



# The preferred real estate partner for logistics and industrial companies

KMC Properties ASA  
Q1 2024 results presentation | 25 April 2024

Bleivassvegen 7 og 11,  
Ågotnes Norway

# First quarter 2024 highlights

## Progressing towards NOK 8 billion GAV target by end-2024

- Executed one of five property acquisitions announced in 2023
- Subsequent: Agreement to acquire Danish property for NOK 200 million

## Positioning to act on attractive market opportunities

- Cash inflow of NOK 100 million through resetting of interest swaps
- Started positioning for NOK 900 million bond refinancing in 2025
- Development project with Slakteriet on hold due to unfavorable construction market conditions

## Strong financial performance showcasing operational leverage

- 20% rental income increase vs. Q1 2023 to NOK 115 million
- Constant year-over-year operating expenses of NOK 14.4 million
- 22% net operating income from property management increase vs. Q1 2023 to NOK 44 million



NOK 6.4 bn



7.4%



11.2 years

52.1%  
EPRA LTV

# Announced transactions progressing as planned

Executed one of five property acquisitions announced in 2023

Q1'24:  
Herrenhöfer Landstrasse 6, Ohrdruf, Germany

Q2'24  
Hulshoutsesteenweg 33, Heist-op-den-berg, Belgium

Q2'24  
4 Olszewskiego Street/15 Legnicka Street, Chorzów, Poland

Q2'24  
11 Kluczborska Street, Chorzów, Poland

Q2'24  
15 Narutowicza Street, Chorzów, Poland

Four remaining property transactions expected to be closed in Q2 2024



Industrielaan 39,  
Olen Belgium (closed in Q4)

# Acquisition of Danish property with Velux A/S as long-term tenant

Velux is a European leader in manufacturing and development of roof windows

- DKK 21.7 billion revenue in 2023
- Operations in 37 countries
- Approximately 11 700 employees
- Strong sustainability commitment

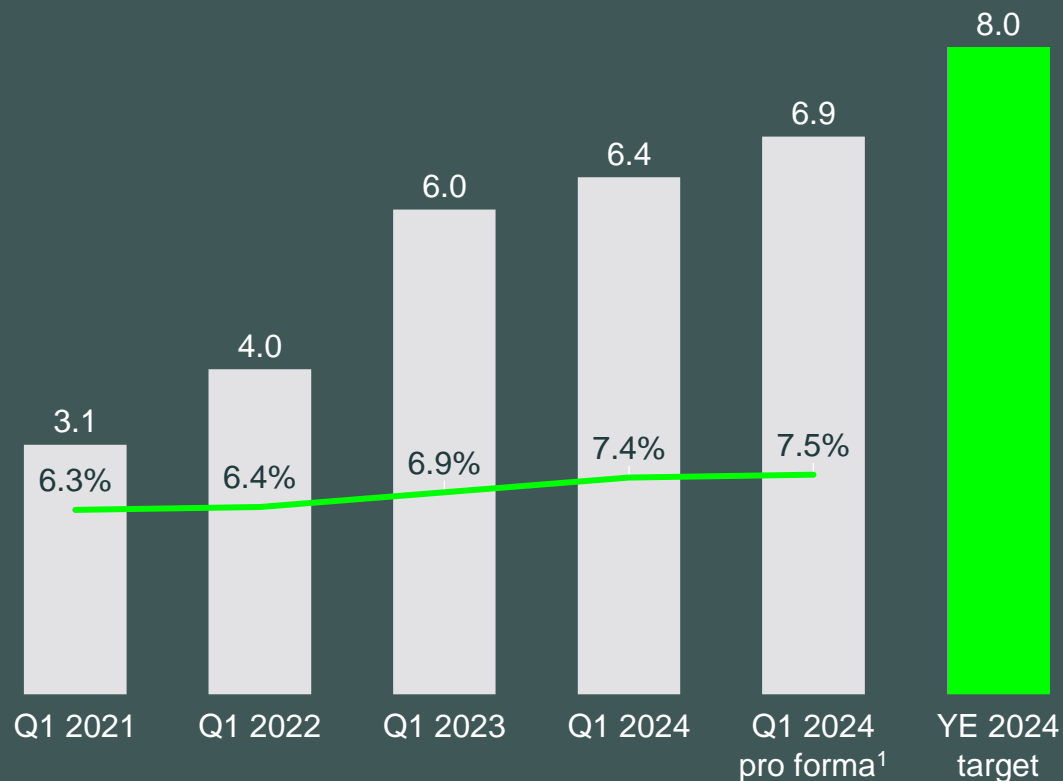
Transaction value	NOK 200 million
Gross yield	7.5 %
WAULT	11.5 years
Closing	June 2024



# Executing on growth strategy launched in 2020

## Portfolio development and year-end target

Gross asset value (NOKbn) and Net yield (%)



5 1) Including acquisition of final Bewi properties and Stålvej property announced on 19. april 2024.

## Our strategic focus areas



### Acquisitions

Continuous expansion of and execution on M&A pipeline based on a defined set of investment criteria



### Capital optimization

Continuously pursuing minimised cost of capital within prudent long-term financial structures



### CAPEX

Investments in existing properties and client relations to yield higher rent and contract extensions

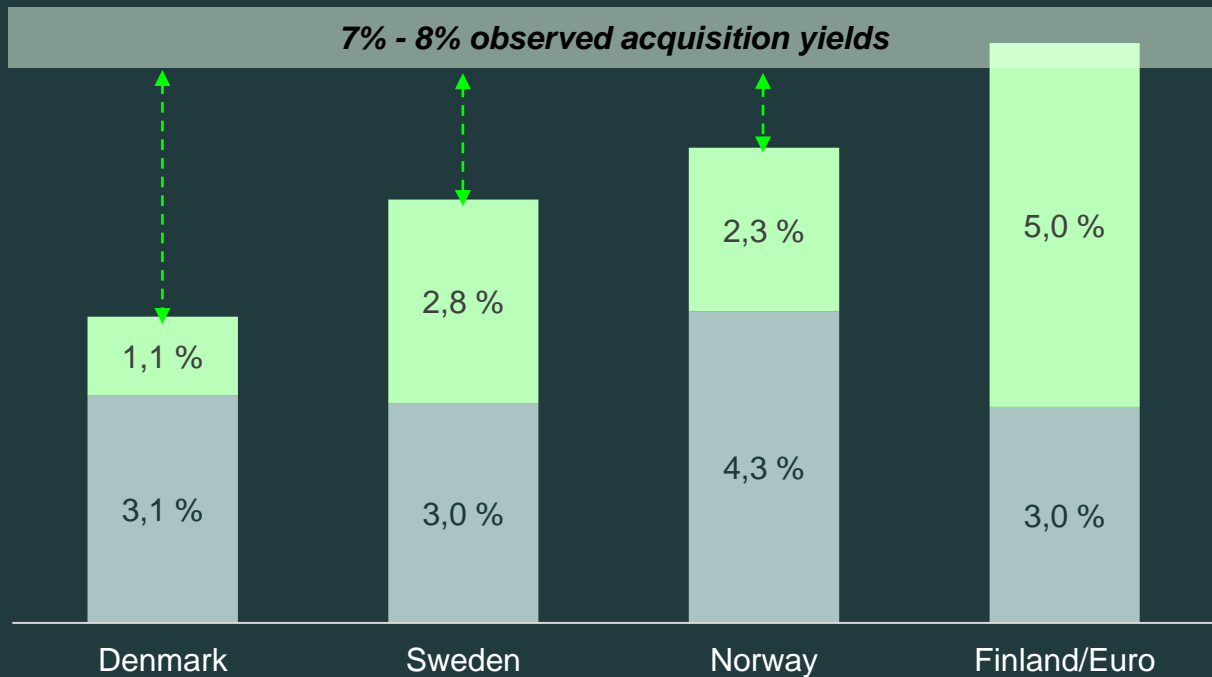


### Greenfield

Development of new facilities with current or new tenants at mutually attractive terms

# Pursuing opportunities in changing market conditions

Debt structure with attractive terms compared to observed acquisition yields



↑↓ Yield gap: Equity return potential    ■ 5 year swaps    ■ Last achieved margins



## Acquisitions

Focusing on opportunities with highest value creation potential in the current market conditions



## Capital optimization

Positioning for NOK 900 million bond refinancing in 2025



# Financial review

# Increasing income on larger asset base and flat operational expenses

## Profit and loss<sup>1</sup>

NOK million	Q1 2024	Q1 2023	%Change
Rental income	115	96	20 %
Property expenses	-1	-1	
<b>Net operating income</b>	<b>113</b>	<b>94</b>	<b>20 %</b>
Administrative costs	13	13	
Transaction cost	1	2	
<b>EBITDA<sup>2</sup></b>	<b>99</b>	<b>80</b>	<b>24 %</b>
Net realised financials	-55	-44	25 %
<b>Net income from property management</b>	<b>44</b>	<b>36</b>	<b>22 %</b>
Net unrealised financials	24	62	
Changes in value of financial instruments	-3	-64	
Changes in value of investment properties <sup>3</sup>	2	6	
<b>Profit before tax</b>	<b>67</b>	<b>41</b>	<b>64 %</b>
<b>Profit from continued operations</b>	<b>81</b>	<b>23</b>	<b>250 %</b>
<b>Interest coverage ratio (ICR)</b>	<b>1.7 x</b>	<b>1.8 x</b>	

### +20% rental income increase

- Mainly driven by property acquisitions and investments
- 4.0 % related to CPI adjustments

### Stabile operational expenses

- Flat administrative costs at NOK 13 million
- One transaction completed in Q1 2024

### High operational leverage

- +24% EBITDA increase and +22% increase in net income from property management due to increased financial expenses

1) Excluding discontinued operations

2) See Alternative Performance Measure (APM) description in KMC Properties financial report

3) The valuation of the properties on 31 March 2024 has been performed by the independent expert valuers



# Continued growth materialising in the second quarter 2024

## Annualized run-rate<sup>1</sup>

NOK million, 12 months forward

	Q1 2024 pro forma	Q1 2024	Q4 2023
Rental income	521	481	460
Property expenses	-5	-5	-5
<b>Net operating income</b>	<b>516</b>	<b>476</b>	<b>455</b>
Administration expenses <sup>2</sup>	-46	-46	-46
<b>EBITDA</b>	<b>470</b>	<b>430</b>	<b>409</b>
Net realised financials <sup>3</sup>	-257	-255	-224
<b>Net income from property management</b>	<b>213</b>	<b>175</b>	<b>185</b>

## Projected quarterly rental income (NOK million)

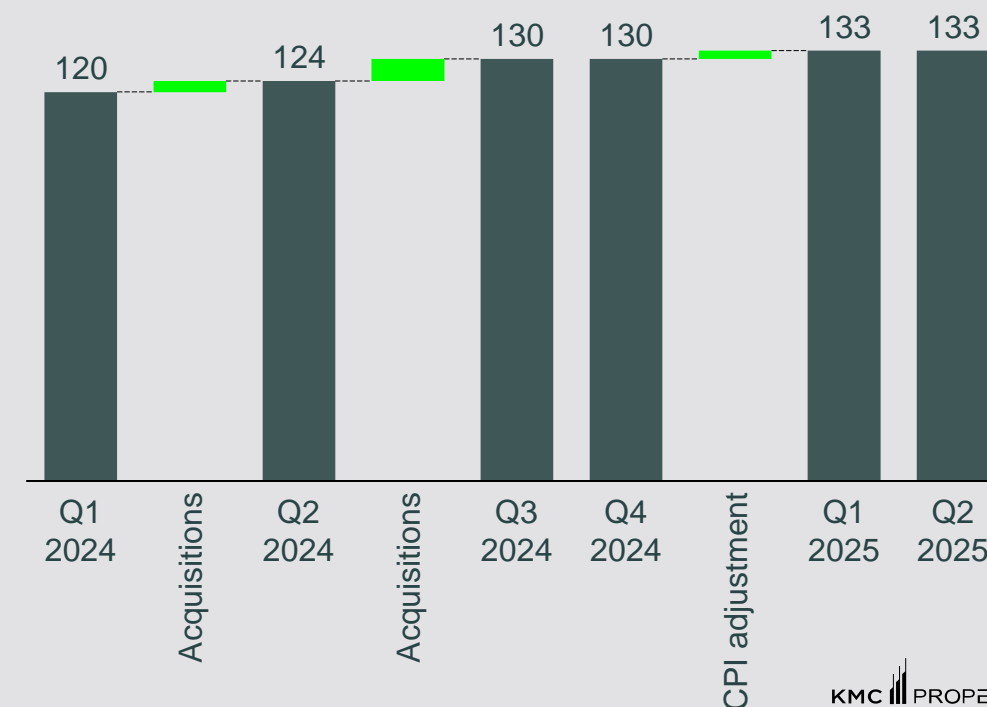
Annualised:

481

521

532

Quarterly:



1) Based on completed agreements at period end.

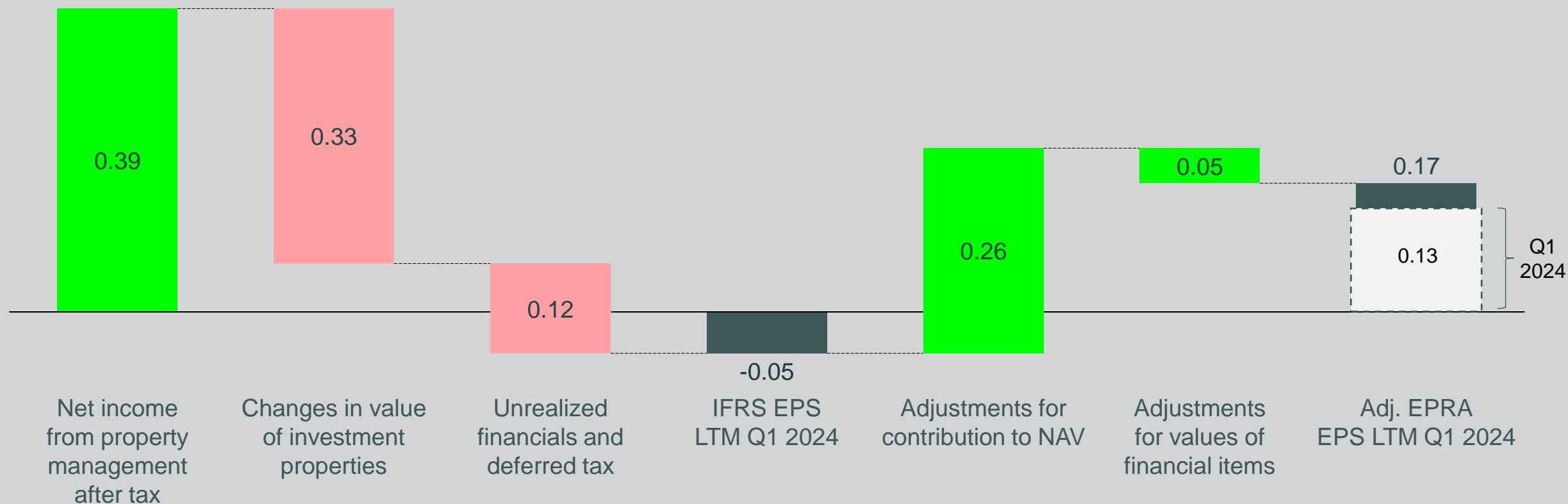
2) Does not include transaction costs and variable remuneration to employees

3) Based on interest rates and swap agreements at period end. Does not include amortisation of capitalised borrowing cost.

# Earnings driven by income from property management

## Earnings per share (EPS) last twelve months

NOK per share



# Accretive growth supported by favorable debt financing terms

## Debt structure and -terms

	31 Dec 2023				31 Mar 2024				Q1'24Pf
	Volume	Margin	Floating	All-in	Volume	Margin	Floating	All-in	All-in
Bond loan	900	5.00 %	4.72%	9.72%	900	5.00 %	4.73%	9.73%	9.73%
Bank loan	2 453	2.58%	4.57%	7.15%	2 718	2.49%	4.49%	6.98%	6.87%
Construction loan	121	2.75%	4.72%	7.47%	-	-	-	-	-
Revolving Credit Facility	108	3.25%	4.72%	7.97%	108	3.75%	4.73%	8.48%	8.48%
Shareholder loan	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3 582</b>	<b>3.21%</b>	<b>4.62%</b>	<b>7.83%</b>	<b>3 725</b>	<b>3.13%</b>	<b>4.55%</b>	<b>7.69%</b>	<b>7.59%</b>
Swap agreements				-1.54 %				-0.86%	-0.83%
<b>Total including swap agreements</b>				<b>6.29 %</b>				<b>6.83%</b>	<b>6.76%</b>
Net yield				<b>7.3%</b>				<b>7.4%</b>	<b>7.5%</b>
Yield GAP				<b>1.01%</b>				<b>0.57%</b>	<b>0.74%</b>
Earnings per share <sup>1</sup>				<b>0.47</b>				<b>0.42</b>	<b>0.51</b>

### Interest margin reduction of 8 bps since year end 2023

- Construction loan taken out with long-term bank loan
- Accretive additional bank loans financing one acquisition in Q1 2024 and four acquisitions in Q2 2024
- RCF-margin increase of 50 bps in accordance with initial term sheet

### Resetting of swap agreements increasing overall interest rate but increasing long-term earnings per share

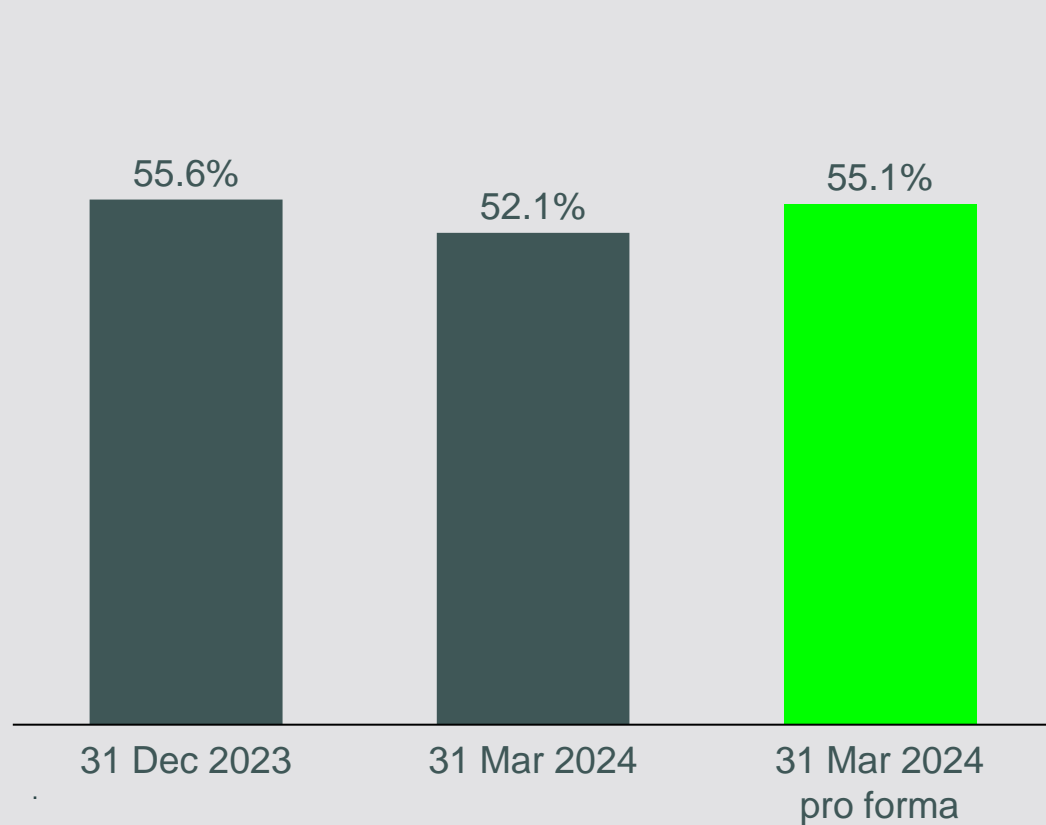
- Reallocating capital to higher yielding cash flows

### Total interest including swap agreements up 54 bps compared to year end 2023

- 0.74% gap to net yield of 7.4%
- Expected reduction post financing of the five announced pro forma transactions due to favorable debt financing terms

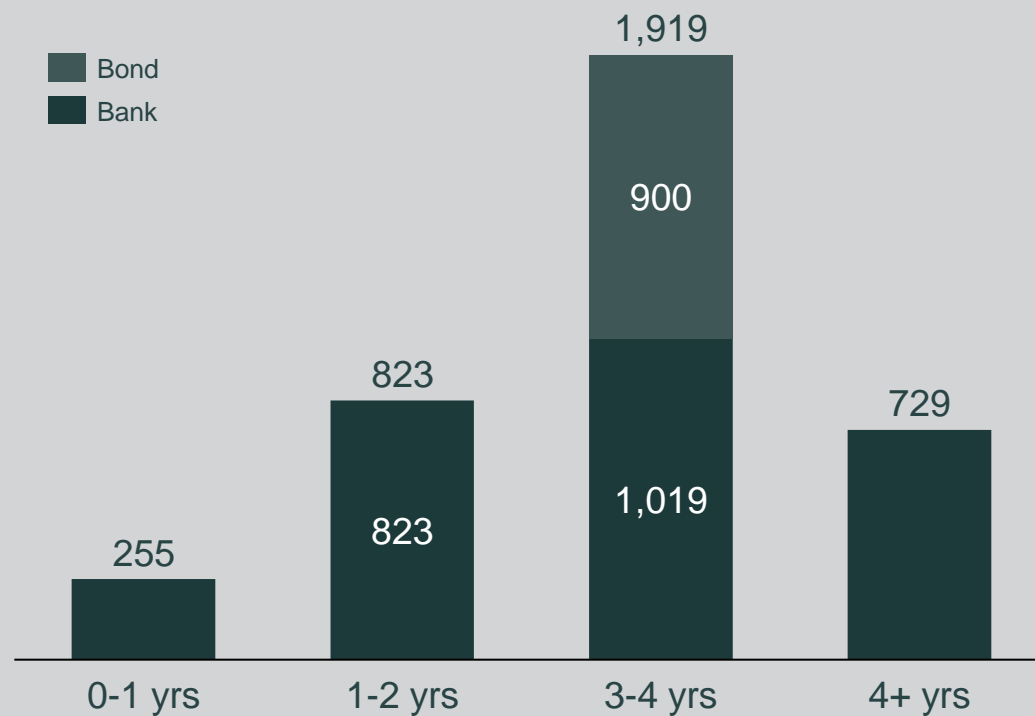
# Maintaining a conservative leverage ratio

## LTV per quarter end and pro forma



## Debt maturity profile (NOKm)

31 Mar 2024



# Capital reallocation to pursue attractive growth opportunities

## Illustrative capital reallocation rationale

### Expected annualised cash flow from reallocation of NOK 100 million<sup>1</sup>

- Stålvej acquisition of NOK 75 million
- Other growth opportunities of NOK 25 million<sup>2</sup>

NOK million



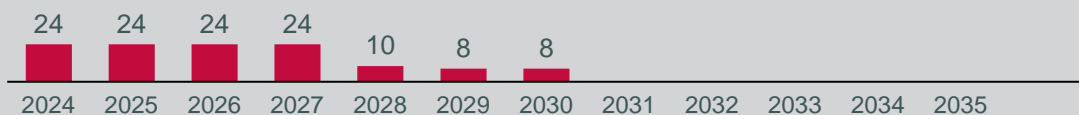
**NOK ~443m**

Aggregated cash flow

### Expected annualised cash flow to maturities of seven interest rate swap agreements

- Cash flow swaps

NOK million



**NOK ~123m**

Aggregated cash flow

- Resetting of seven interest rate swaps on 22 March 2024 generating cash inflow of NOK 100 million
- IRR of 5.9% on swap agreements to maturities in 2027, 2028 and 2030
- Opportunities expected to yield higher IRR at substantially longer durations

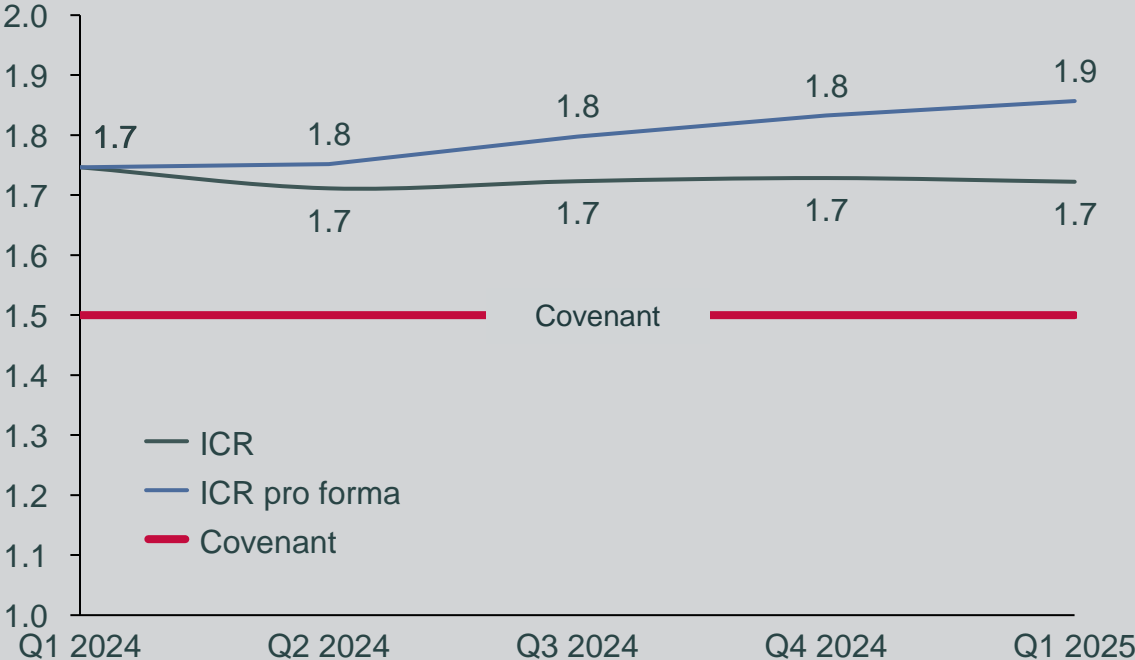
1) Assumed 2% annual CPI adjustment and Cushman & Wakefield residual value in valuation.

2) Other growth opportunities assumed to be completed at similar metrics as Stålvej

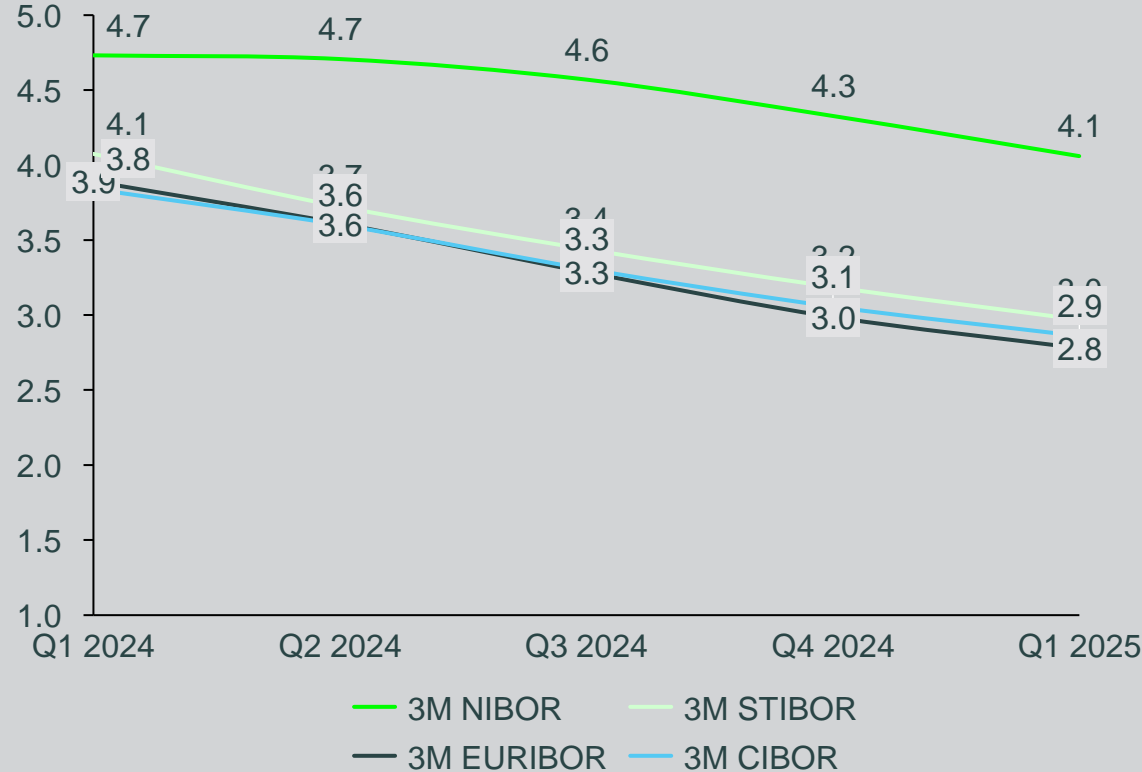
# Comfortable headroom to ICR covenants

## ICR forecast

Rolling 12m ICR

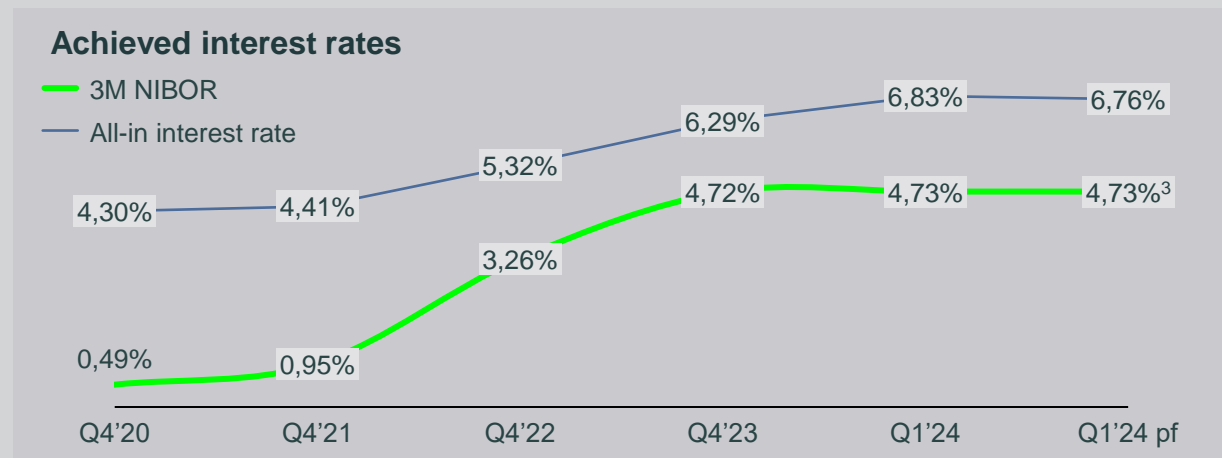
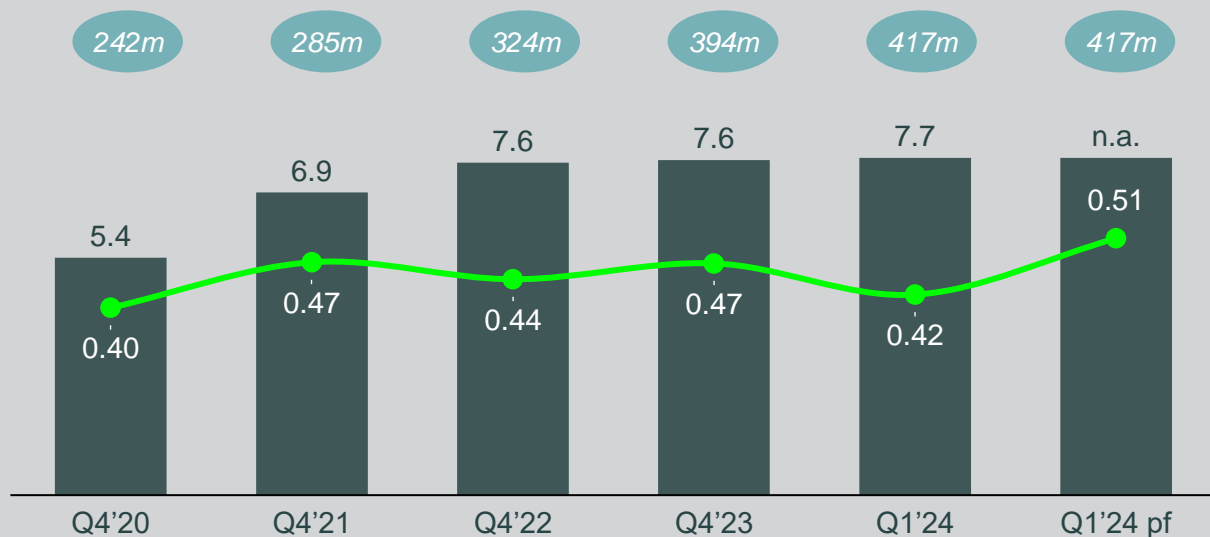


3M IBOR %<sup>1</sup>



## NAV<sup>1</sup> per share / Run rate earnings<sup>2</sup> per share

● Earnings per share ■ NAV/sh x Shares outstanding at period end



## Per share improvement post pro-forma acquisitions

- Increase in shares outstanding from listing in 2020 on to support expansion strategy
- No increase in shares outstanding from Q1 2024 to Q2 2024 with five already financed acquisitions (pro forma) to be completed
- Expecting an EPS-uplift to NOK 0.51/sh, from NOK 0.47/sh at year-end and NOK 0.42/sh in Q1 2024
- All-in interest increased 54 bps since Q4 2023, expected to decrease with attractive debt financing of the five announced transactions

└ Outlook





# Value accretive growth diversifying across industries and regions

## BEWI

Founded in 1980 by, with a focus on production of packaging and building insulation products

**Expansion through M&A** diversifying through northern Europe and a variety of end markets while fortifying the entire value chain

## INSULA

Lofotprodukt established in 1994, as the inception of Insula, focused on production of pelagic seafood products

**Expansion through M&A** becoming a leading Nordic seafood player with a variety of brands and factories across the region

## 2018

Establishes a standalone property company and that acquires BEWI's properties in Sweden and Denmark

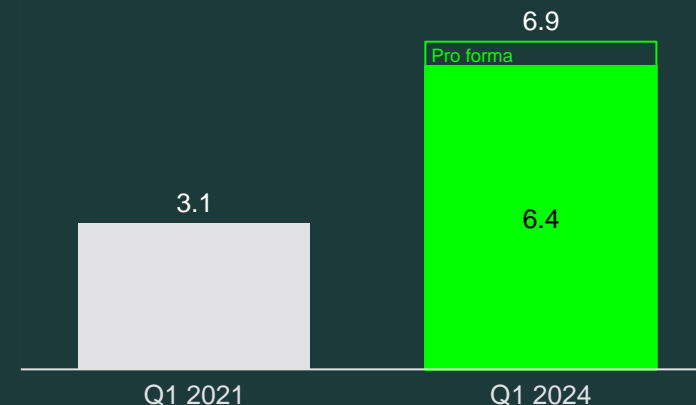
## 2017

Establishes a standalone property company that acquires ten properties from Insula

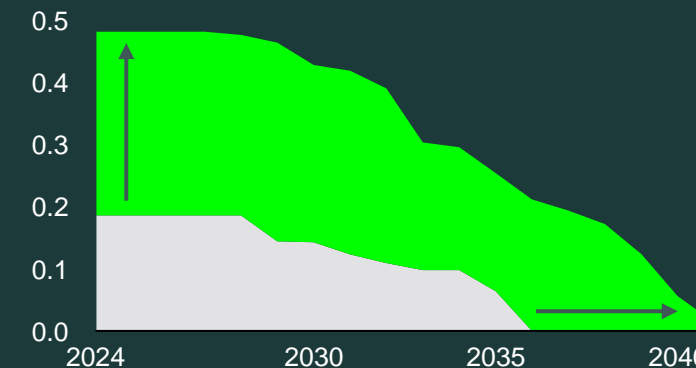
## KMC PROPERTIES

In 2020, the two companies merge forming a real estate specialist that was listed on Oslo Stock Exchange in December 2020

**2.2x**  
**asset base**  
GAV NOK billion



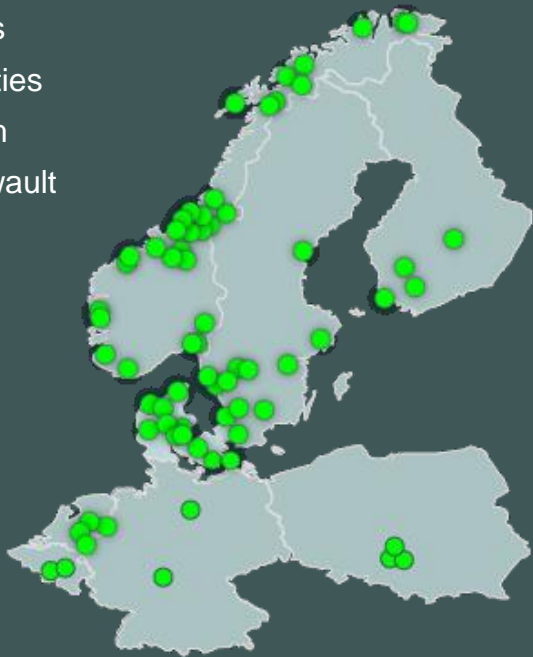
**2.6x**  
**rental income**  
Annual contractual rent NOK billion



# Strengthened and diversified North European foothold

Pro-forma Q1 2024

19 tenants  
72 properties  
715k sqm  
11.5 yrs wault

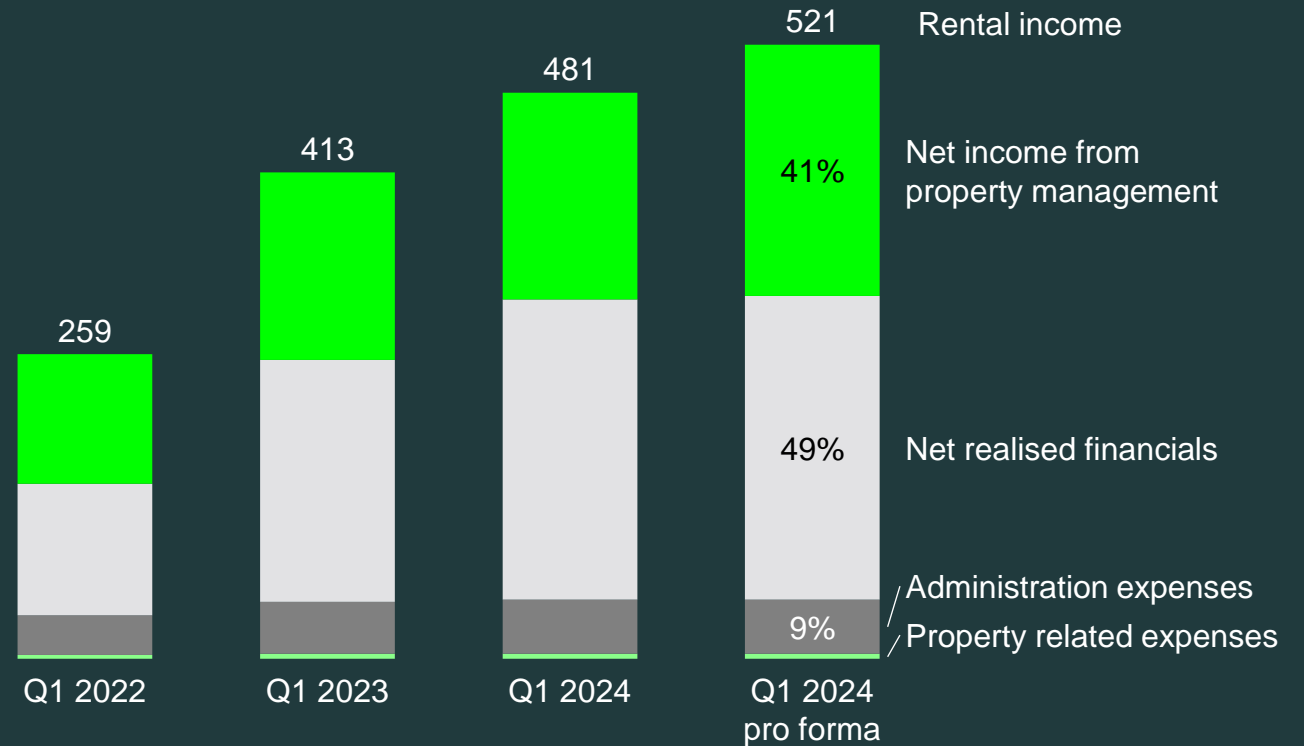


## Broadened access to capital

New strategic investor  
Wider range of banks

# Robust platform for continued growth

Next 12 months run-rate  
NOK million





Q&A

KMC  PROPERTIES