PIONEER PROPERTY

Q3

REPORT 2015

Highlights of the Q3 report

- Pioneer Property Group ASA's ("PPG") third quarter 2015 financial results represent the full first operational quarter since the formation of the group 12th May 2015.
- Total revenues in the quarter were MNOK 51.1 and with a pre-tax profit of MNOK 18.2.
- Revenues and profitability were in line with expectations, and profitability was significantly improved from the second quarter, which was heavily impacted by IPO-related costs.
- On 30th September, PPG paid a dividend to holders of preference shares[1] – in total NOK 2.74 per preference share. From Q4 and onwards, the Company has an ambition of regular dividend payments, in line with PPG's articles of association – equivalent to NOK 1.875 per preference share per quarter.
- The Company had total assets of MNOK 3,708, where Investment Property (112 preschools) were valued at MNOK 3,413 and with a cash balance of MNOK 211. Total debt was MNOK 2,097 and total equity of MNOK 1,610.

Background and strategy

Pioneer Property Group ASA (PPG) is a real estate company focusing on providing high-quality properties for government-backed care-services. The company's current portfolio consists of 112 Norwegian kindergartens centrally located in the largest cities and which house a total of over eleven thousand children. The properties are leased out on long-term triple-net contracts to large kindergarten operators, including Norlandia Care Group and Espira.

The company's property portfolio is a result of the acquisition from several independent preschool operators, again driven by these companies' wish to free-up resources and capital to be able to provide the highest quality possible in their primary focus area – preschool operations. Pioneer Property's kindergartens have during the later years played an important role in the improvement of the Norwegian preschool market, through improved capacity, quality and cost-efficiency.

Going forward the company's strategy is to expand its reach into care-services property with similar characteristics as the Norwegian kindergarten market – i.e. long term contracts with solid operators, again backed by government financing.

PPG's kindergartens are well located in central 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 in excess of eleven thousand children.

Key material events during the third quarter

The PPG group was established in the preceding quarter (Q2/2015) through the acquisition of four separate property portfolios, and also issued and listed MNOK 650 in preference shares on the Oslo Axess stock exchange (details, including prospectus and investor presentation, available via the PPG website). This quarter, Q3/2015, was therefore the first full operating quarter for the Company – and was uneventful in comparison to the second quarter, with all operations progressing as expected. Key event was the payment of the Company's first dividend to its preference shareholders on 30th September.

Overview of the financial accounts for the third quarter of 2015

Revenues of MNOK 51.1 represent a run-rate of MNOK 17 in monthly rental revenues. Operating costs were significantly reduced from the second quarter, and pre-tax profit for the second quarter was MNOK 18.2.

The balance sheet as of 30/9 includes Investment Property of MNOK 3,413, and material events took place that should have impacted this valuation level. In addition the company had MNOK 211 in cash balance at

[1] Note that for the current year, «Dividend payments» are technically a repayment of paid in capital.

the end of the quarter – higher than required for PPG's underlying operations, but gives additional security to the Company's planned dividend payments to the preference share owners over the next few years. On the debt side, PPG had a total of MNOK 2,097 in debt, including two separate bond-loans in the subsidiaries Pioneer Property II AS and Pioneer Property III AS, which are stock exchange listed bonds and report separate financial reports.

Accounting policies:

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

Outlook

No material subsequent events have occurred since the end of the financial quarter which should have an impact on the outlook for the Company.

Responsibility Statement of the Board of Directors

We confirm, to the best of our knowledge, that the set of financial statements for the period ending 30 September 2015 have been prepared in accordance with IFRS, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

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

17 November 2015

The Board of Directors
Pioneer Property Group ASA

Roger Adolfsen
Chairman

Sandra Henriette Riise
Board Member

Geir Hjort
Board Member

Even Carlsen
Board Member

Nina Hjørdis Torp Høisæter
Board Member

Runar Rønningen
CEO

Consolidated Income Statement

NOK thousand	Note	Q2 15	Q3 15	YTD 15
Income from rent	2	27,209	51,055	78,264
Other income	2		-	
Total Income		27,209	51,055	78,264
Expenses related to property	7	-	-	
Other operating expenses	7	19,693	6,102	25,795
Total Expenses		7,516	44,953	52,469
Fair value adjustment on investment properties	11	-	-	
Operating profit (EBIT)		7,516	44,953	52,469
Finance income	12	508	2,165	2,673
Finance expenses	12	13,342	28,898	42,239
Net Finance		-12,834	-26,732	-39,566
Profit/(loss) before tax		-5,318	18,221	12,903
Income taxes	9	-1,024	4,871	3,847
Profit/(loss) for the period		-4,294	13,349	9,055

Consolidated Statement of Comprehensive Income

NOK thousand	Note	Q2 15	Q3	YTD 15
Profit/(loss) for the period		-4,294	13,349	9,055
Total other comprehensive income, net of tax		-	-	-
Comprehensive income for the period		-4,294	13,349	9,055
Profit or loss for the period attributable to				
Owners of Pioneer Property Group ASA		-4,294	13,349	9,055
Comprehensive income for the period attributable to				
Owners of Pioneer Property Group ASA		-4,294	13,349	9,055
Earnings per share (NOK)				
Basic earnings per preference share	5	0.86	1.88	2.74
Basic earnings per ordinary share	5	-4.27	-0.05	-4.32
Dividend per preference share	5	0.86	1.88	2.74
Dividend per ordinary share	5	-	-	-

Consolidated Statement of Financial Position

NOK thousands	Note	30.09.15
Assets		
Investment property	11	3,413,174
Fixed assets		43
Total non-current assets		3,413,218
Trade and other receivables		83,515
Cash and cash equivalents	6	210,973
Total current assets		294,488
Total assets		3,707,706
Equity and liabilities		
Share capital	18	16,314
Share premium	18	1,585,148
Retained earnings		9,055
Total equity		1,610,518
Borrowings	8	1,479,852
Deferred tax	9	22,333
Other non-current liabilities		263,400
Total non-current liabilites		1,765,585
Borrowings	8	251,168
Current tax payable	9	5,500
Other current liabilities		74,935
Total current liabilities		331,603
Total liabilities		2,097,188
Total equity and liabilities		3,707,706

Consolidated Statement of Changes in Equity

NOK thousands	Share capital	Share premium	Retained earnings	Total Equity
Balance at 5 January 2015	30	-	0	**30**
Profit/(loss) for the period			9,055	**9,055**
Proposed dividends			0	**0**
Other comprehensive income for the period			0	**0**
Total comprehensive income for the period	0	0	9,055	**9,055**
Reduction of share capital	(30)			(30)
Proceeds from shares issues debt conversion	15,384	1,523,063		1,538,447
Proceeds from shares issued, contribution in kind	30	2,970		3,000
Proceeds from shares issued	900	89,100		90,000
Repayment premiums		(29,985)		(29,985)
Transactions with owners	16,284	1,585,148	0	1,601,432
Balance at 30 September 2015	**16,314**	**1,585,148**	**9,055**	**1,610,518**

Consolidated Statement of Cash Flows

NOK thousands	Note	Q2-Q3 15	YTD 15
Cash flows from operating activities:			
Profit before income tax		12,903	12,903
Changes in working capital:		-2,997	-2,997
Cash generated from operations		9,906	9,906
Interest paid			
Income tax paid	8		
Net cash generated from operating activities		**9,906**	**9,906**
Cash flows from investing activities:			
Purchase of property	11	-3,400,726	-3,400,726
Purchase of net other assets	11	-43,327	-43,327
Net cash used in investing activities		**-3,444,053**	**-3,444,053**
Cash flows from financing activities:			
Proceeds from debt to financial institutions	8	1,731,019	1,731,019
Proceeds from other borrowings	8	282,653	282,653
Proceeds from shares issued	18	1,631,477	1,631,477
Repayment of shares issued	18	-30	-30
Net cash from financing activities		**3,645,120**	**3,645,120**
			-
Net change in cash and cash equivalents		**210,973**	**210,973**
Cash and cash equivalents at beginning of period	6		-
Exchange gains/(losses) on cash and cash equivalents			-
Cash and cash equivalents at period end	**6**	**210,973**	**210,973**

Notes to the Financial Statements

Note 1: Financial risk management

1.1 Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by management under guidance by the Board of Directors. Management identifies, evaluates and act upon financial risks.

a) Market risk
Market risk is the risk that future cash flows in the form of interest payments change as a result of changes in market interest rates. Management and the Board of Directors agree on an acceptable level of interest rate exposures, which are monitored continuously by management. The level of interest rate exposure is determined based on an assessment of existing cash flows, general assessment of financial condition and available liquidity.

(i) Fair value interest rate risk
The Group holds interest bearing assets in terms for cash deposits. Fluctuations in interest would yield a higher or lower interest income. At the current level of cash deposits a change in interest rate of +/- 1 % would not be material for the financial statements.

The Group's interest rate risk arises from long-term borrowings. The Group holds several types of borrowings. Refer to note 9 for details. Borrowings at fixed rates expose the Group to fair value interest rate risk.

(ii) Cash flow interest rate risk
Exposure to cash flow interest rate risk is assessed continuously. The need for a fixed rate is under constant review in relation to the Group to withstand adverse fluctuations in profit due to higher interest rates. Management's assessment is that the Group's current financial position does not indicate a need for fixed interest rates. The only fixed-interest agreements entered into by the end of Q3 2015 has been established as a result of demands from the lender in relation to the financing of individual purchases.

If the interest rate had been +/- 1 % in Q3 2015 the result after tax would be +/- MNOK 2.5 million, all other conditions unchanged.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders holding ordinary shares, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

b) Credit risk
Credit risk is the risk of loss when a party is unable to redeem their obligations to the Group.
Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents, and credit exposures customers, including outstanding receivables and committed transactions. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on ratings. The utilization of credit limits is monitored regularly.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Exposure to credit risk at the end of the period:	**30-09-15**
Accounts receivable	1,751
Other Short term receivable	81,764
Cash balance	210,973
Total exposure	**294,488**

The credit risk related to outstanding to related parties and banks is considered to be low.

c) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its obligations at maturity without incurring a significant increase in finance cost or not being able to meet its obligations at all. The risk also includes that the Group must forfeit investment opportunities. Cash flow forecasting is performed at Group level. Group management monitors the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom to avoid breaches in covenants on relevant borrowing facilities (refer to note 9), as well as capability to pay out quarterly dividends to holders of preference shares. The monitoring takes into account the Group's debt financing plans and covenant compliance.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	< 3mnths	3m-1y	1y-2y	2y-5y	>5y
Borrowings (bank)	9,199	195,471	29,465	93,396	836,828
Interest on borrowings (bank)	8,976	25,997	25,525	127,979	344,931
Bond loans	-	46,500	33,400	505,100	-
Interest on bond loans	9,235	27,705	36,940	18,470	-
Other liabilities	74,935	-	263,400	-	-

1.2 Capital management

The group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders holding ordinary shares, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Gearing ratio at the end of the period	30-09-15
Total borrowings	1,731,019
Less: Cash and cash equivalents	210,973
Net debt	1,520,046
Total equity	1,610,518
Total capital	3,130,564
Gearing ratio	49%

Note 2: Segment Summary

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of items in the statement of financial position within the next financial year are addressed below.

a) Fair value of Investment Properties.

The fair value of investment properties is assessed quarterly by management. The Investment Properties are on a regular basis subject to on-site inspections and technical evaluations.

The properties are valued using normal property valuation methodologies. All significant inputs are disclosed in note 11. All cash flows used in valuation calculations are based on long term contracts. Management assesses the cash flows to be stable without material uncertainty. The critical accounting estimates in the calculation, based on management's judgement is the yield.

The yield is calculated per investment property. The prime yield for pre-school properties is currently around 5.5%. Important input factors in the valuation are the property's location in relation to a major city, net-population change, size of the property/per child, year of build and whether or not the property is on a leased land (festetomt).

The average gross yield for the investment property portfolio is 6.0 %. Refer to note 11 for sensitivities.

Note 4: Contingencies and commitments

The Group has no contingent liabilities nor commitments as at 30 September 2015.

Note 5: Earnings per share

a) Basic

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

Calculation of earnings per share for the period	Q2	Q3	YTD
Comprehensive income for the period	-4,293,789	11,851,000	7,556,722
Less: Dividend to preference shares		-17,797,065	-17,797,065
Total	-4,293,789	29,648,065	25,354,276
Weighted average number of ordinary shares in issue	5,145,220	9,814,470	9,814,470

b) Diluted

As per 30 September 2015 no rights are issued which cause diluted earnings per share to be different to basic earnings per share.

Refer to note 19 for information related to the classes of shares.

Dividend payment to preference shares for Q2 2015.

Holders of preference shares will receive a dividend amounting to NOK 1.875 per share quarterly. The payment issued 30 September 2015 included an additional amount of NOK 0.86301 per share, relating to the number of days in Q2. In total NOK 17,797 million was paid to holders of preference shares. The additional amount is based on the following, as disclosed in the Company's Articles of Association: 7.5%

interest on the IPO subscription rate (NOK 100) adjusted for number of days from registration of the preference shares in the Company register (Foretaksregisteret) until 30 June 2015 divided by 365 days per year. The preference shares were registered 19 May 2015.

Note 6: Cash and cash equivalents

Cash and cash equivalents	30-09-15
Bank deposits	210,973
Total	210,973

Included in the bank deposits are restricted cash amounting to NOK 1.5 million which is held in a client account by the company's lawyer. Note that MNOK 64.0 of the total cash balance is held in PPPII and PPPIII, which have dividend/payment restrictions up to PPG ASA, regulated by the bond-loan agreements in these two subsidiaries.

Note 7: Expenses

Specification of other operating expenses	30-06-15	30-09-15	YTD 2015
Expenses related to initial public offering	14,416	-892	13,525
Other operating expenses including management fee	5,277	6,994	12,270
Total other operating expenses	**19,693**	**6,102**	**25,795**

Note 8: Borrowings

Interest-bearing liabilities and available cash and cash equivalents constitute the capital of the Group.

The Group's main source of financing are bank loans, bond loans in the Norwegian bond market and subordinated shareholder loans.

Summary of external bank- and bond loans by tranche as of 30 September 2015:

NOK thousand	30.09.15
Non-current	
Commercial bank loans	365,835
Husbank loans (state bank)	593,826
Bonds in Pioneer Public Properties II AS	173,806
Bonds in Pioneer Public Properties III AS	346,385
Total	**1,479,852**

NOK thousand	30.09.15
Current	
Commercial bank loans	181,181
Husbank loans (state bank)	23,487
Bonds in Pioneer Public Properties II AS	20,000
Bonds in Pioneer Public Properties III AS	26,500
Total	**251,168**

NOK thousand	30.09.15
Total non-current and current	
Commercial bank loans	547,016
Husbank loans (state bank)	617,313
Bonds in Pioneer Public Properties II AS	193,806
Bonds in Pioneer Public Properties III AS	372,885
Total	**1,731,019**

a) Bank borrowings

The Group's bank loans are with Husbanken, Pareto Bank and Handelsbanken. The bank borrowings mature until 2035. Of the total bank borrowings per Q3 2015 NOK 609 million are on a fixed rate. The remaining NOK 555 million are on floating rates.

b) Bond loans

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

Summary of bond loans:

Bonds	Book value 30-09-15	Marked value 30-09-15	Coupon	Term
PPP01 PRO	200,000	201,500	NIBOR + 5 %	2013/2018
PIII01	385,000	385,963	NIBOR + 4,5 %	2014/2019
Transaction costs	-24,896			
Amortization	6,587			
Total bond	**566,691**	**587,463**		
Whereof current	46,500	46,716		

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

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

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

The recognised value of assets pledged as security for bank borrowings as per 30 September 2015.

	30-09-15
Investment property	3,413,174
Total pledged assets	3,413,174

c) Subordinated shareholder loans

Originating from the formation of the PPG's acquisition of its four subsidiary companies PPPI-IV, and the formation of the PPG Group, the Company has some remaining subordinated shareholder loans. Debt to shareholders as of 30 September was MNOK 164.3 with accumulating, but not payable, annual interest of 5%. The interest is accrued and recorded under non-current liabilities, which per 30/9 total MNOK 4.2.

Note 9: Tax

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to date 30 September 2015 income tax expense is 27%.

Tax expense	**Q2 15**	**Q3 15**	**YTD 15**
Profit before tax	-5,318	18,221	12,903
Adjustments for:			
- temporary differences	1,524	-178	1,346
- Permanent differences	-		-
Taxable result for the period	-3,794	18,042	14,248
Estimated income tax expense for the period	-1,024	4,871	3,847

Tax payable is related to companies which are incorporated in 2014 and thus have not received a prepayment request from the tax authorities, nor requested a prepayment themselves.

Note 10: Changes in group structure, acquisitions during the year and subsidiaries

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

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

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

Consideration 12 May 2015	
Equity instruments	891,447
Equity instruments preference shares	650,000
Total consideration transferred	1,541,447
Investment property	3,400,726
Net current assets and liabilities	43,327
Borrowings	-1,746,088
Shareholder loans	-156,518
Total identifiable assets	1,541,447

See the table below for a full list of the subsidiaries within the Group.

Company Name	Location	Percent of stock
Pioneer Public Properties AS	**Oslo**	**100%**
Pioneer Public Properties I AS	**Oslo**	**100%**
Bodø Eiendomsselskap AS	Oslo	100%
Vestlandske Eiendomsselskap AS	Oslo	100%
Tromsø Eiendomsselskap AS	Oslo	100%
Pioneer Public Properties II AS	**Oslo**	**100%**
Andungen Eiendom AS	Oslo	100%
Capella Eiendom AS	Oslo	100%
Idunsvei 8 Eiendom DA	Oslo	100%
Kløvermarka Eiendom AS	Oslo	100%
Acea Eiendom Nydalen AS	Oslo	100%
Oslo Barnehager Eiendom AS	Oslo	100%
Sjøstjerna Eiendom AS	Oslo	100%
Småstrilane Eiendom AS	Oslo	100%
Vifo Romeriket Eiendom AS	Oslo	100%
Vifo Røa Eiendom AS	Oslo	100%
Bergen Barnehager Eiendom AS	Oslo	100%
Pioneer Public Properties III AS	**Oslo**	**100%**
Service Property AS	Oslo	100%
Bjørgene Barnehage AS	Oslo	100%
Brådalsfjellet Barnehage AS	Oslo	100%
Dragerskogen Barnehage AS	Oslo	100%
Dvergsnestangen Barnehage AS	Oslo	100%
Furuholmen Barnehage AS	Oslo	100%
Garhaug Barnehage AS	Oslo	100%
Gullhella Barnehage AS	Oslo	100%
Gåserud Barnehage AS	Oslo	100%
Halsnøy Kloster Barnehage AS	Oslo	100%
Helldalsåsen Barnehage AS	Oslo	100%
Høytorp Fort Barnehage AS	Oslo	100%
Kløverenga Barnehage AS	Oslo	100%
Kniveåsen Barnehage AS	Oslo	100%
Krystallveien Barnehage AS	Oslo	100%
Kuventræ Barnehage AS	Oslo	100%
Litlasund Barnehage AS	Oslo	100%

Løvestad Barnehage AS	Oslo	100%
Marthahaugen Barnehage AS	Oslo	100%
Myraskogen Barnehage AS	Oslo	100%
Nordmo Barnehage AS	Oslo	100%
Opaker Barnehage AS	Oslo	100%
Opsahl Barnehage AS	Oslo	100%
Ormadalen Barnehage AS	Oslo	100%
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%
Pioneer Public Properties IV AS	**Oslo**	**100%**
Kidsa Bygg AS	Oslo	100%
Kidsa Eiendom AS	Oslo	100%
Kidsa AS	Oslo	100%
Kidsa Eiendom II AS	Oslo	100%
Norlandia Barnehagebygg AS	Oslo	100%
Arken Barnehage Eiendom AS	Oslo	100%

Note 11: Investment property

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

The investment properties are valued in accordance with the fair value method and all have been valued in accordance with valuation Level 3.

The yield level of the properties has been determined on the basis of their unique risk and transactions made at the respective location according to the location price method. All external valuations have been carried out in accordance with the international valuation standard. All external valuations have been carried out in accordance with the international valuation standard. External valuations have been carried out by Newsec.

Valuation

The Group uses yield valuation according to the cash flow method for external and internal valuations. The same valuation method has been used for all of the Group's properties.

Sensitivity analysis

A property analysis is an estimate of the value that an investor is willing to pay for the property at a given time. The valuation is made on the basis of generally accepted models and certain assumptions on different parameters. The market value of the properties can only reliably established in a transaction between two independent parties. An uncertainty interval is stated in the property values and is between +/– 5 per cent in a normal market. A changed property value of +/– 5 per cent affects the Group's property value by +/– NOK 179 million.

Description of valuation method:

Market revenue per child per pre-school is estimated to be NOK 21.000 per year. This is based on empirical evidence and assessed to be the going market rate. Revenue is grossed up based on number of children attending the pre-school. Total revenue is deducted 2 % administration costs and divided by the yield for the property as described in note 4.

Sensitivity analysis, property valuatio	Change	Effect on profit thousand NOK
Yield	0.5 %	-383,272
Yield	-0.5 %	383,272
Rental income	1.0 %	177,776
Rental income	-1.0 %	-177,776

All properties owned generated rental income in the period. No properties are classified as 'held-for-sale' or held under finance leases. Since the acquisition of the properties 12 May 2015, an adjustment of MNOK 11 has been accounted for.

Note 12: Net financial items

NOK thousands	Q2 15	Q3 15	YTD 15
Interest income	508	2,165	2,673
Interest income from related parties	-		-
Interest expense	13,342	28,898	42,239
Net financial items			

In the third quarter, payable interest expense on bank- and bond loans totalled MNOK 21.6. Also included in the reported Interest expense was a calculated, but not payable, interest expense of MNOK 4.2 relating to the subordinated shareholder loans – which for Q3 also included MNOK 1.3 originating from the second quarter. Furthermore an additional MNOK 3.1 in miscellaneous financial costs, partially relating to sale credit to Kidsa, and also relating to amortization of bond-related startup expenses according to IFRS (PPPII and PPPIII).

Note 13: Related-party transactions

Overview over related parties

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

The Group had the following material transactions with related parties:

Transactions with related parties	Q2 15	Q3 15	YTD 15
Rent revenue from Norlandia Care Group AS including subsidiaries	8,449	14,937	23,386
Rent revenue from Kidsa Drift including subsidiaries	4,477	9,539	14,016
Management fee to Pioneer Capital Partners AS including subsidiarie	785	2,800	3,585
Purchase of shares from related parties (refer to note 11)	1,541,447	-	1,541,447

Receivables from related parties	30-09-15
Kidprop AS	7,658

Liabilities to related parties	30-09-15
Pioneer Capital Partners AS	154,362
Norlandia Care Group AS	12,382
Kidsa Drift AS	18,254
Acea Properties AS	14,737

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

Note 14: Payroll

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

Note 15: Trade receivables

	30-09-15
Trade Receivables	1,751
Other Receivables	81,764
Total Receivables	83,515

None of the receivables are due.

Note 16: Share capital and shareholder information

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

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

About the shares: The differences between the share classes are differing voting rights and differing rights to the Company's profit. Besides voting rights, the difference between the Company's share classes is that the preference shares entail a preferential right to the Company's profit through a preferential right over ordinary shares to dividends. The regulations on voting rights and dividends are decided upon by the Shareholders' Meeting and can be found in the Articles of Association.

The ordinary shares: The Company's ordinary share confers one vote unlike the preference shares that confer one-tenth of a vote.

The preference share: The Company's preference shares confer a preferential right over ordinary shares to an annual dividend of NOK 7.50 per preference share. Dividend payments are made quarterly with NOK 1.875 per preference share, if approved by the General Assembly. The preference share does not otherwise confer a right to dividend. If the general meeting decided not to pay dividends or to pay dividends that fall below NOK 1.875 per preference share during a quarter, the difference between paid dividends and NOK 1.875 per preference share shall be accumulated and adjusted upwards with an annual interest rate of 5 per cent until full dividends have been distributed. No dividends may be distributed to the ordinary shareholders until the preference shareholders have received full dividends including the withheld amount. Any difference between NOK

1.875 per preference share and the dividend paid per preference share is accumulated for each quarter.

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

Shareholder	**Ord shares**	**Pref shars**
Norlandia Care Group AS	20.05%	9.37%
Hospitality Invest AS	19.82%	2.46%
HI Capital AS	2.34%	3.41%
Eidissen Consult AS	14.45%	4.22%
Grafo AS	14.45%	4.22%
Klevenstern AS	14.45%	2.85%
Mecca Invest AS	14.45%	2.85%
Acea Properties	0.00%	0.56%
PCP AS	0.00%	2.85%
Other minority shareholders	0.00%	67.21%
Total	**100%**	**100%**

Note 17: Operational leases

Properties are leased out on long term triple net contracts to solid pre-school operators (Espira, Norlandia Preschools and Kidsa Drift, of which all have lease guarantees from Norlandia Care Group. Future payments under non-cancellable operating leases are as follows in nominal amounts excluding CPI adjustments

	30-09-15
Within 1 year	208,114
Between 1 and 5 years	832,458
After 5 years	2,497,374

Note 18: Subsequent events

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