



Interim report
2023

Second quarter
and first half

Highlights

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

Second quarter of 2023

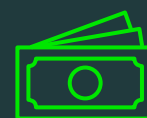
- Rental income of NOK 103.6 million (64.7 million)
- Net income from property management of NOK 41.7 million (28.1 million)
- Net debt/run-rate EBITDA at 9.1
- Secured full refinancing of NOK 1 850 million secured bond and a NOK 200 million fully drawn revolving credit facility, with reduced overall interest margin, improving comfortable headroom to covenants
- Invested NOK 64 million in greenfield and capex projects, of which NOK 50 million have a weighted average yield-on-cost of 7.6 per cent and NOK 14 million are contractual renovations on acquisitions.
- Operational costs maintained at NOK 10 million, with limited expected additions going forward.

First half of 2023

- Rental income of NOK 199.2 million (127.4 million)
- Weighted average CPI adjustment of 7.5 per cent in January.
- Net income from property management of NOK 77.8 million (51.1 million)
- Invested NOK 116 million in greenfield and capex projects, of which NOK 95 million have a weighted average yield-on-cost of 7.6 per cent and NOK 21 million are contractual renovations on acquisitions.
- Completed acquisitions of NOK 400 million with a weighted average gross yield of 8.1 per cent and WAULT of 16.2 years.

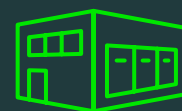
Subsequent events

- Completed the refinancing of the NOK 1 850 million senior secured bond loan and a NOK 200 fully drawn revolving credit facility during July.



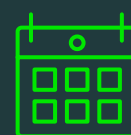
Net yield

~ **6.9%**



Portfolio value

~ **6.0bn**



Wault (years)

~ **11.0**

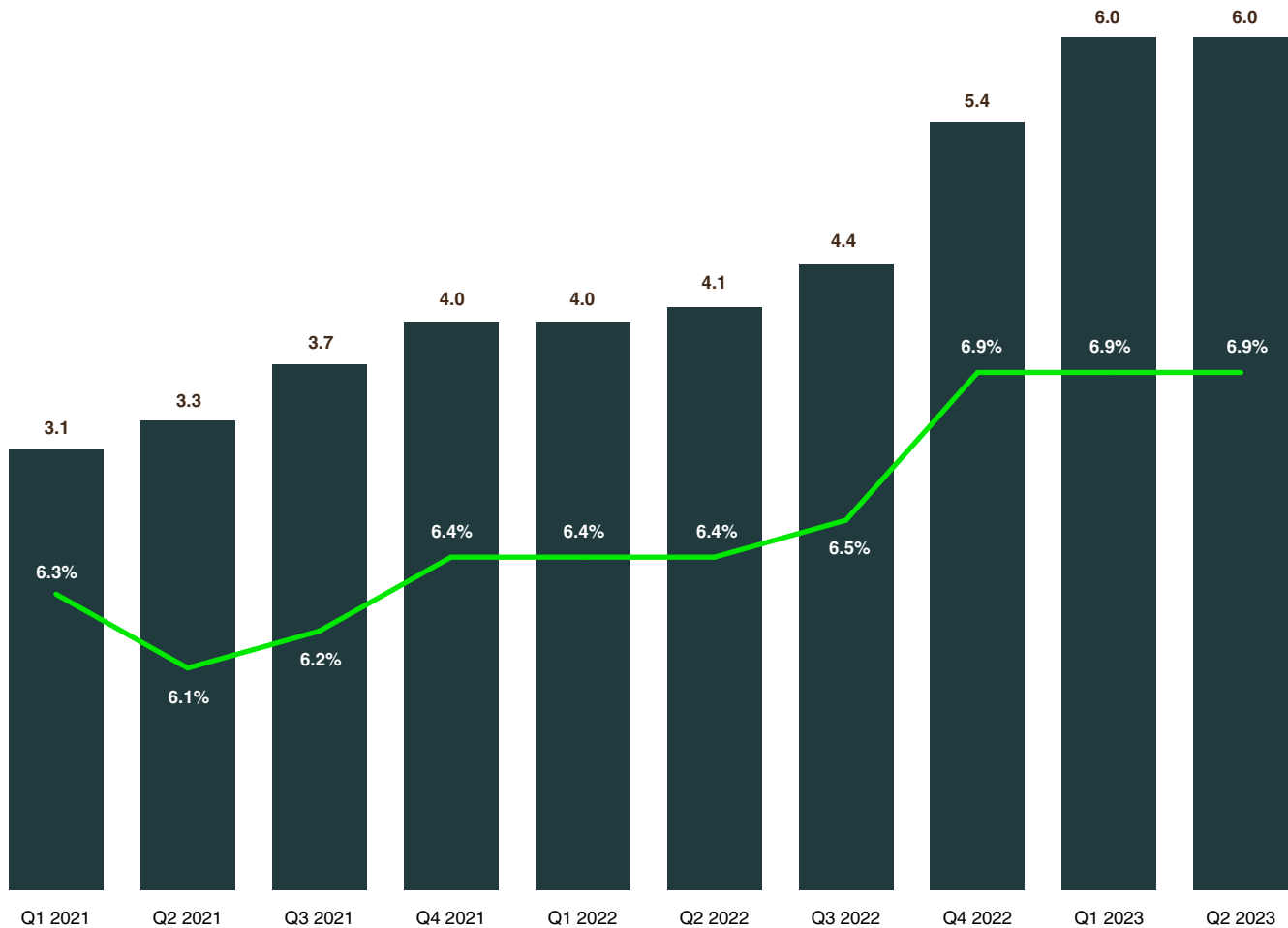


EPRA LTV

~ **56.4%**

Portfolio development

Gross asset value (NOK billion) and net yield (%)



"Our ability to refinance at lower interest margins in the current macro environment is a testament to the hard work laid down by the team over the past years, the quality of our assets and our strong tenants. For us this refinancing represents a major milestone, and we now look forward to continue to grow our portfolio, utilising our operational leverage to further strengthen our cash flow – currently stretching all the way into 2040."

CEO, Liv Malvik

On 10 August 2023 10:00 CEST, an earnings call and Q&A will be held and can be accessed via webcast.

Key figures

As of the fourth quarter of 2022 KMC Properties implemented reporting in accordance with the EPRA Guidelines. Some of the key figures in previous reports did not include figures from the investment property in Russia, which was sold in the fourth

quarter of 2022. This has now been changed. All comparative figures for previous periods include figures from this property, which is in line with recommendations in the EPRA Guidelines.

<i>Amounts in NOK million</i>	YTD 2023	YTD 2022	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Rental income	199.2	127.4	103.6	95.6	79.6	65.7	64.7
Change period-on-period	56%		8%	20%	21%	2%	3%
Net operating income	197.0	126.2	102.6	94.4	79.0	64.9	64.5
Change period-on-period	56%	-	9%	20%	22%	1%	5%
Net realised financials	(95.1)	(51.7)	(51.2)	(44.0)	(41.9)	(27.9)	(27.2)
Change period-on-period	84%	-	16%	5%	50%	3%	7%
Net income from property management	77.8	51.4	41.7	36.1	16.8	27.6	28.1
Change period-on-period	51%	-	15%	115%	(39%)	(2%)	23%
Profit before tax	48.3	179.6	6.1	40.6	21.7	80.9	96.4
Change period-on-period	(73%)	-	(85%)	87%	(73%)	(16%)	16%
Profit after tax	31.2	87.1	6.4	23.2	30.5	45.6	75.0
Change period-on-period	(64%)	-	(72%)	(24%)	(33%)	(39%)	521%
Market value of the property portfolio ¹⁾	6 032	4 247	6 032	5 993	5 366	4 502	4 247
Net debt	3 402	2 266	3 402	3 357	3 016	2 493	2 266
EPRA LTV	56.4%	53.3%	56.4%	56.0%	56.2%	55.4%	53.3%
Interest coverage ratio	1.8x	2.1x	1.8x	1.8x	1.8x	2.1x	2.1x
EPRA Net Initial Yield	6.9%	6.9%	6.9%	6.9%	6.9%	7.0%	6.9%
EPRA Vacancy rate	1.9%	0.0%	1.9%	1.9%	0.0%	0.0%	0.0%
WAULT	11.0	10.0	11.0	11.1	11.0	9.8	10.0
Number of properties	65	46	65	65	61	49	46
GLA ('000s sqm)	572	375	572	574	526	422	375
Number of shares (million)	344	285	344	344	324	285	285
<i>All amounts in NOK per share</i>	YTD 2023	YTD 2022	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
EPRA Earnings per Share	0.34	0.19	0.10	0.25	0.09	0.08	0.24
Change period-on-period	76%	-	(61%)	175%	16%	(68%)	(222%)
EPRA NRV ²⁾	8.0	7.3	8.0	7.9	7.6	7.4	7.3
Change period-on-period	9%	-	1%	4%	3%	1%	7%
Share price end of period ⁴⁾	5.7	8.3	5.7	6.0	6.8	7.1	8.3
Change period-on-period	(31%)	-	(4%)	(12%)	(4%)	(14%)	(22%)
Share price ³⁾ / EPRA NRV ²⁾	0.7	1.1	0.7	0.8	0.9	1.0	1.1
Change period-on-period	(36%)	-	(6%)	(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).

The preferred real estate partner for logistics and industrial companies

KMC Properties focus on high-yield industrial- and logistic properties. Diversified across the Nordics 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 2022 Annual and sustainability report)

The company targets a portfolio value of NOK 8 billion by 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 half 2023 review

Annual run rate¹⁾

Amounts in NOK million	Q2 2023	Q1 2023	
Rental income	424	412	3%
Property related expenses	(5)	(5)	0%
Net operating income	419	407	3%
Administration expenses ²⁾	(44)	(43)	1%
EBITDA	375	364	3%
Net realised financials ³⁾	(210)	(205)	2%
Net income from property management	165	159	4%
Net income from property management per share	0.48	0.46	4%
Net debt/Run rate EBITDA	9.1	9.2	(2%)

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.

Earnings per share

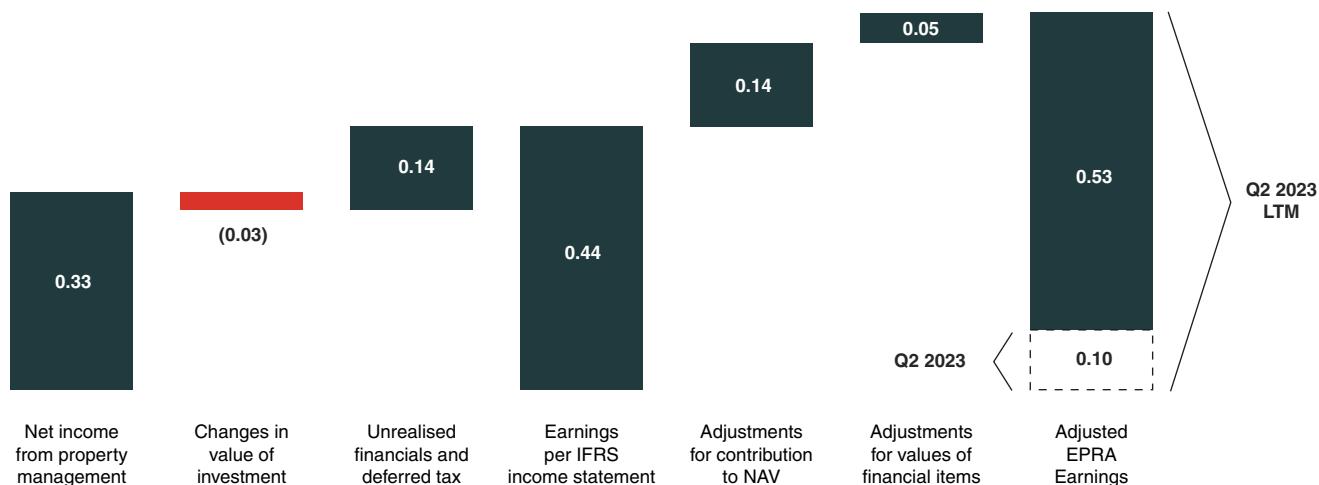
IFRS earnings per share

Earnings per share or EPS is a financial measure, which indicates KMC Properties' profitability. EPS is calculated as profit divided by the the number of outstanding shares. The IFRS earnings for the last twelve months prior 30 June 2023 was NOK 139 million excluding discontinued operations. The weighted average number of shares in the period 30 June 2022 to 30 June 2023 was 315 million resulting in NOK 0.44 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 30 June 2023 the EPRA earnings was NOK 198 million and NOK 33 million in the second quarter. The weighted number of shares in the respective periods was 315 million and 344 million. Resulting in EPRA EPS for the last twelve months of NOK 0.63 and NOK 0.10 for the second quarter.

EPS bridge Q2 2023 last twelve months



Acquisitions

KMC Properties acquired five properties during the first half of 2023.

In January the company completed the acquisition of a logistic property in Narvik, Norway, for NOK 90 million. The annualised lease for the contracts amounts to NOK 5.7 million for 2023 and NOK 8.0 million (excluding CPI adjustment) for 2024. The contracts had a WAULT of approximately 12.5 years and 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.

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 310 million. The transaction also included a set of contractual changes on existing properties rented by BEWI: for a total transaction value of NOK 46 million – five contract extensions from seven to 15 years, and a cancellation of a buy-back clause related to one of KMC Properties' previously acquired properties. The properties have a rental income in 2023 of DKK 3.5 million and EUR 1.6 million and a WAULT of 17 years. The lease will be 100 per cent CPI adjusted from 1 January 2024.

Greenfield projects

KMC Properties continues to develop a packaging hub at Hitra in Norway, with estimated completion in the second half of

this year. The annualised lease for 2023 is estimated at NOK 15 million, and the lease contract has a WAULT of 11 years.

Investments in existing properties

KMC Properties continues to maintain its close relations to tenants by actively engage in property development activities.

In the second quarter the company invested NOK 21 million across 5 properties.

KMC has through the first half of 2023 been in a planning phase of improving energy labelling of its properties, including hiring a sustainability manager.

Current efforts have been focused on mapping the energy classification of the entire portfolio and analysing feasible measures to improve the buildings' performance and classification character in accordance with the EU requirements.

Investment decisions on improved energy and heating are scheduled for the second half 2023.

Capital optimisation

In the second quarter 2023, KMC Properties secured the refinancing of its NOK 1 850 million senior secured bond loan and its NOK 200 million fully drawn revolving credit facility.

The refinancing structure is a mix of bank loans and secured bond loan and will result in an overall interest margin of 3.32 per cent plus floating interest on the company's total interest-bearing debt of approximately NOK 3 470 million, down from 3.49 per cent plus floating interest in the first quarter this year.

The refinancing improves the company's financial situation and increases the comfortable headroom to relevant covenants.

The new NOK 900 million senior secured bond loan has a tenor of three years. KMC Properties has an option to redeem the bond loan after only 1.5 years at a call price of 102.5 per cent of the nominal amount.

Subsequent events

In July, KMC Properties completed the refinancing of its NOK 1 850 million senior secured bond loan and its NOK 200 million fully drawn revolving credit facility.

Financial review

Financial results

Comprehensive income

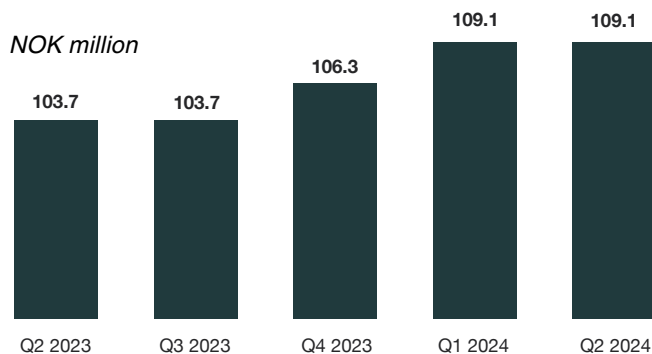
Rental income for the second quarter 2023 was NOK 104 million, an increase of NOK 8 million compared to the previous period. The majority of the increase relates to income from new acquisitions.

Rental income

Amounts in NOK million

Rental income previous period	96
Income from new investments	6
Agio/disagio	2
Rental income current period	104

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



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 103 million for the second quarter and NOK 197 million for the first six months of 2023, compared to NOK 64 million and NOK 126 million respectively for the comparable period of 2022.

Administration expenses remained at the same level of NOK 10 million in the second quarter compared to the second quarter of 2022, and NOK 24 million for the first six months compared to NOK 23 million for the same period of 2022.

Amounts in NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Administrative costs	9	9	22	20
Transaction costs	1	0	2	3
Administration expenses	10	10	24	23

Net realised financials increased 95 per cent to NOK 52 million. For the first six months, net realised financials amounted to a negative NOK 95 million, compared to negative NOK 52 million for the first six months of 2022. The cost increase relates to higher interest-bearing debt and higher interest rates.

Amounts in NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Interest income	1	1	1	1
Interest expenses	(52)	(27)	(96)	(53)
Net realised financials	(51)	(26)	(95)	(52)

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, and NOK 78 million for the first six months, up from NOK 52 million in 2022.

Net unrealised financials came in at negative NOK 1 million for the quarter, compared to NOK 57 million last year, and NOK 63 million for the first six months, up from NOK 28 million in 2022. The amount consists primarily of foreign exchange gains and losses, including such gains and losses on intercompany balances, and amortisation of debt issue costs.

Tax expense was NOK 0 million this quarter, compared to an expense of NOK 24 million for the second quarter of 2022. For the first half of 2023, the tax expense amounted to NOK 17 million. Of this, NOK 15 million is tax payable and the remaining NOK 2 million is change in deferred tax. For the same period last year, the tax expense was NOK 43 million

Profit after tax was NOK 6 million for the quarter and NOK 31 for the first six months of 2023. In comparison, the net profit was NOK 75 million and NOK 87 million for the same periods in 2022.

Comprehensive income came in at NOK 10 million for the second quarter this year compared to negative NOK 139 million for the same quarter last year, and NOK 76 million for the first six months of 2023, down from NOK 125 million for the same period in 2022.

Financial position

At the end of the second quarter the property portfolio was valued at NOK 6 032 million, an increase of 1 per cent compared to the end of the first quarter.

<i>Amounts in NOK million</i>	Q2 2023
Opening balance	5 993
Upgrade of investment properties	64
Change in value	(52)
Currency translation effect	27
Value at period end	6 032

The portfolio is valued by Cushman & Wakefield quarterly.

Other assets of NOK 320 million mainly consist of interest and currency swaps valued at NOK 134 million and NOK 126 million cash balance.

Non-current liabilities were NOK 1 476 million, composed of NOK 1 262 million interest bearing debt, tax liabilities of NOK 171 million and other non-current liabilities.

Current liabilities were NOK 2 276 million, composed of NOK 2 187 million current interest-bearing debt including the company's senior secured bond loan, revolving credit facility and construction loan. In addition, trade payables, tax liabilities and other current liabilities make up the total current liabilities.

Equity was NOK 2 600 million, representing an equity ratio of 41 per cent. EPRA NRV per share was NOK 8.0.

Cash flow

Operational activities generated a cash flow of NOK 59 million, compared to NOK 53 million for the same quarter last year.

Cash flow from investment activities generated an outflow of NOK 64 million representing greenfield projects and CAPEX-projects, compared to NOK 29 million for the same quarter last year.

Financing activities generated cash outflow of NOK 28 million composed mainly of change in interest bearing liabilities and interest paid. In 2022, the company had a cash outflow of NOK 12 million for the second quarter.

Risks and uncertainty factors

KMC Properties' risks and risk management are described in the group's annual report for 2022. The Annual Report 2022 can be found at www.kmcp.no.

Outlook

The current macroeconomic environment is characterised by high uncertainty. High inflation has resulted in a significant increase in interest rates, impacting the real estate industry. However, KMC Properties' portfolio of high yielding logistic and light industry properties with solid tenants, long triple net bare-house contracts, and 100% CPI adjustments on almost all of its lease agreements, reduces these risks significantly. In addition, KMC Properties newly refinanced interest-bearing debt puts the company in a strong financial position and creates a solid platform for further accretive growth.

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.

The company's investments have increased the overall EBITDA yield due to increased utilisation of the current organisation and will continue its accretive growth towards its goal of a GAV of NOK 8 billion in 2024.

The company still intends to acquire the remaining properties included in the transformative agreement entered with BEWI on 30 June 2022. However, both final terms and financing are under negotiation.

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.

Responsibility statement

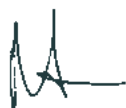
From the Board of Directors and CEO of KMC Properties ASA

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2023 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Company's and group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair

review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Trondheim, Norway, 9 August 2023

The board of directors and CEO, KMC Properties ASA



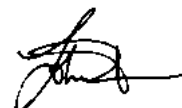
Pål Aglen
Chair



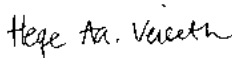
Morten Eivindsson Astrup
Director



Nini Høegh Nergaard
Director



John Thoresen
Director



Hege A. Veiseth
Director



Marianne Bekken
Director



Haakon Sæter
Director



Liv Malvik
CEO

Consolidated statement of comprehensive income

<i>Amounts in NOK million</i>	<i>Note</i>	Q2 2023 Unaudited	Q2 2022 Unaudited	YTD 2023 Unaudited	YTD 2022 Unaudited	2022 Audited
Rental income	2	104	65	199	127	273
Property expenses	2	(1)	(0)	(2)	(1)	(3)
Net operating income		103	64	197	126	270
Administration expenses		(10)	(9)	(24)	(22)	(52)
Net realised financials		(51)	(27)	(95)	(52)	(122)
Net income from property management		42	28	78	52	96
Net unrealised financials		(1)	57	63	28	35
Changes in value of financial instruments	6	17	3	(47)	94	111
Changes in value of investment properties	3	(52)	8	(46)	5	41
Profit before tax		6	96	48	180	282
Current tax		(2)	(7)	(15)	(7)	(9)
Deferred tax		2	(16)	(2)	(36)	(29)
Profit from continued operations		6	73	31	137	244
Profit from discontinued operations		-	2	(0)	(50)	(81)
Profit		6	75	31	87	163
Translation differences for foreign operations		4	64	45	38	54
Comprehensive income		10	139	76	125	217

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>	30.06.2023 Unaudited	30.06.2022 Unaudited	31.12.2022 Audited
ASSETS				
Non-current assets				
Investment properties	3, 5	6 032	4 111	5 366
Site leaseholds, right-of-use assets		24	18	19
Financial derivatives	5, 6	134	162	180
Other non-current assets		17	5	16
Total non-current assets		6 207	4 296	5 580
Current assets				
Trade receivables		5	8	7
Other current assets		15	8	7
Cash and cash equivalents		126	136	187
Assets held for sale		-	151	-
Total current assets		146	304	200
Total assets		6 352	4 600	5 781
EQUITY AND LIABILITIES				
Equity				
Share capital		69	57	65
Share premium		1 656	1 225	1 512
Translation reserve		64	4	20
Retained earnings		811	705	781
Total equity		2 600	1 991	2 377
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		171	166	163
Non-current interest-bearing liabilities		1 262	2 336	1 217
Lease liabilities		24	18	19
Other non-current liabilities		19	3	20
Total non-current liabilities		1 476	2 523	1 420
Current liabilities				
Current interest-bearing liabilities		2 187	29	1 905
Trade payables		37	24	37
Current tax liabilities		11	4	0
Other current liabilities		41	18	41
Liabilities held for sale		0	11	0
Total current liabilities		2 276	85	1 984
Total liabilities		3 752	2 608	3 404
Total equity and liabilities		6 352	4 600	5 781

Trondheim, Norway, 9 August 2023

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 31 December 2022	65	1 512	20	781	2 377
Issue of shares	4	144	-	-	148
Profit/(loss) for the period	-	-	-	30	30
Employee incentive plan	-	-	-	1	1
Other comprehensive income (translation reserves)	-	-	45	-	45
Total equity at 30 June 2023	69	1 656	64	811	2 600

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>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Earning before tax	8	96	48	180	282
Changes in value of investment properties	52	(8)	46	(5)	(41)
Financial items	33	(33)	79	(71)	(23)
<i>Change in working capital:</i>					
- change in current assets	(8)	(4)	(11)	36	41
- change in current liabilities	(11)	7	(5)	(19)	24
Other items not included in the cash flow	(7)	0	(12)	0	4
Taxes paid	(7)	(5)	(9)	(5)	(7)
Net cash flow from operating activities	59	53	135	115	279
Purchase of investment property	-	-	(446)	(188)	(1 308)
Upgrades of investment properties	(64)	(31)	(116)	(53)	(139)
Proceeds from property transactions	-	-	29	-	99
Interest received	1	1	1	1	3
Change in other non-current assets	0	-	(1)	-	(12)
Net cash flow from investment activities	(64)	(29)	(533)	(240)	(1 356)
Capital increase from issue of shares	-	-	148	30	324
Proceeds interest-bearing liabilities	44	29	336	94	866
Repayment interest-bearing liabilities	(19)	(5)	(27)	(7)	(19)
Interest paid	(52)	(28)	(96)	(54)	(126)
Transaction fees paid and other financial costs	(3)	(1)	(5)	(1)	(3)
Change in other non-current liabilities	2	(7)	(1)	(8)	10
Net cash flow from financing activities	(28)	(12)	356	54	1 053
Effects of exchange rate changes on cash and cash equivalents	(8)	(1)	(19)	(0)	3
Net change in cash and cash equivalents	(40)	12	(61)	(71)	(21)
Cash and cash equivalents at beginning of period	166	124	187	208	208
Cash and cash equivalents at end of period	126	136	126	136	187

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 2022.

In the beginning of 2022, the group decided to exit the Russian market and initiated an active process to locate a buyer for its

Russian subsidiary owning the company's office building in Moscow. The investment in Russia is consequently presented as a discontinued operation and the associated assets and liabilities presented as held for sale in accordance with IFRS 5. The Russian subsidiary was sold in the fourth quarter of 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>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Norway	56	42	111	83	171
Sweden	19	9	37	17	39
Denmark	14	6	27	12	31
Netherlands	9	7	18	14	27
Finland	6	1	7	2	5
Total rental income	104	65	199	127	273
Property related costs	(1)	(0)	(2)	(1)	(3)
NOI from properties	103	65	197	126	270

Summary of significant contracts

KMC Properties acquired five properties in Norway, Denmark, and Finland in the first half of 2023.

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

<i>Amounts in NOK million</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
BEWI & subsidiaries	51	25	96	58	125
Insula & subsidiaries	15	13	31	26	52
Grøntvedt & subsidiaries	9	8	17	15	30
Scana & subsidiaries	8	8	17	16	31
Other	20	11	39	13	35
Total	104	65	199	127	273

Note 03 Investment properties

The valuation of the properties on 30 June 2023 has been performed by the independent expert valuer, Cushman & Wakefield.

<i>Amounts in NOK million</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Opening balance	5 993	4 009	5 366	4 002	4 002
Reclassification to IFRS 5	-	-	-	(143)	(143)
Purchase of investment properties	-	-	446	188	1 308
Upgrade of investment properties	64	31	116	53	139
Sale of investment properties	-	-	(29)	-	-
Change in value	(52)	8	(46)	5	41
Currency translation effect	27	63	179	24	38
Other changes	-	-	-	(18)	(20)
Value at period end	6 032	4 111	6 032	4 111	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

30 June 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	(48)	52
Discount rate	+/- 0.25 per cent points	(121)	120
Operating costs	+/- 10 per cent	(11)	12
Market rent	+/- 10 per cent	227	(227)
Average rental growth	+/- 0.5 percentages points next 10 years	203	(196)

The calculations have been performed by Cushman & Wakefield in connection of the valuations on 30 June 2023.

Note 04 Interest bearing liabilities

<i>Amounts in NOK million</i>	YTD 2023	YTD 2022
Bond loan	1 850	1 850
Bank loan	1 324	495
Construction loans	82	29
Revolving credit facility	200	-
Interest bearing liabilities at period end	3 456	2 373
Capitalised borrowing cost	(8)	(9)
Carrying amount interest bearing liabilities	3 448	2 365
Fair value of interest-bearing liabilities	21	(52)

On 30 June 2023 KMC Properties successfully placed a new senior secured bond of NOK 900 million, representing the final part of the refinancing of its NOK 1 850 million senior secured bond, and refinancing and cancellation of its NOK 200 million revolving

credit facility. The refinancing was completed during July 2023, altering the composition of KMC Properties interest-bearing debt, please see tables below.

Interest-bearing debt at period end:	NOK million	Weighted average current interest	Weighted average interest terms	Weighted average amortisation plan bank loans (years)	Weighted average years to final maturity	In compliance with covenants?
Bond loan	1 850	8.63%	3 months NIBOR+4.25%	None	0.5	Yes
Bank loan ¹⁾	1 324	6.80%	3-/6 months NIBOR/ STIBOR+2.62%	22.8	3.8	Yes
Construction loan	82	7.13%	3 months NIBOR+2.75%	None	N/A	Yes
Revolving credit facility	200	6.32%	3 months NIBOR+2.25%	N/A	N/A	Yes
Total	3 456	7.78%				
Swap agreements ²⁾		(1.33%)				
Total including swap agreements		6.45%				

Interest-bearing liabilities after refinancing:	NOK million	Weighted average current interest	Weighted average interest terms	Weighted average amortisation plan bank loans (years)	Weighted average years to final maturity	In compliance with covenants?
Bond loan	900	9.38%	3 months NIBOR+5.00%	None	3.0	Yes
Bank loan ¹⁾	2 402	6.90%	3-/6 months NIBOR/ STIBOR+2.67%	24.1	3.8	Yes
Construction loan	82	7.13%	3 months NIBOR+2.75%	None	N/A	Yes
Shareholder loan	100	8.63%	3 months NIBOR+4.25%	None	0.3	Yes
Total	3 484	7.59%				
Swap agreements ²⁾		(1.57%)				
Total including swap agreements		6.02%				

1) 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.

6 months Stibor is set to 3.83% 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	-	41
Opening balance security ¹⁾	3 055	3 070
Investments in pledged property portfolio	56	197
Sale of assets in pledged property portfolio	(29)	(144)
Inflow disposal account	29	144
Outflow disposal account	(29)	(161)
Fair value and translation adjustments pledged property portfolio ²⁾	25	(51)
Value security end of period	3 107	3 055

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 30 June 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

Amounts in NOK million	Fair value level	30.06.2023	30.06.2022	31.12.2022
Assets measured at fair value:				
<i>Assets measured at fair value through profit or loss</i>				
- Investment properties	Level 3	6 032	4 111	5 366
- Financial derivatives	Level 2	134	161	180
Total		6 166	4 273	5 546
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

Amounts in NOK million	30.06.2023	30.06.2022	31.12.2022
Bond loan	1 850	1 850	1 850
Bank loan	1 324	495	1 266
Construction loan	82	29	18
Revolving credit facility	200	-	-
Interest bearing liabilities at period end	3 456	2 373	3 134
Hedged amount (fixed interest)	1 275	1 275	1 275
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%

Swap agreements at reporting date

Swap agreement	Currency amount (million)	Start date	Maturity date	Fixed currency rate	Fixed interest
Interest	EUR 31.5	23.12.2021	11.12.2023	Not applicable	EURIBOR = -0.50%
Interest	SEK 228.6	23.12.2021	11.12.2023	Not applicable	STIBOR = 0.00%
Interest	DKK 115.5	23.12.2021	11.12.2023	Not applicable	CIBOR = -0.25%
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	CIBOR = 0.215%
Interest	NOK 35	10.02.2022	10.02.2027	Not applicable	NIBOR = 2.305%
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	DKK/NOK = 1.56	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 2023 purchased services for NOK 1 million from BEWI related companies, mainly cost of interim hiring of employees (NOK 0.1 million) and office rent (NOK 0.8 million) which is an entirely forwarded cost .

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>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Net income from property management	42	29	78	52	96
Net realised financials	51	26	95	52	122
EBITDA	93	55	173	104	218

Interest Cover Ratio (ICR)

<i>Amounts in NOK million</i>	12 M Q2 2023	12 M Q1 2023	12 M Q4 2022	12 M Q3 2022	12 M Q2 2022
LTM EBITDA ¹⁾	291	256	225	167	107
Net realised financials	(166)	(141)	(122)	(81)	(52)
ICR	1.8x	1.8x	1.8x	2.1x	2.1x

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	Q2 2023 / 30.06.2023	Q2 2022 / 30.06.2022	
A	EPRA Earnings per share	NOK	0.10	0.23
B	EPRA NRV per share	NOK	8.0	7.3
	EPRA NTA per share	NOK	7.8	7.2
	EPRA NDV per share	NOK	7.6	7.2
C	EPRA Net Initial Yield (NIY)	%	6.9	6.7
	EPRA "topped-up" NIY	%	6.9	6.7
D	EPRA Vacancy Rate	%	1.9	0.0
E	EPRA Cost Ratio (including direct vacancy costs)	%	10.4	14.5
	EPRA Cost Ratio (excluding direct vacancy costs)	%	10.4	14.5
F	EPRA LTV	%	56.4	53.3

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

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>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Earnings per IFRS income statement	6	75	31	80	163
Adjustments to calculate EPRA Earnings:					
Changes in value of investment properties	52	(8)	46	(5)	(41)
Changes in value of financial instruments	(17)	(3)	47	(94)	(111)
Deferred tax for FV adjustments	(4)	4	11	4	27
Deferred tax for financial derivatives	(4)	1	(18)	21	24
EPRA earnings	45	68	111	5	63
Basic number of shares	344	285	344	285	291
EPRA Earnings per Share (EPS)	0.10	0.24	0.34	0.02	0.22
Company specific adjustments:					
Profit from discontinued operations	-	(2)	0	50	81
Company specific Adjusted Earnings	45	66	111	55	144
Company specific Adjusted EPS	0.10	0.23	0.32	0.19	0.49

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>	30.06.2023	30.06.2022	31.12.2022
IFRS Equity attributable to shareholders	2 600	1 991	2 377
Approved, not paid dividend	-	-	-
Net Asset Value (NAV) at fair value	2 600	1 991	2 377
Deferred tax investment properties	205	175	189
Deferred tax financial derivatives	22	36	40
Real estate transfer tax	46	32	33
Fair value of financial derivatives	(134)	(162)	(180)
Net reinstatement value (EPRA NRV)	2 739	2 072	2 459
Outstanding shares at period end (million)	344	285	324
EPRA NRV per share	8.0	7.3	7.6

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>	30.06.2023	30.06.2022	31.12.2022
IFRS Equity attributable to shareholders	2 600	1 991	2 377
Approved, not paid dividend	-	-	-
Net Asset Value (NAV) at fair value	2 600	1 991	2 377
Deferred tax investment properties	205	175	189
Deferred tax financial derivatives	22	36	40
Fair value of financial derivatives	(134)	(162)	(180)
Net tangible assets (EPRA NTA)	2 693	2 040	2 425
Outstanding shares at period end (million)	344	285	324
EPRA NTA per share	7.8	7.2	7.5

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>	30.06.2023	30.06.2022	31.12.2022
IFRS Equity attributable to shareholders	2 600	2 051	2 377
Approved, not paid dividend	-	-	-
Net Asset Value (NAV) at fair value	2 600	2 051	2 377
Fair value adjustment of interest-bearing liabilities, net of tax	-	-	-
Net disposal value (EPRA NDV)	2 600	2 051	2 377
Outstanding shares at period end (million)	344	285	324
EPRA NDV per share	7.6	7.2	7.3

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>	30.06.2023	30.06.2022	31.12.2022
Investment properties	6 032	4 111	5 366
Investment properties held for sale	-	136	-
Market value of the property portfolio	6 032	4 247	5 366
Less projects, land and developments	(141)	(119)	(67)
Allowance for estimated purchasers' cost	12	8	11
Gross up completed management portfolio valuation	5 904	4 136	5 310
12 months rolling rent	415	290	371
Estimated ownership cost	(8)	(12)	(7)
Annualised net rents	407	279	365
Add: Notional rent expiration of rent-free periods or other lease incentives	-	-	-
Topped up net annualised net rents	407	279	365
EPRA "topped-up" NIY	6.9%	6.7%	6.9%
EPRA NIY	6.9%	6.7%	6.9%

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>	30.06.2023	30.06.2022	31.12.2022
Market rent vacant areas	7	-	-
Total market rent	389	294	375
EPRA Vacancy Rate	1.9%	0.0%	0.0%

E. EPRA Cost Ratios

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

<i>Amounts in NOK millions</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Property expenses	(1)	(0)	(2)	(1)	(3)
Administration expenses	(10)	(9)	(24)	(22)	(52)
Less: Ground rent costs	-	-	-	-	-
EPRA Costs (including direct vacancy costs)	(11)	(9)	(26)	(24)	(55)
Direct vacancy costs	-	-	-	-	-
EPRA Costs (excluding direct vacancy costs)	(11)	(9)	(26)	(24)	(55)
Gross Rental Income less ground rents	104	65	199	127	273
Gross Rental Income	104	65	199	127	273
EPRA Cost Ratio (including direct vacancy costs)	10.4%	14.5%	13.2%	18.7%	20.0%
EPRA Cost Ratio (excluding direct vacancy costs)	10.4%	14.5%	13.2%	18.7%	20.0%

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>	30.06.2023 Group as reported	Proportionate Consolidation		30.06.2023 Combined EPRA LTV	30.06.2022 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	1 324	-	-	1 324	495	1 266
Construction loans	82	-	-	82	29	18
Revolving Credit Facility	200	-	-	200	-	-
Net Payables ¹⁾	72	-	-	72	28	69
Cash and cash equivalent	(126)	-	-	(126)	(136)	(187)
Net debt	3 402	-	-	3 402	2 266	3 016
Investment properties	6 032	-	-	6 032	4 111	5 366
Investment properties held for sale	-	-	-	-	136	-
Market value of the property portfolio	6 032	-	-	6 032	4 247	5 366
EPRA LTV	56.4%			56.4%	53.3%	56.2%

1) Net payables include trade payables, other current and non-current liabilities, trade receivables, and 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.
Independent valuer	Cushman & Wakefield.
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.
Occupancy 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.
	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.
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 relet 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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