



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	990 727 007
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	KMC PROPERTIES ASA
Forretningsadresse:	Dyre Halses gate 1A 7042 TRONDHEIM

### Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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### Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Kristoffer Holmen
Dato for fastsettelse av årsregnskapet:	01.06.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 04.06.2023



## Resultatregnskap

Beløp i: NOK Note 2021 2020

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### RESULTATREGNSKAP

#### Driftsresultat

#### Netto finans

Ordinært resultat før skattekostnad	0	0
Ordinært resultat etter skattekostnad	0	0
Årsresultat	0	0



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	10	45 575 000	45 202 000
<b>Sum immaterielle eiendeler</b>		<b>45 575 000</b>	<b>45 202 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	2	1 372 217 000	1 197 147 000
Lån til foretak i samme konsern	12	2 161 575 000	2 185 701 000
Financial derivative assets	4	67 380 000	8 021 000
<b>Sum finansielle anleggsmidler</b>		<b>3 601 172 000</b>	<b>3 390 869 000</b>
<b>Sum anleggsmidler</b>		<b>3 646 747 000</b>	<b>3 436 071 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Other receivables	4	4 660 000	458 000
Konsernfordringer	12	116 675 000	2 989 000
<b>Sum fordringer</b>		<b>121 335 000</b>	<b>3 447 000</b>
<b>Investeringer</b>			
Other financial derivatives		340 000	154 000
<b>Sum investeringer</b>		<b>340 000</b>	<b>154 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	4	68 139 000	54 146 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>68 139 000</b>	<b>54 146 000</b>
<b>Sum omløpsmidler</b>		<b>189 814 000</b>	<b>57 747 000</b>
<b>SUM EIENDELER</b>		<b>3 836 561 000</b>	<b>3 493 818 000</b>

## BALANSE - EGENKAPITAL OG GJELD



### Balanse

Beløp i: NOK	Note	2021	2020
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Ordinary shares	11	56 374 000	48 153 000
Sh		2 053 889 000	1 735 716 000
Annen innskutt egenkapital		312 731 000	327 277 000
<b>Sum innskutt egenkapital</b>		<b>2 422 994 000</b>	<b>2 111 146 000</b>
<b>Opptjent egenkapital</b>			
Other equity		-493 632 000	-504 340 000
<b>Sum opptjent egenkapital</b>		<b>-493 632 000</b>	<b>-504 340 000</b>
<b>Sum egenkapital</b>		<b>1 929 362 000</b>	<b>1 606 806 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	3	1 838 345 000	1 832 345 000
Langsiktig konserngjeld	12	50 117 000	
<b>Sum annen langsiktig gjeld</b>		<b>1 888 462 000</b>	<b>1 832 345 000</b>
<b>Sum langsiktig gjeld</b>		<b>1 888 462 000</b>	<b>1 832 345 000</b>
<b>Kortsiktig gjeld</b>			
Loans from credit institutions	3	4 911 000	8 863 000
Other current liabilities	8	7 998 000	34 583 000
Trade liabilities		5 037 000	11 219 000
Payable to group companies	12	793 000	
<b>Sum kortsiktig gjeld</b>		<b>18 739 000</b>	<b>54 665 000</b>
<b>Sum gjeld</b>		<b>1 907 201 000</b>	<b>1 887 010 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>3 836 563 000</b>	<b>3 493 816 000</b>



## Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Rental income	7	226 145 000	51 797 000
Change from fair value adjustment on investment property	6,11	310 147 000	404 572 000
<b>Sum inntekter</b>		<b>536 292 000</b>	<b>456 369 000</b>
<b>Kostnader</b>			
Property related expenses	7	11 527 000	2 821 000
Salary expenses	9	22 536 000	1 871 000
Other operating expenses, external	8	44 240 000	16 663 000
<b>Sum kostnader</b>		<b>78 303 000</b>	<b>21 355 000</b>
<b>Driftsresultat</b>		<b>457 989 000</b>	<b>435 014 000</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	10	6 929 000	11 600 000
Fair value change of Financial instrument	10	63 812 000	
Net currency exchange difference		-47 027 000	
<b>Sum finansinntekter</b>		<b>23 714 000</b>	<b>11 600 000</b>
Financial expenses	10	99 433 000	39 673 000
<b>Sum finanskostnader</b>		<b>99 433 000</b>	<b>39 673 000</b>
<b>Netto finans</b>		<b>-75 719 000</b>	<b>-28 073 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>382 270 000</b>	<b>406 941 000</b>
Tax expenses	15	77 423 000	94 310 000
<b>Ordinært resultat etter skattekostnad</b>		<b>304 847 000</b>	<b>312 631 000</b>
Other comprehensive income, translation reserves	4	-23 818 000	-10 059 000
<b>Årsresultat</b>		<b>281 029 000</b>	<b>302 572 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Investment property	6,11	4 001 593 000	3 089 750 000
Financial derivatives	5,12	67 721 000	8 175 000
Other long term assets	12	5 042 000	207 000
<b>Sum varige driftsmidler</b>		<b>4 074 356 000</b>	<b>3 098 132 000</b>
<b>Sum anleggsmidler</b>		<b>4 074 356 000</b>	<b>3 098 132 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Trade recivables	12	24 458 000	36 418 000
Other receivables	12	26 869 000	34 910 000
<b>Sum fordringer</b>		<b>51 327 000</b>	<b>71 328 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	13	207 512 000	125 116 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>207 512 000</b>	<b>125 116 000</b>
<b>Sum omløpsmidler</b>		<b>258 839 000</b>	<b>196 444 000</b>
<b>SUM EIENDELER</b>		<b>4 333 195 000</b>	<b>3 294 576 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	14	56 374 000	48 153 000
Share premium		1 196 023 000	892 397 000
<b>Sum innskutt egenkapital</b>		<b>1 252 397 000</b>	<b>940 550 000</b>



## Konsernets balanse

Beløp i: NOK	Note	2021	2020
<b>Opptjent egenkapital</b>			
Translation reserves		-33 877 000	-10 059 000
Retained earnings		617 479 000	312 631 000
<b>Sum opptjent egenkapital</b>		<b>583 602 000</b>	<b>302 572 000</b>
<b>Sum egenkapital</b>		<b>1 835 999 000</b>	<b>1 243 122 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	15	132 002 000	49 965 000
<b>Sum avsetninger for forpliktelser</b>		<b>132 002 000</b>	<b>49 965 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	16	2 275 035 000	1 832 345 000
Other long-term liabilities	5,17	29 279 000	26 643 000
<b>Sum annen langsiktig gjeld</b>		<b>2 304 314 000</b>	<b>1 858 988 000</b>
<b>Sum langsiktig gjeld</b>		<b>2 436 316 000</b>	<b>1 908 953 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	18	23 608 000	36 404 000
Income tax payable	15,18	2 906 000	5 232 000
Other current liabilities	18	34 364 000	100 865 000
<b>Sum kortsiktig gjeld</b>		<b>60 878 000</b>	<b>142 501 000</b>
<b>Sum gjeld</b>		<b>2 497 194 000</b>	<b>2 051 454 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>4 333 193 000</b>	<b>3 294 576 000</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 496166

#### Enheten

Organisasjonsnummer: 990 727 007  
Organisasjonsform: Allmennaksjeselskap  
Foretaksnavn: KMC PROPERTIES ASA  
Forretningsadresse: Dyre Halses gate 1A  
7042 TRONDHEIM

#### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

#### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

#### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av  
årsregnskapet til selskapet: Forenklet IFRS  
Benyttet ved utarbeidelsen av  
årsregnskapet til konsernet: IFRS

#### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kristoffer Holmen  
Dato for fastsettelse av årsregnskapet: 01.06.2022

#### Grunnlag for avgivelse

År 2021: Årsregnskap er elektronisk innlevert.  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021.

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 23.06.2022



Organisasjonsnr: 990 727 007  
KMC PROPERTIES ASA

## RESULTATREGNSKAP

<u>Beløp i: NOK</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
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## RESULTATREGNSKAP

Driftsresultat

Netto finans

Ordinært resultat før skattekostnad		0	0
Ordinært resultat etter skattekostnad		0	0
Årsresultat		0	0



Organisasjonsnr: 990 727 007  
KMC PROPERTIES ASA

## BALANSE

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	10	45 575 000	45 202 000
<b>Sum immaterielle eiendeler</b>		<b>45 575 000</b>	<b>45 202 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap 2		1 372 217 000	1 197 147 000
Lån til foretak i samme konsern	12	2 161 575 000	2 185 701 000
Financial derivative assets 4		67 380 000	8 021 000
<b>Sum finansielle anleggsmidler</b>		<b>3 601 172 000</b>	<b>3 390 869 000</b>
<b>Sum anleggsmidler</b>		<b>3 646 747 000</b>	<b>3 436 071 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Other receivables	4	4 660 000	458 000
Konsernfordringer	12	116 675 000	2 989 000
<b>Sum fordringer</b>		<b>121 335 000</b>	<b>3 447 000</b>
<b>Investeringer</b>			
Other financial derivatives		340 000	154 000
<b>Sum investeringer</b>		<b>340 000</b>	<b>154 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents 4		68 139 000	54 146 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>68 139 000</b>	<b>54 146 000</b>
<b>Sum omløpsmidler</b>		<b>189 814 000</b>	<b>57 747 000</b>
<b>SUM EIENDELER</b>		<b>3 836 561 000</b>	<b>3 493 818 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Ordinary shares	11	56 374 000	48 153 000
Sh		2 053 889 000	1 735 716 000
Annen innskutt egenkapital		312 731 000	327 277 000
<b>Sum innskutt egenkapital</b>		<b>2 422 994 000</b>	<b>2 111 146 000</b>



<b>Opptjent egenkapital</b>			
Other equity	-493 632 000	-504 340 000	
<b>Sum opptjent egenkapital</b>	<b>-493 632 000</b>	<b>-504 340 000</b>	
<b>Sum egenkapital</b>	<b>1 929 362 000</b>	<b>1 606 806 000</b>	
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til			
kredittinstitusjoner	3	1 838 345 000	1 832 345 000
Langsiktig konserngjeld	12	50 117 000	
<b>Sum annen langsiktig gjeld</b>		<b>1 888 462 000</b>	<b>1 832 345 000</b>
<b>Sum langsiktig gjeld</b>		<b>1 888 462 000</b>	<b>1 832 345 000</b>
<b>Kortsiktig gjeld</b>			
Loans from credit			
institutions	3	4 911 000	8 863 000
Other current liabilities	8	7 998 000	34 583 000
Trade liabilities		5 037 000	11 219 000
Payable to group companies	12	793 000	
<b>Sum kortsiktig gjeld</b>		<b>18 739 000</b>	<b>54 665 000</b>
<b>Sum gjeld</b>		<b>1 907 201 000</b>	<b>1 887 010 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>3 836 563 000</b>	<b>3 493 816 000</b>



Organisasjonsnr: 990 727 007  
KMC PROPERTIES ASA

## KONSERNRESULTATREGNSKAP

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Rental income	7	226 145 000	51 797 000
Change from fair value adjustment on investment property	6, 11	310 147 000	404 572 000
<b>Sum inntekter</b>		<b>536 292 000</b>	<b>456 369 000</b>
<b>Kostnader</b>			
Property related expenses	7	11 527 000	2 821 000
Salary expenses	9	22 536 000	1 871 000
Other operating expenses, external	8	44 240 000	16 663 000
<b>Sum kostnader</b>		<b>78 303 000</b>	<b>21 355 000</b>
<b>Driftsresultat</b>		<b>457 989 000</b>	<b>435 014 000</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	10	6 929 000	11 600 000
Fair value change of Financial instrument	10	63 812 000	
Net currency exchange difference		-47 027 000	
<b>Sum finansinntekter</b>		<b>23 714 000</b>	<b>11 600 000</b>
Financial expenses	10	99 433 000	39 673 000
<b>Sum finanskostnader</b>		<b>99 433 000</b>	<b>39 673 000</b>
<b>Netto finans</b>		<b>-75 719 000</b>	<b>-28 073 000</b>
<b>Ordinært resultat før skattekostnad</b>			
Tax expenses	15	77 423 000	94 310 000
<b>Ordinært resultat etter skattekostnad</b>		<b>304 847 000</b>	<b>312 631 000</b>
<b>Other comprehensive income, translation reserves</b>			
	4	-23 818 000	-10 059 000
<b>Årsresultat</b>		<b>281 029 000</b>	<b>302 572 000</b>



Organisasjonsnr: 990 727 007  
KMC PROPERTIES ASA

## KONSERNBALANSE

Beløp i: NOK

	Note	2021	2020
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### BALANSE - EIENDELER

#### Anleggsmidler Immaterielle eiendeler

#### Varige driftsmidler

Investment property	6,11	4 001 593 000	3 089 750 000
Financial derivatives	5,12	67 721 000	8 175 000
Other long term assets	12	5 042 000	207 000
<b>Sum varige driftsmidler</b>		<b>4 074 356 000</b>	<b>3 098 132 000</b>

<b>Sum anleggsmidler</b>		<b>4 074 356 000</b>	<b>3 098 132 000</b>
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#### Omløpsmidler

#### Varer

#### Fordringer

Trade receivables	12	24 458 000	36 418 000
Other receivables	12	26 869 000	34 910 000
<b>Sum fordringer</b>		<b>51 327 000</b>	<b>71 328 000</b>

#### Bankinnskudd, kontanter og lignende

Cash and cash equivalents	13	207 512 000	125 116 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>207 512 000</b>	<b>125 116 000</b>

<b>Sum omløpsmidler</b>		<b>258 839 000</b>	<b>196 444 000</b>
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<b>SUM EIENDELER</b>		<b>4 333 195 000</b>	<b>3 294 576 000</b>
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### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

#### Innskutt egenkapital

Share capital	14	56 374 000	48 153 000
Share premium		1 196 023 000	892 397 000
<b>Sum innskutt egenkapital</b>		<b>1 252 397 000</b>	<b>940 550 000</b>

#### Opptjent egenkapital

Translation reserves		-33 877 000	-10 059 000
Retained earnings		617 479 000	312 631 000
<b>Sum opptjent egenkapital</b>		<b>583 602 000</b>	<b>302 572 000</b>

<b>Sum egenkapital</b>		<b>1 835 999 000</b>	<b>1 243 122 000</b>
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#### Gjeld

#### Langsiktig gjeld



Utsatt skatt	15	132 002 000	49 965 000
<b>Sum avsetninger for forpliktelseser</b>		<b>132 002 000</b>	<b>49 965 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til			
kredittinstitusjoner	16	2 275 035 000	1 832 345 000
Other long-term liabilities	5,17	29 279 000	26 643 000
<b>Sum annen langsiktig gjeld</b>		<b>2 304 314 000</b>	<b>1 858 988 000</b>
<b>Sum langsiktig gjeld</b>		<b>2 436 316 000</b>	<b>1 908 953 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	18	23 608 000	36 404 000
Income tax payable	15,18	2 906 000	5 232 000
Other current liabilities	18	34 364 000	100 865 000
<b>Sum kortsiktig gjeld</b>		<b>60 878 000</b>	<b>142 501 000</b>
<b>Sum gjeld</b>		<b>2 497 194 000</b>	<b>2 051 454 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>4 333 193 000</b>	<b>3 294 576 000</b>



Organisasjonsnr: 990 727 007  
KMC PROPERTIES ASA

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note  
7

Antall årsverk i regnskapsåret

Note  
7

Spesifisering av resultatregnskapet

Lønnskostnader

<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	1925000.00	500000.00

Note

Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>
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<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
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Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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Organisasjonsnr: 990 727 007  
KMC PROPERTIES ASA

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note  
2

## Regnskapsprinsipper

Note  
9

Antall årsverk i regnskapsåret  
15.00

Note  
9

## Spesifisering av resultatregnskapet

### Lønnskostnader

Lønn	Årets	Fjorårets
	14828000.00	1737000.00
Folketrygdavgift	Årets	Fjorårets
	1637000.00	0.00
Pensjonskostnader	Årets	Fjorårets
	491000.00	98000.00
Andre ytelser	Årets	Fjorårets
	5580000.00	36000.00
Sum lønnskostnader	Årets	Fjorårets
	22536000.00	1871000.00

Note

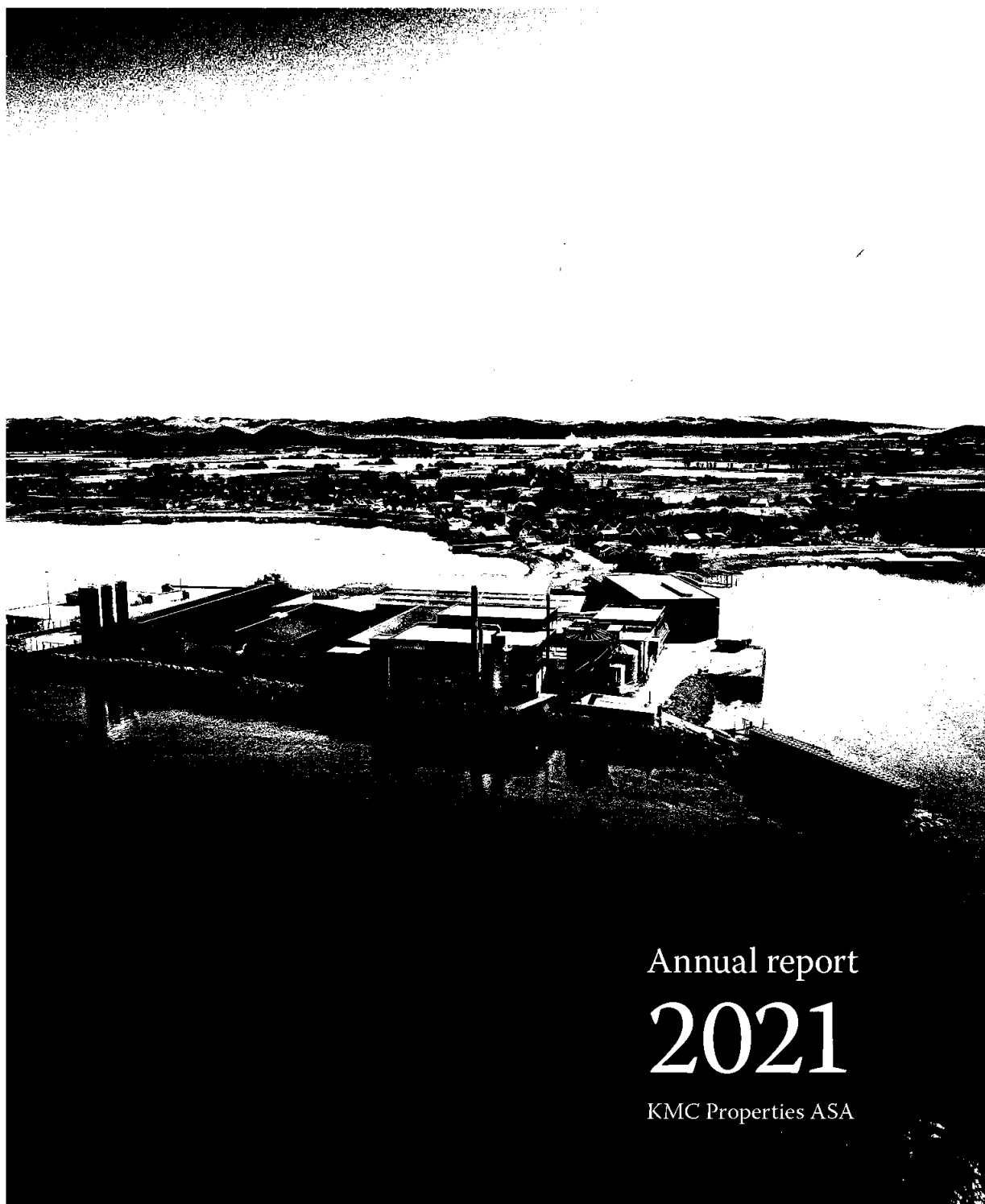
### Ekstraordinære inntekter og kostnader

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

### Konsernregnskap





Annual report

2021

KMC Properties ASA



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**Hammarvikringen 64:** Property located at Frøya, an island west of Trondheim. BEWI, KMC Properties' largest tenant, is a supplier of packaging, components, and insulation solutions.



## The preferred partner for logistics and industrial properties

Real estate company focusing on owning industrial and logistics properties

Portfolio of 44 industrial properties in the Nordics and the Netherlands, in addition to an office building in Moscow, Russia

Properties have long-term lease agreements with solid counterparties, with strategic locations for the tenants

Largest tenant is listed packing and insulation company BEWI ASA, majority-owned by the Bekken family

Second-largest tenant is Insula AS, a leading Nordic seafood company owned by Kverva Industrier AS, owned by the Witzøe family

Building mass covering ~377 000 sqm as of 31 December 2021

Net operating income (NOK) <sup>1</sup>	Portfolio value (NOK) <sup>2</sup>	Wault	Group net LTV
<b>271.0</b>	<b>4.0</b>	<b>10.4</b>	<b>50.3</b>
million	billion	years	per cent

1) Annual run-rate based on final agreements as of 23 February 2022, including a total of 47 properties, i.e., two additional properties since year-end 2021.  
2) Valuation from Cushman & Wakefield, not including estimated opening cash balance.



## History and important events in the development of the group

### 2020

<b>20 January</b>	KMC Properties AS incorporated, but did not have operational activities until 26 May 2020
<b>26 May to 30 September</b>	Between 26 May 2020 and 30 September 2020, KMC AS acquired several subsidiaries which in turn owned properties
<b>16 November</b>	KMC Properties AS enters into a conditional agreement to purchase all the shares in Pesca Property AS
<b>17 November</b>	KMC Properties AS enters into a conditional agreement to form a combined entity with Storm Real Estate ASA (later KMC Properties ASA)
<b>27 November</b>	Storm Real Estate ASA (later KMC Properties ASA) completed the placement of a NOK 1 850 million senior secured bond with 3 years tenor
<b>14 December</b>	Storm Real Estate ASA (later KMC Properties ASA) successfully completed the NOK 300 million private placement at NOK 7 per share
<b>18 December</b>	Extraordinary general meeting adopted resolutions in connection to the transaction between Storm Real Estate and KMC Properties
<b>20 December</b>	Swedbank's loan to Storm Real Estate ASA (later KMC Properties ASA) purchased by the ten largest shareholders in the company. Completion of the agreement to combine Storm Real Estate ASA (later KMC Properties ASA) and KMC Properties AS into one entity. This completion fulfilled the final condition for the purchase of all the shares in Pesca Properties AS, see item above
<b>22 December</b>	Commencement of mandatory offer from EBE Eiendom AS and Kverva Industrier AS, who triggered a mandatory offer when acquiring more than 40% of the shares in Storm Real Estate ASA (later KMC Properties ASA). Liv Malvik appointed new CEO of Storm Real Estate ASA (later KMC Properties ASA)
<b>23 December</b>	The NOK 1 850 million senior secured bond was released from escrow account. Same day, Storm Real Estate ASA (later KMC Properties ASA) received NOK 300 million from the private placement. Use of proceeds were refinancing of the previous debt in KMC Properties AS and Pesca Property AS, purchase of four properties in the Netherlands from BEWI ASA, and purchase of Grontvedt Næringsseiendom AS
<b>30 December</b>	Storm Real Estate ASA changed its name to KMC Properties ASA and its municipality from Oslo to Trondheim

### 2021

<b>19 January</b>	End of offer period in the mandatory offer, see item above
<b>19 February</b>	Completion of subsequent offering related to the NOK 300 million private placement
<b>3 March</b>	Letter of intent with BEWI for development of packaging hub at Hitra
<b>13 April</b>	Acquisition of industrial property in Denmark
<b>27 May</b>	Acquisition of industrial property outside Molde in Norway
<b>27 May</b>	Appointment of Kristoffer Holmen as CFO
<b>2 July</b>	Agreement with Oppdal Spekemat for construction of new production facility
<b>8 July</b>	Long-term lease agreement with BEWI for new packaging hub at Josnoya, Hitra
<b>12 July</b>	Acquisition of industrial property with long-term lease at Mongstad for NOK 285 million
<b>23 August</b>	Letter of Intent with Slakteriet Holding AS to build NOK 620 million salmon slaughterhouse facility
<b>16 September</b>	Private placement of NOK 300 million successfully completed
<b>28 October</b>	Subsequent offering completed
<b>25 November</b>	Acquisition of modern industrial property at Ågotnes for NOK 128 million

### 2022

<b>21 January</b>	Acquisition of herring production facility in Sweden from Klädesholmen Seafood for SEK 94 million
<b>2 February</b>	Acquisition of meat processing facility near Narvik for NOK 100 million
<b>9 February</b>	Entering of process agreement for construction of NOK 620 salmon slaughterhouse facility with Slakteriet, following LOI on 23 August 2021



## Business concept

KMC Properties ASA is a real estate company whose business strategy is to invest in industrial and logistical properties, primarily in the light industry and warehouse segment.

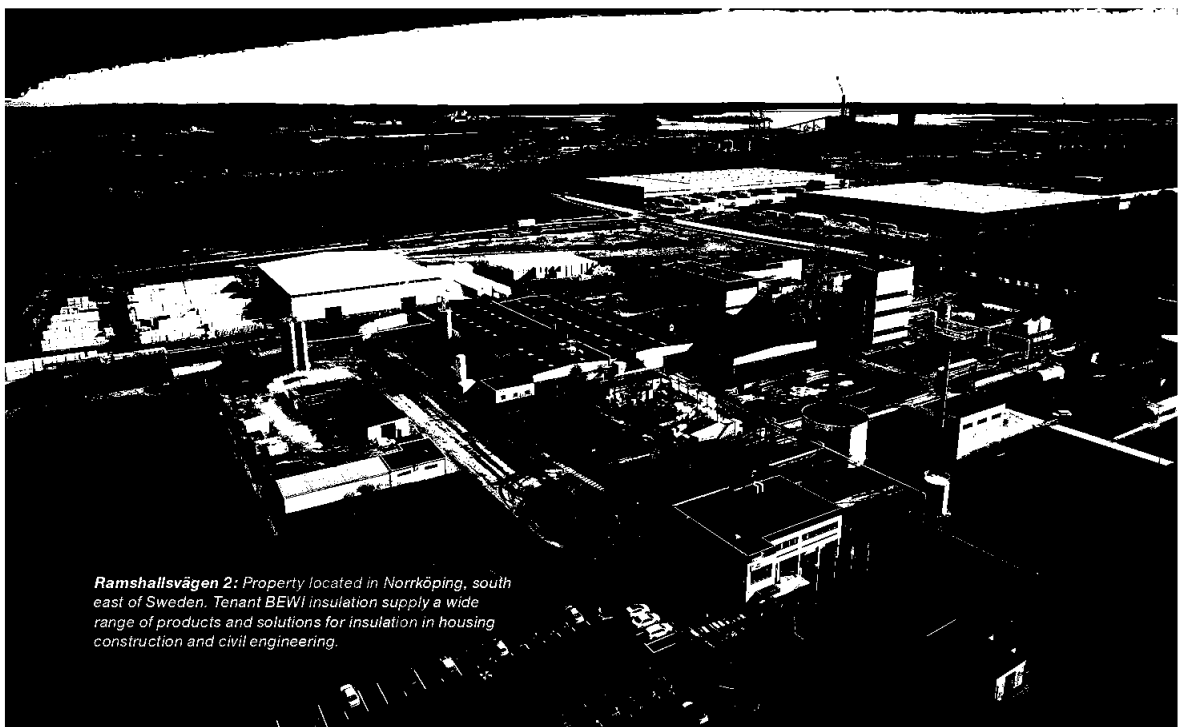
The company's existing portfolio is mainly located in the Nordics and the Netherlands. In addition, the company owns an office building in Moscow, Russia. The company focuses on entering long lease agreements with solid counterparties, minimising financing costs, minimising the negative impacts on all three pillars of ESG; Environmental, Social and Governance, investing in properties strategically important to the tenants, and being the preferable financing source when existing tenants are expanding their facilities.

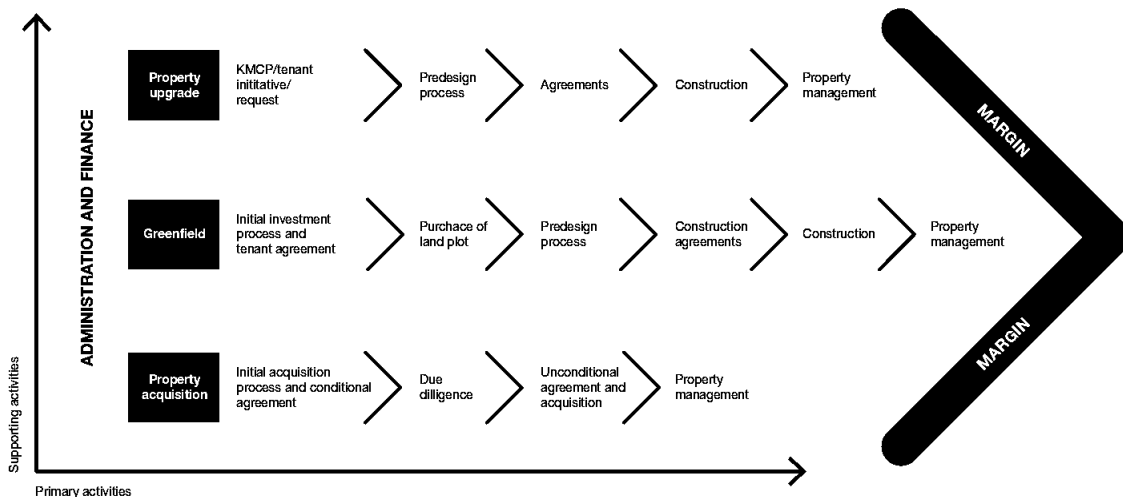
### Business model

KMC Properties' business model aims at creating accretive and durable values, with a clear focus on profitability. The company has an overall long-term objective to generate a

maximum risk-adjusted return on invested capital. KMC Properties is focusing on the following pillars of value creation:

- Cash-flow in the company operations
- Long-term sustainable return
- Minimising the negative impacts of ESG
- Growth through investments in current portfolio and proactive property management
- Growth through strategic new acquisitions
- Growth through building new facilities for new and existing clients





### Investment strategy

KMC Properties invests primarily in industrial and warehouse properties due to the segment's high returns, long lease agreements and stable occupancy rates.

The company will invest in new properties with existing and new tenants, as well as in upgrading of existing properties. KMC Properties aims to collaborate closely with its tenants to be their preferred partner.

The investments increase the company's cash flow and contributes to diversifying the company's property portfolio, hence reducing the company's operational and financial risks. All investments are made with a focus on creating long-term value for investors and tenants, while at the same time minimising the negative impacts on ESG.

### Financing strategy

Currently, KMC Properties finances its operations through common equity, a senior secured bond loan, bank loans, a revolving credit facility and retained cash from operations. The company plans to be a recurring issuer in the bond market.

Going forward, the company will focus on minimising the financing cost while still creating growth and basis for dividend and minimising the negative impact on ESG.

### Strategy for tenants

KMC Properties endeavours to attract a solid and creditworthy base of market leading companies with satisfactory track records and history, and with a significant focus on ESG.

The company mainly enters triple net bare house contracts whereby maintenance, insurance and property tax are covered by the tenant. The contracts have a long-term lease, and the properties are considered strategically important for the tenant's business.

The company seeks to achieve a good and long-term relationship with the tenants, with clear business benefits for both parties.

### Strategy for the rental market

KMC Properties invests primarily in properties which is business critical for the tenants. The risk of a decline in the occupancy rate and rent levels due to a weaker rental market is regarded as relatively low due to the solidity of the tenants, the long-term rental contracts, and the strategic importance of the location of the properties.



**KMC Properties is continuously working with its tenants on contract renewals and/or extensions, as well as in discussions on potential development investments in its current portfolio.**

KMC Properties maintains a close relationship with its clients to identify and actively engage in business development activities. The company has several ongoing projects and expects the high activity level to continue in the coming years.

Project- and real estate development makes it possible to meet the changing needs of customers as well as to further develop and refine the property portfolio.

**Through its continuous dialogue with both existing and potential new tenants, KMC Properties seeks to identify opportunities to expand its portfolio through investments in new facilities for new and existing clients.**

The company seeks to utilise available land plots in the existing portfolio for development of new facilities in collaboration with potential tenants, focusing on business-critical locations for the tenants.

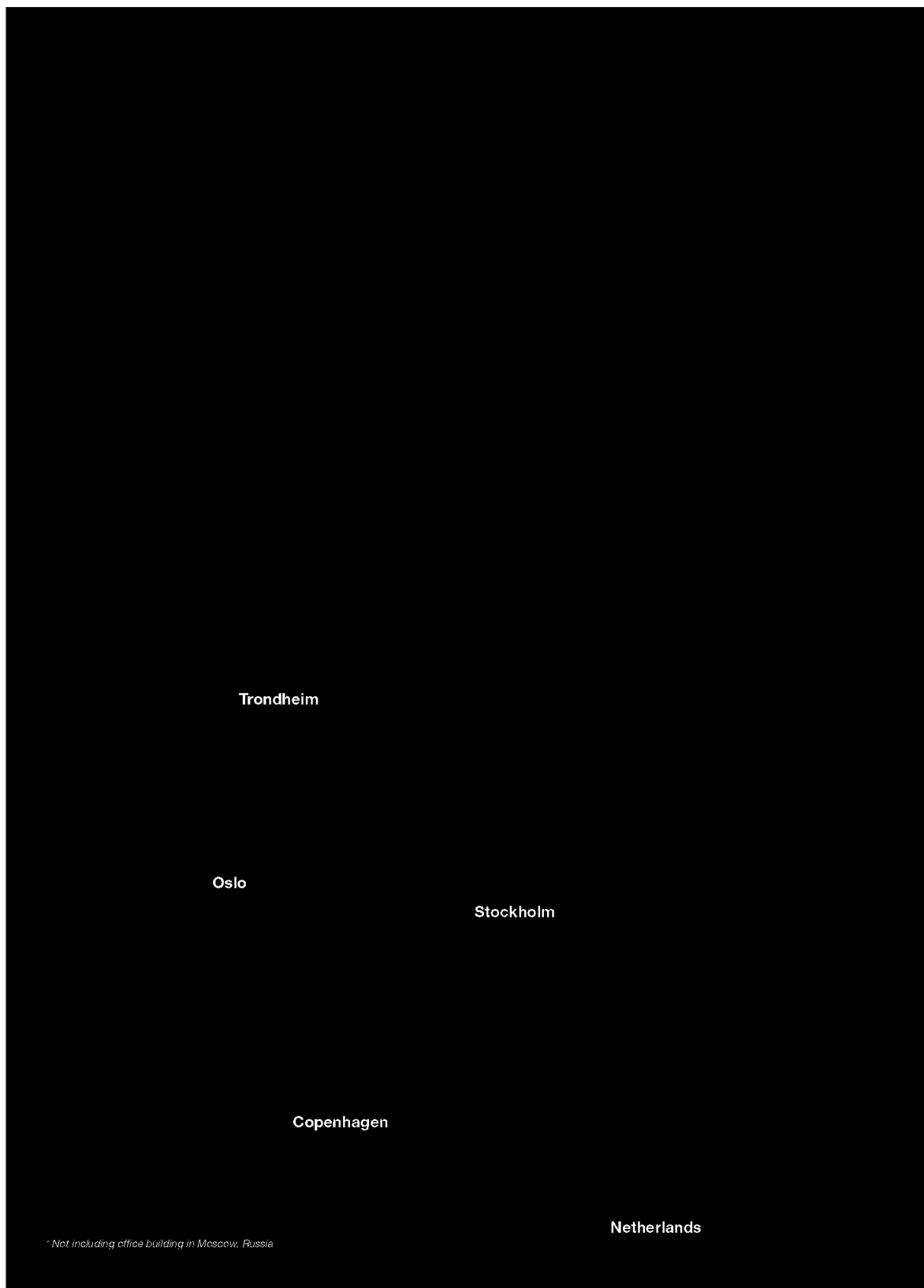
KMC Properties will also acquire and develop land plots based on long term contract commitments from new and existing tenants.

In 2021 KMC Properties completed the construction of a fish box facility at Senja, Norway, with BEWI ASA as tenant. At year-end 2021, the company had three additional ongoing greenfield projects, including the construction of a new production facility at Oppdal, Norway, with Oppdal Spekemat AS as tenant, the construction of a packaging hub at Jøsnøya, Norway, with BEWI ASA as tenant, and the construction of a salmon slaughterhouse at Florø, Norway with Slakteriet AS as tenant.

**During 2021, KMC Properties has acquired five properties. The company expects to continue pursuing strategic growth opportunities.**

KMC Properties targets high yield properties, preferably with long-term bare house contracts, with strategic locations for its tenants, and that are 'built to suit', with substantial relocation costs.

The group seeks to secure diversification across industries, tenants, locations, and property types.





# Our properties

Long lease agreements with solid tenants across strategic locations

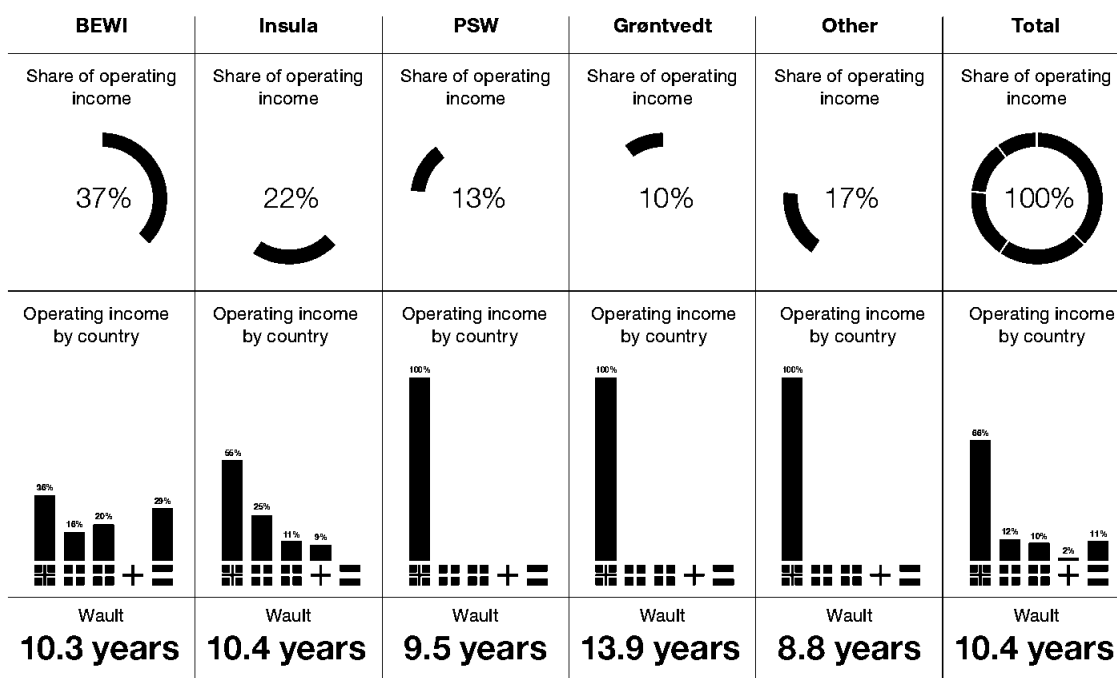
KMC Properties primarily invest in properties in the light industry and logistics segment. The company focuses on having long lease agreements with solid counterparties. Most of the properties are at strategically important locations to the tenants.

As of 31 December 2021, KMC Properties' portfolio consisted of 45 properties, of which 44 industrial- and logistics properties in the Nordics and the Netherlands and one office building in Russia. The largest tenant is the listed packaging and insulation company BEWI ASA, leasing 20 properties and accounting for 37 per cent of the company's operating income. In addition, KMC Properties currently cooperates with BEWI at one development project at Jøsnoya, Norway, where KMC is building a new packaging hub which will be leased to BEWI upon completion.

The Nordic seafood group Insula AS is the second largest tenant, leasing nine properties and accounting for 22 per cent of KMC's operating income. Insula is vertically integrated from fish stations through processing to strong consumer brands.

KMC Properties has an ambitious growth strategy and expects to grow through both expansion projects for existing clients, new facilities for new and existing clients and acquisition of properties and/ or property portfolios.

The numbers in the illustration below are based on existing contracts as of 31 December 2021, excluding the Russian property.





## Letter from the CEO

2021 was the year KMC Properties truly got underway with the execution of our growth strategy. We started with a portfolio comprised of 40 properties mainly in the Nordics and the Netherlands, valued at NOK 3.1 billion. Following a series of value-accretive acquisitions and new development projects, we closed the year with 45 properties, valuing our portfolio at NOK 4.0 billion.

Along the way, we've built a robust organisation and developed a solid financial position through a successful private placement and significantly increased rental income, providing us with a good foundation to further pursue profitable growth opportunities.

### Solid financial position

KMC Properties delivered solid financial results in 2021, driven by a total of five acquisitions and three well-executed new developments over the course of the year. Our current portfolio delivers a gross yield of 6.8 per cent.

The company posted an income of NOK 226.1 million in 2021, with a net income from property management of NOK 66.1 million. Since the company was established in December 2020, the numbers for 2020 is not comparable.

We further strengthened our financial position through a NOK 300 million private placement in September, which was well received by both existing shareholders and new institutional investors. The net proceeds from the private placement is used to redeem amounts drawn under KMC Properties' revolving credit facility in connection with acquisitions and greenfield projects, and to fund the tangible and actionable pipeline of new growth opportunities we see ahead of us.

We will continue to focus on optimising our capital structure and increasing our financial flexibility to support both our short-term and long-term business plans.

### Delivering on our growth ambitions

KMC Properties invested NOK 537 million in attractive production facilities in the Nordic region in 2021, at a yield-on-cost of 7.5 per cent. In parallel to this, we progressed on our development projects according to schedule and budget. Our investments in greenfield projects amounted

to approximately NOK 100 million in 2021, also at a yield-on-cost of 7.5 per cent. At year-end 2021, our committed pipeline stood at approximately NOK 1.1 billion.

The most significant transaction announced last year was the agreement signed with Slakteriet to build a new salmon slaughterhouse facility at Florø, on the Norwegian western coast, estimated at NOK 620 million kroner. Slakteriet is one of Norway's biggest fish slaughter companies, and thus another solid counterparty to us. This was one of several agreements signed with new tenants in 2021, enabling us to further diversify our customer portfolio in line with our strategy. We also agreed to acquire an industrial property at Mongstad, Norway, for NOK 285 million and another industrial property at Ågotnes near Bergen for a consideration of NOK 128 million. Both properties are on long lease agreements with PSW Technology, which is part of PSW Group, an international provider of products, systems, and services to the energy industry.

We were also very pleased to enter a new rental agreement with First Seafood for a production facility in Kongsvinger, bringing our portfolio occupancy rate up to 99 per cent as per 1 January 2022. First Seafood is 90 per cent owned by Insula, our second-largest tenant.

Our development projects continued to show good progress in 2021. We completed the pre-project phase for BEWI's new packaging facility on Jøsnoya, and the construction of a new production facility for Oppdal Spekemat is progressing as planned, with expected completion in the second half of 2022.

All our new projects benefit from having strategic locations, modern facilities, long lease agreements and attractive counterparties, in line with our investment strategy.

– We will continue to focus on optimising our capital structure and increasing our financial flexibility to support both our short-term and long-term business plans.

## Outlook

For 2022, we have a total committed pipeline of NOK 460 million, equally divided between greenfield and capex projects, and new acquisitions. Our M&A pipeline of NOK 230 million has a weighted average gross yield of 7.7 per cent. For 2023 and 2024, we have a committed pipeline that amounts to NOK 365 million and NOK 260 million respectively. KMC Properties' growth target remains to increase our gross asset value (GAV) by NOK 1 billion per year, reaching NOK 8 billion in GAV by the end of 2025.

The humanitarian crisis caused by Russia's devastating invasion of Ukraine has affected us all. We share a deep concern for the Ukrainian population, and our thoughts are with all those impacted by this senseless war. KMC Properties owns an office building in Moscow, whose value is likely to be impacted by the sanctions imposed on Russia. We expect to book an impairment on the property in the first quarter of 2022. The building was booked at NOK 142.6 million as per 31 December 2021, corresponding to 3.6 per cent of KMC Properties' total portfolio value, while the net operating income from the property amounted to NOK 9.1 million in 2021.

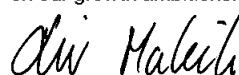
Our strategy going forward for new investments is to continue to focus on the type of properties and property portfolios in Northern Europe that we know well, i.e., foodstuff facilities and light industry, in collaboration with current and new tenants, as well as third parties. Should opportunities present themselves to follow our tenants to new European locations, we will seize them. Our two main tenants, BEWI and the leading Nordic seafood company Insula, which combined represent 57 per cent of our net operating income, both have ambitious plans for their portfolio development.

We will pursue our growth trajectory while stepping up our sustainability efforts. To this end, we have initiated



climate accounting according to the Greenhouse Gas (GHG) Protocol, and we have produced our first sustainability report, with reference to the Global Reporting Initiative (GRI) Standards and Euronext's ESG guidelines. Our sustainability report, which is integrated into the annual report, describes our approach and performance on our most material environmental, social and governance issues for the 2021 financial year, based on a materiality assessment conducted with input from our key stakeholders. We believe these initiatives will contribute to KMC Properties having a comprehensive and long-term approach to creating value for our shareholders, tenants, employees, and society at large,

We are proud of what we accomplished over the course of KMC Properties' first year. We enter 2022 with a strong organisation, a solid financial platform, an increasingly diversified property portfolio, committed and long-term industrial owners and an attractive pipeline of opportunities, enabling us to keep firing on all cylinders and deliver on our growth ambitions.



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

## Executive management



*Chief executive officer (CEO)*

Liv Malvik has more than 10 years' experience as CEO for various real estate companies, including Heimdal Eiendomsmegling AS and Grilstad Marina AS. In addition, she was CEO for Inter Revisjon Norge AS for three years, and has close to 20 years' experience from banking, including management positions in Sparebank1 SMN and Fokus Bank AS. Malvik has a MSc in Business Administration from the Norwegian School of Economics.

At 1 April 2022, Malvik held 179 285 shares in KMC Properties.



*Chief financial officer (CFO)*

Kristoffer Holmen previously held the position as CFO of Storm Capital Management, and from 2018 to 2020 as CEO/ CFO of Storm Real Estate ASA. Holmen is a state certified public accountant and prior to joining Storm Capital Management, he worked for PwC. He holds a BSc in Business and Administration and MSc in Auditing and Accounting from the Norwegian School of Economics. In addition, he has three years of law school at the University of Oslo.

Holmen took on the position as CFO of KMC Properties from 1 June 2021.

At 1 April 2022, Holmen held 125 000 shares in KMC Properties.



*Chief operating officer (COO)*

Audun Aasen has more than 15 years' experience from the construction and real estate sector, including as a property manager and real estate developer. He also has construction work experience.

Aasen has a University Degree as real estate appraiser and technical construction controller, in addition to a Carpentry Master's Degree.

At 1 April 2022, Aasen held 577 000 shares in KMC Properties.



*Chief accounting officer (CAO)*

Ove Rød Henriksen previously held the position as CFO of Siva - Selskapet for industrivekst SF (The Industrial Development Corporation of Norway). Henriksen is a state authorised public accountant and prior to joining Siva, he worked as a Manager for Deloitte. He holds a MSc in Finance from Norwegian University of Science and Technology and a MSc in Accounting and Auditing from the Norwegian School of Economics.

At 1 April 2022, Henriksen held 9 630 shares in KMC Properties.



## Head of M&A

Kristoffer Formo has more than 20 years' experience from several positions in the finance and real estate business, whereas the last five years as an independent real estate investor. Formo's previous experience includes DNB Næringsmegling, Real Forvaltning, Sparebank 1 Midt Norge, Orkla Finans and M&A advisor at Nordic Corporate Management.

Formo has a bachelor's in finance from the Norwegian business school BI.

At 1 April 2022, Formo held 3 705 957 shares in KMC Properties.



*Storemyra 200: Property located in Mongstad, west in Norway. The tenant PSW Technology AS is a significant supplier in the offshore sector, and offer engineer services, maintenance, modifications and repair to drilling companies and rig owners.*



## Board of directors

### *Chair*

Mr Dyrseth is an attorney and partner at Arntzen de Besche. He has wide experience from work within real estate law, including M&A work in transactions related to real estate companies and organisations. Mr Dyrseth has worked extensively within legal areas such as servitude, tenancy relations, building law etc. He also has broad experience with issues pertaining to real estate contracting and development processes. Mr Dyrseth also acts as legal advisor for several companies within the aquaculture industry. He also serves as a member of the board for several companies, foundations and organisations.

Mr Dyrseth holds a qualifying law degree (cand.jur) from the University of Oslo.

Mr Dyrseth is an independent board member.

### *Director*

Ms Nergaard was a financial analyst at Handelsbanken Capital Markets, Oslo from 1998 to 2005. She has held various board positions in public and private companies, including Opak AS, Mamut ASA and Norwegian Car Carriers ASA.

Ms Nergaard has a law degree from Oslo University, where she studied between 1992 and 1998. She is a Norwegian citizen.

Ms Nergaard is an independent board member.

### *Director*

Mr Wærnes is a partner in BEWI Invest, the largest shareholder of KMC Properties. Prior to his current position he was the regional manager partner and deputy chairman in BDO AS. He has as a long experience from auditing, advisory, whereas his areas of expertise were auditing and accounting, finance, business consultancy, M&A and strategy. Mr Wærnes has an extensive experience with clients in different sectors, such as manufacturing, seafood, construction development and retail. He also serves as a member of the board for several companies, including BEWi ASA, which is a listed company and a material business contact.

Mr Wærnes holds a degree in auditing and accounting from NTNU (business school) and has also completed various courses in the field of auditing, accounting, leadership development.

### *Director*

Thorbjørn Pedersen is currently the CIO of Swiss Life Asset Management Nordic AS. Swiss Life Asset Managers acquired the real estate business of Ness, Risan & Partners AS (NRP) in 2021. He was previously a partner of NRP, an independent and privately owned investment firm. Pedersen has been with NRP since 2004 and with the predecessors to the NRP since 1996. Since the 1980s he has acquired experience in shipping, capital markets and real estate at, among others, Fearnley, Poseidon, Ambra and Carnegie.

Pedersen holds a Master of Science degree from the Norwegian School of Economics (NHH).



## *Director*

Mr Astrup is the owner of Surfside Holding AS, one of the largest shareholders of KMC Properties, and Storm Norge AS (currently asset manager of Storm Real Estate) and has 20 years of asset management experience. He is a specialist within alternative investments, private equity, and real estate. He has held board positions in several international companies and been an advisor to both private and institutional investors in Europe.

Mr Astrup holds a master's degree in Business and Economics from BI Norwegian Business School/ City University London. He is a Norwegian citizen and resides in Switzerland.

## *Director*

Anna Musiej Aanensen is partner and head of Finance at Vesseladmin AS, a Norwegian technology company focusing on ocean mobility. She is also interim CFO of Startuplab AS, a Norwegian incubator, accelerator and investor for start-ups, and CEO of VA Finance AS, which is regulated by the Financial Supervisory Authority of Norway. From 2017 till 2019 she worked at Coface, a global credit insurance company, heading its activities in Norway. From 2010 till 2017 she worked for Export Credit Norway being responsible for financing the projects within oil & gas industries. Between 1998 and 2010 she worked for Handelsbanken where she kept various positions.

Mrs Aanensen has a Master of Science from Warsaw School of Economics and Executive MBA in Maritime Offshore from Norwegian Business School in Oslo. She is a Norwegian citizen.

Ms Aanensen is an independent board member.

## *Director*

Ms Bekken is a co-owner of BEWI Invest, the largest shareholder of KMC Properties and takes part in strategic decisions in the family company. Marianne Bekken has actively worked in the organisation since 2013, as former CEO of KMC Properties and BEWI Insulation Norway.

Marianne Bekken holds a bachelor's degree in Business and Marketing at BI University.

## ESG in KMC Properties

Managing KMC Properties' impacts on the environment and society is a central pillar in the company's efforts to build a sustainable business.

### About this report

*This is KMC Properties' inaugural ESG report. The report is prepared with reference to the Global Reporting Initiative (GRI) Standards (2021) and covers the 2021 calendar year. Feedback on this report is appreciated and can be directed to andreas.grimsbu@kmcp.no.*

### Governance

Managing environmental, social and governance (ESG) issues is central for KMC Properties to succeed in generating a maximum risk-adjusted return on invested capital. ESG concerns such as climate change, labour conditions and ethical business conduct are increasingly being regulated, and business partners request more detailed information and expect transparency.

The board of directors holds overall responsibility for ensuring KMC Properties' responsible governance of ESG issues and has approved this report. The CEO, together with key functions, manages ESG issues on a day-to-day basis. The board is continuously informed about ESG issues and decisions. The reporting lines from properties to the top management are made by selected employees who obtain the necessary information, which is sent to the management.

### Identifying what is important

As a real estate company, KMC Properties' main impacts are through its tenants' activities and through the development of properties. Establishing a system for managing ESG related risks and opportunities in KMC Properties' value chain has been prioritised. This includes ensuring that the company's tenants manage ESG issues and are transparent about their impacts on the environment, society and the economy in their operations.

### Materiality assessment and stakeholder engagement

KMC Properties has engaged an independent specialist to carry out a materiality assessment using the GRI-3 Materiality Standard. Stakeholders, including banks, investors, employees, and tenants were interviewed. In these interviews, potential and actual impacts to the environment, society and economy caused by KMC Properties' activities were assessed according to their significance. Additionally, financially material topics were discussed and incorporated into the list of material topics. The assessment forms the foundation for this report and will inform strategy and the development of governing documents going forward.

The following ESG topics have been determined to be material for KMC Properties:

- Circular economy
- Impact on climate change
- Negative environmental impacts on properties and their surroundings
- Working conditions on properties
- Violation of indigenous people's rights
- Diversity and equality
- Corruption

The materiality assessment will form the foundation for developing strategy, governing documents and management system going forward.

### ESG regulations

ESG issues are increasingly being included in international and national legislation. KMC Properties is currently focused on the following legislation entering into force in 2022:

#### The Norwegian Transparency Act

The Norwegian Transparency Act comes into force in July 2022. The Act requires companies (with revenue above NOK 70 million) within its scope to carry out three main activities:



- Undertake Human Rights Due Diligence
- Report on Human Rights Due Diligence
- Respond to requests for information.

### The EU taxonomy regulation

The European Green Deal and the EU Sustainable Finance Action Plan standardises how financial market participants and companies shall consider and disclose sustainability data.

The EU Taxonomy provides a classification system which defines sustainable economic activities. The EU Taxonomy was approved by the Norwegian Government in December 2021, but it has yet to be incorporated into the EEA agreement (expected in June 2022). KMC Properties will follow the EU regulations and their implementation in Norwegian law closely, and act accordingly.

### KMC Properties' ESG management priorities for 2022

Focus areas in 2022	Measures for 2022
ESG Governance	<ul style="list-style-type: none"> <li>■ Develop a ESG strategy</li> <li>■ Develop a code of conduct</li> <li>■ Digitalise ESG data collection</li> <li>■ Establish a whistle-blower channel</li> <li>■ Enhance stakeholder engagement on ESG issues</li> <li>■ Assess climate-related risks according to the TCFD framework</li> <li>■ Prepare for the Norwegian Transparency Act (see textbox)</li> <li>■ Prepare for reporting alignment with the EU taxonomy in 2022</li> </ul>
Managing environmental impacts	<ul style="list-style-type: none"> <li>■ Develop an environmental policy</li> <li>■ Develop a carbon emission reduction strategy</li> <li>■ Develop an environmental risk assessment plan for existing properties</li> <li>■ Further develop acquisition procedures to include environmental issues</li> </ul>
Safeguarding human rights	<ul style="list-style-type: none"> <li>■ Develop a human rights policy including statements on indigenous peoples' rights, gender equality and working conditions</li> <li>■ Develop social screening criteria for tenants</li> <li>■ Establish contact with identified indigenous groups</li> <li>■ Set gender diversity targets</li> </ul>
Ensuring ethical business conduct	<ul style="list-style-type: none"> <li>■ Develop an anti-corruption policy and procedures for own operations and supply chain</li> </ul>

## ENVIRONMENT

The real estate and construction sector has a substantial environmental footprint. It accounts for up to 30 per cent of GHG emissions globally, is a major consumer of natural resources and impacts biodiversity.

### Governance of environmental impacts

KMC Properties aims to minimise its environmental impact and considers itself an actor in making the industry more environmentally responsible. Through cooperation with its tenants, KMC Properties is focused on building and rehabilitating energy efficient buildings. These include tailored infrastructure solutions that contribute to a circular economy for the industry and its tenants.

The chief operating officer in KMC properties manages the environmental aspects in the company's operation. This is

done by looking at opportunities for environmentally friendly material use on new buildings, and on the expansion of existing properties in collaboration with KMC's tenants. Furthermore, work is being done on using recycled building materials, choosing constructions that provide a reduced climate footprint and facilitating future fossil-free construction sites where it is practically possible. All construction sites have a waste plan with source sorting and requirements for sorting grade. The projects are optimised with local masses and materials for plot filling to reduce the climate impact. KMC Properties will invest in solar cells and battery solutions, travel as environmentally friendly as possible and attend trade fairs / courses to stay updated.

The materiality assessment identified KMC Properties' largest environmental impacts and hence its strategic focus areas:

- Limiting GHG emissions and managing climate risks
- Contributing to the circular economy
- Reducing the environmental impact of newbuilds and the current portfolio.

The company is working to incorporate these considerations into its current management system, develop an environmental policy and an emission reduction strategy in 2022.

### Limiting emissions and managing climate risks

The real estate sector uses more energy than any other sector and is a growing contributor to GHG emissions. As property owner and property developer, KMC Properties aims to reduce the energy consumption and the emissions of its operations.

#### Climate accounting

In 2021, KMC Properties produced its first climate account, representing a starting point for the company's work to reduce emissions across its value chain. The climate account has been prepared in accordance with the GHG protocol, using the operational control approach.

KMC Properties has no direct GHG emissions (Scope 1) from sources controlled or owned by the organisation. The company's most significant emissions occur indirectly (Scope 3). In the 2021 baseline, Scope 3 emissions include tenant gas and electricity consumption and business travel (air travel and hotel stays). In 2021, KMC Properties emitted a total of 43 670 metric tonnes CO<sub>2</sub>e (Scope 1,2 and 3).

#### Energy efficiency

Enhancing energy efficiency is a central element to reduce emissions. The total reported energy consumption for KMC Properties' portfolio was 278 921 MWh in 2021. The largest source of energy consumption is related to electricity, and the annual energy consumption per square metre was 972 kWh/m<sup>2</sup>/year.

In 2021, KMC Properties initiated a pilot project at the property in Fredrikstad, to test the use of solar panels and battery containers in collaboration with its tenant, in order to increase the usage of local produced renewable energy and optimise the tenants' and the energy distributors' capacity. If the trial project is successful, the goal is to instal solar panels and battery solutions on all properties where this is relevant. Three of KMC Properties' tenants have already installed solar panels.

### Energy and emission performance of KMC Properties:

#### Energy consumption<sup>1</sup>

Russia	4 768
Norway	86 417
Denmark	57 642
Sweden	31 574
The Netherlands	98 521
<b>Total energy consumption - portfolio (MWh)</b>	<b>278 921</b>

Energy intensity (kWh/m <sup>2</sup> )	972
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#### GHG emissions (metric tonnes CO<sub>2</sub>)

##### Scope 2 emissions<sup>2</sup>

Location-based	1
Market-based	31

##### Scope 3 emissions<sup>3</sup>

Downstream leased assets	43 659
Business travel (air + hotel)	10

<b>Total Scope 2 and 3 (location-based scope 2)</b>	<b>43 670</b>
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1) Includes data for 32 properties, which makes up 74% of the portfolio (80% of leased area) and offices.

2) Scope 2 – Electricity, district heating and district cooling. Based on DEFRA emission factors.

3) Scope 3 – Only including downstream leased asset category (collected data for electricity use at 32 properties and gas use at 17 properties) and business air travel. Calculated based on DEFRA emission factors. Hotel stays based on a 4-star hotel for Norway through <https://www.hotelfootprints.org/footprinting> (as recommended by DEFRA).

#### Climate risks

As a property owner and developer KMC Properties is exposed to both physical and transitional climate risk. In 2022, the company plans to conduct a climate risk assessment in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The company will assess their investment strategy on a regular basis, taking into consideration how the company may be impacted by stricter regulations, market demand and physical climate risks.

KMC Properties aims to broaden its GHG reporting by including additional sources of emissions in its climate accounting for 2022. As a result, future ESG reports will include more data on energy consumption and emissions. KMC Properties will work to establish a structured approach to data collection that aims to simplify the process and reduce the risk of errors, as well as develop an emission reduction strategy.



### Contributing to a circular economy

The global real estate sector is one of the largest consumers of raw materials and one of the largest producers of waste. Circular economy is defined as an environmental objective in the EU taxonomy, and KMC Properties acknowledges that it needs a more consistent approach to both choice of materials and waste management going forward.

For this report, the company has gathered data on waste generation related to one construction and renovation project finalised in 2021. A total of 70 tonnes of waste were generated with a recycling rate of 58.6 per cent.

The results of this year's report provide valuable input for KMC Properties' work to define its role in the circular economy going forward.

Waste generated	Tonnes
Wood	28.28
Paper	0
Glass	0
Iron and metals	11.42
Gypsum-based materials	0
Plastic	0
Concrete and brick	0
Contaminated concrete and brick	0
Electronic waste	0
Mixed industrial waste	29.03
Incinerated waste	1.36
Chemicals (paint, glue, vanish)	0

### Reducing environmental impact of properties

When constructing and operating industrial properties, KMC Properties impacts local ecosystems and biodiversity. Pollution from the properties or construction activities, and habitat disturbance and conversion, are identified risks associated with the company's business. Several of the company's properties are located along the Norwegian coastline, in or close to vulnerable ecosystems.<sup>4</sup>

The company takes necessary precautions to limit potential negative impacts on the surrounding environment. KMC Properties operates in accordance with all laws and regulations related to the environment and conducts environmental due diligence (EDD) as required. There was no non-compliance with environmental laws and regulations in 2021.

Several of KMC Properties' tenants operates in accordance with special cleaning and emission requirements, hence, supporting KMC Properties in its efforts. KMC Properties uses a

standardise checklist to collect data from tenants on pollution and the use of renewable materials and measures.

In 2022, KMC Properties will work to increase environmental awareness and responsibility amongst its employees, tenants, and suppliers. Furthermore, the company will actively work to identify and implement measures to reduce negative environmental impact caused by its properties and construction activities.

### SOCIETY

KMC Properties considers its business' potential impact on people to be significant. Safeguarding human rights in its operations is a key priority.

#### Governance of social issues in KMC Properties

KMC Properties aims to be a responsible employer, property owner and real estate developer. KMC Properties' most important priority is to take care of its own employees, tenants' and suppliers' health and safety.

The materiality assessment identified KMC Properties' impacts on society and informed its strategic focus areas. These are:

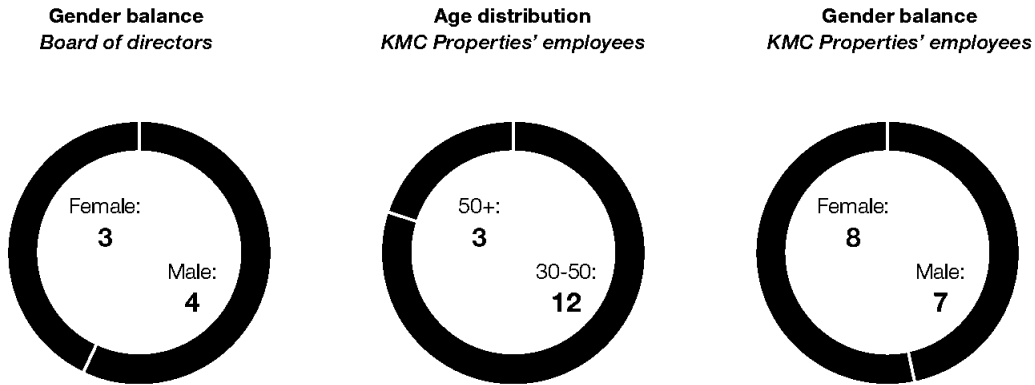
- Working conditions on properties
- Violation of the rights of indigenous people
- Diversity and equality

#### Ensuring safe working conditions

KMC Properties seeks to ensure safe and reasonable working conditions for people working at its properties, including tenants and entrepreneurs. The overall responsibility of health, safety and working environment (HSE) in construction and rehabilitation projects lies with KMC Properties, and the COO manages these issues on a daily basis and reports directly to the CEO. Projects must at all times follow applicable laws and regulations, including the right to Norwegian minimum wage rates and injury insurance. KMC Properties carries out inspections regularly to safeguard good working condition.

The company manages a portfolio of light industrial facilities, which is associated with risks such as: flammable material, hazardous waste, slippery floors, high altitudes, loose objects. The tenants are responsibility for their employees' working conditions and projects when operating on the property. In preparation for this report, KMC Properties has requested information on work related injuries from its tenants.

<sup>4</sup>) <https://artsdatabanken.no/lister/rodlisterforarter/2021>



KMC Properties has obtained HSE data from 28 tenants. In 2021, the number of recordable work-related injuries at the company's properties were 66. These were primarily related to minor injuries such as cuts, fall and crush.

The executive management team is seeking to cooperate with tenants to reduce work-related risks and ensure that workers have safe and decent working conditions. This will be a central pillar in the development of KMC Properties' sustainability strategy and governing documents going forward.

Total reported incidents in 2021:

Type of injury	
Fatalities	0
High-consequence work-related injury (excluding fatalities)	5
Recordable work-related injuries	66

### Safeguarding the rights of indigenous people

KMC Properties has operations in Northern Norway in areas where indigenous people are located and is conscious of their rights as stipulated in United Nations Declaration on the Rights of Indigenous Peoples. Establishing stakeholder dialogue with indigenous peoples in the areas of which KMC Properties operates is of key importance to safeguard their rights. KMC Properties will develop policies and procedures to safeguard the rights of indigenous people in 2022. KMC Properties has not identified any incidents of violations of the rights of indigenous people in 2021.

### Providing equal opportunities for employees

KMC properties aim to ensure equal opportunities for all its employees. KMC Properties values diversity and prohibits dis-

crimination against any employee or any other person based on sex, colour, age, religion, national origin, political opinion, sexual orientation, disability, or any other basis. The company aims to promote diversity and equal opportunities and works to include this in the company's human resources guidelines. In 2021, KMC Properties had no reported incidents related to discrimination.

At the end of 2021, KMC Properties had 15 employees, of which 9 in Norway and 6 in Russia. Females accounted for 44 per cent. of employees at KMC Properties are employed on a part-time or temporary basis.

### GOVERNANCE

KMC Properties values transparency. Anti-corruption has been identified as a material topic, linked to property regulation, operations in Russia and its supply chain. There were no reported incidents of corruption in KMC Properties' operations in 2021.

### Governance of ethical business conduct in KMC Properties

KMC Properties recognises that its business conduct has an impact on the economy through transactions and negotiations. KMC Properties aims to be a transparent market player, and as listed on the Oslo Stock Exchange, it is obliged to disclose detailed information on corporate governance (see separate section on Corporate Governance in the annual report).

The materiality assessment identified KMC Properties' most important focus areas:



- Corruption in own operations
- Corruption in supply chain

An important task ahead is to develop an anti-corruption policy and procedures.

### Ethics when investing in properties

The process of acquiring a property has several decision gates requiring approval from external bodies. This poses a corruption risk to KMC Properties. The company has established processes to mitigate these risks, including juridical and financial due diligence procedures. The M&A and operation departments lead the procurement processes, where they request a company for legal due diligence and financial due diligence.

KMC Properties carried out five acquisitions in 2021, completed one greenfield project and initiated three additional projects, and completed three and initiated seven additional construction projects related to existing properties. All operations were assessed for the risks mentioned above.

### Russia

KMC Properties owns an office building in Moscow with approximately 75 tenants. The Russian property company, LLC Martex, has six employees. The Russian Federation is a country with a considerable higher risk of corruption than the other countries in which KMC Properties operates<sup>5</sup>, and KMC Properties has measures in place to manage the risks associated with this.

KMC Properties' CEO and CFO reviews detailed reports on the tenants, potential tenants, operational expenses and cash flows from its Russian subsidiary weekly. PwC Norway, with assistance from PwC Russia, is engaged to perform specific controls on the cash deposits and cash flows, salaries, and operational expense. A second third party performs annual sanctions control of the tenants in Russia. These measures reduce the risk of corruption significantly.

The Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the group may be challenged by the relevant regional and federal authorities.

In Russia it is common to settle disputes in the official court. Martex LLC has won all three legal disputes that have been brought before the court in 2021. Two of the disputes were against former tenants to retrieve receivables towards them. The last court case was a dispute with the real estate register in Moscow, to correct an error in the register.

5) <https://www.transparency.org/en/cpi/2020/index/rus>

### Supply chain management and minimum social safeguards

KMC Properties is a substantial procurer of steel structures, sandwich elements, roof insulation from Eastern Europe, as well as some pipes and concrete stairs. The remaining materials are mainly from Norway. In July 2022, the Norwegian Transparency Act enters into force. Combined with the Minimum Social Safeguard requirements in the EU Taxonomy, it will be mandatory to disclose information about companies' impacts in the supply chain, with a particular focus on human rights and decent working conditions, and its management of these.

In 2022, KMC Properties will prepare to meet these requirements, and establish due diligence and reporting procedures in line with the OECD Guidelines for Multinational Enterprises.

### Comment on situation with Russia and Ukraine. Sanctions.

*Sanctions imposed on Russia due to its invasion of Ukraine, has significantly increased the risks related to KMC Properties' operations in Russia. KMC Properties is in a process of selling its only property in Russia, so the focus is on operating in compliance with all relevant laws and regulations and take care of the company's six employees in Russia until the sale is completed. Since the invasion started at the end of February 2022, KMC Properties has, with assistance from Baker McKenzie in Russia, performed a sanction control on its current tenants in Russia without any significant findings. In addition, KMC Properties is monitoring the ever-changing regulatory requirements with assistance from legal and financial consultants in Norway and Russia.*

## Corporate Governance

KMC Properties aims to maintain a high standard of corporate governance. Good corporate governance strengthens the confidence in the company and contributes to long-term value creation by regulating the division of roles and responsibilities between shareholders, the board of directors and executive management.

Corporate governance at KMC Properties shall be based on the following main principles:

- All shareholders shall be treated equally
- KMC Properties shall maintain open, relevant, and reliable communication with its stakeholders, including its shareholders, governmental bodies, and the public about the company's activities
- KMC Properties' board of directors shall be autonomous and independent of the company's management
- The majority of the members of the board shall be independent of major shareholders
- KMC Properties' shall have a clear division of roles and responsibilities between shareholders, the board and management

### 1. Implementation and reporting on corporate governance

#### Compliance and regulations

The board of directors (the board) of KMC Properties (the company) has the overall responsibility for ensuring that the company has a high standard of corporate governance. The board has adopted a corporate governance policy document addressing the framework of guidelines and principles regulating the interaction between the shareholders, the board, and the Chief Executive Officer (the CEO). The policy is based on the Norwegian Code of Practice (the Code) for Corporate Governance issued by the Norwegian Corporate Governance Board. The objective of the Code is that companies listed on regulated markets in Norway will practice corporate governance that regulates the division of roles between shareholders, the board of directors and executive management more comprehensively than is

required by legislation. The board and executive management perform an annual assessment of its principles for corporate governance.

KMC Properties ASA is a Norwegian public limited company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act and listed on the Oslo Børs (Oslo Stock Exchange). The company is subject to section 3-3b of the Norwegian Accounting Act, which requires the company to disclose certain corporate governance related information annually. In addition, the Issuers Rules of Oslo Børs, covered by the Oslo Rulebook II chapter 4.5 requires listed companies to publish an annual statement of its principles and practices with respect to corporate governance, covering every section of the latest version of the Code. The Continuing Obligations also sets out an overview of information required to be included in the statement. The Norwegian Accounting Act is available at [www.lovdata.no](http://www.lovdata.no) (in Norwegian), while the Continuing Obligations is available at [www.oslobors.no](http://www.oslobors.no).

KMC Properties seeks to comply with the current code of practice, issued on 14 October 2021. The Code is available at [www.nues.no](http://www.nues.no).

Application of the Code is based on the 'comply or explain' principle, which means that the company must provide an explanation if it has chosen an alternative approach to specific recommendations.

KMC Properties provides an annual statement of its adherence to corporate governance in its annual report, and this information is also available at [www.kmcp.no](http://www.kmcp.no). This statement describes how KMC Properties has conducted itself with respect to the Code in 2021.

*Deviations from the Code: None*



## 2. Business activity

KMC Properties is a real estate company focused on owning industrial and logistics properties. The company's business purpose is set out in its Articles of Association as:

*"The company's business shall comprise of trading, investment in real estate property and security instruments and other business operations in this relation, including participation in other companies with corresponding business through equity, loan or issuance of guarantees."*

The company's main goals, strategies and risk profiles are presented in the annual report. It is the board's opinion that these objectives, strategies, and risk profiles are within the scope of the business purpose clause. The objectives for the business are set with the intention of creating value for shareholders.

The board has defined clear and long-term objectives for the company, to ensure value creation for the shareholders in a sustainable manner.

Long-term objectives, strategies and the risk profile are evaluated once a year in connection with the work on strategy, or as necessary in connection with major events or structural changes.

*Deviations from the Code: None*

## 3. Equity and dividends

The board is committed to maintaining a satisfactory capital structure for the company according to the company's goals, strategy, and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The board will continuously assess the company's capital requirements related to the company's strategy and risk profile.

### Equity

As of 31 December 2021, the company's equity totalled NOK 1,836 million, which corresponds to an equity ratio of 42 per cent. The board considers KMC Properties' capital structure to be appropriate to the company's objectives, strategy, and risk profile.

### Dividends

The company's dividend policy is based on the principle of fair distribution of profit among all its shareholders pro rata their respective holdings of shares, considering a rational correlation of the amount paid in dividends and the funds needed to carry out the strategic plans of the company's development. Dividend rights arise on the date they are approved by the general meeting. There are no restrictions involved for non resident holders.

The company is focusing on pursuing growth through both organic and in organic initiatives and anticipates paying dividends according to a dividend pay out ratio in the 30-50 per cent range of the company's net income in the coming years.

KMC Properties did not distribute dividends in 2021 and the board has, as of 5 April 2022, not proposed dividend distribution in 2022 based on the financial year of 2021.

### Board authorisations

Authorisations to the board to increase the share capital or to buy own shares will normally not be given for periods longer than until the next annual general meeting (AGM) of the company.

The annual general meeting of KMC Properties, held on 2 June 2021, granted the board authorisations as follows:

1. Authorisation to increase the share capital by up to NOK 9,500,000 in connection with capital raisings for the financing of the company's business and in connection with acquisitions and mergers.
2. Authorisation to increase the share capital by up to NOK 500,000 in connection with issuance of shares to the group's employees or board members in relation with option and incentive programs.
3. Authorisation to acquire shares in the company and take security in treasury shares on behalf of the company with an aggregate nominal value of up to NOK 4,834,930.

The authorisations are valid until the annual general meeting in 2022, however no longer than until 0 June 2022.

*Deviations from the Code: None*

## 4. Equal treatment of shareholders and transactions with close associates

In the event of capital increases based on authorisations issued by the general meeting, where the existing shareholders' rights will be waived, the reason for this will be provided in a public announcement in connection with the capital increase.

Any transactions, agreements or arrangements between the company and its shareholders, members of the board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act.



Any transactions the company carries out in its own shares will be carried out either through the stock exchange or at prevailing stock exchange prices. If there is limited liquidity in the company's shares, KMC Properties will consider other ways to ensure equal treatment of its shareholders.

The board shall arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question is considered immaterial. Board members and members of the executive management team shall immediately notify the board if they have any material direct or indirect interest in any transaction entered by the company.

As per 31 December 2021, KMC Properties did not own any own shares.

KMC Properties' financial statements provide further information about transactions with related parties.

*Deviations from the Code: None*

## 5. Shares and negotiability

KMC Properties has only one class of shares, and all shares have equal rights, including the right to dividend and voting rights. Each share has a face value of NOK 0.20 and carries one vote.

The company emphasises equal treatment of its shareholders and the shares are freely transferable.

*Deviations from the Code: None*

## 6. General meetings

The General Meeting is the highest authority of KMC Properties. All shareholders of the company are entitled to attend and vote at General Meetings of the company and to table draft resolutions for items to be included on the agenda for a General Meeting.

Pursuant to article 7 of the company's articles of associations, the general meeting shall resolve:

1. The appointment of the chairman of the board of directors
2. The approval of the annual accounts and annual report, including the distribution of dividends
3. The appointment of the members and the chairman of the nomination committee
4. Other matters that the general meeting is required by law to resolve

The general meeting shall also resolve the board of director's declaration for remuneration of the executive management team in accordance with the Norwegian Public Limited Liabilities Act paragraph 6-16a.

The notice for the general meeting shall be sent to the shareholders no later than 21 days prior to the date of the general meeting. The general meeting may, with a majority vote as for amendments to the articles of association, and with effect for the next annual general meeting, decide that the notice for extraordinary general meetings shall be sent to the shareholders no later than two weeks prior to the extraordinary general meeting is held. The annual general meeting (AGM) is held each year no later than six months after expiry of the preceding financial year.

The Annual General Meeting for 2022 will be held on 1 June 2022. The board and the company's auditor shall be present at general meetings.

*Deviations from the Code: None*

## 7. Nomination committee

Article 7 of the company's articles of association stipulates that the nomination committee shall consist of three members. The members shall be elected for a period of two years unless the general meeting decides a shorter period.

The nomination committee shall prepare proposals to the general meeting in relation to the following:

1. The appointment of the members of the board of directors and the chairman of the board of directors
2. The appointment of the members of the nomination committee and the chairman of the nomination committee
3. The remuneration of the board of directors and the nomination committee.
4. Any changes in the mandate of the nomination committee or in the articles of association

The Norwegian Public Limited Liabilities Act paragraphs 6-7 and 6-8 shall apply correspondingly for the members of the nomination committee.

At KMC Properties' annual general meeting on 2 June 2021, the following were elected to the nomination committee:

- Finn Haugan, chair
- Ingrid Kristin Viken
- Gunnar Syvertsen

*Deviations from the Code: None*



## 8. Board of directors: composition and independence

According to article 5 of KMC Properties' articles of association, the board of directors of the company shall consist of minimum three members. The chairperson of the board of directors alone, or two members of the board of directors jointly, shall have authority to sign on behalf of the company. The board of directors may designate procurators.

As of 31 December 2021, KMC Properties' board comprise seven members. Of these, six members were elected for a period of two years at the company's extraordinary general meeting on 18 December 2020, while Thorbjørn Pedersen was elected at the company's annual general meeting on 2 June 2021.

Three of the members are women. The Public Limited Companies Act states that there should be at least three of each gender on the board of directors when the board has between six and eight members.

When appointing members to the board, it is emphasised that the board shall have the requisite competency to independently evaluate the cases presented by the executive management team as well as the company's operation. It is also considered important that the board can function well as a body of colleagues.

Board members shall be elected for periods not exceeding two years at a time, with the possibility of re-election. Board members shall be encouraged to own shares in the company.

An overview of the board members' competence and background is available from the company's website <https://www.kmcp.no/en/management+and+board>.

### Independence of the board

All the board members of KMC Properties are deemed to be independent of senior executives. The majority of the members are independent of the company's material business contacts, while five of the members are independent of the company's main shareholders.

*Deviations from the Code: None.*

## 9. The work of the board of directors

The overall management of the company is vested in the board and the company's management. In accordance with Norwegian law, the board shall ensure that the company has proper management with clear internal distribution of responsibilities and duties. A clear division of work has been established between the board and the executive management team. The CEO is responsible for the executive management of the company.

Instructions to the board of directors and the CEO were last revised and approved by the board on 27 April 2022.

The board has the overall responsibility for the management of the group and the supervision of its day-to-day management and business activities. The board shall prepare an annual plan for its work with special emphasis on goals, strategy, and implementation. The board's primary responsibility shall be (i) participating in the development and approval of the company's strategy, (ii) performing necessary monitoring functions and (iii) acting as an advisory body for the executive management team. The chairperson of the board is responsible for ensuring that the board's work is performed in an effective and correct manner.

The members of the board receive information about the company's operational and financial development on a quarterly basis. The company's strategies shall regularly be subject to review and evaluation by the board.

The regulations governing the board's working practices include guidelines for how individual directors and the CEO should conduct themselves with respect to matters in which they may have a personal interest. Among them is the stipulation that each director must make a conscious assessment of his/her own impartiality and inform the board of any possible conflict of interest.

Further, the regulations include guidelines for how the board of directors and executive management shall deal with approval of agreements, which are considered material, between the company and its shareholders and other close associates, including that the board shall arrange for an independent third-party valuation. This will, however, not apply for transactions that are subject to the approval of the general meeting pursuant to the Norwegian Companies Act. Agreements with related parties will be included in the notes to the financial statements in the annual reports.

The board meets as often as necessary to perform its duties. Most of the current board was elected at the extraordinary general meeting on 18 December 2020, related to the completion of the transformative agreement combining KMC Properties ASA (former name Storm Real Estate ASA) and KMC Properties AS. The board shall prepare an annual evaluation of its work.

### Sub-committees of the board

#### Audit committee

Pursuant to the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange, the company shall have an audit committee. The audit committee is appointed by the board.

The committee's main tasks are to prepare the board's follow-up of the financial reporting process, monitor the group's internal control and risk management systems, and maintain an ongoing dialogue with the auditor.

KMC Properties' audit committee comprise the following:

- Stig Wærnes, Chairperson
- Anna Musiej Aanensen

The board approved instructions to the audit committee at the board meeting on 4 February 2021.

#### Remuneration committee

The board has appointed a remuneration committee. The committee evaluates and proposes the compensation of KMC Properties' CEO and other members of the executive management team and provide general compensation related advice to the board.

KMC Properties' remuneration committee comprise the following:

- Stig Wærnes, Chairperson
- Anna Musiej Aanensen
- Morten Eivindsson Astrup

*Deviations from the Code: None*

## 10. Risk management and internal control

The board shall ensure that KMC Properties has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The internal control and the systems shall also encompass the company's corporate values and ethical guidelines.

The objective of the risk management and internal control is to manage exposure to risks to ensure successful conduct of the company's business and to support the quality of its financial reporting.

The board shall carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

The board shall provide an account in the annual report of the main features of the company's internal control and risk management systems as they relate to the company's financial reporting.

Internal control of financial reporting is conducted through day-to-day follow-up by management, and supervision by the company's audit committee.

*Deviations from the Code: None*

## 11. Board remuneration

The general meeting shall determine the board's remuneration annually. Remuneration of board members shall be reasonable and based on the board's responsibilities, work, time invested and the complexity of the enterprise. The remuneration of the board members shall not be performance-related nor include share option elements.

The board shall be informed if individual board members perform tasks for the company other than exercising their role as board members. Work in sub-committees may be compensated in addition to the remuneration received for board membership.

The board's remuneration was approved at the company's annual general meeting on 2 June 2021, following a proposal from the nomination committee.

*Deviations from the Code: None*

## 12. Remuneration of executive management

Pursuant to Section 6-16a of the Norwegian Public Limited Companies Act (NPLCA), the board prepares guidelines for determination of salaries and other benefits payable to senior executives.

The guidelines will, in line with the said statutory provision, as well as Section 5-6 (3) of the same Act be approved by the general meeting. If the guidelines are materially altered, the new guidelines will be laid before, and approved by the general meeting. The guidelines will be approved by the general meeting at least every four years.

In addition to the guidelines, the board prepares a remuneration report pursuant to Section 6-16b of NPLCA. Such report will be considered by the company's general meeting and shall be subject to an advisory vote by the general meeting in accordance with NPLCA Section 5-6 (4). The guidelines and report are included in the company's annual report.

The company's senior executive remuneration policy is based primarily on the principle that executive pay should be competitive and motivating, to attract and retain key personnel with the necessary competence.



The statement refers to the fact that the board of directors shall determine the salary and other benefits payable to the CEO. The salary and benefits payable to other senior executives are determined by the CEO in accordance with the guidelines laid down in the statement. The CEO will normally propose the remuneration to senior executives in consultation with members of the remuneration committee.

The board's statement is included in the 2021 annual report and further details relating to the salary and benefits payable to the CEO and other senior executives is available in notes to the financial statements.

*Deviations from the Code: None*

### 13. Information and communication

#### Investor relations

Communication with shareholders, investors and analysts is a high priority for KMC Properties. The objective is to ensure that the financial markets and shareholders receive correct and timely information, thus providing a sound foundation for a valuation of the company. All market players shall have access to the same information, and all information is published in English.

All notices sent to the stock exchange are made available on the company's website and at [www.newsweb.no](http://www.newsweb.no).

#### Financial information

The company normally holds investor presentations in association with the publication of its quarterly results. These presentations are open to all and provide an overview of the group's operational and financial performance in the previous quarter, as well as an overview of the general market outlook and company's own future prospects. These presentations are also made available on the company's website.

#### Restricted trading periods

Persons discharging managerial responsibilities (PDMR) are not allowed to acquire or sell shares in the company or related financial instruments during the period from 30 days prior to the publication of the company's half-yearly and annual report, following the regulations of MAR. As the company publishes an interim report for the fourth quarter, including preliminary full year results, the fourth quarter report is, in this respect, considered to be the annual report.

KMC Properties publishes a financial calendar on Oslo Børs's website, setting out the expected dates of publication for its reports. The dates are also available at the company's website.

*Deviations from the Code: None*

### 14. Take-over situations

In a take-over process, should it occur, the board and the executive management team each have an individual responsibility to ensure that the company's shareholders are treated equally and that there are no unnecessary interruptions to the company's business activities. The board has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the board shall ensure that:

- a) the board will not seek to hinder or obstruct any take-over bid for the company's operations or shares unless there are particular reasons for doing so;
- b) the board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company;
- c) the board shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and the board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code. This could include obtaining a valuation and fairness opinion from an independent expert. On this basis, the board shall draw up a statement containing a well-grounded evaluation of the bid and make a recommendation as to whether the shareholders should accept the bid. The evaluation shall specify how, for example, a take-over would affect long-term value creation of KMC Properties.

*Deviations from the Code: None*

### 15. Auditor

The auditor is appointed by the annual general meeting and is independent of KMC Properties. Each year the board shall receive written confirmation from the auditor that the requirements with respect to independence and objectivity have been met.

Each year, the auditor shall draw up a plan for the execution of their auditing activities, and the plan shall be made known to the board of directors and the audit committee. The board should specifically consider if the auditor to a satisfactory degree also carries out a control function and the auditor shall meet with the audit committee annually to review and evaluate the company's internal control activities.

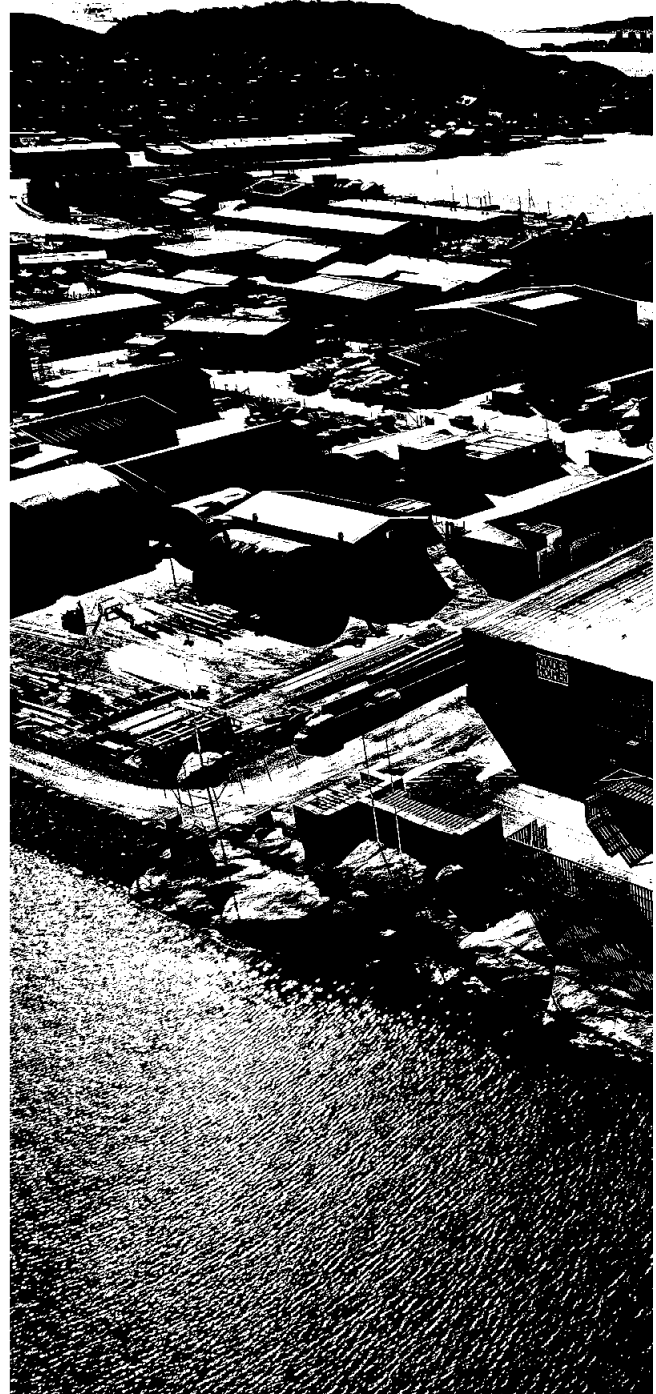
The auditor shall be present at board meetings where the annual accounts are on the agenda. Whenever necessary, the board shall meet with the auditor to review the auditor's view on the company's accounting principles, risk areas, internal control routines, etc.

The auditor may only be used as a financial advisor to the company provided that such use of the auditor does not have the ability to affect or question the auditors' independence and objectiveness as auditor for the company. Only the company's CEO and/or CFO shall have the authority to enter into agreements in respect of such counselling assignments.

At the annual general meeting the board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other specific assignments. The board shall arrange for the auditor to attend all general meetings.

*Deviations from the Code: None*

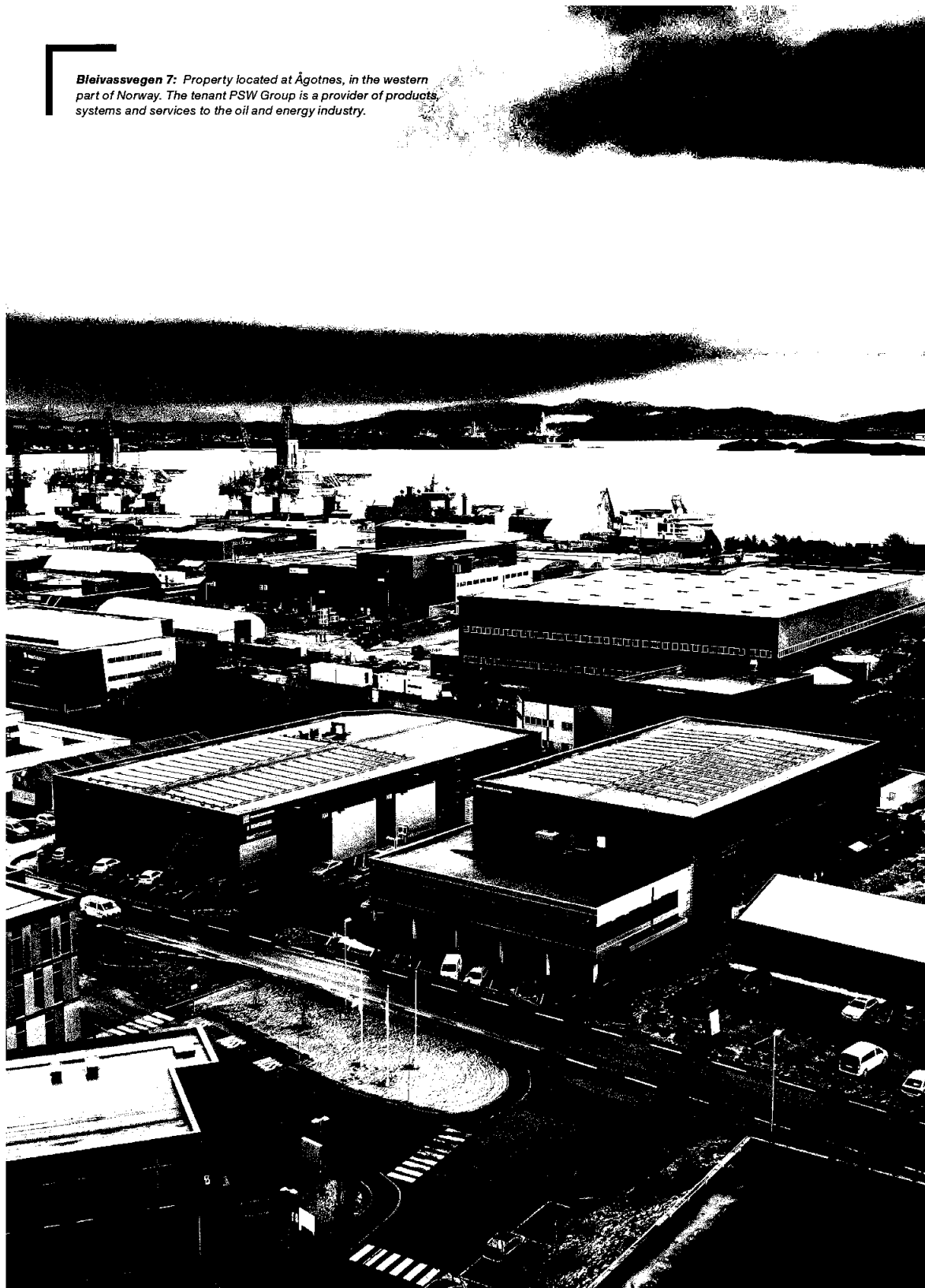
**Angholmsvegen 14:** Property located in Klädesholmen, north of Gothenburg in Sweden. The tenant Klädesholmen Seafood AB produces herring and fish spreads.







**Bleivassvegen 7:** Property located at Ågotnes, in the western part of Norway. The tenant PSW Group is a provider of products, systems and services to the oil and energy industry.





## Board of directors' report 2021

2021 was a successful year for KMC Properties ASA. The company was established through a transformative transaction in December 2020, where KMC Properties AS and KMC Properties ASA (then named Storm Real Estate ASA) were combined into a listed real estate group focusing on logistics- and industrial properties.

During the year, KMC Properties has focused on building a strong organisation, establishing a clear growth strategy, and delivering on the strategy through a series of value-accretive acquisitions and new development projects. At the same time, the group has strengthened its financial position through a successful private placement, providing a solid foundation to further pursue profitable growth opportunities.

The group delivered an income of NOK 226.1 million for 2021, with a net operating income (NOI) of NOK 214.6 million and net income from property management of NOK 66.1 million.

A total of five acquisitions and three new development projects were announced during 2021, contributing to growing the portfolio value from NOK 3.1 billion at year-end 2020 to NOK 4.0 billion at the end of 2021.

### Overview of the business

The board of directors' report for KMC Properties ("KMC Properties" or "the group") comprises KMC Properties ASA and all subsidiaries. The parent company, KMC Properties ASA, is a Norwegian public limited liability company.

### Business and location

KMC Properties is a real estate company focused on acquiring and managing industrial- and logistics properties. Currently, the group owns a diversified portfolio of 45 properties in the Nordics and the Netherlands. The properties have long lease agreements with solid counterparties, strategically located for the tenants. In addition to the industrial properties, the group owns an office building in Moscow, Russia. KMC Properties is headquartered in Trondheim, Norway.

### History

In December 2020, KMC Properties ASA (formerly Storm Real Estate ASA) completed the acquisition of KMC Properties AS. The transaction was accounted for as a reversed takeover with KMC Properties AS being identified as the accounting acquirer.

KMC Properties ASA (formerly Storm Real Estate ASA) was established in 2007 and has had multiple investments across several countries, including direct ownership of real estate as well as indirect exposure through shares in other real estate companies. Prior to the transaction with KMC Properties AS, the company was a single asset company, owning only an office building in Moscow, Russia (the Gasfield building).

KMC Properties AS was prior to the transaction a privately-owned real estate company established in January 2020. At this time, the company was owned 20 per cent by Kverva Industrier AS, and 80 per cent by EBE Eiendom AS.

For a full overview of the history and important events in the development of the group, see the overview on page 5.

### Strategy and objectives

KMC Properties' growth strategy consists of the following main elements:

- Investments in current portfolio and contract extensions
- Investments in development projects (greenfield projects)
- Acquisitions of new properties

KMC Properties invests primarily in logistics – and industrial properties due to the segment's high returns, long lease agreements and stable occupancy rates.

The investments increase the company's cash flow and contributes to diversifying the company's property portfolio, hence reducing the company's operational and financial risks. All investments are made with a focus on creating long-term value for investors and tenants, while at the same time minimising the negative impacts on all three pillars of ESG: Environmental, Social and Governance.

The investment strategy is characterised by investments in properties with strategic locations - in industrial and logisti-



cal hubs, or properties with proximity to key customers and/or natural resources which are business critical for the tenants. The group is focused on having a solid customer base of market leading companies with long heritage and good track records, as well as entering long-term triple net contracts with very low contract extension risk.

At year-end 2021 KMC Properties had a NOK 1,083 million pipeline of accretive growth opportunities, of which all investments are expected to be completed by the end of 2024.

The group's ambition is to further develop its position as the most attractive industrial real estate partner for existing and new tenants.

## Operations

As of 31 December 2021, KMC Properties owned 44 properties in the Nordics and the Netherlands and one office building in Russia. The group's operations include investments in properties, including greenfield/development projects, upgrades and expansion of existing properties and acquisition of new properties, as well as management of the properties owned by the group.

The office building in Russia is managed through the company's own organisation in Russia, and the local management seeks to maintain a close relationship with its tenants. The other properties owned by the group are managed from Norway.

Most of the group's lease contracts are bare-house contracts, whereby maintenance, insurance and property tax are covered by the tenant. Most of the contracts are 100 per cent CPI adjusted.

## Property portfolio

Of the total 45 properties owned at the end of 2021, 44 of the properties are logistics- and industrial properties in the Nordics and the Netherlands, including 23 in Norway, 8 in Denmark, 8 in Sweden, 4 in the Netherlands and one in Finland. In addition, the group owns an office building in Russia, comprising offices, parking places, a restaurant, and a fitness centre. The group has a local team in Russia to manage the operation of the building.

The portfolios consist of approximately 370 000 gross square meters rentable area.

## Largest tenants

KMC Properties' four largest tenants are BEWI ASA, Insula AS, PSW Group, and Grøntvedt group.

BEWI ASA was founded in 1980 by the Bekken family, who since inception has developed the company into becoming

one of the leading packaging, components, and insulation providers in Europe. The company is a frontrunner in innovation and sustainability. BEWI is strategically integrated throughout the value chain, with revenue diversified across four operating segments, including one upstream segment for raw material production, two downstream segments and one for recycling. The company has 41 production facilities located across Europe and approximately 2 100 employees. BEWI is listed on Oslo Børs.

Insula AS is a Nordic seafood group focused on product development, value-added processing, and sales of fish and seafood products to the retail and Hotel/Restaurant/Café (HoReCa) markets. The company has approximately 1 100 employees in Norway, Sweden, Denmark, Finland, and Iceland and is owned by Kverva Industrier (95.8 per cent ownership). The company has a strategy to consolidate steadfast and traditional companies into one proficient supplier to the Nordic market.

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 of the PSW Group.

The Grøntvedt Group is a leading platform within industrial processing of pelagic fish, and the world's largest producer of marinated herring. The company is headquartered at Ørlandet, approximately 50 minutes outside of Trondheim by boat. The location is strategic given the rich resources of pelagic fish in the North Sea. Grøntvedt exports more than 80 per cent of its production.

## Important events in 2021

### Financing and issuance of new shares

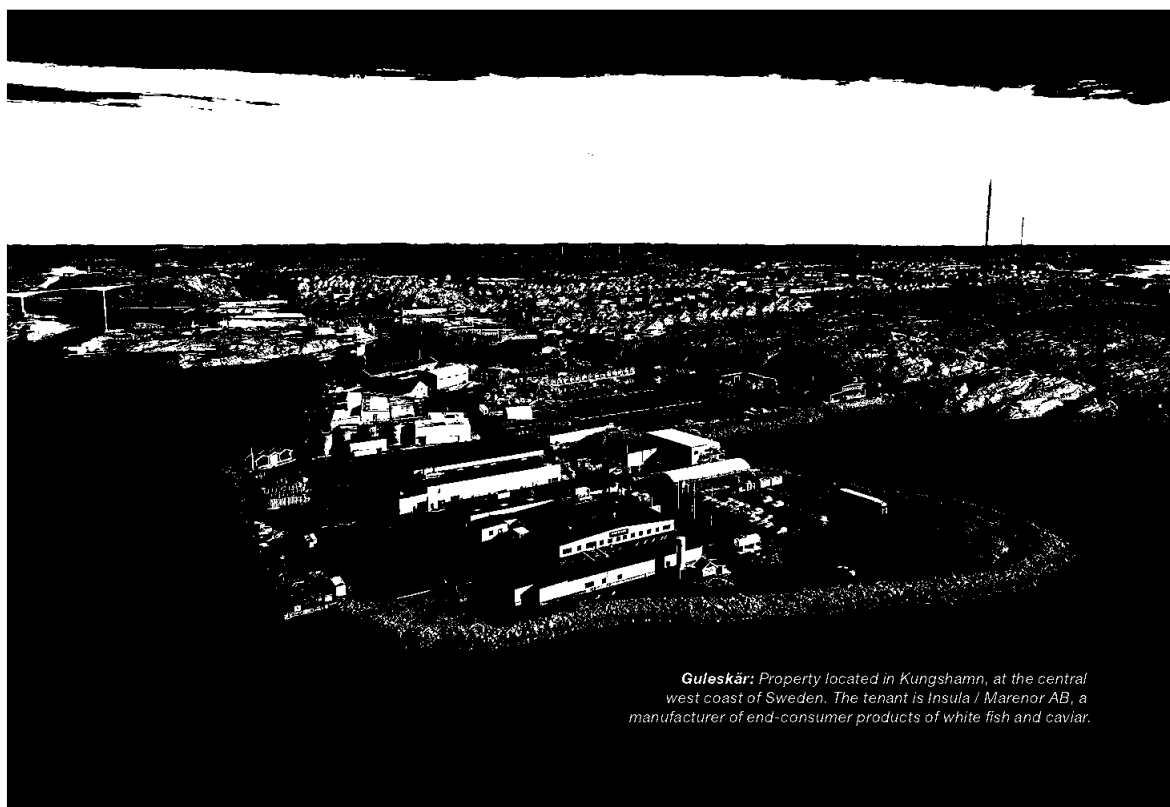
#### Mandatory offer

The completion of the transaction combining KMC Properties AS and KMC Properties ASA (previously Storm Real Estate ASA) resulted in a mandatory offer obligation for both EBE Eiendom AS and Kverva Industrier AS (the two previous majority owners of KMC Properties AS).

The offer to acquire the shares in KMC Properties ASA made by EBE Eiendom AS and Kverva Industrier AS at an offer price of NOK 7 commenced on 22 December 2020 and was completed on 19 January 2021. EBE Eiendom and Kverva Industrier received acceptances for a total of 149 369 shares and votes in KMC Properties, corresponding to 0.062 per cent of the share capital and voting rights in KMC.

#### Subsequent offering February

On 11 February 2021, KMC Properties launched a NOK 30 million subsequent offering with expiration on 18 February



*Guleskår: Property located in Kungshamn, at the central west coast of Sweden. The tenant is Insula / Marenor AB, a manufacturer of end-consumer products of white fish and caviar.*

2021. The offering was completed on 19 February 2021, by approval of the board of directors.

**Private placement, subsequent offering and employee offering**

On 16 September 2021, KMC Properties announced the successful completion of a private placement of NOK 300 million through allocation of 37 500 000 new shares at NOK 8.00 per share. Net proceeds from the private placement are used to redeem amounts drawn under the company's revolving credit facility in connection with acquisitions and greenfield projects, and to fund the company's pipeline of new growth opportunities.

Further, following the completion of the private placement, KMC Properties launched a subsequent offering on 12 October 2021, directed towards the company's shareholders on 16 September. The subsequent offering was completed on 28 October and resulted in issuance of 1 875 000 new shares at NOK 8.00 per share and consequently gross proceeds of NOK 15 million.

On 18 October 2021, the board of directors of KMC Properties resolved to issue 750 000 shares in connection with a limited share offering to employees of the company, as announced in relation to the private placement on 16 September 2021. The subscription price per share was NOK 6.40, equal to the share price in the private placement less a discount of 20 per cent. The new shares were subject to a three-year lock-up period.

**Development projects**

**Development of greenfield project at Senja**

In August 2020, KMC Properties commenced a development project relating to the construction of a fully automated fish box production facility at Klubben Næringsområde in Senja, Norway. The facility is located next to SalMar ASA's new fish slaughterhouse InnovaNor. The tenant of the fish box facility, BEWI ASA, has a long-term agreement with SalMar for delivery of fish boxes.

The construction was completed in the third quarter of 2021, upon which KMC Properties entered a bare-house agreement with BEWI ASA for a period of 15 years including an option for 15 more years, at a yield-on-cost of 7.5 per cent.

**Letter of intent with BEWI for development of packaging hub at Hitra, Norway**

On 3 March 2021, KMC Properties announced that it had entered a letter of intent with BEWI for development of a new packaging facility on Jøsnøya, Hitra, on the west coast of Central Norway. The new facility will be BEWI's most modern and efficient facility for production of fish boxes, and in addition have facilities to serve an increasing volume of reusable boxes and reusable pallets.

Further, on 8 July 2021, the company announced that it had entered a conditional long-term lease agreement for the property with BEWI and entered an agreement for the pre-project phase. The new facility will be built and owned by KMC Properties and once completed, leased to BEWI on a 15 years lease agreement, with an option for BEWI to extend the lease term two times by five year each. The construction cost is estimated to be above NOK 100 million, and the yield-on-cost is set on 7.5 per cent.

**Agreement with Oppdal Spekemat for construction of a new production facility**

On 2 July 2021, KMC Properties entered an agreement with Oppdal Spekemat AS for the construction of a new production facility at Oppdal, in Trøndelag county in central Norway. When completed, the facility will be leased to Oppdal Spekemat on a triple-net bare-house agreement, with an initial lease term of 15 years, with the option of an extension. The initial lease term is irrevocable.

The construction cost is estimated to be approximately NOK 80 million, and the yield-on-cost is set on 7.5 per cent.

Oppdal Spekemat is a Norwegian producer and seller of traditional cured meats and related products established in 2009. The company has a solid market position in central Norway. The company is owned 60 per cent by Fatland, a Norwegian slaughter- and meat expert with a turnover of close to NOK 5 billion in 2020.

**LOI with Slakteriet Holding AS to build NOK 620 million salmon slaughterhouse facility**

On 23 August 2021, KMC Properties announced the signing of a Letter of Intent (LOI) with Slakteriet Holding AS to build a new salmon slaughterhouse facility at Florø, in the Vestland county on the Norwegian western coast. The investment was estimated at NOK 620 million, with a yield-on-cost estimated between 6.75–7.1 per cent.

Early February 2022, the company announced that it had entered a conditional process agreement, confirming the initial plans. For further details see subsequent events.

**Acquisitions**

**Acquisition of industrial property in Denmark**

On 13 April 2021, KMC Properties announced that the company had acquired an industrial property in Denmark from the Danish paper packaging company Honeycomb Cellpack A/S, a provider of paper-based protective packaging solutions. On the same day, KMC Properties' largest tenant BEWI ASA announced its acquisition of 51 per cent of Honeycomb.

The industrial property included a total of six buildings, comprising a total gross floor area of 5 858 square meters and a plot area of 53 235 square meters. A triple-net bare house lease agreement was entered with Honeycomb with an initial lease term of 12 years, with an option to extend the lease term two times by five year each.

**Acquisition of property outside Molde in Norway**

On 27 May 2021, KMC Properties ASA acquired an industrial property in Hustadvika, outside the city Molde on the west coast of Norway from Perfect Temperature Group AS (PTG) for a total consideration of NOK 44 million. The property included a triple-net bare-house agreement with PTG Frionordica AS, with a lease term of 17 years at a yield of 7.1 per cent of the total investment cost.

**Acquisition of an industrial property with long-term lease at Mongstad for NOK 285 million**

On 12 July, KMC Properties ASA announced its acquisition of an industrial property at Mongstad, Norway, for a total consideration of approximately NOK 285 million, with a gross yield of 7.7 per cent.

The property came with a triple-net bare-house agreement with the tenant, PSW Technology AS, with an initial lease term of 12 years, and an option of a ten-year extension.

PSW Technology is part of the PSW Group AS, an international provider of products, systems, and services to the energy industry, 98 per cent-owned by Hercules Private Equity Fund IV.

The property, located at Storemyra, is composed of a 10 734 m<sup>2</sup> BTA industrial plant constructed in 2019, and 62 091 m<sup>2</sup> BTA of land, strategically located at the Mongstad industrial site, on the west coast of Norway. With its 1 200 solar panels over 3 500 m<sup>2</sup> on its roof, PSW's facility at Mongstad is the tenth largest solar cell plant in Norway, making PSW Group self-supplied with solar energy and able to export electricity back to the grid in the event of over-production.

**Acquisition of industrial property at Ågotnes**

On 25 November 2021, KMC Properties announced its acquisition of a modern industrial property, located at Ågotnes near Bergen for a consideration of approximately NOK 128 million.



The Ågotnes property is composed of a 5 781 m<sup>2</sup> BTA power and automation systems plant that was in large part constructed in 2019-2020, with further development potential. The property is strategically located close to the Coast Center Base, a leading service and supply base to the North Sea oil and gas fields, and the planned new eco-friendly, state-of-the-art goods cargo port at Ågotnes, scheduled to open by 2030.

The property came with a lease agreement of which there was 8.4 years left of the initial lease term with the tenant PSW Technology AS, and a gross yield of 7 per cent on the total investment cost.

PSW Power & Automation provides complete power systems within the offshore, marine, and land-based industries, focusing on sustainable solutions and custom-made products and turnkey solutions. The property's two main buildings are close to 30 per cent energy self-sufficient, with 744 solar panels installed on their roofs that have an estimated potential of generating 165 000 kWh per year. The two main buildings have a B energy rating.

#### **Acquisition of production facility in Fredrikstad**

In December 2021, KMC Properties acquired the real estate company Kampenveien 5A AS, in Fredrikstad, Norway, for a consideration of NOK 52 million, with a gross yield of 7.5 per cent.

The seller of the property was BE Form Holding AS, owner of the plastics company Biobe AS. The property came with a triple-net bare house agreement with Biobe and an initial lease of 12 years.

#### **New rental agreement with First Seafood in Kongsvinger**

In December 2021, KMC Properties entered a rental agreement with First Seafood AS for its production facility in Kongsvinger, Norway.

The agreement was a triple-net bare house agreement, with an initial lease of ten years, and an option for two times extension of five years. The annual CPI adjusted lease rate is NOK 2.8 million from 1 January 2022.

First Seafood is owned by Insula, KMC Properties' second largest tenant.

#### **Financial review**

As mentioned above, the owners of KMC Properties AS and KMC Properties ASA (previously Storm Real Estate ASA), completed a transformative agreement on 20 December 2020, combining the two companies. The transaction was accounted for as a reverse takeover with KMC Properties AS being identified as the accounting acquirer. Thus, con-

solidated financial statements have been prepared as if KMC Properties ASA is a continuation of KMC Properties AS.

As a result of KMC Properties AS being the accounting acquirer, the reported numbers in the consolidated statement of comprehensive income for the full year 2020, includes only the numbers for KMC Properties AS from 26 May 2020 which is the date from when the company had operational activities, i.e., not Grøntvedt Næringsbygg AS, Pesca Property AS, former Storm Real Estate ASA and the four properties in the Netherlands, which was included into the consolidated figures for the group from 1 January 2021. This means that financials for 2020 are not comparable to those of 2021.

The following financial review is based on the consolidated financial statements of KMC Properties ASA and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

#### **Profit and loss**

KMC Properties had a total rental income of NOK 226.1 million for 2021, up from NOK 51.8 million for 2020. Since most of the group's lease agreements are triple net bare house agreements, direct property costs are relatively low. Hence net operating income amounted to NOK 214.6 million for the full year of 2021, up from NOK 49.0 million for 2020.

Employee benefit and salary expenses amounted to NOK 22.5 million for 2021, compared to NOK 1.9 million for 2020. The company significantly strengthened its organisation during 2021.

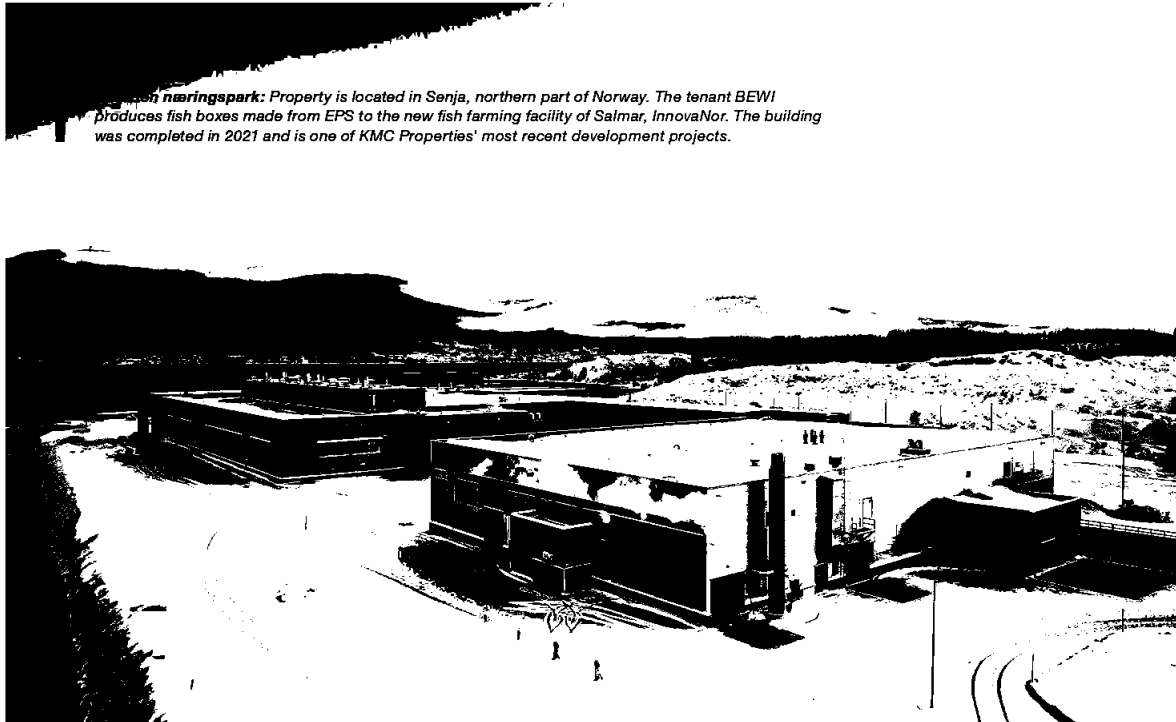
Other operating expenses were NOK 44.2 million for 2021, compared to NOK 16.7 million for the previous year. The operating expenses mainly include legal and other advisory fees related to investment and financing activities.

KMC Properties recorded an operating profit before investment property fair value adjustments of NOK 147.8 million for 2021, up from NOK 30.4 million for 2020.

Change in fair value adjustments on investment property was NOK 310.1 million for 2021 compared to NOK 404.6 million for the previous year.

Net financial expenses including fair value change of financial instruments and net currency exchange differences amounted to NOK 75.7 million compared to NOK 28.0 million for the previous year.

Tax expense for 2021 was NOK 77.4 million, of which NOK 2.9 million is tax payable and the remaining NOK 74.5 million is change in deferred tax. For 2020, the tax expense was NOK 94.3 million.



**Senja næringspark:** Property is located in Senja, northern part of Norway. The tenant BEWI produces fish boxes made from EPS to the new fish farming facility of Salmar, InnovaNor. The building was completed in 2021 and is one of KMC Properties' most recent development projects.

Net profit was NOK 304.8 million for 2021 and NOK 312.6 million for 2020, while total comprehensive income came in at NOK 281.0 million for 2021 and NOK 302.6 million for 2020.

#### Cash flow

Operating activities generated a cash inflow of NOK 75.7 million for 2021 and NOK 25.0 million for 2020.

Investing activities, including investments in expansion projects and new facilities, as well as acquisitions of new properties, generated a cash outflow of NOK 660.1 million for 2021 and NOK 1 052.0 million for 2020.

Financing activities led to a cash inflow of NOK 664.7 million for 2021 due to increase in interest bearing debt and equity issues. For 2020, financing activities led to a cash inflow of NOK 1 151.9 million, mainly related to the bond issue.

#### Financial position

KMC Properties' assets amounted to a total of NOK 4 333.2 million on 31 December 2021, up from NOK 3 294.6 million on 31 December 2020.

KMC Properties' investment properties were valued at NOK 4 001.6 billion at year-end 2021, up from NOK 3 089.8 mil-

lion at the end of 2020. The portfolio is valued by Cushman & Wakefield quarterly. Of the change in value for the year of NOK 911.8 million, expansion projects, investments in new facilities, and acquisitions amounted to a total of NOK 660.1 million. In addition, fair value adjustments amounted to NOK 310.1 million, while translation adjustments contributed to a negative NOK 58.5 million.

On 31 December 2021, other assets consisted primarily of interest rate and currency rate swap agreements of NOK 67.7 million, trade receivables at NOK 24.5 million, prepaid expenses, VAT receivables, tax receivables, and other current receivables at NOK 26.9 million, as well as NOK 207.5 million in cash.

Total non-current liabilities amounted to NOK 2 436.3 million at the end of the year, up from NOK 1 909.0 million at the end of 2020. The liabilities consist mainly of interest-bearing debt of NOK 2 275.0 million, deferred tax liabilities of NOK 132.0 million, and land lease liabilities of NOK 19.1 million. Total current liabilities amounted to NOK 60.9 million and consisted of trade payables of NOK 23.6 million, current tax liabilities of NOK 2.9 million and other income tax payable NOK 34.4 million.

Total equity was NOK 1 836.0 million on 31 December 2021,



representing an equity ratio of 42.4 per cent, compared to NOK 1 243.1 million at the end of 2020, an equity ratio of 37.7 per cent.

### Research and development

KMC Properties does not have any activities classified as research and development.

### Going concern

The annual financial statements for 2021 have been prepared on the assumption that KMC Properties is a going concern pursuant to section 3-3a of the Norwegian Accounting Act. With reference to the group's results and financial position, as well as forecasts for the years ahead, the conditions required for continuation as a going concern are hereby confirmed to exist. In the opinion of the board of directors, the group's financial position is good.

### Parent company results and allocation of net profit

The parent company had a profit before taxes of NOK 10.3 million for 2021, and a change in deferred tax assets of NOK 0.1 million, recording a net profit of NOK 10.2 million. As a comparison, the parent company had a profit before taxes of NOK 67.5 million for 2020, and a change in deferred tax assets of NOK 45.2 million, thus recording a net profit of NOK 112.7 million for 2020.

The board proposes the following allocation of the net profit of NOK 10.2 million for the parent company:

*Transferred to other equity NOK 10.2 million.*

### Risk factors and risk management

KMC Properties is subject to several risks, including market, operational and financial risks. The management and the board are working to expand the structure of the group's risk management process.

#### Market risk

The group is exposed to the economic cycle and macroeconomic fluctuations, and changes in the general global economic situation, such as the level of inflation and the rate of economic growth, could materially affect the value of the group's assets, including the value of the property portfolio. An economic downturn may decrease the market value of some or all the group's properties. In addition, any changes in the commercial property industry in which the group operates could have a negative effect on the property value, including, among other things:

- Reduction in the demand for commercial properties;
- Reduced availability and increased cost of financing for commercial properties; and
- Slowdown in the market for the sale of commercial properties.

Any significant reduction in property value would have a negative impact on the group's future earnings and financial position.

#### Operational risk

The group owns several properties. On 31 December 2021, the average remaining lease term of the contracts for the properties was 10.4 years. In the event the group is unable to let its properties upon expiry of lease agreements or if lease agreements are terminated, the group will suffer a rental shortfall, and may also be obliged to cover the common costs for the vacant areas until the property is re let. Expenditures related to a property, such as renovation and maintenance costs, are generally not reduced in proportion to any decline in rental income from that property. Consequently, should the group be unable to re let its properties upon the expiry or termination of lease agreements, this could have a material adverse effect on the group's financial condition, results of operations and cash flows.

Further, the failure by tenants of the group to meet their obligations could also result in significant loss of rental income for the group and could lead to a decrease in the value of the group's properties which in turn would negatively affect the group's financial condition.

#### Financial risks

Failure to comply with covenants in financing arrangements may have a material adverse effect on the company. If the company breaches covenants under the loan agreement for the senior secured callable bonds of NOK 1 850 million issued by the company, this loan may be subject to an immediate repayment obligation. There can be no assurances that the group will be able to meet its obligations under current or future financing arrangements. Any breach of existing or future debt covenants and undertakings with a subsequent claim for repayment in full or in a part of the outstanding debt will have a material adverse effect on the group's financial position, operations, and prospects.

#### Risks related to the valuation of the property portfolio

The group's investment properties are measured at their fair value by the independent external valuer Cushman & Wakefield Debenham Tie Leung Limited. The valuations are based on the individual property's assumed future cash flows, and property values are arrived at by discounting cash flows with an individual risk-adjusted required rate of return. Cushman & Wakefield has performed its valuations based on the information it has received from the group, including lease contracts, estimated development costs, and expected lettable area, estimated future market rents, yields, inflation and other relevant parameters, and has not undertaken any technical inspection of the properties nor made any assessment of legal concerns related to the properties. Because of the uncertainty surrounding the input Cushman & Wakefield has



received, in particular with respect to expected market rents, discount rates and inflation, estimates of sellable or lettable areas and estimated development costs for projects still in development, there can be no assurance that the fair values assigned to the group's properties accurately reflect the proceeds that the group will be able to generate from any sale of such properties in the future. Moreover, valuation methods that are currently generally accepted and that have been used for the purpose of developing the fair value of the group's properties could subsequently be determined to have been unsuitable. Revised valuation techniques, erroneous valuations in connection with acquisition of property portfolios and other unforeseeable events could result in the group being unable to achieve its projected yields and could have significant adverse effects on the group's business, financial condition, results of operations and cash flows.

#### Foreign exchange

The group is exposed to foreign currency exchange rate fluctuations. The group operates internationally, and a significant part of its business is conducted in countries with other currencies than NOK, which is the group's functional currency, with rental income from the group's properties being received in DKK, SEK, EUR, and RUB (in addition to NOK). Consequently, fluctuations in DKK, SEK, EUR, and RUB against NOK could adversely affect the financial results of the group.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due and to close out market positions. The group's strategy for managing liquidity risk is to have sufficient liquidity at all times to meet its financial liabilities at maturity, both under normal and exceptional circumstances, without risking unacceptable losses or at the expense of the group's reputation.

For a full overview of the potential risks and uncertainties relating to the group's business and the industry in which it operates, please refer to the notes to the financial statements.

#### Sustainability

KMC Properties sets high ethical standards, and communication with the outside world is to be open, clear, and honest. The group is responsible for ensuring safe and good workplaces in the local communities where it is present. KMC Properties seeks to create value for society, customers, employees, and shareholders.

KMC Properties does not pollute the external environment to any material extent and does not have operations that require special discharge permits or cleaning measures. Waste is sorted according to the requirements applicable at the various locations.

KMC Properties is subject to corporate responsibility reporting requirements under section 3-3c of the Norwegian Accounting Act. A separate sustainability report is included in this annual report, which has been prepared with reference to the Global Reporting Initiative (GRI) Standards (2021). The report covers material environmental, social, and economic impacts and the management approach of KMC Properties for the calendar year 2021. The report aligns with the company's financial reporting period.

KMC Properties has operations in Russia, where corruption is a greater challenge than in Norway. The company is aware of this and has introduced procedures and routines to its daily operations to reduce the risk of corruption. The company is conscious of its role in society related to combating corruption and operates with a high level of transparency. The board is not aware of any cases of corruption related to the group's operation and will continue to focus closely on this in the future.

#### Employees and organisation

The competence of its employees represents a major asset and competitive advantage for KMC Properties.

At the end of 2021, the group employed a total of 15 people, up from seven at the end of 2020. The group had an average of 12 FTEs in 2021 (no comparable number for 2020 as the group was established in December 2020).

Nine of the employees were based in Norway, including eight in Trondheim and one in Oslo, and six employees were based in Russia.

There were no serious work-related accidents in 2021 or 2020. Sick leave in KMC Properties was 3.5 per cent in 2021, compared to 1.1 per cent in 2020.

#### Strengthened organisation

During 2021, KMC Properties significantly strengthened key functions in the group, including accounting, financing, and property management to secure good internal control and operational follow up of existing properties.

Kristoffer Holmen was appointed chief financial officer (CFO) of the company, effective from 1 June 2021. Holmen previously held the position as CFO of Storm Capital Management, and from 2018 to 2020 as CEO/CFO of Storm Real Estate ASA. Further, Kristoffer Formo was appointed Head of M&A. Formo has more than 20 years' experience from the finance and real estate business.

Early 2022, Ove Rød Henriksen was appointed chief accounting officer (CAO) of the group. Henriksen has previously held the position as CFO of Siva, the Industrial Development Cor-



poration of Norway, and as Manager with Deloitte. He is a state authorised public accountant and holds a MSc in Finance from Norwegian University of Science and Technology and a MSc in Accounting and Auditing from the Norwegian School of Economics.

### Equal opportunities

KMC Properties is committed to ensuring that people with different backgrounds, irrespective of ethnicity, gender, religion, sexual orientation, or age, should all have the same opportunities for work and career development at KMC Properties.

KMC Properties takes its social responsibility seriously. In addition to ensuring that the work is carried out safely this involves respecting the freedom of association and not accepting any form of forced labour, child labour or work-related discrimination.

The corporate management team has four male and one female member, who is the chief executive officer (CEO). The board of directors has four male and three female members.

### Corporate governance

Good corporate governance provides the foundation for long-term value creation, to the benefit of shareholders, employees, and other stakeholders. The board of directors of KMC Properties has established a set of governance principles to ensure a clear division of roles between the board of directors, the executive management, and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

KMC Properties is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 4.4 of the Oslo Rule Book II, rules for issuers listed at the Oslo Børs. The Accounting Act may be found (in Norwegian) at [www.lovdata.no](http://www.lovdata.no). The Norwegian Code of Practice for Corporate Governance, which was last revised on 14 October 2021, may be found at [www.nues.no](http://www.nues.no).

KMC Properties has taken out directors' liability insurance for the Group and subsidiaries. The insurance covers the Board's legal personal liability for financial damage caused by the performance of their duties.

The annual statement on corporate governance for 2021 has been approved by the board and can be found in a separate section of this annual report.

### Share and shareholders

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

The company had a total of 284 643 649 issued and outstanding shares as of 7 April 2022, each with a nominal value of NOK 0.20.

KMC Properties has one share class, and all shares have equal rights. The shares are registered in the Norwegian Central Securities Depository (VPS). The company's registrar is DNB Markets. The shares carry the securities number ISIN NO 001 0360175.

On 7 April, the 20 largest shareholders of KMC Properties ASA held 93.86 per cent, of which the largest shareholders are BEWI Invest AS, owned 70 per cent by the Bekken family, holding a total of 45.87 per cent, and Kverva Industrier AS, holding 24.11 per cent.

The shares held by Kverva was on 1 April 2022 announced sold to BEWI Invest on a forward contract, with delivery 1 October 2022. Further, BEWI Invest has entered a conditional share sales agreement with HAAS AS, for sales of 67 250 000 shares in connection with delivery of the shares from Kverva.

### Dividends

KMC Properties' dividend policy is based on the principle of fair distribution of profit among all its shareholders, considering a rational correlation of the amount paid in dividends and the funds needed to carry out the company's growth strategy.

The company anticipates paying dividends according to a pay out ratio of 30 to 50 per cent of the company's net income in the coming years. The board has not proposed dividend distribution in 2022 based on the financial year of 2021, due to the company's M&A opportunities for 2022.

### General meeting

On 2 June 2021, KMC Properties held its annual general meeting. All resolutions proposed by the board were approved, including the recommendations made by the nomination committee. Thorbjørn Pedersen was elected as new board member, replacing Børge Klungerbo.

KMC Properties' annual general meeting for 2022 is planned to be held on 1 June 2022.

### Subsequent events

#### Acquisition of herring production facility in Sweden from Klädesholmen Seafood for SEK 90 million

On 21 January 2022, KMC Properties announced the acquisition of a herring production and cold storage facility in Rönnäng, in the Swedish country of Västra Götaland, from Klädesholmen Seafood AB for approximately SEK 93.6 million (approximately NOK 90 million).

The property includes 19.873 sqm BTA of land and 11.670 sqm BTA of buildings, and a triple-net bare house agreement with Klädesholmen Seafood with an initial lease term of 15 years and a gross yield of 7.5 per cent.

Klädesholmen Seafood, which is owned by Grøntvedt Pelagic AS, KMC Properties' fourth-largest tenant, is a modern herring production company. NOK 30 million of the consideration was settled by issuance of new shares in KMC Properties to the seller at a subscription price equal to the volume weighted average share price for trades in the company's shares on the Oslo Stock Exchange the last 30 days prior to the date of completion of the transaction. The remainder, approximately NOK 64 million was settled in cash.

#### Acquisition of meat processing facility near Narvik in Northern Norway for NOK 100 million

On 2 February 2022, KMC Properties announced that it had acquired a modern meat processing facility, strategically located at Fagernes near Narvik in Norway, from Kubera AS.

The property is composed of 10 303 m<sup>2</sup> BTA of land and 6 093 m<sup>2</sup> BTA of building that was erected in 1998 and substantially upgraded in 2001 and 2003. The meat processing facility is strategically located south of Narvik city center, near the E6 motorway, the railway and port terminal.

The property came with a bare house agreement with the tenant, Kuraas AS, which is on a 6.5-year lease with the option to extend. Kuraas is a Norwegian producer and seller of meats, headquartered in Narvik. The company has approximately 110 employees and reported NOK 212 million in revenues in 2020.

The total consideration for the property was approximately NOK 100 million, with a gross yield of 7.8 per cent. The acquisition was completed on 10 February 2022 and financed through a combination of bank loan and equity.

#### Progress to new conditional agreement with Slakteriet for development of NOK 620 million salmon slaughterhouse facility

On 9 February 2022, with reference to stock exchange announcement of 23 August 2021, regarding the company's LOI with Slakteriet Holding AS to build a new salmon slaughterhouse facility at Florø (see above section), KMC Properties announced the signing of a process agreement, confirming the initial plans for expected completion during the first half of 2024.

Through the process agreement the parties have agreed upon a triple-net bare house agreement which shall be entered into if and when the parties reach a final decision to complete the project. The lease agreement shall have an initial lease term of 20 years, with the option of a 4x5-year extension. Following the LOI in August 2021, a legal and technical due diligence have been successfully performed. The investment is estimated at approximately NOK 620 million, with a yield-on-cost of approximately 6.75 per cent.

#### Russian invasion of Ukraine

Russia's invasion of Ukraine, and the sanctions imposed on Russia following the invasion, has significantly increased the risk related to KMC Properties' property in Moscow, Russia, including the book value of the property and the rental income. On 15 March 2022, KMC Properties announced that the company expects an impairment related to the property value to be booked in the first quarter of 2022. As of 31 December 2022, the building was booked at NOK 143 million, representing 3.6 per cent of the total portfolio value. The net operating income from the property was NOK 9.1 million in 2021.

#### Outlook

In 2021, KMC Properties delivered on its ambitious growth strategy. The company announced a total of five acquisitions and three development projects, significantly increasing its annual rental income, and reaching its announced ambition of a portfolio value of approximately NOK 4 billion at the end of the year.

Going into 2022, KMC Properties has a strong organisation, a solid financial platform, an increasingly diversified property portfolio, and an attractive pipeline of opportunities. The opportunities and investment projects include greenfield and expansion projects together with existing customers, and a series of M&A opportunities in line with its strategic priorities.

The board believes the company will continue to deliver on its growth ambitions, with the strategic target of having a NOK 8 billion real estate portfolio by the end of 2025 well within reach.

The board wishes to express its gratitude to KMC Properties' employees, including the executive management, for their dedicated efforts, contributing to KMC Properties' strong growth and successful development.

Trondheim, Norway, 27 April 2022

The board of directors and CEO

KMC Properties ASA

Anders Dyrseth

Chair

Stig Wærnes

Director

Morten Eivindsson Astrup

Director

Marianne Bekken

Director

Nini Høegh Nergaard

Director

Thorbjørn Fjærtøft Pedersen

Director

Anna Musiej Aanensen

Director

Liv Malvik

Chief executive officer



## Responsibility statement by the board of directors and CEO

### We confirm, to the best of our knowledge, that

- The group financial statements for the period from 1 January to 31 December 2021 have been prepared in accordance with IFRS, as adopted by the EU
- The financial statements of KMC Properties ASA for the period from 1 January to 31 December 2021 have been prepared in accordance with IFRS, as adopted by the EU, and accounting standards and practices generally accepted in Norway
- The financial statements give a true and fair view of the group and the company's consolidated assets, liabilities, financial position, and results of operations
- The report of the board of directors provides a true and fair view of the development and performance of the business and the position of the group and the company, together with a description of the key risks and uncertainty factors that the group and the company is facing

Trondheim, Norway, 27 April 2022  
The board of directors and CEO  
KMC Properties ASA

Anders Dyrseth  
Chair

Morten Eivindsson Astrup  
Director

Nini Høegh Nergaard  
Director

Anna Musiel Aanensen  
Director

Stig Wærnes  
Director

Marianne Bekken  
Director

Thorbjørn Fjærtøft Pedersen  
Director

Liv Malvik  
Chief executive officer





## Financial statements 2021

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## Consolidated statement of comprehensive income

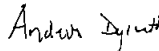
<i>Amounts in NOK thousand</i>	<i>Note</i>	<b>2021</b>	2020
Rental income	7	<b>226 145</b>	51 797
<b>Total income</b>		<b>226 145</b>	51 797
Property related expenses	7	<b>11 527</b>	2 821
Salary expenses	9	<b>22 536</b>	1 871
Other operating expenses	8	<b>44 240</b>	16 663
<b>Total operating expenses</b>		<b>78 303</b>	21 355
<b>Operating profit (loss) before investment property fair value adjustments</b>		<b>147 843</b>	30 442
Change in fair value adjustments on investment property	6, 11	<b>310 147</b>	404 572
<b>Total operating profit (loss)</b>		<b>457 989</b>	435 014
Fair value change of financial instruments	10	<b>63 812</b>	-
Net currency exchange differences		<b>(47 027)</b>	(5 960)
Financial income	10	<b>6 929</b>	275
Financial expenses	10	<b>99 433</b>	22 388
<b>Net financial income (expense)</b>		<b>(75 719)</b>	(28 073)
<b>Earning before tax (EBT)</b>		<b>382 271</b>	406 941
Tax expense	15	<b>77 423</b>	94 310
<b>Profit for the period/year (Net income)</b>		<b>304 847</b>	312 631
<b>Other Comprehensive Income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Other comprehensive income (translation reserves)	4	<b>(23 818)</b>	(10 059)
Tax on comprehensive income		-	-
<b>Other comprehensive income for the period, net of tax</b>		<b>(23 818)</b>	(10 059)
<b>Total comprehensive income for the period</b>		<b>281 029</b>	302 572
<b>Profit attributable to:</b>			
Equity holders of the company		<b>304 847</b>	312 631
Non-controlling interest		-	-
<b>Total comprehensive income attributable to:</b>			
Equity holders of the company		<b>281 029</b>	302 572
Non-controlling interest		-	-
<b>Earnings per share</b>			
Continuing operations			
Basic = Diluted (NOK)	22	<b>1.2</b>	4.1



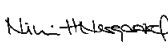
## Consolidated statement of financial position


Amounts in NOK thousand	Note	31.12.2021	31.12.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	6, 11	4 001 593	3 089 750
Financial derivatives	5, 12	67 721	8 175
Other long term assets	12	5 042	207
<b>Total non-current assets</b>		<b>4 074 355</b>	<b>3 098 132</b>
<b>Current assets</b>			
Trade receivables	12	24 458	36 418
Other receivables, prepaid expenses, and tax	12	26 869	34 910
Cash and cash equivalents	13	207 512	125 116
<b>Total current assets</b>		<b>258 839</b>	<b>196 444</b>
<b>Total assets</b>		<b>4 333 194</b>	<b>3 294 576</b>
<b>Equity</b>			
Share capital	14	56 374	48 153
Share premium		1 196 023	892 397
<b>Total paid-in equity</b>		<b>1 252 398</b>	<b>940 550</b>
<b>Retained earnings and translation reserves</b>			
Translation reserves		(33 877)	(10 059)
Retained earnings		617 479	312 631
<b>Total retained earnings and translation reserves</b>		<b>583 601</b>	<b>302 572</b>
<b>Total equity</b>		<b>1 835 999</b>	<b>1 243 122</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	15	132 002	49 965
Interest bearing debt	16	2 275 035	1 832 345
Other long-term liabilities	17	29 279	26 643
<b>Total non-current liabilities</b>		<b>2 436 317</b>	<b>1 908 953</b>
<b>Current liabilities</b>			
Trade payables	18	23 608	36 404
Income tax payable	15, 18	2 906	5 232
Other current liabilities	18	34 364	100 865
<b>Total current liabilities</b>		<b>60 878</b>	<b>142 501</b>
<b>Total liabilities</b>		<b>2 497 195</b>	<b>2 051 454</b>
<b>Total equity and liabilities</b>		<b>4 333 194</b>	<b>3 294 576</b>

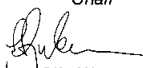
Trondheim, Norway, 27 April 2022, the board of directors and CEO, KMC Properties ASA

  
Anders Dyrseth  
Chair

  
Morten Eivindsson Astrup  
Director

  
Nini Høegh Nergaard  
Director

  
Anna Musiej Aanensen  
Director

  
Stig Wærnes  
Director

  
Marianne Bekken  
Director

  
Thorbjørn Fjærtøft Pedersen  
Director

  
Liv Malvik  
CEO



## Consolidated statement of cash flows

<i>Amounts in NOK thousand</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Earnings before tax		<b>382 271</b>	406 941
Depreciation of tangible assets		<b>308</b>	18
Fair value adjustment of investment properties	4	<b>(310 147)</b>	(404 572)
Financial items		<b>75 719</b>	22 013
<i>Change in working capital:</i>			
- change in trade and other receivables		<b>20 001</b>	(63 540)
- change in trade and other payables, excl. corporate tax		<b>(88 145)</b>	64 186
Taxes paid		<b>(2 326)</b>	-
<b>Net cash flow from operating activities</b>		<b>77 681</b>	25 046
<b>Cash flows from investment activities</b>			
Acquisition of businesses, net of cash acquired		-	(1 051 956)
Purchase of investment properties		<b>(520 082)</b>	-
Capital expenditure on investment properties		<b>(140 064)</b>	-
<b>Net cash flow from investment activities</b>		<b>(660 146)</b>	(1 051 956)
<b>Cash flows from financing activities</b>			
Capital increase from issue of shares	5	<b>326 394</b>	259 993
Proceeds interest bearing debt	5	<b>439 480</b>	1 850 000
Repayment of interest-bearing debt		<b>(2 790)</b>	(923 345)
Change in other long term debt		<b>2 636</b>	-
Transaction fees paid and other financial costs	5	<b>(14 547)</b>	(17 655)
Interest paid		<b>(86 504)</b>	(17 103)
<b>Net cash flow from financing activities</b>		<b>664 669</b>	1 151 890
Effects of exchange rate changes on cash and cash equivalents		<b>191</b>	135
<b>Net change in cash and cash equivalents</b>		<b>82 396</b>	125 116
Cash and cash equivalents at beginning of period	16	<b>125 116</b>	-
<b>Cash and cash equivalents at end of period</b>		<b>207 512</b>	125 116



## Consolidated statement of changes in equity

<i>Amounts in NOK thousand</i>	<i>Note</i>	Share capital	Share premium	Translation reserves	Retained earnings	<b>Total equity</b>
Issue of shares	14	30	(9)	-	-	<b>21</b>
Issue of shares - liquidation	14	(30)	-	-	-	<b>(30)</b>
Issue of shares	14	1 000	199 000	-	-	<b>200 000</b>
Issue of shares	14	294	244 200	-	-	<b>244 494</b>
Reverse takeover	14	29 441	(129 961)	-	-	<b>(100 520)</b>
Reverse takeover	14	1 767	14 785	-	-	<b>16 552</b>
Reverse takeover	14	5 365	227 693	-	-	<b>233 058</b>
Issue of shares	14	8 571	291 429	-	-	<b>300 000</b>
Issue of shares	14	1 714	58 286	-	-	<b>60 000</b>
Transaction cost issue of shares		-	(13 026)	-	-	<b>(13 026)</b>
Profit /(loss) for the period		-	-	-	312 631	<b>312 631</b>
Other comprehensive income (translation reserves)		-	-	(10 059)	-	<b>(10 059)</b>
<b>Total equity at 31. December 2020</b>		<b>48 153</b>	<b>892 397</b>	<b>(10 059)</b>	<b>312 631</b>	<b>1 243 122</b>
Issue of Shares	14	196	6 398	-	-	<b>6 594</b>
Issue of Shares	14	7 500	292 500	-	-	<b>300 000</b>
Issue of Shares	14	525	19 275	-	-	<b>19 800</b>
Transaction cost issue of shares		-	(14 547)	-	-	<b>(14 547)</b>
Profit /(loss) for the period		-	-	-	304 847	<b>304 847</b>
Other comprehensive income (translation reserves)		-	-	(23 818)	-	<b>(23 818)</b>
<b>Total equity at 31. December 2021</b>		<b>56 374</b>	<b>1 196 023</b>	<b>(33 877)</b>	<b>617 478</b>	<b>1 835 999</b>

## Notes to the consolidated financial statements

### Note 01 Company information

The KMC Properties ASA real estate Group conducts business in Europe. The group's business idea is primarily to acquire and manage commercial industry and logistics properties. The property portfolio is mainly comprising industrial and logistics properties, in addition to a smaller proportion office property. The holding company, KMC Properties ASA, is a public limited liability company with headquarter in Trondheim, Norway.

In December 2020 KMC Properties ASA (formerly Storm Real Estate ASA) completed the acquisition of all the issued and outstanding shares in KMC Properties AS. The transaction is

accounted for as a reversed takeover with KMC Properties AS being identified as the accounting acquirer. Thus, these consolidated financial statements have been prepared as if KMC Properties ASA is a continuation of KMC Properties AS.

The company's shares are listed on the Oslo Stock Exchange under the ticker "KMCP".

The consolidated financial statements were adopted by the company's board on 27 April 2022 for final approval by the general meeting on 1 June 2022.

### Note 02 Basis of preparation and accounting principles

#### 2.1 Basis of Preparation

The financial statements are prepared in accordance with applicable IFRS standards and interpretations, as adopted by the EU, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

The financial statements include KMC Properties ASA and subsidiaries. Acquired properties are included in the financial statements from the date of acquisition. Management makes estimates and assumptions concerning the future. The accounting estimates will by definition seldom be fully in accordance with the final outcome. Estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate primarily to the valuation of investment property. All notes are in NOK thousands, unless otherwise is indicated. The consolidated financial statements have been presented on the assumption of the business being a going concern.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 2.2 Accounting principles

The consolidated financial statements are based on historical cost, except for the following:

- Financial instruments at fair value through profit or loss.
- Investment properties which are measured at fair value.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

#### 2.3 Basis of consolidation and business combinations

Subsidiaries are all entities over which the group has control. Control exists when the group is exposed to, or has rights to, variable returns as a result of involvement with the company, and the group is able to impact returns through its power over the company. Control is normally achieved when the group owns – directly or indirectly – more than 50 per cent of the voting shares in the company. The effect of any existing voting rights resulting from exercisable options is included in the assessment of control. The group also assesses whether control exists where fewer than 50 per cent of the voting rights are held, but the group is nevertheless in a position to control the relevant activities.

Such companies are included in the consolidated financial statements from the date on which the group obtains control over the company. In the same way, the company is deconsolidated when control over the company ceases.

The acquisition method is applied to business combinations. The consideration transferred is measured at the fair value of assets transferred, liabilities incurred, and equity instruments issued. The consideration also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs related to business combinations are expensed as incurred. Identifiable assets and liabilities are recognised at fair value at the acquisition date. Non-controlling interests in the acquiree are measured on a case-by-case basis either at fair value or at their share of the acquiree's net assets.

For accounting purposes, acquisitions of subsidiaries that do not constitute a business as defined in IFRS 3, such as acquisitions where substantially all of the fair value of the gross assets acquired is concentrated in a single property or group of similar properties, are treated as asset acquisitions. The cost of acquisition is then attributed to the individual identifiable assets and liabilities based on their relative fair values on the acquisition date. Expenses associated with the transaction are capitalised under the investment property. In such cases, deferred tax liabilities or assets are not



recognised, except for deferred taxes related to losses carried forward, in accordance with the exceptions in IAS 12.

In the case of a step acquisition, equity interests from previous acquisitions are remeasured at the control date to fair value through profit and loss. Any contingent consideration is recognised at fair value at the acquisition date. In accordance with IFRS 9, subsequent changes to the fair value of the contingent consideration are recognised in the income statement or as a change to other comprehensive income if the contingent consideration is classified as an asset or liability. Contingent considerations classified as equity are not remeasured, and subsequent settlement is entered against equity.

Intra-company transactions, balances, and unrealised gains and losses on transactions between group companies are eliminated. The financial statements of subsidiaries are restated where necessary to achieve consistency with the group's accounting policies.

#### 2.4 Functional currency and presentation currency

The group's presentation currency is NOK. Each entity in the group determines its own functional currency, and items included in the income statement of each entity are measured using that functional currency. The functional currency is the currency within the primary economic environment in which the entity operates. Transactions in foreign currencies are initially recorded in the functional currency at the rate on the transaction date. Monetary

items denominated in foreign currencies are translated using the functional currency spot rates of exchange on the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the rate on the reporting date. All currency translation differences are recognised in the income statement.

The assets and liabilities of foreign entities are translated into the presentation currency at the rate on the reporting date, and related income statement items are translated at average exchange rates per quarter. Currency translation differences arising on the translation are recognised as other comprehensive income. In the consolidated financial statements, currency translation differences linked to net investments in foreign operations are included in other comprehensive income until disposal of the net investment, at which point they are recognised in the income statement.

#### 2.5 Segment information

KMC Properties ASA is a real estate company focused on owning industrial- and logistics properties. There are no material differences in risks and returns in the economic environments in which the company operates. Consequently, the company is only present in one business segment. KMC Properties ASA is present in following geographic markets per 31 December 2021:

Amounts in NOK million	Norway		Sweden		Denmark		Netherland		Finland		Russia		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Rental income	122	29	28	12	24	11	27	-	5	-	21	1	226	52
Investment property	2 643	1 761	362	382	383	351	415	388	57	61	143	146	4 002	3 090

According to IFRS 8, disclosure must be made if revenue from a single customer exceeds 10%. KMC Properties ASA has rental income from 4 customers that exceeds 10% of total rental income in 2021:

Amounts in NOK million	BEWI		Insula		Grøntvedt		PSW		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Rental income	93.9	34.6	47.5	-	24.2	-	10.8	-	49.7	17.2	226	52
Investment property	42%	67%	21%	0%	11%	0%	5%	0%	22%	33%	100%	100%

### Note 03 Summary of significant accounting policies

#### 3.1 Investment property

Investment property comprises completed property held to generate rental income or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. Investment property is recognised initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is carried at fair value. Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the withdrawal or disposal of investment property are recognised in the income statement in the year of disposal. Gains or losses on the disposal of investment property are determined as the dif-

ference between net selling price and the carrying amount of the asset at the time of sale.

### 3.3 Leases

(a) *Where a group company is the lessee*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

(b) *Where a group company is the lessor*

Properties leased under operating leases are included in investment property in the company's statement of financial position. Rental income is recognised over the term of the lease on a straight-line basis.

At the start of a lease agreement tenants pay a security deposit. This is treated as an advance payment from the tenants. The tenants then continue to pay in advance for the term of their lease, such that the level of the security deposit is maintained.

Some of the investment properties are on leased land, this land is subleased together with the building on that land. The subleases of the land is accounted for as operating lease agreements similar to the lease of the related investment properties and the lease asset is included in the fair value of the investment property.

### 3.3 Financial assets

#### 3.3.1 Classification, recognition and measurement

Financial assets within the scope of IFRS 9 are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The group measures financial assets at amortised cost if both of the following conditions are met:

- 1) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- 2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

Since the group's financial assets (trade (rent) and other receivables, cash, and short-term deposits) meet these conditions, they are subsequently measured at amortised cost. The group has entered a cross currency interest rate swap, this derivative is carried at fair value through profit or loss.

All the group's currency-, interest-rate swaps and forward exchange contracts are used as economic hedges. Hedge accounting is not applied. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently recognised continuously at their fair value. Changes in the fair value of derivatives are recognised in the income statement under change financial income/expenses (see Note 10 & 12). The realised payable part of the interest-rate swap agreements is presented under financial cost.

#### 3.3.2 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the group's consolidated statement of financial position) when:

- 1) The rights to receive cash flows from the asset have expired, or
- 2) The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability



are measured on a basis that reflects the rights and obligations that the group has retained.

### 3.3.3 Impairment of trade (rent) receivables

For trade (rent) receivables the group applies a simplified approach in calculating expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. ECL at 31 December 2021 is immaterial, so no provisions have been made.

## 3.4 Financial liabilities

### 3.4.1 Classification, recognition and measurement

Financial liabilities are classified at initial recognition, and subsequently measured at amortised cost, with some exemptions.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance expenses in the statement of profit or loss.

### 3.4.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## 3.5 Trade (rent) receivables

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to accounting policies on financial assets in note 3.4.

## 3.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks. See note 16 for additional information regarding the bond disposal account.

## 3.7 Share capital and treasury shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a

deduction, net of tax, from the proceeds. Own equity instruments which are bought back (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue, or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in other equity/ other contributed equity. Voting rights related to treasury shares are cancelled and no provision is made for payment of dividends on treasury shares.

## 3.8 Related-party transactions

A person or a company (or other legal entities) is considered as a related party if he, she or it, directly or indirectly, has the possibility to exercise control or influence over another party in connection with financial and operational decisions. Parties are also considered related if they are under control or significant influence. Loans to certain subsidiaries are considered as part of the group's net investment. Exchange rate changes related to monetary items (receivables and liabilities) which are a part of the company's net investment in foreign entities are treated as currency translation differences, and thus entered against equity.

## 3.9 Taxes payable and deferred tax

The tax expense for the period comprises taxes payable and change in deferred tax. However, deferred tax is not recorded if it arises on initial recognition of an asset or liability in a transaction, other than a business combination, that affects neither accounting nor taxable profit or loss on the transaction date.

Deferred tax assets are recognised only to the extent that it is probable that there will be future taxable income against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related tax asset is realised, or the deferred tax liability is settled. The provision for deferred tax is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities.

Pursuant to the exception in IAS 12, deferred tax is not recognised when buying a company which is not a business. A provision for deferred tax is made after subsequent increases in the value beyond initial cost, while a fall in value below initial cost will only reverse previous provisions for deferred tax. Furthermore, an increase in temporary differences related to tax depreciation will give grounds for a recognition of deferred tax.

Tax effects on other comprehensive income are separated and presented via other comprehensive income. These include exchange differences on net investments in foreign entities.

## 3.10 Revenue recognition

The group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises.



Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the lease term.

### 3.11 Interest income

Interest income is recognised in income as it is earned using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loans is recognised using the effective interest rate.

### 3.12 Classification of assets and liabilities

The group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is expected to be realised or intended to sold or consumed in the normal operating cycle, held primarily for the pur-

pose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

### 3.14 Financial instruments

Derivatives are financial instruments at fair value through profit and loss unless the derivative is designated as a hedge accounting instrument.

## Note 04 Significant events and transactions

Before 28 December 2020, the company's legal and commercial name was Storm Real Estate ASA (Storm). As further described below, a transformative agreement was completed on 20 December 2020, combining Storm and KMC Properties AS, and transforming the company (Storm) from a single asset company to a strong real estate group.

### Establishment of KMC Properties AS

KMC Properties AS was incorporated in January 2020. This represents the starting point for the financial reporting of the KMC Properties reporting entity.

### KMC Properties AS acquisitions prior to 30 September 2020 (Asset acquisitions)

Prior to 30. September 2020 KMC acquired a 100% share in the following companies/properties for a total consideration of approximately NOK 592 million.

All these acquisitions were treated at asset acquisitions as the only activity of all these companies (or subsidiaries of these companies) owning one or more investment properties.

### Reverse acquisition (The Transaction) of Storm Real Estate ASA (Now KMC Properties ASA)

In November 2020 KMC and Storm Real Estate ASA (KMC Properties ASA) entered into an agreement with the aim to combine the two entities. The transaction was completed in December 2020. Based on the legal structure of the transaction Storm Real Estate ASA acquired 100% of the shares in KMC, for a consideration of 153 678 158 shares at NOK 7 per share in Storm Real Estate ASA. In December 2020, following the Transaction with KMC Properties AS, the management of KMC Properties AS became the management of KMC Properties ASA as well.

Management has performed an assessment of the transaction between KMC and Storm Real Estate and has determined that, with reference to relevant accounting considerations, this transaction will constitute a reverse acquisition in accordance with IFRS 3. As such, KMC Properties AS will comprise the acquirer for accounting purposes and KMC Properties ASA (previously named

Storm Real Estate ASA) will comprise the acquiree for accounting purposes, and resulting in the continuation of the Accounting acquirer (where the assets and liabilities of the Accounting acquirer are stated at their pre-combination carrying amounts while the assets and liabilities of the Accounting acquiree are stated in accordance with IFRS) and except for its capital structure where the share capital is representing the share capital of the Accounting acquiree and other reserves are representing those of the Accounting acquirer.

### The Pesca transaction

Prior to the Combination, KMC Properties AS acquired all of the shares of Pesca Property from Kverva Industrier, Invest Neptun AS and Zebrafish AS. As a part of the Pesca Transaction, 10 properties were acquired. The valuation of the properties was performed by Cushman & Wakefield. The rental income related to these properties is approximately NOK 52 million on a yearly basis in total, which constitutes approximately 26% of the total rental income of the KMC Properties.

### Acquisition of 4 properties in Netherlands

As a part of the Transaction, the group entered into an agreement with Synbra B.V (a subsidiary of KMC Properties AS) to acquire the 4 subsidiaries of Holland Industrial Properties B.V, Wijchen Investment properties B.V., Oldenzaa1 Investment properties B.V., Someren Investment properties B.V., and Zwartsluis Investment properties B.V. As partial settlement of this acquisition, the seller, Synbra B.V., issued a seller's credit of NOK 60 million, which in connection with the completion of the acquisition on 23 December 2020, was transferred to the company, and subsequently converted to share capital through issuance of new shares in the company to Synbra B.V.

### Acquisition of Grøntvedt property

Furthermore, the group acquired Grøntvedt Næringsbygg AS ("Grøntvedt"), for a total consideration of NOK 220 million, which was settled in cash at the closing of the acquisition, on 23 December 2020, with the net proceeds from the Bond Issue. The private placement



In connection with the Transaction, the company implemented a NOK 300 million private placement of 42 857 142 new shares, directed towards certain shareholders of the company and new investors, at an offer price of NOK 7.00 per share (the "Private Placement"). The Private Placement was resolved by the board of the company on 22 December 2020, pursuant to a board authorisation for issuance of new shares, granted by the extraordinary general meeting held on 18 December 2020. The purpose of the Private Placement was to strengthen liquidity in the company's shares, and along with the Bond Issue the use of proceeds was to refinance existing bank debt and part of shareholder loans in KMC Properties AS, purchase of new properties (the 4 properties in Netherlands and the Grøntvedt property) in line with the company's strategy and, as well as general corporate purposes.

#### The Conversion of the Swedbank Loan

Furthermore, Aconcagua Management Ltd (a company wholly owned by Morten E. Astrup) and certain other shareholders of the company, as a part of the Transaction, acquired the company's outstanding debt towards Swedbank AB in accordance with the refinancing agreement dated 27 May 2020 and conditions set by the board. Following the purchase, the outstanding debt was thereafter converted to 26 824 020 new shares in the company at the same price as in the Private Placement and the Transaction.

#### The bond issue

In connection with the Transaction, the company issued senior secured callable bonds of NOK 1 850 million through a private placement. The proceeds from the Bond Issue were used to refinance shareholder loans, existing bank debt and for general corporate purposes including acquisitions of the combined company. Following completion of the Transaction and the Private Placement, the funds from the Bond Issue were released from escrow on 23 December 2020.

The Bonds were listed on Oslo Stock Exchange 9 December 2021.

As part of the Bond Issue, KMC Properties, certain other group companies and the property-owning subsidiaries of the company in Norway, Sweden, Denmark, Finland, and the Netherlands have granted guarantees and security over the shares in each of the property ownings companies, bank accounts, properties, inter-company receivables, floating charges over trade receivables, and property insurances to secure the Bonds.

#### Acquisition of subsidiaries by the group

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The acquisition cost is

measured as the fair value of assets used as consideration, equity instruments issued, and liabilities incurred at the transfer of control. Direct costs related to the acquisition are expensed in the income statement at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities are recognised at fair value at the date of acquisition, irrespective of any minority interest. The excess cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement at the date of acquisition.

Purchases of single-purpose entities owning only property, with no employees, management or recorded procedure descriptions are not considered as the acquisition of business (IFRS 3 Business Combinations is not applicable). The cost of such purchases is capitalised as part of the acquisition price.

With the exception of the reverse acquisition of Storm Real Estate ASA, all acquisitions in 2020 and 2021 is treated as assets acquisitions (not business combinations), thus no goodwill is recorded in connection with these acquisitions.

#### Additional disclosures on business combinations (Storm Real Estate ASA)

The consideration in the reversed acquisition of Storm Real Estate ASA was valued at NOK 62 million, consisting of the 8 834 563 shares at NOK 7 per share in Storm Real Estate ASA (shares in the listed entity before the Transaction).

Major class of assets and liabilities assumed were as follows (as of 30 June 2020):

#### Amounts in NOK million

Investment property	210
Other assets	14
Non-current liabilities	118
Current liabilities	8

Revenue from Storm Real Estate ASA included in the consolidated financial statement amounts to NOK 0 million, profit/loss included amounts to NOK 0 million. If the transaction took place at the beginning of the year revenue would be included with NOK 21 million and profit/loss would be included with NOK 40 million.

## Note 05 Financial risk management

The group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

### Principal financial instruments

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate bank loans
- Interest rate swaps, and
- Forward currency contracts

### FINANCIAL INSTRUMENTS BY CATEGORY:

#### Financial assets

Amounts in NOK thousand	Amortised	Fair value	Total	Amortised	Fair value	Total
	cost	through		cost	through	
	31.12.2021	profit or loss		31.12.2020	profit or loss	
Cash and cash equivalents	207 512	-	207 512	125 116	-	125 116
Currency and interestswaps	-	67 721	67 721	-	8 175	8 175
Trade receivables (non-interest bearing)	24 458	-	24 458	36 418	-	36 418
Other receivables	26 869	-	26 869	34 910	-	34 910
<b>Total financial assets</b>	<b>258 839</b>	<b>67 721</b>	<b>326 560</b>	<b>196 444</b>	<b>8 175</b>	<b>204 619</b>

#### Financial liabilities

Amounts in NOK thousand	Amortised	Fair value	Total	Amortised	Fair value	Total
	cost	through		cost	through	
	31.12.2021	profit or loss		31.12.2020	profit or loss	
Interest-bearing loans and borrowings (bond)	2 275 035	-	2 275 035	1 832 345	-	1 832 345
Land plot lease agreements (financial liability)	19 126	-	19 126	16 911	-	16 911
Other financial liabilities	9 923	-	9 923	9 732	-	9 732
Trade payables (non-interest bearing)	23 608	-	23 608	36 404	-	36 404
Other current liabilities (non-interest bearing)	29 049	-	29 049	76 259	-	76 259
<b>Total financial liabilities</b>	<b>2 356 741</b>	<b>-</b>	<b>2 356 741</b>	<b>1 971 649</b>	<b>-</b>	<b>1 971 649</b>
<b>Net financial assets and liabilities</b>	<b>(2 097 902)</b>	<b>67 721</b>	<b>(2 030 181)</b>	<b>(1 775 205)</b>	<b>8 175</b>	<b>(1 767 030)</b>

#### Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

#### Financial instruments measured at fair value

The table below shows an analysis of fair values of financial instruments in the Statement of Financial Position, grouped by level in the fair value hierarchy:

**Level 1** - Quoted prices in active markets that the entity can access at the measurement date.

**Level 2** - Use of a model with inputs other than level 1 that are directly or indirectly observable market data.

**Level 3** - Use of a model with inputs that are not based on observable market data.

All financial derivatives are currency and interest swap agreements booked at fair value according to level 2.



## Financial assets measured at fair value 2021

Amounts in NOK thousand	Level 1	Level 2	Level 3	Total
Currency and interest swaps	-	67 721	-	67 721
<b>Sum financial assets measured at fair value</b>	-	67 721	-	67 721

## Financial assets measured at fair value 2020

Amounts in NOK thousand	Level 1	Level 2	Level 3	Total
Currency and interest swaps	-	8 021	-	8 021
<b>Sum financial assets measured at fair value</b>	-	8 021	-	8 021

There were no transfers between levels during the period.

### Derivatives

The fair value of financial derivatives, including currency forward exchange contracts/swaps and interest-rate swaps, is determined by the net present value of future cash flows, calculated using quoted interest-rate curves and exchange rates at the balance-sheet date. The technical calculations are generally performed by the group's banks. The group has checked these valuations and tested them for reasonableness.

The group uses derivatives to manage its interest rate risk. Derivatives are initially recognised at fair value on the date on which the contract was signed, and subsequently at fair value. Gains or losses on remeasurement at fair value are recognised in the income statement. Changes in the value of the derivatives are presented under "Changes in value of financial instruments".

The fair value of interest rate swaps is the estimated amount the group would receive or pay to redeem the contracts on the balance sheet date. This amount will depend on interest rates and the contracts' remaining term to maturity. The derivatives are classified on the balance sheet as current or non-current, depending on whether they are expected to be redeemed under or over 12 months from the balance sheet date.

### General objectives, policies and processes

The board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The board receives monthly reports from the group financial controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

The group is exposed to market risk (including interest rate risk), credit risk and liquidity risk. The risk policies are continuously being assessed by the board of directors and the appropriate policies and procedures to identify, measure and manage the financial risks has been implemented. The group's overall risk management programme seeks to minimise potential adverse effects on the group's financial performance.

### 5.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The group has all its operations in Norway, and all lease agreements, financing and expenses are in NOK, and the exchange rate risk is at a minimum.

#### (i) Currency risk

Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the group.

The group is predominantly exposed to currency risk on lease contracts in EURO, SEK and DKK, and the risk is hedged using currency swaps.

Apart from these particular cash-flows the group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

At 31 December the group's net exposure to foreign exchange risk was as follows:



## Net foreign currency financial assets / liabilities 2021

Amounts in NOK thousand	Currency			Total
	SEK	DKK	EUR	
Net exposure NOK	(92 249)	(152 295)	(312 045)	<b>(556 589)</b>

## Net foreign currency financial assets / liabilities 2020

Amounts in NOK thousand	Currency			Total
	SEK	DKK	EUR	
Net exposure NOK	(89 366)	(190 127)	(394 137)	<b>(673 630)</b>

### (ii) Interest rate risk on cash flows and fair value

The group is exposed to cash flow interest rate risk from long-term borrowings at variable rate, and the risk is hedged using interest rate swaps, see details in note 12 and 16.

During both 2020 and 2021, the group's borrowings at variable rate were denominated in NOK.

Calculated on the existing funding terms for the group's interest-bearing liabilities on 31 December 2021, a rise in market interest rates of 1 percentage point would have increased KMC Properties annualised interest expenses by NOK 10.5 million.

### 5.2 Liquidity risk

Liquidity risk is the risk that The group will not be able to meet its obligations at maturity, and the risk that The group will not be able to meet its obligations without a significant increase in cost. The group's objective is to maintain a reasonable balance between debt and equity and to have sufficient available cash to fulfil obligations from The group's activity.

The table below illustrates the maturity structure of liabilities.

### Maturity structure

Amounts in NOK thousand	Booked amount	Year 1	Year 2	Year 3-5	After year 5
Financial liability as of 31 December 2021					
Loans from credit institutions	2 275 035	-	1 838 345	436 690	-
Payment of interest and interest swap	-	107 267	107 267	53 019	-
Other long-term liabilities 1)	10 153	3 903	-	-	6 250
Trade payables	23 608	23 608	-	-	-
Other current payables	34 364	34 364	-	-	-
<b>Total</b>	<b>2 343 160</b>	<b>169 142</b>	<b>1 945 612</b>	<b>543 957</b>	<b>6 250</b>

1) Booked amount also includes NOK 19 125 thousands in lease liability related to right of use assets. Reference is made to note 17 Other long term liabilities for maturity structure of lease liability.

### Maturity structure

Amounts in NOK thousand	Booked amount	Year 1	Year 2	Year 3-5	After year 5
Financial liability as of 31 December 2020					
Loans from credit institutions	1 832 345	-	-	1 832 345	-
Payment of interest and interest swap	-	80 700	80 700	80 700	-
Other long-term liabilities 1)	9 732	3 482	-	-	6 250
Trade payables	36 404	36 404	-	-	-
Other current payables	76 549	76 549	-	-	-
<b>Total</b>	<b>1 955 030</b>	<b>197 135</b>	<b>80 700</b>	<b>1 913 045</b>	<b>6 250</b>

1) Booked amount also includes NOK 16 911 thousands in lease liability related to right of use assets. Reference is made to note 17 Other long term liabilities for maturity structure of lease liability.



### 5.3 Capital risk management

The main purpose of the group's capital management is to maintain a reasonable balance between debt and equity. The group's goal is to have an LTV ratio of 50-65 per cent. The target is set with consideration to value development in the group and the opportunity to obtain the necessary financing. The LTV ratio at 31 December 2021 is 50.3%.

There are covenants on existing financing related to; loan to value, interest cover ratio and liquidity. Reference is made to note 16 for description of the covenants. Both during 2020, and at 31 December 2021, the group was in compliance with all financial covenants, and the group expects to be in compliance going forward.

## Note 06 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations about future events which are believed to be reasonable under current circumstances. Corporate management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual figures. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are outlined below.

### 6.1 Fair value of investment properties

Investment property is valued at its fair value based on a quarterly valuation update based on external valuations. The valuations on 31 December 2021 were obtained by Cushman & Wakefield. The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. Both contractual and expected cash flows are included in the calculations. Fair-value assessment of investment properties, therefore, depends largely on assumptions related to market rents, discount rates, and inflation. Market rents are based on individual assessments of each property and the segmentation of different areas within the properties if relevant. To the extent that specific development potential is associated with a property, an assessment is made of whether this support or influences fair

value. Updated macroeconomic assumptions for interest-rate levels, inflation expectations, and so forth are applied in the calculations. Based on an assessment of the properties, tenants, and macroeconomic conditions at the balance sheet date, cash flows are discounted using discount rates based on individual assessments of each property.

The external valuer performs their valuations on the basis of the information they have received, and estimate future market rents, yields, inflation, and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades where applicable. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc).

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. Reference is made to note 11 Investment property.

### 6.2 Accounting treatment of the Storm Real Estate ASA (Now KMC Properties ASA) and KMC Properties AS transaction

The assessment of how to account for this transaction involve significant judgement, see details in note 4.

## Note 07 Tenancy agreements

The group mainly enters into long-term lease agreements with solid counterparties, strategically located for tenants. Lease payments of the contracts include CPI increases.

### The group's future accumulated rent from operational lease contracts at 31.12.

<i>Amounts in NOK thousand</i>	2021	2020
≤ 1 year	231 945	213 076
Between 1 and 2 years	251 687	202 499
Between 2 and 3 years	231 743	198 413
Between 3 and 4 years	231 743	193 056
Between 4 and 5 years	231 743	194 419
≥ 5 years	1 451 041	1 232 408
<b>Total</b>	<b>2 629 902</b>	<b>2 233 871</b>



**The group's lease contracts at 31 December 2021 have the following maturity structure measured in annual rent <sup>1)</sup>**

Amounts in NOK thousand	No of contracts <sup>2)</sup>	Contract rent	Contract rent, %
≤ 1 year	105	16 425	7%
Between 1 and 5 years	21	4 202	2%
Between 5 and 10 years	22	93 544	37%
≤ 10 years	23	138 199	55%
<b>Total</b>	<b>171</b>	<b>252 370</b>	<b>100%</b>

1) The rent is stated as the annualised undiscounted contractual rent, and is therefore not reconcilable with the rental income for the year for accounting purposes.

2) Gasfield is included with 105 contracts with maturity under 1 year, and 20 of 21 contracts with maturity between 1 and 5 years.

**The group's lease contracts at 31 December 2020 have the following maturity structure measured in annual rent <sup>1)</sup>**

Amounts in NOK thousand	No of contracts <sup>1)</sup>	Contract rent	Contract rent, %
≤ 1 year	111	17 442	8%
Between 1 and 5 years	17	19 593	9%
Between 5 and 10 years	19	72 935	33%
≤ 10 years	17	109 970	50%
<b>Total</b>	<b>164</b>	<b>219 940</b>	<b>100%</b>

1) Gasfield is included with 110 og 111 contracts with maturity under 1 year, and 15 of 17 contracts with maturity between 1 and 5 years.

The table above shows the remaining non-terminable rent for current leases without taking into account their impact of any options.

## Note 08 Other operating expenses

### Other operating expenses

Amounts in NOK thousand	2021	2020
Legal, agency and consultancy fees	<b>34 043</b>	10 508
Accounting	<b>2 209</b>	2 217
Auditors	<b>4 112</b>	548
Other operating expenses	<b>3 876</b>	3 390
<b>Total other operating expenses</b>	<b>44 240</b>	16 663

### Auditor fees full year basis

Amounts in NOK thousand	2021	2020
Statutory audit	<b>3 912</b>	246
Tax advice	<b>175</b>	-
Other services not related to auditing	-	-
Other assurance services	<b>25</b>	302
<b>Total auditor expenses (excl. VAT)</b>	<b>4 112</b>	548



## Note 09 Personnel costs

Amounts in NOK thousand	2021	2020
<b>Personnel costs</b>		
Salaries, performance-related pay and other taxable benefits	14 828	1 737
Employers' Natural Insurance contributions	1 637	-
Pension expenses	491	98
Other personnel costs	3 655	36
Board fees	1 925	-
<b>Total personnel costs</b>	<b>22 536</b>	<b>1 871</b>
Number of employees	15	7
Average full-time equivalent employees	12	7

Employee's may purchase shares in the company at a 20% discount for an amount limited upwards to NOK 1 million, on condition that the employee is obliged to hold the shares for a three-year period (lock-up period). The board decides how the transaction shall be arranged within the authorisations granted by the general meeting.

### Remuneration to senior executives

The total remuneration of the CEO and other Senior Executives consists of a fixed package of salary and benefits supplemented by cashbased short-term incentive(STI), share purchase scheme (on the same terms as all other employees), pension and insurance arrangements.

### Overview of total remuneration to senior executives 2020

Amounts in NOK thousand	Salary	Variable cash salary (STI) <sup>1)</sup>	Pension costs	Benefits in kind	Total remuneration 2020
Liv Malvik, CEO <sup>2)</sup>	963	500	58	3	1 524
Audun Aasen, COO <sup>3)</sup>	886	500	28	117	1 531
<b>Total</b>	<b>1 849</b>	<b>1 000</b>	<b>86</b>	<b>120</b>	<b>3 055</b>

1) Reflects the provision based on targets met in 2020, which was paid out in 2021.

2) Liv Malvik was employed in KMC Properties AS 1.6.2020.

3) Remuneration information for Audun Aasen includes remuneration also from before 26 May 2020 which is the date from when the company had operational activities.

### Overview of total remuneration to senior executives 2021

Amounts in NOK thousand	Salary	Variable cash salary (STI) <sup>1)</sup>	Pension costs	Benefits in kind	Total remuneration 2021
Liv Malvik, CEO	2 000	1 500	116	25	3 641
Kristoffer Holmen, CFO <sup>2)</sup>	1 000	1 125	79	10	2 214
Audun Aasen, COO	1 200	600	67	177	2 044
Kristoffer Formo, Head of M&A <sup>3)</sup>	1 098	600	89	18	1 805
<b>Total</b>	<b>5 298</b>	<b>3 825</b>	<b>350</b>	<b>230</b>	<b>9 703</b>

1) Includes the provision based on targets met in 2021, which will be paid out in 2022. 50% of the variable compensation shall be paid out two years from grant, on condition that the employee is employed with the company at the end of the two-year period and has not given notice to terminate his or her employment. The deferred share of the variable compensation shall be indexed against the share price of KMC Properties ASA (KMC), starting at market price at grant.

2) Kristoffer Holmen was employed in KMC Properties ASA 1.5.2020. Before this CFO was hired and expenses included under Other operating expenses.

3) Kristoffer Formo was employed in KMC Properties ASA 15.3.2021.



## Overview of total remuneration to senior executives

<i>Amounts in NOK thousand</i>	Board fees	Committee fees	<b>Total remuneration 2021 <sup>1)</sup></b>	Total remuneration 2020 <sup>1)</sup>
Anders Dyrseth	400	-	<b>400</b>	-
Morten Eivindsson Astrup	225	25	<b>250</b>	-
Nini Høegh Nergaard	225	-	<b>225</b>	-
Anna Musiej Aanensen	225	75	<b>300</b>	-
Stig Wærnes	225	75	<b>300</b>	-
Marianne Bekken	225	-	<b>225</b>	-
Thorbjørn Fjærtøft Pedersen (from 2 June 2021)	113	-	<b>113</b>	-
Børge Klungerbo (until 2 June 2021)	113	-	<b>113</b>	-
<b>Total</b>	1 750	175	<b>1 925</b>	-

1) The overview of the remuneration of the board of directors shows remuneration earned in the financial year.

### Statement on the determination of salaries and other remuneration of senior executives

Salaries and other remuneration to the CEO are determined by the board, while remuneration to any other senior executives determined by the CEO, in consultation with the chairman of the board.

Efforts are made to create the conditions for recruiting and retaining members of the management who possess the qualities required to run the company, and not least promote value creation. The individual employee's remuneration must be competitive and reflective the person's area of responsibility and execution of the work. The remuneration of 2020 consist of a combination of fixed ongoing benefit and other remuneration, including:

- Benefits in kind that appear in employment contracts (for example telephone / IT solutions, company car and insurance schemes).
- Pension schemes.

The remuneration shall not include schemes as mentioned in the Public Limited Liability Companies Act § 6-16 a, without this having been approved in advance by the company's general meeting. The board will not otherwise determine any monetary or other conditions for remuneration in addition to basic salary.

## Note 10 Finance income and costs

<i>Amounts in NOK thousand</i>	<b>2021</b>	2020
Fair value change of financial instruments	<b>63 812</b>	-
<b>Total fair value change of financial instruments</b>	<b>63 812</b>	-
Foreign exchange gains and losses	<b>2021</b>	2020
Foreign exchange gains	<b>5 291</b>	-
Foreign exchange losses	<b>(52 318)</b>	(5 960)
<b>Total foreign exchange gains and losses</b>	<b>(47 027)</b>	(5 960)
<b>Finance income</b>		
Interest income	<b>6 806</b>	275
Other finance income	<b>123</b>	-
<b>Total finance income</b>	<b>6 929</b>	275
<b>Finance costs</b>		
Interest costs from loans measured at amortised cost	<b>(96 335)</b>	(22 340)
Other finance costs	<b>(3 098)</b>	(48)
<b>Total finance costs</b>	<b>(99 433)</b>	(22 388)
<b>Net finance gains (losses)</b>	<b>(75 719)</b>	(28 073)



## Note 11 Investment property

The valuation of the properties at 31 December 2021 has been performed by an independent expert valuer, Cushman & Wakefield. The variables used for valuation are both company specific and market derived. Company specific variables include contractual rental income and expenses. Market derived variables include,

inter alia, market rent rates, market discount rates and market capitalisation rates. The carrying value of the properties in the balance sheet reflects the values given a long-term perspective. Also see note 6 for critical accounting estimates and assumptions.

<i>Amounts in NOK thousand</i>	<b>2021</b>	2020
Opening balance	<b>3 089 750</b>	-
Purchase of investment properties	<b>520 082</b>	2 695 237
Capital expenditure on investment properties	<b>140 064</b>	
Fair value adjustments in period	<b>310 147</b>	404 572
Translation adjustment	<b>(58 450)</b>	(10 059)
<b>Value at period end</b>	<b>4 001 593</b>	3 089 750

The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. Both contractual and expected cash flows are included in the calculations. Fair-value assessment of investment properties, therefore, depends largely on assumptions related to market rents, discount rates, and rental growth. Market rents are based on individual assessments of each property and the segmentation of different areas within the properties if relevant. To the extent that specific development potential is associated with a property, an assessment is made of whether this support or influences fair value. Updated macroeconomic assumptions for interest-rate levels, inflation expectations, and so forth are applied in the calculations. Based on an assessment of the properties, tenants, and macroeconomic conditions at the balance sheet date, cash flows are discounted using discount rates based on individual assessments of each property.

The external valuer performs their valuations on the basis of the information they have received, and estimate future market rents, yields, inflation, and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and operating costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades where applicable. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc).

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, at 31 December 2021, 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	(53)	58
Discount rate	+/- 0,25 per cent points	(86)	88
Operating costs	+/- 10 per cent	(10)	10
Market rent	+/- 10 per cent	178	(178)
Average rental growth	+/- 0,5 percentages points next 10 years	132	(129)

*The calculations have been performed by Cushman & Wakefield in connection the valuations at 31 December 2021.*

### Input for valuations – overview

	Investment property
Valuation method, reference is made to note 5	Level 3
Valuation model DCF	DCF
WAULT	10.4
Net yield (interval)	4.76% – 8.45%
Contract rent at 31 December 2021, measured in annual rent (NOK thousands)	253 131



## Note 12 Other receivables and financial derivatives

<i>Amounts in NOK thousand</i>	2021	2020
<b>Other receivables</b>		
Trade receivables (non-interest bearing)	24 458	36 418
Pre-paid income tax	-	439
Other receivables	26 869	34 471
<b>Total other receivables</b>	<b>51 327</b>	<b>71 328</b>
Financial derivatives	67 380	8 021

### The age analysis of trade receivables

<i>Amounts in NOK thousand</i>	2021	2020
Not overdue	11 353	18 446
0-30 days	8 580	11 858
31-60 days	2 708	1 422
61-90 days	1 334	2 297
91 days +	484	2 396
<b>Total trade receivables</b>	<b>24 458</b>	<b>36 418</b>

The group has cross currency and interest rate swaps to hedge risk against exchange rate and interest rate fluctuations.

Swap agreement	Currency amount (millions)	Market value (Millions) 31.12.2020	Market value (Millions) 31.12.2021	Start date	Maturity date	Fixed currency rate	Fixed interest
Interest & currency	NOK 335	5	23	23.12.2020	11.12.2023	EUR/NOK = 10.630	EURIBOR = -0.51%
Interest & currency	NOK 240	1	20	23.12.2020	11.12.2023	SEK/NOK = 1.050	STIBOR = 0.017%
Interest & currency	NOK 165	2	11	23.12.2020	11.12.2023	DKK/NOK = 1.428	DANISH IBOR = -0.505%
Interest	NOK 500	N/A	12	13.07.2021	31.12.2030	Not applicable	NIBOR = 1.5175%
Interest	EUR 32	N/A	3	11.12.2023 <sup>1)</sup>	13.12.2027	Not applicable	EURIBOR = -0.03%
Interest	SEK 120	N/A	1	11.12.2023 <sup>1)</sup>	13.12.2027	Not applicable	STIBOR = 0.686%
Interest	DKK 120	N/A	1	11.12.2023 <sup>1)</sup>	13.12.2027	Not applicable	DANISH IBOR = 0.215%
<b>Total</b>		<b>8</b>	<b>71</b>				

1) The swap agreement is a forward starting interest rate swap.

## Note 13 Cash and Bank deposits

<i>Amounts in NOK thousand</i>	2021	2020
Bank deposits	166 247	124 765
Disposal account <sup>1)</sup>	40 770	-
Restricted bank deposits <sup>2)</sup>	495	351
<b>Total bank deposits</b>	<b>207 512</b>	<b>125 116</b>

1) Rereference is made to note 16

2) Restricted bank deposits relate to the withholding tax account



## Note 14 Shareholder capital and shareholders

### Share capital and nominal value

	31.12.2021
Shares issued	281 871 544
Nominal amount in NOK	0.2
Share capital in NOK	56 374 309

### Changes in number of shares during the year (reflecting the reverse takeover)

	Number of shares in accounting aquirerer	Conversion rate	Total
Shares at incorporation	300	11874	3 562 312
Repurchase of shares 11.06.2020	(300)	11874	(3 562 312)
Issue of shares 11.06.2020	10 000	11874	118 743 747
Issue of shares 30.11.2020	2 942	11874	34 934 411
Reverse takeover 20.12.2020 original shares in SRE ASA	-	-	2 364 563
Reverse takeover 20.12.2020 Issue of shares link to the debt conversion and transaction	-	-	33 294 020
Issue of shares privat placement 22.12.2020	-	-	42 857 142
Issue of shares 23.12.2020 in connction with the Dutch transaction	-	-	8 571 428
<b>No of shares as of 31 December 2020</b>	-	-	<b>240 765 311</b>
Issue of shares subsequent offering 19.02.2021	-	-	981 233
Issue of shares privat placement 16.09.2021	-	-	37 500 000
Issue of shares employee offering 18.10.2021	-	-	750 000
Issue of shares subsequent offering 27.10.2021	-	-	1 875 000
<b>No of shares as of 31 December 2021</b>	-	-	<b>281 871 544</b>

All shares are fully paid. There is only one share class. All shares have equal rights. KMC Properties ASA is listed on the Oslo Børs (Oslo Stock Exchange) under the symbol KMCP. The shareholder list

shows the shareholder register from VPS as at 31 December 2021. Any trades via brokers before the closing date which is registered after the closing date is not reflected in the shareholder list.

Shareholder	% holding	Country	Type	Shares
EBE Eiendom AS	41.3%	Norway	Ordinary	116 466 891
Kverva Industrier AS	29.3%	Norway	Ordinary	82 716 209
Nordea Bank ABP	4.8%	Sweden	Nominee	13 607 804
Surfside Holding AS	3.5%	Norway	Ordinary	10 000 000
Caceis Bank	2.3%	Luxembourg	Nominee	6 500 000
Carnegie Investment Bank AB	2.0%	Sweden	Nominee	5 625 000
Forno AS	1.3%	Norway	Ordinary	3 705 957
Skandinaviska Enskilda Banken AB	1.2%	Sweden	Nominee	3 506 921
The Bank of New York Mellon	1.1%	United States	Nominee	2 999 242
SEB Cmu/Secfin Pooled Account	1.0%	Sweden	Ordinary	2 946 293
<b>Total 10 largest shareholders</b>	<b>88%</b>			<b>248 074 317</b>
Other shareholders	12%			33 797 227
<b>Total</b>	<b>100%</b>			<b>281 871 544</b>

\* Nominee = Nominee Accounts; foreign institutions holding shares on behalf of clients.



Shares controlled by directors	Via	Total number of shares 2021	Total number of shares 2020
Anders Dyrseth	Andyrs AS	250 000	-
Morten Eivindsson Astrup	Surfside Holding AS	10 000 000	25 649 124
Nini Høegh Nergaard		-	-
Anna Musiej Aanensen		-	-
Stig Wærnes	Snewær AS	278 540	142 857
Marianne Bekken <sup>1)</sup>		-	-
Thorbjørn Fjærtøft Pedersen		-	-
<b>Total shares controlled by directors</b>		<b>10 528 540</b>	<b>25 791 981</b>

1) Owns indirectly through Marbek Invest AS. Marbek Invest AS owns 13.33% of the shares in Bekken Invest AS, which in turn owns 50% of the shares in EBE Eiendom AS. EBE Eiendom AS owns 41.3% in KMC Properties ASA. Marianne Bekken owns 100% of Marbek Invest AS.

Shares controlled by senior executives	Via	Shares through employee stock purchase plan 2021	Total number of shares 2021	Shares through employee stock purchase plan 2020	Total number of shares 2020
Liv Malvik, CEO		125 000	179 285	-	14 286
Kristoffer Holmen, CFO	Møjdell Holmen Holding AS	125 000	125 000	-	-
Audun Aasen, COO	Tripla Invest AS	125 000	577 000	-	-
Kristoffer Formo, Head of M&A	Formo AS	125 000	3 705 957	-	-
<b>Total shares controlled by senior executives</b>		<b>500 000</b>	<b>4 587 242</b>	<b>-</b>	<b>14 286</b>

## Note 15 Tax

### Income tax expense

Amounts in NOK thousand	2021	2020
Tax payable, current year	2 906	1 674
Change in deferred tax	74 517	92 636
<b>Income tax expense</b>	<b>77 423</b>	<b>94 310</b>

### Income tax payable is calculated as follows

Profit before tax	382 271	406 941
Other permanent differences	6 264	4 487
Changes in temporary differences	(375 325)	(387 646)
<b>Profit for tax purposes</b>	<b>13 210</b>	<b>23 782</b>
Tax payable on the balance sheet	2 906	5 232

### Reconciliation of income tax expense

Amounts in NOK thousand	2021	2020
Profit before tax	382 271	406 941
Estimated tax based on 22%	84 100	89 527
<b>Tax effects of:</b>		
Deferred tax assets that are not recognised in the balance sheet	(3 892)	(2 788)
Change in temporary differences due to different tax regimes	(4 163)	(2 982)
Permanent differences	1 378	987
<b>Income tax expense</b>	<b>77 423</b>	<b>84 744</b>
Effective tax rate	20.3%	20.8%



## Deferred income tax

The group has offset deferred tax assets and deferred tax liabilities on the balance sheet as the group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

The following net value was recognised:

<i>Amounts in NOK thousand</i>	2021	2020
Deferred tax liability	191 158	112 183
Deferred tax assets	59 156	62 218
<b>Net deferred tax</b>	<b>132 002</b>	<b>49 965</b>

## CHANGE IN DEFERRED TAX (+)/DEFERRED TAX ASSETS (-)

### Movement in temporary differences

<i>Amounts in NOK thousand</i>	Investment property	Financial instruments	Current assets	Loss carried forward	Other	Total
01.01.2020	-	-	-	-	-	-
Recognised in profit and loss	497 034	-	-	(26 142)	(49 819)	421 073
Acquisition of subsidiaries	-	-	15 149	(206 850)	-	(191 701)
<b>31 December 2020</b>	497 034	-	15 149	(232 992)	(49 819)	229 372
Recognised in profit and loss	298 407	67 380	(4 406)	(66 168)	16 563	311 776
Acquisition of subsidiaries	-	-	-	(2 986)	-	(2 986)
<b>31 December 2021</b>	795 441	67 380	10 743	(302 146)	(33 256)	538 162
Change in temporary differences based on nominal tax rate						308 790
Change in deferred tax based on nominal tax rate						67 934
Differences due to different tax regimes and currency effects						4 163
Other differences						2 420
<b>Change in deferred tax</b>						<b>74 517</b>

## Russian tax risk

The Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the group may be challenged by the relevant regional and federal authorities.

Recent events within Russia suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and, as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, additional taxes, penalties and interest may be assessed.

Separately, new deoffshorisation rules, which came into force starting 1 January 2015, may have influence on tax affecting the group and should be mentioned. In accordance with these rules the Russian tax authorities have the right to challenge application of the double tax treaty benefits (beneficial ownership concept). These amendments as well as the concept of taxation of capital gains from indirect sale of property-rich companies, may impact the group.



## Note 16 Loans from credit institutions

### Bond loan:

Amounts in NOK thousand	2021	2020
Interest-bearing debt at 1 January	1 832 345	-
Amount borrowed	-	1 850 000
Principal payments	-	-
<b>Interest-bearing debt at 31 December</b>	<b>1 832 345</b>	<b>1 850 000</b>
Capitalised borrowing cost	6 000	(17 655)
<b>Carrying amount interest-bearing debt</b>	<b>1 838 345</b>	<b>1 832 345</b>
Fair value of interest-bearing debt, excess value/(reduced value) for the group in relation to book value*	43 000	6 000

\*The fair value presented above is the excess value at 31 December 2021, given by Nordic Bond Pricing AS.

### Bank loan:

Amounts in NOK thousand	2021	2020
Interest-bearing debt at 1 January	-	-
Amount borrowed	439 480	-
Principal payments	(2 790)	-
<b>Interest-bearing debt at 31 December</b>	<b>436 690</b>	<b>-</b>
Capitalised borrowing cost	-	-
<b>Carrying amount interest-bearing debt</b>	<b>436 690</b>	<b>-</b>

### Interest-bearing debt at 31.12.21

	NOK million*	Weighted average current interest	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	4.76%	3 months NIBOR + 4.25%	None	1.9	Yes
Bank Loan	437	3.60%	3 months NIBOR + 2.50%	20.5	7.5	Yes
Revolving credit facility	-	3.10%	3 months NIBOR + 2.25%	N/A	N/A	Yes
<b>Total</b>	<b>2 287</b>	<b>4.54%</b>	<b>N/A</b>	<b>20.5</b>	<b>3.0</b>	<b>Yes</b>

### Interest-bearing debt at 31.12.20

	NOK million*	Weighted average current interest	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	4.60%	3 months NIBOR + 4.25%	None	2.9	Yes



## Key terms:

NOK 1 850 000 000 senior secured bond. Guarantees and security is shared with certain hedging providers and one or more revolving credit facilities and, under the terms of an intercreditor agreement, the bond issue ranks behind the relevant hedging providers and the revolving credit facilities in the payment waterfall.

**Call option:** Voluntary redemption of bond (i) prior to 11 June 2023 in done with a "make whole" compensation to bondholders and (ii) after 11 June 2023 until (but not including) Final Maturity is done at 101% of the nominal amount of redeemed bond.

**Put option:** Upon a change of control, failure to list the bond or a de-listing of the Issuer's share from Oslo Børs, exercisable at 101% of the nominal amount of the redeemed bond.

**Guarantors and Security:** KMC Properties AS and substantially all of its direct and indirect subsidiaries (i) are guarantors for the bond issue and (ii) substantially all of their assets (and the shares in KMC Properties AS) are granted as security for the bond issue.

**General undertakings (covenants):** Customary general undertakings applicable to the Issuer and all its direct and indirect subsidiaries, including maintaining authorisations, compliance with laws, continuation of business, pari passu ranking, limitations on investments, limitations on distributions, certain financial support restrictions, restrictions on limiting subsidiaries' right to make distributions.

Additional undertakings (covenants) for KMC Properties AS: In addition to the general undertakings set out above, there are

certain covenants that only apply to KMC Properties AS and its direct and indirect subsidiaries and which, to a certain extent, "ring-fences" this part of the group. These covenants include restrictions on mergers and de-mergers, additional limitations on investments, limitations on disposals of assets and requirements for re-investing disposal proceeds, additional restrictions on incurring financial indebtedness, negative pledge, requirements as to insurances, requirements for maintenance and managements of properties and limitations on alteration of property lease agreements.

**Financial covenants:** The Issuer must ensure compliance with the following financial covenants (maintenance covenants), measure on the group as a whole:

- Interest cover ratio (ICR) of not less than 1.5x
- Net-loan-to-value ratio below (NLTV) 75%
- Liquidity not less than an amount equal to net interest costs for the next 6 months

## In addition (incurrence covenants):

- any distribution from the Issuer is subject to an NLTV of not less than 65% and a liquidity that is 1.5x higher than the liquidity requirement above; and
- the incurrence of certain otherwise permissible new financial indebtedness is subject to a loan-to-value ratio of 60%.
- The group was in compliance with all covenants related to its liabilities at 31 December 2021.

## Security bond loan:

Amounts in NOK million	2021
Pledged property portfolio	2 943.3
Disposal account	-
Opening balance security <sup>1)</sup>	2 943.3
Investments in pledged property portfolio	110.9
Sale of assets in pledged property portfolio	(133.3)
Inflow disposal account	133.3
Outflow disposal account	(92.6)
Fair value and translation adjustments pledged property portfolio <sup>2)</sup>	78.9
<b>Value security end of period</b>	<b>3 040.5</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 2021.

During 2021 the Group has entered into agreements with tenants concerning development of properties pledged in favour of the bond holders. In total NOK 110.9 million have been invested in the pledged property portfolio, with an average yield-on-cost of approximately 7.5%, contributing to the large fair value adjustment in the period. The investments have been financed with excess liquidity.

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, repair or re-building of the properties in the bond security package.

Hence, in accordance with the bond terms, KMC Properties ASA sold Havnegata 16 AS from KMC Properties AS to KMC Properties II Norway AS for NOK 133.3 million, on 2 July 2021. The purchase was done using standard terms, and the price was based on Cushman and Wakefield's valuation of the property at 15 June 2021. The acquisition was partly financed through a bank loan of NOK 86 million. The purchase price was paid to the Disposal Account. Since then, Nordic Trustee has released NOK 92.6 million from the Disposal Account to finance the investments in the pledged property portfolio.



## Note 17 Other long-term liabilities

### Other longterm liabilities

<i>Amounts in NOK thousand</i>	<b>2021</b>	2020
Lease liability related to right of use assets	<b>19 126</b>	16 911
Other longterm liabilities	<b>10 153</b>	9 732
<b>Total other current liabilities</b>	<b>29 279</b>	26 643

### Lease liability related to right of use assets

The group's leases relates to lease of land relating to the investment properties.

The right of use asset from the leases is included in the carrying amount of the investment properties on that land.

### Undiscounted lease payments and year of payment

<i>Amounts in NOK thousand</i>	Principal	Interest	<b>2021</b>	Principal	Interest	2020
Less than 1 year	329	711	<b>1 039</b>	196	644	840
1-2 years	343	696	<b>1 039</b>	206	635	841
2-3 years	9 887	681	<b>10 568</b>	216	625	841
3-4 years	368	376	<b>744</b>	9 786	447	10 233
4-5 years	384	359	<b>744</b>	237	313	550
More than 5 years	8 145	3 445	<b>11 590</b>	6 466	2 229	8 695
<b>Total undiscounted lease payments</b>	<b>19 455</b>	<b>6 269</b>	<b>25 724</b>	<b>17 107</b>	<b>4 894</b>	<b>22 001</b>

### Changes in lease liabilities

<i>Amounts in NOK thousand</i>	<b>2021</b>	2020
At 1 January 2021	<b>17 107</b>	-
Additions	<b>3 324</b>	<b>17 107</b>
Adjustments	<b>(852)</b>	-
Cash payments for the principal portion of the lease liability	<b>(124)</b>	-
Cash payments for the interest portion of the lease liability	<b>(643)</b>	-
Interest expense on lease liabilities	<b>643</b>	-
<b>At 31 December 2021</b>	<b>19 455</b>	<b>17 107</b>

Total lease liability is presented as part of other long-term and other short-term liabilities with the following amounts:

<i>Amounts in NOK thousand</i>	<b>2021</b>	2020
Current lease liabilities	<b>329</b>	196
Non-current lease liabilities	<b>19 126</b>	16 911

The lease contracts do not include any restrictions with regards to the group's dividend policy or financing opportunities.

## Note 18 Other current liabilities

### Other current liabilities

<i>Amounts in NOK thousand</i>	<b>2021</b>	2020
Trade payables (non-interest bearing)	<b>23 608</b>	36 404
Taxes payable	<b>2 906</b>	5 232



Value added taxes payable	5 315	24 605
Other current liabilities (non-interest bearing)	29 049	76 259
<b>Total other current liabilities</b>	<b>60 878</b>	<b>142 501</b>

## Note 19 Changes in liabilities arising from financing activities

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below.

<i>Amounts in NOK thousand</i>	Interest bearing long-term debt	Other long-term liabilities	Lease liabilities (in other long-term liabilities)	Current items from financing activities (in other current liabilities)	Total
At 1 January 2021	1 832 345	9 732	16 621	5 396	<b>1 864 094</b>
Cash flows	-	-	-	-	-
- bond issue/new loans	407 800	2 680	-	-	<b>410 480</b>
- settlement of debt	(2 790)	(3 954)	-	-	<b>(6 744)</b>
- amounts recognised on acquisition of companies	31 680	-	3 324	-	<b>35 004</b>
- accrued interest	2	-	-	-	<b>2</b>
- paid transaction fees	-	-	-	-	-
- capitalised borrowing cost	6 000	-	-	-	<b>6 000</b>
- other movements	-	1 695	(686)	-	<b>1 009</b>
- reclassified to current	(2)	-	(133)	134	-
<b>At December 2021</b>	<b>2 275 035</b>	<b>10 153</b>	<b>19 126</b>	<b>5 530</b>	<b>2 309 844</b>

<i>Amounts in NOK thousand</i>	Interest bearing long-term debt	Other long-term liabilities	Lease liabilities (in other long-term liabilities)	Current items from financing activities (in other current liabilities)	Total
At 1 January 2020	-	-	-	-	-
Cash flows	-	-	-	-	-
- bond issue/new loans	1 850 000	5 494	-	-	<b>1 855 494</b>
- settlement of debt	(928 704)	-	-	-	<b>(928 704)</b>
- amounts recognised on acquisition of companies	928 704	4 238	17 107	-	<b>950 049</b>
- accrued interest	4 910	-	-	-	<b>4 910</b>
- paid transaction fees	(17 655)	-	-	-	<b>(17 655)</b>
- reclassified to current	(4 910)	-	(486)	5 396	-
<b>At December 2020</b>	<b>1 832 345</b>	<b>9 732</b>	<b>16 621</b>	<b>5 396</b>	<b>1 864 094</b>



## Note 20 Subsidiaries

The group comprises the following legal entities at 31 December 2021. All entities are directly or indirectly owned 100%.

Subsidiaries incorporated in Norway	Subsidiaries incorporated in Sweden	Subsidiaries incorporated in Denmark	Subsidiaries incorporated in Holland	Subsidiaries incorporated in other countries
KMC Properties AS	KMC Eiendom Sverige AB	KMC Industrial Properties Denmark ApS	Holland Industrial Properties B.V	Pesca Property Finland Oy (Finland)
KMC Senja AS	Genevad Vårgårda Holding AB	Pesca Property Denmark A/S	Oldenzaal Investment properties B.V	Pesca Property Kuopio Oy (Finland)
KMC Havnegata 16 AS	Vårgårda Genevad Fastighet AB	Pesca Property Fredrikshavn A/S	Someren Investment properties B.V	LLC Martex (Russia)
Hofstadvegen 15 AS	KMC Urshult AB	Pesca Property Hvide Sande A/S	Wijchen Investment properties B.V	Gasor Consulting Ltd (Cyprus)
KMC Properties Sverige Danmark AS	KMC Fårtickan AB	KMC Skjelvej ApS	Zwartslui Investment properties B.V	Tiberton Yard Holding 2 Ltd (Cyprus)
Østre Rosten 102 AS	KMC Norrköping AB			
Østre Rosten 102 B AS	Pesca Property Sweden AB			
Rantex Eiendom AS	Pesca Property Kungshamn AB			
Bolngaard Eiendom AS	Pesca Property Varberg AB			
Industrieiendom Nord AS				
Balsfjord Eiendom AS				
Hamarvik Eiendom AS				
Hitra Eiendom AS				
Kvenlid Sin AS				
Levanger Eiendom AS				
Skattorvegen 78 AS				
Stjørdal Eiendom AS				
Grøntvedt Næringsbygg AS				
Pesca Property AS				
Pesca Property Invest AS				
Pesca Property Norway AS				
Pesca Property Båtsfjord AS				
Pesca Property Gjerdsvika AS				
Pesca Property Havøysund AS				
Pesca Property Kongsvinger AS				
Pesca Property Leknes AS				
KMC Properties Nederland AS				
KMC Properties II AS				
KMC Properties II Norway AS				
FNH Eiendom AS				
KMC Properties II Denmark AS				
KMC Properties II Sweden AS				
KMC Properties III AS				
KMC Properties III Norway AS				
KMC Oppdal AS				
Storemyra 200 AS				
Kampenveien 5 AS				
Maritime Group Eiendom AS				



## Note 21 Related party transactions

The table below sets out KMC Properties AS (including its subsidiaries) material investments and acquisitions with related parties in 2020.

Date	Target/property	Purchase price
27.05.2020	KMC Properties Sverige Danmark AS including subsidiaries	NOK 79 817 233
27.05.2020	Hoftsadvegen 15 AS	NOK 12 970 767
	Industrieiendom Nord AS including subsidiaries	NOK 66 844 177
27.05.2020	Botngård Eiendom AS	NOK 4 670 339
27.05.2020	Rantex Eiendom AS	NOK 9 415 722
27.05.2020	Østre Rosten 102b AS	NOK 98 479 132
27.05.2020	Østre Rosten 102 AS	NOK 46 321 498
28.08.2020	KMC Industrial Properties Denmark ApS acquired Maribo property	EUR 2 840 000 (approximately NOK 29.7 million)
28.08.2020	KMC Industrial Properties Denmark ApS acquired Tvilho property	EUR 7 400 000 (approximately NOK 77.5 million)
23.12.2020	Pesca Property AS	NOK 419 439 784
23.12.2020	Wijchen Investment properties B.V., Oldenzaa Investment properties B.V., Someren Investment properties B.V., and Zwartsluis Investment properties B.V.	EUR 34 980 000 (approximately NOK 367 million)

On this date, KMC Properties AS was 100% owned by EBE Eiendom AS, which at this date was owned 50% by Bekken Invest AS, and 50% by Kastor Invest AS. Bewi Holding AS was 100% owned by Bekken Invest AS. The purchase prices for all of these companies acquired by KMC Properties AS were based on valuations by external valuers.

The table below sets out KMC Properties AS (including its subsidiaries) material investments and acquisitions with related parties in 2021.

Date	Target/Property	Purchase price
20.12.2021	Kampeneveien 5 AS	NOK 44 824 891

On this date, KMC Properties ASA was 41,3% owned by EBE Eiendom AS, which at this date was owned 100% by BEWI Invest AS. BEWI Invest AS owned 100% of Kampeneveien 5 AS through the 100% owned subsidiary Frøya Invest AS. The purchase prices were based on valuations by external valuers.

and Kverva Industrier AS. Reference is made to note 2.5 Segment information for detailed information.

KMC Properties ASA has in 2021 purchased services for NOK 3 million from BEWI related companies, mainly cost of interim hiring of employees and office rent.

The tenants BEWI and Insula are regarded as related parties by their ownership in KMC Properties ASA through EBE Eiendom AS



## Note 22 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

KMC Properties has not issued options or other financial instruments which have a dilutive effect on outstanding shares.

### Basic earnings per share

	2021	2020
Net profit attributable to ordinary equity holders of parent company (NOK thousand)	304 847	312 631
Weighted average number of shares	261 082 733	76 725 563
Net profit per share attributable to ordinary equity holders (NOK)	1.2	4.1

Reference is made to note 14 Shareholder capital and shareholders for detailed information on changes in number of shares.

## Note 23 Subsequent events

### The invasion of Ukraine

KMC Properties owns an office building in Moscow, Russia. The building was booked at NOK 143 million in the financial accounts on 31 December 2021, 3.6 per cent of the total portfolio value, and the net operating income from the property was NOK 9.1 million in 2021.

Sanctions imposed on Russia due to its invasion of Ukraine, significantly increases the risks related to the value of the property, as well as the rental income, and thus KMC Properties expects an impairment related to the property value in the first quarter of 2022.

The board has decided that the investment in Russia is to be presented as an asset held for sale and as a discontinued operations in accordance with IFRS 5 as of 31 March 2022.

### Acquisitions

On 21 January 2022, KMC Properties announced the acquisition of a herring production and cold storage facility in Rönnäng, in the Swedish country of Västra Götaland, from Klädesholmen Seafood AB for approximately SEK 93.6 million (approximately NOK 90 million). The property includes 19.873 sqm BTA of land and

11.670 sqm BTA of buildings, and a triple-net bare house agreement with Klädesholmen Seafood with an initial lease term of 15 years and a yield-on-cost estimated at 7.5 per cent.

On 2 February 2022, KMC Properties announced that it had acquired a modern meat processing facility, strategically located at Fagernes near Narvik in Norway, from Kubera AS for a consideration of approximately NOK 100 million. The property is composed of 10 303 m<sup>2</sup> BTA of land and 6 093 m<sup>2</sup> BTA of building that was erected in 1998 and substantially upgraded in 2001 and 2003. The meat processing facility is strategically located south of Narvik city center, near the E6 motorway, the railway and port terminal. The property came with a bare house agreement with the tenant,

Kuraas AS, which is on a 6.5-year lease with the option to extend. The total consideration for the property was approximately NOK 100 million, with a yield of 7.8 per cent based on the rent for 2022.

### Other matters

No other events have taken place after the balance sheet date that would have had a material effect on the financial statements or any assessments carried out.

## 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.



## Net Asset Value adjusted (NAV adjusted)

Amounts in NOK million	31.12.2021	31.12.2020
Total equity	1 836	1 243
Deferred tax liabilities	132	50
<b>Net asset value (NAV)</b>	<b>1 968</b>	1 293

## Debt ratio – group net LTV

Amounts in NOK million	31.12.2021	31.12.2020
Interest bearing debt (bond, nominal value)	1 850	1 850
Bank loan	437	-
Loans from credit institutions (RCF)	-	-
Cash and cash equivalents	(208)	(125)
Mark-to-market hedge adjustment	(67)	(8)
<b>Net interest-bearing debt</b>	<b>2 012</b>	1 717
Investment property (market value)	4 002	3 090
<b>Group net LTV</b>	<b>50.3%</b>	55.6%

## Net income from property management

Amounts in NOK million	2021	2020
Operating profit (loss) before investment property fair value adjustments <sup>1)</sup>	148.2	30.4
Net realised financials	(82.1)	(22.1)
<b>Net income from property management</b>	<b>66.1</b>	8.3

1) Exclusive depreciation included in other operating expenses.

## Definitions

<b>Bonds, or the Bond Issue</b>	NOK 1 850 million senior secured bond with 3 years tenor issued on 11 December 2020
<b>Covid-19</b>	The outbreak of the coronavirus SARS-CoV-2
<b>Cushman &amp; Wakefield</b>	Cushman & Wakefield Realkapital, Kronprinsesse Märthas plass 1, 0125 Oslo, Norway,
<b>Gross Rental Income (GRI)</b>	Equals Total Income
<b>Independent valuer</b>	Cushman & Wakefield
<b>Loan-to-Value (LTV)</b>	Total net nominal value of interest-bearing debt divided by the total market value of the property portfolio.
<b>Market value of portfolio</b>	The market value of all properties owned by the parent company and subsidiaries.
<b>Net Asset Value, adjusted (NAV)</b>	NAV from an ordinary long-term operational perspective of the business. Based on total equity in the balance sheet, adjustments are made for the carrying amount of deferred tax
<b>NOK</b>	The Norwegian Krone, the official currency of Norway
<b>Occupancy rate (%)</b>	Leased Lettable area (sqm) / Total Lettable area (sqm)
<b>OPEX</b>	Operating expense, measured by total operating expenses – Salary expenses
<b>SG&amp;A</b>	Selling, General & Administrative Expenses, calculated as Salary expenses
<b>Property related expenses</b>	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. The Gasfield property is excluded in the calculation.



## Statement of comprehensive income – KMC Properties ASA

For the period 1 January - 31 December

<i>Amounts in NOK thousand</i>	<i>Note</i>	<b>2021</b>	2020
Other income		<b>14 024</b>	-
<b>Total income</b>		<b>14 024</b>	-
Personnel expenses	7	<b>(19 296)</b>	(551)
Other operating expenses	6	<b>(36 666)</b>	(15 633)
<b>Total operating expenses</b>		<b>(55 962)</b>	(16 183)
<b>Operating profit (loss) before fair value adjustments</b>		<b>(41 938)</b>	(16 183)
Finance revenues	5	<b>170 198</b>	118 536
Finance expenses	5	<b>(98 607)</b>	(22 102)
Currency exchange gains (losses)	5	<b>(19 321)</b>	(12 800)
<b>Net financial gains (losses)</b>		<b>52 271</b>	83 635
Earnings before tax (EBT)		<b>10 334</b>	67 452
Income tax expense	9.10	<b>(119)</b>	45 202
<b>Profit (loss) for the period</b>		<b>10 215</b>	112 654
<b>Other comprehensive income:</b>			
Exchange differences on net investments in foreign operations		-	-
Tax effects on exchange differences on net investments		-	-
Translation differences from foreign operations		-	-
<b>Other comprehensive income, net of tax</b>		-	-
<b>Total Comprehensive income for the period</b>		<b>10 215</b>	112 654

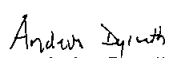


## Statement of financial position – KMC Properties ASA

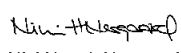
Per 31 December

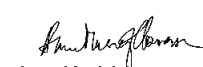
Amounts in NOK thousand	Note	31.12.2021	31.12.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	2	1 372 217	1 197 147
Financial derivative assets	4	67 380	8 021
Loans to subsidiaries	12	2 161 575	2 185 701
Deferred tax asset	10	45 575	45 202
<b>Total non-current assets</b>		<b>3 646 748</b>	<b>3 436 071</b>
<b>Current assets</b>			
Receivables from group companies	12	116 675	2 989
Other receivables	4	4 660	458
Other financial derivatives		340	154
Cash and cash equivalents	4	68 139	54 146
<b>Total current assets</b>		<b>189 814</b>	<b>57 747</b>
<b>TOTAL ASSETS</b>		<b>3 836 562</b>	<b>3 493 818</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Paid-in equity</b>			
Ordinary shares	11	56 374	48 153
Share premium		2 053 889	1 735 716
Other paid-in equity		312 731	327 277
<b>Total paid-in equity</b>		<b>2 422 994</b>	<b>2 111 146</b>
<b>Other equity</b>			
Other equity		(493 632)	(504 340)
<b>Total other equity</b>		<b>(493 632)</b>	<b>(504 340)</b>
<b>Total equity</b>		<b>1 929 361</b>	<b>1 606 807</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans from credit institutions	3	1 838 345	1 832 345
Loans from group companies	12	50 117	-
<b>Total non-current liabilities</b>		<b>1 888 462</b>	<b>1 832 345</b>
<b>Current liabilities</b>			
Trade liabilities		5 037	11 219
Loans from credit institutions	3	4 911	8 863
Payables to group companies	12	793	-
Other current liabilities	8	7 998	34 583
<b>Total current liabilities</b>		<b>18 739</b>	<b>54 666</b>
<b>Total liabilities</b>		<b>1 907 201</b>	<b>1 887 012</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 836 562</b>	<b>3 493 818</b>

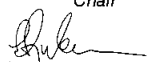
Trondheim, Norway, 27 April 2022, the board of directors and CEO, KMC Properties ASA

  
Anders Dyrseth  
Chair

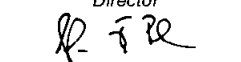
  
Morten Eivindsson Astrup  
Director

  
Nini Høegh Nergaard  
Director

  
Anna Musiej Aanensen  
Director

  
Stig Wærnes  
Director

  
Marianne Bekken  
Director

  
Thorbjørn Fjærtøft Pedersen  
Director

  
Liv Malvik  
CEO



## Statement of cash flows – KMC Properties ASA

<i>Amounts in NOK thousand</i>	<i>Note</i>	<b>2021</b>	2020
<b>Cash flow from operational activities</b>			
Earnings before tax		<b>10 334</b>	67 452
<i>Adjusted for:</i>			
Financial income	5	<b>(170 198)</b>	(118 536)
Interest on loans to subsidiaries	12	<b>116 618</b>	2 178
Interest on loans from subsidiaries	12	<b>(793)</b>	-
Financial expenses	5	<b>98 607</b>	22 102
Net currency gains	5	<b>19 321</b>	12 800
<b>Cash flow before changes in working capital</b>		<b>73 887</b>	(14 005)
<i>Changes in working capital:</i>			
Trade receivables and other receivables	4	<b>(117 888)</b>	(2 380)
Trade payables and other payables	4	<b>18 142</b>	41 817
<b>Net cash flow from operating activities</b>		<b>(99 746)</b>	25 432
<b>Cash flow from investment activities</b>			
Outflows from Investments in subsidiaries	2	<b>(175 070)</b>	(1 075 747)
Outflows from lending to subsidiaries	12	-	(2 160 038)
Inflows from repayment of loan	12	<b>75 810</b>	4 730
Interest received	12	<b>3 333</b>	3 960
<b>Net cash flow from investment activities</b>		<b>(95 927)</b>	(3 227 096)
<b>Cash flow from financing activities</b>			
Share issue	11	<b>314 968</b>	1 610 489
Net borrowings	3	-	1 850 000
Repayments of loans	3	-	(187 768)
Transactions fees paid and other financial costs		<b>(14 394)</b>	-
Interest paid	3	<b>(91 092)</b>	(22 128)
<b>Net cash flow from financing activities</b>		<b>209 481</b>	3 250 593
<b>Net Change in cash and cash equivalents</b>		<b>13 809</b>	48 929
Carried forward cash and cash equivalents	4	<b>54 146</b>	5 095
FX movements on bank deposits		<b>184</b>	122
<b>Cash and cash equivalents on closing date</b>		<b>68 139</b>	54 146
Restricted cash and cash equivalents not included above		-	2 259



## Statement of changes in equity – KMC Properties ASA

Amounts in NOK thousand	Note	Paid-in equity			Other equity	
		Share capital	Share premium	Other paid-in capital	Retained earnings/ losses	Total equity
<b>1 January 2020</b>		1 767	158 587	340 303	(527 745)	<b>(27 088)</b>
Issue of shares - conversion of the "Swedbank loan"	11	5 365	182 403	-	-	<b>187 768</b>
Issue of shares - conversion of sellers credit (KMC Properties AS)	11	30 736	1 045 011	-	-	<b>1 075 747</b>
Issue of shares - private placement (NOK 300 million)	11	8 571	291 429	-	-	<b>300 000</b>
Issue of shares - conversion of sellers credit (Dutch properties)	11	1 714	58 286	-	-	<b>60 000</b>
Transaction cost issue of shares	11	-	-	(13 026)	-	<b>(13 026)</b>
Effect of loan conversion to equity	3	-	-	-	(89 249)	<b>(89 249)</b>
Profit /(loss) for the year total		-	-	-	112 654	<b>112 654</b>
<b>Total</b>		<b>46 386</b>	<b>1 577 129</b>	<b>(13 026)</b>	<b>23 405</b>	<b>1 633 894</b>
<b>31 December 2020</b>		<b>48 153</b>	<b>1 735 716</b>	<b>327 277</b>	<b>(504 340)</b>	<b>1 606 807</b>

Amounts in NOK thousand	Note	Paid-in equity			Other equity	
		Share capital	Share premium	Other paid-in capital	Retained earnings/ losses	Total equity
<b>1 January 2021</b>		48 153	1 735 716	327 277	(504 340)	<b>1 606 807</b>
Issue of shares subsequent offering 19.02.2021	11	196	6 398	-	-	<b>6 594</b>
Issue of shares privat placement 16.09.2021	11	7 500	292 500	-	-	<b>300 000</b>
Issue of shares employee offering 18.10.2021	11	150	4 650	-	-	<b>4 800</b>
Issue of shares subsequent offering 27.10.2021	11	375	14 625	-	-	<b>15 000</b>
Transaction cost issue of shares	11	-	-	(14 546)	-	<b>(14 546)</b>
Profit /(loss) for the year total		-	-	-	10 215	<b>10 215</b>
Other effects to equity		-	-	-	492	<b>492</b>
<b>Total</b>		<b>8 221</b>	<b>318 173</b>	<b>(14 546)</b>	<b>10 707</b>	<b>322 554</b>
<b>31 December 2021</b>		<b>56 374</b>	<b>2 053 889</b>	<b>312 731</b>	<b>(493 633)</b>	<b>1 929 361</b>

### Change in share capital and related transaction cost:

- The shares subsequent of NOK 6 593 886, at NOK 7.00 per share, gave 981 233 new shares
- The private placement of NOK 300 000 000, at NOK 8.00 per share, gave 37 500 000 new shares (transaction cost: NOK 10 979 514).
- The employee offering of NOK 4 800 000 at NOK 6.40 per share, giving 750 000 new shares
- The shares subsequent of NOK 15 000 000, at NOK 8.00 per share, gave 1 875 000 new shares (transaction cost: NOK 446 672).

## Notes to the financial statements – KMC Properties ASA

### Note 01 Accounting principles

KMC Properties ASA (KMCP) is a public limited liability company registered in Norway. Its head office is at Dyre Halses gate 1 A, 7042 Trondheim.

KMCP Properties ASA uses a simplified version of IFRS as accounting principle. There are no material effects in comparison with ordinary IFRS principles used in the group. Also see note 3 to

the consolidated accounts for further information on accounting principles. Subsidiaries and investments in related companies are recognised at cost unless the value is considered to be impaired. A write-down to fair value will be done if the impairment is not considered temporary and impairment is considered required by IFRS. Write-downs will be reversed if the requirement for impairment is no longer present.

### Note 02 Investment in subsidiaries

#### KMCP investment in subsidiaries

	Location	Formed/ acquired	Ownership	Equity 31.12.2021	Book value KMCP 2021	Book value KMCP 2020
KMC Properties AS	Norway	2020	100%	474 711	1 075 747	1 075 747
KMC Properties II AS	Norway	2021	100%	175 030	175 040	-
KMC Properties III AS	Norway	2021	100%	30	30	-
Gasor Consulting Ltd	Cyprus	2015	99%	530	121 400	121 400
Tiberton Yard Holding 2 Ltd	Cyprus	2015	100%	(561)	-	-
<b>Total</b>				<b>649 740</b>	<b>1 372 217</b>	<b>1 197 147</b>

KMCP (99%) and Tiberton Yard Holding 2 Ltd (1%) owns the shares in Gasor Consulting Ltd. Gasor Consulting Ltd owns 100% of the shares in LLC Martex. LLC Martex owns and operates the Gasfield building (the investment property).

### Note 03 Borrowings

#### Bond loan:

<i>Amounts in NOK thousand</i>	2021	2020
Interest-bearing debt at 1 January	<b>1 832 345</b>	-
New debt	-	1 850 000
Repayment/refinancing of debt	-	-
<b>Interest-bearing debt at 31 December</b>	<b>1 832 345</b>	1 850 000
Capitalised borrowing cost	<b>6 000</b>	(17 655)
<b>Carrying amount interest-bearing debt*</b>	<b>1 838 345</b>	1 832 345
Fair value of interest-bearing debt, excess value/(reduced value) for the group in relation to book value	<b>43 000</b>	6 000

\* The fair value presented above is the excess value as at 31 December 2021, given by Nordic Bond Pricing AS.

**Bond loan:**

Amounts in NOK thousand	2021	2020
Interest-bearing debt at 1 January	-	159 300
New debt	-	28 468
Repayment/refinancing of debt	-	(187 768)
<b>Interest-bearing debt at 31 December</b>	-	-
Capitalised borrowing cost	-	-
<b>Carrying amount interest-bearing debt*</b>	-	-
Additional bank loan obtained before report date	-	-
Bank loan at reporting date	-	-

\* The fair value presented above is the excess value as at 31 December 2021, given by Nordic Bond Pricing AS.

Bond loan	NOK million	Weighted average current interest	Interest terms	Final maturity	In compliance with covenants?
2020-2023	1 850	4.76%	3 months NIBOR + 4.25%	11 December 2023	Yes

NOK 1 850 million senior secured bond. Guarantees and security is shared with certain hedging providers and one or more revolving credit facilities and, under the terms of an intercreditor agreement, the bond issue ranks behind the relevant hedging providers and the revolving credit facilities in the payment waterfall.

*Call option:* Voluntary redemption of bond (i) prior to 11 June 2023 in done with a "make whole" compensation to bondholders and (ii) after 11 June 2023 until (but not including) Final Maturity is done at 101% of the nominal amount of redeemed bond.

*Put option:* Upon a change of control, failure to list the bond or a de-listing of the Issuer's share from Oslo Børs, exercisable at 101% of the nominal amount of the redeemed bond.

*Guarantors and Security:* KMC Properties AS and substantially all of its direct and indirect subsidiaries (i) are guarantors for the bond issue and (ii) substantially all of their assets (and the shares in KMC Properties AS) are granted as security for the bond issue.

*General undertakings (covenants):* Customary general undertakings applicable to the Issuer and all its direct and indirect subsidiaries, including maintaining authorisations, compliance with laws, continuation of business, pari passu ranking, limitations on investments, limitations on distributions, certain financial support restrictions, restrictions on limiting subsidiaries' right to make distributions.

*Additional undertakings (covenants) for KMC Properties AS:* In addition to the general undertakings set out above, there are certain covenants that only apply to KMC Properties AS and its direct and indirect subsidiaries and which, to a certain extent, "ring-fences" this part of the group. These covenants include restrictions on mergers and de-mergers, additional limitations on investments, limitations on disposals of assets and requirements for re-investing disposal proceeds, additional restrictions on incurring financial indebtedness, negative pledge, requirements as to insurances, requirements for maintenance and managements of properties and limitations on alteration of property lease agreements.

*Financial covenants:* The Issuer must ensure compliance with the following financial covenants (maintenance covenants), measure on the group as a whole:

- Interest cover ratio (ICR) of not less than 1.5x
- Net-loan-to-value ratio below (NLTV) 75%
- Liquidity not less than an amount equal to net interest costs for the next 6 months

In addition (incurrence covenants):

- any distribution from the Issuer is subject to an NLTV of not less than 65% and a liquidity that is 1.5x higher than the liquidity requirement above; and
- the incurrence of certain otherwise permissible new financial indebtedness is subject to a loan-to-value ratio of 60%.
- The group was in compliance with all covenants related to its liabilities at 31 December 2021.



## Note 04 Financial instruments

Financial assets represent contractual rights for the group to receive cash or other financial assets in the future. Financial liabilities correspondingly represent contractual obligations for the group to make future payments. Financial instruments are included in several accounting lines in the group's balance sheet and income statement and are classified in different categories in accordance with their accounting treatment.

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 3. A specification of the group's financial instruments is presented below.

<b>Financial assets</b> <i>Amounts in NOK thousand</i>	Amortised cost 31.12.2021	Fair value through profit or loss 31.12.2021	<b>Total</b>
Cash and cash equivalents	68 139	-	<b>68 139</b>
Interest-bearing loans and borrowings to subsidiaries	2 161 575	-	<b>2 161 575</b>
Currency and interest swaps (long-term)	-	67 380	<b>67 380</b>
Currency and interest swaps (short-term)	-	340	<b>340</b>
Other current receivables	121 335	-	<b>121 335</b>
<b>Total financial assets at 31 December 2021</b>	<b>2 351 049</b>	<b>67 720</b>	<b>2 418 769</b>

<b>Financial liabilities</b> <i>Amounts in NOK thousand</i>	Amortised cost 31.12.2021	Fair value through profit or loss 31.12.2021	<b>Total</b>
Interest-bearing loans and borrowings (bond)	1 838 345	-	<b>1 838 345</b>
Interests on loans and borrowings	4 911	-	<b>4 911</b>
Trade payables (non interest bearing)	5 037	-	<b>5 037</b>
Current liabilities to subsidiaries	793	-	<b>793</b>
Other current liabilities (non interest bearing)	7 998	-	<b>7 998</b>
<b>Total financial liabilities at 31 December 2021</b>	<b>1 857 084</b>	<b>-</b>	<b>1 857 084</b>

<b>Net financial assets and liabilities at 31 December 2021</b>	<b>493 965</b>	<b>-</b>	<b>561 685</b>
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<b>Financial assets</b> <i>Amounts in NOK thousand</i>	Amortised cost 31.12.2020	Fair value through profit or loss 31.12.2020	<b>Total</b>
Cash and cash equivalents	54 146	-	<b>54 146</b>
Currency and interest swaps (long-term)	2 185 701	-	<b>2 185 701</b>
Currency and interest swaps (short-term)	-	8 021	<b>8 021</b>
Other current receivables	3 447	154	<b>3 601</b>
<b>Total financial assets at 31 December 2020</b>	<b>2 243 294</b>	<b>8 175</b>	<b>2 251 469</b>

<b>Financial liabilities</b> <i>Amounts in NOK thousand</i>	Amortised cost 31.12.2020	Fair value through profit or loss 31.12.2020	<b>Total</b>
Interest-bearing loans and borrowings (bond)	1 832 345	-	<b>1 832 345</b>
Interests on loans and borrowings	8 863	-	<b>8 863</b>
Trade payables (non interest bearing)	11 219	-	<b>11 219</b>
Other current liabilities (non interest bearing)	34 853	-	<b>34 853</b>
<b>Total financial liabilities at 31 December 2020</b>	<b>1 887 280</b>	<b>-</b>	<b>1 878 417</b>

<b>Net financial assets and liabilities at 31 December 2020</b>	<b>356 014</b>	<b>8 175</b>	<b>373 052</b>
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The below table shows an analysis of fair values of assets and liabilities in the parent company, grouped by level in the fair value hierarchy, which either are measured at fair value or where information about the fair value is provided.

**Level 1** - Quoted prices in active markets that the entity can access at the measurement date.

**Level 2** - Use of a model with inputs other than level 1 that are directly or indirectly observable market data.

**Level 3** - Use of a model with inputs that are not based on observable market data.

#### Financial liabilities measured at fair value / where fair value must be presented

Amounts in NOK thousand	Level 1	Level 2	Level 3	Total
Currency and interest swaps (long-term)	-	67 380	-	<b>67 380</b>
Currency and interest swaps (short-term)	-	340	-	<b>340</b>
<b>Total</b>	-	<b>67 720</b>	-	<b>67 720</b>

#### Swap agreements

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%

#### Note 05 Finance income and costs

##### Finance income

Amounts in NOK thousand	2021	2020
Interest income	<b>6</b>	9
Fair value adjustment bank loan	-	90 677
Interest gains from group companies	<b>106 380</b>	6 605
Changes in fair value, financial derivatives over profit and loss	<b>63 812</b>	8 175
Reversal of provision for loss on group companies	-	13 071
<b>Total finance income</b>	<b>170 198</b>	<b>118 536</b>

**Finance costs**

<i>Amounts in NOK thousand</i>	<b>2021</b>	<b>2020</b>
Interest costs from loans measured at amortised cost	<b>94 755</b>	21 662
Interest costs to group companies	<b>883</b>	-
Other finance costs	<b>2 968</b>	440
<b>Total finance costs</b>	<b>98 607</b>	22 102
<b>Net foreign exchange gains and losses</b>	<b>(19 321)</b>	(12 800)
<b>Net finance gains (losses)</b>	<b>52 271</b>	83 635

**Note 06 Other operating expenses****Other operating expenses**

<i>Amounts in NOK thousand</i>	<b>2021</b>	<b>2020</b>
Management fees	<b>2 869</b>	2 417
Legal, agency and consultancy fees	<b>22 799</b>	3 753
Accounting	<b>330</b>	130
Auditors	<b>2 697</b>	3 982
Other operating expenses	<b>7 970</b>	5 351
<b>Total other operating expenses</b>	<b>36 666</b>	15 633

**Auditor fees (excl. vat)**

<i>Amounts in NOK thousand</i>	<b>2021</b>	<b>2020</b>
Audit fees	<b>2 497</b>	3 651
Tax advice	<b>175</b>	-
Other services not related to auditing	-	-
Other services	<b>25</b>	330
<b>Total auditor expenses</b>	<b>2 697</b>	3 982

**Note 07 Personnel costs****Personnel costs**

<i>Amounts in NOK thousand</i>	<b>2021</b>	<b>2020</b>
Salaries, performance-related pay and other taxable benefits	<b>12 128</b>	-
Employers' Natural Insurance contributions	<b>1 637</b>	-
Pension expenses	<b>491</b>	-
Other personnel costs	<b>3 115</b>	51
Board fees	<b>1 925</b>	500
<b>Total personnel costs</b>	<b>19 296</b>	551

**Remuneration to senior executives**

The total remuneration of the CEO and other Senior Executives consists of a fixed package of salary and benefits supplemented by cashbased short-term incentive(STI) and long-term

incentive (LTI) variable remuneration plans, share purchase scheme (on the same terms as all other employees), pension and insurance arrangements.

**Overview of total remuneration to the board of directors (incl fees for board committees)**

<i>Amounts in NOK thousand</i>	<b>2021<sup>1)</sup></b>	<b>2020</b>
Anders Dyrseth, chair of the board	<b>400</b>	-
Stein Aukner, (chair of the board 2020)	-	250
Morten E. Astrup	<b>250</b>	-
Stig Wærnes	<b>300</b>	-
Nini H. Nergaard	<b>225</b>	125
Anna Musiej Aanensen	<b>300</b>	125
Marianne Bekken	<b>225</b>	-
Thorbjørn Fjærtøft Pedersen (from 2 June 2021)	<b>113</b>	-
Børge Klungerbo (until 2 June 2021)	<b>113</b>	-
<b>Total board fees</b>	<b>1 925</b>	500

1) The overview of the remuneration of the board of directors shows remuneration earned in the financial year.

**Note 08 Other current liabilities**

<i>Amounts in NOK thousand</i>	<b>2021</b>	<b>2020</b>
Accrued asset management fee	<b>6 035</b>	2 625
Accrued variable transaction based fee – Storm Norge AS	-	4 000
Other accrued expenses	<b>1 963</b>	27 958
<b>Total other current liabilities</b>	<b>7 998</b>	34 583

**Note 09 Income tax****Tax recognised over income statement**

<i>Amounts in NOK thousand</i>	<b>2021</b>	<b>2020</b>
Current income tax	-	-
Movement in deferred tax	<b>(119)</b>	45 202
<b>Total income tax</b>	<b>(119)</b>	45 202

**Basis for taxation, parent company**

<i>Amounts in NOK thousand</i>	<b>2021</b>	<b>2020</b>
Earnings before tax	<b>10 334</b>	67 452
Income and expenses not subject to taxation	<b>(9 794)</b>	(114 536)
Movement in temporary differences	<b>(62 397)</b>	(68 586)
Adjustment interest not deductible current year	-	32 712
Tax losses for current year not recognised	-	-
<b>Basis for taxation</b>	<b>(61 858)</b>	(82 958)
Change of losses carried forward	<b>61 858</b>	82 958
<b>Tax payable</b>	-	-



## Note 10 Deferred tax

### Temporary differences, parent company

Amounts in NOK thousand	31.12.2021	31.12.2020	Change
Financial liabilities	1 489	2 506	(1 017)
Receivables (*)	-	-	-
Capitalised borrowing cost	(11 655)	(17 655)	-
Currency and interest swaps	(67 380)	-	-
Tax losses carried forward	251 564	187 899	63 665
Adjustment interest deductible in the future	33 143	32 712	-
<b>Total temporary differences</b>	<b>207 161</b>	<b>205 463</b>	<b>62 648</b>
Tax rate	22%	22%	0%
<b>Deferred tax asset (liability)</b>	<b>45 575</b>	<b>45 202</b>	<b>374</b>
<b>Deferred tax asset (liability) not recognised</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recognised deferred tax asset (liability)</b>	<b>45 575</b>	<b>45 202</b>	<b>374</b>

Deferred tax assets have been recognised in the balance sheet, since there is a sufficient likelihood that the tax assets will be utilised in the future.

## Note 11 Share capital and shareholders

### Share capital and nominal value

Amounts in NOK thousand	31.12.2021	31.12.2020
Shares issued	281 871 545	240 765 311
Nominal amount	0.20	0.20
<b>Share capital</b>	<b>56 374 309</b>	<b>48 153 062</b>

All shares are fully paid. There is only one share class. All shares have equal rights.

### Change in share capital and related transaction cost:

- The shares subsequent of NOK 6 593 886, at NOK 7.00 per share, gave 981 233 new shares
- The private placement of NOK 300 000 000, at NOK 8.00 per share, gave 37 500 000 new shares (transaction cost: NOK 10 979 514).
- The employee offering of NOK 4 800 000 at NOK 6.40 per share, giving 750 000 new shares
- The shares subsequent of NOK 15 000 000, at NOK 8.00 per share, gave 1 875 000 new shares (transaction cost: NOK 446 672).

## Note 12 Related party transactions

The company has provided a loan to LLC Martex. The principal amount is RUB 224 187 101 and all interests has been paid as at 31 December 2021. The interest rate is 13.5%.

KMCP will not demand amortisation or interest payments unless there is sufficient liquidity in LCC Martex.

In connection with the transaction with KMC Properties AS, the company issued a bond loan of NOK 1 850 million to refinance existing debt in KMC Properties AS and its subsidiaries.

The loan amount has been lend to subsidiaries, see detail below. The interest rate is set equal to the interest rate on the bond loan, see note 3 above.



## Current receivables (unpaid interests)

<i>Amounts in NOK thousand</i>	<b>31.12.2021</b>	31.12.2020
Tiberton Yard Holding 2 Ltd	18	245
Gasor Consulting Ltd	38	566
Pesca Property AS	19 471	418
KMCP AS	38 731	884
KMC Oppdal AS	157	-
KMCP II AS	2	-
KMCP II Norway AS	2 888	-
KMCP III AS	1	-
KMCP III Norway AS	24	-
KMC Senja AS	1 625	21
Holland Industrial Properties B.V.	16 419	374
KMC Properties Sverige Danmark AS	9 697	209
KMC Skjelvej ApS	970	-
Hofstadvegen 15 AS	1 146	20
Industrieiendom Nord AS	3 570	77
Balsfjord Eiendom AS	1 362	29
Hamarvik Eiendom AS	2 072	45
Hitra Eiendom AS	575	12
Kvenild Sin AS	954	21
Skattørvegen 78 AS	666	14
Stjørdal Eiendom AS	2 266	49
Levanger Eiendom AS	-	4
Accrued Management Service FEE	14 024	-
<b>Total current receivables from related parties</b>	<b>116 675</b>	<b>2 989</b>

## Non-current receivables

<i>Amounts in NOK thousand</i>	<b>31.12.2021</b>	31.12.2020
Tiberton	339	-
Gasor	665	-
LLC Martex	20 397	25 663
Pesca Property AS	420 413	414 995
KMCP AS	760 783	876 125
KMCP II AS	153	-
KMCP II Norway AS	3 000	-
KMCP III AS	30	-
KMCP III Norway AS	18 000	-
KMC Oppdal AS	39 000	-
KMC Senja AS	46 321	21 000
KMC Skjelvej ApS	28 314	-
"Holland Industrial Properties B.V."	292 418	311 189
"Holland Industrial Properties B.V."	60 000	60 000
"KMC Properties Sverige Danmark AS"	211 652	207 243
Hofstadvegen 15 AS	28 903	19 833
Industrieiendom Nord AS	65 000	76 753
Balsfjord Eiendom AS	31 235	29 005
Hamarvik Eiendom AS	40 000	44 624
Hitra Eiendom AS	14 761	12 048
Kvenild Sin AS	18 548	20 527
Skattørvegen 78 AS	14 294	14 280
Stjørdal Eiendom AS	47 348	48 400
Levanger Eiendom AS	-	4 016
<b>Total non-current receivables from related parties</b>	<b>2 161 575</b>	<b>2 185 701</b>

**Current liabilities***Amounts in NOK thousand*

	31.12.2021	31.12.2020
<b>Unpaid interests</b>		
KMC Industrial Properties Denmark ApS	185	-
KMC Eiendom Sverige AB	13	-
KMCP Nederland AS	467	-
Grøntvedt Næringsbygg AS	129	-
<b>Total current liabilities towards group companies</b>	<b>793</b>	-

**Non-current liabilities***Amounts in NOK thousand*

	31.12.2021	31.12.2020
KMC Industrial Properties Denmark ApS	14 293	-
KMC Eiendom Sverige AB	2 955	-
KMCP Nederland AS	14 869	-
Grøntvedt Næringsbygg AS	18 000	-
<b>Total current liabilities towards group companies</b>	<b>50 117</b>	-

<b>Net receivables (liabilities), group companies</b>	<b>2 227 341</b>	2 188 690
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To the General Meeting of KMC Properties ASA

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

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#### *Opinion*

We have audited the financial statements of KMC Properties ASA, which comprise:

- The financial statements of the parent company KMC Properties ASA (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of KMC Properties ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International

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T: 02316, org. no.: 987 009 713 MVA, www.pwc.no  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap*



## Independent Auditor's Report - KMC Properties ASA



Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 24 June 2020 for the accounting year 2020.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. *Valuation of investment property* has approximately the same risks and characteristics as last year and continues to be a in our focus. The prior year's key audit matter related to the reverse takeover in 2020 is no longer of current interest.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation of investment property</i></p> <p>The majority of the Group's assets consist of investment property. Primarily these are logistics properties. The book value is NOK 4 001 593 thousand.</p> <p>Investment properties are measured at fair value. Fair value adjustments of investment properties may affect the Group's results significantly for the year and consequently its equity.</p> <p>The fair value is an estimate based on property specific information and assumptions, such as lease terms, future expected cash flows and yield. The making of estimates and determination of underlying assumptions require significant judgment by management. The basis for management's estimate is valuations performed by an independent valuation firm. The valuation firm, that were hired by management, carried out their work based on the requirements in IFRS 13 and recognized valuation techniques.</p> <p>We considered valuation of investment property to be a key area of focus due to</p>	<p>We obtained an understanding of management's process related to valuation of investment property and tested whether relevant internal control activities had been implemented.</p> <p>We obtained, read, and understood the valuation reports and met with the valuation firm independently of management. We assessed whether the valuation reports were prepared in accordance with the relevant framework and whether they were appropriate to determine the fair value of the Group's investment properties.</p> <p>We assessed the qualifications, competence and objectivity of the valuation firm. Further, we reviewed their terms of engagement in order to determine whether there were unusual terms that might have affected their objectivity or impose scope limitations upon their work. Based on this work, we were satisfied that the valuation firm remained objective and competent, and that the scope of their work was appropriate.</p> <p>In our meetings with the valuation firm, we discussed and challenged assumptions used. Assumptions regarding cash flows and yield were evaluated. Our main area of attention was the properties with the highest values. We compared the assumptions used by the valuation firm with observable market data and our</p>

(2)



## Independent Auditor's Report - KMC Properties ASA



the material amounts involved and the extent of management judgement needed.

For details of valuation methodology and the investment properties, refer to note 3 (summary of accounting policies), note 6 (critical accounting estimates and judgements) and note 11 (investment properties) to the financial statements.

knowledge about the industry. We further evaluated whether assumptions that were not readily observable in a marketplace were reasonable.

For a sample of investment properties, we evaluated whether the property-specific information provided by management to the valuation firm, such as lease terms, duration and vacant area was consistent with underlying property information. Furthermore, we agreed this underlying information to the received valuation reports. We obtained the valuation reports directly from the valuation firms and compared them to the reports we received from management. We found no indication that the information was used inconsistently.

We noted no significant deviations during the course of our audit procedures.

We assessed the adequacy of the disclosures in the notes to the financial statements regarding valuation of investment properties as reasonable and in accordance with IFRS requirements.

### *Other Information*

The Board of Directors (management) is responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

(3)



## Independent Auditor's Report - KMC Properties ASA



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### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

(4)



## Independent Auditor's Report - KMC Properties ASA



However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### *Report on Other Legal and Regulatory Requirements*

#### *Report on compliance with Regulation on European Single Electronic Format (ESEF)*

##### *Opinion*

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name kmcpasa-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

##### *Management's Responsibilities*

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

(5)



Independent Auditor's Report - KMC Properties ASA



*Auditor's Responsibilities*

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 27 April 2022  
**PricewaterhouseCoopers AS**

Øystein Sandvik  
State Authorised Public Accountant

(This document is signed electronically)

(6)



 Securely signed with Brevio

Revisjonsberetning

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Sandvik, Øystein Blåka	BANKID_MOBILE	2022-04-27 22:58

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of the document.



## Appendix

### APPENDIX 1: CLIMATE ACCOUNT

	Quantity	Unit	GHG emissions t CO <sub>2</sub> e
<b>Scope 2 Electricity and district cooling/heating</b>			
Purchased electricity location-based	77 780	kWh	0.622
District heating	84 664	kWh	0.45
District cooling	13 011	kWh	0.07
<b>Sum Scope 2 Location-based</b>			1.14
Purchased electricity market-based	77 780	kWh	
<b>Sum Scope 2 Market-based</b>			31
<b>Scope 3</b>			
<i>6: Business travel</i>			
Hotel stays	26	Days	9.95
Air travel	42 448	Km	0.34
<i>13: Downstream leased assets (portfolio electricity and gas consumption)</i>			
<b>Russia</b>			
Electricity	2 151	MWh	721
District heating	2 616	MWh	228
<b>Norway</b>			
Gas	45 327	MWh	8 735
Electricity	40 630	MWh	8 407
District heating	460	MWh	325
<b>The Netherlands</b>			
Gas	18 636	MWh	2
Electricity	79 884	MWh	21 602
<b>Denmark</b>			
Gas	49 122	MWh	14 632
Electricity	8 520	MWh	6 970
District cooling	305	MWh	10 265
<b>Sweden</b>			
Gas	9 437	MWh	9 068
Electricity	22 137	MWh	1 175
<b>Scope 3 total</b>			133
			43 669



## APPENDIX 2: GRI CONTENT INDEX

<b>Statement of use</b>	KMC Properties ASA has reported the information cited in this GRI content index for the period 01.01.2021 to 31.12.2021 with reference to the GRI Standards.		
<b>GRI 1 used</b>	GRI 1: Foundation 2021		
<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION</b>	
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	p. 8-9, 22, 31, 48, 78	
	2-2 Entities included in the organisation's sustainability reporting	p. 70	
	2-3 Reporting period, frequency and contact point	p. 16	
	2-4 Restatements of information	N/A - This is KMC Properties first sustainability report.	
	2-5 External assurance	p. 27-28, 87-93	
	2-6 Activities, value chain and other business relationships	p. 2, 5-6, 9, 31-32	
	2-7 Employees	p. 20, 38	
	2-9 Governance structure and composition	p. 12-16, 22	
	2-10 Nomination and selection of the highest governance body	p. 24, 39	
	2-11 Chair of the highest governance body	p. 14	
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 16	
	2-13 Delegation of responsibility for managing impacts	p. 16	
	2-14 Role of the highest governance body in sustainability reporting	p. 16	
	2-15 Conflicts of interest	p. 25	
	2-16 Communication of critical concerns	p. 17	
	2-19 Remuneration policies	p. 26-28, 59-60, 82-83	
	2-20 Process to determine remuneration	p. 24, 26-28	
	2-22 Statement on sustainable development strategy	p. 10-11	
	2-23 Policy commitments	p. 17, 21	
	2-26 Mechanisms for seeking advice and raising concerns	p. 17	
	2-27 Compliance with laws and regulations	There were no incidents of non-compliance in the reporting period.	
	2-28 Membership associations	Until date, KMC Properties do not participate in any associations or advocacy organisations.	
	2-29 Approach to stakeholder engagement	p. 16-17	
	<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	p. 16
		3-2 List of material topics	p. 16
		3-3 Management of material topics	p. 17-21
	<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	p. 21
		205-3 Confirmed incidents of corruption and actions taken	p. 20
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organisation	p. 18	
	302-3 Energy intensity	p. 18	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	p. 18	
	305-2 Energy indirect (Scope 2) GHG emissions	p. 18, 93	
	305-3 Other indirect (Scope 3) GHG emissions	p. 18, 93	
<b>GRI 306: Waste 2020</b>	306-3 Waste generated	p. 19	
Additional	Recycling rate - Percentage of waste that is diverted from disposal for recycling or reuse	p. 19	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-9 Work-related injuries	p. 20	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	p. 20	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	p. 20	
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	p. 20	



 KMC PROPERTIES

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## Skattedirektoratet

Saksbehandler  
Rune Tystad

Deres dato  
05.07.2016

Vår dato  
05.10.2016

Telefon  
97759464

Deres referanse  
Einar Pedersen

Vår referanse  
2016/717494

STORM REAL ESTATE ASA  
Postboks 1608 Vik  
0119 OSLO

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Storm Real Estate ASA, org.nr. 990 727 007

Vi viser til brev av 5. juli 2016 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Storm Real Estate ASA.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Storm Real Estate ASA tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysninger som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Storm Real Estate ASA er et investeringsselskap med hovedkontor i London. Selskapet eier investeringseiendom i Russland og selskapets virksomhet er således av sterk internasjonal karakter. Sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet benytter også engelsk som arbeidsspråk. Selskapets fem største aksjonærer er utenlandske og eier til sammen 44,2 % av aksjene. Selskapet er notert på Oslo Børs og har i brev av 23. september 2016 fått tillatelse til å rapportere til Oslo Børs på engelsk.

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal ”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper*

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E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



*vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at de fem største eierne er utenlandsk selskap. Videre er det lagt vekt på selskapets virksomhet er av sterk internasjonal karakter og at selskapets arbeidsspråk er engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland  
*seniorrådgiver*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Rune Tystad

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*