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## Comments from the CEO

2022 has come to an end, and we are very pleased with what we accomplished in the last quarter of the year. We completed the first part of our most transformative property transaction to date, by acquiring a total of 11 properties and one land plot as part of the previously announced transaction with our tenant BEWI. We also entered an agreement for the acquisition of a logistics property in Narvik. In addition, we were pleased to be able to complete the divestment of our office building in Moscow, following a comprehensive sales process.

Rental income for the fourth quarter of 2022 amounted to NOK 80 million, up from NOK 55 million for the same quarter of 2021, and from NOK 66 million for the previous quarter. The increase is explained by the additional income from new investments. For the full year 2022, rental income came in NOK 273 million, up from NOK 205 million for 2021.

At the end of the year, our investment properties were valued at NOK 5 366 million, up from NOK 3 982 million at the end of last year, and from NOK 4 410 million at the end of the previous quarter. For the period, the increase mainly relates to the acquisitions mentioned above, in addition to greenfield and capex investments of approximately NOK 55 million, fair value adjustments of NOK 18 million, while currency translation adjustments contributed with a negative NOK 23 million.

Throughout the year of 2022, we acquired a total of 16 industrial properties, increasing our gross asset value by 35 per cent, and significantly strengthening our platform for further growth.

In October, we completed the development of the production facility for Oppdal Spekemat, allowing for the tenant to commence operations in December, from which the rental agreement started.

The macroeconomic environment continues to be characterised by high uncertainty, following geopolitical tensions and the significant increases in inflation and interest rates across the world. Although the increased interest rates have an impact on our financial expenses, our strong portfolio of long triple net lease agreements with solid tenants, of which 98 per cent of the agreements include 100 per cent CPI adjustments, makes us robust in challenging times.

Going forward, our key priority will be to complete the refinancing of the company's senior secured bond loan. Further, we will focus on integration of recently acquired properties, further develop our pipeline of M&A opportunities, and secure progress on ongoing development projects. With this platform, we are very well positioned to reach our strategic target of a NOK 8 billion real estate portfolio by the end of 2024.

Trondheim, 22 February 2023



**Liv Malvik**  
Chief executive officer  
KMC Properties ASA

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# About KMC Properties

**KMC Properties** is an Oslo Børs listed real estate company focusing on high-yield industrial- and logistic properties. The company has a diversified portfolio of properties in the Nordics and the Netherlands. The properties are strategically located and have long lease agreements with solid tenants.

Most of the company's rental agreements are long-term triple net bare house contracts resulting in low operational expenses and a solid operational cash flow. A large share of the company's gross asset value is based on the contractual cash flow. As the properties are at very strategic locations for the tenants, contract extensions are likely and will have a positive value adjustment potential.

The company has an ambitious growth strategy with a solid pipeline of M&A initiatives and development projects. KMC Properties expects its growth to have a positive impact on its financial expenses, as a result of expected lower interest margin on interest-bearing debt, further improving the income from property management.

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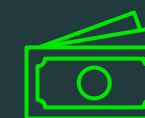
# Highlights\*

## Fourth quarter of 2022

- Income of NOK 80 million (NOK 55 million) for the fourth quarter of 2022
- Net income from property management of NOK 17 million (NOK 22 million)
- Invested NOK ~55 million in development of existing properties
- Completion of first phase of acquisition of industrial property portfolio from BEWI, including 11 properties and one land plot in Norway and Sweden
- Received EUR 9.6 million from the sale of the office building in Moscow, Russia

## Subsequent events

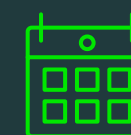
- Completion of acquisition of logistic property in Narvik for NOK 90 million



Net yield  
**6.9%**



Portfolio value  
**~ 5.4bn**



Wault (years)  
**~ 11.0**



EPRA LTV  
**~ 56.2%**

\* Numbers in parenthesis refers to comparable figures for the corresponding period of 2021.

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## Key figures

For the fourth quarter, KMC Properties has implemented reporting in accordance with the EPRA Guidelines. Previous reports did not include figures from the investment property in Russia in some of its key figures. This has now been changed so that 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 except percentage</i>	2022	2021	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Rental income	273	205	80	66	65	63	55
Change period-on-period	33%	-	21%	2%	3%	14%	5%
Net operating income	270	202	79	65	64	62	55
Change period-on-period	33%	-	22%	1%	4%	13%	4%
Net realised financials	(122)	(82)	(42)	(28)	(27)	(25)	(19)
Change period-on-period	49%	-	50%	3%	7%	38%	(23%)
Net income from property management	96	56	17	28	28	23	22
Change period-on-period	70%	-	(38%)	(2%)	23%	6%	10%
Profit before tax from continued operations	282	380	22	81	96	83	144
Change period-on-period	(26%)	-	-73%	-16%	16%	-42%	20%
Profit from discontinued operations	(81)	2	0	(32)	2	(52)	(4)
Change period-on-period	(4 323%)	-	(101%)	(1 551%)	(104%)	1211%	(335%)
Profit after tax	163	305	30	46	75	12	114
Change period-on-period	(46%)	-	(33%)	(39%)	521%	(89%)	15%
Market value of the property portfolio <sup>1)</sup>	5 366	3 982	5 366	4 502	4 247	4 084	3 982
Net Debt <sup>1)</sup>	3 016	2 094	3 016	2 493	2 266	2 254	2 094
EPRA LTV <sup>2)</sup>	56.2%	52.6%	56.2%	55.4%	53.3%	55.2%	52.6%
Interest coverage ratio <sup>2)</sup>	1.8x	1.8x	1.8x	2.1x	2.0x	2.0x	1.8x
EPRA Net Initial Yield <sup>2)</sup>	6.9%	7.1%	6.9%	7.1%	7.0%	7.0%	7.1%
EPRA Vacancy Rate <sup>2)</sup>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAULT	11.0	10.0	11.0	9.8	10.0	10.1	10.0
Number of properties <sup>3)</sup>	61	44	61	49	46	46	44
GLA ('000sqm)	526	357	526	422	375	375	357
Number of shares (million)	324	282	324	285	285	285	282
<i>All amounts in NOK per share except percentage</i>	2022	2021	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
EPRA Earnings <sup>2)</sup>	0.12	0.04	0.09	0.08	0.24	(0.20)	(0.01)
Change period-on-period	173%	-	16%	(68%)	(222%)	1540%	-
EPRA NRV <sup>2)</sup>	7.6	7.0	7.6	7.4	7.3	6.8	7.0
Change period-on-period	8%	-	3%	1%	7%	(4%)	-
Share price end of period <sup>4)</sup>	6.8	10.7	6.8	7.1	8.3	10.6	10.7
Change period-on-period	(36%)	-	(4%)	(14%)	(22%)	(1%)	-
Share price <sup>3)</sup> / EPRA NRV <sup>2)</sup>	0.9	1.5	0.9	1.0	1.1	1.6	1.5
Change period-on-period	(41%)	-	(7%)	(15%)	(28%)	3%	-

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).

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### Financial results

#### Annual run rate<sup>1)</sup>

Amounts in NOK million

Rental income	371
Property related expenses	(5)
<b>Net operating income</b>	<b>366</b>
Administration expenses <sup>2)</sup>	(41)
<b>EBITDA</b>	<b>326</b>
Net realised financials <sup>3)</sup>	(181)
<b>Net income from property management</b>	<b>145</b>

<b>Net debt/run rate EBITDA</b>	<b>9.3</b>
---------------------------------	------------

1) Based on completed agreements at period end.

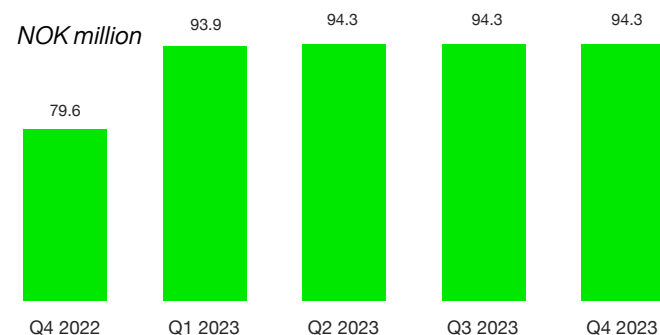
2) Does not include transaction costs and variable remuneration to employees.

3) Based on 3 months Nibor and swap agreements at period end. Does not include interest expenses on revolving credit facility.

**Rental income** for the fourth quarter of 2022 amounted to NOK 80 million. The change of NOK 14 million from the contractual rental income for the previous period is specified in the table above.

KMC Properties has invested a total of NOK 46 million in upgrades at its property at Leknes. The rental increase related to the upgrades will have effect for the tenant from the first quarter of 2023. For 2022, KMC Properties invoiced the tenant approximately NOK 0.66 million per quarter. The income was accounted as financial income.

*Contractual rental income development based on final agreements as of period end.*



#### Net operating income

Since most of the group's lease agreements are triple net bare house agreements, property costs are low. Hence net operating income amounted to NOK 79 million for the fourth quarter compared to NOK 55 for the comparable period of 2021.

**Administration expenses** amounted to NOK 20.3 million for the quarter, up from NOK 14.5 million for the fourth quarter of 2021, and consisted of NOK 5.4 million ordinary salary costs, a NOK 5.5 million bonus provision, NOK 3.3 million ordinary operational costs, NOK 1 million in period specific audit cost, NOK 3.2 million in transaction costs and NOK 1.9 million in non-recurring operational costs.

Going forward, administration costs will increase due to new hires (one new employee started in January 2023 and one new employee will start in April 2023), additional costs related to the BEWI portfolio acquired in the fourth quarter, and CPI adjustments. Hence, the run-rate for administration cost increases from NOK 34 million to NOK 41 million. However, KMC Properties has now the capacity to increase its real estate portfolio significantly without adding on large administrative expenses.

Amounts in NOK million	Q4 2022	Q4 2021	2022	2021
Administrative costs	17	11	45	31
Transaction costs	3	4	7	33
<b>Other operating expenses</b>	<b>20</b>	<b>15</b>	<b>52</b>	<b>64</b>

**Net realised financials** came in at a negative NOK 42 million for the quarter, compared to a negative NOK 19 million last year. The cost increase relates to higher interest-bearing debt and higher interest rates.

NOK 0.66 million of the financial income for the fourth quarter of 2022 was interest income on the investment in the property at Leknes, see comment under "Rental income" above.

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<i>Amounts in NOK million</i>	Q4 2022	Q4 2021	2022	2021
Interest income	2	7	3	7
Interest expenses	(44)	(25)	(126)	(89)
<b>Net realised financials</b>	<b>(42)</b>	<b>(19)</b>	<b>(122)</b>	<b>(82)</b>

**Net income from property management** came in at NOK 17 million for the quarter, down from NOK 22 million for the corresponding period last year.

**Net unrealised financials** came in at negative NOK 15 million for the quarter, compared to negative NOK 20 million last year. The amount consists primarily of foreign exchange gains and losses, including such gains and losses on intercompany balances, and amortisation of debt issue costs.

**Tax expense** was negative NOK 8 million this quarter, compared to an expense of NOK 26 million for the fourth quarter of 2021. The tax income for the fourth quarter was mainly due to decrease in the deferred tax on investment properties.

For the full year of 2022, the tax expense amounted to NOK 38 million. Of which NOK 9 million is tax payable and the remaining NOK 29 million is change in deferred tax. For the same period last year, the tax expense was NOK 77 million.

**Profit after tax** was NOK 30 million for fourth quarter of 2022 compared to NOK 114 million for the fourth quarter of 2021.

## Financial position and cash flow

### Property portfolio

<i>Amounts in NOK million</i>	Q4 2022	2022
<b>Opening balance</b>	<b>4 429</b>	4 002
Classified as held for sale	0	(143)
Purchase of investment properties	906	1308
Upgrades of investment properties	55	139
Sale of investment properties	0	0
Change in value	18	41
Currency translation effect	(23)	38
<b>Value at period end before adjustment of right-of-use asset</b>	<b>5 385</b>	5 385
Adjustment of right-of-use asset	(20)	(20)
<b>Value at period end</b>	<b>5 366</b>	5 366

The portfolio is valued by Cushman & Wakefield quarterly. For the fourth quarter of 2022, the total change in value for the company's investment properties amounted to NOK 936 million.

Expansion projects, investments in new facilities, and acquisitions amounted to a total of NOK 961 million in the quarter.

In addition, fair value adjustments contributed with NOK 18 million for the quarter. Unrealised value changes were positively affected by new acquisitions, deferred tax deductions in connection with acquisitions, and high CPI adjustments on 2023 rents, while a higher required rate of return had a negative effect.

Adjustment of right-of-use asset according to IFRS 16 amounted to NOK 20 million in 2022. IFRS 16 requires the lease liability and the right-of-use investment property to be presented on a gross basis on the balance sheet. To achieve this presentation, IAS 40 requires the amount of the recognised lease liability, calculated in accordance with IFRS 16, to be added back to the amount determined under the net valuation model, to arrive at the car-

rying amount of the investment property under the fair value model.

This correction is made in 2022 and the right-of-use asset is presented on its own accounting line.

Translation adjustments contributed with negative NOK 23 million for the quarter and NOK 38 for the full year of 2022.

**Other assets** consist primarily of interest rate and currency rate swap agreements of NOK 180 million, other non-current assets of NOK 16 million, trade receivables of NOK 7 million, other receivables and other current assets of NOK 7 million as well as NOK 187 million in cash.

**Total non-current liabilities** amounted to NOK 1 420 million at the end of 2022, down from NOK 2 436 million at the end of 2021. The decrease mainly relates to the reclassification of the senior secured bond loan to current liabilities due to its maturity in December 2023. The non-current liabilities consist of interest-

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bearing debt of NOK 1 217 million, deferred tax liabilities of NOK 163 million, land lease liabilities of NOK 19 million and other non-current liabilities of NOK 20 million.

**Total current liabilities** amounted to NOK 1 984 million at the end of the year, up from NOK 61 million at the end of 2021, consisting of short-term interest-bearing debt (bond loan, construction loan and first year instalment on bank loan) of NOK 1 905 million, trade payables of NOK 37 million, and other current liabilities of NOK 41 million.

**Total equity** was NOK 2 377 million on 31 December 2022, representing an equity ratio of 41 per cent, compared to NOK 1 836 million at the end of 2021, equalling an equity ratio of 42 per cent. EPRA NRV per share was 7.6 (7.0).

## Consolidated cash flow

**Operating activities** generated a cash inflow of NOK 94 million for the fourth quarter, compared to NOK 21 million for the same quarter last year.

**Investment activities** generated a cash outflow of NOK 872 million for the quarter due to investments in expansion projects, investments in new facilities, and acquisitions of new properties. For the corresponding period of 2021, investment activities amounted to NOK 211 million.

**Financing activities** led to a cash inflow of NOK 855 million for the quarter due to increase in interest bearing debt and issue of shares. In 2021, the company had a cash inflow of NOK 120 million for the fourth quarter.

## Financing

A large share of KMC Properties' portfolio is financed by a senior secured bond loan with maturity date on 11 December 2023. The company's highest priority is secure refinancing of the portfolio at improved financial terms within the first six months of 2023. KMC Properties is currently in active dialogue with potential creditors, including banks, bondholders, and providers of

private debt, and expects the refinancing to be composed of various financial sources. Although the board acknowledge that there is a degree of uncertainty related to the refinancing, the current processes indicate that the refinancing will be successful.

### Maturity profile and composition interest bearing debt

<i>Amounts in NOK million</i>	0-1 yrs	1-2 yrs	3-4 yrs	4+ yrs	<b>Total</b>	<b>%</b>
Bond loan	1 850	0	0	0	<b>1 850</b>	59%
Bank loan	43	81	881	261	<b>1 266</b>	41%
<b>Total</b>	<b>1 893</b>	<b>81</b>	<b>881</b>	<b>261</b>	<b>3 116</b>	<b>100%</b>



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# Operational review

## Important events in the fourth quarter of 2022

### Completion of first phase of acquisition of real estate portfolio from BEWI

On 9 November 2022, KMC Properties announced that the first phase of the acquisition of the industrial real estate portfolio from BEWI ASA was completed.

The portfolio includes up to 24 properties and one land plot with a gross asset value of up to approximately NOK 2.0 billion.

The first phase included 10 properties and one land plot in Norway and Sweden, valued to approximately NOK 900 million. Since then, one additional property, located in Norway, has been acquired valued at approximately NOK 25 million, while another property, valued at NOK 15 million, is expected to be completed by the end of the first quarter 2023. The acquired portfolio aligns with KMC Properties' core sector of light industrial properties and long-standing working relationship with BEWI.

The transaction has been financed by a combination of the new equity raised in November (see more information below), drawings on existing loan facilities, new committed loans, and cash on balance sheet.

KMC Properties has an exclusive right to acquire the remaining part of the portfolio valued at up to NOK 1.0 billion, valid until 30 June 2023. This option is considered to have no material intrinsic value and is therefore not recognised as a financial asset in the consolidated statement of financial position.

### Divestment of office building in Moscow, Russia

On 29 November 2022, KMC Properties announced that it had received payment of EUR 9.6 million for the sale of its office building in Moscow, Russia. The payment was in line with the booked value of the property as of 30 September 2022.

A complete sanction control and ownership research of the buyer was carried out, and the settlement was completed outside Russia.

### Development of salmon slaughterhouse facility for Slakteriet

KMC Properties has a conditional share purchase agreement (SPA) and a conditional lease agreement with Slakteriet for development of a salmon slaughterhouse facility. The company has previously communicated that the facility is expected to be completed during the first half of 2024. Following a revised development plan, including delayed start up of the construction, completion is now expected in the first half of 2025. The agreements are subject to customary closing conditions and financing.

The estimated total investment is NOK 682 million, with a yield-on-cost of 6.75 per cent.

### Development of a new packaging hub at Jøsnøya for BEWI

The project is planned for completion in the fourth quarter of 2023 and is fully let to BEWI ASA on a triple net lease contract, with initial lease of 15 years and an option for BEWI to extend the lease term two times by five years each.

### New production facility for Oppdal Spekemat completed

KMC Properties completed a new production facility at Oppdal in the fourth quarter. The tenant, Oppdal Spekemat AS, commenced operations at the facility in December 2022, from which a triple-net bare-house agreement, with an initial lease term of 15 years started running.

### Other impacts

The significant increase in inflation worldwide and the central bank's reaction to this has resulted in increased interest rates. This is affecting KMC Properties' financial expenses and may affect the valuation of the portfolio. However, KMC Properties has a 41 per cent hedging ratio and is operating in a high yield segment, hence the company has solid foundation for handling this risk. Also, 98 per cent of the company's lease agreements include 100 per cent CPI adjustments.

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## Share information

KMC Properties ASA is listed on the Oslo Børs (Oslo Stock Exchange) under the symbol KMCP.

The company has a total of 323 893 649 issued and outstanding shares as of 23 February 2023.

For a continuously updated overview of the company's largest shareholders, see the Investor section at the company's homepage [www.kmcp.no](http://www.kmcp.no)

During the fourth quarter of 2022, the KMC Properties' share was traded between NOK 6.14 and NOK 7.34 per share, with a closing price of NOK 6.80 on 30 December 2022.

### Private placement of NOK 300 million

On 3 November 2022, KMC Properties successfully completed a private placement, raising gross proceeds of NOK 300 mil-

lion by issuance of 37 500 000 new shares at a price of NOK 8.00 per share.

Certain existing and new shareholders had entered a subscription and underwriting agreement related to the private placement, which entailed a 4 per cent underwriting commission based on the sum of their commitment. The company's obligation to pay the underwriting commission was settled by issuance of 1,750,000 new shares at the same price as in the private placement, i.e., NOK 8 per share. For further details, please see stock exchange notifications of 3 November 2022.

The net proceeds have – and will be used in connection with financing of the first phase of the acquisition of the real estate portfolio from BEWI, as well as defined income-generating capex projects and ongoing greenfield projects.

## Subsequent events

### Acquisition of logistic property in Narvik for NOK 90 million

On 2 January 2023, KMC Properties completed its acquisition of a logistic property, including a dry-, cold- and freeze storage facility outside Narvik, Norway, for NOK 90 million. The acquisition was announced on 7 December 2022.

The property in Narvik is composed of 22 357 m<sup>2</sup> BTA of land and 16 400 m<sup>2</sup> of a building erected in 1998, 2001 and 2011, and substantially upgraded in 2011. The property is strategically located in a logistic hub south of Narvik city center, close to the E6 motorway, the railway and port terminal.

The property has a lease agreement with the Norwegian meat producer Kuraas AS for approximately 4 500 m<sup>2</sup>, with an initial lease of 15 years and an option to extend.

The property is located next to the meat processing facility acquired by KMC Properties in February 2022, also with a lease agreement with Kuraas. As a part of the new agreement, Kuraas replaced its existing contract with 6 years remaining lease, with

a new 15-year triple-net bare house agreement for the processing facility.

In addition, KMC Properties has signed a lease agreement with Servicegrossistene for an additional 4 100 m<sup>2</sup>, with an initial lease of 10 years and an option to extend. Servicegrossistene is the largest specialist for delivery of groceries to large households in Norway.

The annualised lease for the current contracts amounts to NOK 5.7 million for 2023 and NOK 8.0 million (excluding CPI adjustment) for 2024. The contracts will be subject to 100 per cent CPI adjustment from 1 January 2024.

In addition, almost half the property is currently vacant, enabling a potential for significant additional income.

### Extraordinary general meeting

On 7 February, the board of directors of KMC Properties called for an extraordinary general meeting to be held on 28 February 2023.

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In 2022, KMC Properties acquired a total of 16 industrial properties, including the first phase of the transformative agreement with BEWI. The company has grown the value of its investment portfolio (GAV) from approximately NOK 4.0 billion to NOK 5.4 billion, while at the same sold its office building in Moscow for EUR 9.6 million.

KMC Properties remains committed to its investment strategy, focusing on properties in Northern Europe with solid tenants within selected industries, in addition to greenfield and capex projects in collaboration with current and future tenants.

The current macroeconomic environment is characterised by high uncertainty. In particular, the high inflation resulting in significant increase in interest rates impact the real estate industry. However, KMC Properties' portfolio of high yielding logistic and light industry properties with solid tenants and long triple net lease contracts, and its 100 per cent CPI adjustments on almost all its lease agreement, still provides a comfortable headroom towards its covenants. Further, the company's investments have increased the overall EBITDA yield due to increased utilisation of the current organisation.

Going forward, KMC Properties' key priority is to complete the refinancing of the company's senior secured bond loan. Further, the company will focus on integration of recently acquired properties, completing the transformative agreement with BEWI by acquiring the remaining properties, further developing the pipeline of M&A opportunities, and securing progress in ongoing development projects.

When refinancing of the senior secured bond loan is completed, and provided that the company has sufficient liquidity for committed investments, 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.

The board of directors considers KMC Properties to be well positioned to tackle the challenging macro environment and reach the company's target of NOK 8 billion in GAV by the end of 2024.

Trondheim, Norway, 22 February 2023  
The board of directors and CEO of KMC Properties ASA

**Pål Aglen**  
*Chair*

**Morten Eivindssøn Astrup**  
*Director*

**Nini Høegh Nergaard**  
*Director*

**Anna Musiej Aanensen**  
*Director*

**Stig Wærnes**  
*Director*

**Marianne Bekken**  
*Director*

**John Thoresen**  
*Director*

**Liv Malvik**  
*Chief executive officer*

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## Consolidated statement of comprehensive income

<i>Amounts in NOK million</i>	<i>Note</i>	<b>Q4 2022</b> Unaudited	Q4 2021 Unaudited	<b>2022</b> Unaudited	2021 Audited
Rental income		<b>80</b>	55	<b>273</b>	205
Property expenses		<b>(0)</b>	(0)	<b>(3)</b>	(3)
<b>Net operating income</b>	2	<b>79</b>	55	<b>270</b>	202
Administration expenses		<b>(20)</b>	(15)	<b>(52)</b>	(64)
Net realised financials		<b>(42)</b>	(19)	<b>(122)</b>	(82)
<b>Net income from property management</b>		<b>17</b>	22	<b>96</b>	56
Net unrealised financials		<b>(15)</b>	(20)	<b>35</b>	(53)
Changes in value of financial instruments	6	<b>1</b>	29	<b>111</b>	59
Changes in value of investment properties	3	<b>18</b>	113	<b>41</b>	317
<b>Profit before tax</b>		<b>22</b>	144	<b>282</b>	380
Current tax		<b>0</b>	(3)	<b>(9)</b>	(3)
Deferred tax		<b>8</b>	(23)	<b>(29)</b>	(74)
<b>Profit from continued operations</b>		<b>30</b>	118	<b>244</b>	303
Profit from discontinued operations	7	<b>0</b>	(4)	<b>(81)</b>	2
<b>Profit</b>		<b>30</b>	114	<b>163</b>	305
Translation differences for foreign operations		<b>28</b>	29	<b>54</b>	(24)
Comprehensive income		<b>59</b>	144	<b>217</b>	281
<b>Profit attributable to:</b>					
Equity holders of the company		<b>30</b>	114	<b>163</b>	305
Non-controlling interest		-	-	-	-
<b>Comprehensive income attributable to:</b>					
Equity holders of the company		<b>59</b>	144	<b>217</b>	281
Non-controlling interest		-	-	-	-

*The accompanying notes are an integral part of the condensed consolidated interim financial statements.*

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## Consolidated statement of financial position

<i>Amounts in NOK million</i>	<i>Note</i>	<b>31.12.2022</b> Unaudited	31.12.2021 Unaudited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	3, 6	5 366	3 982
Site leaseholds, right-of-use assets		19	19
Financial derivatives	5, 6	180	68
Other non-current assets		16	5
<b>Total non-current assets</b>		<b>5 580</b>	4 074
<b>Current assets</b>			
Trade receivables		7	24
Other current assets		7	27
Cash and cash equivalents		187	208
Assets held for sale	7	-	-
<b>Total current assets</b>		<b>200</b>	259
<b>Total assets</b>		<b>5 781</b>	4 333
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		65	56
Share premium		1 512	1 196
Translation reserve		20	(34)
Retained earnings		781	617
<b>Total equity</b>		<b>2 377</b>	1 836
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		163	132
Non-current interest-bearing liabilities	4	1 217	2 275
Lease liabilities		19	19
Other non-current liabilities		20	10
<b>Total non-current liabilities</b>		<b>1 420</b>	2 436
<b>Current liabilities</b>			
Current interest-bearing liabilities	4	1 905	-
Trade payables		37	24
Current tax liabilities		0	3
Other current liabilities		41	34
Liabilities held for sale	7	0	-
<b>Total current liabilities</b>		<b>1 984</b>	61
<b>Total liabilities</b>		<b>3 404</b>	2 497
<b>Total equity and liabilities</b>		<b>5 781</b>	4 333

Trondheim, Norway, 22 February 2023  
The board of directors and CEO of KMC Properties ASA

**Pål Aglen**  
*Chair*

**Morten Eivindsson Astrup**  
*Director*

**Nini Høegh Nergaard**  
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*Chief executive officer*

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## Consolidated statement of changes in equity

<i>Amounts in NOK million</i>	Share capital	Share premium	Translation reserves	Retained earnings	Total equity
<b>Total equity at 31 December 2020</b>	48	892	(10)	313	<b>1 243</b>
Issue of Shares	8	318	-	-	<b>326</b>
Transaction cost issue of shares	-	(15)	-	-	<b>(15)</b>
Profit /(loss) for the period	-	-	-	305	<b>305</b>
Other comprehensive income (translation reserves)	-	-	(24)	-	<b>(24)</b>
<b>Total equity at 31 December 2021</b>	56	1 196	(34)	617	<b>1 836</b>
Issue of Shares	8	322	-	-	<b>330</b>
Transaction cost issue of shares	-	(6)	-	-	<b>(6)</b>
Profit /(loss) for the period	-	-	-	163	<b>163</b>
Other comprehensive income (translation reserves)	-	-	54	-	<b>54</b>
<b>Total equity at 31 December 2022</b>	65	1 512	20	781	<b>2 377</b>

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## Consolidated statement of cash flows

<i>Amounts in NOK million</i>	<i>Note</i>	<b>Q4 2022</b>	Q4 2021	<b>2022</b>	2021
<b>Profit before tax</b>		<b>22</b>	144	<b>282</b>	380
Changes in value of investment properties	3	<b>(18)</b>	(113)	<b>(41)</b>	(317)
Financial items		<b>56</b>	9	<b>(23)</b>	76
<b>Change in working capital:</b>					
- change in current assets		<b>8</b>	(3)	<b>41</b>	20
- change in current liabilities		<b>25</b>	(12)	<b>24</b>	(79)
Other items not included in the cash flow		<b>4</b>	(7)	<b>4</b>	0
Taxes paid		<b>(1)</b>	3	<b>(7)</b>	(2)
<b>Net cash flow from operating activities</b>		<b>94</b>	21	<b>279</b>	78
Purchase of investment properties		<b>(906)</b>	(218)	<b>(1 308)</b>	(520)
Upgrades of investment properties		<b>(55)</b>	-	<b>(139)</b>	(140)
Proceeds from property transactions		<b>99</b>	-	<b>99</b>	-
Interest received		<b>1</b>	7	<b>3</b>	-
Change in other non-current assets		<b>(12)</b>	-	<b>(12)</b>	-
<b>Net cash flow from investment activities</b>		<b>(872)</b>	(211)	<b>(1 356)</b>	(660)
Capital increase from issue of shares		<b>294</b>	20	<b>324</b>	326
Proceeds interest-bearing liabilities	4	<b>592</b>	-	<b>866</b>	439
Repayment interest-bearing liabilities	4	<b>(7)</b>	112	<b>(19)</b>	(3)
Interest paid		<b>(43)</b>	(19)	<b>(126)</b>	(87)
Transaction fees paid and other financial costs		<b>(2)</b>	3	<b>(3)</b>	(15)
Change in other non-current liabilities		<b>20</b>	4	<b>10</b>	3
<b>Net cash flow from financing activities</b>		<b>855</b>	120	<b>1 053</b>	665
Effects of exchange-rate changes on cash and cash equivalents		<b>4</b>	1	<b>3</b>	0
<b>Net change in cash and cash equivalents</b>		<b>80</b>	(69)	<b>(21)</b>	82
Opening balance of Cash and Cash equivalents		<b>107</b>	276	<b>208</b>	125
<b>Cash and cash equivalents at period end</b>		<b>187</b>	208	<b>187</b>	208

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## 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 2021.

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. Comparative figures are changed accordingly.

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 2022	Q4 2021	2022	2021
Rental Income Norway	48	35	171	122
Rental Income Sweden	13	7	39	29
Rental Income Denmark	10	6	31	24
Rental Income Holland	7	7	27	27
Rental Income Finland	1	1	5	5
<b>Total rental income</b>	<b>80</b>	<b>55</b>	<b>273</b>	<b>205</b>
Property related costs	(0)	(0)	(3)	(3)
<b>NOI from properties</b>	<b>79</b>	<b>55</b>	<b>270</b>	<b>202</b>

#### Summary of significant contracts

KMC Properties acquired 10 properties and one land plot in Norway and Sweden in the fourth quarter. A substantial part of rental income is from rental contracts with related parties.

<i>Amounts in NOK million</i>	Q4 2022	Q4 2021	2022	2021
BEWI & subsidiaries	34	24	125	94
Insula & subsidiaries	13	12	52	48
Grøntvedt & subsidiaries	8	6	30	24
Scana & subsidiaries	8	6	31	11
Other	17	7	35	29
<b>Total</b>	<b>80</b>	<b>55</b>	<b>273</b>	<b>205</b>



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## Note 03 Investment properties

The valuation of the properties on 31 December 2022 has been performed by the independent expert valuer, Cushman & Wakefield.

<i>Amounts in NOK million</i>	Q4 2022	Q4 2021	2022	2021
<b>Opening balance</b>	<b>4 429</b>	3 705	<b>4 002</b>	3 090
Classified as held for sale	<b>0</b>	0	<b>(143)</b>	0
Purchase of investment properties	<b>906</b>	218	<b>1 308</b>	520
Upgrades of investment properties	<b>55</b>	0	<b>139</b>	140
Change in value	<b>18</b>	106	<b>41</b>	310
Currency translation effect	<b>(23)</b>	(27)	<b>38</b>	(58)
<b>Value at period end before adjustment of right-of-use asset</b>	<b>5 385</b>	4 002	<b>5 385</b>	4 002
Adjustment of right-of-use asset	<b>(20)</b>	(19)	<b>(20)</b>	(19)
<b>Value at period end</b>	<b>5 366</b>	3 982	<b>5 366</b>	3 982

The sensitivity of the fair-value assessment of investment properties depends to a considerable extent on assumptions related to yield, interest rates, market rents and operating costs for the properties. The table below presents examples of how changes related to each of these variables influenced property values, on 31 December

2022, assuming all other variables remained constant (amounts in NOK million). However, there are interrelationships between these variables, and it is expected that a change in one variable may influence one or more of the other variables.

Variables	Change of variables	Value change (+)	Value change (-)
Exit yield	+/- 0,25 per cent points	(54)	59
Discount rate	+/- 0,25 per cent points	(113)	109
Operating costs	+/- 10 per cent	(10)	10
Market rent	+/- 10 per cent	217	(217)
Average rental growth	+/- 0,5 percentages points next 10 years	173	(167)

The calculations have been performed by Cushman & Wakefield in connection of the valuations on 31 December 2022.

## Note 04 Interest bearing liabilities

<i>Amounts in NOK million</i>	2022	2021
Bond loan	<b>1 850</b>	1 850
Bank loan	<b>1 266</b>	437
Construction loan	<b>18</b>	0
Revolving credit facility	<b>0</b>	0
<b>Interest bearing liabilities at period end</b>	<b>3 134</b>	2 287
Capitalised borrowing cost	<b>(11)</b>	(12)
<b>Carrying amount interest bearing liabilities</b>	<b>3 122</b>	2 275
Fair value of interest bearing liabilities	<b>(12)</b>	14

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### Interest-bearing debt at period end:

	NOK million	Weighted average current interest <sup>1)</sup>	Weighted average interest terms	Weighted average amortisation plan bank loans (years)	Weighted average years to final maturity	In compliance with covenants?
Bond loan	1 850	7.54%	3 months NIBOR+4.25%	None	1	Yes
Bank loan	1 266	5.96%	3-/6 months NIBOR/ STIBOR+2.64%	23	4	Yes
Construction loan	18	6.04%	3 months NIBOR+2.75%	None	N/A	Yes
Revolving credit facility	0	5.54%	3 months NIBOR+2.25%	N/A	N/A	Yes
<b>Total</b>	<b>3 134</b>	<b>6.89%</b>				
Swap agreements <sup>2)</sup>		-1.15%				
<b>Total including swap agreements</b>	<b>3 134</b>	<b>5.74%</b>				

1) 3 months Nibor is set to 3.29% in line with the latest interest rate determination on the bond loan.

6 months Nibor is set to 3.85% in line with the latest interest rate determination on the bank loan.

6 months Stibor is set to 2.65% in line with the latest interest rate determination on the bank loan.

2) See note 6.

### Security bond loan:

Amounts in NOK million	2022	2021
Pledged property portfolio	3 029	2 943
Disposal account	41	0
<b>Opening balance security<sup>1)</sup></b>	<b>3 070</b>	<b>2 943</b>
Investments in pledged property portfolio	197	111
Sale of assets in pledged property portfolio	(144)	(133)
Inflow disposal account	144	133
Outflow disposal account	(161)	(93)
Fair value and translation adjustments pledged property portfolio <sup>2)</sup>	(51)	108
<b>Value security end of period</b>	<b>3 055</b>	<b>3 070</b>

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 Sweden

2) In accordance with valuation from Cushman & Wakefield at 31 December 2022.

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. Hence, in accordance with the bond terms, KMC Properties ASA sold KMC Kongsvinger AS, KMC Balsfjord AS, KMC Kvenild AS and Hitra Eiendom AS from KMC Properties AS to KMC Properties IV Norway AS

for NOK 144 in the third and fourth quarter of 2022. The purchase was done using standard terms, and the price was based on Cushman and Wakefield's valuation of the properties. The purchase price was paid to the Disposal Account and used to buy the two property companies KMC Farsø A/S and KMC Nykøbing Mors A/S for NOK 138 million. Additionally Nordic Trustee has released NOK 21 million from the disposal account to finance the investments in existing properties in the pledged property portfolio.

### Debt ratio – Group net LTV:

Amounts in NOK million	31.12.2022	31.12.2021
Bond loan	1 850	1 850
Bank loan	1 284	437
Cash and cash equivalents	(187)	(208)
Mark-to-market hedge adjustment	(180)	(68)
<b>Net interest-bearing debt</b>	<b>2 767</b>	<b>2 011</b>
Investment property (market value)	5 366	4 002
<b>Group Net LTV</b>	<b>52%</b>	<b>50%</b>

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## Note 05 Fair value of assets and liabilities

<i>Amounts in NOK million</i>	Fair value level	31.12.2022	31.12.2021
<b>Assets measured at fair value:</b>			
Assets measured at fair value through profit or loss			
- Investment properties	Level 3	5 366	3 982
- Financial derivatives	Level 2	180	68
<b>Total</b>		<b>5 546</b>	<b>4 050</b>
<b>Liabilities measured at fair value:</b>			
Liabilities measured at fair value through profit or loss			
- Financial derivatives	Level 2	-	-
<b>Total</b>		<b>-</b>	<b>-</b>

## 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, with the exception of 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>	31.12.2022	31.12.2021
Bond loan	1 850	1 850
Bank loan	1 266	437
Construction loan	18	-
Revolving credit facility	-	-
<b>Total interest-bearing loans</b>	<b>3 134</b>	<b>2 287</b>
<b>Hedged amount (fixed interest)</b>	<b>1 275</b>	<b>1 240</b>
Hedge ratio	41%	54%

### Swap agreements at period end

Swap agreement	Currency amount (million)	Start date	Maturity date	Fixed currency rate	Fixed interest
Interest & currency	NOK 335	23.12.2020	11.12.2023	EUR/NOK = 10.630	EURIBOR = -0.51%
Interest & currency	NOK 240	23.12.2020	11.12.2023	SEK/NOK = 1.050	STIBOR = 0.017%
Interest & currency	NOK 165	23.12.2020	11.12.2023	DKK/NOK = 1.428	DANISH IBOR = -0.505%
Interest	NOK 500	13.07.2021	31.12.2030	Not applicable	NIBOR = 1.5175%
Interest	EUR 32	11.12.2023	13.12.2027	Not applicable	EURIBOR = -0.03%
Interest	SEK 120	11.12.2023	13.12.2027	Not applicable	STIBOR = 0.686%
Interest	DKK 120	11.12.2023	13.12.2027	Not applicable	DANISH IBOR = 0.215%
Interest	NOK 35	10.02.2022	10.02.2027	Not applicable	NIBOR = 2.305%

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## Note 07 Discontinued operation

In the first half of 2022 the company decided to exit the Russian market and initiated a sale of its Russian subsidiary owning the company's office building in Moscow. The investment in Russia was consequently presented as a discontinued operation and the associated assets and liabilities presented as held for sale in accordance with IFRS 5.

In the fourth quarter KMC Properties sold and receive payment for the Russian entity. A complete sanction control and ownership research has been carried out of the buyer. The settlement has been made outside Russia. The remaining liabilities held for sale applies to a subsidiary in Cyprus under liquidation.

### Discontinued operation

<i>Amounts in NOK thousand</i>	Q4 2022 unaudited	Q4 2021 unaudited	2022 audited	2021 audited
Rental income	-	7	22	21
Property expenses	-	(3)	(12)	(9)
<b>Net operating income</b>	-	4	11	12
Administration expenses	-	(1)	(3)	(3)
Net realised financials	-	0	0	0
<b>Net income from property management</b>	-	3	8	10
Net unrealised financials	-	-	0	-
Changes in value of financial instruments	-	-	-	-
Changes in value of investment properties	0	(7)	(89)	(7)
<b>Profit before tax</b>	0	(4)	(81)	2
Current tax	-	-	1	(1)
Deferred tax	-	-	-	-
<b>Profit from continued operations</b>	0	(4)	(81)	2
Cash flow from operating activities	-	3	9	8
Cash flow from investing activities	0	0	0	0
Cash flow from financing activities	-	(8)	(2)	(9)
<b>Net change in cash and cash equivalents</b>	0	(5)	6	(1)

### Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation at 31 December 2022.

### Assets classified as held for sale

<i>Amounts in NOK thousand</i>	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Investment property	-	92	136	75
Other long-term assets	-	0	0	0
Trade receivables	-	3	3	2
Other receivables, prepaid expenses, and tax	-	5	4	3
Cash and cash equivalents	-	10	8	3
<b>Total assets of disposal group held for sale</b>	-	110	151	84

### Liabilities directly associated with assets classified as held for sale

<i>Amounts in NOK thousand</i>	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Other long-term liabilities	-	0	0	1
Trade payables	-	0	0	0
Other current liabilities	0	11	11	6
<b>Total liabilities of disposal group held for sale</b>	0	11	11	7

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## Note 08 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 5 Tenancy agreements for detailed information.

KMC Properties ASA has in 2022 purchased services for NOK 2 million from BEWI related companies, mainly cost of interim hiring of employees (NOK 0,8 million) and office rent (NOK 1,2 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

Amounts in NOK million	Q4 2022	Q4 2021	2022	2021
Operating profit before changes in value	17	22	96	56
Depreciation	42	19	122	82
<b>EBITDA</b>	<b>59</b>	<b>40</b>	<b>218</b>	<b>138</b>

### Interest Cover Ratio (ICR)

Amounts in NOK million	12 M - Q4 2022	12M - Q3 2022	12M - Q2 2022	12M - Q1 2022
LTM EBITDA <sup>1)</sup>	226	210	197	173
Net realised financials	(122)	(99)	(95)	(88)
ICR	1.8x	2.1x	2.1x	2.0x

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](http://www.epra.com).

### Summary table EPRA performance measures

	Unit	2022 / 31.12.2022	2021 / 31.12.2021
A EPRA earnings per share	NOK	0.09	0.19
B EPRA NRV per share	NOK	7.6	7.0
EPRA NTA per share	NOK	7.5	6.9
EPRA NDV per share	NOK	7.3	6.5
C EPRA Net Initial Yield (NIY)	%	6.9	7.1
EPRA, "topped-up" NIY	%	6.9	7.1
D EPRA vacancy rate	%	0.0	-
E EPRA cost ratio (including direct vacancy costs)	%	20.0	32.5
EPRA cost ratio (excluding direct vacancy costs)	%	20.0	32.5
F EPRA LTV	%	56.2	52.6

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

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### 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 2022	Q4 2021	2022	2021
Earnings per IFRS income statement	30	114	163	305
<b>Adjustments to calculate EPRA Earnings:</b>				
Changes in value of investment properties	(18)	(113)	(41)	(317)
Changes in value of financial instruments	(1)	(29)	(111)	(59)
Deferred tax investment properties	18	18	27	63
Deferred tax financial derivatives	-	6	24	13
<b>EPRA Earnings</b>	<b>29</b>	<b>(3)</b>	<b>63</b>	<b>4</b>
Basic number of shares	324	282	324	282
<b>EPRA Earnings per Share (EPS)</b>	<b>0.09</b>	<b>(0.01)</b>	<b>0.19</b>	<b>0.02</b>
<b>Company specific adjustments:</b>				
Profit from discontinued operations	(0)	4	81	(2)
<b>Company specific Adjusted Earnings</b>	<b>29</b>	<b>1</b>	<b>144</b>	<b>2</b>
<b>Company specific Adjusted EPS</b>	<b>0.09</b>	<b>0.00</b>	<b>0.44</b>	<b>0.01</b>

### 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 sur-

pluses 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 accordingly only included for Netherlands in KMC Properties valuation certificates.

<i>Amounts in NOK millions</i>	31.12.2022	31.12.2021
IFRS Equity attributable to shareholders	2 377	1836
Approved, not paid dividend	-	-
<b>Net Asset Value (NAV) at fair value</b>	<b>2 377</b>	<b>1836</b>
Deferred tax investment properties	189	171
Deferred tax financial derivatives	40	15
Real estate transfer tax	33	31
Fair value of financial derivatives	(180)	(68)
<b>Net reinstatement value (EPRA NRV)</b>	<b>2 459</b>	<b>1985</b>
Outstanding shares at period end (million)	324	282
<b>EPRA NRV per share</b>	<b>7.6</b>	<b>7.0</b>

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### 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>	31.12.2022	31.12.2021
IFRS Equity attributable to shareholders	2 377	1836
Approved, not paid dividend	-	-
<b>Net Asset Value (NAV) at fair value</b>	<b>2 377</b>	1836
Deferred tax investment properties	189	171
Deferred tax financial derivatives	40	15
Fair value of financial derivatives	(180)	(68)
<b>Net tangible assets (EPRA NTA)</b>	<b>2 425</b>	1954
Outstanding shares at period end (million)	324	282
<b>EPRA NTA per share</b>	<b>7.5</b>	6.9

### 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 realisation 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>	31.12.2022	31.12.2021
IFRS equity attributable to shareholders	2 377	1863
Approved, not paid dividend	-	-
<b>Net Asset Value (NAV) at fair value</b>	<b>2 377</b>	1863
Fair value adjustment of interest bearing liabilities, net of tax	-	-
<b>Net Disposal Value (EPRA NDV)</b>	<b>2 377</b>	1836
Outstanding shares at period end (million)	324	282
<b>EPRA NDV per share</b>	<b>7.3</b>	6.5

### 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>	31.12.2022	31.12.2021
Investment properties	5 366	3 982
Investment properties held for sale	-	-
<b>Market value of the property portfolio</b>	<b>5 366</b>	3 982
Less projects, land and developments	(67)	(72)
Allowance for estimated purchasers' cost	11	8
Gross up completed management portfolio valuation	5 310	3 918
12 months rolling rent	371	291
Estimated ownership cost	(7)	(11)
<b>Annualised net rents</b>	<b>365</b>	279
Add: Notional rent expiration of rent-free periods or other lease incentives	-	-
Topped up net annualised net rents	365	279
<b>EPRA NIY</b>	<b>6.9%</b>	7.1%
<b>EPRA "topped-up" NIY</b>	<b>6.9%</b>	7.1%

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### 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>	31.12.2022	31.12.2021
Market rent vacant areas	-	-
Total market rent	375	286
<b>EPRA Vacancy Rate</b>	<b>0.0%</b>	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>	31.12.2022	31.12.2021
Property expenses	(0)	(0)
Administration expenses	(20)	(15)
Less: Ground rent costs	0	0
<b>EPRA Costs (including direct vacancy costs)</b>	<b>(21)</b>	(15)
Direct vacancy costs	-	-
<b>EPRA Costs (excluding direct vacancy costs)</b>	<b>(21)</b>	(15)
Gross Rental Income less ground rents	80	55
<b>Gross Rental Income</b>	<b>80</b>	55
EPRA Cost Ratio (including direct vacancy costs)	26.0%	27.0%
EPRA Cost Ratio (excluding direct vacancy costs)	26.0%	27.0%

### 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>	31.12.2022 Group as reported	Proportionate Consolidation		31.12.2022 Combined EPRA LTV	31.12.2021 Combined EPRA LTV
		Share of joint ventures	"Non-controlling interest"		
Bond loan	1 850	-	-	1 850	1 850
Bank loan	1 266	-	-	1 266	437
Construction loan	18	-	-	18	-
Revolving credit facility	-	-	-	-	-
Net Payables <sup>1)</sup>	69	-	-	69	15
Cash and cash equivalents	(187)	-	-	(187)	(208)
<b>Net debt</b>	<b>3 016</b>	-	-	3 016	2 094
Investment properties	5 366	-	-	5 366	3 982
Investment properties held for sale	-	-	-	-	-
<b>Market value of the property portfolio</b>	<b>5 366</b>	-	-	5 366	3 982
<b>EPRA LTV</b>	<b>56.2%</b>			56.2%	52.6%

1) Net payables include trade payables, other current and non-current liabilities, trade receivables, and other receivables and other assets.



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<b>GLA</b>	Gross leasable area, corresponds to the sum of the areas available for lease.
<b>GRI</b>	Gross rental income, equals total rental income.
<b>Independent valuer</b>	Cushman & Wakefield.
<b>ICR</b>	Interest Cover Ratio, the ratio of EBITDA to Net Interest Cost.
<b>LTM</b>	Last twelve months.
<b>Market value of portfolio</b>	The market value of all properties owned by the parent company and subsidiaries.
<b>NAV</b>	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.
<b>Occupancy rate (%)</b>	Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio.
<b>Swap</b>	A swap is an agreement between two parties to exchange sequences of cash flows for a set period of time.
<b>Triple net lease</b>	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.
<b>WAULT</b>	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.  Property-related expenses include administrative costs related to the management of the properties as well as operating and maintenance costs.
<b>SWAP</b>	A swap is an agreement between two parties to exchange sequences of cash flows for a set period of time.
<b>WAULT</b>	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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