The preferred real estate partner for logistics and industrial companies

KMC Properties ASA
Q2 2023 results presentation | 10 August 2023

KMC PROPERTIES

Q2 2023 Highlights

Continued value accretive growth, reduced overall interest margin and CPI adjustments reducing high inflation impact

- +60% increase in rental income to NOK 103.6 million vs. Q2'22 (weighted average CPI adjustment of 7.5% on 1 January 2023)
- +42% increase net income from property management to NOK 42 million vs Q2'22
- Maintained Net debt/run-rate EBITDA level, at 9.1x
- Invested NOK 64 million in Greenfield and CAPEX projects, of which NOK 50 million with an accretive yield-on-cost of 7.6%
- Maintained stable OPEX at NOK 10 million - expecting limited additions going forward
- Reduced overall net interest rate by 0.43% in successful NOK ~2bn refinancing, increasing yield gap to 0.88%

Key figures

Gross Asset Value[1]	Net yield[1]	WAULT[1]
NOK 6.0 bn	6.9%	11.0 years

56.4%
EPRA LTV[2]

1) KMC Property ASA portfolio is valued by third party Cushman & Wakefield quarterly (WAULT = Weighted average unexpired lease term)
2) The EPRA Best Practices Recommendations Guidelines focus on making the financial statements of public real estate companies clearer and more comparable across Europe (www.epra.com). See Alternative Performance Measure (APM) description in KMC Properties financial report for calculations of the EPRA performance measures.

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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

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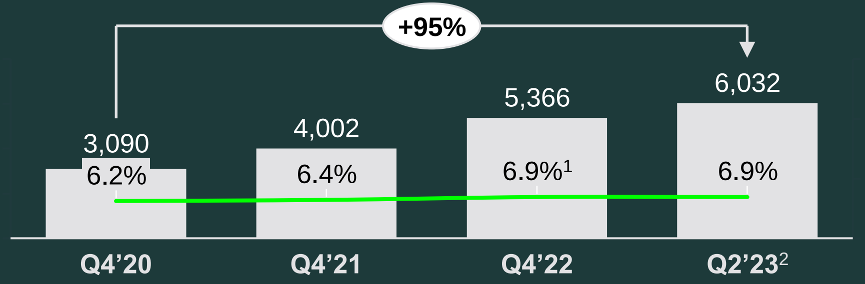
In 2020, the two companies merge forming a real estate specialist that was listed on Oslo Stock Exchange in December 2020

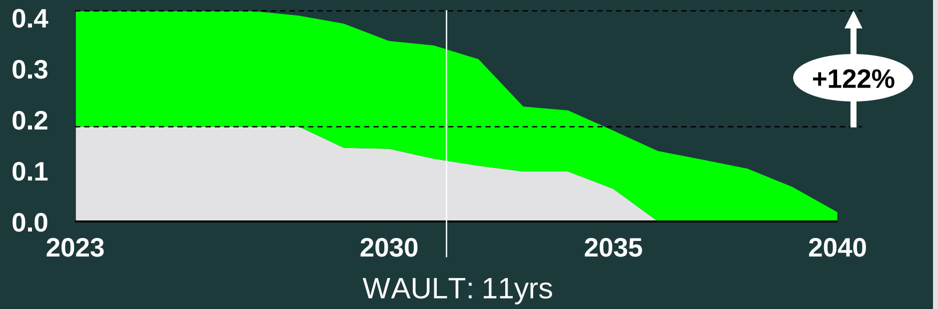
~2x asset base

Gross Asset Value (NOK billion) and net yield



>2x rental income

Annual contractual rent (NOK billion)



1) Initiated ERPA-reporting.
2) Based on completed agreements as of period end.

Building on +40 years of industrial knowhow

Focus on four key areas

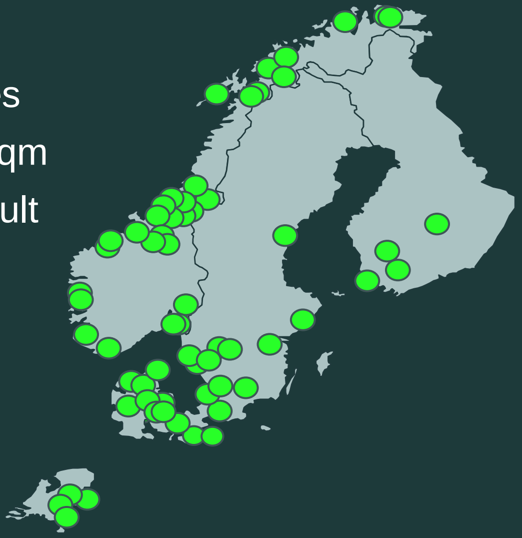
Acquisitions

CAPEX

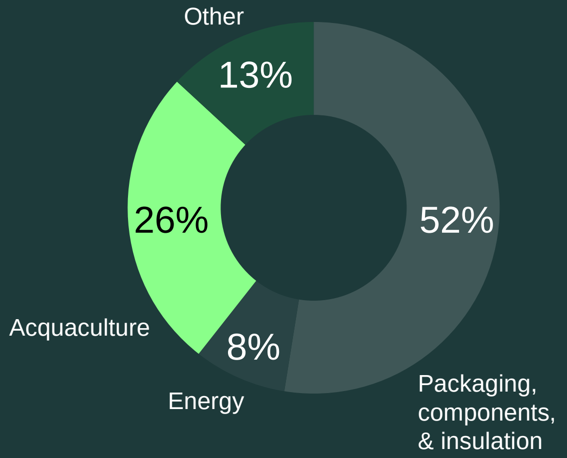
Capital optimization

Greenfield

17 tenants
65 properties
572,000 sqm
11.0 yrs wault

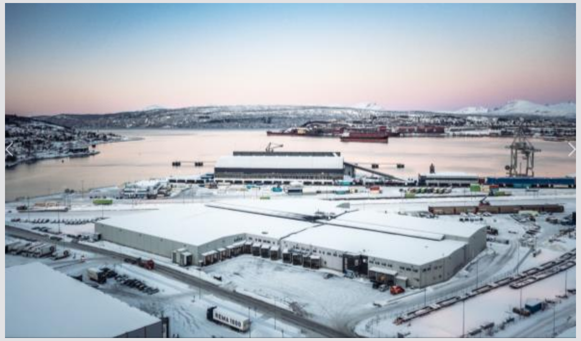


Industry exposure (share of rent)



BEWI
INSULA
Scana
Grøntvedt Pelagic
inwido
KURANS
Kastor Invest
SERVICE GROSSISTENE
BEFORM
DELPRODUKT
flexiform
ABRA
FiiZK
Cflow

Accretive acquisition of five properties H1 2023



	Logistics property in Narvik	Danish light industry property	3x Finnish light industry properties
Property value	NOK 90.0 million	DKK 52.8 million	EUR 20.3 million
Rental income	NOK 8.0 million (2024)	DKK 3.5 million	EUR 1.6 million
WAULT	12 years	17 years	17 years
Annual CPI Adjustments	100%, 1 January	100%, 1 January	100%, 1 January
Contract type	Triple net bare house	Triple net bare house	Triple net bare house
Close to natural resources	☐	☐	☐
Close to key customers	☑	☑	☑
In industrial cluster	☑	☑	☐

Contract structure reducing inflation impact

Triple net bare house contract structure with CPI adjustments

	Gross	Single-net	Double-net	Triple-net
Rent	Tenant	Tenant	Tenant	Tenant
Taxes	Owner	Tenant	Tenant	Tenant
Insurance	Owner	Owner	Tenant	Tenant
Maintenance	Owner	Owner	Owner	Tenant

\+

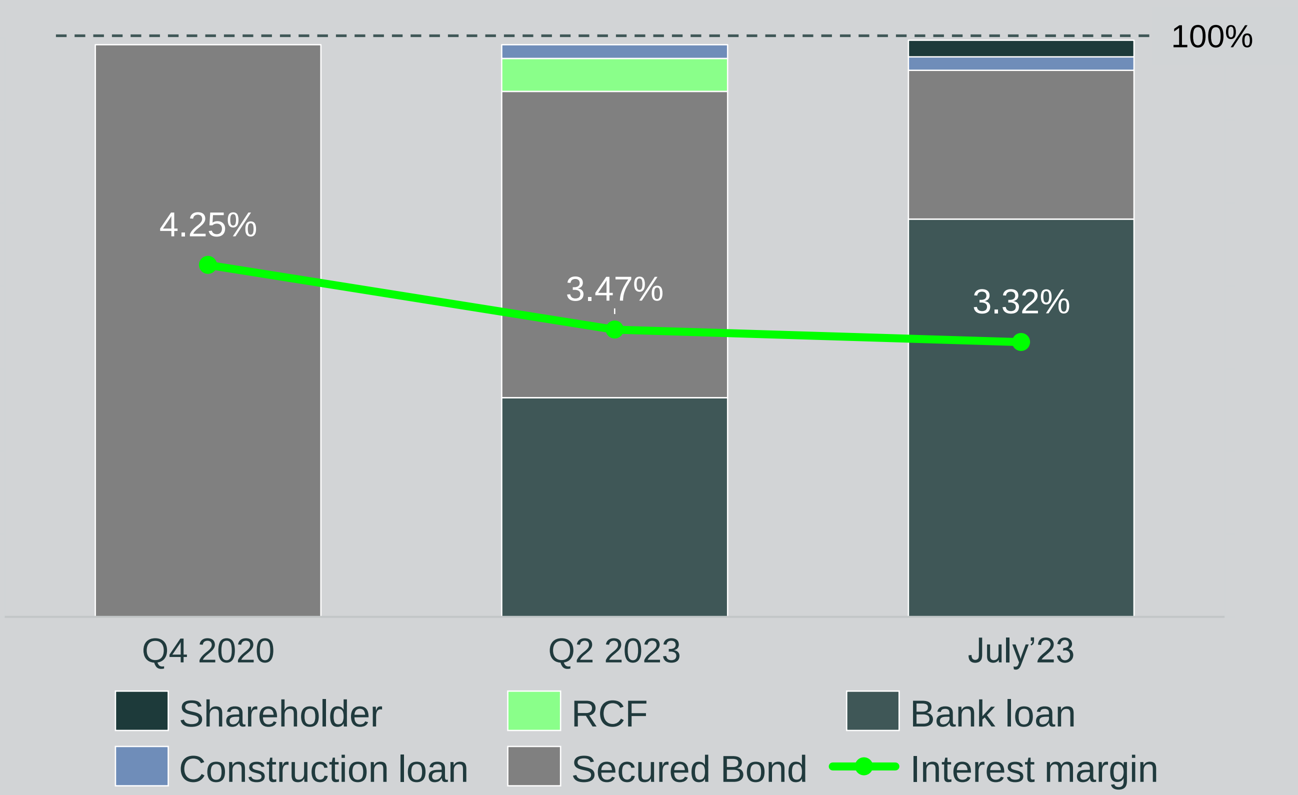
99% of contracts are 100% CPI adjusted,
1% of contracts 80% CPI adjusted

- 7.5 % CPI-adjustment on 1 January 2023 on 99% of annual contractual rent
- Low run rate property related costs (1.2% of rental income) due to triple net bare house contracts

Reduced overall interest margin in major refinancing

Improved debt structure at reduced interest margin

Long term debt % of total and interest margin



- New debt refinancing NOK 1,850 million senior secured bond and fully drawn RCF
- Reducing KMC Properties overall interest margin from 3.47% to 3.32%
- Improved debt structure with bank loans representing 69% of overall long term company debt
- All transactions related to the new financing structure completed in July 2023

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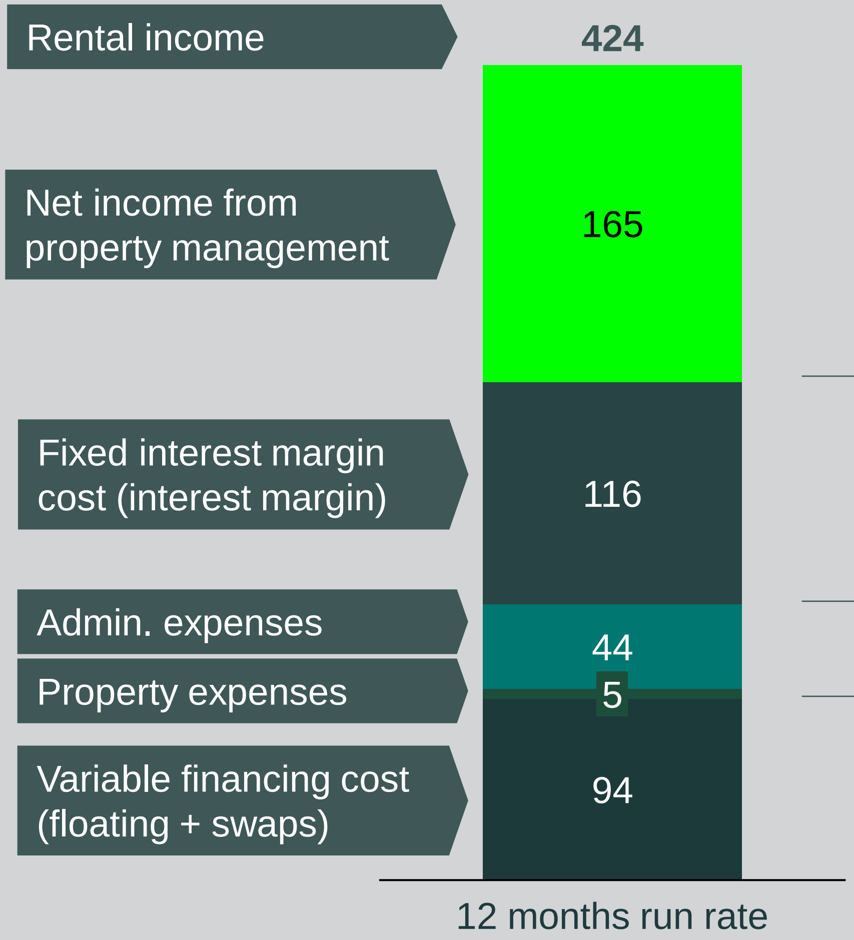
Financial and operational visibility on current assets

Annualised run-rate



- Reinvesting excess capital in new accretive opportunities
- Reflecting NOK 0.48/share vs share price of NOK 5.5/share
- Providing ample headroom to overall projected interest cost

- Refinanced secured bond and RCF with effect from July reducing overall interest margin to 3.32% for KMCP

- Stabile administration and property expenses

- Variable floating rate, forecasted using 4.28%
- Swap agreements reducing overall interest 1.57%

Financial review

Gross rental increase on a stable cost base

Profit and loss[1]

NOK million

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	104	65	199	127
Property expenses	-1	0	-2	-1
Net operating income	**103**	**64**	**197**	**126**
Administration expenses	-9	-9	-21	-19
Transaction expenses	-1	-0	-3	-3
EBITDA[2]	**93**	**55**	**173**	**104**
Net realised financials	-51	-27	-95	-52
Net income from property management	**42**	**28**	**78**	**52**
Net unrealised financials	-1	57	63	28
Change in value of financial instruments	17	3	-47	94
Changes in value of investment properties	-52	8	-46	5
Profit before tax	**6**	**96**	**48**	**180**
Profit from continued operations	**6**	**73**	**31**	**129**
ICR	**1.8x**	**2.1x**	**1.8x**	**2.1x**

1) Excluding discontinued operations
2) See Alternative Performance Measure (APM) description in KMC Properties financial report
3) The valuation of the properties on 30 June 2023 has been performed by the independent expert valuer, Cushman & Wakefield.

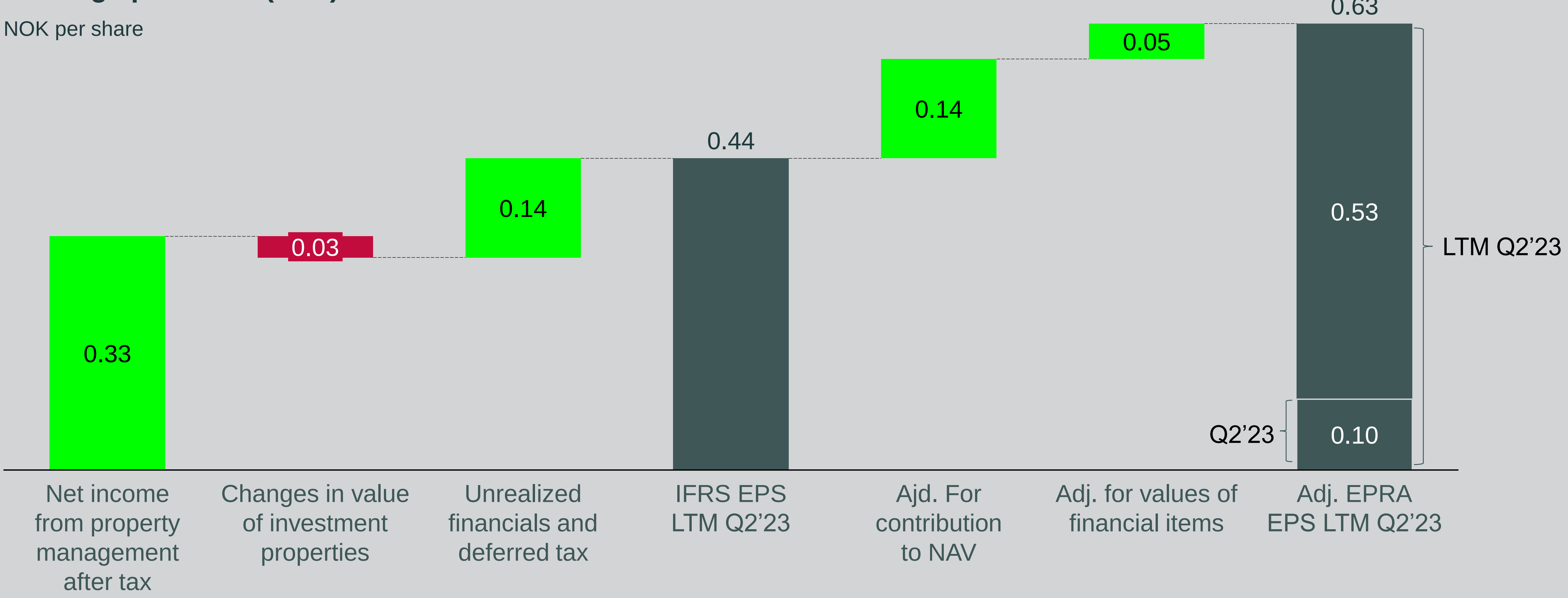
- +60% rental income increase Q2'23 vs Q2'22
  - Weighted average CPI adjustment of 7.5% on 1 January 2023
- +69% EBITDA increase Q2'23 vs Q2'22 showcasing KMCP's strong operational leverage
  - Low property expenses due to contract structures
  - Stable and low administration expenses
  - Limited transaction expenses
- Realized financial expenses increase due to increased interest-bearing debt and increased interest
- Increased value of financial instruments reflecting Swap agreements
- Negative change in value of investment properties reflecting third party[3] market outlook

Earnings driven income from property management

Share price: NOK 5.5[1]

Earnings per share (EPS) last twelve months

NOK per share



1) Closing share price at 8 August 2023

Financial and operational visibility

Annualised run-rate[1]

NOK million, 12 months forward

	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22
Rental income	424	412	371	284	268
Property expenses	-5	-5	-5	-4	-4
Net operating income	**419**	**407**	**366**	**280**	**264**
Administration expenses[2]	-44	-44	-41	-34	-34
EBITDA	**375**	**364**	**325**	**246**	**230**
Net realised financials[3]	-210	-205	-181	-137	-117
Net income from property management	**165**	**159**	**144**	**109**	**113**

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 after closed refinancing in July. Does not include amortisation of capitalised borrowing cost.

- Additional rental income vs Q1'23 from NOK 50 million in yielding CAPEX and Greenfield investments
- Property related expenses flat due to triple net bare house contract structure
- No expected increase in administrative expenses
- Financing cost increase driven by increase in interest-bearing debt and increased floating interests
- Interest margin reduced from 3.49% at the end of Q1'23 to 3.32% post refinancing in July 2023

EBITDA to interest gap maintained through refinancing and swaps

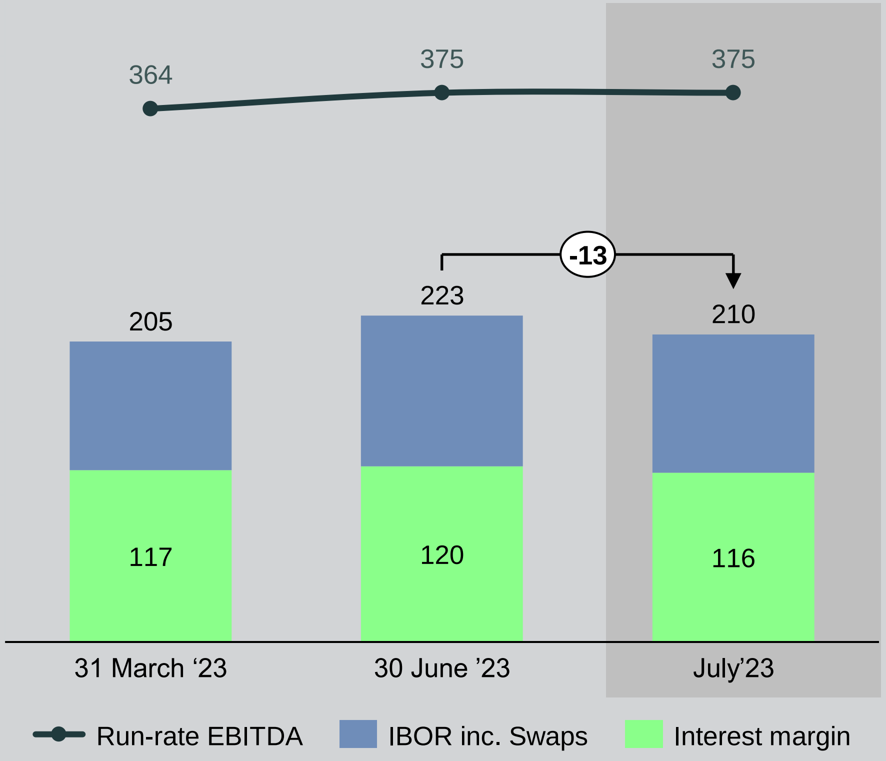
Refinanced at improved terms – effective from July'23

	NOK million		Current terms		
	30 June 2023	**July 2023**	30 June 2023	**July 2023**	Improve-ment
Bond loan	1 850	**900**	8.63 %	**9.38 %**	
Bank loan	1 324	**2 402**	6.80 %	**6.90 %**	
Construction loan	82	**82**	7.13 %	**7.13 %**	
Revolving Credit Facility	200	**0**	6.32 %	**-**	
Shareholder loan	0	**100**	-	**8.63 %**	
Total	3 456	**3 484**	7.78 %	**7.59 %**	**0.19 %**
Swap agreements			-1.33 %	**-1.57 %**	**0.24 %**
Total including swap agreements			6.45 %	**6.02 %**	**0.43 %**

Note: 3 months Nibor is set to 4.38% in line with the latest interest rate determination on the new bond loan. 6 months Nibor is set to 4.08% in line with the latest interest rate determination on the bank loan.

EBITDA to interest gap maintained

Annualized run-rate 12 months forward, NOK million



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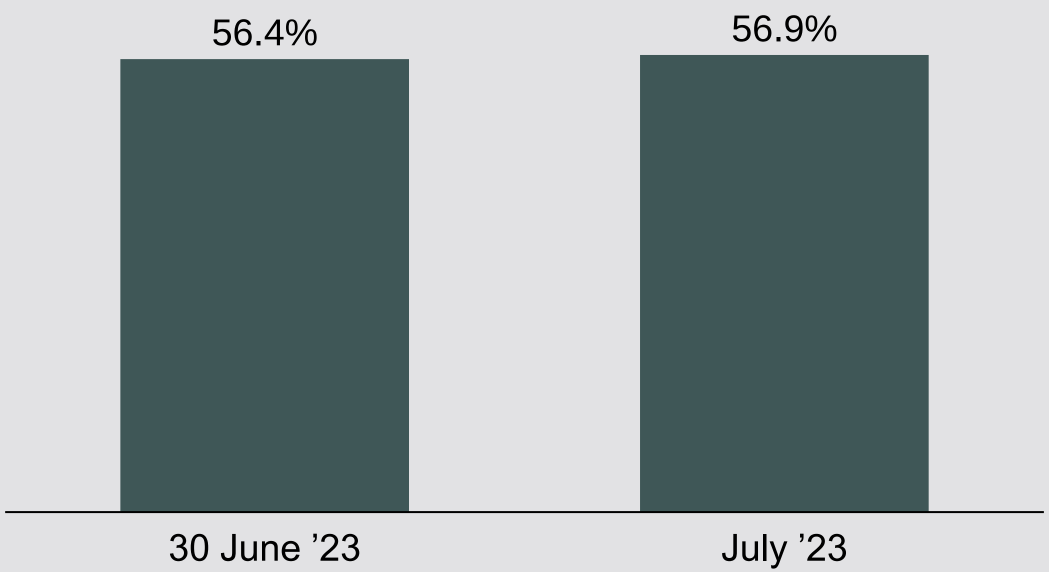
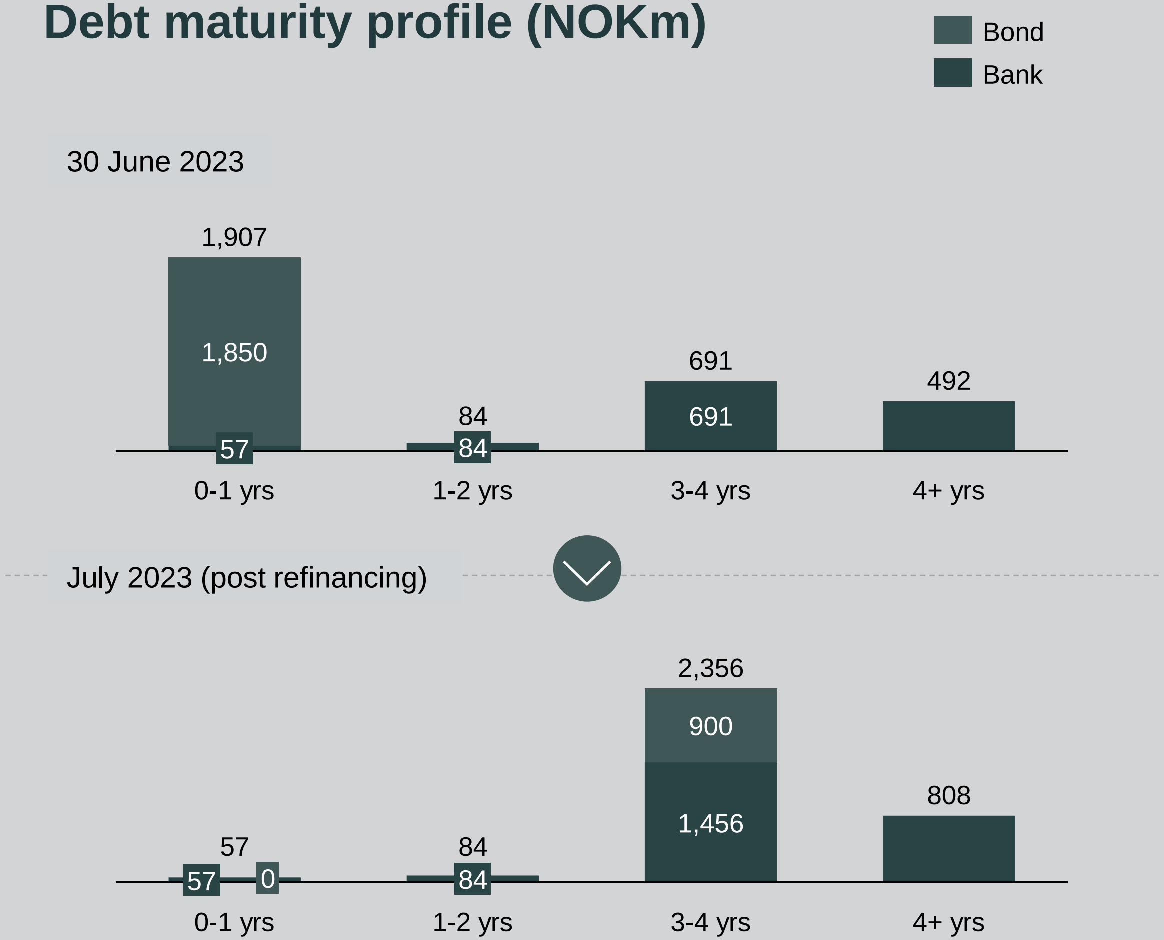
Reduced refi risk with limited increase in LTV

LTV per quarter end and post refinancing



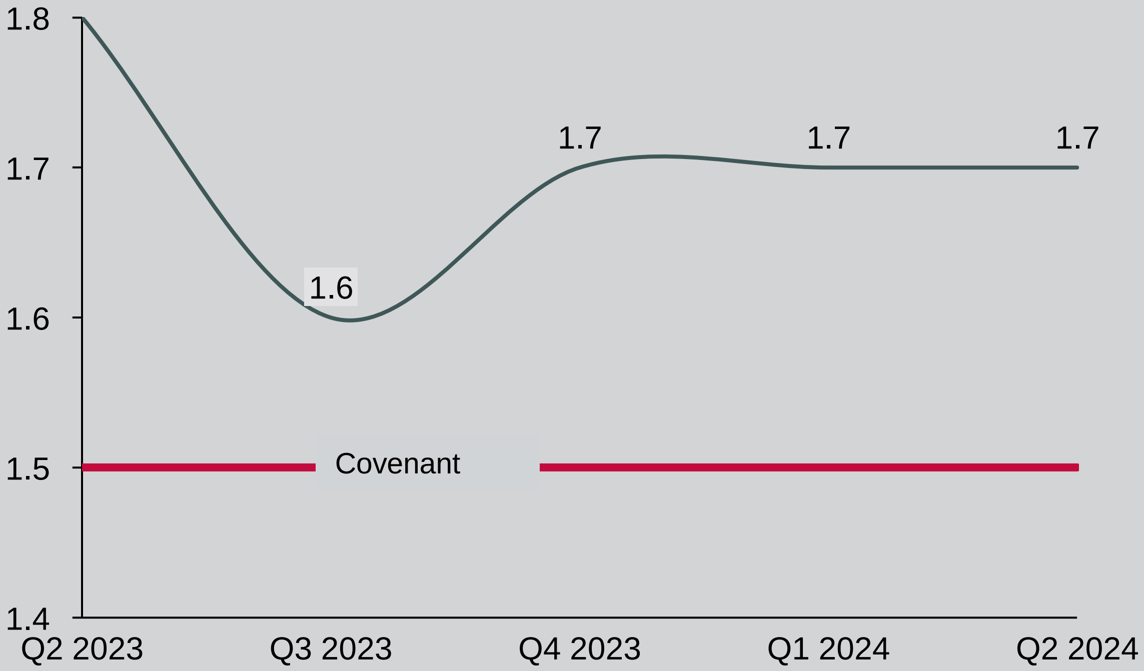
Debt maturity profile (NOKm)



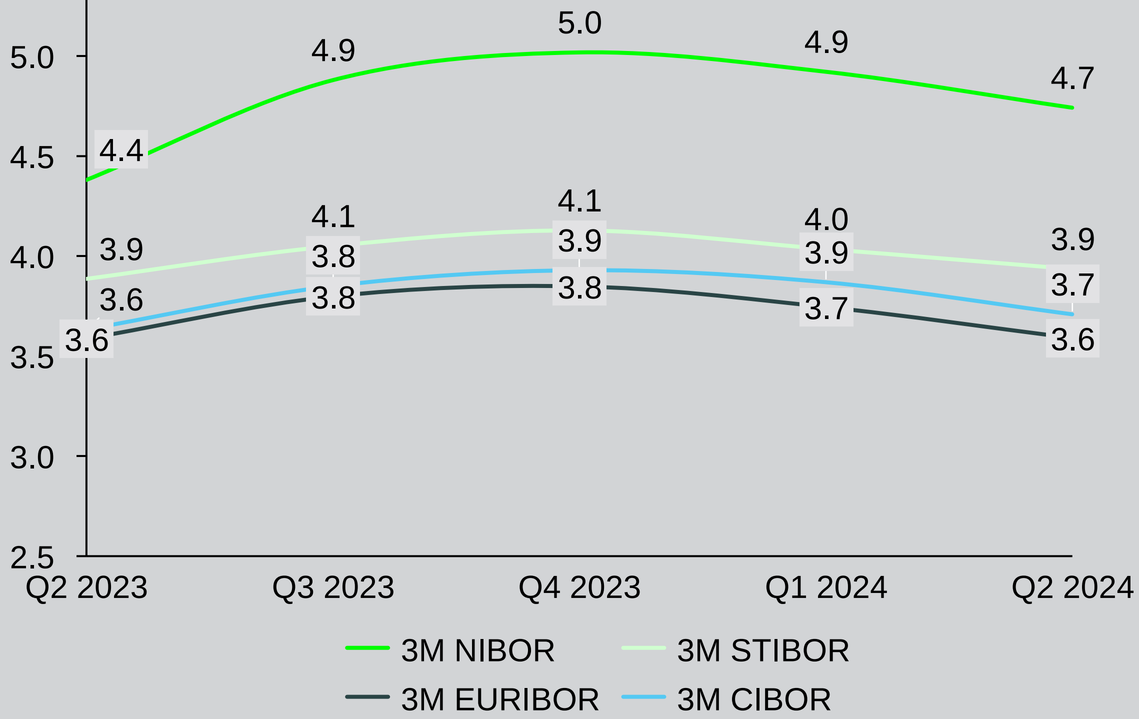
Comfortable headroom to ICR covenants

ICR forecast

Rolling 12m ICR



3M IBOR %[1]



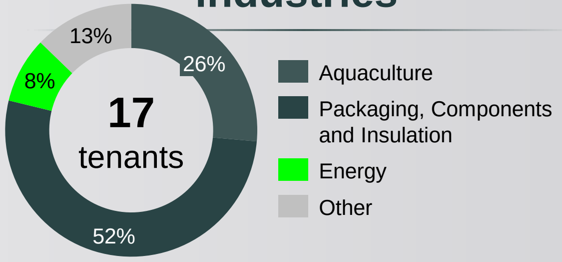
1) Per 2 august 2023

Outlook

Robust platform for continued value accretive growth

6.9% Net yield on NOK 6 billion assets

Solid tenants in attractive industries



Kastor Invest

Business critical assets with sticky features

Locations with purpose…
I) … close to key customers, and/or,
II) … close to natural resources, and/or,
II) … in an industrial cluster

Low sensitivity to rental cost
Rental cost as percentage of total cost base for the tenants, makes up a very small share, typically around 2-3%

Specific infrastructure capex
Tenants invest meaningful amount of capex into specific production and infrastructure equipment

Downside protection from high residual value

Value vs new-build cost
Low valuation NOK 10,400/sqm across the portfolio, significantly below replacement value

Rent level versus market rent
Rent levels typically below market rent due to the long duration of the contracts

Alternative use
Unique locations or locations in industrial clusters, provide good alternative use cases

Contractual frameworks in place to reduce risk

Hedging strategy
37% hedge ratio currently reducing the effective interest rate by at least 1%

Triple net contracts
Tenants responsible for almost all property related cost (insurance, tax and maintenance)

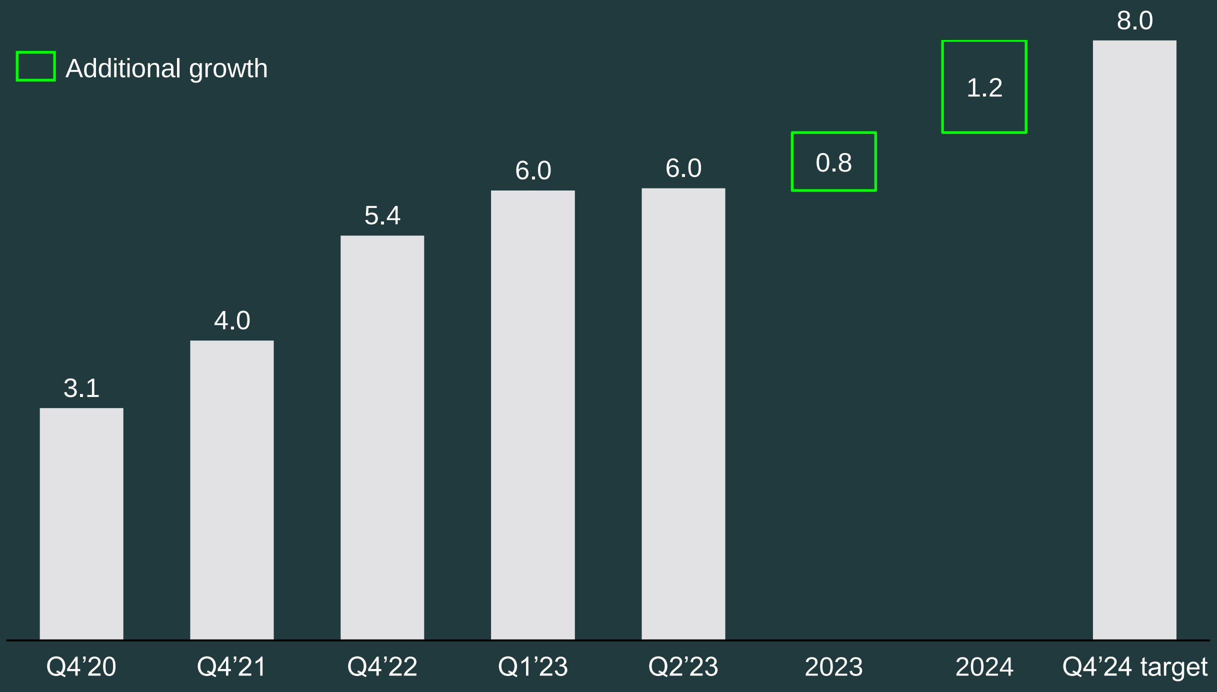
CPI
99% of contract 100% CPI adjusted
1% of contracts 80% CPI adjusted

WAULT
Weighted average unexpired lease term of 11.1 years for the combined portfolio

Continued value accretive growth

Year end 2024 gross asset value target

NOK billion



Building on a strong position:

- 100% CPI adjustments on 99% of contracts,
- with reduced overall interest margin, and a
- growing asset base with robust tenants

Continuing EBITDA accretive growth towards 2024 goal of a GAV of NOK 8 billion

Q&A

Appendix pipeline

Pipeline investments

Type[1]	Tenant	Completion (estimated)	Value (NOKm)	Remaining investments	Gross Yield	WAULT	Country
CAPEX	BEWI (Thorsø)	Q2 2024	39	36	8.5 %	15.0	NO
CAPEX	Sentrallageret (Kuraas)	Q3 2023	10	4	7.9 %	15.0	NO
Greenfield	BEWI (Jøsnøya, Hitra)	H2 2023	200	84	7.5 %	15.0	NO
Greenfield	Slakteriet Holding	H1 2025	682	682	TBD	20.0	NO
Acquisitions	BEWI	H2 2023	2,000	TBD	TBD	16.6	DE, BE, PL

1) Pipeline per 30.06.2023

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