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Letter from the CEO

KMC Properties continued to deliver on its ambitious growth strategy in the third quarter, which was marked by a series of value-accretive acquisitions and culminated in a successful private placement of NOK 300 million. This provided us with further financial flexibility to execute on the pipeline of attractive opportunities we have identified. KMC Properties' rental income rose to NOK 57.7 million in the third quarter, up from NOK 53.7 million in the previous quarter, primarily driven by additional income generated from new investments.

So far this year, we have announced a total of four acquisitions and three development projects, steadily growing our portfolio of logistics- and production properties across the Nordic region. At the end of the third quarter, KMC Properties' portfolio was valued at NOK 3.7 billion, which represents a 20 per cent increase year-to-date.

During the third quarter, we signed a Letter of Intent with Slakteriet to build a NOK 620 million salmon slaughterhouse facility at Florø, in Norway's Vestland county. As one of Norway's biggest fish slaughter companies with a 30-year history, Slakteriet is a solid counterparty with a strong financial position that further diversifies our customer portfolio. The new facility is planned to be a state-of-the-art slaughterhouse, with robotic technology and automation solutions, strategically located in the industrial cluster Fjord Base in Florø.

In July, KMC Properties entered an agreement with Oppdal Spekemat for the construction of a new production facility in Oppdal, in the Trøndelag county in central Norway.

All our projects have similar key characteristics, in line with our strategy, including strategic locations, modern facilities, long lease agreements and attractive counterparties.

In addition to the above-mentioned development projects, KMC Properties announced two property acquisitions



during the third quarter, including a large industrial property at Mongstad, Norway, located in a thriving industrial cluster. The property comes with a 10-year lease agreement and a strong environmental profile. The Mongstad acquisition was the main contributor to the increase in our rental income in the quarter. In August, KMC Properties announced that it had received acceptance of a conditional offer for the acquisition of a production facility in Denmark.

Today KMC Properties has a robust platform for growth, a well-experienced organisation, a strong, increasingly diversified property portfolio, and a tangible and actionable pipeline of new opportunities. We therefore remain confident in our ability to reach our strategic target of approximately NOK 8 billion real estate portfolio by the end of 2025.

Trondheim, 17 November 2021



Liv Malvik
Chief executive officer
KMC Properties ASA

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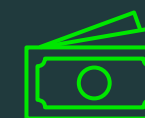
Highlights

Highlights for the third quarter of 2021

- Income of NOK 57.7 million for the third quarter of 2021
- Net income from property management of NOK 22.2 million
- Acquisition of industrial property with a long-term lease at Mongstad for NOK 285 million
- Entered a conditional long-term lease agreement with BEWI for a new packaging hub at Jøsnøya
- Agreement with Oppdal Spekemat for construction of a 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 (see note 5)
- Invested ~NOK 13 million in development of existing properties

Subsequent events

- Completion of subsequent offering at NOK 8.0 per share, raising gross proceeds of NOK 15 million



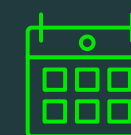
Net yield

6.2%



Portfolio value

~3.7bn



Wault (years)

~10.5



Group net LTV

~50%

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Amounts in NOK million	Q3 2021	Q2 2021	Q1 2021	YTD 2021	2020
Rental income	57.7	53.7	53.1	164.5	51.8
Change from previous period	7%	1%	N/A ¹⁾	465%	N/A ¹⁾
Net operating income (NOI)	55.6	51.7	48.9	156.2	49.0
Change from previous period	8%	6%	N/A ¹⁾	463.4%	N/A ¹⁾
Net income from property management ²⁾	22.2	14.9	4.9	42.0	8.3
Change from previous period	49%	220%	N/A ¹⁾	N/A ¹⁾	N/A ¹⁾
Profit before tax	122.4	43.8	76.5	242.6	406.9
Change from previous period	179%	(43%)	N/A ¹⁾	(48%)	N/A ¹⁾
Profit after tax	99.1	30.9	60.6	190.6	312.6
Change from previous period	221%	(49%)	N/A ¹⁾	(49%)	N/A ¹⁾
Number of shares	279 246 544 ⁵⁾	241 746 544	241 746 544	279 246 544 ⁵⁾	240 765 311
Net income from property management per share	0.09	0.06	0.02	0.16	0.03
Profit after tax per share (in NOK)	0.35	0.13	0.25	0.68	1.3
Group property portfolio value	3 705	3 307	3 094	3 705	3 090
Property net yield ³⁾	6.2%	6.1%	6.2%	6.2%	6.3%
WAULT (years) ³⁾	10.5	10.6	10.7	10.5	10.7
Occupancy rate (%)	98.8%	98.8%	98.7%	98.8%	98.7%
Net nominal interest bearing debt ²⁾	1 861	1 873	1 745	1 861	1 717
Group net loan to value (%) ²⁾	50.0%	56.6%	56.4%	50.2%	55.6%
Net asset value adjusted (NAV)	1 824	1 403	1 297	1 824	1 293
NAV per share	6.5	5.8	5.4	6.5	5.4
Share price ⁴⁾ / NAV	1.2	1.1	1.3	1.2	2.2

1) Not applicable - The current business was established in December 2020.

2) See section concerning "Alternative performance measures" for calculation of the key figures.

3) Does not include property in Moscow.

4) Share price as at period end.

5) Since 30 September 2021, 1 875 000 additional shares have been issued through the repair issue, and additional 750 000 shares will be issued through an employee offering.

Amounts in NOK million	Annual run rate ¹⁾
Gross rental income	247.0
Property related expenses	(11.0)
Net operating income	236.0
SG&A expenses ²⁾	(26.0)
EBITDA	210.0
Realised financial expenses ³⁾	(99.5)
Net income from property management	110.5

1) Based on final agreements as of 17 November 2021.

2) Does not include transaction costs.

3) Based on current 3 months Nibor and current swap agreements, does not include interest expenses on revolving credit facility.

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On 20 December 2020, the owners of KMC Properties AS and Storm Real Estate ASA, now named KMC Properties ASA, completed a transformative agreement (the Transaction), combining the two companies into an Oslo Børs listed real estate Group, primarily within industrial- and logistics properties.

As described in the annual report for 2020, the transaction is accounted for as a reverse 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 figures in the consolidated statement of comprehensive income for 2020 includes only the figures for KMC Properties AS. Financials for Grøntvedt Næringsbygg AS, Pesca Property AS, former Storm Real Estate ASA and the four properties in the Netherlands are not included in the consolidated figures for 2020, as these companies were

formally acquired during the last days of December 2020, and the related financials for these few days were considered immaterial.

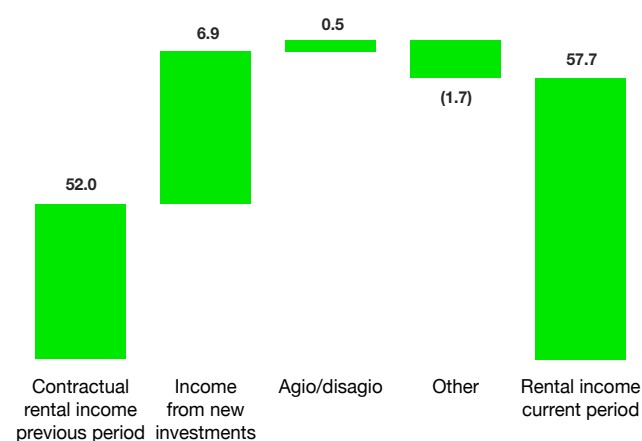
As the consolidated statement of comprehensive income for 2020 include only the financials for KMC Properties AS, these financials are recommended to read in conjunction with proforma figures for 2020 as presented in the annual report for 2020.

The consolidated statement of financial position as of 31 December 2020 include all assets and liabilities in the companies acquired in 2020.

Financial results

Rental income

NOK million



Rental income for the third quarter of 2021 amounted to NOK 57.7 million. The change of approximately NOK 5.7 million from the contractual rental income reported for the previous period is specified in the graph to the left. "Other" includes corrections from previous periods that have been adjusted for this period.

For the first nine months of 2021, total rental income was NOK 164.5 million.

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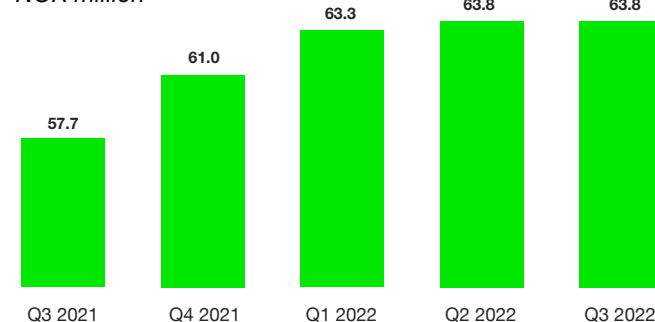
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Contractual rental income development

Based on final agreements as of 17 November 2021:

NOK million



Net operating income

Since most of the group's lease agreements are triple net bare house agreements, direct property costs are relatively low. Hence net operating income amounted to NOK 55.6 million and NOK 156.2 million for the third quarter and first nine months of 2021 respectively.

Employee benefit and salary expenses amounted to NOK 4.5 million for the third quarter of 2021, and NOK 11.9 million for the first nine months of 2021. The company has significantly strengthened its organisation during the first nine months of 2021.

Other operating expenses were NOK 4.6 million for the third quarter, and NOK 38.4 million for the first nine months of the year. The transaction costs are mainly legal and other advisory fees related to investment and financing activities.

NOK million	Q3 2021	Q2 2021	Q1 2021
Administrative costs	2.6	2.0	4.1
Transaction costs	2.0 ¹	10.2	17.5
Other operating expenses	4.6	12.2	21.6

Total operating profit amounted to NOK 46.2 million for the third quarter and NOK 105.0 million for the first nine months of 2021.

Net financials

NOK million	Q3 2021	Q2 2021
Realised financial income	0.3	0.0
Interest expenses ²	(24.3)	(19.9)
Net realised financials	(24.0)	(19.9)
Change in value financial instruments	4.4	(14.9)
Other unrealised financials	(6.1)	7.0
Net financials	(25.7)	(27.8)

Net income from property management (see definition under "Alternative Performance Measures") increased from NOK 14.9 million for the second quarter to NOK 22.2 million for this quarter due to low transaction costs in the third quarter this year.

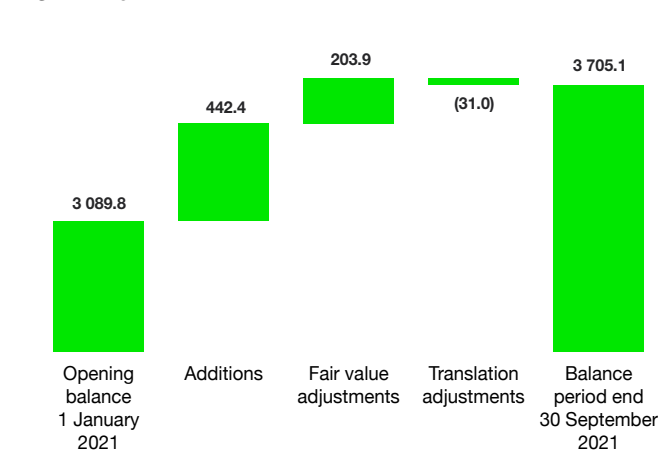
Net profit was NOK 99.1 million for the quarter and NOK 190.6 million for the first nine months of 2021.

Total comprehensive income came in at NOK 129.4 million for the third quarter and NOK 185.1 million for the first nine months half of the year.

Financial position and cash flow

Property portfolio

NOK million



The portfolio is valued quarterly by Cushman & Wakefield. The total change in value for the first nine months of 2021 was NOK 615.3 million, of which expansion projects, investments in new facilities, and acquisitions of new properties amounted to NOK 442.4 million, fair value adjustments amounted to NOK 203.9 million, and translation adjustments amounted to a negative NOK 31.0 million.

Other assets as of 30 September 2021 consists primarily of interest rate and currency rate swap agreements of NOK 39.4 million, trade receivables at NOK 14.8 million, prepaid expenses, VAT receivables, tax receivables, and other current receivables at NOK 33.4 million, as well as NOK 276.1 million in cash.

1) In addition comes NOK 14.1 million in transaction costs related to the NOK 300 million private placement, which is recorded as an equity transaction.

2) Does not include amortisation of capitalised borrowing cost

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Total non-current liabilities amounted to NOK 2 290.5 million at the end of September this year, up from NOK 1 909.0 million at the end of 2020. The liabilities consist mainly of interest-bearing debt of NOK 2 161.8 million, see table below, deferred tax liabilities of NOK 103.6 million, and land lease liabilities of NOK 16.2 million.

Total current liabilities amounted to NOK 62.6 million and consisted mainly of trade payables of NOK 19.6 million, taxes of NOK 18 million and prepaid rent of NOK 6.7 million.

Total equity was NOK 1 720.7 million on 30 September 2021, representing an equity ratio of 42.2 per cent, compared to NOK 1 243.1 million at the end of 2020 and an equity ratio of 37.7 per cent.

Consolidated cash flow

Operating activities generated a cash inflow of NOK 40.3 million for the third quarter and NOK 50.7 million for the first nine months of the year.

Investment activities generated a cash outflow of NOK 285.6 million for the third quarter and NOK 447.1 million for the first nine months of 2021, due to investments in expansion projects and new facilities, as well as acquisitions of new properties.

Financing activities led to a cash inflow of NOK 375.0 million for the third quarter and NOK 548.4 million for the first nine months of 2021 due to increase in interest bearing debt and equity issues.

Interest bearing debt as of 17 November 2021:

	NOK million*	Weighted average current interest	Weighted average interest terms	Weighted average amortisation plan (years)	Weighted average years to final maturity	In compliance with covenants?
Bond loan	1 850	4.76%	3 months NIBOR + 4.25%	None	2.1	Yes
Bank loan	325.0	3.2%	3 months NIBOR + 2.5%	20.5	7.5	Yes
Revolving credit facility	0	3.1%	3 months NIBOR + 2.25%	N/A	N/A	Yes

Operational review

KMC Properties ASA is a real estate company focused on owning industrial- and logistics properties. The company owns a diversified portfolio of approximately 45 properties in the Nordics and the Netherlands. The properties have long-term lease agreements with solid counterparties, strategically located for the tenants. In addition, the company owns an office building in Moscow, Russia.

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

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History and important events in the development of the group

2020	EVENT
20 January	KMC Properties AS incorporated, but did not have operational activities until 26 May 2020
Between 26 May and 30 September	Between 26 May 2020 and 30 September 2020, KMC AS acquired several subsidiaries which in turn owned properties
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) 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	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% 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 Næringseiendom AS
30 December	Storm Real Estate ASA changed its name to KMC Properties ASA and its municipality from Oslo to Trondheim
2021	EVENT
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
3 March	Letter of intent with BEWI for development of packaging hub at Hitra
13 April	Acquisition of industrial property in Denmark
27 May	Acquisition of industrial property outside Molde in Norway
27 May	Appointment of Kristoffer Holmen as CFO
2 July	Agreement with Oppdal Spekemat for construction of new production facility
8 July	Long-term lease agreement with BEWI for new packaging hub at Jøsnøya, Hitra
12 July	Acquisition of industrial property with long-term lease at Mongstad for NOK 285 million
23 August	Letter of Intent with Slakteriet Holding AS to build NOK 620 million salmon slaughterhouse facility
25 August	Conditional offer accepted by Limo Labels on label production facility in Denmark for DKK 75 million
16 September	Private placement of NOK 300 million successfully completed
28 October	Subsequent offering completed

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Important events in the third quarter of 2021

Acquisitions

Acquisition of an industrial property with long-term lease at Mongstad for NOK 285 million.

On 12 July, KMC Properties ASA announced its acquisition of an industrial property at Mongstad, Norway, for a total consideration of approximately NOK 285 million, with a yield of 7.7 per cent of the total investment cost.

The property came with a triple-net bare-house agreement with the tenant, PSW Technology AS, with an initial lease term of 10 years, with the option of a ten-year extension.

PSW Technology is part of the PSW Group AS, an international provider of products, systems, and services to the energy industry, 98 per cent-owned by Hercules Private Equity Fund IV.

The property, located at Storemyra, is composed of a 10 734 m² BTA industrial plant constructed in 2019, and 62 091 m² BTA of land, strategically located at the Mongstad industrial site, on the west coast of Norway.

With its 1 200 solar panels over 3 500 m² on its roof, PSW's facility at Mongstad is the tenth largest solar cell plant in Norway. The building generates approximately 350 000 kWh per year, making PSW Group self-supplied with solar energy and able to export electricity back to the grid in the event of over-production. The strong environmental profile of PSW's plant was important for KMC Properties' investment decision.

Acquisition of production facility in Denmark

On 25 August, KMC Properties announced that that it had received acceptance of a conditional offer for the acquisition of the real estate company Engvej 13 ApS from Limo Labels A/S, owner of a labels production facility in Denmark, for DKK 75 million (approximately NOK 106 million). The parties are still negotiating final terms.

Development projects

Greenfield project for BEWI at Senja

KMC Properties has developed a fully automated fish box production facility at Klubben Næringsområde in Senja, Norway, on behalf of its tenant, BEWI ASA. The facility is partly integrated with SalMar's new processing plant InnovaNor for fully automatic fish box delivery.

BEWI commenced operations of the facility in the third quarter of 2021 and production is expected to ramp-up gradually going forward.

Conditional long-term lease agreement with BEWI for new packaging hub at Jøsnøya

On 3 March 2021, KMC Properties entered a letter of intent (LOI) with BEWI ASA for development of a new packaging facility on Jøsnøya, Hitra, on the west coast of Central Norway, and on 8 July, the company announced that it had entered a conditional long-term lease agreement for the property with BEWI and entered an agreement for the pre-project phase.

The new facility will be built and owned by KMC Properties and handed over to BEWI pursuant to a final lease agreement with an initial term of 15 years, with an option for BEWI to extend the lease term two times by five year each.

The construction cost is estimated to be above NOK 100 million, and the yield-on-cost is set on 7.5 per cent.

Agreement with Oppdal Spekemat for construction of a new production facility

On 2 July 2021, KMC Properties entered an agreement with Oppdal Spekemat AS for construction of a new production facility at Oppdal, in Trøndelag county in central Norway.

The agreement stipulates that KMC Properties acquires a plot from Oppdal Spekemat and finances and builds the new production facility. When completed, the facility will be leased to Oppdal Spekemat on a triple-net bare-house agreement, with an initial lease term of 15 years, with the option of an extension. The initial lease term is irrevocable.

The construction cost is estimated to be approximately NOK 80 million, and the yield-on-cost is set on 7.5 per cent. The agreement is conditional upon financing.

Oppdal Spekemat is a Norwegian producer and seller of traditional cured meats and related products established in 2009. The company has a solid market position in central Norway. The company is owned 60 per cent by Fatland, a Norwegian slaughter- and meat expert with a turnover of close to NOK 5 billion in 2020.

LOI with Slakteriet Holding AS to build NOK 620 million salmon slaughterhouse facility

On 23 August 2021, KMC Properties announced the signing of a Letter of Intent (LOI) with Slakteriet Holding AS to build a new salmon slaughterhouse facility at Florø, in the Vestland county on the Norwegian western coast. The investment is estimated at NOK 620 million, with a yield-on-cost estimated between 6.75-7.1 per cent.

KMC Properties will be responsible for building of the facility, and the construction work is expected to commence in 2022, with scheduled completion in 2023/2024. The parties have agreed on a triple-net bare house agreement, with an initial lease term of 20 years, with the option of a 10-year extension.

Strategically located in the industrial cluster Fjord Base in Florø, the new facility will be a state-of-the-art slaughterhouse, with robotic technology and automation solutions. In addition, the facility will include production lines for filleting and further processed products, as well as significantly increase the cooling and deep-freezing capacity.

Slakteriet will invest approximately NOK 390 million in fitting the facility with machines and equipment. The facility will have a clear environmental profile and will be equipped with solar cells on the roof.

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A final decision on the execution of the project will be taken after the preliminary project work has been completed in end of 2021.

Financing

On 16 September 2021, KMC Properties announced the successful completion of a private placement of NOK 300 million through allocation of 37 500 000 new shares at NOK 8.00 per share.

Net proceeds from the private placement will be used to redeem amounts drawn under the company's revolving credit facility in connection with recent acquisitions and greenfield projects, and to fund the company's pipeline of new growth opportunities.

Further, a subsequent offering was launched on 12 October 2021. See more information under Subsequent events below.

Share information

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

The company has a total of 281 121 544 issued and outstanding shares as of 17 November 2021.

For a continuously updated overview of the company's largest shareholders, see the Investor section at the company's homepage: www.kmcp.no

During the third quarter, the KMC Properties' share was traded between NOK 6.32 and NOK 9.50 per share, with a closing price of NOK 8.10 on 30 September 2021.

Subsequent events

Subsequent offering

Following the completion of the company's private placement in September, KMC Properties launched a subsequent offering on 12 October 2021, directed towards the company's shareholders on 16 September, i.e., when the private placement was completed.

The subsequent offering was completed on 28 October and resulted in issuance of 1 875 000 new shares at NOK 8.00 per share and consequently gross proceeds of NOK 15 million.

Outlook

So far in 2021, KMC Properties has delivered on its ambitious growth strategy. The company has announced a total of four acquisitions and three development projects, significantly increasing its annual run rate of rental income, as well as growing the portfolio value to NOK 3.7 billion, an increase of approximately 20 per cent.

During the year, the company has significantly strengthened its organisation. This, combined with a successful private placement providing further financial flexibility, as well as a pipeline of attractive growth opportunities, makes KMC Properties well positioned for further expansion and on track to reach its announced ambition of a portfolio value of approximately NOK 4 billion at the end of the year, and further double its real estate value over the next five years.

Trondheim, Norway, 17 November 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

Thorbjørn Fjærtøft Pedersen

Director

Liv Malvik

Chief executive officer

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Consolidated statement of comprehensive income

<i>Amounts in NOK thousand</i>	<i>Note</i>	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
		unaudited	unaudited	unaudited	unaudited	audited
Rental income	5	57 677	22 008	164 466	29 088	51 797
Total income		57 677	22 008	164 466	29 088	51 797
Property related expenses	5	2 042	1 062	8 250	1 362	2 821
Salary expenses		4 547	664	11 856	1 187	1 871
Other operating expenses		4 545	6 858	38 352	9 570	16 645
Depreciation		362	13	975	13	18
Total operating expenses		11 495	8 597	59 434	12 132	21 355
Operating profit (loss) before fair value adjustments		46 182	13 411	105 032	16 956	30 442
Change in fair value of investment properties	3	101 891	432 984	203 916	456 548	404 572
Total operating profit (loss)		148 073	446 395	308 949	473 504	435 014
Change in fair value of financial derivatives	6	4 414	-	31 262	-	-
Net currency exchange differences		(924)	4 407	(29 086)	4 407	(5 960)
Financial income		-	-	300	-	275
Financial expenses	4	29 181	6 439	68 799	8 729	22 388
Net financial income (expense)		(25 691)	(2 032)	(66 323)	(4 322)	(28 073)
Earnings before tax (EBT)		122 382	444 363	242 626	469 182	406 941
Tax expense		23 323	91 467	52 049	96 927	94 310
Profit for the period/year (net income)		99 059	352 896	190 577	372 255	312 631
Other comprehensive income:						
<i>Items that may be reclassified to profit or loss:</i>						
Other comprehensive income (translation reserves)		30 381	-	(5 512)	-	(10 059)
Tax on comprehensive income		-	-	-	-	-
Other comprehensive income for the period, net of tax		30 381	-	(5 512)	-	(10 059)
Total comprehensive income for the period		129 440	352 896	185 066	372 255	302 572
Profit attributable to:						
Equity holders of the company		99 059	352 896	190 577	372 255	312 631
Non-controlling interest		-	-	-	-	-
Total comprehensive income attributable to:						
Equity holders of the company		129 440	352 896	185 066	372 255	302 572
Non-controlling interest		-	-	-	-	-

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

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Consolidated statement of financial position

<i>Amounts in NOK thousand</i>	<i>Note</i>	30.09.2021 unaudited	30.09.2020 unaudited	31.12.2020 audited
ASSETS				
Non-current assets				
Deferred tax asset		-	2 048	-
Investment properties	3	3 705 059	1 980 219	3 089 750
Property, plant and equipment (PPE)		58	-	172
Financial derivatives	6	39 054	-	8 021
Other long term assets	6	5 038	180	35
Total non-current assets		3 749 209	1 982 447	3 097 978
Current assets				
Trade receivables	6	14 774	15 635	36 418
Other receivables, prepaid expenses, and tax	6	33 407	11 251	34 910
Other financial assets	6	383	-	154
Cash and cash equivalents	6	276 080	64 378	125 116
Total current assets		324 643	91 264	196 598
Total assets		4 073 853	2 073 711	3 294 576
Equity				
Share capital		55 849	1 000	48 153
Share premium		1 177 195	199 000	892 397
Sum paid-in equity		1 233 044	200 000	940 550
Retained earnings and translation reserves				
Translation reserves		(15 571)	-	(10 059)
Retained earnings		503 208	297 757	312 631
Sum retained earnings and translation reserves		487 637	297 757	302 572
Total equity		1 720 682	497 757	1 243 122
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		103 646	9 612	49 965
Interest bearing debt	4	2 161 793	1 049 615	1 832 345
Other long-term liabilities	6	25 090	308 995	26 643
Total non-current liabilities		2 290 529	1 368 222	1 908 953
Trade payables		19 593	15 132	36 404
Current tax liabilities		6 651	7 635	5 232
Other current liabilities	6	36 398	184 965	100 865
Total current liabilities		62 642	207 732	142 501
Total liabilities		2 353 171	1 575 954	2 051 454
Total equity and liabilities		4 073 853	2 073 711	3 294 576

Trondheim, Norway, 17 November 2021
The board of directors and CEO – KMC Properties ASA

Anders Dyrseth
Chair

Morten Eivindsson Astrup
Director

Nini Høegh Nergaard
Director

Anna Musiej Aanensen
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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 20.01.20		30	(9)	-	-	21
Issue of shares - liquidation		(30)	-	-	-	(30)
Issue of shares 11.06.2020		1 000	199 000	-	-	200 000
Issue of shares 30.11.2020		294	244 200	-	-	244 494
Reverse takeover		29 441	(129 961)	-	-	(100 520)
Reverse takeover (original shares SRE)		1 767	14 785	-	-	16 552
Reverse takeover (loan converted to equity)		5 365	227 693	-	-	233 058
Issue of shares private placement 22.12.2020		8 571	291 429	-	-	300 000
Issue of shares 23.12.2020 Dutch transaction		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 31.12.2020		48 153	892 397	(10 059)	312 631	1 243 122
Issue of shares	3	196	6 398	-	-	6 594
Issue of shares	3	7 500	292 500	-	-	300 000
Transaction cost issue of shares		-	(14 100)	-	-	(14 100)
Conversion difference		-	-	-	-	-
Profit /(loss) for the period		-	-	-	190 577	190 577
Other comprehensive income (translation reserves)		-	-	(5 512)	-	(5 512)
Total equity at 30.09.2021		55 849	1 177 195	(15 571)	503 208	1 720 682

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Consolidated statement of cash flows

<i>Amounts in NOK thousand</i>						
	Note	Q3 2021 unaudited	Q3 2020 unaudited	YTD 2021 unaudited	YTD 2020 unaudited	FY 2020 audited
Cash flows from operating activities						
Earnings before tax		122 382	444 363	242 626	469 182	406 941
Depreciation		362	13	975	13	18
Fair value adjustment of investment properties	3	(101 891)	(432 984)	(203 916)	(456 548)	(404 572)
Financial items		25 691	2 032	66 323	4 322	22 013
Change in working capital:						
- change in trade and other receivables		(1 109)	(12 205)	23 147	(26 886)	(63 540)
- change in trade and other payables, excl. corporate tax		248	69 778	(71 840)	200 097	64 375
Taxes paid		(5 376)	-	(6 651)	-	-
Net cash flow from operating activities		40 306	70 997	50 664	190 180	25 235
Acquisition of businesses, net of cash acquired		-	-	-	(627 299)	(1 051 956)
Investment in investment properties – net of cash		(285 941)	-	(442 446)	-	-
Outflows from financial investments		-	(180)	(5 003)	(180)	(189)
Interest received		300	-	300	-	275
Net cash flow from investment activities		(285 642)	(180)	(447 149)	(627 479)	(1 051 870)
Cash flows from financing activities						
Capital increase from issue of shares		300 000	-	306 594	200 000	259 993
Bond Issue		-	-	-	-	1 850 000
Change in interest bearing debt	4	293 268	-	324 948	-	-
Change in revolving credit facility	4	(172 500)	-	-	-	(923 345)
Change in other longterm debt		(6 326)	-	(1 553)	310 406	-
Transaction fees paid and other financial costs		(15 058)	-	(17 328)	-	(17 655)
Interest paid		(24 342)	(6 439)	(64 299)	(8 729)	(17 378)
Net cash flow from financing activities		375 042	(6 439)	548 362	501 677	1 151 615
Effects of exchange-rate changes on cash and cash equivalents		(913)	-	(913)	-	135
Net change in cash and cash equivalents		128 794	64 378	150 965	64 378	125 116
Cash and cash equivalents at beginning of period		147 285	-	125 116	-	-
Cash and cash equivalents at end of period		276 080	64 378	276 080	64 378	125 116

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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.

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 was

accounted for as a reversed takeover with KMC Properties AS being identified as the accounting acquirer. 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, and did not have operational activities until 26 May 2020. Thus, figures for Q2 2020 equals figures for YTD Q2 2020.

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

Note 02 Basis of preparation and accounting principles

The results for the period have been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles that have been used in the preparation of the interim financial statements are in conformity with the principles used in preparation

of the annual financial statements for 2020. The financial reporting covers KMC Properties ASA and subsidiaries. The interim financial statements have not been audited.

Note 03 Investment properties

The valuation of the properties on 30 September 2021 has been performed by an independent expert valuer, Cushman & Wakefield.

<i>Amounts in NOK million</i>	Q3 2021	YTD 2021	FY 2020
Opening balance	3 307.4	3 089.8	-
Additions	290.9	442.4	2 695.2
Fair value adjustments in period	101.9	203.9	404.6
Translation adjustment	4.8	(31.0)	(10.1)
Value at period end	3 705.0	3 705.0	3 089.8

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, on

30 September 2021, 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.

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Variables	Change of variables	Value change (+)	Value change (-)
Exit yield	+/- 0.25 per cent points	(49)	55
Discount rate	+/- 0.25 per cent points	(81)	81
Operating costs	+/- 10 per cent	(8)	8
Market rent	+/- 10 per cent	170	(170)
Average rental growth	+/- 0.5 percentages points next 10 years	133	(121)

The calculations have been performed by Cushman & Wakefield in connection the valuations as of 30 September 2021. The calculations do not include the office building in Moscow.

Note 04 Interest bearing debt

Bond loan:

<i>Amounts in NOK million</i>	Q3 2021	YTD 2021	FY 2020
Opening balance 01.07.2021	1 850	1 850	-
Net change in debt	-	-	1 850
Interest-bearing debt as at period end	1 850	1 850	1 850
Capitalised borrowing cost	(13)	(13)	(18)
Carrying amount interest-bearing debt*	1 837	1 837	1 832
Fair value of interest-bearing debt, excess value/ (reduced value) for the group in relation to book value*	54	54	6

*The fair value presented above is the excess value given by Nordic Bond Pricing AS.

Bank loans:

<i>Amounts in NOK million</i>	Q3 2021	YTD 2021	FY 2020
Opening balance	78	-	-
Net change in debt	-	325	-
Interest-bearing debt as of period end	247	325	-
Capitalised borrowing cost	-	-	-
Carrying amount interest-bearing debt as of period end	325	325	-
Additional bank loan obtained before report date	-	-	-
Bank loan as of report date	325	325	-

Revolving credit facility:

<i>Amounts in NOK million</i>	Q3 2021	YTD 2021	FY 2020
Opening balance	173	-	-
Net change in debt	(173)	-	-
Interest-bearing debt as at period end	-	-	-
Capitalised borrowing cost	-	-	-
Carrying amount interest-bearing debt	-	-	-

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Interest bearing debt as of 17 November 2021:

Debt instrument	NOK million*	Weighted average current interest	Weighted average interest terms	Weighted average amortisation plan (years)	Weighted average years to final Maturity	In compliance with covenants?
Bond loan	1.850	4.76%	3 months NIBOR + 4.25%	None	2.1	Yes
Bank loan	325.0	3.2%	3 months NIBOR + 2.5%	20.5	7.5	Yes
Revolving credit facility	-	3.1%	3 months NIBOR + 2.25%	N/A	N/A	Yes

Security bond loan:

Amounts in NOK million	Q3 2021	YTD 2021
Pledged property portfolio	3 084.1	2 943.3
Disposal account	-	-
Opening balance security¹⁾	3 084.1	2 943.3
Investments in pledged property portfolio	13.0	93.0
Sale of assets in pledged property portfolio	(133.3)	(133.3)
Inflow disposal account	133.3	133.3
Outflow disposal account	(63.3)	(63.3)
Fair value and translation adjustments pledged property portfolio ²⁾	0.3	61.1
Value security end of period	3 034.1	3 034.1

1) The bond is secured by, in addition to mortgages over the properties, share charges over the shares of the guarantors, pledges over bank accounts, Norwegian floating charges over trade receivables, and certain other floating charges / enterprise mortgages in Finland, Denmark and Sweden

2) In accordance with valuation from Cushman & Wakefield as of 30 September 2021

During the first nine months of 2021 the group has entered into agreements with tenants concerning development of properties pledged in favour of the bond holders. In total NOK 93.0 million have been invested in the pledged property portfolio, with an average yield-on-cost of approximately 7.5 per cent, contributing to the large fair value adjustment in the period. The investments have been financed with excess liquidity.

The bond terms governing the bond issue, require that all funds received from sale of pledged properties shall be paid into a bank account blocked and pledged in favour of the bond holders (the "disposal account"). Funds from the disposal account may be used to finance development of properties in the bond

security package. Hence, in accordance with the bond terms, KMC Properties ASA sold Havnegata 16 AS from KMC Properties AS to KMC Properties II Norway AS for NOK 133.3 million, on 2 July 2021. The purchase was done using standard terms, and the price was based on Cushman and Wakefield's valuation of the property as of 15 June 2021. The acquisition was partly financed through a bank loan of NOK 86 million. The purchase price was paid to the disposal account. Since then, Nordic Trustee has released NOK 63.3 million from the disposal account to finance part of the NOK 93.0 million investment in development of pledged properties. The plan is to release the remaining amount of the investments and other development investments.

Note 05 Tenancy agreements

The group mainly enters into long-term lease agreements with solid counterparties, strategically located for the tenants. Most lease contracts are "triple-net bare house lease agreements".

Lease payments of the contracts include CPI increases.

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Net operating income (NOI) from properties:

<i>Amounts in NOK million</i>	Q3 2021	YTD 2021	FY 2020
Rental income (Norway)	32.8	86.9	28.5
Rental income (Sweden)	6.3	21.6	11.6
Rental income (Denmark)	6.7	17.8	10.9
Rental income (Holland)	3.9	20.1	59.0
Rental income (Other)	8.0	18.1	0.6
Total rental income	57.7	164.5	51.8
Property related costs	(2.0)	(8.3)	(2.8)
NOI from properties	55.6	156.2	48.9

Summary of significant contracts

There were no significant investments or acquisitions with related parties in Q3 2021, but a substantial part of rental income is from rental contracts with related parties.

<i>Amounts in NOK million</i>	Q3 2021	YTD 2021	FY 2020
Rental income from largest tenants in the period			
BEWI & subsidiaries	23.0	77.1	34.6
Insula & subsidiaries	11.8	35.8	-
Grøntvedt	5.9	18.3	-
PSW Technology	4.7	4.7	-
Total rental income from largest tenants in the period	45.4	135.9	34.6

Note 06 Financial instruments

The carrying amount of financial instruments in the group's balance sheet is considered to provide a reasonable expression of their fair value, with the exception of interest-bearing debt. The

fair value of interest-bearing debt is described in note 5. A specification of the group's financial instruments is presented below.

<i>Amounts in NOK million</i>	Amortised cost 30.09.2021	Fair value through profit or loss 30.09.2021	Total 30.09.2021	31.12.2020
Financial assets				
Cash and cash equivalents	276.1	-	276.1	125.1
Land plot lease agreements (financial asset)	0.9	-	0.9	0.9
Currency and interest swaps (long-term)	0.0	39.0	39.0	8.0
Currency and interest swaps (short-term)	0.0	0.4	0.4	0.1
Trade receivables (non-interest bearing)	14.8	-	14.8	36.4
Other receivables	33.4	-	33.4	34.9
Total financial assets	325.2	39.4	364.6	205.5
Financial liabilities				
Interest-bearing loans and borrowings	2 161.7	-	2161.7	1 832.3
Land plot lease agreements (financial liability)	16.2	-	16.2	0.9
Other financial liabilities	8.8	-	8.8	26.6
Trade payables (non-interest bearing)	19.6	-	19.5	36.4
Other current liabilities (non-interest bearing)	43.0	-	43.0	106.1
Total financial liabilities	2 249.3	-	2 249.3	2 002.4
Net financial assets and liabilities	(1 924.9)	39.4	(1 884.7)	(1 796.8)

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Interest bearing loans

<i>Amounts in thousands NOK</i>	30.09.2021	31.12.2020
Bond	1 850	1 850
Bank loan	325	-
RCF (short-term)	-	-
Total interest-bearing loans	2 175	1 850
Hedged amount (fixed interest)	1 240	740
Hedge ratio	57%	40%

The table below shows an analysis of fair values of financial instruments in the Statement of Financial Position at 30.09.2021, 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.

Financial assets measured at fair value:

<i>Amounts in NOK thousands</i>	Level 1	Level 2	Level 3	Sum
Currency and interest swaps (long-term)	-	39.0	-	39.0
Currency and interest swaps (short-term)	-	0.4	-	0.4
Sum financial assets measured at fair value	-	39.4	-	39.4

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>	30.09.2021	2020
Total equity	1 721	1 243
Deferred tax liabilities	104	50
Net asset value (NAV)	1 824	1 293

Debt ratio – group net LTV

<i>Amounts in NOK million</i>	30.09.2021	2020
Interest bearing debt (bond, nominal value)	1 850	1 850
Bank loan	325	-
Loans from credit institutions (RCF)	-	-
Cash and cash equivalents	(276)	(125)
Mark-to-market hedge adjustment	(39)	(8)
Net Interest-bearing debt	1 860	1 717
Investment property (market value)	3 705	3 090
Group net LTV	50.0%	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.

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Net income from property management

<i>Amounts in NOK million</i>	Q3 2021	YTD 2021	FY 2020
Operating profit (loss) before fair value adjustments	46.2	106.0	30.4
Net realised financials	(24.0)	(64.0)	(22.1)
Net income from property management	22.2	42.0	8.3

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 Realkapital, Kronprinsesse Märthas plass 1, 0125 Oslo, Norway,
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.

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