

KMC Properties ASA

Q3 2021

18 November 2021





The preferred partner
for logistics and
industrial properties

Today's presenters



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CEO



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Disclaimer

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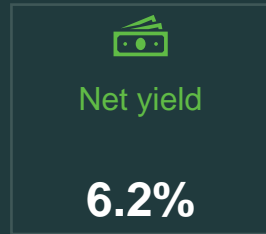
The Company assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This presentation contains alternative performance measures, or non-IFRS financial measures. Definitions and calculations are presented in our quarterly report.

Third quarter 2021



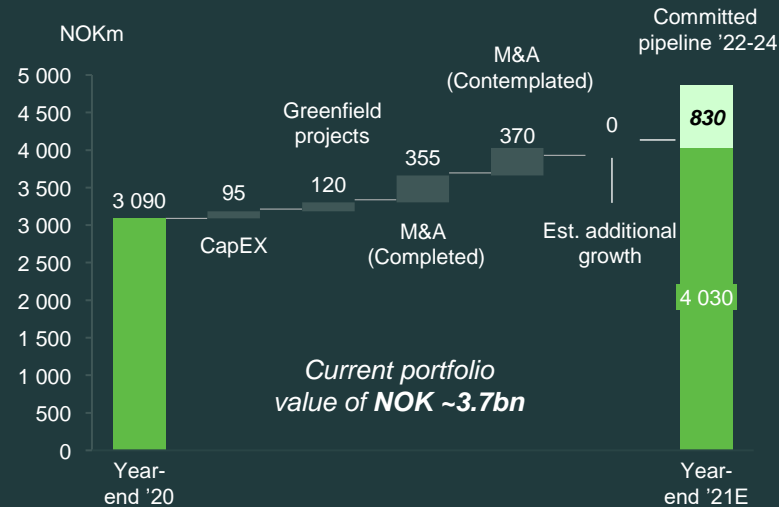
KMC Properties at glance

We are KMC Properties



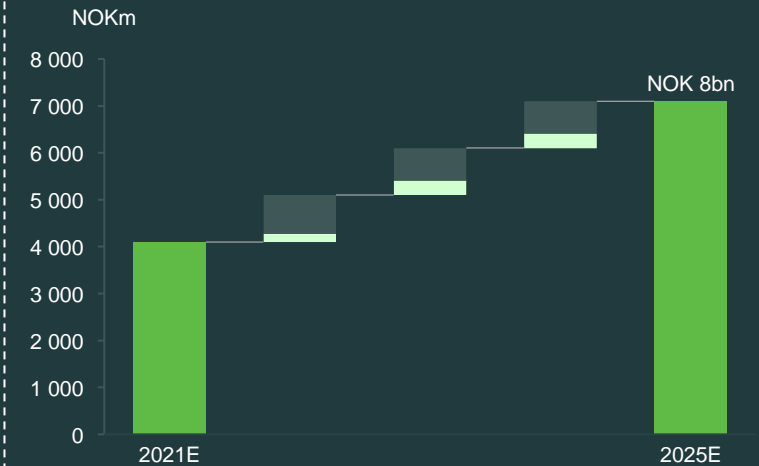
- Real estate company focused on owning industrial and logistics properties
- Portfolio of 40+ assets, primarily in the Nordics, constitution approx. ~360,000 sqm on 30 Sept 2021
- Long-term lease agreements with solid counterparties
- The two largest tenants are BEWI and Insula – owned by the Bekken and Witzøe families respectively; both large shareholders in KMC Properties

... we deliver accretive growth



- Current portfolio gross yield of ~6.4%
- Investments for lessees in current portfolio of NOK ~95 million in 2021, at yield-on-cost (YoC) of ~7.5%
- Ongoing greenfield projects of NOK ~120 million in 2021, at YoC of ~7.5%
- Completed acquisitions of NOK ~355 million at YoC of 7.5%
- Actively pursuing further acquisitions of NOK ~370 million at ~7.6% weighted average YoC, estimate no additional growth before year-end
- Assuming all investments are completed, GAV may grow to NOK ~ 4.0 billion by year end²

...and have strong growth ambitions



- Strategic target of NOK 8 billion by year end 2025
- Committed greenfield and capex projects pipeline for 2022 totaling NOK 830 million, at YoC of ~6.9%
- Planned growth well within expected possibility in the sector – corresponding to approx. 4% of average relevant Nordic real estate volumes¹
- Continued focus on assets we know well: foodstuff facilities, light industry – infrastructure for our lessees

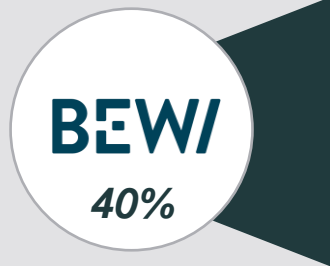
1) Pangea Nordic Property Outlook 2021: average Nordic «Industrial/Storage» transaction volume, 2016-2020, of EUR ~2.45 billion

2) Current company estimates, based on current transaction pipeline and market visibility and outlook. No assurances can however be given that any such acquisitions will be concluded, or at what terms. Further information will be provided in due course, as and when relevant or appropriate.

Solid customer base of market leading companies with long track records and exposure to an attractive industry

Company overview

% of net operating income¹



- Listed at the Oslo Børs
- Founded in 1980 by the Bekken family
- Leading European provider of packaging, components, and insulation solutions
- Proven buy-and-build strategy with 22 deals executed and integrated since 2014
- Frontrunner in innovation and sustainability



- Nordic seafood group built through 20 acquisitions since foundation in 2015
- Vertically integrated from fish stations through processing and transportation to strong consumer brands
- Majority-owned by Kverva (95.8%), with 1,100 employees across the Nordics
- Margins negatively impacted by operational restructuring and efficiency-improving initiatives completed in 2019



- One of the world's leading pelagic companies specializing in herring products customized to customer preferences
- Strategically located close to rich fishing grounds of the Northeast Atlantic with a long heritage dating back to 1830
- The business is certified by MSC and Grøntvedt aims to utilize 100% of its raw materials

Key customers / brands



Highlights for the third quarter

Key events

- Acquisition of industrial property with long-term lease at Mongstad for NOK 285 million
- Entered a conditional long-term lease agreement with BEWI for packaging hub at Jøsnøya
- Agreement with Oppdal Spekemat for construction of new production facility
- Letter of Intent with Slakteriet Holding AS to build a NOK 620 million slaughterhouse facility
- Successful completion of a NOK 300 million private placement at NOK 8.0 per share
- Refinancing of KMC Havnegata 16 AS with a bank loan
- Invested ~NOK 13 million in development of existing properties



Key figures

NOK million	Q3 2021	9M 2021
Gross rental income	57.7	164.5
Net Income from property management	22.2	42.0
Net asset value adjusted (NAV)	1,824	1,824
WAULT (years)	10.5	10.5
Occupancy rate (%)	98.8%	98.8%

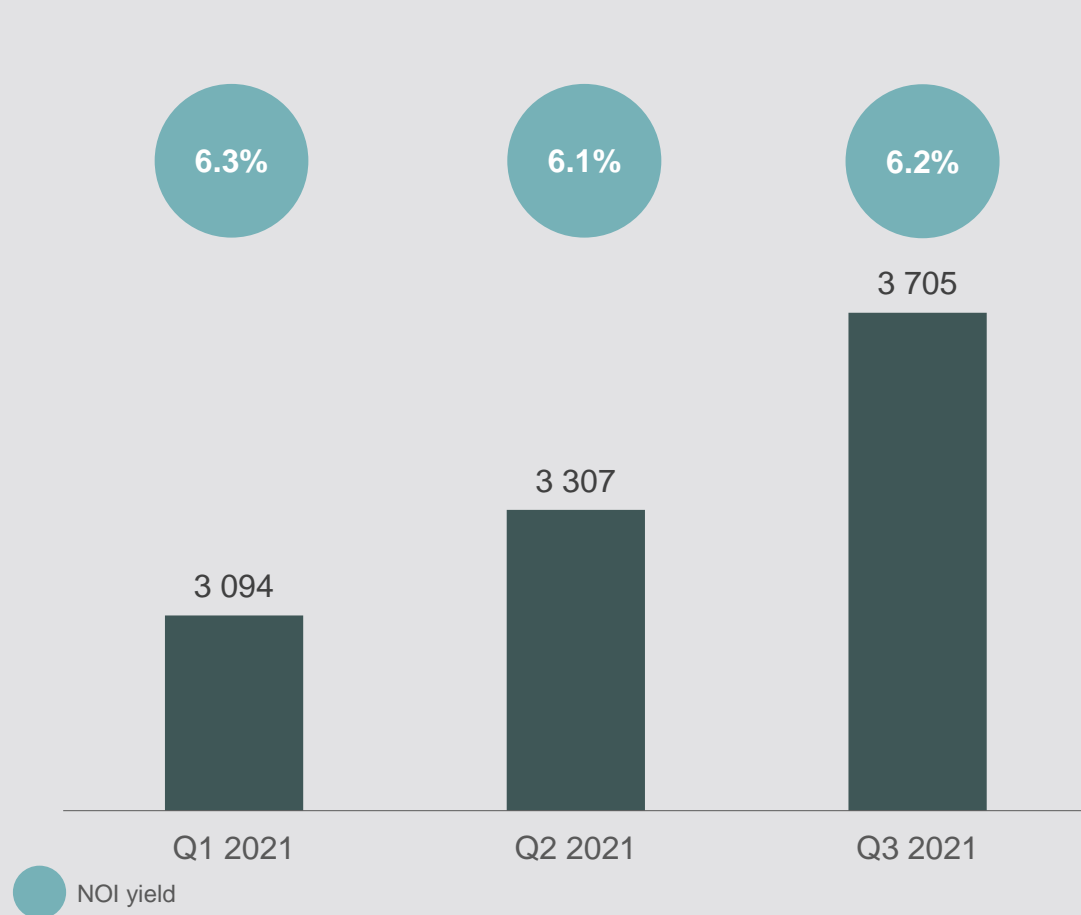
Key developments

- Capex pipeline of ~NOK 40 million as of 30 September 2021
- Greenfield pipeline of ~NOK 840 million as of 30 September 2021
- Actively pursuing specific acquisitions for ~NOK 370 million at weighted average YoC of ~7.6%

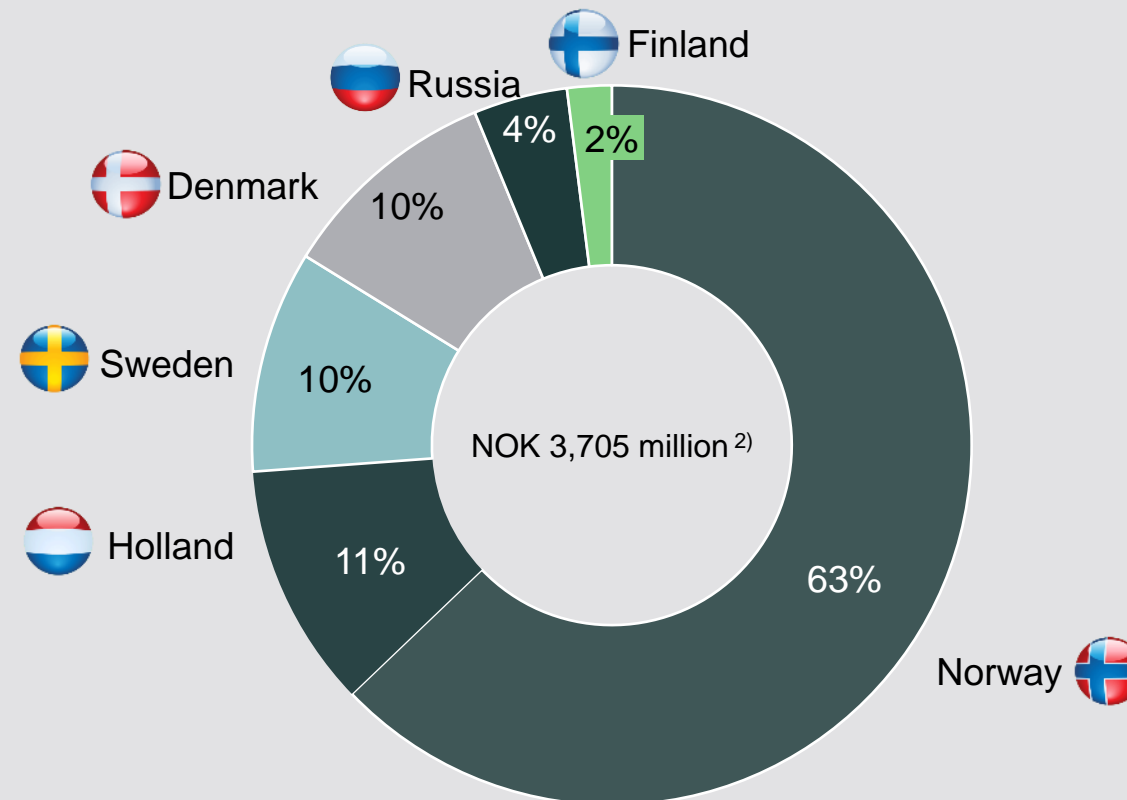
Property value and yield

Gross asset value and NOI yield development over time

NOK million



Total appraisal value and split per country¹



Ambitious growth strategy for portfolio



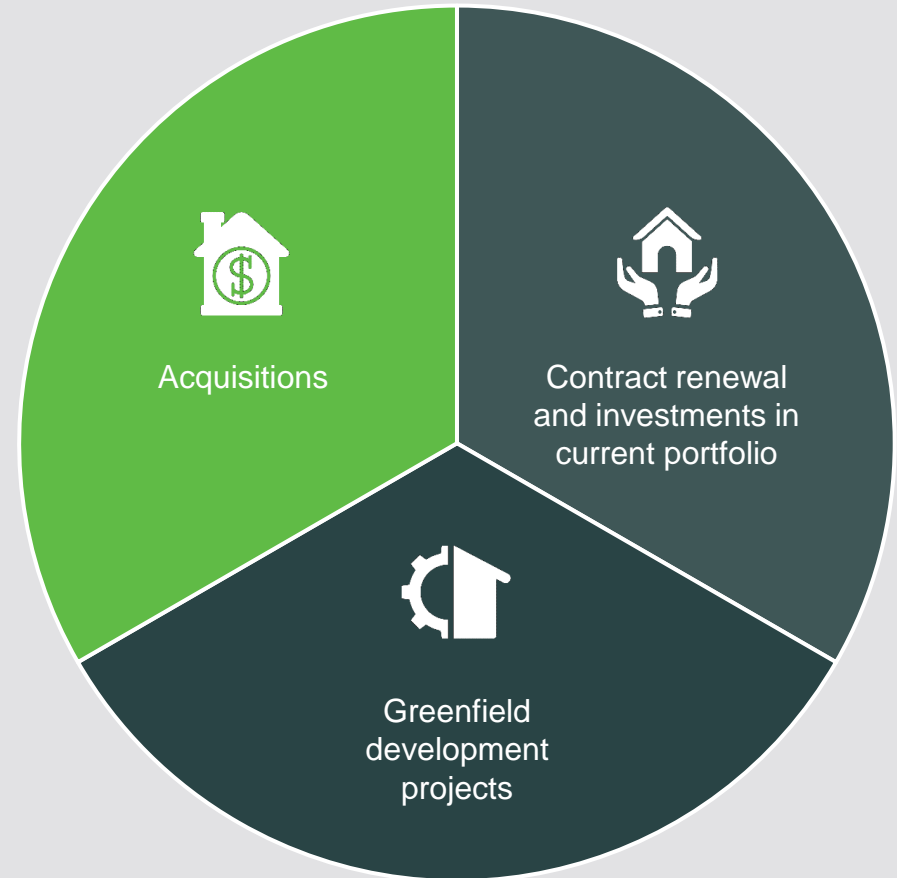
Investments in expansion projects for existing clients



Investments in new facilities for new and existing clients



Acquisitions in collaboration with current and new tenants, as well as third parties



Selected projects

	<u>Location</u>	<u>Expected completion</u>	<u>Gross yield / Yield-on-cost¹</u>	<u>Tenant</u>	<u>Est. total project cost / value of property (NOKm)</u>	
	Expansion projects (Capex)					
	Completed and ongoing projects		2021/2022	~7.5%	BEWI/Insula	120
	Greenfield projects					
	Fish box facility Senja	Senja, Norway	Q4 2021	~7.5%	BEWI	87
	Production facility Oppdal	Oppdal, Norway	Q3 2022	~7.5%	Oppdal Spekemat	80
	Packaging hub Hitra	Hitra, Norway	Q1 2023	~7.5%	BEWI	140
	Salmon Slaughterhouse Facility	Florø, Norway	2023/2024	~6.8%	Slakteriet Holding	620
	Completed acquisitions					
	Packaging facility Denmark	Denmark	Q2 2021	~7.2%	BEWI Cellpack ²⁾	28
	Production facility, Norway	Molde, Norway	Q2 2021	~7.1%	PTG Friornordica	43
	Industrial property Norway	Mongstad, Norway	Q2 2021	~7.7%	PSW Technology AS	285
Sum / weighted average			~7.2%		1 403	

Financials



Key reported P&L metrics

P&L (NOK million)

	Q3 2021	Q2 2021	2020
Gross rental income	57.7	53.7	51.8
Direct property related expenses	-2.1	-2.0	-2.8
Net operating income	55.6	51.7	49.0
Other operational expenses and depreciation	-9.5	-19.1	-18.5
Net fair value Adjustments on Investment Property	101.9	36.9	404.6
Total operating profit (loss) (EBIT)	148.1	71.5	435.0
Net financial income (expenses)	-25.7	-27.8	-28.1
Tax	-23.3	-12.8	-94.3
Net income	99.1	30.9	312.6

Comments

- Rental income increased by 7.4% from Q2 to Q3, mainly explained by income from new investments
- Transaction costs of NOK 2.0 million in Q3, in addition to NOK 14.1 million in costs related to the private placement booked as equity transaction
- Net realised financials of ~NOK 24.0 million

Development in adjusted annualised run-rate

Annualised run-rate (NOK million)

	Q3 2021	Q2 2021	Q1 2021
Gross rental income	247.0	246.3	212.8
Property related expenses	-11.0	-12.7	-12.5
Net operating income	236.0	233.6	200.3
SG&A expenses	-26.0	-25.0	-24.2
EBITDA	210.0	208.6	176.1
Realised financial expenses	-99.5	-93.1	-79.5
Net income from property management	110.5	115.5	96.6

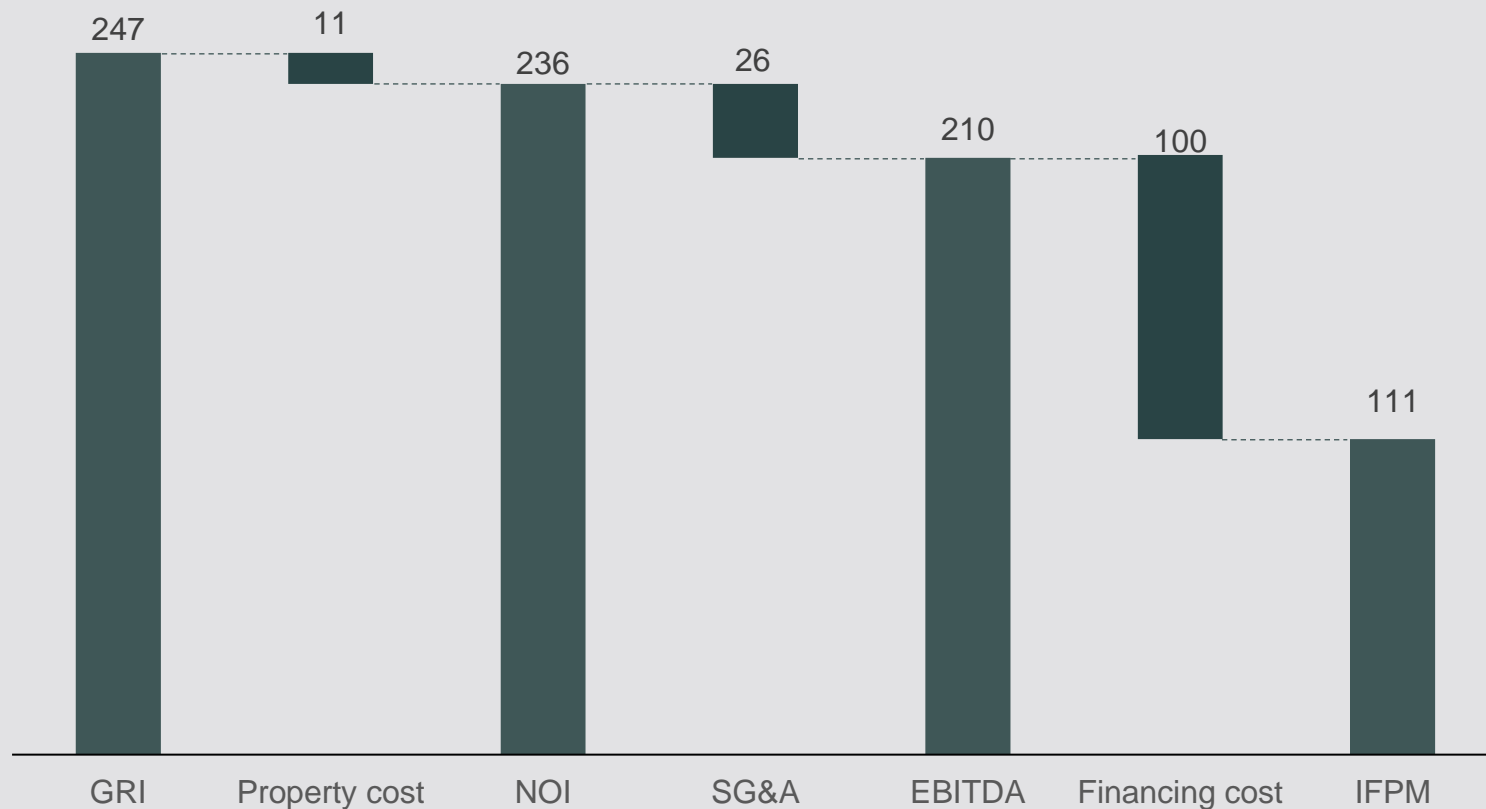
Comments

- Minor increase since annual run-rate reported as per Q2 on 25 August, since no significant additional agreements
- Q3 2021 is based on final agreements as of 17 November 2021
- Stable costs despite rental income growth

Current run-rate

Run-rate bridge from GRI to IFPM

NOK million



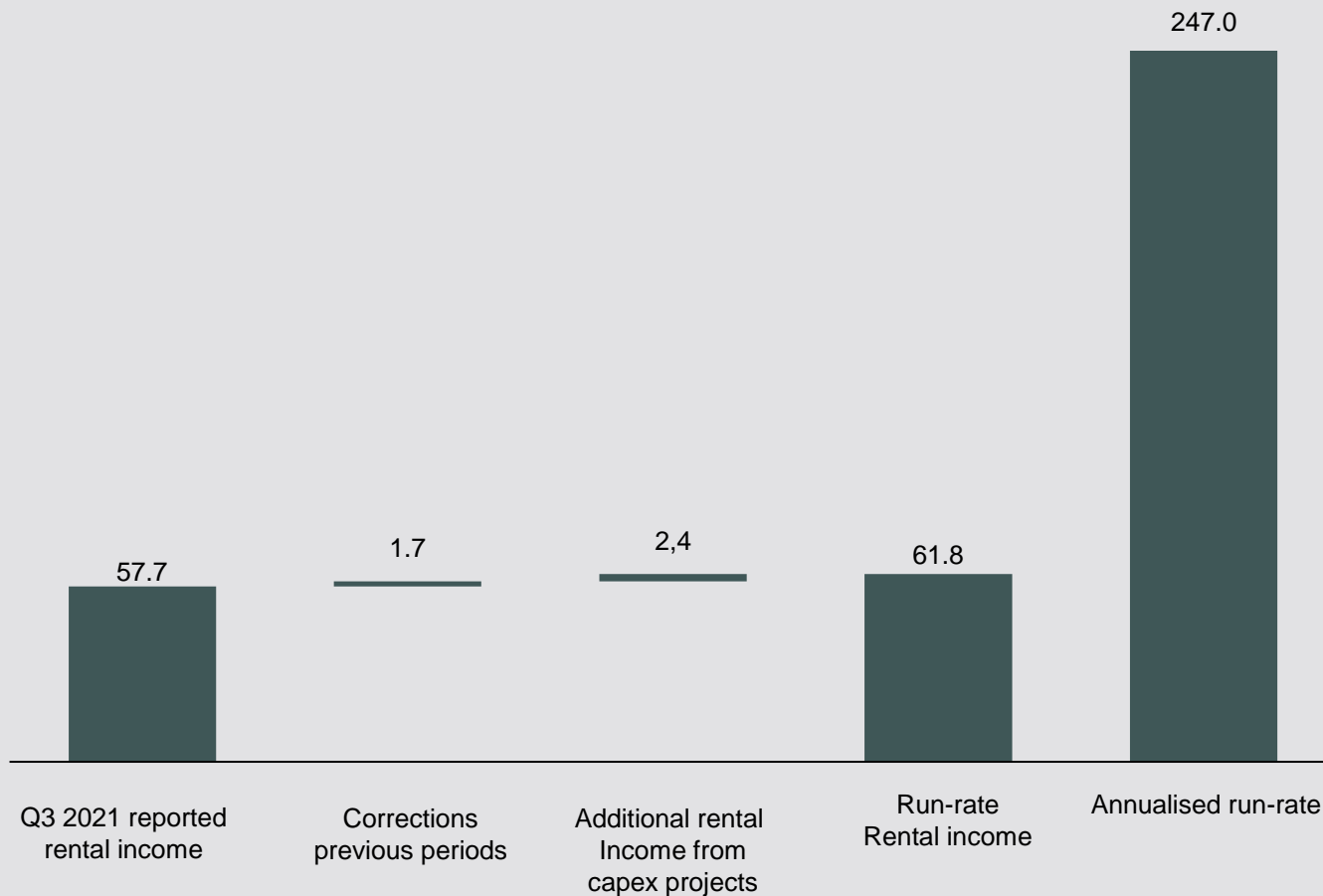
Comments

- Property cost at c. 4% of GRI and expected to remain stable due to the nature of the business focusing on bear house contracts
- SG&A related to overhead costs of running the operations including salaries and administrative expenses
- Changes to property valuation and transaction cost not included in run-rate EBITDA
- Financing cost driven by the NOK 1,850 million bond, the NOK 325 million in bank loans and swap agreements

Run-rate figures: Key metrics

Run-rate bridge from GRI to IFPM

NOK million



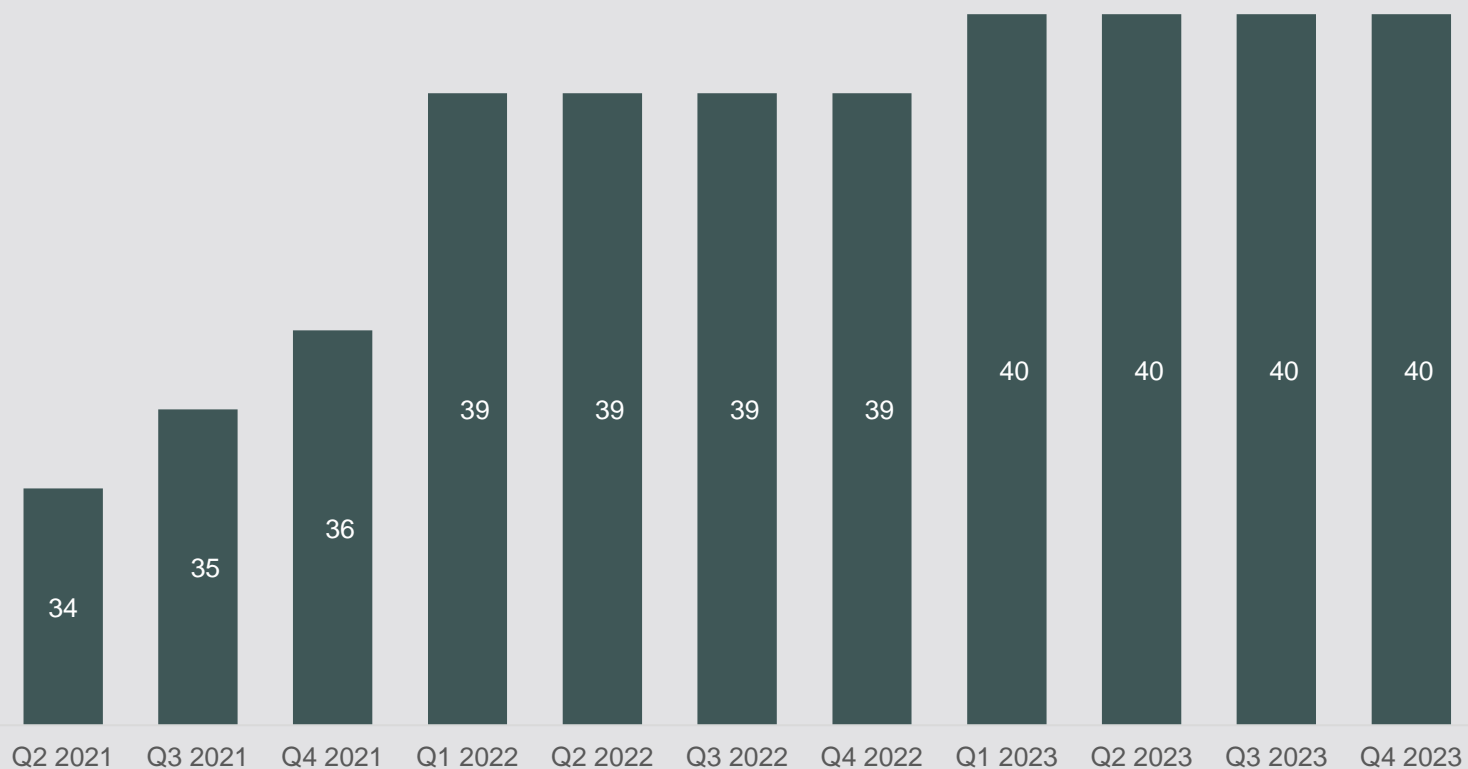
Comments

- Additional rental income comes from Capex projects completed in Q4 2021

Existing contracts provide solid cash flow

Contractual gross rental income for the period 2021-2023¹ less estimated interests expenses²

NOK million



Comments

- Contracts with solid tenants, with COVID-19 resilient business models
- Low OPEX and SG&A expenses due to triple net bare-house lease contracts
- Cash flow provide strong debt capacity and flexibility for further growth

1) Based on contracts as of 17 November 2021. CPI adjustment is set to 2.0%. Rental income from the Gasfield property (spot contracts) is estimated to be stable during the period.

2) Based on current swap agreements and interest rate for the current quarter. Does not include interests on the revolving credit facility

Balance sheet at Q3 2021

Balance sheet build-up

NOK million



Comments

- Portfolio valued by Cushman & Wakefield quarterly
- In Q3 2021, value of property portfolio increased by NOK 398 million to a total value of NOK 3,705 million
- Assets consists of interest rate and currency rate swap agreements (NOK 39.4 million), trade receivables (NOK 14.8 million), prepaid expenses, VAT receivables, tax receivables, and other current receivables (NOK 33.4 million), and NOK 271.1 million in cash
- Total current liabilities of NOK 62.6 million, mainly including trade payables (NOK 19.6 million), taxes (NOK 18 million) and prepaid rent (NOK 6.7 million)
- Total non-current liabilities of NOK 2,290.5 million, mainly including interest bearing debt (NOK 2,161.8million), deferred tax liabilities (NOK 103.6 million) and land lease liabilities (NOK 16.2 million)
- Total equity was NOK 1,720.7 million, representing an equity ratio of 42.2%

Interest bearing debt

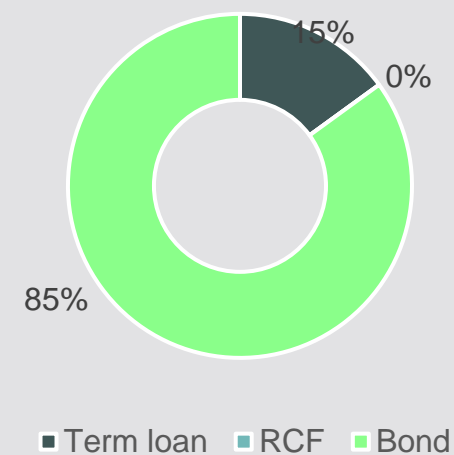
Financing activity in the quarter

- Cleaned down the revolving credit facility in Q3 2021
- New bank term loan facility of NOK 325m at 3m NIBOR + 250bps

Maturity profile and composition of interest-bearing debt

All amounts in NOK million	0-1 yrs	1-2 yrs	2-3 yrs	>3yrs
Revolving credit facility (RCF)	0	0	0	0
Bank loan	0	0	0	325
Bonds	0	0	1,850	0
Total	0	0	1,850	325

Source of funds

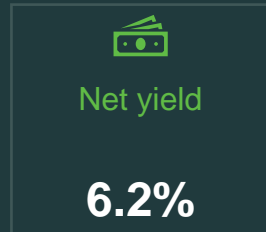


└ Outlook and
summary



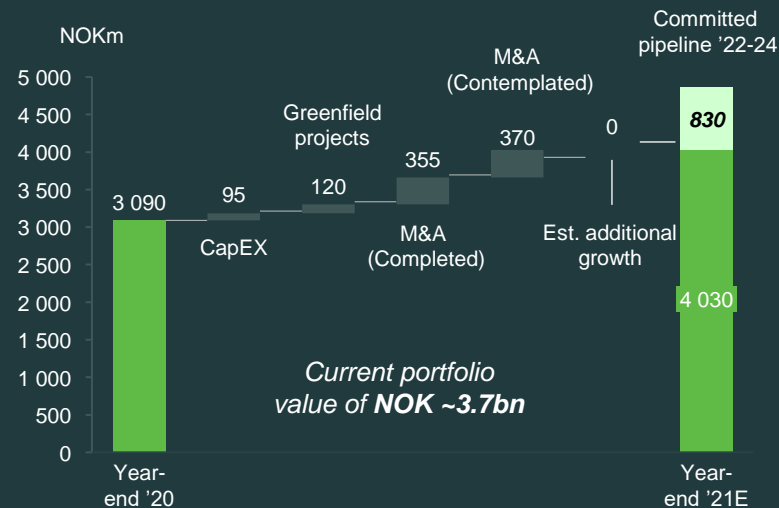
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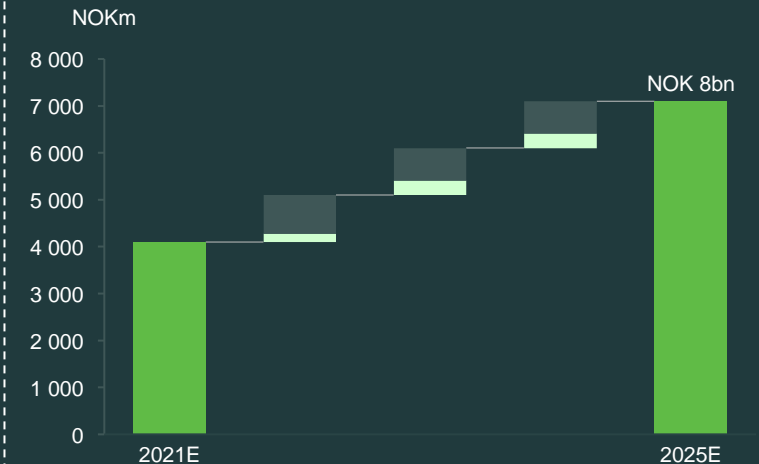
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Q&A

