

KMC Properties ASA

Q1 2021

28 May 2021





The preferred partner
for logistics and
industrial properties

Today's presenters



Liv Malvik
CEO



Kristoffer Holmen
CFO

Disclaimer

This presentation, prepared by KMC Properties ASA (the "Company"), may contain statements about future events and expectations that are forward-looking statements. Any statement in this presentation that is not a statement of historical fact including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements.

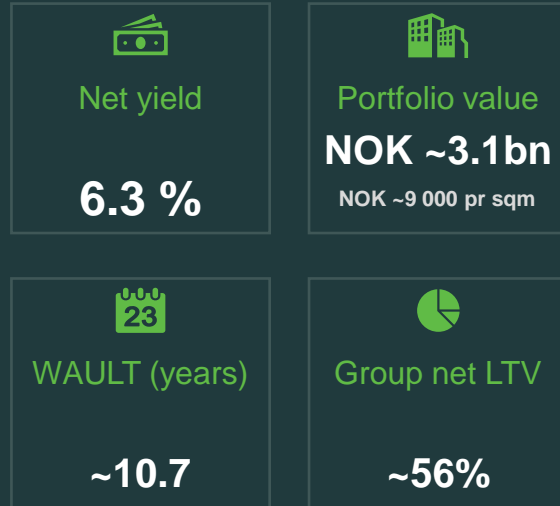
The Company assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This presentation contains alternative performance measures, or non-IFRS financial measures. Definitions and calculations are presented in our quarterly report.

Company overview



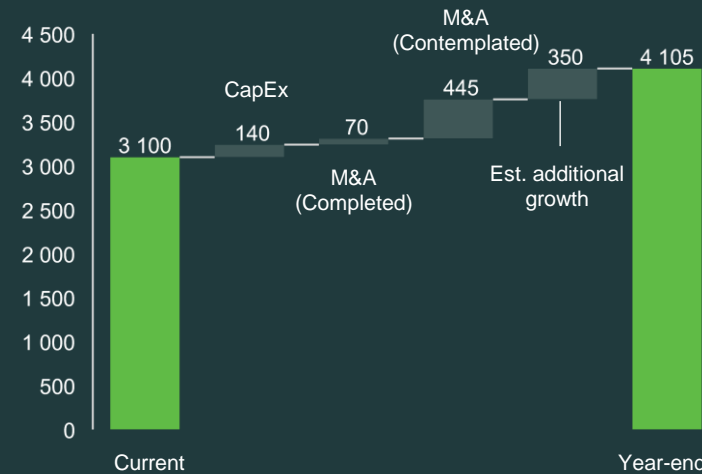
KMC Properties at glance

We are KMC Properties



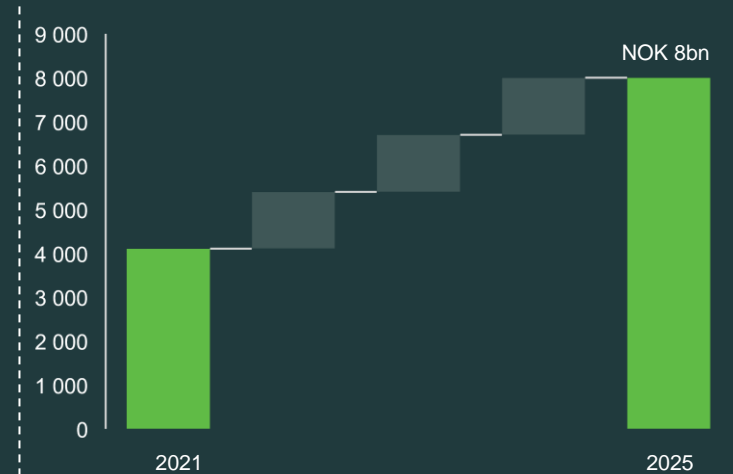
- Real estate company focused on owning industrial and logistics properties
- Portfolio of 41 assets, primarily in the Nordics, constitution approx. ~345,000 sqm
- Long-term lease agreements with solid counterparties
- Two largest tenants are BEWI and Insula – owned by the Bekken and Witzøe families respectively; both large shareholders in KMCP

... we deliver accretive growth



- Current portfolio gross yield of ~6.8%
- Investments for lessees in current portfolio of NOK ~140 million, at yield-on-cost of ~7.5%
- Acquired 2 new properties for NOK ~70 million at YoC of 7.3%
- Actively pursuing further acquisitions of NOK ~445 million at ~7.8% average YoC. Estimate additional potential growth before year-end to NOK 350 million²
- Assuming all investments are completed, GAV may grow to NOK ~ 4.1bn by year end²

...and have strong growth ambitions





- Strategic target of NOK 8bn by year end 2025
- Planned growth well within expected possibility in the sector – corresponding to approx. 4% of average relevant Nordic real estate volumes¹
- Continued focus on assets we know well: foodstuff facilities, light industry – infrastructure for our lessees

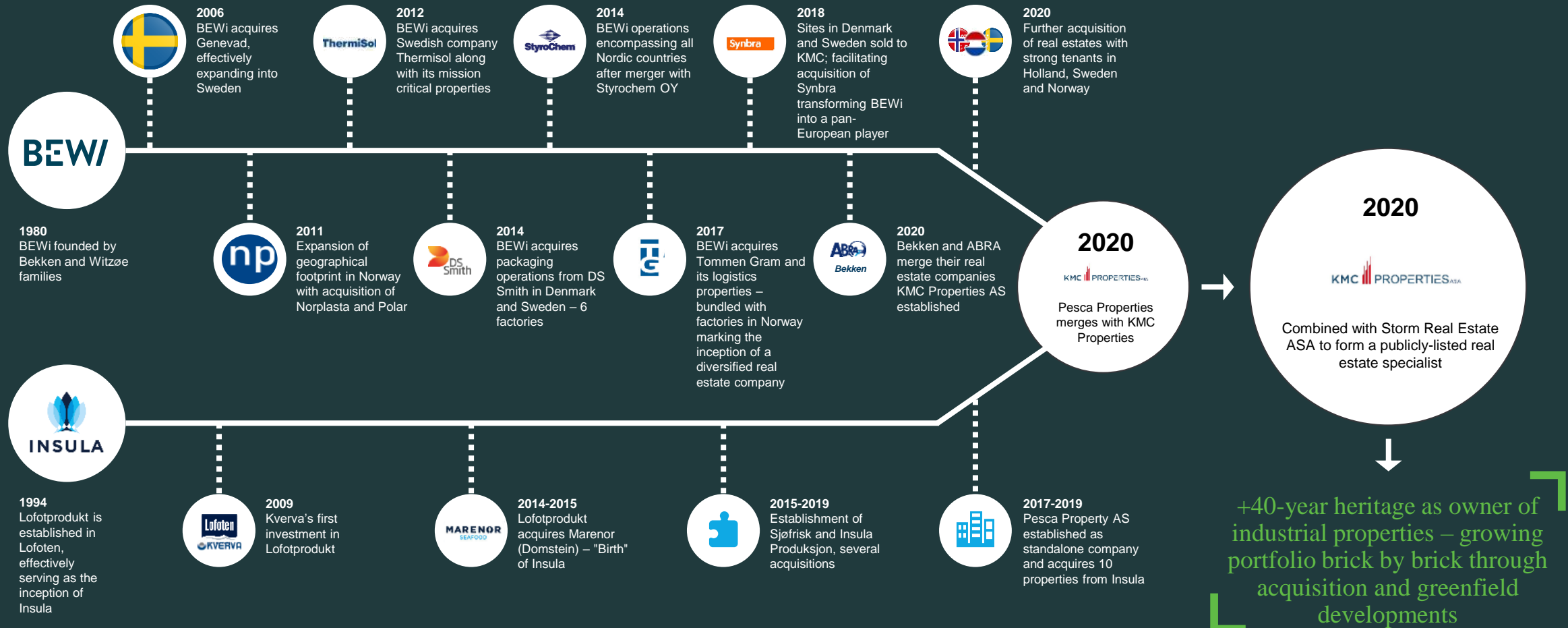
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Committed owners combining industrial expertise with financial strength

Main owners ¹	Ownership structure	Selected investments	Property experience
EBE Eiendom (41% ownership in KMC)	Owned 50-50 by Bekken family and Thoresen family		Ownership of the tenants' properties since inception
Bekken Invest AS	Bekken family's investment company, majority owner of BEWI ASA and selected other companies	BEWI	
Kastor Invest AS	Thoresen family's investment company, investing in real estate and companies across various industries		
Kverva Industrier AS (34% ownership in KMC)	Witzøe family's investment company, established in 1991 with a focus on maritime industries		

40-year history in the industrial property market

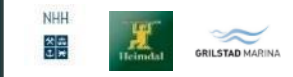


Management team with solid finance and real estate development experience



Liv Malvik, Chief Executive Officer

- Previous experience as CEO of Heimdal Eiendomsmegling AS (2018-2020), Grilstad Marina AS (2011-2018) and Inter Revisjon Norge AS (2008-2011) in addition to 7+ years experience from management positions in Sparebank1 SMN (2001-2008) and from Fokus Bank AS (1990-2000)
- MSc in Business Administration from the Norwegian School of Economics



Audun Aasen, Chief Operating Officer

- +15 years experience from construction and real estate sector
- Previous property manager and real estate developer (2014-2019). University Degree as real estate appraiser and technical construction controller. Carpentry Masters Degree and construction work experience (2005-2011)



Kristoffer Holmen, CFO

- Previous experience as CEO/CFO of Storm Real Estate ASA, CFO/Compliance of Storm Capital Management and state certified public accountant (statsautorisert revisor) in PwC Oslo.
- BSc in Business and Administration and MSc in Auditing and Accounting from the Norwegian School of Economics, and three years of law school at the University of Oslo.



Kristoffer Formo, Head of M&A

- + 20 years of experience in finance and real estate, most recently as a real estate investor over the past five years. Previous experience as a real estate advisor for DNB Næringsmegling ASA; partner and investment advisor for Real Forvaltning ASA; special advisor capital management for Sparebank 1 SMN; senior investment advisor for Orkla Finans ASA; corporate advisor M&A for Nordic Corporate Management ASA
- Norwegian business school BI, Bachelor, Finance



Integrating ESG into KMC Properties' business operations

To operate in a sustainable manner is important to KMC Properties and is seen as a prerequisite for the company's long-term results and value creation. KMC will introduce a systematic approach towards understanding and managing the company's impact on society and the environment, as well as stakeholder requirements and expectations. As per today, KMC works to integrate ESG into its business operations through the following measures:

Environmental

- Actively working with tenants to reduce energy consumption, waste and pollution
- Prepare annual sustainability reports in co-operation with tenants
- Sustainability is a criteria for contract renewals and property acquisitions
- Refurbishment and construction follow provided guidelines to ensure climate protection and energy efficiency
- EDD (Environmental Due Diligence) reports are prepared in connection with acquisitions

Social and Governance

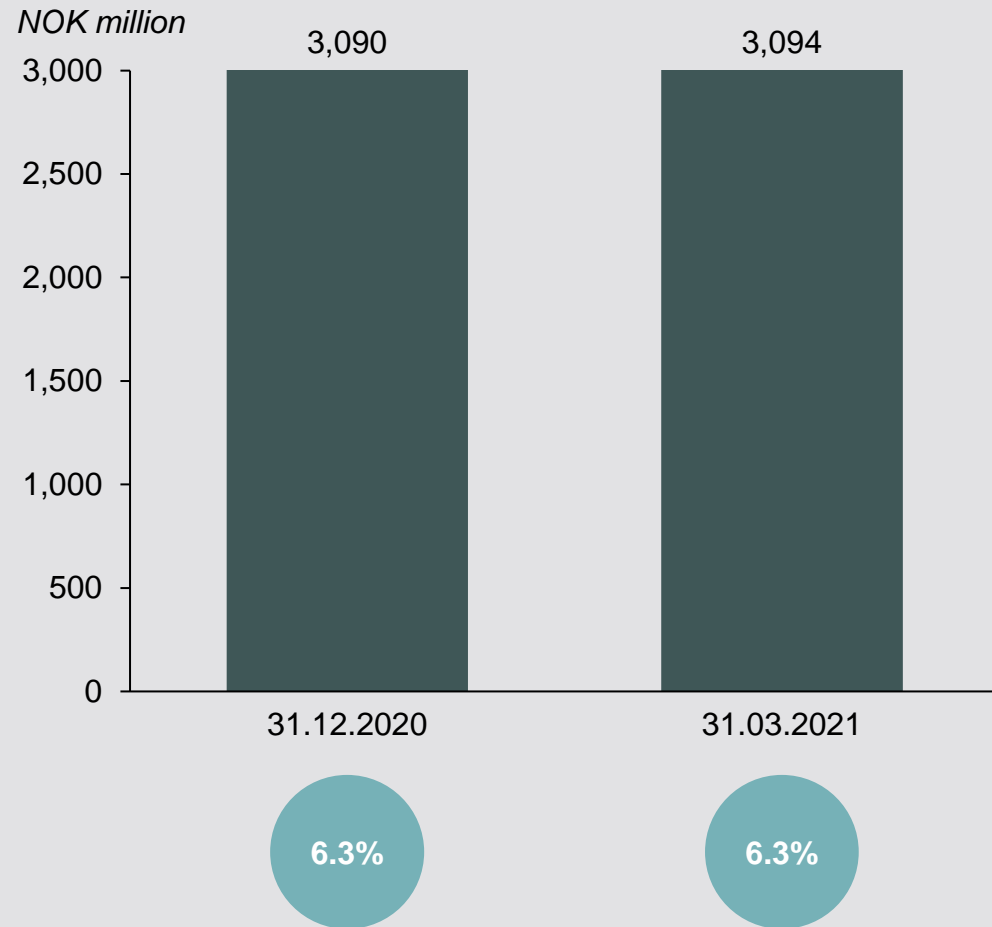
- Code of Conduct promotes good business ethics, zero tolerance for corruption and money laundering and guidelines for equality and diversity
- All transactions with related parties (primarily the owners of the largest tenants) are carried out at arm's length terms and at fair market values
- Actively working to ensure a healthy environment for the tenants' employees

Portfolio

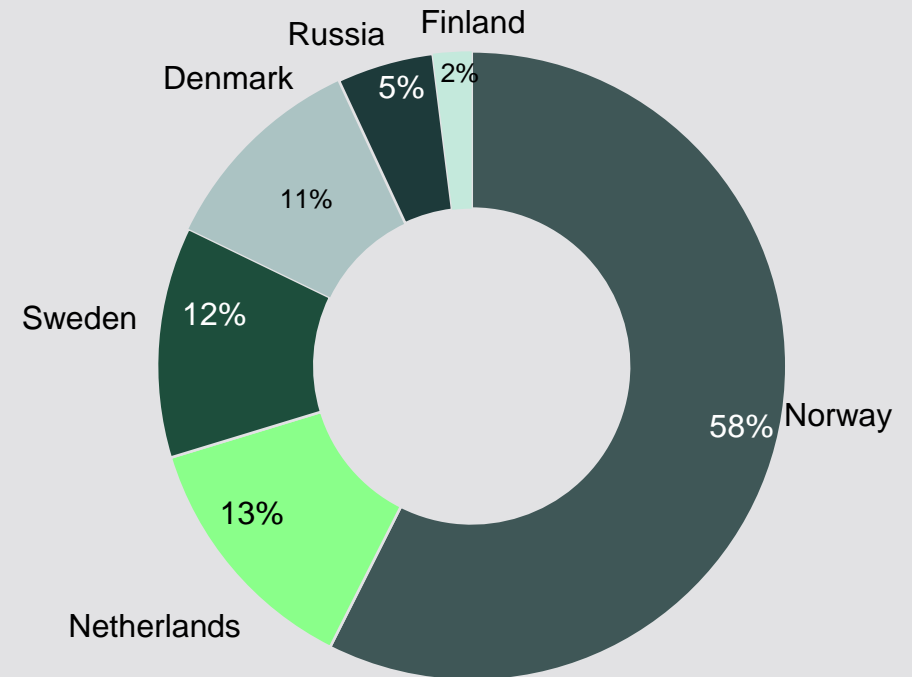


Property value and yield

Gross asset value of property portfolio

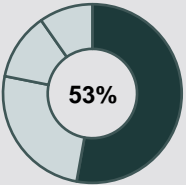
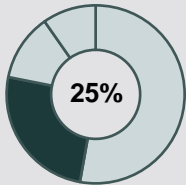
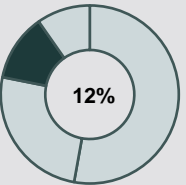
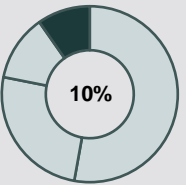
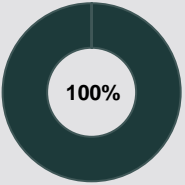
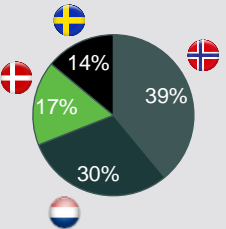
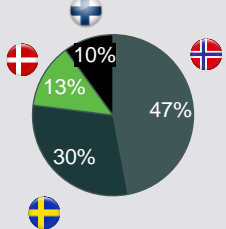
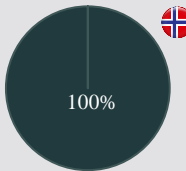
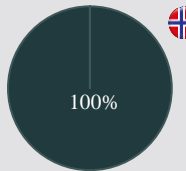
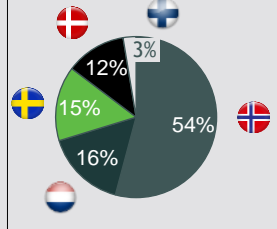


Gross asset value per country (%)

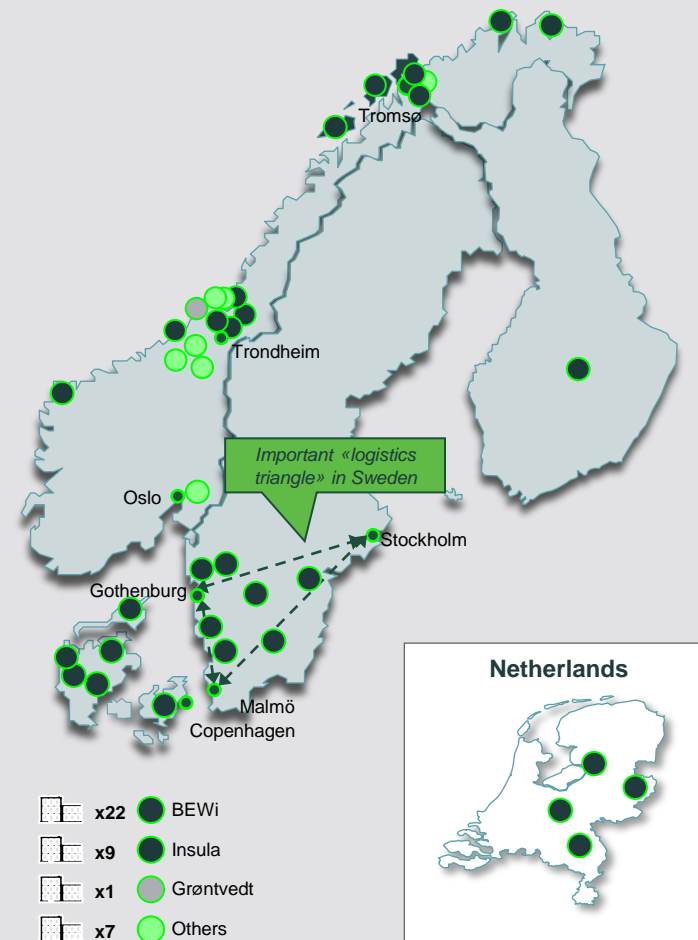


Properties on long lease agreements across strategic locations

Overview of portfolio and tenants

	BEWI ¹	INSULA	Grøntvedt Pelagiz	Other tenants ²	Total
# of properties	22	9	1	7	39 ³
Share of operating income					
Operating income by country					
WAULT	9.5 years	11.7 years	14.9 years	9.1 years	10.7 years

Geographical locations



1. Not including the development project at Senja
 2. Not including the Gasfield Property
 3. Portfolio as of 31 March 2021

Solid tenant base consisting of market-leading companies

Company overview

% of operating income¹

BEWI
53%

- Founded in 1980 by Bekken family
- Leading European provider of packaging, components and insulation solutions
- Proven buy-and-build strategy with 19 deals executed and integrated since 2014
- Frontrunner in innovation and sustainability

INSULA
25%

- Nordic seafood group built through 20 acquisitions since foundation in 2015
- Vertically integrated from fish stations through processing and transportation to strong consumer brands
- Majority-owned by Kverva (95.8%), with 1,100 employees across the Nordics

Grøntvedt Pelagič
12%

- One of the world's leading pelagic companies specializing in herring products customised to clients' preferences
- Strategically located close to rich fishing grounds of the Northeast Atlantic with a long heritage dating back to 1830
- Business is certified by MSC and Grøntvedt aims to utilise 100% of its raw materials

Key customers / brands

Key customers



Key brands / companies



Key customers



Flexible properties with “light” production

Key property characteristics

Buildings in low-maintenance materials

- Several of the properties constructed after 2000 and multiple upgrades conducted on older properties in recent years
- The majority of properties are constructed in low-maintenance materials steel and/or concrete

“Light” production

- The production that takes place on the properties is “simple” and clean, with limited pollution
- Insula and Grøntvedt produces food products for human consumption and follow strict hygiene requirements
- Production at BEWi properties is primarily heating and moulding of raw EPS into finished products through a clean production process, which follows stringent European health and safety requirements

Flexible properties with limited degree of customisation

- Limited degree of customisation for tenants
- The properties are flexible with high ceilings and include modern storage facilities such as motorised shelf systems and lifts where relevant



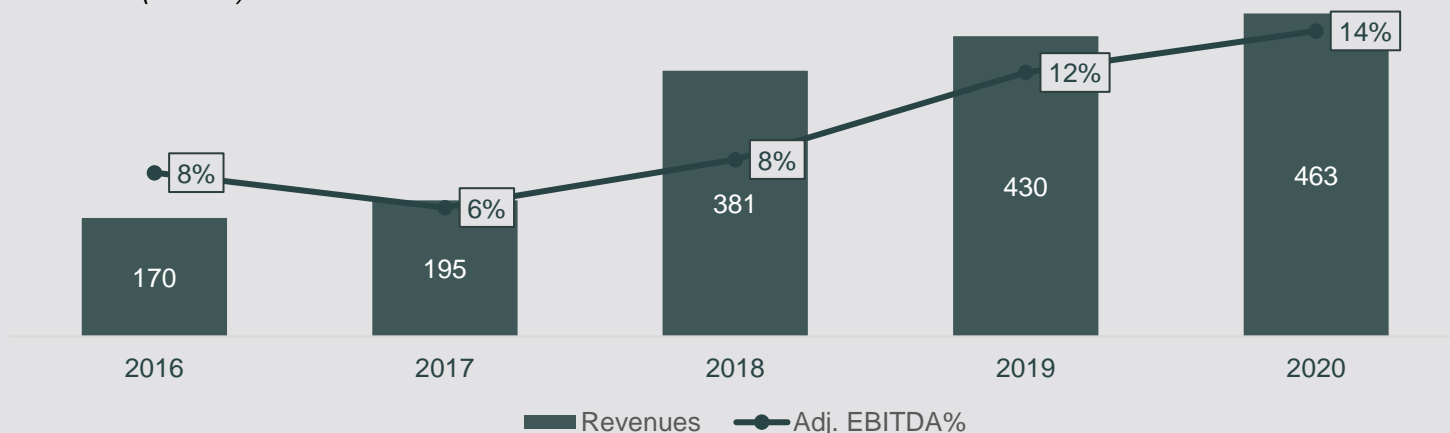
BEWI is largest tenant representing ~53% of operating income

Company overview

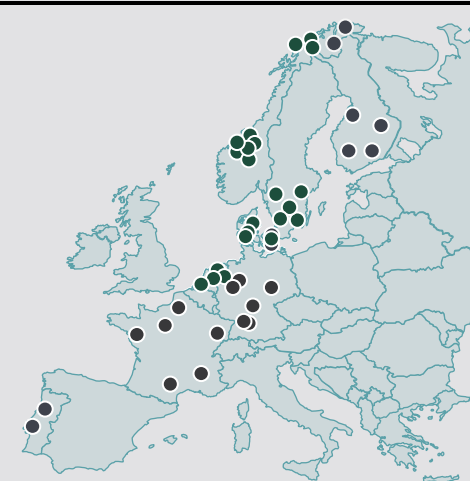
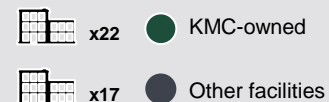
- Founded in 1980 by Bekken family, who has developed the company into a leading European packaging and insulation providers
- BEWi is strategically integrated throughout the value chain, with revenue diversified across 3 operating segments, whereof ~1/3 is from upstream and 2/3 from downstream
- 38 production facilities located across Norway, Denmark, Sweden, Finland, the Netherlands and Portugal, in addition to eight recycling sites
- ~1,400 FTEs across eight countries
- Revenue of EUR 463 million and adj. EBITDA of EUR 65 million in 2020
- Listed on Oslo Stock Exchange since 2020. Market cap. of NOK ~3.5bn

Strong organic growth coupled with strategic acquisitions

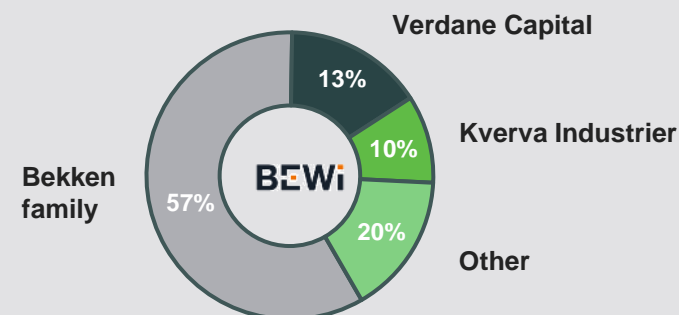
Revenue (EURm)



Extensive production and logistics platform



Committed owners with industrial heritage



Ambitious growth strategy for portfolio



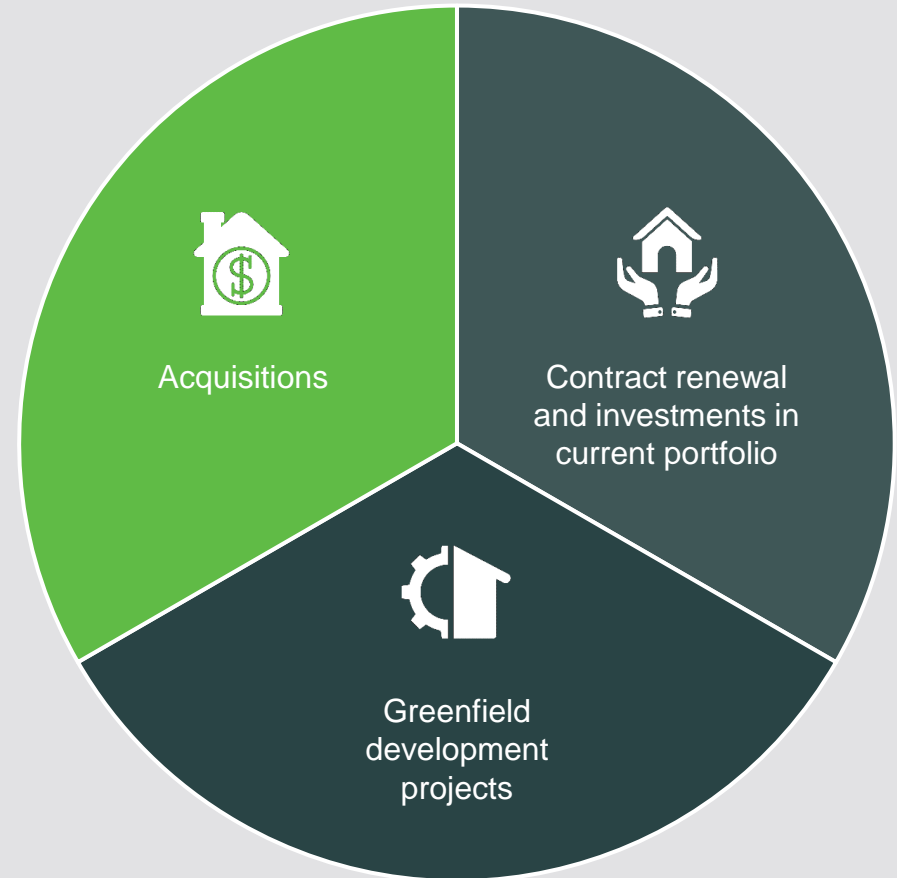
Investments in expansion projects
for existing clients



Investments in new facilities for
new and existing clients



Acquisitions in collaboration with
current and new tenants, as well as
third parties



Selected ongoing projects

	<u>Location</u>	<u>Expected completion</u>	<u>Lease increase annually</u>	<u>Tenant</u>	<u>Est. total project cost (NOKm)</u>
	Expansion projects (Capex)				
	Ongoing projects existing tenants	2021	8.6	BEWI/Insula	70
	New facilities (Capex)				
	Fish box facility Senja	Senja, Norway	Q3 2021	7.0	BEWI
	Acquisitions				
	New Property Molde Area	Q2 2021	3.1	Other	43
	New Property Denmark	Q2 2021	2.1	BEWI	28
Sum			20.8		236

Selected ongoing projects

	<u>Location</u>	<u>Expected completion</u>	<u>Lease increase MNOK Q3-></u>	<u>Tenant</u>	<u>Est. total project cost (NOKm)</u>
	M&A Contemplated	2021	33.8	Other	445
	M&A Estimated additional growth	2021	24.5	Other	350
<hr/>					
Sum					
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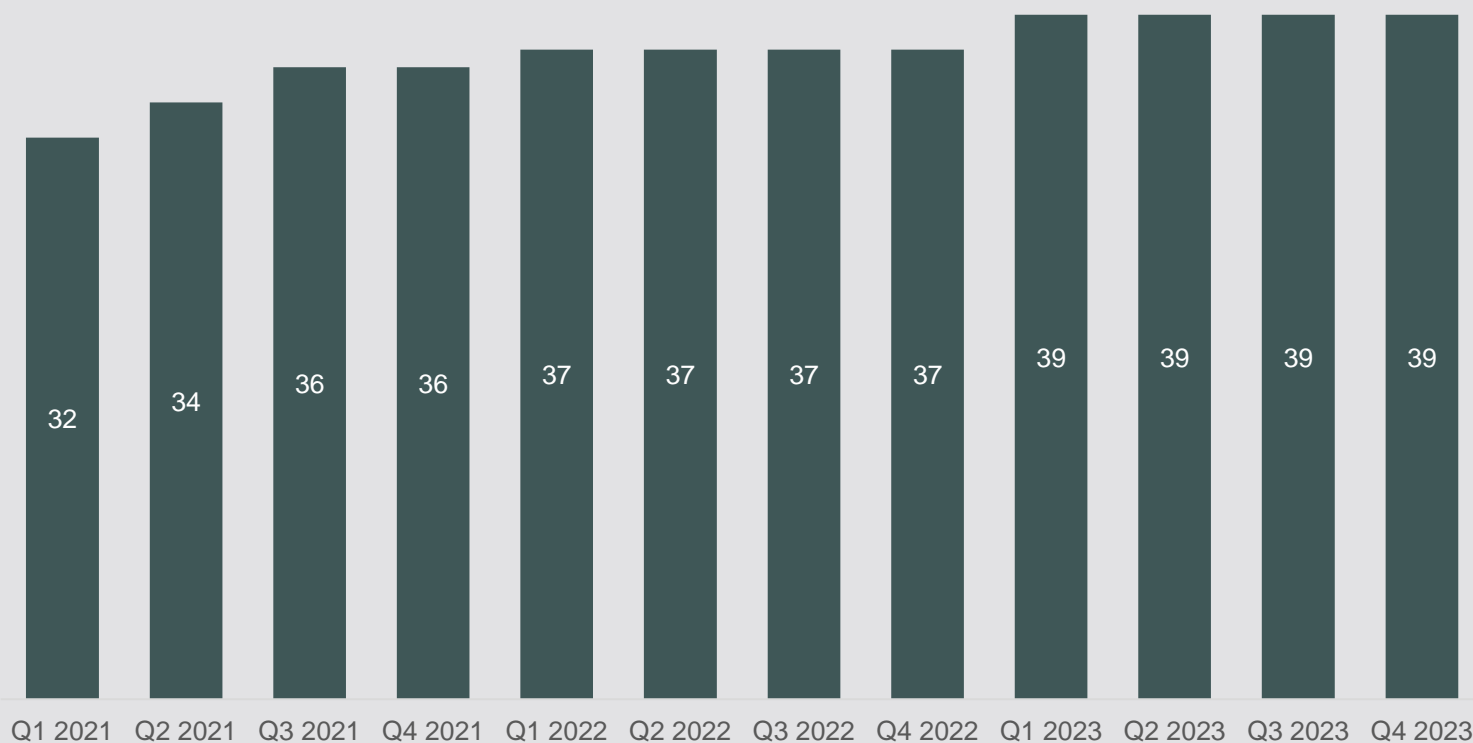
Financial profile



Existing contracts provide solid cash flow

Contractual gross rental income for the period 2021-2023¹ less estimated interests on the bond loan²

NOK million



Comments

- Contracts with solid tenants, with COVID-19 resilient business models
- Low OPEX and SG&A expenses due to triple net bare-house lease contracts
- Cash flow provide strong debt capacity and flexibility for further growth

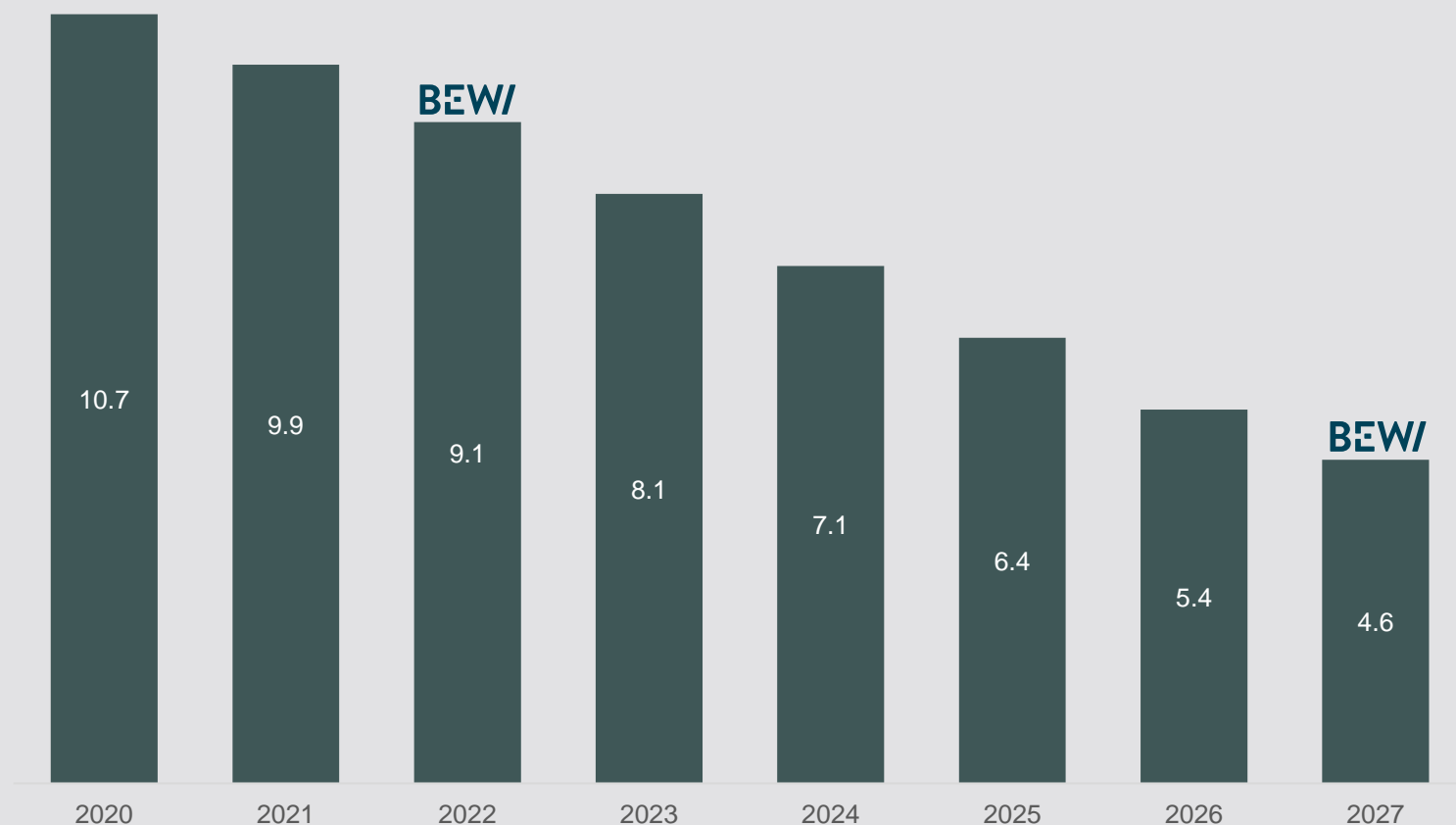
1) Based on contracts as of 31 March 2021. CPI adjustment is set to 2%. Rental income from the Gasfield property (spot contracts) is estimated to be stable during the period.

2) Based on current swap agreements and interest rate for the current quarter.

WAULT of ~10.7 years reduces refinancing risk

Current WAULT¹ at the end of year and tenants with contracts expiring during the period 2021-2027

WAULT (years)



Comments

- 2 contracts expire 2021 – 2027:
 - BEWI at Levanger (2022)
 - BEWI at Torgård (2027)
- BEWI estimates cost of relocation to NOK 25-50 million
- Sensitive production lines, relocation involves significant risk
- Exclusive Right of First Refusal (ROFR) with BEWI, to offer extension of the contracts at or before expiry

Interim report Q1 2021



Highlights of the quarter

Key events

- Strengthened the organisation with new hires
- Integration of companies acquired in Q4 2020
- Mandatory offer by EBE Eiendom and Kverva Industrier completed
- Subsequent offering completed
- Letter of intent signed with BEWI for development of packaging hub at Hitra
- Invested ~NOK 49.7 million in development of existing properties increasing the value of the portfolio



Key figures

NOK million	Q1 2021
Gross rental income	53.1
Income from property management	3.2
NAV	1 297
WAULT (years)	10.7
Occupancy rate (%)	98.7%

Key developments

- Current capex pipeline of NOK 90 million split on projects
- Completed M&A of NOK 70 million
- M&A in process of approximately NOK 445 million
- Estimated additional growth in 2021 of NOK 350 million

Profit and loss statement

All amounts in NOK million	Q4 2020	2020
Gross rental income	53.1	51.8
Direct property related expenses	-4.2	-2.8
Net operating income	48.9	49.0
Other operational expenses and depreciation	-24.6	-18.5
Net fair value Adjustments on Investment Property	65.1	404.6
Total operating profit (loss) (EBIT)	89.4	435.0
Net financial income (expenses)	-12.9	-28.1
Tax	-15.9	-94.3
Net income	60.6	312.6

Financing

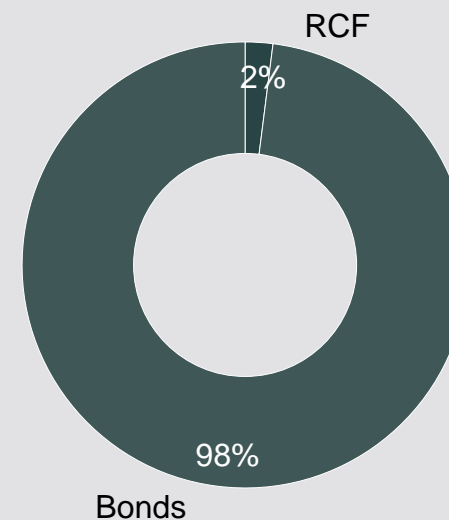
Financing activity in the quarter

- Utilised NOK 29.3 million of revolving credit facility

Maturity profile and composition of interest-bearing debt

All amounts in NOK million	0-1 yrs	1-2 yrs	2-3 yrs
Revolving credit facility (RCF)	29.3	0	0
Bonds		0	1 850
Total	29.3	0	1 850

Source of funds

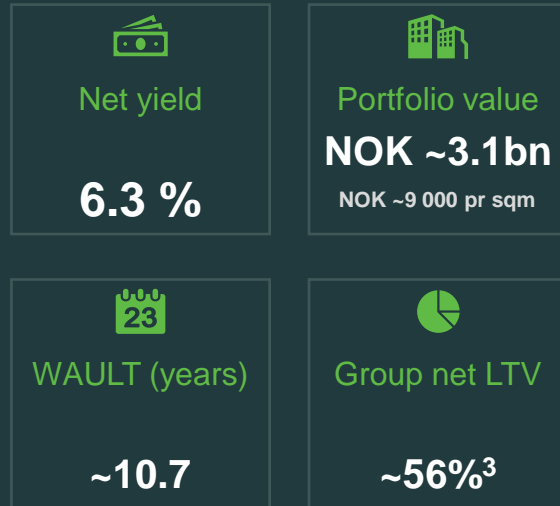


Balance sheet

All amounts in NOK million	Q4 2020	2020
<i>Total assets</i>		
Investment properties	3 094	3 089
Other assets	115	81
Cash and cash equivalents	92	125
Total assets	3 301	3 295
<i>Total shareholders' equity and liabilities</i>		
Equity	1 248	1 243
Bond	1 850	1 850
Other liabilities	203	202
Total shareholders' equity and liabilities	3 301	3 295

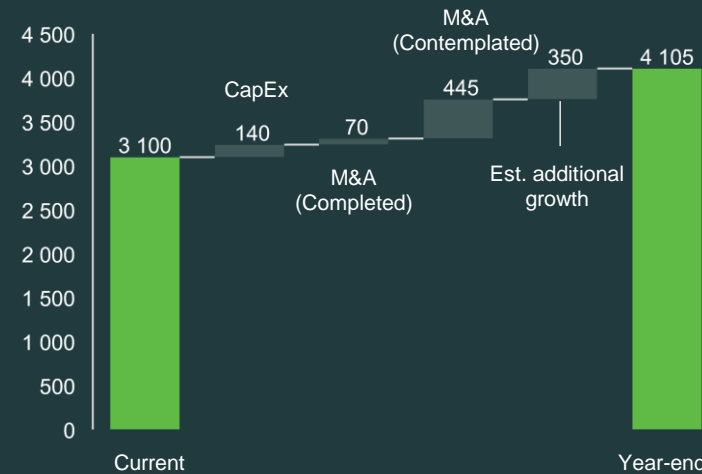
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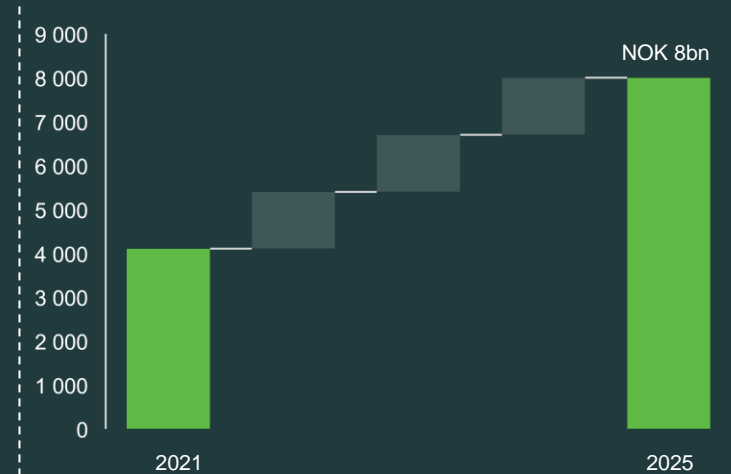
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Q&A



