built a portfolio yielding revenues of more than NOK 6 billion and 12,000 employees

5 Compelling financial characteristics

- Secure and predictable revenue stream
- Low operating costs due to triple-net leases
- Low LTV and attractive property yield of 6% on 2015 rental income

* The Adolfsen Group is the name of a group of companies in which the two brothers Kristian and Roger Adolfsen, personally and through various investment companies, have significant ownership

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Pioneer Property Group – Company overview

Snapshot

Background	• Pioneer Property Group is a pure play real estate company focused on public backed care real estate • The company was created by the merger of four former separate real estate portfolios PPP I-IV
Property Portfolio	• Comprises 112 properties with a total of over 11 thousand children • The properties are located in 4 clusters: Greater Oslo Region, Bergen, Bodø/Tromsø and Jæren
Financials	• Property value amounted to NOK 3,400m as of 20 April 2015 • Monthly rent of NOK 17.1 million. All contracts are on a triple-net, full CPI-adjusted basis with solid preschool operators

Portfolio overview

No. of properties	112
Property value, NOKm	3,400
Total number of children	11 tousand
Monthly rent, NOKm	17.1
Monthly EBITDA, NOKm	15.9
Weighted average lease term (years)	18.4 years




History and milestones

Early history

Build up of Pioneer property portfolio

1990: The two brothers, Kristian and Roger Adolfsen, acquire their first hotel (Hotel Andrikken, Andøya)

1995: The two brothers formally establish Norlandia Hotels & Resorts

1997: On the back of the successful establishment of Norlandia Hotels & Resorts, Norlandia Care AS was established following a spin off from Norlandia Hotels & Resorts

2008: Kristian and Roger Adolfsen enters the preschool market

2011: PPP I was established in 2011 consisting of 19 preschool properties

2011: Norlandia Care merges with preschool-company ACEA and forms Norlandia Care Group. The two brothers control 64% of the group

2012: PPP II was established in 2012 consisting of 20 preschool properties

2014: PPP III was established in 2014 consisting of 45 preschool properties rented to Espira

2015: PPP IV is established in 2015 consisting of 25 preschool properties

Long-term strategy and targets

Strategy

Key focus on care services real estate

- PPG owns, manages and develops real estate for government-backed care service operators
- To date the Company has started consolidation of and developed the Norwegian marked for preschool properties

Consolidate market through acquisitions and broaden foot-print into other care-services real estate

- Build upon the company's strong financial capacity and professional real estate management
- The preschool market still highly fragmented and ripe for further consolidation through additional acquisitions
- Opportunities materializing within related care services real estate, with similar characteristics as the pre-school market (long-term lease contracts, public- and government-backed tenants)

Targets

Financial ambitions

- Continue to build portfolio through market consolidation and acquisitions
- Acquisitions to be equity financed on a deal-by-deal basis
- Best-in-class debt finance structures

Key people

Founders

Kristian A. Adolfsen (Co-founder)

- Siviløkonom BI 1986, MBA University of Wisconsin in 1989 (Madison, USA)
- Project Broker, consultant and managing director of OSO-Management AS in the period 1986-1990 – started his first business Merkantil Institutt in 1987
- 29 years extensive experience from business and real estate development, including 28 years with own businesses

Roger Adolfsen (Co-founder)

- Siviløkonom BI 1987, MBA University of Wisconsin 1990 (Madison, USA)
- Project Manager, consultant and managing director of OSO-Management AS in the period 1987-1990 – started his first business Merkantil Institutt in 1987
- 28 years extensive experience from business and real estate development including 28 years with own businesses

Management

Runar Rønningen (CEO)

- MBA in finance and authorized financial analyst (AFA) from NHH
- Financial journalist between 1992 and 1999, including five years in the journal Kapital
- Ten years experience from leading roles in Nordic investment and brokerage houses, including H&Q Norden and Fondsfinans
- Focus has been on value-creative cross-border corporate financial transactions, including mergers and acquisitions, fund raising, for both public companies and private equity funds

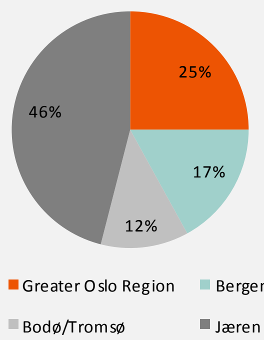
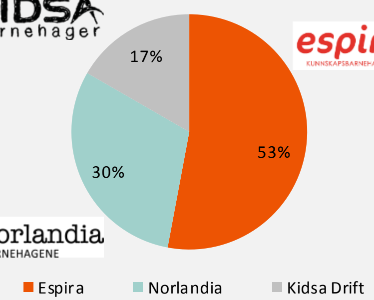
Martin P. Hoff (CFO & IR responsible)

- Graduated from Boston University 1995
- Worked within the financial markets since 1997
- Work experience includes analyst at SEB Enskilda Securities, consultant with McKinsey & Co., CFO at Tandberg Television, and senior analyst at Arctic Securities

Agenda

Portfolio overview

Portfolio data (total montly rent: NOK 17.1 million)

Rent by geography	Rent by tenant	Weighted average lease term	Loan to value (net)
		**18.4 years**	**53%**
The portfolio can be divided into four main clusters	*Espira is the largest tenant, contributing 53% of rental income. Both Espira and Norlandia are among the four largest operators in Norway*	*Weighted average lease term is 18.4 years*	*NIBD of MNOK 1797. Total asset values of MNOK 3417*

Attractive portfolio characteristics with four main clusters, two strong counterparties and very long lease terms

Portfolio statistics

Comments

- The portfolio comprises 112 properties spread across four clusters in Norway with a total property value of NOK 3,400m
- The properties hold a total of over 11 thousand children
- Monthly rent NOK 17.1m and monthly EBITDA of NOK 15.9m
- The portfolio is rent out to three tenants; Espira, Norlandia Preschools and Kidsa Drift each contributing 53%, 30% and 17% of rental income respectively
- The preschools are fully let with a weighted average lease term of 18.4 years

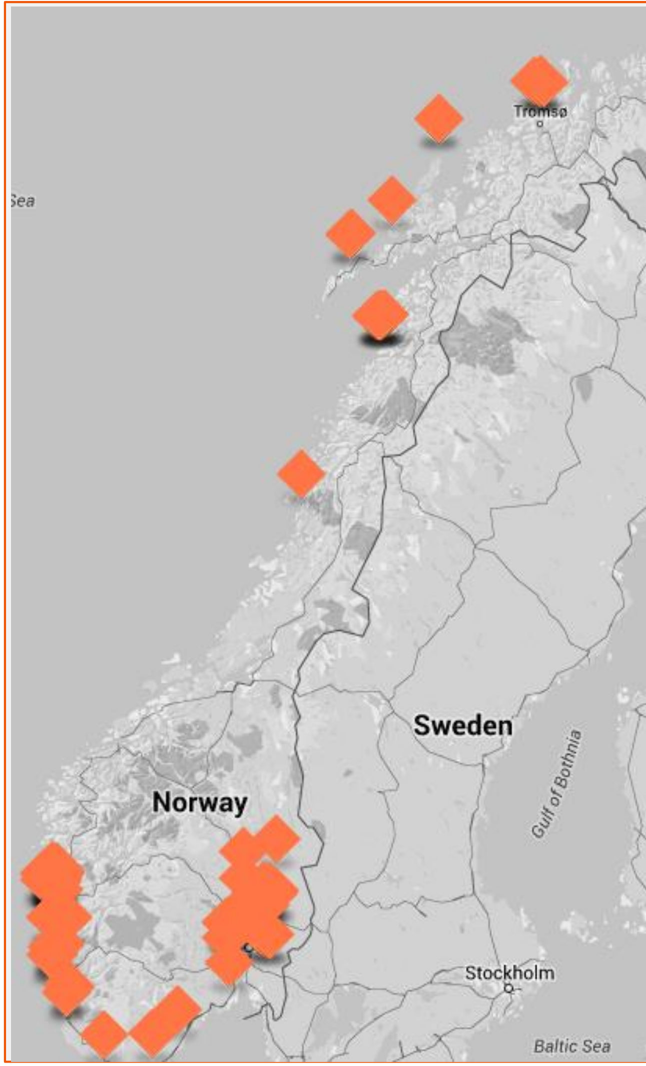
Key facts

No. of properties	112
Property value, NOKm	3,400
Total number of children	Over 11 thousand
Monthly rent, NOKm	17.1
Monthly EBITDA, NOKm	15.9
Norlandia Preschools / Espira split of rent (%)	47% / 53%
Weighted average lease term (years)	18.4





Geographic location



Geographic locations with property clusters in three of the four most populated urban areas in Norway. Bodø/Tromsø also display positive population growth

Clusters

Greater Oslo Region	*Rent: NOK 4.3m* *Rent of total: 25%*	
Bergen	*Rent: NOK 2.9m* *Rent of total: 17%*	
Bodø/Tromsø	*Rent: NOK 2.1m* *Rent of total: 12%*	
Jæren	*Rent: NOK 7.9m* *Rent of total: 46%*	

Tenant and lease overview

Long contracts with strong counterparties

- Norlandia Preschools leases its properties on 20 year contracts (+ 10 year option) through a triple-net master lease contract with 100% annual CPI-adjustment. Average 17 years remaining lease
- Espira properties are leased on a double net (triple net less real estate insurances and property taxes) basis with 100% annual CPI adjustment. Average 19 years remaining lease with 10+5 option on some leases
- The Espira lease agreements are irrevocable and expire in 2018 or 2019, 31 of which at year end 2018
- Kidsa Drift signed a new 20 year triple-net lease in April 2015
- If Espira or Kidsa Drift does not exercise their renewal options, Norlandia Preschools has an obligation to assume operations of the preschools and step in to the lease contracts at the same payment terms with 20 years duration from 2014
- The agreement regulating Norlandia Preschools' step-in obligation is a triple net master lease contract

	espira KUNNSKAPSBARNEHAGEN	norlandia BARNEHAGENE	KIDSA barnehager
No. of properties (112)	45	42	25
Number of children 11 thousand+	5,947	3,318	1,817
Property value (NOK 3,417m)	NOK 1,800m (53%)	NOK 980m (30%)	NOK 636m (17%)
Monthly rent (NOK 17.1m)	NOK 9.1m	NOK 5.1m	NOK 2.9m
Monthly EBITDA (NOK 15.9m)	NOK 8.4m	NOK 4.8m	NOK 2.7m
Weighted average lease term (years)	19	17	20









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A Appendix

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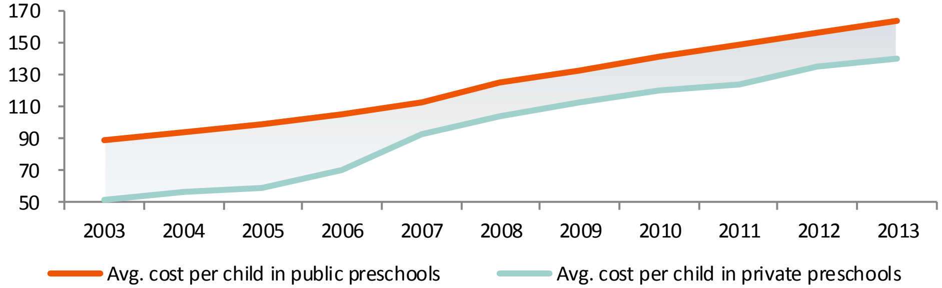
Norwegian preschool market

Key characteristics

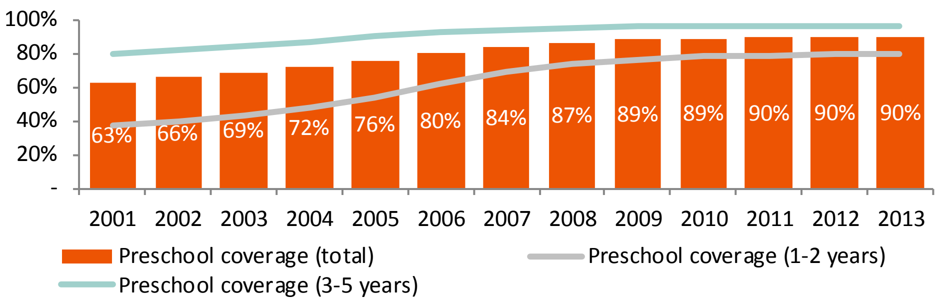
Public compensation system	• Private preschools receive contributions from the municipalities/government together with (a capped) parental fee • Public contribution are regulated by the principal of Allowance on Equal Terms which is regulated by law ("Barnehageloven") • Broad political support, including strong backing from the largest left-wing party (Sosialistisk Venstreparti)
Private sector penetration	• Approx. 50% market penetration for private preschools in Norway, having become an integrated part of the preschool system • The large share of private companies makes this provision an essential and irreversible part of the preschool market • The sector is still very fragmented making further consolidation likely - The four largest preschool operators in Norway account for around 10% of the revenue of the total market
Preschool attendance	• High degree of attendance in preschools in Norway with 90% of all children aged 1 – 5/6 years in preschools
Urbanization	• All markets are experiencing accelerating urbanization driving demand for child-care services in urban areas • Preschools mainly compete on proximity to the household which means that most of the scale advantages and professionalization of preschools can be translated into healthy margins for best-in-class players

Private preschools have boosted coverage rates

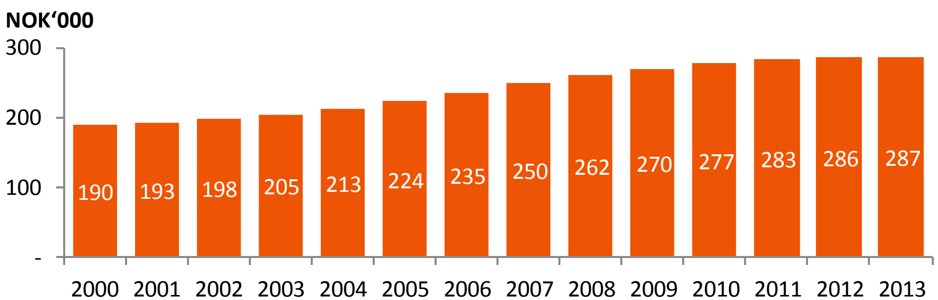
Avg. annual cost per child: public vs. private



Preschool coverage rates



Children in preschool (1-5 years)



Source: SSB

Private preschools fully integrated

- The difference in average annual cost per child between public and private preschools has decreased significantly over the last 10 years
- As of 2013, the average annual cost per child for private preschools amounted to 86% of that for public preschools

- Coverage ratios have stabilized around 90%, where private operators account for approx. 50% of the market

- Government stimulus through cheap state-financed loans have contributed to strong growth for private preschools
- The market remains fragmented with many local/small operators which also own real estate

Norwegian preschools – political regime

Current regulatory system

- From 1 January 2009 all Norwegian children between 1-5 years have a statutory right to a place in a preschool
- The key element of preschool legislation is that private and public preschools are entitled to the same subsidies
- The average cost per child in public preschools is the basis for the support to private units in the same municipality as preschools are organized to break-even
- The actual subsidies range, in per cent of public cost base, is minimum 96% and maximum 100%. The arrangement implies that private units have the potential to make profits if they operate more efficiently than the public segment
- The distributions were previously handled centrally but are now done by each local municipality
  - Consequently, there may arise potential conflicting interests in the local municipalities when deciding/calculating the basis for support
- Private preschools face equal minimum requirements with regards to space, service requirements and employees per enrolled child
- In addition to the public support, direct parental payments up to NOK 2,365 per month account for roughly 15% +/- of total income in private preschools

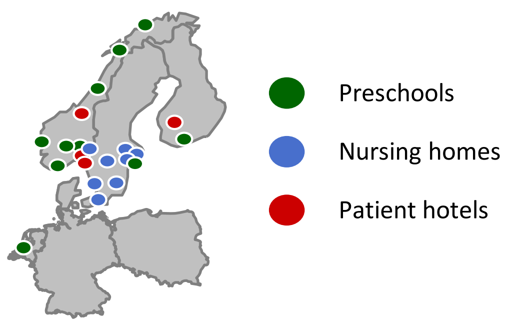
Source: Company, regjeringen.no

Agenda

Norlandia Care Group AS

Company overview

- The business concept was first established by Kristian and Roger Adolfsen in 1997. In 2008, the four owners of the company founded Acea Holding AS, later Acea AS and currently Norlandia Care Group AS ("NCG"). The owners have experience within the sectors from the early 1990s
- The group obtained its current shape after 50% of the shares in Norlandia Care AS was bought back from the private equity fund FSN Capital in 2011 and incorporated with Acea AS, which changed name to Norlandia Care Group
- NCG is a leading private health- and preschools provider with operations in Norway, Sweden, Finland and the Netherlands from 54 patient hotels/nursing homes and 135 preschools
  - Preschools accounted for 52% (NOK 955m) of the revenues in 2014
  - Nursing homes and patient hotels combined accounted for 48% (NOK 895m) of the revenues in 2014, the rest came from gain from sale of assets
- NCG is controlled by the Adolfsen Group through Hospitality Invest



Company structure

norlandia care

Patient Hotels

- *Largest operator of patient hotels in the Nordics*
- *Hotels include:*
  - *Gaustad (Oslo)*
  - *Radiumhospitalet (Oslo)*
  - *St. Olav (Trondheim)*
  - *Tampere (Finland)*
  - *Stockholm (Sweden)*

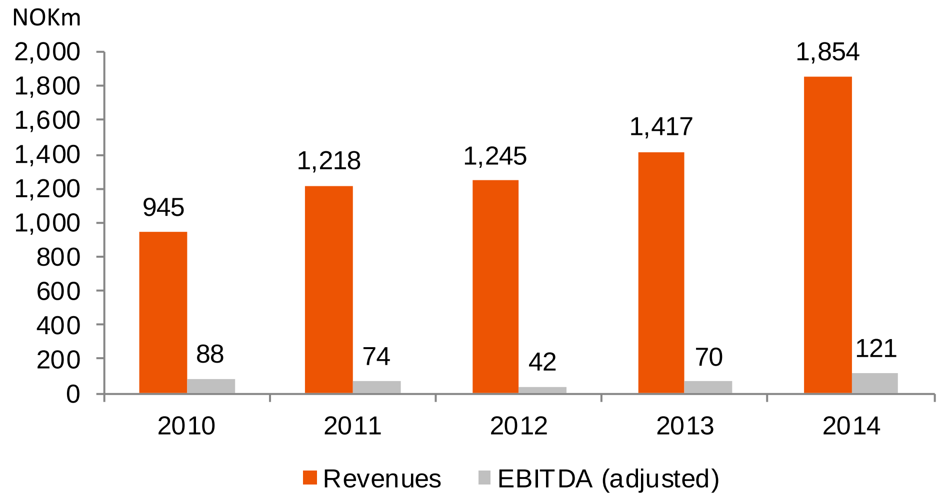
Nursing Homes

- *Largest provider in Norway*
- *Among the largest private players within private nursing homes in the Nordics*
- *49 nursing homes in Norway and Sweden*

Preschools

- *One of the largest private preschool providers in Scandinavia*
- *Strong growth ambitions*
- *Includes:*
  - *135 preschool units*
  - *Approximately 8,200 children*

Revenues and EBITDA 2010-2014 (NOKm)



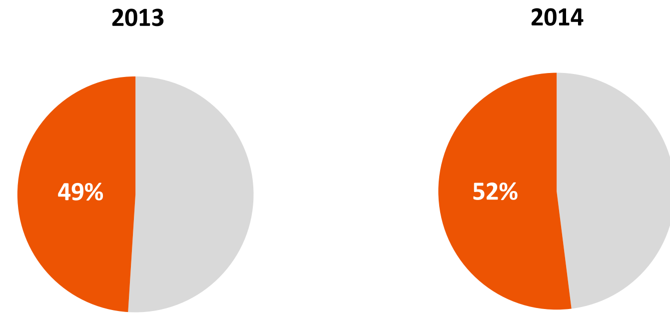
*Source: Company, regjeringen.no. *Adjusted downwards due to extra ordinary profits from sale of fixed assets*

Norlandia Preschools and Kidsa Drift

Overview

- Norlandia Preschools AS is Norway's third largest operator and owner of preschools in Norway, Sweden, Finland and the Netherlands divided on some 135 locations with the capacity of approximately 11,000 children
- The subsidiary currently employs more than 1,500 people
- Norlandia Preschools represent ~4% of the market in the private sector in Norway
  - There is presence in Sweden and a strategy to grow into all the Nordic countries
- There is a stated strategy to focus solely on the operations of the preschools while de-merging the real-estates and finance these separately
- The estimated pace of growth is minimum 10-12 new preschools annually, of which the majority is expected to come from takeovers of small preschool groups
- Norlandia Preschools aims to generate significant scale advantages from operating a large preschool base that will benefit both the quality and the financial performance of the group's operations
- Kidsa Drift AS is a Norwegian preschool operator controlled by Norlandia Care Group (49%) together with shareholders of Norlandia Care Group (51%)
- Kidsa Drift operates 29 kindergartens in Bergen and was acquired by NCG in the start of 2015 together with its properties. The company has a long and solid track record as the largest private operator in the Bergen region

Preschools revenues make up about one half of NCG



Structure – all owned by Norlandia Preschools

*Source: Company, *Adjusted for any sale of assets and the implied rent expense given current situation is applied to historical EBITDA*

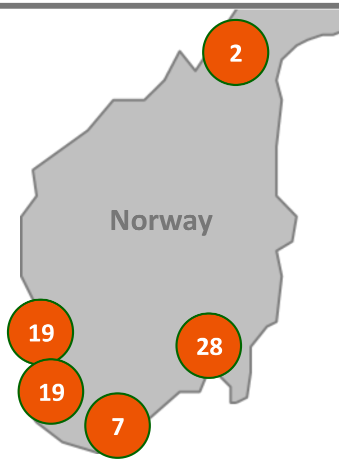
Espira

Description

- Espira Gruppen is one of Norway's largest private preschool operators with more than 75 units in operation and over 7,500 children attending
- Espira was recently acquired by EQT owned learning and daycare operator AcadeMedia, having been in the ownership of CapMan since 2008
- The Group was founded in 1992 as a preschool construction company and started operating own units in 2003
- Espira is one of the few operators with a pedagogical platform and operational concept covering all aspects of the preschool operations
  - *Competence programs ensuring employee development and satisfaction and correspondingly low sick-leave*
  - *High quality pedagogical program combined with safe environments results in attractive preschools with high utilization*
  - *Cost benefits through standard processes in operations and uniform branding and marketing*
- Espira has about 2,000 employees

Espira preschools

- Oslo and surrounding area: 28 (19)*
- Bergen area: 19 (10)
- Stavanger/Haugesund area: 19 (13)
- Southern Norway: 7 (3)
- Mid-Norway: 2



**Properties owned by Pioneer Property Group*

Selected Espira preschools

Kløverenga

Skåredalen

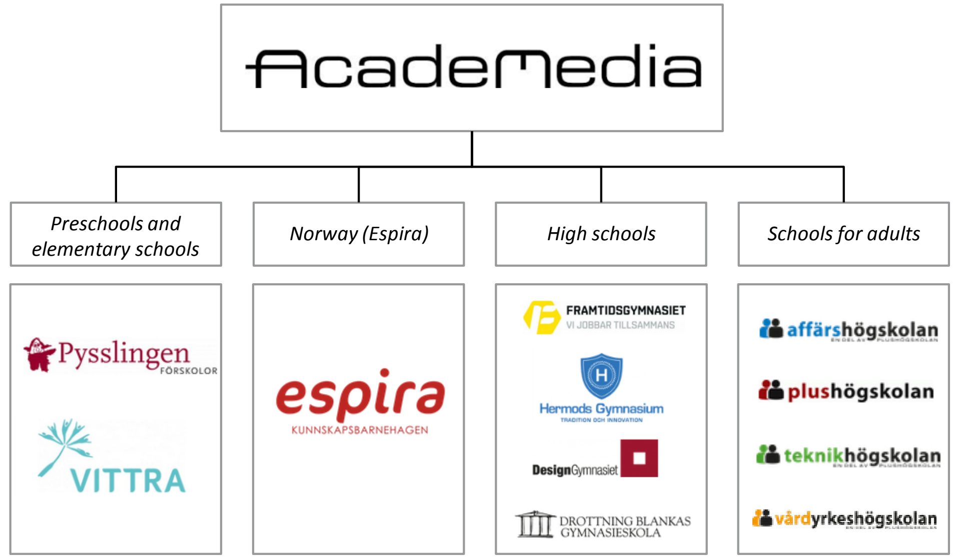
Source: Academedia

AcadeMedia – Parent company of Espira

Overview

- AcadeMedia is owned by EQT with vision to be a leading private education company on the public education market and offer high quality schools under strong brands
- The business is divided into four segments:
  - *Preschools and elementary schools*
  - *Norway (Espira)*
  - *High schools*
  - *Schools for adults*
- Operates preschools in Sweden under the brands Pysslingen, Norrskenet, Fenestra and Vittra
- Preschools in Norway are operated under the brand Espira which is kept as an independent business segment following the acquisition of Espira in 2014
- Operates around 80 elementary schools, 30 of them are integrated with preschools. Elementary schools are branded as Pysslingen Vittra
- Operates close to 100 high schools in Sweden under different brands
- AcadeMedia's schools for adults include SFI (Swedish for immigrants), Komvux, as well as different forms of employment training
- In total, around 60,000 children and 30,000 adults have their education provided by AcadeMedia
- Revenues of SEK 6.4bn and net profit of SEK 213m in 2013/2014

Company structure



Source: Academedia

Agenda

1. Introduction
2. Company overview
3. Property portfolio
4. Norwegian preschool market
5. Operators and sponsors
6. **Risk Factors**
7. Appendix

Risk factors

Investing in the Company and the Preference shares involves inherent risks. Prior to making any investment decision with respect to the Company, an investor should carefully consider all of the information contained in this presentation, and in particular the risks and uncertainties described in this section "Risk factors". The risks and uncertainties described in this section "Risk factors" are the principal known risks and uncertainties faced by the Group as at the date hereof that the Company believes are relevant to an investment in the preference shares.

An investment in the preference shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of the investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described are not a genuine potential threat to an investment in the preference shares. Should any of the following risks occur, it could have a material adverse effect on the Group's business, prospects, results of operations, cash flows and financial position, and the trading price of the preference shares may decline, causing investors to lose all or part of their invested capital. A prospective investor should consult his or her own expert advisors as to the suitability of an investment in the preference shares.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, prospects, results of operations, cash flow and/or financial condition. It is not possible to quantify the significance to the Group of each individual risk factor as each of the risk factors mentioned below may materialise to a greater or lesser degree. The risk factors mentioned below may materialise individually or cumulatively. The information in this section "Risk factors" is as at the date of this presentation.

Risks relating to the Group's business

The value of the Group's assets is exposed to macroeconomic fluctuations

The real estate business is extensively affected by macroeconomic factors such as the general economic trend, growth, employment, the rate of production of new premises, changes in infrastructure, population growth, inflation and interest rates. The economic growth affects the employment rate which is a factor for the supply and demand on the real estate rental market. In turn this affects the vacancy ratio and rents, especially in terms of commercial real estate.

Expectations regarding the inflation affect the interest rate and therefore affect the Group's net of financial items. The interest cost for debt to bond holders and financial institutions is one of the Group's main cost items. Changes in interest rates have a significant effect on the Group's long-term result and cash flow. Inflation also affects the Group's costs. In addition, changes in interest rates and inflation

If one or several of these factors would develop negatively, it could have a material negative impact on the Group's operations, earnings and financial position.

The Group's properties are geographically located in Norway, and more specifically, mostly in certain parts of Norway, and slowdowns in the economic activity in these geographic areas could materially and adversely affect the commercial property industry in which the Group operates

All of the Group's properties are located in Norway, and approximately 15% of the market value of the property portfolio was located in or around Oslo. Even in the absence of a global or regional economic downturn, slowdowns in Norwegian economic activity, and in particular slowdowns in economic activity in the Oslo area, could materially and adversely impact the commercial property industry in which the Group operates, including, among other things:

- Reducing the demand for commercial properties;
- Decreasing the market values of commercial properties;
- Reducing the availability, and increasing the cost, of financing for commercial properties; and
- Slowing the market for the sale of commercial properties.

Any of the above events could materially and adversely affect the Group's business, financial condition, results of operations and cash flows.

The Group could be unable to let a property or re-let a property following the expiry or termination of a tenancy at economically attractive rates or at all

As of the date of this presentation, the occupancy rate as of the Group's properties is 100% and the weighted average unexpired lease term ("WAULT") of the Group's portfolio of management properties is 18 years. If the Group's two tenants terminate some or all of their lease agreements, the Group will have to secure new tenants. The ability of the Group to attract new tenants will depend on demand for space at the relevant property which can be influenced by a number of factors. Rental levels and the affordability of rents, the size and quality of the building, the facilities offered, the convenience, location and local environment of the relevant property, the amount of competing space available and the transport infrastructure are examples of factors which influence tenant demand. Similarly, changes to the infrastructure, demographics, planning regulations and economic circumstances relating to the surrounding areas on which the relevant property depends for its tenant base could adversely affect the demand for such properties.

In the event the Group is unable to let any of its management properties, the Group will suffer a rental shortfall, and may be obliged to cover the common costs for the vacant areas until the property is re-let. Even if tenant renewals or replacements are effected, there is no assurance that such renewals or replacements will be on terms that are favourable to the Group as before or that the new tenants will be as creditworthy as the previous tenants.

Risk factors, cont'd

The Group's costs of maintaining, replacing and improving its existing properties could be higher than estimated

The Group's lease agreements generally stipulate that the Group, as lessor, is responsible for external maintenance and replacement of technical installations. In general, the Group's tenants are responsible for internal maintenance of the leased premises, while general maintenance of common areas and technical installations are covered through common costs paid by tenants. The costs expected to be incurred by the Group in respect of maintenance and upgrading of its properties in the short to medium term depend on the technical state of the properties. These costs also depend on construction costs in the regions in which the Group's properties are located, which may be influenced by activity in the residential property markets in those regions. The Group is exposed to the risk that costs relating to the maintenance, replacements and upgrading of the properties for which the Group is responsible pursuant to the lease agreements could be higher than estimated by the Group or reflected in the pricing of the relevant leases, which could have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows.

The Group could be unable to complete proposed acquisitions on acceptable terms or at all or successfully integrate acquired assets or businesses

The Group believes that acquisition opportunities may arise from time to time, and that any such acquisition could be significant. At any given time, discussions with one or more potential sellers may be at different stages. However, it is possible that any such discussions may not result in the consummation of an acquisition transaction, and that the Group may not be able to identify or complete any acquisitions, including as a result of inability to obtain financing, and there is no assurance that any acquisitions the Group makes will perform as expected or that the returns from such acquisitions will support the investment required to acquire or develop them. The Group cannot predict the effect, if any, that any announcement or consummation of an acquisition or the failure to complete a previously-announced acquisition would have on the trading price of the Shares.

Any future acquisitions could present a number of risks, including:

- The risk of using management time and resources to pursue acquisitions that are not successfully completed;
- The risk of failing to identify material problems during due diligence;
- The risk of over-paying for assets;
- The risk of failing to arrange financing for an acquisition as may be required or desired;
- The risk of incorrect assumptions regarding the future results of acquired operations;
- The risk of failing to integrate the operations or management of any acquired operations or assets successfully and timely;
- The risk of taking over off-market lease agreements or lease agreements with provisions that are unfavourable to the lessor; and
- The risk of diversion of management's attention from existing operations or other priorities.

In addition, the integration and consolidation of acquisitions requires substantial human, financial and other resources, including management time and attention, and could depend on the Group's ability to retain the acquired business' existing management and employees or recruit acceptable replacements. Ultimately, if the Group is unsuccessful in integrating any acquisitions in a timely and cost-effective manner, the Group's business, financial condition, results of operations and cash flows could be materially and adversely affected.

Acquired properties could expose the Group to unknown liability, which could adversely affect its business, financial condition, results of operations and cash flows

The Group could acquire properties or property holding companies subject to liabilities and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against the Group based upon ownership of those properties, the Group might have to pay substantial sums to settle or contest such liabilities, which could adversely affect the Group's business, financial condition, results of operations and cash flows. Unknown liabilities with respect to acquired properties might include, among others things:

- liabilities for clean-up of undisclosed environmental contamination;
- claims by tenants, vendors, persons, companies or public authorities (including with respect to tax and VAT) against the property holding company; and
- liabilities incurred in the ordinary course of business.

The Group could be subject to liability claims for several years after selling properties

In connection with property sales or sales of property companies, the Group usually makes representations and warranties to the purchasers with respect to certain characteristics of the relevant properties and property companies, including representations and warranties relating to environmental matters. The resulting obligations usually continue to exist after the sale, for a period of several years. In particular, the Group could be subject to claims for damages from purchasers, who could assert that the Group failed to meet its obligations, or that the representations it made to them were untrue. In general, the agreements regarding sale of property or property companies entered into by the Group during the last three years include representations and warranties considered to be market standard for sale of properties in Norway. Under some of these agreements, the Group could still be subject to claims for damages from the respective purchasers. The Group could be required to make payments to the purchasers following legal disputes or litigation. Legal or settlement costs, including the costs of defending lawsuits, whether justified or not, as well as potential damages associated with liability for properties that the Group has sold could have a material and adverse effect on the Group's business, net assets, financial condition, results of operations and cash flows.

Risk factors, cont'd

Failure to attract or retain highly skilled personnel could materially and adversely affect the Group's business and operations

The successful development and performance of the Group's business depends on the Group's ability to attract and retain skilled professionals with appropriate experience and expertise. Further, if the Group loses the service of its senior management or key personnel, it may not be able to execute its business strategy. There is no assurance, however, that the Group will be able to attract or retain such personnel on acceptable terms or at all. Any failure to attract or retain such personnel could have a material and adverse effect on the Group's business and operations.

The property appraisal report and financial information contained in this presentation could incorrectly assess the value of the Group's properties

The property appraisal report contained in this presentation is based on standard valuation principles, and represent the opinions of Newsec ASA that prepared the reports. The property appraisal report is based on assumptions that could subsequently turn out to have been incorrect. The valuations of real estate contained in the property appraisal reports are subject to numerous uncertainties. Moreover, appraisal methods that are currently generally accepted and that have been used for the purpose of developing the property appraisal reports could subsequently be determined to have been unsuitable. Also, the assumptions underlying the appraisals of the properties in the past or in the future could later be determined to have been erroneous. The values assigned to the appraised properties in the property appraisal reports could exceed the proceeds that the Group can generate from the sale of the appraised properties, which could have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows. Accordingly, the property appraisal reports do not necessarily represent future or current realistically achievable sales prices of its properties or of the property portfolio.

Furthermore, the valuation of the Group's properties are mainly based on the existence of the master leases with the Espira Group and Norlandia Care Group and on the possible alternative utilization of the properties. In the event that the master leases ceases to exist and a lease contract on similar conditions is not possible to obtain, this may significantly impact the value of the company`s properties. In such event, the Company can apply for a reclassification of the properties category of land use, however such approval could be denied from the public authorities.

Demographic developments may lower the demand for the Group's properties and thus decrease rental income and property value

All of the Group's properties are developed as preschool properties. Demographic developments may reduce the demand for kindergartens in the areas where the Group's properties are located, and in turn lead to less demand for the properties and thus lower renal income and lower value.

The Group does not have the staffing required to manage its properties itself

The Group has entered into management agreements with Pioneer Management AS, pursuant to which Pioneer Management AS shall carry out the business management of the Group. If the management agreements ceases to exist, and the Company fails to enter into a new management agreement, or retain management and key personnel who can manage the Company's assets efficiently, it will have a material adverse effect on the value of the properties, the Company's business, operating results and financial condition.

The Group is subject to credit risk of its tenants

The Group's current and potential customers may get in a financial situation where they cannot pay the agreed rent as it falls due or otherwise abstain from fulfilling their obligations. As the Group only has three tenants, Kidsa Drift, the Espira Group and Norlandia Preschools with 22, 45 and 46 properties respectively, the termination of either contract relationship will have a material adverse effect on the value of the properties, the Company's business, operating results and financial condition. There are no guarantees that the Company's counterparties can fulfil their obligations.

The Group's insurance coverage could be insufficient for potential liabilities or other losses

The Group currently maintains insurance coverage of types and amounts that it believes to be customary in the industry, including property insurance for all properties in the Group's property portfolio, specific project insurance for each ongoing project as well as liability insurances covering the Group's operations and insurances specific for the Board of Directors.

The Group's insurance policies could be inadequate to compensate for losses associated with damage to its property assets or other assets, including loss of rent. In particular, certain types of risk (such as risks of war or terrorist acts, certain natural disasters or weather catastrophes such as flooding) could be, or could become in the future, uninsurable or not economically insurable. The Group could incur significant losses or damage to its assets or business for which it may not be compensated fully or at all. For example, the Group's insurance policies only cover up to three to five years of lost rent in the event of a total loss of a property caused by fire (depending on the reconstruction period). Insurance may not cover loss of rental income in the event that property damage leads tenants to terminate or not renew their lease agreements. Should an uninsured loss or a loss in excess of insured limits occur, the Group could also lose capital invested in the affected property, as well as future revenue from that property. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group could also remain liable for any debt or other financial obligation related to a damaged building.

Additionally, there is no assurance that material losses in excess of insurance coverage limits or losses not insured at all will not occur in the future. Any uninsured losses or losses in excess of insured coverage limits could have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows.

The Group may be subject to litigation or otherwise be involved in disputes that could have a material adverse effect on the Group's business, revenue, profit and financial condition.

The Group may be involved in litigation matters and other disputes from time to time. These matters may include, among other things, environmental claims or proceedings, tort claims, employment matters and governmental claims for taxes or duties as well as other litigation that arises in the ordinary course of business. In particular the Group cannot predict with certainty the outcome of any claim or litigation matter. The ultimate outcome of any litigation matter and the potential costs associated with prosecuting or defending such lawsuits, including the diversion of management's attention to these matters, could have a material adverse effect on the Group's business, revenue, profit and financial condition.

Risk factors, cont'd

Risks relating to the financial profile of the Group

The Group's degree of leverage and ability to incur additional indebtedness could have a material and adverse effect on the Group's ability to obtain additional financing or make it more vulnerable in the event of a downturn in the business or the economy generally

The Group has incurred, and may in the future incur, significant amounts of debt. As of 1 May 2015, the Group had net nominal interest-bearing debt of NOK 1.7bn and an equity ratio of 50%. The Group's organisational documents do not contain any limitation on the amount of indebtedness it may incur. While there are covenants in the Group's bank loan agreements and bond notes relating to the value-adjusted equity ratio, interest cover ratio and the loan-to-value of property that restrict the Group's ability to incur indebtedness above a certain level, the Group's degree of leverage could affect its ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. The Group may now or in the future have a greater degree of leverage than its regional or international peers, or both. The Group's degree of leverage could also make it more vulnerable to a downturn in business or the economy generally. The Group could default on its debt service obligations, or, if the Group becomes more leveraged in the future, the resulting increase in debt service requirements could cause the Group to default on its obligations, any of which could materially and adversely affect the Group's business, financial condition, results of operations and cash flows. Moreover, any changes that increase the Group's leverage could be viewed negatively by investors and cause a decline in the price of the Shares.

Interest rate fluctuations could materially and adversely affect the Group's business, financial condition, results of operations and cash flows

The Group is exposed to interest rate risk primarily in relation to its long-term borrowings issued at floating interest rates and bond loans. Interest rate fluctuations could lead to increased costs and have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows.

The Group could require additional capital in the future in order to execute its strategy, which may not be available on favourable terms, or at all

The Group's business is capital intensive and, to the extent the Group does not generate sufficient cash from operations, the Group could need to raise additional funds through public or private debt or equity financing to execute the Group's strategy and to fund capital expenditures, as well as for other corporate purposes such as unexpected costs and liabilities incurred by the Group. The Group has historically financed its capital requirements from debt financing and cash flow from operations. A decline in the credit and bond markets could materially and adversely affect the Group's ability to obtain additional financing on favourable terms or at all, and could have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows.

If the Group raises additional funds by issuing additional equity securities, the existing shareholders could be diluted. If funding is insufficient at any time in the future, the Group could be unable to fund development projects, maintenance requirements and acquisitions, take advantage of business opportunities, respond to competitive pressures or secure its other funding requirements, any of which could materially and adversely impact on the Group's business, financial condition, results of operations and cash flows.

The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or the Company's ability to declare dividends to its shareholders

The Group's existing loan arrangements contain, and any future borrowing arrangements may contain, covenants and event of default clauses, including cross default provisions and restrictive covenants and performance requirements, such as value-adjusted equity ratio, interest cover ratio, loan-to-value of property and change of control provisions, which could affect the operational and financial flexibility of the Group. The satisfaction of these restrictive covenants and performance requirements could be affected by factors outside of the Group's control, such as a slowdown in economic activity which could result in a decline in the value of the Group's properties. Such restrictions could affect, and in many respects limit or prohibit, among other things, the Group's ability to pay dividends, incur additional indebtedness, create liens, sell assets, or engage in mergers or acquisitions. These restrictions could further limit the Group's ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities. There is no assurance that such restrictions will not materially and adversely affect the Group's ability to finance its future operations or capital needs.

The Group's future cash flows could be insufficient to meet all of its debt obligations and contractual commitments. To the extent that the Group is unable to repay its indebtedness as it becomes due or at maturity, the Group could need to refinance its debt, raise new debt, sell assets or repay the debt with the proceeds from equity offerings.

The Company is a holding company and is dependent upon cash flow from subsidiaries to meet its obligations and in order to pay dividends to its shareholders

The Group currently conducts its operations through, and the Group's assets are owned by, the Company's subsidiaries. As such, the cash that the Group obtains from its subsidiaries is the principal source of funds necessary to meet its obligations and to pay dividends. Contractual provisions or laws, as well as the Group's subsidiaries' financial condition, operating requirements, restrictive covenants in its debt arrangements and debt requirements, could limit the Group's ability to obtain cash from subsidiaries that it requires to pay its expenses or meet its current or future debt service obligations or to pay dividends to its shareholders.

The Group may not be able to make necessary transfers from its subsidiaries in order to provide funds for the payment of its obligations, for which the Group is or may become responsible under the terms of the governing agreements of the Group's indebtedness. A payment default by the Group, or any of the Group's subsidiaries, on any debt instrument would have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows.

Risk factors, cont'd

Risks related to laws and regulations applicable to the Group

Laws and regulations could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for its services and restrict its ability to operate or otherwise

The Group is subject to complex laws and regulations, including tax and environmental regulations that can adversely affect the cost, manner or feasibility of doing business. The industry in which the Group operates is affected by changing laws and regulations relating to the commercial property business in general. The laws and regulations affecting the Group's business and services include, among others, laws and regulations relating to;

- construction of commercial properties;
- sale of commercial properties;
- planning and building of commercial properties;
- tenancy regulations in commercial leases;
- ground leases;
- protection of the environment;
- operation of kindergartens or changes in respect of preschool safety
- quality, health and safety;
- conservation and the protection of cultural heritage;
- land registration; and
- taxation, including VAT.

The Group and its suppliers are required to commit significant financial and managerial resources to comply with these laws and regulations. The Group cannot predict the future costs of complying with these laws and regulations, and any new laws or regulations could materially increase the Group's expenditures in the future. Existing laws or regulations or adoption of new laws or regulations imposing more stringent restrictions on the Group's activities, or any non- compliance with these, could have a material and adverse effect on the Group by increasing its operating costs, reducing the demand for its services and/or restricting its ability to operate.

Some of the Group's properties are regulated as special area preservation, which could restrict the Group's ability to utilise its properties

The Group owns certain properties that are regulated for preservation purposes, which entails a general ban on demolishing and restrictions concerning renovation and expansion, and some properties which are considered worthy of preservation, for example by being included on the Cultural Heritage Management's Office's "yellow list" or in the SEFRAK register. While, there are no general restrictions on properties considered worthy of preservation, the status of being worthy of preservation will be considered when applying for permission to carry out measures on the property. The above facts could restrict the Group's ability to utilise its properties and/or imply increased costs, which again could have a material and adverse effect on the Group's business, financial condition and cash flow.

Changes in, or completion of, planning regulations and existing exemption practices by authorities could significantly affect the operations of the Group and changes in infrastructure could materially impact the Group's properties

Changes in, or completion of, planning regulations by relevant authorities, and changes in existing exemption practices from current planning regulations by relevant authorities, which could prevent the Group from utilising its properties as contemplated and/or reduce the Group's ability to acquire suitable properties for development, could have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows, including the interest of potential tenants in future rental of premises or interest of future purchasers of the properties. Further, existing planning regulations could limit the possibility to further develop the Group's properties and could lead to increased costs. Any of the foregoing risks could, if they materialise, have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows.

Further, the floor space ratio permitted by the relevant authorities will typically affect the profitability of a project (the floor space ratio is the ratio of a project's total floor area to the area of the land on which the building is built). There is no assurance that the Group will obtain permits for floor space ratio at the assumed levels and there are several factors beyond the Group's control that can materially and adversely affect the planned floor space ratio and the planning of the projects, including projected time frame and volume for the development, and, consequently, the Group's profitability. In addition, the planning authorities have discretion to set conditions for the Group's permits, including the right to require the Group to make costly investments or the right to set conditions based on environmental or other considerations, which could have a material and adverse effect on a project's profitability and the value of the Group's properties and hence on the Group's business, financial position, results of operations and cash flows.

Risk factors, cont'd

Changes in accounting rules, assumptions and/or judgments could materially and adversely affect the Group

Accounting rules for certain aspects of the Group's business and operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in the preparation of the Group's financial statements and the delivery of this information to holders of the Shares, which could have a negative impact on the reputation of the Group and depress the price of the Shares. Further, changes in accounting rules or in the Group's accounting assumptions and/or judgments, such as asset impairments, could materially impact the Group's financial statements. Any such changes could have a material and adverse effect on the Group's business, financial condition, results of operations or cash flows.

Risks relating to the Preference Shares

Future dividend payments for the Preference Shares are not guaranteed

The Company's ability to pay dividends in the future is restricted by Norwegian company legislation, and depends on numerous factors including, the Group's business, financial condition, results of operations, distributable funds, cash flow, future prospects, capital requirements, and general economic and legal restrictions, as well as contractual restrictions. Future dividends and the size of dividends are therefore to a high extent dependent on, among other things, the Group's future business and results of operation.

According to the Company's articles of association, the Preference Shares have preferential rights to dividends over ordinary shares. However, under Norwegian law, dividends are resolved general meeting by the by majority vote, whereby holders of Preference Shares have limited influence since each Preference Share entitles to one tenth of a vote while each ordinary share entitles to one vote. Holders of ordinary shares have not committed to vote in favour of dividends. Thereby, it is not certain that the general meeting in the Company resolves on dividend on the Preference Shares. There are many risk factors that may adversely affect the Group's future business and it is not certain that the Group will be able to deliver results that enables dividend, including any accumulated unpaid dividend, on the preference shares in the future. Correspondingly, there is also a risk that preference shareholders cannot be fully compensated in the event of a potential dissolution of the Company.

The price of the Preference Shares may fluctuate significantly.

The trading price of the Preference Shares could fluctuate significantly in response to a number of factors beyond the Group's control, including, but not limited to, quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, sales or purchases of substantial blocks of Preference Shares, or any other risk discussed herein materialising or the anticipation of such risk materialising. In recent years, the global stock markets have experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the same industry as the Group. Those changes may occur without regard to the operating performance of these companies. The price of the Group's Preference Shares may therefore fluctuate based upon factors that have little or nothing to do with the Group, and these fluctuations may materially affect the price of the Preference Shares.

There is no existing market for the Preference Shares, and a trading market that provides adequate liquidity may not develop.

Prior to the Listing, there was no public market for the Preference Shares, and there can be no assurance that an active trading market will develop, or be sustained or that the Preference Shares may be resold at or above the Offer Price. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Preference Shares following the completion of this Offering.

In addition, there are very few shares listed on the Oslo Stock Exchange with comparable characteristics as the Preference Shares. There can be no guarantee that an active trading market for the Preference Shares will be developed in Norway.

Following the Offering, companies controlled by Kristian A. Adolfsen and Roger Adolfsen and certain other companies will continue to exercise control over the Company and its interests may conflict with those of other shareholders.

Following the Offering, companies controlled by Kristian A. Adolfsen and Roger Adolfsen and companies affiliated with them will hold 63.8% of the Company's ordinary shares. For as long as the Kristian A. Adolfsen and Roger Adolfsen hold a significant percentage of the Company's outstanding ordinary shares, they will be able to exercise substantial control over certain corporate matters requiring shareholder approval and may vote in a way which other shareholders would not agree. The majority shareholder may be able to pass or block certain resolutions of the Company, including changes to the articles of association and capital increases in the Company, where a shareholder approval of two-thirds of the shares voted and represented at the general meeting is required. The concentration of ownership in the Company ownership stake could materially adversely affect the trading volume and market price of the Preference Shares or delay or prevent a change of control in the Company that could otherwise be beneficial to the shareholders. This applies in particular to holders of Preference Shares, which will only be eligible for one tenth of a vote per share. There is a risk that the major shareholders will exercise their voting rights in a way that is not compatible with what is best for the preference shareholders.

Investors may not be able to exercise their voting rights for Preference Shares registered in a nominee account.

Beneficial owners of the Preference Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such Preference Shares unless their ownership is re-registered in their names with the VPS prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Preference Shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their Preference Shares or otherwise vote for their Preference Shares in the manner desired by such beneficial owners. Further, beneficial owners of Preference Shares that are registered in a nominee account may not be able to exercise other shareholder rights under the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (*Nw.: Allmennaksjeloven*) the "**Norwegian Public Limited Liability Companies Act**") (such as e.g. the entitlement to participate in a rights offering) as readily as shareholders whose shares are registered in their own names with the VPS.

Shareholders outside of Norway are subject to exchange rate risk.

The Preference Shares are priced in NOK, and any future payments of dividends on the Preference Shares will be denominated in NOK. Accordingly, any investor outside Norway is subject to adverse movements in the NOK against its local currency, as the foreign currency equivalent of any dividends paid on the Preference Shares or price received in connection with any sale of the Preference Shares could be materially adversely affected.

Agenda

1 Introduction

2 Company overview

3 Property portfolio

4 Norwegian preschool market

5 Operators and sponsors

6 Risk Factors

7 Appendix

Group legal structure at completion

Pioneer Property Group ASA

Pioneer Property Group AS (to be converted to ASA) was incorporated on 5 January 2015

- ***Pioneer Public Properties AS***
  - 18 preschools
  - norlandia care — *Operator*
- ***Pioneer Public Properties II AS***
  - 23 preschools
  - norlandia care — *Operator*
- ***Pioneer Public Properties III AS***
  - 45 preschools
  - espira (www.espira.no) — *Operator*
  - norlandia care — *Master Lease Guarantor*
- ***Pioneer Public Properties IV AS***
  - 26 preschools
  - norlandia care — *Operator*

Hospitality Invest – sponsor of Norlandia Care Group

Overview

- Hospitality Invest is investing in three main segments: care, real estate and hotel operations
- The care segment include Norlandia Care, an operator of preschools, nursing homes and patient hotels, and Hero an operator of asylum centers and related services
- The real estate segment include three pledged hotel properties operated by Norlandia Hotel Group of which two of the hotels carry the Best Western brand
- The hotel operations segment operates 16 hotels with approximately 1,850 rooms

Company structure

Hospitality Invest AS

Care	Real estate	Hotel operations
norlandia care HERO AGITO	Best Western Oslo Airport Hotell vossresort STRAND BORGHOLM	Norlandia Hotel Group
65%*	26%	9%

*Percent of total asset value in Hospitality Invest

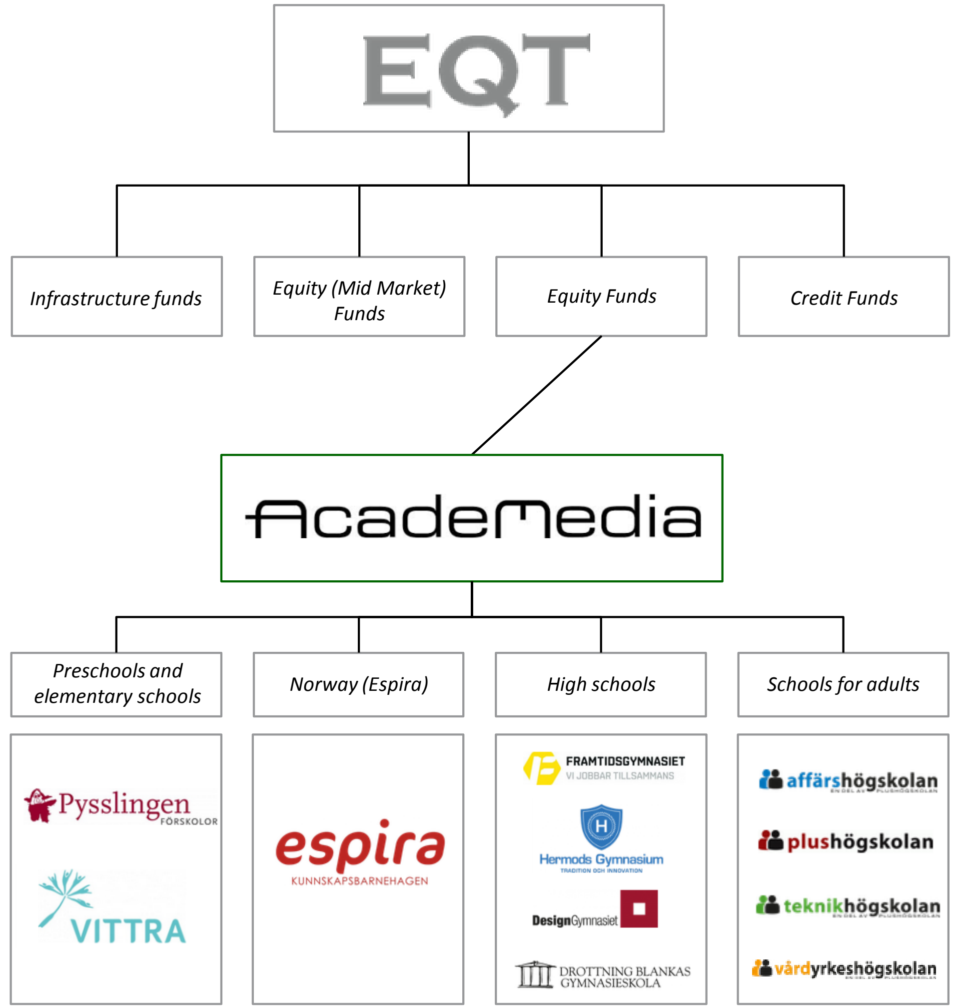
EQT – owner of AcadeMedia and indirect sponsor of Espira

Overview

- EQT is one of the leading private private equity firms in Northern Europe with four investment strategies – Equity, Mid Market, Infrastructure and Credit
- Since its inception in 1994, EQT has raised approximately EUR 22bn in capital
- Majority of founding partners still active within the Investment Advisory teams or EQT's Industrial Network
- Approximately 140,000 employees and EUR 17bn in total sales within EQT portfolio companies
- More than 300 institutional investors, around 250 industrial advisors and around 150 investment advisory professionals
- 19 offices in 14 countries on three continents – Europe, Asia and the US

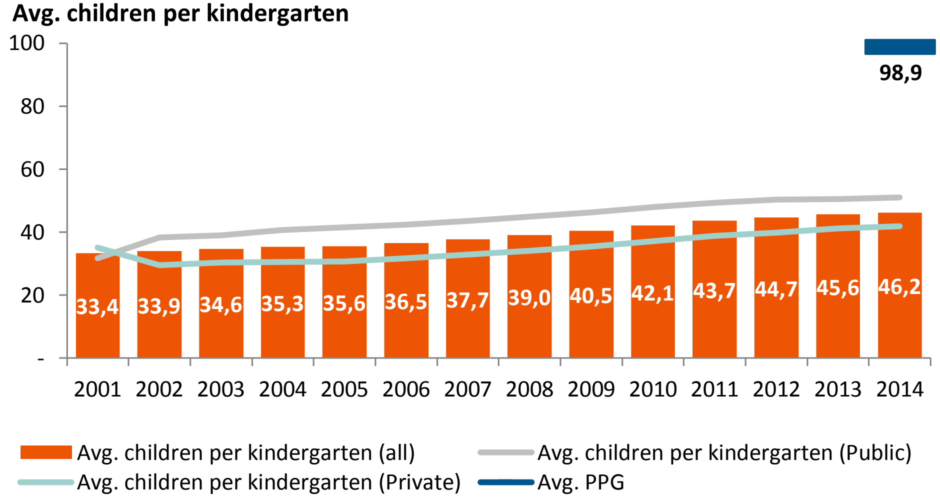
Source: Academedia

Management structure

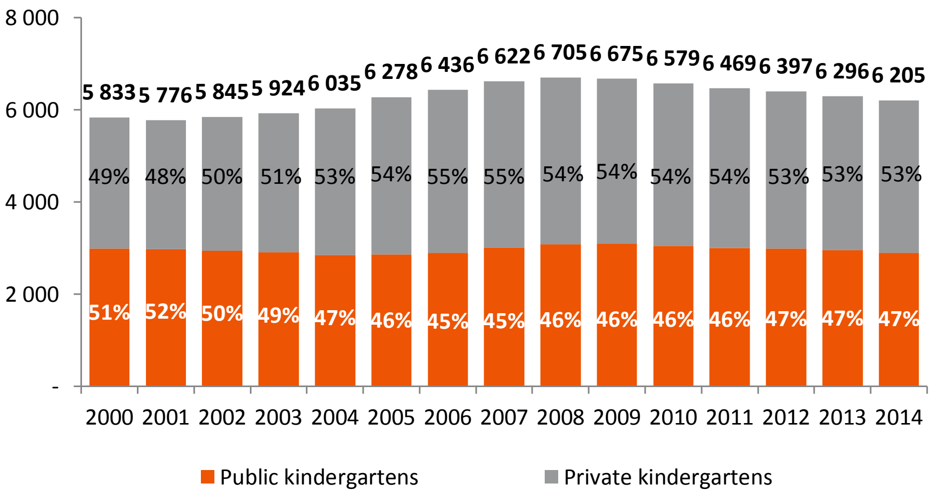


More children in larger private preschools

Average number of children per Preschool



Number of Preschools with public/private split



Source: SSB

Economy of scale

- The size of the preschools have steadily increased, as the economy of scale has become evident
- The average number of children per preschool overall is 46, while the average number in the Issuer's portfolio is 99
- Based on this, the operators' prospects for maintaining solid operating margins for the Issuer's portfolio is very promising

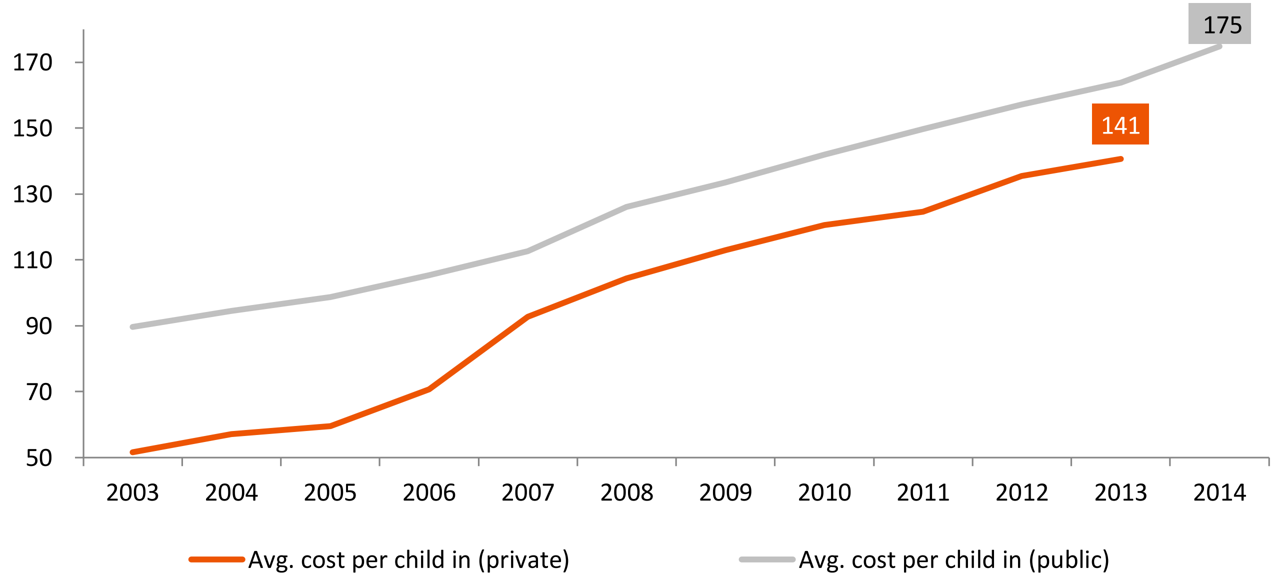
- The number of preschools have been quite stable, while the percentage share of private preschools have increased steadily to 53%
- With economies of scale increasing in importance, larger kindergartens have been replacing smaller kindergartens, resulting in a slight decline in number of kindergartens over the last couple of years
- In order to maintain full preschool coverage in the country, the system is dependent on the private players. In addition, the municipalities are saving money on having the private players own and operate their most "costly" preschool, as the average cost for the public preschool will be lower and consequently the support to the private players will go down

Revenues and costs in Norwegian preschools

Preschool revenue example - calculations

	CONTRIBUTIONS		
NOK / child	**Public kindergartens**	**Private factor (from Jan.'15)**	**Sum contribution**
Public contributions (0-2yrs)	207,100	98%	202,958
Public contributions (3-6yrs)	105,600	98%	103,488
Parental contributions	28,380	100%	28,380
Total income (0-2yrs)	235,480		231,338
Total income (3-6yrs)	133,980		131,868

Avg. annual cost per child: public vs. private (NOKk)



- The revenue example is based on the national levels for 2015
  - Municipalities without comparable public preschools use these levels
- Private preschools only make a profit if they operate more efficiently than public preschools (including the "private factor", current minimum level of 98%), private preschools tends to operate more cost efficient than public preschools
  - As of 2013, the average annual cost per child for private preschools amounted to 86% of that for public preschools
- This makes it attractive for private players to own and operate preschools, as they receive the same revenues as the public preschools
- Espira, Kidsa Drift and Norlandia Preschool all operate at levels considerable below their private and public peers
  - Good operations, large preschools and many preschools allows for higher degree of economies of scale

Source: Company, udir.no/barnehage

Overview of largest private preschool providers

	TRYGGE Barnehager	norlandia BARNEHAGENE	Læringsverkstedet	espira BARNEHAGER	Kanvas	NLM-barnehagene AS	KA	Steinerbarnehageforbundet
# Preschools	164	135*	92	78	60	40	~70	45
Ownership type	**Private**	**Private**	**Private**	**Private**	Non-profit organization	Non-profit organization	Non-profit organization	Non-profit organization
Full-time employees	~2,220	~2,000	1,313	~2,000	945	555	~460	~410
Owners	50/50 Sigurd Aase & Eli Sævareid	*See presentation*	50/50 Hans & Randi Sundby	EQT private equity fund	Non-profit foundation	Non-profit foundation	Non-profit foundation	Non-profit foundation

**Includes international Preschools*