

Q2 2023

Oslo, 14 July 2023



Vahls gate 1-3, Oslo

Agenda

Highlights in the quarter

Operations and market

Financial update

Closing remarks

Q&A

Highlights in the quarter



Kongens gate 87, Trondheim

Key figures:

(NOK million)	Q2-23	Q2-22
Rental income	854	783
Net income from property management	350	445
Net value changes	-2,063	-857
Profit/loss before tax	-1,739	-413

Key events in the quarter:

- 9 % rental income growth
- Higher interest costs and negative portfolio value changes affecting results
- Net letting of -1 million
- Finalised four development projects, started up two
- Divestment of two properties with gross asset value of 1.5 billion
- Extended three bank facilities totalling 6.5 billion in June/July

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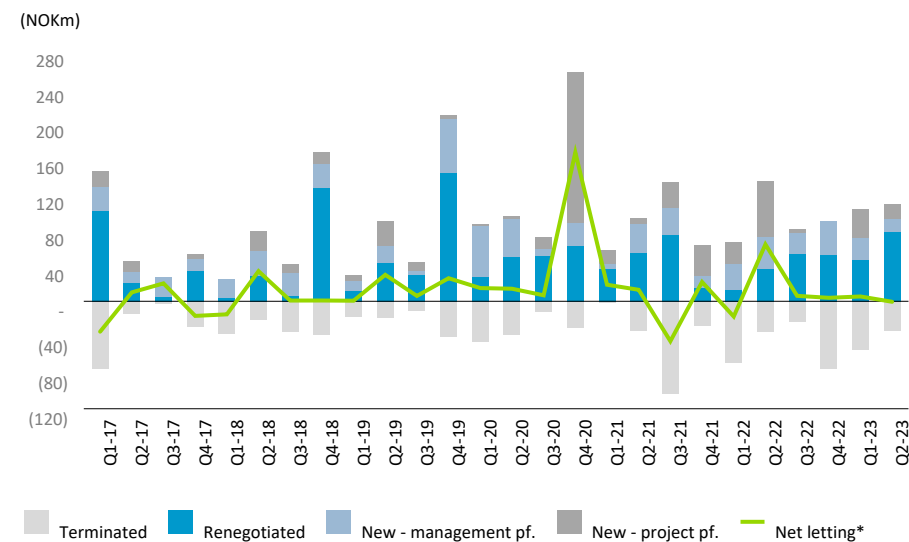
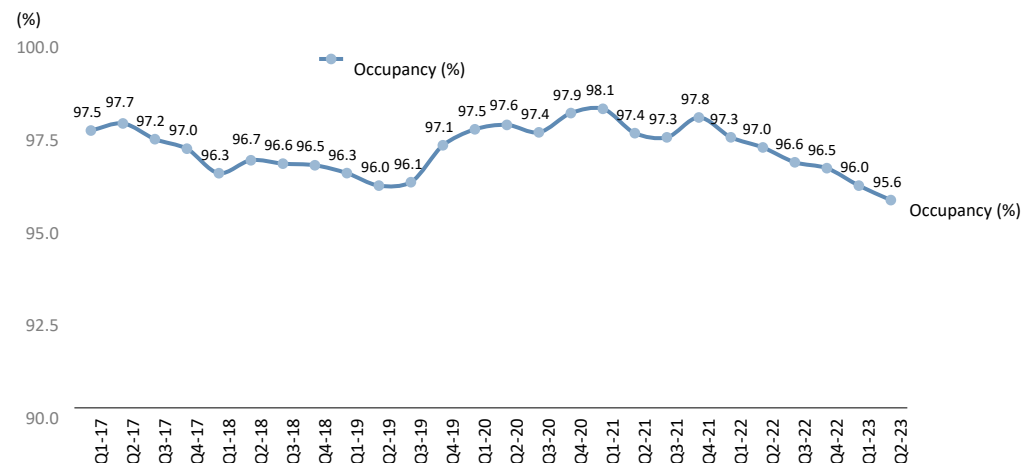
Q&A

Letting and occupancy

- New and renewed leases of 109 million (44,800 sqm)
- Terminated contracts of 34 million
- Net letting of -1 million
- Occupancy at 95.6 %
- WAULT at 6.2 years (6.4 years incl. project portfolio)
- 57 % of rental income from public sector tenants

Largest new and renegotiated contracts

Property	Tenant	Sqm	Contract
Brynsengfaret 6, Oslo	Mestergruppen	5,000	New
Hagegata 23, Oslo	The Norwegian Labour and Welfare Organization (NAV)	5,700	Renegotiated
Schweigaards gate 6-14, Oslo	Gouda (Gjensidige Insurance Group)	3,900	Renegotiated
Pilestredet 33, Oslo	Advania Norge	2,600	Renegotiated
Fredrik Selmers vei 6, Oslo	Essity Norge	1,200	Renegotiated
Storgata 51, Oslo	Plan International	900	New



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

Finalised four development projects in the quarter

Refurbishment of Vahls gate 1-3 in Oslo

- Refurbishment of office building in central Oslo
 - 14,900 sqm
 - 100 % let at completion to public tenant
 - BREEAM-In-Use Excellent
- Total project cost: 723 million
- Yield on cost: 4.6 % (initially 4.0 %)



Refurbishment of Brattørkaia 13B in Trondheim

- Last part of urban development project at Brattørkaia in Trondheim
 - 6,000 sqm office building
 - 77 % let at completion (initially 72 %)
 - BREEAM-In-Use Excellent
- Total project cost 271 million
- Yield on cost: 4.7 % (initially 5.0%)



Redevelopment of Kongens gate 87 in Trondheim

- Redevelopment of office building in Trondheim city centre
 - 7,100 sqm
 - 86 % let at completion (initially 22 %)
 - Target BREEAM-In-Use Very Good
- Total project cost: 267 million
- Yield on cost: 5.8 % (initially 5.6 %)



Newbuild project in Holtermanns veg 1-3 (phase 2)

- Phase two of three in large new-build project on land plot in Trondheim
 - 20,900 sqm
 - 75 % let at completion (initially 29 %)
 - BREEAM-NOR Excellent
- Total project cost: NOK 703 million
- Yield on cost: 6.0 % (initially 5.7 %)



Started up two new projects in the quarter

Newbuild project in Holtermanns veg 1-13 (phase 3)



- Final step in Holtermanns veg 1-13 development, 15,500 sqm
- 60 % let to Norwegian Broadcasting Corporation (NRK) on 20-year lease
 - NRK will acquire 49 % of the rented section at project completion
- BREEAM-NOR Excellent, Energy class A
- Total project cost: NOK 684 million (incl. land value)
- Yield on cost: 5.7 %
- Expected completion: Q2 2025

Newbuild project in Malmskriverveien 16 in Sandvika



- Newbuild project in Malmskriverveien 16 in Sandvika, 2,750 sqm
- Fully let to Akademiet Realfagsgymnas on 25-year lease
- Built on parking lot, on top of existing basement
- BREEAM-NOR Excellent, Energy class A
- Total project cost: 175 million (incl. land value)
- Yield on cost: 5.0 %
- Expected completion: Q3 2024

Ongoing development portfolio progressing according to plan

	Location	BREEAM-NOR/ BREEAM In-Use	Completion	Project area (sqm)	Occupancy (%)	Total project cost ¹⁾ (NOKm)	Of which accrued ¹⁾ (NOKm)	Yield on cost ²⁾ (%)
Redevelopment								
Stenersgata 1	Oslo	Very good	Q3-23	15,800	79	1,316	1,208	4.5
Schweigaards gate 15	Oslo	Very good	Q2-23 / Q1-24	22,900	83	1,422	1,185	4.8
Newbuild								
Malmskriverveien 16	Sandvika	Excellent	Q3-24	2,700	100	175	22	5.0
Holtermanns veg 1-13 phase III	Trondheim	Excellent	Q2-25	15,500	60	684	141	5.7
Total				56,900	77³⁾	3,596	2,555	

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

²⁾Estimated net rent (fully let) at completion/total project cost (including initial value)

³⁾Weighted average occupancy of the project portfolio

Sale of two properties in the quarter

- Akersgata 51 and Tordenskiolds gate 6 in Oslo
- Total transaction value of 1,473 million (~1 % below book values as of Q1-23)
- Total 23,400 sqm
- Closed on 31 May 2023
- Proceeds used to strengthen Entra's balance sheet



Tordenskiolds gate 6, Oslo



Akersgata 51, Oslo

Market development

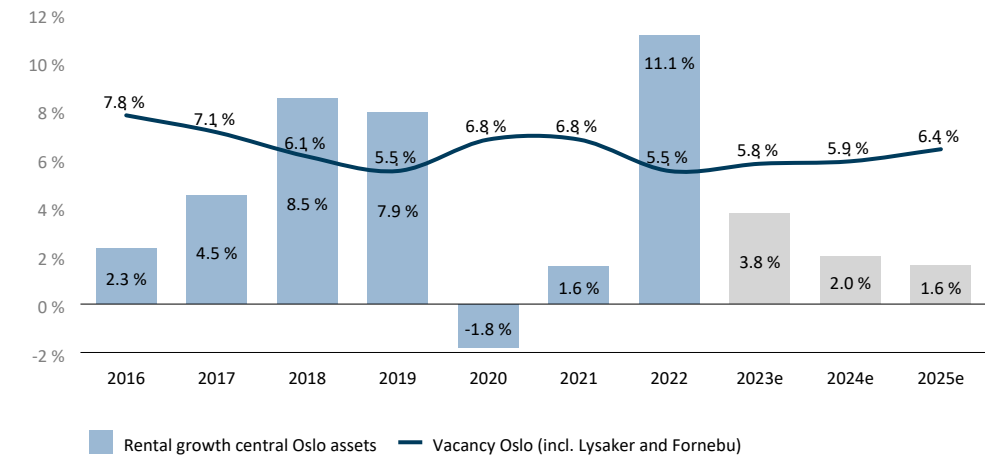
Rent and vacancy

- Resilient Norwegian economy, supported by strong government finances
 - Estimated mainland GDP growth of 1.3 % in 2023, unemployment currently at 3.5 %*
 - June YoY CPI at 6.4 %, expected to remain high through 2023*
 - Key policy rate hiked by 50 bps in June to 3.75 %
- Work from home trend has had a negligible effect on office demand in Norway
- Good activity in the letting market, more moderate expectations for rental growth after record strong 2022
- Norwegian market practise is 100% CPI adjustment of lease contracts
- Vacancies expected to increase slightly from current low levels
- Low newbuild activity
 - Breakeven rent levels above market rents

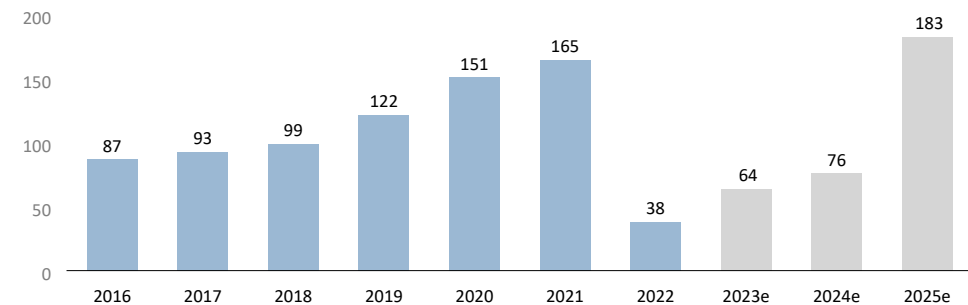
* According to Statistics Norway/Central Bank of Norway

** According to study from Akershus Eiendom/JLL

Market rental growth and vacancy in Oslo



Newbuild volumes Oslo (1,000 sqm)

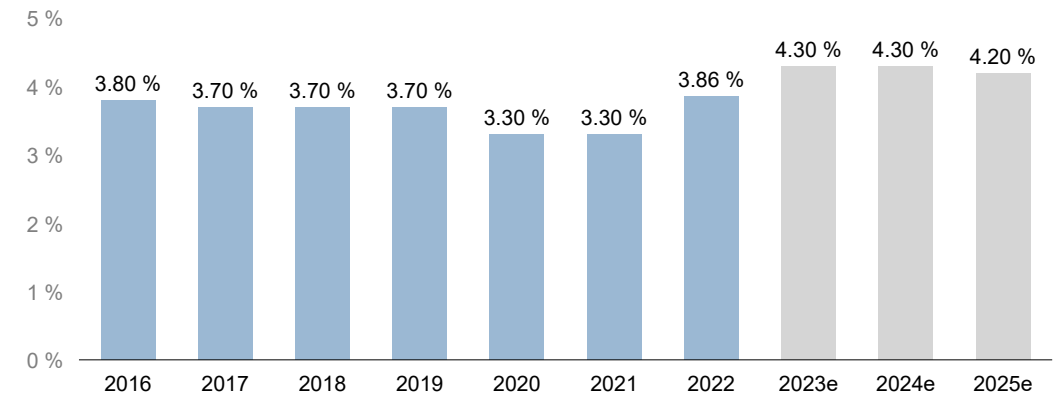


Market development

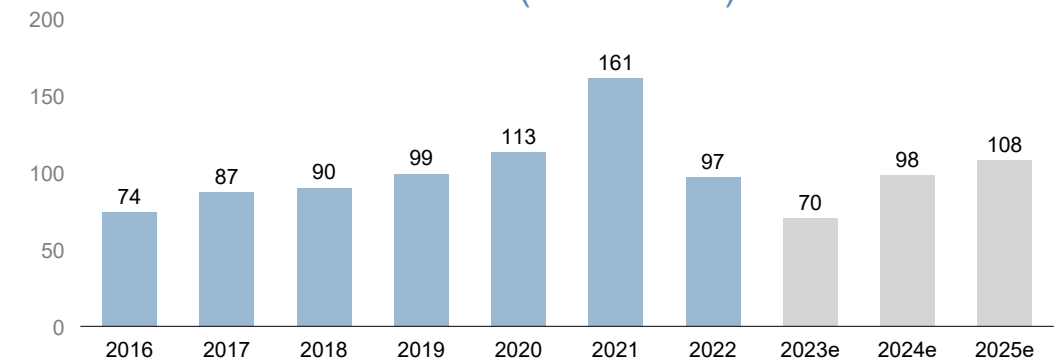
Transactions and yields

- Low transaction market activity year to date
 - Total volume of around 24 bn in H1-23 vs around 58 bn in H1-22
 - Mainly value-add assets or driven by strategic interest
- Market specialist expectations:
 - Transaction activity to pick up in H2 as price expectations align and availability of financing increase
 - Total transaction volume expected around 70 bn in 2023
 - Prime yields expected to top out at around 4.3 %
 - Secondary yields currently at 4.9 – 5.5 %
- Inflation and market rental growth have offsetting effects on valuations

Prime yield Oslo



Total transaction volume (NOK billion)



Source: Entra consensus report Q2 2023, average of estimates from leading market specialists in Norwegian market

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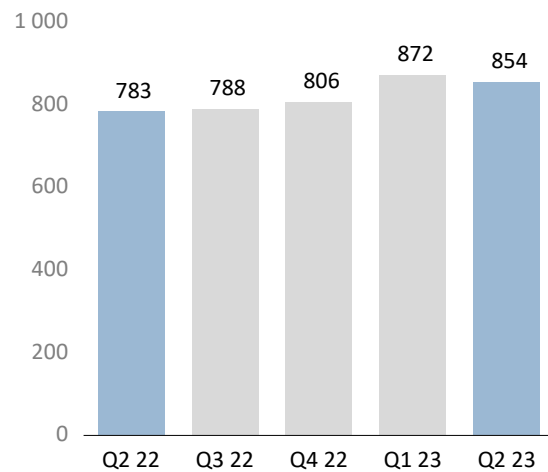
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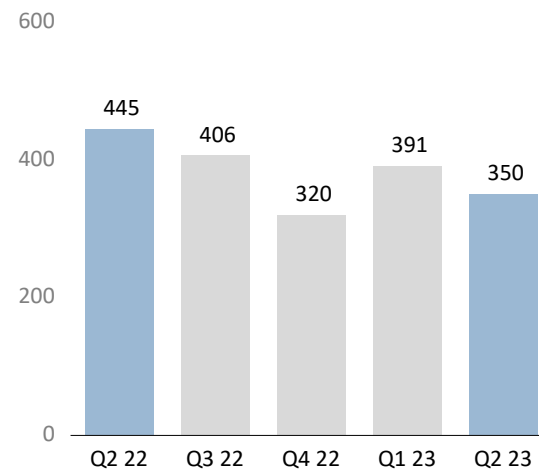
Strong operating results in line with expectations; results impacted by higher financing costs and negative value changes

NOK million

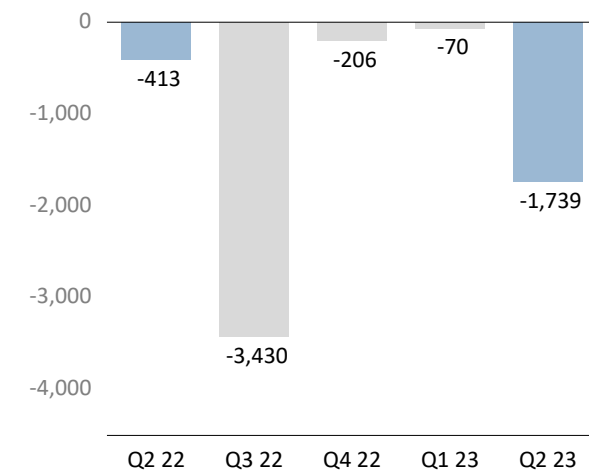
Rental income



Net income from property management



Profit/loss before tax

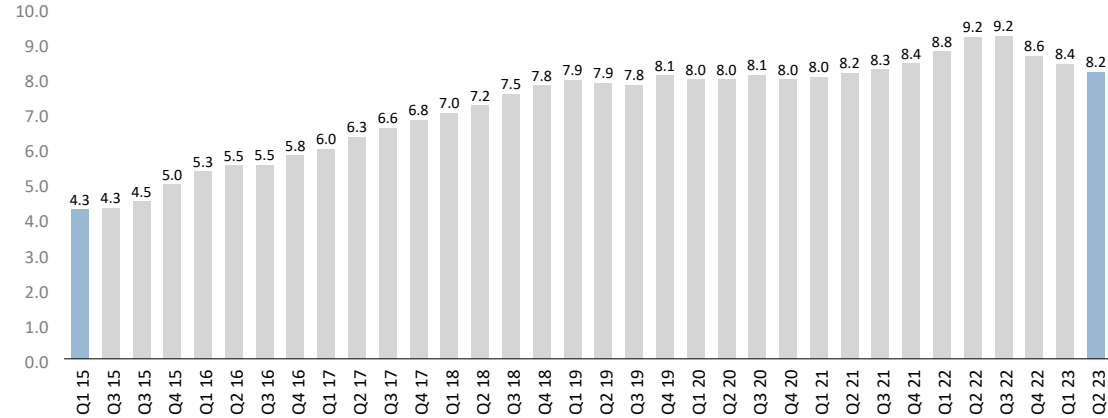


Key financials per share holding up well in today's market

NOK per share

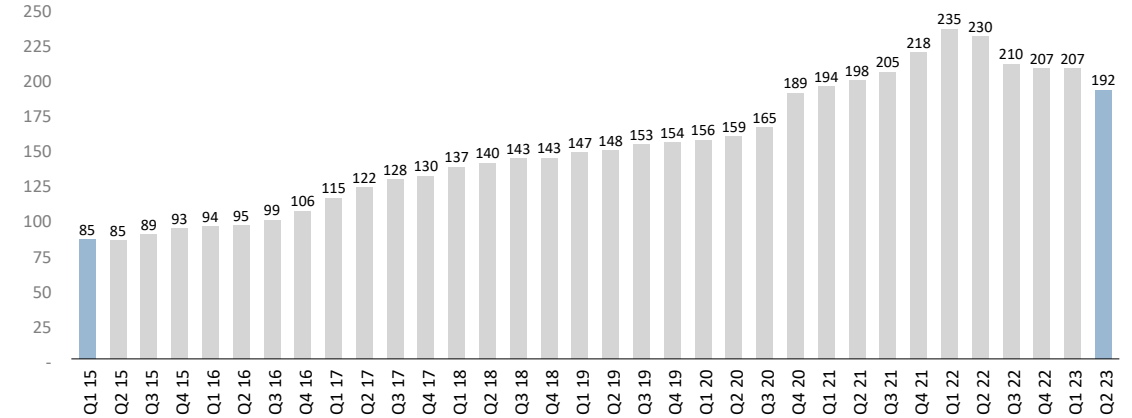
Cash Earnings¹⁾

CAGR: 8 %



EPRA NRV

CAGR: 10 %



1) Annualised, rolling four quarters

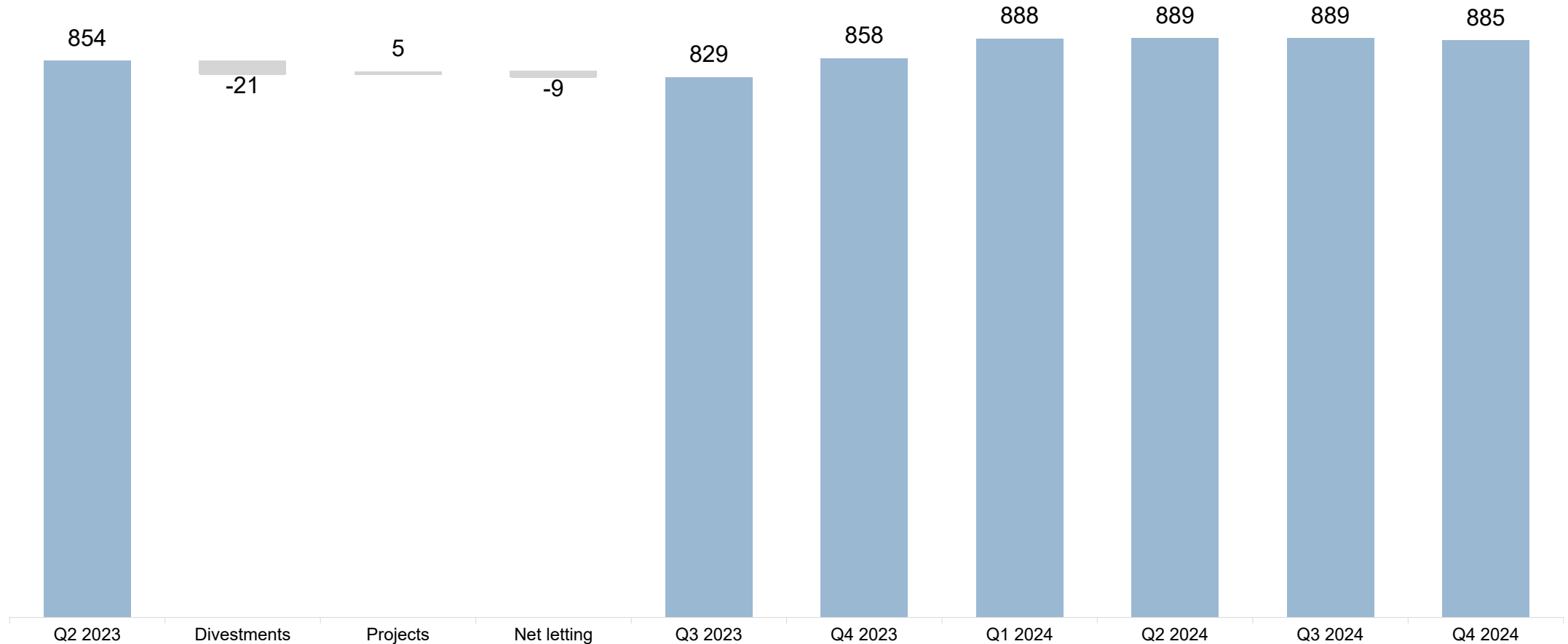
Profit and loss statement impacted by negative value changes and higher financing costs

	Q2-23	Q2-22	YTD Q2-23	YTD Q2-22	2022
Rental income	854	783	1,726	1,564	3,158
Operating costs	-67	-60	-142	-124	-263
Net operating income	787	723	1,584	1,440	2,895
Other revenues	27	26	45	47	112
Other costs	-19	-22	-31	-41	-85
Administrative costs	-48	-44	-97	-109	-210
Share of profit from associates and JVs	-28	-2	-35	-3	-37
Net realised financials	-394	-238	-761	-452	-1,095
Net income	324	444	706	882	1,579
- of which net income from property management	350	445	741	877	1,603
Changes in value of investment properties	-2,466	-1,040	-2,888	1,796	-2,519
Changes in value of financial instruments	403	183	373	492	473
Profit/loss before tax	-1,739	-413	-1,809	3,170	-467
Tax payable	-3	-21	-7	-25	-31
Change in deferred tax	412	107	433	-658	-71
Profit/loss for period/year	-1,331	-327	-1,383	2,488	-569

- Revenues and operations in line with expectations
- Financing costs impacted by higher interest rates
- Negative value changes on assets, partly offset by positive value changes on financial hedges
- Portfolio net yield up 63 bps since peak valuations in Q1 2022; appr. 85 bps adjusted for effects of CPI growth

Stable rental income development expected*

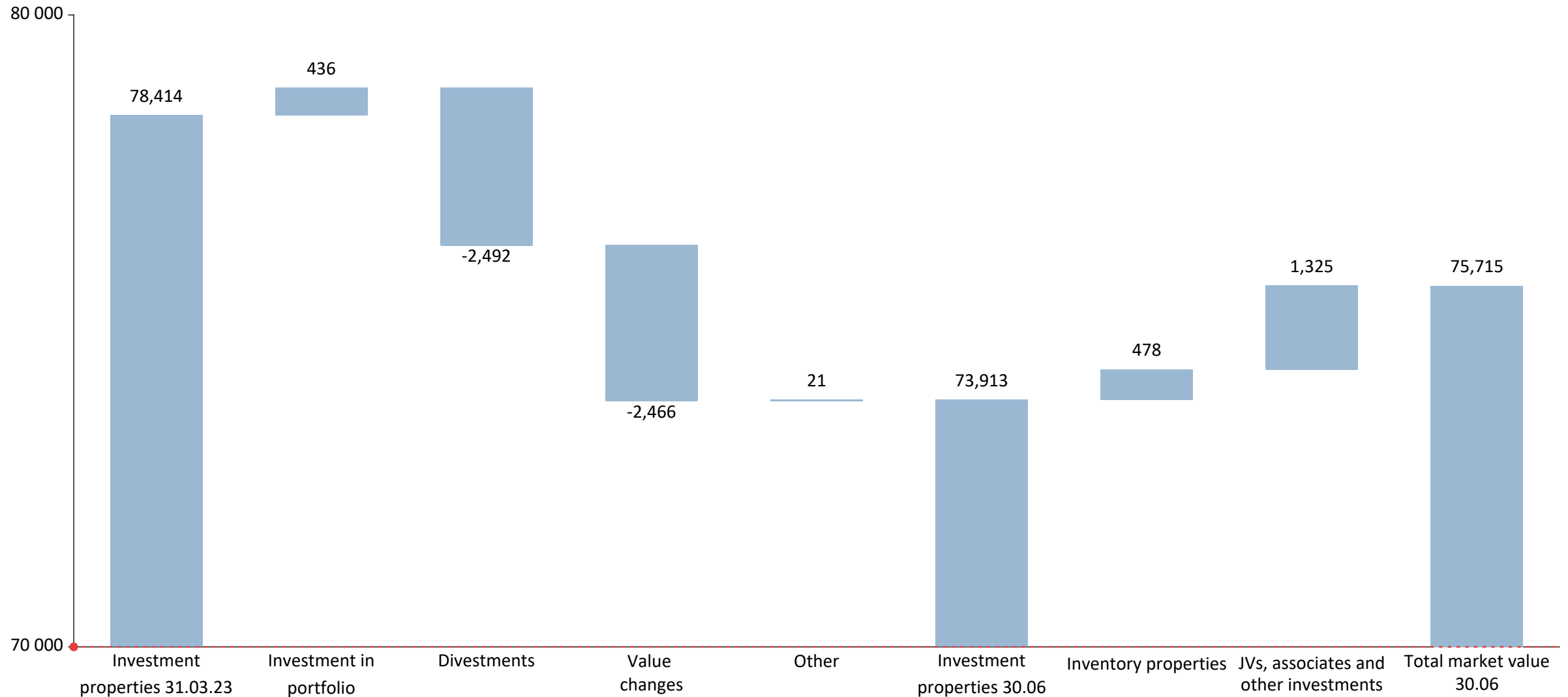
NOK million



* Based on reported events. 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. Assumes 5.0 % CPI from Q1 24.

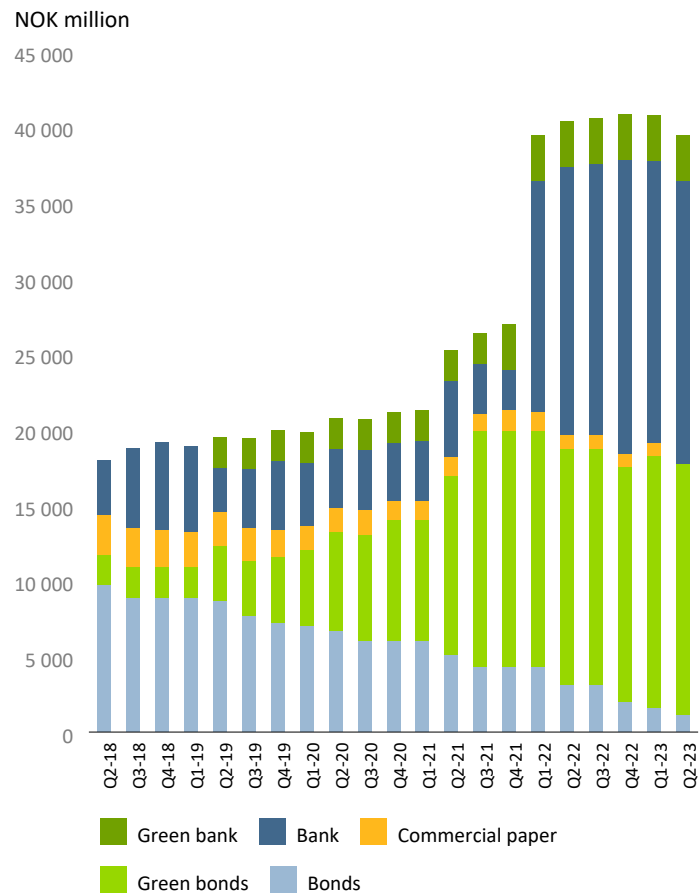
Property value development in the quarter

NOK million

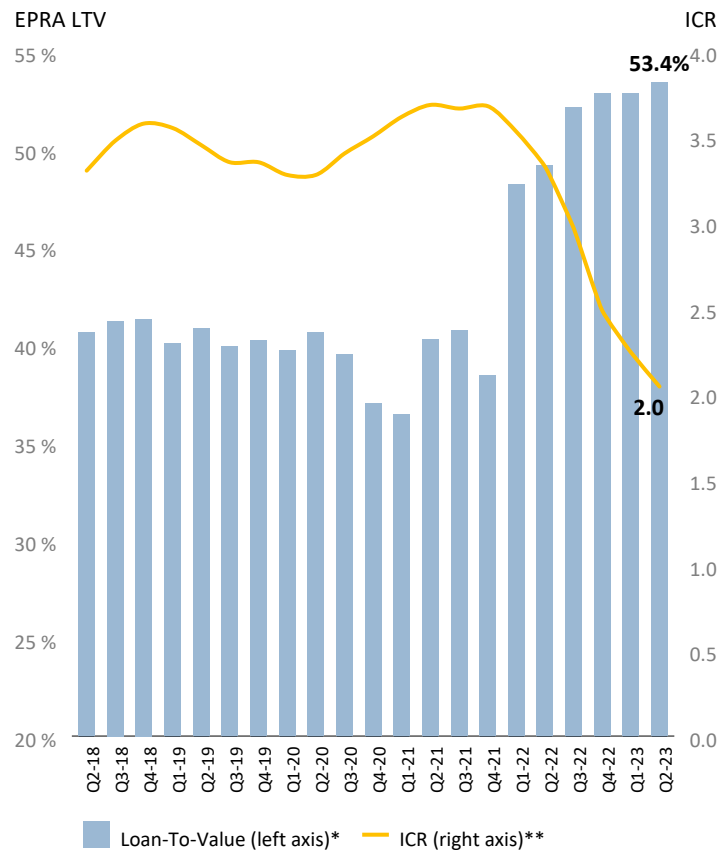


Financing position and activities in the quarter

Financing mix



EPRA LTV* and ICR**



* LTV according to Moody's definition: 50.5 %

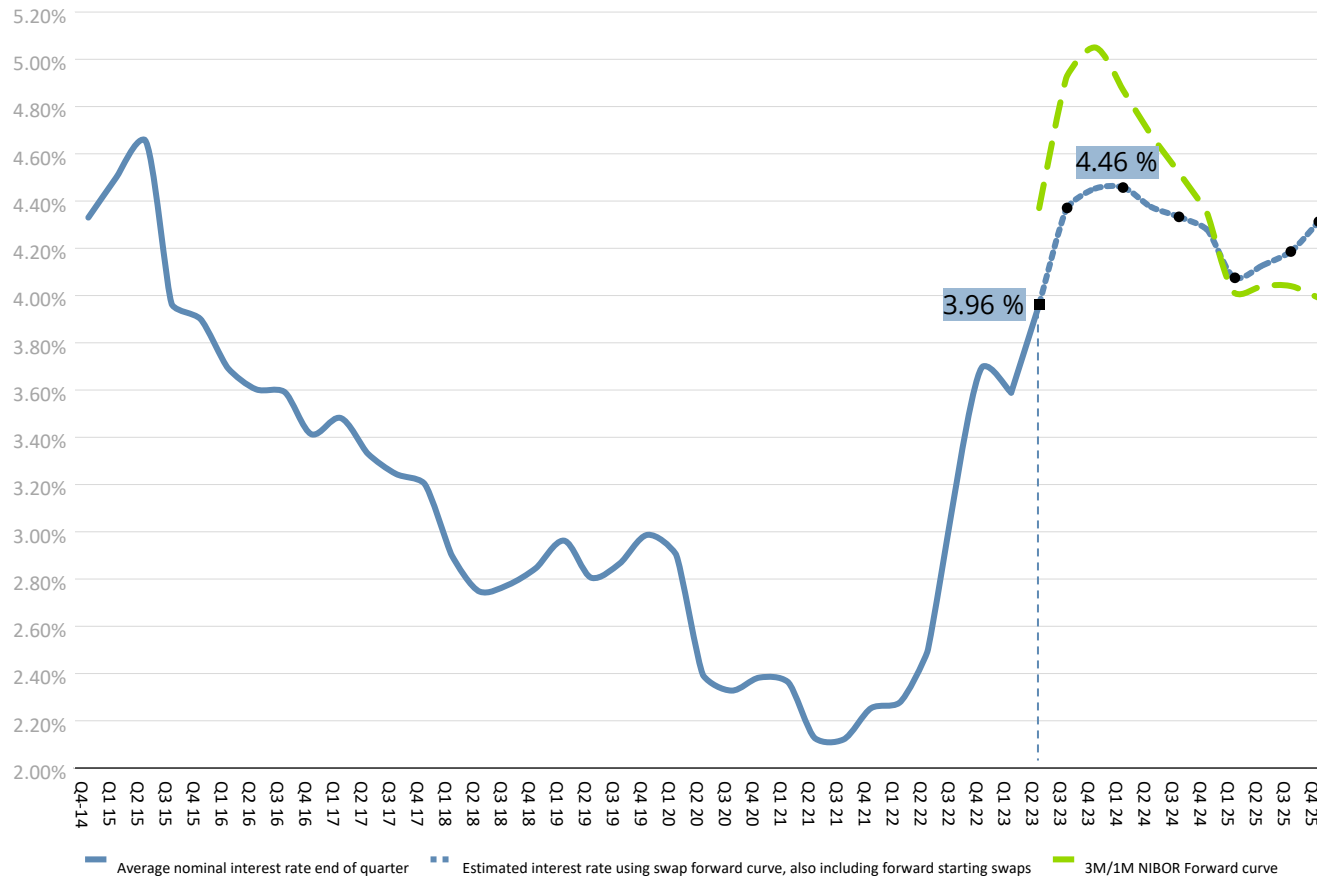
** ICR calculated on last 4 quarters

Q2 activities and status

- Extended three bank facilities of 6.5 billion in June and July
- Two intra quarter commercial paper issues of 750 million at attractive terms
- Total unutilised credit facilities and cash of 7.5 billion as of 30.06
- Net nominal interest-bearing debt of 39.4 billion (repaid 1.3 billion in Q2 23)

Projected interest rate development

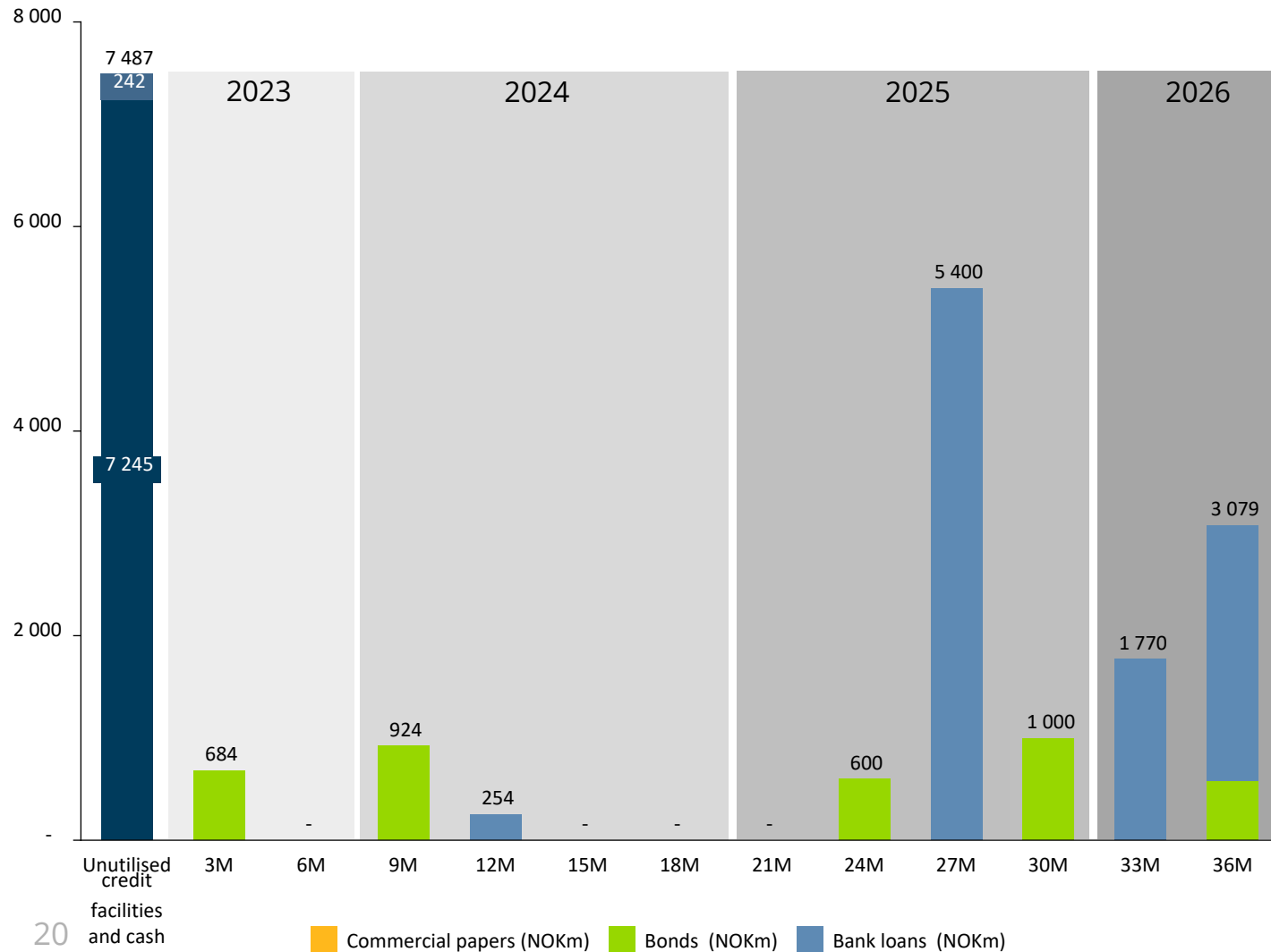
Entra's nominal interest rate, including credit margins



- Assumptions in graph:
 - 3M/1M NIBOR forward curve
 - Existing hedges included
 - As-is debt levels
 - Refinancing upon debt expiry at today's market bank margins
- Effective interest rates 15 bps higher than nominal due to issuance of bonds below par value
- 52 % of debt portfolio hedged at fixed rate
- Time to maturity of 4.5 years of hedge portfolio (incl. fwd. start swaps) of 22.2 billion (2.6 years for entire debt portfolio 39.3 billion)
- Time to maturity of 2.3 years of fixed credit margins
- Deleveraging through asset rotation will have a positive effect also on the hedge position

Large liquidity buffer and manageable bond maturities next five years

NOK million



- 7.5 billion in available liquidity as of 30.06.23
 - 7.2 billion of unutilised credit facilities
 - 0.2 billion in cash
- 13.4 billion of debt maturing next 36 months
 - 3.8 billion in bonds
 - 9.9 billion in bank debt
- Liquidity to finance almost 5 years of bond expiries
 - 7.8 billion in bond debt maturing until Q2 2028
- 4.3 years average time to maturity of debt
- Transparent balance sheet with no exotic debt instruments

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Closing remarks and outlook

- Solid Norwegian economy with strong government finances smoothing business cycles
- Good activity in the letting market, solid demand for centrally located offices
- CPI expected to remain high through 2023, near all Entra's contracts have 100 % CPI link
- Favourable market dynamics with low vacancies and limited new-build activity
- Large liquidity buffer, covers bond maturities almost next five years
- Divestment program ongoing, interest for Entra's centrally located, high quality assets



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

An architectural rendering of a modern urban development. The central focus is a large, multi-story brick building with a grid-like facade of windows. In front of it is a public square with a paved walkway, green spaces, and people walking, sitting, and playing. Bicycles are parked in racks. To the left, there are older, classical-style buildings. The sky is overcast.

Next event
3rd quarter results
18 October 2023

Kristian Augusts gate 13, 15 A-C, 17 and 21, Oslo

For more information see www.entra.no/investor-relations