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Comments from the CEO

2021 was an eventful year for KMC Properties ASA. The company was established through a transformative transaction in December 2020, where KMC Properties AS and Storm Real Estate ASA emerged as one listed dedicated company with focus on industrial and logistics properties.

Since then, we have focused on building a strong organisation, establishing a clear growth strategy, and delivering on said strategy through a series of value-accretive acquisitions and new development projects. We have strengthened our financial position through a successful private placement and listed our bond loan on Oslo Børs, providing us with a solid foundation to further pursue profitable growth opportunities.

In the fourth quarter of 2021, KMC Properties' rental income increased to NOK 61.7 million from NOK 57.7 million in the previous quarter, driven by additional income generated from new investments. For the full year, rental income came in at NOK 226.1 million.

We announced a total of five acquisitions and three new development projects in 2021, contributing to the annual growth of approximately 30 per cent. At 31 December 2021, the value of our portfolio stood at NOK 4.0 billion, compared to NOK 3.1 billion at year-end 2020.

In the fourth quarter, we added two production facilities to our portfolio, both solid tenants. We acquired a modern industrial property at Ågotnes near Bergen in November for a consideration of approximately NOK 128 million, with a lease agreement with PSW Technology. The property, which comes with attractive development opportunities, is strategically located close to the Coast Centre Base, a leading service and supply base to the North Sea oil and gas fields, and the planned new eco-friendly, state-of-the-art goods cargo port at Ågotnes. The facility's two main buildings are close to 30 per cent energy self-sufficient, through solar panels installed on their roofs that have an estimated potential of generating 165 000 kWh per year, and a B energy rating. KMC Properties is committed to operating in a sustainable manner, prioritising energy-efficient and green real estate, and therefore the environmental profile of PSW's plant at Ågotnes played an important role in our investment decision.



In December, we acquired a production facility in Fredrikstad for NOK 52 million, with a 12-year lease agreement with Biobe AS, owned by BEWI Invest, our largest shareholder.

We were also very pleased to enter a new rental agreement with First Seafood AS for a production facility in Kongsvinger, bringing our portfolio occupancy rate up to 99 per cent as per 1 January 2022. First Seafood is owned by Insula, our second-largest tenant.

Our development projects continued to show good progress in the fourth quarter. We completed the pre-project phase for BEWI's new packaging facility on Jøsnøya, and successfully performed a legal and technical due diligence for Slakteriet's new salmon slaughterhouse facility in Florø. The construction of a new production facility for Oppdal Spekemat is progressing as planned, with expected completion in the second half of 2022.

All our new projects benefit from having strategic locations, modern facilities, long lease agreements and attractive counterparties, in line with our investment strategy.

KMC Properties' growth journey is showing no signs of slowing down in 2022, with two additional acquisitions announced and excellent progress being made on our development projects. Our pipeline of new investment opportunities continues to develop, with a number of exciting leads firming up.

We are proud of what we accomplished over the course of KMC Properties' first year. We enter 2022 with a strong organisation, a solid financial platform, an increasingly diversified property portfolio, and an attractive pipeline of opportunities, enabling us to continue to deliver on our growth ambitions. Our strategic target of having a NOK 8 billion real estate portfolio by the end of 2025 is well within reach.

Trondheim, 23 February 2022

Liv Malvik

Chief executive officer, KMC Properties ASA



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Highlights for the fourth quarter of 2021

- Income of NOK 61.7 million for the fourth quarter of 2021
- Net income from property management of NOK 23.7 million
- Acquisition of industrial property at Ågotnes for NOK 128 million, with PSW Technology as tenant
- Acquisition of production facility in Fredrikstad for NOK 52 million with initial lease of 12 years with Biobe AS
- New rental agreement with First Seafood in Kongsvinger with initial lease of 10 years
- Completion of subsequent offering at NOK 8.0 per shares, following private placement in September
- Listing of senior secured bond on Oslo Stock Exchange
- Invested NOK ~47.2 million in development of existing properties

Subsequent events

- Acquisition of meat processing facility near Narvik in Northern Norway for NOK 100 million
- Acquisition of herring production facility in Sweden from Klädesholmen Seafood for SEK 90 million
- Progress to new conditional agreement with Slakteriet for development of NOK 620 million salmon slaughterhouse facility



Net yield

6.4%



Portfolio value

~4.0bn



Wault (years)

~10.4



Group net LTV

~50.3%

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Amounts in NOK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021	2020
Income	61.7	57.7	53.7	53.1	226.1	51.8
Change from previous period	7%	7%	1%	N/A ¹⁾	377%	N/A ¹⁾
Net operating income (NOI)	58.4	55.6	51.7	48.9	214.6	49
Change from previous period	5%	8%	6%	N/A ¹⁾	338%	N/A ¹⁾
Net income from property management ²⁾	23.7	22.2	14.9	4.9	66.1	8.3
Change from previous period	7%	49%	220%	N/A ¹⁾	696%	N/A ¹⁾
Profit before tax	139.7	122.4	43.8	76.5	382.3	406.9
Change from previous period	14%	179%	(43%)	N/A ¹⁾	(6%)	N/A ¹⁾
Profit after tax	114.3	99.1	30.9	60.6	304.8	312.6
Change from previous period	15%	221%	(49%)	N/A ¹⁾	(2%)	N/A ¹⁾
Group property portfolio value (NOK million)	4 002	3 705	3 307	3 094	4 002	3 090
Number of properties	45 ⁶⁾	43	42	40	45	40
Property net yield	6.4%	6.2%	6.1%	6.2%	6.4%	6.3%
WAULT (years) ³⁾	10.4	10.5	10.6	10.7	10.4	10.7
Occupancy rate (%) ⁵⁾	98.8%	98.8%	98.8%	98.7%	98.8%	98.7%
Net nominal interest bearing debt ²⁾	2 011	1 861	1 873	1 745	2 011	1 717
Group net loan to value (%) ²⁾	50.3%	50.2%	56.6%	56.4%	50.3%	55.6%
Net asset value adjusted (NOK million)	1 968	1 824	1 403	1 297	1 968	1 293
Number of shares	281 871 544	279 246 544	241 746 544	241 746 544	281 871 544	240 765 311
Change from previous period	1%	16%	0%	0%	17%	N/A
Net income from property management per share	0.08	0.08	0.06	0.02	0.23	0.03
Change from previous period	6%	29%	204%	(32%)	682%	N/A
Profit after tax per share (in NOK)	0.41	0.35	0.13	0.25	1.09	1.30
Change from previous period	14%	178%	(49%)	(81%)	(17%)	N/A
Net asset value adjusted pr share	6.98	6.53	5.80	5.37	6.98	5.37
Change from previous period	7%	13%	8%	0%	30%	N/A
Share price end of period ⁷⁾	10.70	8.12	6.43	6.81	10.70	12.08
Change from previous period	32%	26%	(6%)	(44%)	(11%)	N/A
Share price 4) / NAV	1,5	1,2	1,1	1,3	1,5	2,2
Change from previous period	23%	12%	-13%	-44%	-32%	N/A

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

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

3) Does not include property in Moscow.

4) Share price at period end.

5) Since period end the occupancy rate has increased to 99 per cent.

6) Since period end the group has purchased two additional properties.

7) Intraday volume-weighted average price (VWAP)

Amounts in NOK million	Annual run rate ¹⁾
Gross rental income	284.0
Property related expenses	(13.0)
Net operating income	271.0
SG&A expenses ²⁾	(28.0)
EBITDA	243.0
Realised financial expenses ³⁾	(110.0)
Net income from property management	133.0

1) Based on final agreements as of 23 February 2022.

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 was included into the consolidated figures for the group from 1 January 2021.

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

Financial results

Rental income

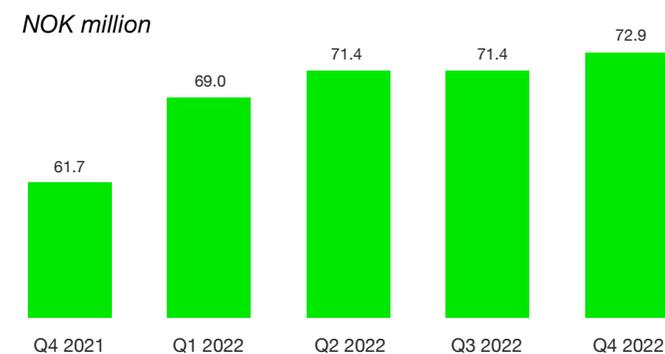
<i>Amounts in NOK million</i>	Q4 2021
Contractual rental income previous period	59.4
Income from new investments	2.9
Change in vacancy	0.0
Agio/disagio	(0.6)
Other	0.0
Rental income current period	61.7

Rental income for the fourth quarter of 2021 amounted to NOK 61.7 million. The change of approximately NOK 2.3 million from the contractual rental income in the previous period is specified in the table above.

For the full year of 2021, total rental income was NOK 226.1 million.

Contractual rental income development

Based on final agreements as of 23 February 2022:



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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 58.4 million for the fourth quarter and NOK 214.6 million for the full year of 2021.

Employee benefit and salary expenses amounted to NOK 10.7 million for the fourth quarter of 2021, of which NOK 3.8 million was provision for employee bonuses, and NOK 22.5 million for the full year of 2021. The company has significantly strengthened its organisation during 2021.

Other operating expenses were NOK 5.6 million for the fourth quarter, and NOK 43.9 million for the full year. The transaction costs are mainly legal and other advisory fees related to investment and financing activities.

<i>Amounts in NOK million</i>	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Administrative costs	1.9	2.6	2.0	4.1
Transaction costs	3.6	2.0	10.2	17.5
Other operating expenses	5.5	4.6	12.2	21.6

Total operating profit amounted to NOK 42.8 million for the fourth quarter and NOK 147.8 million for the full year of 2021.

Financial position and cash flow

Property portfolio

<i>Amounts in NOK million</i>	2021
Opening balance (01.01.2021)	3 089.8
Additions	660.1
Fair value adjustments in the period	310.1
Translation adjustments	(58.5)
Value at period end (31.12.2021)	4 001.6

The portfolio is valued by Cushman & Wakefield quarterly. Total change in value for the year of 2021 amounted to NOK 911.8 million. Of this, expansion projects, investments in new facilities, and acquisitions amounted to a total of NOK 660.1 million. In addition, fair value adjustments amounted to NOK 310.1 million, while translation adjustments contributed to a negative NOK 58.5 million.

Other assets at 31 December 2021 consists primarily of interest rate and currency rate swap agreements of NOK 67.4 million, trade receivables at NOK 24.5 million, prepaid expenses, VAT receivables, tax receivables, and other current receivables at NOK 26.7 million, as well as NOK 207.5 million in cash.

1) Does not include amortisation of capitalised borrowing cost

Net financials

<i>NOK million</i>	Q4 2021	Q3 2021
Realised financial income	6.6	0.3
Interest expenses ¹	(25.1)	(24.3)
Net realised financials	(18.5)	(24.0)
Change in value financial instruments	32.6	4.4
Other unrealised financials	(23.6)	(6.1)
Net financials	(9.4)	(25.7)

Net income from property management (see definition under "Alternative Performance Measures") increased from NOK 22.2 million for the third quarter to NOK 23.7 million for this quarter. For the full year, net income from property management came in at NOK 66.1 million.

Tax expense for 2021 was NOK 77.4 million, of which NOK 2.9 million is tax payable and the remaining NOK 74.5 million is change in deferred tax.

Net profit was NOK 114.3 million for the quarter and NOK 304.8 million for the full year of 2021.

Total comprehensive income came in at NOK 143.7 million and NOK 328.7 million for the fourth quarter and the full year respectively.

Total non-current liabilities amounted to NOK 2 436.3 million at the end of the year, up from NOK 1 909.0 million at the end of 2020. The liabilities consist mainly of interest-bearing debt of NOK 2 287.0 million, see table below, deferred tax liabilities of NOK 132.0 million, and land lease liabilities of NOK 19.1 million.

Total current liabilities amounted to NOK 60.9 million and consisted mainly of trade payables of NOK 23.6 million, taxes of NOK 8.3 million and prepaid rent of NOK 6.5 million.

Total equity was NOK 1 836.0 million on 31 December 2021 (equity ratio of 42.4 per cent), compared to NOK 1 243.1 million at the end of 2020 (equity ratio of 37.7 per cent).

Consolidated cash flow

Operating activities generated a cash inflow of NOK 29.9 million for the fourth quarter and NOK 80.6 million for the full year.

Investment activities generated a cash outflow of NOK 208.9 million for the fourth quarter and NOK 656.1 million for the full year of 2021, due to investments in expansion projects, investments in new facilities and acquisitions of new properties.

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Financing activities led to a cash inflow of NOK 109.4 million for the fourth quarter and NOK 657.7 million for the full year of 2021 due to increase in interest bearing debt and equity issues.

Interest-bearing debt at period end:

	NOK million*	Weighted average current interest	Weighted average interest terms	Weighted average amortisation plan bank loans (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	437	3.60%	3 months NIBOR + 2.5%	20.5	7.5	Yes
Revolving credit facility	-	3.10%	3 months NIBOR + 2.25%	N/A	N/A	Yes
Total	2.287	4.76%	N/A	23.3	2.7	Yes

Additional interest-bearing debt after period end:

	NOK million	Weighted average current interest ¹⁾	Weighted average interest terms	Weighted average amortisation plan bank loans (years)	Weighted average years to final maturity	In compliance with covenants?
Bank loan	65	3.50%	3 months NIBOR + 2.40%	25	4.9	Yes

1) 3 months Nibor is set to 1.1 per cent.

Operational review

KMC Properties ASA is a real estate company focused on owning industrial- and logistics properties. The company owns a diversified portfolio 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
26 May to 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) 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 adopted resolutions in connection to the transaction between Storm Real Estate and KMC Properties
20 December	Swedbank's loan to Storm Real Estate ASA (later KMC Properties ASA) purchased by the ten largest shareholders in the company. Completion of the agreement to combine Storm Real Estate ASA (later KMC Properties ASA) and KMC Properties AS into one entity. This completion fulfilled the final condition for the purchase of all the shares in Pesca Properties AS, see item above
22 December	Commencement of mandatory offer from EBE Eiendom AS and Kverva Industrier AS, who triggered a mandatory offer when acquiring more than 40 per cent of the shares in Storm Real Estate ASA (later KMC Properties ASA). Liv Malvik appointed 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
16 September	Private placement of NOK 300 million successfully completed
28 October	Subsequent offering completed
25 November	Acquisition of modern industrial property at Ågotnes for NOK 128 million
15 December	Acquisition of industrial property in Fredrikstad in Norway for NOK 52 million

2022	EVENT
21 January	Acquisition of herring production facility in Sweden from Klädesholmen Seafood for SEK 94 million
2 February	Acquisition of meat processing facility near Narvik for NOK 100 million
9 February	Entering of process agreement for construction of NOK 620 salmon slaughterhouse facility with Slakteriet, following LOI on 23 August 2021

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Important events in the third quarter of 2021

Acquisitions

Acquisition of industrial property at Ågotnes

On 25 November 2021, KMC Properties announced its acquisition of a modern industrial property, located at Ågotnes near Bergen for a consideration of approximately NOK 128 million.

The Ågotnes property is composed of a 5 781 m² BTA power and automation systems plant that was in large part constructed in 2019-2020, with further development potential. The property is strategically located close to the Coast Center Base, a leading service and supply base to the North Sea oil and gas fields, and the planned new eco-friendly, state-of-the-art goods cargo port at Ågotnes, scheduled to open by 2030.

The property came with a lease agreement of which there was 8.4 years left of the initial lease term with the tenant PSW Technology AS, and a gross yield of 7 per cent on the total investment cost.

PSW Power & Automation provides complete power systems within the offshore, marine, and land-based industries, focusing on sustainable solutions and custom-made products and turnkey solutions. The property's two main buildings are close to 30 per cent energy self-sufficient, with 744 solar panels installed on their roofs that have an estimated potential of generating 165 000 kWh per year. The two buildings have a B energy rating.

Acquisition of production facility in Fredrikstad

In December 2021, KMC Properties acquired the real estate company Kampenveien 5A AS, in Fredrikstad, Norway, for a consideration of NOK 52 million, with a gross yield of 7.5 per cent.

The seller of the property was BE Form Holding AS, owner of the plastics company Biobe AS. The property came with a triple-net bare house agreement with Biobe and an initial lease of 12 years.

BE Form Holding is wholly owned by BEWI Invest, the largest shareholder of KMC Properties, where board member Stig Wærnes was managing director, and thus the acquisition was a related party transaction.

New rental agreement with First Seafood in Kongsvinger

In December 2021, KMC Properties entered a rental agreement with First Seafood AS for its production facility in Kongsvinger, Norway.

The agreement was a triple-net bare house agreement, with an initial lease of ten years, and an option for two times extension of five years. The annual CPI adjusted lease rate is NOK 2.8 million from 1 January 2022.

First Seafood is owned by Insula, KMC Properties' second largest tenant.

Development projects

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.

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.

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, with an investment estimated at NOK 620 million.

Early February 2022, the company announced that it had entered a conditional process agreement, confirming the initial plans. For further details see subsequent events, and stock exchange announcement of 23 August 2021.

Financing

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.

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Share information

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

The company has a total of 281 871 544 issued and outstanding shares at 23 February 2022.

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 fourth quarter, the KMC Properties' share was traded between NOK 8.12 and NOK 10.75 per share, with a closing price of NOK 10.75 on 30 December 2021.

Subsequent events

Acquisition of herring production facility in Sweden from Klädesholmen Seafood for SEK 90 million

On 21 January 2022, KMC Properties announced the acquisition of a herring production and cold storage facility in Rönnäng, in the Swedish country of Västra Götaland, from Klädesholmen Seafood AB for approximately SEK 93.6 million (approximately NOK 90 million).

The property includes 19.873 sqm BTA of land and 11.670 sqm BTA of buildings, and a triple-net bare house agreement with Klädesholmen Seafood with an initial lease term of 15 years and a yield-on-cost estimated at 7.5 per cent.

Klädesholmen Seafood is owned by Grøntvedt Pelagic AS, which is KMC Properties' third-largest tenant. Grøntvedt Pelagic is 31 per cent owned by BEWI Invest, who is represented at the board of Grøntvedt, and represented at the board of KMC Properties, being the company's largest shareholder. The acquisition, being a related party transaction, was conducted at arm's length.

Klädesholmen Seafood is a modern herring production company based on generations of knowledge and experience. In 2020, Klädesholmen had a turnover of approximately SEK 190 million, of which just over 90 per cent came from the Swedish market.

NOK 30 million of the consideration has been settled by issuance of new shares in KMC Properties to the seller at a subscription price equal to the volume weighted average share price for trades in the company's shares on the Oslo Stock Exchange the last 30 days prior to the date of completion of the transaction. The remainder, approximately NOK 64 million is settled in cash.

Acquisition of meat processing facility near Narvik in Northern Norway for NOK 100 million

On 2 February 2022, KMC Properties announced that it had acquired a modern meat processing facility, strategically located at Fagernes near Narvik in Norway, from Kubera AS for a consideration of approximately NOK 100 million.

The property is composed of 10 303 m² BTA of land and 6 093 m² BTA of building that was erected in 1998 and substantially upgraded in 2001 and 2003. The meat processing facility is strategically located south of Narvik city center, near the E6 motorway, the railway and port terminal.

The property came with a bare house agreement with the tenant, Kuraas AS, which is on a 6.5-year lease with the option to extend. The total consideration for the property was approximately NOK 100 million, with a yield of 7.8 per cent based on the rent for 2022.

Kuraas is a Norwegian producer and seller of meats, headquartered in Narvik. The company has approximately 110 employees and reported NOK 212 million in revenues in 2020.

The acquisition was completed on 10 February 2022, and was financed through a combination of bank loan and equity.

Progress to new conditional agreement with Slakteriet for development of NOK 620 million salmon slaughterhouse facility

On 9 February 2022, with reference to stock exchange announcement of 23 August 2021, regarding the company's LOI with Slakteriet Holding AS to build a new salmon slaughterhouse facility at Florø (see above section), KMC Properties announced the signing of a process agreement, confirming the initial plans for expected completion during the first half of 2024.

Through the process agreement the parties have agreed upon a triple-net bare house agreement which shall be entered into if and when the parties reach a final decision to complete the project. The lease agreement shall have an initial lease term of 20 years, with the option of a 4x5-year extension.

Following the LOI in August 2021, a legal and technical due diligence have been successfully performed. The investment is estimated at approximately NOK 620 million, with a yield-on-cost of approximately 6.75 per cent.

Established in 1989, Slakteriet is one of Norway's biggest fish slaughter companies, with major facilities in Florø and Brekke. The company has been growing steadily and has a solid financial position, posting NOK 191 million in revenues and NOK 34 million in EBITDA in 2020.

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In 2021, KMC Properties delivered on its ambitious growth strategy. The company announced a total of five acquisitions and three development projects, significantly increasing its annual rental income, and reaching its announced ambition of a portfolio value of approximately NOK 4 billion at the end of the year.

KMC Properties enter 2022 with a strong organisation, a solid financial platform, an increasingly diversified property portfolio, and an attractive pipeline of opportunities, enabling the company to continue to deliver on its growth ambitions. The strategic target of having a NOK 8 billion real estate portfolio by the end of 2026 is well within reach.

Trondheim, Norway, 23 February 2022

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>	Q4 2021 unaudited	Q4 2020 unaudited	2021 unaudited	2020 audited
Rental income	5	61 660	22 008	226 145	51 797
Total income		61 660	22 008	226 145	51 797
Property related expenses	5	3 277	1 062	11 527	2 821
Salary expenses		10 679	664	22 536	1 871
Other operating expenses		5 581	6 858	43 932	16 645
Depreciation		(667)	13	308	18
Total operating expenses		18 871	8 597	78 303	21 355
Operating profit (loss) before fair value adjustments		42 789	13 411	147 843	30 442
Change in fair value adjustments on investment property	3	106 230	432 984	310 147	404 572
Total operating profit (loss)		149 019	446 395	457 989	435 014
Fair value change of financial instruments	6	32 550	-	63 812	-
Net currency exchange differences		(17 852)	4 407	(47 027)	(5 960)
Financial income		6 630	-	6 929	275
Financial expenses	4	30 633	6 439	99 433	22 388
Net financial income (expense)		(9 305)	(2 032)	(75 719)	(28 073)
Earnings before tax (EBT)		139 714	444 363	382 271	406 941
Tax expense		25 390	91 467	77 423	94 310
Profit for the period/year (Net income)		114 324	352 896	304 847	312 631
Other Comprehensive Income:					
<i>Items that may be reclassified to profit or loss:</i>					
Other comprehensive income (translation reserves)		29 330	-	23 818	(10 059)
Tax on comprehensive income		-	-	-	-
Other comprehensive income for the period, net of tax		29 330	-	23 818	(10 059)
Total comprehensive income for the period		143 654	352 896	328 666	302 572
Profit attributable to:					
Equity holders of the company		114 324	352 896	304 847	312 631
Non-controlling interest		-	-	-	-
Total comprehensive income attributable to:					
Equity holders of the company		143 654	352 896	328 666	302 572
Non-controlling interest		-	-	-	-

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Consolidated statement of financial position

<i>Amounts in NOK thousand</i>	<i>Note</i>	31.12.2021 unaudited	31.12.2020 unaudited
ASSETS			
Non-current assets			
Investment properties	3	4 001 593	3 089 750
Property, plant and equipment (PPE)		142	172
Financial derivatives	6	67 380	8 021
Other long term assets	6	4 900	35
Total non-current assets		4 074 015	3 097 978
Current assets			
Trade receivables	6	24 458	36 418
Other receivables, prepaid expenses, and tax	6	26 869	34 910
Other financial assets	6	340	154
Cash and cash equivalents	6	207 512	125 116
Total current assets		259 179	196 598
Total assets		4 333 194	3 294 576
Equity			
Share capital		56 374	48 153
Share premium		1 196 023	892 397
Sum paid-in equity		1 252 398	940 550
Retained earnings and translation reserves			
Translation reserves		(33 877)	(10 059)
Retained earnings		617 479	312 631
Sum retained earnings and translation reserves		583 601	302 572
Total equity		1 835 999	1 243 122
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		132 002	49 965
Interest bearing debt	4, 6	2 275 035	1 832 345
Other long-term liabilities	6	29 279	26 643
Total non-current liabilities		2 436 317	1 908 953
Current liabilities			
Trade payables	6	23 608	36 404
Current tax liabilities	6	2 906	5 232
Other current liabilities	6	34 364	100 865
Total current liabilities		60 878	142 501
Total liabilities		2 497 195	2 051 454
Total equity and liabilities		4 333 194	3 294 576

Trondheim, Norway, 23 February 2022
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 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 January 2020		30	(9)	-	-	21
Issue of shares - liquidation		(30)	-	-	-	(30)
Issue of shares 11 June 2020		1 000	199 000	-	-	200 000
Issue of shares 30 November 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 December 2020		8 571	291 429	-	-	300 000
Issue of shares 23 December 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 December 2020		48 153	892 397	(10 059)	312 631	1 243 122
Issue of Shares		196	6 398	-	-	6 594
Issue of Shares		7 500	292 500	-	-	300 000
Issue of Shares		525	19 275	-	-	19 800
Transaction cost issue of shares		-	(14 547)	-	-	(14 547)
Profit /(loss) for the period		-	-	-	304 847	304 847
Other comprehensive income (translation reserves)		-	-	(23 818)	-	(23 818)
Total equity at 31 December 2021		56 374	1 196 023	(33 877)	617 479	1 835 999

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Consolidated statement of cash flows

<i>Amounts in NOK thousand</i>	<i>Note</i>	Q4 2021	Q4 2020	2021	2020
Cash flows from operating activities					
Earnings before tax		139 714	444 363	382 271	406 941
Depreciation of tangible assets		(667)	13	308	18
Fair value adjustment of investment properties	3	(106 230)	(432 984)	(310 147)	(404 572)
Financial items		9 305	2 032	75 719	22 013
Change in working capital:					
- change in trade and other receivables		(3 146)	(12 205)	20 001	(63 540)
- change in trade and other payables, excl. corporate tax		(12 825)	69 778	(84 686)	64 375
Taxes paid		3 745	-	(2 906)	-
Net cash flow from operating activities		29 896	70 997	80 560	25 235
Investment activities:					
Acquisition of businesses, net of cash acquired		1 986	-	1 986	(1 051 956)
Investment in investment properties – net of cash		(217 700)	-	(660 146)	-
Outflows from financial investments		138	(180)	(4 865)	(189)
Interest received		6 630	-	6 929	275
Net cash flow from investment activities		(208 947)	(180)	(656 096)	(1 051 870)
Financing activities:					
Capital increase from issue of shares		19 800	-	326 394	259 993
Bond issue		-	-	-	1 850 000
Change in interest bearing debt	4	111 742	-	436 690	-
New current loans from Credit Institutions		-	-	-	-
Settlement of current loans from Credit Institutions	4	-	-	-	(923 345)
Change in other long term debt		4 189	-	2 636	-
Transaction fees paid and other financial costs		2 781	-	(14 547)	(17 655)
Interest paid		(29 134)	(6 439)	(93 433)	(17 378)
Net cash flow from financing activities		109 378	(6 439)	657 740	1 151 615
Effects of exchange-rate changes on cash and cash equivalents					
		1 104	-	191	135
Net change in cash and cash equivalents		(68 569)	64 378	82 396	125 116
Cash and cash equivalents at beginning of period		276 080	-	125 116	-
Cash and cash equivalents at end of period		207 512	64 378	207 512	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.

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

For more information, including company related risks, please see the annual report for 2020.

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 at 31 December 2021 has been performed by an independent expert valuer, Cushman & Wakefield.

<i>Amounts in NOK million</i>	Q4 2021	2021	2020
Opening balance	3 705.1	3 089.8	-
Additions	217.7	660.1	2 695.2
Fair value adjustments in period	106.2	310.1	404.6
Translation adjustment	27.5	(58.5)	(10.1)
Value at period end	4 001.6	4 001.6	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, at

31 December 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.

Variables	Change of variables	Value change (+)	Value change (-)
Exit yield	+/- 0.25 per cent points	(53)	58
Discount rate	+/- 0.25 per cent points	(86)	88
Operating costs	+/- 10 per cent	(10)	10
Market rent	+/- 10 per cent	178	(178)
Average rental growth	+/- 0.5 percentages points next 10 years	132	(129)

The calculations have been performed by Cushman & Wakefield in connection with the valuations at 31 December 2021. The calculations does not include the office building in Moscow.

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Note 04 Interest bearing debt

Bond loan:

Amounts in NOK million	Q4 2021	2021	2020
Opening balance 1 October 2021	1 850	1 850	-
Net change in debt	-	-	1 850
Interest-bearing debt at period end	1 850	1 850	1 850
Capitalised borrowing cost	(12)	(12)	(18)
Carrying amount interest-bearing debt*	1 838	1 838	1 832
Fair value of interest-bearing debt, excess value/ (reduced value) for the group in relation to book value*	43	43	6

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

Bank loans:

Amounts in NOK million	Q4 2021	2021	2020
Opening balance	325	-	-
Net change in debt	112	437	-
Interest-bearing debt at period end	437	437	-
Capitalised borrowing cost	-	-	-
Carrying amount interest-bearing debt at period end	437	437	-
Additional bank loan obtained before report date	-	-	-
Bank loan at reporting date	437	437	-

Revolving credit facility:

Amounts in NOK million	Q4 2021	2021	2020
Opening balance	-	-	-
Net change in debt	-	-	-
Interest-bearing debt at period end	-	-	-
Capitalised borrowing cost	-	-	-
Carrying amount interest-bearing debt	-	-	-

Interest-bearing debt at period end:

	NOK million	Weighted average current interest	Weighted average interest terms	Weighted average amortisation plan bank loans (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	437	3.60%	3 months NIBOR + 2.5%	20.5	7.5	Yes
Revolving credit facility	0	3.10%	3 months NIBOR + 2.25%	N/A	N/A	Yes
Total	2.287	4.76%	N/A	23.3	2.7	Yes

Additional interest-bearing debt after period end:

	NOK million*	Weighted average current interest ¹⁾	Weighted average interest terms	Weighted average amortisation plan bank loans (years)	Weighted average years to final maturity	In compliance with covenants?
Bank loan	65	3.50%	3 months NIBOR + 2.40%	25	4.9	Yes

1) 3 months Nibor is set to 1.1 per cent.

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Security bond loan:

<i>Amounts in NOK million</i>	Q4 2021	2021
Pledged property portfolio	2964.1	2 943.3
Disposal account	70.0	-
Opening balance security¹⁾	3 034.1	2 943.3
Investments in pledged property portfolio	17.9	110.9
Sale of assets in pledged property portfolio	0.0	(133.3)
Inflow disposal account	0.0	133.3
Outflow disposal account	(29.3)	(92.6)
Fair value and translation adjustments pledged property portfolio ²⁾	47.1	78.9
Value security end of period	3 069.8	3 069.8

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 at 31 December 2021.

During 2021 the group has entered into agreements with tenants concerning development of properties pledged in favour of the bond holders. In total NOK 110.9 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 at 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 92.6 million from the Disposal Account to finance the investments in the pledged property portfolio.

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 barehouse lease agreements". Lease payments of the contracts include CPI increases.

Net operating income (NOI) from properties:

<i>Amounts in NOK million</i>	Q4 2021	2021	2020
Rental income (Norway)	34.8	121.7	28.5
Rental income (Sweden)	6.6	28.7	11.6
Rental income (Denmark)	5.9	23.7	10.9
Rental income (Holland)	6.7	26.8	-
Rental income (Other)	7.7	25.8	0.8
Total rental income	61.7	226.1	51.8
Property related costs	(3.3)	(11.5)	(2.8)
NOI from properties	58.4	214.6	49.0

Summary of significant contracts

There were no significant investments or acquisitions with related parties in Q4 2021, but a substantial part of rental income is from rental contracts with related parties.

<i>Amounts in NOK million</i>	Q4 2021	2021	2020
Rental income from largest tenants in the period			
BEWI & subsidiaries	16.8	93.9	34.6
Insula & subsidiaries	11.7	47.5	-
Grøntvedt	5.9	24.2	-
PSW Technology	6.1	10.8	-
Total rental income from largest tenants in the period	50.4	186.3	34.6

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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 31.12.2021	Fair value through profit or loss 31.12.2021	Total 31.12.2021	31.12.2020
Financial assets				
Cash and cash equivalents	207.5	-	207.5	125.1
Land plot lease agreements (financial asset)	-	-	-	0.9
Currency and interest swaps (long-term)	-	67.4	67.4	8.0
Currency and interest swaps (short-term)	-	0.3	0.3	0.1
Trade receivables (non-interest bearing)	24.5	-	24.5	36.4
Other receivables	14.2	-	14.2	34.9
Total financial assets	250.5	67.7	318.2	205.5
Financial liabilities				
Interest-bearing loans and borrowings	2 275.0	-	2275.0	1 832.3
Land plot lease agreements (financial liability)	19.5	-	19.5	0.9
Other financial liabilities	9.4	-	9.4	26.6
Trade payables (non-interest bearing)	23.6	-	23.6	36.4
Other current liabilities (non-interest bearing)	38.0	-	38.0	106.1
Total financial liabilities	2 365.5	-	2 365.5	2 002.4
Net financial assets and liabilities	(2 115.1)	67.7	(2 047.3)	(1 796.8)

Interest bearing loans

<i>Amounts in thousands NOK</i>	31.12.2021	31.12.2020
Bond	1 850.0	1 850.0
Bank loan	436.7	-
RCF (short-term)	-	-
Total interest-bearing loans	2 286.9	1 850.0
Hedged amount (fixed interest)	1 240.0	740.0
Hedge ratio	54%	40%

Swap agreements at period end

Swap agreement	Currency amount (million)	Start date	Maturity date	Fixed currency rate	Fixed interest
Interest & currency	NOK 335	23.12.2020	11.12.2023	EUR/NOK = 10.630	EURIBOR = -0.51%
Interest & currency	NOK 240	23.12.2020	11.12.2023	SEK/NOK = 1.050	STIBOR = 0.017%
Interest & currency	NOK 165	23.12.2020	11.12.2023	DKK/NOK = 1.428	DANISH IBOR = -0.505%
Interest	NOK 500	13.07.2021	31.12.2030	Not applicable	NIBOR = 1.5175%
Interest	EUR 32	11.12.2023	13.12.2027	Not applicable	EURIBOR = -0.03%
Interest	SEK 120	11.12.2023	13.12.2027	Not applicable	STIBOR = 0.686%
Interest	DKK 120	11.12.2023	13.12.2027	Not applicable	DANISH IBOR = 0.215%

Additional swap agreements obtained after period end

Swap agreement	Currency amount (million)	Start date	Maturity date	Fixed currency rate	Fixed interest
Interest	NOK 35	10.02.2022	10.02.2027	Not applicable	NIBOR = 2.305%

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The table below shows an analysis of fair values of financial instruments in the Statement of Financial Position at 31 December 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)	-	67.4	-	67.4
Currency and interest swaps (short-term)	-	0.3	-	0.3
Sum financial assets measured at fair value	-	67.7	-	67.7

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>	31.12.2021	31.12.2020
Total equity	1 836	1 243
Deferred tax liabilities	132	50
Net asset value (NAV)	1 968	1 293

Debt ratio – group net LTV

<i>Amounts in NOK million</i>	31.12.2021	31.12.2020
Interest bearing debt (bond, nominal value)	1 850	1 850
Bank loan	437	-
Loans from credit institutions (RCF)	-	-
Cash and cash equivalents	(208)	(125)
Mark-to-market hedge adjustment	(67)	(8)
Net interest-bearing debt	2 012	1 717
Investment property (market value)	4 002	3 090
Group net LTV	50.3%	55.6%

Net income from property management

<i>Amounts in NOK million</i>	Q4 2021	2021	2020
Operating profit (loss) before fair value adjustments	42.1	148.2	30.4
Net realised financials	(18.5)	(82.1)	(22.1)
Net income from property management	23.7	66.1	8.3

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Bonds, or the Bond Issue	The company's placement of a NOK 1 850 million senior secured bond with 3 years tenor issued on 11 December 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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