

# Q3 2022

Oslo, 19 October 2022



# Agenda

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## **Highlights in the quarter**

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Operations and market

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Financial update

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Closing remarks

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Q&A

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# Highlights in the quarter



St. Olavs plass 5

## Key figures:

(NOK million)	Q3-22	Q3-21
Rental income	788	639
Net income from property management	406	402
Net value changes	-3,823	794
Profit/loss before tax	-3,430	1,192

## Key events in the quarter:

- Net letting of 6 million
- Finalised one redevelopment and started one refurbishment project
- Secured additional 5 billion of bank funding
- Dividend of NOK 2.60 per share for 1H 2022, to be paid on 2 November (ex dividend on 25 October)

# Agenda

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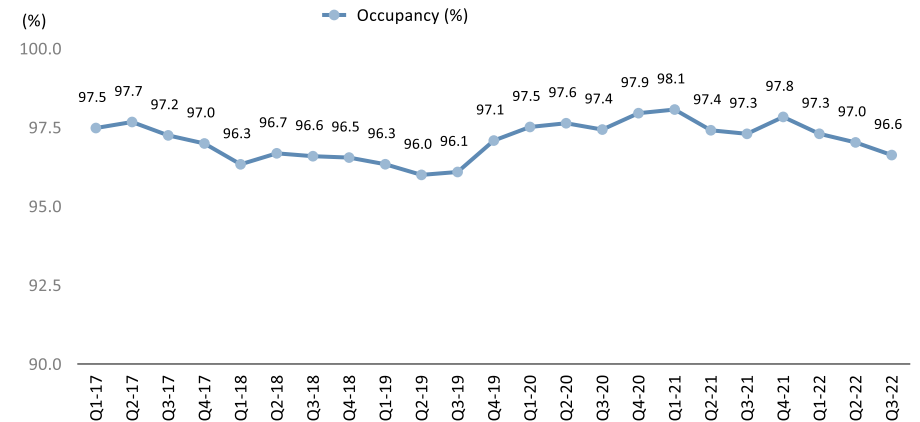
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Q&A

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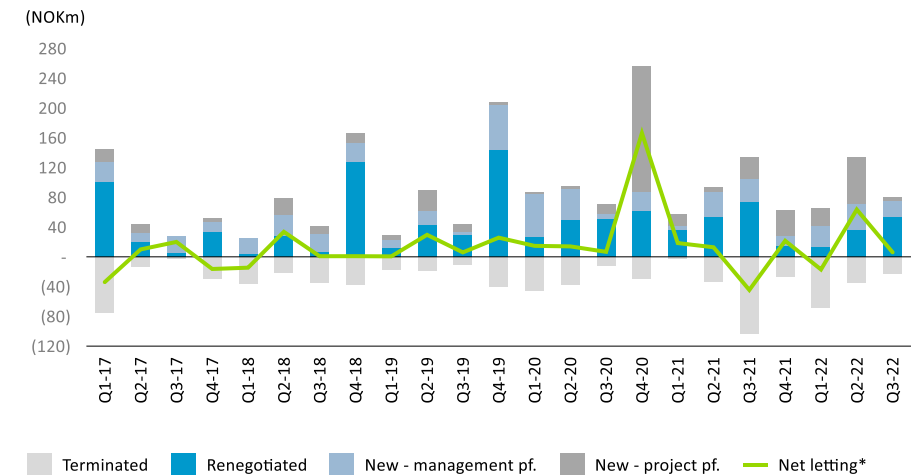
# Letting and occupancy

- New and renewed leases of 80 million (27,200 sqm)
- Terminated contracts of 23 million
- Net letting of 6 million
- Occupancy at 96.6 %
- WAULT at 6.1 years (6.3 years incl. project portfolio)



## Largest new and renegotiated contracts

Property	Tenant	Sqm	Contract
Langkaia 1, Oslo	Public tenant	9,300	New / Renegotiated
Fredrik Selmers vei 6, Oslo	The Norwegian Tax Administration	2,000	Renegotiated
Lakkegata 53, Oslo	Tidal Music	1,700	Renegotiated
Biskop Gunnerus gate 14A, Oslo	Norsk Butikkdrift	1,500	Renegotiated
Biskop Gunnerus gate 14A, Oslo	Norwegian Post	1,000	New



\* Net letting = new contracts + uplift on renegotiations – terminated contracts

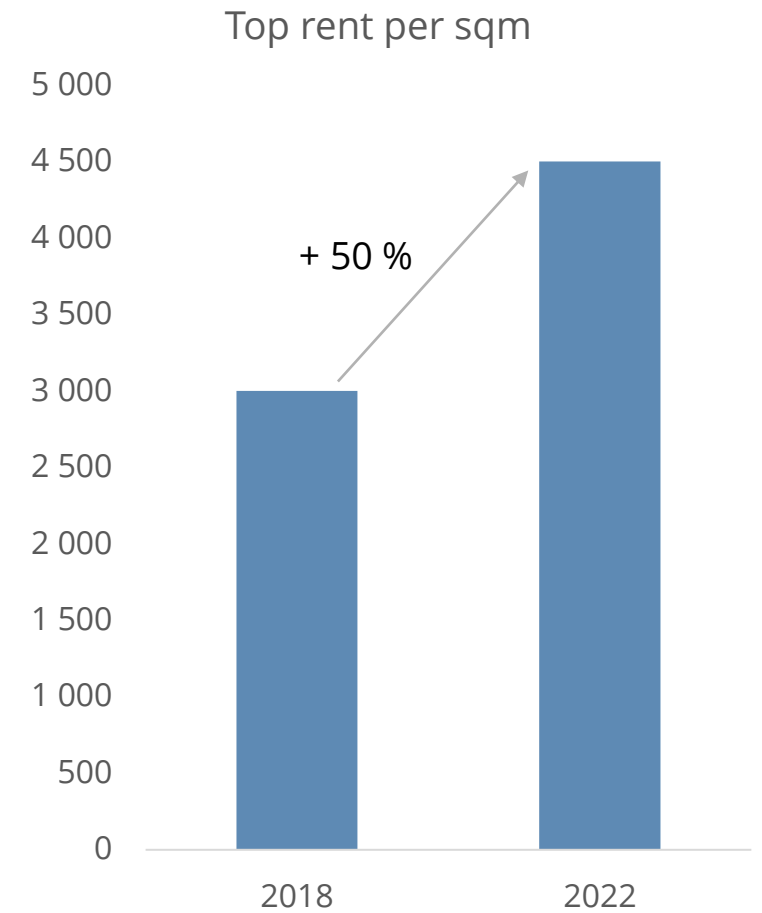
# Finalised redevelopment project St. Olavs plass 5 in Oslo

- Last large redevelopment project in the Tullin quarter
- 16,500 sqm
- 95 % let (21 % pre-let at project start)
- Total project cost 1.14 billion
- BREEAM-NOR Very Good
- Yield on cost: 4.9 %
  
- Winner of “Transformation project of the year” by OMA Awards



# The Tullin quarter redevelopment in Oslo

– Winner of “City life project of the year” by OMA Awards



# Start of refurbishment project at Brattørkaia 13B in Trondheim

- 6,000 sqm office building
- Last part of urban development project at Brattørkaia in Trondheim
- 72 % pre-let
- Total project cost 227 million
- BREEAM-In-Use Excellent
- Yield on cost: 5.0 %





# Status ongoing projects

	Location	BREEAM-NOR/ BREEAM In-Use	Completion	Project area (sqm)	Occupancy (%)	Total project cost <sup>1)</sup> (NOKm)	Of which accrued <sup>1)</sup> (NOKm)	Yield on cost <sup>2)</sup> (%)	
<b>Redevelopment</b>									
Tordenskiolds gate 12	Oslo	Very good	Q4-22	13,000	92	1,182	1,046	4.7	↑
Stenersgata 1	Oslo	Very good	Q2-23	15,800	79	1,316	961	4.4	↑
Schweigaards gate 15	Oslo	Very good	Q2-23 / Q1-24	22,900	73	1,422	1,019	4.7	
Møllendalsveien 6-8	Bergen	Excellent	Q4-21 / Q4-22	14,200	95	673	642	5.2	↑
Kongens gate 87	Trondheim	Excellent	Q2-23	7,100	39	235	177	5.6	↑
<b>Newbuild</b>									
Nygårdsgaten 91-93	Bergen	Excellent	Q4-22	11,900	77	628	546	5.8	↑
Holtermanns veg 1-13 phase 2	Trondheim	Excellent	Q2-23	20,900	29	703	540	5.7	
<b>Refurbishment</b>									
Vahls gate 1-3	Oslo	Excellent	Q2-23	14,900	100	775	599	4.1	↑
Brattørkaia 13B	Trondheim	Excellent	Q1-23 / Q2-23	6,000	72	227	115	5.0	
<b>Total</b>				<b>126,700</b>	<b>76<sup>3)</sup></b>	<b>7,161</b>	<b>5,646</b>		

<sup>1)</sup> Total project cost (including book value at date of investment decision/cost of land), excluding capitalized interest cost

<sup>2)</sup> Estimated net rent (fully let) at completion/total project cost (including cost of land)

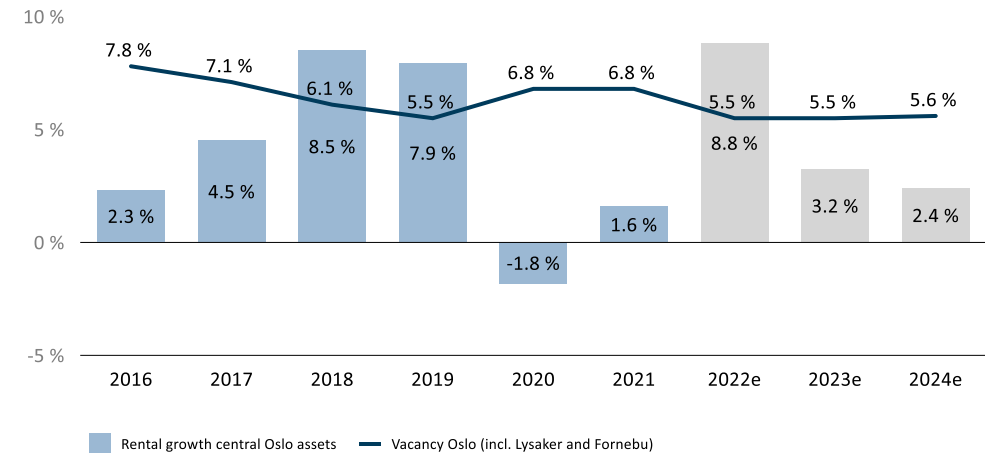
<sup>3)</sup> Weighted average occupancy of the project portfolio

# Market development

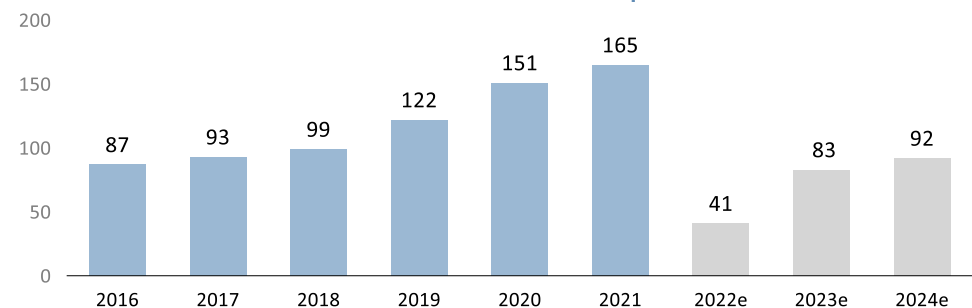
## Rent and vacancy

- High inflation, increasing interest rates and weaker international growth gives a more subdued outlook
- Solid Norwegian economy with strong government finances, benefitting from higher energy prices
- September CPI at 6.9 %, near all Entra's contracts 100 % CPI linked
- Strong employment growth in 2022, unemployment currently at 3.2 %
- Low vacancy and very limited supply of new office space in the coming years
- Expectations for continued market rental growth, particularly in Central Oslo

Market rental growth and vacancy in Oslo



Newbuild volumes Oslo (1,000 sqm)

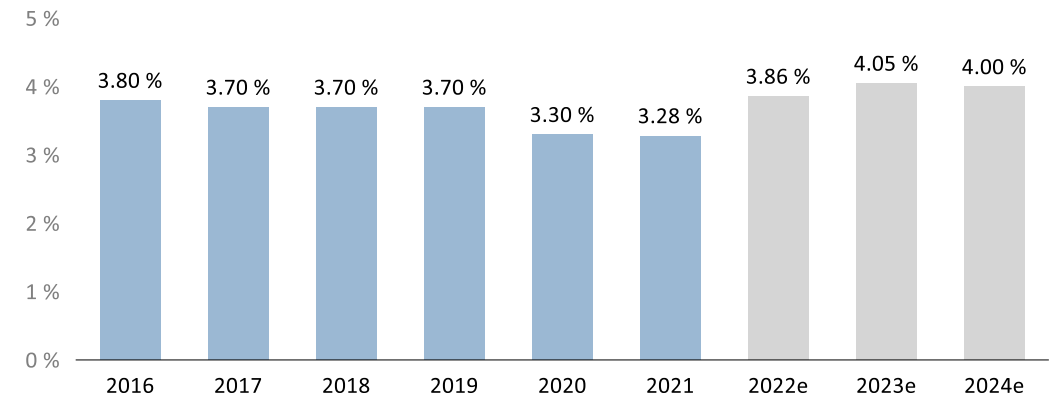


# Market development

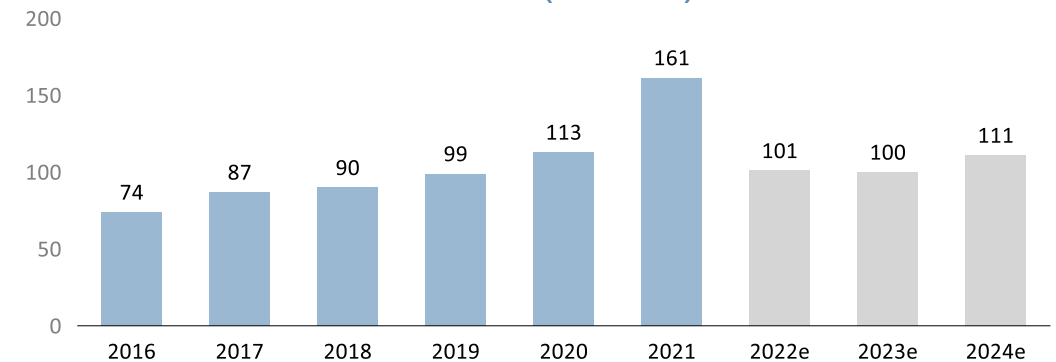
## Transactions and yields

- Lower activity in the transaction market in the autumn
- Increasing cost of financing expected to cause yield expansion, although not yet evidenced in the transaction market
- Low supply of new office space and potential for increasing market rents have balancing effects

### Prime yield Oslo



### Total transaction volume (NOKbn)



# Acknowledged for ESG work and reporting

GRESB 5 Star rating and EPRA Sustainability BPRs Gold Level



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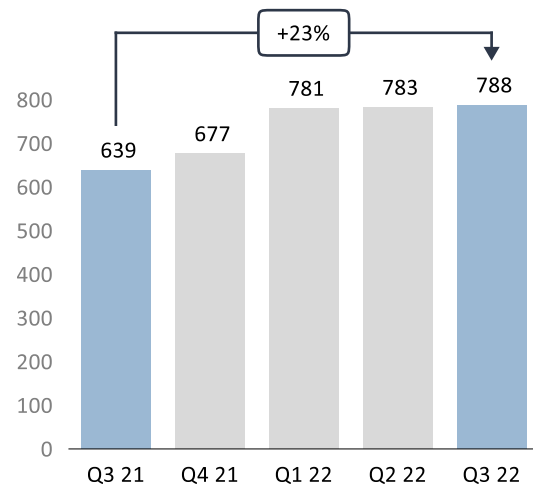
Q&A

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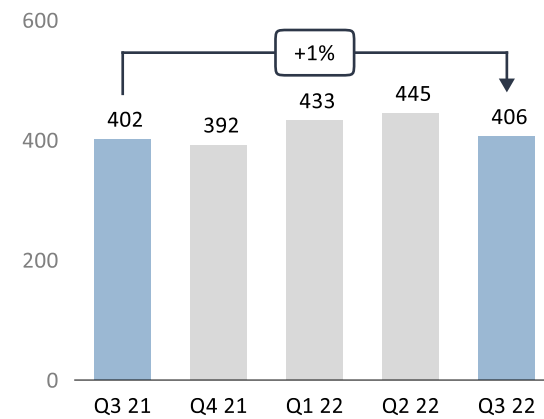
# Key financials

NOK million

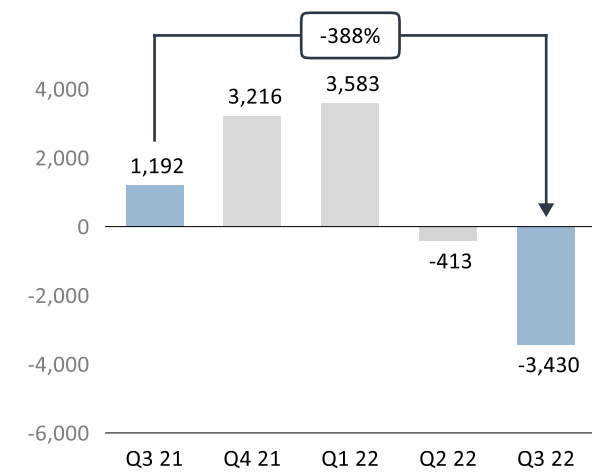
## Rental income



## Net income from property management



## Profit before tax

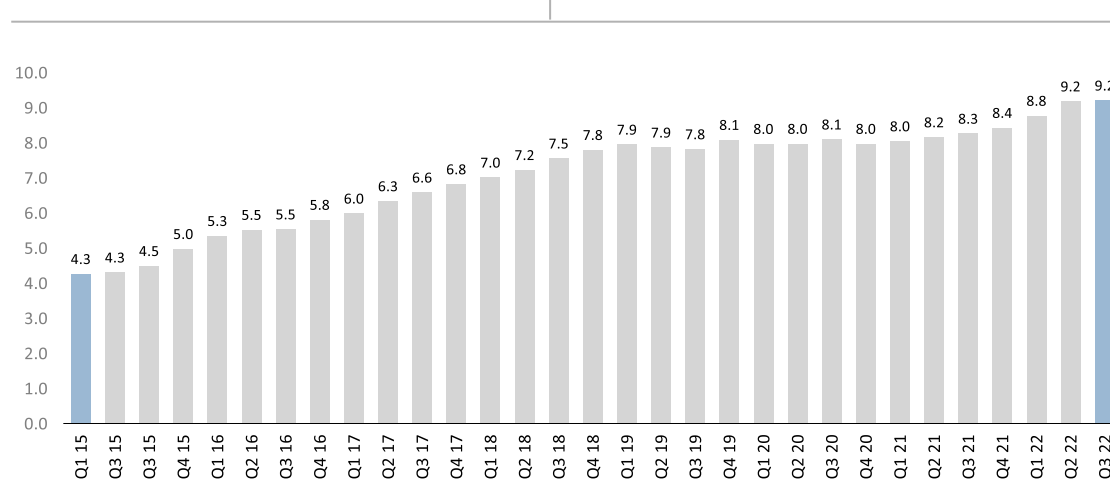


# Key financials per share

NOK per share

## Cash Earnings<sup>1)</sup>

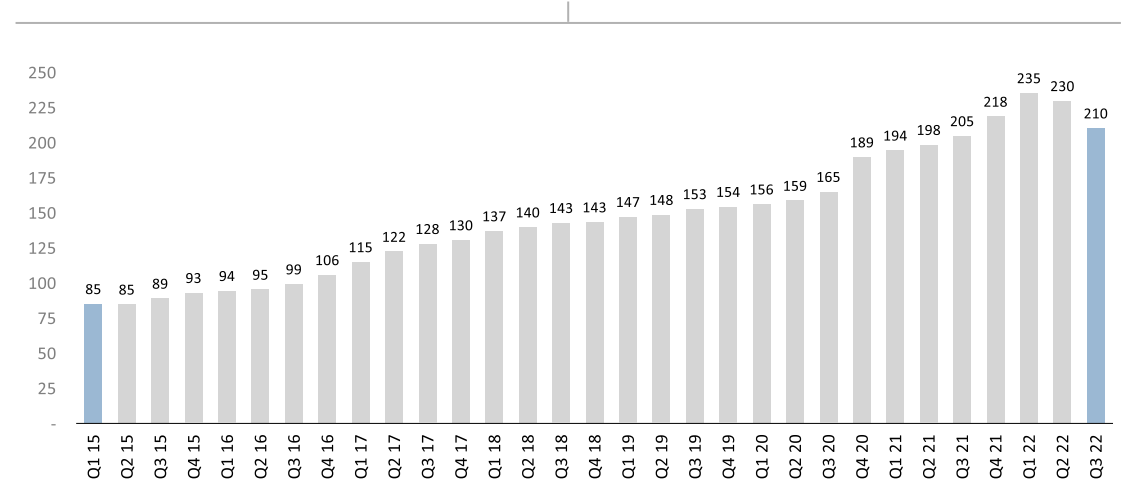
CAGR: 11 %



1) Annualised, rolling four quarters

## EPRA NRV

CAGR: 13 %



# Profit and loss statement

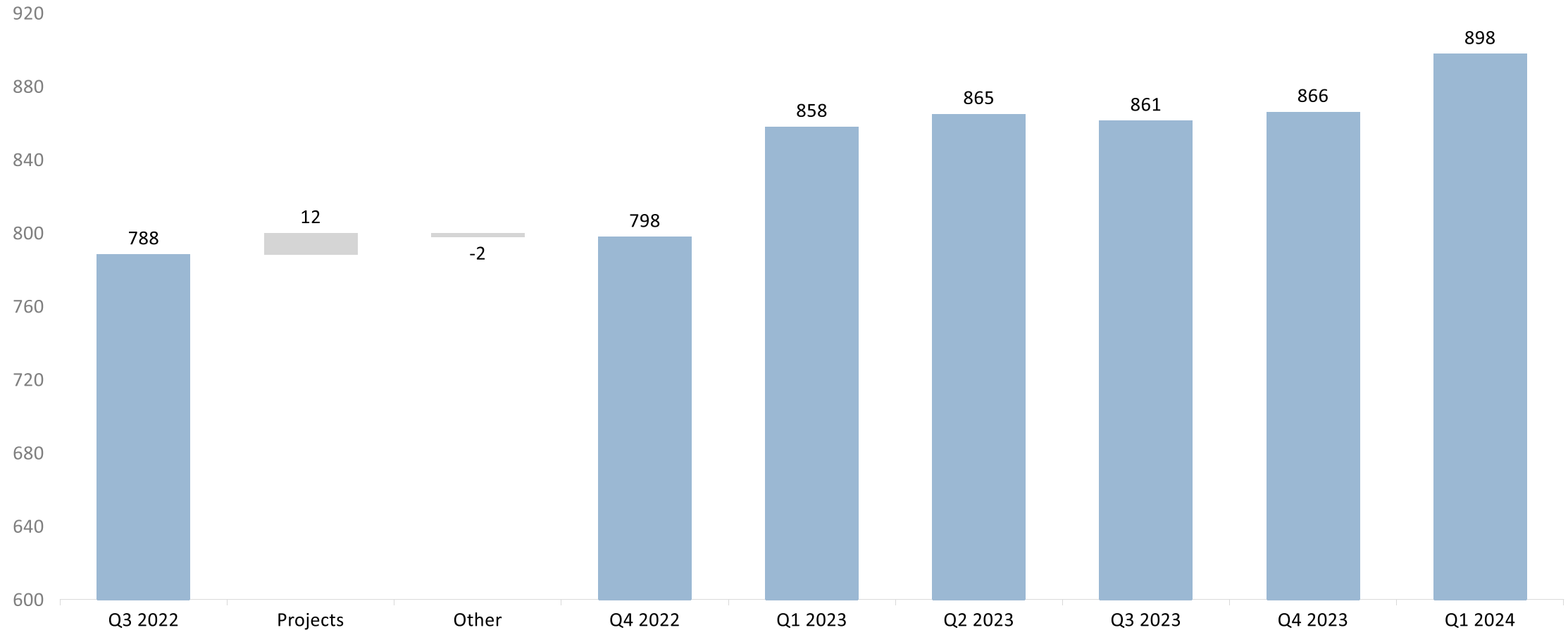
NOK million

	Q3-22	Q3-21	YTD Q3-22	YTD Q3-21	2021
Rental income	788	639	2,352	1,832	2,508
Operating costs	-66	-58	-189	-172	-234
Net operating income	723	581	2,163	1,660	2,274
Other revenues	21	15	68	52	73
Other costs	-15	-7	-55	-33	-43
Administrative costs	-45	-43	-154	-139	-210
Share of profit from associates and JVs	-17	-7	-20	34	19
Net realised financials	-275	-141	-727	-396	-551
Net income	393	398	1,274	1,178	1,561
- of which net income from property management	406	402	1,283	1,142	1,537
Changes in value of investment properties	-3,953	780	-2,156	2,286	5,057
Changes in value of financial instruments	130	14	622	145	206
Profit/loss before tax	-3,430	1,192	-260	3,609	6,825
Tax payable	-3	-4	-28	-11	-19
Change in deferred tax	577	-259	-81	-768	-1,433
Profit/loss for period/year	-2,857	930	-369	2,830	5,373



# Rental income development based on reported events\*

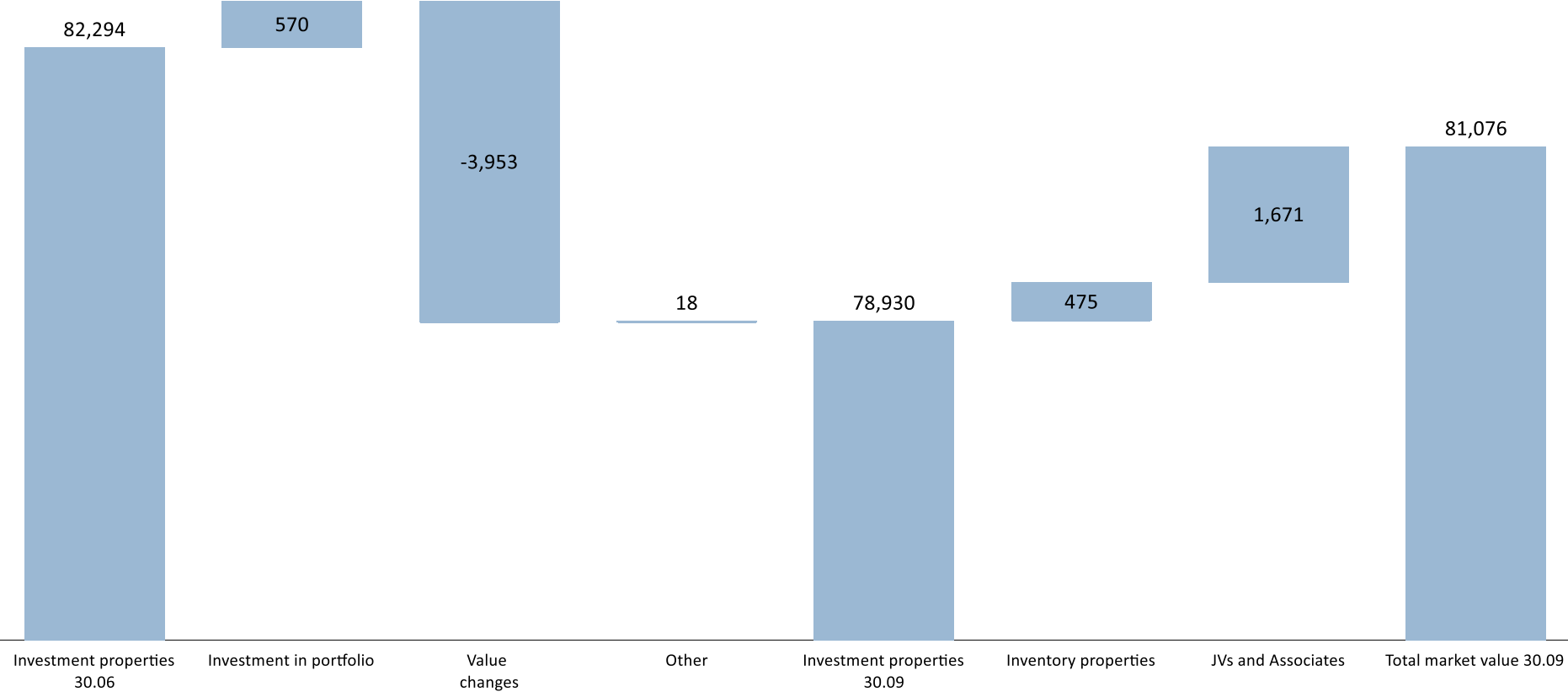
NOK million



\* Does not constitute a forecast; aims to demonstrate the rental income development based on all reported events; does not reflect letting targets on either vacant areas or on contracts that will expire, and where the outcome of the renegotiation process is not known

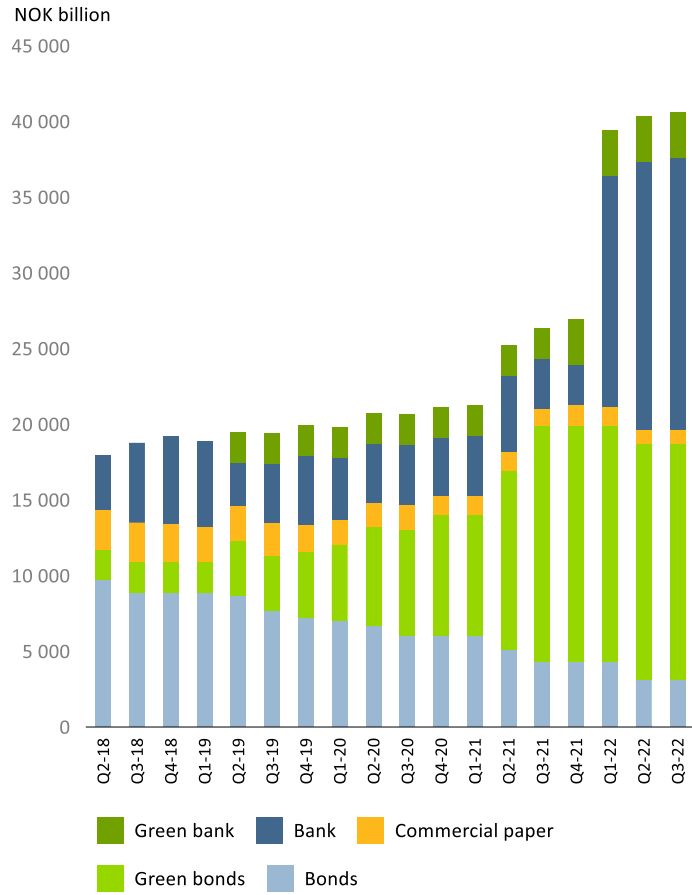
# Property value development

NOK million

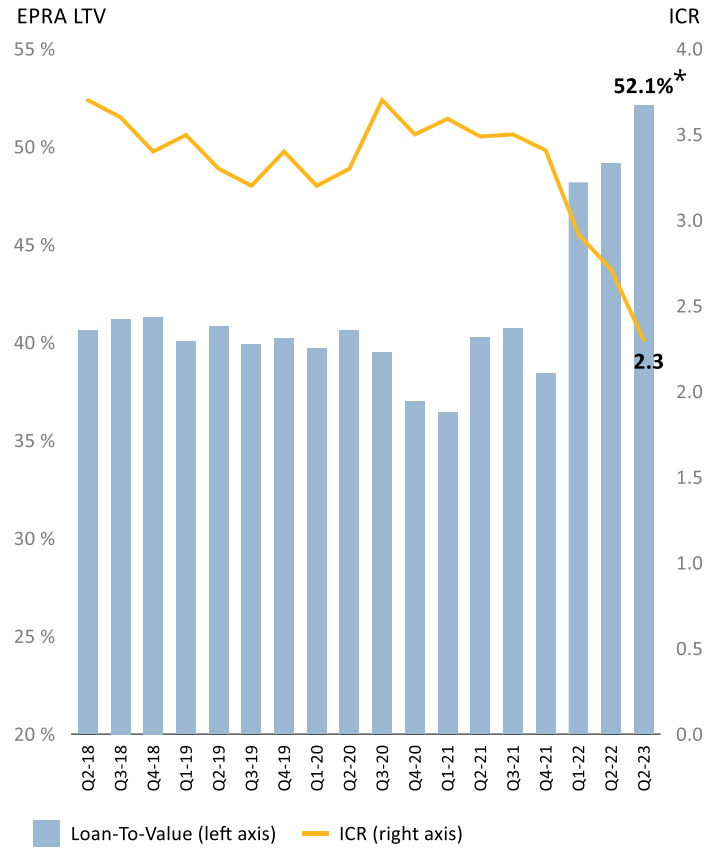


# Financial update

## Financing mix



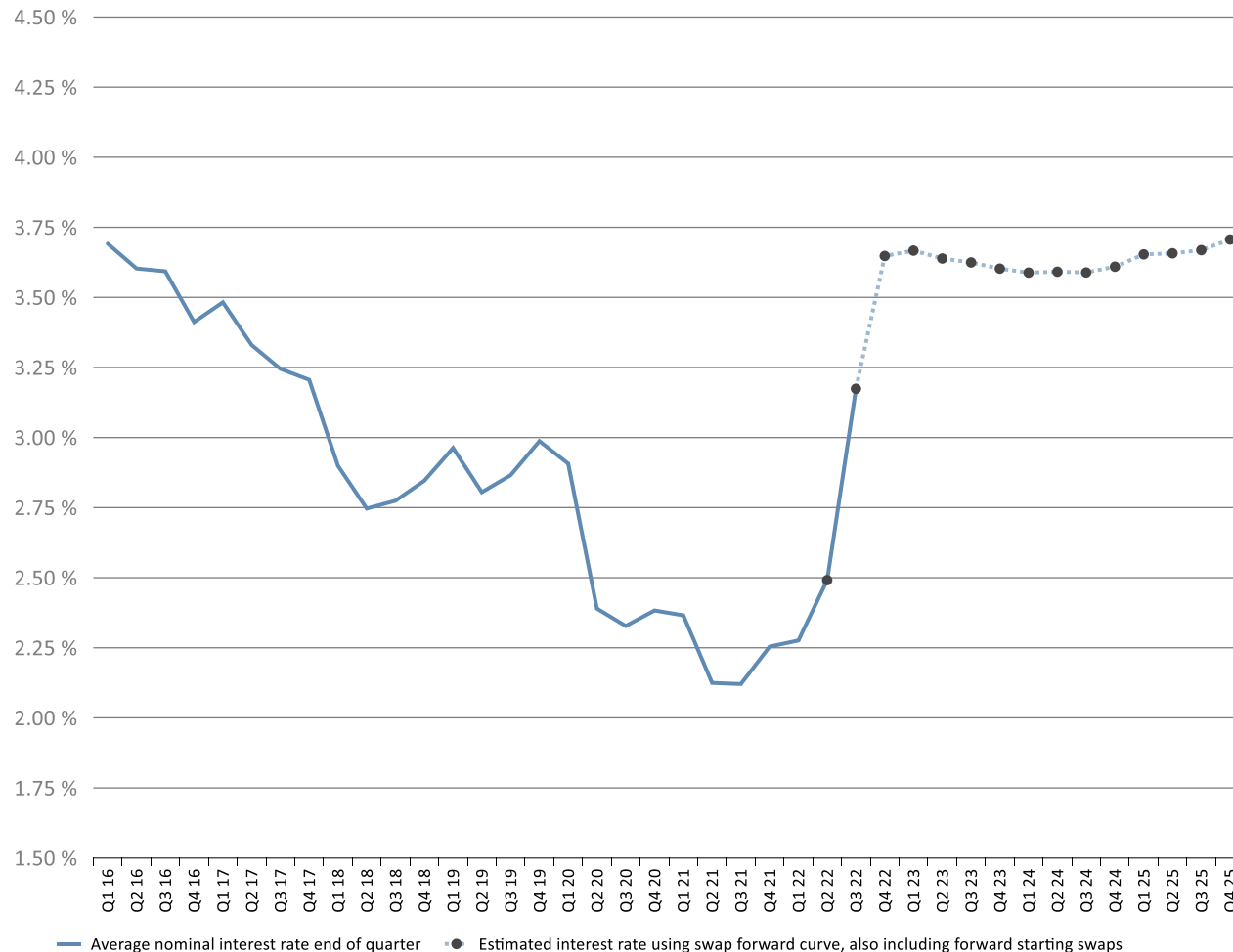
## EPRA LTV and ICR



\* LTV according to Moody's definition: 49.4 %

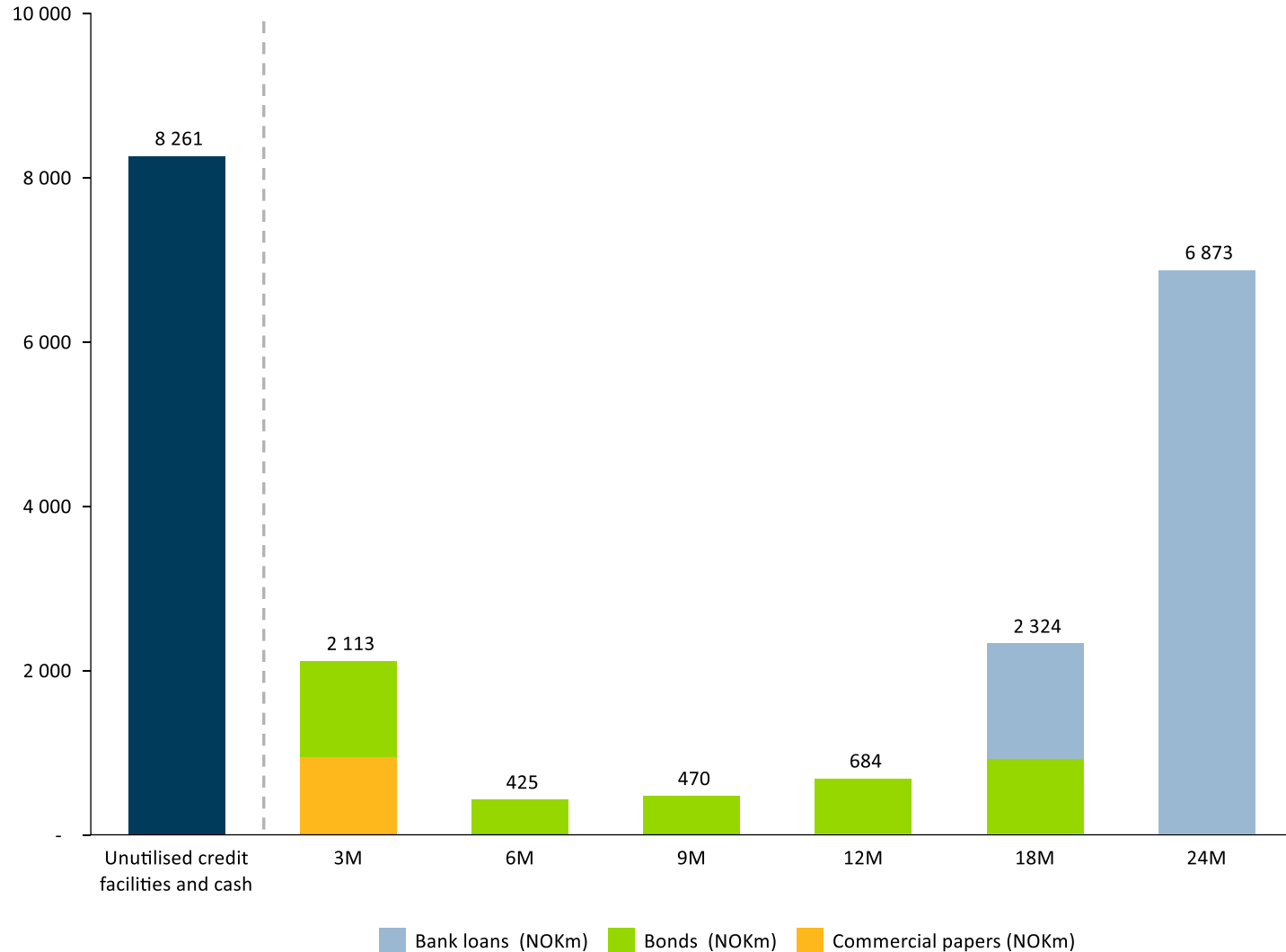
- Secured 5 billion with four-year tenor in new bank facilities
- Issued 650 million in commercial papers
- Total unutilised credit facilities of 8 billion as of 30.09
- Total nominal interest bearing debt of 40.6 billion

# Nominal interest rate development as of 30 September 2022



- 49 % of debt portfolio hedged at fixed rate
- 4.9 years time to maturity of hedge portfolio (2.7 years for entire debt portfolio)
- 2.4 years time to maturity of fixed credit margins
- Limited effects of possible margin increases

# Maturity of interest bearing debt next 24 months



- Average time to maturity of debt of 4.4 years
- 6 billion of debt maturing next 18 months
  - 1.4 billion in bank debt
  - 4.6 billion in capital market instruments (bonds and CP)
- 8 billion of unutilised credit facilities and 261 million in cash
- Solid and transparent balance sheet with no exotic debt instruments

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# Closing remarks and outlook

- High inflation, increasing interest rates and weaker international growth gives a more subdued outlook
- Solid Norwegian economy, benefitting from higher energy prices, with strong government finances
- Low activity in the transaction market this autumn, upward pressure on yields
- Strong letting market, low vacancies and very limited newbuild activity for office
- Solid balance sheet with 8.3 billion in available liquidity



*Schweigaards gate 15, 15B, 6-14, and Biskop Gunnerus' gate 14A*



Next event  
4<sup>th</sup> quarter results  
10 February 2023

For more information see [www.entra.no/investor-relations](http://www.entra.no/investor-relations)