


KMC Properties ASA

Company presentation

March 2022





The preferred partner
for logistics and
industrial properties

Today's presenters



Liv Malvik
CEO



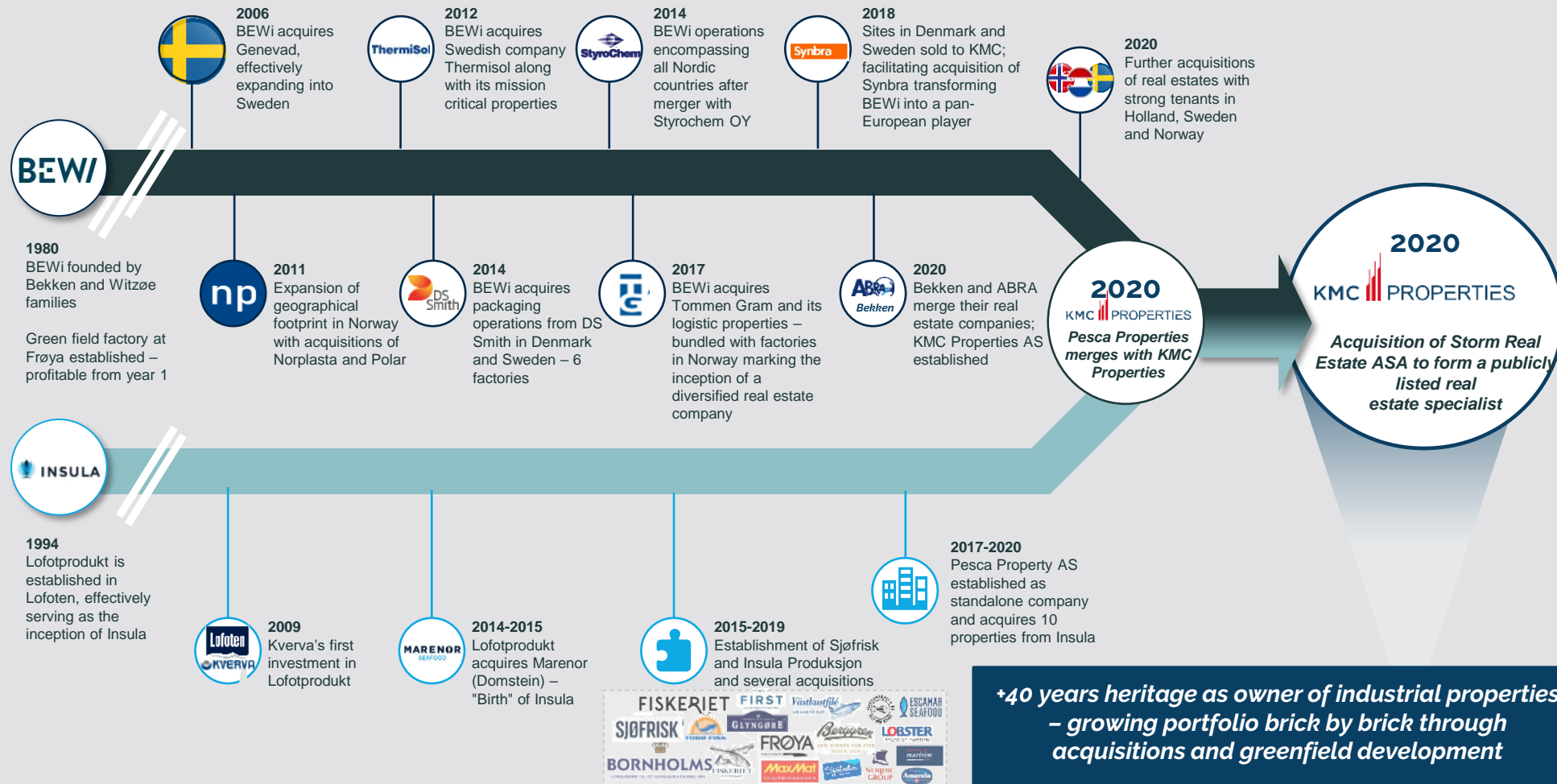
Kristoffer Holmen
CFO

Disclaimer

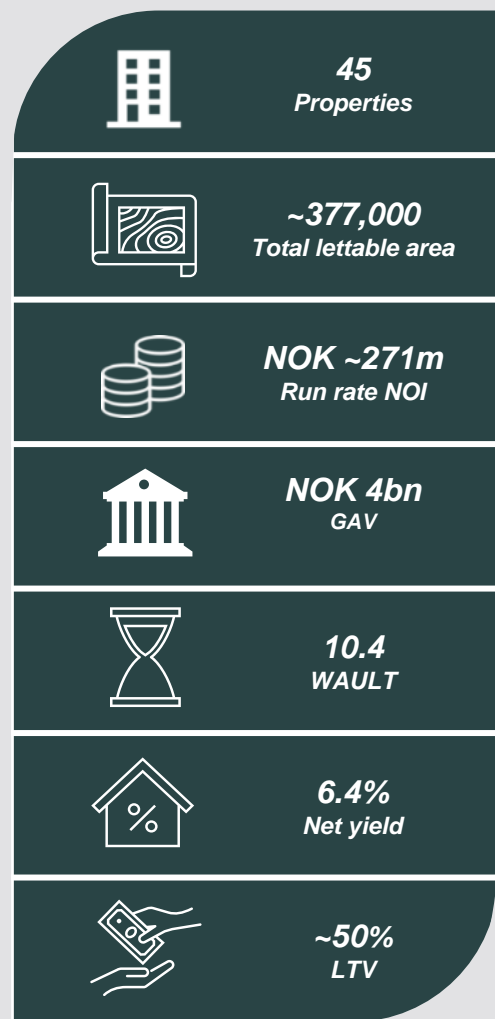
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40 years heritage in industrial properties has laid the foundation



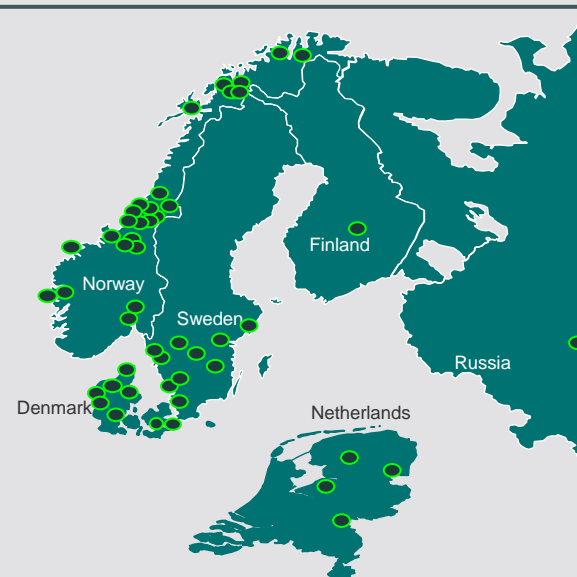
KMC Properties at a glance (31 December 2021)



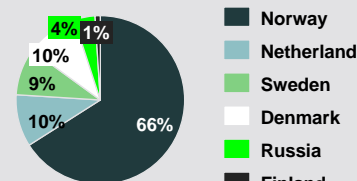
Company description

- Norwegian listed (OSE, ML: "KMCP") real estate company formed in 2020 as a result of the combination of real estate owned by the Bekken family, ABRA, a merger with Pesca Properties and a listing through the acquisition of Storm Real Estate ASA
- Portfolio of 45 properties focused on industrial and logistics with long-term leases, solid tenants and strategically locations critical for tenant operations
- Robust tenants like BEWI ASA, INSULA, Grøntvedt Pelagic and PSW Group stands for ~66% of total NOI
- Geographical footprint in Northern Europe, in addition to one office building in Moscow, Russia
- HQ in Trondheim, mainly owned by BEWI Invest (41%) and Kverva Industrier (29%)

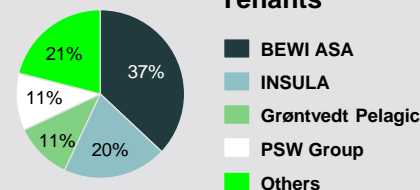
Portfolio footprint



Geography¹

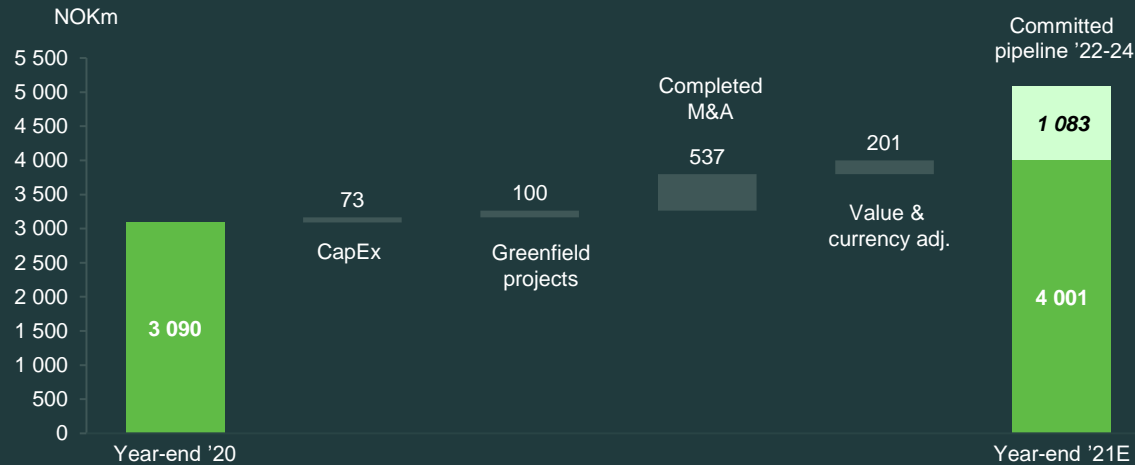


Tenants²



KMC Properties at a glance - continued

Delivering accretive growth..



- Current portfolio gross yield of ~6.8%
- Investments for lessees in current portfolio of NOK ~73 million in 2021, at yield-on-cost of ~7.5%
- Investments in greenfield projects of NOK ~100 million in 2021, at yield on cost of ~7.5%
- Completed acquisitions of NOK ~537 million in 2021 at yield-on-cost of ~7.5%
- Value and currency adjustments of NOK 201 million
- Committed pipeline at year end 2021 of NOK ~1.1bn

...with continued strong growth ambitions



- Strategic target of NOK 8bn by year end 2025
- Total committed pipeline for 2022 of NOK ~460 million end of 2021, of which
 - NOK ~230 million for greenfield and capex projects, at weighted average yield of ~7.0%
 - NOK ~230 million for acquisitions (NOK 190 million announced as per 9 March)
- For 2023 and 2024, committed pipeline amount to NOK ~365 million and NOK ~260 million respectively
- Planned growth well within expected possibility in the sector – corresponding to approx. 4% of average relevant Nordic real estate volumes ¹
- Continued focus on assets we know well: foodstuff facilities, light industry – infrastructure for our lessees

1) Pangea Nordic Property Outlook 2021: average Nordic «Industrial/Storage» transaction volume, 2016-2020, of EUR ~2.45 bn

2) Current company estimates, based on current transaction pipeline and market visibility and outlook. No assurances can however be given that any such acquisitions will be concluded, or at what terms. Further information will be provided in due course, as and when relevant or appropriate

Executing on growth strategy

Company strategy and growth targets



- ✓ **Contract renewal** and expansions for existing customers
- ✓ **Greenfield development** of new facilities for new and existing clients
- ✓ **Acquisitions** in collaboration with current & new tenants, and other parties

Growth target of NOK 1bn in GAV per year, hitting GAV of NOK 8bn 2025

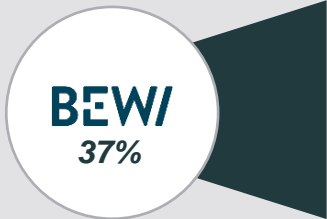
Growth initiatives in 2021

Date	Type	Tenant	Expected completion	Value (NOKm) ¹⁾	Yield	WAULT	Country
2020-2021	Greenfield	BEWI (Senja)	Completed	91	7.5%	15.0	
Apr-21	Acquisition	BEWI Cellpack A/S	Completed	28	7.2%	12.0	
May-21	Acquisition	PTG Frionordica AS	Completed	44	7.1%	16.5	
Jul-21	Greenfield	Oppdal Spekemat	Q4 2022	85	7.5%	15.0	
Jul-21	Greenfield	BEWI (Hitra)	Q3 2023	140	7.5%	15.0	
Jul-21	Acquisition	PSW Technology AS	Completed	285	7.7%	12.0	
Aug-21	Greenfield	Slakteriet Holding AS	Q1 2024	620	6.8%	20.0	
Nov-21	Acquisition	PSW Technology AS	Completed	128	7.0%	8.4	
Dec-21	Acquisition	Biobe AS	Completed	52	7.5%	12.0	
2021	Capex - completed	BEWI/Insula	Completed	73	7.5%	-	
Dec-21	Capex pipeline		2022	39	7.5%	-	-
Dec-21	M&A pipeline		2022	230	7.7%	-	-
Total				1,815	7.3%	15.8	

Solid customer base of market leading companies with long track records and exposure to an attractive industry

Company overview

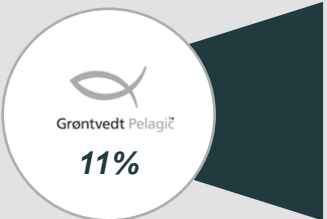
% of net operating income¹



- Listed at the Oslo Børs, majority-owned by the Bekken family, the founder of the company in 1980
- Annual revenues of EUR ~750 million, with solid EBITDA margins
- Leading European provider of packaging, components, and insulation solutions
- Proven buy-and-build strategy with 29 deals executed and integrated since 2014
- Frontrunner in innovation and sustainability



- 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
- Margins negatively impacted by operational restructuring and efficiency-improving initiatives completed in 2019



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



- PSW Group is a provider of products, systems and services to the oil & energy industry
- The group was established in 2007 and is currently owned by the private equity firm Herkules Capital
- The tenant, PSW Technology is one of a total of four business areas

Key customers / brands



Highlights for the fourth quarter 2021

Key events for the quarter

- Acquisition of industrial property at Ågotnes for NOK 128 million, PSW Technology as tenant
- Acquisition of production facility in Fredrikstad for NOK 52 million, initial lease of 12 years
- New rental agreement with First Seafood in Kongsvinger, initial lease of 10 years
- Completion of subsequent offering at NOK 8.0 per share, following private placement in September
- Listing of senior secured bond at Oslo Børs
- Invested ~NOK 47.2 million in development of existing properties



Key figures

NOK million	Q4 2021	2021
Gross rental income	61.7	226.1
Net Income from property management	23.7	66.1
Net asset value adjusted (NAV)	1,968	1,968
WAULT (years)	10.4	10.4
Occupancy rate (%)	98.8%	98.8%

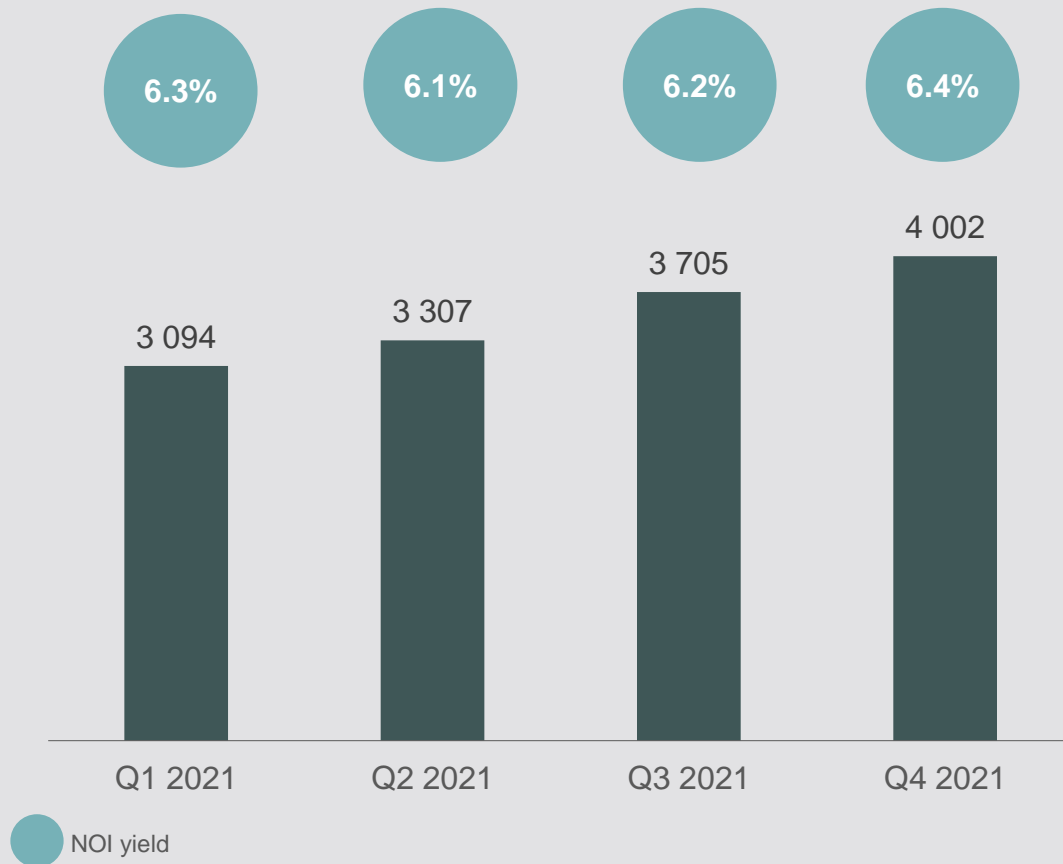
Key developments and subsequent events

- Russian invasion of Ukraine impacting value of office building in Moscow, Russia, expects impairment in first quarter of 2022
- Capex pipeline for 2022 of NOK ~39 million with weighted average yield-on-cost (YoC) of ~7.5%
- Committed greenfield pipeline of a total of NOK ~814 million at year-end 2021 with YoC of ~6.9%, where NOK ~189 million relates to 2022
 - Progress to new conditional agreement with Slakteriet for development of NOK 620 million salmon slaughterhouse facility
- M&A pipeline of NOK ~230 million at year-end 2021 with a weighted average gross yield of ~7.7%, where two acquisitions announced in January 2022:
 - Meat processing facility near Narvik in Northern Norway for NOK 100 million at gross yield of 7.8%
 - Herring production facility in Sweden from Klädesholmen for SEK 90 million at gross yield of 7.5%

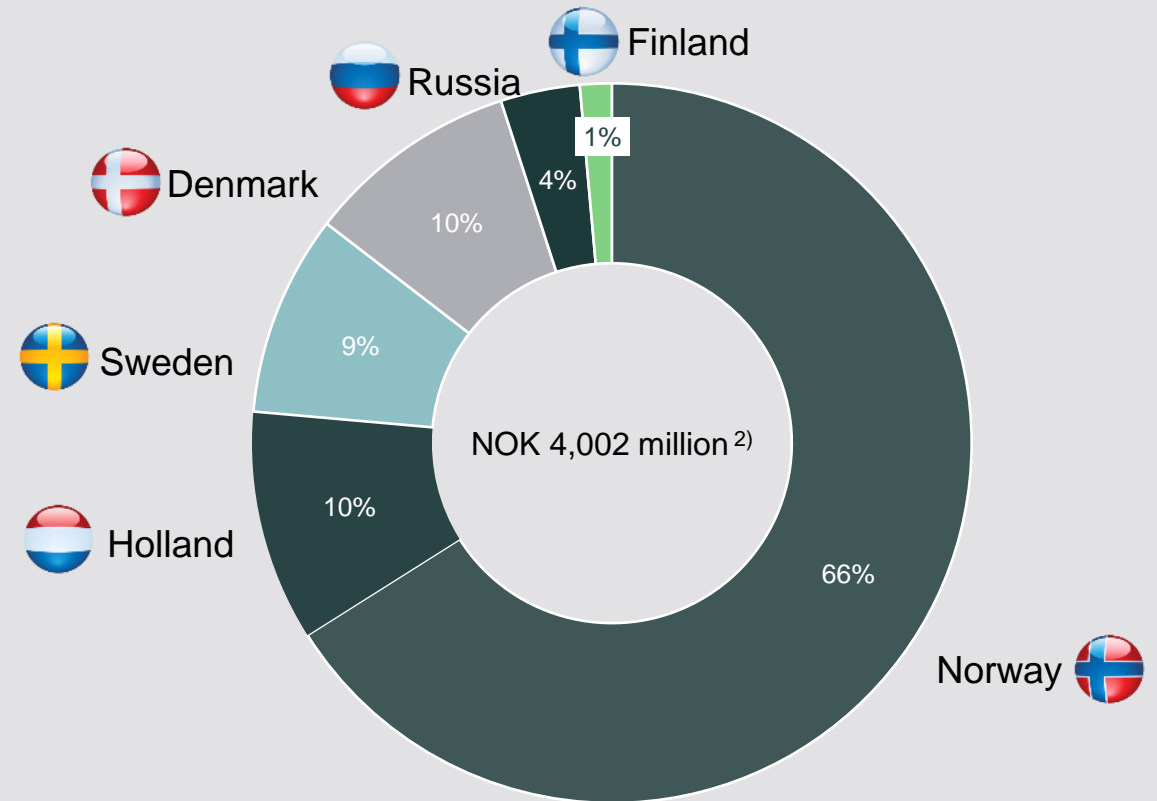
Property value and yield

Gross asset value and NOI yield development over time

NOK million



Total appraisal value and split per country¹



Financials



Development in adjusted annualised run-rate

Annualised run-rate (NOK million)

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Gross rental income	284.0	247.0	246.3	212.8
Property related expenses	-13.0	-11.0	-12.7	-12.5
Net operating income	271.0	236.0	233.6	200.3
SG&A expenses	-28.0	-26.0	-25.0	-24.2
EBITDA	243.0	210.0	208.6	176.1
Realised financial expenses	-110.0	-99.5	-93.1	-79.5
Net income from property management	133.0	110.5	115.5	96.6

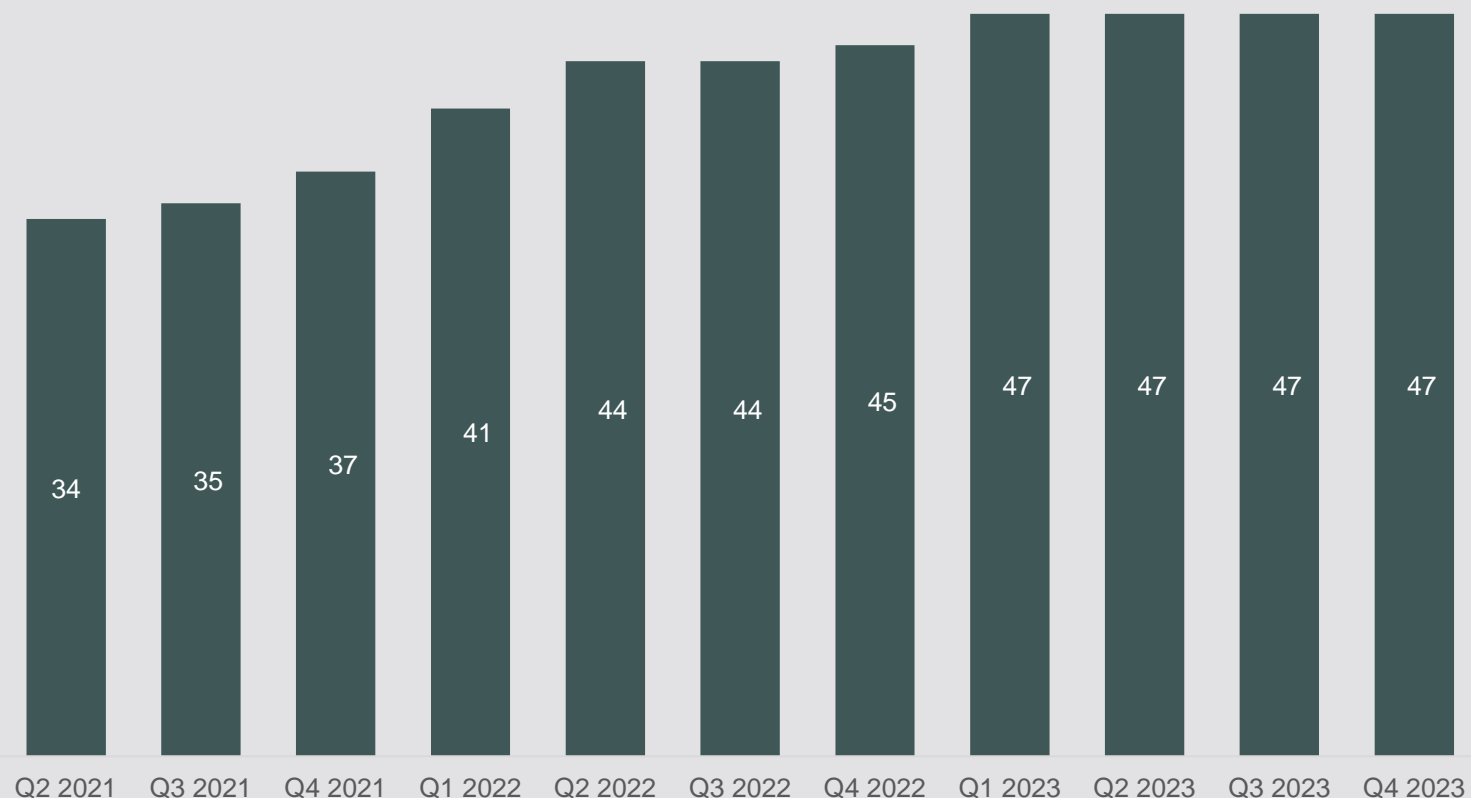
Comments

- Q4 2021 is based on final agreements as of 23 February 2022
- Relatively stable costs despite high rental income growth due to new investments

Existing contracts provide solid cash flow

Contractual gross rental income for the period 2021-2023¹ less estimated interests expenses²

NOK million



Comments

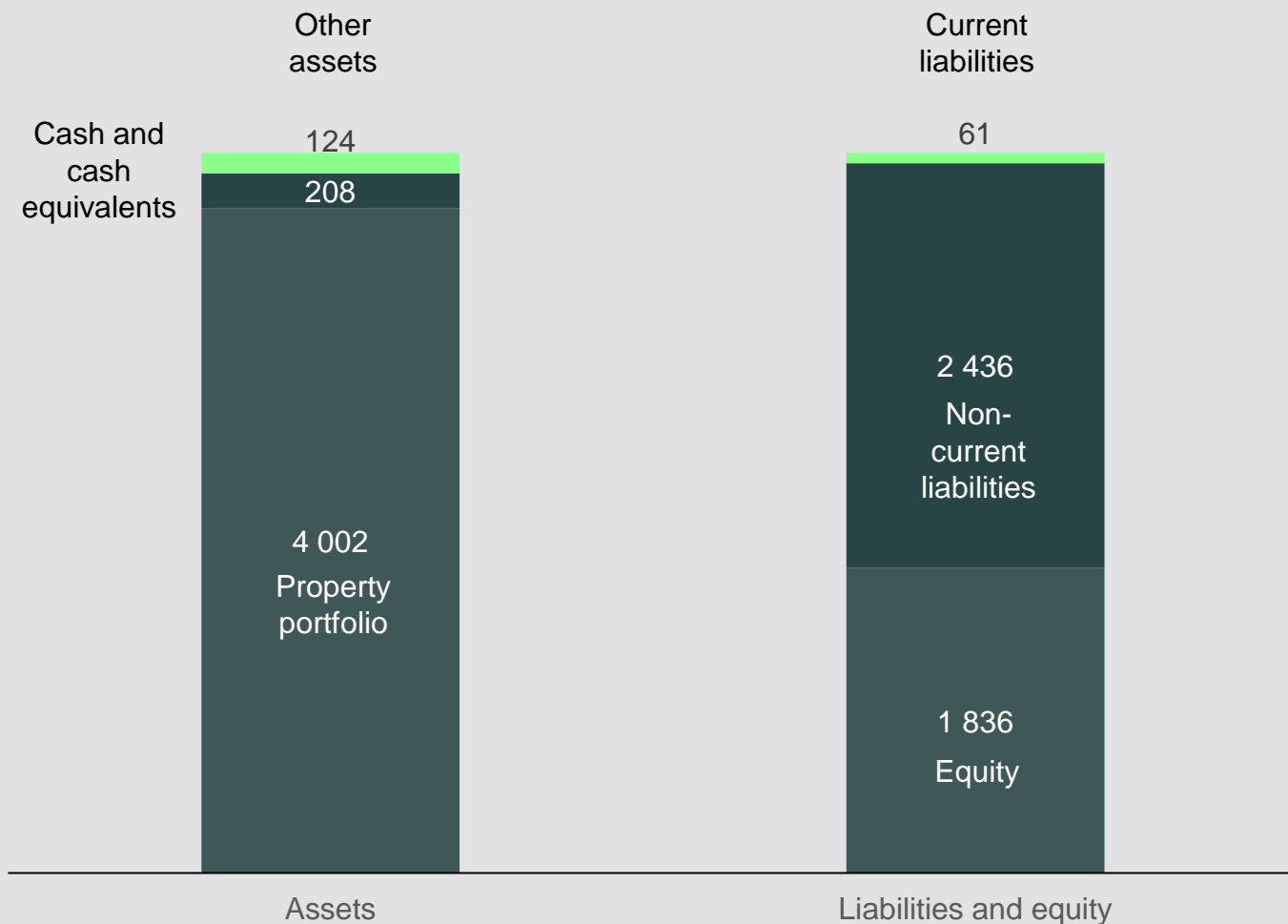
- Contracts with solid tenants, with COVID-19 resilient business models
- Low OPEX and SG&A expenses due to triple net bare-house lease contracts
- Cash flow provide strong debt capacity and flexibility for further growth

1) Based on contracts as of 23 February 2022. CPI adjustments in 2023 is set to 2.0%. Rental income from the Gasfield property (spot contracts) is estimated to be stable during the period.

2) Based on current interest-bearing debt, swap agreements and interest rates. Does not include interests on the revolving credit facility

Balance sheet at 31.12.2021

Balance sheet build-up



Comments

- Portfolio valued by Cushman & Wakefield quarterly
- In Q4 2021, value of property portfolio increased by NOK 296 million to a total value of NOK 4 002 million
- Assets consists of interest rate and currency rate swap agreements (NOK 67.4 million), trade receivables (NOK 24.6 million), prepaid expenses, VAT receivables, tax receivables, and other current receivables (NOK 26.7 million), and NOK 207.5 million in cash
- Total current liabilities of NOK 60.9 million, mainly including trade payables (NOK 23.6 million), taxes (NOK 8.3 million) and prepaid rent (NOK 6.5 million)
- Total non-current liabilities of NOK 2 436.3 million, mainly including interest bearing debt (NOK 2 287.0 million), deferred tax liabilities (NOK 132.0 million) and land lease liabilities (NOK 19.1 million)
- Total equity was NOK 1 836.0 million, representing an equity ratio of 42.4%

Interest bearing debt

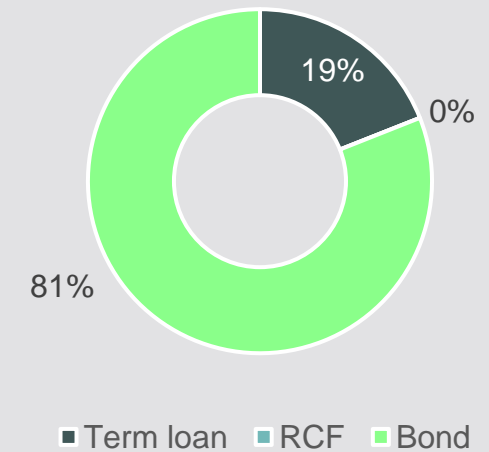
Financing activity in the quarter

- New bank loans of NOK 99.8 million at 3m NIBOR + 250/240bps
- No utilization of the revolving credit facility in Q4 2021

Maturity profile and composition of interest-bearing debt

All amounts in NOK million	0-1 yrs	1-2 yrs	2-3 yrs	>3yrs
Revolving credit facility (RCF)	0	0	0	0
Bank loan	0	0	0	437
Bonds	0	0	1 850	0
Total	0	0	1 850	437

Source of funds



┐ Outlook and summary



Summary

- 1 Ambitious growth targets with industrial know-how and ability to develop industrial properties
- 2 Proven track record of delivering on growth targets and executing accretive growth at attractive yield levels
- 3 Resilient and stable cost base, with improved financing terms on new acquisitions
- 4 Strong revenue growth through investments in current portfolio, greenfield projects and acquisitions
- 5 KMC is positioned to create value and deliver sustainable returns to our shareholders going forward



Appendix



Key reported P&L metrics

P&L (NOK million)

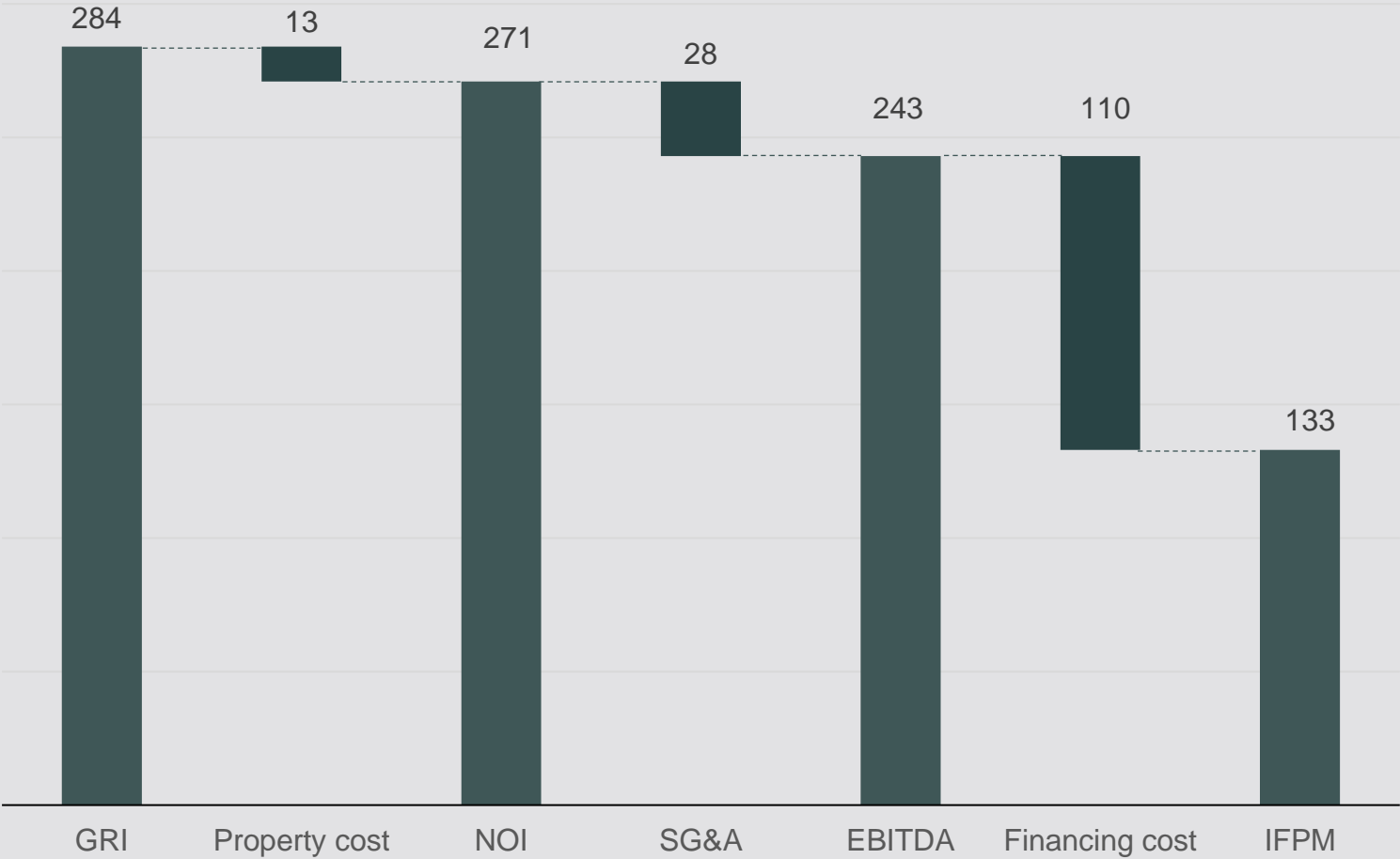
	Q4 2021	Q3 2021	2021	2020
Gross rental income	61.7	57.7	226.1	51.8
Direct property related expenses	-3.3	-2.1	-11.5	-2.8
Net operating income	58.4	55.6	214.6	49.0
Other operational expenses and depreciation	-15.6	-9.5	-66.8	-18.5
Net fair value Adjustments on Investment Property	106.2	101.9	310.1	404.6
Total operating profit (loss) (EBIT)	149.0	148.1	458.0	435.0
Net financial income (expenses)	-9.3	-25.7	-75.7	-28.1
Tax	-25.4	-23.3	-77.4	-94.3
Net income	114.3	99.1	304.8	312.6

Comments

- Rental income increased by 6.9% from Q3 to Q4, mainly explained by income from new investments
- Transaction costs of NOK 3.6 million in Q421
- Net realised financials of NOK ~18.5 million

Current run-rate

Run-rate bridge from GRI to IFPM

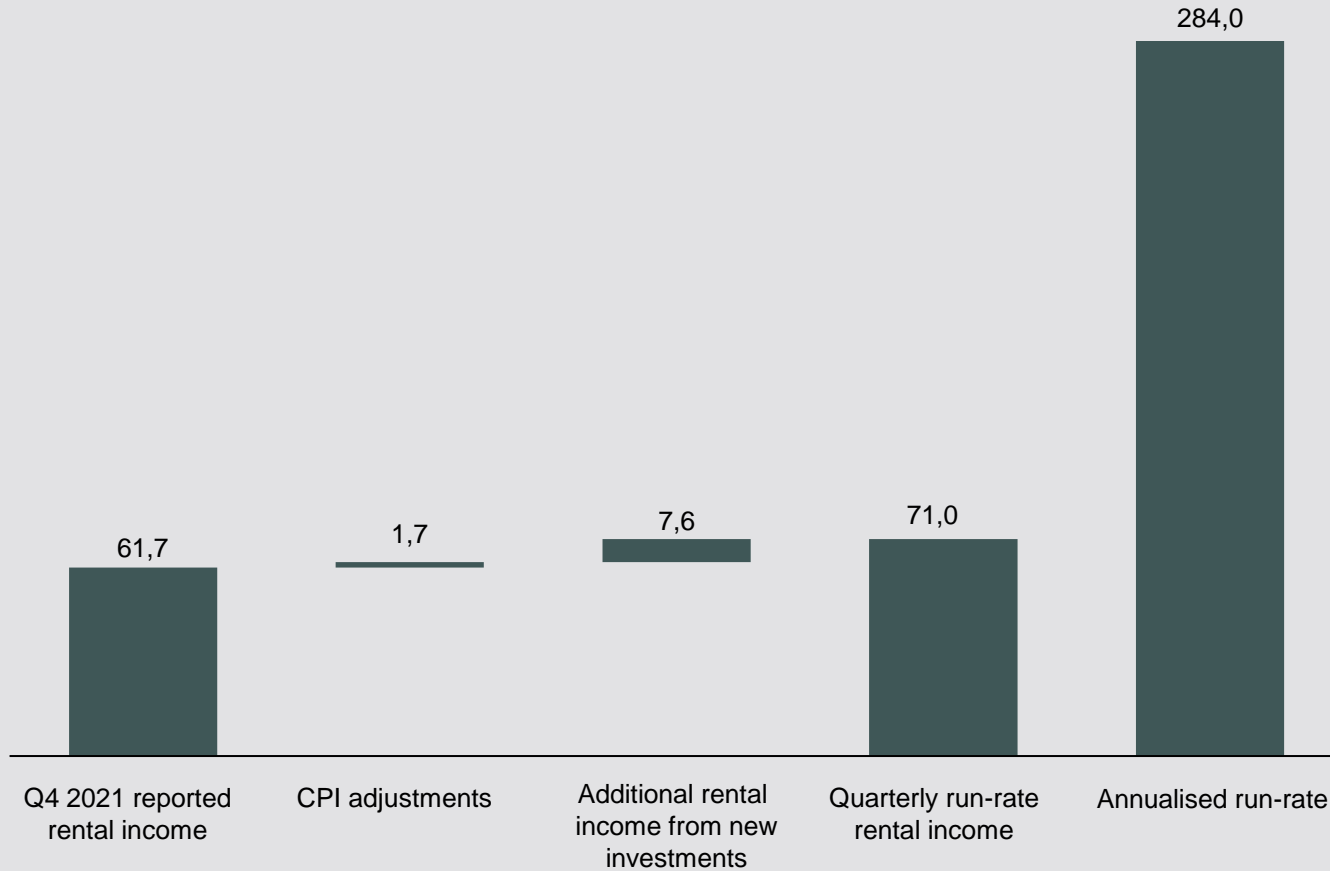


Comments

- Property cost at app. NOK 13 million (c. 4.6% of GRI), of which property cost in Russia is at app. NOK 8 million, and expected to remain low due to mainly triple net lease contracts in the portfolio.
- SG&A related to overhead costs of running the operations including salaries and administrative expenses
- Changes to property valuation and transaction cost not included in run-rate EBITDA
- Financing cost driven by the interest-bearing debt and swap agreements at 23 February 2022.

Run-rate figures: Key metrics

Run-rate bridge from GRI to IFPM



Comments

- Additional rental income comes from new investments up until 23 February 2022 and CPI adjustments.