



Interim report

2023

Fourth quarter





A strong platform for long-term growth

The year 2023 marked a transformation for KMC Properties despite being one of the toughest years within commercial real estate in a long time. We strengthened our platform through substantial debt refinancing and the enlargement of our property portfolio, supported by a wider range of committed banks and investors. Despite challenges posed by escalating inflation and interest rates, we successfully reduced our overall interest margins and executed strategic accretive acquisitions that added significant value to our company.

Through changing macroeconomic conditions, our tenants demonstrated remarkable resilience. We closed the year with a mere 1.8 per cent vacancy rate, while simultaneously achieving a 50 per cent increase in rental income compared to 2022. Notably, 7.5 per cent of this growth was related to CPI adjustments, with most of the increase related to the expansion of our property portfolio.

By year-end, our gross asset value was at NOK 6 153 million, representing a 15 per cent rise from the close of 2022. Transactions added NOK 672 million, developments and upgrades NOK 205 million, and currency effects NOK 129 million. Fair value adjustments of properties experienced a negative impact of NOK 117 million, representing a modest adjustment of 2.2 per cent, showcasing the strength of our portfolio of logistic and light industrial properties.

The current portfolio has a net yield of 7.3 per cent, while the all-in interest rate following the significant refinancing and portfolio expansion in 2023 is at 6.3 per cent. This leaves us with a one-percentage-point margin generating value for our shareholders – a favourable "yield gap."

Looking ahead to the first half of 2024, we anticipate further widening of this yield gap. Our commitment to acquiring five additional value-accretive properties is already in motion, with financing secured through low-interest bank debt. Upon completion, we estimate a net yield of 7.4 per cent and the all-in interest rate at 6.2 per cent.

Since our inception in 2020, KMC Properties has had a clear strategy and vision of becoming the preferred real estate partner for logistics and industrial companies, proven resilient in changing macroeconomic conditions. We continue to work in close collaboration with our strong tenants, while actively exploring new attractive opportunities with a value creation potential for our shareholders.

Trondheim, 21 February 2024

Liv Malvik

Chief executive officer, KMC Properties ASA

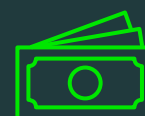
Highlights

Fourth quarter of 2023

- Rental income of NOK 106.6 million (NOK 79.6 million)
- Operational costs of NOK 20.4 million (NOK 20.3 million)
- Net income from property management of NOK 35.1 million (NOK 17.0 million)
- Net profit of NOK 6.2 million (NOK 30.5 million)
- Net debt/run-rate EBITDA at 8.3x
- NAV/share 7.6 (NAV = IFRS equity + deferred tax)
- Completed acquisition of two properties from BEWI ASA for NOK 208.9 million
- New equity of NOK 275 million provided by Nordika in connection with the transaction with BEWI ASA
- Sale of property with low WAULT in Sweden at book value
- Entered interest rate swap agreements fixing interest rate at attractive levels for SEK 175 million and NOK 135 million
- Successful listing of bonds of NOK 900 million at Euronext Oslo Børs

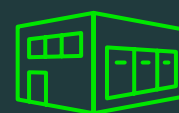
Full year 2023

- Rental income of NOK 409.4 million (NOK 272.7 million)
- Operational cost of NOK 55.5 million (NOK 52.1 million)
- Net income from property management of NOK 149.1 million (NOK 95.7 million)
- Net profit of negative NOK 78.0 million (positive NOK 163.2 million)
- Secured refinancing of NOK 2 080 million, reducing overall interest rate from 6.45 per cent to 6.02 per cent with banks making up more than half of the lenders
- Announced acquisition of seven properties from BEWI ASA for NOK 625 million at a gross yield of 8.75 per cent
- Secured financing of the transaction with BEWI ASA through NOK 290 million new bank debt, reducing overall interest margin to 3.15 per cent, and NOK 275 million new equity from the new strategic Nordic investor, Nordika.
- Development and upgrade project investments of NOK 205.3 million, of which NOK 167.9 million with a yield-on-cost of 7.7 per cent and NOK 37.4 million renovations on acquisitions
- Completed acquisitions of NOK 672.4 million with a weighted average gross yield of 8.0 per cent and a WAULT of 15.4 years
- Sold properties for NOK 72.1 million with an average gross yield of 6.4 per cent and a WAULT of 4.1 years and one vacant property for NOK 29.3 million



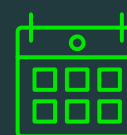
Net yield

~ 7.3%



Portfolio value

~ 6.2 bn



Wault (years)

~ 11.4

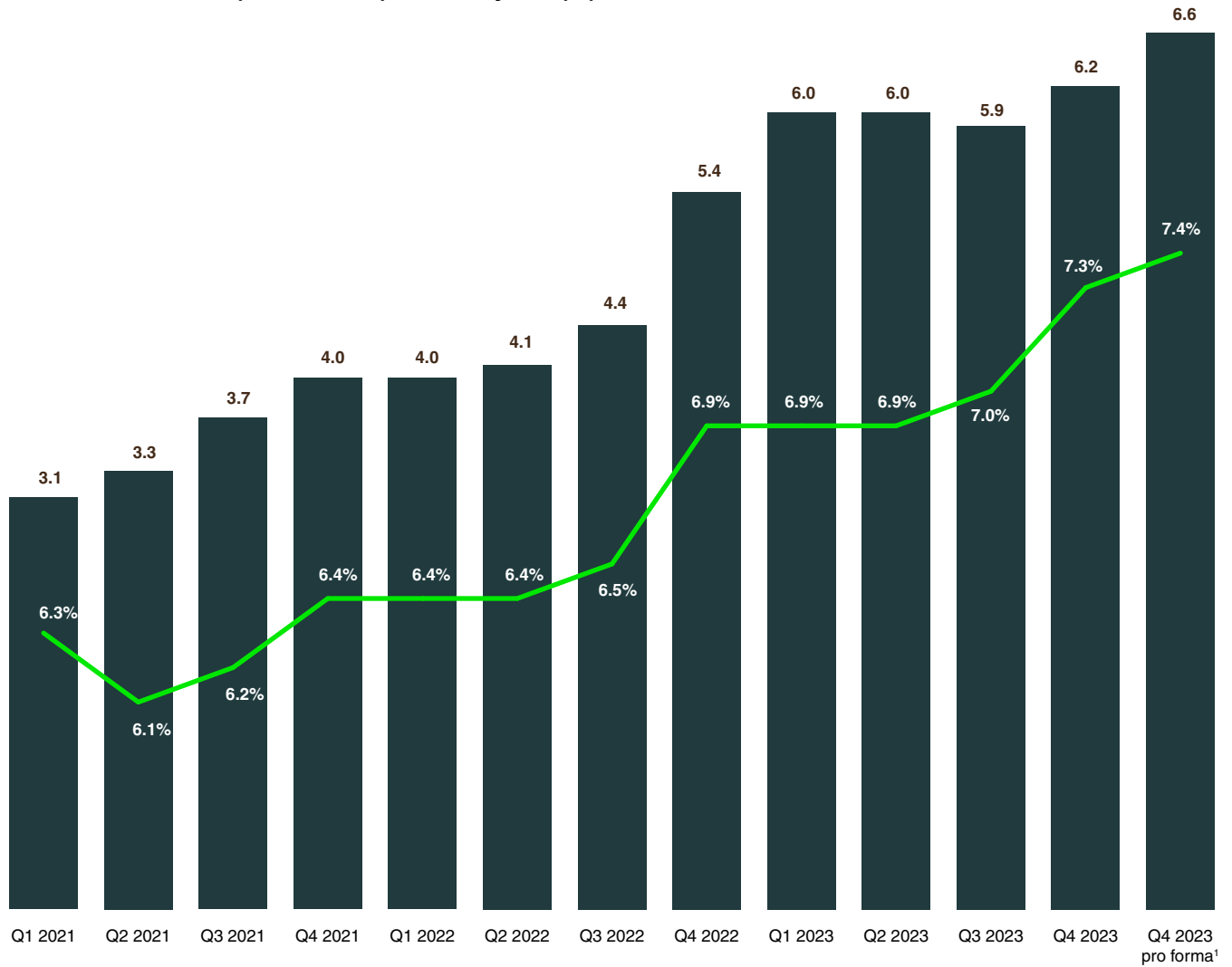


EPRA LTV

~ 55.6%

Portfolio development

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



1) NOK 431 million acquisition agreements to be completed in first half 2024, included in pro-forma figure.

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 Q4 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>	2023	2022	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Rental income	409.4	272.7	106.6	103.6	103.6	95.6	79.6
Change period-on-period	50%	33%	3%	(0%)	8%	20%	21%
Net operating income	404.4	270.2	105.0	102.3	102.6	94.4	79.0
Change period-on-period	50%	33%	3%	(0%)	9%	20%	22%
Net realised financials	(199.7)	(122.4)	(49.5)	(55.1)	(51.2)	(44.0)	(41.9)
Change period-on-period	63%	49%	(10%)	8%	16%	5%	45%
Net income from property management	149.1	95.7	35.1	36.2	41.7	36.1	16.8
Change period-on-period	56%	70%	(3%)	(13%)	15%	115%	(39%)
Profit before tax	(51.6)	282.2	26.7	(125.0)	6.1	40.6	33.8
Change period-on-period	(118%)	(26%)	(121%)	(2 164%)	(85%)	20%	(13%)
Profit after tax	(78.0)	163.2	6.2	(113.9)	6.4	23.2	(90.3)
Change period-on-period	(148%)	(46%)	(105%)	(1 873%)	(72%)	(126%)	231%
Market value of the property portfolio ¹⁾	6 153	5 366	6 153	5 900	6 032	5 993	5 366
Net debt	3 421	3 016	3 421	3 516	3 402	3 357	3 016
EPRA LTV ²⁾	55.6%	56.2%	55.6%	59.6%	56.4%	56.0%	56.2%
Interest coverage ratio	1.7x	1.8x	1.7x	1.7x	1.8x	1.8x	1.8x
EPRA Net Initial Yield	7.3%	6.9%	7.3%	7.0%	6.9%	6.9%	6.9%
EPRA Vacancy rate	1.8%	0.0%	1.8%	1.8%	1.9%	1.9%	0.0%
WAULT	11.4	9.8	11.4	11.1	11.1	11.1	11.0
Number of properties ³⁾	66	49	66	64	65	65	61
GLA ('000s sqm)	600	422	600	562	572	574	526
Number of shares (million)	394	324	394	344	344	344	324
<i>All amounts in NOK per share</i>	2023	2022	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
EPRA Earnings per Share	0.25	0.22	(0.01)	(0.06)	0.10	0.24	0.09
Change period-on-period	16%	1 128%	(76%)	(161%)	(59%)	164%	16%
EPRA NRV ²⁾	7.3	7.5	7.3	7.3	7.8	7.9	7.6
Change period-on-period	(3%)	7%	(0%)	(7%)	(0%)	4%	3%
Share price end of period ⁴⁾	6.4	6.8	6.4	5.4	5.7	6.0	6.8
Change period-on-period	(6%)	(36%)	17%	(5%)	(4%)	(12%)	(4%)
Share price ³⁾ / EPRA NRV ²⁾	0.9	0.9	0.9	0.7	0.7	0.8	0.9
Change period-on-period	(3%)	(41%)	18%	2%	(4%)	(15%)	(7%)

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 2022 [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 minimized cost of capital within prudent longterm financial structures.



Greenfield development of new facilities with current or new tenants.

Fourth quarter 2023 review

Annual run rate ¹⁾

Amounts in NOK million	Q4 2023	Q2 2023	Change
Rental income	459.8	420.6	9%
Property related expenses	(5.0)	(5.0)	0%
Net operating income	454.8	415.6	9%
Administration expenses ²⁾	(46.0)	(43.5)	6%
EBITDA	408.8	372.1	10%
Net realised financials ³⁾	(224.6)	(217.9)	3%
Net income from property management	184.2	154.2	19%
Net income from property management per share	0.47	0.45	4%
Net debt/Run rate EBITDA	8.3	9.4	(11%)

1) Based on completed agreements at period end.

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

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

Earnings per share

IFRS earnings per share

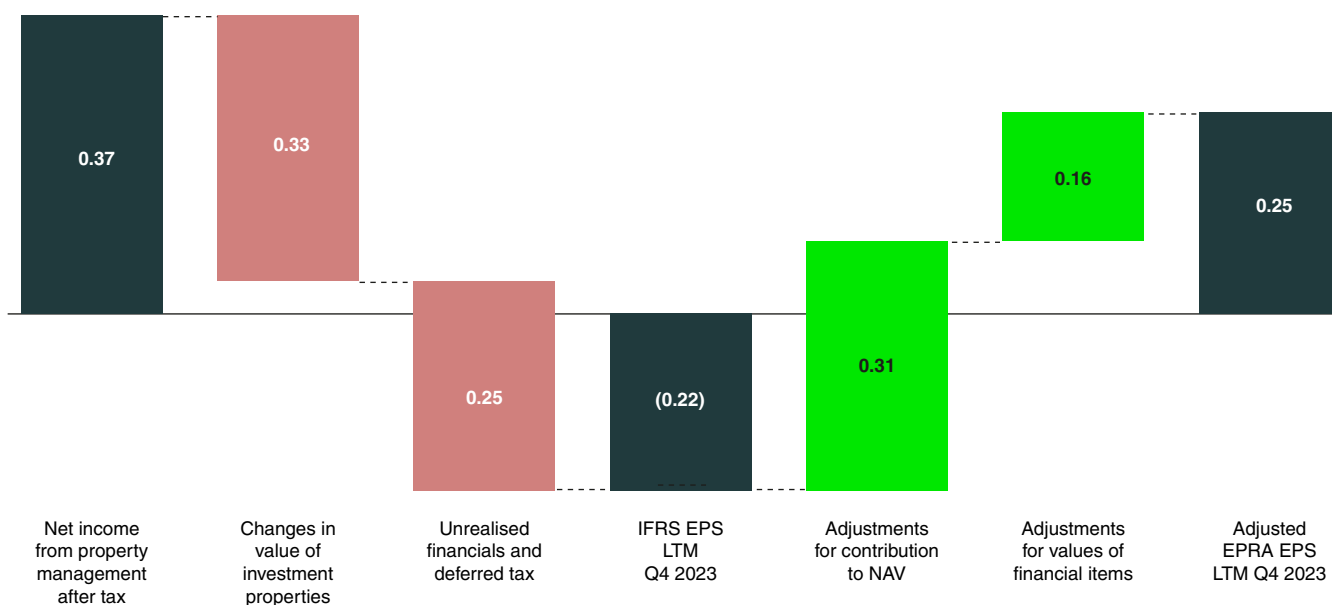
Earnings per share or EPS is a financial measure, which indicates KMC Properties' profitability. EPS is calculated as profit divided by the outstanding shares of common stock. The IFRS earnings for 2023 was negative NOK 77.9 million excluding discontinued operations. The weighted average number of shares in the period 31 December 2022 to 31 December 2023 was 352 million resulting in a negative NOK 0.22 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 2023 the EPRA earnings was NOK 89.5 million and a negative NOK 5.0 million for the fourth quarter. The weighted number of shares in the respective periods was 352 million and 394 million, resulting in EPRA EPS for 2023 of NOK 0.25 and negative NOK 0.01 for the fourth quarter.

Earnings per share (EPS) last twelve months

NOK per share



Transactions

In 2023 agreements to acquire twelve properties were announced. A total of seven properties was acquired during the year, of which two in the fourth quarter. The acquisition of the remaining five properties is expected to be closed in the first half of 2024. In addition, one property sale was conducted optimising the property portfolio.

Transaction with BEWI ASA

In September KMC Properties announced the acquisition of seven properties in Belgium, Germany, and Poland for a total transaction value of NOK 625 million. The acquisition represents the last part of the agreement between KMC Properties and BEWI ASA to acquire an industrial real estate portfolio of up to NOK 2 billion.

The seven last properties have an annualised rental income of NOK 54 million, of which is 50 per cent CPI-adjusted from 1 January 2024. Going forward all contracts in the transaction have 100% CPI-adjustments. The WAULT of the rental contracts is 17 years.

Two of the seven properties were acquired during the fourth quarter for a total of NOK 209 million. The acquisition of the remaining five properties is expected to be completed in stages during the first and second quarter of 2024.

Sale of low-WAULT Swedish property

KMC Properties sold one property in Täby, Sweden during the fourth quarter for NOK 64.7 million in line with the book value of the property. The valuation yield was 6.14 per cent and the WAULT of the contract was 4.1 years, having a positive impact on KMC Properties overall yield and WAULT.

Greenfield projects

In the fourth quarter, KMC Properties finished construction of a storage building in connection with the newly built packaging hub at Hitra in Norway. The annualised lease for 2024 is NOK 3.0 million representing a yield-on-cost of 7.5 per cent and the lease contract has a WAULT of 10 years.

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 annualized 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 first half of 2024.

Capital optimisation

In the first half of 2023 KMC Properties successfully refinanced a substantial part of its debt at attractive terms. The company further improved its interest margins and widened its access to capital through financing of a large property transaction with BEWI ASA.

Successful bond and RCF refinancing

In July 2023, KMC Properties completed a refinancing of its NOK 1 850 million senior secured bond loan and its NOK 200 million fully drawn revolving credit facility (RCF). The refinancing lowered the overall interest rate from 6.45 per cent to 6.02 per cent.

Financing of transaction with BEWI ASA

In the first half 2024, upon completion of the full NOK 625 million acquisition of seven properties from BEWI ASA, KMC Properties will draw an additional NOK 290 million in bank debt from Nordea Denmark. This will lower the overall interest margin to 3.15 per cent, down from 3.32 per cent after the refinancing in July.

The new bank debt will be secured against parts of KMC Properties' Danish portfolio, which currently are pledged in its senior secured bond. The Danish properties will be sold from the bond portfolio and replaced by properties acquired in the BEWI transaction. The equity side of the transaction was financed by a private placement of NOK 275 million towards Nordika, a new strategic Nordic investor, which was completed in the fourth quarter 2023.

Upon completion of the transaction, KMC Properties will have total gross interest-bearing debt of approximately NOK 3.8 billion, consisting of NOK 2.9 billion of bank debt and NOK 900 million in senior secured callable bonds. The bonds were listed on Euronext Oslo Børs 7 December 2023.

Subsequent events

In January 2024, Nordika exercised a call option to subscribe for NOK 130 million of additional new shares in KMC Properties, bringing the ownership in KMC Properties to 17.4 per cent. A total of 22 608 696 new shares was issued to Flugfiskaren AB, a wholly owned subsidiary of Nordika, at a subscription price of NOK 5.75 per share.

About Nordika:

Nordika is a large Nordic real estate investor with SEK 6 000 million assets under management.

The fund is specializing in long-term impact investments and focus on value-adding investments supported by income-yielding assets.

www.nordika.se

Financial review

Financial results

Comprehensive income

Rental income for the fourth quarter of 2023 was NOK 106.6 million, slightly up from the previous period. For the full year the rental income has increased from NOK 272.7 million to NOK 409.4 million.

Rental income

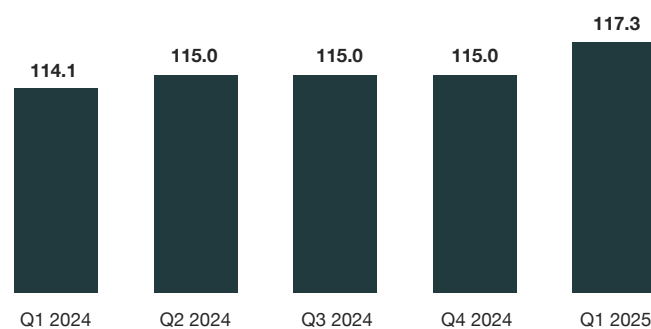
<i>Amounts in NOK million</i>	Q4 2023
Rental income previous period	103.6
Acquisitions	0.6
Development and upgrades	2.0
Sale	(1.0)
Agio/disagio	1.5
Other	(0.1)
Rental income current period	106.6

Most of the group's lease agreements are triple-net bare-house agreements, keeping property costs low.

Net operating income amounted to NOK 105.0 million for the fourth quarter and NOK 404.4 for 2023, compared to NOK 79.0 million and NOK 270.2 million respectively for the comparable periods of 2022.

The graph below shows contractual rental income development based on final agreements as of period end in NOK million. CPI-adjustment of NOK 4.2 million from the first quarter 2024 and adjustments of NOK 0.9 million from CAPEX-projects are included from the second quarter 2024 in the projection. In the first quarter 2025, an CPI adjustment of 2% is included.

NOK million



Administration expenses remains relatively stable at NOK 20.4 million for the fourth quarter and NOK 55.5 million for the full year compared to NOK 20.3 million and NOK 52.1 million for the same periods of 2022. The administrative costs for Q4 2023 include NOK 5.8 million in bonuses to employees.

<i>Amounts in NOK million</i>	Q4 2023	Q4 2022	2023	2022
Administrative costs	18.8	17.1	51.3	45.3
Transaction costs	1.6	3.2	4.2	6.8
Administration expenses	20.4	20.3	55.5	52.1

Net realised financials increased to negative NOK 49.5 million for the fourth quarter and NOK 199.7 for the full year, compared to negative NOK 41.9 million and negative NOK 122.4 million for the comparable periods in 2022.

The increase relates to higher interest-bearing debt and higher interest rates. When the NOK 1 850 million bond loan was refinanced in July, there was a time of double interest cost on the loan amount, which amounted to NOK 5.5 million.

Interest expenses related to construction loans amounted to NOK 4.9 million for the year, however these expenses are considered as part of the construction cost and not reflected in the net realised financials.

<i>Amounts in NOK million</i>	Q4 2023	Q4 2022	2023	2022
Interest income	5.5	2.2	6.7	3.1
Interest expenses	(55.0)	(44.1)	(206.4)	(125.5)
Net realised financials	(49.5)	(41.9)	(199.7)	(122.4)

Net income from property management was NOK 35.1 million for the quarter, up from NOK 17.0 million for the corresponding period last year, and NOK 149.1 million for the year, up from NOK 95.7 million in 2022.

Net unrealised financials came in at negative NOK 6.0 million for the quarter, compared to NOK 15.0 million for the corresponding period last year, and negative NOK 18.2 million for the year, compared to NOK 34.7 million positive 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.

<i>Amounts in NOK million</i>	Q4 2023	Q4 2022	2023	2022
Net currency exchange differences	0.7	(12.1)	16.0	44.1
Amortized borrowing costs loan	(5.3)	(1.5)	(29.2)	(6.0)
Amortized bond discount	(1.0)	-	(2.0)	-
Interest expense (IFRS 16 lease)	(0.3)	(0.2)	(1.4)	(0.7)
Other financial expenses	(0.2)	(1.2)	(1.7)	(2.7)
Net unrealised financials	(6.0)	(15.0)	(18.2)	34.7

Tax expense was NOK 20.5 million this quarter, compared to an income of NOK 8.5 million for the fourth quarter of 2022. For the year, the tax expense amounted to NOK 26.4 million. Of this, NOK 20.1 million is tax payable. For 2022, the tax expense was NOK 38.3 million.

Net profit after tax was NOK 6.2 million for the quarter and NOK 77.9 million in loss for 2023. In comparison, the net loss was NOK 30.5 million in the fourth quarter last year, while

2022 as a whole showed a net profit of NOK 163.2 million. The reduced profit after tax for 2023 is primarily due to changes in the value of investment properties and higher financial expenses, including unrealised expenses.

Comprehensive income was NOK 48.5 million for the fourth quarter and a negative NOK 1.4 million for the year. This compares to a comprehensive income of NOK 58.7 million and a profit of NOK 216.8 million for the comparable periods of 2022.

Financial position

At the end of the fourth quarter, the property portfolio was valued at NOK 6 153 million, an increase of 4.3 per cent compared to the end of the third quarter. The entire portfolio has been valued by external valuers in the fourth quarter.

<i>Amounts in NOK million</i>	Q4 2023	2023
Opening balance	5 899.9	5 365.6
Acquisitions	228.1	672.4
Development and upgrades	39.1	205.3
Sale	(64.7)	(101.4)
Change in value	44.6	(117.4)
Currency translation effect	23.8	128.5
Other changes	(17.8)	0.0
Value at period end	6 153.0	6 153.0

Other assets of NOK 488.1 million consist mainly of interest and currency swaps valued at NOK 149.2 million and NOK 275.0 million cash balance.

Non-current liabilities were NOK 3 341.8 million, composed of NOK 3 164.0 million interest bearing debt, tax liabilities of NOK 135.9 million and other non-current liabilities.

Current liabilities were NOK 500.8 million, composed of NOK 363.3 million current interest-bearing debt. In addition, trade payables, tax liabilities and other current liabilities make up the total current liabilities.

Equity was NOK 2 798.5 million, representing an equity ratio of 42 per cent. EPRA NRV per share was NOK 7.3

Cash flow

Operational activities generated a cash flow of NOK 69.8 million in the fourth quarter of 2023, compared to NOK 93.9 million for the same quarter last year. For 2023, operating cash flow was NOK 357.0 million, compared to NOK 279.3 million in 2022.

Cash flow from investment activities in the fourth quarter of 2023 generated an outflow of NOK 174.2 million, compared to NOK 872.3 million outflow for the same quarter last year. For

2023 cash flow from investment activities was an outflow of NOK 765.7 million, compared to an outflow of NOK 1 365.5 million in 2022. The decrease is due to less acquisitions in 2023.

Financing activities generated cash inflow of NOK 269.4 million in the fourth quarter of 2023 mainly due to the NOK 275 million from the issue of shares. In 2022, the company had a cash inflow of NOK 854.5 million for the comparable quarter.

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. At the same time, KMC Properties has executed on attractive opportunities in the changing market conditions and managed to grow profitably and widened its access to growth capital.

The real estate market under current conditions 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.

With the refinancing and the announced transactions in 2023, KMC Properties has had a transformative year and continues to develop a strong platform for growth. The Company is committed to reach a NOK 8 billion portfolio by the end of 2024.

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>	Q4 2023 Unaudited	Q4 2022 Unaudited	2023 Unaudited	2022 Audited
Rental income	2	106.6	79.6	409.4	272.7
Property expenses	2	(1.6)	(0.4)	(5.0)	(2.5)
Net operating income		105.0	79.2	404.4	270.2
Administration expenses		(20.4)	(20.3)	(55.5)	(52.1)
Net realised financials		(49.5)	(41.9)	(199.7)	(122.4)
Net income from property management		35.1	17.0	149.1	95.7
Net unrealised financials		(6.0)	(15.0)	(18.2)	34.7
Changes in value of financial instruments	6	(46.9)	1.2	(65.1)	110.6
Changes in value of investment properties	3	44.6	18.5	(117.4)	41.3
Profit before tax		26.7	21.7	(51.6)	282.2
Current tax		(4.5)	0.5	(20.1)	(8.9)
Deferred tax		(16.0)	8.0	(6.2)	(29.3)
Profit from continued operations		6.2	30.2	(77.9)	244.0
Profit from discontinued operations		(0.1)	0.3	(0.1)	(80.8)
Profit		6.2	30.5	(78.0)	163.2
Translation differences for foreign operations		42.4	28.2	76.7	53.6
Comprehensive income		48.5	58.7	(1.4)	216.8

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>	31.12.2023 Unaudited	31.12.2022 Audited
ASSETS			
Non-current assets			
Investment properties	3, 5	6 153.0	5 365.6
Site leaseholds, right-of-use assets		23.0	18.9
Financial derivatives	5, 6	149.2	180.0
Other non-current assets		12.1	16.0
Total non-current assets		6 337.3	5 580.4
Current assets			
Trade receivables		4.7	7.0
Other current assets		24.0	6.8
Cash and cash equivalents		275.0	186.5
Total current assets		303.8	200.3
Total assets		6 641.1	5 780.7
EQUITY AND LIABILITIES			
Equity			
Share capital		78.8	64.8
Share premium	4	1 918.8	1 511.8
Translation reserve		96.5	19.8
Retained earnings		704.4	780.6
Total equity		2 798.5	2 376.9
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		135.9	163.4
Non-current interest-bearing liabilities		3 164.0	1 217.4
Lease liabilities		23.6	19.1
Other non-current liabilities		18.4	19.8
Total non-current liabilities		3 341.8	1 419.7
Current liabilities			
Current interest-bearing liabilities	4	363.3	1 904.9
Trade payables		22.3	37.4
Current tax liabilities		12.0	0.2
Other current liabilities		103.1	41.4
Liabilities held for sale		0.2	0.2
Total current liabilities		500.8	1 984.1
Total liabilities		3 842.6	3 403.8
Total equity and liabilities		6 641.1	5 780.7

Trondheim, Norway, 21 February 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 31 December 2022	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 30 September 2023	78.8	1 918.8	96.5	704.4	2 798.5

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>	Q4 2023	Q4 2022	2023	2022
Earning before tax	26.7	21.7	(51.6)	282.2
Changes in value of investment properties	(44.6)	(18.5)	117.4	(41.3)
Financial items	102.5	55.7	283.1	(22.9)
<i>Change in working capital</i>				
- change in current assets	(14.3)	7.8	(14.9)	40.6
- change in current liabilities	5.2	24.6	46.6	24.0
Other items not included in the cash flow	-	3.6	(6.3)	3.8
Taxes paid	(5.7)	(1.0)	(17.3)	(7.1)
Net cash flow from operating activities	69.8	93.9	357.0	279.3
Purchase of investment property	(228.1)	(906.0)	(672.4)	(1 307.7)
Upgrades of investment properties	(39.1)	(54.7)	(205.3)	(139.3)
Proceeds from property transactions	82.5	99.1	101.4	99.1
Interest received	5.5	0.9	6.7	3.1
Change in other non-current assets	5.0	(11.7)	3.9	(11.7)
Net cash flow from investment activities	(174.2)	(872.3)	(765.7)	(1 356.5)
Capital increase from issue of shares	275.0	294.1	423.3	324.1
Proceeds interest-bearing liabilities	133.6	592.2	422.9	866.0
Repayment interest-bearing liabilities	(80.3)	(7.0)	(115.1)	(18.7)
Interest paid	(55.0)	(42.8)	(206.4)	(125.5)
Transaction fees paid and other financial costs	(3.9)	(1.7)	(13.7)	(2.7)
Change in other non-current liabilities	(0.0)	19.8	(1.5)	9.6
Net cash flow from financing activities	269.4	854.5	509.5	1 052.9
Effects of exchange rate changes on cash and cash equivalents	(0.1)	3.6	(12.3)	3.2
Net change in cash and cash equivalents	164.8	79.8	88.5	(21.0)
Cash and cash equivalents at beginning of period	110.3	106.8	186.5	207.5
Cash and cash equivalents at end of period	275.0	186.5	275.0	186.5

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>	Q4 2023	Q4 2022	2023	2022
Norway	58.6	47.7	226.1	171.2
Sweden	18.0	13.2	73.3	38.5
Denmark	14.4	10.5	55.0	30.8
Netherlands	9.0	7.0	35.4	27.3
Finland	6.0	1.2	19.1	4.7
Germany	0.5	-	0.5	-
Belgium	0.1	-	0.1	-
Total rental income	106.6	79.6	409.4	272.7
Property related costs	(1.6)	(0.4)	(5.0)	(2.5)
NOI from properties	105.0	79.2	404.4	270.2

Summary of significant contracts

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

<i>Amounts in NOK million</i>	Q4 2023	Q4 2022	2023	2022
BEWI & subsidiaries	54.2	33.8	202.4	125.0
Insula & subsidiaries	15.5	13.1	61.2	51.5
Grøntvedt & subsidiaries	8.6	7.8	34.2	30.3
Scana & subsidiaries	8.5	7.9	33.8	31.3
Other	19.9	17.2	77.8	34.7
Total	106.6	79.6	409.4	272.7

Note 03 Investment properties

The valuation of the properties on 31 December 2023 has been performed by independent expert valuers.

Amounts in NOK million	Q4 2023	Q4 2022	2023	2022
Opening balance	5 899.9	4 429.2	5 365.6	4 001.6
Reclassification to IFRS 5	-	-	-	(142.6)
Acquisitions	228.1	906.0	672.4	1 307.7
Development and upgrades	39.1	54.7	205.3	139.3
Sale	(64.7)	-	(101.4)	-
Change in value	44.6	18.5	(117.4)	41.3
Currency translation effect	23.8	(23.1)	128.5	37.8
Other changes ¹⁾	(17.8)	(19.6)	-	(19.6)
Value at period end	6 153.0	5 365.6	6 153.0	5 365.6

1) Other changes relates to adjustment of right-of-use asset, capitalised transaction costs and pro-contra settlements.

Note 04 Interest-bearing liabilities

Amounts in NOK million	2023	2022
Bond loan	900.0	1 850.0
Bank loan	2 453.0	1 265.9
Construction loans	121.1	17.8
Revolving Credit Facility / Shareholder loan	107.5	-
Interest bearing liabilities at period end	3 581.6	3 133.7
Capitalized borrowing cost	(54.3)	(11.3)
Carrying amount interest bearing liabilities	3 527.2	3 122.4
Fair value of interest-bearing liabilities	5.6	(11.6)

Interest-bearing debt at period end:	NOK million	Weighted average current terms	Weighted average interest terms	Weighted average amortisation plan bank loans (years)	Weighted average years to final maturity	In compliance with covenants?
Bond loan	900.0	9.72%	3 months NIBOR+5.00%	None	2.5	Yes
Bank loan ¹⁾	2 453.0	7.15%	3-/6 months NIBOR/ STIBOR+2.58%	23.7	4.2	Yes
Construction loan	121.1	7.47%	3 months NIBOR+2.75%	None	N/A	Yes
RCF	107.5	7.97%	3 months NIBOR+3.25%	None	N/A	Yes
Total	3 581.6	7.83%				
Swap agreements ²⁾		(1.54%)				
Total including swap agreements		6.29%				

1) 3 months Nibor is set to 4.72% 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>	31.12.2023
Pledged property portfolio	1 493.5
Disposal account	-
Opening balance security ¹⁾	1 493.5
Investments in pledged property portfolio	189.8
Sale of assets in pledged property portfolio	(297.7)
Inflow Disposal Account	136.0
Fair value and translation adjustments pledged property portfolio ²⁾	57.1
Value security end of period	1 578.8

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 Netherland.

2) In accordance with valuation from external valuator at 31 December 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	31.12.2023	31.12.2022
Assets measured at fair value:			
<i>Assets measured at fair value through profit or loss</i>			
- Investment properties	Level 3	6 153.0	5 365.6
- Financial derivatives	Level 2	149.2	180.0
Total		6 302.2	5 545.6
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>	31.12.2023	31.12.2022
Bond loan	900.0	1 850.0
Bank loan	2 453.0	1 265.9
Construction loan	121.1	17.8
Revolving Credit Facility / Shareholder loan	107.5	-
Interest bearing liabilities at period end	3 581.6	3 133.7
Hedged amount (fixed interest)	1 625.9	1 275.0
Hedge ratio	45%	41%

Swap agreements at period end

Swap agreement	Currency amount (million)	Start date	Maturity date	Fixed currency rate	Fixed interest
Interest	DKK 75	11.12.2023	13.12.2027	Not applicable	CIBOR = 0.22%
Interest	EUR 32	11.12.2023	13.12.2027	Not applicable	EURIBOR = -0.03%
Interest	NOK 235	11.12.2023	11.12.2027	Not applicable	NIBOR = 1.5175%
Interest	NOK 265	11.09.2023	11.12.2030	Not applicable	NIBOR = 1.5175%
Interest	NOK 70	06.01.2024	06.01.2028	Not applicable	NIBOR = 0.885%
Interest	NOK 135	06.01.2024	06.01.2029	Not applicable	NIBOR = 3.53%
Interest	SEK 69.6	11.12.2023	13.12.2027	Not applicable	STIBOR = 0.686%
Interest	SEK 100	28.12.2023	31.01.2029	Not applicable	STIBOR = 2.4125%
Interest	SEK 50.4	11.12.2023	13.12.2027	Not applicable	STIBOR = 0.686%
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 2023 purchased services for NOK 2.0 million from BEWI related companies, mainly office rent (NOK 1.7 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>	Q4 2023	Q4 2022	2023	2022
Net income from property management	35.1	17.0	149.1	95.7
Net realised financials	49.5	41.9	199.7	122.4
EBITDA	84.6	58.8	348.9	218.0

Interest Cover Ratio (ICR)

<i>Amounts in NOK million</i>	12 M Q4 2023	12 M Q3 2023	12 M Q2 2023	12 M Q1 2023	12 M Q4 2022
LTM EBITDA ¹⁾	348.8	322.8	291.4	256.0	225.3
Net realised financials	(199.7)	(192.1)	(165.8)	(141.0)	(122.4)
ICR	1.7x	1.7x	1.8x	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	Q4 2023 / 31.12.2023	Q4 2022 / 31.12.2022	
A	EPRA Earnings per share	NOK	(0.01)	0.09
B	EPRA NRV per share	NOK	7.3	7.5
	EPRA NTA per share	NOK	7.3	7.5
	EPRA NDV per share	NOK	7.1	7.3
C	EPRA Net Initial Yield (NIY)	%	7.3	6.9
	EPRA "topped-up" NIY	%	7.3	6.9
D	EPRA Vacancy Rate	%	1.8	0.0
E	EPRA Cost Ratio (including direct vacancy costs)	%	20.6	26.0
	EPRA Cost Ratio (excluding direct vacancy costs)	%	20.6	26.0
F	EPRA LTV	%	55.6	56.2

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

EPRA Capital expenditure

<i>Amounts in NOK millions</i>	2023	2022
Acquisitions	672.4	1 307.7
Development	127.0	109.3
o.w capitalised interest	4.9	1.2
Upgrades	78.3	30.0
Incremental lettable space	28.6	-
No incremental lettable space and tenant incentives	44.1	30.0
Other material non-allocated types of expenditure	5.6	-
Total capital expenditure	877.7	1 447.1
Conversion from accrual to cash basis	-	-
Total capital expenditure on cash basis	877.7	1 447.1
Non-yielding capital expenditure	37.4	5.4
Yielding capital expenditure	167.9	133.9
Development and upgrades	205.3	139.3

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>	Q4 2023	Q4 2022	2023	2022
Earnings per IFRS income statement	6.2	30.5	(78.0)	163.2
Adjustments to calculate EPRA Earnings:				
Changes in value of investment properties	(44.6)	(18.5)	117.4	(41.3)
Changes in value of financial instruments	46.9	(1.2)	65.1	(110.6)
Deferred tax for FV adjustments	(2.1)	18.0	(7.2)	27.2
Deferred tax for financial derivatives	(11.5)	0.3	(7.9)	24.3
EPRA earnings	(5.0)	29.1	89.4	62.8
Weighted average shares outstanding (million)	394.1	306.5	352.2	291.1
EPRA Earnings per Share (EPS)	(0.01)	0.09	0.25	0.22
Company specific adjustments:				
Profit from discontinued operations	0.1	(0.3)	0.1	80.8
Company specific Adjusted Earnings	(5.0)	28.8	89.5	143.6
Company specific Adjusted EPS	(0.01)	0.09	0.25	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

valuation 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 not included in investment property values and is therefore not corrected for.

<i>Amounts in NOK millions</i>	31.12.2023	31.12.2022
IFRS Equity attributable to shareholders	2 798.5	2 376.9
Approved, not paid dividend	-	-
Net Asset Value (NAV) at fair value	2 798.5	2 376.9
Deferred tax investment properties	184.3	188.6
Deferred tax financial derivatives	31.7	39.6
Real estate transfer tax	-	-
Fair value of financial derivatives	(149.2)	(180.0)
Net reinstatement value (EPRA NRV)	2 865.2	2 425.1
Fully diluted shares outstanding	394.1	323.9
EPRA NRV per share	7.3	7.5

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>	31.12.2023	31.12.2022
IFRS Equity attributable to shareholders	2 798.5	2 376.9
Approved, not paid dividend	-	-
Net Asset Value (NAV) at fair value	2 798.5	2 376.9
Deferred tax investment properties	184.3	188.6
Deferred tax financial derivatives	31.7	39.6
Fair value of financial derivatives	(149.2)	(180.0)
Net tangible assets (EPRA NTA)	2 865.2	2 425.1
Shares outstanding	394.1	323.9
EPRA NTA per share	7.3	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 realization 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>	31.12.2023	31.12.2022
IFRS Equity attributable to shareholders	2 798.5	2 376.9
Approved, not paid dividend	-	-
Net Asset Value (NAV) at fair value	2 798.5	2 376.9
Fair value adjustment of interest-bearing liabilities, net of tax	-	-
Net disposal value (EPRA NDV)	2 798.5	2 376.9
Shares outstanding	394.1	323.9
EPRA NDV per share	7.1	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>	31.12.2023	31.12.2022
Investment properties	6 153.0	5 365.6
Investment properties held for sale	-	-
Market value of the property portfolio	6 153.0	5 365.6
Less projects, land and developments	(7.4)	(66.7)
Allowance for estimated purchasers' cost	12.3	10.7
Gross up completed management portfolio valuation	6 157.9	5 309.6
12 months rolling rent	457.2	371.4
Estimated ownership cost	(7.8)	(6.5)
Annualised net rents	449.4	364.9
Add: Notional rent expiration of rent-free periods or other lease incentives	-	-
Topped up net annualised net rents	449.4	364.9
EPRA "topped-up" NIY	7.3%	6.9%
EPRA NIY	7.3%	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>	31.12.2023	31.12.2022
Market rent vacant areas	8.1	-
Total market rent	462.0	375.5
EPRA Vacancy Rate	1.8%	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>	Q4 2023	Q4 2022	2023	2022
Property expenses	(1.6)	(0.4)	(5.0)	(2.5)
Administration expenses	(20.4)	(20.3)	(55.5)	(52.1)
Less: Ground rent costs	-	-	-	-
EPRA Costs (including direct vacancy costs)	(22.0)	(20.7)	(60.5)	(54.6)
Direct vacancy costs	-	-	-	-
EPRA Costs (excluding direct vacancy costs)	(22.0)	(20.7)	(60.5)	(54.6)
Gross Rental Income less ground rents	106.6	79.6	409.4	272.7
Gross Rental Income	106.6	79.6	409.4	272.7
EPRA Cost Ratio (including direct vacancy costs)	20.6%	26.0%	14.8%	20.0%
EPRA Cost Ratio (excluding direct vacancy costs)	20.6%	26.0%	14.8%	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>	31.12.2023 Combined EPRA LTV	31.12.2022 Combined EPRA LTV
Bond loan	900.0	1 850.0
Bank loan	2 453.0	1 265.9
Construction loans	121.1	17.8
Revolving Credit Facility / Shareholder loan	107.5	-
Net Payables ¹⁾	114.9	69.0
Cash and cash equivalent	(275.0)	(186.5)
Net debt	3 421.4	3 016.2
Investment properties	6 153.0	5 365.6
Investment properties held for sale	-	-
Market value of the property portfolio	6 153.0	5 365.6
EPRA LTV	55.6%	56.2%

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.
	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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