

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

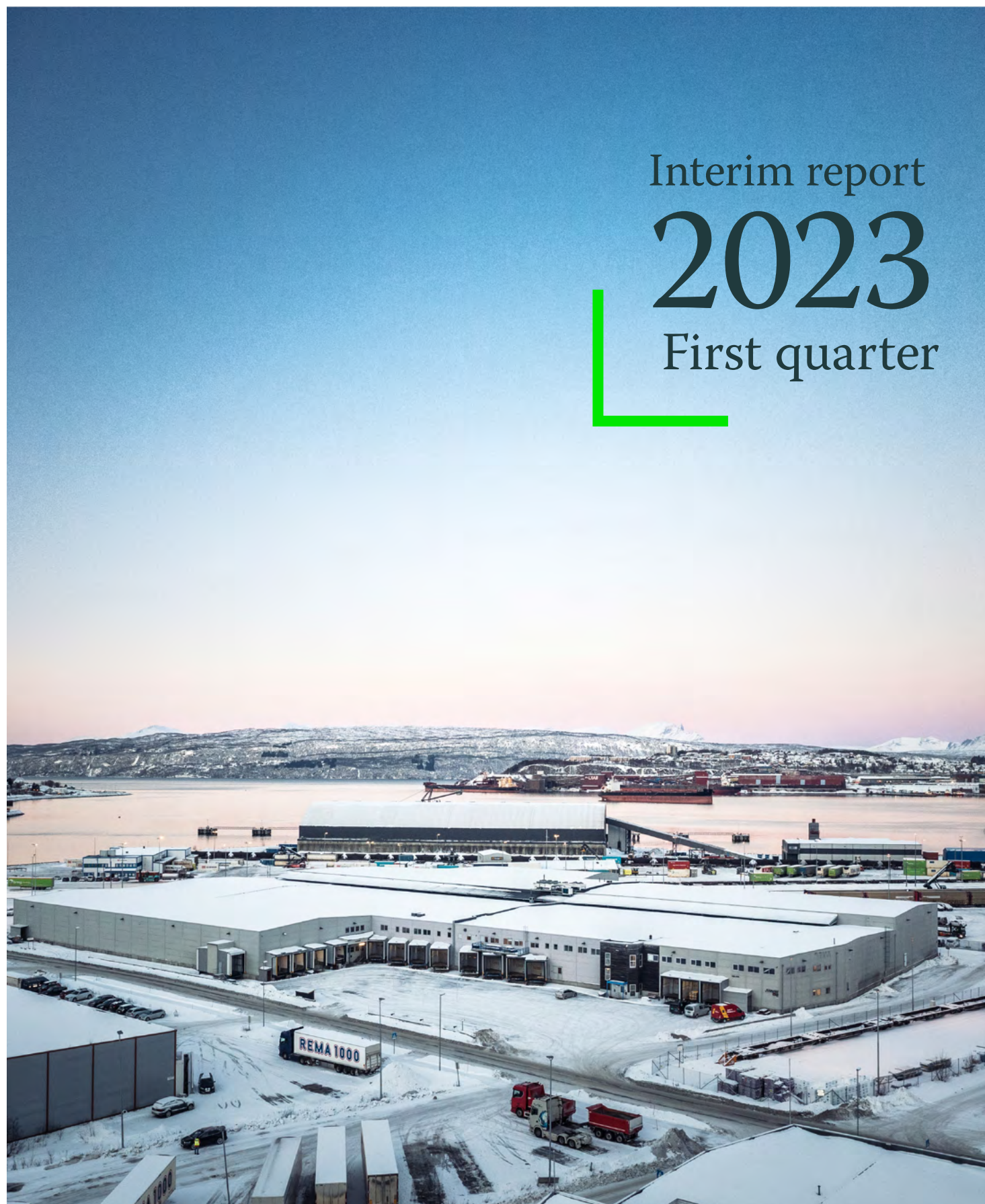
Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information



# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information



## Comments from the CEO

In the first quarter of 2023, KMC Properties delivered well on its key priorities, including our top priority to refinance the company's senior secured bond loan. We continued the work to integrate the properties recently acquired and progressed an important project on energy labelling. We are also very pleased to complete acquisitions of five additional properties in the quarter, of which one property located in Narvik announced in December last year, and four properties in Denmark and Finland, which were part of the transformative agreement entered with BEWI last summer.

KMC Properties has demonstrated strong growth over the past years, following investments in greenfield development projects, acquisitions of new properties, as well as expansion projects and extensions of existing contracts with tenants. Investments explains most of the growth in the company's rental income over the last twelve months, up 52 per cent amounting to NOK 96 million for the first quarter of this year. The growth of 20 per cent from the previous quarter is mostly due to CPI and contract adjustments.

Based on the first quarter rental income, our annual rental income is NOK 412 million, compared to NOK 317 million based on the fourth quarter income.

Throughout the first quarter, KMC Properties acquired a total of five industrial properties, strengthening our platform for further growth. Firstly, we completed the acquisition of a logistic property, including a dry-, cold- and freeze storage outside Narvik, Norway, with long lease agreements with solid tenants. Secondly, we completed the acquisition of four properties in Denmark and Finland from BEWI, accounting for approximately one third of the remaining part of the agreement entered in June last year.

At the end of the quarter, our investment properties were valued at NOK 5 993 million, up from NOK 4 009 million at the end of the first quarter last year, and from NOK 5 366 million at year-end 2022.

In 2022, KMC Properties significantly stepped up its efforts on ESG. To reduce our carbon footprint, we are dedicated

at improving the energy efficiency of our buildings and increase the use of renewable energy sources, priorities we share with our tenants. Therefore, an important ongoing project in the group is to secure energy labelling of our portfolio, enabling a more targeted approach for our efforts as we advance.

As previously communicated, our top priority is the refinancing of the company's bond loan. We are very pleased with the progress of this work in the first quarter. Despite the tough macroeconomic environment, our business model and strong property portfolio is attracting positive interest from the market, including banks, private debt providers and investors. Thus, we have additional comfort that a new and solid financing framework will be established by the end of the second quarter, enabling us to continue to pursue growth opportunities.

In addition to the refinancing and the energy labelling project, we will continue our work to integrate acquired properties into our portfolio and further develop our pipeline of growth opportunities. With this platform, we are very well positioned to reach our strategic target of a NOK 8 billion real estate portfolio by the end of 2024.

Trondheim, 3 May 2023



**Liv Malvik**

Chief executive officer, KMC Properties ASA



# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

# About KMC Properties

**KMC Properties** is an Oslo Børs listed real estate company focusing on high-yield industrial- and logistic properties. The company has a diversified portfolio of properties in the Nordics and the Netherlands. The properties are strategically located and have long lease agreements with solid tenants.

Most of the company's rental agreements are long-term triple net bare house contracts resulting in low operational expenses and a solid operational cash flow. A large share of the company's gross asset value is based on the contractual cash flow. As the properties are at very strategic locations for the tenants, contract extensions are likely and will have a positive value adjustment potential.

The company has an ambitious growth strategy with a solid pipeline of M&A initiatives and development projects. KMC Properties expects its growth to have a positive impact on its financial expenses, as a result of expected lower interest margin on interest-bearing debt, further improving the income from property management.

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

# Highlights\*

## First quarter of 2023

- Income of NOK 96 million (NOK 63 million) for the first quarter of 2023
- Net income from property management of NOK 36 million (NOK 23 million)
- Invested NOK ~52 million in development of existing properties
- Divestment of one property, that has been vacated by the tenant, to a housing developer
- Completion of acquisition of logistic property in Narvik for NOK 90 million
- Completion of acquisition of industrial property portfolio from BEWI, including three properties in Finland and one in Denmark

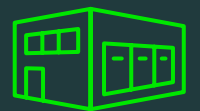
## Subsequent events

- Share capital increase of NOK 4 047 186.20 by issuance of 20 235 931 new shares related to the settlement of the acquisition of properties in Finland and Denmark.



Net yield

**6.9%**



Portfolio value

**~ 6.0bn**



Wault (years)

**~ 11.1**



EPRA LTV

**~ 56.0%**

\* Numbers in parenthesis refers to comparable figures for the corresponding period of 2022.

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

### First quarter of 2023

### Subsequent events

## Key figures

### Earnings per share

### Annual run rate

## Financial review

### Financial results

### Financial position and cash flow

### Financing

### Important events in the first quarter of 2023

### Share information

### Subsequent events

### Outlook

## Financial statements

### Consolidated statement of comprehensive income

### Consolidated statement of financial position

### Consolidated statement of changes in equity

### Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

# Key figures <sup>1)</sup>

<i>Amounts in NOK million except percentage</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Rental income	95.6	79.6	65.7	64.7	62.7
Change period-on-period	20%	21%	2%	3%	14%
Net operating income	94.4	79.0	64.9	64.5	61.7
Change period-on-period	20%	22%	1%	5%	13%
Net realised financials	(44.0)	(41.9)	(27.9)	(27.2)	(25.4)
Change period-on-period	5%	50%	3%	7%	38%
Net income from property management	36.1	16.8	27.6	28.1	22.9
Change period-on-period	115%	(39%)	(2%)	23%	6%
Profit before tax	40.6	21.7	80.9	96.4	83.3
Change period-on-period	87%	(73%)	(16%)	16%	(42%)
Profit after tax	23.2	30.5	45.6	75.0	12.1
Change period-on-period	(24%)	(33%)	(39%)	521%	(89%)
Market value of the property portfolio <sup>1)</sup>	5 993	5 366	4 502	4 247	4 084
Net debt	3 357	3 016	2 493	2 266	2 254
EPRA LTV	56.0%	56.2%	55.4%	53.3%	55.2%
Interest coverage ratio <sup>2)</sup>	1.8x	1.8x	2.1x	2.0x	2.0x
EPRA Net Initial Yield <sup>2)</sup>	6.9%	6.9%	7.0%	6.9%	7.1%
EPRA Vacancy rate <sup>2)</sup>	1.9%	0.0%	0.0%	0.0%	0.0%
WAULT	11.1	11.0	9.8	10.0	10.1
Number of properties <sup>3)</sup>	65	61	49	46	46
GLA ('000s sqm)	574	526	422	375	375
Number of shares (million)	344 <sup>5)</sup>	324	285	285	285
<i>All amounts in NOK per share except percentage</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
EPRA Earnings per Share <sup>2)</sup>	0.25	0.09	0.08	0.24	-0.20
Change period-on-period	175%	16%	(68%)	(222%)	-
EPRA NRV <sup>2)</sup>	7.9	7.6	7.4	7.3	6.8
Change period-on-period	4%	3%	1%	7%	-
Share price end of period <sup>4)</sup>	6.0	6.8	7.1	8.3	10.6
Change period-on-period	(12%)	(4%)	(14%)	(22%)	-
Share price <sup>3)</sup> / EPRA NRV <sup>2)</sup>	0.8	0.9	1.0	1.1	1.6
Change period-on-period	(15%)	(7%)	(15%)	(28%)	-

1) As calculated in EPRA LTV, refer to section concerning "Alternative performance measures" for calculation of the key figure

2) Refer to section concerning "Alternative performance measures" for calculation of the key figure

3) Properties that have or have had rental income. Development properties and land plots not included.

4) Intraday volume-weighted average price (VWAP)

5) Number of shares includes 20 235 931 shares registered on 19 April 2023 as agreed in the settlement of the acquisition of four properties from BEWI announced on 31 March 2023.

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## Earnings per share

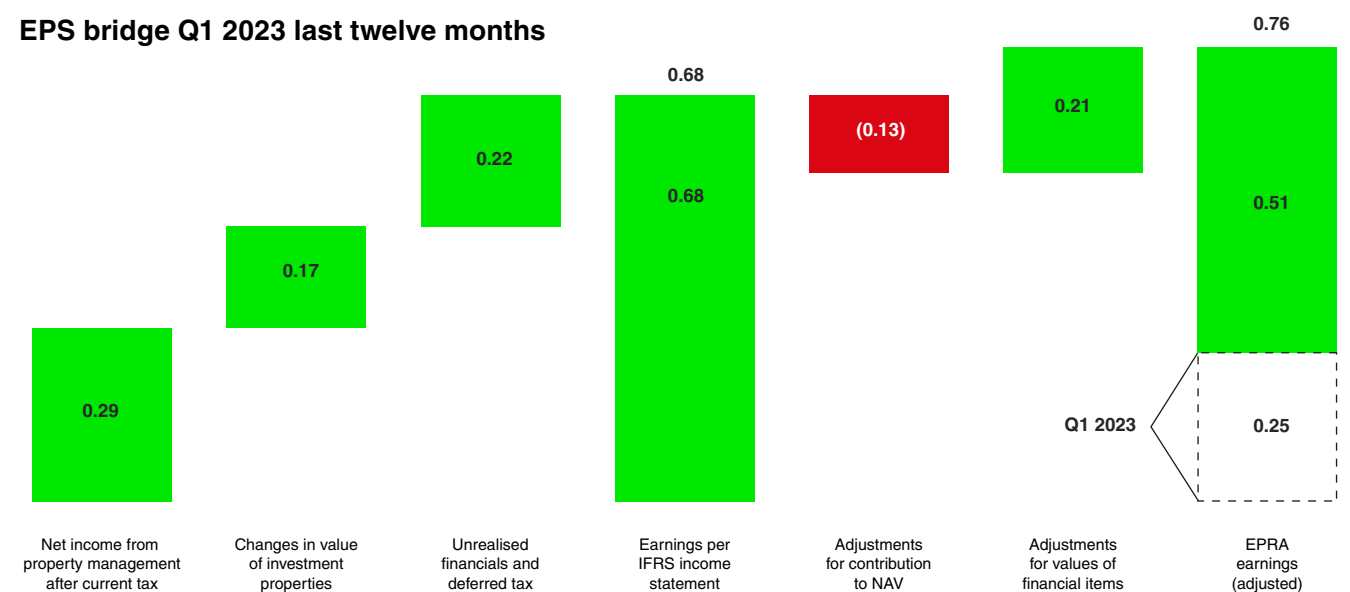
### IFRS earnings per share

Earnings per share or EPS is a financial measure, which indicates KMC Properties' profitability. EPS is calculated as profit divided by the outstanding shares of common stock. The IFRS earnings for the last twelve months prior 31 March 2023 was NOK 203 million excluding discontinued operations. The weighted average number of shares in the period 31 March 2023 to 31 March 2022 was 300 million resulting in NOK 0.68 per share.

### EPRA earnings per share

EPRA earnings is a measure of underlying operating performance, excluding fair value gains, disposals and other items not considered to be part of core activity. Thus, to bridge from IFRS earnings to EPRA earnings one must adjust for contributions to NAV, which includes changes in value of investment properties and deferred tax on investment properties. In addition, add back value changes of financial items and deferred tax on financial derivatives. In the last twelve months prior to 31 March 2023 the EPRA earnings was NOK 228 million and NOK 80 million in the first quarter. The weighted number of shares in the respective periods was 300 million and 324 million. Resulting in EPRA EPS for the last twelve months of NOK 0.76 and NOK 0.25 for the first quarter.

### EPS bridge Q1 2023 last twelve months



## Annual run rate <sup>1)</sup>

Amounts in NOK million

Rental income	412
Property related expenses	(5)
<b>Net operating income</b>	407
Administration expenses <sup>2)</sup>	(44)
<b>EBITDA</b>	364
Net realised financials <sup>3)</sup>	(205)
<b>Net income from property management</b>	159
Net income from property management per share	0.46
<b>Net debt/run rate EBITDA</b>	9.2

1) Based on completed agreements at period end.

2) Does not include transaction costs and variable remuneration to employees.

3) Based on 3 months Nibor and swap agreements at period end.

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

# Financial review

## Financial results

### Rental income

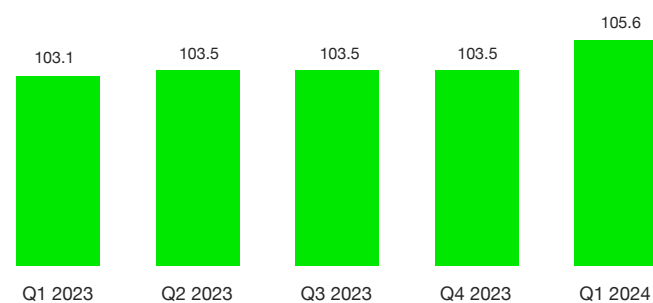
Amounts in NOK million

<b>Rental income previous period</b>	80
CPI adjustments	15
Income from new investments	1
Change in vacancy	(1)
Disposals	(1)
Agio/disagio	2
Other	(0)
<b>Rental income current period</b>	96

**Rental income** for the first quarter of 2023 amounted to NOK 96 million. The change of NOK 16 million from the contractual rental income for the previous period is specified in the table above.

### Contractual rental income development based on final agreements as of period end.

NOK million



### Net operating income

Since most of the group's lease agreements are triple net bare house agreements, property costs are low. Hence net operating income amounted to NOK 94 million for the first quarter compared to NOK 62 for the comparable period of 2022.

**Administration expenses** amounted to NOK 14 million for the quarter, up from NOK 13 million for the first quarter of 2022.

Amounts in NOK million	Q1 2023	Q1 2022
Administrative costs	13	11
Transaction costs	2	2
<b>Administration expenses</b>	<b>14</b>	<b>13</b>

**Net realised financials** came in at a negative NOK 44 million for the quarter, compared to a negative NOK 25 million last year. The cost increase relates to higher interest-bearing debt and higher interest rates.

Amounts in NOK million	Q1 2023	Q1 2022
Interest income	0	1
Interest expenses	(44)	(26)
<b>Net realised financials</b>	<b>(44)</b>	<b>(25)</b>

**Net income from property management** came in at NOK 36 million for the quarter, up from NOK 23 million for the corresponding period last year.

**Net unrealised financials** came in at NOK 62 million for the quarter, compared to negative NOK 28 million last year. The amount consists primarily of foreign exchange gains and losses, including such gains and losses on intercompany balances.

Amounts in NOK million	Q1 2023	Q1 2022
Net currency exchange differences	66	(25)
Amortisation of capitalised borrowing cost	(1)	(2)
Interest expense on lease liabilities	(1)	(1)
Other financial expenses/income	(2)	(1)
<b>Net unrealised financials</b>	<b>62</b>	<b>(28)</b>

**Tax expense** was NOK 17 million this quarter, compared to an expense of NOK 20 million for the first quarter of 2022.

**Profit after tax** was NOK 23 million for first quarter of 2023 compared to NOK 12 million for the first quarter of 2022.

**Comprehensive income** came in at NOK 41 million for the first quarter this year compared to negative NOK 26 million for the same quarter last year.



# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

### First quarter of 2023

### Subsequent events

## Key figures

### Earnings per share

### Annual run rate

## Financial review

### Financial results

### Financial position and cash flow

### Financing

### Important events in the first quarter of 2023

### Share information

### Subsequent events

### Outlook

## Financial statements

### Consolidated statement of comprehensive income

### Consolidated statement of financial position

### Consolidated statement of changes in equity

### Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## Financial position and cash flow

### Property portfolio

<i>Amounts in NOK million</i>	Q1 2023
<b>Opening balance</b>	5 366
Purchase of investment properties	446
Upgrade of investment properties	52
Sale of investment properties	(29)
Change in value	6
Currency translation effect	152
<b>Value at period end</b>	5 993

The portfolio is valued by Cushman & Wakefield quarterly. For the first quarter of 2023, the total change in value for the company's investment properties amounted to NOK 628 million.

Expansion projects, investments in new facilities, and acquisitions amounted to a total of NOK 498 million in the quarter.

In addition, fair value adjustments contributed with NOK 6 million for the quarter and translation adjustments contributed with NOK 152 million for the quarter.

**Other assets** consist primarily of interest rate and currency rate swap agreements of NOK 116 million, other non-current assets of NOK 17 million, trade receivables of NOK 4 million, other receivables and other current assets of NOK 4 million as well as NOK 166 million in cash.

**Total non-current liabilities** amounted to NOK 1 511 million at the end of the first quarter of 2023. The non-current liabilities consist of interest-bearing debt of NOK 1 297 million, deferred

tax liabilities of NOK 171 million, land lease liabilities of NOK 24 million and other non-current liabilities of NOK 19 million.

**Total current liabilities** amounted to NOK 2 229 million at the end of the quarter, consisting of short-term interest-bearing debt (bond loan, revolving credit Facility, construction loan and first year instalment on bank loan) of NOK 2 129 million, trade payables of NOK 22 million, current tax liabilities of NOK 12 million and other current liabilities of NOK 65 million.

**Total equity** was NOK 2 589 million on 31 March 2023, representing an equity ratio of 41 per cent. EPRA NRV per share was 8.0.

### Consolidated cash flow

**Operating activities** generated a cash inflow of NOK 71 million for the first quarter, compared to NOK 61 million for the same quarter last year.

**Investment activities** generated a cash outflow of NOK 472 million for the quarter due to investments in expansion projects, investments in new facilities, and acquisitions of new properties. For the corresponding period of 2022, investment activities amounted to NOK 210 million.

**Financing activities** led to a cash inflow of NOK 393 million for the quarter due to increase in interest bearing debt and issue of shares. In 2022, the company had a cash inflow of NOK 64 million for the first quarter.

## Financing

A large share of KMC Properties' portfolio is financed by a senior secured bond loan with maturity date on 11 December 2023. The company's highest priority is secure refinancing of the portfolio at improved financial terms within the second quarter of 2023.

KMC Properties has received a committed offer from a bank for refinancing of approximately NOK 315 million of the bond loan and an indicative offer from other banks for approximately NOK 750 million. In addition, the Company is in active dia-

logues and due diligence processes with banks and private debt providers for the remaining amount.

The Company expects that the new financing package required to repay the bond loan will be established by the end of Q2 2023 and that the weighted average interest rate for the new financing will be in the range between 300 and 330 basis points plus floating interest (3-month Nibor, 3-month Euribor, 3-month Stibor or 3-month Danish lbor).

### Maturity profile and composition interest bearing debt

<i>Amounts in NOK million</i>	0-1 yrs	1-2 yrs	3-4 yrs	4+ yrs	<b>Total</b>	%
Bond loan	1 850	-	-	-	<b>1 850</b>	58%
Bank loan	46	84	903	316	<b>1 348</b>	42%
<b>Total</b>	<b>1 896</b>	<b>84</b>	<b>903</b>	<b>316</b>	<b>3 198</b>	100%



# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

# Operational review

## Important events in the first quarter of 2023

### Acquisition of logistic property in Narvik for NOK 90 million

On 2 January 2023, KMC Properties completed its acquisition of a logistic property, including a dry-, cold- and freeze storage facility outside Narvik, Norway, for NOK 90 million.

The property in Narvik is composed of 22 357 m<sup>2</sup> BTA of land and 16 400 m<sup>2</sup> of a building substantially upgraded in 2011. The property is strategically located in a logistic hub south of Narvik city center, close to the E6 motorway, the railway and port terminal.

The property has a lease agreement with the Norwegian meat producer Kuraas AS for approximately 4 500 m<sup>2</sup>, with an initial lease of 15 years and an option to extend. In addition, KMC Properties has signed a lease agreement with Servicegrossistene for an additional 4 100 m<sup>2</sup>, with an initial lease of 10 years and an option to extend.

Servicegrossistene is the largest specialist for delivery of groceries to large households in Norway.

The annualised lease for the current contracts amounts to NOK 5.7 million for 2023 and NOK 8.0 million (excluding CPI adjustment) for 2024. The contracts will be subject to 100 per cent CPI adjustment from 1 January 2024.

In addition, almost half the property is currently vacant, enabling a potential for significant additional income.

### Acquired four properties from BEWI

On 31 March 2023, KMC Properties completed the acquisition of one Danish and three Finnish properties from BEWI for a total transaction value of NOK 348.3 million. The properties have a rental income of DKK 3.5 million and EUR 1.6 million, giving a gross yield of approximately 6.6 per cent, and a WAULT of 17 years. The transaction also includes a set of contractual changes on existing properties rented by BEWI.

The acquisition of the four properties represents approximately one third of the value of the second tranche of the larger ongoing portfolio transaction with BEWI, scheduled for completion in

June 2023, and completes the acquisition of the Nordic share of the BEWI transaction. KMCP values the Danish property at DKK 52.8 million and the three Finish properties at EUR 20.3 million, with the remaining transaction value representing five contract extensions from seven to 15 years, and a cancellation of a buy-back clause related to one of KMCP's previously acquired properties.

The transaction is financed by a combination of revolving credit facility, and new KMC Properties shares. The part settlement in equity was announced on the 19 of April 2023, see Subsequent Events for details. The company is currently in the process of getting commitments on the long-term financing of the properties.

KMC Properties has an exclusive right to acquire the remaining part of the BEWI portfolio until 30 June 2023. This option is considered to have no material intrinsic value and is therefore not recognised as a financial asset in the consolidated statement of financial position.

### Status on refinancing of NOK 1 850 million bond loan

The company expects that the refinancing of the senior secured NOK 1 850 million bond loan, with maturity on 11 December 2023, will be completed by the end of the second quarter of 2023.

During the first quarter of 2022 KMC Properties received a committed offer of approximately NOK 315 million and indicative offers for approximately NOK 750 million. Active dialogues and due diligence processes with banks and private debt providers for the remainder are ongoing.

### Other impacts

The significant increase in inflation worldwide and the central bank's reaction to this has resulted in increased interest rates. This is affecting KMC Properties' financial expenses and may affect the valuation of the portfolio. However, KMC Properties has a 37 per cent hedging ratio and is operating in a high yield segment, hence the company has solid foundation for handling this risk. Also, 99 per cent of the company's lease agreements include 100 per cent CPI adjustments.

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## Share information

KMC Properties ASA is listed on the Oslo Børs (Oslo Stock Exchange) under the symbol KMCP. The company has a total of 344 129 580 issued and outstanding shares as of 3 May 2023.

For a continuously updated overview of the company's largest shareholders, see the Investor section at the company's homepage [www.kmcp.no](http://www.kmcp.no)

During the first quarter of 2023, the KMC Properties' share was traded between NOK 5.98 and NOK 7.18 per share, with a closing price of NOK 6.00 on 31 March 2023.

### Grant of options for employees:

The board approved a long-term incentive plan ("LTIP 2023") aimed to align the interests of the employees of the company with those of the shareholders. Under LTIP 2023 Employees of KMC Properties have been awarded 3 238 936 share options (equivalent to 1.0 per cent of the total number of shares issued at the time of the award).

The options will have a vesting period of three years from being awarded and may then be exercised in a period of two additional years.

## Subsequent events

### New share capital registered

On 19 April 2023, KMC Properties announced that the board of directors resolved to increase the company's share capital by NOK 4 047 186.20 by the issuance of 20 235 931 new

shares. The share increase is in relation to the settlement of the acquisition of four properties from BEWI announced on 31 March 2023.

## Outlook

In the first quarter of 2023, KMC Properties acquired a total of 5 industrial properties, including one third of the remaining BEWI portfolio. The company has grown the value of its investment portfolio (GAV) from approximately NOK 5.4 billion to NOK 6.0 billion.

KMC Properties remains committed to its investment strategy, focusing on properties in Northern Europe with solid tenants within selected industries, in addition to greenfield and capex projects in collaboration with current and future tenants.

The current macroeconomic environment is characterised by high uncertainty. In particular, the high inflation resulting in significant increase in interest rates impact the real estate industry. However, KMC Properties' portfolio of high yielding logistic and light industry properties with solid tenants and long triple net lease contracts, and its 100 per cent CPI adjustments on almost all its lease agreement, still provides a comfortable headroom towards its covenants. Further, the company's investments have increased the overall EBITDA yield due to increased utilisation of the current organisation.

Going forward, KMC Properties' key priority continues to be the completion of the refinancing of the senior secured bond loan. Further, the company continues to focus on integration of recently acquired properties, completing the last phase of the transformative agreement with BEWI, further developing the pipeline of M&A opportunities, and securing progress in ongoing development projects.

When refinancing of the senior secured bond loan is completed, and provided that the company has sufficient liquidity for committed investments, the board of directors intends to propose to the general meeting to pay dividends in line with the company's dividend policy of 30 to 50 per cent of cash earnings. The board of directors considers KMC Properties to be well positioned to tackle the challenging macro environment and reach the company's target of NOK 8.0 billion in GAV by the end of 2024.

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## Consolidated statement of comprehensive income

<i>Amounts in NOK million</i>	<i>Note</i>	<b>Q1 2023</b> Unaudited	Q1 2022 Unaudited	<b>2022</b> Audited
Rental income	2	96	63	273
Property expenses	2	(1)	(1)	(3)
<b>Net operating income</b>		<b>94</b>	62	<b>270</b>
Administration expenses		(14)	(13)	(52)
Net realised financials		(44)	(25)	(122)
<b>Net income from property management</b>		<b>36</b>	23	<b>96</b>
Net unrealised financials		62	(28)	35
Changes in value of financial instruments	6	(64)	91	111
Changes in value of investment properties	3	6	(3)	41
<b>Profit before tax</b>		<b>41</b>	83	<b>282</b>
Current tax		(14)	0	(9)
Deferred tax		(3)	(20)	(29)
<b>Profit from continued operations</b>		<b>23</b>	64	<b>244</b>
Profit from discontinued operations		(0)	(52)	(81)
<b>Profit</b>		<b>23</b>	12	<b>163</b>
Translation differences for foreign operations		41	(26)	54
<b>Comprehensive income</b>		<b>64</b>	(13)	<b>217</b>

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

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## Consolidated statement of financial position

<i>Amounts in NOK million</i>	<i>Note</i>	<b>31.03.2023</b> Unaudited	31.03.2022 Unaudited	31.12.2022 Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment properties	3, 5	5 993	4 009	5 366
Site leaseholds, right-of-use assets		24	19	19
Financial derivatives	5, 6	116	159	180
Other non-current assets		17	5	16
<b>Total non-current assets</b>		<b>6 150</b>	4 192	5 580
<b>Current assets</b>				
Trade receivables		4	4	7
Other current assets		10	8	7
Cash and cash equivalents		166	124	187
Assets held for sale		-	84	-
<b>Total current assets</b>		<b>179</b>	220	200
<b>Total assets</b>		<b>6 330</b>	4 412	5 781
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		69	57	65
Share premium		1 656	1 226	1 512
Translation reserve		61	(59)	20
Retained earnings		804	629	781
<b>Total equity</b>		<b>2 589</b>	1 853	2 377
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities		171	150	163
Non-current interest-bearing liabilities	4	1 297	2 340	1 217
Lease liabilities		24	19	19
Other non-current liabilities		19	3	20
<b>Total non-current liabilities</b>		<b>1 511</b>	2 511	1 420
<b>Current liabilities</b>				
Current interest-bearing liabilities	4	2 129	-	1 905
Trade payables		22	18	37
Current tax liabilities		12	3	0
Other current liabilities		65	20	41
Liabilities held for sale		0	7	0
<b>Total current liabilities</b>		<b>2 229</b>	48	1 984
<b>Total liabilities</b>		<b>3 740</b>	2 559	3 404
<b>Total equity and liabilities</b>		<b>6 330</b>	4 412	5 781

Trondheim, Norway, 3 May 2023

The board of directors and CEO of KMC Properties ASA



# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## Consolidated statement of changes in equity

<i>Amounts in NOK million</i>	Subscribed share capital	Share premium	Translation reserves	Retained earnings	<b>Total equity</b>
<b>Total equity at 1 January 2022</b>	56	1 196	(34)	617	<b>1 836</b>
Issue of shares	8	322	-	-	<b>330</b>
Transaction cost issue of shares	-	(6)	-	-	<b>(6)</b>
Profit /(loss) for the period	-	-	-	163	<b>163</b>
Other comprehensive income (translation reserves)	-	-	54	-	<b>54</b>
<b>Total equity at 31 December 2022</b>	65	1 512	20	781	<b>2 377</b>
Issue of shares	4	144	-	-	<b>148</b>
Profit /(loss) for the period	-	-	-	23	<b>23</b>
Other comprehensive income (translation reserves)	-	-	41	-	<b>41</b>
<b>Total equity at 31 March 2023</b>	69	1 656	61	804	<b>2 589</b>

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

## Consolidated statement of cash flows

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022	2022
<b>Earning before tax</b>	<b>41</b>	83	282
Changes in value of investment properties	<b>(6)</b>	3	(41)
Financial items	<b>46</b>	(38)	(23)
<b>Change in working capital</b>	<b>-</b>	-	-
- change in current assets	<b>(2)</b>	40	41
- change in current liabilities	<b>6</b>	(27)	24
Other items not included in the cash flow	<b>(5)</b>	-	4
Taxes paid	<b>(2)</b>	-	(7)
<b>Net cash flow from operating activities</b>	<b>77</b>	61	279
Purchase of investment property	<b>(446)</b>	(188)	(1 308)
Upgrades of investment properties	<b>(52)</b>	(22)	(139)
Proceeds from property transactions	<b>29</b>	-	99
Interest received	<b>0</b>	1	3
Change in other non-current assets	<b>(1)</b>	-	(12)
<b>Net cash flow from investment activities</b>	<b>(470)</b>	(210)	(1 356)
Capital increase from issue of shares	<b>148</b>	30	324
Proceeds interest-bearing liabilities	<b>292</b>	65	866
Repayment interest-bearing liabilities	<b>(8)</b>	(2)	(19)
Interest paid	<b>(44)</b>	(26)	(126)
Transaction fees paid and other financial costs	<b>(1)</b>	-	(3)
Change in other non-current liabilities	<b>(3)</b>	(1)	10
<b>Net cash flow from financing activities</b>	<b>384</b>	65	1 053
Effects of exchange rate changes on cash and cash equivalents	<b>(11)</b>	0	3
<b>Net change in cash and cash equivalents</b>	<b>(21)</b>	(83)	(21)
Cash and cash equivalents at beginning of period	<b>187</b>	208	208
<b>Cash and cash equivalents at end of period</b>	<b>166</b>	124	187

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

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## Selected notes to the interim financial statements

### Note 01 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 2022.

The financial reporting covers KMC Properties ASA and subsidiaries. The interim financial statements have not been audited.

### Note 02 Tenancy agreements

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

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

#### Net operating income (NOI) from properties:

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022	2022
Norway	55	41	171
Sweden	18	8	39
Denmark	12	6	31
Netherlands	9	7	27
Finland	1	1	5
<b>Total rental income</b>	<b>96</b>	<b>63</b>	<b>273</b>
Property related costs	(1)	(1)	(3)
<b>NOI from properties</b>	<b>94</b>	<b>62</b>	<b>270</b>

#### Summary of significant contracts

KMC Properties acquired 5 properties in Norway, Denmark, and Finland in the first quarter. A substantial part of rental income is from rental contracts with related parties.

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022	2022
BEWI & subsidiaries	45	21	125
Insula & subsidiaries	15	14	52
Grøntvedt & subsidiaries	9	6	30
Scana & subsidiaries	8	8	31
Other	19	14	135
<b>Total</b>	<b>96</b>	<b>63</b>	<b>273</b>

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## Note 03 Investment properties

The valuation of the properties on 31 March 2023 has been performed by the independent expert valuer, Cushman & Wakefield.

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022	2022
<b>Opening balance</b>	<b>5 366</b>	4 002	4 002
Reclassification to IFRS 5	-	(143)	(143)
Purchase of investment properties	446	188	1 308
Upgrade of investment properties	52	22	139
Sale of investment properties	(29)	-	-
Change in value	6	(3)	41
Currency translation effect	152	(38)	38
Other changes	-	(19)	(20)
<b>Value at period end</b>	<b>5 993</b>	4 009	5 366

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

31 March 2023, 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	(51.7)	55.4
Discount rate	+/- 0,25 per cent points	(124.1)	117.7
Operating costs	+/- 10 per cent	(12.0)	11.5
Market rent	+/- 10 per cent	223.2	(223.2)
Average rental growth	+/- 0,5 percentages points next 10 years	188.6	(181.8)

The calculations have been performed by Cushman & Wakefield in connection of the valuations on 31 March 2022.

## Note 04 Interest bearing liabilities

<i>Amounts in NOK million</i>	YTD 2023	YTD 2022
Bond loan	1 850	1 850
Bank loan	1 348	500
Construction loans	38	-
Revolving Credit Facility	200	-
<b>Interest bearing liabilities at period end</b>	<b>3 436</b>	2 350
Capitalised borrowing cost	(10)	(10)
<b>Carrying amount interest bearing liabilities</b>	<b>3 426</b>	2 340
Fair value of interest bearing liabilities	-	-

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

### First quarter of 2023

### Subsequent events

## Key figures

### Earnings per share

### Annual run rate

## Financial review

### Financial results

### Financial position and cash flow

### Financing

### Important events in the first quarter of 2023

### Share information

### Subsequent events

### Outlook

## Financial statements

### Consolidated statement of comprehensive income

### Consolidated statement of financial position

### Consolidated statement of changes in equity

### Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

### Interest-bearing debt at period end:

	NOK million	Weighted average current interest <sup>1)</sup>	Weighted average interest terms	Weighted average amortisation plan loans (years)	Weighted average years to final maturity	In compliance with covenants?
Bond loan	1 850	7.73%	3 months NIBOR+4.25%	None	0.8	Yes
Bank loan	1 348	6.45%	3-/6 months NIBOR/STI-BOR+2.64%	23.0	4.1	Yes
Construction loan	38	6.23%	3 months NIBOR+2.75%	None	N/A	Yes
Revolving credit facility	200	5.73%	3 months NIBOR+2.25%	N/A	N/A	Yes
<b>Total</b>	<b>3 436</b>	<b>7.10%</b>				
Swap agreements <sup>2)</sup>		(1.13%)				
<b>Total including swap agreements</b>		<b>5.97%</b>				

1) 3 months Nibor is set to 3.48% in line with the latest interest rate determination on the bond loan.

6 months Nibor is set to 3.96% in line with the latest interest rate determination on the bank loan.

6 months Stibor is set to 3.78% in line with the latest interest rate determination on the bank loan.

2) See note 6.

### Security bond loan:

Amounts in NOK million	YTD 2023	2022
Pledged property portfolio	3 055	3 029
Disposal account	0	41
<b>Opening balance security <sup>1)</sup></b>	<b>3 055</b>	<b>3 070</b>
Investments in pledged property portfolio	4	197
Sale of assets in pledged property portfolio	(29)	(144)
Inflow disposal account	29	144
Outflow disposal account	0	(161)
Fair value and translation adjustments pledged property portfolio <sup>2)</sup>	94	(51)
<b>Value security end of period</b>	<b>3 152</b>	<b>3 055</b>

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 3 March 2022.

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 favor 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 Levanger Eiendom AS in the first quarter of 2023 for NOK 29 million. The purchase price was paid to the Disposal Account.

## Note 05 Fair value of assets and liabilities

Amounts in NOK million	Fair value level	31.03.2023	31.03.2022	31.12.2022
<b>Assets measured at fair value:</b>				
Assets measured at fair value through profit or loss				
- Investment properties	Level 3	5 993	4 009	5 366
- Financial derivatives	Level 2	116	159	180
<b>Total</b>		<b>6 109</b>	<b>4 168</b>	<b>5 546</b>
<b>Liabilities measured at fair value:</b>				
Liabilities measured at fair value through profit or loss				
		-	-	-



# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## 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.

### Interest bearing loans

<i>Amounts in NOK million</i>	31.03.2023	31.03.2022	31.12.2022
Bond loan	1 850	1 850	1 850
Bank loan	1 348	500	1 266
Construction loan	38	-	18
Revolving credit facility	200	-	-
<b>Interest bearing liabilities at period end</b>	<b>3 436</b>	<b>2 350</b>	<b>3 134</b>
<b>Hedged amount (fixed interest)</b>	<b>1 275</b>	<b>1 275</b>	<b>1 275</b>
Hedge ratio	37%	54%	41%

### Swap agreements at period end

Swap agreement	Currency amount (million)	Start date	Maturity date	Fixed currency rate	Fixed interest
Interest & currency	NOK 335	23.12.2021	11.12.2023	EUR/NOK = 10.630	EURIBOR = -0.51%
Interest & currency	NOK 240	23.12.2021	11.12.2023	SEK/NOK = 1.050	STIBOR = 0.017%
Interest & currency	NOK 165	23.12.2021	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%
Interest	NOK 35	10.02.2022	10.02.2027	Not applicable	NIBOR = 2.305%

## Note 07 Related party transactions

The tenant BEWI is regarded as related parties by their ownership in KMC Properties ASA through BEWI Invest AS. Reference is made to note 2 Tenancy agreements for detailed information.

KMC Properties ASA has in the first quarter of 2023 purchased services for NOK 0.6 million from BEWI related companies, mainly cost of interim hiring of employees (NOK 0.1 million) and office rent (NOK 0.4 million) which is an entirely forwarded cost

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## 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.

### EBITDA

Amounts in NOK million

	Q1 2023	Q1 2022	2022
Net income from property management	36	23	96
Net realised financials	44	25	122
<b>EBITDA</b>	<b>80</b>	<b>48</b>	<b>218</b>

### Interest Cover Ratio (ICR)

Amounts in NOK million

	12 M - Q1 2023	12M - Q1 2022	12M - Q3 2022	12M - Q2 2022
LTM EBITDA <sup>1)</sup>	256	226	210	197
Net realised financials	(141)	(122)	(99)	(95)
<b>ICR</b>	<b>1.8x</b>	<b>1.8x</b>	<b>2.1x</b>	<b>2.1x</b>

<sup>1)</sup> Includes EBITDA from discontinued operations.

## EPRA Reporting

The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its latest edition of the Best Practices Recommendations Guidelines.

The EPRA Best Practices Recommendations Guidelines focus on making the financial statements of public real estate companies clearer and more comparable across Europe. For further information about EPRA, see [www.epra.com](http://www.epra.com).

### Summary table EPRA performance measures

	Unit	Q1 2023 / 31.03.2023	Q1 2022 / 31.03.2022
A	EPRA Earnings per share	NOK 0.25	(0.02)
B	EPRA NRV per share	NOK 8.0	6.8
	EPRA NTA per share	NOK 7.9	6.7
	EPRA NDV per share	NOK 7.5	6.5
C	EPRA Net Initial Yield (NIY)	% 6.9	6.9
	EPRA "topped-up" NIY	% 6.9	6.9
D	EPRA Vacancy Rate	% 1.9	0.0
E	EPRA Cost Ratio (including direct vacancy costs)	% 20.0	32.5
	EPRA Cost Ratio (excluding direct vacancy costs)	% 20.0	32.5
F	EPRA LTV	% 56.2	52.6

The details for the calculation of the performance measures are shown on the following pages.

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

### A. EPRA EARNINGS

EPRA Earnings is a measure of the operational performance of the property portfolio. EPRA Earnings is calculated based on the income statement, adjusted for non-controlling interests, value

changes on investment properties, changes in the market value of financial instruments and the associated tax effects.

<i>Amounts in NOK millions</i>	Q1 2023	Q1 2022	2022
Earnings per IFRS income statement	23	12	163
<b>Adjustments to calculate EPRA Earnings:</b>			
Changes in value of investment properties	(6)	3	(41)
Changes in value of financial instruments	64	(91)	(111)
Deferred tax for FV adjustments	(15)	-	27
Deferred tax for financial derivatives	14	20	24
<b>EPRA earnings</b>	<b>80</b>	<b>(56)</b>	<b>63</b>
Basic number of shares	324	283	291
EPRA Earnings per Share (EPS)	0.25	(0.20)	0.22
<b>Company specific adjustments:</b>			
Profit from discontinued operations	0	52	81
<b>Company specific Adjusted Earnings</b>	<b>80</b>	<b>(4)</b>	<b>144</b>
<b>Company specific Adjusted EPS</b>	<b>0.25</b>	<b>(0.02)</b>	<b>0.49</b>

### B. EPRA NET ASSET VALUE (NAV) METRICS

#### EPRA Net Reinstatement Value (NRV)

The objective of the EPRA NRV measure is to highlight the value of net assets on a long-term basis and assumes that no selling of assets takes place. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property val-

uation surpluses are therefore excluded. Real estate transfer taxes are levied on property transactions in Netherland, but not on property transactions in the Nordics. Such taxes are accordingly only included for Netherlands in KMC Properties valuation certificates.

<i>Amounts in NOK millions</i>	31.03.2023	31.03.2022	31.12.2022
IFRS Equity attributable to shareholders	2 589	1 853	2 377
Approved, not paid dividend	-	-	-
<b>Net Asset Value (NAV) at fair value</b>	<b>2 589</b>	<b>1 853</b>	<b>2 377</b>
Deferred tax investment properties	208	171	189
Deferred tax financial derivatives	26	35	40
Real estate transfer tax	36	30	33
Fair value of financial derivatives	(116)	(159)	(180)
<b>Net reinstatement value (EPRA NRV)</b>	<b>2 743</b>	<b>1 930</b>	<b>2 459</b>
Outstanding shares at period end (million)	344	285	324
<b>EPRA NRV per share</b>	<b>8.0</b>	<b>6.8</b>	<b>7.6</b>

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

### EPRA Net Tangible Assets (NTA)

The EPRA NTA is focused on reflecting a company's tangible assets and assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax liability. KMC

Properties has adopted the first option in the EPRA BPR guidelines excluding all deferred tax related to investment properties, since KMC Properties has no intention to sell any of its properties.

<i>Amounts in NOK millions</i>	31.03.2023	31.03.2022	31.12.2022
IFRS Equity attributable to shareholders	2 589	1 853	2 377
Approved, not paid dividend	-	-	-
<b>Net Asset Value (NAV) at fair value</b>	<b>2 589</b>	<b>1 853</b>	<b>2 377</b>
Deferred tax investment properties	208	171	189
Deferred tax financial derivatives	26	35	40
Fair value of financial derivatives	(116)	(159)	(180)
<b>Net tangible assets (EPRA NTA)</b>	<b>2 707</b>	<b>1 899</b>	<b>2 425</b>
Outstanding shares at period end (million)	344	285	324
<b>EPRA NTA per share</b>	<b>7.9</b>	<b>6.7</b>	<b>7.5</b>

### EPRA Net Disposal Value (NDV)

The EPRA NDV measure illustrates a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability. This enables readers of financial reports to understand the full extent of liabilities and resulting shareholder value under an orderly sale of business and/or if liabilities are not held until maturity. The measure should not

be viewed as a "liquidation NAV" for KMC Properties, as fair values may not represent liquidation values, and as an immediate realisation of KMC Properties assets may be structured as sale of property-owning companies, resulting in the deferred tax liabilities only partially crystallising.

<i>Amounts in NOK millions</i>	31.03.2023	31.03.2022	31.12.2022
IFRS Equity attributable to shareholders	2 589	1 853	2 377
Approved, not paid dividend	-	-	-
<b>Net Asset Value (NAV) at fair value</b>	<b>2 589</b>	<b>1 853</b>	<b>2 377</b>
Fair value adjustment of interest bearing liabilities, net of tax	-	-	-
<b>Net disposal value (EPRA NDV)</b>	<b>2 589</b>	<b>1 853</b>	<b>2 377</b>
Outstanding shares at period end (million)	344	285	324
<b>EPRA NDV per share</b>	<b>7.5</b>	<b>6.5</b>	<b>7.3</b>

### C. EPRA Net Initial Yield (NIY)

EPRA Net Initial Yield (NIY) measures the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

EPRA "topped-up" NIY incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

<i>Amounts in NOK millions</i>	31.03.2023	31.03.2022	31.12.2022
Investment properties	5 993	4 009	5 366
Investment properties held for sale	-	75	-
<b>Market value of the property portfolio</b>	<b>5 993</b>	<b>4 084</b>	<b>5 366</b>
Less projects, land and developments	(111)	(95)	(67)
Allowance for estimated purchasers' cost	12	8	11
<b>Gross up completed management portfolio valuation</b>	<b>5 894</b>	<b>3 998</b>	<b>5 310</b>
12 months rolling rent	412	286	371
Estimated ownership cost	(7)	(12)	(7)
<b>Annualised net rents</b>	<b>405</b>	<b>275</b>	<b>365</b>
Add: Notional rent expiration of rent-free periods or other lease incentives	-	-	-
<b>Topped up net annualised net rents</b>	<b>405</b>	<b>275</b>	<b>365</b>
EPRA "topped-up" NIY	6.9%	6.9%	6.9%
EPRA NIY	6.9%	6.9%	6.9%



# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

### D. EPRA Vacancy Rate

Estimated Market Rental Value (ERV) of vacant space divided by the ERV of the whole portfolio.

<i>Amounts in NOK millions</i>	31.03.2023	31.03.2022	31.12.2022
Market rent vacant areas	7	-	-
Total market rent	389	286	375
<b>EPRA Vacancy Rate</b>	<b>1.9%</b>	<b>0.0%</b>	<b>0.0%</b>

In the first quarter of 2023 KMC Properties acquired a logistic property in Narvik with roughly half the property vacant, enabling a potential for significant additional income.

### E. EPRA Cost Ratios

Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.

<i>Amounts in NOK millions</i>	31.03.2023	31.03.2022	31.12.2022
Property expenses	(1)	(1)	(3)
Administration expenses	(14)	(13)	(52)
Less: Ground rent costs	-	-	-
<b>EPRA Costs (including direct vacancy costs)</b>	<b>(15)</b>	<b>(14)</b>	<b>(55)</b>
Direct vacancy costs	-	-	-
<b>EPRA Costs (excluding direct vacancy costs)</b>	<b>(15)</b>	<b>(14)</b>	<b>(55)</b>
Gross Rental Income less ground rents	96	63	273
<b>Gross Rental Income</b>	<b>96</b>	<b>63</b>	<b>273</b>
EPRA Cost Ratio (including direct vacancy costs)	<b>16.0%</b>	<b>23.0%</b>	<b>20.0%</b>

### F. EPRA LTV

EPRA LTV is a metric to determine the percentage of debt comparing to the appraised value of the properties.

<i>Amounts in NOK million</i>	31.03.2023 Group as reported	Proportionate Consolidation		31.03.2023 Combined EPRA LTV	31.03.2022 Combined EPRA LTV	31.12.2022 Combined EPRA LTV
		Share of joint ventures	Non-controlling interest			
Bond loan	1 850	-	-	1 850	1 850	1 850
Bank loan	1 348	-	-	1 348	500	1 266
Construction loan	38	-	-	38	-	18
Revolving credit facility	200	-	-	200	-	-
Net payables <sup>1)</sup>	87	-	-	87	28	69
Cash and cash equivalents	(166)	-	-	(166)	(124)	(187)
<b>Net debt</b>	<b>3 357</b>	-	-	<b>3 357</b>	<b>2 253</b>	<b>3 016</b>
Investment properties	5 993	-	-	5 993	4 009	5 366
Investment properties held for sale	-	-	-	-	75	-
<b>Market value of the property portfolio</b>	<b>5 993</b>	-	-	<b>5 993</b>	<b>4 084</b>	<b>5 366</b>
<b>EPRA LTV</b>	<b>56.0%</b>			<b>56.0%</b>	<b>55.0%</b>	<b>56.0%</b>

<sup>1)</sup> Net payables include trade payables, other current and non-current liabilities, trade receivables, and other receivables and other assets.

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information

## Definitions

<b>GLA</b>	Gross leasable area, corresponds to the sum of the areas available for lease.
<b>GRI</b>	Gross rental income, equals total rental income.
<b>Independent valuer</b>	Cushman & Wakefield.
<b>ICR</b>	Interest Cover Ratio, the ratio of EBITDA to Net Interest Cost.
<b>LTM</b>	Last twelve months.
<b>Market value of portfolio</b>	The market value of all properties owned by the parent company and subsidiaries.
<b>NAV</b>	Net Asset Value, the total equity that the company manages for its owners. KMC Properties presents NAV calculations in line with EPRA recommendation, where the difference mainly is explained by the expected turnover of the property portfolio.
<b>Occupancy rate (%)</b>	Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio.
<b>Swap</b>	A swap is an agreement between two parties to exchange sequences of cash flows for a set period of time.
<b>Triple net lease</b>	A type of lease whereby the tenant pays, in addition to the rent, all costs incurred on the property that would normally have been paid by the property owner. These include operating expenses, maintenance, property tax, site leasehold fees, insurance, property caretaking, etc.
<b>WAULT</b>	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 relet and signed new contracts, adjusted for termination rights and excluding any renewal options, divided by Contractual rent, including renewed and signed new contracts.

# Menu

## Letter from the CEO

## About KMC Properties

## Highlights

First quarter of 2023

Subsequent events

## Key figures

Earnings per share

Annual run rate

## Financial review

Financial results

Financial position and cash flow

Financing

Important events in the first quarter of 2023

Share information

Subsequent events

Outlook

## Financial statements

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

## Notes to the financial statements

Note 01 Basis of preparation and accounting principles

Note 02 Tenancy agreements

Note 03 Investment properties

Note 04 Interest bearing liabilities

Note 05 Fair value of assets and liabilities

Note 06 Financial instruments

Note 07 Related party transactions

Alternative Performance Measures

EPRA Reporting

Definitions

## Contact information