


# KMC Properties ASA

Company presentation

June 2022





The preferred partner  
for logistics and  
industrial properties

# Today's presenter



**Liv Malvik**

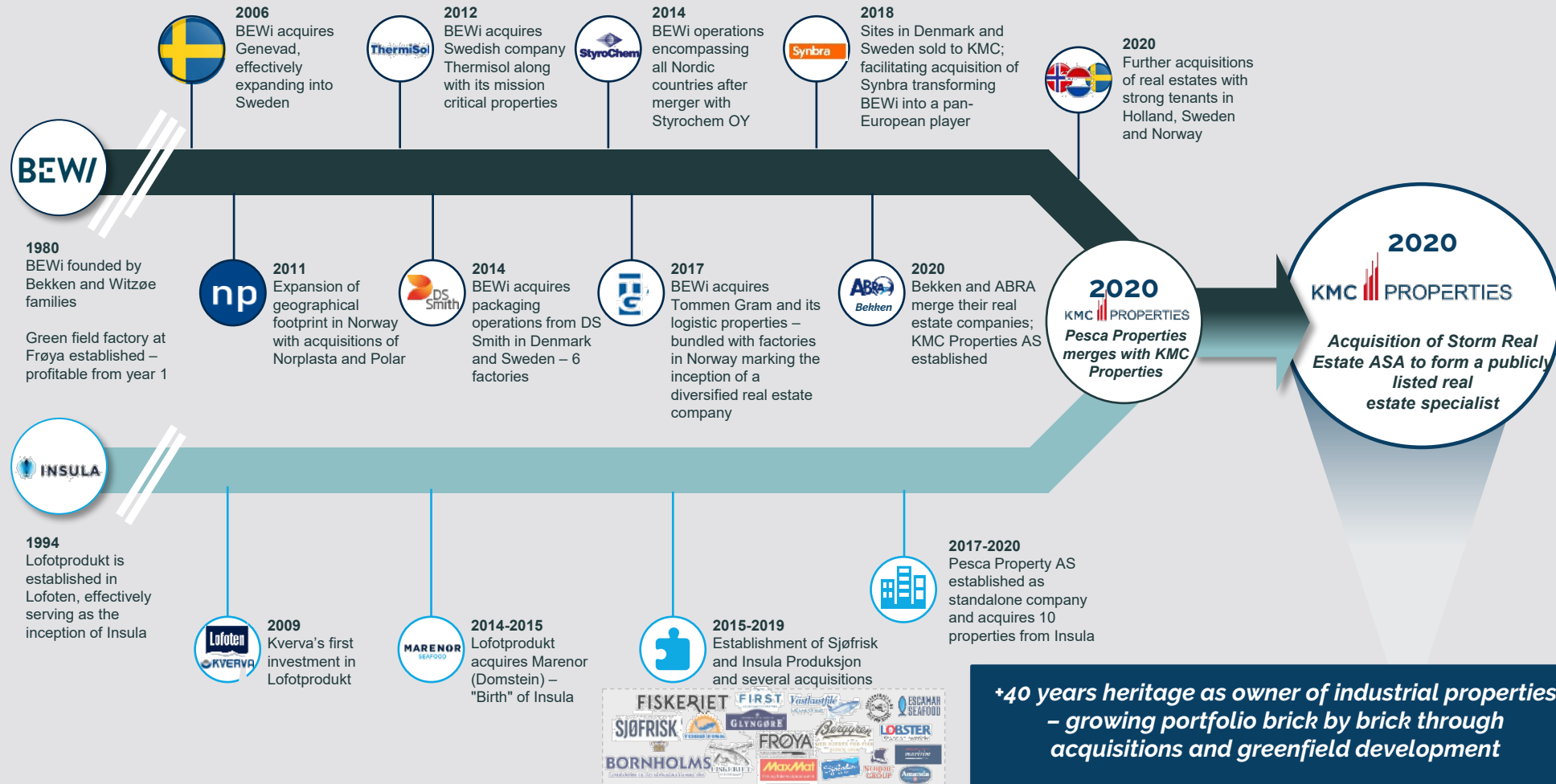
CEO

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# 40 years heritage in industrial properties has laid the foundation



# KMC Properties at a glance

## Key KPIs

As per Q1-2022



**46**

Properties



**377k**

GLA (sqm)



**NOK 255m**

NOI



**NOK 4,028m**

GAV



**10.1**

WAULT



**6.6%**

Gross yield



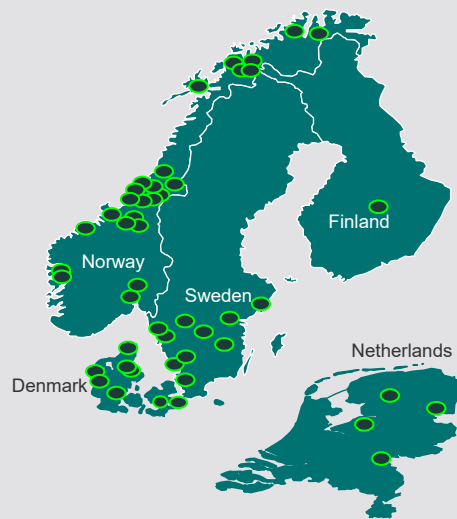
**51.3%**

LTV

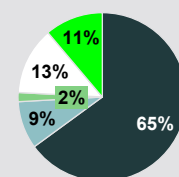
## Company description

- Portfolio of 46 properties focused on industrial and logistics with long-term leases, solid tenants and strategic locations critical for tenant operations
- Ambitious strategy to grow the portfolio, both through capex initiatives and greenfield opportunities as well as through attractive M&A opportunities
- Geographical footprint in Northern Europe with headquarter in Trondheim
- Listed on Oslo Børs main list since 2020

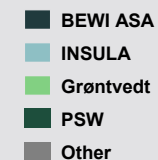
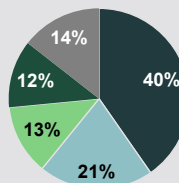
## Property portfolio footprint



### Geography<sup>1</sup>



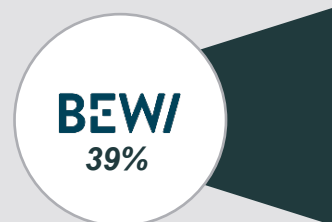
### Tenants<sup>1</sup>



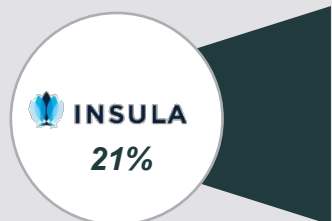
# Solid customer base of market leading companies with long track records and exposure to an attractive industry

## Company overview

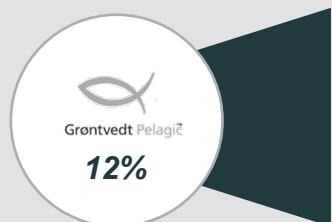
% of net operating income<sup>1</sup>



- Listed at the Oslo Børs, majority-owned by the Bekken family, the founder of the company in 1980
- Annual revenues of EUR ~750 million, with solid EBITDA margins
- Leading European provider of packaging, components, and insulation solutions
- Proven buy-and-build strategy with more than 30 M&A transactions executed and integrated since 2014
- Frontrunner in innovation and sustainability



- Nordic seafood group built through 20 acquisitions since foundation in 2015
- Vertically integrated from fish stations through processing and transportation to strong consumer brands
- Majority-owned by Kverva (95.8%), with 1,100 employees across the Nordics
- Margins negatively impacted by operational restructuring and efficiency-improving initiatives completed in 2019



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



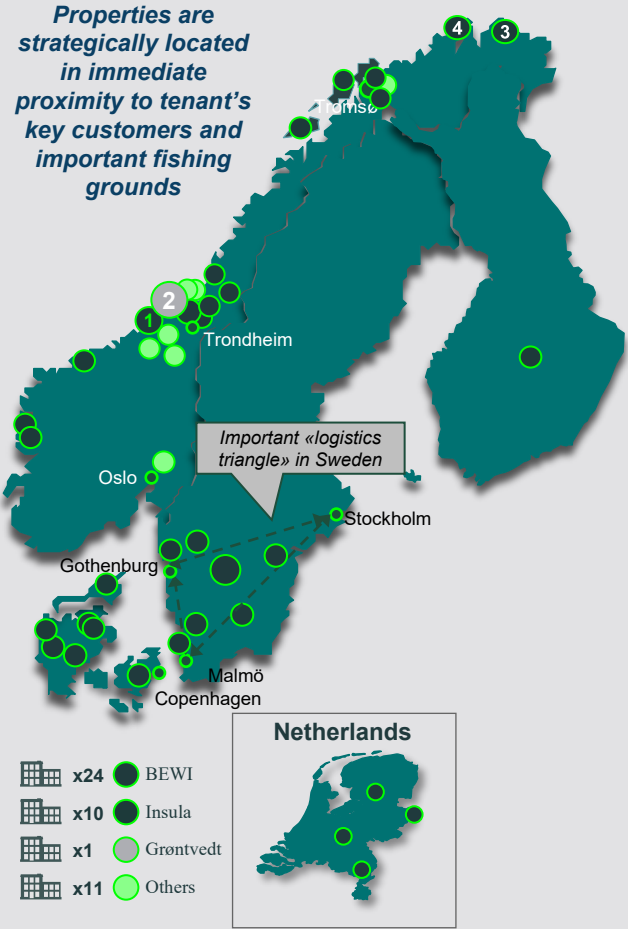
- PSW Group is a provider of products, systems and services to the oil & energy industry
- The group was established in 2007 and is currently owned by the private equity firm Herkules Capital
- The tenant, PSW Technology is one of a total of four business areas

## Key customers / brands



# Strategic locations with proximity to key clients and resources in established industry clusters

## Overview of locations



## Mission critical facilities for tenants in strategic locations

<p>1</p>	<p>Frøya</p>	<ul style="list-style-type: none"> <li>Located in close proximity to Salmar, MOWI and Lerøy slaughtering and processing facilities – key customers of BEWI's EPS fish boxes</li> <li>Only production facility for EPS fish boxes in this area</li> <li>Given light weight and low cost per box, proximity to customer is key</li> </ul>
<p>2</p>	<p>Ørland</p>	<ul style="list-style-type: none"> <li>One of the world's leading pelagic companies specializing in herring products customized to customer preferences</li> <li>Strategically located close to rich fishing grounds of the Northeast Atlantic with a long heritage dating back to 1830</li> <li>The business is certified by MSC and Grøntvedt aims to utilize 100% of its raw materials</li> </ul>
<p>3</p>	<p>Båtsfjord</p>	<ul style="list-style-type: none"> <li>Strategically located in the area in Norway with the most stable, year-round supply of fresh fish from the coastal fleet in the Barents Sea</li> <li>Well-positioned to capitalize on migration of commercial fish stocks</li> </ul>
<p>4</p>	<p>Havøysund</p>	<ul style="list-style-type: none"> <li>Optimal location for access to large quantities of cod during the winter season with fishing season lasting from January to May</li> <li>Attractive fishing harbors with well established service offering and a long tradition of industrial whitefish production</li> </ul>



# Executing on growth strategy

## Company strategy and growth targets



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

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

## Growth initiatives in 2022

Type	Tenant	Completion (estimated)	Value (NOKm) <sup>1)</sup>	Investments in 2022	Yield	WAULT	Country
CAPEX	BEWI/ Insula	2022	60	60	7.5%	11	
Greenfield	Oppdal Spekemat	Q3 2022	85	57	7.5%	15	
Greenfield	BEWI (Jøsnøya)	Q4 2023	180	70	7.5%	15	
Greenfield	Slakteriet Holding	H1 2024	682	10	6.8%	20	
Acquisition	Kuraas	Completed	100	100	7.7%	6.5	
Acquisition	Klädesholmen Seafood	Completed	90	90	7.5%	15	
Acquisition pipeline	N/A	2022	395	395	7.2	14	
			<b>1 592</b>	<b>782</b>	<b>7.1%</b>	<b>16.2</b>	

# Capex: Actively using new investments to increase yield and WAULT

## Current capex program

- Committed pipeline of six capex initiatives for H2-2022 with a total investment size of NOK 34m
- Expansion and furnishing of offices and production areas, upgrades of HVAC systems, fire protection measures and exterior upgrades such as replacement of roofing and facades
- Capex initiatives encompasses all key industrial segments as well as all key tenants



## Attractive benefits from continuous capex programs

### Increase property yield

#### Case example

- Hofstadveien 15 AS, Tenant Delprodukt AS enters an addendum of NOK 11.5m 8.5% yield rent on cost, for extensions, upgrades and adaptations of the property



### Increase contract lease term (increase WAULT)

#### Case example

- Tenant Delprodukt AS also enters an extension of the main contract from 9 to 15 years in order to be able to depreciate the investment over a longer period of time



# Greenfield: Attractive projects for new and existing clients

## Salmon processing facility

### Opportunity in brief

- New slaughter and filet facility for Slakteriet AS in Florø
- Facility located on attractive property close to existing infrastructure
- State-of-the-art processing machinery and equipment within robotisation and automation solutions

### Project status

- Total construction cost at NOK 682m
- Slakteriet AS to invest NOK +550m in machinery and equipment for the facility
- Construction commenced. KMC Properties to formally acquire the property in Q4-22
- Estimated completion in 2023/2024

### Contract details

- Triple-net barehouse lease agreement
- 20 years lease period + 4x5 years option

## Packaging hub

### Opportunity in brief

- New state-of-the-art packaging facility for BEWI on Hitra. Fishboxes in EPS being the primary product
- Modern facility with a particular focus on utilizing recycled packaging material for continuous reuse
- Facility located on an attractive property close to a number of large fish farming sites
- Project also includes a fully automatic fish box storage facility, integrated in MOWI's new fish slaughter right next to BEWI's E-HUB

### Project status

- Total construction cost at NOK 177m
- Tenant to invest NOK +100m in machinery and equipment for the facility (combined investment for First phase and External Storage)
- Construction to commence in early H2-2022
- Final lease agreement signed and property acquired
- Estimated completion in early H2-2023

### Contract details

- Triple-net barehouse lease agreement
- 15 years lease period + 2x5 years option

# Greenfield: A key component in KMC Properties' growth strategy

In focus: Building a salmon processing facility for Slakteriet AS

## Executing on growth strategy

### High quality asset

- ✓ State-of-the-art property strategically located in Florø

### End-market diversification

- ✓ Complimentary expansion within the aquaculture industry

### Tenant diversification

- ✓ Adding a new and solid tenant with a long successful track record

### Well-known industry

- ✓ Improving presence across the aquaculture value chain

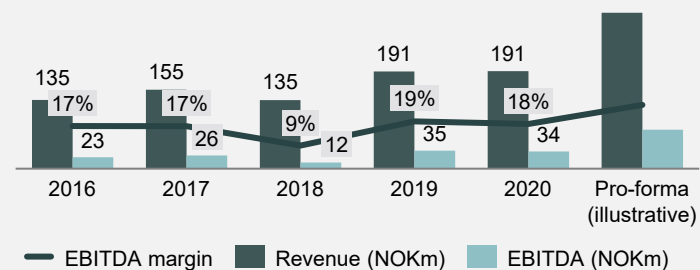
### Continuous buy-and-build

- ✓ Another milestone transaction with significant value contribution

## Solid and attractive tenant

- Slakteriet AS is a modern salmon processing company which has built strong relationship with Norwegian salmon farmers and exporters over its 20 years of operations, and has two processing facilities in Florø and Brekke with combined processing volume of c. 40k tonnes/year
- The new facility will have initial capacity of 40k tonnes/year but will be adapted for easy future additional expansion of up to 30k tonnes/year
- The new facility will have state-of-the technology and offer significant economies of scale
- The new facility will be able to process fish filets for the majority of volumes which is a higher margin operation compared to existing slaughtering and gutting lines, and will therefore boost margins further

Financial figures (Slakteriet Holding AS)



## Attractive key metrics



Rental income: **NOK c. 46m**



BTA: **15.3k**



Occupancy rate: **100%**



- 20 years WAULT
- Triple-net barehouse lease agreement
- Extension option 4x5 years
- 100% CPI adjustment

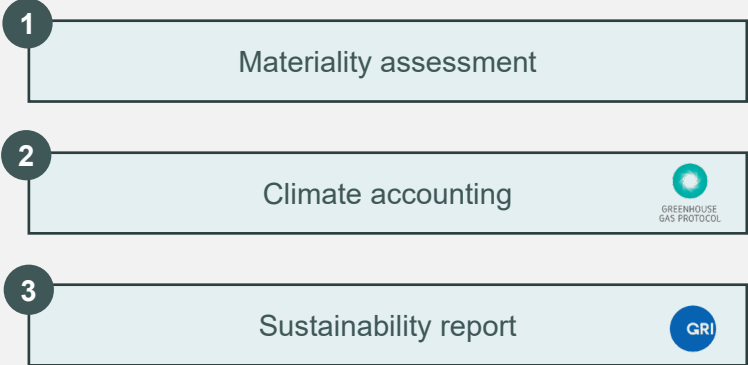
# KMC recognize the importance of embedding ESG in several aspects of our operations

## Environmental

### Measures for 2022:

- Develop an environmental policy
- Develop a carbon emission reduction strategy
- Develop an environmental risk assessment plan for existing properties
- Further develop acquisition procedures to include environmental issues

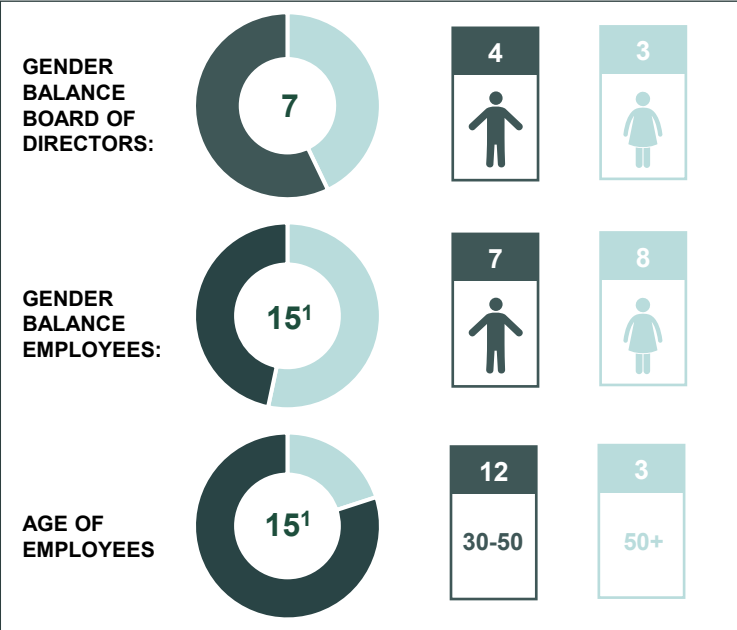
KMC Properties has initiated three projects that will enhance the company's governance of ESG issues:



## Social

### Measures for 2022:

- Develop a human rights policy including statements on indigenous peoples' rights, gender equality and working conditions
- Develop social screening criteria for tenants
- Establish contact with identified indigenous groups
- Set gender diversity targets



## Governance

### Measures for 2022:

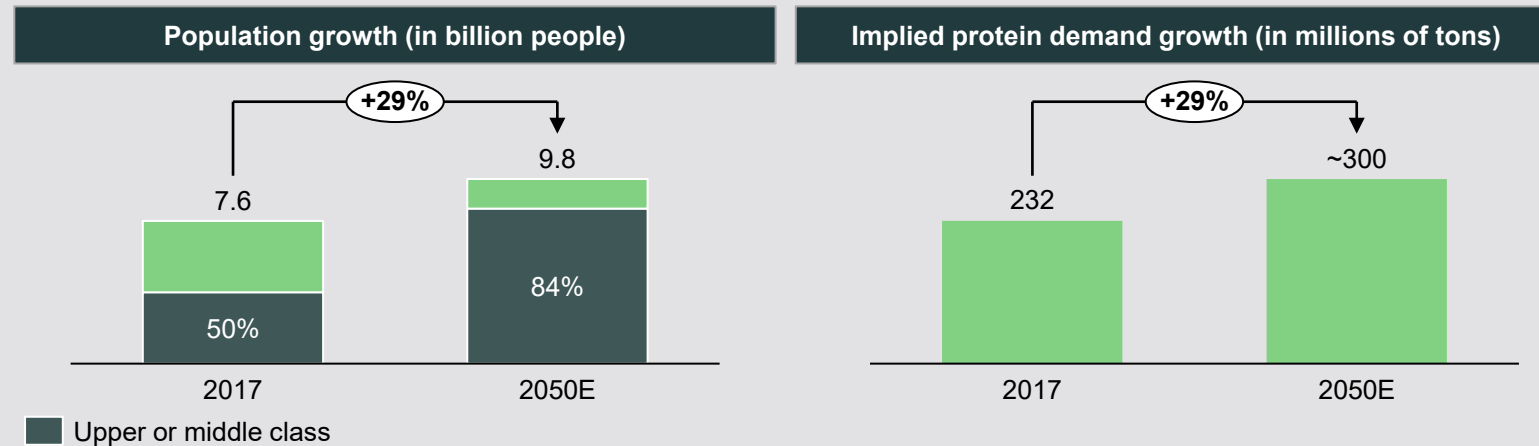
- Develop an ESG strategy
- Develop a code of conduct
- Digitalize ESG data collection
- Establish a whistle-blower channel
- Enhance stakeholder engagement on ESG issues
- Assess climate-related risks according to the TCFD framework
- Prepare for the Norwegian Transparency Act
- Prepare for reporting alignment with the EU taxonomy in 2022



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

# KMC sees the aquaculture industry as an important sector going forward, fuelled by current global mega trends

Expected growing population and middle class leading to increased protein demand



Consumer preferences

- ↑ **3 out of 4** consumers want to increase their fish consumption<sup>1</sup>
- 2 times / week** recommended fish consumption by international Health Authorities
- ↓ **36%** of consumers want to reduce their meat consumption

## Seafood is the most sustainable farmed animal protein alternative

Protein retention	<b>28%</b>	37%	21%	13%
Edible meat per 100 kg feed	<b>56 kg</b>	39 kg	19 kg	7 kg
Carbon footprint (kg CO <sub>2</sub> / kg edible meat)	<b>7.9 kg</b>	6.2 kg	12.2 kg	39.0 kg
Feed conversion ratio ("FCR")	<b>1.3</b>	1.9	3.9	8.0

Healthy source of protein

- i** Rich in healthy omega-3 acids
- ii** Rich in nutrients such as vitamin D and selenium
- iii** High protein content
- iv** Low in saturated fat content

**43% of KMCP's gross rental income comes from seafood and seafood related tenants**

# KMC's value proposition as industrial partner to the Seafood industry



I

**Enables tenants to focus on core business and growth**

II

**Increased financial flexibility for tenants**

III

**KMC as a long-term partner acquires properties, facilitates development of existing premises as well as develops greenfield projects in partnership with tenants**

IV

**KMC has a long track record as a partner to the Seafood industry**

Thank you

