

Interim report

2024

First quarter



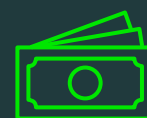
Highlights

First quarter 2024 (first quarter 2023)

- Rental income of NOK 114.9 million (NOK 95.6 million)
- Operational costs of NOK 14.4 million (NOK 14.4 million)
- Net income from property management of NOK 44.0 million (NOK 36.1 million)
- Net profit of NOK 81.3 million (NOK 23.2 million)
- Net debt/run-rate EBITDA at 7.8x
- Nordica Blue AB exercised its call option to subscribe for new shares in KMC Properties for a total amount of NOK 130 million, at NOK 5.75 per share
- Completed one of five property acquisitions announced in 2023
- Generated cash inflow of NOK 100 million through resetting of interest swaps
- Started positioning for NOK 900 million bond refinancing in 2025

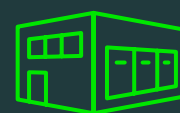
Subsequent events

- Stig Wærnes appointed interim CEO, effective from 1 June 2024
- Announcement of NOK 200 million acquisition of Danish property adding Velux tenant
- Kristoffer Holmen resigned from CFO position, effective from 31 July 2024



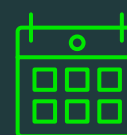
Net yield

~ **7.4%**



Portfolio value

~ **6.4 bn**



Wault (years)

~ **11.2**



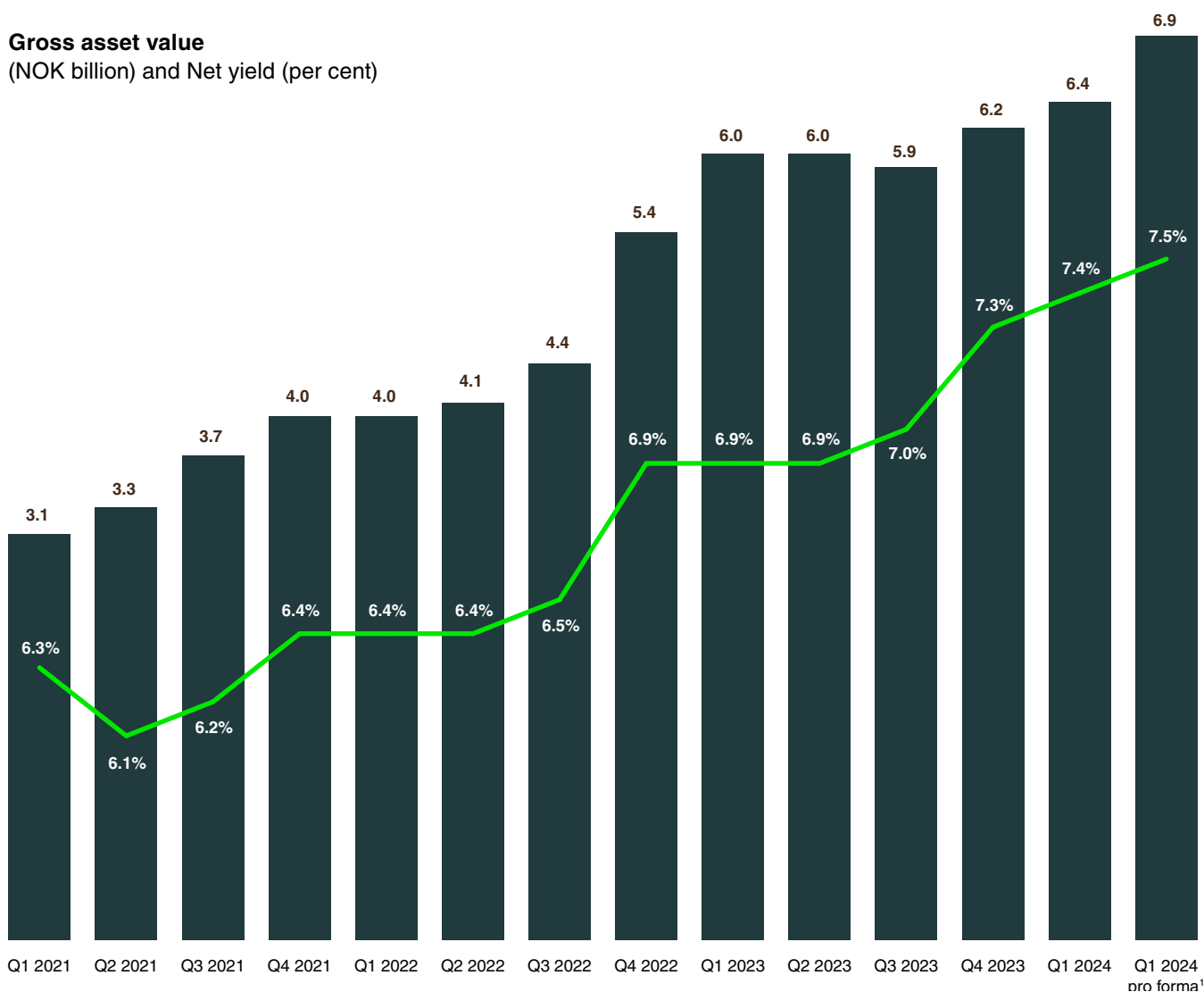
EPRA LTV

~ **52.1%**

Portfolio development

Gross asset value

(NOK billion) and Net yield (per cent)



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



– In the first quarter, we saw a 20 per cent increase in rental income compared to first quarter 2023, while our operational expenses remained constant. This led to a 22 per cent growth in net operating income from property management, highlighting our operational leverage. One of five announced property acquisitions was completed in the first quarter, with the remaining on track to be completed in the second quarter. At the same time, we are positioning to execute on attractive opportunities in the current real estate market, making steady progress towards our NOK 8 billion gross asset value target by the end of 2024.

While I remain confident in our vision to become the preferred real estate partner for industrial and logistics companies, I have decided it is time to step down as CEO. Over my four-year tenure at KMC Properties, we have evolved from a privately-owned real estate company to a robust publicly listed real estate group, backed by a dedicated team of tenants, employees, investors, and banking partners. I look forward to witnessing KMC Properties' continued growth and success.

Liv Malvik, CEO of KMC Properties

Key figures

<i>Amounts in NOK million</i>	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Rental income	114.9	106.6	103.6	103.6	95.6
Change period-on-period	8%	3%	(0%)	8%	20%
Net operating income	113.5	105.0	102.3	102.6	94.4
Change period-on-period	8%	3%	(0%)	9%	20%
Net realised financials	(55.1)	(49.5)	(55.1)	(51.2)	(44.0)
Change period-on-period	11%	(10%)	8%	16%	5%
Net income from property management	44.0	35.1	36.2	41.7	36.1
Change period-on-period	25%	(3%)	(13%)	15%	115%
Profit before tax	66.6	26.7	(125.0)	6.1	40.6
Change period-on-period	149%	121%	(2164%)	(85%)	20%
Profit after tax	81.3	6.2	(113.9)	6.4	23.2
Change period-on-period	1218%	105%	(1873%)	(72%)	(126%)
Market value of the property portfolio ¹⁾	6 404	6 153	5 900	6 032	5 993
Net debt	3 335	3 421	3 516	3 402	3 357
EPRA LTV ²⁾	52.1%	55.6%	59.6%	56.4%	56.0%
Interest coverage ratio	1.7x	1.7x	1.7x	1.8x	1.8x
EPRA Net Initial Yield	7.4%	7.3%	7.0%	6.9%	6.9%
EPRA Vacancy rate	1.7%	1.8%	1.8%	1.9%	1.9%
WAULT	11.2	11.4	11.1	11.1	11.1
Number of properties ³⁾	67	66	64	65	65
GLA ('000s sqm)	622	600	562	572	574
Shares outstanding (million)	417	394	344	344	344
<i>All amounts in NOK per share</i>	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
EPRA Earnings per Share	0.13	(0.01)	(0.06)	0.10	0.24
Change period-on-period	(1 019%)	(76%)	(161%)	(59%)	164%
EPRA NRV ²⁾	7.6	7.3	7.3	7.8	7.9
Change period-on-period	5%	(0%)	(7%)	(0%)	4%
Share price end of period ⁴⁾	7.5	6.4	5.4	5.7	6.0
Change period-on-period	18%	17%	(5%)	(4%)	(12%)
Share price ³⁾ / EPRA NRV ²⁾	1.0	0.9	0.7	0.7	0.8
Change period-on-period	12%	18%	2%	(4%)	(15%)

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).

The preferred real estate partner for logistics and industrial companies

KMC Properties focus on high-yield industrial and logistic properties. Diversified across the Nordics, Belgium, Germany, and the Netherlands. The company's properties are strategically located with long lease agreements with solid tenants. Structured with triple-net-barehouse contracts, KMC Properties has limited operational expenses and close to 100 per cent CPI adjustments on its rent.

With a long-term perspective KMC Properties vision is to be a leading real estate partner known for quality, innovation, and supporting its tenants. Managing sustainability linked risks and opportunities is fundamental for achieving this vision, creating value for the society and returns for its investors.

Understanding how to manage risks is essential for KMC Properties to succeed. The company brings decades of industrial knowhow and continuously adapts to new standards to safeguard that its operations is conducted in a sustainable manner which is a future-fit for society (see 2023 [Annual and sustainability report](#)).

The company has a goal to reach a portfolio value of NOK 8 billion at the end of 2024, continuously building and executing on a solid pipeline of M&A initiatives and development projects, based on a defined set of criteria. The company intends to grow its portfolio with limited cost additions, gradually improving its income from property management.



Acquisitions through continuous building of and execution on M&A pipeline based on a defined set of investment criteria.



CAPEX, or investments in existing properties and client relations, yielding higher rent and contract extensions.



Capital optimisation at all times pursuing minimised cost of capital within prudent long-term financial structures.



Greenfield development of new facilities with current or new tenants.

First quarter 2024 review

Run-rate and rental income development

Annualised run-rate

Run-rate figures for the next twelve months are based on non-CPI adjusted contractual rental income at period end and coherent estimated cost. Pro-forma (PF) figures include announced transactions at reporting date, currently including

four properties to be acquired from BEWI ASA and one property to be acquired in Denmark with Velux A/S as tenant. The figures are annualised and does not reflect the timing of completion of announced transactions.

Amounts in NOK million	Q1 2024 PF	Q1 2024	Q4 2023	Change
Rental income	521.4	480.6	459.8	5%
Property related expenses	(5.0)	(5.0)	(5.0)	0%
Net operating income	516.4	475.6	454.8	5%
Administration expenses ²⁾	(46.0)	(46.0)	(46.0)	0%
EBITDA	470.4	429.6	408.8	5%
Net realised financials ³⁾	(257.4)	(254.5)	(224.6)	13%
Net income from property management	213.0	175.1	184.2	(5%)
Net income from property management per share	0.51	0.42	0.47	(10%)
Net debt/Run rate EBITDA	8.1	7.8	8.3	(7%)

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.

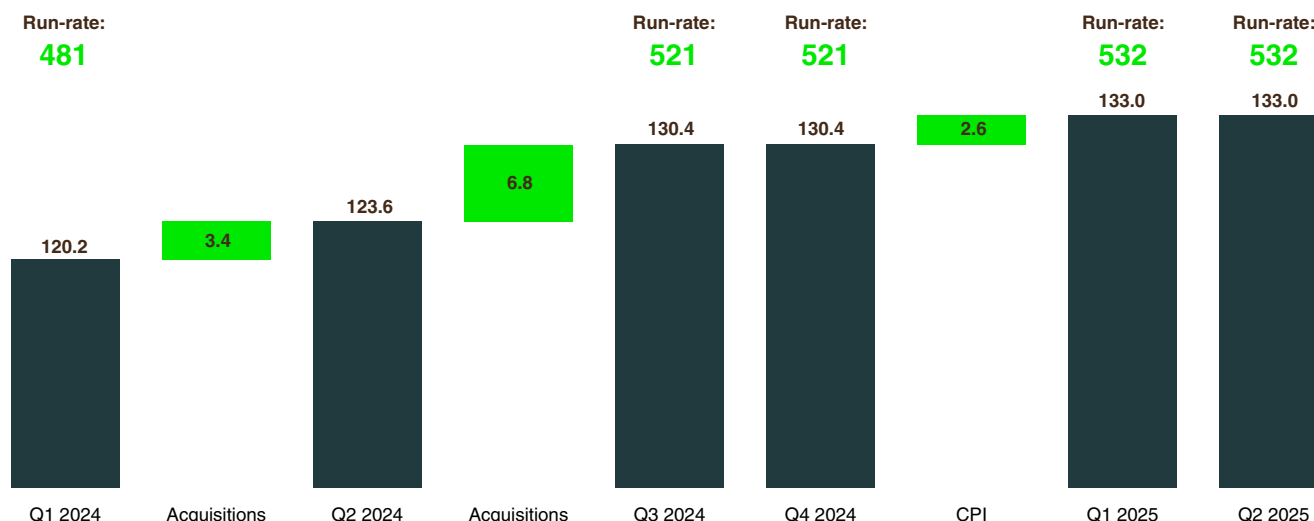
Quarterly rental income development

Rental income development figures are based on quarterly best estimates including all reported events and a 2 per cent CPI-adjustment on the first of January each year. The graph reflects a development trend and includes estimated timing of completion of transactions and adjustments affecting the rental income.

All five announced transactions are expected to be completed in the second and third quarter adding a total of NOK 10.4 million by period the end of third quarter 2024.

Quarterly contractual rental income forecast

NOK million



IFRS earnings per share

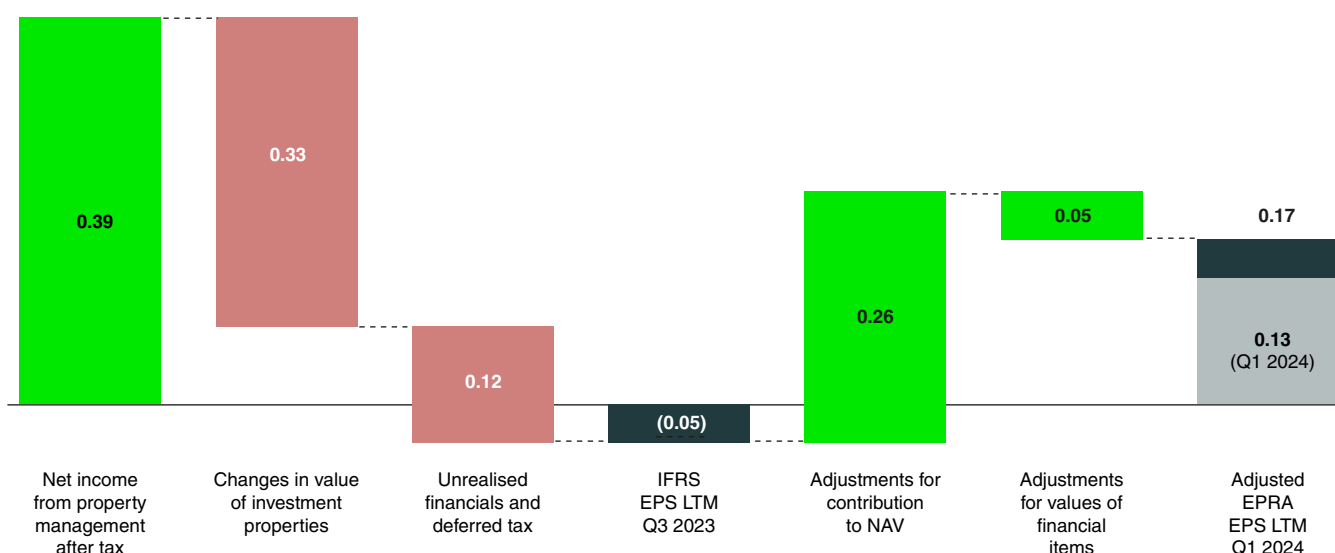
Earnings per share or EPS is a financial measure, which indicates KMC Properties' profitability. EPS is calculated as profit divided by the outstanding shares of common stock. The IFRS earnings for last twelve months prior to 31 March 2024 was negative NOK 19.8 million excluding discontinued operations. The weighted average number of shares in the period 31 March 2023 to 31 March 2024 was 374 million resulting in a negative NOK 0.05 earnings per share. The negative result is related to asset write-downs and changes in the value of financial instruments.

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. For the last twelve months prior to 31 March 2024 the EPRA earnings was NOK 61.5 million and NOK 53.6 million for the first quarter 2024. The weighted number of shares in the respective periods was 374 million and 413 million, resulting in EPRA EPS last twelve months prior to 31 March 2024 of NOK 0.17 and NOK 0.13 for the first quarter of 2024.

Earnings per share (EPS) last twelve months

NOK per share



Acquisitions

In October 2023, KMC Properties announced an agreement to purchase seven properties from BEWI ASA, marking the final phase of a deal to acquire industrial real estate worth up to NOK 2 billion announced in 2022.

The acquisition is progressing in stages: two properties were finalised in the fourth quarter 2023, one in the first quarter

2024, and the remaining four are on track to be completed in the second quarter 2024.

The seven properties generate an annual rental income of NOK 54 million, subject to an annual 100 per cent CPI adjustment, except the CPI adjustment on 1 January 2024, which is reduced to 50 per cent. All contracts have a 17-year WAULT.

Greenfield projects

In the first quarter 2024, KMC Properties and Slakteriet AS chose to delay the construction of a salmon processing facility due to challenging financing and construction market condi-

tions. The parties have not entered into a binding agreement, so the cooperation is dependent on satisfactory conditions and terms for both parties.

Investments in existing properties

KMC Properties is currently building an extension of 3 300 square meters for its tenant on the property Skelvej 1, Thorsø in Denmark.

The annualised lease is estimated to DKK 2.3 million with and yield on cost of 8.5 per cent. The project is expected to be completed in the second quarter 2024.

Capital optimisation

Increased cash position to pursue growth

On 22 March, KMC Properties reset seven interest rate swaps, resulting in a cash in-flow of approximately NOK 100 million. The increased cash position is set aside to pursue new promising growth opportunities.

The swap agreements had an expected internal rate of return of 5.9 per cent with maturities in 2027, 2028 and 2030. New identified opportunities are expected to yield a higher internal rate of return at a substantially longer duration. Hence, capital reallocation represents a cost-effective way to finance growth creating long-term value for the company's shareholders.

The opportunities that the NOK 100 million cash inflow is intended to finance are not related to already disclosed acquisition agreements. Until deployed, the available cash is placed in accounts with 4.75 per cent interest.

Financing of transaction with BEWI ASA

The NOK 625 million acquisition of seven properties from BEWI ASA, is financed by approximately NOK 290 million in

bank debt from Nordea Denmark, fully drawn at the end of the first quarter 2024. The 1.08 per cent interest margin on this financing has lowered the overall interest margin to 3.13 per cent at the end of the first quarter 2024. The new bank debt is secured against parts of KMC Properties' Danish portfolio, which was part of the security package of the current senior secured bond. However, The Danish properties have been and will be replaced by properties acquired in the BEWI transaction.

The equity side of the transaction was financed by two private placements towards Nordika, a new strategic Nordic investor, which were completed in the fourth quarter 2023 and first quarter 2024.

Positioning for bond refinancing in 2025

KMC Properties' NOK 900 million bond loan has a 5 per cent interest margin, representing the highest interest margin in its debt portfolio. The bond is callable allowing KMC Properties to redeem the bond before its maturity in 2026. The company is currently assessing alternative financing structures, positioning for a potential refinancing in 2025.

Subsequent events

Appointment of interim CEO

On 12 April, Stig Wærnes was appointed interim CEO of KMC Properties. Wærnes succeeds Liv Malvik, who has informed the board of her decision to leave the company to have a break and explore new opportunities. The appointment will be effective from 1 June 2024 at the latest. Wærnes, currently chair of the board in BEWI Invest, is working closely with Malvik in the transition period.

Announcement of property transaction in Denmark, adding new strong tenant

On 19 April, KMC Properties agreed to acquire a Danish light industrial property for a total transaction value of NOK 200 million at a gross yield of 7.5 per cent and 11.5 years WAULT. The property's tenant is the European leader in development and manufacturing of roof windows Velux A/S.

The transaction will be financed by approximately NOK 100 million bank debt provided by Nordea at a fixed interest rate of 1.08 per cent interest margin plus a five-year CIBOR swap set on expected closing date 3 June 2024. Equity will be covered by parts of the cash inflow from resetting of the seven swap agreements on 22 March.

Resigning of CFO

On 23 April, Kristoffer Holmen informed the board of directors of his decision to pursue an opportunity outside the company, effectively resigning from his position as CFO. His resignation is effective from 31 July 2024.

Recruitment processes and continuity

KMC Properties has initiated two processes to fill the vacant management positions, with an ambition to recruit candidates with the ability to lead KMC Properties through its next phases of growth and development.

KMC Properties continued focus across its four strategic pillars is secured by its strong organisation. Most of the employees have been with the company for a long time, with hands-on experience from its successful refinancing and expansion processes, as well as day-to-day operations.

Financial review

Financial results

Comprehensive income

Rental income for the first quarter of 2024 was NOK 114.9 million, up 20 per cent compared to the same period last year and 8 per cent from the previous period. The main drivers behind the increase from previous period, representing 4 per cent respectively, are CPI adjustments and income from new investments.

Rental income

<i>Amounts in NOK million</i>	Q1 2024
Rental income previous period	106.6
CPI adjustments	4.6
Income from new investments	3.9
Income from additions	0.7
Disposals	(0.1)
Agio/disagio	(0.7)
Rental income current period	114.9

Most of the group's lease agreements are triple net bare house agreements, keeping property costs low. In the first quarter 2024, the property expenses were NOK 1.5 million, compared to NOK 1.1 million in the same period in 2023.

Net operating income amounted to NOK 113.5 million for the first quarter 2024, compared to NOK 94.4 million for the comparable period in 2023.

Administration expenses remains stable at NOK 14.4 million for the first quarter 2024 with no change compared to the same period last year. Administrative costs increased 4 per cent and transaction costs decreased in line with transaction frequency.

<i>Amounts in NOK million</i>	Q1 2024	Q1 2023	2023
Administrative costs	13.3	12.8	51.3
Transaction costs	1.1	1.6	4.2
Administration expenses	14.4	14.4	55.5

Net realised financials decreased to negative NOK 55.1 million for the first quarter 2024, compared to negative NOK 44.0 million for the comparable period in 2023.

Financial position

At the end of the first quarter 2024, the property portfolio was valued at NOK 6 404 million, an increase of 4.1 per cent compared to the end of the fourth quarter 2023. The main driver behind the change is the completion of the acquisition of one of five properties announced in 2023.

The increase relates to higher interest-bearing debt related to the portfolio expansion in 2023 and higher floating interest rates.

<i>Amounts in NOK million</i>	Q1 2024	Q1 2023	2023
Interest income	1.9	0.1	6.7
Interest expenses	(57.0)	(44.0)	(206.4)
Net realised financials	(55.1)	(44.0)	(199.7)

Net income from property management was NOK 44.0 million for the first quarter 2024, up from NOK 36.1 million for the corresponding period last year. This corresponds to a 22 per cent increase, two percentage points higher than the corresponding increase in rental income, and a reflection of the operational leverage in KMC Properties.

<i>Amounts in NOK million</i>	Q1 2024	Q1 2023	2023
Net currency exchange differences	37.1	65.6	16.0
Amortised borrowing costs loan	(5.2)	(1.5)	(29.2)
Amortised bond discount	(1.0)	-	(2.0)
Interest expense (IFRS 16 lease)	(0.3)	(0.5)	(1.4)
Other financial expenses	(7.0)	(1.5)	(1.7)
Net unrealised financials	23.6	62.1	(18.2)

Net unrealised financials came in at NOK 23.6 million for the first quarter 2024, compared to NOK 62.1 million for the corresponding period last year. The amount consists primarily of foreign exchange gains and losses, including such gains and losses on intercompany balances, and amortisation of debt issue costs.

Net tax was positive NOK 14.8 million this quarter, compared to negative NOK 17.4 million for the first quarter of 2023. Current tax amounted to negative NOK 5.4 million offset by deferred tax of NOK 20.1 million.

Net profit after tax was NOK 81.3 million for the first quarter 2024, compared to NOK 23.3 million in the same period in 2023.

Comprehensive income was NOK 97.5 million for the first quarter 2024. This compares to a comprehensive income of NOK 63.9 million in the same period in 2023.

The entire portfolio has been valued by external valuers in the first quarter.

<i>Amounts in NOK million</i>	Q1 2024
Opening balance	6 153.0
Acquisitions	163.2
Development and upgrades	8.9
Sale	-
Change in value	1.6
Currency translation effect	77.5
Value at period end	6 404.1

Cash and cash equivalents was NOK 524.8 million, up from NOK 275.0 million at the end of the fourth quarter 2023. The cash is intended for the acquisition of the remaining four properties announced in 2023, and to pursue growth opportunities including the announced transaction subsequent to the first quarter.

Cash flow

Operational activities generated a cash flow of NOK 106.6 million in the first quarter of 2024, compared to NOK 76.7 million for the same period last year. The increase is mainly due to increased rental income and stable administration expenses.

Cash flow from investment activities in the first quarter of 2024 generated an outflow of NOK 170 million, compared to

Total assets at the end of the first quarter 2024 was NOK 7 009.6 million, with the remaining NOK 80.7 million related to financial derivatives including swap agreements and right-of-use assets.

Non-current liabilities were NOK 3 578.7 million at the end of first quarter 2024, up from NOK 3 341.8 million at year-end 2023. Non-current liabilities mainly consist of bank (NOK 2 717.8 million) and bond (NOK 900 million) loans.

Current liabilities were NOK 404.9 million at the end of the first quarter 2024, down from NOK 500.8 million at year-end 2023. Current liabilities mainly consist of interest bearing liabilities with less than one year to maturity

Equity was NOK 3 026.0 million, representing an equity ratio of 43 per cent. EPRA NRV per share was NOK 7.6

NOK 469.9 million outflow for the same quarter last year. The decrease is due to less acquisitions in 2023.

Financing activities generated cash inflow of NOK 310.6 million in the first quarter of 2024 mainly due to the proceeds from issue of shares and resetting of swaps. In the same period in 2023, the company had a cash inflow of NOK 384.1 million.

Outlook

The negative impact of high interest rates on property values, financing cost, and availability of capital could appear to have eased. However, there is still uncertainty to the sustained effects of the current monetary policy and consequently to how and when we will see a shift in the direction of interest rates.

KMC Properties' portfolio of high yielding logistic and light industry properties with solid tenants, long triple-net-bare house contracts, and 100 per cent CPI adjustments on most lease agreements has proven its robustness through 2023 and into 2024. At the end of 2023, KMC Properties had announced five property acquisitions to be concluded in stages through the first half 2024. One transaction was completed in the first quarter and the remaining four acquisitions are expected in the second quarter. In addition, the company has increased its cash position through resetting of interest swaps, positioning for attractive new growth opportunities. Subsequent to the first quarter the company announced an acquisition of a property in Denmark expected to be closed in June.

The current real estate market offers a range of acquisition opportunities at attractive yields. KMC Properties remains committed to its investment strategy, focusing on properties

in Northern Europe with solid tenants in established industries, in addition to greenfield and capex projects in collaboration with current and new tenants.

At the beginning of 2023 KMC Properties hired a full-time employee to assess the development opportunities in the current portfolio. This work has resulted in concrete projects involving significant investments which are now being discussed with current and potential tenants. KMC Properties believe several of these projects will be agreed upon during first half of 2024 at highly accretive terms.

The Company is committed to reach a NOK 8 billion portfolio by the end of 2024 and is currently starting to position for refinancing of its NOK 900 million callable bonds in 2025.

When the company has sufficient liquidity, 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.

Consolidated statement of comprehensive income

<i>Amounts in NOK million</i>	<i>Note</i>	Q1 2024 Unaudited	Q1 2023 Unaudited	2023 Audited
Rental income		114.9	95.6	409.4
Property expenses		(1.5)	(1.1)	(5.0)
Net operating income	2	113.5	94.4	404.4
Administration expenses		(14.4)	(14.4)	(55.5)
Net realised financials		(55.1)	(44.0)	(199.7)
Net income from property management		44.0	36.1	149.1
Net unrealised financials		23.6	62.1	(18.2)
Changes in value of financial instruments	6	(2.6)	(63.9)	(65.1)
Changes in value of investment properties	3	1.6	6.4	(117.4)
Profit before tax		66.6	40.7	(51.6)
Current tax		(5.4)	(13.9)	(20.1)
Deferred tax		20.1	(3.5)	(6.2)
Profit from continued operations		81.3	23.3	(77.9)
Profit from discontinued operations		(0.0)	(0.0)	(0.1)
Profit		81.3	23.2	(78.0)
Translation differences for foreign operations		16.2	40.7	76.7
Comprehensive income		97.5	63.9	(1.4)

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

Consolidated statement of financial position

<i>Amounts in NOK million</i>	<i>Note</i>	31.03.2024 Unaudited	31.03.2023 Audited	31.12.2023 Audited
ASSETS				
Non-current assets				
Investment properties	3, 5	6 404.1	5 993.3	6 153.0
Site leaseholds, right-of-use assets		22.9	23.8	23.0
Financial derivatives	5, 6	22.2	116.0	149.2
Other non-current assets		12.0	17.2	12.1
Total non-current assets		6 461.1	6 150.2	6 337.3
Current assets				
Trade receivables		1.0	4.0	4.7
Other current assets		22.6	9.6	24.0
Cash and cash equivalents		524.8	165.8	275.0
Total current assets		548.4	179.5	303.8
Total assets		7 009.6	6 329.7	6 641.1
EQUITY AND LIABILITIES				
Equity				
Share capital		83.3	68.9	78.8
Share premium		2 043.7	1 656.0	1 918.8
Translation reserve		112.7	60.5	96.5
Retained earnings		786.3	804.0	704.4
Total equity		3 026.0	2 589.5	2 798.5
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		118.0	171.3	135.9
Non-current interest-bearing liabilities	4	3 418.0	1 297.3	3 164.0
Lease liabilities		23.6	24.1	23.6
Other non-current liabilities		19.1	18.6	18.4
Total non-current liabilities		3 578.7	1 511.3	3 341.8
Current liabilities				
Current interest-bearing liabilities	4	253.5	2 129.1	363.3
Trade payables		21.2	22.0	22.3
Current tax liabilities		14.4	12.4	12.0
Other current liabilities		115.6	65.2	103.1
Liabilities held for sale		0.2	0.2	0.2
Total current liabilities		404.9	2 228.9	500.8
Total liabilities		3 983.6	3 740.2	3 842.6
Total equity and liabilities		7 009.6	6 329.7	6 641.1

Trondheim, Norway, 25 April 2024

The board of directors and CEO, KMC Properties ASA

Consolidated statement of changes in equity

<i>Amounts in NOK million</i>	Subscribed share capital	Share premium	Translation reserves	Retained earnings	Total equity
Total equity at 1 January 2023	64.8	1 511.8	19.8	780.6	2 376.9
Issue of shares	14.0	409.3	-	-	423.3
Transaction cost issue of shares	-	(2.3)	-	-	(2.3)
Profit/(loss) for the period	-	-	-	(78.0)	(78.0)
Employee incentive plan	-	-	-	1.8	1.8
Other comprehensive income (translation reserves)	-	-	76.7	-	76.7
Total equity at 31 December 2023	78.8	1 918.8	96.5	704.4	2 798.5
Issue of shares	4.5	125.5	-	-	130.0
Transaction cost issue of shares	-	(0.6)	-	-	(0.6)
Profit/(loss) for the period	-	-	-	81.3	81.3
Employee incentive plan	-	-	-	0.6	0.6
Other comprehensive income (translation reserves)	-	-	16.2	-	16.2
Total equity at 31 March 2024	83.3	2 043.7	112.7	786.3	3 026.0

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 2024	Q1 2023	2023
Profit before tax	66.6	40.6	(51.6)
Changes in value of investment properties	(1.6)	(6.3)	117.4
Financial items	34.1	45.8	283.1
<i>Change in working capital</i>	-	-	-
- change in current assets	2.5	(2.4)	(16.8)
- change in current liabilities	8.9	5.9	44.7
Other items not included in the cash flow	0.3	(4.5)	(2.6)
Taxes paid	(4.2)	(2.4)	(17.3)
Net cash flow from operating activities	106.6	76.7	357.0
Acquisitions of properties	(163.2)	(446.0)	(672.4)
Development and upgrades of properties	(8.9)	(52.1)	(205.3)
Sale of properties	-	29.3	101.4
Interest received	1.9	0.1	6.7
Change in other non-current assets	0.2	(1.1)	3.9
Net cash flow from investment activities	(170.0)	(469.9)	(765.7)
Proceeds from issue of shares	130.0	148.3	423.3
Proceeds interest-bearing liabilities	160.1	291.7	2 513.2
Repayment interest-bearing liabilities	(21.5)	(7.9)	(2 165.1)
Interest paid	(57.0)	(44.1)	(206.4)
Transaction fees paid and net other financials (incl. resetting of swaps)	99.0	(1.4)	(55.5)
Change in other non-current liabilities	(0.0)	(2.7)	0.0
Net cash flow from financing activities	310.6	384.1	509.5
Effects of exchange rate changes on cash and cash equivalents	2.5	(11.5)	(12.3)
Net change in cash and cash equivalents	249.7	(20.7)	88.5
Cash and cash equivalents at beginning of period	275.0	186.5	186.5
Cash and cash equivalents at end of period	524.8	165.8	275.0

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

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 2023.

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 2024	Q1 2023	2023
Norway	62.3	55.1	226.1
Sweden	19.0	18.3	73.3
Denmark	14.2	12.3	55.0
Netherlands	8.9	8.5	35.4
Finland	6.2	1.4	19.1
Germany	2.9	-	0.5
Belgium	1.5	-	0.1
Total rental income	114.9	95.6	409.4
Property related costs	(1.5)	(1.1)	(5.0)
NOI from properties	113.5	94.4	404.4

Summary of significant contracts

A substantial part of rental income is from rental contracts with related parties.

<i>Amounts in NOK million</i>	Q1 2024	Q1 2023	2023
BEWI & subsidiaries	60.3	44.6	202.4
Insula & subsidiaries	16.0	15.1	61.2
Grøntvedt & subsidiaries	9.0	8.5	34.2
Scana & subsidiaries	8.8	8.5	33.8
Other	20.9	18.9	77.8
Total	114.9	95.6	409.4

Note 03 Investment properties

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

Amounts in NOK million	Q1 2024	Q1 2023	2023
Opening balance	6 153.0	5 365.6	5 365.6
Acquisitions	163.2	433.4	672.4
Development and upgrades	8.9	52.1	205.3
Sale	-	(29.3)	(101.4)
Change in value	1.6	6.3	(117.4)
Currency translation effect	77.5	165.1	128.5
Value at period end	6 404.1	5 993.3	6 153.0

Note 04 Interest-bearing liabilities

Amounts in NOK million	YTD 2024	YTD 2023
Bond loan	900.0	1 850.0
Bank loan	2 717.8	1 347.8
Construction loans	-	38.1
Revolving Credit Facility / Shareholder loan	107.5	200.0
Interest bearing liabilities at period end	3 725.3	3 435.9
Capitalised borrowing cost	(53.7)	(9.5)
Carrying amount interest bearing liabilities	3 671.6	3 426.4
Fair value of interest-bearing liabilities	16.1	-

Interest-bearing debt at period end:	Loan amount NOK million	Weighted average margin	Weighted average current terms	Reference rate ¹⁾	Weighted average amortisation plan bank loans (years)	Weighted average years to final maturity	In compliance with covenants?
Bond loan	900.0	5.00%	9.73%	3M NIBOR	None	2.3	Yes
Bank loan	2 717.8	2.49%	6.98%	3M/6M NIBOR/ STIBOR	23.1	4.6	Yes
Shareholder loan / RCF	107.5	3.75%	8.48%	3M NIBOR	None	0.5	Yes
Total	3 725.3	3.13%	7.69%				
Swap agreements ²⁾			(0.86%)				
Total including swap agreements			6.83%				

1) 3 months Nibor is set to 4.73% in line with the latest interest rate determination on the new bond loan.

6 months Nibor is set to 5.03% in line with the latest interest rate determination on the bank loan.

3 months Stibor is set to 4.07% in line with the latest interest rate determination on the bank loan.

6 months Stibor is set to 4.41% in line with the latest interest rate determination on the bank loan.

2) See note 6.

Security bond loan:

<i>Amounts in NOK million</i>	31.03.2024	31.12.2023
Pledged property portfolio	1 442.7	3 054.8
Properties refinanced in bank	-	(1 561.3)
Disposal account	136.0	-
Opening balance security¹⁾	1 578.7	1 493.5
Investments in pledged property portfolio	163.2	189.8
Sale of assets in pledged property portfolio	(336.3)	(297.7)
Inflow disposal account	121.6	136.0
Outflow disposal account	(136.0)	-
Fair value and translation adjustments pledged property portfolio ²⁾	69.9	57.1
Value security end of period	1 461.1	1 578.7
Value of bond loan	900.0	900.0

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, Netherland, Belgium, and Germany.

2) In accordance with valuation from external valuator at 31 March 2023.

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.

Note 05 Fair value of assets and liabilities

<i>Amounts in NOK million</i>	Fair value level	31.03.2024	31.03.2023	31.12.2023
Assets measured at fair value:				
<i>Assets measured at fair value through profit or loss</i>				
- Investment properties	Level 3	6 404.1	5 993.3	6 153.0
- Financial derivatives	Level 2	22.2	116.0	149.2
Total		6 426.3	6 109.3	6 302.2
Liabilities measured at fair value:				
<i>Liabilities measured at fair value through profit or loss</i>				
- Financial derivatives	Level 2	-	-	-
Total		-	-	-

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, apart from 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>	31.03.2024	31.03.2023	31.12.2023
Bond loan	900.0	1 850.0	900.0
Bank loan	2 717.8	1 347.8	2 453.0
Construction loans	-	38.1	121.1
Revolving Credit Facility / Shareholder loan	107.5	200.0	107.5
Interest bearing liabilities at period end	3 725.3	3 435.9	3 581.6
Hedged amount (fixed interest)	1 815.2	1 275.0	1 476.6
Hedge ratio	49%	37%	41%

Swap agreements at period end

Swap agreement	Currency amount (million)	Start date	Maturity date	Fixed currency rate	Fixed interest
Interest	EUR 10.6	26.03.2024	06.01.2028	Not applicable	EURIBOR = 2.6610%
Interest	EUR 32	26.03.2024	06.01.2028	Not applicable	EURIBOR = 2.2888%
Interest	NOK 235	26.03.2024	06.01.2031	Not applicable	NIBOR = 3.1758%
Interest	NOK 265	26.03.2024	06.01.2031	Not applicable	NIBOR = 3.1758%
Interest	NOK 70	26.03.2024	06.01.2028	Not applicable	NIBOR = 3.3949%
Interest	NOK 135	06.01.2024	06.01.2029	Not applicable	NIBOR = 3.53%
Interest	SEK 69.6	26.03.2024	07.01.2028	Not applicable	STIBOR = 2.3621%
Interest	SEK 100	28.12.2023	31.01.2029	Not applicable	STIBOR = 2.4125%
Interest	SEK 50.4	26.03.2024	07.01.2028	Not applicable	STIBOR = 2.3621%
Interest	SEK 75	08.01.2024	06.01.2029	Not applicable	STIBOR = 2.405%
Currency	NOK 470	06.07.2023	06.07.2026	EUR/NOK = 11.63	Spread (Bond): 5.015%
Currency	NOK 430	06.07.2023	06.07.2026	EUR/NOK = 11.55	Spread (Bond): 4.645%

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 2024 purchased services for NOK 0.4 million from BEWI related companies at market terms and conditions.

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

<i>Amounts in NOK million</i>	Q1 2024	Q1 2023	2023
Net income from property management	44.0	36.1	149.1
Net realised financials	55.1	44.0	199.7
EBITDA	99.1	80.1	348.9

Interest Cover Ratio (ICR)

<i>Amounts in NOK million</i>	12 M Q1 2024	12 M Q4 2023	12 M Q3 2023	12 M Q2 2023	12 M Q1 2023
LTM EBITDA ¹⁾	367.8	348.8	322.8	291.4	255.5
Net realised financials	(210.9)	(199.7)	(192.1)	(165.8)	(140.9)
ICR	1.7x	1.7x	1.7x	1.8x	1.8x

1) 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.

Summary table EPRA performance measures

	Unit	Q1 2024 / 31.03.2024	Q1 2023 / 31.03.2023	
A	EPRA Earnings per share	NOK	0.13	0.24
B	EPRA NRV per share	NOK	7.6	7.9
	EPRA NTA per share	NOK	7.6	7.9
	EPRA NDV per share	NOK	7.2	7.5
C	EPRA Net Initial Yield (NIY)	%	7.4	6.9
	EPRA "topped-up" NIY	%	7.4	6.9
D	EPRA Vacancy Rate	%	1.7	1.8
E	EPRA Cost Ratio (including direct vacancy costs)	%	13.8	16.2
	EPRA Cost Ratio (excluding direct vacancy costs)	%	13.8	16.2
F	EPRA LTV	%	52.1	56.0

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

EPRA Capital expenditure

<i>Amounts in NOK millions</i>	31.03.2024	31.03.2023
Acquisitions	163.2	433.4
Development	1.3	36.9
o.w capitalised interest	-	-
Upgrades	7.7	15.2
Incremental lettable space	5.6	-
No incremental lettable space and tenant incentives	2.0	15.2
Other material non-allocated types of expenditure	-	-
Total capital expenditure	172.1	485.6
Conversion from accrual to cash basis	-	-
Total capital expenditure on cash basis	172.1	485.6
Non-yielding capital expenditure	0.8	4.1
Yielding capital expenditure	8.1	48.0
Development and upgrades	8.9	52.1

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 2024	Q1 2023	2023
Earnings per IFRS income statement	81.3	23.2	(78.0)
Adjustments to calculate EPRA Earnings:			
Changes in value of investment properties	(1.6)	(6.4)	117.4
Changes in value of financial instruments	2.6	63.9	65.1
Deferred tax for FV adjustments	(1.9)	14.9	(7.2)
Deferred tax for financial derivatives	(26.9)	(14.1)	(7.9)
EPRA earnings	53.5	81.6	89.4
Weighted average shares outstanding (million)	412.7	344.1	357.1
EPRA Earnings per Share (EPS)	0.13	0.24	0.25
Company specific adjustments:			
Profit from discontinued operations	0.0	0.0	0.1
Company specific Adjusted Earnings	53.6	81.6	89.5
Company specific Adjusted EPS	0.13	0.24	0.25

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

valuation surpluses are therefore excluded. Real estate transfer taxes are levied on property transactions in Netherland, Belgium, and Germany, but not on property transactions in the Nordics. Such taxes are not included in investment property values and is therefore not corrected for.

<i>Amounts in NOK millions</i>	31.03.2024	31.03.2023	31.12.2023
IFRS Equity attributable to shareholders	3 026.0	2 589.5	2 798.5
Approved, not paid dividend	-	-	-
Net Asset Value (NAV) at fair value	3 026.0	2 589.5	2 798.5
Deferred tax investment properties	184.6	207.7	184.3
Deferred tax financial derivatives	4.9	25.5	31.7
Real estate transfer tax	-	-	-
Fair value of financial derivatives	(22.2)	(116.0)	(149.2)
Net reinstatement value (EPRA NRV)	3 193.3	2 706.7	2 865.2
Fully diluted shares outstandings (million)	420.0	344.1	394.1
EPRA NRV per share	7.6	7.9	7.3

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>	31.03.2024	31.03.2023	31.12.2023
IFRS Equity attributable to shareholders	3 026.0	2 589.5	2 798.5
Approved, not paid dividend	-	-	-
Net Asset Value (NAV) at fair value	3 026.0	2 589.5	2 798.5
Deferred tax investment properties	184.6	207.7	184.3
Deferred tax financial derivatives	4.9	25.5	31.7
Fair value of financial derivatives	(22.2)	(116.0)	(149.2)
Net tangible assets (EPRA NTA)	3 193.3	2 706.7	2 865.2
Fully diluted shares outstandings (million)	420.0	344.1	394.1
EPRA NTA per share	7.6	7.9	7.3

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>	31.03.2024	31.03.2023	31.12.2023
IFRS Equity attributable to shareholders	3 026.0	2 589.5	2 798.5
Approved, not paid dividend	-	-	-
Net Asset Value (NAV) at fair value	3 026.0	2 589.5	2 798.5
Fair value adjustment of interest bearing liabilities, net of tax	-	-	-
Net disposal value (EPRA NDV)	3 026.0	2 589.5	2 798.5
Fully diluted shares outstandings (million)	420.0	344.1	394.1
EPRA NDV per share	7.2	7.5	7.1

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>	31.03.2024	31.03.2023	31.12.2023
Investment properties	6 404.1	5 993.3	6 153.0
Investment properties held for sale	-	-	-
Market value of the property portfolio	6 404.1	5 993.3	6 153.0
Less projects, land and developments	(7.4)	(111.1)	(7.4)
Allowance for estimated purchasers' cost	12.8	12.0	12.3
Gross up completed management portfolio valuation	6 409.5	5 894.2	6 157.9
12 months rolling rent	480.6	412.4	457.2
Estimated ownership cost	(8.2)	(7.0)	(7.8)
Annualised net rents	472.4	405.4	449.4
Add: Notional rent expiration of rent-free periods or other lease incentives	-	-	-
Topped up net annualised net rents	472.4	405.4	449.4
EPRA "topped-up" NIY	7.4%	6.9%	7.3%
EPRA NIY	7.4%	6.9%	7.3%

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>	31.03.2024	31.03.2023	31.12.2023
Market rent vacant areas	8.1	7.3	8.1
Total market rent	477.8	388.8	462.0
EPRA Vacancy Rate	1.7%	1.9%	1.8%

KMC Properties vacant space is related to a logistic property acquired in Narvik with roughly half the property vacant, ena-

bling a potential for significant additional income. KMC Properties as no other vacant space.

E. EPRA Cost Ratios

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

Costs

<i>Amounts in NOK millions</i>	Q1 2024	Q1 2023	2023
Property expenses	(1.5)	(1.1)	(5.0)
Administration expenses	(14.4)	(14.4)	(55.5)
Less: Ground rent costs	-	-	-
EPRA Costs (including direct vacancy costs)	(15.8)	(15.5)	(60.5)
Direct vacancy costs	-	-	-
EPRA Costs (excluding direct vacancy costs)	(15.8)	(15.5)	(60.5)
Gross Rental Income less ground rents	114.9	95.6	409.4
Gross Rental Income	114.9	95.6	409.4
EPRA Cost Ratio (including direct vacancy costs)	13.8%	16.2%	14.8%
EPRA Cost Ratio (excluding direct vacancy costs)	13.8%	16.2%	14.8%

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>	31.03.2024	31.03.2023	31.12.2023
Bond loan	900.0	1 850.0	900.0
Bank loan	2 717.8	1 347.8	2 453.0
Construction loans	-	38.1	121.1
Revolving Credit Facility / Shareholder loan	107.5	200.0	107.5
Net Payables ¹⁾	134.6	87.4	114.9
Cash and cash equivalent	(524.8)	(165.8)	(275.0)
Net debt	3 335.2	3 357.5	3 421.4
Investment properties	6 404.1	5 993.3	6 153.0
Investment properties held for sale	-	-	-
Market value of the property portfolio	6 404.1	5 993.3	6 153.0
EPRA LTV	52.1%	56.0%	55.6%

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

Definitions

GLA	Gross leasable area, corresponds to the sum of the areas available for lease.
GRI	Gross rental income, equals total rental income.
ICR	Interest Cover Ratio, the ratio of EBITDA to Net Interest Cost.
LTM	Last twelve months.
Market value of portfolio	The market value of all properties owned by the parent company and subsidiaries.
NAV	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.
Vacancy rate (%)	Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio.
Swap	A swap is an agreement between two parties to exchange sequences of cash flows for a set period of time.
Triple net lease	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.
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.



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