PIONEER PROPERTY

Q4

REPORT 2015

Highlights of the Q4 report

- Total revenues in the fourth quarter of 2015 were MNOK 50.8 with a pre-tax profit of MNOK 28.9.
- Revenues and profitability were in line with expectations. Operating profit (EBIT) of MNOK 44.4 was similar to the previous quarter, while pre-tax profit of MNOK 28.9 was improved due to lower financial costs.
- On December 31st PPG paid is quarterly dividend to holders of preference shares[1] – in total NOK 1.875 per preference share. The next scheduled dividend for preference shareholders is at the end of the first quarter 2016. See the company's website for updated financial calendar information.
- The Company had total assets of MNOK 3,619, where Investment Property (112 preschools) were valued at MNOK 3,413 in addition to a cash balance of MNOK 195. Total debt was MNOK 1,981 and with total equity of MNOK 1,638.
- In the fourth quarter PPG commissioned a valuation report from Newsec, which confirmed the balance sheet valuations of the Investment Properties.

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 fourth quarter

The fourth quarter, Q4/2015, was the second fully operational quarter of the Company since the establishment of the PPG group of companies earlier in 2015. All operations progressed as expected and there were no material unexpected events during the last quarter of the year. The company paid its scheduled Q4-dividend payment in the end of December.

Overview of the financial accounts for the third quarter of 2015

Revenues of MNOK 50.8 represents a run-rate of MNOK 17 in monthly rental revenues. Operating costs, and therefore also Operating Profit (EBIT) were similar to the third quarter, while reported pre-tax profit for the third quarter was improved to MNOK 28.9.

The balance sheet as of 31/12 includes Investment Property of MNOK 3,413, and no material events took place that should have impacted this valuation level. In addition, the company had MNOK 195 in cash balance at the end of the quarter – higher than required for PPG's underlying operations, but gives additional security

[1] For payments for 2015, «Dividend payments» are technically a repayment of paid in capital.

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 1,981 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. See the company web-site to access the financial reports for PPPII and PPPIII.

Accounting policies:

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

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 31 December 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 financial year and their impact on the set of financial statements, a description of the underlying principal risks and uncertainties, and major related parties' transactions.

16 February 2016

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	Q4 15	YTD 15
Income from rent	2	27,209	51,055	51,055	129,319
Other income	2		-	-223	-223
Total Income		**27,209**	**51,055**	**50,833**	**129,097**
Payroll expenses	14			314	314
Other operating expenses	7	19,693	6,102	6,148	31,943
Total Expenses		**7,516**	**44,953**	**44,371**	**96,840**
Fair value adjustment on investment properties	11	-	-	-	-
Operating profit (EBIT)		**7,516**	**44,953**	**44,371**	**96,840**
Finance income	12	508	2,165	4,449	7,122
Finance expenses	12	13,342	28,898	19,949	62,189
Net Finance		**-12,834**	**-26,733**	**-15,500**	**-55,067**
Profit/(loss) before tax		-5,318	18,220	28,871	41,773
Income taxes	9	-1,024	4,871	1,763	5,610
Profit/(loss) for the period		**-4,294**	**13,349**	**27,108**	**36,163**

Consolidated Statement of Comprehensive Income

NOK thousand	Note	Q2 15	Q3 15	Q4 15	YTD 15
Profit/(loss) for the period		-4,294	13,349	27,108	36,163
Total other comprehensive income, net of tax		-	-	-	-
Comprehensive income for the period		-4,294	13,349	27,108	36,163
Profit or loss for the period attributable to					
All shareholders of Pioneer Property Group ASA		-4,294	13,349	27,108	36,163
Comprehensive income for the period attributable to					
Ordinary shareholders of Pioneer Property Group ASA		-9,903	1,162	14,920	6,178
Earnings per share (NOK)					
Basic earnings per preference share	5	0.86	1.88	1.88	4.61
Basic earnings per ordinary share	5	-1.92	0.12	1.52	0.70
Dividend per preference share	5	0.86	1.88	1.88	4.61
Dividend per ordinary share	5	-	-	-	-

Consolidated Statement of Financial Position

NOK thousands	Note	31-12-15
Assets		
Investment property	11	3,413,174
Fixed assets		
Total non-current assets		3,413,174
Trade and other receivables		10,607
Cash and cash equivalents	6	195,329
Total current assets		205,936
Total assets		3,619,111
Equity and liabilities		
Share capital	16	16,314
Share premium	16	1,585,148
Retained earnings		36,163
Total equity		1,637,625
Borrowings	8	1,698,190
Deferred tax	9	15,844
Other non-current liabilities		139,508
Total non-current liabilites		1,853,542
Borrowings	8	86,793
Current tax payable	9	7,363
Other current liabilities		33,787
Total current liabilities		127,944
Total liabilities		1,981,485
Total equity and liabilities		3,619,111

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			36,163	**36,163**
Proposed dividends			0	**0**
Other comprehensive income for the period			0	**0**
Total comprehensive income for the period	0	0	36,163	**36,163**
Reduction of share capital	(30)			(30)
Proceeds from shares issues debt conversion	15,384	1,523,063		1,538,447
Proceeds from shares issued, contribution in kind	30	2,970		3,000
Proceeds from shares issued	900	89,100		90,000
Repayment premiums		(29,985)		(29,985)
Transactions with owners	16,284	1,585,148	0	1,601,432
Balance at 31 December 2015	**16,314**	**1,585,148**	**36,163**	**1,637,625**

Consolidated Statement of Cash Flows

NOK thousands	Note	Q2-Q4 15	YTD 15
Cash flows from operating activities:			
Profit before income tax		41,773	41,773
Adjustments for:			-
Fair value adjustments on investment property	11		-
Interest expense - net	12		
Borrowing cost	8		
Net (gain)/loss on sale of shares			
Changes in working capital:			-
Trade receivables	15	-807	
Trade payables			
Other accruals		128,377	
Cash generated from operations		169,343	169,343
Interest paid			
Income tax paid	9		
Net cash generated from operating activities		**169,343**	**169,343**
Cash flows from investing activities:			
Purchase of property	11	-3,413,174	-3,413,174
Net cash used in investing activities		**-3,413,174**	**-3,413,174**
Cash flows from financing activities:			
Proceeds from debt to financial institutions	8	1,837,698	1,837,698
Proceeds from other borrowings	8		-
Repayments of debt to financial institutions	8		-
Proceeds from shares issued	16	1,631,477	1,631,477
Repayment of shares issued	16	-30,015	-30,015
Dividends paid to owners of the parent			-
Dividends paid to non-controlling interests			-
Net cash from financing activities		**3,439,161**	**3,439,161**
			-
Net change in cash and cash equivalents		**195,329**	**195,329**
Cash and cash equivalents at beginning of period	6		-
Exchange gains/(losses) on cash and cash equivalents			-
Cash and cash equivalents at period end	**6**	**195,329**	**195,329**

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 further need for fixed interest rates.

If the interest rate had been +/- 1 % in Q4 2015 the profitability in the quarter after tax would be +/- MNOK 4.8 million, all other conditions unchanged and assuming a floating interest rate on 100% of the Company’s borrowings.

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, refinance existing loans, 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, and credit risk is managed on a 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:	31-12-15
Accounts receivable	807
Other Short term receivable	9,801
Cash balance	195,329
Total exposure	**205,936**

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

c) Liquidity risk

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

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

	31-12-15				
	< 3mnths	3m-1y	1y-2y	2y-5y	>5y
Borrowings (bank)	9,901	29,942	190,450	340,854	645,719
Interest on borrowings (bank)	11,366	33,727	38,050	107,761	194,518
Bond loans	-	46,500	59,900	478,150	-
Interest on bond loans	9,235	27,705	36,940	39,235	-
Other liabilities	33,787	-	139,508	-	-

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	31-12-15
Total borrowings	1,923,099
Less: Cash and cash equivalents	195,329
Net debt	1,727,770
Total equity	1,637,625
Total capital	3,365,396
Gearing ratio	51%

Note 2: Segment Summary

The Group's business is to own and manage investment properties in Norway and rent them out to operators of pre-schools. There is no material difference in risk and margins in the different investment properties. The Group is therefore considered to operate in one business area and in one geographical area. Further segment information is therefore not prepared.

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

Note 3: Critical estimates

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 and a description of the methodology and significant inputs are disclosed in note 11. Management assesses the cash flows from its properties to be stable without material uncertainty. The critical accounting estimates in the calculation, based on management's judgement is the yield factor.

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 (Norwegian: *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 31 December 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 EPS	Q2	Q3	Q4	YTD
Net profit	-4,293,789	13,349,000	27,107,828	36,163,039
Less pref share dividends	-5,609,565	-12,187,500	-12,187,500	-29,984,565
Profit attributable to ord shars	-9,903,354	1,161,500	14,920,328	6,178,474
Weighted avg ord shares	5,145,220	9,814,470	9,814,470	8,832,524.67
EPS to ord shares	-1.92	0.12	1.52	0.70

b) Diluted

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

Refer to note 16 for information related to the classes of shares.

Note 6: Cash and cash equivalents

Cash and cash equivalents	31-12-15
Bank deposits	195,329
Total	195,329

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

Note 7: Expenses

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

Specification of other operating expenses	30-06-15	30-09-15	31-12-15	YTD 2015
Expenses related to initial public offering	14,416	-892	-	13,525
Other operating expenses including management fee	5,277	6,994	6,148	18,418
Total other operating expenses	**19,693**	**6,102**	**6,148**	**31,943**

Note 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 31 December 2015:

NOK thousand	31-12-15
Non-current	
Commercial bank loans	404,086
Husbank loans (state bank)	772,937
Bonds in Pioneer Public Properties II A	174,425
Bonds in Pioneer Public Properties III /	346,742
Total	**1,698,190**

NOK thousand	31-12-15
Current	
Commercial bank loans	19,151
Husbank loans (state bank)	20,692
Bonds in Pioneer Public Properties II A	20,000
Bonds in Pioneer Public Properties III /	26,950
Total	**86,793**

NOK thousand	31-12-15
Total non-current and current	
Commercial bank loans	423,237
Husbank loans (state bank)	793,629
Bonds in Pioneer Public Properties II A	194,425
Bonds in Pioneer Public Properties III /	373,692
Total	**1,784,983**

a) Bank borrowings

The Group's primary bank loans are with Husbanken, Pareto Bank and Handelsbanken. The bank borrowings mature until 2035. Of the total bank borrowings per Q4 2015 NOK 603 million are on a fixed rate. The remaining borrowings 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 31-12-15	Marked value 31-12-15	Coupon	Term
PPP01 PRO	200,000	202,000	NIBOR + 5 %	2013/2018
PIII01	385,000	386,694	NIBOR + 4,5 %	2014/2019
Transaction costs	-24,896			
Amortization	8,013			
Total bond	**568,117**	**588,694**		
Whereof current	46,950	47,269		

In both bond agreements entered into there are limitations on the borrower (PPPII and PPPIII) in 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 in addition to miscellaneous other long term debt. Total other long-term debt as of 31 December was MNOK 263. A portion of this debt has with accumulating, but not payable, annual interest of 5%. The interest is accrued and recorded under non-current liabilities, which for the fourth quarter totalled MNOK 1.8

Note 9: Tax

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

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%
Idunsvei 8 Eiendom DA	Oslo	100%
Oslo Barnehager Eiendom AS	Oslo	100%
Vifo Romeriket Eiendom AS	Oslo	100%
Bergen Barnehager Eiendom AS	Oslo	100%
Pioneer Public Properties III AS	Oslo	100%
Service Property AS	Oslo	100%
Bjørgene Barnehage AS	Oslo	100%
Brådalsfjellet Barnehage AS	Oslo	100%
Dragerskogen Barnehage AS	Oslo	100%
Dvergsnestangen Barnehage AS	Oslo	100%
Furuholmen Barnehage AS	Oslo	100%
Garhaug Barnehage AS	Oslo	100%
Gullhella Barnehage AS	Oslo	100%
Gåserud Barnehage AS	Oslo	100%
Halsnøy Kloster Barnehage AS	Oslo	100%
Helldalsåsen Barnehage AS	Oslo	100%
Høytorp Fort Barnehage AS	Oslo	100%
Kløverenga Barnehage AS	Oslo	100%
Kniveåsen Barnehage AS	Oslo	100%
Krystallveien Barnehage AS	Oslo	100%
Kuventræ Barnehage AS	Oslo	100%
Litlasund Barnehage AS	Oslo	100%
Løvestad Barnehage AS	Oslo	100%
Marthahaugen Barnehage AS	Oslo	100%
Myraskogen Barnehage AS	Oslo	100%
Nordmo Barnehage AS	Oslo	100%
Opaker Barnehage AS	Oslo	100%
Opsahl Barnehage AS	Oslo	100%
Ormadalen Barnehage AS	Oslo	100%
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%
Årgaug 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 (ref note 3). On average there are 17 years remaining on the lease agreements. All agreements are fully CPI-adjusted annually. The Group does not have any future capital expenditure on properties as all maintenance is carried by the tenant as agreed upon in the lease agreements. The properties are primarily located in the greater Oslo area, Bergen, the greater Stavanger area, Bodø and Tromsø. See the Company's web site for a full list and map of all the properties. The investment properties are valued in accordance with the fair value method and all have been valued in accordance with valuation Level 3. The yield level of the properties has been determined on the basis of their unique risk and transactions made at the respective location according to the location price method. At the end of 2015, the Company has valued its portfolio based upon a gross average 6% yield - however an external cash-flow valuation for all the individual properties, to support the Company's valuation approach, was also carried out by external company Newsec.

Valuation

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

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 171 million.

Note 12: Net financial items

NOK thousands	Q2 15	Q3 15	Q4 15	YTD 15
Interest income	507.9	2,165.0	4,448.7	7,121.6
Interest income from related parties	-	-	-	-
Interest expense	13,341.7	28,898.0	19,949.2	62,188.9
Net financial items	**-12,833.8**	**-26,733.0**	**-15,500.4**	**-55,067.3**

In the fourth quarter, interest expense on bank- and bond loans totaled MNOK 19.9. Also included in this reported Interest expense was a calculated, but not payable, expense of MNOK 1.8 relating to the subordinated shareholder loans. Furthermore an additional MNOK 1.6 in miscellaneous financial costs, partially relating to sale credit to Kidsa, and also relating to amortization of bond-related start-up costs 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	Q4 15	YTD 15
Rent revenue from Norlandia Care Group AS including subsidiaries	8,449	14,937	14,937	38,324
Rent revenue from Kidsa Drift including subsidiaries	4,477	9,539	9,539	23,556
Management fee to Pioneer Capital Partners AS including subsidiaries	785	2,800	2,800	6,385
Purchase of shares from related parties (refer to note 11)	1,541,447	-		1,541,447

Receivables from related parties	31-12-15
Kidprop AS	7,658
Hospitality Invest AS	5,874

Liabilities to related parties	31-12-15
Pioneer Capital Partners AS	109,237
Norlandia Care Group AS	2,554
Kidsa Drift AS	18,242
Acea Properties AS	15,120

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

Note 14: Payroll

The company does not have any employees. Refer to Note 13 for information regarding management fee to Pioneer Management AS, a fully owned subsidiary of Pioneer Capital Partners AS. The Board of Directors receives an annual compensation based on the total number of board-meetings during the year.

Note 15: Trade receivables

	31-12-15
Trade Receivables	807
Other Receivables	9,801
Total Receivables	10,607

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 conversion	15,384,470	8,884,470	6,500,000	1,523,062,530	1,538,447,000
Proceeds from share issue, contribution in kind	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 31 December 2015	16,314,470	9,814,470	6,500,000	1,585,147,941	1,601,462,411

The Company has 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.

Top 10 shareholders (1/2016)	Ord shares	Pref shares
Norlandia Care Group AS	20.0%	9.4%
Hospitality Invest AS	19.8%	0.0%
Klevenstern AS	14.4%	4.4%
Mecca Invest AS	14.4%	4.4%
Eidissen Consult AS	14.4%	4.2%
Grafo AS	14.4%	4.2%
HI Capital AS	2.3%	2.8%
Other minority shareholders	0.0%	70.6%
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

	31-12-15
Within 1 year	208,114
Between 1 and 5 years	836,423
After 5 years	2,509,269

Note 18: Subsequent events

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