

To the shareholders of KMC Properties ASA

Oslo, 11 January 2021

KMC Properties ASA – statement with respect to mandatory offer

1. BACKGROUND

SpareBank 1 Markets AS ("**SB1M**") has been engaged by KMC Properties ASA ("**KMC**" or the "**Company**", f/k/a Storm Real Estate ASA) in connection with the joint mandatory offer (the "**Offer**") from EBE Eiendom AS ("**EBE**") and Kverva Industrier AS ("**Kverva Industrier**") (jointly the "**Offerors**") to acquire all shares in KMC outstanding at the time of the Offer, following a transformative acquisition in which all shares in KMC Properties AS were acquired (the "**Transaction**").

The Offer is a mandatory offer under the rules of chapter 6 of the Norwegian Securities Trading Act (the "**NSTA**"). As a consequence, the board of directors of KMC is obligated to issue a statement on the Offer, pursuant to section 6-16 of the NSTA. As the Offer is made following and as a result of the Transaction, Oslo Børs has in its capacity as takeover authority, and pursuant to the NSTA section 6-16 (4) and in accordance with past practice, determined that the statement related to the Offer shall be made by an independent third party.

On this basis, SB1M has been engaged by KMC and approved by Oslo Børs to provide this statement on the Offer on behalf of the Company in accordance with section 6-16 of the NSTA.

The statement is based on an evaluation of publicly available information, including discussions with KMC's management and representatives, and certain other information received by SB1M. SB1M has not performed any technical or other due diligence or verifications of the Company or the properties recently acquired through the Transaction.

2. THE OFFER

The Offer is NOK 7.0 per share with settlement in cash (the "**Offer Price**"). The offer period is from 22 December 2020 until 19 January 2021 at 16:30 (CET) (the "**Offer Period**"). The Offerors will finance the Offer through existing cash resources and Kverva Industrier, on behalf of the Offerors, has established a guarantee issued by a financial institution covering the obligation of the Offerors to pay for the shares to be purchased pursuant to the Offer under Section 6-10 (7) of the Securities Trading Act. Settlement is expected to take place within 14 calendar days after the end of the offer period.

Further details are set out in the mandatory offer document dated 21 December 2020 (the "**Offer Document**")

3. ASSESSMENT OF THE OFFER

Financial fairness

The evaluation of the Offer has been made on objective criteria, to the extent possible, and on generally accepted and recognized valuation methods that have been deemed relevant and applicable. In addition, SB1M has considered certain other factors that are deemed to be relevant.

The primary methods applied in the review of the financial fairness of the Offer include:

- Review of the recent share price development and trading levels, pre- and post the completed Transaction, also considering the liquidity and turnover levels.
- Assessment of the reported Net Asset Values ("**NAV**") for the Company proforma after the Transaction and the observed Price-to-NAV trading level of comparable companies, taking into account KMC's relative positioning versus these companies.
- Certain other factors such as the management's track-record, market outlook for industrial and logistic properties, recent transactions in KMC (e.g. conversion of debt, sellers' credit and the recently completed private placement that attracted new and external investors, etc.) and more.

Having applied these methods and based on our considerations, SB1M is of the opinion that the Offer Price is below the current assessed fair market value of the KMC shares.

In addition, the Offer Price represents a discount of 30% to the last close of KMC per 11 January, 2021. Post-announcement of the Transaction and since the Offer Period commenced, KMC has traded at levels above the Offer Price.

Other matters

SB1M notes that the Offer is a result of completion of the Transaction.

As follows from the Offer Document and other public announcements, the combined entity will be focusing on industrial properties with long-term lease agreements and strong tenants, with an ambition to become the preferred partner and market leader within industrial real estate properties for selected industries. The Company's stated ambition is to have a listed and liquid share as a valuable currency for further growth, and the Offerors have expressly stated in the Offer Document that they do not intend to apply for a delisting. The Offerors are, however, jointly the owners of more than two-thirds of the Shares in the Company, and will therefore, pursuant to relevant statutes and constitutional documents, be able to resolve matters that may be made by the vote of a qualified majority of the votes cast.

4. STATEMENT REGARDING COMPANY'S REPRESENTATIVES AND EMPLOYEES

The Company has a limited number of employees, and no particular employee view on the offer has been expressed to the Company or to SB1M. Pursuant to the Offer, the Offerors have no current plans to make changes to the Company's workforce following, and the Offer is not expected to have legal, economic, tax related or work-related consequences for the employees in the Company.

SB1M has noted that those board and management members holding shares in the Company have also acquired shares in the recent share issues (including the private placement) completed at NOK 7 per share, and have either agreed not to or do not intend to accept the mandatory offer in respect of any shares held by them.

5. CONCLUSION

Overall, SB1M is of the opinion that the Offer Price is below the current assessed fair market value of the KMC shares. It is also noted that the shares currently trade and have traded for an extended period at a material premium to the Offer Price, at meaningful volumes.

SB1M does not express any opinions or any recommendations as to whether or not shareholders of KMC should accept the Offer, but recommend each shareholder to evaluate the Offer carefully on the basis of its individual preference and position. SB1M notes, however, that shareholders wishing to monetize may currently be able to receive a higher consideration by selling its shares in the market as opposed to accepting the Offer. This document including the advice contained herein is based on information as of 11 January 2021, and is subject to change in the case of new information.

On behalf of SpareBank 1 Markets AS,



Henrik Kulseng-Hanssen
Head of Investment Banking



Geir Rønnestad
**Head of Real Estate,
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Important notice

SB1M is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, competitive bidding, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. SB1M will receive a fixed fee for providing this statement. The fee is independent of the conclusions herein and of the success of the Offer and any subsequent transaction, and will be payable upon the delivery of the fairness opinion. SB1M has only provided this statement in connection with the Offer, and has not acted as a financial advisor or in any other respects assisted any of the parties involved, whether in relation to the Transaction or the Offer.

As of 8 January, 2021, employees in SB1M own no shares in KMC, EBE nor in Kverva industries.

In the ordinary course of business, SB1M may actively trade all shares in all of the listed instruments mentioned herein for our own account and for the accounts of customers and accordingly, may at any time hold a long or short position in such securities.

Evaluations of this nature will always contain an element of uncertainty and although reasonable care and efforts have been exerted, SB1M does not accept any legal or financial liability related to this statement, nor any consequences resulting from acting to or relying on it.