The preferred real estate partner for logistics and industrial companies

KMC Properties ASA
Q3 2023 results presentation | 26 October 2023

KMC PROPERTIES

Q3 highlights

- Stable operating performance
  - Net rental income flat q-o-q
  - Yield of 7.0% and WAULT 11.1 years
  - 2.7% downwards property value adjustment YTD
- Final part of BEWI agreement announced
  - NOK 625 million portfolio from BEWI ASA
  - Accretive on yield, WAULT and financing costs
  - Showcasing the growth leverage of KMCP’s platform
- Nordika as new strategic owner
  - Nordic real estate specialist with long-term yield and growth focus fully aligned with KMCP
- Nordea Denmark as a new lending relationship

Key figures

Gross Asset Value	EPRA net yield	WAULT
NOK 5.9 bn	7.0%	11.1 years

59.6% EPRA LTV	56.3% EPRA LTV adj. mtm derivatives

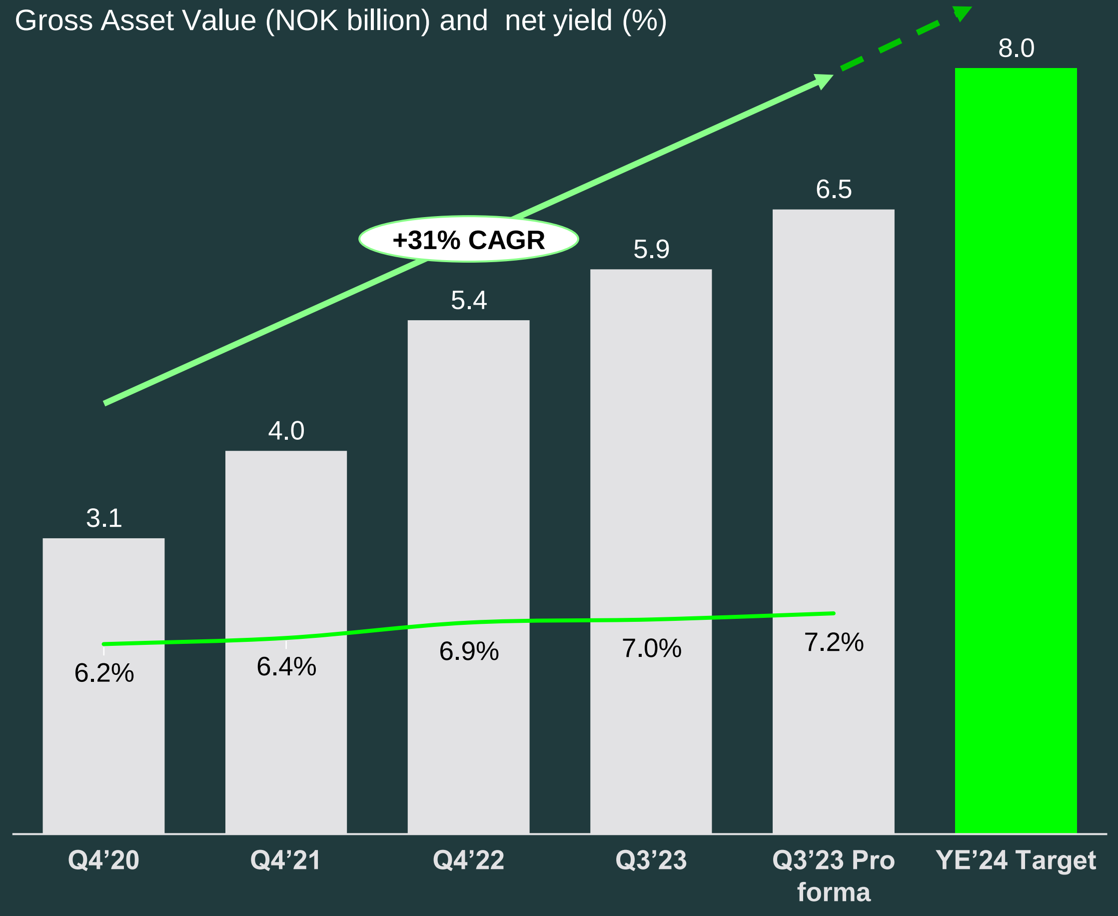
KMC PROPERTIES

Transformative acquisition and new strategic owner

- Final part of BEWI agreement
  - NOK 1.9 billion portfolio acquired since Q2’22
  - Geographically diversified across the Nordics/Europe
  - Accretive on all parameters
- On track towards NOK 8bn GAV target by YE’24
  - Asset base with 31% CAGR Q4’20-Q3’23
  - Benefits of scale drive rising EBITDA yields
  - Further opportunities in an attractive buyers’ market

~2.1x asset base since 2020

Gross Asset Value (NOK billion) and net yield (%)



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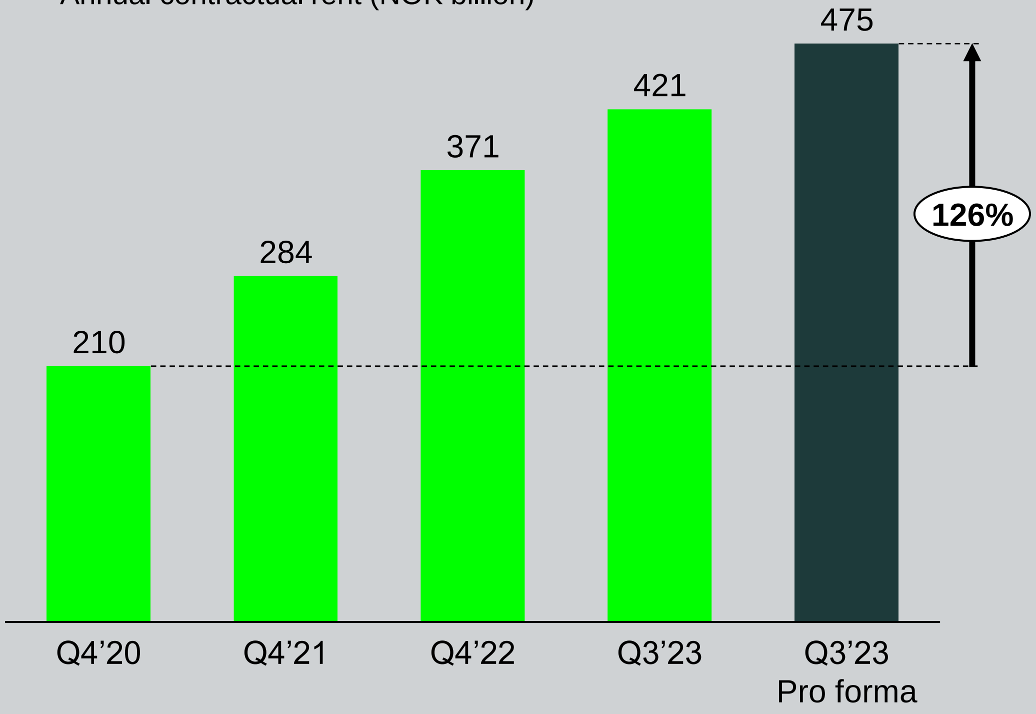
Building income scale and longevity

- Maintaining track record of accretive acquisitions
- Increasing portfolio WAULT to 11.7 years
    - New properties with WAULT of 17 years
    - 100% CPI adjustments (50% for 2024)
    - 100% triple net contracts
- Proforma rental income up 2.3x since Q4 2020
    - New BEWI properties adding approx. NOK 54m
    - Incremental income from capex and greenfield pipeline towards the end of the year

~2.3x rental income since 2020

Annual contractual rent (NOK billion)



WAULT (Years)

10.7	10.4	11.0	11.1	11.7

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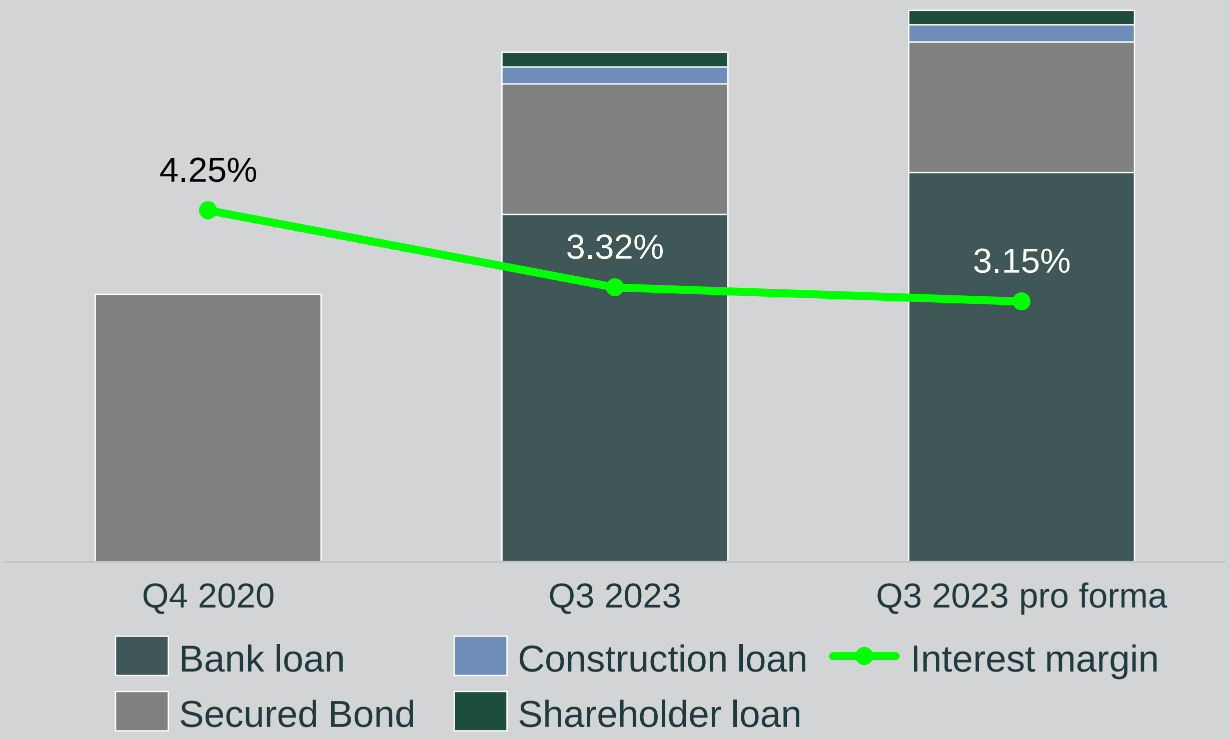
Growth brings more attractive financing terms

Debt structure further improved at reduced interest margin

Long term debt % of total and interest margin



Broadening top-tier lending relationships

KMC Properties ASA							
KMCP AS	KMCP II AS			KMCP III AS	KMCP IV AS	KMCP VI AS	KMCP VII AS
Senior Secured Bond	**SB1 SR**	**SB1 SMN**	**SB1 NN**	**DNB**	**Danske Bank**	**Nordea**	**DNB/SR**
						New lender	

- Debt refinancing of NOK 1,850 million senior secured bond and fully drawn RCF completed in July
- BEWI transaction to be financed by approx. DKK 193 million of new bank debt at 1-1.25% interest margin
- Overall interest-margin further reduced to 3.15% from 3.32% at Q3’23
- Post transaction bank loans to represent ~70% of overall long term company debt
- Excellent track record in optimizing capital structure to support growth

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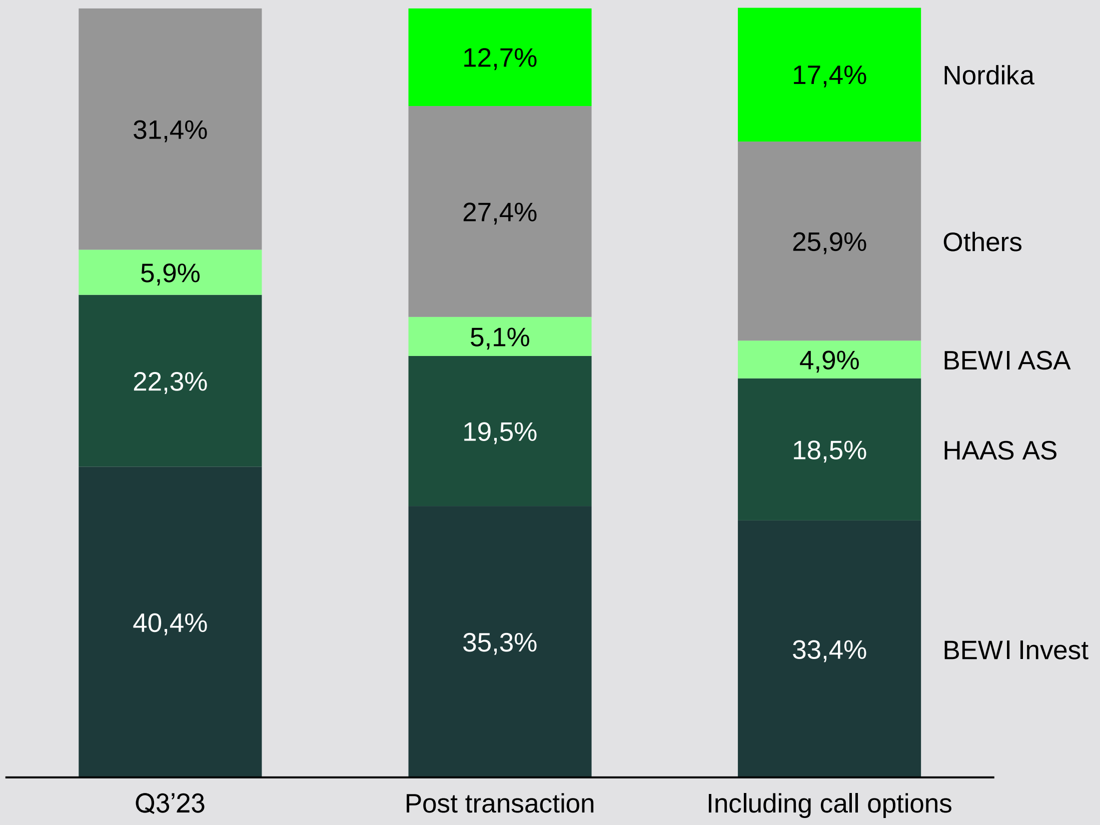
Full alignment with new strategic institutional owner

- Nordika is a leading Nordic real estate investment firm
- Focusing on value-adding investments supported by yielding income assets
- Investment mandate includes a broad range of real assets across the Nordic region
- Long-term approach focused on supporting companies' growth trajectories
- Recently raised SEK 2.35 billion in new equity from a group of global institutional investors. Total of approx. SEK 6 billion assets under management
- 5-star sustainability rating from GRESB
- To be allocated 50,000 new shares at a subscription price of NOK 5.50, equalling 12.7% of the post-transaction share capital
- Call option to subscribe for an additional new shares for a total amount of NOK 130 million at a price of NOK 5.75 per share, bringing the ownership to 17.4%[1]

Ownership composition



Note: Information from company website
1) The call option is valid for four months after the first tranche of shares have been issued and delivered to Nordika's VPS account.

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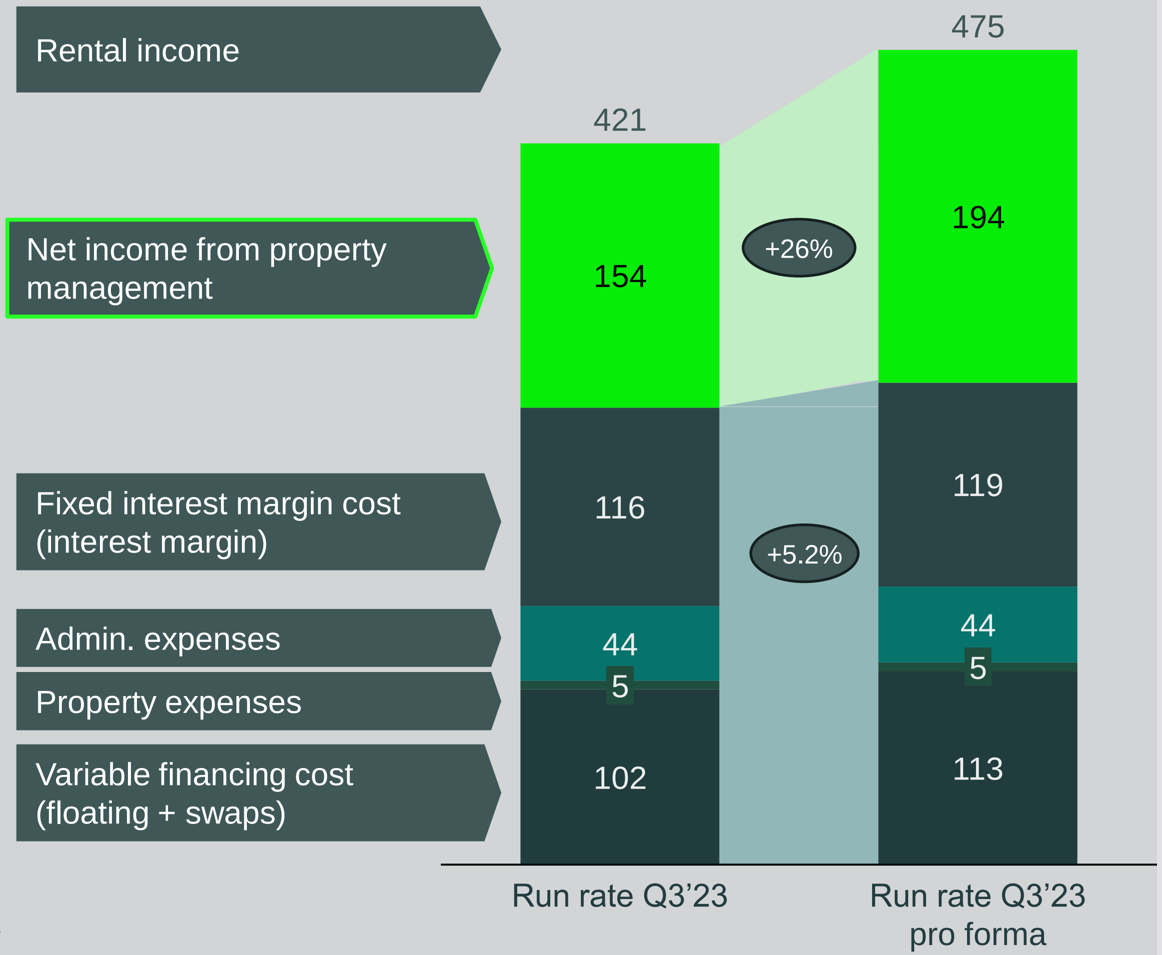
BEWI transaction shows how growth creates value

Annualised run-rate



- **Net income from property management up 26%**
- Rental income run-rate set to increase ~13%
- Total expenses up ~5.2%

- Fixed interest margin cost up ~2.5%

- Admin expenses up ~2%, property expenses unchanged

- Variable financing cost up ~10%

Financial review

Q3 2023 Financial highlights

Demonstrating strong operational leverage

- 58% rental income increase Q3'23 vs Q3'22
  - Weighted average CPI adjustment of 7.5% on 1 January 2023
- Property expenses flat quarter on quarter
- Administration expenses in line with guidance
- 64% EBITDA increase Q3'23 vs Q3'22 showcasing KMCP's strong operational leverage
- Net income from property management up 29% year-on-year despite rising financing costs

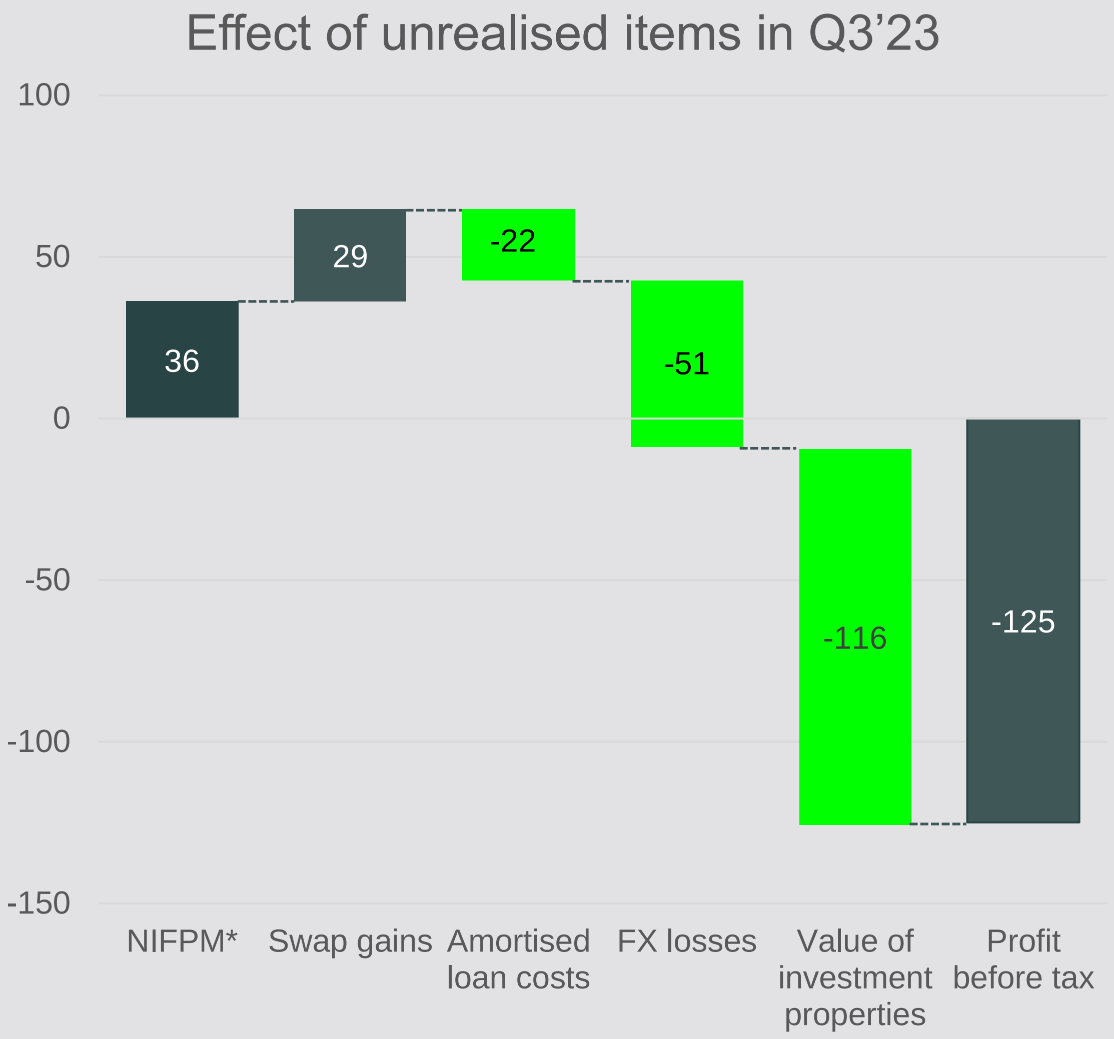
Profit and loss[1]

NOK million

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	104	66	303	193
Property expenses	-1	-1	-3	-2
Net operating income	**102**	**65**	**299**	**191**
Administration expenses	-11	-9	-33	-28
Transaction expenses	0	-1	-3	-4
EBITDA[2]	**91**	**56**	**264**	**159**
Net realised financials	-55	-28	-150	-80
Net income from property management	**36**	**28**	**114**	**79**
Net unrealised financials	-73	21	-12	50
Change in value of financial instruments	29	15	-18	109
Changes in value of investment properties[3]	-116	17	-162	23
Profit before tax	**-125**	**81**	**-78**	**261**
Profit from continued operations	**-114**	**77**	**-84**	**214**
ICR	**1.7x**	**2.1x**	**1.7x**	**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 September 2023 has been performed by the independent expert valuer, Cushman & Wakefield.

Significant non-cash items impacting profits in the quarter



- Gains from interest and currency swaps NOK 29 million in the quarter
- Amortised debt issue costs and bond discount negative with NOK 22 million
- Unrealised foreign exchange losses NOK 51 million
- Property value adjustments negative NOK 116 million
  - 1.9% value reduction in the third quarter
  - 2.6% value reduction YTD
- Profit before tax negative NOK 125 million

*) Net income from property management

Financial and operational visibility improving

Annualised run-rate[1]

NOK million, 12 months forward

	Q3'23 PF	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22
Rental income	475	421	424	412	371	284
Property expenses	-5	-5	-5	-5	-5	-4
Net operating income	**470**	**416**	**419**	**407**	**366**	**280**
Administration expenses[2]	-44	-44	-44	-44	-41	-34
EBITDA	**426**	**372**	**375**	**364**	**325**	**246**
Net realised financials[3]	-232	-218	-210	-205	-181	-137
Net income from property management	**194**	**154**	**165**	**159**	**144**	**109**

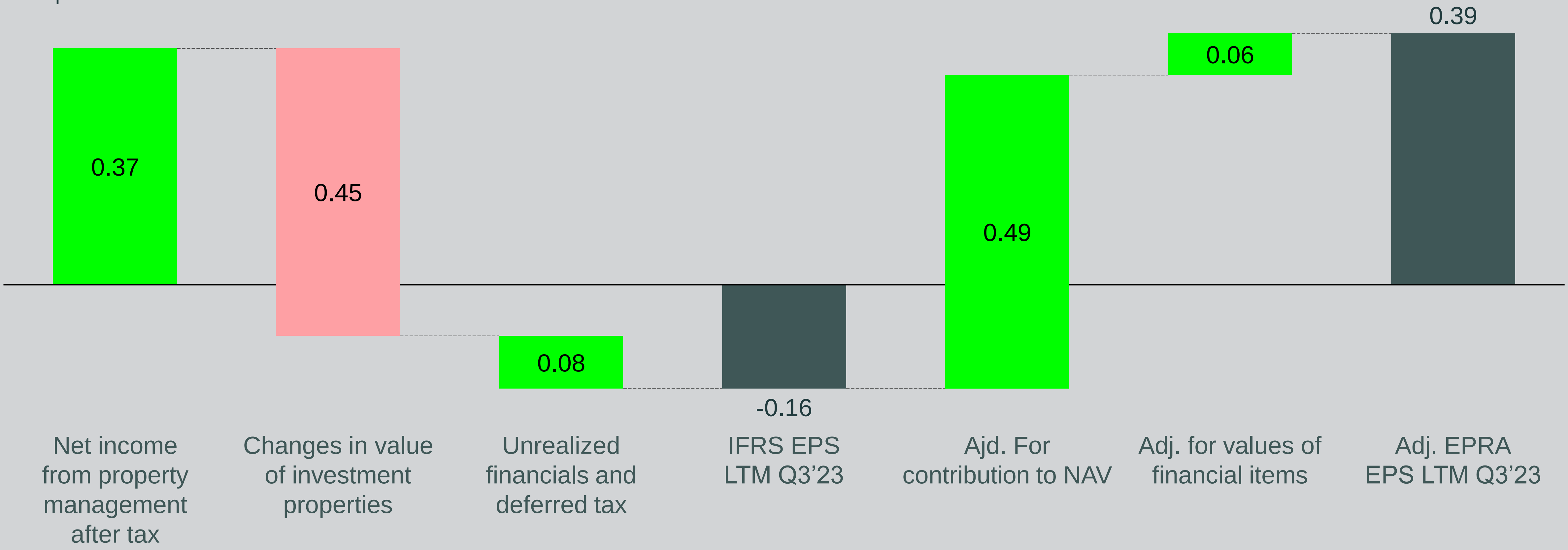
1) Based on completed agreements at period end.
2) Does not include transaction costs and variable remuneration to employees
3) Based on interest rates and swap agreements after closed refinancing in July. Does not include amortisation of capitalised borrowing cost.

- Minor reduction in rental income run rate from Q2'23 due sales and currency translations
- 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 to 3.32% post refinancing in July 2023 and further down to 3.15% post BEWI transaction

Earnings driven income from property management

Earnings per share (EPS) last twelve months

NOK per share



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Additional financial headroom

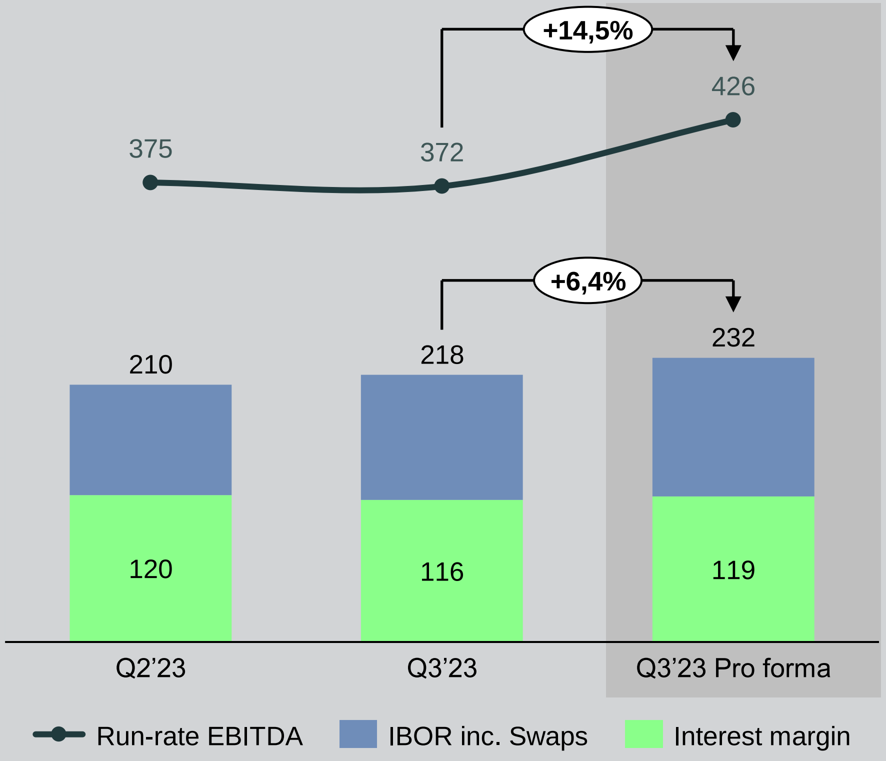
Further improved debt terms

	NOK million			Current terms		
	30 June 2023	**30 Sept 2023**	30 Sept 2023 Proforma	30 June 2023	**30 Sept 2023**	30 Sept 2023 Proforma
Bond loan	1 850	**900**	900	8.63 %	**9.73 %**	9.73%
Bank loan	1 324	**2 386**	2692	6.80 %	**7.15 %**	6.92%
Construction loan	82	**119**	119	7.13 %	**7.48 %**	7.48%
Revolving Credit Facility	200	**0**	0	6.32 %	**-**	-
Shareholder loan	0	**100**	100	-	**8.98 %**	8.98%
Total	3 456	**3 505**	3 796	7.78 %	**7.87 %**	7.66%
Swap agreements				-1.33 %	**-1.64 %**	-1.51%
Total including swap agreements				6.45 %	**6.24 %**	6.15%

Note: See floating interest rates in the interim reports for Q2 and Q3 2023

EBITDA to interest expense gap increased

Annualized run-rate 12 months forward, NOK million



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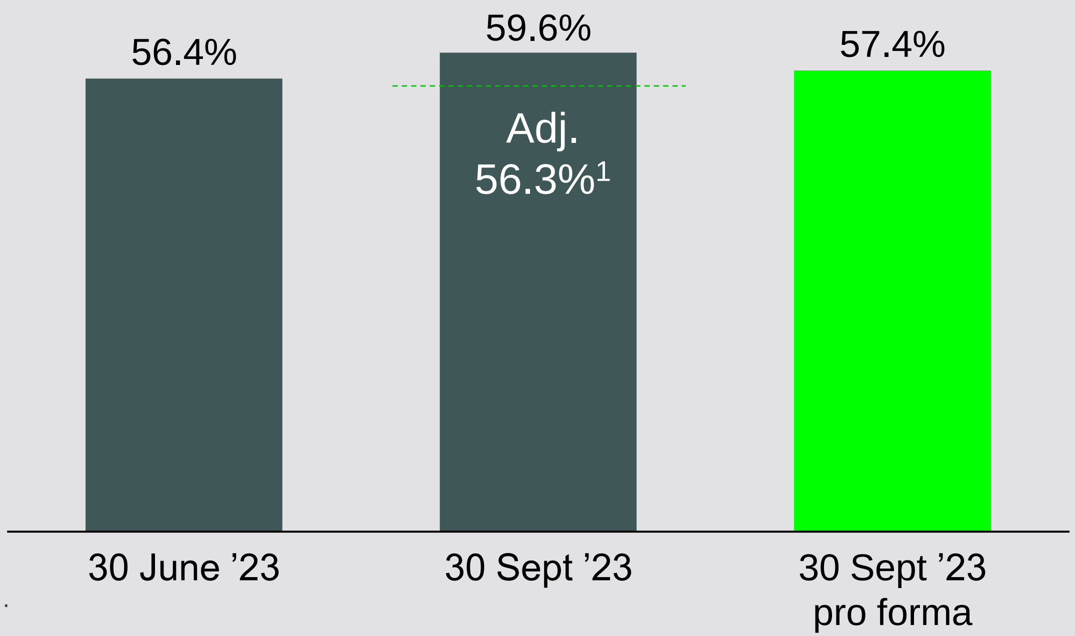
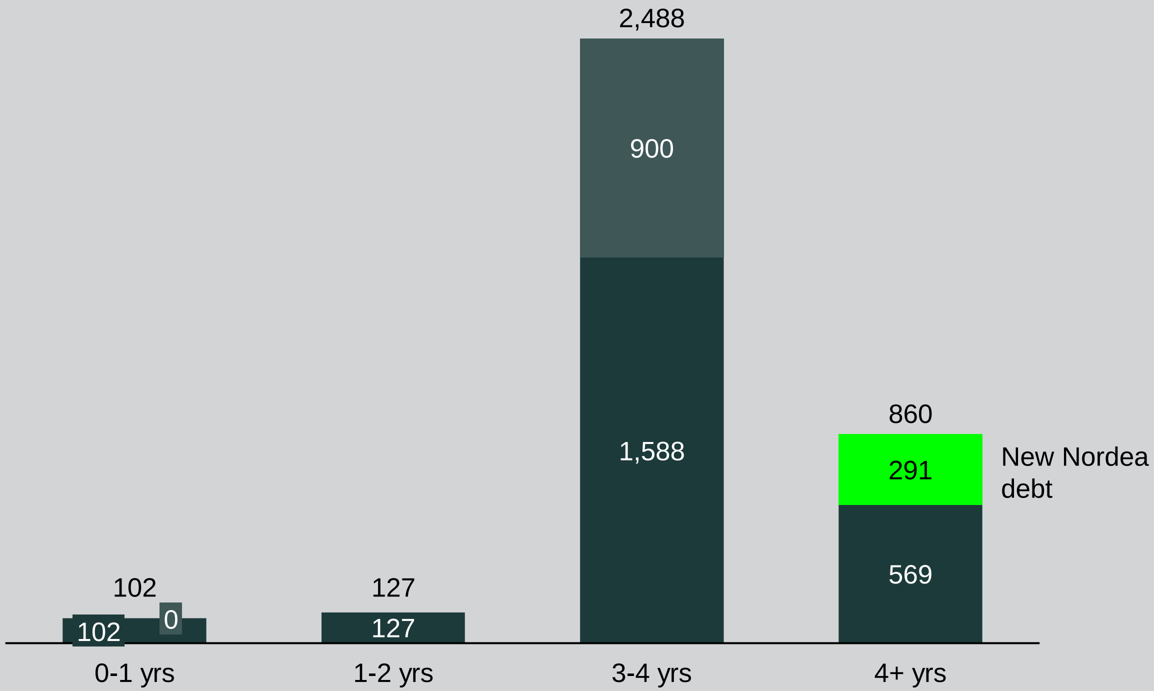
Maintaining a conservative leverage ratio

LTV per quarter end and post BEWI transaction



Debt maturity profile (NOKm)

30 September 2023 Proforma



1) Adjusted for market value (mtm) of derivates

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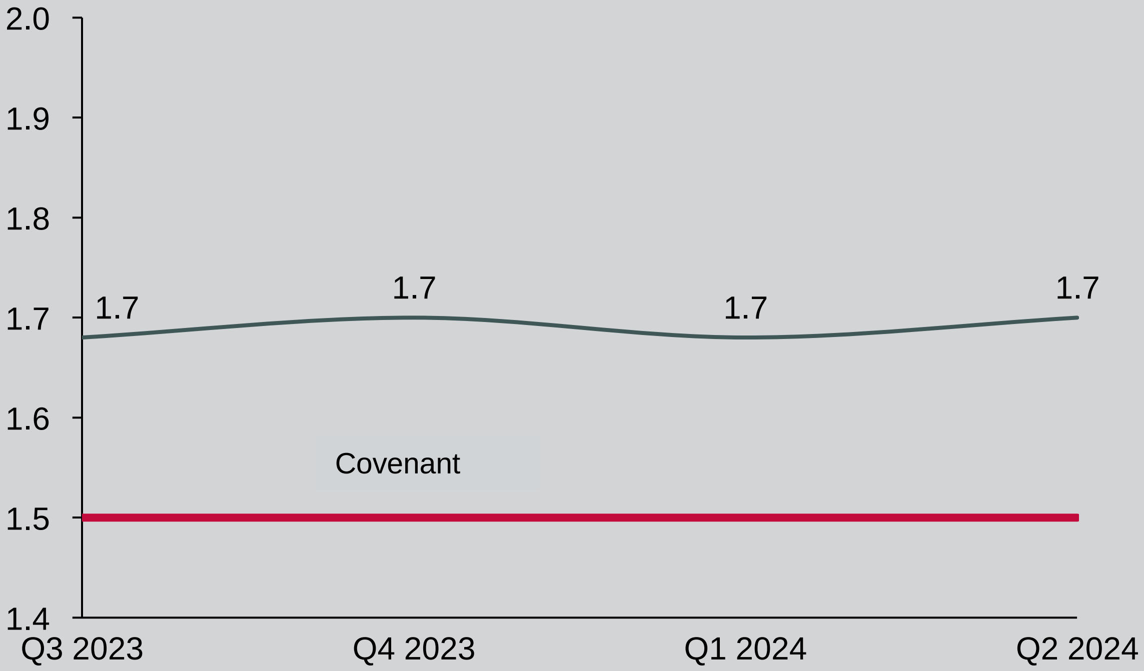
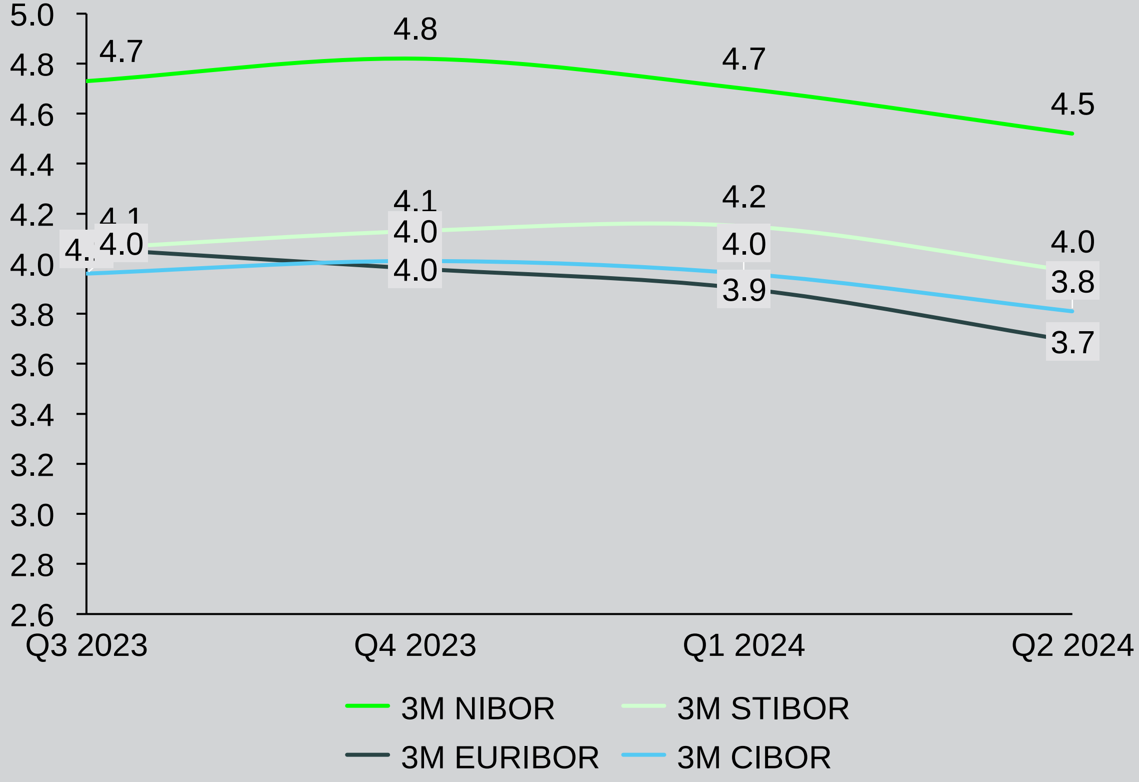
Comfortable headroom to ICR covenants

ICR forecast

Rolling 12m ICR[1]



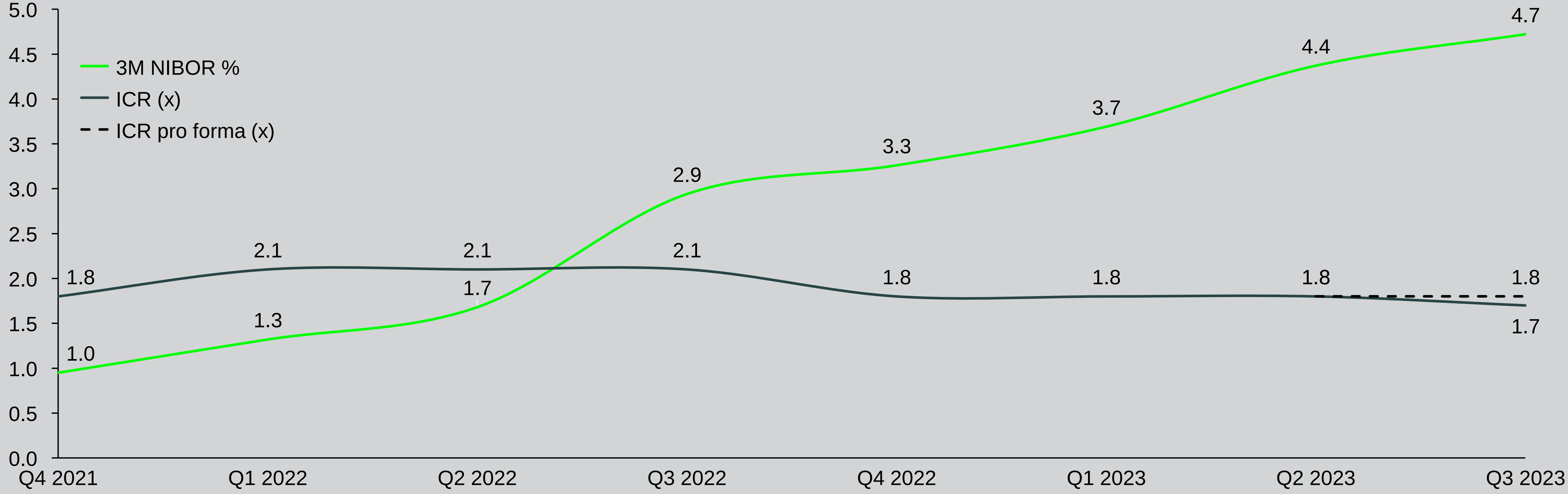
3M IBOR %[2]



1) Before announced BEWI transaction
2) Per 11 October 2023

Steady ICR development

ICR development



KMC PROPERTIES

Outlook

Set for further value accretive growth

Focus on four key areas

Acquisitions

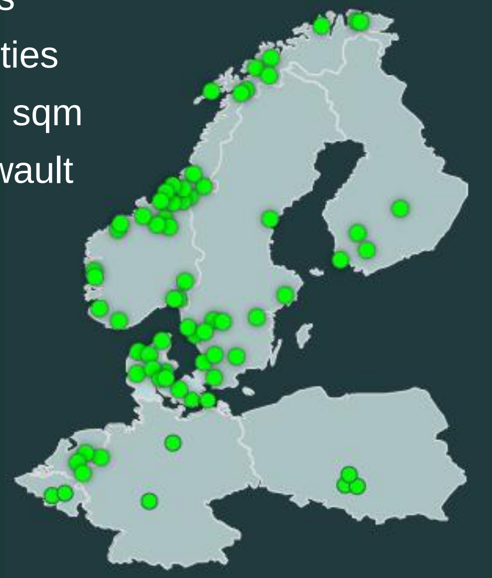
CAPEX

Capital optimization

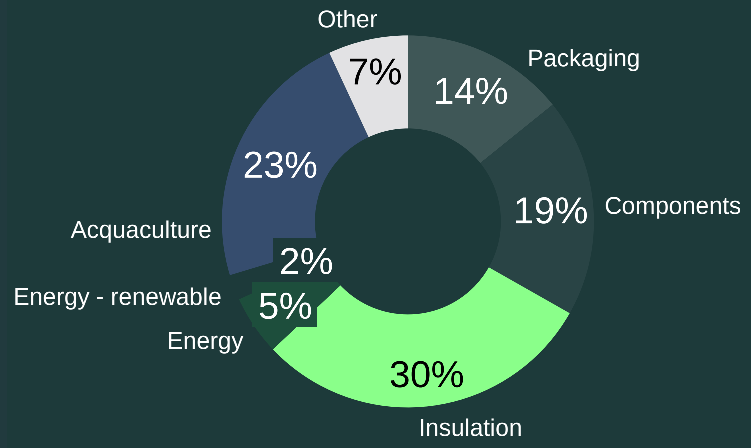
Greenfield

7.2% Net yield on NOK 6.5 billion assets post transaction

17 tenants
70 properties
680,000 sqm
11.7 yrs wault



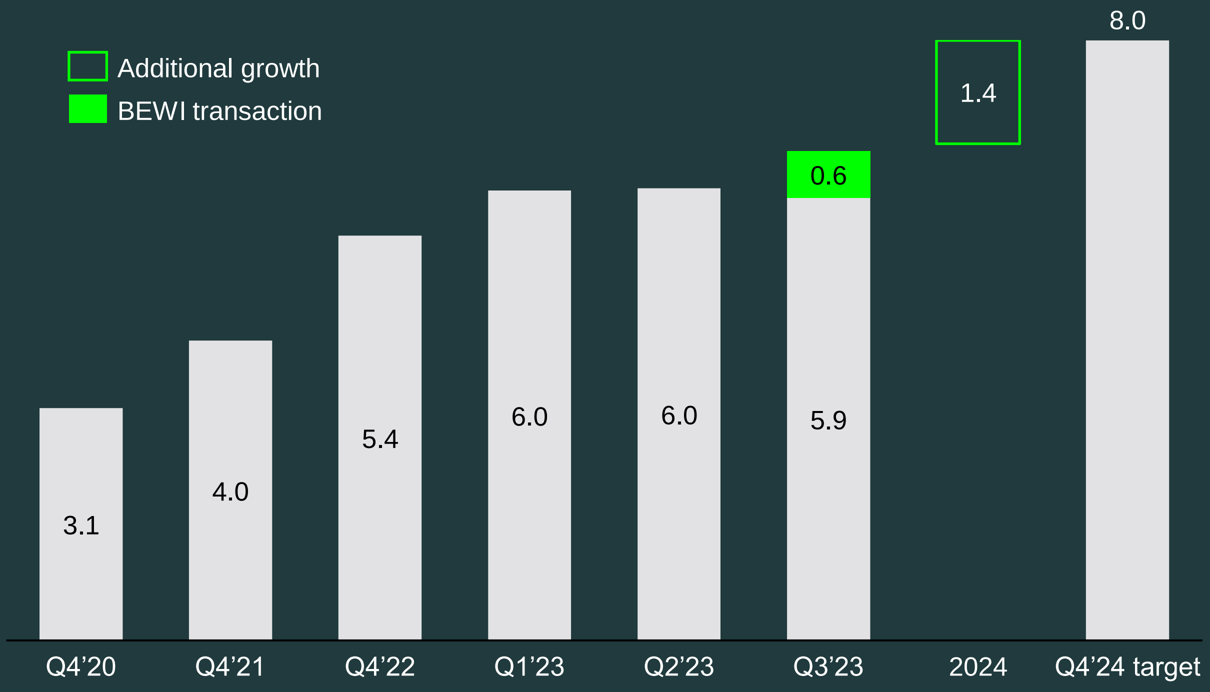
~Industry exposure (share of NOI)



Attractive acquisition market ahead

Year end 2024 gross asset value target

NOK billion



Building on a strong position:

- Annualised rental income NOK 481 million with WAULT of 11.7 years after BEWI transaction
- Targeting further acquisitions in an attractive market
- Further asset growth adds significant value to platform

Continuing towards 2024 goal of a GAV of NOK 8 billion

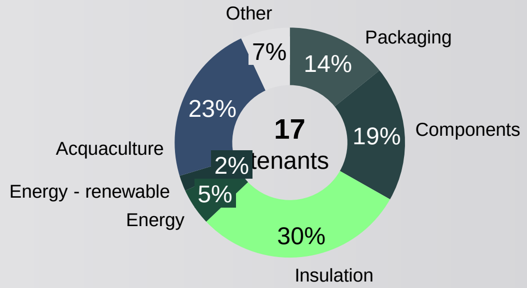
Q&A

Appendix

Robust platform for continued value accretive growth

7.0% net yield on NOK 5.9 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 10,500/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

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 due to triple net bare house contracts
- Estimated 5.0% CPI-adjustment on 1 January 2024 on 99.5% of annual contractual rent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