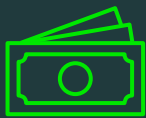




Annual report
2020
KMC Properties ASA

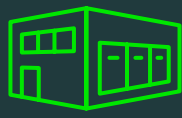
The preferred partner for logistics and industrial properties

- Real estate company focused on owning industrial and logistics properties
- Portfolio of 40 industrial properties¹ in the Nordics, the Netherlands and Russia
- Properties have long-term lease agreements with solid counterparties, strategically located in proximity to the tenants' key customers
- Largest tenant is listed packing and insulation company BEWI ASA, majority-owned by Bekken family
- Second-largest tenant is Insula AS, leading Nordic seafood company owned by Kverva Industrier AS, owned by Witzøe family
- Building mass covering ~330 000 sqm



Net operating income (NOK)²

~190
million



Portfolio value (NOK)³

~3.1
billion



Wault⁴

~10.7
years



Group net LTV⁵

~56
per cent

1) Not including Honeycomb property acquired in April 2021.

2) Estimated annual run-rate based on existing contracts as of 31 December 2020.

3) Valuation from Cushman & Wakefield, not including estimated opening cash balance.

4) As of 31 December 2020, not including Gasfield property.

5) As of 31 December 2020.



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Josnøya: Property at Josnøya, Hitra, on the central Norwegian west coast. KMC Properties intends to develop a packaging facility at this property together with its largest tenant, BEWI ASA.



Torgardsvegen: Property located at Torgaard, in an established industry area in the southern part of Trondheim. Packaging facility for tenant BEWI ASA.

History and important events in the development of the group

2020

20 January	<ul style="list-style-type: none"> KMC Properties AS was incorporated, but did not have operational activities until 26 May 2020
Between 26 May and 30 September	<ul style="list-style-type: none"> Between 26 May 2020 and 30 September 2020, KMC AS acquired several subsidiaries which in turn owned properties
16 November	<ul style="list-style-type: none"> KMC Properties AS enters into a conditional agreement to purchase all the shares in Pesca Property AS
17 November	<ul style="list-style-type: none"> KMC Properties AS enters into a conditional agreement to form a combined entity with Storm Real Estate ASA (later KMC Properties ASA)
27 November	<ul style="list-style-type: none"> Storm Real Estate ASA (later KMC Properties ASA) successfully completed the placement of a NOK 1 850 million senior secured bond with 3 years tenor
14 December	<ul style="list-style-type: none"> Storm Real Estate ASA (later KMC Properties ASA) successfully completed the NOK 300 million private placement at NOK 7 per share
18 December	<ul style="list-style-type: none"> Extraordinary general meeting held in Storm Real Estate ASA (later KMC Properties ASA) where resolutions in connection to the transaction with KMC Properties AS and related financing activities were adopted
20 December	<ul style="list-style-type: none"> Swedbank's loan to Storm Real Estate ASA (later KMC Properties ASA) was purchased by the ten largest shareholders in the company (as of 17 November 2020) Completion of the agreement to combine Storm Real Estate ASA (later KMC Properties ASA) and KMC Properties AS into one entity, after the final condition for the agreement (purchase of the Swedbank loan) was fulfilled. This completion fulfilled the final condition for the purchase of all the shares in Pesca Properties AS, see item above
22 December	<ul style="list-style-type: none"> Commencement of the offer period in the mandatory offer (Both EBE Eiendom AS and Kverva Industrier AS triggered a mandatory offer when they both acquired more than 40 per cent of the shares in Storm Real Estate ASA (later KMC Properties ASA). Liv Malvik was appointed as new CEO of Storm Real Estate ASA (later KMC Properties ASA)
23 December	<ul style="list-style-type: none"> The NOK 1 850 million senior secured bond was released from escrow account. Same day, Storm Real Estate ASA (later KMC Properties ASA) received NOK 300 million from the private placement. Use of proceeds were refinancing of the previous debt in KMC Properties AS and Pesca Property AS, purchase of four properties in the Netherlands from BEWI ASA, and purchase of Grøntvedt Næringseiendom AS
30 December	<ul style="list-style-type: none"> Storm Real Estate ASA changed its name to KMC Properties ASA and its municipality from Oslo to Trondheim

2021

19 January	<ul style="list-style-type: none"> End of offer period in the mandatory offer, see item above
19 February	<ul style="list-style-type: none"> Completion of subsequent offering related to the NOK 300 million private placement
3 March	<ul style="list-style-type: none"> KMC Properties signs letter of intent with BEWI for development of new packaging hub at Jøsnoya/ Hitra, in line with strategy to grow through initiatives with existing tenants.
13 April	<ul style="list-style-type: none"> KMC Properties acquires industrial property in Denmark from paper packaging company Honeycomb Cellpack, a company owned 51 per cent by BEWI.

Business concept

KMC Properties ASA is a real estate company whose business strategy is to invest in industrial and logistical properties, primarily in the light industry and warehouse segment.

The company's existing portfolio is mainly located in the Nordics and the Netherlands. In addition, the company owns an office building in Moscow, Russia. The company focuses on entering long lease agreements with solid counterparties, to minimize financing costs, to minimize the negative impacts on all three pillars of ESG; Environmental, Social and Governance, to invest in properties that are strategically important to the tenants, and to be the preferable financing source when existing tenants are expanding their facilities.

Business model

KMC Properties' business model aims at creating accretive and durable values, with a clear focus on profitability. The company has an overall long-term objective to generate a maximum risk-adjusted return on invested capital. KMC Properties is focusing on the following pillars of value creation:

- Cash-flow in the company operations
- Long-term sustainable return
- Minimizing the negative impacts on ESG
- Growth and refinement within existing portfolio by continuous investments and proactive property management
- Growth and refinement of the portfolio from strategic new acquisitions
- Growth and refinement of the portfolio through building new facilities for new and existing clients

Investment strategy

KMC Properties invests primarily in industrial and warehouse properties due to the segment's high returns, long lease agreements and stable occupancy rates.

The company will invest in new properties with existing and new tenants, as well as in upgrading of existing properties. KMC Properties aims to collaborate closely with its tenants to be their preferred partner.

The investments increase the company's cash flow and contributes to diversify the company's property portfolio, hence reducing the company's operational and financial risks.

All investments are made with a focus on creating long-term value for investors and tenants, while at the same time minimizing the negative impacts on ESG.

Financing strategy

The choice of strategy to finance the company's business is of great importance and can be the basis for competitive advantages.

Currently, the company finances its operations through common equity, a senior secured bond, a revolving credit facility and retained cash from operations. The company plans to be a recurring issuer in the bond market.

Going forward, the company will focus on minimizing the financing cost while still creating growth and basis for dividend and minimizing the negative impact on ESG.

Strategy for tenants

KMC Properties endeavours to attract a solid and creditworthy base of market leading companies with satisfactory track records and history, and with a significant focus on ESG.

The company mainly enters triple net bare house contracts whereby maintenance, insurance and property tax are covered by the tenant. The contracts are on a long-term base, and the properties are considered strategically important for the tenant's business.

The company seeks to achieve a good and long-term relationship with the tenants, with clear business benefits for both parties.

Strategy for the rental market

KMC Properties invests primarily in properties which is business critical for the tenants. The risk of a decline in the occupancy rate and rent levels due to a weaker rental market is regarded as relatively low due to the solidity of the tenants, the long-term rental contracts, and the strategic importance of the location of the properties.



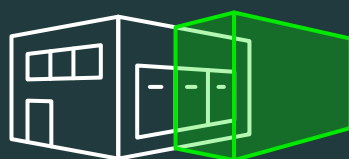
Contract extensions and investments in current portfolio

KMC Properties is continuously working with its tenants on contract renewals and/or extensions, as well as in discussions on potential developments and investments in current properties.

KMC Properties maintains a close relationship with its clients to identify and actively engage in business development activities.

The group has several ongoing projects, and high activity is expected going forward to accommodate activity growth and continuous operational improvements among key clients.

Project- and real estate development makes it possible to meet the changing needs of customers as well as to further develop and refine the property portfolio.



Greenfield development projects

Through its continuous dialogue with both existing and potential new clients, KMC Properties seeks to identify opportunities to expand its portfolio through investments in new facilities for its clients.

The group seeks to further reap from unexploited potential utilizing available land areas for development in collaboration with tenants, focusing on business-critical properties for the tenants.

KMC Properties will also consider acquiring and developing land based on long term contract commitments.

As of 31 December 2020, the group had one greenfield development project at Senja, Norway, together with its tenant BEWI ASA. In addition, after the balance sheet date, the two parties have entered a letter of intent for a development project at Jøsnøya, Hitra, on the west coast of Central Norway.



Acquisitions

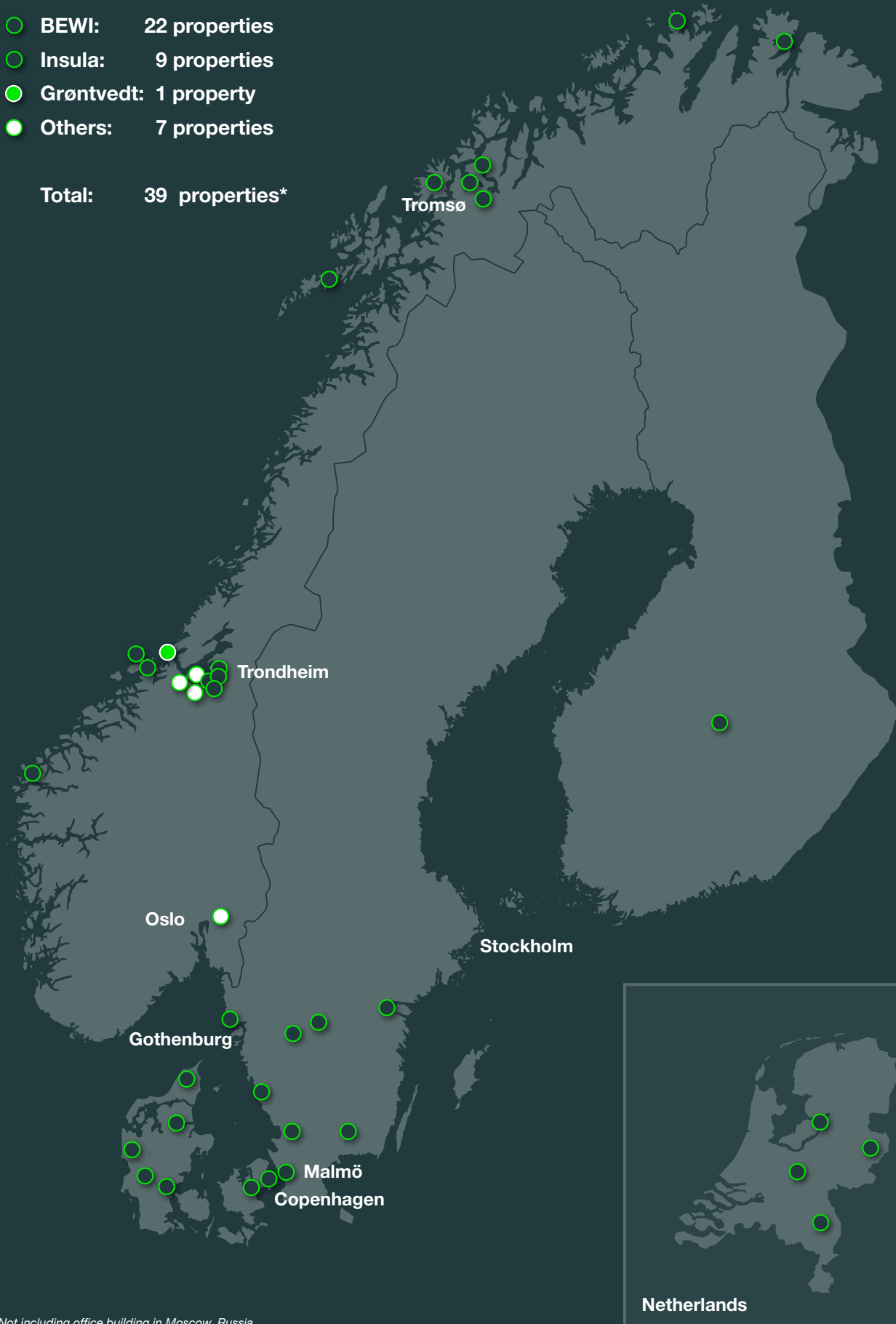
Through 2020, KMC Properties acquired several properties and/or property portfolios. The group expects to continue pursuing strategic growth opportunities.

KMC Properties targets properties that have strategic locations to its tenants, and that are 'built to suit', with substantial relocation costs. The properties should have pre defined and satisfactory yield levels, facilitating value creation through portfolio premiums and bundling of property management.

The group seeks to secure diversification across industries and property types.

- BEWI: 22 properties
- Insula: 9 properties
- Grøntvedt: 1 property
- Others: 7 properties

Total: 39 properties*



* Not including office building in Moscow, Russia

Our properties

Long lease agreements with solid tenants across strategic locations

KMC Properties primarily invest in properties in the light industry and warehouse segment. The company focuses on having long lease agreements with solid counterparties. Most of the properties are at strategically important locations to the tenants.

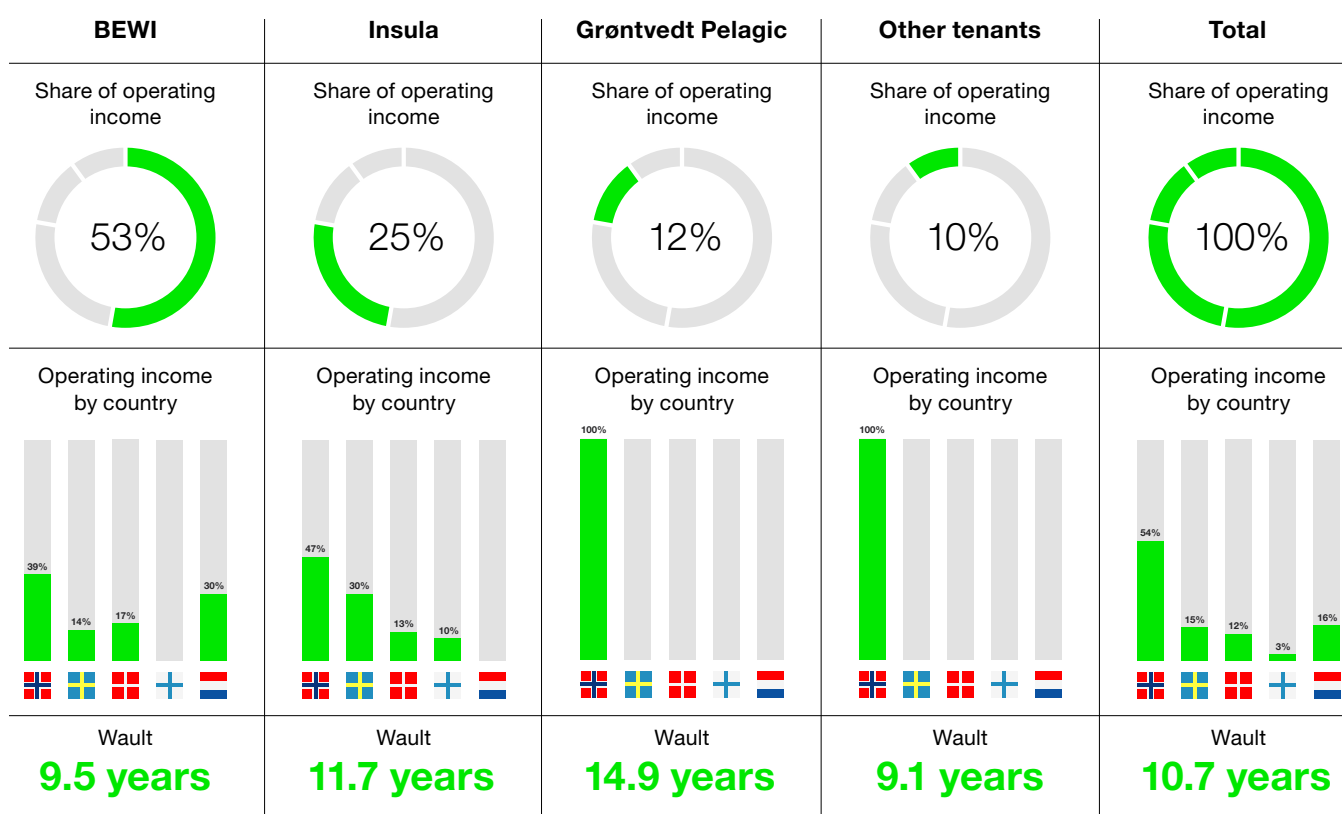
As of 1 April 2021, KMC Properties' portfolio consists of 40 properties, of which 39 industrial- and logistics properties in the Nordics and the Netherlands and one office building in Russia. The largest tenant is the listed packaging and insulation company BEWI ASA, leasing 22 properties and accounting for 53 per cent¹ of the company's operating income. In addition, KMC Properties currently cooperates with BEWI at one development project at Senja, Norway, where KMC is building a fish box facility which will be leased to BEWI upon completion. Further, the two companies have announced an intention to develop a new packaging facility at Hitra, Norway.

The Nordic seafood group Insula AS is the second largest tenant, leasing nine properties and accounting for 25 per cent¹ of KMC's operating income. Insula is vertically integrated from fish stations through processing to strong consumer brands.

KMC Properties has an ambitious growth strategy and expects to grow through both expansion projects for existing clients, new facilities for new and existing clients and acquisition of properties and/ or property portfolios.

The numbers in the illustration below are based on existing contracts as of 31 December 2020.

1) Based on estimated annual run-rate of net operating income calculated from existing contracts as of 31 December 2020.



Letter from the CEO

Building a preferred partner for logistics- and industrial properties

2020 was an extraordinary year for us all. The Covid-19 pandemic disrupted the global economy, putting every company to the test and turning our lives upside down. Yet despite the adverse conditions, we proceeded with a series of agreements, establishing KMC Properties ASA as a major Nordic real estate company focused on owning industrial and logistics properties.

Building an international real estate company

While our origins date back over 40 years, the company KMC Properties AS was established in January 2020 through the merger of the Bekken family's and Kastor Invest's real estate companies. From there we went on to merge with Pesca Properties. In December, KMC Properties AS joined forces with the listed company Storm Real Estate ASA, creating an Oslo Børs-listed real estate company with an expanded international portfolio and a solid platform for growth. Prior to the combination of the two companies, Storm Real Estate was a single asset company actively seeking potential partnerships.

By the turn of the year, our portfolio comprised 39 industrial properties in the Nordics and the Netherlands, in addition to one office building in Moscow, Russia, valued at approximately NOK 3 billion. The properties have long-term lease agreements with solid counterparties and are strategically located in proximity to key areas or key customers of our tenants.

By and large, the pandemic had limited impact on our tenants in 2020. A few tenants, representing less than 1 per cent of our total portfolio, requested reduced rent for a short period of time. Our largest tenant BEWI ASA's automotive manufacturing facility in Skara, Sweden, closed for a few weeks in the early days of the pandemic. However, these temporary disruptions were compensated by growth in activity levels at several other facilities.

Solid financial position

The transformative agreement leading to the combination of KMC Properties and Storm Real Estate included the completion of several significant financial transactions in the fourth quarter of 2020, including a NOK 300 million private placement, the issuance of a NOK 1.85 billion bond loan and the acquisition (and later conversion) of a bank

loan from Swedbank. In a year marked by record-high activity levels in the Norwegian equity and bond markets, it is worth noting that KMC Properties' bond placement featured among the top 10 largest transactions in Norway in 2020. This is a testament to the strength of our business and how favourably investors view our company's future growth prospects. Going forward, we will continue to focus on optimising our capital structure and increasing our financial flexibility to support both our short-term and long-term business plans.

As the above-mentioned combination of our two companies was completed late December 2020, including related acquisitions and financial transactions, the consolidated income statement for the full year of 2020 is of little value. However, it is worth highlighting some of our estimated key figures. The overview below provides selected full-year financials based on existing rental agreements and cost levels:

<i>Amounts in NOK million</i>	<i>Annual run rate</i>
Gross rental income (GRI)	212.8
OPEX	(22.9)
Net operating income (NOI)	189.9
SG&A expenses	(13.8)
EBITDA	176.1
Net financial income (expenses)	(79.5)
Earnings before tax (EBT)	96.6

Strong pipeline of M&A opportunities

With a solid financial position, we are ready to start executing on our growth strategy. We aim to grow both through organic initiatives together with our customers and through our strong pipeline of M&A opportunities.

– Established a solid foundation to deliver on our ambition to double our real estate value over the next five years.

Currently, we are developing a new facility for our largest customer, the listed packaging and insulation company BEWI, at Senja in Northern Norway. We are also planning on developing a new packaging facility for BEWI on Jøsnøya, Hitra, on the west coast of Central Norway. Furthermore, we have several ongoing expansion projects within our current portfolio.

Our M&A opportunities include properties or property portfolios in Europe with similar characteristics as those we have today: strategic locations, long lease agreements and solid counterparts. In the first quarter of 2021, we have acquired a packaging facility in Denmark for approximately NOK 30 million, where the Danish paper packaging company Honeycomb (51 per cent owned by BEWI) will be the tenant. Going forward, we will pursue acquisitions in collaboration with current and new tenants, as well as third parties.

Outlook

Our two largest tenants, BEWI and the leading Nordic seafood company Insula AS, which combined represent 78 per cent of our operating income, are both reporting profitable growth and well-performing operations, and have ambitious plans for their portfolio development. We plan to grow with our tenants, and we see promising opportunities for expansion along the Norwegian coast.

KMC Properties has a strong financial position, a solid property portfolio, committed and long-term industrial owners, ongoing investment projects yielding good returns and a strong pipeline of M&A opportunities.

In addition, we believe that that a strong focus on all three pillars of ESG; Environmental, Social and Governance complies with our aim to optimize profits for our shareholders. Hence, KMC Properties will seek to create sustainable activities that at the same time increases shareholder value.



This provides us with a solid foundation to deliver on our ambition to double our real estate value over the next five years.

Looking back on a year that was filled with so much uncertainty, I would like to thank our tenants, partners, and owners, who chose to put their trust in KMC Properties. We will work hard every day to prove that we are worthy of the support we have been given.

A handwritten signature in green ink that reads "Liv Malvik". The signature is fluid and cursive, written in a professional style.

Liv Malvik
Chief executive officer

Executive management



Liv Malvik

*Chief executive officer
(CEO)*

Liv Malvik has more than 10 years' experience as CEO for various real estate companies, including Heimdal Eien-
domsmegling AS and Grilstad Marina AS. In addition, she was CEO for Inter Revisjon Norge AS for three years, and has close to 20 years' experience from banking, including management positions in Sparebank1 SMN and Fokus Bank AS.

Malvik has a MSc in Business Administration from the Norwegian School of Economics.

Malvik had 14 286 KMC Properties shares at 25 March 2021.



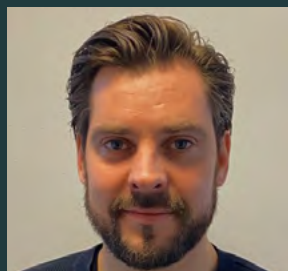
Frode Kristiansen

*Chief financial officer
(CFO)*

Frode Kristiansen has experience from being a partner in BDO and head of sustainability advisory in BDO Norge from 2017 to 2020. Prior to this, he was CFO of Prora Eien-
dom AS. Kristiansen has close to 15 years of experience as accountant and manager for EY.

Kristiansen has MSc in Business Administration from the Norwegian School of Economics.

Kristiansen had no KMC Properties shares at 25 March 2021.



Audun Aasen

*Chief operating officer
(COO)*

Audun Aasen has more than 15 years' experience from the construction and real estate sector, including as a property manager and real estate developer. He also has construction work experience.

Aasen has a University Degree as real estate appraiser and technical construction controller, in addition to a Carpentry Master's Degree.

Aasen had 77 000 KMC Properties shares at 25 March 2021.



Kristoffer Formo

Head of M&A

Kristoffer Formo has more than 20 years' experience from several positions in the finance and real estate business, whereas the last five years as an independent real estate investor. Formo's previous experience includes DNB Næringsmegling, Real Forvaltning, Sparebank 1 Midt Norge, Orkla Finans and M&A advisor at Nordic Corporate Management.

Formo has a bachelor's in finance from the Norwegian business school BI.

Formo had no KMC Properties shares at 25 March 2021.



Skattørvægen: Property located on Skattøra, northern part of Tromsø's main island. Tenant Ventistål AS, a Brodrene Dahl-owned company that produces and sells pipes and accessories to the ventilation industry.

Corporate Governance in KMC Properties ASA

KMC Properties aims to maintain a high standard of corporate governance. Good corporate governance strengthens the confidence in the company and contributes to long-term value creation by regulating the division of roles and responsibilities between shareholders, the board of directors and executive management.

Corporate governance at KMC Properties shall be based on the following main principles:

- All shareholders shall be treated equally
- KMC Properties shall maintain open, relevant, and reliable communication with its stakeholders, including its shareholders, governmental bodies, and the public about the company's activities
- KMC Properties' board of directors shall be autonomous and independent of the company's management
- The majority of the members of the board shall be independent of major shareholders
- KMC Properties' shall have a clear division of roles and responsibilities between shareholders, the board and management

1. Implementation and reporting on corporate governance

Compliance and regulations

The board of directors (the board) of KMC Properties (the company) has the overall responsibility for ensuring that the company has a high standard of corporate governance. The board has prepared a corporate governance policy document addressing the framework of guidelines and principles regulating the interaction between the shareholders, the board, and the Chief Executive Officer (the CEO). The policy is based on the Norwegian Code of Practice (the Code) for Corporate Governance issued by the Norwegian Corporate Governance Board. The objective of the Code is that companies listed on regulated markets in Norway will practice corporate governance that regulates the division of roles between shareholders, the board of directors and executive management more comprehensively than is required by legislation. The board and executive management perform an annual assessment of its principles for corporate governance.

KMC Properties ASA is a Norwegian public limited company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act and listed on the Oslo Børs (Oslo Stock Exchange). The company is subject to section 3-3b of the Norwegian Accounting Act, which requires the company to disclose certain corporate governance related information annually. In addition, the Issuers Rules of Oslo Børs, covered by the Oslo Rulebook II chapter 4.5 requires listed companies to publish an annual statement of its principles and practices with respect to corporate governance, covering every section of the latest version of the Code. The Continuing Obligations also sets out an overview of information required to be included in the statement. The Norwegian Accounting Act is available at www.lovdata.no (in Norwegian), while the Continuing Obligations is available at www.oslobors.no.

KMC Properties complies with the current code of practice, issued on 17 October 2018. The Code is available at www.nues.no.

Application of the Code is based on the 'comply or explain' principle, which means that the company must provide an explanation if it has chosen an alternative approach to specific recommendations.

KMC Properties provides an annual statement of its adherence to corporate governance in its annual report, and this information is also available from www.kmcp.no. This statement describes how KMC Properties has conducted itself with respect to the Code in 2020.

Deviations from the Code: None

2. Business activity

KMC Properties is a real estate company focused on owning industrial and logistics properties. The company's business purpose is set out in its Articles of Association as:

"The company's business shall comprise of trading, investment in real estate property and security instruments and other business operations in this relation, including participation in other companies with corresponding business through equity, loan or issuance of guarantees."

The company's main goals, strategies and risk profiles are presented in the annual report. It is the board's opinion that these objectives, strategies, and risk profiles are within the scope of the business purpose clause. The objectives for the business are set with the intention of creating value for shareholders.

The board has defined clear objectives for the company, to ensure value creation for the shareholders.

Long-term objectives, strategies and the risk profile are evaluated once a year in connection with the work on strategy, or as necessary in connection with major events or structural changes.

Deviations from the Code: None

3. Equity and dividends

The board is committed to maintaining a satisfactory capital structure for the company according to the company's goals, strategy, and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The board will continuously assess the company's capital requirements related to the company's strategy and risk profile.

Equity

As of 31 December 2020, the company's equity totalled NOK 1 259.4 million, which corresponds to an equity ratio of 38.5 per cent. The board considers KMC Properties' capital structure to be appropriate to the company's objectives, strategy, and risk profile.

Dividends

The company aims to have a dividend policy based on the principle of fair distribution of profit among all its shareholders pro rata their respective holdings of shares, considering a rational correlation of the amount paid in dividends and the funds needed to carry out the strategic plans of the company's development. Dividend rights arise on the date they are approved by the general meeting. There are no restrictions involved for non-resident holders.

The company is focusing on pursuing growth through both organic and in-organic initiatives and anticipates paying dividends according to a dividend pay-out ratio in the 30–50 per cent range of the company's net income in the coming years.

Board authorisations

Authorisations to the board to increase the share capital or to buy own shares will normally not be given for periods longer than until the next annual general meeting (AGM) of the company.

At the company's general meeting held on 18 December 2020, the board was granted an authorisation to increase the company's share capital by up to NOK 11 400 000 by issuing up to 57 million new shares, each with a nominal value of NOK 0.2 per share. The authorisation is limited to be used in connection with the Private Placement and the Subsequent Offering. This authorisation was utilized by the board to resolve the issuance of the 42 857 142 new shares in the Private Placement on 22 December 2020. The authorisation expired on 31 March 2021.

Furthermore, the general meeting held on 18 December 2020 granted the board an authorisation to increase the company's share capital by up to NOK 6.0 million, through the issuance of up to 30 million new shares, each with a nominal value of NOK 0.2 per share. The authorisation is limited for use in connection with acquisitions and for general corporate purposes. This authorisation was utilized by the board to resolve the issuance of the 8 571 428 new shares in relation to the acquisition of the properties in the Netherlands from BEWI on 28 December 2020. The authorisation expires on the annual general meeting in 2021, but in no event later than 30 June 2021.

Deviations from the Code: None

4. Equal treatment of shareholders and transactions with close associates

In the event of capital increases based on authorisations issued by the general meeting, where the existing shareholders' rights will be waived, the reason for this will be provided in a public announcement in connection with the capital increase.

Any transactions, agreements or arrangements between the company and its shareholders, members of the board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act.

The board shall arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question is considered immaterial. Directors and members of the executive management team shall immediately notify the board if they have any material direct

or indirect interest in any transaction entered by the company.

As per 31 December 2020, KMC Properties did not own any own shares.

KMC Properties' financial statements provide further information about transactions with related parties.

Deviations from the Code: None

5. Shares and negotiability

KMC Properties has only one class of shares, and all shares have equal rights, including the right to dividend and voting rights. Each share has a face value of NOK 0.20 and carries one vote.

The company emphasizes equal treatment of its shareholders and the shares are freely transferable.

Deviations from the Code: None

6. General meetings

The General Meeting is the highest authority of KMC Properties. All shareholders of the company are entitled to attend and vote at General Meetings of the company and to table draft resolutions for items to be included on the agenda for a General Meeting.

Pursuant to article 7 of the company's articles of associations, the general meeting shall resolve:

- The appointment of the chairman of the board of directors
- The approval of the annual accounts and annual report, including the distribution of dividends
- The appointment of the members and the chairman of the nomination committee
- Other matters that the general meeting is required by law to resolve

The general meeting shall also resolve the board of director's declaration for remuneration of the executive management team in accordance with the Norwegian Public Limited Liabilities Act paragraph 6-16a.

The notice for the general meeting shall be sent to the shareholders no later than 21 days prior to the date of the general meeting. The general meeting may, with a majority vote as for amendments to the articles of association, and with effect for the next annual general meeting, decide that the notice for extraordinary general meetings shall be sent to the shareholders no later than two weeks prior to the extraordinary

general meeting is held. The annual general meeting (AGM) is held each year no later than six months after expiry of the preceding financial year.

The Annual General Meeting for 2021 will be held on 2 June 2021 at the company's head office in Trondheim, Norway. The board and the company's auditor shall be present at general meetings.

Deviations from the Code: None

7. Nomination committee

Article 7 of the company's articles of association stipulates that the nomination committee shall consist of three members. The members shall be elected for a period of two years unless the general meeting decides a shorter period.

The nomination committee shall prepare proposals to the general meeting in relation to the following:

- The appointment of the members of the board of directors and the chairman of the board of directors
- The appointment of the members of the nomination committee and the chairman of the nomination committee
- The remuneration of the board of directors and the nomination committee.
- Any changes in the mandate of the nomination committee or in the articles of association

The Norwegian Public Limited Liabilities Act paragraphs 6-7 and 6-8 shall apply correspondingly for the members of the nomination committee.

Deviations from the Code: None

8. Board of directors: composition and independence

According to article 5 of KMC Properties' articles of associations, the board of directors of the company shall consist of minimum three members. The chair of the board of directors alone, or two members of the board of directors jointly, shall have authority to sign on behalf of the company. The board of directors may designate procurators.

As of 31 December 2020, KMC Properties' board comprise seven members, of which all were elected for a period of two years at the company's extraordinary general meeting on 18 December 2020.

Three of the members are women. The Public Limited Companies Act states that both sexes should be represented by at least three members when the board has between six and eight members.

In appointing members to the board, it is emphasised that the board shall have the requisite competency to independently evaluate the cases presented by the executive management team as well as the company's operation. It is also considered important that the board can function well as a body of colleagues.

Directors shall be elected for periods not exceeding two years at a time, with the possibility of re-election. Directors shall be encouraged to own shares in the company.

An overview of the directors' competence and background is available from the company's website <https://www.kmcp.no/en/management+and+board>.

Independence of the board

All the directors of KMC Properties are deemed to be independent of senior executives. The majority of the members are independent of the company's material business contacts, while three of the members are independent of the company's main shareholders.

Deviations from the Code: None.

9. The work of the board of directors

The overall management of the company is vested in the board and the company's management. In accordance with Norwegian law, the board is responsible for, among other things, supervising the general and day-to-day management of the company's business, ensuring proper organization, preparing plans and budgets for its activities, ensuring that the company's activities, accounts, and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The management is responsible for the day-to-day management of the company's operations in accordance with Norwegian law and instructions prepared by the board. Among other responsibilities, the CEO is responsible for keeping the company's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the company's assets in a responsible manner. In addition, the CEO must, pursuant to Norwegian law, brief the board of directors about the company's activities, financial position, and operating results at least once per month.

The board meets as often as necessary to perform its duties. The current board was elected at the extraordinary general

meeting on 18 December 2020, related to the completion of the transformative agreement combining KMC Properties ASA (former name Storm Real Estate ASA) and KMC Properties AS. The board shall prepare an annual evaluation of its work.

Sub-committees of the board

Audit committee

Pursuant to the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange, the company shall have an audit committee. The audit committee is appointed by the board.

The committee's main tasks are to prepare the board's follow-up of the financial reporting process, monitor the group's internal control and risk management systems, and maintain an ongoing dialogue with the auditor.

The audit committee was elected at the board meeting on 4 February 2021, comprising the following:

- Stig Wærnes, Chairperson
- Børge Klungerbo

The board also approved instructions to the audit committee at the board meeting on 4 February 2021.

Remuneration committee

The board will consider appointing a remuneration committee. Such a committee will evaluate and propose the compensation of KMC Properties' CEO and other members of the executive management team and provide general compensation related advice to the board.

Deviations from the Code: None

10. Risk management and internal control

The board shall ensure that KMC Properties has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The internal control and the systems shall also encompass the company's corporate values and ethical guidelines.

The objective of the risk management and internal control is to manage exposure to risks in order to ensure successful conduct of the company's business and to support the quality of its financial reporting.

The board shall carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

The board shall provide an account in the annual report of

the main features of the company's internal control and risk management systems as they relate to the company's financial reporting.

Internal control of financial reporting is conducted through day-to-day follow-up by management, and supervision by the company's audit committee.

Deviations from the Code: None

11. Board remuneration

The general meeting shall determine the board's remuneration annually. Remuneration of directors shall be reasonable and based on the board's responsibilities, work, time invested and the complexity of the enterprise. The remuneration of the directors shall not be performance-related nor include share option elements.

The board shall be informed if individual directors perform tasks for the company other than exercising their role as directors. Work in sub-committees may be compensated in addition to the remuneration received for board membership.

For the period from 28 June 2019 to and including 24 June 2020, each of the members of the board of KMC Properties, but excluding Morten E. Astrup and Kim Mikkelsen, received a remuneration of NOK 125 000. The Chairman of the board received NOK 250 000 for the same time period.

For the period from 24 June 2020 up to the extraordinary general meeting on 18 December 2020, each of the members of the board of KMC Properties, but excluding Morten E. Astrup, will receive NOK 125 000, and the Chairman of the board NOK 250 000, paid pro rata according to respective time served.

Storm Norge AS was engaged as the company's asset manager and received in total NOK 1 791 669 as remuneration for the year ended 31 December 2020.

Deviations from the Code: None

12. Remuneration of executive management

Pursuant to Section 6-16a of the Public Limited Companies Act, the board prepares guidelines for determination of salaries and other benefits payable to senior executives.

The guidelines will, in line with the said statutory provision, as well as Section 5-6 (3) of the same Act be approved by the general meeting. If the guidelines are materially altered, the new guidelines will be laid before, and approved by the general meeting. The guidelines will be approved by the general meeting at least every four years.

The company's senior executive remuneration policy is based primarily on the principle that executive pay should be competitive and motivating, in order to attract and retain key personnel with the necessary competence.

The statement refers to the fact that the board of directors shall determine the salary and other benefits payable to the CEO. The salary and benefits payable to other senior executives are determined by the CEO in accordance with the guidelines laid down in the statement. The CEO will normally propose the remuneration to senior executives in consultation with members of the remuneration committee.

The board's statement is included in the 2020 annual report and further details relating to the salary and benefits payable to the CEO and other senior executives is available in notes to the financial statements.

Deviations from the Code: None

13. Information and communication

Investor relations

Communication with shareholders, investors and analysts is a high priority for KMC Properties. The objective is to ensure that the financial markets and shareholders receive correct and timely information, thus providing a sound foundation for a valuation of the company. All market players shall have access to the same information, and all information is published in English.

All notices sent to the stock exchange are made available on the company's website and at www.newsweb.no.

Financial information

The company normally holds investor presentations in association with the publication of its quarterly results. These presentations are open to all and provide an overview of the group's operational and financial performance in the previous quarter, as well as an overview of the general market outlook and company's own future prospects. These presentations are also made available on the company's website.

Restricted trading periods

Persons discharging managerial responsibilities (PDMR) are not allowed to acquire or sell shares in the company or related financial instruments during the period from 30 days prior to the publication of the company's interim financial reports, following the regulations of MAR. KMC Properties publishes a financial calendar on Oslo Børs's website, setting out the expected dates of publication for its reports. The dates are also available at the company's website.

Deviations from the Code: None

14. Take-over situations

In a take-over process, should it occur, the board and the executive management team each have an individual responsibility to ensure that the company's shareholders are treated equally and that there are no unnecessary interruptions to the company's business activities. The board has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the board shall ensure that:

- the board will not seek to hinder or obstruct any takeover bid for the company's operations or shares unless there are particular reasons for doing so;
- the board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company;
- the board shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and the board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code. This could include obtaining a valuation and fairness opinion from an independent expert. On this basis, the board shall draw up a statement containing a well-grounded evaluation of the bid and make a recommendation as to whether the shareholders should accept the bid. The evaluation shall specify how, for example, a take-over would affect long-term value creation of KMC Properties.

Deviations from the Code: None

15. Auditor

The auditor is appointed by the AGM and is independent of KMC Properties. Each year the board shall receive written confirmation from the auditor that the requirements with respect to independence and objectivity have been met.

Each year, the auditor shall draw up a plan for the execution of their auditing activities, and the plan shall be made known to the board of directors and the audit committee. The board should specifically consider if the auditor to a satisfactory degree also carries out a control function and the auditor shall meet with the audit committee annually to review and evaluate the company's internal control activities.

The auditor shall be present at board meetings where the annual accounts are on the agenda. Whenever necessary, the

board shall meet with the auditor to review the auditor's view on the company's accounting principles, risk areas, internal control routines, etc.

The auditor may only be used as a financial advisor to the company provided that such use of the auditor does not have the ability to affect or question the auditors' independence and objectiveness as auditor for the company. Only the company's CEO and/or CFO shall have the authority to enter into agreements in respect of such counselling assignments.

At the annual general meeting the board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other specific assignments. The board shall arrange for the auditor to attend all general meetings.

Deviations from the Code: None



Havneveien 1: Property located at Brekstad. Tenant Grøntvedt Pelagic AS, Herring processing and fish oil facility.

Board of directors' report 2020

In 2020, KMC Properties ASA was established through a series of agreements, resulting in an Oslo Børs-listed real estate company focusing on logistics- and industrial properties with an international portfolio. By the turn of the year, the company's portfolio comprised 39 industrial properties in the Nordics and the Netherlands, and one office building in Moscow, Russia. The properties have long-term lease agreements against solid counterparties and are strategically located in proximity to key areas or key customers of our tenants. The Covid 19-pandemic had limited impact on the company in 2020.

Overview of the business

The board of directors' report for KMC Properties ("KMC Properties" or "the group") comprises KMC Properties ASA and all subsidiaries and associated companies. The parent company, KMC Properties ASA, is a Norwegian public limited liability company.

Business and location

KMC Properties is a real estate company focused on acquiring and managing industrial- and logistics properties. The group owns a diversified portfolio of 39 properties in the Nordics and the Netherlands. The properties have long-term lease agreements with solid counterparties, strategically located for the tenants. In addition to the industrial properties, the group owns an office building in Moscow, Russia.

KMC Properties is headquartered in Trondheim, Norway.

History

In December 2020, KMC Properties ASA (formerly Storm Real Estate ASA) completed the acquisition of all the issued and outstanding shares in KMC Properties AS ("the transaction"). The Transaction was accounted for as a reversed takeover with KMC Properties AS being identified as the accounting acquirer.

KMC Properties ASA (formerly Storm Real Estate ASA) was established in 2007 and has had multiple investments across several countries in the past, including direct ownership of real estate as well as indirect exposure through shares in other real estate companies. Prior to the transaction with KMC Properties AS, the company was a single asset com-

pany, owning only an office building in Moscow, Russia (the Gasfield building). The Gasfield building is a class B building with a gross area of 15 000 square meters and a net lettable area of 11 000 square meters. It is located outside the city center of Moscow.

KMC Properties AS was prior to the transaction a privately-owned real estate company established in January 2020. At this time, the company was owned 20 per cent by Kverva Industrier AS, and 80 per cent by EBE Eiendom AS.

In November 2020, KMC Properties ASA and KMC Properties AS entered into a transformative agreement, with the aim to combine the two companies. The transaction was performed by KMC Properties ASA acquiring all issued and outstanding shares in KMC Properties AS, and settling the purchase price by issuing a sellers credit, which was subsequently converted into new shares in KMC Properties ASA.

Consequently, the transaction combined the two entities KMC Properties ASA and KMC Properties AS, and thus transforming the company from a single asset company to a strong and diversified industrial real estate company, owning 40 properties in six countries.

Strategy and objectives

KMC Properties invests primarily in industrial and warehouse properties due to the segment's high returns, long lease agreements and stable occupancy rates. In addition to investing in new properties with new tenants and upgrades on existing properties, KMC Properties aims to collaborate with existing tenants on financing the expansion of their facilities.

The investments increase the company's cash flow and contribute to diversify the company's property portfolio, hence reducing the company's operational and financial risks. All investments are made with a focus on creating long-term value for investors and tenants, while at the same time minimizing the negative impacts on all three pillars of ESG: Environmental, Social and Governance.

The investment strategy is characterized by investments in properties with strategic locations with proximity to key clients, which are business critical for the tenants. In addition, the group is focused on having a solid client base of market leading companies with long heritage and good track records, as well as entering into long-term triple net contracts with contract extension risk virtually eliminated.

KMC Properties has a strong pipeline of accretive organic and inorganic growth opportunities and supportive and committed owners, with strong operational and financial track records.

The group's ambition is to further develop its position as the most attractive real estate partner for existing and new tenants.

KMC Properties' growth strategy consists of the following main elements:

- Investments in current portfolio and contract extensions
- Greenfield development projects
- Acquisitions

Operations

KMC Properties owns 40 properties in Europe. The group's operations consist of investment activities and activities related to the management of the properties owned by the group.

The Gasfield office building in Russia is managed through the company's own organization in Russia, and the local management seeks to maintain a close relationship with its tenants. The other properties owned by the group are managed by KMC Properties.

In addition to investment and management activities, the group performs investments in current properties, including projects involving upgrade and expansion, often in exchange for contract extension. The group also performs to some extent development projects, including investments in new facilities in collaboration with new and existing tenants, as well as acquisitions and development of new land in collaboration with new and existing tenants.

The majority of the group's lease contracts are bare-house contracts, whereby maintenance, insurance and property tax

are covered by the tenant. All contracts except two are 100 per cent CPI adjusted. The remaining two have 80 per cent and no adjustment.

Property portfolio

The group owns 40 properties in Europe, divided in three main portfolios:

- 29 properties are owned indirectly by the subsidiary KMC Properties AS
- 10 properties are indirectly owned by Pesca Property, a subsidiary to KMC Properties AS, and
- 1 property owned by the group in Russia.

The portfolios consist of approximately 345 180 gross square meters rentable area. The properties owned indirectly by KMC Properties AS and Pesca Property are industrial and logistic properties on long-term lease agreements located in Scandinavia and the Netherlands. The property in Russia comprises offices, parking places, a restaurant, and a fitness centre. In Russia there is a local team which manages the local operation.

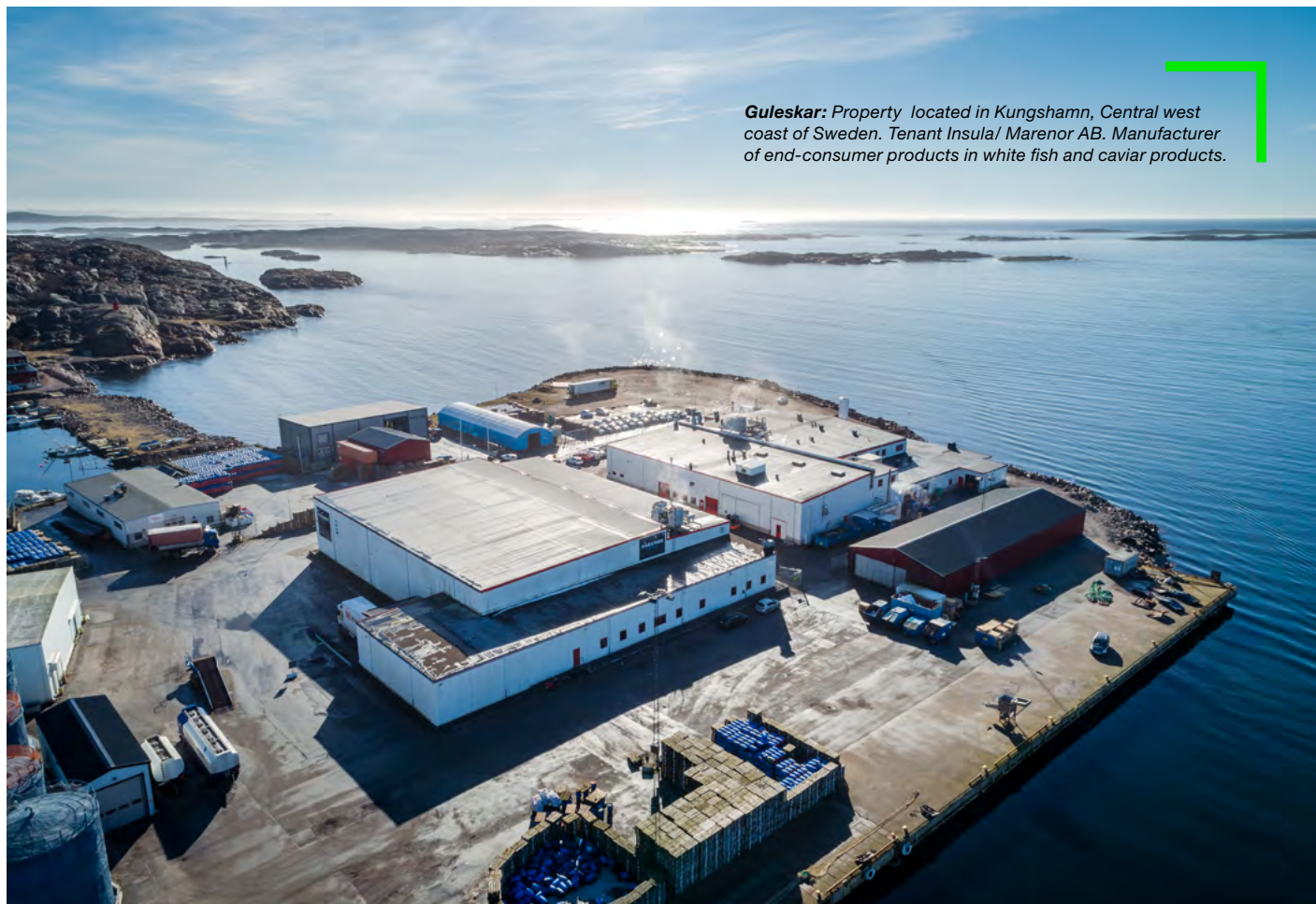
Largest tenants

KMC Properties' three largest tenants are BEWI ASA, Insula AS and Grøntvedt Pelagic AS/Grøntvedt Nutri AS.

BEWI ASA was founded in 1980 by the Bekken family, who since inception has developed the company into becoming one of the leading packaging, components and insulation providers in Europe. The company is a frontrunner in innovation and sustainability. BEWi ASA is strategically integrated throughout the value chain, with revenue diversified across three operating segments, whereof approximately one third is from upstream and two thirds are from downstream. The company has close to 40 production facilities located across Norway, Denmark, Sweden, Finland, the Netherlands, Belgium, and Portugal, including eight recycling sites, and approximately 1 400 employees. BEWI was admitted to trading on the trading facility Euronext Growth in August 2020 and listed on Oslo Børs in December 2020.

Insula AS is a Nordic seafood group focused on product development, value-added processing, and sales of fish and seafood products to the retail and Hotel/Restaurant/Café (HoReCa) markets. The company comprises 20 subsidiaries with approximately 1 100 employees in Norway, Sweden, Denmark, Finland and Iceland and is owned by Kverva Industrier (95.8 per cent ownership). The company has a strategy to consolidate steadfast and traditional companies into one proficient supplier to the Nordic market.

Grøntvedt Pelagic AS and Grøntvedt Nutri AS together serve as a leading platform within industrial processing of



Guleskar: Property located in Kungshamn, Central west coast of Sweden. Tenant Insula/ Marenor AB. Manufacturer of end-consumer products in white fish and caviar products.

pelagic fish, and the world's largest producer of marinated herring. Grøntvedt Pelagic AS has roots as long back as to the 1830s, and it is now the sixth generation Grøntvedt (the name of the family owning the company) who runs the company. The company has been headquartered at Ørlandet since 1999, approximately 50 minutes outside of Trondheim by boat. The location is strategic given the rich resources of pelagic fish in the North Sea. Grøntvedt Pelagic AS exports more than 80 per cent of its production. The companies are connected to many well-known labels in their respective market areas.

Important events in 2020

Establishment of KMC Properties AS

In January 2020, Bekken (Bekken Invest AS and Bewi Holding AS) and Kastor Invest (previously named ABRA) merged their real estate businesses to establish KMC Properties AS. The company did not have operational activities until 26 May 2020.

Acquisitions

Between 26 May 2020 and 30 September 2020, KMC Properties AS conducted a series of acquisitions of real estates

with strong tenants, notably in Sweden, the Netherlands, and Norway. In November, KMC Properties AS acquired all the issued shares in Pesca Property AS, including a total of 10 properties. The Pesca properties are in Norway, Sweden, Denmark, and Finland.

Establishment of KMC Properties ASA

In December, KMC Properties AS combined with KMC Properties ASA (then named Storm Real Estate ASA), creating an Oslo Børs-listed real estate company with an international portfolio and a solid platform for growth. The transformative agreement leading to the combination included completion of several financial transactions, including a NOK 300 million private placement at NOK 7 per share, issuance of a NOK 1 850 million senior secured bond with 3 years tenor and the acquisition (and later conversion) of a bank loan from Swedbank. In December, Liv Malvik was appointed CEO of the group.

As part of the transaction, KMC Properties acquired Grøntvedt Næringsbygg AS by way of a sale-and-leaseback transaction whereas Grøntvedt Pelagic AS and Grøntvedt Nutri AS

entered into a leasing agreement of 15 years with an option to extend the term for 10 years. The total consideration for the property was NOK 220 million.

Development of greenfield project at Senja

KMC Properties is currently involved in a development project relating to the construction of a fully automated fish box production facility at Klubben Næringsområde in Senja, Norway. The facility is located next to SalMar ASAs new fish slaughterery InnovaNor. The tenant of the fish box facility, BEWI ASA, has a long-term agreement with SalMar for delivery of fish boxes.

The construction was initiated in August 2020, and production at the facility is expected to commence in the third quarter of 2021. KMC Properties has entered into an agreement with the tenant BEWI for the construction of the building, including a provision stating that the parties shall enter into a bare house agreement for a period of 15 years including an option for 15 more years.

Financial review

Given that the combining of KMC Properties AS and KMC Properties ASA was completed in late December 2020, including related acquisitions and financial transactions, the financial statements for the full year of 2020 will provide limited guidance. The overview below provides selected full-year financials based on existing rental agreements and cost levels:

<i>Amounts in NOK million</i>	Annual run rate
Gross rental income (GRI)	212.8
OPEX	(22.9)
Net operating income (NOI)	189.9
SG&A expenses	(13.8)
EBITDA	176.1
Net financial income (expenses)	(79.5)
Earnings before tax (EBT)	96.6

The following financial review is based on the consolidated financial statements of KMC Properties ASA and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

In the view of the board, the annual financial statement provides a true and fair view of the net assets, financial position, and result of KMC Properties for the year 2020.

On 20 December 2020, the owners of KMC Properties AS and Storm Real Estate ASA, now named KMC Properties ASA, completed a transformative agreement, combining the two companies. As further described in the selected notes to the

annual financial statement, the transaction is accounted for as a reversed takeover, with KMC Properties AS being identified as the accounting acquirer. Thus, consolidated financial statements have been prepared as if KMC Properties ASA is a continuation of KMC Properties AS.

As a result of KMC Properties AS being the accounting acquirer, the reported numbers in the consolidated statement of comprehensive income for the full year 2020, includes only the numbers for KMC Properties AS from 26 May 2020 which is the date from when the company had operational activities.

Financials for Grøntvedt Næringsbygg AS, Pesca Property AS, former Storm Real Estate ASA are not included in the consolidated income statements, as these companies were formally acquired during the last days of December 2020. Furthermore, the consolidated income statements do not include financials related to the four properties acquired in the Netherlands in December. Financials for acquired entities and properties for this period were considered immaterial.

The consolidated statement of financial position as of 31 December 2020 include all assets and liabilities for the new combined property group.

Profit and loss

Net operating income was NOK 33.1 million in 2020. EBITDA was NOK 453 million in 2020. Earnings before tax amounted to NOK 424.4 million in 2020. Net income was NOK 324.8 million in 2020.

Cash flow

Operating activities generated a cash inflow of NOK 36.0 million in 2020. Investing activities generated a cash outflow of NOK 1 111.9 million in 2020. Financing activities led to a cash inflow of NOK 1 201.0 million in 2020.

Financial position

KMC Properties' assets amounted to NOK 3 291.4 million on 31 December 2020. Investment property is valued at its fair value based on a quarterly valuation update from external valuations. Trade receivables and other receivables, pre-paid expenses and tax were NOK 68 million on 31 December 2020. Bank deposits amounted to NOK 125.1 million at the end of the year. Total non-current liabilities stood at NOK 1 894 million on 31 December 2020. Total equity was NOK 1 259.4 million at the end of the year, representing an equity ratio of 38.5 per cent.

Research and development

KMC Properties does not have any activities classified as research and development.

Parent company results and allocation of net profit

The financial statements for the parent company are prepared using a simplified version of IFRS as accounting principle.

The parent company had a profit before taxes of NOK 67.5 million and a change in deferred tax assets of NOK 45.2 million, thus recorded a net profit of NOK 112.7 million.

The board proposes the following allocation of the net profit of NOK 112.7 million for the parent company:

Transferred to other equity	NOK 112.7 million
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Risk factors and risk management

KMC Properties is subject to several risks, including market, operational and financial risks. The management and the board are working to expand the structure of the group's risk management process.

Market risk

The group is exposed to the economic cycle and macroeconomic fluctuations, as changes in the general global economic situation, such as the level of inflation and the rate of economic growth, could materially affect the value of the group's assets, including the value of the property portfolio. An economic downturn may decrease the market value of some or all the group's properties. In addition, any changes in the commercial property industry in which the group operates could have a negative effect on the property value, including, among other things:

- Reduction in the demand for commercial properties;
- Reduced availability and increased cost of financing for commercial properties; and
- Slowdown in the market for the sale of commercial properties.

Any significant reduction in property value would have a negative impact on the group's future earnings and financial position.

Operational risk

The group owns several properties. On 31 December 2020, the average remaining lease term of the contracts for the properties was approximately 10.7 years. In the event the group is unable to let its properties upon expiry of lease agreements or in the event that lease agreements are terminated, the group will suffer a rental shortfall, and may also be obliged to cover the common costs for the vacant areas until the property is re let. Expenditures related to a property, such as renovation and maintenance costs, are generally not reduced in proportion to any decline in rental income from that property. Consequently, should the group be un-

able to re let its properties upon the expiry or termination of lease agreements, this could have a material adverse effect on the group's financial condition, results of operations and cash flows.

Further, the failure by tenants of the group to meet their obligations could also result in significant loss of rental income for the group and could lead to a decrease in the value of the group's properties which in turn would negatively affect the group's financial condition.

Financial risks

Failure to comply with covenants in financing arrangements may have a material adverse effect on the company. If the company breaches covenants under the loan agreement for the senior secured callable bonds of NOK 1 850 million issued by the company, this loan may be subject to an immediate re payment obligation. There can be no assurances that the group will be able to meet its obligations under current or future financing arrangements. Any breach of existing or future debt covenants and undertakings with a subsequent claim for repayment in full or in a part of the outstanding debt will have a material adverse effect on the group's financial position, operations, and prospects.

Risks related to the valuation of the property portfolio

The group's investment properties are measured at their fair value by the independent external valuer Cushman & Wakefield Debenham Tie Leung Limited. The valuations are based on the individual property's assumed future cash flows, and property values are arrived at by discounting cash flows with an individual risk-adjusted required rate of return. Cushman & Wakefield has performed its valuations based on the information it has received from the group, including lease contracts, estimated development costs and expected lettable area, estimated future market rents, yields, inflation and other relevant parameters, and has not undertaken any technical inspection of the properties nor made any assessment of legal concerns related to the properties. Because of the uncertainty surrounding the input Cushman & Wakefield has received, in particular with respect to expected market rents, discount rates and inflation, estimates of sellable or lettable areas and estimated development costs for projects still in development, there can be no assurance that the fair values assigned to the group's properties accurately reflect the proceeds that the group will be able to generate from any sale of such properties in the future. Moreover, valuation methods that are currently generally accepted and that have been used for the purpose of developing the fair value of the group's properties could subsequently be determined to have been unsuitable. Revised valuation techniques, erroneous valuations in connection with acquisition of property portfolios and other unforeseeable



Havet 45: Property located in Lofoten. Tenant Insula AS, Consumer fish food production facility.

events could result in the group being unable to achieve its projected yields and could have significant adverse effects on the group's business, financial condition, results of operations and cash flows.

Foreign exchange

The group is exposed to foreign currency exchange rate fluctuations. The group operates internationally, and a significant part of its business is conducted in countries with other currencies than NOK, which is the group's functional currency, with rental income from the group's properties being received in DKK, SEK, EUR, and RUB (in addition to NOK). Consequently, fluctuations in DKK, SEK, EUR, and RUB against NOK could adversely affect the financial results of the group.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due and to close out market positions. The group's strategy for managing liquidity risk is to have sufficient liquidity at all times to meet its financial liabilities at maturity, both under normal and exceptional circumstances, without risking unacceptable losses or at the expense of the group's reputation.

For a full overview of the potential risks and uncertainties relating to the group's business and the industry in which it operates, please refer to the notes to the financial statements.

Sustainability

KMC Properties sets high ethical standards, and communication with the outside world is to be open, clear, and honest. The group is responsible for ensuring safe and good workplaces in the local communities where it is present. KMC Properties seeks to create value for society, customers, employees, and shareholders.

KMC Properties does not pollute the external environment to any material extent and does not have operations that require special discharge permits or cleaning measures. Waste is sorted according to the requirements applicable at the various locations.

As a recently established company, KMC Properties has not prepared a sustainability report in accordance with section 3.3c of the Norwegian Accounting Act regarding corporate social responsibility. However, the information included in the board of directors' report is considered to fulfill the requirements in the Accounting Act. The company is in the process

of establishing sustainability reporting, with the intention of including a sustainability report in KMC Properties' annual report for 2021.

KMC Properties has operations in Russia, where corruption is a greater challenge than in Norway. The company is aware of this and has introduced procedures and routines to its daily operations to reduce the risk of corruption. The company is conscious of its role in society related to combating corruption, and operates with a high level of transparency. The board is not aware of any cases of corruption related to the group's operation and will continue to focus closely on this in the future.

Health, safety, security, and environment (HSSE)

The competence of its employees represents a major asset and competitive advantage for KMC Properties.

At the end of 2020 the group employed a total of seven people. Two of the employees were based in Trondheim, Norway, while five employees were based in Russia.

There were no serious work-related accidents in 2020. Sick leave in KMC Properties was 1.1 per cent in 2020 (Martex, the employees in Russia). There are no comparable figures for 2019 as the company was established in 2020.

Equal opportunities

KMC Properties is committed to ensuring that people with different backgrounds, irrespective of ethnicity, gender, religion, sexual orientation, or age, should all have the same opportunities for work and career development at KMC Properties.

KMC Properties takes its social responsibility seriously. In addition to ensuring that the work is carried out safely this involves respecting the freedom of association and not accepting any form of forced labour, child labour or work-related discrimination.

The corporate management team has three male and one female member, who is the Chief Executive Officer. The board of directors has four male and three female members.

Corporate governance

The board of KMC Properties has adopted policies for corporate governance to safeguard the interests of the company's owners, employees, and other stakeholders. These principles and associated rules and practices are intended to create increased predictability and transparency, and thus reduce uncertainties connected with the business. KMC Properties endeavours to have in place procedures that comply with the Norwegian code for corporate governance. This report is approved by the board and is available on the company's website <https://www.kmcp.no>. The board's review of corporate governance is presented in the annual report.

Share and Shareholders

KMC Properties' shares are listed on the Oslo Børs under the symbol KMCP.

As of 7 April 2021, the company had a total of 241 746 544 shares issued and outstanding shares, each with a nominal value of NOK 0.20.

KMC Properties has one share class and all shares have equal rights. The shares are registered in the Norwegian Central Securities Depository (VPS). The shares carry the securities number ISIN NO 0010360175.

KMC Properties' annual general meeting for 2021 is planned to be held at the company's headquarter in Trondheim on 6 June 2021.

Going concern

There have been no events to date in 2021 that significantly affect the result for 2020 or valuation of the company's assets and liabilities at the balance sheet date. The board confirms that the conditions for the going concern assumption have been satisfied and that the financial statements for 2020 have been prepared based on this assumption.

Subsequent events

Mandatory offer

The completion of the transaction combining KMC Properties AS and KMC Properties ASA (previously named Storm Real Estate ASA) resulted in a mandatory offer obligation for both EBE Eiendom AS and Kverva Industrier AS (the two previous majority owners of KMC Properties AS). The offer to acquire the shares in KMC Properties ASA made by EBE Eiendom AS and Kverva Industrier AS at an offer price of NOK 7 commenced on 22 December 2020 and was completed on 19 January 2021.

At the time of expiry of the offer, EBE Eiendom and Kverva Industrier, had received acceptances for a total of 149 369 shares and votes in KMC Properties, corresponding to 0.062 per cent of the share capital and voting rights in KMC.

Subsequent offering

On 11 February 2021, the KMC Properties launched a NOK 30 million subsequent offering with expiration on 18 February 2021. The offering was completed on 19 February 2021, by approval of the board of directors.

Letter of intent with BEWI for development of packaging hub at Hitra, Norway

On 3 March 2021, the KMC Properties announced that it had entered a letter of intent with BEWI for development of a new packaging facility on Jøsnøya, Hitra, on the west coast of Central Norway. The new facility will be BEWI's most modern

and efficient facility for production of fish boxes, and in addition have facilities to serve an increasing volume of reusable boxes and reusable pallets.

Acquisition of industrial property in Denmark

On 13 April 2021, KMC Properties announced that the company had acquired an industrial property in Denmark from the Danish paper packaging company Honeycomb Cellpack A/S ("Honeycomb"). Honeycomb provides paper-based protective packaging solutions, which is both recyclable and biodegradable. KMC Properties' largest tenant, packaging, and insulation company BEWI ASA, on the same day announced its acquisition of 51 per cent of Honeycomb.

The industrial property acquired includes a total of six buildings, comprising a total gross floor area of 5 858 square meters and a plot area of 53 235 square meters. A triple-net bare house lease agreement has been entered with Honeycomb with an initial lease term of 12 years, with an option for Honeycomb to extend the lease term two times by five year each.

Outlook

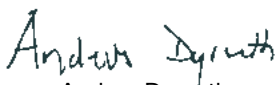
The combination of the two entities KMC Properties AS and former Storm Real Estate ASA and the related transactions completed, has formed a real estate group with a sound foundation for further growth.

In 2021, the company will execute on its growth strategy, including both organic initiatives and M&A opportunities. KMC Properties' ongoing investment projects include greenfield- and expansion projects together with existing customers. In addition, the company has a pipeline of M&A opportunities in line with its strategic priorities.

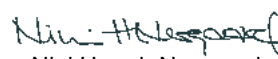
With a strong financial position, a property portfolio with solid counterparts on long lease agreements, ongoing investment projects yielding good returns and a pipeline of M&A opportunities, KMC Properties is well positioned to deliver on the company's ambition to double its real estate value over the next five years.


The board wishes to express its gratitude to KMC Properties' employees, including the executive management, for their dedicated efforts, contributing to KMC Properties' strong growth and successful development.

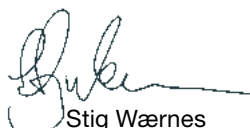
Trondheim, Norway, 29 April 2021,
the board of directors and CEO,
KMC Properties ASA


Anders Dyrseth
Chair


Morten Eivindsson Astrup
Director


Nini Høegh Nergaard
Director


Anna Musiej Aanensen
Director


Stig Wærnes
Director


Marianne Bekken
Director


Børge Klungerbo
Director


Liv Malvik
CEO

Responsibility statement by the board of directors and CEO


We confirm, to the best of our knowledge, that

- The group financial statements for the period from 1 January to 31 December 2020 have been prepared in accordance with IFRS, as adopted by the EU
- The financial statements of KMC Properties ASA for the period from 1 January to 31 December 2020 have been prepared in accordance with IFRS, as adopted by the EU, and accounting standards and practices generally accepted in Norway
- The financial statements give a true and fair view of the group and the company's consolidated assets, liabilities, financial position, and results of operations
- The report of the board of directors provides a true and fair view of the development and performance of the business and the position of the group and the company, together with a description of the key risks and uncertainty factors that the group and the company is facing

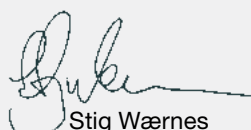
Trondheim, Norway, 29 April 2021,
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Liv Malvik
CEO



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Consolidated statement of comprehensive income

<i>Amounts in NOK thousand</i>	<i>Note</i>	2020
Rental income	7	51 797
Total income		51 797
Property related expenses	7	2 821
Salary expenses	9	1 871
Other operating expenses, external	8	16 645
Depreciation		18
Total operating expenses		21 355
Operating profit (loss) before fair value adjustments		30 442
Gain/loss from fair value adjustments on investment property	11	404 572
Total operating profit (loss)		435 014
Financial income	10	11 600
Financial expenses	10	39 673
Net financial income (expense)		(28 073)
Earning before tax (EBT)		406 941
Tax expense	15	94 310
Profit for the period/year (Net income)		312 631
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Other comprehensive income (translation reserves)	11	(10 059)
Other comprehensive income for the period, net of tax		(10 059)
Total comprehensive income for the period		302 572
Profit attributable to:		
Equity holders of the company		312 631
Non-controlling interest		-
Total comprehensive income attributable to:		
Equity holders of the company		302 572
Non-controlling interest		-
Earnings per share – basic earnings per share (NOK)		4.1
Basic and diluted earnings per share (NOK)		4.1


Consolidated statement of financial position

<i>Amounts in NOK thousand</i>	<i>Note</i>	31.12.2020
ASSETS		
Non-current assets		
Investment property	6, 11	3 089 750
Equipment and other movables		172
Financial derivatives	5, 12	8 021
Other long-term assets		35
Total non-current assets		3 097 978
Current assets		
Trade receivables	5, 12	36 418
Other receivables, prepaid expenses, and tax	5, 12	34 910
Other financial assets	5	154
Cash and cash equivalents	5, 13	125 116
Total current assets		196 598
Total assets		3 294 576
Equity		
Share capital	14	48 153
Share premium		892 397
Total paid-in equity		940 550
Retained earnings and translation reserves		
Translation reserves		(10 059)
Retained earnings		312 631
Total retained earnings and translation reserves		302 572
Total equity		1 243 122
LIABILITIES		
Non-current liabilities		
Deferred tax Liabilities	15	49 965
Loans from credit Institutions	5, 16	1 832 345
Other long-term liabilities	5, 17	26 643
Total non-current liabilities		1 908 953
Current liabilities		
Trade Payables	5	36 404
Income tax payable	15	5 232
Value added taxes	5	24 605
Other current liabilities	5	76 259
Total current liabilities		142 501
Total liabilities		2 051 454
Total equity and liabilities		3 294 576


Trondheim, Norway, 29 April 2021, the board of directors and CEO, KMC Properties ASA


Anders Dyrseth
Chair


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Director


Nini Høegh Nergaard
Director


Anna Musie Aanensen
Director


Stig Wærnes
Director


Marianne Bekken
Director


Borge Klungerbo
Director


Liv Malvik
CEO

Consolidated statement of cash flows

<i>Amounts in NOK thousand</i>	<i>Note</i>	2020
Cash flows from operating activities		
Earnings before tax		406 941
Depreciation of tangible assets		18
Fair value adjustment of investment property	11	(404 572)
Financial items		22 013
<i>Change in working capital:</i>		
- change in trade and other receivables		(63 540)
- change in trade and other payables, excl. corporate tax		64 375
Net cash flow from operating activities		25 235
Cash flows from investment activities		
Acquisition of businesses, net of cash acquired		(1 051 956)
Outflows from financial investments		(189)
Interest received		275
Net cash flow from investment activities		(1 051 870)
Cash flows from financing activities		
Capital increase from issue of shares		259 993
Issue of bond	16, 19	1 850 000
Settlement of debt		(923 345)
Transaction fees paid	16, 19	(17 655)
Interest paid		(17 378)
Net cash flow from financing activities		1 151 615
FX movements on bank deposits		135
Net change in cash and cash equivalents	10	125 116
Opening balance of cash and cash equivalents		-
Cash and cash equivalents at period end		125 116

Consolidated statement of changes in equity

<i>Amounts in NOK thousand</i>	<i>Note</i>	Share capital	Share premium	Translation reserves	Retained earnings	Total equity
Issue of shares 20.01.2020	4, 14	30	(9)	-	-	21
Issue of shares - liquidation	4, 14	(30)	-	-	-	(30)
Issue of shares 11.06.2020	4, 14	1 000	199 000	-	-	200 000
Issue of shares 30.11.2020	4, 14	294	244 200	-	-	244 494
Reverse takeover	4, 14	29 441	(129 961)	-	-	(100 519)
Reverse takeover (original shares SRE)	4, 14	1 767	14 785	-	-	16 552
Reverse takeover (loan converted to equity)	4, 14	5 365	227 693	-	-	233 058
Issue of shares privat placement 22.12.2020	4, 14	8 571	291 429	-	-	300 000
Issue of shares 23.12.2020 Dutch transaction	4, 14	1 714	58 286	-	-	60 000
Transaction cost issue of shares		-	(13 026)	-	-	(13 026)
Profit /(loss) for the period		-	-	-	312 631	312 631
Other comprehensive income (translation reserves)		-	-	(10 059)	-	(10 059)
Total equity at 31 December 2020		48 153	892 397	(10 059)	312 631	1 243 122

Notes to the consolidated financial statements

Note 01 Company information

The KMC Properties ASA real estate group conducts business in Europe. The group's business idea is primarily to acquire and manage commercial industry and logistics properties. The property portfolio is mainly comprising industrial and logistics properties, in addition to a smaller proportion office property. The holding company, KMC Properties ASA, is a public limited liability company with headquarter in Trondheim, Norway. The group owns and manages 40 properties with a total area of approximately 330 000 square metres. As of 31 December 2020, the real estate portfolio had a market value of NOK 3 089 million.

In December 2020 KMC Properties ASA (formerly Storm Real Estate ASA) completed the acquisition of all the issued and outstanding shares in KMC Properties AS. The transaction is accounted for as a reversed takeover with KMC Properties AS being identified as the accounting acquirer. Thus, these consolidated financial statements have been prepared as if KMC Properties ASA is a continuation of KMC Properties AS.

KMC Properties AS was incorporated 31 January 2020, thus these are the first financial statements prepared by the reporting entity (KMC Properties AS). These consolidated financial statements includes the figures from the parent company and subsidiaries listed in note 20. These consolidated financial statements are for the period from incorporation (31 January 2020) until 31 December 2020.

For additional details see note 4 for significant events and transactions.

The company's shares are listed on the Oslo Stock Exchange under the ticker "KMCP".

The consolidated financial statements were adopted by the company's board on 29 April 2021 for final approval by the general meeting on 2 June 2021.

Note 02 Basis of preparation and accounting principles

2.1 Basis of Preparation

The financial statements are prepared in accordance with applicable IFRS standards and interpretations, as adopted by the EU, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

The financial statements include KMC Properties ASA and subsidiaries. Acquired properties are included in the financial statements from the date of acquisition. Management makes estimates and assumptions concerning the future. The accounting estimates will by definition seldom be fully in accordance with the final outcome. Estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate primarily to the valuation of investment property. All notes are in NOK thousands, unless otherwise is indicated. The consolidated financial statements have been presented on the assumption of the business being a going concern.

2.2 Accounting principles

The consolidated financial statements are based on historical cost, except for the following:

- Financial instruments at fair value through profit or loss
- Investment properties which are measured at fair value

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

2.3 Basis of consolidation and business combinations

Subsidiaries are all entities over which the group has control. Control exists when the group is exposed to, or has rights to, variable returns as a result of involvement with the company, and the group is able to impact returns through its power over the company. Control is normally achieved when the group owns – directly or indirectly – more than 50 per cent of the voting shares in the company. The effect of any existing voting rights resulting from exercisable options is included in the assessment of control. The group also assesses whether control exists where fewer than 50 per cent of the voting rights are held, but the group is nevertheless in a position to control the relevant activities.

Such companies are included in the consolidated financial statements from the date on which the group obtains control over the company. In the same way, the company is deconsolidated when control over the company ceases.

The acquisition method is applied to business combinations. The consideration transferred is measured at the fair value of assets transferred, liabilities incurred, and equity instruments issued. The consideration also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs related to business combinations are expensed as incurred. Identifiable assets and liabilities are recognised at fair value at the acquisition date. Non-controlling interests in the acquiree are measured on a case-by-case basis either at fair value or at their share of the acquiree's net assets.

In the case of a step acquisition, equity interests from previous acquisitions are remeasured at the control date to fair value through profit and loss. Any contingent consideration is recognised at fair value at the acquisition date. In accordance with IFRS 9, subsequent changes to the fair value of the contingent consideration are recognised in the income statement or as a change to other comprehensive income if the contingent consideration is classified as an asset or liability. Contingent considerations classified as equity are not remeasured, and subsequent settlement is entered against equity.

Intra-company transactions, balances, and unrealized gains and losses on transactions between group companies are eliminated. The financial statements of subsidiaries are restated where necessary to achieve consistency with the group's accounting policies.

2.4 Functional currency and presentation currency

The group's presentation currency is NOK. Each entity in the group determines its own functional currency, and items included in the income statement of each entity are measured using that functional currency. The functional currency is the currency within the primary economic environment in which the entity operates. Transactions in foreign currencies are initially recorded in the functional currency at the rate on the transaction date. Monetary items denominated in foreign currencies are translated using the functional currency spot rates of exchange on the reporting date. Non-monetary items that are measured at historical cost in a for-

ign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the rate on the reporting date. All currency translation differences are recognised in the income statement.

The assets and liabilities of foreign entities are translated into the presentation currency at the rate on the reporting date, and related income statement items are translated at average exchange rates per quarter. Currency translation differences arising on the translation are recognised as other comprehensive income. In the consolidated financial statements, currency translation differences linked to net investments in foreign operations are included in other comprehensive income until disposal of the net investment, at which point they are recognised in the income statement.

2.5 Segment information

On 20 December 2020, the owners of KMC Properties AS and Storm Real Estate ASA, now named KMC Properties ASA, completed a transformative agreement, combining the two companies to a real estate group, primarily within industrial- and logistics properties.

As the combined group is newly established, the group is working to establish a structure for internal reporting with appropriate operating segments, and thus no segment reporting is presented in the financial statements.

Note 03 Summary of significant accounting policies

3.1 Investment property

Investment property comprises property held to generate rental income or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. Investment property is recognised initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is carried at fair value. Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the withdrawal or disposal of investment property are recognised in the income statement in the year of disposal. Gains or losses on the disposal of investment property are determined as the difference between net selling price and the carrying amount of the asset at the time of sale.

3.2 Property, plant, and equipment

Property, plant, and equipment that is not directly attributed to the investment property is classified as non-current assets and measured at acquisition cost less depreciation and impairment losses. Acquisition cost includes expenditure that is directly attributable to the acquisition of the items.

Costs incurred after the asset has been taken into use are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the acquisition will flow to the group and the cost can be measured reliably. The carrying amount of the replaced part is written down to zero. All other repairs and maintenance are charged to the income statement in the period in which they are incurred.

3.3 Leases

(a) *Where a group company is the lessee*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

The right-of-use assets qualify as investment properties under IAS 40 and is included in the line item Investment property in the consolidated statement of financial position. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

(b) Where a group company is the lessor

Properties leased under operating leases are included in investment property in the company's statement of financial position. Rental income is recognised over the term of the lease on a straight-line basis.

At the start of a lease agreement tenants pay a security deposit. This is treated as an advance payment from the tenants. The tenants then continue to pay in advance for the term of their lease, such that the level of the security deposit is maintained.

Some of the investment properties are on leased land, this land is subleased together with the building on that land. The subleases of the land is accounted for as operating lease agreements similar to the lease of the related investment properties.

3.4 Financial assets*3.4.1 Classification, recognition and measurement*

Financial assets within the scope of IFRS 9 are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a debt instruments to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

As of 31 December 2020 the only relevant category is financial assets at amortised cost and fair through profit or loss.

The group measures financial assets at amortised cost if both of the following conditions are met:

- 1) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impair-

ment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

Since the group's financial assets (trade (rent) and other receivables, cash, and short-term deposits) meet these conditions, they are subsequently measured at amortised cost. The group has entered a cross currency interest rate swap, this derivative is carried at fair value through profit or loss.

3.4.2 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the group's consolidated statement of financial position) when:

- 1) The rights to receive cash flows from the asset have expired, or
- 2) The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

3.4.3 Impairment of trade (rent) receivables

For trade (rent) receivables the group applies a simplified approach in calculating expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. ECL as of 31 December 2020 is immaterial, so no provisions have been made.

3.5 Financial liabilities*3.5.1 Classification, recognition and measurement*

Financial liabilities are classified at initial recognition, and subsequently measured at amortized cost, with some exemptions.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effec-

tive Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance expenses in the statement of profit or loss.

3.5.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.6 Trade (rent) receivables

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to accounting policies on financial assets in note 3.4.

3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

3.8 Share capital and treasury shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Own equity instruments which are bought back (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue, or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in other equity/ other contributed equity. Voting rights related to treasury shares are cancelled and no provision is made for payment of dividends on treasury shares.

3.9 Related-party transactions

A person or a company (or other legal entities) is considered as a related party if he, she or it, directly or indirectly, has the possibility to exercise control or influence over another party in connection with financial and operational decisions. Parties are also considered related if they are under control or significant influence. Loans to certain subsidiaries are considered as part of the group's net investment. Exchange rate changes related to monetary items (receivables and liabilities) which are a part of the company's net investment in foreign entities are treated as currency translation differences, and thus entered against equity.

3.10 Taxes payable and deferred tax

The tax expense for the period comprises taxes payable and change in deferred tax. However, deferred tax is not recorded if it arises on initial recognition of an asset or liability in a transaction, other than a business combination, that affects neither accounting nor taxable profit or loss on the transaction date.

Deferred tax assets are recognised only to the extent that it is probable that there will be future taxable income against which the temporary differences can be utilized. Deferred tax is provided on temporary differences arising on investments in sub-

sidaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related tax asset is realized, or the deferred tax liability is settled. The provision for deferred tax is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities.

Pursuant to the exception in IAS 12, deferred tax or deferred tax asset is not recognised on temporary differences acquired when buying a company which is not a business. If the temporary differences increased after initial recognition deferred tax or deferred tax asset is recognised on the increase. If the temporary differences decreases after initial recognition no deferred tax or deferred tax asset is recognised for the decrease, subsequent increases of temporary differences is included in the basis for deferred tax and deferred tax assets.

Tax effects on other comprehensive income are separated and presented via other comprehensive income. These include exchange differences on net investments in foreign entities.

3.11 Revenue recognition (rental income)

The group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises.

Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the lease term.

3.12 Interest income

Interest income is recognised in income as it is earned using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loans is recognised using the effective interest rate.

3.13 Classification of assets and liabilities

The group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is expected to be realised or intended to sold or consumed in the normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The group

classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

3.14 Financial instruments

Derivatives are financial instruments at fair value through profit and loss unless the derivative is designated as a hedge accounting instrument.

3.14.1 Derivatives and hedging

All the group's currency-, interest-rate swaps and forward exchange contracts are used as economic hedges. Hedge

accounting is not applied. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently recognised continuously at their fair value. Changes in the fair value of derivatives are recognised in the income statement under change financial income/expenses (see Note 7 & 10). The realised payable part of the interest-rate swap agreements is presented under financial cost.

Note 04 Significant events and transactions

KMC Properties ASA is a real estate company focused on owning industrial- and logistics properties.

Before 28 December 2020, the company's legal and commercial name was Storm Real Estate ASA (Storm). As further described

below, a transformative agreement was completed on 20 December 2020, combining Storm and KMC Properties AS, and transforming the company (Storm) from a single asset company to a strong real estate group.

2020	Event
20 January	KMC Properties AS was incorporated, but did not have operational activities until 26 May 2020
26 May	KMC Fårtickan AB
27 May	KMC Properties Sverige Danmark AS
27 May	Hofstadvegen 15 AS
27 May	Industrieiendom Nord AS
27 May	Botngård Eiendom AS
27 May	Rantex Eiendom AS
27 May	Østre Rosten 102b AS
27 May	Østre Rosten 102 AS
2 June	Havnegata 20B AS
25 August	KMC Norrkøping AB
28 August	Maribo property
28 August	Tvilho property
16 November	KMC Properties AS enters into a conditional agreement to purchase all the shares in Pesca Property AS
17 November	KMC Properties AS enters into a conditional agreement to form a combined entity with Storm Real Estate ASA (later KMC Properties ASA)
27 November	Storm Real Estate ASA (later KMC Properties ASA) successfully completed the placement of a NOK 1 850 million senior secured bond with 3 years tenor
14 December	Storm Real Estate ASA (later KMC Properties ASA) successfully completed the NOK 300 million private placement at NOK 7 per share
18 December	Extraordinary general meeting held in Storm Real Estate ASA (later KMC Properties ASA) where resolutions in connection to the transaction with KMC Properties AS and related financing activities were adopted
20 December	Swedbank's loan to Storm Real Estate ASA (later KMC Properties ASA) was purchased by the ten largest shareholders in the company (as of 17 November 2020)
	Completion of the agreement to combine Storm Real Estate ASA (later KMC Properties ASA) and KMC Properties AS into one entity, after the final condition for the agreement (purchase of the Swedbank loan) was fulfilled. This completion fulfilled the final condition for the purchase of all the shares in Pesca Properties AS, see item above

2020	Event
22 December	Commencement of the offer period in the mandatory offer (Both EBE Eiendom AS and Kverva Industrier AS triggered a mandatory offer when they both acquired more than 40 per cent of the shares in Storm Real Estate ASA (later KMC Properties ASA)). Liv Malvik was appointed as new CEO of Storm Real Estate ASA (later KMC Properties ASA)
23 December	The NOK 1 850 million senior secured bond was released from escrow account. Same day, Storm Real Estate ASA (later KMC Properties ASA) received NOK 300 million from the private placement. Use of proceeds were refinancing of the previous debt in KMC Properties AS and Pesca Property AS, purchase of four properties in the Netherlands from BEWi ASA, and purchase of Grøntvedt Næringsbygg AS
30 December	Storm Real Estate ASA changed its name to KMC Properties ASA and its municipality from Oslo to Trondheim
2021	Subsequent events
19 January	End of offer period in the mandatory offer, see item above
19 February	Completion of subsequent offering related to the NOK 300 million private placement

Establishment of KMC Properties AS

KMC Properties AS was incorporated in January 2020. This represents the starting point for the financial reporting of the KMC Properties reporting entity.

KMC Properties AS acquisitions prior to 30 December 2020 (Asset acquisitions)

Prior to 20 December 2020 KMC acquired a 100 per cent share in the above-mentioned companies/properties.

On 26-27 May 2020, KMC AS acquired all of the shares of (i) Industriendom Nord AS from Bewi Holding AS, (ii) KMC Properties Sverige Danmark AS from Bekken Invest AS (50%) and Kverva Industrier (50%), (iii) Hofstadvegen 15 AS from Bekken Invest AS, (iv) Botngaard Eiendom AS from Kastor Invest AS, (v) Rantex Eiendom AS from Kastor Invest AS, and (vi) Østre Rosten 102 AS and Østre Rosten 102 B AS from Abra Midt-Norge AS (100% owned by Kastor Invest AS). KMC Norrkøping AS, Maribo property and Tvilho property was acquired from others.

All these acquisitions were treated as asset acquisitions as the only activity of all these companies (or subsidiaries of these companies) owning one or more investment properties.

Reverse acquisition (The Transaction) of Storm Real Estate ASA (Now KMC Properties ASA)

In November 2020 KMC and Storm Real Estate ASA (KMC Properties ASA) entered into an agreement with the aim to combine the two entities. The transaction was completed in December 2020. Based on the legal structure of the transaction Storm Real Estate ASA acquired 100 per cent of the shares in KMC, for a consideration of 153 678 158 shares at NOK 7 per share in Storm Real Estate ASA. In December 2020, following the transaction with KMC Properties AS, the management of KMC Properties AS became the management of KMC Properties ASA as well. Management has performed an assessment of the transaction between KMC and Storm Real Estate and has determined that, with reference to relevant accounting considerations, this transaction will constitute a reverse acquisition in accordance with IFRS 3. As such, KMC

Properties AS will comprise the acquirer for accounting purposes and KMC Properties ASA (previously named Storm Real Estate ASA) will comprise the acquiree for accounting purposes, and resulting in the continuation of the accounting acquirer (where the assets and liabilities of the accounting acquirer are stated at their pre-combination carrying amounts while the assets and liabilities of the accounting acquiree are stated in accordance with IFRS) and except for its capital structure where the share capital is representing the share capital of the accounting acquiree and other reserves are representing those of the accounting acquirer.

The Pesca transaction

Prior to the combination, KMC Properties AS acquired all of the shares of Pesca Property from Kverva Industrier, Invest Neptun AS and Zebrafish AS. As a part of the Pesca transaction, 10 properties were acquired. The valuation of the properties was performed by Cushman & Wakefield. The rental income related to these properties is approximately NOK 52 million on a yearly basis in total, which constitutes approximately 26 per cent of the total rental income of the KMC Properties.

Acquisition of four properties in Netherlands

As a part of the transaction, the group entered into an agreement with Synbra B.V (a subsidiary of KMC Properties AS) to acquire the 4 subsidiaries of Holland Industrial Properties B.V, Wijchen Investment properties B.V., Oldenzaa1 Investment properties B.V., Someren Investment properties B.V., and Zwartsluit Investment properties B.V. As partial settlement of this acquisition, the seller, Synbra B.V., issued a seller's credit of NOK 60 million, which in connection with the completion of the acquisition on 23 December 2020, was transferred to the company, and subsequently converted to share capital through issuance of new shares in the company to Synbra B.V.

Acquisition of Grøntvedt property

Furthermore, the group acquired Grøntvedt Næringsbygg AS ("Grøntvedt"), for a total consideration of NOK 220 million, which was settled in cash at the closing of the acquisition, on 23 December 2020, with the net proceeds from the bond issue.

The private placement

In connection with the transaction, the company implemented a NOK 300 million private placement of 42 857 142 new shares, directed towards certain shareholders of the company and new investors, at an offer price of NOK 7.00 per share (the "private placement"). The private placement was resolved by the board of the company on 22 December 2020, pursuant to a board authorization for issuance of new shares, granted by the extraordinary general meeting held on 18 December 2020. The purpose of the private placement was to strengthen liquidity in the company's shares, and along with the bond issue the use of proceeds was to refinance existing bank debt and part of shareholder loans in KMC Properties AS, purchase of new properties (the 4 properties in Netherlands and the Grøntvedt property) in line with the company's strategy and, as well as general corporate purposes.

The Conversion of the Swedbank Loan

Furthermore, Aconcagua Management Ltd (a company wholly owned by Morten E. Astrup) and certain other shareholders of the company, as a part of the transaction, acquired the company's outstanding debt towards Swedbank AB in accordance with the refinancing agreement dated 27 May 2020 and conditions set by the board. Following the purchase, the outstanding debt was thereafter converted to 26 824 020 new shares in the company at the same price as in the private placement and the transaction.

The bond issue

In connection with the transaction, the company issued senior secured callable bonds of NOK 1 850 million through a private placement. The proceeds from the bond issue were used to refinance shareholder loans, existing bank debt and for general corporate purposes including acquisitions of the combined company. Following completion of the transaction and the private placement, the funds from the bond issue were released from escrow on 23 December 2020.

The company intends to apply for listing of the bonds on the Oslo Stock Exchange.

As part of the bond issue, KMC Properties, certain other group companies and the property-owning subsidiaries of the company in Norway, Sweden, Denmark, Finland, and the Netherlands have granted guarantees and security over the shares in each of the property ownings companies, bank accounts, properties, inter-company receivables, floating charges over trade receivables, and property insurances to secure the bonds.

Acquisition of subsidiaries by the group*When acquiring a new subsidiary defined to be a business*

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group when the acquisition is defined as a business under IFRS 3. The acquisition cost is meas-

ured as the fair value of assets used as consideration, equity instruments issued, and liabilities incurred at the transfer of control. Direct costs related to the acquisition are expensed in the income statement at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities are recognised at fair value at the date of acquisition, irrespective of any minority interest. The excess cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement at the date of acquisition.

When acquiring a new subsidiary defined to be an asset acquisition

Purchases of single-purpose entities owning only property, with no employees, management or recorded procedure descriptions are not considered as the acquisition of business (IFRS 3 Business Combinations is not applicable). The purchase price is cost at initial recognition defined according to IAS 40. Cost is the amount of cash or cash equivalents paid or the fair value of other considerations given to acquire an asset at the time of its acquisition or construction.

With the exception of the reverse acquisition of Storm Real Estate ASA, all acquisitions in 2020 are treated as asset acquisitions (not business combinations), thus no goodwill has been recognised.

Additional disclosures on business combinations (Storm Real Estate ASA)

The consideration in the reversed acquisition of Storm Real Estate ASA was valued at NOK 62 million, consisting of the 8 834 563 shares at NOK 7 per share in Storm Real Estate ASA (shares in the listed entity before the transaction).

Major class of assets and liabilities assumed were as follows (as of 30 June 2020):

Amounts in NOK million

Investment property	210
Other assets	14
Non-current liabilities	118
Current liabilities	8

Revenue from Storm Real Estate ASA included in the consolidated financial statement amounts to NOK 0 million, profit/loss included amounts to NOK 0 million. If the transaction took place at the beginning of the year revenue would be included with NOK 21 million and profit/loss would be included with NOK 40 million.

Note 05 Financial risk management

The group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The group was established in January 2020, several material transactions and events took place during the year, so the risk exposure

to financial instrument risks has changes significantly during the year, the objectives, policies and processes for managing those risks or the methods used to measure them has been changed in line with the changes in the risk exposure to financial instruments.

Principal financial instruments

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Investments in quoted and unquoted equity securities
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate bank loans
- Interest rate swaps, and
- Forward currency contracts

FINANCIAL INSTRUMENTS BY CATEGORY:

Financial assets

<i>Amounts in NOK thousand</i>	Amortised cost 31.12.2020	Fair value through profit or loss 31.12.2020	Total
Cash and cash equivalents	125 116	-	125 116
Land plot lease agreements (financial asset)	945	-	945
Currency and interest swaps (long-term)	-	8 021	8 021
Currency and interest swaps (short-term)	-	154	154
Trade receivables (non-interest bearing)	36 418	-	36 418
Other receivables	34 910	-	34 910
Total financial assets at 31 December 2020	197 389	8 175	205 564

Financial liabilities

<i>Amounts in NOK thousand</i>	Amortised cost 31.12.2020	Fair value through profit or loss 31.12.2020	Total
Interest-bearing loans and borrowings (bond)	1 832 345	-	1 832 345
Land plot lease agreements (financial liability)	945	-	945
Trade payables (non-interest bearing)	36 404	-	36 404
Other financial liabilities	26 643	-	26 643
Other current liabilities (non-interest bearing)	106 096	-	106 096
Total financial liabilities as of 31 December 2020	2 002 431	-	2 002 431
Net financial assets and liabilities as of 31 December 2020	(1 805 042)	8 175	(1 796 867)

Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

Financial instruments measured at fair value

The table below shows an analysis of fair values of financial instruments in the Statement of Financial Position, grouped by level in the fair value hierarchy:

Level 1 - Quoted prices in active markets that the entity can access at the measurement date.

Level 2 - Use of a model with inputs other than level 1 that are directly or indirectly observable market data.

Level 3 - Use of a model with inputs that are not based on observable market data.

All financial derivatives are currency and interest swap agreements booked at fair value according to level 2.

Financial assets measured at fair value

<i>Amounts in NOK thousand</i>	Level 1	Level 2	Level 3	Total
Currency and interest swaps (long-term)	-	8 021	-	8 021
Currency and interest swaps (short-term)	-	154	-	154
Sum financial assets measured at fair value	-	8 175	-	8 175

There were no transfers between levels during the period.

Derivatives

The fair value of financial derivatives, including currency forward exchange contracts/swaps and interest-rate swaps, is determined by the net present value of future cash flows, calculated using quoted interest-rate curves and exchange rates at the balance-sheet date. The technical calculations are generally performed by the group's banks. The group has checked these valuations and tested them for reasonableness.

The group uses derivatives to manage its interest rate risk. Derivatives are initially recognized at fair value on the date on which the contract was signed, and subsequently at fair value. Gains or losses on remeasurement at fair value are recognized in the income statement. Regular payments are presented as interest and other finance expenses. Changes in the value of the derivatives are presented under "Changes in value of financial instruments".

The fair value of interest rate swaps is the estimated amount the group would receive or pay to redeem the contracts on the balance sheet date. This amount will depend on interest rates and the contracts' remaining term to maturity. The derivatives are classified on the balance sheet as current or non-current, depending on whether they are expected to be redeemed under or over 12 months from the balance sheet date.

General objectives, policies and processes

The board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The board receives monthly reports from the group financial controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The group's internal auditors also review the risk management policies and processes and report their findings to the audit committee. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below.

Net foreign currency financial assets / liabilities

Functional currency of individual entity

<i>Currency Amounts in NOK thousand</i>	NOK	SEK	DKK	EUR	USD	Total
NOK		(143 695)	(195 611)	(394 247)	(245)	(733 798)
SEK	54 329		-	-	-	54 329
DKK	1 687	-		-	-	1 687
EUR	110	-	3 797		(73)	3 834
USD	-	-	-	-		-
Total net exposure	56 127	(143 695)	(191 814)	(394 247)	(318)	(673 948)

The group is exposed to market risk (including interest rate risk), credit risk and liquidity risk. The risk policies are continuously being assessed by the board of directors and the appropriate policies and procedures to identify, measure and manage the financial risks has been implemented. The group's overall risk management programme seeks to minimize potential adverse effects on the group's financial performance.

5.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Currency risk

Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the group.

The group is predominantly exposed to currency risk on lease contracts in EURO, SEK and DKK, and the risk is hedged using currency swaps.

Apart from these particular cash-flows the group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

As of 31 December the group's net exposure to foreign exchange risk was as follows:

(ii) Interest rate risk on cash flows and fair value

The group is exposed to cash flow interest rate risk from long-term borrowings at variable rate, and the risk is hedged using interest rate swaps.

During 2020, the group's borrowings at variable rate were denominated in NOK.

5.2 Liquidity risk

Liquidity risk is the risk that The group will not be able to meet its obligations at maturity, and the risk that The group will not be able to meet its obligations without a significant increase in cost. The group's objective is to maintain a reasonable balance between debt and equity and to have sufficient available cash to fulfil obligations from The group's activity.

The table below illustrates the maturity structure of liabilities.

Maturity structure

<i>Amounts in NOK thousand</i>	Booked amount	Year 1	Year 2	Year 3-5	After year 5
Financial liability as of 31 December 2020					
Loans from credit institutions	1 832 345	-	-	1 832 345	-
Payment of interest and interest swap	-	80 700	80 700	80 700	-
Other long-term liabilities*	9 732	3 482	-	-	6 250
Trade payables	36 404	36 404	-	-	-
Other current payables	76 549	76 549	-	-	-
Total	1 955 030	197 135	80 700	1 913 045	6 250

* Booked amount also includes NOK 16 911 thousands in lease liability related to right of use assets. Reference is made to note 17 Other long term liabilities for maturity structure of lease liability.

5.3 Capital risk management

The main purpose of the group's capital management is to maintain a reasonable balance between debt and equity. Note 16 describes covenants and target for the loan-to-value ratio. The target is set with consideration to value development in the group and the opportunity to obtain the necessary financing.

Recent events within Russia suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and, as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, additional taxes, penalties and interest may be assessed.

5.4 Russian tax risk

The Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the group may be challenged by the relevant regional and federal authorities.

Separately, new deoffshorization rules, which came into force starting 1 January 2015, may have influence on tax effecting the group and should be mentioned. In accordance with these rules the Russian tax authorities have the right to challenge application of the double tax treaty benefits (beneficial ownership concept). These amendments as well as the concept of taxation of capital gains from indirect sale of property-rich companies, may impact the group.

Note 06 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations about future events which are believed to be reasonable under current circumstances. Corporate management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual figures. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are outlined below.

6.1 Fair value of investment properties

Investment property is valued at its fair value based on a quarterly valuation update based on external valuations. The valuations on 31 December 2020 were obtained by Cushman & Wakefield. The valuations are mainly based on the discounted cash flow

method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. Both contractual and expected cash flows are included in the calculations. Fair-value assessment of investment properties, therefore, depends largely on assumptions related to market rents, discount rates, and inflation. Market rents are based on individual assessments of each property and the segmentation of different areas within the properties if relevant. To the extent that specific development potential is associated with a property, an assessment is made of whether this support or influences fair value. Updated macroeconomic assumptions for inter-

est-rate levels, inflation expectations, and so forth are applied in the calculations. Based on an assessment of the properties, tenants, and macroeconomic conditions at the balance sheet date, cash flows are discounted using discount rates based on individual assessments of each property.

The external valuer performs their valuations on the basis of the information they have received, and estimate future market rents, yields, inflation, and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades where applicable. The remaining term of the leases is also assessed for risk, along with any spe-

cial clauses in the contracts. Each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc).

The sensitivity of the fair-value assessment of investment properties depends to a considerable extent on assumptions related to yield, interest rates, market rents and operating costs for the properties. The table below presents examples of how changes related to each of these variables influenced property values, at 31 December 2020, assuming all other variables remained constant (amounts in NOK million). However, there are interrelationships between these variables, and it is expected that a change in one variable may influence one or more of the other variables.

Variables	Change of variables	Value change (+)	Value change (-)
Exit yield	+/- 0.25 per cent points	(44)	48
Discount rate	+/- 0.25 per cent points	(89)	86
Operating costs	+/- 10 per cent	(16)	15
Market rent	+/- 10 per cent	150	(150)
Average rental growth	+/- 0.5 percentages points next 10 years	115	(109)

The calculations have been performed by Cushman & Wakefield in connection the valuations at 31 December 2020.

6.2 Accounting treatment of the Storm Real Estate ASA (Now KMC Properties ASA) and KMC Properties AS transaction

The assessment of how to account for this transaction involve significant judgement, see details in note 4.

Note 07 Tenancy agreements

Net Operating Income (NOI) from Properties

Amounts in NOK thousand	2020
Rental Income	51 797
Property related costs	(2 821)
NOI from properties	48 976

The group mainly enters into long-term lease agreements with solid counterparties, strategically located for the tenants. With the exception of the Gasfield property, all lease contracts are triple-net barehouse lease agreements. Lease payments of the contracts include CPI increases.

The group's future undiscounted accumulated rent from operational lease contracts at 31 December

Amounts in NOK thousand	2020
≤ 1 year	213 076
Between 1 and 2 years	202 499
Between 2 and 3 years	198 413
Between 3 and 4 years	193 056
Between 4 and 5 years	194 419
≥ 5 years	1 232 408
Total	2 233 870

The group's lease contracts at 31 December 2020 have the following maturity structure measured in annual rent ¹⁾

<i>Amounts in NOK thousand</i>	No of contracts ²⁾	Contract rent	Contract rent, %
≤ 1 year	111	17 442	8%
Between 1 and 5 years	17	19 593	9%
Between 5 and 10 years	19	72 935	33%
≥ 10 years	17	109 970	50%
Total	164	219 941	100%

1) The rent is stated as the annualised undiscounted contractual rent, and is therefore not reconcilable with the rental income for the year for accounting purposes.

2) Gasfield is included with 110 of 111 contracts with maturity under 1 year, and 15 of 17 contracts with maturity between 1 and 5 years.

The table above shows the remaining non-terminable contractual rent for current leases without taking into account the impact of any options.

Summary of significant contracts

At 31 December 2020 the occupancy rate of investment properties was 98.7 per cent, calculated by leased lettable area (sqm) divided by total lettable area (sqm).

Specification of tenants representing more than 10 per cent of the group's income in the financial year

<i>Amounts in NOK thousand</i>	2020
BEWI & subsidiaries	34 682
Kastor Invest AS & subsidiaries and related parties and jointly controlled entities	13 635
Total income from tenants representing more than 10% of the group's income	48 317

Note 08 Other operating expenses**Other operating expenses**

<i>Amounts in NOK thousand</i>	2020
Legal, agency and consultancy fees	10 508
Accounting	2 217
Auditors	548
Other operating expenses	3 372
Total other operating expenses	16 645

Auditor expenses

<i>Amounts in NOK thousand</i>	2020
Audit fees	246
Other services	302
Total auditor expenses	548

As a result of KMC Properties AS being the accounting acquirer, other operating expenses includes only the numbers for KMC Properties AS and subsidiaries.

Reference is made to the company accounts of KMC Properties ASA for information related to that grouping.

Note 09 Personnel costs

<i>Amounts in NOK thousand</i>	2020
Salary expenses	
Salaries, performance-related pay and other taxable benefits	1 737
Employers' Natural Insurance contributions	-
Pension expenses	98
Other personnel costs	36
Board fees	-
Total salary expenses	1 871
Number of employees	2

<i>Amounts in NOK thousand</i>	Salary	Pension costs	Other
Overview of total remuneration to senior executives			
Liv Malvik, CEO ¹	963	58	3
Audun Aasen, COO	886	28	117

1) Liv Malvik was employed in KMC Properties AS 1.6.2020. Remuneration information for Audun Aasen includes remuneration also from before 26 May 2020 which is the date from when the company had operational activities. CFO is hired and expenses is included under OPEX.

Statement on the determination of salaries and other remuneration of senior executives

Salaries and other remuneration to the CEO are determined by the board, while remuneration to any other senior executives determined by the CEO, in consultation with the chairman of the board.

Efforts are made to create the conditions for recruiting and retaining members of the management who possess the qualities required to run the company, and not least promote value creation. The individual employee's remuneration must be competitive and reflective the person's area of responsibility and execution of the work. The remuneration of 2020 consist of a

combination of fixed ongoing benefit and other remuneration, including:

- Benefits in kind that appear in employment contracts (for example telephone / IT solutions, company car and insurance schemes).
- Pension schemes.

The remuneration shall not include schemes as mentioned in the Public Limited Liability Companies Act § 6-16 a, without this having been approved in advance by the company's general meeting. The board will not otherwise determine any monetary or other conditions for remuneration in addition to basic salary.

Note 10 Net financial income (expenditure)

Finance income and costs from continuing operations:

<i>Amounts in NOK thousand</i>	2020
Finance income	
Interest income	275
Other finance income	11 325
Total finance income	11 600
Finance costs	
Interest costs from loans measured at amortised cost	22 340
Changes in fair value, financial derivatives over profit and loss	100
Other finance costs	17 285
Total finance costs	39 725
Foreign exchange gains and losses	
Foreign exchange gains	52
Foreign exchange losses	-
Total foreign exchange gains and losses	52
Net finance gains (losses), continuing operations	(28 073)

Note 11 Investment property

The valuation of the properties at 31 December 2020 has been performed by an independent expert valuer, Cushman & Wakefield. The variables used for valuation are both company specific and market derived. Company specific variables include contractual rental income and expenses. Market derived variables include, inter alia, market rent rates, market discount rates and market capitalisation rates. The carrying value of the properties in the balance sheet reflects the values given a long-term perspective. Also see note 6 for critical accounting estimates and assumptions.

<i>Amounts in NOK thousand</i>	2020
Opening balance	-
Additions in period	2 695 237
Fair value adjustments in period	404 572
Translation adjustment	(10 059)
Value at period end	3 089 750

The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. Both contractual and expected cash flows are included in the calculations. Fair-value assessment of investment properties, therefore, depends largely on assumptions related to market rents, discount rates, and rental growth. Market rents are based on individual assessments of each property and the segmentation of different areas within the properties if relevant. To

the extent that specific development potential is associated with a property, an assessment is made of whether this support or influences fair value. Updated macroeconomic assumptions for interest-rate levels, inflation expectations, and so forth are applied in the calculations. Based on an assessment of the properties, tenants, and macroeconomic conditions at the balance sheet date, cash flows are discounted using discount rates based on individual assessments of each property.

The external valuer performs their valuations on the basis of the information they have received, and estimate future market rents, yields, inflation, and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and operating costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades where applicable. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc).

The sensitivity of the fair-value assessment of investment properties depends to a considerable extent on assumptions related to yield, interest rates, market rents and operating costs for the properties. The table below presents examples of how changes related to each of these variables influenced property values, at 31 December 2020, assuming all other variables remained constant (amounts in NOK million). However, there are interrelationships between these variables, and it is expected that a change in one variable may influence one or more of the other variables.

Variables	Change of variables	Value change (+)	Value change (-)
Exit yield	+/- 0.25 per cent points	(44)	48
Discount rate	+/- 0.25 per cent points	(89)	86
Operating costs	+/- 10 per cent	(16)	15
Market rent	+/- 10 per cent	150	(150)
Average rental growth	+/- 0.5 percentages points next 10 years	115	(109)

The calculations have been performed by Cushman & Wakefield in connection the valuations at 31 December 2020.

Input for valuations – overview

	Investment property
Valuation method, reference is made to note 5	Level 3
Valuation model	DCF
WAULT	10.7years
Net yield (interval)	4.1% - 11.8%
Contract rent at 31 December 2020, measured in annual rent (NOK thousands)	219 941

Note 12 Other receivables, trade receivables and financial derivatives

<i>Amounts in NOK thousand</i>	2020
Other receivables	
Pre-paid income tax	439
Other receivables	34 471
Total other receivables	34 910
Financial derivatives	8 021

The age analysis of trade receivables is as follows

<i>Amounts in NOK thousand</i>	2020
Not overdue	18 446
0-30 days	11 858
31-60 days	1 422
61-90 days	2 297
91 days +	2 396
Total trade receivables	36 418

Expected Credit Loss (ECL) as of 31 December 2020 is immaterial, so no provisions have been made.

Principle amounts:

EUR swap	NOK 350 million
DKK swap	NOK 165 million
SEK swap	NOK 240 million
Maturity date	11.12.2023
Exchange rate EUR/NOK	10.63
Exchange rate DKK/NOK	1.428
Exchange rate SEK/NOK	1.05
Fixed interest rate - EUR	3.740%
Fixed interest rate - DKK	3.745%
Fixed interest rate - SEK	4.267%

The group has cross currency and interest rate swaps to hedge risk against exchange rate and interest rate fluctuations.

Note 13 Cash and Bank depositis

<i>Amounts in NOK thousand</i>	2020
Bank deposits	124 766
Restricted bank deposits	351
Total bank deposits	125 116

Restricted bank deposits relate to the withholding tax account.

The cashflow statement reflects that KMC Properties AS was deemed as the accounting acquirer. In the legal structure KMC Properties ASA (former Storm Realstate ASA) acquired all shares in KMC Properties AS.

In the transaction KMC properties ASA (legal acquirer) issued a bond booked at approx NOK 1 850 million. The bond was, together with paid in capital, used to settle existing loans and debt to owners. As a consequence of the reverse takeover, there is no net cashflow from the bond issue and settlement of debt.

Note 14 Shareholder capital and shareholders**Share capital and nominal value**

	31.12.2020
Shares issued	240 765 311
Nominal amount in NOK	0.2
Share capital in NOK	48 153 062

Changes in number of shares during the year (reflecting the reverse takeover)

	Number of shares in accounting aquirerer	Conversion rate	Total
Shares at incorporation	300	11874	3 562 312
Repurchase of shares 11.06.2020	(300)	11874	(3 562 312)
Issue of shares 11.06.2020	10 000	11874	118 743 747
Issue of shares 30.11.2020	2 942	11874	34 934 411
Reverse takeover 20.12.2020 original shares in SRE ASA	-	-	2 364 563
Reverse takeover 20.12.2020 Issue of shares link to the debt conversion and transaction	-	-	33 294 020
Issue of shares privat placement 22.12.2020	-	-	42 857 142
Issue of shares 23.12.2020 in connction with the Dutch transaction	-	-	8 571 428
Number of shares as of 31 December 2020	-	-	240 765 311

All shares are fully paid. There is only one share class. All shares have equal rights.

KMC Properties ASA is listed on the Oslo Børs (Oslo Stock Exchange) under the symbol KMCP.

The shareholder list shows the shareholder register from VPS at 31 December 2020.

Any trades via brokers before the closing date which is registered after the closing date is not reflected in the shareholder list.

Shareholder	% holding	Country	Type	Shares
EBE Eiendom AS	36.1%	Norway	Ordinary	86 956 529
Kverva Industrier AS	33.8%	Norway	Ordinary	81 352 880
Surfside Holding AS	6.2%	Norway	Ordinary	14 815 475
DnB NOR Markets	5.7%	Norway	Ordinary	13 673 020
Aconcagua Management LTD	4.5%	Bermuda	Ordinary	10 833 649
NORDEA Bank ABP	3.6%	Sweden	Nominee	8 571 442
LIN AS	1.2%	Norway	Ordinary	2 926 942
Banan II AS	1.1%	Norway	Ordinary	2 694 878
Pactum AS	1.1%	Norway	Ordinary	2 662 319
Skottind Invest AS	0.7%	Norway	Ordinary	1 768 238
Total 10 largest shareholders	94%			226 255 372
Other shareholders	6%			14 509 959
Total	100%			240 765 331

* Nominee = Nominee Accounts; foreign institutions holding shares on behalf of clients.

Shares controlled by directors	Via	Shares
Anders Dyrseth		
Morten Eivindsson Astrup	Via Aconcagua Management LTD and Surfside Holding AS	25 649 124
Nini Høegh Nergaard		
Anna Musiej Aanensen		
Stig Wærnes	Via Snewær AS	142 857
Marianne Bekken		
Børge Klungerbo		
Shares controlled by senior executives	Via	Shares
Liv Malvik - CEO		14 286
Auden Aasen - COO		-

Note 15 Tax

Income tax expense

<i>Amounts in NOK thousand</i>	2020
Tax payable accrued inside owned period	1 674
Change in deferred tax on profit and loss	92 636
Income tax expense	94 310

Income tax payable is calculated as follows

Profit before tax	406 941
Other permanent differences	1 458
Basis for calculation of total tax payable	408 399

		Per cent
Profit for accounting purposes multiplied by nominal tax rate at 22%	89 848	22.0%
Changes in temporary differences on investment property not set off and other differences	4 462	1.1%
Income tax expense	94 310	23.1%

Tax payable for the consolidated entities are calculated as follows:

Profit for tax purposes in owned period	406 941	
Changes in temporary differences	(421 073)	
Other permanent differences	1 458	
Taxable income and permanent differences outside owned period	36 455	
Basis for calculation of total tax payable	23 781	
Tax liability	5 232	22.0%

Deferred income tax

The group has offset deferred tax assets and deferred tax liabilities on the balance sheet as the group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

The following net value was recognised:

<i>Amounts in NOK thousand</i>	2020
Deferred tax liability	49 965
Deferred tax assets	-
Net deferred tax	49 965

CHANGE IN DEFERRED TAX (+)/DEFERRED TAX ASSETS (-)

Movement in temporary differences

<i>Amounts in NOK thousand</i>	Non-current assets	Current assets	Loss carried forward	Other	Total
1 January 2020	-	-	-	-	-
Recognised in profit and loss	497 034	-	(26 142)	(49 819)	421 073
Acquisition of subsidiaries	-	15 149	(206 850)	-	(191 701)
31 December 2020	497 034	15 149	(232 992)	(49 819)	229 372
Net deferred tax	-	-	-	-	49 965
					21.8%

Note 16 Loans from credit institutions

<i>Amounts in NOK million</i>	2020
Interest-bearing debt at 1 January	-
Net change in debt	1 850
Interest-bearing debt at 31 December	1 850
Capitalised borrowing cost	(18)
Carrying amount interest-bearing debt*	1 832
Fair value of interest-bearing debt, excess value/(reduced value) for the group in relation to book value*	6

Bond loan (to be listed)

	NOK million *	Current interest	Interest terms	Final maturity	In compliance with covenants?
2020-2023	1 850	4.60%	3 months NIBOR + 4.25%	11 Dec 2023	Yes

*The fair value presented above is the excess value at 31 December 2020, given by Nordic Bond Pricing AS.

Key terms:

NOK 1 850 000 000 senior secured bond. Guarantees and security is shared with certain hedging providers and one or more revolving credit facilities and, under the terms of an intercreditor agreement, the bond issue ranks behind the relevant hedging providers and the revolving credit facilities in the payment waterfall.

Call option: Voluntary redemption of bond (i) prior to 11 June 2023 in done with a "make whole" compensation to bondholders and (ii) after 11 June 2023 until (but not including) Final Maturity is done at 101 per cent of the nominal amount of redeemed bond.

Put option: Upon a change of control, failure to list the bond or a de-listing of the Issuer's share from Oslo Børs, exercisable at 101 per cent of the nominal amount of the redeemed bond.

Guarantors and Security: KMC Properties AS and substantially all of its direct and indirect subsidiaries (i) are guarantors for the bond issue and (ii) substantially all of their assets (and the shares in KMC Properties AS) are granted as security for the bond issue.

General undertakings (covenants): Customary general undertakings applicable to the Issuer and all its direct and indirect subsidiaries, including maintaining authorisations, compliance with laws, continuation of business, pari passu ranking, limitations on investments, limitations on distributions, certain financial support restrictions, restrictions on limiting subsidiaries' right to make distributions.

Additional undertakings (covenants) for KMC Properties AS: In addition to the general undertakings set out above, there are certain covenants that only apply to KMC Properties AS and its direct

and indirect subsidiaries and which, to a certain extent, "ring-fences" this part of the group. These covenants include restrictions on mergers and de-mergers, additional limitations on investments, limitations on disposals of assets and requirements for re-investing disposal proceeds, additional restrictions on incurring financial indebtedness, negative pledge, requirements as to insurances, requirements for maintenance and managements of properties and limitations on alteration of property lease agreements.

Financial covenants: The Issuer must ensure compliance with the following financial covenants (maintenance covenants), measure on the group as a whole:

- Interest cover ratio (ICR) of not less than 1.5x
- Net-loan-to-value ratio below (NLTV) 75 per cent
- Liquidity not less than an amount equal to net interest costs for the next 6 months

In addition (incurrence covenants):

- any distribution from the Issuer is subject to an NLTV of not less than 65 per cent and a liquidity that is 1.5x higher than the liquidity requirement above; and
- the incurrence of certain otherwise permissible new financial indebtedness is subject to a loan-to-value ratio of 60 per cent.
- The group was in compliance with all covenants related to its liabilities at 31 December 2020.

Note 17 Other long-term liabilities**Other longterm liabilities**

<i>Amounts in NOK thousand</i>	2020
Lease liability related to right of use assets	16 911
Other longterm liabilities	9 732
Total other current liabilities	26 643

Lease liability related to right of use assets

The group's leases relates to lease of land relating to the investment properties.

The right of use asset from the leases is included in the carrying amount of the investment properties on that land.

Undiscounted lease payments and year of payment

<i>Amounts in NOK thousand</i>	Principal	Interest	2020
Less than 1 year	196	644	841
1-2 years	206	635	841
2-3 years	216	625	841
3-4 years	9 786	447	10 234
4-5 years	237	313	551
More than 5 years	6 466	2 229	8 695
Total undiscounted lease payments	17 107	4 894	22 001

Changes in lease liabilities

<i>Amounts in NOK thousand</i>	2020
At 1 January 2020	-
Additions	17 107
At 31 December 2020	17 107

All lease contracts origins from properties acquired during the year and lease payments are paid prior to acquisitions.

<i>Amounts in NOK thousand</i>	2020
Current lease liabilities	196
Non-current lease liabilities	16 911

The lease contracts do not include any restrictions with regards to the group's dividend policy or financing opportunities.

Note 18 Other current liabilities**Other current liabilities**

<i>Amounts in NOK thousand</i>	2020
Trade payables (non-interest bearing)	36 404
Taxes payable	5 232
Value added taxes payable	24 605
Other current liabilities (non-interest bearing)	76 549
Total other current liabilities	142 791

Note 19 Changes in liabilities arising from financing activities

Non-cash transactions from financing activities of accrued interest and reclassifications to current lease liabilities are shown in the reconciliation from financing transactions below.

<i>Amounts in NOK thousand</i>	Interest bearing long-term debt	Other long-term liabilities	Lease liabilities (in other long-term liabilities)	Current items from financing activities (in other current liabilities)	Total
At 1 January 2020	-	-	-	-	-
Cash flows	-	-	-	-	-
- bond issue/new loans	1 850 000	5 494	-	-	1 855 494
- settlement of debt	(928 704)	-	-	-	(928 704)
- amounts recognised on acquisition of companies	928 704	4 238	17 107	-	950 049
- accrued interest	4 910	-	-	-	4 910
- paid transaction fees	(17 655)	-	-	-	(17 655)
- reclassified to current	(4 910)	-	(196)	5 106	-
At December 2020	1 832 345	9 732	16 911	5 106	1 864 094

Note 20 Subsidiaries

The group comprises the following legal entities at 31 December 2020. All entities are directly or indirectly owned 100 per cent.

Subsidiaries incorporated in Norway	Subsidiaries incorporated in Sweden	Subsidiaries incorporated in Denmark	Subsidiaries incorporated in Holland	Subsidiaries incorporated in other Countries
KMC Properties AS	KMC Eiendom Sverige AB	KMC Industrial Properties Denmark ApS	Holland Industrial Properties B.V	Pesca Property Finland Oy (Finland)
KMC Senja AS	Genevad Vårgårda Holding AB	Pesca Property Denmark A/S	Oldenzaal Investment properties B.V	Pesca Property Kuopio Oy (Finland)
KMC Havnegata 16 AS	Vårgårda Genevad Fastighet AB	Pesca Property Fredrikshavn A/S	Someren Investment properties B.V	LLC Martex (Russia)
Hofstadvegen 15 AS	KMC Urshult AB	Pesca Property Hvide Sande A/S	Wijchen Investment properties B.V	Gasor Consulting Ltd (Cyprus)
KMC Properties Sverige Danmark AS	KMC Fårtickan AB		Zwartsluis Investment properties B.V	Tiberton Yard Holding 2 Ltd (Cyprus)
Østre Rosten 102 AS	KMC Norrköping AB			
Østre Rosten 102 B AS	Pesca Property Sweden AB			
Rantex Eiendom AS	Pesca Property Kungshamn AB			
Botngaard Eiendom AS	Pesca Property Varberg AB			
Industrieiendom Nord AS				
Balsfjord Eiendom AS				
Hamarvik Eiendom AS				
Hitra Eiendom AS				
Kvenild Sin AS				
Levanger Eiendom AS				
Skattørvegen 78 AS				
Stjørdal Eiendom AS				
Grøntvedt Næringsbygg AS				
Pesca Property AS				
Pesca Property Invest AS				
Pesca Property Norway AS				
Pesca Property Båtsfjord AS				
Pesca Property Gjerdsвика AS				
Pesca Property Havøysund AS				
Pesca Property Kongsvinger AS				
Pesca Property Leknes AS				
KMC Properties Nederland AS				

Note 21 Related party transactions

Date	Target/property	Purchase price
27.05.2020	KMC Properties Sverige Danmark AS including subsidiaries	NOK 79 817 233
27.05.2020	Hoftsadvegen 15 AS	NOK 12 970 767
	Industrieiendom Nord AS including subsidiaries	NOK 66 844 177
27.05.2020	Botngård Eiendom AS	NOK 4 670 339
27.05.2020	Rantex Eiendom AS	NOK 9 415 722
27.05.2020	Østre Rosten 102b AS	NOK 98 479 132
27.05.2020	Østre Rosten 102 AS	NOK 46 321 498
28.08.2020	KMC Industrial Properties Denmark ApS aquired Maribo property	EUR 2 840 000 (approximately NOK 29.7 million)
28.08.2020	KMC Industrial Properties Denmark ApS acquired Tvilho property	EUR 7 400 000 (approximately NOK 77.5 million)
23.12.2020	Pesca Property AS	NOK 419 439 784
23.12.2020	Wijchen Investment properties B.V., Oldenzaa Investment properties B.V., Someren Investment properties B.V., and Zwartsluis Investment properties B.V.	EUR 34 980 000 (approximately NOK 367 million)

The table above sets out KMC Properties AS (including its subsidiaries) material investments and acquisitions with related parties in 2020.

On this date, KMC Properties AS was 100 per cent owned by EBE, which at this date was owned 50 per cent by Bekken Invest

AS, and 50 per cent by Kastor Invest AS. Bewi Holding AS was 100 per cent owned by Bekken Invest AS. The purchase prices for all of these companies acquired by KMC Properties AS were based on valuations by external valutors. All rental income for the period is from related parties.

Note 22 Earnings per share

Basic earnings per share

	2020
Net profit attributable to ordinary equity holders of parent company (NOK thousand)	312 631
Weighted average number of shares	76 725 563
Net profit per share attributable to ordinary equity holders (NOK)	4.1

Basic and diluted earnings per share

	2020
Net profit attributable to ordinary equity holders of parent company (NOK thousand)	312 631
Weighted average number of shares	76 725 563
Net profit per share attributable to ordinary equity holders (NOK)	4.1

Note 23 Impact of the Covid-19 pandemic

The Covid-19 pandemic has had, and continues to have an adverse negative impact on the global economy, including the markets in which the group's tenants operate within. The property portfolio is mainly comprising industrial and logistics properties, in addition to a smaller proportion office properties.

The market for industrial and logistics real estate is invariably linked to the performance of the tenants' industries. The group's tenants are in general diversified and operate within different segments. The group's tenants have consequently experience lower

income in some segments, but on the other hand achieved better income in other segments. The tenants have consequently, in terms of total income, not to this date been negatively effected by the Covid-19 pandemic. This may however change, and the failure by tenants of the group to meet their obligations would have a negative impact on the group's future earnings and financial position. The experts discuss the potential permanent effects in the market for office space in Moscow, such as more remote work (employees working from home and digital workplaces), the revival of suburban areas (citizens moving out of the city centre), less open space, more flexible workspace, and higher demand for shared workspaces. The final outcome is highly uncertain, but the net effects of the pandemic are currently considered to be slightly

negative. Hence, the estimated rental value per square meter has been reduced in the valuation model used on the Gasfield building at 31 December 2020, resulting in a value reduction compared to the last valuation. However, the occupancy in the Gasfield building is still high, the rental rates are stable (it is the rental rate growth which is considered to be affected by the pandemic), and the number of viewings are increasing, showing the building is still highly attractive. Also, the building is located in a suburban area with exiting development underway, such as the construction of a new metro station, new residential buildings, new public schools and buildings, and the construction of more retail and office space. making it a more attractive business centre. All in all, we still see potential for a significant increase in value for the Gasfield building.

Note 24 Changes from Q4 report and annual report

The figures included in these financial statements deviates from figures included in the Q4 report due to issue reviled during the preparation of these financial statements and the finalization of the group audit. The changes in the income statement is presented below:

Consolidated statement of comprehensive income

<i>Amounts in thousands NOK</i>	YTD Q4	2020	Changes between Q4 and final financial statement
Rental income	52 301	51 797	(504)
Total income	52 301	51 797	(504)
			-
Total operating expenses	20 759	21 355	596
Operating profit (loss) before fair value adjustments	31 542	30 442	(1 100)
			-
Gain/loss from fair value adjustments on investment property			-
Gain/loss from fair value adjustments on investment property	421 679	404 572	(17 107)
Total operating profit (loss)	453 221	435 014	(18 207)
			-
Net financial income (expense)	(28 570)	(28 073)	497
			-
Earning before tax (EBT)	424 651	406 941	(17 710)
Tax expense	99 597	94 310	(5 287)
Profit for the period/year (Net income)	325 054	312 631	(12 423)

The material changes are linked to gain/loss from fair value adjustments on investment property and related changes in deferred tax. The changes regarding investment properties related to land lease agreements not recognized at part of the acquisition of investment properties.

As a result, the equity in the annual financial statement is NOK 12 423 thousand lower than in the interim report issued on 31 March.

Note 25 Subsequent events

Mandatory offer

The completion of the transaction combining KMC Properties AS and KMC Properties ASA (previously named Storm Real Estate ASA) resulted in a mandatory offer obligation for both EBE Eiendom AS and Kverva Industrier AS (the two previous majority owners of KMC Properties AS). The offer to acquire the shares in KMC Properties ASA made by EBE Eiendom AS and Kverva Industrier AS at

an offer price of NOK 7 commenced on 22 December 2020 and was completed on 19 January 2021. Leknes: Property tiaecaecat ea cum non essi nit voluptam, sinis magnatq uaspites iumquaectem volores torates doluptat as etur, officatum voloria voluptatem reiciam, quatur re in cusam. At the time of expiry of the offer, EBE Eiendom and Kverva Industrier, had received acceptances for a

total of 149 369 shares and votes in KMC Properties, corresponding to 0.062 per cent of the share capital and voting rights in KMC.

Subsequent offering

On 11 February 2021, the KMC Properties launched a NOK 30 million subsequent offering with expiration on 18 February 2021. The offering was completed on 19 February 2021, by approval of the board of directors.

Letter of intent with BEWI for development of packaging hub at Hitra, Norway

On 3 March 2021, the KMC Properties announced that it had entered a letter of intent with BEWI for development of a new packaging facility on Jøsnoya, Hitra, on the west coast of Central Norway. The new facility will be BEWI's most modern and efficient facility for production of fish boxes, and in addition have facilities to serve an increasing volume of reusable boxes and reusable pallets.

Acquisition of industrial property in Denmark

On 12 April 2021, KMC Properties announced that the company had acquired an industrial property in Denmark from the Danish paper packaging company Honeycomb Cellpack A/S ("Honeycomb"). Honeycomb provides paper-based protective packaging solutions, which is both recyclable and biodegradable. KMC Properties' largest tenant, packaging, and insulation company BEWI ASA, on the same day announced its acquisition of 51 per cent of Honeycomb. The industrial property acquired includes a total of six buildings, comprising a total gross floor area of 5 858 square meters and a plot area of 53 235 square meters. A triple-net bare house lease agreement has been entered with Honeycomb with an initial lease term of 12 years, with an option for Honeycomb to extend the lease term two times by five year each.

Alternative Performance Measures

KMC Properties ASA's financial information is prepared in accordance with the international financial reporting standards (IFRS). In addition, the company reports alternative performance measures (APMs) that are regularly reviewed by management to enhance the understanding of the company's performance as a supplement, but not as a substitute, to the financial statements prepared in accordance with IFRS. Financial APMs are intended to

enhance comparability of the results and cash flows from period to period. The financial APMs reported by KMC Properties ASA are the APMs that, in management's view, provide relevant supplemental information of the company's financial position and performance. Operational measures such as, but not limited to, occupancy and WAULT are not defined as financial APMs according to ESMA's guidelines.

Net Asset Value adjusted (NAV adjusted)

<i>Amounts in NOK million</i>	2020
Total equity	1 243
Deferred tax liabilities	50
Net asset Value (NAV)	1 293

Debt ratio – Group net LTV

<i>Amounts in NOK million</i>	2020
Interest bearing debt (bond, nominal value)	1 850
Cash and cash equivalents	125
Mark-to-market hedge adjustment	8
Net interest-bearing debt	1 717
Investment property (market value)	3 090
Group net LTV	55.6%

The group's bond has a nominal value of NOK 1 850.0 million with 3 years tenor made on 27 November 2020.

Definitions

Bonds, or the bond issue	The company's placement of a NOK 1 850 million senior secured bond with 3 years tenor made on 27 November 2020
Covid-19	The outbreak of the coronavirus SARS-CoV-2
Cushman & Wakefield	Cushman & Wakefield Debenham Tie Leung Limited, registration number 997 013 263 and registered address 125 Old Brad Street, London Ec2n 1ar, Great Britain
Gross Rental Income (GRI)	Equals total income
Independent valuer	Cushman & Wakefield
Loan-to-Value (LTV)	Total net nominal value of interest-bearing debt divided by the total market value of the property portfolio.
Market value of portfolio	The market value of all properties owned by the parent company and subsidiaries.
Net Asset Value, adjusted (NAV)	NAV from an ordinary long-term operational perspective of the business. Based on total equity in the balance sheet, adjustments are made for the carrying amount of deferred tax
NOK	The Norwegian krone, the official currency of Norway
Occupancy rate (%)	Leased lettable area (sqm) / total lettable area (sqm)
OPEX	Operating expense, measured by total operating expenses – salary expenses
SG&A	Selling, General & Administrative expenses, calculated as salary expenses
Property related expenses	Property-related expenses include administrative costs related to the management of the properties as well as operating and maintenance costs.
SWAP	A SWAP is an agreement between two parties to exchange sequences of cash flows for a set period of time
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the investment properties of the group, including areas that have been re-let and signed new contracts, adjusted for termination rights and excluding any renewal options, divided by contractual rent, including renewed and signed new contracts. The Gasfield property is excluded in the calculation.

Statement of comprehensive income – KMC Properties ASA

For the period 1 January - 31 December

<i>Amounts in NOK thousand</i>	<i>Note</i>	2020	2019
Other income		-	-
Total income		-	-
Board fees	7	(551)	(571)
Other operating expenses	6	(15 633)	(5 941)
Total operating expenses		(16 183)	(6 512)
Operating profit (loss) before fair value adjustments		(16 183)	(6 512)
Finance revenues	5	118 536	24 858
Finance expenses	5	(22 102)	(12 839)
Currency exchange gains (losses)	5	(12 800)	2 477
Net financial gains (losses)		83 635	14 496
Earnings before tax (EBT)		67 452	7 984
Income tax expense	9, 10	45 202	-
Profit (loss) for the period		112 654	7 984
Other comprehensive income:			
Translation differences from foreign operations		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		112 654	7 984

Statement of financial position – KMC Properties ASA

Per 31 December

<i>Amounts in NOK thousand</i>	<i>Note</i>	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Investment in subsidiaries	2	1 197 147	108 329
Financial derivative assets	4	8 021	-
Loans to subsidiaries	12	2 185 701	37 250
Deferred tax asset	10	45 202	-
Total non-current assets		3 436 071	145 579
Current assets			
Receivables from group companies	12	2 989	999
Other receivables	4	458	68
Other financial derivatives		154	-
Cash and cash equivalents	4	54 146	5 095
Total current assets		57 747	6 163
TOTAL ASSETS		3 493 818	151 742
EQUITY AND LIABILITIES			
Paid-in equity			
Ordinary shares	12	48 153	1 767
Share premium		1 735 716	158 587
Other paid-in equity		327 277	340 303
Total paid-in equity		2 111 146	500 657
Other equity			
Other equity		(504 340)	(527 745)
Total other equity		(504 340)	(527 745)
Total equity		1 606 807	(27 088)
Liabilities			
Non-current liabilities			
Loans from credit institutions	3	1 832 345	-
Loans from group companies	12	-	347
Total non-current liabilities		1 832 345	347
Current liabilities			
Trade liabilities		11 219	189
Corporate tax payable	9, 10	-	-
Loans from credit institutions	3	8 863	174 875
Payables to group companies	12	-	231
Other current liabilities	9	34 583	3 187
Total current liabilities		54 666	178 483
Total liabilities		1 887 012	178 829
TOTAL EQUITY AND LIABILITIES		3 493 818	151 742


Trondheim, Norway, 29 April 2021, the board of directors and CEO, KMC Properties ASA



Anders Dyrseth
Chair



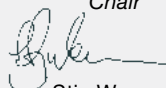
Morten Eivindsson Astrup
Director



Nini Høegh Nergaard
Director



Anna Musiej Aanensen
Director



Stig Wærnes
Director



Marianne Bekken
Director



Børge Klungerbo
Director



Liv Malvik
CEO

Statement of cash flows – KMC Properties ASA

<i>Amounts in NOK thousand</i>	<i>Note</i>	2020	2019
Cash flow from operational activities			
Earnings before tax		67 452	7 984
<i>Adjusted for:</i>			
Depreciations		-	-
Financial Income	5	(118 536)	(24 858)
Interest on loans to subsidiaries	12	2 178	-
Financial expenses	5	22 102	12 839
Net currency gains	5	12 800	(2 477)
Cash flow before changes in working capital		(14 005)	(6 512)
<i>Changes in working capital:</i>			
Trade receivables and other receivables	4	(2 380)	(531)
Trade payables and other payables	4	41 817	2 570
Paid taxes	9, 10	-	-
Net cash flow from operating activities		25 432	(4 472)
Cash flow from investment activities			
Outflows from Investments in fixed assets		(1 075 747)	-
Outflows from Investments in subsidiaries	2	(2 160 038)	-
Outflows from lending to subsidiaries	12	4 730	-
Inflows from repayment of loan	12	3 960	7 431
Interest received	12	3 960	7 431
Net cash flow from investment activities		(3 227 096)	7 431
Cash flow from financing activities			
Share issue		1 610 489	-
Net borrowings		1 850 000	-
Repayments of loans	11	(187 768)	-
Changes in other long-term liabilities	3	-	-
Dividends paid	3	-	-
Interest paid	3	(22 128)	(1 284)
Net cash flow from financing activities		3 250 593	(1 284)
Net Change in cash and cash equivalents			
Carried forward cash and cash equivalents	4	5 095	3 516
FX movements on bank deposits		122	(96)
Cash and cash equivalents on closing date		54 146	5 095
Restricted cash and cash equivalents not included above		2 259	2 142

Statement of changes in equity – KMC Properties ASA

Amounts in NOK thousand	Note	Paid-in equity			Other equity	
		Share capital	Share premium	Other paid-in capital	Retained earnings/ losses	Total equity
1 January 2019		1 767	158 587	340 303	(535 729)	(35 072)
Profit (loss) for the period		-	-	-	7 984	7 984
Total		-	-	-	7 984	7 984
31 December 2019		1 767	158 587	340 303	(527 745)	(27 088)

Amounts in NOK thousand	Note	Paid-in equity			Other equity	
		Share capital	Share premium	Other paid-in capital	Retained earnings/ losses	Total equity
1 January 2020		1 767	158 587	340 303	(527 745)	(27 088)
Issue of shares - conversion of the "Swedbank loan"	11	5 365	182 403	-	-	187 768
Issue of shares - conversion of sellers credit (KMC Properties AS)	11	30 736	1 045 011	-	-	1 075 747
Issue of shares - private placement (NOK 300 million)	11	8 571	291 429	-	-	300 000
Issue of shares - conversion of sellers credit (Dutch properties)	11	1 714	58 286	-	-	60 000
Transaction cost issue of shares	11	-	-	(13 026)	-	(13 026)
Effect of loan conversion to equity	3	-	-	-	(89 249)	(89 249)
Profit /(loss) for the year total		-	-	-	112 654	112 654
Total		46 386	1 577 129	(13 026)	23 405	1 633 894
31 December 2020		48 153	1 735 716	327 277	(504 340)	1 606 807

Change in share capital and related transaction cost:

In connection with the transaction with KMC Properties AS the following shares have been issued:

- The new creditors of the "Swedbank loan" converted the entire loan of NOK 187 768 140 to equity at NOK 7 per share, resulting in the issue of 26 824 020 new shares (transaction cost: NOK 387 560).
- The seller's credit of NOK 1 075 747 106 after KMC Properties ASA purchased KMC Properties AS was converted to equity at NOK 7 per share, giving 153 678 158 new shares (transaction cost: NOK 3 745 040).
- The private placement of NOK 299 999 994, at NOK 7 per share, gave 42 857 142 new shares (transaction cost: NOK 8 887 142).
- The seller's credit of NOK 59 999 996 after the purchase of the four properties in the Netherlands was converted to equity at NOK 7 per share, giving 8 571 428 new shares (transaction cost: NOK 6 297).

In connection with the conversion of the "Swedbank loan" to equity, the fair value adjustment of the bank loan as of 20 December 2020 (NOK 89 248 515), see description in note 4 in Storm Real Estate's interim report for the first half of 2020, was accounted as a reduction of Retained Earnings.

Notes to the financial statements – KMC Properties ASA

Note 01 Accounting principles

KMC Properties ASA (KMCP) is a public limited liability company registered in Norway. Its head office is at Dyre Halses gate 1 A, 7042 Trondheim.

KMC Properties ASA uses a simplified version of IFRS as accounting principle. There are no material effects in comparison with ordinary IFRS principles used in the group. Also see note 3 to the consolidated accounts for further information on accounting principles. Subsidiaries and investments in related companies are recognised at cost unless the value is considered to be impaired. A write-down to fair value will be done if the impairment is not considered temporary and impairment is considered required by IFRS. Write-downs will be reversed if the requirement for impairment is no longer present.

In December 2020 KMC Properties ASA (formerly Storm Real Estate ASA) completed the acquisition of all the issued and outstanding shares in KMC Properties AS. The transaction is accounted for as a reversed takeover with KMC Properties AS being identified as the accounting acquirer. Thus, the consolidated financial statements in this annual report have been prepared as if KMC Properties ASA is a continuation of KMC Properties AS. KMC Properties AS was incorporated 31 January 2020, thus the consolidated financial statements are the first prepared by the reporting entity (KMC Properties AS). The consolidated financial statements are therefore presented without 2019 comparative figures, while the parent is presented with comparative figures for 2019 in these financial statements.

Note 02 Investment in subsidiaries

KMCP investment in subsidiaries

	Location	Formed/ acquired	Ownership	Equity 31.12.2020	Book value KMCP 2020	Book value KMCP 2019
KMC Properties AS	Norway	2020	100%	436 332	1 075 747	-
Gasor Consulting Ltd	Cyprus	2015	99%	764	121 400	108 329
Tiberton Yard Holding 2 Ltd	Cyprus	2015	100%	(318)	-	-
Total				446	1 197 147	108 329

On 20 December 2020 KMCP purchased all the shares in KMC Properties AS. The transformative agreement and its relating financing activities are described in detail in note 4 to the consolidated financial statements.

KMCP (99%) and Tiberton Yard Holding 2 Ltd (1%) owns the shares in Gasor Consulting Ltd. Gasor Consulting Ltd owns 100

per cent of the shares in LLC Martex. LLC Martex owns and operates the Gasfield building (the investment property).

The parent company has in 2020 made an reversed impairment provision of NOK 13.1 million on the investment in Gasor Consulting Ltd. due to the increased value of the underlying investment property.

Note 03 Borrowings

<i>Amounts in NOK thousand</i>	Bank loan	Bond loan
Interest-bearing debt at 1 January	159 300	-
New debt	28 468	1 850 000
Repayment/refinancing of debt	(187 768)	-
Interest-bearing debt at 31 December	-	1 850 000
Capitalised borrowing cost	-	(17 655)
Carrying amount interest-bearing debt	-	1 832 345
Fair value of interest-bearing debt, excess value/(reduced value) for the group in relation to book value	-	5 735

Bank loan: On 20 December 2020, before KMCP purchased all the shares in KMC Properties AS, the ten largest shareholders of the company as of 17 November 2020, completed the purchase of Swedbank AB's loan to the company in accordance with the agreement announced on 27 May 2020. Later, the new creditors converted the USD loan to approximately NOK 187.8 million and converted the NOK loan to equity at NOK 7 per share.

Bond loan: As part of the transaction agreement between KMCP and the owners of KMC Properties ASA, KMCP issued a bond loan on 12 December 2020, see terms below.

Bond loan (to be listed)	NOK million *	Current interest	Interest terms	Final maturity	In compliance with covenants?
2020-2023	1 850	4.60%	3 months NIBOR + 4.25%	11.des.23	Yes

Key terms:

NOK 1 850 000 000 senior secured bond. Guarantees and security is shared with certain hedging providers and one or more revolving credit facilities and, under the terms of an intercreditor agreement, the bond issue ranks behind the relevant hedging providers and the revolving credit facilities in the payment waterfall.

Call option: Voluntary redemption of bond (i) prior to 11 June 2023 in done with a "make whole" compensation to bondholders and (ii) after 11 June 2023 until (but not including) Final Maturity is done at 101 per cent of the nominal amount of redeemed bond.

Put option: Upon a change of control, failure to list the bond or a de-listing of the Issuer's share from Oslo Børs, exercisable at 101 per cent of the nominal amount of the redeemed bond.

Guarantors and Security: KMC Properties AS and substantially all of its direct and indirect subsidiaries (i) are guarantors for the bond issue and (ii) substantially all of their assets (and the shares in KMC Properties AS) are granted as security for the bond issue.

General undertakings (covenants): Customary general undertakings applicable to the Issuer and all its direct and indirect subsidiaries, including maintaining authorisations, compliance with laws, continuation of business, pari passu ranking, limitations on investments, limitations on distributions, certain financial support restrictions, restrictions on limiting subsidiaries' right to make distributions.

Additional undertakings (covenants) for KMC Properties AS: In addition to the general undertakings set out above, there are certain covenants that only apply to KMC Properties AS and its direct and indirect subsidiaries and which, to a certain extent, "ring-fences" this part of the group. These covenants include restrictions on mergers and de-mergers, additional limitations on investments, limitations on disposals of assets and requirements for re-investing disposal proceeds, additional restrictions on incurring financial indebtedness, negative pledge, requirements as to insurances, requirements for maintenance and managements of properties and limitations on alteration of property lease agreements.

Financial covenants: The Issuer must ensure compliance with the following financial covenants (maintenance covenants), measure on the group as a whole:

- Interest cover ratio (ICR) of not less than 1.5x
- Net-loan-to-value ratio below (NLTV) 75 per cent
- Liquidity not less than an amount equal to net interest costs for the next 6 months

In addition (incurrence covenants):

- any distribution from the Issuer is subject to an NLTV of not less than 65 per cent and a liquidity that is 1.5x higher than the liquidity requirement above; and
- the incurrence of certain otherwise permissible new financial indebtedness is subject to a loan-to-value ratio of 60 per cent.
- The group was in compliance with all covenants related to its liabilities at 31 December 2020.

Note 04 Financial instruments

Financial assets	Amortised	Fair value through	Total
	cost	profit or loss	
<i>Amounts in NOK thousand</i>	31.12.2020	31.12.2020	
Cash and cash equivalents	54 146	-	54 146
Interest-bearing loans and borrowings to subsidiaries	2 185 701	-	2 185 701
Currency and interest swaps (long-term)	-	8 021	8 021
Currency and interest swaps (short-term)	-	154	154
Other current receivables	3 447	-	1 270
Total financial assets at 31 December 2020	2 243 295	8 175	2 251 470

Financial liabilities	Amortised cost	Fair value through profit or loss	
<i>Amounts in NOK thousand</i>	31.12.2020	31.12.2020	Total
Interest-bearing loans and borrowings (bond)	1 832 345	-	1 832 345
Interests on loans and borrowings	8 863	-	8 863
Trade payables (non interest bearing)	11 219	-	11 219
Other current liabilities (non interest bearing)	34 583	-	34 583
Total financial liabilities at 31 December 2020	1 887 012	-	1 887 012
Net financial assets and liabilities at 31 December 2020	(1 831 596)	8 175	(1 823 421)

Financial assets	Amortised cost	Fair value through profit or loss	
<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2019	Total
Cash and cash equivalents	5 095	-	5 095
Currency and interest swaps (long-term)	-	-	-
Currency and interest swaps (short-term)	-	-	-
Other receivables	1 067	-	1 067
Total financial assets at 31 December 2019	6 163	-	6 163

Financial liabilities	Amortised cost	Fair value through profit or loss	
<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2019	Total
Interest-bearing loans and borrowings (bond)	175 222	-	174 875
Trade payables (non interest bearing)	189	-	189
Other current liabilities (non interest bearing)	3 418	-	3 765
Total financial liabilities at 31 December 2019	178 829	-	178 829
Net financial assets and liabilities at 31 December 2019	(172 667)	-	(172 667)

The below table shows an analysis of fair values of assets and liabilities in the parent company, grouped by level in the fair value hierarchy, which either are measured at fair value or where information about the fair value is provided.

Level 1 - Quoted prices in active markets that the entity can access at the measurement date.

Level 2 - Use of a model with inputs other than level 1 that are directly or indirectly observable market data.

Level 3 - Use of a model with inputs that are not based on observable market data.

Financial liabilities measured at fair value / where fair value must be presented

<i>Amounts in NOK thousand</i>	Level 1	Level 2	Level 3	Total
Currency and interest swaps (long-term)	-	8 021	-	8 021
Currency and interest swaps (short-term)	-	154	-	154
Total	-	8 175	-	8 175

Derivates

31.12.2020

Principle amounts:	NOK 350 million
EUR swap	
DKK swap	NOK 165 million
SEK swap	NOK 240 million
Maturity date	11.12.2023
Exchange rate EUR/NOK	10 630
Exchange rate DKK/NOK	1 428
Exchange rate SEK/NOK	1 050
Fixed interest rate - EUR	3.74%
Fixed interest rate - DKK	3.75%
Fixed interest rate - SEK	4.27%

Note 05 Finance income and costs**Finance income**

<i>Amounts in NOK thousand</i>	2020	2019
Interest income	9	52
Fair value adjustment bank loan ^{xxx}	90 677	-
Interest gains from group companies	6 605	4 908
Changes in fair value, financial derivatives over profit and loss	8 175	-
Reversal of provision for loss on group companies	13 071	19 898
Total finance income	118 536	24 858

Finance costs

<i>Amounts in NOK thousand</i>	2020	2019
Interest costs from loans measured at amortised cost	21 662	11 987
Other finance costs	440	852
Total finance costs	22 102	12 839
Net foreign exchange gains and losses	(12 800)	2 477
Net finance gains (losses)	83 635	14 496

As described in the annual report of 2019, KMC properties ASA (previously Storm Real Estate ASA) has entered into several standstill agreements with Swedbank AB throughout 2019 and 2020, each new agreement replacing the last. The last standstill agreement was entered into on 27 May 2020. The agreement extended the previous agreed standstill period to 30 June 2022. During this standstill period, the company and (provided equal treatment of shareholders was ensured) Aconcagua Management Ltd were given a right to repay and/or purchase the entirety of the outstanding debt for an amount equal to the sum of the USD equivalent of RUB 558 million (at the exchange rate at time of transaction, however not higher than USD:RUB 65) and USD 2.9 million. On 18 December 2020, a consortium led by Aconcagua Management Ltd acquired the debt from Swedbank AB, and subsequently converted the debt to equity in KMC Properties.

Due to the amended terms, the bank loan was classified as non-current loans from credit institutions in the consolidated statement of financial position.

According to IFRS 9, the amended terms requires the company to perform an assessment of what kind of modification this is. If the present value of the expected new cash flows under the new terms are more than 10 per cent different from the present value of the remaining cash flows of the original liability, the company must perform a fair value adjustment of the debt. By using the expected future cash flow under the new terms (including the use of the option), discounted using an alternative interest rate of 5.95%, the new present value is equal to approximately USD 11.5m. The change in value from face value to fair value (NOK 90.7 million) is recognised as a financial income in the consolidated statement of comprehensive Income.

Note 06 Other operating expenses**Other operating expenses**

<i>Amounts in NOK thousand</i>	2020	2019
Management fees	2 417	3 000
Legal, agency and consultancy fees	3 753	1 087
Accounting	130	352
Auditors (incl. VAT)	4 977	862
Other operating expenses	4 356	641
Total other operating expenses	15 633	5 941

Auditor fees (excl. vat)

<i>Amounts in NOK thousand</i>	2020	2019
Audit fees	3 651	420
Other services	330	270
Total auditor expenses	3 982	689

Note 07 Board fees**Personnel costs**

<i>Amounts in NOK thousand</i>	2020	2019
Board fees	500	500
Social security taxes	51	71
Total personnel costs	551	571

The parent company did not have any employees in 2019 2020 and therefore no pension scheme. Liv Malvik was appointed as group CEO in December 2020, be she was employed in KMC Properties AS (subsidiary) until year end 2020.

The interim general manager, Kristoffer Holmen, is an employee in Storm Norge AS (the previous asset manager of KMCP) and receives his salary from this company. The asset management fee is set to cover these costs.

Board fees (incl. fees for board committees) paid out in the year

<i>Amounts in NOK thousand</i>	2020	2019
Stein Aukner, chair of the board	250	250
Morten E. Astrup	-	-
Kim Mikkelsen	-	-
Nini H. Nergaard	125	125
Anna Musiej Aanensen	125	125
Total board fees	500	500

Change in board composition

On 22 September 2020 Kim Mikkelsen (representing Strategic Investments A/S) resigned from his position as director, due to Strategic Investments A/S sale of most of its shares in the company.

On the extraordinary general meeting on 18 December 2020, a new board was elected: Anders Dyrseth (chairman), Morten Eivindsson Astrup, Nini Høegh Nergaard, Anna Musiej Aanensen, Stig Wærnes, Marianne Bekken and Børge Klungerbo.

The board remuneration for the period 24 June 2020 (annual general meeting) and 18 December 2020 was set to NOK 250 000 for the chair and NOK 125 000 for directors (Morten E. Astrup shall not receive any remuneration for the period up to the effective time of the new board).

Board fees for 2020-2021 are subject to approval by the Annual General Meeting in June 2020.

Note 08 Other current liabilities

<i>Amounts in NOK thousand</i>	2020	2019
Accrued asset management fee	2 625	2 000
Accrued variable transaction based fee - Storm Norge AS	4 000	-
Other accrued expenses	27 958	1 187
Total other current liabilities	34 583	3 187

Note 09 Income tax**Tax recognised over income statement**

<i>Amounts in NOK thousand</i>	2020	2019
Current income tax	-	-
Movement in deferred tax	45 202	-
Total income tax	45 202	40

Basis for taxation, parent company

<i>Amounts in NOK thousand</i>	2020	2019
Earnings before tax	67 452	7 984
Income and expenses not subject to taxation	(114 536)	(19 898)
Movement in temporary differences	(68 586)	(2 612)
Adjustment interest not deductible current year	32 712	-
Tax losses for current year not recognised	-	14 526
Basis for taxation	(82 958)	-
Tax payable	(18 251)	-

Note 10 Deferred tax**Temporary differences, parent company**

<i>Amounts in NOK thousand</i>	31.12.2020	31.12.2019	Change
Financial liabilities	2 506	53 437	(50 931)
Receivables	-	-	-
Capitalised borrowing cost	(17 655)	-	-
Currency and interest swaps	-	-	-
Tax losses carried forward	187 899	104 942	82 958
Adjustment interest deductible in the future	32 712	-	-
Total temporary differences	205 463	158 379	32 027
Tax rate	22%	22%	-
Deferred tax asset (liability)	45 202	34 843	10 359
Deferred tax asset (liability) not recognised	-	(34 843)	34 843
Recognised deferred tax asset (liability)	45 202	-	45 202

Due to the transaction with KMC Properties AS deferred tax assets have been recognised in the balance sheet, since there is a sufficient likelihood that the tax assets will be utilized in the future.

Note 11 Share capital and shareholders

Share capital and nominal value

<i>Amounts in NOK thousand</i>	31.12.2020	31.12.2019
Shares issued	240 765 311	8 834 563
Nominal amount	0.20	0.20
Share capital	48 153 062	1 766 913

All shares are fully paid. There is only one share class. All shares have equal rights.

Change in share capital and related transaction cost:

On 27 June 2019 the Annual General Meeting adopted a reverse share split reducing the number of shares from 88 345 623 to 8 834 563. The reverse share split came into effect on 10 July 2019. The reverse share split was done in order to be compliant with the requirements of the Continuing obligations of stock exchanged listed companies, stating that the company must implement measures if the value of its shares has been lower than NOK 1 for a six-month period. The reverse share split did not affect the value of each shareholder's position.

In connection with the transaction with KMC Properties AS the following shares have been issued:

- The new creditors of the "Swedbank loan" converted the entire loan of NOK 187 768 140 to equity at NOK 7 per share, resulting in the issue of 26 824 020 new shares (transaction cost: NOK 387 560).
- The seller's credit of NOK 1 075 747 106 after KMC Properties ASA purchased KMC Properties AS was converted to equity at NOK 7 per share, giving 153 678 158 new shares (transaction cost: NOK 3 745 040).
- The private placement of NOK 299 999 994, at NOK 7 per share, gave 42 857 142 new shares (transaction cost: NOK 8 887 142).
- The seller's credit of NOK 59 999 996 after the purchase of the four properties in the Netherlands was converted to equity at NOK 7 per share, giving 8 571 428 new shares (transaction cost: NOK 6 297).

Note 12 Related party transactions

KMCP has had an asset management agreement with Storm Capital Management Ltd until 30 September 2019. From 1 October 2019 the company signed a similar agreement with Storm Norge AS due to Storm Capital Management Ltd moving its business to Norway. Director Morten E. Astrup is sole shareholder of Storm Capital Management Ltd and Storm Norge AS. Due to the liquidity situation in the company prior to the transaction with KMC Properties AS, only half of the fee has been payable each month (NOK 125 000 per month). The remaining unpaid fee (NOK 125 000 per month) has accumulated as an unsecured liability in the balance sheet of KMCP. At 31 December 2020 the accumulated debt amounted to NOK 2 625 000. This covered the period from 1 September 2018 to 31 May 2020. In accordance with the agreement with Swedbank AB dated 27 May 2020, the asset management fee has been limited to NOK 166 667 per month, however, the whole fee has been paid each month.

In accordance with the asset management agreement and the transaction agreement concerning KMC Properties AS, Storm Norge AS is entitled to a variable transaction based fee of NOK

4 million as a result of the successful purchase of KMC Properties AS and related financing activities.

During the refinancing period, Surfside Holding AS (wholly owned by Morten E. Astrup) has provided accounting services to Storm Real Estate. From 1 May 2020 Storm Norge AS was the sole provider of accounting services.

The Company has provided a loan to LLC Martex. The principal amount is RUB 224 187 101 and all interests has been paid at 31 December 2020. The interest rate is 13.5 per cent. KMCP will not demand amortization or interest payments unless there is sufficient liquidity in LCC Martex.

In connection with the transaction with KMC Properties AS, the company issued a bond loan of NOK 1 850 million to refinance existing debt in KMC Properties AS and its subsidiaries. The loan amount has been lent to subsidiaries, see detail below. The interest rate is set equal to the interest rate on the bond loan, see note 3 above.

Current receivables (unpaid interests)

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2020
Tiberton Yard Holding 2 Ltd	308	245
Gasor Consulting Ltd	692	566
Pesca Property AS	-	418
KMCP AS	-	18
KMCP AS	-	95
KMCP AS	-	177
KMCP AS	-	222
KMCP AS	-	30
KMCP AS	-	99
KMC Senja	-	21
"Holland Industrial Properties B.V."	-	314
"Holland Industrial Properties B.V."	-	60
"KMC Properties Sverige Danmark AS"	-	93
"KMC Properties Sverige Danmark AS"	-	53
"KMC Properties Sverige Danmark AS"	-	63
KMC Properties AS	-	242
Hofstadvegen 15 AS	-	20
Industrieiendom Nord AS	-	77
Balsfjord Eiendom AS	-	29
Hamarvik Eiendom AS	-	45
Hitra Eiendom AS	-	12
Kvenild Sin AS	-	21
Skattørvegen 78 AS	-	14
Stjørdal Eiendom AS	-	49
Levanger Eiendom AS	-	4
Total current receivables from related parties	999	2 989

Non-current receivables

<i>Amounts in NOK thousand</i>	31.12.2019	31.12.2020
LLC Martex	37 250	25 663
Pesca Property AS	-	414 995
KMCP AS	-	18 045
KMCP AS	-	93 733
KMCP AS	-	175 988
KMCP AS	-	220 000
KMCP AS	-	30 005
KMCP AS	-	97 982
KMC Senja	-	21 000
Holland Industrial Properties B.V.	-	311 189
Holland Industrial Properties B.V."	-	60 000
KMC Properties Sverige Danmark AS	-	91 859
KMC Properties Sverige Danmark AS	-	52 614
KMC Properties Sverige Danmark AS	-	62 769
KMC Properties AS	-	240 372
Hofstadvegen 15 AS	-	19 833
Industrieiendom Nord AS	-	76 753
Balsfjord Eiendom AS	-	29 005
Hamarvik Eiendom AS	-	44 624
Hitra Eiendom AS	-	12 048
Kvenild Sin AS	-	20 527
Skattørvegen 78 AS	-	14 280
Stjørdal Eiendom AS	-	48 400
Levanger Eiendom AS	-	4 016
Total non-current receivables from related parties	37 250	2 185 701

Current liabilities

<i>Amounts in NOK thousand</i>	31.12.2020	31.12.2019
Tiberton Yard Holding 2 Ltd	-	231
Gasor Consulting Ltd	-	-
Total current liabilities towards group companies	-	231

Non-current liabilities

<i>Amounts in NOK thousand</i>	31.12.2020	31.12.2019
Tiberton Yard Holding 2 Ltd	-	-
Gasor Consulting Ltd	-	347
Total current liabilities towards group companies	-	347
Net receivables (liabilities) , group companies	2 188 690	37 672



To the General Meeting of KMC Properties ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KMC Properties ASA, which comprise:

- The financial statements of the parent company KMC Properties ASA (the Company), which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of KMC Properties ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the

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Independent Auditor's Report - KMC Properties ASA



Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation of investment property</i></p> <p>The majority of the Group's assets consist of Investment property. Primarily these are logistics properties. The book value is NOK 3 090 million.</p> <p>Investment property are measured at fair value. Fair value adjustments of investment properties may affect the group's results significantly for the year and consequently the equity.</p> <p>The fair value is based on assumptions and estimates as well as property specific information. These assumptions and estimates require significant judgment by management.</p> <p>The basis for management's estimate is valuations performed by an independent valuation firm. The valuation firm, that were hired by management, carried out their work based on the requirements in IFRS 13 and recognized valuation techniques.</p> <p>For details of valuation methodology and the investment properties, refer to the Directors' report and note 3 (summary of accounting policies), note 6 (critical accounting estimates and judgements) and note 11 (investment properties) to the financial statements.</p>	<p>We obtained, read and understood the valuation reports and met with the valuation firm independently of management. We obtained evidence which supports that the valuation reports were prepared in accordance with a relevant framework and were appropriate to determine fair value of the group's investment property.</p> <p>We assessed qualifications, competence and objectivity of the valuation firm. Further, we reviewed their terms of engagement in order to determine whether there were unusual terms that might have affected their objectivity or impose scope limitations upon their work. Based on this work, we were satisfied ourselves that the valuation firm remained objective and competent, and that the scope of their work was appropriate.</p> <p>In our meetings with the valuation firm, we discussed and challenged assumptions used. Assumptions regarding cash flows and yield were evaluated. Our main area of attention was the properties with the highest values. We compared the assumptions used by the valuation firm with observable market data and our knowledge about the industry. We further evaluated whether assumptions that were not readily observable in a marketplace were reasonable.</p> <p>For a sample of investment properties, we evaluated whether the property-specific information provided by management to the valuation firm, such as lease terms, duration and vacant area was consistent with underlying property information. Furthermore, we agreed this underlying information to the received valuation reports. We obtained the valuation reports directly from the valuation firms and compared them to the reports we received from management. We found</p>

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no indication that the information was used inconsistently.

We assessed the adequacy of the disclosures in note 11 regarding valuation of investment properties

Accounting for the reverse acquisition

The KMC Properties ASA group was established as a result of several acquisitions during 2020. As described in note 4, Storm Real Estate ASA undertook a transaction with KMC Properties AS which resulted in KMC Properties AS, as the listed entity, being acquired via a reverse acquisition by Storm Real Estate ASA. The continuing entity was renamed KMC Properties ASA. The accounting for the Company's reverse acquisition of KMC Properties ASA is a key audit matter due to the accounting complexity of the transaction, and the level of audit effort involved.

Management judgement was required to determine whether Storm Real Estate ASA met the definition of business and thus, be accounted for as a business combination. Further, management applied judgement to conclude whether the basis of preparation for the financial statements, including comparative information, satisfied the requirements of a reverse-acquisition.

We refer to notes 4 where management explain the transaction and the considerations behind the resulting accounting treatment.

To obtain an understanding of the transaction, we read the sale and purchase agreements between the entities involved, managements accounting memo and relevant accounting standards. We met with management and their advisors and challenged the conclusions reached by management. We assessed the Company's conclusions against the requirements of the relevant accounting standards, including interpretation guidance and authoritative support, based on our understanding of the transaction. Management's conclusions included the use of reverse acquisition accounting as the basis of preparation of the financial statements and the determination that the transaction was a business combination.

The assessment made by management related to reverse acquisition was based on shareholder composition after the transaction, the composition of management after the transaction and the value of KMC Properties AS compared to the value of Storm Real Estate ASA. We compared management's assessment with the guidance in IFRS 3.

Management concluded that KMC Properties AS acquisition of Storm Real Estate ASA was a business combination and not an asset purchase, since Storm Real Estate ASA as a listed group had employees and operations in Russia within real estate. We challenged this assessment and assessed the conclusion against relevant guidance within IFRS 3.

Comparative information disclosed in the financial statements is that of the continuing business, KMC Properties AS. The business was established in 2020, consequently there is no historic financial information. We considered the principles applied and the technical changes in equity for the newly established group. Our procedures did not result in any significant findings surrounding the accounting for the transaction.

We considered the relevant notes and found the disclosures to be adequate.

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Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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*Report on Other Legal and Regulatory Requirements**Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statement on Corporate Governance concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

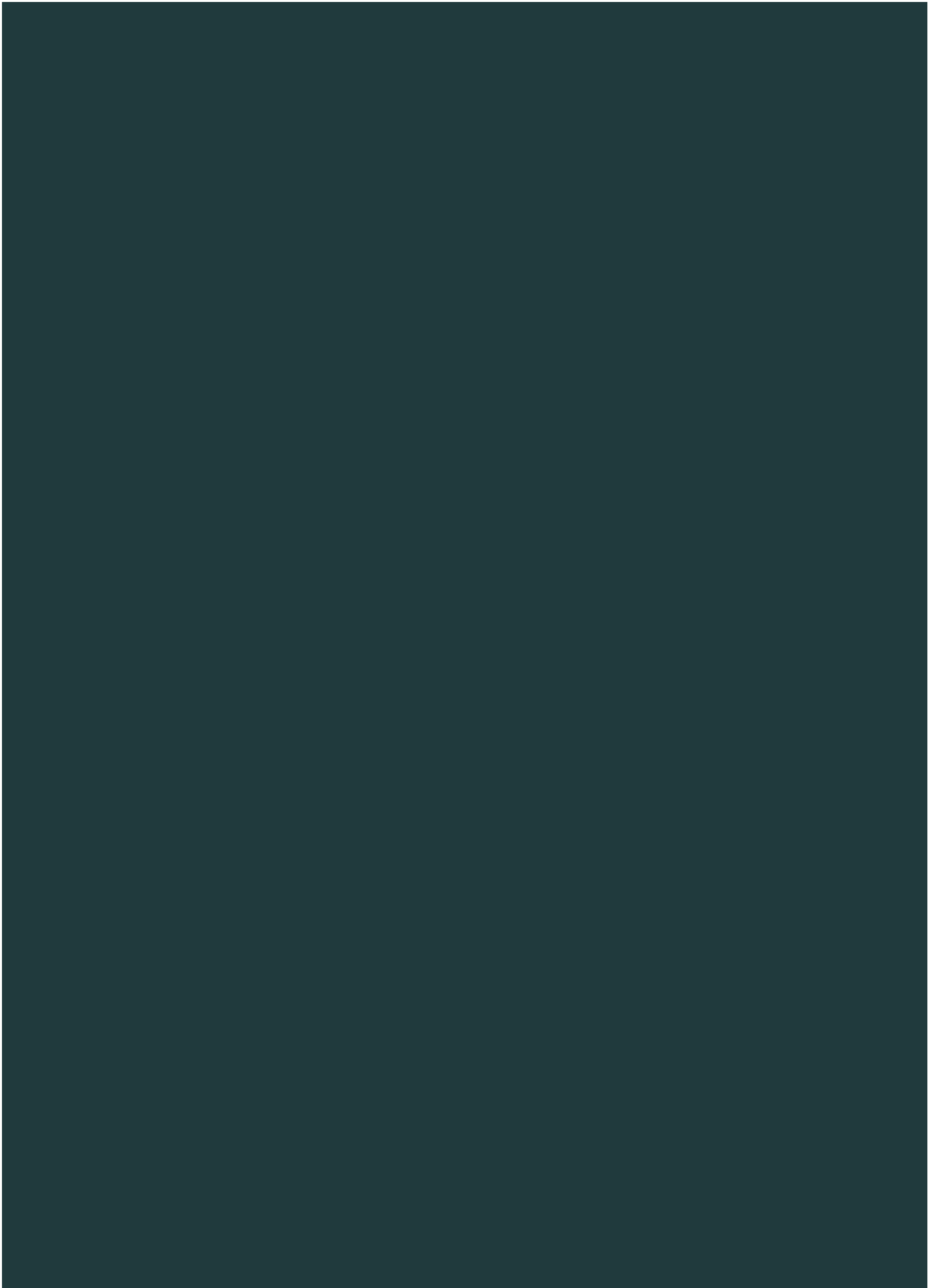
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 29 April 2021

PricewaterhouseCoopers AS

A handwritten signature in black ink, appearing to read 'Øystein Sandvik'.

Øystein Sandvik
State Authorised Public Accountant





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